

CITY COUNCIL WORKSHOP MINUTES OF THE  
CITY OF SANFORD, SANFORD, NORTH CAROLINA  
Tuesday, January 26, 2016

The City Council held a workshop on Tuesday, January 26, 2016, at 5 P.M., in the West End Conference Room, of the Sanford Municipal Center, located at 225 East Weatherspoon Street, Sanford, North Carolina. The following people were present:

Mayor T. Chet Mann	Council Member James Williams
Mayor Pro Tem Sam Gaskins	Council Member Norman Charles Post III (arrived at 5:15 PM)
Council Member Rebecca Wyhof	City Clerk Bonnie Davis
Council Member Charles Taylor	City Manager Hal Hegwer
Council Member Byron Buckels	City Attorney Susan Patterson

Absent:

Council Member Jimmy Haire

Mayor Mann called the meeting to order. He said that every elected official needs to be tuned in to what their economic development plan is and if you are not interested in growing the City's infrastructure, you are probably not focused on the right things. We made a commitment to the Sanford Area Growth Alliance (SAGA) and the one-stop shop with the investment of the Buggy Factory, that we would support economic development through those actions. The reason the City Council came on board a couple of years ago when this Council was reformed, was to achieve a goal that SAGA has of reaching a 1,000 new jobs in the next five years, of which we are one year in. One of the things Council will see tonight is the hurdles that allow us to reach those jobs and there are many. Bob Joyce has a checklist of items that he has to check off when proposals are submitted by industries. If we cannot check them off, then we do not have a shot at landing the company. Site selectors do not need to come to Sanford if we cannot meet the criteria. Tonight is a culmination of how we are going to change in a fashion that would allow us to collaboratively work with the County, and a private group for the same goal. Council will be asked to think about how the City influences that growth and at the end of the day, Council needs to come to a consensus and make some decisions that will advance this agenda in order to open up development in the industrial park. The decisions made tonight going forward, will probably define Lee County for the next twenty years or longer.

Discussion Regarding Central Carolina Enterprise Park

Public Works Director Vic Czar advised that sometimes when industrial clients make a visit, they hire a firm to help them "weed out" where to go and what they want to do; they give them a set of criteria to narrow it down.

Community Development Director Marshall Downey explained that they want to give them some background information and talk about the opportunity on how we can participate in a public/private partnership and build on that opportunity, from a competitive standpoint. He referenced a map showing areas in green that have been annexed into the City (Deep River Forest consisting of 600 acres in 1999) which is served by City services (Exhibit A). In 2007, the City further committed to additional 400 acres to Deep River Forest, totaling 1,100 acres north of the existing or proposed expansion of the industrial park. He showed a gap that is not annexed into the City limits. From a strategic growth standpoint, the

gap areas need to be annexed into the City. Staff has approached the developer of the park about the possibility of annexing the property into the City. As Council recalls, Duke Energy performed a study called the "Duke Site Readiness Study." It essentially looked at different elements and identified both strengths and weaknesses of the proposed park. One of the weaknesses was the inability to have common ownership of the properties and to some degree that has been resolved. We have a developer, who has been able to assemble a good amount of that property, has approached the City and the County and others about possibly partnering together to move forward with this project. He explained that when you look at how we want to grow the City and extend services in a logical manner, as well as some of the opportunities with what Duke Energy has identified as being a Site Readiness Program, they are actively marketing this area. It is one of thirteen sites across the state being identified as site ready. He noted where the County has constructed a road into the industrial park.

Mayor Mann added that McCallum Sweeney, the economic development arm of Duke Energy, identified the proposed industrial park as being Duke Energy Site ready. Being one of thirteen sites in three to four states, gives us Duke Energy's people pushing and promoting our product. Some of the things Council will hear tonight are things that they recommend that we absolutely do. They said that we are miles ahead of most sites, but there are lots of things that need to be done to be competitive. The Duke Readiness Site is the distinguishing factor that separates you from some of the competitors.

Mr. Downey said one of the biggest weaknesses we have had in the past is the lack of product development and having areas that are shovel-ready sites.

