CITY COUNCIL
SPECIAL MEETING
AGENDA
KANNAPOLIS CITY HALL
401 LAUREATE WAY, KANNAPOLIS, NC
MAY 20, 2026
6:00 PM

Please Turn off Cell Phones or Place on Silent Mode.

APPROVED MINUTES

A. May 20, 2026 (Pam Scaggs, City Clerk)

CALL TO ORDER AND WELCOME

ADOPTION OF AGENDA - Motion to Adopt Agenda or make revisions

BUSINESS AGENDA

A. **Presentation** - Recommended FY 2026-2027 Budget (Wilmer Melton, City Manager, Kristin Jones, Assistant City Manager, Brian Roberts, Finance Director)

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.

CITY OF KANNAPOLIS
CITY COUNCIL SPECIAL MEETING MINUTES
May 20, 2026

A special meeting of the Kannapolis City Council was held on Monday, May 20, 2026, at 6:04 PM, Kannapolis City Hall located at 401 Laureate Way, Kannapolis, NC.

CITY COUNCIL MEMBERS PRESENT:

Council Members:	Doug Wilson, Mayor	
	Darrell Jackson	
	Dianne Berry	
	Isaiah Payne	
	Jeanne Dixon	
	Naomi Hatchell	
Council Members Absent:	Ryan Dayvault, Mayor Pro Tem	
City Manager:	Wilmer Melton	
Deputy City Manager:	Eddie Smith	
Assistant City Manager:	Tina Cline	
Assistant City Manager:	Kristin Jones	
City Attorney:	Andrew Kelly	
Staff Present:	Tony Eury	David Jordan
	Betsy Barnette	Becky Tolle
	Brett Mann	Suzanne
	Brian Roberts	Carson Purvis
	Suzanne Burgess	Terry Spry
	Kirk Beard	Alex Anderson
	Gerald Faulkner	Richard Smith
	Jenny Johnson	Michael Rattler
	Gary Mills	Irene Wong
Visitors Present:	Sophia Wilkerson	Flora Allison
	Nancy Anthony	Melinda Richardson
	Mechel Johnson	Johnsie Tucker
	Leonard Jarvis	Justin Lewter
	Mark Spitzer	Zach Erwin
	Connie Rheinecker	Ingrid Nurse
	Rhonda Barber	Tracy Caldwell

CALL TO ORDER AND WELCOME

Mayor Wilson called the meeting to order and welcomed all in attendance.

PLEDGE OF ALLEGIANCE

Mayor Pro Tem Dayvault led the Pledge of Allegiance.

ADOPTION OF AGENDA

Mayor Wilson called for a motion regarding the Agenda. Council Member Dixon made the motion to approve, second by Council Member Berry and unanimously approved.

BUSINESS AGENDA

Presentation – Recommended FY 2026-2027 Budget (Wilmer Melton, City Manager; Kristin Jones, Assistant City Manager and Brian Roberts, Finance Director) (Copy included as Agenda Item A.A.)

Mr. Melton thanked staff for helping prepare the budget. He, along with Assistant City Manager Kristin Jones and Finance Director, Brian Roberts provided a presentation that framed the budget around three core priorities: supporting employees as the City's most valuable asset, maintaining fiscal responsibility through rate adjustments and reduced discretionary spending, and reinvesting in core services including public safety, infrastructure, and capital equipment replacement. Mr. Melton noted that some city vehicles are more than 20 years old and in urgent need of replacement.

Ms. Jones added that the proposed budget includes a 5 percent total performance pay increase for all employees, structured as a 3 percent merit increase combined with a 2 percent cost of living increase. Workers' compensation costs are projected to increase by 20 percent, which is higher than the typical 10–15 percent budgeted in prior years, and driven by observed claims trends. Mr. Roberts noted that the City is self-insured for workers' compensation, with plan administration handled by the North Carolina League of Municipalities.

