

Salisbury, North Carolina
February 10, 2021

SPECIAL MEETING – GOAL SETTING RETREAT

PRESENT: Mayor Karen K. Alexander, Presiding; Mayor Pro Tem Al Heggins, Council Members William Brian Miller, David Post and Tamara Sheffield; City Manager W. Lane Bailey, City Clerk Kelly Baker; and City Attorney J. Graham Corriher.

ABSENT: None.

In response to the State of Emergency declaration related to the spread of COVID-19 and to limit physical interactions and the potential spread of COVID-19 the Salisbury City Council met electronically for its annual goal setting retreat. The meeting was called to order by Mayor Alexander at 5:00 p.m. A moment of silence was taken.

PLEDGE OF ALLEGIANCE

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

CALL TO ORDER AND OPENING REMARKS

Mayor Karen Alexander noted the past year has been difficult due to the COVID-19 pandemic, social issues, and other economic crises that took place. She thanked City Manager Lane Bailey, staff, community partners, and Council for all they do for the City. She thanked Fountainworks President Warren Miller and his team for facilitating the retreat.

SILVER LININGS

City Manager Lane Bailey pointed out he is amazed at all the things that have been accomplished during this difficult year. He noted he recently attended a class and was asked to share a photo or describe something positive in the community that came out of the pandemic. He described his photo which showed the Salisbury Post building with the United Way and the funds raised to help the community and the median where Fame used to be with the backdrop of Bell Tower Green. He stated he thinks it shows how the community came together to meet community needs.

Mr. Bailey commented another silver lining he recognized from the pandemic was the increase of children and families spending time outside and walking in his neighborhood. He added after the pandemic is over he hopes citizens will continue to enjoy the outdoors and City parks. He commented the City has shown great resiliency over the past year. He asked Council to share their example of a photo or description of a silver lining they have seen during the pandemic.

Councilmember Post commented his image would be of how businesses and organizations came together to help people in need. He added grocery stores worked tirelessly to keep customers safe. He noted his photo would show harmony.

Mayor Pro Tem Heggins commented she does not envision a photograph, but the song, "I'm Still Standing", came to her mind because the community is still standing after going through difficult times and coming back together to move forward.

Councilmember Miller commented the song, "I Will Survive" came to his mind. He also explained the photo where Fame once stood would be his photo to share. He added relocating Fame was an important decision Council made last year that was the right thing to do. He noted another picture would be of the flood at the water treatment plant. He commented staff did an excellent job to resolve the issue and should be recognized for it.

Councilmember Sheffield agreed the past year has been challenging. She explained the picture she thought of was of an old steam locomotive heading to the Transportation Museum. She explained even though the past year has been difficult, the community is still standing, and things have remained on track. She added everyone has had to figure out how to conduct business differently, navigate real problems, and create solutions. She thanked Council and everyone in the meeting for the hard work they do for the City.

Mayor Alexander agreed with Council regarding its visuals. She noted her picture would be community partners and the amazing work they continued to do during the pandemic.

Mr. Bailey thanked Council for sharing its photos or songs, and he added they were great perspectives of the silver linings the pandemic brought.

A YEAR IN REVIEW

City Manager Lane Bailey presented a video of a year of resiliency of the City. He added he is proud of staff for its accomplishments this past year and working through difficult circumstances, but also working virtually and with the public in different ways.

Mayor Alexander thanked the Police Department and Fire Department for the health care and essential workers parades and for visiting schools. She noted everyone has gone above and beyond to serve the most vulnerable and to lift others up in the community. Mr. Bailey agreed, and he added he is proud what staff and Council has completed over the past year.

Mr. Bailey presented highlights of accomplishments over the past year:

- Adopted an updated Parks and Recreation Master Plan
- Construction of Newsome Road Project
- Began Grant Creek Wastewater Facility Improvement Project and the Water Treatment Plan Improvement Project to protect and maintain water/sewer service for over 52,000 customers
- Approved a Revenue Bond Order not to exceed \$46.5 million for large water/sewer capital projects
- Received a comprehensive review of the Land Development Ordinance (LDO) for possible amendments to make the LDO more user-friendly
- \$500,000 Department of Justice Grant for a Strategies in Policing Innovation to be used to create a Real Time Crime Center at the Police Department
- Repurposed the Greenway Committee to the Greenway, Bicycle and Pedestrian Committee
- Adjusted operations and all meetings to comply with COVID-19 protocols
- Suspended utility disconnections from March 17, 2020 through July 29, 2020 to assist people impacted by COVID-19
- Renovated the lake at City Park
- Renovated the tennis courts at City Park to include pickleball courts
- Approved a new recycling contract for City collections
- Adopted an extremely conservative budget to help with anticipated loss of revenue due to COVID-19
- Approved a seasonal street closure for Kerr Street to accommodate the relocation of the Farmer's Market
- Received additional CDBG-CV funds on two occasions to help with impacts of COVID-19
 - \$168,950 (100% allocation to Public Service Agencies) allocated to:
 - \$9,780 to Community Care Clinic
 - \$31,850 to The Gateway Freedom Clinic
 - \$20,000 to One Love Community Services
 - \$46,800 to Community Development Corporation (CDC)
 - \$5,000 to Gemstones and COMPASS Leadership Academy
 - \$5,000 to Hood Theological Seminary
 - \$5,000 to Power Cross

