

MINUTES

Regular Meeting
City Hall Council Chamber

December 19, 2016
Monday, 6:00 p.m.

Present: Mayor O. Stanhope Anthony III, presiding; Council Members Eric B. Hendrick, David W. White, David Causby, Dennis C. Bailey, Ben Kittrell, Dicky Amaya; City Manager Rick Howell, City Clerk Bernadette A. Parduski, NCCMC, MMC, City Attorney Robert W. (Bob) Yelton, Director of Finance Justin S. Merritt, MPA, Assistant Director of Finance Elizabeth B. (Beth) Beam, CPA, Director of Human Resources Deborah C. (Deb) Jolly, Director of Energy Services Julie R. McMurry, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, MPA, EFO, Director of Public Works Daniel C. (Danny) Darst, Jr., Director of Parks and Recreation Charlie Holtzclaw, and Director of Planning and Development Services Walter (Walt) Scharer, AICP; and Director of Cable Programming Greg Tillman of Cleveland Community College and The Video Factory

Mayor Anthony called the meeting to order at 6:00 p.m. and welcomed all who were in attendance. The Mayor gave the invocation and Eagle Scout Jacob Stone of Boy Scout Troop 101 led the *Pledge of Allegiance*.

A. Approval of agenda:

1) Motion to adopt the proposed agenda as proposed or amended

Mr. Howell requested the addition of Item E-8 under the Consent Agenda as follows:

- Approval of a resolution approving agreements between the City of Shelby and the Golden Leaf Foundation and accepting the grant funds of same, as amended: Resolution No. 67-2016

Mr. Howell further requested that Resolution No. 67-2016 be amended to include an additional section to read:

- Section 2. The Golden Leaf Foundation grantee acknowledgement and agreement, in the amount of \$1,500,000, for the Westside/Crest Sewer Improvement Project serving Washburn Switch Business Park is approved for submission to the Golden Leaf Foundation.

ACTION TAKEN: Upon a motion made by Mr. Bailey, City Council voted

unanimously to approve the agenda as amended.

B. Special Presentations:

1) Proclamation recognizing Jacob Stone for his Eagle Scout Project at the First Broad River Trail

Mayor Anthony called upon Jacob Stone. Eagle Scout Stone provided the details of his project which included the completion of five benches along the First Broad River Trail and a kiosk near the eastern end of the trail to post notices of trail events and other various items of trail interest.

The Mayor formally read and presented his proclamation to Eagle Scout Stone, commending his achievement in earning his new rank and recognizing the high quality of his workmanship.

2) Cleveland County Certified Entrepreneurial Community (CEC) – Steve Padgett, Director, Cleveland Community College Small Business Center

Mr. Padgett announced the Certified Entrepreneurial Community designation was awarded to Cleveland County on December 1, 2016 upon completion of the intensive strategic planning and implementation program. He is personally extending his appreciation to all 15 municipalities in Cleveland County for their support of and participation in the program.

Mr. Padgett, who served as the lead on the project, acknowledged the CEC Core Leadership Team members, including:

- Deedi Barry
- Jason Falls
- Tony Fogleman
- Fred Harrill
- Rick Howell
- Dr. John Lattimore
- Ken Mooney
- Dr. Anthony Negbenebor
- David Pharr
- Bill Watson

In order to receive the certification, Mr. Padgett stated Cleveland County had to develop two Certified Entrepreneurial Community projects. The projects in Cleveland County were the Service Provider Network and the Business Resource Guide. The Service Provider Network gives local service providers a chance to connect, share resources, and become more knowledgeable of

the local business landscape. The program will be an ongoing information event for service providers to network and learn about available resources through a multiplicity of meetings. The Business Resource Guide will be a tool to better direct service providers and entrepreneurs how to navigate the Cleveland County entrepreneurial ecosystem and process for successfully launching a small business. The guide is available online at www.ClevelandCountyCEC.com and will be available in print to help simplify and streamline the steps entrepreneurs take to launch and grow their business. Mr. Padgett also provided a rack card with information leading those interested to the CEC's website.

Although Cleveland County has been certified, Mr. Padgett stated the community partners will continue to complete work as a Certified Entrepreneurial Community. An action plan has been set in place to help guide the county through continuing and growing with the Service Provider Network and Business Resource Guide.

