

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

Design Review Coordinator Amy McNeill announced and informed the public at 6:50 P.M. that the petition by Drafting and Design Services, withdrew their petition ten minutes before the meeting began. (The Council Chambers Conference Room was exceeding the number of people allowed in the room due to the proposed rezoning.)

The City Council met at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, July 21, 2015, at 7 P.M., in the Council Chambers. The following people were present:

Mayor T. Chet Mann  
Council Member Byron Buckels  
Council Member Jimmy Haire  
Council Member Charles Taylor  
City Clerk Bonnie Davis  
City Manager Hal Hegwer

Mayor Pro Tem James Williams  
Council Member Sam Gaskins  
Council Member Norman Charles Post, III  
Council Member Rebecca Wyhof

Absent:

City Attorney Susan Patterson

Mayor Mann called the meeting to order. Council Member Taylor delivered the invocation. The Pledge of Allegiance was recited.

**PUBLIC COMMENT** – (Exhibit A)

Chris Delambert, residing at 125 Friars Drive, works at the Temple Theatre downtown and spoke regarding the open container ordinances being presented to Council tonight. He said that millions of dollars are being invested in Downtown Sanford, primarily to improve the aesthetics. One of the intentions of those improvements was to make Downtown a more attractive destination for festivals and community events. As an event organizer, there is an expectation that comes along with attending bigger festivals. As it stands, the only place you can have an open container of beer and wine is at the golf course or at Depot Park under certain conditions. The ordinances Council is considering tonight would essentially take Downtown and apply the same rules that currently apply to Depot Park. Anything that would allow open containers is going to have to meet a specific set of criteria and provide adequate insurance. Event organizers could come into Sanford or Jonesboro, and with the blessing of City Council and City staff, then open containers would be allowed as part of these festivals. The rules that would apply have been in place at Depot Park since it was built. There have not been any notable issues and no reason to expect it within events in Downtown. You would have added insurance that would relieve the City of its liability and a closed venue. The gain to be seen by the City by opening these events, would draw more people to the City for these events.

Marilyn Brown, residing at 308 Fourth Street, stated that she is the property owner of 309 South Fourth Street. In August 2012, the City began a park project on Maple and Fourth Streets. When the project began, heavy duty equipment such as bulldozers, cranes, etc. was used and she

allowed them to use her property at 309 S. Fourth Street to store their equipment so they could finish the project faster. She was told by the project manager that the property would be restored back to the way it was before the park was started. Once the project was done, nothing was done; the grass began to grow, lumps and bumps from the heavy duty equipment; concrete mixture on the lot and holes on the property. She is unable to cut the grass because of the way the equipment messed up her property. She is requesting Council to help restore her land.

### **APPROVAL OF AGENDA**

Mayor Mann requested to move Item 8E - Public Hearing on Economic Development Incentives-Project Gizmo to be Item 8A in order to help with a scheduling conflict. Council Member Gaskins said that Item 8B – Petition and Application by Drafting and Design Services, Inc., from Barrington Park Conditional Zoning District was removed.

Council Member Gaskins made the motion to approve the modified agenda. Seconded by Council Member Post, the motion carried unanimously.

### **CONSENT AGENDA**

Approval of Ordinance Amending Annual Operating Budget for FY 2015-2016 (Two Additional Dispatchers and Upgrade Four Telecommunicator Positions) – (Exhibit B)

Approval of Ordinance Amending Annual Operating Budget for FY 2015-2016 (Compost Screening, New Fire Pumper) – (Exhibit C)

Approval of Ordinance to Amend City Code Sec. 10-212- Going on Private Residences – (Exhibit D)

Approval of First Amendment to Interlocal Agreement for Shared Use of Buggy Factory (Exhibit E)

Approval of Sidewalk Agreement with DOT for Woodland Avenue and Courtland Drive Sidewalk Projects) – (Exhibit F)

Approval of Ordinance Amending Annual Operating Budget for FY 2015-2016 (Sidewalk Project-Woodland Avenue and Courtland Drive) – (Exhibit G)

Approval of Grant Project Ordinance – NC DOT Sidewalk Project (Woodland Avenue and Courtland Drive) – (Exhibit H)

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

### **SPECIAL AGENDA**

Presentation of Proclamation Honoring Herbert Hincks – (Exhibit I)

Mayor Mann read and presented a proclamation to the family of Herbert Arthur Hincks. He said that with the passing of Mr. Hincks, Council found it very appropriate and meaningful to commemorate Mr. Hincks' life and service to this community, along with his many

accomplishments. He was a faithful Republican and served his community first and always did what was in the best of Lee County.