Ms. Jones stated that no change to the property tax rate is recommended. Property tax collections are projected to increase by approximately 3.5 percent, reflecting estimated growth in property valuations. She noted that prior years had seen 5–8 percent natural growth, and the revised estimate realigns projections with more conservative, realistic expectations. Sales tax revenues are projected to increase, and franchise tax revenue is estimated to increase by approximately 9 percent. Ballpark revenue is estimated at $600,000.

Mr. Melton stated that rate adjustments are proposed for water and sewer services with the largest driver being the increased cost of wastewater treatment associated with the Rocky River Wastewater Treatment Plant expansion operated by the Water and Sewer Authority of Cabarrus County (WSACC). The proposed sewer rate increases include a $4.80 increase on the base bill and a $1.08 per-thousand-gallon increase on the volumetric charge. Water rate increases include a $1.45 base bill increase and a 0.53 cent increase volumetric water charge. Mr. Melton explained that the rate structure was deliberately split between base and volumetric charges to give customers an opportunity to manage their bills through conservation. He also noted that if anticipated grant funding for sewer treatment needs is secured, Council would have the option to revisit and reduce consumer rates. The overall water and sewer fund reflects a 14.35 percent change from the prior fiscal year. Stormwater rates reflect a recommended increase of at least one dollar per tier, with an overall fund change of approximately 7.98 percent. An additional $1.2 million increase in wastewater treatment costs from FY 2025 results were noted as already incorporated into the projections.

Ms. Jones stated that the general fund reflects a 4.4 percent change from the prior fiscal year with public safety, police and fire, representing approximately 39 percent of the general fund budget. General government accounts for 16 percent, debt service 15 percent, parks 11 percent, and operations and other departments the remainder. Capital outlay includes $6 million in debt service for vehicle and equipment replacement. An Adaptive Response Vehicle (ARV) unit has already been purchased and was noted as ready for service. Streets and sidewalk replacement received an additional $900,000 allocation.

Mr. Melton stated that with emergency response designated as a priority, a new fire station in the western part of the City is being actively pursued, with a planning meeting scheduled for the following day. In the interim, a contract with the O'Dell Fire Department is in place to provide mutual aid coverage for the area, at a cost of $200,000 until a permanent facility is established. He added that the budget proposes a $175,000 reduction from the previously projected $575,000 cost for the summer concert series, resulting in a total allocation of $400,000.00,

Considerable discussion was devoted to the financial performance and long-term sustainability of the City's entertainment venue, the Swanee. Mrs. Jones noted that the FY 2027 budget had included a general fund subsidy of $469,983 for the venue, reflecting budgeted revenues of $360,000 against expenses of $829,983. The proposed budget reduces projected expenses with staff acknowledging that revenue projections have been right-sized downward to more accurately reflect actual performance, as prior budgets had overstated anticipated revenues. Current-year actuals show expenses of approximately $583,446 against revenues of $303,000, yielding a subsidy of roughly $280,000, an improvement over the budgeted figure.

Council Member Hatchell expressed concern that the subsidy level, even as reduced, remains an undue burden on City residents and taxpayers. She stated a preference for a model in which the facility is rented to outside promoters and event organizers rather than the City directly producing programming, arguing this would dramatically reduce the City's financial exposure while still activating the venue. Council Member Hatchell noted that while the facility brings visitors to Kannapolis and generates some sales tax revenue, that revenue likely does not offset the level of subsidy being provided. She emphasized that her position was not to eliminate the venue, but to restructure its operating model so the City is not absorbing losses of that magnitude.

Council Member Jackson acknowledged Council Member Hatchell's concerns but noted that a significant amount of taxpayer money has already been invested into the facility, arguing that it would be imprudent to simply write it off. He suggested that a defined timeframe, potentially 24 months, to aggressively market the venue, lower rental rates to attract outside promoters, and pursue wedding and private event business, noting that the venue faces no real competition in that market segment. He also pointed out that the City's fiscal year structure, ending and beginning in June, creates a structural disadvantage because the most lucrative entertainment business typically occurs in the fourth quarter of the calendar year.

