

Salisbury, North Carolina  
May 20, 2008

## **REGULAR MEETING**

**PRESENT:** Mayor Susan W. Kluttz, Presiding; Mayor Pro Tem Paul B. Woodson; Councilmen William (Bill) Burgin, William (Pete) Kennedy, and Mark N. Lewis; City Manager David W. Treme; and City Attorney F. Rivers Lawther, Jr.

**ABSENT:** City Clerk Myra B. Heard.

The meeting was called to order by Mayor Kluttz at 4:00 p.m. The invocation was given by Councilman Kennedy.

## **PLEDGE OF ALLEGIANCE**

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

## **RECOGNITION OF VISITORS**

Mayor Kluttz recognized all visitors present.

## **RECOGNITION OF POLICE DEPARTMENT PROMOTIONS**

Police Chief Mark Wilhelm stated that as a result of vacant positions, several promotions have been made at the Police Department. He recognized the following for their promotions:

Sergeant Andy Efird, promoted from Master Police Officer

Sergeant Brian Stallings, promoted from Master Police Officer  
Lieutenant Greg Beam, promoted from Sergeant  
Lieutenant Karen Barbee, promoted from Sergeant

Mayor Kluttz expressed her gratitude for what these officers do for the City and congratulated them on their promotion.

### **RECOGNITION OF RETIRING OFFICER GARY MILLS**

Police Chief Mark Wilhelm stated that Police Officer II Gary Mills retired April 2008 after seven (7) years of service. He indicated that Officer Mills, as allowed by General Statute 20-187.2, has requested Council authorize the issuance his badge and his sidearm as part of his retirement. Chief Wilhelm noted that Officer Mills has a valid permit for the weapon and he requested permission from Council authorization to issue the sidearm in appreciation of Officer Mills' service.

Thereupon, Mr. Burgin made a **motion** to allow the Chief to issue the badge and sidearm to Police Officer II Gary Mills for the service he has rendered to the City. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

### **PROCLAMATION**

Mayor Kluttz proclaimed the following observances:

VETERANS MEMORIAL DAY

May 26, 2008

### **CONSENT AGENDA**

(a) Approval of Minutes

Approve Minutes of the Regular meeting of May 6, 2008.

(b) Petition to Close the 1100 Block of South Fulton Street

Receive a petition to close an alley in the 1100 block of South Fulton Street and adopt a Resolution setting a public hearing for June 17, 2008.

RESOLUTION PERTAINING TO THE PROPOSED CLOSING OF AN ALLEY IN THE 1100 BLOCK OF SOUTH FULTON STREET AND SETTING A PUBLIC HEARING FOR JUNE 17, 2008.

(The above Resolution is recorded in full in Resolution Book No. 13 at Page No. 32, and is known as Resolution No. 2008-20.)

(c) Certificate of Sufficiency and Set Public Hearing – Holiday Retirement Residence

Receive a Certificate of Sufficiency from the City Clerk concerning the voluntary annexation of The Holiday Retirement Residence and adopt a Resolution setting a public hearing for June 3, 2008.

RESOLUTION SETTING DATE OF PUBLIC HARING ON QUESTION OF THE ANNEXATION OF THE HOLIDAY RETIREMENT RESIDENCE (9.749 ACRES) PURSUANT TO G.S. 160A-31 AS AMENDED.

(The above Resolution is recorded in full in Resolution Book No. 13 at Page Nos. 33-34, and is known as Resolution No. 2008-21.)

Thereupon, Mr. Kennedy made a **motion** to adopt the Consent Agenda as presented. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

**PUBLIC HEARING – PROPOSED FY2008-2009 CITY BUDGET**

Mayor Kluttz explained that Council received the proposed FY2008-2009 City Budget at its May 6, 2008 City Council meeting. She indicated that Council has taken no action on the City Manager's recommendation and noted that Council will meet for budget workshops the week of May 27-30, 2008.

Mayor Kluttz convened a public hearing, after due notice thereof, to receive comments on the proposed FY2008-2009 City Budget.

Mr. Clyde Overcash, 220 East Bank Street, indicated that the City asked citizens to conserve water and in turn, the water bills will be increased by ten (10) percent. He challenged all residents of Salisbury to conserve ten (10) percent more water to equal out their bill. He stated that the recycling program is a failure and that there is no incentive for the citizens to recycle. He noted that the City has got to stop the ten (10) percent yearly increases to the water bills.

Mr. William Peoples, 522 North Fulton Street, stated that he has several items of concern. Representing the Community Appearance Commission (CAC), he pointed out that there are too many boarded up houses and burned buildings in Salisbury that Code Enforcement has ignored. He commented that the City is proposing an increase on the water and sewer rates and the public transportation rates and he feels that these increases will be too much for low income citizens. He noted that his recycling bin is rarely picked up even though he is being charged for the service. Mr. Peoples presented a report representing two thousand six hundred sixty (2,660) police service calls made to the

Wilco Hess Service Station located at 500 East Innes Street between January 7, 2007 through March 2, 2008. He stated that this establishment is a cancer to the City and something needs to be done. Mr. Peoples noted that the CAC would like to have a dog ordinance enacted. He explained that too many young men are walking around on public streets and public sidewalks with pit bulls that need to be muzzled.

