

MINUTES

**Regular Meeting – Electronic
City Hall and Don Gibson Theatre**

**December 7, 2020
Monday, 6:00 p.m.**

Present: Mayor O. Stanhope Anthony III, presiding; Council Members Eric B. Hendrick, David W. White, David Causby, Violet Arth Dukes, Charles Webber, and Andrew Hopper, Sr.; City Manager Rick Howell, MPA, ICMA-CM, Assistant City Manager Justin S. Merritt, MPA, City Attorney Andrea Leslie-Fite, City Clerk Bernadette A. Parduski, Public Information and Communications Officer Chip Nuhrah, Director of Finance Elizabeth B. (Beth) Beam, Director of Human Resources Deborah C. (Deb) Jolly, Director of Energy Services Julie R. McMurry, Director of Engineering Services Benjamin (Ben) Yarboro, Police Chief Jeffrey H. (Jeff) Ledford, Division Chief – Operations and Personnel David Vanhoy, CFO, Director of Parks and Recreation Charlie Holtzclaw, Lead for North Carolina Fellow Shelby Holmes, Stan Lowery, Executive Director, Don Gibson Theatre; and Jennipher H. Harrill, Social Media Manager, Blue Eyes Social Media Connections

Mayor Anthony called the meeting to order at 6:00 p.m. and certified a quorum was present. It was noted a location for public access to the meeting was established at the Don Gibson Theatre. A maximum of 10 persons would be allowed to attend, following the current Executive Orders of Governor Cooper and the North Carolina Department of Health and Human Services COVID-19 guidelines.

The Mayor delivered the invocation.

A. Approval of agenda:

- 1) Motion to adopt the proposed agenda**

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

B. Special Presentation:

- 1) City of Shelby 2020 Audited Financial Statements – Matthew (Matt) Braswell, CPA, Senior Manager, Martin Starnes & Associates, CPAs, P. A.**

Mrs. Beam introduced Matt Braswell with Martin Starnes & Associates as the presenter of the annual audit report and Comprehensive Annual Financial Report (CAFR) for Fiscal Year (FY) ended June 30, 2020. She referred to the audit report as a "snapshot" in time, reflecting the overall financial health of the City of Shelby. Mrs. Beam stated the audit and preparation of the CAFR are increasingly stringent due to the additional auditing standards that must

be met by both the City and the auditing firm. This year was made even more challenging by the COVID-19 pandemic.

Mrs. Beam concluded by stating the audit report was submitted to and accepted by the Local Government Commission prior to the deadline of October 31, 2020.

Next, as included in the audit highlights, Mr. Braswell stated the Martin Starnes' report yielded an unmodified opinion, meaning the City's financials are not materially misstated. Martin Starnes has issued its report in which no questioned costs or findings were noted. Mr. Braswell also acknowledged the assistance and cooperation of Mrs. Beam and the Finance Department's staff during the audit process, noting it was a very good year even with the challenges brought about by the pandemic.

Mr. Braswell commented the 2020 property tax revenues showed an increase from the prior year of approximately \$1,684,456 or 15.69 percent; however, the collection rate is down from 2019.

Mr. Braswell summarized and compared General Fund revenues and expenditures for 2019 and 2020. In 2020, revenues increased by \$1,842,331 or 8.6 percent and expenditures increased by \$464,310 or 1.9 percent. He noted these amounts do not include other financing sources and uses such as transfers and capital financing.

Mr. Braswell stated fund balance includes these five categories: Non-spendable, restricted, committed, assigned, and unassigned classifications, and serves as a measure of the City's available financial resources.

Currently, the City has:

- \$500,000 in Non-spendable fund balance
- \$3.8 million in Restricted fund balance which includes Stabilization by State statute, Powell Bill, public safety funds, and unspent debt proceeds
- \$662,000 in Assigned fund balance
- \$4.5 million in Unassigned fund balance

Regarding total fund balance for the General Fund, Mr. Braswell noted there was an increase of \$1,861,073 or approximately 24.5 percent from the prior year.

