

Welcome and Call to Order by Mayor O. Stanhope Anthony III

~ Invocation ~

~ Pledge of Allegiance ~

A. Approval of agenda:

Discussion and revision of the proposed agenda, including consent agenda; adoption of an agenda

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

B. Special Presentation:

- 1) Uptown Shelby Association (USA) update – Audrey Whetten,
Executive Director 1

C. Consent Agenda:

Prior to approval and adoption of the agenda, a Council Member may move an item from the Consent Agenda to the regular agenda. Items remaining on the Consent Agenda will be considered collectively through a single motion and vote.

- 1) Approval of the Minutes of the Regular Meeting of February 19,
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- 2) Approval of a resolution approving the contract for the
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City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: B-1

Special Presentations

- 1) Uptown Shelby Association (USA) update – Audrey Whetten, Executive Director

(Comments: Mayor Stan Anthony and Chief William Hunt)

Summary of Available Information:

- No documentation at this time

City Manager's Recommendation / Comments

This time is scheduled on your agenda to allow Audrey Whetten, Executive Director of Uptown Shelby Association, to update the City Council. I've asked Ms. Whetten to update us on a quarterly basis.

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

C. Consent Agenda:

Prior to approval and adoption of the agenda, a Council Member may move an item from the Consent Agenda to the regular agenda. Items remaining on the Consent Agenda will be considered collectively through a single motion, second, and vote.

Agenda Item: C-1

- 1) Approval of the Minutes of the Regular Meeting of February 19, 2018

Consent Agenda Item: (Staff Resource, Bernadette Parduski, City Clerk)

Summary of Available Information:

Please read and offer changes as you deem necessary.

- Minutes of the Regular Meeting of February 19, 2018.

City Manager's Recommendation / Comments

Approve the minutes as presented or as amended by the Mayor and City Council via the Consent Agenda.

MINUTES

Regular Meeting
City Hall Council Chamber

February 19, 2018
Monday, 6:00 p.m.

Present: Mayor O. Stanhope Anthony III, presiding; Council Members Eric B. Hendrick, David Causby, Violet Arth Dukes, Ben Kittrell, Jr., and Dicky Amaya; City Manager Rick Howell, City Clerk Bernadette A. Parduski, NCCMC, MMC, City Attorney Lacey Beam, Director of Finance Justin S. Merritt, MPA, Director of Human Resources Deborah C. (Deb) Jolly, Director of Energy Services Julie R. McMurry, Director of Water Resources David W. Hux, Fire Chief William P. Hunt, MPA, EFO, 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 David W. White

Mayor Anthony called the meeting to order at 6:00 p.m., welcomed all who were in attendance, and introduced the junior girl scouts from Troop 2294. The Mayor gave the invocation and Girl Scout Troop 2294 members 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) Introduction and recognition of Miss Shelby, Jaeleigh Clark, and Miss Shelby's Outstanding Teen, Makayla Elledge – Danyel W. Phelps, Executive Director, Miss Shelby Organization

Ms. Phelps stated that since the return of the Miss America-affiliated Miss Shelby pageant in February 2014, she and her committee members have worked over the last five years to award \$300,000 in scholarships and \$8,000 in prizes and gifts, raise more than \$4,000 for the Children's Miracle Network Hospitals, make 410 appearances, visit seven Children's Miracle Network

Hospitals across North Carolina, attend five United Service Organizations (USO) events, and provide service in 80 North Carolina counties.

Next, Ms. Phelps introduced Jaeleigh Clark as Miss Shelby of 2018. Miss Clark shared the specifics of her platform as being a diabetes advocate by connecting with other individuals living as Type 1 diabetics.

Miss Shelby introduced Miss Shelby's Outstanding Teen of 2018, Makayla Elledge. Miss Elledge shared the specifics of her platform, "Pets with Purpose", in which she raises funds to train and purchase emotional support animals. She introduced Carolina princesses, Sarah Breen and Kaylann Pond, in attendance.

Ms. Phelps added the Miss Shelby Organization has a princess program and currently has 12 Carolina princesses who are mentored by the queens. Carolina princesses are encouraged to join their mentor in as many appearances, volunteer opportunities, and other events as possible. The main goal of the Carolina Princess Program is to enable Carolina princesses to have better insight to the Miss North Carolina and Miss North Carolina Outstanding Teen pageants and to learn what the Miss America program is all about.

On a personal note, Ms. Phelps added continuance, legacy, and support for each other represent the Miss America program as a whole. It is most important to empower young women to believe in themselves and she is thrilled for the City's support of the local organization. It is her hope to bring the first North Carolina crown in 36 years back to Shelby.

On behalf of the City of Shelby and City Council, Mayor Anthony expressed appreciation to Ms. Phelps for her work on behalf of the Miss Shelby Organization. The Mayor also extended congratulations and best wishes to Miss Clark and Miss Elledge as they continue with their competitive endeavors at the State level.

The presentation concluded with the queens and princesses posing for photographs with Mayor Anthony and Council members.

2) The Construction of US 74 – Shelby Bypass and New Projects – Gary R. Spangler, District Engineer, District 1, North Carolina Department of Transportation (NCDOT)

Mr. Spangler began his presentation with a brief history of the US 74 Shelby Bypass from its concept in 1979 to the feasibility study in 1991 to the adoption of the Shelby Thoroughfare Plan in 1994, which set the route to the

North, to the approval of the draft Environmental Impact Study in 1998, and finally to the approval of the final Environmental Impact Study in 2008.

He stated the NCDOT has been constructing a four-lane, new location freeway from east of Mooresboro to west of Stony Point Road at US 74 Business in Kings Mountain. The entire project, Sections A through E, is approximately 18.6 miles long and is included in the 2018-2027 NCDOT State Transportation Improvement Program. Through a series of photographs depicting the construction of the new Bypass segments and interchanges, Mr. Spangler described the various activities.

Mr. Spangler stated the final design is currently underway for Sections D and E. A series of design changes have been developed since the last environmental document was issued in 2008. Section D is a 4.1-mile long section from west of NC 150 to US 74 west of SR 2238 (Long Branch Road). Section E is a 2.6-mile long section from US 74 west of Long Branch road to west of Stony Point Road (SR 1001) at US 74 Business in Kings Mountain. He added design changes since 2008 include the modification of the US 74 interchange at Bethlehem Road and the addition/modification of service roads.

Mr. Spangler summarized the US 74 Shelby Bypass Project is being built in segments from the West to East. Construction began in July 2013 and is projected to be complete in 2025. The total cost of the project is \$314.47 million, including right-of-way acquisition at \$46.07 million and construction at \$268.4 million.

SECTION	LOCATION	LENGTH	STATUS	DETAILS
AA	West of Peachtree Road to east of Kimbrell Road near Mooresboro	2 miles	Complete	Construction began in July 2013 and opened to traffic in September 2016.
AB	East of Kimbrell Road to east of Plato Lee Road near Lattimore	1.9 miles	Under Construction	Construction began in July 2014 and is expected to be completed in

				2018.
B	East of Plato Lee Road to east of NC 226 north of Shelby	2.6 miles	Under Construction	Construction began in July 2014 and is expected to be completed in 2018.
C	East of NC 226 to west of NC 150 heading northeast of Shelby	5.3 miles	Under Construction	Construction, which began in 2017, is underway.
D	West of NC 150 to US 74 west of Long Branch Road, east of Shelby	4.1 miles	Under Development	Final designs are underway. Right of way purchasing is expected to begin in 2019 with construction beginning in 2021.
E	US 74 west of Long Branch Road to west to Stony Point Road at US 74 Business in Kings Mountain	2.6 miles	Under Development	Final designs are underway. Right of way purchasing is expected to begin in 2019 with construction beginning in 2021.

With regard to new projects around Shelby, Mr. Spangler discussed intersection improvements at NC 150 (Cherryville Road) and SR 1162 (Peach

Street). The project is currently in right-of-way acquisition at a cost of \$3.56 million. The estimated cost of construction is \$2.01 million. The re-alignment of Peach Street with Cherryville Road will cause the BP/Scotchman gas station to be removed while controlled access is planned for the Don Ramon restaurant.

Mr. Spangler discussed the construction of a roundabout to accommodate the new Pinnacle School at NC 180 (South Post Road) and Joe's Lake Road. The project is currently in right-of-way acquisition at a cost of \$0.8 million. The estimated cost of construction is \$1.1 million with completion expected in 2023.

Mr. Spangler discussed the construction project at US 74 and Dekalb Street/Earl Road. As of this date, there are no conceptual plans. The right-of-way acquisition is set to begin in 2021 at a cost of \$8.7 million. The estimated cost of construction is \$18 million with completion expected in 2023.

Lastly, Mr. Spangler discussed the widening project of I-85 in Cleveland County. The right-of-way acquisition is set to begin in 2022 with construction to follow in 2023.

Mr. Spangler concluded his presentation by sharing his contact information and that of his colleagues at Highway Division 12 for additional information or inquiries.

Council received the information. No action was required.

C. Public Comment:

1) Rev. James Williams who resides at 1410 Vantage Drive in Shelby, North Carolina expressed his concerns relating to septic system failures in his neighborhood located off East Ross Grove Road known as the Clearbrook Subdivision. He has lived on Vantage Drive for 29 years and the septic system problems have existed for 10 to 15 years. The City annexed this subdivision in 1990s and the residents received all City amenities and utilities except City sewer. Rev. Williams stated the sewer matter was brought to City Council several years and has been recently discussed with City staff. He added 15 homes are affected with problems associated with these septic system failures including the foul odor and the potential for health issues. Rev. Williams requested the City put together a feasible plan to extend sanitary sewer to the residents of the Clearbrook Subdivision, mentioning the new construction of sewer infrastructure to serve the Hanna Park property.

2) Rev. Frankie L. Smith who resides at 303 East Ross Grove Road in Shelby,

North Carolina declined to speak.

D. Public Hearings:

- 1) **Consideration of an ordinance to extend the corporate limits of the City of Shelby, North Carolina: Ordinance No. 7-2018**

Mr. Scharer introduced Ordinance No. 7-2018 for Council's consideration. He explained Clearwater Paper Corporation dedicated the right-of-way for the future Customer First Drive to the City of Shelby. As part of the Economic Development Agreement and after the North Carolina Department of Transportation's certification, the City of Shelby will take over this road for maintenance as a City street once it is constructed by Cleveland County. The property currently meets the statutory requirements for satellite annexation as it is within three miles of the primary corporate limits and not closer to another municipality.

Mr. Howell commented the site is City-owned property that consists of land to be utilized for public roadway improvements in the near future. Customer First Drive will be one of two access roads constructed by Cleveland County utilizing NCDOT grant funding.

Mayor Anthony opened the public hearing at 6:59 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 7:00 p.m.

ACTION TAKEN: Upon a motion made by Mr. Kittrell, City Council voted unanimously to approve and adopt Ordinance No. 7-2018 entitled, "AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF SHELBY, NORTH CAROLINA".

- 2) **Consideration of a proposed ordinance to amend the Unified Development Ordinance (UDO) of the City of Shelby: Ordinance No. 8-2018**

Mr. Scharer introduced the proposed textual amendment to the City of Shelby's UDO regarding outdoor flea markets for Council's consideration. He stated currently the UDO permits outdoor flea markets in the General Business (GB) and General Business 2 (GB2) zoning districts as a use by right with no additional development standards. The proposal permits outdoor flea markets with a Conditional Use Permit that must be renewed annually. It also includes setbacks for sales and display areas as well as requires trash and litter containers. In addition, display apparatus must also

be removed or placed inside a completely enclosed building when the outdoor flea market is not in use.

Mr. Scharer further stated any existing non-conforming outdoor flea market must become conforming and in full compliance with all standards within six (6) months of the effective date of this ordinance.

Mr. Scharer concluded by stating the Planning and Zoning Board has reviewed this proposal and recommended the ordinance, as proposed.

Mayor Anthony opened the public hearing at 7:03 p.m. and invited comments from the public:

William Johnson who resides at 150 Baxter Road in Cherryville, North Carolina spoke in support of the ordinance as proposed.

Mayor Anthony closed the public hearing at 7:05 p.m.

ACTION TAKEN: Upon a motion made by Mrs. Arth Dukes, City Council voted unanimously to approve and adopt Ordinance No. 8-2018 entitled, "A PROPOSED ORDINANCE TO AMEND THE UNIFIED DEVELOPMENT ORDINANCE (UDO) OF THE CITY OF SHELBY".

E. Consent Agenda:

ACTION TAKEN: Mayor Anthony presented the consent agenda. Mr. Amaya 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 January 20, 2018
- 2) Approval of the Minutes of the Regular Meeting of February 5, 2018
- 3) Approval of a Special Event Permit Application:
 - a. A Walk to Remember for Alzheimer's Awareness, requested date: March 3, 2018
- 4) Adoption of an ordinance authorizing demolition of a dwelling (809 Holly Oak Road): Ordinance No. 9-2018
- 5) Adoption of an ordinance authorizing demolition of a dwelling (615 Buffalo Street): Ordinance No. 10-2018

- 6) Approval of a resolution accepting property from Eugene and Doris Anthony: Resolution No. 7-2018
- 7) Approval of a resolution accepting a State Revolving Loan for the construction of the City of Shelby Grover Street Water Treatment Plant Project: Resolution No. 8-2018
- 8) Approval of a resolution of tentative award for the Westside Sewer Improvements – Pump Station Division to Turner Murphy Co.: Resolution No. 9-2018
- 9) Approval of a resolution awarding the bid for the Underground Electric Cable Replacement Project: Resolution No. 10-2018

END CONSENT AGENDA

F. Unfinished Business: None

G. New Business: None

H. City Manager's Report:

1) Mr. Howell provided the following updates:

- With regard to the Grover Morgan Street Waterline Project, a few construction activities remain to be completed including the paving of Morgan Street and sidewalk repairs along Marion and Grover Streets.
- With regard to the Uptown Shelby Water and Sewer Infrastructure Project, work is progressing at the intersection of West Marion Street and North Lafayette Street while West Marion Street between North Lafayette Street and North Morgan Street remains closed. The City appreciates the public's cooperation with this critical infrastructure improvement with completion anticipated sometime during the June to July 2018 timeframe.
- With regard to the Grover Street Water Treatment Plant Rehabilitation Project, which includes rehabilitating the sedimentation basins, chemical-feed systems, and main shell building, and replacing the clearwells, high-service pumps, and the filter controls, the project is currently at 50 percent design and will likely go to the bidding process in late 2018 or early 2019.

- With regard to the Broad Street Water and Sewer Project, construction activities continue with replacing water and sewer mains and services. There have been road closures and detours while crews maintain access for local traffic. The project was funded by the operating capital budget.
- With regard to the City's various utility infrastructure projects in support of the Clearwater Paper Corporation's expansion, Mr. Howell reported the City's consultant for the Farmville Road Waterline Improvements Project is currently in the process of tabulating the bids received and providing a recommendation, pending EDA approvals. As a reminder, the U.S. Department of Commerce's Economic Development Administration (EDA) awarded a \$2.8 million grant to the City to assist in the construction of the 24-inch diameter water main from the City's Water Plant on Grover to the access point just off Farmville Road. The project also includes the construction of a 750,000 gallon elevated storage tank and a booster pump station on City-owned property adjacent to the Washburn Switch Business Park.
- Mr. Howell mentioned the 2017 Street Resurfacing List is nearing completion with a few minor projects and the 2018 Street Resurfacing List is being finalized.
- The Gateway Project at East Marion Street and East Dixon Boulevard is complete except for the punch list and clean-up.
- The All Aboard Park Playground at City Park is under construction and the anticipated completion date is April 1, 2018.
- The Shelby Police Department's new 911 Communications Center is complete and Mr. Howell confirmed the ribbon cutting ceremony is set for Monday, March 5, 2018, at 4:30 p.m., Shelby Police Department, 130 West Warren Street.

I. Council Announcements and Remarks:

- 1) Mr. Kittrell requested an updated report providing an overview of the neighborhoods which were annexed by the City in the 1990s and early 2000 without City utilities, particularly sewer service.

Mr. Howell briefly explained the City's policy for the extension of sanitary sewer collector lines. The City's sewer system is supported by its sewer customers as an enterprise fund while property taxes support the City's

General Fund services. The City's policy offers a special assessment procedure by two alternative methods:

- **A special assessment petition requiring signatures of at least 40 percent of owners who also own at least 40 percent of the total service area street or property frontage. The assessment fee will represent approximately three-fourths the cost of installing the sanitary sewer collection line. Upon acceptance and approval of the petition, the City will be responsible for the remaining 25 percent of the associated costs.**
- **A special assessment petition requiring signatures of at least 50 percent of owners who also own at least 40 percent of the total service area street or property frontage. The assessment fee will represent approximately two-thirds the cost of installing the sanitary sewer collection line. Upon acceptance and approval of the petition, the City will be responsible for the remaining 33 percent of the associated costs.**

Assessments can be paid in full, or billed and paid in six annual installments when the petition is submitted at 40 percent of this policy or billed and paid in 10 annual installments when the petition is submitted at 50 percent of this policy. Eight (8) percent interest is applied to the unpaid balance.

The City does not guarantee gravity sewer service to all properties within the City limits, but will make a reasonable and fair effort to provide such service, or at least access to the City's sewer system, which is an expensive utility. Grant funding may be available to offset these costs, but these opportunities have become more difficult to obtain.

Discussion followed and included surveying properties to document and verify sewer issues; amending the current policy; the availability of funds in the sewer fund, which is low; and borrowing money to provide sewer extensions.

J. Adjournment:

1) Motion to adjourn

ACTION TAKEN: Upon a motion made by Mr. Hendrick, City Council voted unanimously to adjourn the meeting at 7:22 p.m.

Respectfully submitted,

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

**O. Stanhope Anthony III
Mayor**

Minutes of February 19, 2018

DRAFT

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: C-2

- 2) Approval of a resolution approving the contract for the performance of the City of Shelby's Annual Audit and preparation of financial statements for the Fiscal Year ended June 30, 2018: Resolution No. 11-2018

Consent Agenda Item: (Staff Resource, Justin Merritt, Finance Director)

Summary of Available Information:

- Memorandum dated February 23, 2018 from Justin S. Merritt, Finance Director to Rick Howell, City Manager
- Letter dated February 12, 2018 from Martin Starnes & Assoc., to Justin Merritt, Director of Finance
- Contract to Audit Accounts
- System Review Report
- Resolution No. 11-2018

City Manager's Recommendation / Comments

This time is scheduled on your agenda to consider Resolution No. 11-2018 which would award the annual audit contract to Martin Starnes & Associates, P.A. This is the eighth year of the contract between the City and Martin Starnes. However, this annual audit contract must be acted upon by City Council and ultimately be approved by the Local Government Commission.

It is becoming increasingly more difficult to find interest from qualified accounting firms to conduct these governmental audits. They are extremely time consuming for both our staff and the auditing firm. It was my goal when selecting an auditor to ensure the City and the taxpayers not only got a competitive price for services but also a quality work product that City Council, management, staff and most importantly the public have confidence as a reliable statement of the City's financial position. I cannot stress enough the importance of having public confidence in our annual financial statements. We work very hard to ensure that we are transparent and consistent in how these documents are prepared. Martin-Starnes has assisted the City in ensuring that a professional and thorough audit process is conducted. To that extent it is important for you to know that the auditor routinely assigns different personnel from the firm to provide a fresh set of eyes and greater objectivity throughout the audit process. The recommendation is that the audit contract for fiscal year ending June 30, 2018 be awarded to Martin-Starnes & Associates CPAs PA in the amount of \$71,400.

It is my recommendation Resolution No. 11-2018 be adopted and approved by City Council at this time via the Consent Agenda



To: Rick Howell, City Manager
From: Justin S. Merritt, Finance Director
Date: February 23, 2018
Subject: 2018 Audit Contract

Background:

North Carolina State Statutes require that all municipal governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The NC Local Government Commission requires that all municipal governments contract with an independent audit firm, on an annual basis, to meet these requirements.

