

## MINUTES

Regular Meeting  
City Hall Council Chamber

May 16, 2011  
Monday, 6:00 p.m.

**Present:** Mayor W. Ted Alexander, presiding; Council Members Christopher H. (Chris) Mabry, O. Stanhope (Stan) Anthony, III, Jeanette D. Patterson, Dennis C. Bailey, Joel R. Shores, Jr., Andrew L. Hopper, Sr.; City Manager Rick Howell, City Attorney Robert W. (Bob) Yelton, City Clerk Bernadette A. Parduski, MMC, Director of Finance Theodore B. (Ted) Phillips, CPA, Director of Human Resources Deborah C. (Deb) Jolly, Director of Utilities Brad R. Cornwell, PLS, EI, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, Director of Parks and Recreation Charlie Holtzclaw, Director of Planning Services Walter (Walt) Scharer, AICP; and media representatives

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

### A. Approval of agenda:

#### 1) Motion to adopt the proposed agenda

At the request of Mr. Shores and Mr. Bailey, Mayor Alexander announced that Items E-5 and E-3, respectively, under the Consent Agenda be removed and placed under New Business as Items G-1 and G-2, respectively, as follows:

- Consideration of a resolution acknowledging and accepting the City of Shelby Water and Sewer Asset Management Plan: Resolution No. 28-2011
- Consideration of a resolution authorizing compensation levels for the Chairman and Board Members of the Shelby Alcoholic Beverage Control (ABC) Board: Resolution No. 26-2011

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

### B. Special Presentations:

**1) Recognition of the Mayor's Outstanding Volunteer Service Recipient for April 2011: Dale Pennington**

In 2010, Mayor Alexander said he became aware of a shoe charity based in Raleigh, North Carolina known as Share Our Shoes (SOS) that coordinates and receives donations of shoes, recycles them, and distributes them to victims of homelessness, financial distress, natural disasters, and countries where the necessities of life are often non-existent. The Mayor deemed to recognize Mr. Pennington who volunteered, launched, and orchestrated shoe drives throughout Cleveland County at local schools, churches, businesses, and community organizations. At the close of Shelby's drive in March 2011, more than 5,200 pairs of shoes were deposited at the SOS warehouse and any time that shoes are needed in this community, they can be withdrawn on an ongoing basis. Approximately half the shoes have been earmarked for Shelby's sister city, Jinotega, Nicaragua as well.

The Mayor also mentioned that eyeglasses were collected for donation in partnership with the Shelby Lions Club.

Mayor Alexander called upon Dale Pennington and acknowledged him for his successful efforts with the "Shelby Sharing Shoes" program. He presented a certificate to Mr. Pennington on behalf of the City of Shelby.

**2) Historic Shelby Foundation – Bill McCarter, President**

Mr. McCarter began his presentation by stating that May has been designated as Historic Preservation Month, both in Shelby and at the national level. The Historic Shelby Foundation sponsored a one-day workshop on wood window conservation and repair held May 14, 2011 at 601 East Warren Street by David Hoggard. Mr. Hoggard is the owner of Double Hung Windows of Greensboro, North Carolina and his presentation was part of the local recognition of National Preservation Month observances in May.

As background information, Mr. McCarter stated that Historic Shelby Foundation has three properties listed in the National Register of Historic Places namely the Central Shelby Historic District, East Marion-Belvedere Park Historic District, and West Warren Street Historic District. He added that many sites listed in the National Register arrange for a commemorative plaque, which an individual owner can obtain from Historic Shelby Foundation.

Mr. McCarter concluded by acknowledging Mayor Alexander and Planning Director Walt Scharer as Historic Shelby Foundation board members. Lastly,

he distributed the book entitled, Architectural Perspectives of Cleveland County, North Carolina, to Council.

Council received the information and took no action.

