

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, June 1, 2010, at 7:00 P.M. The following people were present:

Mayor Cornelia P. Olive	Council Member James Williams.
Mayor Pro Tem Mike Stone	Council Member Walter H. McNeil, Jr.
Council Member L. I. “Poly” Cohen	Council Member Sam Gaskins
City Manager Hal Hegwer	Council Member Charles Taylor
City Attorney Susan Patterson	City Clerk Bonnie D. White

Absent:

Council Member Linwood Mann

Mayor Olive called the meeting to order. Council Member Sam Gaskins delivered the invocation.

**PUBLIC COMMENT**—(Exhibit A)

Keith Clark of 212 Acorn Drive spoke. He thanked the staff for cooperating with him. He stated that the way this council functions, the opportunities for public participation seem to him to come very late in the process. He stated he believes there should be public comment at the Law & Finance Committee meetings, as well as at city council meetings, because a lot of times the items end up on the Consent Agenda. He believes as the open meetings law indicates, the public needs to know what council is talking about in terms they can understand. They have a right to ask for what you get before the meeting and have it copied or sent to them as a PDF. If things are distributed at the meeting, and copies are not made available to the audience, he stated they did not know what the council was talking about. He stated that he knew all council members (because he had talked to them) were interested in public comment and participation. He asks that council take a look at some of their procedures regarding public participation and see if they can’t find some ways to help people want to become more involved because he knows they really do want that input.

**APPROVAL OF AGENDA**

Mayor Pro Tem Mike Stone asked to add an item to the agenda as Item 7B-2 as Discussion and Information on Nonprofits. Council Member Charles Taylor made a motion to approve the amended agenda; seconded by Council Member Sam Gaskins, the motion passed unanimously.

**CONSENT AGENDA**

Approval of City Council Minutes Dated April 20, 2010—(Filed in Minute Book 73)

Approval of Resolution to Temporarily Close a Portion of Chatham Street in Support of an Antique Car Show—(Exhibit B)

Approval of Acceptance of Offer to Purchase Redevelopment Lot in the Washington Park Redevelopment Area—Block Q, Lot 2, Hudson Avenue—(Exhibit C)

**All of the above items were discussed at the Law and Finance Committee Meeting on May 26, 2010.**

The consent agenda items were unanimously approved upon motion of Council Member L. I. “Poly” Cohen and seconded by Council Member James Williams.

**Cases for Public Hearing**

Public Hearing – Economic Development Incentive –Axxor—Request by Lee County Economic Development Corporation -- (Exhibit D)

Lee County Economic Development Director Bob Heuts explained that this is a Dutch company that has not made a decision to be in this community at this time. Mr. Heuts believes there are three buildings that could work for them. They have looked at the shell building on Wilson Road more than the others. In council’s packet there is a resolution from the EDC board to the city and county for funding. In this case, they are looking at renovations and equipment, totaling about \$5 million in investment. They have talked about having twenty to twenty-five people employed here when they are fully operational. He calculated that would bring in \$100,000 to the city over a period of five years. The EDC is recommending a five-year, 50 percent grant to the city and to the county commissioners.

Axxor has manufacturing operations headquartered in the Netherlands. They established this company in 1995 and it is basically a paper converter. They take rolls of paper and fold and glue and make a honeycomb core product that goes in furniture, doors, windows, and automotive parts to give it strength without adding a lot of weight. They are looking to establish a production facility in the United States. They are looking at Virginia and North Carolina. They need about 60,000 square feet.

Mayor Olive opened the public hearing. Council Member Taylor stated that it would take more budget to retrofit and equip the Wilson Road location than it would the other two properties. He asked if that is something that could grow if they select that site as opposed to the others. Mr. Heuts stated that it could. He stated that they had also looked at a building at the Simpson Industrial Park which has less up fit. Mr. Taylor asked how many of the jobs would be management and the average salary of the production employees. Mr. Heuts responded that they had turned in an employment profile which listed about twenty-three full time jobs over a three-year period. The sales people are shown at a salary of \$78,500; accountants were shown at \$47,000 and \$48,000. The site manager was shown at \$80,000. The packer/production helper which is probably the least skilled position was listed at a salary of \$26,104.

Mayor Pro Tem Stone inquired if they were looking to own their own property. Mr. Heuts responded that they were looking to lease. Mr. Stone stated that the \$5 million for equipment would depreciate faster on used equipment than for new equipment. Mr. Heuts was not sure if the equipment would be new or used, but thought it would be new as it is built differently for the American market. Mr. Stone expressed concern about the ratio of temporary

employees to full-time employees. Mr. Heuts advised that they had not stated how many temporary employees they would hire. Mr. Stone asked if the line workers would be making \$15.50 an hour. Mr. Heuts said not in this case.

