

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

The City Council met at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, June 21, 2011, at 7:00 P.M. The following people were present:

Mayor Cornelia P. Olive	Council Member Walter H. McNeil, Jr.
Mayor Pro Tem Sam Gaskins	Council Member James Williams
Council Member Linwood S. Mann, Sr.	Council Member Bob Brown
Council Member L. I. (Poly) Cohen	Council Member Charles Taylor
City Manager Hal Hegwer	City Attorney Susan C. Patterson
City Clerk Bonnie D. White	

Mayor Cornelia Olive called the meeting to order. Council Member Charles Taylor delivered the invocation.

PUBLIC COMMENT

No citizens signed up to speak.

APPROVAL OF AGENDA

City Manager Hal Hegwer requested to add an item to the Regular Agenda - Amendment to an Initial Contract that we signed with the North Carolina Department of Commerce. This is a grant project through the North Carolina Energy Office with the Department of Commerce.

Council Member Charles Taylor requested to add an item to the Regular Agenda for discussion and a vote - Moving the Golf Course from the General Fund to the Enterprise Fund.

Mayor Pro Tem Sam Gaskins made the motion to approve the amended agenda. Seconded by Council Member Bob Brown, the motion carried unanimously.

CONSENT AGENDA

Approval of City Council Meeting Minutes Dated May 17, 2011 – (Filed in Minute Book 76)

Approval of City Council Budget Workshop Meeting Minutes Dated May 25, 2011 – (Filed in Minute Book 76)

Approval of Resolution in Support of the Temporary Closure of a Portion of Oakdale Street for the Purpose of a Church Bazaar – (Exhibit A)

Resolution was approved to temporarily close a portion of Oakdale Street for the purpose of a church bazaar on July 9, 2011.

Approval of Grant Project Ordinance Amendment 2009 North Carolina Housing Finance Agency Single-Family Rehabilitation (SRF) Program Capital Project No. C0902 – (Exhibit B)

Grant Project Ordinance Amendment was approved for the additional funds received from the Housing Financing Agency.

Approval of Ordinance Amending the Annual Operating Budget for Fiscal Year 2010-2011 – (Exhibit C)

Ordinance amending the annual operating budget was approved. The ordinance appropriates \$210,000 to the Police Department to budget funds for personnel cost related to the tornado, pension contribution, and increase in fuel prices. In the Utility Fund, there is \$11,775 transferred to decrease the store sales and will be offset with Contingency Funds.

Approval of Capital Project Ordinance Amendment Sewer Capital Project No. S0801 – (Exhibit D)

The capital project ordinance amendment for Sewer Capital Project No. S0801 (wastewater treatment plant expansion project) was approved. It appropriates \$52,000 of interest income earned on City investments: \$24,492 to Contingency and \$27,508 to Accrued Interest Expense.

Approval of Ordinance Amending the Annual Operating Budget for Fiscal Year 2010-2011 – (Exhibit E)

Ordinance amending the annual operating was approved to appropriate \$275 to reimburse Lee County for water customer contributions to the North Plank Road Waterline Extension. Lee County was able to get a grant from the Rural Center to help some residents on North Plank Road to extend a waterline. As part of that agreement, the City collected a fee of \$275 per tap from each person tapping onto the line. When the original budget amendment was set up, staff had planned on eighteen taps; however, nineteen came in. We collected \$275 in addition to what staff anticipated.

Approval of Financial Guarantee for Carthage Colonies Subdivision – (Exhibit F)

The Financial Guarantee for Carthage Colonies Subdivision in the amount of \$116,875 was approved for Phase 5A.

ALL THE ITEMS LISTED ABOVE WERE DISCUSSED AT THE LAW AND FINANCE COMMITTEE MEETING ON JUNE 15, 2011.

Mayor Pro Tem Sam Gaskins made a motion to adopt the consent agenda. Council Member James Williams seconded the motion. The motion carried unanimously.

