

**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) Presentation of Advanced Law Enforcement Certificate awarded to Shelby Patrol Officer Brandon Todd Spangler 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 January 7, 2019 3
- 2) Approval of a resolution adopting a Classification and Pay Plan for the City of Shelby, North Carolina: Resolution No. 9-2019 14
- 3) Adoption of Fiscal Year 2018-2019 Budget Ordinance Amendment No. 6: Ordinance No. 8-2019 23
- 4) 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, 2019: Resolution No. 10-2019 40
- 5) Approval of a resolution approving a financing agreement authorized by North Carolina General Statute 160A-20" Resolution No. 11-2019 61

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| 6) Approval of a resolution awarding the bid for relocation of electric lines at Joe's Lake Road intersection:<br>Resolution No. 12-2019   | 69  |
| 7) Approval of a resolution adopting the City of Shelby Water Shortage Response Plan as submitted to the North Carolina Division of Environmental Quality: Resolution No. 13-2019                            | 75  |
| 8) Adoption of Fiscal Year 2018-2019 Budget Ordinance Amendment No. 7: Ordinance No. 9-2019  | 85  |
| 9) Approval of a resolution awarding the contract for the City of Shelby Stormwater Infrastructure Assistance Program project at 1586 Kings Road in Shelby, North Carolina:<br>Resolution No. 14-2019        | 90  |
| 10) Approval of a resolution awarding the contract for the City of Shelby Stormwater Infrastructure Assistance Program project at 705 Hanover Drive in Shelby, North Carolina:<br>Resolution No. 15-2019     | 106 |
| <b>D. Unfinished Business:</b>   |     |
| 1) Consideration of appointments to City advisory boards and commissions:  | 122 |
| a. Shelby Cleveland County Regional Airport Advisory Board   |     |
| 2) Consideration of an ordinance amending the Code of Ordinances, City of Shelby, North Carolina, by revising Chapter 38, Article 1, Section 38.3. Residential Collection Services:<br>Ordinance No. 10-2019 | 126 |
| <b>E. New Business:</b>  |     |
| 1) Consideration of an ordinance amending the City of Shelby's Schedule of Fees to include a fee schedule for Hanna Park:<br>Ordinance No. 11-2019   | 142 |

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| <b>F. City Manager's Report</b>  | <b>150</b> |
| <b>G. Council Announcements and Remarks</b>  | <b>150</b> |
| <b>H. Closed Session:</b>  | <b>150</b> |
| 1) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the City Council, including agreement on a tentative list of economic development incentives that may be offered pursuant to North Carolina General Statute 143-318.11 (a) (4) |            |
| <b>I. Adjournment:</b>   |            |
| <i>To adjourn a meeting of City Council, a majority of the Council members must vote for a motion to adjourn.</i>  |            |
| 1) Motion to adjourn   | 150        |

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

Agenda Item: B-1

*Special Presentations*

- 1) Presentation of Advanced Law Enforcement Certificate awarded to Shelby Police Patrol Officer Brandon Todd Spangler

**(Comments: Mayor Stan Anthony and Chief Jeff Ledford)**

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Summary of Available Information:

- Memorandum dated January 16, 2019 from Chief Jeff Ledford to Rick Howell, City Manager

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City Manager's Recommendation / Comments

Chief Ledford has requested this time on the agenda so that this Officer may be recognized for his professional development achievement. The Advanced Law Enforcement Certificate is recognition of both experience and training undertaken by Officer Spangler. A significant number of training hours covering a variety of law enforcement topics is necessary to receive this award. I would call to your attention the memorandum submitted by Chief Ledford noting that Officer Spangler has completed over 1,000 hours of documented training. I do wish to note that the City as an organization places a great deal of value and emphasis on the importance of training and in service education for all employees. This recognition of Officer Spangler is a testament to the City's willingness to invest in its employees for the specific purpose of providing a high quality / level of service to its citizens. In addition to this recognition Officer Spangler also holds a Bachelor of Science in Criminal Justice from UNC-Charlotte.

Mayor Anthony and Chief Ledford will present the certificate to Officer Spangler at this time. Please join me in congratulating him on this accomplishment.



## Intradepartmental Communication

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**To:** Rick Howell, City Manager  
**From:** Jeff Ledford, Chief of Police  
**Date:** January 16, 2019  
**Subject:** Special Presentation—CJ Advanced Certificate

### **Background**

The North Carolina Criminal Justice Education and Training Standards Commission establish minimum employment, training, and retention standards for law enforcement officers in the State of North Carolina. In order to recognize the competence level of law enforcement officers serving in communities across the state and to attract highly qualified individuals into a law enforcement career, the Criminal Justice Education and Training Standards Commission established the Law Enforcement Officers' Awards Program. This program is a method by which dedicated officers may receive recognition for education, professional training, and on-the-job experience. In order to receive an award, officers must acquire a combination of education and training points along with years of full-time law enforcement experience.

### **Review**

The commission has established three levels of recognition in this program. The Advanced Law Enforcement certificate is the highest award presented by the commission and requires up to 1,200 hours of specialized law enforcement training to qualify for consideration. Ptl. Brandon Spangler joined the Shelby Police Department in 2010, and currently serves as an officer in our Community Policing Unit. Brandon obtained his Bachelor's degree in Criminal Justice from UNC-Charlotte in 2009, and has completed over 1,000 hours of additional law enforcement training during his eight-year career with our agency. After a review of his experience and training at a recent commission hearing, the commission awarded him the Advanced Law Enforcement certificate.

### **Recommendation**

It is recommended that council consider presenting Ptl. Brandon Spangler the Advanced Law Enforcement certificate and recognize him for his service to our community.

City of Shelby  
Agenda Item Summary  
February 4, 2019  
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 January 7, 2019

**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 January 7, 2019.

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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

January 7, 2019  
Monday, 6:00 p.m.

**Present:** Mayor O. Stanhope Anthony III, presiding; Council Members David W. White, David Causby, and Charles Webber; City Manager Rick Howell, ICMA-CM, City Attorney Robert W. (Bob) Yelton, City Clerk Bernadette A. Parduski, Director of Finance Justin S. Merritt, MPA, Director of Human Resources Deborah (Deb) Jolly, Director of Energy Services Julie R. McMurry, Director of Water Resources David W. Hux, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, MPA, EFO, Director of Public Works Daniel C. (Danny) Darst, Jr., and Director of Planning and Development Services Department Walter (Walt) Scharer, AICP

**Absent:** Council Members Eric B. Hendrick, Violet Arth Dukes, and Dicky Amaya

Mayor Anthony called the meeting to order at 6:00 p.m. and welcomed all who were in attendance. The Mayor gave the invocation and Mr. White the *Pledge of Allegiance*.

### A. Approval of agenda:

- 1) Motion to adopt the proposed agenda

Mr. White requested the removal of Item H-1 under the Closed Session.

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

### B. Public Hearings:

- 1) Consideration of a proposed ordinance amending the zoning map of the City of Shelby, North Carolina (303 West Marion Street): Ordinance No. 1-2019

Mr. Scharer introduced this proposed zoning map amendment for the subject property located at 303 West Marion Street from Residential 10 (R10) Zoning District to Residential-Office (RO) Zoning District. Utilizing a map of the area, Mr. Scharer pointed to the .647 acre site which has a large single-family dwelling currently owned by Gardner-Webb University. The applicant,

Caulder & Valentino Law Firm, PLLC, wishes to convert the single-family dwelling into a professional service office.

Mr. Scharer concluded by stating the Planning and Zoning Board recommended approval of the proposed zoning map amendment for the property located at 303 West Marion Street from Residential 10 (R10) Zoning District to Residential-Office (RO) Zoning District. He further stated the proposed zoning map amendment is consistent with the Shelby Comprehensive Land Use Plan.

Mayor Anthony opened the public hearing at 6:03 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 6:04 p.m.

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Ordinance No. 1-2019 entitled, "A PROPOSED ORDINANCE AMENDING THE ZONING MAP OF THE CITY OF SHELBY, NORTH CAROLINA".

- 2) Consideration of a proposed ordinance amending the zoning map of the City of Shelby, North Carolina (1307 and 1309 Linton Barnette Sr. Drive): Ordinance No. 2-2019

Mr. Scharer introduced this proposed zoning map amendment for property located at 1307 and 1309 Linton Barnette Sr. Drive from Residential 6 Conditional Use District (R6-CUD) to Residential 10 (R10) Zoning District. Utilizing a map of the area, Mr. Scharer pointed to the subject property, along with three adjacent parcels, zoned R6-CU in 2001 to accommodate a daycare facility. The site is vacant and the applicants, William Scott and Pamela Wolfe Patterson, wish to build a single-family dwelling on the property. To staff's knowledge, the properties never have been used as a daycare and one structure in the area has been operating as a non-conforming single-family residence since the establishment of the Conditional Use District.

Mr. Scharer concluded by stating the Planning and Zoning Board recommended approval of the proposed zoning map amendment for property located at 1307 and 1309 Linton Barnette Sr. Drive with Cleveland County Parcel Numbers 45547, 56424, and 55553 from Residential 6 Conditional Use District (R6-CUD) Zoning District to Residential 10 (R10) Zoning District. He further stated the proposed zoning map amendment is consistent with the Shelby Comprehensive Land Use Plan.



Mayor Anthony opened the public hearing at 6:06 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 6:07 p.m.

**ACTION TAKEN:** Upon a motion made by Mr. Causby, City Council voted unanimously to approve and adopt Ordinance No. 2-2019 entitled, “A PROPOSED ORDINANCE AMENDING THE ZONING MAP OF THE CITY OF SHELBY, NORTH CAROLINA”.

- 3) Consideration of a proposed ordinance amending the zoning map of the City of Shelby, North Carolina (North Poston Street area of East Marion Street): Ordinance No. 3-2019

Mr. Scharer introduced this proposed zoning map amendment. Utilizing a map of the area, he pointed to the subject property located on North Poston Street, along with eleven surrounding parcels located on Wesley Street and Gilliatt Street, which were zoned Light Industrial (LI) District since the 1950s. The applicants, Speed Williams and Eric Gay, wish to build a single-family dwelling on the subject vacant parcel.

Mr. Scharer concluded by stating the Planning and Zoning Board recommended approval of the proposed zoning map amendment for the property located at 113, 115, 119, 121, 123, 127, 206, and North Poston Road; 1010 and 1012 Wesley Street; and 202 and Gilliatt Street from Light Industrial (LI) Zoning District to Residential 10 (R10) Zoning District. He further stated the proposed zoning map amendment is consistent with the Shelby Comprehensive Land Use Plan.

Mayor Anthony opened the public hearing at 6:08 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 6:09 p.m.

**ACTION TAKEN:** Upon a motion made by Mr. Webber, City Council voted unanimously to approve and adopt Ordinance No. 3-2019 entitled, “A PROPOSED ORDINANCE AMENDING THE ZONING MAP OF THE CITY OF SHELBY, NORTH CAROLINA”.

#### C. Consent Agenda:

**ACTION TAKEN:** Mayor Anthony presented the consent agenda. Mr. White

made a motion to approve the consent agenda. The consent agenda and following items were unanimously approved:

- 1) Approval of the Minutes of the Regular Meeting of December 3, 2018
- 2) Approval of Special Event Permit Applications:
  - a. Dr. Martin Luther King Jr. Unity March, requested date: January 21, 2019
  - b. Broad River European Classic, requested date: April 27, 2019
- 3) Approval of a resolution honoring Coach Lance Ware and the Shelby High School 2018 Golden Lions Football Team: Resolution No. 1-2019
- 4) Approval of a resolution authorizing selection of White Beard K-9, Inc. to provide police canine training services for City of Shelby Police Department: Resolution No. 2-2019
- 5) Approval of a resolution for approving the 2017 Local Water Supply Plan for the City of Shelby: Resolution No. 3-2019
- 6) Approval of a resolution approving conveyance of property (City-owned lot on Gidney Street): Resolution No. 4-2019
- 7) Approval of a resolution approving conveyance of property (801 Craig Place): Resolution No. 5-2019
- 8) Adoption of an ordinance authorizing demolition of a dwelling (360 Washburn Switch Road): Ordinance No. 4-2019
- 9) Adoption of an ordinance authorizing demolition of a dwelling (714 Congress Street): Ordinance No. 5-2019
- 10) Approval of Notice of Cancellation in the Regular Meeting Schedule of Shelby City Council

**END CONSENT AGENDA**

**D. Unfinished Business:**

- 1) Consideration of appointments to City advisory boards and commissions:
  - a. Isothermal Planning and Development Commission Board

**Mrs. Parduski reported the resignation of Council Member Ben Kittrell created a vacancy on this Commission. She advised Council to consider appointing a new member to this Commission as the City's representative.**

**Mr. White nominated City Manager Rick Howell.**

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

**b. Raper-Roark Trust Board**

**Mrs. Parduski reported Board Secretary, Tricia Butler, has submitted the following nominees: Carlos Scott, Jeff Roark, Danny Darst, Doris Moore, Linda Price, and Mark Patterson to serve as members of this board. Mrs. Parduski requested Council's approval of the nominees per the Trust Agreement.**

**Mr. White nominated the nominees as submitted.**

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

**c. Keep Shelby Beautiful (KSB) Commission**

**Mrs. Parduski reported the terms of four incumbents, Joe Linton Suttle, Kellie Ledford, Linda Price, and Peter Potemkin, conclude January 2019. All the incumbents are seeking reappointment to this board.**

**There are two applications on file in the Clerk's Office:**

- Cheryl Yates**
- Richard Baker, Jr.**

**Mr. White nominated Joe Linton Suttle, Kellie Ledford, and Linda Price for reappointment and Richard Baker, Jr. for appointment.**

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

**2) Consideration of a resolution of the City Council of the City of Shelby, North Carolina, authorizing the purchase of natural gas from the Lower Alabama Gas District or the Black Belt Energy Gas District; approving the**

execution and delivery of a gas supply agreement and other documents relating to said purchase; consenting to the assignment of certain obligations under the gas supply agreement in connection with the issuance of bonds by the Lower Alabama Gas District or the Black Belt Energy Gas District; and addressing related matters: Resolution No. 6-2019

Mr. Howell introduced Resolution No. 6-2019 for Council's consideration. He reminded Council that Resolution No. 50-2018 was previously adopted authorizing the City to participate in a prepay natural gas arrangement with Black Belt Energy Gas District. It essentially allowed the City to participate with a group of other cities leveraging tax exempt financing to pre-purchase natural gas at a significant discount, currently in the annual savings range of \$264,000. It appears a prepay agreement will close in early 2019. The City's public natural gas system counsel, McCarter & English, LLC, provided a revised resolution, adding the Lower Alabama Gas District as an option in the Gas Supply Agreement.

Mr. Howell recommended Resolution No. 6-2019 to allow the City to enter into a pre-purchase natural gas agreement with either Black Belt Energy Gas District or Lower Alabama Gas District.

**ACTION TAKEN:** Upon a motion made by Mr. Causby, City Council voted unanimously to approve and adopt Resolution No. 6-2019 entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA, AUTHORIZING THE PURCHASE OF NATURAL GAS FROM THE LOWER ALABAMA GAS DISTRICT OR THE BLACK BELT ENERGY GAS DISTRICT; APPROVING THE EXECUTION AND DELIVERY OF A GAS SUPPLY AGREEMENT AND OTHER DOCUMENTS RELATING TO SAID PURCHASE; CONSENTING TO THE ASSIGNMENT OF CERTAIN OBLIGATIONS UNDER THE GAS SUPPLY AGREEMENT IN CONNECTION WITH THE ISSUANCE OF BONDS BY THE LOWER ALABAMA GAS DISTRICT OR THE BLACK BELT ENERGY GAS DISTRICT; AND ADDRESSING RELATED MATTERS".

**3) First Broad River Wastewater Treatment Plant Biosolids Improvements Project:**

Mr. Howell reviewed the First Broad River Wastewater Treatment Plant Biosolids Improvements Project by stating in consideration of the age and structural deterioration of the City's compost facility and having previously received authorization to apply for additional funding from the North Carolina Department of Environmental Quality (NCDEQ), he was requesting Council to move forward with the solids handling upgrades project. Mr. Howell provided the description of the project which includes demolition of the

existing compost building; installation of an improved solids handling system to include two covered anaerobic digesters with four mixers and gas removal system; sludge holding tank with a submersible mixer; a digester control building; a sludge heating system; a hot water boiler system; a dewatering facility; a filtrate pump station; and associated yard piping, site work, and electrical work.

Next, Mr. Howell introduced Resolution No. 7-2019, Ordinance No. 6-2019, and Resolution No. 8-2019 for Council's consideration.

If Resolution No. 7-2019 is approved, it would accept a modified loan amount from the State of North Carolina Clean Water State Revolving Fund for construction of the Wastewater Treatment Plant Bio-solids Improvement Project. The authorized loan amount would increase to \$19,837,400. The terms of this loan remain at 20 years and zero percent interest.

If Ordinance No. 6-2019 is approved, it would amend the current Project Budget Ordinance to reflect the updated project cost of \$19,837,400 and recognize the change in the revolving loan fund amount.

If Resolution No. 8-2019 is approved, it would tentatively award a contract for the City of Shelby Wastewater Treatment Plant Biosolids Improvement Project to Wharton-Smith, Inc. of Charlotte, North Carolina in the amount of \$18,007,000 contingent upon the Division of Water Infrastructure issuing an "Authority to Award" letter to the City.

- a. Consideration of a resolution authorizing submission of a revised loan application to the North Carolina Department of Environmental Quality – Division of Water Infrastructure for funding related to the First Broad River Wastewater Treatment Plant Biosolids Improvements Project:  
Resolution No. 7-2019

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Resolution No. 7-2019 entitled, "A RESOLUTION AUTHORIZING SUBMISSION OF A REVISED LOAN APPLICATION TO THE NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY – DIVISION OF WATER INFRASTRUCTURE FOR FUNDING RELATED TO THE FIRST BROAD RIVER WASTEWATER TREATMENT PLANT BIOSOLIDS IMPROVEMENTS PROJECT".

- b. Consideration of a budget ordinance amendment for the City of Shelby's Compost Facility Upgrade Project:  
Ordinance No. 6-2019

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Ordinance No. 6-2019 entitled, “A BUDGET ORDINANCE AMENDMENT FOR THE CITY OF SHELBY’S COMPOST FACILITY UPGRADE PROJECT”.

- c. Consideration of a resolution of tentative award for the First Broad River Wastewater Treatment Plant Biosolids Improvements Project to Wharton-Smith Inc.: Resolution No. 8-2019

**ACTION TAKEN:** Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Resolution No. 8-2019 entitled, “A RESOLUTION OF TENTATIVE AWARD FOR THE FIRST BROAD RIVER WASTEWATER TREATMENT PLANT BIOSOLIDS IMPROVEMENTS PROJECT TO WHARTON-SMITH INC.”.

**E. New Business:**

- 1) Consideration of a proposed ordinance amending the Code of Ordinances of the City of Shelby, North Carolina: Ordinance No. 7-2019

Mr. Scharer introduced Ordinance No. 7-2019 for Council’s consideration. If approved, the ordinance would enact the 2018 North Carolina Building Code for use within the City of Shelby jurisdiction. He stated the City of Shelby currently enforces the 2012 North Carolina Building Code and the 2018 North Carolina Building Code went into effect on January 1, 2019.

Mr. Scharer added an adequate version of the adoption is as follows:

The North Carolina State Building Code, with all supplements and amendments thereto, ratified and adopted by the North Carolina Building Code Council, in full effect and having the force of law within the territorial jurisdiction of the city under the provisions of General Statute 143-138 and General Statute 160A-412, is affirmed to be the building code for the city and is incorporated by reference in this section as fully and completely as if written verbatim in this section.

**ACTION TAKEN:** Upon a motion made by Mr. Webber, City Council voted unanimously to approve and adopt Ordinance No. 7-2019 entitled, “A PROPOSED ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF SHELBY, NORTH CAROLINA”.

**F. City Manager’s Report:**

- 1) Mr. Howell confirmed Council’s annual planning retreat has been

scheduled for Saturday, February 2, 2019, at 8:00 a.m., Shelby Cleveland County Regional Airport Terminal Building. He requested Council's feedback regarding the agenda content in order to include these topics for discussion purposes. Mr. Howell will present the 2018 year in review and provide an update on the status of various projects currently underway, along with his major budget assumptions for Council's consideration and direction.

- 2) Mr. Howell provided an update regarding the City's recycling program. This is the last year of an eight-year contract with Republic Services to provide curbside rollout recycling service. As such, he said it is important to evaluate the program to determine its long-term viability and to address operational and functional issues that have arisen. Republic Services has made the City aware that some Recycling Materials Recovery Facilities (MRF) have indicated they may refuse loads because of overseas market issues and bans on the import of solid waste as well as contamination. City staff is working to develop a strategy to simplify the recycling process through education as to which recyclables are more suitable and the overall importance of eliminating contamination in the stream.
- 3) With regard to Hanna Park, Mr. Howell reported the City has taken possession and is now in control of the site as of January 3, 2019. He reiterated it is not open to the public yet as there are items that cannot be dealt with by the contractor before spring weather. He anticipated a ribbon cutting ceremony and festivities for a date to be determined in late March 2019.
- 4) Mr. Howell presented the City's Sanitary Sewer Overflows Report, illustrating the spill history dating back to calendar year 2010 for review. He explained this year has been a challenging year with record rainfall that has exacerbated infiltration and inflow. The City has made progress but still has plenty of work to do when considering the overall age and condition of the system. The City has also dedicated significant resources to improve system performance, noting the results of the investments being made.

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

- 1) Mayor Anthony mentioned the new Hanna Park is stunning and impressive, stating when it opens to the public, this park will become a significant asset for the entire community.

The Mayor reminded Council members to consider attending the North Carolina League of Municipalities 2019 Town & State Dinner on

Wednesday, February 20, 2019, at the Raleigh Convention Center, Raleigh, North Carolina.

Mayor Anthony also reminded Council members to attend the annual Martin Luther King Unity March and Program on Monday, January 21, 2019, at 10:00 a.m. from the Cleveland County Court House to Malcolm Brown Auditorium at Shelby High School.

The Mayor requested Council members to provide their topics and issues to Mr. Howell for the Council retreat agenda.

**H. Closed Session: REMOVED; TO BE RESCHEDULED WITH FULL BOARD ATTENDANCE**

- 1) To conduct the annual performance evaluation of the City Clerk pursuant to North Carolina General Statute 143-318.11 (a) (6)

**I. Adjournment:**

- 1) Motion to adjourn

**ACTION TAKEN:** Upon a motion made by Mr. Webber, City Council voted unanimously to adjourn the meeting at 6:35 p.m.

Respectfully submitted,

Bernadette A. Parduski, NCCMC, MMC  
City Clerk

O. Stanhope Anthony III  
Mayor

Minutes of January 7, 2019



City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

Agenda Item: C-2

- 2) Approval of a resolution adopting a Classification and Pay Plan for the City of Shelby, North Carolina: Resolution No. 9-2019

**Consent Agenda Item: (Rick Howell, City Manager, Deb Jolly, HR Director)**

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Summary of Available Information:

- Resolution No. 9-2019 with Exhibits A and B

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City Manager's Recommendation / Comments

Resolution No. 9-2019 is presented for City Council consideration at this time via the Consent Agenda. If approved this resolution would approve and ratify the Classification and Pay Plan previously implemented and effective July 2, 2018. This resolution sets forth the framework and approval process for the position classification of employees, assignment of pay grade, future plan amendments and sets the effective date. This resolution merely formalizes the plan already implemented and approved with the adoption of the FY 2018-2019 budget.

