WORKSHOP 5:30 P.M. – CAPITAL IMPROVEMENT PLAN

AGENDA
CITY OF NEWTON
NEWTON CITY COUNCIL - REGULAR MEETING
March 7, 2017
7:00 P.M.

Page 1

1. Call to Order – Mayor Anne P. Stedman

2. Opening – Council Member Jerry Hodge

3. Approval of Minutes from the February 21, 2017, Regular Meeting

4. Consideration of Consent Agenda Items
   A. Tax Releases
   B. Sewer Adjustments
   C. Consideration of Audit Contract for Fiscal Year 2017
   D. Consideration of Budget Ordinance Amendment for Electrical System Improvements Related to Corning Contract
   E. Consideration of Budget Ordinance Amendment for Roof at Old Fire Headquarters

5. Comments from the Public: (PERSONS WANTING TO MAKE A PUBLIC COMMENT ON NON-AGENDA ITEMS ARE ASKED TO SIGN IN WITH THE CITY CLERK PRIOR TO THE MEETING):

6. Presentation
   A. Newton Depot Authority

7. Old Business
   A. Consideration of Contract Agreement with Catawba County for Hwy 16 Waterline Construction
   B. Consideration of Contract Agreement with North Carolina Department of Transportation for Hwy 16 Waterline Construction
   C. Consideration of Amendment to Animal Control Ordinance

8. New Business
   A. Consideration of Pedestrian Crossing on N Ashe Ave at Newton-Conover High School

9. City Manager’s Report

10. Questions and Comments From Mayor and Council
   A. Reports from Appointed Representatives on Outside Boards – Council Member Jody Dixon

11. Closed Session – Per North Carolina General Statutes 143-318.11(a)(5)

12. Adjournment

PERSONS WANTING TO SPEAK ON AN AGENDA ITEM MUST SIGN IN WITH THE CITY CLERK PRIOR TO THE MEETING. PERSONS WANTING TO BE PLACED ON THE AGENDA FOR THE NEXT MEETING MUST CONTACT THE CITY MANAGER AT LEAST SEVEN WORKING DAYS BEFORE THE MEETING.

The City of Newton does not discriminate on the basis of disability in the provision of its services as charged by the City Council of the City of Newton. All meetings are held in accessible facilities. Any person with a disability needing special accommodations should contact Teresa Laffon, ADA Coordinator, at least 48 hours prior to the scheduled meeting.
MINUTES
REGULAR MEETING OF THE NEWTON CITY COUNCIL
February 21, 2017 – 7 p.m.

The regular meeting of the Newton City Council was held at 7 p.m. Tuesday, February 21, 2017 at Newton City Hall.

PRESENT: Mayor Anne P. Stedman, Mayor Pro Tem John Stiver, and Council Members Tom Rowe, Jerry Hodge, Wes Weaver, Robert C. Abernethy, Jr., and Jody Dixon

STAFF: City Manager Todd Clark, City Clerk Amy S. Falowski, City Attorney John Cilley, City Department Heads and members of the management team

ITEM 1: CALL TO ORDER

Mayor Anne P. Stedman welcomed everyone and called the meeting to order.

ITEM 2: OPENING Invocation and Pledge of Allegiance

Mayor Pro Tem John Stiver provided the invocation and Pledge of Allegiance.

ITEM 3: APPROVAL OF MINUTES

Upon motion duly made by Council Member Robert C. Abernethy, Jr., seconded by Council Member Jerry Hodge, it was unanimously RESOLVED:

That the Regular Minutes of the February 7, 2017 City Council meeting be – APPROVED

ITEM 4: CONSIDERATION OF CONSENT AGENDA ITEMS

Upon motion duly made by Council Member Robert C. Abernethy, Jr., seconded by Council Member Tom Rowe, it was unanimously RESOLVED:

That the Consent Agenda be – APPROVED

A. Sewer Adjustments
B. Consideration of Budget Ordinance Amendment to Recognize Revenues and Expenditures for Precious Metals Permits
C. Consideration of Budget Ordinance Amendment to Recognize Revenues and Expenditures for Golf Cart Permits
D. Consideration of the Annual Reports for the Wastewater System

(Ordinances, Resolutions and Proclamations are hereby referenced and on file in the Office of the City Clerk)

ITEM 5: COMMENTS FROM THE PUBLIC: PEOPLE WHO WISH TO COMMENT ON NON-AGENDA ITEMS ARE ASKED TO SIGN IN WITH THE CITY CLERK PRIOR TO THE MEETING.

Mayor Anne P. Stedman asked if anyone present would like to make comment concerning non-agenda items.

Mr. James Cannon thanked Chief Brown and Code Enforcement Officer John Raines for their help dealing with a situation in his neighborhood dealing with pigs in the back yard.
Mr. Cannon attempted to ask City Council questions concerning a proposed amendment change to the Animal Control Ordinance. Mayor Stedman stated that this was not appropriate at this time and that this would be placed on an upcoming agenda. Council Member Robert C. Abernethy stated that he was open to speaking about the matter if Mr. Cannon or anyone else would like to give him a call. Mr. Weaver stated that he would welcome phone calls on the matter from both sides.

Council Member Tom Rowe asked that the matter be placed on the agenda no later than the first meeting in March.

Mr. Hiram Longfellow of 1722 Mt. Olive Church Road stated that he owns 10 acres and that he has cattle and pigs. He stated that he disagrees with changing the ordinance where fencing is mentioned and strongly disagrees with the “no swine” recommendation.

Mayor Stedman asked if anyone else would like to speak. No one appeared.

**ITEM 6: Public Hearings**


City Planner Alex Fulbright stated that Second Nature Technology, Inc. has submitted a rezoning application. The request is to rezone property located at 1670 Southwest Blvd from R-20 Single Family Residential to M-1 General Manufacturing and includes 2 parcels, which consist of a 10.01 acre tract identified as Catawba County Pin #3639-12-95-7062 and a 7.8 acre tract identified as 3649-09-05-1042. Both parcels are owned by Second Nature Technology, Inc.

Review:

**Surrounding Zoning and Land Use:**

<table>
<thead>
<tr>
<th>ZONING</th>
<th>LANDUSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject</td>
<td>R-20 Single Family Residential</td>
</tr>
<tr>
<td>North</td>
<td>R-20 Single Family Residential &amp; R-11 Single &amp; Two Family Residential</td>
</tr>
<tr>
<td>South</td>
<td>B-4 General Business</td>
</tr>
<tr>
<td>East</td>
<td>M-1 General Manufacturing</td>
</tr>
<tr>
<td>West</td>
<td>R-20 Single Family Residential</td>
</tr>
</tbody>
</table>

Zoning History:

Mr. Fulbright stated that the property historically used as Windmill Acres Horse Farm is currently the site being used by Catawba Farms as a Bed and Breakfast which is a special use approved in 2006 by City Council. The subject site has been zoned R-20 Single Family Residential and before that they were zoned R-15, the predecessor to the R-20 District. Mr. Fulbright explained that the property has overlay zoning of SPI –2 US Highway 321 South Corridor Protection District, which was adopted in 1992.
The following is a list of zoning activity from 1969 to the present:

_Rezoning Application #01-69_, filed by Glenn Young, sought to rezone property off of Technibilt Drive from R-15 to M-1 General Manufacturing. Both the Planning Commission and City Council approved the request.

_Rezoning Application #04-80_, filed by Harold Danner, sought to rezone property North of Town Creek and fronting on US 321 S. The request was to go to B-4 General Business from an existing zoning of B-2 Highway Business, to allow tire recapping. The request was denied.

_Rezoning Application #03-81_, filed by Udean Burke, sought to rezone property south of Town Creek and fronting on US 321 S. The Request was to go to B-4 General Business from R-20 Residential. The property was rezoned based on approval by both the Planning Commission and City Council.

_Rezoning Application #16-87_, filed by John L. Murtagh, sought to rezone property off of Technibilt Drive behind the subject site. The Request was to go from R-20 to M-1 General Manufacturing. Both the Planning Commission and City Council approved the request.

_Special Use Permit #91-2_, filed by the City of Newton, to allow the development of South Side Park. The permit was approved by City Council.

_Rezoning Application #2000-1_, filed by Sigmon and Sons, sought to rezone property located in the southwest quadrant of the intersection of Technibilt Drive and Southwest Blvd. The Request was to go from R-20 to B-4 General Business. Both the Planning Commission and City Council approved the request.

_Special Use Permit #2004-1_, filed by the City of Newton, to allow the development of South Side Cemetery. The permit was approved by City Council.

**Transportation:**

Mr. Fulbright stated the site has frontage along Technibilt Drive and Southwest Boulevard. Both roads are maintained by the North Carolina Department of Transportation (NCDOT). It is estimated that average annual daily traffic (AADT) counts for Technibilt Drive is less than 1,000 vehicles per day (vpd). NCDOT's most recent AADT counts for Southwest Boulevard is between 11,000 vpd, just north of the site and 9,900 vpd obtained just south of the site.

Mr. Fulbright stated that the subject site is bordered by Technibilt Drive, a part of the proposed Newton-Conover Southern Loop, which extends from NC 16 South to NC 10 West in southern Newton. He said the proposed route is comprised of Technibilt Drive, East P Street Extension, and a new road on a new location. The Newton-Conover Southern Loop will serve traffic that enters Newton- from the south, connecting NC 16 to the proposed Newton-Conover Western Loop. This facility will also provide access for the projected developments in southern Newton serving the industrial area between US 321 and Saint James Church Road, which is a currently unfunded project. Mr. Fulbright stated that city water and sewer are provided to the subject site. The site obtains power through Duke Energy.

Mr. Fulbright stated the proposed request is not consistent with the 2008 Southeast Area Plan’s Future Land Use, the plan shows the proposed land use for the area as being residential.

Mr. Fulbright stated that public notice for this rezoning case has been performed as follows:

Newspaper: published on February 10 and February 17, 2017.
Posted on-site: posted January 20, 2017
Mailed notices: sent notice to the owner of the site, owners of adjacent property, and the owners of property within 100 feet of the property adjacent to the subject site. 69 letters were sent on February 10, 2017.

