

Salisbury, North Carolina
September 6, 2016

REGULAR MEETING

PRESENT: Mayor Karen Kirks Alexander, Presiding; Mayor Pro Tem Maggie A. Blackwell; Council Members Kenneth Hardin, William Brian Miller, and David Post; City Manager W. Lane Bailey; Deputy City Clerk Kelly Baker, and City Attorney F. Rivers Lawther, Jr.

ABSENT: City Clerk Myra B. Heard.

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The invocation was given by Councilmember Miller. The meeting was called to order by Mayor Alexander at 5:00 p.m.

PLEDGE OF ALLEGIANCE

Mayor Alexander led those present in the Pledge of Allegiance to the United States flag.

RECOGNITION OF VISITORS

Mayor Alexander welcomed all visitors present.

RECOGNITION – JANIE ALLEN

Mayor Pro Tem Blackwell read a Proclamation recognizing Ms. Janie Allen for her 40 years of service to the community and her tireless work to maintain the Mural. She then presented the Proclamation to Ms. Allen

Ms. Allen reviewed the history of the Mural. She noted Salisbury native Cynthia Arthur-Rankin painted the Mural, and it is one of the largest in the country.

Ms. Allen noted the Mural's original schematic drawing is on display at the Waterworks Visual Arts Center. She stated Ms. Rankin named the Mural "Crossroads: Past into Present." She added the Mural took several years to paint and was dedicated in 1980. She pointed out the buildings represent the City at the turn of the century, and the people are members of the Rowan Art Guild and prominent citizens in the community.

Ms. Allen explained in 1988 she established The Mural Preservation, Inc. to raise funds for the Mural's upkeep and preservation. She added the Mural Preservation, Inc. currently has a \$7,000 deficit. She thanked Kay Brown Hirst, Wells Fargo Bank, Jimmy and Gerry Hurley, the Salisbury Foundation, the City, Lynn Raker, Bruce Lefler, James Meacham, and Leslie Pullium for their contributions to the Mural. She requested the original artist be allowed to continue her work on the Mural, and she thanked Council for its continued support.

Mayor Alexander thanked Ms. Allen for all she has done for the City.

CONSENT AGENDA

(a) Approval of Minutes

Approve Minutes of the Regular Meeting of August 16, 2016.

Thereupon, Mr. Miller made a **motion** to adopt the Consent Agenda as presented. Mr. Post seconded the motion. Messrs. Hardin, Miller and Post, and Mses. Alexander and Blackwell voted AYE. (5-0)

RECOGNITION – RETIRING MASTER POLICE OFFICER LYNN FOSTER

Police Chief Jerry Stokes introduced retired Master Police Officer Lynn Foster who served the Salisbury Police Department for over 30 years.

Mayor Alexander thanked Officer Foster for his service, and she noted the downtown merchants appreciated Officer Foster's dedication to the community and downtown.

Thereupon, Mr. Hardin made a **motion** to authorize issuing retiring Master Police Officer Lynn Foster his sidearm and badge. Ms. Blackwell seconded the motion. Messrs. Hardin, Miller, and Post, and Mses. Alexander and Blackwell voted AYE. (5-0)

DOWNTOWN REVITALIZATION INCENTIVE GRANT PROGRAM

Community Planning Services Director Janet Gapen addressed Council regarding the Downtown Revitalization Incentive Grants Council adopted in 2014. Ms. Gapen explained the program and its qualifications:

- Located in the Municipal Service District (MSD)
- New construction and rehabilitation projects
- Emphasis on downtown residential expansion
- Four types of grants
- Grants can be layered in a single project
- Awarded by Council on case-by-case basis
- Single installment reimbursement after the final Certificate Of Occupancy has been issued

Ms. Gapen pointed out Downtown Residential Incentive Grants generate vibrancy in the downtown and promote:

- Investment in the desired product
- Local construction jobs
- Uptick in real estate activity
- Additional housing opportunities
- More people in the downtown on nights and weekends
- Higher demand for restaurants and retail

Ms. Gapen noted Centralina Council of Governments completed a comparative analysis of downtowns in the region as part of a regional sustainability initiative. She explained the analysis considers downtown areas versus outlying development and the strength of downtown investment. She indicated the study found communities that promoted downtown investment experienced an increase in property values. She added it is more efficient for cities to provide services to downtowns because of the density. She stated the largest tax revenues come from downtowns which have higher property values that generate more revenue per acre. She commented the increased tax revenue can sustain services in other parts of the City. She pointed out the study recognized Salisbury's historical building rehabilitation as a key factor to increased property values in the downtown.

Ms. Gapen noted the Building Rehabilitation Grant promotes stabilization, preservation and reuse of existing buildings:

- Method of calculation 25% of eligible cost
- Minimum investment of \$100,000
- Maximum grant \$50,000
- Overall eligibility:
 - Permanent improvements to existing buildings
 - Eligible improvement costs include building shell, systems and exterior façade
- Grant eligibility does not require residential uses

Ms. Gapen reviewed the Residential Production Grant and noted it promotes development of new residences in the downtown as part of building rehabilitation or new construction:

- Method of calculation \$7 per gross square foot of new residential space created
- Projects costs must exceed \$35 per gross square foot
- Maximum grant \$100,000
- Overall eligibility:
 - Available for new construction or existing buildings
 - Creation of new residences or renovations to existing, abandoned units that have been unoccupied for more than five years

Ms. Gapen reviewed the Residential Utilities Grant which offset a portion of water and sewer infrastructure costs in building rehabilitation and new construction projects that create new residential units:

- Method of calculation 50% of eligible costs
- Projects costs must exceed \$5,000
- Maximum grant \$25,000
- Overall eligibility:
 - Available for new construction or building rehabilitation
 - Project involves creation of new residences, or renovations to existing, abandoned units
 - Installation or upgrades of water and sewer infrastructure external to the building

Ms. Gapen noted the Fire Suppression Grant encourages the use and expansion of back-alley fire lines, as well as installation of building sprinkler systems. She reviewed the grant:

- Method of calculation
 - 50% of fire line costs for expansion of fire line
 - \$2 per square foot of the building area protected for sprinkler system install
- No minimum project costs
- Maximum grant \$25,000
- Overall eligibility:
 - Available for new construction or building rehabilitation
 - Installation or expansion of back-alley fire lines capable of serving multiple buildings
 - For projects with existing access to a fire line, grant may be used for installation of a building sprinkler system.

