AGENDA

CITY OF LENOIR
CITY COUNCIL MEETING
905 WEST AVENUE
TUESDAY, JANUARY 3, 2023
6:00 P.M.

I. CALL TO ORDER

A. Moment of Silence & Pledge of Allegiance

II. MATTERS SCHEDULED FOR PUBLIC HEARINGS

A. Proposed Preliminary Plat; Hillhaven Place Subdivision: A quasi-judicial public hearing will be held to consider approval of the Hillhaven Place Preliminary Subdivision Plat to create 22 lots from two vacant tracts and approval of conditions (1 through 7) as listed on page 9 of the submitted Staff Report.

A quasi-judicial hearing is a hearing where the City Council is acting much like a judge or jury in court. City Councilmembers are not allowed to talk to people who are for or against an application prior to the hearing, or if they do, must disclose those conversations at the public hearing. City Council can only consider and make their decision based on the relevant, admissible evidence that is testified under oath and presented at the hearing.

Note: The applicant and adjoining property owners are in agreement and request continuance of the public hearing until the February 21, 2023 City Council Regular meeting.

III. CONSENT AGENDA ITEMS

A. Minutes: Approval of the minutes of the City Council meeting of Tuesday, December 6, 2022 as submitted.
B. Minutes: Approval of the closed session minutes of the City Council meeting of Tuesday, December 6, 2022 as reviewed by the City Attorney, City Council and City Manager.
C. FY2023 Annual Audit Contract/Non-Attest Services; City of Lenoir: Approval of the FY2023 Annual Audit Contract/Non-Attest Services for the City of Lenoir as submitted by C. Randolph CPA, PLLC for audit services at $14,420 and as submitted for S. Eric Bowman, PA, for non-attest services at $38,000.

IV. REQUESTS AND PETITIONS OF CITIZENS

V. REPORTS OF BOARDS AND COMMISSIONS

VI. REPORT AND RECOMMENDATIONS OF THE CITY MANAGER

A. Items of Information

1. January Calendar: The calendar for the month of January will be submitted to City Council listing various meetings and events.
2. Curbside Christmas tree pickup began on January 2 and ends on January 6.
3. The City/County Services Committee will meet on Monday, January 9 at noon at CCC&TI.
4. The Lenoir Tourism Development Authority (LTDA) will meet on Wednesday, January 4 at 4:00 p.m. via Zoom.
5. The Lenoir Business Advisory Board will meet on Thursday, January 12 at 6:00 p.m. at City Hall, Third Floor.
6. City offices will be closed on Monday, January 16 in observance of the Martin Luther King, Jr. Holiday.

B. Items for Council Action

1. NCLM Voting Delegate; 2023-2024 Biennium Legislative Goals: Upon review of the 2023-2024 Biennium Legislative Goals as requested by the NCLM, City Council may select 10 of the 16 proposed goals and designate a voting delegate to submit the goals to the NCLM by their deadline of January 13, 2023. The voting delegate will receive voting instructions and the online ballot directly.

VII. REPORT AND RECOMMENDATIONS OF THE CITY ATTORNEY

VIII. REPORT AND RECOMMENDATIONS OF THE MAYOR

A. Board Appointments: Mayor Gibbons will recommend to City Council that Hunter Greer be appointed to serve a term on the Lenoir Housing Authority which will expire June 2025 and Tammy Greene be appointed to the Lenoir Planning Board for a term which will expire June 2026. These appointments were announced at the December 6, 2022 City Council meeting.

IX. REPORT AND RECOMMENDATIONS OF COUNCILMEMBERS

X. ADJOURNMENT

CITY OF LENOIR

COUNCIL ACTION FORM: January 3, 2023

I. Agenda Item:

Consideration of a Preliminary Plat Major Subdivision to create 22 lots along Hillhaven Place.

II. Background Information:

The applicant proposes to subdivide two parcels into 22 lots with driveway access off of Hillhaven Place. A subdivision that proposes more than 10 lots is considered a major subdivision, requiring approval by the City Council. The property is located in the R-15, Single Family district on Hillhaven Place.

Staff report is attached. Following approval, the developer must construct all public improvements in accordance with the approved preliminary plat, prior to approval of a final plat and the acceptance of infrastructure by the City.

III. Staff and Planning Board Recommendation:

Planning staff and the Planning Board recommend approval of the proposed Major Subdivision, based on the findings on page 7-9 of the attached staff report and subject to the conditions on page 9.

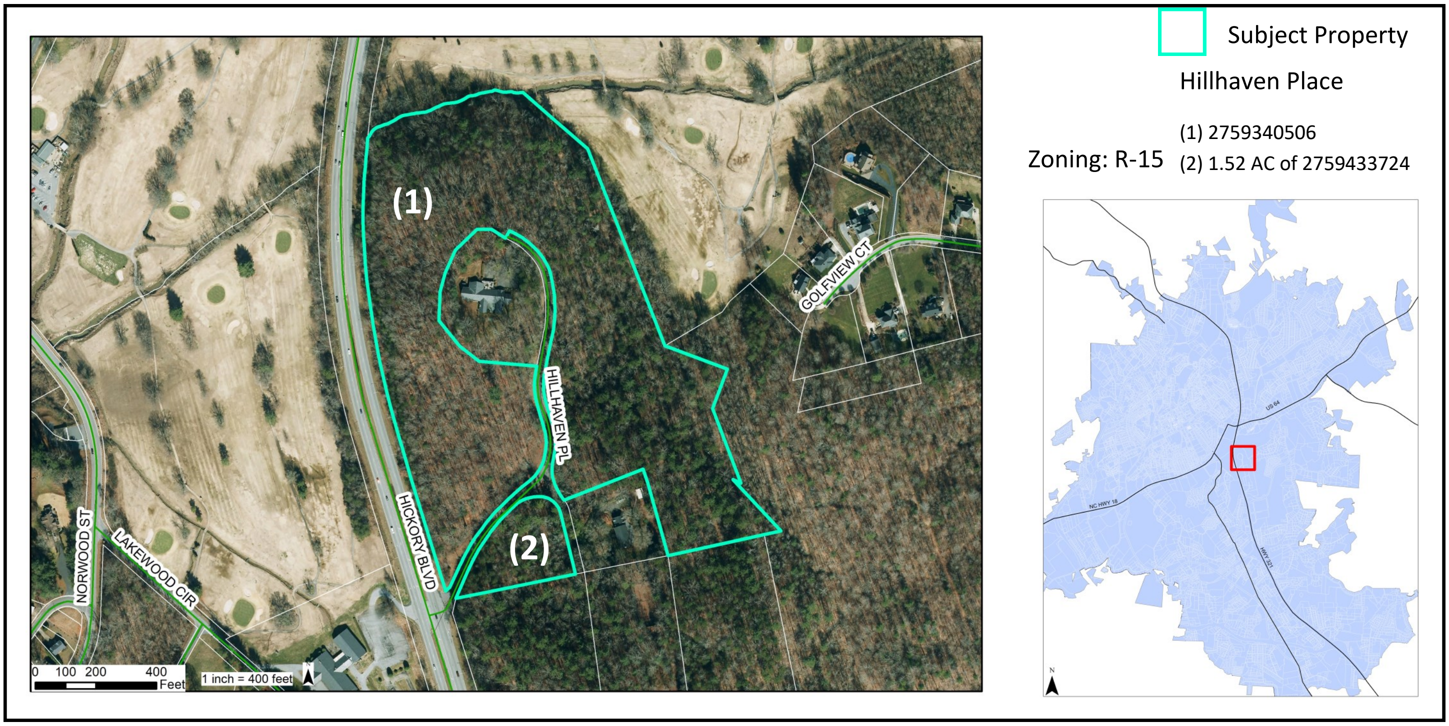
IV. Reviewed by:

City Attorney: _____________________________
Finance Director: __________________________

Planning Director: ___________________________

Staff Report
Major subdivision #1/22
Preliminary plat

Location map



Summary

Owners

(1) PB Realty
(2) Broyhill Timber Resources

Applicants

Guy Long, Piedmont Companies Inc.

Will Clayton, Clayton Engineering

Location

Hillhaven Place, east of US-321 (Hickory Blvd) and north of Mclean Drive

NC PIN

(1) 2759340506
(2) 1.52 AC of 2759433724

Project Planners

Hannah Williams, CZO
Jenny Wheelock, AICP, CZO

Updated December 15, 2022

Applicant's Request:

The applicant is requesting preliminary approval of a major subdivision plat to create 22 lots from two vacant tracts on Hillhaven Place, an existing city-maintained street.

Staff Recommendation:
Approval of the preliminary plat, subject to the conditions in this report. Draft findings are provided on pages 7-9.

Technical Review Committee:

See page 7 for Public Services and Public Safety comments.

Planning Board Recommendation:

Approval of request, see page 9.

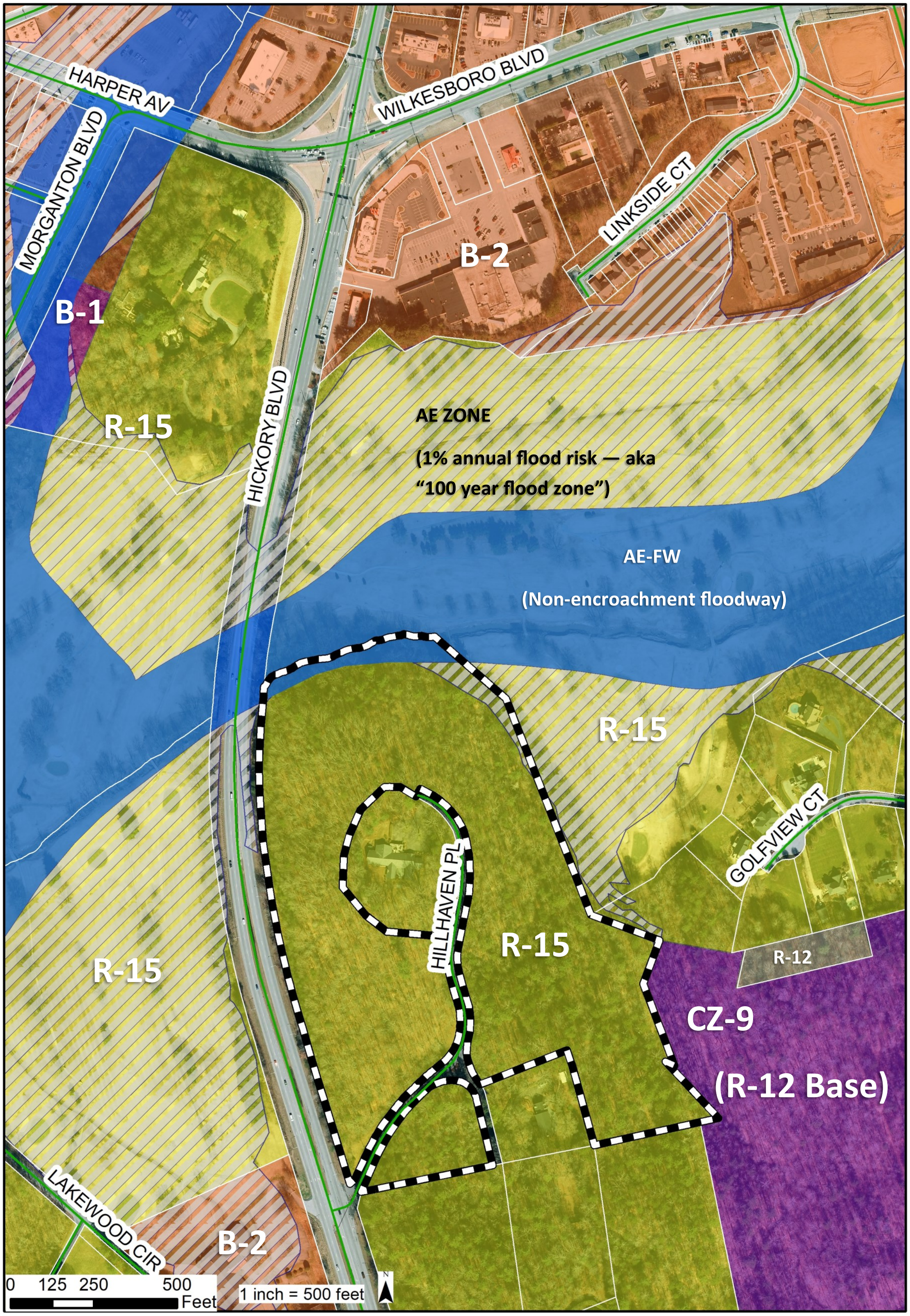
Public Comment: Comments presented by Ms. Bush and Mr. Ferraguto, and a letter from Mr. Strom, owners of adjacent properties on Hillhaven had concerns about safety on steep slopes of the road and increased traffic at the US-321 intersection.

