MINUTES
CITY COUNCIL WORKSHOP
Morganton Community House

February 22, 2019

Ronnie Thompson, Mayor   Sally W. Sandy, City Manager
Louis E. Vinay, Jr., City Attorney

Wendy Cato  )
Forrest A. Fleming  ) Council
Christopher Hawkins )
Sidney Simmons  )

Others present included Department Directors, staff, members of the Planning & Zoning Commission, members of the Downtown Development Association, concerned citizens, and media including the News Herald.

- **Call to Order** – The Mayor called the meeting to order at 8:19 a.m. in the Connelly Room at the Morganton Community House. He welcomed everyone and asked the City Manager to introduce the agenda.

- **Zoning Ordinance Revisit** – The City Manager stated that there is a tremendous amount of development going on in the City. While staff is working with the current zoning ordinance, they look at ways it is working and ways that it might be tweaked to be better.

  Development and Design Department Director Phillip Lookadoo and City Attorney Louis Vinay led this session beginning with the City Attorney giving a brief overview of how the current zoning ordinance came into being. He stated that as of the adoption of the new zoning ordinance, staff has not had as many rezoning requests; which is a good sign the guidelines are working. He stated the Board of Adjustment has had very few variance requests. The City Attorney stated that no document is perfect and aspects of it can be changed and improved.

  Lookadoo shared a PowerPoint presentation that included a Ted Talk video from Jacksonville, FL with Ed McMahon on “The Power of Uniqueness”. Lookadoo then shared items from the Mission 2030 plan and some of the goals from that document.

  The Mayor asked Lookadoo to explain what is meant by Accessory Dwelling Unit (ADU). Lookadoo stated it would be something like a garage apartment or small home in back of a primary home. He stated the City has a very flexible ADU policy.
Councilwoman Cato stated that “tiny homes” has been a topic of conversation lately and suggested that more public education might be needed in that area. The Attorney stated that “tiny homes” are treated just the same as any other home under the building code.

Jesse James, Senior Planner, stated there are protections in place in the zoning ordinance for neighboring properties.

Councilwoman Cato asked James his thoughts on the pros and cons regarding small home communities. James stated there are not many builders who are building smaller homes. If the City wants to look at tiny homes on wheels staff would need to readdress the ordinance. Tiny homes on foundations are currently allowed. The Attorney stated that tiny homes on wheels has been a hot topic in the area.

The City Manager stated that the City is in a period of growth/investment and people are coming in from other areas to work in construction. She stated that workers need somewhere to live or extended stay hotels.

Planning and Zoning (P&Z) Commission member Pete Wallace stated there is a need for low-cost housing, millennials want smaller homes, retirees and people with money who are just looking to downsize want something larger than tiny home.

The City Manager stated there is a lack of units in all housing prices. Councilwoman Cato stated there are people who are currently building or looking to build higher end condos in the downtown area.

The City Manager talked about the taxpayer investment made in our entrance corridors at Exit 105 and 104. She stated the City will now have the opportunity to do the same at Exits 103 and 100. She posed the question, “Do we see that this has a value and do we buy into it?” She stated that the elected officials and the advisory Planning and Zoning Commission need to work together to make these types of decisions. She questioned if the City is on the right track and whether the City still needs to be working on these things.

Councilwoman Cato stated she thinks the City is on the right track, however the City needs to make sure it has control over those decisions.

Lookadoo stated that during the recession staff and council worked on Mission 2030 and formulated plans for which we are now reaping the benefits.

Planning and Zoning member Judy Francis stated that in her job she meets people from I-85 to the Tennessee state line. She stated that almost every town in Western North Carolina that she visits aspires to be like Morganton.

The Mayor stated that just the previous week staff from NCSSM visited and for many it was a first-time visit. He stated many shared with him how impressed they were with Morganton.
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Councilwoman Cato asked P&Z members what Council should be looking at going forward. P&Z member Hank Dickens stated that they spent 18 months designing the ordinance and he forecasted that the Commission would not be as busy going forward. Lookadoo stated that this is a very effective ordinance where questions are answered early in the process. He stated there are two words; planning and zoning. Zoning is like asking “mother may I”. The planning piece needs to be a living breathing document visited yearly.

