

A Special Meeting of the Hickory City Council was held in Hickory, North Carolina on Thursday, April 13, 2023, at Catawba Valley Community College, in the Workforce Solutions Complex, located at 1980 Startown Road.

Thursday, April 13, 2023

On Thursday, April 13, 2023 at approximately 8:30 a.m., a Special Council-Staff Retreat was convened.

The following members were present: Mayor Hank Guess, Alderman Tony Wood, Alderwoman Charlotte Williams, Alderman Danny Seaver, Alderman David Zagaroli and Alderwoman Jill Patton. A quorum was present.

Staff present were: City Manager Warren Wood, Assistant City Manager Rick Beasley, Deputy City Manager Rodney Miller, Planning Director Brian Frazier, Public Works Director Steve Miller, Director of Parks and Recreation and Sports Tourism Mark Seaman, Deputy City Attorney Arnita Dula, Fire Chief Matt Hutchinson, Airport Manager Terry Clark, Library Director Sarah Greene, Police Chief Reed Baer, Assistant Executive Manager Yaidee Fox, Communications and Marketing Manager Dana Kaminske, Communications Specialist Sarah Killian, Human Resources Director Mitch Friar (arrived at 1:00 p.m.), Business Services Manager Dave Leonetti, Transportation Planning Manager John Marshall, Finance Officer Melissa Miller, Information Technology Director Eric Rucker, Public Utilities Director Shawn Pennell, Executive Assistant to the City Manager Deisy Zavala, Deputy City Clerk Crystal Mundy, and City Clerk Debbie D. Miller

Others Present were Catawba County Economic Development Corporation President, Scott Millar

Media: Kevin Griffin and Robert Reed

I. Welcome

Mayor Guess welcomed everyone and thanked Catawba Valley Community College (CVCC) for allowing the City to use their facility for the retreat. He advised that Alderman Freeman had a death in his family and was unable to attend as he was in charge of the funeral. On behalf of City Council, he thanked staff for their contributions to the City's successes. It took dedication and loyalty to make things happen.

Alderman Zagaroli arrived at approximately 8:33 a.m.

Mayor Guess wished Deputy City Manager Rodney Miller and Alderman Zagaroli a Happy Birthday. Rodney's birthday was Friday, April 14, 2023, and Alderman Zagaroli's birthday was Saturday, April 15, 2023. He mentioned he and Council was excited about everything that was going on.

II. Recognizing the City's Successes & The Year Ahead – Presentation by City Manager Warren Wood

City Manager Warren Wood thanked Executive Assistant to the City Manager Deisy Zavala and Assistant Executive Manager Yaidee Fox for all their work on preparations for the retreat. A round of applause was given. He presented a PowerPoint presentation and discussed City accomplishments. He advised the City's region was changing based on new data. He would discuss what was happening nationally and then take it down to the State level in North Carolina and then the county level. It would paint a pretty clear picture of what at least in the last two years had been happening to the region, which was very important to the City because they were the hub of the Hickory Metro area. Approximately 365,000 people in the four-county region, Hickory's population of approximately 100,000 during the day. As our region ages and that impacts us in terms of workforce, people come here to shop, dine, and for financial services and everything else. The workforce was a challenge, not just for our region, but for many regions. There were over 10,000 vacant jobs in the four-county region. This was a problem that continued to grow to some degree. Industries with fewer jobs, high pay, and high tax base. The City had a lot of success in existing business expansion, MDI and Corning were good examples. A lot of long-time businesses have expanded. A lot of success in the manufacturing center in Trivium Corporate Center. The data center which had high tax base, low service consumption and few workers but high paid workers, the workers were an issue for the region. Downtown development was an economic engine by itself. The City's downtown was really taking off.

City Manager Warren Wood advised the things Council had focused on; the City had seen success. He discussed the Innovation District initiative with the area around the airport and ASU campus. The Aviation Museum, and the CVCC Workforce Innovation Center were coming online and should start construction this fall. Aviation is huge nationally. He mentioned the focus on Aviation Walk, and the widening of 9th Avenue Drive, and advised they would be pulling the trigger on the design on that. Also, they had MPO money for the extension of 17th Street and Aviation Walk. The US 321 widening project would cost approximately \$300 million dollars. A lot of public investment would be going on in that corridor. How do they leverage all that to create something new to consider another area of focus?

City Manager Warren Wood discussed the City's accomplishments. He mentioned this all happened during the COVID pandemic. He referred to the PowerPoint and displayed pictures of projects the City had accomplished: Ridgeview Library expansion; the fire training facility; Bruce Meisner Park, with new playgrounds; Optimist Park improvements; Glenn Hilton Park

improvements; affordable housing projects of new construction of single-family homes; Henry Fork Biosolids Facility; Murray Basin sewer project, a five million dollar sewer project; T-Hangars at the airport, initially 12 T-Hangars, this was a partnership with Burke County; and IT software updates for the City, Munis.

City Manager Warren Wood referred to the PowerPoint and displayed photos of some of the bond projects, the City Walk was complete; Riverwalk was under construction and expected to complete this summer; Aviation Walk was 60 percent complete; Historic Ridgeview Walk, bids were opening today; OLLE Art Walk; and Trivium, a lot of success out there.

City Manager Warren Wood discussed other investments. He referred to the PowerPoint and displayed photos of the Premier Music Venue. When they visited other cities years ago they saw these multiuse trails that spurred development along the trails and that is what they were seeing. They thought it was going to happen and it was happening. A lot of redevelopment and new development. He displayed photos of 111 Main Apartments located at the old court house site; City Walk Brewing, located at the old FPS Pawn Shop site; a schematic drawing of the Aviation Museum; ASU Hickory Campus, they had 300 plus students the first year and continue to grow that over time; Hickory Metro Convention Center expansion, \$15 million dollars for a 45,000 square foot expansion; Microsoft announcement last year, a billion dollar investment Countywide, 50 jobs created, and each one of those initial entities in the community, Hickory, Conover, and Maiden, \$343 million dollars. The City would provide water to all of those. He referred to the PowerPoint and displayed a map of the Wilderness Gateway State Park. The State had 300-acres and it was pushing a 500-acre piece of property for development. He displayed a list of NCDOT (North Carolina Department of Transportation) investments in the next 10-years, totaling \$616,843,000. The City had also done well in the funding for bike/ped projects, about \$50 million.

City Manager Warren Wood discussed housing. He referred to the PowerPoint and advised there was 142 single-family units permitted last year, 340 apartment units, and 48 townhomes, for a total of 530 units. He displayed a photo of the site for Bear Park, located at the corner of Sandy Ridge Road and Cloninger Mill Road; Mosteller Estates; Hampton Heights; Preston Ridge; and a site on Short Road.

City Manager Warren Wood discussed Hickory services. He advised solid waste collected 13,500 tons of residential waste, as well as 13,500 tons of yard waste and seasonal leaf collection. He thought that was the hardest job in the City. They have 13,000 stops every week. He advised the fire department had 10,635 calls dispatched and police had 107,438 calls dispatched. Public works had 348 potholes repaired with the goal being repaired 24-hours after reporting depending upon the weather. Human Resources processed 2,489 applications. The estimated wastewater services was 45,012 customers serviced and water services 135,521 customers served. Library services, 285,854 items borrowed, 182,922 library visits, 269 programs; and 237 meetings in study rooms. Park Services, 83,947 visits to the recreation centers, 1,417 classes and programs offered, 1,623 recreational sports participants, and 41 sports tourism events.

Alderwoman Williams commented on the City's growth.

City Manager Warren Wood advised they would like to grow by about 2%, it was 800 people annually.

Alderwoman Williams referenced the growth in industrial and capital and asked what the planning was for the basic services.

City Manager Warren Wood mentioned they had discussed this at the staff retreat. He asked Public Works Director Steve Miller to explain.

Public Works Director Steve Miller advised it was about 850 homes that triggers that extra truck, extra route scenario. On the newer homes at first, they would not see a lot of yard waste generated because the newer community would not have as many trees that were mature. The residential garbage would start triggering at about 800 homes. They could absorb the first year and a half or so of that growth, but they would need to be fully staffed and that was where it comes into a hard time getting fully staffed.

City Manager Warren Wood explained there was a different measure in the Police Department. They look at a certain amount of time, and the number of calls that are generated and the officers' time spent on their calls. Each department had a different method to what that looks like.

Deputy City Manager Rodney Miller advised some of the more difficult challenges would be with Parks and Recreation, Library and Fire Department, because they were fixed in those locations. They would have to consider the locations of the facilities as growth was everywhere. So where do you put it in one quadrant? Do you put it in one area of the City? Do you put it down south because then you've got to have folks that utilize those services. Those were challenges. They have two libraries, but they were pretty centralized to downtown. The City has a partnership with the County, and they had a library out in the Mountain View area, the Springs Road area, and in Newton for folks that live closer to Conover could utilize those services. That was a challenge with structure. Fire Departments were spread out. But the further south we go, when was that next station going to come online? They do not have those answers right now. They were trying to get all the data they could. The Chief was running per calls out of each station. They have all the data; it was just a matter of where do they put that next station? That next station was not going to fix the problem because they would have a problem here, here, and here. They had to

work on that.

City Manager Warren Wood mentioned they did not have to worry about that for years, they worried about where they might have to make cuts to meet the budget. This was a better problem to have. They were not seeing explosive growth.

Assistant City Manager Rick Beasley commented that without the investments the City had made it would not have generated the income to be able to do this.

City Manager Warren Wood commented that it all relates together.

Alderman Zagaroli asked how they gauge the growth.

City Manager Warren Wood explained it was basically housing unit growth and it was two point something people per household. It was homes that were being built.

Alderwoman Patton questioned what the average time that a house was on the market.

City Manager Warren Wood estimated approximately 30-days. There had not been much change in that.

At approximately 9:07 a.m. Council took a break and loaded the bus for their tour.

III. Commercial & Residential Development Update – Presentation by City Manager Warren Wood

City Manager Warren Wood referred to the PowerPoint and discussed residential and commercial development. As of April 10, 2023 there was 2,797 housing units either in site work or construction phase in Hickory. These units were encompassed in combination within residential single family and multifamily categories. He noted that did not been there would be 3,000 houses built this year. They had seen a really good mix of single-family townhomes and multifamily. It was pretty balanced in terms of the residential breakdown of the types of housing units that they had seen. He advised site work on 2,047 units and 750 over the last 2.5 years or so that were under construction.

Assistant City Manager Rick Beasley advised a lot of them were multifamily units.

Alderman Seaver inquired at what point the infrastructure was put in.

City Manager Warren Wood advised the developer would do turn lanes and traffic signals. He referred to the PowerPoint and displayed a map of the residential development. It was a little bit south side of the northeast. They like the infield but inevitably they would start seeing growth on the fringes of the City and the southside. He discussed the commercial side. As of April 10, 2023 there were 1,314,833 square feet either under construction, recently completed, or soon to be permitted. This commercial development encompassed 33 active projects. That was everything from a Starbucks to the Corning expansion. That was the whole category. They have a lot of construction work, some of its site work and some of it was in the pre-application process.