**It is my recommendation that Resolution No. 9-2019 be approved by City Council via the Consent Agenda.**

| <b>City of Shelby Salary Schedule</b> |               |               |               |  |               |               |               |
|---------------------------------------|---------------|---------------|---------------|--|---------------|---------------|---------------|
| <b>Effective July 2, 2018</b>         |               |               |               |  |               |               |               |
| <b>Grade</b>                          | <b>ANNUAL</b> | <b>ANNUAL</b> | <b>ANNUAL</b> |  | <b>HOURLY</b> | <b>HOURLY</b> | <b>HOURLY</b> |
|                                       | <b>Min</b>    | <b>Midpt</b>  | <b>Max</b>    |  | <b>Min</b>    | <b>Midpt</b>  | <b>Max</b>    |
| <b>4</b>                              | 20,238.10     | 25,500.00     | 30,761.90     |  | 9.73          | 12.26         | 14.79         |
| <b>5</b>                              | 21,250.00     | 26,775.00     | 32,300.00     |  | 10.22         | 12.87         | 15.53         |
| <b>6</b>                              | 22,312.50     | 28,113.75     | 33,915.00     |  | 10.73         | 13.52         | 16.31         |
| <b>7</b>                              | 23,428.13     | 29,519.44     | 35,610.75     |  | 11.26         | 14.19         | 17.12         |
| <b>8</b>                              | 24,599.53     | 30,995.41     | 37,391.29     |  | 11.83         | 14.90         | 17.98         |
| <b>9</b>                              | 25,829.51     | 32,545.18     | 39,260.85     |  | 12.42         | 15.65         | 18.88         |
| <b>10</b>                             | 27,120.98     | 34,172.44     | 41,223.89     |  | 13.04         | 16.43         | 19.82         |
| <b>11</b>                             | 28,477.03     | 35,881.06     | 43,285.09     |  | 13.69         | 17.25         | 20.81         |
| <b>12</b>                             | 29,900.88     | 37,675.11     | 45,449.34     |  | 14.38         | 18.11         | 21.85         |
| <b>13</b>                             | 31,395.93     | 39,558.87     | 47,721.81     |  | 15.09         | 19.02         | 22.94         |
| <b>14</b>                             | 32,965.72     | 41,536.81     | 50,107.90     |  | 15.85         | 19.97         | 24.09         |
| <b>15</b>                             | 34,614.01     | 43,613.65     | 52,613.30     |  | 16.64         | 20.97         | 25.29         |
| <b>16</b>                             | 36,344.71     | 45,794.34     | 55,243.96     |  | 17.47         | 22.02         | 26.56         |
| <b>17</b>                             | 38,161.95     | 48,084.05     | 58,006.16     |  | 18.35         | 23.12         | 27.89         |
| <b>18</b>                             | 40,070.04     | 50,488.26     | 60,906.47     |  | 19.26         | 24.27         | 29.28         |
| <b>19</b>                             | 42,073.55     | 53,012.67     | 63,951.79     |  | 20.23         | 25.49         | 30.75         |
| <b>20</b>                             | 44,177.22     | 55,663.30     | 67,149.38     |  | 21.24         | 26.76         | 32.28         |
| <b>21</b>                             | 46,386.09     | 58,446.47     | 70,506.85     |  | 22.30         | 28.10         | 33.90         |
| <b>22</b>                             | 48,705.39     | 61,368.79     | 74,032.19     |  | 23.42         | 29.50         | 35.59         |
| <b>23</b>                             | 51,140.66     | 64,437.23     | 77,733.80     |  | 24.59         | 30.98         | 37.37         |
| <b>24</b>                             | 53,697.69     | 67,659.09     | 81,620.49     |  | 25.82         | 32.53         | 39.24         |
| <b>25</b>                             | 56,382.58     | 71,042.05     | 85,701.52     |  | 27.11         | 34.15         | 41.20         |
| <b>26</b>                             | 59,201.71     | 74,594.15     | 89,986.59     |  | 28.46         | 35.86         | 43.26         |
| <b>27</b>                             | 62,161.79     | 78,323.86     | 94,485.92     |  | 29.89         | 37.66         | 45.43         |
| <b>28</b>                             | 65,269.88     | 82,240.05     | 99,210.22     |  | 31.38         | 39.54         | 47.70         |
| <b>29</b>                             | 68,533.37     | 86,352.05     | 104,170.73    |  | 32.95         | 41.52         | 50.08         |
| <b>30</b>                             | 71,960.04     | 90,669.65     | 109,379.26    |  | 34.60         | 43.59         | 52.59         |
| <b>31</b>                             | 75,558.04     | 95,203.14     | 114,848.23    |  | 36.33         | 45.77         | 55.22         |
| <b>32</b>                             | 79,335.95     | 99,963.29     | 120,590.64    |  | 38.14         | 48.06         | 57.98         |
| <b>33</b>                             | 83,302.74     | 104,961.46    | 126,620.17    |  | 40.05         | 50.46         | 60.88         |
| <b>34</b>                             | 87,467.88     | 110,209.53    | 132,951.18    |  | 42.05         | 52.99         | 63.92         |
| <b>35</b>                             | 91,841.28     | 115,720.01    | 139,598.74    |  | 44.15         | 55.63         | 67.11         |
| <b>36</b>                             | 96,433.34     | 121,506.01    | 146,578.68    |  | 46.36         | 58.42         | 70.47         |
| <b>37</b>                             | 101,255.01    | 127,581.31    | 153,907.61    |  | 48.68         | 61.34         | 73.99         |
| <b>38</b>                             | 106,317.76    | 133,960.37    | 161,602.99    |  | 51.11         | 64.40         | 77.69         |
| <b>39</b>                             | 111,633.64    | 140,658.39    | 169,683.14    |  | 53.67         | 67.62         | 81.58         |
| <b>40</b>                             | 117,215.33    | 147,691.31    | 178,167.30    |  | 56.35         | 71.01         | 85.66         |

|  | <b>City of Shelby Salary Schedule - Fire &amp; Rescue</b> |               |               |  |               |               |               |
|--|---|---------------|---------------|--|---------------|---------------|---------------|
|  | <b>Effective July 2, 2018</b>                             |               |               |  |               |               |               |
|  |   |               |               |  |               |               |               |
| <b>Grade</b>   | <b>ANNUAL</b>   | <b>ANNUAL</b> | <b>ANNUAL</b> |  | <b>HOURLY</b> | <b>HOURLY</b> | <b>HOURLY</b> |
|  | <b>Min</b>  | <b>Midpt</b>  | <b>Max</b>    |  | <b>Min</b>    | <b>Midpt</b>  | <b>Max</b>    |
| <b>F15</b>   | 34,219.51   | 43,972.07     | 53,724.63     |  | 12.42         | 15.96         | 19.49         |
| <b>F16</b>   | 35,930.49   | 46,170.67     | 56,410.86     |  | 13.04         | 16.75         | 20.47         |
| <b>F17</b>   | 37,727.01   | 48,479.21     | 59,231.40     |  | 13.69         | 17.59         | 21.49         |
| <b>F18</b>   | 39,613.36   | 50,903.17     | 62,192.98     |  | 14.37         | 18.47         | 22.57         |
| <b>F19</b>   | 41,594.03   | 53,448.33     | 65,302.62     |  | 15.09         | 19.39         | 23.69         |
| <b>F20</b>   | 43,673.73   | 56,120.74     | 68,567.76     |  | 15.85         | 20.36         | 24.88         |
| <b>F21</b>   | 45,857.42   | 58,926.78     | 71,996.14     |  | 16.64         | 21.38         | 26.12         |
| <b>F22</b>   | 48,150.29   | 61,873.12     | 75,595.95     |  | 17.47         | 22.45         | 27.43         |
| <b>F23</b>   | 50,557.80   | 64,966.77     | 79,375.75     |  | 18.34         | 23.57         | 28.80         |
| <b>F24</b>   | 53,085.69   | 68,215.11     | 83,344.53     |  | 19.26         | 24.75         | 30.24         |
| <b>F25</b>   | 55,739.98   | 71,625.87     | 87,511.76     |  | 20.22         | 25.99         | 31.75         |
| <b>F26</b>   | 58,526.97   | 75,207.16     | 91,887.35     |  | 21.24         | 27.29         | 33.34         |
| <b>F27</b>   | 61,453.32   | 78,967.52     | 96,481.72     |  | 22.30         | 28.65         | 35.01         |
| <b>F28</b>   | 64,525.99   | 82,915.90     | 101,305.80    |  | 23.41         | 30.09         | 36.76         |
| <b>F29</b>   | 67,752.29   | 87,061.69     | 106,371.09    |  | 24.58         | 31.59         | 38.60         |
| <b>F30</b>   | 71,139.90   | 91,414.78     | 111,689.65    |  | 25.81         | 33.17         | 40.53         |
| <b>*This document can only be altered with approval from the City Manager.</b> |   |               |               |  |               |               |               |
|  |   |               |               |  |               |               |               |
|  |   |               |               |  |               |               |               |

| <b>City of Shelby Position Titles &amp; Pay Grades</b> |                                     |              |
|--|-------------------------------------|--------------|
| <b>Effective July 2, 2018</b>                          |                                     |              |
| <b>DEPARTMENT</b>                                      | <b>TITLE</b>                        | <b>GRADE</b> |
| Engineering Services                                   | Airport Attendant                   | 4            |
| Parks & Recreation                                     | Gym Assistant                       | 4            |
| Parks & Recreation                                     | Gymnastics Assistant                | 4            |
| Police   | School Crossing Guard               | 4            |
| Parks & Recreation                                     | Senior Citizen Program Coordinator  | 4            |
| Parks & Recreation                                     | Special Needs Coordinator           | 4            |
| Parks & Recreation                                     | Aerobics Instructor                 | 5            |
| Parks & Recreation                                     | Amusement Equipment Operator        | 5            |
| Parks & Recreation                                     | Athletic Assistant                  | 5            |
| Parks & Recreation                                     | Golf Shop Attendant                 | 5            |
| Multiple   | Custodian                           | 7            |
| Parks & Recreation                                     | Maintenance Worker                  | 7            |
| Public Works   | Automotive Service Worker           | 9            |
| Multiple   | Chaplain                            | 9            |
| Parks & Recreation                                     | Park Facilities Maintenance Worker  | 9            |
| Parks & Recreation                                     | Park Grounds Maintenance Worker     | 9            |
| Housing  | Resident Services Specialist        | 10           |
| Finance  | Customer Service Representative     | 11           |
| Public Works   | Equipment Operator                  | 11           |
| Police   | Evidence Specialist                 | 11           |
| Parks & Recreation                                     | Facilities Maintenance Technician   | 11           |
| Police   | Police Records Clerk                | 11           |
| Police   | Telecommunicator                    | 11           |
| Finance  | Warehouse Clerk                     | 11           |
| Parks & Recreation                                     | Amusement Equipment Technician      | 12           |
| Parks & Recreation                                     | Cemetery Technician                 | 12           |
| Water Resources  | Field Operations Technician I       | 12           |
| Finance  | Meter Services Technician           | 12           |
| Public Works   | Traffic Maintenance Technician      | 12           |
| Public Works   | Tree Trimmer                        | 12           |
| Finance  | Accounts Payable Technician         | 13           |
| Multiple   | Administrative Assistant            | 13           |
| Finance  | Customer Service Billing Specialist | 13           |
| Parks & Recreation                                     | Grounds Crew Leader                 | 13           |
| Housing  | Maintenance Mechanic                | 13           |
| Public Works   | Mechanic                            | 13           |
| Energy Services  | Natural Gas Technician I            | 13           |
| Finance  | Senior Warehouse Clerk              | 13           |

|                                 |  |    |
|---------------------------------|--|----|
| Housing                         | Tenant Accounts/Occupancy Specialist     | 13 |
| Energy Services                 | Utility Services Locator                 | 13 |
| Water Resources                 | Field Operations Technician II           | 14 |
| Water Resources                 | Laboratory Technician                    | 14 |
| Water Resources                 | Treatment Plant Operator I               | 14 |
| Energy Services                 | Utilities Services Specialist            | 14 |
| Finance                         | Accountant                               | 15 |
| Parks & Recreation              | Amusement Supervisor                     | 15 |
| Planning & Development Services | Code Enforcement Officer                 | 15 |
| Finance                         | Customer Service Billing Coordinator     | 15 |
| Finance                         | Customer Service Payment Supervisor      | 15 |
| Housing                         | Housing Coordinator                      | 15 |
| Finance                         | Meter Services Supervisor                | 15 |
| Energy Services                 | Natural Gas Technician II                | 15 |
| Water Resources                 | Plant Mechanic I                         | 15 |
| Public Works                    | Senior Mechanic                          | 15 |
| Energy Services                 | Electric Distribution Technician I       | 16 |
| Water Resources                 | Environmental Services Technician        | 16 |
| Water Resources                 | Field Operations Technician III          | 16 |
| Water Resources                 | Treatment Plant Operator II              | 16 |
| Public Works                    | Tree Crew Supervisor                     | 16 |
| Planning & Development Services | Building Inspector I                     | 17 |
| Parks & Recreation              | Facilities Crew Supervisor               | 17 |
| Engineering Services            | GIS Technician                           | 17 |
| Parks & Recreation              | Grounds Crew Supervisor                  | 17 |
| Police                          | K-9 Trainer                              | 17 |
| Energy Services                 | Natural Gas Technician III               | 17 |
| Water Resources                 | Plant Mechanic II                        | 17 |
| Police                          | Police Officer                           | 17 |
| Engineering Services            | Stormwater Engineering Technician        | 17 |
| Energy Services                 | Electric Distribution Technician II      | 18 |
| Water Resources                 | Field Operations Crew Supervisor         | 18 |
| Housing                         | Maintenance Supervisor                   | 18 |
| Police                          | Police Detective                         | 18 |
| Water Resources                 | Treatment Plant Operator III             | 18 |
| Planning & Development Services | Building Inspector II                    | 19 |
| Public Works                    | Garage Supervisor                        | 19 |
| Parks & Recreation              | Golf Course Manager                      | 19 |
| Energy Services                 | Natural Gas Technician IV                | 19 |
| Energy Services                 | Operator Qualification Trainer/Evaluator | 19 |
| Planning & Development Services | Planner                                  | 19 |
| Water Resources                 | Plant Mechanic III                       | 19 |
| Parks & Recreation              | Recreation Center Supervisor             | 19 |

|                                 |   |    |
|---------------------------------|---|----|
| Public Works                    | Sanitation Supervisor                   | 19 |
| Police                          | Telecommunications Supervisor           | 19 |
| Energy Services                 | Utility Support Supervisor              | 19 |
| Parks & Recreation              | Athletic Program Supervisor             | 20 |
| Human Resources                 | Benefits Coordinator                    | 20 |
| Energy Services                 | Electric Distribution Technician III    | 20 |
| Parks & Recreation              | Recreation Program Supervisor           | 20 |
| Engineering Services            | Airport Supervisor                      | 21 |
| Planning & Development Services | Building Inspector III                  | 21 |
| Administration                  | City Clerk                              | 21 |
| Finance                         | Computer System Analyst                 | 21 |
| Energy Services                 | Marketing and Promotions Specialist     | 21 |
| Police                          | Police Sergeant                         | 21 |
| Finance                         | Purchasing/Warehouse Manager            | 21 |
| Parks & Recreation              | Building & Grounds Superintendent       | 22 |
| Energy Services                 | Business Manager                        | 22 |
| Energy Services                 | Electric Journeyman                     | 22 |
| Energy Services                 | Electric System Technician              | 22 |
| Public Works                    | Garage Superintendent                   | 22 |
| Police                          | Police Detective Sergeant               | 22 |
| Water Resources                 | Pretreatment Coordinator/Lab Supervisor | 22 |
| Parks & Recreation              | Recreation Program Superintendent       | 22 |
| Finance                         | Accounting Manager                      | 23 |
| Engineering Services            | Civil Engineer/Stormwater Manager       | 23 |
| Finance                         | Customer Service Manager                | 23 |
| Energy Services                 | Natural Gas Supervisor                  | 23 |
| Police                          | Police Lieutenant                       | 23 |
| Human Resources                 | Safety & Risk Management Coordinator    | 23 |
| Police                          | Services Division Manager               | 23 |
| Water Resources                 | Treatment Plant Supervisor              | 23 |
| Planning & Development Services | Chief Building Inspector                | 24 |
| Fire                            | Fire Marshal                            | 24 |
| Engineering Services            | GIS Manager                             | 24 |
| Energy Services                 | Natural Gas Compliance Coordinator      | 24 |
| Police                          | Police Detective Lieutenant             | 24 |
| Fire                            | Training & Emergency Management Officer | 24 |
| Water Resources                 | Utility Projects Coordinator            | 24 |
| Energy Services                 | Electric Service Supervisor             | 25 |
| Water Resources                 | Field Operations Superintendent         | 25 |
| Water Resources                 | Plant Operations Superintendent         | 25 |
| Police                          | Police Captain                          | 25 |
| Finance                         | Information Services Manager            | 26 |
| Public Works                    | Assistant Director of Public Works      | 27 |

|  |   |     |
|--|---|-----|
| Finance  | Assistant Finance Director                    | 27  |
| Energy Services  | Natural Gas Superintendent                    | 27  |
| Housing  | Director of Housing                           | 28  |
| Fire   | Fire Division Chief - Logistics & Enforcement | 29  |
| Fire   | Fire Division Chief - Personnel & Emergency   | 29  |
| Energy Services  | Electric Superintendent                       | 30  |
| Human Resources  | Director of Human Resources                   | 31  |
| Parks & Recreation   | Director of Parks & Recreation                | 31  |
| Planning & Development Services  | Director of Planning & Development            | 31  |
| Public Works   | Director of Public Works                      | 31  |
| Fire   | Fire Chief                                    | 31  |
| Finance  | Director of Finance                           | 32  |
| Energy Services  | Director of Energy Services                   | 33  |
| Engineering Services   | Director of Engineering Services              | 33  |
| Water Resources  | Director of Water Resources                   | 33  |
| Police   | Police Chief                                  | 33  |
| Fire   | Firefighter                                   | F15 |
| Fire   | Fire Engineer                                 | F17 |
| Fire   | Fire Inspector                                | F17 |
| Fire   | Fire Captain                                  | F22 |
| Fire   | Fire Battalion Chief                          | F28 |
| <b>*This document can only be altered with approval from the City Manager.</b> |   |     |

## RESOLUTION NO. 9-2019

### A RESOLUTION ADOPTING A CLASSIFICATION AND PAY PLAN FOR THE CITY OF SHELBY, NORTH CAROLINA

WHEREAS, North Carolina General Statute 160A-162 authorizes the City Council to approve a schedule of pay and compensation for all city employees and to adopt position classification plans; and,

WHEREAS, North Carolina General Statute 160A-162 states that the City Manager is responsible for preparing position classification and pay plans for submission to the City Council and for administering the plan in accordance with general policies and directives adopted by the City Council; and,

WHEREAS, the City contracted with Springsted in early 2018 to conduct a Pay and Classification Study for the City of Shelby, North Carolina and the City Manager and Human Resources Director have reviewed that study and recommend its adoption by the City Council.

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

Section 1. That the Proposed Pay Plan marked as EXHIBIT A and the Proposed Pay Grades marked as EXHIBIT B in the “Pay and Classification Study for the City of Shelby, North Carolina”, prepared by Springsted, attached hereto and incorporated by reference, are hereby adopted as the Personnel Position and Classification Pay Plan for the City of Shelby, North Carolina.

Section 2. That the City Manager is responsible for administering the Plan under the Personnel Policies Ordinance of the City of Shelby, North Carolina, and placing employees at the appropriate point in the assigned grade as recommended by the Springsted Study noted above.

Section 3. That to preserve the integrity of this Plan as adopted by the City Council of the City of Shelby, North Carolina no new job classification can be created and assigned a pay grade, and no amendment to an existing job classification that either increases or decreases its pay grade or changes the job title may be adopted, except by written approval of the City Manager and a subsequent annual report of all changes presented to the City Council. Plan amendments shall be ratified annually with the adoption of a resolution by City Council.

Section 4. That all job descriptions shall be approved and if necessary subsequently amended, by the Human Resources Director, subject to the approval of the City Manager. In amending or creating a new job description, the Human Resources Director and City Manager shall follow the same procedure as recommended by Springsted as part of their engagement for a pay and classification study.



Section 5. That the Human Resources Director shall be responsible for maintaining a current listing of all job classifications and the pay grades, which includes all amendments. The Human Resources Director also shall keep in a binder in chronological order, and in electronic format, all resolutions initially adopting, and subsequently amending this Plan.

Section 6. That the Human Resources Director shall be responsible also to maintain a record of all administrative directives from the City Manager, all legal opinions from the City Attorney, and any notes prepared by the Human Resources Director that further clarify how specific aspects of the Position Classification and Pay Plan are to be interpreted.

Section 7. That this Resolution shall be effective retroactively to July 2, 2018.

Adopted and approved this 4<sup>th</sup> day of February 2019.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

**Agenda Item: C-3**

- 3) Adoption of Fiscal Year (FY) 2018-2019 Budget Ordinance Amendment No. 6:  
Ordinance No. 8-2019

**Consent Agenda Item: (Staff Resource, Justin Merritt, Assistant City Manager)**

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Summary of Available Information:

- Memorandum dated January 28, 2019 from Justin S. Merritt, Assistant City Manager 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
- Employer’s Quarterly Tax and Wage Report.
- Ordinance No. 8-2019

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City Manager’s Recommendation / Comments

Ordinance No. 8-2019 is presented for City Council consideration at this time. If approved this ordinance would formally appropriate the incentive grant for Tax Year 2018. Future payments will be made as the grant recipient requests payment after complying with the provisions of the adopted agreement. This is year two 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. 8-2019 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: January 28, 2019  
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 two 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 two 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.

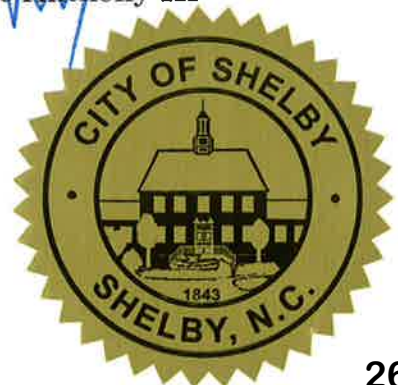
Section 3. This resolution shall become effective upon its adoption and approval.

Adopted and approved this the 15<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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.

*(The rest of this page is intentionally left blank)*

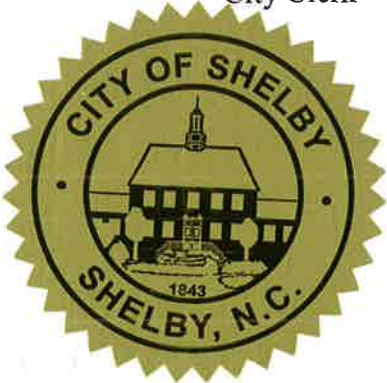
IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed, this the day and year first above written.

**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<br>Tax Year (Fiscal Yr.)   | Column2<br>2017-18 | Column3<br>2018-19 | Column4<br>2019-20 | Column5<br>2020-21 | Column6<br>2021-22 | Column7<br>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           | 0.005225           | 0.005225           | 0.005225           | 0.005225           | N/A               |
| Estimated City Tax Levy            | \$ 39,776          | \$ 41,800          | \$ 41,800          | \$ 41,800          | \$ 41,800          | \$ 206,976        |
| Calculated Grant Incentive Payment | \$ 15,910.40       | \$ 16,720          | \$ 16,720          | \$ 16,720          | \$ 16,720          | \$ 49,350         |
| Actual net new investment#         | \$ 6,730,162       | \$ 7,644,791       | -                  | -                  | -                  | N/A               |
| Current City Tax Rate per \$100    | 0.004972           | 0.005225           | 0.005225           | 0.005225           | 0.005225           | N/A               |
| Actual City Tax Levy#              | \$ 33,462          | \$ 39,944          | \$ -               | \$ -               | \$ -               | \$ 73,406         |
| Actual Grant Incentive Payment     | 13,384.95          | 15,977.61          | 0.00               | 0.00               | 0.00               | 29,362.56         |
| <b>Difference</b>                  | <b>\$ 6,314</b>    | <b>\$ 1,856</b>    | <b>\$ 41,800</b>   | <b>\$ 41,800</b>   | <b>\$ 41,800</b>   | <b>N/A</b>        |

# 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

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**From:** Chris Green <Chris.Green@clevelandcounty.com>  
**Sent:** Monday, January 28, 2019 10:08 AM  
**To:** Justin Merritt  
**Subject:** RE: Incentive Payment Request - HUESKER, Inc

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Justin,

Assessed value and tax paid for 2018:

|          | <i>Valuation</i> | <i>City &amp; County</i> |
|----------|------------------|--------------------------|
| Real     | 6,470,236 ✓      | 80,392.68                |
| Personal | 2,354,961, ✓     | 29,260.38                |

### Chris Green

Tax Administrator  
311 E. Marion Street, Shelby, NC 28150  
(704) 484-4847  
[www.clevelandcounty.com](http://www.clevelandcounty.com)



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**From:** Justin Merritt [mailto:Justin.Merritt@cityofshelby.com]  
**Sent:** Monday, January 28, 2019 8:31 AM  
**To:** 'chris.green@clevelandcounty.com' <chris.green@clevelandcounty.com>  
**Subject:** FW: Incentive Payment Request - HUESKER, Inc

Good Morning Chris,

Can you confirm that all property taxes have been paid, the valuation and dollar amount paid.

Thanks,

Justin S. Merritt, MPA  
Assistant City Manager/Director of Finance  
City of Shelby  
P.O. Box 207  
300 South Washington Street  
Shelby, NC 28151  
Office: 704-484-6834  
E-mail: [Justin.merritt@cityofshelby.com](mailto:Justin.merritt@cityofshelby.com)

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**From:** Woodshank, Robert [mailto:rwoodshank@huesker.com]  
**Sent:** Wednesday, January 23, 2019 5:07 PM  
**To:** Justin Merritt <[Justin.Merritt@cityofshelby.com](mailto:Justin.Merritt@cityofshelby.com)>



# HUESKER

Ideas. Engineers. Innovations.

January 23, 2019

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

Dear Mr. Merritt,

Referencing our Incentives Agreement between HUESKER, Inc and Cleveland County dated June 15, 2015, we are requesting payment of the Incentive Grant for year 2018. Regarding this request, we are certifying the following:

- All Grant criteria have been satisfied;
- We agree to the assessed value as determined by the County Tax Assessor;
- All applicable local taxes on the assessed value have been paid.

Please direct any questions and payment to:

HUESKER, Inc  
3701 Arco Corporate Drive, Suite 525  
Charlotte, NC 28273  
Attn: Robert Woodshank

Sincerely,

Robert Woodshank  
Operational Project Manager

NC DEPT. OF COMMERCE  
 DIVISION OF EMPLOYMENT SECURITY  
 P.O. BOX 26504  
 RALEIGH, NC 27611-6504  
 PLEASE TYPE THIS REPORT

### EMPLOYER'S QUARTERLY TAX AND WAGE REPORT

**YOU CAN FILE THIS REPORT  
 ONLINE AT DES.NC.GOV**

0033-00335259  
 HUESKER INC  
 PO BOX 411529  
 CHARLOTTE NC 28241

QUARTER ENDING  
 12-31-18

DUE DATE  
 01-31-19

ACCOUNT NUMBER  
 19-03-790 2

TAX RATE 0.340 % Qtr/Yr 4-18

| 1ST MONTH | 2ND MONTH | 3RD MONTH |
|-----------|-----------|-----------|
| 36        | 35        | 34        |

- 1. NUMBER OF COVERED WORKERS WHO WORKED DURING OR RECEIVED PAY FOR THE PAYROLL PERIOD WHICH INCLUDES THE 12TH OF THE MONTH
- 2. WAGES PAID THIS QUARTER SUBJECT TO THE LAW
- 3. LESS EXCESS WAGES
- 4. WAGES SUBJECT TO TAX
- 5. TAX DUE FOR THIS QUARTER
- 6. INTEREST
- 7. PENALTY-LATE FILING
- 8. PENALTY-LATE PAYMENT
- 9. AMOUNT OF REMITTANCE PAYABLE TO: DIVISION OF "EMPLOYMENT" SECURITY

|           |
|-----------|
| 561487.17 |
| 493935.95 |
| 67551.22  |
| 229.67    |
| 229.67    |

| CK AMOUNT | DATE  | COLL  | INITIAL |
|-----------|-------|-------|---------|
| R/CK      | LFP.W | LPP.W |         |

CHECK THIS BOX IF THE ADDRESS HAS CHANGED

**FOR WAGES PAID ON OR AFTER 01-01-2005:**

**THE TAX RATE IS A COMPOSITE OF THE UI AND STATE RESERVE TAX. ONLY THE UI PORTION IS CERTIFIABLE FOR FUTA PURPOSES AND FOR USE IN FUTURE TAX RATE CALCULATIONS.**

OUR RECORDS SHOW YOUR FEDERAL TAX NUMBER AS 56-1734667 IF INCORRECT, ENTER CORRECT NUMBER HERE: \_\_\_\_\_ IF ANY CHANGES OCCURRED IN THE OWNERSHIP, TELEPHONE NUMBER OR ADDRESS, COMPLETE FORM NCU1 101-A.

| 10. SOCIAL SECURITY NUMBER | 11. EMPLOYEE NAME | 12. SEASONAL | 13. WAGES PAID |
|----------------------------|-------------------|--------------|----------------|
| FILED ON MAGNETIC MEDIA    |                   |              |                |
|                            |                   |              |                |
|                            |                   |              |                |
|                            |                   |              |                |
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|                            |                   |              |                |
|                            |                   |              |                |
| 14. PAGE TOTAL             |                   |              | .00            |

**RETURN  
 THIS  
 FORM**

THE INFORMATION CONTAINED IN THIS REPORT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

SIGNATURE \_\_\_\_\_ TITLE \_\_\_\_\_ TELEPHONE NUMBER \_\_\_\_\_ DATE \_\_\_\_\_

**REFERENCE COPY PREPARED BY PAYCHEX. DO NOT FILE.**

NCUI 101 THIS REPORT MUST BE FILED BY THE DUE DATE TO AVOID PENALTIES AND INTEREST.