- \$25,000 to Rowan Helping Ministries
- \$13,036 to Meals on Wheels
- \$200,221 plus \$34,834 remaining from Round 1 (pending Council approval 1/5/21):
 - \$50,055 to Public Service Agencies
 - \$60,000 to Small Business Assistance
 - \$75,000 to Rent and Utility Assistance
 - \$10,000 to Emergency Sewer Lateral Assistance Program
 - \$40,000 to Homelessness Prevention Strategy
- Worked with the Police Department and citizens during protests in early June. Although this was a stressful period for our community Salisbury did not end up like many other communities that made headlines. Community groups worked together to facilitate peaceful protests and with the exception of an incident involving a person who lived outside of the community, there was very minimal damage
- Adopted a Resolution to Relocate the Confederate Monument and approved an agreement with the Daughters of the Confederacy for the statue to be moved to the Lutheran Cemetery
- Received a market analysis from the Development Funding Initiative through the UNC School of Government for the downtown, Kesler Mill and Civic Center areas
- Created the Share2Care Program to create a utility assistance fund to help those in the community experiencing financial difficulty
 - Rowan Helping Ministries will administer the funds, and customers can donate by mail or through the Customer Service Center
- Received a \$270,000 grant from the Department of Justice for a Homeless Victim Specialist Program
- Received \$818,771.50 from Volkswagen Grant for the purchase of two electric buses
- Received \$500,000 Brownfields Grant from the Environmental Protection Agency (EPA) to clean up the Kesler Mill site
- Received \$543,185 from the National Park Service to establish the Paul Bruhn Historic Revitalization Program

Mr. Bailey thanked staff for the great work they do for the City especially during these difficult times. Mayor Pro Tem Heggins thanked staff for its incredible work compiling information and making things happens. She also thanked the Lobbyist for its work regarding the Federal Agenda.

Mayor Alexander asked about the Brownfields Grant from the EPA. Planning Director Hannah Jacobson noted an assessment grant of \$300,000 was awarded in 2017 to evaluate Brownfields sites for Phase 1 and Phase 2 and there is nearly \$100,000 left in that grant for those assessments. She added the \$500,000 grant is for the cleanup at the Kesler Mill site.

Councilmember Sheffield commented staff has kept Council moving forward and through their dedication has helped the City obtain more grants and opportunities.

Mayor Pro Tem Heggins noted staff works hard to get the information together and are able to explain the information when it gets to those in Washington, D.C. She thanked staff for its hard work and dedication.

Mayor Alexander pointed out the City has great staff and Council is fortunate to have such great quality of staff as well.

CREATING A PATH FOR A POST PANDEMIC SALISBURY

Facilitator Warren Miller led Council in discussion regarding the path forward for Salisbury. He asked Council what important trends or shifts are occurring in the community.

Councilmember Post noted Charlotte is becoming a greater part of Salisbury which means growth is coming. He added there is a need to improve the school system, housing availability, and attract those who work here to also live here.

Mayor Alexander pointed out the County extended its water and sewer lines to the new exit of Beatties Ford Road which will increase commercial and residential housing opportunities. She noted the rising demographics within the City and increased tax base would create more funds to invest in education, workforce development, and for those who are in need.

Mayor Pro Tem Heggins commented there is a need to make Salisbury more livable and more attractive. She added there is also a need for the community to be more rideable and walkable including places to leave bikes while visiting downtown. She suggested the City become a greener city. She asked what the City can do to increase its housing availability and affordability through homeownership and not just renting.

Mayor Alexander indicated it is important for the City to support the arts. Mayor Pro Tem Heggins agreed, and she added more local artists should be included as well. Mayor Alexander referenced the trends of working from home, using greenways and other places to bike and walk, and she noted the City is a robust broadband community.

Councilmember Sheffield noted people are paying more attention to safety while shopping, driving and recognizing what is taking place around them. She added there has been an increase in families spending more time together and getting outdoors. She noted attention is needed to how the City will move forward as a green city. She commented there is a need for affordable housing. She pointed out there has been an increase in clean-ups and investing in parks and nature.

Councilmember Miller agreed the housing in Charlotte is in short supply. He pointed out at one time there were comments that the Land Development Ordinance (LDO) was prohibitive for growth. He added investments are happening and homes are being built. He noted One Stop Shop is doing what it can to meet the needs of the community. He indicated he does not think the LDO should be changed to obtain specific types of development, because the City needs a variety of development.

Mayor Pro Tem Heggins added there is a need for shared power. She commented race and equity conversations have taken place, and Council needs to continue to be a part of the conversations and look at tangible ways to bring equity and shared power as a critical component for survival and growth in communities.

Councilmember Miller pointed out the trend of working remotely and the need to market the City's broadband to those working in Charlotte, but needing housing in Salisbury.

Mayor Pro Tem Heggins asked about the current broadband and the developing technology of 5G. Mayor Alexander noted Hotwire made large investments for equipment upgrades and expansion which helped during the pandemic.

Mayor Pro Tem Heggins asked about the Hotwire upgrades and agreement. Mr. Bailey commented after the transfer took place Hotwire made upgrades as a part of its responsibility. He added Hotwire knew the trends and made investments the City would have had to make without the lease agreement. Mayor Pro Tem Heggins asked if those investments will be passed to customer's bills. Councilmember Post commented since the City has been with Hotwire, it is the only provider that has not raised rates. Mayor Alexander stated Hotwire is a community partner during events throughout the year and provides support to local organizations.

Mr. Bailey commented lower income families can get a reduced internet rate due to the public/private partnership with Hotwire. He noted residents would not have been able to get the reduced rate if the broadband was still operated by the City due to the laws enacted by the General Assembly excluding municipal broadband providers. He pointed out due to the public private/partnership Hotwire qualifies for the reimbursement and lower rates are provided to customers. He explained this is great for families especially with virtual learning taking place.

