SANFORD CITY COUNCIL
WORK SESSION
Tuesday, February 12, 2019
225 East Weatherspoon Street, Sanford, NC

The City Council held a workshop meeting on Tuesday, February 12, 2019, at 6:00 p.m. in the West End Conference Room at the Sanford Municipal Center, 225 E. Weatherspoon Street, Sanford, North Carolina. The following people were present:

Mayor T. Chet Mann (in 6:15 p.m.)
Council Member Byron Buckels
Council Member Jimmy Haire
Council Member Charles Taylor
City Attorney Susan Patterson
Deputy City Clerk Vicki Cannady

Mayor Pro Tem Rebecca Wyhof Salmon
Council Member Sam Gaskins
Council Member James Williams
City Manager Hal Hegwer
Management Analyst Holly Marosites

Absent:
Council Member Norman Charles Post, III
City Clerk Bonnie Davis

Mayor Pro Tem Salmon called the meeting to order at 6:10 p.m.

Fifteen-Minute Parking Space on Wicker Street
Transportation Administrator Kris Furmage explained that Diane Morris, owner of Karma Boutique and Coffee Bar (131 Wicker Street), requested a 15-minute parking space be designated in front of her business. Ms. Morris suggested that Gown and Tux (139 Wicker Street) would also benefit from the space and indicated to Mr. Furmage that she had spoken with nearby business owners and DSI staff who all approved of the space. Mr. Furmage confirmed that other businesses have designated parking spaces (two in front of H&H Auto, one in front of the Wilrik Building) and he is unaware of any enforcement issues.

Update on State Building Code Enforcement Progress (Exhibit A)
Community Development Director Marshall Downey reminded Council that the Code Enforcement Department is using an outside company, State Code Enforcement, Inc. ("SCEI") to help clear more than 100 minimum housing cases, allowing staff to concentrate on more sensitive cases, such as those that would involve displacing residents. Council selected 25 target cases and SCEI is working on five of them monthly. Of the 24 cases opened to date, four were voluntarily abated; one was voluntarily demolished; one is in process with substantial progress; eight appear to be headed toward demolition; and ten are active with action to be determined. Mr. Downey requested direction from Council on how to proceed on the eight cases that appear to be headed toward demolition. He reviewed the program's year-to-date fiscal impacts and explained that one local contractor estimated demolition costs at $7,300 for each property; however, a contractor from Carthage has previously done demolitions for SCEI for $6,000 or less. Mr. Downey confirmed that these costs will be assessed as liens against the properties. Mr. Pinnix reported that his staff has reached out to 33 contractors to determine whether they have an interest in purchasing any of the properties.
Based on these estimates, Mr. Downey explained that demolitions for the eight active cases will likely cost between $48,000 and $54,000. Total demolition costs (including administration, hauling, grading, seeding, strawing) will likely bring total costs to $62,000 and total costs for the program (including spring grass cutting) through the end of the fiscal year will be about $75,000.

Mr. Downey proposed that Council fund demolition of the eight active cases and allow SCEI to continue working on the ten remaining cases. He suggested that demolition costs for those ten cases could be included in next year’s budget, noting that it is unlikely that all will require demolition. City Manager Hal Hegwer reminded Council that staff would like to continue work on these remaining cases since procedural timelines will be affected if the process is interrupted. Mr. Downey reminded Council that one reason staff engaged SCEI was due to the lack of cooperation from property owners: after repeated attempts, only one owner in the first 24 properties responded. Mayor Mann suggested we move forward and Mr. Hegwer stated that staff will solicit demolition bids and engage the low bidder.

Discussion with N.C. Department of Transportation Representatives

Vic Czar, Public Works Director, introduced Brandon Jones, Division Engineer for Division Eight (covering Lee and seven other counties) and Chuck Dumas, Division Maintenance Engineer. Mr. Jones confirmed there are many maintenance and construction projects underway in Lee County and recognized Mayor Mann and Council Member Gaskins, who attend many TARPO (Triangle Area Rural Planning Organization) meetings. He reported that the draft STIP (State Transportation Improvement Plan), which came out in January and should be adopted in June or July, includes two new projects from our area: the Kelly Drive realignment project and the Commerce Drive extension project. DOT staff met with CCCC staff and board yesterday on the Kelly Drive project and they plan to bring a consultant on board to meet with the City and CCCC in the next few months to begin moving forward on the 2022 fiscal year project. The Commerce Drive extension project (extending it to Lee Avenue) is included for the 2027 fiscal year. He explained that all projects receive quantitative scores based on several factors and that projects within each of the three tiers compete with one another. At the regional tier, our division competes against Charlotte’s division and we received more regional funding this cycle than Charlotte. Under the quantitative scoring system, the planning organization can assign points to projects and they were able to fund the Kelly Drive project by combining points.

