

**MINUTES
CITY OF DUNN
DUNN, NORTH CAROLINA**

The City Council of the City of Dunn held a Budget Retreat/Planning Session on Friday, February 6, 2009, from 8:30 am – 2:33 pm, at the NC District Assemblies of God Center, 190 Campground Rd., Selma, NC.

Council Present: Mayor Oscar N. Harris, Mayor Pro-Tem N. Carnell Robinson, Council Members Buddy Maness, Bryan Galbreath, Billy Tart, Chuck Turnage and Joey Tart.

Staff Present: City Manager Ronnie Autry, Public Works Director Billy Addison, Public Utilities Director Dean Gaster, Finance Director Mark Stephens, Recreation Director Perry Hudson, Police Chief B.P. Jones, Chief Building Inspector Mike Blackmon, Librarian Mike Williams, City Planner Steven Neuschafer, and City Clerk Debra G. West

Also Present: City Engineer Ed Powell, City Attorney P. Tilghman Pope and Daily Record Reporter Reece Murphy.

Mayor Harris opened the meeting at 8:30 a.m. He reviewed the top fifteen issues which were established by the City Council during the 2008 retreat and gave an update on the status of each issue.

Invocation – Mayor Pro Tem Robinson

Pledge of Allegiance repeated.

Mayor Harris stated that the Council may add a Closed Session at the conclusion of the regular agenda.

Mid-Year Financial Report

Manager Autry stated that he attended the City/County Manager's Conference this week and the number one topic was lost revenues from investment earnings and the sales tax situation. Most towns will be in good shape for the remainder of the current fiscal year through June 30th if they budgeted conservatively. Manager Autry pointed out that during FY 09-10, they may be looking at 9-10% in lost revenue. Some towns have discussed the possibility of using fund balance to balance their operating budget.

Finance Director Mark Stephens presented the mid-year financial report:

- As of December 31, 2008, the City had \$2,588,353 in cash in the General Fund and \$2,215,137 in the Water and Sewer Fund.
- Investment earnings are in the 2.5% - 0.5% range.
- The December sales tax distribution was \$122,189. Currently we are at 33.16% of budget. The City should be at 33.33% collected.
- Utility Franchise revenue as of December 31, 2008 was \$269,197. Currently we are at 57.28% of budget. The City should be at 50.00% collected.
- Building Permit Fees are \$32,649 or 38.36% of budget. The City should be at 50.00% collected.
- The property tax collection thru January 23, 2009 was 88.06% collected. The same time last year the City had collected 87.06%.
- Water and sewer revenues were \$2,082,676 or 49.94% of budget. The City should be at 50.00% of budget.
- Fuel cost per gallon have fallen from a high of \$3.94 a gallon in July, 08 to \$1.47 a gallon in December, 08.
- As of December 31, we were 49.68% spent in the general fund and 47.28% in water/sewer fund. This takes into account one-time expenditures that are paid in one amount (ie, debt payments, property, liability and workers comp. premiums). The City should be at 50.00% spent.
- Because of the economy other local governments are looking at a possible 10% reduction in their sales tax revenue for the 2009/2010 fiscal year. This would equate to a \$150,000 reduction in the City of Dunn's sales tax revenue.

- The investment earnings are anticipated to be reduced by \$50,000 due to the reduction in Fed Fund rates.
- In total, we are looking at a possible \$200,000 reduction in the sales tax revenue and investment earnings for the upcoming 2009/2010 fiscal year.

Manager Autry stated that last year, the City experienced an approximate 5% reduction in health insurance premiums. In conversation with the Blue Cross Blue Shield representative, he was informed that the City could experience a significant increase for FY09-10.

Rental Housing Ordinance

City Attorney Pope presented modifications to the Rental Housing Code (RHC) adopted July 8, 2008. During the December Council meeting, he was instructed to bring back to the Retreat, any revisions to the RHC based upon comments received from the Council. He needs a consensus from the Council today to move forward with the ordinance.