**CASE FOR PUBLIC HEARING: to be held jointly with the Planning Board.**

**Public Hearing – Economic Development Incentives- Project Gizmo**

Mayor Mann opened the public hearing.

Joy Thrash, Interim CEO for Sanford Area Growth Alliance (SAGA), advised that she is speaking as the CEO for the Growth Alliance with approval and support from the Growth Alliance Economic Development Committee that met on June 15 and the Growth Alliance Board of Directors that met on June 24. They are pleased that another company is considering Sanford for increased investment. Equipment and investment is important; not only modernizing is important, but it also adds to the tax base. While investment and equipment is important, creating jobs is the goal of all communities. The company will invest a total of \$12 million in the next two years with \$600,000 being real estate and \$11.4 million in equipment. They will be adding 76 new jobs. The total of these annual salaries for these jobs would be an average of \$3 million each year for the economy not including benefits.

Bob Joyce, speaking on behalf of the Chamber of Commerce, spoke in favor of the project. He said that this is important to Sanford with a \$3 million payroll and 76 new jobs; it is of great benefit to dry cleaners, jewelry stores, independent restaurants and those people in Sanford who depend on people here to spend money and churn this economy. It has been long thought by economists that a payroll would turn about seven times before it leaves the economy, but in the modern age where electronic funds transfer quickly, economists believe about three and one-half times in the economy. If a \$3 million payroll turns three times in the economy to make \$9 million, that is a huge difference to small businesses here.

Mr. Hegwer added that this is a six-year incentive plan, because there is a difference in the investment. There is an investment in year one on buildings and real property and there are two phases of investment on equipment. As the equipment investment has been staggered over the years, it works out to six years. The company could have requested two different incentives that would span two different contracts (two different periods). We start paying out in year 2016-2017. In the end, the City will not grant back to the company more than the \$154,636 over the six-year period.

With no one speaking in opposition, the public hearing was closed.

- Consider Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement with Project Gizmo - (Exhibit J)  
Mayor Pro Tem Williams made the motion to adopt the resolution. Seconded by Council Member Gaskins, the motion carried in favor six to one with Council Member Taylor casting the dissenting vote.

- Consider Adoption of Economic Development Incentive Grant Agreement for Project Gizmo- (Exhibit K)

Mr. Hegwer clarified that the name of the company receiving the grant incentives will be inserted into the agreement and resolution once the announcement has been made by the Governor. Council Member Wyhof made the motion to adopt the Economic Development Incentive Grant Agreement for "Project Gizmo." Seconded by Council Member Gaskins, the motion carried in favor six to one with Council Member Taylor casting the dissenting vote.

Application by Winslow Enterprises to rezone a 2.14 acre +/- tract of land addressed as 111 Rand Street from General Commercial (C-2) to Light Industrial (LI). The property is the same as depicted on Lee County Tax Map 9651.07 as Tax Parcel 9651-68-5931 Lee County Land Records - (Exhibit L)

Design Review Coordinator Amy McNeill explained that within the last few months, staff met with Heather Winslow of Winslow Enterprises regarding bank owned property that Ms. Winslow was interested in purchasing for the expansion of her existing wind turbine parts manufacturing business that is located at 2800 Lee Avenue. The property has now been secured by Ms. Winslow; therefore a rezoning request has been submitted for your consideration to allow for a future manufacturing use at this location.

Specifically, we have an application from Winslow Enterprises to rezone from General Commercial (C-2) to Light Industrial (LI) District. The property address is 111 Rand Street, Sanford, NC.

