

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

June 3, 2025 – 6 p.m.

The regular meeting of the Newton City Council was held at 6 p.m. Tuesday, June 3, 2025, at Newton City Hall.

PRESENT: Mayor Jerry Hodge, Mayor Pro Tem John Stiver, Council Members Ed Sain, Jody Dixon, Roy Johnson, Jon McClure and Beverly Danner

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

ITEM 1: Welcome and Call to Order

Mayor Jerry Hodge welcomed everyone and called the meeting to order.

ITEM 2: Opening – Council Member Jon McClure

Council Member Jon McClure provided the opening and the Pledge of Allegiance.

Non-Agenda Item Mayor Jerry Hodge stated that the city has received a grant for Folk Art Festival that needs to be added to the agenda as a non-agenda item.

City Manager Sean Hovis stated that the Budget Ordinance Amendment would recognize a grant received from ElectriCities in the amount of \$1,500 and that these funds would be appropriated to support the Foothills Folk Art Festival.

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

That the Budget Ordinance Amendment be – ADOPTED

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

ITEM 3: Approval of Agenda

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

That the Agenda be – APPROVED

ITEM 4: Approval of Minutes

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

That the Minutes from the May 6, 2025, Meeting be – APPROVED

ITEM 5: Consideration of Consent Agenda Items

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

That the Consent Agenda be – APPROVED

- A. Sewer Adjustments
- B. Consideration of Proclamation – Juneteenth
Read by Council Member Beverly Danner

- C. Consideration of Appointments to Boards and Commissions
- D. Consideration of Budget Ordinance Amendment to Appropriate Funds for Central Rec HVAC System
- E. Consideration of Budget Ordinance Amendments to Re-Establish Capital Projects & Expenditures for ARPA Projects

City Manager Sean Hovis stated that on January 18, 2022, City Council approved the use of \$400,453 from funds received from the American Rescue Plan act of 2021 to be used towards premium pay. The remaining \$3,799,023 was placed in reserve in a special revenue fund.

Mr. Hovis explained that the ARPA funds placed in reserve were allocated to individual projects with various Grant Project Ordinance Amendments between July 2022 and June 2023. It was discovered in April 2024 that the original intent of city council and management was to utilize the ARPA funds placed in reserve to be used as revenue replacement. At the recommendation for the UNC School of Government this option was recommended to minimize the reporting requirements and ensure expenditure deadlines were met.

Mr. Hovis stated that on May 7, 2024, city council approved the use of ARPA funds for revenue replacement and the funds were transferred to the General Fund for reimbursement of salaries paid out between March 2, 2021 – June 30, 2023. This allowed the city to be able to utilize reimbursement from ARPA funds without having to meet the encumbrance and expenditure deadlines.

Mr. Hovis explained that all these projects need to be re-established in the respective fund(s) and the monies originally allocated to these projects with ARPA will need to be replaced with fund balance from the funds where each capital expenditure or project will be re-established.

The projects or capital purchases are as follows:

Downtown Revitalization	\$ 2,000,000
Facilities Improvements & Fire Training Center	\$ 808,450
Central Recreation Renovation	\$ 380,000
Parking Lot Development & Land W C St	\$ 237,000
City Comprehensive Plan & IT Fiber Upgrades	\$ 151,000
Capital Outlay – Other Equipment	\$ 5,900

Mr. Hovis asked that City Council approve the Budget Ordinance Amendments to transfer capital outlay or establish a capital project ordinance for projects originally allocated with ARPA funding.

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

That the Budget Ordinance Amendments to Re-Establish Capital Projects & Expenditures for ARPA Projects be – ADOPTED

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

- F. Consideration of Budget Ordinance Amendment to Establish Capital Projects for Hwy 10 & Hwy 16 Sewer Extension Project
- G. Consideration of Resolution to Write Off Uncollectible Utility and Miscellaneous Billing Accounts and Related Budget Ordinance Amendment
- H. Consideration of Budget Ordinance Amendment to Transfer Unspent Capital Outlay to Operating Accounts in Parks & Rec Budget
- I. Consideration of Budget Ordinance Amendment for GASB 87 & GASB 96 Compliance
- J. Consideration of Budget Ordinance Amendment to Close Out Capital Projects for FY25
- K. Consideration of Year End Budget Ordinance Amendment for Operating Budget Accounts

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

ITEM 6: **Public Hearing**

A. Consideration of Fiscal Year 2025-2026 Budget

Mayor Jerry Hodge opened the public hearing.