Mr. Padgett concluded by stating Cleveland County is now recognized as "entrepreneur-friendly".

Council received the information and took no action.

3) Annual Audit Report and Comprehensive Annual Financial Report (CAFR) for Fiscal Year (FY) ended June 30, 2016 – Meg Blue, CPA, Senior Audit Accountant, Martin Starnes & Associates, CPAs, P. A.

Mr. Merritt introduced Meg Blue with Martin Starnes & Associates as the presenter of the Fiscal Year 2016 audit. He also recognized Assistant Finance Director Beth Beam for her efforts in overseeing the City's audit process. Mr. Merritt encouraged Council to ask questions about the audit and financial statements of staff and/or Mrs. Blue.

Mrs. Blue began her presentation of the City's 2016 audited financial statements by stating the Martin Starnes' report yielded an unmodified opinion. This parallels the unqualified opinion of previous years on the fair presentation of the basic financial statements in all material respects in conformity with accounting principles generally accepted in the United States. Martin Starnes has issued its report in which no questioned costs or findings were noted. Mrs. Blue also acknowledged the full cooperation of the Finance Department during the audit process.

Mrs. Blue described the audit process, which continues year round, and includes planning and risk assessment, interim procedures, as well as final procedures.

Mrs. Blue detailed the audit highlights which include maintaining property tax revenues and the collection of property taxes at a high collection percentage rate when comparing 2015 and 2016. There was a .2 percent increase in property tax revenues in 2016, which is comparable to the prior year.

Next, Mrs. Blue summarized and compared General Fund revenues and expenditures (operating) for 2015 and 2016. In 2016, revenues increased by 1.5 percent and expenditures increased by 4.3 percent. She stated fund balance includes these five categories: Non-spendable, restricted, committed, assigned, and unassigned classifications, and serves as a measure of the City's available financial resources. Available fund balance as defined by the Local Government Commission (LGC) is calculated as Total Fund Balance less Non-spendable, less Stabilization by State Statute (restricted) which then equals Available Fund Balance. This calculation is utilized as the basis for comparing Shelby to other units of similar size as well as calculating fund balance percentages.

Mrs. Blue explained the General Fund is the chief operating fund of the City of Shelby. At the end of the current fiscal year, fund balance available in the General Fund was \$3,577,084, while total fund balance reached \$7,635,671. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 27.63 percent of total General Fund expenditures and transfers to other funds, while total fund balance represents 34.92 percent of the same amount.

Mrs. Blue stated at June 30, 2016, the governmental funds of the City of Shelby reported a combined fund balance of \$10,818,115, a decrease of \$506,867 from last year. The primary reason for this decrease is due to increased Fire & Rescue Department expenditures related to the capital purchase of a ladder truck in the current year.

Mrs. Blue stated available fund balance represents 16.36 percent of total General Fund expenditures and transfers out to other funds.

The audit revealed the top three sources of revenue as property taxes, other (restricted) revenues, and other taxes and licenses with all revenues totaling \$16,782,169.

Mrs. Blue noted the City's top three expenditures by function of government were public safety, other expenditures, and transportation, all totaling \$21,569,731.

Lastly, Mrs. Blue stated the City of Shelby uses enterprise funds to account for its water, sewer, electric, natural gas, and stormwater operations, as well

as its housing assistance program, which the US Department of Housing and Urban Development requires to be accounted for in an enterprise fund. She reviewed the unrestricted net position, cash flow from operations, and change in net position at the fiscal year-end for each enterprise fund.

The unrestricted net position for the major enterprise funds at the fiscal year-end:

- Water Fund – \$4,461,406
- Sewer Fund - \$1,667,739
- Electric Fund – \$6,460,121
- Gas Fund – \$5,691,532
- Housing Assistance Fund – \$2,039,981
- Stormwater Fund – \$317,416

Council received the information and took no action.