Ms. Gapen referenced the Bernhardt Lofts Project located at 111–115 North Main Street. She noted the 18,000 square foot mixed-use space created room for six apartments and three businesses. She added the \$1.2 million investment increased the tax value from \$234,917 in 2013 to \$667,353 in 2016. She pointed out the total investment is never conveyed in the tax value. She commented downtown revitalization projects add to the tax base, bring people to downtown, encourage tourism, and provide space for business expansion.

Councilmember Hardin asked if local contractors are being used for the rehabilitation projects. Ms. Gapen explained using local contractors is not a grant requirement, but they are often used in historic rehabilitation. Mr. Hardin asked if downtown revitalization will help increase real estate activity in other areas of the City. Ms. Gapen explained the increase in real estate activity takes place in downtown.

Mr. Hardin questioned how downtown revitalization could make up revenue from less profitable areas of the City. He noted he would like to focus on areas of the City that may be overlooked. Ms. Gapen noted the Centralina Council of Government's study concluded the density of downtown development has the potential for overall higher property values because infill, build-up, and fill-in of existing buildings provides greater potential for increased property tax revenue.

Mayor Pro Tem Blackwell pointed out the Bernhardt Lofts Building, Pottery 101, and Go Burrito all used local contractors. She added the redevelopment of Pottery 101 and Go Burrito preceded the Downtown Revitalization Incentive Grants. She stated the lack of downtown development leads to problems that affect all citizens including crime. Mr. Hardin commented crime still takes place. Ms. Blackwell noted crime is worse in cities with decaying downtowns. She added taxes paid in downtown support citizens throughout the City and the loss of downtown tax revenue affects all citizens. Mr. Hardin questioned how the ratio of empty to filled buildings affects crime. He added he supports downtown but does not want to ignore the rest of the City.

Councilmember Miller noted the Downtown Revitalization Incentive Grants focus on the MSD and bringing additional investment to the City. He added Council is interested in all economic development projects, and he commented there are economic incentive programs throughout the City. He pointed out the Downtown Revitalization Incentive Grants are tax-based capital investment programs. He explained it is more efficient to incent a property owner to invest in a vacant building rather than investing in property that does not have infrastructure in place. He stated the City has an economic development strategy and in most cases it will recoup its investment.

Councilmember Post referenced the Bernhardt Lofts Building, and he noted the \$1 million investment is less than the current tax value. He stated tax values are based on density, and he pointed out downtown has more density than other areas of the City. He clarified the property owner invested \$1 million, and the tax value increased to \$667,353. Ms. Gapen noted the level of investment does not always reflect the tax value. Mr. Miller pointed out finding comparable properties may also be an issue. He added the tax value is determined by the initial investment and market value.

Mayor Alexander stated the reduced property values may explain why cities offer development incentives. She pointed out the increased economic activity makes the investment profitable to the investor. She added historic downtowns typically offer Historic Tax Credits that encourage downtown investment when it may not offer a huge return.

Mr. Post indicated there are many vacant buildings in the downtown and all over the City. He noted incentive grants help fill vacant buildings. He pointed out there are 14,000 homes in the City and approximately 2,000, or 15%, are vacant.

Mr. Miller clarified property owners have two years to complete the incentive grant process. Ms. Gapen noted two projects have been completed. Mr. Miller reviewed projects that have or may use the Downtown Revitalization Incentive Grants: the Bernhardt Lofts Building, the Wallace Building, the Empire Hotel, the Washington Building, Morgan Ridge, and New Sarum Brewery. He commented the Downtown Revitalization Incentive Grants have proven to be successful and encourage downtown investment.

Mr. Post asked if the property owner receives payment when the Certificate of Occupancy is issued. Ms. Gapen noted staff requires expenditure documentation before the check is issued. Mr. Post noted the incentives are paid through the General Fund, and he asked if incentive payments are included in the City's budget. Ms. Gapen explained most projects take at least one year to complete so payment would be included in the coming year's budget. Mr. Post asked if there was enough funding in the current budget to cover the two requests being brought to Council. Ms. Gapen noted the City may need to include funding in the budget for next year. She added staff will determine if projects in the current budget are moving forward. Mayor Alexander pointed out not all of the projects Council approve are completed. Mr. Post clarified if the project is approved this year, the money will be included in the next year's budget.

Mr. Hardin noted he would like to see the economic development plan for the entire City. City Manager Lane Bailey noted Salisbury-Rowan Economic Development Commission (EDC) Executive Director Robert Van Geons plays a key role in economic development outside of downtown. He suggested Mr. Van Geons and Ms. Gapen address Council at a future meeting.

PUBLIC COMMENT

Mayor Alexander opened the floor to receive public comment.