SPECIAL AGENDA

Presentation of Annual Report by Sanford/Lee County Youth Council Officers: Taylor Waters-President; Marquise Hackett-Vice President

Mayor Olive stated that Taylor Waters just graduated from Lee Senior High School and was the President of the Youth Council this past year. She has worked very hard with the American Red Cross Chapter in Sanford and raised a significant amount of money in a project she had last year. Marquise Hackett is at Southern Lee High School and is Vice President of the Youth Council. Mayor Olive said that Marquise Hackett worked very hard at the clean up on Charlotte Avenue. Ms. Waters and Mr. Hackett gave a summary of the youth council activities this past year.

CASES FOR PUBLIC HEARING: held jointly with the Planning Board.

Application by Wolfheel Properties, Inc. - to rezone four tracts of land totaling 1.62 +/- acres, addressed as 1002, 1008 and 1016 Elm Street, along with a vacant tract of land located between 1002 and 1008 Elm Street, from Residential-Mixed (R-12) Zoning District and Office & Institutional (O&I) Zoning District to General Commercial (C-2) Zoning District. The property is the same as depicted on Lee County Tax Map 9642.12, as Tax Parcels 9642-95-5892-00, 9642-95-6768-00, 9642-95-7725-00 and 9642-95-9612-00 Lee County Land Records. It is also illustrated as Lots 1-6, Block 176 of Monroe Bros. Property as shown on a map entitled "Sou. Sanford, NC" recorded in 1907 in Plat Cabinet 2 Slide 314, Lee County Register of Deeds Office. – (Exhibit G)

Planner II Amy McNeill explained that in May of 2011, Mr. Richard Angel of Wolfheel Properties, Inc. approached planning staff regarding the rezoning of two lots that had been recently acquired by his company (1002 Elm Street and the adjoining vacant lot) in order to market the property for commercial uses. Upon discussion of Mr. Angel's overall goal in marketing the properties his company owns in the area, he decided to include the two tracts within this block zoned O&I within the petition to give him the option of marketing of the property as one large site, as opposed to five small individual lots. It should be noted that the company also currently owns the lot addressed as 1012 Elm Street, which was rezoned from R-12 to C-2 in 2004.

The subject property is comprised of four separate legal tracts of land - three of which are adjoining and all of which have road frontage on Elm Street, a public City-maintained street, and has access to public water and sewer.

Tract 1 is currently zoned Residential Mixed (R-12) and is addressed as 132 Elm Street and is developed with one single-family dwelling. Tract 2 is currently zoned Residential Mixed (R-12), and is vacant. Tract 3 is currently zoned Office & Institutional (O&I) and is developed with one single-family home. Tract 4 is currently zoned Office & Institutional (O&I) and is developed with one single-family home.

Ms. McNeill gave the adjacent zoning surrounding the property. She said the Residential Mixed (R-12) is intended for a mix of residential uses. The Office & Institutional (O&I) is intended for a mix of office and institutional type uses. The proposed zoning is General Commercial (C-2) and it is established to provide areas for general commercial activities designed to serve the community such as shopping centers, repair shops, wholesale businesses, and retail sales with limited outdoor display of goods and limited outdoor operations. A list of the permitted uses for each of the zoning districts is included within the agenda for Council's reference.

The 2020 Land Use Plan identifies this area as mid/high density residential-office which identifies areas which are appropriate for medium and high density residential development, including single-family duplexes and multi-family developments, as well as office developments. However, when considering the zoning of this property, current development trends and the surrounding zoning of the neighborhood should also be considered.

Staff recommends that the Planning Board and City Council support this rezoning petition, even though it is not in accordance with the comprehensive land use plan, as the request appears to be reasonable and in the public interest based on the existing character of the neighborhood, the proximity of the subject property to S. Horner Boulevard, the availability of public water and sewer, and the precedent set when 1012 Elm Street was rezoned to General Commercial (C-2) in 2004. However, information as presented at the public hearing may provide additional information that should be considered regarding a final decision on the requested zoning map amendment

Mayor opened the public hearing. No one spoke in favor or in opposition. The public hearing was closed.