Mr. Fulbright stated that the Planning Commission unanimously recommends to the City Council approval of this rezoning request and that the Southeast Area Plan is recommended to be amended to reflect the proposed land use.

Council Member asked if this property is located in the Extra Territorial Jurisdiction. Mr. Fulbright said that it is.

Council Member Jerry Hodge stated that the area is a collage of different zoning such as parks, industry, residential and cemetery.

Mayor Stedman asked when the South East Area Plan was approved. Mr. Fulbright stated that it was approved in 2008.

Mayor Stedman asked if there was anyone present that would like to speak during this public hearing.

Michael Waltuch, owner of the property, stated that first of all he would like to wish the city congratulations on the announcement of Corning coming to Newton.

Mr. Waltuch then said that they plan to add something very special on this property that would be attractive for other businesses as well. He said that they will incorporate a winery, brewer and cidery within the existing blueprint. Council Member Wes Weaver asked what exactly is planned. Mr. Waltuch stated there would be a tasting room and facility within the existing barn. Mr. Weaver stated that he didn’t recall a barn on the property. Mr. Waltuch said that there is a 4-5,000 square foot barn there.

John Sigmon stated that the property was formerly owned by his family and that his current property is adjacent. Mr. Sigmon said that he will be the most affected by this change, and that he welcomes it. He said that there has been an alcohol permit on the premise for 10 years and that the grape vines will make a nice attraction.

Upon motion duly made by Council Member Robert C. Abernethy, Jr., seconded by Council Member Wes Weaver, it was unanimously RESOLVED:

That Public Hearing be – CLOSED.

Mayor Stedman agreed that it is a great use of land. Council Member Wes Weaver stated that it is another attraction and a good idea. Council Member Jerry Hodge agreed and stated that no neighbors came in opposition to the Planning Commission meeting.

Upon motion duly made by Council Member Wes Weaver, seconded by Mayor Pro Tem John Stiver, it was unanimously RESOLVED:


Council Member Robert Abernethy stated that he thinks it’s a terrific idea, and was a little concerned at first that it should be a special use permit in order to consider future owners of the property, but could see where it would be easy for the next owners to try to keep the same business.
B. Consideration of Plan Amendment to Create Driveway from Old St. Paul’s Church Road – FedEx

City Planner Alex Fulbright Staff received a development plan from the Clayton Engineering & Design on behalf of FedEx to construct a new driveway connecting the FedEx terminal, both existing and proposed expansion to St. Paul’s Church Road. The development is divided between the City of Hickory and the City of Newton. As shown on the attached “Master Land Use Plan” map, the portion of the property within the Newton City Limits is approximately 5 acres; of which a portion will be improved with parking facilities and an expanded distribution facility structure. Mr. Fulbright stated that the remaining land area will provide a buffer between the facility and St. Paul’s Church Road, with the exception of the proposed driveway access. A combination of existing trees and an improved berm-and-planting combination are currently being used to minimize impact on surrounding properties.

Mr. Fulbright stated that while researching the compliance with Zoning requirements, it was determined that the subject property is currently zoned as PD-IP (Planned Development Industrial Park). This zoning designation was established when the City Council, in 2005, approved a development plan for the Ice Dome. That plan was amended as previously mentioned. Mr. Fulbright stated that The Zoning Ordinance specifies that any substantial change in an approved preliminary plan shall be considered by Council. Mr. Fulbright explained that this is not a rezoning, only an amendment to the existing zoning designation.

Mr. Fulbright stated that the following section describes how the project aligns with the regulations and requirements applicable to PD-IP districts, as set forth in Sec.102-509:

**Land Use** – The proposed facility is a permitted principal use in the PD-IP district.

**Transportation** – Please note that St. Pauls Church Road is not an approved truck route. Through truck traffic is not permitted but local truck traffic is permitted if and only if deliveries are local.

**FAR** – The floor-to-area ratio of the proposed structure at maximum build-out is less than the .75 maximum permitted FAR.

**Building Height** – The structure’s building height will be 15’ (max. height is 35’).

**Parking Requirements** – Parking facilities proposed are compliant with City specifications.

**Utilities** – The facility will utilize Hickory water and sewer services.

**Signage** – It is unknown if new signage would be needed or desired.

**Buffers and Screening** – A combination of existing vegetation and a berm and Leyland Cypress are in place to comply with this requirement.

**Public Notices** – the notice for this case has been performed as follows:

  - Posted on-site: posted January 20, 2017
  - Mailed notices: sent notice to the owner of the site, owners of adjacent property, and the owners of property within 100 feet of the property adjacent to the subject site. 18 letters were sent on February 10, 2017.
Mr. Fulbright stated that the Planning Commission unanimously recommends to the City Council approval of this plan modification as submitted.

Mayor Stedman asked if there was anyone present that would like to speak in favor or against the proposed plan amendment.

Cale Young stated that he drives that road 3-4 times a day and that this area is in an almost blind curve. He stated that if people aren’t paying attention that it could become a big problem and that there needs to be a turn lane.

Donald Bumgarner, representative from Fed-Ex stated that they are doing a $3.5 million expansion and creating 4-6 new driver jobs. He stated this request is because Fairgrove Church Road is so congested and a new road is needed to send 4-5 trucks east. He said that the speed limit is posted 35 mph before the curve. Mr. Bumgarner stated that this project is permitted by North Carolina Department of Transportation.

Council Member Tom Rowe asked if it is just for trucks exiting and Mr. Bumgarner said that it is, that there is an island that prevents vehicles from entering. Council Member Wes Weaver asked if it will lead trucks back to Hwy 70, Mr. Bumgarner said yes, east to Statesville, Mooresville, etc. Council Member Jerry Hodge asked if they had considered making a petition to Conover to remove the median. Mr. Bumgarner said that they have no plans to make that request. Mr. Hodge asked what size the average trucks coming from there are. Mr. Bumgarner stated that most are 53’. Mr. Hodge asked if Sunbelt would be cutting across, Mr. Bumgarner said they would not.

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Robert C. Abernethy, Jr., it was unanimously RESOLVED:

That Public Hearing be – CLOSED.

Council Member Robert Abernethy stated that it is a DOT issue as far as the trucks sight lines and speed. He stated that he does not have a problem if DOT says it is safe.

Council Member Wes Weaver stated that there is a blind corner and he doesn’t see any advantage. He stated that it is not worth losing one life due to infrastructure in that road for tractor trailers. Mr. Abernethy stated that DOT has approved the plan and that helps him with his decision. Mr. Weaver stated that he could not, with a clear conscience approve this and he couldn’t live with himself it there was one causality in order to save a little time. Council Member Jerry Hodge stated that he would yield to the expertise of the DOT.

Upon motion duly made by Council Member Tom Rowe, seconded by Council Member Jerry Hodge, with Council Member Wes Weaver voting in opposition it was RESOLVED:

That Plan Amendment 2017-01 as filed by FedEx be – APPROVED.

C. Consideration of Special Use Permit to Allow a Wedding and Events Center
   – Scott Coley, 747 W C Street

Mayor Stedman opened the public hearing and stated that anyone that would be speaking must be sworn in before they offered any comment during the hearing.

City Planner Alex Fulbright stated that Mr. Scott Coley, the applicant, has filed an application for a special use permit for a public assembly. The applicant is seeking a special use permit to allow for the use and operation of a wedding and event center at 747 W C ST. The property is located on the south side of W C St (NC 10 Hwy) just west of Courtyard Drive. Mr. Fulbright stated the proposed site
includes 2 parcels, which consist of a 1.1 acre tract identified as Catawba County Pin #3730-19-60-5907 and a 8.8 acre tract identified as 3730-19-60-5494 which are both owned by the applicant.

Mr. Fulbright stated that Mr. Coley is operating a wedding and event center at 747 West C Street. Mr. Fulbright explained that the subject site contains Mr. Coley’s home and a barn and that the property is rented out to individuals looking for a location to host weddings and other special events. The barn is made available to individuals and organizations that rent the site. Mr. Fulbright stated that parking is provided in the field nearest West C Street (NC Hwy 10). There was no site plan provided by the applicant as it is his intent to use the property in its current condition. Mr. Fulbright stated the only planned improvement is a restroom and changing room to be located near the existing barn.

Mr. Fulbright stated that a special use is a use that would not be appropriate generally without special study throughout the zoning district, but which if controlled by the number, size, location or relationship to the neighborhood, would promote the public health, safety, and welfare. Mr. Fulbright explained that the special use permit is reviewed by the Planning Commission and approved by City Council. In lieu of specific standards for place of assembly as a special use, the general standards are included below apply and can be used to impose conditions upon the applicant in effort to mitigate adverse impacts that the use may have on the surrounding area.

Mr. Fulbright stated that there are no specific standards specified for “place of assembly” as a special use; however, the general standards below would apply and would be the basis of any special conditions imposed by the City Council.

Sec. 102-462. - General standards.
The following general standards shall be met by all applicants for approval at special uses:

1. The use will promote the public health, safety and general welfare, if located where proposed and developed and operated according to the application.

2. The use, which is listed as a special use in the district in which it is proposed to be located, complies with all required regulations and standards, including the provisions of articles IV, V and VI of this chapter, unless greater or different regulations are contained in the individual standards for that special use.

3. The use will maintain or enhance the value of contiguous property, or that the use is a public necessity.

4. The use is in compliance with the general plans for the physical development of the city as embodied in these regulations. The board of adjustment or the council, as appropriate, shall make these general findings based upon substantial evidence contained in its proceedings. It shall be the responsibility of the applicant to present evidence in the form of testimony, exhibits, documents, models, plans and the like to support the application for approval of a special use.

Mr. Fulbright stated that the Planning Commission unanimously recommends to the City Council approval of this special permit as submitted.

Mayor Pro Tem asked about noise. Mr. Fulbright stated that would be covered under the existing noise ordinance.

Mayor Stedman asked if anyone would like to speak.
Mr. Coley, applicant, stated that he originally built the building for his daughter to get married. He stated that he soon started receiving requests from others to use the building for weddings. He said that he now needs to have the building inspected to meet requirements such as handicapped restrooms and exit signs.

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Robert C. Abernethy, Jr., it was unanimously RESOLVED:

That Public Hearing be – CLOSED.

