

Salisbury, North Carolina
August 6, 2019

REGULAR MEETING

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

ABSENT: None.

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 3:14 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.

ADOPTION OF THE AGENDA

Thereupon, Mayor Pro Tem Post made a **motion** to adopt the Agenda. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander, Miller, and Sheffield voted AYE. (5-0)

PROCLAMATION

Mayor to proclaim the following observance:

NATIONAL NIGHT OUT

August 6, 2019

Mayor Heggins read and presented the National Night Out Proclamation to Police Chief Jerry Stokes. Chief Stokes thanked Council for the proclamation, and he invited the public to attend National Night Out events taking place throughout the City.

CHANGES TO THE AGENDA

Mayor Pro Tem Post noted Item 11 on the Agenda is postponed.

Thereupon Mayor Pro Tem Post made a **motion** to amend the Agenda to remove Item 11. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander, Miller, and Sheffield voted AYE. (5-0)

CONSENT AGENDA

(a) Minutes

Approve Minutes of the Special meeting of July 16, 2019.

(b) Resolution – Fire Safety Education Trailer

Adopt a Resolution authorizing the conveyance of property to the Town of Cleveland, North Carolina.

RESOLUTION APPROVING CONVEYANCE OF PROPERTY TO THE TOWN OF CLEVELAND, NORTH CAROLINA.

(The above Resolution is recorded in full in Resolution Book No. 16 at Page No. 21, and is known as Resolution 2019-15.)

(c) Right of Way Encroachment

Approve a request from Bogle Firm Architecture on behalf of Heart of Salisbury Yoga for the encroachment of a canopy into the public alley adjacent to 120A East Innes Street in accordance with Sections 22-18 and 22-19 of the City Code.

Thereupon, Mayor Pro Tem Post made a **motion** to adopt the Consent Agenda as presented. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander, Miller, and Sheffield voted AYE. (5-0)

PUBLIC COMMENT

Mayor Heggins opened the floor to receive public comments.

Mr. Gerald Rush noted in the 50 years he has lived in the City the tradition has been for the candidate who received the highest number of votes to be appointed mayor elect. He referenced past elections and noted a smooth transition has taken place when a new mayor was elected. He questioned if the proposed changes were due to racism, and he indicated there are concerns in the City regarding favorable treatment.

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

PUBLIC HEARING – MAYORAL ELECTION

Mayor Heggins announced a public hearing will take place regarding a proposal to change the Charter to provide for a separate mayoral election. She noted the requestor is a Council Committee consisting of Mayor Pro Tem Post and Councilmember Sheffield.

(b) Mayor Heggins convened a public hearing, after due notice thereof, to receive comments regarding the proposed separate mayoral election.

Ms. Dee Dee Wright stated she wrote a letter to editor of the *Salisbury Post* regarding her support for the proposed separate mayoral election. She added she attended many of the committee meetings, and she requested a formal report from the Council Committee.

Ms. Jean Kennedy stated she supports a separate ballot for mayoral candidates. She pointed out if the mayoral candidates declare their intention to run for mayor it could allow other candidates to run for Council.

Mr. Clyde agreed with Mr. Rush who spoke during public comments. He pointed out the current system for electing Council has worked in the past. He noted candidates who run for mayor and lose would not have the option to serve on Council. He added Council must focus on what is good for the City, and he stated the City will have a newly elected Council in November and its membership may change.

Mr. Gemale Black, Salisbury-Rowan NAACP President requested the Council Committee bring a presentation and recommendation back to Council before a decision is made. He stated the public needs additional information from the Committee's perspective.

Ms. Mary James stated she understand the argument on both sides, but she personally supports a separate mayoral election and staggered two or four terms for councilmembers. She added there has been concern regarding multiple proposed changes at the same time, but the changes appear to be a reasonable compromise.

Mr. Gerald Rush questioned if a separate mayoral race would allow the office of mayor executive privileges that can be exercised separate of Council. He pointed out Council currently votes together and the majority vote is the action taken. He commented the process is more unified with one body instead of two.

Mr. Kenneth Stutts indicated the proposed Resolution takes away representation of the people by reducing the number of councilmembers with a separate mayoral election. He noted the proposal will allow four councilmembers and the Council Committee discussed expanding Council for greater representation. He stated the process is being rushed and Council should focus on one issue at a time.

There being no one else to address Council, Mayor Heggins closed the public hearing. She thanked the public for its thoughtful comments.