Mr. Braswell stated available fund balance as defined by the Local Government Commission (LGC) is calculated as Total Fund Balance less Non-spendable, less Stabilization by State Statute (restricted) which then equals Available Fund Balance. This calculation is utilized as the basis for comparing Shelby to other units of similar size as well as calculating fund balance percentages.

Mr. Braswell reviewed Shelby's Fund Balance position in the General Fund:

Total Fund Balance	\$ 9,461,584
Non-spendable	(490,492)
Stabilization by State statute	(3,462,954)
Available Fund Balance 2020	\$ 5,508,138
Available Fund Balance 2019	\$ 3,899,715
Change in Available Fund Balance	\$ 1,608,423

He noted an increase of 41.2 percent from the prior year, which is due to an increase in overall fund balance in the current year. Stabilization by State Statute refers to accounts receivable at June 30, 2020, not yet available per State statute because the money has not been received. It is not in cash spendable form. The non-spendable amount represents \$129,000 in inventories and \$360,000 in prepaids, reiterating these items are not in spendable form.

Mr. Braswell stated available fund balance represents 22.26 percent of total General Fund expenditures and transfers out to other funds, which represents an increase from the prior year and approximately three months' worth of fund balance. The Local Government Commission recommendation is 8 percent of fund balance or one month's worth of expenditures.

Mr. Braswell reported the top three sources of revenue include property taxes, other taxes and licenses, and other revenues which comprise \$19.2 million or 83 percent of the total revenues. The total revenues equal \$23,300,327.

As previously mentioned regarding property taxes, Mr. Braswell further stated there was an increase of \$1,684,456 or 15.7 percent.

Regarding other taxes and licenses, Mr. Braswell noted an increase, stating the City had an increase in local option sales tax dollars comparable to the prior year.

Regarding unrestricted intergovernmental, there was a decrease of

\$27,493 or 1.2 percent comparable to the prior year. Mr. Braswell explained this revenue consists mostly of utility franchise tax and alcohol beverage control (ABC) revenues.

Mr. Braswell reported the General Fund expenditures include public safety, other expenditures, cultural and recreation, and general government, including environmental protection and debt service for a total of \$25,309,482.

Mr. Braswell said public safety had a decrease of \$287,462 or 2.2 percent due to decreased expenditures for Police and Fire Departments.

Regarding general government, Mr. Braswell commented expenditures increased by \$635,536 or 23.5 percent due to increases in Finance, Purchasing, Administration, and General Expenditures.

Mr. Braswell said cultural and recreation had an increase of \$138,682 or 4.8 percent due to the increased spending for parks and recreation and mainly due to increases in salaries and repairs and maintenance.

Regarding the City's enterprise funds, Mr. Braswell reported an increase in total net position of \$8,148,364. There was an overall \$8.1 million positive change in net position.

He explained net investment in capital assets is the total capital assets less all outstanding debt related to acquiring those assets plus any unspent debt proceeds. For enterprise funds, unrestricted net position is similar to fund balance available for appropriation.

Regarding the Water Fund, the unrestricted net position is up \$3,330,888 due to a decrease in net investment in capital assets. Cash flows were down 67 percent due to increases in cash paid for goods and services.

Mr. Braswell stated there was an overall negative change in net position of \$2.17 million due to capital contributions of project funds.

Regarding the Sewer Fund, the unrestricted net position is down \$808,000 due to an increase in net investment in capital assets. Cash flows were up 103 percent due to an increase in cash paid for goods and services.

Mr. Braswell stated there was an overall negative change in net position of \$1.28 million, mainly due to capital contributions of the project funds.

Regarding the Electric Fund, the unrestricted net position is up \$2.7 million due to a decrease in net investment in capital assets. Cash flows were up 64 percent due to a decrease in cash paid for goods and services.

Mr. Braswell stated there was an overall positive change in net position of \$3.6 million, due to transfers to other funds being less than the prior year.

Regarding the Natural Gas Fund, the unrestricted net position is down \$131,000 due to a decrease in capital assets. Cash flows were down 11 percent and comparable to the previous year. Mr. Braswell stated there was an overall negative change in net position of \$561,000.

Regarding the Stormwater Fund, the unrestricted net position is up \$316,000. Cash flows were up \$221,000 and comparable to the previous year. Mr. Braswell stated there was an overall positive change in net position of \$289,000.

