

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, February 3, 2015, at 7 P.M., in the Council Chambers. 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 Rebecca Wyhof	Council Member Charles Taylor
City Attorney Susan Patterson	City Manager Hal Hegwer
City Clerk Bonnie Davis	

Mayor Mann called the meeting to order. Mayor Pro Tem James Williams delivered the invocation. The Pledge of Allegiance was recited.

**PUBLIC COMMENT** – (Exhibit A)

Irene Smith, residing at 519 Walnut Street, spoke on behalf of the Lee County Arts Council. She informed Council Members that Jelani Bauman, a jazz trumpeter and composer, whose New Orleans musical roots go back five generations, will be featured in a jazz concert to be held at the Lee County Arts and Community Center on Friday, February 13, 2015 at 7 P.M. Mr. Bauman will be joined by The Gregg Gelb Jazz Quartet. The event will start at 5:30 P.M. with an exhibit of jazz-themed art by local artists. During his visit to Sanford, he will hold a clinic for new musicians at Lee County High School and pay a musical visit to the Boys and Girls Club. Following the concert, there will be a tasting of New Orleans and North Carolina cuisine.

**APPROVAL OF AGENDA**

Council Member Wyhof made the motion to approve the agenda. Seconded by Council Member Buckels, the motion carried unanimously.

**SPECIAL AGENDA**

**Update from Evans Taylor with Duke Energy Regarding Free Home Repairs to Residents in Lee County – (Exhibit B)**

Evans Taylor, Program Manager for the Neighborhood Energy Saver Program presented Council Members with an update of the program created by Duke Energy, to aid some of its customers in understanding more about how their energy is being used and to help them manage their energy use. They started developing this program in 2008 and officially started it in 2009. This program is designed to provide education and facilities in terms of measures installed in homes for low-income residents. They have designated a neighborhood in Sanford that this program will be concerned with and it is about 1,900 homes (See Exhibit B for the neighborhood eligible for the program). The program consists of three parts: (1) A home energy assessment; (2) Installation of several energy conservation measures (ECMS); and (3) Some in-depth time spent in the energy education that will enable the residents to make behavioral changes to reduce and control energy usage (how things affect their bill and how their usage will create more expense for them and how they can manage it).

Evans Taylor said that the way neighborhoods were determined was based on information they have on their customers; they identified about 50 percent of the people living in that neighborhood meet the 150 percent of the federal poverty guideline. Once that neighborhood is

determined, everybody who lives in the neighborhood is eligible to participate. They perform an assessment and it will determine which energy efficiency measures (Exhibit B) apply.

Evans Taylor said that this program is free and is no cost to the participant. Since 2009, they have gone to 27 different neighborhoods throughout the old Progress Energy territory. They have installed these measures and educated the people in about 24,000 homes. He gave council members a copy of the measures they install in the homes and a map of the neighborhood area selected in Sanford.

Evans Taylor informed the Council that there will be a kick-off event for this program so they can educate the citizens on what to expect from the program; let them know how it would be delivered to them; to let them know they can expect someone to come and knock on their door (these employees would be identified at the meeting so that they can actually see the employees coming around to do the work on their home). When the employee leaves, everything should be working properly. This kick-off program will be held on Thursday, February 5, 2015, from 6 P.M. to 7:30 P.M., at Lee County High School, and dinner will be served to the citizens. A letter was mailed to all the residents within the designated area explaining the program and they were also sent an invitation to the kick-off event.

Council Member Taylor said that we are a community that is saturated with renters. A lot of the benefits are not necessarily going to be a direct benefit to the consumer at the house because some situations are where the rent is inclusive of the utilities, so you are actually helping landlords out in the process. He asked how do you address that and there are other people who are at the 50 percent poverty line and are struggling that own their homes?

Evans Taylor replied a lot of that exists in the Housing Authority type units and they do not do those particular units. If it is a single-family renter, most of the time they do not know. It is something between that individual and the homeowner. They do the home and hope it will benefit the people involved, but if they know it is a large multi-family type complex where the landlord/owners pay the utility bill and the people living there are not their customers, then they will not do those units.

Quarterly Update from Rodger Sauls on the Sanford/Lee County Partnership for Prosperity – (Exhibit C)

Rodger Sauls, presented a powerpoint presentation and update (See Exhibit C) of the Sanford/Lee County Partnership for Prosperity. He said that they have been as open and transparent as they could as an organization as to what is going on and the things they are involved in. He gave an overview of the organization. He said their approach to economic development, in this community going forward, is what he calls a “holistic” approach to economic development, where they are trying to impact every aspect of the economic development realm, whether it is industrial recruitment, commercial, retail, or residential to put our community in a more stable position as it relates to things that will come like downturns in our economy. We have to have a broader and more solid base.

