

LAW AND FINANCE MEETING
Wednesday, April 1, 2015
5:00 P.M. in Council Chambers
225 East Weatherspoon St., Sanford, NC

The Law and Finance Committee met on Wednesday, April 1, 2015, in the Council Chambers at City Hall at 5:00 P.M. The following people were present:

Law and Finance Committee:

Mayor T. Chet Mann

Council Member Byron Buckels

Council Member Jimmy Haire

Council Member Rebecca Wyhof

City Manager Hall Hegwer

Mayor Pro Tem James Williams (arrived 5:10 p.m.)

Council Member Sam Gaskins

Council Member Norman Charles Post, III

City Attorney Susan Patterson

City Clerk Bonnie Davis

Absent:

Council Member Charles Taylor

Mayor Chet Mann called the meeting to order and announced that there would be a Special Called City Council meeting following adjournment of this meeting. In the interest of the public, approval of several agenda items will allow those projects to move forward immediately.

Consider Comments from Chris Kelley with Salvation Army – (Exhibit A)

Salvation Army Director Chris Kelley gave statistics on poverty and explained the IDA (“Individual Development Account”) which encourages participants to save by leveraging additional funds as incentives to create matched savings accounts to low income workers. Funds can be used for home purchase, education/specialized training or starting/expanding a new business. Their goal is to raise \$50,000 locally to use as matching funds and have requested \$20,000 from both the City and County, \$5,000 from United Way and the remaining \$5,000 will come from the Salvation Army.

Consider Resolution to Temporarily Close Streets in Support of the Sanford Cleanup and Block Party – (Exhibit B)

Street Superintendent Magda Holloway explained that this is a repeat event which changes location annually and that all necessary paperwork has been filed.

Consider Reimbursement Resolution – Streetscape Capital Project – (Exhibit C)

Finance Director Beth Kelly explained that this resolution allows for appropriation of \$1.2 million so that we can reimburse ourselves with installment purchase proceeds for the Streetscape project. The loan is scheduled to close during the first week of May.

Consider Ordinance Amending Annual Operating Budget FY 2014-2015 – Contribution to Streetscape Capital Project – (Exhibit D)

Finance Director Beth Kelly explained that this item appropriates \$1.2 million from the fund balance to the Streetscape Capital Project.

Consider Capital Project Ordinance Amendment – (Beth Kelly) - (Exhibit E)

Finance Director Beth Kelly explained that this amendment to the Capital Project Ordinance for Streetscape reflects the contribution from the General Fund for project construction.

Consider Ordinance Amending Annual Operating Budget FY 2014-2015 – (VA Clinic at Tramway) (Exhibit F)

Public Works Director Vic Czar announced that a site in Tramway has been selected for the VA Clinic. He presented a map showing the gap between the site and the city limits and noted that this gap reduces efficiency in delivering police, fire and public works services. Sewer service will be required by the VA, which can be obtained from a sewer line to the west of the site or we can use this opportunity to extend service. Extension of the line would open this area up for growth.

Mr. Czar reminded Council that a grant had been received from Golden Leaf when the Broadway Road site was proposed. Discussions have been held with Golden Leaf and it is likely that funds can be transferred. The most efficient way to handle the project is to extend the proposed 7,500 foot trunk line from Carthage Colonies to Tramway. If this isn't done, a small pump station will be installed and a small line will connect to the sewer line to the west, making this the last site served.

It is estimated that the extension will cost \$1.4 million; \$200,000 may be funded through the Golden Leaf grant, leaving \$1.2 million. Mechanisms for connection charges are being researched and growth could also help recoup some of this expense over time; however, it is more important to extend the line now and establish connection policy later. Mr. Czar recommended that the City fund the remaining \$1.2 million to facilitate installation, which will stimulate growth in Tramway and the area between the site and Carthage Colonies (where sewer service currently ends). Mr. Czar noted there is a time element since the clinic plans to open in early 2016 and easements must be acquired.

Consider Capital Project Ordinance – Veterans Administration (VA) Clinic at Tramway-Wastewater Infrastructure Project – (Exhibit G)

Finance Director Beth Kelly explained that this item establishes a capital project ordinance for transfer of \$1.4 million from the Utility Fund. Although there is nothing in writing at this time on the grant, once it is approved, it will reduce the amount we must pay.

She explained that we are required to set up capital project ordinances for any type of project related to debt or for any asset that would go past our fiscal year. Since this project will obviously not be finished by June 30, it will be set up as a capital project.

Council Member Wyhof asked Mrs. Kelly whether this expense would place an undue burden on the City's finances. Mrs. Kelly explained that based on current projections, it would not. Retained earnings (which have been appropriated for this expense) are a reserve within the Utility Fund, which is more similar to a business than the Fund Balance. The retained earnings balance was increased for Fiscal Year 2015. We did not have a rate increase this year and revenues and expenses are being monitored. The Utility Fund balance is maintained separately from General Fund balance; it is tracked separately, has different reserves and no funds are transferred between them. The Utility Fund is charged only for general overhead when other departments perform work for them.

City Manager Hegwer stressed that this project would not correlate to any type of rate increase and would have no effect. Projects of this size are typically paid for with cash and not financed like they were twenty years ago.

