The Cleveland County Board of Commissioners met on this date, at the hour of 6:00 p.m. in the Commission Chambers of the Cleveland County Administrative Offices.

**PRESENT:**
- Kevin Gordon, Chairman
- Deb Hardin, Vice-Chair
- Johnny Hutchins, Commissioner
- Ronnie Whetstine, Commissioner
- Doug Bridges, Commissioner
- Tim Moore, County Attorney
- Brian Epley, County Manager
- Phyllis Nowlen, Clerk to the Board
- Kerri Melton, Assistant County Manager
- Katie Swanson, Social Services Director
- Tiffany Hansen, Health Department Director
- Martha Thompson, Chief Deputy Attorney
- Perry Davis, Emergency Management Director/Fire Marshal
- Scott Bowman, Maintenance Director
- Allison Mauney, Human Resources Director
- Lucas Jackson, Finance Director
- Sherry Lavender, Tax Assessor
- Daryl Sando, Electronic Maintenance Director
- Jason Falls, Business Development Director
- Josh Davis, Solid Waste Director
- Tommy McNeilly, Emergency Medical Services Director

**CALL TO ORDER**

Chairman Gordon called the meeting to order and the Shelby Civitan Club provided the invocation and led the audience in the Pledge of Allegiance.

**AGENDA ADOPTION**

**ACTION:** Commissioner Hardin made the motion, seconded by Commissioner Bridges and unanimously adopted by the Board to, *approve the agenda as presented.*

**SPECIAL PRESENTATION**

Chairman Gordon recognized Employee Support Manager Dr. Eric Davis to present certificates of appreciation to the Shelby Civitan Club. The Shelby Civitan Club is a club dedicated to developing civic-minded leaders in Shelby and Cleveland County. In May 2022, the club donated $20,000 to the “*In God We Trust*” Chaplain’s fund, housed in the Cleveland County Sheriff’s Office. This fund is to help those in need of short-term assistance in emergencies such as food, clothing, shelter, transportation, medical care, financial and other types of aid. Commissioners each gave kind remarks to the Shelby Civitan Club for the donation commenting on the positive impact it will have on the community.
EMPLOYEE SUPPORT PROGRAM

Dr. Davis remained at the podium to present the in-house Employee Support Program to Board members. The Employee Support Program was created as an added tool for the county’s culture of wellness and is available to all county employees and their families offering counseling sessions, referrals and resource options to address personal or work-related challenges and concerns. Dr. Davis reviewed the progress of the program to date, peer support options and information regarding the Chaplain’s fund. The following PowerPoint was presented to Commissioners.

Employee Support Manager

Dr. Eric Davis

Available to all County employees and their families for encouragement and/or counseling

- Stress
- Sleep
- Healthy Living
- Relationships
- Trauma
- Spiritual
- Family
- Marriage
- Meth/Heroin
- Critical Incidents
- Trauma
- Grief
- Addictions
- Trauma
- And other types of counseling

Dr. Eric Davis, Employee Support Manager

- 40+ year career in ministry
- Doctorate in Pastoral Care and Counseling
- 17 years, Lead Chaplain for the Cleveland County Sheriff’s Office and Communications Division
- 8 years, Chaplain for Cleveland County EMS, Cleveland County Emergency Management, and our county’s Volunteer Fire Departments
- Cleveland County Employee Support Manager

Progress to Date

February – June 2022

- Provided over 1000 sessions to nearly 200 employees (and family members)
- 12 free Huntington Health Flutters for veterans and caregivers
- 38 hours of chaplaincy training
- Peer Support Chaplains for 23 law enforcement agencies, 16 probation officers
- Developed and led week of Story Speaks for the CCSO
- Met monthly 2nd Thurs for CCW and Emergency Life Support and other county employees
- Critical Incidents/Debriefings: (312) and Megaplanet
- 900-9600-5 (581) 8992892

Chaplain’s Fund Established

(In God We Trust Fund)

- $50,000 established by the Shelby Civitan Club
- Other financial assistance to be provided by the funds of the Chaplain’s fund and other local and regional organizations
- Peer support in crisis assistance as well as sponsorship for 911’s with special needs

CERTIFIED PEER SUPPORT TEAMMATE/LEADER

CERTIFIED PEER SUPPORT TEAMMATE/LEADER

CERTIFIED PEER SUPPORT TEAMMATE/LEADER

CERTIFIED PEER SUPPORT TEAMMATE/LEADER

CERTIFIED PEER SUPPORT TEAMMATE/LEADER
CITIZEN RECOGNITION

No one registered to speak.

CONSENT AGENDA

APPROVAL OF MINUTES

The Clerk to the Board included the Minutes from May 17, 2022 regular meeting in Board members’ packets.

ACTION: Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and passed unanimously by the Board to, approve the minutes as written.

FINANCE DEPARTMENT: MONTHLY MANAGER’S REPORT

- EMS central administration transition continues to progress. All closings are complete with Shelby Rescue – including building, rolling stock and equipment. The County also recently closed on a new base location in Lawndale and is in the process of renovations. These renovations will be complete by 6/10/2022 – with complete staffing by 7/1/2022.

- The County’s general fund procurement policy has been underway for the month of May and will continue through June. This includes liquidation of all purchase orders, encumbrances, and non-essential spends. Finance staff is preparing for fiscal year end close date of 6/30/2022. Audit preparation is also underway.

- Shell Building IV (Artee Rd) is now underway. Hickory Construction was able to mobilize grading this week – the project is expected to be substantially complete by quarter one of 2023.

- The County contracted with Moseley Architect’s for engineering and design services for the proposed Justice Center Campus. Moseley is currently in the Schematic Design Phase of the project. County staff is currently working through contract discussions with the selected CMAR (Yates/Metcon). Preconstruction services are also being evaluated.

TRAVEL AND TOURISM: BUDGET AMENDMENT (BNA #061)

ACTION: Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, approve the following budget amendment:

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Project Code</th>
<th>Department/Account Name</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>010.422.4.409.00</td>
<td></td>
<td>Travel &amp; Tourism/Local Revenues</td>
<td>$2,680.00</td>
<td></td>
</tr>
<tr>
<td>010.422.5.210.00</td>
<td></td>
<td>Travel &amp; Tourism/Departmental Supply</td>
<td>$300.00</td>
<td></td>
</tr>
<tr>
<td>010.422.5.310.00</td>
<td></td>
<td>Travel &amp; Tourism/Travel-Training</td>
<td>$380.00</td>
<td></td>
</tr>
<tr>
<td>010.422.5.370.00</td>
<td></td>
<td>Travel &amp; Tourism/Advertising-Promotions</td>
<td>$2,000.00</td>
<td></td>
</tr>
</tbody>
</table>

Explanation of Revisions: Budget allocation $2,680 in donations from Lure Creative Designs for Ad Revenue Profits for County Visitor Guides.

SHERIFF’S OFFICE: BUDGET AMENDMENT (BNA #062)

ACTION: Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, approve the following budget amendment:
<table>
<thead>
<tr>
<th>Account Number</th>
<th>Project Code</th>
<th>Department/Account Name</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>010.443.4.810.09</td>
<td></td>
<td>State Forfeiture Property/Donations-Cap Equip Genrl</td>
<td>$6,070.00</td>
<td></td>
</tr>
<tr>
<td>010.443.5.790.09</td>
<td></td>
<td>State Forfeiture Property/Donations-Cap Equip Genrl</td>
<td>$6,070.00</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation of Revisions:** Budget allocation for $6,070 via donation of a 2010 Hyundai Santa Fe that was received from the State Forfeiture Property through the Court System.

**SHERIFF’S OFFICE: BUDGET AMENDMENT (BNA #063)**

**ACTION:** Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, **approve the following budget amendment:**

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Project Code</th>
<th>Department/Account Name</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>010.438.4.350.00</td>
<td>ICAC-22/23</td>
<td>Law Enforcement Grants/State Govt Grants</td>
<td>$73,255.00</td>
<td></td>
</tr>
<tr>
<td>010.438.5.910.00</td>
<td>ICAC-22/23</td>
<td>Law Enforcement Grants/State Govt Grants</td>
<td>$73,255.00</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation of Revisions:** Budget allocation for $73,255 in funds received from the North Carolina Sheriff’s Association (NCSA) to assist the Sheriff’s Office with investigations of internet crimes against children.

**HEALTH DEPARTMENT: BUDGET AMENDMENT (BNA #064)**

**ACTION:** Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, **approve the following budget amendment:**

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Project Code</th>
<th>Department/Account Name</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>012.548.4.540.00</td>
<td>CODAP/Contracted Revenue</td>
<td></td>
<td>$4,850.00</td>
<td></td>
</tr>
<tr>
<td>012.548.5.370.00</td>
<td>CODAP/Advertising-Promotions</td>
<td></td>
<td>$4,850.00</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation of Revisions:** Budget allocation for $4,850 in additional funds from Partner’s Behavioral Health Management services to support the Cleveland Community Collaborative’s promotion of prescription drop box locations in Cleveland County by utilizing Red Box kiosks throughout the county.

**PLANNING DEPARTMENT: REQUEST TO SET PUBLIC HEARING FOR TUESDAY, JULY 12, 2022 FOR CASE 22-17: REQUEST TO REZONE PROPERTY AT 110 WARE LOOP DRIVE FROM RESIDENTIAL (R) TO NEIGHBORHOOD BUSINESS – CONDITIONAL USE (NB-CU) FOR A RECREATIONAL VEHICLE PARK**

Parcel 61396 is 8.68 acres, located at 110 Ware Loop Road and is currently zoned Residential (R) with a small portion zoned R15 in the Kings Mountain ETJ. The applicant, Jeffrey DeCaro, is asking to rezone this to Neighborhood Business – Conditional Use (NB-CU) for an eight-unit RV park and two homes in subdivided parcels. The surrounding zoning is a mix of Residential to the north and west and Suburban Residential to the south and east in the Kings Mountain ETJ. Surrounding uses are mostly single-family residences and a few vacant tracts. The Land Use Plan calls this area Future Primary and is very close to the Future Secondary district. Higher impact uses like RV parks are supported in the Primary Growth area when there is appropriate transportation infrastructure. This project is located between Ware Loop Drive and Brook Road, with Oak Grove Road just south. All three of these roads are public roads that are maintained by the North Carolina Department of Transportation (NCDOT).

**ACTION:** Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, **approve setting the public hearing as requested.**
**PLANNING DEPARTMENT: REQUEST TO SET PUBLIC HEARING FOR TUESDAY, JULY 12, 2022 FOR CASE 22-18: REQUEST TO REZONE PROPERTY AT 1622 LONG BRANCH ROAD FROM LIGHT INDUSTRIAL (LI) TO HEAVY INDUSTRIAL (HI)**

Parcel 10481 is 24.7 acres, located at 1622 Long Branch Road in Grover. The parcel is currently zoned Light Industrial and the applicant, Michael Aho, is asking to rezone this to Heavy Industrial. The surrounding zoning and uses are a mix of Light and Heavy Industrial, General Business (GB), Residential (R), Residential Manufactured Home Parks (RMH) and large vacant tracts of land. The Land Use Plan calls this area Future Secondary Growth and it borders the Future Primary Growth area. Higher impact uses like heavy industrial allowances are supported here in areas that can support them. The South Battleground Avenue corridor has the infrastructure to support these types of uses.

**ACTION:** Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, *approve setting the public hearing as requested.*

**JUVENILE CRIME PREVENTION COUNCIL ANNUAL REPORT**

Annually, the Juvenile Crime Prevention Council (JCPC) comes to the Board of Commissioners to seek their approval on their annual list of priorities. This does not have any direct cost to the county but does require action on the Board’s part to approve their funding priorities for the fiscal year. Recommendations for FY 2022-2023 funding are:

- Juvenile Mediation $30,000.00*
- Roots and Wings; STEPS $53,619.00
- Cleveland Early Intervention, CCS $40,000.00*
- Cleveland County Teen Court, CIS $54,662.00
- Cleveland County Community Service and Restitution $30,000.00*
- Kids at Work, $40,000.00*
- PORT Program $24,193.00*
- Forward Focus $40,000.00 (New Program 2022-2023)
- JCPC Administration $5560.00

*Programs funded for two years beginning in FY 2021-2022 and the amount funded for FY 2022-2023 remained the same.

**ACTION:** Commissioner Bridges made the motion, seconded by Commissioner Whetstine and unanimously approved by the Board to, *approve the Cleveland County Juvenile Crime Prevention Council Annual Plan and Funding Allocation for 2022 – 2023.*

**LEGAL DEPARTMENT: SALE OF COUNTY OWNED PROPERTY – PARCEL 43596**

Parcel 43596 is a county-owned property located on Cabiness Drive in Shelby. Cleveland County acquired this property through foreclosure proceedings in 2007 and has incurred costs in the amount of $3,924.80 for accrued unpaid taxes and interest and county costs. This parcel of land has no residual structures and has a tax value of $10,786. At the May 17, 2022 regular Commissioners’ meeting, the Board approved advertising to open the upset bid process pursuant to North Carolina General Statutes. The final offer of $26,500 exceeds County costs and is $15,714 above tax value equaling a gain of $22,575.20.
**ACTION:** Commissioner Bridges made a motion, seconded by Commissioner Whetstone, and unanimously approved by the Board to, authorize County staff to prepare the deed to complete the sale of the property.

### Breakdown of county cost for Cabiness Drive, Parcel No.: 43596

<table>
<thead>
<tr>
<th>Costs</th>
<th>Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes and Interest</td>
<td>$2,469.22</td>
</tr>
<tr>
<td>Court Cost</td>
<td>$80.00</td>
</tr>
<tr>
<td>Attorney’s Fees</td>
<td>$600.00</td>
</tr>
<tr>
<td>Service Fee</td>
<td>$30.00</td>
</tr>
<tr>
<td>Advertisement Fee</td>
<td>$421.73</td>
</tr>
<tr>
<td>Guardian Ad Litem Fee</td>
<td>0.00</td>
</tr>
<tr>
<td>5% Commission</td>
<td>$180.05</td>
</tr>
<tr>
<td>Clerk’s Commission</td>
<td>$10.80</td>
</tr>
<tr>
<td>Deed</td>
<td>$125.00</td>
</tr>
<tr>
<td>Revenue Stamp</td>
<td>$8.00</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$3,924.80</strong></td>
</tr>
</tbody>
</table>

**Resolution:**

13-2022

Resolution Accepting Negotiated Offer and Upset Bid for Parcel 43596  

WHEREAS, Cleveland County received an offer to sell and adhered to the upset bid procedures pursuant to N.C.G.S. § 160A-176 and N.C.G.S. § 160A-269 et seq. of its May 17, 2022 Resolution as to a certain property it owns identified, as follows:

**Parcel #** 43596  
**Location** Cabiness Drive, Shelby  
**Highest Offer** BYJ Properties, LLC  
**Current Offer** $28,500.00

WHEREAS, the time is ripe for the County to review and determine whether to accept or reject the highest bids by analyzing the bids and the property:

WHEREAS, the County has incurred expenses and has outstanding property taxes due on the property identified above reflected as follows:

<table>
<thead>
<tr>
<th>Parcel #</th>
<th>2022 Tax Value</th>
<th>Current Offer</th>
<th>TOTAL Owed (Taxes + FC owed</th>
<th>Gain (Loss)</th>
<th>Would be 2022 Tax payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>43596</td>
<td>$10,786.00</td>
<td>$28,500.00</td>
<td>$3,924.80</td>
<td>$22,757.20</td>
<td>$129.97</td>
</tr>
</tbody>
</table>

WHEREAS, the County expects offers to cover the indebtedness of any property through this bid process, with the intention to sell property for a sum that is equal to or in excess of the amount owed to the County when measurable and that takes into consideration a rational relationship to the tax value of the property at issue; and

WHEREAS, the bid on parcel 43596 is the sale bid(s) that covers the outstanding indebtedness on the property and is also over the current tax value.

WHEREAS, notice of this Board’s intention to accept the offer and instructions for the upset bid process were published in The Shelby Star on May 20, 2022; and

WHEREAS, the County received no other offers for the property during the upset bid process.

**Therefore, the Cleveland County Board of Commissioners resolves that:**

1. The Board of Commissioners approve the sale to BYJ Properties, LLC of the property identified as parcel #43596 located at Cabiness Drive, Shelby, NC for the sum of $28,500.00 in cash, money order or certified check and authorize Clerk of Courts to sign the property deed and recorded it to the property, LLC upon payment and instruct County staff to prepare the quitclaim deed to be delivered to BYJ Properties, LLC in case of contingent payment.

Adopted this 7th day of June 2022.

ATTEST:

[Signature]

Kevin Simkins, Chairman
Cleveland County Board of Commissioners

[Stamp]
LEGAL DEPARTMENT: LAND TRANSFER – PARCEL 33309

North Carolina General Statute § 160A-274 authorizes the County to convey to other governmental units any property that the County owns on terms that the County deems appropriate. Cleveland County Water, a unit of government, has requested that the County transfer a 0.50-acre portion of parcel 33309, to Cleveland County Water which has offered $3,500 for the .50-acre property.
ACTION: Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously approved by the Board to, authorize County staff to prepare the deed to complete the transfer of the property.
LEGAL DEPARTMENT: ABC PERMIT DESIGNEE

A referendum for county-wide sales of malt beverages and unfortified wine (beer and wine) passed at the May 17, 2022 election. The County must now designate a county official to provide opinions to the Alcoholic Beverage Control Commission (ABC) on the suitability of permit applications. The North Carolina ABC Commission is the sole determiner of who receives permits for the sale, manufacturing and distribution of beer and wine. In accordance with North Carolina General Statute 18B-904(f), before issuing a retail permit, the North Carolina ABC Commission shall determine the applicant is a suitable person and the location is a suitable place. The governing body of a county designates an official to make recommendations concerning the suitability of a person or of a location for an ABC retail permit.

ACTION: Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, approve the County Manager as the Cleveland County Alcoholic Beverage Control Commission designee. 

 Resolution

RESOLUTION OF CLEVELAND COUNTY REGARDING THE DESIGNATION OF AN OFFICIAL TO MAKE RECOMMENDATIONS TO THE NORTH CAROLINA ALCOHOLIC BEVERAGE CONTROL COMMISSION ON ABC PERMIT APPLICATIONS

WHEREAS G.S.18B-904(f) authorizes a governing body to designate an official, by name or by petition, to make recommendations concerning the suitability of persons or locations for ABC permits; and

WHEREAS Cleveland County, North Carolina wishes to notify the NC ABC Commission of its designation as required by G.S.18B-904(f);

BE IT THEREFORE RESOLVED, that the County Manager of Cleveland County, North Carolina, is hereby designated to notify the North Carolina Alcoholic Beverage Control Commission of the recommendations of the Board of Commissioners for Cleveland County regarding the suitability of persons and locations for ABC permits within its jurisdiction.

BE IT FURTHER RESOLVED that notices to Cleveland County, should be mailed or delivered to the County Manager at the following address:

Mailing address: PO Box 1210 Shelby NC 28151
Office location: County Administrative Building
311 East Marion Street Shelby, NC 28150
Phone: 704-484-4860

Adopted this 3rd day of June 2022

[Signature]
Kevin Gordon, Chairman
Cleveland County Board of Commissioners

ATTEST:
Phyllis Nelesen, Clerk to the Board
Cleveland County Board of Commissioners
REGISTER OF DEEDS: REVIEW OFFICER RESOLUTION

North Carolina General Statute § 47-30.2 requires the County to, by resolution, designate by name one or more persons as review officers to review maps and plats before they are presented to the Register of Deeds for recording. The proposed resolution confirms Shana Camp’s appointment as a review officer effective January 19, 2021.

ACTION: Commissioner Bridges made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board to, approve the Review Officer resolution.

PUBLIC HEARING

FY 2022 – 2023 COUNTY MANAGER’S RECOMMENDED BUDGET

Chairman Gordon recognized County Manager Brian Epley to present the FY 2022 – 2023 County Manager’s Recommended Budget. The Board was reminded on May 20, 2022, that a full copy of the proposed FY 2022 – 2023 budget became available for public inspection at the following locations:

- Office of the Clerk to the Board, 311 E Marion Street, Shelby (during normal business hours)
- Cleveland County Public Libraries (Boiling Springs, Kings Mountain, Lawndale, Shelby)

In a period of rising costs, it is important for Commissioners to be clear with their goals and priorities to direct staff with the allocation of resources. The proposed general fund is balanced at $126.5MM dollars with a tax rate of 54.75 cents and a school tax rate of 14 cents. There is no recommendation for a tax increase.
Following the Board’s February 2022 work session, a top priority for this year was to continue to execute the facility master plan with a specific focus on the Justice Center. Other priorities include the success in recruiting and now hosting a highly competitive national shooting match at the Foothills Shooting Complex, continuing the partnership with Cleveland County School System to get an adequate long-term capital facility plan and working through the county’s own public safety strategic plan. Improving Community Health Rankings also continues to be a top priority for the Board. Lastly, maintaining Cleveland County as an “Employer of Choice” is a Commissioner’s priority. The county needs to have competitive pay, modern policies and continue to work towards career progression.