Mr. Miller asked Council if they think the City is heading in the right direction with the shifts and trends taking place.

Mayor Alexander agreed. She commented during the past year the City has pivoted quickly to deal with issues that have come up especially regarding racial equality and diversity. She explained conversations have taken place for a long time and will continue.

Councilmember Sheffield pointed out her concerns regarding Transit services and the future of transportation. She added people are not commuting due to telecommuting. She noted sales are down in convenient stores because people are not going into the stores. She asked where Transit service will be in the next five years. Mr. Miller mentioned there is uncertainty at the state level regarding transportation resources. Councilmember Sheffield added the Transportation Advisory Board (TAB) has concerns, and the North Carolina Department of Transportation (NCDOT) is not getting funds from taxes on gas as people are not buying gas. She noted the City does not maintain those roads but those funds affect the City.

Mayor Alexander noted the TAB has recommendations of different ways to develop revenue streams for NCDOT because the path cannot continue without the funding.

Councilmember Post pointed out the City is in a prime position due to the I-85 expansion, being in close proximity to Charlotte, and having the best broadband in the nation. He added the City has a great arts community, and also other diverse communities. He noted the question is how to get the message out to people to let them know all the things the City can offer. He added the larger question is what Council wants and how much it wants the City to grow.

Mr. Miller thanked Council for its participation and thinking of the future in setting priorities and perspectives on how things might impact the City. He added this will be helpful when Council set its priorities.

Councilmember Post commented there is uncertainty regarding what the elections will look like this year and what Council will look like due to the separate mayoral election. He also added the makeup of Council could change as well.

Mayor Pro Tem Heggins noted not only what the Council will look like but also the question of an increase of the seats on Council. She added the current Council and the incoming Council should be intentional and appoint more minority members to the City Boards and Commissions.

Mr. Miller thanked Council for its comments.

RECESS

Council took a 20 minute recess. The meeting reconvened at 7:16 p.m.

GROWING THE ECONOMY IN THE MIDST OF COVID-19

Rowan Economic Development Commission (EDC) Vice President Scott Shelton provided an update regarding EDC activity. He reviewed the project activity for Rowan County:

- FY2018-2019 120 new projects and 20 visits
- FY 2019-2020 74 new projects and 15 visits
- FY 2020-2021 57 new project and 6 visits

Mr. Shelton pointed out 57 new projects have begun since July 2020, which is a 33% increase from the same time last year. He added FY 2018-2019 was a record breaking year for EDC activity, and he indicated 74 new projects is typical and may be surpassed by the end of the current fiscal year. He stated six companies have visited Rowan County during the current fiscal year to tour building sites and discuss incentives. He pointed out the number of visits has decreased from last year which can be attributed to COVID-19. He indicated there are 88 open projects in Rowan County, 57 projects from the current year and 31 projects from prior years, which is an 11% increase from the previous year.

Mr. Shelton referenced the 57 new projects, and he pointed out 10 of the new project submissions are located in the City. He noted 20 of the 88 open projects are located in the City as well. He stated the submissions for the current year include: call centers, light manufacturing, and pharma. He reviewed announcements that have taken place in the City since October 2019:

<u>Company</u>	<u>Jobs Created</u>	<u>Investment</u>
Integro Technologies	30 jobs	\$2.7 million
Henkel	35 jobs	\$45.2 million
Team Auto Group	19 jobs	\$.4 million
Snowjoe Sunjoe	110 jobs	\$1.5 million

Mr. Shelton pointed out three of the four announcements inside the City limits are for existing companies. He added it is important to nurture existing companies and help them grow. He commented the EDC is working on two projects inside the City limits that seem to be close to an announcement. He commented the projects are existing companies, one would be a 56 job investment and the other would be a 25 job investment. He added one project would provide over \$4 million in investment and the other would provide investments over \$2 million.

Mayor Pro Tem Heggins requested clarification regarding the projects, and she asked if the projected jobs are permanent jobs. Mr. Shelton explained the term project is used when an existing or new company approaches the EDC to ask about available programs and properties. He noted a project folder is created and the EDC works with the company to determine its needs and meet the needs with a building, work force, training, or incentives. He added the projects are scored and rated by the number of jobs that would be created and the investment amount that would be added to the County and City tax base. He noted some of the projects do not materialize, and he pointed out at times the EDC can eliminate a project due to inactivity. He commented when a project is close to materializing the EDC will bring it to the Commissioners or Council for consideration and assistance.

Mayor Pro Tem Heggins asked if the projects ever create temporary jobs that do not provide sustainable work for citizens. Mr. Shelton explained when the EDC lists jobs it is referring to full time employment. He noted a full time job with benefits is a requirement for the state and is normally a requirement for projects presented to Council and the Commission. He indicated things can happen that affect the number of jobs created, but normally the agreements include claw-back provisions that require the company to repay a portion of the incentives it receives if the job goals are not met. He explained temporary jobs, such as construction jobs, would not be included in the metrics but would be considered an indirect benefit of the project. Councilmember Miller clarified only jobs intended to be permanent are brought before Council. He added the Incentive Grant Program requires the creation of permanent jobs.

Mayor Pro Tem Heggins asked if the EDC has a minimum salary requirement when it considers a project. Mr. Shelton stated in order to qualify for state benefits the average wage has to meet the County's average wage. Councilmember Miller pointed out a minimum salary requirement could cause the community to lose an opportunity. He clarified the City is looking for full-time, benefit paying jobs, and the EDC does a great job presenting companies that meet the City's requirements. Mr. Shelton pointed out the market drives the salary rates, and there is a

shortage of available workers. He noted the goal of the Forward Rowan Campaign is to create jobs with an average wage of \$15.86 per hour. He added it is also important to bring a wide range of jobs to the community for a variety of skill sets.

