

**MINUTES OF RETREAT OF THE
CITY COUNCIL OF THE CITY OF SANFORD
SANFORD, NORTH CAROLINA**

The City Council met at the Little River Golf and Resort, located in Carthage, North Carolina, to hold its annual retreat on Friday, February 21, 2020, at 8:30 A.M. The following people were present:

Mayor Chet Mann	Mayor Pro Tem Byron Buckels
Council Member James Williams	Council Member Sam Gaskins
Council Member Jimmy Haire	Council Member Norman Charles Post, III
Council Member Rebecca Wyhof Salmon	City Manager Hal Hegwer
City Attorney Susan Patterson	City Clerk Bonnie Davis
Management Analyst Holly Marosites	Deputy City Clerk Vicki Cannady
SAGA Chief Executive Officer Michael Smith	SAGA Economic Development Exec.
DSI Director Kelli Laudate	Director Bob Joyce

Absent:

Council Member Charles Taylor

CALL TO ORDER

Mayor Mann reconvened the meeting at 8:30 a.m.

Closed Session

Council Member Post made a motion to go into closed session in accordance with North Carolina General Statute 143.318.11(a)(6) for the personnel exception. The motion was seconded by Council Member Buckels and carried unanimously.

Return to Regular Session

Sanford Area Growth Alliance (SAGA) Presentation (Exhibit A)

Sanford Area Growth Alliance (“SAGA”) Chief Executive Office Michael Smith reviewed some of his organization’s accomplishments for the past year. He explained that they have focused on reestablishing relationships with key state offices, including the Department of Commerce and Economic Development Corporation. They are reaching site consultants through their marketing firm, DCI: in fact, the initial connection to Audentes Therapeutics, the company that will be locating at the Central Carolina Enterprise Park shell building, was made at the Site Selectors Guild meeting in Salt Lake City last March. They are currently working on a campaign targeted to life-sciences companies.

SAGA has also been working to let outsiders know that we are part of the Triangle region, since many are surprised that we are only about 30 minutes from Raleigh and have much less traffic congestion than other surrounding areas. They have also shared information on our area through a 16-page insert in the *Triangle Business Journal*; we were the first in our area to do this through the combined resources of our Economic Development and Chamber of Commerce offices. Several series have been posted on the WRAL.com website (the number one search engine in the Triangle) and Mr. Smith stated that he hopes the Tourism Development Authority (“TDA”) will continue this effort since the current series will be the last done by SAGA. He thanked Austin

Thomas for producing their annual report in house this year and informed Council that SAGA has hired Convergent Non-Profit Solutions to assist with their private capital campaign that will kick off with a dinner on March 18.

Mr. Smith reminded Council that we are fortunate to be part of two dynamic markets: the Triangle area and the Carolina Core. Jimmy Randolph, SAGA's Existing Industry Development Manager, is in Greenville, South Carolina, today for a Carolina Core related event. He also noted that minor changes have been made to the map showing Sanford's location relative to the work force in Raleigh, Ft. Bragg and other nearby areas, along with the highway system. Mayor Mann commented that he has led many conversations with potential investors by showing this map.

Mr. Smith reminded everyone that the top 2019 news story for *The Sanford Herald* was "Economic Development Boom Strikes Lee County," thanks in part to Pfizer's \$500 million expansion that will bring 300 new jobs; the very competitive Bharat Forge project of \$170 million; and the recent announcement that Audentes Therapeutics will purchase the Shell building at CCEP. The company considered sites in Boston, Houston, Boulder and the Raleigh-Durham area but chose Sanford. He announced that SAGA will be requesting the same level of support for the second Shell building as the first and after conversations with representatives from the bio-tech center, it appears we should replicate the original building as much as possible. These companies spend great sums of money and having a building that fits their needs is critical. Council Member Gaskins noted that another company just announced that they will be locating in Chapel Hill, so we will have five of the world's top gene therapy companies in our area.

Mr. Smith informed Council that SAGA's website needs to be upgraded and they will be asking the City for assistance with the estimated \$30,000 cost. Council Member Buckels noted that the estimated \$800 million dollar investment and 1,000 jobs are the result of many years of hard work. Mayor Mann agreed that public/private partnership with SAGA has been great for our area and noted that the owners of the Shell building never requested any funds from the City for payments on the Shell building before it sold, although there was an agreement that the City would contribute.

Bob Joyce, SAGA Economic Development Executive Director, explained that he was asked to invite Alyssa Byrd, the Economic Development Director from Chatham County, but she is at the same event as Jimmy Randolph; however, she sent a letter (attached as Exhibit A-2) regarding the Moncure Megasite. He also reviewed data as shown on the attached Exhibit A-3 on projects his office has worked in the past five years.

