

## LAW AND FINANCE MEETING

Wednesday, April 29, 2009,  
1:00 P.M.

The Law and Finance Committee met on Wednesday, April 29, 2009, at 1:00 P.M., in the Council Chambers at City Hall. The following people were present:

### Law and Finance Committee:

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

Mayor Olive called the meeting to order.

### Consider Interlocal Agreement for Financial Services – (Exhibit A)

Assistant Financial Services Director Beth Kelly advised that we currently have a contract with the Town of Broadway to provide Broadway with assistance with basic financial services to address accounting issues and financial statement preparation. We currently charge the Town of Broadway \$4,800 each year. The amended agreement allows the City of Sanford to evaluate and adjust the price charged yearly through our annual budget process. Staff will recommend those prices each year through the budget based on the City's cost related to the financial services we provide. This year, staff recommends charging the Town of Broadway \$4,000 for Fiscal Year 2009-2010. Mrs. Kelly stated that staff looks at Broadway's monthly financials and also write their financials for their annual audit report. They do not write a comprehensive annual financial report like the City does; they just do an audited financial statement.

### Consider Approval of Documents Related to NC Housing Finance Agency 2009 Urgent Repair Program

Community Development Manager Karen Kennedy advised that the City of Sanford has received another Urgent Repair Application from the North Carolina Housing Finance Agency in the amount of \$75,000 to assist citizens of Lee County and the City of Sanford with urgent repairs. The City was fortunate to receive funds in 2006 and 2008, and because we turned around the 2008 funds so promptly, we were able to apply for the 2009.

- Consider Grant Project Ordinance – NC Housing Finance Agency – (Exhibit B)  
This ordinance sets up the grant allocations for the \$75,000 from the NC Housing Finance Agency and the \$2,000 local match from the City of Sanford.
- Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2008 - 2009 – (Exhibit C)  
This ordinance amends the annual operating budget to transfer the \$2,000 commitment from the City into the project grant ordinance.

- Consider City of Sanford Resolution Authorizing the Execution of Documents for the NC Housing Finance Agency 2009 Urgent Repair Program Project – (Exhibit D)  
This resolution authorizes the different personnel from the City of Sanford to sign the documents pertaining to the grant.
- Consider City of Sanford Assistance Policy for the 2009 Urgent Repair Program Project – (Exhibit E)  
The assistance policy shows the explanation of the entire project. Citizens receive this when they are selected. The policy gives the information on the income limits, the type work we will perform on the homes that are eligible, the eligibility requirements, and how we track it for the State.
- Consider City of Sanford Urgent Repair Program Project- Procurement Policy – (Exhibit F)  
The Procurement and Disbursement Policies are used when we hire the contractors for the work and any supplies or materials we may need for the work.

Mrs. Kennedy added that following approval of these documents, she will submit a project form to the State by May 15 which requires the mayor and city manager's signatures. The City performed work on twenty homes from the 2006 grant and fifteen homes from the 2008 grant. Nineteen homes are being targeted from the 2009 grant.

Consider Resolution of the City of Sanford in Opposition to Pending Legislation Transferring Responsibility for a Portion of the State Highway System to Local Governments – (Exhibit G)

City Manager Hal Hegwer advised that there are three bills pending in the General Assembly that are proposing to transfer state road maintenance to the City of Sanford and other municipalities across the state. We have analyzed our situation and we would have to take on responsibility for 29 miles of roadway. The costs spread over the last several years shows that we spend approximately \$15,000 per road mile to maintain the existing roads within the City limits. There is a provision in Powell Bill funds that we currently receive that would give us some funding towards this additional road mileage which would amount to approximately \$1,500 per mile, so we are short about \$13,500 per mile. If these roads are turned over to us and other municipalities across the state, it will be a huge burden for the City; it would cost an additional \$400,000 if we maintained them according to our current maintenance requirements.

This resolution opposes the legislation and if council agrees, staff would send this to our local legislators. This year, we will see an approximately \$35,000 decrease in Powell Bill revenues that we receive. Mr. Hegwer advised that the City maintains about 131 miles at a cost of approximately \$15,000 per mile. Mr. Stone asked if this legislation goes before the House or the Senate for a final vote or will this happen through the Department of Transportation and be sent to the governor's office. Mr. Hegwer replied that he was not sure, but he believes it is pending in the House and there is also a bill in the Senate. Mr. Stone said he will be interested in seeing how our local legislators vote. Mr. Taylor said that although there are identical bills in the House and the Senate, at any time, these bills can be put through committee; it could be killed essentially, or could be amended. He continued that one thing that is disconcerting about

this whole process is that it is another unfunded mandate that is coming down from the State. This could be setting a precedent, because it could be a test to see if we can handle more. He supported sending the resolution of opposition to this pending legislation.

Council Member McNeil mentioned that when council members go to Town Hall Day on May 6, they need to talk with our legislators opposing this issue.

