

MINUTES

Regular Meeting
City Hall Council Chamber

June 2, 2014
Monday, 6:00 p.m.

Present: Mayor O. Stanhope Anthony III, presiding; Council Members Eric Hendrick, David W. White, Jeanette D. Patterson, Ben Kittrell, Dicky Amaya; City Manager Rick Howell, City Clerk Bernadette A. Parduski, NCCMC, MMC, City Attorney Robert W. (Bob) Yelton, Director of Finance Justin S. Merritt, MPA, Director of Human Resources Deborah C. (Deb) Jolly, Director of Utilities Brad R. Cornwell, PLS, EI, City Engineer Ben Yarboro, Fire Chief William P. Hunt, MPA, Director of Public Works Daniel C. (Danny) Darst, Jr., Director of Parks and Recreation Charlie Holtzclaw, Director of Planning and Development Services Walter (Walt) Scharer, AICP; and media representatives

Absent: Council Member Dennis C. Bailey

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

A. Approval of agenda:

1) Motion to adopt the proposed agenda

Mayor Anthony announced the addition of Items B-4 and B-4-a under Special Presentations as follows:

- Foothills Farmers Market Project – Phase II – Kevin Oliver, Area Assistant, Rural Development U S Department of Agriculture
 - Consideration of a resolution accepting the terms and conditions in the Letter of Conditions and authorizing the submission of a Rural Business Enterprise Grant (RBEG) to the U S Department of Agriculture Rural Development Program for the Foothills Farmers Market Project – Phase II: Resolution No. 31-2014

Mr. White requested the addition of Items C-1-a and C-1-b under the Public Hearing as follows:

- Consideration of Fiscal Year (FY) 2014-2015 Budget Ordinance No. 29-2014
- Consideration of Fiscal Year (FY) 2014-2015 Supplemental Budget Ordinance No. 30-2014

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

B. Special Presentations:

- 1) Recognition of Michael Coleman (Mike) Church on the occasion of his retirement from employment with the City of Shelby: Resolution No. 23-2014

Mayor Anthony called upon Mr. Church, who recognized members of his immediate family in attendance. The Mayor formally read and presented framed Resolution No. 23-2014 to Mr. Church. He then presented a shadow box, which displays the key to the City and a 1972 natural gas meter, and a City lapel pin to Mr. Church in honor of and with heartfelt appreciation for his 42 years of dedicated service to the City of Shelby Natural Gas Department.

Humbled by the recognition, Mr. Church expressed his appreciation to all the current and past elected officials, City Managers, and his Utility Director, for supporting him over the years. He commented how he has seen the City grow and the natural gas system expanded County-wide. Mr. Church requested the elected officials remember City employees with wage increases during budget time.

- 2) Recognition of Shelby High School basketball star, Robert Gabriel (Gabe) DeVoe, III: Resolution No. 30-2014

Mayor Anthony called upon Mr. DeVoe, who recognized his parents in attendance. The Mayor formally read and presented framed Resolution No. 30-2014 to Mr. DeVoe. He also presented Mr. DeVoe with a City lapel pin to wear as a memento of his hometown.

- 3) LP Shelby Project follow-up presentation – Stan Lowery, Executive Director, Don Gibson Theatre; Audrey Whetten, Executive Director, Uptown Shelby Association (USA); and Jennipher Harrill

As an update to his presentation from April 2014, Mr. Lowery provided the details of LP Shelby, Shelby's first street art project sponsored by the Don Gibson American Music Foundation of Nashville, Tennessee. The mission of

LP Shelby is to provide increased awareness and interest in the music of Don Gibson, his hometown of Shelby, and the surrounding Cleveland County area. All proceeds of LP Shelby will be donated to arts in education for Cleveland County public schools and the Don Gibson Theatre.

Mr. Lowery stated the project will consist of eleven fiberglass replicas, three feet in diameter, of long playing phonograph record albums decorated by participating local, regional, and national artists including one local high school entry and publicly displayed in Uptown Shelby. Utilizing a slideshow of photographs, Mr. Lowery pointed to the various Uptown locations which include the Don Gibson Theatre, the Arts Center, the Scruggs Center, the Farmers Market Condominiums, the Cleveland County Chamber, Raper-Roark Plaza, and others, including a mobile album for traveling purposes.

