REGULAR MEETING

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

ABSENT: Councilman William (Pete) Kennedy.

The meeting was called to order by Mayor Kluttz at 4:00 p.m. The invocation was given by Mayor Pro Tem Woodson.

PLEDGE OF ALLEGIANCE

Mayor Kluttz asked that the local men and women serving in the Armed Forces be remembered as she led those present in the Pledge of Allegiance to the United States flag.

RECOGNITION OF VISITORS

Mayor Kluttz recognized all visitors present.

ADDITIONS/DELETIONS TO THE AGENDA

Mayor Kluttz noted the following change to the Agenda:

Omit Item 11 – Council to receive an update regarding the Salisbury Customer Service Facility.
PROCLAMATION

Mayor Kluttz proclaimed the following observance:

SENIOR CITIZENS DAY September 13, 2009

CONSENT AGENDA

(a) Speed Limits – Jake Alexander Boulevard

Adopt an ORDINANCE concerning the speed limit on Jake Alexander Boulevard North to coincide with existing North Carolina Department of Transportation postings.

AN ORDINANCE AMENDING SECTION 13-336, ARTICLE X, CHAPTER 13 OF THE CODE OF THE CITY OF SALISBURY, RELATING TO SPEED LIMITS – GENERALLY.

(The above Ordinance is recorded in full in Ordinance Book No. 22 at Page No. 146, and is known as Ordinance 2009-50.)

(b) NCDOT – Municipal Maintenance Agreements

Authorize the City Traffic Engineer to execute Municipal Maintenance Agreements to extend reimbursement rates through June 30, 2010 for the following:

- Schedule A – Signs and Supports
- Schedule B – Traffic Control Devices and Markings
- Schedule C – Traffic Signals
- Schedule D – Computerized Traffic Signal System

(c) Temporary Street Closure – Williams Street

Close Williams Street from Standish Street to Old Plank Road Saturday, August 29, 2009 from 11:00 a.m. until 2:00 p.m. for a Community and School Giveaway Day sponsored by the Mt. Calvary Holy Church.

(d) Temporary Street Closure – September 11 Memorial

Close South Main Street from Old South Main Street to “A” Avenue Friday, September 11, 2009 from 8:30 a.m. until 10:30 a.m. for the Salisbury Fire Department September 11 Memorial Service.

Thereupon, Mr. Woodson made a motion to adopt the Consent Agenda as presented. Mr. Burgin seconded the motion. Messrs. Burgin, Lewis, Woodson, and Ms. Kluttz voted AYE. (4-0)
(a) Mr. Preston Mitchell, Senior Planner, addressed Council regarding Land Development district map amendment LDOZ-7-04-2009 a request to rezone approximately 2.1 acres along Statesville Boulevard from General Residential (GR-3) to Residential Mixed-Use (RMX). He reviewed aerial photographs and pointed out the site’s location along Statesville Boulevard at the corner of Enon Church Road and noted the site is currently undeveloped. Mr. Mitchell indicated that the site is located at the City limits within the Extra Territorial Jurisdiction (ETJ). He stated that the site is the last property within the City’s zoning jurisdiction with the adjacent parcel being zoned by the County. He reviewed zoning classifications for the area and pointed out that all of the zoning to the north and east across Enon Church Road is General Residential (GR-3) with several pockets of RMX and the Urban Residential (UR-12).

Mr. Mitchell stated on the County Zoning map everything to the west and south of the site is zoned Commercial Business Industrial (CBI) which is very similar to the M-1 (Light Industrial) district in the old City Code.

Mr. Mitchell presented an onsite report explaining that the request is for a base district rezoning with no site plan associated with it. He explained that RMX is similar to the old B-1 Office Institution district under the old Code and allows all residential types, including single family, duplex, multi-family as well as most office and service-type uses. He stated that the LDO provisions associated with this rezoning are permitted uses, building types, open-space requirements, landscaping, and signage.

Mr. Mitchell reviewed policies from the Vision 2020 Comprehensive Plan pertaining to this request:

- Policy N-11: Architecturally compatible, residentially scaled office and institutional development may be permitted to locate along the sides of neighborhood planning area.

Mr. Mitchell stated that the requested RMX meets and is consistent with this particular policy. He noted that the size of the site will limit the scale of development and that appropriate commercial or other services may be permitted at the corners of neighborhood planning areas.

- Policy N-12: Appropriate commercial and other services may be permitted to locate at the corners of neighborhood planning area.

- Policy C-16: Commercial or other development that would jeopardize the public health, safety, and welfare of an existing residential neighborhood shall not be permitted.

Mr. Mitchell indicated that the Planning Board voted unanimously to recommend approval of the proposed map amendment.
(b) Mayor Kluttz convened a public hearing, after due notice thereof, to receive comments regarding Land Development District map amendment LDOZ-7-04-2009.

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

Mayor Pro Tem Woodson asked if anyone spoke at the courtesy hearing held by the Planning Board. Mr. Mitchell stated that only the petitioner spoke and he was in favor of the request.

Councilman Lewis commented that one of the key points in the presentation is that directly west of the parcel the property is zoned CBI by the County and this classification allows more intensive uses. He stated he thinks over time the corridor will transition from being single family to more business type uses. He indicated this is a good transition from residential zoning in the Westcliff neighborhood to the more intensive use in a RMX, and then into the County CBI zoning. Mr. Lewis stated that Vision 2020 actually supports more intensive use, and that this parcel will not jeopardize the City’s existing neighborhoods.