Mr. Czar advised that it is important to have those large areas in the city limits to grow in the northerly direction. It helps with the efficient delivery of services – fire, police, trash pickup, limbs and leaves, etc. You would be connecting city limits to city limits. The County constructed a road into the industrial park and the existing industrial park is very close to being full. Duke Energy came and look and thinks the industrial park is a good thing. They created a matrix of the weaknesses. One of the biggest weaknesses was there were four property owners. When companies come, they like to reduce the risk that they are about to embark upon. Having to deal with more than one owner is a problem. That problem has been solved; a private developer(s) has purchased the properties and the owners are willing to talk about annexation. We have been told for years, we need product development. To succeed, you need your utilities in ground, site ready, and possibly a building constructed. Eighty percent of the industrial prospects asked for existing buildings first and we do not have any.

Mr. Czar stated that with all that information put together, staff thinks this is an opportunity to check off the boxes that Mr. Joyce has spoken about. The next question is what kind of product you want to present to attract certain types of businesses, as well as, representing yourself. The City, County and the private partnership working together could create a product that would have street trees, pathway created in a greenway type sense (quality of life) – maybe curb and gutter, and signage. It sends a message that we are interested in high quality development.

Mr. Hegwer advised that the County has invested in the roadway, so you have an investment in excess of \$1 million. You have passed some of the hurdles. The land has been purchased by a private developer. We need to look at this issue closely.

Mr. Czar added that the County is committed to installing powerful fiber optic cable. We have been approached to enhance the entrance of the park. The developer has started conversations with the County about maybe them participating in the funding of some of it, to make it a 2020 industrial park, not a 1970s industrial park. We want to send a positive message of what we are trying to achieve, with a visibility from U. S. Highway #1 of Central Carolina Enterprise Park.

Mr. Hegwer added that this would line up with the Triassic site, which is right across the road from the park.

Mayor Mann noted that he is being told that all the new industrial parks being built in the 2000s have amenities. The ones that are the most successful have some level of amenities; if we don't, it may be judged against us in gaining industries.

Mr. Czar stated that amenities are important with utility infrastructure – water, sewer, and fiber optic are a must for a park. You will need to select cut some trees for visibility. If you can get one business landed in the park, it would be huge, as it would set the tone for what the park would look like.

Kirk Bradley, one of the developers, said that what he has learned in this process and seeing what other places have developed, and in particular, Alamance County, they are five years ahead of us in where we are with SAGA – in terms of getting the community organized and having the pipeline. Some of that had to do with the general economy, the state and how it is organized in terms of economic development. In the McCallum Sweeney Study, Alamance County is on the right hand side of the risk curve from a job creator's standpoint. The property is zoned; utilities are in place, which includes broadband capacity. Mr. Bradley informed Council that they are talking with someone on constructing a 100,000 sq. ft. plus spec building. It would be a precast concrete building, which is what industries are looking for – a modern looking building. The product is all the terms they have talked about - the land, infrastructure and that it is all in place. In Alamance County, they have a couple of spec buildings going at any one time, and they are leasing them out. They are building them because they have the confidence that they will have a lease. The good news is, before the downturn in the 2000s, we would have four projects at any one time in our economic development cue; we now have 20 projects in the cue. Mr. Bradley stated that tells him we have a pipeline. Eighty percent of them are looking for pre-existing buildings. The developers are organizing this based on what McCallum Sweeney and Duke Energy has told them. We need to create a pipeline of both land product and eventually, building product. That can only be done through a combination of efforts of the City, County, and private developers trying to make up the difference.

What they are hoping is to develop Central Carolina Enterprise Park on both sides of the road. As you know Baxter Pharmaceuticals was going on to the Triassic site. They are a big job creator, large investment, large number of jobs – they want 100 to 200 acres, which is what the Triassic site is best suited for. They want the flexibility to develop what businesses are looking for on the south side of Colon Road.

Mr. Hegwer referred to the “Weighting Business Factors” chart, (Exhibit B) which is what businesses are looking for when site locators come. Mayor Mann added that if you cannot check off the criteria, we are out of the picture. You have to check off the boxes, and then it comes down to the incentive package.

Mr. Hegwer advised that when former Mayor Cornelia Olive was in office, she went to visit Dick Sears, Economic Development Director, in Holly Springs. The first thing he told her was, we hope you are not competitive. We hope you do all the wrong things because we are going to be competitive. Mr. Sears stated that we are going to get Novartis and they are going to locate in our industrial park because you do not have what it takes. He basically said that they were going to do whatever it takes to get Novartis.

Mr. Czar displayed pictures (Exhibit C) of the industrial parks in Holly Springs, Four Oaks, and Wilson. He noted that Holly Springs has lighting, a four-lane road, median, curb and gutter, sidewalks, drainage, nice landscaping and street trees. Wilson's power is not underground. Property ownership was taken care of and ready for business; Four Oaks has nice signage, nice LED lights, curb and gutter, median, and two-lane road. These amenities are important to all companies.