**3) Water and Sewer Asset Management Plan – Dennie R. Martin, President, Martin-McGill, Inc. and Mike Waresak, PE, McGill Associates**

Mr. Howell introduced the subject matter of the presentation by stating that over the last several years staff has placed a great deal of emphasis on the need for future planning. The City's utility systems are no exception. The water and sewer systems are, without a doubt, vitally important to what any city is or can be in the future. This is true not only from a public health standpoint but also from an economic development standpoint. Mr. Howell reminded Council that the City was awarded a grant to evaluate the systems and develop a plan that addresses current system deficiencies, future needs, and how much it may cost to address them. Martin-McGill Associates was retained to conduct the study and develop the plan. Working very closely with management and staff, they have put together a systematic approach to not only the City's growth of these two systems but also to the ongoing maintenance and required upgrades of both systems.

Next Mr. Martin introduced himself and Mike Waresak, an engineer with McGill Associates. Describing the team effort approach to the project, Mr. Martin said many hours were spent analyzing financial data as well as preparing engineering reports and cost estimates for the projects identified in the plan.

Mr. Martin began the presentation with the methodology utilized to prepare the City of Shelby Water and Sewer Asset Management Plan which included the following:

- Inventory of the water and sewer assets
- Technical needs assessment
- Capital Improvement Plan
- Financial Plan for the water and sewer enterprise funds
- Review of the present rate structure and recommendations

As background, Mr. Martin stated that the City's water and sewer programs are separate enterprise funds with total current budgets and outstanding debt as follows:

- Water – Budget: \$3.9 million; Debt: \$4.8 million
- Sewer – Budget: \$4.96 million; Debt: \$6.4 million

**Mr. Martin provided the present status of the assets by category:**

- **Water lines**
- **Sewer lines**
- **Other facilities – treatment, storage, and pumps**

**Overall, he concluded that the systems are well managed and maintained; however, there are substantial capital needs primarily due to age.**

**Mr. Martin continued his general assessment by stating that projected costs to maintain or replace current water and sewer lines are expected to be greater in the future. He noted that 30 percent of the water lines and 32 percent of the sewer lines were installed before 1960 while installation dates for an additional 5.3 percent of the sewer lines are not known.**

**Next Mr. Waresak continued the presentation detailing the assessment process through the Capital Improvements Plan (CIP) approach as follows:**

- **Identified needed capital projects over 20-year planning period**
- **Prioritized projects to be implemented over next 10 years**
- **Reviewed previously completed reports**
- **Gathered GIS infrastructure data and historic flow records**
- **Performed site visits to critical facilities**
- **Obtained City staff input and held progress meetings**
- **Coordinated with the City's Comprehensive Land Use Plan**

**Mr. Waresak stated that based on the Comprehensive Land Use Plan's projected growth in the service area, future long-term water and wastewater demand is estimated at 18.22 MGD. No Treatment Plant capacity expansions are recommended in the initial 10 years of the plan; however, large industrial water users would impact the projected time of expansions.**

**Mr. Waresak reviewed the City's Water System:**

**For Water Supply and Treatment**

- **Water supply source**
  - **First Broad River (primary supply)**
  - **Broad River (secondary supply)**
- **Water Treatment Plant**
  - **12.0 MGD capacity**
  - **4.6 MGD current production**

- **Priority needs**
  - Water Plant backflow prevention system
  - Water Plant valve and pump replacements
  - Secondary raw water intake and pump station

#### **For the Water Distribution System**

- **Current system**
  - Approximately 218 miles of water lines
  - Elevated tanks (3) – 1.75 MG finished water storage
- **Priority needs to improve service conditions**
  - New water tank – East side
  - Water line replacements to improve system pressures and fire flows
  - NC 226 Water line – US 74 to Washburn Switch Road

**Mr. Waresak reviewed the City's Wastewater System:**

#### **For Wastewater Treatment**

- **First Broad River Wastewater Treatment Plant**
  - 6.0 MGD capacity
  - 2.5 MGD current average flow
  - Recent permit lowers effluent limits
- **Priority needs**
  - Expand aeration basin
  - Expand sludge storage and pumping
  - Compost facility improvements
  - Headworks and clarifier improvements

