

MINUTES  
REGULAR MEETING  
CITY COUNCIL

January 9, 2023

Ronnie Thompson, Mayor

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

Wendy Cato )  
Christopher Hawkins ) Council  
Chris Jernigan )  
Butch McSwain )

Interpreters  
Ernest Williams IV  
Danette Steelman-Bridges

- I. Call to Order - The Mayor called the regular meeting to order in the Council Chambers at City Hall at 6:00 p.m.
  
- II. Public Comment – The Mayor stated the guidelines for public comment and said speakers were to be called in order of sign-up for those who appeared in person; however, due to COVID-19 the Council was still accepting public comments via email, U.S. mail or hand-delivered letters. No other comments via email, U.S. mail or hand-delivered letters were received.
  - a. Ron Michaux – Resides at 218 Laurel Hills Drive, Morganton, NC – owner of M&R Enterprises – Mr. Michaux stated that he would like to thank Public Safety for deterring the homeless from leaving trash/needles outside his office and helping his staff. He also wanted to advise the Council of a recent incident involving an assault of a female who works at CVS Pharmacy by a homeless person who was later arrested at Burke United Christian Ministries, which resulted in an officer being injured.

He stated that the homeless situation is getting worse. He stated that recently there were several homeless individuals that came into the City from other cities.

He again stated that he was very thankful for all the assistance he has received from Public Safety.
  - b. Bill Poteat – Editor of The Paper, resides at 2665 US 70 West, Morganton, NC – The first Saturday in February, February 4<sup>th</sup>, will be the very first edition of an all local newspaper in Morganton. Every word printed will be local except the syndicated crossword puzzle. The Paper is the brainchild of publisher, Allen VanNoppen. The Paper will be a 32-page, full-color, broad-sheet and standard size newspaper. Initial printing will be 3500 copies, website will go live soon, there will be a strong digital presence and an e-newspaper. The focus will be on the printed publication. He promised more local news in one day than anyone can get anywhere else in a week. He stated that they want to paint a full and positive picture of Burke County. They will profile interesting people and tell their story. The editorial page will be local and very lively. He invited everyone to write guest opinions or letters to the editor that will be printed in a quick and timely manner.

He advised that they have a veteran staff with years of experience. He welcomed input from Council anytime.
  
- III. Pledge of Allegiance to the Flag – Councilmember Jernigan led the Pledge of Allegiance.
  
- IV. Invocation – Given by Pastor Jaime Torres, Morganton Public Safety Chaplain and Founder of Jaime Torres Ministries.

V. Introduction of Council – The Mayor introduced Councilmembers and staff.

VI. Retirement Resolutions

- a. Mayor Thompson read the retirement resolution honoring Jimmy Justice, Maintenance Worker, Recreation Department – Mr. Justice was not able to attend the meeting and will receive the resolution at a later time.

Upon motion by Councilmember Jernigan, seconded by Councilmember McSwain, and carried unanimously, the Council adopted Resolution #23-01 honoring retiree James A. Cotherman.

- b. Mayor Thompson read the retirement resolution honoring David Mark Huffman, Surveyor, Development and Design Department – Councilmember Cato presented the framed retirement resolution to Mr. Huffman. She stated that Mr. Huffman has contributed so much to the City and to the growth of the City. She thanked him for his service.

Mr. Huffman stated that it has been a privilege and an honor to serve the people of the City of Morganton. He asked for God's blessings to be upon the City of Morganton.

Upon motion by Councilmember Jernigan, seconded by Councilmember McSwain, and carried unanimously, the Council adopted Resolution #23-02 honoring retiree David Mark Huffman.

VII. Public Advocacy Issues and Strategies – Mayor Thompson announced the following City of Morganton upcoming events:

a. Upcoming events:

- **Downtown/City Hall**

- Pop-Up Farmers' Market Monthly Beginning in January

- Saturday, January 14<sup>th</sup> from 9:00 a.m. to 1:00 p.m. at 111 North Green Street

- Art in the Hall: Tina Sclarandis, Terri Martino and Cindy Kanarski – Three Quilters – Since 2019, the Three Quilters have spent many hours working together on various projects. They look forward to sharing their vision of unique and combined artistic love of quilting. The display of quilts began in December 2022 and will continue in City Hall during the month of January 2023.

- **CoMMA Performing Arts Center**

- Thursday, January 26<sup>th</sup> at 6:00 p.m. – Winnie the Pooh

- Monday, January 30<sup>th</sup> at 7:30 p.m. – Stomp

VIII. North Carolina Municipal Power Agency Number 1 Update – Nothing at this time.

IX. Consent Agenda – City Manager Sandy presented the Consent Agenda. Mayor Thompson asked if any items should be removed. No request was made.