Review:

The City requested proposals during the 2011 fiscal year from qualified independent, licensed certified public accounting firms to complete the annual financial audit and prepare the annual financial statements. The result was a 5 year agreement with Martin Starnes & Associates, CPA's P.A., to complete the financial audit and prepare the financial statements at a cost of \$60,000 in year one and an additional \$1,000 increase per year in future periods. The attached audit contract, which is the standard form published and approved by the NC Local Government Commission, sets the contract price at \$71,400, for the FY 2018 Comprehensive Annual Financial Report. This is the eighth year of the contract.

Recommendation:

That City Council authorizes the Mayor to execute the required contracts with Martin Starnes & Associates for the FY 2018 audit based on the fee proposal submitted by Martin Starnes & Associates on February 12, 2018.

I will be at the meeting Monday night to answer any questions concerning this recommendation.

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

February 12, 2018

Justin Merritt, Director of Finance
City of Shelby
300 South Washington Street
Shelby, NC 28150

You have requested that we audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Shelby, NC, as of June 30, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City of Shelby's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and State award programs for the period ended June 30, 2018. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and State award programs.

Accounting principles generally accepted in the United States of America require that certain supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Law Enforcement Officers' Special Separation Allowance schedules
- Other Post-Employment Benefits' schedules
- Local Government Employees' Retirement System's schedules

Supplementary information other than RSI will accompany the City of Shelby's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining and individual fund financial statements
- Budgetary schedules
- Other schedules
- Schedule of Expenditures of Federal and State Awards

Schedule of Expenditures of Federal and State Awards

We will subject the Schedule of Expenditures of Federal and State Awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the Schedule of Expenditures of Federal and State Awards is presented fairly in all material respects in relation to the financial statements as a whole.

The following additional information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

- Introductory section
- Statistical section

We will make reference to the component unit auditor's audit of the City of Shelby ABC Board in our report on your financial statements.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, Schedule of Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and the direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the City of Shelby's basic financial statements. Our report will be addressed to the governing body of the City of Shelby. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the City of Shelby's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; the Uniform Guidance, and the State Single Audit Implementation Act, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and the State Single Audit Implementation Act and other procedures we consider necessary to enable us to express such an opinion on major federal and state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal and state award programs. Our procedures will consist of determining major federal and State programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal and state award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal and State programs under which they were received, including federal awards and funding increments received prior to December 26, 2014 (if any), and those received in accordance with the Uniform Guidance (generally received after December 26, 2014);
4. For maintaining records that adequately identify the source and application of funds for federal and state funded activities;
5. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act;
6. For the design, implementation, and maintenance of internal control over federal and state awards;

7. For establishing and maintaining effective internal control over federal and state awards that provides reasonable assurance that the nonfederal and nonstate entity is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards;
8. For identifying and ensuring that the entity complies with federal and state statutes, regulations, and the terms and conditions of federal and state award programs and implementing systems designed to achieve compliance with applicable federal and state statutes, regulations and the terms and conditions of federal and state award programs;
9. For disclosing accurately, currently and completely the financial results of each federal and state award in accordance with the requirements of the award;
10. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
11. For taking prompt action when instances of noncompliance are identified;
12. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
13. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
14. For submitting the reporting package and data collection form to the appropriate parties;
15. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
16. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal and state award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
19. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
20. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the supplementary information referred to above (including the Schedule of Expenditures of Federal and State Awards), you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Fees

Marcie Spivey is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Martin Starnes & Associates, CPAs, P.A.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are as follows:

Fixed:

Audit	\$ 61,800
Financial Statement Drafting	9,600
Other Non-Attest Services	-
	<u>\$ 71,400</u>

Our invoices for these fees will be rendered in four installments as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the City of Shelby's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

We want our clients to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. In working to provide you with such value, we find there are certain circumstances that can cause us to perform work in excess of that contemplated in our fee estimate.

Following are some of the more common reasons for potential supplemental billings:

Changing Laws and Regulations

There are many governmental and rule-making boards that regularly add or change their requirements. Although we attempt to plan our work to anticipate the requirements that will affect our engagement, there are times when this is not possible. We will discuss these situations with you at the earliest possible time in order to make the necessary adjustments and amendments in our engagement.

Incorrect Accounting Methods or Errors in Client Records

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous errors, incomplete records, or the application of incorrect accounting methods, we will have to perform additional work to make the corrections and reflect those changes in the financial statements.

Failure to Prepare for the Engagement

In an effort to minimize your fees, we assign you the responsibility for the preparation of schedules and documents needed for the engagement. We also discuss matters such as availability of your key personnel, deadlines, and work space. If your personnel are unable, for whatever reasons, to provide these items as previously agreed upon, it might substantially increase the work we must do to complete the engagement within the scheduled time.

Starting and Stopping Our Work

If we must withdraw our staff because of the condition of the client's records, or the failure to provide agreed upon items within the established timeline for the engagement, we will not be able to perform our work in a timely, efficient manner, as established by our engagement plan. This will result in additional fees, as we must reschedule our personnel and incur additional start-up costs.

Assistance with Financial Statement Drafting

Your personnel is responsible for drafting the Schedule of Expenditures of Federal and State Awards. Upon completion of the schedule, we will review it and return it to you with suggested revisions. If significant assistance is needed to make those revisions, this will result in additional fees based on the amount of assistance required.

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from \$75-\$300 per hour.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit documentation for this engagement is the property of Martin Starnes & Associates, CPAs, P.A. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Local Government Commission, Office of the State Auditor, federal or State agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under

the supervision of Martin Starnes & Associates, CPAs, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries
- Preparation of Data Collection Form
- Preparation of AFIR
- Cash to accrual entries

With respect to the nonattest services we perform as listed above, the City of Shelby's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm to the Contract to Audit Accounts for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal and state award programs, including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina

RESPONSE:

This letter correctly sets forth the understanding of the City of Shelby.

Acknowledged and agreed on behalf of the City of Shelby by:

Name: _____

Title: _____

Date: _____

CONTRACT TO AUDIT ACCOUNTSOf City of Shelby, NCPrimary Government UnitN/ADiscretely Presented Component Unit (DPCU) if applicableOn this 12th day of February, 2018,Auditor: Martin Starnes & Associates, CPAs, P.A. Auditor Mailing Address: _____730 13th Avenue Dr. SE, Hickory, NC 28602

Hereinafter referred to as The Auditor

and City Council (Governing Board(s)) of City of Shelby, NC
(Primary Government)and N/A: hereinafter referred to as the Governmental Unit(s), agree as follows:
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2017, and ending June 30, 2018. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board). **County and Multi-County Health Departments:** The Office of State Auditor (OSA) will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by OSA and in accordance with the instructions and timeline provided by OSA.
3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's Auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unqualified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unqualified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end.
Audit report is due on October 31, 2018. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <http://nctreasurer.slgfd.leapfile.net> Subject line should read "Invoice – [Unit Name]". The PDF invoice marked 'approved' with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (**Note: Fees listed on Fees page.**) This does not include fees for any Pre-Issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue

bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the fiscal year end.
12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit shall not be billed for the pre-issuance review. The pre-issuance review shall be performed **prior** to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. **Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form.** These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the SLGFD.

The SLGFD's process for submitting contracts, audit reports and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <http://nctreasurer.slgfd.leapfile.net> No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

- 16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
- 17. Special provisions should be limited. Please list any special provisions in an attachment.
- 18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
- 19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <http://nctreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer’s web site at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
- 20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. **The audit should not be started before the contract is approved.**
- 21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
- 22. **E-Verify.** Auditor **shall comply** with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor **shall require** such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
- 23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item #16 for clarification).

SIGNATURE PAGES FOLLOW FEES PAGE

Contract to Audit Accounts (cont.)

City of Shelby, NC

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

FEES – PRIMARY GOVERNMENT

AUDIT: \$ See fee section of engagement letter

WRITING FINANCIAL STATEMENTS: \$ See fee section of engagement letter

ALL OTHER NON-ATTEST SERVICES: \$ N/A

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ 53,550

** NA if there is to be no interim billing

FEES – DPCU (IF APPLICABLE)

AUDIT: \$ N/A

WRITING FINANCIAL STATEMENTS: \$ N/A

ALL OTHER NON-ATTEST SERVICES: \$ N/A

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ N/A

** NA if there is to be no interim billing

Contract to Audit Accounts (cont.)

City of Shelby, NC

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:

Martin Starnes & Associates, CPAs, P.A.

Name of Audit Firm

By Amber Y. McGhinnis, Senior Audit Manager

Authorized Audit firm representative name: Type or print

Amber Y. McGhinnis
Signature of authorized audit firm representative

Date February 12, 2018

amcghinnis@martinstarnes.com

Email Address of Audit Firm

Governmental Unit Signatures:

City of Shelby, NC

Name of Primary Government

By O. Stanhope Anthony, III, Mayor

Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board

Date

By N/A

Chair of Audit Committee - Type or print name

N/A **

Signature of Audit Committee Chairperson

Date N/A

** If Governmental Unit has no audit committee, mark this section "N/A"

Please provide us the most current email addresses available as we use this information to update our contact database

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By Justin S. Merritt, Director of Finance

Primary Government Unit Finance Officer:

Type or print name

Primary Government Finance Officer Signature

Date

(Pre-audit Certificate must be dated.)

justin.merritt@cityofshelby.com

Email Address of Finance Officer

Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a)

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

**** This page to only be completed by Discretely Presented Component Units If Applicable ****

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

DPCU Governmental Unit Signatures:

N/A

Name of Discretely Presented Component Unit

By N/A

DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date N/A

By N/A

Chair of Audit Committee - Type or print name

N/A **

Signature of Audit Committee Chairperson

Date N/A

*** If Governmental Unit has no audit committee, mark this section "N/A"*

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28

(a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By N/A

DPCU Finance Officer:

Type or print name

N/A

DPCU Finance Officer Signature

Date N/A

*(Pre-audit Certificate **must be dated.**)*

N/A

Email Address of Finance Officer

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)

N/A

*****Please provide us the most current email addresses available as we use this information to update our contact database*****

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government’s audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/sgl/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 –Please note that the new fee section has been moved to page 5.
6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to SLGFD?
 - a. Do the terms and fees specified in the engagement letter agree with the Audit contract? *“In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence.”*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract shall not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the fees page; please note:
 - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year’s total audit fee. If the contract fee is partially variable, we shall compare the authorized interim payment on the contract to 75% of last year’s actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: https://www.nctreasurer.com/sgl/lfm/audit_acct/Pages/default.aspx select “audit fees”

Please call or email Lorna Hodge at 919-814-4299 lorna.hodge@nctreasurer.com if you have any questions about the fees on this list.

 - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Primary Government Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
 - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. **The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a).** If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.
 9. Please place the date the Primary Government’s Governing Board and the DPCU’s Governing Board (if applicable) approved the audit contract in the space provided.
 - a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
 - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
 - c. Has the name and title of the Mayor or Chairperson of the Unit’s Governing Board and the DPCU’s Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor’s signature?
 10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the fees page.
 11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
 12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to PDF. **When submitting for approval combine and send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report.** Submit these documents using the most current submission process which can be obtained at the NC Treasurer’s web site <https://www.nctreasurer.com/slg/Audit%20Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf>
 13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.



SYSTEM REVIEW REPORT

To the Partners of Martin Starnes & Associates, CPAs, P.A.
and the Peer Review Committee of the North Carolina Association
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of *pass*.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 21, 2015

Raleigh

4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham

3511 Shannon Road
Suite 100
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro

10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

RESOLUTION NO. 11-2018

A RESOLUTION APPROVING THE CONTRACT FOR THE PERFORMANCE OF
THE CITY OF SHELBY'S ANNUAL AUDIT AND PREPARATION OF
FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

WHEREAS, the City of Shelby has agreed to have Martin Starnes & Associates, CPAs P.A. of Hickory, North Carolina prepare the financial statements for the year ended June 30, 2018 and serve as the City's independent auditing firm; and

WHEREAS, Martin Starnes & Associates, CPAs P.A. has submitted the required Local Government Commission (LGC) contract for performance of this 2017 audit and same is ready for execution and submittal to the State for review and approval.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. The Contract to Audit Accounts dated February 12, 2018 between the City of Shelby and Martin Starnes & Associates CPAs P.A. in the contract amount of \$71,400 is hereby accepted and approved.

Section 2. The Mayor and Finance Director of the City are hereby authorized and directed to execute the contract set forth in Section 1 of this resolution.

Section 3. Upon applicable execution by the contracting parties, said contract shall be submitted to the North Carolina Local Government Commission for its review and approval.

Section 4. This resolution shall become effective upon its adoption and approval.

Adopted and approved this the 5th day of March, 2018.

O. Stanhope Anthony III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: C-3

- 3) Approval of a resolution supporting the City of Shelby's application for the North Carolina Urban Forest Council legacy Tree Fund Grant: Resolution No. 12-2018

Consent Agenda Item: (Staff Resource, Walter Scharer, Planning Director)

Summary of Available Information:

- Memorandum dated February 22, 2018 from Walter Scharer, Planning Director to Rick Howell, City Manager
- Resolution No. 12-2018

City Manager's Recommendation / Comments

Resolution No. 12-2018 is presented for City Council consideration at this time via the Consent Agenda. If approved this resolution would authorize the City to submit a grant application to the NC Urban Forestry Council asking for \$5,000 through the Legacy Tree Fund. This grant funding would specifically be used in conjunction with Keep Shelby Beautiful to develop a tree planting plan for the trailhead area at the First Broad River Trail. The grant would specifically be used to actually purchase and plant the trees. The City's required in kind match would be through the landscape design services provided by a staff member. One of our City Planners, Mr. Lucas Shires, is a licensed landscape architect.

Before any plan is finalized I will ask Mr. Scharer to ensure that feedback is sought from Council as well as the general public. I have full faith in the Planning Department and the KSB Board that whatever the outcome it will be impressive.

It is my recommendation Resolution No. 12-2018 be adopted and approved by City Council at this time via the Consent Agenda



Memorandum

To: Rick Howell - City Manager
From: Walter Scharer – Planning Director
Date: February 22, 2018
Subject: North Carolina Urban Forest Council Legacy Tree Fund Grant

Executive Summary of issue – Background

The purpose of the North Carolina Urban Forest Council (NCUFC) Legacy Tree Fund Grant is to provide funding to North Carolina local governments for tree planting projects that conserve energy, improve air quality, and protect water quality. The Legacy Tree Fund program emphasizes strategic tree planting and a holistic approach to urban forest planning that will create healthier and better-managed urban forests. The NCUFC Legacy Tree Fund Grant projects are as much about education and awareness as they are tree planting. Projects that incorporate community involvement and education will receive highest funding priority.

Review and Comments

Staff is proposing applying for these funds to assist Keep Shelby Beautiful (KSB) with its Great American Cleanup project in 2019. KSB is proposing to use the Legacy Tree Funds for trees as part of a landscape for the Twin Trestle Trailhead at the First Broad River. City staff will complete the design work, which counts as the required match of in-kind services. The maximum grant amount is \$5,000.00.

The Strategic Growth Plan (2005) supports this Legacy Tree Fund Grant application through the policy:

POLICY 4.1: The important economic, tourism and community image impacts of existing major travel corridors leading into and through Shelby shall be recognized through public and private efforts to improve their appearance. Such efforts may include improved roadway and traffic control designs, improved development standards for landscaping, signage and street trees, as well as voluntary initiatives to “spruce up” corridor properties.

Staff recommends adoption of the resolution authorizing an application for a NCUFC Legacy Tree Fund Grant.

Please place this item on the consent agenda for the March 5, 2018 City Council meeting.

Attachment: Resolution

RESOLUTION NO. 12-2018

A RESOLUTION SUPPORTING THE CITY OF SHELBY'S APPLICATION FOR THE
NORTH CAROLINA URBAN FOREST COUNCIL LEGACY TREE FUND GRANT

WHEREAS, the North Carolina Urban Forest Council (NCUFC) Legacy Tree Fund Grant is designed to provide funding to North Carolina local governments for tree planting projects that conserve energy, improve air quality, and protect water quality; and,

WHEREAS, the NCUFC Legacy Tree Fund program emphasizes strategic tree planting and a holistic approach to urban forest planning that will create healthier and better-managed urban forests; and,

WHEREAS, the NCUFC Legacy Tree Fund Grant projects are as much about education and awareness as they are tree planting; and,

WHEREAS, the Keep Shelby Beautiful wishes to incorporate the NCUFC Legacy Tree Fund Grant into its 2019 Great American Cleanup; and,

WHEREAS, Policy 1.7 of The City of Shelby Strategic Growth Plan states: The important economic, tourism and community image impacts of existing major travel corridors leading into and through Shelby shall be recognized through public and private efforts to improve their appearance. Such efforts may include improved roadway and traffic control designs, improved development standards for landscaping, signage and street trees, as well as voluntary initiatives to "spruce up" corridor properties; and,

WHEREAS, funding requests may be for up to \$5,000 with a recommended local match; and,

WHEREAS, the local match for an NCUFC Legacy Tree Fund Grant may be in-kind services; and,

WHEREAS, it is the desire of the Shelby City Council to make application for said grant and to authorize same for submittal to the NCUFC.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. The City's grant application to NCUFC Legacy Tree Fund is hereby approved and authorized for submittal.

Section 2. The City Manager of the City of Shelby is hereby authorized and directed to execute and submit all applicable documents and make assurances as required by said grant program.

Section 3. The City Manager of the City of Shelby is hereby authorized to match this Legacy Tree Fund Grant with in-kind services.

Adopted and approved this the 5th day of March 2018.

O. Stanhope Anthony III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: C-4

- 4) Adoption of a budget ordinance amendment for the City of Shelby's Carolina Thread Trail Project: Ordinance No. 11-2018

Consent Agenda Item: (Staff Resource, Justin Merritt, Finance Director and Walter Scharer, Planning Director)

Summary of Available Information:

- Memorandum dated February 22, 2018 from Walter Scharer, Planning Director to Justin Merritt, Finance Director
- Letter from Blue Ridge Trail Works, Inc. to Walter Scharer, Planning Director
- Ordinance No. 11-2018

City Manager's Recommendation / Comments

Ordinance No. 11-2018 is presented for City Council consideration at this time via the Consent Agenda. If approved this resolution would appropriate \$2,000 from General Fund Balance for the specific purpose of making improvements to the First Broad River Trail. There is currently \$9,400 within that General Fund Balance that was generated from payments of fees in lieu of. The appropriated funds will be used to widen sections of the existing trail to a width of at least 6 feet.

It is my recommendation Ordinance No. 11-2018 be adopted and approved by City Council at this time via the Consent Agenda.



Memorandum

To: Justin Merritt – Finance Director
From: Walter Scharer – Planning Director
Date: February 23, 2018
Subject: Trail Funds Appropriation

Executive Summary of issue – Background

Currently there are \$9,400 in reserves set aside for greenway and trail development and maintenance. These funds were collected as a fee-in-lieu of developing a greenway on US 74 where it was not feasible.

Review and Comments

Some trail maintenance is required on an extremely sandy section of the First Broad River trail near Ingles. In addition, staff is recommending smoothing out the sharp switch back at the Ingles Trailhead in an effort to make that section easier to traverse.

This maintenance will require \$2,000 worth of crushed concrete for the trail surface.

Please prepare a budget amendment to appropriate \$2,000 to the Carolina Thread Trail fund for this maintenance project

Attachment: Trail Maintenance Quote



Blue Ridge Trail Works, Inc

1178 Chestnut Grove Rd.
Boone, NC 28607
Office: 828-355-9186
Fax 828-355-9145
brtwinc@gmail.com
www.blueridgetrailworks.com

North Carolina's Best Choice for Sustainably Built Natural Surface Trails

Client: City Of Shelby, NC - Walter Scharer
Site: Old Blanton Farm Property, Shelby, NC
Contact Info: 704-484-6829 & walter.scharer@cityofshelby.com
Work: Approximately 3,000' of enhanced natural surface trail

Blue Ridge Trail Works Inc. : Contact Information

BRTW Contact : Scott Brown: 704-929-0151 (wmscottb93@gmail.com)

BRTW Address : 1178 Chestnut Grove Rd., Boone, NC 28607

Shelby Trail Enhancement -

Overview-

Quote is for widening & rerouting the switchback section of trail under the power lines between the Ingles parking lot & the trail junction at the bottom of the hill on the Old Blanton Farm Property in Shelby, NC. This is a Change Order on the 2014 Contract between Blue Ridge Trail Works, Inc & The City of Shelby for the Carolina Thread Trail.

