April 23, 2018
Council Work Session Meeting

Mayor Bryan Hough
Mayor Pro-Tem Perry Toomey
Councilwoman Carolyn Breyare
Councilman Charles McCorkle
Councilman Jeff Meadows
Councilman David Moore
Councilwoman Lauren Shoemaker
Kemp Michael, City Attorney
Danny Jackson, City Manager

CITY OF MOUNT HOLLY
MOUNT HOLLY CITY COUNCIL WORK SESSION
Location: Council Chambers

April 23, 2018
6:30 P.M.

CALL TO ORDER BY THE MAYOR

INVOCATION

SET THE AGENDA

CONSENT AGENDA

1. Approval of Budget Amendment
   - Streets and Solid Waste Department – Truck # 26, 32 and 57 Repairs
   - Appropriation of State Drug Tax Funds to allow the Police Department to host the Annual Gaston County Police Memorial Service

2. Approval of Surplus Property
   - Fire Department Turnout Gear

AGENDA

1. Presentation for the Gaston County Art Guild *Clyde Davis*

2. Discussion of Right of Way Easement with NCDOT for the property at Catawba Heights Fire Station *Kemp Michael*

3. Discussion of Establishing a Public Comment Period for Capital Recovery Fee Ordinance *Danny Jackson*

4. Discussion of an Amendment to the Memorandum of Understanding between the City of Mount Holly and the Community Foundation *Danny Jackson*

5. Discussion of property located at 309 North Main Street *Danny Jackson*

6. Adjourn

City of Mount Holly
Action Agenda Item

To:	Mayor and City Council	**Date:**	April 16, 2018
From:	Miles Braswell, Asst. City Manager	**Meeting Date:**	April 23, 2018

Agenda Item to be considered:

Budget Amendment: Streets and Solid Waste Department – Truck # 26, 32 and 57 Repairs

Will this require a public hearing? ☐ YES ☒ NO

Background/Purpose of Request:

Several of the Streets & Solid Waste Department's garbage and recycling trucks are in need of repairs, as detailed below:

- Truck # 26 (2004 International) – engine rebuild; Cost $15,996.09
- Truck # 32 (2009 International) – engine replacement; Cost $22,994.08
- Truck # 57 (2015 Mack) – automated arm replacement; Cost $20,564.32

These repairs are emergency in nature, thus not budgeted in Fiscal Year 2017-2018.

This Budget Amendment Request is to appropriate $60,000.00 to the Streets and Solid Waste – Maintenance and Repair – Vehicle line item.

Fiscal Impact:

Will Item affect current budget	☒ YES	☐ NO	☐ N/A
Reviewed by Finance Director	☒ YES	☐ NO	☐ N/A
Preaudit Certification required	☒ YES	☐ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☒ YES	☐ NO	☐ N/A
Total City Dollars:	$ 60,000.00		
Budget Code	10-30-4710-353		
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation: Appropriate $60,000.00 from the fund balance to the Streets and Solid Waste Department, Maintenance and Repair – Vehicle line item.

Result of City Council Decision:______

Attachments: None

CITY OF MOUNT HOLLY
FY 17-18 Budget Amendment

Account Number	Description	Debit	Credit
10-30-4710-353	M/R Vehicles	$ 60,000.00	
10-00-3991-000	Fund Balance Appropriated		60,000.00
	TOTAL	$ 60,000.00	$ 60,000.00

Date Submitted: 23-Apr-18

Finance Officer: ____________________

City Manager: ____________________

Department Comments:

To appropriate fund balance for garbage and recycling trucks maintenance. These are emergency repairs, funding is not available in FY 17-18

Agenda 4-23-18

City of Mount Holly
Action Agenda Item

To: City Council **From:** Chief Roper	**Date: 4-17-18** **Meeting Date:** **4-23-18**

Agenda Item to be considered: Budget amendment to transfer $2,500 in State drug tax funds received by Mt. Holly into the Police Dept. operations budget to host annual county police memorial service.

Will this require a public hearing? ☐ **YES** ☒ **NO**

Background/Purpose of Request: MHPD will host the annual Gaston County Police Memorial service on May 15 at Catawba Heights Baptist Church. The service is attended by members of law enforcement, their families, and the public to honor those local law enforcement officers that have died in the line of duty, including 19 from Gaston County. The service includes a breakfast for officers and their family, a memorial service with a guest speaker, an escorted procession to GMP, and a ceremony at the law enforcement memorial at the cemetery. The funds requested will cover costs associated with the program.

Fiscal Impact:

Will Item affect current budget	X YES	☐ NO	☐ N/A
Reviewed by Finance Director	X YES	☐ NO	☐ N/A
Preaudit Certification required	☐ YES	X NO	☐ N/A
Capital Project Ordinance required	☐ YES	X NO	☐ N/A
Budget Transfer required	X YES	☐ NO	☐ N/A
Total City Dollars:	*$2,500.00*		
Budget Code			
Reviewed by City Attorney	☐ YES	☐ NO	X N/A

Manager/Staff Recommendation:

Approve budget amendments as attached

Result of City Council Decision:

Attachments:

1. Budget Amendment Form

CITY OF MOUNT HOLLY
FY 17-18 Budget Amendment

Account Number	Description	Debit	Credit
10-10-4310-625	State Forfeiture Expense	$ 2,500.00	
10-10-3843-893	State Forfeiture Revenue		2,500.00
	TOTAL	$ 2,500.00	$ 2,500.00

Date Submitted: 23-Apr-18

Finance Officer: ____________________

City Manager: ____________________

Department Comments:

To appropriate funds from drug assets to operating budget for funding the Police Memorial Service on May 15tl

City of Mount Holly
Action Agenda Item

To: Mayor and City Council Ryan Baker, Fire Chief	**Date:** April 19, 2017 **Meeting Date:** April 23, 2017

Agenda Item to be considered:

Designation of surplus items for High School Fire Tech Class Program

Will this require a public hearing? ☐ YES ☒ NO

Background/Purpose of Request:

We have old gear that has expired and equipment that is no longer used. This gear will be given to the High School Fire Tech program. This equipment can still serve a purpose for their students even though it has no use to our department.

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:			
Budget Code			
Reviewed by City Attorney	☐ YES	☐ NO	☐ N/A

Manager/Staff Recommendation:

Result of City Council Decision:

Attachments: Items to be declared.

City of Mount Holly
Action Agenda Item

To: City Council	**Date:** April 19, 2018
From: Danny Jackson, City Manager	**Meeting Date:** April 23, 2018

***Agenda Item to be considered:* Agenda Item #1 – Presentation form the Gaston County Art Guild**

Will this require a public hearing? ☐ YES ☒ NO

***Background/Purpose of Request :* If you will recall, at this year's City Council Retreat there was a discussion about the vacancy and ultimate use of the Massey Building. In that discussion the idea of the building being used as an Arts Incubator or some other Arts implication. During the grand opening of the Art Gallery owned by Emily Andress there was a discussion about the Massey Building. Mr. Clyde Davis, Director of the Gaston County Art Guild (GCAG), was informed about the Massey Building. Mr. Davis then contacted me about the building and stated that the GCAG, which is now located at 212 W. Main Street, Gastonia, NC., is looking for a new location. Miles Braswell and I toured the current location of the GCAG and allowed Mr. Davis and his wife Stephanie to tour the Massey Build on the same day. Mr. and Mrs. Davis liked the Massey Building as a possible location for the GCAG. They have since submitted a proposal for your consideration and to seek input in general. Please find attached a copy of the proposal and other information for your consideration.**

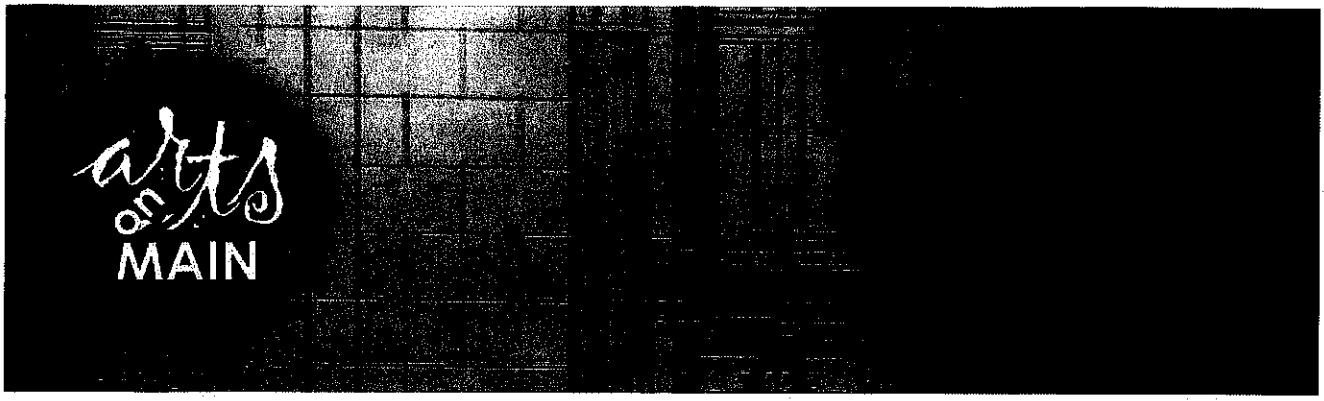
Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	***$***		
Budget Code			
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation: To be discussed at the meeting on Monday night.