Application by Brad Parker of Greenway Residential Development, LLC - to amend the Autumn Oaks Conditional Zoning District for a revision to the site plan for the proposed multi-family apartment community to allow for the creation of a property line within the proposed multi-family apartment community. The subject property is a vacant 11.5 acre +/- tract of land located in the 2200 block of Woodland Avenue and is the same as depicted on Tax Map 9652.18, as Tax Parcel 9652-21-8261-00 Lee County Land Records. - (Exhibit H)

Planner II Amy McNeill advised that the subject property was rezoned from Residential-Mixed (R-12) to the Autumn Oaks Conditional Zoning District in April of 2010. This is a site plan specific zoning district that must be developed as approved by the City Council and is legally binding on the land; therefore, the site has to be developed as per the approved site plan even if a property transfer was to take place.

Recently, staff was contacted by the developer regarding the need to create a new property line within the proposed multi-family development to accommodate financing requirements.

The intent of this request is that the previously approved project shall remain unchanged with the exception of creating a new property line along the phase line, which was illustrated on the original site plan.

Ms. McNeill referred Council to the proposed site plan included within the agenda on Page 37 labeled, "Autumn Oaks Conditional Zoning District Proposed Site Plan," which illustrates the location of the proposed property line.

Community Development Director Bob Bridwell stated that he has spoken with the developers of this property. They originally intended to do this in two phases, Phase I and Phase II. Their lender has come back and said in their application for Phase II that they need to secure that loan on the individual property and that is the reason the lender is requesting for the property line be drawn in. The conditional use plan is not changing at all; it is just simply creating two parcels out of the project.

Mayor Olive opened the public hearing. No one spoke in favor or in opposition. The public hearing was closed.

The Planning Board retired to the West End Conference Room.

REGULAR AGENDA

Consider Interlocal Agreement to Provide Services to the Clearwater Forest Fire Protection and Rescue Service District – (Exhibit I and Exhibit J)

City Attorney Susan Patterson stated that after months of negotiation with the property owners in the Clearwater Forest Subdivision and Lee County officials to determine the best way for the property owners within the Clearwater Forest Fire Protection District to receive services for fire protection and rescue, the creation of a new service district for that area was proposed to be adopted. They need a contractor to provide the service in the area because it could not be served by the rural fire department and they came to the City to determine whether the City would be willing to provide this fire protection service. Council considered this at previous meetings.

Attorney Patterson said that the contract was drafted and negotiated and put forth between the officials and presented at Council's Law and Finance Committee meeting on June 15. The public hearing was held on the creation of the new fire district that Wednesday night by Lee County. We proposed at Law and Finance that Council consider the contract and it would be contingent upon the County approving it at their meeting and a favorable public hearing. There was a favorable public hearing and yesterday at the Lee County Board of Commissioner's meeting, the County took two votes. They took one vote to create the district and that passed. They took another vote to enter into an interlocal agreement with the City to provide fire protection and fire rescue services to the district. It was proposed and adopted by vote of the commissioners to change the terms of the contract that was presented to the Council last Wednesday. We received the changes this afternoon and have placed a copy of the draft contract proposed by Lee County that shows the redline changes. The changes were to attach a map which showed the area of the territory for coverage and to change the payment plan. In the original contract, we had the payment for this to begin on July 15. The County Manager has requested that the payments be made quarterly. Quarterly payments of \$9,000 would be made on July 15, 2011; October 15, 2011; January 15, 2012, and April 15, 2012 for these services provided throughout the year. There were no negotiations on these changes; they were just presented and voted on at the Commissioner's meeting.

