REGULAR MEETING

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

ABSENT: Councilmember William Brian Miller and City Clerk Diane Gilmore.

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The meeting was called to order by Mayor Heggins at 6:03 p.m. A moment of silence was taken.

PLEDGE OF ALLEGIANCE

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

RECOGNITION OF VISITORS

Mayor Heggins welcomed all visitors present.

CHANGES TO THE AGENDA

Mayor Heggins noted the following change to the Consent Agenda:

Add – Item 7f – Authorize the City Manager to execute a supplemental agreement with the North Carolina Department of Transportation for Congestion, Mitigation, and Air Quality
(CMAQ) funds in the amount of $378,000 for construction of Newsome Road. The City’s match will be $94,500 for a total amount of $472,500.

ADOPTION OF THE AGENDA

Thereupon, Mayor Pro Tem Post made a motion to adopt the Agenda with the noted change. Mayor Heggies, Mayor Pro Tem Post, and Councilmembers Alexander, and Sheffield voted AYE. (4-0)

PROCLAMATION

Mayor to proclaim the following observance:

LIBRARY CARD SIGN-UP MONTH September 2019

Mayor Heggies read and presented the Library Card Sign-up Month Proclamation to Ms. Melissa Oleen.

RECOGNITION – JOHN MCLAUGHLIN

Mayor Heggies recognized Mr. John McLaughlin and presented him with a proclamation proclaiming August 15, 2019 as John J. McLaughlin Day in the City.

CONSENT AGENDA

(a) Minutes

Approve Minutes of the Regular meeting of July 16, 2019 and the Special meeting of August 6, 2019.

(b) Budget Amendment – Federal Lobbyist Contract

Adopt an amendment to the FY2019-2020 Budget Ordinance to appropriate Fund Balance for a contract for federal lobbying services in the amount of $48,000.

ORDINANCE AMENDING THE 2019-2020 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE GENERAL FUND BALANCE.

(The above Ordinance is recorded in full in Ordinance Book No. 28 at Page No. 195, and is known as Ordinance 2019-44.)
(c) **Budget Amendment – Controlled Substance Tax Funds**

Adopt an amendment to the FY2019-2020 Budget Ordinance to appropriate Police Department Controlled Substance Tax Funds in the amount of $10,500.

**ORDINANCE AMENDING THE 2019-2020 BUDGET ORDIANCNE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE POLICE DEPARTMENT CONTROLLED SUBSTANCE TAX FUNDS.**

(The above Ordinance is recorded in full in Ordinance Book No. 28 at Page No. 196, and is known as Ordinance 2019-45.)

(d) **Justice Assistance Grant Application**

Approve the Salisbury Police Department to apply for the 2019 Department of Justice (DOJ) Assistance Grant.

(e) **Right-of-Way Encroachment**

Approve a right-of-way encroachment by Conterra per Section 11-24 (27) of the City Code subject to North Carolina Department of Transportation (NCDOT) approval.

(f) **Congestion, Mitigation and Air Quality Agreement – Newsome Road**

Authorize the City Manager to execute a supplemental agreement with North Carolina Department of Transportation for Congestion, Mitigation and Air Quality (CMAQ) funds in the amount of $378,000 for construction of Newsome Road. The City’s match will be $94,500 for a total amount of $423,750.

Thereupon, Councilmember Alexander made a motion to adopt the Consent Agenda as presented. Mayor Heggies, Mayor Pro Tem Post, and Councilmembers Alexander, and Sheffield voted AYE. (4-0)

Councilmember Alexander noted planning for the work on Newsome Road began four years ago. She explained the City received a grant from the state and the City is funding a small portion of the project.

City Manager Lane Bailey recognized City Engineer Wendy Brindle and City Attorney Graham Corriher for their work on the project. Mayor Heggies thanked Ms. Brindle and Mr. Corriher for all they do for the City.

**PUBLIC COMMENT**

Mayor Heggies opened the floor to receive public comments.
Mr. Stuart Nottingham stated he supports the Bicycle Committee being proposed later in the meeting. He pointed out the Master Plan was adopted in 2009, but only 20% of the plan has been implemented. He requested Council approve the Bicycle Committee and suggested the Bicycle Committee work to update the Bicycle Master Plan.

Ms. Karissa Minn indicated she also supports the proposed Bicycle Committee. She pointed out many in the community rely on bicycles for transportation and additional bicycle infrastructure is needed in the City.

Ms. Jackie Miller shared photographs of a cyclist in traffic with Council. She added she supports the proposed Bicycle Committee and the installation of additional bicycle lanes in the City. She noted bicycle lanes benefit the community and promote the safety of cyclists.

Ms. Sharon Earnhardt stated she is a board member of the Pedal Factory, and her goal is get more people on bicycles. She added she supports a bicycle pedestrian committee that includes cyclist, runners and walkers. She shared the mission of the Pedal Factory which accepts bicycle donations for its Earn-A-Bike Program and bicycle giveaways.

Councilmember Alexander asked Ms. Earnhardt how she liked the sharrow and bike lane on Fulton Street. Ms. Earnhardt indicated she liked the sharrow, but she pointed out protected bike lanes are safer for cyclist. She noted drivers are becoming more mindful of sharing the road with cyclist.

Ms. Mary Rosser indicated she supports the formation of a bicycle and pedestrian committee. She pointed out basic infrastructure for cyclists is needed to improve safety on the roadways. She added an educational program could help promote cycling safety in the City.

Ms. Angela Gaylord-Miles noted she supports a biking committee. She stated the Pedal Factory has led bicycle rides for adults and children with special needs and the rides are an additional resource for the community.

Ms. Mary James stated she supports establishing a biking and pedestrian committee in the City. She pointed out motorists need to be mindful of sharing the road with cyclist. She commented additional bike racks in the downtown would be an asset to cyclists.

There being no one else to address Council, Mayor Heggins closed the public comment session. She thanked everyone who spoke during the public comment session.