**REGULAR AGENDA**

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2014-2015 - (Exhibit D)

Financial Services Director Beth Kelly explained that this ordinance amends the budget for FY 2014-2015. It is for reappropriations that should have been done earlier in the year but was not

due to an issue with the City's financial software and with some of the purchase orders closing. This ordinance reappropriates \$7,387 in Police Drug Forfeiture revenue for purchases for the Drug Unit and reappropriates \$20,612 as follows: \$8,375 to Sewer Construction and Maintenance for equipment repair and tablets for the 311 system and \$12,237 to Water Construction and Maintenance for the installation of a water meter.

Council Member Taylor made the motion to approve the Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2014-2015. Seconded by Council Member Post, the motion carried unanimously.

Consider Capital Project Ordinance Amendment – Sidewalk Improvements – (Exhibit E)

Financial Services Director Beth Kelly explained that this ordinance transfers \$50,000 of the sidewalk bond proceeds to the Department of Transportation grant project.

Council Member Gaskins made the motion to approve the Capital Project Ordinance Amendment – Sidewalk Improvements. Seconded by Council Member Wyhof, the motion carried unanimously.

Consider Grant Project Ordinance Amendment – NC Department of Transportation – Sidewalk Project – (Exhibit F)

Financial Services Director Beth Kelly explained that this ordinance shows the transfer of \$50,000 (from above amendment – Exhibit E) being reflected into the Department of Transportation Grant Project Ordinance, which is for the cost of the utility line relocates for the Horner Boulevard Sidewalk Project.

Council Member Gaskins made the motion to approve the Grant Project Ordinance Amendment – NC Department of Transportation – Sidewalk Project. Seconded by Council Member Post, the motion carried unanimously.

Consider Capital Project Ordinance Amendment – Sidewalk Project – (Exhibit G)

Financial Services Director Beth Kelly explained that this ordinance appropriates \$2 million in bond proceeds as follows: Sidewalk Improvements - \$844,105; Engineering Services - \$78,800; Easements - \$70,595; and Transfer to General Fund - \$1,006,500. Council Member Wyhof asked if the transfer to the General Fund is our reimbursement from our advance to the project. Mrs. Kelly replied yes.

Council Member Gaskins made the motion to approve the Capital Project Ordinance Amendment – Sidewalk Project. Seconded by Council Member Wyhof, the motion carried unanimously.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2014–2015 – (Exhibit H)

Financial Services Director Beth Kelly explained that this ordinance amends the annual operating budget which transfers the \$1,006,500 that we advanced to the sidewalk capital project back into the City's fund balance.

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Council Member Gaskins made the motion to approve Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2014–2015. Seconded by Council Member Post, the motion carried unanimously.

Consider Capital Project Ordinance Amendment – Streetscape – (Exhibit I)

Financial Services Director Beth Kelly explained that this is a capital ordinance amendment that appropriates bond proceeds in the amount of \$6.5 million and bond premiums in the amount of \$720,331 and transfers them to the following: General Fund - \$404,200; Issuance Cost - \$147,161; Underwriter's Discount - \$65,275; Construction - \$6,540,812; and Engineering - \$62,883.

Council Member Gaskins made the motion to approve the Capital Project Ordinance Amendment – Streetscape. Seconded by Council Member Wyhof, the motion carried unanimously.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2014-2015 – (Exhibit J)

Financial Services Director Beth Kelly explained that this ordinance amends the annual operating budget which transfers the \$404,200 that we advanced to the streetscape capital project back into the City's fund balance.

Council Member Gaskins made the motion to approve Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2014–2015. Seconded by Council Member Post, the motion carried unanimously.

Consider Resolution Authorizing Installment Purchase Financing for Streetscape and Pedestrian Improvements Project – (Exhibit K)

Financial Services Director Beth Kelly explained that this resolution authorizes installment purchase financing for streetscape and pedestrian improvements project. This resolution will allow Financial Services Director Beth Kelly to borrow the funds to finance this project in an amount not to exceed \$3,250,000. This should allow for the entire streetscape project – Downtown Sanford and Jonesboro as it was originally proposed plus the possible improvements to City property and/or the purchase of property for collateralization purposes.

Council Member Taylor said that in the workshop he wanted something with the contingency that the City would not raise taxes. He asked Attorney Patterson to explain why that was not an option.

City Attorney Patterson explained that when you are dealing with bond issuances, General Obligation Bonds have a requirement that Council pledge the full faith and credit of the taxing authority to support those bond paybacks over the time the bonds are issued. Thus, you have to keep on the table all your options available to repay those bonds including the ability to raise taxes if necessary. It does not mean you have to raise taxes; you can choose your priorities in the budgeting process. However, it does mean that you cannot say you that you will not raise taxes; you cannot refuse to raise taxes because that is one of the authorized functions of the City when they issue bonds and pledge the full faith and credit to pay those back. It would not be appropriate to say that you will not raise taxes and make a vote contingent upon that.