Ms. Barbara Perry, 131 West Bank Street, stated that she is speaking on behalf of the Neighborhood Alliance Commission (NAC). She explained that in 1999 the City Council's number one (1) objective was to improve city neighborhoods and develop and maintain a sustainable feeling of safety for all areas of the City. She pointed out that in 2004 the CAC organized a Neighborhood Alliance Committee and their number one (1) priority was deteriorating housing and safety in their neighborhoods. She indicated that she was saddened to hear that an additional Code Enforcement Officer position has been cut from the budget. She stated that deteriorating housing leads to crime, gang activity, drug activity, and problems with aggressive dogs. She asked Council to reconsider an additional Code Enforcement Officer. She added that Mr. Sonny Allen, former Mayor of Salisbury, has volunteered his time to evaluate and categorize housing in an effort to bring housing up to code.

Ms. Greta Connor, 1106 Laurel Street, stated that she is a member of the CAC and indicated that three (3) major studies over the last ten (10) years found that rundown housing is a citywide problem that lowers adjacent property values. She noted that our current minimum standards do not sufficiently address this problem. She pointed out that many of the problem houses are rental properties. Ms. Connor stated that studies indicate that criminal activity and run-down houses go hand-in-hand. The studies recommend:

- Adopting a higher standard of minimal housing
- Increasing enforcement staff
- Penalties for violations
- Creating a system for monitoring and prioritizing at-risk housing
- Creating an inspection process for rental housing
- A certificate of occupancy for rentals between tenants
- Establish a housing committee to propose regulations and monitor implementation
- Develop an investment pool for purchase and rehab of neglected properties

Ms. Connor stated that many neighborhoods are dealing with the problem of deteriorating houses which is a safety, appearance and economic issue. She indicated that the CAC urges the City to resolve these issues that plague the City and negatively impact the quality of life.

Ms. Betty Carli, 419 South Ellis Street, stated that she is President of the Residents of Old Salisbury, West Square District. She indicated that there are a lot of absentee landlords and deteriorating houses in the West Square District and the residents are very concerned about this problem. She requested that the additional Code Enforcement Officer position not be cut from the budget.

Mr. James Donaldson, 732 West Kerr Street, stated that the City's Code Enforcement Officer diligently worked with his neighborhood to return it to what it was thirty (30) years ago. He indicated that he would like to see the additional Code Enforcement Officer position remain in the budget.

Mr. Marco Thompson, 420 North Boundary Street, stated that public transportation is the main source of transportation for the disabled and he feels the proposed rate increase is too much. He indicated that the current rate for a monthly pass is \$17.00 and with the proposed increase the rate would rise to \$37.50. He asked that this rate increase be reconsidered.

Ms. Sara Hawkins, 1019 Grady Street, stated that the City needs another Code Enforcement Officer. She pointed out that the work load is too much for the current officer to handle. She requested that the officers enforce the codes and assess penalties if the property owners do not comply. She indicated that if the property owners see that the City is enforcing the rules and not just giving them a slap on the wrist, they will comply and Salisbury will become an All American City again.

Ms. Gwendolyn Jones, 200 Grant Street, stated that she realizes the price of gas is steadily increasing, but would like for Council to reconsider the public transportation rate increase.

Mr. Lenny Wolfe, stated that the water and sewer rates increased last year by almost 2.92 percent. Over the last five (5) years there has been an average of over 5.125 percent increase. He pointed out that twenty-five (25) percent of Salisbury residents are on Social Security and are now facing an \$8.00 to \$9.00 increase in their water bill each month. Mr. Wolfe added that Piedmont Natural Gas has announced an increase of almost 10.8 percent, and with gas rising to \$4.00 per gallon, senior citizens on a fixed income are facing hard times. He asked Council to give a price break to senior citizens. He asked City Manager Dave Treme what would happen if citizens deducted the landfill and recycling fee from their monthly bill. Mayor Klutz stated that the question would be addressed after the public hearing.

Mr. Bill Lawry, representing Students-In-Training introduced Mr. Ryan Smith and Ms. Kiha Mitchell. Mr. Smith stated that he is thirteen (13) years old and volunteers with Students-In-Training. He explained that Students-In-Training refurbishes computers at a cost of \$125.00 each. They also recycle computers at a cost of \$75.00 each and the recycling prevents them from going to the landfill. Ms. Mitchell explained the recycling process and asked for a donation from the City for new tools to refurbish and recycle the computers.

Mr. Fred Evans, 700 West Monroe Street, stated that he has concerns with the dirty and untidy appearance of the City's local Post Office. He pointed out that he knows this is not a City facility, but hopes the City can encourage the Post Office to improve the appearance of the facility. He indicated that he is also concerned with the young men and

women who wander around Bogangles Restaurant, Kmart, the Cook Out Restaurant and the Post Office asking for donations. He noted that he has witnessed several ladies and older men who have been frightened by these people.

Mr. Bill Safrit, 207 Gallarie Place, stated that he, Ms. Lynn Raker, and several others toured areas of Salisbury to look at the condition of deteriorating housing. He indicated that the conditions of some of these houses are not fit for animals and he has not seen any change. He stated that he realizes there is a budget problem but feels that it is a priority to hire another Code Enforcement Officer to help enforce the codes and make Salisbury a better place to live. Mr. Safrit indicated that at the last CAC meeting, the appearance of the Post Office was discussed and that steps are being taken to encourage the upkeep of the property.

Ms. Clara Corry, 210 Lloyd Street, stated that she is President of the Salisbury-Rowan Human Relations Council (HRC). She indicated that the HRC is seeking City Council's support in securing a Human Relations Coordinator for the HRC. She said this would provide a phone line for the HRC and aid in some of the resolution of housing concerns that have been presented at the meeting today. She stated that the HRC is requesting the continuation of \$3,500 each from the City and County for operational costs and reviewed the estimated expenses of an HRC Coordinator and Specialist:

- HRC Coordinator Salary
  - \$70,000 range
  - \$27,000 benefits
    - City Funding - \$48,500
    - County Funding - \$48,500
- HRC Specialist Salary
  - \$40,000
  - \$17,009 benefits
    - City Funding - \$28,500
    - County Funding - \$28,500

Ms. Corry stated that the HRC feels a coordinator could funnel the existing problems and ease the burden on the City and County resulting in a better Salisbury.