Result of City Council Decision:

Attachments: Proposal from the Gaston County Art Guild



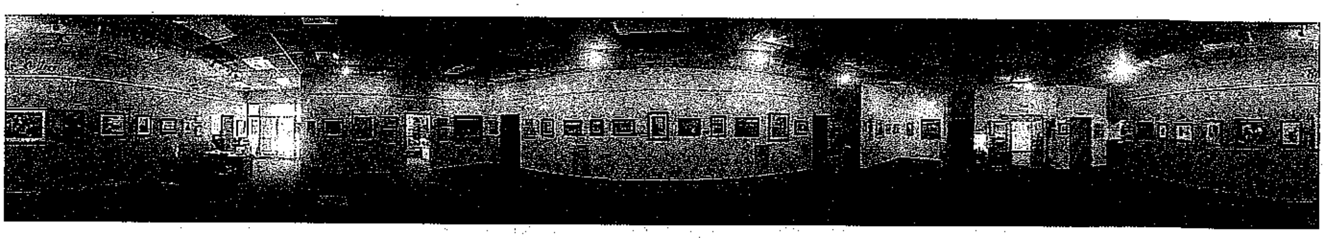
Prospectus
4/4/2018

Gaston County Art Guild @ Arts on Main
212 W. Main Ave
Gastonia, NC 28052
http://www.gastoncountyartguild.com/
clyde@thesmallbizgroup.com
Direct: 704-579-7179

Confidentiality Agreement

The undersigned reader acknowledges that any information provided by GCAG @ Arts on Main________ in this business plan, other than information that is in the public domain, is confidential in nature, and that any disclosure or use of same by the reader may cause serious harm or damage to ___GCAG @Arts on Main___. Therefore, the undersigned agrees not to disclose it without express written permission from ___GCAG @ Arts on Main.

Upon request, the undersigned reader will immediately return this document to Clyde Davis, Ambassador & Chairperson, clyde@thesmallbizgroup.com, GCAG/AOM, PO Box 452, 28053.



____
Signature

____
Name (typed or printed)

____
Date

This is a business plan. It does not imply an offering.

Table of Contents

I Executive Summary

Organized with a slate of Board of Directors as a nonprofit 54 years ago, the GCAG serves six distinct client constituencies.

1.Resident Artists: Arts on Main property management with 23 resident artists' studios and a retail gift shop.

2.Memberships: GCAG hosts 5 to 10 art shows anchored by the county wide Senior High School College Scholarship competition. The AOM is only area gallery that features a photography show.

3.The gallery and exhibits: Is a community gathering space for people with an interest in Art. Hours vary but standard open hours for community visits is 11-4 Wed through Saturday. Under our operating agreement with the City of Gastonia, the Gallery and the Gift shop is staffed by resident artists and GCAG volunteer members.

4.The GCAG has partnered with the City, co-hosting the parking lot street festivals and staffing AOM indoor venue space as needed.

5. Gift Shop: serve two constituencies: our members as a GCAG supported retail outlet and our customers for affordable custom art pieces including fine art, craft art, wearable textiles, jewelry, pottery, and gift cards.

6. Learning Center: serves multiple constituencies: This common space is dedicated to our education outreach. Several training sessions are conducted in the technical aspects of all of the channels of the visual the arts community. The space doubles as a common area for our members to gather and work on large or group projects and our monthly speaker series.

Piedmont Fiber Guild: Is GCAG's legacy partner to the textile origins of Gaston County and currently operates from AOM.

Who we Serve:

AOM provides unique affordable studio space and a retail outlet for artists' production to be viewed and sold through shows and an annual "Holly Days" sales event.

Our customers value GCAG's one stop shopping strategy providing affordable one-of-a-kind products from nearly every visual art platform created by local artists.

Growth Strategy:

Sourcing more and higher quality artist studio space. If suitable square footage is not found, outsourcing exhibits may be required and can reduce or spread out the desired 20,000 square foot footprint enjoyed at the current location. This will also expand the brand throughout the county with remote venue and possibly mobile art show opportunities in surrounding municipalities.

Current GROSS REVENUE: $ 55,000.00 FY. 2018

Revenue:

Training and Classes: $5,000

The talent pool within GCAG is an untapped resource for our learning center and training classes. Growth through expansion and dedicated, repeatable revenue from this untapped channel is an avenue for geometric growth.

Memberships: $5,000

GCAG organic growth has been sufficient with the City/GCAG collaboration. Revenue from a new member networking initiative and formalized corporate partners and co-operative relationships plan are slated for FY 2019.

Retail Sales: $ 5,000

Commissions on retail sales. By increasing the GCAG's commission to competitive market rates will increase revenue by 200% at current sales volumes.

Studio Revenues: $25,000 includes fees, and deposits.

Our facility houses a 2200 square ft. gallery, gift shop, and 23 artist's studios.

Renting a studio at Arts on Main is a great opportunity for the artist that doesn't have a work space at home to create their art. The rent is VERY reasonable at .70 a square foot. There is a $25.00 additional charge for those studios with natural light/window. This is also a great way to market your artwork since you can sell your creations from your studio or in our gift shop.

Building a margin into the rental revenue stream will keep rental revenue at 10%.

Grants Strategy: $10,000

In an ever-competitive landscape, reliable funding is under pressure. Grants are used to fund outreach, education and scholarships.

Growth Interests:

The Sculpture, glass blowing, and pottery 3D artists is an underserved population due to fire code restriction in the current building.

Youth programs in Gastonia are managed by the many YMCA's and Church based nonprofits but represent a new market growth opportunity in Mt. Holly.

Target Markets:

Resident artists seeking low cost space and an engaged participating membership.

By-laws are already updated for 2019, starts July 1.

Revised membership needs analysis completed that resulted in higher participation expectations and flexible membership participation options will be introduced for FY 2019, starts July 1st.

Relocation:

Relocation will provide a new client mix and revenue streams due to a higher quality, safe experience while freeing in house artist from the overwhelming demands of staffing a stand-alone Gallery space.

FY 2019 Goals:
90% Occupancy Rates
50% Membership growth with outbound networking
200% increase in sales Commissions with market rates, co-op marketing initiatives, and product mix.

II. Company Description

1. **The Gaston County Art Guild (GCAG) mission statement**
   To be a driving force in the revitalization of cultural interest while creating a venue for individuals in the field of visual arts and to bring a focused awareness of arts and crafts centered in the Foothills of North Carolina.

   We propose to meet this mission through outreach programs designed to create an awakening of visual art appreciation for all age groups in Gaston County, thereby enhancing the quality of life for all the citizens of our community.

   Arts on Main is a six-year cooperative effort between the City of Gastonia, the Gaston County Art Guild and hundreds of artists of various disciplines operating on a month to month evergreen agreement with CNB 1920, the new ownership group of the building.

2. **Company goals**

   Replicate the success of Arts on Main.

3. **Target market**

   Surrounding Gaston County Artists, Members, Patrons, and visual arts appreciation.

4. **Industry**

Member driven organizations and especially non-profits must evolve into a for profit value added mentality for continued survival.

5. **Legal structure**

The Gaston County Art Guild is A 501 C(3) organized for enriching the cultural vitality and education of those interested in visual arts.