Mayor Wilson agreed that further reducing rental rates could make the venue more attractive to outside promoters. Mr. Melton responded that rental rates had already been lowered as part of the business plan but agreed with Council Member Jackson that a more aggressive marketing strategy is needed to increase bookings. Council Member Hatchell questioned whether the proposed $20,000 communications and advertising budget would be sufficient to achieve that goal. Mr. Melton replied that the venue currently operates under a three-year marketing plan but acknowledged that marketing efforts could be expanded and made more aggressive.

Mayor Pro Tem Dayvault agreed that the current expenditure level is too high given the broader budget pressures and trade-offs being made elsewhere. He proposed that savings achieved by reducing the venue's subsidy be specifically earmarked for microtransit service, framing this as a more direct and effective investment in residents who depend on public transportation. He also noted that a $20,000 advertising budget for the venue is unlikely to be impactful if the intent is to drive meaningful revenue growth.

Council discussion then shifted to transit services, focusing on pre-pandemic ridership data and how ridership is reported. Council Member Hatchell noted that ridership totals count each individual boarding, meaning a person transferring between two buses during a single trip is recorded as two rides. She questioned the frequently cited figure of 430,000 annual riders, noting that it represents a 2019 peak that has not been matched since. Given Cabarrus County's population, she argued that the number could create the misleading impression of near-universal bus usage. She also questioned the validity of a survey indicating that 72 percent of riders use the system daily, noting that it was conducted at the transit center in 2022, included fewer than 200 respondents, and therefore did not represent a statistically representative cross-section of Kannapolis residents or overall system performance.

Generally, Council agreed that public transit remains essential for a segment of the community but expressed the view that the existing fixed-route bus system is an outdated model that is not well suited to Kannapolis's size, development pattern, or travel demand. Several members stated that the current system is neither an efficient use of resources nor the most effective way to serve riders.

Several Council members advocated transitioning to a microtransit model, noting that communities including High Point, Davidson, Salisbury, Gastonia, Wilson, and parts of Charlotte have adopted similar approaches in response to low fixed-route ridership relative to operating costs. Mayor Pro Tem Dayvault commented that microtransit was discussed at a national conference in 2019, identified as a future direction in the CPMI's 2020 transit plan, and raised again by community groups in Concord in 2024. He characterized the current proposal as the continuation of a long-recognized strategy rather than a new initiative and expressed frustration that the concept had not been implemented despite years of planning and discussion. Council Member Berry added that paratransit services through CK Rider and the Cabarrus County Community Transportation System (CCTS) is an available alternative and continues to provide lower-cost or no-cost transportation options for eligible residents, including older adults and individuals with mobility impairments who may be unable to access fixed-route bus stops. Council Member Dixon cautioned that eligibility requirements limit access to the CCTS and noted that implementing a microtransit program would also involve significant costs. Mayor Pro Tem Dayvault acknowledged that microtransit is an expensive service model but stated that he would support the additional investment if it delivers transportation more efficiently and effectively than the existing fixed-route system.

Mr. Melton stated that staff is actively working with Cabarrus County and regional partners to develop a microtransit program, and Council expressed support for formally allocating funding to that effort once service parameters and implementation details are established.

Council Member Hatchell requested that the City's current transit plan, including anticipated route changes and implementation timelines, be posted online to ensure residents are informed before service changes take effect.

Mayor Pro Tem Dayvault requested that a Capital project list be made available on the City's website. Mr. Melton agreed and added that it would be updated as the projects progress.

MOTION TO ADJOURN

There being no further business, Council Member Dixon made the motion to adjourn, second by Mayor Pro Tem Dayvault, and the motion was unanimously approved.

The meeting adjourned at 7:24 P.M. on Monday, May 20, 2026.

