

**MINUTES
REGULAR MEETING OF THE NEWTON CITY COUNCIL**

January 20, 2015 – 7:00 P.M.

The regular meeting of the Newton City Council was held on Tuesday, January 20, 2015 at 7:00 p.m. at Newton City Hall.

PRESENT: Mayor Anne P. Stedman, Mayor Pro Tem Mary Bess Lawing, Tom Rowe, Wayne Dellinger, Robert C. Abernethy, Jr., John Stiver, and Wes Weaver

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

ITEM 1: CALL TO ORDER – Mayor Anne P. Stedman

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

ITEM 2: OPENING Invocation and Pledge of Allegiance – Mayor Pro Tem Mary Bess Lawing

Mayor Pro Tem Mary Bess Lawing led the Invocation and the Pledge of Allegiance.

ITEM 3: APPROVAL OF MINUTES FROM THE January 6, 2014 REGULAR CITY COUNCIL MEETING

Upon motion duly made by Mayor Pro Tem Mary Bess Lawing, seconded by Council Member Robert C. Abernethy, Jr., it was unanimously RESOLVED:

That the Regular Minutes of the January 6, 2014 City Council Meeting be –
APPROVED

ITEM 4: CONSIDERATION OF CONSENT AGENDA ITEMS

Upon motion duly made by Council Member Tom Rowe, seconded by Mayor Pro Tem Mary Bess Lawing, it was unanimously RESOLVED:

That Consent Agenda be – APPROVED

- A. Tax Releases
- B. Sewer Adjustments
- C. Consideration of Appointment to Boards and Commissions – Business Advisory Committee
- D. Consideration of Budget Ordinance Amendment – Dean Sigmon Scholarship

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

ITEM 5: COMMENTS FROM THE PUBLIC: (PERSONS WANTING TO MAKE A PUBLIC COMMENT ON NON-AGENDA ITEMS ARE REQUESTED TO SIGN IN WITH THE CITY CLERK PRIOR TO THE MEETING).

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

Pastor Brian Weaver of Concordia Lutheran Church made a brief presentation concerning “Hiking out Hunger” which is a 108 mile trek on the Appalachian Trail in May to benefit the 20% of homes that do not have food to eat on a daily basis. Pastor Weaver is trying to raise \$50,000 for ECCCM and The Corner Table to use in their hunger crisis programs.

ITEM 6: New Business

A. Report on Mid-Year Review for Fiscal Year 2015

Finance Director Serina Hinson gave a brief overview of the finances for the City of Newton for Fiscal Year 2014-2015.



**City of Newton
Financial Summary Report
For the Fiscal Year Ended June 30, 2015
as of December 31, 2014**

GENERAL FUND

	FY 2015 Amended Budget	Actual 12/31/2013	Actual 12/31/2014	Percent of Budget
REVENUES				
Ad Valorem Taxes	\$ 5,361,150	\$ 3,973,044	\$ 4,112,637	
Other Taxes and Licenses				
Local Option Sales Tax	2,775,000	906,566	975,376	
Other	1,233,100	207,792	243,106	
Unrestricted Intergovernmental Revenues	453,750	583,804	630,364	
Restricted Intergovernmental Revenues	25,000	-	-	
Grants and Contributions				
Federal Grants	56,300	3,731	-	
Spec Project Contrib/Other Grant	9,500	6,335	13,612	
Miscellaneous	1,182,700	689,989	614,219	
Investment Earnings	11,000	1,785	3,281	
Proceeds from Borrowing	1,425,950	-	-	
Fund Balance Appropriated	454,350	-	-	
TOTAL REVENUES	12,987,800	6,373,046	6,592,595	51%
EXPENDITURES				
General Government	1,843,050	727,596	799,528	
Transportation	865,600	589,465	603,948	
Environmental Protection	1,113,950	564,251	597,363	
Public Safety	7,365,150	2,875,398	3,146,832	
Cultural and Recreation	1,407,200	626,862	669,078	
Special Appropriations	392,850	171,679	169,803	
TOTAL EXPENDITURES	12,987,800	5,555,251	5,986,552	46%
FUND INCREASE (DECREASE) as of December 31	\$ -	\$ 817,795	\$ 606,043	
FUND INCREASE (DECREASE) as of June 30		\$ 1,112,244		

Note: Outstanding encumbrances as of December 31, 2014 were \$1,126,071.