(c) Mr. Woodson stated the City Council hereby finds and determines that adoption of an Ordinance to rezone the property described herein is consistent with the goals, objectives, and policies of the Vision 2020 Comprehensive Plan and that adoption of the Ordinance is reasonable and in the public interest. Thereupon, Mr. Woodson made a motion to adopt an Ordinance amending the Land Development District map of the City of Salisbury, North Carolina, by rezoning approximately 2.1 acres (1 parcel), identified as tax map & parcel 329-022 from General Residential (GR-3) District to Residential Mixed-Use (RMX) District. Mr. Lewis seconded the motion. Messrs. Burgin, Lewis, Woodson, and Ms. Kluttz voted AYE. (4-0)

AN ORDINANCE AMENDING THE LAND DEVELOPMENT DISTRICT MAP OF THE CITY OF SALISBURY, NORTH CAROLINA, BY REZONING APPROXIMATELY 2.1 ACRES (1 PARCEL), IDENTIFIED AS TAX MAP & PARCEL 329-022 FROM GENERAL RESIDENTIAL (GR-3) DISTRICT TO RESIDENTIAL MIXED-USE (RMX) DISTRICT.

(The above Ordinance is recorded in full in Ordinance Book No. 22 at Page Nos. 147-148, and is known as Ordinance 2009-51.)

**LEVEY ROOM OCCUPANCY TAX AND CREATE TOURISM DEVELOPMENT AUTHORITY**

(a) Mr. Joe Morris, Community Planning Services Director, presented an update regarding recently enacted legislation allowing the City to levy an occupancy tax and create a Tourism Development Authority (TDA). He stated that this process began as an Outcome and Goal established by City Council in 2007, 2008, and 2009. He stated that
the enabling legislation, Session Law 2009-428, was ratified August 6, 2009 and reviewed points established by the enabling legislation:

- The revenue is received and administered by a Salisbury Tourism Development Authority
- 2/3 of revenue must be used for marketing and promotions
- 1/3 of revenue may be used for tourism related expenditures including capital projects within the taxing jurisdiction

Mr. Morris reviewed the requirements for implementation:

- A Resolution which would levy the occupancy tax and allow the establishment of a Salisbury Tourism Development Authority
- An Ordinance which would establish guidelines consistent with the enabling legislation and North Carolina General Statutes
- A nine member board consisting of three hoteliers, three sites and attractions representatives, one Rowan County Tourism Development Authority representative, one at-large representative, and one City Council Representative.

Mr. Morris noted that previous discussions regarding the membership of the TDA had provided for a five-member board, but based on additional input from Council members and others in the community, it is proposed that a nine member board be established.

(b) Mayor Kluttz convened a public hearing, after due notice thereof, to receive comments regarding a room occupancy tax and creation of a Tourism Development Authority.

Mayor Kluttz announced that Rowan County Commissioner Raymond Coltrain was present and thanked him for his interest in this issue.

Mr. Randy Hemman, 314 Mitchell Avenue, stated that he was present on behalf of Downtown Salisbury, Inc. (DSI) and presented Council with a Resolution adopted by DSI in support of this effort. He recognized the presence of others who were in support by asking them to stand (approximately 30 people stood.) He stated that after a recent trip to Asheville, North Carolina he recognized the need for more funds to promote the City’s sites and attractions. Mr. Hemann noted that Salisbury has wonderful sites to offer but is currently at a competitive disadvantage when competitors raise more money to promote their areas. He stated that most areas have a 6% percent occupancy tax rate when Rowan County is at 3%. He commented that opponents may say this will hurt business and people will decide to stay elsewhere, but he questioned where people could go to save the additional money when the areas surrounding Rowan County are at 6%. He noted that new hotels are being built in the areas where the occupancy tax is higher and questioned why people are staying in these areas that are only 15 or 20 minutes away. Mr. Hemann commented that the new occupancy tax will equal $2.40 on an
$80.00 room. He added that he has never made a decision regarding where to stay based on the occupancy tax and he does not think this will happen if the tax is levied in Salisbury. He indicated this will be a great benefit that will allow the City to promote all of the wonderful things in the community and he requested Council consider approving the tax.

Mr. Michael Young, 117 Maupin Avenue, stated that he is in favor of the occupancy tax. He noted that Salisbury is the largest town in Rowan County and 95% of the occupancy taxes collected for the County come from hotels within the City limits. He commented that it is in the community’s best interest for the City to promote tourism from a tax paid by visitors. He agreed with Mr. Hemann’s comments and noted that when Salisbury’s citizens visit other areas, they pay a higher tax. Mr. Young noted that establishing of a separate Salisbury Tourism Development Authority would still allow Salisbury and Rowan County to collaborate on marketing and promotion and that collaborating on County tourism is only going to double efforts and double the money for tourism, which is positive for everyone. Mr. Young commended Council for its proactive stance on increasing tourism funding and its leadership in pursuing the legislation to collect these additional funds. He urged Council to move as quickly as permissible in implementing this tax. He commented that he looks forward to the additional tourism expenditures and the jobs created by the enhanced marketing of Salisbury and Rowan County.