No individual spoke against the project. Mayor Olive closed the public hearing.

- Consider Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement with Lee County Economic Development Corporation -- (Exhibit E)

Council Member Walter McNeil made the motion to approve the Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement with Lee County Economic Development Corporation. Seconded by Council Member L. I. "Poly" Cohen, the motion carried in favor 4-2, with Council Members Charles Taylor and Mike Stone casting the dissenting votes.

Public Hearing—Economic Development Incentives – Parkdale USA- Request by Lee County Economic Development Corporation –(Exhibit F)

EDC Director Bob Heuts explained that Parkdale is a company we have dealt with in the last year and there is information about them in council packets. In this case, they still have space in their 400,000 square foot building, even after they moved equipment over from the Hanesbrands facility in Sanford to the facility on Highway 421 or Boone Trail Road. They have enough orders to justify putting more equipment in. They are requesting the same kind of help from the county and city as they received when they moved the original equipment from Hanesbrands. When they come before board, depreciation has been taken into consideration for new or used equipment. They have 72 employees and are looking at adding 29. The EDC is recommending funding at a five-year, 50 percent deal like last time. It is about \$85,000 over a period of five years average to the city, giving half of that back to them for putting the equipment in that facility. The grant is \$42,493 if they put the investment in place and it shows up on the tax books the way EDC expects it to and they keep the wage level at that grade or better.

Mayor Olive opened the public hearing.

Council Member Charles Taylor asked if Parkdale had done any up-fitting in anticipation of this equipment being moved in. Mr. Heuts stated that the building was ready and they did not need to do anything for that. Mr. Taylor asked what net gain of jobs was made on the former \$2.5 million investment. Mr. Heuts stated that the way it worked is they shut the plant down last year. When they started seeing business improvement after Mayor Olive and Commissioner Hayes visited them, they decided to turn the machinery back on and rehired about 60 people. When they added the other equipment, they added a few people. In this case, they are talking about adding 29.

Mayor Pro Tem Stone stated that he believes the tax value on that building is \$9.5 million and the building they got out of and did not own had a tax value of \$1.5 million. Mr. Stone stated that they moved to South Carolina to save \$2 million in electricity costs a year. He stated that it is the spinning machines that require so much electricity, and that is why they did not bring back the spinning equipment. Mr. Stone stated that they cost us two hundred jobs when they closed

down both plants, and they are bringing back seventy with most of them paying below \$10 an hour. He stated that he did want the jobs, but the citizens of this community are suffering just as bad as the companies worth hundreds of millions of dollars. He stated that we need companies who are going to invest in our communities. He says we bring them in and give them everything and in return, they take the money and run.

EDC Director Bob Heuts responded that he understood and respected Mr. Stone's position. He stated that companies have choices and this is a way of helping them choose to be here.

Council Member Taylor asked for more clarification as to how many positions Parkdale added in relation to the earlier \$2.5 million incentive. Mr. Heuts estimated that to be about ten to twelve jobs because they moved from sixty employees to seventy-two.

No individual spoke against the proposed Parkdale USA Economic Development Incentives requested by the Lee County Economic Development Corporation. Mayor Olive closed the public hearing.

- Consider Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement with Lee County Economic Development Corporation –(Exhibit G)

Council Member L. I. "Poly" Cohen made the motion to Adopt the Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement with Lee County Economic Development Corporation. Seconded by Council Member James Williams, the motion passed 4-2 with Council Members Taylor and Stone casting the dissenting votes.

#### Discussion and Information on Nonprofits

Mayor Pro Tem Mike Stone stated that he is council's liaison to the ABC Board. He stated that the city is adding \$75,000 this year to its General Fund budget from the ABC stores, but it is not stated in the budget. He stated that he is mentioning it because our community is in hardship. He stated that in 1998, Sanford had \$988,000 in its Fund Balance, and we have reached points of \$14 million in our Fund Balance. He asked if we were tremendously well managed or if we were over taxing. He stated that, currently, we do not have a policy in place to deal with nonprofits. Mr. Stone made a motion to place the \$75,000 from the ABC stores in next year's budget to be used for nonprofits along with a \$.01 tax reduction of \$206,000 for all city citizens. Council Member Charles Taylor seconded the motion.

