

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 Tuesday, April 20, 2010, at 7:00 P.M. The following people were present:

Mayor Cornelia P. Olive
Council Member Sam Gaskins
Council Member Charles Taylor
Council Member L. I. (Poly) Cohen
City Manager Hal Hegwer
City Clerk Bonnie D. White

Mayor Pro Tem Mike Stone
Council Member James G. Williams
Council Member Walter H. McNeil, Jr.
City Attorney Susan C. Patterson

Absent:

Council Member Linwood S. Mann, Sr.

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

PUBLIC COMMENT

No citizens signed up to speak.

APPROVAL OF AGENDA

City Manager Hal Hegwer stated that Council Member Taylor has asked that we add a discussion of the conversation about the Boy's and Girl's Club that we had on our regular Law and Finance Committee last week. Mayor Olive stated that we would add that as Item 9A under the Regular Agenda.

Mayor Olive requested to remove the January 21, 2010, City Council Retreat Minutes and the February 24, 2010, Law and Finance Committee Meeting Minutes from the Consent Agenda to the Regular Agenda as Item 9B.

On motion of Council Member James Williams and seconded by Council Member Sam Gaskins, the amended agenda was approved.

CONSENT AGENDA

Approval of Resolution Declaring the Intention of the City Council to Consider the Closing of an Unopened Portion of Birch Street – (Exhibit A)

Approval of Sub-recipient Agreements for CDBG-R Haven Complex Project

- Brick Capital CDC – (Exhibit B)
- Haven – (Exhibit C)

Approval of Grant Project Amendment 2009 Single Family Rehabilitation Program (SFR09) for Lead Assistance Program Funds - (Exhibit D)

Approval of Grant Project Amendment for Interest Appropriation for 2009 Urgent Repair Program - (Exhibit E)

Approval of Start-up Documents for NC Housing Finance Agency 2010 Urgent Repair Program (URP 10)

- Grant Project Ordinance – (Exhibit F)
- Ordinance Amending the Annual Operating Budget for the City of Sanford 2009-2010 – (Exhibit G)
- Post Approval Documentation – (Exhibit H)
- Assistance Policy – (Exhibit I)
- Procurement and Disbursement Policies – (Exhibit J)
- Resolution Authorizing the Execution of Documents – (Exhibit K)
- Agreement for Professional Services with The Wooten Company – (Exhibit L)

All of the above items were discussed at the Law and Finance Committee Meeting on Wednesday, April 14, 2010.

Approval of January 21, 2010, City Council Minutes for Day 2 of Retreat

This item was removed from the Consent Agenda and moved to the Regular Agenda.

Approval of January 22, 2010, City Council Minutes for Day 3 of Retreat (Filed in Minute Book 73)

Approval of February 24, 2010, City Council Minutes for Half-Day Retreat – (Filed in Minute Book 73)

Approval of February 24, 2010, Law and Finance Committee Minutes

This item was removed from the Consent Agenda and moved to the Regular Agenda.

Approval of March 2, 2010, City Council Minutes – (Filed in Minute Book 73)

Approval of March 10, 2010, Law and Finance Committee Minutes- (Filed in Vault)

Approval of March 16, 2010, City Council Minutes – (Filed in Minute Book 73))

Approval of April 6, 2010, City Council Minutes – (Filed in Minute Book 73)

Council Member Charles Taylor made the motion to approve the amended Consent Agenda. Seconded by Mayor Pro Tem Mike Stone, the motion carried unanimously.

CASE FOR PUBLIC HEARING

Conduct Public Hearing for City of Sanford FY 10 Community Development Block Grant Program – (Exhibit M)

Community Development Manager Karen Kennedy explained that this is a required public hearing according to the North Carolina and City of Sanford's Citizen Participation Plan

for administering community development block grant funds. This public hearing is to cover review of all the grant categories available in the 2010 funding allocation through the Division of Community Assistance. She spoke about each category to let Council know the categories they could apply for should a project arise. The first category is Community Revitalization. It is more of a project for working in one particular neighborhood and addressing issues such as housing needs, water, sewer, street needs, and things that are more in a comprehensive area. We did a project on Maple Avenue last October which is a type of community revitalization project. She was at the state yesterday and they have not reviewed those applications, so we have not heard whether we have received that funding or not.

The next category is Scattered Site Housing. This is rehabilitation funds in the amount of \$400,000 that are only available to counties on a rotating basis. We do have a current open project with the County of Lee – a 2008 Scattered Site Housing Project, which we are rehabilitating homes in the City and the County.

