

MINUTES

Special Meeting – Annual Planning Retreat
Earl Scruggs Center

January 29, 2022
Saturday, 8:00 a.m.

Present: Mayor O. Stanhope Anthony III, presiding; Council Members David Causby, Violet Arth, Charles Webber, Andrew Hopper, Sr., Emilie Bullock, and David W. White (arrived at 8:27 a.m.); City Manager Rick Howell, MPA, ICMA-CM, Assistant City Manager Justin S. Merritt, MPA, City Attorney Andrea Leslie-Fite, Interim City Clerk Carol S. Williams, Public Information and Communications Officer Chip Nuhrah, Director of Human Resources Deborah C. (Deb) Jolly, Director of Water Resources David W. Hux, Director of Engineering Services Benjamin (Ben) Yarboro, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, MPA, EFO, Director of Planning and Development Services Walter (Walt) Scharer, AICP, Public Works Director Danny Darst, and Director of Parks and Recreation Charlie Holtzclaw

Mayor Anthony called the meeting to order at 8:17 a.m. and welcomed all who were in attendance.

Mr. Howell provided an overview of the day:

- 2021 in Review and What's ahead for 2022-2023
- Mid-Year Budget and Financial Review
- Fiscal Year 2022-2023 Preliminary Budget Assumptions
- Discussion of Council Priorities

ENERGY SERVICES – Electric and Natural Gas

Mrs. McMurry was unable to attend the Council Retreat due to being ill. She will deliver her Energy Services presentation at a future City Council meeting.

WATER RESOURCES – Water Treatment Plant, Water Distribution System, Wastewater Treatment Plant, and Wastewater Collection System

Mr. Hux began his presentation by giving a history of the Water and Wastewater systems and discussing the focus of Water Resources for both systems, Water and Wastewater:

- Aging Infrastructure
- Growth of the City
- Environmental Regulations
- Road Improvements

Mr. Hux stated that to plan, design and construct most of the water and wastewater project, it takes about 5 years to complete. The City has spent close

to \$70 million in the last 15 years on water and sewer projects.

Mr. Hux reviewed the 2021 completed projects as follows:

- Randolph Road Aerial Crossing
- Rocky Creek Sewer Aerial Crossing
- Westside (Crest) Liftstation Electrical Repairs – Primary Feed
- Manhole Replacements (Various) and point repairs
- Elmwood/Leander Sewer Repair
- Point Repairs – Water and Sewer

Mr. Hux reviewed ongoing projects and initiatives as follows:

- Continue to identify sewer inflow and infiltration sources
- Continue water and sewer rehabilitation
 - Manhole and sewer point repairs
 - Street repaving project areas
- Low Flow Hydrants and Valve Replacements
- Meter and Galvanized Water Line Replacements

Two projects that are currently underway are:

- Hickory Creek/Windsor Drive Sewer - \$1,600,000
 - Inverse grade of the sewer line and to reduce line capacity and overflows
 - Mr. Howell interjected that the Hickory Creek/Windsor Drive project is an offshoot of a Clean Water lawsuit filed against the City about 10 years ago. The City settled that suit with the property owner on Windsor Drive. As part of the settlement, the City agreed to make requisite improvements at this location.
- 24” Transmission to Forest Hill and South Tank - \$5,000,000
 - Phase II of 24-inch waterline extension to improve water distribution flows to East Shelby
 - Extension from Marion and Morgan to South Tank and to Forest Hill Drive
 - Long term goal is to extend to East Tank at the Fairgrounds

Mr. Hux reviewed a list of Unsewered Areas that could be considered as projects with the America Rescue Plan (ARP) money: Allendale Acres, Kings Road, Garret Road, Allen Street, Lily and Cameron Street, Rollingwood Drive, Ross Grove – Clearbrook, Vantage, Merit, Rucker Downs, Walker Drive and

Washington Heights.

Mr. Hux mentioned other ongoing projects which include:

- NC Department of Transportation relocation funded projects
 - 74 Bypass Section C – water and sewer
 - Peach and Marion Streets Interchange – water and sewer
 - Joe’s Lake Road and South Post Road – water and sewer
- Inflow and infiltration evaluations
- First Broad River Outfall - Overflows

Mr. Hux discussed the future focus for the Water Resources Department as follows:

- Highway 74 Bypass Interchange Service Availability Assessment
- 2010-2011 Water and Sewer Asset Management Plan update
- Lead and Copper Rule Changes – Identification of Lead Services and Replacement

Mr. Howell reemphasized that we have an aging system. Many improvements have been made over the years but the City needs to continue to reinvest into the system.

ENGINEERING SERVICES – Engineering, Airport, Stormwater, and GIS

T-HANGAR NO. 4 CONSTRUCTION PROJECT

- Mr. Yarboro discussed the construction of one 10-unit T-Hangar with completion anticipated by April 2022. The grading and site improvements were completed during the 2019 T-Hangar Project. These 10 aircraft rental units have already been reserved. Currently, an additional 18 pilots are on the waiting list for future T-Hangar space. The T-Hangars will allow for a total of 78 planes after the completion of T-Hangar #4.