Mr. Lowery said the decorated albums will be delivered and ready by mid-June, unveiled in July, and installed for display shortly afterward. The project will be a good photo opportunity for visitors and will last approximately six months, concluding in fall 2014.

Next Ms. Whetten shared her excitement about the LP Shelby Project and elaborated on the tangible and intangible benefits it will bring to Uptown Shelby. Some of the benefits of the project include increased foot traffic, an additional attraction component, and a walking route leading visitors throughout Uptown Shelby. In addition, Ms. Whetten anticipates increased visibility on social media due to LP Shelby and its effect will promote Uptown Shelby. She also mentioned the LP Shelby walking route coincides well with a healthy living component. Ms. Whetten said LP Shelby offers a sense of cultural vibrancy and fosters the arts and musical heritage theme shared and supported by the USA organization. In that regard, Ms. Whetten is in the planning stages of an event to celebrate the LP Shelby Project once the decorated albums are in place.

Lastly Mrs. Harrill discussed the healthy community lifestyle aspect as well as the social media side of the LP Shelby Project. The proposed walking/running/biking trail will be readily available to all, easy to navigate, educational, and family-friendly. Regarding social media, a hashtag will be developed and visitors will be able to check in to win theatre tickets on Facebook, Twitter, and Instagram.

Mr. Amaya suggested providing the LP Shelby link to various websites.

Council received the information and took no action.

- 4) Foothills Farmers Market Project – Phase II – Kevin Oliver, Area Assistant, Rural Development United States Department of Agriculture (USDA)

Mr. Oliver stated the City of Shelby has applied for a grant in the amount of \$99,000 from the USDA Rural Business Enterprise Grant Program. The proposed grant funds will be used to complete Phase II development for the City's facility and project known as the Foothills Farmers Market. Phase II activities include storm drainage, the addition of building pods for public restrooms, a market manager's office, enclosed equipment storage, and a secure garage bay for the market truck.

Mr. Oliver further stated in order to proceed with grant processing, Council must accept and agree to the conditions set forth in the Letter of Conditions. He reviewed the conditions, the City's responsibilities as an applicant and grantee, and compliance standards. Mr. Oliver mentioned the documents listed and attached to the Letter of Conditions for consideration and execution in order to proceed with the City's application.

Next Mr. Howell reminded Council the Foothills Farmers Market Project Phase I, which is the construction of the shade pavilion, is underway. If this grant is approved, the City will have to bid Phase II, which includes additions to the pavilion. The timeline for completing Phase II, as required by the grant, would involve beginning construction in September 2014 with a completion date by September 30, 2015.

Mr. Howell introduced Resolution No. 31-2014 for Council's consideration. If approved, the resolution accepts the conditions set forth by the USDA and authorizes the execution of documents associated with the grant application as required and described in the Letter of Conditions. After the Phase II bidding process, he will schedule a report back to Council on the project.

- a. Consideration of a resolution accepting the terms and conditions in the Letter of Conditions and authorizing the submission of a Rural Business Enterprise Grant (RBEG) to the U S Department of Agriculture Rural Development Program for the Foothills Farmers Market Project – Phase II: Resolution No. 31-2014

ACTION TAKEN: Upon a motion made by Mr. Amaya, City Council voted unanimously to approve and adopt Resolution No. 31-2014 entitled, "A RESOLUTION ACCEPTING THE TERMS AND CONDITIONS IN THE LETTER OF CONDITIONS AND AUTHORIZING THE SUBMISSION OF A RURAL BUSINESS ENTERPRISE GRANT (RBEG) TO THE U S DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT PROGRAM FOR THE FOOTHILLS FARMERS MARKET PROJECT – PHASE II".

C. Public Hearing:

1) Proposed Fiscal Year (FY) 2014-2015 Annual Operating Budget for the City of Shelby

Mayor Anthony opened the public hearing at 6:37 p.m. and invited comments from the public.