Main Street Director Sharon Jablonski stated that when she gets pinned down with questions in the community her first response is to ask if the person has talked to Development & Design. She feels people make assumptions about what is in the ordinance or they are thinking of things in the old ordinance.

The City Attorney stated that building design standards and landscaping seem to be the two areas with the most questions.

Pete Wallace stated he was slow to buy in to the corridor idea until he grasped the corridor concept. He stated it is an evolution - it is done piece by piece, as properties are built or upgraded.

The City Manager stated that a developer came in and said he saw many things he liked in Morganton. She stated that the City has always tried to be a partner and we have to find a way through rules and regulations to make things happen. She stated the City is in competition with so many other places. Vinay stated that we need to set Morganton apart from those other places.

Judy Francis stated a recurring issue is the need to have flexibility in the ordinance in order to address low-income housing.

Councilman Fleming stated it is so important to educate the public on what the vision is and what the City is trying to accomplish. He stated the need to educate people to new zoning requirements so they know what is expected and why it is expected.

The Mayor called for a fifteen minute recess at 10:15. The Mayor reconvened the meeting at 10:30 a.m.

➢ Development Incentive Grant (DIG) Policy Amendments discussion was led by City Manager Sally Sandy. She gave a short overview of how the Mission 2030 plan came into being.

The City Manager stated the DIG (Development Incentive Grant) program was established during the height of the 2008 economic downturn. It was intended as an economic stimulus in Morganton. The City and Burke County adopted the policy as another economic development tool. Now the economic climate has changed. The
changes in the economic climate and investment opportunities have led to a review of the DIG by the City and County. Upon review, the City staff recommends that revisions be considered. These revisions have been shared with Burke County staff.

The revisions include amendments to the proposed zones where DIG funds can be awarded. The designation of the Broughton District Redevelopment opportunities have influenced the need to consider changes in the DIG zone boundaries.

The other significant changes include:

A) Language clarifying that tax-exempt entities are not eligible to receive DIG funding. This was implied previously.

B) Requirement that the City and County assign staff to work with developers applying for a DIG from the beginning of project discussions. Previously, the City did the review and the County entered later in the process.

C) The most significant change in this proposal is in the amount of new investment required to qualify for DIG funds. Section F details recommendations for grant qualifications.

The grant calculation area is where the City and County have disagreements on future awards for projects in the City’s downtown Municipal Service District (MSD). The City staff believe that the MSD tax rate should not be added to the City and County general tax rates to allocate %-share of grant awards. The County Manager believes it should be included which effectively reduces the County’s proportionate share of the incentive. This is not just a philosophical difference, but a financial one. If the downtown special tax is used in the incentive provided jointly by the City and the County and the City awards incentive of the special tax, the result would be two incentives funded by the downtown tax district.

The City believes that the MSD tax is similar to a fire tax; a tax levied for specific purposes within a specific geographic area. The downtown MSD tax legally must be used to support functions/services provided in the special district. Those functions/services are over and above those provided outside the district. In downtown Morganton the City is required to provide services and functions that allow Morganton to remain certified as a Main Street Community under State and Federal requirements.

The City Manager stated this grant is for game changing, needle moving projects. After the City Manager shared the calculations and explained the details, she stated the “Big Question” is, “Should the MSD tax rate be included in the percentage allocations?”

She questioned how do we solve this issue? She stated the County was aware this session was being presented today, were invited to come, but could not due to their own budget meetings.
Main Street Advisory Board member Tamra Starnes asked how long the City has been offering the DIG program. Vinay stated that in the 9 years this program has been in place the City has only offered two incentives.

The City Manager stated she feels this incentive program is worth keeping. She shared that at a recent meeting with a developer, he told her this type program helps to fill a gap. She feels it has merit and helps to move the needle forward. Once completed and after the initial 5-year tax period, all net revenue comes back to the City/County. The City Manager stated she feels that both the City and County need to be together on this. She stated this creates opportunities that raise the needle in all of Burke County via sales tax, occupancy tax, etc.

The Mayor stated the questions as: Do we keep DIG; do we think the program has value; do we use scenario A or B, which is including the Municipal Tax in the overall calculation or keep it separate.