Scope of Services -

A) Trail Description -

We will reroute approximately 300 feet of trail along the west bank of the First Broad River in Cleveland County, NC, will be widened some to approximately 6' wide except where trees are too close for this or where benched trail prevents it from being that wide. In these spots we will make it as wide as possible. Also, making the trail this wide will end up straightening it out some so that it will not be as curvy as before.

Site Terrain - The terrain of the construction site is predominantly low angle floodplain associated with the First Broad River. Soil in this area is very sandy and is not ideally suited to the construction of sustainable natural surface trails. The trail in this area will be constructed from native soil and crushed concrete mixed together to form a tread that will harden into a sustainable trail. Also, we will add more crushed concrete on top of a section of the main existing trail between the trail junction & the wooden bridge just north of Hwy 74.

QUOTATION :

ITEM	NUMBER	UNIT	AMOUNT
A) Enhanced Natural Surface Trail Rerouting to resurfacing to 6' wide Trail Tread.			\$2,000.00

	TOTAL	COST	\$2,000.00

Terms - Due at Completion

Agreed to By: Blue Ridge Trail Works, Inc. & City of Shelby

Date _____

Name _____

Signature _____

ORDINANCE NO. 11-2018

A BUDGET ORDINANCE AMENDMENT FOR THE
CITY OF SHELBY’S CAROLINA THREAD TRAIL PROJECT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to revise and amend its capital project ordinance and budgets for the City of Shelby’s Carolina Thread Trail Project; and

WHEREAS, the City Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, City Council now desires to act on the recommended budget amendments and approve the same for implementation and compliance with the North Carolina Local Government Budget and Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Ordinance No. 05-2012, the City’s Carolina Thread Trail Project, is hereby amended as follows to provide for Budget Amendment No. 6 for said project:

Carolina Thread Trail Project

(1) Appropriating General Fund Balance:

Fund Balance Appropriated	11001000-39900	\$ 2,000
Transfer to General Cap. Projects	110495-49111	\$ 2,000

(2) The following General Fund Cap. Project Revenues are amended by the City:

Transfer from General Fund	11108000-39110-THDTR	\$ 2,000
----------------------------	----------------------	----------

(3) The following General Fund Cap. Project Expenditures are amended by the City:

Construction	111493-53000-THDTR	\$ 2,000
--------------	--------------------	----------

Section 2. That the revenues, expenditures and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

<u>Carolina Thread Trail Project</u>	<u>Current Budget</u>	<u>Amendment No. 6</u>
Revenues		
Trail Grant Revenue	\$ 258,200	\$ 258,200
Transferred from General Fund	155,250	\$ 157,250
Expenditures		
Land	\$ 75,000	\$ 75,000
Construction	\$ 338,450	\$ 340,450

Section 3. Copies of this Budget Ordinance Amendment shall be furnished to the City Manager as Budget Officer and to the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the Shelby City Code, the General Statutes of North Carolina, and the provisions of the original budget ordinance; inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 5th day of March 2018.

O. Stanhope Anthony, III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:

Robert W. Yelton
City Attorney

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: C-5

- 5) Adoption of an ordinance authorizing demolition of a dwelling: Ordinance No. 12-2018

Consent Agenda Item: (Staff Resource, Walter Scharer, Planning Director)

Summary of Available Information:

- Memorandum dated February 20, 2018 from Walter Scharer, Planning Director to Rick Howell, City Manager
- Photo of property
- Location Map – 1512 Eaves Road
- Tax Card for 2018
- Ordinance No. 12-2018

City Manager's Recommendation / Comments

Please note that the Building Inspector has duly conducted enforcement of the minimum housing code in accordance with the NC General Statutes and City Code. I do want to emphasize that it is the common practice of the City to err on the side of the property owner in most all cases giving them the benefit of the doubt when action is initiated. A thorough and fair due process is followed in all cases. Demolition of these homes is always the last resort after efforts to persuade a property owner to make these minimum standards have failed. As you all know once this ordinance is passed the City is empowered to enter onto the property to demolish the building. All associated demolition costs and administrative costs are then filed by the City Attorney as a lien against the property. This lien is normally only satisfied to the City's benefit upon the sale of the property.

Excerpt from Strategic Growth Plan

4. Community Appearance & Image

POLICY 4.4: Vacant and abandoned sites and buildings shall be properly cared for or removed, thereby preventing a blighting impact on the area in which they are located.

Action 4.4.1: Examine and implement standards for maintaining undeveloped or vacant lots and for repairing or removing abandoned structures and sites.

It is my recommendation Ordinance No. 12-2018 be adopted and approved by City Council at this time via the Consent Agenda.



Memorandum

To: Rick Howell - City Manager
From: Walter Scharer – Planning & Development Director
Date: February 20, 2018
Subject: **Demolition of Structure at 1512 EAVES RD.**

Executive Summary of issue – Background

The dwelling associated with this proposed demolition action is in a dilapidated condition and should be removed for the safety of the citizens of Shelby. Initial complaints came from residents, the Shelby Police Department and City Code Enforcement. The property owner has been given due process and has failed to comply with the City’s Minimum Housing Code.

Review and Comments

Due to dilapidation this dwelling is unfit for human habitation and has the potential of increasing the hazards of fire, accident, and other calamities; it is dangerous and detrimental to the health, safety, and welfare of the citizens of the City of Shelby. The estimated cost of demolition and removal is approximately \$5,000.00. Budgeted minimum housing funds will be used for this demotion.

Removal of this structure is in compliance with the City of Shelby Minimum Housing Code pursuant to N.C.G.S. 160A-441.

Removal of this structure is supported by the following Strategic Growth Plan Policies and Actions:

POLICY 4.4: Vacant and abandoned sites and buildings shall be properly cared for or removed, thereby preventing a blighting impact on the area in which they are located.

Action 4.4.1: Examine and implement standards for maintaining undeveloped or vacant lots and for repairing or removing abandoned structures and sites.

POLICY 9.2: Consistent, reliable enforcement of well written housing and nuisance abatement codes shall be employed to eliminate instances of unlawful activity and urban blight within the planning area of Shelby.

Recommendation

Please place this item on the consent agenda for the next City Council meeting on March 5, 2018. Staff recommends this minimum housing action.

Attachments: Photo of Structure, Location Map, Tax Card and Ordinance

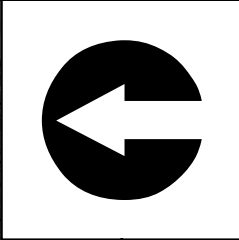




LOCATION MAP 1512 Eaves Road

Map Information:
Datum: NAD 1983
Coordinate: State Plane
North Carolina (Meter)
Projection: Lambert Conformal Conic

US National Grid
Grid Zone Designation (GZD): 17S
100,000m Square ID: MV/MU



Legend
49  Site Location

Date: 2/9/2018

Scale: 1 IN = 400 FT or 1:4,800 (GIS)

0 205 410

820 Feet

USER ALAN

FOR YEAR 2018

DIXON PRISCILLA A
DIXON TAMARA
ADDITIONAL NAMES
309 NORTH ST

PARCEL ID.. 20810
LOCATION... 1512 EAVES RD
DEED YEAR/BOOK/PAGE.. 2006 06E 36
PLAT BOOK/PAGE..
LEGAL DESC:1256 EAVES RD

PIN... S50 1 7
SHELBY
ASSESSMENT RECY
OWNER ID.. 1232642
DISTRICT.. 5 CITY OF SHELBY (CO SCH)

DALLAS
DESCRIPTION

TOWNSHIP... 6 SHELBY
NC 28034-1510

NBRHOOD... 210 S50 S52 #6
RESIDENTIAL

MAINTAINED.. 5/17/2017 BY MAYES
VISITED..... 9/16/1998 BY
PARCEL STATUS... ACTIVE

VALUED.. 6/07/2017 BY MAYES

ROUTING#..
CATEGORY.. Real & Personal

SALES HISTORY

DEED BK/PAGE	SALE DATE	SALES INSTRUMENT	DISQUALIFIED	SALE AMOUNT	STAMP AMOUNT	DEED NAME
06E 36	1/13/2006	WILL				DIXON PRISCILLA A, DIXON TAMARA
0983 0226	9/18/1997	DEED				DIXON CARRIE
0983 0226	1/01/1987	SALE				

LAND SEGMENTS

LND #	ZONE	STRAT CODE	LAND TYPE/CODE	LAND QTY	LAND RATE	DPT%	SHP%	LOC%	SIZ%	OTH%	TOP%	TOT ADJ	CURRENT FMV
1		02	FF F DPTH..	100.000	70.00	106.00	.00	100.00	.00	.00	.00	106.00	7,420
TOTAL ACRES..				.000								TOTAL LAND FMV..	7,420

IMPROVEMENT # 1 MAJOR IMPR-M

MAIN FIN AREA... 1,004.00 ACT/EFF YR/AGE.. 1945 1976 40 VISITED.. BY
STRAT..... 02 DESCRIPT.... SINGLE FAMILY DWELLING-WF MAINTAINED.. 5/17/2017 BY MAYES
MAIN PERIM..... 140.00 MAIN GROUND SF.... 1,004.000
LOCATION #..... EAVES RD

COMPONENT	TYPE/CODE/DESC	PCT	UNITS	RATE	STR#	STR%	SIZ%	HGT%	PER%	CDS%	COST	%CML
AC 06	COVERED PORCH	100	84.00	13.19			124.00					1,373
MA 37W	SINGLE FAMILY DWELLI	100	1004.00	62.11	1.00		100.00			100		62,358
EW 06	WOOD SIDING	100	140.00	.00								0
- FD 04	PERIMETER FOOTING	100	1004.00	.00								0
- HC 07	PACKAGED HEAT/COOL	100	1004.00	1.79								1,797
- PL R	RES PLUMB-EXTRA FIXT100		5.00	717.00								0

RCN... PCT COMPLETE 100 x 65,528
QUAL.. QG D3 D+- 85.00 x 55,698
DEPR.. D6 40 YEARS OLD 66.00 - 36,761 36,761 T
--FMV... 18,937

DATE 12/28/17
TIME 8:21:30
USER ALAN

CLEVELAND COUNTY
PROPERTY CARD
FOR YEAR 2018

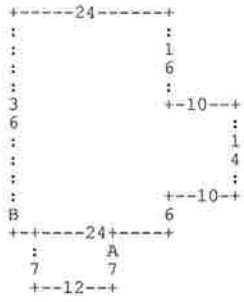
PAGE 2
PROG# AS2006

DIXON PRISCILLA A

PARCEL ID.. 20810

PIN... S50 1 7

----- IMPROVEMENT # 1 MAJOR IMPR-M -----



AC 06 COVERED PORCH				TRAVERSE							
M R	16.00	D D	7.00	D L	12.00	D U	7.00	D R	12.00		
MA 37W SINGLE FAMILY DWELLI				FLOOR: 1.00 TRVERSE							
D U	36.00	D R	24.00	D D	16.00	D R	10.00	D D	14.00	D L	10.00
D D	6.00	D L	24.00								

TOTAL PARCEL VALUES-----	LAND / OVR	IMPROVEMENTS / OVR	TOTAL LAND/IMPROVE	2017 VALUE
FMV.....	7,420	18,937	26,357	26,357
APV.....	7,420	18,937	26,357	26,357

----- COMMENTS - -----

ORDINANCE NO. 12-2018

AN ORDINANCE AUTHORIZING DEMOLITION OF A DWELLING

WHEREAS, pursuant to the provisions of Chapter 160A, Article 19, Part 6, of the North Carolina General Statutes, the single family dwelling located at **1512 EAVES RD**, Shelby, North Carolina, has been inspected and found to be unfit for human habitation and to otherwise constitute a danger to persons and a threat to the health and welfare of the citizens within the City; and,

WHEREAS, according to the procedure provided by law, the owner(s) of said property, **PRISCILLA A DIXON & TAMARA DIXON**, has or have been given notice of the aforesaid inspection, determination, and orders to bring said property into compliance with the housing standards of the City of Shelby by appropriate repair or removal of said dwelling; and,

WHEREAS, no action of any kind has been taken or initiated by the owner(s), or any party on behalf of said owner(s), to achieve compliance with said ordinances within the periods allowed by law; and,

WHEREAS, the said dwellings remain at this time unfit for human habitation, dilapidated, and a danger to the health and safety of the citizens of the City of Shelby, and should be removed by demolition in order to prevent and alleviate such continuing danger and dilapidated conditions.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. The dwellings on the property known as **1512 EAVES RD**, Shelby, and described in the Cleveland County records as Tax Parcel No. **20810** be vacated and secured forthwith until such time all Minimum Housing Defects are abated, and a lien for the costs of such closure, less any credits due the owner(s), be filed against the property and collected pursuant to the provisions of North Carolina General Statutes § 160A-443, et seq.; and,

Section 2. The dwellings on the property known as **1512 EAVES RD**, Shelby, and described in the Cleveland County records as Tax Parcel No. **20810** be demolished forthwith, the remnants thereof disposed, and a lien for the costs of such demolition and removal, less any credits due the owner(s), be filed against the property and collected pursuant to the provisions of North Carolina General Statutes § 160A-443, et seq.; and,

Section 3. Said lien bear interest until paid, as allowed in Article 10 of Chapter 160A of the N.C. General Statutes, at the rate of eight percent (8.0%) per annum.

Adopted and approved this 5th day of March 2018.

O. Stanhope Anthony, III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:

Robert W. Yelton
City Attorney

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: C-6

- 6) Adoption of Fiscal Year (FY) 2017-2018 Budget Ordinance Amendment No. 12:
Ordinance No. 13-2018

Consent Agenda Item: (Staff Resource, Justin Merritt, Finance Director)

Summary of Available Information:

- Memorandum dated February 26, 2018 from Justin S. Merritt, Finance Director to Rick Howell, City Manager
- Copy of Resolution No. 35-2015
- Incentive Grant Payment Schedule – Huesker, Inc.
- Email from Chris Green, Cleveland County
- Letter from Huesker, Inc. to Justin Merritt
- Copies of Tax bills and payments by Huesker, Inc.
- Ordinance No. 13-2018

City Manager's Recommendation / Comments

Ordinance No. 13-2018 is presented for City Council consideration at this time. If approved this ordinance would formally appropriate the incentive grant for Tax Year 2017. Future payments will be made as the grant recipient requests payment after complying with the provisions of the adopted agreement. This is year one of a five year agreement with Huesker, Inc at their location (1901 West Dixon Blvd). The approved grant covers a five year period at 40% of the value of the net new improvements for grant incentive payments back to the company.

Some notes of interest:

- Incentive grants are given only on net new improvements above the existing assessed tax value.
- Company absolutely forfeits its right to request a grant incentive if it fails to do so within the fiscal year time frame stated in the agreement.
- Company must provide detailed proof that all taxes to all entities owed taxes have been paid in full for the tax year requested.

It is my recommendation Ordinance No. 13-2018 be adopted and approved by City Council at this time via the Consent Agenda.



To: Rick Howell, City Manager
From: Justin Merritt, Finance Director
Date: February 26, 2018
Subject: Huesker, Inc. Incentive Grant Distribution

Background:

As you are aware, the City of Shelby entered into an agreement with Huesker, Inc. to provide Industrial Incentive Grants upon completion of certain grant requirements. The agreements are attached and detail the guidelines of the grant program.

Huesker Inc. has now met the requirements for year one of the grant payment and has asked for the distribution to be made.

Recommendation:

The recommendation from staff is to approve the attached budget amendment, which will appropriate funds for year one of the grant incentive.

RESOLUTION NO. 35-2015

A RESOLUTION CONFIRMING THE CITY OF SHELBY'S
INTENT TO OFFER AN ECONOMIC DEVELOPMENT INCENTIVE GRANT

WHEREAS, the City of Shelby has established the practice of offering economic development incentives for the purpose of promoting the economic health and vitality of the community, and,

WHEREAS, the Cleveland County Economic Development Partnership has presented a qualifying economic development project named "Project Stallion" (the "Project") with an total expected investment valued at approximately \$8 Million of net new investment which shall be eligible for incentives through the policy; and,

WHEREAS, the City Council believes that Project Stallion will stimulate and provide stability for the local economy, will provide local economic benefits for the citizens of the City of Shelby through an increase in sales tax revenues, increased personal property tax revenues, increased purchases of local goods and services, increased revenues from having the project as a new customer of the City for water and sewer services and natural gas service, and will result in the eventual creation of a number of new full-time permanent jobs; and

WHEREAS, the City Manager and the Cleveland County Economic Development Partnership have determined that the Project meets the goals set forth by City Council including job creation and capital investment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF SHELBY, NORTH CAROLINA:

Section 1. In accordance with the City's economic development incentive practices, the City Council extends to the Project by agreement the offer to provide annual grants with an amount equal to 40 percent of the taxes paid to the City on the net new taxable investment of the project over a period of five (5) years. The grant award is subject to execution of a legal agreement drafted in accordance with the provisions of North Carolina General Statute § 158-7.1, said agreement describing the Project and stating expected benchmarks and recourse for non-compliance. The City Manager and City Attorney are hereby authorized and directed to negotiate the language of said legal agreement for presentation to and final approval by the City Council, and to record the approved agreement in the Office of the Register of Deeds for Cleveland County.

Section 2. The Mayor and City Clerk of the City of Shelby are hereby authorized and directed to execute the agreement specified in Section 1 of this resolution on behalf of the City.


Section 3. This resolution shall become effective upon its adoption and approval.

Adopted and approved this the 15th day of June 2015.

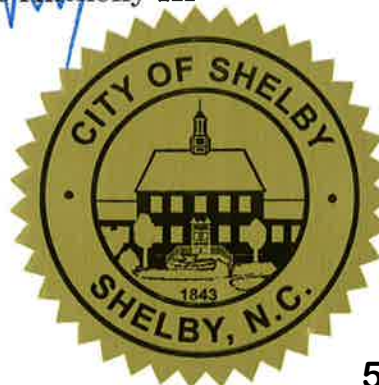


O. Stanhope Anthony III
Mayor

ATTEST:



Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk



CITY OF SHELBY

STATE OF NORTH CAROLINA

AGREEMENT

This Agreement is made and entered into as of the 15th day of June, 2015, by and between the **CITY OF SHELBY, NORTH CAROLINA**, a Municipal Corporation of the State of North Carolina, hereinafter referred to as "City"; and **HUESKER, INC.**, a North Carolina corporation and its Affiliates (defined below), now or hereafter with property in the City, hereinafter referred to as "Grantee." The location where the new jobs and investment are to be created is 1901 West Dixon Boulevard, City of Shelby, in Cleveland County, North Carolina, and hereinafter referred to as the "Facility."

W I T N E S S E T H

WHEREAS, the Local Development Act of 1925, as amended, (Article 1 of Chapter 158 of the North Carolina General Statutes) grants cities the authority to make appropriations for the purposes of aiding and encouraging the location or expansion of certain business enterprises in the City or for other purposes which the City's governing body finds in its discretion will increase the population, taxable property base and business prospects of the City; and,

WHEREAS, the City of Shelby City Council (the "Council"), pursuant to North Carolina law, has adopted the City of Shelby Industrial Incentive Program (the "Program"), duly adopted and enforced at the time of this Agreement, in order to induce existing industry to expand in the City of Shelby and target new industries to locate in the City of Shelby, through the provision of various incentives including the payment of a stipulated grant amount from the City's General Fund, as determined in accordance with the provisions of the Program; and

WHEREAS, it has been determined by the Council, following a public hearing on June 15, 2015, that Grantee meets the criteria for participation in the Program due to the Grantee's intention to create over the next five (5) years approximately twenty (20) new, permanent full-time jobs with an annual average wage of Forty Five Thousand Dollars (\$45,000.00), and create approximately Eight Million Dollars (\$8,000,000.00) in new total investment, as defined by Chapter 105 of N.C. General Statutes, in building expansion (approximately Four Million, Five Hundred Thousand Dollars), machinery & equipment (approximately Three Million, Five Hundred Thousand Dollars) and other assets of the business (the "Project"), which will increase the population, taxable property base and business prospects for the City, and that certain incentives for the Project (the "Incentives") will encourage the Grantee to expand its operations in the City, and that it is in the public interest to provide assistance as authorized by North Carolina General Statute 158-7.1; and,

WHEREAS, Grantee acknowledges that the Incentives provided pursuant to this Agreement have served as inducement for Grantee to install its capital investment in the City;

NOW, THEREFORE, in consideration of the reasons recited above, and the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and

sufficiency of which is hereby acknowledged, the parties hereto do each contract and agree with the other as follows:

1. **Grant Criteria.** Grantee shall comply with the following conditions in order to qualify for initial and continuing grant payments pursuant to this Agreement. These conditions shall be referred to hereinafter as the “Grant Criteria.”

