

Cleveland County Board of Commissioners
June 7, 2022

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.

CERTIFICATE OF RECOGNITION
FROM THE
CLEVELAND COUNTY BOARD OF COMMISSIONERS

PRESENTED TO

TRAVIS MANGUM


IN APPRECIATION FOR HIS DEDICATED SERVICE TO THE CITIZENS OF CLEVELAND COUNTY AND GENEROUS DONATION TO THE CLEVELAND COUNTY CHAPLAIN'S FUND "IN GOD WE TRUST"


June 7, 2022


KEVIN GORDON, CHAIRMAN


JOHNNY HUTCHINS, COMMISSIONER


DOUG BRIDGES, COMMISSIONER


DEB HARDIN, VICE-CHAIRMAN


RONNIE WHETSTINE, COMMISSIONER



CERTIFICATE OF RECOGNITION
FROM THE
CLEVELAND COUNTY BOARD OF COMMISSIONERS

PRESENTED TO

THE SHELBY CIVITAN CLUB

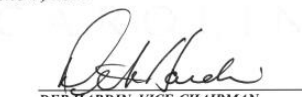
IN RECOGNITION AND APPRECIATION FOR THEIR DEDICATED SERVICE TO THE CITIZENS OF CLEVELAND COUNTY AND GENEROUS DONATION TO THE CLEVELAND COUNTY CHAPLAIN'S FUND "IN GOD WE TRUST"

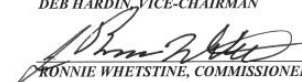
June 7, 2022


KEVIN GORDON, CHAIRMAN


JOHNNY HUTCHINS, COMMISSIONER


DOUG BRIDGES, COMMISSIONER


DEB HARDIN, VICE-CHAIRMAN


RONNIE WHETSTINE, COMMISSIONER



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.



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 (911)
- 8 years, Chaplain for Cleveland County EMS, Cleveland County Emergency Management, and our county's Volunteer Fire Departments.
- Cleveland County Employee Support Manager



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

- emotional
- cognitive
- relational
- spiritual
- Family
- Marriage
- Work-related
- Critical Incident
- Theological
- Goal Setting
- Anxiety
- Addiction
- Grief
- And other types of counseling



Progress to Date
February – June 2022

- Counseling services
- provided over 200 occasions to county employees (and family members)
- Tactical Resilience Classes
- 68 Hours taught Sheriff's Office, 911 Telecommunications, Detention Officers
 - Reaching 110 Deputies, 21 Telecommunicators, 55 Detention Officers
- Established Line of Duty Death Policy, CC Sheriff's Office
- Working on LODD Policy for CCEMS and Emergency Management and other county employees
- Critical Incident Debriefings (CISD) and Response
- VFDs, CCEMS, CCSO, 911 Dispatch



Peer Support

- Peer Support Team Leader Credentials Acquired
- Peer Support Guidelines in Development for:
- Health Department
 - Department of Social Services
 - CCSO



Chaplain's Fund Established
(In God We Trust Fund)

- \$20,000 donated by the Shelby Civitan Club
- Other financial assistance to be provided by the Sons of the American Legion and other American Legion affiliated groups
- For use in victim assistance as well as assistance for LEO's with special needs



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.

County of Cleveland, North Carolina
Manager’s Budget Summary
Presented at the 06/07/22 Board Meeting
Time Period Covered : 4/19/22 to 5/26/22
For Fiscal Year Ending June 30, 2022

BUDGET TRANSFERS LEGEND: D = DEPARTMENTAL; L = LATERAL

BUD #	BUDGET TYPE	DATE SUBMITTED BY DEPT	DEPT NAME TO	DEPT NAME FROM	EXPLANATION	BUDGET AMOUNT
1112	D	4/19/2022	HD- Dental		Move funds to cover medical fees	\$ 11,953
1113	D	4/19/2022	Tax		Move funds to cover advertising	\$ 5,362
1114	D	4/20/2022	SW Manned Sites		Move funds to cover equipment	\$ 2,588

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:*

<i>Account Number</i>	<i>Project Code</i>	<i>Department/Account Name</i>	<i>Increase</i>	<i>Decrease</i>
010.422.4.409.00		Travel & Tourism/Local Revenues	\$2,680.00	
010.422.5.210.00		Travel & Tourism/Departmental Supply	\$300.00	
010.422.5.310.00		Travel & Tourism/Travel-Training	\$380.00	
010.422.5.370.00		Travel & Tourism/Advertising-Promotions	\$2,000.00	

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:*

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
010.443.4.810.09		State Forfeiture Property/Donations-Cap Equip Genrl	\$6,070.00	
010.443.5.790.09		State Forfeiture Property/Donations-Cap Equip Genrl	\$6,070.00	

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:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
010.438.4.350.00	ICAC-22/23	Law Enforcement Grants/State Govt Grants	\$73,255.00	
010.438.5.910.00	ICAC-22/23	Law Enforcement Grants/State Govt Grants	\$73,255.00	

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:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
012.548.4.540.00		CODAP/Contracted Revenue	\$4,850.00	
012.548.5.370.00		CODAP/Advertising-Promotions	\$4,850.00	

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.

Parcel Number	Amount Offered	Tax Value	Year Acquired
43596	\$26,500.00	\$10,786.00	2007

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

Costs	Amount:
Taxes and Interest	\$2,469.22
Court Cost	\$80.00
Attorney's Fees	\$600.00
Service Fee	\$30.00
Advertisement Fee	\$421.73
Guardian Ad Litem Fee	0.00
5% Commission	\$180.05
Clerk's Commission	\$10.80
Deed	\$125.00
Revenue Stamp	\$8.00
TOTAL:	\$3,924.80

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 sale of the property.*



Resolution

13-2022

**Resolution Accepting Negotiated Offer and Upset Bid for Parcel 43596
(G.S. 160A-269)**

WHEREAS, Cleveland County received an offer to sell and adhered to the upset bid procedures pursuant to N.C.G.S. § 153A-176 and N.C.G.S. § 160A-269 and of its May 17, 2022 Resolution as to a certain property it owns identified, as follows:

Parcel #	Location	Highest Offeree	Current Offer
43596	Cabaniss Drive, Shelby	BVJ Properties, LLC	\$26,500.00

and

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; and

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

Parcel #	2022 Tax Value	Current Offer	TOTAL Owed (Taxes + FC cost)	Gains/(Losses)	Would be 2022 Tax payment
43596	\$10,786.00	\$26,500.00	\$3,924.80	\$22,575.20	\$129.97

and

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 reasonable 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 sole 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:

- The Board of Commissioners approve the sale to BVJ Properties, LLC of the property identified as parcel # 43596 located at Cabaniss Drive, Shelby, NC for the sum of \$26,500.00 in cash, money order or cashier's check; and authorizes Chair Kevin Gordon to sign a quitclaim deed for parcel # 43596 to BVJ Properties, LLC upon payment; and instructs County staff to prepare the quitclaim deed to be delivered to BVJ Properties, LLC in care of Vernon Baumrind upon payment.

Adopted this 7th day of June 2022.


Kevin Gordon, Chairman
Cleveland County Board of Commissioners

ATTEST:


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



Doc No: 200074522
Recorded: 06/17/2022 03:10:05 PM
Fee Amt: \$26.00 Page 1 of 2
Transfer Tax: \$0.00
Cleveland County North Carolina
Betsy S. Harnage, Register of Deeds
BK 1875 PG 2420 - 2421 (2)

RECORDING FEE \$26.00 REVENUES -0-

* CHRISTIE WOOTEN

**NORTH CAROLINA QUITCLAIM DEED
NO TITLE SEARCH REQUESTED OR PERFORMED**

Excise Tax: \$0

Parcel Identifier No. 43596 Verified by _____ County on the ____ day of _____, 20____
By: _____

Mail/Box to: BVJ Properties, LLC in care of Vernon Baumrind, 8508 Park Road #133, Charlotte, North Carolina 28210

This instrument was prepared by: Martha R. Thompson, Attorney

Brief description for the Index: _____

THIS DEED made this ____ day of June, 2022, by and between

GRANTOR	GRANTEE
CLEVELAND COUNTY, NORTH CAROLINA A political subdivision of the State of North Carolina 311 E. Marion Street, Suite 121 Shelby, North Carolina 28150	BVJ PROPERTIES, LLC 8508 Park Road #133 Charlotte, North Carolina 28210 Property Address: Cabaniss Drive Shelby, North Carolina 28150

Enter in appropriate block for each Grantor and Grantee: name, mailing address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine, or neuter as may be required by context.

WITNESSETH, that said Grantors, for and in consideration of the sum of ten dollars and other consideration to them in hand paid, the receipt of which is hereby acknowledged, have remised and released and by these presents do remise, release, and forever quitclaim into the Grantee and his heirs and assigns all right, title, claim, and interest of the said Grantors in and to a certain tract or parcel of land lying and being in the County of Cleveland and State of North Carolina, and more particularly described as follows:

Being located just South of the City of Shelby, and being the Eastern half of Lot 30 of the Eastway Heights property according to the survey by Bill E. Sawyer of Findlay, Withers and McConnoughey, Inc., Registered Surveyors. Also being shown in Book of Plats 8, Page 60 of Cleveland County Registry, the said lots in question being located on the West side of East Main Street and the North side of Cabaniss Drive, and being described by metes and bounds as follows:

BEGINNING at a stake in the West edge of East Main Street at a point where the same is intersected by the North edge of Cabaniss Drive, this being the Southeast corner of Lot Number 30, and running thence with the West edge of East Main Street, North 36-51 West 399.95 feet to a stake in the West edge of East Main Street, the same being the Easternmost corner of Lot 32;

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Printed by Agreement with the NC Bar Association

thence with the South line of Lot 32, South 53-39 West 227.05 feet to a stake in the South line of Lot 32, being also the Northernmost corner of Lot 29; thence with the Northeast line of Lot 29 crossing the creek and running South 67-50 East 184.41 feet to a stake; thence South 10-02 East 179.60 feet to a stake in the Northern edge of Cabaniss Drive; thence with the North edge of Cabaniss Drive in an Easterly direction on a radius of 234.72, a total of 26.41 feet to a stake; thence continuing with the said Cabaniss Drive, North 86-46 East 62 feet to a stake; thence continuing on a radius of 218.20 a total of 120.17 feet to a stake; thence North 55-16 East 25.56 feet to the place of BEGINNING.

Title Reference: Book 19-I, Page 561, Cleveland County Registry.

Title Reference: Book 1148, Page 2100 of the Cleveland County Registry.

This property is subject to restrictions as shown on Deed of Record in Book 1507 at Page 1574 in the office of the Cleveland County Register of Deeds.

No title search was requested or performed on these parcels.

____ If checked, the property includes the primary residence of the Grantor (N.C.G.S. § 105-317.2)

The property hereinabove described was acquired by Grantor by instrument recorded in Deed Book 1507, Page 1574, Cleveland County Registry.

A map showing the above-described property is recorded in Map 6-46A, BLK: 4, Lot: 33.

TO HAVE AND TO HOLD the aforesaid tract or parcel of land and all privileges thereunto belonging to him the said Grantee and his heirs and assigns free and discharged from all right, title, claim or interest of the said grantors or anyone claiming by, and through or under them.

Title to the property hereinabove described is subject to the following exceptions if any:

Rights of way and easements of record

Municipal liens

GRANTOR makes no warranty, express or implied, as to title to the Property.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

CLERK TO THE BOARD:

CLEVELAND COUNTY, NORTH CAROLINA

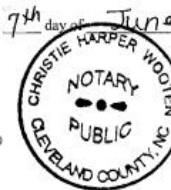
Phyllis Noiden (SEAL) By: Kevin Gordon, Chair (SEAL)
Board of Commissioners

State of North Carolina- County of Cleveland

I, the undersigned Notary Public of the State aforesaid, certify that Kevin Gordon personally came before me this day and acknowledged that he is the Chairman of the Cleveland County Board of Commissions, a State of North Carolina Governmental Body and that by authority duly given and as the act of this entity he signed the foregoing instrument in its name on its behalf as its act and deed.

Witness my hand and Notarial stamp or seal, this 7th day of June, 2022.

My Commission Expires: 4-24-26
(Affix Seal)



Christie Harper Wooten
Christie Harper Wooten Notary Public
Notary's Printed or Typed Name

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Printed by Agreement with the NC Bar Association

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.

Doc No: 200074040
Recorded: 06/08/2022 02:10:39 PM
Fee Amt: \$26.00 Page 1 of 4
Transfer Tax: \$0.00
Cleveland County North Carolina
Betsy S. Harnage, Register of Deeds
BK 1874 PG 2889 - 2892 (4)

RECORDING FEE \$26.00 REVENUES -

* Christie Wooten

**NORTH CAROLINA QUITCLAIM DEED
NO TITLE SEARCH REQUESTED OR PERFORMED**

Excise Tax: \$0

Parcel Identifier No. 33309 Verified by _____ County on the ____ day of _____, 20____
By: _____

Mail/Box to: _____

This instrument was prepared by: Elliot M. Engstrom, Attorney

Brief description for the Index: _____

THIS DEED made this 7th day of June, 2022, by and between

GRANTOR	GRANTEE
CLEVELAND COUNTY, NORTH CAROLINA A political subdivision of the State of North Carolina 311 E. Marion Street, Suite 121 Shelby, NC 28150	CLEVELAND COUNTY WATER A Sanitary District organized under the laws of the State of North Carolina 439 Casar-Lawndale Road Lawndale, NC 28090

Enter in appropriate block for each Grantor and Grantee: name, mailing address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine, or neuter as may be required by context.

WITNESSETH, that said Grantor, in exchange for three thousand five hundred dollars (\$3500.00) pursuant to N.C.G.S. § 160A-274, has remised and released and by these presents does remise, release, and forever quitclaim into the Grantee and its heirs and assigns all right, title, claim, and interest of the said Grantor in and to a certain tract or parcel of land lying and being in the County of Cleveland and State of North Carolina, and more particularly described as follows:

The 0.50-acre portion of Cleveland County Parcel No. 33309 identified on the survey attached hereto to as "Exhibit A."

No title search was requested or performed on these parcels.

____ If checked, the property includes the primary residence of the Grantor (N.C.G.S. § 105-317.2)

The property hereinabove described was acquired by Grantor by instrument recorded in Deed Book 1594, Page 525, Cleveland County Registry.

TO HAVE AND TO HOLD the aforesaid tract or parcel of land and all privileges thereunto belonging to Grantee and its heirs and

assigns, free and discharged from all right, title, claim, or interest of Grantors or anyone claiming by, through, or under Grantor.

Title to the property hereinabove described is subject to the following exceptions if any:

Rights of way and easements of record

Municipal liens

GRANTOR makes no warranty, express or implied, as to title to the Property.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

CLERK TO THE BOARD:

CLEVELAND COUNTY, NORTH CAROLINA

Phyllis Noiden (SEAL) By: Kevin Gordon, Chair (SEAL)
Board of Commissioners
Cleveland County, North Carolina

State of North Carolina- County of Cleveland

I, the undersigned Notary Public of the State aforesaid, certify that Kevin Gordon personally came before me this day and acknowledged that he is the Chairman of the Cleveland County Board of Commissions, a State of North Carolina Governmental Body and that by authority duly given and as the act of this entity he signed the foregoing instrument in its name on its behalf as its act and deed.

Witness my hand and Notarial stamp or seal, this 7th day of June, 2022.

My Commission Expires: 4-24-26
(Affix Seal)



Christie Harper Wooten
Christie Harper Wooten Notary Public
Notary's Printed or Typed Name



Resolution

14-2022

Land Transfer Resolution for Parcel 33309

WHEREAS, Cleveland County, North Carolina (the "County") owns real property located on Stagecoach Trail in Polkville, NC, with Cleveland County Parcel Number 33309 and Property Identification Number 2611469416; and

WHEREAS, the County has no use for the 0.50-acre portion of parcel 33309 shown on the survey attached hereto as "Exhibit A" (that 0.50-acre portion being the "Property"); and

WHEREAS, N.C.G.S. § 160A-274 authorizes the County to exchange with, lease to, lease from, sell to, or purchase from any other governmental unit any interest in real or personal property upon such terms and conditions as the governmental unit seems wise; and

WHEREAS, the County has determined that it is in its interest to convey the Property to Cleveland County Water for three thousand five hundred dollars (\$3500.00).


NOW THEREFORE, the Cleveland County Board of Commissioners resolves that:

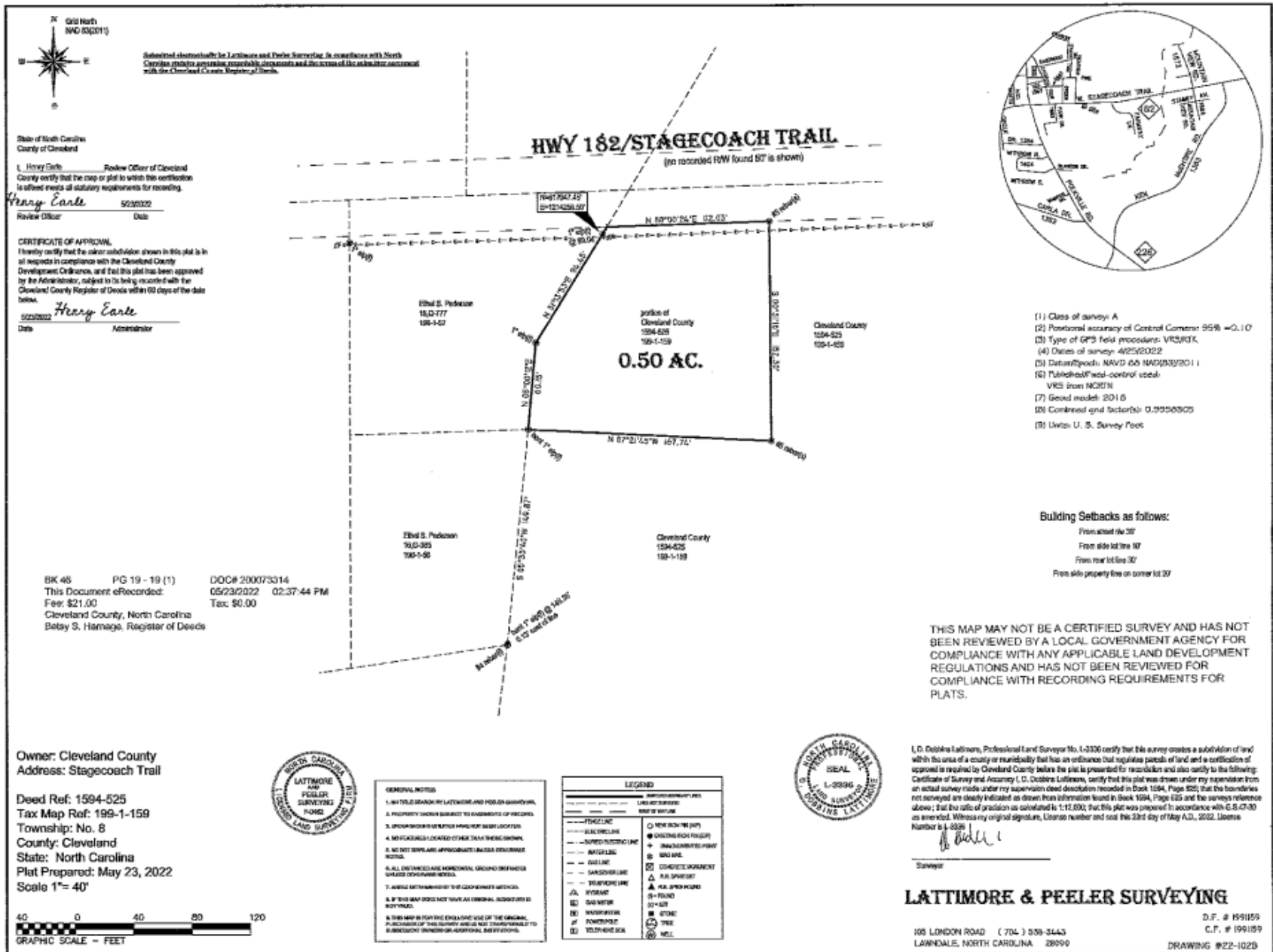
1. Cleveland County hereby conveys to Cleveland County Water the Property described above in exchange for three thousand five hundred dollars (\$3500.00).
2. The Chairman of the Board of Commissioners and/or the County Manager are authorized to execute all documents necessary to convey the Property in the manner authorized in this Resolution.

Adopted this 7th day of June 2022.


 Kevin Gordon, Chairman
 Cleveland County Board of Commissioners

ATTEST:


 Phyllis Nowlen, Clerk
 Cleveland County Board of Commissioners



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.



Resolution

15-2022

**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 position, 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 #: 704-484-4800

Adopted this 7th day of June 2022


Kevin Gordon, Chairman
Cleveland County Board of Commissioners

ATTEST:


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



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.***

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)
- Cleveland County website <http://www.clevelandcounty.com/main/Budget%20Document%20FY%202022.pdf>

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-speeded 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.

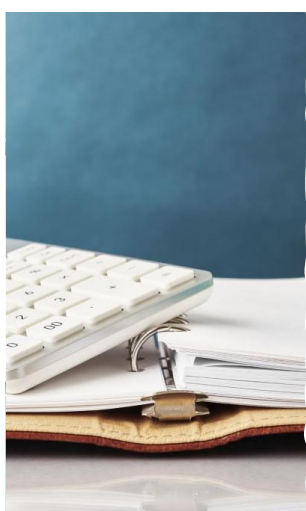
Mr. Epley reviewed the Economic Development Focus Area. Goals include growth in the county including agricultural economic development, the upcoming national shooting competition and shell building projects. Staff is currently in partnership with the City of Shelby for the anticipated completion of Shell 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.



