

**CITY OF LAURINBURG
CITY COUNCIL MEETING
OCTOBER 17, 2017
MUNICIPAL BUILDING
303 WEST CHURCH ST.
7:00 p.m.**

Minutes

The City Council of the City of Laurinburg held its regular meeting on Tuesday, October 17, 2017 in the Council Chambers of the Municipal Building at 7:00 p.m. with the Honorable Matthew Block, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J.D. Willis.

Also present were Charles D. Nichols III, City Manager; Jennifer A. Tippet, City Clerk; and William P. Floyd, Jr., City Attorney.

Mayor Block called the meeting to order at 7:02 p.m.

Councilmember Leak requested a Moment of Silence for Mr. Franklin "Jack" Poe, retired Laurinburg Police Officer, who was laid to rest today. He then gave the Invocation and led the Pledge of Allegiance.

APPROVAL OF AGENDA

The City Manager requested to add under City Manager Reports an "Update From September Meeting on Ms. McLaughlin's Property Purchase Request".

Councilmember Hammond requested to add "Sister Cities Presentation" before the Public Comment Period since representatives from the Laurinburg-Oban, Scotland Sister City program were present.

Motion was made by Councilmember Hammond, seconded by Councilmember Leak, and unanimously carried to approve the agenda as amended.

SISTER CITIES PRESENTATION

Mr. Beacham McDougald explained that there has been a student exchange program with Oban High School for 25 years. He added that the visiting Oban students discussed at the Rotary Club meeting earlier in the day how every special the exchange program was to them. He further added that the last picture the students take is at the Sister City sign on the way out of Laurinburg.

Mr. Murray Hamilton from Oban explained that he was fortunate to participate in the exchange program many years ago, and in fact completed his senior year and graduated from Scotland High School in 2000. He discussed how the program changed his life, including becoming a teacher and being involved in the exchange program to include selecting the students and chaperoning trips. He discussed the importance of the exchange program to the students and the communities. He explained that beyond the exchange program, there are similarities between the two (2) communities. He added that socially and economically, Oban faces the same challenges as Laurinburg. He further added that over the 25 years of the student exchange program, over 280 students from Laurinburg

and 280 students from Oban have participated. He further explained that one of the former exchange students, James McIntyre, was spending a year at Scotland High School this year. He concluded by stating that he hoped there would be many more student exchanges. He then presented the City with a Quaich to commemorate the 25 years of the student exchange program.

Upon question by Mayor Block, Mr. Hamilton explained that all signs in Oban were replaced five (5) years ago, and he has been fighting to get the Sister City sign reinstated. He added that there is a banner hung every year when the exchange students arrive in Oban, and that there are a number of plaques around town.

Upon question by Mayor Block, Mr. Hamilton explained that he does hear when some of the Laurinburg and Scotland County citizens travel to Oban. He cited Mr. Pete Vandenberg, Mr. Jim Willis and Mr. Jim Morgan.

PUBLIC COMMENT PERIOD

Mayor Block reviewed Public Comment procedures.

Mr. Michael Edds, 1207 Blue Drive, explained that he had heard three (3) Councilmembers discuss that keeping businesses in Laurinburg was a high priority. He added that Woody Pierce of Woody's Printing came to Council three (3) years ago requesting that the City buy locally and support his business, and that nothing changed for Woody's Printing so Mr. Pierce put his business up for sale. He added that Council kept the owner of Treasure City Pawn from buying Mr. Pierce's building and expand her business. He further added that the owner was told that Council did not want a pawn shop and auction house on Main Street. He also discussed the former Abbott Building and the Gryphon Group's attempt to use the facility which was turned down by Council.

Councilmember Leak explained that Treasure City Pawn Shop was grandfathered in at the original location; however, zoning regulations prevented new pawn shops from opening in the downtown area so the former Woody's Printing building could not be utilized for a pawn shop.

The City Manager explained that as long as Treasure City Pawn Shop stays in the same building where it is located now in the downtown area, that use is grandfathered in. He added that the owner has plans to operate at a location not in the downtown area.

Mr. Edds explained that his point was the Council made no effort to keep Woody's Printing and Treasure City Pawn.