Mayor Pro Tem Post stated the proposal was made four years ago, but was unsuccessful. He added the current Council offers new and different perspectives on a wide range of issues. He clarified race is not the reason for the proposal. He added issues have been raised regarding the size of Council, and he pointed out different municipalities handle elections different ways. He pointed out the same people attended most of meetings and the discussion became repetitive. He stated he understood the Committee would deal with the separate mayoral election and let the new Council deal with the structure of Council.

Councilmember Sheffield clarified her job as a Council Committee member was to represent what took place in the Committee meetings. She added she understood the Committee would have an opportunity to report back to Council. She thanked City Attorney Graham Corriher for his work on the proposal. She explained the item seemed rushed because of the timeframe for the possible election. She added she supports not having the item on the ballot and exploring other possibilities. She pointed out two items remained consistent during the Committee meetings: the election remain nonpartisan and citizens have an opportunity to vote. She added the separate mayoral elections and staggered four year terms were mentioned consistently during Committee meetings. She noted ideas also surfaced regarding districts, a seven member Council and how to fund the options.

Ms. Sheffield stated she does not see a reason to make a hasty decision when the item can be placed on the primary ballot. She indicated when she ran for Council in 2015 and 2017 the election process was a common topic. She added the subject has been brought before Council at least two times in the past. She stated she would like to bring a better report to Council. She indicated Council's role was to hold a public hearing to keep its options open regarding the possibility of placing the item on the November ballot.

Mayor Pro Tem Posts stated public opinion was to place the item on the ballot as opposed to Council making the decision. Mayor Heggins noted the Council has options: it can wait until the primary ballot in March or send the item back to Committee. She indicated she would like to see the item go back to the Council Committee to give more attention to the issues citizens brought forward and to create a better picture of what the election process will look like. She pointed out

a separate mayoral race would limit the Council to four members, and she questioned if that would give a clear representation of the entire City.

Mayor Pro Tem Post noted other issues such as the size of Council and staggered terms are difficult to place on a ballot that does not allow for multiple choices. Mayor Heggins pointed out the ballot allows for the full slate of proposed Charter changes and citizens can approve or deny them. Mr. Corriher explained the City can adopt two Ordinances as long as the Ordinances do not conflict with each other. He indicated one Ordinance can include a menu of changes that can be voted on or two unrelated changes can be included on the same ballot.

Ms. Sheffield pointed out the Council Committee did not end its work when it presented at the last Council meeting but was working to meet a timeframe. She stated more work needs to be done, and she added she did not believe the Council Committee received enough public input to bring a recommendation to Council.

Councilmember Miller stated he felt rushed at the last Council meeting. He indicated additional work needs to be done and the proposal for staggered terms was presented too quickly. He suggested having additional discussion and a formal recommendation from the Council Committee. He stated the way the Mayor is currently chosen is common practice, a tradition that is not codified in City Ordinance. He added having a separate mayoral race and giving the public final say makes sense. He referenced Mr. Rush's comments regarding a separate mayors race giving the mayor additional authority, and he commented he is unsure of the answer. City Manager Lane Bailey pointed out how the mayor is elected has nothing to do with the power of the position.

Mr. Miller noted citizens spoke for and against the proposal, but he did not sense a clear support either way. He added he is personally leaning toward a separate mayoral race, but could be convinced to delay the decision. He indicated a separate mayoral race for a city the size of Salisbury seems reasonable, but he would accept guidance from Council.

Councilmember Alexander stated she is unclear how she would vote at the current time, but she likes the community having the final word. She noted she is not afraid to make a decision, and she commented the current election process has worked for a long time. She indicated she heard from citizens who would like to know who they are electing as mayor. She clarified if a change is going to be made it should be made by the community and not by Council. She added she supports placing the item on the ballot.

Ms. Alexander indicated a lot of work needs to be done regarding staggered and four year terms. She pointed out the local municipal races are two-year terms, and only the County Commissioners serve a four-year terms and it is a partisan race. She noted public comment was split, and she is not sure what the outcome would be if the items are placed on the ballot.

Ms. Sheffield suggested continuing the work of the Council Committee and letting it bring a formal recommendation to Council. Mayor Heggins commented the proposal needs additional work. She questioned if a primary would be needed if multiple people run for mayor so clear candidates emerge.

