REGULAR MEETING

PRESENT: Mayor Pro Tem Post Presiding; Council Members Karen Alexander, William Brian Miller, and Tamara Sheffield; City Manager W. Lane Bailey; Deputy Clerk Emily Michael, and City Attorney J. Graham Corriher.

ABSENT: Mayor Al Heggins 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 6:00 p.m.

PLEDGE OF ALLEGIANCE

Mayor Pro Tem Post led those present in the Pledge of Allegiance to the United States flag.

ADOPTION OF THE AGENDA

Mayor Pro Tem Post announced a public hearing was published for Special Use Permit-02-2019, 111 West Bank Street. He noted the item was tabled at a Planning Board meeting and would be rescheduled at a later date.

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

(a) Minutes

Adopt Minutes of the Special meetings of January 31, 2019 and February 5, 2019.

(b) Ordinance Amendment – Schedules

Adopt an Ordinance amending Chapter 13, Article X, of the Code of the City of Salisbury to correct a discrepancy in the City Code.

ORDINANCE AMENDING CHAPTER 13, ARTICLE X, OF THE CODE OF THE CITY OF SALISBURY, RELATING TO SCHEDULES.

(The above Ordinance is recorded in full in Ordinance Book No. 28 at Page No. 11, and is known as Ordinance 2019-10.)

(c) Budget Amendment – Brownfields Assessment Grant

Adopt an Ordinance amending the FY 2018-2019 Budget to appropriate a $300,000 Brownfields Assessment Grant.

ORDINANCE AMENDING THE 2018-2019 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE BROWNFIELDS GRANT.

(The above Ordinance is recorded in full in Ordinance Book No. 28 at Page No. 12, and is known as Ordinance 2019-11.)

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

PUBLIC COMMENT

Mayor Pro Tem Post opened the floor to receive public comments.

Mr. Alvin Merritt stated he is a member of Solid Rock Church of God, and he shared the church hosts an annual health fair in partnership with Novant Health. He invited the community to attend the event that will take place at Rowan Helping Ministries on August 10, 2019 at 9:00 a.m.

Mayor Pro Tem Post suggested Mr. Merritt return to Council in July to remind the public of the health fair.
Ms. Dillard shared she is a student at Livingstone College, and she thanked Council for holding a public comment period.

Ms. Latayia Gladden indicated she is a student at Livingstone College, and she shared her concerns regarding campus safety and limited parking. She commented the College needs school supplies for its classrooms.

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

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME PROGRAM FUNDS**

Interim Community Planning Services Director Brian Hiatt explained it is time to develop a budget for Community Development Block Grant (CDBG) and HOME Program funds. He stated the FY2019-2020 estimated funding for CDBG is $271,203, HOME Program funds is $108,834, and Program funds is $30,000. He noted staff has not received actual funding amounts from the federal government but hopes to obtain the information within the coming month.

Mr. Hiatt explained the West End, Jersey City, East End, and Park Avenue communities are designated as revitalization areas. He reviewed the types of activities that are eligible for funding, and he pointed out owner-occupied housing rehabilitation has been a primary focus for several years. He commented sidewalks, public infrastructure, and public services are included in the eligibility.

Mr. Hiatt announced applications from public service agencies are due March 15, 2019 and forms are available at the West End Business and Community Center located at 1400 West Bank Street. He indicated public service agency funding is capped by the federal government.

Councilmember Alexander asked if the public hearing is to receive feedback regarding the development of the CDBG and HOME Program fund budget. Mr. Hiatt agreed and noted it is a way to make the public aware the application process has begun.

Councilmember Sheffield asked about the amount of the CDBG and Home Program funds received last year. Mr. Hiatt commented the City received $274,000 in CDBG funds and $152,000 in HOME Program funds.

Councilmember Alexander requested a breakdown of specific community organization services that are needed. Mr. Hiatt commented last year most of the services related to meeting needs for the homeless. He noted Rowan Helping Ministries, Rowan Crisis Council, Community Care Clinic, Salisbury Youth Employment, and the Gateway Freedom Center received funding last year.
Councilmember Sheffield asked about the projected $410,037 funding. Mr. Hiatt commented the estimates are conservative especially for the HOME Program, and he hopes to receive a larger allocation. He added $410,037 is the total estimated funds to be received.

Councilmember Alexander asked about the estimated $271,000 CDBG funding. Mr. Hiatt stated those funds are solely for Block Grant funding but can be used for more services than the HOME Program funds, which are strictly for rehabilitation and new housing. Councilmember Alexander asked for clarification regarding CDBG grant funds. Mr. Hiatt explained CDBG funds could also be used for infrastructure, home rehabilitation, or construction.

Mayor Pro Tem Post asked if the CDBG and HOME Program are federally funded. Mr. Hiatt agreed, and he pointed out staff does not know how the funds will be distributed because the City has not received notification from the federal government. He stated funding amounts have stabilized some but have shown a steady decrease over the past several years.

(b) Mayor Pro Tem Post convened a public hearing, after due notice thereof, to receive comments regarding CDBG and HOME Program funds.

Ms. Dee Dee Wright asked if citizens will have input regarding how CDBG and HOME funding is spent. Councilmember Alexander stated the federal government establishes the funding criteria. Ms. Wright asked if other improvement funds are available. She commented an informative session was given by the Community Action Agency, and she asked if HOME funds are different from the improvement funds mentioned by former Community Development Director Janet Gapen. Councilmember Alexander commented those funds are different.