**DOWNTOWN REVITALIZATION INCENTIVE GRANT OVERVIEW**

Planning Director Hannah Jacobson and City Planner Kyle Harris addressed Council regarding the Downtown Revitalization Incentive Grant Program. Ms. Jacobson explained the goal is to stimulate private investment in downtown properties through four sub-grants:
• Building Rehabilitation
  o Promotes stabilization, preservation, and reuse of historic buildings
• Residential Production
  o Increase the residential population of downtown
• Residential Utilities
  o Increase the residential population of downtown
• Fire Suppression
  o Improve safety and reduce damage as a result of fire

Ms. Jacobson reviewed the eligible improvements for each grant category, and she referenced the grant guidelines that Council can consider to approve or deny an award. She pointed out five applications were received for Downtown Revitalization Incentive Grants:

• Salty Caper
  o Requesting Building Rehabilitation and Fire Suppression Grants
• Meroney Theater
  o Requesting a Building Rehabilitation Grant
• Lofts on Innes
  o Requesting Building Rehabilitation, Residential Production, Residential Utilities and Fire Suppression Grants
• Heart of Salisbury
  o Requesting a Building Rehabilitation Grant
• Firehouse Loft
  o Requesting Building Rehabilitation, Residential Production, Residential Utilities and Fire Suppression Grants

Ms. Jacobson explained the program budget is adopted on an annual basis, but developers are given two years to complete their project which can mean funds are allocated a year in advance. She noted in fiscal year 2019-2020 Council approved $150,000 from the General Fund for Downtown Revitalization Incentive Grants. She pointed out $225,636 is available using this fiscal year and next fiscal year’s funding. She reviewed the proposed funding options for Council’s consideration:

• Option 1 increase the program budget using Fund Balance to award all projects at the full amount requested
  o Total request is approximately $306,000
    ▪ $80,000 beyond anticipated two-year budget
  o Would require a budget amendment and a hold on new applications until July 2021
• Option 2a reduce the award for all projects by the same rate to stay within the current and next year’s budget
  o All projects funded at 76% of original request
    ▪ May require a budget amendment and a hold on new applications until July 2021
Option 2b reduce award for all projects by the same rate to stay within current budget
  Projects funded at 49% of original request
    Would not require a budget amendment and applications could be accepted next year
Option 3 Council uses its judgement to select and fund the most viable or compatible projects

Ms. Jacobson provided an overview of the options and their effect on the award amount:

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2a</th>
<th>Option 2b</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salty Caper</td>
<td>$75,000</td>
<td>$61,835</td>
<td>$49,488</td>
<td>Council Discretion</td>
</tr>
<tr>
<td>Meroney Theater</td>
<td>$43,818</td>
<td>$32,281</td>
<td>$21,461</td>
<td>Council Discretion</td>
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<tr>
<td>Lofts on Innes</td>
<td>$106,774</td>
<td>$83,748</td>
<td>$62,154</td>
<td>Council Discretion</td>
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<tr>
<td>Heart of Salisbury</td>
<td>$50,000</td>
<td>$36,835</td>
<td>$24,488</td>
<td>Council Discretion</td>
</tr>
<tr>
<td>Firehouse Lofts</td>
<td>$100,000</td>
<td>$80,253</td>
<td>$61,732</td>
<td>Council Discretion</td>
</tr>
<tr>
<td>Total General Fund Request</td>
<td>$306,269</td>
<td>$225,636</td>
<td>$150,000</td>
<td></td>
</tr>
</tbody>
</table>

Ms. Jacobson explained individual presentations for the Downtown Revitalization Incentive Grant requests will follow. She added budget amendments will be brought to Council at its September 3, 2019 meeting to support projects that are approved for funding. She noted staff will then prepare contracts with the grant recipients. She added staff will create a committee to review the program guidelines.

Mayor Pro Tem Post asked how the return on investment was calculated. Ms. Jacobson explained it is the amount generated in private investment for every dollar the City invests. She referenced the Heart of Salisbury Yoga Studio, and she pointed out every dollar the City invests in the award would generate $7.60 in private investment. Mr. Harris explained the amount is based on the total capital investment.

Mr. Post questioned if Council is allowed to spend next year’s money. City Manager Lane Bailey explained it would be similar to multi-year grants that are given to businesses and would need to be pre-audited.

Mr. Post stated Bankett Station was approved for a Downtown Revitalization Incentive Grant of approximately $75,000 during last year’s budget, but it consumes 50% of the current fiscal year’s budget. He questioned if the funding was included in the budget for fiscal year 2018-2019. Finance Director Shannon Moore explained the funds were re-budgeted into the current fiscal year’s budget and if the project is not completed it will be re-budgeted in fiscal year 2020-2021.

Mr. Post asked if Council approved spending funds from fiscal year 2020-2021 when it approved the Bankett Station project. Councilmember Sheffield stated Council needs to solve the short-term problem and then consider how to earmark funds going forward.
Ms. Moore noted the program has been in place for four fiscal years and $150,000 has been allocated annually in the General Fund for a total of $600,000. She added the City has spent $615,000, slightly over the $600,000 earmarked during the first four years of the program. Councilmember Alexander asked if the extra $15,000 was taken out of the General Fund. Ms. Moore noted the funds were taken out of other savings and special projects in the Planning Department.

Mayor Heggins pointed out major factors and expenditures such as Fibrant and the Empire Hotel have impacted the City’s budget and it probably made sense for unused money to be placed back in the General Fund.

Mr. Post indicated the grants have been awarded on a first come first served basis. He added there is a fourth option to award the money until it is expended.

Mr. Post stated there should be an announced procedure to make everyone aware of the details of the program. He questioned if Council should allocate the requested funding and deal with the problem later which would mean no grants would be awarded for two years.

Mayor Heggins indicated there are no clear application deadlines. Mr. Harris agreed, and he explained each application has to meet minimum eligibility standards and then the applications are reviewed on a first come first served basis. He added staff has previously received two applications per year and it has been easy to manage. He pointed out moving forward changes will need to be considered as the downtown continues to grow.

Ms. Sheffield noted the program has been in place for four years and as the program progresses changes are needed to improve the process.

Mayor Heggins referenced Option 2b, and she noted Ms. Jacobson indicated Option 2b would have issues regarding viability. Ms. Jacobson explained based on the original request the cut to the incentive award could be so great it may not be financially viable to complete the project.

Mayor Heggins asked if the applicants are including the total needed to finish the project when the applications are submitted. Mr. Harris stated the application includes how much is being requested for each of the four sub-grants and the overall project costs. Mayor Heggins indicated the application needs to include how much funding is needed to complete the project.