- (a) The Grantee shall begin operating the Project within twenty-four (24) months of the execution of this Agreement.
- (b) The Grantee shall maintain the investment in the Project (subject to normal depreciation) in the City for the duration of the Grant Term (hereinafter defined in Section 3).
- (c) The Grantee shall operate the Project substantially in compliance with all laws, rules, regulations, ordinances, and orders of all governmental bodies, agencies, authorities, and courts having jurisdiction.
- (d) The City shall not be responsible for any aspect of the design or construction of the Project.
- (e) The Grantee shall be current in the payment of all ad valorem taxes, utility charges, and fees imposed on the Grantee by the City and Cleveland County.
- (f) The Grantee shall, as of January 1 of each year during the Grant Term, list its buildings, machinery and equipment associated with the Project separately so that the City can identify incentivized vs. non-incentivized investment.

2. **Certification of Grant Criteria by the Grantee.**

(a) In each year of the Grant Term, the Grantee shall request payment of an Incentive Grant from the City. In connection with each request for payment of the Incentive Grant, the Grantee shall deliver to the City’s Finance Director a performance letter certifying that in the prior year, the Grantee (i) satisfied all the Grant Criteria; (ii) agreed to the Assessed Value (hereinafter defined) of the Project as determined by the Cleveland County Tax Assessor; and (iii) paid all applicable local taxes on the Assessed Value of the Project. If the Grantee shall fail to request payment of the Incentive Grant during any year of the Grant Term, the Incentive Grant for that year shall be permanently forfeited.

(b) Upon receipt of such certification from the Grantee, the Cleveland County Tax Assessor shall determine, as of January 1st for each year of the Grant Term, the total investment in the Project that is subject to ad valorem property taxes in the City (the “Taxable Investment”) and the assessed value of the Taxable Investment (the “Assessed Value”).

(c) The Grantee acknowledges that it has been informed by the City that the City is required by law, upon request, to disclose “Public Records” as that term is defined by N. C. Gen. Stat. 132.1. Notwithstanding the immediately preceding sentence, the City acknowledges that some or all of the information made available by the Grantee to the City pursuant to this Agreement may be exempt from disclosure as a “Public Record” pursuant to N. C. Gen. Stat. 132-1.2 or 132-6(d), and that all such information is proprietary. Some or all of the information made available to the City pursuant to this Agreement may be designated by the Grantee as confidential and as a trade secret at the time of disclosure to the City. The City, to the fullest extent allowed by state law, will hold such designated information as confidential. The City shall, if it receives a request for disclosure of any such information, promptly notify the Grantee of such request so that the Grantee may defend any claims or

disputes arising from efforts of others to cause such trade secrets to be disclosed as a Public Record, and the City shall refrain from making any such disclosures unless or until it (i) receives the Grantee's written permission to do so; or (ii) is compelled to do so by the final order of a court of competent jurisdiction. The Grantee shall have the right to direct any litigation of such dispute and shall indemnify the City for any legal fees and expenses incurred by the City in opposing such request for disclosure. The Grantee acknowledges that the City has met the disclosure requirements set forth in N. C. Gen. Stat. 132-1.11(b).

3. Grant Term and Payment.

Grant Term. The Grant Term will begin on January 1, 2018 upon verification that Grantee has (i) satisfied all the Grant Criteria, (ii) agreed to the Assessed Value of the Project as determined by Cleveland County's Tax Assessor; and (iii) paid all applicable local taxes on the Assessed Value. The Grant Term will continue for five (5) consecutive calendar years following verification as long as the Grant Criteria remain satisfied.

(a) **Calculation of Grant Amount.** Upon such verification, Cleveland County's Tax Assessor, as of January 1st of each of the five (5) calendar years of this Agreement, shall determine the "net new taxable investment of the Project". For purposes of determining the net new taxable investment of the Project, the assessed value of the Grantee's property as of January 1, 2015, shall be used as a Base. The Tax Assessor's appraised value of the net new taxable investment of the project as of January 1st of each of the five (5) calendar years of this Agreement shall be multiplied by the City tax rate then in effect (currently .00435) which amount shall then be multiplied by forty percent (40%) and the resulting figure shall be the amount of the grant award to the Grantee for that fiscal year. It is the express intent of the parties that no grant funds shall be paid by City pursuant to this Agreement until Grantee has first paid all applicable taxes due City and Cleveland County.

(b) **Grant Criteria Compliance.** Grant payments shall continue throughout the Grant Term only so long as Grantee continues to satisfy the Grant Criteria. Grantee agrees to cooperate with City by providing such information and such access to Grantee's records as may be necessary to verify and substantiate initial and ongoing compliance with the Grant Criteria. If City is unable to independently verify compliance with the Grant Criteria upon exercise of reasonable effort then City shall provide thirty (30) days written notice to the Grantee of non-compliance. Upon expiration of this thirty (30) day period City may immediately terminate this Agreement.

4. Tax Payments. If the Grantee at any time during the grant term fails to pay all applicable local taxes on the full value of its assets when due, then the City may terminate this Agreement and have no further obligation to Grantee for the payment of any grant award or the provision of any other incentive. Prior to termination on the basis of Grantee's failure to pay applicable taxes when due, City shall provide thirty (30) days written notice to Grantee stating that taxes are delinquent. If the taxes have not been paid upon the expiration of this thirty (30) day period of Grantee's receipt of notice, then City may terminate this Agreement.

5. Notice. Formal notices, demands, and communications between the City and the Grantee shall be sufficiently given if personally delivered or if dispatched by registered or certified mail, postage prepaid, return receipt requested, or by a nationally recognized overnight courier to the principal offices of the City and the Grantee. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by formal notice hereunder.

If to City:

City of Shelby
300 South Washington Street
Shelby, NC 28150
ATTN: City Manager

With copy that shall not constitute notice to:

Robert W. Yelton
Yelton, Farfour & Fite, P.A.
P O Box 1329
Shelby, NC 28151-1329

If to the Grantee:

Albert E. Guarnieri
Parker Poe Adams & Bernstein LLP
401 S. Tryon Street, Suite 3000
Charlotte, NC 28202

6. Grant Payments. Once the Grantee has complied with the grant criteria, payments shall be paid to the Grantee in an annual amount as determined by subparagraph (a) of paragraph 3 above after July 31 of each calendar year for the five (5) calendar years of the Grant Term as long as the Grantee remains compliant with this Agreement.

7. Agreement Terms. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors in interest. This Agreement contains the total agreement between the parties and may only be altered or amended by the parties hereto in writing. If this Agreement, or any provision thereof, is determined to be invalid, unlawful or otherwise null and void by any court of competent jurisdiction, then the remainder of this Agreement will remain valid and enforceable.

8. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of North Carolina. Exclusive venue for any disputes arising hereunder is conferred upon the General Courts of Justice of the State of North Carolina sitting in Cleveland County, North Carolina.

9. Paragraph Headings. Any paragraph headings contained in this Agreement are for convenience only and in no way enlarge or limit the scope or meaning of the various and several paragraphs contained herein.

10. Assignment, etc. Grantee shall not assign, sublet or transfer any rights under or interest in this Agreement (including, but without limitation, monies that may become due or monies that are due) without the written consent of City which consent shall not be unreasonably withheld; provided Grantee may assign or transfer any rights or interest under this Agreement to an Affiliate upon notice to the City, but without the City's consent. Unless specifically stated to the contrary in any written consent to assignment, no assignment shall release or discharge the assignor from any duty or responsibility under this Agreement. For purposes of this Agreement, an "Affiliate" shall mean, any current or future Entity (defined below) which controls, is controlled by, or is under common

control with , Grantee. For purposes of this definition only, “control” means (i) direct or indirect ownership of at least fifty percent (50%) of the shares of the subject Entity entitled to vote in the election of directors (or, in the case of an Entity that is not a corporation, for the election of the corresponding managing authority), or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity. “Entity” means a person, corporation, partnership, association, limited liability company, unincorporated organization, firm, or other entity.

11. Default. It shall be an Event of Default if any one or more of the following events shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) If Grantee, except in the event of force majeure, shall fail to fulfill the provisions of this Agreement; or
- (b) If Grantee shall fail to observe and perform any material provision of this Agreement and such failure shall continue for a period of thirty (30) or more days after the giving by the City of written notice of such failure to Grantee; or
- (c) If any material representation, warranty or other statement of fact contained in this Agreement or in any writing, certificate, report or statement furnished by Grantee to the City in connection with the transaction described in this Agreement shall be false or misleading in any material respect when given; or
- (d) If Grantee shall be unable to pay its debts generally as they become due; files a petition to take advantage of any insolvency statute; makes an assignment for the benefit of creditors; commences a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property; files a petition or answer seeking reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state; or
- (e) If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing a custodian, receiver, trustee, liquidator, or conservator of Grantee or of the whole or any substantial part of its properties, or approves a petition filed against Grantee seeking reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Grantee or of the whole or any substantial part of its properties.

12. Statutory Authority for Incentive Grant. Both Grantee and the City acknowledge that any and all monies appropriated and expended by the City for economic development incentives as provided in this Agreement are for a bona fide public purpose and are expended in good faith reliance on North Carolina General Statute 158-7.1. The City represents and warrants to the Grantee that the City has made all findings and determinations required by law and has taken all action necessary to authorize the approval of the incentives described herein and the execution, delivery and performance of this Agreement, and that this Agreement is a valid, legal and binding obligation of the City, enforceable against it in accordance with its terms. In the event a court of competent jurisdiction, after final appeal, rules in a lawsuit to which either Grantee or the City is a

party, that the monies expended by the City pursuant to this Agreement were not offered and accepted in good faith and pursuant to and in compliance with North Carolina General Statute 158-7.1 and, further, that such monies must be repaid, Grantee will make such repayment. If any incentives provided hereunder, including the Incentive Grants, or any portion thereof, are deemed by a court of competent jurisdiction to be ultra vires or not authorized by the laws or Constitution of the State of North Carolina, then the City will use reasonable efforts to provide to the Grantee equivalent incentives (support having a similar financial net present value) as allowed by law. Further, if any elected officials of the City are found by a court of competent jurisdiction, after final appeal, to be personally liable for any of the monies so expended, and such liability is not covered by the City's public officials' liability insurance, then Grantee will indemnify such elected officials individually to the extent of the monies expended by the City pursuant to this Agreement, but exclusive of court costs and attorney fees. The City agrees to maintain adequate public official liability coverage, consistent with that maintained by other similarly situated cities in North Carolina. City agrees to require that its insurer(s) providing such coverage waive any subrogation rights it or they may have against Grantee in connection with such coverage, and City waives (on behalf of itself and its insurer) any claim or subrogation rights against Grantee to the extent covered by such insurance coverage. In the event one or more lawsuits are brought against the City or any City elected official challenging the legality of this Agreement, then (a) the City shall exercise its best efforts to defend against any and all such lawsuits, including appealing any adverse judgment to the appropriate Court, and (b) the City will promptly notify the Grantee in writing and allow the Grantee to participate in the defense of any challenge, at the Grantee's expense and with counsel of the Grantee's choosing. The indemnification by the Grantee shall not apply if neither the Grantee nor any of its representatives participated in the improper acts of the City officials.

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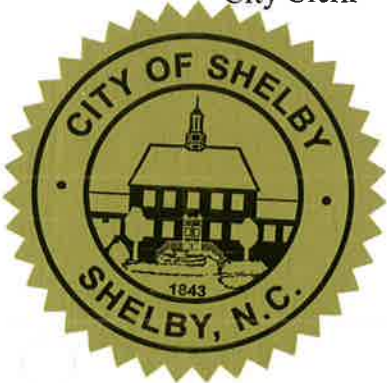
IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed, this the day and year first above written.

**CITY OF SHELBY,
NORTH CAROLINA**

ATTEST:

By: Bernadette A. Parduski
Bernadette A. Parduski,
NC-CMC, IIMC-MMC,
City Clerk

By: O. Stanhope Anthony, III
O. Stanhope Anthony, III,
Mayor



HUESKER, Inc.

By: Sven Schröer 7/6/15

Title: Sven Schröer
CEO

Huesker, Inc.
City Incentive Grant Payment Schedule

* Applicable agreement must be reviewed before annual remittance of grant incentive payment. Grant payments to be made after the taxpayer has paid in full all local property taxes. City has option to pay grant to taxpayer between January and March annually.

Column1	Column2	Column3	Column4	Column5	Column6	Column7
Tax Year (Fiscal Yr.)	2017-18	2018-19	2019-20	2020-21	2021-22	Totals
% authorized	40%	40%	40%	40%	40%	N/A
Estimated net new investment	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	N/A
Current City Tax Rate per \$100	0.004972	0.004972	0.004972	0.004972	0.004972	N/A
Estimated City Tax Levy	\$ 39,776	\$ 39,776	\$ 39,776	\$ 39,776	\$ 39,776	\$ 198,880
Calculated Grant Incentive Payment	\$ 15,910.40	\$ 15,910	\$ 15,910	\$ 15,910	\$ 15,910	\$ 47,731
Actual net new investment#	\$ 6,730,162	\$ -	\$ -	\$ -	\$ -	N/A
Current City Tax Rate per \$100	0.004972	0.004972	0.004972	0.004972	0.004972	N/A
Actual City Tax Levy#	\$ 33,462	\$ -	\$ -	\$ -	\$ -	\$ 33,462
Actual Grant Incentive Payment	\$ 13,384.95	\$ -	\$ -	\$ -	\$ -	\$ 13,385
Difference	\$ 6,314	\$ 39,776	\$ 39,776	\$ 39,776	\$ 39,776	N/A

To be reported and confirmed by Cleveland County Tax Office annually to the City Manager and Finance Director.

Requirements for remittance: (This list is not exhaustive. Please refer to agreement.)

- 1 - Company must have paid all local property taxes in full.
- 2 - Company must be current on all utility accounts with the City.
- 3 - Company must be current on all fees and charges owed to the City.
- 4 - **Company must request in writing during the fiscal year to be eligible to receive the City grant. Grants not requested are forfeited for that fiscal year.**
- 5 - Company must meet the minimum stated net new investments.
- 6 - Company must be in compliance with all federal, state and local laws. (Including zoning, nuisance and other applicable ordinances)

Justin Merritt

From: Chris Green <Chris.Green@clevelandcounty.com>
Sent: Tuesday, February 13, 2018 11:12 AM
To: Justin Merritt
Subject: RE: Huesker Inc - payment request for City of Shelby Industrial Incentive Program

Follow Up Flag: Flag for follow up
Flag Status: Completed

Justin,
Sorry for the delay. The 2017 bills included in their request have been paid at the value shown on each bill.

Value for 2015:	Real	\$699,831
	Personal	\$480,575

cg

From: Justin Merritt [<mailto:Justin.Merritt@cityofshelby.com>]
Sent: Tuesday, February 13, 2018 8:06 AM
To: chris.green@clevelandcounty.com
Subject: RE: Huesker Inc - payment request for City of Shelby Industrial Incentive Program

Chris,

Following up on this request.

Thanks,

Justin S. Merritt, MPA
Director of Finance
City of Shelby
300 South Washington Street
P.O. Box 207
Shelby, NC 28150-0207
Office – 704-484-6834
www.cityofshelby.com

From: Justin Merritt
Sent: Wednesday, January 31, 2018 1:44 PM
To: chris.green@clevelandcounty.com
Subject: FW: Huesker Inc - payment request for City of Shelby Industrial Incentive Program

Chris,

Can you please confirm these taxes have been paid.

Also, I will need to know the valuation of Huesker at January 1, 2015. This will be deducted to arrive at the “net new investment” for incentive purposes.

Thanks,



HUESKER Inc.

3701 Arco Corporate Drive, Suite 525
Charlotte, NC 28273

P.O. Box 411529 • Charlotte, NC 28241

Phone: (704) 588-5500

(800) 942-9418

Fax: (704) 588-5988

Internet: <http://www.HUESKER.com>

E-mail: bconnolly@HUESKER.com

January 31, 2018

Justin Merritt
Finance Director
City of Shelby, NC
Via Justin.merritt@cityofshelby.com

Re: HUESKER Inc City of Shelby Industrial Incentive Program.

Dear Mr. Merritt,

I am writing to request that HUESKER Inc receive the first year grant per its Agreement with the City of Shelby, North Carolina dated June 15, 2015.

Enclosed please find a copy of the property tax invoices and HUESKER's payment. Please note that the building and land are registered under HUESKER Property Company LLC while the equipment is registered under HUESKER Inc.

Please feel free to contact me at bconnolly@huesker.com or (828) 455-2255.

Sincerely,

A handwritten signature in cursive script that reads "Brenda Connolly".

Brenda Connolly
VP Finance

Amount: \$78,755.71 Sequence Number: 4492451802
 Account: 237025403620 Capture Date: 01/03/2018
 Bank Number: Check Number: 1033

	1238596	Bank of America. <small>ACH PAY 00300188</small> 66-19/530	1033
HUESKER Property Company, LLC P.O. Box 411529 Charlotte, NC 28241 (704) 588-5500 (800) 942-9418		** SEVENTY-EIGHT THOUSAND SEVEN HUNDRED FIFTY-FIVE USD and 71/100 ** DATE AMOUNT	
PAY TO THE ORDER OF		12/28/2017 *****78,755.71*	
Cleveland County Tax Collector PO Box 760 Shelby NC 28151-0760		 AUTHORIZED SIGNATURE	
@001033 1053000196 237025403620			

<small>The security features on this document are available for your convenience. For more information, please contact your local office.</small> Security Features: - Microprint - Color Shifting - Security Thread - Watermark - Hologram - Full-Color Image - Intelligent Mail Barcode	010318 1033 0101015.00000809.kelli.steele 010170014488 1/3/18 253170279 1015010ST13801017	<input type="radio"/> ENDORSE HERE Pay To The Order Of Shelby Savings Bank Cleveland County Tax Account # 1396142 <small>DO NOT WRITE BELOW THIS LINE RESERVE FOR FINANCIAL INSTITUTION USE</small>
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HUESKER Property Company, LLC

12/28/2017 Check #: 1033

Cleveland County

Acct.No. 1003529

Pmt.No. 2000000048

Invoice No.	Reference	Date	Deductions	Net Amount
1900000051	3736123	12/01/2017	0.00	78,755.71
Sum total			0.00	78,755.71



HUESKER

Ideas. Engineers. Innovations.

HUESKER Property Company, LLC

P.O. Box 411529

Charlotte, NC 28241

(704) 588-5500 (800) 942-9418

Bank of America.



1033

ACH R/T 053000198

66-19/530

** SEVENTY-EIGHT THOUSAND SEVEN HUNDRED FIFTY-FIVE USD and 71/100 **

DATE

AMOUNT

12/28/2017 *****78,755.71*

PAY
TO THE
ORDER
OF

Cleveland County
Tax Collector
PO Box 760
Shelby NC 28151-0760

AUTHORIZED SIGNATURE

Security features. Details on back.