The subject property is a 2.14 acre lot located in the southwestern corner of the intersection of Lee Avenue and Rand Street that is developed with a large commercial building built in 1979 that was formerly used as a roller skating rink. Uses in the area include a bowling alley, an HVAC supply company, a restaurant, and electric motor repair business, and two auto repair centers. She gave the zoning of the surrounding properties - North: Light Industrial (LI) and General Commercial (C-2), Opposite Lee Avenue; South: Light Industrial (LI) and General Commercial (C-2); East: General Commercial (C-2), Opposite Lee Avenue; and from the West: Light Industrial (LI), Opposite Rand Street. The subject property appears to have access to public water and public sewer and has road frontage on Rand Street and Lee Avenue and does not appear to be located within an environmental or local overlay district.

The current zoning district of General Commercial (C-2) is established to provide areas for general commercial activities designed to serve the community such as shopping centers, repair shops, wholesale businesses, and retail sales with limited outdoor display of goods and limited outdoor operations.

The proposed zoning district of Light Industrial (LI) is established to provide for areas that contain a mix of light manufacturing uses, office park and limited retail and service uses that service the industrial uses typically, in an attractive business park setting with proper screening and buffering. A list of permitted uses for both zoning districts was included in Council's agenda packet.

If rezoned, all of the uses permitted in the Light Industrial (LI) zoning district would be allowed and any future redevelopment of the subject property will be required to meet the current development standards of the UDO.

Ms. McNeill added that the 2020 Land Use Plan identifies this area as being within the mid-high density residential-office, which identifies areas that are appropriate for medium and high-density development, including single-family, duplexes and multi-family developments, as well as office development. The 2020 Land Use Plan designation for this area is Mid-High Density Residential-Office and the proposed use is an industrial use; however, the current development trends and area zoning do not correspond with the land use designation and there is Light Industrial (LI) zoning and uses within this area.

When considering the zoning of this property, staff recommends that the reasonableness of the request, the consideration of the public interest, current development trends and the surrounding zoning of the neighborhood be considered by the boards. Reasonable consideration should be given to the character of the area, its peculiar suitability for particular uses and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout the City. Information presented at the public hearing should also be considered regarding a final decision on the requested zoning map amendment.

Mayor Mann opened the public hearing. No one spoke in favor or in opposition. The public hearing was closed.

Application by Drafting and Design Services, Inc., requesting to rezone three tracts of land totaling 164 acres +/- located in the 4000 block of S. NC Hwy 87 from Barrington Park Conditional Zoning District (Design #4) and Barrington Park South Conditional Zoning District to Gasters Creek Quarry Conditional Zoning District and General Commercial (C-2) Zoning District for the purpose of developing a quarry on the rear 122.5 acres +/- of the site and allowing for future commercial development on the front 41.5 acres +/- of the site. The property is the same as depicted on Tax Map 9660.01, as Tax Parcels 9660-36-8707-00 (addressed as 4870 S. NC Hwy 87), 9660-15-0255-00 (vacant with no road frontage) and a portion of an abandoned railroad right-of-way identified as ROW-36-2703-00 Lee County Land Records - (Exhibit M)

Design Review Coordinator Amy McNeill explained that this item was removed from the agenda due to the developer withdrawing his petition before the meeting began.

Amendment to the Unified Development Ordinance to allow for the use of a “Travel Trailer/Recreational Vehicle/Motor Home/Camper” to be used as a TEMPORARY RESIDENCE during the construction of a new single-family dwelling, or major remodeling of an existing single-family dwelling, or under certain unforeseen circumstances. The following sections of the Ordinance is being proposed to be amended: (1) Amendment to Article 4, Table 4.6.-1 Permitted Use Matrix to revise the land use category “Travel Trailer/Recreational Vehicle/Motor Home/Camper”, to “**Travel Trailer/Recreational Vehicle/Motor Home/Camper (to be used as a Temporary Residence) (Lee County and ETJ areas of the City of Sanford and Town of Broadway)**”, and further indicate that the use shall be permitted as a TEMPORARY RESIDENCE with development regulations in the RA, RR and R-20 zoning districts in Lee County and the

extraterritorial (ETJ) jurisdictions of Sanford and Broadway, (2) Amendment to Article 5, Supplemental Development Regulations, Section 5.34 TEMPORARY USES, to create a new Sub-Section in order to add development regulations for a “TEMPORAY RESIDENCE”, and (3) Amendment to Appendix A. Definitions to revise the definition of RESIDENCE - (Exhibit N)

Zoning Administrator Althea Thompson explained recently, the Lee County Board of Commissioners requested staff to prepare for consideration, an initiation of a text amendment to permit travel trailers and similar recreational type vehicles to be occupied as a temporary residence.