Mr. Post requested clarification regarding the total capital investment. Mr. Harris explained the total capital investment is the total amount of the building up-fit including new business assets that are included in the project. He added it encompasses the entire cost of the project from start to finish and is separate from the incentive request. Mr. Post indicated the total capital investment is the amount the applicant anticipates spending to complete the project, even if the funds are not eligible for a sub-grant. Mr. Harris agreed.
Mayor Heggins questioned what happens to the difference if a project requests a $75,000 grant and the actual grant is $55,000. Mr. Harris explained the amount an applicant is able to request is based on a percentage of the total capital investment. He stated applicants have to meet a minimum cost threshold to request grant funding and then the applicant can only request a certain percentage of the total project costs. He noted if the total cost of the project is less than anticipated the amount of the grant is reduced proportionally. Ms. Alexander pointed out applicants can only receive reimbursement when a Certificate of Occupancy has been issued. Mr. Harris agreed, and he added the project close out involves a site inspection and a review of documentation regarding all paid invoices by the Finance and Planning Departments before the payment is issued.

Ms. Alexander referred to the 10-year City tax revenue and the 10-year Municipal Service District (MSD) tax revenue, and she asked if the amount listed is based on each project. Mr. Harris agreed, and he explained the overall City tax revenue and MSD tax revenue for 10-years is included for each project.

Mayor Heggins asked if the applicants own the building. Mr. Harris explained the applicant must own the building or submit documentation proving they are in the process of purchasing the building.

Mr. Post asked if the five projects will be completed in the current fiscal year. Mr. Harris explained each project has to be completed within two years, but according to the current guidelines adopted by Council the applicants are eligible to request an extension. Mr. Post noted the projects may not be completed in the current fiscal year. Ms. Moore stated staff would do a budget amendment once Council makes a decision to appropriate and earmark the funds. She added staff will pre-audit and sign the contracts on behalf of the City to anticipate spending the money this year. She pointed out if the money is not spent this year it would be carried over into next year’s budget. Mr. Post noted this is a different procedure than was done in the past. Ms. Moore and Ms. Alexander agreed.

**DOWNTOWN REVITALIZATION INCENTIVE GRANT – 115-117 SOUTH LEE STREET**

City Planner Kyle Harris stated the first request before Council is a restaurant expansion and renovation project for the Salty Caper located at 115-117 South Lee Street. He stated Moscardini Holdings LLC is requesting up to $75,000 in Downtown Revitalization Incentive Grants to assist with the renovation of the existing restaurant and an adjacent expansion area that is currently used as storage. He noted the project would involve the installation of a fire suppression system. He indicated the grant would assist with the major building up-fit and the purchase of equipment.

Mr. Harris stated the project would expand the capacity of the restaurant from 28 to 60 seats and increase the full time jobs from five to eight. He indicated the project would increase City tax revenue by a projected $20,778 and Municipal Service District (MSD) tax by approximately $5,131 over 10 years.
Mayor Heggins noted the applicant is requesting up to $75,000, and she asked which option it is from. Mr. Harris explained when he presents the application he is presenting the maximum eligible award. City Manager Lane Bailey clarified under the first option Council would approve a budget amendment to fully fund the request. Mayor Heggins noted Council has not discussed which option it will work with so it will have to amend the motion after it decides what options it will use. Mr. Harris explained whatever motion Council selects will use the figure Council determines to be the final award.

Mr. Harris explained the total capital investment is $291,540 and the applicant is seeking assistance of up to $75,000:

- Building Rehabilitation Incentive Grant up to $50,000
- Fire Suppression Incentive Grant up to $25,000

Mr. Harris noted the building was constructed in 2006-2007 and is located near the gateway entrance to downtown. He reviewed schematics of the expansion and photographs of the existing building.

Mr. Gianni Moscardini stated he is the applicant and seeking to expand the Salty Caper to create additional revenue. He estimated sales at Salty Caper will increase by approximately 50% creating additional tax revenue for the City. He added the City is on the verge of a growth explosion and now is the time to invest in downtown. He thanked Council for offering the Downtown Revitalization Incentive Grants. He estimated the project will cost $300,000, and he pointed out the restaurant will be closed for one month. He pointed out the project is being financed and incentives from the City will be an asset to the project.

Mayor Pro Tem Post thanked Mr. Moscardini for all he was done for downtown and the City with the Salty Caper, La Cava and New Serum Brewery. Mr. Moscardini stated his family believes in the City. Councilmember Alexander noted Mr. Moscardini is a good example of how the incentives bring business downtown. She pointed out fire suppression is critical in close quarters such as a downtown because a fire can spread quickly.

Mr. Moscardini noted the Salty Caper will expand to a vacant unit. He pointed out his family owns the building and it is the right time for the expansion.

(b) Mayor Heggins convened a public hearing, after due notice thereof, to receive comments regarding the Downtown Revitalization Incentive Grant request for Salty Caper Pizza located at 115-117 South Lee Street.

Mr. Michael Kirksey asked how long Salty Caper has been in business and about the cost of the pizza. He commented he does not think everyone can afford to dine at Salty Caper.

Mr. Todd Littleton, 113 East Fisher Street, stated he is a downtown business owner and his business neighbors Salty Caper. He pointed out Salty Caper has proven its staying power and it needs to grow along with the City. He requested Council support the project and keep a great pizza place downtown.
Ms. Wivianny DeHass, Heart of Salisbury Yoga, Wellness and Arts, stated she rents space at 204 East Fisher Street. She pointed out Salty Caper is a great addition to downtown. She added when people dine downtown it generates additional tax revenue for the City.

Ms. Jackie Miller noted the City needs more upscale pizza restaurants, and she supports the proposal. She added she prefers higher quality restaurants and the Salty Carper is a great business model for pizza.

Mr. Todd Rosser noted he visited Salty Caper several times and often the restaurant is so busy there is no place to sit. He added the Salty Caper is where people go to congregate and the proposed expansion is welcome in the community.

There being no one else to address Council, Mayor Heggins closed the public hearing.