Mayor Pro Tem Williams asked Mrs. Kelly to elaborate on what the payback would be over ten years if we borrow the money. Mrs. Kelly replied that on the \$3.25 million, the annual debt payment would be around \$370,000 with the conservative interest rate at this point and time because our RFPs are not back from the bank. We originally based it on what we issued the General Obligation bonds for; we had a difference in what we originally budgeted or estimated versus what we are actually going to pay now – that was around \$220,000 so the difference in the \$370,000 payment and \$220,000 is about \$150,000 more for ten years. The bonds are for twenty years.

Mr. Taylor said that what we voted on tonight is what we put on the bond referendum in the last election. He said he is not an advocate of raising taxes. We need to look from within to see where we can cut to make projects happen.

Mr. Hegwer advised that this project alone is not going to define a tax increase. When you look at a project this size and magnitude (over \$8.5 million), you do not know where the bids come in at. We have received very favorable interest rates. We are anticipating the economy to improve and some of this debt service will subside over time. The debt decreases over time and we have some flexibility in our next bond issuance and how we control it.

Mayor Mann said we are not going to have to raise taxes because we are going to deliver the full project as we voted for it two years ago, but we are going to deliver with the intensity that we think we need in order to get the greatest return and also provide our citizens with the best quality of life.

City Attorney Patterson mentioned that this resolution is on installment purchase financing for the gap financing and that is under N.C.G.S. 160A-20, which is the mechanism by which you pledge the asset as collateral for the loan and loan payment; this is not full faith and credit.

Council Member Gaskins made the motion to approve the Resolution Authorizing Installment Purchase Financing for Streetscape and Pedestrian Improvements Project. Seconded by Council Member Wyhof, the motion carried unanimously.

Mr. Hegwer pointed out that we will be awarding the projects to the contractors so we can begin the construction process at Council's next meeting.

### **OTHER BUSINESS**

Council Member Taylor said it is very important as we support local businesses to honor those businesses when they reach a significant milestone. Mrs. Wengers will be in business for 50 years on Thursday and asked that a proclamation be prepared for them. They started the business on Endor Street in the basement and has been a staple in Sanford for many years.

Council Member Gaskins informed everyone that the north leg of U. S. Highway 421 is now open.

Council Member Haire stated that it has taken a lot of physical and emotional energy to get the bond projects to this point and once these projects take place, every project is eye-candy, from the greenway, to the sidewalks, recreation, and streetscapes. He felt it will be worth every single penny and when the projects are completed, he felt everybody in the community will have a great feeling about how it is going to look and what it is going to do for this city and county.

Council Member Wyhof said that Council had a great conversation on the bonds and she is proud to be part of a body that can make a decision to move this community forward. She thanked Council for their comments.

City Manager Hegwer reminded Council that Town Hall Day is March 18 and if they are interested in attending, to contact City Clerk Bonnie Davis.

Mr. Hegwer said that staff has reviewed and selected some dates to attend this area's recycling center operation that is located in Raleigh. He said that it is Waste Industries' contractor and to please let him know if any council member would like to visit the site.

Mayor Mann added that the discussion tonight was extremely productive regarding the bond projects. He gave Council some items to be aware of. They were: (1) Brick Capital has submitted some information that needs to be dealt with in the near future; (2) Chamber of Commerce Banquet – we will move the Tuesday, March 3, 2015, City Council meeting to Wednesday, March 4 at 5 P.M., to allow Council Members to attend the banquet; and (3) Council retreat will be held on Wednesday, February 25, at 5 P.M., in the West End Conference Room to work on next year's priorities and take a look at what we have accomplished and what we have left to do.

Mayor Mann gave a summary of the dialogue between the City and County that came from the Interlocal Advisory Committee meeting. He said that the County helped us with the bond and sidewalk easement acquisition; agreed to share the cost of shredding documents before moving into the new Buggy Factory to save money; had discussion regarding O. T. Sloan Park – City and County are pledging verbally to work together to see that it becomes a destination location for Sanford and Lee County; agreed on purchase of the sewer system from the County, which gives the County funds to take care of some issues they have; some properties are going to be transferred from Lee County to the City of Sanford, so that we can dispose of it or improve it; discussion regarding the renovation of the Hales Center to turn it into a youth center; agreed in principle on how we are going to do the small business incubator; and make it a priority to work on our master plan update on our master land use plan.

Mayor Mann reminded everyone about the Neighborhood Energy Program. He appreciates Duke Energy doing this program and the kick-off is Thursday night.

Mayor Mann stated the Safe Neighborhood Act, which is the federal program that is helping us to reduce violent crime in our area, has gotten off to a good start. The Fed call-in and follow-up were very productive. Officer Darla Cole has been assigned to the program from the Sanford Police Department and is doing a fabulous job being the liaison between the Federal Government and the City.

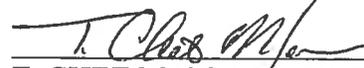
**ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.**

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**ADJOURNMENT**

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

Respectfully Submitted,



T. CHET MANN, MAYOR

ATTEST:



BONNIE DAVIS, CITY CLERK