Council Member Taylor invited DOT staff to attend Council workshops quarterly to help improve communication. Responding to questions about how citizens should report road issues, Mr. Jones explained that reports should be made directly to the local maintenance office (919-775-3122) or through the DOT website (NCDOT.gov). He also noted that it is helpful to involve city staff since they are aware of DOT staffing. Council Member Buckels reported that several streets in the city are in poor condition, particularly Garden Street, and requested that DOT make needed repairs. In response to questions on the Broadway Road widening project timeline, Mr. Jones explained that they hope to have right-of-way acquisitions complete this summer, to solicit bids in October if several utility issues are resolved, and will soon begin moving graves from the cemetery near Shallow Well Church (noting that families have been cooperative).

Presentation by Southern Benefit Systems regarding Health Insurance (Exhibit B)

Josh Hyman with Southern Benefit Systems provided an overview of services his organization can provide to help manage the health care supply chain. He reported that he sustained an injury and had surgery while working with a non-profit company and the self-funded company paid the claim,
essentially allowing him to use his health insurance card as a credit card. He stated that companies typically have oversight and accountability for expenses but not health care. He also stated that while Blue Cross Blue Shield typically pays claims quickly, they are not pro-active in offering options for better pricing and outcomes. He suggested that his company could significantly reduce costs and offer options for employees to make more informed decisions (such as hospital vs. outpatient; laparoscopic vs. traditional surgery) to alleviate costs to both patient and employer, and produce better outcomes. He reviewed a case study and explained that their savings increased as they increased the number of strategies implemented. SBS will perform an analysis for $6,000 and suggest strategies based on the results; if savings don’t offset that cost, the fee will be refunded. They offer several solutions for hospitals and outpatient procedures, depending on how fiercely we want to attack spending, and strategies could be implemented over several years. He confirmed that their monthly fee of $6,000 will be refunded if savings don’t offset that cost.

Mayor Pro Tem Salmon questioned whether they have data that tracks employee wellness, noting that saving costs is important but we also want to ensure that employees receive needed services. Mr. Hyman responded that they use a medical management company to ensure that patients are matched specifically with the correct treatment, location and cost, and they have an entire program that examines not only costs but also outcomes for each surgery. They have access to data on facilities and which specialized services are offered by each, and their company coordinator will share this data with employees in order to illustrate various options for recommended procedures.

Council Member Williams reported that he has spoken with SBS over the years and suggested it may be worthwhile to consider this option. He reminded Council that a proposal was made previously to engage a nurse manager and Mr. Hyman confirmed some companies do offer that service. City Manager Hegwer noted that many employees are already comfortable researching health care options and suggested that having information more readily available would be beneficial since there is often a knowledge gap regarding which facilities provide specific services and the costs. Council Member Gaskins suggested that Council has an obligation to research how to reduce costs. Consensus was reached for staff to provide information to SBS for analysis and provide a report to Council.

A brief recess was taken at 7:30 p.m. and the meeting reconvened at 7:45 p.m.

**Airport and Industrial Park Sewer Update (Exhibit C)**

Brian Jann with Freese and Nichols reminded Council that contracts had been awarded on portions of the sewer extension project shown in yellow and red on the attached exhibit, and on the Moncure Lift Station Contract A and Intermediate Lift Station Contract B. Construction has begun, with crews mobilizing and doing on-site clearing. The project segment shown in red was included with Contract C that was awarded late last year for $947,247 but the segment shown in green (crossing from one side of the runway to the other) came in at $1.89 million and has not yet been awarded. As with the Moncure project, Freeze and Nichols did some value engineering and negotiated that bid down to $1.57 million, bringing the project total to about $2.5 million or about $627,000 more than originally estimated a few years back. We received a Golden LEAF grant award of $1.5 million which required a local match of $500,000, leaving about $500,000 to be funded. Financial Services Director Beth Kelly explained that a budget amendment will be presented for Council approval at the next meeting to appropriate retained earnings for this balance.
Public Works Director Vic Czar noted that he has been asked about extending sewer service to the airport for 29 years and he is excited to see this project moving forward, noting that this project is a collaborative effort. City Manager Hal Hegwer stated that he has attended airport meetings for twelve years and he wasn’t optimistic during that time about the prospect of extending sewer service to the airport. Mayor Mann suggested this project would produce benefits for years to come. Mr. Weeks informed Council that a recommendation to award the project would be presented for Council approval at the next meeting, along with budget amendments to appropriate the funds.

**Discussion about the Future of Recycling (Exhibit D)**

Public Works Director Vic Czar explained that the recycling market has evolved over the last few years and as a result, Waste Industries (“WI”), per the terms of their contract, has requested an increase of $1 per receptacle monthly to cover their increased costs, beginning July 1. Their costs have already increased but they are willing to delay their increase until July and the new budget cycle. There are approximately 9,000 houses in the City, so the increase would be just over $100,000 annually to continue at the same level. Mr. Czar noted that some communities are no longer accepting certain items but no changes have been proposed to our program. He recommended we approve this request since WI is not proposing any changes or additional requirements to the recycling program. He also confirmed that eliminating the recycling program would not reduce costs since it would only increase other charges due to the increased volume.