Attorney Patterson advised that the choices before Council tonight are whether to approve the contract that was brought before Council last Wednesday; or whether to go with the changed interlocal agreement (Exhibit J) delivered to staff today by Lee County; or not pass the interlocal agreement at all.

Mr. Hegwer said that County Manager John Crumpton left him a message today and said that either way (the original contract or the contract with changes by Lee County) would be okay; he did not want it to interfere with moving forward.

Mayor Pro Tem Sam Gaskins stated that he does not have a problem either way, but he would have appreciated more courtesy coming from the County Commissioners.

Council Member L. I. "Poly" Cohen made the motion to adopt the first original contract. Seconded by Council Member Bob Brown, the motion carried unanimously.

Consider Donation of Property to the City – (Exhibit K)

City Manager Hegwer stated that Council discussed this at the last Law and Finance Committee meeting. Mayor Pro Tem Sam Gaskins made the motion to accept the donation of property from Nancy Cameron of DEL Development, LLC, located on Cameron Drive. Seconded by Council Member Bob Brown, the motion carried six to one with Council Member Linwood Mann casting the dissenting vote.

Consider Participation in Early Retiree Reinsurance Program (ERRP) – (Exhibit L)

Mr. Hegwer advised that this item was discussed at the last Law and Finance Committee meeting. There will be an \$8,500 charge annually for administrative services with Blue Cross and Blue Shield to administer the claims processing in this matter to see if we are eligible for funds that could be used to offset the cost of health insurance for early retirees.

Mayor Pro Tem Sam Gaskins made the motion to approve participation in the Early Retiree Reinsurance Program (ERRP). Seconded by Council Member L. I. “Poly” Cohen, the motion carried unanimously.

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

City Manager Hal Hegwer advised that we talked about purchasing the battery restoration charger and the other equipment for the golf carts. At the time it was mentioned, we talked about \$5,000 but it was a little more because of staff training and the Argus Battery Analyzer. It is a total of \$7,859 and the ordinance amendment will transfer money from the Shop to the Golf Course for the purchase.

Council Member Charles Taylor made the motion to adopt the Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2010 – 2011. Seconded by Mayor Pro Tem Sam Gaskins the motion carried six to one with Council Member Linwood Mann casting the dissenting vote.

Consider Adoption of Annual Budget Ordinance for Fiscal Year 2011 – 2012 - (Exhibit N)

City Manager Hal Hegwer advised that staff made the changes to the budget ordinance that were requested by council members last week and the tax rate remains the same. He noted that Council has a copy of the Changes to Budget Ordinance from Originally Presented to Council placed at their seats. (Exhibit O)

Mayor Pro Tem Sam Gaskins made the motion to accept the Annual Budget Ordinance for Fiscal Year 2011–2012 as presented. Council Member Walter McNeil seconded the motion. Mr. Gaskins said he wish to amend the budget because after years of cooperation with the various entities of Lee County, he was disappointed to hear that the Lee County Board of Commissioners unilaterally decided to end their contract with the Economic Development Corporation; thereby stripping the City of Sanford and the Town of Broadway and the members of the business and commercial interest of Lee County of their voices in economic development. He moved to amend the budget to remove the City’s portion of contribution from the time that the County Commissioners destroyed the Economic Development Corporation in what appears to be an arrogant display of power. Council Member L. I. “Poly” Cohen seconded the motion.

Mayor Olive said that we have a motion to accept the budget which we have not voted on yet. City Attorney Patterson advised to vote on the amendment first.

Council Member Charles Taylor said he wanted to make sure that Council is voting on the amendment to remove the clause of EDC. Mr. Cohen said that he has been on the EDC Board from the time he joined the Council for about eight to ten years and EDC is a vital part of the growth of Sanford and Lee County. If the County wants to destroy this, that is up to them, but the County is abusing their power to take the City residents, who are double-taxed, to support it and they want to run it.

