

SANFORD CITY COUNCIL
WORK SESSION
Tuesday, February 3, 2015
Sanford Municipal Building
5:00 P.M. in West End Conference Room
225 East Weatherspoon Street, Sanford, NC

The City Council reconvened their work session on Tuesday, February 3, 2015, at 5:00 P.M. in the West End Conference Room at City Hall, to finalize decisions regarding the sidewalk and streetscape bond projects. The following people were present:

Mayor T. Chet Mann	Mayor Pro Tem James Williams
Council Member Byron Buckels	Council Member Sam Gaskins
Council Member Jimmy Haire	Council Member Norman Charles Post, III
Council Member Charles Taylor	Council Member Rebecca Wyhof
City Manager Hal Hegwer	City Attorney Susan Patterson
Administrative Assistant Vicki Cannady	

Absent: City Clerk Bonnie Davis

Work Session

Mayor Chet Mann called the work session to order and welcomed Council Members, staff and guests.

City Manager Hal Hegwer stated the purpose of tonight's meeting was to receive consensus from Council on how to proceed with the projects (attached and shown as Exhibit A). At the prior meeting, consensus on the sidewalk project appeared to be reducing the scope of the project in order to stay within the original \$2,000,000 bond amount. Consensus on the streetscape project was to proceed with both Downtown Sanford and Jonesboro projects with no revisions.

Since that time, there have been discussions on changing this course of action. It was anticipated that we would receive Requests for Qualifications from lenders by January 30; however, this was extended through February 6, due to the complexity of dealing with the Local Government Commission ("LGC").

Discussions have also taken place with Finance Director Beth Kelly. Bids will expire in March and while an extension could be requested, staff would like to proceed since an extension may not be granted. The only way to proceed at this time is to utilize our fund balance, just as we did with the original bonds issuance. Sidewalk construction, easement acquisitions and other related items were included in the fund balance budget.

Mr. Hegwer explained that when today's bond sale of \$8,500,000 closes, the City can reimburse the fund balance and the same amount could be budgeted so that funding is available to proceed with the two construction projects in the manner requested by Council.

He noted that the debt expense will be approximately \$217,762 lower for the General Obligation bonds (the "impact") compared to the anticipated debt payment; this can be used toward the installment purchase. The Sidewalk and Streetscape bond projects of \$2,000,000,

however, will have an impact of approximately \$150,000 more than originally anticipated. Reducing improvements on Trade Street in Jonesboro would have a lower impact of approximately \$32,000 more than originally anticipated.

City Manager Hegwer informed Council that construction contracts cannot be awarded in full for the projects without using fund balance, which would be reimbursed. He confirmed that this method has been used in the past so that a project can move forward.

Mr. Hegwer noted that Council previously appeared to achieve consensus on completing the streetscape projects entirely without removing anything. However, since the last meeting, he has received questions regarding the possibility of removing Trade Street.

Mayor Mann informed Council that there were three options on the streetscape project (titled as shown on original list of options):

- (a) "Original"- Completing all work on Trade Street;
- (b) "Option 1"- removing Trade Street completely; and
- (c) "Option 3"- removing Trade Street and a portion of Main Street.

Clarification was requested on whether "sidewalk removal" included Woodland Avenue.

Public Works Director Vic Czar stated that the sidewalk project bid was approximately \$2,500,000. Consensus appeared to have been reducing the project to an amount nearer the \$2,000,000 bond figure. In order to do that, Woodland and Courtland were eliminated. The options above concern only the Jonesboro portion of the streetscape project, not sidewalk.

Mr. Hegwer suggested that each project, sidewalk and streetscape, be segregated and discussed independently, then coupled back together.

Council Member Gaskins asked how removing Trade Street at the estimated \$1,100,000 cost would affect the monthly cash flow. Finance Director Beth Kelly explained that the impact would be an increase of approximately \$32,000 annually for ten years.

Mr. Gaskins requested confirmation that the bond funds and additional funds borrowed totaled approximately \$150,000 less than the anticipated construction, which was confirmed. He requested confirmation that eliminating Trade Street would reduce this cost by approximately \$32,000, resulting in a net shortfall of approximately \$128,000, which was also confirmed.

Council Member Williams stated that he has received many inquiries on possible modifications, including relocating power lines underground and converting Trade Street to a one-way street. Mr. Hegwer strongly recommended not changing the directional flow on Trade Street since any change to the established multi-directional traffic flow in this area, especially near the Landmark Restaurant, would be extremely problematic (similar to the change on Moore Street, which was restored to two-way flow). While the intent of the project is to create an improved, aesthetically pleasing environment with streetscape and a clock in front of the building, along with additional parking, he noted that the property is privately owned and rented.

Council Member Jimmy Haire suggested that Council members be polled on the three options presented.

