

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 18, 2013 at 7 P.M. in the Council Chambers. The following people were present:

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| Mayor Cornelia Olive | Council Member Charles Taylor |
| Mayor Pro Tem Sam Gaskins | Council Member L. I. (Poly) Cohen |
| Council Member Jimmy Haire | Council Member Walter H. McNeil, Jr. |
| Council Member James Williams | Council Member Rebecca Wyhof |
| City Manager Hal Hegwer | Deputy City Clerk Janice Cox |
| City Attorney Susan Patterson | |

Absent: City Clerk Bonnie D. White

Mayor Cornelia Olive called the meeting to order. A moment of silence was observed. The Pledge of Allegiance was recited.

PUBLIC COMMENT- (Exhibit A)

Sheila Barber of 232 Palace Drive stated that any tax increase would hurt the citizens and that unemployment is high. She stated that Mayor Pro Tem Gaskins was worried about the tax revaluation and that a council member was worried about the bond referendum. She asked Council to look into their hearts and tell her if they are that concerned about those two items, why they are not concerned at all about a tax increase on the citizens. She believes that some people will move if the taxes continue to increase.

APPROVAL OF AGENDA

City Attorney Susan Patterson asked to add an Item G to the Regular Agenda—Consider discussion on extension of the interlocal agreements with Lee County for an interim period. The amended agenda was approved unanimously upon motion of Mayor Pro Tem Sam Gaskins and seconded by Council Member Rebecca Wyhof.

CONSENT AGENDA

Approval of Law and Finance Committee Meeting Minutes Dated January 30, 2013 – (Exhibit B)

Approval of City Council Meeting Minutes Dated May 21, 2013 – (Exhibit C)

Approval of Memorandum of Understanding Between the City of Sanford and the Sanford Housing Authority – (Exhibit D)

Approval of Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2012-2013 - (Funds for Hawkins Avenue Waterline Project) – (Exhibit E)

Approval of Capital Project Ordinance – Hawkins Avenue Waterline Improvements – (Exhibit F)

Approval of Ordinance Amending the Annual Operating Budget for Fiscal Year 2012-2013 – (Conceptual Rendering of Splash park Designs) – Exhibit G

Council Member Walter McNeil made the motion to approve the Consent Agenda items; seconded by Mayor Pro Tem Sam Gaskins, the motion passed six to one with Council Member Charles Taylor casting the dissenting vote.

Special Agenda

Presentation of Proclamation “Asking Saves Kids Day” – (Exhibit H)

A group of children who had been participating in a police program stood behind Mayor Olive as she read and presented the proclamation regarding the epidemic of gun violence. Mayor Olive proclaimed the first day of summer as “ASK DAY” in Sanford and called upon the people to recognize the importance of this campaign to the health, safety, and well-being of local children and families by participating in planned activities and celebrations. The “Asking Saves Kids” campaign urges parents to ask their neighbors if there is a gun in their home before sending a child over to play.

CASES FOR PUBLIC HEARING: to be held jointly with the Planning Board

Application by Steve Malloy of Adcock & Associates Real Estate – to rezone 3.12 acres +/- located east of and adjoining 3290 McDonald Drive from Residential Single-family (R-20) Zoning District to Light Industrial (LI) Zoning District. The property is the same as depicted on Lee County Tax Map 9651.12 as Tax parcel 9661-05-0903-00 Lee County Land Records – (Exhibit I)

Planner II Amy McNeil stated this property is in the city’s extra-territorial jurisdiction. It appears to have been intended as additional acreage to assist with the redevelopment of the adjoining tract which is under the same ownership—Solus Industrial Innovations, LLC. The adjoining tract is developed with a large commercial building which leaves limited room for the installation of parking and other site improvements. Both tracts of land are currently for sale; therefore, the realtor has submitted a rezoning request on behalf of the property owner with the goal being that both tracts of land will be zoned Light Industrial (LI). See Exhibit I for additional details.

Staff recommends that Council and Planning Board support this rezoning petition as it appears to be reasonable and in the public interest based on the existing zoning of Light Industrial (LI) on the adjoining lot which fronts McDonald Drive and is also under the same ownership. The 2020 Land Use Plan map does not identify a specific land use for the subject property; therefore, current development trends and the surrounding zoning of the neighborhood should be considered. Information presented at the public hearing may provide additional information that should also be considered regarding a final decision on the requested zoning map amendment.

Mayor Olive opened the public hearing. No one had questions for Ms. McNeil. No one spoke in favor of the rezoning. No one spoke against this rezoning petition. Mayor Olive closed the public hearing.