The Boards may recall an amendment in 2012 that restricted travel trailers/RVs and similar recreational type vehicles from being occupied as a residence. There are instances in the County and probably in the City’s ETJ, where property owners have requested to live in an RV while building a new home, or living in a RV while completely remodeling their existing home or living in an RV due to unforeseen circumstances such as fire damage etc.

As proposed, the amendments will allow for the use of a Travel Trailer/Recreational Vehicle/Motor Home/or Camper as a temporary residence during the construction of a property owner’s new single-family dwelling, major remodeling to a property owner’s existing single-family dwelling or under certain unforeseen circumstances. The proposed amendments were discussed with the Joint Planning Commission on Tuesday, June 23, 2015 and the Joint Planning Commission recommended the amendments be forwarded to the three jurisdictions for consideration of adoption.

The proposed amendments will require changes to three sections of the UDO:

- (1) The First amendment is to Article 4, Table 4.6-1 Permitted Use Matrix, to allow the land use category “Travel Trailer/Recreational Vehicle/Motor Home/Camper” as a temporary residence with supplemental development regulations in the RA, RR and R-20 zoning districts in Lee County and in the extraterritorial (ETJ) jurisdictions of Sanford and Broadway.
- (2) The second amendment is to Article 5, Section 5.34 Temporary Uses, to allow a new Subsection with supplemental development regulations for the Temporary Residence. The purpose of this Section is to provide a permit process for the temporary occupancy of travel trailers, recreational vehicles, motor homes and campers to ensure compliance with applicable zoning, building and environmental health regulations. Travel Trailers/Recreational Vehicles, Motor Homes/Campers shall be permitted as a temporary residence during the construction of a property owner’s new single-family dwelling, major remodeling to the owner’s existing single-family dwelling or under certain unforeseen circumstances subject to the following requirements and conditions:
  - Issuance of a Building Permit for a new single-family dwelling or for major remodeling to an existing single-family dwelling (this is for the property owner’s new single-family dwelling).
  - Issuance of a Temporary Use Permit (TUP) for a period not to exceed twelve (12) months. The Temporary Use Permit may be renewed two times for six months

- and in no case shall it be valid for more than two (2) years from the date of its original issuance.
- The Temporary Use Permit shall become invalid upon completion, expiration or cancellation of the building permit. The TUP may be cancelled for non-compliance with the conditions as specified in this section.
  - The property owner shall connect the temporary unit to an approved septic system, public sewer system or dispose of the wastewater in a lawfully approved way.
  - The temporary unit shall comply with the minimum building setbacks as set forth in Table 4.7-1: Density and Dimensional Standards.
  - After construction is completed and upon issuance of a Certificate of Occupancy, the temporary unit shall be disconnected from all utilities and or/sewage disposal systems within 60 days and can no longer be occupied as a permanent residence.

Mrs. Thompson added that at the Lee County Board of Commissioners' Meeting, the Planning Board asked to add that the unit be removed within 60 days and that request has been added to this information tonight.

The third and last amendment is required to Appendix A Definitions, to revise the definition of RESIDENCE accordingly.

Mayor Mann opened the public hearing.

Mayor Pro Tem Williams clarified that people living in travel trailers can no longer live in them as a residence when they are not building a home. Community Development Director Downey replied that anyone living in a travel trailer now or temporary RV, this is not allowed and if staff receives a notice of violation, staff will look into it.

Mayor Mann explained that the Joint Planning Commission worked on this amendment and the design was to allow people to take up residence while their home was being constructed, especially with the events of tornadoes, etc., but to prevent it from being left there and the house never finished as well; also to give your neighbors protection from those who seek not to finish the project.