City Manager Warren Wood mentioned the City had seen a lot of success with manufacturing and downtown. He mentioned the 100 plus acres on the east side of Trivium. They could do more multijurisdictional projects with other entities. He thought they could do a lot with the innovation district around the airport area. He referred to the previous project the City did with Conover for the Data Center. He referred to his previous statement of fewer jobs, high pay, and high tax base. They have a lot of water and sewer capacity and also capacity in the road system. Having Duke Energy as a power provider was also an asset. But they have to have housing for the workforce. It was all entwined.

At approximately 9:07 a.m. Council took a break and loaded the bus for their tour.

IV. Bus Tour of Various Projects and Facilities

At approximately 9:20 a.m. City Council departed the CVCC Workforce Solutions Complex.

The bus drove by the Preston Ridge complex. These units were for sale. There was 295 home sites located behind this complex located off of Short Road. The complex consisted of mixed age groups. Before the Trivium Corporate Center site on the left was the site of 124 housing units. Council drove through the Trivium Corporate Center passing by the Corning facility which had expanded twice. They passed by existing structures in the park, Cataler, a spec building, Fuji Seal, Gusmer, et. al. Two lots were available in the Trivium Corporate Center. The maintenance of the park would convert to a type of HOA. Leaving Trivium Corporate Center, they drove by Brooks Furniture Xpress on Robinwood Road which was doing an expansion.

City Manager Warren Wood mentioned a sewer line project in 2005 in this area that went to Henry Fork Wastewater Treatment Plan. He noted it was speculative at that time.

The bus passed by the Catawba Country Club. They passed a pump station that currently served the area and would also serve Microsoft. It was at 50 percent capacity currently.

Public Utilities Director Shawn Pennell explained the cellular service that staff used to keep them informed regarding the system.

The bus traveled down River Road to the Henry Fork Wastewater Treatment Facility. It had the capacity to treat 9 million gallons per day, and was currently treating 2.5 million gallons per day. Everything on the south side of the City comes to this facility.

Public Utilities Director Shawn Pennell pointed out the location of the Biosolids Facility which was under construction. They hope to be through construction in 13-14 months. He explained that the trunkline comes in at Henry River and was pumped up to the facility. He explained everything that the new facility would offer and noted the cost for the electrical construction was approximately \$1.8 million dollars. He explained how the plant operated and the process involved. The average per house was 250 gallons. He advised that Mooresville had a facility comparable to this one. Other municipalities would contract with the City for use of the facility. He noted Conover had partnered with them. The facility was manned 24 hours a day, it was fenced and also had security cameras. He briefly discussed the revenues generated from other entities to process the waste.

City Manager Warren Wood pointed out the general location of the State Park.

Public Utilities Director Shawn Pennell explained what happens with the sludge and the process of disposing of it. The Compost Facility was located on Fairgrove Church Road.

In route to the next destination City Manager Warren Wood noted the 321 widening project, the interchange, and the 1st Avenue bridge would go away.

Public Works Director Steve Miller explained how the interchange would work and would provide a new entrance way into downtown.

City Manager Warren Wood pointed out a substation which would be moved, as well as a railroad bridge. He mentioned the City would do landscaping on 321 to make it more appealing.

The bus passed by the ASU Hickory Campus, going up 17th Street.

Public Works Director Steve Miller advised ASU started upgrading their landscaping on the campus.

City Manager Warren Wood pointed out where 17th Street would tie into Clement Boulevard. He pointed out the site of the Aviation Museum and the beautiful mountain view from the Aviation Walk. He noted the location of some property the City would like to acquire. He pointed out the runway the City was expanding at the airport and property the City had already purchased. The property was a former trailer park. He pointed out the location of the Forestry hangar and other hangars as well. He advised the City owns all of the hangars and had lease agreements for them. He noted the sweet spot for the size of the hangars was 12,000 square feet.

Airport Manager Terry Clark pointed out the west ramp, the NC Park Services hangar et. al. He noted the 12,000 square foot hangar and pointed out a storage hangar. The goal of the T-hangars were to accommodate the large planes. He advised the hangar opened in July was completely full. They should be under construction in another month for additional hangars. This was a partnership with Burke County. He pointed out the fuel truck and advised this as well as the hangars was a source of revenue for the City. He mentioned there were two fuel farms at the airport, one was located at the commercial building and one on the west end of the airport.

Deputy City Manager Rodney Miller mentioned these were approximately \$1.5 million dollars to build, and \$120,000 revenue per year tax base. They rent from \$750-\$800 per month.

Airport Manager Terry Clark pointed out the Med Center hangar.

Deputy City Manager Rodney Miller mentioned they pay \$90,000 per year.

Airport Manager Terry Clark advised the Forestry Service and CommScope paid \$90,000 each per year.

City Manager Warren Wood introduced Mr. Jesse Paschall, Vice President of Operations for Flex Crew Aviation.

Vice President of Operations for Flex Crew Aviation Jesse Paschall explained the services that Flex Crew Aviation offers, i.e. inspection and maintenance of planes. He noted the closest business that offered this type of service was located in Advance, Twin Lakes. He mentioned bigger airports usually have maintenance shops.

Deputy City Manager Rodney Miller advised they have room to do one more hangar, possibly two on this runway.

Airport Manager Terry Clark explained the location behind the FBO Building they could develop and at runway 190 the same thing would happen.

Deputy City Manager Rodney Miller referred to the high doors needed for airplane storage. They were now building them to accommodate the need for the bigger plan storage. Flex Crew Aviation wants to grow their business and the City of Hickory wants to grow their business as well.

Alderwoman Patton asked Mr. Paschall how hard it was to find labor.

Mr. Jesse Paschall advised it was extremely hard. They used to hire people coming out of the military but now most of them were coming from the civilian side. They had started an apprentice program and currently had someone in that role.

Airport Manager Terry Clark mentioned they have a contract tower 7-days a week. The airport was a perfect training facility for student pilots. Flex Crew handled the heavy maintenance and there was another maintenance facility on the southside.

The bus departed the airport at approximately 10:40 a.m.

City Manager Warren Wood pointed out runway 119. He noted the three-lane road widening would go all the way to Goat Farm Road.

Deputy City Manager Rodney Miller pointed out the location of where the T-hangars would go.

City Manager Warren Wood mentioned that the curves on the road would be smoothed out. He pointed out properties the City had purchased.

The bus drove by L.P. Frans Stadium and briefly discussed the purchase of the baseball team.

Public Works Director Steve Miller pointed out the location of part of the Aviation Walk. He explained the difference in the lighting on portions of the Aviation Walk. The lighting had to be different close to the airport due to FAA regulations.

The bus arrived at the Water Plant.

Public Utilities Director Shawn Pennell explained the water plant operations, 105-110 system pressure, and 250 pressure around SE Catawba, capacity of 32 million gallons per day and they were about half capacity currently.

City Manager Warren Wood mentioned they used to have public meetings at this location but since 911 security was stronger here.

Public Utilities Director Shawn Pennell advised at the river pump house there were 2 42" pipes approximately 15 feet deep with five pumps. He explained the process of the chemicals and the mixers, and the filter process. They have four clear wells. He mentioned there had been a half of a million dollar increase in the cost of chemicals, and the power bills were between \$50,000 - \$60,000 per month for this facility. He took Council to a room inside the facility which contained computers and screens. He explained the data displayed on the screens. Cameras were located in the facility and images were displayed on the screen of what those cameras were capturing. The computer system could tell them about the levels in the tanks. He advised the tanks were all million gallon tanks and it was a 24-hour time period from the time the water went in until the time it when out. He explained the capacity of the tanks. Technology was used to detect a major leak in the facility and they would know if there was a sudden change.

City Manager Warren Wood referred to an incident where there was a leak in Mountain View, but the leak was actually 15-miles away.

Alderman Seaver asked if they could increase pressure to a certain area.

Public Utilities Director Shawn Pennell advised no, they only pump to the location. He pointed out the graph on the filtration system. He advised this was a 7-day a week, 24-hour per day operation.

City Manager Warren Wood mentioned there would be an increase in security at the facility due to the proximity of the Riverwalk.

Public Utilities Director Shawn Pennell mentioned there were two million gallon tanks in Alexander County.

City Manager Warren Wood briefly explained the Alexander County System, and the 36" line down to Maiden. He mentioned that Apple was the City's customer. He noted in 1987 a bond referendum was passed to build the regional water plant and it was completed in 1991-1992.

Mayor Guess asked if the building needed upgrades.

Public Utilities Director Shawn Pennell advised it was an up-to-date facility. He explained the two generators they have in the event of a power failure with Duke Energy. They supply the whole County except for Newton. He mentioned the full-time lab where all of the testing was done. They do approximately 100,000 test a year. He mentioned they do add fluoride to the water.

The bus left the water plant and arrived at the Riverwalk location.

Public Utilities Director Shawn Pennell pointed out the pump station, which was a gravity feed pump, vertical turbine pumps. He explained the screens on the pumps. He advised they have divers periodically inspect it.

April 13, 2023 – Special Meeting

Council and staff members walked on a portion of the Riverwalk.

Council loaded the bus and left the Riverwalk.

Public Works Director Steve Miller explained the connection with the other walks, Aviation Walk and OLLE Art Walk. The bus passed the pedestrian bridge over 321 and he pointed out the landscaping and the fencing. He mentioned that Old Lenoir Road, currently four lanes, would go to three lanes for the OLLE Art Walk project. It would be a 10-foot-wide multiuse trail.

City Council arrived at Bruce Meisner Park at 11:52 a.m. and broke for lunch.

At approximately 12:33 p.m. City Council resumed their bus tour.

The bus went past Bear Park at the corner of Sandy Ridge Road and Cloninger Mill Road. On Sandy Ridge Road they went by the Flowers Ridge site. They proceeded to Sweetwater Road and drove by the Fire Training Facility location which was also used as a driver training facility as well.

City Council arrived back at CVCC's Workforce Solutions Complex at approximately 12:56 p.m.

V. National & Statewide Population Changes – Presentation by City Manager Warren Wood

City Council resumed their discussion at approximately 1:07 p.m.