The Planning Board retired to the West End Conference Room for deliberation.

Public Hearing on Bond Order Authorizing the Issuance of \$4,000,000 General Obligation Greenway Bonds of the City of Sanford, North Carolina – (Exhibit J)

Mayor Olive opened the public hearing. No one spoke in favor and no one spoke against. Mayor Olive closed the public hearing.

Public Hearing on Bond Order Authorizing the Issuance of \$6,500,000 General Obligation Streetscape Bonds of the City of Sanford, North Carolina – (Exhibit K)

Mayor Olive opened the public hearing. Richard Hayes of 2004 Vantage Point, Sanford, North Carolina, spoke in favor of this bond. He thanked Council for their decision to place before the citizens of Sanford a significant and comprehensive bond referendum to be voted on. He stated that the passage of this bond, with emphasis on much needed investment in Downtown infrastructure and revitalization, will go a long way in helping propel Sanford out of the remaining remnants of the Great Recession. It will move us wisely where we must go if we are to compete with other progressive towns and cities our size in the region. It will enable us to thrive in the challenging decade ahead of us. He stated that as a member of the Railroad House Historical Association, his message and request to Council comes with the warmest greetings and grateful good will of their board of directors, many of whom are present this evening. These comments reflect the 100 percent, unanimous sentiment of the board seeking council's partnership with the Railroad House Historical Association as council feels is appropriate to find a way soon to acquire this historic treasure of a landmark train station. Visitors to Sanford tell them that Depot Park is the symbol and heart of Sanford. We are a part of a long and proud history which we must embrace and proclaim. Union Train Station is the final and most important part to fall into place. He stated that they believe it is their responsibility and duty to bring this investment opportunity with some investment and operational ideas to you our elected city representatives to find a way to enable the transfer of the deed of this building to the City of Sanford once and for all. They believe the train station should be fully restored and preserved for all times, for all generations to come. It should be our legacy to the revitalization and future prosperity of Sanford. It could be a much-needed magnet and catalyst to our Downtown business community and the historic heart of Sanford. He believes the current owners will be open to help find a 2013 financial solution which honors their investment and good maintenance through past decades. Many tell them that Depot Park has become the location which most attracts and returns visitors to Sanford from across the state and beyond. Mr. Hayes suggests that this building will become the symbol of the park, highly utilized, perhaps as a visitor center or to serve as an annex to the Railroad House. Mayor Olive asked Mr. Hayes to introduce the members of the Railroad House Historical Association who were present in the audience.

Council Member Jimmy Haire stated that this is the ultimate that the people get to go to the polls and vote if they want it. Staff has spent over 100 hours on this proposal. He believed that the people should be given the right to vote on this bond referendum.

Council Member Rebecca Wyhof stated that trust was put in council members when they were elected and it was a big issue in her campaign. It is something that has been on the minds of people for a long time. People have invested a lot of time in this. It is a real vision for the community and she would like to see the people have a chance to say “yes” and for council to move on with the project.

Council Member James Williams stated there was no law that said they had to have this on the ballot in November. City Attorney Patterson stated that a referendum can be held at any time. You just have to give the Board of Elections enough time to get the ballots prepared.

Council Member Charles Taylor stated he was at a complete loss. He stated that they had just voted on a Consent Agenda that carried a \$7,000 expenditure for plans for a splash park that would be taken off the table tonight. He wanted to know why they had spent \$7,000 for nothing after arguing yesterday that they couldn't find \$4,000 in the budget for an employee luncheon. He stated it was inexcusable. He stated that looking at Mr. Williams's comment about having a hearing at any time. He stated that this was the same individual who spoke out about the \$35,000 cost of having multiple elections. Mr. Taylor stated it was egregious for council to think about these issues and make these comments and statements without careful thought about what was being said and how council supports things. He stated he was making a clear statement that when council makes an issue about money being spent on a partisan election, don't complain about doing a bond referendum at a different time and causing additional expenditures to the city.

Council Member Williams stated that as a board member, he felt he had the right to ask questions. He stated that he was on the fence about which way he was leaning prior to asking the question. He wanted to weigh all the facts. If the referendums could be held at a different time than November, he needed to know all the facts before he decided which way he was going. He stated he didn't understand people taking the questions he asked and deciding which way he is going to vote. He stated he had not had a conversation with Council Member Haire about this referendum except that when he first arrived, Mr. Haire was showing him some paperwork.