Planning Board Meeting: Scheduled for Nov 28, 2022. Notice of the meeting was mailed to the owners of all adjacent parcels on Nov 18, 2022 (see noticing map, page 3).

City Council: Scheduled for Jan 3, 2023. Notices were mailed Dec 22, 2022.

******This request is quasi-judicial. You should not discuss this case with decision makers outside of the scheduled hearing******

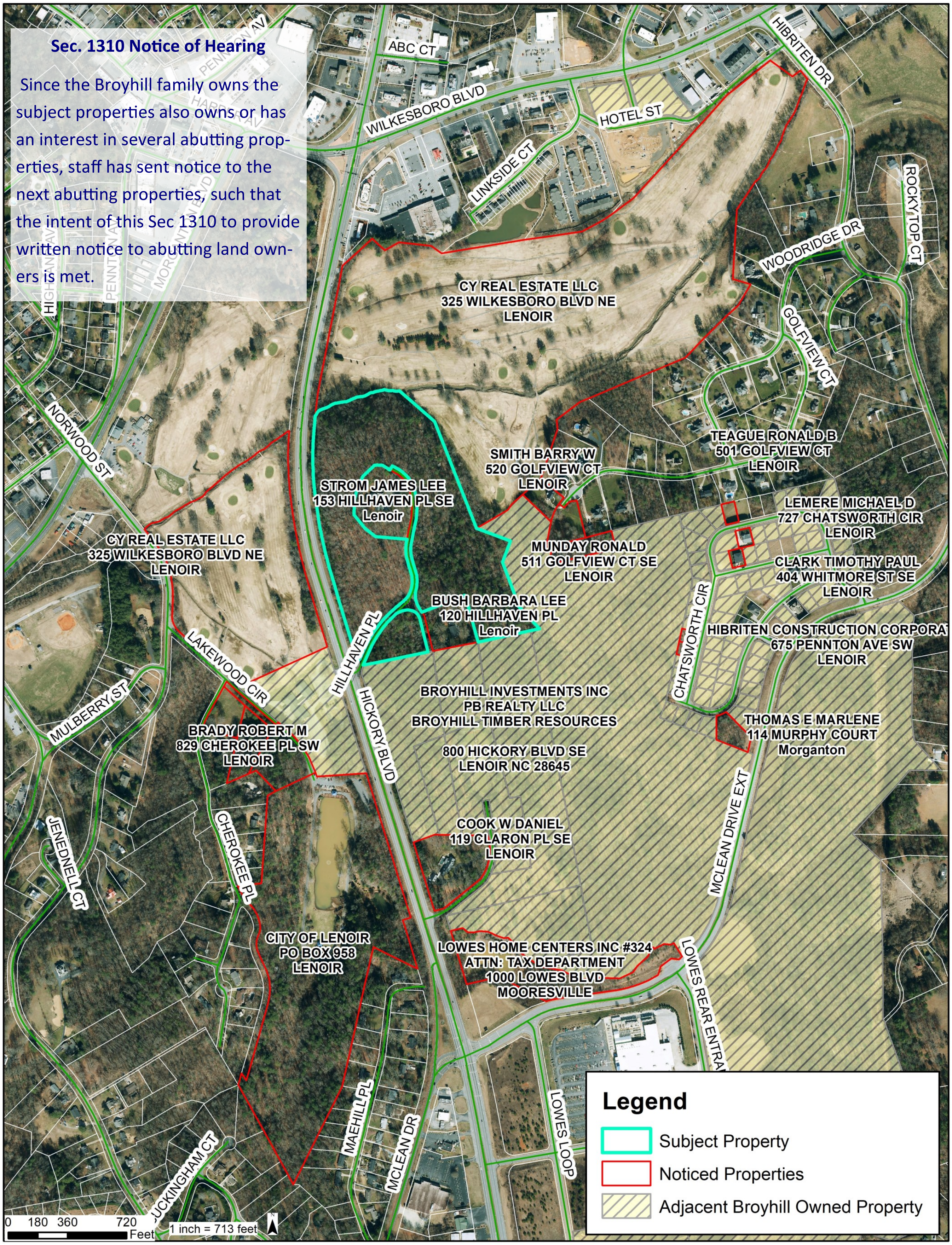
Zoning and Floodplain Map



Noticing Map

Sec. 1310 Notice of Hearing

Since the Broyhill family owns the subject properties also owns or has an interest in several abutting properties, staff has sent notice to the next abutting properties, such that the intent of this Sec 1310 to provide written notice to abutting land owners is met.



Background and Analysis

Major Subdivisions

Chapter 19 of the Lenoir Code of Ordinances describes the process of subdivision within City Limits & the ETJ. Major subdivisions are divisions of tracts of land that include dedication of new streets, changes to existing streets, otherwise commit the expenditure of city funds, or create more than ten lots. Approval of major subdivisions occurs in three phases:

Current Phase → **(1) Phase 1—Preliminary plat.** A preliminary plat is reviewed by the technical review committee and the planning board, and approved by the city council following a quasi-judicial hearing.

(2) Phase 2—Construction of infrastructure. All public improvements must be constructed by the developer in accordance with city standards and the approved preliminary plat prior to approval of a final plat and the acceptance of infrastructure by the City.

(3) Phase 3—Final plat. A final plat is reviewed and approved by the city council, and infrastructure is accepted for public maintenance.

Subject and Surrounding Properties

Hillhaven Place is a public, dead-end road off of Hickory Blvd with an existing 40’ wide right-of-way. There are city water and sewer facilities in the right-of-way. The property is located in the R-15, Single-Family Residential district. There are only two homes on Hillhaven Place, on platted lots in separate ownership. The remainder of the acreage is wooded and owned by PB Realty/Broyhill Timber Resources. South of the subject properties are more Broyhill-owned, wooded tracts that abut Claron Place and Mclean Drive. Section II of the Overmountain Forest Planned Development, zoned CZ-9, is west of the subject property.

