

LAW AND FINANCE MEETING
Wednesday, June 1, 2011
1:00 P.M. in Council Chambers

The Law and Finance Committee met on Wednesday, June 1, 2011 at 1:00 P.M. in the Council Chambers at City Hall. The following people were present:

Law and Finance Committee:

Mayor Pro Tem Sam Gaskins	Council Member James Williams
Council Member Bob Brown	Council Member Walter McNeil, Jr.
Council Member Charles Taylor	Council Member L.I. (Poly) Cohen
City Manager Hal Hegwer	Deputy City Clerk Janice Cox
City Attorney Susan Patterson	

Absent:

Mayor Cornelia Olive
Council Member Linwood Mann
City Clerk Bonnie D. White

Consider Central Carolina Community College's Request to Sponsor Their 50th Anniversary Golf Tournament – (Exhibit A)

Ed Garrison, Chairman of the Board of Trustees for Central Carolina Community College (CCCC) stated that a letter had been sent to the Mayor asking for use of the golf course for the college's 50th Anniversary celebration. He stated that money from the golf tournament goes to fund scholarships.

Council Member Charles Taylor requested Dr. Marchant, President of CCCC, to give a brief overview of what is planned for the celebration. Dr. Marchant explained that for fifty years, Central Carolina Community College has served the people of Sanford and Lee County and surrounding areas very well and faithfully. The first president was hired on July 1, 1961 and the first class was given in October 1961; however, the first credit class was not given until March 1962. They have chosen to do an academic celebration from July 1, 2011 through June 30, 2012. There will be a number of events throughout the year. There will be a kickoff event that will highlight programs and history at the Emergency Services Training Center on July 23, open to the public. This will include demonstrations of laser program machining, auto shop and motorcycle programs, and exhibits. Fire and Rescue will be doing demonstrations. The next event is the golf tournament. They have events scheduled in Chatham County around a "green" focus. In Harnett County, a barbecue cook-off is planned. They will end the year with a gala at the Civic Center sometime in June. There will be a fireworks display on June 23 if council gives approval. No state funds were used for the fireworks—they were furnished through donations.

There was Council consensus to place this item on the Council agenda for June 7, 2011.

Consider Fireworks Permit for Central Carolina Community College's 50th Anniversary Celebration – (Exhibit B)

Fire Marshal Ken Cotten stated that the Lee County Board of Commissioners approved the fireworks permit at their regular meeting on May 23, 2011, but since the fireworks will be held within the city limits (Emergency Services Training Center) on July 23, 2011, City needs to approve it also. He stated that the company (Hale Artificier, Inc.) contracted by CCCC to handle the fireworks display has submitted all their paperwork; has met the state requirements; and has met the local jurisdiction requirements. He stated that they do have the recommendation of the Sanford Fire Department. Council members gave consensus.

Consider 2011 Permanent Checking Station Grant – (Exhibit C)

Fire Marshal Ken Cotten explained that the Fire Department had received a non-matching grant available through the State's Buckle Up program which we are affiliated with for our child passenger safety checking station located at Central Fire Station. This grant, in the amount of \$725, provides for maintenance of that equipment. City Manager Hegwer stated that this is in the form of an ordinance to be on Council's agenda for Tuesday night. Mayor Pro Tem Gaskins clarified that the ordinance is for receiving the grant and transferring the funds.

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

This ordinance records \$725 revenue received in State Grants and transfers to Fire to be used for maintenance of the Central Fire Station child passenger safety checking station. Council Member Williams noted that the grant ordinance was for \$725 while the equipment list total came to \$804, and inquired if the City had to do any kind of matching funds. Mr. Cotton stated that they had to come up with the actual cost and they applied for a grant in the amount of \$804, but received \$725. They plan to stay within the \$725 to make the needed repairs to the equipment.

Consider Grant Project Ordinance Amendment 2009 North Carolina Housing Finance Agency Single Family Rehabilitation (SFR) Program Capital Project No. C0902

This item was removed from Council agenda at the request of City Manager Hal Hegwer for further consideration by staff to be brought back to Council at a subsequent Law & Finance Committee meeting.