ORDINANCE NO. 8-2019

CITY OF SHELBY  
FISCAL YEAR (FY) 2018-2019 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 2018-2019; 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. 31-2019, the City’s FY 2018-2019 Budget Ordinance, is hereby amended as follows to provide for Budget Amendment No. 6 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 second 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<br>Fund Balance Appropriated              | \$15,978 |
| (b) Increase 110495-49230<br>Transferred to Economic Development Fund | \$15,978 |

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

- |   |          |
|---|----------|
| (a) Increase 23009000-39000<br>Transferred from Other Funds | \$15,978 |
| (b) Increase 230590-42006<br>Economic Development           | \$15,978 |

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. 6</u> |
|---------------------------------|-----------------------|------------------------|
| General Fund                    | \$ 24,350,911         | \$ 24,366,889          |
| Emergency Telephone System Fund | 107,000               | 107,000                |
| Powell Bill Fund                | 735,600               | 735,600                |
| Economic Dev. Fund              | 753,655               | 769,633                |
| Housing Fund                    | 1,483,418             | 1,483,418              |
| Cemetery Fund                   | 30,000                | 30,000                 |
| Utilities-Water Fund            | 5,429,800             | 5,429,800              |
| Utilities-Sewer Fund            | 5,451,500             | 5,451,500              |
| Utilities-Electric Fund         | 21,942,000            | 21,942,000             |
| Utilities-Gas Fund              | 15,714,600            | 15,714,600             |
| Utilities – Stormwater Fund     | 803,600               | 803,600                |
| FY 2018-2019 Budget Total       | <u>\$ 76,802,084</u>  | <u>\$ 76,834,040</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 4th day of February 2019.

---

O. Stanhope Anthony, III  
Mayor

ATTEST:

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

APPROVED AS TO FORM:

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Robert W. Yelton  
City Attorney

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

**Agenda Item: C-4**

- 4) 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, 2019: Resolution No. 10-2019

**Consent Agenda Item: (Staff Resource, Justin Merritt, Assistant City Manager)**

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Summary of Available Information:

- Memorandum dated January 28, 2019 from Justin S. Merritt, ACM/Finance Director to Rick Howell, City Manager
- Letter dated January 24, 2019 from Martin Starnes & Assoc., to Justin Merritt, ACM/Director of Finance
- Contract to Audit Accounts
- System Review Report
- Resolution No. 10-2019

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City Manager's Recommendation / Comments

This time is scheduled on your agenda to consider Resolution No. 10-2019 which would award the annual audit contract to Martin Starnes & Associates, P.A. This is the ninth 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, 2019 be awarded to Martin-Starnes & Associates CPAs PA in the amount of \$71,400. This amount remains unchanged from the previous year.

**It is my recommendation Resolution No. 10-2019 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: January 28, 2019  
Subject: 2019 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 2019 Comprehensive Annual Financial Report. This is the ninth year of the contract.

Recommendation:

That City Council authorizes the Mayor to execute the required contracts with Martin Starnes & Associates for the FY 2019 audit based on the fee proposal submitted by Martin Starnes & Associates on January 24, 2019.

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"*

January 24, 2019

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, 2019, 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, 2019. 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 acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
20. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
23. 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:

|                              |                  |
|------------------------------|------------------|
| <b>Fixed:</b>                |                  |
| 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 drafted 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

We will not assume management responsibilities on behalf of the City of Shelby. However, we will provide advice and recommendations to assist management of the City of Shelby in performing its responsibilities.

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.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards.
- This engagement is limited to the nonattest services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account codings and approving journal entries.

*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.

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 our understanding.

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

|                  |  |
|------------------|--|
| The<br>of<br>and | Governing Board<br>City Council                                  |
|                  | Primary Government Unit<br>City of Shelby, NC                    |
|                  | Discretely Presented Component Unit (DPCU) (if applicable)<br>NA |

*Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)*

|     |  |
|-----|--|
| and | Auditor Name<br>Martin Starnes & Associates, CPAs, P.A.  |
|     | Auditor Address<br>730 13th Ave Dr SE, Hickory, NC 28602 |

*Hereinafter referred to as Auditor*

|     |                    |                       |
|-----|--------------------|-----------------------|
| for | Fiscal Year Ending | Audit Report Due Date |
|     | 06/30/19           | 10/31/19              |

*Must be within four months of FYE*

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). 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 GAAS. 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 requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

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 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 unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC 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.
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/she 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 the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) 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 U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

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 LGC staff within four months of fiscal year end. 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 GAAS include a review of the Governmental Unit's (Units') 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/her 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 (Units') 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(s) 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 invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) 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 Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any costs 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. 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(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC staff, 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 LGC staff simultaneously with the Governmental Unit's (Units') 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(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) 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 upon completion.

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(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

13. The Auditor shall submit the report of audit in PDF format to LGC Staff when (or prior to) submitting the final 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 LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). 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(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC staff.

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 LGC Staff.

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 modified or amended 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 modified or 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 (pre-audit requirement does not apply to charter schools). 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 to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and shall be incorporated by reference as if fully set forth herein as part of this 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 26 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

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 (pre-audit requirement does not apply to charter schools), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

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. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

22. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

23. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

24. 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.

25. 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.
26. 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).
27. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>.
28. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

### FEES FOR AUDIT SERVICES

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.

Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter, but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8, 9, and 12 for details on other allowable and excluded fees.

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 below. 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. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year audit fee on file with the LGC, the LGC calculation prevails.

**20 NCAC 03 .0505: All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law.**

#### PRIMARY GOVERNMENT FEES

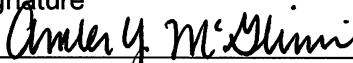
|                                      |   |
|--------------------------------------|---|
| Primary Government Unit              | City of Shelby, NC                      |
| Audit                                | \$ See fee section of engagement letter |
| Writing Financial Statements         | \$ See fee section of engagement letter |
| All Other Non-Attest Services        | \$ N/A                                  |
| 75% Cap for Interim Invoice Approval | \$ 53,550.00                            |

#### DPCU FEES (if applicable)

|                                      |    |
|--------------------------------------|----|
| Discretely Presented Component Unit  | NA |
| Audit                                | \$ |
| Writing Financial Statements         | \$ |
| All Other Non-Attest Services        | \$ |
| 75% Cap for Interim Invoice Approval | \$ |

**SIGNATURE PAGE**

**AUDIT FIRM**

|   |   |
|---|---|
| Audit Firm<br>Martin Starnes & Associates, CPAs, P.A.                   |   |
| Authorized Firm Representative (typed or printed)<br>Amber Y. McGhinnis | Signature<br> |
| Date<br>01/24/19  | Email Address<br>amcghinnis@martinstarnes.com   |

**GOVERNMENTAL UNIT**

|  |  |
|--|--|
| Governmental Unit<br>City of Shelby, NC  |  |
| Date Primary Government Unit Governing Board Approved Audit Contract (Ref. G.S. 159-34(a) or G.S. 115C-447(a)) |  |
| Mayor/Chairperson (typed or printed)<br>O. Stanhope Anthony, III, Mayor  | Signature                                      |
| Date   | Email Address<br>stan.anthony@cityofshelby.com |

|  |               |
|--|---------------|
| Chair of Audit Committee (typed or printed, or "NA")<br>NA | Signature     |
| Date   | Email Address |

**GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE**

*(Pre-audit certificate not required for charter schools)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*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.*

|   |  |
|---|--|
| Primary Governmental Unit Finance Officer (typed or printed)<br>Justin S. Merritt, Assistant City Manager/Director of Finance | Signature  |
| Date of Pre-Audit Certificate   | Email Address<br>justin.merritt@cityofshelby.com |

**SIGNATURE PAGE – DPCU  
(complete only if applicable)**

**DISCRETELY PRESENTED COMPONENT UNIT**

|   |               |
|---|---------------|
| DPCU<br>NA  |               |
| Date DPCU Governing Board Approved Audit Contract (Ref: G.S. 159-34(a) or G.S. 115C-447(a)) |               |
| DPCU Chairperson (typed or printed)   | Signature     |
| Date  | Email Address |

|  |               |
|--|---------------|
| Chair of Audit Committee (typed or printed, or "NA")<br>NA | Signature     |
| Date   | Email Address |

**DPCU – PRE-AUDIT CERTIFICATE**

*(Pre-audit certificate not required for charter schools)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*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.*

|   |               |
|---|---------------|
| DPCU Finance Officer (typed or printed)<br>NA | Signature     |
| Date of Pre-Audit Certificate                 | Email Address |

Remember to print this form, and obtain all required signatures prior to submission.

PRINT



## Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates CPAs, P.A. and the  
Peer Review Committee, 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, 2017. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

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.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

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, 2017, 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 3, 2018

**Raleigh**  
4060 Barrett Drive  
Post Office Box 17806  
Raleigh, North Carolina 27619  
  
919 782 9265  
919 783 8937 FAX

**Durham**  
3500 Westgate Drive  
Suite 203  
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. 10-2019

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, 2019

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, 2019 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 2019 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 January 24, 2019 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 4<sup>th</sup> day of February 2019.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

**Agenda Item: C-5**

- 5) Approval of a resolution approving a financing agreement authorized by North Carolina General Statute 160A-20: Resolution No. 11-2019

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

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Summary of Available Information:

- Memorandum dated January 28, 2019 from Justin Merritt, Finance Director to Rick Howell, City Manager
- Charts showing Evaluation of 2019 Capital Equipment Financing
- Resolution No. 11-2019

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City Manager's Recommendation / Comments

Resolution No. 11-2019 is presented for City Council consideration at this time. As Council is aware the City annually finances the purchase of all rolling stock equipment and vehicles through the issuance of a 59 month private placement financing agreement. Each year the total approved amount for rolling stock purchase is bid out to qualified financial institutions. This includes rolling stock for all City departments.

Mr. Merritt has solicited proposals and prepared the background material for the award of the financing for the current fiscal year as included within your agenda packet. All of the equipment has been purchased or funds have been encumbered and once the award is made for the financing a closing date will be set. After this date the City will be able to reimburse itself from the proceeds from the financing. This year's principal is \$830,200 down from \$ 1,440,000 the previous year. The recommended bidder is US Bank which has offered a rate of 2.954% over the life of the 59 month term. This is up from the rate of 2.39% on last year's rolling stock financing offered by Hometruster. The list of purchased equipment for fiscal year 18-19 is included in your agenda packet.

**It is my recommendation Resolution No. 11-2019 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 28, 2019

Subject: FY 2018-2019 Equipment Financing

Please find attached to this memo a resolution approving a financing agreement with US Bancorp Government Leasing and Finance (US Bank) for the equipment and rolling stock to be purchased during the current fiscal year. The finance department sent requests for proposals to 11 banks requesting that they submit proposals on our 2018-2019 equipment financing. The total amount of the request is \$830,200. We received five proposals. The banks request that this type of financing be awarded as soon as possible after the proposals are due, as a result of market volatility. I opened the proposals on Friday, February 22nd at 2:00 in the afternoon. After reviewing the proposals, it is my recommendation that US Bancorp Government Leasing and Finance (US Bank) be awarded this contract with a 2.954% interest rate, for 59 months, with annual payments in arrears. I have also attached the evaluation of the proposals. This is how we have handled awarding these financing contracts in the past. I will be at the meeting Monday to answer any questions.

| <u>Dept.</u>            | <u>Description</u>             | <u>Estimated Cost</u> |
|-------------------------|--------------------------------|-----------------------|
| <b>Purchasing</b>       | Fuel Site Equipment            | 68,000.00             |
| <b>Garage</b>           | Large Air Compressor           | 9,700.00              |
| <b>Planning</b>         | Small SUV                      | 25,000.00             |
| <b>Sanitaion</b>        | AutoCar Grabage Truck          | 295,000.00            |
| <b>Parks &amp; Rec.</b> | F-150 4X2 Regular Cab          | 22,000.00             |
|                         | Grasshopper 725D Mower         | 14,000.00             |
|                         | John Deere Z-TRAC Mower        | 11,000.00             |
|                         | 2 Kioti Utility Vehicles       | 18,000.00             |
| <b>City Hall</b>        | Door Passkey System            | 17,000.00             |
| <b>Water Fund</b>       | SCADA Equipment                | 250,000.00            |
| <b>Sewer Fund</b>       | Copier                         | 6,500.00              |
| <b>Electric Fund</b>    | Tractor/Bucket/Backhoe/Trailer | 41,000.00             |
| <b>Gas Fund</b>         | F-150 4X4                      | 35,000.00             |
| <b>Stormwater Fund</b>  | Pole Camera                    | 18,000.00             |
|                         |                                | <u>830,200.00</u>     |

City of Shelby  
 Evaluation of 2019 Capital Equipment Financing

Amount to be financed: \$830,200  
 Term: 59 Months

**CRITERIA**

**PROPOSERS**

|   | <b>BB&amp;T</b> | <b>US Bank</b> | <b>First Citizens Bank</b> | <b>United Financial (Hometrust)</b> | <b>Regions Bank</b> |
|---|-----------------|----------------|----------------------------|-------------------------------------|---------------------|
| <b>Interest Rate</b>                      | 3.0800%         | 2.9540%        | 3.0900%                    | 2.9900%                             | 2.7100%             |
| <b>Fees</b>                               | None            | None           | None                       | None                                | \$ 3,500.00         |
| <b>Annual Payment (Prin &amp; Int)</b>    | \$ 181,692.24   | \$ 180,607.07  | \$ 181,290.09              | \$ 181,143.49                       | \$ 180,474.79       |
| <b>Total Cash Outlay (Prin &amp; Int)</b> | \$ 908,461.20   | \$ 903,035.33  | \$ 906,450.47              | \$ 905,717.45                       | \$ 902,373.94       |
| <b>Prepayment Penalty</b>                 | None            | 103%           | None                       | None                                | 2%, 1%, 0%          |

Government Leasing and Finance

January 22, 2019

**City of Shelby, NC**

At your request, U.S. Bancorp Government Leasing and Finance, Inc. ("USBGLF") has prepared for your consideration the following proposal for financing ("Proposal"). **This is only a proposal and does not represent a commitment by U.S. Bancorp Government Leasing and Finance, Inc.**

Interest Rate: 2.954%

Expiration: March 18, 2019

Escrow: Funds will be deposited into a no fee U.S. Bank N.A. escrow account at closing

Prepayment: Prepayment permitted after 13 months on any payment date in full at the lower of a standard break funding calculation or 103% of outstanding balance

Fees: No additional fees or costs are associated with this proposal

Bank Qualified: The rate quoted is for either Bank Qualified or Non-Bank Qualified determination

Amortization Schedule: Attached

***The existing Master Tax-Exempt Lease Purchase Agreement dated May 18, 2012 may be used for this transaction with previously negotiated Schedule documents specific to this financing***, with title in the Borrower's name and USBGLF holding a security interest in the equipment during the term. The Installment Payment Plan is "triple-net" with the Borrower responsible for taxes, maintenance and insurance. Documentation will be provided by USBGLF, including (i) standard representations, warranties and covenants by the Borrower pertaining to the accuracy of information, organization, authority, essential use, compliance with laws, pending legal action, location and use of collateral, insurance, financial reporting and financial covenants; and (ii) standard USBGLF provisions pertaining to events of default and remedies available upon default. This offer is subject to the execution of all documentation by the Borrower within a reasonable time and in form and substance acceptable to Borrower, USBGLF and USBGLF's counsel, including terms and conditions not outlined in this Proposal.

This Proposal is conditioned on there being no material adverse change in the financial condition of the Borrower. Additionally, the terms and conditions outlined herein are subject to final review and approval (including collateral and essential use review) by USBGLF's business, legal, credit, and equipment risk management personnel. If you would like to proceed, please complete the Essential Use Application and return along with a link to your 3 most recent Comprehensive Annual Financial Reports.

Thank you for the opportunity to present this proposal. Other financing options are available on request.

Sincerely,

*Denise Beauchamp*

Denise Beauchamp  
Vice President  
Direct (904) 284-3520  
denise.beauchamp@usbank.com

## Payment Schedule

|  |               |               |               |              |               |               |
|--|---------------|---------------|---------------|--------------|---------------|---------------|
| Quote #PQ-24147.....GLF Muni Tax-Exempt_Periodic |               |               |               |              |               |               |
| Average life.....2.970 years                     |               |               |               |              |               |               |
| Average rate.....2.95400000%                     |               |               |               |              |               |               |
|  | starting      |               | debt          |              |               | ending        |
| date   | balance       | takedowns     | service       | interest     | principal     | balance       |
| 2/15/2019  | \$ -          | \$ 830,200.00 | \$ -          | \$ -         | \$ -          | \$ 830,200.00 |
| 1/15/2020  | \$ 830,200.00 | \$ -          | \$ 180,607.07 | \$ 22,480.43 | \$ 158,126.63 | \$ 672,073.37 |
| 1/15/2021  | \$ 672,073.37 | \$ -          | \$ 180,607.07 | \$ 19,853.05 | \$ 160,754.02 | \$ 511,319.35 |
| 1/15/2022  | \$ 511,319.35 | \$ -          | \$ 180,607.07 | \$ 15,104.37 | \$ 165,502.69 | \$ 345,816.65 |
| 1/15/2023  | \$ 345,816.65 | \$ -          | \$ 180,607.07 | \$ 10,215.42 | \$ 170,391.64 | \$ 175,425.01 |
| 1/15/2024  | \$ 175,425.01 | \$ -          | \$ 180,607.07 | \$ 5,182.05  | \$ 175,425.01 | \$ -          |
| total  |               | \$ 830,200.00 | \$ 903,035.33 | \$ 72,835.33 | \$ 830,200.00 |               |
|  | =====         | =====         | =====         | =====        |               |               |

RESOLUTION NO. 11-2019

A RESOLUTION APPROVING A FINANCING AGREEMENT AUTHORIZED  
BY NORTH CAROLINA GENERAL STATUTE 160A-20

WHEREAS, the City of Shelby, North Carolina (the “City”) has previously determined to undertake a project for purchase of various types of equipment (the “Project”), and the Finance Officer has now presented a proposal for the financing of such Project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHELBY, NORTH CAROLINA, meeting in regular session on the 4<sup>th</sup> day of February 2019 makes the following findings of fact:

Section 1. The City hereby determines to finance the Project through US Bancorp Government Leasing and Finance (US Bank), in accordance with the proposal dated January 22, 2019. The amount of the financing shall not exceed \$830,200, the annual interest rate (in the absence of default or change in tax status) shall not exceed 2.954%, and the financing term shall not exceed fifty-nine (59) months from closing.

Section 2. All financing contracts and all related documents for the closing of the financing (the “Financing Documents”) shall be consistent with the foregoing terms. All officers and employees of the City are hereby authorized and directed to execute and deliver all Financing Documents, and to take any such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and Deed of Trust and a Project Fund Agreement as US Bancorp Government Leasing and Finance (US Bank) may request.

Section 3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for delivery of the Financing Documents have been completed to such officer’s satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from

the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Documents for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

Section 4. The City shall not take or omit to take any action, the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purpose of the registered owners on the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Document as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3) if applicable.

Section 5. All prior actions of City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict.

This resolution is effective upon its adoption the 4<sup>th</sup> day of February 2019.

---

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  
February 4, 2019  
City Hall Council Chamber

Agenda Item: C-6

- 6) Approval of a resolution awarding the bid for the relocation of electric lines at Joe's Lake Road Intersection: Resolution No. 12-2019

**Consent Agenda Item: (Julie McMurry, Energy Services Director)**

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Summary of Available Information:

- Memorandum dated January 24, 2019 from Julie McMurry, Energy Services Director to Rick Howell, City Manager
- Letter dated January 10, 2019 from Progressive Engineering Consultants, Inc. to Julie McMurry, City of Shelby
- Bid Tabulation Sheet
- Resolution No. 12-2019

---

City Manager's Recommendation / Comments

Resolution No. 12-2019 is presented for City Council consideration via the Consent Agenda. If approved this resolution would award a contract to Carolina Power and Signalization, Inc in the amount of \$45,137.75 for relocation of a 15kV overhead electrical distribution line along Joe's Lake Road from Earl Road through South Post Road.

It should be noted that in situations where City owned utilities (of any type) are located within the NCDOT right of way the City is responsible for relocation costs. (For example: Water and Sewer is a 75% State and 25% City share) Electric and Natural Gas are 100% City share. Only in situations where the City has previously acquired a private easement outside the NCDOT right of way are they required to bear 100% of the cost. This was the case for the natural gas line on Washburn Switch Road.

**It is recommended that Resolution No. 12-2019 be adopted and approved via the Consent Agenda.**





## Memorandum

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

**From:** Julie McMurry, Energy Services Director *JEM*

**RE:** Electric – Relocation at Joe’s Lake Road Intersection

**Date:** January 24, 2019

### Background:

On November 19, 2018 Council approved the project budget ordinance (Ordinance 65-2018) to proceed with the electric line relocation project at the Joe’s Lake Road intersection. The electric lines must be relocated due to a NCDOT roadway project that will be taking place in 2019. This project involves relocation of the 15kV overhead electrical distribution line along Joe’s Lake Road from Earl Rd through S Post Road.

Progressive Engineering Consultants, Inc. provided estimates for this project and completed the design and bidding process. The project was advertised and bids were accepted on Tuesday, January 8, 2019 at 2::00 PM. Four bids were received, they are as follows:

|                                      |              |
|--------------------------------------|--------------|
| Carolina Power & Signalization, Inc. | \$ 45,137.75 |
| Williams Electric Company            | \$ 62,825.00 |
| Volt Power LLC                       | \$ 75,043.50 |
| Bulk Power                           | \$174,075.00 |

### Review:

Bids have been reviewed by Progressive Engineering, Inc. and we have received their recommendation to award to the lowest bidder, Carolina Power & Signalization, Inc. The letter of recommendation is attached.

**Recommendation:**

Staff recommends that City Council authorize the award of this bid to Carolina Power & Signalization, Inc. for the relocation of the 15kV overhead electrical distribution line that is in conflict with the NCDOT roadway project and allow the City Manager to be authorized to execute the contract associated with these improvements.

Please let me know if additional information is required.

Attachments

# Progressive Engineering Consultants, Inc.

P.O. Box 690638, Charlotte, NC 28227-7011

Telephone : (704) 545-7327

Fax : (704) 545-2315

[progress@pecinc.net](mailto:progress@pecinc.net)

January 10, 2019

City of Shelby  
P.O. Box 207  
Shelby, NC 28151-0207  
Attn: Ms. Julie McMurry

Re: Award Recommendation  
Joe's Lake Road 15 kV Distribution Line Relocation

Gentlemen:

Sealed bids were received, publicly opened and read on January 8, 2019 for the Joe's Lake Road 15 kV Distribution Line Relocation Project. As shown by the attached tabulation, of the three (3) bids received, Carolina Power & Signalization, Inc. of Fayetteville, North Carolina submitted the most attractive proposal for the amount of \$45,137.75. We recommend that the City accept this proposal as submitted.

Please notify us of your decision in order that we may prepare the necessary contract documents for execution. If you have any questions or comments, please feel free to call.

Best regards,

PROGRESSIVE ENGINEERING CONSULTANTS, INC.