Upon motion duly made by Council Member Wes Weaver, seconded by Mayor John Stiver, it was unanimously RESOLVED:

That the use will promote the public health, safety and general welfare, if located where proposed and developed and operated according to the application.

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Jody Dixon, it was unanimously RESOLVED:

That the use, which is listed as a special use in the district in which it is proposed to be located, complies with all required regulations and standards, including the provisions of articles IV, V and VI of this chapter, unless greater or different regulations are contained in the individual standards for that special use.

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Robert C. Abernethy, Jr., it was unanimously RESOLVED:

That the use will maintain or enhance the value of contiguous property, or that the use is a public necessity.

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Jerry Hodge, it was unanimously RESOLVED:

That the use is in compliance with the general plans for the physical development of the city as embodied in these regulations. The board of adjustment or the council, as appropriate, shall make these general findings based upon substantial evidence contained in its proceedings. It shall be the responsibility of the applicant to present evidence in the form of testimony, exhibits, documents, models, plans and the like to support the application for approval of a special use.

Upon motion duly made by Council Member Jerry Hodge, seconded by Council Member Wes Weaver., it was unanimously RESOLVED:

That Special Use Permit 2016-01 as filed by Scott Coley be – APPROVED.
ITEM 7: New Business

A. Consideration of Budget Amendment for WWTP Influent Pump

Public Works and Utilities Director Dusty Wentz stated that during the second week of January, 2017, pump three ceased operation at the influent pump station of the wastewater treatment plant. Inspection by staff uncovered mechanical failures in the impeller and rotating shaft assembling of the pump. Mr. Wentz stated that replacement of the failed parts is required in order to resume operation of the pump.

Mr. Wentz explained that given the age and operational record of the pump station, all three pumps must remain in working condition. He stated that the pump remains inoperable until parts are acquired and the rotating shaft assembly has a 14 week delivery time.

Mr. Wentz stated that City Council is advised that an emergency with the motors and drive system electronics in October 2016 prompted a budget ordinance in the amount of $27,000. Even with those additional funds, staff has expensed $12,092.26 of the original $18,000 on routine repairs, leaving only $5,907.74 remaining in the budget.

Mr. Wentz stated that the emergency purchase order leaves a deficit of $12,730.24 in this line item with nine months remaining on the fiscal calendar. Transferring funds of this amount from other line items is not feasible.

Mr. Wentz stated that the quote provided by the vendor is $71,380 for the rotating assembly and the impeller for one pump and only one vendor is available to replace these parts due to the age and brand of the pump.

Mr. Wentz stated that staff requests council approve the budget ordinance amendment attached for $71,380 for the cost to replace components of Pump Three at the waste water treatment plant influent pump station.

City Manager Todd Clark handed out a copy of the budget ordinance amendment.

Mayor Stedman asked that given the age of the influent pump station, is it up for replacement in the CIP. Mr. Wentz stated that the entire wet well is up for replacement in year 10 at $5.8 million. Mr. Abernethy asked if debris caused the break down. Mr. Wentz stated that it is designed to handle some debris, but not this much. Mr. Abernethy stated that the pump was installed in 1975. Mr. Wentz stated that it was and that there is screening, but rocks, concrete etc. still makes it through. Mr. Abernethy asked if this will make it like new. Mr. Wentz said that it will be 70-75% new. He said the pump house will be original but in good shape. He explained that no matter how precise the manufacturer is, it won’t be as good as new. Council Member Wes Weaver said that after this fix there should be a plan to get a new one for the other. He said the city can’t play around with this. Council Member John Stiver said that all electrical housings have to be redone. Mr. Weaver asked if Mr. Wentz has checked in to a lease. Mr. Wentz said no, but that a lease would have the same energy regulations as a new pump. Mr. Abernethy asked if there are any local municipalities that have any similar parts. Mr. Wentz stated that most of theirs have been replaced as well. Mr. Clark stated that Mr. Wentz has thought this through thoroughly and his recommendation is sound. Mr. Weaver agreed and said that the staff is qualified. Mr. Wentz stated that when the parts are replaced the old parts will be auction or sold.

Mayor Stedman stated if it is not scheduled until 10 years for now for replacement, should it be pumped out again before then. Mr. Abernethy asked how hard it is to get to the pumps. Mr. Wentz stated that a temporary pump station would have to be constructed if that one is shut down completely for replacement.
Council Member Jody Dixon said that he doesn’t see a choice, this needs to be voted on. Mr. Weaver stated that he is not comfortable staying with the current transition period and wants to make sure there are no discrepancies in what the city wants to do. Mr. Abernethy stated that we’re against timing issue with two pumps down and while working we should look at getting all 3 pumps refurbished. Mayor Pro Tem John Stiver asked how much the additional parts would be. Mr. Wentz stated that it would be $74,000 times 3 pumps with a 10% reduction. Mayor Stedman asked what the last rate hike was, Mr. Clark said that it was 5%. Finance Director Serina Hinson stated that 1% brings in $50,000. Mr. Abernethy asked if $74,000 was going to put us in a bad position. Ms. Hinson said that it would be make it tight.

Upon motion duly made by Council Member Jerry Hodge, seconded by Council Member Wes Weaver, it was unanimously RESOLVED:

That Budget Amendment for WWTP Influent Pump be – ADOPTED.

(Ordinances, Resolutions and Proclamations are hereby referenced and on file in the Office of the City Clerk)

ITEM 8: City Manager’s Report

Meetings & Events

- February 27th – 3:00 p.m. Ribbon Cutting at The Hen & Egg
- February 28th – 7:00 a.m. Taste of Newton Pancake Breakfast, Public Works
- February 28th – 5:30 p.m. Pedestrian Plan Open House, City Hall Council Chamber
- March 7th – 5:30 p.m. CIP Workshop in City Hall Council Chamber
- March 12th- 15th – NLC Conference, Washington, DC
- March 29, 2017 – Town Hall Day, Raleigh, NC
- Teen Leadership
- This week the Marketing and Branding Public Survey will be available at newtonnc.gov/brand

Budget Workshop Dates *All begin at 5:15 in the Council Chamber

- May 4, 2017
- May 9, 2017
- May 11, 2017
- May 16, 2017

Projects

- Building Reuse Grant Award for Newton Primary Urgent Card
- Update on Hwy 16 Waterline Agreement
- Economic Development Project RFI – Newton Corporate Center
- Pedestrian Crossing on N Ashe Ave at Newton-Conover High School
- Pedestrian Crossing signs – Radio Station Road and Northside Park
- “Green Lot” parking lot has been sold
- The Arbor Day Foundation has named Newton as a 2016 Tree City USA
- List of Committee and Commission Members provided

Presentation on City Owned Properties
ITEM 9: Questions and Comments from Mayor and Council

City Manager Todd Clark stated that the City of Newton had a joint meeting with Catawba County yesterday to announce the good news that Corning would be coming to the old General Dynamics location in the City of Newton. He said that this would create

Council Member Jerry Hodge gave a brief summary of things going on with the Western Piedmont Transportation Advisory Committee such as the Hwy 16 project, right of way purchases being complete and that construction on the project should begin in early summer with a completion in 2019.

ITEM 10: Closed Session – per North Carolina General Statutes 143-318.11(a)(5) and 143-318.11(a)(6)

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Jody Dixon, it was unanimously RESOLVED:

That City Council enter CLOSED SESSION per General Statutes 143-318.11(a)(5) and 143-318.11(a)(6)

The Mayor announced that the purpose of the Closed Session was to continue the discussions that Council began at the Closed Session held on February 7, 2017 concerning the performance of the City Manager over the previous twelve months as called for in his employment contract with the City of Newton. Also, there had been discussion at the previous Closed Session concerning the fact that Mr. Clark was in his final year of his current contract with the City.

After a general discussion following up the discussion from the February 7, 2017 Closed Session of Council as to Mr. Clark's future with the City of Newton as its City Manager, Council wanted to move forward with negotiations with Mr. Clark for a contract extension or a new employment contract to replace the current one rather than waiting later in the year to begin the process. It was the consensus of Council to offer Mr. Clark a new employment contract to replace the current employment contract that would become effective on September 1, 2017 and would be for a period of four years from September 1, 2017. The salary to be payable to the City Manager would be raised from the current figure of $115,000.00 to $120,000.00 and would become effective as of September 1, 2017. The City Manager would also be prohibited from seeking any other employment with any other employer during the first two years of the four year term of the agreement. All other provisions of the existing employment contract would be incorporated into the terms of the new employment contract.

Mr. Clark was then invited to join the Closed Session and the Mayor shared with him the terms of the new employment contract as offered by Council. Mr. Clark accepted the terms as presented by the Mayor and expressed his appreciation to the Council for making this offer to him and he stated that he looks forward to continuing to work with Council to move the City forward. The Mayor expressed gratitude to Mr. Clark on behalf of Council for all he has done and Council looks forward to working with him in the future.

Motion was then made by Councilman Wes Weaver to return to open session to consider the employment contract with Mr. Clark. Seconded by Councilman Robert Abernethy.

All ayes.

Upon returning to open session, a motion was made by Councilman Tom Rowe to enter into a new employment contract with E. Todd Clark that would be for a period of four years beginning September 1, 2017 with a salary of $120,000.00 to become effective September 1, 2017, with the provision that
Mr. Clark would not seek other employment during the first two years of the four year term, and with all other provisions of the current employment contract being incorporated into the new employment contract herein, and that the Mayor is authorized and directed to enter into such agreement on behalf of the City of Newton with Mr. Clark herein. Second by Councilman Wes Weaver.