Council Member Taylor stated that Mayor Pro Tem Stone had made some good points in that when our Fund Balance continues to escalate, it is time to look at how we are doing things. Two years ago, in council retreat, there was a presentation by First Southwest at which he had asked if there is a point at which you can be too healthy. The answer was that it becomes a political issue and indicated that you were being taxed too much. Mr. Taylor stated that he serves on the United Way board and it is difficult to see the needs arise and you cannot meet those needs. In that regard, the city has a lot of struggling organizations. He stated that a couple of years ago the money from ABC income was spent on the Pocket Park program and that

program has been successful. He stated that he hopes that council will take the step to put some funding to nonprofits.

City Manager Hegwer stated it is prudent to understand whether the money Mr. Stone is requesting should come from Fund Balance or the ABC funds. Mr. Stone stated that next week, council could decide who gets the \$75,000 with the \$.01 tax rate change in the bank. Council Member Gaskins confirmed that the \$75,000 was totally separate from what is listed on the budget lines for the 2010 projection of \$140,000 as well as the 2011 projection of \$160,000. Mr. Gaskins continued that what council had seen, said that the Public Building expenditures would have been \$639,367 and what there is to approve is \$1,077,270; the Shop budget went from \$349,000 to almost \$1.2 million; the Police Department went from \$7,205,000 to \$7,233,000; the Fire Department went from \$3,700,000 to over \$3,900,000; the Street Capital Improvement jumped from \$200,000 to over \$507,000; and in the Enterprise Fund, the Store went from \$112,000 to \$309,000. The only thing that saw a decrease was the Police 911 surcharge. Mr. Gaskins stated that he wanted to see a budget that showed an effort had been made to bring the numbers in line, and he would have difficulty voting either way without having the information in front of him about what is really going on with the city budget.

Council Member Williams stated that with the 2.5 percent in employees' salaries or about \$300,000; with the increase in the employees' health insurance costs around \$200,000 for the city; and with the loss of the privilege license in excess of \$300,000, we are dropping revenue all the time and when we borrow money to do things for the city, the lenders always look at our Fund Balance to determine what interest rate we get. He stated that the City of Sanford Council, the Lee County Commissioners, and the Broadway Town Council had attended an economic development commission today, and the number one issue that came up in that meeting in trying to recruit industry was infrastructure—basically water and sewer being run to the industrial parks and industrial parks being built—to accommodate industries that want to move in here. Mr. Williams stated that in order for our city to move forward, there are certain things that have to be put in place. He felt the budget had already been cut enough, and that if you wanted to move the city forward, now was not the time to cut the budget further. He stated that we need to increase services because we want the city to grow and we want the high paying jobs and we need to be ready when they come. He did not feel that making other cuts now was a prudent thing to do.

Council Member Taylor stated that the North Carolina State 911 Director indicated to him that due to our Fund Balance, we would not qualify for any grants. Mr. Taylor stated that it was important to have a healthy Fund Balance, but it was just as important not to have too much of a healthy Fund Balance. Mr. Hegwer stated that the NC 911 Director was referring to the Fund Balance in the 911 Fund.

Mayor Pro Tem Stone stated that the City transferred \$165,000 from the Utility Fund to the General Fund this year and we just raised water rates. He stated this is important because all \$165,000 was service. Mr. Stone stated that plans were in negotiations now for the city to loan the county \$300,000 for a project he stated he could not speak about. He said it angers him because the city has extra and it is time to give the city taxpayers back their money. He stated that tough times call for tough decisions.

City Attorney Patterson clarified with Mayor Pro Tem Stone the wording of his motion, asking if he wanted the part pertaining to decreasing the tax to be a separate motion: to have an earmark of the \$75,000 to be received from the ABC Fund to be placed into a fund in order for appropriation for nonprofits, and then to direct the manager to present a budget with a \$.01 tax reduction. Mr. Stone stated that he does not have to present a budget; he is asking for a one cent tax reduction and the \$75,000 coming from the ABC Board to go to nonprofits. Attorney Patterson clarified that he wanted the \$75,000 to be allocated to nonprofits, not to go to specific nonprofits. She stated that a balanced budget has to be presented with a one-cent tax reduction and requested to ask Finance Director Cardinali whether a vote of a one-cent tax reduction separate from a balanced budget is appropriate. Mr. Stone stated that the problem he has with the staff is going to tell you what is easy. Mr. Hegwer stated that we wanted to do the right thing, that we are not trying to do the easy thing and we wanted to get it correct. Mr. Stone said that at the June 15 meeting, they could come up with a final budget to balance it.