Upon motion by Councilmember McSwain, seconded by Councilmember Hawkins, and unanimously carried, approving the Consent Agenda and each individual item adopted as stated, those being as follows:

- A. Approved minutes as submitted for a Closed Meeting and a Regular Meeting held on December 5, 2022.
- B. Approved updated pay ranges as submitted effective January 9, 2023.

X. Items Removed from Consent Agenda – There were no items removed.

XI. New Business

A. Public Hearings

1. Public Hearing and Consideration of an Alternative Design Request Submitted by Western Piedmont Community College for the Construction Trades Building Project

Mayor Thompson opened the Public Hearing at 6:18 p.m.

Wendy Smith, Director of Development and Design, advised Council that Western Piedmont Community College (WPCC) is constructing a “Trades Building” on the campus located at 1001 Burkemont Avenue. For zoning, the site is located in the High Intensity District and a portion of the new building and parking area is located within the 250-foot Corridor Overlay for Burkemont Avenue, which imposes additional architectural and development requirements.

Street yard landscaping is required for the site and the requirements are based upon an amount of landscaping to be installed per linear feet of street frontage. As part of the Zoning Permit issued in February 2022, a landscaping plan was approved for the site that incorporated a determined suitable amount of street yard landscaping. The approved landscaping included a determination to reduce the landscaping required by approximately 40%, to limit the landscaping required to only the 608 feet of the parcel directly adjacent to the newly proposed Trades Building to the south of Community College Drive. Additionally, as the portion of the development within the Corridor Overlay was deemed to be less than 10% of the total project, then staff allowed the development to take advantage of the flexibility within the Zoning Ordinance to exempt the site from fulfilling the more intensive Corridor Overlay requirements. The approved landscaping plan showed a linear arrangement of relatively dense plantings along the Burkemont Avenue street frontage within the 10 foot wide street yard, as well as minor existing plantings in the 250 feet between the street yard and the Trades Building.

In September 2022, WPCC filed an alternative design application to alter the previously approved landscaping plan. That alternative plan proposed to cluster the street yard landscaping away from the street frontage in a more organic layout and included significantly reduced numbers of plantings, including an elimination of all previously approved shrubs. That proposed design was presented to Planning and Zoning Commission on October 13, 2022. Planning & Zoning voted to deny the alternative design proposal and WPCC requested consideration by City Council.

Following the Planning and Zoning Commission meeting and prior to the City Council meeting on November 7, 2022, WPCC submitted a revised plan to the City for consideration. As any revised plans must go back to Planning and Zoning Commission for consideration, at the November 7, 2022 City Council meeting, the item was continued, for referral back to the Planning and Zoning Commission with any consideration and decision by City Council continued to January 9, 2023.

WPCC’s revised plan was submitted to the Planning and Zoning Commission on December 8, 2023 and the plan received unanimous support from the Commission. This final proposed landscaping plan is the subject of this report seeking approval from City Council.

In the current proposal, WPCC has again requested to move the street yard landscaping away from the street frontage and, rather than placing it in a linear fashion within the 10 feet closest to Burkemont Avenue, to cluster the

plantings in a more organic layout within the 250 feet between the street and the new Trades Building. Further, WPCC now proposes to include almost one quarter of the landscaping on the other side of Community College Drive, near the WPCC entrance sign. The current plan also includes a substantial amount of shrubs and trees. The following table describes the current proposal as compared to the requirements of the Zoning Ordinance.

Type of Landscaping	Number of Plantings			
	Required Standard	Required With 10% Reduction	Proposed	Difference
	0	0	17 (including 6 existing trees)	None Required, 17 proposed
Small Trees	18	16	9	44% Reduction
Large Shrubs	60	54	28	48% Reduction
Medium or Small Shrubs	95	85	91	7% Increase

The intent of the street yard landscaping requirements is to enhance the aesthetics of the streetscape along which the plantings are installed in order to create a pleasantly landscaped environment for those viewing the new development from the adjacent street. These goals are especially important for sites that sit within the Corridor Overlay.

While there remains a reduction in the overall number of plantings compared to the requirements of the zoning ordinance, the overall combination of the types of plantings involved and their grouping away from the typical street frontage area can be considered to fit with the natural appearance of the existing site.

The public hearing for the November 7, 2022 meeting was advertised on October 28, 2022 in the Morganton News Herald; as the item was laid over for consideration at that November 7, 2022 meeting by public action of City Council, no further public advertisement is required.