*Rocky A. Martin*

Rocky A. Martin  
Field Engineer

Enclosed

c: Jeff Freeman

# City of Shelby, North Carolina

NCDOT Joe's Lake Road Distribution Relocation Project

Bid Date: Tuesday, January 8, 2019 @ 2p

|                                 | Carolina Power &<br>Signalization, Inc. | Williams Electric<br>Company | Volt Power LLC      | Bulk Power           |
|---------------------------------|---|------------------------------|---------------------|----------------------|
| <b>BIDDER</b>                   |   |                              |                     |                      |
| <b>BID BOND</b>                 | 5%                                      | 5%                           | 5%                  |                      |
| <br>                            |   |                              |                     |                      |
| <i>Installation Units</i>       |   |                              |                     |                      |
|                                 |   |                              |                     |                      |
| <i>Pole Units</i>               | \$ 5,675.00                             | \$ 6,480.00                  | \$ 7,658.00         | \$ 52,500.00         |
| <i>Pole Top Units</i>           | \$ 3,825.00                             | \$ 6,640.00                  | \$ 8,988.00         | \$ 26,300.00         |
| <i>Conductor Units</i>          | \$ 13,632.75                            | \$ 21,787.50                 | \$ 10,458.00        | \$ 24,900.00         |
| <i>Miscellaneous Units</i>      | \$ 4,090.00                             | \$ 5,765.00                  | \$ 13,881.00        | \$ 12,450.00         |
| <b>TOTAL INSTALLATION UNITS</b> | <b>\$ 27,222.75</b>                     | <b>\$ 40,672.50</b>          | <b>\$ 40,985.00</b> | <b>\$ 116,150.00</b> |
| <br>                            |   |                              |                     |                      |
| <i>Removal Units</i>            |   |                              |                     |                      |
|                                 |   |                              |                     |                      |
| <i>Pole Units</i>               | \$ 2,625.00                             | \$ 2,125.00                  | \$ 2,975.00         | \$ 25,000.00         |
| <i>Conductor Units</i>          | \$ 9,450.00                             | \$ 14,287.50                 | \$ 6,142.50         | \$ 22,500.00         |
| <i>Miscellaneous Units</i>      | \$ 5,840.00                             | \$ 5,740.00                  | \$ 24,941.00        | \$ 10,425.00         |
| <b>TOTAL REMOVAL UNITS</b>      | <b>\$ 17,915.00</b>                     | <b>\$ 22,152.50</b>          | <b>\$ 34,058.50</b> | <b>\$ 57,925.00</b>  |
| <b>TOTAL UNITS</b>              | <b>\$ 45,137.75</b>                     | <b>\$ 62,825.00</b>          | <b>\$ 75,043.50</b> | <b>\$ 174,075.00</b> |
| <br>                            |   |                              |                     |                      |
| <i>Completion Time</i>          | 45                                      | 60                           | 35                  | 30                   |
| <br>                            |   |                              |                     |                      |
| <i>Experience Rate Modifier</i> | 0.87                                    | 0.89                         | 0.72                | 1.0                  |

RESOLUTION NO. 12 -2019

A RESOLUTION AWARDING THE BID FOR RELOCATION OF  
ELECTRIC LINES AT JOE’S LAKE ROAD INTERSECTION

WHEREAS, in accordance with applicable provisions of GS 143-129, as amended, the City of Shelby has accepted formal bids for labor and equipment for the relocation of the 15kV overhead electrical distribution line along Joe’s Lake Road at the Earl Road and S Post Road intersection; and,

WHEREAS, bids for this proposed work have been tabulated by Progressive Engineering Consultants, Inc. and contract award recommendation made to City staff for this project; and,

WHEREAS, City Council now desires to proceed with award of contract as recommended by staff and with the improvements anticipated by this action.

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

Section 1. The contract for labor and equipment for the relocation of the 15kV overhead electrical distribution line along Joe’s Lake Road at the Earl Road and S Post Road intersection as required in the bid specifications for this offering, are hereby awarded to Carolina Power & Signalization, Inc. of Fayetteville, NC for a bid price of \$45,137.75 as stated in their official proposal for this bidding, and in accordance with the City's official bid specifications for this project.

Section 2. The City Manager of the City of Shelby or his designee are hereby authorized and directed to execute the applicable contract as specified in Section 1 of this resolution.

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

Adopted and approved this the 4th day of February 2019.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

**Agenda Item: C-7**

- 7) Consideration of a resolution adopting the City of Shelby Water Shortage Response Plan as submitted to the North Carolina Division of Environmental Quality: Resolution No. 13-2019

**(Comments: Rick Howell, City Manager Staff Resource, David Hux, Water Resources Director)**

Summary of Available Information:

- Memorandum dated January 27, 2019 from David Hux, Water Resources Director to Rick Howell, City Manager.
- Water Shortage Response Plan - Proposed
- Letter dated July 17, 2018 from Linwood E. Peele, NC Division of Water Resources to Michael Mull, WTP ORC
- Resolution No. 75-2010
- Resolution No. 13-2019

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City Manager's Recommendation / Comments

In July of 2018 the City received notification from the NC Division of Water Resources that the City's Water Shortage Response Plan had been reviewed and met the minimum requirements established by NCGS 143-355.2(a). This plan essentially sets for the process and criteria to be used by the City in responding to drought conditions.

**It is my recommendation that City Council approve and adopt Resolution No. 13-2019 via the Consent Agenda.**



## Memorandum

**To:** Rick Howell; City Manager  
**From:** David W. Hux; Director of Water Resources *DWHux*  
**RE:** **Water Shortage Response Plan (WSRP) – Council Approval**  
**Date:** January 27, 2019

### Background

North Carolina drought legislation 15A NCAC 02E .0607 and session law 2008-143 required water systems to develop and implement a Water Shortage Response Plan. The City initially developed a plan in 2010 and council adopted the plan with Resolution 75-2010.

Essentially this plan outlines our procedures for drought activities. As you are aware the City operates a primary intake at the First Broad River and a secondary intake for the Broad River. This plan outlines stages five (5) different stages of water reductions (conservation) for our customers and stipulates the City's methodologies for public notification in the event of a drought. This plan also identifies the triggers for utilizing the secondary intake to ensure water availability.

### Review

In an effort to improve plan effectiveness and adapt to new circumstances, the State of North Carolina requires a periodic review by the water provider. City staff has reviewed the Water Shortage Response Plan and has made some minor changes in wording; however the overall intent of plan has not changed. The revised plan has been submitted and approved by NCDEQ.

One remaining step is that the plan must be adopted by council in order that Shelby can be considered compliant.

### Recommendation

Staff recommends that updated Water Shortage Response Plan be recognized and adopted through a resolution by City Council as required by NCDEQ. City Staff will continue modify and update the WSRP as required.

Please let me know if you have any questions regarding the Water Shortage Response Plan.



## Water Shortage Response Plan (WSRP) Shelby, North Carolina

The procedures herein are written to reduce potable water demand and supplement existing drinking water supplies whenever existing water supply sources are inadequate to meet current demands for potable water. This plan is required by through North Carolina drought legislation 15A NCAC 02E .0607 and session law 2008-143 for both drought and other water emergencies.

### I. Authorization

The Shelby City Manager shall enact the following water shortage response provisions whenever the trigger conditions outlined in Section IV are met. In his absence, the Water Resources Director will assume this role.

Mr. Rick Howell  
City of Shelby - City Manager  
Phone: (704) 484-6800  
E-mail: rick.howell@cityofshelby.com

Mr. David Hux  
City of Shelby – Director of Water Resources  
Phone: (704) 484-6840  
E-mail: david.hux@cityofshelby.com

### II. Notification

The following notification methods will be used to inform the water system employees and customers of a water shortage declaration:

- Internal email system.
- Notices at municipal buildings and in water bills.
- The Shelby Star (Local Newspaper)
- Announcements on local radio and Public, educational, and government access television (PEG channel)
- Social Media: Facebook, Twitter, Instagram
- City's website ( [www.cityofshelby.com](http://www.cityofshelby.com))

### III. Stages of Response

Five Stages of water shortage response are outlined in the table below. The five Stages of water shortage response are: voluntary reductions, mandatory reductions I, mandatory reductions II, emergency reductions and water rationing. A detailed description of each response stage and corresponding water reduction measures follow below.



| <b>Stage</b> | <b>Response</b>         | <b>Description</b>   |
|--------------|-------------------------|--|
| 1            | Voluntary Reductions    | Water users are encouraged to reduce their water use and improve water use efficiency; however, no penalties apply for noncompliance. Water supply conditions indicate a potential for shortage.   |
| 2            | Mandatory Reductions I  | Water users must abide by required water use reduction and efficiency measures; penalties apply for noncompliance. Water supply conditions are significantly lower than the seasonal norm and water shortage conditions are expected to persist. |
| 3            | Mandatory Reductions II | Same as in Stage 2   |
| 4            | Emergency Reductions    | Water supply conditions are substantially diminished and pose an imminent threat to human health or environmental integrity.   |
| 5            | Water Rationing         | Water supply conditions are substantially diminished and remaining supplies must be allocated to preserve human health and environmental integrity.  |

In Stage 1, Voluntary Reductions, all water users will be asked to reduce their normal water use by 5%. Customer education and outreach programs will encourage water conservation and efficiency measures including: irrigating landscapes a maximum of one inch per week; preventing water waste, runoff and watering impervious surfaces; watering plants deeply to encourage root growth; washing only full loads in clothes and dishwashers; using spring-loaded nozzles on garden hoses; and identifying and repairing all water leaks.

In Stage 2, Mandatory Reductions I, all customers are expected to reduce their water use by 10% in comparison to their previous month's water bill. In addition to continuing to encourage all voluntary reduction actions, the following restrictions apply: irrigation is limited to a half inch per week between 8PM and 8AM; outdoor use of drinking water for washing impervious surfaces is prohibited; and all testing and training purposes requiring drinking water (e.g. fire protection) will be limited.

In Stage 3, Mandatory Reductions II, customers must continue actions from all previous stages and further reduce water use by 20% compared to their previous month's water bill. All non-essential uses of drinking water are banned and garden and landscape irrigation must be reduced to the minimum amount necessary for survival. Additionally, in Stage 3, a drought surcharge of 1.5 times the normal water rate may apply as directed by Shelby City Council.

In Stage 4, Emergency Reductions, customers must continue all actions from previous stages and further reduce their water use by 25% compared to their previous month's water bill. A ban on all use of drinking water except to protect public health and safety is implemented and drought surcharges of 2 times the normal water rate may apply as directed by Shelby City Council.

The goal of Stage 5, Water Rationing, is to provide drinking water to protect public health (e.g. residences, residential health care facilities and correctional facilities). In Stage 5, all customers are only permitted to use water at the minimum required for public health protection. Firefighting is the only allowable outdoor water use and pickup locations for distributing potable water will be announced according to Shelby's Emergency Response Plan. Drought surcharges of 5 times the normal water rate may apply as directed by Shelby City Council.

**IV. Triggers**

The City of Shelby's primary water source is the First Broad River and the secondary water source is the Broad River. The following streamflow measurements, intake levels and production capacities trigger entry into corresponding water restriction stages.

| <b>Stage</b> | <b>River Operating Conditions</b>  |
|--------------|--|
| 1            | Water Level at First Broad Intake <30cfs for >7 straight days  |
| 2            | Downstream Release <25 CFS >7 straight days  |
| 3            | Water Level at First Broad Intake <25cfs for >14 days; Activate Broad River Intake.  |
| 4            | Water Level at <25CFS in the First Broad Intake and @ 80% of the 9.0 MGD allocated flow from the Broad River Intake (7.2MGD) |
| 5            | At or above when withdrawal of Broad River Intake of 9.0 MGD or excess is needed.  |

**Return to Normal**

When water shortage conditions have abated and the situation is returning to normal, water conservation measures employed during each phase should be decreased in reverse order of implementation. Permanent measures directed toward long-term monitoring and conservation should be implemented or continued so that the community will be in a better position to prevent shortages and respond to recurring water shortage conditions.

**V. Enforcement**

The provisions of the water shortage response plan will be enforced by City of Shelby Utilities Department, Shelby Police Department, Shelby Fire & Rescue Department, and other such personnel as designated by the City Manager. Violators may be reported to the City’s Customer Service at 704-484-6866. Citations are assessed according to the following schedule depending on the number of prior violations and current stage of the water shortage.

| <b>Water Shortage Stage</b>              | <b>First Violation</b> | <b>Second Violation</b>    | <b>Third Violation</b>     |
|--|------------------------|----------------------------|----------------------------|
| Voluntary Reductions<br>(Stage 1)        | N/A                    | N/A                        | N/A                        |
| Mandatory Reductions<br>(Stages 2 and 3) | Warning                | \$250                      | Discontinuation of Service |
| Emergency Reductions<br>(Stage 4)        | \$250                  | Discontinuation of Service | Discontinuation of Service |
| Water Rationing<br>(Stage 5)             | \$500                  | Discontinuation of Service | Discontinuation of Service |

**VI. Public Comment**

The most current WSRP will be available for review at City Hall & posted on the City of Shelby website ([www.cityofshelby.com](http://www.cityofshelby.com)). Customers may contact the Shelby Water Resources at 704-484-6840 for questions or clarifications regarding the WSRP. Customers may also comment on water shortage response protocols at City Council meetings, which are held on a monthly basis.

**VII. Variance Protocols**

Applications for water use variance requests are available from the City Utilities Office. All applications must be submitted to the Utilities Office for review by the Water Resources Director or his/her designee. A decision to approve or deny individual variance requests will be determined within two weeks of submittal after careful consideration of the following criteria: impact on water demand, expected duration, alternative source options, social and economic importance, purpose (i.e. necessary use of drinking water) and the prevention of structural damage.

**VIII. Effectiveness**

The effectiveness of the Shelby Water Shortage Response Plan will be determined by comparing the stated water conservation goals with observed water use reduction data. Other factors to be considered include frequency of plan activation, any problem periods without activation, total number of violation citations, desired reductions attained and evaluation of demand reductions compared to the previous year’s seasonal data.

**IX. Revision**

The Water Shortage Response Plan will be reviewed and revised as needed to adapt to new circumstances affecting water supply and demand, following implementation of emergency restrictions, and at a minimum of every five years in conjunction with the updating of our Local Water Supply Plan. Further, a water shortage response planning work group will review procedures following each emergency or rationing stage to recommend any necessary improvements to the plan to Shelby’s City Council. The Shelby City Manager is responsible for initiating all subsequent revisions.

| Revision   |   | Reason for Revision   | Description of Revision  |
|------------|---|-----------------------|--|
| Date       | # |                       |  |
| 10/18/2010 | 0 | WSMP Created          | Adopted by Council with Resolution 75-2010   |
| 3/26/2018  | 1 | State Required Review | Changed to reflect Water Resources Director, adding David Hux; added social media outlets for notification. Minor wording revisions for consistency. |
|            |   |                       |  |

ROY COOPER  
Governor  
MICHAEL S. REGAN  
Secretary  
LINDA CULPEPPER  
Interim Director



July 17, 2018

Michael Mull  
WTP Supervisor/ORC  
Town of Shelby  
P.O. Box 207  
Shelby, NC 28150

**Subject: WSRP Meets Minimum Criteria**  
Town of Shelby Water System  
PWSID#: 01-23-010  
Cleveland County

Dear Mr. Mull,

This letter is to notify you that our staff has reviewed the information contained in the Water Shortage Response Plan (WSRP) update submitted by your office. Since all the required information is complete, the WSRP for the Town of Shelby Water System hereby meets the minimum criteria established in North Carolina General Statute 143-355.2 (a) and 15A NCAC 02E. 0607.

The Water Shortage Response Plan must next be adopted by your water system's governing board; a model WSRP resolution is available online on the right side of the page in the Forms and Docs section at: [http://www.ncwater.org/Water\\_Supply\\_Planning/Water\\_Shortage\\_Response\\_Plans/learn](http://www.ncwater.org/Water_Supply_Planning/Water_Shortage_Response_Plans/learn). Once adopted, a copy of the signed resolution must be submitted to Linwood Peele, Water Supply Planning Branch Supervisor, at the address printed at the bottom of this letter. Please note, the WSRP cannot be considered compliant with the requirements of NCGS 143-355(l) until an adopted resolution is received by the Division.

Please be advised that the review process for Water Shortage Response Plans is separate from the review process for your Local Water Supply Plan (LWSP). If you have submitted your LWSP but haven't already been contacted by the Division, you will receive notification as soon as the review of your LWSP is complete.

Thank you very much for your efforts to provide your customers with a safe and reliable supply of drinking water. We look forward to continuing to work with you in these efforts. Please contact Louis Murray at [louis.murray@ncdenr.gov](mailto:louis.murray@ncdenr.gov) or (919) 707-9017, or Linwood Peele at [linwood.peele@ncdenr.gov](mailto:linwood.peele@ncdenr.gov) or (919) 707-9024, if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Linwood E. Peele for L.E.P.".

Linwood E. Peele, Supervisor  
Division of Water Resources, NCDEQ



**RESOLUTION NO. 75-2010**

**A RESOLUTION ADOPTING THE CITY OF SHELBY  
WATER SHORTAGE RESPONSE PLAN AS SUBMITTED  
TO THE NORTH CAROLINA DIVISION OF WATER QUALITY**

**WHEREAS**, North Carolina General Statute 143-355 (l) requires that each unit of local government that provides public water services or plans to provide such services shall, either individually or together with other such units of local government, prepare and submit a Water Shortage Response Plan; and

**WHEREAS**, as required by the statute and in the interests of sound local planning, a Water Shortage Response Plan for the City of Shelby has been developed and submitted to the Shelby City Council for approval; and

**WHEREAS**, the Shelby City Council finds that the Water Shortage Response Plan is in accordance with the provisions of North Carolina General Statute 143-355 (l) and that it will provide appropriate guidance for the future management of water supplies for City of Shelby, as well as useful information to the Department of Environmental and Natural Resources for the development of a state water supply plan as required by statute;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Shelby that the Water Shortage Response Plan entitled, Water Shortage Response Plan, Shelby, North Carolina dated August 2010, is hereby approved and shall be submitted to the Department of Environmental and Natural Resources, Division of Water Resources; and

**BE IT FURTHER RESOLVED** that the City Council of the City of Shelby intends that this plan shall be revised to reflect changes in relevant data and projections at least once every five years or as otherwise requested by the Department, in accordance with the statute and sound planning practice.

Adopted and approved this the 18<sup>th</sup> day of October A. D. 2010.

  
\_\_\_\_\_  
W. Ted Alexander

**ATTEST:**

  
\_\_\_\_\_  
Bernadette A. Parduski, MMC  
City Clerk

**RESOLUTION NO. 13-2019**

**A RESOLUTION ADOPTING THE CITY OF SHELBY  
WATER SHORTAGE RESPONSE PLAN AS SUBMITTED TO  
THE NORTH CAROLINA DIVISION OF ENVIROMENTAL QUALITY**

**WHEREAS**, North Carolina General Statute 143-355 requires that each unit of local government that provides public water service and each large community water system shall develop and implement water conservation measures to respond to drought or other water shortage conditions as set out in at Water Shortage Response Plan and submitted to the Department for review and approval; and,

**WHEREAS**, as required by the statute and in the interests of sound local planning, a Water Shortage Response Plan for the City of Shelby has been developed ad submitted to the Shelby City Council for approval; and,

**WHEREAS**, the Shelby City Council finds that the Water Shortage Response Plan is in accordance with the provisions of North Carolina General Statute 143-355 and that it will provide appropriate guidance for the future management of water supplies for City of Shelby, as well as useful information to the Department of Environmental Quality for the development of a state water supply plan as required by statute.

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

Section 1. The Shelby City Council hereby approves that the 2018 Water Shortage Response Plan for the City of Shelby is hereby approved and shall be submitted to the Department of Environmental Quality, Division of Water Resources.

Section 2. The Shelby City Council intends that this plan shall be revised to reflect changes in relevant data and projections at least once every five years or as otherwise requested by NCDEQ, in accordance with the statute and sound planning practices.

This the 4<sup>th</sup> day of February 2019.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

Agenda Item: C-8

- 1) Adoption of Fiscal Year (FY) 2018-2019 Budget Ordinance Amendment No. 7:  
Ordinance No. 9-2019

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

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Summary of Available Information:

- Memorandum dated January 29, 2019 from Bryant Nodine, Business Manager to Justin Merritt, ACM/Finance Director
- Ordinance No. 9-2019

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City Manager's Recommendation / Comments

Ordinance No. 9-2019 is presented for Council approval at this time via the Consent agenda. If adopted this ordinance would simply recognize funding received through the payment of sewer tap fees by a developer in the Deerbrook subdivision. The installation of an expected 28 – E1 sewer pumps has necessitated expenditure of funds. This cost has been offset by the payment of tap fees and needs to be recognized within the budget ordinance to maintain a balanced budget.

**It is my recommendation that Ordinance No. 9-2019 be adopted and approved at this time via the Consent Agenda.**





Post Office Box 207 · Shelby, NC 28151-0207

## ***Memorandum***

**To:** Justin Merritt, Director of Finance  
**From:** Bryant Nodine, Business Manager *BN*  
**RE:** **Budget Amendment for Sewer Line Materials**  
**Date:** January 29, 2019

### **Background:**

The City of Shelby installs E1 pumps for new houses on the low pressure sewer system. We normally budget for 3-4 pumps per budget year.

With the new development at Deerbook this year, we will have installed a total of 28 pumps by July 1, 2019. There have been 22 pumps checked out of the warehouse and installed. There will be an additional 6 pumps installed this FY. The cost of these pumps comes out of our Sewer Line Materials account and cost of the pumps are then paid back by the developer through tap and service fees paid to the City.

The Sewer Line Materials GL account (620723-41511) is currently at -\$79,367.98 as of January 29, 2019. We will have costs for the additional pumps, daily operations, and gravel that will need to be purchased for the remaining of the year. We are projecting this account to be approximately \$173,100 at the end of the fiscal year. We originally had \$45,000 budgeted with \$3,098.01 in carryover purchase orders for a total of \$48,098.01.

### **Recommendation:**

In consideration of the tap and service fees paid by the developer for these pumps, we are recommending that a total of \$125,000 be transferred to this account (620723-41511). We recommend that \$60,000 be transferred from sewer taps and another \$65,000 be transferred from reserves. This would provide the department with the amount of money needed to finish out the year without hindering daily operations.

Sewer Budget Materials request for additional funding

- Cost of pump installation \$4575.00
- Total # of pumps paid for current budget year 24
- # of pumps to be checked out currently paid for installation 2
- # of pumps to be checked out not paid for by contractor 3
- # of pumps to be checked to be checked out to have on hand for installation 1
- Total of pumps to be checked out of Warehouse 6
- # pumps on hand ready for installation 7
- Phase 2 pumps to be installed 7
- Phase 1 paid for to be installed 2
- Phase 1 lots that have not been paid for as of 1-18-19 3
- 24 pumps paid for @ \$4575 = \$109,800
- 4 pumps not paid for @ \$4575 = \$18,300
- Total costs of all pumps 28 @ \$4575 = \$128,100
- Original budget Amount \$48,098
- Current Budget balance \$-77,737.61
- YTD Expended \$124,627
- Monies needed to be transferred to Materials account \$ 125,000
- \$173,098 Total budget for year
- Balance after transfer \$ 48,471
- 6 pumps to purchase @4575 = \$27,450
- Balance after pump purchase \$ 21,021
- About 1/3 of balance will have to be used to purchase gravel for the remaining of the year.

ORDINANCE NO. 9-2019

CITY OF SHELBY  
FISCAL YEAR (FY) 2018-2019 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 2018-2019; 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. 31-2019, the City’s FY 2018-2019 Budget Ordinance, is hereby amended as follows to provide for Budget Amendment No. 7 for the year:

(A) The City of Shelby has identified a need to appropriate additional funds for sewer pump installation due to increased residential development at Deerbrook Subdivision. Said expenditures will be offset by revenues received for installation of the pumps. Accordingly, the following budget modifications are approved in accordance with the chart of accounts heretofore established for the City of Shelby.

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

- (a) Increase 62006000-36721 Sewer Tap Fees \$ 60,000
- (b) Increase 62006000-39900 Fund Balance Appropriated \$ 65,000
- (c) Increase 620723-41511 Sewer Materials \$125,000

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. 7</u> |
|---------------------------------|-----------------------|------------------------|
| General Fund                    | \$ 24,366,889         | \$ 24,366,889          |
| Emergency Telephone System Fund | 107,000               | 107,000                |
| Powell Bill Fund                | 735,600               | 735,600                |
| Economic Dev. Fund              | 769,633               | 769,633                |
| Housing Fund                    | 1,483,418             | 1,483,418              |
| Cemetery Fund                   | 30,000                | 30,000                 |
| Utilities-Water Fund            | 5,429,800             | 5,429,800              |
| Utilities-Sewer Fund            | 5,451,500             | 5,576,500              |
| Utilities-Electric Fund         | 21,942,000            | 21,942,000             |
| Utilities-Gas Fund              | 15,714,600            | 15,714,600             |
| Utilities – Stormwater Fund     | <u>803,600</u>        | <u>803,600</u>         |
| FY 2018-2019 Budget Total       | <u>\$ 76,834,040</u>  | <u>\$ 76,959,040</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 4th day of February 2019.

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O. Stanhope Anthony, III  
Mayor

ATTEST:

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

APPROVED AS TO FORM:

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Robert W. Yelton  
City Attorney

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

**Agenda Item: C-9**

- 9) Approval of a resolution awarding the contract for the City of Shelby Stormwater Infrastructure Assistance Program Project at 1586 Kings Road in Shelby, North Carolina: Resolution No. 14-2019

**Consent Agenda Item: (Staff Resource, Ben Yarboro, Engineering Services Director)**

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Summary of Available Information:

- Memorandum dated January 29, 2019 from Ben Yarboro, Engineering Services Director to Rick Howell, City Manager
- Memorandum dated January 28, 2019 from Tyler Brooks, Stormwater Engineering Technician to Ben Yarboro, Engineering Services Director
- Schematic Aerial photos of Stormwater existing condition and proposed project
- Letter dated November 30, 2018 from Odom Engineering, PLLC
- Bid Tabulation Sheet
- Resolution No. 14-2019

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City Manager's Recommendation / Comments

Resolution No. 14-2019 is presented for City Council consideration at this time via the Consent Agenda. If approved this resolution would award a contract in the amount of \$30,129 to Marvin Hoyle Construction for the construction of stormwater system improvements at 1586 Kings Road. This project qualifies for assistance through the City's stormwater infrastructure assistance program which allows the City to share costs with a private property owner under certain circumstances spelled out in policy. The City will shoulder 80% of this project with the property owner paying 20%. The City's portion of this project is paid through revenue generated from existing stormwater fees.

**It is my recommendation Resolution No. 14-2019 be adopted and approved by City Council at this time.**



Post Office Box 207 · Shelby, NC 28151-0207

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## *Memorandum*

**To: Rick Howell, City Manager**

**From: Ben Yarboro, Director of Engineering Services**

**RE: Stormwater Infrastructure Assistance  
Construction Contract Award for 1586 Kings Road**

**Date: January 29, 2019**

### **Summary**

As outlined in the attached memo from Tyler Brooks (City Stormwater Technician), the City Stormwater Division received an application for Stormwater Infrastructure Assistance for stormwater improvements on private property located at 1586 Kings Road. After determining that the project was eligible for assistance, a design was completed by Odom Engineering and the project was advertised and bid. This project consists of the replacement of approximately 110 LF of 18" stormwater piping with a flared end section and catch basin that ties into a NCDOT maintained 18" stormwater pipe carrying runoff from Kings Road.