ITEM 11: Adjournment

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Jody Dixon, it was unanimously RESOLVED:

That the Meeting be - ADJOURNED

________________________________________
Anne P. Stedman, Mayor

________________________________________
Amy S. Falowski, City Clerk
TO: E. Todd Clark, City Manager

DATE: February 21, 2017

RE: Tax Releases – January 2017

FROM: Serina T. Hinson, Finance Director

The following tax releases have been received from the Catawba County Tax Collector. The reason for each release is annotated beside the name.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Tax Release Number</th>
<th>Name</th>
<th>Reason</th>
<th>Amount of Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>71</td>
<td>Bush, Glenn E.</td>
<td>Small underpayment</td>
<td>$0.48</td>
</tr>
<tr>
<td>2016</td>
<td>72</td>
<td>Catawba Valley Supply, Inc.</td>
<td>Small underpayment</td>
<td>$0.05</td>
</tr>
<tr>
<td>2015</td>
<td>73</td>
<td>Parkerson, Eva T.</td>
<td>Small underpayment</td>
<td>$0.31</td>
</tr>
<tr>
<td>2016</td>
<td>74</td>
<td>Roberts, Michael D.</td>
<td>Small underpayment</td>
<td>$0.01</td>
</tr>
<tr>
<td>2016</td>
<td>75</td>
<td>Roll Enterprises, Inc.</td>
<td>Small underpayment</td>
<td>$0.16</td>
</tr>
</tbody>
</table>

Should you have any questions or need clarification, please notify. Releases are submitted as required by NCGS § 105-381(b).
CITY OF NEWTON

Sewer Adjustments

TO: E. Todd Clark, City Manager  DATE: February 23, 2017
RE: Sewer Adjustments – March 7, 2017

FROM: Serina Hinson, Finance Director

The following sewer adjustment is recommended for approval. The adjustment is recommended as a result of a water leak at the service address or a pool fill up.

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Name</th>
<th>Service Address</th>
<th>Adjustment Period</th>
<th>Amount of Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>32000520-004</td>
<td>Chi Lee</td>
<td>1402 N. Frye Ave.</td>
<td>Jan</td>
<td>$ 15.31</td>
</tr>
<tr>
<td>65000940-001</td>
<td>Betty Reinhardt</td>
<td>734 Mylinda Dr.</td>
<td>Jan</td>
<td>$ 16.37</td>
</tr>
<tr>
<td>43022050-001</td>
<td>Cynthia Travis</td>
<td>909 Laffon Rd.</td>
<td>Oct - Dec</td>
<td>$193.26</td>
</tr>
</tbody>
</table>

Backup documentation to support each adjustment is on file in the Finance Department. Should you have questions or require further clarification, please notify.
DATE: February 24, 2017

TO: E. Todd Clark, City Manager

FROM: Serina Hinson, Finance Director

CONSIDERATION OF: Audit Contract for Fiscal Year 2017

Approved for Council Consideration

The City is now preparing for the Fiscal Year 2017 audit. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); Government Auditing Standards by the State Single Audit Implementation Act, as codified in G.S. 159-34; and OMB Circular A-133, if required. Those standards require that the audit be planned and performed to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, if any, as well as evaluating the overall presentation of the financial statements.

It is staff’s recommendation that City Council approve the contract with Martin Starnes & Associates, CPAs to provide audit services for FY 2017 in the amount of $26,000 plus $1,500 for a single audit, if required.

Action Suggested:

1) Approve the attached contract with Martin, Starnes & Associates, CPAs to provide audit services for Fiscal Year 2017.
CONTRACT TO AUDIT ACCOUNTS

Of ______________________________________________________________________________________________

Primary Governmental Unit

N/A

Discretely Presented Component Unit (DPCU) if applicable

On this ____________________ day of ____________________________, ___________,

Auditor: _______________________________________ Auditor Mailing Address: __________________________

__________________________________________________________________ Hereinafter referred to as The Auditor

and _______________________________________ (Governing Board(s)) of___________________________________

(Primary Government)

and _____________________________________ : hereinafter referred to as the Governmental Unit(s), agree as follows:

(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s) for the period beginning _________________, _________, and ending ___________________, _________. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with Government Auditing Standards if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).

County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Uniform Guidance for the State of North Carolina. The LGC will notify the auditor and the County and Multi-Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.

3. If an entity is determined to be a component of another government as defined by the group audit standards - the entity's auditor will make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in Government Auditing Standards, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in Government
Auditing Standards. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: __________ October 31 _________, 2017. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the secretary of the LGC for approval.

7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit’s systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as “significant deficiencies and material weaknesses” in AU-C 265 of the AICPA Professional Standards (Clarified). The Auditor shall file a copy of that report with the Secretary of the LGC.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit’s records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent via upload through the current portal address: http://nctreasurer.slgfd.leapfile.net Subject line should read “Invoice – [Unit Name]. The PDF invoice marked "approved" with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: Fees listed on signature pages.)

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management’s Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor’s opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.

12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed prior to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.

13. The Auditor shall electronically submit the report of audit to the LGC as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors’ opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit’s financial statements, they should be provided within three days of notification unless another time frame is agreed to by the LGC.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

The LGC’s process for submitting contracts, audit reports and invoices is subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.

15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract needs to be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract, and then must be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload your amended contract is http://nctreasurer.slgfd.leapfile.net No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit should be attached to the contract, and by reference here becomes part of the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #25 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment.

18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU must be named along with the parent government on this audit contract. Signatures from the DPCU Board chairman and finance officer also must be included on this contract.

19. The contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is [http://nctreasurer.slgfd.leapfile.net](http://nctreasurer.slgfd.leapfile.net) Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of [1RYHPEHU](1RYHPEHU). These instructions are subject to change. Please check the NC Treasurer’s web site at [https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx](https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx) for the most recent instructions.

20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

22. **E-Verify.** Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

23. Contractor hereby certifies that Contractor, and all subcontractors, are not on the Iran Final Divestment List (“List”) created by the North Carolina State Treasurer pursuant to N.C.G.S. 147-86.58. Contractor shall not utilize any subcontractor that is identified on the List.

25. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

**SIGNATURE PAGES FOLLOW**
City of Newton, NC

Primary Governmental Unit
N/A

Discretely Presented Component Units (DPCU) if applicable

City of Newton, NC - FEES

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]

Audit $20,900 + $1,500 Single Audit procedures

Preparation of the annual financial Statements $5,100

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is $20,625 ** NA if there is to be no interim billing

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:
Martin Starnes & Associates, CPAs, P.A.

Name of Audit Firm

By Amber Y. McGhinnis, Senior Audit Manager

Authorized Audit firm representative name: Type or print

Signature of authorized audit firm representative

February 20, 2017

amcghinnis@martinstarnes.com

Email Address of Audit Firm

Governmental Unit Signatures:

Name of Primary Government

By Anne P. Stedman, Mayor

Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board

Date

By N/A

Chair of Audit Committee - Type or print name

N/A **

Signature of Audit Committee Chairperson

Date N/A ** If Governmental Unit has no audit committee, mark this section "N/A"

City of Newton, NC

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

By Serina T. Hinson, Finance Director

Primary Governmental Unit Finance Officer:

Type or print name

Primary Government Finance Officer Signature

Date N/A

(Pre-audit Certificate must be dated.)

shinson@newtonnc.gov

Email Address of Finance Officer

Date Primary Government Governing Body

Approved Audit Contract - G.S. 159-34(a )

Page 5 of 8
** This page to only be completed by Discretely Presented Component Units **

<table>
<thead>
<tr>
<th><strong>Fees</strong></th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Audit**

N/A

Preparation of the annual financial Statements

N/A

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is $ N/A

** NA if there is to be no interim billing**

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

**DPCU Governmental Unit Signatures:**

Name of Discreetly Presented Component Unit

N/A

By ______________________ N/A

DPCU Board Chairperson: Type or print name and title

N/A

Signature of Chairperson of DPCU governing board

N/A

Date ______________________ N/A

** PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a) **

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

By ______________________ N/A

DPCU Finance Officer:

Type or print name

N/A

DPCU Finance Officer Signature

Date ______________________ N/A

(Pre-audit Certificate must be dated.)

** Email Address of Finance Officer **

N/A

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a )

N/A

Page 6 of 8
Steps to Completing the Audit Contract

1. Complete the Header Information – NEW: If a DPCU is subject to the audit requirements as detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not issued for the DPCU and is to be included in the Primary Government’s audit, the DPCU must be named with the parent government on this Audit contract. The Board chairman of the DPCU also must sign the Audit contract.

2. Item No. 1 – Complete the period covered by the audit

3. Item No. 6 – Fill in the audit due date. For Governmental Unit(s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.

4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx

5. Item No. 9 – NEW: Please note that the fee section has been moved to the signature pages, Pages 5 & 6.

6. Item No. 16 – NEW: It is now expected that an engagement letter will be attached to the contract. Has the engagement letter been attached to the contract submitted to the SLGFD?
   a. Do the terms and fees specified in the engagement letter agree with the Audit contract? “In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control.”
   b. Does the engagement letter contain an indemnification clause? The audit contract will not be approved if there is an indemnification clause – refer to LGC Memo # 986.

7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the signature pages, please note:
   - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year’s total audit fee. If the contract fee is partially variable, we will compare the authorized interim payment on the contract to 75% of last year’s actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: https://www.nctreasurer.com/slg/Pages/Non-Audit-Services-and-Audit-Fees.aspx - Auditors and Audit Fees.
     Please call or email Darrus Cofield at 919-814-4299 darrus.cofield@nctreasurer.com if you have any questions about the fees on this list.
   - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Send the page(s) that are applicable to your Unit of Government. Make sure all signatures have been obtained, and properly dated. **The contract must be approved by Governing Boards pursuant to G.S. 159-34(a).**

NEW - If this contract includes auditing a DPCU that is a Public Authority under the Local Government Budget and Fiscal Control Act it must be named in this Audit contract and the Board chairperson of the DPCU must also sign the Audit contract in the area indicated. If the DPCU has a separate Audit, a separate Audit contract is required for the DPCU.

9. Please place the date the Unit’s Governing Board and the DPCU’s governing Board (if applicable) approved the audit contract in the space provided.

   a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.

   b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?

   c. Has the name and title of the Mayor or Chairperson of the Unit’s Governing Board and the DPCU’s Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor’s signature?

10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the applicable signature page(s) of the contract.

11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.

12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to be submitted for approval into a PDF file. Peer Review Reports should be submitted in a separate PDF file. These documents should be submitted using the most current submission process which can be obtained at the NC Treasurer’s web site – [https://www.nctreasurer.com/slг/Pages/Audit-Forms-and-Resources.aspx](https://www.nctreasurer.com/slг/Pages/Audit-Forms-and-Resources.aspx).