Councilmember Miller noted at the previous meeting Council agreed to place a separate mayoral race on the ballot. He clarified the five-member Council and two-year terms would remain the same with no change in the mayoral authority. Mr. Corriher agreed, and he pointed out the goal was to change the way the mayor is selected and not to affect any of the other powers such as voting. Mr. Miller noted it was important to have the public hearing scheduled because Council had to make a decision relative to the ballot by a certain number of days before the election. Mr. Corriher explained there was discussion regarding which election to place the item on. He added in order to get the item on the November 5, 2019 election the Ordinance must be adopted by August 20, 2019 which is the last regular meeting 70 days before the election. He noted if the Ordinance is adopted in September it would be included on the ballot for the primary election. He added he does not believe this Council could adopt it prior to the election and it be included on the November 2020 ballot. Mr. Miller clarified there will be a primary election before the next November election. Mr. Corriher clarified the Ordinance would need to be adopted between August 20, 2019 and January 2020 to be included on the primary ballot and any time after that the item would be placed on the November 2020 ballot by the new Council.

Mayor Heggins commented the Resolution before Council includes details that in her opinion do not accommodate the public in making a solid decision regarding who they would like to select as mayor. She added the Resolution does not specify if there would be a separate primary race. Mr. Miller pointed out primary elections are for partisan races. Mr. Corriher agreed, and he commented the number of people running for the office of mayor is not part of the decision at this point. Mayor Heggins asked if there could be a primary for the mayoral race. Mr. Miller stated the election would have to be partisan.

Mayor Heggins requested clarification regarding whether the election had to be partisan. City Manager Lane Bailey indicated the City of Shelby has a primary race. He explained if 11 people ran for 10 seats there would be a primary to cut the number of candidates from 11 to 10. He commented there is potential for a primary in a nonpartisan race. Mr. Corriher clarified the proposed Resolution would not allow for a primary.

Mr. Miller stated Council has one more opportunity before it loses the option to place the item on the November ballot. He suggested placing the item on the next Agenda to allow additional time to consider comments and at that time determine if there is a willingness from Council to place the item on the November ballot. He added he does not feel there is a consensus among Council.

Mr. Corriher noted Council has met the statutory requirement regarding the public hearing and it can also hold a courtesy hearing. He noted Council cannot take action tonight by virtue of the Statute, because it has to be at the next meeting after the public hearing. He noted the August 20, 2019 Council meeting would be the last opportunity to adopt the Ordinance to place the item on the November election ballot. He added Council could hold a courtesy public hearing on August 20, 2019 and then make a decision regarding whether to adopt the Ordinance or send it back to Committee.

Ms. Alexander clarified the decision has nothing to do with this election, it affects the election that will take place two years from now. Mr. Corriher agreed. Mayor Heggins pointed out the current Council can place the item on the March ballot. Mr. Corriher explained if Council adopts the Ordinance on August 20, 2019 it will appear on the November ballot and if Council adopts the Ordinance after August 20, 2019 it will appear on the March ballot.

Mayor Heggins indicated the Resolution needs work and she would like to consider a different Resolution. Mr. Corriher stated he does not know if the adopted Resolution can be changed substantially. He added the Statute requires Council to adopt a Resolution of Intent that lays out the general idea of the proposal that is bulleted in the adopted Resolution of Intent:

- The mayor would be elected in a separate election by the qualified voters of the City, and would serve for a term of two years
- The mayor shall continue to be considered a member of Council for all purposes, including in determining a quorum, and shall continue to have the same voting rights and responsibilities as the other council members, as established in the City Charter, the City Ordinances, and, where applicable, the general law
- By virtue of the mayor being separately elected but also having the same rights and responsibilities as other council members, the number of non-mayor council members elected in each election cycle would be reduced from five to four

Mr. Corriher commented the Agenda includes details regarding how the Charter and City Ordinances would be affected. He added Council can adopt a Resolution of Intent to do something different, but it cannot stay on the same timeline if it involves establishing a primary. Mayor Heggins asked where Council is left if it does not establish a primary. Mr. Corriher explained those who file to run for mayor will be placed on the ballot for mayor. Mayor Heggins stated it does a disservice to the community. Mr. Miller asked how it is different than having 15 people run for Council. Mayor Heggins indicated some of the candidates running for mayor would lose and not be able to serve on Council. She referenced the racial, ethnic, gender and sexual orientation makeup of the community, and she pointed out every opportunity must be provided to make sure citizens are equally represented.

Mayor Pro Tem Post noted this is the first time the topic of a primary has been raised. He pointed out it can be difficult for business owners to run their businesses and also serve as mayor. He added there is an advantage to having those who are interested run for mayor.

Mr. Miller requested Council end the discussion and keep the item on the Agenda. He added the votes will indicate if it is the will of Council to move forward. By consensus, Council agreed.

