

**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 15, 2007, at 8:30 a.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 City Manager Ronnie Autry, Finance Director Renee' Daughtry, City Planner Steven Neuschafer, Building Inspector Mike Blackmon, Recreation Director Perry Hudson, Interim Police Chief B.P. Jones, Interim Public Works Director Billy Addison, Fire Chief Austin Tew, Librarian Mike Williams, City Attorney P. Tilghman Pope, and City Clerk Debra West.

Council Member Galbreath arrived at 8:50 a.m.

INVOCATION

Mayor Snipes opened the meeting at 8:39 a.m. and asked Council Member Maness to give the invocation. Afterwards the Pledge of Allegiance was repeated.

ITEMS FOR DISCUSSION AND/OR DECISION

FY 07-08 BUDGET

Manager Autry pointed out that General Fund revenues are in-line with last budget year. Before the Council is a balanced budget with no capital items.

Manager Autry read the proposed management letter.

Revenues: General

- Ad Valorem Taxes: Figures are based on a 98.15% collection rate of the actual tax levy of \$3,407,922.85.
- Next year's projected state revenues are based on current year estimates plus 2% - 3%. North Carolina League of Municipalities recommended using 2% - 5%. Estimates are conservative.
- \$598,167 has been obligated for transfer from the Water Fund to the General Fund to cover joint costs of personnel, materials, insurance and associated costs.
- \$200,000 has been obligated from Averasboro Fire District Revenues for operating costs for fire service.

Revenues: Water

- Water and sewer rates are recommended to increase to meet the required amount of \$41.33 for a 5,000 gallon a month user to qualify for the Clean Water Management Trust Fund Grant. The water bill for a minimum user would increase \$2.86 per month. A high end industrial user's bill would increase approximately 8%. The municipal user is recommended at a 5% increase.

Expenditures: General

- General Fund operating is scheduled to be comparable to the FY 06-07 Budget, with increases involving specific reoccurring line items with emphasis on fuel cost and utilities.
- Employee hospitalization insurance is recommended to remain with Blue Cross Blue Shield of North Carolina and increase to a \$500 deductible with co-pays of \$20/\$40. This equates to a 6.1% increase from \$430.00 to \$456.31. Employees continue to have an excellent health benefit plan.
- Most of the departments capital outlay items requested were not funded with the limited funding available. A list of items proposed by department heads for funding is as follows:

General Fund:

Inspections – Purchase of building	\$250,000
Equipment for building	\$10,000
Municipal Building – New phone system	\$25,000
Improvements to Civic Center	\$75,000
Police Cars	\$80,000
Playground Equipment-Codrington Park	\$20,000

Playground Equipment-Tyler Park	\$20,000	
Mower (Recreation)	\$ 9,000	
Limb Truck and backhoe for Street Dept.	\$145,000	
Backhoe for Cemetery	\$33,000	
		<u>\$667,000.00</u>

New Position/Reclassification Request:

Planning Department	\$39,768	
Fire Department	\$35,233	
Reclassification for PAL part-time to full-time	\$23,400	
Reclassification of volunteer fire fighters to full-time	\$203,294	
		<u>\$301,695.00</u>

- Funding has been provided for payment of proposed purchase of property at \$29,001.00.
- Funding has been provided for the construction of the parking lot at the corner of N. Railroad Avenue and E. Edgerton Street at a cost of \$65,000.
- All debt service requirements have been appropriated in this budget to meet our debt obligation.

Expenditures: Water

- \$300,000 has been appropriated for the City of Dunn's match for the anticipated \$3,000,000 Clean Water Management Trust Fund Grant.
- No new positions have been proposed for FY 2007-08.
- All debt service requirements have been obligated in the FY 2007-08 budget to meet our debt responsibilities.
- \$156,918 has been placed in the CONTINGENCY – Capital Outlay & Projects line item for future needs.

A 3% COLA has been factored in this budget which equates to \$138,500 for the General Fund and \$32,500 for the Water Fund. The longevity pay benefit has been funded.

Manager Autry summarized the Revenue Projections.

Manager Autry summarized the General Fund Expenditures.

The Council discussed the proposed FY 07-08 expenditure budget list and compared it to FY 06-07. Discussion was held about the following accounts:

(410) Governing Body

410-Gov. Body Governing Body Accounts 10-410-0200 thru 10-410-5702 are relatively the same as the FY06-07 budget year. The contingency line item 10-410-5702 (Reserve for Fund Balance) has been removed from the FY07-08 Governing Body budget.