Company Description Worksheet

Business Name	GASTON COUNTY ART GUILD
Company Mission Statement	To be a driving force in the revitalization of cultural interest and focused awareness of arts and crafts centered in the Foothills of North Carolina. We propose to meet this mission through outreach programs designed to create an awakening of visual art appreciation for all age groups.
Company Philosophy/ Values	Arts on Main is a six-year cooperative effort between the City of Gastonia, the Gaston County Art Guild serving the visual art community and artists of various disciplines.
Company Vision	Replicate the success this is Arts on Main.
Goals & Milestones	1. Initiated the co-op strategy with the City of Gastonia. 2. Established High School Scholarships in 2015 utilizing the gallery space and established a judged competition. Scholarships have doubled annually.
Target Market	Artists, Patrons, Members, Instructors, Art enthusiasts
Industry Cooperative Landscape	1. For profit art instruction businesses. 2. Segmented channels in private galleries and antique shops. 3. For profit Art studio classes. 4. Non-profit art organizations with overlapping channels.

Legal Structure/ Ownership	The Gaston County Art Guild - A 501 C(3)

III. Products & Services

Product & Service Description Worksheet

Business Name	Gaston County Art Guild
Product/ Service Idea	Visual arts consortium, 7 to 10 exhibits, Juried shows, Starving artist events, Holly Days retail focused sales event, the Sr. High School College Scholarship competition mobile art shows, art crawl, and street festival underwriting.
Special Benefits	One of a kind production Locally produced Grouped together for common interest
Unique Features	Multiple offerings from all channels within visual arts. Fine Art, Recycled Art, Jewelry, Metal Art, Fiber Arts, and proposed framing, glass, and welding.
Limits	Focused on visual art. All inclusive. Some larger art organizations include performing arts and spoken word in their portfolios.
Production and Delivery	All production is local in either from onsite studio space or from members off campus space. Delivery is either direct to client or brokered via the show platforms and retail gift shop.
Suppliers	150+

Intellectual Property Special Permits	Copyright is the responsibility of each individual artists. Permits for commissions are included in the agreements to co-promote products.
Product/ Service Description	Visual arts pieces

IV. Marketing Plan

	Strengths	Weaknesses	Opportunities	Threats
Product/ Service Offering	Unique in the market place. Total source to visual arts. Not segmented but inclusive of all channels.	Nonprofit charitable outlook Brand definition	54-year brand 6-year Success in co-development with City of Gastonia Downtown redevelopment	Relocation will necessarily cause reorganization. Attrition Disrupt revenue channels
Brand/ Marketing	Only all-volunteer org. dedicated to visual arts in Gast County	Nonprofit Mentality	Multiple revenue streams from existing channels can be enhanced	Relocation Channels Disruption
Staff/HR	Decades of experience with modernized new by-laws.	No paid staff can limit accountability	New by-laws provide option for a paid position.	Regular Payroll will increase focus on accountability.
Finance	Organic Growth	No mission determined for revenue driven Strategies	Existing Channels Can be expanded	Channels Disruption due to relocation member attrition.
Operations/ Management	Volunteer Board of Directors and department Chairpersons	Accountability with an all-Volunteer staff	Accountability with a paid staff member	Art sourcing Disruption due to relocation
Market	Visual Arts	Facility restrictions prevent some Channels growth	Relocation to eliminate facility restrictions allowing channels growth	Existing location has not benefited channel growth

Our strengths help with improving our weaknesses or combating our threats.
Our value proposition begins with volunteerism. Nobody gets paid to do it, nobody makes anybody do it, people do it because they want to do it. The leadership over the past 6 years @ Arts on Main has nurtured a community of art lovers who desire to be part of a unique membership opportunity of 150+ members. Growth has been accomplished without gimmicky marketing or short-term incentives.
Based on the information above, what are your immediate goals/next steps?
Relocation: Find suitable space in either low cost retail, or with a municipality co-operative. Minimize member attrition due to relocation. Maintain show and exhibit schedules throughout transition period.
Based on the information above, what are your long-term goals/next steps?
With relocation, grow existing channels while maintaining the culture of inclusion for all channels. Expand the org chart, decentralize decision making and problem solving with systems and expectations allowing for training, empowering, and releasing creative energy into the specific channels served. Add activities like after school art, pottery, metal, welding and glass blowing, jewelry, and a frame shop if possible.

V. Operational Plan

Mt. Holly Competitive Analysis Worksheet

For each factor listed in the first column, assess a strength or a weakness (S or W) for your business and for your competitors. Then rank how important each factor is to your target customer on a scale of 1 to 5 (1 = very important; 5 = not very important). Use this information to explain your competitive advantages and disadvantages.

FACTOR	GCAG	Create in Us	Awaken Gallery		Importance to Customer
Products	S	W	S		1
Price	S	W	W		3
Quality	S	S	S		1
Selection	S	W	S		1
Service	W	S	S		3

FACTOR	GCAG	Create in Us	Awaken Gallery		Importance to Customer
Reliability	W	S	S		2
Stability	S	S	S		1
Expertise	S	S	S		1
Company Reputation	S	S	S		1
Location	W	S	S		1
Appearance	S	S	S		3
Sales Method	W	S	S		3
Credit Policies	W	S	S		na
Advertising	W	S	S		1
Image	S	S	S		1

1. Positioning/Niche

GCAG's Niche is unique to the membership it serves and the customer base served. There is no direct competition to the total source approach employed by Arts on Main.

2. How we will market your product/service

a. Improved Web Site presence 2017
b. E-commerce (Square Technology installed Dec. 2017) data driven marketing.
c. Expanded Event Marketing: Creative Loafing (W,CLT/Gastonia Market), Eventbrite, Business event marketing on Alignable allowing for preplanning attendance and adjusting messaging and staffing accordingly.
d. Professional Associations, Gaston County Regional Chamber Membership 2017. Gaston County Art Council, NC Arts Council, Piedmont Fiber Guild
e. SEO via Facebook, Twitter, Instagram, web site, print media feedback
d. Expanded social media exposure with the addition of twitter and Snap chat specialists.

Advertising to include:
- Online
- Print
- Event

Which media will you advertise in, why and how often?
- Facebook, 1200+ followers daily and weekly updates
- Newspaper: 100,000 daily clicks for shows (as reported by click count form supplier analytics.)
- Local Merchants Associations Partnerships
- News letter
- Web Site
- Twitter(new)
- Snap Chat(new)

Marketing will include:
- Website updated 2017.
- Social media marketing updated 2017.
- Email marketing updated 2017.
- Print marketing materials (brochures, flyers, business cards) updated 2017.
- Public relations, outbound B2B marketing created 2017.
- Word-of-mouth since 1964.
- Referrals.
- Rebranding with relocation Arts on Central?
- Personal networking membership growth competition.

3. Pricing Strategy Worksheet

Business Name, Dba	TBD "*Arts on Central*"	
Which of the following pricing strategies will you employ? Circle one.		
Cost Plus ***15% Seasonal Sales*** **30% Retail/shows Commissions** **Class Revenue: 15%** **Resident Artist 10% Fees**	**Value Based**	**Other:**