The goal of the City is to have the Airport self-sustainable and with the addition of the 4 T-Hangars the City will be very close to attaining that goal.

AIRPORT LAYOUT PLAN UPDATE

Regarding the Airport Layout Plan (ALP) Update Project, Mr. Yarboro stated an ALP is a 20-year airport development plan which the NC Department of Aviation requires to be updated every five to seven years. The State awarded a grant of \$250,000 for the project. The City’s existing ALP was completed in 2007.

Mr. Yarboro discussed the ALP update tasks:

- General aviation activity growth
- Runway needs
- Runway protection zones and safety areas
- Lighting and NAVAIDS
- Terminal and hangar area alternatives
- Obstruction identification and mitigation
- Land acquisition needs

The Airport Layout Plan shows that there is room for an additional 3 T-hangars that could be developed in the future.

SHELL BUILDING #3 AND #4 UPDATES

Mr. Yarboro discussed the completion of construction of Shell Building No. 3 on Plato Lee Road which features a 100,000 SF building with parking, utilities, and a truck court. The building was sold to Steffes in August 2021, this sale allows for the construction of Shell Building #4 on Randolph Road for economic development purposes.

The process for Shell Building #4 will largely be the same as Shell Building #3. It will allow for 108,500 square feet for building and parking with an additional 148,000 square feet for expansion. Construction has started and completion date is February 2023.

Mr. Howell stated that there is already interest in Shell Building #4. An economic development client asked the City to give them a purchase price for the building. This will need to come from the County Commissioners and the City Council to decide and proceed. The transfer of the property from the City to the County will be discussed later today at the Council Retreat.

2021 RESURFACING PROJECT UPDATE

The City owns and maintains 125.5 miles of public streets. Asphalt typically lasts 20-35 years depending on traffic, drainage, maintenance, etc. The average cost for resurfacing in 2021 is \$143,880 per mile.

Based on the resurfacing projects from the last six years:

- Average age of asphalt being replaced is 34.6 years
- Average miles resurfaced per year is 3.2 miles
- Average cost per mile is \$129,100
- Paving cycle for all streets at current rate is:
 - $125.50 \text{ mi.} / 3.2 \text{ mi. per year} = 39.2 \text{ year cycle}$

The 2021 Transportation Asset Management Plan (TAMP) allowed a third-party contractor to rank the streets for prioritization. City streets were graded A-F to

help create a priority list. In cases where sections of streets were prioritized differently, TAMP used a Street Grouping process.

Street Grouping:

- Decreases mobilization costs
- Provide better ride quality
- Utility project continuity
- Avoid creating areas of vastly different asphalt age for future resurfacing projects

A Utility and Project Coordination chart was developed to show different departments (water, sewer, electric, gas, public works, stormwater, and engineering) and how each street resurfacing project will proceed based on work in those areas. Resurfacing will not occur if another department has work scheduled on that street or in that area.

Mr. Howell stated that the TAMP resurfacing phases are being funded by the \$10 million Street Resurfacing Improvement Bond that Council approved and voters passed last year.

RESURFACING – PHASE 1 PROJECT SCOPE:

- Resurfaces 17.66 miles of city streets
- Withers Ravenel estimate: \$3,455,602
- Resurfaces 56% of F Rated roads
- Resurfaces 46% of E Rated roads
- Resurfaces 24% of D Rated roads

Schedule:

- Project advertised: 1/18/2022
- Bid Opening: 2/17/2022
- Council: 3/7/2022
- Start Construction: 7/1/2022

FIRST BROAD RIVER TRAIL PEDESTRIAN BRIDGE REPLACEMENT PROJECT

As a reminder, Mr. Yarboro stated Shelby's First Broad River Trail was one of many areas across North and South Carolina that sustained significant damage due to the flooding that occurred on February 6, 2020. The trail's suspension bridge was heavily damaged and one of the small bridges along the trail was destroyed. In addition, the area was also impacted by a substantial amount of soil erosion.

The reconstruction project has begun:

- Removing the remains of the damaged bridge (previously 3' wide x 120' long)
- Repairing trail and wooden bridges between Grover Street and US 74 Bypass
- Constructing a new suspension bridge across First Broad River
 - eight (8) feet above top of bank
 - 4 feet wide x 160 feet long
 - with a release system to raise if required
- Completion date and reopening of trail is anticipated for March 2022

RAIL TRAIL PHASES:

The Shelby Section of this project focuses on approximately 2.7 miles of the 10.2 miles of unused railroad corridor purchased from Norfolk Southern

Phase IA extends from proposed CSX crossing to Marion Street (approximately 0.7 miles)

Phase IB extends from Grover Street to Phase 1 (approximately 0.25 miles)

Phase II extends from Marion Street to S. DeKalb Street (approximately 1.7 miles)

Phase III is the portion outside the City limits that extends from S. DeKalb Street to the South Carolina line (approximately 7.57 miles)

The Main Theme of the Rail Trail is “An Emphasis on Nature Through an Urban Corridor”

Rail Trail path will be 13 feet wide and will utilize both asphalt and concrete.