Mr. Shelton noted the EDC started a Small Can Be Better campaign last summer. He explained there has been speculation that suburban areas, mid-sized cities, and rural areas will be the main beneficiaries of corporate expansion due to pandemic concerns. He stated it is important to market Salisbury as a mid-sized city in close proximity to Charlotte and Greensboro, with a relaxed small town atmosphere, and access to recreation and an overall higher quality of life.

Mr. Shelton pointed out in November Rowan County received tier one status as one of the state's most distressed counties due to a spike in unemployment levels. He added there are advantages to this status including higher priority for state incentives, higher incentive award amounts, lower local grant matches, and the companies may receive more direct incentive and grant benefits. Councilmember Miller asked how often the tiers can be changed. Mr. Shelton explained the tiers are rated on an annual basis and the City could drop back to a tier two community in the coming year. Councilmember Sheffield asked who determines the tier rating. Mr. Shelton stated the North Carolina Department of Commerce determines the ratings. He added Rowan County was hit harder than other counties due to the number of service industry jobs in the community.

Mayor Alexander asked if the EDC has data regarding how each community contributes to the County unemployment rate. Councilmember Post noted Rowan County has an unemployment rate of 6.2% and the City has an unemployment rate of 5.1%.

Mr. Shelton reviewed available buildings within the City and spoke about the importance of having available product when companies visit:

- 913 Airport Road 288,000 square foot building with 22 feet to 26 feet ceilings
- 1325 Litton Drive 101,145 square foot building with 20 feet to 30 feet ceilings
- 100 Dolly Madison Road 105,000 square foot building with 16 feet to 18 feet ceilings
- 465 Airport Road 21,924 square foot building with 12 feet ceilings

Mr. Shelton stated larger scale properties with buildable lots are needed within the City limits. He indicated larger lots just outside the City limits could be annexed into the City. He noted several years ago the EDC looked at property off of Henderson Grove Church Road for speculative annexation. He explained the property went through the Duke Energy Site Readiness Program and could be an option for companies to build facilities and connect to City services. He added the challenge is to determine if the property owners still want to sell and to put the property under option if it is not listed with a broker to show companies what can be done at this location. He pointed out a service road that would extend Corporate Circle to Henderson Grove Church Road has been discussed. He indicated the area has potential for long-term growth. He added the EDC will work with staff to find large buildable sites for future development.

Councilmember Miller noted it was believed the corridor between Salisbury and Statesville would provide an opportunity for smaller scale commercial development. Mr. Shelton indicated growth will come to Highway 70, but I-85 is the desired location as growth from Mecklenburg and Cabarrus Counties is working its way to Rowan County.

Mayor Alexander thanked Mr. Shelton for his presentation and all the EDC does to promote the City. Mr. Shelton stated the EDC is dedicated to serving Salisbury and Rowan County. Mayor Alexander noted the EDC's work with Integro Technologies, Henkel, Team Auto Group, and Snowjoe Sunjoe resulted in \$50 million in investments and 194 jobs in the City. Mr. Shelton emphasized existing companies are critical to the economic health of the community.

DEVELOPMENT ACTIVITY

City Manager Lane Bailey asked Planning Director Hannah Jacobson and Development Services Manager Teresa Barringer to address Council regarding development activity in the City.

Ms. Barringer noted the City has experienced incredible growth during this challenging time. She reviewed the cost of construction and improvement to single family homes from 2018 through 2020 as reported by zoning permit activity:

- 2018 - \$13,132,944
- 2019 - \$ 12,454,046
- 2020 - \$22,022,965

Ms. Barringer stated in a year of incredible challenges, single family construction has increased tremendously. She pointed out much of the activity in the City's Extraterritorial Jurisdiction (ETJ) is a result of two subdivisions: Greystone Village and Wendover Heights that had laid dormant since the recession hit in 2008.

Ms. Barringer noted commercial construction has remained steady:

- 2018 - \$15,910,917
- 2019 - \$ 40,740,376
- 2020 - \$29,490,388

Ms. Barringer referenced Shay Crossing Phases 1 through 3 which was approved in 2018 and is currently under construction. She noted Phase 4 will include 246 single family homes and involve a voluntary annexation of the area. She indicated Phase 5 of the Gables is located off of Faith Road and is under construction. She added the subdivision will include 65 single family senior housing units. She commented Ashton Manor off of Sunset Drive and Airport Road is located within the City limits. She explained the master plan and infrastructure was approved in 2002, and she noted it is considered a vested subdivision. She added the subdivision was sold to a new developer who is making repairs and testing the water and sewer lines and will then be ready to obtain permits. Ms. Barringer indicated Greystone Village is in the City's ETJ and has been dormant since 2008. She added the location is under active construction.

Ms. Barringer referenced an area in the ETJ that is under negotiation for a subdivision of 250 single family homes. She explained the area would require a rezoning and is adjacent to the Forest Glenn subdivision. She added the proposal is for a mix of townhomes and age targeted homes. She noted Brightleaf Terrace has an approved master plan that includes 72 low income apartment units, and she added construction could take place in 2021. She stated Rowan Woodland Apartments includes 240 market rate units. She indicated the master plan has been approved, the construction plans are under review, grading is taking place, and permits should be issued in the near future. She noted Britton Village is located within the City limits in the 2300 block of Statesville Boulevard and includes 80 low income apartment units that are under construction. She commented Westbrook Trace is inside the City limits and includes 84 low income apartment units. She added the permits for the complex have been issued and the complex is under construction. She pointed out the property to the east of the complex is owned by the same developer who has had conversations with staff regarding the potential for senior housing in the area.