CONTINUE PUBLIC HEARING – EMPIRE HOTEL REDEVELOPMENT PROJECT

Mayor Heggins stated Council will continue the public hearing from its July 16, 2019 meeting and consider the Resolution regarding the proposed new terms for the Empire Hotel Redevelopment Project.

Thereupon, Mayor Heggins opened the floor to continue the public hearing.

Downtown Salisbury, Inc. Director Larissa Harper explained the modification agreement includes amendments to the option and purchase price of the property, additional incentives from the City, and additional commitments from the developer. She referenced the amended terms:

- Agree to Extend the Option contract to June 26, 2020
- Offer two options for the sale price:
 - If the developer purchases the property on or before April 30, 2020, the sale price will be \$560,000
 - If the developer purchases the property after April 30, 2020, the sale price will be \$700,000
- Additional incentives under existing City programs:
 - Up to \$25,000 reimbursement toward cost of extending water line to the rear of the building that will also serve as a fire line
 - Waiver of water tap and utility charges of up to \$55,000
 - Construction of sidewalk improvements adjacent to the property along South Main and West Bank Streets up to a value of \$21,375
- City to provide 32 dedicated parking spaces at no additional cost

Mayor Heggins stated Council will not adopt the Resolution, but will leave the public hearing open until the next Council meeting. City Attorney Graham Corriher suggested Council continue the public hearing until its August 20, 2019 meeting.

Councilmember Sheffield explained Council just received the documents and there has not been enough time for public review so Council is keeping the public hearing open.

Thereupon, Mayor Pro Tem Post made a **motion** to continue the public hearing regarding the modifications to the Empire Hotel development documents until the next Council meeting. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander, Miller, and Sheffield voted AYE. (5-0)

Mr. Corriher requested Council set a public hearing for September 17, 2019 regarding the parking agreement.

Thereupon, Councilmember Miller made a **motion** to schedule a public hearing regarding the proposed parking agreement. Mayor Heggins, Mayor Pro Tem Post, and Councilmembers Alexander, Miller, and Sheffield voted AYE. (5-0)

ECONOMINC CHARRETTE

This item was postponed.

UPDATE –SALISBURY POLICE DEPARTMENT

Police Chief Jerry Stokes reviewed police department staffing levels, and he pointed out the department has three vacancies. He added the department has interested candidates for the vacant positions including four in Basic Law Enforcement Training (BLET) and several in field training.

Chief Stokes reviewed mid-year crime levels. He pointed out an overall downward crime trend including a 75% decrease in homicides and a 52% decrease in assault with a dangerous weapon. He stated there was a 36% drop in larceny from motor vehicles in July. He explained the national trend is for crimes to increase during the summer months and with the community's assistance the City's crime statistics have decreased in July.

Chief Stokes noted in July a collaborative crime reduction strategic meeting began with the Rowan County Sheriff's Office, East Spencer Police Department, and the Spencer Police Department. He indicated the meeting will be expanded to include the District Attorney, Granite Quarry Police Department, State Bureau of Investigation (SBI), and federal agencies. He explained during the violent incident review it was determined that East Spencer, Spencer and the City have crime incidents that take place near or cross municipal boundaries.

Chief Stokes reviewed historic crime data, and he pointed out a 16% drop in Part I crime which includes murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson. He noted if the numbers remain consistent the City will be at a 20-year low for Part I crime. Councilmember Miller clarified there has been no change in data collection. Chief Stokes agreed. He explained the SBI is moving to a national incident based reporting system that is required to qualify for federal grant funding.

Chief Stokes stated he is optimistic that the downward crime trend will continue. He commented the Police Department has used social media to get its story out so the information is based on fact and not perception. Mr. Miller noted the Police Department's community engagement is building good relationships and making a difference in the community. He thanked Chief Stokes and the Police Department for all they do to keep the City safe.

Mayor Pro Tem Post referenced the Project Safe Neighborhood (PSN) meetings that took place at the Civic Center, and he noted a lot of the homicides committed in the City are gang related. Chief Stokes agreed.

Chief Stokes pointed out the City is looking at a six-year low in its violent crime prediction. He referenced the Summer Cease Fire Program that is taking place in cooperation with the National Association for the Advancement of Colored People (NAACP). He noted the NAACP is very engaged and the project is seeing good results. Mayor Heggins thanked the NAACP and the Police Department for their collaboration on the Summer Cease Fire Program.