4. **Location or proposed location**

   Municipal Partner

5. **Distribution channels**

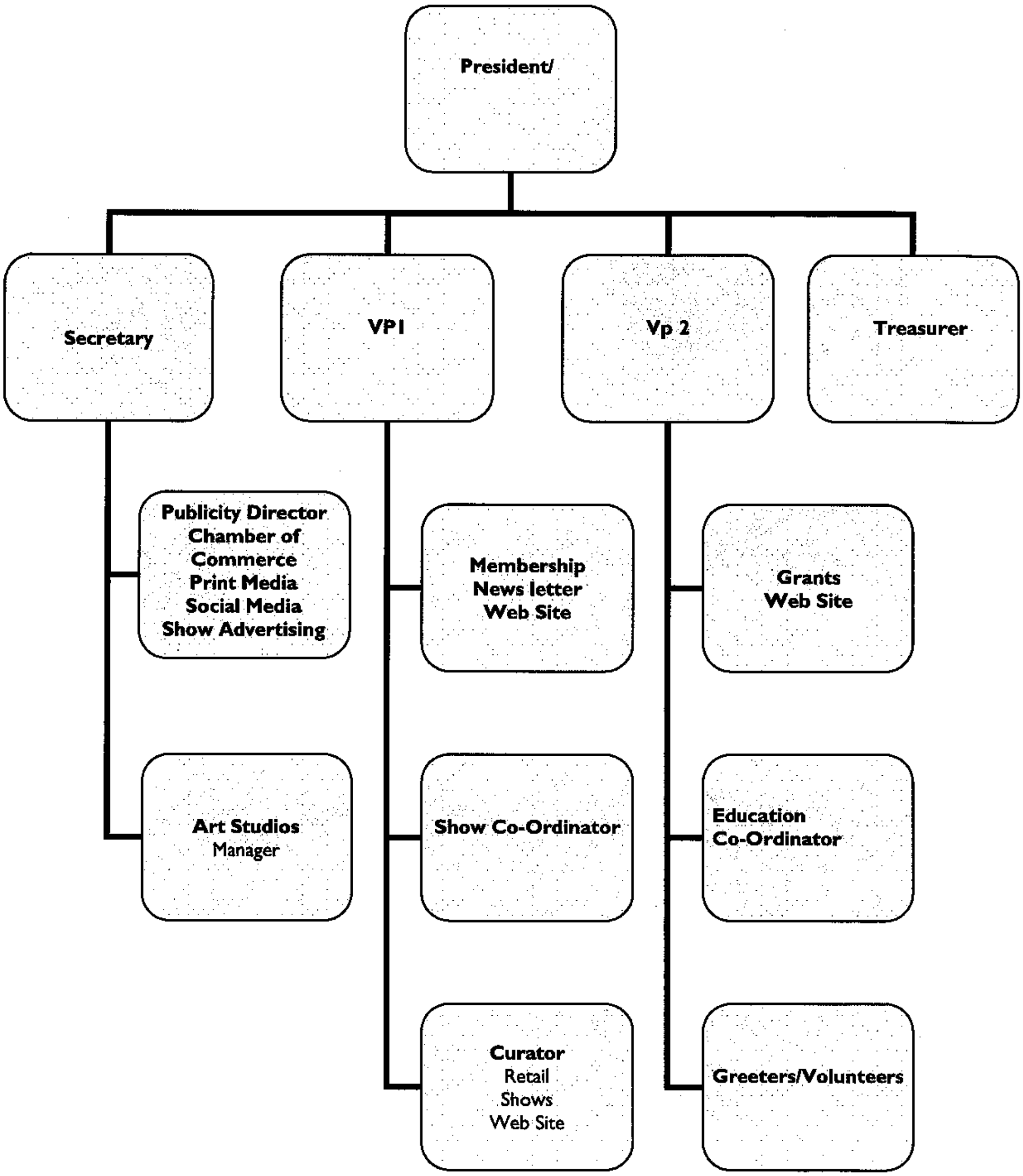
   - Retail
   - Ecommerce
   - Events

Distribution Channel Assessment Worksheet

	Distribution Channel 1 RETAIL	Distribution Channel 2 EVENTS	Distribution Channel 3 e-commerce Holiday/Featured Artist
Ease of Entry	I	On line	Events
Geographic Proximity	Destination Location	Traveling Tent shows	
Costs	Margins are cost plus		
Competitors' Positions	All visual arts		

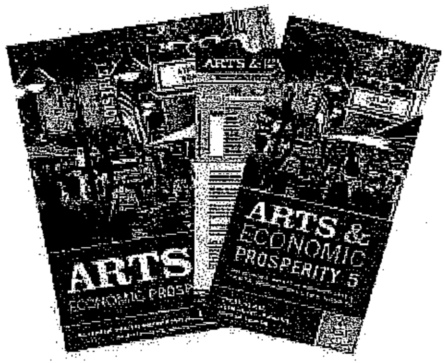
Management Experience	100's of years of combined experience in events, classroom, and non-profit mgmt		
Staffing Capabilities	All volunteer. New*BOA employee volunteer community.		
Marketing Needs	New community awareness Existing community inclusion		

Organization Chart



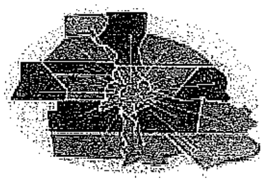
VII. Regional Arts Summary

ROLL-OUT – AEPV & ASC METRICS



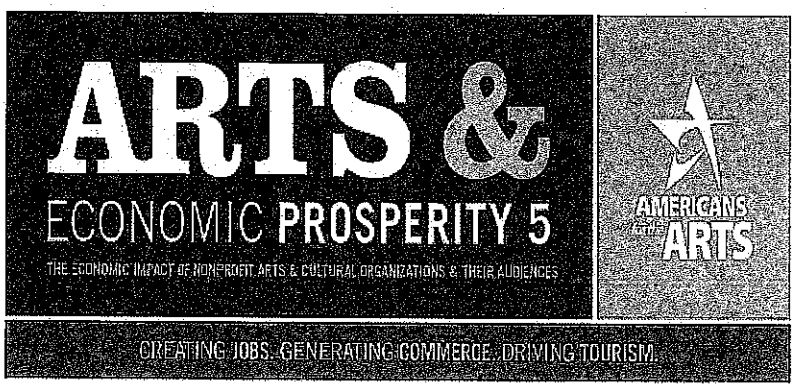
gastoncreates

Celebrating, connecting and strengthening
the Charlotte region's creative ecosystem



the
charlottecreates
region

Arts and Economic Prosperity



Very Important

Reminder when making reference to the data below remember Gaston County is within the Charlotte Region's numbers and these numbers include 14 other counties. Also the totals should **NOT** be viewed on a per capita basis, but rather as a general overview of the collected data.

The good news is across the board the arts have proven to be extremely impactful!!!

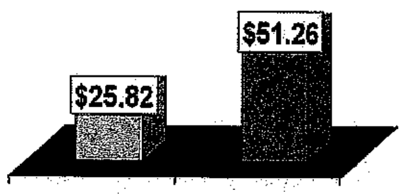
ATTENDANCE & ATTENDEE SPENDING

	Charlotte-Region		Charlotte-Mecklenburg		Center City Charlotte	
	Region Residents	Non-Residents	Mecklenburg Residents	Non-Residents	Mecklenburg Residents	Non-Residents
Attendance	4,956,605	888,448	2,378,507	1,198,196	2,028,212	1,073,029
% of Total	84.8%	15.2%	66.5%	33.5%	65.4%	34.6%
Per Person Average	$25.82	$51.26	$21.79	$35.72	$24.06	$40.64
Total Spending	$100,783,440	$79,493,010	$55,688,387	$49,297,381	$48,798,781	$43,607,899

AVERAGE $ SPENT PER PERSON, PER EVENT

	Charlotte Region	Charlotte-Mecklenburg	Center City Charlotte
Refreshments/ Snacks at Event	$3.99	$3.51	$4.13
Meals before/after Event	$11.15	$13.73	$14.74
Souvenirs & Gifts	$6.08	$1.00	$1.09
Clothing	$2.51	$1.71	$2.00
Transportation	$2.82	$2.48	$2.72
Child-Care	$0.44	$0.87	$0.82
Overnight Lodging	$2.42	$3.14	$4.25
Other	$0.30	$0.03	$0.04
Total Per Person Spending	$29.70	$26.45	$29.79