⑈001033⑈ ⑆053000198⑆ 237025403620⑈

HUESKER Property Company, LLC

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Invoice No.	Reference	Date	Deductions	Net Amount
1900000051	3736123	12/01/2017	0.00	78,755.71
Sum total			0.00	78,755.71



ORIGINAL BILL

PROPERTY TAX NOTICE

Cleveland County
TAX COLLECTOR
P.O. BOX 760
Shelby, North Carolina 28151

OFFICE LOCATION
311 E. Marion Street
Shelby, NC

HOURS
8:00 am to 5:00 pm
Monday thru Friday
(704) 484-4846 Personal Property
(704) 484-4843 Collections

- Pay by August 31 to receive 1/2 of 1% discount.
- From September 1 thru January 5, Interest begins on Jan. 6 at a rate of 2% and accrues by 1/4% each month thereafter. Advertising and legal fees may apply.
- Payments submitted by mail are deemed to be received as of the date of the U.S. Postal Service postmark.
- Liens on unpaid real estate tax will be advertised in March.
- Garnishment, Attachment of funds, Attachment of state tax refund, and Levy, may be initiated after January 5.
- Value, situs, and taxability of personal property may be appealed within 30 days of the billing date.
- Returned checks: NCGS 105-357 requires a penalty of \$25 or 10% whichever is greater.
- For on-line payment go to www.clevelandcountytaxes.com.
- Cleveland County collects property tax for municipalities and other special districts. Please see reverse side for detailed information on tax rates.

35935 1 AB 0.400 **AUTO**ALL FOR AADC 280



HUESKER, PROPERTY COMPANY LLC
PO BOX 411529
CHARLOTTE NC 28241-1529

035935
35935
157

YEAR	PARCEL NO.	PROPERTY DESCRIPTION	REAL VALUE
2017	30493	19.1AC HWY 74 W	6,470,236

BILLING DATE	DIST.	EXEMPTION	LAND USE	PERSONAL VALUE	TOTAL VALUE
7/21/2017	5				6,470,236

TAXING DISTRICT	RATE PER \$100	AMOUNT DUE
COUNTY GENERAL TAX	.57000	36,880.35
CONSOLIDATED SCHOOL DIST	.15000	9,705.35
CITY OF SHELBY	.49720	32,170.01
Cust/Vendor Acct # <u>100.3529</u> GL Account # <u>49970</u> Cost Center # <u>579100</u> Internal Order # _____ Document # <u>190000051</u> Receipt # / Date <u>12/28/17</u>		PAID
LATE LIST PENALTY _____ SOLID WASTE USER FEE _____ EARLY PAY DISCOUNT (VALID ONLY THRU AUG. 31) ▶ \$ 78,361.93		
TAXES DUE SEPTEMBER 1ST INTEREST BEGINS JANUARY 6TH		TOTAL DUE SEPT. 1 THRU JAN. 5 ▶ \$ 78,755.71

ACCT NO. 1238596
REC. NO.
SEQ. NO. 30493
BILL NO. 3736123

KEEP THIS PORTION FOR YOUR RECORDS

DETACH HERE →

MAKE CHECK PAYABLE TO CLEVELAND COUNTY TAX COLLECTOR AND REMIT IN THE ENCLOSED PAYMENT ENVELOPE.

PLEASE RETURN THIS PORTION WITH PAYMENT

ACCOUNT NO. 1238596 RECEIPT NO. CLEVELAND CO. TAX COLLECTOR PO BOX 760 SHELBY, NC 28151
SEQ. NO. 30493 BILL NO. 3736123

YEAR	DIST.	PARCEL NO.	EXEMPT	LU	EARLY PAY DISCOUNT (VALID ONLY THRU AUGUST 31)
2017	5	30493			▶

BILLING DATE	DUE DATE	INTEREST BEGINS	PAY THIS AMOUNT (SEPTEMBER 1 THRU JAN. 5)
7/21/2017	9/01/2017	1/06/2018	▶

\$ 78,361.93
\$ 78,755.71

IMPORTANT - FOR ADDRESS CHANGE:
← CHECK BOX TO LEFT AND PRINT CORRECT ADDRESS BELOW.

HUESKER, PROPERTY COMPANY LLC
PO BOX 411529
CHARLOTTE NC 28241

Amount: \$17,531.71 Sequence Number: 6092766980
 Account: 237025403604 Capture Date: 01/02/2018
 Bank Number: Check Number: 36326

	<i>1314059</i>	
Ideas. Engineers. Innovations.		66-19/530
HUESKER Inc. P.O. Box 411529 Charlotte, NC 28241 (704) 588-5500 (800) 942-9418	** SEVENTEEN THOUSAND FIVE HUNDRED THIRTY-ONE USD and 71/100 **	
	DATE	AMOUNT
	12/22/2017 *****17,531.71*	
PAY TO THE ORDER OF	Cleveland County Tax Collector PO Box 760 Shelby NC 28151-0760	
	AUTHORIZED SIGNATURE	
@036326 @053000196: 237025403604@		

SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE	SECURITY FEATURES FEDERAL RESERVE
0102180953010101500000807 Kell Steele																	
010170012420 1/2/18 253170279 1015010ST13801017																	
ENDORSE HERE TO THE ORDER OF Shelby Savings Bank Cleveland County Tax Account #18285142 NOTE DEPOSIT																	

HUESKER Inc.
Cleveland County

12/22/2017 Check #: 36326
Acct.No. 1003529 Pmt.No. 2000002435

Invoice No.	Reference	Date	Deductions	Net Amount
1900003500	3762972	12/01/2017	0.00	17,531.71
Sum total			0.00	17,531.71



HUESKER

Ideas. Engineers. Innovations.

HUESKER Inc.
P.O. Box 411529
Charlotte, NC 28241
(704) 588-5500 (800) 942-9418

Bank of America.



ACH RPT 053000196

66-19/530

** SEVENTEEN THOUSAND FIVE HUNDRED THIRTY-ONE USD and 71/100 **

DATE

AMOUNT

12/22/2017 *****17,531.71*

PAY
TO THE
ORDER
OF

Cleveland County
Tax Collector
PO Box 760
Shelby NC 28151-0760

AUTHORIZED SIGNATURE

Security features. Details on back.

⑈036326⑈ ⑆053000196⑆ 237025403604⑈

HUESKER Inc.
Cleveland County

12/22/2017 Check #: 36326
Acct.No. 1003529 Pmt.No. 2000002435

Invoice No.	Reference	Date	Deductions	Net Amount
1900003500	3762972	12/01/2017	0.00	17,531.71
Sum total			0.00	17,531.71



ORIGINAL BILL

PROPERTY TAX NOTICE

Cleveland County
TAX COLLECTOR
P.O. BOX 760
Shelby, North Carolina 28151

OFFICE LOCATION
311 E. Marion Street
Shelby, NC

HOURS
8:00 am to 5:00 pm
Monday thru Friday
(704) 476-3003 Real Property
(704) 484-4846 Personal Property
(704) 484-4843 Collections

- Pay by August 31 to receive 1/2 of 1% discount.
- Pay: September 1 thru January 5. Interest begins on Jan. 6 at a rate of 2% and accrues by 1/4% each month thereafter. Advertising and legal fees may apply.
- Payments submitted by mail are deemed to be received as of the date of the U.S. Postal Service postmark.
- Liens on unpaid real estate tax will be advertised in March.
- Garnishment, Attachment of funds, Attachment of state tax refund, and Levy, may be initiated after January 5.
- Value, situs, and taxability of personal property may be appealed within 30 days of the billing date.
- Returned checks: NCGS 105-357 requires a penalty of \$25 or 10% whichever is greater.
- For on-line payment go to www.clevelandcountytaxes.com.
- Cleveland County collects property tax for municipalities and other special districts. Please see reverse side for detailed information on tax rates.

35934 1 AB 0.400 **AUTO**ALL FOR AADC 280



HUESKER INC
PO BOX 411529
CHARLOTTE NC 28241-1529

035934
35934
157

YEAR	PARCEL NO.	PROPERTY DESCRIPTION	REAL VALUE
2017		PERSONAL PROPERTY	

BILLING DATE	DIST.	EXEMPTION	LAND USE	PERSONAL VALUE	TOTAL VALUE
7/21/2017	5			1,440,332	1,440,332

TAXING DISTRICT	RATE PER \$100	AMOUNT DUE
COUNTY GENERAL TAX	.57000	8,209.89
CONSOLIDATED SCHOOL DIST	.15000	2,160.49
CITY OF SHELBY	.49720	7,161.33
APPROVED For Payment Date _____ Cust/Vendor Acct # <u>1003529</u> GL Account # <u>43260</u> Cost Center # <u>539200</u> Internal Order # _____		PAID
LATE LIST PENALTY		
SOLID WASTE USER FEE		
EARLY PAY DISCOUNT (VALID ONLY THRU AUG. 31)		\$ 17,444.05
TOTAL DUE SEPT. 1 THRU JAN. 5		\$ 17,531.71

ACCT NO. 1314059
REC. NO.
SEQ. NO.
BILL NO. 3762972

KEEP THIS PORTION FOR YOUR RECORDS

DETACH HERE →

MAKE CHECK PAYABLE TO CLEVELAND COUNTY TAX COLLECTOR AND REMIT IN THE ENCLOSED PAYMENT ENVELOPE.

PLEASE RETURN THIS PORTION WITH PAYMENT

CLEVELAND CO. TAX COLLECTOR PO BOX 760 SHELBY, NC 28151
ACCOUNT NO. 1314059 RECEIPT NO. SEQ. NO. BILL NO. 3762972

YEAR	DIST.	PARCEL NO.	EXEMPT	LU	EARLY PAY DISCOUNT (VALID ONLY THRU AUGUST 31)
2017	5				\$ 17,444.05

BILLING DATE	DUE DATE	INTEREST BEGINS	PAY THIS AMOUNT (SEPTEMBER 1 THRU JAN. 5)
7/21/2017	9/01/2017	1/06/2018	\$ 17,531.71

IMPORTANT - FOR ADDRESS CHANGE:
← CHECK BOX TO LEFT AND PRINT CORRECT ADDRESS BELOW.

HUESKER INC
PO BOX 411529
CHARLOTTE NC 28241

ORDINANCE NO. 13-2018

CITY OF SHELBY
FISCAL YEAR (FY) 2017-2018 BUDGET ORDINANCE AMENDMENT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to revise and amend its annual budget for FY 2017-2018; and,

WHEREAS, the City Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, City Council now desires to act on the recommended budget amendments and approve same for implementation and compliance with the Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Ordinance No. 41-2017, the City's FY 2017-2018 Budget Ordinance, is hereby amended as follows to provide for Budget Amendment No. 12 for the year:

(A) The City of Shelby, via Resolution 35-2015, approved incentive agreements and awarded Industrial Incentive Grants to Huesker Inc. Huesker Inc. has now met the requirements for distribution of grant funds for the first year of their incentive. Accordingly, the following budget modifications are approved in accordance with the chart of accounts heretofore established for the City of Shelby.

(1) The following General Fund line items are amended:

- | | |
|---|----------|
| (a) Increase 11001000-39900
Fund Balance Appropriated | \$13,385 |
| (b) Increase 110495-49230
Transferred to Economic Development Fund | \$13,385 |

(2) The following Econ. Development Funds Line Items are amended:

- | | |
|---|----------|
| (a) Increase 23009000-39000
Transferred from Other Funds | \$13,385 |
| (b) Increase 230590-42006
Economic Development | \$13,385 |

Section 2. That the revenues, expenditures and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

	<u>Current Budget</u>	<u>Amendment No. 12</u>
General Fund	\$ 23,078,562	\$ 23,091,947
Emergency Telephone System Fund	107,000	107,000
Powell Bill Fund	654,750	654,750
Economic Dev. Fund	1,237,998	1,251,383
Housing Fund	1,494,872	1,494,872
Cemetery Fund	30,000	30,000
Utilities-Water Fund	5,175,797	5,175,797
Utilities-Sewer Fund	5,461,315	5,461,315
Utilities-Electric Fund	21,894,427	21,894,427
Utilities-Gas Fund	17,151,911	17,151,911
Utilities – Stormwater Fund	798,000	798,000
FY 2017-2018 Budget Total	<u>\$ 77,084,632</u>	<u>\$ 77,111,402</u>

Section 3. Copies of this Budget Ordinance Amendment shall be furnished to the City Manager as Budget Officer and to the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the Shelby City Code, the General Statutes of North Carolina, and the provisions of the original budget ordinance; inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 5th day of March 2018.

O. Stanhope Anthony, III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:

Robert W. Yelton
City Attorney

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: D-1

Unfinished Business

- 1) Consideration of appointments to City advisory boards and commissions:
 - a. Shelby Housing and Redevelopment Advisory Board

Unfinished Business Item: (Staff Resource, Bernadette Parduski, City Clerk)

Summary of Available Information:

- Memorandum dated February 26, 2018 from Bernadette A. Parduski, City Clerk to Rick Howell, City Manager
- Shelby Housing and Redevelopment Advisory Board Roster 2018
- Application from Darrell Gerald

City Manager's Recommendation / Comments

Volunteers are an essential part of the work the City performs each year. As always this is just a reminder that we all should work to recruit qualified and quality people to serve whenever possible. Solicitation of both qualified and interested citizens to serve on these important advisory boards remains a priority for 2018. I would challenge each of you to recruit viable candidates that possess the knowledge and willingness to serve during the coming months.

I cannot emphasize enough the importance of appointing quality people to these very important citizen boards and commissions. It is incumbent upon Council as the appointing authority to ensure members are responsible members of the community who will make decisions that reflect the established and recognized values of the City. These appointees after all reflect upon Council as the appointing authority as well as the City as they conduct business month to month.

**OFFICE OF THE
CITY CLERK**



Memo

To: Rick Howell, City Manager
From: Bernadette A. Parduski, City Clerk
Date: February 26, 2018
Re: Appointments to City Advisory Boards and Commissions

BOARD REVIEW:

SHELBY HOUSING AND REDEVELOPMENT ADVISORY BOARD:

The terms of three incumbents, Angenette Homsley, Brenda Marable, and Michael Shawn Collins, will conclude March 2018. Mrs. Homsley does not wish to continue her service on this board. Both Mrs. Marable and Mr. Collins are seeking reappointment.

There is one application on file in the Clerk's Office:

1. Darrell Gerald

POSSIBLE ACTION:

Council can begin the nominating process or take appointive action for three new terms concluding March 2021.

Attachments:

- A. Shelby Housing and Redevelopment Advisory Board Roster 2018
- B. Application of Darrell Gerald

SHELBY HOUSING AND REDEVELOPMENT ADVISORY BOARD 2018

MEMBERS	ADDRESS	TERM EXPIRATION	PHONE NUMBER
Talmadge C. Strickland, IV tcstrickland4@carolina.rr.com	1803 Arbor Way Drive Shelby, NC 28150	March 2019	H: 704 473-9170 W: 704 482-3031
Angenette Homsley Vice Chair ahomsley@att.net	1104 Hemlock Drive Shelby, NC 28150	March 2018	H: 704 482-4561 C: 704 751-2309
Brenda Marable bmarable@bellsouth.net	1804 Troy Road Shelby, NC 28150	March 2018	H: 704 487-7057 C: 704 473-6722
Michael Shawn Collins shawn.collins@ncdps.gov	113 Hillside Drive Shelby, NC 28150	March 2018	H: 704 472-2694 W: 704 480-5698 Ext 201
Keith Hawkins, Chair khawkins15@carolina.rr.com	1307 Wesson Road Shelby, NC 28152	March 2020	H: 704 406-9279 C: 704 472-8048
Sharon Leigh sharon.leigh@parksterlingbank.com	1031 Hunter Valley Road Shelby, NC 28150	March 2020	H: 704 484-8663 W: 704 484-6200 C: 704 297-5860
Andrew L. Hopper, Sr. bhopper3@carolina.rr.com	505 Monroe Street Shelby, NC 28150	March 2020	H: 704 482-4226 C: 704 418-2121
Resident Representative: Derrick L. Haynes dhay1257@yahoo.com	300 Atlantic Avenue Shelby, NC 28150	March 2019	C: 704 974-8195
Dr. Kevin Prime drprime@omniwellnesscenter.com	812 McGowan Road Shelby, NC 28150	March 2019	H: 704 392-9999 W: 704 392-9913

Meetings are held February, May, August, and November on the second Tuesday of the month at Noon, or as necessary, at the Housing Department Center, 801 Logan Street, Shelby, NC.

Board is comprised of nine members as of September 15, 1991, each serving three (3) year appointments.

City Council Liaison: Violet Arth Dukes – Ward 4
922 West Sumter Street
Shelby, NC 28150
704 481-7595; W: 704 484-2787
E-mail: violet@cityofshelby.com

Staffed by:

Bryan T. Howell, Director of Housing
P O Box 1192
Shelby, NC 28151
Office: 704 669-6590
Cell: 704 473-6490
E-mail: bryan.howell@cityofshelby.com

Michelle Hudson, Secretary to the Board
P O Box 1192
Shelby, NC 28151
Office: 704 669-6592
Cell: 704 477-2156
E-mail: michelle.hudson@cityofshelby.com



APPLICATION FOR APPOINTMENT TO
BOARDS AND COMMISSIONS

RECEIVED

NOV 6 2017

The Shelby City Council believes that all citizens should have the opportunity to actively participate in governmental decisions. One way of participating is by serving as a voluntary member of one of the boards, commissions, or committees as outlined below. If you have an interest in being considered for appointment, please complete the form below and mail it to the City Clerk, City of Shelby, P O Box 207, Shelby, NC 28151-0207 or email it to bernie.parduski@cityofshelby.com. If you have questions or need assistance, please call 704 669-6588. Thank you!

- Keep Shelby Beautiful Commission
- Shelby-Cleveland County Regional Airport Advisory Commission
- Shelby Alcoholic Beverage Control Board
- Shelby Zoning Board of Adjustment
- Shelby Firefighters Relief Fund Board of Trustees
- Shelby Housing & Redevelopment Advisory Board
- Shelby Parks & Recreation Advisory Commission
- Shelby Planning & Zoning Advisory Board

DATE 11/6/17

NAME Darrell Gerald

ADDRESS (No P O Boxes please) 124 Brookhill Rd

CITY / STATE / ZIP Shelby, NC 28150

DO YOU RESIDE WITHIN THE CITY OF SHELBY'S CORPORATE LIMITS?
yes

DO YOU RESIDE WITHIN THE CITY OF SHELBY'S EXTRATERRITORIAL JURISDICTION (ETJ)?
NO

WARD 1

PHONE NUMBERS: Home 704-406-9650 Work 704-4770482

EMAIL ADDRESS gerald78@Carolina.rr.com

OCCUPATION store operations management - Lidl

EDUCATIONAL BACKGROUND BS, MBA, MISM

BOARD OR COMMISSION INTERESTED IN:

- Shelby Alcoholic Beverage Control Board
- Shelby Parks and Recreation Advisory Commission
- Shelby Housing and Redevelopment Advisory Board

OTHER COMMENTS:

SIGNATURE Darrell Gerald DATE 11/6/17

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: D-2

- 2) Consideration of an ordinance establishing a capital project ordinance and budgets for the City of Shelby's Electric System Supervisory Control and Data Acquisition (SCADA) System Upgrade Project: Ordinance No. 14-2018

Unfinished Business Item: (Comments: Rick Howell, City Manager, Staff Resource, Julie McMurry, Energy Services Director)

Summary of Available Information:

- Memorandum dated February 26, 2018 from Julie McMurry, Energy Services Director to Justin Merritt, Finance Director and Rick Howell, City Manager
- Letter dated December 22, 2107 from QEI, LLC to Julie McMurry, City of Shelby
- Excerpt from 2016 Electrical Distribution System Planning Study
- Ordinance No. 14-2018

City Manager's Recommendation / Comments

Ordinance No. 14-2018 is presented to City Council for consideration at this time. If approved this ordinance would appropriate \$96,000 from the Electric Fund Net Retained Earnings to be used for the purchase of new hardware for the Electric System SCADA. The City has been notified by our vendor that the current hardware dating to 2004 will not be supported after July 31, 2018. This was sooner than expected. It had be our plan to budget this funding in the FY 2018-2019 budget. However, this system is too important in the overall management of the system to wait until after July 1, 2018. If approved tonight it will take until late June to acquire and install the new hardware.

As noted in Ms. McMurry's memorandum the SCADA system monitors and controls the entire electric distribution system as well as parts of the Natural Gas, Water and Wastewater. It allows the City staff to remotely monitor various parts of these systems and provides alarms when failures occur. This remote monitoring allows the City to act more timely in response to problems and ensures a higher reliability in meeting the demands of our customers.