Consider McIver Park Completion and Reconstruction Resolution – (Exhibit E)

Downtown Development Manager II David Montgomery explained that this is a resolution by the Sanford Historic Preservation Commission endorsing the completion of McIver Park along Sunset Drive between Vance Street and Cross Street accompanied by a letter of endorsement from the Appearance Commission. Commissioner Roethlisberger did an in-depth study on this park and has presented it to several organizations. A famous landscape architect, Robert Cridland, designed this park. With that in mind, the Historic Preservation Commission and the Appearance Commission request Council's support in the completion of this park in its original design. Some concepts were completed; others were not. He requested that when Council looks at future pocket parks, to keep in mind this park – not suitable as a little children's park, but may be more of a passive park in the same way that Depot Park is designed.

Council Member Charles Taylor stated that a couple of weeks ago, there was a cookout and spring fling of sorts –summer kickoff—in this park and the residents have done a good job in

cutting back some of the undergrowth in that area. Mr. Taylor stated that it would be good to put some benches down there in the short term and that he would support bringing it back to its full usage.

Council Member Cohen asked if we had ever increased the lighting in that area. Mr. Hegwer stated that there has been some in the Historic area. Mr. Montgomery stated that Gulf and Vance were. Mr. Cohen stated that if we fix it up nice, then people will want to go and sit there at night, and we would need it to be well lit. Council Member Taylor stated that he did not think Sunset was included in the enhanced lighting in the area. Mr. Hegwer stated that lighting would certainly be a consideration as we provided in the other pocket parks, Martin Luther King, Jr. Park, and Depot Park.

Mayor Pro Tem Gaskins confirmed with Mr. Montgomery that there was no money associated with this particular resolution.

Consider City of Sanford Signage Program – (Exhibit F)

Downtown Development Manager II David Montgomery stated that at the last meeting, an update had been requested on the Welcome to Sanford signage. He directed Council's attention to Pages 41-43 in the agenda packet for current changes. Page 41 depicts the sign on Highway 87. Previously, this sign was smaller and had some pineapples and the Vision and Values logos. The width has been increased, and it has the new Sanford Well Centered logo much more visible than before. That is the most recent signage change.

The Sanford Well Centered sign on Page 42 is the sign off of Wicker Street near US 1 with the change in the logo. Page 43 shows the Sanford Well Centered sign, located off of Highway 421 and US 1, with the five-foot fence and Page 44 shows the sign with a new black, four-foot fence. This makes a considerable visual difference. Staff has also been looking at replacing the existing seven Vision and Values signs that are at city limits with a green Welcome to Sanford sign with the Second Century logo and also the tag line, Well Centered. Estimated cost for each of these is \$407 or about \$2,851 for the seven signs. One of those signs is actually on a controlled access roadway. DOT requires that any sign at that controlled access be 12' x 6'. Being a larger sign, the estimated cost is between \$6,000 and \$10,000. The total estimated cost for replacing the Visions and Values signs is estimated between \$8,851 and \$12,851.

Council Member Charles Taylor thanked Mr. Montgomery for his work on this and asked who would be responsible for the signoff on these signs, noting that there was a problem with the Historic Landmark signs before. Mr. Montgomery replied that in regards to the DOT signs, those are set with our being allowed a standard green sign. In regards to the Bypass signs, there might be room for some other design options. Mr. Montgomery explained that this originally came out of the Appearance Commission in the summer of 2009; staff had done four different types of signage options that the Appearance Commission looked at, and those are included in Council's packet on Pages 37-40 as Options 1-4. After some deliberation, the Appearance Commission actually liked the design of Option 1, but wanted to have the material brick and brownstone. This was presented to Council about a year and a half ago, and, at that time, Council requested that it be put on the City's website for public feedback. Mr. Montgomery stated that not much feedback has been received. Staff has contacted someone to look at the cost

for engineering drawings and installing such a sign. The estimated cost for that would be between \$80,000 and \$100,000. The size of the sign is quite large at 50-feet wide by 15-feet tall. Materials such as brownstone, brick pillars, and solar lighting are included in the cost.

