



CITY COUNCIL RETREAT (DAY 2)

**FEBRUARY 21, 2026
9:00 AM**

**THE KANNAPOLIS CITY COUNCIL
WILL CONDUCT DAY 2 OF THEIR 2026 RETREAT ON
SATURDAY, FEBRUARY 21, 2026 AT 9:00 AM
CITY HALL - 401 LAUREATE WAY
EOC TRAINING ROOM - 3RD FLOOR
KANNAPOLIS, NC.**

APPROVED MINUTES

A. February 21, 2026 Retreat Day 2 (Pam Scaggs, City Clerk)

CALL TO ORDER AND WELCOME

ADOPTION OF AGENDA - Motion to Adopt Agenda or make revisions

MOTION TO ADJOURN

ADA Notice

In accordance with Title II of the Americans with Disabilities Act (ADA), any person requiring an accommodation to participate in a function or program of the City of Kannapolis should contact Daniel Jenkins, Assistant Human Resources Director & ADA Coordinator by phone at 704-920-4312, email adacoordinator@kannapolisnc.gov, or in person at Kannapolis City Hall as soon as possible, but not later than forty-eight (48) hours prior.

1
2
3
4
5
6
7
8

**CITY OF KANNAPOLIS
CITY COUNCIL MEETING MINUTES
Retreat Day 2
February 21, 2026**

9 The City of Kannapolis City Council held their second Council Retreat meeting on Saturday, February
10 21, 2026, at 9:00 AM, Kannapolis City Hall located at 401 Laureate Way, Kannapolis, NC.

11
12
13
14
15
16
17

CITY COUNCIL PRESENT:

18 Council: Doug Wilson, Mayor
19 Ryan Dayvault, Mayor Pro Tem
20 Darrell Jackson
21 Dianne Berry
22 Isaiah Payne
23 Jeanne Dixon
24 Naomi Hatchell

25 Council Absent: None

26 City Manager: Wilmer Melton

27 Assistant City Manager: Tina Cline

28 Assistant City Manager: Kristin Jones

29 Economic Consultant: Mike Legg

30 City Attorney: Andrew Kelly

31 Staff Present: Tony Eury DJ Jordan
32 Gary Mills Richard Smith
33 Michael Rattler Tracy Winecoff
34 Alex Anderson Beth Hassenfritz
35 Brett Mann Becky Tolle

36 Visitors Present: Phil Goodman

37
38
39
40

CALL TO ORDER AND WELCOME

Mayor Wilson called the meeting to order

41
42
43
44
45

Review of Unresolved Day 1 Retreat Topics

Economic Consultant, Mike Legg, thanked Council for their work during their Day one retreat and stated that while many issues were generally aligned, some nuances remain to be addressed, with the first topic being transit.

46
47
48

Transit

Feedback on the transit system reflected diverse perspectives. Some Council members supported terminating the interlocal agreement with Concord, while others favored renegotiating costs, further

1 study, or exploring a hybrid approach incorporating microtransit. City Manager Wilmer Melton noted
2 that implementing a new system would likely take several years and, although microtransit could
3 improve service, it would be more expensive and costs would rise as ridership increases. Discussion
4 focused on current system costs, equitable cost-sharing between Kannapolis and Concord, and
5 perceived low ridership. Challenges with the existing system, such as long travel times, 90-minute
6 headways, and limited flexibility, were also discussed. Alternatives, including Cabarrus County's
7 paratransit program, were suggested to assist riders, emphasizing that the current system is not the
8 only transit option. Mr. Melton added that Concord is reviewing its provider options and must be
9 informed by April 1, 2026, of Kannapolis's decision. Council reached consensus to continue
10 providing some form of transit while directing staff to explore options and communicate to Concord
11 that the City is actively evaluating alternative solutions.

12 13 Swanee Theatre Operations

14 Council discussed the future of the Swanee Theater, weighing options between maintaining current
15 operations, shifting to a mixed-use event space, or potentially selling or leasing the property. With
16 the theater operating at a loss, members debated whether it should function as a public amenity or a
17 revenue-generating asset. Consensus for a one-year trial of a hybrid model was approved, combining
18 a limited number of city-hosted concerts with private rentals to offset costs while preserving
19 community access. Council emphasized fiscal responsibility, including detailed cost analysis,
20 potential ticket price adjustments, and revenue from concessions. While the theater's positive impact
21 on downtown businesses was noted, concerns remain about overall financial sustainability. At the
22 end of the trial period, Council will reassess performance and consider next steps, including
23 alternative models or a possible sale, with protections for the building's historic character.

24 25 Employee Health Insurance Adjustments

26 The discussion on health insurance centered around the increasing costs for employee coverage. The
27 core question was whether the city should proactively address these rising costs by changing how
28 health insurance is provided to employees. Several options were proposed, including passing some of
29 the costs onto employees, adjusting plan coverages with higher and lower cost options, and
30 encouraging greater use of the city's health clinic. It was suggested that the city could take a more
31 aggressive approach by adjusting other parts of the budget to allocate more funds to the health and
32 risk fund, potentially addressing any shortfalls as they arise. Staff was tasked with developing several
33 options for Council to review, using a "menu" approach that would allow for more flexibility in
34 selecting the best solution. These options would be presented in the coming months as part of the
35 budget discussions.