Infrastructure projects are truly just for the purpose of public water and sewer. Unfortunately in Sanford, a lot of our water and sewer lines and issues have been addressed, so we have not been able to apply for this funding category, yet.

Economic Development provides grants and loans to local governments for creating and retaining jobs. In her tenure here at the City, we have not worked in this category. A lot of times your local Economic Development Commission, through Mr. Heuts, accesses this category of funds.

Housing Development is to support the development of single-family and rental housing. Council is aware the staff came to them last week about some housing development applications that we are putting in for two developers for a multi-family unit and a senior housing unit. She plans to work with Brick Capital for a mixed development behind the W. B. Wicker School Auditorium; that was one of the requirements of a grant we received, but due to the economy and building houses right now, we have chosen not to move forward with that project.

Urgent Needs is a category specifically for communities if there is a disaster or something which has threatened your public health and safety. An example would be if a disaster came through and hit the City's water or sewer plant and there were no local funds.

Capacity Building is truly to build up the capacity within a non-profit to carry out a community development block grant project. We have an open project with Brick Capital to assist them with building their capacity when we were going to do the housing demonstration application for this mixed community. That project is still open.

The Neighborhood Stabilization Program is the latest round of funding that has been available for working in areas with high foreclosure rates. At this time, Lee County does not qualify for those funds but this is a category that is available.

Small Entrepreneurial Assistance is available through the Commerce Finance Center where you help the small businesses with different issues that they have and with start-up funds; this is also money that is usually accessed by the economic development office here locally.

Mrs. Kennedy stated that all these projects are some that we could apply for in 2010 should the project arise. We are going for two housing demonstration projects so she will be coming back to Council at the first meeting in May for that second public hearing. Staff will be meeting with state staff this coming Friday and the developers to talk about these applications and the loan commitments and paperwork.

The public hearing is necessary to receive any comments from anyone in the audience or anyone that may be listening, or looking at us through television. Comment periods are open in writing until the first of the week, so if anyone is listening by television, they can provide a comment on these particular projects.

Mayor Olive opened the public hearing. No one spoke in favor or in opposition. Mayor Olive said that the comment period is open through Monday, April 26 at 5 P.M.

REGULAR AGENDA

Discussion Regarding the Boy's and Girl's Club Request for Funding

City Manager Hal Hegwer stated that Council Member Charles Taylor wanted to make some remarks about this issue.

Mr. Taylor said that last week we heard from the Boy's and Girls's Club about a petition for \$50,000 supplementation for their budget. He went back and listened to the meeting again and appreciates the comments that Council Members L. I. (Poly) Cohen and Sam Gaskins made. These types of situations put Council Members in a quandary when they feel passionate about the work that these organizations are doing, but yet are faced with downfalls economically. He went back and had conversations with some other municipalities and how they handle non-profits. He also spoke with Bo Hedrick from the Boy's and Girl's Club again. He is going to try and put together some information in written form. The Council needs to look at how we are going to fund if they want to participate in non-profits going forward. They have supported one non-profit in the past and he is not sure the City is in the non-profit business. He wanted to acknowledge the remarks made by his fellow council men and he shares with them the same sentiment that they have regarding the funding of this matter.

Council Member Taylor made the motion to table this issue indefinitely until further discussion can be held and it gives the Boy's and Girl's Club time to work thru its funding; they will be getting funding through the United Way. At this time, it is important that we look at how we are doing things. Council Member Sam Gaskins seconded the motion and it carried unanimously.

Council Member Cohen stated that he would like for the city manager, council, and a committee to get together to see how certain things could be funded if council so decided or how much non-profit funding does this council want to do. We have funded one before, but he felt we could not fund all non-profits because that would be a quagmire of great people that want

good money for great things, but that is not the function of this council. If there is a majority of council that wants to fund non-profits, that is fine too. He did not feel that the people elected them to be that source. He has spoken with the city manager about what we can do, if there is anything we can do.

Mr. Taylor added that United Way serves this community. We have employees and companies that participate with the United Way program. They get a lot of support in the community; they have applications turned in that met a clearinghouse from a board. He said this because there is a role for United Way and a role for the City Council. He did not feel it is prudent for them to be in the non-profit business as a governing body, because if you do for one, you have to do for them all. None of the council members was there, except maybe for Mr. McNeil, when the precedent was set for working through the Temple Theatre. Mr. Taylor said that he supports the Temple Theatre but he is not sure down the road that it is our responsibility to facilitate spending taxpayer dollars when we have employees question whether or not they are going to get a merit raise or a cost-of-living raise when we have our insurance going up. It is good to have discussion and he would support having that on the table. We need to determine, going forward, if we want to be in the non-profit business or not.