Councilwoman Cato stated the DIG definitely has value. She stated it as a plus when presented to businesses coming in. She stated that it sets Morganton apart.

Councilman Fleming stated there is little question to its value and he totally supports it.

Councilman Simmons stated that he could not see us not doing it, he is in favor of the program.

Councilman Hawkins stated the program is definitely needed.

The City Manager stated the next step should be meeting with the County. The City Manager stated the County Commissioners have not heard this, but the County Manager stated that he would not recommended it to the Commissioners unless the Municipal Tax was included. The Manager stated that service district requirements are the same for downtown districts and fire districts.

Jablonski asked if the fire district money has ever been included in the calculations. The Manager stated they have not been included.

Councilman Fleming asked what part of this did the Commissioners not understand. The City Manager stated we don’t know if the Commissioners will be in agreement or not; we do know that the County staff disagrees.

Councilwoman Cato stated that up until this point we haven’t used this incentive. The City Manager stated we have used it with the downtown hotel.

Councilman Hawkins asked if the County was in agreement with the grant for the hotel. The City Manager stated they agreed with it, however late in the project they called the calculations into question.
Councilman Simmons asked if anyone has spoken to the Commissioners individually. The City Manager stated that has not happened. She stated it is now time for the political bodies to get together to talk about it. She feels the Commissioners need to hear the broader discussion.

Bryant Lindsey asked if the Manager has spoken to the County Attorney and what was his opinion. The Manager stated she had not spoken to the County Attorney and she did not know his thoughts on the program.

The Manager stated it is the staff’s goal to have the revised DIG policy/guidelines for consideration at the April Council meeting. She stated there are two projects currently on the table. The Mayor stated staff should move forward with this.

➢ **Capital Improvement Program Overview** – A PowerPoint presentation was delivered showing the needs of the various departments. The City Manager stated that as had been the case in the last several years, the needs are presented by the department directors with few cuts so Council can get a perspective on the CIP needs city-wide. She stated it is also an opportunity for the department directors who are focused on his/her piece of this puzzle (rightly so) to see the city-wide requests. This also gives Council a chance to see short-term and long-term needs. Also, as in the past, these requests will be re-evaluated, tweaked and prioritized with matching resources later in the budget process.

Highlights as follows:

CoMMA Director Jim Smith stated they had over 45,000 people in attendance during the past year. He stated they would like to continue the brick and mortar repair on the building exterior, replace the rock wall along the street-side sidewalk, invest in new wireless microphones, purchase concert lighting, fixed rigged points, and a new Boca dual ticket printer.

Councilwoman Cato asked about replacing the rock wall prior to the College Street “road diet”. The City Manager stated that the wall and roadwork will be taken into consideration during the planning process.

Development and Design Director Phillip Lookadoo stated their needs include: a new vehicle for the chief building inspector vehicle (his current vehicle will be used by another inspector), College Street improvements, and trees to replace crepe myrtles along South Sterling.

Chief Rector stated that Public Safety needs include a generator switch-station 3, evidence incinerator, to repave the parking lot at station 2, fire training grounds standpipe system, fire turn-out gear dryer, replace exterior sign at fire station 1, firearms range repaving and retaining wall replacement, vehicle replacements, portable radio replacements, thermal imaging device replacement, replace Tasers, replace night vision
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equipment, replace firefighter turn-out gear, fire extinguisher training device, firefighter escape kits, and a universal forensic extraction device.

In response to the fire turn-out gear dryer, Councilman Fleming asked how many pieces of turn-out gear are allotted to each firefighter. Chief Rector stated that each firefighter has one set. Chief Rector stated the reason for cleaning, and need for a dryer, is really due to the carcinogens which get into the fiber of the gear.

Citizen Rick Lingerfelt asked how many public safety cities are currently in North Carolina. The City Manager stated that Morganton is the only city in North Carolina with a Public Safety department. Chief Rector stated it is more and more difficult to remain a Public Safety department due to the training requirements. He stated that training, hiring and retention are more difficult. Morganton Public Safety is more of a hybrid now with the hiring of fire engineers.

Michael Chapman requested funds in the Municipal Building category for maintenance and repairs.