36 37 Eastside Park

38 The discussion on the East Side Park was centered on whether to proceed with the project now or
39 delay it for further consideration. The main expense for the park is the construction cost, as the city
40 already owns the land but there are also concerns about the annual operational costs. Explanation
41 regarding the implications if the City were to return the grant received for the park's development,
42 but Council emphasized the city's other pressing budgetary needs and long-term obligations. While
43 the grant is a significant factor, there were suggestions to delay the decision until after other one-time
44 expenditure discussions, allowing for a more comprehensive look at the city's fiscal health. Council
45 also discussed the possibility of looking into a park and recreation bond, combining various initiatives
46 like greenways and parks, which could provide a clearer path forward while balancing the budget.

1 Council also revisited previous decisions, expressing regret about not purchasing a recreational park
2 on the east side and the decision to sell the baseball stadium, which could have been valuable for
3 hosting events. There was a consensus that voters should have more responsibility in deciding park-
4 related investments, and further discussions are planned to determine the best way to move forward
5 with the East Side Park and other related projects.
6

7 **One-Time Expenditures Discussion and Prioritization**

8 Council discussed a list of twenty one-time expenditure projects (attached as Exhibit A) totaling
9 approximately \$12 million, with some having previously appropriated City Funds. These projects are
10 discretionary and could be funded through various sources, including the fund balance, debt
11 financing, or property sales like the College Station property.
12

13 A scoring system was introduced to prioritize the projects based on community value and cost
14 efficiency. Each project will be rated on a scale from high to low value, and cost efficiency will be
15 assessed based on the potential for leveraging other funding sources. Projects with high community
16 value and low costs will be prioritized. Mr. Legg stated that while not all projects can be funded, this
17 scoring system will help guide decision-making.
18

19 Gary Mills emphasized the process and ramifications of returning the park grant. He clarified that in
20 order to withdraw from a state grant, the City would need to follow several steps, including soliciting
21 public comments through a public meeting, passing a resolution requesting the termination of the
22 project grant, and sending a formal letter from the City's chief elected official to the state. The letter
23 must address the circumstances for the request, as well as include the public comments received and
24 a copy of the approved resolution. He added that while the City has not sought reimbursement yet for
25 the current grant, withdrawing from the grant could affect future state funding opportunities.
26 Specifically, he cautioned that the City could be considered a "high-risk" entity in future grant awards.
27 The last time the city received a park grant was in 2005, when it was the second-highest awarded
28 grant in the state.
29

30 **Public Safety**

31 Western Transmission Tower

32 Staff noted that a western transmission tower has been under discussion for several years due to
33 engineering complexity, site selection challenges, and delays outside of the City's control. The
34 estimated project cost has increased to approximately \$3.2 million, though this remains a preliminary
35 figure pending bidding. The City has secured a \$963,000 federal grant, which is set to expire soon;
36 however, an extension request has been submitted and is not expected to present significant issues.
37 The project aims to address critical communication gaps for emergency personnel in the rapidly
38 growing extreme northwest area, where increased call volume has exposed unreliable radio coverage
39 in certain locations. The proposed tower, to be located near existing City-owned property by the water
40 tower off Odell Road, would integrate into the regional radio network, improving signal reliability
41 for police and fire operations and enhancing responder safety, particularly in high-risk situations.
42 While the system primarily benefits the City, it may also provide limited support to neighboring
43 jurisdictions and generate modest revenue from third-party users. Council has already appropriated
44 several hundred thousand dollars toward the project, leaving an anticipated funding gap of over \$2
45 million. Staff indicated this could be addressed through a combination of debt financing, reserves,
46 and potential additional funding from county or state sources. Council discussion emphasized the
47 importance of the project as a long-term infrastructure investment supporting growth and public

1 safety, with acknowledgment that further deliberation is needed to determine the final funding
2 approach.

3
4 Training Tower

5 Staff discussed the need to construct a new fire training tower at Station One following the demolition
6 of the previous structure, which was built in 1996 and had become unsafe due to age and structural
7 issues. Since its removal, the fire department has relied on alternative training locations, including
8 regional college facilities and neighboring departments, but these options are logistically challenging,
9 time-consuming, and reduce operational coverage due to travel time. Current arrangements often
10 require crews to travel up to 45 minutes round trip, increasing wear on personnel and equipment while
11 leaving service gaps within the city. Additionally, access to regional training facilities has become
12 increasingly limited due to high demand, with scheduling often required a year in advance. Unlike
13 police training, which is often conducted off duty, fire personnel must train while on duty and remain
14 available for emergency response, making proximity to a dedicated facility critical.