George Douglas Wilson, Mayor
City of Kannapolis

Pam Scaggs, CMC, NCCMC
City Clerk

City Manager’s Recommended City of Kannapolis FY 27 Budget

City Council Special Meeting

May 20, 2026

FY 27 Guiding Themes

- Supporting our most valuable assets – employees
- Fiscal responsibility
  - Adjusting rates to offset increased costs
  - Reduction in discretionary spending
  - Transitioning both theatres toward financially sustainable operations
- Reinvestment in core services
  - Public Safety (police and fire)
  - Public Works (streets, sidewalks)
  - Water and Sewer
  - Public Infrastructure
  - Capital outlay replacement

(Budget book pg. viii)

Employee Enhancements

- Supporting our most valuable assets – employees
  - 5% performance increase (COLA at 3%, Merit at 2%)
  - 5% flat 401k (was 2% flat and up to 3% match)
  - Employer paid health insurance ($15,700 per employee)
  - Employer paid dental insurance ($975 per employee)
  - Employer paid vision and short-term disability (rate lock)
  - Mandated retirement rate increases ($898k increase across all funds)
  - Salary study implementation ($1.2m across all funds)

(Budget book pg. viii)

Rate and Fee Changes

Fund	Revenue Source	FY 27 Proposed	Current Fee to Proposed
General Fund	Property Tax	Unchanged (55.95 per $100 value)	_
Water and Sewer Fund	Base Water Volumetric Water Base Sewer Volumetric Sewer	$1.45 increase .53 cent $4.80 increase $1.08 increase	$8.30 to $9.75 $7.31 to $7.84 $7.20 to $12 $7.45 to $8.53
Stormwater Fund	Tier 1 < 1,200 sq. ft Tier 2 (1,200 – 3,250) sq. ft Tier 3 > 3,250 sq. ft Commercial – per 3,250 sq. ft	$1 per tier	$5.75 to $6.75 $7.25 to $8.25 $8.75 to $9.75 $7.25 to $8.25
Environmental Fund	Recycling/Trash	No fee increase proposed	_

(Budget book pg. xiv)

Fiscal Responsibility
Parks

- Transition toward financially sustainable operations with minimal subsidies
- Gem Theatre – projected subsidy is $220,067
  - Revisited revenue projections to be more in line with FY 26 projected actuals
- Swanee Theatre – projected subsidy is $469,983
  - Revisited revenue projections to be more in line with FY 26 projected actuals
- Summer Concert Series – decreased by $175,000
- Potential GO Bond:
  - Eastside Park
  - Westside Park
  - Irish Buffalo Creek Greenway (Phase 2 and 3)
  - Glen Avenue
  - Rocky River Greenway
  - Gem Theatre – phase 3

(Budget book pg. xi)

Reinvestment in Core Services

- Funding for enhanced street paving and sidewalk replacements
- Funding for capital outlay replacement
- Funding for ARV staffing
- Funding for the renewed lease to replace body worn and in car cameras and tasers
- Priority of western fire protection (Odell contract) while pursing a new western area fire station
- Priority of western communication tower funding
- Priority of fire training tower and storage facility
- Funding for capital infrastructure and rehabilitation in water and sewer and stormwater

*Priority projects are being determined whether to pay cash or utilize short-term borrowing

(Budget book pg. xi)

Annual Fund Overview

Funds	FY 26 Adopted	FY 27 Proposed	Percent Change
General	$ 85,983,381	$ 89,770,789	4.40%
Water & Sewer	$ 28,425,016	$ 32,504,004	14.35%
Stormwater	$ 3,637,348	$ 3,927,549	7.98%
Environmental	$ 7,681,862	$ 8,064,746	4.98%
Separation Pay	$ 721,500	$ 758,000	4.58%
Transit	$ 1,402,698	$ 733,000	-47.74%
Insurance and Risk	$ 7,618,904	$ 8,825,900	15.84%
Grand Total	**$ 135,470,709**	**$ 144,583,988**	-
Less interfund transfers	*($9,462,867)*	*($10,365,146)*	-
Grand Total All Funds	**$ 126,007,842**	**$ 134,218,842**	**6.52%**