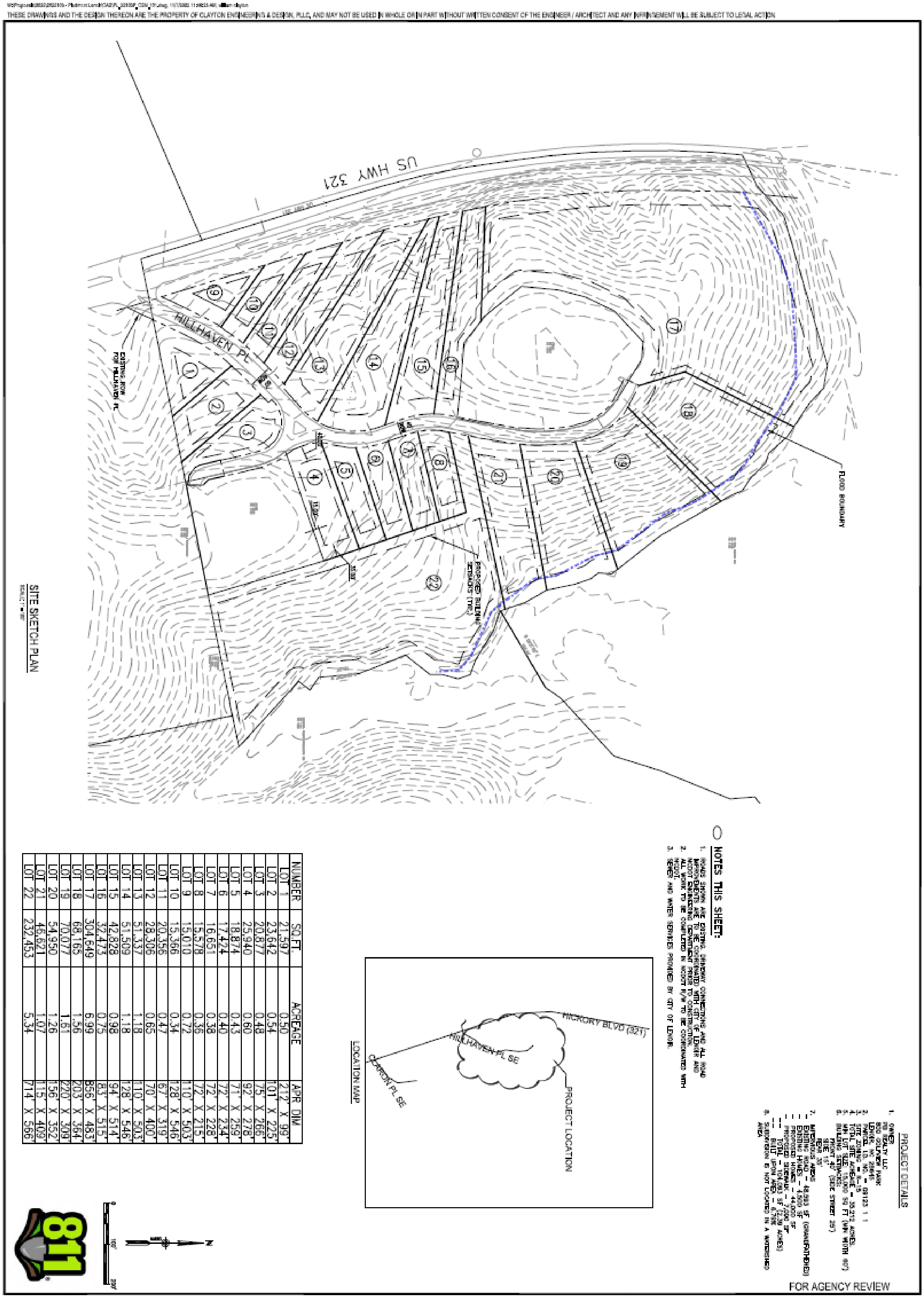
Applicant’s Request

The applicant is proposing to create twenty-two residential lots off of Hillhaven Place, for a total of 24 lots fronting on the street (the two existing lots are in separate ownership and are not a part of this request). Since the number of lots exceeds 10, this development is classified as a major subdivision. The proposed lots meet all minimum dimensional and setback requirements of the zoning ordinance for the R-15 district, and range in size from just over the minimum 15,000 sq. ft. required by the district to over 4.5 acres (lots 17 and 22). The range of lot sizes reflects the topography of the site, which has over 100 ft. of elevation change (elevations range from 1,110 ft. above sea level at the connection to US321, to 1,215 ft. above sea level at the top of the dead-end). The larger acre lots contain the steepest slopes and would not be suitable for further subdivision. Density is concentrated on the southern portion of the existing road, with 16/22 proposed lots fronting on the first ~800 ft. of Hillhaven, and only 6 on the remaining ~600 ft. While the applicant’s proposal did not originally include any infrastructure upgrades, the additional density triggers some necessary improvements. As conditions of approval, the applicant will need to dedicate additional right-of-way at the northern end of Hillhaven as well as at the end of the “fork” at the southern end, to accommodate a turn-around and a “stub-out” for future connections, respectively. Additionally, sidewalk construction, or a payment in lieu of construction, is also required.

Proposed Lots with Square Footage

NUMBER	SQ.FT.
LOT 1	21,597
LOT 2	23,642
LOT 3	20,877
LOT 4	25,940
LOT 5	18,874
LOT 6	17,424
LOT 7	16,651
LOT 8	15,578
LOT 9	15,010
LOT 10	15,366
LOT 11	20,356
LOT 12	28,306
LOT 13	51,337
LOT 14	51,509
LOT 15	42,828
LOT 16	32,473
LOT 17	304,649
LOT 18	68,165
LOT 19	70,077
LOT 20	54,950
LOT 21	46,621
LOT 22	232,453

Subdivision Site Plan



NUMBER	SQ.FT.	ACREAGE	APR DIM
LOT 1	21,597	0.50	212' X 99'
LOT 2	23,642	0.54	101' X 225'
LOT 3	20,877	0.48	75' X 266'
LOT 4	25,940	0.60	92' X 278'
LOT 5	18,874	0.43	71' X 259'
LOT 6	17,424	0.40	72' X 234'
LOT 7	16,651	0.38	72' X 228'
LOT 8	15,578	0.36	72' X 215'
LOT 9	15,010	0.72	110' X 503'
LOT 10	15,366	0.34	128' X 546'
LOT 11	20,356	0.47	67' X 319'
LOT 12	28,306	0.65	70' X 400'
LOT 13	51,337	1.18	110' X 503'
LOT 14	51,509	1.18	128' X 546'
LOT 15	42,828	0.98	94' X 514'
LOT 16	32,473	0.75	83' X 515'
LOT 17	304,649	6.99	856' X 483'
LOT 18	68,165	1.56	203' X 364'
LOT 19	70,077	1.61	220' X 309'
LOT 20	54,950	1.26	156' X 352'
LOT 21	46,621	1.07	115' X 409'
LOT 22	232,453	5.34	714' X 566'

Background and analysis

Transportation and Access

Hillhaven Place has been a city-maintained road since its construction. The road intersects with US-321 about a half mile south of Smith Crossroads and about a half mile north of the McLean Drive (Lowe's Hardware) intersection. US-321 has a continuous grassed median along this thoroughfare, with a break that lines up with Hillhaven, so drivers entering or exiting Hillhaven will be able to travel north or south from the intersection. Hillhaven Place is about 1471 feet long. There is standard curb and gutter along the first 890 ft of the road, while the upper 581 feet has a valley curb. There is a fork off Hillhaven that leads up to the driveway of the home at 120 Hillhaven Place. About 200' of this fork is city-maintained with curb and gutter. The right of way around this fork extends past the city-maintenance and ends close to an adjacent parcel owned by PB Realty (NCPIN 2759236589), which is not part of this subdivision. There is potential for further subdivision development in this area, so it will be a recommendation of this report to extend a 40' right-of-way to the southern property line. Additionally, a turn-around is required on the north end of Hillhaven. (See Appendix A on page 10 for details on additional ROW dedications/extensions.)

All proposed lots have the required 25' of street frontage on and will be accessed from Hillhaven Place. Although Lots 9 through 16 are technically "through-lots," adjacent to US-321, they are designed as reverse frontage lots with no direct access to the highway due to the steep slopes along the western property lines. There is a mature tree buffer along this western exposure as well, limiting highway disruption to the residential area.

One of the proposed lots is a "flag lot," (Lot 22) meaning its frontage is narrower than the rest of the proposed lots. With flag lots, the driveway access is located on a slender strip of land originating at the road (the "flagpole") and extends to wider part of the parcel that is buildable (the "flag"). Lenoir subdivision standards do not limit flag lots, although there are some considerations regarding city services. The private water and sewer hookups need to be extended further for this lot, and the driveway may have to be constructed to accommodate a fire truck if the distance to the home requires such access to adequately respond to a fire or other emergency. Details related to development of the flag lot will be handled at time of permitting.

R-15 Dimensional Standards				
Zoning Designation	**Minimum Lot Area**	**Minimum Lot Width**	**Setbacks**	**Max. Building Height**
R-15 Single Family Residential	15,000 SF	Street Frontage: 25 Ft At Building Line: 60 Ft	Front: 40 Ft Side: 15 Ft Street Side: 25 Ft Rear: 35 Ft	35 ft.
♦See Sec. 800, Table A for a full description of Zoning District Development Standards				

Consistency with Major Subdivision Plat Requirements

Sections 19-09 through 19-16 of the Subdivision Ordinance include the basic standards for all plats. The applicant's preliminary plat for the Hillhaven Place site satisfies this criteria. Notable details regarding this project:

- ♦ The proposal meets all dimensional criteria for street frontage, lot size, width, setbacks, area, and block dimensions for single family residential uses in the R-15 zoning district.
- ♦ Lots 17 through 22 have some Special Flood Hazard Areas on them, but it is located towards the rear of the lots and is mostly outside of the building envelope created by the setbacks. See FIRM map 3710275900J.
- ♦ The developer has elected to make a payment into the sidewalk fund in lieu of construction.
- ♦ This project is required to obtain a stormwater permit from the WPCOG and any area of land disturbance greater than one acre will require a sedimentation and erosion control plan from NCDEQ.
- ♦ The development is currently served by the City's water and sewer systems. Existing utility lines have a 25' easement. Prior to submittal of the final plat, a capacity letter will be issued by the Public Utilities Department.

Technical Review Committee Comments

Public Services

Public Utilities: Jeff Church (jeff.church@ci.lenoir.nc.us—828-757-4459)

Water and sewer should be fine, there is an existing water service and eight inch sewer service. We will; however, need to review final plans and specs for the connections/extensions prior to final plat approval. If upgrades to existing fire hydrants are needed, the City's Engineer will need to review and approve proposed improvements

Public Works: Jon Hogan (Jon.hogan@ci.lenoir.nc.us—828-757-2183)

Currently [sanitation] services those homes with our small (PakRat) truck. With that subdivision built out we would likely move it to an automated route. Therefore, we would need to add a turnaround or cul-de-sac on the north end of Hillhaven in order to accommodate the larger truck. A turnaround is not needed at the south fork off Hillhaven.

Public Safety

Fire: Chris Jacobs (cjacobs@ci.lenoir.nc.us—828-757-2193)

- Fire vehicles require a cul-de-sac or hammerhead turnaround on Hillhaven per NC Fire Code for apparatus access.
- Driveway access on Lot 22 (flag lot) must be wide and robust enough to support a fire truck
- Water flow (hydrants) in this area currently is designed to support structures up to 1,870 sq. ft., larger structures over this would require an upgrade in the water system for suppression efforts (currently there are three hydrants for this road, 2 of them are less than 650 gpm however there is one hydrant, at Blowing Rock Blvd that is 1,187 gpm). Our calculation is based upon the two lesser gpm hydrants.
- The land grade for lots 18-21 is a concern, as steep grade could prevent or hamper efficient access residential sprinklers would be a great suggestion at least for these lots.

Police: Brent Phelps (bphelps@ci.lenoir.nc.us—828-757-0471)

For the number of lots, it appears that the roads will support the potential traffic increases.

Findings — Special Standards for Major Subdivisions

In accordance with Sec. 19-65, the City Council ***must*** approve the preliminary plat, and release the same for Phase 2 construction of infrastructure, upon finding that the application, based on competent, substantial evidence in the record and following an evidentiary hearing, meets of ***all*** of the following standards:

(a) ***Lot design and layout.*** *The proposed lots meet all standards in Article I of this chapter and all standards for the proposed use and district prescribed by the zoning ordinance, and the length, width, and shape of the blocks are designed with due regard and special consideration to the type of land use proposed.*

Staff response: The proposed lots meet all of the dimensional standards for single-family lots in the R-15 zoning district. While the length of the existing street exceeds the preferred maximum length of 500 ft. for dead-end streets, and dead-end streets are generally discouraged, the street is existing and the surrounding topography limits options for connections. The proposed layout gives special consideration to the topography and existing conditions, consistent with the intent of the district and the subdivision ordinance.

b) ***Suitability of land.*** *Land which is found to be unsuitable for subdivision due to flooding, bad drainage, steep slopes, rock formations and other features likely to be harmful to the safety, health and general welfare of the future occupants or to the community shall not be subdivided unless adequate methods are formulated by the developer for meeting the problems created by the subdivision of such land.*

Findings, Cont.

