

LAW AND FINANCE MEETING
July 9, 2008

The Law and Finance Committee met on Wednesday, July 9, 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

Mayor Olive called the meeting to order.

Consider Interlocal Agreement with Triangle J for Cape Fear River Flow Losses Study – (Exhibit A)

Public Works Administrator Laura Spivey advised that former Public Works Director Larry Thomas advised that this is a project to be managed by Triangle J to study the Cape Fear River. The purpose is to identify a water loss between the Jordan Lake Dam and Lillington of about 50 million gallons per day (MGD). The agreement identifies the cost to each participant and the role of Triangle J. As proposed the total cost of the study is not to exceed \$543,680 and Sanford's cost over the next three-year period is \$7,886. The first year is \$2,824; the second year is \$3,979; and the third year is \$1,083.

Mrs. Spivey explained that a committee will be created consisting of a member from each participating agency to oversee the study and Triangle J will be the project manager. Sanford's member will be appointed by the city manager by July 31, 2008. The Engineering Department recommends entering into this agreement.

City Manager Hegwer said it was imperative that the City take part in this study because the Cape Fear River is the lifeline of the City and we definitely need to be a part. Mayor Olive said it is considerably down river from the city and asked how it can affect the city. Mrs. Spivey replied it affects how much water Sanford can take out for drinking water and it can affect the permit for the discharge of the wastewater treatment plant and growth. She said it is extremely important to know what is going on with the Cape Fear River for the growth of our community. Council Member Brewer stated isn't how much Jordan Lake discharges calculated by how much they measure downstream; so if we are losing between us and where they measure, it could affect how much Jordan Lake discharges down to us. It would be important for the city to take part in it to find out where the water is going. City Engineer Vic Czar explained that the stretch of the river they are going to study is from Jordan Lake, and the gauging station where they measure is in Lillington; so a portion of the river goes by our intake. Also, the discharge from our wastewater treatment plant is upstream, so it directly affects what water will be available in

the future for us to take out for drinking water as well as the potential for discharging into the river with wastewater.

Mrs. Spivey advised that the project will be from 2008 to 2011 unless it comes in sooner.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2008-2009 - (Exhibit B)

Public Works Administrator Laura Spivey explained that the ordinance amends the budget to appropriate funds for the Triangle J Cape Fear River Flow Losses study. Sanford's cost over the next three-year period is \$7,886. The first year is \$2,824; the second year is \$3,979; and the third year is \$1,083.

Consider Update on Whitin-Roberts Building – (Exhibit C)

Community Development Director Bob Bridwell stated that in June, he and Attorney Patterson met with Concurrent Technologies (CT), the firm assisting us with our Brownfield's assessment program, to discuss the possibility of how we could address the Whitin-Roberts building relative to a potential cleanup. He said that, early on, that property was not eligible for cleanup; however, subsequent information has come in and the city can include the Whitin-Roberts property in the Brownfield assessment program if we desire. Staff is still in the process of selecting properties, and council will be engaged in making those final selections. It is a blight area in our Downtown area. In a meeting a couple of weeks ago, they indicated that not only could the project be included, but we would be eligible to apply for a Brownfield agreement with the State of North Carolina even though we do not own the property. Any potential interest that we might have could be represented in that application. The grant that we have for the Brownfield program could fund that application fee. We intend to follow through with the application. This is an assessment grant to study the environmental impact for particular properties and how they might be cleaned up. That program will make us eligible for cleanup funds, grants, loans, and subsequent grants that we intend to apply for so we would have access to have cleanup money.

Council Member James Williams asked about the foreclosure on the property in the court system. Attorney Patterson replied that the bankruptcy trustee called her a couple of weeks ago and indicated that she wanted to have the trustee's interest abandoned in the property. It is important to understand that the city does not own the property and it is currently in the name of the debtor, American Performance Industries. As far as the foreclosure goes, the bank had indicated that they would sign a release deed releasing their interest in the mortgage. However, they have not done that yet; nor have they filed anything on foreclosure, so that process has not begun. The bank attorney out of Charlotte represented to her that the bankers in New Jersey were not interested in throwing more good money after bad for what they lost when the company declared bankruptcy. Staff is looking at a possible way to have funds available to clean this property up; however, we would love to have the owner clean it up. In the event the owner, which is a company that is in dissolution, refuses to clean up its own property, perhaps an investor would come in to take it over to clean it up. The most fallback position would be that the city would end up having to clean it up after a tax foreclosure.