Mr. Alvin Merritt shared he is interested in the HOME Program, and he asked if he would be eligible for HOME Program funds if he resides outside of the City limits.

Councilmember Alexander commented Mr. Merritt may be eligible for funds through the Salisbury Community Development Corporation (CDC), and she explained the funds have strict requirements that are set by the federal government.

Ms. Krista Woolley shared she represents the Community Health Care Clinic. She thanked Council for its support and partnerships. She commented 20-25% of Salisbury and Rowan County adults do not have access to health care and health insurance because 50% are working part-time, self-employed, or work for small companies. She commented the Community Care Clinic has 550 new patients, many of whom need expensive medication and have chronic diseases. She reviewed current partnerships with the community, and she noted the clinic has 129 volunteers who provided over 3,000 hours of service in 2018.

Ms. Renee Bradshaw, Executive Director of Family Crisis Council explained because of CDBG grant funds the Family Crisis Council shelter was able to open in 1990. She commented the funds partially pay for third shift positions who help answer crisis lines and assist law enforcement during emergencies. She stated the Crisis Council provides shelter to an average of 24 women and children and the average stay is between 60 and 90 days. She added last year staff answered 492 crisis calls and served 774 victims of domestic violence.
Ms. Sheri Smith, Director of Client Services at Rowan Helping Ministries requested $25,000 from CDBG funds to help pay a case manager’s salary. She commented the funding received last year helped fund the full-time case management staff. She noted Rowan Helping Ministries served over 825 men, women, and children and provided 28,396 nights of sheltered services. She thanked Council for the funding Rowan Helping Ministries received last year.

Mayor Pro Tem Post asked Mr. Hiatt to address questions regarding qualifications for the HOME Program.

Mr. Hiatt explained HOME Program qualifications are based on an applicant’s level of income. He stated local incomes levels were discussed at Council’s Planning Retreat and are considered lower levels of incomes when compared to the Charlotte area. He commented staff is exploring ways for the City to be included in the Metropolitan Statistical Area (MSA) to help raise Salisbury’s income level in hopes that more people can qualify for housing assistance. He commented the HOME Program is designated to help people with affordable, existing or construction of housing. He indicated funds can be used to assist with affordable multi-family housing provided through the private sector and for providing loans that must be allocated for housing. He pointed out CDBG funding may be used for housing, infrastructure, and some community service agencies.

There being no one else to address Council, Mayor Pro Tem Post closed the public hearing.

**SPECIAL USE PERMIT SUP-01-2019 – 116 WEST INNES STREET**

Mayor Pro Tem Post commented a Special Use Permit (SUP) 01-2019 has been proposed for the property located at 116 West Innes Street. He indicated SUPs are quasi-judicial proceedings that are similar to a court hearing. He commented Council follows quasi-judicial hearing procedures and Council acts as a decision-making body. He stated it is Council’s task to consider all of the evidence presented by the applicant and others, to ask questions about and deliberate on the evidence, to make findings of fact based on that evidence, and to apply those findings of fact to the City’s Ordinance.

**Ex Parte Disclosure**

Mayor Pro Tem Post noted as a matter of basic due process, every applicant is entitled to an impartial decision maker. He asked if any member of Council has a fixed opinion on this matter that is not susceptible to change. He then asked if any member of Council had any ex-parte communication about the subject matter of this request with the applicant. He also asked if any member of Council has a close familial, business or other associational relationship with the applicant. He then asked if any member of Council has a financial interest in the outcome of this matter.

Council unanimously agreed it had no partiality or knowledge of this case that it wished to disclose.
Swearing In

Mayor Pro Tem Post convened a public hearing, after due notice thereof, to receive testimony regarding SUP-01-2019.

Mayor Pro Tem Post indicated anyone who wished to speak for or against this item must be sworn in, and he asked those who would like to speak to come forward. Deputy Clerk Emily Michael administered the oath to the following:

Ms. Teresa Barringer
Ms. Shannon Bergland
Mr. Rodney Queen

Development Services Coordinator Teresa Barringer explained the case is for a Special Use Permit (SUP) for the property located at 116 West Innes Street to permit the sale of and on-site consumption of alcohol. She stated an SUP is required for businesses where alcoholic beverages would be sold for on-site consumption that are not included as a part of a larger restaurant. She indicated the business would be defined as a bar, tavern, and night club. She stated the property’s current zoning is Downtown Mixed-Use (DMX) with a Local Historic Overlay.

Ms. Barringer presented the standards for decision required for the SUP:

1. The use meets all required principles and specifications of the Ordinance and any adopted land use plans and is in harmony with the general purpose and intent and preserves its spirit; and
2. The proposal as submitted and approved will be visually and functionally compatible to the surrounding area; and
3. The public health, safety and welfare will be assured and the proposed development will not substantially injure the value of adjoining property and associated uses if located where proposed.

Ms. Barringer noted the proposal is classified as a bar, tavern, and night club and the DMX district states that no such facility can be located within 500 feet of any parcel containing a school. She stated she has confirmed the property meets this requirement.

Ms. Barringer displayed aerial and street view photographs of the property. She referenced the property’s existing condition, and she added the property owner has begun interior renovations for future tenants. She pointed out the proposed interior floor plan includes a small seating area, retail space, and a small bar area equipped with kegs of craft beer selections. She indicated the business will primarily be geared toward retail, and alcohol consumption would be considered its secondary use.