Ms. Vickie Eddleman, 1105 King Road, addressed Council regarding National Suicide Prevention Week and Suicide Prevention Awareness Month. She explained 75% of all mental health conditions develop by the age of 24, and she noted suicide is the 10th leading cause of death nationwide. She added those in need may not seek help because of the stigma and consequences associated with mental illness. She invited Council to attend the American Foundation for Suicide Prevention's Out of Darkness community walks to be held in Raleigh and Charlotte. She asked if an Out of Darkness community walk could be held in Salisbury. She thanked Council for all it does for the City.

Mr. Greg Alcorn, 10 Pinetree Road, stated Fibrant should be on the agenda at every Council meeting. He suggested the City create a sales and marketing plan, set aggressive data and financial goals, and work to increase the market share to 35%. He pointed out when citizens subscribe to Fibrant the money they spend stays in the City. He proposed re-writing the pricing options so they

are flexible for selling. He noted the City has a tremendous opportunity to build its customer base. He added he loves the City and supports Fibrant.

Ms. Sue McHugh 910 North Main Street, stated in March 2012 a proposal was presented to the former Police Chief to institute a fee-based program to mitigate crime that occurs at the same location. She indicated the former Police Chief supported the proposal, but it never materialized. She added it has recently been presented to City Manager Lane Bailey and the Housing Advocacy Commission (HAC). She commented several members of Council are also aware of the proposal. She noted the City's high crime statistics hinders progress. She pointed out other municipalities are using fee-based programs to mitigate crime. She stated a property owner should be held accountable when the Police Department has to visit the same location repeatedly.

Ms. Carolyn Logan, 227 East Hall Street, thanked Councilmember Hardin for being accessible to the community. She stated she is extremely concerned about violence in the City, and she noted five shootings took place in a single week. She added the police are out in the community, and she thanked police officers for all they do. She questioned if the Police Department is adequately staffed. She commented people are afraid for their children to sit on the porch, and she added innocent people are being shot. She pointed out a plan of action is needed to deter crime in the City.

Mr. Greg Rapp, 304 East Bank Street, stated it has been approximately five years since he and Ms. Sue McHugh proposed a chronic nuisance abatement ordinance. He added the proposal was reviewed by the previous Police Chief, City Attorney Rivers Lawther, City Manager Lane Bailey, and at least three sitting Councilmembers. He pointed out two shootings have taken place on a property that should be considered a chronic violator. He noted a chronic nuisance abatement ordinance would hold property owners accountable for what happens on their property. He asked Council to consider a chronic nuisance abatement ordinance that would give police officers and code enforcement officers a tool they need to make a difference in the community.

Mayor Pro Tem Blackwell noted she, Mayor Alexander, and City Manager Lane Bailey have spoken with the HAC regarding the proposal. She asked Mr. Bailey to address the City's plans regarding the proposal.

Mr. Bailey stated staff met with Charlotte-Mecklenburg Police Officer James Mount regarding their chronic nuisance violation program. He explained in its last session, the General Assembly placed a \$750 financial penalty cap on the program. He stated the program helps landlords understand the eviction process and how to avoid problematic tenants. He indicated the program used to be mandatory in Charlotte, but is now voluntary due to the General Assembly ruling. He commented over 50% of rental property owners in Charlotte are registered for the program. He added the HAC will present a proposal in the near future. He noted the HAC delayed the presentation to allow the City time to hire a Police Chief and seek his input. He pointed out the program could be very helpful, but the General Assembly took away some of its strength.

Mayor Alexander noted a chronic nuisance program is important to Council and the City, and she looks forward to a presentation from the HAC.

Ms. Blackwell pointed out it has been a violent summer. She noted she requested the City Clerk remove Council's home addresses from the City website as a safety precaution. She suggested not requiring citizens to give their home addresses during public comment.

Councilmember Miller indicated a sign-up sheet is used at Rowan County Commission meetings. Mayor Alexander asked Council for its recommendation.

Councilmember Post pointed out it might be helpful to know if a speaker is from Rowan County or the City. City Attorney Rivers Lawther explained citizens are not required to give their home address when addressing Council. Mr. Bailey pointed out an address may be needed for zoning issues. Mr. Bailey noted staff will bring options back to Council at a future meeting.

There being no one else to address Council, Mayor Alexander closed the public comment session.

DOWNTOWN REVITALIZATION INCENTIVE GRANT – MORGAN RIDGE BREWERY AND RAIL WALK EATERY

Downtown Salisbury, Inc. (DSI) Executive Director Paula Bohland addressed Council regarding a Downtown Revitalization Incentive Grant for Morgan Ridge Brewery and Rail Walk Eatery. She noted the project is located in a former warehouse at 421 North Lee Street. She explained the project is a new addition to the Municipal Service District (MSD) and will improve the Rail Walk area. She noted the project will have:

- Approximately \$1.6 million investment in the City
- Approximately \$105,600 of new tax revenue over the next 10 years
 - Based upon a \$0.66 tax rate
- Brewery and restaurant will impact the downtown economy
- An opportunity to restore a historic building and add two downtown businesses
- Encourage development of the Rail Walk area

Ms. Bohland noted the petitioner is Rowan Investment Company:

- Downtown property owners since the 1950s
- Rowan Investment Company has renovated 10 buildings in the Rail Walk area since 2006
 - 421 North Lee Street is one of their most extensive renovation projects
- The project will provide 8,850 square feet of renovated and repurposed space for a brewery and restaurant
- Additional restaurant and entertainment space is being added to the street level commercial space
- 23 full-time and 18 part-time jobs will be created
- The investment will directly and indirectly increase the City's tax base
- Rowan Investment Company is requesting Building Renovation and Fire Suppression Downtown Revitalization Grants

Ms. Bohland explained the total request is for \$62,360, which is comprised of:

- \$50,000 from the Building Renovation Grant program to assist in the renovation, expansion and repurposing of the building
- \$12,360 from the Fire Suppression Grant program toward the installation of a building sprinkler system at \$2 per square foot of the protected building area

Ms. Bohland noted the Downtown Revitalization Incentive Grants require the investment be recovered over time, and there is an expectation that the development will influence other investment in the area. She commented the project will be completed by December 31, 2016. She explained after the construction year, the facility would generate \$10,560 of new revenue annually for the City. She noted the City would collect an estimated \$105,600 of new revenue modeled from a 10-year horizon,

Ms. Bohland indicated the brewery will have a significant economic impact on tourism to the area. She stated Rowan Convention and Visitor's Bureau provided tourist data using information provided by Morgan Ridge and industry standards. She noted 50,000 people per year are expected to visit this establishment, with 75% of those patrons coming from outside of Rowan County:

- 37,500 annual visitors (non-local) with 95% (35,625) day visitors and 5% (1,875) overnight
- 74% of all patrons will take a tour or visit for the restaurant and/or brewery
- 18% for group events, outings and weddings
- 8% for festivals and special events
- Annual visitor related economic impact of \$1,917,084 is projected
 - Including \$1,474,680 in direct spending annually by visitors associated with a visit to Morgan Ridge Rail Walk Brewery and Eatery
- An estimated 500 hotel room nights a year will be utilized by visitors of weddings, groups and special events hosted at the brewery

Ms. Bohland explained if the agreement is approved:

- Rowan Investment Company will partner with Morgan Ridge Brewery and Rail Walk Eatery to provide a brewery and restaurant by December 31, 2016
- Morgan Ridge agrees to create at least 23 full-time and 18 part-time jobs
- The City will award \$62,360 in incentive grant funds to Rowan Investment Company through the Downtown Revitalization Incentives Grant Program

Ms. Bohland explained the City would benefit from the additional restaurant, jobs created, increased tourism, and further development of downtown.

Mayor Pro Tem Blackwell asked if the \$105,600 in tax revenue includes the MSD tax. Ms. Bohland explained the \$105,600 is just property tax and does not include MSD tax. She noted an

additional \$28,000 would be collected through MSD tax. Mayor Alexander pointed out the projected 10-year return would be approximately \$130,000.

Councilmember Post asked if 1,000 people per week would visit the establishment and if 75% of those people will be from out of town. He then asked if 75% of New Sarum's clientele are from out of town.

Ms. Bohland stated DSI partnered with New Sarum for the Summer Sip Festival and 75% of the visitors were from out of town. Mr. Post pointed out, according to the statistics, 750 people will travel from out of town every week to visit Morgan Ridge Brewery and Rail Walk Eatery.

Rowan Convention and Visitors Bureau Director James Meacham stated the percentage of out of town guests is based on the average number of meals served at a restaurant and the number of days the restaurant is open. He stated a small restaurant would serve approximately 125 meals per day. He noted most restaurants are open 355 to 360 days per year. He explained the information provided by Rowan Convention and Visitors Bureau is based on data from Morgan Ridge's current restaurant and winery. He added 75% of the visitors to the winery and restaurant are not from Rowan County. He indicated 37,500 of the visitors are restaurant participants and the remaining visitors are coming for the brewery or a special event such as a wedding.

Mr. Meacham pointed out New Sarum is a brewery where beer can be purchased in a closed window of hours. He noted Morgan Ridge is a restaurant that will operate from 11:00 a.m. until 10:00 p.m. He added both companies are in the brewery business, but Morgan Ridge Brewery and Rail Walk Eatery will include a restaurant, entertainment, events, and cultural experiences. He explained the amount a typical day visitors spends was reduced to \$37.36 because the visitor is at the location for a few hours as opposed to a full day event. He indicated 5% of the visitors would stay overnight. He pointed out for every dollar spent, \$1.3 dollars will be returned back into the community.

Mr. Post questioned if 40 local people will show up at the facility every day and spend \$37. He added \$37 per day is expensive for the average meal. He asked if the \$37 per day is for the non-overnight visitor, and if that is the total the visitor will spend in the City. Mr. Meacham explained \$37 is the total spending inside the community. He added Morgan Ridge will have higher priced menu items, and he noted the projects are based on Morgan Ridge's current business including the number of out of town guests.

Mr. Post noted the clientele at Morgan Ridge's two locations will be different. He commented the Morgan Ridge project is a good thing, but the numbers seem to be inflated. Mr. Meacham pointed out there will be a substantial impact from out of town visitors even if the numbers are less than anticipated. He explained the room nights are the easiest numbers to project. Mr. Post asked if there is evidence from any restaurant in the City that 75 percent of their business is from out of town. Mr. Meacham stated there is no evidence, and he pointed out there is no other restaurant like Morgan Ridge Brewery and Rail Walk Eatery in the City.

Ms. Bohland stated the economic impact projected from out of town guests is almost \$2 million. She noted if the number is lower, it will still be a substantial investment. Mr. Post asked

for clarification regarding the financial benefit of out-of-town guests as opposed to local residents supporting local businesses. Mr. Meacham explained when an out-of-town guests spends money in the City they leave, and the City does not have to supply the services local residents receive. Mr. Post asked if the incentives are based on the number of out-of-town visitors to the business. Councilmember Miller noted the incentives are not based on the number of out-of-town visitors.

Mr. Miller reviewed the criteria for the Downtown Revitalization Incentive Grants, and he noted this is the first project Council considered that has a tourism element. He pointed out the Downtown Revitalization Incentive Grants are designed to incent investment from the private sector and do not take tourism into consideration.