Council Member Taylor asked if it would be possible to have the people in the audience who were representing nonprofits to stand. Mayor Olive asked them to stand.

Council Member Gaskins stated that he did not have enough information to vote on Mr. Stone's motion or on the budget. He stated that based on the numbers presented, nothing the council had requested had been changed, and he had no explanation for the huge jumps in the figures. Mr. Hegwer stated that some adjustments had been made, and he had thought they would get to it. Mr. Gaskins stated that before they do that, he would like to stay on Mr. Stone's motion and hear from Mrs. Cardinali.

Finance Director Melissa Cardinali stated that she could not address those questions because she had not come prepared for a detailed work session. She clarified that what Attorney Patterson was addressing in her comments to Mr. Stone regarding the one cent tax reduction is that City Manager Hegwer is bound by law to present a balanced budget. If you take away a revenue source, it has to be replaced either with decreasing expenditures or appropriated Fund Balance. This is in council's discretion. Attorney Patterson was trying to clarify with council whether they wanted to decrease expenditures and what council's pleasure would be with those or if you wanted to show appropriated Fund Balance to equate to the tax reduction.

City Manager Hegwer stated that to get to the issue directly, the board would vote to direct the city manager to present a tax decrease, either through Fund Balance or through other cuts necessary. Mr. Stone stated that he has seen consistently, and Mr. Gaskins had pointed out, the over-budgeting of departments and that is how we have almost \$14 million in Fund Balance. He stated that the reason for trying to separate these motions is council will fund nonprofits and not give the taxpayers the one cent back. He stated he wanted to be fair and give everybody something. Mayor Olive asked that he please not put words in her mouth. She stated that she wanted the motions separated because she thought that was the legal approach. Mr. Stone apologized if he came across wrong to any of his fellow council members, but he is determined to try to keep the motion as one.

Council Member Gaskins stated that apparently Mr. Stone did not approve his amendment at all and stated that he would like to table this motion until he can have much better

information with respect to the budget. Mr. Gaskins made the motion to table Mr. Stone's motion to appropriate \$75,000 from ABC funds to nonprofits and reduce the city tax rate by one cent. Seconded by Council Member L. I. "Poly" Cohen, the motion to table passed by a vote of 5-1 with Council Member Charles Taylor casting the dissenting vote.

Public Hearing on Annual Budget for Fiscal Year 2010-2011

City Manager Hegwer stated that our citizens know our budget has been presented and various workshops and numerous discussions have been held on the budget.

Mayor Olive opened the public hearing. Addressing members of the audience, Mayor Olive stated that there is no limit on the amount of time a person can speak during a public hearing, and she assumes the vast majority of people are present to represent the nonprofits. In order to expedite things, she asked those who plan to speak five minutes or less to speak first, and members of the audience who share the same sentiments as the speaker were asked to stand when he/she is speaking instead of speaking also.

Beth Whitehead of 712 Highland Street spoke representing Lee County Industries (LCI). She explained that LCI is a nonprofit community rehabilitation program that has been operational here for 43 years. LCI has 49 employees who work on a daily basis, with 100 people who have disabilities and barriers to employment. They serve local industry by completing jobs that are out-sourced to them from companies such as Coty, J. T. Davenport, Jones Printing, and Cargo Control. The jobs consist of packaging, assembly, inspection, and labeling. They were hit very hard when Transmatic closed last year. That was an annual \$40,000 that LCI has had to try to make up for in other areas. LCI did make about \$3,700 on a pig picking fundraiser last fall. They will try to have other annual fundraising events.

They also put people to work, having successfully placed 34 people in jobs this year. They are tax-paying citizens working places such as Stop & Drop Academics Center, Carolina Trace, BEC, Piggly Wiggly, 3 M, and Pilgrim's Pride. Another part of their program is the enrichment program. This is where people come from group homes and in-home settings and have a better quality of life by participating in activities each day such as baking, counting money, and other personal success skills. This is the area in which their program has been hit the hardest because the state has decreased their budget by \$70,000. Ms. Whitehead stated that they are still struggling to place people in jobs and create revenue to keep the doors open for their participants. Participants try to give back to the community through volunteer work at such places as Lee County Arts Council, the Back Pack for Kids program, and Christian United Outreach Center. She asked for consideration for funding from the council.

