

## MINUTES

Regular Meeting  
City Hall Council Chamber

June 4, 2012  
Monday, 6:00 p.m.

**Present:** Mayor O. Stanhope Anthony III, presiding; Council Members Christopher H. (Chris) Mabry, David W. White, Jeanette D. Patterson, Dennis C. Bailey, Joel R. Shores, Jr., Dicky Amaya; City Manager Rick Howell, City Attorney Robert W. (Bob) Yelton, City Clerk Bernadette A. Parduski, MMC, Director of Finance Justin S. Merritt, MPA, Director of Human Resources Deborah C. (Deb) Jolly, Director of Utilities Brad R. Cornwell, PLS, EI, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, MPA, Director of Public Works Daniel C. (Danny) Darst, Director of Parks and Recreation Charlie Holtzclaw, Director of Development Services Brian L. Pruett, Director of Planning Services Walter (Walt) Scharer, AICP; and media representatives

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 Mrs. Patterson led the *Pledge of Allegiance*.

### A. Approval of agenda:

At the request of Mr. Howell, Mayor Anthony announced the addition of Item D-13 under the Consent Agenda as follows:

- Adoption of Fiscal Year 2011-2012 Budget Ordinance Amendment No. 15: Ordinance No. 29-2012

#### 1) Motion to adopt the proposed agenda

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

### B. Special Presentation:

#### 1) Marvin P. Hutchison, Area Specialist, United States Department of Agriculture (USDA) Rural Development

Mr. Hutchison stated the City of Shelby has applied for a grant in the amount of \$75,000 from the USDA Rural Business Enterprise Grant Program for use toward the construction of the proposed farmers' market shelter on a site

located at the corner of West Marion Street and North Morgan Street, which is owned by the City. In order to proceed with grant processing, Council must accept and agree to the conditions set forth in the Letter of Conditions.

Mr. Hutchison reviewed the following standard federal requirements:

- Authorize and adopt Equal Opportunity and Assurance Agreements
- Provide Debarment Certification
- Execute Drug Free Workplace Certification
- Provide Insurance and Bonding
- Applicant Contribution – Provide evidence that matching funds are available for the project. Currently \$200,900 has been secured from various sources and entities.
- Final Plans and Specifications must conform essentially in scope and concept with the project as described. Currently the Preliminary Architectural Feasibility Report and preliminary site plan prepared by the Patterson Design Group is being utilized.
- Follow regulations as to Procurement of Construction Services and Supplies/Equipment
- Adopt and agree to enforce Mitigation Measures
- Follow required Fund Disbursement and Reporting
- Reassess project for Excess Funds
- Execute Grant Agreement

Upon questioning, Mr. Hutchison clarified the procurement process and explained the USDA Know Your Farmer, Know Your Food Initiative as it benefited this pending grant award.

Mr. Howell stated the lease agreement between the City and the Foothills Farmers' Market for the use of the City-owned parking lot located at the corner of West Marion Street and North Morgan Street and the final design of the open air facility for this project are being developed for Council's approval.

- a. Consideration of a resolution accepting the terms and conditions in the Letter of Conditions and authorizing the submission of a Rural Business Enterprise Grant (RBEG) to the USDA Rural Development Program for the Foothills Farmers Market Project: Resolution No. 27-2012

**ACTION TAKEN:** Upon a motion made by Mr. Shores, City Council voted unanimously to approve and adopt Resolution No. 27-2012 entitled, "A RESOLUTION ACCEPTING THE TERMS AND CONDITIONS IN THE LETTER OF CONDITIONS AND AUTHORIZING THE SUBMISSION OF A RURAL

**BUSINESS ENTERPRISE GRANT (RBEG) TO THE USDA RURAL DEVELOPMENT PROGRAM FOR THE FOOTHILLS FARMERS MARKET PROJECT”.**

**C. Public Hearings:**

- 1) **Consideration of an ordinance to extend the corporate limits of the City of Shelby, North Carolina: Ordinance No. 24-2012**

Utilizing a vicinity map, Mr. Scharer pointed to the subject property, which is located at Plato Lee Road and Washburn Switch Road, and outside the City’s Extraterritorial Jurisdiction. He stated the City Clerk previously certified the sufficiency of the voluntary annexation petition and staff recommended proceeding with the annexation of approximately 14 acres at 662 Plato Lee Road.

Mayor Anthony opened the public hearing at 6:14 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 6:15 p.m.

