

MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF SANFORD
SANFORD, NORTH CAROLINA

The City Council held a budget workshop at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, May 25, 2010, at 6:30 P.M. The following people were present:

Mayor Cornelia P. Olive	Council Member Sam Gaskins
Mayor Pro Tem Mike Stone (arrived at 6:43 P.M.)	
Council Member Charles Taylor	Council Member L.I. "Poly" Cohen
Council Member James G. Williams	Council Member Walter H. McNeil, Jr.

City Manager Hal Hegwer	Asst. Financial Services Director Beth Kelly
City Attorney Susan C. Patterson	City Clerk Bonnie D. White
Financial Services Director Melissa Cardinali	

Absent:

Council Member Linwood Mann, Sr.

Mayor Olive called the meeting to order. She questioned the 2009 actual figure of zero for Elections on Page 42 of the budget, because an election was held that year. There is money appropriated for 2010 and there will not be an election for that year. Mrs. Cardinali replied that it was in the Fiscal Year 2009-2010 budget. The election was in November 2009 and the bill came in on the Fiscal Year 2010-2011.

Mayor Olive said that she thought that Downtown Sanford, Inc., debt had been paid off. Mr. Hegwer clarified if she was talking about the debt for Depot Park. Mayor Olive replied yes. Mrs. Cardinali replied that Downtown/Historic Preservation is actually a department within Planning; the Central Business Tax District is a separate tab in the budget manual. Mr. Hegwer referred to Page 193 in the Special Tax District Fund. The general fund contribution has decreased from \$50,000 to \$20,000 and the reason for this is the contribution was utilized to pay off the debt service for the Depot. Mr. Hegwer advised that a few members of the Downtown Board have expressed to him their concerns about that reduction. They would like to have the same \$50,000 and have the excess to be utilized for the capital project in the Downtown area. Mayor Olive asked what is the capital project and would it have to come before Council. Mr. Hegwer said that he did not hear any talk of the capital project when they put the budget together. There was a capital project that we had talked about at Depot Park, which was the water fountain. There are some maintenance issues with it. As water splashes around the fountain, there is not a good base under that and it gets wet, so we have to run the fountain less because many children track mud into the fountain and clogs up the pumps. The price was around \$40,000 to refurbish the area around the fountain to go back with a concrete base and also put up a low fence where it is not easily accessible to run through it. In essence, they were concerned with that money going away. It was Finance's perspective that we would cut that by the amount necessary to finish paying off the debt service.

Mr. Taylor said that it is disconcerting to him that we can have a request for a \$30,000 item in the budget without any commitment. We have things that are less value on our capital improvements that do not go to the \$30,000 level that we have a full accountability on that

expenditure. Mayor Olive said that is why she asked if they had to come back before the Council before they could do it, because if that is the case, they could bring their request and ask for a specific amount which would make more sense rather than just plan for unspecified spending. Their normal budget is what they are taxed on themselves which is the budget on Page 195.

Council Member James Williams asked Mr. Hegwer about the sewer retap fees and if the customer installed a sewer cleanout, was it waived. Mr. Hegwer stated that the fee is \$750. The new 4-inch sewer tap cost is \$1,250 and it would normally have a cleanout. There are a lot of old, existing services that do not have a cleanout, so there is no way for the City to gain access to an existing service line that connects from the home out to the main. What we tell property owners is if they want to install a cleanout, then we will perform the work under a sewer retap for \$750, which is much lower than the normal installation cost.

Mayor Pro Tem Stone commented that he has had conversations with many of the people that install water systems. In his conversation with these people, they say they can sell it in other surrounding communities but they cannot sell it in Lee County, because they have to add on about \$1,200 before they ever do anything to the home. He said that most people, at that point, are not willing to buy it. His point is the first \$1,250 to install an irrigation system is eaten up in fees and taps, and this discourages people from wanting to install water systems to water their yards. This comes at a time when we are trying to beautify our community and we are also trying to find more ways to use the water. Sometimes, the fees defeat the purpose when you are trying to encourage someone to irrigate or plant flowers. It is something to consider if you really want to look at how you can use more water. Mr. Hegwer referred to Page 37 and stated that staff looks at the rates every year and tries to assess what it costs us every year to make those connections. There is no profit margin; it is the cost to make those connections and we average those out because if he is on a state-maintained highway, where you have to bore across the road for a normal residential service line, it is the same - even if it cost the City \$3,000 to make a tap. The only cost to the property owner would be the water tap of \$950 or the sewer tap of \$1,250. We are only trying to recover our cost. Mr. Hegwer said that you could subsidize the cost of those taps in your rates, if you would bump your rates to a point where you felt comfortable; it could make up for the lost revenue. Right now, the cost of connections is not subsidized in the rates.

Mr. Stone said the old woman factor is you are dumping millions of gallons of water to try to keep the system clean where we could find ways to use the water, but we are encouraging water use. We are actually encouraging conservation, not only in the fee structure but the rate structure as well. When you start looking at a second tap or fee, it is not a motivator to make you want to do it.

Mr. Gaskins said that Mr. Stone is talking about a second tap; splitting your main water to the house into one for irrigation. Mr. Hegwer thought the new rules require a complete separate tap than connecting. Mr. Gaskins asked that we check and see what is done because we are bringing a line up to a meter already and if you split before that meter, put a tee in there for a separate meter. Mr. Hegwer advised that there may not be enough pressure depending on the tap size. Mr. Cohen said that some places in town have a lot of pressure and some have low pressure.