Public Information Officer Kelly Miller added that when they took the pictures, the Holly Springs business park did not have the entryway so they did not know they were at the park until they saw the banners. They had the sign on one end but not the other. There were people who were walking and running at Holly Springs. At Four Oaks, their signage was everywhere and easy to find. They had one entrance and once you got into it, there was a round-a-bout that was awesome that circled you back out. In Wilson, they had nice signs at every entrance but did not have much on the inside.

Mayor Mann noted that in Alamance County, it had sidewalk, curb and gutter all around the industrial park and there were dozens of people walking on them during the work day.

Mr. Czar referred to a conceptual drawing (Exhibit D) of the proposed Central Carolina Enterprise Park showing street trees and a walking path with a substantial drainage swale. If you do not have a nice drainage swale, it can get ugly. On the back side is a greenway approach and sidewalk approach. This is where the developer would like to go. They have not gotten into an agreement in terms of who is responsible for what in the park. We need to keep in mind it is not a requirement for the developer to do these things. The developer is willing to be annexed.

Mr. Taylor asked what differentiates us in what we are trying to do, as opposed to what Alamance County, Holly Springs, Wilson is doing; is there anything that would set us apart from them – appearance wise, or structural wise?

Kirk Bradley displayed a picture of the proposed signage entering the enterprise park (Exhibit E). He stated that the first and foremost is the signage. The signage proposed at the Central Carolina Enterprise Park is a 94-foot sign. It is metal and is a very distinctive sign and it will set the tone. He said they plan to construct a spec building at the entrance and it will be very modern. Based on conversations, he may have a building occupied by January 1, 2017. The name makes a difference. The park in Alamance is called the North Carolina Industrial Center and they told him that because of the name, they have missed out on data centers and pharmaceutical projects because they do not want to be in an industrial center. That is why they picked the name Enterprise Park because it is broader and far more reaching.

Mr. Bradley added that having the airport is another asset. He said that a lot of places do not have the water and sewer capacity; the broadband is another asset that sets up apart – it is 10 GBs. It will

be very fast. He felt that the signage is another. One sign will be on the south side of Colon Road and one on the north side. They plan to trim the trees so that the signage will be seen from U. S Highway 1. The signs cost \$125,000 each because they are large signs. They are designed to be seen at 70 MPH.

Mayor Mann added that the Duke Readiness Program is also something else that sets up apart. We are one of only thirteen sites in the southeast. The largest economic development group is Duke Energy in the southeast and having them behind you when you have a product they can sell, is a big deal.

Mr. Bradley stated that Central Carolina Community College is another big asset. There is a California company, tired of regulatory and tax environments, that is looking to relocate. We are a finalist with Virginia, Texas, and North Carolina. Another company came that loved the welding program and manufacturing – the workforce and skill training is a big factor.

Vic Czar stated from staff's perspective, we are interested in efficient delivery of city services; that is strategic in terms of land area location for the efficient growth of the City. The City and County have a potential public/private partnership to create a product which staff has been told we lack. Staff feels that a quality product is important.

Mayor Mann asked for a consensus from Council on moving forward with this issue to take the next step. Mr. Czar stated the private developer is pursuing certification from the state with the proposed park. Mr. Hegwer explained that the site will produce something different. Mr. Czar stated that you have Duke Readiness site certification through the state, another site that is certified across the street (Triassic), broadband, and you will have a quality product. You will have private individuals very interested in marketing because they are looking for a return on their investment and you cannot blame them.

Mr. Taylor stated that Triassic may attract somebody different but will attract affiliate companies that could support their infrastructure. When the BMW plant located in Gaffney, it was the other companies that came with BMW that employed a lot of people, such as material suppliers.

Mr. Bradley added that we cannot forget about the Moncure mega site; that is part of this equation. If an auto manufacturer would locate there, they would chew through what we have here in a short period of time because of all the ancillary suppliers that would come and support a large scale manufacturer.

Mr. Bradley said that the Moncure mega site is one of four mega sites that is certified in the state; it was the old Allied-Fiber plant. There is already water and sewer; however, they are expanding the water and sewer. The site contains about 3,000 acres and there is one piece of about 670 acres without any water force mains going through. He did not know of another site in the southeast that big, which makes a huge difference in terms of how you grade it and some of the costs to put the 500+ million square feet of a manufacturing plant. This location is ten minutes from the entrance to the proposed Central Carolina Enterprise Park. Mr. Bradley felt confident that North Carolina will get an auto manufacturing plant sometime within the next cycle of plant locations; that should be part of the equation also.