13. **NEW:** If an audit is unable to be completed by the due date, an Amended Contract should be completed and signed by the unit and auditor, using the new “Amended LGC-205” form (Rev. 2015). The written explanation for the delay is now included on the contract itself to complete, and must be signed by the original parties to the contract.
SYSTEM REVIEW REPORT

To the Partners of Martin Starnes & Associates, CPAs, P.A. and the Peer Review Committee of the North Carolina Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of pass.

May 21, 2015

Koonce, Wooten & Haywood, LLP

Raleigh
4000 Barrett Drive
P.O. Box 17866
Raleigh, North Carolina 27619
919 782 9985
919 783 8937 FAX

Durham
3511 Shannon Road
Suite 100
Durham, North Carolina 27707
919 364 2984
919 469 6183 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312
919 542 6000
919 542 5764 FAX
February 20, 2017

Serina Hinson, Finance Director
City of Newton
401 North Main Avenue
Newton, NC 28658-0550

You have requested that we audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newton, NC, as of June 30, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City of Newton’s basic financial statements as listed in the table of contents.

In addition, we will audit the entity’s compliance over major federal and State award programs for the period ended June 30, 2017. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity’s major federal and State award programs.

Accounting principles generally accepted in the United States of America require that certain supplementary information, such as Management’s Discussion and Analysis, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management’s responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management’s Discussion and Analysis
- Law Enforcement Officers’ Special Separation Allowance schedules
- Other Post-Employment Benefits schedules
- Local Government Employees’ Retirement System’s schedules
Supplementary information other than RSI will accompany the City of Newton’s basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining and individual fund financial statements
- Budget and actual schedules
- Supplemental ad valorem tax schedules
- Schedule of Expenditures of Federal and State Awards

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor’s report will not provide an opinion or any assurance on that other information:

- Introductory information
- Statistical tables

**Schedule of Expenditures of Federal and State Awards**

We will subject the Schedule of Expenditures of Federal and State Awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the Schedule of Expenditures of Federal and State Awards is presented fairly in all material respects in relation to the financial statements as a whole.

**Data Collection Form**

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management’s responsibility to submit a reporting package including financial statements, Schedule of Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors’ reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.
Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, the direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and Government Auditing Standards of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and Government Auditing Standards does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the City of Newton’s basic financial statements. Our report will be addressed to the governing body of the City of Newton. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.
Audit of Major Program Compliance

Our audit of the City of Newton’s major federal and State award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; the Uniform Guidance, and the State Single Audit Implementation Act, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and the State Single Audit Implementation Act and other procedures we consider necessary to enable us to express such an opinion on major federal and State award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal and State award programs. Our procedures will consist of determining major federal and State programs and performing the applicable procedures described in the U.S. Office of Management and Budget OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the entity’s major programs. The purpose of those procedures will be to express an opinion on the entity’s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity’s major federal and State award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity’s major federal and State award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management’s Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For safeguarding assets;
4. For identifying all federal and State awards expended during the period including federal awards and funding increments received prior to December 26, 2014, and those received in accordance with the Uniform Guidance generally received after December 26, 2014;
5. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act requirements;
6. For the design, implementation, and maintenance of internal control over compliance;
7. For identifying and ensuring that the entity complies with laws, regulations, grants, and contracts applicable to its activities and its federal and State award programs and implementing systems
designed to achieve compliance with applicable laws, regulations, grants and contracts applicable
to activities and its federal and State award programs;

8. For identifying and providing report copies of previous audits, attestation engagements, or other
studies that directly relate to the objective of the audit, including whether related recommendations
have been implemented;

9. For addressing the findings and recommendations of auditors, for establishing and maintaining a
process to track the status of such findings and recommendations and taking corrective action on
reported audit findings from prior periods and preparing a summary schedule of prior audit
findings;

10. For following up and taking corrective action on current year audit findings and preparing a
corrective action plan for such findings;

11. For submitting the reporting package and data collection form to the appropriate parties;

12. For making the auditor aware of any significant vendor/contractor relationships where the
vendor/contractor is responsible for program compliance;

13. To provide us with:
   a. Access to all information of which management is aware that is relevant to the preparation and
      fair presentation of the financial statements, and relevant to federal and State award programs,
      such as records, documentation, and other matters;
   b. Additional information that we may request from management for the purpose of the audit; and
   c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain
      audit evidence.

14. For adjusting the financial statements to correct material misstatements and confirming to us in the
management representation letter that the effects of any uncorrected misstatements aggregated by
us during the current engagement and pertaining to the current year period(s) under audit are
immaterial, both individually and in the aggregate, to the financial statements as a whole; and

15. For maintaining adequate records, selecting and applying accounting principles, and safeguarding
assets; and

16. For confirming your understanding of your responsibilities as defined in this letter to us in your
management representation letter.

With regard to the supplementary information referred to above, you acknowledge and understand your
responsibility (a) for the preparation of the supplementary information in accordance with the applicable
criteria, (b) to provide us with the appropriate written representations regarding supplementary information,
(c) to include our report on the supplementary information in any document that contains the supplementary
information and that indicates that we have reported on such supplementary information, and (d) to present
the supplementary information with the audited financial statements, or if the supplementary information
will not be presented with the audited financial statements, to make the audited financial statements readily
available to the intended users of the supplementary information no later than the date of issuance by you
of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with
governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents
or invoices selected by us for testing.

We will provide copies of our reports to the City of Newton; however, management is responsible for
distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing
privileged and confidential information, copies of our reports are to be made available for public inspection.

With regard to using the auditor’s report, you understand that you must obtain our prior written consent to
reproduce or use our report in bond offering official statements or other documents.
With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Fees

Marcie Spivey is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Martin Starnes & Associates, CPAs, P.A.’s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are stated in the Contract to Audit Accounts. Our invoices for these fees will be rendered in four installments as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the City of Newton’s personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

We want our clients to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. In working to provide you with such value, we find there are certain circumstances that can cause us to perform work in excess of that contemplated in our fee estimate.

Following are some of the more common reasons for potential supplemental billings:

Changing Laws and Regulations

There are many governmental and rule-making boards that regularly add or change their requirements. Although we attempt to plan our work to anticipate the requirements that will affect our engagement, there are times when this is not possible. We will discuss these situations with you at the earliest possible time in order to make the necessary adjustments and amendments in our engagement.
Incorrect Accounting Methods or Errors in Client Records

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous errors, incomplete records, or the application of incorrect accounting methods, we will have to perform additional work to make the corrections and reflect those changes in the financial statements.

Failure to Prepare for the Engagement

In an effort to minimize your fees, we assign you the responsibility for the preparation of schedules and documents needed for the engagement. We also discuss matters such as availability of your key personnel, deadlines, and work space. If your personnel are unable, for whatever reasons, to provide these items as previously agreed upon, it might substantially increase the work we must do to complete the engagement within the scheduled time.

Starting and Stopping Our Work

If we must withdraw our staff because of the condition of the client's records, or the failure to provide agreed upon items within the established timeline for the engagement, we will not be able to perform our work in a timely, efficient manner, as established by our engagement plan. This will result in additional fees, as we must reschedule our personnel and incur additional start-up costs.

Assistance with Financial Statement Drafting

Your personnel is responsible for drafting the footnotes to the financial statements and the Schedule of Expenditures of Federal and State Awards, if applicable. Upon completion of the drafted financial statements, we will review them and may return them to you with suggested revisions. If significant assistance is needed to make those revisions, this will result in additional fees based on the amount of assistance required.

The contract fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from $75-$300 per hour.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit documentation for this engagement is the property of Martin Starnes & Associates, CPAs, P.A. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Local Government Commission, Office of the State Auditor, federal or State agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Martin Starnes & Associates, CPAs, P.A.’s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.
Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature. With respect to any nonattest services we perform, the City of Newton’s management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

*Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor’s report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity’s significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management’s consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm to the Contract to Audit Accounts for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal and State award programs, including our respective responsibilities.
We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina

RESPONSE:

This letter correctly sets forth the understanding of the City of Newton.

Acknowledged and agreed on behalf of the City of Newton by:

Name: ______________________________________________________________

Title: __________________________________________________________________

Date: __________________________________________________________________
CITY OF NEWTON
REQUEST FOR COUNCIL ACTION

DATE:  February 27, 2017

TO:  E. Todd Clark, City Manager

FROM:  Doug Wesson

CONSIDERATION OF:  Budget Amendment

Approved for Council Consideration

Background:

City Council entered into an economic development agreement with Corning on February 20, 2017, which will produce 210 new jobs and lead to an investment of $67 million dollars in a facility located at 1500 Prodelin Dr.

This facility currently has only one primary electrical service established on site. In order to provide adequate services to the facility, a determination was made by City staff and Corning representatives that two additional primary services will be required. According to City policy, all new electrical installations necessary to deliver the required electrical load to the customer are provided at no additional cost. This includes Service Agreements and/or Generator Agreement, if applicable. The cost to provide two additional services are specified in the following chart:

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Transformers</td>
<td>$ 65,000</td>
</tr>
<tr>
<td>Materials</td>
<td>$ 31,000</td>
</tr>
<tr>
<td>Labor &amp; Equipment</td>
<td>$ 8,000</td>
</tr>
<tr>
<td></td>
<td>$104,000</td>
</tr>
<tr>
<td>Contingency 20%</td>
<td>$ 20,800</td>
</tr>
<tr>
<td>Total</td>
<td>$124,800</td>
</tr>
</tbody>
</table>

Additionally, in compliance with North Carolina General Statutes and as part of the economic development incentive agreement, City Council authorized a payment to Corning in the amount of $67,975 for electrical system improvements inside the facility. These improvements are to be completed by Corning.

The expenses outlined in this Request for Council Action total $192,775 and were not included within the FY 2016-17 operating budget.

Action Suggested:

City staff recommends an appropriation from the Electric Fund Balance in the amount of $192,800 as outlined in this request. A budget ordinance has been included with this Request for Council Action for consideration.
AN ORDINANCE TO AMEND REVENUES AND EXPENDITURES FOR FISCAL YEAR 2016-2017 FOR THE CITY OF NEWTON.