Mayor Pro Tem Gaskins stated that he appreciated Mr. Haire and Ms. Wyhof's opinions with respect to getting this done as quickly as possible. However, while they were making decisions and reviewing that, they had held over them a \$1.6 million loss based on the current fourteen months because of the county's redistribution of the sales tax. He stated they are struggling to figure out how not to raise taxes above the \$.54. The voters currently do not know what is going to happen with the county. We anticipate they will give a \$.03 reduction. They don't know what the council is doing because they have not yet determined that. He stated he was expecting that if the city maintains the \$.54 and the county gives a \$.03 reduction, most people will come out ahead. Those people who are most hurt will be those who have had a major revaluation of their homes. Until the people have the opportunity to see what their personal financial situation is, he thinks this council should table the bond issues.

Council Member Taylor asked for clarity on the timing of this because Mr. Haire gave some very important dates. One of the first meetings in the retreat was on the tail end of the commissioners' meeting when they took the ad valorem tax away from us. It was at that meeting

that council members saw the spreadsheet and knew what they were looking at dollar-wise to recover the \$1.4 million; not the \$1.6 million that Mr. Gaskins referenced. One of the first things brought up was a bond referendum and how the projects could be rolled in. He might not agree in principle with all the referendums, but he stated he would never, ever deny the citizens the right to vote on them. He thinks it is despicable that they can spend staff time and effort and bring outside people in and take votes and vote to get it this far and then pull it off the table at the eleventh hour. He stated that was something he would not have to explain to the citizens of Sanford.

With no one else requesting to speak, Mayor Olive closed the public hearing.

Public Hearing on Bond Order Authorizing the Issuance of \$2,000,000 General Obligation Sidewalk Bonds of the City of Sanford, North Carolina – (Exhibit L)

Mayor Olive opened the public hearing. No one spoke in favor of the bond. No one spoke against. Mayor Olive closed the public hearing.

Public Hearing on Bond Order Authorizing the Issuance of \$2,000,000 General Obligation Parks and Recreation Bonds of the City of Sanford, North Carolina (Exhibit M)

Mayor Olive opened the public hearing. No one spoke in favor. No one spoke against. Mayor Olive closed the public hearing.

Regular Agenda

Consider Resolution of the City Council of the City of Sanford, North Carolina Making an Additional Statement of Fact Concerning the Proposed Bond Issue – (Exhibit N)

Finance Director Melissa Cardinali explained that is the additional statement of fact to state publically in a resolution that the potential maximum tax increase, if all bond orders pass by the public, would be \$.05.2. (5.2 cents). Council Member Haire clarified that would be if they all pass and start at the same time. He stated he felt wholeheartedly that the people should have a chance in November to go to the polls and decide on the bond referendum.

Council Member Taylor asked if all the bonds passed in November, how long it would be before they started work on each one and completed work. Mrs. Cardinali stated they would not enter the bond market until the project were at the points where they could take the bonds to market and she was not sure, from an engineering point, which project was ready to go first or how long it would take to get to that point.

City Manager Hegwer stated that the Downtown project could be put together within six months to a year. You would need bids before you go to the bond market. You have five years and that can be stretched out to seven years with an extension from the General Assembly to enter the bond market. There is a considerable amount of time between the time you vote and the projects are completed. A reasonable guess might be eighteen to twenty-four months. Mr. Taylor stated there could be complete turnover on the board by that time. He encouraged council to give the citizens what they asked for, and that is representation and the ability to make decisions.

Mayor Olive questioned the cost. Mrs. Cardinali stated we would incur costs as we proceed to go into the bond market or to the vote. City Attorney Patterson explained that the Board of Elections has told her that when we share the election, the costs are divided proportionally. Mr. Haire stated that the opportunity is now and that the college is pushing for a bond referendum in 2014. Mr. Taylor asked what could happen to the interest rate in the bond market if it was a half a percentage point higher. Mrs. Cardinali stated that she had not looked into that. The rates could go up or even down a little bit before they rebound up. A lot is timing. They have not seen a great deal of movement at all over the last few years in the interest rates.

Council Member Rebecca Wyhof made the motion to approve this Resolution of the City of Sanford, North Carolina Making an Additional Statement of Fact Concerning the Proposed Bond Issue. Council Member Jimmy Haire seconded the motion. The motion passed with a five to two vote. Council Members Rebecca Wyhof, Poly Cohen, Charles Taylor, Jimmy Haire, and James Williams voted in favor of this resolution; Mayor Pro Tem Sam Gaskins and Council Member Walter McNeil voted against.