Chief Stokes referenced the Police Department website information which includes the Police Departments Strategic Plan and Neighborhood Office Contact site. He reviewed Police Department emerging issues:

- Department of Justice PSP Engagement ends March 2020
 - The City will apply for operations site designation to extend the PSP engagement until 2023
 - Accepted for a Bureau of Justice Assistance Collaborative Reform Initiative to provide training and technical assistance center engagement
- Funding – currently seeking two grants
 - Rowan Regional Crime Information Center to provide collaboration between Salisbury Police Department, Rowan County Sheriff’s Office, Spencer Police Department, and East Spencer Police Department
 - Support for a camera system and analytics for combating crime between our jurisdictions
 - United Way grant to combat addiction
- Police salary and retention
 - Competitors are Concord, Huntersville, Kannapolis, Mooresville, and Statesville
- Rising operational costs
 - DNA testing, training, etc.
- Piedmont Correctional Center has become one of five a reentry sites in North Carolina
 - Offenders will be released into Rowan County that were not local residents prior to prison sentence

Mayor Pro Tem Post asked if the City has a reentry program. City Manager Lane Bailey explained under previous policies a person who had been to prison could not work for the City, but the policy is being reexamined for some positions. Mr. Post asked about employees who may smoke marijuana and fail a random drug test. Mr. Bailey noted random drug testing is conducted for safety sensitive positions such as CDL drivers. Mr. Post asked if a person who tested positive for marijuana five to 10 years ago would be prohibited them from getting a job at the City today. Mr. Bailey noted the City conducts pre-employment drug testing. Mr. Post indicated he does not want the City encouraging other companies to assist with reentry programs and rehabilitation if the City does not do the same. Chief Stokes noted there are a number of employers who will hire an ex-felon, and he pointed out the biggest hurdle for re-entry into the work force is passing a drug test.

Mayor Heggins asked if any data is available regarding violent crime offenders being released back into the community. Chief Stokes noted he has not received any data at this time. He added he is concerned the case load for the Community and Corrections Agency and probation and parole officers will substantially increase. He stated the Police Department has a Re-entry Council that was previously implemented. He noted the concern is how to receive grant funding to increase the provided services.

Mayor Heggins thanked Chief Stokes for his presentation.

DOWNTOWN REVITALIZATION INCENTIVE GRANT PROGRAM

Planning Director Hannah Jacobson and City Planner Kyle Harris presented options for addressing upcoming incentive grant applications. Ms. Jacobson noted there has been overwhelming interest in the Downtown Revitalization Incentive Grant Program, and the City has received more applications than funding available for the program. She indicated staff will present options for Council's consideration.

Mr. Harris noted the City received five incentive applications and staff is planning to bring the applications to Council at its August 20, 2019 meeting. He explained the combined General Fund incentive request is \$80,633 above the available budget. He stated the total request is \$306,269 and \$225,636 is included in the budget. He pointed out in the past the City received approximately two applications annually, and all applicants were awarded the eligible amount.

Mr. Harris stated Council must determine how to distribute limited funds among several projects that have met the criteria and eligibility requirements listed in the guidelines. He noted the purpose of the presentation is to provide general guidance on available options. He requested Council provide staff direction on its overall preference, including eliminating any option it disagrees with or recommending alternative options not considered.

Mr. Harris reviewed the challenges facing the Downtown Revitalization Incentive Grant Program:

- Because applications were submitted simultaneously, it is not possible to make awards on a first-come, first-served basis
- Because the combined incentive request exceeds the available budget, it is not possible to award all projects the maximum award
 - Council could choose to adopt a Budget Ordinance Amendment to fund the projects
- There is no established system for scoring projects or determining their relative merit
- There is no method for determining how to distribute a funding shortfall among several eligible projects

Mr. Harris explained Council has discretion and flexibility to make awards, reject applications and determine how generous an award to offer. He reviewed evaluation alternative options:

- Option 1 - Approve a budget amendment allowing each of the five applications to be funded the maximum eligible award
 - Total allocation \$306,269
- Option 2 - Award each of the five applications at a reduced amount
 - Each award would be reduced by same amount, \$16,126, without consideration of the relative merit of each application
- Option 3 - Council uses its discretion to make awards based on the intent of the program guidelines, without adopting any formalized evaluation system

Mayor Pro Tem Post referenced Option 2 that consisted of a percentage reduction. He asked if Option 2 could include a percentage reduction as opposed to a flat rate reduction. Mr. Harris noted the challenge would be reducing each award by certain percentage may not eliminate the budget gap or could reduce each amount by a total that exceeds the budget gap. Mr. Post commented if a 20% reduction amount is needed each amount could be reduced by 20%. Ms. Jacobson stated the percentage option would be included in the menu of options.