CHARLOTTE REGION EVENT-RELATED SPENDING
Local vs. Nonlocal Audiences



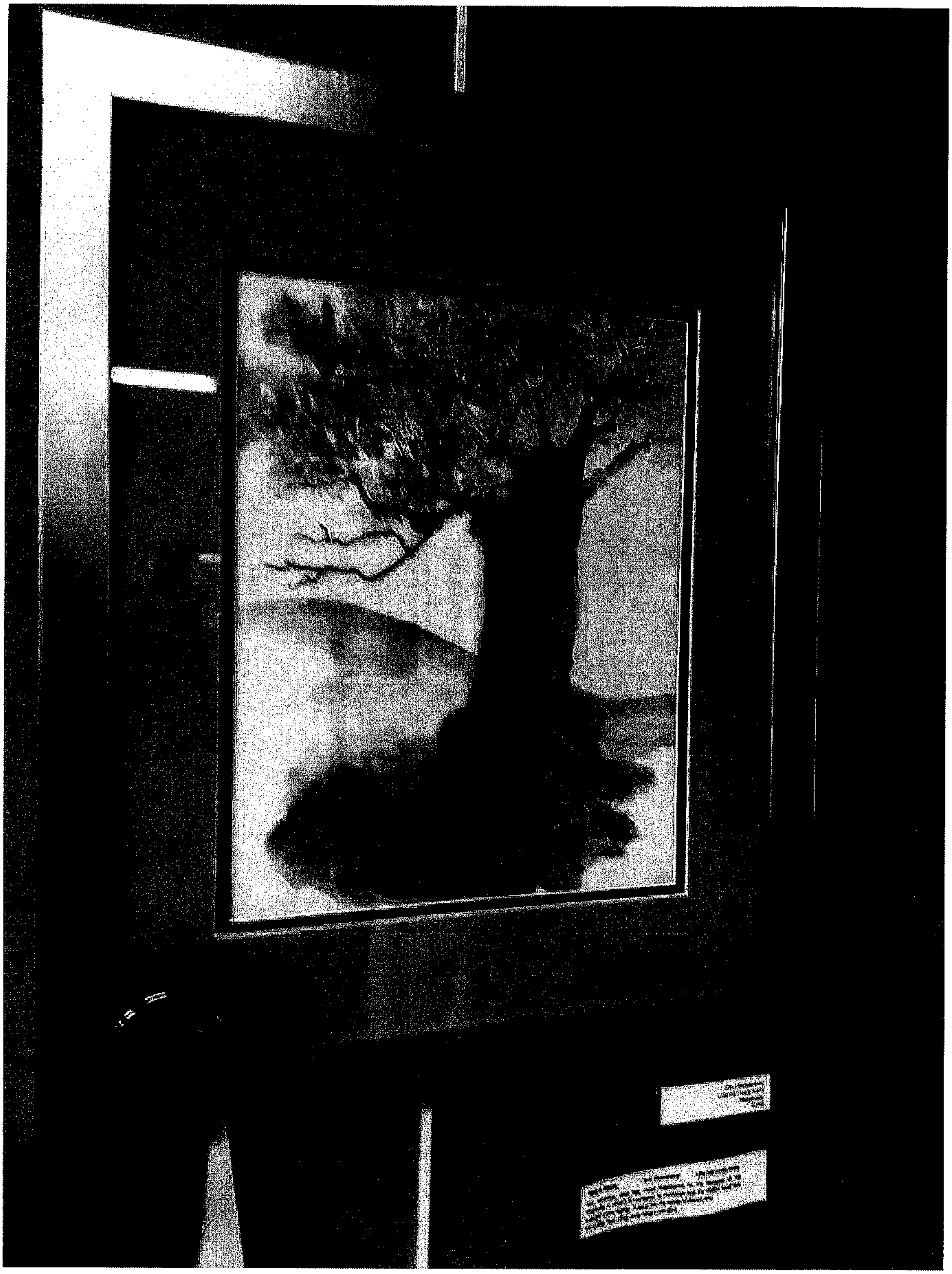
- 65.6% of nonresident attendees said they would have traveled to a different community to attend a similar cultural event.
- 53.2% of resident attendees said they would have traveled to a different community to attend a similar cultural event.

