

MINUTES
REGULAR MEETING OF THE NEWTON CITY COUNCIL

June 17, 2014 – 7:00 P.M.

The regular meeting of the Newton City Council was held on Tuesday, June 17, 2014 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., Wes Weaver, and John Stiver

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 – Council Member Wayne Dellinger

Council Member Wayne Dellinger led the Pledge of Allegiance.

ITEM 3: APPROVAL OF MINUTES FROM THE May 20, 2014 REGULAR CITY COUNCIL MEETING

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

That the Regular Minutes of the May 20, 2014 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 Mayor Pro Tem Mary Bess Lawing, it was unanimously RESOLVED:

That Consent Agenda be – APPROVED

- A. Tax Releases
- B. Sewer Adjustments
- C. Consideration of Budget Ordinance Amendment to Close Capital Projects
- D. Consideration of Resolution to Write Off Uncollectible Accounts and Related Budget Ordinance
- E. Consideration of Resolution of Appreciation to Catawba County
- F. Consideration to Ratify Resolution of Appreciation to Bobbie Carpenter Miller
- G. Consideration of Re-Appointments to the Newton-Conover Auditorium Authority
- H. Proclamation – July is Parks and Recreation Month

(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.

Wanda Arnold handed out pictures of property owned by Worth Arnold and stated that Mr. Arnold was taken advantage of by the U.S. Government and wanted to know what the City of Newton intended to do about it. Mayor Stedman asked Ms. Arnold to please clarify her statements and to tell the City Council how the City of Newton was responsible for Mr. Arnold's property. Ms. Arnold stated that Mr. Dellinger had signed the papers 17 years ago for Mr. Arnold's property to be worked on. She stated that the city funded the new roof, heating and air pump, and that the work was disgraceful. Council Member Robert C. Abernethy, Jr. asked if this was the result of a Community Development Block Grant administered by the Western Piedmont Council of Government. City Manager Todd Clark stated that it was. Mayor Stedman stated that the City Council would look in to the matter.

ITEM 6: **Public Hearing**

A. Consideration of Fiscal Year 2014-2015 Budget

Mayor Stedman Anne P. Stedman opened the Public Hearing.

City Manager Todd Clark stated that the following is a summary of the budget, with changes, that was determined during the Budget Work Sessions:

Summary of budget worksessions:

General Fund:	Change (if any):
3 cent property tax increase provision to remove after FY 2015	1 cent for Streetscape (Economic Development) with 2 cent for lost revenue
Pool	Will open for Summer 2014 (June 2014 through August 2014) <i>(Future discussion by Council will determine whether the pool will open for the Summer 2015 season)</i>
Special Appropriations	No change from FY 2015 Recommended Budget <i>(Staff is to develop criteria for future funding)</i>
Merit	No change from FY 2015 Recommended Budget
Fund Balance	As recommended, there will be no utilization of Fund Balance for FY 2015
Operations	No change from FY 2015 Recommended Budget
Water/Wastewater Fund:	
5% Water/Wastewater Rate Increase	3% increase on water and wastewater for operations 2% increase on water and wastewater for Smart Grid

Capital

Smart Grid remains within the 5-Year Capital Improvement Plan and the FY 2015 Recommended Budget

Electric Fund:

Capital

Smart Grid remains within the 5-Year Capital Improvement Plan and the FY 2015 Recommended Budget

Mayor Stedman asked if anyone would like to speak during this public hearing. Mayor Stedman stated that everyone is asked to limit their comments to three minutes.

Ms. Cindy Sigmon of 2109 Dove Street stated that she didn't hear about the proposed tax increase until April of this year. She stated that 1 cent is proposed to be used for streetscape, but that only affects downtown Newton, and doesn't really impact the Startown area. She stated that 2 % of the 5% increase to the water/sewer was to go to smart meters. She stated that she didn't see how that would be a savings since no jobs would be eliminated but repurposed. She stated that she feels like the city just "taxes and spends". Ms. Sigmon stated that she felt like some members of city council are out of touch by making remarks regarding where and how often citizens should eat out. She stated that she doesn't want or need a tax increase, thanked Council Members Dellinger, Weaver and Abernethy for standing up for what they thought was right and to remember that she would be voting again in 2015.