Councilmember Adams explained that Mr. Edds' discussion concerning the Abbott Building and the Gryphon Group were distorted. She added that Council changed the Unified Development Ordinance to allow the Gryphon Group to utilize the Abbott Building; however, the building was sold.

Mr. Edds reiterated that Council made no effort to keep Woody's Printing and Treasure City Pawn Shop.

Discussion ensued concerning the rezoning request by Gryphon Group for the former Abbott Labs property.

Mr. Michael Schmidt explained that he agreed with the concerns expressed by Mr. Edds. He added that he had come to Council about three (3) to four (4) years ago to advocate for a zoning change that would be more hospitable to business. He further added that that Council should encourage businesses. He further explained that he had talked with the Police Chief, and that he believed that the Police Department needed more money and more resources.

Mrs. Sarah Schmidt requested that Council consider allowing churches in the downtown area.

CONSENT AGENDA

Mayor Block presented the Consent Agenda as follows:

- a) Consider minutes of June 20, 2017 regular meeting and July 17, 2017 regular meeting
- b) Consider Ordinance No. O-2017-18 Closing a Portion of Main Street from Railroad Street to Church Street from 12:00 p.m. to 6:00 p.m. on November 19, 2017 for Christmas on Main

Councilmember Hammond moved to approve the Consent Agenda. Councilmember Williamson seconded the motion, and it was approved by the following vote:

Ayes: Hammond, Williamson, Leak, Adams, Willis

Nays: None

DELEGATIONS

BRANDON CUMMINGS, RETAIL STRATEGIES

The City Manager explained that Mr. Cummings was not present, but that Justin Lindsey would discuss services offered by Retail Strategies. He added that at the North Carolina League of Municipalities Annual Conference, he, Councilmembers present, and representatives from ElectriCities talked with Mr. Brandon Cummings of Retail Strategies concerning services offered by Retail Strategies.

Mr. Justin Lindsey thanked Council for allowing him to speak about Retail Strategies services. He presented a PowerPoint presentation with the following highlights:

- Main focus of Retail Strategies is to do everything to support a city and community with retail and restaurant growth.
- Trends for this past year include:
 - Expanding retail are: grocery, discount stores, ethnic, organic and upscale stores
 - Contracting retail are: bookstores, video stores, anything that can be purchased in bulk such as office supplies and stationary
- Retail is thriving.
- Retail success breeds retail success throughout the economy, creating more revenue and more jobs.
- Retail Strategies' employees come from wide and diverse backgrounds, but have an understanding of retail development.
- Retail Strategies would offer the City critical insight, guidance and assistance, and get the City in front of the right kind of retailers that Council determines to be a right fit for the

community.

- Retail Strategies' employees are leaders and attend various conventions such as the International Council of Shopping Centers (ISCS).
- Every community has four (4) main opportunities with regard to retail:
 - Grow tax revenue
 - Create jobs
 - Improve the quality of life
 - Bring new business and maintain current
- Retail Strategies would employ marketing analysis and strategic planning to be proactive in recruiting the right kind of retail on behalf of Laurinburg.
- Retail Strategies would provide a marketing guide/information and utilize other avenues to market the City.
- Confidential reports would be provided monthly.
- Retail recruitment is an ongoing process.
- Recent partnerships include Morganton, Lexington, Albemarle, Lumberton and Gastonia.

Mr. Lindsey explained that Retail Strategies would like to work in partnership with the City in order to develop retail in Laurinburg.

Upon question by Councilmember Williamson, Mr. Lindsey explained that Retail Strategies works in conjunction with ElectriCities to provide ElectriCities' members grow in multiple areas, not just power, but also with regard to retail.

A discussion ensued concerning factors that retail businesses consider for locating in a community, such as retail sales, traffic, and population. Mr. Lindsey discussed the changing landscape of retail businesses and trends.

The City Manager explained that there was no action requested from Council. He added that ElectriCities had a program whereby it would pay one-half (1/2) the contract cost for three (3) years; however, ElectriCities had committed to other municipalities this year, so the City would be eligible in 2018.

