

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

The City Council of the City of Dunn held a Special Call Meeting/Budget Work Session on Thursday, April 27, 2006, at 5:30 p.m. in the Dunn Municipal Building. Present was Mayor J. Dal Snipes, Mayor Pro Tem Donnie Olds, Council Members Buddy Maness, Bryan Galbreath, Billy Tart, Billy R. Godwin, Jr. and Joey Tart. Also present was Interim City Manager Ronnie Autry, Human Resources Officer Moses Gallion, Finance Director Renee' Daughtry, Building Inspector Mike Blackmon, City Planner Steven Neuschafer, Recreation Director Perry Hudson, Police Chief Tim Benware, Fire Chief Austin Tew, Librarian Mike Williams, City Attorney P. Tilghman Pope, City Clerk Debra West, and Daily Record Reporter Steve Reed.

INVOCATION

Mayor Snipes opened the meeting at 5:35 p.m. and asked Council Member Maness to give the invocation. Afterwards the Pledge of Allegiance was repeated.

Adjustment of Agenda

Mayor Snipes entertained a motion to table the following agenda items:

#1 - Civic Center Committee Appointment

#4 -Civic Center Committee Update

#6-Sign Enforcement

#7-Wrecker Towing Policy

Motion by Council Member Joey Tart, seconded by Mayor Pro Tem Olds to table above items. **Motion unanimously approved.**

ITEM FOR DECISION

HIGHWAY 421 WIDENING PROJECT

Interim Manager Autry explained that per Council's request during the Budget Retreat, a letter was written to Board of Transportation member Mr. Mac Campbell requesting an increase in the North Carolina Department of Transportation's (NCDOT) participation in the Hwy. 421 widening project cost. The original offer by NCDOT was \$105,837.51. Mr. Campbell discussed this with NCDOT personnel and an agreement was reached that NCDOT would contribute \$140,000 which was the amount proposed in the resolution adopted July 14, 2004.

Following are the figures that will be used for calculating the assessment cost per foot:

Construction Cost	\$ 716,109.88
NCDOT Contribution	\$ <u>140,000.00</u>
Diff. in Cost	\$ 576,109.88

Cost Property Owners were advised would be Maximum used to calculate cost per ft.	\$ 543,000.00
--------------------------------------------------------------------------------------	---------------

Using \$543,000.00, cost per ft. would be: \$97.96

Using \$576,109.88, cost per ft. would be: \$103.94

Mr. Autry stated that the total project was approximately \$770,000 which is only the construction cost and does not include administration and contingency costs.

Further discussion was held about the cost of this project, and the amount of the assessment that property owners were told they would have to pay.

Motion by Mayor Pro Tem Olds, seconded by Council Member Galbreath to accept DOT's \$140,000 contribution toward the Highway 421 Project and to use \$543,000 to calculate the cost per ft. assessment to the property owners. **Motion unanimously approved.**

ITEMS FOR DECISION AND/OR DISCUSSION

HEALTH INSURANCE PROPOSALS

Health insurance proposals from United Healthcare (UHC) and Blue Cross Blue Shield (BCBS) have been received. Quotes for various coverage proposals are being received for 100%, 90/10, and 80/20 plans.

Mr. Autry presented a table chart of quotes received from UHC, BCBS, and Wellpath.

Mr. Autry presented the following quotes for Council's review.

- Existing UHC plan per employee is \$426.44 – a 15% rate increase was quoted by UHC for the FY 06-07 budget year.
- BCBS quoted \$465.97 which reflected a 9.27% increase from the existing cost.
- BCBS 90/10 plan w/\$1000 out of pocket maximum is \$425.77 per employee
- Wellpath 90/10 plan varies with out of pocket expenses
- BCBS 80/10 plan w/\$1000 out of pocket is \$415.09 per employee

Discussion was held about the various health plans proposed.

Mr. Autry explained that he is concerned with out of pocket expenses for the employee. He will bring back a recommendation to the Council. It looks favorable in going to a 90/10 policy to keep rates at the existing cost.

SOLID WASTE POLICY

The collection of household bulky items was discussed at the February Retreat. The present system to curtail the placement of bulky items on the streets is not working.