Council Member Williams asked if Lee County has the power to do what they have done and where does that leave the City. Attorney Patterson replied that she spoke with the Deputy County Attorney today to try and figure out what was intended. It was reported at the County meeting, there was a motion to transition over the next six months the EDC Development Director to report directly to the County Manager and to terminate the contract with the EDC at the end of December 2011. Currently, the City of Sanford, Lee County, and the Town of Broadway, contract together with the EDC to carry out an activity of economic development for the three entities. It is sort of a joint enterprise that we do together, so that the non-profit corporation (LCEDC) can carry out activities for economic development that perhaps the governments would have some constraint on their ability to do so. She was told from the county attorneys that this was more about wanting the director to report directly to the county manager; it was about supervision and control, information, and control over the actions. The EDC Board of Directors has been to whom the economic development director reported. They voted on actions that he took, but basically the economic development director carried out the policies that the City, the County, and Broadway all put in place for him to follow. His instructions for recruiting industry and business to the area came from the governing bodies. Attorney Patterson thought, but was not sure, that he has been carried as a county employee for benefits and retirement; although, she thought his compensation came out of the money provided by the three entities. She assumed by bringing his supervision and control under the county manager, he would become a county employee. She was told that the financial aspect of the City was brought up that the people that live within all areas pay county taxes.

Mr. Cohen said the reason the EDC was set up is so that they are a separate entity that does not belong to the City, the County, or Broadway for obvious reasons that we give incentives to industries to locate in our county. This is the way the Institute of Government told the cities how to set up economic development corporations. It was to keep the cities and towns out of trouble.

Mayor Olive said that it is very troubling to her in view of what happened at the County's meeting yesterday, that they took an action that involved a fire district (Clearwater Forest) without consultation and now they have abandoned the EDC without consulting with the City and yet any industry that would be remotely interested in coming here immediately will want to know about water and wastewater treatment-all the provisions that Sanford controls. If they think that the City does not deserve a place at the table when decisions and commitments of this sort are being made, they are extremely misled by somebody.

Council Member Williams asked what is the City's contribution to EDC. Mr. Hegwer replied the City contributes \$84,000, and the County's is \$120,000.

The vote carried unanimously on the amendment.

Mayor Olive advised that we have a motion to accept the amended Annual Budget Ordinance for Fiscal Year 2011 – 2012.

Council Member Taylor stated that he would like to have a couple of discussion points before the budget is voted on. In retrospect, he applauds staff for getting the information Council needed. He wanted to point out that Council has depended upon staff to give us recommendations over the past three and one-half years on this board, but yet when staff offers the recommendation on an increase in cost-of-living raise, Council trumps it. Mr. Taylor said that Council had the opportunity at that time to take a hard look at our insurance. When he looks at the total numbers, 65 percent of our employees insured fall in a \$30K to \$50K salary range; which is about two-thirds of our employees. But when you look at the participation rate in the insurance, it is 22 percent. He said the participation rate is 47 percent for all family members in the \$50K and above salary range. Mr. Taylor said that by adding the extra 1 percent to the budget (the extra 1 percent cost-of-living), we ignored the insurance piece of the puzzle which will continue to increase; voted a raise for ourselves (council members); and we are proposing to trump what our city manager proposed and in conjunction with that, we added an item to our budget that will be compounded year after year. He said that on Wednesday if you look back at the budget that council was introduced to originally, we ended up spending over \$750,000 in commitments. The good news is a lot of that is coming out of fund balance, but the bad news is we still have \$9 million in the fund balance.

Mr. Taylor said that the last thing he mentioned is that there were several ideas put on the table ranging from communication radios to golf carts. While he applauds staff for looking at these items, it does not constitute Council funding those items in a budget especially if we are looking at saving on those carts. If we can save \$95,000 to \$100,000, we are still budgeting \$145,000 for golf carts. Many people asked where does that \$145,000 go if these funds are not spent; it goes back in fund balance. He said that Council is spending the taxpayer's money and he hopes that Council will take it seriously in future budgets.