City Manager Hegwer reminded Council that although the projects' costs are higher than anticipated, the total impact to the budget will be significantly reduced due to the successful bond sale. Mayor Mann noted that our interest rate was 100 basis points lower than the rate received by the City of Garner just a year ago (3.4% vs. our rate of 2.3%). Mr. Hegwer also noted that Garner was higher rated than Sanford and had a fund balance of approximately 70 percent.

City Engineer Paul Weeks summarized that on the Jonesboro portion of the Streetscape project, the options were:

- (a) "Original"- Main Street, Trade Street and Dalrymple Street;
 - (b) "Option 1"- Main Street- from Lee to Horner- and two intersections;
 - (c) "Option 3"- Main Street- from Lee to Dalrymple- and two intersections.
- (Note: "Option 2" was removed at prior Work Session by consensus of Council.)

Council Member Post stated that he approved Option 1.

Council Member Buckels stated that he approved Option 1.

Council Member Haire stated that he approved the Original.

Council Member Wyhof stated that she approved the Original. She also noted that she had photos showing the overhead power lines that will remain in place if streetscaping on Trade Street is removed, which she suggested would drastically diminish the investment. She reminded Council that feedback from nearby communities (presented at the prior Work Session) indicated strong economic impact resulting from investments made in their streetscape and sidewalk projects. She expressed her belief that it would be a mistake not to invest fully in what the community seeks since there will not be another opportunity to do these projects; the logical time to relocate power lines is when sidewalks are removed. She also stated that costs for the entire project were higher than estimated and cuts should not be made only to the Jonesboro portion.

Council Member Taylor expressed frustration that cuts were proposed in Jonesboro and not in Downtown Sanford and was reluctant to revise the projects from the original proposals. If cuts are made to Jonesboro, he suggested proportional cuts to the Downtown Sanford portion.

Council Member Post stated that he disagreed with the contention that cuts to Jonesboro means voters are not getting what they approved in the bond referendum since the cost of the project is more than in the referendum (they were to receive \$1,500,000 and will receive more than \$1,500,000). He stated his belief that the anchor for our economic development is going to be Downtown Sanford and there are very few businesses on Trade Street to benefit from streetscape improvements, since many of the stores on Trade Street actually front on Main Street.

Council Member Wyhof stated that there are indeed locations for businesses and for a municipal parking lot which could serve as an attractive, safe parking option for shoppers.

Council Member Post expressed concern that doing the entire project will increase taxes.

Council Member Taylor remarked that the project is intended to enhance a product, enabling it to be viable. He reminded Council that Static Control Components and many other

businesses are located in Jonesboro and their sales volumes are more than competitive with businesses located in Downtown Sanford.

Mayor Mann stated that there appeared to be consensus on retaining all of Main Street in Jonesboro and Council Members agreed this was the case. Option 3 was removed.

Council Member Williams stated that he approved Option 1, which would save money in the long run.

Council Member Gaskins stated that his concern that we have an opportunity now to relocate power lines underground and perhaps additional improvements could be made later. He emphasized that getting all power lines relocated at the same time is critical and questioned how much of the \$1,100,000 was related to power lines and cleanup.

Public Works Director Czar reminded Council that power line relocation also involves sidewalk work. For a smaller increment, streetscaping could also be done and most of the \$1,100,000 is for line relocation. Staff has an estimate for line relocation but it does not include restoration of the required trench nor is cost separated for Jonesboro and downtown.

Council Member Gaskins noted that that power line (and related peripheral) relocation for Downtown appears much more complex than Trade Street, indicating a lower relative cost for Jonesboro. Mr. Czar stated that the most recent estimated costs were approximately \$1,000,000 for Downtown and approximately \$900,000 for Jonesboro (both Main and Trade Street).

Mr. Gaskins stated that he agreed with Council Member Wyhof's comments on power lines relocation. Kure Beach had some lines relocated underground and there is a glaring difference between this section and the nearby area where lines are still overhead. He stated that he approved the original plan, since eliminating Trade Street would leave overhead power lines.

Council Member Post questioned whether taxes would be raised if another \$150,000 per year is required. Council Member Haire asked if a public hearing would be required to borrow additional funds. City Manager Hegwer explained that the intent was to deal with the projects together rather than separating them and allocating fund balance so that the loan is not predicated on one project versus the other.

Mayor Mann questioned whether cuts should be made to the Downtown Sanford project if cuts were to be made in areas of Jonesboro.

Downtown Sanford Director David Montgomery noted that improvements to Downtown have been planned for quite some time and it appeared that, percentage wise, the cost of Jonesboro was higher than what was anticipated for Downtown. City Manager Hegwer noted that all project costs were estimated. The Jonesboro project estimate was taken from a prior bid and prices increased more than anticipated.