15
16 The proposed replacement tower, estimated at approximately \$1.5 million, would be located at Station
17 One and designed as a modular, long-lasting structure with an expected lifespan of up to 50 years.
18 While no external funding has been secured, Council has already appropriated funds toward the
19 project, leaving the remaining balance to be funded. The facility would support daily training needs,
20 improve response readiness, and enhance firefighter safety while maintaining coverage across service
21 areas. Though intended for city use, the tower could also support regional collaboration and training
22 partnerships, with potential cost-sharing through materials or maintenance contributions rather than
23 direct rental fees. Council discussion emphasized the importance of the project as a practical and
24 long-term investment in public safety infrastructure, particularly given ongoing growth, increased call
25 volume, and the limitations of relying on external training resources.

26
27 Logistics

28 Staff presented a proposal for a fire department logistics building to address inadequate storage
29 conditions. Currently, the department relies on makeshift facilities, including the Floyd Street site,
30 which are suitable for small items but insufficient for large, high-value assets such as reserve
31 apparatus and trailers. As a result, equipment is often exposed to the elements, leading to maintenance
32 concerns and an unprofessional appearance at Station One. The estimated \$800,000 project would be
33 partially funded by a \$345,000 federal grant, creating an approximately 50/50 split; delaying the
34 project would mean forfeiting this funding.

35
36 The plan calls for a simple, functional structure at Station One, expanding near the former training
37 tower site to include multiple covered bays for apparatus and equipment. While not intended to be
38 elaborate, the facility would provide necessary shelter, limited climate control, and improved
39 organization and access. Although a larger, centralized storage or fleet facility may be needed in the
40 future, this project serves as a practical interim solution, with potential for modular construction that
41 could be repurposed or relocated. Staff emphasized the goal of protecting assets, improving
42 efficiency, and maintaining a more professional and functional environment.

43
44 Adaptive Response Vehicle and Western Area Fire Protection

45 Staff presented two fire service items. The adaptive response vehicle (ARV) request is a one-time
46 purchase to add a vehicle and improve response capacity. The Western Area Fire Protection item
47 advances prior Council direction to fund land acquisition for a future station or shared facility, while

1 continuing efforts to partner with Odell as the preferred option. Setting aside funds demonstrates
2 commitment and strengthens the City’s negotiating position, while also providing a fallback if a
3 partnership is not reached. The City already owns a four-acre parcel that meets minimum
4 requirements but is not ideal; it could be sold to help fund a better site. Approximately \$383,000 has
5 already been reserved for acquisition, with additional funding needed only if costs exceed that
6 amount.

7
8 **Streets and Sidewalks**

9
10 Midlake Avenue Sidewalk

11 Staff presented the Midlake Road sidewalk project as a significant quality-of-life initiative supported
12 by a recently secured \$4.6 million Surface Transportation Block Grant, covering 80% of the total
13 cost. The City’s required 20% match is approximately \$1.1 million. This grant represents a major
14 achievement after prior funding attempts were unsuccessful and is considered unlikely to be
15 replicated if declined. The project would provide critical pedestrian access along Midlake Road from
16 Brantley to Center Grove, addressing longstanding connectivity concerns, particularly related to
17 access to the proposed park area, though it delivers community benefit regardless of park timing. The
18 grant allows up to five years for completion, with possible extensions. Council discussed the option
19 of pairing the project with potential park-related bond funding, including the possibility of
20 reimbursement, but noted the risk of tying the sidewalk to a bond referendum outcome, which could
21 jeopardize the grant if voters do not approve the broader project.

22
23 Street Paving and Sidewalk Repair

24 Staff presented a proposal to allocate an additional \$1 million from reserves for one year of
25 supplemental street paving, describing it as a straightforward, one-time investment to accelerate
26 ongoing maintenance. The City uses a condition-based inventory of streets and sidewalks to prioritize
27 needs. While some in-house equipment is available, it is limited to minor repairs, so most resurfacing
28 is completed through contracted services. Expanding in-house capacity is being explored but is
29 constrained by staffing, equipment, and the limited paving season. The added funding would modestly
30 increase annual resurfacing, typically covering about two to four miles of streets, depending on
31 project scope. Staff also noted the use of cost-effective asphalt surface treatments to extend coverage
32 where appropriate. However, the overall impact would remain incremental compared to system-wide
33 needs. Council discussion acknowledged the gap between available funding and infrastructure
34 demand, with potential long-term solutions including dedicated funding sources or bond initiatives to
35 more substantially address street maintenance.

