

## MINUTES

Regular Meeting  
City Hall Council Chamber

June 19, 2017  
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, 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, Civil Engineer/Stormwater Coordinator Layne Owen, PE, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, MPA, EFO, Assistant Fire Chief – Logistics and Enforcement Services Todd McMurry, Assistant Fire Chief – Operations and Personnel David Vanhoy, 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

**Absent:** Council Member 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 Mr. Bailey led the *Pledge of Allegiance*.

**A. Approval of agenda:**

- 1) Motion to adopt the proposed agenda

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

**B. Special Presentations:**

- 1) Certified Entrepreneurial Community Program update – Stephen H. Padgett, Director, Small Business Center, Cleveland Community College

Mr. Padgett began his presentation by defining the term entrepreneur and stating the Certified Entrepreneurial Community (CEC) Program signifies Shelby and Cleveland County have become entrepreneur-ready and a place where entrepreneurs can succeed. He provided photographs depicting the

North Carolina Department of Transportation installation of road signs with the official CEC designation at four Cleveland County borders: NC Highway 18 North and South and US 74 Bypass East and West. Mr. Padgett stated the Cleveland County Certified Entrepreneurial Community website is up and running at [www.ClevelandCountyCEC.com](http://www.ClevelandCountyCEC.com). He highlighted the website theme: “In Cleveland County, great ideas can take you anywhere. We’ll make sure of it.” Mr. Padgett displayed a screenshot from the online Resource Guide and demonstrated the use of the City of Shelby links.

Mr. Padgett concluded by expressing his appreciation to the City of Shelby for its investment and support of the CEC Program and acknowledged the participation of all 15 municipalities in Cleveland County as well.

Mayor Anthony then expressed the City’s appreciation to Mr. Padgett for his dedication and excellent work overseeing the CEC Program.

Council received the information and took no action.

2) Recognition of Raymond S. Beck on the occasion of his retirement from employment with the City of Shelby: Resolution No. 41-2017

Mayor Anthony called upon Mr. Beck who recognized his Fire and Rescue Department family in attendance. The Mayor formally read and presented framed Resolution No. 41-2017 to Mr. Beck. He then presented the key to the City, a City lapel pin, and plaque to Mr. Beck in honor of and with heartfelt appreciation for 29 years of dedicated service to the City of Shelby in both the Police and Fire and Rescue Departments.

Humbled by the recognition, Mr. Beck expressed his appreciation to all, urging City Council to take care of their employees.

3) Cleveland County Economic Development Partnership (CCEDP) update – Kristin H. Reese, Executive Director

Mrs. Reese introduced her presentation entitled, “The Times They Are A-changing”, by stating as America reacts in response to world changes so does the economic development model.

Mrs. Reese summarized the successful utilization of the traditional economic development model in Cleveland County from 2006 through 2017. The cumulative results led to \$6 billion in new capital investment and 4,000 new jobs. Ultimately, Shelby was ranked fourth on the 2016 Top Micropolitans listed by [Site Selection Magazine](#).

Next, Mrs. Reese discussed the top factors driving site location decisions over the last ten years:

- Labor costs
- Cost of doing business
- Infrastructure
- Real estate
- Location
- Financial incentives
- Transportation network

Mrs. Reese stated currently the top factors driving site location decisions include quality of life and place and human capital. This new approach was the theme of the Next Gen Talks Site Location Consultant Conference held in Austin, Texas which Mrs. Reese attended in May 2017. She stressed that companies and people choose communities that want to invest in themselves.

With regard to site location decisions made today versus in the past, Mrs. Reese elaborated as to the following:

- Evolving algorithm – companies are digging deeper at the local level; consultants are utilizing sophisticated analytics behind the scenes to evaluate communities before they are contacted
- Quality of life and labor – consultants now consider quality of life and available labor as the two most important decision drivers
- Workforce development – consultants agree that economic development consultants should be the primary facilitators of these efforts as they are engaging in analytics that allow them to examine the available labor pool of communities before they begin to look at real estate

Mrs. Reese stated the CCEDP is in the process of developing a creative strategy including the hiring of dci, a firm specializing in economic development and tourism marketing, and Little Red Bird (Irb), an advertising agency from Charlotte, North Carolina. The premise is to teach local companies how to think like direct marketers instead of manufacturers.

Mrs. Reese stated the CCEDP is also in the process of developing a microsite which will focus on a talent acquisition strategy. The objective of a microsite with strong visual images is to introduce place and its amenities and to connect people with career opportunities through job search portals. The microsite is intended to feature video production, marketing collaterals, and

social media. Once the microsite is on-line, the advertising campaign will include strategically placed billboards for announcements.