City Manager Warren Wood presented a PowerPoint presentation. He discussed national and statewide population changes. He displayed a national map of States that were gaining and losing population. He pointed out that North Carolina was fortunate as they were gaining population which related to businesses and workforce. He referred to the PowerPoint and showed the top 10 States in numeric growth for 2021 to 2022. He pointed out the growth for Texas and Florida, and North Carolina was third. He referred to the PowerPoint and showed the top States in numeric decline for 2021-2022. He mentioned that we are in a State that was gaining population and are still having workforce issues. Some of these States were losing population even though they were gaining migration. He noted west Texas, and the panhandle were losing population, but it was net gain, you really start to get down to a Countywide levels across the country. Texas had a lot of growth in urban areas, but not so much in the rural areas. That also held true for Hickory. He referred to the PowerPoint and displayed a map of North Carolina which showed population changes for 2020-2022. He pointed out the areas which were gaining and the areas which were losing population. He advised in North Carolina about 70% of all the population growth had happened in the Wake County metro area, the Wake County region, and the Mecklenburg County area and then also down at the coast at Wilmington. He noted this was births, deaths, and migration. The eastern part of the State was not doing well and some of the western counties as well. He mentioned that was why they always try to attach themselves to the Charlotte region when it benefits them. And then say no we are not part of the Charlotte region when it was not beneficial. He referred to Catawba County Economic Development President Scott Millar's analogy of the clock, and Charlotte was the center of the clock, and how things took off in northern Mecklenburg, southern Iredell, and eventually Concord and Union County and now Gaston and Lincoln County. He said the hand of the clock was kind of swinging around to some degree. We say we are Charlotte's great northwest. These counties that surround, particularly Mecklenburg and Wake, were doing better, but we have 10,000 vacant jobs in the four County region even though we have been growing. He mentioned that 83 counties saw natural decline in population since 2020. North Carolina was one of the fastest growing States in the country. He referred to the PowerPoint and displayed a map of North Carolina which was straight migration. The migration on this map was defined as international migration, migration from another State or migration from another county in the States, somebody who had picked up and moved from somewhere. Take births and deaths out of it the map looked a little better, but without migration the previous map would look a whole lot worse. Some of that projection was to grow. They talked about wanting to grow by about 2%. It was 800 people per year. The demand for housing, people were leaving these other States to come here. He mentioned Hickory was the hub of the metro area. They count 365,000 people coming to shop, dine, entertainment, etc.

VI. Regional Population Changes - Presentation by Western Piedmont Council of Governments Executive Director Anthony Starr

City Manager Warren Wood advised that Western Piedmont Council of Governments Executive Director Anthony Starr was supposed to do the next presentation but was unable to attend. He had seen Mr. Starr's presentation twice and he would present the information to Council. He presented a PowerPoint presentation and discussed the City of Hickory's economic and population trends. He referred to the PowerPoint and displayed a graph. He noted since the 1970s the City's population has more than doubled. A lot of that took place under the old annexation rules when you could do involuntary annexations. More recently it had been just pure growth, not so many annexations. He noted the projection right now was just over 44,000. He referred to the PowerPoint and displayed a chart showing Hickory's population by age group, 2010 Census and 2017-2021 American Community Survey. He pointed out the City's population. They wanted to target the 25–34-year-old population. School overpopulation was not really an

issue in the whole County region. Some counties were closing schools.

Alderman Seaver asked how many total schools there was in Catawba County, private and public.

City Manager Warren Wood advised the Western Piedmont Council of Governments have all of the school data. They had projections. He thought there was only one public school in Catawba County that was projected to see any kind of growth and that was somewhere in southeastern Catawba County.

Assistant City Manager Rick Beasley commented that this data was two or three years old because of the census. What had happened in the last two or three years, probably these numbers would look different today.

City Manager Warren Wood referred back to the PowerPoint and pointed out the growth in the 65–74-year age group, which grew by over 1,200 people. There had been growth from the 25 to 34 category. This looked better than it did a few years ago.

Alderman Wood asked if that was people turning that age or migrating here.

City Manager Warren Wood advised it was more people turning that age, but people were moving here too. He referred to the PowerPoint and displayed the median age comparison 2000-2021. Hickory's average median age 2000, 2010, 2021, showed the whole picture, Hickory was aging, not as much as the MSA more Catawba County, Hickory was younger by a little bit. Hickory was more in line with the national average of the median. He displayed maps showing declines by the census tract in the region. In 2010, the ten year census cycle, the average median age was just over 40 years old. Going into the next one we were three years older. Three of the four counties' population declined and they were going into this next 10 year census cycle even older than they were before. That trend without some sort of migration, natural birth change was going to be even worse at the end of the 10-year census cycle. He displayed another map and explained this was census tract for the four-county region. He explained census tracts in red lost population, census tracts in green grew population. Without the growth that Catawba County had in the four-county region, they would have lost population. Catawba County grew by 6,500 people, the rest of the region lost about that much. They were basically flat. A couple of 100 to the good only because of the growth that they saw in Hickory, in particular in southeastern part of Catawba County. He referred to Hickory being the hub and the services, workforce, shopping here, spending money here, the region continues to age. The exceptions were in Caldwell and Alexander County and for the most part were around the lake. Building houses around the lake was where they had seen some growth. The Sherrills Ford area had an increase. He mentioned Hickory does not want to be Charlotte but want some of the growth. National State by State North Carolina was a plus, national County by County it was a mixed bag.

Alderwoman Patton commented that Anthony Starr had emphasized the counties have got to increase their population.

City Manager Warren Wood thought this was a most critical issue in the region. He referred to Morganton and Lenoir, some of the population centers were not quite as bad, but on the whole people in the rural areas. This was not unique to Hickory. He thought they were growing maybe 800 plus or minus a year. They want tangible growth not double-digit growth.

Assistant City Manager Rick Beasley commented what to they think those numbers would look like if they had not started Inspiring Spaces.

City Manager Warren Wood commented that the census really picked up at the tail end, that was when they started seeing growth in Hickory.

City Manager Warren Wood discussed Hickory unemployment and labor force trends. We need great jobs that pay a wage people can afford.

Alderman Wood referenced Scott Millars' comment regarding the City's proximity to the Charlotte International Airport. Without significant infrastructure, he questioned if the City's airport could be leveraged to make that a non-issue or less of an issue being within 50-miles of Charlotte Douglas.

City Manager Warren Wood advised before COVID they were working towards some sort of a legion type of air service. They had conducted a catchment study which showed northwestern North Carolina's demographics of where the flights were going. They have numbers that support the case for some level of commercial service.

Deputy City Manager Rodney Miller advised there was a publication in part of Council's packets on the airport. There were 10 commercial airports in North Carolina, 62 General Aviation. He referred to a map in Council's packet and advised the area north and west were not served by a commercial airport. The 10 commercial airports were spread across the State and the City would

have a good case to make to be the next commercial airport in North Carolina.

City Manager Warren Wood referenced people traveling for second home destinations and business travel.

Alderman Wood commented it would open up the economic opportunities for the counties around Hickory to draw that.

City Manager Warren advised it was a million dollars a year that the FAA would give the City to put back into the airport. He noted that was one of the reasons for the Aviation Museum, to get the vintage planes moved. He advised the Airport still has their 139 certificate which allows them to have commercial service. The airport was one of the things that was on the list to focus on. To leverage it to become an economic driver.

City Manager Warren Wood referred to the PowerPoint and discussed the loss of population in the surrounding counties. He noted those were big numbers for sparsely populated areas. The City had the single largest 1,200 over a 10-year period in that census tract.

Alderman Wood questioned an area on the map.

City Manager Warren Wood advised the area was located in Caldwell County and it was a second home type of development. They did not see dramatic shifts in some of these sparsely populated areas. He pointed out the red area represented the loss of 6,500 people. Workforce, and people coming for medical service. Hickory saw a lot of momentum come out of the bond referendum. They have a robust water/sewer system with a lot of capacity. They have a really good infrastructure in place to accommodate a certain level of growth. He noted they could not grow so much to offset all of that. They do not want to. Everybody has to find the equation to move the needle. He advised that impacted the MPO. The defined urban area had to be over 200,000 people to qualify for funds that they go after, millions of dollars. They barely made it; it was less than 1,000. That was millions of dollars that they get in transportation projects, and they came very close to losing it. Not just Hickory, the whole region.

City Manager Warren Wood discussed unemployment rates and advised they continued to climb. He referred to the PowerPoint slide and pointed out the rate in 2012, 8.5 percent and at 2.9 percent in 2022. He referred to a slide with Hickory proper numbers and advised in 2012 there were 19,700 people employed that were Hickory residents.

Alderman Zagaroli felt it was getting better, they actual have applicants that were actually showing up.

City Manager Warren Wood referred to the PowerPoint slide and displayed American Community Survey numbers, they come out every couple of years. He explained that not in the labor force numbers meant retired. He noted 30 years ago, 50% of all of the employment in the metro area was manufacturing, it was 27% in 2022. He noted the mix or change in services and manufacturing, most of the others had not changed that much. That helped to diversify the areas of employment and helped with the recession. The national average for manufacturing for community was around 7% or 8%. He advised they were still 30,000 fewer people employed in the MSA today than what was in the year 2000 right before the 2001 recession. They were not back to the 2005 numbers. The four-county region lost 45,000.

City Manager Warren Wood referred to the PowerPoint slide and displayed a chart of the North Carolina MSA employment change by percentage 3rd quarter 2012 to 3rd quarter 2022. He pointed out Raleigh, Charlotte, Durham, and Wilmington had significant improvement. Hickory's numbers had improved. Rocky Mount and Goldsboro had declined. People were moving to areas that had jobs.

Assistant City Manager Rick Beasley pointed out Hickory was once in the same situation as Goldsboro and Rocky Mount.

City Manager Warren Wood commented they do not want to be in that category. He discussed the regional job market. He referred to the PowerPoint slide and displayed a map of the 2019 Hickory MSA job flows. He noted 17,000 came into Catawba County to work between Caldwell, Burke, and Alexander counties. He pointed out the number of people commuting to Charlotte which had increased.

Alderman Zagaroli commented they were gaining more than they were losing on a daily basis.

Alderman Wood did not think people would commute for service jobs. He did not feel they should get too service oriented. He did not think they would attract people for restaurant jobs, in that type of service industry.

Alderman Zagaroli commented the retirement age group of people was growing and that fueled apartments and restaurants.

City Manager Warren Wood referred to the PowerPoint and displayed a graph of the Catawba County ratio of unemployed persons per job opening, December 2010-2022. For every job opening in Catawba County there was .34 people on average unemployed persons. He pointed out in 2010 for every job they had four people that were unemployed.

City Manager Warren Wood referred to the PowerPoint and displayed numbers for Hickory MSA unemployed persons and the number of job openings by county, December 2022. He advised there was 11,000 job openings in the four county region. He referred to openings within the City of Hickory and advised they knew the areas where they needed to focus on.

Assistant City Manager Rick Beasley commented that was why it was so important to have Lenoir-Rhyne University, Catawba Valley Community College, and Appalachian State University. The more students they have in the area the better the chance they have of filling those jobs.

City Manager Warren Wood advised none of this was really unique to Hickory. The Charlotte region was probably in better shape due to the population growth. He displayed a list of the Catawba County job openings by occupation and advertised wage rates, December 2023 (top 10 by number of job openings). He noted 1,300 healthcare practitioners and technical occupations in the healthcare industry in Hickory's region. He referred to the HVAC repair industry. He referred to the entry level median wages for these positions.