Mrs. Thompson stated that they would have to go to the Planning office and apply for a Temporary Use Permit and we would give them these standards. It is tied to a building permit. Unless you obtain a building permit, you would not be allowed to have the unit there.

Mr. Darrell Champney, residing at 1098 Frank Wicker Road, stated that to Mr. Williams' point, he said it is like giving privileges to the people who already have property or the wealth to build a property, but the people who do not have the means, then we are saying they are in violation. He stated that to him, it is like knocking down the poor and giving the rich more privileges.

Mr. Taylor stated he was at the Joint Planning Commission and pointed out that one of the reasons this is in place is to protect environmental concerns, especially with neighbors, due to the

sewage and disposal systems on these respective units. He sympathizes with individuals “down on their luck and this may be their only alternative for housing.”

Mayor Mann closed the public hearing.

Amendment to the Unified Development Ordinance to add a new land use category for “Mining and Quarries, Oil and Gas Extraction”. The following sections of the Ordinance is being proposed to be amended: (1) Amendment to Article 4, Table 4.6-1 Permitted Use Matrix to add a new land use category “Mining and Quarries, Oil and Gas Extraction” and further indicate that the use shall be permitted as a Special Use with development regulations in the RA and LI zoning districts and permitted by right with development regulations in the HI zoning district, and (2) Amendment to Article 5, Supplemental Development Regulations, to create a new Section 5.41 in order to add supplemental design standards for the land use “Mining & Quarries, Oil & Gas Extraction”; also an Amendment to Article 4, Table 4.6-1, Permitted Use Matrix – Amendment to the Permitted Use Matrix to revise/update the existing land use category for “Mining and Quarries” to “Mining and Quarries, *except Oil and Gas*” (Exhibit O)

Community Development Director Marshall Downey updated Council and said that this amendment and the previous amendment referring to Travel Trailer/Recreational Vehicle/Motor Home/Camper” as a temporary residence, was taken to the Lee County Board of Commissioners and the County Planning Board a week ago Monday. At that particular meeting, there were a number of people from the public to express a lot of concern about this amendment and requested additional time to meet with staff. When staff presented the item to the County, staff suggested that the County table the item and hold a public informational meeting for individuals to discuss this issue and give them a better understanding of the process and why this needs to be done. Staff recommended that Council table this item tonight to allow for the public informational meeting. The public informational meeting has been set for August 24, 2015, at 6 PM, and meet in the Wicker Room of the Lee County Government Building at 106 Hillcrest Drive. This information has been posted on the City’s website and links to the public are available. This meeting is to alert the public about what is included in the amendment but also to give them a better understanding of why staff is going through this process. Questions will be taken at the meeting and staff will try to answer them.

Council Member Gaskins made the motion to table this item and Council Member Post seconded it. Council Member Taylor said that the space is limited in the Wicker Room and suggesting holding the informational meeting at City Hall or another site that would accommodate the people desiring to attend. Mr. Downey replied that they will look into it.

The vote was unanimous to table this item.

*The Planning Board retired to the West End Conference Room.*

## **REGULAR AGENDA**

### **Approval of Revised Documents of Joint Environmental Affairs Board - (Exhibit P)**

Community Development Director Marshall Downey explained that the Environmental Affairs Board was merged back to one body from the County ERAC and the City’s Environmental Affairs

Board. Their first meeting was held in May. What was discovered at that time was that there were approximately sixteen members, almost an unmanageable board. They had some discussion in house that night and it was determined that the board itself wanted to see about trying to expedite reducing the size, because of the difficulty with quorums. They were fortunate by luck, that when they started looking at membership and when memberships were available, the City had four slots come available this past June and we only had two individuals interested in reapplying, so that left two spots that were vacant. As Council recalls, two spots were filled that were appointed by Council that were former Lee County ERAC members, which are not City appointed. In doing so, that allows us to change the bylaws and expedite the reduction of that board to the size it is supposed to be – 11 members; 5 from the City, 5 from the County and one from Broadway. You will be able to accomplish that in 2016 as opposed to waiting until 2017.

