

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, February 15, 2011, at 7:00 P.M. The following people were present:

Mayor Cornelia P. Olive	Council Member Walter H. McNeil, Jr.
Council Member Sam Gaskins	Council Member James Williams
Council Member Linwood S. Mann, Sr.	Council Member Bob Brown
City Manager Hal Hegwer	City Attorney Susan C. Patterson
City Clerk Bonnie D. White	

Absent:

Council Member L. I. (Poly) Cohen
Council Member Charles Taylor

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

PUBLIC COMMENT

Keith Clark, residing at 212 Acorn Drive, complimented staff on meeting public information requests and providing other information as needed. He was glad to see on the agenda tonight a consideration of voting to sustain our current method of distribution of alcohol. He is in favor of keeping the current system as it is now. His concern is that failure to keep the current system would result in the spread of alcohol sales all across the City of Sanford with very little opportunity for control. He recommended Council take a stand on legislation regarding electronic gaming. The City and the County has received more than enough publicity on that matter in the last two days. Mr. Clark concluded his remarks by addressing the City's ethics policy. He said there was a lot of public concern about the manner in which the Council handled the appointment to fill the vacancy of Mayor Pro Tem Mike Stone. It was listed on the agenda as a different reason; Council changed its mind as to what it could do. There were votes changing the method of the vote during it; it confused the public. He said that everything that is legal is not necessarily right. He said it is more important to preserve the trust of the people than it is to achieve any one objective.

Larry McRae, residing at 830 Hilltop Road, spoke regarding Steel and Pipe Company. He said that Steel and Pipe started in 1961. It was started by James W. King, and Fred Babcock owned the old Babcock Lumber Company on what is now Horner Boulevard. He said that he and his employees (seated in the audience) are Steel and Pipe. He joined Steel and Pipe in 1966; two years later, Mr. King was a Rotarian and told him to join the Rotary. There was a four-way test in Rotary and he has used it as a guideline to live by. The four-way test is 1) is it the truth; 2) is it fair to all concerned; 3) will it build goodwill and friendship; 4) will it be beneficial to all concerned? He has run Steel and Pipe by that test and will continue to run it that way. He thanked all the citizens and businesses in Sanford and Lee County for its success of Steel and Pipe because they have played a major role.

Brian McRae, residing at 1800 Crepe Myrtle Drive, spoke regarding Steel and Pipe Company. He said that he is part owner of Steel and Pipe. It has been a part of Sanford and Lee County for half a century. He said they have been members of the Chamber of Commerce and have given to non-profits year after year. They have never asked what the city, county or state could do for them, but what they could do for their county, city, and state. He said they are being faced with a competitor, Allied Crawford, who the CEO said, were not coming to town because we would not accommodate them with local incentives. Now, the City is considering a resolution to fill out an application on behalf of Allied Crawford for a grant from North Carolina. He said that is not the kind of corporate citizen they want to come here. They want them to come here because it is a good, quality, wholesome place to live, work, and play. Sanford has those qualities and it sells itself. He said he has researched and that in the other eight southeast locations where Allied Crawford is located, they are not a member of any Chamber of Commerce. Steel and Pipe has been very involved with the Chamber and all charities associated with this town. Mr. McRae said that if he has to compete with them locally, he wants to do it on a level playing field. He has met with Senior Staff Attorney Jeanette Doran, for Bob Orr, at the North Carolina Institute for Constitutional Law, and that there may be a legal challenge concerning this because it involves a direct competitor, not just a taxpayer who is upset for giving out tax incentive money. He said it should be about job retention, not job recruitment or job replacement. It states specifically in the building reuse and restoration grant that it should create net new jobs.

Richard Littiken, residing at 314 Rhynewood Drive, spoke on the issue of the resolution pursuing grant funds for renovating a building for Allied Crawford. He said that Steel and Pipe is a local company and have been doing great things for Sanford for a long time. Mr. Littiken said it should not be the business of the City of Sanford to pick winners and losers and it definitely should not be the business of the City to pick a Canadian company over a local company. It is wrong. He also stated that in relation to the ABC Board issue that a prior speaker spoke of, that city government should not be involved in it. He said that right down the street from our City Hall and Police Department, we have rampant gang activity, and rampant drug activity. The City should not be worried about getting a little change from the state for selling alcohol to people; they should get out of the business and manage what they are suppose to – fire, public safety, police, and water.

Mark Davenport, residing at 1144 Broadway Road, spoke on his opposition to Allied Crawford monies proposed. He works at J. T. Davenport and they are 96 years old. He said if he put himself in Mr. McRae's shoes, how would he feel about it. He said they want to compete, but they want to compete on a level playing field.

