

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

The City Council reconvened its budget workshop at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Wednesday, June 15, 2011, immediately following the Law and Finance Committee meeting at 1:00 P.M. The following people were present:

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| Mayor Cornelia P. Olive | Council Member James G. Williams |
| Mayor Pro Tem Sam Gaskins | Council Member Walter H. McNeil, Jr. |
| Council Member Bob Brown | Council Member Charles Taylor |
| Council Member Linwood Mann, Sr. | Council Member L.I. "Poly" Cohen |
| City Manager Hal Hegwer | Financial Services Director Melissa Cardinali |
| City Clerk Bonnie D. White | Asst. Financial Services Director Beth Kelly |
| Budget Analyst Cindy O'Quinn | City Attorney Susan C. Patterson |

Mayor Olive called the meeting to order. She referred to a list prepared by staff of Questions for Council to Answer at Law and Finance on June 15, 2011 (Exhibit A). Mr. Hegwer advised that the list contains seven items that Council needs to decide on in order to present a budget ordinance for the next fiscal year.

Golf Carts

Mr. Hegwer advised that we had in the budget \$145,000 to purchase new golf carts. Mr. Hegwer said that Mr. Taylor presented an idea to look into battery recondition program. He suggested leaving the money in the budget; it ultimately comes back to Council. It would be a fund balance appropriation. Staff has talked with other golf courses about when they replace their carts. We have gone as far as six years in the past with replacing carts but that is when we closed the course for improvements. He will pursue the battery idea. If we sell the carts, that salvage value is in a life cycle.

Mayor Olive said that she has asked Shop Superintendent Randy Paschal if he could get some comparisons on selling them on gov.deals or using them as trade in and she would like to have those figures before Council proceeds. Mr. Hegwer said you could do both; have a vendor who is interested in purchasing them to give us a price, plus you can see what you can get on the open market on gov.deals.

Mr. Taylor said that in discussion with the City of Long Beach and some other municipal golf courses, there was very, if any degradation in value between the fourth and fifth year of a golf cart. You are looking at \$1,300 wholesale - that is what trade in value would be. If they were sold locally, they would bring more than \$1,300 which would be the trade in value they are going to give you, typically speaking. Mr. Taylor said there is a big market for golf carts. In his neighborhood five years ago, there was only one golf cart, now there are about ten. He asked if we have \$5,000 in our existing budget that has not been spent to purchase the battery charger and tester and put it to use so we will have an answer before a decision is made to purchase golf carts. Mrs. Cardinali replied there may be funds in Randy Paschal's budget, not in the golf course's budget.

Mr. Taylor said that based on the number of carts we are looking at purchasing, we will know within a couple of days where we stand on it. He said we are trying to manage what we have now; there may be some carts that can last fourteen months. There may be a combination of batteries that we could put together on a good golf cart to make it last another year. This is just one of those things we have to go out of our normal realm of doing business.

After discussion, it was the consensus of Council to purchase the battery charger now and still put the \$145,000 in the budget for the purchase of golf carts.

Cost-of-Living Adjustment

Council Member L. I. "Poly" Cohen stated that he would like to make the cost-of-living adjustment to be 3 percent. Council Member Taylor referred to the BCBSNC Plan Participation sheet. He said that often times he has heard in the three plus years of this service on this Council, we go with staff's recommendations. The city manager has recommended a 2 percent cost-of-living raise. We are now talking about what is over and beyond what has been recommended. He said Council cannot ignore the second piece which is the insurance rates. He said that currently, we are providing insurance for the employees and that cost is going up significantly. We have had a 23 percent increase in insurance from 2006 to 2011. The number of employees covering dependents has decreased from 145 employees down to 109. Mr. Taylor stated that it is a 25 percent drop. The number of dependents continues to drop and the number of employees has increased 3 percent. As the number of employees covering dependents drops and the number of dependents being insured drops, it will do nothing but impact our pool for employees only. He said the only way to curtail that activity is to do something to look at where we are losing the insurance; 223 of our 343 employees fall in the \$30K to \$50K salary range. If you provide a 1 percent cost-of-living raise above the 2 percent, that is an additional \$140,000 each year in money. A 1 percent raise in this salary range (\$30K to \$50K) is equivalent to \$300 to \$500 each year. By giving the extra 1 percent, you are compounding the \$140,000 every year that someone is employed with this City for the rest of their career. He said we should give a 2 percent COLA and provide the 15 percent supplement on their insurance to try and get our rates in line. Try it for one year; it may not work and in the end, we may determine that self-insurance is not the way to go. Mrs. Cardinali asked for clarification on the 15 percent supplement to the insurance. Mr. Hegwer stated that if council thought this would encourage people to sign on to the insurance, he was not sure if it would help or not; it would help the employees on the plan with dependent coverage. Staff has an insurance consultant coming in to do some research.