Ms. Jacobson explained:

- 1,193 units are in the development pipeline
 - 88% are within the City limits
 - Represents a 7% increase in City-wide housing units
- 392 additional prospective units (pre-application meetings)
- 957 pipeline units are market rate
- 236 pipeline units are income-restricted

Ms. Jacobson noted income restricted housing is managed and regulated with some form of subsidy to be affordable for a particular income bracket. She pointed out the inventory of income restricted housing will allow staff to evaluate different projects to ensure there is not a concentration of affordable housing in any particular area of the City. She stated:

- 1,631 units in the City are currently income-restricted
 - Approximately 11% of housing units
- 236 units are under construction
 - 14.6% increase in the total number of units
- Cluster of new construction along Statesville Boulevard

Ms. Jacobson reviewed a three year comparison of the processes managed by Development Services staff, and she noted the numbers have remained consistent. She pointed out a decrease in business registrations and commercial zoning permits which is understandable given the economic uncertainty of COVID-19. She added there has been a 61% increase over the past two years in water and sewer permits issued and the client communities that connect to the Salisbury Rowan Utilities' (SRU) water system.

Mayor Alexander thanked Ms. Jacobson and Ms. Barringer for their presentation.

REVIEW AND RECAP

Facilitator Warren Miller thanked Council for its input throughout the evening, and he reviewed the schedule for February 11, 2021.

Mayor Pro Tem Heggins asked if Council needed any documentation to prepare for the budget and CIP conversations that will take place. City Manager Lane Bailey noted he will present challenges that he sees on the horizon that need to be addressed. He pointed out staff does not have enough current fiscal year data to provide adequate projections for the coming fiscal year. He indicated the information should be available in late March and at that time staff would like to hold a budget work session.

RECESS

Thereupon, Councilmember Post made a motion to recess until Thursday, February 11, 2021 at 4:00 p.m. via Zoom. Upon a roll call vote Mayor Alexander voted AYE, Mayor Pro Tem Heggins voted AYE, Councilmember Miller voted AYE, Councilmember Post voted AYE, and Councilmember Sheffield voted AYE. (5-0). The meeting recessed at 8:30 p.m.

RECONVENE – THURSDAY, FEBRUARY 11, 2021

Mayor Alexander called the meeting to order at 4:00 p.m. on Thursday, February 11, 2021.

REVIEW AND CHECK-IN

Facilitator Warren Miller asked Council to reflect on the takeaways from topics discussed the previous day. He requested Council provide feedback regarding silver linings, the year in review, and the path forward for the City. He encouraged Council to share thoughts pertaining to projects that are important to the City and ways to grow the economy.

Councilmember Sheffield indicated she was pleased at what the City was able to accomplish over the past year in the wake of COVID-19 and various fiscal and social challenges.

Councilmember Post agreed with Councilmember Sheffield. He stated he was shocked at how much was accomplished this year considering the challenges. He noted the success can be attributed to staff providing excellent service. Councilmember Miller, Mayor Pro Tem Heggins, and Mayor Alexander agreed.

BUDGET CHALLENGES AND CAPITAL IMPROVEMENT PLAN

City Manager Lane Bailey indicated a Capital Improvement Plan (CIP) was not adopted for the current fiscal year because of the pandemic. He stated the last adopted CIP may be used as a reference until information is compiled to create a CIP for the current fiscal year.

Mr. Bailey stated sales tax results have been positive but there are still unknowns because of COVID-19. He indicated property tax collection is trending lower than last year although the amount billed is less than what was billed the year before. He explained a year ago the property tax collection rate was 84.24% and the rate this year is 81.01%. He added the county's software conversion could have played a role in the decrease but information is still being sorted out. He noted when considering the 2022 budget the biggest challenge will be operating costs not capital needs.

Police Department

Mr. Bailey indicated he has concerns regarding the salary and employee retention within the Police Department and the Public Works Department. He stated a few years ago the Police Department had an approximate vacancy rate of 25%, and Council was able to increase taxes to provide additional funding to the Police Department. He explained some of the funds were used to increase salaries, and the City became a pay leader in the region which attracted quality personnel. He added other communities have since increased their pay, and the City is no longer a leader in pay. He explained the problems involved with recruiting officers involve pay and societal challenges. He noted many people are leaving the profession, and the City should do everything possible to assist in the department's success.

Police Chief Jerry Stokes stated there are 83 budgeted positions within the Police Department and 72 employees. He explained the department is 86% staffed and has 11 vacancies. He indicated one of the challenges the department is facing is having a low qualifying applicant pool.

Chief Stokes noted in 2020, the Justice Standards Commission conducted a study of Police Departments and received a 50% response rate. He explained the study concluded there was approximately 1,000 police officer vacancies in North Carolina within the agencies that responded. He added the study did not include Sheriff Offices. He indicated there were 900 Basic Law Enforcement Training (BLET) graduates for 2020 which is the lowest number of graduates since 2016. He explained in 2021, the spring semester BLET class at Guilford Technical College is cancelled, Davidson County has eight students, and Stanly County has 11 students of which nine have been hired. He added the local community college has 19 BLET students of which seven have not been hired. He stated he has not been able to recruit candidates to place into BLET class at Rowan Cabarrus Community College (RCCC). He commented he will reach out to the students that have not been hired and try to recruit them.