Cleveland County, North Carolina
 County Manager’s Recommended Budget
 FISCAL YEAR 2022-2023

FY 23 Commissioners Strategic Plan

FOCUS AREA 1: CITIZEN ENGAGEMENT
 To implement outreach strategies that reflect who we are and inspire people to be part of it.

FOCUS AREA 2: ECONOMIC DEVELOPMENT
 To actively bring people to Cleveland County through recruitment of new industry, creating a healthy business climate for existing businesses and growing Cleveland County as a tourist destination.

FOCUS AREA 3: PUBLIC SAFETY
 To ensure the safety of our residents through efficient and effective public safety agencies.

FOCUS AREA 4: FISCAL SUSTAINABILITY
 To be a high-performing organization that effectively uses resources to provide high quality service to our residents.

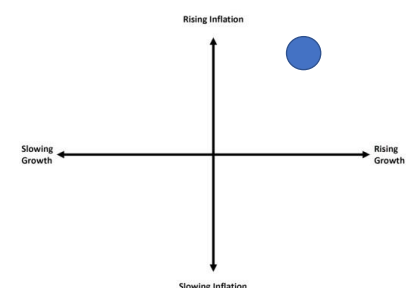
FOCUS AREA 5: COMMUNITY WELLNESS
 To promote physical activity, healthy eating, and positive relationships within families.

Budget Development Process and Policy Direction

Rising Cost of Doing Business

- Retirement Contribution..... \$ 900,000
- Pharmacy Investment..... \$ 250,000
- Motor Fuels..... \$ 225,000
- Total..... \$ 1,375,000

\$1.375MM = 1.3 Cents



Budget Calendar

- December 2021 – Department Head Kickoff
- January 2022 – Mid Year Financial Report
- February 2022 – Budget Work-Session
 - Department Budget Meetings (28)
 - Community Partners
 - Legislative Priorities
 - Macro-Economic Forecasts
 - Strategic Plan & Revenue Memo
 - Commissioner Check -Ins
- May 2022 – Budget Presentation
- June 2022 – Budget Adoption

FY 23 Commissioners Top Priorities

Commitment to implementation of the County's Capital Improvement Plan – using the Facility Master Plan to prioritize, including creating a Justice Center Campus

Successful hosting of National Shooting Competition at Foothills Public Shooting Complex

Navigating a partnership with Cleveland County Schools to develop a long-term school capital facility plan

Maintain support for County Public Safety Departments through development of a five-year Public Safety Strategic Plan

Focus on community wellness by identifying health disparities and partnering with community agencies to improve our County's health rankings.

Focus on being an Employer of Choice – competitive pay, modern policy, & career progression.

Economic Outlook & FY 23 Revenue Forecast

COVID-19 didn't reduce our revenues

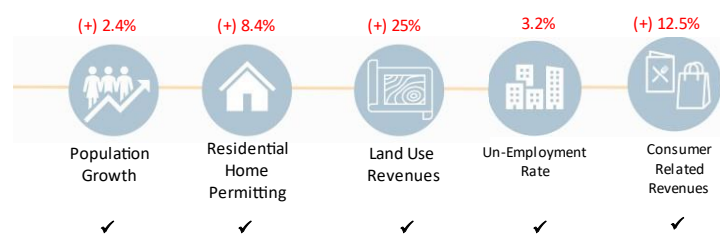
Home sales are strong

Demand for inspections and permits is up

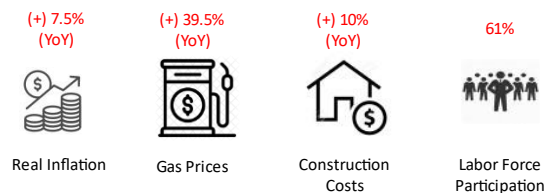
People are using online and curbside shopping

The Good News: Our Economy Has Shown Resiliency

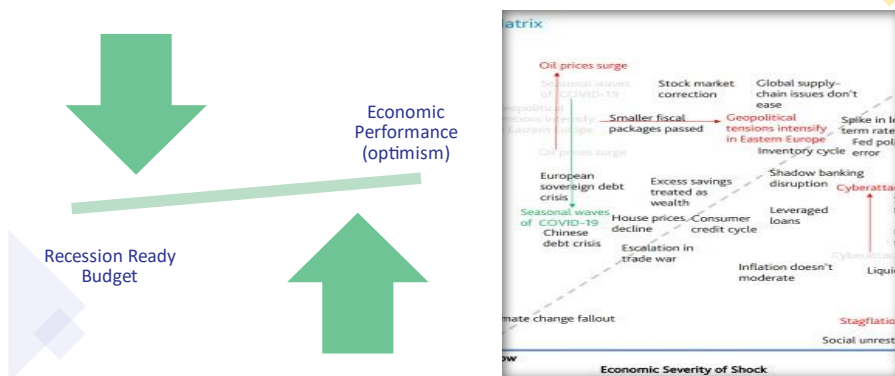
Local Key Economic Indicators



Key Economic Indicators



Economic Conditions



Revenue Forecasting Principals

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

Revenue Portfolio Diversification

	Operating Ratios	Revenues Per Capita	Surplus (Deficit) per Capita	Property Tax Dependency	Sales Tax Dependency
Cleveland	106.30%	\$ 1,278	\$ 10	54.34%	13.32%
Lincoln	105.16%	1,305.29		64.07	21.85%
Gaston	99.54%	942.00		51.19	14.67%
Rutherford	106.27%	981.72		21.09	10.77%
Burke	96.87%	894.20	(17.62)	58.41%	9.46%
Moore	106.60%	1,071.25		81.86	19.24%
Nash	102.20%	997.63	29.53	53.97%	16.98%
Henderson	100.47%	1,136.19	(106.76)	60.21%	18.11%

Property Tax Valuation

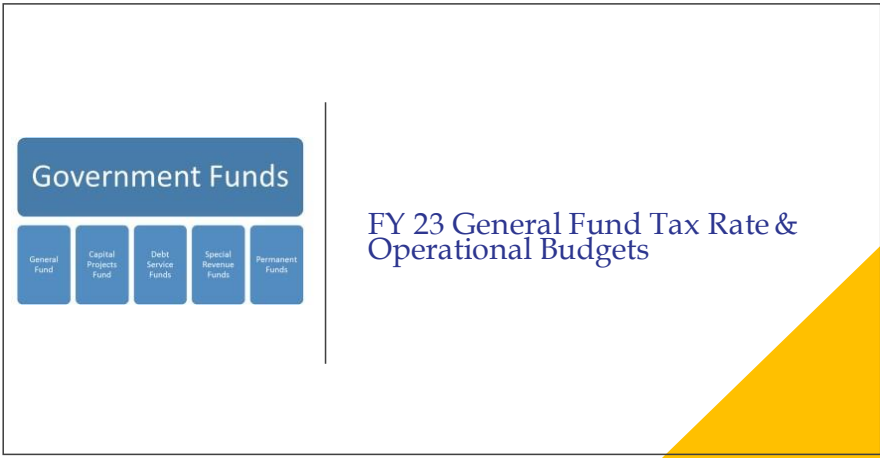
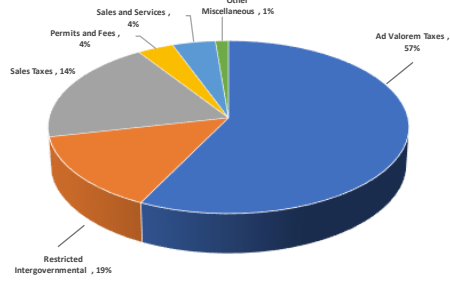
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total County Tax Base	\$8,105 Billion	\$7,948 Billion	\$8,284 Billion	\$8,759 Billion	\$9,208 Billion	\$9,508 Billion	\$10,333 Billion	\$10,615 Billion
Tax Rate	57 cents	57 cents	57 cents	57 cents	57 cents	57 cents	54.75 cents	54.75 cents**
Value of Penny	\$810 k	\$795 k	\$828 k	\$860 k	\$920 k	\$950 k	\$1MM	\$1.025 MM

County General Changes in Revenue



Revenue Source	FY 22 Budget	FY 23 Budget	\$ Change	% Change
Property Tax (\$4.75)	\$55,164,144	\$56,956,293	\$1,792,149	3.25%
Total Sales Tax	\$12,000,000	\$13,500,000	\$1,500,000	12.5%
Sales & Services	\$4,210,982	\$4,648,982	\$438,000	10.4%
Occupancy Tax	\$375,000	\$425,000	\$50,000	13.3%
Total	\$71,750,126	\$75,530,275	\$3,780,149	

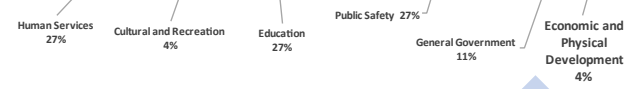
Total General Fund Revenue
\$126,587,508



FY 23 General Fund Budget Highlights

- General Fund Tax Rate.....54.75 Cents
 - Cleveland County Schools Recommended Rate.....14.00 Cents
- Does Not Include Any ARPA Funding
- Developed from Zero Based
- Includes Phase II funding (additional surplus \$750k) for Future Debt Service Allocation Justice Center Campus
- Anticipates Recapturing the Majority of Prior Year Revenue Loss
- Does Not Include Any Opioid Settlement Funding
- Three phase systematic approach to employee pay: Living Wage Adjustment; COLA; Performance Pay
- 10 Additional FTEs
 - 4 Sheriff Deputies
 - 1 I.T.
 - 1 E-911
 - 1 Emergency Management
 - 1 Animal Services Officer
 - 2 Environmental Health Officers

Fiscal Year 23 - Budgeted Expenditures



Priority Based Budget Expenditure by Function

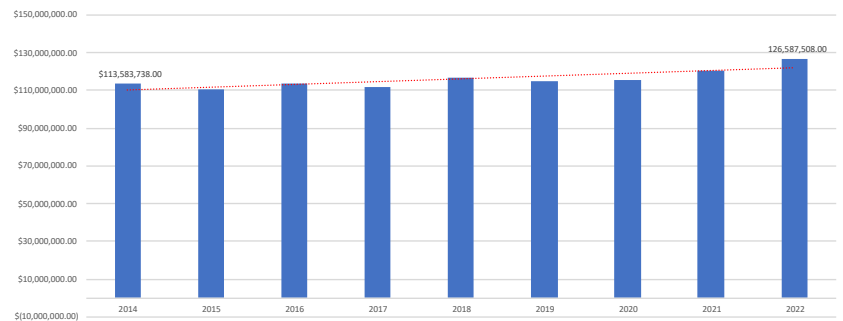
Fiscal Year 2015

- Human Services.....35%
- Education.....29%
- Public Safety.....19%
- Economic Development.....08%
- General Government.....08%
- Cultural & Rec.....01%

Proposed Fiscal Year 2023

- Human Services.....27%
- Education.....27%
- Public Safety.....27%
- Economic Development.....04%
- General Government.....11%
- Cultural & Rec.....04%

Total General Fund Budget



Fiscal Sustainability

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

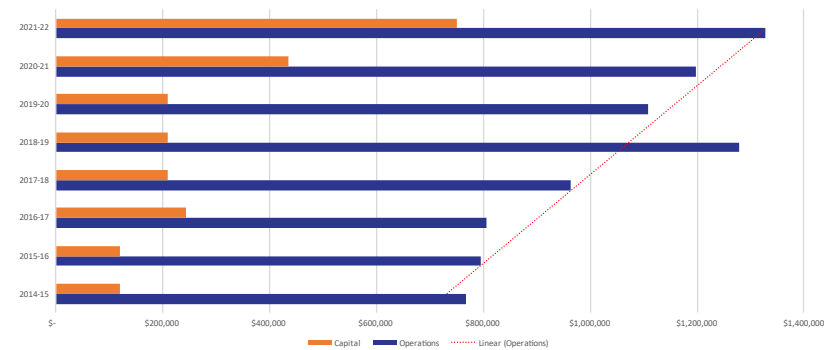
FY23 Re-engineering Summary (Year 8)

Historical Cost Re-Engineering	
2021 Debt Refunding	1,700,000
Reduction in DHHS Local Cost Share	3,000,000
Central Collection Revenue Maximization	1,562,136
Self Fund Property & Liability	800,000
DSS Indirect Cost Study	714,630
Central Collection Contract Avoidance	600,000
Organizational Cleaning Contract	331,665
Health Department Indirect Cost Study	242,236
Planning Department Re-Engineering	120,000
EMS / Pharmacy Re-Engineering	185,000
Copier Fleet Lease 6 Year	115,000
Cumulative Actual Re-Engineering	\$ 7,670,667

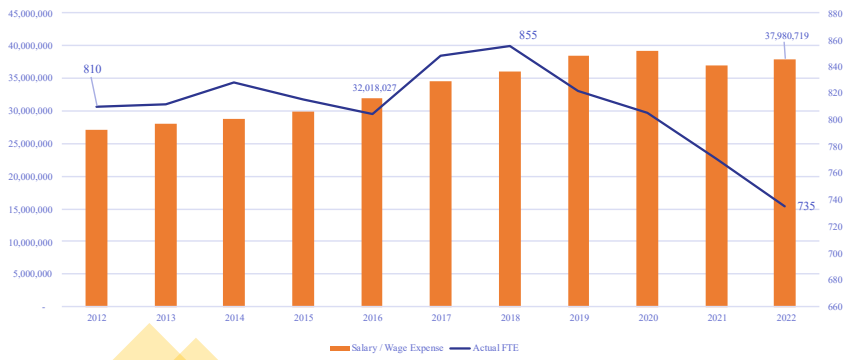
Current Year Cost Re-Engineering	
1. Stop Loss Adjustment.....	\$ 300,000
2. Technology Savings.....	\$ TBD
3. Building Consolidation.....	\$ TBD
4. Public Defenders Office.....	\$ TBD
5. Position Justification.....	\$ TBD

Investment into Technology

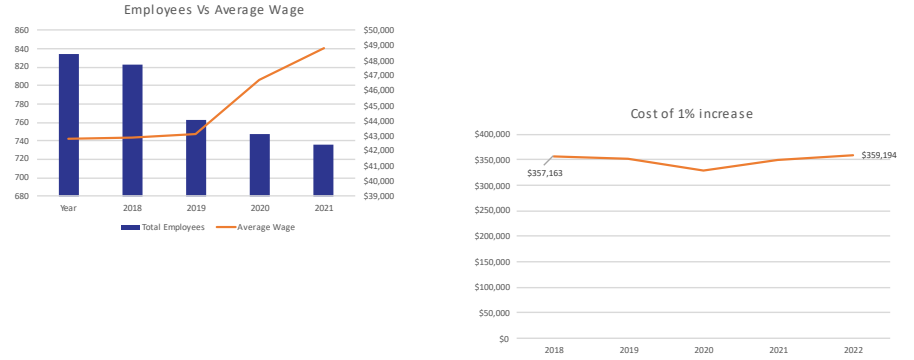
automation, security, and citizen interface



Organizational Approach To Human Capital



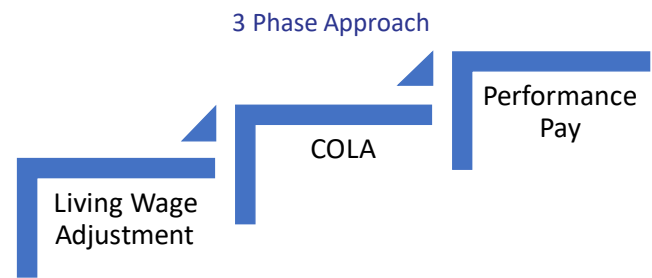
Investment into Our People



Personnel Requests

Department	Request	Recommended	Annual Cost
Social Services	12	0	\$0
Public Health	2	2 (temp)	\$160,000
Sheriff's Department	6	4	\$280,000
Emergency Management	1	1	\$60,000
Communications	1	1	\$62,000
Animal Services	1	1	\$55,000
I.T.	1	1	\$85,000
Total	23	10	\$702,000

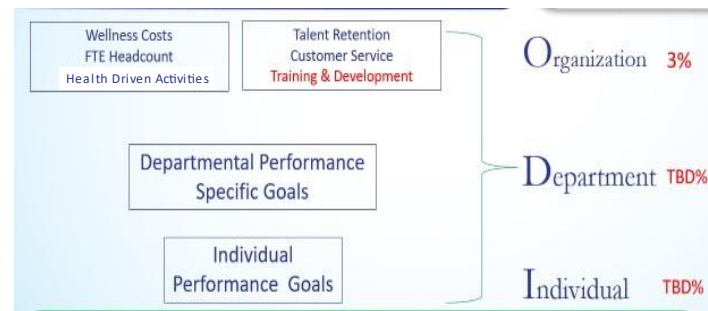
FY 23 Human Capital Investment



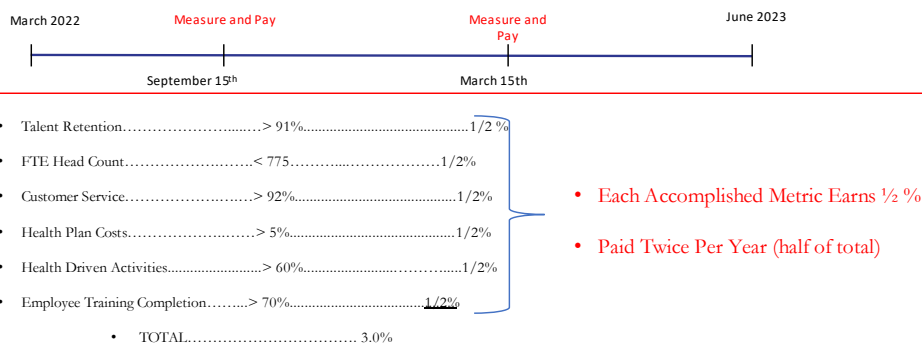
FY 23 Human Capital Investment

<p>1.) Living Wage Adjustment</p> <ul style="list-style-type: none"> Applies to all employees that currently earn less than \$31,200 - (46 FTE) Applies to hourly rate increase for 70 P/T employees Progressive increase up to 13% Average increase of 4.8% Based on gap between current earnings and living wage <p>Total Cost - \$80,000</p>	<p>2.) COLA Adjustment</p> <ul style="list-style-type: none"> 3.0% Adjustment 7/1/2022 TBD % Adjustment 1/1/2023 1% Increase in 401k (6%) <p>Total Cost \$1.2M</p>	<p>3.) Performance Pay</p> <ul style="list-style-type: none"> +/- 1.5% 9/15/2022 +/- 1.5% 3/15/2023 <p>Total Cost \$TBD</p>
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Performance Management System



Performance Management System



Employee Wellness Performance

- 827 Covered Lives
- \$10 Million Dollar Self Funded Plan
 - BCBS – Third Party Administrator
 - Health Claims
 - HSA Contributions
 - Wellness Center / Pharmacy
 - Biometrics

Public Safety

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

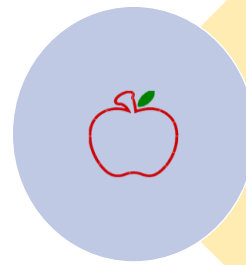
Public Safety Funding

Department	FY 22	FY 23	% Change
Detention Center	\$7,452,045	\$7,973,570	6.5%
Sheriff's Department	\$10,105,040	\$11,495,072	12.1%
Emergency Medical Services	\$7,866,894	\$8,157,591	3.6%
Emergency Management	\$419,440	\$496,517	15.5%
E-911/Communications	\$1,444,039	\$1,716,514	15.9%
Total Public Safety Budget	\$27,287,458	\$29,839,264	52.2%

Volunteer Fire Service

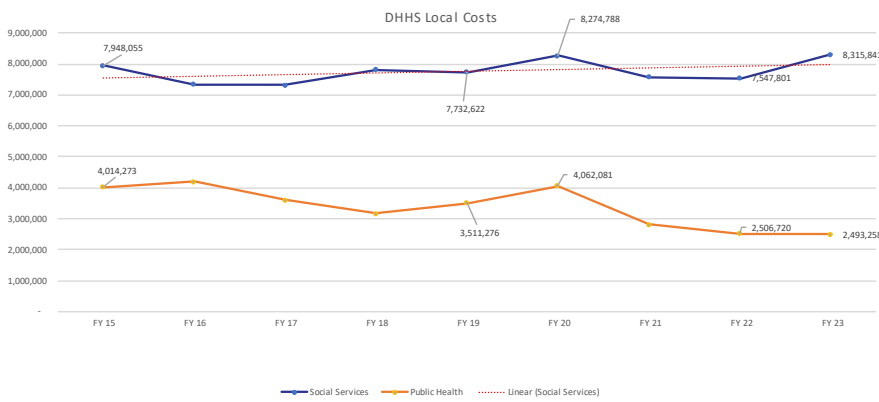
- Recommended 8.75 Cent Supplemental Tax Rate
- Total Budget for District 10 Fire Departments \$5,100,000
- Increases hourly wage - \$15 per hour
- Provides Funding for Weekend Coverage
- Supports 12.5% Increase in Operational Allotment