Many of the county’s revenues are predicated on the performance of the economy. Cleveland County’s economy has shown resilience. There are many other towns and counties that have seen a dramatic negative impact over the last 24 months, specific to economic performance. Since 2020, the county, like many other organizations across the country, experienced economic declines due to the COVID-19 pandemic. As the country has shifted from a pandemic to an endemic with regulations lifted, the rebound growth exploded and has now stabilized. The county’s home sales are strong, people are shopping and the unemployment rate of people who are actively seeking or already working is 3.2%.

National data shows confidence in economic recovery from COVID-19. Sales Tax is performing at an unprecedented rate and people want to re-engage in pre-pandemic activity. The rising real inflation rates must be recognized; fuel prices have increased by 40%, and construction costs, depending on what type of materials are needed, have double-digit increases. Although Cleveland County currently has a 3.2% unemployment rate, the labor force participation rate is only 61%.

For FY 2022 – 2023, the expected tax base is $10.6 billion dollars. This will be comprised of all real property, personal property, state boards and motor vehicle. It is essential for the county to maintain a recession-ready budget, recognizing that conservatism, and being principle-driven, are critical. In revenue forecasting, staff tried to diversify revenue sources to reduce the dependency on property tax and sales tax. If an organization is overly reliant on sales tax, meaning the percentage of total revenue portfolio is balanced on sales tax, if the economy dips, that will apply pressure to the budget. It’s the same with property tax, if there’s a loss in revenue in other places, there’s a strain on that property tax.

When building the budget, it starts with analyzing the base. There is no incremental budgeting in Cleveland County, every budget begins with a zero base and staff builds to it. The proposed budget does not include money from the American Recovery Plan Act or opioid settlement dollars as those large one-time funds could jeopardize future analytical budget comparisons. Those funds will be placed in their own individual spending plans. The county does have an approved spending plan through the North Carolina Recovery Office and external auditors.

Staff has a three-phase systemic approach to employee pay with the first being a living wage adjustment. This adjustment focuses on lower-paid employees who are working full-time and not earning a living wage. There
is an organizational-wide recommended Cost-of-Living Adjustment (COLA) effective July 1, 2022 with the continuation of the employee performance pay. There is a recommendation for 10 additional Full-Time Employees (FTEs). As reviewed previously, there is economic and people growth in Cleveland County and across the country which has caused the need for additional FTEs. These 10 new positions include:

- 4 Deputy Sheriffs
- 1 Information Technology Position
- 1 E-911 Telecommunicator
- 1 Emergency Management/Fire Marshal Position
- 1 Animal Services Officer
- 2 Environmental Health Officers

Through Commissioner’s vision, there has been a very intentional reallocation of resources without growth in the entirety of the budget. Staff has been able to reallocate resources from other functional areas to make the budget align more closely with the Board’s policy. Mr. Epley gave an executive review of the Commissioner’s Focus Area of fiscal sustainability which included goals such as Cleveland County being an employer of choice, executing the capital plan, and leveraging an unprecedented opportunity to affect federal grant money opportunities. Moving into the next fiscal year, staff has several strategies to support the reengineering of funds and resources such as stop/loss adjustments, technology savings, building/department consolidations and position justifications.

The employee wellness plan is $10MM and is self-funded with 827 covered lives. This fund pays for items such as health claims, biometrics, the Wellness Center and HSA contributions. This fund continues to exceed expectations. The savings from this fund pay bills, fund programs and advance the Board of Commissioners’ strategic plan. The cost reduction has been achieved through disease management programs, pre-diabetes classes, reduced rates for YMCA membership and a culture of wellness. The continuation of these programs is included in the proposed budget. The Charlotte Business Journal named Cleveland County an Employer of Choice in their top group of small and mid-sized employers for employee wellness and culture. Spousal and dependent coverage remains unchanged for the 12th straight year.

Public safety remains one of the primary focus areas of the Commissioner’s strategic plan. Creation of a Public Safety Strategic Plan, a goal of the Board, is expected to be complete by the early fall of 2023. The seamless transition to a centralized EMS system, a recommendation from the Public Safety Strategic Plan, has improved response time and patient outcomes. Other areas under public safety include developing a nuisance ordinance, successful completion of the public safety campus and maintaining support for the Volunteer Fire Departments. As the community grows, resources in these departments will need to be re-evaluated and right-sized.

The recommended Fire Service tax rate remains unchanged at 8.75 cents with a total allocation of $5.1MM. Included in the proposed budget is an increase to both the hourly wage and per call stipend. The hourly wage will increase to $15.00. An increase in operations allocation will give departments the ability to provide Saturday and Sunday daytime coverage.
Cleveland County’s community health ranking is currently 81st out of all 100 counties in North Carolina. Improving community wellness has been on the Board’s strategic plan for the last four years. This is being talked about by the local hospital, schools and other community partners and is an endeavor being led by this Board. Resources are allocated in the budget to the community base initiative in an effort to impact community health in a positive way. The two county departments that fundamentally impact community wellness are public health and social services. Other peer counties that compare to Cleveland County in demographics such as population size, budget, median income, poverty level, etc. are performing at a much higher level in community health. Data continues to show poverty, lack of accessible health care, and behavioral lifestyles such as poor diet, exercise, tobacco and alcohol use are resulting in premature deaths, obesity, strokes, etc., for the citizens of Cleveland County. Staff has been able to further refine those to these specific census tracts, giving a roadmap to implement community-based education and care, with a focus on impacting citizens’ lives in a positive way.

Broadband access to the residents of Cleveland County is also a priority focus on the Commissioners’ strategic plan. The county has resources and a budget to assist with broadband expansion throughout the community. Currently, there are three opportunities for broadband expansion. The first one is called RDOF. The governmental relations expert from Charter Communications presented at a Commissioners’ meeting during the fall of 2021 a plan that will be executed over the next five years, with no local dollar impact, to provide internet access. It would provide high-speed internet to 1,960 homes in the county. There are two other opportunities: the Great Grant and the CAB Grant. Both of these require a local funding match. The American Recovery Plan dollars will provide that match. The Great Grant would provide additional internet coverage to 1,200 homes. By 2025, 90% of Cleveland County residents will have access to broadband.

Mr. Epley reviewed the Economic Development Focus Area. Goals include growth in the county including agricultural economic development, the upcoming national shooting competition and shell building projects. Staff is currently in partnership with the City of Shelby for the anticipated completion of Shell Building 4 by the end of 2022. The Shell Building 5 project may be located on the former Dover Mill site. There are resources allocated to finish construction, design and grading to get that site pad ready. Commissioners were briefed about the FY 2022–2023 Capital Projects Improvement Plan that includes a public defender’s office, Health/DSS Co-location, E-911 Communications Center, new Board of Elections location and the Justice Center Campus. The county has a 10-year payout for debt function maintenance. In the absence of new debt instruments, Cleveland County will have the debt paid off by 2033. Staff has been very intentional about positioning the county to have debt capacity, improving the county’s bond rating.

The goal for Cleveland County Schools (CCS) is to have dedicated funding for future capital as well as teacher supplements and financial equity with no impact on charter schools. Commissioners directed staff to create an escrow funding source for CCS. The account, dedicated to supplements and capital was created. A total of
$700,000 was added to the Commissioner-controlled escrow. Mr. Epley next discussed Community College funding.

There are 58 community colleges in North Carolina. Most of those are funded by multiple counties not on a single county funding model. When compared to peer counties, Cleveland Community College (CCC) has a fair and favorable comparison, which gives staff a benchmark to better understand the funding level and keep the community college competitive. Since 2018, annual funding for the community college has increased to $549,000 per year. In FY 2022, county funding was increased by 17%. Included in the budget is also an in-kind contribution being offered over the next five years, for a parcel of land located on Highway 180, which will add another $39,950 to their funding.

The Cleveland County Solid Waste Department operates on a budget of $11.9MM. Of all the operational departments in the county, rising inflationary costs have impacted this department more so than any other. Necessary operation costs such as steel trays, heavy equipment and motor fuel have an incredible impact on the FY 2022 – 2023 budget. There is life left in the county landfill but as household waste decomposes, the county has the responsibility of monitoring and ensuring the environmental side of the budget is being accounted for. The landfill has a $22.5MM unfunded liability and the funding of the landfill. Funding the Solid Waste Department is much less about people, fuel and equipment and more about future obligations and environmental reporting. Included in the proposed budget is a $1 per ton fee for litter clean-up. Staff has asked an engineering firm to complete a review and proposal for a rate stabilization plan that includes a 10% increase in tipping fees this year, followed by a residual 3% increase through 2033. Cleveland County’s tipping fees are lower than many of the open and operated landfills around the area. There has been growth, investment and improvements in the county’s collection sites focusing on safety, efficiency, and customer experience. The following information and PowerPoint were presented to Commissioners.
Budget Calendar

- December 2021 – Department Head Kickoff
- January 2022 – Mid Year Financial Report
- February 2022 – Budget Work-Session
- May 2022 – Budget Presentation
- June 2022 – Budget Adoption

Economic Outlook & FY 23 Revenue Forecast

Local Key Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2021</th>
<th>2022</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Growth</td>
<td>+5.0%</td>
<td>+4.0%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Residential Home Sales</td>
<td>+20%</td>
<td>+15%</td>
<td>-5%</td>
</tr>
<tr>
<td>Land Use Revenues</td>
<td>+5%</td>
<td>+4%</td>
<td>-1%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>+2.0%</td>
<td>+2.5%</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Consumer Budget</td>
<td>+15%</td>
<td>+12%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Economic Conditions

Revenue Portfolio Diversification

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Property Tax</th>
<th>Sales Tax</th>
<th>Other (including licenses)</th>
<th>Property Tax Dependency</th>
<th>Sales Tax Dependency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleveland</td>
<td>106.10%</td>
<td>45.2%</td>
<td>50.8%</td>
<td>54.5%</td>
<td>50.8%</td>
</tr>
<tr>
<td>Limestone</td>
<td>100.00%</td>
<td>49.48%</td>
<td>50.52%</td>
<td>54.52%</td>
<td>50.52%</td>
</tr>
<tr>
<td>Forest</td>
<td>98.79%</td>
<td>48.49%</td>
<td>51.51%</td>
<td>55.51%</td>
<td>51.51%</td>
</tr>
<tr>
<td>Barberoh</td>
<td>100.00%</td>
<td>49.87%</td>
<td>50.13%</td>
<td>54.13%</td>
<td>50.13%</td>
</tr>
<tr>
<td>Athea</td>
<td>102.63%</td>
<td>48.25%</td>
<td>51.75%</td>
<td>55.75%</td>
<td>51.75%</td>
</tr>
<tr>
<td>Shaaz</td>
<td>100.00%</td>
<td>48.72%</td>
<td>51.28%</td>
<td>55.28%</td>
<td>51.28%</td>
</tr>
<tr>
<td>Combined</td>
<td>100.00%</td>
<td>49.34%</td>
<td>50.66%</td>
<td>54.66%</td>
<td>50.66%</td>
</tr>
</tbody>
</table>

FY 23 Commissioners Top Priorities

- Department Budget Meetings (24)
- Community Features
- Legislative Priorities
- Master Economic Forecast
- Strategic Clark Revenue Omaha
- Commissioner Check-ins

COVID-19 didn’t reduce our revenues

The Good News: Our Economy Has Shown Resiliency

Revenue Forecasting Principals

Conservative approach / Recession Ready
Amidst continued uncertainty, we rely on data
Diversification of revenue sources is critical

Property Tax Valuation

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total County Tax Base</td>
<td>$6,108,500</td>
<td>$6,244,500</td>
<td>$6,706,500</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>37 cents</td>
<td>37 cents</td>
<td>37 cents</td>
</tr>
<tr>
<td>Value of Penny</td>
<td>$0.015</td>
<td>$0.015</td>
<td>$0.015</td>
</tr>
</tbody>
</table>

County General Changes in Revenue

<table>
<thead>
<tr>
<th>Type of Revenue</th>
<th>Fiscal Year 2020</th>
<th>Fiscal Year 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$13,029,000</td>
<td>$13,591,000</td>
<td>4.3%</td>
</tr>
<tr>
<td>Sales &amp; Services</td>
<td>$2,331,983</td>
<td>$2,624,983</td>
<td>12.4%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$2,763,000</td>
<td>$2,859,000</td>
<td>3.4%</td>
</tr>
<tr>
<td>Total</td>
<td>$27,124,983</td>
<td>$29,004,983</td>
<td>6.9%</td>
</tr>
</tbody>
</table>
FY 23 General Fund Budget Highlights

- General Fund Tax Rate: 0.88% Costs
- Cleveland County Council Recommittee Costs: 0.63% Costs
- Does Not Include Any FICA Funding
- Developed Infrastructure
- Includes Base Funding (additional surplus (73%) Offsite Data Services Allocation and Center Campus
- Anticipates Reimburse from Majority of Prior Year Revenue Loss
- Does Not Include Non-Annualized Healthcare
- Three phase systematic approach to expenses per Governing Body/Adjunct/Staff Operational Day
  - 33 Additional 10k
  - 2 Travel Detail
  - 179k
  - 1 Financial Management
  - 1 Animal Services Officer
  - 1 Environmental Health Officers

Priority Based Budget Expenditure by Function

Fiscal Year 2015
1. Human Services.................35%
2. Education...................29%
3. Public Safety..................39%
4. Economic Development...........08%
5. General Government...........08%
6. Cultural & Rec................01%

Proposed Fiscal Year 2023
1. Human Services.................27%
2. Education...................27%
3. Public Safety..................27%
4. Economic Development...........04%
5. General Government...........11%
6. Cultural & Rec...............04%

FY 23 Strategic Plan Focus Areas

FY23 Re-engineering Summary (Year 8)

Current Year Cost Re-Engineering
1. Legal Services..................$ 452k
2. Technology Services............$ 338k
3. Building Renovations...........$ 299k
4. Public Defender Office...........$ 236k
5. Previous Initiative..............$ 300k

Fiscal Sustainability

Employer of Choice
Capital Plan Execution
Leveraging State & Federal Grant Opportunities
Fund Balance Growth > 20%
Re-engineering Innovation & Implementation

Investment into Technology
自动化，安全，和客户界面
Organizational Approach To Human Capital

Personnel Requests

<table>
<thead>
<tr>
<th>Department</th>
<th>Request</th>
<th>Recommended</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Services</td>
<td>12</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Public Health</td>
<td>2</td>
<td>2 (even)</td>
<td>$50,000</td>
</tr>
<tr>
<td>Sheriff's Department</td>
<td>6</td>
<td>4</td>
<td>$50,000</td>
</tr>
<tr>
<td>Emergency Management</td>
<td>1</td>
<td>1</td>
<td>$50,000</td>
</tr>
<tr>
<td>Communications</td>
<td>1</td>
<td>1</td>
<td>$50,000</td>
</tr>
<tr>
<td>Animal Services</td>
<td>1</td>
<td>1</td>
<td>$50,000</td>
</tr>
<tr>
<td>T.T.</td>
<td>1</td>
<td>1</td>
<td>$50,000</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>10</td>
<td>$502,000</td>
</tr>
</tbody>
</table>

FY 23 Human Capital Investment

1.) Living Wage Adjustment
- Applies to all employees that currently earn less than $20,000 - $50,000
- Applies to hourly rate increase for 70 F/T employees
- Progressive increase up to 5% Average increase of 4.8%
- Based on gap between current earnings and living wage
Total Cost: $420,000

2.) COLA Adjustment
- 3% Adjustment 1/1/2023
- TIE % Adjustment 1/2/2023
- 1% increase in COLA (5%) Total Cost: $1,240

3.) Performance Pay
- 1.5% 4/1/2023
- 1.5% 4/1/2023
Total Cost: $63,000

Investment into Our People

Performance Management System

Employee Wellness Performance

Public Safety Funding

<table>
<thead>
<tr>
<th>Department</th>
<th>FY 22</th>
<th>FY 23</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detention Center</td>
<td>$7,452,045</td>
<td>$7,575,570</td>
<td>6.5%</td>
</tr>
<tr>
<td>Sheriff’s Department</td>
<td>$10,050,040</td>
<td>$11,495,022</td>
<td>12.1%</td>
</tr>
<tr>
<td>Emergency Medical Services</td>
<td>$7,861,804</td>
<td>$8,197,991</td>
<td>3.6%</td>
</tr>
<tr>
<td>Emergency Management</td>
<td>$419,440</td>
<td>$496,517</td>
<td>15.5%</td>
</tr>
<tr>
<td>E-911 Communications</td>
<td>$4,444,097</td>
<td>$4,715,152</td>
<td>6.1%</td>
</tr>
<tr>
<td>Total Public Safety</td>
<td>$27,287,458</td>
<td>$29,879,264</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

Public Safety

Completion of Public Safety Strategic Plan
Central Administered EMA System
Develop a nuisance ordinance
Design and Construct a Public Safety Campus
Maintain support for County Volunteer Fire Departments
Community Wellness

- Improvement in Community Health Rankings
- Effective Use of Opioid Settlement Funds
- Expansion of Existing Trail Systems & Exploration of New Opportunities
- Implementation of a Long-Term Solid Waste Handling System – Commercial & Residential

Citizen Engagement

- Explore Partnerships that Support Broadband Expansion
- Focus on Support of Municipal Development & Community Place Making
- Implementation of Pilot Citizens Academy
- Community Beautification & Litter Cleanup Programs
- Marketing Communication & Implementation of New Animal Services Ordinance

Economic Development

- Recruitment and Execution of National Shooting Competition Hosted by Firehills Public Shooting Complex
- Intentional Support Of Agriculturally Based Economic Development
- Further Product Development for Shell Building Program and Land Acquisition
- Sustainable Partnership with Cleveland County Fair Association
- Investment into Execution of Travel Tourism Strategic Plan

Commitment to Capital Planning

Capital Improvement Plan Funding

Public Education Funding FY 23

Cleveland County Schools – County Budget

Commissioner Goals:
- Additional Dedicated Funding For Education Capital & Teacher Supplements
- Financial Equity
- No Impact on Charter Schools
Public Education Revenue Sources

- FY 21
  - Property: $13.9
  - Local: $10.25
  - Unrestricted Sales: $3.3
  - Local Capital: $1.40
  - Restricted Capital: $1.45

- FY 22
  - Property: $13.9
  - Local: $10.25
  - Unrestricted Sales: $3.3
  - Local Capital: $1.40
  - Restricted Capital: $1.45

- FY 23
  - Property: $13.9
  - Local: $10.25
  - Unrestricted Sales: $3.3
  - Local Capital: $1.40
  - Restricted Capital: $1.45

Public Education Funding (FY 23)

- Flat funding model from FY 21 & 22 — with some percentage in property and sales being allocated to Commissioner Escrow
- Restoration of Local Capital Allocation from $1.4 million to $700K
- 2% with added to Escrow
- 2% reduction of County Allocation

<table>
<thead>
<tr>
<th>Description</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Allotment (M7)</td>
<td>3,131,476</td>
<td>3,131,426</td>
<td>3,131,426</td>
<td>3,131,426</td>
</tr>
<tr>
<td>Sales &amp; Use</td>
<td>3,205,767</td>
<td>3,205,767</td>
<td>3,205,767</td>
<td>3,205,767</td>
</tr>
<tr>
<td>County Allotment</td>
<td>43,195,040</td>
<td>43,195,040</td>
<td>43,195,040</td>
<td>43,195,040</td>
</tr>
<tr>
<td>Capital Allotment from County Funding</td>
<td>1,492,000</td>
<td>1,492,000</td>
<td>1,492,000</td>
<td>1,492,000</td>
</tr>
<tr>
<td>Capital Allotment from Article 42</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrow</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>3,782,138</td>
<td>3,782,138</td>
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</tbody>
</table>

Cleveland Community College Funding FY 23

<table>
<thead>
<tr>
<th>Description</th>
<th>State Average</th>
<th>Cleveland CC</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 21</td>
<td>4.1%</td>
<td>4.3%</td>
<td>5%</td>
</tr>
<tr>
<td>County Operations Funding</td>
<td>0.8%</td>
<td>1.1%</td>
<td>35%</td>
</tr>
<tr>
<td>State &amp; Federal Funding</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Cleveland Community College Benchmarking (2021 Data)

<table>
<thead>
<tr>
<th>Category</th>
<th>Berkeley</th>
<th>Calhoun</th>
<th>Catawba</th>
<th>Cleveland</th>
<th>McDowell</th>
<th>Mecklenburg</th>
<th>Nash</th>
<th>New Hanover</th>
<th>Pitt</th>
<th>Randolph</th>
<th>Wayne</th>
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</thead>
<tbody>
<tr>
<td>Population</td>
<td>162,101</td>
<td>72,558</td>
<td>134,828</td>
<td>126,551</td>
<td>144,757</td>
<td>78,109</td>
<td>202,688</td>
<td>122,090</td>
<td>112,960</td>
<td>270,550</td>
<td>122,715</td>
</tr>
<tr>
<td>GT Pledge</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
<td>$11,097,210,509</td>
</tr>
<tr>
<td>4 of 5 Test</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
<td>91.5%</td>
</tr>
<tr>
<td>Tax Value - 21</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
<td>$3,277,572,000</td>
</tr>
</tbody>
</table>

Cleveland Community College FY 23

01: Since 2018, county funding has increased by $349,000 per year (8.33%)
02: FY 22 County funding increase was 13%
03: FY 23 - Total funding $10,304,872

Solid Waste Department FY 23

Solid Waste Department

Convenience Center Site Improvements
- Implementation of Citizen Recognition System
- Staffing & Scheduling
- Customer Service Improvements - Efficiency and Safety
- Lighting
- Safety Features
- Parking Lots

Solid Waste Department
Commissioner Gordon opened the floor to the Board for questions and discussion. Commissioner Hutchins asked Mr. Epley to elaborate more on the unemployment statistics. Mr. Epley advised the labor force participation rate is only 61%. That means of the 100,000 county citizens over the age of 16, only 61,000 are either working or are actively seeking employment.