Consider Resolution Setting a Special Bond Referendum and Directing the Publication of Notice of a Special Bond Referendum and Notification of the Lee County Board of Elections – (Exhibit O)

Mayor Pro Tem Gaskins made a motion to table this resolution. Council Member McNeil seconded the motion.

Mr. Gaskins stated that he would like to see the streetscape, but people are saying they want the voters to decide. Those who have come here to speak in the past have all recommended against our adding anything to the tax issue. He wants the voters to know how this affects them individually so they can vote intelligently. Council Member Taylor advised council to vote their convictions. He asked that they do some soul searching before staff time is spent in exercises of futility.

Mayor Pro Tem Sam Gaskins and Council Member Walter McNeil voted in favor of tabling the motion. Council Members Charles Taylor, Jimmy Haire, James Williams, Rebecca Wyhof, and Poly Cohen voted against tabling. The motion to table the resolution failed with two votes in favor and five against.

Council Member James Williams made a motion to approve the resolution. Council Member Rebecca Wyhof seconded that motion. Council Members Charles Taylor, James Williams, Jimmy Haire, Rebecca Wyhof, and Poly Cohen voted in favor of approving the resolution. Mayor Pro Tem Gaskins and Council Member Walter McNeil voted against. The motion to approve the resolution passed with a five to two vote.

Consider Ordinance Amending the Annual Operating Budget for Fiscal Year 2012-2-13 – (Exhibit P)

Finance Director Melissa Cardinali explained that this ordinance moves \$100,000 in the Utility Fund from Contingency to Sewer C & M to allow them to deal with any sewer line emergencies that might occur before June 30. In the General Fund, it would increase the Ad Valorem budget and increase the Street Department expenditures by \$15,000. There were a few

more expenses in insurance and bonds this year for that department. Maintenance and Auto came in a little higher than anticipated due to some large items. Mrs. Cardinali stated that this appears to be the only two departments that needed to be amended at this time to get through the end of the fiscal year.

Council Member Poly Cohen made the motion to approve the ordinance; seconded by Council Member James Williams, the motion passed unanimously.

Consider Request to Form an Exploratory Committee on Developing a Sister City Relationship with Yixing, China

City Attorney Susan Patterson stated this would be a committee the council would serve on to determine whether or not to develop a Sister City. There is no limit on the size and citizens could be included. How to form the committee would be determined tonight or council could decide whether or not they want to proceed. Mayor Olive stated she had heard that the people in Yixing, China already have an exploratory committee and had suggested that they could visit us first rather than waiting for us to visit them. Mayor Olive asked that any members of the council who wanted to be on the committee to contact her.

Council Member Charles Taylor made the motion that council consider entering a relationship with Sister City Yixing in China. Seconded by Council Member Poly Cohen, the motion passed unanimously.

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

City Attorney Patterson explained the procedure. Each board is taken separately. The list of applicants is in the agenda packet before council. Nominations are needed, but seconds are not. Someone will move to close the nominations and elect the applicant. If more than one person has been nominated, council would need to vote on each one individually to determine who would be elected. A motion to close the nominations would need to be made and a motion made to elect.

Mayor Pro Tem Gaskins asked about the policy on reappointments. Attorney Patterson stated that there is a general policy in our Code Book that was passed many years ago that says normally people are appointed to two three-year terms; however, Council has the ability to wave that in their discretion. On some boards, experience and continuity are valuable to the process.

Council Member Charles Taylor asked Attorney Patterson to address ethics related to serving on the boards. Attorney Patterson stated that Council Member Taylor had asked whether the consideration of the appointment of a council member to a city board or commission would constitute a conflict in the event the council had to have a vote before it for such things as to loan money to the board. The laws require city council members to vote on everything that comes before them except for those that impact their own financial interest or their official conduct. They cannot enter into any contracts that affect their own financial interest. It does not refer to liaisons to the boards, but to full-voting members. In the past, council members have often been appointed to boards and commissions. That does not negate their ability on the council to vote for items which may also impact those boards and commissions because they are required to vote on everything that does not impact their own financial interest. Recently, the legislature has

enacted more ethics requirements on local boards and commissions, including the requirement that you have ethics education after every time you are elected within that twelve months. They require that council obey all laws; act with integrity and independence; avoid impropriety. They are required to exercise their official duty; faithfully perform the duties of their office with transparency; and get their ethics education. The City Council adopted an ethics policy to follow those laws. There is no general prohibition against members of the council serving on boards and commissions. If there is a matter that the council member feels would affect them or might be construed as an appearance of impropriety, it is incumbent upon the council member to request to be abstained from the vote. That is the way council has handled it in the past.