Closed Session

Council returned to closed session which had been recessed from the previous session, in accordance with North Carolina General Statute 143.318.11(a)(4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body.

Return to Regular Session

Downtown Sanford, Inc. (DSI) Presentation (Exhibit B)

Kelly Laudate, Executive Director of DSI, shared some of the organization's accomplishments and goals for 2020, including the safety initiative that began in August 2019 with police officers in the downtown area. They spent time with merchants, customers and provided

information to homeless individuals about programs that were available to them. She urged Council to continue supporting the program and Mayor Mann agreed it would be beneficial if it could remain in the City's budget.

Mrs. Laudate informed Council that DSI had launched the RISE grant program (Real Investment in Sanford Entrepreneurs) with 12 participants. This partnership with SAGA and Central Carolina Community College is designed to bring new merchants downtown by offering eight classes that introduce tools for business success. Each participant will produce a small business plan and have an opportunity to present it to the advisory committee composed of professionals from Lee County. In addition to the classes, the committee will award a \$5,000 grant to be used for utilities or rent for a downtown location to the participant with the best plan. Three of the participants have already begun working with Zoning and Planning staff on proposed locations. She commented that the program is already working and has surpassed her expectations and she has no doubt that all downtown spaces will be filled within the next three years.

DSI received a glowing review from the NC Main Street organization this year, according to Mrs. Laudate. The organization encouraged DSI to submit several promotions for rewards, including the public safety initiative, holiday punch card and Lutterloh Building revitalization. The LaDolce Vita Restaurant will receive the "Best Adaptive Reuse Project" award at the NC Main Street Conference on March 12. She also informed Council that DSI earned its 2020 National Main Street accreditation for the fourth straight year in a row (Jennifer St. Clair began the process in 2017) this year by demonstrating commitment to economic development and revitalization through the Main Street approach.

Other events sponsored by DSI this past year included the Christmas Tree and Train lighting with Santa (through a partnership with the Railroad House and TDA), trick-or-treating with merchants, Small Business Saturday, holiday punch cards, and the live music series (which will be expanded through work with a production company). DSI is working on a new five-year plan of work including economic vitality, design, organization and promotion. They plan to be strategic with properties such as the Wilrik, old Belk Building, and Masonic Building, along with properties across Horner Boulevard, including the tobacco warehouse and Prince Hotel, as Department of Transportation projects in that area develop and draw new business. She referenced handouts (attached as Exhibit B), informed Council that she looks forward to working with the new TDA director, Wendy Bryan, and thanked the City for its support. Financial Services Director Beth Kelly noted that she has requested that the County begin sending occupancy tax information to the new TDA director so she can follow up on visitor data and trends.

Recess

A brief recess was taken at 11:10 a.m. and the meeting was reconvened at 11:20 a.m.

City Manager Hal Hegwer explained that staff has reviewed the solid waste fee and costs of providing that service and an increase of \$15 (from \$270 to \$285) will be included in the proposed budget for FY 2020-2021 unless Council requests otherwise. This increase would provide approximately \$135,000 in additional revenue.

A video of Chatham Park Winter 2020 Update was played. Mayor Mann noted that 18,000 homes are expected to be built in those neighborhoods in the next 20 years; that Kirk Bradley, of

Lee Moore Capital Company in Sanford, will be designing Mosaic, the commercial gateway to the park; and the Temple Theatre will have a theatre in the park that will enhance its Sanford location.

Greenway bonds (Exhibit C)

Public Works Director Vic Czar informed Council that staff is researching lighting for Depot Park similar to what is being used at Chatham Park as shown in the video viewed by Council and referenced above.

Mr. Czar reminded Council that the \$4 million bond referendum for the Greenway project was approved by voters in 2013. At that time, it was contemplated to run from Kiwanis Family Park through the woods to Carthage Street, near the current location of the YMCA as shown on the map attached hereto as Exhibit C, to the Kiwanis Children Park and sidepath on Wicker Street to Horner Boulevard as shown in red as “Carthage” and “Wicker St.” on the attached map; and from Chatham Street to City Hall (as shown in red as “Little Buffalo” on the attached map), but there have been many developments since that time. The DOT Carthage Street project will likely begin in 2023 and we could maximize funds by coordinating that portion of our project with theirs and paying the required 20 percent match for sidewalk. He acknowledged that the Wicker Street portion of the project will be expensive but will totally transform the appearance: underground power has been contemplated, streets will be narrowed and re-stripped, the stoplight at Gulf and Wicker Streets will be removed, and mast arms will be installed for stoplights. There has been discussion about a project along First Street (as shown on the attached Exhibit C) that may include stream restoration that could affect the Little Buffalo portion of the project. He suggested we consider doing the “Medical Mile” and Wicker Street to Horner Boulevard portions of the project (the segments shown in blue and orange) since they may be the best use of funds at this time and fund the Carthage Street segment later, in connection with the DOT project.