Scott Lookadoo, Public Works Director, stated his requests include replacing 2000 dump plow, dump truck, Kubota refuse hauler, Kubota backhoe, replace air conditioner in the garage office, replace fuel canopy, replace fuel pumps and inlet, and replace the roof on the garage.

Main Street Director Sharon Jablonski had requests that include monies for restaurant/family entertainment venue recruitment. She stated they were moving forward with the multi-purpose outdoor event space at the Old Courthouse Square. The City Manager stated the County is working hand-in-hand with the City on this project. She stated the design firm chosen must have community input as this is the most significant change in the community in years. Jablonski stated Main Street is working through the State Arts Council on a SmART Grant Partnering Project that will be part of the multi-purpose event space.

The Mayor called a lunch recess at 12:15 p.m. The Mayor reconvened the meeting at 1:00 p.m.

- Capital Improvement Program Overview continued with these highlights:

Recreation Director Rob Winkler made requests including funds for park improvement, to repair/replace the Collett Street center lower roof, for a front mower, 73" mower replacement, replace finish mower, replace golf carts, and to replace the old Smithco drag.

Brooks Kirby, Electric Department Director, had requests that included a trailer for the ditch digger, trench roller/packer, generator for City Hall, substation building climate control, meter test set, UPS for SCADA system and office backup, skid steer loader tree
removal attachment, truck communication replacement, system improvements, transformers for new customers, overload cutout fuse assemblies, line fault indicators, pilot for main trunk line reclosure ATS unit, pole replacement, Wildlife Mitigation Control, oil containment system, Morganton Heights railroad bridge, and Parker Road extension lighting.

Water Resources Director Brad Boris made requests including funds for main, line, and meter replacement/repairs, water tank maintenance, extension of a 12” line across South Sterling, coagulation & sedimentation upgrade, pipe gallery heater replacement, raw water pump check valve replacement, bulk caustic tank conversion, sewer push camera, sewer lift station maintenance, replace small vacuum pump truck, replace small jetter, compost mix box and screen, wastewater admin building HVAC replacement, and funds for a risk management plan compliance audit.

Greg Branch, CoMPAS/IRMS Director, made CoMPAS requests for system improvements/expansion, a bucket truck, head-end network upgrades, conversion of video to digital, and concrete removal/reuse old tank.

Branch stated that IRMS requests include city-wide connectivity, servers, UPS replacement, server room a/c phase 1, fire alarm system for City Hall, access control system for City Hall, backup hardware/software for PS network, net motion additional server License, replace virtual 02 host server, CID DVR replacement, and to purchase laptops.

The City Manager stated this is the total list. Councilwoman Cato stated it seemed like directors were asking for less. The City Manager stated they were asking for somewhat less, but it is what is needed. The City Manager stated these items will likely see some changes as the budget process continues.

Update on Major Projects from 2018 – The City Manager stated there are several on-going projects from last year’s field trip that are not yet completed. These are some of the larger capital projects that were included in the budget. Various staff members gave updates on the status of these projects.

• Main Street Director Sharon Jablonski stated the Downtown Hotel work is continuing; walls are going up. Phillip Lookadoo stated the red lumber that can be seen is fire-retardant lumber.

• Phillip Lookadoo updated Council on the Green Street Revitalization and the Downtown Greenway Connector project. He shared a photo of the trailhead at Green Street. He is waiting for release of funds for right-of-way acquisition, while the City Attorney is doing legal work, and soon they will begin construction. He stated that the Green Street Revitalization Project water line may change some of the hydrants in the area from red to orange which gives them a higher ISO rating.
• Water Resources Director Brad Boris showed a short video about the Wastewater Plant conversion and its progress.

• Recreation Director Rob Winkler updated the Council on the Soccer Complex Expansion plans and the state of the Martin Luther King Jr. Park project.

Winkler stated the soccer complex project is $1,409,210, which is a best guess cost. Winkler shared a plan with the proposed fields’ layout; stating they are seeking a no-rise plan study prior to beginning work.

Winkler stated the MLK project has been challenging, coordinating with the schools as well as the topography, and the rainy weather. Winkler shared many renderings of what the park will look like, and stated the water from the splashpad will run into a collection unit which the schools will use for irrigation on their all-purpose field. The Manager stated there will be a grand opening once the project is completed.