Community Wellness

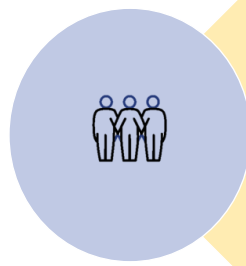


- Improvement in Community Health Rankings
- Effective Use of Opioid Settlement Funds
- Expansion of Existing Trail Systems & Exploration of New Opportunities
- Implementation of a Long -Term Solid Waste Handling System – Commercial & Residential

DHHS Funding



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

Broadband Infrastructure



Grant	Locations Served	Grant match	Timeline	Status
RDOF	1,960	\$0	5 years	Awarded
GREAT	1,200	\$700,000	2 years	Application Submitted
CAB	TBD	\$300,000	TBD	TBD

Economic Development



- Recruitment and Execution of National Shooting Competition Hosted by Foothills 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

Capital Improvement Plan Funding



Commitment to Capital Planning

Project	Description	Cost	Funding
Doran Mill	Site prep, environmental, geo-tech, schematic grading plan	\$150,000	Pay as you go City of Shelby to pay 1/2 of cost
Roof Replacement	Roof Repairs at current DSS Building	\$50,000	Pay as you go
Public Defenders Office	Minor renovations in preparation for occupancy	\$50,000	Pay as you go
Major Rolling Stock	Vehicles: EMS and Sheriff's Office	\$1,130,000	Pay as you go
Board of Elections	New Board of Elections Building	\$1,250,000	Capital Reserve Fund
Public Safety Radios/Deferred Maintenance Plan	Public Safety mobile radio replacement plan	\$250,000	Capital Reserve Fund
Dedicated Fiber Loop	Creation of an exclusive and dedicated fiber loop	\$400,000	Capital Reserve Fund
Information Technology Strategic Plan	IT Strategic Plan focused on advancing synchronization and developing a clear IT vision	\$350,000	Capital Reserve Fund
911 Communications Center	911 Communications Center to be housed on Red Cross Campus	\$6,000,000	Capital Reserve Fund (\$1,140,000) Future Capital Reserve - \$860,000 Applying for remaining in grant funding, PSAP Fund Balance \$1M

Randolph Road Shell Building	Shell Building IV new construction	\$8,500,000	Debt Funding City of Shelby to pay 1/2 of cost
Artee Road Property	40 Acres property for Economic Development	\$200,000	Pay as you go Split cost with City of Shelby
Health/DSS Co-location	Renovations at Health Department to co-locate Health and DSS	\$3,500,000	Debt Funding \$1.2 in reimbursement from State ROI - 3 years
Justice Center Campus	Jail, Courthouse, Sheriff's Office New Construction	\$140,000,000	State Grant - \$19,000,000 Pay as you go - \$18,000,000 Debt Proceeds - \$61,000,000
Total Capital Expenses		\$161,850,000	

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

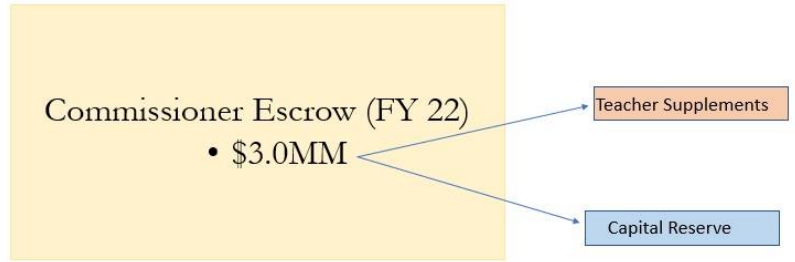
Public Education Revenue Sources

	FY 21	FY22	FY23
Property	\$13.9	\$13.9	\$13.9
Local	\$10.25	\$10.25	\$10.25
Unrestricted Sales	\$3.3	\$3.3	\$3.3
Local Capital	\$1.40	\$1.40	\$700K <small>Escrow</small>
Restricted Capital	\$1.45	\$1.45	\$1.45

\$700k CCS \$750k Escrow \$700k CCS \$750k Escrow

Public Education Escrow Disbursement

- \$1,500,000 – July Disbursement to Fund 2% Classroom Teacher Supplement Increase
- \$1,500,000 – Allocated to School Capital Reserve Fund for Future Capital

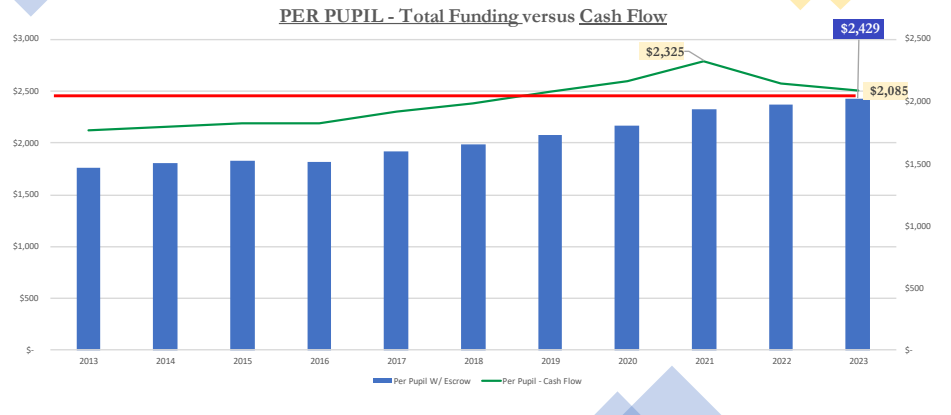


Public Education Funding (FY 23)

- Flat funding model from FY 21 & 22 – with excess performance in property and sales being allocated to Commissioner Escrow
- Reduction of Local Capital Allotment from \$1.4 million to \$700k
 - 1st 700k being added to Escrow
 - 2nd 700k reduction of County Allocation

	2020-2021	2021-2022	2022-2023
Property Tax Allotment (NET)	\$ 13,937,099	\$ 13,937,099	\$ 13,937,099
Sales & Use	\$ 3,293,750	\$ 3,293,750	\$ 3,293,750
County Allotment	\$ 10,250,000	\$ 10,250,000	\$ 10,250,000
Capital Allotment from County Funding	\$ 1,400,000	\$ 1,400,000	\$ 0
Capital Allotment from Article 42	\$ 1,450,000	\$ 700,000	\$ 700,000
Escrow	\$ -	\$ 750,000	\$ 1,450,000
Total **	\$ 30,330,849	\$ 30,330,849	\$ 29,630,849

Public Education Funding FY 23



Cleveland Community College Funding FY 23

58 Community Colleges in North Carolina

Description	State Average	Cleveland CC	% Difference
FTE	4,156	3,268	27%
County Operational Funding	\$4.8 M	\$2.2 M	54%
State & Federal Funding	\$24.8 M	\$19.6M	21%

(F) Full-Time Equivalent (FTE) Student - An amount of instruction that equates to 512 student hours in membership as defined in 1G SBOCC 200.03 and 1G SBOCC 200.04.

Cleveland Community College Benchmarking (2021 Data)

Peer Counties	Comparability	Cleveland	Peers
Burke	Population	99,519	109,338
Caldwell	GF Budget	\$ 116,095,586.00	\$ 114,406,069.00
Catawba	\$ of Penny	\$ 975,727.97	\$ 1,028,577.85
Craven	Tax Value - 21	\$ 9,757,279,722.00	\$ 10,285,778,523.60
Moore	Economic Distress	1	1.5
Nash			
Robeson			
Rockingham			
Randolph			
Wayne			

Cleveland Community College FY 23

- 01** Since 2018, County funding has increased by \$549,000 per year (24.3%)
- 02** FY 22 County funding increase was 17%
- 03** FY 23 - Total Funding \$3,058,872 Proposed annual increase of \$250,000 (8.9%)

Solid Waste Department FY 23

Solid Waste Department

- Implementation of a Litter Prevention and Clean up **\$1** per-ton MSW
- Total Revenues\$11,923,191
- Total Expenditures\$11,923,191
- Review and Proposal of 10 Year Rate **10%** Increase in FY 23
Stabilization Metric **3%** Annual Increase - FY 33
- Continuation of Life of Site Permitting
Citizens Recognition System
Environmental Code Enforcement
Long Term Solid Waste Handling Model

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

FY 23 Manager's Recommended Budget

Questions?

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.***



Delivering High Performance

INTRODUCTION

May 17, 2022

The Honorable Members
Cleveland County Board of Commissioners

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 trek 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 un-knowns 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 *ReAct, 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.

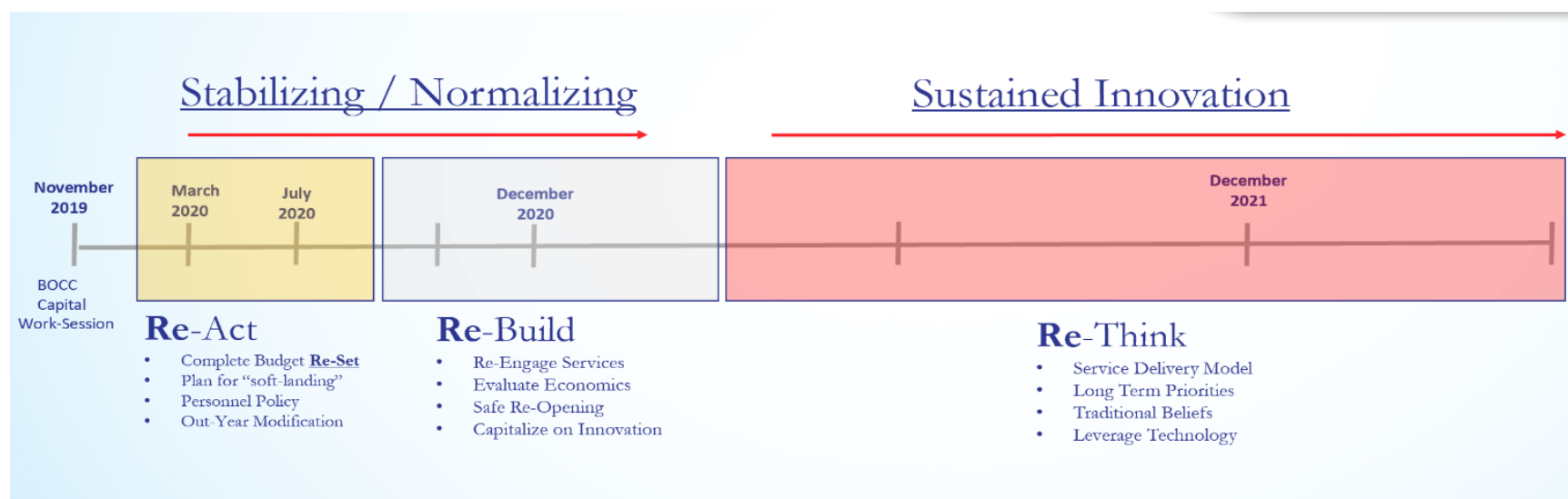
In closing, the upcoming budget will continue to position Cleveland County Government as a leader in the market. I believe is a philosophical change for our organization. We are an organization that prioritizes high performance and evidence based optimal outcomes. Contrary to popular belief, the County 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 actionizing 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.

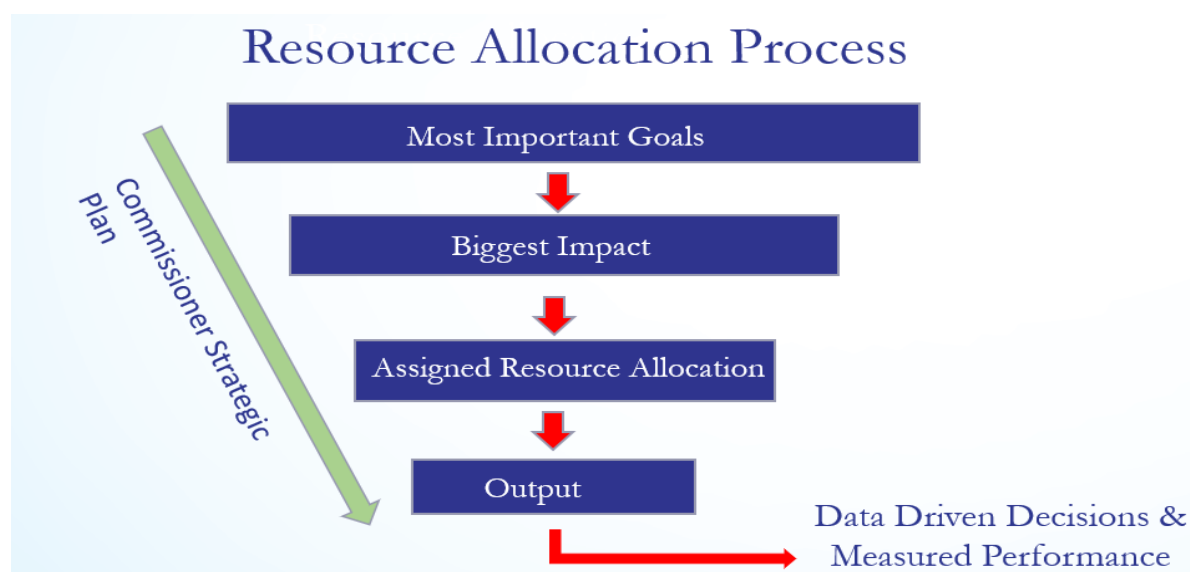


Brian C. Epley, County Manager



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

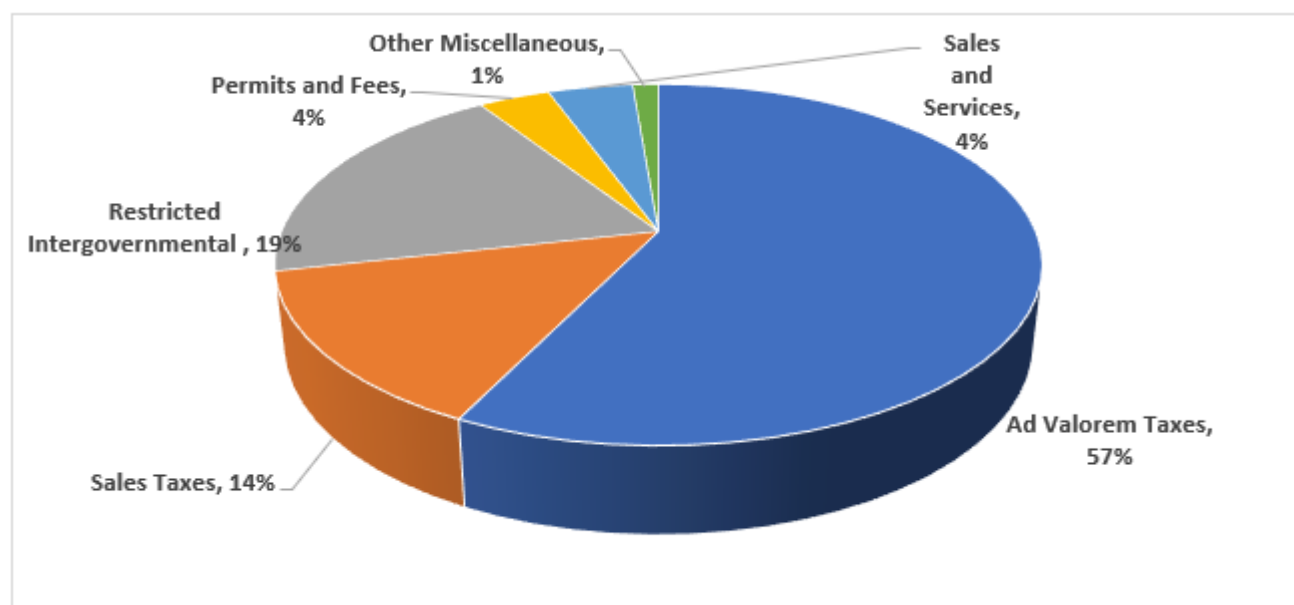
Cleveland County has used strategic planning for many years to develop policy and financial decision-making. The FY 2022-2023 Strategic Plan is comprised of five (5) focus areas and then further defined with specific goals and objectives under each one.

- 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 5% or \$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.

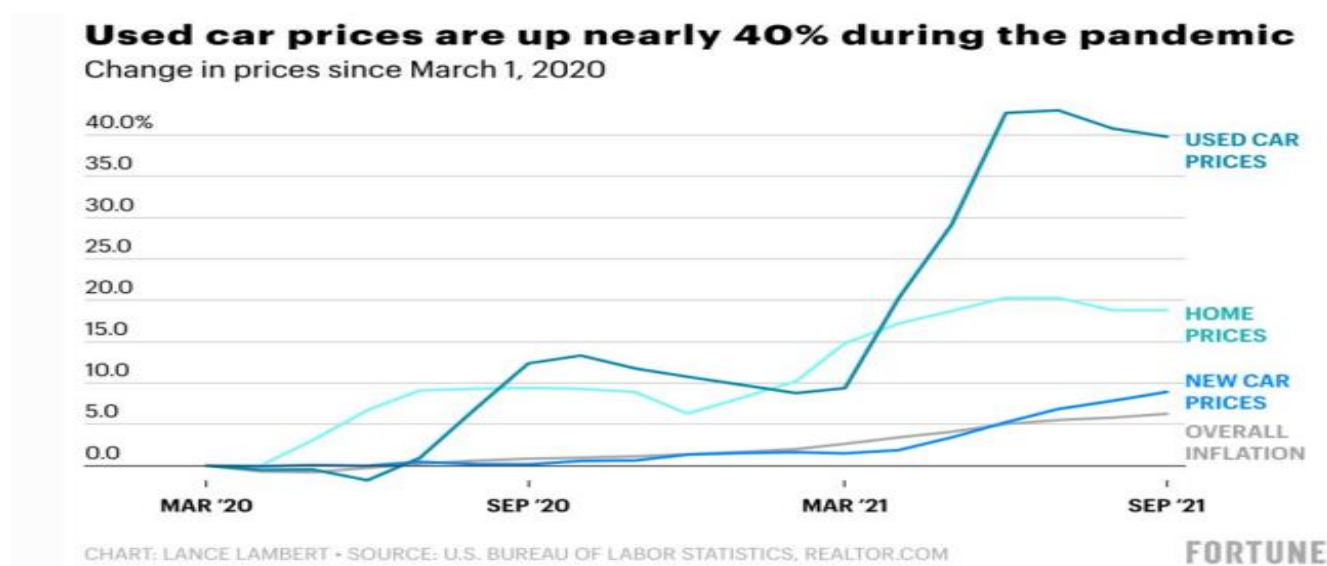


Property Tax Administration

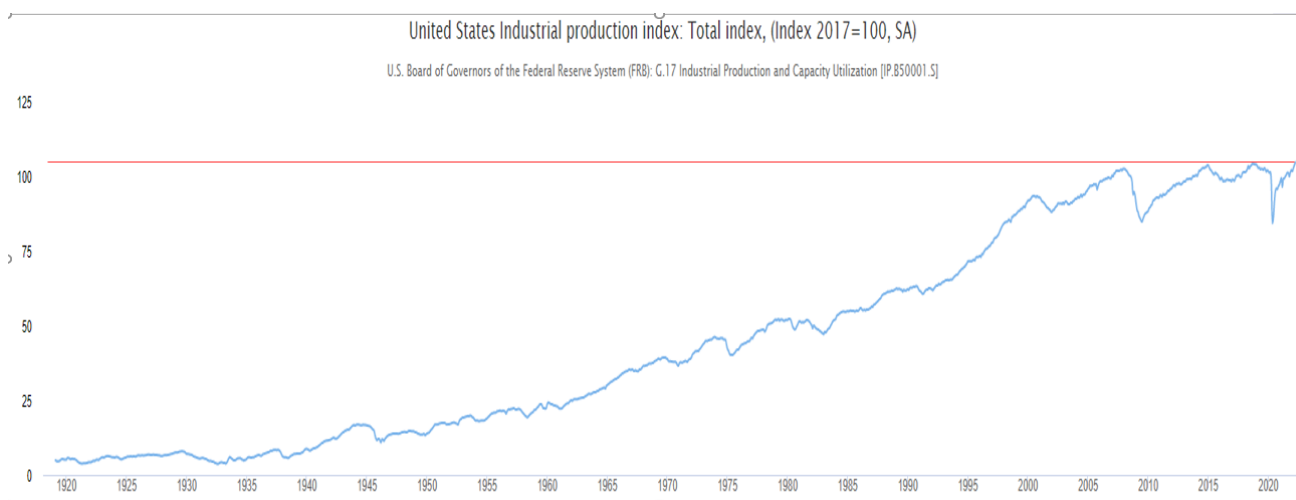
As noted, revenue in the 2021-2022 fiscal year is expected to come in higher than the budgeted level. As of April 2022, collections were at 98.13% or approximately \$56,411,142.