Ms. Michelle Patterson, 10470 Caldwell Road, Mount Ulla, stated that she is Chair of the Rowan County Tourism Development Authority (TDA). She thanked Council for its leadership and service not only to the citizens of Salisbury, but to all citizens of Rowan County. She noted that Salisbury has continued to show its willingness and desire to work in tandem with the multitude of partners on a variety of issues ranging from gang prevention to education and from downtown development to economic development. She commented that Council’s dedication, commitment, and tradition of empowering boards and agencies to act independently for the betterment of the community is a reflection of its leadership and trust in its citizens. Ms. Patterson stated that, locally, tourism is a $100 million industry which generates $9.7 million in tax revenue and employs over 1,200 citizens. She indicated that growing the creative economy though investments and tourism marketing and development will help sustain and grow employment, improve quality of life, and increase business revenues. Ms. Patterson stated that the TDA spent over a year studying the impact a 6% occupancy tax rate would have on local hotels and found no examples where going from a 3% rate to a 6% rate had an adverse effect. She noted that they did find that the economies in communities with a 6% rate have witnessed faster growth in tourism and employment. Ms. Patterson commented that more dollars for marketing means more dollars for businesses. She stated that the Rowan County TDA is committed to the fact that more resources for tourism are good for every citizen in Rowan County, regardless of where the investment originates. She pledged the Rowan County TDA’s support in collaboratively working with the Salisbury TDA to form a strong partnership and enhance marketing to attract more visitors to this community.
Ms. Krista Osterweil, 246 Strawberry Lane, stated that she represents the Hampton Inn who supports the City’s plan to institute an additional 3% occupancy tax. She commented that additional marketing funds will strengthen the Salisbury area to compete with surrounding areas for tourism dollars. She indicated she thought it was important for her as an hotelier directly responsible for collecting the tax, to express her support. She indicated that the Hampton Inn has never had a guest come to the hotel simply because the occupancy tax rate was lower than any other surrounding area, and that conversely, she does not expect any guest to leave if the taxes are raised. Ms. Osterweil commented that a partnership between the Salisbury TDA and the Rowan County TDA will be an essential component to the community’s success. She noted that this will provide a maximum amount of funds to dedicate to marketing the area and growing the community’s tourism business.

Mayor Kluttz asked those opposed to speak.

Mr. Dave Redden, General Manager of the Salisbury Holiday Inn, stated that on behalf of the Holiday Inn Board of Directors, he wished to make it known that they oppose the new proposed City hotel occupancy tax. He indicated that that 1/3 of the money collected will be used for capital improvements and this concerns him. He indicated that he thinks a City Tourism Authority is a duplication of efforts and he believes it would be a mistake to add another 3% tax to a hotel tourist’s bill. Mr. Redden stated that due to the slow economy, the Salisbury Holiday Inn has experienced a decline in occupancy and conferences over the past year. He indicated that he thinks the majority of the new tax will be used for administration expenses for the new City TDA. He commented that if 1/3 of the funds are used for capital expenses such as a conference or event center in downtown Salisbury it could possibly be located inside a new hotel. He stated that it is unfair to tax a business and use the funds to create competition for that business. Mr. Redden noted that a new event center will be City owned and not subject to property taxes and he thinks this will hurt the tax base in Salisbury. He commented that the Holiday Inn feels strongly that their voice needs to be heard as Council makes a decision regarding on the 3% City occupancy tax.

Ms. Carolyn Wilson, 6165 Sharon Road, stated that she is the Director of Sales and Catering for the Salisbury Holiday Inn Hotel and Conference Center and she is opposed to the 3% hotel tax. She noted that the Holiday Inn has experienced a decline in events and conferences this year and she believes there is very little market demand for an additional event or conference center. She commented she read in the Salisbury Post that $44,000 is being spent by Downtown Salisbury, Inc. on a feasibility study to see if there is a need for a downtown event center. Ms. Wilson noted that there are thirty-seven (37) facilities available for rent throughout the community and she questioned how many event centers a City of 27,000 people needs.

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

Mayor Kluttz announced that Council had also received three letters regarding the
occupancy tax. She noted that one letter was from the Holiday Inn in opposition to the tax; one from Mr. Nish Patel of Comfort Suites in support of the tax; and one from Rowan County resident Durwood Puckett, in opposition.

Councilman Burgin stated he is excited about the opportunity to collect the 3% occupancy tax because he thinks it is needed by both the City of Salisbury and Rowan County in order to compete for tourism dollars with surrounding counties. He stated that he is in support of the Resolution to levy the tax and the Ordinance to create the Tourism Development Authority.

Mr. Burgin stated that the Salisbury TDA will be an independent board and from his experience on the Rowan County TDA, he knows it will make decisions in the best interest of Salisbury, Rowan County and all municipalities. He referred to the Resolution to create the Salisbury TDA and noted he supports the nine member board and levying the tax.

Mayor Pro Tem Woodson stated he understands the Holiday Inn’s concerns and noted that Ms. Wilson made a good point about the number of facilities available in the City and the County. He commented that Council began looking for a place to hold conventions and events several years ago and has studied the issue for several years. He stated that he thinks this 3% tax will help bring people into the City and will be helpful for the City as a whole. Mr. Woodson noted that wayfinding signage has been discussed for Salisbury and the money raised by the occupancy tax could be well spent to direct people to the hotels in the City. He stated that he supports the occupancy tax and feels it will help bring people into the City and its hotels. Mr. Woodson indicated he realizes this has taken a great deal of work to achieve this goal and he expressed his appreciation to all involved.