Ms. Barringer commented the applicant has an additional retail store in Asheboro, North Carolina that uses 50% of the stores’ space for the retail of craft and specialty beers.
Mayor Pro Tem Post asked how the proposed site would affect St. John’s preschool. Ms. Barringer commented the property is not within 500 feet of the preschool but is within 500 feet of St. John’s Lutheran Church. She referenced St. John’s as a preschool and daycare center. She explained according to the Land Development Ordinance (LDO) definition of a school it would need to be a state certified, secondary, or elementary school in order to meet the criteria of a school. She clarified the proposed property is not within 500 feet of the daycare center eliminating the concern. She pointed out St. John’s preschool center is a separate parcel from St. John’s Lutheran Church, and she added staff measures parcels by Ordinance standards.

Ms. Barringer introduced Ms. Shannon Bergland as the petitioner. Ms. Bergland indicated Salisbury is a great place for an additional store location. She noted Salisbury has a thriving beer community with two current brewers, and she would like for her store to be a part of the growing community. She stated Salisbury is a beautiful City, and she would like to increase its beer tourism. She commented North Carolina is eighth in the country for craft beer production.

Mayor Pro Tem Post asked where she produces her store’s beer. Ms. Bergland commented her company does not produce its own beer, and she buys from all around the United States. She added her company is strictly a craft beer retail and taste-test facility.

Mayor Pro Tem Post asked if the Asheboro store is her only location. Ms. Bergland agreed, and she shared the Asheboro store is her first store that opened about a year and a half ago. Mayor Pro Tem Post asked how large the Asheboro store is in comparison to the Salisbury location. Ms. Bergland commented the Asheboro store is much larger with an estimated 2,000 square feet and the Salisbury location would have approximately 660 square feet. She added the Asheboro location has a large area for live music and a large event room that can accommodate approximately 50 people.

Ms. Barringer indicated Council would receive additional testimony from the applicants expert witness Mr. Rodney Queen regarding property values. Mr. Queen stated he represents RE/MAX Leading Edge Realty, Jayne Helms branch located at 100 West Innes Street. He commented he is in support of the proposal. He stated he believes the store would be beneficial for the area, and he does not foresee any potential damage to the community or that the proposed store would create any problems for the church, school, and surrounding properties. He commented there are similar specialty beer retail stores located in Charlotte, and he believes it could be an asset to the community.

Mayor Pro Tem Post asked for Mr. Queens’s expert opinion regarding the potential impact on property values. Mr. Queen indicated there would be no impact on property values. He noted this store may improve property values in the area, but he does not see the store being a deterrent to real estate values.

Councilmember Miller commented he would accept Mr. Queens’s testimony as an expert witness.

Ms. Bergland stated the store would not be open late into the night. She noted the store would open mid-afternoon and close between 9:00 p.m. and 10:00 p.m. and by 11:00 p.m. on the
weekends. She noted the store would not be a late night bar and would focus more on the community of beer.

Ms. Sheffield thanked Ms. Bergland for her interest to bring her store to Salisbury. She asked for clarification regarding the stores closing times and if store hours would be geared toward retail hours. Ms. Bergland commented the store would be open later than a retail business, but the store would not have late night hours. She provided an example of situations when private events have delayed closing times until 1:00 a.m. She stated she is not in the bar business and her goal for the store is to be about 50% sampling of beers and 50% retail.

There being no one else present to give testimony, Mayor Pro Tem Post closed the public hearing.

Councilmember Miller asked Ms. Barringer what situation would allow the permit to be revoked if Council were to approve SUP-01-2019. Ms. Barringer explained if any specific conditions were added to the SUP based on the applicant’s testimony of store hours or if there were any violations of store hours, Council could rescind the permit. She stated the SUP would remain with the property, and the next business that obtains the property would be subject to any conditions placed on the SUP. Councilmember Miller clarified the SUP remains with the property and not the applicant. Ms. Barringer commented that is correct.

Councilmember Alexander asked if the proposed establishment would be subject to the Alcohol Law Enforcement (ALE) requirements. Ms. Barringer commented that is correct, and she added prior to an applicant receiving approval from the zoning office for its Alcohol Beverage Control (ABC) license it would need to go before Council and request a SUP. She indicated once the SUP is approved by Council then the ABC application would be submitted and signed by the zoning office. She added the proposal would then go before the ABC Board and be regulated by ALE inspections.

Mayor Pro Tem Post asked City Attorney Graham Corriher if there are any further conditions he could recommend for the proposed SUP. Mr. Corriher commented he does not have any recommendations.

Ms. Barringer commented if Council wanted to ensure the proposed establishment was more of a retail atmosphere versus a night club atmosphere the SUP could be held to the hours of operation as stated by the applicant. She noted all conditions would be applied to future applicants unless an applicant applied for a new SUP.

Mayor Pro Tem Post indicated, as testified, the establishment would be open until 10:00 p.m. or 11:00 p.m. on weekdays. Ms. Bergland requested a revision be made to the proposed closing times of 10:00 p.m. on weekdays and 11:00 p.m. on Fridays and Saturdays. She stated she would not have a lot of live music during her startup, and she clarified she considers live music as acoustic music.