#### **For Wastewater Collection**

- **Current System**
  - Approximately 189 miles of gravity sewer lines
  - 19 pump stations and 19 miles of force mains
  - City maintains Fallston and Kingstown pump stations
- **Priority needs to improve aging facilities**
  - Infiltration/inflow (I/I) reduction rehabilitation projects
  - Cleveland Mall pump station replacement
  - Caitlin pump station elimination
  - J & C pump station improvements

Mr. Waresak projected cost estimates for the Water System within the 10-year plan as follows:

<b>Water Supply and Treatment</b>	
Year 1 – Backflow prevention	\$ 100,000
Years 5-6 – Replace valves and pumps	950,000
Year 9 – Secondary intake/pump station	5,000,000
Subtotal	\$6,050,000
<b>Water Distribution</b>	
Year 1 – East Water Tank	\$ 1,650,000
Years 6-7 – NC 226 water lines	1,790,000
Years 6-9 – Water line replacements	9,674,800
Subtotal	\$13,114,800

Mr. Waresak projected cost estimates for the Wastewater System within the 10-year plan as follows:

<b>Wastewater Collection</b>	
Years 1-10 – I/I reduction projects	\$ 5,575,000
Year 1 – Cleveland Mall pump station	800,000
Year 1 – Caitlin pump station elimination	250,000
Year 3 – J & C pump station	750,000
Year 9 – Little Hickory Creek outfall	2,502,500
Year 9 – Eastside Sewer Phase 2	4,747,000
Subtotal	\$14,624,500
<b>Wastewater Treatment Plant</b>	
Year 3 – Improvements	\$ 6,710,000

Mr. Waresak summarized the Capital Improvements Plan covering 10 years as follows:

Water	\$22,200,000
Wastewater	23,300,000
<b>TOTAL</b>	<b>\$45,500,000</b>

Mr. Martin discussed funding the Capital Improvements Plan as financed utilizing two sources:

- Capital outlay – cash from operations
  - Water – \$3.5 million
  - Sewer – \$7.5 million

- Debt – borrowed funds
  - Water – \$18.7 million
  - Sewer – \$15.8 million

Mr. Martin explained that he prepared the financial analysis in conjunction with the Capital Improvements Plans for both the water and sewer funds by projecting revenues and expenditures; considering the CIPs, operating costs, and system growth; and ultimately indicating a need for increases in revenues including:

- Water revenue increases annually from Fiscal Year 2012 – 2021
- Sewer revenue increases annually from Fiscal Year 2012 – 2016

Mr. Martin then reviewed the reasons for the proposed water rate structure as follows:

- To comply with North Carolina drought legislation and Water System Efficiency Standards
- To ensure sufficient revenue to accomplish City objectives
- To minimize financial impact on users
- To maximize grant eligibility

Mr. Martin noted the proposed changes in the water rate structure as follows:

- Residential Water Inside Customer – change current declining block rate structure and merge three rate blocks to a flat, uniform rate schedule in order to comply with legislation
- Residential Water Outside Customer – merge three rate blocks to a flat, uniform rate at a 2 to 1 differential (2 times inside rate)
- Create irrigation rates for inside and outside customers
- Commercial Water Inside Customer – create commercial rates by merging two rate blocks
- Commercial Water Outside Customer – create commercial rates by merging two rate blocks at a 2 to 1 differential (2 times inside rate)
- Large Industrial Water Inside Customer – create industrial rates by merging all rate blocks
- Resale Water Customer – merge two rate blocks

Mr. Martin noted the proposed changes in the sewer rate structure as follows:

- Sewer Outside Metered Customer, Sewer Outside Unmetered Customer, and Sewer Outside Unmetered Pump Customer – change to a 2 to 1 differential (2 times inside rate)

Discussion followed and some of the issues raised included discrepancies in the proposed water rate structure (the residential water inside customer rate of \$2.40 versus commercial water inside customer rate of \$1.80 versus the large industrial water inside customer rate of \$1.60), the need for a new water tank on the City's East side for storage and to help with constricted flow in the area, and the necessity for permanent water intakes and pumps at the Broad River.