The vote was six to one in favor of adopting the annual budget ordinance for Fiscal Year 2011-2012 with Council Member Charles Taylor casting the dissenting vote.

Consider Capital Project Ordinance – Downtown Improvements – (Exhibit P)

Financial Services Director Melissa Cardinali explained that the budget ordinance that Council just approved appropriated \$400,000 for Downtown improvements. This is a capital project ordinance that moves that amount over to a capital project because staff does not expect that those improvements will be completed within a 12-month period.

Council Member James Williams made the motion to adopt the Capital Project Ordinance – Downtown Improvements. Seconded by Council Member Walter McNeil, the motion carried six to one with Council Member Charles Taylor casting the dissenting vote.

Consider Resolution in Support of the Temporary Closure of a Portion of Maple Avenue – (Exhibit Q)

City Employee Sedric Dalrymple stated that the Bread of Life Ministries is requesting to temporarily close Maple Avenue from Market Street to Third Street on Saturday, June 25, from 9:00 A.M. to 5:00 P.M., for the purpose of an outside community meal. All the properties along that street have been notified and are okay with the closure.

Council Member Bob Brown made the motion to adopt the resolution. Seconded by Council Member Walter McNeil, Jr., the motion carried unanimously.

Consider Appointments to Various Boards, Commissions, and Committees – (Exhibit R)

ABC Board – (1 appointment)

Council Member Walter McNeil nominated Joyce Barger. Council Member Charles Taylor nominated Ron Miriello. Council Member James Williams made the motion to close the nominations. Seconded by Council Member Bob Brown, the motion carried unanimously.

Council Members Walter McNeil, L. I. “Poly” Cohen, Linwood Mann, Bob Brown, and Sam Gaskins voted for Joyce Barger. Council Member Charles Taylor voted for Ron Miriello; therefore Joyce Barger was appointed to the ABC Board.

ADA Committee – (1 appointment)

Council Member James Williams made the motion to nominate Tim Mercer. Council Member Charles Taylor made the motion to close the nominations and appoint Tim Mercer by acclamation. Seconded by Council Member Walter McNeil, the motion carried unanimously.

Appearance Commission – (3 appointments)

Council Member Bob Brown made the motion to nominate and appoint Kenneth Laughinghouse by acclamation. Seconded by Mayor Pro Tem Sam Gaskins, the motion carried unanimously.

Board of Adjustment/Housing Board of Appeals – (1 alternate appointment)

Council Member James Williams made the motion to nominate Mark Akinosho to the alternate position. He amended his motion to appoint Mark Akinosho by acclamation. Seconded by Council Member Walter McNeil, Jr., the motion carried unanimously.

Historic Preservation Commission – (2 appointments)

Council Member Bob Brown made the motion to nominate and appoint Mark Lane by acclamation. Seconded by Mayor Pro Tem Sam Gaskins, the motion carried unanimously.

Lee County Economic Development Corporation – (1 appointment)

Council Member Linwood Mann made the motion to nominate Brad Simpson. Council Member James Williams nominated Charles Mellette. Council Member Bob Brown made the motion to close the nominations. Seconded by Mayor Pro Tem Sam Gaskins, the motion carried unanimously.

Council Members Linwood Mann and L. I. “Poly” Cohen voted for Brad Simpson. Council Members Walter McNeil, Bob Brown, Sam Gaskins, James Williams, and Charles Taylor voted for Charles Mellette; therefore, Charles Mellette was appointed to the Lee County Economic Development Corporation.

Lee County Environmental Affairs Board – (3 appointments)

Council Member James Williams nominated Jane Smith. Council Member Walter McNeil nominated Christopher “Chan” Bryant. Council Member Taylor questioned if the nominations made are for the regular appointment. Mr. Williams said that he was nominating Jane Smith to the regular appointment. Council Member Bob Brown made the motion to close the nominations for the regular appointment. Seconded by L. I. “Poly” Cohen, the motion carried unanimously.

Council Member Walter McNeil nominated Christopher Bryant to fill an unexpired term that ends June 30, 2013. Council Member Walter McNeil made the motion to close the nominations. Council Member Bob Brown seconded the motion, and it carried unanimously.

Mayor Pro Tem Sam Gaskins made the motion to appoint by acclamation Jane Smith to the regular appointment and Christopher Bryant to fill an unexpired term that ends June 30, 2013. Seconded by Council Member Williams, the motion carried unanimously.

Planning Board – (2 appointments)

Mayor Pro Tem Sam Gaskins asked about how many terms Mr. McIver has served. City Attorney Patterson replied that according to her Boards and Commissions, he was first appointed in 1998 and last reappointed in 2008. She said there are two appointments for this position. Mayor Olive said that we have a nomination of Fred McIver. Council Member Charles Taylor nominated Brad Simpson. Council Member Charles Taylor made the motion to close the nominations. Seconded by Council Member Linwood Mann, the motion carried unanimously.

City Attorney Patterson asked who nominated Fred McIver. Mayor Olive said she thought he was nominated and it was a misunderstanding. Attorney Patterson said that Brad Simpson has been nominated and the motion was made to close the nominations.

Mayor Pro Tem Sam Gaskins made the motion to reopen the nominations. Council Member Linwood Mann seconded the motion.

City Attorney Patterson clarified that Mr. Taylor made the motion and seconded by Mr. Mann to close the nominations which unanimously passed. We now have a motion by Mr. Gaskins to reopen the nominations with the second by Mr. Mann. It needs a vote. At that point, you will be open to take a nomination which is proffered by Mr. McNeil.

The vote was unanimous to open the floor for nominations. Mr. McNeil nominated Fred McIver. Council Member Charles Taylor made the motion to close the nominations. Seconded by Mr. Mann, the motion carried unanimously.

Mayor Pro Tem Gaskins made the motion to appoint Fred McIver and Brad Simpson by acclamation. Seconded by Council Member Cohen, the motion carried unanimously.

Sanford Housing Authority – (1 regular appointment & 1 resident commissioner appointment)

Council Member Cohen nominated Lowell Hamel to the regular appointment. Council Member Charles Taylor made the motion to close the nominations and appoint Lowell Hamel by acclamation. Seconded by Council Member Cohen, the motion carried unanimously.

Council Member Linwood Mann nominated April Tibbs as resident commissioner. Council Member James Williams made the motion to close the nominations and appoint April Tibbs as resident commissioner by acclamation. Seconded by Council Member Charles Taylor, the motion carried unanimously.

Amendment to Initial Contract with the North Carolina Department of Commerce – (Exhibit S)

City Engineer Paul Weeks explained that in August of 2010, staff submitted along with the Town of Broadway a joint application to the State Energy Office for some energy efficient equipment in both locations. Staff anticipated a project cost of \$145,000 and in December, staff reported to Council that the State Energy Office had awarded us \$89,000. At that time, we also reported that we anticipated that the City's local match would be about \$47,000 and the Town of Broadway's match would be about \$1,400. With that match for the City and our anticipated energy savings, we felt our payback for that project would be in five years. We recently bid all the projects and the bid prices came in significantly lower than we anticipated. Based on the new bid prices, we anticipate the City's match to be \$15,937. The Town of Broadway's match would be zero and the State Energy Office would still provide \$89,000 in grant funding. That based on our payment calculation, we believe that our project would be paid back in two years.

Mr. Weeks stated that the amendment is to the original grant application. Staff is requesting Council to approve the amendment so that they can submit it to the state for their approval and also to authorize the City Manager to sign all the grant documents.

Council Member Linwood Mann made the motion to approve the amendment and to authorize the city manager to sign all the grant documents. Seconded by Council Member Charles Taylor, the motion carried unanimously.