Councilman Lewis noted that going through the process to get to this point he believes it should not be forgotten that the Rowan County TDA approached the Rowan County Board of Commissioners to request an increase from 3% to 6% in the occupancy tax. He explained that this would have given the organization an opportunity to double its budget. Mr. Lewis commented that surrounding counties are using approximately $600,000 a year to advertise and market their communities while Rowan County is only able to use $300,000. He indicated that when Ms. Patterson spoke about a competitive disadvantage this is what she was talking about because Rowan County is at a competitive disadvantage. Mr. Lewis noted that this was most evident during this past Christmas season when the economy was faltering. He noted that the Rowan County TDA spent approximately $45,000 out of its budget to advertise downtown Salisbury and Rowan County. He commented that the merchants were very thankful for this additional advertising and feel it may have saved their Christmas retail season.

Mr. Lewis stated that if the City wants to increase the number of people coming to stay in the City’s hotels, it must spend more money to advertise and market the community to attract more visitors. He noted that this will then provide more occupancy tax funds to use for additional promotions. Mr. Lewis commented that he thinks hoteliers
should be in favor of increasing this tax because it will give the local community an opportunity to spend more money to attract visitors. He indicated that what he heard from the public comments was the need to concentrate on cooperation, communication and collaboration.

Mr. Lewis commented that it is not Council’s intention to compete with the Rowan County TDA, but to collect additional dollars to promote Salisbury and Rowan County in order to attract more visitors. He noted that the enabling legislation does not allow for a joint board, but the two boards will cooperate and work together. He indicated that he thinks establishing a nine member board will provide a better opportunity for the two boards to have the necessary cooperation, communication, and collaboration. Mr. Lewis stated that it is important to remember that Council will not be the decision makers, adding that once the Salisbury TDA is appointed the decisions will be made by that board. He commented that he is aware of the concerns regarding a conference center as expressed by representatives of the Holiday Inn, but these kinds of funding decisions will be made by the nine member board and not by the City Council. He stated that he realizes Council will appoint the people who will serve on the Salisbury TDA, but he thinks these people have independent minds and bring different vested interests to the table because they represent many different aspects of the community.

Councilman Lewis stated that several years ago Council discussed the feasibility of a convention/conference center and how an occupancy tax might help pay for it. He noted that an initial study suggested the cost was beyond what the community could bear and it was not something Council pursued. He explained that it was then discovered that there was not a facility in the community large enough to house a town hall meeting when Council held a gang summit and the Civic Center could not accommodate all 500 people who attended. Mr. Lewis stated that there are many places to meet across the community, but when there is a large event like the Dr. Martin Luther King, Jr. Breakfast, there is not a facility large enough to house everyone who wants to attend.

Mr. Lewis commented that Council has recognized that the City must transition the current economy from the old manufacturing base to a creative enterprise economy, and he believes this is beginning to take place. He noted that tourism plays a big part in supporting a creative economy and he thinks this is where future jobs will be created and economic development will take place. He commented that the City must take advantage of this opportunity for all of its citizens and he feels it will place Salisbury in a position to succeed as the economy begins to improve.

Mayor Kluttz commented that she agrees with the comments made by Council. She stated that she thinks these funds are desperately needed for marketing and should be paid by visitors and not residents. She noted her excitement about the potential of what can be done with these funds and commented that she is very impressed with the Rowan County TDA and its staff. Mayor Kluttz noted it is vital that the two boards work together for the success of Salisbury and Rowan County. She thanked those in attendance and stated Council always wants to hear citizens’ opinions as decisions are made.
(c) Thereupon, Mr. Lewis made a **motion** to adopt a Resolution levying a room occupancy tax within the City of Salisbury under North Carolina General Assembly Session Law 2009-428 and creating a Tourism Development Authority under the Local Government Budget and Fiscal Control Act. Mr. Burgin seconded the motion. Messrs. Burgin, Lewis, Woodson, and Ms. Kluttz voted AYE. (4-0)

A RESOLUTION LEVYING A ROOM OCCUPANCY TAX WITHIN THE CITY OF SALISBURY UNDER NORTH CAROLINA GENERAL ASSEMBLY SESSION LAW 2009-428 AND CREATING A TOURISM DEVELOPMENT AUTHORITY, A PUBLIC AUTHORITY UNDER THE LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL ACT.

(The above Resolution is recorded in full in Resolution Book No. 13 at Page No. 40, and is known as Resolution 2009-24.)

(d) Thereupon, Mr. Lewis made a **motion** to adopt an Ordinance amending the Code of the City of Salisbury, North Carolina to create a Tourism Development Authority and that a city wide occupancy tax be established. Mr. Woodson seconded the motion. Messrs. Burgin, Lewis, Woodson, and Ms. Kluttz voted AYE. (4-0)

AN ORDINANCE AMENDING THE CODE OF THE CITY OF SALISBURY, NORTH CAROLINA TO CREATE A TOURISM DEVELOPMENT AUTHORITY AND THAT A CITY WIDE OCCUPANCY TAX BE ESTABLISHED.

(The above Ordinance is recorded in full in Ordinance Book No. 22 at Page No. 149-153, and is known as Ordinance 2009-52.)

**EVENT SPACE FEASIBILITY STUDY – DOWNTOWN SALISBURY, INC.**

Ms. Paula Bohland, Downtown Salisbury, Inc. (DSI) President, and Mr. Brian Miller, Empire Task Force Chairman, presented an update regarding an Event Space Feasibility Study and the Empire Hotel Redevelopment Project.

Mr. Miller commented that he is not only Chair of the Empire Task Force, but also Chair of the Empire Development Loan Pool, the group of seven banks who helped finance this project. He commented the Empire Hotel project can be a successful redevelopment project that will take a piece of property in downtown from an approximate $1 million tax value to a $20-$25 million tax value.

