

MINUTES OF SHELBY CITY COUNCIL

Special Meeting – Annual Planning Retreat
Earl Scruggs Center

January 27, 2024
Saturday, 8:10 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, City Manager Rick Howell, MPA, ICMA-CM, Assistant City Manager Justin Longino, MBA, Assistant City Manager Ben Yarboro, City Attorney Jason Lunsford, City Clerk Carol Williams, Director of Finance Elizabeth (Beth) B. Beam, CPA, Public Information and Communications Officer Chip Nuhrah, Director of Human Resources Deborah C. (Deb) Jolly, Director of Water Resources Brian Wilson, Police Chief Brad Fraser, Fire Chief William P. Hunt, MPA, EFO, Public Works Director Scott Black, Director of Housing Bryan Howell, Senior Planner Audrey Godfrey, and Director of Parks and Recreation Charlie Holtzclaw (arrived at 10:45 a.m.)

Mayor Anthony called the meeting to order at 8:10 a.m. and welcomed all who were in attendance.

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

Mr. Howell provided an overview of the day:

- 2023 in Review and What's ahead for 2024-2025
- Mid-Year Budget and Financial Review
- Fiscal Year 2024-2025 Preliminary Budget Assumptions
- Discussion of Council Priorities

2023 IN REVIEW AND WHAT'S AHEAD FOR 2024-2025

I. PLANNING AND DEVELOPMENT SERVICES – Presented by Justin Longino, Assistant City Manager

Mr. Longino reviewed with Council the definition of growth, the importance of managed growth, and gave a list and a map of current or proposed developments which includes: 11 neighborhoods in development with 7 additional proposed neighborhoods, 964 single family residences, and 252 townhomes. This growth will provide a \$30 million increase in property tax base over a 13-year period.

Mr. Longino provided information regarding the impact of growth on city services, including increase of personnel due to more garbage pickup, emergency dispatch calls, and planning permits; more assets are needed such as, garbage trucks and fire/police vehicles; more infrastructure is needed,

which includes roads, utilities, parks and sidewalks. Mr. Longino also stated that growth can lead to positive development as well, such as, the Carolina Harmony Trail, Bobby Bell Pavilion, more dining, shopping and grocery options. Mr. Longino is confident that the City staff can handle all aspects of growth and is excited to be a part of it.

Mr. Longino reviewed the Comprehensive Land Use Plan and the Unified Development Ordinance as tools for the approach to managed growth. The Comprehensive Land Use Plan is used to guide and manage the physical development of land in a systematic and sustainable manner. The Unified Development Ordinance translates the Comprehensive Land Use Plan into actionable regulations, providing a regulatory framework for the day-to-day management of land use and development. Mr. Longino stated that the Comprehensive Land Use Plan needs to be updated and staff is working on that process. After that update is accomplished then work will begin on updating the UDO as well.

Senior Planner Audrey Godfrey delivered a Zoning 101 introduction or reintroduction to Council on the zoning process. First, she described the three types of zoning districts: Residential, Commercial, and Industrial. For today the focus is on residential which is categorized by intensity and density. The first intensive district is Residential Office (RO), R6 is the highest density, with R8, R10 and finally R20 being the lowest density in residential category. R6 is mainly uptown businesses, R8 and R10 are the middle fringe of the city and R20 is in the outer fringe of the city. According to our UDO, the density of development shall be determined using a gross acreage system. The size of the total area of the tract, including any new streets, rights-of-way, drives, parking, structures, recreation areas, dedicated areas and required setbacks shall be used for density calculations. Density = # of lots divided by the total acreage, and there are 43,560 sf in one acre. Below is a chart showing the different residential zoning districts and how many homes are allowed in one acre according to the UDO.

Minimum lot size for single family	R20	R10	R8	R6
In square feet	20,000 sf	10,000 sf	8,000 sf	6,000 sf
In acres	0.46 acre	0.23 acre	0.18 acre	0.14 acre
# homes/acre	2.18 homes	4.36 homes	5.45 homes	7.26 homes
Minimum lot width	90 feet	70 feet	60 feet	50 feet

According to Mrs. Godfrey there is not a local or state statute that requires 50 feet separation of homes, this is a myth. Mrs. Godfrey provided photos to show examples of lot width in different neighborhoods in Shelby.

