

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

The City Council of the City of Dunn held a Special Call Meeting/Budget Work Session on Tuesday, May 18, 2010, at 8:30 a.m. in the Dunn Municipal Building. Present was Mayor Oscar N. Harris, Mayor Pro Tem N. Carnell Robinson, Council Members Buddy Maness, Bryan Galbreath, Billy Tart, and Joey Tart. Also present was City Manager Ronnie Autry, Finance Director Mark Stephens, City Planner Steven Neuschafer, Building Inspector Mike Blackmon, Recreation Director Perry Hudson, Police Chief B.P. Jones, Public Works Director Billy Addison, Public Utilities Director Dean Gaster, Librarian Mike Williams, City Attorney P. Tilghman Pope, and City Clerk Debra West.

Absent: Council Member Chuck Turnage

INVOCATION

Mayor Harris opened the meeting at 8:30 a.m. and gave the invocation. Afterwards the Pledge of Allegiance was repeated.

PRESENTATION

A revised version of the DVD of the Waste Not Recycling Project by Caroline and Hayes Snipes was not available to show to the Council.

ITEMS FOR DISCUSSION AND/OR DECISION

FY 10-11 Budget

Mayor Harris commended and thanked the Department Heads for conserving expenditures to the point that the City has had an increase in the fund balance for each of the prior two years without sacrificing services to the City.

Mayor Harris yielded to Finance Director Mark Stephens to provide a report and update of the current budget ending June 30, 2010.

Mr. Stephens stated that two years ago, the fund balance ending in FY 07 was 19.1%, FY 08 was 21.50% and FY 09 was 30.38% of fund balance. Two years ago the City received a letter from the state cautioning them about the reserves and fund balance percentage. The City did not receive a letter from the state this year because obviously the City is in a safe range. The low sales tax has been discussed and is attributed to the stagnant economy and lowering the tax rate two years ago with the merger of Dunn Emergency Services. The City is looking strong in revenues and meeting the budget. Expenditures are still below where they should be this time of year due to monitoring by the department heads and the manager. He advised the Council that they may need to start focusing their efforts on meeting the budget for the next few years instead of putting reserves back into the fund balance. This is probably the worst time in US history to try and build the fund balance. Most other towns are dipping into their reserves to meet their budget.

8:43 am –Council Member Galbreath arrived at the meeting.

Mr. Stephens stated that some unexpected expenditures in the FY 09-10 budget included the purchase of a street sweeper due to the high maintenance costs of the old one, unemployment claims were higher than expected, and renovation costs incurred downstairs at City Hall due to issues with the magistrate's office. With the age of the city buildings, maintenance is going to be a continuing issue. Also the City had to enter into a lease for dispatch equipment that was moved to a new cell tower; however the City is still working with the County to share in this expense since they also use the same tower.

Mayor Harris yielded to Manager Autry to summarize the budget.

Manager Autry stated that the proposed FY 2010-2011 budget is conservative with just operating expenses. Most of the General fund capital items have been eliminated.

Revenues: General

- Ad Valorem Taxes: Figure is based on an approximate tax base of \$688,500,000 with the tax rate of .48 per \$100 valuation with a 97.75% collection rate.
- The majority of the state revenues have been projected to remain stable this year.
- Fund balance has not been appropriated to balance the budget.

Revenues: Water

- Water rate is proposed to increase from \$1.75 per 1,000 gallons to \$1.85 per 1,000 gallons for governmental bulk water users.

Expenditures: General

- General Fund operating is comparable to the FY 09-10 Budget.
- Employee hospitalization insurance is with Blue Cross Blue Shield of North Carolina and is projected to increase a minimum of 10%. During FY 09-10, expenditures were at 130% which equates to 30% over the premiums paid in. The initial increase was projected at 38%; however, the broker is working to reduce it to a minimum of a 10% increase. They are looking at the possibility of a 2% increase in premium with the deductible increasing significantly. The City would use the remaining 8% to put money in a pool to share the deductible cost with the employee (health reimbursement account program). They project that approximately 1/3 or less of the employees actually meet their deductible.
- All debt service requirements have been appropriated in this budget to meet our debt obligations.
- A COLA of 2 ½% has been included in the budget.
- Capital items have been addressed and a list of items proposed for funding is as follows:

Police Department:

Five (5) vehicles (Finance purchase) \$125,000

\$125,000.00

Expenditures: Water

- All debt service requirements have been obligated in the FY 2010-11 budget to meet our debt responsibilities.
- \$175,000.00 has been placed in the Contingency line item for unforeseen capital expenditures.
- A COLA of 2 ½% has been included in the budget.
- Capital items have been addressed and a list of items proposed for funding is as follows:

Finance Department:

Meter Reader Truck \$ 12,500

Public Works Department:

Water Service Truck \$ 25,000

Water Plant:

Bridge Replacement \$150,000

Wastewater Plant:

Roof Replacement/Truck \$ 78,000

\$265,500.00

Discussion was held about the allocation of sales tax by the County.