Mr. Miller reviewed the development chronology of the Empire Hotel project:

- The Empire Hotel property was purchased by DSI on July 19, 2007 through a gift sale from the former owners, the Ragsdales
- Conducted a nationwide Request for Proposal (RFP) process involving 98 developers with qualifications for this type of development
• Received seven responses of interest
• Interviewed five development teams
• Selected Empire Properties of Raleigh as the preferred developer
• Signed a development agreement with Empire Properties March 3, 2009
• The hotel will be an $18-21 million development with 85 or more rooms and 30,000 square feet of retail/restaurant space
• Currently in the due diligence period

Mr. Miller then reviewed the role of the City in the project:

• Streetscape Improvement
• Parking
• Façade Grants
• Meeting Space Study
• Traffic/Access
• Utilities
• Development Incentives Plan Review/approval

Mr. Miller explained that as the Task Force discussed how to approach the meeting space study given the current fiscal environment, it decided to approach the Empire Loan Pool. He explained that approximately $50,000 had been budgeted for roof repairs, but because the developer wished to incur this expense himself in order to receive tax credits associated with the cost, the money was available to be used for the study. He stated that the Loan Pool agreed this was an appropriate use for the funds and approved the expenditure.

Ms. Bohland commented that due to the difficult budget faced by the City this year, it was felt that a third party should fund the study so DSÍ agreed to take it on. Ms. Bohland explained that the 2009 Event Space Needs Study will be slightly different than the one conducted by the City in 2005.

Ms. Bohland reviewed the City’s 2005 Study:

• Comparable Study
  o New Bern
  o Hickory
  o Statesville
  o Mooresville
• Did not own adjacent Empire Hotel
• Large market meeting space was suffering
• Hotel ownership/development
• Entire tourism market is in a temporary downturn
• Recommendation in 2005 was positive
Ms. Bohland identified changes between the 2005 and 2009 studies, stating that DSI now owns the hotel property and have a developer ready to proceed although the economy is in a recession. She noted that despite the issues identified in 2005, the recommendation was positive.

Mr. Miller commented that DSI attempted to find the most qualified group to perform the event space needs study. He commented they wanted to find a company who would look at comparable facilities but would also perform a study that is completely market-based. He added that DSI wanted a study that would clearly indicate whether the market will or will not support the development of an event facility. Mr. Miller then reviewed the process for the 2009 event space study:

2009 Event Space Need Study

- Request for proposals
- Four respondents
- Respondents ranked by DSI Empire Hotel Task force
- Chose Convention Sports & Leisure (CSL)
- CSL
  - Over 400 studies
  - Several in North Carolina
  - Honest in accessing the market
- Market driven study
- Phase I funded by DSI (Hotel Equity)
- Phased Study:
  - Phase I – Market Demand Study $30,000
  - Phase II – Facility Recommendation 1,500
  - Phase III – Financial Analysis 4,000
  - Phase IV – Economic Impact Study 4,000
  - Total $39,500
- Study will end at Phase I if sufficient market demand is not present
- If study proceeds, the Task Force will approach the Rowan County Convention and Visitors Bureau (CVB), possibly private industry for additional support

Ms. Bohland pointed out that the study is divided into four phases and can be stopped at any time during each phase. She noted that if an adequate market is not found to support the facility, the study will stop at the end of Phase I, but if the study progresses past Phase I, DSI will move forward and approach other public and private sources for additional financial support.

Mr. Miller then reviewed the next steps in the event space study:

- September 9 kickoff with Convention Sports and Leisure (CSL)
- Interviews:
  - Chamber Executive Committee
Rowan Convention & Visitors Bureau Executive Committee
Empire Task Force
County Commission Chair/Board liaisons
Mayor/City Council Members
Economic Development Commission Executive Committee
Robertson Foundation
Local College Officials
Leaders in Business Community

Mr. Miller stated that CSL will be in Salisbury September 9-10, 2009 to interview representatives from the groups mentioned.

Mr. Miller then presented details for Phases I, II, III, and IV of the Event Space Needs Study:

- **Phase I, Market Demand Study**
  - Task 1 – Existing Market Conditions Analysis
  - Task 2 – Comparable and Competitive Facility Analysis
  - Task 3 – Market Surveys
  - Presentation of findings – Decision on continuing to the next phase

- **Phase II, Facility Recommendation**
  - Task 1 – Market Supportable Facility Program
  - Task 2 – Event Levels Analysis
  - Task 3 – Preliminary Construction Cost Analysis
  - Presentation of findings – Decision on continuing to the next phase.

- **Phase III – Financial Analysis**
  - Task 1 – Financial Operations Analysis
  - Task 2 – Funding Alternatives Analysis
  - Task 3 – Ownership/Management Analysis
  - Presentation of findings – Decision on continuing to the next phase.

- **Phase IV – Economic Impact Study**
  - Economic and fiscal (tax) impacts associated with the operation of the proposed
  - Local use
  - Visitors use
  - Multipliers specific to Salisbury

Ms. Bohland thanked Council for its continued support of this project. She noted that the Downtown Development Corporation was started in 1980 and this year DSI has surpassed a milestone of $100 million in cumulative investments. She noted that because the community works together on projects like this, Salisbury has a vibrant City center that provides a solid tax-base and employment for hundreds of citizens.
Mr. Lewis applauded DSI for reaching the $100 million investment milestone.

Mayor Kluttz thanked DSI for the work they have put into this project and their continued work for the downtown area. She also thanked the seven community banks who are working together to support this, noting that without them this project would not be possible.