(420) Executive Manager

10-420-5900 (Retiree's Insurance) - Increase in retiree's insurance

(430) Elections

430-Elections (Elections) - Accounts 10-430-0300 thru 10-430-5800 - appropriations to pay for the 2007 elections

(443) Finance

10-443-5901 (Salary & Wage Adjustment) - reflects a 3% COLA increase for all general fund employees

10-443-9010 (Contingency-Hospital Insurance) - 6.1% hospital insurance increase for all general fund employees

(500) Building Operation and Maintenance

10-500-7400 \$29,001 Capital Outlay to purchase Jernigan's Parking Lot – 3 year payment

10-500-7401 (Parking Lot-Machine & Welding) - \$65,000 for parking lot construction at the old Machine and Welding property owned by the City of Dunn (100th block of E. Edgerton)

(510) Police

- 10-510-1300 (Utilities/Gar. Shelter) - \$22,000 for utilities/garage shelter at the Public Works Complex – Council questioned the high cost of utilities for this structure; however, this account also pays for the utility cost at the PAL complex.
- 10-510-3500 (Jail Supplies) - \$500 for jail supplies – Police Chief Jones stated that this funding can be eliminated
- 10-510-1100 (Telephone and Telegraph) – discussion was held about consulting a company to possibly save phone cost while upgrading the phone system.

(530) Fire

- 10-530-1500 (Fire Dept. - Maint. & Repair Bldg.) - Contractor checked the roof at Station #2 (Wilson & Harnett) and informed Fire Chief Tew that the average life of this type roof is 10 years – present roof was installed in 1997
Discussions will be held about purchasing a new fire truck and service truck at an expense of \$300,000
- 10-530-3600 (uniforms & accessories) - \$15,600 requested for dress uniforms – Manager recommended \$5,600
- 10-530-3700 (protective clothing) - protective gear was funded in the FY06-07 budget year. \$1400 requested to purchase gloves and other accessories – Manager recommended \$1400.
- 10-530-5300 (Dues and Subscriptions) - \$11,416 requested – Manager recommended \$8,000 - computer support for fire house software, periodicals and subscriptions, and an additional \$150,000 life insurance for each firefighter being paid out of the firemen’s relief fund.
- 10-530-4700 (Radio Equip. Purchases) – radio supplier has quoted \$2900.00 each for (10) new radios – Manager recommendation was to purchase (3) new radios at this time.

(540) Building Inspection

- 10-540-7000 (Non-expendable equipment-Bldg. Inspections) – office equipment for the Inspections department should they move to another building for space – Manager Autry deleted this budgeted amount of \$10,000

Break - 10:20 a.m. – 10:30 a.m.

(550) Planning & Zoning

- 10-550- 6500 (Planning & Zoning – Additional Position) – \$39,768 - This budget request was eliminated by Manager Autry until space needs are met.
- 10-550-0400 (P & Z Consulting Fees) - \$16,000 requested – Manager recommended \$13,000 - \$5,000 match for Pedestrian Planning Grant will be required.
- 10-550-6000 (P & Z Planting Project) – requested \$5,000 for tree plantings through-out the City – Manager eliminated funding - Discussion was held that in order to qualify a town for City USA, a City must accomplish plantings inside the public right-of-way or other city-owned properties. Plantings enhance the social capital of the City.

(560) Street Dept.

- 10-560-1301 (Street Lighting) – Increase from FY06-07 - Manager Autry requested \$216,000 – Additional funding for Progress Energy to install lighting from the Highway 421 east corridor to I-95
- 10-560-2100 (Property Rental) – Decreased to \$672.00 - July rental payment of \$672.00 for Jernigan Parking Lot – proposing to purchase property effective August 1, 2007
- 10-560-4501 (Tipping Fees) - \$15,000 to cover the cost of extra demolition and any clean-up of ditch work that will be taken to the landfill

(572) Powell Bill

- 10-572-7300 (Cont. & Reconst. Exist Streets) - \$85,000 requested for street construction/maintenance
- 10-572-9000 (Drainage) - \$10,000 appropriated.
Fund balance of \$200,000 in Powell Bill – Major resurfacing is needed through-out the City. Debt service for a new track-hoe at a cost of \$90,000 would also be required from Powell Bill. Discussion was also held about the need to install larger culverts on Divine Street to accommodate the volume as a result of the new drainage piping recently installed across Highway 421 to Broad Street.
- 10-572-8000 (Resurfacing Streets) – \$86,700 requested - FY06-07 Expenditure was used for Bruce Drive project.
Discussion was held about appropriating \$500,000 to fund major resurfacing projects through-out the City.