Staff response: A small sliver of the rear boundary on Lots 17-22 contains floodplain and floodway, but it will be outside of the building envelope of the lots. The steepest slopes and rock formations are all located on the perimeter of the site, on the largest lots. Lots 18 through 21 are among the steepest, but are also the largest, allowing for additional flexibility for the grading of a homesite. As a condition of approval, the final site plan/grading plan will be reviewed during permitting, in order to identify any potential issues with emergency response, as discussed in the Fire Marshall's TRC comments.

c) ***Orderly development.*** *The subdivision is designed to allow for the opening of future streets and logical further subdivision of subsequent phases and adjacent parcels.*

Staff response: This subdivision leverages an existing city-maintained road that already exists as a dead-end, creating additional lots for single-family homes without very little additional infrastructure for the City to maintain. A "stub out" will be extended to the adjacent parcel to the south, to allow for a future connection, consistent with the intent of this standard. Overall, this proposal is "logical further subdivision" of land served by existing infrastructure, and is anticipated to be the final phase of lot creation on Hillhaven Place.

d) ***Coordination and continuation of streets.*** *The proposed street layout is coordinated with the city's existing street system and maximizes the number of connections to the surrounding street network. Streets that abut the proposed subdivision are extended, and new street dedications must extend all the way to abutting parcels to provide for future extensions.*

Staff response: There are currently no streets that abut the proposed subdivision, so extension of abutting streets is not applicable to this request. As a condition of approval, the "fork" portion of roadway located south of the median will be dedicated all the way up to the adjacent parcel to the south, to allow for a future connection. The natural features of the area limit the potential for any other additional connections/continuation of streets.

e) ***Topography.*** *The subdivision design considers the limitations and opportunities of the existing topography and minimizes the need for excessive grading or site walls.*

Staff response: A majority of the lots will require minimal grading. Lots 18 through 21 are among the steepest and will need grading to create a buildable area. However, these four lots are more than three times the required lot size, leaving more natural space for gradual grading.

f) **Access management.** *Where a tract of land to be subdivided adjoins a major thoroughfare, the subdivision design manages access by establishing reverse frontage lots, marginal access streets, or other designs that limit private driveway connections on the major thoroughfare.*

Staff response: The proposed lots west of Hillhaven Place are reverse frontage lots, and adjoin US-321 at their rear. The subdivision is laid out for lots to be accessed by Hillhaven. The topography along the western edge of the parent tract adjacent to US321 is very steep — in places it is a sheer rock wall where blasting was required to construct the northbound lanes of US321. Driveway connections won't be permitted on US321, but in most places they aren't feasible anyway, ensuring compliance with this standard.

g) ***Pedestrian connectivity.*** *Lots are arranged to facilitate greenway and sidewalk connections in accordance with the adopted [pedestrian and bicycle plans] to adjacent public facilities, common/open space, greenways, and adjacent developments are provided.*

Staff response: Hillhaven Place will have local traffic only, since the road ends at Lot 17 and does not connect outside the neighborhood. The same topography that limits the roadway connections also limits the ability to connect the larger pedestrian network, as well as creates challenges to building ADA-compliant sidewalks in this location. Since conditions on this road ensure low traffic volume and low speeds with minimal pedestrian risk, a sidewalk payment in lieu is proposed. As the greenway network is built out connecting to the golf course and throughout the proposed Overmountain Forest development, opportunities to eliminate gaps that may enhance future Hillhaven Place residents' access will be explored, and can be funded through the sidewalk fund at that time.

Findings, Cont.

h) ***Adequate public facilities.*** *Adequate public facilities exist to serve the proposed subdivision, or will be developed upon approval of the preliminary plat.*

Staff response: The road, water, and sewer are all capable of serving the proposed lots. A cul-de-sac or alternative turnaround will be developed to better serve public vehicles that need adequate space to turn around, such as sanitation or fire trucks. The only concern about adequate facilities relates to the capacity of the existing fire hydrants to serve homes larger than 1,870 sq. ft. Since this limitation is related to the development of the lots themselves and not to the creation of lots, there are multiple ways to address this issue following approval of the preliminary plat. Upgrades to the water system are one option, but limitations on the size of structures or installation of sprinklers also would address without the need for improving existing infrastructure. This is a condition that exists elsewhere in the City — tanker trucks are also used in these scenarios to ensure the water necessary to fight structure fires is available when needed.

Staff Recommendation/Conditions

Staff recommends approval of the Hillhaven Place Preliminary Plat, with the following conditions:

1. The developer shall pay into the sidewalk fund in lieu of sidewalk construction. This payment shall be calculated for the footage of Hillhaven Place by the price of concrete for a 5’ sidewalk. The sidewalk fund payment is due prior to the approval of the final plat.
2. A stormwater permit for a low density development is required prior to approval of the final plat. Notes on the face of the final plat including limitations on built upon area will be required.
3. NCDOT must review and approve the existing connection of US 321 and Hillhaven Place, due to the addition of residential density. Any geometric improvements to the connection must be completed prior to approval of the Final Plat.
4. A cul-de-sac or T-Y-L alternative turnaround must be installed at the end of Hillhaven. Prior to starting construction on the turnaround, civil plans demonstrating compliance with the standards in Chapter 18 (Streets and Sidewalks) must be provided to Public Works for review and approval.
5. A 40’ wide public right of way must be extended to the southern property line where the city-maintained “fork” off Hillhaven Place currently extends to serve the house at 120 Hillhaven Place. A “stub out” must be constructed to the property line within this right-of-way, in order to facilitate future extension/connection to serve future residential subdivision.
6. While current water and sewer infrastructure is sufficient to handle 22 additional homes in this location, the existing fire hydrants are not sufficient to service structures larger than 1,870 sq. ft. Either the water service can be upgraded to increase capacity of hydrants, or deed restrictions must be recorded that limit overall square footage of individual houses to 1,870 sq. ft. and/or require houses larger than 1,870 sq. ft. to have sprinklers/fire suppression systems.
7. A grading plan must be submitted prior to approval of any building permits on lots 18-21. Placement of homes on steep lots may negatively impact the City’s ability to effectively fight house fires on these properties. Residential sprinklers/fire suppression systems are strongly encouraged for future development on the aforementioned lots.

Planning Board Recommendation

Planning Board recommends approval of the Preliminary Plat, with conditions presented by staff, by a vote of 4 to 1.

Exhibit A: Fork off Hillhaven

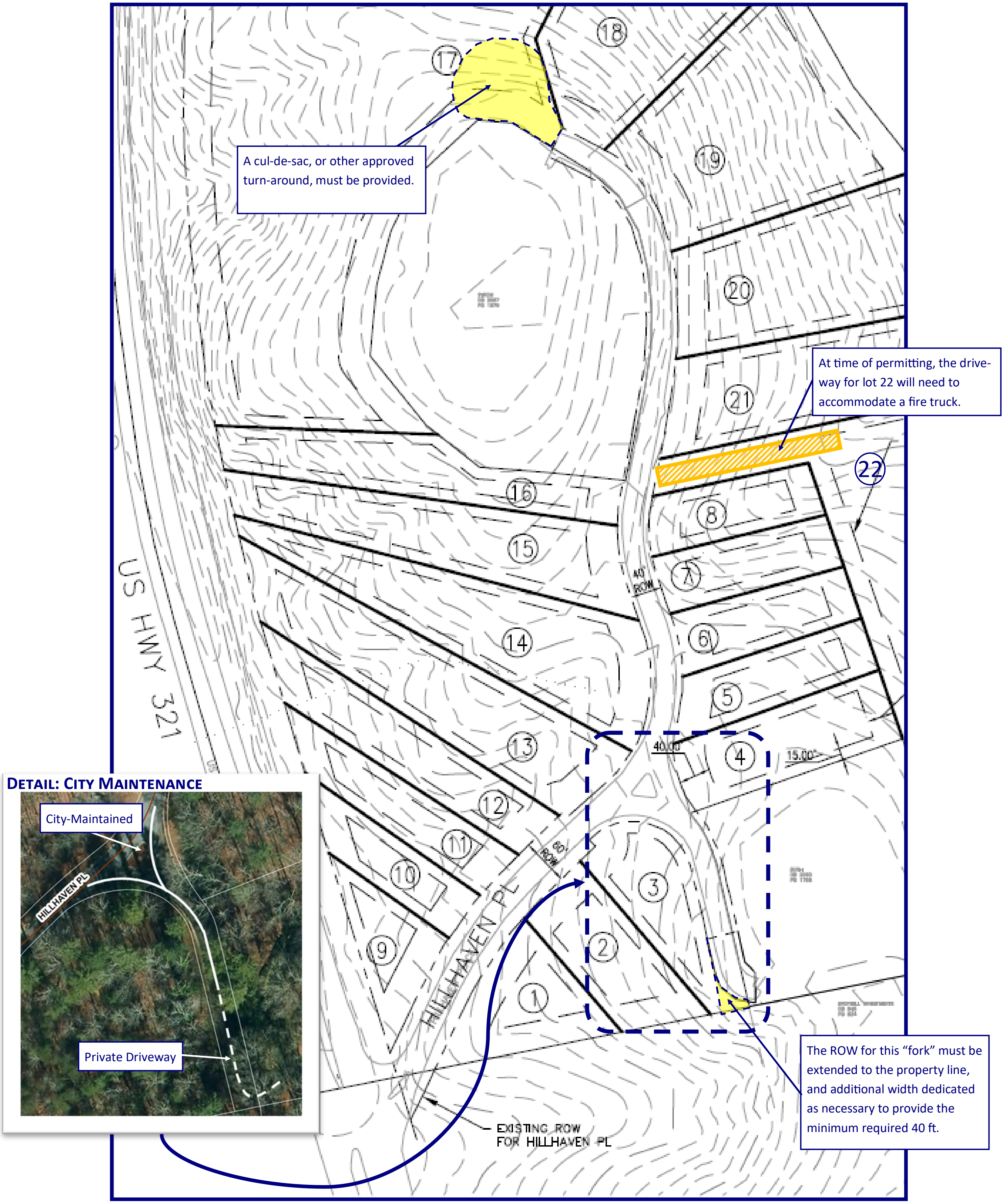


Exhibit B: Site Photos

Above: Hillhaven Connection with US-321

Below: Lower part of Hillhaven Pl with curb and gutter shown

Above: Lots 18 and 19 with steep slopes

Below: Upper Hillhaven Pl with valley curb

LENOIR CITY COUNCIL
TUESDAY, DECEMBER 6, 2022
5:00 P.M.

PRESENT: Mayor Joe Gibbons presiding. Councilmembers present were Mayor Pro-Tem Crissy Thomas, Jonathan Beal, Kent Greer, Todd Perdue, Ike Perkins, Ralph Prestwood, David Stevens, City Manager Scott Hildebran, City Clerk Shirley Cannon and City Attorney T.J. Rohr.

STAFF PRESENT: Finance Director Donna Bean, Economic Development Director Kaylynn Horn, Police Chief Brent Phelps, Planning Director Jenny Wheelock, Recreation Director Kenny Story, Public Works Operations Manager Jon Hogan, Communications Director Joshua Harris, Downtown Event Coordinator Matthew Anthony.