Mr. Michael Young, 117 Maupin Avenue, stated that the City's public parking lots and alleys are in poor shape with cracks and potholes. He indicated that City staff has declared that maintenance of the alleys is the responsibility of the adjacent property owners. Mr. Young indicated that the alleys are public thoroughfares and someone has to take the lead on the repairs. He asked that the City coordinate the effort to get the alleys and parking lots paved and bill the adjacent property owners. He concluded by saying that he appreciates the commitment the City has made to the downtown area and appreciates Council's consideration of his request.

There being no one else present to speak, Mayor Kluttz closed the public hearing. She stated that City Council will address the budget at the workshops next week and

expressed her appreciation to those who took their time to address Council. She indicated that the City has a challenge to provide more services for less money.

Councilman Burgin stated that Mr. Wolfe addressed the possibility of discounts for senior citizens. He pointed out that North Carolina State Statutes do not allow discounts. He indicated that he feels there is a need for the discounts but the change has to start at the State level.

Councilman Kennedy stated that the proposed budget was presented by the City Manager and Council will discuss it next week at budget workshops. He added that nothing is final and no rate increases have been approved.

City Manager David Treme stated that in answer to Mr. Wolfe's question about not paying the landfill and recycling portion of the water bill, monies are first applied to the water and sewer portion of the bill. He said that he will find out about the payment of the other fees and provide Mr. Wolfe an answer to his question.

**RESOLUTION IN SUPPORT OF STATE ENABLING LEGISLATION – OCCUPANCY TAX**

(a) Mr. Joe Morris, Planning and Community Development Director, reviewed a proposal to seek enabling legislation to allow Salisbury to establish a three (3) percent occupancy tax:

Salisbury City Council Goal

- Outcome 3: Enhance and support a creative enterprise economy with the best educated workforce, the most competitive infrastructure, an environment for creativity and innovation, a positive business climate and supportive government in Salisbury and Rowan County
- Goal 4: Initiate actions to increase the occupancy tax rate from \$.03 to \$.06 in Salisbury

North Carolina County and Municipal Occupancy Tax Rates

- Eighty-five (85) counties have an occupancy tax
- Sixty-seven (67) municipalities have an occupancy tax
- There are twenty-one (21) jurisdictions with a combination county and city occupancy tax
- The lowest rate is one and one half (1.5) percent (Cherokee)
- The highest rate is eight (8) percent (Mecklenburg)

Sampling of Regional Rates

- Counties
  - Mecklenburg 8%
  - Forsyth 6%
  - Stanly 6%

- Cabarrus 5%
- Rowan 3%
- Cities
  - Lexington 6%
  - Thomasville 6%
  - Statesville 5%
  - Hickory 5%
  - Mooresville 4%
  - Salisbury 0%

Current Occupancy Tax

- \$.03 County rate generates \$303,044 annually
- There are eight hundred forty (840) hotel rooms in Rowan County
- Eight hundred seven (807) rooms, or ninety-six (96) percent, are located within Salisbury municipality
- Based on current occupancy and number of rooms, a \$.03 occupancy tax would generate approximately \$290,000 within Salisbury

NC General Statutes

- Establish that:
  - The revenue would be collected by the county tax collector
  - 2/3 of revenue must be used for marketing and promotions
  - 1/3 of revenue may be used for tourism based capital projects within the taxing jurisdiction

Implementation

- Proposed legislation would create Salisbury Tourism Authority
- Marketing efforts would supplement Rowan County Convention and Visitors Bureau
- Additional partnerships would promote tourism activities within the Salisbury area

Potential Tourism Related Activities

- Destination development activities including:
  - Salisbury Art and History Trail
  - Festivals and Art Shows
  - Public amenities
  - Wayfinding signage
  - Cultural events
  - Museum and historic site development
- Coordinated marketing agreements with:
  - Rowan County Convention and Visitors Bureau
  - Downtown Salisbury, Inc.
  - Salisbury Farmers Market
  - North Carolina Transportation Museum
  - Historic Salisbury Foundation

- Salisbury Parks and Recreation Department
- Rowan Museum
- Rowan Arts Council

Legislative Timetable

- Goal adopted by City Council March 6, 2007
- Proposal to Convention and Visitors Bureau January 9, 2008
- General Assembly convenes May 13, 2008
- Resolution by City Council May 20, 2008
- Legislation due to drafting office May 21, 2008
- Effective date To Be Determined

Summary of May 14 Tourism Development Authority (TDA) Meeting

- General meeting of the Rowan County TDA
- Quorum of the Rowan County Commission present
- Discussed the extent of the TDA Director’s efforts to assist with the City’s occupancy tax proposal
- County Commissioner’s directed the TDA to assess the occupancy tax and report to the Commission.