Consider Agreement Establishing Local Government Other Post-Employment Benefits Trust – (Exhibit G)

Finance Director Melissa Cardinali explained that in October of 2008, Council voted to put aside just under \$1.2 million in a fund for other post-employment benefits. For the City of Sanford, this is primarily health insurance for retirees. The state has been investing those funds for us and on our behalf. The state found out last year that accounting principles and laws will not allow them to continue to operate the trust fund that way; if they do continue, they will have to consider it their trust and it is not their money, it is the City's money. Therefore, we need to establish a trust at the local level. We have to do that by June 30, and even though the state knew about this a year ago, they just sent the documents about ten days ago for staff to review, to get to Council, and to get approved. The dollars stay at the state level, but we have to set up a trust locally—meaning that we need to name a plan administrator—someone to represent the City, itself, and trustees—someone to represent the employees and their benefits and look out for the dollars.

Mrs. Cardinali explained that the state will continue to invest those dollars and that is a good thing because they have more investment authority and we can get a better return on the money. They also have a larger pool with about twelve units of government participating, and that can be used in getting a better rate of return. Mrs. Cardinali explained that the City of Sanford is the employer. Named, by position, the City Manager would act as the employer's representative to keep the employer's interests in mind. Also named by position, the Director of Financial Services, Mrs. Cardinali would serve as the plan administrator so that she will have the authority to take care of the day to day transactions with that fund and those monies. Three trustees have been named—Melissa Cardinali as Director of Financial Services; Beth Kelly as Assistant Director of Financial Services; and Fire Chief Wayne Barter as another department head who will keep the employee's interests in mind. He already sits on a supplemental pension board, so this is not new territory for him.

Consider Resolution Authorizing Investment in a Local Government Other Post-Employment Benefits Trust – (Exhibit H)

City Attorney Susan Patterson stated that the Resolution Authorizing Investment in a Local Government Other Post-Employment Benefits Trust (Council Packet Page 61) establishes that the City is going to change from participating in the fund at the state level to having a local trust and that we are appointing the officers—city manager, finance director, assistant finance director, and fire chief—to act in those roles for the trust. It is giving them the authority to execute any documents necessary and there will be a deposit agreement for planning on how the investments will be invested on the state level. They direct the investments; but we have a default position or allocation position where the trustees will be empowered to make those decisions on those funds. There is an incumbency certificate saying the current people in those positions are going to sign saying that they are currently occupying those positions. This will allow the trust documents to be executed, put in place, and carried out.

Council Member Charles Taylor stated that he would like to review the material, having received seventy-two pages today. There was Council consensus to place the item on the regular agenda.

Consider Development Report – (Exhibit I)

Assistant Community Development Director Marshall Downey reviewed the Zoning Development Report listing commercial zoning approvals issued for the period of March 1, 2011 through April 30, 2011 and the Commercial Site Plan Report listing commercial site plan approvals issued for the period of March 1, 2011 through April 30, 2011. This includes a sign permit for Chick-Fil-A, Inc. at 3224 NC 87 HWY S. See Exhibit I for complete listings.

Consider Permits Issued Report – (Exhibit J)

Assistant Community Development Director Marshall Downey reviewed the Permits Issued report for the period of April 1, 2011 through April 20, 2011. There were forty two permits issued during this period; of that total, five were commercial and thirty-seven were residential; however, the fee revenue generated by those was almost evenly split with a total of \$11,400 for that time period. See Exhibit J for complete details.

Council Member Charles Taylor asked if we were in line on permits relating to the current fiscal year. Mr. Downey stated that he believed they would be fine in meeting their budget objectives.

Consider Closed Session

City Attorney Susan Patterson stated that Council needed a motion to go into closed session in accordance with NCGS 143-318.11 (a) (3) and (4) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege and to discuss matters relating to the location or expansion of industries or other businesses in that area.

Council Member L. I. (Poly) Cohen made the motion to go into closed session; seconded by Council Member Walter McNeil, the motion passed unanimously.

Return to Regular Session

Following the closed session, Council returned to regular session.

Consider Continuation of Budget Workshop

Before beginning the budget review, Mayor Pro Tem Sam Gaskins stated that since the Council would not be able to complete its budget review today, an additional session could be scheduled for next Wednesday if that worked for Council. By Council consensus, the next budget session was set for Wednesday, June 8, 2011 at 1:00 P.M. in Council Chambers.

