

**MINUTES OF WORKSHOP MEETING
OF THE CITY COUNCIL - CITY OF SANFORD**
Sanford Municipal Building- West End Conference Room
225 East Weatherspoon Street, Sanford, NC

Typo 30

The City Council held a workshop meeting in the West End Conference Room of City Hall on ~~Tuesday~~ ^{Wednesday}, August 12, 2015, after the Closed Session of the Law and Finance Meeting (held at 5:00 p.m.) to discuss installment purchase financing and bond related projects. The following people were present:

Mayor T. Chet Mann
Council Member Byron Buckels
Council Member Charles Taylor
Council Member Rebecca Wyhof
City Attorney Susan Patterson

Mayor Pro Tem James Williams
Council Member Jimmy Haire
Council Member Norman Charles Post, III
City Manager Hal Hegwer
City Clerk Bonnie Davis

Absent:

Council Member Sam Gaskins

Mayor Mann called the public workshop meeting to order and stated that structuring and financial options would be discussed so that Council could determine how to proceed on several items requiring immediate attention and several long-term issues (shown on attached Exhibit A).

City Engineer Paul Weeks reviewed and summarized several sidewalk projects, both City (funded solely by bond money) and DOT involved (funded partially by DOT) and gave the following updates:

- Woodland Avenue/Courtland Drive: Currently in the right-of-way acquisition phase; it is anticipated that bids will be accepted in Spring of 2016.
- Bragg Street/Nash Street: A total of \$255,000 has been budgeted: \$110,000 in DOT funding and \$145,000 in City funding. Since DOT is funding approximately 40 to 45 percent of this project and it is a central link connecting North Horner (from Weatherspoon Street) to South Horner (Main Street, Jonesboro), staff recommends this remain unchanged.
- Horner Boulevard: The apparent low bid is \$334,175 over budget. Since DOT is funding only about 25 percent of this project, there is an option to reduce the scope and still retain DOT funds.
 - Eliminating construction on the west side of South Horner reduces the shortfall to \$110,000 without affecting DOT funding.
 - If construction has not begun within 60 days of bid opening, re-bidding is required and the project will be delayed.

Financial Services Director Beth Kelly gave an overview of the bond referendum timeline and explained that Greenway and Parks/Recreation bonds of \$6,000,000 are scheduled for issuance in February 2017. However, the scope of this project has not yet been determined.

- If only a neighborhood park is constructed, this deadline is not a problem.
- If the Multi-Sports Complex currently being considered is approved, there are several issues to be resolved (type, size, scope, cost) prior to construction. A

steering committee has been formed to research these issues. A private citizen, Mark Stewart, has offered to donate a 55 acre tract of land near the intersection of Highway 42/Broadway Road and the Highway 421 Bypass for the park. Several issues, including collateralization, would also complicate the project, and it would not likely be ready for construction to begin prior to the February 2017 deadline.

Manager Hegwer explained that decisions on the Parks/Recreation project must be made before January 2016 (to allow time for LGC approval and for bidding) in order to meet the February 2017 timeline for the Parks/Recreation and Greenway bonds. There is an option to split the two but it would be cost prohibitive. Although costs for the next issuance will not be as much as the first (approximately \$150,000), they are still estimated at approximately \$140,000.

For reasons stated above, staff recommends delaying this issuance beyond February 2017.

In response to questions from Council, Ms. Kelly explained the funding timeline:

- Seven years from date of approval to issue bonds or finance;
- One extension of three years can be requested from LGC;
- Total timeframe of ten years from date of approval to issue bonds or finance;
- Three years from date of issuance to spend funds.

Manager Hegwer explained that another option is installment purchase financing, although this would require a ten year (rather than twenty year) repayment term, resulting in a higher debt service payment. This could replace the \$2,000,000 bond issuance for the Parks/Recreation project and allow the \$4,000,000 Greenway project to move ahead.

Ms. Kelly also explained that sales tax and utility franchise revenues have been higher than projected, causing her to postpone issuing the \$2,750,000 installment purchase financing previously approved by Council for the Streetscape project bid overage. Although final figures are not yet available, she estimates a revenue increase of approximately \$200,000 or 14%: 6% directly due to the City's tax increase and the resulting increase on sales tax, and the other 8% from true, organic growth. She noted that an advance of \$1,250,000 was made from fund balance on the streetscape project and this will be repaid with the loan proceeds when it is closed. If the financing can be further postponed until January, the City will qualify for a lower, bank-qualified interest rate. It would also save approximately \$130,000 in debt service payment since the 2015-2016 budget included a higher amount of debt and a full year of debt payments.

Ms. Kelly recommended that the City accept bids between January and June 2016 for Installment Purchase financing in the amount of \$1,500,000 (already committed for the balance of the streetscape project). Council also has an option to include the cost of additional parking at the Buggy Factory site and purchase of the Makepeace Building.