Councilmember Hardin asked about the target customer for the brewery. Mr. Meacham noted millennials, members of Generation X, and baby boomers tend to visit craft breweries. He added craft breweries create a festive environment where people can bring their families, and he pointed out their customers tend to have a household income of \$55,000 or greater. He indicated Morgan Ridge Brewery has events and concerts every weekend at its current location that require many guests to travel from out of town. He pointed out craft beer venues attract male and female customers and tend to cross social, economic, and age barriers.

Mr. Hardin commented he does not support spending taxpayer's money if the data could be inaccurate. Mr. Meacham explained the 50,000 visitor base is established from industry standards. He added the makeup of the visitor base will be accurately determined once Morgan Ridge Brewery and Rail Walk Eatery has been in operation for one to two years.

Mr. Miller pointed out property taxes must be paid on the value of the building even if the business is unsuccessful. Ms. Bohland agreed.

Mr. Hardin indicated he is concerned everyone may not be able to enjoy the brewery.

Mr. Post pointed out the incentive grants are not budgeted because they are typically not payable until the next year. He added the project before Council will be completed in the current budget year. City Manager Lane Bailey stated if Council approves the request, staff will find the funds to pay for the project. Mayor Alexander pointed out Council has approved projects that are included in the current year's budget that may not go forward. She added the funds could be used to pay for the proposed project. Mr. Bailey agreed.

(b) Mayor Alexander convened a public hearing, after due notice thereof, to receive comments regarding a Downtown Revitalization Incentive Grant for Morgan Ridge Brewery and Rail Walk Eatery.

Mr. Joe Morris, 600 West Henderson Street, indicated he supports the project. He noted Morgan Ridge's current location in Gold Hill is very reputable, and he appreciates their investment in the City. He referenced a job creation study completed in 1997 by Place Economics that included Salisbury. He stated there are guidelines in place to determine job creation in relation to investment. He explained the study determined the focus should be on job and business creation, increasing property value and property tax, sales tax that will be generated, and return on

investment. He added he believes the City will receive a return on its investment, and he asked Council to support the request.

Ms. Sue McHugh, 910 North Main Street, noted she supports the project and growth of the Rail Walk area. She pointed out there is a thriving theater and art gallery in the area, and Morgan Ridge Brewery and Rail Walk Eatery will be an asset to the community. She stated there is a Craft Brewery Club that will also bring visitors to the City. She commented she would not dine at the restaurant daily, but would look forward to patronizing the restaurant on special occasions.

There being no one to speak, Mayor Alexander closed the public hearing.

Thereupon, Mr. Post made a **motion** to approve a Downtown Revitalization Incentive Grant for up to \$62,360 for the Morgan Ridge Brewery and Rail Walk Eatery. Mr. Miler seconded the motion. Messrs. Hardin, Miller and Post, and Meses. Alexander and Blackwell voted AYE. Mr. Hardin voted NAY (4-1)

DOWNTOWN REVITALIZATION INCENTIVE GRANT – WASHINGTON BUILDING

Downtown Salisbury, Inc. (DSI) Executive Director Paula Bohland addressed Council regarding a Downtown Revitalization Incentive Grant for the Washington Building upper floor rehabilitation project. She noted the proposed project is located at 118 North Main Street, and the site of the Old Yarbrough House, a former hardware store, and the Elk's Lodge. She reviewed the proposed project:

- Approximately \$2 million investment in the City
- Approximately \$132,000 of new tax revenue over the next 10 years
 - Based upon a \$0.66 tax rate
- Six upper level apartments that will impact the local economy by approximately \$112,600 per year
- An opportunity to restore a historic building and add residential living and downtown businesses

Ms. Bohland stated KMD Construction is owned by Kyle and Kim Davis. She added the company moved to Salisbury in 1996, and served as the lead contractors on significant Rowan County projects such as the airport and the Integro Building. She noted the project will provide:

- 20,155 square feet of renovated and repurposed space
- Renovate and repurpose the two upper level floors, providing six apartments and second floor office space
- A new restaurant with 5 full-time and 15 part-time jobs, and an additional street-level commercial space
- Investment will register directly and indirectly as increases to the City's tax base
- Utilize the Building Renovation, Residential Production, and Residential Utilities grant programs offered by the City of Salisbury.

Ms. Bohland explained KMD Construction is requesting \$130,076 in Downtown Revitalization Incentive Grants comprised of:

- \$50,000 Building Renovation Grant to assist in the building renovation, expansion and repurposing
- \$55,076 Residential Production Grant at \$7 per square foot of residential space being created
 - 7,868 square feet of residential space
- \$25,000 Residential Utilities Grant for upgrades to the water and sewer infrastructure required for residential units

Ms. Bohland noted the first floor will include the Shuckin` Shack restaurant and commercial space. She stated the second and third floor will include offices and residential housing units. She explained there will be:

- Approximately \$2 million investment
 - Based upon a \$0.66 tax rate
- The project will be completed by December 31, 2016
- After the construction year, the facility would generate \$13,200 of new revenue annually for the City
- Modeled with a 10-year horizon, the City of Salisbury would collect an estimated \$132,000 of new revenue
 - Does not included Municipal Service District (MSD) tax

Ms. Bohland reviewed information from the North Carolina Department of Commerce regarding the economic impact of residential units. She explained a couple paying \$800 to \$1,200 in rent downtown would impact the downtown economy by \$18,773 annually if the needed services are available. She pointed out six apartments would have an impact of \$112,638 per year.

Ms. Bohland reviewed the proposed agreement and she noted KMD Construction:

- Will provide 6 downtown upper level housing units by December 31, 2016
- Create at least 20 new jobs
- The City would award \$130,076 in incentive grant funds to KMD Construction through the Downtown Revitalization Incentives Grant Program

Councilmember Post pointed out the annual expenditures for a downtown couple may not be accurate. Ms. Bohland explained the numbers are industry standard and are accurate if the needed services are available.