ABSENT: Fire Chief Ken Hair, Public Services Director Radford Thomas and Public Utilities Operations Manager Jeff Church.

I. CALL TO ORDER

A. The meeting was opened by a moment of silence followed by the Pledge of Allegiance as led by Mayor Gibbons.

COMMENDED; CITY STAFF:

B. On behalf of City Council, Mayor Gibbons thanked City Staff for the beautiful downtown Christmas decorations and commented the City has received a number of positive comments from the general public on how great downtown Lenoir looks this holiday season.

Mayor Gibbons also thanked City Staff for all of their hard work during the Christmas parade, which was a great event and well attended.

II. MATTERS SCHEDULED FOR PUBLIC HEARINGS

III. CONSENT AGENDA ITEMS

A. Minutes: Approval of the minutes of the City Council meeting of Tuesday, November 1, 2022 as submitted.

B. Final Offer to Purchase Real Property; 400 Block of Folk Street: Approval of the Final Offer to Purchase Real Property by resolution in the amount of $2,000.00 plus advertising costs following the submission of all upset bids, and as submitted by Rusty Castle Investors, LLC, for the 0.24 acre parcel owned by the City of Lenoir and located on Folk Street. Note: The legal advertisement for the Notice of Offer to Purchase Real Property was published in the News-Topic on November 4, 2022 starting a ten (10) day upset bid period as required by N.C.G.S. §160A-269. Staff recommends Council accept the Final Offer to Purchase Real Property as the City did not receive any upset bids. (A copy of the resolution is hereby incorporated into these minutes by reference. Refer to page 299-300.)

C. Amendment No. 2; Engineering Services Contract, McGill Associates; Crossroads Sewer line Replacement Project: Staff recommends approval of Amendment No. 2 in the amount of $30,000.00 to the contract for engineering services with McGill Associates for the Crossroads Sewer Line Replacement Project as submitted. (A copy of Amendment No. 2 is hereby incorporated into these minutes by reference. Refer to page 301.)

D. Final Adjusting Change Order; Biosolids Facilities Improvement Project: Staff recommends City Council approval of the Final Adjusting Change Order as recommended by McGill Associates for the Biosolids Facilities Improvement Project to reflect a net increase in the contract of $6,689.19. (A copy of the Final Adjusting Change Order is hereby incorporated into these minutes by reference. Refer to page 302.)

E. Bid Award; Aluminum Bleachers for Mack Cook Stadium: Staff recommends City Council award the low bid of $21,234.00 to Highland Products Group/The Park Catalog for two (2) sets of 5 Row Aluminum Bleachers for Mack Cook Stadium. The project is part of the improvement plan at the Lenoir High School Campus and is being funded with Community Development Block Grant Funds (CDBG.) A copy of the bid tab is hereby incorporated into these minutes by reference. (Refer to pages 303-305.)

F. Resolution, Caldwell County Animal Care Ordinance Amendments: Staff recommends City Council adopt a resolution for the Amended Caldwell County Animal Care Ordinance as requested by the Caldwell County Commission. Upon approval, the City Council will grant permission for the Caldwell County Animal Care Enforcement Division to operate and enforce the provisions of the Amended Animal Care Enforcement Ordinance within the City limits of the City of Lenoir. (A copy of resolution is hereby incorporated into these minutes by reference. Refer to page 306-307.)

Councilman Perkins stated he was not in favor of purchasing the two sets of aluminum bleachers in the amount of $21,234.00 due to the low water pressure issue in the Finley Avenue neighborhood not being addressed yet.

City Manager Hildebran stated the Finley Avenue Water Improvement Project is being funded.

City Manager Hildebran also explained the aluminum bleachers are part of the improvement plan at The Campus (former Lenoir High School) and are being funded with Community Development Block Grant Funds (CDBG.)

Upon a motion by Councilmember Stevens, City Council voted 7 to 0 to adopt the items on the Consent Agenda as described above and as recommended by City Manager Hildebran.

IV. REQUESTS AND PETITIONS OF CITIZENS

V. REPORTS OF BOARDS AND COMMISSIONS

VI. REPORT AND RECOMMENDATIONS OF THE CITY MANAGER

A. Items of Information

LUMINARY DISPLAY:

1. The annual Luminary Display at Blue Ridge Memorial Park will be held on Friday, December 9 beginning at 6:00 p.m. A rain date is scheduled for Friday, December 16.

LIGHT UP LENOIR:

2. The Christmas Light Show will continue nightly from 6:00 p.m. – 10:00 p.m. through January 1st in downtown Lenoir.

SANTA ON THE SQUARE:

3. Santa will be on the square on Wednesday, December 14 & Wednesday, December 21 from 5:00 p.m. – 7:00 p.m.

ELF ON A SHELF:

4. The Elf on a Shelf game is being held through December 24 by participating downtown merchants. Find the Elf in downtown stores and scan the QR code to collect points for a prize.

CARRIAGE RIDES:

5. Carriage rides will be held on December 12, 13, 14, 19, 20 & 21 from 5:00 p.m. – 8:00 p.m. Register online at www.downtownlenoirnc.com.

CHRISTMAS AT THE CAMPUS:

6. The Christmas at the Campus show will be held on December 9, 10, 11, 16, 17 & 18. Friday and Saturday shows are at 7:30 p.m. and the Sunday show is at 2:30 p.m.

HOLIDAY CLOSINGS:

7. City offices will be closed on Friday, December 23, Monday, December 26 & Tuesday, December 27 in observance of the Christmas holidays. City offices will also be closed on Monday, January 2 in observance of New Year's Day and on Monday, January 16 in observance of the Martin Luther King, Jr. holiday.

B. Items for Council Action

VIII. REPORT AND RECOMMENDATIONS OF THE MAYOR

ANNOUNCEMENT; BOARD APPOINTMENTS:

A. Mayor Gibbons announced the following individuals for City Council's consideration of approval to be appointed to the following Authorities/Boards/Commissions.

Hunter Greer	Lenoir Housing Authority	Term Expires 2025
Tammy Greene	Lenoir Planning Board	Term Expires 2026

These individuals will be placed on the December 20, 2022 Agenda for City Council's consideration of approval. Mayor Gibbons stated there were a few other upcoming board vacancies that he would be announcing in the near future.

IX. REPORT AND RECOMMENDATIONS OF COUNCIL MEMBERS

CLOSED SESSION:

A. Pursuant to N.C.G.S.§143-318.11(a),(3), and upon a motion by Councilmember Stevens, which carried unanimously, City Council entered into closed session on Tuesday, December 6 to discuss attorney/client privilege.

OPEN SESSION:

B. Upon a motion by Councilmember Perdue, City Council voted unanimously to re-enter into open session.

X. ADJOURNMENT

A. There being no further business, the meeting adjourned at 5:32 p.m.

Shirley M. Cannon, City Clerk	Joseph L. Gibbons, Mayor

CITY MANAGER
SCOTT E. HILDEBRAN

CITY OF LENOIR
NORTH CAROLINA

MAYOR
JOSEPH L. GIBBONS

CITY COUNCIL
J. T. BEAL
F. KENT GREER
T. H. PERDUE
J. I. PERKINS
R. S. PRESTWOOD
D. F. STEVENS
C. D. THOMAS

RESOLUTION

WHEREAS, the City of Lenoir owns certain property, located on the 400 block of Folk Street, NC PIN 2840900534, Parcel ID 09-27-1- 2, and more particularly described on the following page); and

WHEREAS, North Carolina General Statute §160A-269 permits the City to sell property by upset bid, after receipt of an offer for the property; and

WHEREAS, the City has received an offer to purchase the property described above, in the amount of $2,000, plus advertising costs, submitted by Joseph Sullivan of Rusty Castle Investors, LLC; and

WHEREAS, Joseph Sullivan has paid the required five percent (5%) deposit on his offer;

NOW, THEREFORE, BE IT RESOLVED, the LENOIR CITY COUNCIL of the City of Lenoir resolves that:

1. The City Council authorizes sale of the property described above through the upset bid procedure of North Carolina General Statute § 160A-269.
2. The City Clerk shall cause a notice of the proposed sale to be published. The notice shall describe the property and the amount of the offer, and shall state the terms under which the offer may be upset.
3. Any person may submit an upset bid to the office of the City Clerk within ten (10) days after the notice of sale is published. Once a qualifying higher bid has been received, that bid will become the new offer.
4. If a qualifying higher bid is received, the City Clerk shall cause a new notice of upset bid to be published, and shall continue to do so until a 10-day period has passed without any qualifying upset bid having been received. At that time, the amount of the final high bid shall be reported to the City Council.
5. A qualifying higher bid is one that raises the existing offer by not less than ten percent (10%) of the first $1,000.00 of that offer and five percent (5%) of the remainder of that offer.
6. A qualifying higher bid must also be accompanied by a deposit in the amount of five percent (5%) of the bid; the deposit may be made in cash, cashier's check, or certified check. The City will return the deposit on any bid not accepted, and will return the deposit on an offer subject to upset if a qualifying higher bid is received.

The City will return the deposit of the final high bidder at closing.

7. The terms of the final sale are that the City Council must approve the final high offer before the sale is closed, which it will do within 30 days after the final upset bid period has passed, and the buyer must pay with cash, cashier's check or certified check at the time of closing.
8. The City reserves the right to withdraw the property from sale at any time before the final high bid is accepted and the right to reject at any time all bids.
9. If no qualifying upset bid is received after the initial public notice, the offer set forth above is hereby accepted. The appropriate City Officials are authorized to execute the instruments necessary to convey the property to Joseph Sullivan of Rusty Castle Investors, LLC.

This the 1st day of November, 2022.

SEAL

Joseph L. Gibbons
Joseph L. Gibbons, Mayor

ATTEST:

Shirley M. Cannon
Shirley M. Cannon, City Clerk

CITY OF LENOIR, NC
CHARTERED
JANUARY 28, 1851
SEAL

AMENDMENT NO. 2

to the

AGREEMENT FOR ENGINEERING SERVICES – DATED JUNE 4, 2019

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree to amend the Agreement for Engineering Services as follows:

Section 2 – Basic Services shall be amended as follows:

2.5 CONSTRUCTION PHASE

2.5.22 Additional construction phase services and CFR time related to extended construction time for the sewer line construction and to avoid existing utilities.

Section 6 – Payment to the Engineer, Article 6.1.1 shall be amended to include the following additional hourly maximum not-to-exceed fee:

6.1 PAYMENT FOR BASIC SERVICES

Extended Construction Phase Services **$30,000**

In accordance with the Agreement for Engineering Services, the Owner agrees to pay the ENGINEER the amounts noted above for the Additional Services rendered as outlined in this Amendment No. 2.