Director Smith advised that City Staff recommends approval of the revised plan because it does meet the intent of the zoning ordinance with the overall combination and types of planting still offering that scale of large shrubs and small shrubs, larger trees and small trees as a mix, which fit in with the natural development of the site already there.

Mayor Thompson asked if anyone wished to speak for or against this project. No one approached the podium.

Mayor Thompson closed the Public Hearing at 6:21 p.m.

Upon motion by Councilmember Jernigan, seconded by Councilmember Hawkins, and carried unanimously, the Council approved the Alternative Design Proposal submitted by Western Piedmont Community College.

**B. Other Business**

**1. Consideration of Award of Community Development Block Grant Small Business Loan to Hillman Beer, LLC**

City Manager Sandy advised that Hillman Beer, LLC has applied for a CDBG Small Business Loan in the amount of \$75,000 to assist with the purchase of restaurant equipment for their new location in Morganton. Hillman is purchasing the Catawba Brewing site and will be renovating the building to include a restaurant as well as a brewing facility. Hillman currently has two locations, one in Asheville and one in Old Fort. At each brewery location,

they serve food and beer. Hillman has been in operation since 2016 and is profitable. The principals in the business are Brandi Hillman, Greig Hillman and Brad Hillman. Brad is the Master Brewer.

Hillman's total investment will be over \$1,000,000 when the project is complete. They will hire ten full time employees with at least six of those positions being at or below HUD Median Income guidelines.

After reviewing the loan application and the business plan, City Staff feels that this will be a good Small Business Loan. The new business will assist development that will contribute to the vibrant landscape in Downtown Morganton and continue to attract visitors to the community.

City Attorney Vinay advised that the Hillman family will be personally guaranteeing the loan.

Upon motion by Councilmember Cato, seconded by Councilmember Jernigan, and carried unanimously, the Council awarded a CDBG Small Business Loan in the amount of \$75,000 to Hillman Beer, LLC to be used to assist with the purchase of restaurant equipment for their new location in Morganton.

2. Consideration of Approval of a Morganton Main Street Small Business Loan Agreement with Hillman Beer, LLC

City Manager Sandy stated that over the years the City of Morganton Main Street Program has developed revolving loan programs to support business development that match up with the needs of downtown. In 2019 Main Street staff requested funding to assist with the development of restaurants. While the need for restaurants continues to grow, the struggle to find restaurant owners is hampered by the lack of available building space and/or the lack of available funding.

Council approved a budget of \$75,000 in the 22-23 budget year. While several folks have talked about wanting to borrow money from us for a restaurant, no one has actually submitted any paperwork. Because of this the Main Street Department is asking Council to loan the entire amount of \$75,000 to Hillman Beer LLC. The loan is a forgiveness loan that states if the business remains operational for 5 years, the remainder of the loan is then forgiven. This means half of the full loaned amount would be forgiven.

Catawba Brewing closed its operations in November of 2022. City staff quickly worked to find a replacement for the Brewery at this site. The Hillmans currently have two sites, one in Asheville and the other in Old Fort. Both are very successful. We are excited that the new development will include a restaurant and a brewery. This concept will be a great addition to downtown Morganton.

The Hillmans will initially lease the property. Their brewing and bottling operations are much less than Catawba Brewery, therefore they will reduce the bottling section and put in a kitchen in addition to offering a tasting room. The Hillmans will have invested just over a million when the project is completed. The City will take a UCC lien on the kitchen equipment for collateral and/or a personal guarantee. (Note: All documents to support the loan request are on file with HUD Documentation.)

Upon motion by Councilmember Jernigan, seconded by Councilmember McSwain, and carried unanimously, the Council approved a Morganton Main Street Small Business loan agreement in the amount of \$75,000 to Hillman Beer, LLC to assist with the cost of installing a new kitchen at 212 South Green Street and to authorize the Mayor and City Manager to execute such Contract and any other necessary documents.

3. Consideration of Approval of a Building Reuse Grant Agreement, a Contract with the Western Piedmont Council of Governments (WPCOG) to Administer a Building Reuse Grant and Associated Budget Amendment for Project Fill

City Manager Sandy advised that in October 2022, the Council approved a resolution allowing the Staff to apply for a Building Reuse Grant for Project Fill. The \$500,000 grant has been approved by the Rural Infrastructure Authority and the Rural Economic Development Division of the North Carolina Department of Commerce. The WPCOG will be administering the grant. Burke County and the City of Morganton will share in the administrative costs of \$12,500.