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 is 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

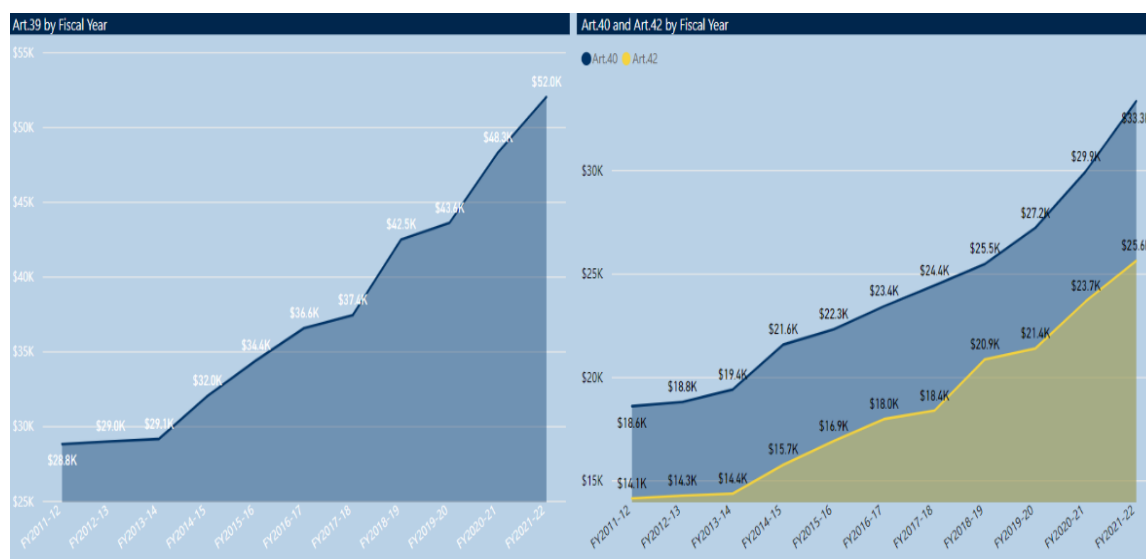
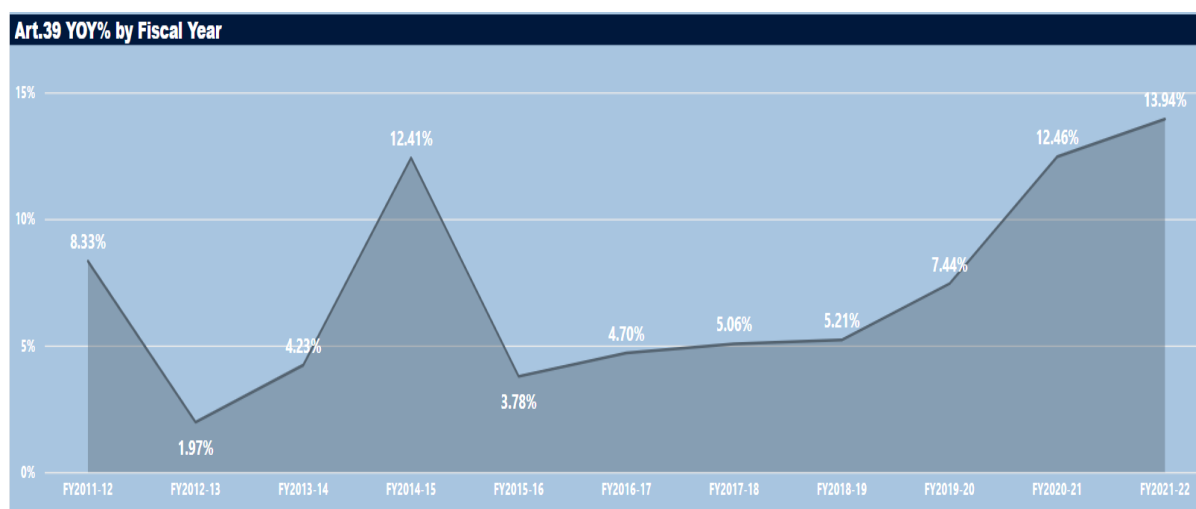
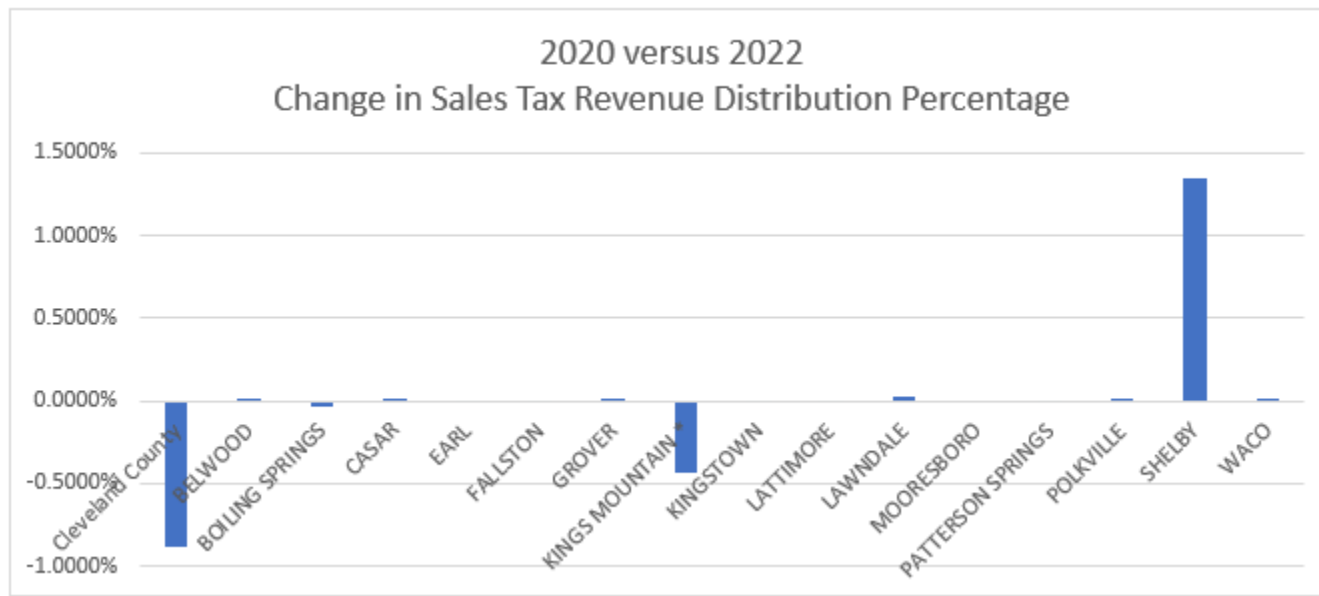


Exhibit B



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.

County	Operating Ratios	Revenues Per Capita	Surplus (Deficit) per Capita	Property Tax Dependency	Sales Tax Dependency	Revenue Generation	Property Tax Revenue
						Capacity	Per Capita
Cleveland	106.30%	\$ 1,273.09	\$ 77.22	54.86%	14.66%	70,252,392	713.22
Lincoln	113.76%	1,424.28	341.04	53.81%	26.31%	70,317,645	784.18
Gaston	132.57%	1,105.50	271.59	67.41%	11.45%	170,535,013	738.71
Rutherford	112.72%	1,165.96	131.54	64.23%	13.08%	47,863,143	741.08
Burke	104.35%	989.55	133.44	59.71%	12.45%	51,630,426	589.31
Moore	116.96%	1,261.64	375.10	55.73%	21.70%	72,555,185	706.04
Nash	105.95%	1,025.49	120.78	56.50%	19.64%	54,534,423	466.79
Henderson	111.66%	1,410.45	343.11	56.20%	24.93%	93,858,922	803.39

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

Description	Amount	2019-2020	2020-2021	2021-2022	2022-2023
Ad Valorem Taxes	57%	\$ 63,822,841	\$ 67,750,354	\$ 71,471,419	\$ 72,495,459
Sales Taxes	14%	16,669,805	13,901,250	15,293,750	18,000,000
Restricted Intergovernmental	19%	21,516,935	22,212,353	22,822,790	24,483,197
Permits and Fees	4%	4,699,153	4,730,302	4,606,350	4,555,960
Sales and Services	4%	7,212,000	6,943,906	5,274,592	5,414,942
Other Miscellaneous	1%	1,637,360	1,398,353	1,087,771	1,637,950
		<u>\$ 115,558,094</u>	<u>\$ 116,936,518</u>	<u>\$ 120,556,672</u>	<u>\$ 126,587,508</u>

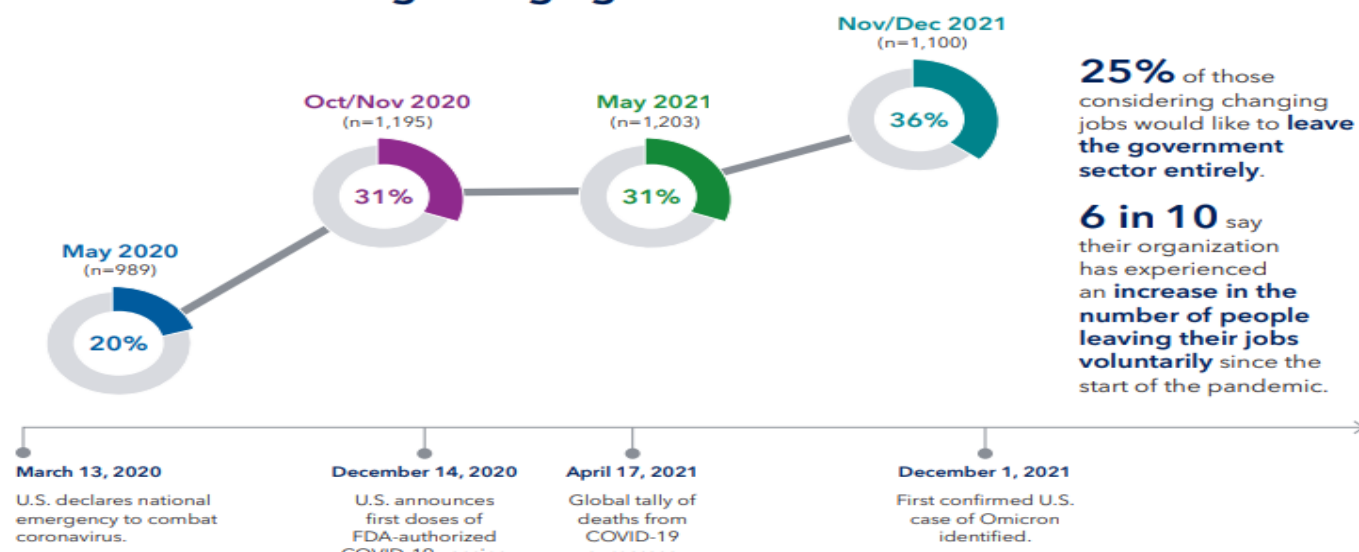
EXPENDITURE PORTFOLIO

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.

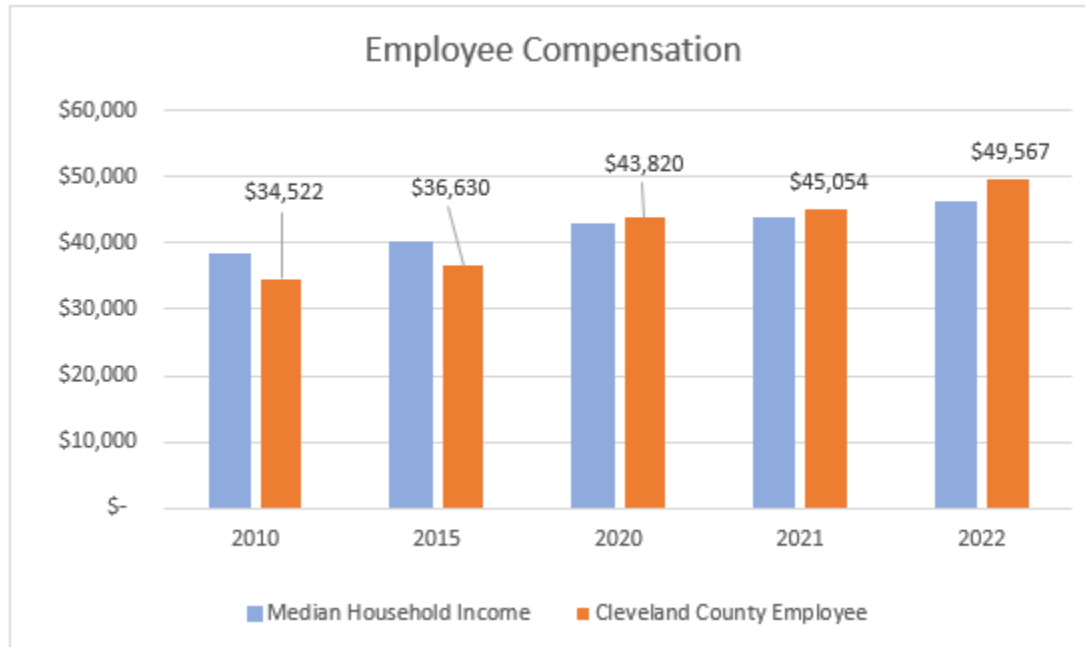
Trend in Considering Changing Jobs



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.



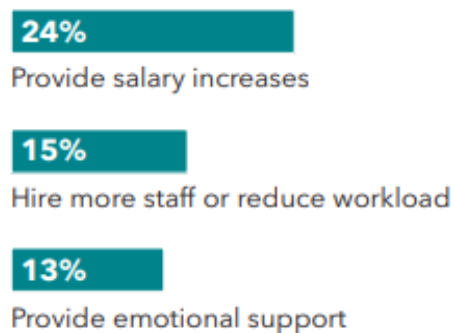
Over the next five (5) years there simply will not be enough incoming talent to fill the ranks of those who are retiring or transitioning to other markets – this is true at all levels, but especially in leadership and executive roles. North Carolina cities and counties will continue to face challenges 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 work force that 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.

Employee Views on How Public Employers Can Curb the Great Resignation

To Reduce Stress

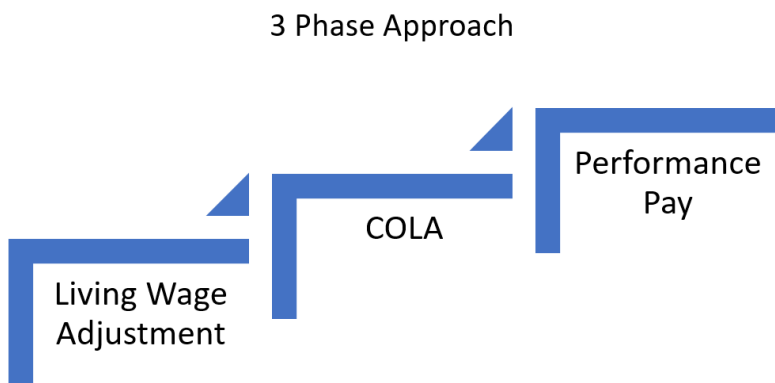
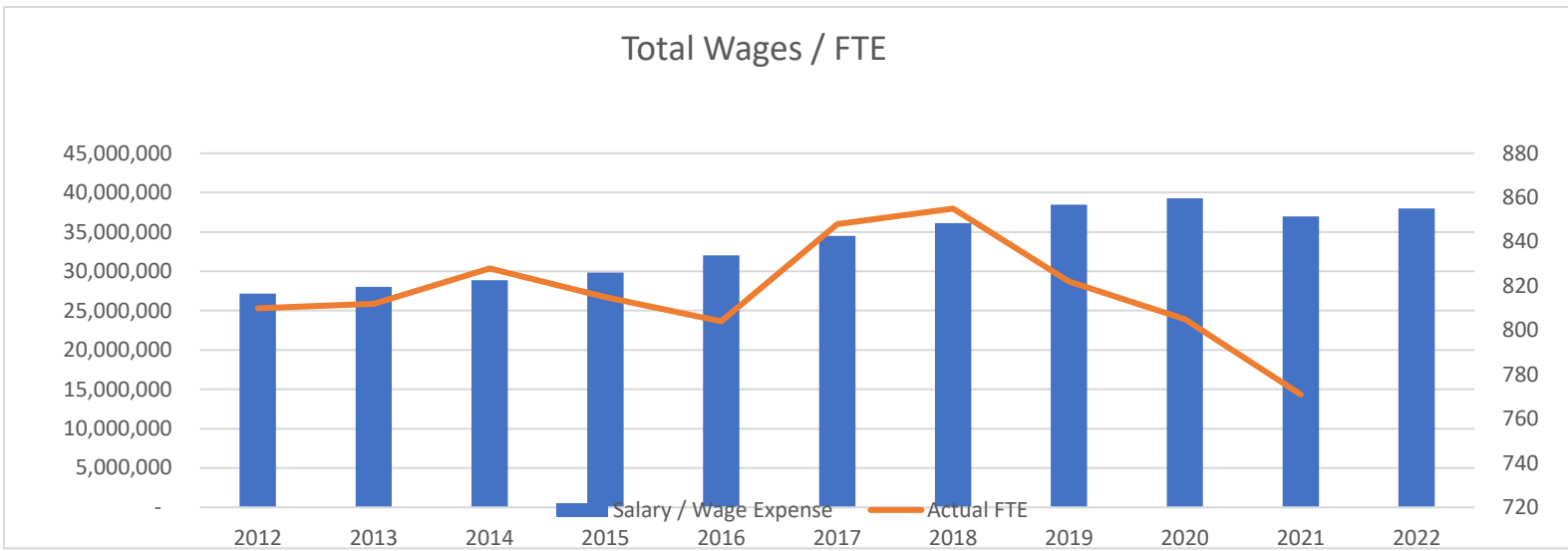


To Retain More Employees



Showing **more appreciation and recognition** of employees **outranked actions** including improving benefits, increasing amount of leave allowed, offering more flexible scheduling, and offering more opportunities for remote work.

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.



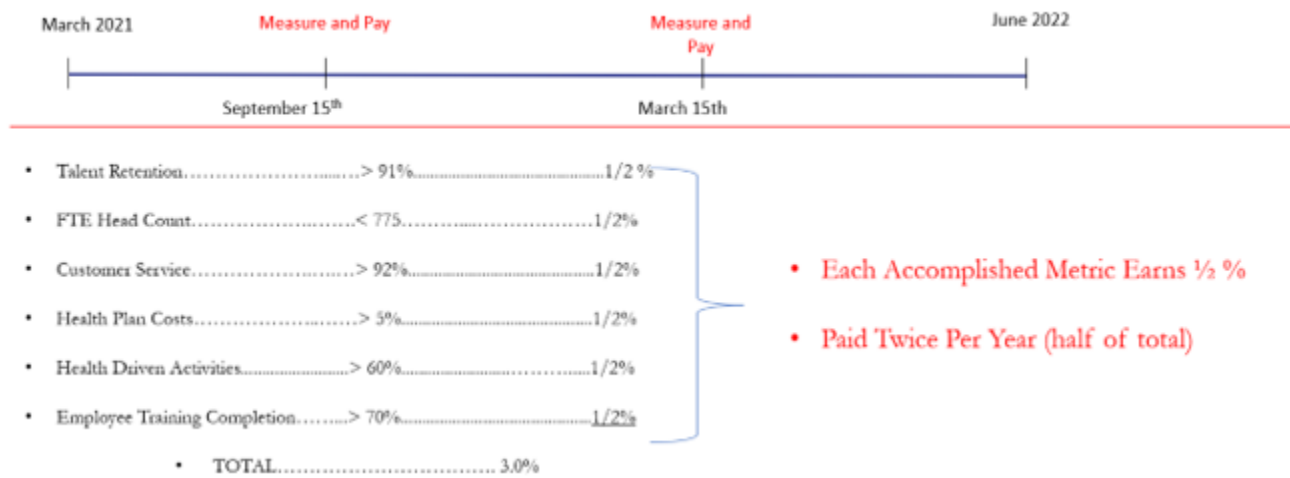
Included in the 2023 fiscal year budget is a recommended three-phase approach to employee pay that is inclusive of a living wage adjustment, a 4 % COLA and continued performance-based pay.

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:



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 nimbler 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 than 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.

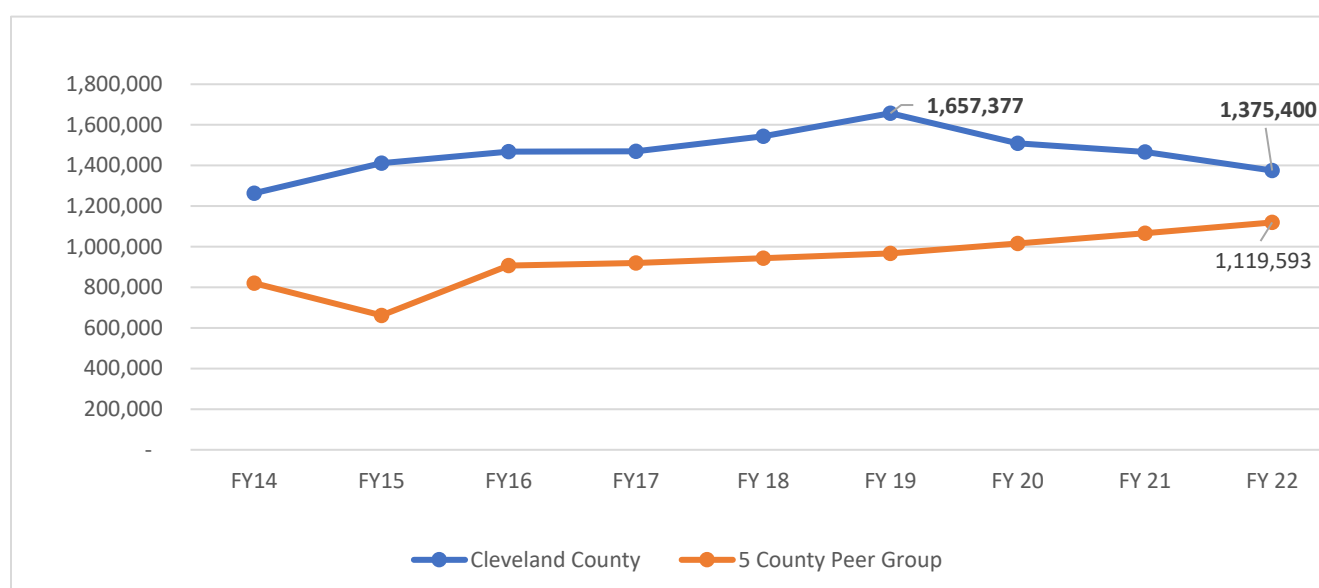
Cleveland County Government is committed to the fundamental principles of a High Performing Organization (HPO). One of the essential functions of an HPO is continuous self-reflection and re-thinking of all activities and programs. One of our continued focuses is maintaining an innovative mindset of entrepreneurship 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 reprioritization 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%.