CITY OF LENOIR	**McGILL ASSOCIATES, P.A.**
______________________	______________________
Scott Hildebran City Manager	**Douglas Chapman, PE** Principal – Hickory Office Manager
Date: __________	Date: 11-10-22

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

ATTEST: ______________________	By: ______________________
Shirley M. Cannon City Clerk	Donna Bean, Finance Director

EJCDC

Change Order No. 05 - Final

Date of Issuance:	September 21, 2022	Effective Date:	September 21, 2022
Owner:	City of Lenoir	Owner's Contract No.:	
Contractor:	Brushy Mountain Builders	Contractor's Project No.:	
Engineer:	McGill Associates, P.A.	Engineer's Project No.:	17.01107
Project:	Biosolids Facility Improvements	Contract Name: Biosolids Facility Improvements	

The Contract is modified as follows upon execution of this Change Order:

Description: Final Adjustment to Construction Contract Amount

Attachments: *Change Order Summary, with back-up documentation*

CHANGE IN CONTRACT PRICE	CHANGE IN CONTRACT TIMES *[note changes in Milestones if applicable]*
Original Contract Price: $ 4,259,000.00	Original Contract Times: Substantial Completion: 330 Ready for Final Payment: 360 days ~~or dates~~
[Increase] [~~Decrease~~] from previously approved Change Orders No. 1 to No. 3 : CO #1: $23,607.96 CO #2: $9,287.07 CO #3: $26,745.97 $ 59.641.00	[Increase] [~~Decrease~~] from previously approved Change Orders No. 1 to No. 3 : Substantial Completion: 70 Ready for Final Payment: 70 days
Contract Price prior to this Change Order: $ 4,318,641.00	Contract Times prior to this Change Order: Substantial Completion: 400 Ready for Final Payment: 430 days ~~or dates~~
[~~Increase~~] [Decrease] of this Change Order: $ (52,951.81)	[~~Increase~~] [~~Decrease~~] of this Change Order: Substantial Completion: 0 days Ready for Final Payment: 0 days days ~~or dates~~
Contract Price incorporating this Change Order: $ 4,265,689.19	Contract Times with all approved Change Orders: Substantial Completion: 400 days Ready for Final Payment: 430 days

RECOMMENDED:	ACCEPTED:	ACCEPTED:
By: [signature]	By:	By: [signature]
Engineer (if required)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Construction Services Manager	Title:	Title: Project Manager
Date: 09/22/2022	Date	Date 9-21-22

Approved by Funding Agency (if applicable):

_______________________________ Date: ______________

theparK AND FACILITIES CATALOG

Highland Products Group/The Park Catalog
931 Village Blvd Ste 905-354
West Palm Beach, FL 33409
Phone : 561-620-7878
Email : sales@theparkcatalog.com

Bill to:	Ship to:		
Kenny Story	Kenny Story	Quote Proposal	Q22.70302
City of Lenoir	City of Lenoir	Date of Proposal	Nov 28, 2022
PO Box 958	720 Mulberry Street SW	Proposal valid until	Dec 12, 2022
Lenoir, North Carolina, 28645	Lenoir, North Carolina, 28645	Sales Rep: Noelle Lahey	
United States	United States	noelle.lahey@theparkcatalog.com	
T: 828-757-2187	T: 828-757-2187		

Lead times quoted are only estimates and may change due to the volatility and demand of raw materials.

Product image	Product name	Item #	QTY	Price	Your Price	Discount	Subtotal
	5 Row Aluminum Bleachers - Midfielder Series *Length* *33' Long* *Shop Drawings* *No Drawings* *Anchoring Option* *No Anchors* *FEATURES:* *Net seating capacity 94 per unit* *Ships unassembled/ knocked down* *Aluminum angle understructure* *2 x 10 anodized aluminum seat plank with poly end caps* *Double mill finish aluminum foot plank with aluminum end caps* *1 x 6 riser rows 2-4, (2) 1 x 6 top row risers* *(1) 54 inch vertical aisle with mid aisle handrail* *Chain-link guardrail system*	569-1106-2094717	2	$10,627.00	$8,887.00	$3,480.00	$17,774.00

EST LEAD TIME TO SHIP IS 1- 2 WEEKS PLUS TRANSIT;
FREIGHT INCLUDES CALL BEFORE DELIVERY ONLY;
CUSTOMER RESPONSIBLE FOR OFFLOADING DUE TO SHIPMENT BEING OVERSIZED;
QUOTE VALID FOR 14 DAYS ONLY;
ONCE QUOTE EXPIRES, IT WILL BE SUBJECT TO ANY PRICE/FREIGHT RATE CHANGES AND MUST BE UPDATED PRIOR TO PURCHASE

Adjustment Quote	-$3,480.00
Total Discount	$3,480.00
Subtotal	$17,774.00
Shipping & Handling (Excl. Tax)	$2,117.33
Tax	$1,342.67
Grand Total	$21,234.00

- THIS QUOTE COMES WITH A BEST PRICE GUARANTEE -

TERMS & CONDITIONS

SHIPPING:
All merchandise is sold F.O.B. Deliveries are made during normal business hours, 8am - 4pm Monday - Friday. Unless otherwise noted, shipping charges include standard delivery only. Standard shipping charges are for Tailgate delivery to any commercial location on a commercial truck route; the truck driver is under no obligation to help you unload. If you are unable to accept a shipment via this method, you must purchase additional services.
• Additional Services - Residential Delivery, Limited Access Delivery, Construction Site Delivery, Liftgate Service, Inside Delivery, Notify Before Delivery.
• Service Discrepancies - If there is a discrepancy in the services requested and the minimum services required to deliver the product, The Park Catalog reserves the right to charge the customer for any necessary additional services provided at the time of delivery.
• Inspection of Shipments - It is the customer's responsibility to inspect all deliveries for possible damage, correct quantities and to note any discrepancies on the freight bill PRIOR to signing the delivery receipt provided by the driver. All claims MUST be recorded on the delivery receipt and reported within 48 hours of delivery. The Park Catalog does NOT GUARANTEE replacement parts or products FREE of charge due to concealed or unreported damages.
• Assembly May Be Required - Many of our products are shipped unassembled in order to minimize damage and lower freight charges.

CANCELLATIONS:
All cancellations must be done prior to shipping. Made-to-Order items already in production may not be cancelled.

RETURNS:
We will accept returns of unused products, up to 30 days from the shipping date, subject to ALL of the following terms and conditions:
• Approval - Written approval and instructions must be issued by our Customer Service Department before any merchandise can be returned.
• Shipping Returns - All merchandise must be returned in its original packaging, freight Prepaid. No Collect shipments are accepted.
• Re-Stocking & Shipping Fees - The customer is responsible for a minimum 25% re-stocking fee and all related shipping charges on product returned for reasons other than damage or defect. Original shipping charges will not be refunded.
• Web-Orders - For online orders, The Park Catalog is not responsible if the customer orders incorrect product or colors. All return and restock fees apply.
• Made-to-Order or Personalized - These items are not returnable unless a defect in manufacturing is presented to us with pictures prior to return.

• Force Majeure: No Party to this Agreement shall be responsible for any delays or failure to perform any obligation under this Agreement due to acts of God, outbreaks, epidemic/pandemic or the spreading of disease or contagion strikes or other disturbances, including, without limitation, war, insurrection, embargoes, governmental restrictions, acts of governments or governmental authorities, and any other cause beyond the control of such party. During an event of force majeure, the Parties' duty to perform obligations shall be suspended.

To accept this proposal please Sign Here: ______________________________ Date: ____________

Sightlines Athletic Facilities LLC
1902 Brooke Stone Ct.
Crestwood, KY 40014
(800) 609-1545
jeff@bleacherexperts.com
www.bleacherexperts.com

SAF
SIGHTLINES ATHLETIC FACILITIES

Proposal

ADDRESS
Katelin Cooke Harmon
Lenoir Parks and Recreation Dept.
720 Mulberry St. SW
Lenoir, NC 28645
(828) 757-2187

SHIP TO
Katelin Cooke Harmon
Lenoir Parks and Recreation Dept.
720 Mulberry St. SW
Lenoir, NC 28645
(828) 757-2187

PROPOSAL # 2022-1859
DATE 11/28/2022
EXPIRATION DATE 12/12/2022

SHIP VIA
Best Way

SALES REP
Jeff Giffen

ITEM	DESCRIPTION	QTY	RATE	AMOUNT
DLW 5-33	All Aluminum Non-Elevated Welded Angle Frame Bleacher, 5 rows high x 33' long. - Non-elevated; first seat 17" above grade. - 8" rise x 24" tread depth - 2x10 anodized aluminum seats - Double 2x10 mill finish footboards all rows - 1x6 mill finish riser rows 2-4; 2x10 mill finish riser last row only - Located within the unit is a vertical aisle with center handrail and contrasting nose markers. - Guardrail system on back and sides to row 3 with clf. - There are no provisions for handicap accessibility. - Net seating capacity of 94 @ 18" per seat.	2	9,446.00	18,892.00T
LTL Shipping	Freight cost via LTL Freight	1	1,250.00	1,250.00
Disclaimer	Unless otherwise noted, this proposal does not include site preparation, concrete pad under bleacher system, demolition of existing bleacher, installation, permits, fees, bonds, ADA compliance, engineered drawings, anchoring or taxes. Designed to meet SAF's interpretation of current IBC Codes, local codes may be different.	1	0.00	0.00

Please be sure to pay your invoice on time.
Overdue invoices will have a grace period of 30 days before a 5% fee will be applied to your remaining balance.

SUBTOTAL	20,142.00
TAX (0.0675)	1,275.21
TOTAL	**$21,417.21**

Accepted By

Accepted Date

Acceptance of Proposal - The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Quote #
WQ 334538

Here is the Quote as per your request. The 'Shipping' total has been applied.
To place an order, simply click 'Submit Order Confirmation' below.
Please print this page for your records.
Customer Order Confirmation is required to process order.

BELSON OUTDOORS

627 Amersale Drive
Naperville, IL. 60563
sales@belson.com

Toll Free: 1-800-323-5664
Phone: 1-630-897-8489
Fax: 1-630-897-0573

QUOTE #
WQ 334538
Expires 12/2/2022

Model #	Description	Lbs	Quantity	Unit Price	Unit Total
BD-0533C	Bleacher, 5 Row x 33'-0"L, (10" Nominal Seat Planks, 10" Nominal Tread Planks, 17" Front Row Seat Height, 8" Rise, 24" Tread), Aluminum Frame, Double Footboards, Chain Link Guardrail, Aisle	1,653	2	$10,376.00	$20,752.00
	Subtotal	3,306		Subtotal	$20,752.00
				6.7500% Tax	$1,526.95
				Shipping	$1,869.41
				Grand Total	$24,148.36

Customer Order Confirmation is required to process order.