Councilmember Sheffield stated she does not support restricting the SUP. She commented businesses are restricted enough as it is. She pointed out these types of establishments are
everywhere throughout the state, and the proposal does not have the intent of being a night club. She indicated if time restrictions are placed on the proposed SUP the establishment might be limited to sales and people who would like to purchase items before going home after leaving the theatre or community events would not be able to buy from the store.

Councilmember Alexander pointed out the proposed SUP indicates a weekday closing time of 10:00 p.m. She suggested including the maximum closing time of 11:00 p.m., and she noted these restrictions would remain with the property.

Councilmember Sheffield commented the SUP states the hours of operation are extended up to but not beyond midnight. Councilmember Alexander and Mayor Pro Tem Post pointed out the extended hours are indicated for special occasions. Councilmember Sheffield noted a special occasion would be difficult to define.

Ms. Barringer clarified because the hours of operation are included in Ms. Bergland’s proposal it would not limit any future bar, tavern, or night club to those same hours unless it is specified in the SUP as a condition. She commented Ms. Bergland’s proposal is primarily retail, beer tastings and on-site consumption, and those conditions would not be tied to future requests. She stated a future owner could potentially operate a full-scale bar, tavern, or night club with no limitations because of the proposed SUP approving on-site alcohol consumption.

Councilmember Alexander asked if another company could move in and stay open until 3:00 a.m. if Ms. Bergland outgrows the space and needs to relocate her establishment.

Ms. Bergland asked if SUPs have an expiration date. Councilmember Miller commented SUPs remain with the property in perpetuity.

Councilmember Alexander commented she supports adding hours of operation as a condition.

Mayor Pro Tem Post asked how late Go Burrito is open. Mr. Corriher commented Go Burrito is open until 2:00 a.m., and he added other facilities in the area are open later than Go Burrito. Councilmember Miller shared there are three or four establishments within a block or two that remain open late.

Mr. Corriher expressed his concerns of enforcing a condition for the SUP regarding hours of operation. He noted SUPs can be enforced but must go through the same process it takes to become established. He commented the SUP must comply with the property’s DMX zoning.

Councilmember Alexander asked if Mr. Corriher is recommending hours of operations not be a condition of the proposed SUP. Mr. Corriher stated he believes it may be difficult to enforce. He commented the ABC permit process considers the establishments’ location, hours of operation, and the City’s zoning decision, and he noted the ABC Board would not have to abide by Council’s recommendation.
Councilmember Alexander stated she believes there are some restrictions regarding locations where alcohol can be sold. She noted the property is located near the Plaza which has residential units, and she added if a heavy metal band was featured there could be complaints about noise levels. She noted there are certain restrictions on Council and Liberty Streets.

Councilmember Miller commented he supports this proposal and believes it would be a great addition to the community. He referenced SUP restrictions that were set by Council for Nashville Nights regarding hours of operation issues. He suggested moving forward with what has been proposed and the hours of operation that work for the business owner at this time, and he added an SUP can be presented to Council if changes need to be made. He asked if staff could provide Council with similar SUPs that were issued for comparison in the future.

Ms. Barringer referenced Nashville Nights and noted some SUPs have special conditions stating that the City would release information in the event of complaints. She commented that information would be shared with Code Enforcement and then presented to Council for its review and consideration to revoke the SUP. Councilmember Miller commented it would be helpful for Council to have information of similar conditions listed on previous SUPs for consistency purposes.

Mayor Pro Tem Post asked if there are any permits that follow the applicant versus the property because Nashville Nights has a different owner. Ms. Barringer commented new owners are required to apply for a new ABC permit and a new beer and wine license. She stated changes to zoning standards are required to apply for a ticket of registration to identify uses allowed by zoning and would be supported by an SUP. Mayor Pro Post asked if there was another method of permitting available that allows a permit to remain with applicants versus a permit remaining with a property. Ms. Barringer indicated the SUP process is the only option at this point.

Councilmember Sheffield suggested Ms. Bergland change the proposed operation hours. Ms. Bergland agreed to change the closing time to 10:00 p.m. for weekday operation. Ms. Bergland asked about a special event that might request to rent her establishment until midnight. Councilmember Alexander suggested a midnight closing time for flexibility.

Councilmember Miller stated, based on the evidence presented, Council finds the following:

1. The use meets all required principles and specifications of the Ordinance and any adopted plans and is in harmony with the general purpose and intent and preserves its spirit as evidenced by the following testimony:
   • The site characteristics currently fit within the surrounding area.
   • The main use of the business includes approximately 50% use being retail of bottled craft beer.
   • The planned additional use for a bar is compatible with the current business and surrounding businesses.
   • The use will allow for alcohol consumption inside the establishment and within a designated area approved by the ALE officer.
2. The proposal as submitted and approved will be visually and functionally compatible to the surrounding area as evidenced by the following testimony:
   - The use will be located within an existing commercial building that is visually and functionally compatible to the surrounding area.
   - Serving of alcoholic beverages will be conducted during the business hours only.
   - Alcohol consumption will be provided inside the establishment unless otherwise approved for a sidewalk dining permit identifying designated area.