Commissioner Hardin inquired about the various budget allocations in the proposed budget. She stated, “For economic development (Travel and Tourism), the county has designated funds in the range of $160,000. Destination Cleveland County has an allotment of $76,000. The county has numerous areas of concern such as children in poverty and underemployed people unable to make a living wage. My point is the largest tourism allocation is the $160,000 to travel and tourism other than the $425,000 budgeted for the American Legion World Series (ALWS). From what I figured; the county has given the ALWS over $5MM since 2011. It seems like in that many years, the ALWS would be more self-sustaining, but it’s proposed to give them half a million dollars when we have children in poverty?” Commissioner Hardin continued, “I found out there is not a School Resources Officers (SROs) in every Cleveland County school. After recent events in Texas, you can’t say that that couldn’t happen in our community. We did sign an agreement before about reviewing expenditures so if a citizen were to ask where this money is going, we can truly know where the funds go. I just think it’s a lot of money for one 10-day event.” She asked Mr. Epley if that has been done yet for the ALWS and Mr. Epley responded that it had not been done yet. He stated, “Included in the budget as a $425,000 allotment for the ALWS which is a continuation of an intent that was established in 2019 and goes through 2024. $150,000 of that is paid directly to Indianapolis which is the corporate ALWS entity for rights to hold the games, $75,000 provides for the 7th Inning Stretch event and the rest of the funds remain local.”

Commissioner Hardin inquired if the local ALWS Shelby Post 82 receives any of the ALWS funding, Mr. Epley advised he was unsure if they do or not. Commissioner Hardin asked why the rights to hold the games have increased from $75,000 to $150,000. Mr. Epley stated, “In 2018 when I became the manager, the performance contract or performance agreement signed was at the $150,000 rate. Those payments are made directly to the Indianapolis corporate office rather than the local office.” Commissioner Hardin replied there is paperwork showing the initial fee was $75,000 but has since increased to $150,000. Mr. Epley explained, “The county has an excellent CPA auditor. The Board of Commissioners did approve a policy for any non-profit allotment of funding
where the county provides more than $150,000 to either have their own external audit or to participate in the county’s financial oversight procedures and this is already scheduled. It must be done by the county’s external auditors, and we are subject to their availability and schedule. The auditors are going to be in Cleveland County the second and third week of July. The audit will include a variety of nonprofits that get that level of funding."

Commissioner Hardin responded that this was not just about the ALWS amount, but that all non-profits should be reviewed so taxpayers can have transparent answers when they ask where their tax money goes. Mr. Epley further explained, “The vast majority of those organizations do have an audit done each year and the county does get a copy of that. For the ones who don’t get an audit, they do provide the county with their request each year, a detailed plan (line item) of what their needs are and how will it be spent. Historically, some of the non-profits, specifically the volunteer fire departments where the audit has been completed in-house. But from a manpower capability, the county has not been able to be more robust with that. Moving forward, what hasn’t happened is now going to is following up to ensure resources are going to where they are allocated for.

Commissioner Hardin concluded, “It’s not that I don’t like sports and I can support something in the range of what is allocated to other non-profits, but for the ALWS it’s a lot of money and it’s about what is right for the taxpayers.”

Commissioner Hutchins spoke about the Tourism Economic Impact Study that was presented at the Commissioners’ February 25, 2022 work session reminding Board members the number one tourism event in the county is the ALWS. Mr. Epley further explained the county contracted with a company called Tourism Economics which is an international consulting firm that evaluates economic impact. They are a big company that has done high-level work. They evaluated five different projects in Cleveland County including both Kings Mountain and Broad River Trails, the fair, ALWS and the Liberty Mountain Theater in Kings Mountain. And of those five evaluations, the project that had the biggest amount of economic impact was the ALWS. Commissioner Bridges stated, “I have the same concerns and was pleasantly surprised to see the analysts come back and said that they brought $288,000 back and actual dollar for dollar taxes and tourism tax. I can rationalize what we’re doing because of the economic impact that has, I have, I’ve got some of the same phone calls some of the same concerns regarding the funding allotment to the ALWS.” Commissioner Whetstine commented on the success the county’s economic development team has done to recruit all the industries coming to the county. He added that the successful travel and tourism events held throughout the county may be a contributing factor to industry recruitment.

Chairman Gordon asked about employee pay stating, “On the first budget presentation at the May 17, 2022 Commissioners meeting there was a proposed 3% COLA and an additional 1% contribution to employee’s 401K. We Board members were part of the conversations to increase the COLA to 4% but, there was no mention of the 401K contribution in this evening’s presentation. I want to ensure there is a planned 1% 401K contribution in the proposed FY 2022 -2023 budget before it is voted on.” Mr. Epley replied there is an additional contribution in the
FY 2022-2023 budget effective January 1, 2023. Chairman Gordon asked if the contribution will be 1% and Mr. Epley replied yes that it is a 1% additional 401K contribution. 

Chairman Gordon opened the Public Hearing at 7:08 pm for anyone wanting to speak for or against the proposed FY 2022 – 2023 County Manager’s Recommended Budget. (Legal Notice was published in the Shelby Star on Friday, May 20, 2022 and Friday, May 27, 2022).

Robert Williams, 814 E. Stagecoach Trl, Fallston – spoke in opposition of the FY 2022 – 2023 County Manager’s Recommended Budget citing Commissioner Hardin’s previous comments and concerns regarding funding to the ALWS and other areas of concern in the county.

Hearing no further comments, Chairman Gordon closed the Public Hearing at 7:10 pm.

ACTION: Commissioner Hutchins made a motion, seconded by Commissioner Whetstine, and passed by the Board (4 – 1, Commissioner Hardin opposed) to, approve the presented FY 2022 – 2023 County Manager’s Recommended Budget.
Dear County Commissioners,

The last two (2) budget cycles have been extraordinary and tough. These challenges required resiliency to ensure that we remained focused on our purpose. The resiliency demonstrated by our employees confirmed their dedication to Cleveland County Government’s purpose and values. As we look forward into a new operational budget year, it is clearer to me now more than ever that our organization is driven by an organizational culture of one team and one purpose — very simply communicated as Making Our Community Better.

Fiscal year 2021 and 2022 have been dominated by the unknowns surrounding COVID-19. These unknowns required pause, planning and proactive re-engagement that measured and forecasted many exposures. Our leadership team mitigated many of the unknowns by drafting and communicating a three (3) phase crisis management plan. As a team, we are now accustomed to referring to our plan as Re-Act, Rebuild, ReThink. This plan has presented an unexpected opportunity to reflect on our priorities and re-think our strategies to ensure they’re still relevant, offering value, and able to achieve effective impact on our organizational purpose. Where we are now is very different than where we were pre-COVID 19. As an organization, we are delivering high performance through a shared purpose and values, committed investment to our employees, measured and engaged capital program, and improving technology. As a community we are growing, our economic indicators are stable, and the future is filled with opportunity.

I am pleased that the 2023 fiscal year plan is drafted in an environment that offers more predictability than the prior two (2) years and was drafted with total re-engagement of our long-term goals which captures the most robust operational and capital plan that our organization has ever experienced. The synchronization of the upcoming fiscal plan, with these critical long-term priorities, is vital to continued momentum over the next twelve (12) months. The financial planning process for FY 2023 presents an opportunity to turn hard-earned lessons from the pandemic, including total re-evaluation of previously accepted truths and policies, into an enduring exercise in linking strategy to organizational values.

The foundation of our performance is the process of constant reinvention (Re-Thinking) to meet the needs of our citizens. The relationship between the County, its employees, and the assessment of community needs is being redefined in real time. That is why clarity, connection, and communication specific to the Board of Commissioner’s strategic plan and budget priorities is more important than ever. It has never been more essential to have a consistent voice, clear purpose, coherent strategy, and a long-term view.

The FY 2023 budget is a foundationally drafted zero-based budget. This type of budget avoids the inefficiencies of budget inertia, which are often a product of incremental budgeting. Re-Thinking is about evaluation and innovation. Evaluation of the new operating environment and how business will most certainly be conducted differently over the next decade. High performance is about policy research and implementation, process re-design, data driven decision making, measurement and follow up, and lessons learned during the crisis like agility and fluidity. Each of these make us better.

The recommended FY 2023 budget is balanced with a general fund tax rate of 54.75 cents – which is accompanied by a 14-cent public school tax rate. This budget does not include any funding associated with the American Rescue Plan Act (ARPA). The County has a drafted spending plan, which has been approved by the North Carolina Pandemic Recovery Office and our External Auditors, to account for these one-time dollars. These funds, however, are not part of the original budget ordinance. Highlights of the FY 2023 budget are focused on pursuit of being an employer of choice, prospective funding for future capital, and assigning resources to Commissioner identified strategic goals – all funded through a lens of LEAN principals, zero based budgeting and balancing competing priorities with pace.

This budget fundamentally recognizes our most valued asset – Cleveland County’s human employees. Our Board of Commissioners have continued to provide policy support and resources that allow our organization to maintain competitive wage packages. All local governments in North Carolina and nationally are seeing a decrease in labor supply primarily due to current labor market conditions in which public sector employment interest is declining, total labor force participation is down, and minimum qualifications for jobs is increasing. Ultimately, our ability to recruit and retain is the single most important component to sustained long-term high performance. In the budget, I am very pleased to include a phased human capital investment:

1. **Phase one** (1) is a living wage adjustment. This adjustment is specific to the 46 full-time employees and 70 part-time employees that earn an hourly rate that is captured in the 150% mark of federal poverty (annualized $31,200). This adjustment provides a progressive increase, using a designed multiplier to avoid wage compression. The average increase is 4.8%. Post adjustment only six (6) employees will earn below our threshold.

2. **Phase two** (2) is a recommended 3.0% cost of living adjustment (effective 7/1/2022)

3. **Phase three** (3) continuation of the performance bonus program. This year, full-time employees will have the ability to earn up to 3.0%. Also included in the budget is the potential for a mid-year CPI adjustment.

Since I became the manager in 2018, our leadership team has worked to lower our organizational head count by approximately 100 full time positions (through organic attrition)— from over 850 to around 750 (a decrease of approximately 12%). That’s been accomplished by challenging traditional norms, applying data driven and evidence based best practices, leaning into automation and technology and a general adoption of LEAN principally based operations. A pull service delivery model versus push. This philosophical approach allows for the engineering of budget flexibility that has permitted the County to have adequate resources to fully pursue becoming an employer of choice. Our efficiency measures now benchmark well against our peers, our compensatory packages are competitive, and our talent retention metrics are stable. The FY 2023 budget recognizes community growth, stimulated economy, and needed resource allocation to items like community health and public safety. There are a total of 10 new positions in the upcoming recommended budget that have a total annual funding responsibility of $702,000.

Also included in the 2023 fiscal year budget is further commitment and funding to public safety operational enhancement and stage II of the justice center campus (which is an additional $750,000 toward future debt service). The upcoming fiscal year will experience a net increase of approximately 8.5% to our public safety functions that will encompass the completion of our public safety strategic plan, the full transition to centrally administered emergency medical services, and additional investments into law enforcement, emergency management and E-911 communications.

In closing, the upcoming budget will continue to position Cleveland County Government as a leader in the market. I believe in a philosophical change for our organization. We are an organization that prioritizes high performance and evidence based optimal outcomes. Contrary to popular belief, the County does not have access to unlimited resources that provide a pathway for the accomplishment of all competing priorities, projects, or goals. Long term fiscal discipline that provides a comprehensive strategy is required. Strategy development has allowed our team to consistently develop plans that manage Commissioner priorities to a “yes”. Fiscal discipline is acting on those developed strategies.
with little deviation. In order to maximize our available resource impact, the County’s financial commitments are typically 3-4 budget cycles out. Often as new priorities and requests emerge, our team must analyze how they may impact our long-term plan. Most often, those priorities (if of a material nature) must await future resource allocation. In practice, no absolute or eternal financial priorities exist; they change as the economic and competitive environments change. A culture of higher performance will not create itself. High performance culture, we believe, is the capacity to influence the beliefs, behaviors, and purposeful actions of others for a common good. It is people-centric.

Our Board of Commissioners community vision is driving higher performance. Cleveland County Government is strong and prepared to deliver on the visionary and ambitious policies included in the Commissioner's strategic plan. Department leaders and employees identify with our organizations purpose. There is collaborative momentum with strategies that are well positioned to adapt over time in an evolving and complex landscape. Because of this, I am convinced that the future of Cleveland County is bright.

Brian C. Epley, County Manager

FISCAL PLAN

The County’s Balanced Budget Plan is a foundation that is to be built based on Board of Commissioner’s direction. The foundation focuses on continuing to anticipate emerging issues and identifying available resources that can deliver tangible results. It is shaped by priority driven budgeting with a clear focus on strategic priorities that were developed through the Board of Commissioners and community dialogue.

The plan acknowledges the need to maintain day to day county operations while prioritizing the Commissioner’s strategic plan and evaluating and understanding new issues on the horizon that are not part of current services or the current strategic plan.
REVENUE PORTFOLIO

Cleveland County has used strategic planning for many years to develop policy and financial decision-making. The FY 2022-2023 Strategic Plan is comprised of five (5) focus areas and then further defined with specific goals and objectives under each one.

1.) Economic Development
2.) Community Education
3.) Public Safety
4.) Community Wellness
5.) Fiscal Sustainability

The County’s financial planning projections for the upcoming fiscal year begin with economic forecasts that are required to establish perceived portfolio performance for the upcoming twelve (12) months. The County’s FY 2022 year-end revenues are expected to perform at more than budgeted amounts specifically due to surging sales tax collection, stimulated construction market, and higher than expected property tax collections.

The post-COVID budget modeling effort began with a careful review of the most recent revenue estimates expected to be received in FY 22. This exercise primarily included sales and use tax, occupancy tax, permitting and investment income revenues.

Total revenue in the General Fund is budgeted at $126,587,508 – which is a $6 million increase from the prior fiscal year. It is important to note that the County’s consolidated general fund includes both County operations as well as Cleveland County Public Schools property tax and sales tax collections – this comprehensive change represents the reconciled 5% change.

Property Tax Administration

As noted, revenue in the 2021-2022 fiscal year is expected to come in higher than the budgeted level. As of April 2022, collections were at 98.13% or approximately $56,411,142.

The 2022 fiscal year property tax base was adjusted based on a January 1, 2021, real property reappraisal and resulted in an average net value increase of 12%. Prior to the 2021 reappraisal, the last County wide reappraisal was conducted in 2016 and resulted in a net value decrease of 3.6% - which equated to two (2) cents or $1.6MM in revenue.

Total projected tax base for the upcoming budget is $10.615 billion. This is a projected increase of approximately $281,288,936 in value when compared to the previous year. Unlike previous experiences, the highest percentage growth in the tax base for FY 2023 is in motor vehicles which we expect to grow approximately $149MM (18.6%). This growth in attributable to supply demand shortage and vehicle cost escalation (see below). Personal property and state boards only experienced a moderate increase of $132,288,936, which equates to a very modest 1.39%. This budget includes a collection rate of 98.0% which translates to a projected net new revenue amount of approximately $1.7MM when calculated using a 54.75-cent tax rate.
Industrial manufacturers make up more than 20% of the County’s total labor force and account for more than $407,836,000 in annual wages. This industry also represents a significant portion of Cleveland County’s tax base specific to personal property machinery and equipment. This concentration risk is something that the budget continues to monitor closely. The proposed budget contains a more optimistic and sustainable outlook related to industrial manufacturing. According to the Institute of Supply Chain Management, as you can see below, the industry is currently in an expansion period which serves our labor force and tax base well.

Sales Tax & Other NCDOR Collected Revenues
Sales tax continues to be the County’s second largest revenue source. Cleveland County has experienced significant growth in sales tax revenue. Included in this year’s budget is sales tax revenue of $13,500,000. This is an increase of approximately thirteen percent (13%) compared to 2022 budgeted revenue estimates. This number, however, remains conservative at seven percent (7%) lower than our anticipated actual experience for FY 2022.

Between 2014 and 2018, Cleveland County experienced substantial growth in sales tax due to legislation distribution changes as well as a more robust local economy. This same time period also experienced several economic development industry expansions, specifically in municipalities. Industry expansions provide a “one time” sales tax revenue boost during construction.

Aside from municipal growth, of the major state-wide sales tax articles (39, 40 & 42), there is a very clear and identifiable trend. Articles 40 & 42 (per capita) have seen a steady increase, demonstrating strong statewide sales (see Exhibit A), while Article 39 (point-of-sale) has also grown, indicating similarly strong sales locally. (see Exhibit B).

Exhibit A

Sales tax in Cleveland County is distributed through the Ad Valorem Method. Growth in municipalities led to an erosion of the sales tax distribution percentage for Cleveland County Government which, in turn, equated to a decline in sales tax revenue for the County’s general fund. Although the sales tax percentage has declined (see Exhibit C), due to growth in sales tax revenue, the decline in revenue has since recovered. Cleveland County’s portion of these county wide collections for FY 22 is 77.29%.
Exhibit C

Other revenues impacted by distribution percentages from the North Carolina Department of Revenue are:

- Scrap Tire Disposal
- White Goods
- Beer & Wine
- Telecommunications

**Occupancy Tax**

Occupancy tax represents the six percent (6%) revenue share that the County receives from our hospitality partners. Over recent years, we have seen a substantial growth in this revenue area. There are many drivers behind this increase including construction of the bypass, travel/tourism growth, and additional hotel beds. For the 2018-2019 fiscal year, the County received slightly over $430,000. During 2019-2020 that amount fell to $375,000 – primarily due to the fourth quarter shut down. Fiscal year 2020-2021 saw a rebound comparable to pre-COVID with a total of $416,000 in occupancy tax revenue. The forecast for 2022-2023 will be budgeted at $425,000.

**Inspection Fees**

Inspection fee revenues increased in preceding years due to pent up demand after the recession. We anticipate activity to continue in the coming years with prospective housing projects and continued economic development activity. The budget has a measured estimate of $300,000. The operational subsidy percentage for the building inspection department is 24% which is lower than last year.

**Investment Income**

Investment income is a barometer of strategic use of un-allocated resources. Staff are constantly in evaluation of 60, 90, & 120-day cash flow needs in order to maximize the investment portfolio. As a result of strategic management and increasing rates, investment income has grown approximately 1000% between 2014-2021 ($84,000 - $1,000,000).

Investment income rates have shifted down significantly. The projected investment income for year-end 2022 is expected to be $359,000. We are conservatively budgeting the FY23 investment income at $250,000. Although we have seen significant growth in this area in the past, we have practiced responsible fiscal discipline of not overbudgeting or over relying on this volatile revenue source.

Looking at interest rates in 2022, we’ve continued to see a compression of short term (3 year) and under interest rates. As short-term rates start to rise, you will have a slower time as there is only one portfolio adjusting at a slower pace.

We have kept the portfolio on the shorter side as we anticipate continued inflation. This is being monitored and compared to what Federal Treasury Chairman Powell has been saying: rates will continue to be raised multiple times during 2022. Following a Q1 rate increase, the first in some time, most forecasts are looking at additional increases in Q3 and Q4 of 2022. Our portfolio for most of the prior year and until recently had 1% and over still in it as we had a longer timeline to work with which really helped on interest earnings. As rates remain fluid, we will invest in shorter term commercial paper and treasury instruments that provide maturities positioned every month and will be ready to take advantage faster and more efficient.

As always, we will keep funds in cash for those needs and use the longer portfolio to gain interest when it makes sense. We will always operate under the premise of conservative investing: Safety-Liquidity-Yield in that order.

Many of the revenue sources that Cleveland County Government is reliant on are very dependent on economic energy. That being said, the recovery post pandemic is critically important to our strategy of managing through the uncertainty.