Next, Mrs. Godfrey explained cluster development as a tool available for developers and described it as smaller lots allowed without rezoning, same maximum number of lots allowed, and minimum 15% common open space required. Market demand is one reason developers look at cluster developments, also some areas of the parcel may not be suitable for residences, so this allows the developer to have the same number of lots without using the unsuitable area. Developers also see the advantage of open space amenities (playgrounds, parks, swimming pools) as selling points. Mrs. Godfrey continued by giving examples of the difference in layout between a conventional subdivision and a cluster development subdivision. Both subdivisions had 35 lots in the same acreage, but the cluster development had smaller lot sizes and more open space.

Mrs. Godfrey discussed conditional zoning (CZ) by stating it is a zoning map amendment that starts with an underlying zoning district then adds conditions and provides a site plan. Mrs. Godfrey gave some examples of conditions, such as, use restrictions, dimensional requirements, and site plan specifications (buffers, location of driveways, parking, roads, or locations of certain uses).

At the conclusion of this presentation there was discussion on making this information available to citizens for better understanding of the zoning and development process.

II. UTILITY AND INFRASTRUCTURE – Presented by Ben Yarboro, Assistant City Manager

ENGINEERING SERVICES: (Airport, Engineering and Stormwater)

Upcoming Airport projects include taxiway overlay, widening, and direct access taxiways with a cost estimate of \$3,618,000 with a 10% local match which is split between the City and County.

Airport operations and customer service data from 2011:

Increased aircraft based at airport

- 2011 – 35 aircraft (\$1,756,300 Tax Value)
- 2023 – 77 aircraft (\$4,970,290 Tax Value)

Increase in hangars

- 2011:
 - One maintenance hangar
- 2024:
 - One maintenance hangar
 - Two 100 x 100 community hangars
 - Acquired in 2015 & 2023

- One 50 x 75 box hangar acquired 2015
- Four 10-unit T-hangars
 - Three units constructed in 2019
 - One unit constructed in 2022

- Increased fuel sales
- 2015 – 60,160 gallons
- 2023 – 66,182 gallons
 - 34,933 Gallons of Avgas
 - 31,249 Gallons of Jet-A

The revenue comparison between 2017 and 2023 resulted in showing 2017 had a total revenue of \$105,613, whereas 2023 had a total revenue of \$322,835. The biggest changes were T-Hangar rental income, increased property tax, and increases in fuel.

Mr. Yarboro stated the Engineering Department is the hub for many projects within the city and is very busy. The primary focus of this department is the project coordination that takes place within the utilities department and other departments when a project is being developed and when it is in process. This coordination saves time, saves money, is more efficient, and less disturbance to citizens.

Engineering projects include the following:

- Completion of Shell Building #4 –
 - currently being shown and hope to have an offer soon
- Street Resurfacing –
 - Phase I was completed in 2023
 - Phase II will begin in March 2024
 - Phase III will begin in Spring 2026
- TAMP ADA Ramps and Sidewalk projects –
 - Ford Street and Lee Street are in progress
 - TAMP Phase II is in progress and will be completed in February 2024
 - City Hall Sidewalk project – completed in November 2023
- Carolina Harmony Trail
 - Phase IA consists of .65 miles from Sunset Cemetery to W. Marion Street and was completed in October 2023 with the gateway sculpture installed yesterday
 - Phase IB extends from Grover Street to Phase IA, approximately .25 miles
 - Phase II extends from Marion Street to DeKalb Street, approximately 1.77 miles
 - Phase III extends from S. DeKalb Street to South Carolina state line, approximately 7.48 miles
- Depot Park

- Sits within Phase II of the Carolina Harmony Trail
- Hope to advertise for bids in March 2024 with bid opening in May 2024 and construction to begin in July 2024 through October 2025
- Drawings were provided for the PARTF requirements which include:
 - Greenway
 - Adventure Playground
 - Splash Pad
 - Large Picnic Shelter
 - Restrooms
 - Open Lawn
 - Event Stage
- A restaurant to complement the event space and the park is being discussed
- Branding and Logo needs to be decided in the near future
- **County Home Road project update**
 - Notice to proceed has been issued and Duke Energy to relocate lines
 - Construction contract: January 2024 to May 2024 (dependent on Duke relocating lines)
- **NCDOT Project Schedule Updates**
 - US 74 Bypass Section C – substantial completion: July 2024
 - US 74 Bypass Section D & E – substantial completion: November 2028
 - Peach St./Marion St./Cherryville Rd. – substantial completion: July 2025
 - Oak Grove Road Bridge – Construction starts September 2024
 - Joe’s Lake Road – has been advertised multiple times, NCDOT is reviewing project options
- **Pedestrian Safety and Traffic Calming projects include**
 - Sidewalk/ADA Ramp improvements
 - Flashing Pedestrian Signal
 - Thermoplastic Pavement Markings
 - New Signage
 - New Mobile Speed radar
- **Stormwater Division**
 - Approximately \$400,000 of stormwater maintenance was done in 2023
 - Stormwater Infrastructure Assistance Program was adopted by Council in 2016, for FY 24 the City has budgeted \$80,000 for this program
 - For residential projects the City pays 80%, property owner pays 20%
 - For commercial projects the City pays 50%, property owner pays 50%
 - 36 applications received since 2016, 16 of those projects are completed