Regarding the Housing Fund, the unrestricted net position is up \$97,000. Cash flows were down 10 percent compared to the previous year and comparable to the prior year. Mr. Braswell stated there was an overall positive change in net position of \$214,000.

Mr. Howell added the following comments:

- Regarding the onset of the COVID-19 pandemic and the related economic downturn, Mr. Howell stated the City's spending was frozen for non-mission critical expenditures and the hiring of certain staff positions was frozen or delayed.
- The first full year of Clearwater Paper Corporation Site 2 operations positively influenced the City's net position. Also, Clearwater Paper was annexed voluntarily into the City and is served by City utilities.
- Within the General Fund, expenditures exceed revenues as the numbers do not reflect the transfers from the Natural Gas and Electric Funds made annually to balance the budget.
- The City's capital assets for its governmental and business-type activities include buildings, land, improvements, equipment, cash, etc.

Council accepted and acknowledged receipt of the annual audit for the year ending June 30, 2020. No other action by Council was necessary.

C. Consent Agenda:

Mayor Anthony presented the consent agenda. Mr. Hopper moved to approve the consent agenda and following items were unanimously adopted:

- 1) Approval of the Minutes of the Regular Meeting of November 16, 2020
- 2) Approval of Special Event Permit Applications:

- a. **Uptown Shelby Carriage Rides, requested dates: December 11 and December 18, 2020**
 - b. **Drive Thru Santa and Friends, requested date: December 12, 2020**
 - 3) **Approval of a resolution scheduling a public hearing for a voluntary annexation petition from Sugar Branch Properties, LLC: Resolution No. 53-2020**
 - 4) **Approval of a resolution declaring the intent of the City Council of the City of Shelby to consider the permanent closure of an unopened right of way between Textile Street and East Shannonhouse Street: Resolution No. 54-2020**
 - 5) **Approval of a resolution authorizing an agreement between the City of Shelby, North Carolina and White Investments of Shelby, LLC for commissioned mural made for hire: Resolution No. 55-2020**
 - 6) **Approval of a resolution approving a financing agreement authorized by North Carolina General Statute 160A-30: Resolution No. 56-2020**
 - 7) **City of Shelby's Ames Copper Natural Gas System Infrastructure Improvement Project:**
 - a. **Adoption of an ordinance establishing a capital project ordinance and budgets for the City of Shelby's Ames Copper Natural Gas System Infrastructure Improvement Project: Ordinance No. 36-2020**
 - b. **Approval of a resolution awarding the engineering for natural gas line improvements along Old Boiling Springs Road and Highway 74 West: Resolution No. 57-2020**
 - 8) **Natural Gas Line Rehabilitation Hobbs Avenue Area Project:**
 - a. **Adoption of Fiscal Year (FY) 2020-2021 Budget Ordinance Amendment No. 6: Ordinance No. 37-2020**
 - b. **Approval of a resolution awarding the bid for replacement of natural gas lines in the Hobbs Avenue area: Resolution No. 58-2020**
 - 9) **Approval of Notice of Cancellation in the Regular Meeting Schedule of Shelby City Council**
- D. Unfinished Business:**

1) Consideration of a resolution authorizing selection of WithersRavenel based on qualifications for civil engineering services to update a Transportation Asset Management Plan for Shelby, North Carolina: Resolution No. 59-2020

Mr. Howell introduced the subject matter of Mr. Yarboro's presentation entitled, "Transportation Asset Management Plan (TAMP) Update". He stated in 2015 City Council adopted the (TAMP) Transportation Asset Management Plan which set forth the results of an evaluation of the condition of the City's streets, sidewalks and associated storm drain facilities. The purpose of the plan was to establish a data driven prioritization for maintenance and determine funding needs for infrastructure improvements within the system. It was recommended that this plan be updated every five years to provide Council and staff timely information regarding progress that had been made and to reprioritize based upon actual on the ground conditions.