It is my recommendation Ordinance No. 14-2018 be adopted and approved by City Council at this time.



Memorandum

To: Rick Howell, City Manager
Justin Merritt, Finance Director

From: Julie McMurry, Energy Services Director *JRM*

RE: SCADA Upgrades

Date: February 26, 2018

Background:

The Energy Services and Water Resources Departments have a Supervisory Control and Data Acquisition system (SCADA) that has been in service since 2004. This SCADA system monitors and controls the entire electric distribution system as well as parts of the natural gas, water and wastewater systems. The SCADA Master is responsible for collecting the data from each remote terminal unit (RTU) on the system, dispersing that information to SCADA workstations and notifying City personnel of key events or alarms on the system, as well as keeping historical data used for reports and analysis. The recent Electrical Distribution System Planning Study identified that this system's hardware is nearing end of life, with replacement parts becoming difficult to obtain. It was recommended that the current system be upgraded (Construction Schedule and Cost Estimate attached). In addition we received notice from our current maintenance provider (QEI, LLC) that the hardware currently in use will not be supported effective July 31, 2018. (Letter is attached).

Review:

City staff has met with Progressive Engineering Consultants, Inc. staff regarding the upgrades prior to receiving the notice of maintenance being discontinued. However, upon receiving the notice we need to move forward at a quicker pace. Water Resources has recently began the migration to a different SCADA system and will begin to expedite the remaining SCADA at the Water Treatment Plant, the gas department has also began use of other options for portions of their SCADA needs due to issues with data transmission. Meetings

are scheduled to discuss what roles the new system will need to play for each area in the interim and moving forward.

Progressive Engineering Consultants, Inc has provided us estimated costs for materials and cost for engineering, overhead and contingencies. The costs are as follows:

Material Estimate	\$80,000
Engineering, Overhead & Contingencies	<u>\$16,000</u>
Total	\$96,000

These estimates do not include implementation costs. Once a vendor is selected for purchase of equipment and it is determined what areas within Water Resources and the natural gas system need to be included in the new system an estimate will be provided for transitioning and the implementation of all areas.

Recommendation:

Staff is recommending that we move forward with the selection of the vendor and purchase of the hardware to upgrade our current SCADA system and work towards getting new system into place prior to expiration of current maintenance agreement (July 31, 2018) We are requesting a Project Budget Ordinance for materials and engineering fees to upgrade our current SCADA system.

Please let me know if you need additional information.

QEI LLC

60 Fadem Road, Springfield, NJ 07081 USA
T: +1 973 379 7400 F: +1 973 379 2138
www.qeiinc.com



December 22, 2017

City of Shelby
Ms. Julie McMurray
PO Box 207- City Hall
Shelby, NC 28150

Re: QEI/HP Hardware Service Agreement

Dear Ms. McMurray,

This correspondence is in reference to your current QEI/HP Hardware Service Agreement. HP has recently informed QEI that the following equipment (listed below) is designated for End of Service Life (EOSL). EOSL means that HP will no longer provide replacement parts and on-site services since they have deemed the equipment obsolete.

- Two (2) DY-75CAA-AA, AS DS15 Servers
Serial Nos. AY42902420, AY42902428
- Two (2) 3X-MS315-EA, DS15 512MB Memory
- Two (2) 3x-BA15A-AA, DS15 Int. Storage Cage
- Two (2) C5686A, 40GB Int. Tape Drive
- Two (2) DS-RZ3GA-WA, 72GB, 10K Hard Drive

QEI will continue to honor the service agreement through the end of the current term, July 31, 2018. Once the current term expires QEI will no longer be able to renew the QEI/HP Service Agreement. During the remaining portion of the present Service Agreement, QEI will provide either new or refurbished replacement parts depending on market availability. The on-site service response time may be slower than HP because of location logistics and resources. Alternate means of on-site support will be implemented to address HP hardware issues.

If there are any questions pertaining to this matter, do not hesitate to contact me at your convenience.

In the meanwhile, serious consideration should be given to upgrading these HP servers. Today QEI can offer you an upgrade on OpenVMS as you are presently running or on a Microsoft Operating System platform. Either option is available and will utilize your present field proven/tested database including keeping all of your Historical data. If you are interested in exploring upgrade options or getting a quote, please feel free to contact me or your Regional Sales Manager, Jim Baehr, Tel. (908)377-3768 or jbaehr@qeiinc.com.

Thank you,

Chris Falkiewicz

Customer Service Manager

Email: cfalkiewicz@qeiinc.com

Phone: 973 346-5247

Cc: J. Baehr

Construction Schedule and Cost Estimates

The following schedule has been prepared such that the improvements to the electrical distribution system will occur in an order that will be the most beneficial to the City's electrical system needs. Please refer to the Appendix for the attached switching diagram for location.

A. Construction Schedule and Cost Estimate, Fiscal Year Ending June 30, 2018

	Estimated Cost
I. Upgrade the SCADA System: includes redundant masters, Ethernet switches, workstations, World View upgrade (additional cost for implementation).	\$ 80,000
II. Create Circuit 8-4 by:	\$ 320,000
a. Purchasing a breaker and set of regulators.	
b. Reconductor approximately 1500' of 1/0 ACSR and #4 copper with 336.4 ACSR from Station 8 to E. Dixon Blvd.	
c. Reconductor approximately 2300' of various size wire with 336.4 ACSR along Earl Road between Delkalb St. and Wal-Mart. Install a group operated air break switch for additional circuit tie.	
d. Build approximately 500' of 336.4 ACSR.	
e. Replace hookstick disconnect switches on Pamela Drive with a group operated air break switch.	
III. Create Circuit 11-2 (Foothills Commerce Center) by:	\$ 150,000
a. Purchasing a breaker and set of regulators.	
b. Build approximately 800' of 336.4 ACSR from Station 11 to W. Grover St.	
IV. Transfer approximately 1771 kVA from circuit 10-5 to circuit 10-3 by closing the switch on Lineberger Street and open the switch on E. Main Street to balance the load at Station 10, making it easier to Transfer load between stations during emergencies or maintenance operations.	N/A
V. Reconductor approximately 6,250' of 3 phase #4 and #6 copper with 336.4 ACSR (location TBD).	\$ 250,000
VI. Clean up a portion of the previously converted 4kV construction.	\$ 10,000

VII. Perform substation upgrades:	\$ 100,000
a. Install batteries and chargers at Stations 8 and 9.	
b. Convert breakers from capacitor trip to 48V trip.	
c. Add HVAC to the control buildings at Stations 8 and 9 for more reliable protection and control.	
d. Replace aging poles and repair fences.	
Estimated Cost, Fiscal Year Ending June 30, 2018	\$ 910,000
Overhead, and Contingencies, Engineering (20%)	\$ 182,000
TOTAL ESTIMATED CONSTRUCTION COST 2018	\$ 1,092,000

AN ORDINANCE ESTABLISHING A CAPITAL PROJECT ORDINANCE AND BUDGETS FOR THE CITY OF SHELBY’S ELECTRIC SYSTEM SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM UPGRADE PROJECT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to establish a capital project ordinance and budgets for the City of Shelby’s Electric System SCADA Upgrade Project; and

WHEREAS, it is necessary for the City to establish a budget for this capital project and appropriate applicable funds needed for the administration and construction of this project in order to comply with applicable provisions of the North Carolina Local Government Budget and Fiscal Control Act; and,

WHEREAS, G.S. 159-13.2 provides that a City may undertake the construction and upgrade of a capital asset such as electric utility infrastructure, by way of a capital project ordinance providing the necessary balanced budget and funding for the life of the project;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA: The City of Shelby has identified a need to update the SCADA system that monitors the electric distribution system. Accordingly, the following budget modifications are approved in accordance with the chart of accounts heretofore established for the City of Shelby.

Section 1. Appropriating Fund Balance:

Fund Balance Appropriated	63006000-39900	\$96,000
Transfer to Electric Capital Projects	630731-49631	\$96,000

Section 2. The following revenues are available and amounts are hereby appropriated:

Revenues:		
Transferred from Electric Fund	63106000-39630-63872	\$96,000
Appropriation:		
Engineering	631736-42004-63872	\$16,000
Construction	631736-53000-63872	\$80,000

Section 3. The provisions of this capital project ordinance shall be entered in the minutes of the Shelby City Council and copies filed with the City Manager as Budget Officer, the Finance Director, and the City Clerk for their direction and guidance in receiving revenues and expending the monies due thereunder.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 5th day of March, 2018.

O. Stanhope Anthony, III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:

Robert W. Yelton
City Attorney

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: D-3

3) Farmville Road Waterline Project:

- a. Consideration of a resolution of tentative award for the Farmville Road Waterline Project – Waterline and Booster Pump Station to Hall Contracting Corporation: Resolution No. 13-2018
- b. Consideration of a resolution of tentative award for the Farmville Road Waterline Project – Elevated Storage Tank To Phoenix Fabricators & Erectors, Inc.: Resolution No. 14-2018

Unfinished Business Item: (Comments: Rick Howell, City Manager; Staff Resource, David Hux, Water Resources Director)

Summary of Available Information:

- Memorandums dated February 27, 2018 from David Hux, Water Resources Director to Rick Howell, City Manager
- Letters dated February 26, 2018 from Kimley Horn to David Hux, City of Shelby
- Bid Tabulation Sheets
- Photo showing Farmville Road Waterline Project area
- Copies of Ordinance No. 3-2017 and Ordinance No. 15-2017
- Resolution No. 13-2018
- Resolution No. 14-2018

City Manager's Recommendation / Comments

Resolution No. 13-2018 and Resolution No. 14-2018 are presented for City Council consideration at this time. If approved these resolutions would award contracts for two portions of this project. The first covered in Resolution No. 13.-2018 would tentatively award (subject to US EDA approval) a contract to Hall Contracting Corporation for the construction of a new 24" diameter DIP water main from the water treatment plant on Grover Street to the proposed industrial entrance road just off Farmville Road and a 2 mgd booster pump Station. The total award amount on this portion of the project is \$8,444,560. The second covered in Resolution No. 14-2018 would tentatively award (subject to USEDA approval) a contract to Phoenix Fabricators and Erectors, LLC for the construction of a 750,000 gallon elevated water storage tank on city owned property adjacent to the Washburn Switch Business Park site. The total award amount on this portion of the project is \$2,105,858. The total award is \$10,550,418.

It is my recommendation Resolution No. 13-2018 and Resolution No. 14-2018 be adopted and approved by City Council at this time.



Memorandum

To: Rick Howell, City Manager

From: David Hux, Water Resources Director *DHux*

RE: **Farmville Road Waterline Project – Waterline and Booster Pump Station
Construction Contract Award to Hall Contracting Corporation**

Date: February 27, 2018

Background:

In January 2017, Shelby City Council established a capital project budget ordinance (3-2017) for the design engineering of a project entitled Farmville Road Waterline Project. In March of 2017, the project was amended with project budget ordinance (15-2017) that allocated the funds for construction based on engineering estimates.

The Farmville Road Waterline Project will consist of a 24 inch waterline that would be laid from the Water Treatment Plant located on Grover Street to Washburn Switch via Polkville Road, Chatfield Road and Farmville Road. A booster station and a 750,000 gallon elevated storage tank will be constructed at the Washburn Switch Business Park. This project will also include a connection to the existing 16 inch waterline on Washburn Switch and involves a new line that will be laid through the proposed tank site to the new Farmville Access Road for the Clearwater service connection.

The construction of the new Clearwater expansion on Washburn Switch Road is underway and the infrastructure must be constructed to meet the projected Clearwater water demands. These combined improvements will increase the system capabilities in the Washburn Switch Area and also enable future development opportunities along the waterline route; including the future Polkville Road and Highway 74 bypass interchange.

Review:

Kimley-Horn Associates, Inc. was selected in January of 2017 and awarded the design contract for the Farmville Road waterline project. Design and bidding of all divisions of this project have been completed.

On February 13, 2018 the City received bids for the Farmville Road waterline and booster station portion of this project. Kimley-Horn assisted with bid advertisement and they have completed the canvassing of six (6) bids that were received. The lowest bid was submitted by Hall Contracting Corporation of Charlotte, North Carolina in the amount of \$8,444,560.00.

Recommendation:

Staff recommends proceeding with the construction of Farmville Road Waterline and Booster Station and requests that City Council authorize the award of the construction contract to Hall Contracting Corporation in the amount of \$8,444,560.00.

Please let me know if additional information is needed.

Kimley»Horn

February 26, 2018

Mr. David Hux
George W. Clay, Jr. Utility Operations Center
824 W. Grover Street
Shelby, North Carolina 28150

Re: Farmville Road Loop 24-Inch Waterline
KHA No. 017072005
Bid: 2018-01

Dear Mr. Hux:

On February 13, 2018 the City of Shelby Water Resources Department received bids for the Farmville Road Loop 24-Inch Waterline project. A detailed bid tabulation is attached for your review and consideration. The City received bids from the following contractors:

<u>Contractor</u>	<u>Total Bid</u>
D S Utilities, Inc.	\$11,478,450.25
English Construction Company, Inc.	\$11,528,103.00*
Garney Companies, Inc.	\$9,721,130.00*
Hall Contracting Corporation	\$8,444,560.00
Reynolds Construction of Georgia, LLC	\$8,982,618.00
State Utility Contractors, Inc.	\$9,615,828.50

Hall Contracting Corporation was the apparent low bidder in the Total Bid amount of \$8,444,560.00. We have completed our review of the bid documents and find them in order. Based on these reviews, we recommend Hall Contracting Corporation (Charlotte, NC) as the responsive and responsible low bidder for the project.

If you have any questions or comments, please call me at (704) 954-7490.

Sincerely,

Matthew A. Shoesmith, P.E.
KIMLEY-HORN AND ASSOCIATES, INC.



Enclosures:
Bid Tabulation

K:\CHL_PRJ\017072000 City of Shelby\005 Farmville Road Loop\10_BID\Water Main & Booster Pump Station\03_AWARD\Award Recommendation\Award Recommendation Letter.docx

*Modified based on arithmetic error in original bid form

Bid Tabulation

Owner: City of Shelby, NC
 Project: Farmville Road Loop 24-Inch Waterline
 Bid Number: 2018-01
 Job Number: 017072005
 Bid Opening Date: 2/13/2018 2 P.M.