**Federal Revenues**

Federal revenues are predominantly located in the health and human services portion of the budget and are often based from prescribed expenditure reimbursement rates. The federal revenue that is budgeted as part of the 2023 fiscal year budget is approximately $24.4MM. Due to the reimbursement nature of DHHS funding and matching requirements, the prime structural component of DHHS funding is the County’s contribution requirement. For the 2023 fiscal year, that amount is only a moderate $59,000 more than the previous year at approximately $10.1MM. Cumulatively local funding for DHHS has decreased approximately 2.2MM over the past two budgets with no reduction in services or client related interactions.

**Comprehensive Revenue Compared to Peer Counties**

Lastly, as part of the revenue portfolio, I have included a high-level picture look of Cleveland County compared to several of our peer counties. These type of analytical forecasting ratios are critical to a comprehensive outlook of the County’s financial position and...
particularly its’ revenue source dependency. The County’s lack of reliance on property tax revenue (54.86%) removes pressure from the tax rate to act as a budget balancing contingency and allows for other revenue sources to facilitate cost burdens of new services and expected cost outcomes. The lack of dependency on sales tax revenue allows the county to remain recession ready by not over relying on vibrant economic environments to balance the budget.

Operating Ratio - Ratio of Total Revenue to Total Expenditures
Revenues per capita - Ratio of Total Revenue to Population
Surplus per Capita - Revenue minus total expenditures to population (operating/population)
Total Property Tax Dependency - Ratio of Total Tax Revenue to Total Revenue
Total Sales Tax Dependency - Ratio of Total Sales Tax Revenue to Total Revenue

FY 2023 Revenue Summary

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<td>$116,936,518</td>
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EXPENDITURE PORTFOLIO

Budgeted Expense & Commissioner Goals:

**Human Capital**

There is and has been a looming government workforce crisis and it has not been on the radar for many organizations. Like the housing market, the great recession created a supply and demand shortage for local government talent. Tenured employees were hesitant to retire, preventing the natural escalation of the generation behind them and further preventing the hiring of newer incoming talents. Many college and university curriculums have removed local government policy and administration pathways. As a general rule, local government has been resistant to the necessary recruitment techniques required to attract a millennial and generation Z work force. Further, the historic norm of lower salary/wage earnings that are supplanted by end of career benefit packages have also made recruitment in local government more difficult. Lastly, many of the services we provide require specialized training and advanced degrees to perform the critical services.

Those traditional challenges associated with recruiting public sector talent, while still present, have been exacerbated by the labor market shifts created by COVID-19. For local government employees, the lack of ability to provide remote services, the relentless stress associated with community population health management and increased pressures associated with higher-than-normal turn-over rates have created a local government workforce availability crisis that I expect to continue for some time.
Over the next five (5) years there simply will not be enough incoming talent to fill the ranks of those who are retiring or transitioning to other markets – this is true at all levels, but especially in leadership and executive roles. North Carolina cities and counties will continue to face challenges finding qualified candidates, particularly for specialized, highly skilled jobs such as positions in executive management, finance, IT, skilled trades, public health, and public safety.

Cleveland County strives to be an employer of choice. On average, employees receive a benefit package that represents 25-35% of their total annual salary. The total budgeted salary and wage expense for FY 2023 is $41,239,338 which equates to an average wage of $49,567. As with all parts of our budget, the Board of Commissioners and our organization, with respect to employee compensation, have also adopted a mindset of LEAN performance. This means doing more with less – recognizing that in order to compete for and retain a high talent workforce our wages must be competitive. Although showing more appreciation and recognition rank high on employee views on how public employers can curb the great resignation, salary increases still rank at the top.

From a budget balancing perspective, I am thankful that the Board has reinvested savings that were manufactured through FTE reduction and reinvested those resources into the County’s existing pay plan. This is a visionary approach to ensure long term sustainability of service delivery to our citizens.
Included in the 2023 fiscal year budget is a recommended three-phase approach to employee pay that is inclusive of a living wage adjustment, a 4% COLA and continued performance-based pay.

The FY 2023 budget will also include year three of our performance-based pay program. The model is very similar to the previous year and allows a collective organizational wide performance model. If accomplished, this model creates fiscal savings for the organization that is then re-invested through a performance bonus to the employees – the target for 2023 is three percent (3%). The bonus would be measured twice during the year on September 15th and March 15th.

Performance based pay is an innovative strategy that aims to create budget flexibility that lessens the wage gap between our public competitors and the private market. The County, with the support of our County Commissioner’s, are also exploring alternative value add propositions that create distinctive differentiation between Cleveland County Government and other employers. One example of a developing strategy is employer provided pre-K childcare. The FY 2023 budget provides for the potential of a $2MM one-time capital expenditure to provide a centrally located facility. We believe this facility can be operated annually for a cost of less than $350,000 (which is equivalent to a 1% COLA), but certainly adds more recruitment and retention value.

The mechanics of the performance bonus model is as follows:

- Each Accomplished Metric Earns ½ %
- Paid Twice Per Year (half of total)
- Talent Retention ≤< 91% ≤< 1/2 %
- PTE (Full Count) ≤< 77% ≤< 1/2 %
- Customer Service ≤< 92% ≤< 1/2 %
- Health Plan Costs ≤< 3% ≤< 1/2 %
- Health Expense Adjustments ≤< 60% ≤< 1/2 %
- Employee Training Completion ≤< 70% ≤< 1/2 %
- TOTAL ≤< 3%

The upcoming fiscal year will also be the County’s second year operating with approved state substantial equivalency. Substantial equivalency is the process of converting State defined staffing classifications into a local classification. This is a developing trend across the State and recognizes that County government is much nimble and more effective when we are adaptable to local needs.

Focus Area – Fiscal Sustainability

I began serving Cleveland County as Finance Director in 2014. At that time, the County’s fund balance was 14.6% - which was lagging when compared to similarly situated counties in North Carolina. Since that point, it has been a continued goal of the County Commissioners to increase the County’s fund balance to exceed 18%. Due to intentional budget management, service re-design, and expenditure re-engineering, the FY 2021 ended with a fund balance of 19.28%. As part of the 2023 budget philosophy, Commissioners have responsibly increased their fund balance goal to 20%.

Fund Balance projections for the FY 2022 year-end are still in process, however, we are confident that effective navigation our fiscal strategies will provide the platform to close the year by adding to fund balance. The FY 2022 budget included a strategic fund balance drawdown of $1.0MM in order to obtain a sub-revenue neutral tax rate and balance the budget. That dependency has been removed for the 2023 fiscal year plan.

Cleveland County Government is committed to the fundamental principles of a High Performing Organization (HPO). One of the essential functions of an HPO is continuous self-reflection and re-thinking of all activities and programs. One of our continued focuses is maintaining an innovative mindset of entrepreneurship in public service. Through our re-thinking initiative we have been critical of projects, services, and business relationships that needed strengthened and those that needed abolished. Our team of department leaders and budget managers have exceeded expectations over the past 4 budgets. In 2014, the County had an overall General Fund Budget of $113.5MM and the total appropriation for the 2022 fiscal year budget is approximately $126.5MM. Since that period, we have:
1. Increased staff salaries on average > 30%
   a. This included a $2.1MM human capital investment during 2021 & introduction to performance-based pay.
2. Improved all aspects of the employee health plan
3. Increased public safety funding by more than $10MM annually (34.3%)
   a. Added 40+ public safety employees
4. Created employee tuition reimbursement plans
5. Developed a 20-year Master Facility Plan
6. System-Wide Enterprise Resource Planning (ERP Technology)
7. Increased public school funding (prior to FY 22)
8. Strategic Land Acquisition
9. Doran Property Clean-Up
10. Opened & Expanded the Public Shooting Complex

Budget re-engineering continues to be a cornerstone of Cleveland County’s budget development. Re-engineering is a cultural investment and buy in by County employees is critical to adopt LEAN principles. These principles encourage us to focus on continuous improvement, refinement, and eliminating waste. This principle-based approach starts with identifying priorities and consideration of only what is actually needed. This allows for internal re-prioritization of existing County resources.

The County is entering the fourth year of an energy optimization program that is, centrally targeted intelligent commissioning and consumption reduction. Over the past few budget cycles, this intentional investment has created annual savings of over $300,000 and a reduction of 18%.

These collective re-engineering strategies have created cost savings or cost avoidance of over $15MM over the past five years. These savings have created the capacity for much of the accomplishments above. Several key strategies that continue to be a part of the 2023 fiscal year budget include:

   a. Revenue Maximization
   b. Early Retirement Incentive Program (ERIP)
   c. Energy Optimization Program
   d. Position Justification
   e. In source / Outsource Framework
   f. Capital Cost Avoidance

Health & Human Services

The overall appropriation of local funding for the Department of Social Services (DSS) will be $8,315,841 – this represents approximately 37.1% of DSS total $22,405,187 budget with the remaining budget being state funds. This local allotment is comparable with our LGC peer counties. This represents a moderate increase from the prior year of $768,040. The department has experienced actual cost decreases in four of the last six years. This comes independent and does not reflect any decrease in service delivery. The driver for the 2023 fiscal year increase is almost totally related to personnel costs, however, there is also anticipatory cost references associated with full migration to tailored Medicaid plans, the re-engagement of client interaction and back logs of economic services certifications, and recognition that a growing portion of our community is reliant upon these services.

These key changes have been navigated by the County’s Social Services Director, Ms. Katie Swanson, and her leadership team. This team has created a culture of high performance and continues to implement evidence-based policies that are proving to be transformational to the department.

Historically, Cleveland County DSS employed 220 FTEs which equated to 25% of the County workforce. The department has been continually performing at a high level with an FTE headcount below 200. The team believes this is sustainable. Although there is no targeted "count", the leadership team remains focused on the most critical goals of service delivery while balancing key metrics as well as peer comparisons.

The overall appropriation of local funding for the Public Health Department will be $2,493,258 – this represents approximately 22.4% of the total $11,088,501 operating budget. This represents an increase from the prior year of $13,462. The Public Health Department continues to lead the charge on improving the County’s health ranking and educating citizens on the importance of community wellness. The Public Health Department has approximately 110 FTEs.
Potentially the biggest impact on the Human Services budget for the upcoming fiscal year is not associated with any particular program or policy. The co-location of these two critical departments will be a daily reminder and testament to the cultural change in our organization. This performance based, non-siloed, ODI (Organization/Department/Individual) cultural mindset is the single most important and measurable deliverable that our leadership team is responsible for. The co-location project is founded in capital cost avoidance (> $15MM), reduction of administrative overhead costs (+/- $500k annually), and further leveraging State reimbursement opportunities (+/- $300k annually).

Capital Planning and Debt Service

In the upcoming budget year, we will continue to examine opportunities to gain efficiencies and implement the County’s master facility plan. As mentioned above, a top priority is fully completing the co-location of social services and public health. Social services continues to operate in a sub-standard and end of life building (1965). It is important to note that the co-location is very different than operational consolidation. Co-location is a simple calculation that creates capital cost avoidance while maximizing on a shared client population but doesn’t require major changes to service delivery that have proven to be unfruitful across the state. The total budgeted cost of the relocation is $3.25MM. This cost was approved through installment financing as part of the Commissioner’s $36.6MM debt refunding during 2021.

Included as an attachment of the budget is an updated formal 5-year Capital Improvement Plan. The plan is intended to identify, with a future orientation, upcoming capital needs. These needs are conceived from our Facility Planning and Long-Term Operational Strategies. They are then aligned with proper funding resources. This type of policy direction and support from the Board of Commissioners is greatly appreciated by staff and recognized as true fiscal sustainability.

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Cost</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor M1 - Site prep, environmental, geo-tech, schematic grading plan</td>
<td>$350,000</td>
<td>Pay as you go City of Shelby to pay 50% of cost</td>
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<td>Roof Replacement</td>
<td>Roof Repair at current ODI building</td>
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</tr>
<tr>
<td>Public Defender’s Office</td>
<td>Minor renovations in preparation for occupancy</td>
<td>$50,000</td>
<td>Pay as you go</td>
</tr>
<tr>
<td>Major Housing Stocks</td>
<td>Vehicles - EMS and Sheriff’s Office</td>
<td>$1,130,000</td>
<td>Pay as you go</td>
</tr>
<tr>
<td>Bureau of Elections</td>
<td>New Board of Election Building</td>
<td>$1,950,000</td>
<td>Capital Reserve Fund</td>
</tr>
<tr>
<td>Public Safety Radios/Deferred Maintenance Plan</td>
<td>Public Safety mobile radio replacement plan</td>
<td>$120,000</td>
<td>Capital Reserve Fund</td>
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<tr>
<td>Dedicated Fiber Loop</td>
<td>Creation of an exclusive and dedicated fiber loop</td>
<td>$400,000</td>
<td>Capital Reserve Fund</td>
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<tr>
<td>Information Technology Strategic Plan</td>
<td>IT Strategic Plan focused on advancing synchronization and developing a clear IT vision</td>
<td>$150,000</td>
<td>Capital Reserve Fund</td>
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<td>911 Communications Center</td>
<td>911 Communications Center to be housed on Red Cross Campus</td>
<td>$4,000,000</td>
<td>Capital Reserve Fund ($3,400,000) Future Capital Reserve $680,000 Applying for remaining in grant funding, PASP Fund Balance $180,000</td>
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<td>Runnymede Food Shell Building</td>
<td>Shell Building IV new construction</td>
<td>$8,500,000</td>
<td>Medicaid City of Shelby to pay 52% of cost</td>
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<tr>
<td>Atten Road Property</td>
<td>40 Acres property for Economic Development</td>
<td>$320,000</td>
<td>Pay as you go Split cost with City of Shelby</td>
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<tr>
<td>Health/DSS Co-location</td>
<td>Renovations at Health Department to co-locate Health and DSS</td>
<td>$3,500,000</td>
<td>Debt Financing $2,3 in reimbursement from State BOJ - 3 years</td>
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<td>Justice Center Campus</td>
<td>Jail, Courthouse, Sheriff’s Office New Construction</td>
<td>$14,000,000</td>
<td>State Grant $9,500,000 Pay as you go $1,600,000 Debt Proceeds $1,900,000</td>
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</table>

Total Capital Expenses $163,850,000

As recently as 2017, Cleveland County received a bond rating upgrade from S&P/Moody’s and is now AA+. This ranks in the top 15% of all counties in the State. This has proven critically important as we have remained aggressive in economic development with shell building financing and with Master Facility Plan improvements.

Debt service management is another vital part of long-term planning and sustainability. As of June 30, 2022, the County will have approximately $50,088,555 in outstanding debt obligations. Of this $50M, due to strategic management and innovative planning, the County General Fund is only responsible for 45.6% of that amount. Cleveland County Schools debt responsibility accounts for $19,352,205, or 38.6% of the total outstanding and the City of Shelby and Cleveland Community College account for the remaining 15.8%. This debt percentage represents approximately 2.94 cents of the County’s tax rate. At this time, 93.4% of the County’s debt will be completely liquidated over the next 10 years.
Focus Area – Economic Development
Cleveland County Commissioners continue to see the importance of Economic Development and the recruitment of industry. Workforce development along with product development continues to be the primary focus for long range success. In the upcoming fiscal year, the Board of Commissioners will continue to partner with Cleveland County Schools and Cleveland Community College to promote dual track with a focus on modern manufacturing.

Cleveland Community College will be opening the new advanced manufacturing center during the upcoming budget year. This new community asset will provide critical job training infrastructure that will continue to promote a business-friendly environment that makes Cleveland County an attractive place for industry expansion and location. Included in the FY 23 budget is an additional $250,000 in funding to support the community college along with the title transfer of approximately 25 acres of land located on Highway 18 – that is being used for skill trades training.

The County has budgeted $164,500 to the Cleveland County Economic Development Partnership. Over the past several years, the county has increased funding for Economic Development by investing and moving forward with projects such as Shell Buildings. This year’s budget is equal to the FY 22 funding allocation.

The Board of Commissioners have also placed a high priority on assisting the agricultural community in their efforts. Included in this budget is the continued support for the small business incentive program, increased funding of Cooperative Extension, and the continuation of grant support for our local farmers.

Other economic development areas include the Commissioner’s top priority of FY 2023:
1. Successful Recruitment and execution of a National Shooting Competition hosted by the Foothills Public Shooting Complex
2. Development of Shell Building IV and V
3. Sustainable Partnership with the Cleveland County Fair Association
4. Engagement of the Travel Tourism Strategic Plan – which includes year 2 of economic impact studies

Focus Area – Community Education / Customer Service
The Foothills Public Shooting Complex continues to see increases in the number of visitors. This facility is positioned to provide a long-term regional travel/tourism draw for Cleveland County. The Complex hosted several tournaments during this past year and has plans of expanding those efforts. The 2023 fiscal year will be our second (2nd) year of the expanded skeet/trap range. This range includes an additional 85 acres dedicated to shotgun shooting sports.

County Commissioners have sustained support for a County Citizens Academy. Commissioners have maintained a goal of communication, transparency, and accessibility and see the academy as a way to promote a positive partnership between the community and County Government through education. We are focused on launching the initial 6-week class of this program during Q2 of the 2023 fiscal year.

During FY 2018 the Board of Commissioners began a community cleanup initiative that was aimed at reducing litter in Cleveland County. The program was highly successful and will be continued in the current budget. It has included the involvement of local partners and a marketing campaign that engages the local school system. The 2023 fiscal year budget includes a budget appropriation of $40,000 to provide resources for this project.

The importance of the County’s trail systems to the community has never been more obvious. The County has seen a tremendous influx of tourism focused on visiting many of our natural resources. Our recent economic impact analysis indicated a more than $750,000 annual impact provided by the BRGW and KMG. These outdoor experiences are the perfect evolution to a post-covid tourism environment. Included in the 2023 budget is continued ongoing support for trail operations.

The Board of Commissioners continues to support the outstanding efforts of our Animal Services department. During the past year, Cleveland County Animal Services made great strides in executing on a long-term strategic plan aimed at lowering the number of unwanted animals in Cleveland County and a goal of a “No Kill” animal shelter. Under the new structural umbrella and central administration leadership model, the total number of annual euthanized animals has continued to decrease. The Animal Services Community Advisory Board was created in 2020. This board was vital in making recommendations to the Board of Commissioners on the 2021-2022 ordinance review/re-write. Beginning in 2020, with the onset of Covid, Cleveland County transitioned to a managed intake system. The team worked to better understand owner surrenders and applied strategies of diverting intake. With lower intake and more positive outcomes, the shelter is working towards achieving its mission. (See chart on page 22)

Included in the 2023 budget is funding to allow for dedicated marketing of the new ordinance ($25,000) which becomes law on 1/1/2023. We’ve also evaluated staffing and identified the need for 2nd shift and weekend coverage in Animal Services. For the 4th consecutive year, we will provide full intake vaccinations, spay/neuter, and micro-chipping for all animals that are cared for by Cleveland County Animal Services.
Services. We have also included in the budget, the appropriate allocations to maintain low-cost adoptions and several free adoption clinics throughout the year.

This Board continues to make a commitment to citizen engagement and transparency. Live streaming of commissioner meetings is a newly added service that will continue in the 2023 budget. This requires technological infrastructure and staffing costs. The County, through the hiring of a Marketing and Communications Director is also committed to keeping the citizens educated about the services we provide.

Another exciting customer service enhancement as part of the 2023 fiscal year budget is a multi-year engagement to provide advanced GIS imaging including street level images. This software also integrates with our tax software to help notify of discrepancies between tax details and structural changes. The budget allocation for FY 2023 is $81,933.

Focus Area – Community Wellness

The community wellness focus area has never been more critical than over the past year. I am thankful for the Commissioner’s support of our public health, emergency management and COVID-19 vaccination administration teams. These local heroes have consistently answered the call to an inherently self-sacrificing call to action. More specifically, I am grateful for the leadership of our Emergency Preparedness Coordinator Jordan Beaso and School Health Nurse Supervisor, Heather Voyles. Both of these leaders have demonstrated all the values that define our organization.

During the 2018 work session, the Cleveland County Board of Commissioners updated their strategic plan to add Community Wellness as a fifth (5) focus area. Community Wellness is an inclusive focus area that is based on improving:

1. County Health Rankings
2. Social Determinants of Health
3. Access to Physical Activity and Health Promotions

The Commissioners have identified several key initiatives specific to promoting and improving community wellness with the top being an intentional focus on actively engaging in the fight against the opioid epidemic.

Our team is excited about the opportunity to re-engage our focus on community health and re-focus on improving our metrics. Cleveland County still remains outside the top 80 in County population health. The primary driver to that ranking remains premature death. Chronic disease such as diabetes, cardiovascular disease, and substance abuse are amongst the leaders in the premature death category. Almost one-third of our county residents are diabetic or pre-diabetic, our County’s stroke rate is 80 per 100,000 (which is double the state average) and our overdose rankings are disproportionally high. With a renewed energy surrounding the stabilization of COVID-19, our team is eager to begin implementing programs to address these issues which are at the core of Making Our Community Better.

One of the biggest obstacles to disease management is access to primary care. Kintegra Health has recently launched a multidisciplinary FQHC program in the county which will immediately begin to provide access. The FY 2023 budget also includes a $50,000 grant to Mt. Calvary Baptist Church to support the partnership of a virtual health clinic (ran by Atrium Health).