Mr. Miller pointed out that the Memorandum of Understanding was executed last year and the Development Agreement in March 2009 and the meeting space study was present in both documents. He clarified that this presentation just happened to be on the Agenda following the occupancy tax discussion, but is not connected to the efforts that taken place in regards to the occupancy tax.

**UPDATE – PUBLIC ART COMMITTEE “DISCOVER WHAT’S OUTSIDE”**

Ms. Barbara Perry, Public Art Committee Chair, and Mr. James Meacham, Executive Director of the Rowan County Tourism Development Authority (TDA) and Sculpture Show Marketing Committee Chair, updated Council regarding the sculpture show “Discover What’s Outside.”

Ms. Perry explained to Council that Mr. Meacham placed information regarding the current “Discover What’s Outside” sculpture show on the TDA’s website. She stated that following that posting the Public Art Committee was contacted by UNC-TV who requested to film the sculpture show for a segment to be aired on public television. She noted that representatives from *Our State* magazine saw the UNC-TV segment and came to Salisbury where they also took a tour of the sculpture show and she announced that the sculpture show is featured in the September issue of *Our State* magazine. Ms. Perry commented that there has been quite a bit of feedback from residents who have brought their families to tour the show and visit the downtown area.

Mr. Meacham noted the Rowan County TDA decided to make a financial investment in the City’s Cultural Action Plan in order to see the plan get started and he thinks the sculpture show is a good example of the Plan being put into place. He commented that from a marketing perspective the TDA spent $1,000 to place an advertisement on the North Carolina State Tourism website and that amount has netted approximately $75,000 in free advertising. He commented that from the TDA’s perspective, the sculpture show has broadened the base in the creative economy and has broadened the appeal to cultural tourists which compliments many of the City’s growing businesses in its downtown.

Mr. Meacham commented that next year the TDA and Public Art Committee will focus on reaching people who live within a one hour to one and one-half hour drive from Salisbury. He indicated that when people visit the show they spend money while they are here, with many staying overnight, going to restaurants and the retail shops. Mr. Meacham noted that because of the success of this year’s show, the TDA has budgeted
more than $1,000 to continue its partnership for next year’s show. He stated that he is excited about this partnership and the communication, cooperation, and collaboration which exist among the groups.

Ms. Perry informed Council that Edward and Susan Norvell have again contributed a generous donation which will allow the Public Art Committee to offer a sculpture show again next year.

Ms. Raker played the video regarding the sculpture show which was shown on UNC-TV to Council.

Mr. Meacham commented that this event is a true public-private partnership and noted the gracious donation from Edward and Susan Norvell, contributions from the TDA, and the City to support cultural tourism.

Mayor Kluttz thanked Ms. Perry and Mr. Meacham for their work and noted that the City is proud of both committees. She commented that the art is a beautiful enhancement to the historic downtown.

**UPDATE – SALISBURY CUSTOMER SERVICE FACILITY**

This item was omitted from the Agenda.

**AWARD CONTRACT – EQUIPMENT FOR FIBER TO THE HOME**

Mr. Dewey Peck, Purchasing Manager, Mr. Mike Crowell, Director of Broadband Services, and Mr. Jerry Sharp, Chief Technology Officer with Atlantic Engineering Group (AEG), addressed Council regarding a contract for equipment, engineering, and construction of a video acquisition system for the Fiber to the Home system.

Mr. Peck noted that AEG is the company installing the fiber optic system for the City. He stated that the contract Council is being requested to consider is for the assembly of the headend equipment and the engineering construction of a video acquisition system. He indicated that this contract also includes supply and installation of core infrastructure in the headend along with support and training for the equipment.

Mr. Peck reported that two bids were received after a Request for Proposals (RFP) was advertised. He stated that Peregrine Communications submitted a bid for $671,239.80 and Dascom Systems Group, LLC submitted a bid for $742,519. He indicated that staff has reviewed both proposals and recommends the contract be awarded to Peregrine Communications.

Mayor Pro Tem Woodson asked if the City did well with the pricing for this equipment.
Mr. Sharpe stated that AEG has built several headends and these numbers are very comparable to what has been bid in other municipalities where they have performed this work. He noted that AEG has quite a track record with both respondents and he thinks the bids were fair.

Councilman Lewis asked how this compares to the City’s financial model and the original amount budgeted for this equipment.

Mr. Crowell responded that the original model did not include the purchase of headend equipment from Concord Telephone and since the City was able to purchase the equipment separately, a significant amount of money was saved in capital expense. He noted that this particular cost is to reinstall that equipment and is a significant savings in the entire budget.

Mr. Lewis commented that it is important to know the City is within the established budget based on capital expenditures for the project.

City Manager David Treme indicated he appreciates having Mr. Sharp work with the City on this project and noted that Mr. Sharp is one of the top people in the country in regard to headend solutions for fiber projects. He noted that by using the Concord Telephone equipment it has saved a considerable amount of money on the project.