Council Member Wyhof made the motion to adopt the revised documents of the Joint Environmental Affairs Board. Seconded by Council Member Post, the motion carried unanimously.

Ordinance Amending Annual Operating Budget for FY 2015-2016 (Active Duty Military Rates at Sanford Municipal Golf Course and Authority to Administer Loyalty/Incentive Programs and Discounts with Approval of City Manager; and Change to Fee Schedule) – (Exhibit Q)

City Manager Hegwer advised that Council has talked about marketing options for the golf course to spur activity. This ordinance gives a 10 percent discount for active duty military, and authorizes the golf course manager to work through the City Manager for approval of any discounts that might be offered; anything outside the City's ordinance. Mr. Hegwer would provide an update to Council quarterly of the activity.

The ordinance also changes the building permit fee schedule for commercial properties. Staff found there was one area that was not updated correctly, so this provides that change.

Council Member Haire stated Lee County has about 400 to 500 active military and we need to figure out how we can get the word to them. Mayor Mann said that Mr. Von Canon stated that he quite often has military members that asked if there is a discount. It will spread word of mouth.

Council Member Taylor mentioned that staff could contact Mr. John Sandrock in Veteran Services to see how many retired veterans we have and offer that discount to them also.

Council Member Gaskins made the motion to adopt the Annual Operating Budget for FY 2015-2016 (Active Duty Military Rates at Sanford Municipal Golf Course and Authority to Administer Loyalty/Incentive Programs and Discounts with Approval of City Manager; and Change to Fee Schedule). Seconded by Council Member Taylor, the motion carried unanimously.

Approval of Ordinance Amending Sec. 26-15 of Sanford Code of Ordinances – Consumption of Intoxicating Liquors; Improper Disposal of Containers Within the Sanford City Limits-(Exhibit R)

Downtown Development Manager II David Montgomery advised that this issue was discussed at the last Law and Finance meeting. It is a request from the Downtown Sanford Board of Directors and is on their work plan to allow the consumption of alcohol on public streets,

sidewalks, parking lots, only during a special event in which Council has granted the closure of the street and that measures have been made, both insurance and security wise, to make sure it is secure. A map was presented to Council of the Downtown Sanford and Jonesboro Business Districts. There are two different ordinances; one addressing the block between Carthage, Steele, Wicker and Moore Streets; and one ordinance allowing it in the Central Business District in both Downtown Sanford and Jonesboro. He referenced the maps of the streets that would be affected.

Mr. Haire asked who would be seen to get the special permit. Mr. Montgomery replied the Police Department. Mr. Haire asked how do you get the word out where you go to get a permit. Mr. Montgomery replied that it could be put on the website, DSI website; depending on who that person first contacts – whether it be Street Department for street closure, Downtown Director, or Risk Management for the insurance purposes.

Mr. Hegwer added that what staff may do it to devise a special event permit specifically for this type of event. Typically, special events in the Police Department evolve around parades, etc. You would have to have a clearing house for it or a special area where people know where to go.

Mr. Taylor said that the street closing will go through the Police Department anyway, so it would be just another procedure to ask are you going to have alcohol at this event – then that leads to the insurance and security criteria.

Mr. Williams asked if people will be walking around with alcohol in a cup, or a can, etc. Mr. Montgomery replied that this will be addressed in the permit and most likely in a plastic cup and not something breakable. The organizer will have to indicate those details. Mayor Mann felt a non-breakable product would be appropriate. Mr. Williams felt it should be addressed in the ordinance.

Council Member Post made the motion to adopt the Ordinance Amending Sec. 26-15 of Sanford Code of Ordinances – Consumption of Intoxicating Liquors; Improper Disposal of Containers Within the Sanford City Limits (which referred to the Central Business District and not the particular streets). Seconded by Council Member Wyhof, the motion carried unanimously.