Rowan County TDA

- Advantages
  - Larger pool of funding for countywide tourism promotion
  - Existing board and well-qualified staff in place
  - “One-stop” location at the Gateway Building
  - 20 year history of brand development
- Disadvantages
  - Limitations of the current legislation (cannot be used for tourism related capital projects)
  - Only one city appointment to the current TDA

Proposed Salisbury TDA

- Advantages
  - Focus on city specific tourism projects
  - The TDA could be the vehicle to implement the Salisbury Cultural Action Plan
  - Council appointed membership
  - Dedicated revenue for city related promotions
    - Downtown Salisbury, Inc.
    - Salisbury Public Information Office
    - Historic Salisbury Foundation
    - City sports marketing efforts
    - N. C. Transportation Museum
    - Salisbury Farmers Market
  - Ability to contract with Rowan County TDA for broader marketing efforts

- Take advantage of the Salisbury “brand” as identified by the web marketing research analysis
- Ability to strategically partner with local attractions and activities
  - Local festivals
  - Agri-tourism
  - County Parks and Recreation
  - Eco-tourism
- Disadvantages
  - Additional work load for city staff
  - “Learning curve” for familiarization with travel and tourism industry
  - Perceived lack of support for two TDA’s
    - Redundancy of human capital
    - Duplication of effort
    - Market confusion

Council Action

- Staff Report
- Conduct a public hearing
- Option A: Consider adopting a resolution in support of enabling legislation
- Option B: Council table the item and continue discussions with TDA, County Commissioners and legislative delegation.

(b) Mayor Kluttz convened a public hearing, after due notice thereof, to receive comments on a Resolution in support of State Enabling legislation for the purpose of creating a room occupancy tax for Salisbury, North Carolina.

Mr. Randy Hemann, 314 Mitchell Avenue, Executive Director of Downtown Salisbury, Inc., stated that he previously served on the Rowan County TDA Board and during his tenure the Board frequently discussed the need to raise additional capital through the occupancy tax to fund marketing efforts, sites and attractions. He indicated that in 2006 a motion was passed by the TDA Board to seek an increase from three (3) percent to four (4) percent and at the next board meeting a motion was passed seeking the same increase with a six (6) percent cap. Mr. Hemann stated that during this time TDA Board Member, Mr. Jack Owens, met informally with Rowan County Commission leadership and received a message that the TDA’s effort would not likely be supported by the Rowan County Commission.

Mr. Hemann urged Council to move forward with their effort to create the City occupancy tax as funds are needed to market the community and increase tourism offerings. He also urged Rowan County to support the City’s effort to better fund tourism initiatives. He noted that he feels there are marketing needs as well as capital improvement needs such as the Art and History Trail, wayfinding signage and the Salisbury Military Prison. He stated that there is a direct correlation between how many people visit and how well the area is promoted and we, as the City, need to do all that we can to create a better tourism product to market that product.

Mr. David Redden, stated that he is the General Manager of the Holiday Inn Salisbury and has also served on the TDA Board. He indicated that he is opposed to the three (3) percent occupancy tax proposed by the City. He stated that he understands that this tax will be collected by all hotels and used by the City to fund, build and market a convention conference center in downtown Salisbury which would be a competitor of the Holiday Inn. He expressed his concern that this may be unethical and questioned the legality of the proposal. Mr. Redden indicated that as a competitor the City would seek to steal business from the Holiday Inn as well as other meeting venues within the City. He pointed out that Salisbury's lower occupancy tax is what attracts businesses instead of locations that can offer water or mountains. Mr. Redden questioned how the residents of the Historic District would feel if a convention conference center was built downtown creating noise, traffic jams, parking and heavy foot traffic.

Ms. Carolyn Wilson, Director of Sales and Catering at the Holiday Inn Salisbury, stated that she is opposed to the three (3) percent occupancy tax increase. She noted that due to the high cost of gas fewer people are traveling and to add additional expense to the cost of a hotel room is not responsible thinking. She indicated that convention planners choose Salisbury because of the lower tax rates and to raise the tax rates would discourage hotel guests which would hurt many Salisbury businesses.

There being no one else present to speak, Mayor Kluttz closed the public hearing.

Councilman Burgin stated that during the four (4) years he served on the TDA Board there was a lot of discussion about raising the occupancy tax from three (3) percent to six (6) percent. He indicated that the Board felt the extra revenue would help promote the community. He indicated that in the original conference center report a connection was made between the three (3) percent increase and a conference center, but he has never personally made that connection. Mr. Burgin stated that the original idea was for Rowan County to implement the increase but the TDA Board thought the County was not interested. He indicated that he attended a meeting last week and the County now has an interest in seeing the presentation and understanding the value of the additional tax. He pointed out that he understands a City TDA would offer advantages, but he feels the current TDA has performed well across the County and has a great staff. He noted that this is an area that the City and County have in common and if the County is willing to implement the increase, he would vote to bow out of the process. He added that he feels strongly about the need for the extra funds to promote the community and if the County is not interested, he would continue to seek legislation that would allow the City to form a TDA.

Mayor Pro Tem Woodson stated that Holiday Inn Salisbury makes a good point in questioning the ethics of their collecting the tax in order for the City to build a convention center. He agreed with Mr. Burgin that the tax collected should be wholly for the promotion of tourism.

Councilman Kennedy stated that he does not support the six (6) percent occupancy tax that would result in a formation of a new TDA. He indicated that the City should work with the County Commissioners on this proposal.

Mayor Kluttz stated that except for the two (2) Council members who have served on the TDA Board, the Council as a whole has not been involved in the proposal. She indicated that the City's Boards and Commissions work separately from Council and they present recommendations to Council for consideration. She stated that she did not understand why a quorum of County Commissioners attended the TDA meeting and why they were upset about the proposal since the County has a liaison who attends the meetings. She also noted that the Board is comprised mostly of County appointed members. She indicated that it is her understanding that at the January 2008 TDA Board meeting, members voted unanimously to support the City after learning that the County was not interested in pursuing this option. She stated that if Rowan County will not pursue the tax increase then the City should, but she feels that it would be advantageous to work with Rowan County on this issue. She pointed out that there have been suggestions in the newspaper that the City did not act properly on this issue and asked Mr. Morris if the City did anything inappropriate.