ENERGY OPTIMIZATION



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

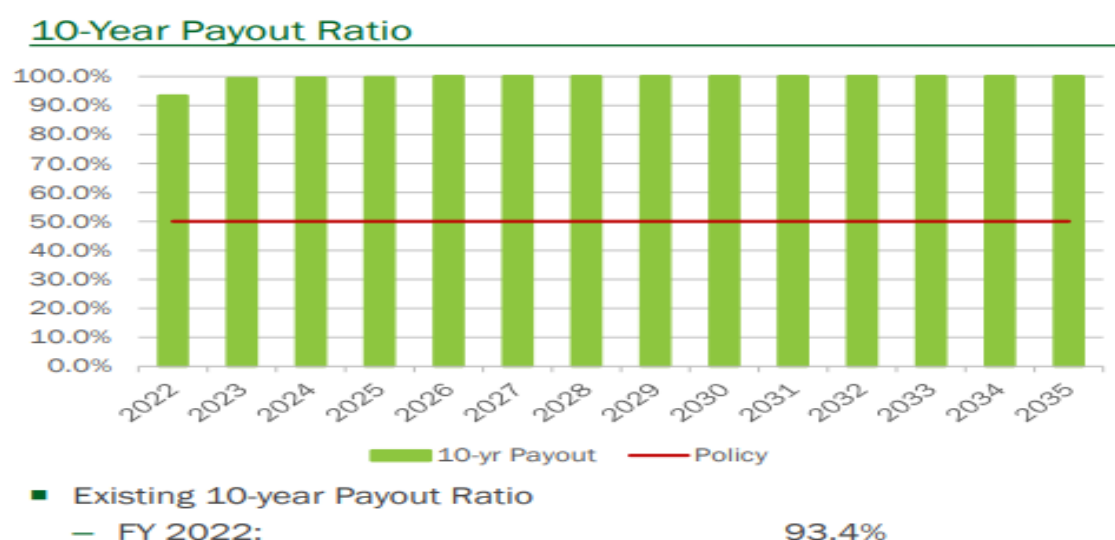
In the upcoming budget year, we will continue to examine opportunities to gain efficiencies and implement the County’s master facility plan. As mentioned above, a top priority is fully completing the co-location of social services and public health. Social services continues to operate in a sub-standard 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 re-location 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.

FY 22-23 Capital Projects			
Project	Description	Cost	Funding
Doran Mill	Site prep, environmental, geo-tech, schematic grading plan	\$150,000	Pay as you go City of Shelby to pay 1/2 of cost
Roof Replacement	Roof Repairs at current DSS Building	\$50,000	Pay as you go
Public Defenders Office	Minor renovations in preparation for occupancy	\$50,000	Pay as you go
Major Rolling Stock	Vehicles- EMS and Sheriff's Office	\$1,130,000	Pay as you go
Board of Elections	New Board of Elections Building	\$1,250,000	Capital Reserve Fund
Public Safety Radios/Deferred Maintenance Plan	Public Safety mobile radio replacement plan	\$250,000	Capital Reserve Fund
Dedicated Fiber Loop	Creation of an exclusive and dedicated fiber loop	\$400,000	Capital Reserve Fund
Information Technology Strategic Plan	IT Strategic Plan focused on advancing synchronization and developing a clear IT vision	\$350,000	Capital Reserve Fund
911 Communications Center	911 Communications Center to be housed on Red Cross Campus	\$6,000,000	Capital Reserve Fund (\$1,140,000) Future Capital Reserve- \$860,000 Applying for remaining in grant funding. PSAP Fund Balance \$1M
Randolph Road Shell Building	Shell Building IV new construction	\$8,500,000	Debt Funding City of Shelby to pay 1/2 of cost
Artee Road Property	40 Acres property for Economic Development	\$220,000	Pay as you go Split cost with City of Shelby
Health/DSS Co-location	Renovations at Health Department to co-locate Health and DSS	\$3,500,000	Debt Funding \$1.2 in reimbursement from State ROI- 3 years
Justice Center Campus	Jail, Courthouse, Sheriff's Office New Construction	\$140,000,000	State Grant \$59,000,000 Pay as you go \$18,000,000 Debt Proceeds \$63,000,000
Total Capital Expenses		\$161,850,000	

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 tract 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

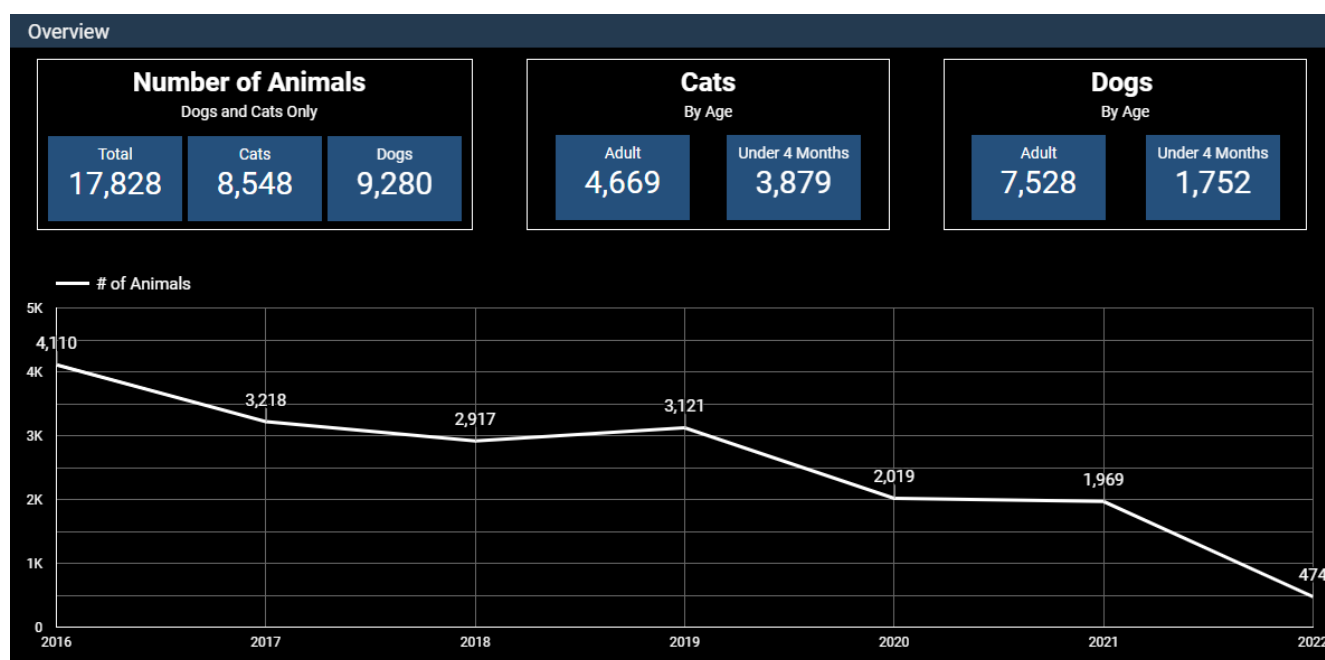
The Foothills Public Shooting Complex continues to see increases in the number of visitors. This facility is positioned to provide a long-term regional travel/tourism draw for Cleveland County. The Complex hosted several tournaments during this past year and has plans of expanding those efforts. The 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 more 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. 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 Beason 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 unproportionally 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*.

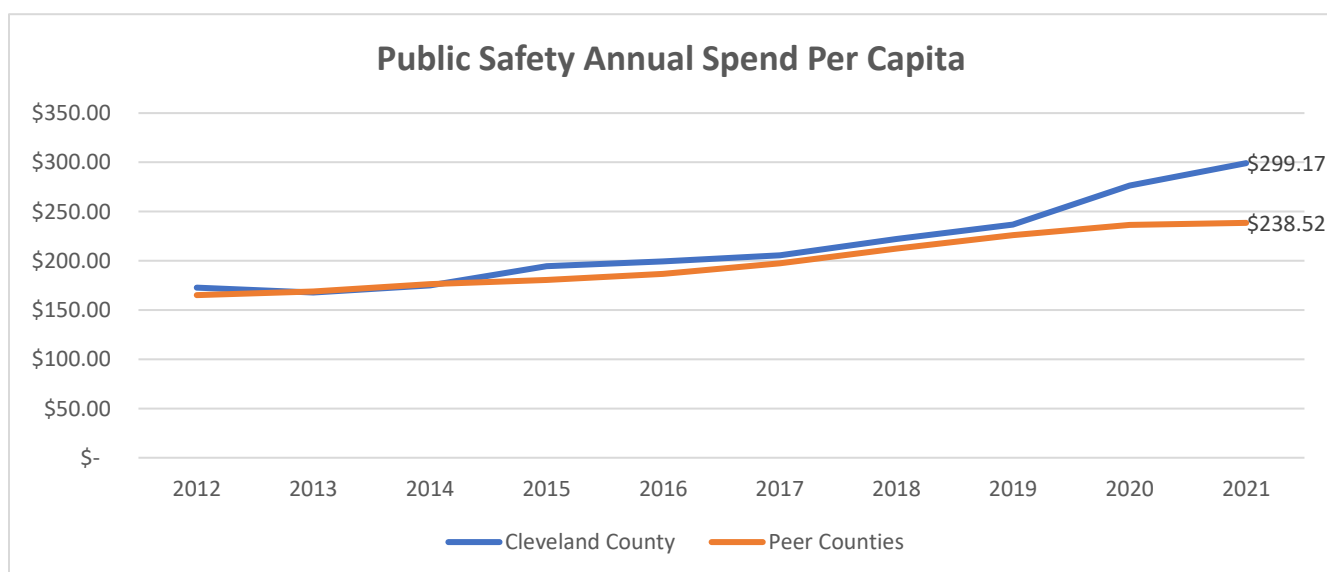
One of the biggest obstacles to disease management is access to primary care. Kintegra Health has recently launched a multidisciplinary FQHC program in the county which will immediately begin to provide access. The FY 2023 budget also includes a \$50,000 grant to Mt. Calvary Baptist Church to support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

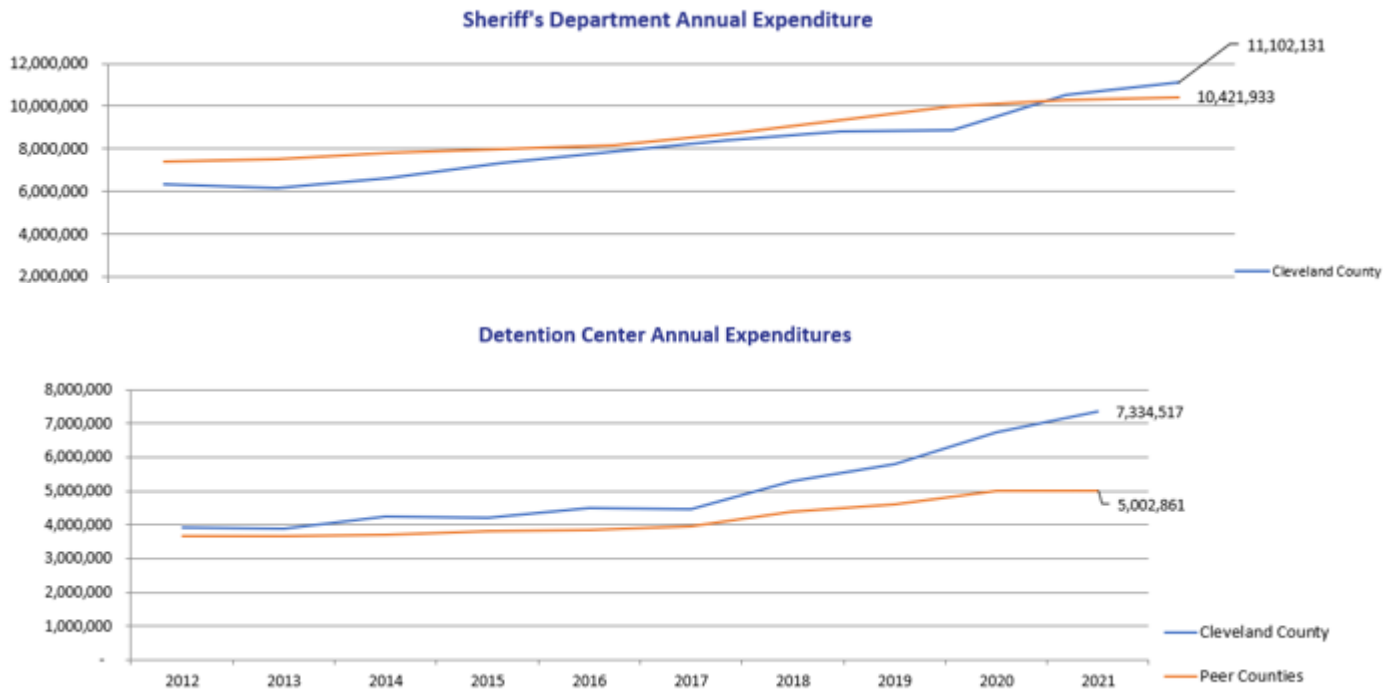
Focus Area – Public Safety

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.



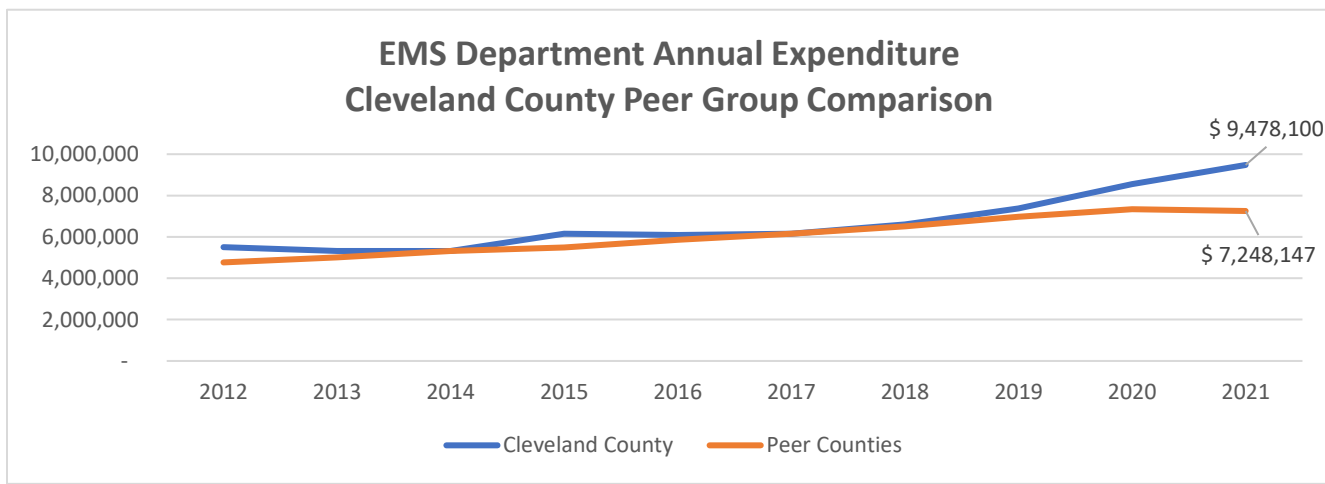
The Cleveland County Sheriff’s Department reflects a total annual appropriation of \$20,419,999, which represents 16.1% of the County’s General Fund. This reflects salaries, operations and capital for the Sheriff’s Department, Detention Facilities, and School Resource Officers.

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 I.T. totals \$2,267,760.

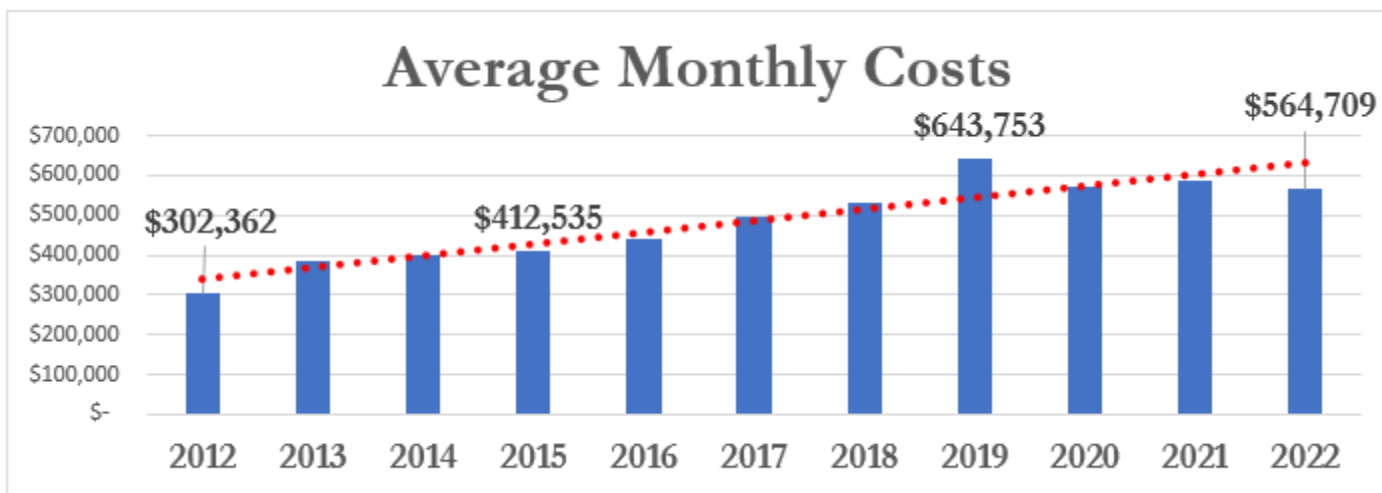
County Wellness

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



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

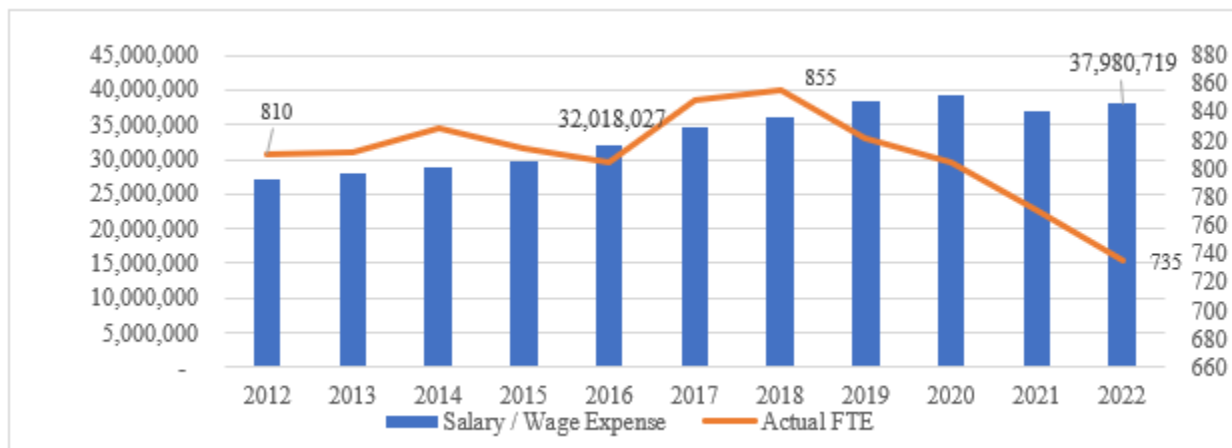


Exhibit 2

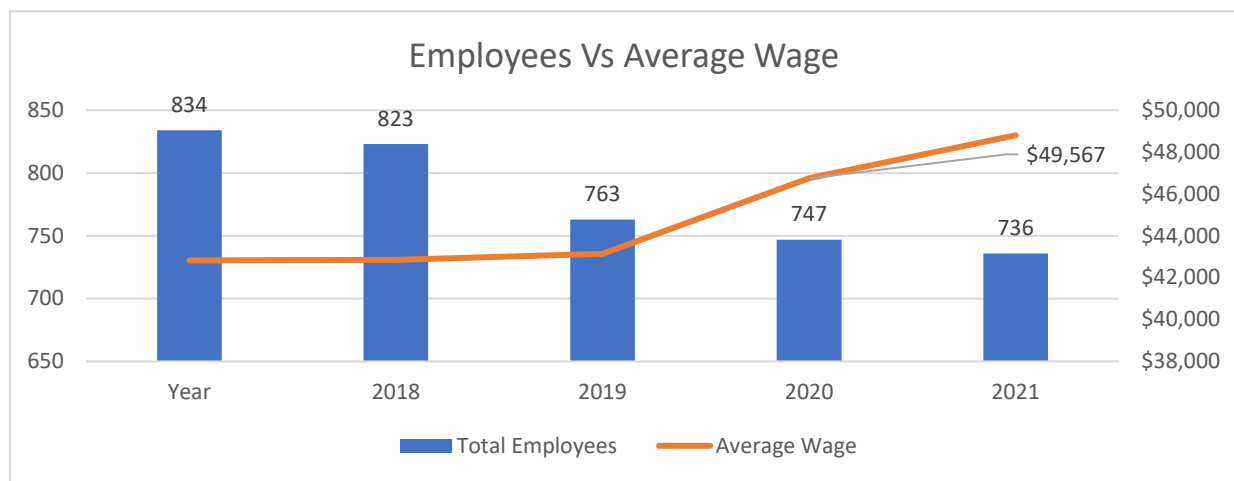


Exhibit 3

Department	Request	Recommended	Annual Cost
Social Services	12	0	\$0
Public Health	2	2 (temp)	\$160,000
Sheriff's Department	6	4	\$280,000
Emergency Management	1	1	\$60,000
Communications	1	1	\$62,000
Animal Services	1	1	\$55,000
I.T.	1	1	\$85,000
Total	23	10	\$702,000

- 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

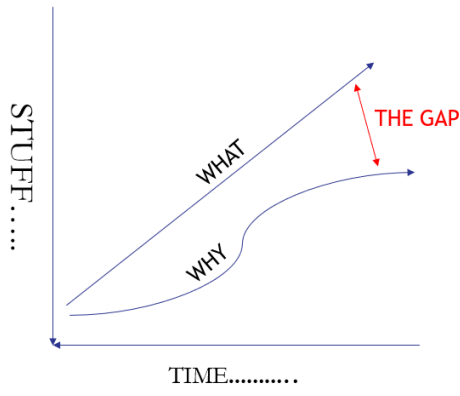
The County Fire Service Districts tax rate will remain the same with a consistent rate of 8.75 cents per \$100 of property valuation for all County Fire Districts. The tax rate provides all funding, including part-time personnel, operations and capital for the 12 fire districts in Cleveland County. The 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.