**DOWNTOWN REVITALIZATION INCENTIVE GRANT – 213 SOUTH MAIN STREET**

City Planner Kyle Harris stated the next project for Council’s consideration is an HVAC systems modernization project at the Meroney Theater located at 213 South Main Street. He noted Piedmont Players Theater is requesting up to $43,818.75 to assist with the replacement of two HVAC units and the modernization of HVAC ductwork for enhanced climate control for patrons.

Mr. Harris noted the project would increase City tax revenue by a projected $12,491.85 and Municipal Service District (MSD) tax revenue by a projected $3,084.84 over 10 years. He stated the total capital investment is $175,275 and the applicant is requesting assistance through the Building Rehabilitation Incentive Grant.

Mr. Harris displayed a map of the area, and he pointed out the Maroney Theater. He added the building was constructed between 1891 and 1910 and it is a contributing structure to the downtown local historic district. He reviewed the submitted itemized cost estimates covering the scope of the project.

Mayor Pro Tem Post stated he had a question on behalf of absent Councilmember Brian Miller. He noted the Meroney Theater is an important downtown asset, but he questioned if HVAC modernization qualifies for reimbursement under the program. Mr. Harris stated the HVAC system modernization qualifies for the Building Rehabilitation Incentive Grant and climate control is considered an eligible costs. Councilmember Alexander pointed out the Meroney Theater brings hundreds of people downtown annually and the building could not be used without an HVAC system.

Mr. Reid Leonard, Resident Director Piedmont Players, explained the heating and air were installed in 1995 and have served well past the projected life of the product. He described the unique aspects of heating and cooling the theater space. He added the plan is to replace the two main HVAC units to the theater and one unit to the backstage shop and to rebuild the duct system to enhance the audience’s comfort during a performance.
Mayor Pro Tem Post thanked Mr. Leonard for all he does for downtown.

(b) Mayor Heggins convened a public hearing, after due notice thereof, to receive comments regarding the Building Rehabilitation Incentive Grant request for Meroney Theater located at 213 South Main Street.

Ms. M.T. Sidoli stated she supports the Meroney Theater’s request, and she noted the theater is a great presence in the City.

Ms. Jackie Miller indicated she supports the Building Rehabilitation Incentive Grant request for the Meroney Theater.

Ms. Sue McHugh commented she also supports the grant request to ensure the HVAC systems operate more efficiently.

Mr. Gianni Moscardini noted he is a Downtown Salisbury, Inc. (DSI) board member and he supports downtown businesses.

There being no one else to address Council, Mayor Heggins closed the public hearing.

**DOWNTOWN REVITALIZATION INCENTIVE GRANT – 112-114 EAST INNES STREET**

City Planner Kyle Harris addressed Council regarding the Lofts on Innes located at 112-114 East Innes Street. He stated the applicant Joshua Barnhardt is requesting up to $106,774 through the Downtown Incentives Program to assist with a historic rehabilitation and residential production project that will include three apartments and the relocated Barnhardt Jewelers.

Mr. Harris explained the incentive grant request would assist with the production of three new apartments, 2,601 square feet, and the renovations to a street-fronting commercial space, 1,542 square feet. He added the grant would also assist with the installation of water and sewer services that support the new residences and the installation of a fire sprinkler system. He indicated the project would increase City tax revenue by a projected $43,025.70 and Municipal Service District (MSD) tax revenue by a projected $10,625.10 over 10 years. He noted the total capital investment is $603,700 and the applicant is assistance of up to $106,774:

- Building Rehabilitation Incentive Grant up to $50,000
- Residential Projection Incentive Grant up to $22,500
- Residential Utilities Incentive Grant up to $14,950
- Fire Suppression Incentive Grant up to $19,324

Mr. Harris noted the building is a contributing historic structure in the downtown local historic district that was built in the 1880s. He stated there will be three new apartments and the store front commercial space will be rehabilitated. He indicated the second floor is currently used
as storage and the downstairs rear area is used as office space. He pointed out both areas will be converted into residential units.

Mr. Harris indicated Barnhardt Jewelers, a minority and woman-owned business, will relocate from Spencer to the renovated commercial space, bringing at least six employees. He stated the project will be a complete renovation of the building, including major structural repair, façade restoration, mold and asbestos remediation, and HVAC, plumbing, and electrical systems repairs and improvements. He noted the project will also involve the upgrade of all water and sewer services and capacity to support four new residential bathrooms. He added the applicant will also seek Historic Tax Credits, and will retain all original historic elements of the property including the pressed-tin ceilings, original brick, tall ceilings, and wood flooring.

Mr. Harris displayed an aerial photograph, and he pointed out the location of the property and its proximity to the downtown gateway entrance. He displayed photographs of the building and artists renderings of the proposed building improvements. He noted itemized cost estimates were submitted as required for the application.

Ms. Debbie Barnhardt Basinger and her son Josh Barnhardt addressed Council regarding the Lofts on Innes. Ms. Basinger noted Barnhardt Jewelers will celebrate 30 years of operation in Spencer in September. She added the time is right to move the business and bring its large customer base to the City.

Mr. Barnhardt thanked Council for its incentive grant program, and he noted the grants are key to restoration projects. He thanked Ms. Jacobson and Mr. Kyle for their assistance throughout the process. He noted the restoration of a historic property is expensive and not for the faint of heart. He indicated the incentive grants combined with the historic tax credits will make the project feasible. He stated the timeline for the project is fixed because the owner of the jewelry store located in the space is ready to retire. He added the project is 4,600 square feet and will include three apartments and one retail space. He described why he felt their project stands out from the other projects. He added the Empire Hotel Project is extremely important, and he pointed out applicants are here today because the Empire Hotel Project is on the cusp of happening. He thanked Council for its consideration of the project.

(b) Mayor Heggins convened a public hearing, after due notice thereof, to receive comments regarding incentive grant request for the Lofts on Innes located at 112-144 East Innes Street.

There being no one to address Council, Mayor Heggins closed the public hearing.