APPROVAL OF AGENDA

Council Member Sam Gaskins requested to move Agenda Item 9A. - Resolution Authorizing City to Execute and File an Application on Behalf of the City of Sanford with the NCREDC (Rural Center) for a Building Restoration and Reuse Grant to 9C since it will be a lengthy item.

Council Member Walter McNeil, Jr., made the motion to approve the amended agenda. Seconded by Council Member Bob Brown, the motion carried unanimously.

CONSENT AGENDA

Approval of Law and Finance Committee Meeting Minutes Dated January 12, 2011

Approval of City Council Meeting Minutes Dated January 18, 2011

Approval of Memorandum Concerning 2009 CDBG Program Manual and Approve Program Manual Resolution for CDBG Community Revitalization Maple Avenue Project – (Exhibit A)

Approval of Memorandum Concerning 2010 CDBG Program Manual and Approve Program Manual Resolution – (Exhibit B)

ALL THE ITEMS LISTED ABOVE WERE DISCUSSED AT THE LAW AND FINANCE COMMITTEE MEETING ON FEBRUARY 9, 2011.

Council Member Linwood Mann made a motion to adopt the consent agenda. Seconded by Council Member James Williams, the motion carried unanimously.

REGULAR AGENDA

Consider Resolution in Support of North Carolina’s Current Public Alcoholic Beverage Control System - (Exhibit C)

City Manager Hal Hegwer explained that this issue was discussed at the Law and Finance committee meeting on February 9 and this resolution is in support of North Carolina’s current public beverage control system.

Council Member Bob Brown made the motion to adopt the resolution. Council Member Linwood Mann seconded the motion.

Council Member Sam Gaskins stated that he has a personal philosophical difference. He did not believe that the state should be involved in retail sales. Mr. Carr, the lobbyist did an excellent job in his write up as to why it would be better not that way. However, having read it word for word, there is quite a bit in it that was obviously cherry picking the statistics he wanted when he had to reach to Alberto, Canada; Norway, and Finland in order to pull together some of this stuff. He felt it was a problem. The major deterrent for usage by the World Health Organization in this report says it is actually dollars, which could be achieved by taxation. The thing he seemed to admit terribly was the fact that depending on which statistic he wanted to use, there are eighteen or nineteen controlled states, which means there is 60 percent of the states that choose to do it otherwise and that issue was not addressed. For those reasons, he has a problem supporting it.

The vote was four to one in favor to adopt the resolution. Voting for the resolution were Council Members Linwood Mann, James Williams, Bob Brown, and Walter McNeil, Jr. Council Member Sam Gaskins cast the dissenting vote.

Consider Renewal of Urban Archery Season and Publication of Season – (Exhibit D)

City Manager Hal Hegwer advised that the City has participated in the urban archery season that was published in the Wildlife Digest this year. He asking Council if they want to

consider renewal of participation for next year and if Council wants this information published in the Wildlife Resource Digest. Mr. Hegwer stated that he has not been made aware of any problems; however, there was some concern over one property owner. They did not feel comfortable with someone hunting with a bow and arrow on adjacent property.

Council Member Linwood Mann made the motion to renew the participation for next year. Council Member Walter McNeil seconded the motion, and it carried unanimously.

Council Member Linwood Mann made the motion to have the information published in the Wildlife Resource Digest. Seconded by Council Member Bob Brown, the motion carried unanimously.

Consider Resolution Authorizing City to Execute and File an Application on Behalf of the City of Sanford with the NCREDC (Rural Center) for a Building Restoration and Reuse Grant – (Exhibit E)

Lee County Economic Development Director Bob Heuts explained that he is representing the Economic Development Corporation, which is an organization that is funded by the City, County, and the Town of Broadway. They are charged with working with businesses interested in expanding, or locating in Lee County. It is their job to help businesses look at opportunities creating jobs and new investment in this community. They do it in a variety of ways. They help them find buildings, sites, the process of training for their employees, permitting, grants, low interest loans, and anything that will help a company make a decision to be here in Lee County rather than somewhere else.

Mr. Heuts said that Allied Crawford Steel came to this community because of a vacant building located on Harvey Faulk Road in Sanford. It was not because of a recruiting venture that brought them here; a broker brought them in to look at the building before he had an opportunity to talk with the company. It was one of three buildings in North Carolina that they were looking at. Mr. Heuts explained that as part of the process when someone is interested in it and they want to find out more about the community, they sit down and talk with the company representatives to understand what their needs are and what can be done to help them make a decision to locate here. The EDC would do this for a new company or they would do it for Steel and Pipe or any other local business, small or large.