C. Public Comment: None

D. Public Hearing:

- 1) Consideration of a proposed ordinance amending the zoning map of the City of Shelby, North Carolina: Ordinance No. 66-2016

Mr. Scharer introduced a proposed map amendment to the Unified Development Ordinance (UDO) for 214 North Post Road. Utilizing a location map of the area, he pointed to the subject property with frontage on North Post Road and Fairground Road, which is approximately a quarter-acre in size and currently vacant. Land uses in the area include the Cleveland County Fairgrounds, commercial uses, and single-family dwellings. The applicant has requested a zoning map amendment from the R10 Residential District to the GB General Business District. Mr. Scharer stated the Shelby Comprehensive Land Use Plan designates the property as a Medium Density Residential area. This proposed zoning map amendment is inconsistent with the Shelby Comprehensive Land Use Plan. The Planning and Zoning Board recommended denial of the proposed zoning map amendment for 214 North Post Road.

Upon questioning, Mr. Scharer further stated the intensity of any uses permitted by the GB zoning district will be dictated by the amount of parking required for that use and by the buffer requirements for both street frontages and for the property line with the adjacent single-family dwelling. Due to the small lot size, it will be very difficult to have a high intensity use on this property.

Upon further questioning, Mr. Howell clarified the abstained vote and the tie vote by the Planning and Zoning Board, which ultimately denied approval of the proposed zoning map amendment.

Mayor Anthony opened the public hearing at 6:26 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 6:27 p.m.

ACTION TAKEN: Upon a motion made by Mr. Amaya, City Council voted unanimously to deny Ordinance No. 66-2016 entitled, "A PROPOSED ORDINANCE AMENDING THE ZONING MAP OF THE CITY OF SHELBY, NORTH CAROLINA".

E. Consent Agenda:

ACTION TAKEN: Mayor Anthony presented the amended consent agenda. Mr. White made a motion to approve the amended consent agenda. The following items were unanimously approved:

- 1) Approval of the Minutes of the Regular Meeting of December 5, 2016
- 2) Approval of Special Event Permit Application:
 - a. NC Main Street Conference, requested dates: March 13 - 16, 2017
- 3) Adoption of Fiscal Year (FY) 2016-2017 Budget Ordinance Amendment No. 10: Ordinance No. 67-2016
- 4) Approval of a resolution authorizing an application for the Urgent Repair Program (URP17) Grant from the North Carolina Housing Finance Agency: Resolution No. 64-2016
- 5) Approval of a resolution approving an agreement between the City of Shelby Police Department and the North Carolina 911 Board and accepting the grant funds of same: Resolution No. 65-2016
- 6) Approval of a resolution accepting property from Wall Investments: Resolution No. 66-2016
- 7) Approval of a Notice of Changes in the regular meeting schedule of Shelby City Council

- 8) Approval of a resolution approving an agreement between the City of Shelby and the Golden Leaf Foundation and accepting the grant funds of same, as amended: Resolution No. 67-2016

END CONSENT AGENDA

F. Unfinished Business: None

G. New Business: None

H. City Manager's Report:

- 1) Mr. Howell provided background information about the City of Shelby Strategic Economic Development Plan sponsored by ElectriCities of North Carolina which was developed in 2004. He said it is time to update the plan, which again will be sponsored by ElectriCities, and to begin the preliminary work with a consultant. Mr. Howell added Council involvement through a series of future interviews and meetings will be key in preparing an effective plan.
- 2) Mr. Howell initiated a follow-up discussion regarding Council's retreat dates, format, and potential agenda items. Council discussed last year's retreat topics and requested an update/executive summary prior to the 2017 retreat, which may assist them in developing further topics and goal setting. By consensus, Council scheduled their retreat for Saturday, January 28, 2017, at 8:00 a.m. to be held at the Shelby Cleveland County Regional Airport.

I. Council Announcements and Remarks:

- 1) Mr. White expressed his appreciation to Mr. Howell and City staff for their efforts in obtaining substantial grant funding from the Golden Leaf Foundation for water system improvements.

J. Adjournment:

- 1) Motion to adjourn

ACTION TAKEN: Upon a motion made by Mr. White, City Council voted unanimously to adjourn the meeting at 6:43 p.m.

Respectfully submitted,

**Bernadette A. Parduski, NCCMC, MMC
City Clerk**

**O. Stanhope Anthony III
Mayor**

Minutes of December 19, 2016