Mr. Harris then presented Options 4 a-c:

- Option 4a
 - Council to direct the Historic Preservation Commission (HPC) and the Community Appearance Commission (CAC) chairs to form a joint committee to study and recommend a formalized evaluation and funding system
- Option 4b
 - Form a Council Committee to study and recommend a formalized evaluation and funding system
- Option 4c
 - Adopt Community Planning Service's proposed formalized system for assigning a relative merit score to each application, and issuing awards proportionally to those scores

Councilmember Miller stated he does not support Council having to choose between projects. Mayor Pro Tem Post agreed with Mr. Miller.

Mayor Pro Tem Post questioned the origination of the formulas proposed in Option 4-c. Mr. Harris explained a doctoral candidate at Massachusetts Institute of Technology assisted him with the formulas to assign a relative merit score to each application and issue awards based on the score.

Mr. Miller stated he loves the idea, but it is too complicated. Councilmember Sheffield pointed out Council is working to determine a long term solution for the applications requesting grants over the budgeted amount. She indicated a rubric with some type of understandable point system is needed to understand the details.

Mr. Harris explained under Option 4c a scoring rubric would be used to assign a merit score to each project based on criteria derived from the program guidelines. He indicated the rubric would elevate projects most aligned with the program guidelines prioritizing:

- Residential production projects
- Historic building rehabilitation projects
- Fire suppression projects
- Projects demonstrating exceptional overall quality
- Projects substantially improving the overall appearance of the building and downtown
- Projects making significant capital investments

Mr. Harris stated the merit score for each project is used to fairly allocate incentive awards based on relative merit. He explained the proposed funding method under the system would be the highest-scoring project is funded its maximum eligible award, and all other awards are reduced in proportion to their scores. He commented the budget gap would be distributed to the remaining projects in proportion to their relative merit scores. He indicated the principal of fairness would be the total incentive request is factored into a merit-based award calculation to prevent large cuts to small projects and small cuts to large projects. He added the system outlined in Option 4c can be used in any circumstance where the total incentive request exceeds program budget and where limited funds must be distributed across multiple eligible projects. He commented Option 4c could be simplified.

Mr. Harris presented the formulas to Council. Mr. Post pointed out the outcome will be different if the variables change. He referenced the examples provided, and he asked how staff would explain why one company is getting all of its request and another company is only receiving a percentage of its request. Mr. Harris indicated the awards can be justified based on the formula. He added staff is confident in the validity of the formulas and how they work. Ms. Sheffield questioned where staff obtained its information for the variables. Mr. Harris explained the variables are based on the scoring rubric. Ms. Jacobson clarified it is proposed guidance. Mr. Harris added the scoring rubric is used to obtain a merit score for each project, and the merit score is used to obtain the final award. He noted once a merit score is obtained the relative merit must be evaluated from the scores and placed in the formulas.

Mr. Harris indicated the merit scores serve as the basis for the awards. Mr. Miller noted he likes the methodology, but the formula is too complicated and Council does not want to delay development projects. He questioned if the City has the capacity to extend its budget and fund the projects at the requested amount. He then ask about the total capital investment of the projects. Mr. Harris indicated when the presentations are brought before Council staff will include the total investment in each application and a preliminary ratio regarding the benefit to the community.

Mr. Miller indicated he would like to work with staff on the proposal. Mr. Post agreed. Mr. Miller noted he and Mr. Post would like to consult with staff but not as an official Council Committee. He asked if the City has the capacity to award the grants if there is a significant capital investment. City Manager Lane Bailey noted it is possible to dip into the fund balance. He reminded Council the current budget used fund balance by a significant amount. He pointed out other projects may come up in the fiscal year and referenced the Empire Hotel. He stated if the full support for the backstop lease is needed it will cut into these funds. He noted improvements to infrastructure should be considered.