Approval of Ordinance Amending Annual Operating Budget for FY 2015-2016 (Purchase of Makepeace Building from Brick Capital Community Development Corporation and Transfer of Various Lots to Brick Capital Community Development Corporation) – (Exhibit S)

City Manager Hegwer advised that this item was discussed at the last Law and Finance meeting and there was some consideration of the possibility of paying tax value for the purchase of the Makepeace Building; there was some conversation surrounding there was an appraisal of the building to support it. However, staff found that there was no appraisal to support that total value. The total tax value of the property is \$252,100. We have a budget ordinance for \$262,000; that was derived from the tax value of \$252,100 and additional funds for closing costs to transfer the lots that Brick Capital has back to the City. There is an appropriation of \$8,400 to maintain the building, lights, water bills, etc. We have learned that the renter that was in the Makepeace Building has moved to a location on Steele Street. The asking price for the Makepeace Building

is \$209,000; it was purchased in the year of 2000 for \$210,000. Kate Rumely has confirmed that there is a Real Estate Commission of 6 percent and that contract is good until November.

Council Member Byron Buckels requested to be recused from discussion of the matter due to the fact of conflict of interest. He works for Remax- the listing agent; he has no financial interest in it to gain but it is a firm he works for as a real estate agent. Council Member Post made the motion to excuse Mr. Buckels from discussion. Seconded by Mayor Pro Tem Williams, the motion carried unanimously. Mayor Mann added that Mr. Buckels may not have a true conflict of interest but a perceived conflict. In checking with Counsel, she advised that it would be best for Mr. Buckels to recuse himself.

Mr. Taylor asked what is owed on the property and if there has been an inspection performed on the building? Mr. Hegwer replied that we have an inspection lined up to be done if Council wants to move forward. If there are things that need to be repaired, we can come back and negotiate. If there are issues that would conclude us from buying the building or things we perceive to be a problem, we would come back to Council. If Council approves the funds tonight, then we would enter into a contract and move forward with closing.

Mr. Taylor questioned if the funds are for the inspection or the purchase amount of the building tonight. Mr. Hegwer clarified that we have sufficient funds in Public Building to handle the inspection. Mr. Taylor said that Council does not know what they are getting into without an inspection on the building and it could severely impact the initial offer we could offer for this property.

Mr. Mann said that the offer could be made contingent upon the results of an inspection and decide if we need to rescind or modify the offer.

Mr. Hegwer stated that the payoff is roughly \$174,500 because a payment was to be made.

Mr. Mann said that we are trying to assist the entity the City created in the early 90s' to help sustain them through to a better budget era. We are trying to secure property for taxpayer's collateral and also sustain an entity that has been working hard to sustain itself.

Mr. Hegwer said that for example the sales price on the property is \$209,000; there is a sales commission of 6 percent, so you are looking a net (not including closing costs) of about \$196,000 if you pay the asking price. This leaves roughly a gain of \$22,000 and they will have to pay the taxes, because the City cannot pro-rate the taxes. After they pay closing costs and taxes, they would walk away with less than \$20,000. After consultation with our attorney, if Council decides to offer more than the asking price, that would technically be considered a grant to the non-profit.

Mr. Gaskins stated that Council was also informed that the reason for the sales price was that the UNC School of Government encouraged them to sell – it is pretty much a distress sale. That price was not necessarily based on market value; it was a distress sale to get Brick Capital from underneath the problem.

Mr. Taylor said that since there is only one real estate company involved that the full commission will go to the real estate company. Mayor Mann replied he thought that was right.

Mr. Hegwer said there is no tenant in the property now paying rent and the payment on the property is due \$1,706.08 a month. Mr. Hegwer stated that we could make the ordinance clearer as to what we are paying for the property, the vacant lots and the grant to Brick Capital.

Mr. Taylor suggested having the inspection done because he has heard there are some problems with the building. He did not feel the City should pay the asking price of \$209,000; there should be a happy median between the \$174,000 and \$209,000. Mr. Taylor felt Council needed more information before a decision is made. He has asked for an update on Brick Capital and has not received one.