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF CLEVELAND COUNTY:

SECTION I. 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, 2022 and ending June 30, 2023 to meet the functional appropriations as set forth in Section II. All fees, commissions, 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.

		\$ 161,128,231	
		(16,859,183)	\$ 144,269,048
<u>Primary</u>		\$ 91,942,124	
		(2,328,780)	\$ 89,613,344
<u>Ad Valorem Tax:</u>	Current Year		
	(54.75 Cents per \$100 value) X (\$10,615,281,533 total value) X (98.0% collection)	\$ 56,956,293	
	Prior Years	625,000	
	Advertising/Penalties	295,000	
<u>Other Taxes:</u>	Sales Tax		
	1 Cent (Article 39)	7,830,000	
	Two 1/2 Cents (Art 40 & 42)	5,670,000	
	Occupancy Tax	425,000	
	Heavy Equip Tax	25,000	
	Vehicle Lease Tax	50,000	
	Excise Stamps Tax	285,000	
<u>Intergovernmental:</u>	NC Telecommunications Surcharge	290,000	
	NC Grants-Third Party (Pass-Thru)	340,064	
	NC Grants-Third Party (Pass-Thru) LEVS	92,000	
	NC Grants-Third Party (Pass-Thru) COPS	155,335	
	NC Grant--J.C.P.C. Admin.	2,000	
	NC Court Arrest Fees-Sheriff	25,000	
	NC Forfeited Property-Sheriff	50,000	
	NC Housing of State Prisoners-Jail	210,000	
	NC Housing Inmate - SSA	8,000	
	NC Court Fees-Jail	75,000	
	NC License Revocation-Jail	6,000	
	NC DOT Grant (Pass-Thru to TACC)	175,000	
	NC Grant-Soil Conservation Match	25,600	
	NC Grant-State Aid to Libraries	140,000	
	JCPC Grant-Cleveland County Schools (Pass Thru)	40,000	
	Schools: School Resource Officers	782,780	
	Shelby: Payment in Lieu of Taxes	225,000	
	Shelby: Shared Economic Development	506,343	
	Other Various Sources	15,000	
<u>Permits/Fees:</u>	Register of Deeds	425,000	
	Sheriff	232,800	
	Inspections	300,000	
	Planning & Zoning	20,950	
<u>Sales/Services:</u>	Rents	3,177,210	
	Municipal Tax Collection	400,000	
<u>Sales/Services:</u>	Local Fees & Medicaid		
	Emergency Med Serv	3,945,392	
	Electronic Maintenance	104,000	
	Travel & Tourism	30,000	
	Animal Control	164,500	
	Cooperative Extension	30,000	
	County Library System	19,000	
	Public Firing Range	300,000	
	Skeet & Trap	55,000	
<u>Interest:</u>	Interest on Investments	250,000	

<u>Miscellaneous:</u>	ABC Per Bottle & Profit Distribution	145,000		
	Sale of Used Assets	29,500		
	Vending/Payphone Commissions	158,000		
	Contributions & Donations (Library)	43,750		
	Other Miscellaneous	139,800		
<u>Other Sources:</u>	S/W Landfill Fund (Transfer)	1,346,280		
	School Capital Reserve Fund (Transfer)	750,000		
	Social Service Fund (Transfer)	97,500		
	Health Dept Fund (Transfer)	135,000		
	Fund Balance Appropriated	4,238,027		
	Mental Health Appropriation	81,000		
			\$	91,942,124
<u>Social Services & Public Assistance</u>				
		Less Transfers In:	22,215,767.00	
	Grants-Federal and State Govts	14,294,023.00	(7,876,321.00)	14,339,446.00
	Local Fees	45,423.00		
	Primary Fund (Transfer)	7,876,321.00		
<u>Public Health</u>				
		Less Transfers In:	11,094,776	8,645,675
	Grants-Federal and State Govts	1,920,050	(2,449,101)	
	Local Fees & Medicaid	5,028,679		
	Primary Fund (Transfer)	2,349,101		
	Other Funds (Transfer)	100,000		
	Fund Balance Appropriated	1,696,946		
<u>Employee Wellness</u>				
		Less Transfers In:	1,768,134	142,700
	Local Fees	142,700	(1,625,434)	
	Health Insurance Fund (Transfer)	1,625,434		
<u>Court Facilities</u>				
		Less Transfers In:	432,998	144,000
	Departmental Fees	144,000	(288,998)	
	Primary Fund (Transfer)	288,998		
<u>School Property Taxes</u>				
	Ad Valorem Tax: Current Year (14.0 Cents per \$100 value) X (\$10,615,281,533 total value) X (98.0% collection)	14,564,166	19,119,166	19,119,166
	Interest on Delinquent Tax	55,000		
<u>Other Taxes:</u>	Sales Tax	4,500,000		
<u>LeGrand Conference Center</u>				
		Less Transfers In:	881,114	222,750
	Fees, Beverage Sales	222,750	(658,364)	
	Primary Fund (Transfer)	658,364		
<u>Workers' Compensation / Property & Liability Insurance</u>				
		Less Transfers In:	1,757,685	125,500
	Interest on Investments/Other	125,500	(1,632,185)	
	Primary Fund (Transfer)	1,217,384		
	Social Services Fund (Transfer)	117,600		
	Other Funds (Transfer)	297,201		
<u>Health / Dental Insurance</u>				
		Less Transfers In:	11,916,467	11,725,467
	Fund Balance Appropriated	1,009,467	(191,000)	
	Primary Fund (Transfer)	191,000		
	Dental Premiums	210,000		
	Health Premiums	10,506,000		
<u>B. SPECIAL REVENUE FUND ESTIMATED REVENUES</u>			6,677,015	\$ 6,677,015
		Less Transfers In:	-	
<u>Emergency Telephone</u>				
	E911 Subscriber Fees	-	1,421,915	1,421,915
	Other Revenues	300		
	Fund Balance Appropriated	1,421,615		
<u>County Fire Service District</u>				
	Ad Valorem Tax: Current Year (8.75 Cents per \$100 value) X (\$4,413,584,369 total value) X (98.0% collection)	3,784,650	5,255,100	5,255,100
	Other Revenues	1,470,450		
<u>C. DEBT SERVICE FUND ESTIMATED REVENUES</u>			10,323,202	\$ 2,059,328
		Less Transfers In:	(8,263,874)	
<u>Debt Service</u>				
	Other Revenues - Federal	321,608		
	Other Unit's Share of Expenditures	1,737,720		
	Primary Fund (Transfer)	5,408,872		
	School Capital Reserve Fund (Transfer) - PSCBF	600,000		
	School Capital Reserve Fund (Transfer)	2,255,002		
<u>D. CAPITAL PROJECT FUND ESTIMATED REVENUES</u>			12,869,010	\$ 6,800,000
		Less Transfers In:	(6,069,010)	
<u>Capital Projects</u>				
		Less Transfers In:	2,500,000	-
	School Capital Reserve Fund (Transfer)	100,000	(2,500,000)	
	Capital Reserve Fund (Transfer)	2,400,000		
<u>County Capital Reserve</u>				
		Less Transfers In:	4,300,000	1,900,000
	County Funds/County Reserve (Transfer)	2,400,000	(2,400,000)	
	Fund Balance Appropriated	1,900,000		
<u>School Capital Reserve</u>				
		Less Transfers In:	6,069,010	4,900,000
	Sales Tax: Two 1/2 Cents (Art. 40 & 42)	4,300,000	(1,169,010)	
	Grants-Public School Bldg. Cap. Fds.	600,000		
	Primary Fund/Schools (Transfer)	1,169,010		
<u>E. ENTERPRISE FUND ESTIMATED REVENUES</u>			11,924,927	\$ 11,924,927
		Less Transfers In:	-	
<u>Solid Waste Landfill</u>				
		Less Transfers In:	11,924,927	11,924,927
	Grants and Shared Taxes-State Govt	620,000		
	Local Fees and User Fees	6,302,500		
	Sale of Recyclables/Other	2,775,466		
	Fund Balance Appropriated	2,226,961		
<u>SECTION I TOTAL (TOTAL FUND ESTIMATED REVENUES)</u>			202,922,385	
		Less Transfers In:	(31,383,067)	171,539,318

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			161,128,231	
		Less Transfers Out:	(23,534,584)	137,593,647
General Government			49,941,425	28,116,951
		Less Transfers Out:	(21,824,474)	
10.411	Commissioners (Governing Body)	465,946		
10.412	County Manager's Office	1,216,598		
10.413	Finance/Purchasing	1,335,059		
10.415	Property Tax Administration	1,969,373		
10.416	Legal/County Attorney	600,090		
10.418	Elections	561,530		
10.419	Register of Deeds	750,045		
10.421	Information Technology	1,443,478		
10.422	Travel & Tourism	231,672		
10.423	Human Resources	1,247,060		
10.426	Building Maintenance	1,927,422		
10.427	Facilities Janitorial	217,218		
10.430	Municipal Grants	147,048		
10.432	Grants--Third Party (Pass Thru)	340,064		
10.438	Grant--Victim Specialist Grant Program	99,794		
10.439	Grant--COPS Grant Program	325,769		
10.613	Communities in Schools - County Match	57,870		
10.619	ROD Automation E & P	75,000		
10.981	Transfers Out To:			
	Social Services	7,876,321		
	Public Health	2,349,101		
	Courts	288,998		
	Workers' Comp. / Property & Liability	1,217,384		
	Debt Service	5,408,872		
	Capital Reserve	2,400,000		
	Conference Center	658,364		
10.998	Emergency & Contingency	856,065		
13.660	Employee Wellness	1,768,134		
14.417	Court Facilities	432,998		
60.650	Workers' Compensation	752,175		
60.651	Property/Liability	1,005,510		
65.981	Employee Medical Insurance	10,081,033		
65.981	Employee Medical Insurance (Tr Out)	1,625,434		
66.661	Employee Dental Insurance	210,000		
			34,115,159	
Public Safety				
10.440	School Resource Officers	951,987		
10.441	Sheriff	11,537,010		
10.443	Forfeited Property--State	50,000		
10.444	Detention Center/Jail	7,991,192		
10.445	Emergency Management	496,759		
10.446	Emergency Medical Services	8,155,380		
10.448	Communications	1,717,570		
10.449	Electronic Maintenance	1,004,836		
10.450	Building Inspections	398,102		
10.451	Coroner	65,000		
10.453	Hazardous Materials	12,850		
10.542	Animal Services	1,734,473		
			4,496,108	4,496,108
Economic & Physical Development				
10.491	Planning & Zoning	588,845		
10.492	Economic Development/Tourism	3,291,282		
10.495	Cooperative Extension	365,476		
10.496	Forestry Management	86,675		
10.498	Soil Conservation	163,830		
			223,965	223,965
Transportation				
10.497	Transportation Admin. of Clev. Cty.	223,965		
			34,250,895	33,709,795
Human Services				
		Less Transfers Out:	(541,100)	
10.560	Mental Health (Pathways)	636,000		
10.591	Veterans' Service Officer	136,020		
10.617	Council on Aging (Senior Center)	168,332		
11.000	Social Svcs. & Public Asst.	21,809,667		
11.000	Transfers Out To Other Funds	406,100		
12.000	Public Health	10,959,776		
12.000	Transfers Out To Other Funds	135,000		
			33,943,038	32,774,028
Education				
		Less Transfers Out:	(1,169,010)	
10.600	Cleveland County Schools			
	Current Expense	10,250,000		
	Capital Outlay	700,000		
	Capital Outlay - Special Allocation	700,000		
	JCPC Early Intervention Grant (Pass Thru)	40,000		
10.604	Cleveland Community College			
	Utilities/Maint Bldg-Grounds	75,000		
	Current Expense	3,058,872		
20.600	School Property Taxes	17,950,156		
	School Capital Reserve (Transfer)	1,169,010		
			3,258,641	3,258,641
Cultural				
10.611	Libraries			
	County Library System	1,254,054		
	Other Libraries	85,500		
10.612	Recreation	121,000		
10.614	Historic Artifacts	95,400		
10.470	Public Shooting Range	765,895		
10.471	Skeet & Trap	55,678		
55.480	LeGrand Center	881,114		
			899,000	899,000
Debt Service (small lease purchase agreements)				
10.800	Debt Service	899,000		
			-	-
B. SPECIAL REVENUE FUND APPROPRIATIONS				
		Less Transfers Out:	-	6,677,015
Public Safety				
		Less Transfers Out:	-	6,677,015
26.454	Emergency Telephone	1,421,915		
28.452	Volunteer Fire Departments	5,255,100		
			10,323,202	10,323,202
C. DEBT SERVICE FUND APPROPRIATIONS				
Debt Service			10,323,202	10,323,202
30.800	Debt Service	10,323,202		

SECTION II. FUND APPROPRIATIONS.
D. CAPITAL PROJECT FUND APPROPRIATIONS

		(continued)	
		12,869,010	6,764,008
	Less Transfers Out:	(6,105,002)	
<u>Capital Projects</u>		12,869,010	6,764,008
	Less Transfers Out:	(6,105,002)	
40.210/225 County Capital Projects	2,500,000		
41.209 County: Capital Reserves (Transfer)	2,400,000		
41.209 Capital Reserves - Capital Plan	1,900,000		500,000
42.105 Schools: Local Option Sales Taxes (Transfer)	3,105,002		
42.105 Public School Capital Reserves	2,364,008		
42.107 Public School Capital Fund (Transfer)	600,000		

E. ENTERPRISE FUND APPROPRIATIONS

		11,924,927	10,181,446
	Less Transfers Out:	(1,743,481)	
<u>Environmental</u>		11,924,927	10,181,446
	Less Transfers Out:	(1,743,481)	
54.473 Solid Waste Disposal	7,088,480		
54.473 Transfers Out To Other Funds	1,743,481		
54.474 Solid Waste Collections	3,092,966		

SECTION II TOTAL (TOTAL FUND APPROPRIATIONS)

		202,922,385	
	Less Transfers Out:	(31,383,067)	171,539,318

SECTION III. PROPERTY TAX RATES. The County-wide property tax rate shall be 54.75 cents per \$100 valuation for purposes of the General Fund and 14 cents per \$100 valuation for purposes of the School Property Taxes Fund; thus, the combined County-wide property tax rate shall be 68.75 cents per \$100 valuation. Further, the property tax rate for the County Fire Service District shall be 8.75 cents per \$100 valuation and derived revenues shall be used to benefit volunteer fire departments in the district. In addition, to benefit the volunteer fire department in a special fire district which is seeking approval of this rate change from the Board of County Commissioners, the property tax rate for the Number Seven and Number Three Fire Districts shall be 8.75 cents per \$100 valuation.

SECTION IV. BUDGET CHANGES. The County Manager shall have authorization to make budget changes between any and all operating funds and departments departments as long as the Total Fund Estimated Revenues and Total Fund Appropriations remain at the level, including all subsequent amendments, approved and adopted by the County Board of Commissioners, except as provided below.

SECTION V. BUDGET CARRY FORWARDS. The County Manager shall have authorization to include in the budget all prior year budget amounts remaining for remaining for outstanding purchase order encumbrances, unspent grants, unspent donations, and other ongoing projects as determined by the Finance Department.

SECTION VI. POSITIONS/STAFFING. Included in the 2022-23 budget are ten (10) new positions which include (4) Sheriff Deputies, (1) I.T., (1) Telecommunicator, (1) Emergency Management, (1) Animal Services, (2) Environmental Health Officers. Total budgeted positions for CCSO is 207 including the new positions.

REGULAR AGENDA

CLEVELAND COUNTY FAIR LEASE AGREEMENT & PERFORMANCE CONTRACT/VOLUNTEER

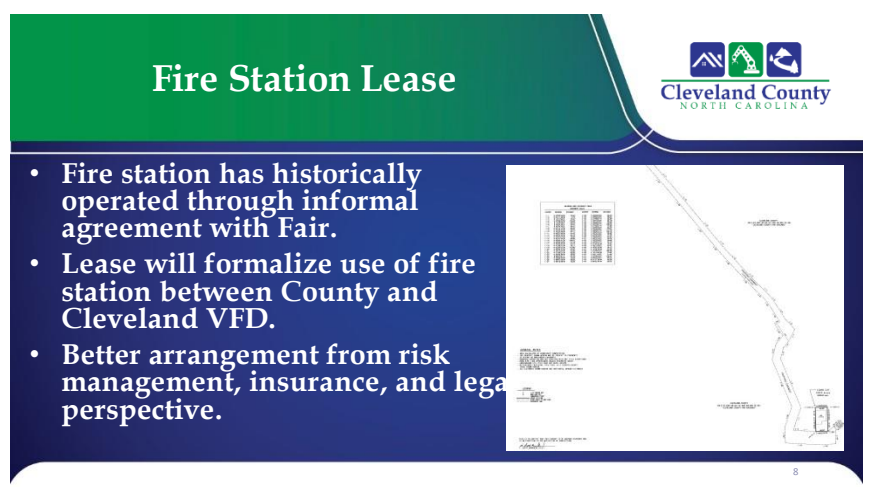
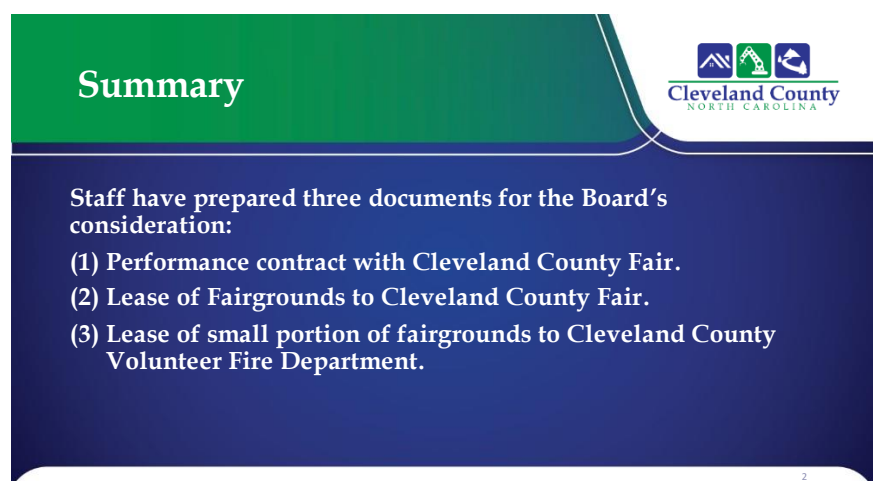
FIRE DEPARTMENT LEASE

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 committees 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 Fairgrounds. 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.

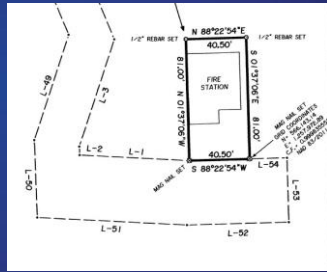


Fire Station Lease



- **Two main elements of lease:**

- Ten-year lease of fire station to Cleveland VFD for one dollar (\$1.00).
- License for Cleveland VFD to access fire station.



Action Requested



In single motion:

- (1) Approve lease with Cleveland County Fair
- (2) Approve performance contract to include funding allocation of \$162,500 to the Cleveland County Fair
- (2) Approve lease with Cleveland County Volunteer Fire Department

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 in 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 over 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.***

STATE OF NORTH CAROLINA

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 ("Lessor"), and Cleveland County Fair, Incorporated, a North Carolina nonprofit corporation with NC Secretary of State ID No. 0029752 ("Lessee"). 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 fee simple title to the property commonly known as the Cleveland County Fairgrounds, Cleveland County Parcel No. 22192, PIN 2556960373, located at 1751 E. Marion Street, Shelby, NC 28150;

WHEREAS, Lessor wishes to lease all of the Cleveland County Fairgrounds to Lessee except for the lease lot and license identified on "Exhibit A;"

WHEREAS, Lessor 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-434.2 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. § 160A-272(a1), and by the governing body of Lessee pursuant to its own rules and regulations;

WHEREAS; in consideration of the covenants and premises set forth herein below, the receipt and sufficiency of which is hereby acknowledged, Lessor does hereby lease unto Lessee for and during the term and under the terms and conditions hereinafter set forth, with all of the rights and privileges thereunto 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

property damage insuring Lessee, 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 ten (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 any more than to the extent necessary to enter into this Lease. This Lease shall not be construed to create duties to third parties.