City Manager Sean Hovis reviewed his budget message for the Fiscal Year 2025-2026 Budget.

Mayor Hodge asked if there was anyone present that would like to speak.

Patrick Sterchi stated that he comes from business background though accounting is different with government. Looking at budget looks fine. Led to looking for balance sheet for city. Found statement from June 20, 2024. Question is when see that we have \$36 million cash in bank and wonder why that's the case when talking about a \$70 million budget. Seems like a lot of cash in reserve. Compared with \$30 tax on vehicles that brings in \$300k—so why charging people \$30 per car. Seems like money could be put to use. Maybe I don't understand, but I would like some explanation. Current assets are \$52 million. Liabilities are under \$10 million

Finance Director Kim Robinson stated that the city doesn't have \$36 million in cash. \$18 million is General Fund, special revenue, general capital project, federal asset seizure. Enterprise funds are water, wastewater, electric and business-type funds.

Mr. Sterchi stated that auditors are saying \$28 million unrestricted may be used to meet obligations. Can it be used for anything?

City Manager Sean Hovis asked Ms. Robinson the amount of unrestricted fund balance? Ms. Robinson stated that it is 4.5 to 5 million.

Sherril Majesky stated that she takes her recycling to the place, and that when she arrives to drop off the recycling, every bin was full.

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

That the Public Hearing be – CLOSED

Council Member Jody Dixon stated that those are great questions about budget. Out of the 30 million, 5 million is unrestricted. That's about the same as last year. As year goes on, things come up, and that's where that money comes from. We have to maintain the Local Government Commission required percentage.

Mayor Jerry Hodge stated that the vehicle tax was established to address paving of streets and potholes and in response to diminishing Powell Bill funds.

ITEM 7: **Old Business**

A. Consideration to Adopt Fiscal Year 2025-2026 Annual Budget Ordinance

Upon motion duly made by Council Member Jody Dixon, seconded by Council Member Ed Sain, with Mayor Pro Tem John Stiver, and Council Members Jody Dixon, Roy Johnson, and Ed Sain voting in favor of and Council Members Jon McClure and Beverly Danner voting against it was RESOLVED:

That Fiscal Year 2025-2026 Annual Budget Ordinance be – ADOPTED

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

Council Member Jody Dixon said there is 5 million unrestricted, same as last year.

Council Member Beverly Danner stated that she voted against because several requests she has made have been neglected. Some areas are overfunded, and others are underfunded. She stated that it is unfair some areas are funded disproportionately, affecting low income residents

Council Member Jon McClure stated that his reasoning is that more personnel is needed and less equipment, also that the CIP is too large, and he doesn't like the vehicle tax.

Mayor Hodge stated that the vehicle tax is designated to paving streets.

B. Consideration to Adopt Capital Improvement Plan

City Manager Sean Hovis stated that annually the City Manager and Finance Director meet with the various department heads to review the City's Capital Improvement Plan (CIP). The CIP outlines the City's plan for achieving goals, objectives, and service levels. The purpose of the CIP is to forecast and match projected revenues and major capital needs over a ten (10) year period. Capital planning is an important management tool that coordinates community infrastructure needs with the financial capacity of the City.

Mr. Hovis stated that the CIP is updated annually as part of the regular budget process. First year projects noted on the CIP are incorporated into the City Manager's recommended annual operating budget or in some cases a capital project ordinance to be approved by the City Council during the budget process. The nine (9) subsequent years reflected on the CIP will be presented to the Mayor and Council for consideration and review so staff can proceed with planning and potential capital projects. Mr. Hovis explained that these nine years are not binding and subject to change each year. The CIP is subject to change each year based on new or shifting priorities/needs, grant opportunities, emergency needs or other priorities established by Mayor and Council. For this reason, capital items reflected in the last nine years of the CIP are not guaranteed. Only the respective first budget year is guaranteed upon approval by City Council

Mr. Hovis recommended approval of the Capital Improvement Plans for the General Fund, Water & Wastewater Fund and Electric Fund.