Council Member Charles Taylor stated that in fairness to the staff and City Manager, if Council members have specific requests, it would help further things along if they are made in written form prior to that process so Council could come in Wednesday and not ask for additional reports. Mayor Pro Tem Gaskins stated that would be a nice courtesy to staff to submit questions in writing or via email so that staff can be prepared for next Wednesday's session.

City Manager Hegwer asked if the smaller budget version had been helpful. Council Member Taylor stated that it did help, but that the meat is in the details. Mayor Pro Tem Gaskins stated that it was nice, but he did not feel it was necessary. Mr. Gaskins began a section by section review of the budget which included:

Budget Transmittal Letter: There were no questions on the Budget Transmittal Letter.

Budget Ordinance: Council Member Taylor stated that he had requested from the City Manager for today the same thing requested in years past--to have a breakdown of number of rounds of golf from tournament to daily to actual membership and see how those break out as well as the cart fee broken out from daily to annual membership to tournament fees. Mr. Hegwer stated that we could do that.

Council Member Taylor asked what the Other Revenue was from. Mrs. Cardinali responded that they are related to fines for animal ordinance violations. He stated it is nice to know when you correlate the expenditure for animal control versus what is being recouped from it, as well.

Council Member Williams stated that he had been talking to new Animal Control Officer Rodriguez who told him about a ticket he wrote that would net the City about \$2400 for that one ticket, if the person is convicted. Mr. Williams stated that it seems that animal control will be taken to another level. Attorney Patterson interjected that the people with that particular ticket have already shown up and shown that they had a rabies certificate that pre-dated the date of the certificate, so it may be that we won't be able to collect some portions of that amount. She related that in the past several weeks, Animal Control has had to deal with a series of dog bite incidents and declaring dogs to be dangerous. They have had to impound some animals for rabies determination and to follow through with a declaration that the animals are dangerous. They have come to her to write them some letters, and are going through what they have to do to keep the public safe.

Council Member Williams inquired about proving an animal has rabies. Attorney Patterson stated that it could only be confirmed when the animal dies by examining the brain, but the State law says there is a ten-day mandatory quarantine of the animal to determine whether it has contracted rabies or dies of rabies at that time. If there is no confirmation of rabies, it can get a booster shot or show the vaccine is up to date, and the animal can be returned to its owner with certain circumstances. She stated that there would probably be a rewrite of the ordinance brought to Council with a stepped up amount of requirements for someone following a dog bite, requiring a more secure enclosure. The County ordinance currently has a required pen with a certain height fence with a roof and a floor and locked, with posted signs, and we would like similar restrictions in the City because confining indoors does not seem to be adequate.

Council Member Taylor questioned the \$100,000 in Miscellaneous Revenues. Mrs. Cardinali explained that is a category for revenues that come in that are not large enough to have their own category, such as insurance checks, copies, etc.

In reference to water and sewer rates, Mr. Taylor asked if this is what we adopted when Raftelis came in a couple of years ago that was going to be heavy on the front end and less of a structure on the back end. Mr. Hegwer stated yes and that the rate on the sewer side was 12 percent to begin with and those have been decreasing all along. This year, there are small increases as we try to blend the outside rate with the district rate. This is the fourth year of rate adjustments and this year's rate increase is less than what was projected.

Council Member Taylor referred to Budget Page 33 relative to ordinances and stated that he knows the UDO has been in place several years now, and he sees the fees for Planning Board and Board of Adjustments and a discrepancy between fees for the UDO Ordinance versus the others. He asked if it were possible to bring the UDO Ordinance fee in line with the rest of them. Attorney Patterson stated that was a fee for the cost to purchase a copy of the book, which can also be downloaded free from the Internet. The other ones are for applications for Board of Adjustment cases or petition for a zoning amendment or for advertising expenses, etc.

Mr. Taylor stated that on the Joint Planning Commission they have had issues of the UDO being brought up where someone wants a specific change to allow their business to conduct certain business in certain areas. He stated that he did not see any application or fee structure applicable in those situations. City Attorney Patterson explained that the zoning text amendment charge shown would be basically to advertise the text amendment in order to bring it forward. A lot of times what the Joint Planning Commission sees are text amendments that the City proposes because they are corrective in nature. These are brought forward by staff. She did not know when a citizen brings it forward, if that is the charge for them or not. She assumed it was. She explained that we have no zoning text separate from the UDO. That's why she believes the \$40 charge there is a charge for the book. Mr. Hegwer stated we would get an answer on that.