**ACTION TAKEN:** Upon a motion made by Mr. Amaya, City Council voted unanimously to approve and adopt Ordinance No. 24-2012 entitled, “AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF SHELBY, NORTH CAROLINA”.

- 2) **Consideration of the proposed Fiscal Year 2012-2013 Annual Operating Budget for the City of Shelby**

Mayor Anthony opened the public hearing at 6:15 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 6:16 p.m.

**D. Consent Agenda:**

**ACTION TAKEN:** Mayor Anthony presented the consent agenda. Mrs. Patterson made a motion to approve the consent agenda and each item as presented. The consent agenda and following items were unanimously approved:

- 1) Approval of the Minutes of the Regular Meeting of May 21, 2012
- 2) Approval of a resolution honoring James (Andy) Anderson on the occasion of his retirement from employment: Resolution No. 28-2012
- 3) Approval of a resolution honoring Coach Jackson Martin and the 2012 Shelby High School Golden Lions Tennis Team: Resolution No. 29-2012
- 4) Approval of a resolution accepting and endorsing the Solid Waste Management Plan of 2012 for Cleveland County: Resolution No. 30-2012
- 5) Approval of a resolution approving acceptance of maintenance and ownership of the water, sewer, storm drainage, and roadway improvements for Sharpton Drive: Resolution No. 31-2012
- 6) Approval of a resolution accepting and entering into an agreement with the North Carolina Department of Transportation to accept grant funding for the Shelby-Cleveland County Regional Airport Project No. 36237.16.11.1: Resolution No. 32-2012
- 7) Approval of a resolution authorizing selection of W. K. Dickson & Co., Inc. based on qualifications for engineering and planning services at the Shelby-Cleveland County Regional Airport: Resolution No. 33-2012
- 8) Adoption of Fiscal Year 2011-2012 Budget Ordinance Amendment No. 16: Ordinance No. 25-2012
- 9) Adoption of Fiscal Year 2011-2012 Budget Ordinance Amendment No. 17: Ordinance No. 26-2012
- 10) Adoption of Fiscal Year 2011-2012 Budget Ordinance Amendment No. 18: Ordinance No. 27-2012
- 11) Adoption of an ordinance authorizing demolition of a dwelling located at 221 Putnam Street: Ordinance No. 28-2012
- 12) Approval of reimbursement resolution with regard to installment financings for Fiscal Year 2012-2013: Resolution No. 34-2012
- 13) Adoption of Fiscal Year 2011-2012 Budget Ordinance Amendment No. 15: Ordinance No. 29-2012

**END CONSENT AGENDA**

**E. Unfinished Business:****1) Consideration of appointments to City advisory boards and commissions:****a. Zoning Board of Adjustment**

Mrs. Parduski reported the terms of four incumbents, Morris Hudson, and Extraterritorial Jurisdiction (ETJ) members, Paula Kunka, Noel MacArthur, and Roger Holland, conclude July 2012. Mr. Hudson, Mr. MacArthur, and Mr. Holland wish to continue their service. Mrs. Kunka is not seeking reappointment. Mrs. Parduski reminded Council that an ETJ member must be appointed by the Cleveland County Commissioners.

Mrs. Parduski also reminded Council one vacancy remains for an inside alternate member with a term concluding July 2014.

There is one application submitted by David Forms on file in the Clerk's Office.

Mr. Shores nominated Morris Hudson for reappointment to a new term and recommended Noel MacArthur and Roger Holland to the Cleveland County Commissioners for reappointment to new terms as ETJ members.

**ACTION TAKEN:** Upon a motion made by Mr. Shores, City Council voted unanimously to close the nominations and to accept the nominees by acclamation.

By consensus, Council continued the nominations for an inside alternate member and an ETJ alternate member.

**F. New Business:****1) Consideration of a resolution authorizing sale of real property from the City of Shelby to the North Carolina Department of Transportation (NCDOT): Resolution No. 35-2012**

Mr. Howell introduced Resolution No. 35-2012 for Council's consideration. He requested authorization to sell a portion of two properties and to convey permanent utility easements as well as temporary construction easements to the NCDOT to be used in conjunction with the construction of the US 74 Shelby Bypass Project. Mr. Howell provided graphic depictions of the rights-of-way sought by NCDOT for the new bypass and discussed the details. Having determined no conflicts exist, Mr. Howell recommended approval of the resolution as submitted.

