

Salisbury, North Carolina  
March 15, 2013

## **SPECIAL MEETING**

**PRESENT:** Mayor Paul B. Woodson Jr., Presiding; Council Members Mayor Pro Tem Maggie A. Blackwell, Karen Kirks Alexander, William (Pete) Kennedy, and, William Brian Miller; City Manager Doug Paris; and City Clerk Myra B. Heard.

**GUESTS:** Senator Andrew Brock, Senator Gene McLaurin, Representative Carl Ford, Representative Harry Warren, Rowan County Commission Chairman Jim Sides, Rowan County Commission Vice-Chairman Craig Pierce, Commissioners John Barber, Mike Caskey, and Chad Mitchell, County Manager Gary Page and Clerk to the Board Carolyn Barger.

**ABSENT:** City Attorney F. Rivers Lawther, Jr.

Mayor Woodson called the meeting to order at 10:30 a.m., and Councilmember Alexander provided the invocation.

Mayor Woodson welcomed Senators Andrew Brock and Gene McLaurin, and Representatives Carl Ford and Harry Warren who were in attendance. He also welcomed the Rowan County Board of Commissioners who were also present.

## **HISTORY OF THE AIRPORT**

City Clerk Myra Heard provided a history of the Rowan County Airport pulled from the City archives, *Salisbury Post* archives and the Rowan Public Library. She noted the airport began when representatives from the Chamber of Commerce approached City Council in 1928 with a petition requesting the City build an airport. She stated the City purchased 125 acres, and the County agreed to grade it in order to put it in condition for

an airport. She indicated the Salisbury Municipal Airport was in operation until 1955 when the City sought special legislation to allow it to sell the property to Rowan County without advertisement or upset bid. She noted the City agreed to donate the airport to the County with the conditions that a proposed \$200,000 bond issue pass, that the County funds be matched by Federal funds, and that a clause be included in the deed that the airport would revert back to the City if it ever ceases to operate as an airport. Ms. Heard stated the property was deeded to Rowan County in 1957 with after the \$200,000 bond issue passed. She pointed out the bond issue passed in the City, but was generally defeated in the County. She indicated when the property was deeded to the County the two governments agreed to a joint operational agreement that called for the City and County to fund the airport on 50-50 basis.

Ms. Heard noted the City and County's spirit of cooperation was very high during this time and continued as the airport developed over the next several years. She reviewed efforts by the City to cooperate with Rowan County to support the airport from 1964 to the present, and noted Council has expressed its interest in reducing the tax rate even further and returning 100 percent of the revenue it derives from the airport back into an airport development zone. She closed by stating the cooperation between the City and County evident in 1957 is just as important today as it was 56 years ago.

#### **FINANCIAL SUPPORT OF THE AIRPORT**

Ms. Teresa Harris, Financial Services Manager, introduced the Financial Services Department and reviewed the City's financial results for FY2012. She noted the City was able to increase its Fund Balance \$2,081,733 last year and for the first time in 21 years had no rate increase for water and sewer. She added the rates remained stable while reinvestments were made to the infrastructure at Second Creek Waste Water Treatment Plant. Mr. Harris indicated the City now requires fiscal notes for grants and large expenditures and Return on Investments Analysis for capital projects.

Mr. Harris stated staff contacted three racing teams to ask why they did not use the Rowan County Airport. She noted the teams indicated the runway length is insufficient, but the Rowan County Airport has excellent approach capability; its location is too far for their shop; and they use a certain service located in Statesville and are unwilling to change.

Mr. Harris reviewed the tax rate for the Rowan County Airport in relation to the Statesville Municipal, Concord Regional and Charlotte-Douglas Airports. She pointed out the rate at the Rowan County Airport is the lowest at \$.80, and will reduce to \$.70 with the proposed plan offered by City Council.

Mr. Harris reviewed revenues from the Airport and noted the City and County revenue from the airport is \$270,870, with net revenue of \$172,000 after the rebates from the Airport Development Zone Agreement. She added the City and County revenues would equal \$1.2 million over 10 years.

Mr. Harris proposed that all City and County property tax revenue from the Airport go into a new Airport Development Fund and that the current Interlocal Agreement be revised with all funds to be held and disbursed by the County. She noted the new fund will be used to fund the runway expansion, with a proposed funding of 80 percent Federal/State and a 20 percent local. She noted the 20 percent local match on a 500 foot runway with an estimated cost of \$6 million would be \$1.2 million. She pointed out the contribution by the City and County to the proposed Airport Development Fund will cover the match over 10 years.