Highlights:

GENERAL FUND REVENUES

Ad-Valorem Taxes	3.2M
Downtown service district tax	\$35,000
Recycling charges	\$141,000 (\$3.05 per residential household)
Powell Bill Fund	\$285,000
ABC Store Revenue	\$120,000
Sales Tax Revenue	1.3M
Contract-Angier Inspections	\$25,000 (reduced from \$30,000)

After discussion, Council consensus was to terminate the contract (effective FY 10-11) between the City of Dunn and the Town of Angier for the City of Dunn to provide building inspections for the Town of Angier.

Lease payment from Johnston-Lee-Harnett Community Action	\$20,000 (estimation - an actual fee per month will not be known until renovations are complete)
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Payment from BJRH	\$325,000
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Total General Fund Revenues - \$8,648,000.00 (includes deducting \$25,000 from the Town of Angier contract).

It is projected that the City will receive approximately \$50,000 - \$60,000 less revenue for FY 10-11 than received in FY 09-10.

Some of the accounts that the Council had questions about are as follows:

General Fund Expenditures

Governing Body

Legal Miscellaneous	\$40,000 (estimation & includes any lawsuits)
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Executive Manager

Salaries factored with 2 ½% COLA

Finance Department

10-443-9600 (tax discount allowed)	Propose to reduce from the current 2% discount or to eliminate it
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Council consensus was to eliminate the tax discount.

Non-Departmental

Contract-Harnett Co. Computer	\$9,000 projected for FY 10-11 (discussion of how much the City pays per hour)
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Police Department

10-510-1300 Utilities-Animal Shelter	Reduced to separate the PAL gym from this bill
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10-510-3400 Lease-Tower Time Warner	City sent a letter to the County asking them to reimburse the City a portion of the cost of this bill. The City is waiting for the County to respond.
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Police Athletic League

10-521-1300 (utilities)	\$27,000 (cost is approximately \$20,000 per year for utilities at the gymnasium)
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10-521-6100 (General Operations)	\$35,000 - This line item includes fund raising events/donations
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Finance Director Stephens stated that PAL does a lot of fund raising and he suggested breaking off the donations into a 501 (3) (c) to create a non-profit for the PAL donations to separate this part from the City and keep that part out of the City's books. It was recommended that the Finance Director, Manager and Police Chief bring back a recommendation to the Council with reference to creating a non-profit.

Attorney Pope stated that PAL could create a 501 (3) (c) that would be like a foundation that only raises money to support the programs but PAL itself would stay under the City. That way, they only control the money they raise but remain City employees.

10:20 am: 10 minute session break

Building Inspections

10-540-4501 (demolition) \$10,000 (reduced from \$30,000 because of the one year waiting period before demolishing some structures once they are condemned)

Discussion was held about the City contacting Preservation NC when certain property which may have historical merit has been declared dilapidated by the Council, to provide a chance for Preservation to make contact with the property owner for possible rehabilitation of the structure. This process would keep Preservation apprised of certain property and at the same time, keep the City out of the middle of the process should Preservation be interested in certain property.

Discussion was held about the vacant lots created by demolishing structures and the need to address this issue.

City Attorney Pope stated that those properties which the City has torn down under condemnation where the City has a recorded lien, the General Statutes says that those monies may be collected in the same manner as taxes which simply means if they owe the City, the City may acquire those lots.

The Council discussed the possibility of having the City's tax attorney foreclose on some of the properties that have not paid tipping fees for the City to acquire those lots and offer them to Habitat for Humanity or sell them or auction them for re-investment in the City.

The Council discussed the need to have some type of plan in place as to what they want to see happen with these lots in terms of long-term effects. E. Broad Street was used as an example and the need to know what the best use of these lots would be.

Mayor Harris mentioned the need to develop a partnership between the City, County and State whereby you set up a Community Development Corporation (CDC) for the sole purpose of funding residential loans. The problem is that banks will not loan enough money on some of these vacant lots therefore if there was a CDC that could do a bridge loan that would be beneficial. For instance, a bank may loan 75% and the CDC would loan the other 20%, leaving the borrower to only come up with the other 5%.

Mayor Pro Tem Robinson stated that there is also an opportunity to go to local lenders and ask about their community re-investment but they need a plan; something to sell them in order to get more cooperation for a specific geographic area. If they were trying to revitalize Broad Street, there might be some partnership opportunities there.