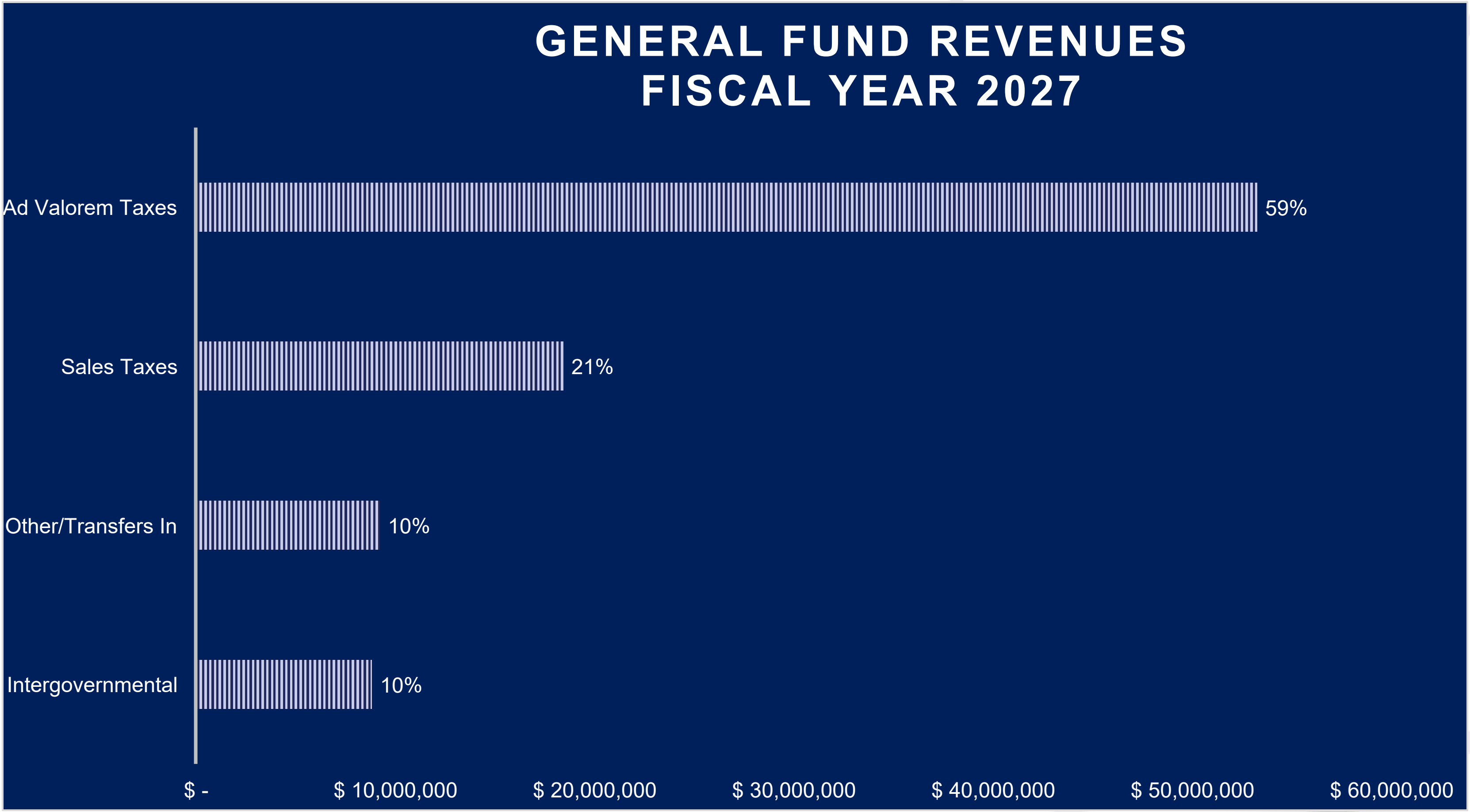
(Budget book pg. 37)