Mayor Olive said that at one time she thought we had a contingency fund for non-profits or impromptu requests. Mr. Hegwer replied that the way he has seen it budgeted is through the normal budgetary process. Since the time he has been city manager, the Temple Theatre, the Arts Council, and the Railroad House Museum have been funded. Mayor Olive asked Mr. McNeil if we had a contingency fund at one time from which we made allocations to people on an impromptu basis. Mr. McNeil replied that is the way he remembers having it done. We had money to come out of contingency for extreme emergencies for those agencies. Mr. Hegwer asked Council if they want staff to do a little research and try to see how other entities handle it and what policies are out there. Mr. Taylor asked if staff could put this on listserv. Mr. Hegwer replied yes and we will bring it back to Council.

Mr. Gaskins said that Council may have prematurely tabled this because we are continuing with this discussion. However, the difficulties now being ~~countered-encountered~~ by the Boys and Girls Club brings to the forefront concerns that we, as the City Council, need to do with regards to developing the policy on how we are going to handle non-profit agencies. We have expressed concerns about setting ~~preedence-precedents~~ in support of non-profit organizations and we have; however, already set ~~preedeneeprecedents~~. Historically, the City Council has supported the Temple Theatre, the Railroad House, and the Arts Council. Non-profits, by their very nature, are designed to improve the quality of life. In developing a policy on how we handle non-profit organizations, we must take into consideration how our actions will affect tourism and economic issues. Support for the Temple Theatre has been in part due to its bringing visitors in from neighboring areas. We also have the annual Sanford Pottery Festival, which would fall into the same category. How these organizations contribute to Sanford economically must be considered as well. Mr. Gaskins stated that being mindful that we also fund the Lee County Economic Development Commission, another non-profit organization. Our policy on grants to non-profits needs to be consistent throughout. It should include that a stipulation that those requesting funds submit their by-laws; a list of its Board of Directors; the length of time they have served; financial reports; and a plan showing how they intend to reach

financial stability. I suggest a policy be developed that is proactive to tourism; and to clarify the position on how the City of Sanford is going to move toward non-profits. We need to treat all non-profits equally or clearly define how we differentiate among the non-profits. ~~Mayor Olive added that she recalled that vaguely we had had impromptu requests from non profits and she felt if we are no longer going to use contingency funds, we should remove that from any kind of policies that we have had.~~ Mr. Cohen stated he felt it is a wonderful organization.

Approval of January 21, 2010, City Council Minute for Day Two of Retreat

Mayor Olive questioned mid-page of Page 5 there is a reference that Scott Christiansen came and spoke at Council's retreat and he was talking about all the rehabilitation that had been done in the clearwell. She just wanted to clarify if the subsequent problems with the bottom of the clearwell would be affected by this. She did not know if the item needed to come off the agenda because it requires more money, due to the changes or thicker floor which had to be done before the rest of the work could continue, which would affect what Mr. Christiansen discussed with Council.

Mr. Hegwer replied that it is his understanding that the extra work that was done was structural work; as far as the functioning of the clearwell, it is his understanding that the clearwell will continue to function as it was designed to function. It was the structural integrity that was under the clearwell which would not support some of the walls. He asked if she was concerned that the minutes are accurate. Mayor Olive replied that she was not concerned about that; she just wanted it clarified that this has not had to change because it says that Phase I had begun December 7, 2009 in these minutes. She just wanted to get it clarified one way or the other. Mr. Hegwer said that he would come back and address that issue.

Approval of February 24, 2010, Law and Finance Committee Minutes

Attorney Patterson clarified that the City Clerk and she were trying to determine if you were going to pass the minutes or not. The minutes reflect what happened on that day, at that time and if she wants the minutes put on another agenda for approval or modification. Mayor Olive replied yes, to put it on another agenda for approval. Attorney Patterson asked if she wants to table the approval of the minutes. Mayor Olive replied yes. Council Member Sam Gaskins made the motion to table the January 21, 2010, City Council Minutes Day Two of Retreat and the February 24, 2010, Law and Finance Committee Minutes. Mayor Pro Tem Stone seconded the motion and it passed unanimously.

