

**MINUTES**

Regular Meeting  
City Hall Council Chamber

June 5, 2017  
Monday, 6:00 p.m.

**Present:** Mayor O. Stanhope Anthony III, presiding; Council Members Eric B. Hendrick, David W. White, Dennis C. Bailey, Dicky Amaya; City Manager Rick Howell, City Attorney Robert W. (Bob) Yelton, City Clerk Bernadette A. Parduski, 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, Director of Water Resources David W. Hux, Director of Engineering Services Benjamin (Ben) Yarboro, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, MPA, EFO, Assistant Fire Chief – Logistics and Enforcement Services Todd McMurry, 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

**Absent:** Council Members David Causby and Ben Kittrell

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 led the *Pledge of Allegiance*.

**A. Approval of agenda:**

- 1) Motion to adopt the proposed agenda

Mayor Anthony announced a request to add Item B-3 under Special Presentations as follows:

- Feeding America's Heart and Soul – Angelica Rose Brown, Miss Piedmont 2017, and Miss North Carolina USA 2017 pageant contestant

**ACTION TAKEN:** Upon a motion made by Mr. Amaya, City Council voted unanimously to approve the agenda as amended.

**B. Special Presentations:**

- 1) Presentation of Foothills Merry-Go-Round Festival Appreciation Award to Shelby City Council – Allen Langley, Chair, and Marie Hendrick, Treasurer, Foothills Merry-Go-Round Festival Committee

Commemorating the 20<sup>th</sup> anniversary of the Foothills Merry-Go-Round Festival, Committee Chair Allen Langley and Committee Treasurer Marie Hendrick expressed their appreciation to the City of Shelby and the many volunteers who serve the Parks and Recreation Department for their continued support of the Festival and Festival Committee. At the Honors Awards ceremonies held on April 28, 2017, Chair Langley presented the Festival Committee's Appreciation Award plaques to Mayor Anthony, the Shelby City Council members in attendance, and City Manager Rick Howell for their dedicated public service and leadership. In addition, each received a commemorative paperweight either at the ceremony or at tonight's meeting.

Lastly, Mr. Langley provided a list of all Foothills Merry-Go-Round Honors Awards recipients from 1998 to the present, noting the outstanding group of winners. He added this past festival was the largest to date, drawing 8,000 attendees.

Mayor Anthony and Council members reciprocated with their thanks and gratitude to Mr. Langley and Mrs. Hendrick for their efforts in making the festival a great event for many years.

- 2) Recognition of Justin S. Merritt, Finance Director, and the City of Shelby's Finance Department as recipients of the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA) for the Fiscal Year ended June 30, 2016

Acknowledging a long legacy, Mayor Anthony was pleased to announce that the Government Finance Officers Association awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Shelby for its Comprehensive Annual Financial Report (CAFR) yet again. It is a testament to the commitment of past and present management and finance directors, whose work is often taken for granted, as to full public disclosure and communication of the financial condition of the City of Shelby.

Mayor Anthony recognized and congratulated Mr. Merritt and Assistant Finance Director Beth Beam as they accepted the Certificate of Achievement on behalf of the City.

- 3) Feeding America's Heart and Soul – Angelica Rose Brown, Miss Piedmont 2017 and Miss North Carolina USA 2017 pageant contestant

Miss Brown introduced herself as Miss Piedmont 2017 and a member of the Miss America Organization who will go on to compete at the Miss North

Carolina pageant on June 19, 2017. As a pageant contestant, she introduced her service platform as Feeding America's Heart and Soul. This initiative is dedicated to spreading awareness about poverty, food insecurity, and the importance of encouraging and supporting all communities in need.

Council received the information. Mayor Anthony extended congratulations and best wishes to Miss Brown as she continues her competitive endeavor at the State level. Afterwards she posed for photographs with the Mayor and Council members.

### **C. Public Hearings:**

- 1) Proposed Fiscal Year (FY) 2017-2018 Annual Operating Budget for the City of Shelby**
  - a. Consideration of Fiscal Year (FY) 2017-2018 Budget Ordinance: Ordinance No. 41-2017**
  - b. Consideration of Fiscal Year (FY) 2017-2018 Supplemental Budget Ordinance: Ordinance No. 42-2017**

Mr. Howell provided a synopsis of his budget message dated May 22, 2017, stating the total budget increases 2 percent over the last fiscal year by \$1,423,461. The total budget for FY 2016-2017 was \$73,696,997 and the total budget for FY 2017-2018 is \$75,160,418.