Mayor Mann said there would be considerable meetings and planning and work from the staff level on this project. It will be a seven figure commitment of some sort but we need consensus of Council to continue to work on this project.

Mr. Taylor felt that Council needs to know what the next steps are and what we are committing to – precisely short-term and long-term.

Mayor Mann stated that the next step is they are going to develop a master plan for the new enterprise park and bring it to staff and then staff will put a pen and paper to it and try to prepare a developer's agreement so we know what each party is going to do.

Mr. Czar stated that they can put something together as to what they think is reasonable and bring it back to Council.

Mayor Mann added that the County Commissioners will be discussing this at their retreat on Friday. He stated that the Planning Department is going to be involved and there will be conditional zonings, etc. and he did not want them to go through all this if Council was not in agreement.

It was the consensus of the Council Members to move forward with this issue. The meeting was recessed at 6:10 P.M. and reconvened at 6:30 P.M.

#### Discussion Regarding Sewer Services to the Town of Pittsboro

Public Works Director Vic Czar informed Council that the Town of Pittsboro is in a position where they need help with the treatment of their wastewater; they are bumping up against their capacity. One of the options they have looked at is bringing their wastewater to our treatment plant. They have submitted some documents to the state and we are one of their preferred alternatives. We have capacity at the City's wastewater treatment plant (WWTP). Pittsboro is requesting two million gallons per day. We have an opportunity to treat that amount of wastewater and still have capacity at the WWTP for a couple of decades. We can contract with them and it could be a cheaper alternative for them rather than expanding their own treatment plant. Pittsboro would like a consensus from Council if that is something they are willing to pursue in a meaningful manner. Details and cost would have to be worked out. Mr. Czar said it is a win-win; it would provide some economic stability to our wastewater fund.

Mr. Taylor asked where is the wastewater plant at capacity wise? Mr. Czar replied about 4 MGD. Mr. Taylor stated that is about 33 to 35 percent. Mr. Taylor said it is contradictory to what we are trying to do as far as housing growth in our area. We are giving them a green light in that area. If you go towards Saxaphaw toward Pittsboro, you will see neighborhoods that have curb and gutter that have not developed because of some of these same issues. Wherever the water goes, the growth is going to grow; that is the concern he has from this standpoint. Mr. Taylor asked if the shoe was on the other foot, would they be talking to us about supplying us water if they knew we would grow exponentially. Mr. Czar stated that Pittsboro is going to either expand their own plant or the City can treat their wastewater.

Mr. Hegwer stated that if we could treat their wastewater, it would give us a stable revenue source in the future. The City has made a large investment in our plant and we are not maximizing our investment.

Mr. Williams reminded Council that when the WWTP was expanded the last time, the state took the attitude Sanford could be a regional sewer plant and the state gave us a permit for 12 MGD.

Mayor Mann stated that two years ago he was against the idea. However, after talking with the old mayor and new mayor of Pittsboro and mayor pro tem, he wanted to be sure we would not be selling our capacity. Mayor Mann spoke with staff and has learned that if you look at our growth over the last twenty years, we have grown about 1.8 percent. Raleigh is one of the fastest growing cities in the country in the last twenty years; they have grown over 3.5 percent. If we grew at 3.5 percent at our consumption rate, we would still have to triple our population to 90,000 and we would have to triple our manufacturing base before we would have capacity issues. The problem is we have one cash account called water and sewer and we are not using it. We need customers and we have all this capacity. Being a partner, may protect us from some state interventions and would give us a revenue stream we do not have. In talking with Pittsboro former mayor and new mayor, their projection is a slow ramp up and it would take fifteen years to get to 2 MGD.

Kirk Bradley stated that giving Pittsboro sewer will help us grow, because if Chatham Park is successful, it is going to change the center of gravity; there are a lot of reasons they need this plant to make sense. Jordan Lake is already impacted; they will use less water because they are more efficient in flushing and requirements and in addition, they are not going to let people irrigate their lawns with potable water. He advocates that this would be a win-win and maybe in the end, we can sell them reuse water to irrigate their lawns they are building and then we would virtually have unlimited capacity.