Teresa Dew of 718 Highland Street, the Executive Director of the Christian United Outreach Center of Lee County stated that as a member of this community, she has been concerned about the recent conversations about our local government supporting and funding of selected nonprofits. She stated that she believes there are lots of deserving agencies within the city and county limits who are daily meeting the ever-increasing demands on them and the growing needs of those less fortunate in our community. She stated that to recognize and grant funding to a select few, by either personal involvement of a council member or a commissioner, is not an equal or just way to decide who will receive those taxpayer funds or when they should

be granted in critical situations. She believes this decision should be based on a more uniform method, solvency of the agency, and the depth of reach into our community. What better agency to provide this detailed analysis of nonprofits than our United Way agency? With the rigorous screening and interviews; financial assessments; and agency site visits, they assure donors that the funds they contribute to United Way are used by the agencies who are most in need and who can prove the funds will be managed in a very professional manner. Donors or contributors, such as businesses, individuals, or perhaps the City of Sanford do not have to duplicate those efforts on searching or justifying the needs of the agencies on their own. It is handled by a group of peers from the community; in this case, the fellow taxpayers. Ms. Dew encouraged local government to get involved, not only by writing a check quarterly or annually, but to meet the financial needs of such agencies and go out and work alongside some of the agencies and talk to the tax paying citizens who, in some cases, need these very agencies just to survive each month with medicine, child care, work, food, or housing needs; not just for entertainment or for promoting tourism in our community. Last year alone, the CUOC put out over 11,000 boxes of food to this community for people who are out of work. She agreed with Council Member Stone in that we need to start giving back to our community that is suffering and hurting. She stated that they put out almost 500,000 pounds of food last year just from the one agency. They put out over \$30,000 in financial aid to help people with their light bills and gasoline bills and eviction notices because they could not pay their rent. She stated that giving back to our tax-paying citizens, either through the agencies represented at this meeting or by giving the tax incentive to help them, would be most appreciated. She stated that she hoped council would consider her comments as they continue to review the annual budget and be fair and just to all the agencies in Sanford and the community needs these agencies are meeting.

Carol Carlson of 1118 Holiday Road stated that her husband and she own and operate a downtown business, own property downtown, and their nonprofit Willing Hands also operates a weaving studio downtown. In addition, she serves on the board and is past president of Downtown Sanford, Inc. She stated that over the past few weeks, there have been several articles written and much discussion about this year's budget and what should and should not be cut and the importance of different organizations, including the Downtown Sanford Board. Mrs. Carlson stated that after moving here in 1998, that it was clear to her, from the very beginning, that much of this town runs on volunteers, such as the over 150 volunteers who work on the No Scare Fair every year. She stated that she believes that in order to maintain a healthy community with a strong quality of life, volunteerism is key, but there is only so much volunteers should be expected to do. She listed many things the Downtown Sanford Board has been responsible for and praised Downtown Development Manager David Montgomery for keeping the board together. She stated that one thing she has learned is that if you want to attract newcomers and businesses, you need to first have great schools and secondly, you need a thriving downtown. She thanked the mayor for attendance at downtown events and encouraged others to come downtown and get behind all the dedicated, small businesses downtown who are working tirelessly at what they do.

Eva Brown, director of Get Smart, stated that over the last few weeks, she has read various comments about council breaking tradition to make contributions to non-profit organizations. She stated she has concerns about that. She has heard comments both for and against such contributions. However, she stated that nowhere has she heard that the cause of

nonprofits is non-worthy of receiving contributions from any source. She stated that the decision is not about worthiness, but about setting a precedent one way or the other about how council would handle nonprofits now and in the future. Ms. Brown is the founder and director of Get Smart, a non-profit organization in Sanford which is about education. She believes this is important because it paves the way for other things. Get Smart is a member agency of the United Way of Lee County. She stated that over the last nineteen years of serving the youth of Lee County, she has experienced many shortfalls and has resolved the issues by stepping up to the plate with more of her personal time and resources to keep the program going, so she knows how difficult it is to run non-profit organizations and that they deserve all the help they can get. She says that it is challenging to think of council's decision. She does not advocate that council make or not make contributions to non-profit organizations. She believes that policy is important and she encourages council to do the right thing. She stated that her organization has served many children since 1991, and she has worked hard to insure that the children they have served get the best support, education, and personal development opportunities possible. There are twelve employees. She stated that the nonprofits do need the money, but she encouraged council to establish a policy to handle the situation whether or not they decide to fund nonprofits.