Council observed a ten-minute break.

Mayor Olive called the meeting back in session following the ten-minute break.

ABC Board

One appointment was open for this board. Council Member Charles Taylor nominated Lisa McBryde. Council Member Rebecca Wyhof made a motion to close nominations. Seconded by Council Member James Williams, the motion passed unanimously. Council Member Poly Cohen moved to elect Lisa McBryde by acclamation. Seconded by Council Member Rebecca Wyhof, the motion passed unanimously.

ADA Committee

There were no applicants for this committee. Three appointments are needed.

Airport Authority

One appointment was open on this board. Council Member Charles Taylor nominated Chris Willis. Council Member Walter McNeil nominated Poly Cohen. Council Member Taylor moved to close the nominations. Seconded by Council Member James Williams, the motion was approved unanimously. Chris Willis received one vote (Charles Taylor) and Poly Cohen received five votes (Mayor Pro Tem Gaskins and Council Members Williams, Haire, Wyhof, and McNeil). Mr. Cohen is elected.

Appearance Commission

Council Member Wyhof made a motion to elect Nancy Kimble by acclamation. Seconded by Council Member James Williams, Nancy Kimble was elected unanimously. There is still one appointment open on this board.

Board of Adjustment/Housing Board of Appeals

There are three appointments open. Alan Dossenbach and Joe Johnson reapplied. Council Member Poly Cohen moved to elect both by acclamation. Seconded by Council Member Walter McNeil, the vote was unanimous. One other appointment is needed.

Historic Preservation Commission

Three appointments are needed. Mayor Pro Tem Gaskins nominated John Shearing who reapplied. Council Member Taylor nominated Jonah Godfrey and Christy Crouch. Mr. Taylor made a motion to close the nominations. Seconded by Council Member Jimmy Haire, the vote

was unanimous to close the nominations. Council Member Charles Taylor made the motion to elect the three nominees. Seconded by Council Member Jimmy Haire, the motion passed unanimously. John Shearing, Jonah Godfrey, and Christy Crouch are elected.

Lee County Economic Development Corporation

There was one appointment open and one applicant. Mayor Pro Tem Gaskins nominated Donnie Odom and to elect him by acclamation. Seconded by Council Member Charles Taylor, Donnie Odom was elected unanimously.

Environmental Affairs Board

There are seven appointments open—four to serve three-year terms and three to serve two-year terms. For the three-year terms, Council Member Charles Taylor nominated Craig Shore, Jane Smith, Ruth Nieto, and Ashley Braxton. For three-year terms, Council Member Rebecca Wyhof nominated Brooks Gage and Bill Tatum. Council Member Taylor made a motion to close nominations for the three-year terms. Seconded by Council Member Haire, the motion passed unanimously. Brooks Gage with 6 votes, Craig Shore with 6 votes, Jane Smith with 7 votes, and Bill Tatum with 6 votes were elected to serve the three-year terms.

For the two-year terms, Council Member Charles Taylor nominated Ruth Nieto, Jenna Sorrells, and Ashley Braxton. Council Member Rebecca Wyhof nominated Reginald Victor Marsh, Jr. and Woods Doster. Council Member Taylor made a motion to close the nominations; seconded by Council Member Rebecca Wyhof, the vote was unanimous. Woods Doster received 6 votes; Reginald Marsh received 5 votes; Ashley Braxton received 4 votes; and Jenna Sorrells received 4 votes. Council voted to break the tie between Sorrells and Braxton. The vote on the second vote was Braxton 3 and Sorrells 4. Elected to serve the two-year terms are Woods Doster, Reginald Marsh, and Jenna Sorrells. Council Member Taylor remarked about the quality and background the candidates have.

Planning Board

There are 4 appointments and four applicants. Mayor Olive inquired if an applicant could serve on more than one board. City Attorney Patterson explained that the state law allows for having one elected and one appointed position or two appointed positions. Council Member Taylor nominated Richard (Dick) Poletti and David Lloyd for the two regular three-year terms. Council Member McNeil made a motion to close the nominations and elect the two nominees for this regular, three-year term. Seconded by Council Member Haire, the vote was unanimous.

Mayor Pro Tem Gaskins nominated Bill Vogler to fill the vacancy on the term that expires June 30, 2015. Council Member Cohen made a motion to close the nominations. Seconded by Council Member Wyhof, the vote was unanimous. Mayor Pro Tem Gaskins made a motion to elect bill Vogler by acclamation. Seconded by Council Member Wyhof, the vote was unanimous.