Mr. Bailey noted Mr. Post referenced a downtown building where a minimum investment on the roof could have made the building more valuable today. He suggested that type of investment get more weight as opposed to an investment that improves the looks of the façade. Mr. Post noted roofs are not included in the Downtown Revitalization Incentive Grant and they are a major cost of rehabilitation. He pointed out the City has \$200,000 and if one-third or approximately \$3 per square foot was allocated to roofs it would cover 10 to 12 downtown buildings reducing the cost to fix the interiors. Ms. Alexander noted when the roof is bad it affects the structure of the building. She added roofs in a downtown are important because it connects to

the next building and creates damage for neighboring buildings. Ms. Jacobson stated roofs are eligible activity in MSD grants. Mr. Post asked about the amount of the MSD grant. Ms. Jacobson stated the MSD grant allocates \$20,000. Mr. Miller commented \$20,000 would hardly cover one roof. Ms. Alexander indicated Council may need to consider how the money is spent and it may be time to reevaluate and apply larger grants to the infrastructure of the building. She suggested the MSD grants could be for the façade or something simpler. Mr. Harris noted it may be a good time to evaluate and make changes to the program.

Mr. Miller requested staff get a consensus of Council before the item is brought back for a vote. He suggested talking to Council members individually to allow Council to share its ideas and concerns. Ms. Sheffield pointed out a long term solution is needed and the \$80,000 budget gap needs to be solved. She questioned if the decision is made to use the fund balance what will happen if an application is made later in the year. She stated Council may be dealing with the same situation in the coming fiscal year. She commented she has concerns about using fund balance and how to treat other applicants fairly in the future. She suggested Council determine how the five applicants obtain grant funding fairly and then work on the grants going forward.

Ms. Alexander thanked staff for its hard work on the options. Mayor Heggins commented staffs work on the options is evident. Mr. Miller stated the grants are likely to go away when Empire Hotel project begins. He noted the program could be revamped and then there would be no money allocated to fund it for the next 10 years. He indicated Council needs to come up with a way to determine which projects to fund, and he pointed out the easiest way to meet the need is to use fund balance if the funds are available. Mayor Heggins indicated she has concerns regarding using fund balance.

Mr. Bailey pointed out if Council awarded each grant 73.69% it would meet the need. He commented each applicant would have to reduce their request by approximately 25% assuming the estimates are equal and none are inflated. Ms. Alexander pointed out receipts must be presented for the completed work to receive grant funding.

Mr. Miller asked if past unused grant funds went back into the General Fund. Mr. Bailey agreed. Ms. Alexander questioned if going forward the money should be earmarked and not placed back in the fund balance. Mayor Heggins stated going forward unused grant money should be earmarked to remain with the program for which it was allocated.

Ms. Sheffield stated she supports reducing amount, but she is concerned that all applications are reduced the same. She added the allocated funding is what the City has to award the grants.

Ms. Jacobson clarified Council wishes to eliminate Option 3 and Option 1 is not ideal. She noted staff needs to develop Option 2 to reduce the award amount by a percentage. She added there is no support for Options 4a or 4b and Option 4c is too complicated to explain to the general public. She added roofs seem to be a concern of Council. Ms. Alexander suggested considering MSD grants while working on the incentive grants.

Ms. Jacobson asked how Council would like staff to proceed. She then asked if Council would like an option that is related to the fund balance and Option 2 so it has multiple alternatives to consider when staff presents the five applications it has received.

Mr. Post noted \$225,000 is allocated for the current fiscal year. Mr. Harris explained the \$225,000 includes \$75,000 that is still available in the current fiscal year and the anticipated available budget for the next fiscal year based on the Capital Improvement Plan (CIP) recommendation. Mr. Post clarified \$75,000 is left in the current fiscal year and \$150,000 is anticipated for fiscal year 2020-2021. Mr. Harris agreed, and he referenced the ongoing Bankett Station Project located at 201 East Innes Street that was awarded approximately \$75,000. Mr. Post asked if the project has to be completed in the fiscal year to be considered for grant funding. Mr. Harris stated the project does not have to be completed in the fiscal year. Mr. Post asked if Council comes up with an option it means no additional grant applications can be accepted until July 2021. Mr. Harris explained if all the projects are awarded it would significantly reduce or eliminate the available budget for future awards until fiscal year 2020-2021.

Mr. Post pointed out the Downtown Incentive Grants do not have a firm application date and projects submitted after the current five applications will be put out for 18 months. He suggested a uniform system to let the public know the amount of grant money to be allocated and a date when applications are due or they will be considered in another year. He added the City must find a way to be fair to everyone. Mr. Harris noted staff is considering options including two application cycles per year or a regular cycle with a set budget and an application deadline so all applications are reviewed simultaneously instead of the current first come first serve system.

Ms. Alexander indicated the entire system needs to be evaluated, and she added she does not like awarding funds that are not included in the budget since a new Council could take a different approach. Mr. Bailey pointed out if a grant is awarded there is a time period to complete the grant. He added there would still be an obligation in the following fiscal year's budget to meet the grant that was previously awarded. Ms. Alexander noted cut offs are needed regarding the project timeline. Mr. Harris pointed out in the current contract each applicant is eligible to make an extension request to Council.