The Mayor called for a recess at 2:30 p.m. The Mayor reconvened the meeting 2:45 p.m.

➢ Strategic Plan for Economic Development discussion was led by Assistant City Manager Sonja Marston and Crystal Morphis, CEO of Creative Economic Development Consulting.

The Assistant City Manager stated that ElectriCities of North Carolina, Inc. sponsored an economic development strategic planning process as a service to Morganton. The purpose of the strategic plan is to guide Morganton to make strategic investments that will result in a stronger, more sustainable economy. The strategic planning process was facilitated by Crystal Morphis who is the Founder and CEO of Creative Economic Development Consulting, LLC. There were 205 community members who participated and had input in the planning process through interviews, online surveys and focus groups. The strategic plan brings together initiatives from the Downtown Masterplan, the Parks and Recreation Masterplan and citizen input.

Morphis stated that economic developers are the eternal optimists. She stated that Morganton “gets things done”. Morganton spends a lot of time and resources in planning, but unlike many other places, Morganton uses their plans and works toward fulfilling the vision.

Morphis stated the key findings were a growing population; a population that is older and very educated. She stated findings of a growing labor force at county level, unemployment rate is low, rising housing costs, manufacturing, health care, education workforce, and strong retail growth.
Morphis stated Morganton’s strengths include a good quality of life, Western Piedmont Community College, healthcare, downtown recreation, being a retail hub, and the city leadership.

Morphis stated some weaknesses include housing, workforce availability, youth/family entertainment, and homelessness in downtown.

Morphis shared opportunities for Morganton including the North Carolina School for Science and Mathematics, the redevelopment of Broughton, Downtown Master Plan, and the Parks and Recreation Masterplan.

Morphis said a threat is the “continued brain drain”.

She stated that overall goals should include: increase housing, capitalize on education developments, downtown development, coordinated marketing, entrepreneur development and to enhance the visitor experience.

Morphis suggested some next steps which would be to approve the strategic plan, staff request funding for priority projects, and then launch the plan.

Councilwoman Cato stated the information Morphis shared reiterates what staff and Council have been seeing with the other plans.

The City Attorney stated in regard to tourism and visitors, something like the Western Discovery Center is great but it’s not something the City can do on its own. Morphis stated that the City could conduct a feasibility study and talk with state representatives to show the need and the impact on regional economy.

Jablonski asked what a Western Discovery Center would be. Morphis stated it is an interactive history museum.

The Mayor stated that there were visitors from the North Carolina School of Science and Math in Morganton recently. The Mayor asked Kevin Baxter, Director of Western Campus Planning at NCSSM, what response he received about Morganton from those visitors. Baxter stated everyone was pleased with the visit and with Morganton. Baxter stated NCSSM has had nothing but strong support from the City. He stated the first employees will begin being hired in the Fall of 2019.

Morphis said to consider those teachers, maybe building a “teacher’s village”. She suggested that those new hires be partnered with someone from the community who could introduce them to local volunteer opportunities and other ways to involve them in the life of the City. She stated the need to have them engaged in the community.

Ed Phillips, Director of Travel and Tourism, stated they have hired a marketing manager part of whose job is to find conferences/seminars to come to Morganton. He stated that another tourism component is destination weddings; last year there were 28 in the area.
He stated there is a bottleneck in regards to accommodations; and feels there will still be a bottleneck even with the 84 new rooms at the downtown hotel. He stated we are leaking tourism dollars to other communities.

Eric Engstrom asked what Morphis meant by communal space. Morphis explained they were “makerspaces”, a collaborative workspace, which might be developed through non-profits or more likely through a private public partnership.

The Mayor thanked Morphis for the presentation.

➢ Adjournment – The Mayor adjourned the meeting at 3:30 p.m.

Preparation of Minutes. These minutes were prepared by Mikela D. Russell, Assistant City Clerk. Copies of all resolutions, ordinances and orders referenced in these minutes are intended to be incorporated into these minutes as if fully set forth herein. Prior to including them into the official minute book, the minutes have been read and approved by the City Manager and the City Attorney, then distributed to each member of the City Council for further review and final approval, at a subsequent Council Meeting.

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Mayor         Assistant City Clerk