

LAW AND FINANCE COMMITTEE MEETING

Wednesday, July 28, 2010
1:00 P.M. Council Chambers

The Law and Finance Committee met on Wednesday, July 28, 2010, at 1:00 P.M. in the Council Chambers at City Hall. The following people were present:

Law and Finance Committee:

Mayor Pro Tem Mike Stone	Council Member James Williams
Council Member Charles Taylor	Council Member L. I. (Poly) Cohen
City Manager Hal Hegwer	Council Member Walter McNeil
City Attorney Susan Patterson	Council Member Linwood Mann
City Clerk Bonnie D. White	

Absent:

Mayor Cornelia P. Olive
Council Member Samuel Gaskins

Mayor Pro Tem Mike Stone called the meeting to order.

Discussion of Bond Issuance Calendar by Janice Burke, First Southwest (Exhibit A)

Finance Director Melissa Cardinali introduced Janice Burke, CPA of First Southwest, financial advisors in relation to the upcoming bond deal that is now gaining momentum and will be on council agenda in the next few months. Mrs. Cardinali stated that Mrs. Burke was here to go over the revenue bond process and what council can expect in this process.

Janice Burke gave a Power Point presentation to give council an overview of the revenue bond process. She stated that there is no taxing power behind revenue bonds. They are supported by the charges and fees of the enterprise system and do not take a vote of the people. She expects our rating to be A or A+.

In this process there will be bond documents, and council will be making covenants to the bond holders. One is the promise that you will have water and sewer charges that will be adequate to cover operating expenses of the system and the debt service in the water and sewer fund. There are limitations on additional bonds. The city must promise that in the future when they issue more bonds, there will be adequate fees and charges to cover this bond issue plus the next bond issue.

Several professionals are involved in the bond process. Bond Counsel has been taken care of to give an opinion that the bonds are tax exempt and give an opinion on the validity of these bonds. An underwriter will be involved. Bonds will be sold to the underwriter in a negotiated process and the underwriter will sell the bonds to the bondholders. The Local Government Commission will be involved to approve the debt service and issuance of debt. Credit rating agencies will give a credit rating on these bonds. The payments will be made to the trustee and the trustee is the financial institution. The trustee will then pay the bondholders. The

process takes three to four months. First meetings will begin in August with getting the bond documents ready and preparing the official statement.

Mrs. Burke reviewed the steps in the process of issuing revenue bonds. She stated that there would be two different meetings that council would have resolutions to approve. The first one, the Initial Board Resolution, directs the filing of Local Government Commission application to issue bonds; requests LGC approval of revenue bond; approves financing team members; makes findings required by LGC; requests LGC commission to sell bonds through negotiation with an underwriter; and sets a not-to-exceed interest rate on the issue. Just before the bonds are sold, council will adopt the Bond Order which establishes a not-to-exceed principal amount of bonds to be sold; states the bonds are paid solely from revenues, not taxes; states that bonds are not payable from the General Fund and that the taxing power of the city is not pledged; and states the bonds are to be sold to the underwriter.

At the same meeting council will approve a resolution approving execution of documents; providing for the bond sale, and setting terms and conditions, etc. These documents set the principal amount of bonds and final maturity date; declare bonds are special obligations, not payable from General Fund; and stating the taxing power of City is not pledged; approves the form of the bond documents and directs selected city employees to execute bond documents; directs bonds to be sold to an underwriter; authorizes the finance director to file IRS required non-arbitrage certificate; states city employees are not personally liable on the bonds; and empowers and directs selected employees to execute all documents to consummate the transaction.

Mrs. Burke reviewed the preliminary Proposed Financing Calendar which covers steps involved from July 26, 2010 with the pre-application meeting with LGC to closing on December 30, 2010.

Consider Resolution Authorizing Finance Director to apply for Recovery Zone Economic Development Bond Allocation (Exhibit B)

Finance Director Melissa Cardinali stated that there is no money in this program right now, but we need to have our application in place as soon as possible should a county or larger city turn money back in for reallocation as the program ends January 1, 2011.