- Project prioritization is a factor, average time of those on the waiting list is 2.8 years
 - City looking at funding to see if there are options to move these projects along more quickly
- **Residential Subdivisions**
 - Currently there are approximately 6,000 units in some phase of development
 - Project update spreadsheet shows where the City stands as far as Electric, Natural Gas, Water and Sewer for these neighborhoods
- **WATER RESOURCES**
 - **Completed Water projects:**
 - Ford Street Waterline
 - WTP Alum Lagoon Repairs
 - WTP Turbidity Meter Replacement
 - First Broad River 16" Valve Project
 - Distribution Water Model Updates
 - **Completed Sewer projects:**
 - Randolph Road Sewer Liftstation
 - Belvedere Sewer Replacement
 - Sumter Street Aerial Replacement
 - Elmwood Street Sewer Repairs
 - Blanton Street Sewer Rehabilitation
 - Lafayette Street Sewer Replacement
 - Installation of ten (10) Flow Monitoring Manhole Lids
 - **In progress Water Resources projects**
 - 24" Waterline Transmission Main to South Tank
 - Hickory Creek Sewer Outfall Replacement Project
 - WTP Sedimentation Basin & Filter Upgrade Project
 - Asset Inventory and Assessment (AIA) WWTP
 - Marion Street/Hwy 150/Peach Street Water Relocation
 - Asset Inventory and Assessment (AIA) WTP
 - US 74 Bypass Sections D & E Waterline Relocation
 - **Upcoming Water Resources Projects**
 - First Broad River Outfall Improvements
 - Morgan/Market Street Waterline Rehabilitation (Depot Park)
 - Morgan/ Market Street Sewerline Rehabilitation (Depot Park)
 - Riverwalk Subdivision Sewer Lift Station and Force Main Project
 - **Water Resources Systems and Staffing Summary**
 - Water
 - 228 Miles of water mains
 - 10,371 Water Customers
 - 60 New Services
 - 8 Field Employees, 1 Vacancy
 - 8 Water Plant Employees, 0 Vacancy

- Sewer
- 223 Miles of Gravity Mains (All systems)
- 43 Miles of Force Mains (All systems)
- 8,602 Sewer customers
- 9 Field Employees, 2 Vacancies
- 15 Sewer Plant Employees, 0 Vacancy
- **ENERGY SERVICES**
 - **Completed Natural Gas Projects**
 - Hwy 74 Bypass Natural Gas Line Relocation Project
 - Phase II of Regulator Station Painting Project
 - Cleveland County Justice Center Gas Line Relocation
 - **Upcoming Natural Gas Projects**
 - Oak Grove Road Bridge Relocation
 - Regulator Station Pressure Recorder & Regulator Upgrades
 - Insulator Installation on 400# Lines
 - Integrity Digs on 400# Lines
 - Large Meter Station Painting
 - Phase III of Regulator Station Painting Project
 - Metals America Main Extension and Meter Station
 - **Completed Electric Projects**
 - Cleveland County Justice Center Line Relocation (Phase I)
 - Installation of 200 Street Lights for Street Light Upgrade Project
 - Pinnacle Estates Underground Electric Project
 - Palisades Underground Electric Project
 - 2023 Underground Cable Replacement Project
 - Rail Trail Lighting Project
 - Tree Trimming for Circuits 9-1, 9-2, and 9-3
 - Pole Inspections for Circuits 9-1, 9-2, 9-3, 11-5, and 11-6

Electric Installation Costs for New Developments:

Seattle Crossing – 81 Single Family Homes

Engineering \$20,000.00
 Materials \$114,618.09
 Labor \$164,525.00
 Transformers \$217,000.00
 Total Cost \$516,143.09
 Cost per unit \$6,372.14

Villas of Kingsview – 49 Single Family Homes

Engineering \$20,000.00
 Materials \$67,016.91
 Labor \$76,172.50
 Transformers \$127,000.00
 Total Cost \$290,189.41
 Cost per unit \$5,922.23