Council Member Taylor said he was not present at the February 24, 2010, meeting, and he went back and listened to the dialogue that took place. He said that he understood where Mr. Garner was going about our current system being an analog system and understood the new technology that is out there. However, when he gets to the 139 mark on the video of the minutes, there is a good chunk of dialogue that he feels is very pertinent to this whole project that was left out. Particularly, where Council Member Stone got clarification on the amount it was going to cost. Mr. Stone had questioned the cost of \$78,000, that was reported at \$1,600 per month. Mr. Taylor said that \$1,600 x 60 (5 years) is \$96,000; nowhere in this document did he see any of that dialogue that took place between Attorney Patterson and Mr. Stone. He felt it was very pertinent because we are talking about spending a lot of money on a piece of leased furniture. He would like to have that dialogue included in these minutes because he felt it is

very important when a board five to six years from now, if we do pursue a lease; five years from now they are going to want to go back and see what we did in the past. Mr. Gaskins said that it is in the minutes, somewhat hidden, where Mr. Stone rounded it to \$100,000, and that number is in there. Mr. Taylor said that when you go back and listen to the clarification, there was about two minutes of dialogue that was very pertinent that he would like to be captured; \$100,000 round estimate is not a precise figure. Mr. Taylor stated that he did not see where the \$1,600 times 60 months is in the minutes; that is what he had a problem with.

Mr. Hegwer stated that staff came away from the meeting that Council was not interested in leasing, so we have been pursuing purchasing. We will come back with the purchase of the furniture and the system. Traditionally, we have leased those and it goes back into a lot of history as to why it was done because of the revenue stream and how revenues were tied to certain things. He said that the concern of this Council is the cost and rightly so. We will come back to Council with bids.

Council Member Taylor stated with that said, he made a motion to have the minutes amended to include the \$1,600 per month times sixty months equals a \$96,000 payment that Council Member Stone had pointed out that was going to be the case. Seconded by Council Member Sam Gaskins, the motion carried unanimously.

Mayor Olive said we will vote on the amended minutes. Council Member Sam Gaskins made the motion to accept the minutes as amended. Seconded by Mayor Pro Tem Mike Stone, the motion carried unanimously.

OTHER BUSINESS

Mayor Pro Tem Stone reminded seniors and the disabled citizens they can still apply for the 50 percent off their property taxes at the County. They have until May 30. He spoke with the lady at the tax office and said that the applications turned in have been up tremendously. If you are over 65 or disabled, please apply for up to 50 percent off your property taxes.

Council Member Taylor complimented the Public Works staff on repairing the waterline on Hawkins Avenue so quickly today.

Mr. Taylor mentioned that in the Historic District at Vance Street, behind the Prince Motel, there is an urban garden being planted on a lot that is being leased from the City. He said that there are 10 to 12 families tending to the garden.

Mr. Taylor said that we are starting to see more itinerant merchants and more yard sales that are extending over a week period of time. There was one on Steele Street and staff promptly responded to that. We need to be more mindful of this activity as day time gets longer.

Mayor Olive reminded Council of the ethics training they need to do. She thanked Council for the action on the Boys and Girls Clubs; it was a noble and appropriate thing that they have done.

Attorney Patterson stated that Council has at their seat, a memorandum explaining her answer to the question of about selling the City streets. To follow up on the question from the last meeting, the City has an easement but no deed to the underlying property, so the answer is that the street cannot be sold. The vacation statute does not call for payment to the City. There is also information that was requested about what the value could be or might be on a similar property down the street. If you vacate the street according to statute, the value the City receives back is putting the property back on the tax roll.

Mr. Hegwer advised Council that he was going to attempt to bring Council a balanced budget somewhere between May 12 and May 18; hopefully, he plans to present the budget at the Law and Finance Committee Meeting on May 12. He said that he received some information today on Governor Perdue's proposed budget. She is proposing to cut spending by \$950,000,000 and she is going to use \$550,000,000 of additional federal Medicare funds. Also, the Governor recommended cuts would include reduced spending for the state departments, other than education by 5 to 7 percent. In addition, she proposes shifting of spending to meet her funding priorities. The important thing for the City is it does not recommend a reduction or elimination of the State collected municipal revenues that we receive, such as beer and wine taxes. A part of that was cut in this year's funding and the full funding is in the budget for next year. However, it could change but it is good information at this point.

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

ADJOURNMENT

With no further business to come before the council, the meeting was adjourned on motion of Council Member James G. Williams; seconded by Council Member Sam Gaskins, the motion carried unanimously.

Respectfully submitted,

CORNELIA P. OLIVE, MAYOR

ATTEST:

BONNIE D. WHITE, CITY CLERK