Upon motion duly made by Council Member Ed Sain, seconded by Council Member Jody Dixon, with Mayor Pro Tem John Stiver, and Council Members Jody Dixon, Roy Johnson, and Ed Sain voting in favor of and Council Members Jon McClure and Beverly Danner voting against it was RESOLVED:

That the Capital Improvement Plan be – ADOPTED

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

Council Member Beverly Danner stated that there are lot of projects - 9, maybe should be 3 or 4. Expenses of how to plan to fund not in agreement.

C. Consideration of Budget Ordinance Amendment for Change Order and Other Related Expenses for the Cleaning and Inspection of Manifold Pipe Feeding Primary Clarifiers at the Wastewater Treatment Plant.

Public Works Director Dennis Falder stated that on April 1, 2025, Council approved \$189,000 for the inspection and cleaning of a 36-inch pipe running from the grit chain building to the primary clarifiers at the wastewater treatment plant. This initial amount covered contractor costs for inspection and cleaning only and did not include pump rentals or fuel expenses.

Mr. Falder stated that during the inspection and cleaning process, two (2) 36" valves and an existing tee were identified for removal and cleaning to allow the project to proceed. This required a change order of \$98,960, which was not included in the original scope.

Mr. Falder stated that the project was originally projected to be completed by May 27, 2025, but weather and material delays have pushed back the completion date by several weeks. This delay has led to increased costs for pump rentals and fuel—also not included in the original budget.

Mr. Falder stated that the total cost for 36" pipe cleaning with additional cost is estimated at \$379,260. To cover the increased project scope and costs, staff is requesting to recognize excess revenue from investment income to cover the additional \$190,300.

Mr. Falder stated that staff is recommending that City Council approve the attached budget ordinance amendment for \$190,300.

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

That the Budget Ordinance Amendment for Change Order and Other Related Expenses for the Cleaning and Inspection of Manifold Pipe Feeding Primary Clarifiers at the Wastewater Treatment Plant be – ADOPTED

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

D. Consideration of Budget Ordinance Amendment for West 15th Waterline Replacement Project

Public Works Director Dennis Falder stated that in August 2023, City Council approved a budget ordinance amendment authorizing engineering design and construction administration services with McGill Associates for the replacement of the water main on West 15th Street. This project was originally budgeted to be funded with borrowed funds.

Mr. Falder stated that in April 2024, a budget ordinance was approved to amend the funding for this project to utilize the remaining funds received from state budget allocations for the City Lake Dam project administered by the Department of Public Safety. In May 2024, a capital project ordinance was established for the W 15th Street and N Deal water main project with a total budget of \$1,800,000. A total of \$1,467,700 in funding remains available and has been allocated to the water main replacement project, excluding the cost for mill and overlay work on the street.

Mr. Falder stated that on May 6, 2025, Council awarded the construction contract to TP Howard's Plumbing, Inc. in the amount of \$2,000,000. The bid amount for the water line replacement, including a 5% contingency, totaling \$1,726,900. This results in a funding shortfall of \$259,200. To address this deficit, staff recommends utilizing fund balance from the Water and Sewer Fund and transferring to the capital project.

Mr. Falder explained that the mill and overlay portion of the project, which will address street resurfacing on West 15th Street and North Deal Avenue, is not eligible for funding with the state funds. If not completed, these streets will have utility cuts at nearly every address due to the water main replacement work. The cost of the mill and overlay, presented as Alternate #1 in the bid and including a 5% contingency, is \$373,000. To ensure the streets are properly restored and improved following construction, staff recommends using fund balance from the Powell Bill for this portion of the work.

Mr. Falder stated that staff is requesting approval of this budget ordinance amendment.