Chief Stokes indicated since 2016 the number of officers increased with the increase in pay. He explained the statistics for 2019 were normal but the statistics for 2020 showed a decline in the number of officers compared to vacancies. He added in 2020, the department hired four

officers while losing 12. He explained so far this year one person has been hired and four have left. He noted the turnover rate for 2020 is 14.5%. He explained the Law Enforcement Management and Statistics survey that is conducted by the Bureau of Justice Statistics annually indicated 10.8% is the average turnover rate for law enforcement agencies across the nation. He added the turnover rate for the department was average in 2018 and 2019, but has since increased.

Chief Stokes stated officers have separated from the organization for various reasons including 11 retirees, seven training failures, 14 separations due to misconduct, and five employees decided they no longer wanted to be officers. He added the greatest loss has come from employees joining other law enforcement agencies. He noted 19 personnel found employment with other agencies.

Chief Stokes commented it is expensive to replace officers that leave for other law enforcement agencies. He explained the City is not getting a return on its investment when paying for BLET class and a salary of approximately \$40,000 if an officer decides to leave after they are trained. He added an officer's first year involves expensive training, pay, and benefits while conducting very minimal policing service. He explained there are other costs the City pays for such as background checks and testing. He added some of the equipment that is issued cannot be re-used by another individual. He indicated the estimated cost to replace the 19 personnel who are now working for other agencies is approximately \$80,000 per person which is approximately \$1.5 million.

Chief Stokes indicated in 2017 the starting pay for officers was increased from approximately \$34,000 to the current salary of \$39,357. He stated the City will potentially fall behind surrounding communities who continue to evaluate and increase the pay for officers. He explained the departments primary competitors are Cabarrus County, Mooresville, and Concord in regard to BLET students. He noted only three recruits from the previous class chose to work for Salisbury and none in the current class. He explained a recruiting officer spoke with students of the last BLET class and asked why they did not choose to work for Salisbury and the answers were related to pay. He added he had conducted many exit interviews and received the same feedback regarding pay and low career advancement opportunities.

Chief Stokes stated he would like to maintain a staffing at 95% and ways to recruit and retain officers must be identified. He noted one way is through community appreciation. He indicated a Police Foundation is in progress and will hopefully be operational in the near future. He explained the foundation will provide officers with recognition and other benefits. He added he would like to invest in people within the department and show them that their achievements are important and appreciated.

Chief Stokes offered recommendations to recruit and retain employees. He indicated base pay will need to be increased to match or exceed the current market. He stated the evaluation system should be reviewed and revised to include a predictable salary advancement. He explained the Human Resources Department has worked hard on the evaluation system that is currently being used Citywide, but additional revisions should be made for Police Officers that will focus on readiness for duty and adherence to standards.

Chief Stokes indicated there are several things that can be done to benefit the recruitment and retention process to include increasing sign-on bonuses to attend BLET, covering the cost of personal cell phones, gym memberships, and paying shift differential.

Councilmember Sheffield asked if there are incentives for officers who recruit other officers. Chief Stokes indicated a bonus is given to both the recruited and the recruiting officers once a probationary period is over.

Councilmember Sheffield stated the incentive program may be an area that can be reviewed and revitalized.

Mayor Alexander asked for additional information regarding the police foundation and its potential achievements. Chief Stokes indicated the foundation is a nonprofit organization that is being created in collaboration with local community members who have an interest in supporting the police. He explained the foundation would raise funds for things that are needed within the department. He added the foundation will provide recognition to officers and have tax benefits.

Councilmember Post asked how far along the foundation is in the start-up process.

Chief Stokes stated the Robertson Foundation has provided funds for the startup costs and to hire an attorney to process the legalities associated with starting the foundation. He indicated there are two people sitting on the board and they will need to meet with other potential members to complete the foundation's 501C3.

Mayor Alexander asked if there will be an Advisory Board along with the Foundation Board. Chief Stokes stated an Advisory Board's focus is on policy, public input, and maintaining transparency which will not be necessary.

Mayor Pro Tem Heggins asked if the incentives for officers would be combined or if officers would be able to choose an incentive. Chief Stokes indicated the incentives are recommendations and decisions can be made concerning how they are applied.

Councilmember Miller asked if the recent housing stock and construction will increase the City's tax revenues. Mr. Bailey indicated because subdivisions are being built there will not be an increase in sales revenues from the homes for another couple of years. He stated tax collections are slightly down from the previous year and people who are struggling financially may not pay their taxes this year. He explained he is not anticipating an increase in revenue next year. He added the City may need to increase taxes to generate revenue while also balancing the increase with the challenges the economy is facing. He noted in March there will be more data to review regarding the City's financial position.

Councilmember Miller asked Chief Stokes how much funding is necessary to increase the pay for officers. Chief Stokes indicated the base pay for officers should be raised to approximately \$42,000 which would require approximately \$1 million to \$1.5 million. He noted additional incentives will require extra funding. He explained increasing the pay and adding incentives are the most cost effective measures to retain and recruit personnel.

Mayor Alexander asked if housing is a concern for officers. She indicated partnerships may be created that will allow officers to buy homes with special interest rates, no down payments, or other incentives. Chief Stokes stated there are existing programs that assist officers with housing. He explained Brenner Crossing offers free rent to officers which allows them to save money to buy homes.

Councilmember Sheffield asked if current employees have provided feedback on incentives they think are important in recruiting and retention. Chief Stokes stated he has received feedback that officers would like to obtain particular certifications, attend specific types of training, and advance in their careers. He explained most officers do not want to remain patrol officers throughout their career. He added he is reviewing ways to enable officers to move around and experience different types of policing. He stated the average patrol officer has four years of experience. He added programs can be developed to allow an officer to be a detective for a few years, get compensation for obtaining the required skills and certifications, and then get filtered back into patrol until something else comes along. He noted an improved career development plan can be created but it will be expensive to implement.