Reverend Paul Fitzpatrick of 605 S College Avenue stated that he wasn't privy to all budget discussion and that his thoughts are not about any one particular issue. Reverend Fitzpatrick stated that when contentions strike, the number one thing lost can be trust. He stated that no matter what is decided, or whether you win or lose the vote, the trust between council members needs to improve and continue to make Newton the jewel of Catawba County.

Ms. Vivian Pike of 125 W 6th Street asked about streetscape and what it involves. Mayor Stedman stated that it involves putting in new infrastructure such as sidewalks, lights, and improving property values. Ms. Pike asked if it would go all the way north to Conover. Mayor Stedman stated that it would not.

Mr. Bill Hodge of 1772 Whitehall Ct. commended the city council on their hard work and stated that it is hard putting a budget together. Mr. Hodge stated that he went back through his water bills from 2007 until now and discovered that he had a 49% increase in water/sewer rates. He stated that in '07 gasoline was \$2.79 a gallon compared to \$3.60 now, which would only amount to a 29% increase. Mr. Hodge stated that he didn't think the city needs smart metering, why fix what isn't broken? Mr. Hodge stated that citizens are taxed enough already.

Ms. Jennifer Stiver of 438 West D Street stated that she was here to speak as a resident and as a business owner. Ms. Stiver stated that she is the owner of 2 Pink Magnolias, and she has been in business for four years. Ms. Stiver stated that when she opened the store, lots of people told her that her business would fail if she opened in downtown Newton. She stated that she is proud to say that her store has brought in business from Charlotte, Gastonia, Lincolnton and Taylorsville. She stated that she is for streetscape, and she invested in Newton and would like to ask the city to also make an investment in downtown Newton.

Mr. Jerry Hodge of 634 Hamilton Street stated that he has attended all the planning sessions and also the budget workshops and he has had the chance to observe the process first hand. Mr. Hodge stated that he would like to acknowledge how difficult it is for staff and council to do what they do especially with the flat growth rate in the area. Mr. Hodge stated that he is a nineteen year resident of Newton and that he has listened and learned in order to be an informed citizen. Mr. Hodge stated that in 2008, 86.2% of Newton stated that they supported funding to enhance downtown. Mr. Hodge also shared that downtown Goldsboro has seen 25 new businesses since they implemented streetscape, and that it has worked the same in many communities.

Ms. Revonda Seitz of 1945 St. Paul's Church Rd. stated that she is opposed to the proposed tax increase, and that she is not a sewer customer as she has no access to sewer. She stated that the streetscape and

sidewalks improvement plan will cost a lot and the county is facing an upcoming revaluation. Ms. Seitz stated that she is extremely upset about the comment made about citizens patronizing McDonalds less, and that she found that insulting. She stated that that council member is out of touch and only pays vehicle property taxes. Ms. Seitz stated that she hopes the city can find ways to cut back and that she does not support the tax increase. She also stated that she is disappointed in the Mayor's comments concerning being on the "losing side of the vote".

Ms. Lisa Cummings of 2002 N Ashe Avenue stated that she loves the area but that the tax increase would hurt a lot of people. She stated that she is a single mom and that the sewer increase is more than she uses.

Mr. Tom Dixon stated that he didn't see how council could raise taxes and water/sewer rates when it doesn't need to be done. He stated that the Local Government Commission only requires local governments to have 8% in reserves which would allow the city to run for twelve months. He stated that the council imposed its own rule of 21% some years back. Mr. Dixon stated that if the city took the money out of reserve, instead of raising taxes and rates, there would still be plenty left to operate.

Mr. Ronald Williams stated that he lives on a fixed income and that the streetscape plan does nothing to help the Startown area. He said that there was just an increase on garbage collection and that there needs to be a line drawn somewhere.