Mr. Harris also recommended the creation of an Airport Runway Task Force with five members: one from the City of Salisbury, one from Rowan County, one from the Airport Board, one from the Local Delegation, and one from the Federal Delegation. She stated the purpose of the task force would be to review and update the Airport Incentive Agreement and to secure the 80 percent Federal and State funding for the runway expansion.

Mayor Woodson thanked Ms. Heard and Ms. Harris for their presentations. He asked if County Commissioners would like to make remarks.

**DISCUSSION OF RECOMMENDATION**

Rowan County Commission Vice-Chairman Craig Pierce disagreed with the figures presented. He commented the City has taken funds from the airport since 2009, and he does not see much cooperation. Vice-Chairman Pierce stated the airport is the County airport, but when the City annexed it, it only annexed the hangars and buildings leaving the southend untouched. He added the City has not invested in the airport since it was annexed.

Mayor Woodson indicated there is a need to expand the runway and if there is a way the City can help, it would like to help. He stated the airport is very important to both the County and City.

Vice-Chairman Pierce stated there is no contamination at the airport, and the plans for expansion are in the opposite direction of the area considered contaminated. He noted the goal is not to attract race teams but to develop economic growth. He added the County wants to bring corporate jets to the airport because corporate offices will follow. Vice-Chairman Pierce stated the intermediate plan for the airport is to extend the runway 500 feet, with the ultimate goal of extending it to a total length of 7,100 feet. He commented the County needs additional revenues to make the improvements and needs the City to step out of the way and let the County go to work. He added Salisbury will benefit from the airport because people who use it will shop, eat and stay in the City. He pointed out a great Airport Advisory Board already exists, and the County does not need others to get in the way.

Mayor Woodson stated the City would like to assist with the airport expansion because both the City and County will benefit.

Councilmember Alexander indicated she is surprised Vice-Chairman Pierce sees the need for such negativity between the City and County. She stated the boundary lines are invisible, and everyone in the City is also a County resident. She commented it would be wonderful to be able to work together, and nothing she has seen demonstrates the City has hindered the County's progress. Ms. Alexander stated she believes in collaboration across lines because together more can be accomplished than alone.

Vice-Chairman Pierce stated he appreciates Ms. Alexander's approach and commented he is passionate about the airport and its development. He stated the City has not funded the airport and has taken revenue and given nothing in return.

Councilmember Miller noted the City is offering to give 100 percent of the revenues from the airport and fit the description of what the County says the City should have done since the annexation. He stated the same argument that the County should not have to give revenues to the City is exactly what the County is asking City residents to do. He indicated dedicating 100 percent of the revenues from these parcels can help with development, but pointing fingers is not productive and the boards have to find a way to work together.

Rowan County Board of Commissioners Chairman Jim Sides stated the County has invested in water and sewer lines throughout the County to help with economic development, and when lines were paid for they became City property. He stated the County has taken a proactive stance at the airport and invests \$2.6 million each year that could be spent on other issues such as schools. Chairman Sides noted the County has worked on the runway extension for many years, and he thinks it is time to move on. He indicated he thinks the City will do whatever it takes to present a different picture, but he thinks the legislators need to move forward with deannexation of the airport.

County Manager Gary Page stated the County has tried to cut overhead at the airport to make it sustainable, but it does not break-even. He noted using fuel sales to close the gap helps, but it still loses money.

Mr. Miller stated expanding the runway makes it more financially sound and creates a positive cash flow.

Mr. Page noted the local matches for federal and state grants cause the airport to go further into a negative cash flow because depreciation of the airplanes is not funded. He added the City's offer would help close the gap.

Councilmember Kennedy questioned why companies would want to locate to this area when they see the City and County at odds. He noted the City wants to work together, and he noted the City is giving the County what it wants so why deannex the airport instead of working together. He stated the two boards should not be separated and noted the City is willing to give the tax revenue back to the County.

Mr. Miller noted the City is willing to give up its revenue now, because once the investment is made there will be additional revenue that benefits everyone. He asked why there has been a decline in revenue at the airport.

Vice-Chairman Pierce stated one reason revenues have declined is because the corporate jets are not being replaced, and they decrease in value in each. He added other reasons include the relocation of airplanes because of the tax rate and the economy.