Mayor Pro Tem Stone stated he wanted to take this opportunity to be first in line. City Manager Hegwer stated that there is a possibility that this program might get extended over into next year.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2010-2011 (Exhibit C)

Finance Director Melissa Cardinali stated that this is our annual amendment re-appropriating funds from the prior fiscal year. This basically represents projects that were not completed by year end or items that we may not have received by year end. In the General Fund this would be re-appropriating \$354,490 primarily unexpended police and youth council grant funds and 911 equipment which was not completed by June 30, 2010. In the Utility Fund, this would re-appropriate \$463,879 for sewer rehabilitation and encasement pipes. In the Utility

Fund Administration budget, it re-appropriates money originally in the budget for software upgrades and online bill pay and the training that goes with those programs. Mrs. Cardinali stated she hopes the online bill pay will be in effect in the next ninety days. In the Special Tax Fund, this would re-appropriate \$4,120 for their Streetscape program.

Mayor Pro Tem Stone asked if there were any fees associated with 911 that we could ask the county to help us out with since they are getting to spend about half a million dollars of that money. Mrs. Cardinali stated that it was her understanding that it had to be spent on public safety issues. She stated that we could review our operating budget and that law and see what we could ask the county to assist us with. Mr. Hegwer stated that we could make a request, but the money has to stay in that fund. Probably one reason for this is to be able to track how those funds are spent.

Council Member Taylor asked for more details on the Streetscape re-appropriation. Mrs. Cardinali stated that she thought the original budget was for way-finding signs and that has not been completed. Mr. Hegwer stated that it is for renewal of some of the banners in Downtown, and it is out of the special tax funds collected on Downtown. Mrs. Cardinali stated that this is their Fund Balance and a re-appropriation of their money. Mr. Taylor stated that the reason he is bringing that up is that we had paid something off and given them \$20,000 in their budget.

Council Member Williams asked what kind of time frame we are looking at between the time we submit the resolution for re-allocation funds to the time we hear back. Mrs. Cardinali stated that we want to get the resolution in quickly to be on top of the stack when the money comes in. One stipulation is that you have to be ready to go within 90 days of receiving the allocation. Hopefully, we would get some funds in the October-December time frame, and we would be able to put it toward this project. We need to get the requested information to the commission responsible for allocating those funds. Once the funds are received, the commission will match up the funds with the applications.

Mayor Pro Tem Stone clarified that the comments were based on Item 2, and council is now on Item 3.

Consider Discussion from Greg Chavez with the Employment Security Commission Regarding the Employee Survey

Human Resources Director Christy Pickens introduced Greg Chavez who is the Labor Market Developer with the Employment Security Commission out of Smithfield. He is here today to discuss with council the employment survey council requested for the City of Sanford employees and discuss with you the process they will be using to coordinate that.

Mr. Chavez explained the steps in the survey process—initiative to conduct the survey, choosing what you want as part of the survey, working up a plan to administer the survey, and determining the results. He stated that one used for the City of Greensboro would serve as an example. Mayor Pro Tem Stone asked for information regarding the use of that survey with the City of Greensboro, stating that this is the first time this council has ever done a survey for the City of Sanford. Mr. Chavez stated that they would be getting feedback from the employees on what they think about working for the City of Sanford. The survey will be focusing on the

different areas of supervision, management, and any other items council wants to focus on. The process is for council to choose what they want on the survey. Surveys are created uniquely to each requesting organization. Mayor Pro Tem Stone stated that information was desired about each department and asked about standard questions. Mr. Chavez stated that they had a standard item bank of about 140 questions that council could choose.

City Manager Hegwer reminded council that what had been voted on was to perform a survey identical to the Greensboro survey. Council Member Taylor stated that council had voted on the survey that Greensboro had conducted for various reasons. The survey has gone through the Institute of Government and it identifies an element that can grade the city council as well. The survey also contains three open-ended questions: what two things should the city continue to do; what two things should the city stop doing; and what two things should the city look at doing.