Mr. Yerby Ray of 625 S Ashe Avenue stated that the money for streetscape was only for the planning, not the actual implementation. Mr. Ray stated that it is important to improve industry in the city by also improving infrastructure to attract the industries. Mr. Ray said that should be the number one goal of the city, and that it should think like a corporation.

Ms. Anne Wepner of 1512 Little Hill Road stated that she owns properties and that she doesn't like to pay taxes either. She stated that she has spent money on her properties because she wants to make the town look better and because she has invested in these properties she would like the city to grow and prosper. She stated that she supports the council to make things better and to partner with them to make this a better place.

Ms. Mary Yoder stated that she would not be speaking about the tax increase but that she wanted to address the council members that did not show up to the June 4th council meeting. Ms. Yoder stated that council members were supposed to serve and make citizens proud.

Mr. Jim Templeton of 907 E 24th Street stated that he appreciated the council members that stood up and realized that was their way to stand for what they believed in.

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

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

That Public Hearing be CLOSED.

ITEM 7: **New Business**

A. Consideration of Adoption of Fiscal Year 2014-2015 Budget

Mayor Stedman stated that it was now time for city council to consider the budget and asked if they would like to comment. Council Member Wayne Dellinger stated that he would like to make a motion, Mayor Stedman stated that she would like to hear comments first and asked Council Member Abernethy to begin.

Council Member Abernethy stated that the letter to the editor that he wrote was his last option, and that he felt like he had been outvoted for the last two years. He stated that he had offered many suggestions and was hoping for a compromise tonight.

Mayor Pro Tem Mary Bess Lawing stated that she has lived in Newton her whole life and wants the very best for the citizens in interest of the citizens.

Council Member Tom Rowe stated that there are a lot of people here that were not at the workshops and were not aware of all the things that the city has to put off, but that need to be done. He stated that Startown has no city water or sewer and the city does not have the money to put it there. He said that there are water and sewer lines that need to be replaced that aren't funded for five years. Council Member Rowe stated that there are 15 year old vehicles that need to be replaced, such as a trimming truck. He stated that roads are cracking and just being patched, but need to be re done in order to get a good base. Council Member Rowe explained that our tax base is declining and the city is barely skimping by. Council Member Rowe asked Finance Director Serina Hinson how long the funds in the general fund would last if they had to be used for operations. Ms. Hinson stated approximately three months. Council Member Rowe stated that he thinks everyone in the room wants to continue to provide good services, and that the city has to replace its aging infrastructure and that it has to reward employees.

Council Member Wayne Dellinger thanked everyone for coming, whether they are in favor of or against the proposed budget. Council Member Dellinger stated that it seemed like it was about two to one that the board should put more work in to avoid a tax increase. He stated that maybe the streetscape project could be put off until next year and then the council could also revisit smart metering. He stated that this board is going to have to work together.

Council Member Wes Weaver stated that he didn't have a lot to say, that everyone knows where he stands. He stated that they have all worked hard and that there are no fools amongst the council. Council Member Weaver stated that he is not in favor of the tax increase.

Council Member John Stiver stated that it is impossible to just look at a budget for just one year. He said he had two points. 1) Economic Development and 2) the reducing stream of revenue. Mr. Stiver stated that if rates are not raised in the water/sewer departments then the expenses are becoming far greater than the revenue, and the city will be in trouble. He stated that the city has gone for six years without a property tax increase and operation expenses have only gone up. Mr. Stiver stated that there are programs sponsored by North Carolina such as the Homestead Act for those on fixed income that could possibly help those in need.

Mayor Stedman stated that council and staff have worked very hard and that it is very difficult with declining revenues and needs being delayed. She stated that she believes the streetscape project will transform the downtown and bring in revenue. She stated that taking from fund balance has been the city's practice for too many years, and that the last thing she wants is a tax increase, but that the city has to be responsible with the tax payers' money by providing good services.

Council Member Wayne Dellinger made a motion to adopt the budget, but to 1) eliminate streetscape and study it again next year, 2) give the city manager authority to trim \$50,000 off the operating budget or to take up to \$200,000 out of fund balance to balance the budget, 3) eliminate smart metering for one year and 4) raise water and sewer rates 2%. Council Member Robert C. Abernethy, Jr. seconded the motion.