Councilmember Post asked if the needs of the Police Department will be addressed in this year's budget. Mr. Bailey indicated the needs of the Police Department and the Public Works Department will be addressed in the budget.

Public Works

Public Works Director Craig Powers stated the growth in and around the community has done many great things, but it has also placed a challenge on recruiting people who have a construction background and can operate heavy machinery. He noted there are staffing issues in field maintenance areas which include streets, grounds, Stormwater maintenance, and Waste Management divisions. He explained the combined areas have approximately 52 budgeted positions among them. He added within the last 18 months the department has lost 20 employees, some of which were employed by other agencies. He indicated there are currently seven vacancies. He explained two additional vacancies are in the process of being posted for the Bell Tower Green Park and one person has submitted a notice to end his employment. He added the total number of vacancies will be 10.

Mr. Powers noted he has been a part of the department for 10 years, and there has always been turnover but recently there has been challenges regarding retention and a dwindling applicant pool. He stated one concern is competing or higher salaries within neighboring cities and in the private sector. He added entry level workers who leave to work in Concord will receive a 40% pay increase, Albemarle 17.71%, Kannapolis 9%, and those leaving for Statesville will receive a 27.32% pay increase. He noted pay raises are more drastic if the worker has a Commercial Driver's License (CDL). He mentioned the City and the North Carolina Department of Transportation (NCDOT) were recruiting the same employee and NCDOT offered the employee a pay rate that was 53.47% above the City's offer. He explained people typically leave the department within the first five years. He added the City has not been able to recruit personnel with experience and most applicants are recent high school graduates who are unskilled.

Mr. Powers indicated staff is skilled in training new personnel, and they assist with obtaining CDLs. He explained it is discouraging to think that the City may be used as a training ground for employees before they move to other agencies. He stated he has recommendations that will improve the situation but the main concern is how far behind the City's pay is compared to surrounding areas. He explained the pay rates does not have to exceed other agencies but they should be close to retain personnel and keep their skillset in Salisbury.

Councilmember Post noted young employees may not be aware of how valuable the benefits are that come with City employment as opposed to higher pay in the private sector which may not include benefits. Mr. Powers agreed. He stated young employees focus on the rate of pay more than retirement and other benefits.

Mr. Powers indicated the continuation of health care upon retirement use to be a benefit that assisted in attracting and retaining employees, but the benefit has been removed. He explained many personnel have been grandfathered into the healthcare program, but new employees no longer receive the benefit. He added many agencies are removing the health care program but it was an attractive benefit of the City.

Mayor Pro Tem Heggins stated she is shocked by how much more the surrounding communities are paying compared to the City. Mr. Powers indicated pay rates were increased by 5% a few years ago, but the surrounding communities have increased their pay rates even more as certain skill sets became in demand.

Mayor Alexander asked if there are ways to increase automation so that fewer employees are needed. Mr. Powers indicated staff is always reviewing ways to use automation to perform jobs more efficiently and effectively. He stated there are few employees working for the City who have minimal skills. He added most employees are highly skilled and minimally skilled applicants are recruited and trained in the areas where they are needed.

Mr. Bailey pointed out the Public Works Department has allowed the City to operate with fewer personnel by using automation to implement a new work order system. Mr. Powers indicated the work order system was recently implemented and the department is starting to notice its benefits. He explained the system allows garbage truck drivers to locate leaf and limb piles, and alert drivers of yard waste trucks of the locations. He added this allows yard waste trucks to drive directly to leaf and limb piles. He stated the system has the potential of providing the City with a 60% cost savings by reducing the amount of trucks driving on the streets and improving job efficiency.

Councilmember Miller commented the jobs within the Police Department and the Public Works Department are important, and the City needs to identify a way to address their needs and concerns regarding competing pressures. He explained relief will come in a couple of years with new investments and the elimination of Fibrant payments. He added a three to five year plan should be created that will not cause long-term harm in other areas.

Personnel Costs

City Manager Lane Bailey indicated he agrees with Councilmember Miller's statement regarding the importance of the Police Department and the Public Works Department. He explained both departments are extremely essential to the City and to the citizens. He noted pay increases usually take place in January but he is recommending something be put in place that will go into effect on July 1, 2021. He stated funding for recommendations may be difficult but if issues are not addressed this year the issues may spread throughout the organization. He explained he will need two months to identify funding sources for recommendations.

Mr. Bailey reviewed personnel recommendations and scenarios and noted his numbers are only preliminary and will change. He indicated in the next fiscal year \$300,000 in the General Fund will go to the cost of insurance which is probably a higher number than the actual cost, but he is anticipating a 10% increase in insurance costs. He explained \$220,000 will be required for retirement increases. He added the percentage that is required to be paid for general employees will be increasing from 10.15% to 11.25% and from 10.9% to 12.1% for law enforcement employees.

Mayor Pro Tem Heggins asked if federal money that may be allocated through COVID-19 relief can be used to provide relief from current issues. Mr. Bailey indicated the amount that may come to Salisbury is approximately \$7 million but there is no information regarding the requirements for spending the funds. He explained if funds are required to be used toward infrastructure there are things that can be done to relieve some pressures within the budget. He noted the most expensive project within the CIP for the next several years in the General Fund is the construction of Fire Station 3. He stated one option for the funds is to use it to build the fire station, but the City will need to wait on information regarding funding requirements if the federal relief package is approved.