3. The public health, safety and welfare will be assured and the proposed development will not substantially injure the value of adjoining property and associated uses if located where proposed as evidenced by the following testimony:
   - ABC laws and regulations have been studied and reviewed and will strictly be abided by.
   - The nature of the business proposed will be 50-60% retail sales of craft bottled beer with on-site consumption as the remainder of the business activity. The retail/bar use is compatible with the downtown uses.
   - The hours of operation will typically be Monday through Thursday 2:00 p.m. until 10:00 p.m. and Friday and Saturday 2:00 p.m. until midnight.
   - Proposed development will not sustainably injure the value of adjoining property by testimony of an expert.

4. The proposed establishment is not located within 500 feet of any lot containing a school, public or private.

Thereupon, Councilmember Alexander made a motion that the suggested findings support the general requirements as required by the Salisbury Land Development Ordinance. Mayor Pro Tem Post and Councilmembers Alexander, Miller, and Sheffield. (4-0)

Thereupon, Councilmember Miller made a motion to issue Special Use Permit SUP-01-2019 to permit a bar with alcohol sales and on-site consumption at 116 West Innes Street, Salisbury, North Carolina based on all general standards of the Salisbury Land Development Ordinance having been met with the following condition that the hours of operation not extend beyond 11:00 p.m. on weekdays and not extend beyond 12:00 midnight on Friday and Saturday.

Mr. Corriher asked about Sunday. Ms. Bergland commented she would consider Sunday as a weekday, and she noted, in the beginning, she would not be open on Sundays because of staffing. She added she does plan to be open Sundays with operation hours from 2:00 p.m. until 8:00 p.m.

Councilmember Miller asked if a second to the motion would be needed. Mr. Corriher stated seconds could help but are not required.

Thereupon, Councilmember Miller made a motion to issue Special Use Permit SUP-01-2019 to permit a bar with alcohol sales and on-site consumption at 116 West Innes Street, Salisbury, North Carolina based on all general standards of the Salisbury Land Development Ordinance having been met with the following condition that the hours of operation for weekdays
Sunday through Thursday no later than 11:00 p.m. and Friday and Saturday no later than midnight. Councilmember Alexander seconded the motion. Mayor Pro Tem Post and Councilmembers Alexander, Miller, and Sheffield. (4-0)

Councilmembers welcomed Ms. Bergland to Salisbury.

**RIGHT-OF-WAY USE PERMIT – 110 SOUTH MAIN STREET**

City Engineer Wendy Brindle presented Council a request to approve a right-of-way use permit for one parking space at the tree pit in front of 110 South Main Street. She indicated in January a permit was issued by staff for two months, as a courtesy. She commented staff has worked with the building owner, contractor, and adjoining businesses to modify the permit until this Council meeting.

Ms. Brindle explained the original request was for two parking spaces to be used by the contractor. She added there were complaints from businesses and after modifications the permit now allows for one parking space. She stated the only vehicles that can be parked in the space, in accordance with City Ordinance, are vehicles where the contractor must make frequent trips in and out of the building for materials that may be needed. She commented the City arranged for off-site parking for additional vehicles, and the modifications seem to be working for the business owners and the contractor. She stated the building owner indicated construction is expected to be complete by February 28, 2019. She added in order for the permit to be valid Council must approve the right-of-way use permit through the end of February 2019.

Thereupon, Councilmember Alexander made a motion to approve the right-of-way use permit for one parking space along 110 South Main Street through the end of February 2019. Councilmember Miller seconded the motion. Mayor Pro Tem Post and Councilmembers Alexander, Miller, and Sheffield voted AYE. (4-0)

Councilmember Sheffield thanked Ms. Brindle for finding a solution for the business owner and the contractor.

**REVISION TO THE PREVIOUSLY AWARDED DOWNTOWN REVITALIZATION INCENTIVE GRANT**

Interim Planning Director Brian Hiatt presented Council an application for assistance through the Downtown Salisbury Revitalization Incentive Program. He indicated Council approved a Downtown Revitalization Incentive Grant in July 2018 in the amount of $142,000. He commented a revision has been made to the site plan to reduce the number of stories on the proposed building plans.

Development Services Specialist Catherine Clifton stated the property is located at the intersection of East Innes and South Lee Streets. She explained the proposal was reduced from a three-story building with eight apartment units to a two-story building with four apartment units.
She added the first floor will remain as proposed for commercial office space. She stated the new project renderings submitted by Architect Pete Bogle have been reviewed and approved by zoning staff.

Councilmember Alexander asked if the new proposal would be presented to the Historic Preservation Commission (HPC). Ms. Clifton noted the reduction proposal has already gone before HPC, and it approved the request. She added the new proposal was also approved by Development Services and the required permits have been issued.

Ms. Clifton indicated the total project cost is estimated $2,252,600 and the request has been revised from $142,204 to a maximum grant of $99,364. She noted the Residential Production Incentive Grant had an amount change to $49,364.

Mayor Pro Tem Post asked why the developer decided not to build a third story. Ms. Clifton shared she is not aware of the reason.

Architect Pete Bogle indicated unsuitable soils were found that will not allow a three-story building. He shared the developer remains excited and dedicated to the project. He stated the project has full drawings and the developer has obtained permits from the City and the County. He commented at this time the developer is working with banking and underwriting. He explained because the project had a reduction to the number of stories it will need approval from Council to reduce the amount of the requested grant.