BIDDER 1

D S Utilities, Inc.
 1644 Holy Trinity Church Road
 Little Mountain, SC 24075

BIDDER 2

English Construction Company, Inc.
 615 Church Street
 Lynchburg, VA 24504

BIDDER 3

Garney Companies, Inc.
 505 James Jackson Ave.
 Cary, NC 27513

BIDDER 4

Hall Contracting Corporation
 6415 Lakewood Road
 Charlotte, NC 28269

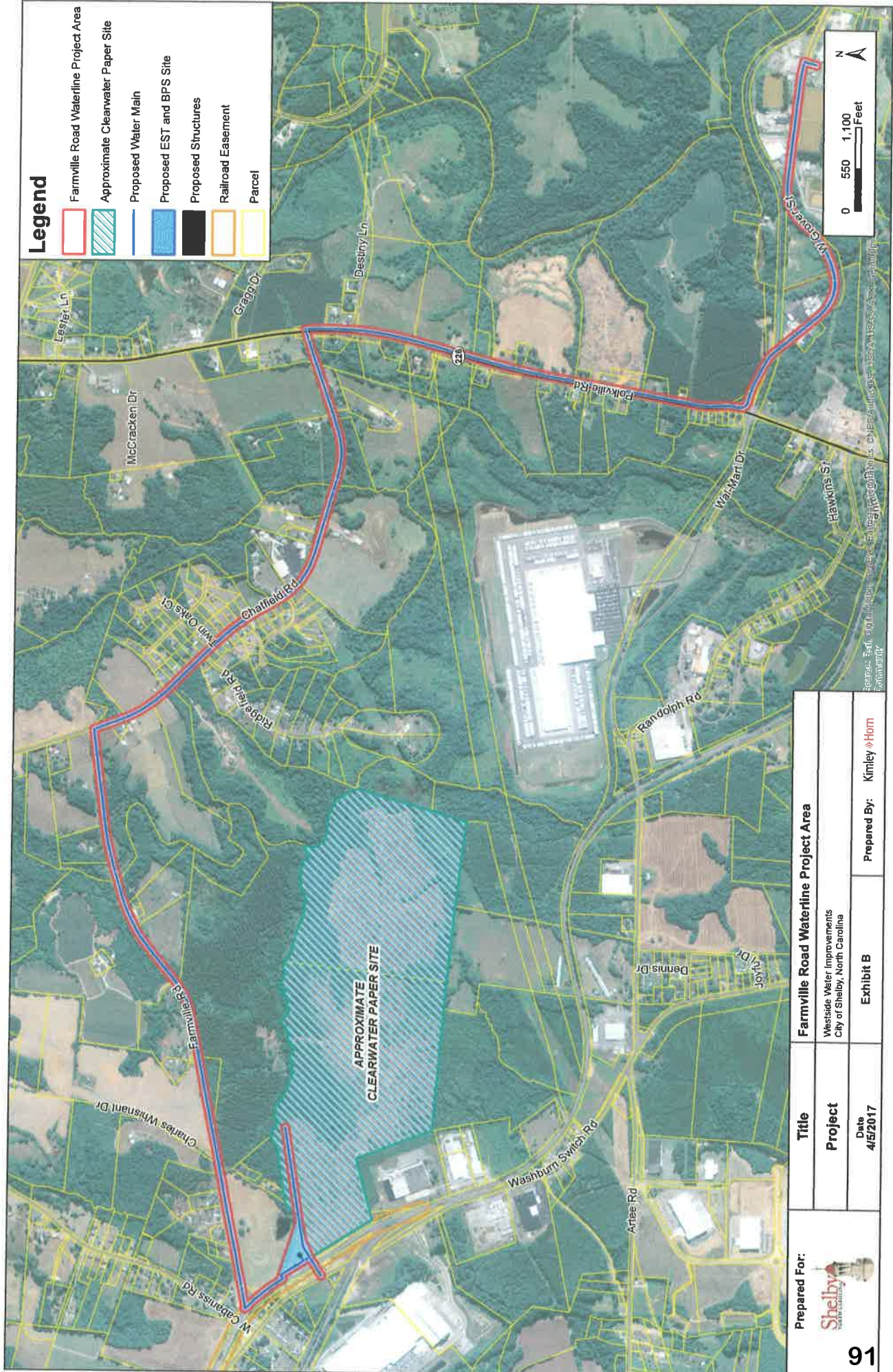
BIDDER 5

Reynolds Construction of Georgia, LLC
 300 E. Broad Street
 Fairburn, GA 30213

BIDDER 6

State Utility Contractors, Inc.
 P.O. Box 5019
 Morrisville, NC 28111-5019



Item	Plan	yes		yes		yes		yes		yes		yes	
		Unit	Quantity	Unit Price	Cost	Unit Price	Cost	Unit Price	Cost	Unit Price	Cost	Unit Price	Cost
1.1 24" DIP water main installation (NFR)	LF	16	549	\$130.00	\$2,300,311.00	\$164.00	\$2,714,036.00	\$102.00	\$1,737,645.00	\$149.00	\$2,485,801.00	\$127.00	\$2,109,897.50
1.2 12" DIP water main installation (NFR)	LF	25		\$130.00	\$3,250.00	\$108.00	\$2,700.00	\$81.00	\$2,025.00	\$55.00	\$1,375.00	\$110.00	\$2,750.00
2.1 24" DIP water main installation (NR)	LF	9,240		\$182.00	\$1,681,560.00	\$155.00	\$1,437,600.00	\$182.00	\$1,681,560.00	\$155.00	\$1,437,600.00	\$182.00	\$1,681,560.00
2.2 16" DIP water main installation (RU)	LF	64		\$208.00	\$13,312.00	\$210.00	\$13,440.00	\$100.00	\$6,400.00	\$100.00	\$6,400.00	\$140.00	\$8,960.00
2.3 14" DIP water main installation (RU)	LF	64		\$165.00	\$10,560.00	\$160.00	\$10,240.00	\$165.00	\$10,560.00	\$160.00	\$10,240.00	\$140.00	\$8,960.00
3.1 8" PVC sanitary sewer force main installation	LF	60		\$103.00	\$6,180.00	\$100.00	\$6,000.00	\$87.00	\$5,220.00	\$100.00	\$6,000.00	\$135.00	\$8,100.00
4.1 18" HDPE sewer force main installed by HDD	LS	1		\$786,450.00	\$786,450.00	\$741,000.00	\$741,000.00	\$698,000.00	\$698,000.00	\$656,000.00	\$656,000.00	\$625,000.00	\$625,000.00
4.2 24" HDPE water main installed by HDD (Sta. 35+11 to 41+27)	LS	1		\$1,475,000.00	\$1,475,000.00	\$1,450,000.00	\$1,450,000.00	\$1,425,000.00	\$1,425,000.00	\$1,400,000.00	\$1,400,000.00	\$1,375,000.00	\$1,375,000.00
4.3 24" HDPE water main installed by HDD (Sta. 205+15 to 210+63)	LS	1		\$1,468,000.00	\$1,468,000.00	\$1,450,000.00	\$1,450,000.00	\$1,430,000.00	\$1,430,000.00	\$1,410,000.00	\$1,410,000.00	\$1,390,000.00	\$1,390,000.00
5.1 12" Gas Valve and Box	EA	1		\$2,550.00	\$2,550.00	\$2,500.00	\$2,500.00	\$2,450.00	\$2,450.00	\$2,400.00	\$2,400.00	\$2,350.00	\$2,350.00
5.2 18" Eternity Valve and Box	EA	1		\$4,725.00	\$4,725.00	\$4,590.00	\$4,590.00	\$4,455.00	\$4,455.00	\$4,320.00	\$4,320.00	\$4,185.00	\$4,185.00
5.3 24" Eternity Valve and Box	EA	10		\$8,150.00	\$81,500.00	\$8,100.00	\$81,000.00	\$8,050.00	\$80,500.00	\$8,000.00	\$80,000.00	\$7,950.00	\$79,500.00
6.1 3/8" Cased Crossing (Jack and Bore Installation Sta. 9+50 to 9+94)	LS	1		\$34,500.00	\$34,500.00	\$34,500.00	\$34,500.00	\$34,500.00	\$34,500.00	\$34,500.00	\$34,500.00	\$34,500.00	\$34,500.00
6.2 3/8" Cased Crossing (Jack and Bore Installation Sta. 58+10 to 59+93)	LS	1		\$129,100.00	\$129,100.00	\$129,100.00	\$129,100.00	\$129,100.00	\$129,100.00	\$129,100.00	\$129,100.00	\$129,100.00	\$129,100.00
6.3 3/8" Cased Crossing (Jack and Bore Installation Sta. 61+48 to 64+07)	LS	1		\$181,300.00	\$181,300.00	\$181,300.00	\$181,300.00	\$181,300.00	\$181,300.00	\$181,300.00	\$181,300.00	\$181,300.00	\$181,300.00
6.4 3/8" Cased Crossing (Open-cut installation)	LS	192		\$502.00	\$96,384.00	\$490.00	\$95,040.00	\$478.00	\$93,776.00	\$466.00	\$91,512.00	\$454.00	\$88,248.00
10.1 18" Connection to Existing System (Force Main)	EA	2		\$2,800.00	\$5,600.00	\$2,700.00	\$5,400.00	\$2,600.00	\$5,200.00	\$2,500.00	\$5,000.00	\$2,400.00	\$4,800.00
10.2 18" Connection to Existing System (Water Main)	EA	2		\$6,620.00	\$13,240.00	\$6,500.00	\$13,000.00	\$6,380.00	\$12,760.00	\$6,260.00	\$12,520.00	\$6,140.00	\$12,280.00
10.3 18" Polyethylene Encasement	EA	1		\$21,050.00	\$21,050.00	\$20,500.00	\$20,500.00	\$20,000.00	\$20,000.00	\$19,500.00	\$19,500.00	\$19,000.00	\$19,000.00
11.1 Fire Hydrant Assembly	EA	14		\$6,750.00	\$94,500.00	\$6,600.00	\$92,400.00	\$6,450.00	\$90,300.00	\$6,300.00	\$88,200.00	\$6,150.00	\$86,100.00
13.1 Air Release Hydrant Assembly	EA	7		\$8,050.00	\$56,350.00	\$7,900.00	\$55,300.00	\$7,750.00	\$54,250.00	\$7,600.00	\$53,200.00	\$7,450.00	\$52,150.00
14.1 Air Compressor Air Valve Assembly	EA	6		\$11,700.00	\$70,200.00	\$11,500.00	\$69,000.00	\$11,300.00	\$67,800.00	\$11,100.00	\$66,600.00	\$10,900.00	\$65,400.00
15.1 2" Air Release Markable - Force Main	EA	2		\$7,450.00	\$14,900.00	\$7,300.00	\$14,600.00	\$7,150.00	\$14,300.00	\$7,000.00	\$14,000.00	\$6,850.00	\$13,700.00
15.2 Concrete Driveway Replacement	SY	550		\$55.00	\$30,250.00	\$54.00	\$29,700.00	\$53.00	\$29,150.00	\$52.00	\$28,600.00	\$51.00	\$28,050.00
17.1 Gravel Driveway Replacement	SY	50		\$15.00	\$750.00	\$14.50	\$725.00	\$14.00	\$700.00	\$13.50	\$675.00	\$13.00	\$650.00
18.1 Gravel Driveway Replacement	SY	1,035		\$15.00	\$15,525.00	\$14.50	\$15,007.50	\$14.00	\$14,490.00	\$13.50	\$13,972.50	\$13.00	\$13,455.00
20.1 Milling Existing Pavement (2-inch depth)	SY	1,673		\$13.50	\$22,585.50	\$13.25	\$22,162.50	\$13.00	\$21,740.00	\$12.75	\$21,317.50	\$12.50	\$20,895.00
21.1 Utility Trench - Pavement Patch	SY	3,900		\$135.00	\$526,500.00	\$132.00	\$515,040.00	\$129.00	\$503,580.00	\$126.00	\$492,120.00	\$123.00	\$480,660.00
22.1 Undercut Excavation/Backfill With Select Bedding	CY	1,000		\$8.00	\$8,000.00	\$7.80	\$7,800.00	\$7.60	\$7,600.00	\$7.40	\$7,400.00	\$7.20	\$7,200.00
23.1 Select Backfill	CY	5,000		\$112.00	\$560,000.00	\$110.00	\$550,000.00	\$108.00	\$540,000.00	\$106.00	\$530,000.00	\$104.00	\$520,000.00
24.1 Backfill Excavation	CY	500		\$14.50	\$7,250.00	\$14.25	\$7,125.00	\$14.00	\$7,000.00	\$13.75	\$6,875.00	\$13.50	\$6,750.00
25.1 Erection Control	LS	1		\$110,300.00	\$110,300.00	\$109,000.00	\$109,000.00	\$107,700.00	\$107,700.00	\$106,400.00	\$106,400.00	\$105,100.00	\$105,100.00
26.1 Maintenance of Traffic	LS	1		\$73,000.00	\$73,000.00	\$72,000.00	\$72,000.00	\$71,000.00	\$71,000.00	\$70,000.00	\$70,000.00	\$69,000.00	\$69,000.00
27.1 12" RCP Pipe Culvert	LF	68		\$44.00	\$2,992.00	\$43.00	\$2,936.00	\$42.00	\$2,880.00	\$41.00	\$2,824.00	\$40.00	\$2,768.00
27.2 15" RCP Pipe Culvert	LF	55		\$36.00	\$1,980.00	\$35.00	\$1,925.00	\$34.00	\$1,870.00	\$33.00	\$1,815.00	\$32.00	\$1,760.00
28.1 Remove and replace existing curb/curb and gutter	LF	800		\$4.00	\$3,200.00	\$3.90	\$3,120.00	\$3.80	\$3,040.00	\$3.70	\$2,960.00	\$3.60	\$2,880.00
29.1 3.3 MGD Booster Pump Station	LS	1		\$1,278,000.00	\$1,278,000.00	\$1,260,000.00	\$1,260,000.00	\$1,242,000.00	\$1,242,000.00	\$1,224,000.00	\$1,224,000.00	\$1,206,000.00	\$1,206,000.00
30.1 System Integration Allowance	LS	1		\$27,465.00	\$27,465.00	\$27,465.00	\$27,465.00	\$27,465.00	\$27,465.00	\$27,465.00	\$27,465.00	\$27,465.00	\$27,465.00
31.1 Mobilization (Not to Exceed 3% of estimate - Items 1-3)	LS	1		\$150,000.00	\$150,000.00	\$148,500.00	\$148,500.00	\$147,000.00	\$147,000.00	\$145,500.00	\$145,500.00	\$144,000.00	\$144,000.00
32.1 Contingency Allowance	LS	1		\$300,000.00	\$300,000.00	\$297,000.00	\$297,000.00	\$294,000.00	\$294,000.00	\$291,000.00	\$291,000.00	\$288,000.00	\$288,000.00
<p>Highlighted Costs indicate a corrected all-inclusive error Shaded Cells indicate 3% mobilization was exceeded</p>													
<p>\$11,526,103.00 \$11,444,960.00 \$11,363,813.00 \$11,282,666.00 \$11,201,519.00 \$11,120,372.00 \$11,039,225.00 \$10,958,078.00</p>													



Legend

- Farmville Road Waterline Project Area
- Approximate Clearwater Paper Site
- Proposed Water Main
- Proposed EST and BPS Site
- Proposed Structures
- Railroad Easement
- Parcel



Prepared For: 	Title	Farmville Road Waterline Project Area
	Project	Westside Water Improvements City of Shelby, North Carolina
	Date	4/5/2017
Exhibit B		Prepared By: Kimley  Hom

ORDINANCE NO. 3-2017

A BUDGET ORDINANCE AMENDMENT FOR THE CITY OF SHELBY'S
FARMVILLE ROAD WATERLINE PROJECT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to revise and amend its capital project ordinance and budgets for the City of Shelby's Farmville Road Waterline Improvements Project; and

WHEREAS, the City Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, City Council now desires to act on the recommended budget amendments and approve the same for implementation and compliance with the North Carolina Local Government Budget and Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Ordinance No. 3-2016, the City's Farmville Road Waterline Improvements Project, is hereby amended as follows to provide for Budget Amendment No. 1 for said project:

Farmville Road Waterline Project

(1) The following Water Fund Cap. Project Revenues are amended by the City:

Cleveland County	61106000-33500-61834	\$670,000
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(2) The following Water Fund Cap. Project Expenditures are amended by the City:

Engineering	611716-42004-61834	\$670,000
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Section 2. That the revenues, expenditures and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

Hanna Property Multi-Purpose Recreation Complex Project

	<u>Current Budget</u>	<u>Amendment No. 1</u>
Revenues		
Transferred from Water Fund	\$ 50,000	\$ 50,000
Cleveland County	\$ -0-	\$ 670,000
Expenditures		
Engineering	\$ 50,000	\$ 720,000

Ordinance No. 3-2017
January 9, 2017
Page 2

Section 3. Copies of this Budget Ordinance Amendment shall be furnished to the City Manager as Budget Officer and to the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the Shelby City Code, the General Statutes of North Carolina, and the provisions of the original budget ordinance; inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 9th day of January 2017.



O. Stanhope Anthony III
Mayor

ATTEST:



Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:



Robert W. Yelton
City Attorney



ORDINANCE NO. 15-2017

A BUDGET ORDINANCE AMENDMENT FOR THE CITY OF SHELBY'S
FARMVILLE ROAD WATERLINE PROJECT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to revise and amend its capital project ordinance and budgets for the City of Shelby's Farmville Road Waterline Improvements Project; and

WHEREAS, the City Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, City Council now desires to act on the recommended budget amendments and approve the same for implementation and compliance with the North Carolina Local Government Budget and Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Ordinance No. 3-2016, the City's Farmville Road Waterline Improvements Project, is hereby amended as follows to provide for Budget Amendment No. 2 for said project:

Farmville Road Waterline Project

(1) The following Water Fund Cap. Project Revenues are amended by the City:

Cleveland County	61106000-33500-61834	\$1,080,000
Golden Leaf Grant	61106000-34716-61834	\$3,000,000
USEDA Grant	61106000-34718-61834	\$2,250,000
Clearwater Funding	61106000-34719-61834	\$3,000,000

(2) The following Water Fund Cap. Project Expenditures are amended by the City:

Construction	611716-53000-61834	\$9,330,000
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Section 2. That the revenues, expenditures and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

Farmville Road Waterline Project

	<u>Current Budget</u>	<u>Amendment No. 2</u>
Revenues		
Transferred from Water Fund	\$ 50,000	\$ 50,000
Cleveland County Funding	\$ 670,000	\$1,750,000
Golden Leaf Grant	\$ -0-	\$3,000,000
USEDA Grant	\$ -0-	\$2,250,000
Clearwater Funding	\$ -0-	\$3,000,000
Expenditures		
Engineering	\$ 720,000	\$ 720,000
Construction	\$ -0-	\$9,330,000

Ordinance No. 15-2017
March 6, 2017
Page 2

Section 3. Copies of this Budget Ordinance Amendment shall be furnished to the City Manager as Budget Officer and to the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the Shelby City Code, the General Statutes of North Carolina, and the provisions of the original budget ordinance; inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 6th day of March 2017.



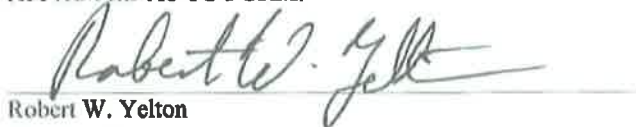
O. Stanhope Anthony III
Mayor

ATTEST:



Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:



Robert W. Yelton
City Attorney

RESOLUTION NO. 13-2018

**A RESOLUTION OF TENTATIVE AWARD FOR
THE FARMVILLE ROAD WATERLINE PROJECT – WATERLINE AND
BOOSTER PUMP STATION TO HALL CONTRACTING CORPORATION**

WHEREAS, the City of Shelby, North Carolina has designed, valued engineered to reduce costs, and bid a project entitled the Farmville Road Waterline Project – Waterline and Booster Pump Station and has held a competitive public bid opening on February 13, 2018 consistent with the applicable North Carolina General Statutes for bidding of public construction contracts; and,

WHEREAS, the City of Shelby received bids from seven (7) qualified contractors for the completion of the Farmville Road Waterline Project – Waterline and Booster Pump Station; and

WHEREAS, the City’s consulting engineer, Kimley-Horn and the City have reviewed the bids and now recommend tentative award of the construction contracts for the work described to Hall Contracting Corporation in the amount of \$8,444,560.00 conditioned on the sections below, contingent upon U.S. Department of Commerce’s Economic Development Administration (EDA) approval; and,

WHEREAS, project budget ordinances were established with Ordinance No. 3-2017 and Ordinance No. 15-2017.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
SHELBY, NORTH CAROLINA:**

Section 1. The City Council of the City of the City of Shelby hereby awards the contract to Hall Contracting Corporation for the construction of the Farmville Road Waterline and Booster Pump Station.

Section 2. The City Manager and City Clerk are hereby authorized to execute the applicable contracts associated with this project.

Section 3. The City Manager and his designees are hereby to execute amendments and change orders to the applicable documents associated with this project.

Section 4. This resolution shall become effective upon its adoption and approval.

Adopted and approved this the 5th day of March 2018.

O. Stanhope Anthony, III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk



Memorandum

To: Rick Howell, City Manager

From: David Hux, Water Resources Director

A handwritten signature in black ink, appearing to read 'DHux', is written over the name 'David Hux' in the 'From:' field.

RE: **Farmville Road Waterline Project – Elevated Storage Tank (0.750 MG)
Construction Contract Award to Phoenix Fabricators & Erectors, LLC**

Date: February 27, 2018

Background:

In January 2017, Shelby City Council established a capital project budget ordinance (3-2017) for the design engineering of a project entitled Farmville Road Waterline Project. In March of 2017, the project was amended with project budget ordinance (15-2017) that allocated the funds for construction based on engineering estimates.

The Farmville Road Waterline Project will consist of a 24 inch waterline that would be laid from the Water Treatment Plant located on Grover Street to Washburn Switch via Polkville Road, Chatfield Road and Farmville Road. A booster station and a 750,000 gallon elevated storage tank will be constructed at the Washburn Switch Business Park. This project will also include a connection to the existing 16 inch waterline on Washburn Switch and involves a new line that will be laid through the proposed tank site to the new Farmville Access Road for the Clearwater service connection.

The construction of the new Clearwater expansion on Washburn Switch Road is underway and the infrastructure must be constructed to meet the projected Clearwater water demands. These combined improvements will increase the system capabilities in the Washburn Switch Area and also enable future development opportunities along the waterline route; including the future Polkville Road and Highway 74 bypass interchange.

Review:

Kimley-Horn Associates, Inc. was selected in January of 2017 and awarded the design contract for the Farmville Road Waterline Project. Design and bidding of all divisions of this project have been completed.

On February 13, 2018 the City received bids for the 0.750 million gallon Farmville Road elevated storage tank portion of this project. Kimley-Horn assisted with bid advertisement and they have completed the canvassing of three (3) bids that were received. The lowest bid was submitted by Phoenix Fabricators & Erectors, LLC. of Avon, Indiana in the amount of \$2,055,858.00. The engineer has also recommended a contingency amount of \$50,000 for this project

Recommendation:

Staff recommends proceeding with the construction of Farmville Road elevated storage tank and requests that City Council authorize the award of the construction contract to Phoenix Fabricators & Erectors in the amount of \$2,105,858.00.

Please let me know if additional information is needed.

Kimley»Horn

February 26, 2018

Mr. David Hux
George W. Clay, Jr. Utility Operations Center
824 W. Grover Street
Shelby, North Carolina 28150

Re: Project: Westside 0.75 MG Elevated Storage Tank
KHA No. 017072005
Bid: 2018-02

Dear Mr. Hux:

On February 13, 2018 the City of Shelby Water Resources Department received bids for the Westside 0.75 MG Elevated Storage Tank project. A detailed bid tabulation is attached for your review and consideration. The City received bids from the following contractors:

<u>Contractor</u>	<u>Total Bid</u>
Caldwell Tanks, Inc	\$2,128,000.00
CB&I LLC T/A CB&I Constructors LLC	\$2,169,000.00
Phoenix Fabricators & Erectors, LLC	\$2,055,858.00

Phoenix Fabricators & Erectors, LLC was the apparent low bidder in the Total Bid amount of \$2,055,858.00. We have completed our review of the bid documents and find them to be in order. Based on these reviews, we recommend Phoenix Fabricators & Erectors, LLC (Avon, IN) as the responsive and responsible low bidder for the project.

If you have any questions or comments, please call me at (704) 954-7490.

Sincerely,

Matthew A. Shoesmith, P.E.
KIMLEY-HORN AND ASSOCIATES, INC.

Enclosures:
Bid Tabulation

K:\CHL_PRJ\017072000 City of Shelby\005 Farmville Road Loop\10_BID\Elevated Storage Tank\03_AWARD\Award Recommendation\Award Recommendation Letter.docx

Bid Tabulation

Owner: City of Shelby, NC

Project: Westside 0.75 MG Elevated Storage Tank

Bid Number: 2018-02

Job Number: 017072005

Bid Opening Date: 2/13/2018 2 P.M.