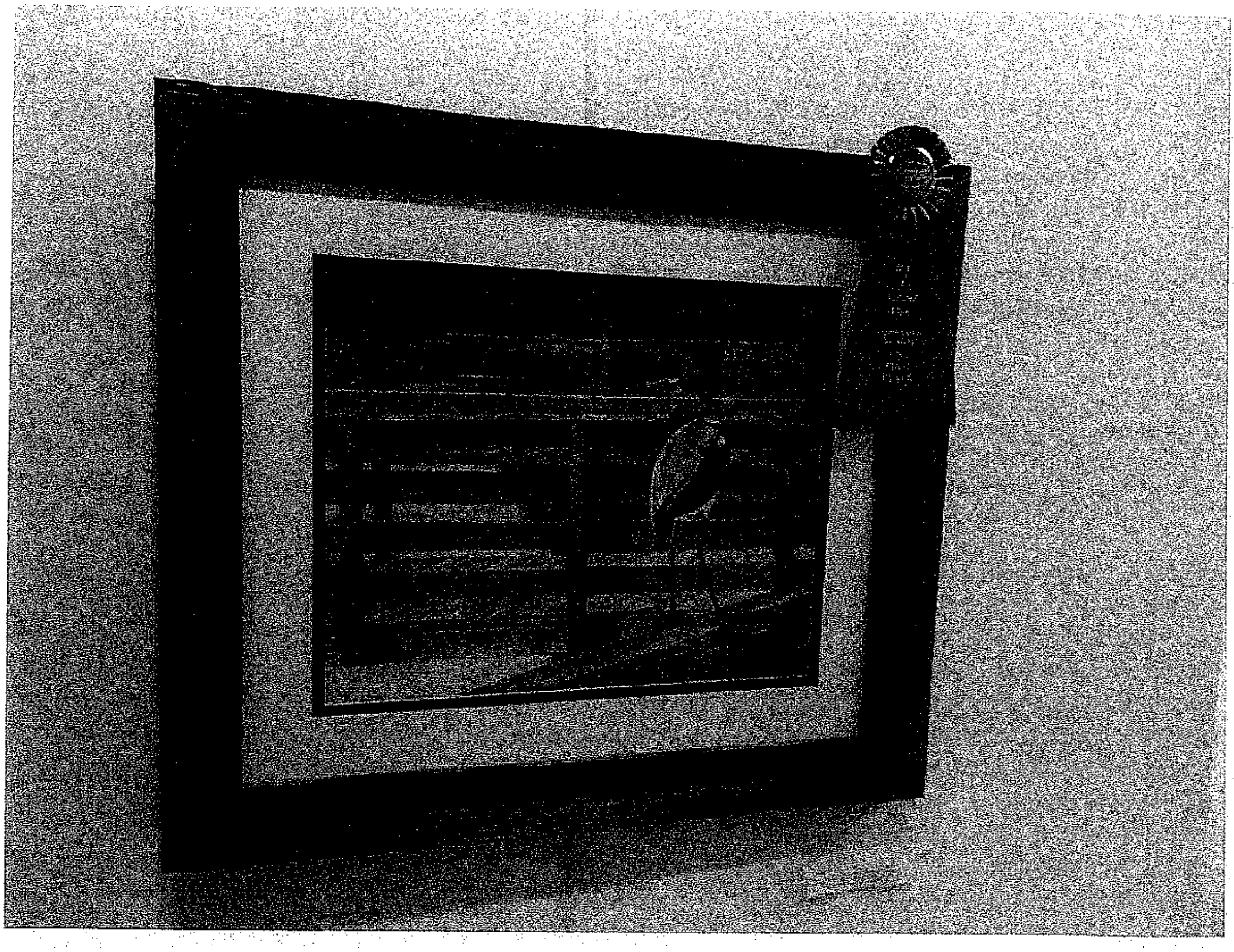
VOLUNTEERISM & IN-KIND SUPPORT

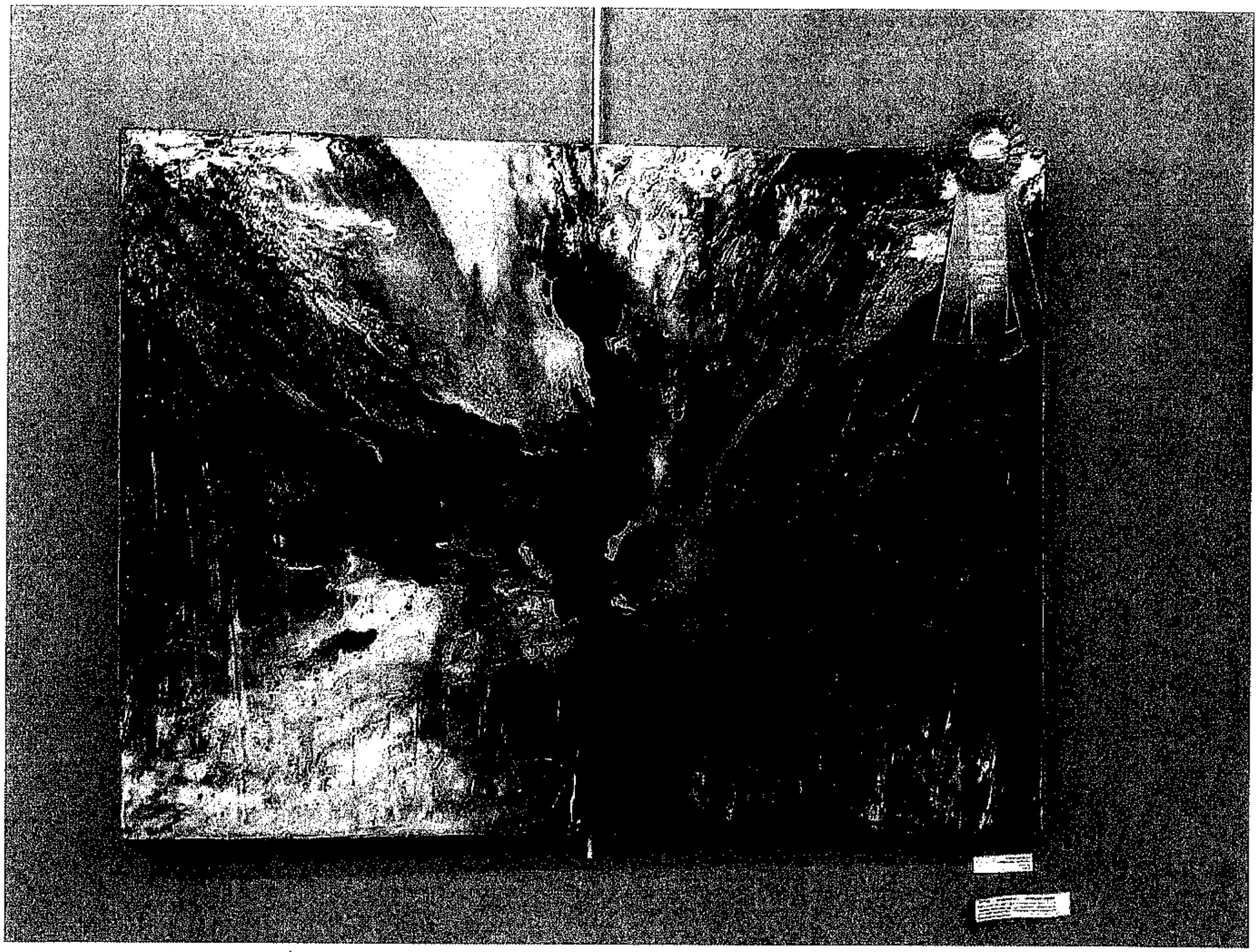
	Charlotte Region	Charlotte-Mecklenburg	Center City Charlotte
# of Volunteers	20,262	8,622	5,059
# Volunteer Hours	836,936	322,179	154,499
Value of Volunteer Hours*	$19.7 million	$7.6 million	$3.6 million
In-Kind Support	$4.9 million	$3.3 million	$2.8 million

*2015 volunteer hour = $23.56

VIII. Natural View Exhibit








A
Natural
View
Gaston Co.
Art Guild
SECOND
PLACE

#20160025

NORTH CAROLINA

LEASE AGREEMENT

GASTON COUNTY

THIS LEASE, effective as of the 13th day of August, 2015, by and between the CITY OF GASTONIA, a North Carolina municipal corporation, as LESSOR, ("CITY"); and GASTON COUNTY ART GUILD, as Lessee ("LESSEE");

WITNESSETH:

WHEREAS, City is authorized by G.S. 160A, Article 12, to lease, as a lessor, property it owns which it has determined will not be needed for use by City during the term for which it may agree to lease said property; and

WHEREAS, City is the owner of certain property, locally known and designated as 212 West Main Street, Gastonia, North Carolina; and

WHEREAS, the City Council of the City of Gastonia has determined that said property described will not be needed by the City for its exclusive use at this time; and

WHEREAS, in 2013 City and the Gaston Art Guild entered into a lease of a portion of certain property, locally known and designated as 212 West Main Avenue, Gastonia, North Carolina; and

WHEREAS, the use made of the premises by the Lessee was and is referred to as "Arts On Main" and is further described at http://www.gastoncountyartguild.com/arts-on-main.html; and

WHEREAS, Lessee desires to continue management of the "Arts On Main" use and enter into a lease for a portion of said property, more particularly described in Exhibit A which is attached hereto and incorporated herein by reference, from the City for use as an art gallery, a gift shop, and art studios for sublease to artists;

NOW, THEREFORE, in consideration of the terms, conditions and covenants hereinafter set forth, the City does hereby lease to Lessee, and Lessee does hereby lease from the City said property as described in Exhibit A (the "premises").

1. Effective Date - Duration. This lease shall be effective as of the date appearing hereinabove and shall exist and continue, unless sooner terminated as hereinafter provided, for one (1) year from the date as stated above. Initial possession or occupancy of the premises under this Lease shall commence immediately upon the execution of the Lease by both parties and shall continue uninterrupted throughout the duration of the Lease, subject only to the City's rights of entry for inspection and certain maintenance.

2. Rent/Consideration. Lessee shall pay to City as rent for the Premises the following amounts (collectively the "Lease Payment") an amount equal to ninety percent (90%) of all amounts received by Lessee for the sublease of any portion of the Premises ("Gross Sublease Payments"). Lease Payments shall be on or before the 15th day of the month and shall be determined based upon the receipts from the previous month. Rental Payments shall be accompanied by a detailed report setting forth the Gross Sublease Payments indicating the amount of each payment and the sub-lessee from whom it was received and Gross Sales Receipts indicating the source of each such sale or commission.

3. Option to Renew. Provided that Lessee is not then in default of any of the terms of this Lease and the lease is not otherwise terminated, Lessee shall have the option to extend this lease for successive one year periods.

   In order for such extensions to be exercised, Lessee must give written notice to the City of its intent to extend this lease no later than sixty (60) days prior to the expiration of the then existing term.

   In the event that Lessee extends the Lease as provided in this section, all terms and conditions of this Lease shall continue in effect. The annual lease amount shall be subject to renegotiation for each period said lease is extended.

4. Construction, Alterations or Improvement. Lessee will be responsible for any construction, alterations or improvements necessary for its use of the premises for a gallery and artists' studios.

   Lessee shall make no alterations, improvements or structural changes of any kind to the premises without the express written consent of the City. At the termination of the lease, Lessee shall, if requested by City, remove or cause to be removed any alterations or improvements installed by Lessee and return the Premises to its prior condition, excepting normal wear and tear.

5. Utilities. Lessor shall be responsible for the payment of electric, water, sewer, and natural gas utilities. Lessee shall be responsible for the payment of all other utilities required by the Lessee.

6. Use. Lessee may use the Premises for purposes of an art gallery, artists' studios, classroom space, a gift shop, arts-related activities and community business meetings providing that there is a resident tenant on premise to open and close. Lessee shall not permit said Premises to be used for any purpose that will injure or damage the reputation of the Premises. Lessee will not use or keep in said Premises anything that would in any way adversely affect the terms and conditions of the City's fire insurance coverage. Lessee shall not at any time whatsoever do any act or thing to cause a disturbance or interference with the rights of or the quiet and peaceful enjoyment of the adjacent residents.

City of Mount Holly
Action Agenda Item

To: City Council	**Date:** April 19, 2018
From: Danny Jackson, City Manager	**Meeting Date:** April 23, 2018

***Agenda Item to be considered:* Agenda Item #2 – Discussion of Right-of-Way Easement with NCDOT**

Will this require a public hearing? ☐ **YES** ☒ **NO**

***Background/Purpose of Request :* In association with the NC 273 Road Widening Project NCDOT is proposing to widen its Right-of-Way in front of the Catawba Heights Fire Station. In doing so NCDOT is proposing to compensate the City of Mount Holly a specified amount of money for the area in question. The City of Attorney at the meeting on Monday will provide additional information including the actual amount of money involved and the necessary documentation.**

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	***$***		
Budget Code			
Reviewed by City Attorney	☒ YES	☐ NO	☐ N/A

Manager/Staff Recommendation: To be discussed at the meeting on Monday night.