- **In progress Electric Projects**
 - Substation 10 Reconductoring
 - Substation Camera Installation Project
 - Substation 8 Upgrades Project
 - Willow Estates Subdivision Electric

- Reclosers for WWTP and WTP
- Tree Trimming for Circuits 11-3, 11-4, and 11-5
- Seattle Crossing Subdivision Electric -Design
- Villas at Kings View Phase I Subdivision Electric -Design
- Pole Inspections for Circuits 8-1 and 8-2
- Christmas Lights Project Uptown –Phase 3

- **Energy Services Systems and Staffing Recap**
 - Electric
 - 153 Miles of Primary Overhead & Underground
 - 218 Miles of Secondary Overhead & Underground
 - 8,005 Electric Customers
 - 95 New Services
 - 11 Field Employees, 2 Vacancies

 - Natural Gas
 - 511 Miles of main
 - 248 Miles of service lines (CY22)
 - 9,883 Gas customers
 - 108 New Services (17,365' of services lines)
 - 12 Field Employees
 - 2 Compliance Employees

- **Potential Substation 12 and Connecting Loops – this project is in research and planning phase**

- **Outage Management and Reduction Efforts**
 - **OMS Update**
 - Updated to new servers to improve reliability.
 - **Tree Trimming**
 - When we have outages due to trees, we dispatch our contracted tree trimming crew to trim the area.
 - **Squirrel Guards**
 - Added to areas where squirrels are found to be the cause of outages.
 - **Reclosers**
 - To limit the exposure area during an outage so that only part of a circuit will have an outage instead of the entire circuit.
 - **Station 10 Reconductor Project**
 - Replaced copper from Station 10 and installed aluminum wire.
 - Aluminum is stronger and less brittle than copper

- **Energy Services Operations and Customer Service**
 - **Electric Focus Areas**

- Outage Reductions, Issues and Solutions
 - Copper wire replacement, tree trimming, reclosers, additional fuses/switches
- Substation Security
- Impacts of increased demands (growth, EV charging, etc.) on the electric system
- Subdivision Development Costs and Impacts
- Material availability, costs, and lead times
- Natural Gas Focus Areas
 - Monitoring NG Contract Volumes as demand increases
 - IMC Metals America in late 2024
 - Updating Gas Flow Model for 150 lb. system
 - Design a Gas Flow Model for 25 lb. system
 - Subdivision Development Costs and Impacts
 - Material availability, costs, and lead times

III. PUBLIC SAFETY

1) Police – Presented by Chief Brad Fraser

Chief Fraser described 2023 as a year of transition for the Shelby Police Department, due to retirements, promotions and new faces.

The department consists of three captains: Captain Chris Flowers – Operations, Captain Seth Treadway – Investigations, and Captain Scott Brown – Support Services.

The philosophy remains the same:

- Customer Service is our cornerstone
- Community Partnerships are a vital resource
- Taking the opportunities to go above and beyond
- Problem-solving approach
- Transparency
- Doing what’s right, at the right time, for the right reason
- Taking care of our most valuable resource...our Officers and Telecommunicators

Things SPD continues to train our staff on –

- The difference between “what” we do and “how” we do it
- Decision-making
- Leadership and ownership
- High liability policy and procedures
- Body cameras and reinforce their importance
- Mental wellness and self-care for staff

Chief Fraser stated the Shelby Police Department has a motto, agency mission, and a list of core values.

Looking Ahead to 2024 -

- Focus on Staff
- New hire Officer/Telecommunicator training
- Specialized training for advancement
- New supervisor training/mentoring
- Partnership with NC Justice Academy and Cleveland Community College
- Engage our Community
- Community Programs—Citizens Police Academy, Focused Neighborhood Visits, Community Watch Programs
- Get out of our cars—Engage and communicate

2024 is a CALEA Accreditation year which is described as follows:

- Gold Standard in Public Safety
- Internationally Recognized Set of Best Practices for Law Enforcement and e911 Operations
- Law Enforcement Accredited in 2001/Public Safety E911 Accredited since 2014
- Voluntary programs with a combined set of approximately 700 standards
- CMS Offsite Review—January, August 2024
- On-Site Accreditation Assessment—October 2024
- Commission Review—Spring 2025

Captain Scott Brown is managing the CALEA accreditation and will be working on that evaluation all year, with a commission review in Spring 2025.

Chief Fraser went over the 2023 Calls for Service:

2023 Calls for Service — 39,840 (3.5% increase)

Emergency 9-1-1 Calls Received — 78,293

Average Time to Answer — 3.34 seconds

Average Response Time to Priority I Calls — 1:56

- Crime Overview
 - 2023 Index Crime Rate – 783
 - 10 years ago – 1001
 - 5 years ago – 808
 - This equates to 3,567 crimes per 100,000 population
 - Charlotte — 4,121
 - Asheville — 6,071
 - Gastonia — 4,726
 - Juvenile crimes were prominent again in the last year. (statewide)
 - Locally, the majority of crimes were confined to a few small areas

Chief Fraser showed a chart with the crime stats from several different years

and maps showing where the crimes are being committed. Chief Fraser discussed strategies in impacted areas, such as:

- Interaction with residents
- High visibility
- Problem Solving strategies
- Neighborhood Cameras
- Communication with landlords of problem residents
- Partnerships with city departments, Foothills Regional Commission, US Attorneys, Prosecutors, etc.

2) Fire and Rescue – Presented by Chief William Hunt

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.

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 Time 1st - Time elapsed for the first arriving crew
- 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.

Chief Hunt discussed the philosophy of distribution, concentration and reliability:

- Distribution – is where your fire stations are located
- Concentration – how those service resources are delivered
- Reliability – how reliable are those fire crews to provide the services

Chief Hunt discussed the prospect of building and staffing a fourth fire station, and possible realignment of Fire Station 2. To support the idea of another fire station Chief Hunt showed the Fire Station Response Districts as they are now with three fire stations. He pointed out that Fire Station 2 covers almost 50% of

the land mass of the city. Chief Hunt showed maps of 2014, 2019, and 2024 of the call volume of fire incidents and the differences in this 10-year span; the maps show increase volume especially on the west side due to the industries and development in this area of the city.

Next, Chief Hunt showed the Reliability Trends for the three fire stations:

<u>Reliability</u>	<u>Fire Station 1</u>	<u>Fire Station 2</u>	<u>Fire Station 3</u>
2014	93%	94%	88%
2019	80%	82%	81%
2024	86%	70%	75%

This chart shows a strong 2014 in reliability, a lesser trend in 2019, and in 2024 Fire Station 2 and Fire Station 3 are relying on Fire Station 1 to assist with equipment or response due to being on another call.

Next, Chief Hunt introduced some details about a possible Fire Station 4 stating that it would:

- Improve service delivery response times in the industrial corridor.
- Address the areas of the city currently outside of ISO service district.
- Improve pumping capacity and service delivery city wide.

Chief Hunt showed the current configuration with the existing three fire stations and compared that map with a proposed configuration if the city had a fourth fire station. The maps represent the radius of how far a fire apparatus can travel in a five-minute response time. There are some considerations when contemplating a new Fire Station 4:

- There is a suitable city owned site on Randolph Rd.
- Fire station 4 will require additional personnel, apparatus, and equipment.
- A facility needs assessment is included in the current strategic plan.

Another aspect of improving fire response time is to realign Fire Station 2, the advantages of this are:

- Improve service delivery to airport and several neighborhoods.
- Address excessive district overlap with a Fire Station 4.
- Provide opportunity for realignment of personnel and resources to improve efficiency of fire & rescue services city wide.
- Significant infrastructure issues at the existing Fire Station 2 on Charles Road.
- Alleviate space issues at Fire Station 1.

Chief Hunt provided maps showing the possible configurations with a new Fire

Station 4 and a relocated Fire Station 2. These maps show less overlap of the fire stations and a better response time to areas that are further west and south of the city. There are structural issues with the existing Fire Station 2 which need to be addressed. One issue is the bay floor is collapsing due to the weight of the heavier fire trucks that we have today, and patches only serve as a temporary stopgap; replacing the entire floor is not practical.

There are considerations when contemplating a relocation of Fire Station 2:

- Evaluation of potential sites in process, a building site has not been secured.
- Relocation of fire station 2 does not require additional operational resources.
- A facility needs assessment is included in current strategic plan.

A project summary for the Fire and Rescue Department includes:

Pumper Truck Replacement: Delivered April 2023 and placed into service June 2023.

800mhz Radio Replacement: Vehicle radios installed, awaiting delivery of portable radios which were previously returned.

Fire Hydrant Refinishing: 300 fire hydrants refinished; contractor returns in Spring 2024 to continue project.

Emergency Vehicle Traffic Signal Priority: NCDOT revising engineered drawings of affected intersections along Marion and Lafayette streets.

Fire Ladder Platform Truck: Vehicle is on order with expected delivery in 2026

In conclusion, Chief Hunt explained Shelby Fire and Rescue is in the process of accreditation. The Insurance Services Office (ISO) provides advisory services to insurance companies for underwriting risk and establishing insurance rates in communities. Our 2008 ISO rating was a 4; in 2019 our rating was a 2, which represents a substantial improvement. ISO evaluates municipal fire-protection efforts in communities throughout the United States. 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.

Mayor Anthony recessed the meeting at 12:18 for lunch and reconvened the meeting at 12:48 p.m.

IV. MID-YEAR BUDGET AND FINANCIAL REVIEW – Beth Beam, Finance Director

Mr. Howell introduced Finance Director Beth Beam and stated he has asked her to give an overview of the current debt that the City holds in each fund.

Mrs. Beam reviewed the Monthly Financial Summary for December 2023. With regard to the current property tax collections budgeted and collected, we are at 84% collected which is on track when compared to other years.

With regard to sales tax collections budgeted and collected, Mrs. Beam explained that sales tax revenues are very volatile, and we are seeing a slower trend compared to the pandemic years. The City budgets this item very conservatively, and currently we have received \$83,000 less than this time last year.

Mr. Howell gave more information about the sales tax and stated when the County or Kings Mountain or Boiling Springs raises their taxes, it impacts Shelby. Kings Mountain raised their taxes this past year by 5 cents and that will affect us and our percentage. Mr. Howell also mentioned that property revaluation will occur again in 2025, which will also affect things.

With regard to the utility sales tax distribution (formerly utility franchise tax), Mrs. Beam's chart showed the City has received roughly 27% collected in the first quarter and explained that the amount collected has stayed steady for the past seven years.

With regard to solid waste fees budgeted and collected, Mrs. Beam stated that these collections have increased this year due to the City raising their fees by 5.3%. Our rate is now \$13.93 for one cart being picked up once a week for residential customers. At this point we have collected 51% of this fund.

With regard to the General Fund debt service, Mrs. Beam listed the General Obligation (GO) bonds, the Installment Purchase contracts, and the Hanna Park contract are our debt service for this year. Every year there will be an installment contract that rolls off, but a new one will occur, these are for rolling stock items such as vehicles and capital equipment.

With regard to the General Fund expenditures by division, Mrs. Beam explained these accounts represent departmental expense budgets. Most departments show at mid-year approximately 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, Mrs. Beam explained there are two installment debts in this fund.

Next, Mrs. Beam went over the water revenue worksheet. So far this year our budget amount is \$3.2 million, and we have collected \$3.15 million dollars.

Water Fund Debt Service shows more activity on this fund due to the 2021 refunding bond, 2016 Grover/Morgan waterline bond, and the Water Treatment Plant bond for the clear wells. Also, installment purchase contracts from 2019 – 2023, and the interfund loan that was used for the Uptown streetscape project that retires in 2038.

With regard to sewer revenue and sewer sales, so far this year our budget amount is \$6.6 million, and we've collected \$3.3 million dollars. Mrs. Beam explained the City is \$125,000.00 ahead of what was budgeted through December of this year.

The Sewer Fund Debt service shows 2021 revenue refunding bond, and four loans for the Mall Lift Station, Outfall Project, Wastewater Treatment Plant upgrades, and the Biosolids project loan. These four loans have 0% interest, so they were not retired. There are additional loans for the Natural Gas fund, the Electric fund and Installment Purchase contracts. The Natural Gas fund loan is slated to retire in 2064, but the City has decided to pay \$100,000 each year, instead of \$10,000, so that will drastically reduce the number of years.

With regard to the electric revenues, so far this year our budget amount is \$10,175,000, and we've collected \$10,149,000. Mrs. Beam explained that the City had a basic facility charge increase and energy charge decrease, which benefited our customers.

With regard to electric expenses, Mrs. Beam mentioned that the City purchases their power from the NCMPA1 and also from Southeastern Power Administration and for those two items we have budgeted \$6.25 million, and so far, we have spent \$6,589,000 million dollars, which means we have spent a little more than was budgeted. The electric margin shows us tracking a little bit behind budget so far this year.

Again, the Electric Fund Debt Service shows a 2021 refunding bond. This fund also has four installment purchase contracts from 2019 – 2023. The City will pay approximately \$450,000 debt service for the next three years.

Regarding the Natural Gas revenue, Mrs. Beam explained that in the first six months of the year, the City budgeted \$10,225,000 and we have collected \$7,668,000. Mr. Howell stated that 60% of our sales will be in December, February and March, so those collection numbers will increase.

The Natural Gas expenses shows the 2021 refunding bond, and four installment purchases contracts from 2019 – 2023. Mrs. Beam mentioned we buy gas from Lower Alabama Gas and Direct Energy. The margin shows we are behind budget

by \$741,000.

Mrs. Beam then explained the Utility Funds expenditures which include administration, operations, and purchase of product by department. The Electric fund is slightly over 50% at this time, but the other funds look good. Mrs. Beam provided a chart reflecting the weather variances related to rain, cooling degree days, and heating degree days dated December 31, 2023.

Mrs. Beam unveiled the new debt charts of all of the funds mentioned earlier in a stacked version or a pie chart version. These charts illustrate in varying colors what the debt is for, how much we owe, and some show the interest rate on the loan.

Shell Building #4, Project Grizzly, Hanna Park, the GO Bonds, Uptown, and the Water Treatment Plant upgrades are some of the major projects that have incurred debt, and these charts give a good visual of these debts.

V. HUMAN RESOURCES – Deb Jolly, Director of Human Resources

HUMAN RESOURCES 2023 OVERVIEW

Mrs. Jolly began her presentation by stating that we can't accomplish all the plans and goals the other departments have presented without our employees. She believes most employers struggle with recruitment and retention, and we are no different. The addition of another HR employee that was approved last year has helped but there's still work to do moving forward.

Mrs. Jolly presented the City of Shelby Annual Labor Force Stability Report for full-time employees and reviewed the 2023 turnover percentage, noting it was 15 percent, this is a 0.7% decrease from last year. In 2023 the City had budgeted 346 full time positions, and we lost 52 employees during the year.

Next, Mrs. Jolly discussed the following departments to monitor: Parks and Rec, Police, Engineering, and Water Resources, these departments had the most turnover in 2023.

- Parks and Recreation lost 12 out of 28 full-time employees, which is 43% of the overall turnover (1 retired, 1 was terminated, 1 resigned to stay home, and 9 that left for other jobs).
- Engineering lost 2 out of 7 employees for other employment
- Police lost 16 of 89 employees – 6 of these turnovers were long time employees that retired, which added up to 160 years of experience.
- Fire lost 5 employees in 2023 – 1 was a retiree.
- Public Works – only lost 2 employees this year which was an improvement from 2022.

Today's workforce is different in that after three years, they are anxious to try something new and learn something different.

Mrs. Jolly continued with the 2023 City separations by length of service:

- Less than 1 year service = 18 separations for a total of 34% of turnover rate (12 of these 18 had less than 6 months with the City).
- 1 year – 3 years' service = 13 separations for a total of 25% of turnover rate.
- Greater than 3 years' service (retired) = 10 separations for a total of 19% of turnover rate.
- Greater than 3 years' service (non-retired) = 11 separations for a total of 21% of turnover rate.

These numbers show that 60% of our 52 employees that left had less 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 reviewed the 2023 City separations by various reasons:

- Another job or higher pay – 69.2%
- Relocation – 3.9%
- Termination = 7.7%
- Retirements – 19.2%

Mrs. Jolly said that of the 52 employees that left, 22 employees left for higher pay, some with NCDOT which offer similar jobs but possibly better schedules with no on-call. A couple examples are:

- A firefighter left the City to go to Cleveland County EMS. He was making \$35,000 with us, is now making \$50,000/year, and after he attains his Paramedic certification, he will be making \$63,000.
- An experienced telecommunicator went to work with Cleveland County Communications making \$6.00 more an hour.
- A police officer with 12 years' experience left the City to go to Boiling Springs. He did not take a pay cut but instead of being on patrol he is now a School Resource officer.
- A Field Operations worker, with at least 2 certifications, left us for the City of Newton for \$3.00/hour more and no on-call.
- In Justin Merritt's exit interview last April, he said, "Wages are fair with

the last market adjustment, but it needs to be watched closely in today's climate and adjusted accordingly to maintain competitiveness.”

Mrs. Jolly stated that in the exit interviews she conducted some people said they really like working for the City but they are leaving due to lack of pay, or they don't want to have on-call.

The one-third market study was conducted a few years ago, and this year the pay adjustments will be for sworn police officers, water resources, and electric linemen.

Mrs. Jolly mentioned that with the help of HR's new employee, Gracie Freeman, the City has increased its presence at job fairs, or community events to talk about our available jobs, and educate the community on what jobs the city offers. Mrs. Jolly explained Gracie is using their applicant tracking system, Charlotte's Backyard, Handshake which is a platform used by universities, Job List, Indeed, Simply Hire and other social media programs to show job information.

Additionally, Mrs. Jolly stated that currently the City has 16 vacancies out of 346 employees, in 2022 that number was 41 vacancies out of 344 employees, so a much better vacancy rate (about 5%). In 2022 the City hired 50 full-time employees and we lost 54 employees. This year we've hired 62 full-time employees and only lost 52. Retention is important and finding ways to retain our employees is a goal of HR.

Mrs. Jolly went over the employee tenure charts citywide and for some of our departments. In almost every department, the trend shows that most of our employees have less than five years of experience.

Mrs. Jolly mentioned one new initiative to help recruit and retain employees that we have developed with the Police Department is the Cadet Program. Mrs. Jolly open to doing something similar with the Fire Department.

ECONONMIC DEVELOPMENT – City Manager Rick Howell

Mr. Howell gave some updates on the Shell Building #4 which the City hopes to have an offer soon. He did caution that sometimes during an Election year, companies are more conservative.

Mr. Howell also discussed the City's relationship with the County and with Cleveland County Economic Development Partnership. There has been some changes with both of these entities, but the City will continue moving forward in a positive direction with our Economic Development strategies. Mr. Howell asked for Council's direction as to what the City should do regarding the relationships we have with the County and CCEDP. Council's recommendation is

to schedule a meeting between the Mayor and one or two Council members with the County manager and possibly one or two Commissioners to discuss the concerns.

FISCAL YEAR 2024-2025 BUDGET ASSUMPTIONS

2025 is a revaluation year and property values may increase by 50% countywide; we do not have the numbers yet for the City but should by mid-year.

Mr. Howell explained how the city's sales tax is levied and how Kings Mountain's tax increase this year affects the city's portion that we will receive.

Mr. Howell stated he was unsure if any cost savings would be enough to justify privatization of certain jobs and whether it would be beneficial or not.

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 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 will be reduced significantly.
- Reduced funding for capital improvements on existing buildings/facilities.

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
- Ames Copper plant full operations
- Implement employee cost of living increase for employees (CPI)
- Group health insurance rates may change significantly
- Installment financing of capital equipment and vehicles will be flat
- Continuation of Natural Gas System Asset Management Plan implementation

Mr. Howell presented and discussed the following:

ELECTRIC FUND

- Wholesale power rate reduction from NCMPA1 (% TBD)
- Possible retail rate reduction for customers
- Consideration to be given to applying CPI to base customer charge
- Load growth less than 1%
- Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment
- Implement employee cost of living increase for employees (CPI)
- 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

Mr. Howell presented and discussed the following:

WATER FUND

- Consideration on CPI increase in base rate and rate per 1,000 gallons
- Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment
- Implement employee cost of living increase for employees (CPI)
- Group health insurance rates may change significantly
- Installment financing of capital equipment and vehicles will be flat
- Continuation of capital projects funded by ARP and State appropriations

Mr. Howell presented and discussed the following:

SEWER FUND

- Consideration on CPI increase in base rate and rate per 1,000 gallons
- Implement Year 1 of the 1/3 Employee Pay and Classification Market Study Adjustment
- Implement employee cost of living increase for employees (CPI)
- Group health insurance rates may change significantly
- Installment financing of capital equipment and vehicles will be flat
- Review of system improvements and capital outlay in operational budget
- Continuation of capital projects funded by ARP and State appropriations

DISCUSSION OF COUNCIL PRIORITIES:

- **Neighborhood Clean-up – Somehow encourage landlords and homeowners to do better with general blight cleanup. Trash is thrown beside the trash can when the trash can is full. Make a report of properties that need to be notified. Discussion of minimum housing code and code enforcement followed.**
- **Possibly revise the Traffic Calming Policy to resolve issues and improve the process.**
- **Possibly increase the number of days’ notice for a Public Hearing.**
- **Possibly add a 3rd Bulky Item Week.**
- **Possibly bring Recycling program back.**
- **Possibly implement a Micro-Transit system, similar to Gastonia.**
- **Possibly establish a fund to help support non-profit organizations.**
- **Request a timeline for the dog park that is planned for Sumter Street property.**

The agenda and presentations including staff reports from the 2024 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 Ms. Arth, City Council voted unanimously to adjourn the meeting at 3:58 p.m.

Respectfully submitted,

**Carol Williams
City Clerk**

**O. Stanhope Anthony III
Mayor**

Special Meeting Minutes of January 27, 2024