Next, Mr. Howell summarized the significant changes to both revenues and expenditures as follows:

### **REVENUES**

- The recommended property tax is to remain at 49.72 cents.
- An 85 cent per month increase on the garbage collection fee is included raising this fee from \$8.28 to \$9.13 per month for the average residential customer. The commercial rate will also increase based upon the number of cans collected and the frequency of collection. These revenues (approximately \$50,000) will pass through to Cleveland County in the form of increased landfill tipping fees.
- A 50 cent per month credit is provided to all recycling customers currently participating in the curbside single stream program.

- **Natural Gas and Electric rates will remain unchanged for all City customers.**
- **A 5% increase in Water and Sewer rates will apply to all outside City customer classifications.**
- **Base Water and Sewer Facilities charges will increase \$2.50 per month for all inside City residential customers and will proportionately increase \$4.72 per month for all outside City customers.**

## **EXPENDITURES**

- **A three tiered employee pay increase is proposed that will take into consideration employee turnover and the current labor market. Employees will either receive a 2 percent, 3.5 percent, or 4.5 percent based upon these factors. This recommendation is in anticipation of the completion of the Pay and Classification Market Study due to be completed in late summer. This will provide Council with detailed analysis and data regarding the market competitiveness of our current salary structure.**
- **The total number of full time employees increases from 328 to 329 with the conversion of one (1) part time Fire and Rescue Department employee to full time to be assigned to the Office of the Fire Marshal. This is intended to allow a more proactive approach to mandatory fire inspections of industrial, commercial, and institutional facilities as well as to begin to alleviate the backlog now in place.**
- **The purchase of a new rescue truck for the Fire and Rescue Department at a cost of \$820,000 is included.**
- **The addition of an annual debt service payment of \$731,000 for the next 15 years to retire the debt incurred for the construction of Hanna Park.**
- **An increase of approximately \$38,000 in annual landfill tipping fees to be paid to Cleveland County as a result of a fee increase from \$37.65 to \$43.00 per ton.**

**Mr. Howell expressed his appreciation to staff in developing and preparing their respective budgets and to Mayor and Council for their time and attention in reviewing and considering these recommendations. He added the public hearing on the proposed budget has been duly advertised.**

Mr. Bailey requested an explanation as to the increase of \$2.50 per month for the Base Water and Sewer Facilities charges, which was initially proposed as a \$1.00 per month increase.

Mr. Howell explained with the annexation of Clearwater Paper Corporation, the company will begin to transition from paying outside rates to inside water and sewer rates. This significantly impacts the City's revenues for approximately a two-year period. In an effort to offset that loss of revenue, he is recommending the increase of \$2.50 per month for all inside City residential customers and a proportionate increase of \$4.72 per month for all outside City customers at this time. After the start-up of the new Clearwater plant, the revenue generated by the increase will transfer to debt service payments for the compost facility in 2019 and the water plant modernization in 2020.

Mr. Bailey requested clarification regarding stormwater fees for apartment complexes.

Mr. Yarboro explained the City's current stormwater fee schedule and structure by stating the residential fee applies to a single dwelling on one parcel and the commercial fee applies to all other non-residential properties such as multi-family, office, institutional, commercial, industrial, etc. The fee is then calculated by utilizing one Equivalent Residential Unit (ERU), which is equal to 2,600 square feet of impervious area. He stated when calculating apartment complexes, it is difficult to divide the parking lot from the common areas and the other facilities. Staff determined the most equitable way is to treat those complexes as commercial properties and to bill the residential units to the property owner.

Mr. Hendrick commented the stormwater fees appear to be disproportionate between small businesses and large industrial facilities since the fee schedule is capped at \$300.00 with both potentially paying the same amount.

Mr. Howell responded the initial stormwater fees were tied to industrial recruitment and the City attempted to avoid substantial fees and to limit the overall impact in favor of job creation. He further stated the goal of the stormwater program is to generate the same amount of money regardless of how the charges are distributed.

Further discussion followed about the stormwater program. Council took no action.

Mr. White requested more information pertaining to the purchase of the new rescue truck for the Fire and Rescue Department.

Mr. Howell responded by explaining the process of requesting and justifying the purchase of equipment based upon the condition and other factors for recommendation to Council.

Chief Hunt described the current rescue truck with an equipment box dating back to 1985 and a chassis dating back to 1999. Both the generator and the breathing air refuel station are obsolete and must be replaced with current compliant equipment. There is no room to store equipment, creating a service delivery issue. A rescue truck is designed for fire service and intended to be constantly loaded with equipment. He also stated the warning light system needs to be upgraded. The current truck could be sold to a small municipality for lighter duty or converted to commercial use.