PRESENTATION
KEN BRYAN/CEO AND PRESIDENT
BETSY JOHNSON REGIONAL HOSPITAL (BJRH)

Mayor Snipes pointed out that BJRH is a great partner and yielded to Mr. Bryan of the BJRH staff.

Mr. Bryan stated that he wanted to share facts with the Council as it relates to the Harnett Health System (HHS) and construction of an additional hospital in the Lillington area. He congratulated the Council for the leadership roles they have taken. The population growth of Harnett County warrants a new Harnett Health System. Seventy percent of the individuals choose to use either Betsy Johnson Hospital or Wake Med.

Mr. Bryan presented a slide show presentation about the new Harnett Health System.

Presently employ:

- 700 employees
- 100 physicians
- Non-profit healthcare system is locally owned

Harnett Health is a two hospital system:

- Current campus of BJRH
- 85,000 s.f. new hospital with an appearance similar to BJRH

Economic Impact:

- Impact of HHS dollars expended back into the local community business is estimated to be around \$28 million per year.
- \$50.6 million initial local investment – largest building investment in Harnett County’s history
- Employment of approximately 200 additional people

Scope of Services:

- 24-hour emergency department: 12 treatment rooms and 2 trauma rooms
- Three inpatient/outpatient surgery suites
- 50 inpatient beds (40 semi-private beds, 8 private telemetry rooms, 2 private infectious disease rooms)
- Critical care services

Construction Facts:

- Timeline: 3 years
- Completion of drawings and specifications – December, 2007
- Construction January, 2008 – December, 2009

Future Planning:

- 150 beds
- Regional services
- State-of-the art technology
- At the end of three years the projected average daily census is 35 patients
- Harnett Forward Together Committee Central Campus site planning
- Mental Health Planning
- Physician Recruitment
- Physician office space planning

Proven Leadership:

- Recently received the joint commission stamp of approval

Mr. Bryan invited organizations to hear this presentation as a means to inform the public about the Harnett Health System (HHS).

Lunch Break – 12:00 noon – 1:00 p.m.

Mayor Pro Tem Olds left the meeting @ 12:00 noon

Manager Autry summarized the debt service payment schedule. Mr. Autry questioned should there be a restricted tax designated for debt service.

Manager Autry explained that the Chamber of Commerce is requesting assistance from the City in constructing another Welcome to Dunn sign which will be located on the east side of town. Also the DOORS association is requesting contributions from the City. Harnett County has contributed to this organization in the past. Council Member Godwin requested that the City contribute \$5,000 to DOORS. It aids in economic development.

Council Member Maness asked Manager Autry if he had factored in this preliminary budget, any proceeds from the sale of the McKay House or any other property sale. Mr. Autry responded no.

The Council discussed the following accounts:

(620) Recreation

10-620-0200 (Salaries & Wages) – FY07-08 funding increased - new position was approved for the Recreation Center during the FY06-07 budget year.

(630) Library

10-630-5800 (Part-time positions – Library) - \$6,915 requested for additional part-time positions

(525) Wireless E-911

20-525-7400 (Capital Outlay – Wireless E-911) - \$40,425 for equipment

Water fund Revenues are projected at \$4,348,500.

(720) Water & Sewer General Operations

30-720-4500 (Charges by other Departments for all water fund employees) - \$598,167

30-720-5900 (Salary & Wage Adjustment) – reflects a 3% COLA for all water fund employees @ \$32,500

30-720-7402 (Clean Water Management Trust Fund Grant Match @ \$300,000)

30-720-7501 (Contingency – Capital Outlay & Projects) @ \$156,918 to balance budget

(810) Water Services Operation

30-810-1501 (Maintenance-Water Tanks) – decreased to \$65,950

30-810-3101 (Auto Supplies-Gas) @ \$25,000 to cover the rising cost of fuel

30-810-3400 (Materials-Meters) @ \$75,000 for water line maintenance

30-810-5400 (Infiltration) appropriated \$90,000 to cover in-house or contracts to address infiltration. Monies will be available should the City receive the Clean Water Management Trust Fund Grant

30-810-4500 (Contract Maint. & repair radio) – Appropriated \$1,000 to cover possible cost for repair