8. Utilities. 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. Lessee shall indemnify and save harmless Lessor 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, riots, insurrections, or other causes beyond the control of Lessee so as to become unusable or untenable, this Lease Agreement shall, at the option of either party, cease and be terminated as of the date of such destruction or damage.

11. Bankruptcy of Lessee. If at any time during the term of this Lease Agreement, Lessee 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 Lessor may at once re-enter and take possession of the Premises.

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

13. Failure to Pay Rent. If Lessee shall neglect to make any payment of rent when due or neglect to keep and fulfill any of the covenants and agreements herein provided on its part to be kept and fulfilled, and shall remain in default thereof for a period of thirty (30) days after written notice from Lessor of any such default, Lessor may thereupon enter upon the Premises and expel Lessee therefrom without prejudice to any other remedy which Lessor may have on account of such default.

14. Venue 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 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.

No. 22192 with Property Identification Number 2556960373 and a mailing address of 1751 E. Marion Street, Shelby, NC 28150, except for the following:

- (a) The property identified as "Lease Lot" on Exhibit A, attached hereto, is excepted from this Lease Agreement.
(b) The strip of land identified as "proposed easement" on Exhibit A is excepted from this Lease Agreement.

Lessee acknowledges that the excepted 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 to 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 excepted 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 Lessor as rental for the Premises an annual rental fee of One Dollar (\$1.00), to be paid on or before the 15th day of July of each year of the Lease Agreement.

4. Improvements. Lessor, at the termination of this Lease Agreement, shall own all buildings and improvements located upon the Premises. Lessee accepts the Premises in the physical condition in which the same now is, and Lessor shall be under no obligation whatsoever to make any repairs or replacement 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 restore or replace 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 Lessor 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, Lessee may construct new buildings or add to existing buildings, with the written consent of Lessor to such new buildings or additions. Lessor hereby delegates to its County Manager, to the fullest extent permitted by law, the authority to grant the consents 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/or privilege taxes imposed upon the business conducted on the Premises.

7. Insurance. Lessee, at its sole expense, shall maintain liability insurance, including bodily injury and

15. Notices. 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 transmittal by email, by facsimile transmission, by nationally recognized overnight express service, or by certified mail return receipt requested, to the addresses set forth below. Notice to Lessee shall be made to its registered agent(s) then on file with the North Carolina Secretary of State. Notices 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. Iran Divestment Act Certification. As of the effective date of this Lease Agreement, Lessee is not listed on the Final Divestment List created by the State Treasurer pursuant to N.C.G.S. § 147-86.58. The signatories for Lessee hereby certify that they are authorized to make the foregoing statement.

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

20. Recording. Lessor 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, either verbal or written, 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:

Deborah Hardin 06/09/22
Vice-Chairman
Board of Commissioners



ATTESTED BY:

Phyllis Nowlen 06/09/22
Clerk to the Board of Commissioners

This instrument has been pre-audited in the manner required by, and complies with, the Local Government Budget and Fiscal Control Act.

Lucas Jackson 6/9/22
Finance Director

Approved as to form and content for the County:

Elliot Engstrom 6/20/2022
Deputy County Attorney

FOR CLEVELAND COUNTY FAIR, INCORPORATED
LESSEE

By: Thomas Alan Hamrick 06/14/22
President Date

Attest: Robin L. Cassman 06/14/22
Secretary Date

NORTH CAROLINA
CLEVELAND COUNTY

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

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

Robin L. Cassman
Signature of Notary Public

Robin L. Cassman
Printed Name of Notary Public

My commission expires: 8/6/2022



STATE OF NORTH CAROLINA
COUNTY OF CLEVELAND

This LICENSE AND LEASE AGREEMENT is made effective the 1st day of July, 2022 by and between Cleveland County, North Carolina, of 311 E. Marion Street, Shelby, NC 28150 (hereinafter "Lessor") and Cleveland County Volunteer Fire Department, Inc., of 221 E. Graham St., Shelby, NC 28150, with a registered office of 117 E. Graham Street in Shelby and NC Secretary of State ID Number 0029797 (hereinafter "Lessee"), who enter into the following license and lease agreement (the "Lease" or the "Lease Agreement"):

WITNESSETH:

WHEREAS, Lessor holds fee simple title to the property commonly known as the Cleveland County Fairgrounds, Cleveland County Parcel No. 22192, with Property Identification Number 2556960373, located at 1751 E. Marion Street, Shelby, NC 28150 (the "Fairgrounds");

WHEREAS, Lessor wishes to lease a portion of the Cleveland County Fairgrounds to Lessee, as depicted on the attached "Exhibit A" (the leased portion being the "Premises");

WHEREAS, Lessor wishes to license a portion of the Fairgrounds to Lessee for ingress to and egress from the Premises;

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

WHEREAS, Lessee plans to use the Premises for the operations of the Cleveland County Volunteer Fire Department;

WHEREAS, the County is authorized by N.C.G.S. § 153A-233 to support volunteer fire departments and by N.C.G.S. § 160A-277 to lease property to volunteer fire departments with or without consideration;

WHEREAS, the execution of this Lease 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 ten (10) days of public notice as required by N.C.G.S. § 160A-277, and by the Governing Body of Lessee pursuant to its own rules and regulations;

WHEREAS, the parties hereto have mutually agreed to the terms and conditions of this Lease, as hereinafter set forth;

WHEREAS, in consideration of the covenants and premises set forth herein below, the receipt and sufficiency of which is hereby acknowledged, Lessor does hereby lease to Lessee for and during the term and under the terms and conditions hereinafter set forth, with all of the rights and

privileges thereunto pertaining, the Premises, as depicted on the attached "Exhibit A," and a license for ingress to and egress from the Premises, as depicted on the same attached "Exhibit A."

NOW THEREFORE, the parties agree as follows:

- Premises.** Lessor does hereby rent and lease to Lessee, and Lessee does hereby lease from Lessor, the 0.075 acre lot described on the attached "Exhibit A" as "Lease Lot" (the "Premises"). As part of this Lease, Lessor also grants to Lessee a license to use the strip of land, labeled as "proposed easement" on the attached "Exhibit A," for ingress to and egress from the Premises. Despite being labeled as a "proposed easement" on "Exhibit A," the Parties agree that Lessee obtains herein a temporary license, not a permanent easement, to use this property for ingress to and egress from the Premises.
- Term and Termination.** To have 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 herein provided. Either party may terminate this lease on thirty (30) days' notice to the other.
- 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 by check to Lessor at 311 E. Marion Street in Shelby, NC, or at such other place as Lessor shall designate to Lessee in writing. Said rent shall be paid prior to July 30 during each year that the lease continues.
- Permitted Uses.** Lessee may use the Premises as a fire station or to otherwise support its operations as a volunteer fire department. Lessee shall bear the sole responsibility of maintaining the premises for this purpose. Lessee 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 of the date on which the Lease has terminated.
- Alcoholic Beverages.** The use of alcoholic beverages on the Premises is prohibited.
- Duty to Keep Premises in Good Order.** Lessee hereby covenants and agrees to keep the Premises in as good order, repair, and condition as the same are in as of the commencement of the term hereof, or may be put in thereafter, except for damage by unavoidable casualty, acts of God, eminent domain, and normal wear and tear. Lessee further covenants and agrees that, at the termination hereof, it will peaceably 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, Lessee 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.
- Comply with Laws.** Lessee agrees that it will promptly comply, at its own expense, with all requirements of any governmental authority having competent jurisdiction.
- 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 parties only, and the

Lessor shall not be liable for theft thereof or any damage thereto occasioned from any acts or omissions of Lessee or any other person.

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

10. **Insurance.** Lessee, at its sole expense, shall maintain liability insurance, including bodily injury and property damage insuring Lessee and Lessor with minimum coverage of at least \$1,000,000 per occurrence and at least \$2,000,000 aggregate. Lessor shall be considered additional insured on said liability insurance policy. To the extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessor hereby released Lessee, and Lessee hereby releases Lessor, from any liability for loss or damage caused by fire or any of the extended coverage casualties 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. However, the preceding sentence shall not limit Lessor's rights as additional insured. Notwithstanding any other language in this section or this Lease, Lessor does not waive its governmental immunity any more than to the extent necessary to enter into this Lease with Lessor. This Lease shall not be construed to create duties to third parties.

11. **Conditions of Lease.** This Lease is made upon the condition that Lessee shall punctually 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 consideration given for the Lease, and any such default shall not be cured within ten (10) days, without notice, or (2) if there be any default in the performance or observation of any of the other covenants or conditions of the Lease required to be performed by Lessee 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 Lessee shall file for bankruptcy, or (4) if an involuntary petition for bankruptcy is filed against Lessee, 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 not be 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, Lessee shall be liable for all damages occasioned to Lessor 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. **Severability.** 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 as 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. **Eminent Domain.** If the Premises or any part thereof or any estate therein, or any part of a building materially affecting Lessee's use of the Premises, shall be taken by eminent domain, this Lease shall terminate on the date when title vests pursuant to such taking. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for the taking of fixtures and improvements owned by Lessee and for moving expenses.
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 email, by facsimile transmission, by nationally recognized overnight express service, or by certified mail return receipt requested, to the addresses set forth below. Notices to Lessee shall be made to its registered agent(s) then on file with the North Carolina Secretary of State. Notices to Lessor shall be made to the Cleveland County Manager, located at 311 E. Marion Street, Shelby, NC 28150.
15. **Assignment.** Lessee shall not assign this Lease, or any interest thereunder, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned, or delayed.
16. **Captions and Headings.** The captions and headings are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of this Lease nor the intent of any provision hereof.
17. **Law and Venue.** This lease shall be interpreted by and under the laws of the State of North Carolina. Any legal dispute as to the terms of this lease shall take place in the General Court of Justice sitting in Cleveland County, North Carolina.
18. **E-Verify.** Lessee shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. Further, if Lessee utilizes a contractor or subcontractor, Lessee shall require the contractor or subcontractor to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.
19. **Iran Divestment Act Certification.** As of the effective date of this Lease, Lessee is not listed on the Final Divestment List created by the State Treasurer pursuant to N.C.G.S. § 147-86.58. The signatories for Lessee hereby certify that they are authorized to make the foregoing statement.
20. **Duplicates.** Duplicate originals of this Lease shall be signed by the Parties so that each Party may retain an original Agreement for their records.
21. **Recording.** Lessor shall record this Lease with the Cleveland County Register of Deeds within a reasonable time after its execution.
22. **Entire Agreement Herein.** The parties acknowledge that this Lease and the exhibits attached hereto contain the entire agreement between the parties with respect to the Premises and supersede any prior oral or written understandings. No modification of this Lease shall be effective unless made in writing and duly executed by both parties.

23. **Termination of Prior Agreements.** The execution of this Lease terminates and supplants all previous leases and agreements between the Parties as to the Premises.

IN WITNESS WHEREOF the parties hereby execute this sublease:

CLEVELAND COUNTY NORTH CAROLINA

By: 

Name: Kevin Gordon

Title: Chairman, Cleveland County Board of Commissioners

ATTEST:

By: 

Name: Phyllis Nowlen

Title: Clerk to the Cleveland County Board of Commissioners

CLEVELAND COUNTY VOLUNTEER FIRE DEPARTMENT, INC.

By: 

Name: DENNIS G. GOFORTH

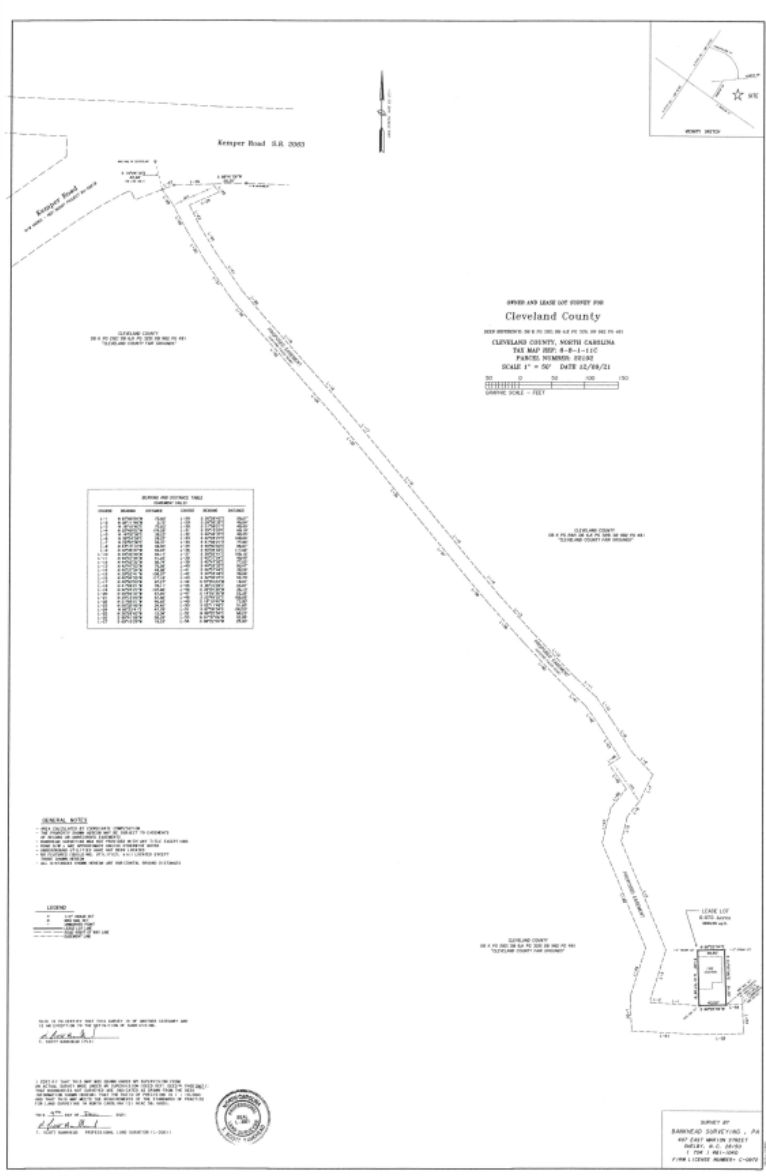
Title: Board Chairman

State of North Carolina
Cleveland County

On 22nd day of June, 2022, Dennis G. Goforth (name), Board Chairman (title) of Cleveland Volunteer Fire Department personally appeared before me, and she or he executed the above instrument and acknowledged the same to be his or her free act and deed and the free act and deed of said entity.


Notary Public

My commission expires: 5-7-2027



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. § 153A-449(a) to contract with private entities, including nonprofit corporations and nonprofit associations, to "carry out any public purpose that 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:
 - a. "Board of Commissioners" means the Cleveland County Board of Commissioners.
 - b. "County" means Cleveland County, North Carolina.
 - c. "County Manager" means the Cleveland County Manager.
 - d. "Fairgrounds" means the Cleveland County Fairgrounds, located at 1751 E. Marion Street, Shelby, NC 28150.
 - e. "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:
 - a. The County shall lease the Fairgrounds to the Fair for one dollar (\$1.00) per year for a term of ten (10) years pursuant to a separate Lease Agreement, with one lease lot excepted therefrom, which lease lot may be leased to the Cleveland County Volunteer Fire Department, Inc.
 - b. During years one (1) and two (2) of this Performance Contract, each year beginning on July 1 thereof, the County shall make an operational appropriation of \$62,500 and a capital appropriation of \$100,000 to the Fair. Additional appropriations may be added in succeeding years by amendments to this Performance Contract, in exchange 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, unsafe, 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

ii. 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-Season

h. 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 this 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 inure to the benefit of any third parties.
- 6. **E-Verify.** The Fair shall comply with the requirements of Article 2 of Chapter 64 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 64 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, 2032. 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 unused as of the date of such notice of termination.

10. **Construction & Headings.** No rule of construction shall apply against any party as the drafter of this Performance Contract, which is the result of an arms-length negotiation between the parties. The titles/captions/headings 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 THE FAIR:

By:

Thomas Alan Namrick
President

Attest:

Theresa A. Smith
Secretary

NORTH CAROLINA
CLEVELAND COUNTY

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

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

Robin L. Gossman
Signature of Notary Public

Robin L. Gossman
Printed Name of Notary Public

My commission expires: 8/6/2022



FOR CLEVELAND COUNTY, NORTH CAROLINA
LESSOR

By:

Deb Hardin 06/09/22
Date
Deb Hardin, Vice-Chairman
Board of Commissioners

Attest:

Phyllis Nowlen 06/09/22
Date
Phyllis Nowlen
Cleveland County Clerk

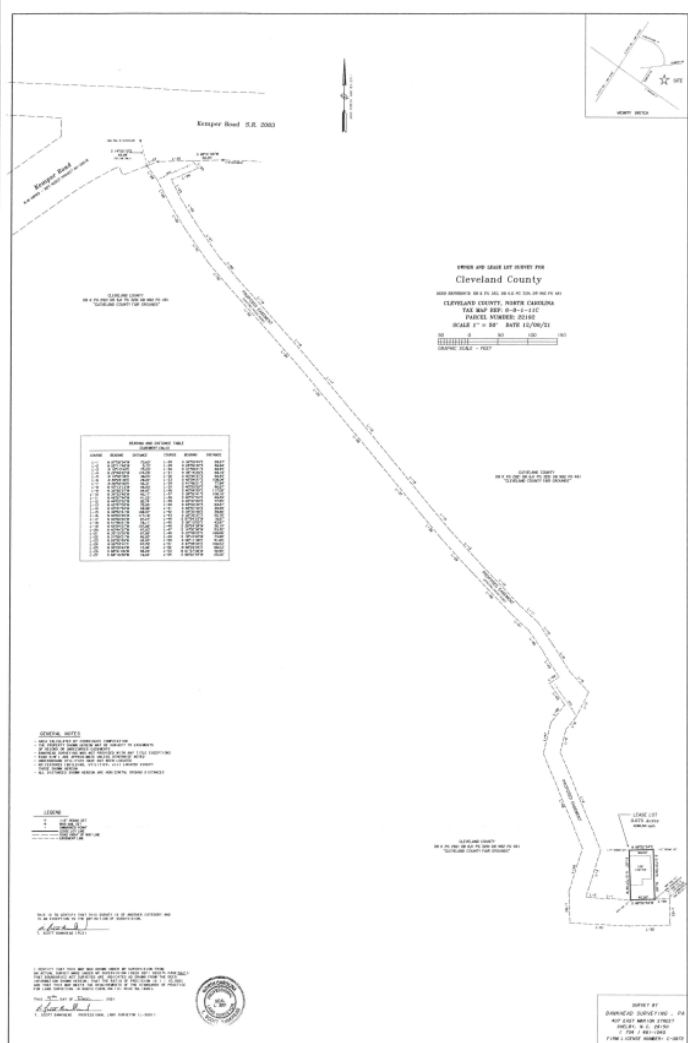


This instrument has been pre-audited in the manner required by the North Carolina Local Government Budget and Fiscal Control Act.

Lucas Jackson 6/9/22
Date
Lucas Jackson
Finance Director

Approved as to form and content for the County:

Elliot Engstrom 6/20/2022
Date
Elliot Engstrom
Deputy County Attorney



SOLID WASTE FRANCHISE AGREEMENT AND ORDINANCE

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](#).

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 or authorized representative~~ [Solid Waste Director](#) 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:



JUNE 7, 2022


Solid Waste Update

CODE AMENDMENTS & FRANCHISE



Timeline

- **February 1, 2021**
 - Board directed 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
 - Focus on: market rate, waste integrity, litter reduction
- **July 1, 2021**
 - Open commercial in unincorporated areas
 - Exclusive franchise for residential curbside pickup
 - Vendor registration - 18 vendors
- **February 25, 2022**
 - Commercial analysis report
 - Board directed staff to issue RFP for curbside collection of residential solid waste



Timeline

- **May 17, 2022**
 - Board reviewed RFP submissions and selected Republic Services
- **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

- **Current solid waste ordinance:**
 - Division 1 - General regulation of solid wastes
 - Division 2 - Licenses for solid waste collection
- **New solid waste ordinance**
 - Division 1 - General regulation of solid waste
 - Division 2 - Licenses for commercial collection from businesses/non-municipal collection
 - Division 3 - Franchises for commercial residential curbside collection



Code Amendments - Division 1

- **Examples of Amendments to Division 1**

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.

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 or authorized representative~~ **Solid Waste Director** shall administer and enforce the provisions of this article.




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.**



Code Amendments - Division 3

- 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.



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.*

ORDINANCE NO. 2022- AMENDING CHAPTER 11 OF THE CLEVELAND COUNTY CODE OF ORDINANCES

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF CLEVELAND IN REGULAR SESSION ASSEMBLED:

The following changes are hereby made to Chapter 11 of the Cleveland County Code of Ordinances (the “Code”). These changes are effective on the date that this ordinance is approved by the Cleveland County Board of Commissioners.

Section 1. Division of I of Chapter 11 Article II of the Cleveland County Code of Ordinances is amended as follows. Additions are underlined in blue, deletions are struck-through in red.

Sec. 11-27. Purpose of article.