The low bidder for this project was Marvin Hoyle Construction Inc. with a bid of \$30,129.00. This cost will be funded 80% by the City and 20% by the property owner. After reviewing this bid with the property owner, the owner desires to proceed with the project. As defined in the City of Shelby Stormwater Infrastructure Assistance Program, the award of this contract requires Council approval due to the bid amount exceeding \$10,000. Funding for this project is available via the adopted FY19 Stormwater budget.

### **Recommendation**

City Staff recommends approval of the resolution awarding the construction contract for the Stormwater Infrastructure Assistance project at 1586 Kings Road to Marvin Hoyle Construction, Inc for the bid amount of \$30,129.00.

Attachment

## *Memorandum*

**To:** Ben Yarboro, Director of Engineering Services

**From:** Tyler Brooks, Stormwater/Engineering Technician

**RE:** 1586 Kings Rd. – Stormwater Infrastructure Assistance Program Project Approval Recommendation

**Date:** January 28, 2019

### **Background**

In February 2016, the City of Shelby implemented a Stormwater Infrastructure Assistance Program to assist property owners with the costs of repairing and/or replacing stormwater infrastructure causing stormwater issues on their private property. Per City ordinance, the City does not have maintenance responsibilities outside of the public rights-of-way. The adopted Stormwater Infrastructure Assistance Program requires that funding for such projects in excess of \$10,000 shall be presented to the Shelby City Council for consideration before awarding contracts.

### **Review**

In September 2017, the property owner at 1586 Kings Rd. applied for Stormwater Infrastructure Assistance to address failing stormwater infrastructure on the property. The owner reported that separating pipe joints were causing water to leak into the basement and erode around the foundation of the house. The property owner hired a contractor to stabilize the foundation of the house and desires to replace the failing stormwater pipes.

In October 2018 agreements were signed between the City and Owners, and a third party consultant was asked to provide a design for replacing the infrastructure on the property. The new design reroutes the stormwater system around the house, as the assistance program does not allow for work within five feet of a permanent structure. Bids were publically opened on November 29, 2018. At that time contractors were notified that costs had to be approved by the property owner and City Council before starting construction. The low bidder for this project is Marvin Hoyle Construction Inc. with a bid of \$27,390.00 with \$2,739.00 in contingency for a

total project bid of \$30,129.00. The property owners desire to proceed with the project.

**Recommendation**

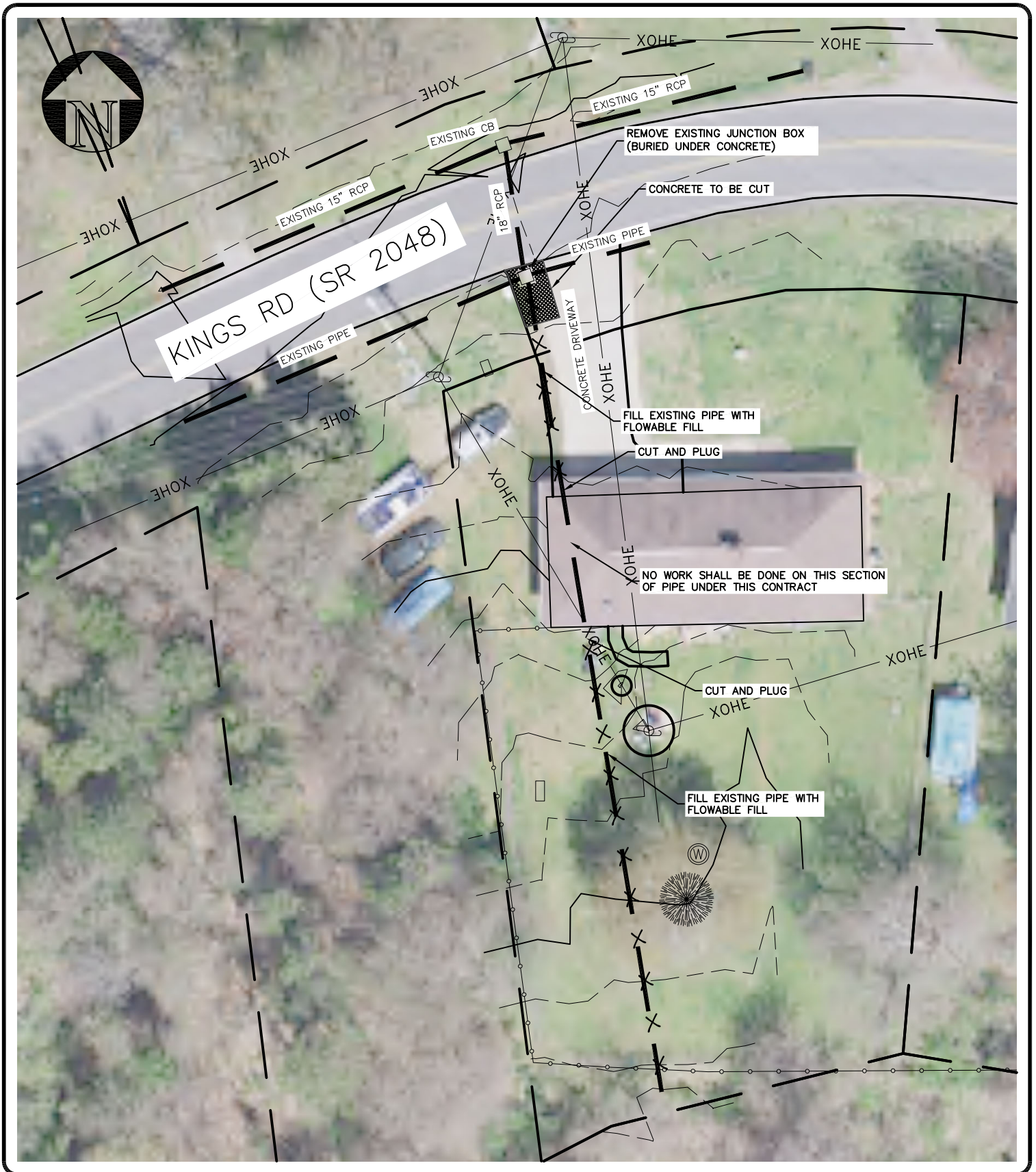
City Staff recommends that the Shelby City Council approve the resolution awarding the bid for the Stormwater Infrastructure Assistance Program project located at 1586 Kings Rd. for Ms. Hayden Soloway and Ms. Melinda Fair to the lowest responsive bidder, Marvin Hoyle Construction Inc. for the bid price of \$30,129.00. Funding for this construction contract is available via Stormwater Utility funding.

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

Attachments:

- Plans Prepared by Odom Engineering
- Bid Tabulation
- Recommendation of Award
- Copy of signed Stormwater Infrastructure Assistance Agreement





**Odom**  
Engineering  
PLLC

169 Oak Street, Forest City, N.C. 28043  
ph: 828.247.4495 fax: 828.247.4498  
NC Firm#: P-0880

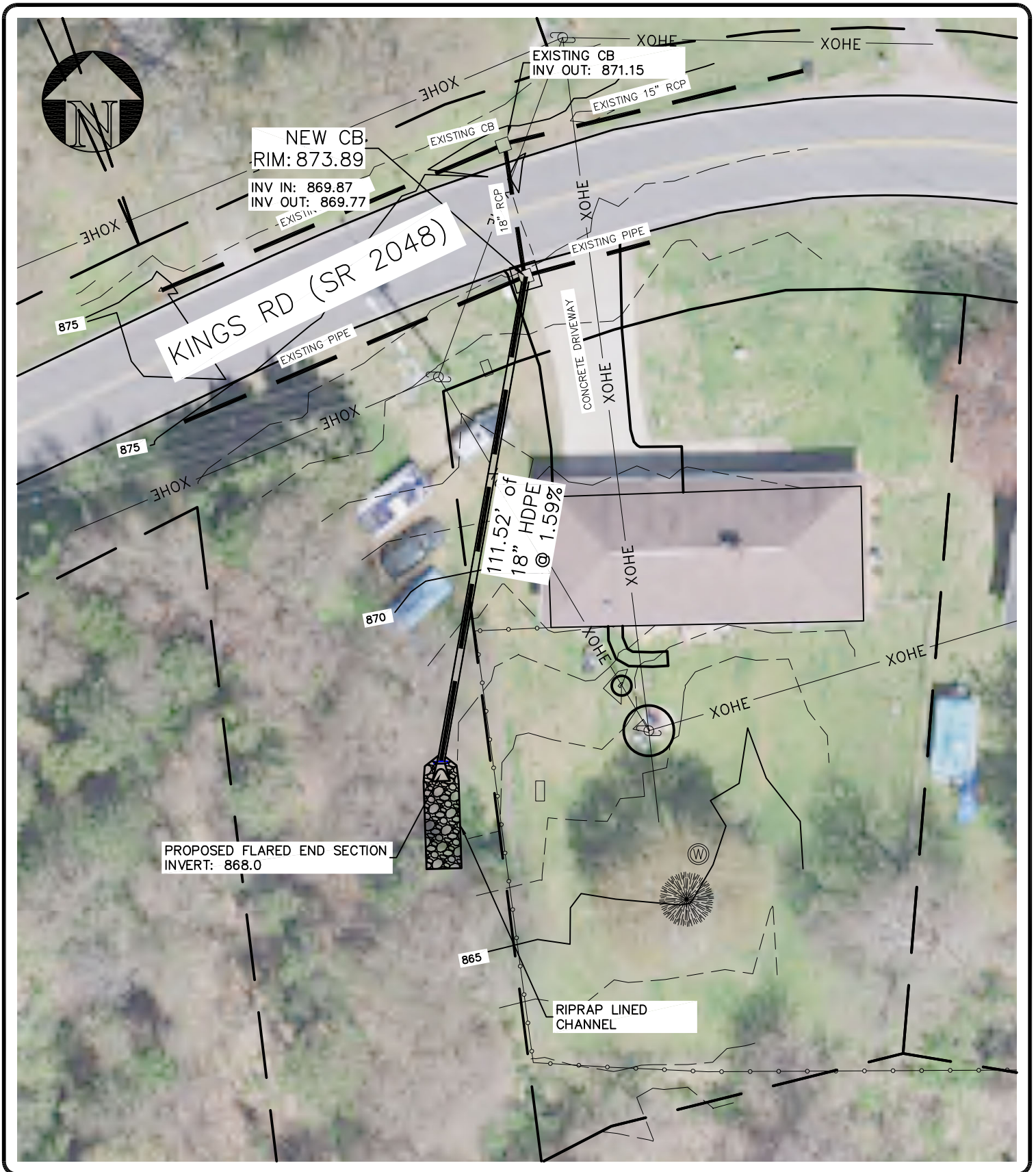
PLANS FOR  
**KINGS ROAD DRAINAGE**  
SHELBY CLEVELAND COUNTY, NC  
EXISTING CONDITIONS/  
DEMOLITION

SCALE: 1" = 30'

DATE: 09/26/18

DRAWN BY: LCT

PROJECT MGR: LMC



**Odom**  
Engineering  
PLLC

169 Oak Street, Forest City, N.C. 28043  
 ph: 828.247.4495 fax: 828.247.4498  
 NC Firm#: P-0880

PLANS FOR  
**KINGS ROAD DRAINAGE**  
 SHELBY CLEVELAND COUNTY, NC  
 OVERALL STORMWATER

SCALE: 1" = 30'  
 DATE: 09/26/18  
 DRAWN BY: LCT  
 PROJECT MGR: LMC



| <b>KINGS RD. DRAINAGE</b> |   |            |              |  |                     |  |                     |
|---------------------------|---|------------|--------------|--|---------------------|--|---------------------|
| <b>City of Shelby</b>     |   |            |              |  |                     |  |                     |
| <b>29-Nov-18</b>          |   |            |              |  |                     |  |                     |
|                           |   |            |              |  |                     |  |                     |
|                           | <b>DESCRIPTION</b>                            | <b>QTY</b> | <b>UNITS</b> | <b>MARVIN HOYLE CONSTRUCTION, INC.</b> |                     | <b>CLARK LEDBETTER GRADING &amp; HAULING, INC.</b> |                     |
|                           |   |            |              | <b>UNIT PRICE</b>                      | <b>TOTAL COST</b>   | <b>UNIT PRICE</b>                                  |                     |
|                           |   |            |              |  |                     | <b>TOTAL COST</b>                                  |                     |
| 1                         | MOBILIZATION                                  | 1          | LS           | \$ 2,500.00                            | \$ 2,500.00         | \$ 5,000.00  | \$ 5,000.00         |
| 2                         | NEW 18-INCH HDPE STORM PIPE                   | 115        | LF           | \$ 50.00                               | \$ 5,750.00         | \$ 50.00   | \$ 5,750.00         |
| 3                         | NEW FLARED END SECTION                        | 1          | EA           | \$ 2,200.00                            | \$ 2,200.00         | \$ 2,000.00  | \$ 2,000.00         |
| 4                         | NEW CTACH BASIN                               | 1          | EA           | \$ 5,000.00                            | \$ 5,000.00         | \$ 5,000.00  | \$ 5,000.00         |
| 5                         | EXISTING PIPE TO BE FILLED WITH FLOWABLE FILL | 155        | LF           | \$ 40.00                               | \$ 6,200.00         | \$ 50.00   | \$ 7,750.00         |
| 6                         | RIP-RAP OUTLET PROTECTION                     | 1          | LS           | \$ 1,200.00                            | \$ 1,200.00         | \$ 2,000.00  | \$ 2,000.00         |
| 4                         | REMOVE EXISTING JUNCTION BOX                  | 1          | LS           | \$ 2,500.00                            | \$ 2,500.00         | \$ 2,000.00  | \$ 2,000.00         |
| 5                         | CONCRETE REPAIR                               | 13         | SY           | \$ 80.00                               | \$ 1,040.00         | \$ 150.00  | \$ 1,950.00         |
| 6                         | SEED ALL DISTURBED AREA                       | 1          | LS           | \$ 1,000.00                            | \$ 1,000.00         | \$ 5,000.00  | \$ 5,000.00         |
|                           | <b>SUBTOTAL</b>                               |            |              |  | \$ 27,390.00        |  | \$ 36,450.00        |
|                           | Contingency (10%)                             |            |              |  | \$ 2,739.00         |  | \$ 3,645.00         |
|                           | <b>PROJECT BID</b>                            |            |              |  | \$ <b>30,129.00</b> |  | \$ <b>40,095.00</b> |

Low Bidder: MARVIN HOYLE CONSTRUCTION, INC.

November 30, 2018

Ben Yarboro  
*Engineering Services Director*  
City of Shelby  
PO Box 207, 824 W Grover St.  
Shelby, NC 28150

RE: Contractor Recommendation for the Kings Rd. Drainage Project

Dear Ben,

Bids were received on Thursday, November 29, 2018 at 2:00 p.m. at the Shelby Utility Operations Center for the Kings Rd. Drainage Project.

|   | <u>BID AMOUNT</u> |
|---|-------------------|
| • Marvin Hoyle Construction, Inc.         | \$30,129.00       |
| • Clark Ledbetter Grading & Hauling, Inc. | \$40,095.00       |

The City Purchasing Manager (Todd Frasier) has approved "NO BIDS" as submitted bid.

Below are the contractors that were invited but declined to bid (thru email/phone call) due to their current load schedules and other commitments.

- Wesson Septic Tank Service, Inc.
- Kennedy Concrete & Utilities, Inc.
- Clary Hood, Inc.
- Site Development Corporation
- Two Brothers Utilities, Inc.

Below are the contractors that were invited but did not respond in the invitation to bid.

- Double R Utilities, Inc.
- Piedmont Utility Group, Inc.
- Steppe Construction, Inc.

The low bidder was Marvin Hoyle Construction, Inc. with a bid amount of **\$30,129.00**. We recommend awarding the contract to **Marvin Hoyle Construction, Inc.** in the amount of **Thirty Thousand, One Hundred and Nine Dollars (\$32,109.00)** to complete the project.

Sincerely



David Odom, P.E.

STATE OF NORTH CAROLINA

COUNTY OF CLEVELAND

**CITY OF SHELBY  
STORMWATER INFRASTRUCTURE ASSISTANCE AGREEMENT**

THIS AGREEMENT, is made and entered into this 5 day of OCTOBER, 2018, by and between the City of Shelby, a municipal corporation of the State of North Carolina, hereinafter referred to as the CITY, party of the first part, and Eleanor Hayden Sikes Soloway and Melinda Jean Sikes Fair of Shelby (city), North Carolina (state), hereinafter referred to as the OWNER(S), party of the second part.

**BACKGROUND**

The CITY, pursuant to City Council Resolution No.3-2016, has adopted a formal policy for providing City assistance for upgrades and repairs to stormwater drainage systems on private property. The OWNER(S), pursuant to this policy, have petitioned the CITY to participate in stormwater drainage improvements within the boundaries of their property, based upon a sharing of costs for such work. These agreements and undertakings are in consideration of the sums agreed to be paid for such work by the OWNER(S), the benefit therefrom according to the public, and the mutual terms and conditions set forth below.

The CITY as specified in Resolution No.3-2016, will perform or contract for improvements as indicated in plans developed by the CITY for the infrastructure improvement project described below:

Redirect stormwater drainage from underneath the home located at 1586 Kings Rd. which has caused structural damage in the past as well as flooding of the basement.

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WHEREAS, the Common Law Doctrine known as the "rule of reasonable use" which has been formally adopted by the North Carolina Supreme Court with respect to surface water drainage allows reasonable alteration of the flow of storm water runoff which may cause harm to properties; and

WHEREAS, there are locations throughout the City of Shelby where the altered flow of storm water runoff through private property interferes with the safety, comfort, welfare, and/or convenience of property owners or the general public; and

WHEREAS, the City, in most cases does not have legal authority to make drainage improvements on private property; and

WHEREAS, the City is willing to award assistance to promote the improvement of drainage facilities on private property and to correct illicit discharges and/or illicit connections on private property in accordance with the City of Shelby Stormwater Infrastructure Assistance Program;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties agree as follows:

1. The CITY agrees to share in the cost of upgrades or repairs to the stormwater system on or along the property of the OWNER(S) as set forth in, those project plans identified as 1586 Kings Rd. Stormwater Project. (This work shall be referred to herein as "the Project"). The CITY agrees to pay a pro-rata share representing  80 percent (residential property) or  50 percent (commercial property) of the actual construction costs of the Project for the most feasible, cost efficient solution determined by the CITY for a project on private property. The CITY agrees to pay 100 percent of design costs for a third-party consulting engineer if deemed necessary by the CITY.

2. The OWNER(S) agree to pay their pro-rata share representing  20 percent (residential property) or  50 percent (commercial property) of the actual construction cost of the Project. OWNER(S) shall pay their share of the cost by depositing with the CITY a minimum amount equal to 50 percent of the preliminary estimated share of the OWNER(S). The remainder of the OWNER(S) share is due at the time of written notification from the CITY of Project completion and total construction costs of the CITY. The OWNER(S) costs will not exceed their pro-rata share of the actual construction costs, and any payment in excess of actual cost will be refunded to the OWNER(S). Should the OWNER(S) choose not to complete the project following a design by a third-party consulting engineer, the OWNER(S) shall pay 50 percent of the engineering design fee.

OWNER(S) may choose to participate in the special assessment payment option, as evidenced by the attachment to this Agreement of a properly executed Note and Instrument Payment Agreement and Deed of Trust. The Project may proceed upon proper execution and submittal to the CITY of the Agreement, Note and Deed of Trust.

OWNER(S) participating in the special assessment payment option are subject to the following conditions:

- a. Applications for installment payments shall be submitted with a non-refundable \$200 application fee to cover credit checks, appraisals, and other costs associated with a special assessment.
- b. A first or second position lien in an amount no greater than 80% of the unencumbered property value will be considered sufficient security for the assessment.
- c. After determination that income, credit history, security, and other normal requirements for the assessment have been met, the application for installment payments will be approved by the City.
- d. The applicant shall submit a deposit at least equal to 10% of the actual construction cost and an executed agreement to pay the remainder in equal payments over a time period not to exceed 5 years. The first payment will be due one year after notification of Project completion by the City.
- e. The minimum assessment amount will be \$1,000.

3. The total project cost shall not exceed \$50,000.

4. The construction contract for the construction of the improvements to the  residential or  commercial property located at 1586 Kings Rd., Shelby, NC and described in Deed Book 1715 Page 1052 at the Cleveland County Register of Deeds shall be let for bids and awarded in accordance with Article 8 of Chapter 143 of the North Carolina General Statutes, and specifically including the requirement that any contract be awarded to the lowest responsible bidder. All obtained bids shall be provided to the OWNER(S) for review. The CITY reserves the right to refuse any and/or all bids. The total CITY share of the Project will be  80 percent (residential property) or  50 percent (commercial property) of the actual construction cost of the improvements for the most feasible, cost efficient solution determined by the CITY for the Project on private property. The OWNER(S)' share of cost of the project shall not exceed  20 percent (residential property) or  50 percent (commercial property) of the actual construction cost of the improvements for the most

feasible, cost efficient solution determined by the CITY for the project. The work will be undertaken only if CITY funds are available.

5. The CITY shall obtain all temporary construction easements from neighboring property owners. Costs associated with acquiring easements will be included in the total Project costs shared by the CITY and OWNER(S). OWNER(S) shall grant a temporary construction easement to the CITY at no cost.

6. The Stormwater Division reviews and approves the design plans and specifications prior to bid solicitation.

7. The work shall conform to City standards and other applicable local, state, and federal requirements.

8. The CITY, or a third party delegated by the CITY, shall provide construction oversight and inspections to ensure that the Project is completed in substantial conformance with the proposal.

9. In consideration for the CITY's undertaking stormwater drainage improvement assistance on private property, the OWNER(S) hereby agree to discharge, release, and hold harmless the CITY, its agents, employees, and officers, for liability for personal injury or property damage, or both, arising under this Agreement or the work to be performed hereunder. The OWNER(S) hereby agree to discharge, release, and hold harmless the CITY's contractor or contractors for liability for personal injury or property damage, or both, to the extent such are not covered by the contractor's liability insurance.

10. The OWNER(S) acknowledge and agree that no action taken or work performed by the CITY pursuant to this Agreement or the official City of Shelby Stormwater Infrastructure Assistance Program shall constitute a taking or appropriation of the stream, ditch, water course, or drainage way on or along their property as part of the CITY's stormwater drainage system. Further, the OWNER(S) acknowledge and agree that the CITY has assumed no liability over, or responsibility for, their property, the drainage way, or any drainage improvements located on their property. The OWNER(S) agree to be responsible for the future maintenance and repair of all drainage facilities and improvements located on their property.

11. The undertaking of the Project by the CITY shall be conditioned upon full participation in this Agreement and undertaking by all property owners abutting the Project. The OWNER(S) understand and acknowledge that, in the event any of the Project participants fail to make full payment for the cost of the work, or fail to execute all required documents and agreements, the final approval of the Project will be withheld by the CITY, and this Agreement shall be void and of no effect.

12. The CITY and/or the OWNER(S) may withdraw participation in the Project if the actual construction bids exceed the preliminary cost estimate or available City funding.

13. These provisions represent the entire Agreement between the parties and may not be modified by oral representations. As used herein, the plural designation may indicate the singular, where applicable.

14. The OWNER(S)' share of the funding as outlined above must be paid to the CITY following the completion of design plans and bidding, but prior to the execution of any construction contracts.

15. The Project must be expected to have a life cycle of more than five (5) years, therefore the OWNER(S) shall commit to a higher level of maintenance than may have previously been conducted (i.e. maintaining vegetation and/or removing debris from ditches) for a period of five (5) years. The CITY will complete annual inspections during this five (5) year period and notify the OWNER(S) of maintenance issues that exist if any are present.

NOW, THEREFORE, in consideration of the City's willingness to enter into the Agreement, the undersigned agrees that the Agreement shall be governed by the laws of the State of North Carolina and venue for any civil action between the parties shall be Cleveland County Civil Superior Court.

This Agreement shall be binding on the heirs, personal representatives, successors and assigns of the parties with reference to the subject matter of this Agreement.

IN WITNESS WHEREOF, the OWNER(S) have set their hands the date above written.

OWNER(S): \* *Eleanor Hayden Sikes Soloway*  
Print Name: Eleanor Hayden Sikes Soloway  
Title: \_\_\_\_\_

\* *Melinda Jean Sikes Fair*  
Print Name: Melinda Jean Sikes Fair  
Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_

(Seal if appropriate)



STATE OF N.C.

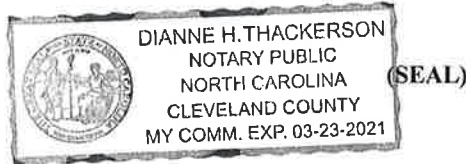
COUNTY OF Cleveland

I, Dianne H. ThackerSON, a Notary Public of the County of Cleveland and State of North Carolina, do hereby certify that Eleanor Hayden Sikes Solonay personally appeared before me this day and acknowledged the due execution of the foregoing Stormwater Infrastructure Assistance Agreement, together with attached addendum/addenda (if applicable).

WITNESS my hand and official seal this 10<sup>th</sup> day of Sept., 2018.

Dianne H. ThackerSON  
Notary Public

My Commission Expires: 03-23-2021



STATE OF North Carolina

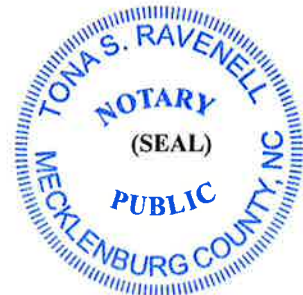
COUNTY OF Mecklenburg

I, Tona S. Ravenell, a Notary Public of the County of Mecklenburg and State of North Carolina, do hereby certify that Melinda Jean Sikes Fair personally appeared before me this day and acknowledged the due execution of the foregoing Stormwater Infrastructure Assistance Agreement, together with attached addendum/addenda (if applicable).