The public offered no comments and Mayor Anthony closed the public hearing at 6:38 p.m.

Mr. Howell provided a recap of the previous budget sessions and his budget message. He stated the budget is balanced and meets all the applicable requirements of the North Carolina Local Government Budget and Fiscal Control Act. As the designated budget officer, it is the responsibility of the City Manager to give the governing board a fiscally responsible budget that sets forth appropriate funding levels in order to provide services to citizens at desired levels as determined by City Council.

For perspective on revenues, Mr. Howell stated this year's total budget net increase for all funds is \$5 million over the previous fiscal year. It has, once again, been a difficult budget preparation process without a property tax increase.

Mr. Howell summarized the budget increases as follows:

- The City must implement the State sales taxes on the sale of electricity and a new tax on natural gas to its customers. It is estimated these taxes will cost customers \$1,300,000 annually. The City does not retain this money. It is all remitted to the State of North Carolina.**
- Purchase of replacement aerial firefighting apparatus, estimated cost \$800,000. This is not an annually recurring expenditure.**
- Health insurance premiums increase 30% or \$660,000. This is an annually recurring expenditure.**
- A 2 percent payroll increase with a cost range between \$250,000 and \$300,000. This is an annually recurring expenditure.**
- Accelerate street resurfacing, curbing and sidewalk repair program by a one-time appropriation of Powell Bill reserves in the amount of \$336,000. This is not an annually recurring expenditure.**
- Implementation of the State mandated Phase II Stormwater Program**

will cost \$530,000. This is an annually recurring expenditure.

- A percent increase in the cost to purchase wholesale power is estimated to cost \$340,000. This is an annually recurring expenditure.
- Natural gas system improvements and system growth \$400,000.
- Water system improvements \$150,000.
- Sewer system improvements and increase in debt service payments for Mall Area Sewer Lift Station loan \$200,000.

Mr. Howell added the utility rate increases have been kept at reasonable levels as follows:

- Water Fund – 2 percent increase for all inside City schedules
- Sewer Fund – 3 percent increase for all inside City schedules
- Electric Fund – 2 percent increase for all electric rate schedules

Mr. Howell further stated the current level of general services provided by the City today is not and will not be sustainable in the near future without steady tax base growth, a series of tax rate adjustments, or a combination of the two. As long as the City must rely on property taxes as its primary revenue source for these services, the sustainability without significantly higher growth is in question. The current economic downturn and a decline in property values with revaluation slated for 2016 provides additional concern.

The only upward movement can be directly attributed to the industrial tax base growth within the Foothills Commerce Center as well as some of the commercial growth.

Mr. Howell reiterated the ability to maintain such a low tax rate will depend upon the economy and the future growth in revenues. If future sales and/or property tax revenues further flatten or even decline, this will greatly impact the ability to maintain this tax rate without significantly impacting the departments delivering General Fund services.

Mr. Howell concluded by commending City staff for their budget preparations and for remaining committed and dedicated to deliver the expected high quality of services to Shelby's citizens and customers considering the continued economic challenges facing the City.

Mr. White expressed his appreciation to Mr. Howell and to staff for their work on the budget, stating he is amazed the proposed budget does not include a property tax rate increase.

Mr. Howell responded it is important to note that while the General Fund budget addresses the basic needs of FY 2014-2015, it is still too reliant on the transfer of Natural Gas funds.

- a. Consideration of Fiscal Year (FY) 2014-2015 Budget Ordinance No. 29-2014

ACTION TAKEN: Upon a motion made by Mr. Amaya, City Council voted unanimously to approve and adopt Ordinance No. 29-2014 entitled, "Fiscal Year (FY) 2014-2015 Budget Ordinance".

- b. Consideration of Fiscal Year (FY) 2014-2015 Supplemental Budget Ordinance No. 30-2014

ACTION TAKEN: Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Ordinance No. 30-2014 entitled, "Fiscal Year (FY) 2014-2015 Supplemental Budget Ordinance".