General Fund Budget Overview

Revenue Source	FY 26 Adopted	FY 27 Proposed	Percent Change
Property Tax	$ 51,446,046	$ 53,236,188	3.48%
Sales Tax	$ 17,134,463	$ 18,438,504	7.61%
Intergovernmental	$ 7,966,275	$ 8,839,267	10.96%
Other Revenues	$ 9,436,598	$ 9,229,830	-2.19%
Appropriated Fund Balance/Transfers In	$ -	$ -	-
Total	**$ 85,983,381**	**$ 89,743,789**	**4.37%**

(Budget book pg. 39)

General Fund Revenues



(Budget book pg. 65)

General Fund Revenue Highlights

- Property tax estimated collections increase by 3.53%
  - Prior years had 5-8% natural growth
  - Cabarrus had 2.6% growth and Rowan had 9% (number of exemptions/appeals)
  - Cabarrus makes up 88% of Kannapolis and Rowan at 12%
  - No property tax increase
- Sales tax estimated collections increase by 7.61%
- Powell Bill funding decreased by .44% (based on FY 25 actuals)
- Franchise tax revenues estimated to increase by 9% (based on FY 25 actuals)
- Ballpark Revenues estimated at $600,000 ($100k from CVB, $500k from Temerity)
- No fund balance appropriation
- Enterprise Management Fee estimated at $3,163,955 (increase of 14%)
  - Fee that Water and Sewer and Stormwater pay back to the General Fund

(Budget book pg. xiii)