WITNESS my hand and official seal this 29<sup>th</sup> day of August, 2018.

Tona S. Ravenell  
Notary Public

My Commission Expires: May 16, 2019

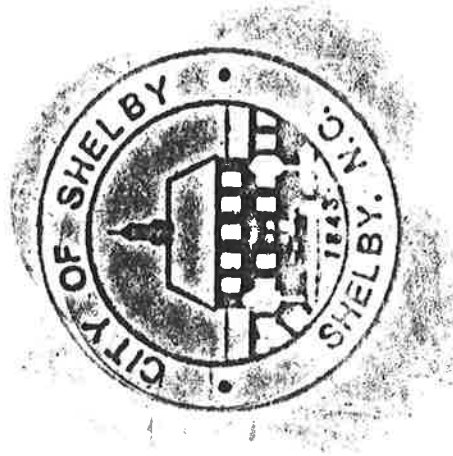


CITY OF SHELBY,

A North Carolina Municipal Corporation



Rick Howell  
City Manager



ATTEST:



Bernadette Parduski, NCCMC, MMC  
City Clerk

(SEAL)

**RESOLUTION NO. 14-2019**

**A RESOLUTION AWARDING THE CONTRACT FOR THE CITY OF SHELBY  
STORMWATER INFRASTRUCTURE ASSISTANCE PROGRAM PROJECT  
AT 1586 KINGS ROAD IN SHELBY, NORTH CAROLINA**

**WHEREAS**, the City of Shelby established a Stormwater Infrastructure Assistance Program via Resolution 3-2016; and,

**WHEREAS**, the City of Shelby received an application for assistance from Ms. Melinda Fair and Ms. Hayden Soloway at 1586 Kings Rd. in Shelby, North Carolina to address failing stormwater infrastructure that crosses their private property and connects to the public right-of-way; and,

**WHEREAS**, the City of Shelby Engineering Department has reviewed the proposed project application and determined that the project meets the requirements of the Stormwater Infrastructure Assistance Program; and,

**WHEREAS**, a third party engineer evaluated and designed the replacement of the failing infrastructure; and,

**WHEREAS**, the City of Shelby in accordance with applicable provisions of GS 143-129, as amended, has accepted proposals for the project located at 1586 Kings Rd. in Shelby, North Carolina in accordance with priorities heretofore established by City Council; and,

**WHEREAS**, bids for this proposed work have been tabulated and contract award recommended for this project to the lowest responsive bidder, Marvin Hoyle Construction Inc., for a total bid of \$30,129.00; and,

**WHEREAS**, per Resolution 3-2016, the City agrees to pay 80% of the construction costs and the property owner agrees to pay 20% via a legal agreement; and,

**WHEREAS**, City Council now desires to proceed with award of construction contract as recommended by staff.

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

Section 1. The contract for the Stormwater Infrastructure Assistance Program project at 1586 Kings Rd. in Shelby, NC, as outlined in the bid specifications for this offering, is hereby awarded to Marvin Hoyle Construction Inc. for a bid price of \$30,129.00 as stated in their official proposal for this bidding, and in accordance with the City's official bid specifications for this project.

Section 2. The City Manager of the City of Shelby or his designee is hereby authorized and directed to execute the applicable contracts and any change orders as specified in Section 1 of this resolution.

Resolution No. 14-2019  
February 4, 2019  
Page 2

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

Adopted and approved this the 4th day of February 2019.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

Agenda Item: C-10

- 10) Approval of a resolution awarding the contract for the City of Shelby Stormwater Infrastructure Assistance Program Project at 705 Hanover Drive in Shelby, North Carolina: Resolution No. 15-2019

**Consent Agenda Item: (Staff Resource, Ben Yarboro, Engineering Services Director)**

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Summary of Available Information:

- Memorandum dated January 29, 2019 from Ben Yarboro, Engineering Services Director to Rick Howell, City Manager
- Memorandum dated January 28, 2019 from Tyler Brooks, Stormwater Engineering Technician to Ben Yarboro, Engineering Services Director
- Schematic Aerial photos of Stormwater existing condition and proposed project
- Letter dated November 30, 2019 from Odom Engineering, PLLC
- Bid Tabulation Sheet
- Resolution No. 15-2019

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City Manager's Recommendation / Comments

Resolution No. 15-2019 is presented for City Council consideration at this time via the Consent Agenda. If approved this resolution would award a contract in the amount of \$31,152 to Marvin Hoyle Construction Inc for the construction of stormwater system improvements at 705 Hanover Drive. This project qualifies for assistance through the City's stormwater infrastructure assistance program which allows the City to share costs with a private property owner under certain circumstances spelled out in policy. The City will shoulder 80% of this project with the property owner paying 20%. The City's portion of this project is paid through revenue generated from existing stormwater fees

**It is my recommendation Resolution No. 15-2019 be adopted and approved by City Council at this time.**



Post Office Box 207 · Shelby, NC 28151-0207

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## *Memorandum*

**To: Rick Howell, City Manager**

**From: Ben Yarboro, Director of Engineering Services**

**RE: Stormwater Infrastructure Assistance  
Construction Contract Award for 705 Hanover Drive**

**Date: January 29, 2019**

### **Summary**

As outlined in the attached memo from Tyler Brooks (City Stormwater Technician), the City Stormwater Division received an application for Stormwater Infrastructure Assistance for stormwater improvements on private property located at 705 Hanover Drive. After determining that the project was eligible for assistance, a design was completed by Odom Engineering and the project was advertised and bid. This project consists of the replacement of approximately 110 LF of 48" stormwater piping with a headwall and junction box that ties into a city maintained 48" stormwater pipe crossing Hanover Drive.

The low bidder for this project was Marvin Hoyle Construction Inc. with a bid of \$31,152.00. This cost will be funded 80% by the City and 20% by the property owner. After reviewing this bid with the property owner, the owner desires to proceed with the project. As defined in the City of Shelby Stormwater Infrastructure Assistance Program, the award of this contract requires Council approval due to the bid amount exceeding \$10,000. Funding for this project is available via the adopted FY19 Stormwater budget.

### **Recommendation**

City Staff recommends approval of the resolution awarding the construction contract for the Stormwater Infrastructure Assistance project at 705 Hanover Drive to Marvin Hoyle Construction, Inc for the bid amount of \$31,152.00.

Attachment

## *Memorandum*

**To:** Ben Yarboro, Director of Engineering Services

**From:** Tyler Brooks, Stormwater/Engineering Technician

**RE:** 705 Hanover Dr. – Stormwater Infrastructure Assistance Program Project Approval Recommendation

**Date:** January 28, 2019

### **Background**

In February 2016, the City of Shelby implemented a Stormwater Infrastructure Assistance Program to assist property owners with the costs of repairing and/or replacing stormwater infrastructure causing stormwater issues on their private property. Per City ordinance, the City does not have maintenance responsibilities outside of the public rights-of-way. Funding for such projects in excess of \$10,000 shall be presented to the Shelby City Council for consideration before awarding contracts.

### **Review**

In August 2018, the property owner at 705 Hanover Dr. applied for Stormwater Infrastructure Assistance to address failing stormwater infrastructure on the property. The owner reported that a large sinkhole was forming in the yard. After evaluating the current stormwater system on the property, it was determined that the 48" metal pipe conveying a creek through the property was failing. During heavy rain events, this failure backs up water until it eventually runs over Hanover Drive. If not resolved, this could threaten the integrity of the road.

In August 2018 agreements were signed between the City and Owner, and a third party consultant was asked to provide a design for replacing the infrastructure on the property. The plans call for the failing pipe to be replaced. Bids were publically opened on November 29, 2018. At that time contractors were notified that costs had to be approved by the property owner and City Council before starting construction. The low bidder for this project is Marvin Hoyle Construction Inc. with a bid of \$28,320.00 with \$2,832.00 in contingency for a total project bid of \$31,152.00. The property owner desires to proceed with the project. In conjunction with the off right-

of-way project, the contractor will be making a repair in the Hanover Drive right-of-way which the City will pay 100% of using funds from the Stormwater System Repairs budget. This separate project is noted as Project Bid 2 on the bid tabulation.

**Recommendation**

City Staff recommends that the Shelby City Council approve the resolution awarding the bid for the Stormwater Infrastructure Assistance Program project located at 705 Hanover Dr. for Mr. Kevin Toms Sr. to the lowest responsive bidder, Marvin Hoyle Construction Inc. for the bid price of \$31,512.00. Funding for this construction contract is available via Stormwater Utility funding.

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

Attachments:

- Plans Prepared by Odom Engineering
- Bid Tabulation
- Recommendation of Award
- Copy of signed Stormwater Infrastructure Assistance Agreement





**Odom**  
Engineering  
PLLC

169 Oak Street, Forest City, N.C. 28043  
ph: 828.247.4495 fax: 828.247.4498  
NC Firm#: P-0880

PLANS FOR  
**HANOVER DRIVE DRAINAGE**  
SHELBY, CLEVELAND COUNTY, NC

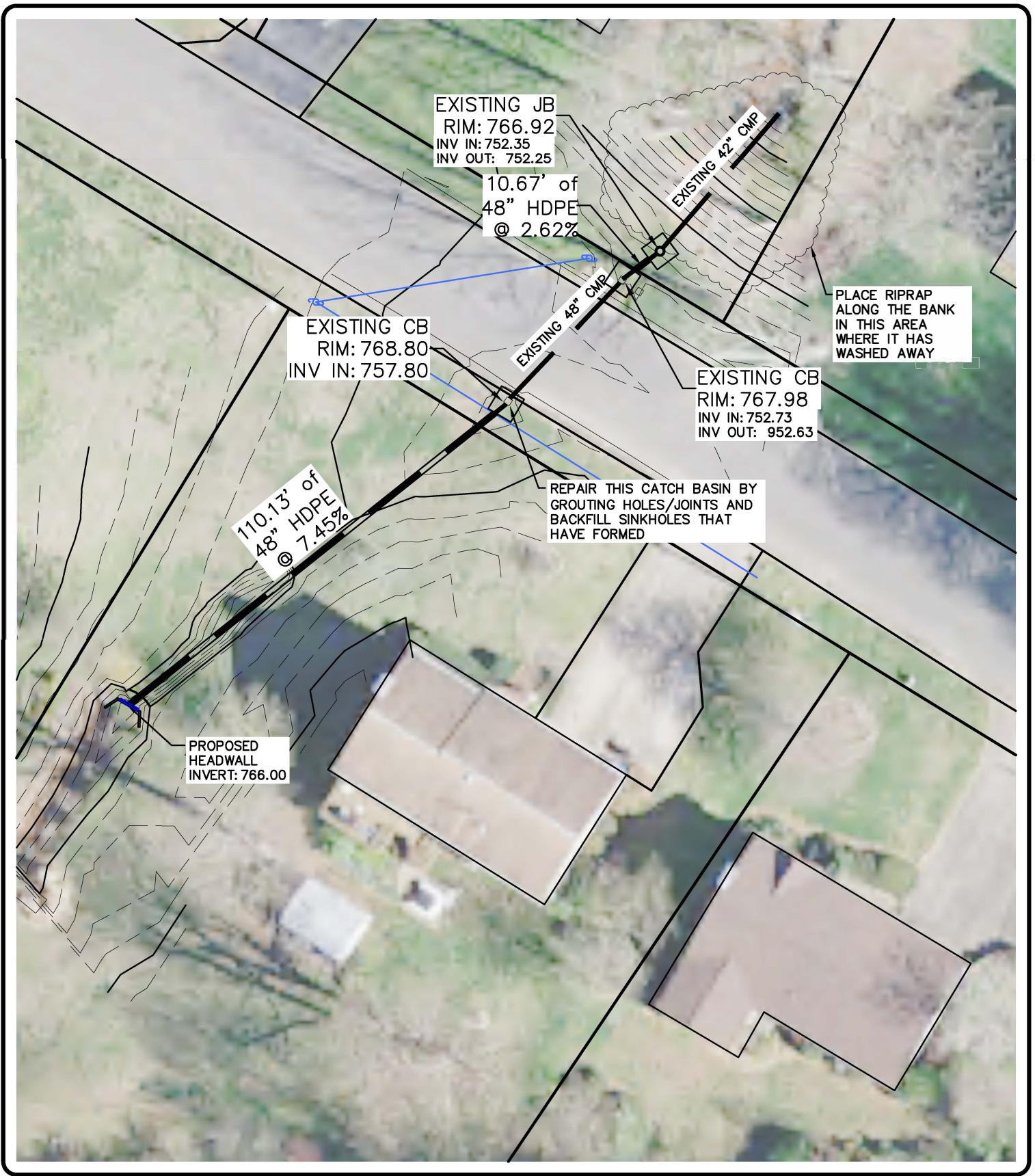
EXISTING CONDITIONS/  
DEMOLITION

SCALE: 1" = 30'

DATE: 09/17/18

DRAWN BY: LCT

PROJECT MGR: LMC



**Odom**  
Engineering  
PLLC

169 Oak Street, Forest City, N.C. 28043  
ph: 828.247.4495 fax: 828.247.4498  
NC Firm#: P-0880

PLANS FOR  
**HANOVER DRIVE DRAINAGE**  
SHELBY, CLEVELAND COUNTY, NC

OVERALL STORMWATER

SCALE: 1" = 30'

DATE: 09/17/18

DRAWN BY: LCT

PROJECT MGR: LMC



**HANOVER DR. DRAINAGE**  
**City of Shelby**  
**29-Nov-18**

| OWNER                            |     | MARVIN HOYLE CONSTRUCTION, INC. |             |                     | CLARK LEDBETTER GRADING & HAULING, INC. |                     |             |            |
|----------------------------------|-----|---------------------------------|-------------|---------------------|---|---------------------|-------------|------------|
| DESCRIPTION                      | QTY | UNITS                           | UNIT PRICE  | TOTAL COST          | UNIT PRICE                              | TOTAL COST          |             |            |
| 1 MOBILIZATION                   | 1   | LS                              | \$ 2,500.00 | \$ 2,500.00         | \$ 5,000.00                             | \$ 5,000.00         |             |            |
| 2 NEW 48-INCH HDPE STORM PIPE    | 120 | LF                              | \$ 96.00    | \$ 11,520.00        | \$ 200.00                               | \$ 24,000.00        |             |            |
| 3 NEW PRE-CAST CONCRETE HEADWALL | 1   | EA                              | \$ 3,800.00 | \$ 3,800.00         | \$ 6,000.00                             | \$ 6,000.00         |             |            |
| 4 EXISTING 48-INCH TO BE REMOVED | 110 | LF                              | \$ 50.00    | \$ 5,500.00         | \$ 50.00                                | \$ 5,500.00         |             |            |
| 5 SEED DISTURBED AREA            | 1   | LS                              | \$ 1,500.00 | \$ 1,500.00         | \$ 4,000.00                             | \$ 4,000.00         |             |            |
| 6 BACKFILL                       | 1   | LS                              | \$ 3,500.00 | \$ 3,500.00         | \$ 5,000.00                             | \$ 5,000.00         |             |            |
| <b>SUBTOTAL</b>                  |     |                                 |             | \$ 28,320.00        |   | \$ 49,500.00        |             |            |
| Contingency (10%)                |     |                                 |             | \$ 2,832.00         |   | \$ 4,950.00         |             |            |
| <b>PROJECT BID 1</b>             |     |                                 |             | <b>\$ 31,152.00</b> |   | <b>\$ 54,450.00</b> |             |            |
| CITY OF SHELBY                   |     | DESCRIPTION                     | QTY         | UNITS               | UNIT PRICE                              | TOTAL COST          | UNIT PRICE  | TOTAL COST |
| 1 MOBILIZATION                   | 1   | LS                              | \$ 2,500.00 | \$ 2,500.00         | \$ 5,000.00                             | \$ 5,000.00         | \$ 5,000.00 |            |
| 2 NEW 48-INCH HDPE STORM PIPE    | 15  | LF                              | \$ 126.00   | \$ 1,890.00         | \$ 200.00                               | \$ 3,000.00         | \$ 3,000.00 |            |
| 3 EXISTING 48-INCH TO BE REMOVED | 15  | LF                              | \$ 80.00    | \$ 1,200.00         | \$ 50.00                                | \$ 750.00           | \$ 750.00   |            |
| 4 SEED DISTURBED AREA            | 1   | LS                              | \$ 1,000.00 | \$ 1,000.00         | \$ 5,000.00                             | \$ 5,000.00         | \$ 5,000.00 |            |
| 5 RIP-RAP REPLACEMENT            | 1   | LS                              | \$ 3,000.00 | \$ 3,000.00         | \$ 3,000.00                             | \$ 3,000.00         | \$ 3,000.00 |            |
| 6 REPAIR CATCH BASIN             | 1   | LS                              | \$ 1,000.00 | \$ 1,000.00         | \$ 2,000.00                             | \$ 2,000.00         | \$ 2,000.00 |            |
| <b>SUBTOTAL</b>                  |     |                                 |             | \$ 10,590.00        |   | \$ 18,750.00        |             |            |
| Contingency (10%)                |     |                                 |             | \$ 1,059.00         |   | \$ 1,875.00         |             |            |
| <b>PROJECT BID 2</b>             |     |                                 |             | <b>\$ 11,649.00</b> |   | <b>\$ 20,625.00</b> |             |            |
| <b>BID GRAND TOTAL</b>           |     |                                 |             | <b>\$ 42,801.00</b> |   | <b>\$ 75,075.00</b> |             |            |

Low Bidder: MARVIN HOYLE CONSTRUCTION, INC.

November 30, 2018

Ben Yarboro  
*Engineering Services Director*  
City of Shelby  
PO Box 207, 824 W Grover St.  
Shelby, NC 28150

RE: Contractor Recommendation for the Hanover Dr. Drainage Project

Dear Ben,

Bids were received on Thursday, November 29, 2018 at 2:00 p.m. at the Shelby Utility Operations Center for the Hanover Dr. Drainage Project.

|   | <u>BID AMOUNT</u> |
|---|-------------------|
| • Marvin Hoyle Construction, Inc.         | \$42,801.00       |
| • Clark Ledbetter Grading & Hauling, Inc. | \$75,075.00       |

The City Purchasing Manager (Todd Frasier) has approved "NO BIDS" as submitted bid.

Below are the contractors that were invited but declined to bid (thru email/phone call) due to their current load schedules and other commitments.


- Wesson Septic Tank Service, Inc.
- Kennedy Concrete & Utilities, Inc.
- Clary Hood, Inc.
- Site Development Corporation
- Two Brothers Utilities, Inc.

Below are the contractors that were invited but did not respond in the invitation to bid.

- Double R Utilities, Inc.
- Piedmont Utility Group, Inc.
- Steppe Construction, Inc.

The low bidder was Marvin Hoyle Construction, Inc. with a bid amount of **\$42,801.00**. We recommend awarding the contract to **Marvin Hoyle Construction, Inc.** in the amount of **Forty-Two Thousand, Eight Hundred, and One Dollars (\$42,801.00)** to complete the project.

Sincerely



David Odom, P.E.

STATE OF NORTH CAROLINA

COUNTY OF CLEVELAND

**CITY OF SHELBY  
STORMWATER INFRASTRUCTURE ASSISTANCE AGREEMENT**

THIS AGREEMENT, is made and entered into this 24 day of August, 2018, by and between the City of Shelby, a municipal corporation of the State of North Carolina, hereinafter referred to as the CITY, party of the first part, and Kevin E. Toms Sr. of Shelby, NC (city), NC (state), hereinafter referred to as the OWNER(S), party of the second part.

**BACKGROUND**

The CITY, pursuant to City Council Resolution No.3-2016, has adopted a formal policy for providing City assistance for upgrades and repairs to stormwater drainage systems on private property. The OWNER(S), pursuant to this policy, have petitioned the CITY to participate in stormwater drainage improvements within the boundaries of their property, based upon a sharing of costs for such work. These agreements and undertakings are in consideration of the sums agreed to be paid for such work by the OWNER(S), the benefit therefrom according to the public, and the mutual terms and conditions set forth below.

The CITY as specified in Resolution No.3-2016, will perform or contract for improvements as indicated in plans developed by the CITY for the infrastructure improvement project described below:

Replace degraded stormwater infrastructure on the property that is causing a sinkhole and will not carry stormwater during heavy flows resulting in flooding of Hanover Dr.

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WHEREAS, the Common Law Doctrine known as the “rule of reasonable use” which has been formally adopted by the North Carolina Supreme Court with respect to surface water drainage allows reasonable alteration of the flow of storm water runoff which may cause harm to properties; and

WHEREAS, there are locations throughout the City of Shelby where the altered flow of storm water runoff through private property interferes with the safety, comfort, welfare, and/or convenience of property owners or the general public; and

WHEREAS, the City, in most cases does not have legal authority to make drainage improvements on private property; and

WHEREAS, the City is willing to award assistance to promote the improvement of drainage facilities on private property and to correct illicit discharges and/or illicit connections on private property in accordance with the City of Shelby Stormwater Infrastructure Assistance Program;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties agree as follows:

1. The CITY agrees to share in the cost of upgrades or repairs to the stormwater system on or along the property of the OWNER(S) as set forth in, those project plans identified as 705 Hanover Dr. Stormwater Project. (This work shall be referred to herein as "the Project"). The CITY agrees to pay a pro-rata share representing  80 percent (residential property) or  50 percent (commercial property) of the actual construction costs of the Project for the most feasible, cost efficient solution determined by the CITY for a project on private property. The CITY agrees to pay 100 percent of design costs for a third-party consulting engineer if deemed necessary by the CITY.

2. The OWNER(S) agree to pay their pro-rata share representing  20 percent (residential property) or  50 percent (commercial property) of the actual construction cost of the Project. OWNER(S) shall pay their share of the cost by depositing with the CITY a minimum amount equal to 50 percent of the preliminary estimated share of the OWNER(S). The remainder of the OWNER(S) share is due at the time of written notification from the CITY of Project completion and total construction costs of the CITY. The OWNER(S) costs will not exceed their pro-rata share of the actual construction costs, and any payment in excess of actual cost will be refunded to the OWNER(S). Should the OWNER(S) choose not to complete the project following a design by a third-party consulting engineer, the OWNER(S) shall pay 50 percent of the engineering design fee.

OWNER(S) may choose to participate in the special assessment payment option, as evidenced by the attachment to this Agreement of a properly executed Note and Instrument Payment Agreement and Deed of Trust. The Project may proceed upon proper execution and submittal to the CITY of the Agreement, Note and Deed of Trust.

OWNER(S) participating in the special assessment payment option are subject to the following conditions:

- a. Applications for installment payments shall be submitted with a non-refundable \$200 application fee to cover credit checks, appraisals, and other costs associated with a special assessment.
- b. A first or second position lien in an amount no greater than 80% of the unencumbered property value will be considered sufficient security for the assessment.
- c. After determination that income, credit history, security, and other normal requirements for the assessment have been met, the application for installment payments will be approved by the City.
- d. The applicant shall submit a deposit at least equal to 10% of the actual construction cost and an executed agreement to pay the remainder in equal payments over a time period not to exceed 5 years. The first payment will be due one year after notification of Project completion by the City.
- e. The minimum assessment amount will be \$1,000.

3. The total project cost shall not exceed \$50,000.

4. The construction contract for the construction of the improvements to the  residential or  commercial property located at 705 Hanover Dr., Shelby, NC and described in Deed Book 1664 Page 1049 at the Cleveland County Register of Deeds shall be let for bids and awarded in accordance with Article 8 of Chapter 143 of the North Carolina General Statutes, and specifically including the requirement that any contract be awarded to the lowest responsible bidder. All obtained bids shall be provided to the OWNER(S) for review. The CITY reserves the right to refuse any and/or all bids. The total CITY share of the Project will be  80 percent (residential property) or  50 percent (commercial property) of the actual construction cost of the improvements for the most feasible, cost efficient solution determined by the CITY for the Project on private property. The OWNER(S)' share of cost of the project shall not exceed  20 percent (residential property) or  50 percent (commercial property) of the actual construction cost of the improvements for the most

feasible, cost efficient solution determined by the CITY for the project. The work will be undertaken only if CITY funds are available.

5. The CITY shall obtain all temporary construction easements from neighboring property owners. Costs associated with acquiring easements will be included in the total Project costs shared by the CITY and OWNER(S). OWNER(S) shall grant a temporary construction easement to the CITY at no cost.

6. The Stormwater Division reviews and approves the design plans and specifications prior to bid solicitation.

7. The work shall conform to City standards and other applicable local, state, and federal requirements.

8. The CITY, or a third party delegated by the CITY, shall provide construction oversight and inspections to ensure that the Project is completed in substantial conformance with the proposal.

9. In consideration for the CITY's undertaking stormwater drainage improvement assistance on private property, the OWNER(S) hereby agree to discharge, release, and hold harmless the CITY, its agents, employees, and officers, for liability for personal injury or property damage, or both, arising under this Agreement or the work to be performed hereunder. The OWNER(S) hereby agree to discharge, release, and hold harmless the CITY's contractor or contractors for liability for personal injury or property damage, or both, to the extent such are not covered by the contractor's liability insurance.

10. The OWNER(S) acknowledge and agree that no action taken or work performed by the CITY pursuant to this Agreement or the official City of Shelby Stormwater Infrastructure Assistance Program shall constitute a taking or appropriation of the stream, ditch, water course, or drainage way on or along their property as part of the CITY's stormwater drainage system. Further, the OWNER(S) acknowledge and agree that the CITY has assumed no liability over, or responsibility for, their property, the drainage way, or any drainage improvements located on their property. The OWNER(S) agree to be responsible for the future maintenance and repair of all drainage facilities and improvements located on their property.

11. The undertaking of the Project by the CITY shall be conditioned upon full participation in this Agreement and undertaking by all property owners abutting the Project. The OWNER(S) understand and acknowledge that, in the event any of the Project participants fail to make full payment for the cost of the work, or fail to execute all required documents and agreements, the final approval of the Project will be withheld by the CITY, and this Agreement shall be void and of no effect.