Mayor Pro Tem Post asked if the soil could become a hazard over time. Mr. Bogle stated soil conditions would not become a hazard, and he added the soil was the main reason for the reduction from a three-story building to a two-story building. He indicated a foundation design could have been created to support a three-story building, but the property has one side of good soil and one side that is not. He noted the developer’s budget would not allow for creating a soil solution that would support a three-story building.

Thereupon, Councilmember Miller made a motion to approve a revised Downtown Revitalization Incentive Grant for up to $99,364 for a new mixed-use construction project located at 201 East Innes Street. Councilmember Alexander seconded the motion.

Councilmember Miller commented as long as amounts do not exceed the awarded grant items like these should not need to come back to Council for a review. City Attorney Graham Corriher indicated he brought this item back to Council because the grant is structured in a way that is pro-rata, but the contract was written to inform Council of any substantial changes or approvals made by staff. He noted based on the way the contract was written he felt it needed to come back to Council for its consideration. Councilmember Miller stated he understands the item was presented to Council again based on the wording of the contract. He suggested contracts be worded so that Council would not need the item on its Agenda as long as the project does not exceed approved amounts. He shared he would not want to prolong a development and or hinder the developer.
Mayor Pro Tem Post asked if it could be included as a general policy that a developer return to Council if the incentive grant would be less than the amount approved by Council. Mr. Corriher commented the contract includes verbiage that if the project has substantial change, and if Council has approved the project, it would need to return to Council for its consideration. He commented a reduction from a three-story to a two-story building might be considered a substantial change.

Councilmember Alexander asked about the granite garage that was removed from this site. Mr. Bogle stated the client is planning to rebuild the facade on another parcel in close proximity and is looking for a potential buyer that will help with the construction.

Councilmember Sheffield commented the project is a great example of patience and how the community came together to save the granite garage. She thanked Mr. Bogle for coming back to Council and noted Council does not want to prolong construction for the developer.

Councilmember Alexander seconded the motion. Mayor Pro Tem Post and Councilmembers Alexander, Miller, and Sheffield voted AYE. (4-0)

**BOARDS AND COMMISSIONS**

**Tree Board**

Upon a motion by Councilmember Sheffield, seconded by Councilmember Miller. Mayor Pro Tem Post and Councilmembers Alexander, Miller, and Sheffield voting AYE, the following reappointment was made to the Tree Board for a term to begin April 1, 2019:

Ms. Tiffany Page  
Term Expires 03/31/2022

**Fair Housing Committee**

Mayor Pro Tem Post commented he has done some research on Fair Housing committees, and he noted Fair Housing is usually under the umbrella of Human Relation Councils and tend to be smaller in board size.

**CITY MANAGER’S REPORT**

(a) **Federal Lobbyist**

City Manager Lane Bailey commented staff is working on a Request for Proposals (RFP) for federal lobbying services. He noted he received federal bulletins from a lobbyist who has submitted their firms for consideration. He asked if Council would like him to forward this information to it by e-mail. Council members agreed they would like information sent to them.
City Manager Lane Bailey referenced recent conversations about a Vietnam Veterans Memorial. He provided Council a handout from Rowan County Commissioners who recently approved an agreement for the Vietnam Veterans Memorial. He indicated the agreement states that the County would pay up to $10,000 to raise the elevation on the proposed Vietnam Veterans Memorial Wall. He shared he has spoken with Parks and Recreation Director Nick Aceves and Landscape Architect Stephen Brown who estimate the cost of raising the projects’ elevation to be approximately $10,000 to $15,000. He added the project may require a retaining wall because of the Memorial Wall height. He pointed out the agreement mentions removing the former tennis shed and pet waste station. He commented raising the elevation might affect the walking path. He stated the agreement indicates the County is required to review any insurance or third-party agreements. He suggested the City be added to this agreement and for the attorney to have an opportunity to review the agreement and make any changes that would not substantially alter the agreement.

Councilmember Alexander asked Mr. Bailey if he is proposing the City contribute up to $5,000. Mr. Bailey commented Rowan County does not know the cost of the project and amounts could be lower, and he added Mr. Brown estimates the project could cost $15,000. Councilmember Alexander stated she supports the agreement especially if the monument is placed where the Parks and Recreation Board agreed it would be placed.

Councilmember Sheffield indicated the project is a great way to honor veterans, and she commended Mr. Ronnie Smith for working to make this project happen.

Mayor Pro Tem Post pointed out the pet waste station has been removed, and he asked if the tennis shed remains. Mr. Bailey commented the tennis shed would be relocated. Councilmember Alexander stated she believes relocating the tennis shed is a great idea. Mayor Pro Tem Post asked if the tennis shed would be removed or if it would just be relocated. Mr. Bailey agreed that the shed would be relocated.

Thereupon, Councilmember Alexander made a motion to allow the City to enter a Memorandum of Understanding (MOU) regarding the Vietnam Veterans Memorial Project located at City Park where the Rotary Plaza is located in the location that was approved by the Parks and Recreation Board, and Council supports up to $5,000 for raising the elevation of the memorial and give the authority to the City Manager and City Attorney to make final details of a partnership with Rowan County.

