

Salisbury, North Carolina
November 18, 2016

SPECIAL MEETING

PRESENT: Mayor Karen Kirks Alexander, Presiding; Mayor Pro Tem Maggie Blackwell, Council Members Kenneth L. Hardin, William Brian Miller, and David B. Post, City Manager W. Lane Bailey, and City Clerk Myra B. Heard

ABSENT: City Attorney F. Rivers Lawther

Mayor Alexander and members of City Council participated in a work session regarding the Capital Improvement Plan (CIP) for the General Fund at 1 Water Street. The meeting began at 12:00 p.m. and Councilmember Miller provided the invocation.

City Manager Lane Bailey reviewed a financial analysis for proposed CIP projects and noted that the tax rate in each year is an effective tax rate and does not equate to a tax increase. He noted as the tax base grows and revenues increase, it impacts the actual rate. He stated the net income shows the effect on fund balance for each year if the projects are implemented. He added he wants to maintain fund balance at a safe, effective level, but some of the decreases may draw the attention of the Local Government Commission. He assured Council the fund balance will remain above the required 8%.

Mr. Bailey indicated one of the biggest impacts on fund balance is Fibrant, and he noted there are several options available to Council moving forward. He stated one option is for the General Fund contribution to remain constant throughout the 10-year CIP. He noted he has contracted with CTC to help develop a CIP for the Fibrant fund because equipment replacement and upgrades will be needed. He stated CTC will also review how the utility can run more efficiently and will include options to move forward such as a public/private partnership. Mr. Bailey noted another model is Holly Springs who owns the infrastructure but contracts with a private company to run the utility. He stated CTC should complete its work by the end of the calendar year and will provide options for moving forward. He noted if Council decides on a public/private partnership, staff will advertise for partners and hope to have something in place beginning with the new fiscal year.

Mr. Bailey asked Council if there are items not included in the draft CIP that they would like to include. Councilmember Post referred to the Mural and noted he thinks the City should take it over rather than let it deteriorate. He indicated the Public Art Committee, which is part of the Community Appearance Commission, was asked to consider taking it on.

Mayor Alexander suggested making it part of the special community organizations grant funds appropriated to the Salisbury Community Foundation. It was noted the City could designate its budget appropriation “donor designated” and the Arts organizations could then apply for the funds and take on the maintenance of the Mural.

There was discussion regarding how the Salisbury Community Foundation will allocate the City’s funds and how the final decision is made. City Manager Lane Bailey stated there may have been a misunderstanding on how the special community organizations will be funded, and he will research to provide additional information to Council.

Thereupon, Ms. Blackwell made a **motion** to take a five minute recess. Mr. Miller seconded the motion. Messrs. Hardin, Miller and Post, and Meses. Alexander and Blackwell voted AYE. (5-0)

Mayor Alexander called the meeting back to order.

Councilmember Miller referred to future efforts regarding Main Street and indicated he would like to include improvements in the CIP.

Mayor Alexander noted the City might have an opportunity to qualify for grants as work on the Empire Hotel begins, and those grants could be used for Main Street improvements.

Mr. Miller indicated projects are received more favorable consideration if they are included in the CIP.

Mr. Bailey stated he thinks there will be a request for funds with the Empire Building development, and as that development occurs Council might want to look at modifying its economic development grants to put the funds toward infrastructure improvements downtown.

By consensus, Council agreed to include Main Street improvements in the CIP. It was noted a dollar amount is not known and perhaps Mr. Bailey can return to Council at a later date with a reasonable estimate.

Mr. Miller suggested visiting other municipalities who have undertaken downtown infrastructure improvements to view different options.

Councilmember Hardin noted that initially there had been funds included in year 3 of the CIP for aesthetics in the West End Transformation Plan, and he requested those funds be reappropriated for vocational initiatives. Mr. Bailey noted the funds for West End appearance improvements were taken out of the CIP. Mr. Hardin noted he wanted to clarify the funds will be used for vocational efforts rather than beautification in year 3 of the West End Plan.

Mr. Bailey noted recent improvements were made on Monroe Street and Brenner Avenue through funds provided by a private donor.

Mr. Miller suggested footnotes on the CIP that indicate where the funds are going. He noted the County recently held a certification for jobs in East Spencer, and he noted if the City has facilities there is no reason to wait three years to support the vocational initiatives.

Mayor Alexander stated the County has indicated Salisbury will be the location of the next North Carolina Manufacturing Institute. Mr. Hardin indicated his idea is different and is to partner with Rowan Cabarrus Community College (RCCC) to teach vocational trades at existing facilities.

Mr. Miller suggested Mr. Hardin, Mr. Bailey and Community Planning Services Director Janet Gapen meet with RCCC to see what is needed to bring the programs to city facilities.

Mr. Bailey pointed out the funds are intermingled with the West End Transformation Plan and Purpose Built Communities in determining if there is a need for a school facility in this area. He noted if there is a need, the idea is to use the school for children during the day and adults in the evening.

Mr. Bailey stated CTC will be in town after Thanksgiving to begin work on the process for Fibrant. Interim Broadband Director Evans Ballard gave Council an update on changes at Fibrant. Information Technology Manager Dale Waters also provided an update on equipment needs for the utility. He noted the equipment for video on demand is at end of life and is starting to fail, but it is not included in the budget for replacement.

Mr. Bailey noted there is \$270,000 in capital for Fibrant maintenance and equipment. He noted CTC can help identify what is needed. Mayor Pro Tem Blackwell asked if the issues will have to wait another year for the new budget if the information is provided after adoption of the CIP. Mr. Bailey stated the CIP is only a plan for the General Fund, and he is confident the improvements can be made during the budget year if needed.

Ms. Blackwell asked Mr. Waters if the \$270,000 budgeted will help with equipment needs. Mr. Waters stated it will and he was waiting to spend the funds in case something larger broke.

Council discussed enterprise risk and the need to prioritize equipment that is most critical. Mr. Ballard commented risk mitigation is always on his mind.

Mr. Miller requested a regular report of key performance indicators for Fibrant be shared with Council.

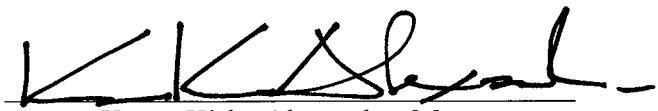
Mr. Post noted expenses cannot be cut on the way to profitability, and Fibrant can only grow through marketing. He indicated the decision Council is faced with now is if it wants to undertake a community-wide effort for a strategic marketing plan.

There was discussion about the need to focus on internet, and Mr. Ballard indicated he is working with Communications Director Linda McElroy and her staff to move in this direction.

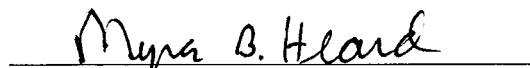
Mr. Bailey summarized that staff will review the funds needed for Main Street infrastructure, clarify that funds from year 3 of the West End plan will be allocated for vocational training, work on the Fibrant fund, and add footnotes. He noted he will begin reporting to Council on Fibrant monthly. He indicated staff will clean up the draft CIP with the noted changes and bring to Council for approval. He reiterated the CIP is only a roadmap and is not binding.

Mr. Post commented he thinks the downtown incentives are taking place too rapidly, and he would like to see the incentives stretched out a bit to encourage developers to spend extra funds downtown. Ms. Gapen indicated staff can reevaluate the thresholds for the incentives and bring to Council at the first of the year.

There being no further discussion, the meeting adjourned at 1:42 p.m.



Karen Kirks Alexander, Mayor



Myra B. Heard, City Clerk