City Manager Warren Wood referred to the PowerPoint and discussed educational attainment. He displayed a chart of the City of Hickory educational attainment 2007-2011. He pointed out the City of Hickory proper numbers for High School graduation was higher than the numbers for North Carolina and the United States. He noted the numbers in southeast Catawba County were even higher. He referred to the PowerPoint and displayed the NC MSA educational attainment comparison, 2021, Hickory-Lenoir-Morganton's ranking for High School degree or higher was 84.6 percent, ranking 15. He advised 2007-2011 it had improved dramatically in the High School or equivalent numbers, and some improvement in the 2-year and 4-year degrees categories as well. City of Hickory's trend was a more educated population.

City Manager Warren Wood referred to the PowerPoint and discussed income and poverty trends. He displayed a graph of Hickory's household income distribution. There have been significant income shifts. He referred to the PowerPoint and discussed Hickory housing trends and the residential real estate market. He displayed a graph of City of Hickory real estate trends 2021 versus 2022. New listings were down 4.3 percent, median sales price up 11.9 percent and average sales price up 10.9 percent. He referred to the PowerPoint and displayed a graph of population and housing unit targets for the region. He pointed out the number of units needed for one and two percentages of growth. Hickory met the goal for both 2021 and 2022.

At approximately 1:55 p.m. Council took a brief break.

VII. Economic Development Update – Presentation by Catawba County Economic Development President Scott Millar

At approximately 2:09 p.m. Council resumed their discussions.

Catawba County Economic Development Corporation President Scott Millar presented a PowerPoint presentation. He referred to City Manager Warren Wood's comment regarding the ideal industry, he thought when he said that high capital investment, low jobs, high wages, that was pretty much an example of what they got with Microsoft. He referred to the Catawba County EDC Mission statement which they need to think about at least once a year. He mentioned everybody thinks immediately they were here to create jobs, and certainly in high unemployment situations that was what they wanted to do. What they need to do however, and Council as elected officials, need to think through the process of a strong economy 30-years from now and facilitating that so that this thing can perpetuate itself over time having that strong economy. They were trying to keep that in mind as they talked to different industry sectors and different opportunities to make sure that was going to diversify what they have. They were not trying to get rid of anything, they were trying to help them as a matter of fact. They were trying to make sure that those that were here were strong, but they were also trying to make sure that those that were going to be here, and 20 years from now were very strong as well. That was what their mission statement said.

Mr. Scott Millar advised he was with a bunch of site selection consultants yesterday in Charlotte and part of the discussion that they were having was enlightened communities. They were talking about the States, and they were talking about the State's inability to incentivize based on projects that do not create a lot of jobs. If you chased the money that was being created by new opportunities and you looked at where the money was coming from and where it was going, the State receives its money from income taxes off the people and from corporate taxes off of the facilities that were located. Not the property taxes that the city and county governments had created. They were really talking about why States do not incentivize projects the way that they want to but do not have the type of jobs or the number of jobs. For example, Microsoft did not go to the State of North Carolina and ask for incentives. Had they needed a whole bunch of infrastructure money they might have been able to get some. They did not actually end up going

to them for infrastructure money. Microsoft did not go to the State and get incentives. They did, however, worry about the property tax incentives, which was where the bulk of their investments were going.

Mr. Scott Millar gave a situation analysis. He noted it looked a lot like last year, we were getting over COVID. He was convinced that they were through COVID, he hoped they were anyway. They have still got substantial inflation issues. Supply chain issues were still ongoing. They were not as bad, and we do not have 60 or 70 boats off of Long Beach, California right now that were waiting unloading. They still have issues with electrical equipment and companies that were trying to get switch gears that were having to wait 18 months for that equipment. For example, project opportunities that they were talking about, they were going ahead and considering helping them invest in switch gears so that they could facilitate a project that might come along sooner. Who knew what was going on with the political market. The stock market if you watched it too closely you were going to go crazy. Last quarter was ok. Last month was ok. But if you looked at it in general, if you looked at it every year, you were probably going to be okay, if you were looking at it every day it was probably going to make you go crazy. Another topic for discussion with those consultants yesterday was how they were going to grow the labor force. He referred to City Manager Warren Wood's previous presentation and noted the fact that Catawba County's section of the four county MSA was all green was a very positive thing. Not everybody was able to talk about the growth in the population and housing starts that they have. He referred to the charts that City Manager Wood shared, and he thought parts of the chart was a result of people voting with their pocketbook, so to speak. That was what was happening and that was what was causing those green areas. He would like to see those next numbers for the last three years. Remembering that those finished in 2020, he thought that those new numbers would show, in particular the green areas of the chart, accelerating in that and hopefully some of those red numbers in the other counties were accelerating and may not be quite as they were. They need that for their labor requirements. He referred to a presentation he gave a couple of years ago. He gave a presentation showing a bunch of charts, one of which showed the dollar average job creation over the last 25 years. When he presented it was roughly 500 people a year was what they announced across the county as far as job creation. If you extrapolate that out for a number of different years and try to envision what the needs were going to be for new industries in addition to existing industries to supply the labor needs, they have, you would need a fairly healthy 1% to 2% growth in your workforce, if not more. If you do not have that growth whatsoever, you are not going to be able to provide jobs for the existing companies, much less new ones. If they want new companies, they are going to have to do what they had been doing.

Mr. Scott Millar commented that North Carolina was on a roll. He advised VinFast, Toyota, Toyota two, a second expansion for Toyota that was very substantial as well. Those were in the central part of the State. Both of those were electric vehicle opportunities. Three weeks ago, South Carolina announced along the I-77 corridor north of Columbia, a Scout electric vehicle facility. They were going to make the old International Harvester Scout in that facility, which was great for them. Now they have a clustering of end use automobiles being manufactured within drive time to the Hickory market. Think about the opportunities that were going to be there for suppliers to that. They have already hosted a number of different electric vehicle supplier opportunities, for example they make batteries. Lithium was a big part of those current designs for batteries. One of the largest lithium mines in the United States was on the border between Gaston and Cleveland County. That was about the only domestic lithium production around. Having that and those three electric vehicle facilities close by gave them a good argument. They were within drivetime to supply those, but they were necessarily within their distinct labor ship. Labor would drive 45 minutes to an hour at most in order to get to the job. Both of those facilities, VinFast and Toyota, were in the new I-73 corridor. They were going to have more intense labor issues in that corridor because of what they were doing to themselves. Would that provide an opportunity for them as a supplier to them? They also have another huge job in North Carolina, which was Wolfspeed in that same area located in Chatham County. It was going to create 2,000 direct jobs and would put a further strain on their labor pool. They have got a lot of those types of jobs. A lot of people would move into those markets for those, but you got to have all sorts of different things in order to facilitate. Also, they have the State funding. Look at the State budget that was going to come out in a couple of weeks and it would have some substantial, probably \$100 billion worth of investment in creative neighbor sites. Each of those three large projects that landed in the State last year, early this year, landed on mega sites, which was 1,000 acre plus type of site. They would not have those type of sites. The State was trying to create more of those sites and the State budget would likely have \$100 billion dollars or more to facilitate the purchase and development of those mega sites which would hopefully sort of trickle down into other market places across the State as well. They were trying to assemble large sites, but they were never going to get a 1,000 acre site fully developed in Catawba County.

Alderwoman Williams questioned the parameters.

Mr. Scott Millar advised Morganton just developed a mega site and it was submitted to the State mega site program. At the upcoming Western Piedmont Council of Government's (COG) meeting next Thursday there will be a presentation on that mega site. He advised it was located on the McDowell and Burke County line. It was out west, one of the timber company properties. He noted if it was the site he used to scout, it was not going to be flat and probably had some water issues, creeks, and that sort of thing. He would be interested in seeing that presentation. Another requirement for the mega site was to be able to provide the labor force that they were

going to need for the type of use that was going to go on that site. An assembly plant would have to have 2,000 people. Baxter Healthcare north of Marion had 3,000 people. They had those 3,000 people for 40 years. It would be interesting to see how they answer all those questions, and he thought it would be an interesting presentation.

Mr. Scott Millar advised his discussion yesterday made him rethink how they were presenting the numbers of houses that they have under development because consultants were asking those types of questions. They were looking at that as the feeder for the labor that they were going to need and that was housing in every different type from affordable to management style housing.

City Manager Warren Wood commented they had a good story to tell.

Mr. Scott Millar advised regarding the regional growth projections; Hickory was specifically doing the right things. They have the social responsibility of being the big brother. They want those folks to grow, and they want to help them grow as well.

Mr. Scott Millar referred to the PowerPoint and displayed a photo from last year's presentation. The whole concept was who would invest in this old farmland out in the middle of nowhere? In 2004, Council as an elected body, made the good decision to develop what it became. It ended up being Trivium in infrastructure. Had that not occurred none of this would have happened. It would not have been on the list of capabilities for when they started talking about developing a business park, class "A" business park with white fences. It would not have been on the list. It all started with that. In 2014, was when Council made the decision to develop a business park and see what the EDC group could do. Let's place a little bit of faith in the opportunities because they were making the argument that there was nothing west of I-77 that that companies of caliber would be buying into. They attended the groundbreaking in 2018, they still had farm buildings and had a silo on the site. They wondered if they made the right decision because they were spending a lot of money on commitments. Four months later they got their first client. Corning decided to locate their facilities there because they had to move quickly. They had already taken the steps of getting this site ready to go quickly. All of that was back in 2014. In 2018 was groundbreaking, 2018 and a half, they made their first announcement. From then until now they have \$400 million dollars' worth of investment, 800 jobs. and exceeding 110% of Catawba County's wage. Which was exactly what they talked about. A number of different diversified, future proofing types of industries are located in that Business Park. ITM was going to be built in the coming months, they were committed, those were the types of jobs that were going to be lead to this economy. Corning's was going gangbusters out there. He referred to Secretary Raimondo's visit with the CEO of Corning, the Governor, et. al., walking around talking about this being the fiber optic capital of the world. The CEO of Corning talked about that and the concentration of fiber optic here.

City Manager Warren Wood referred to the bus trip and the Henry River basin project. At the time it was almost speculative, now they have Microsoft water and sewer which would be five plus miles of sewer line. There may be some of the same opportunities here at some point like Microsoft.

Mr. Scott Millar mentioned the difficult discussion with Newton that facilitated the partnership in order for Hickory to get the boundary agreement in place, which facilitated how many 1,000 acres that they were talking about on the west side including Microsoft's site and others. They facilitated that entire boundary. That was opening up a whole new territory for Hickory. That was a phenomenal outcome from that Microsoft discussion. Short term, yes it facilitated Microsoft. Long term it facilitated a lot of new real estate for Hickory. If they think through the multijurisdictional piece of the Microsoft field, the Conover piece, Hickory 10-years ago or a little more than that, made the decision to participate in a direct venture with five other municipalities that allowed the City to purchase a part of another municipality tax base. Hickory was going to benefit even from the City of Conover's tax base. As that park developed, Hickory in essence took another municipality's tax base for Hickory's benefit. Think about that as future opportunities for development. They may be multijurisdictional. They may be asked to come back and invest in other multijurisdictional opportunities, whether they were in Burke County, Caldwell County, or other parts of Catawba County in order to facilitate future investments. It worked out nicely in the last year. Hickory got all their money back and more and they were getting that future tax base. It was a different way of thinking.

Assistant City Manager Rick Beasley commented it was a win/win. Conover could not have done it by themselves.

Mr. Scott Millar agreed that the City of Conover could not have done that by themselves. Having good partners like Hickory in that investment facilitated an opportunity where they were getting a tax from Microsoft as well. So those are the type of circumstances that they were trying to facilitate. He advised Microsoft was going through an intense engineering process right now on all of the sites, 250 acres. They were going through all the engineering process for that. They were half done the permitting process for that. There was a lot of federal paperwork, individual permits that had to be filed because there were streams that had to be relocated or dealt with, mitigated, and permitted. This intermittent individual permitting process could take a good year.

They were working on that. The next step by this time next year, they would have all the permits in place for that Federal, State, and local government. Groundwork to start and then next year at this time, they would start seeing dirt being moved from these sites. One big waiting opportunity after another on each of those sites was his expectation during 2024. Each one of those sites would be substantial. He guessed a million and a half yards of dirt on each one of them, it was a substantial project. Actual construction of these facilities would commence in 2025. They were big facilities, and they would take some time to get them up to speed. Getting the servers, all the connectivity, getting everything tested, getting it already to put online, that would probably take a while. He referred to the project with Apple, it was a substantial process.

Mr. Scott Millar discussed other seeds for opportunity. He referred to the Catawba Valley Community College Workforce Solutions Complex. He advised with almost every project that they bring into town, they try and get them in this facility. It sells pretty effectively to clients as they come in. They get to understand the focus that they have on industrial training for the workforce. This was the only facility like this, in the State of North Carolina, except for the one in Wake County, Wake Tech which was a similar type of facility. They get to see all of the programming here, that they can imagine being in place for their use. They have had a lot of folks taking pictures of different pieces of equipment and saying this is us. He thanked Public Utilities Director Shawn Pennell who discussed wastewater with a Japanese client.

Mr. Scott Miller referred to the Manufacturing Solutions Center in Conover. They just opened a new facility a couple of weeks ago, which was Manufacturing Solutions Center II. He encouraged everyone to go see the facility. That facility was interesting when companies walk through there and start thinking about testing and further taking products to marketplace with what they can do on their own. It was very successful. He referred to his meeting with consultants held at Rose Tech in Charlotte. It was a brand-new facility, it had been open six months, a 25-story facility on South Boulevard right next to Max Speed Shop. The first 10-stories were a retail Lowe's hardware store, and the top 15-stories were engineering and IT. The top floor of that facility looking in one direction and you are as tall as all the towers in uptown and then turn around and look the other side and you were watching planes land at the Charlotte Airport. It was a pretty cool facility and would be very beneficial for them. As they toured through that Lowe's site the manager was showing them a secret room that they have, they were trying to envision retail of the future. They had artificial intelligence and augmented reality. It was usage goods in that facility. He explained if you were stocking the shelves in Lowe's hardware, you're wearing glasses that tell you what that product that you're looking at, what you have in inventory, what you have in the regional warehouse, what the sales of that specific thing that you're looking at have been, where they were going, what you were expecting, and all the other technical things that you might need for that. The manager in the store was doing that. The associate in the store was doing that, but they were also envisioning what the shopper of the future was going to be. How are they going to be making those purchases? Are they going to go online? In the store? Where is that going to be? He wondered if MDI or Lowe's Foods was thinking about the same process. Is there the ability for the Workforce Solutions Facility, the Manufacturing Solutions Center in Conover, or the new regional center. He referred to Randy Burns in attendance who was helping to coordinate among eight different community colleges and hopefully other departments would be invested in that at the Aviation Museum on Hickory properties. The concept of that was community reality, artificial intelligence, other next generation types of opportunities. Could they take the experience that he saw and facilitate that to assist their existing industries such as Lowe's Foods, or Corning? He also thought about furniture manufacturers. Where was that whole industry going to go? Was there the ability to develop this regional facility in a way that was going to benefit them? That was part of the airport innovation area that Hickory was talking about in that whole area between ASU, Hickory, and the airport. How can they do that? He discussed that with Randy Burns. He was pretty charged up after having seen that and he thought it may be beneficial for a whole lot of different parties as a result.

Mr. Scott Millar mentioned the City had Lenoir-Rhyne University, ASU, all these new informational things, the Regional Workforce Facility that was being developed, the School of Science and Math in Morganton. He thought they needed to draw these facilities into all these discussions. Can they facilitate that workforce? Environmental sustainability was becoming more and more of an initiative. He was surprised that those consultants were talking about that and asking questions about any regional EST initiatives that were going on. They may not be fully cognizant of the impacts that large companies, the Microsoft, and the Lowe's Hardware and others are going through regarding those corporate decrees. They made decisions based on ESTs, energy, and all sorts of different things that were very important to those corporate level decision making processes. They better be on top of it or else they were not going to make the count if that was important.

Mr. Randy Burns commented they had just submitted an approval to operate and use a sustainability program.

Mr. Scott Millar did not know that they were fully aware of that was going to be a big deal, but when a group of consultants talks about that it makes it a big deal. They better look at that.

Alderman Seaver commented that sustainability was the word you hear quite often these days.

Mr. Scott Millar commented that it was going to be more important. He advised he loved to talk about what was going on and he loved to watch the construction that Hickory was doing in and across the city. He would have liked to have gone on the bus tour just to see it from that perspective. He referred to the Airport Innovation District, that whole opportunity between OLLE Art Walk and Lake Hickory. He referred to it as Central park. The importance of Central Park to New York City could not be overstated. The importance of that area between Goat Farm Road and 321, he wanted to impress upon them that area could be their Central Park. Think out 40 or 50 years from now, they had thousands of acres of opportunity. Some of it would have to be redeveloped. That entire area could be very, very important to Hickory's future, just as important as the boundary agreement with Newton. With a different focus he felt like it would have more of an aviation mission, that sort of thing. He thought they had to consider that as they do their planning for upcoming opportunities.

Assistant City Manager Rick Beasley commented that it was not based on the map that City Manager Warren Wood showed that area really becomes an education center for the region. That makes a big difference for some of those areas where you see growth.

Mr. Scott Millar commented think through where things were going, what they already have in place and underdevelopment from the educational side, from the recreational side, the Aviation Museum, the waterfront, the baseball stadium, and other opportunities for development. When they think through that canvas that they have there, they could do a whole lot of different things. He believed that continued large investment opportunities were going to improve. They were seeing some large investment opportunities, lots of billions out there, lots of hundreds of millions out there. He did not think that necessarily was going to go away any time soon just because of the whole reshoring that was going to be required. And the fact that America was a safe place and was considered that way for investment opportunities. Hickory had a proven track record with Trivium and had made good decisions. They had felt the fact that those next generations would come to Hickory and this area. They were going to continue to look at the new marketplaces such as aviation for example, all sorts of different opportunities to try and find what that future groups would be provided for opportunities. Where's the next Trivium? They had already talked about the boundary agreement. They had already talked about the Burke/Caldwell Airport area.

City Manager Warren Wood mentioned that Hickory does not have the 500-acre site. Trivium was clustered together. He asked what was the downside of a 30-acres site with water and sewer, and access? They do not have to be in a business park. The advantages or disadvantages of that ready site, state building, versus a multi-industry business.

Mr. Scott Millar commented they did not have to have 500 acres. They do not have to have 300 acres. They could have smaller opportunities.

City Manager Warren Wood referred to the marketability of something like that versus something else.

Mr. Scott Millar referred to his cake analogy.

City Manager Warren Wood commented he could think of businesses that were out by themselves.

Mayor Guess commented MDI was one of them.

Mr. Scott Millar thought they had to have different opportunities. Every ingredient in the cake was important. You cannot take one out and make the cake. They got to have industrial parks or the sites of all sizes. They could be stand alone. He could think of a couple of different sites within the City right now that he would like to have. They were 30-acre types of opportunities just to facilitate some infill redevelopment or new development types of opportunities. There were plenty of opportunities, the answer was yes, it could be small or large.

Alderwoman Patton asked if he saw a level of interest in Trivium East.

Mr. Scott Millar advised they were fielding almost a record number of opportunities of a lot of different sizes. They were not getting many building requests because they do not have the builders. If they had buildings, which of course they were working on, they would start getting those request. They were looking at sites of all sizes.

Alderman Zagaroli asked if he thought the City needs to have more incentives for these companies to build more buildings, more spec buildings.

Mr. Scott Millar did not know that they needed to have more incentives. They need to have more ready sites for those opportunities.

City Manager Warren Wood explained what they had done in the past, which was partner with the

private sector developer. They mitigate their risk by guaranteeing A, B, and C for a certain time.

Alderman Zagaroli thought they needed to do more of it.

City Manager Warren Wood commented they need to be in the right place.

Assistant City Manager Rick Beasley referred to locations where they had done that, over near the airport, Trivium and on Fairgrove. They need some spec buildings.

Mr. Scott Millar advised when they built these buildings, they sold them before they were complete. They do not have that continued. He would like to have five different buildings that they could sell. They still have a forward market, but so far, they have not been able to do that. He discussed the spec buildings that were used for distribution-oriented business. He was not necessarily advocating for that to be the focus of Hickory. They do not have enough real estate obviously to allow a whole lot of less than high tax base opportunities to be involved. They want a high tax base. He advised they had a good model for spec building development. He referred to the Stonemont partnership to build 192,000 square feet on a lot in Trivium. They were going to take that footprint and flip flop it on to all the other sites that were available in Trivium. The problem was they ended up selling the other sites before they had the opportunity to do so.

Mayor Guess commented there was plenty of land opportunities available in Caldwell County similar to what was along that 321 corridor.

Mr. Scott Millar commented probably less than he thinks. There was a lot of watershed, a lot of lakes and a lot of impact. There were some more south.

City Manager Warren Wood inquired if there was any requests Mr. Millar was receiving or if anything was trending.

Mr. Scott Millar advised general advanced manufacturing. They do not know what the end result was, but the consultants would give them a general idea. And then when they ask Public Utilities Director Shawn Pennell what he thinks about their wastewater, he could sometimes figure out who these industry were or what they were doing. There were a lot of opportunities within that electric vehicle marketplace, and he did not see that slowing down. He sees Hickory having a good opportunity within that space. He still sees them having some opportunities within pharmaceuticals, life sciences, that sort of thing. The environment that they have they do not have to take every industry opportunity that was coming down the pike.

City Manager Warren Wood referred to Alderman Wood's question earlier about what these new industries that were recruited were seeing and then, of the existing what were folks seeing in terms of quantity and quality and all that.

Mr. Scott Millar advised it was still a challenge really. There was some applying for a job and were showing up for the interviews. There was some specific appeal with the newcomers that are coming into the market. He referred to the entities located at Trivium, American Fuji Seal, Cataler and Gusmer. Gusmer was already over their entire requirement from their committed number.

City Manager Warren Wood questioned the poaching of employees.

Mr. Scott Millar commented it was a healthy transfer.

Alderman Seaver mentioned microchip production.

Mr. Scott Millar advised they just entertained a microchip opportunity. They learned a lot about the wastewater from that. Also, a lot of jobs. They have got to balance out the opportunities. How are they going to balance out their requirements versus the fact that a lot of people are still having a challenge, failing to meet the current requirements?

Alderman Wood commented they need to be wise about who they recruit from and environmental impact or potential impact. They enjoy a great quality of life in that regard. What they did not need was a recycle center fire like they were having in Indiana right now. Those types of things. He thought that it was more important. Things like the microchip and the wastewater were a huge part of the decision.

Mr. Scott Millar commented that the fact was they did not have to entertain every opportunity.

Alderman Wood confirmed Mr. Millar was talking to companies that were investing massive amounts of money and their vision was to be very long term, right? The underlying of just about everything today was the aging of the community and was not changing. He asked Mr. Millar about these companies that were investing hundreds of millions, knowing that problem was just getting worse.

Mr. Scott Millar commented they were looking at the houses, they were looking at the greater Charlotte region. They were saying if they were going to make this investment, they need to be satisfied that if they pay a healthy wage, and maybe train people to do the labor they need, they could get the numbers of people. There was not easy labor fix anywhere in the United States.

City Manager Warren Wood commented there was half a dozen regions in North Carolina that were growing. They would come to the Charlotte region, which Hickory was in, and to Raleigh and Wilmington.

Alderman Wood commented his point being there were going to be huge losers in this game nationally.

Alderwoman Williams referred to the influx in migration.

Mr. Scott Millar advised they were in a pretty big geographic space because the access to Charlotte was going to drive a lot of population. All of those counties were growing, some obviously quicker. He thought their group was going to outpace a lot of the others simply because of the opportunities for green space it could be developed. They want it to be smart and they want it to be growth. They naturally were going to get a lot of that growth in addition to that quality of life.

City Manager Warren Wood commented Sherrills Ford was more a suburb of Charlotte and Hickory was more of an excerpt of Charlotte. We still have our own identity, but yet benefit from Charlotte and not be a part of that Charlotte core area. He thought if you were putting a city somewhere, the area located near I-40, an hour to Charlotte, an hour to an hour and half, that was the place to put a city.

Mr. Scott Millar commented that he had talked about Catawba County being Charlotte's great northwest with the consultants yesterday. He also talked about the fact that we were an hour and 10 minutes from Asheville and an hour and 10 minutes from Greensboro, and Boone, ASU, et.al.

Assistant City Manager Rick Beasley mentioned the completion of Highway 16 to Highway 321.

City Manager Warren Wood advised he had spoken to one of their State Legislators last week and he said the comments that he gets from his fellow Legislator boards in Raleigh about what was going on in Hickory, he said whatever your formula is you are doing it right. A lot of great comments from folks.

Alderman Seaver commented location was important too.

Mayor Guess mentioned that the quality of life was what he hears from a lot of people coming here. They talk about the quality of life that they have.

Alderman Wood commented quality of life could mean a lot of things too, a lot of people. Everything from parks to traffic, not having traffic to things like that. He thought that was the next question, so they knew where to concentrate and what does that meant. The word gets thrown around a lot.

Mayor Guess commented usually when you hear about quality of life it was because they moved from somewhere like Charlotte where crime rate, traffic, congestion, and all those things, and they move here and we have got to be careful that we don't sell them because we are not looking to be Charlotte, or Asheville. We want that maintained Hickory quality of life and that experience was the reason they came here. It was a very delicate balance to have both.

Alderman Wood felt they had to be decisive about that because if you just grow, grow, grow, you wake up with these problems that Charlotte has.

Mayor Guess thought they need to think smart and be real methodical about what they do and say. He liked the term used, selective. They can be selective and methodical about the growth they have and maintain that quality of life.

At approximately 3:12 p.m. Council took a brief break.

VIII. Budget Development Update – Presentation by Deputy City Manager and CFO Rodney Miller

At approximately 3:23 p.m. Council resumed their discussion.

Deputy City Manager Rodney Miller presented a PowerPoint. He discussed the budget for fiscal year 23-24. He discussed the general fund for next year. He mentioned the tax rate was going to be the driver. Catawba County and Burke County had both revalued real property for this year. Both counties were going through that process and then effective July 1st with the new tax bills, the City of Hickory taxpayers would know what their values were and then they would have that tax bill come due in January. They were waiting for that. He advised he would discuss a little bit

about the revenue neutral rate. That was a requirement. Five or six years ago, the State required all municipalities and counties in North Carolina to publish, when you publish your budget document, to publish what that revenue neutral rate would be in the budget documents.

City Manager Warren Wood commented they could adopt whatever rate, but they were obligated to publish the revenue neutral rate.

Alderman Wood asked if that was for transparency purposes.

Deputy City Manager Rodney Miller confirmed it was. There were a lot of questions and they said, well, we will just show what that was. The State gave them a formula to use, and everyone across the State uses it. One of the City's biggest challenges going into next year was staffing. It was a significant challenge. There were more than 10,000 vacant jobs in the region. The City of Hickory had 80 vacancies with 650 employees. That was well over 10%. That was a challenge. He mentioned they had offered sign on bonuses and referral bonuses to try to get folks interested and to attract them to the City of Hickory. They had up-ed the HR campaign efforts to try to attract folks. They talked to Council about their personal business and recruiting. They could certainly do better. How do you get folks to come to the City of Hickory? Historically municipal and/or county government employees worked 30-years and retired. Young folks today were not interested in that. They were interested in that \$17 an hour on Springs Road, working at Kentucky Fried Chicken. They were fighting all those barriers to bring people in. And then the best of the best. They talked about that when they were out at the water plant. Water plants were all across the State. Those folks were competing with individuals because they wanted to take the folks, the best of the best, and bring them to their own jurisdiction. In police and fire, they have a training process. It takes a lot to be a City of Hickory police and/or fire staff. They train them and then people around the region know that if they go through the training that these gentlemen put on, that they are going to be a good quality candidate for their workforce. They were willing to pay, for example Appalachian State was coming in here and they had advertised a higher salary for police officers. Those were challenges they faced.

Deputy City Manager Rodney Miller advised they had talked about the great quality of life amenities that they had added. It was time now that they had to pay to maintain them. For example, one capital item coming out of budget next year was a sidewalk sweeper for that 10-foot-wide multiuse path. It had to be cleaned and swept. That was just one example of a capital items that was being proposed for next year.

Deputy City Manager Rodney Miller discussed inflation pressure that had not subsided, 1/10 of 1% for the last two months, but it had not subsided very much. They were seeing challenges. At the water treatment plant, a \$500,000 increase in chemicals just to run the water treatment plant. That was a sizable number and was not something you could correct overnight. Still have increases in asphalt, concrete, and all of the petroleum products. Gas prices have stayed high. Typically, they were going to rise between now and Memorial Day and then they subside through July 4th and then decline until later in the year. He referred to the war in the Ukraine and advised that was why prices were significantly higher now than they were 2, 3, 4 years ago. They were going to focus on street servicing and lighting. He referred to the lighting being put in on Riverwalk. Street lighting was going to be added and would be done at the Historic Ridgeview Walk as well. All of the trail systems would have to be lit. Duke Energy had informed all of their customers they were proposing a 12% to 15% increase next year. That was going to have an impact on the budget.

Deputy City Manager Rodney Miller discussed the budget on the capital side. He advised Information Technology Director Eric Rucker assessed the network system, and we need an IT upgrade. He could tell you all the folks that had been hacked and there was folks in this City and county that had been hacked. Fortunately, we had not been hacked to the extent where they had actually paid a ransom, that was serious. They were going to upgrade some capital in the IT system to help mitigate that. They would not 100% prevent that, but they were going to do as much as they could to try and prevent that.

Deputy City Manager discussed vehicles and equipment replacement. There was a lot of vehicles and equipment around the City operating. Those things do breakdown. Those garbage trucks were running 24/7. Those fire trucks and police cars were running the same. They have to be able to replace, to keep the equipment fresh, and as new as they could. That was also in the budget.

Deputy City Manager Rodney Miller discussed park improvements. There were some park improvements already underway. Civitan Park in anticipation of the Hampton Heights property being developed. They were in the process of placing a sidewalk from Hampton to get ahead of that group. They talked about on the bus that the streets and DOT were lagging indicators. They were looking for daily trips from cars. There was nobody coming out of Hampton Heights today that lives there. There will be. DOT was going to be behind them because they were going to wait for those counts. In fact, they heard a presentation from John Marshall. On Startown Road they could see it happening. Today that project was not funded in the first few years because these trips today were not high enough to necessitate doing that next year. You could see it

happening. That was going to be a nightmare. It was busy, you see it happening. They have got to work with NCDOT to try to push that project up so that they do not have all these traffic issues. They have a street service budget for City streets. They want to continue to do that for the streets and sidewalks. He had heard it was drinking water out of a fire hydrant.

Deputy City Manager Rodney Miller discussed the water and sewer fund. A couple of big pieces of the system was one major water plant, three sewer plants, multiple pump stations, 1,000 miles of water lines, and 650 miles of sewer lines. Those had to be maintained, repaired, replaced at any hour of the night or day. That leads to the rate increase for next year. Certainly, those things cost money and as inflation has occurred as staffing was harder to get, they were currently proposing based on the average household 4,500 gallon used roughly a \$1 per month increase for water customers and \$3 per month for sewer, on the bills for next year. That was where they were today. This was not final but was where they landed, and they would put it in the budget for Council in June. That was about a \$4 per month increase.

City Manager Warren Wood advised some of the sewer increase was due to the biosolids facility.

Deputy City Manager Rodney Miller commented Council went through the biosolids facility and that costs more.

Alderman Wood questioned the formula used considering inflation considering the increases.

Deputy City Manager Rodney Miller thought they need to build some of that in. They were not going to see that double digit inflation. They had heard they may or may not have a recession. Some of that was definitely going to stay with them.

City Manager Warren Wood referred to the half a million dollar increase in chemical cost. Typically, these items may hit a point and they may not go up as much, but it generally does not. Wage pressures were the same thing. People do not get an increase in their salary because inflation tapered off.

Deputy City Manager Rodney Miller advised he was a part of the National Association, and they had talked to rating agencies. They had been to New York and talked to them as well. In North Carolina in general, housing prices, wages, and income were lower in the southeast compared to the rest of the country. We get dinged from a rating agency perspective because of those income levels. Someone mentioned earlier about the cost of living. They do not factor enough into that cost of living because his argument to them was why were all these folks moving here if we have such a low wage? The answer was it was the cost of living. We were better off than many of the other States. That was why their population was declining, and ours is not, because we have a good cost of living.

City Manager Warren Wood advised with the water and sewer rates they would do some comparison from other systems within the basin, and what their fee rates were in the county and in the region. They would have some comparative number. The City's water and sewer rates were very competitive. Sewer cost more to operate and was so much more of intensive capital.

Deputy City Manager Rodney Miller referred to an award the City won last year, The Most Affordable in the Nation. There was 343 MSAs Metropolitan statistical areas in the country and we were number one as far as affordable. That says a lot and people recognize that too.

Deputy City Manager Rodney Miller discussed staffing challenges and unfortunately, they have about 25 vacancies in the water and sewer department. It was harder to get those people who were working all the time. They work in snow, sleet, ice, or 100-degree weather. It was a challenging environment. They also have inflation pressures there. There was inflation all across the board in this area. Duke Energy also had an increase.

Public Utilities Director Shawn Pennell advised the energy bill at the water plant was between \$50,000-\$60,000.

Deputy City Manager Rodney Miller commented that a 12% to 15% increase on that was going to be significant. They were pursuing radio read water meters to make those readings more efficient, to cut down on the staffing because they could be read by a radio and more higher tech industry. They were pursuing that and were planning that for next year. Also, their equipment and vehicles as well. Shawn Pennell had mentioned on the tour they were putting a million dollars or so in improvements in his system. They have to do that to maintain. A lot of those things, the generator, the clarifier, all those things, they have parts that wear out and they have to continually replace them.

Alderman Wood questioned the cost of meters and asked if they were group purchasing those in bulk at a lower rate.

Deputy City Manager Rodney Miller advised they could buy off a State contract, but they do not have a co-op. That was basically a State co-op. He discussed the solid waste fund and advised

they were proposing a dollar increase in the solid waste fee. The current rate was at \$26 per month. This goes on the water bill. They were proposing that fee going to \$27 per month. It was due to the same reasons, staffing issues, inflation, and wage pressure. All those things. The City's service levels had remained high. They have not cut any service levels in this department. One of the City's trucks could go by each house four times to pick up things. Every other week a truck would come out to recycle. That was a high service level that not everyone in the State does. In fact, Hickory was one of the fewer ones in the State that provides that higher level of service. The City has a recycling contract, which they had the contract for years with Republic Services. They had negotiated a modest increase with them. It would be a five-year contract and an increase for the next two years and then they would do the cost of CPI on that. They would have that contract in the budget for next year. He advised this fund was getting more and more difficult to contain. For years they had tried to make this fund self-sufficient. The user fees of \$26 per month from their customers would pay for that. On an operating basis, they were fully self-sufficient, self-supporting. Unfortunately, with the vehicle replacement schedule they need 3 to 4 vehicles every year in that fund, because they run all the time and those were expensive. The garbage trucks are \$300,000 to \$400,000. He noted there was \$1.2 million dollars needed for capital next year and he did not have enough revenue for the dollar increase to pay for them. They were going to have to subsidize that. His recommendation was that general funds was going to have to subsidize that, otherwise they could not get behind in replacing the garbage trucks.

City Manager Warren Wood commented they have a million dollars' worth of expenses, every dollar they go up on the solid waste fee was about \$150,000 of revenue that was generated. They would be talking about an \$8 increase, and they were not doing that. They want to cover the operation side and the general fund would subsidize the solid waste fund.

Mayor Guess asked if they had any figures on what other municipalities Hickory's size charged for the same type services.

Deputy City Manager Rodney Miller commented that it varies depending on the service level. The fact that Hickory provides four trucks every week, that was a higher service level, but they could compare themselves to those individuals.

City Manager Warren Wood advised some cities do not have a solid waste fee that covers 100% of everything and then others may just have everything in the general fund and not have a solid waste fee. Hickory's was mixed.

Deputy City Manager Rodney Miller advised they were in the benchmark study, and they look at those. Some were lower than Hickory and some were higher.

City Manager Warren Wood commented when you look at the services it was very extensive and were mixed between yard waste and solid waste. The yard waste was probably the most extensive service that Hickory provides.

Mayor Guess asked if there was a way to charge based on usage. He imagined that some people got more usage out of it than others do.

Deputy City Manager Rodney Miller explained they do with cans. If you get more than one can you pay for that second can. That was a regular price. They do not charge one bag of leaves versus 20 bags of leaves. That would take more manpower to try to account for that. They had gotten more efficient. If the garbage truck comes by, he realizes you've got a dryer or refrigerator out there, he could get them come out there too. They had gotten more efficient, but it was just so expensive to replace. Those things require maintenance, the City has its own garage working on those garbage trucks, and when those things wear out and breakdown, they have to have a replacement. That was unfortunately what was happening in this one.

Deputy City Manager Rodney Miller discussed the airport fund which had three revenue streams primarily for the airport. The tax base of those aircraft, the partnership with Burke County, which had incremental value, they were putting back 50% of that to Hickory for hangar development. The City charges rent on those hangars, and office rent as well, but they need to look at those rates. And fuel, the airport has its own fuel farm. You may hear that some airports have allowed folks to bring their own fuel farm. They decided they were not going to do that. They want to run the airport themselves and have control over that. Those revenue streams would bring up the revenues that they need to do repairs to the hangars, terminal improvements, new hangar development, all those things weigh into that, and they still have a waiting list. Doing those two hangars later this year would get 12 of those smaller aircraft out so that they could get some bigger planes in here. Tax base, more fuel, more hangar rental was their plan.

Deputy City Manager Rodney Miller discussed the City's revenue neutral tax rate. He referred to the PowerPoint and advised this was the City's tax base all the way back to 1998. Looking at 2000, he explained in the prior year, July 1, 1999 was the reevaluation for 1999 in Catawba County. In fiscal year 2000 was when the revenue was received. He pointed out the tax base jumped, 29%. That had been a long time ago. People have forgotten. You have not seen any

double digit increases since then. This was sticker shock here in 2023/2024 but they had a 29% increase in the City of Hickory tax base in the late 90s. Ironically what happened right after that, we had the great recession and the whole fiber optic issue. They thought they were insulated. He referred to the PowerPoint and explained every four years since 2000, they had a revaluation. He pointed out the 29% and the rate which dropped four cents, 55 cents. They had another increase in 2004 and 2008. He pointed out 2012, there was zero increase in tax base as a result of the valuation. In 2016 the same way. Then in 2020, which was the last revaluation, they had about a 5% increase over five billion with the tax base. Now what they were calculating here in 2023/2024 they would jump over a billion-dollar tax base. To put that in perspective Catawba County by themselves were looking at a \$22 billion tax base, which Hickory was included. Outside the City limits, they have about a \$10 or \$11 billion tax base in unincorporated areas primarily in Sherrills Ford. He pointed out on the chart another recession in 2011/2012. Included in this tax base was real property and that was what made up the bulk of these increases. Because every four years real property gets revalued. Not before. Next year they cannot revalue your real property. What happened was there was also other components of that tax base, personal property, machinery, and equipment. He referred to Mr. Scott Millars' presentation earlier. Those get valued every year. Apple, located in Maiden, puts in over \$300 million on new equipment every single year. He explained what happened here in 2011/2012 why Hickory's tax base decreased. The business' personal property values decreased because the factories were shutting down. They lost all those manufacturing entities, and they went to the county, and they said, I've got three shifts and I'm running on one shift. They cut the value by two thirds of that equipment. That was what was reflected in these numbers in 2011/2012, and 2015/2016. He pointed out Burke and Caldwell County numbers of the City's total tax base. They were only 235 million in value of this \$8 billion. They were certainly a part of Hickory. They were not a large part of the City's tax base.

Deputy City Manager Rodney Miller referred to the PowerPoint. He mentioned the Hickory real property, this was just property in Hickory, and it was just real property. It was land and a building or house that sits on it. He focused just on Catawba County. There were 19,000 parcels in Hickory that had been revalued; 15,284 were residential, 80% of the City's parcels were residential in nature, and the other 20% commercial/industrial. Of that on the revaluation, the average residential increase was 58.6%. The average commercial increase was 81.21% for Hickory property real only in Catawba County. The value of that real property was \$6.7 billion. That was the number given to the City last month by Catawba County and that was where they started. He explained what they had to take out of that number was exempt property, for example churches, or non-profits. They had to pull exempt property out. He noted they had Board of Equalization review hearings. There were 6,000 County properties appealed Countywide. They did not know the results of those appeals. He did not know the location in the County he only knew there were 6,000 appeals and they were going through that process now down in Newton to work through those appeals. In Hickory, the other property he mentioned before, business, and personal property, like a boat, motor coach, things of that nature that you would have as a personal property. Motor vehicles was a big number. Then public services. Public utilities, for example Duke Energy, Piedmont Natural Gas, Centel Telephone, and in fact MDI was assessed by the State of North Carolina, and all those public utilities were given an assessment every year of what their value was. Catawba County does not do that, but the State of North Carolina assesses that value. That made up about \$1.4 million. The bulk of the City's tax base was on real property; 6.7 of the City's \$8 billion tax base was real property. He referred to the PowerPoint and pointed out the Hickory tax base in Burke and Caldwell Counties. In Burke and Caldwell real estate, Burke had very little on the real estate side their biggest value was airplanes. They had approximately \$50 million in airplane value sitting out at Hickory airport. Caldwell County was primarily one taxpayer and that was MDI. They were going through a \$20 million expansion plus another one that was discussed earlier that was going to add to it. They were about \$235 million of the City's taxes.

City Manager Warren Wood advised Caldwell County had revaluation last year. The City did not reduce their rate last year, so they would reduce the rate this coming year and they would be paying less taxes. That had to be bigger than revenue neutral, because that was the revenue they had to make up. This revenue neutral formula for them was very complicated.

Deputy City Manager Rodney Miller explained the revenue neutral tax rate was a tax rate that yields the same amount of revenue as a year without revaluation assuming normal growth. What the State allows the City was, if they had \$100 this year at a certain tax rate, whatever the next tax rate was they still get \$100. But if you've grown in the past few years, you get to account for that growth. They do not want to penalize you for your own growth. There was a formula that was given to do the calculation. Normal growth in the last three years was about 3%. One year was 3% to 3.5%. The other two years were just short of 3%. Over the last three years, they had an average normal growth of 3% so they could include that in their formula. The current rate was 62.75 cents. They do not know what the revenue neutral number was yet because they do not know what the result of those appeals were. Today that number was not \$6.7 billion dollars, because he had been told by the County that there had been appeals that came off that number. If that number drops, then this rate right now was going to drop. If that number drops, this had to go up to account for that value.