Councilmember Miller pointed out the project indicates a need to be completed by Memorial Day. Councilmember Alexander shared she thinks it could be completed in this time frame because the foundation is already in place. Mr. Bailey stated the elevation would need to be raised, and he added he does not see an issue with the project’s completion. Councilmember Miller asked if the project’s completion date would be possible. Mr. Bailey commented the City has a great Public Service staff who would do their best to have the project completed as quickly as possible. Councilmember Miller pointed out the anticipated ceremony is this Memorial Day.
Mayor Pro Tem Post and Councilmembers Alexander, Miller, and Sheffield voted AYE. (4-0)

(c) Meeting Time Change Discussion

City Manager Lane Bailey referenced a discussion with Council regarding the need to change the time or date of its March 5, 2019 meeting. He noted Mayor Heggies and possibly Councilmember Sheffield have an event representing the City on March 5, 2019 at 6:00 p.m. He pointed out the possibility of moving the meeting time to earlier in the day. He commented Councilmember Alexander will be out of the country representing the City during this time.

Councilmember Miller asked what time would work for the majority of Council. Mr. Bailey commented Mayor Heggies suggested 3:00 p.m. Councilmember Miller recommended moving Council’s March 5, 2019 meeting to 3:00 p.m., and he requested a calendar invitation be sent to Council regarding the new meeting time. City Attorney Graham Corrisher suggested making a motion to change the meeting time.

Thereupon, Councilmember Sheffield made a motion to change the meeting time from 6:00 p.m. to 3:00 p.m. on March 5, 2019. Mayor Pro Tem Post and Councilmembers Alexander, Miller, and Sheffield voted AYE. (4-0)

Mr. Bailey reference a discussion to have boards and commissions make their presentations to Council on March 5, 2019. Councilmember Miller stated he would need to leave for a 5:30 p.m. meeting.

Mayor Pro Tem Post asked which boards and commissions would attend the March 5, 2019 meeting. Mr. Bailey commented he was not sure. Mayor Pro Tem Post asked Council if it would be willing to set a meeting time from 2:00 p.m. until 3:00 p.m. to allow the community groups to present to Council. Mayor Pro Tem Post asked Deputy Clerk Emily Michael if a public announcement would be made informing the boards and commissions that they would present to Council at 2:00 p.m. and Council would begin its regular meeting at 3:00 p.m. Ms. Michael agreed.

(d) Update – Second Quarter Financial

Finance Director Shannon Moore presented Council a second-quarter financial update. She reviewed the General Fund and pointed out there was a fund balance appropriation of approximately $2.5 million as part of the current years adopted budget. She commented staff returned to Council to request several Fund Balance appropriations throughout the fiscal year. She stated the current Fund Balance appropriation in the General Fund is approximately $4.6 million, and she noted most of the amendments were for the Public Services, Police, and Fire departments and were carryover projects that were budgeted in the previous year and not completed within that fiscal year.

Ms. Moore reviewed current property tax receipts which are trending above last year’s amounts, and she pointed out there was a small tax increase in the past fiscal year. She compared FY2018 to FY2019 year to date which is approximately $87,000 above last year’s amounts. She
commented budget to the actual variance amounts for the current year are approximately $635,000 over budget, and she added that amount includes a three-year historical trend and factors between the four quarters. She indicated current property taxes are slightly less than last year’s percentages relating to billed-to-collected rates. She pointed out staff has previewed the third quarter including the overage for January receipts due to timing issues, and she added she has no current concerns regarding collection percentages.

Ms. Moore presented sales tax receipts for the current fiscal year and noted those receipts indicate overages of approximately $112,000 from last year. She commented this is an area that continues to experience growth in the City, and staff would be able to slightly increase budget projections for the next fiscal year.

Ms. Moore referenced General Fund expenditures and noted City departments are trending under budget by 50% at the end of the second quarter. She commented funds spent on education and the transfer of debt expenditures will be 100% by the end of the fiscal year.

Ms. Moore commented in the past fiscal year the Storm Water Fund had a restructuring of its commercial and residential rates. She stated revenues are trending approximately $10,000 per quarter over what was budgeted, but revenues are considered to be on budget. She pointed out Storm Water expenses are much less than its revenues and a majority of large budgeted projects have not yet started.

Ms. Moore indicated the Water and Sewer Funds is an area that is trending favorably for the budget. She pointed out Water and Sewer revenues for the first and second quarters are higher than the previous fiscal year. She stated she and Utilities Director Jim Behmer are reviewing the numbers to ensure the data is accurate. She noted with the recent Automated Meter Reading (AMR) and Advanced Metering Infrastructure (AMI) smart meter projects, the City is reading utility meters more accurately overall. She explained Water and Sewer Fund expenses are similar to the Storm Water Fund because of larger projects that have been budgeted in the current fiscal year and encumbered but have not been started or paid.

Ms. Moore stated Transit Fund revenues are less than expenses. She noted a small portion of those revenues in the current fiscal year are covering last year expenses, and she pointed out the recent federal government shutdown changed timing for federal funds. She commented the third quarter had as many federal drawdowns as possible, and Transit revenues will begin to show an increase.