Peggy Taphorn of 811 Stuart Drive spoke representing the Temple Theatre. She is the producing artistic director. She stated that the Temple Theatre has been honored each year with grant funding from the city since 1985. She hoped they would agree that their investment in this organization—"the number one tourist attraction in Lee County"—has reaped many rewards. The advancement of the \$20,000 city grant in 2009 allowed them to keep the lights on in their darkest hour and they will always be grateful for council's support. The Temple Theatre currently generates 48 percent of its revenue from ticket sales; 13.5 percent from grants (currently \$20,000 from the city, \$35,000 from the state, and \$8,700 from the county); 25 percent from annual fund drive and fundraisers; 10 percent from corporate sponsors and program advertising; and 3.5 percent from miscellaneous sources. She stated that the budget has been trimmed and staff benefits have been cut. When Ms. Taphorn took over in 2007, the annual budget was \$708,000. For Fiscal Year 2010-2011, their approved budget is \$408,000. In the foreseeable future, they will work from a reduced budget and reduced production schedule in order to assure long-term financial stability.

Ms. Taphorn stated that the Temple Theatre is the cornerstone of Historic Downtown Sanford. They cultivate relationships with local businesses and not only affect the quality of life for Sanford residents, but also greatly affect the surrounding restaurants and shops' bottom lines. The Temple Theater is the destination for tourists and retirees. Last season alone, organized groups came to the Temple from twelve different counties, as well as out-of-state patrons. Attendance at a Temple Theater event is, for many of these visitors, an introduction to all that Sanford has to offer. These organized tour groups numbered 2,366 visitors to Sanford who also dined in our local restaurants and bars and visited our shops in historic downtown. Overall, this current season, approximately 29,000 people have passed through the Temple's doors. Of this number, 5,500 were children. She stated that without the Temple Theater, all of Lee County would be without professional youth arts' programming, and they offer scholarships so the underprivileged youth can share in their programs free of charge.

Even with a reduced season of six shows instead of eight, in Fiscal Year 2009-2010, they offered over a hundred contracts for a total of \$96,088 plus an additional \$3,839 paid in contract services, with 98 percent of those artists coming from North Carolina and paying North Carolina taxes. These payments do not include salaries for five, full-time staff members. Due to budget cuts this year, one full-time position was eliminated. These contract artists spend their salaries locally on food, gas, goods, and entertainment. Ms. Taphorn stated that continued support of the Temple Theater will foster and cultivate the symbiotic relationship with other nonprofits in Sanford. They support other nonprofits, civic groups, and local schools by offering complimentary tickets as prizes for fundraising raffles throughout the year and special non-profit rental rates, which is often zero. They also provide their youth group, the Temple Teens, as entertainment for nonprofits' fundraising events free of charge. Each Temple Theater corporate premier sponsor receives a free show and is encouraged to donate their 330 tickets to a civic organization to use for their fundraising purposes. Groups, such as the Boys and Girls' Club, Haven House, Lighthouse Ministries, and YMCA have raised thousands of dollars for their organizations. During their recent production of *South Pacific*, they did a one night run and raised over \$9,000 for the Bread Basket.

Ms. Taphorn stated that the Temple Theatre is the most important year-round tourist attraction in Sanford. With over 29,000 patrons, 70 percent of whom come from other counties, the Temple plays a unique role in promoting all of downtown including Depot Park, the Railroad House, pottery studios, antique stores, shops, and a variety of restaurants. The Temple serves as the primary rental venue for other arts' groups in the city including Kelly's School of Dance, Carla's Kids, the Bluegrass Experience, and the Heart of Carolina Jazz Orchestra. City of Sanford support will insure that the Temple Theatre can continue to make a difference in Sanford and throughout central North Carolina. She thanked council for their support.

Council observed a break from 8:15 P.M. to 8:25 P.M.

Lee West, CPA and Certified Financial Planner, stated that he serves on the Temple Theater Board because he wants to make Sanford a better place to live. He detailed how the Temple helps other nonprofit organizations and described tour buses bringing in patrons from other areas such as Salisbury. He read unsolicited complimentary emails. He stated that if the city and county had kept up with inflation, they would be contributing \$80,000. He stated that the Temple has needs such as an eight-stall ladies' restroom. Both flat roofs are leaking. Their lighting system needs replacing. They need to fix the Black Box Theater. He stated that they appreciate what council does. He thinks the theater generates a plus for the city with the revenue they are responsible for bringing in versus the \$20,000 grant from the city.

Keith Clark of 212 Acorn Drive stated that it has occurred to him that it was a well-intended idea with unintended consequences to suggest that the council needs a policy on nonprofits because it had been funding nonprofits, historically. He does not believe it is council's place to fund nonprofits, if that is the label council is going to go by, because every church is a nonprofit by law. He believes they should fund the Temple Theater which is coincidentally a nonprofit. He believes council should fund those things that have a legitimate purpose for council's level of government, such as the promotion of the city. He believes council should be in the business of making strategic investments in the community that can be

defended in terms of council's mission. He stated that if we could have a tourism occupancy tax, we could spend \$40,000 on the Temple Theater and a couple of thousand on the Railroad House, particularly if it becomes a visitor center for the city of Sanford.