Because of stipulations that only funds spent within 24 months of a project can be reimbursed, Mr. Czar reminded Council that all work in connection with these projects has been stopped and it will probably take a year before construction bids can be solicited. Since construction must begin within seven years of bond approval, unless a three-year extension is granted, staff will request an extension if directed to do so by Council. Council Members Gaskins and Post agreed they would like to see the Medical Mile and Wicker Street portions of the project done. Mr. Gaskins questioned whether the sidepath project on Highway 42 to West Lee Middle School was a DOT project that would tie into the greenway and Mr. Czar responded that the City would be responsible for the 20 percent match and all the details have not been worked out on this project. The initial cost was estimated at \$199,000 but there could be a significant difference in costs. Consensus was reached to proceed with the proposed portions of the greenway. Mayor Mann noted that these completing these segments keeps improvements in the core of the City that serves as an anchor. Mr. Czar reminded Council that the County is funding improvements to Kiwanis Children’s Park.

Financial Services Director Beth Kelly explained that the Parker Poe law firm can prepare the extension request and the estimated annual debt service on the bond issuance would be about \$400,000, depending on interest rates, and these payments would require about 1.5 cents additional revenue. Bonds could be issued in fiscal year (“FY”) ending 2021 and payments would be due in FY 2022. There weren’t as many bids with sidewalks and we were able to issue debt but we would have to have bids to ensure that the greenway project could be completed in entire segments, from

origin to destination. Mr. Czar explained that it would take about a year for design work and months for the bid process. We would have to bid all three projects because the Local Government Commission (“LGC”) must review bid prices. Mayor Mann questioned whether we could cut \$400,000 in spending or raise the tax rate in 2022. There was discussion on whether the rate should be raised now or wait until funds were needed. It was noted that revenue from new businesses would not cycle through for several budget cycles and revenue from recently approved residential developments will also require funding for services. Mayor Mann commented that improvements funded through the bonds have been well-received by the citizens, even though they required a tax increase.

City Manager Hal Hegwer stated that he could submit a budget proposal that would include a 1.5 cent increase and see how it is received. Mrs. Kelly explained that another option would be to delay for a third budget cycle but she noted there are risks that construction costs and interest rates could increase. She also noted that including a tax increase lower than is actually needed could result in a second tax increase, for two consecutive years, particularly in light of fire protection and other needs related to residential growth that will be coming. She suggested we budget for the payment we know will be coming even if we won’t have a full budget year and to earmark the remaining funds for when they are needed. She also suggested that issuing bonds in the next year would likely reduce interest costs. The LGC has informed her staff that their calendar is full because many governmental entities are taking advantage of the low interest rates. Mayor Mann suggested we move forward since the economy is going well and we have momentum. Mr. Czar reminded Council that new greenways will require maintenance and additional staff and a two-cent tax increase may be needed.

Mayor Mann asked how quickly the greenway projects could be completed and Mr. Czar estimated that if all goes smoothly, they could be completed by fall of 2022. Mayor Mann suggested that the RISE (Real Investment in Sanford Entrepreneurs) small business program may draw more businesses to Wicker Street, as would underground power, which Mr. Czar confirmed has been proposed.

Mayor Mann instructed City Manager Hegwer to include a two-cent tax increase in the proposed budget for FY 2020-2021, subject to Council review and approval.

Other Business

Mayor Mann noted that City Manager Hegwer would be accountable for objectives identified at the retreat meetings.

Mayor Pro Tem Buckels suggested that we increase efforts around the Martin Luther King, Jr., Park on Horner Boulevard. City Manager Hegwer commented that the upcoming DOT project, from Highway 421 to the railroad bridge near the park, would present a good opportunity to coordinate efforts and analyze the Washington Avenue intersection near the park and possibly invest more in the park.

Council Member Gaskins stated that efforts over the past eight to ten years are reaping benefits and we shouldn’t ease up now. Council Member Haire reminded everyone that Wicker Street was named in honor of Gordon Wicker and noted that portions of Carthage Street would benefit from revitalization.

City Attorney Susan Patterson informed Council that she has heard from the attorney for Audentes Therapeutics regarding agreements regarding the sale of the Shell building and Central Carolina Enterprise lot and contracts are being finalized.

ADJOURNMENT

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

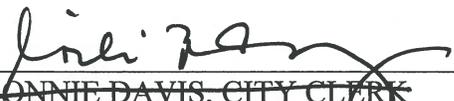
ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.

Respectfully Submitted,



T. CHET MANN, MAYOR

Attest:



~~BONNIE DAVIS, CITY CLERK~~

Vicki R. Cannady,
Deputy City Clerk