Next, Mr. Yarboro began his presentation by reviewing the principles of a Transportation Asset Management Plan with the goal to create an objective prioritization of projects as:

- A strategic and systematic process of operating, maintaining, and upgrading the City's transportation assets including streets, culverts, public parking lots, and sidewalks.**
- A third-party engineering firm collects and evaluates data that shows the overall conditions along with a priority order of the assets.**
- It helps guide maintenance of assets through condition ratings, cost estimates, and professional solutions to problem areas.**
- It develops a 10-year Capital Improvement Plan and funding models in order to maintain and upgrade assets.**

Mr. Yarboro provided the history of the Transportation Asset Management Plan which included street condition assessments in 2007 and 2012 completed by the North Carolina State Institute for Transportation Research and Education Program. The condition assessment was completed in 2013 with that data still referenced regularly in the City's Geographic Information System (GIS). The Transportation Asset Management Plan was published in February 2015, which established a rating system and prioritization for projects.

Mr. Yarboro discussed the assets included in the Transportation Asset Management Plan:

- Streets**

The City owns and maintains 124.89 miles of public street, including 1,277 street segments. Mr. Yarboro explained a segment is a roadway or alley that

is located between two intersections. Regarding street maintenance, asphalt typically lasts 20 to 35 years. The factors impacting asphalt condition and longevity include: Quality of initial construction, soil conditions, traffic (volume, weights, and speed), drainage, maintenance, and utility and other construction impacts.

Utilizing the City of Shelby Street Ratings maps for illustrative purposes, Mr. Yarboro explained the Street Condition Ratings:

Grade A – Excellent
Grade B – Very good
Grade C – Good
Grade D – Fair
Grade E – Poor
Grade F – Very poor

Mr. Yarboro then provided the Resurfacing Project history as follows:

- The City has resurfaced an average of 2.57 miles per year over the last 11 years.
- In Fiscal Year 2014-2015 the Stormwater Program started to provide funds for milling along gutters.
- In 2019 an additional 0.84 miles was added when an additional \$100,000 was included to the resurfacing budget.
- Based on projects from the last five years:
 - Average age of asphalt is 34.2 years old
 - Average miles paved per year is 2.96
 - Average project cost is \$407,500
 - Average cost per mile is \$136,000
 - The paving cycle for all streets at current rate is 42.2 years.
- Public Parking Lots

Mr. Yarboro stated the City owns and maintains six parking lots with an area of approximately 105,000 square feet, accommodating approximately 195 vehicles. Since the TAMP was completed in 2015, improvements have been made to five of the six public parking lots.

- Creek Culverts

Mr. Yarboro stated the City owns and maintains 74 creek culverts under streets. The City also maintains approximately 2,100 total pipe culvert segments. Creek culvert attributes include diameters ranging from 24 inches to 136 inches, with depths from one to 30 feet, and the materials are various.

He added creek culvert maintenance is the highest priority in the City's Stormwater System. City staff utilizes prioritization and inspections from the TAMP for maintenance and planning projects. Mr. Yarboro further stated 12 culverts have been replaced and 14 culverts have had major repair and shared several photographs to illustrate both repairs and replacement projects.

Regarding funding, the State of North Carolina Street-Aid Program Powell Bill allocation is funding received annually and that funding has decreased each of the last six years. The City's Stormwater Utility Fee was established in 2014 in response to NPDES (National Pollutant Discharge Elimination System) Phase II Stormwater Permit.

To sum up, Mr. Yarboro stated the City of Shelby advertised a Request for Qualifications statement for professional civil engineering services to update its Transportation Asset Management Plan. The City received six Statement of Qualifications for consideration. A selection committee consisting of five City staff members was formed who individually reviewed and rated the Statements in accordance with the evaluation criteria outlined in the RFQ advertisement. Mr. Yarboro further stated the selection committee unanimously recommended the Professional Engineering Services contract to update Shelby's Transportation Asset Management Plan be awarded to WithersRavenel of Asheville, North Carolina.