Result of City Council Decision:

Attachments:

City of Mount Holly
Action Agenda Item

To: City Council	**Date:** April 19, 2018
From: Danny Jackson, City Manager	**Meeting Date:** April 23, 2018

Agenda Item to be considered: ***Agenda Item #3 – Discussion of establishing a Public Comment Period regarding the proposed Capital Recovery Fee Ordinance***

Will this require a public hearing? ☐ YES ☒ NO

Background/Purpose of Request : ***If you will recall, the N.C. General Assembly amended the law involving what was known as System Development Fees, also known as Capital Recovery Fees. In reaction to the new law the City of Mount Holly sought the services of Raftelis Financial Consultants, which is the company that facilitated the required Ordinance adoption associated with the current Capital Recovery Fee Ordinance. Ms. Elaine Conti of Raftelis Financial Consultants has again prepared the documentation that is required for the City Council to adopt an amended Ordinance as required by N.C. Law. The next step in the process is for the City Council to establish a forty-five (45) day Public Comment Period for the documentation to be posted onto the City's website. Once the comment period has expired the City can then hold a Public Hearing to consider adopting the new Capital Recovery Fee Ordinance and set the actual fees to be charged for water and sewer. Attached to the packet is a copy of the proposed Ordinance as prepared by Ms. Conti of Raftelis Financial Consultants. The documentation has been reviewed by City Staff, City Attorney and the Utilities Committee, which unanimously recommends that the City Council set a date for the Public Comment Period and call for a Public Hearing to consider adoption of a new Ordinance as described herein.***

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☒ YES	☐ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	***$***		
Budget Code			
Reviewed by City Attorney	☒ YES	☐ NO	☐ N/A

Manager/Staff Recommendation: Motion to establish a date to establish the Public Comment Period for review of the proposed Capital Recovery Fee/System Development Fee Ordinance. Also, motion to set a date for a Public Hearing to consider adoption of a new Capital Recovery/System Development Fee Ordinance.

Result of City Council Decision:

Attachments: Proposed Capital recovery/System Development Fee Odinance

RAFTELIS

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April 18, 2018

Mr. Danny Jackson
City Manager
City of Mount Holly
400 E. Central Ave.
Mount Holly, NC 28120

Dear Mr. Jackson:

Raftelis has completed an evaluation to develop cost-justified water and wastewater system development fees for consideration by the City of Mount Holly (City). This letter documents the results of the analysis, which is based on an approach for establishing system development fees set forth in North Carolina General Statute 162A Article 8 – "System Development Fees." As one of the largest and most respected utility financial, rate, management, and operational consulting firms in the U.S., and having prepared system development fee calculations for utilities in North Carolina and across the U.S. since 1993, Raftelis is qualified to perform system development fee calculations for water and wastewater utilities in North Carolina.

Background

System development fees are one-time charges assessed to new water and/or wastewater customers, or developers or builders, to recover a proportional share of capital costs incurred to provide service availability and capacity for new customers. North Carolina General Statute 162A Article 8 (Article 8) provides for the uniform authority to implement system development fees for public water and wastewater systems in North Carolina, and was recently passed by the North Carolina General Assembly and signed into law on July 20, 2017. According to the statute, system development fees must be adopted in accordance with the conditions and limitations of Article 8, and must conform to the requirements set forth in the Article no later than July 1, 2018. In addition, the system development fees must also be prepared by a financial professional or licensed professional engineer, qualified by experience and training or education, who, according to the Article, shall:

- Document in reasonable detail the facts and data used in the analysis and their sufficiency and reliability.
- Employ generally accepted accounting, engineering, and planning methodologies, including the buy-in, incremental cost or marginal cost, and combined cost approaches for each service, setting forth appropriate analysis to the consideration and selection of an approach appropriate to the circumstances and adapted as necessary to satisfy all requirements of the Article.

- Document and demonstrate the reliable application of the methodologies to the facts and data, including all reasoning, analysis, and calculations underlying each identifiable component of the system development fee and the aggregate thereof.
- Identify all assumptions and limiting conditions affecting the analysis and demonstrate that they do not materially undermine the reliability of conclusions reached.
- Calculate a final system development fee per service unit of new development and include an equivalency or conversion table for use in determining the fees applicable for various categories of demand.
- Consider a planning horizon of not less than 10 years, nor more than 20 years.

This letter report documents the results of the calculation of water and wastewater system development fees for the City in accordance with these requirements.

Article 8 references three methodologies that can be used to calculate system development fees. These include the buy-in method, the incremental cost method, and the combined cost method. A description of each of these methods follows:

Buy-In Approach

The System Buy-In Approach calculates a system development fee based upon the proportional cost of each user's share of existing system capacity, and is most appropriate in cases where the existing system assets provide adequate capacity to provide service to new customers. The cost of the facilities is based on fixed assets records and can include escalation of the depreciated value of those assets to current dollars, or "replacement costs" as identified in the general statute. The general statute also identifies adjustments to be made to the replacement cost such as "debt credits, grants, and other generally accepted valuation adjustments."

Incremental Cost Approach

The Incremental Cost (or Marginal Cost) Approach calculates a system development fee based upon a new customer's proportional share of the incremental future cost of system capacity. This approach focuses on the cost of adding additional facilities to serve new customers. It is most appropriate when existing facilities do not have adequate capacity to provide service to new customers, and the cost for new capacity can be tied to an approved capital improvement plan (CIP) that covers at least a 10-year planning period. Per the general statute, a revenue credit must be applied "against the projected aggregate cost of water or sewer capital improvements."

Combined Approach

The Combined Approach is a combination of the Buy-In and Incremental Cost approaches, and is appropriate to be used when the existing assets provide some capacity to accommodate new customers, but where the capital improvement plan also identifies significant capital investment to add additional infrastructure to address future growth and capacity needs.

Summary of Results

Raftelis requested and was provided with the following data from City staff to complete the system development fee calculation:

- Water and wastewater fixed asset data, as of June 30, 2017;
- Outstanding utility debt and associated debt service;
- Proposed capital projects and construction work in progress ("CWIP") related to assets necessary to maintain existing capacity and/or expand capacity;
- Contributed capital;
- Capacity in plants and capacity, and
- History of system development fees collected

When Raftelis was engaged to conduct this study, the City had adequate capacity in its water treatment system. Therefore, the Buy-In Approach was used to calculate the water system development fees. The City's wastewater treatment capacity is impacted due to nutrient limits. However, at the time of the study the City was considering options for addressing future wastewater capacity and repair/rehabilitation and therefore the City's 10-year capital improvement plan was not yet finalized. As such, the Buy-In approach was also used to calculate the City's sewer system development fees.

Buy-In Calculation

Using the Capacity Buy-In approach, Raftelis calculated the estimated cost, or investment in, the current capacity available to provide water and wastewater utility services to existing and new customers. This analysis was based on a review of fixed asset records and other information as of June 30, 2017. The depreciated value of the assets is first adjusted to reflect an estimated replacement cost to determine the "replacement cost new less depreciation" (RCNLD) value for the assets. The asset values were adjusted using the Handy Whitman Index of Public Utility Construction Costs.

Several adjustments to the RCNLD value are necessary to ensure compliance, which were as follow:

- *Construction in Progress* - Improvements for facilities already under construction but not yet booked to fixed assets were added.
- *Contributed Assets* - All assets contributed by or paid for by developers, or assets that were grant funded were excluded from the calculation since these costs were not ultimately "paid" by the existing customers. The City indicated that all donated/contributed assets are *not* reflected in the City's fixed asset records. Therefore, only grant funded assets were removed from the analysis.
- *Other Non-Core Assets* - Equipment, computers, and meters were excluded since they do not represent core assets.

- *Outstanding Principal Debt* - Utilities often borrow funds to construct assets, and revenues from retail rates and charges can be used to make the payments on these borrowed funds. To ensure that new customers are not being double charged for these assets, once through the system development fee and again through retail rates and charges, the proportion of the outstanding debt principal amount that is anticipated to be paid for through retail rates and charges is typically deducted from the system development fee calculation. This proportional amount is estimated by comparing the historical annual amount of revenues collected from system development fees with the respective annual amount of principal payments. Historically, the City has generated sufficient revenue from system development fees to offset debt service principal payments entirely. Therefore, no debt service credit was required.

At the end of the analysis, the cost or investment in core system assets is reduced to a basic unit measure of cost per gallon per day (GPD) for water and wastewater capacity. As shown in Exhibit 1, the adjusted replacement cost new less depreciation for investment in core assets for each system is divided by the total capacity in each system. Additional details on how this value was calculated are provided in the Schedules from the System Development Fee Model in the Appendix.