The most exciting and opportunistic impact in the budget comes from a North Carolina General Assembly grant in the amount $5,000,000. Our public health team is working hard on strategies to maximize the impact of this funding including additional access points for indigent primary care, mobilized primary care, and community outreach programs such as onsite A1C and oncology screenings.

Included in the 2022 budget is an additional appropriation of $50,000 from Atrium Health to assist with continued funding of telemedicine services and a $50,000 allotment to assist with maternal health. We have seen dramatic improvements in community health over the past four years, amongst our younger population, with the implementation of telemedicine coupled with a total of 20 school nurse’s county-wide. Cleveland County Schools provides funding for approximately 40% of the cost of school nurses in Cleveland County.

Focus Area – Public Safety

The total public safety budget for Cleveland County in the 2022-2023 budget is $29,839,264 and includes the Sheriff’s Department, Detention, EMS, Emergency Management, and E-911 communications. The County Commissioners commitment to public safety investment is most evident when analyzed over time. In 2015, this budget was $19,608,050. The increase of $10,231,214 (52.2%) has been significantly more than any other function of County government and has supplanted in matching the funding levels of other similarly situated North Carolina counties. Public safety capital replacement is a major component of the 2023 budget. This includes mandatory system wide radio replacement and 800 mhz software upgrades totaling in excess of $600,000.

The Cleveland County Sheriff’s Department reflects a total annual appropriation of $20,419,999, which represents 16.1% of the County’s General Fund. This reflects salaries, operations and capital for the Sheriff’s Department, Detention Facilities, and School Resource Officers.
The general fund direct support of the Sheriff’s Department budget is $19,066,404 or 93.3% of the net of collected revenue. The capital amount budgeted totals $955,675.

The FY 2023 budget will be the final year of payment for an EMS fleet full replacement of nine (9) ambulances. Ambulances were received in FY 2020-2021. This strategic methodology of full replacement lease is a first for Cleveland County Government and will provide the needed confidence in rolling stock assets. The 2023 capital lease cost is slightly over $500,000.

The original budget proposal doesn’t include the system alignment with the three (3) rescue squads. The anticipated costs and associated revenue will off-set without material budget impact and that proposal will be presented to the Board for consideration outside of the original budget ordinance.

Operational Highlights

The Cleveland County Register of Deeds, Betsy Harnage is working on her fifth year processing and administering passport applications with overwhelming success. This is only being done in a few Registers offices across the State and we applaud this office for offering a new service to the citizens of Cleveland County. This service is being offered as a result of the hard work and innovative ideas of that office. This new service required minimal capital improvements and a marginal increase in the operational and part-time budget. The office has also began scanning and digitalizing vital records that will be preserved and available electronically and indexed for the citizens of Cleveland County.

The Human Resources Department continues to work to support an atmosphere that promotes workplace engagement, employee wellness, and high performing culture. Included in the 2023 budget is the continued funding of $101,000 to launch an organization-wide employee training and development function. This includes $50,000 for a learning management system (LMS) and an additional $25,000 for Co-Hort based trainings.

Technology will continue to be a focus for our organization. Our 2025 technology plan captures three (3) primary components: Automation, Data Security, & Customer Interface.
Included in the budget for FY 2023 is $825,000 for Information Technology (IT) planning and capital accompanied by an allocation of $50,000 to begin a comprehensive Technology Strategic Plan. The operational budget for IT totals $2,267,760.

**County Wellness**

Governments across the State are reporting average health care cost increases of 10-15% for Employee Health Insurance. Included in the 2023 budget, Cleveland County is expecting a 3.0% employer increase in health care premiums. Employee healthcare is paid by Cleveland County at 100%. Spouse and dependent coverage will remain flat for the 13th consecutive year.

Monthly premiums for employees covered under the plan will increase from $1,000 to $1,030 which has an organizational cost of $306,000. This increase will be absorbed by the County General Fund. Our team is pleased with the continued momentum of managing our health costs with offsetting investments into our workforce. The FY 23 budget includes continuation of disease management programs, YMCA benefits, and improved long-term disability. The low increase in healthcare premiums compared to governments across the state is indicative of our employee’s commitment to wellness and the steps they are taking to be healthier. Below, please find a chart outlining the county’s cost savings in monthly claims costs.

**Monthly Employee Wellness Claims Costs**

**Recommended Staffing Plan**

![Average Monthly Costs](image1)

The County Executive Leadership team will remain committed to two points of emphasis in managing the staffing plan for the upcoming fiscal year.

A.) Position Justification – A formal and data driven review of each vacant position in the organization as it is vacated. The review includes analyzing the potential for cross departmental sharing, technology savings and attrition.

B.) Position Re-Classification - This represents an intentional effort to maximize each FTE position within County government. Our team recognizes that business and service delivery expectations change and that our team should look for opportunities to align current resources with the most appropriate need.

Position justification is a culturally developed process that encompasses our commitment to the HPO model. Similar to zero based budgeting, that avoids incremental re-creation of prior perceived habits and norms, our team analyzes FTE positions as they become available with a focus on process redesign and critical evaluation of asset resource allocation. This process was most impactful during phase I and II of the County’s Early Incentive Retirement Program (ERIP). As you can see below (Exhibit 1), position justification has allowed the County to reduce FTE head count, through attrition, by more than 100 positions. This has organically created the needed budget flexibility to afford market driven and based pay in a more efficient operational organization (Exhibit 2).

For the first time as manager, the recommended budget does include the addition of several FTEs. As our community is growing, the Commissioner’s strategies change and become more robust. As market conditions change we have to be prepared to make equitable adjustments to our staffing plan. In instances in which position re-classification is not available, we have to add additional human capital resources. See below for a summary (Exhibit 3).

Exhibit 1
1.) Public Health – 2 Environmental Health Inspectors with a focus on market driven activity and demand — along with succession planning. These will be temporary positions. Qualification for these positions often takes multiple years to become certified and licensed by the State Department of Health and Human Services.

2.) Sheriff’s Office – 4 Deputy Sheriffs with a focus on warrant service and dedicated resources to mental health transports.

3.) Emergency Management – 1 Fire Code Inspector. This position will help support existing structure fire inspections. This was identified as a critical need during our current public safety strategic planning process.

4.) Communications – 1 E-911 communicator. This position is intended to support the growth in call volume and system delivery. Also a recommendation from the public safety strategic plan.

5.) Animal Services – 1 Animal Control Officer. This will expand our team to provide dedicated 2nd shift coverage as well as weekends.

6.) I.T. – This position is the next step in a dedicated effort to prioritize technology. The particular position will help with end user support, data security and A.V needs.

Cleveland County Public Schools
The 2022 county allocation budget totaled $30,330,849 which, per Commissioner direction, will change for the upcoming 2023 budget to $29,630,849 (a reduction of $700,000 in pay as you go capital). The other mechanical changes are that the appropriation to be sent to the school system will total $28,180,849 – with the anticipation that $1,450,000 be kept in a separate CCS escrow account to be released to the school system at a later date. The $1,450,000 is comprised of $700,000 of unrestricted pay as you go capital and $750,000 of restricted Article 42 sales tax (also historically funded as pay as you capital). The recommend tax rate for the school system will remain at fourteen cents.

Cleveland County VFD
The County Fire Service Districts tax rate will remain the same with a consistent rate of 8.75 cents per $100 of property valuation for all County Fire Districts. The tax rate provides all funding, including part-time personnel, operations and capital for the 12 fire districts in Cleveland County. The budget team has worked closely with the County Fire Commission to forecast future needs and provide appropriate resources to ensure proper coverage limits for Cleveland County citizens. The allocation will allow for an increase of 40 hours per week in coverage (includes weekends), increasing the hourly rate to $15 and the per call stipend to $12. The total allocation is approximately $5.1MM.

Conclusion – Delivering High Performance
In closing, we must stay committed to our purpose. Constant reflection and intent of synchronizing “what” we do with “why” we do it will ensure that Cleveland County Government prospers. We must make sure, as an organization, that the gap between what we do and why we do it remains closely aligned.

We are delivering high performance. The past five (5) years have been a time of planning, analyzing and setting course. We are now in a period of delivering transformational results. We will continue to face new challenges in the organization and in the community in 2023 that are very different than ever before. The success and momentum that has been built over the past five (5) years has brought new challenges of sustainability and constant excitement of “what could be” — that simply did not exist ten years ago.
As we are now out of the “peak” of the global pandemic, we are again fully engaged in the optimism and hope that we enjoyed prior to February 2020. No one could have imagined that only months into the 2020 year we would be confronted with an invisible enemy that challenged our normalcy.

I am confident, that as a result of the Board of Commissioner’s leadership and the resiliency of the operational staff through 2020-2021 and COVID, Cleveland County Government was able to stand our post and meet the demand that is our purpose – Making our Community Better.

Moving into 2023, we will continue to ReThink & Deliver High Performance:

- The ReAct phase of our Crisis Management Plan was critical to the County’s long-term success. Stabilizing meant understanding our environment and commitment to high performance & teamwork – focused on adaptation and nimbleness. This concluded with no layoffs or furloughs, adding to fund balance, and re-engagement with the County’s full CIP plan.

- The ReBuild phase included obtaining a comprehensive understanding of the new landscape. The courage to admit we are entering a “new normal” and asking hard questions that sought re-engagement and the integrity to act.

- Finally, ReThink has presented an unexpected opportunity to continue to reflect on our priorities and continuously re-think our strategies to ensure they are still relevant and have an impact on our organizational purpose. ReThink is no longer a phase but rather a part of our business model. It starts with openness to change and allowing innovation to prosper, in the hierarchy alignment of ODI (Organization/Department/Individual).

Once again, I would like to thank you, our Commissioners for your vision and direction through this process and all the hard work of our Department Heads and staff. With the effective work of our Finance Department and that of each Department, the County is operating with a clear plan of maintaining fiscal strength and stability.
### Section 1: Fund Estimated Revenues

It is estimated that the revenues and fund balances of the funds and departments as listed below will be available during the fiscal year beginning July 1, 2023 and ending June 30, 2024 to meet the fund's anticipated needs as set forth in Section 2. All fees, assessments, and other sums paid to or collected by any County Officer, or agent in their capacity, shall accrue to the benefit of the County and become County funds.

<table>
<thead>
<tr>
<th>Source</th>
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<tbody>
<tr>
<td>Property Taxes</td>
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<td>Ad Valorem Taxes Current</td>
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**Total Estimated Revenues:** $163,138,331
| Miscellaneous | ASC Par Value/Profit Distribution | 145,000 |
| | Realized Gains, Losses on Investments | 20,500 |
| | Unrealized Gains, Losses on Investments | 756,000 |
| | Contributions & Donations (Uninc) | 43,760 |
| | Other Miscellaneous | 139,800 |
| Other Sources | SW Landfill Fund (Transfer) | 1,648,390 |
| | School Capital Reserve Fund (Transfer) | 750,000 |
| | Social Service Fund (Transfer) | 97,000 |
| | Health Debt Fund (Transfer) | 135,000 |
| | Fund Balance Appropriated | 4,235,027 |
| | Mental Health Appropriation | $1,000 |

**Social Services & Public Assistance**

| Less Transfers In: | 22,310,707.80 |
| Grant/State Federal and State Grants | 16,291,033.20 |
| Local Revenues | 4,193,218.50 |
| Private Fund (Transfer) | 1,674,318.50 |

| Public Health | Less Transfers In: | 11,054,779.00 |
| Grant/State Federal and State Grants | 1,920,600.00 |
| Local Revenues | 9,934,079.00 |
| Public Health (Transfer) | 2,540,101.00 |
| Other Revenues | 159,000.00 |
| Fund Balance Appropriated | 1,095,966.00 |

**Employees Wellness**

| Less Transfers In: | 1,788,134.00 |
| Local Revenues | 1,757,454.00 |
| Health Insurance Fund (Transfer) | 28,680.00 |

**Court Facilities**

| Less Transfers In: | 432,999.00 |
| Departmental Revenues | 432,999.00 |
| Permanent Fund (Transfer) | 288,938.00 |

**School Property Taxes**

| Less Transfers In: | 19,110,163.00 |
| Ad Valorem Tax Current Year | 19,110,163.00 |
| (14.57% per $100 assessed X (2,713,613,281,532 total valuation) X (95.6% collection)) | 14,854,100.00 |
| Interest & Disingenuous Tax | 55,000.00 |
| Sales Tax | 4,000,000.00 |

| Less Transfers In: | 889,114.00 |
| Fees, Beverage Sales | 222,730.00 |
| Permanent Fund (Transfer) | 651,384.00 |

**Workers’ Compensation Property & Liability Insurance**

| Less Transfers In: | 1,757,466.00 |
| Interests on Investments/Other | 125,500.00 |
| Permanent Fund (Transfer) | 1,217,364.00 |
| Social Service Fund (Transfer) | 117,800.00 |
| Other Revenues | 291,021.00 |

**Health & Dental Insurance**

| Less Transfers In: | 11,916,467.00 |
| Fund Balance Appropriated | 1,000,407.00 |
| Permanent Fund (Transfer) | 101,600.00 |
| Dental Premiums | 210,000.00 |
| Health Premiums | 10,706,050.00 |

**8. SPECIAL REVENUE FUND ESTIMATED REVENUES**

| Less Transfers In: | 6,877,015.00 |
| Special Revenues | 1,421,015.00 |
| Other Revenues | 395,000.00 |

**9. County Fire Service Trust**

| Less Transfers In: | 20,333,262.00 |
| Other Revenues | 3,000,000.00 |
| Permanent Fund (Transfer) | 2,521,002.00 |

| Less Transfers In: | 12,880,010.00 |
| Special Revenues | - |
| Other Revenues | 2,500,000.00 |
| Permanent Fund (Transfer) | (2,500,000.00) |

**10. Capital Projects**

| Less Transfers In: | 13,924,027.00 |
| Grants and Shared Tax-State-Local Govt | 11,924,027.00 |
| Local Revenues | - |
| Other Revenues | - |

**SECTOR I TOTAL TOTAL FUND ESTIMATED REVENUES**

| Less Transfers In: | 232,922,385.00 |
| Special Revenues | (53,383,867.00) |
| Permanent Fund (Transfer) | 171,538,518.00 |
**SECTION II. FUND APPROPRIATIONS.** It is hereby affirmed that the appropriations of the funds and departments as listed below will be sufficient to meet the County's normal operating obligations.

### A. GENERAL FUND APPROPRIATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Less Transfers Out</th>
<th>Less Transfers Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>181,123,231</td>
<td>137,289,647</td>
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<tr>
<td>10.411 Commissions (Governing Body)</td>
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<tr>
<td>10.412 County Manager's Office</td>
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<tr>
<td>10.413 Finance/Procurement</td>
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<tr>
<td>10.415 Property Tax Administration</td>
<td></td>
<td></td>
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<tr>
<td>10.416 Legal/Court Attorney</td>
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<td>10.418 Elections</td>
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<tr>
<td>10.419 Register of Deeds</td>
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<tr>
<td>10.421 Information Technology</td>
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<tr>
<td>10.422 Health &amp; Human</td>
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<tr>
<td>10.423 Human Resources</td>
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<tr>
<td>10.426 Building Maintenance</td>
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<tr>
<td>10.427 Facilities/Judiciary</td>
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<tr>
<td>10.430 Municipal Utility</td>
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<tr>
<td>10.432 Police &amp; Fire Protection</td>
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<tr>
<td>10.438 Fire/Rescue Special Services</td>
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<td>10.439 State/GPS/Grant Program</td>
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<td>10.431 Community/In Schools - County Wide</td>
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<td>10.439 RDO Automation E &amp; S</td>
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<tr>
<td>10.561 Transfers Out To:</td>
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<tr>
<td>Social Services</td>
<td>7,676,521</td>
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<td>Public Health</td>
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<tr>
<td>Courts</td>
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<td>Workers' Comp. / Property &amp; Liability</td>
<td>1,217,384</td>
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<tr>
<td>Conference Center</td>
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<td>10.566 Emergency &amp; Continuity Fund</td>
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<td>13.080 Employee Welfare</td>
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<td>14.411 Court Facilities</td>
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<td>60.050 Workers' Compensation</td>
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<td>60.551 Property/Liability</td>
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<td>65.081 Employee Medical Insurance</td>
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<td>65.081 Employee Medical Insurance (TP Out)</td>
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<td>65.081 Employee Dental Insurance</td>
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<td>10.441 Sheriff</td>
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<td>10.444 Detention Center/ Jail</td>
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<td>10.446 Emergency Medical Services</td>
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<td>10.448 Communications</td>
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<td>10.451 Building Inspections</td>
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<td>10.451 Custodian</td>
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<td>10.453 Hazardous Materials</td>
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<td>10.542 Animal Services</td>
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<td>10.601 Planning &amp; Zoning</td>
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<td>10.602 Economic Development/ Tourism</td>
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<td>10.495 Cooperative Extension</td>
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<td>10.496 Forestry/Management</td>
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<td>10.498 Soil Conservation</td>
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<td>Transportation</td>
<td>223,965</td>
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<td>10.497 Transportation Admin. of City.</td>
<td>223,965</td>
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<td>Human Services</td>
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<td>33,708,795</td>
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<td>10.550 Mental Health (Pathways)</td>
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<td>10.551 Veterans Service Office</td>
<td>136,032</td>
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<td>10.557 Council In Aging (Senior Center)</td>
<td>198,332</td>
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<td>11.000 Social Servs. &amp; Public Aid.</td>
<td>20,898,602</td>
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<td>11.000 Transfers Out To Other Funds</td>
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<td>12.000 Public Health</td>
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<td>12.000 Transfers Out To Other Funds</td>
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<td>Education</td>
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<td>10.605 Cleveland County Schools</td>
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<td>Current Expense</td>
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<td>Capital Outlay</td>
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<td>Capital Outlay - Special Allocation</td>
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<td>JPCC City Improvement Grant (Pern Time)</td>
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<td>10.605 Cleveland Community College</td>
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<td>School Property Taxes</td>
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<td>School Capital Reserve (Transfer)</td>
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<td>Cultural</td>
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<td>10.611 Libraries</td>
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<tr>
<td>Cleveland County Library System</td>
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<td>Other Libraries</td>
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<td>10.612 Recreation</td>
<td>121,065</td>
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<td>10.614 Historic Artifacts</td>
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<td>10.470 Public Shooting Range</td>
<td>266,858</td>
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<td>10.471 Senior &amp; Trap</td>
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<tr>
<td>10.480 Lakewood Center</td>
<td>881,114</td>
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</table>

### B. SPECIAL REVENUE FUND APPROPRIATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Less Transfers Out</th>
<th>Less Transfers Out</th>
</tr>
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<tbody>
<tr>
<td>Public Safety</td>
<td>6,877,215</td>
<td>6,877,215</td>
</tr>
<tr>
<td>30.443 Emergency Turnout</td>
<td>1,421,915</td>
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<tr>
<td>20.403 Volunteer Fire Department</td>
<td>5,053,303</td>
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</table>

### C. ELOY SERVICE FUND APPROPRIATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Less Transfers Out</th>
<th>Less Transfers Out</th>
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<tbody>
<tr>
<td>Debt Service</td>
<td>10,322,202</td>
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</tr>
<tr>
<td>Debt Service</td>
<td>10,322,202</td>
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</tbody>
</table>
COUNTY MANAGER BRIEFING

REGULAR AGENDA

CLEVELAND COUNTY FAIR LEASE AGREEMENT & PERFORMANCE CONTRACT/VOLUNTEER

FIRE DEPARTMENT LEASE

County Manager Brian Epley remained at the podium to present the Cleveland County Fair Lease and Performance Contract and the Cleveland Volunteer Fire Department Lease. A new sustainable lease and performance contract with the Fair Association was imminent as the current contract is set to expire soon. Staff has been working with the Fair Association over the last six months to reach a new agreement. A new set of terms has been met and has already been unanimously approved by the Fair Board.

Historically, there has been one document that outlined all the terms and agreements, but over time it has become outdated. Staff used a “start from scratch” methodology, and multiple steering committee meetings were held that included county staff and leadership from the Fair. The goal was to analyze and address what both parties need from this agreement, how the space may be better utilized and highlight the state’s largest outdoor agricultural fair. Lastly, the goal was to leverage it as the economic and community cultural impact that it is on the community.

This goal has been accomplished with the proposed performance contract. The county’s obligations are to lease that piece of property to the Fair Association for 10 years for $1.00. Also included is a fiscal appropriation of $62,500 for operations and a $100,000 allocation of capital for years one and two.