Mr. Martin concluded by reiterating that the proposed rate changes are necessary to be in compliance with regulations and recommending the Asset Management Plan and CIP should be reviewed and updated annually.

Council received the information and will consider a resolution acknowledging and accepting the City of Shelby Water and Sewer Asset Management Plan under New Business.

C. Public Comment: None

D. Public Hearing:

- 1) Consideration of an ordinance amending the zoning map of the City of Shelby, North Carolina: Ordinance No. 18-2011

Request to rezone properties located at 1010 South Dekalb Street from the Residential 8 (R8) District to the Neighborhood Business (NB) District and 1014 South Dekalb Street from the Residential 6 (R6) District to the Neighborhood Business (NB) District

Cleveland County Parcel Identification Numbers: 23213 and 23214 or Tax Map S49, Block 8, Lots 4 and 5

Utilizing a map of the area, Mr. Scharer pointed to two adjacent parcels located at 1010 and 1014 South Dekalb Street, which were part of an old mill village that surrounded the mill in the area. Both of these lots were zoned R6 on the original zoning map from the 1950s. The .55 acre site is located across the street from Shelby High School and just south of the intersection of South Dekalb Street and East Dixon Boulevard. The applicant has requested a zoning change from the Residential 8 (R8) District and the Residential 6 (R6) District to the Neighborhood Business (NB) District. Mr. Scharer stated the City's Comprehensive Land Use Plan designates the subject properties as part of a Major Activity Center.

Upon questioning, Mr. Scharer described the Corridor Protection District



(CPD) as currently established on South Dekalb Street. It is intended to serve uses found in Major Activity Center areas. The CPD has as its major objectives to promote a sensitive conversion of vacant land to more urban uses; support development that is compatible with and enhances the visual attractiveness of the area; promote well-planned, economically viable development; ensure safe and efficient traffic flow; and avoid uncoordinated strip development patterns.

There was discussion regarding the Planning and Zoning Board's unanimous recommendation for this zoning map amendment which is inconsistent with the Comprehensive Land Use Plan. Mr. Scharer noted that the subject properties have lost their single family residential character and the Comprehensive Land Use Plan identifies this area as a Major Activity Center. Although the NB zoning district does not meet the Major Activity Center criteria, the proposal is a step toward the ultimate goal for the Major Activity Center. The NB zoning district does allow a mixture of uses such as small commercial uses and multi-family uses.

Mayor Alexander opened the public hearing at 7:32 p.m. and invited comments from the public:

Carl Whaley who resides at 213 Birdie Lane in Shelby, North Carolina spoke in favor of his rezoning request and stated that the NB zoning district, rather than the Corridor Protection District, was chosen on the application due to the slope of the lots which may require additional grading and a larger retaining wall.

Mr. Howell advised Council that it must in its deliberations consider any and all uses specified in the proposed NB District. The recommendation submitted by the Planning and Zoning Board is advisory in nature and Council may act as it deems appropriate taking into consideration other factors including public comment. Pursuant to North Carolina General Statutes, when adopting or rejecting any zoning amendment, the governing board shall also approve a statement describing whether its action is consistent with an adopted comprehensive plan and any other officially adopted plan that is applicable, and briefly explaining why the board considers the action taken to be reasonable and in the public interest.

Discussion continued as to applying and issuing a conditional use permit as an option and zoning restrictions for both the Corridor Protection and Neighborhood Business Districts.

Mayor Alexander closed the public hearing at 7:42 p.m.