36
37 South Main Street Parking Lot

38 Staff discussed a previous proposal to build a 128-space surface parking lot on Main Street, south of
39 the train station, on City-owned property. The North Carolina Department of Transportation
40 (NCDOT) would fund and construct roughly half of the lot, with the City contributing about \$750,000
41 to complete the project through a coordinated agreement. The lot, accessed from Main Street and
42 aligned with the adjacent parking deck entrance, is intended to support downtown parking demand,
43 including train users and nearby developments. Council discussion focused on project timing, traffic
44 impacts, and coordination with nearby construction, particularly delays in the adjacent apartment
45 project and related street improvements. Questions were raised about parking management, including
46 use by residents and train passengers. Staff indicated the lot would operate as public parking, similar
47 to other downtown spaces, with potential options such as designated areas or permit systems if

1 needed. Overall, the project was viewed as an opportunity to expand parking capacity in a high-
2 demand area, while recognizing ongoing coordination challenges.

3 4 8th Street Greenway HAWK Crosswalk

5 The 8th Street Greenway connection project, supported by a \$482,000 Surface Transportation Block
6 Grant and a \$120,000 (20%) City match, will create a safer mid-block crossing along North Loop
7 Road to improve pedestrian access to the greenway. Discussion emphasized the growing need for the
8 project amid ongoing and anticipated downtown development, including nearby projects such as
9 Millstone and Harris Teeter. The improvement addresses a current gap where no safe crossing exists
10 along a stretch of roadway with increasing traffic speeds. Council highlighted the project’s
11 importance for pedestrian safety and connectivity, as well as the potential for future enhancements
12 such as signalization along Loop Road.

13 14 **Operational Readiness**

15 16 “Rainy Day” Fund

17 Staff recommended reserving a portion of the available fund balance as a conservative financial
18 measure rather than committing all funds to current projects. While about \$5 million is identified
19 above the City’s 25% fund balance policy target, the proposal suggests setting aside roughly \$4–6
20 million for unforeseen future needs, with the exact amount left as a policy decision. Council
21 discussion noted the City’s strong financial position, with an overall fund balance near \$20 million
22 that supports stability and borrowing capacity. Members also discussed the broader approach to
23 excess funds, balancing the desire to maintain additional reserves with the opportunity to invest in
24 community projects, recognizing that these funds ultimately represent public resources.

25 26 Capital Outlay

27 This item proposes allocating \$1 million from the fund balance for capital outlay, primarily to replace
28 equipment and vehicles. No capital outlay was completed last year, creating tighter budget constraints
29 for the current year. While using fund balance for recurring needs is generally discouraged, it is
30 reasonable in this case because the items have long useful lives, typically 10–20 years, making it a
31 justifiable one-time allocation. This approach allows departments to maintain essential assets despite
32 budget limitations.

33 34 **Quality of Life/Economic Growth**

35 36 Historic Preservation Program

37 The discussion focused on establishing a historic preservation program as an outgrowth of the
38 strategic planning process, initiated by a citizen focus group. A key component is hiring a program
39 coordinator who would oversee preservation efforts and potentially support future museum
40 operations. It was suggested that this role would be foundational in coordinating initiatives, fostering
41 community awareness, and advancing projects that are currently handled in a fragmented way. The
42 program would likely be guided by a city-appointed historic advisory commission representing the
43 broader community, with existing groups such as Kannapolis History Associates integrated into a
44 more unified structure. There was consensus that collaboration with these groups is essential,
45 potentially including their involvement in the hiring process to build shared ownership and trust.

1 The program’s broader goal is to increase public engagement with local history, particularly among
2 newer residents who may lack awareness of Kannapolis’s heritage. Suggested efforts include
3 educational initiatives, historical markers, digital mapping, and publication of a history book, all
4 aimed at making history more visible and accessible. Council noted the importance of having
5 dedicated leadership to move ideas, such as historic designations or recognition of notable sites, into
6 actionable outcomes. Educational opportunities, especially involving school field trips and
7 partnerships with downtown facilities, were also highlighted as a way to build long-term community
8 interest. Funding for the coordinator position remains available in the current budget, with additional
9 estimated startup costs to be determined through the upcoming budget process.

10 11 History Musuem/Cultural Arts Facility

12 Discussion focused on renovating the Wells Fargo building into a flexible, multi-use facility
13 emphasizing history while accommodating cultural arts, community events, and a potential visitor
14 center. The building is structurally sound, requiring mainly interior renovations, with adaptable
15 spaces such as the drive-through area and partial basement. Design ideas include flexible exhibit
16 areas, rotating displays, and meeting rooms to support varied uses. Preliminary renovation costs are
17 estimated at \$1.8–\$1.9 million, described as a conservative high-end figure that could decrease based
18 on scope and design choices. Funding appears feasible, with \$700,000–\$800,000 already set aside
19 plus additional downtown development allocations, potentially leaving a funding gap of roughly
20 \$150,000. There is interest in seeking support from the Cannon Foundation for enhancements or
21 naming opportunities, though debt financing is not currently necessary. Operational costs remain the
22 primary uncertainty, varying with staffing and programming levels. Basic maintenance is
23 manageable, but a fully staffed facility would require sustained funding. Options to mitigate costs
24 include incorporating a visitor center using downtown support allocations and leveraging volunteers,
25 though reliance on volunteers alone may be challenging. The next steps will focus on refining cost
26 estimates, defining usage priorities, and determining operational needs.

