

**SANFORD CITY COUNCIL**  
**WORK SESSION**  
Tuesday, July 12, 2022  
West End Conference Room  
225 East Weatherspoon Street, Sanford, NC

The City Council held a work session on Tuesday, July 12, 2022, (immediately following the Special Called Council meeting) in the West End Conference Room at City Hall. The following people were present:

Mayor Chet Mann  
Council Member Sam Gaskins  
Council Member Rebecca Wyhof Salmon  
Council Member Charles Taylor  
City Manager Hal Hegwer  
City Clerk Bonnie Davis  
Management Analyst Holly Marosites

Mayor Pro Tem Byron Buckels  
Council Member Jimmy Haire  
Council Member Norman "Chas" Post, III  
Council Member James Williams  
City Attorney Susan Patterson  
Deputy City Clerk Vicki Cannady  
Financial Services Director Beth Kelly  
(by conference call)

**Call to Order**

Mayor Mann called the work session to order.

**Closed Session**

Mayor Pro Tem Buckels made a motion to go into closed session in accordance with N.C.G.S. 143.318(11)(a)(1) to prevent disclosure of information that is privileged or confidential; (3), to consult with an attorney employed by the public body in order to preserve the attorney-client privilege; and (4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body. Seconded by Council Member Post, the motion carried unanimously.

Council Members came out of closed session and returned to regular session.

**Discussion Regarding Construction Manager at Risk for Triangle Innovation Point Water and Sewer Improvements**

This item was removed from the agenda.

**Consider Sanford Tourism Authority Toast (Exhibit A)**

TDA Director Wendy Bryan explained that in 1957, the General Assembly passed the official State Toast and North Carolina is the only state that has an official state toast. She said that prior to planning the One Depot Event, she had attended the Visit North Carolina Conference, where the North Carolina Toast was proposed. She suggested having a Sanford Toast at the One Depot Event. She explained that she, along with the Downtown Sanford staff, prepared this Toast, which is included in their new marketing campaign brochure (Exhibit A). Mrs. Bryan read the proposed Toast and explained that they would like to use Sanford's Toast at future Downtown Sanford events, and asked Council to adopt the Toast as Sanford's official Toast. Mrs. Bryan also distributed a new Visitors Guide to Council Members.

The consensus of Council was to place this item on the July 19, 2022, City Council Agenda for adoption.

Council Member Taylor suggested having local celebrities read separate lines of the Toast in a video and present it at the Sanford City Music Festival. The Council was in favor of this idea.

**Consider Discussion Regarding Patterson Creek Sewer Basin**

This item was removed from the agenda.

**Consider Developer's Agreement – Lemon Springs (Exhibit B)**

Public Works Utilities and Engineering Director Paul Weeks explained that the Developers Agreement with D&FD Ventures, LLC, is for the Lemon Springs lift station, in the amount of \$4,914, for approximately 27 single-family lots. Mr. Weeks explained that the public hearing for this item will be held at the August 2, 2022, City Council Meeting.

**Consider Update on Citizens and Developer Input regarding System Development Fees (Exhibit C)**

Mayor Mann noted that Financial Services Director Beth Kelly joined the meeting virtually.

Public Works Director Vic Czar reminded Council that this ordinance was tabled at the June 7, 2022, City Council Meeting, in order for staff to conduct research and to communicate with developers and citizens to address concerns that were raised during the public hearing on June 7, 2022. Mr. Czar informed Council that staff met with developers on June 20, 2022. Staff advertised the meeting in social media and they reached out to all who spoke at public hearing, as well as, contacts they obtained from the City Planning Department. The points of discussion at the public hearing were what the effects of system development fees would have on affordable housing; how system development fees would be applied to multi-family structures; and how the System Development Fees would be spent. Mr. Czar said that he does not believe applying system development fees to affordable housing can be avoided; however, he believes there are some benefits to affordable housing because if system development fees are charged, it could delay water and sewer rate increases.

Mayor Pro Tem Buckels asked if there would be different tiers in charging system development fees for affordable housing. Mr. Czar replied there were different definitions for affordable housing; however, system development fees will still have to be applied. Applying system development fees to all residential connections will help postpone future rate increases; therefore, it will help keep water rates affordable.

Mr. Czar said in regards to the question pertaining to one-bedroom versus three-bedroom apartments, staff acquired information from neighboring communities, specifically Cary, and they have no way to distinguish between one-bedroom and three-bedroom units. There are some different ways to apply the system development fees, such as the Improvement Residential Unit calculation, which is based on a square footage basis. If a typical residential structure is 1700 sq. ft., then any structure above this would pay more.

Council Member Taylor commented that master meters will resolve a lot of these issues. Mr. Czar explained that when an apartment complex is built, a three quarter-inch can be installed for every unit or one big meter can be installed to serve all of the units. The fee will apply to the number of meters installed.