Your Order will not be shipped without your "Order Confirmation"

Bill To: Ship To:

First/Last Name	Katelin Cook		
Company	City of Lenoir- Parks and Recreation	Ship To	City of Lenoir- Parks and Recreation
Address 1	720 Mulberry St Sw	Address 1	720 Mulberry St Sw
Address 2		Address 2	
City	Lenoir	City	Lenoir
State	NC	State	NC
Zip Code	28645	Zip Code	28645
Country	USA	Country	USA
Phone	828-757-2187	Phone	828-757-2187
Fax		Contact	Katelin Cook
Email	kcooke@ci.lenoir.nc.us	Email	kcooke@ci.lenoir.nc.us

Additional Delivery Services

Phone Call 24 Hours Prior to Delivery◊

Delivery to Residential or Non-Commercial Truck Route Addresses

Power Liftgate Service◊ - Driver will lower shipment from the truck to the ground (Only)

Order Power Liftgate Service *if* — <u>You</u> will be unable to unload the shipment from the truck.

◊ Does Not apply to UPS shipments

Special Instructions

et-email

CITY MANAGER
SCOTT E. HILDEBRAN

CITY OF LENOIR
NORTH CAROLINA

MAYOR
JOSEPH L. GIBBONS

CITY COUNCIL
J. T. BEAL
F. KENT GREER
T. H. PERDUE
J. I. PERKINS
R. S. PRESTWOOD
D. F. STEVENS
C. D. THOMAS

A RESOLUTION OF THE CITY COUNCIL OF LENOIR, NORTH CAROLINA ACCEPTING THE CALDWELL COUNTY ANIMAL CARE ENFORCEMENT ORDINANCE, AS MAY BE AMENDED FROM TIME TO TIME, AND AUTHORIZING CALDWELL COUNTY TO ENFORCE THE SAME WITHIN THE CORPORATE LIMITS OF THE CITY OF LENOIR.

WHEREAS, the Caldwell County Board of Commissioners amended the County's Animal Care Enforcement (ACE) ordinance on October 10, 2022 to comply with new regulations set in place by the State of North Carolina; and

WHEREAS, the ACE Ordinance states that each municipality within Caldwell County must grant the Caldwell County ACE Division power to enforce the provisions of its ordinance within the limits of the municipality; and

WHEREAS, Caldwell County currently exercises Animal Care Enforcement power within the city limits of Lenoir, which is desirable to continue; and

WHEREAS, the ACE ordinance also states that any ordinance that is inconsistent with the amended Animal Care Enforcement Ordinance shall be repealed; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LENOIR, NORTH CAROLINA, THAT the Caldwell County Animal Care Enforcement Ordinance as amended on October 10, 2022 is in full force and effect within the corporate limits of the City of Lenoir and is not inconsistent with any local ordinance; and

BE IT FUTHER RESOLVED THAT, the City of Lenoir grants permission for the Caldwell County Animal Care Enforcement Division to operate and enforce the provisions of the amended Animal Care Enforcement Ordinance within the corporate limits of the City of Lenoir.

Adopted this 6th Day of December 2022.

JOSEPH L. GIBBONS
MAYOR

ATTEST:

SHIRLEY M. CANNON
CITY CLERK

APPROVED AS TO FORM:

TIMOTHY J. ROHR
CITY ATTORNEY

CITY OF LENOIR, NC
CHARTERED
JANUARY 28, 1851

SEAL

CITY OF LENOIR

COUNCIL ACTION FORM

I. Agenda Item:

Request Council approve the FY2023 Annual Audit Contract/Non-Attest Services for the City of Lenoir as submitted by C. Randolph CPA, PLLC and S. Eric Bowman, PA

II. Background Information:

Request Council approve the FY2023 Annual Audit Contract/Non-Attest Services for the City of Lenoir as submitted by C. Randolph CPA, PLLC for audit services at $14,420 and as submitted for S. Eric Bowman, PA, for non-attest services at $38,000.

Staff Recommendation:

Approve as requested

III. Reviewed by:

City Attorney:

Finance Director: Donna Bean

Public Works/Public Utilities Director:

Planning Director:

Recreation Director:

CONTRACT TO AUDIT ACCOUNTS

The	Governing Board City Council
of	Primary Government Unit City of Lenoir
and	Discretely Presented Component Unit (DPCU) (if applicable) N/A

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name C. Randolph CPA, PLLC
	Auditor Address 560 Beaver Creek School Rd., West Jefferson, NC 28694

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 10/31/23

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). 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 shall 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). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended $100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. 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 requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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 State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall 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 unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. 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*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she 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 the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) 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 Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

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 LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') 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 shall 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/her findings, together with his recommendations for improvement. That written report shall 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.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters.

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. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) 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 shall be submitted in PDF format to the Secretary of the LGC for approval. the invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs 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. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. 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(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) 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 uponcompletion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final 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 LGC by any interested parties. Any subsequent revisions to these reports shall 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 for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. 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 modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. 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 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. 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 shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. 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.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. 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.

26. 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.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;

b) the status of the prior year audit findings;

c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and

d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification). #26

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards,2018 Revision.* Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☐Auditor ☐Governmental Unit ☑Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:	***Title and Unit / Company:***	***Email Address:***
S. Eric Bowman	CPA	sericbowmanpa@bellsouth.net

OR Not Applicable ☐ *(Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)*

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES

Primary Government Unit	City of Lenoir
Audit Fee	$ 14,420.00
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$
Writing Financial Statements	$
All Other Non-Attest Services	$

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	$
Writing Financial Statements	$
All Other Non-Attest Services	$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* C. Randolph CPA, PLLC	
Authorized Firm Representative (typed or printed)* Cynthia D. Randolph	Signature* Cynthia D. Randolph
Date* 12/27/22	Email Address* cindy@crandolphcpa.com

GOVERNMENTAL UNIT

Governmental Unit* City of Lenoir	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Joseph L. Gibbons	Signature*
Date	Email Address josephlgibbons@yahoo.com

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

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.

Primary Governmental Unit Finance Officer* (typed or printed) Donna Bean	Signature*
Date of Pre-Audit Certificate*	Email Address* dbean@ci.lenoir.nc.us

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU* N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

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.

DPCU Finance Officer (typed or printed)* N/A	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.

PRINT

C. Randolph CPA, PLLC
Certified Public Accountant
560 Beaver Creek School Rd.
West Jefferson, North Carolina 28694
Phone: (336) 846-3211
Fax: (336) 846-1142

To the Honorable Mayor and City Council December 27, 2022

City of Lenoir
PO Box 958
801 West Avenue NW
Lenoir, NC 28645

We are pleased to confirm our understanding of the services we are to provide City of Lenoir for the year ending June 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of City of Lenoir as of and for the year ending June 30, 2023. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Lenoir's 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 City of Lenoir's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis
2) Schedule of Changes in total Pension Liability-Law Enforcement Officers' Special Separation Allowance
3) Schedule of Total Pension Liability as a Percentage of Covered Payroll
4) Proportionate Share of Net Pension Liability (Asset)
5) City of Lenoir's Contributions-Local Government Retirement System
6) Schedule of Changes in Total OPEB Liability and Related Ratios

We have also been engaged to report on supplementary information other than RSI that accompanies City of Lenoir's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1) Schedule of Expenditures of Federal and State Awards.

2) Combining and Individual Fund Schedules

3) Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1) Schedule of Ad Valorem Taxes Receivable

2) Analysis of Current Tax Levy-City-wide Level

3) Schedule of Cash and Investment Balances

4) Capital Assets Used in the Operation of Governmental Funds

5) Statistical Section

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

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.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures – Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance 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 major federal and state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Lenoir's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City of Lenoir's major programs. For federal and state programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on City of Lenoir's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal and state awards, and related notes of City of Lenoir in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal and state awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal and state awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal and state awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal and state awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal and state statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal and state awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal and state awards; federal and state award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal and state awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on October 15, 2023.

You are responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal and state awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal and state awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal and state awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal and state awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Engagement Administration, Fees, and Other

We understand that your employees will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; 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.

The audit documentation for this engagement is the property of C. Randolph CPA, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Local Government Commission or its designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of C. Randolph CPA, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Local Government Commission. If we are aware that a federal and state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in approximately mid-August and to issue our reports no later than October 31, 2023. Cynthia D. Randolph is the engagement CPA and is responsible for supervising the engagement and signing the reports.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $14,420. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). 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. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the City Council of City of Lenoir. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2021 peer review report accompanies this letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We appreciate the opportunity to be of service to City of Lenoir and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Cynthia D. Randolph

Cynthia D. Randolph, CPA

RESPONSE:

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

Management signature: ✓ ______________________

Title: ✓ ______________________

Date: ✓ ______________________

Governance signature: ✓ ______________________

Title: ✓ ______________________

Date: ✓ ______________________

KWH
Koonce, Wooten & Haywood, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report on the Firm's System of Quality Control

To the Owner of C. Randolph CPA, PLLC and the
Peer Review Committee, Coastal Peer Review, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of C. Randolph CPA, PLLC (the firm) in effect for the year ended October 31, 2021. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards,* including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of C. Randolph CPA, PLLC in effect for the year ended October 31, 2021, 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*. C. Randolph CPA, PLLC has received a peer review rating of pass.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

December 13, 2021

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham
3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro
579 West Street
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

Smithfield
212 East Church Street
Post Office Box 2348
Smithfield, North Carolina 27577

919 934 1121
919 934 1217 FAX

S. Eric Bowman, P.A.
CERTIFIED PUBLIC ACCOUNTANT

403 South Green Street
P.O. Box 1476
Morganton, NC 28680
Telephone (828) 438-1065
Fax (828) 438-9117

City of Lenoir
Lenoir, North Carolina

We are pleased to confirm our understanding of the non attest services we are to provide City of Lenoir for the year ending June 30, 2023. Our responsibility will include the following:

1) Making year end journal entries to the accounts.
2) Adjust balance sheet accounts for each fund
3) Provide copies of all work papers to Auditors on work that we perform
4) Prepare draft Financial Report including grant schedule

We will not provide any audit services. All audit services plus report preparation changes will be provided by your auditors.

Your Auditors will be responsible for the following:

1) Any changes to the draft financial report
2) Preparation of workbook which goes to the LGC along with the final audit report
3) Preparation of AFIR
4) Preparation of Data Collection Form
5) Assistance with other information required by the GFOA

Our fees for our services will be a contract amount of $38,000.

We appreciate the opportunity to be of service to City of Lenoir and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign in the area below and return this letter to us.