Community Development Director Marshall Downey explained that parking is being discussed in connection with staff's scheduled relocation to the Buggy Factory in December. The City parking lot behind Chatham Street has about 90 spots with some additional spots nearby. About 45 additional vehicles are anticipated for staff, which will take approximately half of that parking lot. There is also concern about additional lunch traffic at nearby restaurants. A possible

temporary solution would be using the gravel lot along the creek at the Armory, where about half of the City staff could park during the day. Parks and Recreation Director John Payne indicated these spaces are not used often during the typical 8:00 – 5:00 p.m. workday. Other staff members would be requested to park opposite the creek, along the back row of the Chatham Street lot where spaces are least utilized during the day.

Mr. Hegwer explained that another option is including the cost to demolish the King Roofing building and purchase the adjacent First Street properties with the next bond issuance. He has received appraisals on some properties from owners interested in selling. Ms. Kelly noted that there can be no parking restrictions (such as “staff only”) on property purchased with bond proceeds, so if bond funds are used, this property would be limited to Greenway use only. A consultant has estimated the cost to demolish the building and install a parking lot at \$500,000. There was discussion on grading only to level the lot and install gravel but flooding concerns were noted. It was also noted that the King Roofing property will serve as the trailhead for the Greenway project. Using relatively inexpensive installment purchase financing to demolish the building and construct parking would allow use of Greenway funds for installing underground power lines by the hospital on Wicker Street, from Carthage Street to Horner Boulevard.

Council Member Taylor questioned the need for any additional parking and estimated there were approximately 200 spaces available in the Chatham Street lot, Depot Park, parallel spaces on Chatham Street and surrounding area. Mr. Czar explained that parking is designed for the peak, the maximum number of vehicles anticipated. He noted that the area around the Buggy Factory is typically near capacity on work days between 11:00 a.m. and 2:00 p.m. and there would be problems trying to locate 60 additional vehicles in the area. Mayor Mann stressed that the primary concern must be to ensure adequate, convenient parking will be available to the public and customers at the facility. Mr. Taylor also noted that the City does not own the Buggy Factory; it is only being leased and questioned whether funds should be spent in an area outside the downtown area. Council Member Gaskins stated that constructing the Chatham Street parking lot was a struggle but it has proven to be quite useful.

Mrs. Kelly summarized that there were options to issue financing for \$1,500,000, \$2,000,000 or \$2,240,000 (all less than the original \$2,750,000 estimate). She noted concern that several additional purchases have been made with fund balance, leaving only \$25,000 in contingency, and the estimated \$350,000 impact (for a full year) the change in sales tax will have when realized next year. There are also legislative revisions pending with sales tax and those impacts are unknown at this time.

Mrs. Kelly requested specific direction from Council on the following:

- Does Council approve the revised scope and cost figures presented by City Engineer Paul Weeks and the use of \$110,000 in debt savings in Fiscal Year 2015-2016 budget for use on the Horner Boulevard Sidewalk Project?
- Does Council agree not to proceed with borrowing the \$2,750,000 originally approved, as stated above? If so, what amount will be borrowed and for which project(s)?

Council members discussed various projects and options. Council Member Taylor expressed concern that street resurfacing and maintenance were falling behind and suggested that

low-interest installment proceeds could be maximized to fund this work. There was discussion about factors affecting paving prices (materials and labor) and the scale at which the work could be done most efficiently.

Public Works Director Vic Czar noted that bonds are only one source of financing and that projects could be financed through bonds or low-interest installment purchase financing. Time frames, deadlines and debt payments on various loan amounts were discussed. There was concern that delays in financing would likely result in higher interest rates in the near future.

Consensus appeared to approve proceeding with the revised Horner Boulevard project as presented by Paul Weeks but there was no clear consensus on the Buggy Factory parking lot or Makepeace Building. Council decided to meet at 2:30 p.m. on Monday, August 18, 2015, outside the Buggy Factory (prior to the walk-through already scheduled for 3:00 p.m.) to discuss parking.

Staff will research and gather additional information prior to the next Law and Finance meeting on potential parking on the King Roofing site, street paving and resurfacing work, the Makepeace Building, and financing costs and payments.

Mayor Mann expressed concern that the The Sanford Herald has recently lost a reporter who has not yet been replaced and that information about ongoing projects (streetscape, the Latino project) was not reaching the public. The possibility of using other media sources, including Facebook, was discussed.

Council Member Taylor stated that he would like Council to consider moving away from Wednesday night meetings since they conflict with many local church services and events. He suggested that Law and Finance meetings be changed from Wednesday to Tuesday, in order to provide consistency and holding all City meetings on Tuesdays. There was also discussion about whether meetings should still be held at night or during the day, and the possibility of having only one Law and Finance meeting per month.

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

ADJOURNMENT

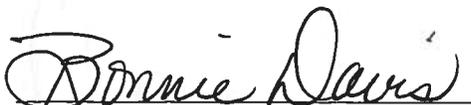
Council Member Post made the motion to adjourn the meeting. Seconded by Council Member Taylor, the motion carried unanimously.

Respectfully Submitted,



T. CHET MANN, MAYOR

ATTEST:



BONNIE DAVIS, CITY CLERK