Mr. Pope stated that based on the feed-back he has received from the Council, he recommends that rather than trying to amend the current RHC in piece-meal, he asked that the Council repeal the existing RHC and adopt a new RHC that will incorporate all of the changes. When the existing code is repealed, then anyone who has paid the \$65.00 fee that was adopted with the existing RHC, would have those monies refunded. When the new RHC is adopted, then the Council can set the new fee structure. It was suggested that with the new ordinance, an annual license fee of \$25.00-\$30.00 be imposed for each rental unit along with a one-time mandatory inspection fee of \$30.00-\$35.00. The one-time mandatory inspection fee would not be paid until that property was inspected. There would be no charge for subsequent inspections.

Procedurally, Mr. Pope recommended that after the Council gives him feed-back as to the changes to make at today's meeting, he will notice in March to repeal the existing RHC, with a public hearing to adopt a new RHC with all the changes incorporated. There will be some extra administrative work in refunding all landlords that have already paid the \$65.00 fee, and sending out new invoices for the newly adopted annual fee to be determined by the Council.

Mr. Pope suggested that during the Council meeting in which they consider adopting the new RHC, Building Inspector Mike Blackmon can make a presentation as to what the need is and why there is a need for a RHC, because some of the changes he has suggested, based on the Council's feed-back, includes language, findings and purpose for having a RHC, which is the reason the Council has previously stated, to protect the health, safety and welfare of our citizens and those that rent properties for their homes or apartments.

Attorney Pope went over the suggested changes to the RHC, based on feed-back he received from the Council and which will be presented for public hearing before adoption:

- Exercise of Regulations and License Power, Finding and Purpose which makes reference to General Statutes to protect the public health, welfare, safety, order and convenience of its citizens and the City
- Under definitions in the existing RHC, to make clear that MHC refers to the City of Dunn's minimum housing code and RHC refers to rental housing code
- Typographical corrections to the existing RHC
- Insects, rodents and vermin – If central air conditioning is provided in the dwelling unit, then the doors and windows are exempt from the screen requirements – per state law, screens are a requirement if a dwelling does not have central air
- Enforcement – Right of Entry – language added that the building inspector may enter upon the premises for the purpose of making examinations and inspections in a manner that will do the least possible inconvenience to the persons in possession, to perform the duties imposed by this code, provided that if said Dwelling is occupied that credentials be presented to the Occupant...
- Inspections; duty of owners and occupants; inspections process and when inspections required – Following the initial registration of any dwelling unit by an owner, the City Manager or his designee shall conduct an initial inspection of said Dwelling, Dwelling Unit or Rooming Unit, upon such schedule as determined by the City Manager. At the time of this initial inspection, the Owner of the Dwelling, Dwelling Unit or Rooming Unit so inspected shall pay an inspection fee