Very truly yours,

S. Eric Bowman

S. Eric Bowman, P.A.
Certified Public Accountant

____
Scott Hildebran

____
Title

____
Date

January 2023

	Mon	Tue	Wed	Thu	Fri	Sat
1 New Year's Day!	2 City Offices Closed for New Year's! Curbside Christmas Tree Pickup Begins	3 6:00 p.m. City Council	4 9:00 a.m. Staff Mtg. 4:00 p.m. Lenoir Tourism Dev. Auth. (Zoom)	5	6 Curbside Christmas Tree Pickup Ends	7
8	9 Noon - City/County Services Committee	10	11	12 6:00 p.m. Lenoir Business Adv. Brd. (City Hall, 3rd Floor)	13	14
15	16 City Offices Closed in Observance of Martin Luther King, Jr. Day!	17 6:00 p.m. City Council	18 9:00 a.m. Staff Mtg.	19	20	21
22	23 5:30 p.m. Planning Board	24 8:30 a.m. Committee of the Whole	25 Noon - Foothills Regional Airport Authority	26	27	28
29	30	31				

Notes for February

Good morning,

The League’s member-driven legislative goals development process coincides with the start of each new legislative biennium. During even-numbered years, members come together to submit their legislative goals and priorities. Over the last few months, the Legislative Policy Committee has been considering these ideas and will present its recommendations to the Board of Directors this month. The Board will refine the position further before sending them to the full League membership for a final vote. After the final voting period closes, cities and towns will have a focused advocacy agenda to pursue at the state and federal levels.

Identify your Municipality's Voting Delegate

You are receiving this email because each member municipality is eligible to cast a single vote in this goal setting process. Each member municipality shall designate one voting delegate who is responsible for casting the municipality's vote. Take action NOW to designate your municipality's voting delegate by following the link below.
Voting delegates must be designated by Thursday, January 12, 2023.

- The designated voting delegate shall receive their credentials and voting instructions.
- The designated voting delegate shall vote on the proposed Legislative Goals package electronically.
- The Legislative Goals will be shared with the membership electronically following the voting period.

DESIGNATE YOUR VOTING

For questions, please contact Derrick Applewhite, dapplewhite@nclm.org, 919-715-1229.

From: Erin Wynia
To: Cannon, Shirley
Subject: 2023-2024 Biennium Legislative Goals | NCLM Board Proposed Recommended Goals
Date: Thursday, December 15, 2022 2:09:37 PM

December 15, 2022

Dear NCLM Members,

As this year comes to an end, I am pleased to share with you that the League's legislative goals development process is almost complete. All that remains is for member cities and towns to review the proposed goals and cast their votes—we need your help and participation in this last, and most important, step in the process.

Thank you for the work you have already completed; we have received over 400 ideas from 148 individuals representing 111 municipalities. After the dedicated work by the Legislative Policy Committee to compile and refine the submitted goals, the NCLM Board of Directors has reviewed, approved and now submits 16 proposed legislative goals for your consideration.

Your job now is to review and vote on the proposed goals so that cities and towns have a focused state and federal advocacy agenda for the 2023-2024 legislative biennium, which begins in January at the N.C. General Assembly.

Each municipality will cast a single vote by selecting 10 of the 16 proposed advocacy goals. To vote, your municipality must:

STEP 1.
Designate a single Voting Delegate who will cast the municipality's vote by January 12, 2022. If your municipality has not yet designated its Voting Delegate, please do so using this form. Official voting instructions and the ballot will be sent directly to the Voting Delegate.

STEP 2.
Review, discuss and determine which of the proposed legislative goals your municipality supports. Each municipality may select 10 of the 16 proposed goals.

STEP 3.
Submit the online ballot by January 13, 2022. The Voting Delegate will receive voting instructions and the online ballot directly.

Thank you for your continued participation in this legislative goals development process, which is so critical to our advocacy efforts. Establishing these Municipal

Advocacy Goals with wide participation by all cities and towns allows our organization to speak with confidence and sincerity as we pursue each with state and federal policymakers. It truly allows us to live up to our motto, “Working as one, advancing all.”

Sincerely,

Erin Wynia
Director of Government Affairs

WORKING AS ONE. ADVANCING ALL.

CONTACT US

Stay Connected with the North Carolina League of Municipalities

434 Fayetteville Street, Suite 1900, Raleigh, NC 27601

https://d89317c184494014a5f1a15ecaa24662.svc.dynamics.com/f/w/manageSubscriptions?msdynunsubscribeid=0AlOF7XGxw8WtFfJxxqVUnqWBHKnTh7n6ECn6WFlJakx

LEGISLATIVE GOAL STATEMENTS

RECOMMENDED BY THE NCLM BOARD OF DIRECTORS

The following goal statements are grouped by subject area but NOT listed in any priority order.

- Expand federal and state resources for affordable housing.
    - Housing affordability is a growing problem across North Carolina, affecting cities and towns of all sizes and people across different income levels.
    - Increasingly, the lack of affordable housing acts as a major impediment to business and workforce recruitment.
    - Ongoing state and federal revenue streams to address housing affordability are extremely limited, with much of the burden for solutions left with cities and towns

- Revitalize vacant and abandoned properties with enhanced legal tools and funding.
    - Abandoned and vacant properties, often the subject of so-called tangled titles, can affect the ability of communities to revitalize areas and improve economic conditions.
    - The abandoned properties, with enhanced legal tools to help heirs clear up title issues and sell properties at market rates, could help address local housing needs.
    - Many towns do not have the funding to adequately address abandoned properties.

--

- Create an adequate and permanent funding stream for local infrastructure.
    - Infrastructure – including roads, water, sewer, stormwater, parks and beaches – are critical to economic development and job creation.
    - Many cities in the state are growing, creating a constant need for investment to keep pace with population growth; many cities and towns also have aging infrastructure that must be replaced.
    - Creating more permanent funding streams for local infrastructure, such as a dedicated tax source, would allow for better planning to meet needs.

- Allow municipalities to use local resources and capabilities to expand broadband access in their communities through innovative partnerships.
    - Slow and unreliable internet service threatens educational and professional opportunities, and the economic future of entire communities.
    - Municipalities own existing infrastructure – including dark fiber, towers and electric poles – that could be utilized in innovative partnerships and assist in making broadband service more affordable.
    - Failure to utilize local government assistance and assets will continue to create digital gaps that have real-world consequences for North Carolinians.

- Extend deadlines for completion of federal infrastructure projects.
    - Current deadlines for the allocation and expenditure of American Rescue Plan Act funding may make more complex infrastructure projects unrealistic.
    - High inflation and worker shortages are leading to higher project costs; extending ARPA and other funding deadlines will spread projects out and may help lower costs.
    - Cities and towns require flexible deadlines to get the best bang for their buck out of this funding.

--

- Expand state transportation funding streams for construction and maintenance for municipal and state-owned secondary roads.
    - Current Powell Bill and other state funding is not adequate to address transportation needs, particularly as they affect municipal and state-owned secondary roads.
    - In many cities and towns, major commuting corridors are not receiving the level of investment needed to keep pace with traffic.
    - More investment is needed for these roads if existing residents are to embrace business and residential growth.

- Support integrated and multi-modal transportation solutions.
    - Today, cities and towns seek to make downtowns and other areas accessible to residents and visitors, whether traveling by foot, bike, car, mass transit and other means.
    - Making areas accessible in this manner requires integrated planning and funding with the state.
    - Only through recognizing the need for multi-modal transportation solutions can cities and towns maximize tourism and other economic opportunities, ensuring that local businesses thrive.

- Increase state funding for public transportation operations.
    - Road construction is not keeping pace with transportation needs in any many areas, and public transportation provides a means to reduce the burden of building roads.
    - Investment in public transportation can improve traffic safety, air quality and residents' accessibility to businesses and public services.
    - One of the biggest impediments to economic growth is traffic and commuting times, which can be alleviated through public transportation options.

--

- Expand incentives and funding for local economic development.
    - Funding is simply inadequate in many cities and towns to encourage job growth.
    - State grants and incentives are often targeted in ways that fail to assist the areas in greatest need of job creation.
    - Maintaining or expanding funding for film tax credits, major industrial site development, downtown development and renewable energy tax credits helps cities and towns across the state.

- Expand incentives that encourage regionalization of water and sewer, as well as other municipal services, when appropriate.
    - A number of municipal water and sewer systems continue to financially struggle with deferred maintenance needs.
    - These challenges came about largely due to population and job losses in rural areas, leading to an erosion of taxpayer and ratepayer bases.
    - While legislators and municipalities have begun to address these issues with the creation of the Viable Utility Reserve and the use of ARPA funding, state estimates show needs still exceed expenditures by several billion dollars.

--

- Enhance state systems and resources for local law enforcement officer recruitment, training, and retention.
    - Municipalities across the state are facing law enforcement staffing shortages, in many cases severe shortages.
    - State training resources are limited, and the cost of local law enforcement agencies to send recruits and existing officers to NC Justice Academy locations can be prohibitive.
    - Grant writing assistance is one of several options that might provide better access to the large volume of federal law enforcement grant funding that is available.
- Provide state assistance for yearly financial audits, ensuring that an adequate number of auditors is available.
    - Several dozen local governments have been placed on the state Unit Assistance List due to late audits.
    - Often these audits are late due to staffing shortages, changes in financial personnel and a growing shortage of private auditors willing to perform this work.
    - Addressing this challenge would lessen negative portrayals of local government financial controls.

- Revise state contracting laws to better protect public entities from the effects of inflation.
    - Labor and materials costs have been rising at a rapid rate, leaving municipalities with few options when project bids and costs exceed expectations.
    - Additional flexibility regarding the contracting process could assist municipalities in protecting taxpayers from inflation and escalating costs.
    - Without contracting law flexibility, projects can be delayed and costs can further increase.

--

- Update annexation petition thresholds to make voluntary annexations easier to initiate.
    - Voluntary annexation by petition currently requires 100 percent consent from all property owners, a threshold that can be impossible to meet even if a majority of property owners can benefit by utilizing their property for business or residential purposes.
    - Lowering the threshold from 100 percent represents a middle ground that would still reflect the will of property owners but not handicap communities' ability to economically thrive.
    - The ability of a city or town to grow and reflect its urban footprint is vital to it financial health; city services are relied on by residents whether they live in or near municipal boundaries.
- Provide authority to municipal water systems to recoup costs of clean-up from polluters.
    - Local municipal water systems are increasingly being looked to for the clean-up up of PFAS and other "forever" chemicals found in surface waters.
    - State regulators plan to set surface water standards for these chemicals and propose Maximum Contaminant Levels for PFAS chemicals in drinking water.
    - To date, cities' only recourse to try to recoup the cost for utility ratepayers is through the courts.
- Provide local revenue options beyond property tax.
    - Roughly 40 percent of municipal general fund revenue is generated by local property taxes.
    - Cities have little to no authority to raise significant revenue in other ways.
    - A lack of diverse, local tax options can affect economic growth, as well as cause large swings in revenue based on economic changes.

<u>Board Appointments for Consideration of Approval by City Council</u>

Lenoir Housing Authority	**Hunter Greer**	**Term Expires: June 2025**
Lenoir Planning Board	**Tammy Greene**	**Term Expires: June 2026**

***These appointments were announced at the December 6, 2022 City Council meeting.**