Following a brief discussion, it was consensus of Council for the City Manager to provide more information concerning a potential partnership with Retail Strategies.

MICHAEL EDDS AND MARY EVANS – QUESTIONS FOR COUNCIL ON CRIME RATE

Mr. Michael Edds discussed the decline of the City and the increase in crime. He explained that the Police Chief and Police Department need more staff to deal with the issue. He added that the Police Department are reactive instead of being proactive because there are not enough officers.

Ms. Mary Evans discussed gambling addiction and its harmful effects on families and the community. She requested a pledge from Council that if internet gambling tried to come back to Laurinburg, that Council would pass a moratorium.

The City Attorney explained that regulations in the City's Unified Development Ordinance (UDO) prohibit internet sweepstakes. He added that the sweepstakes companies continually look

for ways around the law and file lawsuits. He added that the UDO does not differentiate between the different types of games. He further added that if the State of North Carolina dictates that internet sweepstakes are legal, then the City cannot say differently. He further explained that there has been a lot of confusion on enforcement because different law enforcement agencies and District Attorneys interpret the law differently. He added that the State needed to clarify the internet sweepstakes issue for the entire state.

Mr. Edds encouraged Council to fully fund and equip the Police Department. He added that he was encouraged that Council funded the Tsunami Cameras. He suggested getting an expert to provide input for the Police Department, have satellite police departments in high crime areas, investigate community policing, hold parents accountable, build or buy recreation center for youth, and continue with community cook-outs to build trust. He added that there are grant opportunities available and he would be happy to assist with grant writing.

Upon question by Ms. Evans, the City Attorney explained that whether it would be a conflict of interest for a Councilmember to own a gambling machine would depend on several factors, one of which would be whether they had voted on an issue related to ownership of such a machine. He added that if a Councilmember owned a gambling machine in another county would not be a conflict of interest.

Upon question by Councilmember Adams, Mr. Edds explained that he had not made the presentation to the Scotland County Board of Commissioners.

Mayor Block thanked Mr. Edds and Ms. Evans to keeping the crime issue on the front burner. He added, "Most citizens would rather see \$800,000.00 spent on these issues rather than a new City Hall."

*At 8:33 p.m. Mayor Block called for a short break.
The meeting resumed at 8:40 p.m.*

CITY MANAGER REPORTS

COMMUNITY DEVELOPMENT UPDATE

Mr. Michael Mandeville, Community Development Director, presented a PowerPoint of the Community Development Departments accomplishments in the last several years as follows:

- Sidewalks in downtown area were pressure-washed.
- Fruit orchard suffered some damage during Hurricane Matthew. Staff has pruned trees.
- 2017 United Way Day of Caring planted two (2) beds in the triangle at intersection of South Main Street and US Hwy 401 South.
- The Art Garden.
- Built stage for Art Garden with grant from NC Commerce.
- Walk Through completed and grant money was put to good use.
- Executed Litter Pickup Contract.
- The website upgrade will be launched November 1, 2017. This includes the new marketing logo.
- Projected to become a Main Street City in July 2018.

- Installed LED lighting downtown and five (5) new poles installed.
- Six (6) new awnings installed in the last two (2) years, and the potential for two (2) additional new ones in the near future.
- Chamber Litter Sweep is in November, and staff wanted to see if Council was interested in participating in partnership with staff.

Discussion ensued concerning the Chamber Litter Sweep and participation by Council and various departments in the City.

Upon questions by Mayor Block, Mr. Mandeville explained that the litter contract involved 40 man-hours per week picking up litter in list provided by staff. He added that the contract was signed with Mr. Joe Brown. He further added that Mr. Brown takes the litter to the landfill and provides the tonnage to the City for payment.

Mr. Mandeville continued with accomplishments:

- Downtown Development Manager should begin work the beginning of November.
- Solicited requests for letters of support for Brownsfields Grant in conjunction with Scotland County and the Scotland County Economic Development Corporation.
- Request for Proposals for Parking Lot Planning Study (behind Walk Through) has been advertised.

Upon question by Councilmember Williamson, Mr. Mandeville explained that there was a Downtown Associates meeting tomorrow, October 18, 2017, and that he planned to record the meeting for the incoming Downtown Development Manager.