Thereupon, Mr. Lewis made a motion to award a contract in the amount of $671,239.80 to Peregrine Communication, Inc. for equipment, engineering, and construction of a video acquisition system for the Fiber to the Home project. Mr. Woodson seconded the motion. Messrs. Burgin, Lewis, Woodson, and Ms. Kluttz voted AYE. (4-0)

AWARD CONTRACT – DOWNTOWN PARKING LOT IMPROVEMENT

Ms. Lynn Raker, Urban Design Planner, addressed Council regarding a contract for the construction of three (3) downtown parking lots. She identified the location of the lots:

- Central City Parking Lot in the 100 block of East Innes Street
- City Hall Parking Lot Expansion
- South Lee Street Lot in the 200 block of South Lee Street

Ms. Raker indicated that at the January 20, 2009 Council meeting she presented the project concepts in detail along with a preliminary estimate. She stated that the original budget was $725,000, but based on the concepts presented January 20, 2009, the preliminary estimates were changed to reflect:

- Central City Parking lot $300,000
- 200 block of South Lee Street lot $125,000
Mr. Raker stated that seven (7) bids were received for the project with the lowest qualifying bidder being Pedulla Trucking Excavating and Paving, Inc. with a base bid of $434,957. She then reviewed the project summary:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Bid (Pedulla)</td>
<td>$434,957</td>
</tr>
<tr>
<td>Alternate #1 (Hogan’s Alley)</td>
<td>$17,605</td>
</tr>
<tr>
<td>Miscellaneous fees for design &amp; utility services</td>
<td>$22,000</td>
</tr>
<tr>
<td>Miscellaneous City Purchase (lighting, trash receptacles,</td>
<td>$80,000</td>
</tr>
<tr>
<td>bike racks, etc.)</td>
<td></td>
</tr>
<tr>
<td>City Hall dumpster enclosure, curb cut to the back of</td>
<td>$16,000</td>
</tr>
<tr>
<td>theater</td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>$30,000</td>
</tr>
<tr>
<td><strong>Total projected cost for project</strong></td>
<td><strong>$600,562</strong></td>
</tr>
</tbody>
</table>

Ms. Raker requested Council award the bid to Pedulla Trucking Excavating and Paving, Inc. for the base bid of $434,957 and Alternate #1 for $17,605 for a total contract price of $452,562. She noted that she checked references for Pedulla Trucking and based on the comments received she feels they are competent to complete this project.

Councilman Lewis asked when the project is scheduled to begin.

Ms. Raker replied that the contract calls for a start date of September 14, 2009 with a 90 day completion period.

Thereupon, Mr. Burgin made a motion to award a contract in the amount of $452,562 to Pedulla Trucking, Excavating and Paving, Inc. for construction of downtown parking lot improvements. Mr. Lewis seconded the motion. Messrs. Burgin, Lewis, Woodson, and Ms. Kluttz voted AYE. (4-0)

**RESOLUTION – ENTERPRISE SYSTEM REVENUE BONDS, SERIES 2009**

Mr. John Sofley, Management Services Director, addressed Council regarding a Resolution for the issuance of $6,000,000 of water and sewer revenue bonds. He identified the projects for which the funds would be used:

- $2.8 million will be used as the City’s share of the I-85 Outfall extension that is being jointly funded with Rowan County to run an outfall parallel to I-85 south to China Grove
- $3.2 million will be used to install water and sewer extensions in the annexation area adopted in 2007
Mr. Sofley reviewed what will be authorized by the Resolution:

- Authorize staff to apply to the Local Government Commission (LGC) to issue debt
- Designate the professionals who will assist the City
- Request the LGC to sell the debt at a private sale
- Make certain findings that are required by the LGC in order to move forward.

Thereupon, Mr. Lewis made a motion to adopt a Resolution relating to the authorization and issuance of a combined enterprise system revenue bond, Series 2009 of the City of Salisbury, North Carolina in the amount of $6,000,000 to pay a portion of the cost of certain improvements to the combined enterprise system. Mr. Burgin seconded the motion. Messrs. Burgin, Lewis, Woodson, and Ms. Kluttz voted AYE. (4-0)

**RESOLUTION RELATING TO THE AUTHORIZATION AND ISSUANCE OF A COMBINED ENTERPRISE SYSTEM REVENUE BOND, SERIES 2009 OF THE CITY OF SALISBURY, NORTH CAROLINA IN THE AMOUNT OF $6,000,000 TO PAY A PORTION OF THE COST OF CERTAIN IMPROVEMENTS TO THE COMBINED ENTERPRISE SYSTEM.**

(The above Resolution is recorded in full in Resolution Book No. 13 at Page No. 41, and is known as Resolution 2009-25.)

**STAFF REPORT – TRAFFIC CONDITIONS**

Ms. Wendy Brindle, Traffic Engineer, addressed Council regarding two requests from citizens regarding traffic at East Fisher Street at Shaver Street and Martin Luther King, Jr. Avenue at Park Avenue.

**East Fisher Street and Shaver Street:**

Ms. Brindle reported that a study was conducted on the East Fisher Street and Shaver Street area in 2007. She noted that the volume on East Fisher Street is approximately 1,700 vehicles per day, which is not an excessive volume for a grid street near the downtown area. She compared this data with other streets in the City, noting that Ackert Avenue has approximately 1,300 vehicles per day, Sunset Drive 1,900 vehicles per day, and Windsor Drive 2,100 vehicles per day. She stated that in 2007 the 85th percentile speed was 32 miles per hour as compared to 28 miles per hour in 2009.

Ms. Brindle noted that accident history from January 2007 to the present indicates there were three accidents reported involving vehicles traveling south on Shaver Street. She stated that two of the accidents were angle accidents with one rear-end collision. Ms. Brindle commented that the data indicates there is not a speed or accident problem in this area.
Ms. Brindle indicated that staff updated a sight study in 2007 and she noted that there is property with a picket fence located at the intersection which, although not in violation of City Code, hinders sight distance by restricting it to 86 feet. She explained that if a car pulls slightly forward the sight distance increases to over 400 feet and staff recommends an edge line be painted along Fisher Street to show drivers they can pull closer to the intersection.