Mr. Taylor also questioned whether the Septage Hauler prices were in line with other municipalities. Mr. Hegwer stated that he did not know how in line they were, but staff had looked at it and what the true cost is. He stated that he could get that information, too.

Mr. Hegwer stated he would get golf course information for Mr. Taylor regarding his questions: When was the last rate increase for membership for one person, two persons, full family, as well as junior and even the possibility of keeping the prices the same for payment up front versus spread out over three payments? How much do membership rates account for the total revenue stream from the golf course? How many rounds are attributed to the memberships? What is the possibility of providing an option to these respective people in joining if they pay up front versus three payment schedules? Mr. Hegwer stated he would get that information for him.

Executive Summary: Council Member Charles Taylor referenced Article 42, Page 30, and asked for greater detail on the increase of 16.5 percent. Financial Services Director Melissa Cardinali explained that what has been seen in sales tax this year is that Lee County has done a little better than the rest of the state. Reflected in that growth is what we think is going to happen for the rest of this year, which has been positive, coupled with what the League of Municipalities had projected in their forecast for next year. Tax is point of delivery.

Mr. Taylor questioned the Golf User Charges, noting an increased cart fees and the basis for the daily rates. He asked for the basis of the increases in a “down” economy. Mrs. Cardinali responded that we are priced well for our niche—the working person’s round of golf. We have had a good year with good weather, and we have not priced people out of playing a round of golf. City Manager Hegwer stated that the golf course does not have a problem attracting players; the biggest obstacle we face there is weather. The course does not do well in the rain because it is in the clay soil. The temperature makes a difference, too.

Mayor Pro Tem Gaskins referenced Page 41-Revenue and asked where the \$20,000 State of North Carolina grants come from. Mrs. Cardinali will get that information. He also questioned the OPEB distribution. Mrs. Cardinali stated that we had originally budgeted in this year, if we needed funding, to reimburse ourselves from the OPEB fund. She anticipates that we will not need to do that, nor will we need to make a contribution to that fund.

Mr. Taylor questioned a Street Paving item. Mrs. Cardinali explained that the General Fund gets reimbursed from the Utility Fund for costs when the streets need repair as a result of water or sewer maintenance. There have been a lot of line breaks this year with pavement coming up. Plus, there is the factor of the pricing of the pavement, as well. Mr. Hegwer noted that the Utility Department does not have its own patching crew.

Under General Fund Summaries, Mayor Pro Tem Gaskins questioned a change from last year in the budget for Governing Body from \$252,820 to \$267,820. Mrs. Cardinali stated she would have to check the detail from last year. He also asked about the change from \$639,367 to \$1,770,270 under Public Building and for Other Contributions the change from \$915,000 to \$963,000. He questioned on the Police Department line the change from \$8,854,000 to \$8,671,000. He stated the same trend was occurring on the lines for Fire, Street Capital Improvements, and Community Development. Mrs. Cardinali stated that some of this may be the difference between when the budget was first presented and the approved budget, but she would need to check the records.

Upon checking the detail from last year’s budget, Mrs. Cardinali stated that the \$15,000 questioned above for Governing Body was the difference the brochures that Council requested adding after the City Manager had presented the budget. She explained that all of the differences are going to be between what was presented and then what was finalized. She stated she could supply the detail for the others at the next meeting.

Mayor Pro Tem Gaskins noted that is was now after 3:00 P.M. and asked Council if they wanted to continue this budget session or come back next week. The consensus was to adjourn and schedule another session next week to pick up Page 45.

Council Member Taylor reported that the event in Broadway went well, and that he was confident that over \$40,000 was raised for the American Red Cross in Lee County to be used specifically for tornado relief. He thanked all who participated in the event.

ALL EXHIBITS CONTAINED HEREIN 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 James Williams; seconded by Council Member Bob Brown, the motion passed unanimously.

Respectfully submitted,

Cornelia P. Olive, Mayor

ATTEST:

Janice Cox, Deputy City Clerk