Mayor Pro Tem Gaskins asked, providing it is legal, to nominate Joe Johnson to serve in the alternate position for a term expiring June 30, 2016. City Attorney Patterson stated she would like to research whether the appointment for a board that serves in two capacities satisfies

the state requirement of having two appointments. Mayor Pro Tem Gaskins made a motion to table this nomination. Seconded by Council Member Taylor, the vote was unanimous.

Sanford Housing Authority

Two appointments are available. Council Member Taylor nominated Ben Gardner and Robert Woods. Council Member Haire made the motion to close the nominations. Seconded by Council Member Taylor, the motion passed unanimously. Council Member Haire made a motion to elect Ben Gardner and Robert Woods by acclamation. Seconded by Council Member Taylor, the motion passed unanimously.

Consider Adoption of Annual Budget Ordinance for Fiscal Year 2013-2014 – (Exhibit R)

City Manager Hal Hegwer stated that two ideas had been brought up previously about additional revenue on golf. He stated they would like to look at those a little further and discuss with council members and hold off on those and move ahead with the existing fee schedule set in the budget. Those ideas will be discussed later. They can come back and change the fee schedule in the future. At the first Law & Finance meeting in July, this can be discussed.

Mr. Hegwer stated that there was a consensus yesterday about adding about \$3,800 to the budget for the employee luncheon awards program. In order to accomplish that, the amount of contingency would be reduced by \$3,800.

Mayor Olive asked the status of the Early Retirement initiative. Mr. Hegwer stated the early retirement program was introduced in order to help offset some of the impact of the reduction of sales tax from the county. That program is being offered to the employees. Employees have until August 1 to make that decision. Currently, there is not a tremendous amount of support for it. There will not be a full count, however, until August. Mr. Hegwer stated that if we have only a very minimal amount of employees who are interested in it, he would say that it might not be worthwhile to proceed.

Council Member Walter McNeil stated there was some concern about losing four policemen and asked if that were still in the budget. Mr. Hegwer stated the four additional officers added several years ago had to be continued for one year which will end in December of this year. This budget does not contain freezing those positions. One position at the front desk in the Police Department is frozen for this year. All of the officers are in the budget.

Mayor Pro Tem Gaskins made a motion to direct the City Manager to maintain the city's property tax rate at \$.54 per hundred. Council Member Poly Cohen seconded the motion. Council Member Wyhof asked what would be cut to make that happen. Mr. Gaskins replied the four police officers whose terms expire at the end of the year would not be funded beginning January 1, 2014. The \$500,000 street maintenance would be postponed. The fuel surcharge that staff has found in savings could be used as well as Contingency.

Mr. Hegwer clarified what Mr. Gaskins is saying. A \$.54 per hundred tax rate that is a \$.03 decrease in the proposed budget, which amounts to about \$696,000 that would have to come out of this year's budget. The resurfacing is about \$500,000; the paving and curb & gutter would make \$583,092; fuel is \$79,000 more. We would still need \$40,000. Mr. Hegwer stated that the

police officers would only save about \$125,000 for the whole year. If you use about \$33,000 of contingency, Mr. Hegwer thought you could get the \$.03 decrease in the budget and then you wouldn't have to deal with the police officers and it would hold the existing tax rate at \$.054. He felt those positions were needed. Finance Director Cardinali explained that he needed to get down \$.04 rather than \$.03.

Council Member Taylor stated that in all the conferences he has attended, he has always heard that you should never cut essential services such as police and fire protection.

Mr. Hegwer continued that if you wanted to get a \$.04 decrease, you might consider using the Skate Park Funds. With those and contingency, you are close to getting to the \$.04 without having to cut essential services. Mayor Olive asked about funds from the Powell Bill. Mr. Hegwer stated that we do still get those and they are a plus, but if all the Powell Bill funds were used, they would not cover the expenses of the Street Department for what we would regularly surface.

Council Member Haire stated that the City could increase charges for services including trash pickup, recycling, leaf and limb pick up, and bulk trash pickup. Mr. Hegwer stated that the current charge to customers is only about 20 percent of the actual cost of the services. Currently, the city is charging \$125 per year and you could go to \$150 to generate roughly one penny on the tax rate. Council Member Williams did not think that a \$25 increase would hurt the taxpayers who really like the service. He did not want to see public safety cut. The way the City is laid out has increased the response time.