To conclude, Mrs. Reese was appreciative of the City's investment in the CCEDP which is crucial to their operations and the launch of this new strategy. She added the cost of rolling out the endeavor is estimated at \$140,000. Mrs. Reese anticipated the new microsite would be up and running sometime between October and December 2017 with a launch party to be held in January 2018.

Council received the information and took no action.

C. Public Comment: None

D. Consent Agenda:

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

- 1) Approval of the Minutes of the Regular Meeting of June 5, 2017
- 2) Approval of Special Event Permit Applications:
  - a. Mt. Calvary Baptist Church "Community Explosion", requested date: July 15, 2017
  - b. Host City Welcome, requested date: August 9, 2017
  - c. Walk for Hope 2017, requested date: September 23, 2017
  - d. 8<sup>th</sup> Annual Rhythm & Roots Run & Walk, 5K and 10K, requested date: October 14, 2017
- 3) Adoption of Fiscal Year (FY) 2016-2017 Budget Ordinance Amendment No. 19: Ordinance No. 46-2017
- 4) Approval of a Notice of Cancellation in the Regular Meeting Schedule of Shelby City Council for July 3, 2017
- 5) Approval of a Notice of Cancellation in the Regular Meeting Schedule of Shelby City Council for July 17, 2017

**END CONSENT AGENDA**

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

Mayor Anthony introduced the City's proposed FY 2017-2018 budget ordinance and supplemental budget ordinance for Council's consideration. The Mayor summed up that the budget is balanced and meets all the applicable requirements of the North Carolina Local Government Budget and Fiscal Control Act as previously presented by Mr. Howell. Also as required, the public hearing was scheduled and held on June 5, 2017.

Mr. Bailey requested a change in the City's approach to pay increases in the proposed budget. He expressed his concern over the widening of the turnover gap in public safety positions, particularly in the Fire and Rescue Department. Mr. Bailey suggested positions with a turnover rate under 10 percent be excluded from pay increases this year in order to attack and fix the turnover problem in the areas with a much higher rate reaching 20 percent. Pay increases for positions with less turnover can resume at some point in the future.

Mr. Howell responded there is some validity to Mr. Bailey's suggestion. However, the three-tiered employee pay increase, as proposed, takes into account both turnover and the current labor market. Employees will receive a 2 percent, 3.5 percent, or 4.5 percent increase based on these factors. Mr. Howell further stated the 2 percent increase applies to approximately 12 positions. The vast majority, which are mostly public safety positions, will receive 3.5 and 4.5 percent increases. This recommendation is in anticipation of the completion of the Pay and Classification Study currently in progress by Springsted and due to be completed by late summer. The study was planned to be completed mid-year in order to give Council adequate time to comprehend the data and findings and address the anticipated market differential next fiscal year.

Mr. Bailey expressed his further concerns, stating the market is speaking to us now. He considers a 20 percent turnover rate an emergency situation and is not comfortable with how that works when employees with five years of experience are in top positions.

Mr. Howell addressed the high turnover rate experienced last year as an aberration due to retirements and separations to much larger municipalities. The typical turnover rate ranges between 7 and 8 percent. Mr. Howell

cautioned against viewing the turnover rate as an emergency although the sentiment is appreciated. He explained the tiered employee pay increases this year are a measured approach to reward those positions that are furthest behind market and had the greatest turnover with as much as the City could afford in this budget. It was a well thought out plan to send a message to the remaining employees that the City was serious about raising their salaries to market rate. With regard to the completion of the pay and classification study, Mr. Howell is hopeful to come up with a funding plan that Council can live with, can be fair to employees, and can ultimately provide employee stability for the City.

Next, Mr. Bailey requested confirmation as to the fund balance in the Natural Gas Fund. Mr. Howell responded the fund balance in the Natural Gas Fund is approximately \$5 million.

**ACTION TAKEN:** Upon a motion made by Mr. Amaya, City Council voted 4 (Hendrick, White, Causby, and Amaya) to 1 (Bailey) to approve and adopt Ordinance No. 41-2017 entitled, "FISCAL YEAR (FY) 2017-2018 BUDGET ORDINANCE".

**b. Consideration of Fiscal Year (FY) 2017-2018 Supplemental Budget Ordinance: Ordinance No. 42-2017**

**ACTION TAKEN:** Upon a motion made by Mr. Amaya, City Council voted unanimously to approve and adopt Ordinance No. 42-2017 entitled, "FISCAL YEAR (FY) 2017-2018 SUPPLEMENTAL BUDGET ORDINANCE".

**2) City of Shelby Natural Gas System – US 74 Shelby Bypass Section C Natural Gas Lines Relocation Project**

Mr. Howell introduced Ordinance No. 47-2017 and Resolution No. 49-2017 for Council's consideration. If approved, Ordinance No. 47-2017 would amend Ordinance 63-2016 which originally established a budget for this project. However, the original budget ordinance only authorized spending on the engineering and design phases. The amendment would appropriate \$672,864 from the Natural Gas fund balance for construction purposes.