Mr. Stone said that if you pull the permits in Lee County, Harnett County, and Moore County, and look at the number of installations for second taps, it is not even close. He said that once the homeowner buys the home and wants to install a second tap, that rate is only \$250 in Harnett County as he recalls. That is the reason you see a tremendous amount of water – secondary systems in Harnett County. They are doing six to seven installations compared to our one, if one. Mr. Hegwer said that we can look at it.

Referring to Page 50, Mayor Olive asked about the \$2,800 to relocate repeater from Colon Road to the Viper Site on Highway 78. Mr. Hegwer said that there was some money available through the state government to install a Viper Tower that would facilitate all the communications in Lee County. This is a process completed all throughout the state. They already provide an emergency generator at that site and there is no cost to the City for the generator.

Mayor Olive asked about the Special Mission Tender – Trench Rescue on the Capital Outlay in the Fire Department. Mr. Hegwer replied that right now there is no trench rescue equipment in this county. If someone is excavating or is involved in a construction project and there would be a cave-in or collapse, currently, we would have to rely on Cumberland County or some other surrounding counties for that rescue equipment. There are funds from Lee County in this budget to pay for half of the trench rescue; the other half would be through the Fire Department.

Mayor Olive asked if there is any place where we have the total salary figures that include 401K, travel expenses, etc., per person, not by department but per person. Mrs. Cardinali replied no.

The meeting was recessed at 7:30 P.M. and reconvened at 7:40 P.M.

Mr. Gaskins referred to Governing Body's budget on Page 65 of the budget manual. He said that the training has gone up 126 percent in two years; the advertising for 2009 under \$8,500 and it is \$14,000 for this year – 65 percent increase. Mrs. Cardinali said that advertising is for National Night Out supplies, any legal ads, advertising boards and commissions vacancies, public hearings; etc.

Mayor Olive referred to Page 68 and how much it cost for the renovations. Mr. Hegwer referred Council to Page 84, Public Building. We budgeted \$350,000 for the renovations and Mayor Pro Tem Stone made the motion to spend no more than \$275,000. The renovations are intended for customer service improvements. Many people did not know where they were going when they came into this building. It was a concern to staff because of the access to our water billing area; it was easy for anyone to go back into that area where staff is handling money. Mayor Olive asked if the desk in the reception office will be manned all the time to answer the phone and give directions. Mr. Hegwer replied we are going to try to. There is not a position slotted for that manning of that station; we are going to do the best we can. There will be a device to contact an individual.

Mayor Olive asked if we have a listing in the telephone book for information for the City of Sanford. Mr. Hegwer replied there are phone numbers but no names of individuals.

Council Member Gaskins questioned the printing, postage, and department supplies in Governing Body's and Administration's budgets. He said it worries him because it comes back to the money that we have to move around within the department budget. He has noticed especially that these items along with training, and dues and subscriptions, have hefty increases between 2009 and 2011. He asked why are these figures increasing? Mr. Hegwer replied that what happens, we do not always know which conferences council members would like to attend. He normally attends the various conferences with council. It depends on how many council members want to go. The money is there for council members to attend workshops; it is not there just to be spent. Mr. Gaskins expressed concern over the amounts listed in 2009 Actual figures versus the projected for 2011.

Mr. Hegwer stated that everything we do is documented. Everything that is spent is looked at by staff in Finance and himself. There are checks and balances that are in place for expenditures.

Mayor Pro Tem Stone said it is interesting hearing Mr. Gaskins' remarks. The first year he was on this council, he went through the budget pretty hard and heavy and he continues to. He said that as you continue through the process, you will see those items that build value and he has often said it is almost like we have \$1 million built in the budget for unknown items that are coming through. Mr. Stone stated that our revenues always come in over what is budgeted and our expenses always come in what we budget our expenditures to be; producing about \$1 million of extra revenue. This has happened almost every year except for the year we lost our tax revenue in 2003 or 2004. It shows in our fund balance that we have been able to put money in. Mr. Stone said that council, like citizens, like the projections to be somewhat closer and it would not be a bad thing for the City to come back and say we need more money because of certain circumstances. Currently, when we look at some of those items, it is not real – normal businesses would not do that because they generate to make profit; we are generating to cover the expenses through the year. Mr. Hegwer mentioned that last year, revenue in the general fund was within \$60,000 of what was estimated and that was very tight. He added that \$60,000 on \$24 million is pretty close.

Financial Services Director Melissa Cardinali advised that if council is looking at the expenses versus the budget expenses, that can be drastically skewed by capital. For example, the fire pumper costing almost \$600,000 and it did not come in; so it looks like you have \$600,000, but in July, we turned around and reappropriated the money.

Council Member Charles Taylor asked what has changed and how do we get around the cell phones? Do we still have the same number of cell phones, or are we capturing that in a different expense? Mr. Hegwer replied yes. Some time back, most employees had a city-issued cell phone and many of them did not have a cell phone of their own. As we have progressed, everyone has a cell phone today. Employees who are in positions that would require particular types of communications/cell phones have two different options. There is an option of a city-issued cell phone or a personal one. A city-issued cell phone cannot be used for any private use and the city pays that bill. We group those and work through a provider that is managed through our public building division. The other option is for employees to receive a cell phone stipend based on four different levels with the bottom stipend being \$25 per month. It depends on how much they would utilize the phone. Mayor Olive asked how do you oversee when they are not

supposed to use them for personal use. Mr. Hegwer replied that it is monitored by the supervisor.

Council members questioned the various line items within the departments throughout the budget meeting.

ADJOURNMENT

Council Member James Williams made the motion to adjourn the meeting. Seconded by Council Member Walter McNeil, Jr., the motion carried unanimously.

Respectfully submitted,

CORNELIA P. OLIVE, MAYOR

ATTEST:

BONNIE D. WHITE, CITY CLERK