Council Member Taylor suggested that WI provide additional information to help educate the public about the recycling program. He also suggested that we explore offering a hazardous waste collection day, similar to the program offered annually by the county.

**Update on Capital Improvements (Exhibit E)**

Financial Services Director Beth Kelly provided an overview of the Capital Improvements Plan as described on Exhibit E and explained that information is currently being gathered from various departments in preparation for next year’s budget. This information helps lay the foundation for the plan that will be discussed in depth at the upcoming Council retreat. Council Member Taylor requested information on the departments’ proposed and actual capital purchases for the past ten years so that ramifications of delayed purchases can be analyzed. City Manager Hal Hegwer confirmed that delays can result in higher increases in subsequent years. Council Member Williams questioned whether a tax increase may be needed and Mrs. Kelly explained that a great deal of information is yet to be received. She reminded Council of the recycling increase of $100,000 and advised that there will likely be an increase of $80,000 to $100,000 in the workers compensation premium. Mr. Hegwer explained that information on property taxes (both real and personal) is received late in the budget process, and also noted that it is particularly difficult to forecast sales tax revenue. Mrs. Kelly agreed and explained that sales tax revenue is currently on target but there is a three-month delay on receipts. She reported that property tax collections were slightly behind what was expected through December but many tax bills are paid during the first week in January. She also confirmed that the county-wide revaluation will affect property tax revenue next year.

Mr. Hegwer reported that there was a great deal of interest at the recent City Managers’ Association meeting for a referendum-based approach on a municipal sales tax, with some versions being tied to infrastructure improvements. While funds will be generated through the recent vehicle fee, there are still significant street and resurfacing needs and a 0.25 cent sales tax tied to infrastructure could be a revenue option. He noted that Powell Bill funds have been flat and could even decrease this year. Mrs. Kelly reported that other municipalities estimate revenue at approximately 80 percent
of that generated by their counties’ 0.25 cent sales tax (since about 80 percent of the sales are generated in the cities) and estimated that a 0.25 cent tax could generate approximately $800,000.

Mrs. Kelly also reminded Council that police vehicles were purchased last year but other heavy equipment purchases have been postponed and must be addressed soon since maintenance costs are increasing.

**Other Business**

Council Member Buckels and Mayor Mann shared information from the recent interlocal meeting hosted by the County on February 11: Outreach Mission, Inc. ("OMI") reported that their shelters received about 140 people in 2018 (including 34 veterans) and 89 percent of them gained employment. Mayor Mann explained that OMI requested $70,000 to help fund them through July 1 and there was no resistance from the county.

Council Member Haire noted that the county’s charter was issued more than 145 years ago and suggested we begin planning for a parade celebrating 150 years in 2024.

Council Member Taylor stated that the Joint Planning Commission met recently to consider text amendments and gather feedback. This information will be presented to governing bodies from Sanford, Lee County and Broadway. He also reported that Moore County will be holding their first initiative on homelessness soon and suggested that our efforts may have inspired them.

Council Member Gaskins explained that the board of Brick Capital Development Corp. met yesterday regarding recommendations to remain sustainable, including the sale of property. He noted that they have been successful in reaching goals and encouraged them to keep Council updated on their progress.

Council Member Salmon explained that she was excited to see the Kiwanis Family Park project begin and suggested a sign be installed to remind citizens that it is being funded through a bond project.

Mayor Mann acknowledged the high degree of ongoing collaboration between the city and county and provided highlights of the recent interlocal meeting: the Unified Development Ordinance Airport overlay project; a project between the County and CCCC for a shared library facility; and renewed discussion of a multi-sports complex on property near the Highway 421 Bypass and Broadway Road. The county is reviewing the study done on the complex in 2016 and exploring the possibility of a general obligation bond in 2020 to fund the park and joint library. They also discussed the occupancy tax, specifically revising legislation on the one percent currently going to the Civic Center. He reminded Council that there are openings on several boards, including the TDA. He reported that today’s meeting on opportunity zones was well attended and encouraged everyone to share information on potential investment opportunities.

**Closed**

Pursuant to N.C.G.S. 143-318.11(a)(4), Council Member Gaskins made a motion to go into closed session to discuss matters relating to the location or expansion of industries or other business in the area served by the public body. The motion was seconded by Mayor Pro Tem Salmon and carried unanimously.
Adjournment

Mayor Pro Tem Salmon made a motion to adjourn the work session. Seconded by Council Member Gaskins, the motion carried unanimously.

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

Respectfully Submitted,

T. CHET MANN, MAYOR

ATTEST:

VICKI R. CANNADY, DEPUTY CITY CLERK