Mr. Morris quoted from the January 29, 2008 TDA Board meeting minutes, "Dan Peters asked Bill Burgin to expand further on what he had touched on earlier in the meeting regarding the City of Salisbury considering a three (3) percent occupancy tax. Burgin stated that one of the City Council Goals from last February was to look at the possibility of an occupancy tax within the City. Many other North Carolina cities do have an occupancy tax in place with individual cities as well as the County. James Meacham concurred that this is common throughout the state. Burgin stated that the next step is to find out how to disburse the funds once collected because the funds will have the same restrictions that the current County occupancy tax funds have and must be used for tourism. Dan Peters commented that he thinks Meacham should be involved in this process. Burgin agreed that the Council would like to have access to Meacham during this process. Dan Peters made the motion that James Meacham work with the City of Salisbury on their goal to establish an occupancy tax within the City and report back to the TDA Board. The second was by Mark Lewis and the motion was approved unanimously."

Mayor Kluttz expressed her concern over the allegations that the City acted inappropriately and noted that she wanted to clarify the City's actions.

Mr. Kennedy stated that the TDA proceedings should have been reported to the City Council.

Councilman Lewis stated that there must be a justification for the occupancy tax increase. He pointed out that in 2006 the TDA Board President informally asked the Rowan County Commissioners if they would support an increase for the TDA from three (3) percent to six (6) percent which would have allowed an additional \$306,000 for promotion of tourism related activities in the community. The Rowan County

Commissioners were informally poled and a majority of Commissioners would not support the increase. Mr. Lewis indicated that as a matter of public record the City Council had a goal to support the TDA's effort to encourage Rowan County to increase the occupancy tax. When Rowan County indicated they would not seek the increase, City Council restated its goal to read that the City would seek the increase from three (3) percent to six (6) percent. Mr. Lewis stated that City Council is managed as a business model and not a political model. City Council adopts goals and outcomes which are assigned to management staff and typically members of City Council are involved. He added that the City Manager presents quarterly updates to Council on the goals and outcomes and indicated that by the time the quarterly updates are presented to Council the goals and outcomes are fairly polished. He noted that in the case of the occupancy tax the goal was established by City Council and the bill needed to be submitted to State Legislation by May 21, 2008. Mr. Lewis indicated that he requested this item be placed on today's agenda and advised Mr. Morris that the legislative delegation should be informed of the City Council's intent. He noted that Mr. James Meacham, Executive Director of Rowan County Tourism Development Authority was going to Raleigh for Tourism Day and Mr. Lewis asked Mr. Meacham to mention to the legislative delegation that the City will be soliciting their support to raise the occupancy tax.

Mr. Lewis stated that the minutes of the TDA Finance Committee meeting mentioned the Executive Director working with the City on the establishment of a Salisbury TDA. He pointed out that Rowan County Commissioner Tina Hall read the minutes and asked Mr. Meacham why she had not been informed. Mr. Lewis stated that it is not the City's responsibility to inform or ask permission from the County Commission to proceed with this increase. He indicated that the members of the 2006 Rowan County Commission decided not to seek the tax increase and the City decided to proceed with the process. He pointed out that relations between the City and County need to improve and everyone wants what is best for the community and more money available for promotion.

Mr. Lewis stated that the City's decision to seek the occupancy tax increase may cause the County to reconsider their position. He noted that the increase is due to merchant's crying out for more promotion and advertising. He listed community arts and cultural activities that need more exposure. He stated that the City must reach out through promotion to people and invite them to live in Salisbury as a cultural and tourism destination.

Mr. Lewis indicated that there are some new members on the County Commission and he feels the current Commission would support the occupancy tax increase proposal if it was presented to them with the correct information. He noted that he hopes the City Council and the County Commission will work together with the TDA on this proposal. Mr. Lewis suggested that the item be tabled because the Rowan TDA is prepared to establish a committee for the County and City to establish what is best for the community.

Mayor Kluttz stated that the newspaper stated that the City Council and the Rowan County Commission met and that is an incorrect statement.

(c) Thereupon, Mr. Burgin made a **motion** that Council table the item of an occupancy tax until after the Rowan County TDA can present to the Commission and they have a reasonable chance to digest and make their commitment. Mr. Kennedy seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

### **PARKS AND RECREATION FACILITIES IMPROVEMENTS**

Ms. Teresa Harris, Budget and Performance Management Manager, stated that at the May 6, 2007 City Council meeting, Council approved a Resolution to begin the process to issue lease-purchase financing to finance \$225,000 to replace the tennis courts at City Park. She pointed out that the next step is to hold a public hearing for financing.

Mayor Kluttz convened a public hearing, after due notice thereof, to receive comments on the lease-purchase financing to fund Parks and Recreation Facilities Improvements.

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

### **DRIVEWAY FROM MARTIN LUTHER KING JR. AVENUE TO HBD INDUSTRIES**

Mr. Dan Mikkelson, Director of Land Management and Development, stated that ten (10) years ago the City and the State constructed South Boundary Street Extension (now named Martin Luther King Jr. Avenue) to improve local traffic flow and close at-grade railroad crossings. He noted that when the road was built the property owned by Salisbury Lumber Company was split into three physical pieces; however, the property remained under a single deed. He noted that the City constructed a driveway from the new street to the parking lot of Salisbury Lumber Company. He indicated that in order for the City to build a driveway from HBD Industries to the street, the City purchased a portion of property from Salisbury Lumber Company.