Mr. Kennedy noted the local delegation has seen a history of the City and County working together, and he encouraged the cooperation to continue. He asked the legislators not to deannex the airport but to force the two boards to work together.

Representative Carl Ford stated he agrees with the history of cooperation and agreement that was presented, but the annexation was not an agreement. He stated the County did not agree with the annexation, and that is why he agreed to introduce the deannexation bill. Mr. Kennedy pointed out the City does not agree with the deannexation.

County Commissioner Jon Barber asked about the property insurance rates if the airport is deannexed and the Insurance Service Office (ISO) rating drops. Vice-Chairman Pierce responded the airport is self-insured, and the ISO rating is for residential properties only. He stated the airplanes are insured by their owners and the rates are not subject to fire protection ratings. He added because there are mutual aid agreements in place the City must respond to an emergency at the airport whether the airport is in the City limits or not.

Commissioner Barber referred to a joint lunch meeting between the County and City boards held last year, and he noted it was agreed the boards would meet and communicate more frequently, but nothing has happened since then. He encouraged the spirit of cooperation to continue and for the boards to meet more frequently. He added he would like for the two boards to repeat history and build something together with an atmosphere of cooperation rather than animosity.

Ms. Alexander asked about the idea of the Airport Task Force, and noted if everyone could work together there would be greater success in finding larger grants and having more money for the matching funds.

Commissioner Barber asked when the deannexation would take effect if it is passed and when the County would see the additional revenue. Chairman Sides indicated if the bill is passed it would be effective July 2014.

Mayor Woodson asked if the proposal offered by the City would help stop the deannexation, and he noted the City is willing to reduce its rate even lower than the County's in order to move forward with the proposal.

Chairman Sides commented that sometimes partnerships do not work. He stated he believes the county can manage the airport better than any effort offered by the City

after 10 years of not contributing anything. He noted he is not interested in hearing arguments at this point because the County tried to work with the City to reach an agreement for non-annexation of the airport, but it was already done. He stated he does not want a partnership, but wants control of the airport.

City Manager Doug Paris clarified that the recommendation is for a task force to revise the current incentive agreement and funding structure and to secure state and federal funds to pay for the improvements. He commented the recommendation in no way attempts to invalidate the current agreement.

Chairman Sides stated he believes the proposal is a delay tactic, and he thinks Salisbury is one of the greatest offenders of abusing annexation laws.

Mayor Woodson indicated he does not agree with Chairman Sides because the citizens of Salisbury pay the taxes for the airport. He stated the City is willing to be flexible on the tax rate, but it does not want the airport deannexed because it wants to see what will happen in 10 years. He noted the Council wanted to meet today to find a way to work together on this issue. He commented he appreciates the fact it is hard for the County Commissioners to meet with the City when all of the municipalities would like the same opportunity, but he wants the boards to work together to make the airport viable. Mayor Woodson reiterated the City is willing to compromise but does not want to lose future revenues.

Mayor Woodson asked the legislators if they had comments to share.

Senator Andrew Brock stated his concern is making the airport the most viable in the area. He commented he wants to look at what is most efficient for the taxpayer. He stated he will have to look at the figures and decide what is best for the taxpayers.

Representative Harry Warren stated he thinks the best thing is to look at all possible alternatives. He commented he is not concerned with what happened 10 years ago, but it appears the County and City are consistently holding each other back. He stated the only issue to him is the best interest of the airport because if it succeeds then all areas of the County succeed.

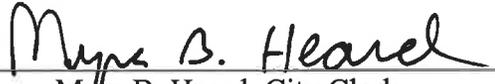
Senator Gene McLaurin indicated he served as Mayor of Rockingham before going to Raleigh, and he can relate very well to the issue at hand. He commented he thinks the meeting today was productive in that it brought the two boards together to talk. He urged the boards to find a way to communicate and celebrate their successes. Sen. McLaurin stated he believes the problems are best solved on the local level and not in Raleigh, and he encouraged the boards to continue to meet.

Mayor Woodson thanked the local delegation and the County Commissioners for participating in the meeting.

**ADJOURN**

There being no further business before Council, Mayor Woodson adjourned the meeting at 12:30 p.m.

  
Paul B. Woodson, Jr., Mayor

  
Myra B. Heard, City Clerk