Council Member Williams questioned whether the City could afford to borrow the additional funds to complete the entire project and whether we need to wait until information requested from the lenders is received before making this decision. Finance Director Beth Kelly explained that she anticipates favorable lending terms.

Council Member Wyhof noted that there would be an increase to the tax base and that the additional \$150,000 would be an investment to increase revenue, and to acquire two additional pieces of property. Finance Director Kelly explained that if there is an increase in the tax base, it will indeed produce more revenue but it will not happen immediately.

Mayor Mann explained that the decision on what to fund ultimately comes down to deciding what is best for Sanford.

Council Member Williams reminded Council that other difficult decisions have been made in the past and this project is a once in a lifetime opportunity. He believes that if the entire project is funded, the tax base will grow enough to prove the additional expense a wise decision.

City Manager Hegwer noted that the goal tonight is to make decisions so that the bids can be awarded at the next Council meeting. Construction bids will be expiring soon and if re-bidding is required, prices will likely only increase.

Council Member Taylor questioned whether the decision to proceed with the entire project could be made on the contingency that there would be no tax increase, in light of the recent increase which was one of the largest in the city's history.

City Attorney Susan Patterson explained that the bonds require use of the City's full faith and credit, including a tax increase, if necessary.

Council Member Gaskins questioned the cost of power line relocation in Jonesboro. Mr. Hegwer explained that it was a struggle to get a good price from Duke Energy. Council Member Taylor suggested that the City is in a much better leverage position now with Duke.

Mr. Williams stated that an additional \$150,000 a year does not prevent him from approving the project, compared to the benefit to citizens. Cuts can be made in other areas if necessary; he also noted the recent increase in commercial construction and relocation in the City.

Mr. Hegwer asked for confirmation that consensus is to proceed with the original project.

Mr. Taylor explained that while he approves proceeding with the original project, he wants no tax increase. Some tough decisions will be required in the future. Mayor Mann stressed that no one wants a tax increase.

Mr. Gaskins noted that the largest increase in expenses in the past several years is that of four additional police officers, which was originally funded through the stimulus package. He acknowledged that no one wants to reduce the police force, which can hopefully be done through attrition, but that expense, approximately \$250,000 annually, is substantial.

Mayor Mann stressed that if Council really desires to keep the project whole, the belief must be that this investment in revitalization will result in more private investment, more businesses and more jobs in Sanford, similar to what happened in Fuquay-Varina, Wake Forest, Eden, Salisbury and other communities. If, for any reason, we believe that Sanford will not see

similar success, the projects should be reduced. He noted that this is where leadership is crucial and each Council member must go with their own conviction as to what is best for Sanford.

Council Member Gaskins expressed concern on Duke's cost estimates for power line relocation. Mayor Mann explained that this would be done either to all of Trade Street or none of Trade Street. He stated that consideration must be given to what return would be received from Downtown compared to Jonesboro; how return would be affected by including Trade Street compared to eliminating it. For each dollar invested, how many do you receive in return?

City Manager Hal suggested that discussion return to the sidewalk project.

Council Member Post noted that Woodland Avenue has a high volume of pedestrian traffic and there should be a sidewalk from Horner Boulevard to Main Street in Jonesboro. He requested cost figures on these items.

City Engineer Paul Weeks reminded Council that the Woodland Avenue portion had previously been eliminated from the project by Council.

Mr. Post requested that perhaps the portion of Woodland Avenue from Horner Boulevard to Courtland Avenue could be returned to the project. Mr. Weeks stated that the Woodland Avenue portion of the project had an estimated cost of approximately \$400,000 and that the portion of Woodland to Courtland had an estimated cost of approximately \$200,000.

There was discussion of pedestrian traffic on Woodland and Courtland and the roles of sidewalks in various areas which provide connectivity to other areas in Sanford.

Mr. Hegwer informed Council that grant funding of \$110,000 is available through a Department of Transportation ("DOT") program from which we have previously received funds.

Public Works Director Vic Czar explained that we had an opportunity to obtain \$110,000 for sidewalk projects from DOT if we get committed by June 30. Another option is DOT's funding of sidewalk projects on state maintained streets: Woodland Avenue, from Rose Street to Courtland Avenue, is state maintained. When this possibility was explored, we were informed that it would likely qualify for \$55,000 in funding; however the portion of Woodland from Rose Street to Horner Boulevard would not qualify, since it is not state maintained.

Mr. Czar requested confirmation that Woodland Avenue, from Horner Boulevard to Courtland Drive, is now being added back to the sidewalk project by Council since it is state maintained and DOT funds could be requested. There was discussion of what specific types of improvements could be made with these funds.