Mr. Hendrick requested time to inspect the current fire truck.

Mayor Anthony opened the public hearing at 6:35 p.m. and invited comments from the public.

The public offered no comments. Mayor Anthony closed the public hearing at 6:36 p.m.

Council took no action.

- 2) Consideration of an ordinance to extend the corporate limits of the City of Shelby, North Carolina (*Clearwater Paper Corporation petition*):  
Ordinance No. 43-2017

Utilizing a location map of the area, Mr. Scharer pointed to the site of the existing Clearwater Paper Corporation facility. The property consists of two parcels, totaling 99 acres in size. The company as owner of the property has submitted a petition for voluntary satellite annexation for Council's consideration.

Mayor Anthony opened the public hearing at 6:40 p.m. and invited comments from the public.

The public offered no comments. Mayor Anthony closed the public hearing at 6:41 p.m.

**ACTION TAKEN:** Upon a motion made by Mr. Amaya, City Council voted unanimously to approve and adopt Ordinance No. 43-2017 entitled, "AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF SHELBY, NORTH CAROLINA".

3) Consideration of an ordinance to extend the corporate limits of the City of Shelby, North Carolina (*Mafic USA, LLC petition*): Ordinance No. 44-2017

Utilizing a location map of the area, Mr. Scharer pointed to the site of the Mafic USA facility, currently under construction, located at the end of Metrolina Drive, abutting the Foothills Commerce Center. The company as owner of the property has submitted a petition for voluntary satellite annexation for Council's consideration.

Mr. Howell clarified the Mafic property is not included within the Foothills Commerce Center.

Mayor Anthony opened the public hearing at 6:42 p.m. and invited comments from the public.

The public offered no comments. Mayor Anthony closed the public hearing at 6:43 p.m.

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Ordinance No. 44-2017 entitled, "AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF SHELBY, NORTH CAROLINA".

D. Consent Agenda:

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

- 1) Approval of the Minutes of the Special Meeting of May 11, 2017
- 2) Approval of the Minutes of the Regular Meeting of May 15, 2017
- 3) Approval of the Minutes of the Special Meeting of May 18, 2017
- 4) Approval of a resolution honoring Raymond S. Beck on the occasion of his retirement from employment with the City of Shelby: Resolution No. 41-2017
- 5) Approval of a reimbursement resolution with regard to installment financings for Fiscal Year (FY) 2017-2018: Resolution No. 42-2017

- 6) Approval of a resolution accepting property from Habitat for Humanity Cleveland County: Resolution No. 43-2017
- 7) Approval of a resolution accepting property from Todd Newkirk: Resolution No. 44-2017
- 8) Approval of a resolution authorizing the City Manager to negotiate and enter into a Lease Agreement for the Carolina Avenue Community Garden: Resolution No. 45-2017
- 9) Approval of a resolution confirming the City of Shelby's intent to amend an economic development incentive grant: Resolution No. 46-2017

#### **END CONSENT AGENDA**

#### **E. Unfinished Business:**

##### **1) City of Shelby's Sewer Asset Inventory and Assessment Project**

Mr. Howell introduced Resolution No. 47-2017 and Ordinance No. 45-2017 for Council's consideration. He stated that previously in September 2016 staff applied for a \$150,000 grant from the North Carolina Division of Water Infrastructure to aid in the evaluation of Shelby's sewer collection system infrastructure. If approved, this resolution would authorize execution of an agreement between the North Carolina Department of Environmental Quality and the City of Shelby. Mr. Howell further stated the agreement sets forth the terms and conditions of the grant awarded to the City to undertake an assessment of the City's older sections of the wastewater collection system. While the City has made strides to evaluate the sewer lines, Mr. Howell added there remains a need to develop a detailed capital improvement program and prioritize upgrades and repairs to include a full prioritized list of areas and associated estimates.

Next, if the ordinance is approved, Mr. Howell stated it would establish a project budget ordinance that appropriates the grant funding awarded to the City for the specific purpose of conducting the assessment.