Mr. Hegwer stated there had been concerns about confidentiality. Mr. Chavez stated that the survey could be divided up for particular divisions of city government—fire, police, etc. In dealing with the different divisions, there have to be at least five people in each division taking the test to protect confidentiality of people taking the survey. Combinations can be made, if necessary, to have five. If fewer than five participate, the results would be rolled into the total. Confidentiality is maintained by the way the survey is administered. There is an online version whereby the survey can be completed anywhere they have internet access. If internet access is not available, Mr. Chavez can administer the test in person using the standard bubble fill in sheets. There would be a department code only. They are shredded after they are scanned for results. Each employee would have a different password and the administrator does not know who gets which password. For the open-ended questions, Employment Security Commission employees type those answers and the original handwritten answers are destroyed. Results will show what everyone said, not what one individual said.

Mayor Pro Tem Stone asked how soon we could start the survey. Mr. Chavez responded that as soon as next week. He needs names of departments and numbers in order to generate the letters and envelopes. A schedule would need to be worked out if there are surveys to be completed online or administered by him, personally. Council Member Taylor asked Mr. Chavez's opinion on using an all-paper survey the first time to give the employees a little more security. He asked if the agency would work with the different shifts to be sure all are covered during their respective shifts. Though his goal would be to have 100 percent participation, Mr. Chavez believed if the surveys were done in person, they would be able to get about 90 percent. The advantage to having the survey done on computer is that results are obtained instantaneously. Mr. Taylor inquired about follow-up on the results. Mr. Chavez responded that for the items on the survey, they could give percents positive. From that they generate several reports, including the ten most positive and the ten least positive things people say about working for the organization. For reporting the results to staff, Mr. Chavez stated that the results could be returned to the city or he could review the results with staff, whichever method the city prefers. He prefers having one contact at the city to work with during the process.

Council Member Williams asked about the cost of the survey. There is no additional cost involved; it is done as a service to the employers of the state. He stated that North Carolina is

one of the last employers to provide this service. Council Member McNeil asked if the survey would be departmentalized or if each employee would be questioned on the whole organization. Mr. Chavez stated it would be a combination. Mr. McNeil stated that he thought it would be difficult for someone who works with the Street Department, for example, to give an opinion on someone who is working in an office inside the building. Mr. Chavez stated that they still had a perception of management and it would be beneficial for management to know how they are relating to their employees. Management would be defined on the survey. Mr. Chavez stated that the information collected would be the city's to use. His office would not use it in any other way. Traditionally, his office works with the Human Resources director in getting the information disseminated.

Mayor Pro Tem Stone asked City Manager Hegwer if he had a problem with Mr. Chavez working with Human Resources Director Christy Pickens. Mr. Hegwer stated that it was this council requesting the survey, so he thought it should be this council's decision. Mr. Stone asked Council Member McNeil if he had a problem with Mr. Chavez working with Human Resources Director Christy Pickens. Mr. McNeil responded that he was not sure because he did not know what it was going to be all about.

Council Member Taylor stated that Mr. McNeil had alluded twice to this survey and he had a copy of it when council approved this survey. Mr. Taylor stated that the survey had not changed from day one when the list of questions was given to council members. He advised Mr. McNeil to go back and look at the questions on the survey and that would answer in detail a lot of what he has asked. He stated that he respected Mr. McNeil's right to ask, but when you look at how this survey is done, how it is facilitated, the clearinghouse that these surveys have met, he had no problem supporting the city's Human Resources, saying that's why we employ a Human Resources manager to take care of personnel issues and to deal with these types of things. Mr. McNeil responded that Mayor Pro Tem Stone did not ask Mr. Taylor; he asked him (Mr. McNeil). Mayor Pro Tem Stone continue to ask the other council members if they had a problem with Human Resources Director Christy Pickens working with Mr. Chavez on the survey dissemination. Mr. Cohen answered no; Mr. Mann answered no; Mr. Williams answered no, but he would like another copy of the survey questions; Mayor Pro Tem Stone stated he had no problem with it. Mr. Stone asked Mr. Chavez to send each council member and the mayor a copy of the survey questions from Greensboro. Council Member Williams stated that Mr. Chavez could send them to City Hall and they would get them. Mr. Stone thanked Mr. Chavez and told him that he would work with Mrs. Pickens on the survey.