Mayor Olive asked about factoring in interlocal agreements because the county is asking for an extension on that, and we don't know how it will impact the budget. Mr. Hegwer stated that his understanding is that we would continue on as we are going. Everything he has heard at the meetings is that we would not be paying for animal control next year. No additional funds are in the budget for animal control. Planning and inspections are covered in the budget.

Council Member Wyhof asked if the discussion about the \$.04 left the police officers in the budget. Mr. Gaskins stated that the motion did not contain any of that in order for city staff to do their best. Mrs. Cardinal stated that if you increased the waste fee by \$25 as discussed and used paving/sidewalk, reduced fuel budget, and used approximately \$50,000 of contingency that would get us to the \$.04. It did not include the police officers.

Council Member Williams stated that he was not in favor of tying staff hands. Holding it at \$.54 –they don't know exactly where that will leave the city. Mr. Hegwer stated his concern is that \$.53 can be done. Getting to \$.54 is tougher and you are starting to cut some level of service. He will need feedback on cutting services.

Council Member Taylor stated that there is a motion and a second and he called the question to take a vote. Mayor Olive explained that it is the privilege of the chair to finish discussion.

Council Member Williams asked where it leaves the city and staff needs more time to study what has been put before them tonight. Mayor Olive stated that council has been looking at this for weeks and it is troubling to have a major change in the space of an hour. Council Member Williams asked about looking at \$.56 tax rate and putting on the \$25 waste fee. Mr. Hegwer thought that would be easy.

Mayor Olive took a consensus and the majority of council members supported eliminating paving from the budget; on eliminating curb and gutter; reducing fuel; and using the contingency fund. Mayor Olive commented that it looked like we were crippling the city's capability to serve. Mr. Hegwer clarified that would get them the \$.03 so a fee would be needed or some manner to come up with \$232,000. Mayor Olive took a consensus on the adding \$25 to the waste collection fee, moving it from \$125 yearly to \$150 yearly. The majority of the board was in favor.

Mayor Olive called for a vote on the motion of Mayor Pro Tem Gaskins which was seconded by Council Member Poly Cohen to direct the City Manager to maintain the city's property tax rate at \$.54 per hundred. The vote was six in favor and one against. Council Member Charles Taylor cast the dissenting vote. Mr. Hegwer clarified that Council also requested the increase in the waste fee of \$25 additional per year. City Attorney Patterson stated the budget ordinance would need to be amended to include this fee.

Council Member Poly Cohen made the motion to amend the budget ordinance to include the added \$25 fee for waste pick up. Seconded by Council Member Jimmy Haire, the motion passed six to one, with Council Member Charles Taylor casting the dissenting vote.

Consider Discussion on Extension of the Interlocal Agreements with Lee County for an Interim Period

City Attorney Susan Patterson stated that the County Commissioners voted yesterday to offer to the City an extension of the existing interlocal agreements for planning and zoning, inspections, tax collections, GIS, animal control, and joint planning for ninety days or when new agreements are approved by both boards, whichever occurs first. The city and county have had interlocal agreements to consolidate services to save the taxpayers' money throughout the years wherein either the city or the county performs a function for the other. On December 3, the Lee County Board of Commissioners voted to terminate those agreements and gave us the required six-month notice that they would end June 30, 2013. In February, both the City Council and the Board of Commissioners appointed a committee to review the agreements and make recommendations back to both boards about how to proceed. Both jurisdictions continue to review these agreements and need additional time to do so before the boards can approve them. They have made the offer to extend the interlocal agreements in those areas for ninety days. It was sent to us this afternoon, and it is placed at council members' seats for consideration.

The city can do several things. They could do nothing. The county voted to terminate the agreements; we did not. Council could vote to accept this. Her understanding is that both boards agreed that animal control service would be provided to the city without an additional charge. Council could vote to accept the offer of extending the interlocal agreements for ninety days until the modified/amended agreements could be put in place. Council could decide they no

longer want to be in these agreements provided there would be no extra charge for animal control for the upcoming year. Because they have made an offer, Council needs to consider whether to take any action—accept the offer with the conditional change that there be no additional charge for animal control.

Council Member Wyhof asked where we are as far as getting the actual documents back. Attorney Patterson stated she had received a draft of two only—inspections and planning. Staff is working through these. Some contained additional changes that were not agreed upon by the subcommittee so that has to go back and forth between the attorneys. We have not yet received any of the ones on tax or GIS or joint planning, etc.