With Council Members Dellinger, Abernethy and Weaver voting in favor of and Mayor Pro Tem Lawing and Council Members Stiver and Rowe voting against, Mayor Stedman broke the tie by voting against – MOTION FAILED.

Council Member Wes Weaver asked if a sunset on the 2% increase in water/sewer rates was discussed as far as smart grid was concerned. Mayor Stedman stated that it was discussed on streetscape, but not on smart grid. It was discussed, but not agreed on.

Council Member Wes Weaver made a motion to adopt the budget with a sunset on the 2% increase for smart grid. Council Member Robert C. Abernethy, Jr. seconded the motion.

Council Member Weaver clarified the motion by stated that the sunset could be discussed one year from now. Council Member Wayne Dellinger stated that if smart grid is voted for, then the city will have to have it. Council Member Weaver stated he just would like to review it after one year. Council Member John Stiver stated that it is his understanding that it would take at least one year after implementation to see the savings and that he would hate to put a provision on it. Mayor Pro Tem Mary Bess Lawing stated that the board agreed at the workshop to implement smart grid and she thinks that the board should stick with that decision. Council Member Dellinger asked what is the point of a Public Hearing if no one has an open mind. Mayor Pro Tem Mary Bess Lawing stated that council knew it would be in the budget and that she is not playing politics.

Council Member Weaver stated that his motion isn't whether or not to implement, it is to reevaluate the 2% increase to water/sewer rates after implementation. Council Member Robert C. Abernethy, Jr. withdrew his second to Mr. Weaver's motion and stated that he felt like it would be reviewed anyway.

Mayor Stedman asked if there is a motion to Council Member Weavers motion. Motion failed due to lack of a second.

City Manager Todd Clark reminded everyone that the city operates at a deficit each year and that continuing to balance budget with fund balance is not a responsible trend. Council Member Abernethy stated that he respects Mr. Clarks opinion, but so many people are on a fixed income and he would like to see the city encourage business and growth and for the city to show restraint throughout the year.

Council Member Tom Rowe mentioned the paving projects that are put off every year, and that nobody wants to pay more taxes, but again the city is on a downhill grind and will get deeper in the hole. Council Member Robert Abernethy stated that the bad economy is temporary. Mr. Rowe stated that we can't put all the eggs in one basket counting on a big company coming to town. Council Member Dellinger stated that the city has the second highest tax rate in the county. Mayor Stedman reminded Mr. Dellinger that Newton doesn't charge a privilege tax for operating a business in town like the other cities with lower tax rates. Mr. Dellinger stated that the city has the highest water/sewer rates as well, and that the city needs to tighten its belt and help citizens.

Mayor Stedman stated that it is time to take a vote.

Council Member Tom Rowe made a motion to approve the budget as presented by the City Manager, Mayor Pro Tem Mary Bess Lawing seconded the motion. With Council Members Weaver, Dellinger and Abernethy voting against, and Mayor Pro Tem Lawing and Council Members Stiver and Rowe voting in favor of, Mayor Stedman broke the tie and voted in favor of, therefore motion – CARRIED and Fiscal Year 2014-2015 Budget was – ADOPTED.

Council Member Robert C. Abernethy, Jr. stated that he would like to in the future look at turning the pool in to a splash park. Mr. Abernethy asked if the money from FEMA for the flood is figured in. Ms. Hinson stated that it does impact the bottom line but will still come up short.

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

B. Consideration of Award of Bid – Electrical Distribution System 2014 System Upgrade

Public Works and Utilities Director Wilce Martin stated the current electrical distribution system has 7 circuits serving the City of Newton customers. These circuits were installed and added over the years which created the circuits serving customers while crossing each other. Mr. Martin stated that

when a power outage occurs, different areas around the city will be out with no uniform pattern which makes locating the cause of the outage very difficult.