Asphalt path will be utilized at:

- CSX Crossing to Marion Street
- Depot Park to US 74 Bridge
- Lafayette Street to DeKalb Street

Concrete path will be utilized at:

- Sumter St. Bridge
- Marion St. intersection
- Marion St. to Depot Park
- US 74 to Lafayette Street

The Marion Street intersection will be a main focal point of the trail and will include:

- Landscaping
- Pavers (high contrast paver layout)
- Benches
- Concrete Walls
- Gateway Sculpture (18 feet tall, illuminated feature to help create a unique brand for the trail)
- Kiosk (information center approximately 9 feet tall)
- Bicycle Rack
- ADA Truncated Domes

Mr. Yarboro also presented the Sumter Street bridge design, Ford Street parking lot plans, rail trail lighting, and retaining wall design.

RAIL TRAIL SCHEDULE:

Phase IA:

- Plans are 80% complete
- Advertise project in March 2022
- Bid Opening in April 2022
- Construction in May 2022 to December 2022

Phase IB:

- Design and permitting to begin in Spring 2022

Phase II:

- Plans are currently 30% complete
- Bid Opening in October 2022
- Construction in November 2022 to November 2024

Mr. Howell listed several funding sources (NCDOT grant, state appropriation money, private donations, NCPARTF grant) that the City has already obtained but he stated there are other possible money sources available to help fully fund the project. The City desires to design and construct a sustainable trail with keeping maintenance such as drainage and upkeep in mind to help alleviate future issues which could burden the taxpayer.

RAIL TRAIL NAME SELECTION:

Several potential names were offered for consideration. By consensus, City Council decided on Carolina Harmony Trail.

Mayor Anthony declared a recess at 10:00 a.m. and reconvened the meeting at 10:15 a.m.

PARKS AND RECREATION – City Park, Holly Oak Park, Hanna Park, Cemeteries

Mr. Holtzclaw stated as the Shelby Parks and Recreation Department looks forward to 2022, he anticipated great opportunities for the public. The department believes the public will be more anxious than ever to enjoy healthy, safe opportunities once again to “Play at the Park”.

Shelby City Parks remain Cleveland County’s #1 visitor destination and will host over 50 weekend youth sports events in 2022 bringing thousands of out of area families to Shelby.

SHELBY AQUATICS CENTER RENOVATION PROJECT

Mr. Holtzclaw stated the Shelby Aquatics Center opened in 1996 and has now been in operation for 26 seasons. Age and heavy use have caused significant issues with the pools, deck, bathhouse, filtration system, and plumbing system. The pool is currently losing about 30,000 gallons of water a day or around 1 million gallons per month. Water has now completely saturated the surrounding earth banks and is running across a parking lot. The deterioration is accelerating each season.

ESTIMATED COSTS TO RENOVATE

Mr. Holtzclaw further stated the cost for a complete restoration of Shelby Aquatics Center was estimated to be approximately \$1 million to \$1.3 million. This included renovation of pools, deck, filtration, and the plumbing system as well as major interior and exterior repairs to the bathhouse, concession, and shelter buildings including the roofs. Also, included in the high-end estimate are pool slides and shade structure. For comparison’s sake, the cost to build an all-new facility similar to the existing could cost in the neighborhood of \$5 million.

The original project timeline is deemed unrealistic due to only one bid being submitted for pre-qualification. The other bidders had two major concerns – project timeline, and national shortage of material and labor force issues. CHA has recommended that the City reassess the schedule and plan on beginning construction after Labor Day 2022. This will likely bring in multiple bids, and we’re less likely to have higher than normal bids. A new timeline will allow the awarded contractor to potentially pre-order some of the long lead time materials.

DRAFT PROJECT TIMELINE RECOMMENDED

- February 21, 2022 – Pre-qualifications received**
- April 6, 2022 – Bid Advertised**

- May 13, 2022 – Bid Due Date
- May 16, 2022 – Bidder approved by City Council
- September 6, 2022 – Construction begins (the day after Labor Day)
- April 2023 – Construction ends (it could be earlier than this date)
- May 2023 – Pool opens

Mr. Howell further stated construction projects and costs of these projects is out of our control. Even though the pool will continue to lose water and deterioration is going to continue, the new timeline gives the City a better chance of getting competitive bids.

Discussion continued as to how many times the pool has been repaired. There have been several projects to patch and repair leaks, add expansion joints and install a better gutter system over the years. The renovation costs will be significant; however, this renovation project is needed to keep this public facility in use.