- to the City in such amount as is adopted from time to time by the City. The process for conducting the initial mandatory inspection shall be as set forth in §4-39(11)d – Mr. Pope stated that from Council feed-back, they wanted to have a first one-time mandatory initial inspection that will be done over a period of time that it will take the inspections office to conduct it and the fee will be paid at such time that inspection takes place which is distinct from the licensing fee
- Additional inspections for which there shall not be any inspection fee, shall only occur under the following circumstances:
 1. If a tenant files a petition with the City Manager or his designee alleging that their dwelling unit is in violation of the RHC or MHC.
 2. If a public authority or private not for profit entity that is contracted with the City or Harnett County to provide public safety services, including, but not limited to fire protection within the City files a petition with the City Manager or his designee alleging that a dwelling unit is in violation of the RHC or MHC.
 3. If it appears to the chief building inspector of the City, from an exterior visual inspection that a dwelling unit may be in violation of the RHC or MHC.
 4. If at least (3) residents of the City files a petition with the City Manager or his designee alleging that a dwelling unit is in violation of the RHC or MHC.
 5. Any time a tenant vacates a dwelling unit, the owner shall notify the City Manager or his designee of the vacancy and an inspection shall be conducted prior to the City turning on the water for any new tenant. *(Discussion was held that mandatory inspections should be on a regular cycle every five years)*
 6. The City Manager or his designee shall send a letter to the owner of the dwelling unit subject to inspection via certified mail and regular mail at the last known address for the owner as set forth in the tax records and shall post a copy of such letter on the property for notification to the tenant. The letter shall request that the owner and/or tenant contact the City Manager or his designee as stated in the letter within seven (7) days to schedule a mutually agreeable time for conducting the inspection.
 7. In the event that the City Manager or his designee are not able to schedule a mutually agreeable time within the seven (7) day period with either the tenant or owner or if the tenant or owner fail to respond to the notice to schedule an inspection, then the City Manager or his designee shall schedule the time for the inspection and shall notify the tenant and the owner by a letter sent via certified and regular mail to the owner and posted on the subject property for notification to the tenant. Such notification shall provide at least seventy-two (72) hours advance notice of the scheduled inspection.
 - License required for Leased Residential Properties – The owner of every dwelling unit shall pay a license fee in accordance with the schedule of fees adopted by the City Council each fiscal year.
 - Following the filing of an initial application for a license, the City shall thereafter send an invoice to the owner based on their current information on file with the City for each dwelling unit registered in the name of the owner at the beginning of each fiscal year unless the owner has notified the City of a change during the preceding fiscal year of the City and prior to July 1 of each year of the addition or deletion of the number of dwelling units registered in the name of the owner.
 - If any owner should purchase a dwelling or hold out for rent any dwelling that was previously vacant and not held out for rent at the time of the filing of the owner’s initial application, he shall amend their application to add such dwelling unit to such owner’s list for the purpose of scheduling an initial inspection for purposes of calculation of said owner’s license fee for the next fiscal year of the City.
 - If any owner should sell any dwelling subsequent to such owner’s initial application with the City, then the owner shall notify the City of the same and provide the City with the following information:
 1. The identification of the dwelling by location sold by the owner.
 2. The name, address, and telephone number of the purchaser of such dwelling.
 3. An acknowledgement by the licensee that the owner notified the purchaser of the licensing requirements of this RHC.
 - Violation; penalty – The City cannot direct a judge to charge a minimum fine when state statute says that a judge can charge a fine up to a maximum. – Therefore for the violation, the minimum fine of \$250.00 was removed but a maximum fine of \$500.00 was left in because that is consistent with state statute.

Additional discussion was held about mandatory inspections on a regular cycle, inspection only as units become vacant, complaint-driven inspection, the length of time it would take to inspect all the units in the City, as well as whether or not to implement a mandatory cycle and to impose a fee for same.

Council consensus was to implement a cycle for mandatory inspections every five (5) years with no inspection fee.

Mr. Pope explained that after adopting a new RHC, then the annual license and first-time inspection fees can be established by the Council.

Inspector Blackmon suggested offering an annual educational seminar for tenants and landlords to help them better understand the RHC. It was suggested that this information be presented during the public hearing before adoption of the RHC.

Recreation: PARTF Grant

City Engineer Ed Powell of Davis-Martin-Powell (DMP) presented the proposed Tyler Park Enhancement Plan to include:

Splash pad

Low-impact skate park

Shuffle board

(4) additional regulation Baseball fields

Restroom facilities, concession stand with upstairs control tower

Tyler Park Memorial Garden at Harnett St. and General Lee Ave.

Mr. Powell explained that major drainage pipe improvements would be included with this project.

Council Member Turnage stated that the American Legion is willing to partner with other veteran organizations in Dunn and with the City of Dunn to assist with the design process along with possible funding for the memorial garden.

Mr. Powell stated that \$843,000 local funding would be required should the City receive this \$1.3 million grant. He discussed stimulus funding and explained that once a stimulus bill has been adopted, the project would have to be in a position within 180 days for construction (shovel-ready). The City could be in a position for stimulus funding. There is a \$50,000 design fee. To move ahead in the next 90-120 days, it would cost approximately \$25,000 for design fee. The Council will need to decide if they want DMP to move forward with the design or wait until they know if they will receive stimulus funds.

Mayor Harris stated that should stimulus funding become available, this project must be shovel-ready. In the interim, they cannot wait two years before proceeding with enhancing the bathroom facilities and concession area.

In the next 120 days, they would probably need to expend \$35,000 in design to prepare it for stimulus funding. Manager Autry pointed out that this \$35,000 is not in the existing budget and he would like to have a consensus from the Council to proceed with expending this money.