Mr. Howell added the following comments:

- The paving cycle for all City streets at the current rate is more than 42 years, which is unacceptable.
- Asphalt typically can hold up between 20 to 35 years.
- The State's Powell Bill funding has been decreasing.
- City staff wishes to accelerate the pavement schedule in the future.
- In order to fund a resurfacing budget, the City may consider borrowing capital from its new and future revenue.
- It is anticipated these budget recommendations will be included in the updated TAMP.
- It is a Public Infrastructure goal priority of the North Carolina League of Municipalities (NCLM) to seek legislation to ensure that the amount of Powell Bill funds appropriated by the state are sustained and distributions to municipalities are increased and grow over time.

ACTION TAKEN: Upon a motion made by Mr. Causby, City Council voted unanimously to approve and adopt Resolution No. 59-2020 entitled, "A RESOLUTION AUTHORIZING SELECTION OF WITHERSRAVENEL BASED ON QUALIFICATIONS FOR CIVIL ENGINEERING SERVICES TO UPDATE A TRANSPORTATION ASSET MANAGEMENT PLAN FOR SHELBY, NORTH CAROLINA".

E. New Business:**1) Consideration of proposed Shelby Parks and Recreation sports tournament fee recommendations**

Mr. Howell introduced the subject matter of Mr. Holtzclaw's presentation for discussion purposes. He stated the City has focused on attracting a variety of sports tournaments at City Park and Hanna Park in order to bring out-of-town visitors to the area. The obvious benefit to the City is increased revenue to local businesses as well as to the local occupancy tax collected by local motels/hotels. Mr. Holtzclaw has surveyed some of the surrounding cities regarding fees/rates paid for City facility use and has developed the included recommendation for Council's consideration. If Council agrees with the recommendations, then an amendment to the Supplemental Budget Ordinance of the Schedule of City Fees and Charges will be brought before Council at the January 4, 2021 regular meeting for consideration and approval. No action is expected at this time.

Mr. Holtzclaw stated over the last ten years City Council has invested heavily in developing athletic facilities to benefit the local community, as well as creating championship caliber facilities to draw regional visitors through youth and adult sports tournaments. To recap, this began in 2011 with the opening of the Shelby City Park Recreation and Sports Complex, followed by Hanna Park Multipurpose Sports Complex which opened for play in 2019. During these years, tournament organizers have paid a longstanding set fee for individual field rentals and associated staffing costs that can add up to a significant cost. Mr. Holtzclaw presented the example of the Matthews, North Carolina based Carolina Champions League Soccer organization which held a 92-team event at Hanna Park in October 2020 bringing over 2,000 people to this community. Without discounts, it would have cost the organizers \$3,275 in rental and staffing fees to use our facilities.

Mr. Holtzclaw explained times have changed as relates to costs passed on to sports tournaments to bring their events to a community. Many of our neighboring competitors are seeing the value of having dozens of events in their communities and have begun offering very significant discounts and incentives to the organizers. This is due to recognizing that the visitor impact of having sports tournaments are much more than rental fees collected by the facility, but rather the economic impact potential for local businesses. The City of Shelby has long understood this value by supporting the American Legion World Series and the semi-annual Tar Heel Leagues State Tournaments held at City Park. The City also supports the Sharks Aquatics Club and their efforts to bring very large regional swim events to Shelby. In 2019, Shelby City Park hosted over 30 sports tournaments with over 400 teams and an estimated 15,000 visitors to our community that undoubtedly had a positive impact on the local businesses.

Looking toward 2021, Mr. Holtzclaw is convinced the City is sitting in a great position to continue building and increasing the number and size of sports tournaments. This is based on several factors that are very important to the players, parents, coaches, and organizers. The City's facilities and customer service are viewed by people to be outstanding, they have taken notice of the other things they can do while at City Park such as the carrousel, train, playground, pool, and a quick round of golf when they have a break, and City Park's close proximity to a beautiful Uptown with several good dining options. The City checks all the boxes except for the current fees as compared to some other competitors. Organizers have many other options in the surrounding area, and the City's total package needs to be inviting to them. In addition to the fee recommendation, City staff is actively seeking partnerships with the hospitality industry to host more regional athletic events, looking specifically to the City's Park and Recreation amenities as a tourism draw.

To sum up, Mr. Howell requested and recommended that consideration be given to the proposed Shelby Parks and Recreation tournament fee recommendations and time be allowed on a future agenda for adoption.