Mr. Gaskins stated that there are two factors involved and one is that we need a larger pool to help bring down the overall costs. The second factor is that the individuals who are buying the insurance and have family plans will be paying \$9,300 each year and this 15 percent supplement would drop it down to under \$8,000. Mr. Gaskins added that what Mr. Taylor was pointing out was that from Fiscal Year 2006 almost 64 percent of the dependents were being covered to 2011 where 50 percent of the dependents are being covered; we do not know if that many people are finding insurance elsewhere or if their kids are not being covered. Mr. Hegwer commented that is the reason we are bringing in the consultant to find out if they have insurance elsewhere etc. Mr. Gaskins said rather than spend \$140,000, do a one-year experiment and help the employees that need it the most.

Mr. Cohen gave an example of two employees: one with dependent coverage and one without dependent coverage. You are giving one employee a 2 percent raise and the other a 2 percent raise

and cut his insurance bill by 15 percent. You will be giving one employee an extra 15 percent raise and that is not right; one employee will not be getting the same amount of money.

Mr. Taylor said that if we do not do something about our insurance, the employee getting his insurance for free now will have to pay for it in the future. He said if we do not get that magic number, everybody will be paying for their insurance.

After much discussion, there was a consensus of five to two to give every employee a 3 percent cost-of-living raise and for this to be included in the budget ordinance. Council Members Walter McNeil, L. I. "Poly" Cohen, Linwood Mann, Bob Brown, and James Williams were in favor to give the 3 percent COLA. Mayor Pro Tem Gaskins and Council Member Charles Taylor were in favor of giving a 2 percent COLA and 15 percent supplement to the insurance.

Mayor Olive said that personally speaking, when you look at compounding those salaries, you are looking at a significant increase across the board. She said that 2 percent is generous considering the economic conditions.

Endor Iron Furnace Greenway Extension

It was the consensus of council members to include \$50,000 in the budget for the design of the Endor Iron Furnace Greenway from Kiwanis Park going toward the hospital and providing a wide sidewalk for pedestrians between Wicker Street and the hospital.

Skatepark

Mayor Olive stated that there has been discussion about the \$350,000 being adequate to get the main items done in a skatepark; however, later there was concern that this was too much money in this economic downturn.

Council Member Cohen asked Council Member Taylor what his figure was for the skatepark he had talked about the other night. Mr. Taylor replied that a good, middle of the road skatepark is about \$150,000 from ground up. The big thing that impacts this figure is concrete costs. You do not know what that figure would be. Most of the parks he has looked at in Wilmington, Myrtle Beach, Charlotte, Mint Hill, Winston-Salem area, Fayetteville, Cary and Raleigh ran the gamut. We have already allocated \$75,000 for the design in last year's budget. Mr. Hegwer said staff would like to continue with the design. One suggestion is that you can wait until next year and see how the economy looks. Mr. Taylor said the biggest expenditure will be the base (concrete). He stated that you want to build it to where if the skating trend goes away, you can convert it to a basketball court or volleyball court, etc. Mr. Hegwer added that the design is necessary to pursue any grants.

After discussion, it was the consensus of council members to include in next year's fiscal budget \$100,000 and the \$35,000 leftover from the \$75,000 that was put in this year's budget for the design of the park. Council Member Linwood Mann stated that he is for the skatepark, but the timing is not good and that we are sending the wrong message to our constituents to spend this kind of money at this point in time.

Mr. Hegwer added that we need to talk about this issue with the Downtown Improvements because staff would like for this to come out of fund balance and not borrow the money.

Downtown Sanford Improvements

Mr. Hegwer commented that staff was concerned with being able to fund the skatepark with \$350,000 and the \$500,000 for the Downtown Improvements out of fund balance. However, since it was decided to put in \$100,000 in the budget in lieu of \$350,000 for the skatepark, he asked Mrs. Cardinali how she felt with putting in \$500,000 for the Downtown Improvements. Mrs. Cardinali advised that right now staff has projections that are probably a little high for fund balance usage and she would feel more comfortable with proceeding cautiously the first few months of the fiscal year to see where we are at mid-November when she has good numbers and then it may be fine to do \$500,000. Mayor Olive said that \$400,000 would be a good figure for the improvements. Mrs. Cardinali added that this figure would allow Council to address a lot of smaller projects such as wayfinding signage, parking lots, etc., that would make a visible impression.