The purpose of this article is to regulate the storage, collection, and disposal of all forms of solid waste in the county.

Sec. 11-28. Definitions.

The following words, terms, and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. Any term not specifically defined in this section shall be defined as set forth in the state solid waste management rules, ~~10 NCAC 10 G 15 N.C.A.C. 13B § 0101, section 0100,~~ as amended from time to time.

...

County manager means the chief administrator of county government as defined in N.C.G.S. § 153A-82.

...

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.

...

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).

...

Residential curbside solid waste means useless, unwanted, or discarded nonhazardous materials (refuse or garbage) with insufficient liquid content to be free-flowing that come from a dwelling where a person or group of people live, and which is capable of being collected on a weekly basis by a franchised solid waste collector.

...

Solid Waste Director means the county’s solid waste director, who is appointed by the County Manager. If at any time the county does not have a Solid Waste Director, any duties or rights assigned to the Solid Waste Director shall be exercised by the County Manager or his designee.

...

Yard waste means grass, leaves, flowers, stalks, stems, tree trimmings, branches, and tree trunks.

Sec. 11-31. Adoption of state waste management rules.

In addition to the terms and provisions of this article, the state solid waste management rules as set forth in chapter 130 of the state administrative code, subchapter 13B06, as amended from time to time, are hereby incorporated into and made a part of this article by reference. A violation of the state solid waste management rules shall also be a violation of this article.

Sec. 11-32. Administration and enforcement of article.

The ~~county manager of the county or authorized representative~~ Solid Waste Director shall administer and enforce the provisions of this article.

Sec. 11-33. Authority to establish fees.

The board of commissioners may establish a fee schedule for the storage, collection, and disposal of solid waste.

Sec. 11-34. Storage and disposal generally.

...

(3) Time limits.

- a. It shall be unlawful for any person occupying any dwelling or dwelling unit to place or leave outside of any building longer than thirty (30) days any dilapidated furniture, icebox, refrigerator, stove or other appliance, machinery, equipment, building material or other item which is either in a wholly or partially rusted, wrecked, junked, dismantled or inoperative condition which, in the opinion of the ~~county manager~~ Solid Waste Director, constitutes a potential public health hazard. In determining whether such a potential public health hazard exists, the ~~county manager~~ Solid Waste Director shall consult with, and be advised by, the health director. This subsection shall not apply to a licensed junk dealer.

- 1 b. It shall be unlawful for any person to store garbage of a perishable or offensive
2 nature for more than one week in any type of container.
3 c. If a potential public health hazard exists, the ~~county manager~~ Solid Waste Director
4 shall give the occupant or owner written notice that, unless the potential hazard is
5 removed within the time limit prescribed in the particular paragraph above (thirty
6 (30) days or one week), then prosecution under this article will be instituted.
7
8 ...
9

10 (6) Where there is more than one premises located in a residential building or mobile home
11 park, it shall be the responsibility of the owner or person in charge of each building or
12 mobile home park to see that the residents of said building or mobile home park dispose
13 of their solid waste in one of the following lawful manners: 1) pay the annual solid waste
14 user fee as established by section 11-8~~7~~ hereof for each residential unit or mobile home;
15 2) contract with a licensed ~~permitted-franchised~~ solid waste collector; or 3) the owner or
16 person in charge of the building or mobile home park may collect and transport solid
17 waste to the county sanitary landfill after meeting the requirements of ~~section 11-34(b)~~
18 ~~and the following requirements: Division 2 of this Article that apply to licensees who~~
19 ~~charge fees for the transport of solid waste.~~
20 ~~a. Apply for and be approved by the county for the establishment of an account for~~
21 ~~the purposes of billing and collection of appropriate solid waste disposal fees and~~
22 ~~display the county identification numbers as required in section 11-71(b).~~
23 ~~b. Vehicles or containers used for the collection or transportation of solid waste shall~~
24 ~~be cleaned as often as necessary to prevent a nuisance or insect breeding and shall~~
25 ~~be maintained in good repair.~~
26
27 ...
28

29 **Sec. 11-36. Disposal of dead animals.**
30 ~~In order to~~ To provide for the safe disposal of the bodies of dead animals, one of the following
31 procedures shall be followed by animal owners in the county for disposal of dead animals:
32
33 ...
34

35 **Sec. 11-39. Same—Use of landfill.**
36 (a) The county sanitary landfill may be used for the disposal of solid waste by county residents
37 or nonresident property owners. The landfill shall be open during business hours as
38 established by the ~~county manager~~ Solid Waste Director. In emergency situations, the
39 landfill shall be opened for additional hours as may be directed by the ~~county manager~~ Solid
40 Waste Director or authorized representative. Except when ...
41
42 ...
43

- 1 (4) A statement that the licensee shall carry all necessary insurance, including but not
2 limited to commercial automobile, general liability, and workers compensation
3 insurance.
4 (5) A statement that the licensee shall have drivers licensed under North Carolina law
5 operating all vehicles being drive by the licensee of its staff.
6 (6) A statement that the licensee shall obey the speed limit inside of the Cleveland
7 County landfill.
8 (7) A statement that failure to comply with the terms of the Solid Waste Collector
9 Agreement may result in revocation of dumping privileges at the Cleveland County
10 Landfill.
11

- 12 (b) Additional Licensing Requirements
13 (1) The Solid Waste Director or his designee may inspect equipment used by a licensee
14 for the permitted activities.
15 (2) Vehicles and containers used for the collection and transportation of solid waste
16 shall be covered, leak proof, durable, and easily cleaned.
17 (3) Vehicles shall display plainly the company/owner's name and address or phone
18 number.
19 (4) Vehicles and containers used for the collection and transportation of solid waste
20 shall be loaded and moved in such a manner that the contents will not fall, leak,
21 spill, or scatter. Such vehicles and containers shall be covered to prevent the
22 blowing of material. If spillage or scattering of materials occurs, the materials shall
23 be recovered by the licensee and returned to the vehicle or container and the area
24 properly cleaned.
25 (5) Licensees may not dispose of waste from outside of Cleveland County in the
26 Cleveland County Landfill.
27 (6) Licensees are subject to all applicable terms of this Chapter.
28 (7) The licensee shall serve every person who contracts with it for solid waste
29 collection in such a manner than the licensee does not cause the person to be in
30 violation of this Article. The licensee shall not discriminate against any person for
31 contract purposes in violation of the Civil Rights Act, as amended, on the basis of
32 race, color, creed, religion, national origin, physical impairment, sex, or any other
33 protected class.
34 (8) Failure to comply with any of the terms in this section, or any of the terms in the
35 Solid Waste Collector Agreement, or any applicable law or regulation, may result
36 in revocation or suspension of a license.
37

38 **Sec. 11-63. Term; renewal.**
39 Licenses for the collection, transportation, and proper disposal of solid waste under this
40 Division shall be issued for a one-year period and may be renewable for similar periods. Unless
41 otherwise indicated, licenses shall be presumed to be automatically renewable for one-year periods
42 on the anniversary of their issuance.
43

1 **Sec. 11-41. Operation of landfills.**
2 Any landfill located in the county shall be operated according to rules and regulations
3 providing standards for solid waste disposal adopted by the state commission for health services,
4 bulletin no. 411, ~~as amended or superseded~~. The operational requirements for a ...
5

6 **Sec. 11-42. Demolition pits.**
7 Anyone wishing to operate a demolition pit shall make a written request to the ~~county~~
8 ~~manager~~ Solid Waste Director, listing the name of the persons ...
9

10 **Sec. 11-43. Closing of illegal dumps.**
11 Any person having an illegal solid waste dump shall, upon notification by the ~~county~~
12 ~~manager~~ Solid Waste Director, take the following actions:
13 (1) Implement effective rat control measures for at least two (2) weeks after closing the
14 dump to prevent rat migration to adjacent properties, if determined necessary by the
15 ~~county manager~~ Solid Waste Director.
16
17 ...
18

19 **Section 2. Division 2 of Chapter 11 Article II of the Code is repealed in its entirety and**
20 **replaced with the following:**
21

22 **DIVISION 2. LICENSE FOR COLLECTION, TRANSPORTATION, OR DISPOSAL**
23

24 **Sec. 11-61. Required.**
25 Under the provisions of this Division, the Solid Waste Director shall have authority to grant
26 non-exclusive licenses for the collection, transportation, and proper disposal of solid waste from
27 commercial, industrial, and business establishments throughout the county for a fee and to grant
28 non-exclusive licenses for the collection, transportation, and proper disposal of bulky waste, yard
29 waste, and/or any other waste that is not subject to a franchise granted under Division 3 of this
30 Article from any establishments throughout the county for a fee. No person shall collect, transport,
31 or dispose of such solid waste for a fee, hire, or consideration without a license issued by the Solid
32 Waste Director under this Division. This license shall take the form of a Solid Waste Collector
33 Agreement promulgated by the Solid Waste Director. The Solid Waste Collector Agreement shall
34 contain the terms listed in Section 11-62 below, as well as any terms the Solid Waste Director
35 deems necessary to ensure that the licensee can safely collect and transport solid waste.
36

37 **Sec. 11-62. Approval of applicant's facilities, equipment, and operating methods.**
38 (a) The Solid Waste Collector Agreement shall include at least the following terms:
39 (1) Name and address of the licensee.
40 (2) A statement that the licensee shall only deliver solid waste produced in Cleveland
41 County for disposal at the Cleveland County Landfill.
42 (3) A statement that the licensee shall have all necessary tarping, covers, and/or diapers
43 to prevent roadside litter.

1 **Sec. 11-64. Revocation.**
2 (a) Any license to collect or transport solid waste may be revoked by the Solid Waste Director
3 for violation of applicable state and local laws, including this ordinance and the Solid Waste
4 Collector Agreement, pertaining to the management of solid waste.
5

6 (c) Whenever, upon the inspection of the facilities, equipment, or operating methods of any
7 person holding a license to collect, transport, and dispose of solid waste, the Solid Waste
8 Director finds that the conditions or practices of such licensee are in violation of applicable
9 state and/or local regulations or the Solid Waste Collector Agreement, the Solid Waste
10 Director shall give notice, by registered or certified letter addressed to such person, that
11 unless such conditions or practices are corrected within ten (10) days of receipt of said
12 letter, the license will be revoked. At the expiration of the ten-day period, the Solid Waste
13 Director shall perform a re-inspection, and if he finds that such conditions or practices have
14 not been corrected, he shall give notice in writing to the license holder that the license has
15 been revoked. Upon receipt of such notice or refusal of acceptance, no person whose
16 license has been revoked shall thereafter collect or transport solid waste unless and until
17 his license has been reinstated. No such license shall be reinstated by the Solid Waste
18 Director until he finds, upon inspection, that the conditions causing the violation have been
19 corrected.
20

21 **Sec. 11-65. Application for account.**
22 All municipalities, businesses, contract haulers, and licensed/franchised haulers, before depositing
23 any waste in the County sanitary landfill, must first apply for and be approved for the establishment
24 of an account for billing and collection of appropriate solid waste disposal fees and display their
25 county-issued identification numbers.
26

27 **Sec. 11-66. Sales, transfer of license; changes in ownership of business.**
28 No license granted under the provisions of this Division shall be sold, assigned, pledged, or
29 transferred, nor shall control thereof by stock transfer or otherwise or any rights thereunder leased,
30 nor shall any merger or combination affecting the license be made through acquisition or control
31 by stock purchase or otherwise, except after application to and written approval by the Solid Waste
32 Director.
33

34 **Secs. 11-67—11-70. Reserved.**
35
36

37 **Section 3. A new Division 3 of Chapter 11 Article II is hereby added to the Code, which shall**
38 **read as follows:**
39

40 **DIVISION 3. FRANCHISE FOR COLLECTION, TRANSPORTATION, AND DISPOSAL**
41 **OF CURBSIDE RESIDENTIAL SOLID WASTE**
42

43 **Sec. 11-71. Required.**
44 No person shall, for a fee, hire, or consideration, collect or transport residential curbside solid
45 waste unless such person holds a valid, current franchise issued by the board of county
46

1 commissioners authorizing the person to collect and transport residential curbside solid waste and
2 describing the territory or area for which the franchise is issued. Except as otherwise provided
3 herein, the board of commissioners may set the terms of any franchise.

4
5 **Sec. 11-72. Filing and contents of application.**

6 Applications for franchises under this article shall be filed with the county, through the Solid
7 Waste Director or his designee, setting forth the following information and such other information
8 as the Solid Waste Director may request in order that the county may properly consider the
9 application:

- 10 (1) Full name and address of the applicant and whether a proprietorship, corporation, or
11 partnership, with disclosure of ownership interests.
- 12 (2) The type of franchise (collection, transportation, and/or disposal of solid waste) and
13 proposed area for which the franchise is requested (with a list of residents or customers
14 presently served therein, if any).
- 15 (3) Experience, if any, which the applicant has in rendering the services for which the
16 franchise is requested.
- 17 (4) Any other information the Solid Waste Director or his designee deems appropriate.

18
19 **Sec. 11-73. Findings prerequisite to grant.**

20 Franchises required by this article shall be granted only upon the board being satisfied that
21 the applicant will render prompt, efficient, and continuing service to the area for which the
22 franchise is granted, and that the applicant has sufficient equipment and personnel to render such
23 service to all within the franchised area.

24
25 **Sec. 11-74. Determination of area to be served.**

26 The county shall determine the area for which a franchise is granted under this article, and its
27 decision shall be final.

28
29 **Sec. 11-75. Fees charged by applicant to be fixed by Board of Commissioners.**

30 The board of county commissioners shall set and approve all fees charged for the collection
31 and transportation of solid waste under any franchise.

32
33
34 **Sec. 11-76. Reserved.**

35
36 **Sec. 11-77. May be exclusive; term.**

- 37 (a) The board of county commissioners may grant exclusive franchises to collect, transport, and
38 properly dispose of residential curbside solid waste within a specified area and may specify
39 the period for which the franchise is effective.
- 40
41 (b) It shall be unlawful for unauthorized persons to collect, transport, or dispose of residential
42 curbside solid waste that is subject to an exclusive franchise for a fee.

43
44 **Sec. 11-78. Holder to comply with chapter and applicable state and local regulations.**

- 45
46
1 (2) Noncompliance with the franchise, collection, transportation, and disposal fee schedules
2 authorized by the board of county commissioners;
- 3 (3) The attempted transfer of the franchise without prior approval of the board of
4 commissioners;
- 5 (4) Failure to render prompt and effective service to persons within the area in which the
6 franchise holder has a franchise to operate; or
- 7 (5) Failure to comply with any provisions of this chapter or applicable state and local
8 regulations.

- 9
10 (b) Complaints or grievances may be brought to the attention of the County by submission in
11 writing to the Solid Waste Director.

12
13 **Sec. 11-86. Records to be kept.**

- 14 (a) A record of all franchises granted under this article, defining the areas by geographical
15 features identifiable on the ground or other appropriate description and enumerating the
16 holders of each franchise, shall be maintained by the county.
- 17
18 (b) A copy of all authorized fee schedules and franchises granted under this article shall be
19 maintained by the county.

20
21 **Sec. 11-87. Declaration of hauler.**

22 Every property owner with a residential dwelling located on his property, where the property is
23 located outside a municipality with a municipal collection system, must declare with a franchised
24 solid waste collector between November 1 and December 31 of each year, whether the property
25 will be serviced by a franchised solid waste collector or whether franchised solid waste collection
26 service will be discontinued. If the property owner declares with a franchised solid waste collector,
27 the dwelling will be exempt from the annual solid waste user fee. If the property owner does not
28 declare with a franchised solid waste collector, the property owner shall be subject to the annual
29 solid waste user fee as is from time to time assessed by the board of county commissioners. Once
30 the annual solid waste user fee has been assessed against a property, there will be no refund of the
31 fee during the following year.

32
33 **Sec. 11-88. Fee to be treated as property taxes.**

34 The annual solid waste user fee as time to time assessed by the board of county commissioners
35 shall be billed with county property taxes, shall be payable in the same manner as property taxes,
36 and, in the case of nonpayment, may be collected in any manner by which delinquent personal or
37 real property taxes can be collected. The fees shall be a lien on the real property described on the
38 bill that includes the fee.

39
40 --END--

1 No franchise to collect, transport, and dispose of residential curbside solid waste within the
2 county shall be valid unless the franchise holder complies with this chapter and all applicable
3 state and local regulations.

4
5 **Sec. 11-79. Holder to present fee schedule to customers; duty of holder to remove customers'
6 solid waste.**

- 7 (a) Any person operating under a franchise granted under this article shall present to each
8 customer, in advance of any agreement with that customer, a schedule of his fees, as
9 authorized under this article, to be charged.
- 10
11 (b) Solid waste shall be removed by the franchise holder from customers' residences at least once
12 per week, provided the customer is no more than thirty (30) days in arrears in payment of
13 such fees.

14
15 **Sec. 11-80. Temporary franchises.**

16 The board of county commissioners may grant temporary franchises for the collection,
17 transportation, and proper disposal of solid waste to provide service in the event of abandonment
18 of an existing franchise or for other good cause.

19
20 **Sec. 11-81. Nonexclusive licenses for collection from commercial, industrial, and business
21 establishments.**

22 Notwithstanding any provisions of this Division to the contrary, the board of county
23 commissioners shall have the authority to grant nonexclusive licenses for the collection,
24 transportation, and proper disposal of nonhazardous solid waste from commercial, industrial, and
25 business establishments throughout the county and to grant nonexclusive licenses for the
26 collection, transportation, and proper disposal of bulky waste, yard waste, and/or any other solid
27 waste that is not subject to a franchise granted under Division 3 of this Article from any
28 establishments throughout the county. Such licenses shall be governed by Division 2 of this article.

29
30 **Sec. 11-82. Determination of disputes relating to grant of franchise or franchised territory.**

31 All conflicts and disputes regarding the granting of a franchise and disagreements over
32 franchised territory shall be determined by the board of county commissioners, and its decision
33 shall be final.

34
35 **Sec. 11-83. Transfer or abandonment.**

36 No franchise granted under this article shall be transferred by a holder without the prior
37 approval of the board of commissioners, and no person shall abandon such a franchise without one
38 hundred eighty (180) days' prior written notice thereof being given to the board of county
39 commissioners, through the Solid Waste Director. For purposes of this section, the transfer or
40 change of ownership of any share or shares of stock of a corporation not sold or customarily traded
41 on any recognized public stock exchange constitutes a transfer by a holder.

42
43 **Sec. 11-84. Termination or suspension.**

- 44 (a) All or any portion of a franchise granted under this article may be terminated or suspended
45 for any of the following reasons:
 - 46 (1) Loss of state solid waste management permits by the franchise holder;

RESIDENTIAL FRANCHISE COLLECTION AGREEMENT

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**").

RECITALS

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, all in 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 conforming 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

<u>XX</u> 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, Company 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. Term. 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, including 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 County, 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 - Employers Liability	\$1,000,000 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 Combined – Single Limit	\$3,000,000 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 Combined – Single Limit	\$2,500,000 each occurrence \$5,000,000 general aggregate
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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. Bests 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:

Notices shall be given to the County at:

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

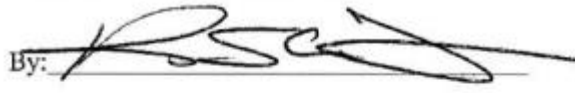
23. **E-Verify Certification.** At all times during the performance of this Agreement, all parties shall fully comply with Article 2 of Chapter 64 of the North Carolina General Statutes and shall ensure compliance by any subcontractors utilized.
24. **Minimum House Count.** Company shall only be obligated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

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first written above.

Cleveland County, North Carolina

Republic Services of North Carolina, LLC

By: 

By: 

Name: Kevin Gordon

Name: Shane Walker

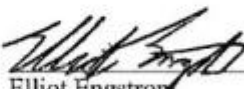
Title: Chairman, Board of Commissioners

Title: Area President

Date: 06/23/2022

Date: 6/29/2022

Attest:  06/23/2022
Phyllis Nowlen Date
Clerk to the Board of Commissioners

Approved as to form:  6/23/2022
Elliot Engstrom Date
Deputy County Attorney

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

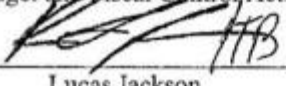
 6/23/2022
Lucas Jackson
Finance Director

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:

Municipal Solid Waste (MSW) Bulky Waste
 Yard Waste Construction Debris

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. Collection Operations.

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 their 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 or is subject to unscheduled pick-up fees as set forth in Exhibit A-1.

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.

EXHIBIT A-1

Cleveland County Residential Franchise 2022-2023 Rates
for Services

Solid Waste Rate	\$25.00
per month billed quarterly	

Service Fees	Cost
Delivery	\$25.00
Removal	\$25.00
Extra/Unscheduled Pick-Up	\$20.00
Extra Bags/Overloaded Cart	\$15.00
Service Interrupt	\$25.00

Additional Items Included in Agreement:

- * Full payment of past due balance prior to reinstatement of service (see Section 8.3.1)
- * Ability to not service unsafe stops (see Exhibit A Section 3.2)
- * Minimum contracted house count of 2500 (see Section 24)

**ORDINANCE NO. 2022-____ 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.

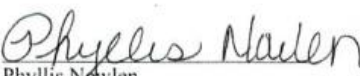
BE IT FURTHER PROVIDED that the Franchise shall become effective July 1, 2022, upon final adoption after two readings.

Adoption on the first reading on June 7, 2022.

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


Kevin Gordon
Cleveland County Board of Commissioners

ATTEST:


Phyllis Nowlen
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*