**DOWNTOWN REVITALIZATION INCENTIVE GRANT – 120 A EAST INNES STREET**

City Planner Kyle Harris address Council regarding a Downtown Revitalization Incentive Grant request for Heart of Salisbury Yoga, Wellness and Arts. He noted Heart of Salisbury Yoga, Wellness and Arts is requesting up to $50,000 through the Downtown Incentives Program to assist with a building up-fit project located at 120A East Innes Street. He pointed out the submitted scope of work includes a demonstration kitchen, two yoga studios, retail space, three massage
therapy rooms, two counseling rooms, a play therapy room, office space and three restrooms. He stated the project includes new HVAC, plumbing, electrical systems and exterior improvements including canopies, lighting, windows, door openings, and metal stairs.

Mr. Harris noted the space is 4,673 square feet and includes 3,206 square feet of office interior space, 1,182 square feet of yoga studio interior space and 285 square feet of retail interior space. He indicated the project would increase City tax revenue by a projected $27,082.56 and Municipal Service District (MSD) tax revenue by a projected $6,687.99 over 10 years.

Mr. Harris pointed out the total capital investment is $380,000 and the applicant is requesting a Building Rehabilitation Incentive Grant for up to $50,000. He noted the historic building was constructed in 1922 with additions to the property taking place in various years.

Mr. Harris displayed an aerial photograph of the area, and he pointed out the location of Heart of Salisbury Yoga, Wellness and Arts. He indicated the applicant submitted cost estimates and schematics of the project. He displayed photographs, and he pointed out the current conditions of the building.

Ms. Wivianny DeHaas noted the project will require a fire suppression system to upgrade the sprinkler and fire alarm system. She added she is pursuing historic tax credits for the project. She pointed out the cost estimates are higher than noted in the application. She stated the building will be American with Disabilities Act (ADA) compliant. She added Heart of Salisbury Yoga, Wellness and Arts will partner with organizations in the community. She noted the return on investment is $7 for every dollar the City invest in the grant.

Councilmember Sheffield clarified the renovations are for the first floor. Ms. DeHaas agreed, and she noted the space is over 46,000 square feet. She pointed out to purchase the second floor would require an elevator for ADA compliance.

Ms. Sheffield noted the applicant is not requesting a Fire Suppression Incentive Grant. Ms. DeHaas explained she did not have a fire suppression system estimate when the grant application was submitted. She explained the space will be subdivided and a fire suppression system will be mandatory. She pointed out the building was previously used as storage and artist working space.

Mayor Pro Tem Post noted East Square is no longer upstairs. Ms. DeHaas explained it was downstairs and subdivided with cloth. She added she is continuing to work with the artists and it will exist within the building. She stated the project must be completed by December 1, 2019.

(b) Mayor Heggins convened a public hearing, after due notice thereof, to receive comments regarding a Downtown Revitalization Incentive Grant request for Heart of Salisbury Yoga, Wellness and Arts located at 120A East Innes Street.

Ms. Diane Young pointed out the project will maximize the ground floor of the building and leave the residential units upstairs. She added she supports the City’s Downtown Revitalization Incentive Grant Program.
There being no one to address Council, Mayor Heggins closed the public hearing.

**DOWNTOWN REVITALIZATION INCENTIVE GRANT – 117 SOUTH LEE STREET**

City Planner Kyle Harris noted the final project before Council is a historic rehabilitation and residential production project known as the Firehouse Lofts located at 117 South Lee Street. He stated the applicant Todd Littleton is requesting up to $100,000 through the Downtown Revitalization Incentive Grant Program to assist with the production of two new apartments and the renovation of street-front commercial space.

Mr. Harris explained the project includes a two bedroom, two bath apartment unit and a one bedroom one and one-half bathroom apartment unit totaling 3,500 square feet of living space. He noted the project will improve the building’s electrical systems, plumbing, building shell, and water/sewer services, and include a fire suppression system. He pointed out the project would increase City tax revenue by a projected $37,233 and Municipal Service District (MSD) tax revenue by a projected $9,194.63 over 10 years.

Mr. Harris stated the total capital investment is $522,422 and the applicant is requesting:

- Building Rehabilitation Incentive Grant up to $50,000
- Residential Projection Incentive Grant up to $15,000
- Residential Utilities Incentive Grant up to $10,000
- Fire Suppression Incentive Grant up to $25,000

Mr. Harris displayed a map of the area, and he pointed out the project is located next to the Salty Caper. He stated the structure was built in 1897 and is a significant and contributing building in the downtown local historic district that served as a municipal building and fire house in the City.

Mr. Harris explained the two apartment units will include exposed brick and or finished drywall with crown and door moldings, hardwood flooring, tile bathrooms and showers, granite countertops, stainless steel appliances, and four dedicated parking spaces. He stated the project will also include improvements to the building’s electrical systems, plumbing, building shell, structural improvements, water sewer services, and a fire suppression system. He noted exterior renovations include repair and reinforcement of the historic cupola, repairs to exterior materials and elements, window replacement, roofing repairs and new installation, and courtyard enhancements.

Mr. Harris noted the applicant submitted all of the required documentation. He displayed a schematic of the project, and he pointed out the first floor commercial space is intended for a restaurant. He then displayed a schematic of the residential units and photographs of the property. He pointed out the project includes major reinforcement of the roofing system.

Mr. Todd Littleton noted many people want to invest in downtown. He stated the project will bring residential units downtown and include a restaurant that is projected to add 15-full time
jobs and 15 to 20 part-time jobs. He pointed out the residential portion of the project is more expensive than the numbers submitted, and it would not be feasible to include residential units in the project if the grants were not available. He indicated approximately $30,000 of the requested grants will go toward the residential portion of the project which has a significantly lower return on investment than venue space. He added the grants will make a difference for all of the projects before Council.

Councilmember Sheffield asked about the four parking spaces. Mr. Littleton noted there are seven parking spaces directly behind the building. Mayor Pro Tem Post pointed out Mr. Littleton did an incredible job on City Tavern.

(b) Mayor Heggins convened a public hearing, after due notice thereof, to receive comments regarding the Downtown Revitalization Incentive Grant request for the Fire House Lofts located at 117 South Lee Street.

Ms. M.T. Sidoli indicated the projects brought before Council have merit. She stated she is concerned about affordable housing in the City.

Ms. Mary James stated she support all of the projects brought before Council. She asked if the applicants are required to submit several bids and if the financial need of the building owner is considered.

Mr. Harris explained applicants are required to submit cost estimates prepared by a design professional. He added bidding is not required, and he noted need is not considered in the program. He stated the application process will be reviewed in the future.