The Council discussed that there is assurance that stimulus funding will be available for water/sewer projects but not as readily available for this type project. The Council discussed if they wanted to proceed with the design fee before they are notified of stimulus funding or should they wait until they hear of the grant award before proceeding.

Discussion was held about the cost for renovating the concession stand and bathroom facilities. Mr. Powell estimated the cost at \$125,000.

Consensus of the Council to defer action with expending the design fee until notification is received of grant award.

Mr. Powell stated they hope to hear of the PARTF grant award by June, 2009.

Wastewater Projects Update/Timetables

City Engineer Ed Powell stated that the City received a Clean Water Management Trust Fund (CWMTF) Grant in the amount of \$2.95 million dollars and a \$0.5 million Rural Center Supplemental Matching Grant. At the December, 2008 Council meeting, authorization was given to apply for a second \$0.5 million Rural Center Supplemental Matching Grant.

Mr. Powell stated that back in January, 2008, they talked about a project cost of approximately \$5.7 million. The study has been advanced to \$10,572,000.00. The advanced project can be accomplished in phases. Plans are to bid in March, 09 to expend the CWMTF monies, followed by Machine Welding & Grove Park Pumping System Renovations, Northern outfall, Morris Circle & Guy Avenue Sewer Rehabilitations, Spring Branch Road & Godwin Street Sewer Rehabilitations, and Downtown Sewer Rehabilitations.

Manager Autry explained that the increase in this project was by direction received from the state when the engineering report was submitted to them for approval. Initially they were looking at financing \$1.5 million dollars; however, once they received this information from the state informing them they needed to factor in other parts of the plant to address the pumping problems (Preliminary Treatment Influent Pumping and Sludge Handling), then the project increased to an amount of \$10.5 million dollars. The State Revolving Fund Loan is offering to give the City up to \$6 million dollars at 2% interest.

Mr. Powell explained that stimulus money is paid back at 0% interest.

Mr. Powell stated that plans are to bid out the \$2.95 million dollars from the CWMTF Grant in March, 2009.

With the increased amounts of the initial project, Mayor Harris asked that Mr. Powell bring back to the Council, a break-down of the different phases of the project with cost projections for each along with an accompanying resolution stating the same.

Mayor Harris suggested that with considering a \$6 million dollar debt load without revenue, a schedule needs to be presented to the Council to show that the City can afford to incur this debt service.

Manager Autry explained that the existing water/sewer debt service payment of \$219,000 will be coming off in FY 09/10 and an additional \$143,000 debt service payment coming off in FY 2014.

Mr. Powell stated that in taking on this new debt, it will continue the payments at a constant reasonable level.

Mr. Powell stated that this project has also been submitted for stimulus money, which if received, would be 0% interest.

Mr. Powell will submit a phased schedule summary with a timeline and funding source to the Council once he receives the final engineering report back from the construction grant and loan division in Raleigh.

Motion by Council Member Maness, seconded by Council Member Joey Tart to adopt an amendment to the City of Dunn Wastewater System Improvements Engineering Services Agreement dated December 6, 2007 to compensate for the increased level of services, based upon Scope of Work. **Motion unanimously approved.** *A copy of the amendment to the Wastewater System Improvements dated December 6, 2007 is incorporated into these minutes as Attachment #1.*

Lunch - 12:00 - 1:00 p.m.

Downtown Development

Manager Autry explained the difference between Limited and Expanded Downtown Improvements. Mr. Powell will present an expanded version to include alleyways and the area up to City Hall. They will be looking at time-lines and when to begin tearing up streets. This is a part of the rehabilitation monies they will pursue with the wastewater projects.

Mr. Autry stated that this concept does not include sidewalks and streetscapes; only line replacements/rehabbing sewer lines.