30-810-5301 (Dues & Subscription) - Appropriated \$700 for AWWA and Public Works Dues

(811) Filtering Plant

30-811-1700 (Maint. & Repair-Equipment-Water Plant) – increased to \$50,00 for equipment repairs – tube settlers need to be replaced – Manager Autry stated that he would be asking the City Council for authorization to use the \$250,000 CWMTF grant match appropriated in the 06-07 budget (which was not used) to purchase these settlers. Council consensus for Mr. Autry to bring a budget amendment forward at the June meeting to proceed with the purchase of these settlers)

(821) Wastewater Treatment Plant

30-821-1700 (Maint. & Repair –Equipment-WWTP) appropriated \$50,000

30-821-7400 (Capital Outlay Equipment-WWTP) – Mr. Autry eliminated the request for \$75,000

30-821-3201 (Independent Lab Test) @ \$15,000 – Mr. Autry will verify this amount

30-821-5700 (Miscellaneous) @ \$15,000 – Mr. Autry will verify this amount

DEBT SERVICE

Manager Autry presented the General Fund Total Debt Service @ \$294,428 for FY 2007-2008.
 Manager Autry presented the Water Fund Total Debt Service @ \$678,672 for FY 2007-2008.

WATER RATE FEE SCHEDULE

Manager Autry presented the proposed water rate schedule effective July 1, 2007. The minimum users make up 40% of the users. Water rate increases are mandated for the City to qualify for the Clean Water Management Trust Fund Grant. This was discussed during the budget retreat. In an effort to evenly distribute the increases, the minimum user’s monthly water bill will increase \$2.86. Council consensus was to approve the water rate increase with a formal adoption at the June 7, 2007 meeting.

Discussion was held about the issue of raising impact fees. The City of Dunn currently calculates their impact fees based on the number of bedrooms for residential and the seating capacity for restaurants. Currently, most municipalities have a flat rate for impact fees. This is an issue that may need to be addressed to bring the City of Dunn current with these fees. Discussion was also held about the requirement for retention ponds.

CAPITAL OUTLAY REQUESTS

Manager Autry stated that the priority Capital Outlay request is the purchase of a building for Inspections/Planning. Two options have been explored. One property is located on the corner of Broad and Elm (Don Morrison Property) and the other property is located on the corner of Edgerton and Elm (Cruise and Associates which is in the same block as City Hall). Asking price for these properties range from \$220,000 to \$240,000.

Discussion was held about space needs.
 Much discussion was held about the following capital outlay requests:

<i>General Fund:</i>		
Inspections – Purchase of building	\$250,000	
Equipment for building	\$10,000	
Municipal Building – New phone system	\$25,000	
Improvements to Civic Center	\$75,000	
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		\$301,695.00

Council consensus was for Manager Autry to make inquiries about the new phone system and bring back his recommendation to the Council.

Discussion was held about the Civic Center projects – projected cost to convert to an amphitheater would be approximately \$750,000 based upon an estimate received by the City Engineer. Friends of the Dunn High School Alumni have contacted Mayor Snipes with letters of interest to save this building. To convert it for their use would cost in excess of \$200,000.

Much discussion was held about the dire condition of the playground equipment at Tyler and Codrington Parks.

Break – 3:15 p.m. – 3:25 p.m.

Discussion was held about adjusting the grave opening fees. Increases will aid in the funding of a backhoe for the cemetery department.

Mayor Snipes made the analysis that if they pooled all capital request with the exception of personnel, they could finance approximately \$750,000 over a fifteen year period at an annual debt service payment of \$67,000. This debt service payment could be paid through a \$1.00 garbage rate increase and the annual contribution of \$25,000 given to the City by the ABC Board.

Discussion was held about borrowing funds for paving projects and purchasing a backhoe.

Much discussion was held about eliminating the use of the courtroom by the Harnett County judicial system to free this space for the Council and City Staff. Also discussion was held about keeping the Magistrate in Dunn. Council consensus was to have the Police Chief and City Attorney contact Judge Corbett about this issue.

4:15 p.m. - Motion by Council Member Joey Tart, seconded by Council Member Godwin to recess the Special Call Budget Work Session meeting and schedule to reconvene at 8:30 a.m. on Wednesday, May 23, 2007 in the Dunn Community Building located at 205 Jackson Road. **Motion unanimously approved.**

J. Dal Snipes
Mayor

Attest:

Debra G. West
City Clerk