(b) Mayor Alexander convened a public hearing, after due notice thereof, to receive comments regarding a Downtown Revitalization Incentive Grant for the Washington Building.

Mr. Kyle Davis, owner KMD Construction, explained KMD Holdings owns the building and it hired KMD construction to do the renovations. He noted he is excited about the opportunity, and he is here to help the City grow. He added the building is in need of renovation and the roof

is leaking. He indicated KMD Construction plans to hire local contractors whenever possible, and he noted Fibrant will be the network provider. He added he is a local contractor, and he wants to make sure revenue generated from the project stays in the City. He thanked Council for considering the project.

Mr. Jay Dees, 121 East Kerr Street, representing KMD Construction and Holdings, explained KMD Holdings is a first time investor in the downtown. He indicated he also worked with the owners of the Bernhardt Building, and he pointed out it was also their first downtown investment project. He added he worked with New Sarum Brewery, who invested in new infill in the downtown, and it was their first historic downtown renovation project. He stated Council should be commended for creating an investment mechanism for downtown. He pointed out the projects previously mentioned may not have taken place without the Downtown Revitalization Incentive Grants.

Mr. Pete Bogle, architect for the project, stated the Washington Building sat empty for several years because the project was too expensive. He pointed out the Downtown Revitalization Incentive Grants help make an expensive project feasible. He noted he served on the task force that helped create the incentive grants. He explained once the grants were implemented there was an increase in interest for downtown projects. He added the Downtown Revitalization Incentive Grants are responsible for the increase. He indicated the grants help provide jobs, increase the tax base, and provide a place for people to live. He commented downtown residents create a safer community because more people are downtown during the evening. He thanked Council for providing the incentive grants, and he noted the Washington Building is a great project for the grants.

Mr. Mark Lewis, 109 Kingsbridge Road, stated he has been Kyle and Kim Davis' banker for 20 years. He added he was the banker on the first rehabilitation of the Washington Building that failed when the economy crumbled. He noted stabilization and preservation of the Washington Building is key, and it is a pivotal project in the 100 block of North Main Street. He stated the third floor needs renovation, and he pointed out the building must be Americans with Disabilities Act (ADA) compliant which will require an elevator. He thanked Council for its consideration of the project.

There being no one to speak, Mayor Alexander closed the public hearing.

Councilmember Post asked if Council is required to award the Downtown Revitalization Incentive Grants if all requirements are met. Mayor Alexander commented if the requirements are met Council should approve the project to be fair to the downtown property owners. Mayor Pro Tem Blackwell pointed out the Downtown Revitalization Incentive Grants are approved at Council's discretion. Councilmember Miller agreed. Ms. Blackwell indicated the City has grants with consequences if the company does not meet its employment promise. She pointed out the Downtown Revitalization Incentive Grants are not that way, and she added the Washington Building meets every requirement.

Mr. Miller clarified if the request accomplishes the goal of the program, provides a return on investment, and the City has the funds to support the request, then the incentives make sense.

He added there could be a case where the requirements are met, but Council does not feel the proposal satisfies the intent of the grants. He pointed out Fire Suppression Grants are very important, and he noted one big fire could be detrimental to downtown. He commented the incentive grants provide benefits to the City beyond the increased tax base.

Thereupon, Mr. Miller made a **motion** to approve a Downtown Revitalization Incentive Grant for up to \$130,076 for the Washington Building upper floor rehabilitation project. Ms. Blackwell seconded the motion. Messrs. Hardin, Miller and Post, and Mses. Alexander and Blackwell voted AYE. Mr. Hardin voted NAY (4-1)

Mayor Alexander thanked Mr. Davis for his investment in the City.

SALE OF CITY-OWNED PROPERTY

Parks and Recreation Director Nick Aceves and Planning and Development Services Manager Janet Gapen addressed Council regarding the sale of City-owned property to Habitat for Humanity and the acceptance of a land donation from them. Mr. Aceves explained the City was contacted by Habitat for Humanity regarding City-owned parcels they were interested in purchasing for potential homes. He stated Habitat for Humanity offered one large piece of land in exchange for the City's eight parcels. He noted the land could increase the Jaycee Sports Complex. He indicated Habitat for Humanity would donate approximately 10 acres of land that includes a residence that could be used for office space. He commented the location is near the ball parks with easy access to other park locations.

Ms. Gapen commented the proposal before Council is a two-part process. She explained City-owned lots can be donated to a non-profit organization if they are used for a public purpose, which would include construction of affordable housing. She stated the City can adopt a Resolution agreeing to the private sale at the negotiated price of \$20,000 for eight lots along South Martin Luther King, Jr. Avenue. She noted Council can make a motion to accept the donation of property which would allow for future greenway expansion, trail development, and a base operation for Parks and Recreation staff.

Thereupon, Mr. Hardin made a **motion** to Motion to adopt a Resolution authorizing the transfer of real property identified as Tax Map 019 Parcels 505, 506, 507, 508, 509, 491, 492, and 493 to Habitat for Humanity and accepting a donation of property identified as Tax Map 068E Parcel 087 and Tax Map 068 Parcel 071 from Habitat for Humanity. Mr. Miller seconded the motion. Messrs. Hardin, Miller and Post, and Mses. Alexander and Blackwell voted AYE. (5-0)

RESOLUTION AUTHORIZING THE TRANSFER OF REAL PROPERTY TO THE HABITAT FOR HUMANITY.

(The above Resolution is recorded in full in Resolution Book No. 15 at Page No. 21, and is known as Resolution 2016 -20.)

DOG PARK UPDATE

Parks and Recreation Director Nick Aceves and Parks and Recreation Maintenance Manager Stephen Brown provided Council with an update regarding proposed locations for a dog park. Mr. Aceves reviewed the Dog Park Master Plan, and he explained the proposed location was near the Civic Center and included an area for large and small dogs. He noted the proposed dog park would include trees, benches, water fountains, dog run areas with play structures, and a special gate and card swipe system. He noted dogs would be registered with the Parks and Recreation Department to make sure each dog is up to date on its vaccinations.

Mr. Aceves reviewed the Phase 1 Plan and costs:

<u>Item</u>	<u>Total Cost</u>
980 linear feet black vinyl-covered fence and 9 five-foot gates	\$17,985
Entry System that includes camera and wireless service	\$14,443
4 - benches	\$2,940
Meter and backflow Installation	\$2,500
1 – Drinking Fountains, Inc. water station	\$840
3 - dog waste stations	\$90
3 - trash cans	\$2,100
Electrical (Duke Energy tie in)	\$2,100
Seeding/New Lawn	\$2,700
Contingency	\$4,600
<hr/>	
Total Phase 1	\$50,423

Mr. Aceves then reviewed the Phase 2 Plan and cost:

<u>Item</u>	<u>Total Cost</u>
5- pipe 36 inches in diameter	\$300
4 - pipe 24 inches in diameter	\$160
1 - drinking fountain including water station	\$840
3 - dog waste stations	\$90
3 - trash Cans	\$2,100
8 - benches	\$6,400
6 - shade Trees	\$6,600
10 Osmanthus	\$1,050
Contingency	\$1,800
<hr/>	
Total Phase 2	\$19,340

Mr. Aceves noted the total cost of the proposed dog park is approximately \$70,000. He indicated staff reviewed other location options, and five sites were considered: the Civic Center, Salisbury Community Park, Forest Hills Park, City Park, and Kelsey Scott Park.

Mr. Brown pointed out the Civic Center located at 315 Martin Luther King, Jr. Avenue has existing infrastructure that includes parking, electricity, Fibrant, and water. He added the location is close to Town Creek Park, Interstate 85, and has sidewalk access. He indicated the downside to

the location is that it is adjacent to a busy street, lacks adequate shade, walkability, and it is adjacent to a busy commercial area.

Mr. Aceves noted staff also considered Salisbury Community Park located at 935 Hurley School Road. He pointed out the park is approximately 450 acres, but the site is on City property that is outside the City limits. Mr. Brown stated the location is adjacent to an internal trail, there is adequate parking, shaded and grassy areas, low vehicle traffic, and it would increase exposure to Salisbury Community Park. He pointed out the infrastructure does not have electrical, plumbing, water, or Fibrant nearby, and there would be a walkability issue.

Councilmember Miller asked about Fibrant access for a dog park. Mr. Brown noted the electrical gate system would use Fibrant to swipe and update the access cards.

Mr. Aceves noted Forest Hills Park was also considered. Mr. Brown explained Forest Hills Park is part of the Greenway. He added it has nearby infrastructure including water, electric, and Fibrant. He added it is located away from the road and in a dense residential area. He pointed out there is a lack of shade trees, parking is limited, and the location is near Memorial Park Cemetery in a dense residential area.

Mr. Aceves indicated staff also considered City Park located at 316 Lake Drive. Mr. Brown pointed out the area is shaded and grassy, includes a sidewalk and internal walkways, Fibrant and water are nearby, it has adequate off-road parking, and the location is in a dense residential area. He commented electrical service is further away, the area has a slight grade, and access for maintenance could be difficult.

Mr. Brown commented Kelsey Scott Park located at 1920 Old Wilkesboro Road was also considered. He noted the site has shaded and grassy areas, adequate parking, it is near a future Greenway site and located off of the road. He added there would be a lack of immediate infrastructure, limited walkability, a potential for flooding, and use of the dog park could conflict with sporting event parking.

Mr. Aceves pointed out the five options were presented to the Parks and Recreation Advisory Board who recommended City Park at a possible savings of \$15,000. He indicated he and Mr. Brown reviewed the proposed budget and determined what could be eliminated to possibly speed up the process. He noted the proposal reduces the number of benches, and if the dog park is built in a wooded area, money could be saved by not planting trees. He added the proposed eliminations could reduce the cost of the park by 15% to approximately \$54,000.

Mr. Miller asked about the total area needed for the dog park. Mr. Aceves noted the proposed dog park would be approximately one acre.

Councilmember Hardin stated he and Rowan County Commissioner Craig Pierce had been in conversation regarding a City/County partnership on the proposed dog park. Mayor Alexander invited Commissioner Pierce to address Council.

Commissioner Pierce suggested the City and County partner on the proposed dog park. He added the County Commission recently presented its long-range park plan which also includes a dog park. He noted in 2009 the City approved a dog park that never materialized. He pointed out government agencies are reducing their funding opportunities, and the City and County need to partner whenever possible to share resources that improve the quality of life for all citizens. He suggested a dog park partnership could lead to future partnerships. He noted the Grove Street Park is a low use park that the City currently maintains. He commented there is a high density of apartments in the area, and it could help increase adoptions at the Rowan County Animal Shelter if people have a place to take their dog to run. He stated he prefers the Grove Street location because it is a low use park. He explained the County Commission included \$40,000 in its budget for a dog park which would allow the County to provide the basic infrastructure. He added it would be a one-time expenditure from the County that would benefit all Rowan County citizens.

Mr. Miller said he supports the location and the chance to partner with the County.