Council Member Haire asked if there is a reason staff is calling these fees System Development Fees instead of Impact Fees. Mr. Czar replied these are not Impact Fees. Attorney Patterson explained that there are different laws for System Development Fees and Impact Fees. In order to have Impact Fees there must be a local law in place in order to have the authority to impose Impact Fees. A Statute was

created for System Development Fees so that every city could participate; not everyone has Impact Fee legislation.

Council Member Haire asked if the System Development Fee became due once the meter is set. Mr. Czar replied that this is correct. Council Member Haire commented that the System Development Fees would not be applied until September 1, 2022, and asked why staff could not have moved on this faster. Mr. Czar replied that because this was tabled when it was presented at the June 21, 2022, public hearing, staff believes the quickest they can implement the fees is September 1, 2022, and they are involving as many people as possible.

Vic Czar addressed the question that was raised in the meeting with the developers, of how the System Development Fees would be spent. Mr. Czar stated that staff explained to the people attending the information meeting that the System Development Fees could be spent on a variety of repairs or replacements for Capital Improvements and these projects would have to be included within the Utility Fund.

Council Member Taylor asked Mr. Czar to explain the refund process to people who have already paid for improvements to systems. Mr. Czar replied that staff is working on the refund policy. Staff uses the buy-in method; but we have to be careful how development agreements are used in the utility side, so as not to collect System Development Fees also.

Mr. Czar commented that Council asked staff to meet with the Sanford Area Growth Alliance (SAGA) and this meeting took place on June 22, 2022. There were approximately fifteen people who attended this meeting, which included all of the SAGA staff, as well as the Economic Development Chairman. Their concerns were the effect on our competitive advantage, as well as the effect on existing projects. Mr. Czar said that there would probably be no effect on our competitive advantage because all locations that we compete with in North Carolina, also, have System Development Fees. There may be some ways to work through who should pay these fees, but it doesn't specify who should pay. The effect on existing projects is an interesting question, because if a meter is set prior to September 1, 2022, there will be no effect; however, if the meter is set after September 1, 2022, there could be an effect.

Council Member Taylor asked staff if it were possible to give a credit toward a tap; if they were going from an eight inch to a sixteen inch, and then they could pay the difference? Mr. Czar commented that perhaps the best way would be to give them money so they could give it back to us. City Manager Hegwer commented that this can be accomplished, but maybe not in this manner.

Vic Czar said he believes all of SAGA's questions were answered and that they appreciated staff meeting with them, as did the developers. Mr. Czar said he has not received any direct feedback, but he believes everyone understood; other municipalities already charge System Development Fees. Mr. Czar recommended that this item be placed on the August 2, 2022, City Council Meeting.

Vic Czar reviewed the fee structure which was included within (Exhibit C), and the water and wastewater charges according to meter size and capacity ratio.

Mayor Mann commented that concerns have been met and questions have been answered. The largest contention was multi-family structures but they were happy to understand they would pay by the meter size servicing the structures.

Mayor Pro Tem Buckels commented that in the future, we must communicate better. Mayor Mann agreed and commented that as Council discusses these major issues, as a body, we must remember to make sure the public is made aware.

City Manager Hal Hegwer commented that the City should not consistently rely on these System Development Fees, because should construction decrease in future years, it could create issues financially. Mr. Czar commented that this has happened with municipalities who counted on these fees to help balance their budget, and when the economy declined, there were issues; underestimating the revenue is not a bad thing.

**Consider Discussion Regarding Health Insurance**


City Manager Hal Hegwer informed Council that this discussion is especially related to City Council members. There has been some conversation related to ways to assist Council Members that are going off the Council. Many members are in different situations relating to other jobs, retirement, and etc., when they transition off of the Council. Approximately one year ago, we put something in place that there would be some extended health coverage for Council members transitioning off of the Council. After we put our policy in place, Lee County implemented a similar policy for its commissioners. As you leave Council and go back to another job or become a Medicare recipient, the City's insurance would be secondary for a period of time and then it would end. In terms of financial cost to the City, it would be fairly minimal. At the present time, if a Council member serves one four-year term, they will have a one-year extended health care coverage when they leave, plus one year health care coverage for being elected. If a Council member serves an additional four-year term there would be one more additional year of extended health care coverage; the longer you serve, the better extended coverage you have. If you leave Council and have a job to return to, the City's insurance coverage would be secondary and if you are on Medicare, the City would offer a supplemental insurance policy. Mr. Hegwer commented that he would prepare some scenarios for Council to consider.

Council Member Taylor commented that it is important to review this issue; we need some type of structure in place for members transitioning off of the City Council.

**Adjournment**

Council Member Gaskins made the motion to adjourn. Seconded by Council Member Williams, the motion carried unanimously.

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

  
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T. Chet Mann, Mayor

Attest:  
  
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Bonnie Davis, City Clerk