Mr. Gaskins stated that he has attended Brick Capital's Board meetings and they had \$4,200 in their checking account, which is the actual funds available. One of the reasons they have been able to sustain is they sold the timber off of one of the properties which brought in more than anticipated. They have reduced staff from five to two people and their salaries have been cut in half. They have gone beyond the UNC School of Government's recommendation to keep this as a viable entity. He felt if they can come out of this after paying off this mortgage with about \$40,000 or so, they will survive out of sure will because of the efforts they have put into it. This would give Council time to make a major decision on how to change Brick Capital into the 501C (3) of the Sanford Housing Authority where the burdens of property management can be removed, and Kate Rumely can return to what she does best in finding grants, so they will be self-sustaining by working with the Sanford Housing Authority.

Mr. Hegwer said that staff thought there were about 18 lots to be transferred back to the City; however, there will only be about half of those lots. We will need roughly \$7,000 to \$8,000 on top of what Council decides for the closing costs.

Mr. Hegwer recommended paying no more than \$209,000 and anything above \$209,000 be a grant to the non-profit.

After discussion, Mr. Gaskins made the motion to recommend the purchase price of \$209,000 in addition to a grant of \$31,000, which would give a total of \$240,000 and this offer would include the transfer of lots and closing costs, contingent upon the results from the inspections report. Council Member Wyhof seconded the motion. With Council Member Buckels being recused from voting, the motion carried in favor, four to two, with Council Member Williams and Taylor casting the dissenting votes.

Mr. Taylor said that ReMax has the property until November and there has been no interest in the property and we are giving them the retail price for the property. It is Council's responsibility to be responsible for City taxpayers' dollars and negotiate on their behalf.

Mr. Hegwer clarified that out of the grant of \$31,000, we would utilize funds to transfer nine lots back to the City at an estimated cost of \$5,000 and closing costs of \$2,000. It would be a total budget amendment of \$240,000; sales price of \$209,000; \$5,000 to transfer lots back to the

City and recording fees; and another \$2,000 for closing costs. What is left out of closing costs and transfer fees would be the grant amount. Brick Capital would net about \$44,000 to \$45,000 plus they are not paying the monthly fees and utilities.

Mr. Hegwer said that a motion may be needed in order to give Public Building, funds to have sufficient revenue to maintain the building and keep the lights on, approximately \$5,000 to \$6,000 to keep it operational.

Mr. Gaskins made the motion to transfer \$5,000 from Contingency to Public Building to maintain and keep the lights on in the Makepeace Building. Seconded by Council Member Haire, the motion carried five to one with Council Member Taylor casting the dissenting vote and Council Member Buckels being recused from voting.

### **OTHER BUSINESS**

Mr. Gaskins congratulated Bob Joyce on being selected to head up economic development for SAGA.

Mr. Haire stated that Sanford will get national exposure on CBS on Thursday, at 2 P.M. The show is called "The Talk." The man doing the conversation is known as Dr. Gadget. Mark Strickland has invented a cooler called "The Double Cooler." Mr. Strickland will not be on the television show but the cooler will be.

Mr. Hegwer reminded everyone that National Night Out is Tuesday, August 4. The City Council meeting will be moved from 7 P.M., to 1 P.M., that day due to NNO activities. The decisions on the public hearings held tonight will be made on that day. A list of the sites has been placed at Council Members' seats.

Mr. Mann stated that the Citizens Academy started Monday night. Next week, Finance and Budget is the topic, and he invited council members to attend. It begins at 5:30 P.M.

Mr. Hegwer stated that North Carolina State Law requires cities to announce or report when we have entered into a settlement for a lawsuit. The City has negotiated with Windstream Communications for a settlement in the amount of \$165,000 to the City for the diesel fuel spill and damage to the underground storage tank.

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

**ADJOURNMENT**

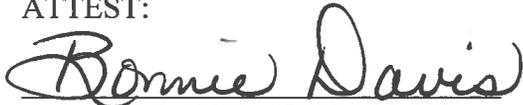
Mayor Pro Tem Williams made the motion to adjourn the meeting; seconded by Council Member Gaskins, the motion carried unanimously.

Respectfully Submitted,



\_\_\_\_\_  
T. CHET MANN, MAYOR

ATTEST:

  
\_\_\_\_\_  
BONNIE DAVIS, CITY CLERK