Mr. Gianni Moscardini stated the Firehouse Building needs to be rehabilitated and he supports the grant request.

Mr. Michael Young noted he and his wife were beneficiaries of the Downtown Revitalization Incentive Grant program. He added his project would not have happened without the grant program, and he hopes all of the projects can be funded. He requested Council consider merits of the projects that create residential units, and he pointed out residential projects are expensive to complete.

There being no one to address Council, Mayor Heggins closed the public hearing.

**DOWNTOWN REVITALIZATION INCENTIVE GRANT DISCUSSION**

Mayor Heggins asked about the estimated cost per square foot for apartments in the downtown. Downtown Salisbury, Inc. Director Larissa Harper commented rates vary from $1.20 to $2.00 per square foot per month and include several variables such as amenities, parking and fixtures. Mayor Heggins asked about the average rent cost for apartments in the City. Ms. Harper noted she will get the information from local realtors.
City Manager Lane Bailey commented the vacancy rate for apartments in the downtown is low, and he stated apartments fill up quickly. Mayor Heggins asked about the rate for apartment rentals in the Plaza. Mr. Bailey noted the Plaza rates are too low. City Engineer Wendy Brindle commented the rental rates at the Plaza range between $600 and $900 per month. She pointed out the apartments have not been renovated, and the City is currently reviewing market rates.

Planning Director Hannah Jacobson noted the handout she provided Council regarding the Downtown Revitalization Incentive Grants includes an overview of the proposed options and motions for Council’s consideration.

Mayor Heggins commented it is a difficult decision, and she noted she has concerns about using the next fiscal year’s budget. Ms. Jacobson noted Options 1a and 2a spend two years of allocated funding. She added it is not uncommon for grant program funds to go into the next fiscal year’s budget because the applicants have two years to be complete their projects.

Mayor Pro Tem Post asked how much has been spent over the past four years for the Downtown Revitalization Inventive Grant Programs and what is available in the budget. Finance Director Shannon Moore noted seven projects have been completed and the City has spent $615,000 on grant allocation over the past four years. She pointed out the budget for the past four years was $600,000 and the $15,000 overage was paid with savings within other special projects in the Planning Department.

Mayor Pro Tem Post noted incentive grants enhance the quality of life in downtown by increasing the tax base and traffic downtown and gradually filling vacant buildings. He stated it is a difficult decision. He commented it would be troubling to spend tax payer money and not have program funds available for other applicants.

Mayor Heggins suggested Council consider holding a special work session. She added she would like to see what other cities are doing to offset pricing for downtown residential apartments. She noted it would be nice for downtown workers to be able to live and work downtown.

Councilmember Sheffield noted applicants are waiting for their projects to be approved and Council cannot keep delaying the progress. She added no matter how long it is discussed, it is a hard decision to make. She added she prefers Council make a decision tonight rather than making the applicants wait any longer.

Mayor Heggins pointed out there are budgetary issues that need to be considered. She added she does not support allocating next year’s budget and if she votes tonight she would vote for Option 2b.

Councilmember Alexander stated in the past the budget for the grants was examined over a two year period due to the time it takes for construction. She added using Option 2a 74% could be allocated for each project and there would be a savings of nearly $81,000. She indicated the savings is not a large amount compared to the City’s overall budget. She pointed out for an additional $80,000 all five projects could be awarded the requested funding and when completed
will increase the City’s sales tax revenue. She indicated the big picture of the overall budget should be considered, and she pointed out the five projects are investing $2 million in downtown.

Mr. Post asked how many residential units would be constructed. City Planner Kyle Harris indicated five residential units will be created.

Mayor Pro Tem Post asked if there is concern regarding using funds from the Fund Balance. Mr. Bailey noted the two year process is not concerning because it has been the City’s practice and funds are included in the Capital Improvement Plan (CIP). He added going into the Fund Balance would be a more aggressive approach, but it would be investing in economic development.

Mayor Heggins noted funds would be taken away from other potential projects if Council decides to authorize all five using Option 2a. Ms. Jacobson explained a hold would be placed on new applications if all five proposed projects are funded.

Councilmember Alexander pointed out the projects make a difference to the vitality of downtown, and she asked if Council could consider increasing the grant amount in next year’s budget. Mr. Bailey commented the new Council can make budgetary changes.

Mr. Bailey pointed out if all five projects are funded they will not be completed by June 30, 2019. He added he does not see a problem going into the next fiscal year because that is how previous grants were funded.

Mayor Pro Tem Post made a motion to award the entire $306,269 including the $80,633 out of Fund Balance for the five applicants seeking Downtown Revitalization Incentive Grants. Councilmember Alexander seconded the motion. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander and Sheffield voted AYE. (4-0)

**RECESS**

Councilmember Sheffield made a motion to take a short recess and all Councilmembers in attendance agreed unanimously to recess.

The meeting reconvened at 9:03 p.m.

**EMPIRE HOTEL REDEVELOPMENT PROJECT TERMS**

Downtown Salisbury, Inc. (DSI) Director Larissa Harper addressed Council regarding a request for modifications to the Empire Hotel Redevelopment Agreement that was presented to Council at its August 6, 2019 meeting. She reviewed the proposed modifications, and she indicated an additional report and public hearing will take place on September 17, 2019. She asked Council to consider a Resolution regarding modifications to the Empire Hotel Redevelopment Agreement.
Mayor Heggies reopened the public hearing regarding the Empire Hotel Redevelopment Agreement.

Black Point Investment Developer Britt Weaver noted his biggest constraint is time in meeting what the City wants. He added what Council agrees to will help him underwrite the loan and get the project underway.

Ms. Gianni Moscardini commented the project has been a struggle, but it is critical for the downtown area. He noted as a DSI board member numerous hours have been put into the project, and he asked Council for its consideration.

Ms. Diane Young noted the City is on the verge of great things happening with this project. She applauded the City for the innovative way the project has been put together. She indicated with the County's support it shows how much the community wants this project completed to boost economic vitality in downtown.

There being no one else to address Council, Mayor Heggies closed the public hearing.

Mayor Pro Tem Post noted during earlier discussion Council had questions and needed additional information. He requested Council defer the adoption of the proposed Resolution until closed session is reconvened on August 27, 2019 at 11:00 a.m.