Mr. Bridwell stated that the essence of the Brownfield program is to make properties available for reuse; whether we or somebody else cleans it up. Attorney Patterson advised that the other thing the Brownfield project would do is allow the cleanup of the property without taking on the liabilities for having made the environmental problems. That is one reason the city or anyone else may not want to have any ownership right prior to having in place a Brownfield's agreement with the state. If we can get our consultants to put forth an application and be approved for that process, then it becomes a much more viable piece of property for someone to redevelop, cleanup, and put back into being a productive piece of property for the community. It may end up where we could do something so that we can wipe out any liens against the property; the bankruptcy took care of most of them, but not the ones that were filed subsequent to the bankruptcy. If the city had to foreclose on the property for taxes, the city would acquire an ownership interest. We would take on the liability in the chain of title like any other owner unless we had in place something like this Brownfield's agreement which would cut off the liability from environmental issues. The tax foreclosure would wipe out liens against the property. There is a certain order to what needs to happen so that you do not inadvertently take on much more than you anticipate as far as exposure and liability.

Mr. Hegwer suggested that if we don't have to own the property, just the fact that we performed this assessment may provide enough information to allow an investor to come in. With the Brownfield's program, you are only looking to mitigate; you are not looking to completely remedy what contamination there may or may not be.

Discussion Regarding Recreation Advisory Board Appointee – (Exhibit D)

Community Development Director Bob Bridwell advised that Mr. Hegwer asked him to research on membership on the Lee County Recreation Advisory Board. He spoke with the recreation director last week and with Lee County Commissioner Ed Paschal this week and Mr. Paschal relayed to him that they would be glad to have a representative from the City Council to be an ex-officio member on the board. It was suggested to have Charles Taylor as the ex-officio member. The by-laws would have to be amended by the commissioners to add a permanent voting member. It was the consensus of council to recommend that the commissioners add Mr. Taylor to the recreation board.

Consider Update on Grant for Jonesboro – (Exhibit E)

Community Development Director Bob Bridwell stated that the city had an opportunity, with the support of Mr. Ray Covington, Highway Commissioner G. R. Kindley, and Mayor Olive, to have another meeting set up with Mr. G. R. Sproles, P. E. with the NC Department of Transportation. Downtown Executive Director David Montgomery and Mr. Bridwell met with Mr. Sproles regarding renovations in Jonesboro and utilizing residual funds from the Transportation Enhancement Act that the Highway Commissioner has available. As a consequence of that meeting, DOT wrote staff a commitment letter stating they will be giving the City \$75,000 on a 50/50 match to do streetscape work and improvements along the highways in historic Jonesboro. Mr. Kindley's commitment to the city was critical to this process. Mr. Bridwell thanked Mr. Ray Covington and the mayor for their contribution in helping to get these funds.

Mayor Pro Tem Martin asked if the owners of the Landmark Restaurant have seen this plan (listed in Exhibit E). Council Member Stone stated that the owners have seen it and are okay with it. Mr. Stone said it would open up the opportunity for a lot more to be done in Jonesboro. He has been working with Mr. Covington and they can do 500 feet on this first phase and possibly come back. Mr. Stone stated that they have a verbal commitment for the other 500 feet. Later on there will be some parking issues.

City Manager Hegwer added that \$50,000 is budgeted this year for a study for Jonesboro and Downtown. Mr. Hegwer said this is a catalyst having this additional funding, but we don't want to miss an opportunity to look at a big picture; we also have a NCDOT pedestrian study and we received a grant through that. Hopefully, we will be able to look at a viable, large-scale project.

Mayor Pro Tem Martin emphasized that we need to piggyback when we can on already established developer projects and make sure that everyone is working on a concept plan that we are all really excited about.

Consider Powerpoint Presentation of Community Development Plan – (Exhibit F)

Community Development Director Bob Bridwell said that the groundwork has been laid for how we address community planning for several years. The Wooten Company, represented by Patt Crissman today, has done a community development study for the city. Today's presentation is a follow up to that, and a precursor of some significant strategies for the city.

Planner II Karen Kennedy explained that every three years, the City is eligible for funds from the Scattered Site housing program of the Community Block Grant. The money goes to the county and may be used for housing throughout the county and city. A waiting list has been maintained for years and is updated each year. Ms. Kennedy updated the list this year. She now has a list of 200 houses, but will probably be able to accommodate only about six to eight houses. Applications are due in August. This is in addition to the Urgent Repair program. The city is due Housing Finance Agency money, hopefully, in 2009. Mr. Bridwell said that over the last twenty years, the city had been able to clean up some neighborhoods because of the city's trying to improve one house at a time.

Patt Crissman, making a Power Point presentation, reviewed the detailed City of Sanford Community Development Plan and distributed bound copies of the report (Exhibit F) to Council. The plan includes the following sections: Section I – Introduction; Section II – Housing Inventory; Section III - Housing Needs Study Areas; Section IV – Other Identified Needs; Section V – Summary Conclusions; Section VI – Focus Areas; and Section VII – Action Plan. Incorporated in the report are tables, figures, maps, and photographs.