Mr. Martin explained that to correct this problem Council approved the use of \$302,150 on February 4, 2014 to be used for this project, which was included on the five-year CIP list. This project will rearrange the circuits so that each circuit serves a defined geographic area without meandering all over the City. Mr. Martin stated the project will reduce the time in locating the outage source and allow the power to be restored in a timely manner.

Mr. Martin stated on May 1, 2014 staff solicited bids from five firms for the cost of construction labor of the Electrical Distribution System 2014 Improvements. Staff received three bids as listed below:

1. Williams Electric of Shelby, NC	\$187,755.15
2. Lee Electric of Aberdeen, NC	\$407,353.00
3. T&D Solutions, LLC of Kinston, NC	\$141,835.25
4. Davis H. Elliot of Roanoke, VA	No bid
5. Floyd S. Pike Electric Contractors of Mount Airy, NC	No bid

Mr. Martin stated Southeastern Engineers and staff have reviewed the bids and recommended that the award be made to T&D Solutions.

Mr. Martin stated the total costs for the project will be as listed below:

Construction labor	\$141,835.25
Materials	\$ 80,899.81
Engineering	\$ 17,500.00
Inspection	\$ 7,500.00
<u>Contingency</u>	<u>\$ 24,000.00</u>
Total	\$271,735.06

Mr. Martin recommended that Council consider awarding the bid for the Electrical Distribution System 2014 Upgrade Project Construction to T&D Solutions for \$ 141,835.25.

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

That Bid – Electrical Distribution System 2014 System Upgrade be AWARDED to T&D Solutions

C. Consideration of Modification to Approved Planned Development – Oakwood Apartments

Assistant Planning Director Alex Fulbright stated the Newton City Council approved Oakwood Apartments as a Planned Development in accordance with Section 102-502 of the City Code on March 19, 1997. Chris Houser, on behalf of Oakwood Apartments located at 745 Boundary Street, is requesting an amendment to the approved planned development. Mr. Fulbright stated the proposed amendment, if approved, will permit a new 2,000 square foot building. The area had been used as a basketball court, and the building will be used as a maintenance garage and mini-storage units for the residents of the 140 unit complex. Mr. Fulbright stated that additionally, the proposed building location, on the eastern portion of the site, will be used for a picnic area.

Mr. Fulbright stated that in looking at the location of the proposed building and picnic area, it does not impede pedestrian movement or vehicular movement and is adjacent to a dumpster/storage area. Mr. Fulbright stated that according to the applicant, the proposed building will be similar in appearance to the existing buildings within the complex.

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

That Consideration of Modification to Approved Planned Development – Oakwood Apartments be – APPROVED.

ITEM 8: City Manager’s Report

- Rob Powell – Commercial Development Report
- Movies in the Park starts on June 20 at Southside Park. The Festival and Events Committee is presenting Space Jam on June 20 and will also show The Lego Movie, Frozen and Despicable Me 2 on subsequent Fridays.
- June 21 – Cruisin’ Newton begins at 4:30 p.m. in downtown. Music begins at 6 p.m. and Music Unlimited will be performing.
- June 26 – Ribbon Cutting and Opening Ceremony for new Catawba County Animal Shelter – 10:00 a.m.
- June 27 – Retirement Reception for Lt. Lemuel S. Martin 2:00 p.m. – 4:00 p.m. in the Gantt Room
- Only one scheduled meeting for the months of July and August. July 8th and August 5th

City Manager Todd Clark stated that he would also like to discuss a request from a business owner that would possibly involve state agencies at the July meeting.

ITEM 9: Questions and Comments from Mayor and Council

Mayor Stedman asked the City Council if they had any comments.

Mayor Pro Tem Mary Bess Lawing stated that she would like to have an update on the Soldiers Reunion activities.

ITEM 10: Closed Session to Consult with the City Attorney – G.S. 143-318-11(a)(3)

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

That City Council Enter CLOSED SESSION

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

That City Council Enter OPEN SESSION

ITEM 11: Adjournment

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

Amy S. Falowski, City Clerk



Anne P. Stedman, Mayor