Consider Award of Bid for 2009 Street Resurfacing – (Exhibit H)

City Engineer Paul Weeks advised that bids were opened on March 31 for the City's annual street resurfacing project. The low bidder was Riley Paving with a low bid of \$278,435.48. The City has had some experience with Riley Paving and is happy with their work. Staff has made some phone calls and has spoken with Riley Paving. Staff recommends awarding the low bid to Riley Paving. Mr. Weeks stated that the City will be adding roads to Riley's list of streets to bring it up to our budgetary amount. Riley Paving has indicated that they would be more than happy to do additional work at the same price submitted under the bid. Mr. Mann questioned the difference of \$100,000 between the bids. Mr. Weeks said they noted the difference to Riley Paving and they really wanted the work. Mr. Hegwer said that Riley Paving has been in business for many years and they can do the work. The City will have someone with them every day.

Consider Approval of Health Insurance Funding and Renewal of Blue Cross/Blue Shield Contract for 2009-2010 – (Exhibit I)

City Manager Hal Hegwer explained that it is time to consider renewing our annual insurance for our employees. We typically do this prior to budget because we need to have these figures in place for budgetary reasons. We are seeing a cost increase this year but over the three years that we have been self-funded, we have seen smaller increases in the prior two years. Staff is asking to change our stop-loss level from the current \$60,000 to \$75,000 because it will help us with claims. We pay our own claims up to \$60,000. The stop-loss is set up where any claims right now over \$60,000, we have coverage for. It gives us a little bit more risk by increasing it to \$75,000, but we feel it will save us money and will be more appropriate over time.

Mr. Hegwer said that there will be increases to the dependent care coverage. Dependent-care coverage is part of the employees' responsibility. It is roughly a monthly increase of about \$30 to the employee/spouse coverage, about \$20 for employee/children coverage, and \$49 for family coverage. Mr. Hegwer said that staff did not want to change the co-pay, because they want employees to utilize the insurance. We have approximately 107 employees that do have other coverage beyond the employee coverage.

Council Member Stone stated that we have shopped for insurance and have come up with new means and measures year-in, year-out, to try and make it work for our citizens. He felt that maybe the League should get involved, because when you look at an increase of 15 percent each year, your increases and expenditures are growing twice as fast as your revenues are coming in; sooner or later, someone has got to get very creative and figure out something as to how we can manage this issue. It is a statewide problem. It angers him because they are increasing the rates

each year by 15 percent and not one company you know got a 15 percent raise. Next year, they will come up with some other creative way.

Human Resources Director Christy Pickens advised that in Fiscal Year 2007-2008, we would have had a 6.8 percent increase, but we were able to drop it to 3.1 percent by going self-funded. Mr. Hegwer explained that we have had tremendous utilization this year and we do not know from year to year what the claims will be. At one time, we had a 90/10 plan and now we are an 80/20.

Mrs. Pickens advised that we have 23 employees who have the family coverage; we do not have any records that would indicate what our employees have with other businesses. Mrs. Pickens stated that lunch-n-learn sessions are held during the year for employees on various issues such as high blood pressure, cancer, etc., to help educate them. She added that we have a very good preventative maintenance plan.

Mr. Stone said a family plan cost \$1,021 per month and there are insurance plans that do not cost that much and the plans are with the same company such as Blue Cross Blue Shield. He felt that a representative from Blue Cross/Blue Shield should come and answer questions by Council. Mrs. Pickens said that she has asked if a representative would come and speak to Council if needed and they replied they would be glad to.

Council Member Williams asked how much were the claims for this past year. Mrs. Pickens replied that the claims for the City are running just over \$2 million for this year. As of April 2009, the figure is \$1.7 million. Last year, the claims were \$1.9 million.

Consider Submitting Official Funding Letter of Request to Congressman Etheridge for Consideration Before the U.S. House Transportation and Infrastructure Committee

City Manager Hal Hegwer explained that Council Members and he met with Congressman Etheridge about a month ago and discussed the upcoming highway bill. Congressman Etheridge is a member of the Congress that can sponsor eligible projects that we may have in our community such as walking trails, sidewalks, streetscaping, and other quality of life type projects. It has come to his attention that we could ask Congressman Etheridge to submit a project from the City to the Transportation and Infrastructure U.S. Congress Committee on transportation infrastructure. We would have to fill out an application, go through a process, and would need an official letter from Council for the request. Public Works Director Vic Czar and his staff have spoken with Congressman Etheridge's office to receive some feedback about what could be a project in terms of scope and nature. Mr. Hegwer read from some documentation he received that said, "That while the majority of federal funding dollars flow via formula to the respective state departments of transportation, the law requires that some of the funds be used for "transportation enhancements," a term that encompasses a broad range of initiatives designed to improve quality of life, such as pedestrian walkways, bicycle paths and streetscaping." This is an opportunity that staff saw with the upcoming highway bill, which comes forth every five to six years. Mr. Hegwer reminded Council of the lobbyist that came before Council which was Marlowe and Company and the City never retained their services. Mr. Hegwer said he has stayed in contact with them and they reminded him of this opportunity; it is something we need to respond to as soon as possible.