Mr. Czar stated that Mr. Bradley is right; Jordan Lake is already environmentally impacted. Revenue wise, we have 8 MGD capacity we can sell. If we contract with Pittsboro, it will take 10 to 20 years to fill it up and we can collect revenue on it and still have capacity. With the added revenue, you can expand the system; you can fix the system; or you can go down on the rates.

Mr. Hegwer stated that we provide wholesale services to Broadway, Chatham County, and Carolina Trace. If an automobile plant would be built in that part of Chatham County, you would probably serve it too.

Mayor Mann stated that this ties in to our wastewater master plan and our land use plan. He saw this as an opportunity to bring this issue before Council, because it could give us a revenue stream to help us with our wastewater master plan and land use plan. You can lower rates, repair our system or expand services.

It was the consensus of Council Members to move forward with discussions with Pittsboro.

#### Utility Payment Processing Options – (Exhibit E)

Financial Services Director Beth Kelly explained the current utility payment processing options; which are through the lockbox via check or e-checks which is mailed to the Charlotte Post Office, bank draft and walk-ins available from 8 A.M. to 5 P.M., which can they can pay with cash, checks, credit card, or call-in over the phone and pay with a credit card. During the month of December the following percentages were utilized by customers: lockbox – 29% of collection; bank draft-14%; walk-ins – 23%; call-ins – 12%; on-line payment -16% and drop box – 6%. Available 24 hours a day; seven days a week are on-line payments which are paid by e-check and or credit card; our drop box is the drive-thru where you can physically place the payment in an envelope and put it in the drop box.

Mrs. Kelly said that the majority of the payments are made through the lockbox and walk-ins. We have a large percentage that walk-in and pay by cash only. They have looked at different options because of comments of after-hour payment options. One possibility is a utility payment kiosk which would be available 24 hours a day, 7 days a week; it would accept cash, check, and credit cards; and is multi-lingual interface. You can pull up your account and there is an option for a bar scanner recognition. If you have your payment stub with you, the machine will read the barcode from it.

Mrs. Kelly displayed three pictures of utility payment kiosks; one was a picture of a drive-up kiosk in Asheville; picture of a free-standing for inside a building and a weatherized kiosk. We would have a lease on them and own them in the end. You pay a monthly fee for maintenance because of the software; they would make sure it is updated and everything is interfaced to our billing software.

Mrs. Kelly suggested placing a free-standing kiosk in the Police Department where people would feel safe using it. She suggested seeing how many people will use it and possibly purchase a second kiosk to place it in another section of the City. A free-standing kiosk will cost around \$30,000; however if you weatherize it and build around it, you will have additional construction costs.

Mr. Taylor suggested charting who pays their bills geographically in person. Revenue Manager Karen Atkinson stated if these machines were placed in satellite locations, it took longer for the payments to process. They would pay a higher fee for the payment to be posted the next day. She added that a lot of the City's customers pay on the last day.

Mrs. Kelly added that it comes down to what kind of customer service you want to provide. Regarding the on-line payments, Council chose not to pass on those fees to the customer; it is an efficiency and is an ability to help the customer pay; it does cost us more. Mr. Taylor stated that if it is costing us, you should pass on that cost to the customer.

Council Members viewed a video showing how the payment kiosk works.

Mr. Taylor said that he would like to see where the numbers have trended and see if there is anything we can do that can help push in one direction or another. Mrs. Kelly responded that you have a large percentage of customers who pay in cash only. The issue with another business collecting is we are government, not like Windstream or Central Electric. The kiosk would be another option to the customer to pay their bill on time.

Council Member Taylor suggested having GIS Director Don Kovasckitz map out where the payments are being paid in person and plot them on a map and that will tell you where the demand is – location wise. If 80 percent is being paid from Jonesboro, then locate the kiosk somewhere in Jonesboro.

Mrs. Kelly said the complaints are not being able to pay after 5 PM and they do not want to wait in line.

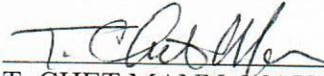
Mayor Mann suggested studying this issue further and check to see if Mr. Kovasckitz can map it out as to where the payments in cash are coming from (location wise).

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

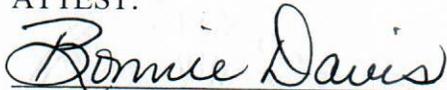
**ADJOURNMENT**

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

Respectfully Submitted,

  
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T. CHET MANN, MAYOR

ATTEST:

  
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BONNIE DAVIS, CITY CLERK