In exchange, the Fair agrees to:

- Hold a Fair each year that is receives an appropriation, unless it is impracticable or unsafe to do so
- One County Commissioner to serve on the Fair Board of Directors
- Report to the County on how County funds have been used
- Cooperate and participate in a third-party study of the Fair’s impact in the County
- Conform with auditing requirements
- Participate in a joint operational subcommittee, which will study long terms plans and needs of the Fair
- Participate in a health and safety subcommittee comprises of both Fair and County personnel
The operational working committee will be comprised of both county and fair staff. Also, for Board consideration is a direct lease from the county to the Fair Association. The land lease with the Fair does, via survey, exclude the fire station that is located on that property. There will be a direct lease with the county and the Cleveland Volunteer Fire Department (CVFD), for that piece of the property, which was the recommendation by the Department of Insurance. The CVFD will receive the right to use a strip of property for ingress to and egress from the fire station located at the Fairground. This will allow the CVFD to have a satellite station ultimately providing coverage and service to citizens within a five-mile radius. The Fair has already approved both the lease and the performance contract. The performance contract may be terminated by either party on thirty days’ notice. The Fair must return any unused funds to the County upon giving notice of termination. Mr. Epley concluded with positive comments about the working relationship with the Fair Board and the direction moving forward. The following information and PowerPoint were presented to Commissioners.
Chairman Gordon echoed Mr. Epley’s positive comments regarding working with members of the Fair Board and CVFD throughout this process, stating a lot of work from all three organizations has gone into the proposed lease and performance contract and this is going to be a great benefit for the taxpayers. Chairman Gordon advised he currently serves on the Fair Board and supports the Cleveland County Fair, the Fair Board and the Volunteer Fire Departments. He read the following statement, “In December of 2021, the North Carolina General Assembly enacted Senate Bill 473. This bill prohibits local government board members from making or administering contracts with any nonprofit of which the local government board member is a director, officer, or board member. The bill also requires local government board members to recuse themselves from voting on such contracts and to record their recusal with the clerk before a vote occurs on the contract and any related appropriations. As I am a member of the Board of Directors for the Cleveland County Fair, I will not be deliberating or voting on the proposed lease and contract with the Fair or any related budgetary appropriations. I hereby recuse myself from this matter and ask the Clerk to record my recusal in the Minutes.” Chairman Gordon recused himself from any deliberation, voting or funding allocation regarding the Cleveland County Fair and asked Commissioner Hardin to finish preceding this portion of the agenda.

**ACTION:** Commissioner Hutchins made a motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board (Chairman Gordon was recused) to, **approve the lease with Cleveland County Fair, approve the performance contract to include funding allocation of $162,500 to the Cleveland County Fair and approve the lease with Cleveland Volunteer Fire Department.**
COUNTY OF CLEVELAND
LEASE AGREEMENT

This Lease Agreement (the “Lease Agreement” or the “Lease”) is made effective the 1st day of July 2022, between Cleveland County, North Carolina, a political subdivision of the State of North Carolina (“Lessee”), and Cleveland County Fire Incorporated, a North Carolina nonprofit corporation with NC Secretary of State No. 0029750 (“Lessor”). This Lease Agreement is to be construed in conjunction with the parties’ Performance Contract, executed on or about the same date as this Lease Agreement.

WHEREAS, Lessor holds for simple title to the property commonly known as the Cleveland County Firegrounds, Cleveland County Parcel No. 2289, PIN 255690373, located at 1791 E. Market Street, Shelby, NC 28150;

WHEREAS, Lessee wishes to lease all of the Cleveland County Firegrounds to Lessee except for the lease lot and license identified on “Exhibit A.”

WHEREAS, Lessee will not need the property for the term of the Lease Agreement;

WHEREAS, Lessee agrees to use the Premises to conduct the annual Cleveland County Fair;

WHEREAS, Lessor is a political subdivision of the State of North Carolina;

WHEREAS, N.C.G.S. § 143B-434-4 provides that it is the policy of the State of North Carolina to cultivate the State’s commercial interests by encouraging local and county fairs so that visitors may learn about local products and crafts;

WHEREAS, the execution of this Lease Agreement for and on behalf of Lessor has been considered and approved by the Cleveland County Board of Commissioners at a duly-called public meeting following thirty (30) days public notice as required by N.C.G.S. § 166A-272(a), and by the governing body of Lessor pursuant to its own rules and regulations;

WHEREAS, in consideration of the covenants and promises set forth herein below, the receipt and sufficiency of which is hereby acknowledged, Lessee does hereby lease unto Lessee for and during the term and under the terms and conditions hereafter set forth, with all of the rights and privileges theretofore pertaining, the Premises described in Section 1 below.

NOW THEREFORE, the Parties agree as follows:

1. Premises. Lessor hereby leases unto Lessee, and Lessee agrees to lease from Lessor, all of the property located in Cleveland County, North Carolina, identified as of July 1, 2022 as Cleveland County Parcel No. 2213/2 with Property Identification Number 255690373 and a mailing address of 1791 E. Market Street, Shelby, NC 28150, except for the following:

(a) The property identified as “Lease Lot” on Exhibit A, attached hereto, is excluded from this Lease Agreement.

(b) The strip of land identified as “proposed easement” on Exhibit A is excluded from this Lease Agreement.

Lessee acknowledges that the excluded property identified as “Lease Lot” on Exhibit A may be occupied and used by Cleveland County Volunteer Fire Department for use as a fire station. Lessee also acknowledges that Lessor may grant Cleveland County Volunteer Fire Department a license to use the property labeled as “Proposed Easement” on the attached Exhibit A for ingress and egress from this fire station, and this Lease Agreement is subordinate to that license.

The property that is subject to this Lease Agreement, not including the excluded property described in subsections (a) and (b) of this Section 1, is hereinafter described as the “Premises.”

2. Term and Termination. The Lease Agreement will remain in full force and effect for a period of ten (10) years, terminating on June 30, 2032, unless sooner terminated as provided herein.

3. Rent. Lessee shall pay Lessee as rental for the Premises an annual rental fee of One Dollar ($1.00), to be paid on or before the 1st day of July of each year of the Lease Agreement.

4. Improvements. Lessee, at the termination of this Lease Agreement, shall own all buildings and improvements located upon the Premises. Lessor reserves the Premises in the physical condition in which the same now is, and Lessee shall be under no obligation whatsoever to make any repairs or replacements to said premises during the term of this Lease Agreement, except that any sums received for insurance loss or losses on buildings located on the Premises shall be used to replace or restore such buildings. Lessee hereby agrees to keep all buildings and improvements upon the Premises in a good state of repair and, at the termination of this Lease Agreement, to return the same to Lessee in good condition, except damage by fire or acts of God. Provided, that if Lessee determines that a building is not worth repairing or keeping, Lessee may destroy and remove said building at its own expense if Lessee obtains the written consent of Lessor to such destruction and removal. In addition, Lessor may construct new buildings or add or existing buildings, with the written consent of Lessee to such new buildings or additions. Lessee hereby delegates to its County Manager, to the fullest extent permitted by law, the authority to grant the consent described in this section.

5. Removal of Improvements. Except as provided in Section 4 above, Lessee shall not have the right to remove from the demised premises any building or improvements placed upon the Premises, even if paid for exclusively by Lessee. Notwithstanding the previous sentence, at the expiration of this Lease Agreement, Lessee shall have a period of sixty (60) days during which it may choose to remove the then existing Grandstand.

6. Licenses, Fees, and Taxes. Lessee agrees to pay all license fees, occupation taxes, and privileges taxes imposed upon the business conducted on the Premises.

7. Insurance. Lessee, at its sole expense, shall maintain liability insurance, including bodily injury and property damage insurance insuring, and Lessor as additional insured, with minimum coverage of at least $1,000,000 per occurrence and at least $2,000,000 aggregate. Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide a non-10 day written notice to Lessor in the event of cancellation or material change of coverage. To the maximum extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessor and Lessee, for the benefit of each other, waive any and all rights to subrogation which might otherwise exist. Notwithstanding any other language in this section, Lessor does not waive its governmental immunity from any fees that are necessary to enter into this Lease. This Lease shall not be construed to create duties to third parties.

8. Editing. During the term of this Lease Agreement, Lessee shall provide and pay for all lights, water, heat, and other utilities used upon the Premises, at its own expense.

9. Indemnification. Lessor shall indemnify and save harmless Lessee from any and all liability or claim for loss, damage, or injury to persons or property caused or occasioned by Lessee’s use of the Premises.

10. Force Majeure. Should the Premises be destroyed or so damaged by earthquakes, fires, floods, strikes, riot, revolution, or other causes beyond the control of Lessor so as to become unsuitable or untenantable, this Lease Agreement shall, at the option of either party, cease and terminate as of the date of such destruction or damage.

11. Bankruptcy of Lessor. If at any time during the term of this Lease Agreement, Lessor should be adjudged bankrupt or insolvent by a court of competent jurisdiction, such adjudication shall terminate and cancel the rights of Lessee without any further action on the part of Lessor, and Lessee may again enter and take possession of the Premises.

12. Setback of Lease. If all of the outstanding stock of Lessee is obtained by twenty-five (25) or fewer stockholders, Lessee shall have the option to terminate this Lease Agreement at any time on thirty (30) days’ advance written notice to Lessor.

13. Failure to Pay Rent. If Lessor shall fail to make any payment of rent when due or neglect to keep all of the terms and agreements herein. Lessee may give notice to Lessor, and Lessor may then, after notice to Lessee and cancel the lease upon any of the premises without any further action on the part of Lessor, and Lessor may again enter and take possession of the Premises.

14. Lease and Choice of Law. Should a disagreement between the parties arise under this Lease Agreement, the parties agree to first submit such disagreement to mediation and to make a good faith effort to resolve such dispute through such mediation. If following mediation, the parties are unable to resolve their dispute, either party may file a civil complaint in the North Carolina General Court of Justice, sitting in Cleveland County. This Lease Agreement shall be construed under North Carolina law.

15. Notices. All notices, demands, elections, and other communications (collectively “Notices”) required or permitted to be given under this Lease Agreement shall be in writing and shall be either given by personal delivery or transmission by email, by facsimile transmission, by nationally recognized overnight express service, or by certified mail, return receipt requested, to the addresses set forth herein. Notice to Lessee shall be made to its registered agent(s) then on file with the North Carolina Secretary of State. Notice to Lessor shall be made to the Cleveland County Manager, located at 311 E. Marion Street, Shelby, NC 28150.

16. Assignment. Lessee shall not assign or sublet this Lease, or any interest thereunder, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned, or delayed.

17. E-Verify. Lessee shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. Further, if Lessee utilizes contractors or subcontractors, Lessee shall require the contractors or subcontractors to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.

18. Land Development Act Certification. As of the effective date of this Lease Agreement, Lessee is not listed on the Financial Statement List created by the State Treasurer pursuant to N.C.G.S. § 147E.58. The signatures for Lessee hereby certify that they are authorized to make the forgoing statement.

19. Disputes. Dispute original of this Lease Agreement shall be signed by the Parties so that each Party may retain an original for their records.

20. Recording. Lessee shall record this Lease Agreement with the Cleveland County Register of Deeds within a reasonable time after its execution.

21. Entire Agreement. The terms and provisions herein contained constitute the entire agreement between the parties and shall supersede all previous communications, representations, or agreements, other verbal or written, made between the parties hereto with respect to the subject matter hereof, with the exception of the Performance Contract.

The parties have executed this Lease the day and year first set forth above:

[Signature Pages to Follow]

FOR THE COUNTY:

[Name]

Date

Chairman

Board of Commissioners

ATTACHED BY:

[Signature]

Date

Chief of 911 Board of Commissioners

[Name]

Date

Finance Director

[Name]

Date

Deputy County Attorney

[Name]

Date

Approved as to form and content for the County:

[Signature]

Date

[Name]

[Office Title]
privilage thereto-mentioned, the Premises, as depicted on the attached "Exhibit A," and a lease for ingress to and egress from the Premises, as depicted on the same-attached "Exhibit A." 

NOW THEREFORE, the parties agree as follows:

1. **Premises.** Lessee does hereby rent and lease to Lessee, and Lessee does hereby lease from Lessor, the OCS assets described on the attached "Exhibit A" as "Lessor Lot" the "Premises.

2. **Term and Termination.** To have in and to hold said premises for a ten-year term commencing on July 1, 2022, and terminating on June 30, 2032 unless sooner terminated as hereinafter provided. Either party may terminate this lease on thirty (30) days notice to the other.

3. **Rent.** Lessee hereby agrees and covenants to pay to Lessor as rental for the Premises the amount of one dollar and zero cents ($1.00) per year, and Lessee shall pay Lessor in full on or before the first day of July each year.

4. **Permitted Uses.** Lessor may use the Premises as a fire station or in otherwise support its operations as a volunteer fire department. Lessee shall bear the sole responsibility of maintaining the premises for its purpose. Lessor may install access gates on the Premises, which shall be maintained at Lessee’s sole expense. At the termination of the Lease, Lessee shall have the option of removing any access gates that it has installed from the Premises within thirty (30) days from the date on which the Lease has terminated.

5. **No alcoholic beverages.** The use of alcoholic beverages on the Premises is prohibited.

6. **Days in Possession In Good Order.** Lessor hereby covenants and agrees to keep the Premises in good order, repair, and condition as same are in the commencement of the term hereof, or may be put in thereafter, except for damage by unavoidable casualty, acts of God, innocent damage, and normal wear and tear. Lessee further covenants and agrees that, at the termination hereof, it will peacefully yield up said Premises and all additions, alterations, and improvements thereto in such good order, repair, and condition as it received them. Notwithstanding anything else in this section, at the termination of this Lease, Lessor shall have the right to remove all fire department equipment from the Premises within thirty (30) days of the date on which the Lease has terminated.

7. **Compliance with Law.** Lessee agrees that it will promptly comply, at its own expense, with all requirements of any governmental authority having competent jurisdiction.

8. **Loss of Personal Property.** Lessee agrees that all personal property brought onto the Premises by Lessee or third parties shall be at the risk of Lessee or such third party, and to the extent permitted by law, shall not be liable for any damage thereto occasioned from any acts or omissions of Lessor or any other person.

9. **Indemnification of Lessor.** To the extent allowed by North Carolina law, Lessee agrees to indemnify, defend, and hold Lessor and any of its fire department personnel harmless from any and all claims, demands, suit, or liabilities whatsoever by virtue of Lessor’s use and occupancy of the Premises.

10. **Insurance.** Lessor, at its sole expense, shall maintain liability insurance, including bodily injury and property damage insurance insuring Lessor and Lessee with minimum coverage of at least $1,000,000 per occurrence and at least $2,000,000 aggregate. Lessor shall be considered additionally insured on said liability insurance policy. To the extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessor hereby released Lessor, and Lessee hereby releases Lessor, from any liability for loss or damage caused by fire or any of the extended coverage coverages in their respective insurance policies, even if such fire or other casualty was brought about by the fault or negligence of the other party, or such party’s agents or employees.

11. **Conditions of Lease.** This Lease is made upon the condition that Lessor shall perform all of the conditions, covenants, and agreements required of it. If, at any time, (1) there shall be any default on the part of Lessee in the condition given for the Lease, and any such default shall be cured within ten (10) days, without notice, or (2) if in the event that any default in the performance or operation of any of the other conditions or conditions of the Lease required to be performed by Lessor and not relating to the consideration, and any such default shall continue for a period of ten (10) days after written notice thereof addressed to Lessee and sent by regular mail, or (3) if Lessor shall file for bankruptcy, or (4) if an involuntary petition for bankruptcy is filed against Lessor, and any such petitions shall not be withdrawn within ninety (90) days after the entry thereof, or (5) if a receiver or trustee be appointed for the property of Lessee and the order appointing such receiver or trustee be not set aside within ninety (90) days after the entry thereof, or (6) if Lessee shall assign its property or assets for the benefit of creditors, or (7) if Lessee loses its status as a nonprofit or tax-exempt organization, then Lessor may, at its option and without further notice, terminate the Lease and reenter upon and take possession of the Premises and may remove and all property belonging to Lessee from the Premises, using such force as may be necessary to accomplish such purpose and henceforth hold and enjoy the Premises for all purposes as if this Lease had not been made, subject to applicable laws. In such case, Lessor shall be liable for all damages occasioned to Lessee by reason of said default and to that end all payments required to be paid during the term of this Lease, if any, shall become immediately due and payable.

12. **Successive.** If any provision of this Lease or its application to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.
13. **Exemption from Taxes**: If the Premises or any part thereof or any estate therein, or any part of a building lawfully existing or constructed by the Lessee under the provisions of this Lease, shall be exempt from taxation, then the Lessee shall be entitled to the proportionate part of the tax exemption for the term of the Lease.

14. **Notice**: All notices, demands, elections, and other communications (collectively, "Notices") required or permitted to be given under this Lease shall be in writing and shall be either given by personal delivery or transmitted by mail, facsimile transmission, by nationally recognized overnight express service, or by certified mail return receipt requested, to the addresses set forth below. Notices to the Lessee shall be made to its registered agent(s) at the address listed above. Notices to the Lessee shall be made to the Executive Director of the Cleveland County Volunteer Fire Department, located at 111 E. Marion Street, Shelby, NC 28150.

15. **Assignment**: The Lessee shall make all payments to the Lessor under this Lease in accordance with the terms and conditions of this Lease. The Lessor shall be entitled to receive any payment made by the Lessee to any other party in fulfillment of the Lessee's obligations under this Lease.

16. **Covenants and Conditions**: The covenants and conditions of this Lease shall not be unreasonably withheld, conditioned, or delayed.

17. **Legal: This lease shall be interpreted and enforced in accordance with the laws of the State of North Carolina. Any legal dispute as to the terms of this lease shall be determined in accordance with the laws of the State of North Carolina.

18. **Execution**: This Lease shall be signed by the parties hereto and shall be binding on each party and their respective successors and assigns.

19. **Purpose**: The purpose of this Lease is to provide for the provision of fire protection services by the Lessee to the Lessor in consideration of the payment of rent for the Premises.

20. **Assignment**: This Lease shall not be assignable or transferable by the Lessee without the written consent of the Lessor.

21. **Effectiveness**: This Lease shall become effective upon the execution of this agreement.

22. **Entire Agreement**: This agreement contains the entire agreement between the parties and supersedes any prior oral or written understandings. No modification of this Lease shall be effective unless made in writing and duly executed by both parties.

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**PERFORMANCE CONTRACT**

**Between**

CLEVELAND COUNTY, NORTH CAROLINA (the "County")

And

CLEVELAND COUNTY FAIR, INCORPORATED (the "Fair")

WHEREAS, Cleveland County is authorized by N.C.G.S. § 15A-448(b) to contract with private entities, including nonprofit corporations and nonprofit associations, to "carry out any public purpose for which the county is authorized by law to engage in."

NOW THEREFORE, the parties enter into the following agreement (the "Performance Contract"):

---

**1 Definitions**

The following definitions shall apply throughout this Performance Contract:

- "Board of Commissioners" means the Cleveland County Board of Commissioners.
- "County" means Cleveland County, North Carolina.
- "County Manager" means the Cleveland County Manager.
- "Fairground" means Fairgrounds located at 1771 E. Marion Street, Shelby, NC 28150.
- "Year" or "years" refers to the County's fiscal year, beginning on July 1 and terminating on June 30, unless the context clearly suggests otherwise.

**2 Grant**: The County will grant the following to the Fair:

- The County shall have the Fairgrounds to the Fair for one dollar ($1.00) per year for a term of ten (10) years; upon the termination of this Agreement, the Fair shall vacate the premises without damage or expense to the County.
- The Fair shall annually pay to the County the sum of $30,000. In addition, the Fair may be entitled to additional payments by agreement between the parties for additional performance by the Fair.

**3 Requirements of the Fair**: The Fair shall comply with the following requirements, as well as all other provisions of this Performance Contract.
a. The Fair shall hold the Cleveland County Fair at the Fairgrounds each year that it receives an appropriation. Failure of the Fair to operate a County Fair upon the Fairgrounds during any year that this Performance Contract is in effect shall be grounds for the County to terminate both this Performance Contract and the Lease Agreement, unless the County agrees that it is impracticable, undue, or impossible to operate a fair in a given year.

b. The Fair shall submit to the County in writing, at least once during each year during which County funds are expended by the Fair, a description of how all such County funds have been used.

c. Upon the County's request, the Fair shall cooperate with, and participate in, a third-party study of the Fair's impact in the County conducted by an organization of the County's choice and at the County's expense.

d. The Fair shall either:
   i. Have an audit performed by a certified public accountant for the fiscal year in which any funds are received and file a copy of the audit report with the County, at the Fair's expense; or
   ii. Allow the County's external auditors, at the County's expense, to perform non-attestation financial oversight testing of the Fair's finances.

e. To the extent that federal funds are awarded to the Fair, the Fair shall comply with any and all federal or County policies and regulations regarding the use of federal funds, whether adopted before or after the effective date of this Performance Contract.

f. The Fair agrees that the Board of Commissioners shall have the right to appoint one full voting member of the Fair's Board of Directors. Each such appointment shall be for a term of no less than two years. In addition, the County Manager shall appoint a person of his choice to serve as an ex-officio member of the Fair's Board of Directors. All records of the Fair - corporate, financial, or otherwise - shall be available for inspection by the Board Member appointed by the Board of Commissioners or the Board Member appointed by the County Manager upon reasonable notice to the Fair. This requirement shall not apply to any Fair records that are made confidential by law.

g. Within twelve (12) months of the effective date of this Performance Contract, the Fair shall begin regularly participating in, and shall participate in each year thereafter, a joint operational subcommittee comprised of both Fair and County personnel. This subcommittee shall discuss issues including:
   i. Rate Stabilization and Break-Even Analysis

FOR THE FAIR:  
By:  
[Signature]

Secretary

NORTH CAROLINA CLEVELAND COUNTY

I, the undersigned Notary Public, for the Cleveland County and State, do certify that before me personally appeared Thomas Allen Halsey, Jr., President of the Cleveland County Fair, Incorporated, who, being by me duly sworn, says that by authority duly given and in the act of such entity, he/she signed the foregoing instrument in its name or in behalf as its agent and that:

WITNESS my hand and Notarial seal or stamp, this the 14th day of June, 2022.