Upon motion by Councilmember Hawkins, seconded by Councilmember Cato, and carried unanimously, the Council approved a Building Reuse Grant Agreement with the NC Department of Commerce and to authorize the Mayor and City Manager to execute such Contract and any other necessary documents.

Upon motion by Councilmember Cato, seconded by Councilmember Jernigan, and carried unanimously, the Council approved the contract (2023-03) with WPCOG to administer the Project Fill Building Reuse Grant and to authorize the Mayor and City Manager to execute such Contract and any other necessary documents.

Upon motion by Councilmember McSwain, seconded by Councilmember Hawkins, and carried unanimously, the Council approved the budget ordinance (Ord. 22-01) for \$500,000 in grant funds and \$12,500 in administration costs.

4. Consideration of Approval of a Contract to Sell Property on East Meeting Street and to Enter into a Development Agreement

City Attorney Vinay stated that the City owns six (6) adjoining vacant tracts of real property, totaling about 1.70 acres, located in the 400 Block of East Meeting Street between White Street and Church Street. These are parts of the properties which were once held by the Redevelopment Commission, and which have been over the years subject to numerous attempts to market the same for redevelopment. In fact, on at least three (3) different occasions the City has contracted with developers for the sale of these properties, but all sales have fallen through due to the inability of the developers to obtain the necessary financing and/or tax credits.

Now, the City has received an offer from Green Street Properties, LLC of Concord, North Carolina, assigned to 400 Meeting Street Properties, LLC, to purchase these properties for FOUR HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$425,000), upon certain terms and conditions. Meeting Street plans to develop market rate residential housing on the property in the form of townhouses and rental apartments, totaling as many as 70 units.

The City proposes to sell this property under the statutory negotiated sale and upset bid process; therefore, an initial earnest money deposit of \$21,250 (5% of the sale price) is required, and has been paid.

Following the "negotiated sale and upset bid" procedure in General Statutes section 160A-269, the City advertised this proposed sale by publishing in the News-Herald on December 8, 2022. No upset bid was received within the statutory time limit on December 19, 2022 and this matter is now before Council to decide whether final approval of the sale should be given.

After negotiation, City staff has reached agreement with 400 Meeting Street Properties, LLC about the terms and conditions of the purchase. In particular, the sale contract would provide for: a due diligence period of 120 days, which the buyers have the option to extend by up to 60 days; construction to begin within six (6) months after closing on the sale; building at least 50 apartments and townhouses on the property; and providing for both on- and off-street parking, together with sufficient open spaces.

Meeting Street plans and intends to develop, on the City tracts, residential housing on the property in the form of townhouses and rental apartments, totaling as many as 70 units with no less than 50 units in the final development.

City staff believes that the Meeting Street plan would be an excellent use of this property and would be a major economic development for downtown Morganton. It is no secret that there is a need for additional housing in downtown. The offer made is a good and fair one, and City staff recommends its approval.

City Attorney Vinay advised that the original contract was with Green Street Properties, LLC, but as is allowed under the contract they have decided to create a new entity and transfer their rights to it. The new entity is "400 Meeting Street, LLC". He advised Council to use the new entity name, 400 Meeting Street, LLC, from this point forward.

He further stated that there will be a development agreement that will govern the development and construction of the property will be executed at closing.

Upon motion by Councilmember Hawkins, seconded by Councilmember Cato, and carried unanimously, the Council approved a Contract of Sale and Purchase (2023-02) to convey to 400 Meeting Street, LLC of Concord, North Carolina, the City's six adjoining vacant tracts located in the 400 block of East Meeting Street between White Street and Church Street, for \$425,000, subject to the terms and conditions of such contract; and to authorize the Mayor and City Manager to execute such Contract, the Development Agreement provided in it, and any other necessary documents.

## 5. Appointments to Boards and Commissions

### a. Morganton Housing Authority

The Mayor stated there are no terms expiring, however there is one vacancy on the Morganton Housing Authority Board.

If you have an interest in volunteering for one of these vacancies, applications for *Request for Appointment to City of Morganton Boards and Commissions* are available during business hours from the Clerk's office or on the City website.

XII. Other Items from City Manager and City Council Not on Agenda – No items were added.

XIII. Reports – No reports given.

XIV. Adjournment – The Mayor adjourned the meeting at 6:33 p.m.

Preparation of Minutes. These minutes were prepared by Renee C. Carswell, 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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Ronnie Thompson, Mayor



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Renee Carswell, City Clerk