BIDDER 1

Caldwell Tanks, Inc.
4000 Tower Road
Louisville, KY 40219

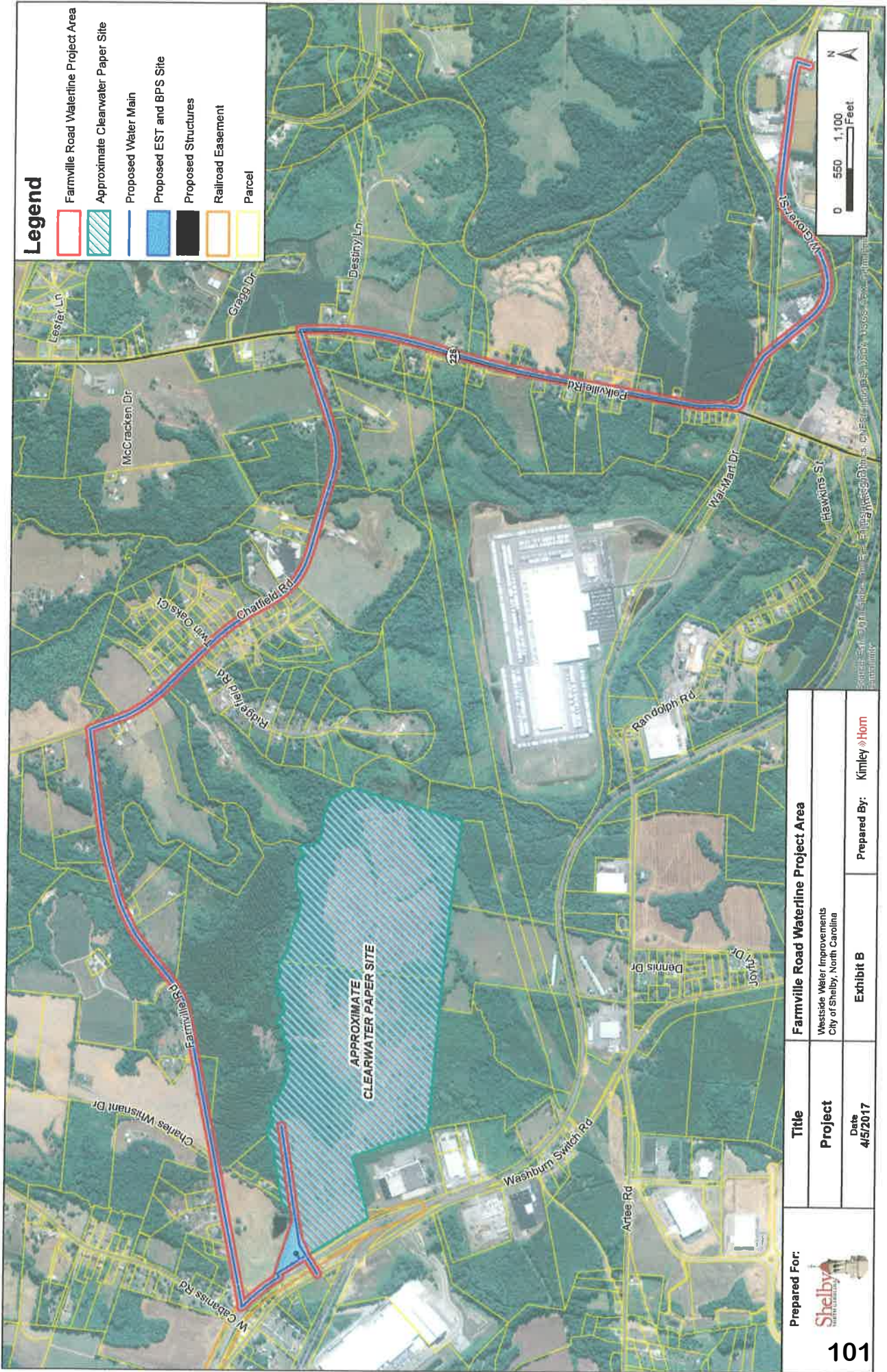
BIDDER 2

CB&I LLC T/A CB&I Constructors LLC
11560 Great Oaks Way, Ste 500
Alpharetta, GA 30022

BIDDER 3

Phoenix Fabricators & Erectors, LLC
182 South County Road 900 East
Avon, Indiana, 46123

Item	Addenda Acknowledged		yes		yes		yes	
	Unit	Plan Quantity	Unit Price	Cost	Unit Price	Cost	Unit Price	Cost
1.1 0.75 MG Steel Spheroid Elevated Water Storage Tank	LS	1	\$2,061,500.00	\$2,061,500.00	\$2,064,000.00	\$2,064,000.00	\$1,952,378.00	\$1,952,378.00
1.2 16" DIP water main installation (Restrained Joint)	LF	20	\$1,030.00	\$20,600.00	\$1,000.00	\$20,000.00	\$104.00	\$2,080.00
2.1 Connection to Existing System (Water Main)	EA	1	\$3,400.00	\$3,400.00	\$2,500.00	\$2,500.00	\$2,400.00	\$2,400.00
2.2 Earthwork	LS	1	\$9,500.00	\$9,500.00	\$10,000.00	\$10,000.00	\$27,000.00	\$27,000.00
2.3 Erosion and Sediment Control	LS	1	\$8,000.00	\$8,000.00	\$7,500.00	\$7,500.00	\$12,000.00	\$12,000.00
3.1 Mobilization	LS	1	\$25,000.00	\$25,000.00	\$65,000.00	\$65,000.00	\$60,000.00	\$60,000.00
				\$2,128,000.00		\$2,169,000.00		\$2,055,858.00



Legend

- Farmville Road Waterline Project Area
- Approximate Clearwater Paper Site
- Proposed Water Main
- Proposed EST and BPS Site
- Proposed Structures
- Railroad Easement
- Parcel

Prepared For: 	Title	Farmville Road Waterline Project Area
	Project	Westside Water Improvements City of Shelby, North Carolina
	Date	4/5/2017
		Exhibit B
		Prepared By: Kimley Horn

ORDINANCE NO. 3-2017

A BUDGET ORDINANCE AMENDMENT FOR THE CITY OF SHELBY'S
FARMVILLE ROAD WATERLINE PROJECT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to revise and amend its capital project ordinance and budgets for the City of Shelby's Farmville Road Waterline Improvements Project; and

WHEREAS, the City Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, City Council now desires to act on the recommended budget amendments and approve the same for implementation and compliance with the North Carolina Local Government Budget and Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Ordinance No. 3-2016, the City's Farmville Road Waterline Improvements Project, is hereby amended as follows to provide for Budget Amendment No. 1 for said project:

Farmville Road Waterline Project

(1) The following Water Fund Cap. Project Revenues are amended by the City:

Cleveland County	61106000-33500-61834	\$670,000
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(2) The following Water Fund Cap. Project Expenditures are amended by the City:

Engineering	611716-42004-61834	\$670,000
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Section 2. That the revenues, expenditures and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

Hanna Property Multi-Purpose Recreation Complex Project

	<u>Current Budget</u>	<u>Amendment No. 1</u>
Revenues		
Transferred from Water Fund	\$ 50,000	\$ 50,000
Cleveland County	\$ -0-	\$ 670,000
Expenditures		
Engineering	\$ 50,000	\$ 720,000

Ordinance No. 3-2017
January 9, 2017
Page 2

Section 3. Copies of this Budget Ordinance Amendment shall be furnished to the City Manager as Budget Officer and to the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the Shelby City Code, the General Statutes of North Carolina, and the provisions of the original budget ordinance; inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 9th day of January 2017.



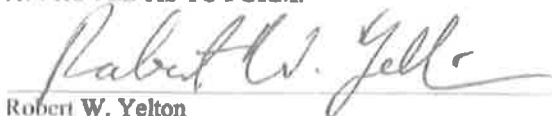
O. Stanhope Anthony III
Mayor

ATTEST:



Bernaldette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:



Robert W. Yelton
City Attorney



ORDINANCE NO. 15-2017

A BUDGET ORDINANCE AMENDMENT FOR THE CITY OF SHELBY'S
FARMVILLE ROAD WATERLINE PROJECT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to revise and amend its capital project ordinance and budgets for the City of Shelby's Farmville Road Waterline Improvements Project; and

WHEREAS, the City Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, City Council now desires to act on the recommended budget amendments and approve the same for implementation and compliance with the North Carolina Local Government Budget and Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Ordinance No. 3-2016, the City's Farmville Road Waterline Improvements Project, is hereby amended as follows to provide for Budget Amendment No. 2 for said project:

Farmville Road Waterline Project

(1) The following Water Fund Cap. Project Revenues are amended by the City:

Cleveland County	61106000-33500-61834	\$1,080,000
Golden Leaf Grant	61106000-34716-61834	\$3,000,000
USEDA Grant	61106000-34718-61834	\$2,250,000
Clearwater Funding	61106000-34719-61834	\$3,000,000

(2) The following Water Fund Cap. Project Expenditures are amended by the City:

Construction	611716-53000-61834	\$9,330,000
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Section 2. That the revenues, expenditures and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

Farmville Road Waterline Project

	<u>Current Budget</u>	<u>Amendment No. 2</u>
Revenues		
Transferred from Water Fund	\$ 50,000	\$ 50,000
Cleveland County Funding	\$ 670,000	\$1,750,000
Golden Leaf Grant	\$ -0-	\$3,000,000
USEDA Grant	\$ -0-	\$2,250,000
Clearwater Funding	\$ -0-	\$3,000,000
Expenditures		
Engineering	\$ 720,000	\$ 720,000
Construction	\$ -0-	\$9,330,000

Ordinance No. 15-2017
March 6, 2017
Page 2

Section 3. Copies of this Budget Ordinance Amendment shall be furnished to the City Manager as Budget Officer and to the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the Shelby City Code, the General Statutes of North Carolina, and the provisions of the original budget ordinance; inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 6th day of March 2017.



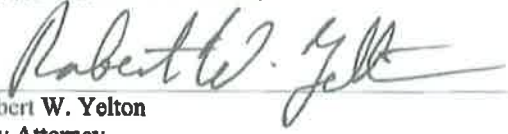
O. Stanhope Anthony III
Mayor

ATTEST:



Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:



Robert W. Yelton
City Attorney

RESOLUTION NO. 14-2018

**A RESOLUTION OF TENTATIVE AWARD FOR
THE FARMVILLE ROAD WATERLINE PROJECT – ELEVATED STORAGE TANK
TO PHOENIX FABRICATORS & ERECTORS, LLC**

WHEREAS, the City of Shelby, North Carolina has designed, valued engineered to reduce costs, and bid a project entitled the Farmville Road Waterline Project – Elevated Storage Tank and has held a competitive public bid opening on February 13, 2018 consistent with the applicable North Carolina General Statutes for bidding of public construction contracts; and,

WHEREAS, the City of Shelby received bids from three (3) qualified contractors for the completion of the Farmville Road Waterline Project – Elevated Storage Tank; and,

WHEREAS, the City’s consulting engineer, Kimley-Horn and the City have reviewed the bids and now recommend tentative award of the construction contracts for the work described to Phoenix Fabricators & Erectors, LLC. in the amount of \$2,105,858.00 conditioned on the sections below, contingent upon U.S. Department of Commerce’s Economic Development Administration (EDA) approval; and,

WHEREAS, project budget ordinances were established with Ordinance No. 3-2017 and Ordinance No 15-2017.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. The City Council of the City of the City of Shelby hereby awards the contract to Phoenix Fabricators & Erectors, LLC. for the construction of the Farmville Road Elevated Storage Tank.

Section 2. The City Manager and City Clerk are hereby authorized to execute the applicable contracts associated with this project.

Section 3. The City Manager and his designees are hereby to execute amendments and change orders to the applicable documents associated with this project.

Section 4. This resolution shall become effective upon its adoption and approval.

Adopted and approved this the 5th day of March 2018.

O. Stanhope Anthony, III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: E-1

New Business

- 1) Consideration of Fiscal Year (FY) 2017-2018 Budget Ordinance Amendment No. 13: Ordinance No. 15-2018

New Business Item: (Comments: Rick Howell, City Manager; Staff Resource, Ben Yarboro, Engineering Services Director)

Summary of Available Information:

- Memorandum dated February 26, 2018 from Layne Owen, P.E., Civil Engineer/Stormwater Coordinator to Ben Yarboro, E.I., Engineering Services Director
- Map showing stormwater culvert locations
- Ordinance No. 15-2018

City Manager's Recommendation / Comments

Ordinance No. 15-2018 is presented for City Council consideration at this time. If approved this ordinance would appropriate funding from the Stormwater Fund Balance in the amount of \$164,000 to cover the costs of four emergency street culvert repairs. Three have been completed and the fourth (Sumter Street) is scheduled in the coming week or so.

Several heavy rains over a short time period exposed problems with these culverts and in some cases partial collapses occurred creating an emergency situation. I have included a pdf map showing these locations for your information.

It is my recommendation Ordinance No. 15-2018 be adopted and approved by City Council at this time.



Memorandum

To: Ben Yarboro, E.I., Engineering Services Director
From: Layne Owen, P.E., Civil Engineer/Stormwater Coordinator
RE: Stormwater System Maintenance Budget Transfer
Date: February 26, 2018

Background

Annually, the stormwater department establishes a budget for system maintenance and repairs. These items include planned culvert replacements, storm drainage repairs, etc. During FY 2018, we have experienced several emergencies that required culvert replacements that were not previously planned for.

Review

During FY 18, the City has had to complete four emergency stormwater system repairs. The repairs were as follows:

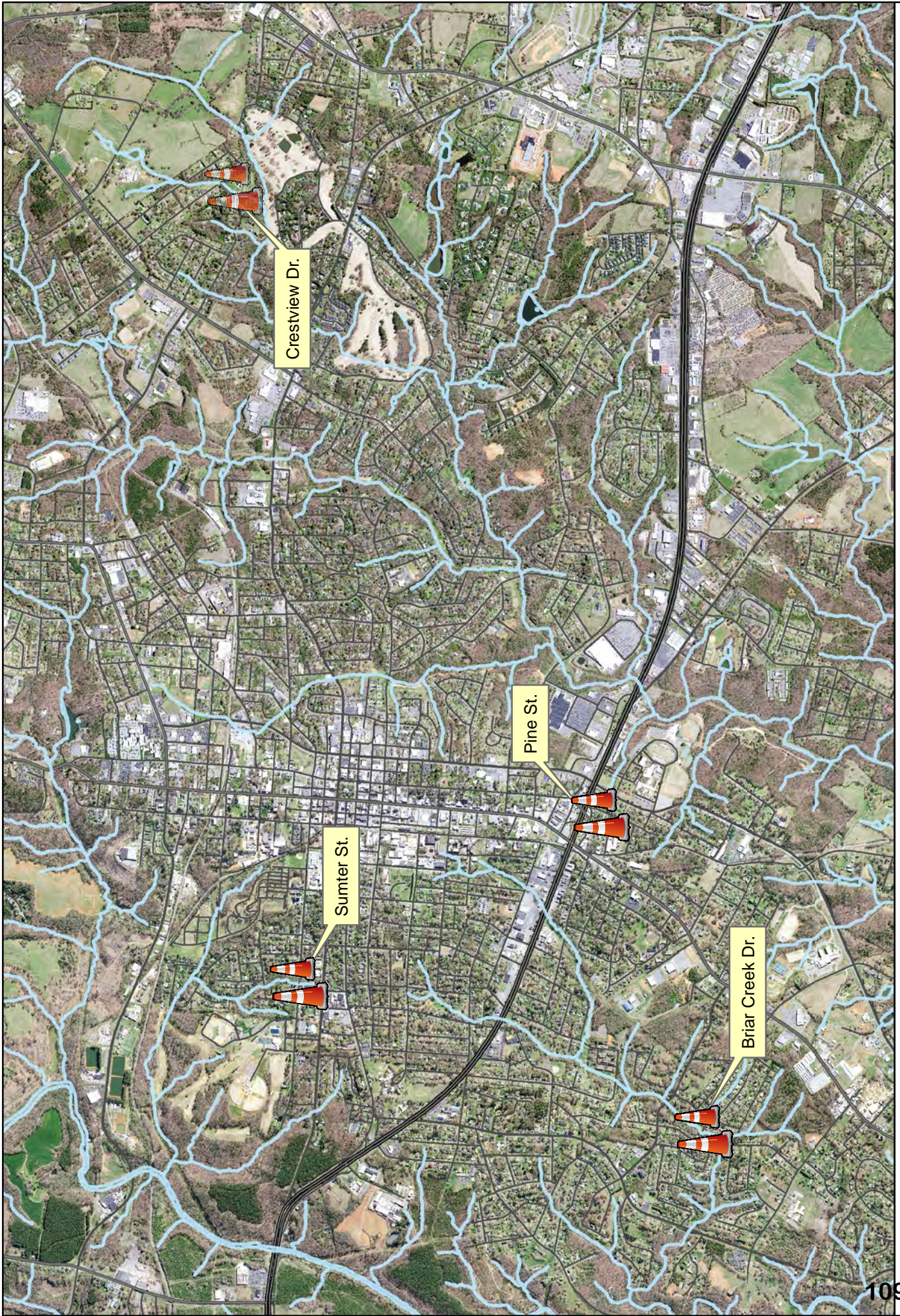
- culvert replacement on Crestview Dr. due to culvert failure and major sink hole under the street (\$47,919.43)
- culvert replacement on Briar Creek Dr. that had collapsed and the shoulder of the road was eroding (\$45,670.79)
- stormwater pipe replacement on Pine St. the caused a sinkhole in the street (\$24,034.53)
- culvert replacement on Sumter St. that caused flooding, a sinkhole under the sidewalk and the shoulder collapsing (\$45,440).

While we expect a small number of emergency repairs each year, the total expense of repairs during this budget have exceeded what was anticipated. With a limited system repair budget, this has limited our ability to complete the planned stormwater work that was previously coordinated with other City utility projects.

Recommendation

City Staff recommends a Stormwater fund balance transfer in the amount of \$163,064.75 to allow the department to complete planned system maintenance activities.

Please advise if you have any questions or need additional information.



FY18 Emergency Culvert Replacements



0 1,250 2,500 Feet
1 inch = 2,500 feet
(Printed 8.5" x 11")

ORDINANCE NO. 15-2018

CITY OF SHELBY
FISCAL YEAR (FY) 2017-2018 BUDGET ORDINANCE AMENDMENT

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, the City of Shelby finds it advisable and necessary to revise and amend its annual budget for FY 2017-2018; and,

WHEREAS, the City Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, City Council now desires to act on the recommended budget amendments and approve same for implementation and compliance with the Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA:

Section 1. Ordinance No. 41-2017, the City’s FY 2017-2018 Budget Ordinance, is hereby amended as follows to provide for Budget Amendment No. 13 for the year:

(A) The City of Shelby, due to heavy rain and aging Stormwater conveyance systems, has had to make several emergency repairs in fiscal year 2018. Accordingly, the following budget modifications are approved in accordance with the chart of accounts heretofore established for the City of Shelby.

(1) The following Stormwater Fund line items are amended:

- | | |
|--|-----------|
| (a) Increase 65006000-39900
Fund Balance Appropriated | \$164,000 |
| (b) Increase 650751-43408
System Repairs | \$164,000 |

Section 2. That the revenues, expenditures and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

	<u>Current Budget</u>	<u>Amendment No. 13</u>
General Fund	\$ 23,091,947	\$ 23,091,947
Emergency Telephone System Fund	107,000	107,000
Powell Bill Fund	654,750	654,750
Economic Dev. Fund	1,251,383	1,251,383
Housing Fund	1,494,872	1,494,872
Cemetery Fund	30,000	30,000
Utilities-Water Fund	5,175,797	5,175,797
Utilities-Sewer Fund	5,461,315	5,461,315
Utilities-Electric Fund	21,894,427	21,894,427
Utilities-Gas Fund	17,151,911	17,151,911
Utilities – Stormwater Fund	798,000	962,000
FY 2017-2018 Budget Total	<u>\$ 77,111,402</u>	<u>\$ 77,275,402</u>

Ordinance No. 15-2018
March 5, 2018
Page 2

Section 3. Copies of this Budget Ordinance Amendment shall be furnished to the City Manager as Budget Officer and to the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the Shelby City Code, the General Statutes of North Carolina, and the provisions of the original budget ordinance; inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 5th day of March 2018.

O. Stanhope Anthony, III
Mayor

ATTEST:

Bernadette A. Parduski, NC-CMC, IIMC-MMC
City Clerk

APPROVED AS TO FORM:

Robert W. Yelton
City Attorney

City of Shelby
Agenda Item Summary
March 5, 2018
City Hall Council Chamber

Agenda Item: F

City Manager's Report

- 1) Non sewerred areas
- 2) Holly Oak Playground Improvements

Agenda Item: G

Council Announcements and Remarks

H. Adjournment:

To adjourn a meeting of City Council, a majority of the Council members must vote for a motion to adjourn.

- 1) Motion to adjourn