Mr. Mikkelson stated that Salisbury Lumber Company is interested in marketing some of their property and would like to separate the three (3) pieces of property on the north side of the road from the one (1) piece of property on the south side of the road. The County Tax Office will allow this only if the driveway from HBD Industries is designated as a public street. He indicated that if Council approves the request the County has approved naming the street Thermoid Way. Mr. Mikkelson stated that if Council concurs, a motion is needed to accept the maintenance of the street and another motion to adopt an Ordinance to establish a stop condition.

Mayor Kluttz stated that since the City built the road extension and if it will help market the property for Salisbury Lumber Company, she feels adopting the driveway as a public street is the right thing to do.

Thereupon, Mr. Burgin made a **motion** to accept maintenance responsibility of Thermoid Way from Martin Luther King, Jr. Avenue to the end of the street. Mr. Lewis seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

Thereupon, Mr. Burgin made a **motion** to adopt an Ordinance amending Section 13-332, Article X, Chapter 13, of the Code of the City of Salisbury, relating to a stop sign at the end of Thermoid Way. Mr. Kennedy seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

AN ORDINANCE AMENDING SECTION 13-332, ARTICLE X, CHAPTER 13 OF THE CODE OF THE CITY OF SALISBURY, RELATIVE TO STOP SIGNS.

(The above Ordinance is recorded in full in Ordinance Book No. 22 at Page No. 56, and is known as Ordinance No. 2008-21.)

#### **ORDINANCE AMENDMENT – HOURS OF OPERATION PARK FACILITIES**

Ms. Gail Elder White, Parks and Recreation Director, stated that staff is recommending a change to the Code that will move the park facilities closing time from 6:00 p.m. to 7:30 p.m. for the month of March. She indicated that this change has been approved by the Parks and Recreation Advisory Board.

Thereupon, Mr. Woodson made a **motion** to adopt an Ordinance amending the Code of Ordinances of the City of Salisbury, North Carolina, by amending Chapter 16 (Parks and Recreation) Article III (Rules and Regulations), Section 16-61 (Park Hours of Operation) for the purpose of providing additional operating hours for public use from 6:00 p.m. to 7:30 p.m. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF SALISBURY, NORTH CAROLINA, BY AMENDING CHAPTER 16 (PARKS AND RECREATION) ARTICLE III (RULES AND REGULATIONS), SECTION 16-61 (PARK HOURS OF OPERATION) FOR THE PURPOSE OF PROVIDING ADDITIONAL OPERATING HOURS FOR PUBLIC USE.

(The above Ordinance is recorded in full in Ordinance Book No. 22 at Page No. 57, and is known as Ordinance No. 2008-22.)

## **ORDINANCE AMENDMENT – PROHIBIT METAL DETECTORS AT PARK FACILITIES**

Ms. Gail Elder White, Parks and Recreation Director, stated that the Parks and Recreation Advisory Board has approved a recommendation to adopt an Ordinance prohibiting the use of metal detectors at park facilities. She explained that many other parks prohibit metal detectors because of the safety hazard their use creates.

Thereupon, Mr. Woodson made a **motion** that at the recommendation of the Parks and Recreation Advisory Committee to adopt an Ordinance amending the Code of Ordinances of the City of Salisbury, North Carolina, by amending Chapter 16 (Parks and Recreation) Article III (Rules and Regulations), Section 16-56 (Preservation of Park and Plantlife) for the purpose of providing clarification of non-prohibited activities being the metal detection. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF SALISBURY, NORTH CAROLINA, BY AMENDING CHAPTER 16 (PARKS AND RECREATION) ARTICLE III (RULES AND REGULATIONS), SECTION 16-56 (PRESERVATION OF PARK AND PLANTLIFE) FOR THE PURPOSE OF PROVIDING CLARIFICATION OF NON PERMITTED ACTIVITIES.

(The above Ordinance is recorded in full in Ordinance Book No. 22 at Page No. 58, and is known as Ordinance No. 2008-23.)

## **RESOLUTION AUTHORIZING EXEMPTION OF ENGINEERING SERVICES**

Mr. Dewey Peck, Purchasing Manager, stated that the Resolution before Council is requesting exemption from a qualification based bidding for the 2007 Annexation Water and Sewer Project. He indicated that the City has worked with Pease and Associates Engineering on three (3) other projects and the firm has been exceptionally good to work with. He added that Pease and Associates is familiar with the City's water and sewer system and the City's standards and requirements. He noted that they have agreed to work with the City on this project on an as needed basis.

Thereupon, Mr. Woodson made a **motion** to adopt a Resolution authorizing the exemption of certain engineering services associated with the 2007 Annexation and Water and Sewer Project from qualification based bidding. Mr. Kennedy seconded the motion. Councilman Burgin asked for a clarification of the term qualified based bidding when dealing with professional services. Mr. Peck answered that when dealing with architects, engineers or surveyors, State law requires that the City seek their qualifications to ensure that the City is working with the best qualified. Mr. Burgin explained that this bid has more to do with qualifications than price and the City is comfortable with Pease and Associates and does not feel the need to seek other bids. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

RESOLUTION AUTHORIZING THE EXEMPTION OF CERTAIN ENGINEERING SERVICES ASSOCIATED WITH THE 2007 ANNEXATION WATER & SEWER PROJECT FROM QUALIFICATION BASED BIDDING.