He said tonight Council is to consider a resolution in support of an application to assist in rehabilitating an industrial building that has been sitting empty for over a year on Harvey Faulk Road. It is currently owned by Stock Building Supply and was formerly owned by the Champion Homes Company out of Detroit, Michigan. This issue has received a lot of press but do not believe everything that has been put in the newspaper. This project is not dead and they have not made the decision to locate a project anywhere else at this time and as long as that is the situation, we have an opportunity. Mr. Heuts said that in his last conversation with CEO Gary Stern, he indicated that he would like to extend his due diligence for this particular building. This will allow him more time to see what it is going to take to be located here; get more construction quotes together, and to see if there are any grants that could be made available for them to move into this building.

Mr. Heuts explained that this project meets all the criteria for a good project and the project would benefit Sanford and Lee County in the form of new tax revenues and additional opportunities for employment. The EDC fully recommends that the City of Sanford apply for a building reuse grant from the NC Rural Center. The grant would be used to help retrofit the former Redman building on Harvey Faulk Road. Allied Properties will commit to creating 50 jobs and spend more than a million dollars to improve the building.

Public Works Director Vic Czar explained that because of the project that Mr. Heuts has explained, the City has the opportunity to take advantage of a North Carolina Rural Center grant program for building renovations and reuse. The program is designed to help cities take a vacant building that has been vacant for at least three months and restore it and bring it back to be useful in the community. The grant is eligible for up to \$480,000; it is a 50 percent grant. The total of the grant amount is determined by the number of jobs times \$12,000 per job, so 40 jobs x \$12,000 gives us the \$480,000 amount. The way the program works, the City is in the middle. The City applies for the grant. If we are offered the grant, the company would enter into an agreement with us and we would enter into an agreement with the Rural Center. We would guarantee that the jobs would be created and if they are not, we would pay whatever jobs were not created back to the Rural Center. We would have an agreement with the company where they are obligating themselves to pay that back if they do not create the jobs. There is a three percent local match of \$14,400 required that will come from the company, and they have agreed to supply that money that would be used for administration of the grant. As part of the process, we need to pass a resolution in support of the project and that is what is being presented to Council tonight.

Mayor Olive asked Larry McRae if he would like to add anything. Mr. McRae stated that if Allied Crawford Steel comes here, Steel and Pipe will lose the people they have, either in attrition to them or kill them with the prices. These are the people that go into the steel mill and ask for a rebate up front on 5,000 tons of steel. Mr. McRae said he can get a rebate but his rebate comes after he buys so many tons. Mayor Olive asked him to talk more about his business than Allied. Mr. McRae said it is going to hurt. He does not mind competing with anybody; they have competed with them in the northeastern part of the state coming out of Richmond, but their prices are so much lower than the market, it is tough. This is the reason they want to go up and down the eastern seaboard. He added that he did not know what kind of profit they make; he does not care. Steel and Pipe makes a profit but not much. His business is down and they are taking rounds of cuts and pay; they have people take off one day a week that are on salary. Steel and Pipe is still hurting; he does not want to see some big company come here just because they got a grant from Sanford, Lee County, and the state with tax dollars from here; this could run him out of business and that is what can happen. Mayor Olive asked him if he would like to have his employees stand so that Council can see just how many are represented. They stood up in the audience.

Council Member James Williams stated that this issue has been on the table for quite some time. It has been discussed at some of our neighboring cities and counties. They are watching this issue and they have stepped up to the plate to recruit this company and they will still be in our area. If we do not get them here, somebody else will get them right across the county line.

Council Member Williams made the motion to adopt the Resolution Authorizing City to Execute and File an Application on Behalf of the City of Sanford with the NCREDC (Rural Center) for a Building Restoration and Reuse Grant. Council Member Sam Gaskins seconded the motion. Council Member Linwood Mann said that he is sitting here to represent the people, the city, and the county and it is not his personal feelings. He gets his feelings from the people who come and speak to him and tell him how they feel. It has been an overwhelming majority of people who have gone out of their way to tell him that they think it is a bad fit and he cannot support it. He is representing the people, not himself.

Council Member Brown stated that competition is a good thing sometimes. They are promising 40 new jobs. If Steel & Pipe has to lay off people, to him we are not doing a service to bring jobs to Lee County. He has had a lot of calls addressing this matter. He is inclined to be opposed to the resolution.

Mayor Olive took a roll call vote. Council Members Walter McNeil, Jr., Sam Gaskins, and James Williams voted in favor to adopt the resolution. Council Members Linwood Mann and Bob Brown voted in opposition to the resolution. The motion passed three to two in favor to adopt the resolution. Mr. Williams said he had received a lot of phone calls also for and against the project; however, he received more calls in favor of the project.

OTHER BUSINESS

Mayor Olive stated that there will be a task force meeting at City Hall tomorrow at 10 A.M., about upgrading some housing in East Sanford.

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 Williams; seconded by Council Member Bob Brown, the motion carried unanimously.

Respectfully submitted,

CORNELIA P. OLIVE, MAYOR

ATTEST:

BONNIE D. WHITE, CITY CLERK