[Signature]

Notary Public

My commission expires 8/14/2022

iii. Long-Term Facilities Master Plan
   1. Structural Planning
   2. Parking Strategies
   3. Utilities Synchronization

iii. Jointly Drafted Long-Term Needs and Improvement Plan
iv. Exclusive Periods for Fair Operations

v. Use of Fairground During Off-Saison

b. Within twelve (12) months of the date of this Performance Contract, the Fair shall begin regularly participating in, and shall participate in each year thereafter, a health and safety subcommittee comprised of both Fair and County personnel.

4. Failure to Adhere to Requirements. Should the Fair breach any provision of this Performance Contract, the County shall be entitled to immediately terminate both the Performance Contract and the Lease Agreement, and the Fair shall return to the County all unspent funds provided to the Fair by the County.

5. Governmental Immunity. The County retains its governmental immunity to the fullest extent permitted by law, and this Performance Contract shall not infringe to the benefit of any third parties.

6. Ex-Posts. The Fair shall comply with the requirements of Article 3 of Chapter 46 of the North Carolina General Statutes. Further, if the Fair utilizes any contractors or subcontractors, the Fair shall require the contractors or subcontractors to comply with the requirements of Article 2 of Chapter 46 of the North Carolina General Statutes.

7. ADA and Civil Rights Certificate of Compliance. The Fair certifies that it complies with all applicable state and federal civil rights laws, including the applicable provisions of the Americans with Disabilities Act.

8. Public Records. The County is required to comply with North Carolina laws regarding public records and open meetings. Notwithstanding anything to the contrary in this Performance Contract, the County shall not be liable to any party for disclosing the Performance Contract, or any documents or communications made or received in relation thereto, to any third party or the public at large, if such disclosure is made by the County in a good faith effort, in its sole discretion, to comply with any public records request.

9. Term and Termination. This Performance Contract shall take effect on July 1, 2022 and terminate on June 30, 2023. Either party may terminate this Performance Contract on thirty (30) days' notice to the other. If the Fair terminates this Performance Contract, it shall return to the County any operational or capital appropriations that remain unspent as of the date of such notice of termination.

10. Construction & Gladdening. No rule of construction shall apply against any party to the drafters of this Performance Contract, which is the result of an arm's-length negotiation between the parties. The interpretations and meanings of any and all portions of this Performance Contract are intended for reference purposes only and shall not be deemed to affect the meaning or interpretation of the Performance Contract's terms and conditions.

11. Amendment. No amendment or modification of this Performance Contract is valid unless reduced to writing and executed by all parties.

12. Entire Agreement. The Terms and provisions herein contained constitute the entire agreement between the Parties and shall supersede all previous communications, representations, or agreements, either verbal or written, between the parties hereto with respect to the subject matter hereof, except for the Lease Agreement.

[SIGNATURE PAGES TO FOLLOW]

FOR CLEVELAND COUNTY, NORTH CAROLINA

LESSOR

By:  
[Signature]  
Deb Hanlon, Vice-Chairman
Board of Commissioners

Attn:  
Roby Nelson
Cleveland County Clerk

This instrument has been pre-paid in the manner required by the North Carolina Local Government Budget and Financial Control Act.

[Seal]

Date

Lucas Jacque
Finance Director

Approved as to form and content for the County:

[Seal]

[Signature]

Date

Deputy County Attorney

[Seal]
Chairman Gordon recognized Deputy County Attorney Elliot Engstrom to present the Solid Waste Franchise Agreement and Ordinance. Mr. Engstrom advised the Board there will be two separate proposed actions regarding the franchise agreement and ordinance modification. Commissioners were reminded, at their February 2021 work session, staff was directed to analyze the existing franchise agreement that provides exclusive residential and commercial curbside collection throughout Cleveland County. In June 2021 the Board voted to pilot open market commercial collections in unincorporated areas of the county with a specific focus on lowering market rates, waste integrity and litter reduction. In July 2021 the open commercial process began, and the Solid Waste Department created a vendor registration system. There were 18 interested vendors and the county issued them licenses.

In February 2022, the commercial analysis report on the success of open market commercial was presented to the Board who then directed staff to issue a Request For Proposal (RFP) for curbside collection of residential solid waste. In May 2022, Commissioners reviewed the submitted RFPs and selected Republic Services. They were the only applicant able to serve the entire county. The Board must now proceed with awarding the exclusive franchise agreement. Mr. Engstrom advised prior to the formal adoption of the franchise agreement; several amendments need to be in the Solid Waste Ordinance. The first recorded Cleveland County Solid Waste Ordinance was approved in 1989 and there have not been any significant updates to the ordinance since that time other than the Solid Waste Department becoming its own separate department in 2020. The proposed amendments will align the ordinance with the County’s current procedures. These modifications include:

**Division One**

*Division of health services* means the division of health services of the state department of human resources [North Carolina Department of Health and Human Services](https://www.ncdhhs.gov).  

*Franchise* means a franchise for the exclusive right to commercially collect solid waste as described in N.C.G.S. § 153A-136(a)(3).

...  

*License* means a license to commercially collect or dispose of solid waste as described in N.C.G.S. § 153A-136(2).

**Sec. 11-32. Administration and enforcement of article.** The [county manager of the county](https://www.clevelandnc.gov) or authorized representative [Solid Waste Director](https://www.clevelandnc.gov) shall administer and enforce the provisions of this article.

**Division Two**

Solid Waste Director may issue licenses for:

- Commercial collection, transportation, and proper disposal of solid waste from commercial/industrial/business facilities
- Commercial collection, transportation, and proper disposal of non-municipal solid waste from any facilities
- License takes the form of a Solid Waste Collector Agreement
- Licenses are non-exclusive
- Licenses are revocable if licensee violates Solid Waste Collector Agreement or ordinance
Division Three

- County may issue exclusive franchises for residential curbside solid waste collection
- Solid Waste Director may solicit applications at the appropriate times
- Board of Commissioners sets terms of franchise

The following information and PowerPoint were present to Commissioners:

Timeline

- February 1, 2021: Staff to analyze the exclusive franchise agreement of solid waste collection versus open market.
- June 1, 2021: Board voted to pilot open market commercial collection in unincorporated areas of the county.
- July 1, 2021: Open commercial in unincorporated areas.
- February 25, 2022: Commercial analysis report.
- June 7, 2022: Staff have prepared for the Board’s consideration (1) code amendments to update solid waste ordinance and (2) proposed franchise with Republic Services.

Summary

Two solid waste updates:

1. Amendments to Code of Ordinances
2. Proposed franchise with Republic Services

Will pause for action on item 1 before moving to item 2.

Solid Waste Ordinance

First modern ordinance adopted in 1989.

Solid waste removed from Health Department in 2020.

Many provisions have not been updated since 1989 or early 90’s.

Goal – align ordinance with modern practice.

Code Amendments – Division 1

- Examples of Amendments to Division 1

Code Amendments – Division 2

- Solid Waste Director may issue licenses for:
  - (1) Commercial collection, transportation, and proper disposal of solid waste from commercial/industrial/business facilities,
  - (2) Commercial collection, transportation, and proper disposal of non-municipal solid waste from any facilities.
- License takes the form of a Solid Waste Collector Agreement.
- Licenses are non-exclusive.
- Licenses are revocable if licensee violates Solid Waste Collector Agreement or ordinance.

Action # 1

Adopt code amendments to Chapter 11 of Code of Ordinances.
**ACTION:** Commissioner Hardin made a motion, seconded by Commissioner Bridges, and unanimously approved by the Board to, **adopt the code amendments to Chapter 11 of the Cleveland County Code of Ordinances.**

Mr. Engstrom continued the presentation with the proposed franchise agreement with Republic Services, stating per general statute, if approved, the franchise agreement must be read twice before final approval. The agreement terms include:

- Residential curbside pickup throughout all unincorporated areas of County
- Rate of $25/month billed quarterly
- Subject to annual adjustment based on CPI or increases in County tipping fees
- Five-year franchise with option for one-year extension
- Either party may terminate on third or fourth anniversary of agreement’s effective date by providing sixty days’ notice

**ACTION:** Commissioner Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, **approve the franchise agreement on the first reading.**
Section 11-41. Operation of landfill.

Any landfill located in the county shall be operated according to rules and regulations prescribing standards for solid waste disposal adopted by the state commission for health services. 

Section 11-42. Demolition pits.

Anyone wishing to operate a demolition pit shall make a written request to the County Solid Waste Director, listing the name of the person. 

Section 11-43. Closing of illegal dumps.

Any person having an illegal solid waste dump shall, upon notification by the County Solid Waste Director, take the following actions:

(1) Implement effective on-site control measures for at least two (2) weeks after closing the dump to prevent reinmigration to adjacent properties, if determined necessary by the County Solid Waste Director.

Section 2. Division 2 of Chapter 11 Article II of the Code is repealed in its entirety and replaced with the following:

DIVISION 2. LICENSE FOR COLLECTION, TRANSPORTATION, OR DISPOSAL

Section 11-61. Required.

Under the provisions of this Division, the Solid Waste Director shall have authority to grant non-exclusive licenses for the collection, transportation, and proper disposal of solid waste, yard waste, and any other waste that is not subject to a franchise general under Division 3 of this Article from any municipality throughout the county for five (5) years. All persons shall collect, transport, or dispose of such solid waste for a fee or consideration without a license issued by the County Solid Waste Director under this Division. This license shall take the form of a Solid Waste Collector Agreement entered into by the Solid Waste Director. The Solid Waste Collector Agreement shall contain the terms listed in Section 11-62 below, as well as any terms the Solid Waste Director deems necessary to ensure that the license can safely collect and transport solid waste.

Section 11-62. Approval of applicant's facilities, equipment, and operating methods.

(1) Solid Waste Collector Agreement shall include at least the following terms:

(a) Address of the business, residence, or licensed service area of the licencsee.

(b) A statement that the license shall only service solid waste produced in Cleveland County for disposal at the Cleveland County Landfill.

(c) A statement that the license shall have appropriate means, such as trucks, derricks, or other equipment to transport solid waste.

Section 11-63. Revocation.

Any license holder transport solid waste may be revoked by the Solid Waste Director for violation of applicable state and local laws, including this ordinance and the Solid Waste Collector Agreement, pertaining to the management of solid waste.

Section 11-64. Application for account.

An application for account shall be made for the billing of a license holder's collection of appropriate solid waste disposal fees and display the county-wide identification number.

Section 11-66. Sales, transfer of license; changes in ownership of business.

If the license granted under this Division is sold, assigned, pledged, or transferred, such shall not be transferred without the consent of the County Solid Waste Director. The license shall be revoked if the new owner fails to meet the standards of the original license holder.

Section 11-67. Reserved.

Section 3. A new Division 6 of Chapter 11 Article II is hereby added to the Code, which shall read as follows:

DIVISION 3. FRANCHISE FOR COLLECTION, TRANSPORTATION, AND DISPOSAL OF CURBSIDE RESIDENTIAL SOLID WASTE

Section 11-71. Required.

No person shall, for a fee, fee, or consideration, collect or transport residential curbside solid waste unless such person holds a valid, current franchise issued by the board of county
RESEARCH FARMHOUSE

This Municipal Materials Management Agreement (the “Agreement”) is made and entered into the 1st day of July, 2022 (“Effective Date”), by and between the Cleveland County, North Carolina (“County”), and Republic Services of North Carolina, LLC, a North Carolina limited liability company qualified to do and actually doing business in the State of North Carolina (“Company”).

RECATIALS

WHEREAS, the County desires that Company provide Services as defined herein for the Location Types as set forth in this Agreement and Company desires to do so, in all accordance with the terms of this Agreement.

WHEREAS, pursuant to N.C.G.S. § 153A-136(3) and N.C.G.S. § 153A-46, the County may grant a franchise for the exclusive right to collect and dispose of residential municipal solid waste for a fee within the County;

WHEREAS, the County has a Solid Waste ordinance (the “Ordinance”), set forth in Chapter 11 of its Code of Ordinances, which provides that the Board of Commissioners may grant an exclusive franchise for the provision of solid waste collection, transportation, and disposal services;

WHEREAS, the Company has the equipment, staff, knowledge, and proven good customer service to provide the services contained herein, and
WHEREAS, at regularly scheduled public meetings, held June 7, 2022, and June 21, 2022, the Board of Commissioners passed an ordinance authorizing a Solid Waste Management Franchise Agreement with the Company (the “Franchise Ordinance”).

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained in this Agreement, the parties agree as follows:

**TERMS AND CONDITIONS**

1. **Sole and Exclusive Franchise.** Company is hereby granted the sole and exclusive franchise, license, and privilege to provide for the collection and disposal or recycling, if applicable, of all conformance Waste Material (as defined in Exhibit A) for the following types of locations (“Location Types”) within the territorial jurisdiction of the County (the “Services”):

   **Location Types**
   - XX Residential Units
   - _____ Large Commercial Units
   - Small Commercial Units
   - _____ Industrial Permanent Units
   - _____ Municipal Facilities
   - _____ Industrial Temporary Units

2. **Newly Developed Areas.** If the County develops new areas (of the same Location Types as designated above) within the County’s territorial jurisdiction during the Term of this Agreement, such areas shall automatically be subject to this Agreement. The County shall provide Company with written notification of such newly developed areas, and within thirty (30) days after receipt of such notification, shall provide the Services as set forth in this Agreement in such newly developed area(s). If the County annexes any new areas that it wishes for Company to provide the Services, the Parties shall negotiate a mutually acceptable amendment to this Agreement adding such annexed areas to the scope of the Services and setting forth the rates that will apply for the Services in such area(s).

3. **Scope of Services.** Company shall furnish all equipment, trucks, personnel, labor, and all other items necessary to perform the Services. The Services shall not include the collection, disposal, or recycling of any Excluded Waste or Waste Material located at any Location Type not designated above, or any Waste Material/Service Types not designated in any exhibit attached hereto.

4. **Out of Scope Services May Be Contracted for Directly with Customers.** Company may provide collection and disposal or recycling service within the territorial jurisdiction of the County for any Waste Material and/or Location Types that are outside the scope of this Agreement pursuant such terms and conditions as may be mutually agreed upon by Company and such Customers, subject to the County’s solid waste ordinance. Such services and agreements are outside the scope of this Agreement, and this Agreement does not require such Customers to use Company for such services, but they may do so at their discretion. The County agrees that Company may use any information received from the County in marketing all of its available services to the Customers located within the County, whether included in the scope of this Agreement or not.

5. **Exhibits.** All Exhibits attached this Agreement are an integral part of the Agreement and are incorporated herein.

   **Exhibit A** Specifications for Municipal Solid Waste Services

   **Exhibit A-1** Municipal Solid Waste Pricing

6. **Terms.** This Agreement begins on the Effective Date and expires five (5) years thereafter but can be extended for one (1) additional one-year period upon mutual agreement of the parties (the “Term”). Either party may terminate this Agreement on the third or fourth anniversary of its effective date by providing written notice of non-renewal at least sixty (60) days prior to said anniversary. This Agreement may also be terminated in accordance with any other terms of this Agreement, and it may also be terminated by the mutual consent of the parties at any time.

7. **Rates for Services; Rate Adjustments; Additional Fees and Costs.**

   7.1 **Rates for Services.** The rates for all Services shall be as shown on Exhibits A-1, subject to the rate adjustments and additional fees and costs as set forth herein.

   7.2 **Annual Rate Adjustments.** Company may, in its sole discretion, annually make the greater of the following two rate adjustments:

      (1) The percentage increase in the Consumer Price Index for all Urban Consumers (Water, Sewer, and Trash Collection Services) U.S. County average, as published by the United States Department of Labor, Bureau of Statistics (the “CPI”) for the prior calendar year;

   OR

   (2) Any percentage increase in the County’s adopted solid waste tipping fees that apply to municipal solid waste disposal. For tipping fees, Company may adjust its rates to off-set any increases in tipping fees at the County’s landfill enacted since March of 2022.

   Company may choose to forego an annual rate increase in any year of this Agreement. This Agreement is limited to only one (1) rate adjustment pursuant to this section 7.2 by Company during each year, running from July 1 to June 30, of this Agreement. Any adjustment requires written communication from Company to the County Manager for approval by July 1 of each year, said approval being only that the adjustment conforms with the terms of this Agreement.

7.3 **Change in Law Adjustments.** Company may petition the County for increased rates for Services as a result of increases in costs incurred by Company due to (a) any third party or municipal hauling company or disposal or recycling facility being used; (b) changes in local, state, federal, or international rules, ordinances, or regulations; (c) changes in taxes, fees, or other governmental charges (other than income or real property taxes); (d) uncontrollable prolonged operational changes (i.e., a major bridge closure); (e) increased fuel costs; and (f) changes in costs due to a Force Majeure Event. Any of the foregoing cost adjustments may be retroactive to the effective date of such increase or change in cost.

8. **Invoicing; Payment; Service Suspension; Audits.**

   8.1 **Invoicing the Customer Directly.** Company shall invoice each individual Customer for all Services rendered to such Customer under this Agreement within thirty (30) days following the end of the month, and the Customer shall pay Company’s invoices.
8.2 Payment. Customer shall pay each of Company’s invoices without offset within twenty (20) days of receipt of Company’s invoice. Payments may be made by check or ACH only; no purchasing cards or credit cards will be accepted. Payments not made on or before their due date may be subject to late fees of one and one-half percent (1.5%) per month (or the maximum allowed by law, if less). If the Customer withholds payment of a portion or entire invoice and it is later determined that a portion or all of such withheld amount is owed to Company, such amount shall be subject to the late fees provided herein from the original due date until paid.

8.3 Service Suspension.

8.3.1 Unpaid Invoices. If any amount due to Company from an individual Customer is not paid within sixty (60) days after the date of Company’s invoice, Company may suspend that Customer’s Services until the Customer has paid its outstanding balance in full. If Company suspends Service, the Customer shall pay a service interruption fee in an amount determined by Company in its discretion up to the maximum amount allowed by Applicable Law.

8.3.2 Suspension at Direction of County. If the County wishes to suspend or discontinue Services to a Customer for any reason, the County shall send Company a written notice (email is acceptable as long as its receipt is acknowledged by Company) identifying the Customer’s address and the date the Services should be suspended or discontinued. In the event of Service suspension, the County shall provide additional email notification to Company if/when it wishes to reactivate the suspended Services. Upon receipt of a notice of reactivation, Company shall resume the Services on the next regularly scheduled collection day. The County shall indemnify, defend, and hold Company harmless from any claims, suits, damages, liabilities, or expenses (including but not limited to expenses of investigation and attorneys’ fees) resulting from the suspension or discontinuation of any Services at the direction of the County.

8.4 Audits.

8.4.1 Audit of Company Records. The County may request and be provided with an opportunity to audit any relevant and non-confidential records of Company that support the calculations of charges invoiced customers under this Agreement within the ninety (90) day period before the audit request. Such audits shall be paid for by the County and shall be conducted under mutually acceptable terms at Company’s premises in a manner that minimizes any interruption in the daily activities at such premises.

8.4.2 Annual Meetings. The County and Company will meet annually beginning in March of 2023 to review the Contract performance, which includes number of subscribers, rates, and scope of work. At the mutual agreement of the parties, the disposal facility may be updated to the Cleveland County Landfill located at 1609 Airport Road, Shelby, North Carolina, 28150.

9. Termination. If either party breaches any material provision of this Agreement and such breach is not substantially cured within thirty (30) days after receipt of written notice from the non-breaching party specifying such breach in reasonable detail, the non-breaching party may terminate this Agreement by giving thirty (30) days’ written notice of termination to the breaching party. However, if the breach cannot be substantially cured within thirty (30) days, the Agreement may not be terminated if a cure is commenced within the cure period and for as long thereafter as a cure is diligently pursued. Upon termination, the customers shall pay Company only such charges and fees for the Services performed on or before the termination effective date and Company shall collect its equipment, and Company shall have no further obligation to perform any Services under this Agreement.