- a. Consideration of a resolution approving an agreement for an asset inventory and assessment grant between the City of Shelby and North Carolina Infrastructure Unit of the North Carolina Department of Environmental Quality (NCDEQ): Resolution No. 47-2017

**ACTION TAKEN:** Upon a motion made by Mr. Bailey, City Council voted unanimously to approve and adopt Resolution No. 47-2017 entitled, "A



**RESOLUTION APPROVING AN AGREEMENT FOR AN ASSET INVENTORY AND ASSESSMENT GRANT BETWEEN THE CITY OF SHELBY AND NORTH CAROLINA INFRASTRUCTURE UNIT OF THE NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY (NCDEQ)”.**

- b. Consideration of an ordinance establishing a capital project ordinance and budgets for the City of Shelby’s Sewer Asset Inventory and Assessment Project: Ordinance No. 45-2017

**ACTION TAKEN:** Upon a motion made by Mr. Bailey, City Council voted unanimously to approve and adopt Ordinance No. 45-2017 entitled, “AN ORDINANCE ESTABLISHING A CAPITAL PROJECT ORDINANCE AND BUDGETS FOR THE CITY OF SHELBY’S SEWER ASSET INVENTORY AND ASSESSMENT PROJECT”.

**F. New Business:**

- 1) Consideration of a resolution supporting a change in designation of Warren Street from US Highway 74 Business to a Secondary Road (SR) classification: Resolution No. 48-2017

Mr. Howell introduced Resolution No. 48-2017 for Council’s consideration. If approved, this resolution would offer a local statement of support for the proposed re-designation of Warren Street from the current US Highway 74 Business to a Secondary Road (SR) classification. Basically, the Warren Street change will convert it to a secondary road and it will make Marion Street the only US 74 Business. As explained by the North Carolina Department of Transportation (NCDOT), Mr. Howell stated this is simply an effort to legally clean up the issue. He further stated this is purely a designation change at NCDOT’s request with no impact on the maintenance or the funding of Warren Street. Mr. Howell reiterated the City is not assuming any responsibility for Warren Street.

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Resolution No. 48-2017 entitled, “A RESOLUTION SUPPORTING A CHANGE IN DESIGNATION OF WARREN STREET FROM US HIGHWAY 74 BUSINESS TO A SECONDARY ROAD (SR) CLASSIFICATION”.

**G. City Manager’s Report:**

- 1) Mr. Howell reported United Way of Cleveland County celebrated the 2016 campaign at its annual meeting and campaign recognition awards luncheon on May 31, 2017. Recognizing the generosity of the City’s

employees, he proudly announced the City of Shelby received a United Way Golden Eagle Award for the highest percent of employee giving potential in the governmental division, a United Way Golden Eagle Award for largest total campaign increase of \$28,531, and a United Way Golden Eagle Award for a leadership level of support as first in the nation in local government campaigns, giving over \$105,000. Lastly, Mr. Howell stated the City of Shelby received its third United Way Spirit of North Carolina Award. He acknowledged the efforts of the City's United Way Committee, Safety and Risk Management Coordinator Lisa Wassen, Captain Brad Fraser of the Police Department, and Battalion Chief Quentin Cash of the Fire and Rescue Department, for the very successful campaign.

#### **H. Council Announcements and Remarks:**

- 1) Mayor Anthony reminded Council members to coordinate the scheduling of a tour at the Cleveland County Rescue Mission with Mrs. Parduski.**
- 2) Mr. Bailey reported he received complaints about the survey seeking input to determine possible future alternative recreational uses for the existing golf course at City Park because it did not include any questions in favor of keeping the golf course.**

**Mr. Howell responded the non-scientific on-line survey was only one method to provide information and obtain public feedback. In addition to the survey, a public workshop, and several focus group meetings were held in May 2017 at City Park with the intent to provide as many people as much opportunity to voice their opinions, thoughts, and choices about the golf course property. Mr. Howell added the golf community had significant representation and was clearly heard. A second public workshop will be scheduled in the near future. All the information will be gathered and provided to Council in order to assist in making a decision, not as a justification for a certain use.**

#### **I. Closed Session:**

- 1) To approve the Minutes and General Account of the Closed Session of April 17, 2017**
- 2) To establish or instruct staff in negotiating the terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease pursuant to North Carolina General Statute 143-318.11 (a) (5)**

**ACTION TAKEN: Mr. Bailey made a motion to enter into a closed session**

pursuant to the appropriate North Carolina General Statutes as cited. Mayor Anthony consulted with Mr. Yelton who advised the topics met the statutory requirements for a closed session. The Mayor invited all Council members present along with Mr. Howell, Mr. Yelton, and Mrs. Parduski to attend. The motion passed unanimously and Council moved into closed session at 7:06 p.m.

Council returned to the regular session at 8:00 p.m.

**J. Adjournment:**

**1) Motion to adjourn**

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to adjourn the meeting at 8:01 p.m.

Respectfully submitted,

Bernadette A. Parduski, NCCMC, MMC  
City Clerk

O. Stanhope Anthony III  
Mayor

Minutes of June 5, 2017