City Manager Warren Wood commented personal property fluctuates, vehicles fluctuate.

Deputy City Manager Rodney Miller advised for the personal property listing that happened in April. By April 15th, those major companies have to list their personal property and they have to assess the value. He did not know if Shurtape added another line or another manufacturing. They do not know what that equipment was. The City does not get that the County does, and they do not know what those values were. The public utilities do not get that value until October. They have to estimate what Duke Energy, Piedmont Natural Gas, and MDI was. They use historical values to see what that trend looks like for the next year. At \$8 billion. The simple math was a penny on the tax rate they just dropped the zero. It was about \$800,000 for every cent that you put on the tax rate because it was per \$100. If it was \$8.1 million this would be \$810,000, \$8.2 billion in value, it would be \$820,000 per penny.

Deputy City Manager Rodney Miller referred to the PowerPoint and pointed out the bonus he was talking about in the property tax base and what made it up. Real property was the bulk of that tax base. He pointed out the personal property which those values would be set in April. The County would set that going into the next year. That happens on an annual basis. Public utilities happens and they get assessed every year as he mentioned, they get those values in October. He advised that motor vehicles get billed monthly by the North Carolina Department of Transportation, but the Department of Revenue collects them, and he did not know what that number would be either. They have to use historical trends to see how many vehicles and the values that they have in Hickory and Catawba County. He mentioned normal growth that was 3%. In that formula was appeals. They hoped they would finish those appealed properties by the end of April, but it probably would go into May. The Manager had to give the Council a budget recommendation by the first week in June and have a public hearing on that as part of State law. They were not going to have all these blanks filled so on a lot of that they would have to estimate based on prior trends, like motor vehicles, public utilities, personal property, whatever the County lands with real property. Burke County had revalued the property as well. Their primary taxpayer was Pepsi. He thought \$8 to \$10 million in value with Pepsi. On the scale of things, their revalue of the real property does not affect Hickory very much. In Caldwell County, for example if Caldwell County was a \$100 million in value this year, they paid Hickory taxes at 62.75 cents. If it was 45 cents next year Hickory would get less money. They have got to calculate that decline because they could not be impacted by dropping the rate over a major taxpayer. They have got to calculate for that. Otherwise, they were going to get less money which provides less services to MDI. He advised he would round to 60 cents, but they were at 62.75 cents. If they have a million dollars in value at 60 cents and they drop their rate to 40 cents, what would they need to produce the same amount of revenue? Prior to this past year, they had been growing about \$100 million in tax base a year. That was a good number. When they lower the rate, they were going to need roughly \$150 million as a new tax base to generate the same amount of income when we drop the rate. That was significant. They hope that growth continues.

City Manager Warren Wood commented that they said they want to grow organically so you do not have to increase the rate.

Deputy City Manager Rodney Miller commented it was going to be harder and harder and they would have to expect that growth to be able to continue at that same level.

Mayor Guess commented that it was going to be for four years.

Deputy City Manager Rodney Miller advised they could raise the rate any time, they could raise or lower it each year. However, the real property value would stay for four years. That was why they had to keep their fingers on the pulse and make sure that development was still occurring through the Planning office and that businesses were thriving. What caught them off guard when he was in the County years ago was, they did not realize these plants were shutting down because you did not see it, but inside they were only running one shift versus three shifts, and Hickory got hit hard too with those values.

City Manager Warren Wood commented that was the year they did revaluation and the City's values dropped. The revenue neutral rate was a higher property tax rate.

Deputy City Manager Rodney Miller advised they lost businesses. A ton of businesses left in that 2010-2012 timeframe as well.

Assistant City Manager Rick Beasley commented that no matter what you set revenue neutral, it was not revenue neutral for everybody in the City. It does not matter where they set it. There was going to be somebody.

Deputy City Manager Rodney Miller commented Council's only option was to cut services or to raise additional revenues. The County does not care what recession was from the State level. The County's option was every four years to change that real value of the property. Council has the ability to change the rate and the ability to decide what service level they want to provide for the citizens. Those were the two major issues. He asked if there were other areas they had seen today or where they needed to focus on for the budget or any specific concerns that Council may

have.

Alderman Williams mentioned the timeframe on the budget. They were obligated to adopt the budget by June.

Deputy City Manager Rodney Miller advised at Council's first meeting in June that the recommended budget would be given to Council.

Alderman Williams commented ideally, they would probably have all the appeals of the real property.

Deputy City Manager Rodney Miller assumed they would have all the appeals of the real property by then. They would have the numbers that they feel comfortable with. He was just saying there were unknowns in that as well through this process.

Alderman Williams questioned the appeals.

Deputy City Manager Rodney Miller advised that because of all the sales that have occurred over the last two or three years on the residential side, there had been very few residential appeals.

Hickory Daily Record Report Kevin Griffin advised there was 19, 2 hearings on residential appeals.

Deputy City Manager Rodney Miller commented that the values stayed the same on the two residential properties. They had 19 agreements with the property taxpayer, to agree to do something and those came in one form. One of the two appeals that they had scheduled, one person did not show up. On the residential side, if you go to the Catawba County GIS and you can see your value, you've got a comparable list of folks that their homes had been sold that matched you with. Unless there was a mistake because of all the sales, they just won't do that. The prior revaluations, you have to be very, very careful not to just consider them if you don't have a lot of sales because they were guessing as well. Are these sales high or low? They try to weed out those weird transactions where it was foreclosure or something like that, but you don't want to just emulate the values without having a lot of data. They have a ton of data on the residential side now to support those decisions. He asked for other thoughts on the City's budget.

Alderman Wood asked if he could anticipate a situation where you would not operate water and sewer as an enterprise fund.

Deputy City Manager Rodney Miller advised water and sewer historically and across the State was by and large the only enterprise fund that local governments have. Not many have airports, not everybody runs a garbage service, they contract with Republic or one of the other entities. But water and sewer by and large, they do that because they want user fees. It was truly separated and treated like a business. Some folks actually have to subsidize from the general fund. He commented that the City had hundreds and hundreds of lines in the ground, et cetera and a solid infrastructure and they were able to provide the region. They were ahead of the game in that regard, and they want to know what it costs them to run it.

Alderman Seaver commented they could look online at some of the evaluations. Since he had gotten his revaluation, the range was fluctuating prior, \$30,000 up or down.

Deputy City Manager Rodney Miller asked if he was comparing that to Zillow.

Alderman Seaver commented yes, Zillow or other types of real estate sites.

Alderman Zagaroli thought it was still one of the best places to live and Grand Rapids was second.

Deputy City Manager Rodney Miller thanked Council for their leadership, guidance, and questioning. If they don't question, they were not doing their jobs. They need Council to provide questions, suggestions, and opportunities for them. They were very easy to work with and they appreciated all that interaction.

IX. Additional Items for Discussion from City Council, Wrap Up

City Manager Warren Wood asked Council for their thoughts and feedback. He asked if everybody was comfortable with the projects they saw today and the direction that they were going. Did they need to change course?

Alderman Patton was happy with the direction. She referred to the opportunities at the airport and growing that. She referred to Jesse Paschall's discussion and making that more of a hub. She thought would be a huge draw.

City Manager Warren Wood mentioned the innovation core concept. He asked if Council was comfortable in staff continuing. They already had a lot of investment that was already committed to. It was more branding and marketing.

Alderman Zagaroli commented that air service there could just be tremendous growth.

Alderman Seaver was excited to see things happening on the west side of 321. It looked like 1960s and 1970s.

Alderwoman Williams thanked the staff for pulling this together. Being on the ground and hearing about all the things happening. Things being put together so they could actually see the progress. It was just amazing. She thought the next step was really to focus on that innovation district, going into the other level. She referred to Mr. Scott Millar's comment, when they talk about Hickory being that hub, they have the surrounding areas, areas that were doing better things, that multijurisdictional collaboration, especially because of the land.

City Manager Warren Wood mentioned some opportunities on 321 South close to Maiden. He referred to the Data Center Park in Conover and advised Hickory's share was higher than Conover's share.

Mayor Guess thought they were doing a really good job, but they need to make sure that they continue to focus on safety and security at their most vulnerable sites. That was something as they grew, as more people came here, that becomes more of something that they need to be really focused on and concentrate on. The other thing he would like to do is a better job of telling Hickory's story and getting the City's story out to the public. They were doing a great job with that, there had been a real improvement in doing that over the last couple of years. He would like to see them expand as much as they could in those areas of getting this information out like they all were familiar with out to the general public and using that to their advantage.

Alderman Wood commented the projects had proven themselves as spurring growth along these trail systems. It might be a struggle to get where was next, the Springs Road area may be out there to spur growth in those areas, because the infill was important. They need infill growth, whether it be housing, business, whatever, rather than pushing out. He thought that was one solution to infill growth.

City Manager Warren Wood commented it was cheaper to service something in that area. Microsoft was great, it was really not far from the City limits, but it was not going to consume many service.

Alderwoman Patton enjoyed looking right at the projects today. She thanked staff for putting it together, it was very good.

Mayor Guess thought that might go along with what he mentioned earlier. Maybe do some of that type on maybe a smaller basis and offer that once in a while to the general public to be able to take advantage of it. Taking tours with the general public and seeing how receptive they would be.

City Manager Warren Wood commented that the Neighborhood College does that.

Mayor Guess commented they would not have to go to the Neighborhood College, once a month or whatever, to be able to take people on this tour and see if there was an interest. They all know about this stuff but like Alderwoman Patton said, going out there and seeing it, they talk about this stuff in the public all the time, but actually going out and seeing it made a big difference.

Alderman Zagaroli commented that maybe some of the industry leaders to see all of this would be good.

Mayor Guess commented they were always talking about how they could better advertise themselves and better tell their story, so that might be one of the ways.

City Manager Warren Wood advised in Leadership Catawba they do some of that.

Mayor Guess asked for any other comments, questions, or concerns.

Alderman Seaver commented teamwork everybody working together.

City Manager Warren Wood commended Council for having an environment where they make decisions and there was not a lot of political static and that sort of thing.

Mayor Guess commented on the staff. They could not ask for better staff people. They were working understaffed with 80 people down and they were taking on the burden of those 80 people. That meant a lot as well.

April 13, 2023 – Special Meeting

City Manager Warren Wood pointed out along those lines, Shawn Pennell, Steve Miller, Rodney Miller and Yaidee Fox had taken on more individual responsibility on what was typically for their day to day and plus the stresses of the day-to-day workforce.

Mayor Guess commented that before they had all these projects, they were doing the routine stuff that cities do and now they had added all these projects and had less people and were doing more.

City Manager Warren Wood thanked Yaidee Fox and Deisy Zavala for their work in putting together the retreat.

X. At approximately 4:16 p.m. the discussions concluded, and the meeting was adjourned.

Mayor

City Clerk