City of Newton
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POWELL BILL FUND

	FY 2015	Actual	Actual	Percent
	Amended Budget	12/31/2013	12/31/2014	of Budget
REVENUES				
Restricted Intergovernmental Revenues	\$ 394,050	\$ 392,320	\$ 393,650	
Investment Earnings	500	107	148	
Fund Balance Appropriated	342,200	-	-	
TOTAL REVENUES	<u>736,750</u>	<u>392,427</u>	<u>393,798</u>	53%
EXPENDITURES				
Street Maintenance	466,650	10,629	210,311	
Sidewalk Maintenance	44,950	8,537	22,762	
Storm Sewer and Drainage	12,000	657	8,238	
Other Operating Costs	213,150	92,363	94,938	
TOTAL EXPENDITURES	<u>736,750</u>	<u>112,186</u>	<u>336,249</u>	46%
FUND INCREASE (DECREASE) as of December 31	<u>\$ -</u>	<u>\$ 280,241</u>	<u>\$ 57,549</u>	
FUND INCREASE (DECREASE) as of June 30		<u>\$ 161,963</u>		

Note: Outstanding encumbrances as of December 31, 2014 were \$23,378.



City of Newton
Financial Summary Report
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WATER & WASTEWATER FUND

	FY 2015	Actual	Actual	Percent
	Amended Budget	12/31/2013	12/31/2014	of Budget
REVENUES				
Water Revenues - General	\$ 2,506,450	\$ 1,201,010	\$ 1,251,708	
Water Revenues - Energy United	837,400	410,074	412,045	
Sewer Revenues	2,608,250	1,216,154	1,260,811	
Miscellaneous	421,650	246,844	235,157	
Investment Earnings	2,000	863	660	
Proceeds from Borrowing	2,000,000	-	-	
Fund Balance Appropriated	500	-	-	
TOTAL REVENUES	<u>8,376,250</u>	<u>3,074,945</u>	<u>3,160,381</u>	38%
EXPENDITURES				
Special Appropriations	1,188,300	589,327	589,277	
Operations and Maintenance	2,362,850	1,122,754	1,174,758	
Water Treatment Plant	1,167,100	521,797	593,548	
Wastewater Treatment Plant	1,459,550	885,636	846,716	
Other Appropriations	2,198,450	-	-	
TOTAL EXPENDITURES	<u>8,376,250</u>	<u>3,119,514</u>	<u>3,204,299</u>	38%
FUND INCREASE (DECREASE) as of December 31	<u>\$ -</u>	<u>\$ (44,569)</u>	<u>\$ (43,918)</u>	
FUND INCREASE (DECREASE) as of June 30		<u>\$ 86,557</u>		

Note: Outstanding encumbrances as of December 31, 2014 were \$85,805.



City of Newton
Financial Summary Report
For the Fiscal Year Ended June 30, 2015
as of December 31, 2014

ELECTRIC FUND

	FY 2015	Actual	Actual	Percent
	Amended Budget	12/31/2013	12/31/2014	of Budget
REVENUES				
Electric Sales - Residential	\$ 6,050,000	\$ 2,946,327	\$ 2,888,875	
Electric Sales - Commercial	4,439,000	2,360,084	2,350,106	
Electric Sales - Industrial	4,400,000	2,363,275	2,289,791	
Electric Sales Tax	771,750	161,732	372,921	
Spec Project Contrib/Other Grant-ElectriCities	85,500	1,441	85,500	
Miscellaneous	478,150	270,764	382,600	
Investment Earnings	2,900	1,053	1,552	
Proceeds from Borrowing	-	-	-	
Fund Balance Appropriated	96,150	-	-	
TOTAL REVENUES	16,323,450	8,104,676	8,371,345	51%
EXPENDITURES				
Special Appropriations	908,250	437,600	438,000	
Purchase for Resale	12,222,500	4,782,283	5,235,797	
Operations	3,118,550	1,751,710	1,758,565	
Other Appropriations	74,150	-	-	
TOTAL EXPENDITURES	16,323,450	6,971,593	7,432,362	46%
FUND INCREASE (DECREASE) as of December 31	\$ -	\$ 1,133,083	\$ 938,983	
FUND INCREASE (DECREASE) as of June 30		\$ 353,089		