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

That the Budget Ordinance Amendment for West 15th Waterline Replacement Project
be – ADOPTED

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

ITEM 8: **New Business**

A. Consideration of Sale of Surplus Property Located at 125 South Ervin Avenue Pursuant to
 NCGS 160A-269

City Attorney John Cilley stated that at its October 2023 Council meeting, the Newton City Council formally declared a parcel of land located at 125 South Ervin Avenue in Newton as surplus property and further directed the City staff, with the professional assistance of a licensed real estate agent, if needed, to offer the subject property for sale utilizing the sale of surplus property provisions as reflected in NCGS 160A-269. (See attached)

Mr. Cilley stated that North Carolina General Statute 160A-269 outlines the provisions that a City must follow to sell surplus property and provides that when an offer is made and the Council proposes to accept it, the Council shall require the initial offeror to deposit five (5) percent of his bid with the City Clerk. The City Clerk is then required to publish a notice of the offer that includes a general description of the property, the amount and terms of the offer, and a notice that within ten (10) days any person may raise the bid by not less than ten percent (10%) of the first one thousand dollars (\$1,000) and five percent (5%) of the remainder. Mr. Cilley explained that if an upset bid is offered, the bidder must deposit five percent (5%) of his increased bid with the City Clerk and the Clerk must re-advertise the offer at the increased bid. Mr. Cilley stated that this procedure shall be repeated until no further qualifying upset bids are received, at which time the Council may accept the offer and sell the property to the highest bidder. The Statute also provides that the Council may, at any time, reject any and all offers.

Mr. Cilley stated that Jan Milton Alfonso submitted a bid on May 27, 2025, in the amount of \$125,000.00 to purchase the subject property from the City of Newton. Mr. Alfonso has also deposited with the Clerk a five percent (5%) deposit of his bid, thereby complying with the bid requirement.

Mr. Cilley stated that staff recommends City Council consider the bid of \$125,000.00 for the sale of the property located at 125 South Ervin Avenue, Newton, and should City Council accept the offer, adopt the attached resolution as presented authorizing the sale of the subject property pursuant to the requirements of N.C.G.S. 160A-269 and to further authorize the City Manager and/or the Mayor to execute any and all documents required to complete the process as provided in said statute.

NCGS 160A-269. Negotiated offer, advertisement, and upset bids.

A City may receive, solicit, or negotiate an offer to purchase property and advertise it for upset bids. When an offer is made and the Council proposes to accept it, the Council shall require the offeror to deposit five percent (5%) of his bid with the City Clerk, and shall publish a notice of the offer. The notice shall contain a general description of the property, the amount and terms of the offer, and a notice that within 10 days any person may raise the bid by not less than ten percent (10%) of the first one thousand dollars (\$1,000) and five percent (5%) of the remainder. When a bid is raised, the bidder shall deposit with the City Clerk five percent (5%) of the increased bid, and the clerk shall readvertise the

offer at the increased bid. The procedure shall be repeated until no further qualifying upset bids are received, at which time the Council may accept the offer and sell the property to the highest bidder. The Council may, at any time, reject any and all offers. (1971, c. 698, s. 1; 1979, 2nd Sess., c. 1247, s. 25.)

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

That Sale of Surplus Property Located at 125 South Ervin Avenue Pursuant to NCGS 160A-269be – APPROVED.

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

ITEM 10: Comments from the Public

Peggy Mungro Geter of 338 Stadium Ave stated there is going to be a community get together on Sept. 6 on Coulter Ave. and the street will be shut down. Public invited.

Michael McRee stated that private should stay private and that Newton shouldn't be a sanctuary city to protect trans children - how do you chemically/surgically mutilate children and call it a sex change? Guess they should stay in the closet. He stated he doesn't accept it and never will. It's obscene, He said he is 82 and he's never seen this kind of trash. Bruce Jenner is celebrated. He's not a woman. There's females and males and there is nothing else in between.

Kenyon Kelly - 2943 Sandy Ford – stated that the Catawba County Truth and Reconciliation Committee - have been asking county to relocate confederate monument because it represents insurrection. The committee seeks permission of CCBC to install a memorial to recognize contributions of African American community here. There are untold stories. For reconciliation and acknowledgement, they would like a commemorative bench on courthouse grounds. He said that they would like letter of endorsement for permanent installation of Toni Morrison bench on west lawn of the courthouse. He stated that he is proud of Newton's progress and accomplishments, come a long way as inclusive and welcoming committee. We've been invited to Juneteenth Block Party and MLK. He thanked city council for the opportunity to speak.