Mayor Pro Tem Post made a motion to defer the Resolution regarding the terms of the Empire Hotel Redevelopment Project until meetings have been completed with Council. Mayor Heggies, Mayor Pro Tem Post, and Councilmembers Alexander and Sheffield voted AYE. (4-0)

CYCLING NETWORK COMMITTEE

Mayor Heggies stated during public comment Council heard from community members who would like to establish a committee regarding cycling in the City. She pointed out there are many cyclists in the community and conversations have taken place between the Parks and Recreation Department and the Pedal Factory.

Parks and Recreation Director Nick Aceves indicated staff contacted the Pedal Factory regarding possibly modifying another committee that could take on cycling. He pointed out an Ordinance would have to be modified. He noted combining the Cycling Network Committee with the Greenway Committee has been discussed since the committees have a lot in common and could support shared projects. He commented Council could provide resources through the one committee.

Councilmember Alexander asked if the name of the Greenway Committee would be changed. Mr. Aceves indicated the name would be changed to include both committees.

Mayor Heggies requested someone from the Pedal Factory speak regarding the proposed change.
Ms. Mary Rosser indicated she spoke with Mr. Aceves and they are working on the same things, but in different areas. She added the change would bring efforts together to maximize available resources. Mr. Aceves noted Parks and Recreation has worked with the Pedal Factory and they are involved in mutual events.

Mayor Heggins recommended Mr. Aceves bring a change in the Ordinance to Council for its consideration.

Councilmember Alexander commented she agrees with the idea. She noted the speaker at a Healthy Rowan event suggested using the implementation of the Bike Plan as a way to apply for grant funding.

Mayor Heggins indicated she looks forward to getting the committee started.

Mayor Pro Tem Post suggested someone from the Engineering Department serve on the committee to assist in mapping. Mr. Aceves noted he had discussions with City Engineer Wendy Brindle and Planning Director Hannah Jacobson regarding the committee.

Councilmember Sheffield stated she supports the collaboration, and she encouraged members of the Pedal Factory to serve on the Steering Committee and to participate with the Comprehensive Plan.

Ms. Rosser invited Council to the Pedal Factory shop for a team building exercise to renovate bicycles.

**SEPARATE MAYORAL ELECTION**

Mayor Pro Tem Post commented he received emails and phone calls regarding the proposed separate mayoral election and although people have different thoughts, all agreed it should be voted on by referendum. City Attorney Graham Corriher clarified the Ordinance would change the City Charter and the Resolution would place the separate mayoral race on the ballot.

Mayor Heggins asked if there would be an additional cost to have the item included on the March ballot. Mr. Corriher indicated he was unsure of the cost. Mr. Post commented the issue for the separate mayoral election being placed on the March ballot would be that it would not be on all ballots. He questioned if it would be easier since it is a municipal issue to include it during a municipal election.

Councilmember Alexander indicated she does not see a reason to wait since Council is not making the decision, but is allowing the public to make the choice about the separate mayoral election. She commented by allowing the public to vote, Council will be doing something that no other Council has been able to do. She asked if other issues can be addressed later if the vote is in favor of a separate mayoral issue. Mr. Corriher indicated it would depend on the issues, and he added Council can adopt an Ordinance to change the City Charter. He noted the change would be for the 2021 election.
Mayor Heggins indicated she has received emails and calls regarding the separate mayoral election. She questioned if there would be a higher turnout in November or March in order to have the most people participate in the process. She pointed out either way, the public would be deciding whether there will be a separate mayoral election.

Mr. Post indicated March would not be a republican choice as the President will run unopposed. Ms. Alexander noted a municipal race would provide a broader viewpoint than that of a few people who attended committee meetings.

Thereupon, Mayor Pro Tem Post made a motion to adopt an Ordinance to create a separate election for the office of mayor of the City of Salisbury by amending the City Charter and the Rules of Procedure for the Salisbury City Council. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander and Sheffield voted AYE. (4-0)

ORDINANCE TO CREATE A SEPARATE ELECTION FOR THE OFFICE OF MAYOR OF THE CITY OF SALISBURY BY AMENDING THE CITY CHARTER AND THE RULES OF PROCEDURE FOR THE SALISBURY CITY COUNCIL.

Thereupon, Mayor Pro Tem Post made a motion to adopt a Resolution to call for a special election on November 5, 2019 for the purpose of submitting to a vote of the people an Ordinance adopted by the Salisbury City Council to create a separate mayoral election. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander and Sheffield voted AYE. (4-0)

RESOLUTION TO CALL A SPECIAL ELECTION FOR THE PURPOSE OF SUBMITTING TO A VOTE OF THE PEOPLE AN ORDINANCE ADOPTED BY THE SALISBURY CITY COUNCIL TO CREATE A SEPARATE MAYORAL ELECTION.

(The above Resolution is recorded in full in Resolution Book No. 16 at Page No. 22, and is known as Resolution 2019-16.)

(The above Ordinance is subject to a vote of the people and if approved will be recorded in the Ordinance Book at that time.)

**DOG PARK RENAMING**

Parks and Recreation Director Nick Aceves explained the Parks and Recreation Department received a request to rename the dog park at the Civic Center after Teresa Pitner to recognize her tireless efforts regarding the dog park. He asked Council to consider establishing a 30-day public input period regarding the proposal. He stated if approved staff will report back to Council regarding renaming the dog park the Pitner Dog Park.

Councilmember Sheffield thanked Mr. Aceves for taking the request to the Parks and Recreation Advisory Board. Mr. Aceves pointed out the Parks and Recreation Advisory Board passed the request unanimously. Ms. Sheffield indicated she supports the proposed name change.
Councilmember Alexander agreed with Ms. Sheffield, and she added Ms. Pitner has done so much to make the dog park happen.

Thereupon, Councilmember Sheffield made a motion to establish a thirty-day period for public input regarding a request to rename the dog park at the Civic Center the Pitner Dog Park. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander and Sheffield voted AYE. (4-0)

Mayor Pro Tem Post asked if a public hearing will take place. Mr. Aceves indicated Parks and Recreation could advertise that Council approved the 30-day public input period. Ms. Sheffield added it would not be a formal public hearing. City Manager Lane Bailey commented after the 30-day public input period, Mr. Aceves will report back to Council.