General Fund Budget Overview

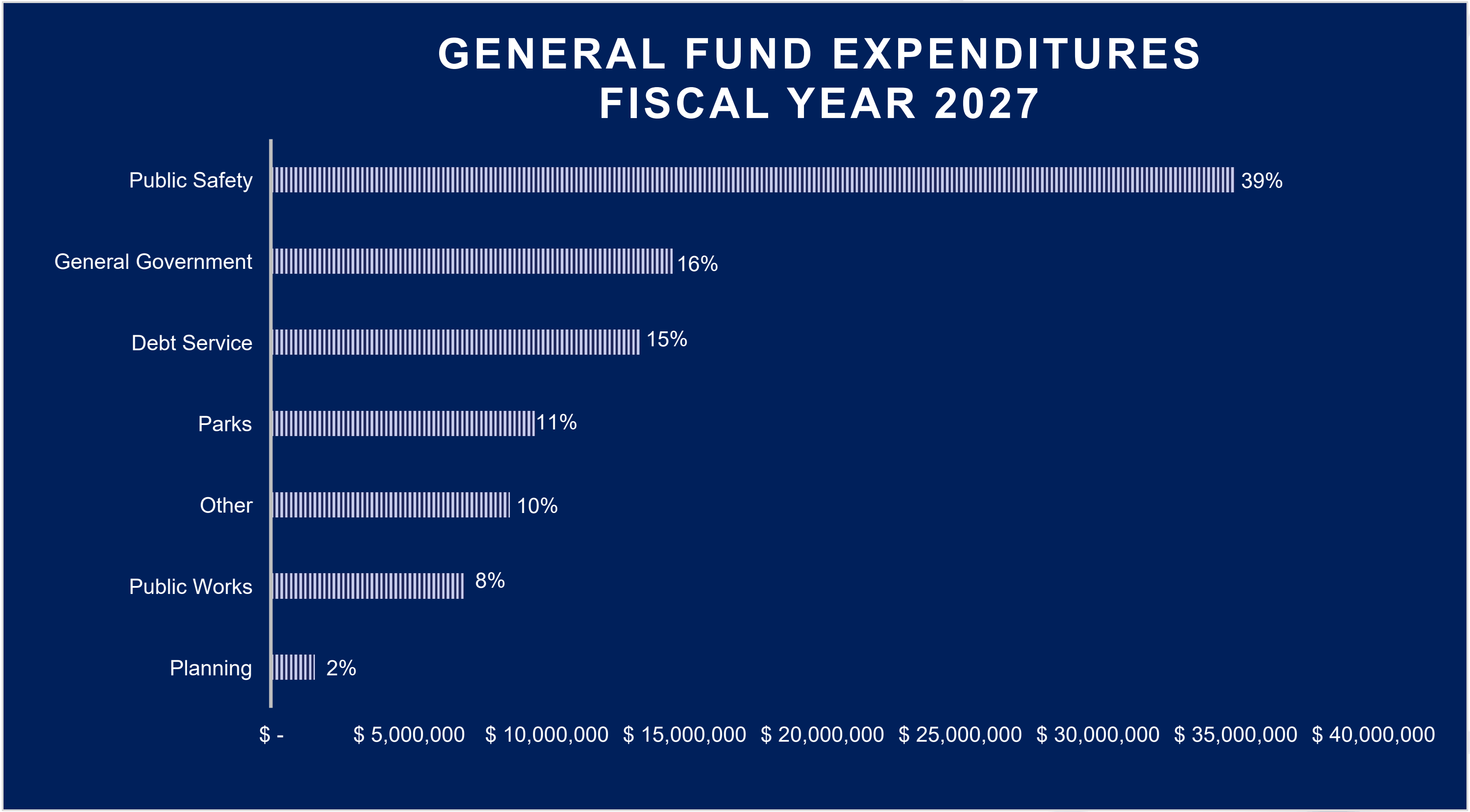
Expense Source	FY 26 Adopted	FY 27 Proposed	Percent Change
Personnel	$ 46,123,528	$ 49,971,309	8.34%
Operating	$ 39,659,853	$ 39,599,480	- 0.15%
Capital	$ 200,000	$ 200,000	-
Total	**$ 85,983,381**	**$ 89,770,789**	**4.40%**

Notable Highlights:

- Lease payment for the full replacement of all in-car cameras, body worn cameras and tasers
- Debt Service for capital outlay up to $6 million (list on following slide)
- Six new firefighters for City ARV program
- Odell contracted services increase for fire coverage in western part
- $200k for the Cap X

(Budget book pg. 46)

General Fund Expenditures



kannapolisnc.gov

(Budget book pg. 70)

Capital Needs City-Wide

- Replacement ladder truck (current one is 21 years old) - $2.8m
- Replacement engine (current one is 24 years old) - $1.4m
- Replacement fire staff vehicles (5) - $325k
- Replacement police cruisers (10) for FY 27 - $864k
  - FY 28 estimated needing to replace 12
  - FY 29 estimated needing to replace 12
- Replacement service weapons - $60k
- Replacement of equipment (4) and vehicles (3) in public works - $805k
- Replacement of (2) staff vehicles in Parks - $98k
- Replacement of (4) trucks in Environmental - $1m
- Replacement of (1) truck in Stormwater - $200k
- Replacement of equipment (4) and vehicles (1) in Water - $340k

Water and Sewer Fund Highlights

- Sewer Treatment costs increase for WSACC expansion
- Contracted Services increase for capital and rehab projects
- New debt service obligations for rehab and critical projects
- General management services fee - goes back to the General Fund (this is based on employee allocation and audited figures of departmental support)
- No new positions added
- Salary study implementation - estimated at $150k
- Health and dental increases - estimated at $174k
- 5% performance increase - estimated at $554k; based on 79 employees

(Budget book pg. xv)