In addition, Mr. Howell stated Resolution No. 49-2017, if approved, would formally award the bid for construction of natural gas line relocations directed by the North Carolina Department of Transportation (NCDOT) as a result of the construction of the new US Highway 74 Bypass, C Section to Appling Boring Company, Inc. of Forest City, North Carolina.

Mr. Howell explained that NCDOT has determined that because this project was funded prior to the change in State law affecting municipal utility

relocations, the City must pay 100 percent of the cost. He is attempting to receive final determination from NCDOT as to whether future, unfunded sections of the new US Highway 74 Bypass will be handled in the same way. He added fortunately for the City the remaining areas affected by the new bypass construction have very little infrastructure owned by the City.

- a. Consideration of a budget ordinance amendment for the City of Shelby's Highway 74 Bypass Section C Gas Lines Relocation Project: Ordinance No. 47-2017

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Ordinance No. 47-2017 entitled, "A BUDGET ORDINANCE AMENDMENT FOR THE CITY OF SHELBY'S HIGHWAY 74 BYPASS SECTION C GAS LINES RELOCATION PROJECT".

- b. Consideration of a resolution awarding the bid for the Natural Gas Lines Relocation in Section C of the Highway 74 Bypass Project: Resolution No. 49-2017

**ACTION TAKEN:** Upon a motion made by Mr. Bailey, City Council voted unanimously to approve and adopt Resolution No. 49-2017 entitled, "A RESOLUTION AWARDED THE BID FOR THE NATURAL GAS LINES RELOCATION IN SECTION C OF THE HIGHWAY 74 BYPASS PROJECT".

#### F. New Business:

- 1) Consideration of an ordinance amending the Code of Ordinances, City of Shelby, North Carolina, by amending Section 18-1(d), by adding an exception to the ordinance regulating land clearing: Ordinance No. 48-2017

Mr. Howell introduced Ordinance No. 48-2017 for Council's consideration. He explained the City's Code of Ordinances outlines fire prevention and protection measures in the City of Shelby. Under those provisions set forth in the current Code, open burning for the purpose of land clearing and debris removal is prohibited in the City limits. Over time, the City has grown to include areas which are rural in nature consisting of large tracts of undeveloped land. As interest in these locations become attractive for commercial development, land clearing and debris removal to prepare the property for development becomes a significant issue from a cost standpoint. With this limitation, a landowner, business, or developer must haul all debris from a site, which greatly increases the cost of developing the property.

As a business-friendly decision and to provide an opportunity to apply, Mr. Howell recommended an amendment to the City's Code by adding an

exception that permits open burning under certain defined circumstances as approved by the Fire Chief.

Both Mr. Howell and Chief Hunt discussed the specifics of the provision which are limited to areas in the corporate limits of the City that are significantly rural or undeveloped, and where it is determined that such activity will not endanger life, property, or pose an undue nuisance. The open burning will be limited in scope to land clearing and debris removal.

Further discussion followed and included the authority and discretion relating to an appeal process, the permitting process to include the Division of Air Quality, and open burning permissible in Cleveland County.

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Ordinance No. 48-2017 entitled, “AN ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF SHELBY, NORTH CAROLINA, BY AMENDING SECTION 18-1(D), BY ADDING AN EXCEPTION TO THE ORDINANCE REGULATING LAND CLEARING”.

#### **G. City Manager’s Report:**

- 1) Mr. Howell reported that testing and flushing of all fire hydrants on the City’s water system has commenced. A weekly schedule of areas to be tested and flushed will be posted on the City’s website, the City’s Facebook page, and through other public notices. Testing hydrants is necessary to ensure that water quality, adequate flow, and pressure is available.
- 2) With regard to the East Gateway Enhancement Project at East Marion Street and East Dixon Boulevard, Mr. Howell reported the drainage and concrete work will begin in mid-July 2017 and the signal work will begin in the August-September 2017 timeframe. The contract date is September 14, 2017.
- 3) Mr. Howell updated Council on the Runway Overlay Project at the Shelby-Cleveland County Regional Airport, stating the Division of Aviation State Aid to Airports Program grant award will be based on the bids received on July 27, 2017.
- 4) Mr. Howell requested the Mayor and Council consider a date to schedule a groundbreaking ceremony at the Hanna property for the Multi-purpose Recreation Complex Project.

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

- 1) Mr. Hendrick expressed his appreciation to Fire Chief Hunt and Assistant



**Fire Chief McMurry for their time and effort in explaining their department's need for the purchase of a new rescue truck.**

**I. Adjournment:**

**1) Motion to adjourn**

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to adjourn the meeting at 7:17 p.m.

**Respectfully submitted,**

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

**O. Stanhope Anthony III  
Mayor**

**Minutes of June 19, 2017**