City Engineer Ed Powell explained that this project started in 2002 when Davis-Martin-Powell & Associates provided the City with a small preliminary planning document for the redevelopment of downtown that identified a large area of approximately eighteen blocks. Mr. Powell stated they have identified a four block target area. The target area would be Broad Street from Railroad to Clinton and extending to Elm Avenue to include the area of City Hall. \$1,220,000.00 would include street improvements on Broad Street (replacing water/sewer lines and paving back). When funding sources are available, then decorative sidewalks/enhancements can be installed. If the total project was done, it would cost approximately \$3.3 million dollars. The engineering funds allocated in 2005 by the City have been expended. He asked if the City or the Downtown Dunn Development Corporation will take the lead in this project.

Mayor Harris pointed out that the Downtown Dunn Development Corporation (DDDC) is a 501 c(3) independent from the City with its' own taxing district and their own board of directors. In addressing the Special Order by Consent (SOC), the City of Dunn is obligated to upgrade and correct the water and sewer system downtown. When the lines downtown are replaced, the City will also be obligated to pave the streets back. Anything additional which is done downtown such as decorative sidewalk and decorative enhancements, are up to the DDDC. The City of Dunn's work will enhance the DDDC plans.

Mr. Autry explained that the Limited Downtown Improvement encompasses sewer rehabilitations submitted with the \$0.5 million Rural Center Supplemental Matching Grant.

Mr. Powell stated that the street design will need to be engineered so that it can be adapted to the DDDC plans for sidewalk replacements and curbing so that they line-up with each other. At present, the road is too high in the middle. Everything done so far, including the survey, has been funded by the City of Dunn.

Recommended reduced scope limited downtown stimulus budget is \$1,220,000. \$480,000.00 of this project is to replace sewers on Broad Street from Railroad to Clinton, two alleys and service renewals and will be financed with SRF loan and/or Rural Center Grant monies as part of the overall Wastewater System Improvements Project.

Discussion was held about the age of the lines downtown and the need to proceed with the rehabilitation of these lines.

Additional funding of \$65,000 will need to be allocated to pay for the engineering design.

Resurfacing Project Proposal

Manager Autry reported that he and Finance Director Mark Stephens met with the Local Government Commission (LGC) about proposed paving projects, to inquire how much money the City could borrow. Most of the Powell Bill monies were expended with the storm drain project from Broad Street to Cumberland. The LGC would finance \$1 million dollars with pay-back under the Powell Bill guidelines. To borrow money over a ten year period, the pay-back would be approximately \$135,000.00 per year. This project could be funded out of Powell Bill funds.

He discussed that the high priority street list encompasses streets back to 2001 and they have developed a proposed list of streets. He recommended that Davis-Martin-Powell (DMP) physically inspect the proposed streets to closely examine the ones that will need to be paved with a defined cost.

Council consensus was to move forward with this resurfacing project and to proceed with obtaining financing through the LGC.

Water Conservation Policy/Water Rate Structure

Public Utilities Director Dean Gaster explained that last year, the City of Dunn experienced an extensive drought. Currently the City is still under Stage 2 Voluntary Water Conservation measures adopted at the April 10, 2008 Council meeting.

Mr. Gaster recommended that the Council adopt Stage 1 continuous water conservation stage. He explained that our current water conservation policy will be changed in the near future

Motion by Council Member Joey Tart and seconded by Council Member Maness to adopt Stage 1 continuous water conservation stage. **Motion unanimously approved.** *A copy of Stage 1 continuous water conservation is incorporated into these minutes as Attachment #2.*

In order to inform the public, Manager Autry will announce during the February 10, 2009 regular Council meeting, the implementation of Stage 1 continuous water conservation.

Mr. Gaster explained House Bill 2499; new legislation which states that to be eligible for State water infrastructure funds from the Drinking Water Revolving Fund or the Drinking Water Reserve Fund or any other grant or loan of funds allocated by the General Assembly whether the allocation of funds is to a State agency or to a nonprofit organization for the purpose of extending waterlines or expanding water treatment capacity, a local government or larger community water system must demonstrate that the system does not use a rate structure that gives residential water customers a lower per-unit water rate as water use increases. He added that Mayor Pro Tem Robinson proposed this type of rate structure at last year's Retreat; a water rate that maintains the same number through-out the usage instead of a decreasing block.

Mr. Gaster pointed out that the City would not be eligible for these state funds should their current water rate structure remain in place.

Discussion was held about imposing a residential uniform rate structure as required with the new legislation and it was questioned whether to include commercial customers as well.