12. The CITY and/or the OWNER(S) may withdraw participation in the Project if the actual construction bids exceed the preliminary cost estimate or available City funding.

13. These provisions represent the entire Agreement between the parties and may not be modified by oral representations. As used herein, the plural designation may indicate the singular, where applicable.

14. The OWNER(S)' share of the funding as outlined above must be paid to the CITY following the completion of design plans and bidding, but prior to the execution of any construction contracts.

15. The Project must be expected to have a life cycle of more than five (5) years, therefore the OWNER(S) shall commit to a higher level of maintenance than may have previously been conducted (i.e. maintaining vegetation and/or removing debris from ditches) for a period of five (5) years. The CITY will complete annual inspections during this five (5) year period and notify the OWNER(S) of maintenance issues that exist if any are present.

NOW, THEREFORE, in consideration of the City's willingness to enter into the Agreement, the undersigned agrees that the Agreement shall be governed by the laws of the State of North Carolina and venue for any civil action between the parties shall be Cleveland County Civil Superior Court.

This Agreement shall be binding on the heirs, personal representatives, successors and assigns of the parties with reference to the subject matter of this Agreement.

IN WITNESS WHEREOF, the OWNER(S) have set their hands the date above written.

OWNER(S): Kevin E. Toms Sr.  
Print Name: Kevin E. Toms Sr  
Title: owner

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_

(Seal if appropriate)



STATE OF NORTH CAROLINA

COUNTY OF CLEVELAND

I, Karen Dillemath Wilkins, a Notary Public of the County of Cleveland and State of North Carolina, do hereby certify that McKinley Layne Owen personally appeared before me this day and certified to me under oath or by affirmation that he or she is not a grantee or beneficiary of the transaction, signed the foregoing document as a subscribing witness, and either (i) witnessed Kevin E. Toms Sr. sign the foregoing document or (ii) witnessed \_\_\_\_\_ acknowledge his or her signature on the already-signed document.

WITNESS my hand and official seal this 24 day of August, 2018.  
Karen Dillemath Wilkins

Notary Public

9/21/2018  
My Commission Expires:

(SEAL)

Subscribing Witness: M. Jayne Owen

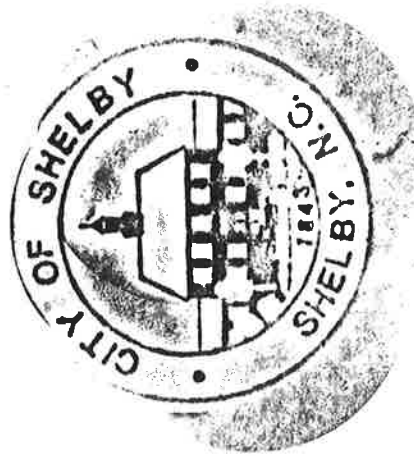


**CITY OF SHELBY,**

**A North Carolina Municipal Corporation**

*Rick Howell*

Rick Howell  
City Manager



ATTEST:

*Bernadette Parduski*

Bernadette Parduski, NCCMC, MMC  
City Clerk

(SEAL)

**RESOLUTION NO. 15-2019**

**A RESOLUTION AWARDING THE CONTRACT FOR THE CITY OF SHELBY  
STORMWATER INFRASTRUCTURE ASSISTANCE PROGRAM PROJECT  
AT 705 HANOVER DRIVE IN SHELBY, NORTH CAROLINA**

**WHEREAS**, the City of Shelby established a Stormwater Infrastructure Assistance Program via Resolution 3-2016; and,

**WHEREAS**, the City of Shelby received an application for assistance from Mr. Kevin Toms Sr. at 705 Hanover Dr. in Shelby, North Carolina to address failing stormwater infrastructure that crosses his private property and connects to the public right-of-way; and,

**WHEREAS**, the City of Shelby Engineering Department has reviewed the proposed project application and determined that the project meets the requirements of the Stormwater Infrastructure Assistance Program; and,

**WHEREAS**, a third party engineer evaluated and designed the replacement of the failing infrastructure; and,

**WHEREAS**, the City of Shelby in accordance with applicable provisions of GS 143-129, as amended, has accepted proposals for the project located at 705 Hanover Dr. in Shelby, North Carolina in accordance with priorities heretofore established by City Council; and,

**WHEREAS**, bids for this proposed work have been tabulated and contract award recommended for this project to the lowest responsive bidder, Marvin Hoyle Construction Inc., for a total bid of \$31,152.00; and,

**WHEREAS**, per Resolution 3-2016, the City agrees to pay 80% of the construction costs and the property owner agrees to pay 20% via a legal agreement; and,

**WHEREAS**, City Council now desires to proceed with award of construction contract as recommended by staff.

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

Section 1. The contract for the Stormwater Infrastructure Assistance Program project at 705 Hanover Dr. in Shelby, NC, as outlined in the bid specifications for this offering, is hereby awarded to Marvin Hoyle Construction Inc. for a bid price of \$31,152.00 as stated in their official proposal for this bidding, and in accordance with the City's official bid specifications for this project.

Section 2. The City Manager of the City of Shelby or his designee is hereby authorized and directed to execute the applicable contracts and any change orders as specified in Section 1 of this resolution.

Resolution No. 15-2019  
February 4, 2019  
Page 2

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

Adopted and approved this the 4th day of February 2019.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

D. Unfinished Business

**Agenda Item: D-1**

- 1) Consideration of appointments to City advisory boards and commissions:
  - a. Shelby-Cleveland County Regional Airport Advisory Board

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

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Summary of Available Information:

- Memorandum dated January 28, 2019 from Bernadette A. Parduski, City Clerk to Rick Howell, City Manager
- Shelby-Cleveland County Regional Airport Advisory Board Roster
- Applications from Baker

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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 2019. 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: January 28, 2019  
Re: Appointments to City Advisory Boards and Commissions

**BOARD REVIEW:**

**SHELBY CLEVELAND COUNTY REGIONAL AIRPORT ADVISORY BOARD:**

The terms of four incumbents, Richard Fletcher, Eric Bester, Paul Hounshell, Jr., and Billy Wright, conclude February 2019. All the incumbents are seeking reappointment to this board. There is an application on file in the Clerk's Office:

- Richard Baker, Jr.

**POSSIBLE ACTION:**

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

**Attachments:**

- A. Shelby Cleveland County Regional Airport Advisory Board Roster 2019
- B. Application of Richard F. (Dick) Baker, Jr.

**SHELBY CLEVELAND COUNTY REGIONAL  
AIRPORT ADVISORY BOARD 2019**

| <b>MEMBERS</b>   | <b>ADDRESS</b>                                 | <b>TERM EXPIRATION</b> | <b>PHONE NUMBER</b>                |
|--|--|------------------------|------------------------------------|
| Jim Robinson<br><a href="mailto:jim@jacksonwilliams.com">jim@jacksonwilliams.com</a>                   | 149 Lakemont Drive<br>Shelby, NC 28150         | February 2020          | H: 704 480-1392<br>W: 704 482-0221 |
| Dr. Stephen W. Jones<br><a href="mailto:swjskidoc@yahoo.com">swjskidoc@yahoo.com</a>                   | 164 North Shore Drive<br>Cherryville, NC 28021 | February 2020          | H: 704 487-9485<br>W: 704 487-5228 |
| Dennis H. Sessom   | 170 Zeb Cline Road<br>Shelby, NC 28150         | February 2020          | H: 704 482-9110                    |
| Richard Fletcher<br><a href="mailto:rpfletch@bellsouth.net">rpfletch@bellsouth.net</a>                 | 212 Deerchase Road<br>Shelby, NC 28150         | February 2019          | H: 704 487-7316<br>C: 704 418-4095 |
| Eric Bester  | P O Box 2026<br>Shelby, NC 28151               | February 2019          | H: 704 471-0415<br>W: 704 482-2424 |
| Paul B. Hounshell Jr.<br><a href="mailto:drpaulbhj@yahoo.com">drpaulbhj@yahoo.com</a>                  | 212 Vauxhall Drive<br>Shelby, NC 28150         | February 2019          | H: 704 692-8825<br>W: 704 482-7739 |
| Billy A. Wright<br><a href="mailto:bill.wright57@gmail.com">bill.wright57@gmail.com</a>                | 2612 Flagstone Court<br>Shelby, NC 28152       | February 2019          | H: 704 481-1351<br>C: 828 817-4383 |
| Doug Bridges<br><a href="mailto:doug.bridges@clevelandcounty.com">doug.bridges@clevelandcounty.com</a> | P O Box 1210<br>Shelby, NC 28151-1210          |                        | C: 704 472-8312<br>W: 704 484-4800 |

Meetings are held once per quarter during each calendar year or as needed at 12:00 Noon, Shelby-Cleveland County Regional Airport Terminal Building, 830 College Road, Shelby, NC

Two (2) year appointments

City Council Liaison: Charles Webber – Ward 5  
1018 Mark Drive  
Shelby, NC 28152  
H: 704 487-8070; C: 704 466-4708  
E-mail: [cwebber1@bellsouth.com](mailto:cwebber1@bellsouth.com)

Staffed by: Ben Yarboro, Director of Engineering Services, 704 669-2060  
[ben.yarboro@cityofshelby.com](mailto:ben.yarboro@cityofshelby.com)

Jack Poole, Airport Supervisor, 704 487-1161  
[jack.poole@cityofshelby.com](mailto:jack.poole@cityofshelby.com)



APPLICATION FOR APPOINTMENT TO  
BOARDS AND COMMISSIONS

RECEIVED  
NOV - 3 2017  
CITY OF SHELBY NC  
OFFICE OF THE CITY CLERK

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 City's 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](mailto: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 November 3, 2017

NAME Richard F. (Dick) Baker, Jr.

ADDRESS (No P O Boxes please) 1810 Country Garden Drive

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)?  
N/A

WARD 2

PHONE NUMBERS: Cell 704-574-1443 Work 980-487-3787

EMAIL ADDRESS Rbaker51@carolina.rr.com

OCCUPATION Executive Director, HealthCare Foundation of Cleveland County

EDUCATIONAL BACKGROUND University of Georgia, Non-profit executive for over 30 years, former chamber of commerce executive, civic volunteer. Current Chair of Leadership Cleveland County program, member of Shelby Rotary Club

BOARD OR COMMISSION INTERESTED IN:

- Parks & Recreation Advisory Commission
- Regional Airport Advisory Commission (US Air Force Veteran)
- Keep Shelby Beautiful Commission

OTHER COMMENTS

SIGNATURE *Richard F. Baker, Jr.* DATE 11/3/17



City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

Agenda Item: D-2

- 2) Consideration of an ordinance amending the Code of Ordinances, City of Shelby, North Carolina, by revising Chapter 38, Article 1, Section 38.3 Residential Collection Services: Ordinance No. 10-2019

**Unfinished Business Item: (Staff Resource, Rick Howell, City Manager)**

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Summary of Available Information:

- City Code Section 30-38
- Ordinance No. 10-2019

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City Manager's Recommendation / Comments

Ordinance No. 10-2019 is brought forth for City Council consideration. If approved this amendment would add the following language (shown in red) to this section. **“h) Residential refuse containers shall be placed at curbside prior to collection and shall be removed on the same day of scheduled collection. Containers must be stored by residents in a side or rear yard unless otherwise approved by the Director of Public Works.”**

**It is my recommendation that Resolution No. 6-2019 be adopted and approved by City Council at this time.**

## Chapter 38 - SOLID WASTE<sup>[1]</sup>

### Footnotes:

--- (1) ---

**Cross reference**— Buildings and building regulations, ch. 8; trash at sidewalk cafes, § 10-134; environment, ch. 16; burning of trash, rubbish, § 18-1; removal of combustible waste, § 18-4; health and sanitation, ch. 22; housing, ch. 24; distributing handbills, circulars, § 30-2; utilities, ch. 44.

**State Law reference**— Regulation of garbage, trash and refuse, G.S. 160A-303.1; fees for solid waste disposal, G.S. 160A-314.1.

### ARTICLE I. - IN GENERAL

#### Sec. 38-1. - Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Ashes.* The refuse from fires in homes, institutional, commercial and industrial structures, glass, crockery, sweepings, dust, brick, metal and other inorganic materials.

*Building material, construction material and demolition material.* Material and substances accumulated as a result of new construction, repairs, or additions to structures or accessory structures or demolition of such.

*Contractor.* Any person who receives compensation for services rendered, except individuals who:

- (1) Are minors;
- (2) Do not own their own equipment;
- (3) Do not work for, with or under the supervision of an adult, a partnership, corporation or other organization; and
- (4) Work only on a part-time, occasional and sporadic basis.

*Environmental enforcement officer.* A person appointed by the city manager to enforce the provisions of this chapter.

*Garbage.* Organic waste, both animal and vegetable, from homes, kitchens, restaurants, hotels, hospitals and similar sources, comprised chiefly of waste food, but not including liquid that may be drained into the sewer.

*Hazardous waste.* Potentially dangerous by-products, which may not be handled, treated, or disposed of without special precautions. Hazardous waste includes, without limitation, ignitable, corrosive, reactive, and toxic wastes such as acetone, gasoline, industrial metal, alkaline cleaners, acids, batteries, cyanide, chlorine, arsenic, pesticide wastes, paint, caustics, infected materials, offal, fecal matter (human and animal), explosives, oil, and tires.

*Refuse.* Tin cans, dirty rags, old clothing, waste and other discarded material not otherwise described in this section.

*Solid waste/junk/bulky items.* Any item creating a littered condition including but not limited to household items or office furnishings, e.g. clothing, furniture, boxes, mattresses, box springs, lawn equipment or other similar items, which are either wholly or partially rusted, wrecked, junked, dismantled, or inoperative.

*White goods.* Clothes washers, clothes dryers, stoves, refrigerators, freezers, hot water heaters, or similar appliances and their accessories.

*Yard waste.* Grass, weeds, leaves, tree trimmings, plants, shrubbery pruning and similar materials which are generated in the landscaping and maintenance of yards, gardens and wooded property.

(Ord. No. 4-2005, 3-21-2005)

**Cross reference**— Definitions generally, § 1-2.

Sec. 38-2. - General regulations.

- (a) It shall be unlawful for any person to violate any provision of articles I and II of this chapter.
- (b) It shall be unlawful for any person to endanger the public health, safety and welfare through the neglect of property by causing or allowing unsightly garbage, yard waste, hazardous waste, dead animals, junk, unsecured appliances or potentially dangerous devices or substances to remain on or to emanate from property, or to discard or abandon such materials in or upon public property, private property, vacant lots or any pond, stream or body of water or the banks thereof within the city limits.
- (c) It shall be unlawful to dispose of or discard any solid waste on private or public property, unless such disposal occurs with the owner's permission and conforms with all applicable local, state, and federal regulations.
- (d) It shall be unlawful for any person to put, place or throw any garbage, trash, yard waste, or bulky items on any sidewalk or in a public street, alley, or other public place in the city. Such materials shall be disposed of legally as specified in this chapter.
- (e) No person shall alter or interfere with the contents of any container set out for removal by the city and/or its contractor unless by express written permission of the city.
- (f) It shall be unlawful to interfere with or hinder city sanitation personnel and/or the city's authorized contractor in the performance of collection duties.
- (g) It shall be unlawful for any person, firm or corporation not authorized by the city to collect, pick up or cause to be collected or picked up, any garbage, trash, yard waste, bulky items, or other solid waste set out for collection by the city.
- (h) It shall be unlawful for any construction and/or demolition contractor or property owner to fail to provide on-site containers for loose debris, material waste, scrap, building materials, demolition materials, and other trash produced by those working on the site.
- (i) Dirt, mud, construction materials, or other debris deposited on any public or private property as a result of construction or demolition shall be immediately removed by the contractor. Construction sites shall be kept clean and orderly at all times.
- (j) No person shall throw, dump, deposit or cause to be thrown, dumped or deposited, any solid waste upon property owned by such person or another person, upon any highway, street or road, upon public parks or recreation areas, or upon any other public property except that property specifically designed for such use.
- (k) It shall be unlawful to place live coals or ashes in any containers for collection by the city. Ashes and coals may be collected after they have been wetted, are cool to the touch, have been enclosed in plastic bags and are securely tied.
- (l) It shall be unlawful to remove or discard clothing, bedding, mattresses, springs, or other solid waste from homes or other places where highly infectious diseases have recently occurred unless performed under the supervision and direction of the Cleveland County Health Department. Such solid waste shall not be placed at curbside for collection and disposal by the city but shall be disposed of by the resident in a manner that conforms with all applicable local, state, and federal regulations.

- (m) It shall be unlawful for any person to dispose of or discard any hypodermic syringe, hypodermic needle or any instrument or device for making hypodermic injections before first breaking, disassembling, destroying or otherwise rendering such item(s) inoperable and incapable of reuse or without safeguarding the disposal thereof by placing them in a secure container so as to avoid the possibility of causing injury to collection personnel.
- (n) It shall be unlawful to place hazardous waste in any container for disposal except that paint cans shall be collected if they have lids removed and contain no wet paint. Kitty litter or sand may be added to solidify material for collection.
- (o) Animal feces must be double bagged and securely tied before placing in the rollout cart for collection.
- (p) Soiled baby diapers must be double bagged and securely tied before placing in the rollout cart for collection.
- (q) All garbage must be bagged and securely tied before placing in the rollout cart for collection.

(Ord. No. 4-2005, 3-21-2005)

Sec. 38-3. - Residential collection services.

- (a) All residences of the city shall be provided solid waste collection services as set forth in this chapter and shall be subject to solid waste collection fees as adopted by city council regardless of whether such services are accepted by the owner or occupant of said residence. For the purpose of billing, the owner of the residence shall be the party responsible for solid waste collection fees unless a nonowner occupant has applied to the city for and has been approved as the party responsible for such services.
- (b) Residential curbside collections services will be provided once a week, on a day designated by the public works director or his designee. The day of collection may change due to holidays or other special circumstances.
- (c) The city shall provide one rollout cart per residence of a size and type to be determined by council. If an additional cart is requested it shall be purchased by the resident upon approval by the sanitation division.
- (d) Any residential complex or building containing six or more living units shall provide dumpster(s) for sanitation pick up. Buildings and complexes will be evaluated by public works personnel to determine the feasibility of placing dumpsters at each location.
- (e) Nonresidential units served by rollout carts shall be provided one cart per unit and up to three additional carts may be purchased by the unit. Nonresidential units requiring more than four carts shall be required to use a private dumpster service.
- (f) Any unit or complex using dumpsters and requesting brush or solid waste pickup shall be assessed a fee to be determined by the sanitation division based upon weight, volume, numbers of pickups, etc.
- (g) Rollout carts shall be placed in a location determined by the sanitation division and shall be kept free of all obstructions which may interfere with or prevent pickup of the cart by a mechanical device attached to the garbage truck.

(Ord. No. 4-2005, 3-21-2005)

Sec. 38-4. - Enforcement.

- (a) It shall be the duty of the environmental enforcement officer(s) to enforce the provisions of this chapter.

- (b) The city shall reserve the right to discontinue or deny garbage collection service to any resident of the city who violates any provision of this ordinance; however, such resident shall continue to be assessed garbage collection and disposal fees in the manner set forth in section 38-3 of this chapter.
- (c) When the environmental enforcement officer finds a violation of any provision of this chapter, he shall notify the owner or occupant of the premises of the violation by posting a notice on the front door or by hand delivery to such person. Such person shall be required to remedy the violation within ten days or else be subject to penalties as described in subsection (b) above and in sections 1-4 and 1-5 of the City of Shelby Code of Ordinances, as appropriate. In addition, upon failure to remedy the violation, the environmental enforcement officer may proceed to correct the violation and assess the owner/occupant the cost of such abatement.

(Ord. No. 4-2005, 3-21-2005)

Sec. 38-5. - Service to physically disabled persons.

- (a) For physically disabled persons or those requiring special consideration, rollout containers will be collected in the back yard on a scheduled curbside collection day provided that prior approval has been granted by the city, based upon an exemption form submitted to and approved by the city manager or his designee.
- (b) The city reserves the right to periodically verify the need to continue physically disabled services to residents that have been approved to receive such services. The city may from time to time continue or discontinue such service, as appropriate.
- (c) The sanitation superintendent or his designee and the resident will determine the proper location of rollout containers for disabled residents.

(Ord. No. 4-2005, 3-21-2005)

Sec. 38-6. - White goods.

Refrigerators, stoves, mechanical dryers and washers, hot water heaters and similar appliances or items will not be picked up by the city and should be disposed of by the occupant or delivery persons.

(Ord. No. 4-2005, 3-21-2005)

Sec. 38-7. - Special collections.

Bulky items such as, without limitation, sofas, mattresses, chairs, tables and similar furniture items will be picked up a minimum of twice per year (spring and fall). Pick up dates will be established and announced by city council. Other special collections dates may be approved by council.

(Ord. No. 4-2005, 3-21-2005)

Secs. 38-8—38-30. - Reserved.

ARTICLE II. - COLLECTION AND DISPOSAL

DIVISION 1. - GENERALLY<sup>121</sup>

Footnotes:

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**Editor's note**— Ord. No. 4-2005, adopted Mar. 21, 2005, amended §§ 38-31—38-37, in their entirety to read as herein set out.

Sec. 38-31. - Collection and removal generally.

An owner or occupant may remove garbage or refuse from his own premises for deposit or disposal in a manner that conforms to all applicable local, state, and federal regulations. No person, other than employees of the city, shall collect, haul or remove any garbage or refuse set out for city collection as provided in this chapter.

(Code 1985, § 18-2; Ord. No. 4-2005, 3-21-2005)

Sec. 38-32. - Placement and disposal of leaves, limbs, similar material.

- (a) Any person owning or occupying property which adjoins the street right-of-way of the city and who wishes the city to pick up and dispose of leaves, limbs and bulky items shall place such material only upon the portion of the city's street right-of-way which lies between the traveled portion of any adjacent roadway and any sidewalk existing within such right-of-way. When using the area between the said roadway and any sidewalk, the sidewalk shall not be covered or otherwise used for the placement of such materials.
- (b) In no case may such material be placed upon the property of any other person, or upon any portion of the public street right-of-way which adjoins property owned or occupied by any other person, without the specific permission of such other property owner or resident.
- (c) From April 1 through September 30 of each year, the city will pick up leaves and grass clippings only if the material to be picked up is securely placed and sealed in bags made of plastic or other similarly durable materials. Such bags or containers shall not exceed in size those allowed by city ordinances for general household garbage.

(Code 1985, § 18-3; Ord. No. 4-2005, 3-21-2005)

Sec. 38-33. - Duty of contractors.

It shall be unlawful for any person to trim trees or provide any form of landscaping or yard maintenance service for compensation within the City unless the resultant yard waste is (a) placed entirely upon the owner's or occupant's premises at such owner's or occupant's request, or (b) immediately removed from the premises and deposited or disposed of in a manner that conforms with all applicable local, state, and federal regulations.

(Ord. No. 4-2005, 3-21-2005)

Sec. 38-34. - Logs; wood; large limbs; building materials.

No logs, wood, limbs, branches or tree trimmings greater in length than four feet or larger than six inches in diameter or in piles greater than three feet wide by three feet high by four feet long shall be collected or removed by the sanitation department.

(Code 1985, § 18-5; Ord. No. 4-2005, 3-21-2005)

**Cross reference—** Buildings and building regulations, ch. 8.

Sec. 38-35. - Building materials.

No discarded building materials such as stone, dirt, plastic, lumber, brick, roofing and concrete, and similar materials from construction, demolition or renovation shall be collected or removed by the city.

(Ord. No. 4-2005, 3-21-2005)

Sec. 38-36. - Dumping or burying in city.

No person shall dump, deposit or bury any solid waste, garbage, refuse or hazardous waste upon or in any lot or space in the City except in complete conformity with all applicable local, state, and federal regulations.

(Code 1985, § 18-6; Ord. No. 4-2005, 3-21-2005)

Sec. 38-37. - Disposal fee.

A fee for the pick up and disposal of solid waste shall be charged to each party within the city which receives solid waste collection services and maintains a utilities service account. This fee shall be set from time to time by the city council for residential service. Commercial rates shall be determined by the city manager based on actual costs to the city.

(Ord. No. 5-95, § 1, 6-19-1995; Ord. No. 4-2005, 3-21-2005)

Secs. 38-38—38-60. - Reserved.

DIVISION 2. - CONTAINERS

Sec. 38-61. - Required.

- (a) *For garbage.* It shall be the duty of the owner or occupant of every residence, business house or other place where garbage accumulates to provide and keep as many receptacles as may be necessary for the purpose of receiving and holding such garbage. All garbage shall be deposited in such receptacles as it accumulates.
- (b) *For ashes, trash and other refuse.* In addition to the receptacles required by subsection (a), each residence, business house or other place where ashes, trash and other refuse accumulate shall be provided by the owner, tenant or occupant with receptacles for receiving and holding them and in which they shall be placed as accumulated.

(Code 1985, § 18-35)

Sec. 38-62. - Specifications.

- (a) *Garbage receptacles.* All garbage receptacles required by section 38-61(a) shall comply with the following specifications:
  - (1) Such receptacles shall not have less than a ten-gallon capacity nor more than a 32-gallon capacity.

- (2) Such receptacles shall be constructed, maintained and tightly covered so as to prevent the entrance of flies.
  - (3) Such receptacles shall be provided with tightly fitted covers.
  - (4) Receptacles shall be maintained and kept watertight by the owner, and any leaking container shall be subject to removal by the collectors.
- (b) *Receptacles for ashes, trash and refuse.* The receptacles for ashes, trash and refuse required by section 38-61(b) shall be of such type and design as the superintendent of sanitation shall direct.

(Code 1985, § 18-36)

Sec. 38-63. - Prohibited receptacles.

It shall be unlawful for any person to place any garbage, trash or refuse for collection in any receptacle not meeting the requirements of this article. No wooden boxes, pails or barrels shall be used for garbage or refuse; and the collectors shall be required to remove all such boxes or barrels.