Lee County has grown 27 percent in seven years and will probably hit 30 percent or more before the next census. The average tax value for new single family homes is almost \$155,000.

Council Member Brewer pointed out that when looking at tax rates, we should be careful to compare Sanford to other cities like us in infrastructure and population. On a statewide scale, we are in the lower percentile of the twenty cities like Sanford. Council Member Mike Stone

said that when people move in, they are comparing Sanford to where they came from. That's why the stigma is that our tax rate is high because the majority of the folks who come here find tax rates higher than where they came from. Council Member said that it is not true that our tax rate is higher than other towns our size in North Carolina—especially this year; everyone has gone up except us.

Ms. Crissman continued that there was a 40 percent increase in the number of vacant housing units identified in the 2000 from the 1990 census. Thirty percent of housing stock was built before 1960. Twelve percent of housing was over-crowded. Seventeen percent of the population lived below the poverty line. Twenty-one percent of the homeowners and 33 percent of renters were spending more than 30 percent of their household income on mortgage or rent payments.

The seven study areas included are East Sanford, Fields Drive, Harkey Road, Jonesboro, Jonesboro Transition, San-Lee Drive, and West Rose Street. East Sanford is the largest. Photographs were taken of every house in these districts. Ownership was determined and infrastructure and structural needs were assessed. Ms. Crissman reviewed needs in the different areas.

Planner II Karen Kennedy said that this development plan is a document that will be very useful to her and to engineers and others in the future for writing grants. She learned that in the East Sanford area, there are a lot of vacant lots. She sees this as an opportunity to do some infill housing if we can get some developers and partners in that. She has begun talking to Brick Capital. The next place is to inventory the lots and City could explore buying the lots. Deed restrictions could be put in place. Some lots could be used as green space or neighborhood parks. Many dilapidated homes are beyond repair with grant money because there are limits on grant money. Grants will not allow for rehabbing houses. Houses could be prioritized for demolition or acquisition. Ms. Kennedy explained to Council that in the areas that Council would like improved, there are a lot of rental properties. Ms. Kennedy asked Council to instruct them whether or not to use grant money on rental properties, as many councils do not wish to put money in landlord properties. She discussed the problem of relocating occupants if houses are chosen for demolition.

Ms. Kennedy explained she would like to see the city work toward home ownership in the areas where rental is an issue. Credit counseling would have to be a part of a first-time buyer's program. Brick Capital and Agriculture Extension have programs for this. Predatory lending would have to be addressed. Some city's have down payment assistance programs. The long-term goal is to put a revolving loan fund into place. It might be possible to take some of the older redevelopment money that we have and start this loan fund. We also need to think of servicing and building equity. Ms. Kennedy said we needed to have a core group (community leaders) of supporters in addition to Council to work toward these goals for where Sanford could go in the future. These leaders could be for-profit developers, banks, lending agencies—anyone who could help us turn the issue of housing around. She and City Manager Hegwer have been looking at some information on the National League of Cities as a resource; they have a program called "inclusive communities." They have also looked at the information Council Member Williams obtained at the last conference on asset building and building equity, and they are

trying to figure out the best program to go with. She said she would like to hear from Council on which way they want to proceed.

Council Member Stone said that we would need someone to lead all these groups coming together, but it must be sold to the community by funding a small section and showcase what you can do when all these groups come together. He suggested taking the worst section first and get it all done to showcase what can be done.

Council Member Brewer confirmed with Ms. Kennedy that her housing units included apartments. Mayor Pro Tem Martin thanked Ms. Kennedy and Ms. Crissman for their work. Mayor Olive agreed that implementation is the key.

Mr. Bridwell said that neighborhoods don't go into decline overnight; nor do they go into decline for a single reason. Our economy and market have a lot to do with what happens with housing. Young couples do not go to older neighborhoods to buy homes any longer; they go to track neighborhood for a new home. It is easier for them to buy and get a loan for property that is more readily saleable. The older neighborhoods then become heavily rental houses, and it is the rental houses that are in the most disrepair. The mobile home market has been relatively dead for the last five years. Mr. Bridwell said that their philosophy is that nothing is more important than communities. He thanked Ms. Kennedy, Ms. Crissman, engineering, and code enforcement for their work.

Mayor Olive thanked Ms. Crissman, Mr. Bridwell, and his staff for their work.

Closed Session

City Attorney Susan Patterson read the motion to go into closed session in accordance with General Statute 143-318.11(a)(4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body.

Council Member Linwood Mann made the motion to go into closed session; seconded by Council Member Mike Stone, the motion passed unanimously.

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

Return to Regular Session and Adjournment

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

Respectfully submitted,

Cornelia P. Olive, Mayor

Bonnie D. White, City Clerk