Note: Outstanding encumbrances as of December 31, 2014 were \$154,654.



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as of December 31, 2014

HEALTH INSURANCE FUND

	FY 2015	Actual	Actual	Percent
	Amended Budget	12/31/2013	12/31/2014	of Budget
REVENUES				
Contributions	\$ 1,632,550	\$ 779,926	\$ 796,886	
Interest on Investments	2,000	291	518	
TOTAL REVENUES	1,634,550	780,217	797,404	49%
EXPENDITURES				
Health Insurance	1,634,550	625,190	587,203	
TOTAL EXPENDITURES	1,634,550	625,190	587,203	36%
FUND INCREASE (DECREASE) as of December 31	\$ -	\$ 155,027	\$ 210,201	
FUND INCREASE (DECREASE) as of June 30		\$ 290,716		

Mayor Anne Stedman thanked Ms. Hinson and asked about what looked like a jump in revenue at the end of the year. Ms. Hinson explained that at June 30th purchase orders roll forward and are therefore not considered outstanding purchase orders.

In the Electric Fund Council Member Tom Rowe asked how much revenues increased. Ms. Hinson said 2.1%. Council Member Dellinger stated that was because the state made the rates go up. Ms. Hinson stated that it was part of the state tax reform. Council Member Rowe stated that the wholesale rate went up for electricity. Ms. Hinson explained that an exemption was lost.

In the Powell Bill Fund Mr. Rowe mentioned that the city is getting behind on road paving and that the roads are getting worse and worse.

Council Member John Stiver asked if projects are under bid if the projected money for the project goes back in to the General Fund. Ms. Hinson stated that it is just not borrowed and doesn't go back to General Fund because it never left the General Fund.

Mr. Clark thanked Ms. Hinson for her report.

B. Swimming Pool

City Manager Todd Clark stated that City Council has taken this matter up for discussion, but has not made a decision pending further information provided by the finance department concerning fiscal year revenues.

Mr. Clark stated that The Council is asked to consider whether or not to open the pool for the summer of 2015 in consideration of the finance report that Ms. Hinson just provided. Mr. Clark stated that the projections in the financial report show a \$310,000 loss in revenues due to revaluation, and that several projects are upcoming, such as Streetscape, Strategic Planning, Customer Service and the Pay Study. He stated that there are many moving parts to the city's budget and that it would help Sandra with her marketing strategy to know sooner than later if the City Council desires to open the pool.

Mayor Stedman asked if there is a marketing strategy in place, and if so, what kind. Sandra Waters, Parks and Recreation Director stated that they would target new programs such as SCUBA classes and movies. She also said that she would do heavy marketing to day care programs.

Council Member Tom Rowe asked how many total weeks the pool is usually open. Ms. Waters said 10 weeks. Mr. Rowe asked if maybe it could stay open longer. Ms. Waters stated that she would try, but usually life guards are going back to school. Council Member Mary Bess Lawing stated that maybe the pool could stay open another month on the weekends only. Ms. Waters said that she would try to get life guards on the weekends.

Mayor Stedman presented a letter from Frances Enscoe to City Council encouraging City Council to open the pool.

Council Member Robert C. Abernethy, Jr. stated that he is still undecided on the issue. He stated that he thinks the Council should decide what their expectations are of the pool; whether to make money or to treat it like a park.