Councilmember Sheffield indicated grants may assist with some things, but there should be a solution regarding salary issues put in place that is sustainable. Mr. Bailey agreed.

Councilmember Post stated surrounding cities can afford to pay employees more because of increased annexation and growth which provides an increase to their tax base. He noted he would like to see the effects on the City's tax base from the new housing units.

Councilmember Miller expressed his concern regarding the tools available to the City. Mr. Bailey indicated one tool is tying utility extensions to annexations whenever possible. Mayor Alexander agreed.

Mr. Bailey stated he would like to meet in March because he will have more accurate numbers. He noted there was not a lot of conversation regarding the CIP, and operating expenses will be the driving force for next year's budget.

RECESS

By consensus, Council agreed to take a 15 minute recess. The meeting reconvened at 5:45 p.m.

FEDERAL ACTION PLAN PRIORITIES

Administrative Services Director and City Clerk Kelly Baker noted Council adopted a Federal Action Plan last month. She indicated during the process Council asked for an opportunity to identify priorities from the plan. She explained meetings were held with Ms. Leslie Mozingo and Mr. Ron Hamm with Strategics Consulting to identify the most effective ways to use the plan to get the most opportunities.

Mr. Hamm stated with a new administration, a new Senate, and a new session of Congress, things are evolving and the resources that may become available are unknown. He explained remaining flexible and having a large list that can be pulled from is advantageous. He added instead of having only three priorities it is better if the plan remains unchanged to provide an opportunity to span multiple opportunities for funding which helps to increase the opportunities for success. He indicated a new administration was put in place a month ago and each day there is new information regarding things that will be focused on or changed.

Mr. Hamm indicated the Federal Agenda is not the only avenue to funding. He explained there are other projects outside of the Federal Action Plan that the City can benefit from in the event that the government continues to move toward some type of economic stimulus package.

Ms. Leslie Mozingo stated they would like to give Council members time to think about their personal priorities within the Federal Action Plan. She explained the priorities may include things that individual Council members are passionate about and would like to be the most active in. She indicated her team recommends breaking into smaller groups when meeting with congressional offices and with federal agencies. She explained the smaller groups would focus on specific issue areas or projects identified for discussion. She noted she can work with the schedules of each member of Council to schedule meetings that are convenient for them, but the first meeting has been scheduled for March 23, 2021.

Mayor Alexander indicated continuing with a broad strategy and meeting in small groups is a good idea. She added the small meetings will give each Council member an opportunity to participate based on their schedules.

Councilmember Miller indicated he would like to schedule a preparation session one week before March 23, 2021.

By consensus, Council agreed to attend a virtual preparation session on March 16, 2021 at 4:00 p.m.

Councilmember Miller stated he would like members of staff to attend the preparation session and the meetings with federal agencies. Ms. Mozingo indicated staff will be invited to participate in the meetings.

By consensus, Council agreed to move forward with the full Federal Action Plan.

DEVELOPMENT OF 2021 PRIORITIES

Facilitator Warren Miller presented Council with goals that were generated at the previous year's retreat. He indicated the goals were to increase community partnerships, economic prosperity and mobility, public safety, infrastructure, and human capital. He stated the goals also included having a well-run government that is inclusive, creative, and equitable. He explained a set of priority actions were also generated last year.

Mr. Miller asked Council to provide information regarding projects that they believe are high on the priority list for the City. He indicated ways to accomplish the projects do not have to be determined at this time.

Council discussed the following list of goals and priorities for the current year:

- A well-run government that is inclusive, creative, and equitable
 - Passing non-discrimination ordinance
 - Fair housing ordinance (federal and state)
 - Opportunity for local ordinances as well
 - Eviction protection for tenants
- Community Partnerships
 - Continuing commitment to racial equity and inclusion
 - Programming, venues, etc. for youth
 - E.g. athletic programs, fields, parks
 - Lifting up existing partnerships (e.g. YMCA)
- Economic Prosperity and Mobility
 - Initiating KIVA project
 - Redeveloping Empire Hotel
 - "Selling Salisbury"
 - Reaching non-community members
 - E.g. broadband with teleworking, rail connections, etc.
 - Appointing POC to boards, making sure that they take part in economic development conversations
 - Specifically, conversations around money allocation
 - Continue to support transit for neighboring communities
 - Microtransit options
 - E.g. public Uber-style service

- Infrastructure and Human Capital
 - Investing in public works, especially the people
 - Improving bike infrastructure
 - E.g. cycling lanes, bike racks
 - Housing stock issues
 - Potential for federal funding
- Public Safety
 - Investing in public safety
 - Foundation for police department
 - E.g. competitive wages
 - Starting construction on Fire Station #3
 - Using money from federal government
 - Creating ISO rating that lowers insurance rates

SESSION WRAP UP

Administrator Warren Miller thanked Council for participating in the exercise, and he invited members to share their final thoughts.

Mayor Pro Tem Heggins thanked Mr. Miller and staff for a successful retreat.

Councilmember Miller thanked Mr. Miller and staff for all of their hard work.

Councilmember Post thanked staff for all that they do. He commented significant changes will be coming to Salisbury in the next few years.

Councilmember Sheffield thanked staff and Mr. Miller for all that they do.

Mayor Alexander thanked staff for all that was accomplished this year in spite of the challenges. She thanked Mr. Miller and his staff for a successful retreat.

ADJOURNMENT

Motion to adjourn the meeting was made by Councilmember Post. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 7:08 p.m.


Karen K. Alexander, Mayor


Kelly Baker, City Clerk