

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

A special meeting of the City Council was held at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Wednesday, April 25, 2012 at 1:00 P.M. to receive comment from the public and businesses regarding the method of sales tax distribution from per capita to ad valorem by Lee County.

The following people were present:

Mayor Cornelia P. Olive	Council Member L. I. (Poly) Cohen
Mayor Pro Tem Sam Gaskins	Council Member Rebecca Wyhof
Council Member Jimmy Haire	Council Member Walter H. McNeil, Jr.
Council Member James G. Williams	Council Member Charles Taylor
City Manager Hal Hegwer	City Clerk Bonnie D. White
City Attorney Susan C. Patterson	

Mayor Cornelia Olive called the meeting to order. She advised that this meeting is being held to hear from the public and businesses that would like to comment regarding the redistribution of sales tax by the County of Lee.

ITEM FOR CONSIDERATION

Receive Comment from the Public and Businesses Regarding the Method of Sales Tax Distribution from Per Capita to Ad Valorem by Lee County

James W. Mills, residing at 325 North Franklin Drive, said that he is 81 years old and has spent about half of his working years working in municipal and county government. He is very familiar with some of the issues that come up. He said the method of sales tax distribution by the County of Lee does not need to change. Mr. Mills said the City is doing a good job and they will continue to do better than Lee County. He is in support of whatever it takes to keep the method the same as it has been in the past. He does not agree with the County changing the method of sales tax distribution.

Kirk Smith, residing at 3108 Avents Ferry Road, said that, as a county taxpayer, he wanted to thank the Council for subsidizing the City's golf course; thank Council for the opportunity to subsidize the theater; thank Council for the opportunity to subsidize the Economic Development Corporation; thank Council for the opportunity to subsidize the City's excessive fund balance and the City's parks and recreations. He said most of all he enjoys subsidizing the water treatment plant that is going to benefit Chatham County. Mr. Smith said the primary role of government is to protect life, liberty, and property. He is appalled by the fact that any time the City talked about redistribution of monies, the first thing the City wanted to do is cut firefighters and law enforcement when their responsibility is to support and protect life, liberty and property. He encouraged Council to cut some of the fat that the City budget has on some of the items he mentioned. He recommended working with the County and maybe investigating more of the possibility of doing one-half and one-half like Onslow County does where one-half is ad valorem and one-half sales tax. He urged them not to raise taxes.

Bob Joyce, residing at 2003 Vantage Pointe, representing the Chamber of Commerce, said that their board is very concerned about the redistribution of sales tax because most businesses are located within the City limits or the Town of Broadway. They believe without any other adjustments, that a strict shift in the sales tax distribution would put a disproportionate burden on businesses. He said before anything is decided, we need to have some very serious discussion at how we arrived at this point. We have tried to balance for years and years, the tax burden between the City and the County. We have done a fantastic job in this community of merging City and County departments and the sales tax distribution is a part of that entire puzzle that has been put together over thirty years. One of the reasons that a large portion of our industrial park is not included in the City and the City receives no property taxes from a large portion of this park because of these agreements about sales tax distribution. This puzzle has been put together for over thirty years and has served the community very well and before we make any drastic changes to the way the tax burden is shared between the City and County taxpayers, we need to study it very carefully.

Keith Clark, residing at 212 Acorn Drive, presented a powerpoint presentation (Exhibit B) on this issue. He said he has a different perspective on this issue. He would like to put into perspective this issue as it confronts the County. The County faces two challenges. You must create acceptance of two facts: (1) As Sanford goes, so goes Lee County; if you cut the heart out, the rest of the body shrinks; (2) You are going to have to create public acceptance that Sanford's management of current sales tax allocation is the highest and best use of the revenue. He said the issue of sales tax allocation is political and the odds are against a good solution for Lee County. The issue could be unfavorably ended in December 2012. Politics are the activities associated with the governance of a geographical area. The genesis of the issue is more than seeking a narrow electoral objective. There is one but it is not his purpose. There are different budgetary demands on the bodies; different perceptions of stewardship; nature of leadership; and shared agreements. It is a political issue, not in the sense of Republican versus Democrat or an effort by the Council to elect or not elect an individual but it is a political issue in that this public opinion needs to be swayed because part of politics is a process by which things are governed. When he is talking about political, he is not talking about getting involved in a specific race, but about creating an environment in which citizens can make the best assumptions.

Mr. Clark stated we should use respected local leaders as an Action Team to lead concept implementation; commit all the resources recommended by the Action Team; and monitor and recommend corrective action. He said he is not talking about what needs to be done by the Action Team but he is talking about staff under the direction of the mayor and council. He suggested having an outside group to be the quality control group to make sure we are staying true to whatever we agree to do. Now is the time to establish a reputation for outstanding leadership.

He went over some initial steps and urgent actions that he felt should be taken as listed on the Exhibit B. He said Council has two challenges. One is to create public acceptance of the idea that if Sanford goes, so goes Lee County; what is good for Sanford is good for Lee County. Second, you have to demonstrate between now and November and convince the public that Sanford's management of the current sales tax allocation is the highest and best use of the revenue. Mr. Clark explained that this will require Council to act in a different way than they

have acted before; make some strategic decisions; move forward firmly and quickly in a manner and style Council has yet to demonstrate. Mr. Clark stated that he believes it is important that this be done so that the best decision can be reached and he believes it is to leave the sales tax distribution method as it is now.

Council Member Williams said that the City Council has worked with the County on a number of issues, such as the airport. The City invested in the airport and we are seeing some benefits but not in the way of property; the County collects the taxes. Mr. Williams felt it started last year when the budget was being discussed and Council decided to give the City employees a cost-of-living raise and the County did not. We need to talk with each other to know what each entity is doing, possibly through the managers, to let them know which way our budget is going so they can follow suit, or we can reach some kind of consensus so we are not out of step with each other.

Mayor Olive asked if there was anyone in the audience that wanted to speak and did not sign up. There was no response.

ADJOURNMENT

Having no further business to come before the council, the meeting was adjourned upon the motion of Council Member Walter McNeil, Jr. Seconded by Council Member L. I. "Poly" Cohen, the motion carried unanimously.

Respectfully submitted,

CORNELIA P. OLIVE, MAYOR

ATTEST:

BONNIE D. WHITE, CITY CLERK