SCOTLAND COUNTY WATER SYSTEM UPDATE

The City Manager explained that when this item was placed on the agenda, it was thought that the process would be further along than it was at this point. He added that after meetings and discussion, it was recommended that the City wait until Scotland County made a formal request to the City as to what was wanted from the City.

FIBER REQUEST FOR INFORMATION UPDATE

The City Manager explained that on September 19, 2017, Council had a special meeting to hear from two (2) of the companies that responded to the Requests for Information (RFI) concerning broadband service. He further added that after discussions, staff and the consultant, ECC Technologies, were more comfortable working with Skyrunner. He further explained that there was no contract at this time, but that Skyrunner would begin the pilot program by installing equipment on the Caledonia Road water tank to put up wireless antennas within the next few weeks. He further added that Skyrunner would work with the City to advertise the pilot program including using social media and inserts in the City's utility bills. He discussed the potential ability for Skyrunner to provide wireless service from the water tank to the home and fiber to the home with better prices and better service than was currently being offered in the community. He added that Skyrunner stands by its product, and that it is a large company in the western part of the state.

Upon questions by Councilmember Williamson, the City Manager explained that Skyrunner would

offer service for residential and business. He added that the pilot program would provide for any residential or business located within line of site of the Caledonia Road water tank to have access to wireless service through Skyrunner.

Upon question by Councilmember Willis, the City Manager explained that the reach would be up to 10 miles from the water tower. He added that within a mile, there would be no problem getting through trees, and after that one (1) mile, Skyrunner would have additional avenues to get to heavily wooded areas, such as use of the City's electric poles. He further added that the pilot program would involve placing antennas on the Caledonia Road water tower and for Skyrunner to reach out to potential customers within line of site of the water tower.

Upon question by Councilmember Williamson, the City Manager explained that Skyrunner would begin a marketing campaign to reach potential customers. He added that the City's electric customers are centrally located in town, and that Skyrunner would probably reach out to those customers first. He added that Skyrunner would utilize GIS and the census to know how many potential customers could be reached. He further added that Skyrunner hoped to get around 300 customers for the pilot program.

Upon question by Councilmember Hammond, the City Manager explained that if the pilot program is successful, then the City would enter into a partnership with Skyrunner and have some type of revenue sharing agreement.

Upon questions by Councilmember Leak, the City Manager explained that the City has the authority to provide fiber, dark and lit, to customers, and that Skyrunner would be using the City's electric customers just to get the pilot program started and to get the word out to other potential customers. He added that hopefully Skyrunner would eventually have a lot of coverage once the pilot program proved to be successful.

Upon questions by Mayor Block, the City Manager explained that if a citizen chooses to drop its current internet provider and go with Skyrunner, if they are unhappy with Skyrunner's service or if Skyrunner decides that the pilot program does not provide the desired results, then the citizen can go back to the previous provider. He added that the City wants citizens to know that the service with Skyrunner was possible because of the City's fiber optic network.

Following further discussion, it was consensus of Council for the City Manager to move forward with working with Skyrunner to provide a pilot program to provide wireless service.

FINANCIAL UPDATE FOR CITIZENS TO BE SHARED WITH MEDIA INCLUDING SOCIAL MEDIA

The City Manager explained that at the October 6, 2017 special meeting, Council provided him a list of financial information that it wanted the City Manager to update and present at the next regular meeting. He presented a PowerPoint presentation with highlights as follows:

FUND BALANCE

- The General Fund is the only fund that has a Fund Balance as the enterprise funds are accounted for separately and have a different accounting format.

- Fund Balance is basically reserves to pay one (1) month of bills in the event of a government shutdown.
- The Local Government Commission (LGC) recommends that a municipality maintain eight percent (8%) of unassigned Fund Balance.
- In 2008, the City passed a resolution that requires the City to have 16% unassigned Fund Balance, and 23% total Fund Balance.
- As of June 30, 2016, the City had a total Fund Balance of 59% and 47.2% unassigned, which equates to \$4 million total Fund Balance and \$3.2 million unassigned.
- From 2008 through today, the City's Fund Balance has increased.

SALES TAX REVENUE

- Reallocation of sales tax revenue was done at the State level to help rural communities.
- Sales taxes are distributed quarterly from the State.
- Since 2014, the sales tax revenue for the City has been approximately \$950,000.00 annually.

PROPERTY TAX RATE

- Compared to 18 other municipalities, either same size or in the region, and Laurinburg's tax rate is the second lowest.
- Pinehurst's tax rate is slightly lower.

WATER/SEWER RATES

- Compared to Lumberton, Red Springs, Aberdeen and Southern Pines and based on 5,000 gallon monthly usage, Laurinburg's Water/Sewer rates are the lowest.
- There are several Water/Sewer capital projects on coming up, including two (2) large projects.
- The City pursued grant funding and was successful in being awarded a \$1 million grant for Water/Sewer expansion for the incubate site. Also awarded grant funding for Water/Sewer expansion for property behind the Small Business Innovation Center (SBIC).
- The Produce Market Road Sewer Rehab Project has been needed for a long time. Will not know until the first of 2018 if grant funding is awarded.
- One (1) major item in the Capital Improvement Plan is main waterline replacement on Caledonia Road which is estimated to be \$5,426,000.00.
- At times the Wastewater Treatment Plant is over capacity so the City must start planning for expansion. Cost is estimated to be \$4 million.
- Other capital projects include:
 - Big Branch Pump Station Construction, cost of \$1,500,000.
 - Raw Water System Improvements, cost of \$5,869,000.
 - Caledonia Road Water Tower Painting, cost of \$800,000.
 - Industrial Park **ANNUAL** Loan Payment at \$1,000,000 until 2023.

ELECTRIC RATES

- The City's average residential electric bill is \$119.00 and is lower than Lumbee Electric, Pee Dee Electric and City of Lumberton.

- Duke Energy is \$7.00 per month less. However, Duke has requested a 14.9% residential increase and 16.7% commercial increase.

ELECTRIC RATE HISTORY

June 21, 2005	3.5% Increase
December 20, 2005	9.039% Increase
November 21, 2006	1.5% Decrease
July 22, 2008	14% Increase
January 27, 2009	4.633% Increase
January 20, 2015	3.5% Increase
November 17, 2015	7% Decrease
June 20, 2017	3.21% Decrease

ELECTRIC SUBSTATION

- The City currently has one (1) electric substation and is planning a second one.
- Estimated cost is as follows:

Transformers	\$ 850,000
Steel & Materials	\$ 1,000,000
Clearing, Grading, Fencing	\$ 30,000
Construction	\$ 400,000
SCADA & Equipment	\$ 40,000
Contingency/Engineering	\$ 380,000
 TOTAL	 \$ 2,700,000

- Approximately \$.5 million budgeted this year to begin planning and purchasing some materials.

MANAGEMENT FEES

- Management Fees are how the salaries and operational costs are allocated for six (6) departments – Governing Body, Administration, Human Resources, IT, Finance, and GIS.
- In 2008, Ms. Sharon Edmundson from the LGC appeared before Council and discussed the current condition of the General Fund-Fund Balance and to discuss limitations the State imposed on transfer of money between funds. She discussed ways to help the General Fund-Fund Balance by allocating salaries and operational costs.
- In 2008, Ms. Edmundson proposed allocation of 10% from General Fund, 40% from Electric Fund, 40% from Water/Sewer Fund, and 10% from Solid Waste Fund for the six (6) previously mentioned departments.
- In 2012, allocation changed to 20% General Fund, 35% Electric Fund, 35% Water/Sewer Fund, and 10% Solid Waste fund for the six (6) previously mentioned departments.
- In 2015, staff reviewed expenditures to justify annually the allocation and it changed to 15% General Fund, 40% Electric Fund, 40% Water/Sewer Fund and 10% Solid Waste Fund. Those percentages have not changed since 2015.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GENERAL FUND	10%	10%	10%	20%	20%	20%	15%	15%	15%	15%
ELECTRIC FUND	40%	40%	40%	35%	35%	35%	40%	40%	40%	40%
WATER/SEWER FUND	40%	40%	40%	35%	35%	35%	35%	35%	35%	35%
SOLID/WASTE FUND	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Mayor Block asked the City Manager if this was an accurate representation of the time he spends managing the various departments.