Mayor Olive stated that one thing she would like to address is to try and get a task force established that we can have some independent property owners to do some upgrading of their own that the City does not have to pay for. Council Member Mann agreed with Mayor Olive. Council Member McNeil felt \$400,000 was a good figure.

It was the consensus of Council to include \$400,000 in the budget for Downtown improvements.

Jonesboro Parking Lot

Council discussed the paving of the parking lot in Jonesboro. Mr. Hegwer advised that staff received an estimate of \$30,000 to rough grade the parking lot and put crush'n run on it to make the area parking accessible. Mr. Cohen stated that we can see how many people use the lot before we pave it. Council Members were in agreement to include \$30,000 in the budget.

Public Information Officer Intern

Mr. Hegwer said that there was discussion that this would be a good thing and there was no consensus reached and staff needs to know how to proceed. Mayor Olive said that rather than having an intern, she felt it would be prudent to look at somebody who would be a part-time person who has been in the field of public information and, possibly, exposure to grant writing so that it would be a dual function. Her thought was that she would like to see us wait long enough to get a definition and a profile of that person that we need who would be the most valuable to us before proceeding. She has worked with people who have done both well and most are retirees or people who are working part-time and have families. Council Member McNeil asked if it would cost more than \$25,000. Mayor Olive replied it would depend on the number of hours worked and devoted to it.

Mayor Olive felt we should have the design of the job before looking for someone. It was consensus of Council to include the \$25,000 in the budget.

Radios for the Fire Department

Council Member Charles Taylor said that he mentioned the purchase of an additional 32 radios for police officers. In looking at the budget, he researched the Fire Department's request for radios. There was a request in the Fire Department's budget for 39 mobile radios: 4 UHF and 35 VHF radios. The cost of these are between \$80,000 and \$90,000. The actual bid received was \$95,000. On this particular bid, staff was asking for a specific Motorola unit – the XTS2500. He said the city clerk

forwarded him some information yesterday which said that there was a meeting with the rural fire departments and all the chiefs. He said that Ken Cotten from our Fire Department represented our city. The decision at the meeting made was that the County was going to a Kenwood system that would allow the local fire departments, the Emergency Management System people, as well as the potential of the City to communicate with one another. Mr. Taylor advised that with that said, he took the quotation that we had on the Motorola units and covered up the price and had a quote done on the Kenwood units that are compatible to what the County is currently using. He received a quote of \$39,000 for exactly what we would have with the Motorola units. This is \$95,000 for Motorola units versus \$39,000 for the Kenwood units.

Mr. Taylor said that the big issue was intrinsically safe radios. Intrinsically safe radios are great for areas where you have a gas leak, go into a manhole, etc. The P25 digital technology that we are proposing to get is already included in the price of the Kenwood radio. There is no radio tower infrastructure inside the County that we could use our technology that we are trying to acquire. At this time, Motorola does not manufacture a radio that has the NXDN technology, which is a digital format, which is a standard on the Kenwood radio. The County has plans to purchase a \$50,000 Kenwood Digital Trump Radio System for the Fire Department during the next fiscal year. The radios that the City Fire Department is budgeting for do not have the capability of using the system. Plans are to leave the existing fire channel in analog mode and operate the digital system separately. The City's Fire Department will be left with analog voice only or will be burdened with a cost to purchase their own infrastructure. The County, at this time and fortunately for us, has not asked us to share the cost of the infrastructure for the digital system but they will be encouraged to use it.

Mr. Taylor stated that the band width is being narrowed and it is going to be narrowed again in the next ten to twenty years. The Kenwood system has the second generation of narrowing already in its latest technology. He said that he is not saying that we have to go with the Kenwood system. We are looking at the cost of \$732 versus \$2,200. He said that he has no problem with the Motorola brand name; it is a great product, but like other major brands, you are paying for the brand name.

Mr. Taylor advised that the County has made a conscious decision and every rural fire department in Lee County has gone to the Kenwood radio but yet we are still maintaining that we need the Motorola unit. Emergency Services has gone to this Kenwood system; the repeater we use is a Kenwood system. He is looking at outfitting 32 other police officers with hand-held radios. The savings alone that we would have on these Kenwood radios would be enough to outfit all 32 police officers with radios. The Kenwood system has a three-year warranty. The Motorola has to have a purchased additional warranty to make it three years. We are looking at cutting \$35,000 and still have the same band-width signal and a greater capacity than we will be purchasing with the Motorola unit currently.