Factors impacting rate increases

- Wastewater treatment
  - FY 25 resulted in additional $1.2 million increase
  - FY 27 will result in a $600,000 increase
- Kannapolis Spillway
  - Rates were increased some last year based on $8.44m debt issuance
  - Project was bid and came back at $12m
- Increased costs of personnel and operations
- Rates haven't been adjusted at a sufficient pace to fully offset increased costs in the system

(Budget book pg. ix)

Capital and Rehabilitation Projects planned from rate increase

- Suburban Woods (1965)
- Northwest High School Fire Protection improvements
- Concord Lake Road sewer pump station improvements (1993)
- 18th Street sewer pump station electrical improvements (2003)
- Afton Run and Lindler Dr. watermain improvements
- Starlight Drive watermain phase 2 improvements
- Washington Lane sewer pump station electrical improvements (2003)
- Vermont Avenue watermain replacement (1961)
- Irene Avenue watermain replacement phase 2 (1965)
- Hoke Street replacement (1965)
- Wellington Chase watermain redundancy and fire main loop
- Central Drive and Jackson Street sewer rehabilitation project phase 1 (1965)
- Forrestbrook sewer pump station improvements (1988)
- Elm Street watermain replacement project (1965)

(Budget book pg. xiv)

Other Fund Highlights

Stormwater Fund

- Small equipment and tool increases for the replacement of 3 trailers
- No new debt service obligations
- No new positions added
- Costs related to replacement of culver/bridge on Mable Avenue
- Costs related to the replacement of culver/bridge on Elwood Street

Environmental

- Waste Management increase based on CPI ($70k)
- Bulk containers increase based on trends ($78k)
- Landfill ($48/ton) and recycling ($124/ton) costs increases ($85k)
- No new positions added
- The Environmental Fund isn't self-sustaining as an Enterprise Fund
  - Requires $2,290,246 in transfers from the General Fund to subsidize costs

(Budget book pg. xvi)

Transit Fund Highlights

- Operational decreases: $669,698
  - Kannapolis cost share will decrease from 35% to 21% based on routes/ridership
  - Reconfigured transit system beginning in July 2026
    - Minor modifications to Blue Route
    - Green and Yellow Routes will remain substantially unchanged
    - Reconfigure the Brown Route to primary stops within the Blue Route
    - Elimination of weekend routes

- In addition, over the next 3 years, the City intends to formally evaluate the feasibility of transitioning some or all fixed-route transit services to an on-demand micro-transit model.

(Budget book pg. xvii)

Other Fund Highlights

- Separation Pay Fund: set aside funds for retirement (all employees)
  - Required by law to be offered to law enforcement
  - Kannapolis extends this benefit to all employees
  - 35 employees are estimated to receive this benefit in FY 27
  - Estimated cost is: $758,000 (increase of 5% over FY 26)
- Insurance and Risk Fund: funds health and workers compensation
  - Self-funded: Blue Cross Blue Shield (BCBS) administers the plan
  - Dental: Met Life and Vision: Community Eye (slight decrease in costs from FY 26)
  - Biggest driver of costs is claims estimated at $4 million (increase from $3.4m)
  - Retirees came back on the City's active plan (unsure of impact)
    - Pre 65: $787k and Post 65 at $355k
  - Health Clinic Costs: $500k
  - Workers Compensation estimated at 20% increase

(Budget book pg. xviii)

Cash Reserves and Fund Balance

Fund	Min Target %	Projected Reserves	Available for appropriation in FY 27	Amount needed to reach target %
General	25%	$26,715,920	$2,581,428	Above Target
Water and Sewer	25%	$11,960,129	$3,572,907	Below Target
Stormwater	25%	$2,678,110	$1,580,448	Above Target
Environmental	10%	$2,709,839	$1,922,127	Above Target
Transit	N/A	$1,335,543	$1,335,543	N/A

(Budget book pg. xii)

City of KANNAPOLIS

Questions?

June 8th Public Hearing

June 22nd Budget Adoption