Mr. Autry gave an overview of how the solid waste ordinance is written and the inconsistencies of how debris is collected. There are several inconsistencies within the ordinance that need to be rewritten. The current ordinance is not intended for the landlord situation (tenants move out and leave households of furniture by the road).

Mr. Autry recommended that the City pick up small routine items such as a chair or mattress, once a week with no charge to the citizen. It will save money as opposed to the current system being used. He suggested that the landlord/tenant situation be addressed separately.

Mayor Snipes asked Mr. Autry if he was saying that with the exception of the abuses, the truck can cover the entire town in one day. Mr. Autry responded that is correct. He stated that in the past, the truck could pick up mixed garbage but due to Harnett County Landfill requirements, one truck would have to separate garbage by category before taking it to the landfill. For example, limbs and furniture cannot be picked up together. As a result, additional time is required to make the necessary pick ups.

Discussion was held about implementing a landlord/tenant permitting system to offset the cost to the City. A data base of these property owners could be created to generate a letter at the beginning of the year to set out rules and hold the property owner responsible should the rules be violated. It was suggested that Planner Neuschafer contact other municipalities to find out if they have a code to address these type situations with the landlord/tenant situations.

Discussion was held that it is not the City's responsibility to pick up furniture and other bulky items. A suggestion was made to obtain the cost analysis for the City to provide a manned drop-off station for the citizens to dispose of items two to three days a week. Mr. Autry stated that at one time, a dumpster was provided for citizens to dispose of items; however, citizens were dropping off illegal items such as construction material. When this dumpster was taken to the landfill, the City was being charged an illegal mixed rate of \$100.00 per ton. The dumpster had to be removed.

Building Inspector Blackmon stated that many citizens do not have a way to transport items to a drop-off site. Trash is being dropped off on vacant lots. Also there is a problem with trash being left by folks that live outside of the City. Mr. Blackmon and Mr. Autry both agreed that a drop-off station will not help in the tenant situation. In a lot of situations, tenants move out over the weekend and leave a house full of furniture by the street.

Discussion was held about the City having a stream of revenue to offset the cost in picking up bulky items. Unlimited limb pick up is a luxury.

Discussion was held about the low cost of the present \$8.00 garbage rate per month. The City is not breaking even with this charge.

Mr. Autry stated that the average monthly garbage rate in other cities across the State is \$15.00 per month per household. Additional services offered by the City of Dunn are not provided by a lot of other towns. Garbage rates must be addressed in this budget year.

The garbage contract price for FY 06-07 is \$262,860 for approximately 3450 households.

In addition, the City has an expenditure of approximately \$341,985 per year to provide two employees and two trucks to provide limb and leaf pick up. This figure does not include the fuel cost for these two trucks, the cost of the trucks or depreciation to replace the units.

FY 06-07 PRELIMINARY BUDGET

The Council reviewed the preliminary FY 06-07 budget which reflects only basic operating cost. Department heads were asked to review their initial requests and reduce them where possible.

General Fund

Estimated revenues	\$7,616,777.00
Estimated expenditures	\$7,887,294.00
Difference	\$ (270,517.00)
Adjustment of ABC revenues	\$ 30,000.00
Adjustment for increase	
Waste collection fee	\$ 130,000.00 (based on \$3.00 increase per household)
Adjustment for 421 assessments	\$ 13,000.00
	<hr/>
	\$ (97,517.00)
Contributions for new Rec. Center	\$ - 40,000.00

Water Fund

Estimated revenues	\$4,091,800.00
Estimated expenditures	\$3,675,028.00
Difference	\$ 416,772.00

If the above criteria is used, it would result in a deficit of approximately \$57,517 in the General Fund.

Expenditures do not include any cost of living adjustments, new positions or capital items.

Discussion was held about increasing property taxes. The City cannot continue to maintain the same services to its citizens at the current tax rate. They must be realistic when deciding on this issue. According to Harnett County, revaluations are not scheduled until the year 2009 due to the installation of a new software program. The City's tax rates have been cut in the past and now the City is due a pay raise. This decision is inevitable. It's not a question of when but how much the taxes will need to be raised.