WHEREAS, the City Council of the City of Newton have adopted a Budget Ordinance for fiscal year beginning July 1, 2016, and ending June 30, 2017, in accordance with the General Statutes of the State of North Carolina; and

WHEREAS, the City Council desires to approve $192,800 for costs associated with the City’s February 20, 2017 contract with Corning Optical Communications, LLC (Corning). As part of this agreement, the City will provide a payment of $67,975 for electrical system improvements related to the project upon receipt of an executed Electrical Services Agreement. In addition Corning has requested two more primary services in addition to the one existing primary service already on site at 1500 Prodelin Dr. The two additional services are two transformers - $65,000, materials - $31,000, labor and equipment - $8,000, and a 20% contingency - $20,800 for a total of $124,800 for providing the additional two primary services; and,

WHEREAS, the City Council desires to utilize fund balance and to authorize the related expenditure appropriation within the Electric Fund operating budget.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEWTON, NORTH CAROLINA, THAT:

THE FOLLOWING SOURCE OF REVENUE AND APPROPRIATION ARE HEREBY APPROVED.

<table>
<thead>
<tr>
<th>Water/Wastewater Fund Revenues</th>
<th>63-0000.3995</th>
<th>$192,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance Appropriated</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Water/Wastewater Fund Appropriations           | 63-7201.8500 | $124,800 |
| Capital Outlay – Other Equipment               |              |          |
| Miscellaneous                                 | 63-7201.7990 | $ 68,000 |

Adopted this 7th day of March, 2017.

__________________________________________
Anne P. Stedman, Mayor

Attest:

__________________________________________
Amy S. Falowski, City Clerk
DATE: March 2, 2017

TO: E Todd Clark, City Manager

FROM: Sean Hovis, Assistant City Manager

CONSIDERATION OF: Budget ordinance amendment for replacement roof on old Fire Station #1 located at 116 West “A” Street in Newton.

Background:

1. During the 2017 City Council Workshop on January 19 and 20, 2017, City Council received a report regarding the condition of the building previously used as Fire Station #1. The Council specifically discussed the replacement of the roof.
2. The Roof is greater than 20 years old and is showing signs of failure.
3. There has recently been a significant amount of activity and interest in the building for a future use.
4. During the Workshop, Council approved the replacement of the roof on the old Fire Station.
5. Three bids have been received for this project and staff is prepared to proceed with a bid award following approval by Council of the attached budget amendment.
6. It is necessary to amend the FY 2017-2018 budget to allocate funding for this expense.

Action Suggested:

Approve the attached budget amendment for the installation and replacement of the roof on the old Fire Station #1 in the amount of $27,500.
AN ORDINANCE TO AMEND REVENUES AND EXPENDITURES FOR FISCAL YEAR 2016-2017 FOR THE CITY OF NEWTON.

WHEREAS, the City Council of the City of Newton have adopted a Budget Ordinance for fiscal year beginning July 1, 2016, and ending June 30, 2017, in accordance with the General Statutes of the State of North Carolina; and

WHEREAS, the City Council desires to approve $27,500 for costs associated with the replacement of the roof at the old Fire Station #1 located at 116 West A Street. There has recently been a significant interest in the building; however, the roof is in poor condition. As part of the February 2017 City Council Workshop, Council directed staff to proceed with the replacement of the roof; and,

WHEREAS, the City Council desires to utilize fund balance and to authorize the related expenditure appropriation within the Fire Department operating budget.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEWTON, NORTH CAROLINA, THAT:

THE FOLLOWING SOURCE OF REVENUE AND APPROPRIATION ARE HEREBY APPROVED.

| Water/Wastewater Fund Revenues | Fund Balance Appropriated | 11-0000.3990 | $27,500 |
| Water/Wastewater Fund Appropriations | Capital Outlay – Bldg./Bldg. Improvements | 11-4340.8800 | $27,500 |

Adopted this 7th day of March, 2017.

__________________________________________
Anne P. Stedman, Mayor

Attest:

__________________________________________
Amy S. Falowski, City Clerk
CITY OF NEWTON
REQUEST FOR COUNCIL ACTION

DATE: February 27, 2017

TO: Mayor Anne Stedman and City Council

FROM: Todd Clark, City Manager

CONSIDERATION OF: Water Line Contract with Catawba County

Approved for Council Consideration

Background:

The City of Newton entered into an agreement with Catawba County in 2013 to cooperatively finance and construct a waterline within a North Carolina State right-of-way along N.C. Highway 16, south. The construction of this waterline project was to be coordinated with NCDOT and commence with the construction of a much anticipated multi-lane highway project planned for NC Highway 16, south.

In addition to the construction of a water line along N.C. Highway 16, south, the agreement included the construction of water lines on Buffalo Shoals Road and Balls Creek Road for the purpose of connecting existing dead-end water lines. The completion of the project would also provide municipal water service to property owners in the immediate area of the construction project.

The agreement with Catawba County specified that the County would be responsible for acquiring all right-of-ways for the City, complete all engineering plans and specifications, bid construction, award construction, and conduct oversight of the project until its completion. The water lines would then be turned over to the City of Newton for ownership, maintenance, and operation when completed. The agreement also specified that Catawba County would provide the City a loan for the project, with a required 75% match from the City at zero percent interest for a 10-year term.

In October of 2016, the City was notified by Catawba County that NCDOT will now be responsible for the coordination and completion of the construction project on N.C. Highway 16, south. As a matter of policy, NCDOT requires the future owner and operator of the water line to enter into an agreement with them for all facets of the project, including those outlined in this Request for Council Action. Since the City of Newton will be the future owner and operator of the water line, the agreement with Catawba County must be terminated and a new contract agreement approved. This includes a change that coordinates a payment from Catawba County to the City of Newton to satisfy our financial obligation to NCDOT.

The City Attorney and I have worked with the County Manager and his staff to draft a new contract agreement. A copy of the contract agreement has been included with this Request for Council Action for review by City Council.

City Council is advised that Catawba County retained the services of McGill & Associates to complete engineering plans and specifications prior to October 2016. These plans and specifications are complete and have been accepted by NCDOT for the portion of the project located within the N.C. Highway 16, south right-of-way. The related engineering expenses have been incorporated into the proposed new contract agreement with Catawba County.

The contract presented by NCDOT for consideration includes an estimated project construction cost of $3,765,078. The estimated construction project cost for Buffalo Shoals Road and Balls Creek Road is $1,474,206. The cost for Design Engineering on the entire project is $300,000 and Engineering Construction Administration is $300,000. The total cost for all phases of the water line project is $5,839,284.
The substantive changes to the contract agreement with Catawba County include updated project costs, assignments of responsibility for construction, amendments to the loan repayment schedule, a provision for Catawba County to assure the City will fulfill the terms of the loan repayment schedule, and a 5-year project commencement schedule.

**Action Suggested:**

The contract has been reviewed by the City Attorney and also with the County Manager and his staff. I recommend City Council enter into the contract agreement with Catawba County for completion of the Highway 16, south water line project.
STATE OF NORTH CAROLINA

STATE OF NORTH CAROLINA

AGREEMENT BETWEEN CATAWBA COUNTY AND CITY OF NEWTON FOR WATER LINE(S) TO SERVE HIGHWAY 16 SOUTH, BALLS CREEK ROAD AND BUFFALO SHOALS ROAD

THIS AGREEMENT, by and between Catawba County, hereinafter "County" and the City of Newton, hereinafter "City" is effective the ______ day of March, 2017.

WHEREAS, County and City have agreed that municipal water service is needed to serve Highway 16 South, Balls Creek Road, and Buffalo Shoals Road, creating hydraulic loops within the City’s water system, as described below, in order to improve water quality;

WHEREAS, to satisfy that need, County and City entered into an agreement dated June 3, 2013, providing that County would install and City would operate a series of water lines described as Balls Creek Division I, Balls Creek Division II, and Balls Creek Division III, and now described below as NCDOT Construction and Non-NCDOT Construction, hereinafter "Project";

WHEREAS, the North Carolina Department of Transportation ("DOT") will be widening NC Highway 16 in Catawba County and has agreed to install the portions of the Project located in the right of way for NC Highway 16 as provided in the agreement between City and DOT dated _______________, 2017 and entitled “Utility Agreement”;

WHEREAS, County will manage the Non-DOT Construction portions of the Project through the design and permitting phase;

WHEREAS, County agrees to finance the installation of the Project subject to the terms of repayment described below; and

WHEREAS, the June 3, 2013, agreement between County and City is hereby terminated and replaced by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements made, the parties agree as follows:

1. The parties agree the County will pay the full amount of the estimated cost within the NC Highway 16 right of way (“NCDOT Construction”) which totals Four Million One Hundred Seventy-Nine Thousand Five Hundred Seventy-Eight Dollars ($4,179,578.00) and the full amount of the remaining estimated costs for the portions of the Project that are not located in the NC Highway 16 right of way (“Non-NCDOT Construction”) which are estimated to be One Million Six Hundred Fifty-Nine Thousand Seven Hundred Six Dollars ($1,659,706.00), or, for both projects, the actual cost of the water line construction, installation, construction administration, design engineering, permitting, and fees if the actual costs are less than the estimates listed above. County will manage the portions of the Project that are not included in the agreement between DOT and City through the design and permitting phase. The County has no further responsibility for any aspect of design, permitting, or construction beyond this point. The City will be solely responsible
for all further steps needed to complete both portions of the project. The breakdown of the estimated costs are as follows:

- **NCDOT**
  - Cost Estimate from DOT $3,765,078.00
  - Construction Administration 200,000.00
  - Design Engineering 214,500.00
  - Total Estimate $4,179,578.00

- **NON-NCDOT**
  - Cost Estimate $1,474,206.00
  - Construction Administration 100,000.00
  - Design Engineering 85,500.00
  - Total Estimate $1,659,706.00

2. County will initiate the loan to City for the NCDOT Construction portion of the project upon DOT submitting a final invoice to City for DOT’s portion of the Project.