Exhibit 1 – Cost per GPD of Core Utility Assets for Buy-In Approach

	Water	Sewer
Adjusted RCNLD	$20,495,081	$27,990,650
Total Capacity	6,000,000	2,160,000
Cost per Gallon per Day	**$3.42**	**$12.96**

This measure becomes the basic building block or starting point for determining the *maximum cost-justified level* of the water and wastewater system development fees. Fees for different types of customers are based on this cost of capacity multiplied by the amount of capacity needed to serve each type or class of customer.

Equivalent Residential Unit (ERU) Calculation and Assessment of Fee

The next step is to define the level of demand associated with a typical, or average, residential customer, often referred to as an Equivalent Residential Unit, or ERU. The level of demand associated with a typical residential customer is shown in Exhibit 2.

Exhibit 2: Water and Wastewater Demand per Single-Family ERU

Usage per ERU	Water	Wastewater
GPD per ERU	360	360

The City uses the wastewater design flow rates as specified by the North Carolina Administrative Code Title 15A (Department of Environment and Natural Resources) Subchapter 2T, which states that the sewage from dwelling units is 120 gallons per day per bedroom. The City uses a three-bedroom home (or 360 gallons per day) as the equivalent residential unit. The calculation of the system development fee is based on the cost per gallon per day multiplied by the number of gallons per day required to serve each customer.

Exhibit 3 – Calculated Maximum Residential System Development Fees

Single-Family	Water	Wastewater
Cost per GPD	$3.42	$12.96
GPD per ERU	360	360
Calculated System Development Fee per ERU	$1,230	$4,665
Existing System Development Fee per ERU	$1,541	$3,061

For non-residential customers with larger meters, the fees for the smallest residential meter are used and then scaled up by the flow ratios for each meter size, as specified in the AWWA M-1 Manual[1]. Exhibit 6 shows the resulting system development fees by meter size for meters ranging from 3/4 inches to 12 inches. For these calculations, the system development fees have been rounded to the nearest dollar.

[1] See the AWWA M-1 Manual – Appendix B- Equivalent Meter Ratios; pp.326

Exhibit 4 – Calculated Maximum System Development Fees for Non-Residential Customers

	EXISTING		PROPOSED	
Meter Size	Water	Sewer	Water	Sewer
3/4"	$ 1,541	$ 3,061	$ 1,230	$ 4,665
1"	$ 3,853	$ 7,652	$ 3,074	$ 11,663
1.5"	$ 7,707	$ 15,303	$ 6,149	$ 23,326
2"	$ 12,331	$ 24,485	$ 9,838	$ 37,321
3"	$ 24,661	$ 48,970	$ 19,675	$ 74,642
4"	$ 38,533	$ 76,516	$ 30,743	$ 116,628
6"	$ 77,067	$ 153,032	$ 61,485	$ 233,255
8"	$ 123,306	$ 244,852	$ 98,376	$ 373,209
10"	$ 184,960	$ 367,277	$ 147,565	$ 559,813
12"	$ 260,100	$ 516,484	$ 207,513	$ 787,237

Please contact me at your convenience if you have any questions regarding this report. We appreciate the opportunity to assist the City of Mount Holly with this important engagement.

Very truly yours,

RAFTELIS FINANCIAL CONSULTANTS, INC.

Elaine Conti

Elaine Conti

Appendix

Supporting Schedules
From the
System Development Fee Model

Schedule 1 – Buy-In Approach for Water and Wastewater System

RCNLD of All Assets (1)	Water	Sewer	Total
COMPUTER EQUIPMENT	$ 45,293	$ -	$ 45,293
OTHER EQUIPMENT	272,591	208,813	481,405
LAND	233,040	67,808	300,847
INFRASTRUCTURE	15,022	20,092	35,114
BUILDINGS/STRUCTURES	8,478,654	2,263,727	10,742,381
DISTRIBUTION AND COLLECTION SM	7,011,562	21,287,221	28,298,783
Re-Allocation of Utilities	3,875,310	3,875,310	7,750,619
Total RCNLD	$ 19,931,472	$ 27,722,970	$ 47,654,442
Adjustments			
Plus:			
Construction work in progress	$ 881,494	$ 881,494	$ 1,762,987
Less:			
Outstanding Principal Debt (2)	$ -	$ -	$ -
Contributed Capital (3)	-	(405,000)	(405,000)
Computer Equipment	(45,293)	-	(45,293)
Other equipment including meters	(272,591)	(208,813)	(481,405)
Net RCNLD	$ 20,495,081	$ 27,990,650	$ 48,485,731
Total System Capacity (gallons per day) (4)	6,000,000	2,160,000	
Cost per Gallon per Day	$ 3.42	$ 12.96	
Gallons per day per ERU (5)	360	360	
Maximum SDF per ERU	$ 1,230	$ 4,665	$ 5,895
Current SDF	$ 1,541	$ 3,061	$ 4,602

(1) Fixed asset information was provided by the City and the net book value was escalated to 2017 to calculate the Replacement Cost New Less Depreciation (RCNLD).

(2) No outstanding principal debt is subtracted since average annual SDC revenues exceed debt service payments

(3) Contributed capital includes grant-funded assets. The City indicated that contributed capital is not listed in fixed asset records.

(4) Permitted sewer plant capacity is 4.0 MGD but is limited to 2.16 MGD due to nutrient limit.

(5) Per NC AC 02T.0114, the flow rate is 120 gallons per day per bedroom. A three-bedroom home is used to establish the flow for an equivalent residential unit (360 gallons per day).

Schedule 2 – Comparison of Annual SDR Revenues and Annual Principal Debt

Year	SDF Revenue (1)	Principal Debt (2)
2012	$ 407,248	$ 320,000
2013	$ 462,560	$ 170,000
2014	$ 597,398	$ 170,000
2015	$ 799,935	$ 170,000
2016	$ 435,539	$ 170,000
Average	$ 540,536	$ 200,000

(1) SDF revenue was provided by City staff. The revenue in the CAFR includes both SDF and tap revenues so City staff had to break it out.

(2) Principal debt was obtained from the City's comprehensive annual financial reports. (Statement of Cash Flows for the Water and Sewer Enterprise Fund).

City of Mount Holly
Action Agenda Item

To: City Council	**Date:** April 19, 2018
From: Danny Jackson, City Manager	**Meeting Date:** April 23, 2018

***Agenda Item to be considered:* Agenda Item #4 – Discussion of a Memorandum of Understanding with the Mount Holly Community Development Foundation**

Will this require a public hearing? ☐ **YES** ☒ **NO**

***Background/Purpose of Request :* The Mount Holly Community Development Foundation has engaged city staff along with City Council Liaison Jeff Meadows regarding a possible new or amended Memorandum of Understanding (MOU). The current MOU primarily speaks to Greenway Development. The Foundation Board has established a list of focal areas that it would like for the City Council to consider as a basis for a new or amended MOU. The Foundation is seeking input and direction on the matter. Please find attached a copy of the focal area list.**

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	$		
Budget Code			
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation: Motion is reserved for the night of the meeting

Result of City Council Decision:

Attachments: List of focal areas

MOUNT HOLLY
COMMUNITY DEVELOPMENT FOUDATION
MEMORANDUM OF UNDERSTANDING
PROPOSED AREAS OF AGREEMENT

NATURE: Greenway/FROGS
Promotion

VISIONING: Partnership
Advocacy
City Council Liaison
EDC Representative

COMMUNITY PROJECT: Art & Music
Publicity
Downtown Development

City of Mount Holly
Action Agenda Item

To:	City Council	**Date:**	April 19, 2018
From:	Danny Jackson, City Manager	**Meeting Date:**	April 23, 2018

***Agenda Item to be considered:* Agenda Item #5 – Discussion of city owned property located at 309 North Main Street**

Will this require a public hearing? ☐ YES ☒ NO

***Background/Purpose of Request :* If you will recall, the property located at 309 North Main Street (Utilities Department) was recently placed under contract for sale. The next step was to publish the sale of the property to allow for a possible upset bid. The upset bid period has expired but the due diligence period won't expire until April 30, 2018. The buyer has indicated that he would like to entertain negotiating the current sale price due to possible maintenance issues. The City Attorney has requested that the buyer submit such claims in writing for consideration by the City Council.**

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	***$***		
Budget Code			
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation: Motion is reserved for the night of the meeting

Result of City Council Decision:

Attachments: