



AGENDA

**Henderson City Council Special Called Meeting
Friday 14 September 2012, 12:00 Noon
R. G. (Chick) Young, Jr. Council Chambers, Municipal Building
134 Rose Avenue
Henderson, North Carolina**

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Sr.
Councilmember Sara M. Coffey
Councilmember Michael C. Inscoc
Councilmember D. Michael Rainey

Councilmember Brenda Peace—Jenkins
Councilmember Garry D. Daeke
Councilmember Vernon L. Brown
Councilmember George M. Daye

City Officials

A. Ray Griffin, Jr., City Manager
John H. Zollicoffer, Jr., City Attorney
Esther J. McCrackin, City Clerk

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC HEARING

- a) Consideration of Approval of Resolution 12-83, Authorizing the Submission of a Preliminary Application for the North Carolina Department of Commerce (NCDOC) 2012 CDBG Infrastructure Grant to Obtain Approval for Full Grant Application. *(CAF 12-123)*
 - Public Hearing
 - Resolution 12-83

IV. ADJOURNMENT

City Council Minutes
Special Called Meeting
14 September 2012

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoe, D. Michael Rainey, Brenda G. Peace-Jenkins, Garry D. Daeke, Vernon L. Brown., and George M. Daye.

ABSENT

None.

STAFF PRESENT

City Attorney John Zollicoffer, Jr., City Clerk Esther J. McCrackin, Assistant City Manager, Frank Frazier, Planning Director Erris Dunston and City Engineer Peter Sokalski.

CALL TO ORDER

The 14 September 2012 Special Called Meeting, was called to order by Mayor James D. O'Geary at 12:01 p.m. in the R. G. "Chick" Young, Jr. Council Chambers, Municipal Building, 134 Rose Avenue, Henderson, NC.

ROLL CALL

The City Clerk called the roll and advised Mayor O'Geary that a quorum was present.

Mayor O'Geary welcomed both Council and citizens to the public hearing.

PUBLIC COMMENT PERIOD

Assistant City Manager Frank Frazier gave a summary of the grant by saying this is a public hearing for the preliminary application. The area being considered has no sanitary and has failing septic systems. Mr. Frazier said Mr. Rick Seekins, Community and Economic Development Director from the Council of Government is present and will address a portion of the grant but asked Planning Director Erris Dunston to come forward first.

Ms. Dunston said the CDBG Infrastructure grant can be used to install sewer lines on Birch and Bobbitt Streets which are in the ETJ and is an area in dire need of sanitary sewer services. Ms. Dunston said the anticipated cost would be \$746,000.

Council Members Rainey and Daeke asked if the project would be entirely in the ETJ or if any of it would be within City limits. Ms. Dunston said only the ETJ.

Council Member Kearney asked who would oversee the project. Ms. Dunston replied that would be up to the City Manager but that the Planning Department, Code Compliance Department and Engineering had prepared the preliminary grant. Mr. Kearney felt the process should be kept in-house as much as possible.

Council Member Coffey asked how these streets were selected and if there was a match required. Ms. Dunston said the area was one with the most severe needs and it also met the criteria of the grant regarding income requirements. She said since Vance County is a Tier One county, no match is required.

Council Member Rainey asked if the households would be required to tap into the system and how many households are in the area. Ms. Dunston said yes and said there are approximately 23-25 households (one burned recently).

Council Member Daeke compared the area to the Orange/Breckenridge area. Ms. Dunston said that area already had water and sewer service.

Council Member Inscocoe asked if the septic systems were failing in that area. Ms. Dunston said yes.

Council Member Kearney asked if there would be any assistance with tapping on to the system. Ms. Dunston said the decommissioning of the septic system would be part of the grant and would also include the service lines.

City Attorney Zollicoffer said that per the City Code, he did not think the City could require households to tap onto the system but the Health Department might be able to require this action.

Ms. Dunston said the last CDBG grant for the City was in 2006, and she felt this was an opportunity that should not be passed by. She said there are two segments being offered by the North Carolina Department of Commerce Division of Community Investments for 2012 which Mr. Rick Seekins would address.

Mr. Seekins began by reminding everyone that this is just a preliminary hearing to glean ideas and interest. Then there will be a second hearing to explain how those ideas will be submitted. He said the State has not provided all the grant guidelines so the information is very broad however, there seems to be four (4) categories to be addressed:

- 1) General housing
- 2) General revitalization (rehabilitation and reconstruction)
- 3) General special projects (improving public/non-profit owned structures and property)
- 4) General public services (foreclosure prevention)

Council Member Coffey asked about existing programs. Mr. Seekins said he anticipated partnerships to form with existing groups so expertise in areas needed would be utilized to the fullest.

Council Member Kearney asked about recreation assistance. Mr. Seekins said this was an area of consideration and elaborated by saying green areas add value to neighborhoods. He said an idea had been suggested for urban gardens --- perhaps in the Orange/Breckenridge area.

Council Member Daeke felt the homeless would fit into these general categories.

Mr. Seekins said from the general information provided by the State, it seems the programs are very broad and provide a lot of flexibility.

Assistant City Manager Frazier said the Engineering Department had prepared a map of the area for interested citizens and thought this would be a good time to show the area. However, the projector was uncooperative so printed maps were distributed.

Engineering Director Sokalski said this project would involve 8" sewer lines only and would flow into the Harris Street pump station which is currently functioning at approximately 25% capacity. He said with all the contingencies added in, the project is anticipated to cost \$746,700.

Council Member Kearney asked if both sides of Bobbitt Street would be included in the project. Mr. Sokalski said yes but that only the North side of Birch would be included as those on the South side did not want to participate.

Council Members Daeke and Kearney both asked if they were homeowners and learned that is was a combination of landowners and rental.

With no further questions, Mayor O'Geary opened the Public Hearing by asking if there was anyone present who wished to speak in favor of this Grant.

Elissa Yount, 216 Chavasse Avenue. Ms. Yount commended the City for applying for the grant and said it was shame so many years had gone by since the last CDBG grant. She also expressed concerns regarding the urgency in submitting the grant today since it was first discussed in July. She said when Spring Street has problems, the odor can be smelled throughout the area. She also expressed concern regarding the size of the line and wondered if it would allow for growth. She asked if the Transportation plan and the High Speed Rail plan had been considered in reviewing this project. Ms. Yount said the project cost was \$37,000 per house (based on the City's estimated total cost). She said that at one time the sewer lines in Kittrell had high priority and wondered why this project is now such a high priority. In summary, she asked Council to look at the needs of the city in a logical manner and to read the application carefully before proceeding.

Gary Morgan, a resident of Drewery, with a business in Henderson (Tarheel Regional CDC). Mr. Morgan distributed and read a copy of a document which explained how he felt it would be more affordable to salvage and repair homes rather than demolishing homes. A printed copy of this document is attached to these minutes and incorporated herein by reference.

No other citizens came forward so Mayor O'Geary asked if there was anyone present who wished to speak against this grant.

Roger Silva, 506 Franklin Lane. Mr. Silva said he agreed with the need for the sanitary sewer line. His only concern was that residents could not afford to pay for the service.

No other citizen came forward so Mayor O'Geary closed the Public Hearing and asked for Council's pleasure.

Council Member Daeke said he would like to know how many homes would connect. Ms. Dunston said they had interviewed nine (9) homes so far. Mr. Daeke expressed concern regarding the cost without knowing how many would benefit. Mayor O'Geary said the area needs the service.

Council Member Brown said in light of Ms. Yount's comment on the smell and the short window provided by the State he felt the preliminary application should be submitted.

Council Member Incoe asked if the application could be modified and revised. Ms. Dunston responded yes. She reminded Council that this is just a preliminary application that starts the full the application process.

Council Member Peace-Jenkins verified there would be time to study the application. Ms. Dunston said yes.