Mr. Clark continued his comments by commending those who have worked hard and built a substantial Fund Balance. He stated that the city has eliminated forty-four positions. He suggested taking the approximately combined fund expenditure of \$370,000-\$380,000 and give every employee a one-time, across the board \$1,000 payment. That would recognize their contribution and have an effect of benefiting a little more the people at the bottom of the pay scale than the ones at the top. He also proposed that council use some of the savings to institute a merit pay plan. He suggested there would be more confidence in the government if employees were partially paid on merit--gained by education and hard work.

Mr. Clark stated that he was concerned about the \$100,000 being all that is budgeted for the street budget. He wanted to be sure the streets would stay paved so people would want to live here. He stated that he was for high-waged people being attracted to Lee County. He stated that he wanted Sanford to be the place of choice for people to live who make their livings with intellectual property.

Mr. Clark asked council to discuss the skate park more because he does not think there is enough budgeted to do it right, and it is dangerous to do it wrong; it is poor management to start something when you don't know how much it will cost you when you finish it. He stated that he thought the talk of a tax cut is one of theater. He does not think a tax cut should be funded through a Fund Balance, but rather from operating cuts. Mr. Clark stated that it appears this year's budget is based upon last year's budget. He stated that great improvement was needed in the way the budget was presented to council as policy makers and to the public. He stated that he had found the staff willing to cooperate and been supportive of him and his efforts. He felt some of the Fund Balance could be spent wisely, but not for recurring things.

Mr. Clark stated that the city needed to make a significant investment in its website. He stated that it is falling significantly behind the industry and other parts of local government. He stated that we do have broadband access throughout Sanford, but we do not have high speed broadband. He says that is the interstate of the future and if we want BRAC employees to locate here, high speed broadband is essential. He suggested budgeting \$15-\$20,000 for a study.

Brian Mathis of 2400 Brookwood Trail stated he is a limited partner with Edward Jones Investments in Sanford and he is speaking tonight as president of the Temple Theatre. He stated that the downtown area benefits most from the Temple, but it is the identity of the community and the Temple is the bedrock. He felt, without the Temple, that block would be abandoned and property values would go down which would have a ripple effect on the restaurants. When Bob Heuts is recruiting, he uses the Temple Theater. He feels that in talking to BRAC, Sanford has the Temple Theater—something distinctive which surrounding competing areas are lacking. We have been successful in becoming a retirement area. That has affected financial institutions and our medical community positively. One of the big draws in recruiting retirees is the Temple Theater. He pointed out that the city's contribution to the Temple buys only about 50 percent of what it would buy in 1985. He stated that the Temple Theater has never had as good leadership

or staff or this quality of product as it has now. He complimented Peggy Taphorn on what she has done. He stated that Mr. Ingram gave the Temple Theater to the people of Lee County, and he encouraged council to continue their support of the Temple Theater.

Jim Womack of 1615 Boone Trail spoke. He is on the board of directors of the Sanford Outreach Mission and works with the Bread of Life Ministries as an operations director. He stated that the Outreach Mission is the only true homeless shelter in the four-county area, and they house Lee County residents and people who come in from surrounding counties. There is limited capacity as they can house only about ten people at any one time. Occasionally, some have been housed at the Bread of Life Ministries on cots provided for emergency services. With a rise in poverty, more people are coming in. These missions do not currently receive any government support and they have not sought government support in the past. They are funded through church support and faith ministries. The Bread of Life Ministries is a Level I Drug and Alcohol Counseling institution and provides that service free of charge. He stated that he liked Council Member Gaskins's recommendation to set aside \$75,000 for nonprofits with conditions to insure the money is used appropriately. He was not in favor of contributing only to nonprofits considered as "investments." He gave an example that studies have shown that one drunk will cost a community \$250,000 to \$500,000 over his lifetime. He stated that he has seen lives changed through local ministries and some of those become counselors to help others change. He stated that is an investment, saving the community trouble and money. He also commended Mayor Pro Tem Stone on his one-cent tax reduction proposal.

Council Member Cohen and Mayor Olive thanked the audience for coming and invited them back.

Mayor Olive closed the public hearing.