27 28 Downtown Visitors Center

29 The discussion then turned to the concept of a downtown visitor center potentially located within the
30 Swanee theatre. Council noted the strong synergy between the Swanee site and the nearby Wells
31 Fargo building, as both are located within the same block and could be developed in a coordinated
32 way to support complementary uses. The key takeaway was that these concepts, a visitor center and
33 a history museum, should be evaluated at a high level based on their value to the community, rather
34 than becoming overly focused on specific layouts or implementation details at this stage. If both are
35 determined to be worthwhile investments, the exact design and use of space can evolve accordingly.
36 Council agreed that consolidating these uses into a central, well-designed location would create a
37 more effective and engaging destination for residents and visitors alike.

38
39 The conversation also highlighted potential partnerships with local Convention and Visitors Bureaus
40 (CVBs) in Cabarrus and Rowan counties, which have expressed interest in expanding visitor center
41 locations, possibly in collaboration with existing attractions or commercial areas. Council consensus
42 was to engage an architect to assess building constraints and develop conceptual design options as
43 well as to establish a historic preservation commission.

44 45 Gem Theatre Improvements – Phase III

46 The proposed third phase of the Gem Theatre renovations focused on improving customer service by
47 adding a second concessions area on the left side of the building to reduce long wait times during

1 peak attendance. Preliminary plans estimate the cost at \$550,000, with \$264,000 already being
2 secured, leaving approximately \$291,000 still needed. This phase is limited to the left-side expansion,
3 though future plans may include additional community and upper-level space improvements. The
4 added concessions capacity is expected to ease congestion, enhance the customer experience, and
5 increase revenue, which is essential to the theater’s financial sustainability.

6
7 Break for lunch
8

9 Kannapolis resident Phil Goodman commented that he is a lifelong resident of Kannapolis who has
10 attended council meetings since 2017 and praised the current council as the most unified he has seen
11 in eight years. Mr. Goodman expressed appreciation for their dedication to the city’s best interests,
12 acknowledged their work in preserving the city’s history, and stated that their efforts are valued by
13 the community

14
15 I-85 Monuments – Phase I

16 Council discussed the Interstate 85 (I-85) entry monuments project, a long-standing initiative in
17 partnership with Concord. The project includes three interchanges: Exit 58 (Davidson Highway), Exit
18 60 (Cannon Boulevard Boulevard), and Exit 63 (Lane Street), with the Lane Street interchange funded
19 entirely by Kannapolis and the other two shared with Concord. The total project cost is approximately
20 \$1.7 million, with Kannapolis responsible for about \$1 million and Concord contributing \$660,000.
21 The monuments are intended to enhance city branding and visibility along I-85, similar to projects in
22 Rock Hill, and each interchange will feature distinct designs. While some Council expressed concerns
23 about the high-cost relative to other signage options, the joint agreement with Concord allows
24 flexibility, and Concord could proceed independently if Kannapolis opts out. Council acknowledged
25 the visual and marketing benefits of the project but also debated alternative, lower-cost approaches
26 to City promotion.

27
28 Bakers Creek Park Building Replacement

29 The existing 44-year-old park building is not ADA-compliant and has ongoing maintenance issues,
30 and a new facility is required to meet accessibility standards. The proposed design includes accessible
31 restrooms, a concession area, and improved site grading and parking to accommodate ADA
32 requirements, with the building located between the current structure and the tennis/pickleball courts.
33 Increased park usage, driven by recent upgrades such as the addition of pickleball courts, has
34 highlighted the need for updated facilities. Council discussed funding options and expressed support
35 for leveraging a grant to replace the building rather than continuing to modify the existing structure.
36 Construction will aim to keep the current building operational until the new facility is complete.

37
38 Irish Buffalo Creek Greenway – Phase II

39 The next phase of the Buffalo Creek Greenway is contingent on obtaining a state transportation grant.
40 Additional funding from the Health Alliance, Carolina Thread Trail, and other state sources has
41 already been secured for property acquisition and design. Staff proposed earmarking available city
42 funds to ensure readiness if the grant is awarded. The project will connect to existing trails, Highway
43 Three, and recent sidewalk improvements, enhancing recreational access and trail connectivity.
44 Discussion emphasized high community value and strong usage of greenways. Property acquisition
45 is underway, with construction to proceed once grant funding is confirmed and within established
46 timelines.

1 Block 10 Hotel Park

2 The proposed park would enhance the area between a proposed hotel on Block 10 and the ballpark,
3 providing green space, pedestrian connections, and improved aesthetics. The estimated project cost
4 is \$1.2 million, with the city responsible for up to \$600,000. Staff and the developer would collaborate
5 on design and would include access to the ballpark’s playground and splash pad but would remain
6 gated during ballgames. Council noted that if the hotel does not move forward, the area could still
7 serve as green space with a sidewalk connection to the ballpark. The decision centered on whether
8 the project has sufficient community value to justify earmarking funds, recognizing that construction
9 may not occur for several years depending on the hotel’s progress.