The City Manager explained that the allocation must be justifiable. He added that staff looked at the dollar amounts and complaints from citizens. He added that complaints from citizens concerning items in the Electric Fund and in the Water/Sewer Fund take up a lot of his time. He added that it can vary and there could be more pressing issues among the different funds that require his time as well as the time and operational expenses of the previously mentioned six (6) departments.

Mayor Block explained that the vast majority of the City employees are in the General Fund.

The City Manager explained that the head of the LGC, the authority, came before Council and discussed what the vast majority of North Carolina municipalities do in order to assist the General Fund without having to raise taxes.

SCHOOL FUNDING

- G.S. 115C-408 [I]t is the policy of the State of North Carolina to provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study. It is the policy of the State of North Carolina that the facilities requirements for a public education system will be met by county governments.
- G.S. 115C-426 The local current expense fund shall include appropriations sufficient, when added to appropriations from [the State], for current operating expense of the public school system in conformity with the educational goals and policies of the State and the local board of education, within the financial resources and consistent with the fiscal policies of the board of county commissioners.
- No research suggests that a municipality is involved in school funding in North Carolina.

FINANCING OF CITY HALL PROJECT

- October 12, 2017 - closed an Installment Financing Contract with BB&T for \$9,165,000

- Financing was issued under G.S. 160A-20
- Approved Financing Resolution
- permits the City to enter into the Installment Financing Contract for the sole purpose of paying the capital costs of the construction of a new City Hall and Police Station, demolition of the W. Charles Barrett Building and the Municipal Building (the “Project”) and to pay related financing costs
- Proceeds from the financing are located in a project fund
- City may withdraw funds from the Project Fund only after authorization from BB&T
- Secured by a deed of trust and security interest in the new LCHPD to be constructed with the proceeds of the financing
- Prepayment available in whole, but not in part, on any day on or after April 12, 2025

Upon question by Mayor Block, the City Manager explained that as soon as the asbestos abatement certification was completed, the project would be turned over to the contractor, Edifice, Inc.; therefore he did not know when the Barrett Building would be demolished.

Upon question by Mayor Block, the City Manager explained that approval from Council was not necessary before demolition at this point as it was included in the project scope already approved by Council.

Discussion ensued concerning the selection committee for the architectural firm and the contractor.

Upon question by Mayor Block, the City Manager explained that the Water/Sewer Fund does not have a “fund balance” but has a cash amount and a net assets amount.

Mayor Block explained that as of June 2016, he thought the cash and cash equivalents was \$2.19 million, with some of that dedicated toward future payments.

Further discussion ensued and the City Manager explained that the audit for Fiscal Year 2016-2018 would be completed the end of October or in November.

PROPERTY FOR MS. MCLAUGHLIN.

The City Attorney discussed Ms. Doris McLaughlin’s request for the City to give her consideration for maintaining the lot beside her mother’s property on Lincoln Street. He explained that in 2005, the City was provided special legislation that allows it to dispose of certain specific lots from previous Community Development Block Grants and identified in the legislation in whatever fashion the City desired.

Following a lengthy discussion on various ways to dispose of the property as well as others identified in the special legislation, it was consensus of Council for the City Manager and City Attorney to determine a method to dispose of the said lot, including the one requested by Ms. McLaughlin, to be fair to the adjoining property owners and the City, and to present said proposal at the next Council meeting.

COMMENTS FROM MAYOR AND/OR COUNCILMEMBERS

Councilmember Leak expressed concern about the community’s aging public housing. He requested

that the City Manager request an update on plans from Mrs. Nancy Walker, Director of the Laurinburg Housing Authority, on plans to address affordable housing in the community.

ADJOURNMENT

Motion was made by Councilmember Willis, seconded by Councilmember Hammond, and unanimously carried to adjourn the meeting.

The meeting adjourned at 10:04 p.m.

Matthew Block, MD, Mayor

Jennifer A. Tippet, City Clerk