Mayor Stedman stated that it is not about the revenue to her, it is about participation. Council Member John Stiver agreed and stated that he considers the pool to be a park. Council Member Tom Rowe and Mayor Pro Tem Mary Bess Lawing agreed that the pool will not make money. Council Member Wayne Dellinger stated that people don't come to the pool and that some of the people that do are not citizens. Mayor Pro Tem Mary Bess Lawing stated that there are people that need the pool because they do not have access to pools or swimming lessons. Mr. Dellinger stated that every other city has closed their pools. Mayor Stedman agreed that there needs to be an emphasis on swimming lessons. Mr. Abernethy stated that the pool was opened for 49 days out of 59 last year due to rain. He asked how the pool was marketed last year. Ms. Waters stated that fliers went to all the schools and that the Public Information Officer advertised on cable, the internet and in the newsletters. Mr. Abernethy stated that something needs to change in the marketing plan. Mayor Pro Tem Lawing stated that if someone would just come one time, they would be hooked.

Council Member John Stiver stated that unless the pool is filled with dirt it will still cost the city \$32,000 even if it is not opened. Ms. Waters stated that it would cost \$8-10,000 to fill with dirt.

Council Member Wes Weaver stated that he hates to keep talking about it, and feels like the city is between a rock and a hard place. Mayor Pro Tem Lawing stated that people will be upset if the pool doesn't open. Council Member Dellinger stated that no one goes, so no one will complain. Council Member Stiver said if the city is going to close it, it should be closed all the way. Mr. Weaver stated that

he would like to give it one more year, but would like to see it marketed fully. Council Member Tom Rowe asked Ms. Waters if she expects any more large expenditures in the coming year. She said that she did not.

Upon motion duly made by Council Member John Stiver, seconded by Mayor Pro Tem Mary Bess Lawing, with Council Members Wes Weaver, John Stiver, Tom Rowe, Robert C. Abernethy, Jr., and Mayor Pro Tem voting in favor of and with Council Member Wayne Dellinger voting against, it was RESOLVED:

That the Pool be OPENED for Summer 2015

C. Consideration of Bid Awards to be Included in Finance Borrowing

1. Sole Source on Radio System

Police Chief Don Brown stated that in 2008 the Newton Police Department began the process of planning for a radio system upgrade based on changing FCC requirements of a post 9/11 society. A decision was made to begin migration to a statewide 800 MHz radio system termed VIPER as a solution to interoperability issues. Chief Brown stated the decision to implement VIPER as the interoperable radio communication system in North Carolina was made in conjunction with the state's key local government and public safety associations including the N.C. Association of County Commissioners, the N.C. League of Municipalities, the Metropolitan Coalition, and the N.C. Sheriffs Association. He explained that the initial funding requirements for this project were placed into the annual police department Capital Improvement Plan (CIP) beginning in 2009.

Chief Brown stated that in 2009 the department applied for and received grant funding in the amount of \$24,065.00 from the North Carolina Governor's Crime Commission (GCC). A requirement for grant funding is to continue planning and implementing the 800 MHz system in the future.

Chief Brown stated that in 2013 the police department again applied for and received grant assistance from the GCC. In June 2014 the department was awarded \$56,289.92 in grant funding.

Chief Brown stated the remaining necessary radios have been included annually in the police department CIP. In FY 2014/2015 the Council approved \$526,750.00 in capital funds to complete this project. The amount required to complete this project is \$429,425.01 plus a contingency bringing the total cost to \$470,220.39. Chief Brown explained all items purchased except the radio console and 911 workstations are included in North Carolina purchase contract 725G -2 Way Radio Communications Equipment.

The radio console and 911 workstation portion of this contract will be a sole source purchase due to the following facts:

1. The parts/equipment are not interchangeable with similar parts of another manufacturer.
2. This is the only known item or service that will meet the specialized needs of this department or perform the intended function.
3. This is the sole provider of items that are compatible with existing equipment, inventory, systems, programs or services.
4. Prior grant awards dictated the purchase of Motorola equipment.
5. Statewide VIPER system uses only Motorola equipment.