**Mr. Yelton advised Council that the ordinance as written only acknowledges that the Planning and Zoning Board found that the subject zoning change is inconsistent with the City's Comprehensive Land Use Plan. Council must also make and approve that finding.**

**Mr. Bailey withdrew his original motion to approve and added the following language to Ordinance No. 18-2011:**

**Section 1. This zoning change is inconsistent with the City of Shelby Comprehensive Land Use Plan.**

**ACTION TAKEN: Upon a motion by Mr. Bailey, second by Mrs. Patterson, City Council voted 5 to 1 (Shores) to approve and adopt Ordinance No. 18-2011 entitled, "AN ORDINANCE AMENDING THE ZONING MAP OF THE CITY OF SHELBY, NORTH CAROLINA", as amended.**

**E. Consent Agenda:**

**ACTION TAKEN: Mayor Alexander presented the consent agenda. Mr. Bailey made a motion to approve the consent agenda and each item as presented. After a second from Mrs. Patterson, the consent agenda and following items were unanimously approved:**

- 1) Approval of the Minutes of the Regular Meeting of May 2, 2011**
- 2) Approval of a resolution declaring May as National Preservation Month within the City of Shelby, North Carolina: Resolution No. 25-2011**
- 3) REMOVED AND PLACED UNDER NEW BUSINESS AS ITEM G-2**

**Approval of a resolution authorizing compensation levels for the Chairman and Board Members of the Shelby Alcoholic Beverage Control (ABC) Board: Resolution No. 26-2011**

- 4) Approval of a resolution ratifying the purchase of real property located on Beaumonde Avenue: Resolution No. 27-2011**

- 5) REMOVED AND PLACED UNDER NEW BUSINESS AS ITEM G-1**

**Approval of a resolution acknowledging and accepting the City of Shelby Water and Sewer Asset Management Plan: Resolution No. 28-2011**

**END CONSENT AGENDA**

**F. Unfinished Business: None**

**G. New Business:**

- 1) **Consideration of a resolution acknowledging and accepting the City of Shelby Water and Sewer Asset Management Plan: Resolution No. 28-2011**

**Acknowledging Council's concerns regarding the proposed rate structures included in the City of Shelby Water and Sewer Asset Management Plan as previously discussed, Mr. Howell suggested the following change to Resolution No. 28-2011:**

**Section 1: The City Council acknowledges and accepts the document entitled the City of Shelby Water and Sewer Asset Management Plan.**

**After discussion, Mr. Shores recommended the following amendment to Resolution No. 28-2011:**

**Section 1: The City Council acknowledges, accepts, and approves for information purposes the document entitled the City of Shelby Water and Asset Management Plan.**

**ACTION TAKEN: Upon a motion by Mr. Shores, second by Mr. Hopper, City Council voted unanimously to approve and adopt Resolution No. 28-2011 entitled, "A RESOLUTION ACKNOWLEDGING AND ACCEPTING THE CITY OF SHELBY WATER AND SEWER ASSET MANAGEMENT PLAN", as amended.**

- 2) **Consideration of a resolution authorizing compensation levels for the Chairman and Board Members of the Shelby Alcoholic Beverage Control (ABC) Board: Resolution No. 26-2011**

**Mr. Bailey requested clarification regarding the current level of compensation received by the Shelby ABC Board members.**

**As background information, Mr. Howell explained that Council previously approved Resolution No. 70-2010 in September 2010, which did not comply with the revised statute governing compensation for local ABC boards. After receiving notification from the ABC Commission, Mr. Howell informed Chair Phil Hege that according to the amended statute, ABC board members could no longer receive non-monetary compensation or benefits. This specifically affected the Shelby ABC Board in that life insurance and dental insurance premiums were being paid directly on their behalf. At that time, Chair Hege stated the board would pursue clarification from the North Carolina Department of Justice. An advisory letter was issued by the North Carolina**

Attorney General Office's in January 2011 reiterating the language of the statute that compensation shall not exceed \$150.00 per board meeting unless otherwise approved by the appointing authority and that no local board member shall receive non-monetary compensation.

Mr. Bailey recommended the following amendment to Resolution No. 26-2011:

WHEREAS, the City Council believes the level of compensation noted in the preceding paragraph is reasonable and appropriate given the responsibilities of the five (5) member board; and ...