To qualify for state funding, the City must have a rate structure in place prior to July, 2009.

Departmental Capital Priorities FY 09-10

Mayor Harris asked for the recommendation of the Manager with reference to Capital requests by each department.

Police Department

Request to purchase five (5) police vehicles. This is a continuation of replacing older unsafe, high mileage police vehicles.

Public Works Department

Manager Autry explained that financing/funding in an amount of \$100,000.00 was appropriated in the FY08-09 budget to purchase a limb truck; however, a new truck has not been purchased and the current truck is in dire condition. Discussion was held for the Finance Director to bring back funding to the budget work sessions so that the Council can decide whether or not to move forward with the purchase of this truck.

Recreation Department

Discussion was held about repairing the bathroom facilities at Tyler Park.

City Buildings

Discussion about inspecting all City owned buildings for repairs on an annual basis. Manager Autry pointed out that roofing evaluations have been performed on the City owned buildings and it was found that City Hall and the Public Library need repairs to the roof.

Discussion was held about the on-going problem of fire ants in the cemeteries and parks. A contractor quoted \$6500.00 per year to treat the cemeteries, which would be required on an annual basis. Also quotes

have been obtained for the parks. A recommendation will be brought back to the Council with reference to treating fire ants.

Mayor & Council Discussion Final Wrap-Up

Discussion was held about ways to revitalize communities with vacant lots created as the result of demolishing substandard housing. If they do not revitalize these neighborhoods, they will continue to have empty lots with low tax values that banks will not loan money to construct on. This will hurt the City tax base.

For example, there was one area of town, with 158 residential parcels of property, 64 vacant with an average tax value of \$27,700 per parcel. In a different neighborhood with comparable ages of homes, there were four (4) vacant lots with an average tax value of \$68,300.

Discussion was held about the need for annexation. Areas studied in the past did not meet the criteria for annexation but they may need to revisit this issue to see if those same area density requirements have improved.

Discussion was held about leaf pick-up and storm water run-off monitoring. It was suggested that correspondence be directed to lawn companies not to leave debris in the gutters. Discussion was held about the advantage and disadvantages of requiring grass clippings/debris to be placed in the edge of the owner's yard and to discontinue pick-up for lawn care companies. Discussion was held about discontinuing leaf pick-up in alleys. Republic Waste Services has damaged their trucks picking up garbage in alleys. They need to work on a solution to develop a uniform policy that will apply to everyone with reference to picking up debris, leaves, limbs and trash in the alleys. Manager Autry will provide information back to the Council with reference to debris pick-up. Mayor Harris asked that the Manager look into the extra debris containers. Mr. Autry stated this has been looked at and determined it would cost approximately an additional \$265,000 per year. The average cost to the resident would be approximately \$8.00 to \$10.00 per month.

Discussion was held about the need for additional street lighting in certain districts and high crime areas. Street lighting is not uniform through-out the City. In the current budget, street lighting cost is \$225,000.00. With any new street light installation, the lumens have been increased. They discussed the possibility of increasing the lumens in existing street lights that are further apart than the 300' mark. Discussion was held about trimming tree growth that may block lighting.

Discussion was held about the danger of dead trees on lots that are in close proximity to a dwelling. It was questioned if an ordinance should be developed to address dead trees which pose a public safety hazard to the right-of-way or to an adjoining property owner's dwelling.

2:00 p.m. - Motion by Mayor Pro Tem Robinson and seconded by Council Member Maness to go into closed session based upon N.C.G.S. 143.318 to consult with the City Attorney about a legal matter (old Harnett High property). **Motion unanimously approved.**

Closed Session adjourned at 2:30 p.m. and Council reconvened the Retreat meeting at 2:31 p.m.

Motion by Council Member Galbreath and seconded by Council Member Maness to approve the minutes of the closed session as recorded by City Attorney Pope. **Motion unanimously approved.**

With no further business to discuss, a motion was made by Council Member Maness and seconded by Council Member Joey Tart to adjourn the meeting at 2:33 p.m.

Oscar N. Harris
Mayor

Attest:

Debra G. West
City Clerk