Ms. Brindle stated that staff does not recommend other changes for East Fisher Street and Shaver Street area at this time.

**Martin Luther King, Jr. Avenue at Park Avenue:**

Ms. Brindle stated that a similar traffic study was conducted for the Martin Luther King, Jr. Avenue at Park Avenue intersection. She indicated that the total traffic volume on Park Avenue is 3,455 vehicles per day and on Martin Luther King, Jr. Avenue it is 2,100 vehicles per day, with stop conditions being on Martin Luther King, Jr. Avenue. Ms. Brindle indicated that speed studies show the 85th percentile speed is 32 miles per hour. She stated that the accident history from January 2007 to the present reveals 18 angle accidents, and 8 other accidents caused when drivers failed to stop at the sign. She explained that out of the 18 accidents, 12 involved vehicles traveling southbound on Martin Luther King, Jr. Avenue, which indicates drivers are running the stop signs from both directions.

Ms. Brindle stated that staff identified a correctable trend prior to January 2009 and installed a 36 inch stop sign. She stated that since that time there have been 3 accidents involving people traveling southbound and failing to stop at the intersection.

Ms. Brindle noted that residents requested a four-way stop at the intersection, but with vehicles running the stop sign on Martin Luther King, Jr. Avenue, a four-way stop is not an appropriate treatment. She commented that staff would like to install an advanced warning sign prior to the stop sign for the northbound direction and orange flags on top of the stop signs. She noted that there are no pavement markings in the area and staff also recommends installing stop bars and a short double yellow line to indicate the stop requirement. Ms. Brindle recommended staff monitor the intersection for six months, and if no decrease in accidents is observed, return to Council with further recommendations.

Mayor Pro Tem Woodson stated that he liked these ideas, but he also sees the advantages of a four-way stop. He commented that the four-way stop is not a bad idea because generally at least one driver stops.

Mayor Kluttz commented that the four-way stop acts as a safeguard in the event a driver runs the stop sign.

Councilman Burgin stated that he would like to allow staff the opportunity to implement the recommendations, noting they are a preliminary step and if the problem continues then perhaps a four-way stop should be considered.
City Manager David Treme commented that he feels the stop bars and double yellow lines at the through street will signal motorists about the stop conditions and that these changes will have a positive impact on the situation.

Councilman Lewis requested staff provide a report to Council regarding this intersection in six months.

**COMMENTS FROM THE CITY MANAGER**

City Manager David Treme stated that City Council has encouraged staff to seek funds through stimulus grants or other grant sources. He noted that the City has been successful on many of its grant applications and has been awarded several large amounts over the past year, but no grant is too big or small for staff to pursue.

Mr. Treme recognized Access16 Station Manager Jason Parks to report on the e-NC Public, Education and Government (PEG) Grant awarded to Salisbury. Mr. Parks stated that staff applied for and received $2,500 in grant funds to assist with the purchase of equipment to be used for Access16. Mr. Parks noted that only $60,000 was allocated Statewide for this grant and he was very pleased that Salisbury received all it requested. He thanked Assistant to the City Manager Doug Paris and Finance Manager Wade Furches for their assistance in writing the grant application.

Mayor Kluttz congratulated Mr. Parks for the work he has done with Access16 and expressed her appreciation to him for applying and receiving this money.

**MAYOR’S ANNOUNCEMENTS**

(a) **Downtown Salisbury, Inc. – Kids Night Out**

Mayor Kluttz announced that Downtown Salisbury, Inc. will host Kids Night Out Friday, September 4, 2009 from 5:00 p.m. until 9:00 p.m. in downtown Salisbury.

(b) **Salisbury-Rowan Firefighters Memorial Service – September 11, 2009**

Mayor Kluttz announced that a Salisbury-Rowan Firefighters Memorial Service will be held Friday, September 11, 2009 at 8:45 a.m. at the Fireman’s Memorial located in the 1400 block of South Main Street.

(c) **North Carolina Metropolitan Mayors Coalition Meeting**

Mayor Kluttz reported on the North Carolina Metropolitan Mayors Coalition annual meeting which was held in Concord, North Carolina, August 27, 2009 and in Salisbury August 28, 2009. She stated that a Transportation Summit was held at the
Concord location and a Crime Summit at the Salisbury location. She commented that she was very proud the entire City Council was in attendance. She stated that approximately 180 people attended the event held at the Historic Salisbury Depot including Governor Beverly Perdue, North Carolina Attorney General Roy Cooper, Mayors, Managers, Judges, District Attorneys, and Police Chiefs.

Mayor Kluttz expressed her gratitude to Food Lion, Inc. who sponsored the event, the Historic Salisbury Foundation for assisting with the Depot, Cheerwine who provided free soft drinks, and Richard’s Barbecue who provided the lunch. Mayor Kluttz expressed a special thank you to the City staff who worked to make the event a success.

Councilman Lewis stated that on behalf of the citizens, he wanted the Mayor to know how lucky the City is to have her as Mayor. He commented that as she stood on stage with the Governor and other high ranking administrators from across the State, he was very proud that she represents Salisbury so well.

City Manager Treme stated that Mr. Parks attended and recorded the event and hopes to air it on Access16 in the near future.

**ADJOURNMENT**

Motion to adjourn the meeting was made by Mr. Woodson, seconded by Mr. Burgin. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 5:55 p.m.

____________________________________
Susan Kluttz, Mayor

_____________________________________
Myra Heard, City Clerk