- 2) Consideration of a resolution approving the submission of City of Shelby's application for North Carolina Civil Rights Trail Marker Program:
Resolution No. 60-2020

Mr. Merritt introduced Resolution No. 60-2020 for Council's consideration. If approved, this resolution would authorize the submittal of an application to the North Carolina African American Heritage Commission for consideration that a historical marker be erected as part of the North Carolina Civil Rights Trail Marker Program. The program, funded by the William G. Pomeroy Foundation, seeks to recognize up to 50 sites significant to the organization and protest to advance the civil rights of people of color across the State of North Carolina.

Mr. Merritt stated Shelby Holmes, Lead for North Carolina Fellow, working with the Earl Scruggs Center and Uptown Shelby Association, drafted an application to recognize the sit-in protests that took place along East Warren Street in February 1960. Specifically, the site located at 104 East Warren Street was known as Smith's Drug Store and currently known as the Buffalo Creek Gallery.

Mr. Merritt provided the historical background for the commemoration of the location beginning with the sit-in campaigns of 1960 after the Greensboro Four sat down at Woolworth's lunch counter and demonstrated the strength of grassroots organizing for achieving civil rights across the South. The protest strategy was taken up by Shelby youth, mostly students from Cleveland High School, who sat down at Smith's Drug Store and the lunch

counter of the local bus station. Mr. Merritt noted the make-up of the protestors is of interest as many other similar protests were organized by activists who were typically university students. The protests that took place in Shelby were a significant part of local and North Carolinian history but have remained largely unrecognized. The student-protestors in Shelby sought to highlight and disrupt racial oppression in their immediate community and to raise support for equal rights for people of color through direct action.

Mr. Merritt concluded by stating the application is due January 1, 2021 and notification anticipated in February 2021. If the application is successful, the placement of the trail marker and a dedication ceremony must take place by the end of 2021.

ACTION TAKEN: Upon a motion made by Mr. Hopper, City Council voted unanimously to approve and adopt Resolution No. 60-2020 entitled, “A RESOLUTION APPROVING THE SUBMISSION OF CITY OF SHELBY’S APPLICATION FOR NORTH CAROLINA CIVIL RIGHTS TRAIL MARKER PROGRAM”.

F. City Manager’s Report:

- 1) Regarding yard waste collection, especially the leaves at this time of year, Mr. Howell reported Public Works Director Danny Darst informed him the Public Works Department is back on its routine schedule. The short delay was due to weather and staffing issues.
- 2) Regarding the Job Ready Shell Building No. 3 Project, Mr. Howell informed Council the construction activities are anticipated to be completed by the end of this year, weather permitting.
- 3) Mr. Howell shared information received from County Manager Brian Epley related to an agenda item scheduled for December 15, 2020 at the Cleveland County Commissioners meeting. The Cleveland County Health Department Director, Tiffany Hansen, will present the COVID-19 update and mass vaccination planning efforts to the public at the LeGrand Center that evening.
- 4) Mr. Howell mentioned staff is considering an application to the 2021 Urgent Repair Program (URP21) through the North Carolina Housing Finance Agency. Program funding enables recipient organizations to provide deferred, forgiven loans for emergency home repairs and modifications to very low-income owner-occupied homes.

- 5) Mr. Howell reminded Council their annual retreat is scheduled for January 9, 2021 at the Don Gibson Theatre. He requested that retreat items be submitted for possible consideration and inclusion on the agenda.

G. Council Announcements and Remarks:

- 1) Mayor Anthony reminded the public that we are in the middle of a pandemic, pleading with the community to wear their masks correctly and to continue to follow the guidelines of the health officials. The Mayor also requested support for local businesses and restaurants.
- 2) Mayor Anthony and Council members collectively wished all a Merry Christmas and a Happy New Year.

H. Adjournment:

- 1) Motion to adjourn

ACTION TAKEN: Upon a motion made by Mr. Hendrick, City Council voted unanimously to adjourn the meeting at 7:26 p.m.

Respectfully submitted,

Bernadette A. Parduski, NCCMC, MMC
City Clerk

O. Stanhope Anthony III
Mayor

Minutes of December 7, 2020