Upon questioning, Mr. Howell responded that the proceeds from the sale will be divided between the City's Water Fund and General Fund respectively.

**ACTION TAKEN:** Upon a motion made by Mr. Mabry, City Council voted unanimously to approve and adopt Resolution No. 35-2012 entitled, "A RESOLUTION AUTHORIZING SALE OF REAL PROPERTY FROM THE CITY OF SHELBY TO THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION".

**G. City Manager's Report:**

- 1) Mr. Howell stated an amended contract with Republic Services of North Carolina (GDS) to extend the Recycling Program to include small commercial customers will be forthcoming at Council's next meeting of June 18, 2012.
- 2) Mr. Howell reminded the Mayor and Council that Town Hall Day, sponsored by the North Carolina League of Municipalities, is June 6, 2012 in Raleigh, North Carolina.
- 3) Mr. Howell informed the Mayor and Council the Cleveland Mall Lift Station Replacement Project, including the construction funding and financing plan, will also be forthcoming at their next meeting of June 18, 2012.

**H. Council Announcements and Remarks:**

- 1) Mayor Anthony briefed Council about a recent meeting with State Senator Warren Daniel in which he shared some topics of concern with him, including extraterritorial jurisdiction issues and Powell Bill funding.

The Mayor encouraged Council members to again carefully consider the proposed budget for discussion and/or questions prior to adoption.

- 2) Mr. White prefaced his understanding of the City's budget gleaned from Council's retreat, the School of Government training sessions, and the recent budget sessions. He then prepared a list of budget questions for Mr. Howell as follows:

**Mr. White:** What kind of property tax increase has there been in the last five years?

**Mr. Howell:** As of July 1, 2007, the City of Shelby property tax rate increased from .42 cents to .435 cents, which was five years ago.

**Mr. White:** When were the last rate increases for water and sewer utilities?

**Mr. Howell:** In 2007 and 2008, the water and sewer utility rates were both increased 5 percent. Effective July 1, 2010, the water and sewer utility rates were both increased 12 percent. There was no increase in 2011 and none proposed for 2012.

**Mr. White:** On the expense side of the budget, what have been the medical insurance increases?

**Mr. Howell:** Medical insurance costs have been substantially increasing annually. To offset these increases, the City has made reductions in other areas of the budget, including the delay of capital projects and addressing only those needs which are the most sensitive.

**Mr. White:** Please comment on reduction of services.

**Mr. Howell:** There have been no program reductions at this time. However, there have been deferrals of maintenance and short and long-term capital projects. The last reduction in positions occurred in Fiscal Year 2006-2007.

**Mr. White:** When was the last time City employees received raises?

**Mr. Howell:** In 2007 the City replaced the merit pay plan with a performance based review and development program for City employees. It was implemented and funded in its first year, Fiscal Year 2008-2009. There has been no money for City employee raises since.

**Mr. White:** If the City had to reduce services now, what would we cut?

**Mr. Howell:** This is the discussion that needs to take place with Council. He indicated in his budget message after struggling along for several years, the question to be answered is what the City can afford to provide in the future. Mr. Howell stated the City is not going to grow out of shrinking revenues and burgeoning expenditures. He said another challenging issue of concern is the retention rate among key City employees, who will have gone five years without the opportunity for increases. Mr. Howell reiterated that holding the line and holding costs down will not address the City's longer term budget issues. Council must determine the level of services and how to sustain and maintain those services over time. He indicated priorities for service reductions need to be set by City Council and direction then given to management to identify

areas for reduction consistent with those priorities.

Mr. Amaya commented the Fiscal Year 2012-2013 budget is balanced and Council has a year to have the discussion as proposed. He suggested not making any changes at this time.

Mr. Bailey remarked Council may have to, in the very near future, make the tough decisions to either raise taxes or cut services, if the City starts having the attrition that comes along with not being able to give raises for five years.

Mr. Shores suggested scheduling budget discussions earlier in the budget calendar such as in September rather than in the spring.

There was a brief discussion about utility rate comparisons in general terms.

**I. Adjournment:**

**1) Motion to adjourn**

**ACTION TAKEN:** Upon a motion made by Mr. Amaya, City Council voted unanimously to adjourn the meeting at 6:51 p.m.

Respectfully submitted,

Bernadette A. Parduski, MMC  
City Clerk

O. Stanhope Anthony III  
Mayor

Minutes of June 4, 2012