Consider Resolution in Support of the Temporary Closure of Gloucester Drive for National Night Out – (Exhibit D)

City Manager Hegwer stated that this is for an additional National Night Out participant. Thirty-two events are now scheduled for this year's NNO. Mr. Stone, noting that the decision is being made on the day of the event, questioned Mr. Hegwer if he could foresee any problem with getting the closure approved. Mr. Hegwer stated that he did not.

Consider Ordinance to Erect Stop Signs Within the City of Sanford Chapter 36, Traffic Code of Ordinances (Exhibit E)

City Engineer Paul Weeks stated that in May 2010, the city accepted the streets in West Fall Subdivision and the Street Department is prepared to install stop signs in that subdivision. This ordinance allows the signs to be installed.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2010-2011 (Exhibit F)

Public Works Administrator Laura Spivey stated that this ordinance appropriates \$60,000 in grant funding from the State Energy Office for the retrofit lighting project at City Hall and an additional \$5,598 from Progress Energy incentives to go along with that. This would put the money in place to begin the project.

Consider Approval of Contract Between NC DENR and the City for \$20K Electronics Collection/Recycling Program Truck Purchase (Exhibit G)

Public Works Administrator Laura Spivey explained that this is a contract agreement between the Department of Environmental and Natural Resources and the City of Sanford. Approval would allow for the purchase of a truck for the electronic collection/recycling program for curbside pickup. Council Member Williams confirmed with Mrs. Spivey that this program is required by the state. She explained that as of January 2011, no electronics will be allowed to be placed in the landfills. City Attorney Susan Patterson asked Mrs. Spivey to inform council about the match. Mrs. Spivey stated there is a match. The total project cost is \$45,000 with city carrying the cost beyond this \$20,000 grant. Mr. Williams asked if Waste Management would be involved and if there would be any additional employees. Mrs. Spivey stated that Waste Management is not involved. The city will be using this truck to pick up the electronics and working with the county to dispose of them. No additional employees will be added.

Council Member Taylor asked, for public relations, if this message could be gotten out to the public on a local level such as cable, newspaper, public service announcements, etc. Mrs. Spivey stated that we would do that through the city's television channel, an announcement in the newspaper, and possibly on the water bills. Council Member Williams asked if we recouped any of our costs through the recycling process. Mrs. Spivey stated that we get back some money from a taxing fee.

Consider Application to the State Energy Office for Round II of the Energy Efficiency in Governmental Buildings Grant

Public Works Administrator Laura Spivey announced the application and asked for approval to fill out paperwork for Round II. It is similar to the grant application for the \$60,000 lighting retrofit. The State Energy Office still has \$4,375,000 left to dispense. There is no grant match on this one as it is 100 percent funding. The maximum that can be applied for is \$500,000 and the minimum application is for \$100,000. There are required leverage funds coming from any incentives Progress Energy or the Electric Co-op would be getting in regards to any of the lighting or HVAC units that we would put in. This is an ARRA funded grant or stimulus money. When council approves sending in this application, the city manager is signing documents stating that we will comply with all the reporting requirements by the ARRA funded initiatives.

Mrs. Spivey stated that the city's part of the project would be for replacing the HVAC and the lighting in the Federal Building. At the wastewater treatment plant, we would be replacing the HVAC unit, lighting, and windows. The city's total in that is approximately \$346,000. For the application process, city needs 120 points with a minimum of 85 points to even be considered for this money. Ten extra points are available for partnering with another city, county, school, etc. The other part of our project is partnering with the Town of Broadway. They want to retrofit Town Hall, the Community Building, and the Council Chambers with HVAC and lighting. The estimated cost is \$50,000 there. The total grant the city would be applying for would be about \$400,000.