Mr. Hegwer advised that the quote Mr. Taylor has was done in March and it was not looked at as state contract. It was a quote for budgetary purposes. All the details Mr. Taylor has compared, he does not know anything about. Mr. Hegwer stated that our system is different from the County and we do not always do what the County does. We have issues that the County does not deal with as much. He said that we will look at this and bring back a recommendation. The quote was a quick quote for budget. Mr. Taylor said that the quote he was provided was not a state contract price either so it will be lower than the \$39,000.

Mr. Hegwer said that the Fire Chief's number one priority is officer safety. We look at cost but ultimately the radio is the first line of defense with a fireman trapped in a building, etc., so are the police officers.

Mr. Taylor added that the City of Asheville has gone to the Kenwood system. He stated that we are not taking advantage of the grants that are available on radios. Carolina Trace just received a grant; Broadway received a grant and there were 1,200 fire departments that received grants in the United States. There was a total of \$332 million in grants that were given out. We had an option four years ago to either get four Motorola radios or seven Kenwood radios. The model on the Motorola had 32 channels and the model on the Kenwood had 512 channels. The retail price on these units was \$1,200, and we chose to get the four versus the seven and they are currently in operation at Central Fire Station. Mr. Hegwer advised that there is a local Kenwood dealer who does a lot of installation work for us and we have purchased radios. We look at the availability of service and staffing levels; there is a lot of consideration we look at when we purchase these items.

Mr. Taylor said that the radio staff wants to purchase is only available to be purchased through three Motorola dealers in North Carolina. Mayor Olive asked why is that. Mr. Taylor replied because they are elite dealers and that is the way their structure is set up. He said that he does not understand why we would not want, especially in a mutual aid situation, to be able to talk to our other fire departments and even be able to isolate private channels as well if we want to talk amongst ourselves.

Mr. McNeil said this is coming from the County-side perspective and we have two department heads that we have not heard from as to why they had rather have the Motorola over the Kenwood. Mr. Taylor said they have not had discussion with the Police Department. The only discussion he had relative to police radios was the fact that we had 32 people who have to share a radio. The assumption has been made that the Police Department has to have Motorola radios; he is looking at the option to get everybody safe and have their own radios where they do not have to share a product.

Mr. Hegwer stated that radios are intended to be used at work. We purchase radios to be available to officers during their duty. There are some that have take home radios because they are on call 24 hours a day. He said that just to give an officer a radio to take home is not our intent; the radio is to be used in a work situation. All fire department vehicles are set up with radios; we do not assign a radio because they are assigned with the equipment so that the equipment is on the truck and ready. Otherwise, we would have a tremendous amount of radios that we would have to upkeep and do not know a purpose we would achieve other than taking home a radio. If you are a uniform patrol officer, we want them to go home and take a break; they do not need a radio because they are off-duty. The goal is to have the radios here so when they are working that it is available.

Mayor Olive said that she gathered that Council would like to hear from Fire Chief Wayne Barber the reasons that the Motorola is superior but we also have to consider the price differential, the capability, and the safety factor. Mr. Hegwer said that he can set that up.

Mr. Taylor said that one thing that cannot get lost is the main fire radio repeater that presently resides in our communication tower is a Kenwood system and all current radio traffic, whether it comes from the City's Motorola radios or not, is repeated through this Kenwood system. We have to guard against plan obsolescence. If Motorola decides to do away with this existing technology that we

are looking at and it is pretty antiquated and with the narrowing of the band width it means more sophisticated equipment to be able to handle the band width. There is a reason why the County has chosen to go to this and he would like to include the County methodology behind the Kenwood system and he would like to hear from Kenwood and anybody else that has a radio they think can meet the standards that what we expect this radio to do. It is fair to open it up to everyone.

Finance Director Melissa Cardinali asked if we are to leave the money in the budget to purchase the golf carts. Mr. Hegwer said that staff will present to Council a list of items that have to be trimmed from the budget. Mr. Taylor wanted to leave the golf carts out of the budget until we know the outcome of using the battery charger. Mrs. Cardinali stated that if you leave the money in the budget for the golf carts, it gives the golf pro the flexibility to do bids and bring the information to Council to approve any contracts. The money for the golf carts will come from the fund balance.

Mayor Olive asked the first four council members how they felt about putting the money in the budget for the golf carts. Council Members Walter McNeil, Poly Cohen, Linwood Mann, and Bob Brown were in favor to put the money in the budget; therefore, the money was put in the budget.

ADJOURNMENT

Council Member James Williams made the motion to adjourn the meeting. Council Member Linwood Mann seconded the motion. The motion carried unanimously.

Respectfully submitted,

CORNELIA P. OLIVE, MAYOR

ATTEST:

BONNIE D. WHITE, CITY CLERK