Kimberly Parkhurst of 2128 North Shipp stated that the last part of John's prayer, remember compassion and love part of prayer. Want you to remember that God will handle the judging. Sanctuary city is for safety, no one should stay in closet, judge not lest you be judged.

Cassandra Gray of 202 North Main Ave. stated that she's happy we're growing. She stated that there are three components to mowing - mowing, edging, and blowing. If we could do all three, that would be great. There's a woman who comes on Wednesday or Friday at soup kitchen to drop off displaced homeless people and says there's shelter and food. The people are in the alleyway sometimes for a whole weekend with no way to leave.

Cindy Abel of 202 West B Street - noticed the other day on West A, there are white reflective hashmarks. She asked what are they for? She stated that over 2 years ago, I came to talk about South Bost and West B. People go through stop signs both ways every day. Solar lights and flashing red lights are options. Ms. Abel stated that she has been made aware that the city is placing ads in Hickory Daily Record since April. That's your right and it's a disservice to City of Newton. She stated that lots of people don't take the HDR or do online papers.

Patrick Sterchi – stated that the 2024 numbers on page 22, total revenues 55 million, expenses 46 million, there's 9 million—not sure where it went. Is there no way around earmarking 300k?

April Harbinson of East I Street – stated that the community would benefit from dedicated space for pets to socialize and be pack animals.

ITEM 11: City Manager's Report

Meetings & Events:

- Biscuit Day - 8 a.m. to 11 a.m. Friday, June 6, 1924 Courthouse Square
- Music on Main feat. The Extraordinaires, 6 p.m. Thursday June 12, Frank & Sue Jones Amphitheatre
- Make Music Day - 4 to 8 p.m. Saturday, June 21, Herbert M. Yount Memorial Park
- Independence Day - Friday, July 4, City offices and recreation centers closed, sanitation collection runs as scheduled
- Music on Main feat. Dani Kerr & The Skeleton Krew, 6 p.m. Thursday July 10, Frank & Sue Jones Amphitheatre
- Youth Tackle Football - Registration open through July 25
- Downtown Newton Streetscape Celebration - 9 a.m. to 12 p.m. Saturday, July 26, 1924 Courthouse Square
- Music on Main feat. The Megan Doss Band, 6 pm. Thursday, Sept. 11, Frank & Sue Jones Amphitheatre
- Music on Main feat. Trial by Fire, 6 p.m. Thursday, Oct. 9, Frank & Sue Jones Amphitheatre
- The Splash Pad opened on May 26th (Memorial Day)
- Pool opening – Monday, June 9th

Planning Director Randy Williams gave a streetscape update.

ITEM 12: Questions and Comments from Mayor and Council

Council Member Roy Johnson gave a report on the Transportation Committee.

ITEM 13: Closed Session – North Carolina General Statute 143-318.11(6)

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

That the Meeting be – CLOSED

No action was taken.

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

That the Meeting RETURN TO OPEN SESSION

Mayor Hodge stated that the council has discussed contracts as required by statute and we have looked at the city manager's contract and evaluation and the same with the city attorney. Happy to announce a merit increase to Mr. Sean Hovis of 2.5% and contract until 2028. Mr. Hovis' evaluation has been such that he has lead in a variety of ways as called for. The severance part of his contract will be worded in a way as to not in a lump sum as stated now but in a graduated distribution.

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

That the Contract be – APPROVED

Mayor Hodge stated that on city attorney John Cilley's contract the changes are an increase in his pay of 2.5% merit increase.

Mayor Pro Tem John Stiver stated that they also added three years of credited time to his contracted services with the city and that would increase his annual leave days from 8 to 14.

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

That the Contract be – APPROVED

ITEM 14: **Adjournment**

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

That the Meeting be – ADJOURNED

Amy S. Falowski, City Clerk



Jerry Hodge, Mayor