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City of Salisbury Withdraws Local Government Commission Application

Salisbury_North Carolina_August 28 – Today the City of Salisbury withdrew their Local Government Commission (LGC) application for a downtown office building that the City planned to lease to the Rowan-Salisbury School System (RSSS).

On August 27, during a conference call, LGC staff shared with City staff that Rowan County officials had raised questions about the legality of the City issuing debt for a school facility and this questioning resulted in the City's application being delayed.

There are two legal interpretations regarding whether the City can move forward with the project.

The City maintains that the project can proceed based on general statutes rooted in a City's ability to participate in downtown and economic development. A recent economic impact analysis by RowanWorks cited that redevelopment in the 300 block of S. Main Street will result in \$1.25 million in annual retail impact. This particular redevelopment is part of the City's larger South Main Street corridor initiative.

The second interpretation, raised by Rowan County, questions whether a City can issue debt for a school project.

Regarding the City's authority to build a downtown office building and then lease it to RSSS there is no difference in legal opinions. The issue centers on the issuance of debt for such purposes.

Ultimately, the issue would wind up being decided through the court system.

LGC staff shared their discomfort with the City during an August 27 conference call about the risk of approving a debt issuance that could be subject to such a legal challenge. A legal challenge could be brought by Rowan County or a private citizen and could delay the project for several years preventing a resolution to providing RSSS employees a safe working environment. This is not an acceptable outcome to the City of Salisbury and is the basis for the withdrawal of the City's application.

The LGC did not offer a ruling on the August 27 conference call, nor did they request the City withdraw their application. They did not render an interim decision, but rather indicated they would continue their evaluation of the City's application at the end of the conference call.

Rowan County officials stated publicly that they were washing their hands of the project and wished the City well. They also stated they were not interfering in the project or the City's LGC application.

Construction bids for the project came in \$1 million under budget. Financing bids were also favorable and came in under budget. Two hundred supporters of the project attended a July 16 Public Hearing.

There are several options to cure the issue of a legal challenge:

- Rowan County could step in and move the project forward with the City acting as the developer.
- A private developer could step in and move the project forward in coordination with the City.
- Adequate gifts from community stakeholders could allow the City to move forward with the project without issuing debt.

The City of Salisbury is committed to supporting the RSSS including finding a solution for providing a safe environment for RSSS employees, despite this development.

The Salisbury City Council will discuss this topic at their regularly scheduled City Council meeting on September 3.

The City of Salisbury is an equal opportunity employer with over 180 different job classifications and more than 400 full time positions. For more information regarding the City of Salisbury and its services and departments, please visit us on the web at www.salisburync.gov. To receive updates regarding local initiatives, meetings, programs and events, please follow us on Twitter at www.salisburync.gov/twitter.

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