Mr. Pierce indicated he spoke with Ms. Teresa Pinter, and he noted he would like Ms. Pitner to be involved in the planning and implementation of the dog park. Mayor Pro Tem Blackwell pointed out the proposed dog park was Ms. Pitner's vision. Mr. Pierce noted he would need a request for infrastructure to take back to the Commission.

Mayor Alexander pointed out the Parks and Recreation Advisory Board voted for a different site. Mr. Miller asked if it would be feasible to have more than one dog park. City Manager Lane Bailey noted staff prefers to have one good park, and he pointed out the City will have to maintain it.

Councilmember Post noted one acre is a good-sized dog park. Mr. Pierce pointed out Rowan County Parks and Recreation Director Don Bringle performed a complete analysis based on other dog parks in North Carolina, and he concluded it would be better to have a dog park that is too large rather than one that is too small.

Mayor Alexander suggested taking the proposal back to the Parks and Recreation Advisory Board and then bringing it back to Council at a future meeting. Mr. Pierce suggested the City and County Parks and Recreation staffs and Ms. Pitner work together to determine the logistics of the site. Mr. Hardin asked Commissioner Pierce and Ms. Pitner to attend the Parks and Recreation Advisory Board meeting.

Mr. Miller suggested a Memorandum of Understanding to outline the scope of the agreement. Mr. Pierce agreed.

COMPREHENSIVE PLAN STEERING COMMITTEE

This item was postponed.

BOARDS AND COMMISSIONS

Historic Preservation Commission

Upon a motion by Ms. Blackwell, seconded by Mr. Miller, and with Messrs. Hardin and Post, and Ms. Alexander voting AYE, the following appointment was made to the Historic Preservation Commission to fill an unexpired term:

Mr. Jon Planovsky

Term Expires 03/31/18

CITY MANAGER'S COMMENTS

There were no comments.

MAYOR 'S ANNOUNCEMENTS

(a) "Meet with the Manager"

Mayor Alexander announced the next "Meet with the Manager" will be held Wednesday, September 7 from 9:00 a.m. until 10:00 a.m. in the first floor conference room at City Hall, 217 South Main Street. This is an open office hour for citizens to share their ideas or concerns regarding City services with the City Manager.

(b) Family Camp Out

Mayor Alexander announced Salisbury Parks and Recreation Family Camp Out will be held Friday, September 9, 2016 until Saturday, September 10, 2016 at the Salisbury Community Park. The cost is \$20 per tent for the first four people and \$5 for each additional person. Limited tent rental is available. Pre-registration is required. For more information call 704-216-PLAY.

(c) Back in School Celebration

Mayor Alexander announced Salisbury Parks and Recreation Department along with the Police and Fire Departments will host a Back In School Celebration Sunday, September 18, 2016 from 3:00 p.m. until 6:00 p.m. at the Miller Recreation Center and Hall Gym. This free event is open to the public and will include games, music, and refreshments. After-school programs from the community and other City departments and services will also be represented. The public will have an opportunity to meet Police Chief Jerry Stokes.

(d) "Brown Bag Lunch"

Mayor Alexander announced Salisbury Parks and Recreation will host the "Brown Bag Lunch Jam" concert series at Eastern Gateway Park every Wednesday from 12:00 noon until 1:30 p.m. through September 28, 2016. Bring a lunch and enjoy some of Salisbury's best local talent. This event is free and open to the public.

(e) Historic Preservation Incentive Grants

Mayor Alexander announced applications for the 2016-2017 Historic Preservation Incentive Grants are now available. These matching grants are available on a competitive basis for exterior projects on owner-occupied houses in the four residential local historic districts: North Main Street, Brooklyn South Square, West Square and Ellis Street Graded School. Applications are due by October 14, 2016. To receive an application or inquire about eligibility, please call 704-638-5324.

(f) La Fiesta de Rowan

Mayor Alexander announced La Fiesta de Rowan will be held Saturday, September 10, 2016 from 12:00 p.m. until 5:00 p.m. at the Salisbury Civic Center located at 315 South Martin Luther King, Jr. Avenue. The purpose of La Fiesta is to provide continued awareness of Hispanic Latino culture and to connect with the entire community at large. The event is packed with activities that bring people of diverse backgrounds together to share Hispanic/Latino customs and traditions through music, dance, food and activities.

(g) Janie Allen Recognition

Councilmember Post commended Council for its recognition of Ms. Janie Allen. He added she is the only Mural Preservation Board member left. He suggested the funds needed to cover the Mural debt be raised privately.

(h) Salisbury Post Article

Councilmember Post indicated Mr. Joe Morris wrote an incredible article in the *Salisbury Post* that included a 13-point plan for code enforcement that should be considered.

CLOSED SESSION

Mayor Alexander requested Council go into a closed session concerning an economic development matter as allowed by NCGS 143-318.11(a)(4).

Thereupon, Mr. Miller made a **motion** to go into closed session concerning an economic development matter as allowed by NCGS 143-318.11(a)(4). Mr. Hardin seconded the motion. Messrs. Hardin, Miller and Post, and Meses. Alexander and Blackwell voted AYE. (5-0)

RETURN TO OPEN SESSION

Thereupon, Ms. Blackwell made a **motion** for Council to return to open session. Mr. Miller seconded the motion. Messrs. Hardin, Miller and Post, and Meses. Alexander and Blackwell voted AYE. (5-0)

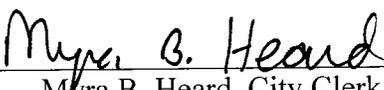
Mayor Alexander announced no action was taken in closed session.

ADJOURNMENT

Motion to adjourn the meeting was made by Ms. Blackwell seconded by Mr. Miller. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 9:48 p.m.



Karen Kirks Alexander, Mayor



Myra B. Heard, City Clerk