**COMPREHENSIVE PLAN UPDATE PROJECT**

City Planner Kyle Harris provided Council an update on the status of the Comprehensive Plan Update Project called Forward 2040 – Salisbury’s Framework for Growth. He commented the plan will reflect the vision and priorities of all members of the community and include an engagement strategy to reach the broadest possible audience.

Mr. Harris reviewed the process since March 2016 when Council adopted a Resolution of Intent to update the Comprehensive Plan and establish a Steering Committee. He indicated a pause in the project took place and it was not completed by the initial projected timeline. He added staff hopes to move forward with a public engagement process and have it adopted in early 2020.

Mr. Harris asked Council for permission to solicit up to five new appointments for the Comprehensive Plan Steering Committee. He noted staff will ask for an additional five appointments in December to increase the total membership to 20 members.

Councilmember Sheffield asked if she is considered a Steering Committee member since she serves on Council. Mr. Harris noted Ms. Sheffield was not included on the emails due to an oversight, but if appropriate she would be involved in the process. Councilmember Alexander commented councilmembers were not on the committee in the past so citizens could develop ideas and bring them to Council.

Ms. Sheffield asked what will happen with the results from the previous work conducted. Mr. Harris noted the committee will begin phase two with the data and framework from phase one.

Planning Director Hannah Jacobson pointed out an assessment was conducted with the committee to determine the areas where work should continue and be carried forward. She added Council will be updated throughout the process.
Mayor Pro Tem Post noted he wants to see the goals implemented once the process is complete. Mr. Harris indicated the objective is to have an implementation section and be specific on how the objective will be accomplished. He added there will be an update and review process annually or semiannually.

Mr. Post suggested the Comprehensive Plan and Steering Committee be included at the first retreat following the election. Councilmember Alexander asked for it to be integrated into the overall plan. Mr. Harris noted there will be a follow-up process once Forward 2040 is adopted.

BOARDS AND COMMISSIONS

Housing Advocacy Commission

Upon a motion by Councilmember Sheffield, Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander and Miller voting AYE, the following appointment was made to the Housing Advocacy Commission to fill an unexpired term:

Ms. Jamella Martin Term Expires 03/31/2021

CITY ATTORNEY’S REPORT

City Attorney Graham Corriher stated Council approved a budget amendment at the beginning of the meeting regarding Federal lobbyist Leslie Mozingo. He added he and Administrative Services Director Kelly Baker will work with Ms. Mozingo throughout the process as she develops the federal agenda.

Mr. Corriher commented he attended a Centralina Council of Governments (CCOG) meeting where Councilmember Alexander provided an update regarding the City. He added Representative Ted Budd was in attendance. He stated he attended another CCOG meeting where legislative staff was present, and he developed contacts to share the federal agenda with once it is developed.

Mayor Heggins asked what was discussed with Representative Budd. Mr. Corriher noted the Empire Hotel was discussed. Councilmember Alexander added topics on infrastructure, City Park, transportation, and how Salisbury might have opportunities to partner with other communities were also discussed.

Mr. Corriher noted he will hold a quasi-judicial training with the Historic Preservation Commission (HPC), and he added he previously held training sessions with the Planning Board. He noted he monitors quasi-judicial objectives and will keep Council informed.

Mr. Corriher announced the right-of-way acquisition on Newsome Road is complete.
CITY MANAGER’S REPORT

(a) Change to Order – Atlantic Coast Contractors, Inc.

City Manager Lane Bailey pointed out the proposed change order will reduce the amount of iodide, and he indicated it is included in budget.

Thereupon, Mayor Pro Tem Post made a motion to authorize the City Manager to execute a change order with Atlantic Coast Contractors Inc. in the amount of $600,000 for the construction related to the third phase of the Sanitary Sewer Rehabilitation project. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander and Sheffield voted AYE. (4-0)

(b) Agreement – McKim & Creed

City Manager Lane Bailey noted the St. Luke’s Lift Station is located near East Rowan High School on Highway 52. He added the services will reduce the amount of force main sewer the City has and will extend gravity sewer at this location. He added gravity sewer is easier to maintain with less issues. He commented this item has been budgeted.

Thereupon, Councilmember Alexander made a motion to authorize the City Manager to execute an agreement with McKim and Creed in the amount of $157,366 for engineering services associated with the St. Luke’s Lift Station Rehabilitation project. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander, and Sheffield voted AYE. (4-0)

ANNOUNCEMENTS

(a) College Night Out

Communications Director Linda McElroy announced Downtown Salisbury, Inc., in partnership with Hood Theological Seminary, Livingstone College, Rowan-Cabarrus Community College, Catawba College, and Rowan-Salisbury School System staff will host College Night Out on Thursday, August 22, 2019 from 6:00 p.m. until 9:00 p.m. There will be live music, a DJ, vendors, free shuttles, games, giveaways and more. Join us on West Fisher Street and throughout downtown for a night of fun.

(b) Doggie Dip Swim Party

Communications Director Linda McElroy announced the Salisbury Parks and Recreation Department will host the Doggie Dip Swim Party on Saturday, September 7, 2019 at 1:00 p.m. at the Fred M. Evans Pool. This event is for well-mannered dogs and theirs owners to enjoy sun and fun in the water. All proceeds for this event will benefit the DogPAWS continuing fundraiser efforts for amenities in the DogPAWS dog park. Swim times vary by dog size. For more information and a complete list of rules, please call (704) 216-PLAY.
COUNCIL COMMENTS

Council had no comments.

MAYOR PRO TEM COMMENTS

Mayor Pro Tem Post had no comments.

MAYOR'S COMMENTS

Mayor Heggins thanked Council for all it does for the City. She pointed out she attended the Census 2020 Conference in Atlanta, Georgia. She added she will speak with Council and City Manager Lane Bailey about moving forward and establishing the Complete Count Committee in the City. She noted the Census is vitally important and need to get accurate count.

ADJOURNMENT

Motion to adjourn the meeting was made by Mayor Pro Tem Post. All Council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 10:15 p.m.

Al Heggins, Mayor

Diane Gilmore, City Clerk