Chief Brown stated the City Council is authorized under N.C.G.S. 143-129 (e)(6) to award a sole source bid when Performance or price competition for a product is not available, or a required product is available from only one source of supply, or standardization or compatibility is the overriding consideration.

Chief Brown stated this contract is for the purchase and installation of a new 800 MHz radio system to fully migrate to the statewide VIPER radio system, and requested that the Council award a contract to

Motorola Solutions/Wireless Communications for the purchase and installation of 800 MHz radio equipment, and award a sole source contract to Wireless Communications for the radio console and 911 workstations.

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

That the Contract to Motorola Solutions/Wireless Communications for the Purchase and Installation of 800 MGz Radio Equipment be - AWARDED

Upon motion duly made by Mayor Pro Tem Mary Bess Lawing, seconded by Council Member John Stiver, it was unanimously RESOLVED:

That the Sole Source Contract to Wireless Communications for the Radio Console and 911 Workstations be - AWARDED

2. Hwy 10 Pump Station

Dusty Wentz, Director of Public Works and Utilities stated City Council approved \$440,000 in the 2015 CIP to fund the rehabilitation of the Highway 10 Pump Station. This station has two series of pumps and is critical to providing the Newton Corporate Center with sewer service. Mr. Wentz stated the pump station is in critical condition and that so far this fiscal year the city has spent over \$15,000 on repairs and replacements. The rehabilitation project will replace everything at the pump station except for the existing wet well and force main.

Mr. Wentz stated that Wooten Engineering has been retained by the City to complete the design, permitting and project oversight for a cost of \$49,950. Additionally, Wooten was instrumental in drafting bid documents that were delivered to bidders on 11-3-2015. He stated bids were opened on 11-25-2015 with three companies responding. The responsive bids received are listed below:

- Iron Mountain Construction \$569,500
- James E. Harris \$508,307
- Gilbert Engineering Co. \$434,200

Mr. Wentz explained the total amended project budget is \$527,570 which includes the low bid of \$434,200, engineering expenses of \$49,950 and 10% contingency of \$43,420. Due to the extent of problems the City staff has experienced at this pump station, Mr. Wentz stated the staff recommends moving forward with the project. He explained that project expenses will be incurred utilizing \$440,000 in borrowed funds with the balance of \$87,570 coming from the 2015 operational budget; primarily from savings recognized in insurance savings this fiscal year.

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

That the Bid for the Hwy 10 Pump Station Rehabilitation to Gilbert Engineering Company in the Amount of \$434,200 be - AWARDED

3. Smart Grid Infrastructure

Dusty Wentz, Director of Public Works and Utilities stated the City Council approved \$3,500,000 (\$2,000,000 from the Water / Sewer Enterprise Fund and \$1,500,000 from the Electric Fund) to fund the purchase and installation of an Advanced Metering System (Smart Grid) in the 2014-15 Capital Improvement Program (CIP) Budget. Mr. Wentz stated this system will greatly increase efficiency of meter reading and monitoring of both the water and electric distribution systems, as well as avoid projected future costs concerning the reading of meters and billing of water and electric services.

Mr. Wentz stated a request for proposals was sent out to bidders on September 18, 2014. Three proposals with bid bonds were received from the following companies:

1. Aclara Technologies, LLC, Hazelwood, MO
2. Utility Metering Solutions, Huston, TX
3. Tantalus Systems, Raleigh, NC

Mr. Wentz explained the proposal solicited from contractors was for installation and implementation (turn key) of an advanced metering system. He explained Utility Metering Solutions provided the only proposal meeting the requirements defined in the RFP and that their proposal is for complete installation of the AMI system for a total project cost of \$3.5 million.

Mr. Wentz recommended that Council consider awarding the bid for the implementation of the AMI system to Utility Metering Services for \$3,500,000. He stated a contingency for this project in the amount of \$200,000 is presently established in an existing capital project fund. This contingency was established when the capital project fund was adopted in FY 2014.