- Consider Adoption of Annual Budget Ordinance for Fiscal Year 2010-2011 –(Exhibit H)  
Mayor Pro Tem Stone made a motion to table this item until the June 15 meeting. The motion was seconded by Council Member Sam Gaskins. City Manager Hegwer inquired if any subsequent follow-up meeting was needed to deal with council questions about the budget. Mayor Pro Tem Stone stated that it could be taken up at the next Law & Finance meeting on June 9. The vote was unanimous to table a vote on the budget until the June 15 meeting and to take up the budget at the next Law & Finance meeting on June 9.

## **REGULAR AGENDA**

### **Consideration of a Preliminary Plat for Regency Court Subdivision – (Exhibit I)**

Assistant Director of Community Development Marshall Downey explained that Regency Court is a proposed ten-lot single-family subdivision to be located at the intersection of Overbrook Drive and North Currie Drive. The project is just south of Brookwood Subdivision lots, 21-23, off of Erwin Drive. The property owner is Donald R. Simpson of Simpson & Simpson, Inc. Jeremy Thomas is the project contact and design engineer. The project is R-20 Zoning which has a minimum 20,000 square-foot lot size; the average lot size in this development is 25,544 square feet or 0.61 acre. The streets are public streets to be constructed to city standards. Water and sewer will be served by the City of Sanford. There are no environmental concerns.

The Planning Board members reviewed this plat at their last meeting and recommended unanimously that council consider approval. Council Member McNeil asked if the Safety Committee had any concerns about there being only one way into the development. Mr. Downey stated that the Technical Review Committee did review it at their March meeting, and, generally, if it is less than thirty housing units, the Fire Code and the UDO match up and it is okay for one way in and one way out. The cul-de-sac is adequate to turn the fire truck around in.

Council Member L. I. "Poly" Cohen made the motion to approve the Preliminary Plat for Regency Court Subdivision. Seconded by Mayor Pro Tem Stone, the motion was approved unanimously.

#### Other Business

Mayor Pro Tem Stone thanked everyone for coming out tonight. He stated that the same thing that is happening with the budget of the Temple is happening to people in the community and that he had tried to make a motion to help out on all sides.

Council Member Gaskins thanked everyone for wonderful stories and complimented the unique organizations in Sanford.

Council Member Taylor thanked the audience for exercising their right to speak and to be heard. He thanked them for their sensitivity to the needs of our community. He extended his condolences to the family of Lamar Beach, stating that we had lost a visionary in our community.

City Attorney Patterson stated that at Friday's meeting, she had discussed with council about the Get Smart situation, where it had been deeded property years ago with restrictions under law, and they wanted to borrow some money, and the restrictions were an obstacle to them in accomplishing that. Representative Love had introduced, on their request, a bill to allow the city to convey by private sale the property to them in order to convey out any remaining interest we may have in it. He has asked if council has any objections to that. The bill has been filed, but has not crossed over to the other House to her knowledge. No council members voiced any objections.

Attorney Patterson stated that council had requested information regarding the city ordinance on backing up to a curb. It does have an exception for when a person is actually engaged in loading or unloading.

Attorney Patterson announced that a settlement arrangement has been put in place regarding pending litigation for which we need to disclose. In 2003, there was a hundred-year flood in Sanford. After providing defense to actions brought against the city, it was determined that the litigation would best be settled on behalf of the parties involved. The terms of that settlement provided that the appeal made to the Court of Appeals would be dismissed if the city would purchase 528 Summit Avenue for \$150,000 and if a payment was made by the insurance company to settle the case for \$110,000. That transaction has occurred and we currently own 528 Summit Avenue. Mrs. Patterson stated that this should not be construed as an admission of

liability in this case, but a business decision that was made in order to forestall the cost of the litigation.

City Manager Hegwer stated that he wanted to make citizens aware that there is a required public hearing that we hold on the expansion of the wastewater treatment plant in order to receive funding through the state revolving funds program. He requested to hold a special meeting before the next Law & Finance Committee meeting to hold that public hearing. That would be June 9, 2010 at 1:00 P.M. Council would continue into the Law & Finance meeting after the public hearing was closed.

Mayor Olive thanked the audience for coming and expressing their concerns. She admitted that she had a hard time not standing in support of some of the requests before council. She thanked them for their sensitivity.

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

**ADJOURNMENT**

Council Member James Williams made the motion to adjourn; seconded by Council Member Walter McNeil the motion passed unanimously.

Respectfully submitted,

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CORNELIA P. OLIVE, MAYOR

ATTEST:

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BONNIE D. WHITE, CITY CLERK