Ms. Jacobson noted the City has five applications that followed the established process, and she asked how Council would like staff to proceed. Mr. Miller stated the problem will not be solved in two weeks. He suggested either funding the projects out of fund balance or each project taking a 26% reduction. Ms. Sheffield pointed out she does not want to delay the projects. Mayor Heggins asked if the applicants are allowed to provide feedback.

Mr. Miller pointed out the program is subject to fund availability giving Council options to solve the funding shortfall. He added just because someone has applied does not mean the City has available funding. Mr. Corriher agreed, and he pointed out there is language in the grant applications that states the grants are subject to availability. He reminded Council it is a legislative decision where Council has discretion and the public has an opportunity to weigh in and provide its opinion about the project.

Mr. Harris noted Council is not obligated to fund all of the projects and it has discretion to completely reject applications that do not further the program objectives. Mayor Heggins pointed out the applications have been vetted. Mr. Harris agreed, and he indicated the applications meet the eligibility requirements. Mr. Miller suggested using the incentive to capital investment ratio. Mr. Post pointed out capital investment increases the tax base but it does not take jobs into consideration. Mr. Harris commented economic and employment projections have been considered in the past.

Mr. Post asked if the percentage method is used and one of the applicants withdraws their application if it free up funding in the coming year's budget. Councilmember Alexander noted the City needs to come up with a fair way to allow the applicants to move forward with their projects. She suggested using a percentage reduction with each project and then figuring out what to do in the future. She indicated the next steps could be complex, and she pointed out the MSD and the Historic Grant applications needs to be reviewed so the applications are clear and fair regarding grant application criteria.

Mayor Heggins asked if the rules are changing midstream and if there was an expectation when the applicants applied for the grant. Mr. Miller pointed out the incentives are subject to fund availability and there are no guarantees. He added there are more requests than available funds and the percentage method is a fair and objective way to proceed. He stated if anyone drops out due to the percentage reduction the funds will then be allocated to the other applicants.

Mr. Bailey suggested staff bring the five applications before Council with a 26% reduction in funds which may make a project not viable and free up the funds for the other applicants. He stated a work session may be needed to address the incentives, rank priorities, and review options. He commented economic activity downtown is a big driver that may need to be considered.

Mr. Harris explained staff has communicated with the applicants and they are aware of the delay and what is being presented to Council. Mr. Miller suggested closing the window for applications and revamping the program.

By consensus Council agreed to temporarily close the window for applications until Council develops a rubric to determine funding.

Mayor Heggins thanked staff for its presentation.

BOARDS AND COMMISSIONS

There were no appointments.

CITY ATTORNEY'S REPORT

City Attorney Graham Corriher indicated he had nothing to report to Council.

CITY MANAGER'S REPORT

City Manager Lane Bailey had nothing to report to Council.

ANNOUNCEMENTS

Movies in the Park

(a) Communications Director Linda McElroy announced the Salisbury Parks and Recreation Department will host Movies in the Park Friday, August 9, 2019 at City Park. The movie, Ralph Breaks the Internet, will begin at 9:00 pm. Concessions will be available for purchase. Bring a blanket or a chair and enjoy fun family time. This event is free and open to the public. For more information, please call (704) 216 -PLAY.

(b) Community Resources Fair

Communications Director Linda McElroy announced the annual Community Action Teams Community Resource Fair will be held Saturday, August 17, 2019 from 10:00 a.m. until 2:00 p.m. at the Hurley YMCA. The Fair brings local agencies specializing in health, addiction, education and family support together to assist local families during the 2019-2020 school year. There will be an interactive, "teen-bedroom" challenge for parents, school supply giveaways and door prizes. Children must be accompanied by a parent or guardian. Lunch will be provided. For more information, please contact Anne Little, Human Relations Manager, at anne.little@salisburync.gov or call (704) 638-5218.

(c) 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 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.

(d) Doggie Dip Swim Party

Communications Director Linda McElroy announced the Salisbury Parks and Recreation Department will host the Doggie Dip Swim Party Saturday, September 7, 2019 at 1:00 p.m. at the Fred M. Evans Pool. This event is for well-mannered dogs and their 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

Mayor Heggins requested to forego Council comments due to National Night Out.

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 5:53 p.m.



Al Heggins, Mayor



Diane Gilmore, City Clerk