Council Member Galbreath stated that he has had discussions with City Planner Neuschafer, who has a lot of creative ideas about sources that can be used to rebuild some of these areas that have been torn down. East Dunn has been affected by dilapidated property and it does take away from the value and appearance of the neighborhoods.

Council Member Galbreath suggested they have a workshop with Planner Neuschafer to explore their options and ideas from other cities to put a plan in action.

10-540-7400 (Capital Outlay) \$25,000 was removed (proposed to provide office space for the Chief Building Inspector in part of the bay area. It was

discussed that an overall plan should be in place for the entire bay area instead of enclosing only a portion)

Planning & Zoning

Manager Autry stated that he and Mayor Harris have discussed the need for a Commercial Development Coordinator and the possibility of giving those additional duties to City Planner Neuschafer. A plan would need to be developed to know what incentives the City could offer a potential developer. It could be a tool to recruit businesses to Dunn. Associated costs would include travel/motel expenses.

Discussion was held that if the City Planner can handle these extra duties, the Council is in agreement with proceeding. Mayor Harris suggested that a plan of action be developed by the Manager, Finance Director and City Planner to present to the Council.

Council consensus was to adopt the concept of giving the Community Development Coordinator responsibility to City Planner Steven Neuschafer.

Street Department

10-560-7400 (Capital Outlay)

\$65,000 for tractor has been removed. It was discussed that a flail mower keeps cuttings contained better than a bush-hog and keeps debris from flying in the road and hitting vehicles.

Debt Service

10-590-9613 & 9614 (roof replacement)

Manager Autry explained to the Council that they opted to finance this project with the debt service beginning in FY 10-11. With expenses cut, he is recommending to pay off this debt instead of financing it over the next 5 years. This will free up \$25,000 in debt service for the next 5 years. Council consensus was to wait until the budget process is ending before committing to pay this entire amount.

Contribution to Community Service

10-610-1000 (Community Assistance)

No money has been allocated; however the DACC has contacted the City about beautifying the side wall of the old Fisherman's Paradise Building with an interchangeable board. The Mayor requested that the Manager allocate \$25,000 to this line item. There will also be a request forthcoming from the Howard House asking the City to help with reducing their debt.

Recreation Department

10-620-1400 (Travel, Meetings, Schools)

\$10,000 to fund travel for teams that compete in tournaments.

Council Member Maness questioned if the concession could make money if the City took it back over. Recreation Director Hudson stated that the City ran the concession years ago, but it did not make money. It requires volunteers. With the booster club running the concessions, it works better for the City. Director Hudson stated that he felt the City would lose money if they took this over.

Mayor Harris stated that he wants Director Hudson to focus on the recreation programs, operations and keeping the facilities and parks clean. He added that he wants Mr. Hudson to allocate sufficient monies to accomplish a magnificent program, clean parks and a good image for the City.

Council Member Maness stated that the skateboarding is not working at Tyler Park. Presently, there is no control in place with the profanity being used, no adult supervision and the kids are altering the equipment. This type of activity and language should not be allowed in the park. It's turning into a bad situation and the City needs to get a handle on this situation or eliminate it. Mr. Autry stated that he along with Chief Jones and Director Hudson will work on this situation.

Dunn Senior Center

Manager Autry explained the need to upgrade this facility, purchasing chairs and tables.

Library

Manager Autry explained that the Library Board of Trustees has discussed the possibility of expanding the library. He and Librarian Mike Williams met with representatives from USDA who have monies available. The application, plan and projected costs would have to be in place to apply for potential monies. Mr. Autry asked for feed-back from the Council with reference to expanding the library. He suggested \$5,000 be allocated to hire an architect to design a plan.

Council Member Joey Tart stated that the library space is limited with the vast programs offered.

Council consensus was for Manager Autry to allocate monies to hire an architect.

Open Issues in the General Fund

Establish a workshop with City Planner Steven Neuschafer to discuss housing

Commercial Development Coordinator plan of action

Flail mower

Re-visit the CPI calculated by BJRH for annual payment to the City

Re-visit the CPI calculated on solid waste contract with Republic

Pay cash or finance roofing the City Hall Building and Public Library

Skateboard Park Status

Recreation - Focus placed on establishing & continuing an excellent program and maintain facilities at an ultimate

Allocate \$5,000 to library budget for architect to design a plan for expansion

Allocate \$25,000 to Community Assistance

Consider COLA for employees

Review results from the health insurance

Re-visit legal miscellaneous allocations in light of the pending lawsuit

Senior Center – Upgrades, purchase of equipment

12:08 pm - Motion by Council Member Maness and seconded by Council Member Joey Tart to recess the meeting until Wednesday, May 26th at 8:30 am in the Dunn Municipal Building. **Motion unanimously approved.**

Oscar N. Harris
Mayor

Attest:

Debra G. West
City Clerk