PUBLIC SAFETY

Chief Ledford began his presentation by detailing the challenges to law enforcement during the pandemic. He stated that much of 2020 was a catastrophic year. 2021 was not a rebound year, in fact, for law enforcement it got worse. 2021 was spent implementing and adjusting, as discussed:

EXAMPLES OF ADJUSTMENTS LAW ENFORCEMENT HAS FACED ARE:

- Additional protective equipment
- Staffing issues
- Continuity of service and handling of calls
- Less face-to-face interactions with the public and groups
- Tele-reporting continued and well received
- Mental well-being of staff and families

In addition to the pandemic, Chief Ledford stated in May 2020 with the death of George Floyd, law enforcement was challenged to rethink how to operate and to respond:

- While cities across the country and within our region experienced riots, protests, and property damage, the Shelby Police Department saw something different.
- Rallies and marches were organized but the Police Department was included and asked to speak at almost all those events.
- Chief Ledford stated that the Shelby Police Department is very fortunate that our community supports law enforcement.

THE SHELBY POLICE DEPARTMENT FOCUS IS:

- **What our outcomes need to be as a department**
- **Group discussions with staff and community partners**
- **Strategy and implementation**
- **Marketing and branding SPD as a community resource**
- **Training**

TRAINING FOCUS:

- **The difference between “What” we do and “How” we do it**
- **Diversity in all forms**
- **Leadership and ownership**
- **High liability policy and procedures**
- **Alternate ways of citizen encounters**
- **Body cameras and reinforced the importance**
- **Mental wellness and self-care**

Chief Ledford discussed the benefits of body cams and how they have saved our officers from the number of complaints from citizens. He stressed the importance of having them and how the officers insist on having a body cam with them while working their shift.

GOING FORWARD IN 2022:

- **Partnership for Change will resume once it is safe, with a different focus and format**
- **Citizens Academy will resume with an emphasis being placed on neighborhoods and allowing people to come and learn more about their Police Department**
- **Leadership classes will continue**
- **A more deliberate approach to dealing with the younger generation (25 and younger) to ensure they have the resources they need as well as guidance and support**

Additionally, Chief Ledford discussed community outreach efforts:

- **Community Watch Groups-more than 15 active**
- **Business Watch**
- **Partnership for Change**
- **Neighborhood notifications**
- **Cop Camp**
- **Citizens Police Academy**
- **Landlord/Property Manager monthly meetings**

- Focus Group meetings
- Housing Assistance-Section 8
- Work and life skills placement
- Reset Program (Re-Entry)
- Call-in Program for offenders
- Peer Group Mentoring in high schools
- Community based mentoring

CRIME UPDATE:

- Nationwide violent crime was high, with the murder rate rising by approximately 30%
- The increase in crime overall across the country continues to be violent crimes much more than property crime
- In NC, the juvenile crime is higher than normal, primarily due to the Raise the Age initiative

Chief Ledford explained the Raise the Age initiative is that now the State of North Carolina views 16- and 17-year-olds as juveniles, which increased the state's juvenile crime rate. This change has also increased the amount of time that our officers spend dealing with juveniles that commit crimes, due to having to stay in sight of them while waiting to be transported and having two officers that have to transport the juvenile to the Concord facility. Shift numbers can be reduced quickly when juvenile crime is committed.

CRIME OVERVIEW IN SHELBY:

The City's 2021 crime rate stands at 791 compared to 832 five years ago and to 1001 ten years ago. Several factors came into play in 2020 for the Police Department including the pandemic, social issues, juveniles, and others. The City of Shelby saw an increase of almost 40 incidents in property crimes this year.

Mr. Howell discussed the unfortunate perception that some have of the City of Shelby. Additionally, he stated that some entities manipulate the crime rate numbers to fit their agenda.

The Department's focus in 2021 was on next steps of change, dealing with the pandemic and repeat offenders. Chief Ledford presented citywide maps showing that the majority of crimes were confined to a few small areas.

SHELBY POLICE DEPARTMENT STRATEGIES IN IMPACTED AREAS:

- Interaction with residents
- High visibility
- Problem Solving strategies

- Neighborhood Cameras
- Communication with landlords of problem residents

Chief Ledford concluded by stating that the staff at Shelby Police Department is amazing.

SHELBY FIRE & RESCUE DEPARTMENT – 2020-2021 Overview

Chief Hunt reviewed the timeline of the Shelby Fire and Rescue Department's initial accreditation in August 2014 through its accredited agency status for a second five-year term, 2019 through 2024. The Fire and Rescue Department is accredited through the Center for Public Safety Excellence by the Commission on Fire Accreditation International (CFAI). There are 291 CFAI accredited agencies and 23 accredited agencies in North Carolina. The Fire and Rescue Department filed its 2021 accredited agency annual compliance report which was approved. The next rating is expected in 2024-2025.

Next, Chief Hunt explained the Insurance Services Office (ISO) provides advisory services to insurance companies for underwriting risk and establishing insurance rates in communities. ISO evaluates municipal fire-protection efforts in communities throughout the United States. In each of those communities, ISO analyzes the relevant data using the Fire Suppression Rating Schedule (FSRS) and assigns a Public Protection Classification (PPC) from 1 to 10. In each community, the ISO individually evaluates the fire suppression force (50%), the water delivery system (40%), and the 911 communications (10%) using the Fire Suppression Rating Schedule (FSRS), and then assigns an overall public protection classification from one (1) to ten (10) based on the compiled data. Class 1 generally represents superior property fire protection, and Class 10 indicates that the area's fire-suppression program does not meet ISO's minimum criteria. Our 2008 ISO rating was a 4; in 2019 our rating was a 2, which represents a 31% overall improvement.

Chief Hunt stated the Shelby Fire & Rescue Department's response and deployment standards are based upon the suburban and rural population densities, and the fire demand of the community. The Department's baseline service level performance for 2021 at 90 percent of the time was reviewed for fire suppression and emergency medical services (EMS).

In conjunction with above criteria, Chief Hunt explained the baseline and benchmark response times. He presented a map showing the five-minute travel time from all three fire stations and what areas can be covered in those five minutes.

Chief Hunt went over the Classification of Risk chart that described the difference between minimal, moderate, significant, and maximum risks. He then presented the chart showing Service Delivery by Risk Classification. This chart

refers to the type of risk, the service delivered, and what type of deployment is typical in the different types of risk (minimal, moderate, significant, or maximum). Developing these charts and classifications helped the Shelby Fire & Rescue Department determine what apparatus, truck, etc. was needed in differing emergency situations.

Mayor Anthony declared a recess at 12:20 p.m. for lunch and reconvened the meeting at 12:58 p.m. Chief Hunt resumed his Council presentation.

FIRE & RESCUE PERFORMANCE MEASUREMENT:

Chief Hunt presented the elements of response time in fire suppression and emergency medical services (EMS) as follows:

- Alarm handling – Time elapsed from call coming into 911 to completed dispatch message
- Turnout – Time elapsed from firefighters notified until responding to call
- Travel – Distribution – Time elapsed for the first arriving crew
- Travel – Concentration – Time elapsed until the last unit arrives to make up an effective response force (ERF) assembly
- Total Response Time – Summary of all time segments

The benchmark of 90% is an industry standard and what Shelby Fire & Rescue Department strives to accomplish. Chief Hunt explained that when you take the three criteria (alarm handling time, turnout time and travel time) you determine the Response Metric which is the goals the department is trying to achieve.

- Total Response – First Arrival – the goal is less than 6.50 minutes
- Total Response – ERF (when the last apparatus arrives at the scene) - the goal is less than 10.20 minutes.

FIRE & RESCUE DEPARTMENT PERFORMANCE 2020-2021

Chief Hunt showed the actual Response Time the Shelby Fire & Rescue Department achieved this year.

In an example of a structure fire, the total time (First Arrival) was 8:57 minutes or 2.07 minutes longer than the goal (<6.50 minutes). The same structure fire had a total time ERF of 13:18 minutes or 2.58 minutes longer than the goal (<10:20 minutes).

Chief Hunt reviewed Risk Reduction and Investigation, which is the prevention and mitigation of hazards and risks rather than response:

- Fire Code Compliance – compliance, enforcement, tenant change, courtesy, certificate of occupancy, tenant certificate of occupancy, foster

home, residential care, and other. Complete annual compliance inspections in 90% of occupancies – this year only completed 47.36% (mainly due to the pandemic)

- Safety Education – industry training, fire prevention week, safety education, and special events. Due to the pandemic the department held zero events in school's (grades K-4) but continue to do car safety checks.
- Arson Investigations – Determine cause and origin of fires in 90% of cases. The department completed 69/72 investigations for a 96% rate of completion.

FIRE & RESCUE INITIATIVES IN 2020-2021

- Implemented risk-based deployment model
- Teleconferencing hardware and software at all three stations
- Replaced roof at fire station 3
- Replacement windows and entry doors installed at fire station 1
- CAD-911 dispatch improvements
- Delivery of new fire truck expected in summer 2022
- Five-year strategic plan

Mr. Howell stated that along with a facilities assessment the City will look at the need for a new full fire station. There will need to be serious conversations with Council about the justification for an additional station. Building the station is not the problem. The problem is staffing the station and equipping the station. According to Mr. Howell this assessment could happen sometime this calendar year.

HUMAN RESOURCES 2020-2021 OVERVIEW

Mrs. Jolly began her presentation by stating that we are in the service business and the most important part of a service business is the employees. We can't accomplish all the plans and goals the other departments have presented without our employees. She believes we have the best employees in the world. And an administration that takes care of their employees.

Mrs. Jolly presented the City of Shelby Annual Labor Force Stability Report for fulltime employees and reviewed the 2021 turnover percentage, noting it was 14.04 percent or 48 employees out of 342 total budgeted positions – this is a 4.5% increase from last year. The beginning of 2022 has not gone well, she stated that just in this week she's had a resignation on Monday, a resignation on Tuesday and on Wednesday the City fired an employee. It's been a tough start to 2022.

Next, Mrs. Jolly discussed the 2021 department separations totaling 48 employees based on the number of budgeted fulltime employees per

department. She noted the following departments to monitor: Parks and Rec, Police, Fire and Rescue, and Water Resources.

Mrs. Jolly reviewed the 2021 City separations by various reasons:

- Another job or higher pay
- Relocation
- Termination
- Retirements – increasing
- Disability, Workers' compensation, death, or other

Mrs. Jolly continued with the 2021 City separations by length of service:

- Less than 1 year service = 3 separations for a total of 6% of turnover rate
- 1 year – 3 years service = 12 separations for a total of 25% of turnover rate
- Greater than 3 years service (retired) = 14 separations for a total of 29% of turnover rate
- Greater than 3 years service (non-retired) = 19 separations for a total of 40% of turnover rate

These numbers show that over two-thirds of our 48 employees that left had more than three years of experience.

Additionally, a great majority (probably 85%) of our new hires have very little experience. The City trains them and they obtain the certifications required, and as the numbers show they leave with those certifications for better paying jobs. We are a training ground for employees to go to better paying jobs with the training and certifications the City of Shelby has paid for.

Mrs. Jolly said that of the 48 employees that left, 26 of them left for other employment – (one left for a better schedule, one left to be closer to home, one left to get off of on-call, the other 23 employees left for higher pay.)

Mrs. Jolly read some examples from exit interviews as to the reasons the employees have left, most of them had the same theme: they left for better paying jobs. Mrs. Jolly and Mr. Howell both stated that in those same exit interviews most people said they really like working for the City but they're leaving due to lack of pay.

Next, Mrs. Jolly went over the Pay Increase History chart showing what type of pay increase, if any, employees received between the years 2006-2021. The highest increases were in 2015 and 2018. Market study and compression were considered when figuring out pay increases.

ONE-THIRD MARKET STUDY

Mrs. Jolly reminded Council that last year they approved a One-Third Market Study. This study will start this year and look at one-third of the City jobs and see how they compare with similar markets. Piedmont Triad Regional Council is conducting the study.

The local government comparison groups that will be used throughout the study include Gastonia, Forest City, Charlotte, Gaffney, Kings Mtn., Hickory, Lincolnton, Morganton, Lexington, Statesville, Spartanburg, Cleveland County, Catawba County, Gaston County, Lincoln County and Rutherford County. Cycle 1 (year 2022) of the study will include the following positions: Sworn Police (79 employees), Electric lines (11 employees), and Water/Sewer (39 employees), with a total of 129 potential employees impacted by the market study. These positions were chosen this year because they are the most market sensitive. A decision will need to be made about the other employees not being included in the study this year.

Mrs. Jolly stated that in some departments the City is struggling to find our next leaders because the City went so many years without having increases in pay which leads to the high turnover rate.

Additionally, Mrs. Jolly stated that currently the City has an almost 10% vacancy rate (35 employees). Having this many positions unfilled puts stress on all the departments with keeping up the services the City provides.

Mrs. Jolly expressed that the City does not need to be the top payer in the area, but the City needs to be in the ballpark. She stated that the City is always looking outside the box for other incentives to retain our workforce whether it be 10 hour shifts, or a policy to assist employees in obtaining their Associates degree, or other enticements.

LABOR SHORTAGE

Mrs. Jolly described that the national workforce is going through what is called a sansdemic. A sansdemic is when an employer doesn't have enough. A reason for the sansdemic is that the Baby Boomers are retiring. The pandemic may have spurred some of the Baby Boomers to retire a few years earlier; thus, causing a sansdemic. The last four years the labor market lost 2 million employees due to Baby Boomers retiring; however, in just the year 2021 the same labor market lost 3 million employees.

Statistics show that each family needs to produce 2.4 births per family to cover the jobs in the United States; however, the number of births is only 1.3, so clearly not enough people to satisfy the future workforce. A classic supply and demand issue.

APPLICANT TRACKING SYSTEM – CivicHR

Mrs. Jolly explained that this system allows applicants to apply online by setting up an account. Once your application is in the system it's easier to apply for jobs that become available without having to resubmit an application each time. This new system has increased the volume of applications coming in. Applicants can also set up an alert so that every time a job is posted that they may be interested in they will be notified.

COVID-19

With our current 10% vacancy rate and the number of employees that have been out due to COVID-19, it has been a very challenging year. A few weeks ago, the City had 24 employees out with COVID and add the 35 employee vacancies, totals up to extra strain on our departments. Since March of 2020, we've had 129 employees test positive for COVID out of 342 employees. Mrs. Jolly stated that Council passed a vaccination incentive last year and that has helped us with our vaccination rate which stands at 72% currently.

FOUNDATIONAL LEADERSHIP TRAINING

In conclusion, Mrs. Jolly described the City's newest training program, called Foundational Leadership Academy. The City started this program in October 2021. Department directors nominate employees that they deem future leaders to enroll in this program. It is a six-session course that focuses on team building, learning about themselves as leaders, and their leadership traits. Mrs. Jolly stated that the graduating Class of 2021 will participate in alumni meetings for an informal leadership support network.

Mr. Howell stated that in his budget recommendation to Council there will be a pay increase to keep the City market competitive. The City has approximately 13 million dollars in payroll so even a small percentage increase can really add up.

FINANCIAL SUMMARY

Mr. Merritt reviewed the Monthly Financial Summary for December 2021. With regard to the current property tax collections budgeted and collected, Mr. Merritt explained property tax collections were highest in August and have been somewhat consistent with last years collections. We are at 81% collected which is on par.

With regard to sales tax collections budgeted and collected, Mr. Merritt explained that these are on a three-month delay. The City is up on sales tax numbers approximately \$500,000.00. Stimulus money and staying local during the pandemic and other factors have contributed to this number.

With regard to the utility sales tax distribution (formerly utility franchise tax), Mr. Merritt reported the City has received roughly 25% collected on the first quarter and explained that the amount collected fluctuates a few thousand dollars each year. The number will change but not significantly throughout the year.

With regard to solid waste fees budgeted and collected, Mr. Merritt stated that these collections are very consistent. The City is coming into a period where houses are being renovated so we are slightly ahead of the budget.

With regard to the General Fund debt service, Mr. Merritt stated that Hanna Park Recreation Complex shows a 15-year debt, retiring in 2032. The Norfolk-Southern Rail Corridor Purchase debt has been retired by transferring money from the Electric fund so this debt is paid off in the General Fund. The other items listed are installment purchase contracts for rolling stock items such as vehicles and capital equipment.

With regard to the General Fund expenditures by division, Mr. Merritt explained these accounts represent departmental expense budgets. Most departments show at mid-year 50 percent of budget used with exceptions for various fees the City pays in July, or other encumbrances a department may have incurred.

With regard to the Powell Bill Fund Debt Service, Mr. Merritt explained this is state revenue the City allocates for street maintenance and resurfacing, street construction and equipment as well.

Next, Mr. Merritt went over the water revenue and water sales. Thru December the City is slightly ahead of what we budgeted for by about \$73,000.00.

Water Fund Debt Service shows more activity this year due to the City closing on the series 2021 revenue bond (about \$10.5 million dollars) refunding of debt that consolidated 2013A, 2010, and 2015 revenue bonds. The term was the same retiring in 2029, 2025 and 2030, respectively but the City was able to obtain a better interest rate of 1.4%. With this interest rate across water, sewer, electric and gas the City will save about \$500,000.00 in interest over the term of those bonds.

With regard to sewer revenue and sewer sales, Mr. Merritt explained the City is \$225,000.00 ahead of what was budgeted thru December of this year. The City budgeted conservatively due to the uncertainty of the operational side of the Bio-solids Improvements project.

The Sewer Fund Debt service shows 2013A, 2013C and 2010 Revenue bonds were refunded by the 2021 revenue bond similar to the Water Fund Debt Service. The list of NC DENR-DWI SRF loans refer to upgrades and projects within the sewer department. These loans have 0% interest so they were not retired. In fiscal year 2025 the City will retire approximately \$200,000.00.

With regard to the electric and natural gas revenues, Mr. Merritt explained that the numbers look slightly different because we purchase a product for resale. We are just below the amount budgeted as far as revenues collected but this not something to be concerned about. There is always a timing issue between the purchase of the product to the actual billing of the customer.

The margin between the electric revenues and the purchase power costs shows the City is slightly behind where we budgeted but the next couple months should get us back to where we should be. The natural gas revenues are stronger mainly due to the price of gas. The natural gas margins are flat, about \$27,000.00 under what we thought, possibly because we had a very warm December. Mr. Merritt stated that typically the months of January – March get us caught back up to where what we projected.

Again, the Electric Fund Debt Service had a 2013A bond refunded with the series 2021 bond. Similarly, the Natural Gas Fund Debt Service had 2013A, 2013C, and 2010 Revenue bonds retired with the 2021 bond.

Water, sewer, electric and natural gas funds all have rolling stock installment purchase contracts which are 59-month borrowings for purchase of items such as vehicles and capital equipment.

Mr. Merritt then explained the Utility Funds expenditures which include administration, operations, and purchase of product by department. Overall, on the expenditure side everything looks good.

Concluding his presentation, Mr. Merritt provided a chart reflecting the weather variances related to rain, cooling degree days, and heating degree days dated December 31, 2021.

FY 2022-2023 BUDGET ASSUMPTIONS:

Mr. Howell presented and discussed the following:

GENERAL FUND

- Property tax rate will remain at 51.75 cents per \$100 valuation
- All fees and charges to be reviewed. Application of a Consumer Price Index adjustment (CPI) considered.
- Sales tax growth – the City is guaranteed since July 1, 2019 a minimum of 12.97 percent through 2035 as negotiated through an economic development agreement with Cleveland County.
- Utility sales tax will be flat.

- **Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment.**
- **Group health insurance may change significantly**
- **Installment financing of capital equipment and vehicles will be flat**
- **Capital improvements are needed at the Aquatics Center, City Hall campus, Samuel A. Raper Public Works Facility (building)**

Mr. Howell presented and discussed the following:

NATURAL GAS FUND

- **No increase in the margin rate**
- **Consideration to be given to applying CPI to base customer charge**
- **Clearwater Paper S1 may opt to go on City's Transport Rate affecting overall system income**
- **Ames Copper plant begins full operations**
- **Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment.**
- **Group health insurance rates may change significantly.**
- **Installment financing of capital equipment and vehicles will be flat**
- **Completion of Natural Gas System Asset Management Plan and initial implementation of recommendations**
- **Continue replacement of original 1955 system lines**
- **Preliminary planning for City utility service at new US Highway 74 Bypass interchanges (Washburn Switch Road, NC Highway 18 and US Highway 226)**

Mr. Howell presented and discussed the following:

ELECTRIC FUND

- **No increase in wholesale power rate from NCPMA1**
- **Consideration to be given to applying CPI to base customer charge**
- **Load growth less than 1 percent**
- **Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment.**
- **Group health insurance rates may change significantly**
- **Installment financing of capital equipment and vehicles will be flat**
- **Continue implementation of Electric System Asset Management Plan**
- **Continue implementation of LED Street Light Replacement Program**
- **Preliminary planning for City utility service at new US Highway 74 Bypass interchanges (Washburn Switch Road, NC Highway 18 and NC Highway 150, and US Hwy 226)**

Mr. Howell presented and discussed the following:

WATER FUND

- **Consideration on CPI increase in base rate and rate per 1,000 gallons**
- **Water Treatment Plant debt service**
- **Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment.**
- **Group health insurance rates may change significantly**
- **Installment financing of capital equipment and vehicles will be flat**
- **Some reduction of system improvements and capital outlay in operational budget**
- **Preliminary planning for City utility service at new US Highway 74 Bypass interchanges (Washburn Switch Road, NC Highway 18 and NC Highway 150, and US Hwy 226)**

Mr. Howell presented and discussed the following:

SEWER FUND

- **Consideration on CPI increase in base rate and rate per 1,000 gallons**
- **Wastewater Treatment Plant Biosolids debt service**
- **Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment.**
- **Group health insurance rates may change significantly**
- **Installment financing of capital equipment and vehicles will be flat**
- **Some reduction of system improvements and capital outlay in operational budget**
- **Preliminary planning for City utility service at new US Highway 74 Bypass interchanges (Washburn Switch Road, NC Highway 18 and NC Highway 150, and US Hwy 226)**

CITY COUNCIL DISCUSSION TOPICS AND LIST OF PRIORITIES:

- **American Rescue Plan - \$6.38 million, encumbered by December 2024, spent by December 2026. Dept. of Treasury final guidelines declared any funds under \$10 million can be used for anything a municipality can do statutorily in their state (Gen Statute 160A). Possibly placing sewer in unsewered neighborhoods, or replacing City Hall roofing, Rail Trail projects or another capital project. Staff will provide a list of potential projects to Council by February 21 Council meeting**
- **Residential Development – A deficit of affordable housing in the City, we have approximately \$830,000.00 that we could use in different ways to move forward with establishing affordable housing**
- **Neighborhood revitalization – Encouraging old mill buildings and general**

blight cleanup. Develop a model and a plan for the redevelopment of low to moderate housing in target neighborhoods, possibly along the Rail Trail, utilizing assistance from other agencies.

- Traffic Calming Policy – revise the policy to resolve issues and improve the process.
- Other – The closing of either Marion School or Graham School was discussed and how that might impact our established neighborhoods, and whether the City would even be interested in acquiring the property.

Mr. Howell presented Resolution 8-2022 for Council’s consideration. This resolution transfers the 30-acre tract where Shell Building 4 is being built to the County. This transfer is necessary for the County to obtain LGC approval and for the County to obtain a loan it needs to own the property. Mr. Webber made a motion to approve, Mr. Causby seconded the motion and with a unanimous vote Council approved a Resolution Approving the Conveyance of Property to Another Unit of Government in North Carolina Pursuant to General Statute 160A-274: Resolution No. 8-2022

The agenda and presentation including staff reports from the 2022 Shelby City Council Planning Retreat are hereby incorporated by reference and made a part of these Minutes.

ADJOURNMENT

ACTION TAKEN: Upon a motion made by Mr. Causby, City Council voted unanimously to adjourn the meeting at 3:58 p.m.

Respectfully submitted,

Carol S. Williams
Interim City Clerk

O. Stanhope Anthony III
Mayor

Special Meeting Minutes of January 29, 2022