3. The Non-NCDOT Construction loan will be initiated by City submitting to County, on a monthly basis, an invoice for reimbursement once City has approved and paid pay applications from the utility contractor and/or consulting engineer. Invoices to County must include requested reimbursement amount and approved pay requests showing payment by City. Once City has submitted, and County has paid, reimbursement invoices totaling the project estimate or actual cost, whichever is less, County will stop paying reimbursement invoices submitted by City.

4. Any and all design engineering and other costs already incurred by County prior to this agreement have been or will be paid directly by County and 75% of the costs will be included in the loan amount to be repaid by City. These costs are estimated to be $300,000.00 and allocated to the NCDOT portion and NON-NCDOT portion as shown in paragraph 1 above. If City does not begin construction of the NON-NCDOT portion within five (5) years of the effective date of this Agreement, the total design engineering cost will be included in the NCDOT loan.

5. The City agrees to keep the County advised with regard to proposed change orders and actions concerning any change orders. A change order that County determines would materially modify the original scope of either portion of the project must be approved by County.

6. City agrees to repay County seventy-five percent (75%) of total Project cost estimate or the total project actual cost, whichever is less, payable over a ten (10) year period; the remaining twenty-five percent (25%) is a grant to City. No interest will be charged on the loan. Payments for the NCDOT Construction portion will be made in equal annual installments, beginning twelve (12) months from the date County initiates loan to City. Payments for the Non-NCDOT Construction will be made in equal annual installments, beginning twelve (12) months after the final reimbursement is made to City. If City fails to make a payment pursuant to this Agreement within thirty (30) days of the date invoiced, City will be in default. County will notify City in writing of the default. If County does not receive payment within thirty (30) days of the date of the notice, County may acquire
possession of the water lines and Collateral, as defined herein, installed pursuant to this Agreement and control of the service area in which the water lines are located, irrespective of any prior agreements between the parties. City will cooperate with County to promptly facilitate the transfer of water lines from City water system ID number to County water system ID number, and customers will become County’s customers. City will also transfer any easements and/or rights of way associated with the Project to the County.

7. Exhibit A, attached and incorporated herein by reference, is a map showing each of the contemplated waterline divisions referenced as NCDOT Construction and Non-NCDOT Construction. The waterline divisions are further described as follows:

(a) NCDOT Construction: consists of approximately 26,000 linear feet of 12" water line(s) and appurtenances beginning at an existing City of Newton water line at the intersection of Coley Fish Pond Road and NC HWY 16, extending south along NC HWY 16 to its intersection with Buffalo Shoals Road. The NCDOT estimated cost of this division is $3,765,078.00.

(b) Non-NCDOT Construction: All water lines not constructed by NCDOT along NC HWY 16. More specifically, these water lines and appurtenances consist of approximately 16,600 linear feet of 12" water line in two sections, one along Buffalo Shoals Road and the second along Balls Creek Road. The Buffalo Shoals Road water line begins 525 linear feet north of its intersection with NC HWY 16 and extends northeast to an existing dead-end water line located at Balls Creek Campground. The Balls Creek Road water line begins 700 linear feet north from its intersection with NC HWY 16 and extends northeast to an existing dead-end water line located at Balls Creek Elementary School. The estimated cost of this Division is $1,474,206.

8. City grants to County, to secure the repayment of the amount loaned for the installation of the above described water lines, a continuing security interest in all of the water lines installed pursuant to this Agreement, whether now owned or existing or hereafter acquired and wherever located, together with all appurtenances, parts, fittings, accessories, equipment, special tools, renewals, and replacements of all or any part thereof (all hereinafter called “Collateral”). At the time of execution of this Agreement, City shall have furnished County with properly executed financing statements as prescribed by the Uniform Commercial Code as presently in effect in North Carolina and approved by County in form and number sufficient for filing wherever required with respect to the Collateral, in order that County shall have a duly perfected security interest of record in the Collateral following its filing of such financing statements with the appropriate local and state governmental authorities. City shall execute as reasonably required by County any additional financing statements or other documents to effect the same, together with any necessary continuation statements. This security interest will terminate upon full payment of the loan.

9. County has the right, at its option, to construct and install future line additions, extensions or connections from City water line(s) installed and operated as part of the Project, provided any addition, extension or connection will serve County customers and not customers inside City’s corporate limits and adequate capacity is available. If some portion of an addition, extension or connection is within the City’s corporate limits, City has the right to add to, connect to or extend the line to its citizens with no participation from County.
10. If City proposes to County to make an addition, extension or connection to Project lines, County shall within ninety (90) days notify City of its intention to participate in the addition, extension or connection. If County opts to participate in the addition, extension or connection, the operation and maintenance of the line will be governed by this Agreement.

11. If County opts not to participate in any addition, extension or connection, City retains the right to proceed without any participation from County.

12. City will operate and maintain Project lines and connections as required by the Catawba County Code, Chapter 42, and Entitled "WATER AND SEWER". The connection fee for tap stub outs installed with the initial construction of the Project shall be those in effect for the City at that time. Connection fees for connections made after initial construction of the Project shall be those in effect for the City at the time the connection application is filed.

13. The County capital fee for connection tap stub outs shall be those in effect for the County at the time the connection is applied for in accordance with the County’s adopted fee schedule.

14. The Application for Approval of Engineering Plans and Specifications for Water Supply Systems to be submitted to the appropriate State agency shall be in the name of City.

15. All designs, developments, plans, and engineering shall be subject to review and consent by both parties. The parties will not suggest or make unreasonable changes in the designs, developments, and plans for the Project.

16. The parties agree that the NCDOT Construction portion and Non-NCDOT Construction portion will be designed as one project for State permitting. The Non-NCDOT Construction portion will be bid at City’s discretion.

17. County agrees that all customers of this Project shall be subject to policies, practices, ordinances and directives of the City in operation of the water lines. This includes but is not limited to: Water Conservation Ordinances, Rate Reviews, Irrigation Meter Policy, Backflow Prevention Policy, etc.

18. Upon the State issuing Final Approval, City will maintain, replace and repair all water lines and appurtenances which are part of the Project as a part of the overall City water system. City shall respond with reasonable promptness and efficiency to any and all complaints with respect to the water lines and will provide necessary services related to such complaints.

19. Ownership of the lines, along with related easements, shall be in the name of the City. City will be the provider of water and will maintain all lines and serve all future customers of the water lines described above unless City breaches the terms of this Agreement.

20. Any work contemplated under this Agreement is subject to the approval of funds by both the Catawba County Board of Commissioners and the Newton City Council. Should City not
commence construction for any reason within five (5) years of the effective date of this Agreement, City understands and agrees County shall no longer be obligated to provide any appropriated funds.

21. The City agrees and grants permission to the County to either alone or with another entity enter into an agreement to finance a waterline extension from the intersection of West Bandy’s Cross Roads and Buffalo Shoals Roads southwest on Buffalo Shoals Road to NC Highway 16 to connect the County's Bandy's and Anderson Mountain Water Tanks together in a looped system that will improve water quality and quantity for the County's SECC system. This waterline extension will only serve as a hydraulic connection between County's Bandy's and Anderson Mountain Water Tanks with no service line connections on the Buffalo Shoals Road Portion described above. This paragraph is intended to adhere to a previous agreement between City and County entitled "AGREEMENT BETWEEN CATAWBA COUNTY AND CITY OF NEWTON WATER SERVICE TO SOUTHEASTERN CATAWBA COUNTY" dated May 15, 2001.

22. The parties shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. Further, if the parties utilize a subcontractor, the parties shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.

23. The parties certify that, as of the date listed below, they are not on the Final Divestment List or the Iran Parent and Subsidiary Guidance List as created by the State Treasurer pursuant to NCGS 147-86.58. In compliance with the requirements of the Iran Divestment Act (Article 6E of Chapter 147 of the North Carolina General Statutes), the parties shall not utilize, in the performance of the contract, any subcontractor that is identified on the Final Divestment List or the Iran Parent and Subsidiary Guidance List.

24. The June 3, 2013 agreement between County and City is hereby terminated and replaced by this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the day and year above first written.

CATAWBA COUNTY BOARD OF COMMISSIONERS

______________________________
C. Randall Isenhower, Chair

ATTEST:

______________________________
Seal

______________________________
Barbara Morris, County Clerk
CITY OF NEWTON

Anne P. Stedman, Mayor

ATTEST:

Seal

Amy Falowski, City Clerk

THIS INSTRUMENT has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

Date: ____________________

__________________________
Robert Miracle, Catawba County Finance Director

Date: ____________________

__________________________
Serina Hinson, City of Newton Finance Director

APPROVED AS TO FORM

Date: ____________________

__________________________
Jodi Stewart, Assistant County Attorney

Date: ____________________

__________________________
John Cilley, City Attorney
This map product was prepared from the Catawba County, NC, Geographic Information System. Catawba County has made substantial efforts to ensure the accuracy of location and labeling information contained on this map. Catawba County promotes and recommends the independent verification of any data contained on this map product by the user. The County of Catawba, its employees and agents disclaim, and shall not be held liable for any and all damages, loss or liability, whether direct, indirect or consequential which arises or may arise from this map product or the use thereof by any person or entity.
CITY OF NEWTON  
REQUEST FOR COUNCIL ACTION  

DATE: February 27, 2017  
TO: Mayor Anne Stedman and City Council  
FROM: Todd Clark, City Manager  

CONSIDERATION OF: Water Line Contract with NCDOT  

Approved for Council Consideration  

Background:  
The City of Newton entered into an agreement with Catawba County in 2013 to cooperatively finance and construct a waterline within a North Carolina State right-of-way along N.C. Highway 16, south. The construction of this waterline project was to be coordinated with NCDOT and commence with the construction of a much anticipated multi-lane highway project planned for NC Highway 16, south.  

The agreement with Catawba County specified that the County would be responsible for acquiring all right-of-ways for the City, complete all engineering plans and specifications, bid construction, award construction, and conduct oversight of the project until its completion. The water line would then be turned over to the City of Newton for ownership, maintenance, and operation when completed. The agreement also specified that Catawba County would provide the City a loan for the project, with a required 75% match from the City at zero percent interest for a 10-year term.  