**ACTION TAKEN:** Upon a motion by Mr. Bailey, second by Mr. Anthony, City Council voted unanimously to approve and adopt Resolution No. 26-2011 entitled, "A RESOLUTION AUTHORIZING COMPENSATION LEVELS FOR THE CHAIRMAN AND BOARD MEMBERS OF THE SHELBY ALCOHOLIC BEVERAGE CONTROL (ABC) BOARD", as amended.

Mayor Alexander declared a recess at 8:01 p.m. and reconvened the meeting at 8:09 p.m.

#### H. City Manager's Report:

- 1) Mr. Howell provided Council with brief progress reports on two projects, the Foothills Commerce Center and the Job Ready Shell Building.
- 2) Mr. Howell stated he received two proposals for the City's Curbside Recycling Program on May 13, 2011.
- 3) Budget Discussion of Water and Sewer Funds

Mr. Howell distributed handouts relating to the water fund which included a five year history of water sales, proposed Fiscal Year 2011-2012 water fund expenditures, water fund personnel costs including water administration, water lines, and the water plant; and line item details for each department within the water fund. The water fund documents are incorporated by reference and made a part of the 2011-2012 City Council Budget Workbook. In the context of the Water and Sewer Asset Management Plan just presented, Mr. Howell reviewed the details of the water fund charts and stated there are no significant changes over last year's budget. He stated that the lack of revenue can be explained by declining customers' consumption and conservation due to current economic conditions, however, previous rate increases have stabilized the situation. Mr. Howell said this budget does not assume any rate increase at this point in time although a 5 percent increase was originally considered and needed for projects. If consumption drops

dramatically or an essential project arises, a rate increase would most likely be recommended.

Next Mr. Howell distributed handouts relating to the sewer fund which included a five year history of sewer sales, proposed Fiscal Year 2011-2012 sewer fund expenditures, sewer fund personnel costs including sewer administration, sewer lines, and the treatment plant; and line item details for each department within the sewer fund. The sewer fund documents are incorporated by reference and made a part of the 2011-2012 City Council Budget Workbook. In the context of the Water and Sewer Asset Management Plan just presented, Mr. Howell reviewed the details of the sewer fund charts and stated there are no significant changes over last year's budget. Although the sewer budget is similar to the water budget, a Wastewater Treatment Plant upgrade will be required by the State. The Wastewater Treatment Plant was originally constructed in the 1960s, was upgraded in 1993, and has had no significant improvements since then. Mr. Howell stated the City will have to undergo a planning process and develop a funding plan. He said this budget does not assume any rate increase at this point in time despite the need for this plant upgrade.

Mr. Howell added that the same budgetary assumptions proposed for the general fund apply to both the water and sewer funds.

By consensus, Council set a special meeting for May 26, 2011 at 11:30 a.m. to conduct a budget session to review the City's electric and natural gas funds.

**I. Council Announcements and Remarks:**

- 1) Mr. Bailey said he participated and enjoyed the City of Shelby Employee Golf Tournament held May 14, 2011 at City Park's Royster Memorial Golf Course. He added participants were impressed with the facilities and the course.
- 2) Mr. Hopper said the North Carolina Boxing Authority sanctioned events held at City Park on May 13 and 14, 2011. He added boxing officials were very complimentary of the facilities as well.
- 3) Mrs. Patterson said she, Mr. Mabry, Mr. Anthony, and Mr. Anthony's son, Perry, joined Keep Shelby Beautiful Commission members and volunteers at the cleanup event held on May 14, 2011 in the Chestnut Street neighborhood.

**J. Adjournment:**

**1) Motion to adjourn**

**ACTION TAKEN:** Upon a motion by Mr. Shores, second by Mr. Hopper, City Council voted unanimously to adjourn the meeting at 8:55 p.m.

**Respectfully submitted,**

**Bernadette A. Parduski, MMC  
City Clerk**

**W. Ted Alexander  
Mayor**

**Minutes of May 16, A. D. 2011**