Council Member Wes Weaver asked if the company picked their own brand and manufacturer. Mr. Wentz stated that the city's specs narrowed the field of options.

Upon motion duly made by Council Member Tom Rowe, seconded by Council Member Wes Weaver, with Council Members Wes Weaver, John Stiver, Tom Rowe, Robert C. Abernethy, Jr., and Mayor Pro Tem voting in favor of and with Council Member Wayne Dellinger voting against, it was RESOLVED:

That Bid for the Implementation of the AMI System to Utility Metering Services for \$3,500,000 be - AWARDED

D. Consideration of Budget Ordinance Amendment – Capital Budgets

Finance Director Serina Hinson stated the city signed financing agreements with BB&T Governmental Finance and Peoples Bank on January 14, 2015 to complete the annual financing process for capital items/infrastructure following the Local Government Commission approval on January 6, 2015. Due to the competitive bid process on each capital item, the City was able to reduce the annual financing for capital items by \$141,558. The City financed \$5,224,392 in lieu of \$5,365,950.

Ms. Hinson stated the Hwy 10 Wastewater Pump Station came in higher than anticipated mainly due to a 10% contingency for a total of \$87,570 above budget. She explained that in lieu of increasing the financing, staff has identified funds within the operating budget to offset this increase. Ms. Hinson said that the pump station was un-operational 3 different times this fiscal year. One-half of the pump station is still not operational. The City has incurred \$15,200 to date this fiscal year. Council Member Robert C. Abernethy stated that he was confused as to why the city needs to spend \$527,570 on the pump station when the cost to repair and keep it going was only \$15,000 last year. City Manager Todd Clark stated that the pump is failing and is in critical condition.

Upon motion duly made by Mayor Pro Tem Mary Bess Lawing, seconded by Council Member Tom Rowe, with Council Members Wes Weaver, John Stiver, Tom Rowe, Robert C. Abernethy, Jr., and Mayor Pro Tem voting in favor of and with Council Member Wayne Dellinger voting against, it was RESOLVED:

That Budget Ordinance Amendment – Capital Budgets be – ADOPTED

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

ITEM 7: City Manager's Report

- January 21st Human Relations Meeting – 5:15 p.m. City Hall
- January 22nd NCLM Board Meeting – Raleigh
- January 29th NCMPA1 Rate Committee Meeting – 10:00 a.m. Concord
- February 18th Catawba County Chamber of Commerce Annual Shareholders and Investors Luncheon – 11:30 a.m. at Hickory Metro Convention Center
- February 19th Business Advisory Committee Annual Meeting – 5-7 p.m. at the Old Post Office Play House
- February 27th Council/Staff Workshop – 8:00 a.m. – 5:00 p.m.
- March 23rd Streetscape Input Meeting – 7-9 p.m. City Hall (tentatively)
- March 5th, 12th, 19th, and 26th Public Input Sessions/Strategic Plan – 5:30-7:00 at City Hall

Planning

- **B1 Zoning Districts Amendments**
- **Corridor Overlay District**
- **February 3rd Council Meeting - Amendment to the Area Plan Development – Harris Teeter site**

- **Sign for Danner Industrial Park**

ITEM 8: Questions and Comments from Mayor and Council

Mayor Stedman asked the City Council if they had any comments. There were none

ITEM 9: Closed Session to Consult with the City Attorney – G.S. 143-318-11(a)(6)

Mayor Stedman stated that at this time that City Council Move to Closed Session to Consult with the City Attorney per G.S. 143-318-11(a)(3) and G.S. 143-318-11(a)(6)

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

That City Council Move to Closed Session

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

That City Council Return to Open Session

ITEM 10: Adjournment

Upon motion duly made by Council Member Wes Weaver, seconded by Council Member Robert C. Abernethy, Jr., the meeting was ADJOURNED.

Amy S. Falowski, City Clerk



Anne P. Stedman, Mayor