10
11 Upgrades to KMS Athletic Field

12 Council reviewed a potential partnership with Kannapolis City Schools to install turf on the field at
13 Kannapolis Middle School. The turf would enable year-round use, benefiting both city programs and
14 school athletics, while taking advantage of existing infrastructure, including lighting, restrooms, and
15 concession facilities. While the project is recognized as having community value, Kannapolis City
16 Schools does not consider it a priority, citing a greater need for classroom space.

17
18 **Water & Sewer Fund Revenues and Project Discussion**

19 An overview of the five-year plan for water, sewer, and stormwater fund was presented in a format
20 similar to prior general fund and transit briefings. Key revenue drivers were highlighted, noting
21 slower growth in tapping and connection fees, with conservative projections of modest increases
22 across residential and commercial water and stormwater services. Expenses were largely held flat,
23 accounting for personnel cost increases, health insurance, retirement contributions, and inflation, and
24 planned utility expansions, including a \$600,000 phase for wastewater treatment capacity. Debt
25 service is expected to decline due to the retirement of prior obligations, while indirect support fees to
26 the general fund were projected to grow modestly. The plan assumes no new positions, no additional
27 debt issuance, and no rate increases beyond those previously approved. It was reported that fund
28 balances remain healthy, maintaining policy thresholds, and emphasized the need for recurring fee
29 adjustments to support operating expenses, debt obligations, and future capital projects. Service
30 coverage ratios and financial metrics were discussed as essential for securing future debt while
31 ensuring operational sustainability.

32
33 Water & Sewer

34 Mr. Legg advised Council that they will need to strategically plan for both expansion and system
35 maintenance to ensure sustainable water and sewer service with four primary focus areas: wastewater
36 treatment capacity, particularly the WSACC facility and potential participation in its expansion;
37 neighborhood expansion, mainly in annexed western areas lacking water service; system
38 rehabilitation, addressing deferred maintenance on existing infrastructure; and other growth-related
39 considerations. He introduced the Director of Water Resources, Alex Anderson, for detailed
40 information.

41
42 Mr. Anderson presented that the wastewater treatment plant is the city’s most critical and costly
43 infrastructure need, with projected demand increasing from 4.5 million gallons per day to
44 approximately 7 million by 2030 and an additional 2 million gallons by 2040. Three near-term
45 capacity options were reviewed: expansion at the Rocky River Regional (WASAC) facility, which
46 would yield limited capacity at a high cost due to nutrient removal requirements; rerouting flows from
47 the Kannapolis Crossing pump station to Salisbury, offering a lower-cost, short-term solution; and

1 development of a jointly owned plant with Landis, which, while requiring higher upfront investment,
2 appears most cost-effective over a 25-year period. Board members emphasized the importance of
3 pursuing grant funding, lobbying for relief from unfunded mandates, and maintaining local control
4 over wastewater planning. Long-term strategies discussed included partial rerouting of flows,
5 expansion flexibility at a potential Landis facility, and managing growth impacts in key development
6 areas, with project timelines ranging from approximately two to five years depending on the option
7 selected.

8
9 It was further noted that a new Landis plant could cost approximately \$52 million including land,
10 though alternative configurations, such as siting in Kannapolis, would have similar costs and be
11 influenced by permitting timelines. Governance structures remain undecided, with options including
12 partnerships or formation of a new authority. China Grove is not a participant due to its existing
13 system ownership by Salisbury, leaving Landis and Kannapolis as the primary stakeholders.

14
15 Priority infrastructure projects were also reviewed, with wastewater needs remaining the primary
16 focus. Key initiatives include the Summers Walk connection to Charlotte Water to improve system
17 redundancy for approximately 5,000 residents, Phase One upgrades to the water treatment plant to
18 address PFAS/PFOA compliance, required water line relocations associated with NCDOT projects,
19 and the Kentucky sewer outfall replacement due to ongoing failures. The Forest Brook Lift Station
20 upgrade will be fully grant-funded and supports the Loop Yard development. Financial projections
21 indicate significant rate increases driven by debt service and coverage requirements, particularly in
22 the early years, though impacts could be reduced through phasing or external funding.

23
24 Neighborhood water extension requests were discussed, primarily driven by the need for fire
25 protection and water access in areas currently served by private wells. Proposed projects could be
26 bundled into a single financing package, resulting in an estimated \$2.45 monthly increase per
27 customer, though participation uncertainty presents risks. Staff recommended requiring binding
28 agreements from a majority of residents to ensure connection and system viability, noting that bond
29 covenants prohibit discounted connection fees, leaving payment plans as the only incentive option.
30 Officials also cautioned that extending service is discretionary and that setting precedents could
31 impact future requests. Among all projects, the Summers Walk connection was identified as the most
32 beneficial due to its relatively low cost and significant system reliability benefits, while most
33 remaining unserved areas north of Highway 73 would likely be addressed on a case-by-case basis.

34
35 The discussion focused on neighborhoods south of Highway 73, with particular attention to the Farm
36 Hill area, which includes Wabash and the neighborhoods behind the new commercial developments
37 near Navajo and Archdale. Although these areas were annexed, water and sewer services were never
38 extended, largely due to past drought conditions and shifting demand. During earlier drought periods,
39 the city began extending water infrastructure into nearby areas like Dogwood, but once the drought
40 ended and private wells recovered, demand dropped and further expansion was halted. At the time,
41 there was also an expectation that Farm Hill would be redeveloped as a whole by developers acquiring
42 multiple parcels; however, this never materialized due to the complexity of assembling many
43 individually owned lots. While some development occurred closer to Afton Run and Afton Village,
44 much of Farm Hill remains a mix of corporate-owned rental or land-banked properties and long-term
45 residents.

1 Currently, there is limited community pressure to extend water service despite known groundwater
2 quality issues, with only occasional requests from residents experiencing well failures. Extending
3 water to Farm Hill is included as a standalone capital improvement project estimated at \$2.98 million,
4 which would result in a significantly higher monthly cost to residents compared to other projects.
5 Nearby areas such as McClenny and Starlight are planned for gradual improvements through ongoing
6 city efforts, particularly where they align with long-term interconnection plans with the City of
7 Concord. Fager Lake remains the only nearby street without water service and is being monitored,
8 with potential improvements tied to future development on Coral Drive. Overall, infrastructure
9 expansion in these areas is proceeding incrementally, guided by cost considerations, development
10 activity, and limited resident demand.

11
12 A consultant found that much of the City’s water and sewer infrastructure, particularly pipes from the
13 1950s and 1960s, is aging and in need of replacement. While the City currently spends about \$100,000
14 annually on rehabilitation, the recommended funding level is \$3.3 million per year over 15 years,
15 with a minimum starting point of \$1.35 million to achieve cost efficiencies. The proposed program
16 would involve rotating, large-scale replacement projects across priority neighborhoods, beginning
17 with areas like Suburban Woods that have the most frequent breaks. Projects would include replacing
18 water lines, repairing sewers, and repaving roads. With an estimated pipe lifespan of 75 years, newer
19 infrastructure would not require immediate attention, and the City would move through a long-term,
20 continuous cycle of system upgrades.

21
22 The current budget allocates no dedicated funding for rehabilitation, despite a recommended
23 minimum of \$1.1 million and an optimal level of \$1.5 million annually. However, the board has still
24 advanced rehabilitation efforts through large, intermittent capital projects, such as the downtown
25 sewer outfall and prior downtown infrastructure work, rather than through consistent yearly funding.
26 The proposed approach shifts to a “pay-as-you-go” model of approximately \$1.5 million per year,
27 which would maintain investment levels while providing greater financial flexibility in lean years and
28 avoiding interest costs associated with borrowing. The discussion also noted that much of the water
29 meter infrastructure, installed around 2013, is nearing the end of its lifespan, with some components
30 already out of warranty and others expiring soon. Maintaining only the current \$100,000 annual
31 allocation for contracted services would likely trigger a high-priority meter replacement project.
32 While supplementing contractor work with in-house crews for smaller projects could reduce costs,
33 expanding this approach would require additional staffing and equipment, limiting flexibility
34 compared to outsourcing.

35
36 Staff confirmed that projected water demand of 8.5 million gallons per day by 2030 can be met
37 through smaller projects, system improvements, and limited external connections; however, meeting
38 2040 demand will require larger expansions, such as increased purchases from Salisbury, Albemarle,
39 or Charlotte. Building a new reservoir was determined to be impractical due to permitting, site
40 limitations, and cost.

41
42 The capital improvement plan prioritizes system interconnections, pipeline upgrades, and targeted
43 extensions to support growth, while also addressing aging infrastructure and reliability. Some projects
44 may be coordinated with development or deferred depending on wastewater capacity. Additional
45 needs include increased water storage, especially in higher elevation areas, and service improvements
46 for underserved neighborhoods.

1 Wastewater projects focus on resolving capacity constraints, aging infrastructure, and overflow-prone
2 areas, with upgrades to pipelines and pump stations. Future treatment capacity expansions will be
3 funded through ongoing payments rather than upfront capital, with costs increasing as higher capacity
4 levels are pursued.

