

LAW AND FINANCE MEETING  
Wednesday, November 30, 2011  
1:00 P.M. in Council Chambers

The Law and Finance Committee met on Wednesday, November 30, 2011 at 1:00 P.M. in the Council Chambers at City Hall. The following people were present:

Law and Finance Committee:

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

Absent:

Council Member Linwood Mann

Mayor Cornelia Olive called the meeting to order and added a new Item for Other Business and Item 9 for a Closed Session.

Consider Capital Project Ordinance Amendment Downtown Improvements – (Exhibit A)

Financial Services Director Melissa Cardinali explained that in June 2011, as part of the annual budget process, a capital project ordinance was set up for \$400,000 to be spent on Downtown improvements. In October 2011, Council gave the go ahead to use \$30,000 of that money for Christmas decorations. Because those Christmas decorations are not a capital improvement, those were purchased out of the Central Business tax fund. This ordinance is showing the reduction of that capital project for that \$30,000.

Council Member Williams asked how the \$30,000 affected the \$400,000. Mrs. Cardinali responded that it would reduce that amount to \$370,000 left in this capital project. The \$400,000 came out of the General Fund, and it was moved over to the Central Business Tax Fund. When that was done, they did not reduce this project ordinance and it needed to be reduced. The net effect is the General Fund sent \$30,000 to the Central Business Tax Fund and \$370,000 to the capital project for a total of \$400,000.

Consider an Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2011-2012 – (Exhibit B)

City Manager Hal Hegwer stated this refers to funds coming out of Contingency going to the Golf Course. Funds were allocated in this budget for the improvement of the computer circuits-Broadband service. What we have now is point to point DSL for remote locations away from City Hall, and we are moving to a Broadband VSL. Essentially, it is an improved service, as we get bogged down with transferring data back and forth. The Golf Course is going to have to pay more than they have been paying, as will the Fire Department, Water Treatment Plant, and the Wastewater Treatment Plant. Ultimately, this will save us about \$2,200 per year. This ordinance moves money over to accommodate that.

Mayor Pro Tem Gaskins asked how that saves us \$2,200. Mr. Hegwer explained that the IT Department is paying \$419 and Golf is paying about \$20, and so are some of the other locations. The new service will eliminate IT's \$419 per month. It is deferred saving because there is added cost. The new service will cost a little more for installation.

Consider Request to Establish Just Compensation for the Purchase of Property Located Within the FY 09 Community Development Block Grant Project 09-C-2075 Maple Avenue Revitalization Program – (Exhibit C)

Community Development Manager Karen Kennedy stated that as part of the Maple Avenue Community Development Block Grant Project, we placed in the original application the purchase of some properties. A mini park was also placed in that application. The purchase information before Council is for a parcel from Randy Johnson –305 and 307 Fourth Street. Mrs. Kennedy stated that they have worked with Mr. Johnson in coming up with a fair offer based on an appraisal. Also, since we started working with him he did not rent one of his units, so that there would not be relocation costs to the City. He asked for a fee based on lost rent. The acquisition price is \$46,500. His lost rent amount is \$1,875 for a total purchase price of \$48,375. Council must set the Just Compensation for Real Property. The purchase agreement details the information about the appraisal, the identification of the parcel, and the issues surrounding this purchase.

Once the property is purchased, Mrs. Kennedy explained, there is a tenant in one of the mobile homes, and they have been working with the tenant for their relocation. They are due relocation benefits that were approved in the process. Once the tenant is out, a contractor will be hired for demolition, and site improvements will begin for the mini park to be on this parcel. This is an amendment change because the park had been planned on a parcel across the road and that person was not willing to work with the City. Mrs. Kennedy will be coming to Council for an amendment in the next few months to change the location of the park.

Mayor Olive asked how big those lots are. Mrs. Kennedy responded that they are a little under an acre. Mayor Olive asked if this is the going rate. Mrs. Kennedy stated that they had a fair market appraisal done and a review appraisal. Mayor Pro Tem Gaskins asked over what time frame the \$1,875 was and how many months that covered. Mrs. Kennedy stated within the last three or four months. They started talking to him about four months ago. Mayor Olive asked what happened if the lady decided not to move. Mrs. Kennedy stated that the City would then become a landlord, but she did not think that would happen. They did some groundwork to be sure she was interested before she brought it to Council. The relocation payment is part of the grant and it can be between \$5,000 and \$15,000 depending upon where she goes. These are the same rules that apply for DOT for acquisition and relocation. It is based on the monthly rent and utilities compared to what she will be paying and a calculation for the difference. The funds come from the Community Block Grant. Mrs. Kennedy stated that no demolition or site improvement work will begin until the tenant has been relocated.

Council Member Williams asked if the mobile homes could be sold. Mrs. Kennedy stated that she would ask. Mr. Williams asked if the park came out of the state grant. Mrs. Kennedy stated that that \$50,000 was approved to go for the park. The parks were considered “innovative” and that helped in obtaining the grant.

Consider Budget Ordinance Amendment for Engineering Wastewater Study for the City of Sanford, Pittsboro, and Chatham County – (Exhibit D)

Public Works Director Vic Czar explained that the Town of Pittsboro is considering a wastewater plant expansion, and it is beneficial to look into the potential for them to use us for the wastewater treatment portion of their wastewater expansion. They have received a proposal from McGill & Associates to look at the capital component of Pittsboro’s wastewater expansion versus construction of a lift station and force main to deliver the wastewater to us, as well as any other environmental or regulatory benefits that may be achieved for each of the potential alternatives. The total cost of the project is \$24,500 and it would be a joint venture between us and the Town of Pittsboro. Mr. Czar believes it is in the best interest of Sanford to proceed with this contract through Chatham County with McGill & Associates. Our portion would be \$12,250. The budget amendment will come before Council for a vote at Tuesday night’s meeting.

Council Member Cohen asked if Pittsboro sold their wastewater to the rock quarry. Mr. Czar stated Pittsboro has an agreement for some reuse or treated wastewater with 3M. Mayor Pro Tem Gaskins asked, “If this goes through, would this be an opportunity to reduce some water rates for our citizens.” Mr. Czar responded that we would be looking at that or other financial benefits, such as a postponement of any future increases.

Mayor Olive asked what other costs Mr. Czar anticipated other than half of the cost of the study. Mr. Czar stated that there would be some costs to us in the treatment, but that would be in the rate. City Manager Hegwer stated that this is approving a study and there would be no other effort on our part unless the study reveals that we need to look at it further. There may be some staff time used. Mr. Czar stated that there are three potential results from this effort. First, it might be determined to be financially sound for Pittsboro and us to go forward and look at it. Second, there is no way this makes any sense, and don’t go forward. Third, it might be determined that some further study needs to happen.

Mayor Olive questioned what type of issues the study would entail. Mr. Czar stated capital costs, environmental benefits or pros and cons, regulatory hurdles that may crop up or be done away with for either of the alternatives. It will be an engineering-type analysis. Council Member McNeil asked what impact this would have on our plant. Mr. Czar stated that no volumes or length of contract terms have been talked about, so it would be difficult to quantify the exact impact on the plant until we get to that stage, if that stage comes up; however, Mr. Czar saw it as inevitable with growth that at some point if there is capacity that someone else is using and we reach the capacity that we are building sooner, it would mean further expansion.

Mayor Olive stated that one of the concerns she has heard regarding this is that it may make Chatham County more competitive from an industrial-economic perspective. Mr. Czar

responded that he believed they would have wastewater capacity, anyway we go. He believes they are lining up to do their own wastewater treatment plant expansion now. Mayor Pro Tem Gaskins stated that we could have a cap on their extension if we provided the service. Mayor Olive stated that a large plant going into an adjoining county would still provide jobs for people in Lee County. Council Member Williams agreed with Mayor Olive, saying that what affects them also affects us. He stated that Chatham County is like a third party in this, but we must always be mindful that Pittsboro is in Chatham County. It would be hard to negotiate with Pittsboro or Siler City without negotiating with Chatham County.

Council Member Taylor stated that growth in Pittsboro can't be looked at just from the standpoint of manufacturing. Out toward Graham, there are six or seven fully-developed, shovel-ready neighborhoods that don't have houses in them, at all. They have curb and gutter and lighting and one has a golf course, but there are very few houses out there. They are looking at residential growth, as well. Mr. Taylor stated that the impact fees in Pittsboro are enormous, paid even to maintain empty lots in Pittsboro.

Consider Discussion of Memorandum of Understanding with Lee County Concerning 911 Back Up Center – (Exhibit E)

City Manager Hegwer stated that Lee County is currently in the process of expanding their emergency operations center in the basement of the courthouse. This will include a backup center to the city's public safety answering point. Construction is planned to start at the beginning of next year. This is a memo of understanding between us about how we will be able to access that center in the event of our center's going down or becoming problematic. It lays out how we would access their facility and our rights to it. Our staff would be mobilized to their center and we would train in that center and use it in conjunction with ours at times.

Mr. Hegwer explained that there would be requirements as we enter and exit their building and use their facility and written documentation of our use with a computer system or fob system in place so that we don't have to do all those things manually. Mr. Hegwer, otherwise, does not see a problem with it. They would like to have this agreement in place to continue the construction process at the courthouse. Mayor Olive clarified that that facility would only be used for emergencies or training. Mr. Hegwer stated that the backup center will be a small component inside the expanded emergency operations center in an expansion of the Sheriff's Department. Council Member Brown asked if Mr. Hegwer had any input into this. Mr. Hegwer responded that this was strictly sent from the County, but it is the City staff who will be providing that service to the entire County. This memorandum is for access because our staff will need to get in there quickly in the event of an emergency. We will only be there for training purposes, for emergencies, and for any times our center might go down or we might lose our 911 communications for any reason. We would mobilize to that facility and operate in that facility. It will be an exact replica of what we have here. If our operations go down, that center will automatically be activated. Mr. Brown stated personnel would need to be there twenty-four hours a day. Mr. Hegwer stated that there will be personnel there with the Sheriff's Department. Mayor Olive stated it would be crucial to have trained personnel there. Mr. Hegwer stated that 911 calls can be rerouted when necessary.

Council Member McNeil asked if this would affect our funding of the 911 Center at City Hall. Mr. Hegwer did not think so, though it is hard to predict. He believes some grant opportunities will be used to pay for the capital costs involved. There will be an additional recurring expense, but he believes the funding model will be changed to pay for those. Mr. McNeil expressed concern about losing some funding for the 911 Center here. Council Member Brown asked how the City gets the money if the 911 funds go directly to the County. Mr. Hegwer explained that the City requests the cost to run the existing 911 Center here. The Sanford Police Department is the designated PSAP (Public Safety Answering Point) for the County, and Mr. Hegwer does not believe that will change. The latest agreement between the City and the County has the funds to come into the County and those funds come to us to cover costs of operation and some will go to cover the cost of the backup center. He does not see any problems with that.

Council Member Williams stated that he wanted to be sure the City attorney gets to look at the agreement. City Attorney Patterson stated that she had seen the agreement and it is a memorandum of understanding between the two bodies. It does not deal with aspects of the Public Safety Answering Point; it basically says that we are agreeing that they will have a backup PSAP at their facility and details what the responsibilities are between the two parties when it is accessed by people who are not employed by the County. It calls for a log in and a log out system and other information that has to be provided. It could as easily have been done in a policy. This memorandum does acknowledge that this is the backup PSAP for the County and City. It states the personnel who are designated to be in charge; for us, it will be the Director of Communications in the Police Department and for them, it will be the Emergency Management Director. It calls for a verbal notice if our center is down and we are going to use the backup center, and then the log in and log out procedure. It is a protocol to follow. More agreements may be necessary once the backup center is up and ready to go.