Council Member Rainey asked if there are any funds to help homeowners remove their septic systems. Ms. Dunston responded the grant would include demolishing the septic tank and include the cost of hook-up. She also explained that this is the last year the State will offer the Capacity Grant. Mr. Seekins elaborated on this by saying in the future, the State will only assist municipalities that have consent orders and constant violations in operating its sewer systems.

There was no further discussion. Mayor O'Geary thanked everyone for their comments and said citizens are always welcome.

Council Member Kearney introduced Resolution 12-83, *Authorizing the Submission of a Preliminary Application for the North Carolina Department of Commerce 2012 CDBG Infrastructure Grant to Obtain Approval for Full Grant Application.* Motion was seconded by

Council Member Coffey and approved by the following vote: YES: Kearney, Coffey, Inscoc, Rainey, Peace-Jenkins, Daeke, Brown and Daye. NO: None. ABSTAIN: None. ABSENT: None

Council Member Kearney asked that the City Manager obtain a consensus from Council regarding the Capacity Grant for the Work Session.

Mr. Frazier updated Council on the status of two projects: 1) Hillside Avenue project has not begun due to H. G. Reynolds' backlog of work; however, the City is pushing to have the project completed; and 2) a small water line is being replaced on S. Williams Street from Lehman Street to Champion Street, which is why the pavement is cut.

With no other comment, Mayor O'Geary asked Council was prepared to adjourn.

ADJOURNMENT

Council Member Rainey moved for adjournment. Motion seconded by Council Member Daeke and unanimously approved. The meeting adjourned at 12:59 p.m.

James D. O'Geary, Mayor

ATTEST:

Esther J. McCrackin
City Clerk

Tarheel Regional CDC
P.O. Box 2301 Henderson, NC 27536
(252) 915-1650

Inner City Redevelopment Proposal

1. Common Irrational Approach To Inner City Redevelopment:

It is all too common to hear local leaders express "the best thing to do with our decaying inner city neighborhoods is to bulldoze them and rebuild", and in fact that has generally been the approach followed.

However, there are some major issues to accepting such a simple minded approach that makes the reality of such a proposal unworkable. Namely:

- A. The high combined cost of demolition and reconstruction in an inner city neighborhood makes it impossible to get a mortgage appraisal equal or greater than the cost, forcing a significant loss being incurred by the developer.
- B. Even with significant discounting, the current inner city residents are largely retired, disabled and/or unemployed making the cost (mortgage, taxes and insurance) of such a home well beyond what they can afford.
- C. Those few who can afford the resulting mortgage have no incentive to move into an inner city property that will most certainly depreciate due to the continuing deterioration of surrounding properties, and when they are numerous property options in "better" neighborhoods.
- D. The cost is so prohibitively high and the buyers so few in number that the rate of demolition and reconstruction will never overtake the inner city's accelerating rate of deterioration.

2. A More Rational Cost Effective Approach To Inner City Redevelopment:

Once we come into agreement that the statements made in section 1 above are accurate representations of fact, we can begin an honest discussion on how to redevelop our inner city. The following steps outline one such method and tie our specific demographics to the redevelopment process. The steps to be considered are as follows:

- A. Identify the price point that our buyers (largely inner city residents) can afford and build to that price. Based on the average fixed income and low wage availability for our area and target group that establishes a target home sales price of \$30,000 - \$50,000, and monthly principle, interest, taxes and insurance payment of \$300 - \$400 per month.
- B. Establish a revolving fund to finance the renovated homes through lease-purchase agreements at below market rates.
- C. Acquire and renovate existing inner city homes. Rationale and advantages include:
 1. It is the only option, short of demolition and installing mobile homes that will meet our demographic affordability level.
 2. Ready, near unlimited, number of buyers.
 3. Quick turnover with minimal financial investment and risk.
 4. Job creation. Because of the large number of homes available for acquisition and renovation and minimal cost for each project, there will be a need for construction labor.
 5. Property tax revenue increase.
 6. Beautified inner city.
 7. Etc., etc., etc.