In October of 2016, the City was notified by Catawba County that NCDOT will now be responsible for the coordination and completion of the construction project. As a matter of policy, NCDOT requires the future owner and operator of the water line to enter into an agreement with them for all facets of the project, including those outlined in this Request for Council Action. Since the City of Newton will be the future owner and operator of the project, the agreement with Catawba County must be terminated and a new contract approved. This includes changes to the original agreement that coordinates a payment from Catawba County to the City of Newton to satisfy our financial obligation to NCDOT.  

A standard agreement has been provided by NCDOT to the City for this project. The agreement has been reviewed by our City Attorney and a copy of the agreement has been included for review by City Council.  

City Council is advised that Catawba County retained the services of McGill & Associates to complete engineering plans and specifications prior to October 2016. These plans and specifications are complete and have been accepted by NCDOT for the project. The related engineering expenses have been incorporated into a proposed new contract agreement with Catawba County that will need to be reviewed and considered by City Council separate from this Request for Council Action.  

The contract that has been presented by NCDOT to the City includes an estimated construction project cost of $3,765,078. The total cost including design engineering and construction administration is $4,179,578. This cost has also been included in the amended contract agreement with Catawba County.  

Action Suggested:  
The contract has been reviewed by the City Attorney and with the County Manager and his staff. I recommend City Council enter into the agreement with NCDOT for completion of the Highway 16, south water line project.
THIS AGREEMENT is made and entered into on the last date executed below, by and between the North Carolina Department of Transportation, an agency of the State of North Carolina, hereinafter referred to as the “Department” and the City of Newton, hereinafter referred to as the “Municipality”.

WHEREAS, the Department has prepared and adopted plans to make certain street and highway improvements under Project R-3100A/B, in Catawba County, said plans consist of NC 16 from north of SR 1814 (Caldwell Road) to SR 1895 (Tower Road) (combined w/R-3100B); NC 16 from north of SR 1801 (Claremont Road) to north of SR 1814 (Caldwell Road) (combined w/R-3100A); Catawba County; said project having a right-of-way width as shown on the project plans on file with the Department’s office in Raleigh, North Carolina; and,

WHEREAS, the parties hereto wish to enter into an agreement for certain utility work to be performed by the Department’s construction contractor with full reimbursement by the Municipality for the costs thereof as hereinafter set out.

NOW, THEREFORE, it is agreed as follows:

1. The Department shall place provisions in the construction contract for Project R-3100A/B Catawba County, for the contractor to adjust and relocate water and sewer lines. Said work shall be accomplished in accordance with project special provisions attached hereto as Exhibit “A”, and cost estimate attached hereto as Exhibit “B”.

2. The Municipality shall be responsible for water and sewer lines costs. The estimated cost to the Municipality is $3,765,078.00 as shown on the attached Exhibit “B”. It is understood by both
parties that this is an estimated cost and is subject to change. The Municipality shall reimburse the Department for said costs as follows:

A. Upon completion of the highway work, the Department shall submit an itemized invoice to the Municipality for costs incurred. Billing will be based upon the actual bid prices and actual quantities used.

B. Reimbursement shall be made by the Municipality in one final payment within sixty (60) days of said invoice.

C. If the Municipality does not pay said invoice within sixty (60) days of the date of the invoice, the Department shall charge interest on any unpaid balance at a variable rate of the prime plus (1%) in accordance with G.S. 136-27.3.

D. Said interest rate shall be set upon final execution of the Agreement by the Department. The Municipality will be notified of the set interest rate by the Department’s approval letter upon receipt of the fully executed agreement.

E. Any cost incurred due to additional utility work requested by the Municipality after award of the construction contract, shall be solely the responsibility of the Municipality. The Municipality shall reimburse the Department 100% of the additional utility cost.

3. In the event the Municipality fails for any reason to pay the Department in accordance with the provisions for payment hereinabove provided, North Carolina General Statute 136-41.3 authorizes the Department to withhold so much of the Municipality’s share of funds allocated to said Municipality by North Carolina General Statute, Section 136-41.1, until such time as the Department has received payment in full.

4. Upon the satisfactory completion of the relocations and adjustments of the utility lines covered under this Agreement, the Municipality shall assume normal maintenance operations to the said utility lines. Upon completion of the construction of the highway project, the Municipality shall release the Department from any and all claims for damages in connection with adjustments made to its utility lines; and, further, the Municipality shall release the Department of any future responsibility for the cost of maintenance to said utility lines. Said releases shall be deemed to be given by the Municipality upon completion of construction of the project and its acceptance by
the Department from its contractor unless the Municipality notifies the Department, in writing, to the contrary prior to the Department’s acceptance of the project.

5. It is further agreed that the following provisions shall apply regarding the utilities covered in this Agreement.

A. The Municipality obligates itself to service and to maintain its facilities to be retained and installed over and along the highway within the Department’s right-of-way limits in accordance with the mandate of the North Carolina General Statutes and such other laws, rules, and regulations as have been or may be validly enacted or adopted, now or hereafter.

B. If at any time the Department shall require the removal of or changes in the location of the encroaching facilities which are being relocated at the Municipality’s expense, the Municipality binds itself, its successors and assigns, to promptly remove or alter said facilities, in order to conform to the said requirement (if applicable per G.S. 136-27.1), without any cost to the Department.

6. By Executive Order 24, issued by Governor Perdue, and N.C. G.S.§ 133-32, it is unlawful for any vendor or contractor (i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, offeror, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor).

7. Pursuant to G.S. 147-86.59, any person identified as engaging in investment activities in Iran, determined by appearing on the Final Divestment List created by the State Treasurer pursuant to G.S. 147-86.58, is ineligible to contract with the State of North Carolina or any political subdivision of the State. The Iran Divestment Act of 2015, G.S. 147-86.55 et seq. requires that each vendor, prior to contracting with the State, certify that the contracting party meets the requirements of the Iran Divestment Act. The State Treasurer’s Final Divestment List can be found on the State Treasurer’s website at the address www.nctreasurer.com/Iran and will be updated every 180 days.

By execution of this Agreement each Party certifies that neither it nor its Agents or Contactors/Subcontractors are on the Final Divestment List of entities that the State Treasurer
has determined engages in investment activities in Iran; and neither Party shall utilize on any contract with the State agency any subcontractor that is identified on the Final Divestment List. Furthermore, each Party certifies that the undersigned are authorized by the Parties to make this Certification.

During the term of this Agreement, should the Parties receive information that a person is in violation of the Act as stated above, the Department will offer the person an opportunity to respond and the Department will take action as appropriate and provided for by law, rule, or contract. Should this Act be voided by NC General Statute, this Agreement will remain valid; however this certification will no longer be required.
IN WITNESS WHEREOF, this Agreement has been executed, in duplicate, the day and year herefo...r the Municipal...y by authority duly given.

L.S. ATTEST: 
CITY OF NEWTON

BY: ____________________________  BY: ____________________________

TITLE: __________________________ TITLE: __________________________

DATE: __________________________

N.C.G.S. § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this procurement, you attest, for your entire organization and its employees or agents, that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

Approved by __________________________ of the local governing body of the City of Newton as attested to by the signature of Clerk of said governing body on __________________________(Date)

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

(SEAL)

(FINANCE OFFICER)

Federal Tax Identification Number

_______________________________

Remittance Address:

City of Newton

_______________________________

DEPARTMENT OF TRANSPORTATION

BY: ____________________________

(CHIEF ENGINEER)

DATE: __________________________

APPROVED BY BOARD OF TRANSPORTATION ITEM O: __________________________(Date)
CITY OF NEWTON  
REQUEST FOR COUNCIL ACTION

DATE: March 1, 2017

TO: E. Todd Clark, City Manager

FROM: R. S. Williams, AICP, Planning Director

CONSIDERATION OF: Pedestrian Crossing Options on North Ashe Avenue

Approved for Council Consideration

Request:

The Planning Department was requested to examine potential options concerning pedestrian crossing improvements on North Ashe Avenue between West 18th Street and West 15th Street – the area between Newton Conover High School and Discovery High School.

Background:

In early February, a student crossing this section of North Ashe Avenue was struck by a vehicle and injured. Since that time there has been an increased concern for pedestrian safety due to the students which must cross North Ashe Avenue during schools hours, but particularly between 2:00 pm and 3:00 pm as the schools are released. At this time, many students are waiting to be picked up by cars, going to their own cars and migrating between the schools for extracurricular activities.

Although there are crosswalks painted on the street, students cross at many points between those schools. North Ashe Avenue is the primary access for both NCHS and DHS and vehicular use is high. The city has a policy on traffic calming measures which indicates thresholds for implementation and includes the study of vehicular speed and volume. At this time the Planning Staff has not been able to place traffic counters to study speed and volume on the street.

Planning Staff met with Public Works, Police, Fire and Administration to discuss what options are available and which may be effective. This discussion produced three alternatives that should be further investigated:

1) Close North Ashe Avenue between West 18th Street and the driveway and gate at Gurley Stadium. Vehicular traffic access to NCHS would come from West 15th Street, down North Ashe Avenue to the entrance driveway at the front of the building, use that driveway and drop off students, then exit back onto West 15th Street. Vehicular access to DHS would come from West 20th Street via North Ashe Ave enter the campus from West 18th street and exit onto West 18th Street and proceed to Hwy 16 Business. The closed section of North Ashe could be opened for special events such as football and soccer games.

2) Return “No Parking Between 7:00 am and 4:00 pm” on the east side of North Ashe Avenue so that sight distances are improved and students do not enter the street at any point between parked cars, increasing visibility.
3) Construct three “crossing tables” at intervals on North Ashe Avenue, with proper signage. This option identifies the area where the majority of students cross and calms traffic in the area. It would also require the school district to construct a sidewalk on the DHS campus for access.

Maps for each of these options are attached for reference.

In review of these options, Planning and Police Department staffs recommend meeting with the Newton Conover School Administration to discuss the options, required improvements and costs. Staff feels that it is the best interest of both parties involved to consider the impacts and determine the best recommendation to proceed. Part of that discussion should also include potential grant options available to the City and to the school system for the recommended improvements.

**Recommendation:**

It is the Newton Planning Department’s recommendation that Council direct staff to meet with Newton Conover School Administration to make a joint recommendation to the Council for implementation.
North Ashe Avenue
(between West 15th and 18th Streets)