D. Consent Agenda:

ACTION TAKEN: Mayor Anthony presented the consent agenda. Mr. Amaya made a motion to approve the consent agenda and each item as presented. The consent agenda and following items were unanimously approved:

- 1) Approval of the Minutes of the Regular Meeting of May 19, 2014
- 2) Approval of Special Event Permit Application:
 - a. 2014 North Carolina Official Liver Mush Festival, requested date: October 18, 2014

END CONSENT AGENDA

E. Unfinished Business:

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

Mrs. Parduski reported the terms of three incumbents, Will Rucker (Extraterritorial jurisdiction (ETJ) member), Carl Whaley, and Janis Evans Tucker conclude June 2014. All three incumbents wish to continue their service.

Applications on file in the Clerk's Office include:

- Charles Hamrick
- Sandra Yarbrow
- Greg Taylor

Mrs. Parduski noted there are no applications from ETJ residents on file.

Mr. Kittrell nominated Charles Hamrick.

Mr. White nominated Janis Evans Tucker and Greg Taylor.

ACTION TAKEN: Upon a motion made by Mr. Amaya, City Council voted unanimously to close the nominations.

Council cast the following votes:

Charles Hamrick received three affirmative votes (Hendrick, Patterson, and Kittrell).

Greg Taylor received a unanimous vote.

Janis Evans Tucker received two affirmative votes (White and Amaya).

ACTION TAKEN: Upon a motion made by Mr. White, City Council voted unanimously to appoint Charles Hamrick and Greg Taylor to new terms concluding June 2017.

Mr. Amaya nominated Will Rucker for reappointment as an ETJ member.

ACTION TAKEN: Upon a motion made by Mr. Amaya, City Council voted unanimously to close the nominations.

Council cast the following votes:

Will Rucker received three affirmative votes (White, Patterson, and Amaya).

ACTION TAKEN: Upon a motion made by Mr. Amaya, City Council voted 3 (White, Patterson, and Amaya) to 2 (Hendrick and Kittrell) to reappoint Will

Rucker as an ETJ member to a new term concluding June 2017.

F. New Business: None

G. City Manager's Report:

- 1) Mr. Howell stated the Foothills Farmers Market Shade Pavilion Project is moving forward and site mobilization is scheduled for June 23, 2014.
- 2) Mr. Howell updated Council on the City's Wayfinding Signage Program. The City has contracted with Frazier Associates for the project and is utilizing travel and tourism reserve funds to install 30 to 40 signs around Shelby this summer.
- 3) Mr. Howell mentioned the barriers have been removed from the sidewalk cafes in Uptown Shelby. City staff is aware and monitoring the ongoing compliance issues.
- 4) Mr. Howell reported the City's Sports Complex Lighting Grant Application was not funded by the Baseball Tomorrow Fund. However, Mr. Howell suggested Council consider utilizing this year's net increase in retained earnings to fund the project as a one-time capital expenditure.

H. Council Announcements and Remarks:

- 1) Mayor Anthony reminded all to attend the Shelby City Park Ribbon Cutting at the tennis courts on June 3, 2014 at 4:00 p.m.

I. Closed Session:

- 1) To approve the Minutes and General Account of the Closed Session of May 19, 2014
- 2) To discuss matters relating to the location or expansion of an industry pursuant to North Carolina General Statute 143-318.11 (a) (4)

ACTION TAKEN: Mr. Amaya made a motion to enter into a closed session pursuant to the appropriate North Carolina General Statute as cited. Council consulted with Mr. Yelton who advised that the topic met the statutory requirements for a closed session. The Mayor invited all Council members present and Mr. Howell, Mr. Yelton, and Mrs. Parduski to attend. The motion passed unanimously and Council moved into closed session at 7:09 p.m.

ACTION TAKEN: Upon a motion by Mr. Amaya, City Council voted

unanimously to return to regular session at 7:42 p.m.

J. Adjournment:

1) Motion to adjourn

ACTION TAKEN: Upon a motion made by Mr. Amaya, City Council voted unanimously to adjourn the meeting at 7:43 p.m.

Respectfully submitted,

Bernadette A. Parduski, NCCMC, MMC
City Clerk

O. Stanhope Anthony III
Mayor

Minutes of June 2, 2014