Mayor Snipes stated that every 1% cost of living adjustment for the City employees equates to a \$42,000 expenditure.

Mr. Autry presented the following list of capital requests/personnel requests to the Council:

- Longevity Pay
- Cost of living increase
- Full-time position at the Recreation Center
- Library Associate
- Master Firefighter
- Server for the accounting package in Finance Office
- (3) police cars
- Animal control truck
- (3) used non patrol vehicles for the Police Department
- Fire station expansion
- Fire truck
- (2) trucks for the Street Department
- Lawnmower for the Cemetery Department
- Trucks and trench box for the Water Department
- Equipment for the water and wastewater plants

Every .01 cent property tax increase equals an additional \$53,000 in revenue.

Every \$1.00 solid waste increase on household garbage rates equals an additional \$42,000 in revenue.

It may take a combination of property tax increases as well as solid waste increases to cover the deficit and to prioritize some capital improvements and positions that are needed.

Mr. Autry will bring back to the Council, a condensed priority list of capital items and personnel request from the above list as well as the costs.

Break 7:30 p.m. until 7:45 p.m.

MUNICIPAL SERVICE DISTRICTS

Mayor Snipes explained that there are several key issues that need to be addressed in the report required to establish the Municipal Service District. Questions must be resolved prior to the public publication of the report.

City Planner Steven Neuschafer stated that the Council will need to decide upon the exact location of the district boundary. What will be included in the boundary? He explained the different zoning classification of properties within this district. There will be tax exempt properties within the district.

Mayor Pro Tem Olds asked how the district area was determined. Mr. Autry responded that it was pre-determined by the City's engineering firm, Davis-Martin-Powell & Associates.

Mr. Neuschafer asked the Council if they wanted to include residential properties in the boundary; do they want to use commercial properties being used as residential in the boundary?

Mayor Snipes stated that Mr. Neuschafer is looking for direction to include or exclude residential properties.

Council Member Joey Tart asked if a property can be in the district but excluded from the special tax. Mr. Neuschafer responded no.

Council Member Maness stated that these residential properties will benefit just as much as the commercial properties. They will receive improvements as well.

Mayor Snipes stated that they did not want to get too far out of the core area.

Vacant lots will be included in this boundary. Mr. Neuschafer stated that a tax rate is established in the report. Attorney Pope asked if the tax rate proposal can be changed after the public hearing. Mr. Neuschafer stated that after the public hearing, the Council can decrease the tax rate but it cannot increase.

Mr. Neuschafer suggested that he bring back to the Council, the varying tax rates ranging from .09 to .12 cents showing the funds they will generate at the May 4th meeting. The Council may decide at that time the rate they will propose.

Mr. Neuschafer suggested that they include a Downtown Director position in the report. This in no way mandates that the City hire a Director at this time. This is a long term process of investing in the future.

CLOSED SESSION

8:15 p.m. Motion by Council Member Godwin, seconded by Council Member Billy Tart to enter closed session to discuss the potential sale of City owned real estate. **Motion unanimously approved.**

No action taken during Closed Session

8:35 p.m. Closed Session adjourned.

Motion by Council Member Maness, seconded by Mayor Pro-Tem Olds to approve the minutes of the closed session as recorded by City Attorney Pope. **Motion unanimously approved.**

FORMER FISHERMAN’S PARADISE PROPERTY 223 E. BROAD STREET

Discussion was held about the former Fisherman’s Paradise property (presently owned by the City) and its potential uses. The Council also spoke about demolishing the building and adding additional downtown parking and green space.

Motion by Council Member Joey Tart, seconded by Council Member Billy Tart and unanimously approved to add a decision item to the Agenda – “Fisherman’s Paradise Property”

Motion by Mayor Pro Tem Olds, seconded by Council Member Godwin to direct Mr. Autry to proceed with demolishing the Fisherman’s Paradise Building (owned by the City) and bring back cost estimates to the City Council for any improvements to the property. **Motion unanimously approved.**

With no further business to discuss, the meeting was adjourned at 9:05 p.m.

J. Dal Snipes
Mayor

Attest:

Debra G. West
City Clerk