Moving the Golf Course From the General Fund to the Enterprise Fund

Council Member Charles Taylor stated that in years past, the golf course has operated under the enterprise phase of the budget and has done so very successfully. Back several years ago, that change was made as well as changes you have seen to the budget over the years where things were reported differently. For the last three to four years, it has been a topic of discussion around the City and this is one thing he continually gets from citizens is to know the true cost of our golf course. He said that after three years of requesting this information, we just did, this year, get ten months of water data. Council Member Taylor said to make it clearer and cleaner, he made the motion to take the golf course from the General Fund and put it into an Enterprise Fund where it will be accountable and you will see a total outlay of the expenditures to revenues. He stated that in conjunction with that, he backs that motion with the desire that we will evaluate

our rates. He said 37 percent of our rates are coming from Sanford people, but the balance is either unknown or other entities. He wants to make it as profitable as possible. It is not an attempt to go against the golf course but an attempt to get some accurate data to make assessments down the road either for or against. Mr. Taylor said that we have to start somewhere so the base route is how much it is costing us and at what expense. Mayor Olive asked Mr. Taylor if he wanted to make that in the form of a motion. Mr. Taylor replied yes. Council Member Bob Brown seconded the motion.

City Manager Hegwer asked Financial Services Director Melissa Cardinali to explain the differences in the structure between the General Fund and the Enterprise Fund.

Mrs. Cardinali explained that if you move the golf course to an Enterprise Fund you are requiring it to meet all its expenses on its own. The State Treasurer's office looks very poorly on moving money from the General Fund to an Enterprise Fund. It has been a while since she has spoken with the State Treasurer's office about something like the golf course being an Enterprise Fund. At one point, that was not their preference; it is not a matter of it being legal or illegal. You can set it up either way; however, they had a strong preference that it not be set up as an Enterprise Fund, because typically, they are looked at as a recreational facility on a state level. She will be glad to talk to them if Council wants her to bring anything back to them. Basically, an Enterprise Fund, just like we have talked about with the water fund, over and over again, we keep increasing rates because that fund has to be self-sustaining; it has to support itself when it is called an Enterprise Fund because it is expected to be accounted for as a business.

Council Members voting in favor of moving the golf course from the General Fund to the Enterprise Fund were Council Members L.I. "Poly" Cohen, Sam Gaskins, Bob Brown, and Charles Taylor. Voting against were Council Members Walter McNeil, Linwood Mann, and James Williams; therefore, the motion to move the golf course to the Enterprise Fund carried.

Mrs. Cardinali asked that since they have voted to do this, if another budget ordinance needs to be presented for the mayor to sign. Attorney Patterson replied yes; we need to have a budget ordinance amendment for the mayor to sign. Attorney Patterson said that she will have to take a look at this after the meeting because budget ordinances and budget ordinance amendments do not take anything more than a majority vote as long as there is a quorum present. But, on the day of introduction, a regular ordinance takes a two-thirds vote to pass. We have a 4 to 3 vote and she will research this to determine if a second vote is required.

OTHER BUSINESS

Council Member Charles Taylor stated that they had a speed demonstration in Ward 2. He applauded the Police Department and particularly, Marshall Cameron, for working with him on that. To a lot of people if you are sitting still and looking at the cars pass by, it is very deceptive to look at the speed. This was a good demonstration where they put a clock on a car and people predict what the speed is.

He recognized Representative Mike Stone in the audience.

City Manager Hal Hegwer asked for a consensus of Council if they would like to move the July 5, 2011 City Council meeting to Wednesday, June 29, after the scheduled Law and Finance Committee meeting at 1 P.M. It was the consensus of Council to do so.

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 Walter McNeil, Jr., the motion carried unanimously.

Respectfully submitted,

CORNELIA P. OLIVE, MAYOR

ATTEST:

BONNIE D. WHITE, CITY CLERK