10. Compliance with Laws. Company warrants that the Services will be performed in a good, safe, and workmanlike manner, and in compliance with all applicable federal, state, provincial and local laws, rules, regulations, and permit conditions relating to the Services, excluding without limitation any applicable requirements relating to protection of human health, safety, or the environment (“Applicable Law”). In the event any provision of this Agreement conflicts with an existing ordinance of the County, this Agreement shall control, and Company shall not be fined, punished, or otherwise sanctioned under such ordinance. Company reserves the right to decline to perform Services, which, in its judgment, it cannot perform in a lawful manner or without risk of harm to human health, safety, or the environment.

11. Title. Title to Waste Material shall pass to Company when loaded into Company’s collection vehicle or otherwise received by Company. Title to and liability for any Excluded Waste shall at no time pass to Company.

12. Excluded Waste. If Excluded Waste is discovered before it is collected by Company, Company may refuse to collect the entire waste container that contains the Excluded Waste. In such situations, Company shall contact the Customer, and the County shall promptly undertake appropriate action to ensure that such Excluded Waste is removed and properly disposed of by the depositor or generator of the Excluded Waste. In the event Excluded Waste is present but not discovered until after it has been collected by Company, Company may, in its sole discretion, remove, transport, and dispose of such Excluded Waste at a facility authorized to accept such Excluded Waste in accordance with Applicable Law and, in Company’s sole discretion, charge the County, depositor, or generator of such Excluded Waste for all direct and indirect costs incurred due to the removal, remediation, handling, transportation, delivery, and disposal of such Excluded Waste. The County shall provide all reasonable assistance to Company to conduct an investigation to determine the identity of the depositor or generator of the Excluded Waste and to collect the costs incurred by Company in connection with such Excluded Waste. Subject to the County’s providing all such reasonable assistance to Company, Company shall release County from any liability for any such costs incurred by Company in connection with such Excluded Waste, except to the extent that such Excluded Waste is determined to be attributed to the County.

13. Equipment; Access. Any equipment that Company furnishes or uses to perform the Services under this Agreement shall remain Company’s property. County and Customers shall use the equipment only for its proper and intended purpose and shall not overload (by weight or volume), move, or alter the equipment. If the equipment and/or Waste Material is not accessible so that the regularly scheduled pick-up cannot be made, such Waste Material will not be collected until the next regularly scheduled pick-up, unless the Customer calls Company and requests an extra pick-up, in which case an extra service charge will apply. Company shall not be responsible for any damages to any property or equipment located adjacent to the collection receptacles, nor to any pavement, curbing, or other driving surfaces resulting from Company’s providing the Services under this Agreement.

14. Risk Allocation. Except as otherwise specifically set forth herein, each party shall be responsible for any and all claims for personal injuries or death, or the loss of or damage to property, only to the extent caused by that party’s negligence or acts of willful misconduct or those of its employees, contractors, subcontractors, or agents, and only if the party may otherwise be held liable for its negligence or acts of willful misconduct or those of its employees, contractors, subcontractors, or agents. However, the County, to the fullest extent permitted by law, shall retain and explicitly does not waive its governmental immunity except for the limited waiver necessary to enter into this Agreement with Company, and this section shall not constitute a waiver of the County’s governmental immunity as to any claim by any third party.

15. Insurance. During the Term of this Agreement, Company shall maintain in force, at its expense, insurance coverage with minimum limits as follows:
Workers' Compensation

Coverage A  Statutory
Coverage B - Employer's Liability  $1,200,000 each Bodily Injury by Accident
$1,000,000 policy limit Bodily Injury by Disease
$1,000,000 each occurrence Bodily Injury by Disease

Automobile Liability

Bodily Injury/Property Damage  $3,000,000
Combined - Single Limit  Coverage is to apply to all owned, non-owned, hired and
leased vehicles (including trailers).
Pollution Liability Endorsement  MCS-90 endorsement for pollution liability coverage

Commercial General Liability

Bodily Injury/Property Damage  $2,500,000 each occurrence
Combined - Single Limit  $5,000,000 general aggregate

All such insurance policies will be primary without the right of contribution from any other insurance coverage maintained by County. All policies required herein shall be written by insurance carriers with a rating of A.M. Best’s of at least “A-” and a financial size category of at least VII. Upon County’s request, Company shall furnish County with a certificate of insurance evidencing that such coverage is in effect. Such certificate will also provide for thirty (30) days prior written notice of cancellation to the County, show the County as an additional insured under the Automobile and General Liability policies, and contain waivers of subrogation in favor of the County (excluding Worker’s Compensation policy) except with respect to the sole negligence or willful misconduct of County. However, the County, to the fullest extent permitted by law, shall retain and explicitly does not waive its governmental immunity except for the limited waiver necessary to enter into this Agreement with Company.

16. Force Majeure. Any failure or delay in performance under this Agreement due to contingencies beyond a party’s reasonable control, including, but not limited to, strikes, riots, terrorist acts, epidemics, or pandemics, compliance with Applicable Laws or governmental orders, fires, bad weather and acts of God, shall not constitute a breach of this Agreement, but shall entitle the affected party to be relieved of performance at the current pricing levels under this Agreement during the term of such event and for a reasonable time thereafter. The collection or disposal of any increased volume resulting from a flood, hurricane or similar or different Act of God over which Company has no control, shall not be included as part of Company’s service under this Agreement. In the event of increased volume due to a Force Majeure event, Company and the County shall negotiate the additional payment to be made to Company. Further, the County shall grant Company variances in routes and schedules as deemed necessary by Company to accommodate collection of the increased volume of Waste Materials.

17. Non-Discrimination. Company shall not discriminate against any person because of race, sex, age, creed, color, religion, or national origin in its performance of Services under this Agreement.

18. Licenses and Taxes. Company shall obtain all licenses and permits (other than the franchise granted by this Agreement) and promptly pay all taxes required by the County and by the State.

19. No Guarantees or Liquidated Damages. Unless specifically provided herein, Company provides no guarantees or warranties with respect to the Services. No liquidated damages or penalties may be assessed against Company by County.

20. Municipalities. Municipalities within the County, under N.C.G.S. § 153A-122, may elect to adopt the County’s Solid Waste Ordinance as it applies to any or all solid waste not collected by the municipality. Due to the customer density in unincorporated areas of the County, any municipality adopting the County ordinance may negotiate a fee schedule with Company that differs from the fees established by the County.

21. Public Records. The County is required to comply with certain applicable statutes of the State of North Carolina regarding open meetings and public records. Notwithstanding anything to the contrary within this Agreement, the County shall not be liable to any party for disclosing the Agreement, or any documents or communications made or received in relation thereto, to any third party or the public at large, if such disclosure is made by the County in a good faith effort, within its sole discretion, to comply with any public records request.

22. Notices. Any notices given pursuant to this Agreement, such as a notice of termination, shall be delivered to each party at these addresses:

Notices shall be given to Company at:

Attn: Cleveland County Attorney
P.O. Box 1210
Shelby, NC 28151

Notices shall be given to the County at:


23. E-Verify Certification. At all times during the performance of this Agreement, all parties shall fully comply with Article 2 of Chapter 64 of the North Carolina General Statutes and shall ensure compliance by any subcontractors utilized.

24. Minimum House Count. Company shall only be obligated to provide Services under this Agreement so long as at least two thousand five hundred (2500) households in Cleveland County contract with Company for residential curbside solid waste disposal and processing services. If Company ceases providing Services pursuant to this Section 24, this Agreement shall terminate immediately, and the County shall be free to grant a franchise to another party to perform the Services.

25. Miscellaneous. (a) This Agreement represents the entire agreement between the Parties and supersedes all prior agreements and franchises, whether written or verbal, that may exist for the same Services. (b) Company shall have no confidentiality obligation with respect to any Waste Materials. (c) Neither party shall assign this Agreement in its entirety without the other party’s prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Company may assign this Agreement without the County’s consent to its parent company or any of its subsidiaries, to any person or entity that purchases any operations from Company, or as a collateral assignment to any lender to Company. This Agreement shall be binding upon and inure solely to the benefit of the Parties and their permitted successors and assigns. (d) Company may provide any of the Services covered by this Agreement through any of its affiliates or subcontractors, provided that Company shall remain responsible for the performance of all such services and obligations in accordance with this Agreement. (e) No intellectual property rights in any of Company’s IP are granted to County under this Agreement. (f) All provisions of the Agreement shall be strictly complied with and conformed to by the Parties, and this Agreement shall not be modified
or amended except by written agreement duly executed by the undersigned parties. (g) If any provision of this Agreement is declared invalid or unenforceable, it shall be modified so as to be valid and enforceable but so as most nearly to retain the intent of the Parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case, the validity and enforceability of the remaining provisions of this Agreement shall not in any way be affected thereby. (h) Failure or delay by either party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision. (i) If any litigation is commenced under this Agreement, the successful party shall be entitled to recover, in addition to such other relief as the court may award, its reasonable attorneys’ fees, expert witness fees, litigation related expenses, and court or other costs incurred in such litigation or proceeding. (j) This Agreement shall be interpreted and governed by the laws of the State where the Services are performed, and the sole venue for enforcement of this Agreement shall be the North Carolina General Court of Justice sitting in Cleveland County. (k) Customer and Company agree that electronic signatures are valid and effective, and that an electronically stored copy of this Agreement constitutes proof of the signature and contents of this Agreement, as though it were an original.

**EXHIBIT A**

**SPECIFICATIONS FOR MUNICIPAL SOLID WASTE SERVICES**

1. Waste Material. The following Waste Material shall be considered in scope during the Term of this Agreement:

<table>
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<th>XX</th>
<th>Municipal Solid Waste (MSW)</th>
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<td>___</td>
<td>Bulky Waste</td>
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<td>___</td>
<td>Yard Waste</td>
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<tr>
<td>___</td>
<td>Construction Debris</td>
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2. Definitions.

2.1 **Bundle** – Tree, shrub and brush trimmings or newspapers and magazines securely tied together forming an easily handled package not exceeding four (4) feet in length or thirty-five (35) lbs.

2.2 **Customer** – An occupant or operator of any type of premise within the County that is covered by this Agreement and who generates Municipal Solid Waste and/or Recyclable Material, if applicable.

2.3 **Disposal Site** – A Waste Material depository including, but not limited to, sanitary landfills, transfer stations, incinerators, recycling facilities and waste processing/separation centers licensed, permitted or approved by all governmental bodies and agencies having jurisdiction and requiring such licenses, permits or approvals to receive for processing or final disposal of Waste Material.

2.4 **Excluded Waste** – Excluded Waste consists of Special Waste, Hazardous Waste, and any other material not expressly included within the scope of this Agreement including, but not limited to, any material that is hazardous, radioactive, volatile, corrosive, highly flammable, explosive, biomedical, infectious, biohazardous, toxic or listed or characteristic hazardous waste as defined by Applicable Law or any otherwise regulated waste.

2.5 **Hazardous Waste** – Any amount of waste listed or characterized as hazardous by the United States Environmental Protection Agency or any state agency pursuant to the Resource Conservation and Recovery Act of 1976, as amended, and including future amendments thereto, and any other Applicable Law.

2.6 **Industrial Permanent Unit** – An industrial premise requiring use of a large container for the collection of its MSW for a continuous term.

2.7 **Industrial Temporary Unit** – An industrial premise requiring use of a large container for the collection of its Solid Waste on only a temporary basis. Solid Waste collection is generally limited to a specific event or a short-term project.

2.8 **Municipal Facilities** – Those specific municipal premises as set forth on Exhibit A-1 of this Agreement, if any.

2.9 **Municipal Solid Waste (or “MSW”)** – Useless, unwanted or discarded nonhazardous materials (trash or garbage) with insufficient liquid content to be free-flowing that result from residential, commercial, governmental and community operations. Municipal Solid Waste does not include any Excluded Waste.
2.10 Residential Unit – A dwelling where a person or group of people live. For purposes of this Agreement, each unit in a multi-family dwelling (condominium, apartment or other grouped housing structure) shall be treated as a separate Residential Unit and a Residential Unit shall be deemed occupied when either water or power services are being supplied thereto.

2.11 Special Waste – Any nonhazardous solid waste which, because of its physical characteristics, chemical make-up, or biological nature requires either special handling, disposal procedures including liquids for solidification at the landfill, documentation, and/or regulatory authorization, or poses an unusual threat to human health, equipment, property, or the environment. Special Waste includes, but is not limited to (a) waste generated by an industrial process or a pollution control process; (b) waste which may contain residue and debris from the cleanup of spilled petroleum, chemical or commercial products or wastes, or contaminated residuals; (c) waste which is nonhazardous as a result of proper treatment pursuant to Subtitle C of the Resource Conservation and Recovery Act of 1976 (“RCRA”); (d) waste from the cleanup of a facility which generates, stores, treats, recycles or disposes of chemical substances, commercial products or wastes; (e) waste which may contain free liquids and requires liquid waste solidification; (f) containers that once contained hazardous substances, chemicals, or insecticides so long as such containers are “empty” as defined by RCRA; (g) asbestos containing or asbestos bearing material that has been properly secured under existing Applicable Law; (h) waste containing regulated polychlorinated biphenyls (PCBs) as defined in the Toxic Substances Control Act (TSCA); (i) waste containing naturally occurring radioactive material (NORM) and/or technologically-enhanced NORM (TENORM); and (j) Municipal Solid Waste that may have come into contact with any of the foregoing.

2.12 Waste Material – All nonhazardous Municipal Solid Waste and, as applicable, Recyclable Material, Yard Waste, Bulky Waste and Construction Debris generated at the Location Types covered by this Agreement. Waste Material does not include any Excluded Waste.


3.1 Location of Containers. Company will supply one (1) 96-gallon containers to each Customer. Each Company provided container of Waste Material shall be placed at curbside for collection. Curbside refers to that portion of right-of-way adjacent to paved or traveled County roadways. These Containers shall be placed as close to the roadway as practicable without interfering with or endangering the movement of vehicles or pedestrians. When construction work is being performed in the right-of-way, the Company provided containers shall be placed as close as practicable to an access point for the collection vehicle. Company may decline to collect any container not provided by Company, not so placed or any Waste Material not in a Company provided container.

3.2 Unsafe Stops. If Company determines any stops to be unsafe, at its sole discretion, County and Company agree to meet in good faith to determine if services at these stops can be discontinued or not started as applicable. Services at these unsafe stops can be discontinued or not started at the mutual agreement of the parties.

3.3 Hours of Collection Operations. Collection of Waste Material shall not start before 5:00 A.M. or continue after 8:00 P.M. Exceptions to collection hours shall be affected only upon the mutual agreement of the County and Company, or when Company reasonably determines that an exception is necessary in order to complete collection on an existing collection route due to unusual circumstances.

3.4 Routes of Collection. Collection routes shall be established by the Company. Company shall submit the Residential Unit and Municipal Facility collection routes to the County at least two (2) weeks in advance of the commencement date for such route collection activity. The Company may from time to time make changes in routes or days of collection affecting Residential Units or Municipal Facilities, provided such changes in routes or days of collection are submitted to the County at least two (2) weeks in advance of the commencement date for such changes. County shall promptly give written or published notice to the affected Residential Units.

3.5 Residential Collection. Company shall be obligated to collect no more than one (1) containers (or their equivalent) per week from each Residential Unit. Any collections needed by a Residential Unit in excess of such amount must be individually contracted by the Residential Unit Customer with Company under terms, prices and documents acceptable to both the Residential Unit Customer and Company.

3.6 Holidays. The following shall be holidays for purposes of this Agreement: New Year’s Day, President’s Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Company may suspend collection service on any of these holidays, but such decision in no manner relieves Company of its obligation to provide collection service at least once per week.

3.7 Complaints. All service-related complaints must be made directly to the Company and shall be given prompt and courteous attention. In the case of alleged missed scheduled collections, the Company shall investigate and, if such allegations are verified, shall arrange for the collection of Waste Material not collected within one business day after the complaint is received.

3.8 Collection Equipment. The Company shall provide an adequate number of vehicles meeting standards and inspection requirements as set forth by the laws of the State for regular municipal waste collection services. For Waste Material collection, all vehicles and other equipment shall be kept in good repair and appearance at all times. Each vehicle shall have clearly visible on each side the identity of the Company.

3.9 Disposal. All Waste Material collected within the County under this Agreement shall be deposited at the Cleveland County Landfill. Pursuant to Section 7.2 of this Agreement, Company may adjust its rates to off-set any increases in tipping fees at the County’s landfill since March of 2022.

3.10 Customer Education. The County shall notify all Customers at Residential Units about set-up, service-related inquiries, complaint procedures, rates, regulations, and day(s) for scheduled Waste Material collections.

3.11 Litter or Spillage. The Company shall not litter premises in the process of making collections, but Company shall not be required to collect any Waste Material that has not been placed in approved containers. During hauling, all Waste Material shall be contained, tied or enclosed so that leaking, spillage or blowing is minimized. In the event of spillage by the Company, the Company shall be required to clean up the litter caused by the spillage.
ORDINANCE NO. 22-23

GRANTING AN EXCLUSIVE SOLID WASTE MANAGEMENT FRANCHISE TO REPUBLIC SERVICES OF NORTH CAROLINA, LLC FOR RESIDENTIAL CURBSIDE SOLID WASTE COLLECTION, TRANSPORT, AND DISPOSAL

BE IT ORDAINED by the Board of Commissioners of Cleveland County, in accordance with N.C.G.S. § 153A-46 and N.C.G.S. § 153A-136, Chapter 11 of the Cleveland County Code, and other applicable laws, that Republic Services of North Carolina, LLC (“Franchisee”), is hereby granted an exclusive franchise to operate within Cleveland County, strictly subject to the terms and conditions set forth herein:

(1) This Franchise is subject to the Solid Waste Franchise Agreement, which is attached hereto as Exhibit A.

(2) This Franchise shall be effective and is granted for a period of five years, beginning July 1, 2022 and expiring June 30, 2027, with an extension of up to one year possible through mutual consent, and with other terms and conditions as are contained in the attached Solid Waste Franchise Agreement.

(3) This Franchise shall include residential curbside pickup of municipal solid waste only.

(4) This Franchise applies to all unincorporated areas of Cleveland County, though municipalities may also choose to participate. Cleveland County reserves, notwithstanding any other provision in this ordinance or the attached agreement, the right to haul, collect, recycle, dispose, or transport any solid waste and operate manned and unmanned collection sites for solid waste within the entire County and within any area which is subject to the solid waste regulations of the County by North Carolina statutes or interlocal agreement.

The Board of Commissioners grants this franchise after being satisfied that (1) Franchisee will render prompt, efficient, and continuing service to the area for which the franchise is granted and (2) Franchisee has sufficient equipment and personnel to render such service to all within the franchised area.

BE IT FURTHER PROVIDED that the Franchise shall become effective July 1, 2022, upon final adoption after two readings.

Adoption on the first reading on June 7, 2022.

Final Adoption on the second reading on June 21, 2022.

ATTEST:

Kevin Gordon
Cleveland County Board of Commissioners

Phyliss Nulsen
Cleveland County Clerk
BOARD APPOINTMENTS

CLEVELAND COUNTY JUVENILE CRIME PREVENTION COUNCIL

ACTION: Commissioner Hardin made the motion, seconded by Commissioner Bridges, and unanimously adopted by the Board, to appoint Joel Shores, Omar Porter, Stacey Spicer and reappoint Sandy Hamrick to serve as members of this board, for a period of two years, scheduled to conclude June 30, 2024.

NUMBER 3 VOLUNTEER FIRE DEPARTMENT FIRE

ACTION: Commissioner Bridges made the motion, seconded by Commissioner Whetstine, and unanimously adopted by the Board, to reappoint David Austin, James Gibson and Neal Stroup to serve as members of this board, for a period of two years, scheduled to conclude June 30, 2024.

CLEVELAND COUNTY VETERAN’S ADVISORY BOARD

ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Hardin, and unanimously adopted by the Board, to reappoint Marty Pendergraft to serve as a member of this board, for a period of three years, scheduled to conclude June 30, 2025.

CLOSING REMARKS

Commissioner Bridges – spoke of a serious accident in the previous week involving vehicles and many cattle. He thanked everyone who assisted with the accident, speaking highly of the collaboration and teamwork of the multiple organizations involved which included the Lawndale Fire Department, Cleveland County EMS, North Carolina Highway Patrol, Cleveland County Sheriff's Office, the county’s landfill and a local veterinary clinic.

Commissioner Hardin – advised there is a flyover event scheduled at the Shelby Airport over the weekend. She positively spoke about a dairy goat show that was held at the Cleveland County Fairgrounds over the weekend.

Commissioner Hutchins – attended the annual Firefighter’s Memorial Service.

Commissioner Whetstine – spoke in remembrance of D-Day anniversary and the troops who stormed the Normandy beach that day.

ADJOURN

There being no further business to come before the Board at this time, Commissioner Hardin made a motion, seconded by Commissioner Whetstine and unanimously adopted by the Board, to adjourn. The next meeting of the Commission is scheduled for Tuesday, June 21, 2022 at 6:00 p.m. in the Commissioners Chambers.

Kevin Gordon, Chairman
Cleveland County Board of Commissioners

Phyllis Nowlen, Clerk to the Board
Cleveland County Board of Commissioners