Mayor Pro Tem Stone asked, if we were partially funded, how the funds would be split with the Town of Broadway. Mrs. Spivey stated that the State Energy Office decides what they will fund, specifically. Mr. Stone asked if upgrading the lighting around City Hall to LED could be part of this application. Mrs. Spivey stated that we had a \$60,000 lighting project prior to that to go from T-12's to T-8's. Staff has been looking at the T-5's and LED's, but for energy efficiency and cost, at this time, she did not know if that would be an appropriate thing to put in this building. They have been talking to Progress Energy and other vendors about that. Outside lighting would not qualify because we would be adding lights, not retrofitting any current lights. Mr. Stone thought it might be a good opportunity to look into going LED inside the building.

Council Member Walter McNeil asked if any of this money could be used for lighting inside. Mrs. Spivey answered that the council chamber was included for retrofitting, but the lighting for the cameras was not included in the \$60,000 grant we just received.

Discussion Regarding Itinerant Merchants

City Manager Hal Hegwer stated that Council Member Taylor asked for this item to be added to the agenda. Mr. Taylor stated that we are seeing vendors setting up on the side of the road selling produce; setting up on property, for instance, that is managed out of Georgia where the actual landlord is not here to see who is setting up on their property. Mr. Taylor stated that there is an Itinerant Merchant's License that carries a fee of \$100 per year and a no-cost Itinerant Merchant's License if the seller grew the produce. He stated that you could also be exempt through a State Privilege License, such as the licensed veterinarian who came through and did spay and neutering. He was exempt because he was a professional, licensed veterinarian.

Mr. Taylor stated that this becomes problematic when there is an established business like Piggly Wiggly paying tax and for infrastructure which is selling produce and someone is setting up in front of their store selling produce. Mr. Taylor said he would really like for council to take a look at it. Mr. Taylor stated that there is an increase in activity on the weekend and after 5 P.M. on Friday--hours when it is not possible for vendors to get a permit. Currently, when Inspections staff check sites, they ask if vendors have an Itinerant Merchant License. If they don't, the process goes such that they have to go to Zoning to check and see if it is appropriate usage for itinerant merchants. Then, they have to take the letter from Zoning to Billing Clerk Nicole Malott in Revenue where she issues a license. Mr. Taylor stated that one option council could look at is to offer a temporary (seventy-two hour) Itinerant Merchant License that can be issued on the spot by officers working on the weekend. He stated that some people who are selling produce, which they claim to have grown, are actually selling produce

with the wholesale labels on them already. Mr. Taylor stated that he did not have a problem with vendors going by the letter of the law, but he wanted to be respectful of those people who are paying for the infrastructure.

City Manager Hegwer said we would look into that. He said that we do work with that periodically to prevent it from getting out of control. In terms of collection, Mr. Hegwer stated that the most you can normally collect from itinerant merchants is \$100. Itinerant merchants are required to have a license; to be in the proper zoning; and to have permission from the property owner. Mr. Hegwer stated that there might be problems in taking money on the weekends and handling it without ways to deposit it. Mr. Hegwer stated that we do a pretty good job during the week though we don't catch everybody. He stated that we could look at developing a process. Mr. Taylor stated this is not a reflection on staff. They have been very responsive in checking on people and getting them to get itinerant merchant licenses. He stated that Inspections staff are working on getting out a brochure of the process for getting a valid license.

Mayor Pro Tem Stone announced that after this meeting is adjourned, there would be a ten-minute recess before the Special Called Meeting of the City Council begins.

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

ADJOURNMENT

Having no further business to come before the Law & Finance Committee, the meeting was adjourned upon the motion of Council Member Charles Taylor; seconded by Council Member James Williams, the motion carried unanimously.

Respectfully submitted,

Cornelia P. Olive, Mayor

Bonnie D. White, City Clerk

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