(The above Resolution is recorded in full in Resolution Book No. 13 at Page No. 35, and is known as Resolution No. 2008- 22.)

**AWARD CONTRACT TO PEASE & ASSOCIATES – 207 ANNEXATION WATER AND SEWER IMPROVEMENTS PROJECT**

Mr. Jim Behmer, Interim Utilities Director, stated that Salisbury-Rowan Utilities will be contracting with Pease and Associates for their assistance in the design of the project to extend water and sewer improvements for the 2007 annexation area. He noted that this contract will be a cost plus fee schedule with a not to exceed amount and the City will be able to determine the savings at the end of the project.

Thereupon, Mr. Kennedy made a **motion** to award a contract not to exceed \$561,700 to Pease and Associates for professional engineering services related to the 2007 Annexation Water and Sewer Improvements Project. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

**CAPITAL PROJECT BUDGET ORDINANCE – 2007 ANNEXATION WATER AND SEWER IMPROVEMENTS PROJECT**

Mr. Jim Behmer, Interim Utilities Director, stated that this appropriation of funds will allow Salisbury-Rowan Utilities to award the engineering contract with Pease and Associates.

Thereupon, Mr. Kennedy made a **motion** to adopt a Capital Project Budget Ordinance in the amount of \$561,700 to appropriate funds for the 2007 Annexation Water and Sewer Improvements Project. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

2007 ANNEXATION AREA CAPITAL PROJECT ORDINANCE.

(The above Ordinance is recorded in full in Ordinance Book No. 22 at Page No. 59, and is known as Ordinance No. 2008-24.)

## POLE ATTACHMENT AGREEMENT – DUKE POWER AND THE CITY OF SALISBURY

Mr. Michael Crowell, Technology Services Manager, stated that as part of the Fiber To The Home project, the City has been concerned about the availability of installation space for the fiber cables on Duke Energy's utility poles. He explained that since Salisbury is not an electric city and does not own the poles the fiber cables will have to be installed on Duke Energy's poles. Mr. Crowell indicated that the City contracted an engineering firm to conduct a detailed assessment of the poles and to help with negotiation of a pole attachment agreement with Duke Energy. He noted that the pilot design has been approved by Duke Energy and the next step is for Council to approve the pole attachment agreement.

Mayor Pro Tem Woodson stated that he approves of the Fiber To The Home project. He indicated that he has a concern that other electric cities have their own installers and maintenance departments and that it requires a massive amount of manpower to replace lines after storms. He asked if the City has a plan in case of storms and downed lines. Mr. Crowell stated that the City has had fiber in place for approximately fourteen (14) years and is currently running to twenty-seven (27) City facilities. He added that during this time the area has experienced several severe ice storms and there has been no damage to the fiber cables. He indicated that fiber cable is more robust and lighter than copper or coaxial cable. He pointed out that the City expects to have four (4) technicians and two (2) bucket trucks which should be able to take care of any problems. He added that money has been included in the model to hire outside help if needed.

City Manager David Treme stated that the City has trained manpower and equipment that will be ready to respond in case of emergencies. He indicated that fiber cable is stronger than copper or coaxial and is the least impacted by storms.

Councilman Burgin asked how the safety violation fee worked. Mr. Crowell stated that the pole attachments are dictated by the National Electric Safety Code (NESC). He added that the Federal Communications Commission (FCC) dictates what can be attached to a pole and noted that the fiber installation contractor will follow the guidelines of the NESC and FCC. Councilman Burgin asked if the \$50.00 per attachment safety violation fee will be included in the pole attachment agreement with the contractors. Mr. Crowell answered that it would be included.

Mr. Treme stated that he wanted to make sure that the pilot project was located in the area of the City that had the most potential problems and a contract with Duke Energy has been successfully negotiated. He indicated that if the City cannot connect to Duke Energy's poles, there will be no Fiber To The Home.

Thereupon, Mr. Lewis made a **motion** to authorize the City Manager to execute the Cable Television pole attachment license agreement between Duke Energy and the

City of Salisbury. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

Councilman Lewis suggested that he and Councilman Kennedy convene the committee to handle issues and questions and to follow the directions of the Fiber To The Home project.

Mr. Burgin stated that he would like a presentation at the June 3, 2008 Council meeting to go over the project costs again.

## **APPOINTMENTS TO VARIOUS BOARDS AND COMMISSIONS**

### **Salisbury-Rowan EDC**

Upon a **motion** by Mr. Woodson, seconded by Mr. Kennedy, and with Messrs. Burgin, Kennedy, Lewis, Woodson and Ms. Kluttz vote AYE, the following appointment was made to the Economic Development Commission:

Dr. Wink Cline

Term expires March 31, 2011

### **Zoning Board of Adjustment**

Upon a **motion** by Mr. Woodson, seconded by Mr. Kennedy, and with Messrs. Burgin, Kennedy, Lewis, Woodson and Ms. Kluttz vote AYE, the following appointment was made to the Zoning Board of Adjustment:

Mr. Wayne Saleeby

Term expires March 31, 2011

## **COMMENTS FROM THE CITY MANAGER**

City Manager David Treme thanked Council and staff for remembering his mother-in-law on the death of his father-in-law, Mr. Gerald Wingo, Retired Colonel in Columbia, South Carolina.

## **PUBLIC COMMENT**

Mayor Kluttz opened the floor for public comment.