(Code 1985, § 18-37)

Sec. 38-64. - Disposition of unacceptable receptacles.

If any person shall have a receptacle for garbage or trash which shall not conform to the requirements of this article or shall become unacceptable by reason of use or other cause, the superintendent of sanitation shall place or cause to have placed a tag on such receptacle notifying the owner of such fact. If such receptacle is not replaced or repaired to conform to the requirements of this article, the superintendent of sanitation may refuse to pick up garbage from such unacceptable receptacle.

(Code 1985, § 18-38)

Sec. 38-65. - Damaging, removing or interfering with contents.

No person shall damage, deface or remove any receptacle provided for garbage, trash or refuse, or interfere with its contents, unless authorized by the superintendent of sanitation. Collectors shall exercise every reasonable care in the handling of garbage and refuse receptacles and shall not willfully break, deface or injure the receptacles.

(Code 1985, § 18-39)



ORDINANCE NO. 10-2019

AN ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF SHELBY,  
NORTH CAROLINA, BY REVISING CHAPTER 38, ARTICLE I, SECTION 38-3.  
RESIDENTIAL COLLECTION SERVICES

**Chapter 38**

**SOLID WASTE ORDINANCE**

**Article I. In General**

- Sec. 38.1. Definitions.**
- Sec. 38-2. General regulations.**
- Sec. 38.3. Residential collection services.**
- Sec. 38-4. Enforcement.**
- Sec. 38-5. Service To Physically Disabled Persons.**
- Sec. 38-6. White goods.**
- Sec. 38-7. Special collections.**
- Secs. 38-8 – 38-30. Reserved.**

**Article II. Collection and Disposal**

**Division 1. Generally**

- Sec. 38-31. Collection and removal generally.**
- Sec. 38-32. Placement and disposal of leaves, limbs, similar material.**
- Sec. 38-33. Duty of contractors.**
- Sec. 38-34. Logs, wood, large limbs, building materials.**
- Sec. 38-35. Building materials.**
- Sec. 38-36. Dumping or burying in City.**
- Sec. 38-37. Disposal fee.**
- Secs. 38-38 – 38.60. Reserved.**

# SOLID WASTE ORDINANCE

## ARTICLE I. IN GENERAL

### Sec. 38-1. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

**Ashes.** The refuse from fires in homes, institutional, commercial and industrial structures, glass, crockery, sweepings, dust, brick, metal and other inorganic materials.

**Building material, construction material and demolition material.** Material and substances accumulated as a result of new construction, repairs, or additions to structures or accessory structures or demolition of such.

**Contractor.** Any person who receives compensation for services rendered, except individuals who

1. are minors,
2. do not own their own equipment,
3. do not work for, with or under the supervision of an adult, a partnership, corporation or other organization, and
4. work only on a part-time, occasional and sporadic basis.

**Environmental enforcement officer.** A person appointed by the City Manager to enforce the provisions of this chapter.

**Garbage.** Organic waste, both animal and vegetable, from homes, kitchens, restaurants, hotels, hospitals and similar sources, comprised chiefly of waste food, but not including liquid that may be drained into the sewer.

**Hazardous waste.** Potentially dangerous by-products, which may not be handled, treated, or disposed of without special precautions. Hazardous waste includes, without limitation, ignitable, corrosive, reactive, and toxic wastes such as acetone, gasoline, industrial metal, alkaline cleaners, acids, batteries, cyanide, chlorine, arsenic, pesticide wastes, paint, caustics, infected materials, offal, fecal matter (human and animal), explosives, oil, and tires.

**Solid waste/junk/bulky items.** Any item creating a littered condition including but not limited to household items or office furnishings, e.q. clothing, furniture, boxes, mattresses, box springs, lawn equipment or other similar items, which are either wholly or partially rusted, wrecked, junked, dismantled, or inoperative.

**Refuse.** Tin cans, dirty rags, old clothing, waste and other discarded material not otherwise described in this section.

**Yard waste.** Grass, weeds, leaves, tree trimmings, plants, shrubbery pruning and similar materials which are generated in the landscaping and maintenance of yards, gardens and wooded property.

**White goods.** Clothes washers, clothes dryers, stoves, refrigerators, freezers, hot water heaters, or similar appliances and their accessories.

### **Sec. 38-2. General regulations.**

(a) It shall be unlawful for any person to violate any provision of this ordinance.

(b) It shall be unlawful for any person to endanger the public health, safety and welfare through the neglect of property by causing or allowing unsightly garbage, yard waste, hazardous waste, dead animals, junk, unsecured appliances or potentially dangerous devices or substances to remain on or to emanate from property, or to discard or abandon such materials in or upon public property, private property, vacant lots or any pond, stream or body of water or the banks thereof within the City limits.

(c) It shall be unlawful to dispose of or discard any solid waste on private or public property, unless such disposal occurs with the owner's permission and conforms with all applicable local, state, and federal regulations.

(d) It shall be unlawful for any person to put, place or throw any garbage, trash, yard waste, or bulky items on any sidewalk or in a public street, alley, or other public place in the City.

Such materials shall be disposed of legally as specified in this chapter.

(e) No person shall alter or interfere with the contents of any container set out for removal by the City and/or its contractor unless by express written permission of the City.

(f) It shall be unlawful to interfere with or hinder City sanitation personnel and/or the City's authorized contractor in the performance of collection duties.

(g) It shall be unlawful for any person, firm or corporation not authorized by the City to collect, pick up or cause to be collected or picked up, any garbage, trash, yard waste, bulky items, or other solid waste set out for collection by the City.

(h) It shall be unlawful for any construction and/or demolition contractor or property owner to fail to provide on-site containers for loose debris, material waste, scrap, building materials, demolition materials, and other trash produced by those working on the site.

(i) Dirt, mud, construction materials, or other debris deposited on any public or private property as a result of construction or demolition shall be immediately removed by the contractor. Construction sites shall be kept clean and orderly at all times.

(j) No person shall throw, dump, deposit or cause to be thrown, dumped or deposited, any solid waste upon property owned by such person or another person, upon any highway, street or road, upon public parks or recreation areas, or upon any other public property except that property specifically designed for such use.

- (k) It shall be unlawful to place live coals or ashes in any containers for collection by the City. Ashes and coals may be collected after they have been wetted, are cool to the touch, have been enclosed in plastic bags and are securely tied.
- (l) It shall be unlawful to remove or discard clothing, bedding, mattresses, springs, or other solid waste from homes or other places where highly infectious diseases have recently occurred unless performed under the supervision and direction of the Cleveland County Health Department. Such solid waste shall not be placed at curbside for collection and disposal by the City but shall be disposed of by the resident in a manner that conforms with all applicable local, state, and federal regulations.
- (m) It shall be unlawful for any person to dispose of or discard any hypodermic syringe, hypodermic needle or any instrument or device for making hypodermic injections before first breaking, disassembling, destroying or otherwise rendering such item(s) inoperable and incapable of reuse or without safeguarding the disposal thereof by placing them in a secure container so as to avoid the possibility of causing injury to collection personnel.
- (n) It shall be unlawful to place hazardous waste in any container for disposal except that paint cans shall be collected if they have lids removed and contain no wet paint. Kitty litter or sand may be added to solidify material for collection.
- (o) Animal feces must be double bagged and securely tied before placing in the rollout cart for collection.
- (p) Soiled baby diapers must be double bagged and securely tied before placing in the rollout cart for collection.
- (q) All garbage must be bagged and securely tied before placing in the rollout cart for collection

### **Sec. 38-3. Residential collection services.**

- (a) All residences of the City shall be provided solid waste collection services as set forth in this chapter and shall be subject to solid waste collection fees as adopted by City Council regardless of whether such services are accepted by the owner or occupant of said residence. For the purpose of billing, the owner of the residence shall be the party responsible for solid waste collection fees unless a non-owner occupant has applied to the City for and has been approved as the party responsible for such services.
- (b) Residential curbside collections services will be provided once a week, on a day designated by the Public Works Director or his designee. The day of collection may change due to holidays or other special circumstances.
- (c) The City shall provide one (1) rollout cart per residence of a size and type to be determined by Council. If an additional cart is requested it shall be purchased by the resident upon approval by the Sanitation Division.
- (d) Any residential complex or building containing six (6) or more living units shall provide dumpster(s) for sanitation pick up. Buildings and complexes will be evaluated by Public Works personnel to determine the feasibility of placing dumpsters at each location.

- (e) Non-residential units served by rollout carts shall be provided one (1) cart per unit and up to three (3) additional carts may be purchased by the unit. Non-residential units requiring more than four (4) carts shall be required to use a private dumpster service.
- (f) Any unit or complex using dumpsters and requesting brush or solid waste pickup shall be assessed a fee to be determined by the Sanitation Division based upon weight, volume, numbers of pickups, etc.
- (g) Rollout carts shall be placed in a location determined by the Sanitation Division and shall be kept free of all obstructions which may interfere with or prevent pickup of the cart by a mechanical device attached to the garbage truck.
- (h) Residential refuse containers shall be placed at curbside prior to collection and shall be removed on the same day of scheduled collection. Containers must be stored by residents in a side or rear yard unless otherwise approved by the Director of Public Works.

#### **Sec. 38-4. Enforcement.**

- (a) It shall be the duty of the Environmental Enforcement Officer(s) to enforce the provisions of this chapter.
- (b) The City shall reserve the right to discontinue or deny garbage collection service to any resident of the City who violates any provision of this ordinance; however, such resident shall continue to be assessed garbage collection and disposal fees in the manner set forth in section 38-3 of this chapter.
- (c) When the Environmental Enforcement Officer finds a violation of any provision of this chapter, he shall notify the owner or occupant of the premises of the violation by posting a notice on the front door or by hand delivery to such person. Such person shall be required to remedy the violation within ten (10) days or else be subject to penalties as described in sub section (b) above and in sections 1-4 and 1-5 of the City of Shelby Code of Ordinances, as appropriate. In addition, upon failure to remedy the violation, the environmental enforcement officer may proceed to correct the violation and assess the owner/occupant the cost of such abatement.

#### **Sec. 38-5. Service To Physically Disabled Persons.**

- (a) For physically disabled persons or those requiring special consideration, rollout containers will be collected in the back yard on a scheduled curbside collection day provided that prior approval has been granted by the City, based upon an exemption form submitted to and approved by the City Manager or his designee.
- (b) The City reserves the right to periodically verify the need to continue physically disabled services to residents that have been approved to receive such services. The City may from time to time continue or discontinue such service, as appropriate.
- (c) The Sanitation Superintendent or his designee and the resident will determine the proper location of rollout containers for disabled residents.

**Sec. 38-6. White goods.**

Refrigerators, stoves, mechanical dryers and washers, hot water heaters and similar appliances or items will not be picked up by the City and should be disposed of by the occupant or delivery persons.

**Sec. 38-7. Special collections.**

Bulky items such as, without limitation, sofas, mattresses, chairs, tables and similar furniture items will be picked up a minimum of twice (2) per year (spring and fall). Pick up dates will be established and announced by City Council. Other special collections dates may be approved by Council.

**Secs. 38-8—38-30. Reserved.**

**ARTICLE II. COLLECTION AND DISPOSAL  
DIVISION 1. GENERALLY**

**Sec. 38-31. Collection and removal generally.**

An owner or occupant may remove garbage or refuse from his own premises for deposit or disposal in a manner that conforms to all applicable local, state, and federal regulations.

No person, other than employees of the City, shall collect, haul or remove any garbage or refuse set out for City collection as provided in this chapter.

**Sec. 38-32. Placement and disposal of leaves, limbs, similar material.**

(a) Any person owning or occupying property which adjoins the street right-of-way of the City and who wishes the City to pick up and dispose of leaves, limbs and bulky items shall place such material only upon the portion of the City's street right-of-way which lies between the traveled portion of any adjacent roadway and any sidewalk existing within such right-of-way. When using the area between the said roadway and any sidewalk, the sidewalk shall not be covered or otherwise used for the placement of such materials.

**Sec. 38-33. Duty of contractors.**

It shall be unlawful for any person to trim trees or provide any form of landscaping or yard maintenance service for compensation within the City unless the resultant yard waste is (a) placed entirely upon the owner's or occupant's premises at such owner's or occupant's request, or (b) immediately removed from the premises and deposited or disposed of in a manner that conforms with all applicable local, state, and federal regulations.

**Sec. 38-34. Logs, wood, large limbs, building materials.**

It shall be unlawful for any logs, wood, limbs, branches or tree trimmings greater in length than four feet and no larger than 6 inches in diameter or in piles greater than 3 feet wide by 3 feet high by 4 feet long shall be collected or removed by the sanitation department.

**Sec. 38-35. Building materials.**

It shall be unlawful for discarded building materials such as stone, dirt, plastic, lumber, brick, roofing and concrete, and similar materials from construction, demolition or renovation shall not be collected or removed by the City.

**Sec. 38-36. Dumping or burying in City.**

It shall be unlawful for any person to dump, deposit or bury any solid waste, garbage, refuse or hazardous waste upon or in any lot or space in the City except in complete conformity with all applicable local, state, and federal regulations.

**Sec. 38-37. Disposal fee.**

A fee for the pick up and disposal of solid waste shall be charged to each party within the City which receives solid waste collection services and maintains a utilities service account. This fee shall be set from time to time by the City Council for residential service. Commercial rates shall be determined by the City Manager based on actual costs to the City.

**Secs. 38-38—38-60. Reserved.**

This ordinance shall be in full force and effect from and after its passage, approval, and publication, as provided by law.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

APPROVED AS TO FORM:

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Robert W. Yelton  
City Attorney



City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

New Business

**Agenda Item: E-1**

- 1) Consideration of an ordinance amending the City of Shelby's Schedule of Fees to include a fee schedule for Hanna Park: Ordinance No. 11-2019

**Unfinished Business Item: (City Manager, Rick Howell and Charlie Holtzclaw, Director Parks and Recreation)**

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Summary of Available Information:

- Memorandum dated January 22, 2019 from Charlie Holtzclaw, Director Parks and Recreation to Rick Howell, City Manager
- Hanna Park site plan
- Fee and Rate Recommendations (Hanna fees highlighted in yellow)
- Ordinance No. 11-2019

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City Manager's Recommendation / Comments

Ordinance No. 11-2019 is presented for City Council consideration at this time. If approved this ordinance would amend the City's Schedule of Fees and Charges specifically pertaining to Hanna Park. These recommendations were prepared by Charlie Holtzclaw, Director of Parks and Recreation. Hanna Park is expected to open for full use in early spring 2019 and it is necessary to have an established schedule of fees and charges. Mr. Holtzclaw will present and explain these recommendations at this time.

**It is my recommendation Ordinance No. 11-2019 be adopted and approved by City Council at this time via the Consent Agenda.**



## Memorandum

To: Rick Howell, City Manager  
Cc: Bernadette Parduski, City Clerk  
From: Charlie Holtzclaw, Director Parks & Recreation  
Date: January 22, 2019  
Subject: Hanna Park Fee Schedule

### Executive Summary of issue – Background

In the spring of 2019 Hanna Park will be opened for public use. The park includes 6 multi-purpose sports fields, 6 picnic shelters and 1 large picnic pavilion. All of these facilities will be offered to the public for rental to host sporting events, family and corporate gatherings, and more.

### Review and comments

Using existing park facilities that are currently available for rent at other parks, staff has created a similar proposed fee schedule for Hanna Park. It is our belief these new facilities will be in high demand both locally and regionally. The fees will generate revenue for the City to help offset some operating expenses.

### Tie in to current policy and/or adopted planning documents

The City of Shelby has an adopted fee schedule for facility rentals at all of its existing Parks.

### Recommendation

Therefore, it is my recommendation and request to you that consideration be given to the approval of the updated parks and recreation fee schedule to include the facilities at Hanna Park.



# Hanna Park Shelters

Dogwood

Cherry

Willow Oak

Elm

Crepe Myrtle

Magnolia

Deer Track

Shelby Parks Recreation  
2002-2003

Fees and Rates Recommendations

**Shelby Parks and Recreation Department User Fees  
FY18-19**

| <b>Youth Sports</b>                      | <b>Adopted FY18</b>   | <b>Usage</b>      |
|--|-----------------------|-------------------|
| <u>Sport</u>                             | <u>City/Other</u>     | <u>Conditions</u> |
| Basketball                               | \$25/\$50             | Full Season       |
| Softball                                 | \$25/\$50             | Full Season       |
| Baseball                                 | \$25/\$50             | Full Season       |
| Fall Football                            | \$25/\$50             | Full Season       |
| Spring Flag Football                     | \$25/\$50             | Full Season       |
| Cheerleading                             | \$25/\$50             | Full Season       |
| Second SeasonFall                        | \$25/\$50             | Full Season       |
| Baseball/Softball                        | \$10 if played summer | 6-Weeks           |
| <b>Youth Clinics</b>                     |                       |                   |
| Tennis Lessons                           | \$20/\$35             | 2-Weeks           |
| Golf Lessons                             | \$20/\$35             | 2-Weeks           |
| Youth Football Camp                      |                       |                   |
| <b>Adult Athletic Programs User Fees</b> |                       |                   |
|  |                       |                   |
| <u>Sport</u>                             | <u>City/Other</u>     |                   |
| Softball                                 | \$10/\$25             | Full Season       |
| Basketball                               | \$10/\$25             | Full Season       |
| Pickleball                               | \$20/\$30             |                   |
| Flag Football                            | \$10/\$25             | Full Season       |
| <b>Aquatics Fees</b>                     |                       |                   |
| <u>Program/Use</u>                       | <u>City/Other</u>     |                   |
| Youth Daily                              | \$3 All               | Daily             |
| Adult Daily                              | \$4 All               | Daily             |
| Senior Daily                             | \$3 All               | Daily             |
| Youth Summer Pass                        | \$50/\$100            | Summer            |
| Adult Summer Pass                        | \$60/\$120            | Summer            |
| Senior Summer Pass                       | \$50/\$100            | Summer            |
| Family Summer Pass                       | \$150/\$300           | Summer            |
| Group Lessons                            | \$20/\$30             | 2-Weeks           |
| One on One Lessons                       | \$30/\$40             | 2-Weeks           |
| Mom & Tots                               | \$30/\$40             | 2-Weeks           |
| Lap Swim                                 | \$2/\$3               | Daily             |
| Water Aerobics                           | \$2/\$3 daily         | Daily             |
| <b>Aerobics</b>                          |                       |                   |
|  | <u>City/Other</u>     |                   |
| Land Aerobics & Zumba                    | \$15/\$25 month       | Monthly           |
| <b>Golf Fees</b>                         |                       |                   |
| <u>Program Use</u>                       | <u>City/Other</u>     |                   |
| Green Fee Weekdays                       | \$9/\$11              | Daily             |
| Green Fee Weekends & Holidays            | \$11/\$13             | Daily             |
| Cart Weekdays - 9 Holes                  | \$5                   | Daily             |
| Cart Weekdays - 18 Holes                 | \$9                   | Daily             |

Shelby Parks Recreation  
2002-2003

Fees and Rates Recommendations

|  |                          |        |
|--|--------------------------|--------|
| Cart Weekend/Holiday - 9 Holes           | \$5                      | Daily  |
| Cart Weekend/Holiday - 18 Holes          | \$9                      | Daily  |
| Twilight Green Fee (1 1/2 hrs. daylight) | \$7/\$9                  | Daily  |
| Twilight Cart (1 1/2 hrs. daylight)      | \$9/\$11                 | Daily  |
| <b><u>Memberships</u></b>                |                          |        |
| Individual Unlimited Annual Rounds       | \$300/\$440              | Annual |
| Family Unlimited Rounds                  | \$500/\$625              | Annual |
| Player Card for Discounts                | \$40/\$60                | Annual |
| <b>Amusements</b>                        |                          |        |
|  | <b><u>City/Other</u></b> |        |
| Carrousel                                | 50 cents                 |        |
| Train                                    | 50 cents                 |        |
| <b>Summer Day Camp</b>                   |                          |        |
|  | <b><u>City/Other</u></b> |        |
| Base Fee                                 | \$80/\$110               |        |

| <b>Rental Fees</b>            | <b>Adopted FY19</b> |            |                       |
|-------------------------------|---------------------|------------|-----------------------|
| <b>Facility</b>               | <b>City/Other</b>   |            | <b>Staff Required</b> |
| CP Gym (no admission charged) | \$25/\$40           | 3 Hr. Min. | Yes                   |
| CP Gym (admission charged)    | \$40/\$50           | 3 Hr. Min. | Yes                   |
| HO Gym (no admission charged) | \$25/\$40           | 3 Hr. Min. | Yes                   |
| HO Gym (admission charged)    | \$40/\$50           | 3 Hr. Min. | Yes                   |
| City Pavilion                 | 40/Hr               | 3 Hr. Min. | Yes                   |
| Aquatics Center               | \$100/\$150         | 2 Hr. Min. | Yes                   |
| Aquatics Party Area           | \$15/\$25           | 2 Hr. Min. | Yes                   |
| Aquatics Conference           | \$20/\$30           | Per Hour   | Possible              |
| Carrousel                     | \$60/\$75           | 2 Hr. Min. | Yes                   |
| Train                         | \$60/\$75           | 2 Hr. Min. | Yes                   |
| CP Meeting Room               | \$20/\$30           | Per Hour   | Possible              |
| Tennis Courts                 | \$10/\$20           | Per Hour   | No                    |
| Horse Shoes                   | \$10/\$20           | Per Hour   | No                    |
| Thompson Garden               | \$75/\$100          | Full Day   | Possible              |
| Holly Oak Old Center          | \$75/\$100          | Full Day   | Possible              |
| Scout Hut                     | \$75/\$100          | Full Day   | Possible              |
| Civitan Picnic                | \$30/\$50           | Half Day   | No                    |
| Jaycee Picnic                 | \$30/\$50           | Half Day   | No                    |
| Holly Oak Picnic              | \$30/\$50           | Half Day   | No                    |
| Optimist Park Picnic          | \$30/\$50           | Half Day   | No                    |
| Ballfield (Hour)              | \$25/\$40           | Per Hour   | Yes                   |
| Ballfield (Full-day)          | \$150/\$200         | Full Day   | Yes                   |
| Ballfield (Weekend)           | \$300/\$400         | Sat & Sun  | Yes                   |
| Ballfield Lights (Hour)       | 10/Per Field        | Per Hour   | NA                    |

Shelby Parks Recreation  
2002-2003  
Fees and Rates Recommendations

|                        |                  |            |          |
|------------------------|------------------|------------|----------|
| Hanna Field (Hour)     | \$25/\$40        | Per Hour   | Yes      |
| Hanna Field (Full-Day) | \$150/\$200      | Full Day   | Yes      |
| Hanna Field (Weekend)  | \$300/\$400      | Sat & Sun  | Yes      |
| Sports Lights (Hour)   | \$10/Per Field   | Per Hour   | No       |
| Dogwood Shelter        | \$30/\$50        | Half Day   | No       |
| Willow Oak Shelter     | \$30/\$50        | Half Day   | No       |
| Cherry Shelter         | \$30/\$50        | Half Day   | No       |
| Creep Myrtle Shelter   | \$30/\$50        | Half Day   | No       |
| Elm Shelter            | \$30/\$50        | Half Day   | No       |
| Deer Track Shelter     | \$30/\$50        | Half Day   | No       |
| Magnolia Pavilion      | \$20/\$30/Per Hr | 3 Hr. Min. | Possible |
| Cemetery Lots          | \$700/\$1,400    | Per Lot    | NA       |

ORDINANCE NO. 11-2019

AN ORDINANCE AMENDING THE CITY OF SHELBY'S SCHEDULE OF FEES  
TO INCLUDE FEE SCHEDULE FOR HANNA PARK

WHEREAS, the City of Shelby has adopted a Fee Schedule for the purpose of establishing uniform fees for services charged to its citizens; and,

WHEREAS, the City of Shelby has established Parks and Recreation fees, including rental fees for various amenities; and,

WHEREAS, the City of Shelby now desires to revise its Fee Schedule, specifically adding fees for Hanna Park.

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

Section 1. The City of Shelby Fee Schedule is amended to add rental fees for Hanna Park, with the fees as set forth below, which may, from time to time, be modified by City Council:

| <b>Rental Fees</b>     | <b>Adopted FY19</b> |            |                       |
|------------------------|---------------------|------------|-----------------------|
| <b>Facility</b>        | <b>City/Other</b>   |            | <b>Staff Required</b> |
| Hanna Field (Hour)     | \$25/\$40           | Per Hour   | Yes                   |
| Hanna Field (Full-Day) | \$150/\$200         | Full Day   | Yes                   |
| Hanna Field (Weekend)  | \$300/\$400         | Sat & Sun  | Yes                   |
| Sports Lights (Hour)   | \$10/Per Field      | Per Hour   | No                    |
| Dogwood Shelter        | \$30/\$50           | Half Day   | No                    |
| Willow Oak Shelter     | \$30/\$50           | Half Day   | No                    |
| Cherry Shelter         | \$30/\$50           | Half Day   | No                    |
| Creep Myrtle Shelter   | \$30/\$50           | Half Day   | No                    |
| Elm Shelter            | \$30/\$50           | Half Day   | No                    |
| Deer Track Shelter     | \$30/\$50           | Half Day   | No                    |
| Magnolia Pavilion      | \$20/\$30/Per Hr    | 3 Hr. Min. | Possible              |

Section 2. This ordinance shall be come effective upon its adoption and approval.

Ordinance No. 11-2019  
February 4, 2019  
Page 2

Adopted and approved this the 4<sup>th</sup> day of February 2019.

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O. Stanhope Anthony III  
Mayor

ATTEST:

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

APPROVED AS TO FORM:

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Robert W. Yelton  
City Attorney



City of Shelby  
Agenda Item Summary  
February 4, 2019  
City Hall Council Chamber

Agenda Item: F

City Manager's Report

I have provided a summary report of various ongoing issues. I will touch on some of them on Monday evening.

Agenda Item: G

Council Announcements and Remarks

H. Closed Session:

- 1) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the City Council, including agreement on a tentative list of economic development incentives that may be offered pursuant to North Carolina General Statute 143-318.11 (a) (4)

I. 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