5
6 Staff presented a worst-case financial scenario in which all proposed capital projects and wastewater
7 (WASAC) expansions are implemented, noting this is not a recommendation but an illustration of
8 potential impacts. Under this scenario, monthly utility costs could rise significantly, increasing from
9 approximately \$74 to nearly \$100 within five to six years. Feedback from the board is needed to help
10 prioritize projects and balance growth goals with affordability. A key issue discussed was the potential
11 expansion of WASAC capacity beyond 36 million gallons per day to meet projected 2040 demand,
12 which would require participation in a larger 45 MGD expansion. Based on current assumptions, the
13 City’s share could exceed \$100 million, though this amount may increase depending on how costs
14 are allocated among partner jurisdictions. A decision timeline is critical, as WASAC must determine
15 in the near term whether to proceed with the multi-year expansion project. There is uncertainty
16 regarding partner participation, particularly from Concord, which may not support the current cost-
17 sharing structure for future expansions. This could shift a greater financial burden to other
18 jurisdictions, including Kannapolis, while Harrisburg has expressed interest in a larger share to
19 support its growth. Ultimately, decisions around expansion will directly influence future growth
20 capacity, as failure to expand would significantly limit residential, commercial, and industrial
21 development, leaving redevelopment of existing capacity as the primary alternative.

22
23 Staff addressed the city’s stormwater program, its scope, funding, and challenges in addressing
24 neighborhood drainage concerns. An overview of the program was provided, noting that it operates
25 exclusively on public streets and easements, as established when the stormwater fee was created.
26 While new developments include public stormwater infrastructure, many older or traditional
27 neighborhoods lack dedicated easements, leaving private property drainage unresolved. Staff track
28 approximately 500 outstanding private stormwater issues, with an estimated \$15 million needed to
29 address most of them, but the current fee structure is not designed to fund expansion into private
30 systems. The Eastwood neighborhood project was highlighted as an example where collaboration
31 with NCDOT enabled a public system upgrade. New development includes retention and water
32 quality facilities, but existing sites, such as older shopping centers, cannot be retrofitted, so
33 improvements must focus on downstream public infrastructure. Federal and state grants have been
34 pursued to address specific problem areas. Council was reminded that the stormwater program
35 primarily addresses water quality rather than flood quantity, and that fee increases are challenging to
36 communicate to the public, as the benefits are less visible compared to water and sewer services.
37 Education efforts continue to inform residents of the fee’s purpose and program limitations.

38
39 **Other FY 27 Budget Discussion**

40 Assistant City Manager, Kristen Jones shared a breakdown of the different organizations the city
41 supports, including regional Chambers of Commerce (“Chamber”), regionals Economic
42 Development Councils (“EDC”), and Centralina Council of Governments (“COG”), etc. The primary
43 focus was on evaluating whether the City receives sufficient value from these programs, especially
44 in light of budget considerations. Concerns were raised about the effectiveness of the economic
45 development investments in Cabarrus and Rowan Counties and the need to assess the return on
46 investment from regional entities like the Chambers, Metro Mayors, and the COG. Some questioned
47 the usefulness of membership in these groups, particularly given that tangible outcomes, such as direct

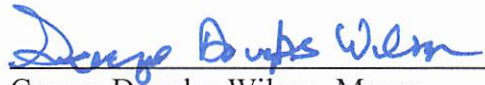
1 services, are not always apparent. Mrs. Jones explained that while some programs provide intangible
2 benefits, like regional collaboration and advocacy, others, like the Visitors Bureau and certain
3 Chamber projects, have yielded more direct benefits for Kannapolis. The Chambers, for instance,
4 have assisted in projects like the business startup guide and grant distribution for downtown
5 businesses. However, the City has had difficulty ensuring that its businesses fully benefit from these
6 organizations, partly due to a lack of participation by local businesses in Chamber activities. This
7 concern also encompassed the political activities of certain Chamber leaders, which had created
8 community tension.

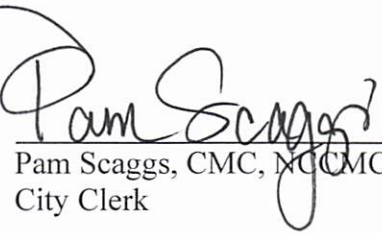
9
10 The meeting also addressed the need to ensure that the City is taking full advantage of its
11 memberships, particularly with organizations like the NC League of Municipalities (“League”) and
12 Metro Mayors Council. Council members acknowledged that the League offers services like salary
13 studies, lobbying efforts, and training that could be more fully utilized but suggested that
14 representatives from these organizations should present their services to Council to better assess their
15 value. Additionally, Council discussed streamlining the Citizens Academies. Concerns were raised
16 about the amount of staff time devoted to these programs, particularly by the fire and police
17 departments. It was suggested that there may be a way to consolidate the different academy programs
18 into a single, more efficient event, reducing the time spent away from essential services while still
19 providing value to participants. This idea was met with general agreement with a willingness to
20 explore this option further.

21
22 **MOTION TO ADJOURN**

23 There being no further business, Mayor Pro Tem Dayvault made motion to adjourn, second by
24 Councilmember Dixon, and unanimously approved.

25
26 The meeting adjourned at 4:00 PM on Saturday, February 21, 2026.
27
28
29

30
31
32
33
34
35
36

George Douglas Wilson, Mayor
City of Kannapolis


Pam Scaggs, CMC, MCCMC
City Clerk