Mr. Roger VunCannon, VunCannon Irrigation Inc., asked that the encroachment of pipe on irrigation systems for residential installation be abolished. He indicated that he sees no reason or purpose for the requirement. He noted that he has discussed this with City officials and was told that it is to protect someone from cutting the line between the backflow and the meter. He said there is no reason for anyone to dig down to the

lines except in the areas of the meter or the backflow. He indicated that the City Ordinance requires the pipe to be steel and every one hundred (100) feet of pipe increases the material cost \$550. Mr. VunCannon pointed out that on an irrigation system valued at \$3,000 he must add an additional \$1,800 to meet the City's Code requirements.

Mr. Carol Cornwell, 450 Neal Road, addressed Council on the recent attempt to annex the Highway 150 corridor. He stated that Council's election not to proceed was due to it not being financially feasible. He indicated that the Good Neighbors of Rowan County were like hornets, they had no choice but to fight back. He noted that City Council had no idea that the attempted annexation would cause such a furor. He stated that based on comments made by City officials, the neighbors still feel threatened and would like the City to guarantee that they will be left alone.

Mr. Larry Wright, 170 Heritage Lane, stated that the residents of the Highway 150 corridor do not owe the City anything. He noted that his calculations show that he uses approximately 1.5 percent of his time using the City's infrastructure. He indicated that many Cities grow without annexation and suggested that Salisbury do the same.

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

Councilman Burgin stated that he would like to respond to Mr. VunCannon's issue regarding the required pipes for the irrigation systems. He indicated that staff felt that the backflows needed to be on the street in order to minimize opportunities for the public to circumvent their purpose, which is to protect the water system from residential water system debris. He noted that putting the Reduced Pressure Zone (RPZ) covers on the corner of streets at every residence and business in the City is not a good formula. He indicated that staff struggled to find a way to address the concerns that the City not be cluttered with these boxes. He added that he does not know the answer, but staff has a worthy goal to protect the City's water system. He feels that it needs to be looked at again and would be glad to work with staff to find a better answer.

Mayor Pro Tem Woodson stated that the City's requirements may keep citizens from installing irrigation systems. He indicated that there is a dilemma that citizens want to conserve water and the City has to raise the rate to cover the conservation.

City Manager David Treme stated that the drought is improving somewhat and the City is still under voluntary restrictions. He pointed out that with the conservation citizens are using less water but the fixed cost are the same. The dilemma is the voluntary restriction and wanting people to use the water but use it wisely when needed. Mr. Treme noted that there are billions of gallons of water a day passing by the intake at the Yadkin River and the City has ample water supply.

Mr. Jim Behmer, Interim Utilities Director, stated that the City has an ample supply of water but also wants to be good stewards of the environment.

Mr. Woodson stated that he wanted to highlight the points that the City has enough water for the citizens to water their lawns and gardens and that the City has fixed costs regardless of the amount of water used.

Mayor Kluttz appointed Councilman Burgin and Mayor Pro Tem Woodson to work with staff on the issue of the backflow and pipe requirements for irrigation systems.

### **CHINA GROVE WATER CONTRACT**

Mayor Kluttz stated that she, along with City Manager David Treme, Mr. John Sofley, Management Services Director and Mr. Jim Behmer, Interim Utilities Director met with China Grove Mayor Don Bringle, two China Grove (2) aldermen, the China Grove Town Manager and the town attorney regarding China Grove's water contract with the City of Salisbury. She indicated that China Grove requested an adjustment on their contract for water because they feel the water is costing more than it should. Mayor Kluttz indicated that the City should work with China Grove and see if the price can be adjusted. She pointed out that the sale of water to China Grove has been projected in the budget and the price cannot be adjusted if it will hurt the City, but there may be a way if the water could be sold to other municipalities.

City Manager David Treme stated that China Grove's contract is for three hundred thousand (300,000) gallons of water per day and they are actually using two hundred fifty thousand (250,000) gallons per day. He noted that with Council's approval, he will see if the City can maintain the water quality using less water and will look at the possibility of extending the agreement.

By consensus, Council agreed to work with China Grove on possibly modifying their water contract as long as it did not affect the rate payers of Salisbury-Rowan Utilities.

Councilman Lewis stated that he agrees to work with China Grove, but that Salisbury-Rowan Utility users are facing an increase of approximately 9.7 percent and if modifying China Grove's contract makes that increase higher, he would not be willing to a modification.

### **HIGHWAY 150 ANNEXATION**

Mayor Kluttz stated that there is no annexation under consideration at the present time. She added that a lot of time was spent on this process and at the end of the process Council decided that the City's policies will have to be changed before considering future annexations. She indicated that these policies will be discussed publically in Council Chambers. Mayor Kluttz pointed out that the annexation process was very time consuming and that the City has gotten behind on other issues and goals. She noted that it will be some time before annexation discussion is brought up again.

## MAYOR'S ANNOUNCEMENTS

(a) Pops at the Post

Mayor Kluttz announced that the fourth Annual Pops and the Post will be held Saturday, June 7, 2008 from 8:00 p.m. until 10:00 p.m. at the Salisbury Post loading dock. In case of rain the event will be held at Keppel Auditorium, Catawba College Campus.

(b) Veteran's Day Memorial Program

Mayor Kluttz announced that Rowan County Veteran's Council will hold a Memorial Day Program Monday, May 26, 2008 at 10:00 a.m. at the National Cemetery, 501 Statesville Boulevard.

## RECESS

Thereupon, Mr. Woodson made a **motion** to recess the meeting until Tuesday, May 27, 2008 at 12:00 noon in City Council Chambers, 217 South Main Street for the purpose of a budget workshop. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson and Ms. Kluttz voted AYE. (5-0).

The meeting was recessed at 6:35 p.m.

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Mayor

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City Clerk