Mr. Hegwer stated that the bottom line is they control the funds, and even if we had aspirations to build a backup (which we did have years ago), they control the funds. Attorney Patterson stated that she could not guarantee that the backup PSAP would never become the PSAP. Mayor Olive asked how soon it would cloud that issue. Mr. Hegwer replied that as soon as the law changes again. The General Assembly has changed this. Attorney Patterson noted that the State recommended a backup because if one center goes down, you need to be able to roll over to another center. Mr. Hegwer stated that a backup center is really needed, wherever it is. It is critical when the center goes down. Attorney Patterson stated that regional and statewide areas for backup systems have been recommended. Mr. Hegwer stated that the 911 Board would have to approve this agreement.

Council Member Williams stated he would like to know how other cities who have their backup centers in place have handled it.

#### Development Report – (Exhibit F)

Community Development Director Bob Bridwell stated that activity is diminished somewhat for the winter season. He reviewed the items covered on Exhibit F.

Permits Issued Report – (Exhibit G)

Community Development Director Bob Bridwell reviewed the Zoning Development Report covered on Exhibit G.

Council Member Taylor asked if we had seen an activity increase in the areas affected by the tornado. Mr. Bridwell stated that we continue to have activity on that, but it probably peaked in August for building permits for replacements. They are down to a few difficult cases right now with owners who have not been able to start rebuilding or still have some debris removal pending. For the most part, that activity has taken place. Mr. Bridwell said they were very pleased with the commercial response they have had. He believes that the renovations at Tractor Supply and Big Lots are about to happen.

Council Member Williams asked about the sushi bar. Mr. Bridwell stated that that property has been purchased and the building will be demolished shortly. Mr. Williams asked if a new building would be built to replace the modules being used for break rooms at Moen. Mr. Bridwell stated he would check on that and let him know.

Other Business

Council Member Cohen stated that the double turn lane on U.S. Highway 421 had been closed and was putting more traffic out there. He asked what they were doing. Mr. Bridwell stated they were on schedule with most of those activities and there would probably be some minor changes of traffic lanes as they do each section. Mr. Bridwell stated he would get him a report.

Mayor Pro Tem Gaskins expressed appreciation for being chosen for a second term by Council as Mayor Pro Tem.

Council Member Taylor thanked the Police Department on a successful high-speed chase to pick up guys on warrants that ended successfully. Mr. Taylor hoped we could get more buy-in for these landlords of these rental properties, as they are becoming eyesores and nuisances in well-established neighborhoods.

Mayor Olive stated a certificate of authenticity has been received regarding the purchase of an olive tree on behalf of the people in Sanford and Lee County. It was done by a prayer group and the olive tree will be planted in Israel. Ten percent of the proceeds from the sale of any olive products will be donated to humanitarian aid organizations in Israel. Mayor Olive was informed of this by Gael Hogan. She thanked her.

Mayor Olive expressed appreciation to retiring Council Members Linwood Mann and Bob Brown for their work on the Council over the years.

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

Motion to Go into Closed Session

City Attorney Susan Patterson stated that a motion was needed to go into closed session in accordance with NCGS 143-318.11(a)(3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege. Council Members Poly Cohen and Walter McNeil made the motion to go into closed session; seconded by Council Member Brown, the motion passed unanimously.

Adjournment

Having no further business to come before the Law & Finance Committee, the meeting was adjourned upon the motion of Council Member Poly Cohen; seconded by Council Member Walter McNeil, the motion passed unanimously.

Respectfully submitted,

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Cornelia P. Olive, Mayor

ATTEST:

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Bonnie D. White, City Clerk