Mr. Czar also informed Council that the City budgets \$100,000 annually for sidewalk maintenance, concrete work, curb and gutter work and things of that nature. If maintenance work is not needed in a given year, the funds could be used for installation. Combining this with the DOT grant would provide \$155,000, leaving a need for approximately \$77,000 to fund the Woodland Avenue portion of the sidewalk project, on one side of the street. He suggested the possibility of incorporating this project into the Capital Improvement Plan for next year.

Mr. Gaskins agreed that this is a reasonable alternative. Council Member Haire questioned how the decision is made as to which side of a street receives the sidewalk. Mr. Czar explained that factors include analysis of what is being connected on both ends of the street, whether any existing sidewalk are already in place and right-of-way acquisition. The ultimate goal is to determine what is best for the pedestrian.

Council Member Taylor asked about cost for the Courtland Avenue segment from Woodland Avenue to Horner Boulevard. Mr. Czar informed him that DOT funding will be sought for this segment, and that the segment of Courtland Avenue from Horner Boulevard to Third Street could possibly qualify for DOT funding as well.

City Manager Hegwer suggested if Council agrees to pursue this and it doesn't work out, it could be funded, one time only, from fund balance or something of that nature.

Mayor Mann, in an attempt to gain consensus, asked each Council member whether to pursue Council Member Buckels' suggestion to use staff resources to obtain DOT grant funding and reincorporate the Woodland Avenue segment from Horner Boulevard to Courtland Drive.

Council Member Gaskins stated that he agreed with pursuing this option.

Council Member Taylor questioned whether approving this course of action was contingent upon DOT funding. Mayor Mann confirmed that was the case: if DOT funding is not received, another conversation would be needed as a governing body on how to proceed.

Mr. Gaskins noted that the big difference with sidewalk projects is that, in general, we can come back to them without a major problem. On Trade Street, there is a question of whether we want to come back: if power lines are not relocated underground when sidewalk construction is done, it may become cost-prohibitive.

Public Works Director Vic Czar explained that DOT will inform us, after their budget process, which projects they will fund and then the decision on how to proceed can be made.

Mayor Mann stated that consensus appeared to be moving forward on the Woodland portion of the sidewalk project from Horner Boulevard to Courtland Drive, contingent on obtaining DOT funds. He also stated that the majority appears to be leaning toward proceeding with the original bid for the streetscape.

Closed Session

Attorney Susan Patterson stated that a motion was needed to go into closed session in accordance with N.C.G.S. 143-318.11(a)(5) to instruct the public body staff on a position to be taken on the price or other material terms of a contract or proposed contract for the acquisition of real property.

Council Member Post made the motion to go into closed session; seconded by Council Member Taylor, the motion passed unanimously.

Return to Regular Session

Upon motion made and seconded in Closed Session, council returned to regular session.

Finance Director Beth Kelly stated that during the break, she had updated the resolution on the agenda (giving authority to proceed with installment purchase) with the dollar amount of “up to \$3,250,000”. She explained this amount was unknown prior to the meeting.

Council Member Taylor questioned whether early retirement benefits would be offered to City employees next year and noted that the City had saved personnel costs by leaving some positions vacant. He suggested that hiring interns or recent college graduates would lower salaries. Manager Hegwer agreed that staff had been able to absorb many of the duties formerly done by employees who have retired, but noted that when the local economy regains momentum and the volume of work increases, this may not be possible; however increased activity should also generate increased revenue, which can be used to fund those positions.

Mayor Mann suggested that everyone review the budget to determine how costs could be reduced. City Manager Hegwer noted that fuel expenses have been lower as a result of the recent drop in fuel prices. Finance Director Beth Kelly confirmed that for July through December 2014, fuel costs were approximately \$58,000 lower for the General and Utility Funds.

He informed Council that the annual Retreat would be held on February 25, to review visioning priorities established last year and to establish goals for the upcoming fiscal year. He suggested a possible directional change with wastewater treatment and to our land use plan in order to encourage development.

Mayor Mann also informed Council that the annual Chamber (now “SLCPP”) banquet was scheduled for Tuesday, March 3, at the same time as the scheduled Council meeting. He suggested that Council members attend this event as a group to express support for the business recruiting work they are doing. The City will pay the cost for Council members to attend and members pay the cost for spouses. The Council meeting could be held the next night, Wednesday, March 4, at 5:00 p.m., which is the same time that Law and Finance meetings are typically held.

Adjournment

Council Member Gaskins made the motion to adjourn the meeting. Seconded by Council Member Wyhof, the motion carried unanimously.

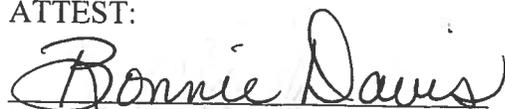
**ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED
BY REFERENCE AND MADE A PART OF THESE MINUTES.**

Respectfully Submitted,



T. Chet Mann, Mayor

ATTEST:



Bonnie Davis, City Clerk