Mr. Czar informed Council of the feedback he has received regarding this grant. He said that pedestrian projects are fundable and they would like to see some local participation. It is something where you can ask for a 100 percent grant but the government is trying to spread the money among the communities. Staff chose streetscape projects because it is really pedestrian improvements, because we are improving the quality of sidewalks, thus, giving citizens the opportunity to walk and become more physically fit. We would include pedestrian crossings and revising some of the signals, etc. Staff felt that \$5 million would do the streetscape project in Jonesboro and do something similar in Downtown Sanford. We would be asking for \$4 million in grant funding from the federal government to do pedestrian improvements, and the City's match would be a \$1 million. The project would have to be completed within five years to meet the time frame deadline. Mr. Hegwer added that he felt an 80/20 percent match would give us a better chance to get the grant. We need to submit a letter by Friday, May 1, to Congressman Etheridge. Council members discussed the issue at length and there was a unanimous consensus of Council to submit an official letter from Council and Downtown Sanford Inc., in support of receiving this grant for these projects.

#### Other Business

Council Member Charles Taylor gave an update on several committee meetings he attended. The Parks and Recreation Committee met and members were advised that Horton Park will not be open this year due to the economic constraints. San-Lee Park is down to four staff employees. They had to close the gate this weekend because of too many people going to the park. The down turn in the economy has a lot of people wanting to be entertained closer to home. Mr. Taylor said that Parks and Recreation Director John Payne alluded to the fact that they are going to look at developing the ten acres at Sloan Park. There may be an opportunity to be a small and large breed dog park in that area.

Mr. Taylor advised that the Historic Preservation Commission is moving forward with some breakaway signage poles for the Historic Districts. They had a couple of Certificates of Appropriateness (COA) and had some lengthy discussion on the process to reduce the time frame a COA is approved and the approval process.

Council Member Stone said he was saddened to hear of the closing of Horton Park this year. It needs to be opened for the kids.

Council Member Mann mentioned there are some huge holes in front of the drive-through mailboxes located in the post office parking lot and they need to be repaired.

Council Member McNeil advised that he has had several calls regarding the club in Jonesboro. People are concerned about the activities going on at the club.

Mr. McNeil asked General Services Manager Tim Shaw about the progress of the Martin Luther King, Jr., Park. Mr. Shaw replied that he received a phone call today to get up with Don Perry to talk about the brick. He plans to talk with Donnie Oldham about doing the grading work and Mr. Boykin is ready to do the brickwork. Mr. Shaw stated that we may need to

purchase the concrete. Hopefully, by the first of next week, you will be able to see some activity.

Mayor Olive asked if it has been cleared with the Martin Luther King Foundation that we can reproduce a likeness or quotes from his speeches. This foundation has sued some individuals for not getting permission. Mr. Shaw said he has spoken with the artisan out of Ohio about the rendering of the one we like and the artisan was 100 percent behind us. Mr. Shaw said he will check into it further.

City Manager Hegwer pointed out that the City applied for some stimulus money and we did not receive any stimulus money on Round 1; however, Round 2 comes out in July and we feel we have a good chance. There was \$2.2 billion requested in Round 1 and they funded \$45 million.

Mr. Hegwer advised that the City applied for a PARTF grant for Depot Park. We received a letter stating that the recent budget restrictions have eliminated the funding for travel to rate these projects; so there has been no money for the state to come down and look at the projects. There are 89 counties or municipalities that have submitted applications requesting more than \$27 million in PARTF assistance. Instead of selecting recipients in May, they hope to have the funding to look at the projects in July.

#### Closed Session

City Attorney Susan Patterson read a motion to go into closed session in accordance with N.C.G.S. 143-318.11 (a) (3) to consult with the attorney employed by the public body in order to preserve the attorney-client privilege. So moved by Council Member Steve Brewer and seconded by Council Member Walter McNeil, Jr., the motion carried unanimously.

#### Return to Regular Session – (Mayor Pro Tem Martin left at 2:45 P.M. and was not present for this portion of the meeting.)

Council Member James Williams brought up the issue of chickens in the City limits and possibly grandfathering in residents who already have chickens. City Attorney Patterson explained that you cannot grandfather in chickens because it is not legal in the current ordinance. She spoke with an expert from the Institute of Government and the only way to have chickens within the City limits is to repeal the ordinance that pertains to chickens and enact an ordinance that states that existing chickens can stay. The problem exists as to how do you know who has chickens and who does not. You would have to register chickens to accomplish any grandfathering.

Council Member Steve Brewer said he has talked with the residents in his ward and if the residents around them say it is okay to have chickens, then he was fine with it. Then the issue came up what happens when the neighbors change. Council Member Williams stated what do you do if people in apartments have chickens; he said it has to be tied to how much property you have. Council Member Mike Stone said that it is either you want chickens or you do not want chickens. He added that you are creating future problems for this Council to deal with. Council Member Linwood Mann, Mike Stone, Walter McNeil, and Charles Taylor were asked if they wanted an ordinance to allow chickens in the City limits and they said no.

Adjournment

Having no further business to come before the Law & 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