Ms. Moore referenced Fibrant Fund changes relating to the transition to Hotwire Communications on September 21, 2018. She pointed out second quarter revenues for the Fibrant Fund are much less than the first quarter because revenues have transferred to Hotwire Communications. She stated the City continues to work with Hotwire to determine what the revenue for Hotwire will be. She stated, as a part of the lease agreement, the City continued to pay personnel expenses in the second quarter. She commented the Fibrant Fund would begin moderating expenses, and she noted third quarter amounts would reflect those adjustments.
Mayor Pro Tem Post asked about the third quarter Fibrant expenses that are budgeted at $3.6 million. Ms. Moore noted when the City reviewed last year’s budget it did not have a firm decision on where the transition of services would be allocated, and the City budgeted a full year of continuing operations. Mayor Pro Tem Post pointed out the third quarter indicated expenses to be about 50% of the entire year. Ms. Moore stated most of the percentages include the debt service payment. Mayor Pro Tem Post asked if a large amount would be taken from the third quarter. Ms. Moore agreed and stated she believes the debt service payment is due March 1, 2019. Mayor Pro Tem Post asked Ms. Moore if she knew the amount of the debt service payment. Ms. Moore commented she does not have the exact number, but the Water and Sewer Fund internal loan repayments are approximate $3 million.

Mayor Pro Tem Post asked if it is anticipated that the $1.5 million of expenses in the Fibrant Fund for the fourth quarter would be the remaining expenses. Ms. Moore agreed. Mayor Pro Tem Post asked if the City would begin to receive revenue from Hotwire Communications. Ms. Moore commented it would, and she added there is a General Fund contribution of $750,000 per quarter that is budgeted to continue through this fiscal year and would be a majority of the revenue for the third and fourth quarter.

Ms. Moore commented Fibrant’s income statement looks odd because the second quarter operating revenues are smaller compared to the first quarter.

Mayor Pro Tem Post asked if the non-operating revenues could be considered loans or contributions from the General Fund. Ms. Moore stated the non-operating revenues are from Fibrant’s settlement.

Mayor Pro Tem Post reviewed the declining amounts for property tax collections for 2018 because of the discount taxpayers received. He referenced the current budget year and noted the difference between the second and first quarter are not as dramatic as the previous year. He stated this year’s actual budget variance is $300,000 lower than the budget. He asked if staff projects $3 million for the third quarter. Ms. Moore commented she reviewed current property taxes and based on what was received from the County over the last five fiscal years it is typical to receive more revenue in December than January, but this year it was different. She commented she thinks the City will be fine by year-end based on the current year’s property taxes.

Councilmember Miller asked if accurate numbers would be received from Fibrant. City Manager Lane Bailey commented there have been conversations with Hotwire Communications regarding that data. He stated he and Ms. Moore would like to get more comfortable with the numbers that have been given to the City so far. He pointed out Hotwire Communications has not marketed the utility because it continues to convert the customer base from Fibrant. He stated he hopes to have better numbers to share with Council soon. Councilmember Miller asked if that information would be shared by the end of the current quarter. Mr. Bailey commented he believes so. Ms. Moore added she hopes to have more information to share with Council by the third quarter.
Councilmember Alexander commented people are beginning to eliminate cable services and stream everything. Mr. Bailey indicated this is a good thing because the percentage of internet revenues are 30% versus 10% for video revenue.

ANNOUNCEMENTS

Communications Director Linda McElroy announced the sixth installment of Chit, Chat and Chew town hall meetings will be held Tuesday, February 26, 2019 at Park Avenue Community Center located at 632 Park Avenue beginning at 5:15 p.m. The meeting will provide citizens an opportunity to have interactive conversations with Council and staff to share concerns and ideas for their community. Dinner will begin at 5:15 p.m. with town hall forums beginning at 6:00 p.m.

Communications Director Linda McElroy announced the 2019 Elizabeth Duncan Koontz Humanitarian Awards Banquet will be held Thursday, February 28, 2019 at 6:00 p.m. at the Salisbury Civic Center. The Human Relations Council, through the work of the Elizabeth Duncan Koontz subcommittee, will recognize individuals from the Salisbury/Rowan community who exemplify the ideals of Libby Koontz by improving human relations in the areas of education, employment, housing, industry, business, civic, church, or community endeavors. For more information, please contact Anne Little at (704) 638-5218.

Communications Director Linda McElroy announced the Salisbury Community Appearance Commission and Salisbury Tree Board will host the first “We Dig Salisbury” event Saturday, March 2, 2019. Stop by to enjoy brunch, local nature and educational booths, tree give-aways and planting to help beautify West Innes Street. The event will take place at 1354 West Innes Street from 10:00 a.m. until 2:00 p.m. Parking will be available at the Moose Pharmacy parking lot. For more information or to sign up for a booth, please contact Alyssa Nelson at anels@salisburync.gov.

Communications Director Linda McElroy announced the North Carolina Main Street Conference will be held in downtown Salisbury March 12 through March 14, 2019. This three-day conference is open to anyone interested in learning about downtown economic development. For more information or to register visit www.ncmainstreetcenter.com or call (704) 637-7814.

COUNCIL COMMENTS

Councilmember Alexander announced she will attend the North Carolina League of Municipalities (NCLM) Board meeting and the Town and City Dinner in Raleigh on February 20, 2019.

Councilmember Sheffield announced she will attend the 24th Annual Human Rights Campaign event in Charlotte on February 23, 2019. She thanked Citizens and staff for creating a diverse City that is welcoming to everyone.
MAYOR PRO TEM COMMENTS

Mayor Pro Tem Post commented in March the National League of Cities Conference will be held in Washington, D.C. and for the first time two members of the Salisbury Youth Council will participate in the event.

ADJOURNMENT

Motion to adjourn the meeting was made by Councilmember Miller. All Council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 7:56 p.m.

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Al Heggies, Mayor

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Diane Gilmore, City Clerk