City Manager Hegwer stated that we do not have any money budgeted for animal control. The county manager stated that they would continue to provide us utilization of the Woodland building office for Planning and Inspections Departments without charging us rent. Attorney Patterson stated that the draft agreement contemplates an additional site, not Woodland and says there would be no charge for the rent, but there would be operating charges for electricity, phone, etc. Mr. Hegwer stated that the county had moved out of the Federal Building, so the city has lost that rent. We are paying county about \$15,000 a year for use of the Woodland Avenue site.

Mayor Pro Tem Sam Gaskins made a motion that council accept the offer to extend the interlocal agreements with the omission of animal control. The motion was seconded by Council Member Charles Taylor. Council Member McNeil stated that it seems the county has us over a barrel. If we don't agree to an extension, where will we get the money to operate the things we don't have? Council Member Wyhof stated that she thought the committee was operating under a good faith assumption that this would be in place at this time. She thought this was a paperwork holdup that can be expedited shortly. Mr. Cohen stated that we have told them we would not pay \$50,000 for animal control any longer and they agreed to that. Attorney Patterson stated that she had put a sample resolution to offer back to them that would accept the interlocal agreements. She suggested that the wording on that be changed to say, "The offer by Lee County to extend interlocal agreements is accepted with no charge for animal control or rent for the Federal Building and staff will continue to work on the agreements to be presented to the City Council for approval following approval by Lee County." Mr. Gaskins and Mr. Taylor agreed to accept this statement as their motion and second. Council voted unanimously to approve the motion.

Other Business

Council Member Jimmy Haire stated that the worldwide average for solving problems is 85 percent. He thinks we resolved ours today, putting us in the 85 percent category.

Council Member Taylor stated that the ten-year mandatory sentence provision for which council had tried to get a resolution passed had cleared the senate on Thursday and is attached to House Bill 937 which goes back to the House for conference. He thanked the legislative body for their work in getting that out. He thanked staff for their work on the budget and bond. He thanked the citizens for their response during the power outage during the recent storm. He wished everyone a happy and safe July 4. He stated that he hoped, in the future that council could get away from the ambiguous motions that leave everything open-ended and put it back on

staff. He stated that they are the ones who were elected to represent the citizens. It is up to us to make the hard decisions and give direction to the city manager, not to pass the buck to the manager and get it to the point that it has to be political even in the departments. It is council's responsibility to do that. He apologized on behalf of the board for putting him in that situation.

Mayor Olive reported that the dedication of the Gazebo at the end of the greenway went beautifully today, and it is a wonderful gesture by the Rotarians to remember Don Buie who was talented in many areas and a great contributor to the lifestyle of Sanford and Lee County. She expressed sympathy to those who admired and enjoyed former Governor Holshouser who died and to City Attorney Patterson who was his friend and once was his law partner. She expressed sympathy to Council Member Cohen in the loss of a close family aunt. Mayor Olive stated it was great to have the kids present tonight. She reminded people that the challenge between the city and the county in a kickball game has been rescheduled for next week and she hopes all will turn out and scream loudly for the city.

City Attorney Patterson passed to council some information regarding bond referendums—what you can and cannot do; when they can be held; and what you can and can't do about using public funds to educate, but not to promote. Also, she stated that Mr. Taylor had indicated that the bill had been appended to HB 937, but she wanted to clarify that that was a mandatory ten-year sentence for the use of a handgun in the commission of a second felony. She explained that the senate committee took up HB 490 today, and she spoke with our Representative Mike Stone today who indicated that it did not come out of committee—not getting a favorable or unfavorable report. It is still eligible for consideration by the committee.

City Manger Hegwer stated that the next Law & Finance Committee meeting on June 26th will be cancelled as well as the next Council Meeting scheduled for July 2. Council would not meet again until July 10 for Law & Finance, followed up by a council meeting on July 16. He also clarified that council had talked about utilizing \$33,000 of contingency; however, in the vote that was taken, we would actually utilize about \$50,000 which would still leave us a contingency of about \$50,000.

Mr. Hegwer thanked everyone for input on the budget and Finance for the hard hours and thanked council for their questions and conversations. In the end, he thinks we came away with a good budget.

Attorney Patterson stated that staff will provide for signing the budget ordinance that reflects those items that were discussed today.

City Council
6.18.13

Adjournment

Council Member Walter McNeil made a motion to adjourn; seconded by Council Member Poly Cohen, the motion was unanimously approved.

Respectfully submitted,

Cornelia P. Olive, Mayor

ATTEST:

Janice Cox, Deputy City Clerk