Finance Director Beth Kelly added that when our rate model is reviewed and forecasted, capital projects anticipated for the next five to six years are included. The reserves do not have as much

effect on the bond debt coverage since it is not an operating expense but more of a one-time project. We have more flexibility because of our reserve in that fund.

Consider Contract with Withers and Ravenel for Engineering Services – (Exhibit H)

Public Works Director Vic Czar explained that staff received six responses from qualified engineers to perform services for design of the sewer project. They were scored and Withers and Ravenel (whom we have worked with in the past) received the highest score. The fee for design and development of easement maps and associated items is \$130,000. He recommends entering into a contract with them in the amount of \$130,000 in the format of an hourly rate “not to exceed”.

Consider Agreements with Duke Energy to Convert Electrical Lines to Underground in Downtown Sanford and Jonesboro – (Exhibits I and J)

Public Works Director Vic Czar explained that we have two similar projects connected to this agreement with Duke Energy, one in Jonesboro and one in downtown for streetscape and underground power lines. The amounts due to Duke Energy by completion of the project (which will be billed monthly) is \$582,414.19 for the Downtown streetscape project and \$387,589.36 for the Jonesboro project. These agreements cover purchase of conduit and hand-holds (concrete boxes where wires are connected), installation of new poles, period lighting and related items. He noted that prices are lower than originally received and includes language that we will pay actual costs. Mr. Czar recommended approving these agreements.

Consider Granting Duke Energy an Easement for Downtown Streetscape – (Exhibit K)

Public Works Director Vic Czar explained that the City owns property downtown where Duke must cross to relocate power underground. Since this is our goal, he recommends granting the easement.

Consider Ordinance Amending Annual Operating Budget FY 2014-2015 (Purchase of Depot Building) – (Exhibit L)

Finance Director Beth Kelly explained this will appropriate \$285,000 in Fund Balance for purchase of the Depot Park Building and estimated closing costs. It was questioned whether the Board of Realtors would vacate the property immediately. Mayor Mann stated that representatives had just informed him that they are still reviewing sites and may want to delay moving if Council agrees. They are willing to close at any time but may want to remain in the building after closing.

Consider Resolution Authorizing the Sale of Lot A, Plat Cabinet 3, Slide 53, Located at 1213 Crest Street, to Lee County and Authorization to Execute Deed – (Exhibit M)

City Attorney Susan Patterson explained that a request has been received to purchase 1213 Crest Street which is jointly owned by the City and County by virtue of tax foreclosure. The County has requested we transfer it to them so that they can do the offer, advertisement and upset bid process. In accordance with our contract, they would return it to the tax roll and split the sales proceeds with us. Current tax value is \$36,700; the offer is for \$9,177.86 plus expenses. If Council elects, approval is needed for the transfer and execution of the deed to Lee County by the appropriate city officials.

Consider Update on Bond Signs – (Exhibit N)

Public Information Officer Kelly Miller presented sample designs for bond signs so citizens would know that the projects, which will soon begin, are being funded by the bonds. There was discussion about language, shape, size and colors. It was the consensus to do additional research on these options before the next meeting.

Mayor Mann stated that there was no need for Closed Session and it was removed from the agenda.

Other Business

Mayor Mann announced that a tour has been scheduled for 3:00 p.m. on April 13, of Briar Chapel, a signature neighborhood located just outside Pittsboro. Lori Ford, Vice-President of Newland Homes, will guide us through the neighborhood and explain why and how they developed this high density neighborhood with sidewalk, curb and gutter. He noted that this is something we lack in Lee County and he would like to see one as work continues on our Master Land Use Plan.

He also reminded Council that the Sanford Arts and Vine Festival, which is supported by a local committee to promote Sanford, will be held on May 2 and 3. They have requested that Council support the festival by purchasing ten banners with brackets at an estimated cost of \$1,250 or \$700 for banners without brackets. They also would like for the City to hang them. Although this year's event will be held indoors at the Civic Center, they want to bring it downtown next year. They have changed their model; there will be no admission charge this year. They also tripled their marketing budget and hope to increase attendance from approximately 5,000 visitors last year to 10,000 within two years.

Several related issues were discussed (re-using the banners, using brackets already on poles, advertising). It was noted that DSI has handled downtown banners in the past and that the City does not own the poles. Since there are several issues related to display banners, Mayor Mann requested that staff research them and make a recommendation to Council.

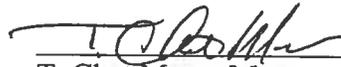
Mayor Mann also asked Council to consider reviewing our ordinances to allow outdoor sidewalk activities and patio dining so that after the sidewalk and streetscape projects are completed, they can be fully used. Since we have several prominent alleyways, a presentation will be made on alleyways. There will also be a presentation on the Millenniums generation, to learn what they like and look for in downtown living and to determine if there are any opportunities there for us. We must do more than just put projects on the ground: we must determine how to get the highest returns out of them. We have to incentivize people to come, use them and invest in Sanford.

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

Adjournment

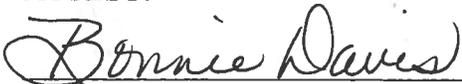
Council Member Wyhof made the motion to adjourn the meeting. Seconded by Council Member Post, the motion carried unanimously.

Respectfully Submitted,



T. Chet Mann, Mayor

ATTEST:



Bonnie Davis, City Clerk