

**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 23, 2006, at 4:00 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, City Planner Steven Neuschafer, Building Inspector Mike Blackmon, Recreation Director Perry Hudson, Police Chief Tim Benware, Major Morry Denning, 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 4:05 p.m. and asked Council Member Joey Tart to give the invocation. Afterwards the Pledge of Allegiance was repeated.

**ITEMS FOR DISCUSSION AND/OR DECISION**

**FY 06-07 BUDGET**

Interim Manager Autry read the proposed management letter.

Revenues: General

- Ad Valorem Taxes: Figures are based on a 97.6% collection rate with an approximate tax base of \$568,442,600 with a tax rate of .50 per \$100 valuation. This represents a .4¢ tax increase.
- Next year's projected state revenues are based on current year estimates plus 3% - 5% as recommended by the North Carolina League of Municipalities.
- Residential garbage fees are recommended to increase from \$8 to \$11 per month. The increase is needed to maintain the level of service our citizens presently receive.
- \$496,440 has been obligated for transfer from the Water Fund to the General Fund to cover joint costs of personnel, materials, insurance and associated costs.
- \$180,000 has been obligated from Averasboro Fire District Revenues for operating costs for fire service.
- \$22,116 from the Highway Safety Grant has been appropriated within this budget. This will be the final appropriation for this program.

Revenues: Water

- Water and sewer rates are recommended to remain the same.

Expenditures: General

- General Fund operating is scheduled to be comparable to the FY 05-06 Budget, with increases involving specific reoccurring line items with emphasis on fuel cost and utilities.
- Employee hospitalization insurance is recommended to change to Blue Cross Blue Shield of North Carolina due to the issues and projected increase by United Healthcare. The proposed coverage would be the 90/10 plan at a cost of \$430.42/employee per month. This equates to no increase for the City of Dunn.
- One (1) new position has been proposed in the Recreation Department for an Assistant Recreation Center Director. The usage of the Dr. P.K. Vyas Recreation Center has far exceeded expectations and as we continue to expand the hours of operation, it's imperative that this position be funded.
- Most of the departments capital outlay items requested were funded with the limited funding available. There are some major capital needs that will have to be addressed in the future. A list of items recommended for funding is as follows:

General Fund:

Finance - Server for accounting package	\$14,600
Police - Patrol cars/animal control truck	\$110,300
Street - Truck & mower (cemetery)	\$15,000
Powell Bill-Truck & Track-hoe	\$25,000

		\$164,900.00
Water Fund:		
Water Services Operation-Truck	\$10,000	
Water Plant-Scada System/Filters	\$40,000	
Wastewater Plant-Vari-speed drives/pumps	\$62,922	
		\$112,922.00

- The two (2) Police Officer positions that were approved in December '05 have been fully funded.
- \$110,300 has been proposed to purchase police cars and an Animal Control Truck. Funding for these vehicles will come from installment purchase proceeds. This purchase would bring to four (4), the number of installment purchases for police cars on our debt service beginning in FY 07-08.
- \$25,180 appropriated for the Fire Department to purchase protective clothing to complete a three (3) year program to update all protective clothing within the department.
- All debt service requirements have been appropriated in this budget to meet our debt obligation.

Expenditures: Water

- \$250,000 has been appropriated for the City of Dunn's match for the anticipated \$3,000,000 Clean Water Trust Fund Grant.
- No new positions have been proposed for FY 2006-07.
- All debt service requirements have been obligated in the FY 2006-07 budget to meet our debt responsibilities.

A 3% COLA has been factored in this budget which equates to \$126,000 for the General Fund and \$29,700 for the Water Fund. Mr. Autry pointed out that many cities offer a merit increase in addition to the COLA. He stated that the 3% increase is in line considering the change in healthcare costs. Longevity pay benefit has been funded. This budget reflects a proposed 4¢ tax increase.

Mr. Autry stated that revenues have been projected conservatively. He reminded the Council that the fund balance has been on a decline for the last number of years. Many municipalities are proposing tax increases for the FY 06-07 budget year. The City's last tax increase was .5¢ in 1981-1982.

Mayor Snipes opened the floor for Council deliberations.

Council Member Maness stated that last year the Council went line by line through the expense items of the budget. He would like the Council to feel comfortable that the expenses are where they should be. He asked that they go through some of the line items that they are concerned with.

The Council went over the proposed FY 06-07 expenditure budget list and compared it to FY 05-06. Some of the accounts they had concerns with are as follows: Justification is listed beside each account.

10-443-1700	increased funds are available to cover unexpected equipment repair in the Finance Office (ex: larger printer repairs, radio repairs)
10-500-1300	maintenance for Municipal building-to be prepared for electrical increases
10-510-5100	food donations given to the animal shelter vary-must be prepared if donations are down
10-510-7000	to take advantage of tracking computer software
10-530-1400	school expenditures that will fall at the very end of this fiscal year
10-530-1700	tires on fire trucks that they expect to replace in 06-07 budget year
10-530-4500	increased cost for air test
10-540-1400	school expenditures that will fall at the very end of this fiscal year. Continuing education required based on new legislation.
10-550-0202	Intern for Planning Dept. expanded service
10-560-1301	projected rate increase & additional street lighting – upgrading light connections for Christmas decorations
10-560-0202	Summer employees to assist weed eating at cemeteries, Hwy 421 and medians
10-560-1700	funds available in the event of equipment maintenance requirements
10-560-3102	funds available in the event of tire maintenance requirements
10-560-6000	to make funds available for possible curb and gutter needs
10-561-4500	3.6% cpi garbage contract increase
10-572-7300	to balance the projected revenues

10-620-0202	to pay officials in implementing adult programs again
10-620-0203	part-time employees at Rec. Center, C.B. Codrington Park, and (2) part time employees at the PAL Center
10-630-1300	projected increase for electricity
10-630-3300	additional programming for summer reading club
30-720-1400	additional training/schools for payroll clerk and accounts payable technician
30-810-1100	updated phone system at public works/foremen cell phones
30-810-1400	continuing education required for employees
30-810-3101	fuel Increases
30-810-3400	replacement of water lines-previously had to deduct meter expenses from departmental supplies
30-810-5400	major infiltration projects
30-821-1100	expense incurred when pump stations were automated through Verizon Wireless

Council Member Maness stated that his main concern is the fund balance. The City is below the state group weighted average. This budget does not have any provision for replacing what has been taken out of the fund balance nor does it have any provision for adding to it. They cannot continue to go back to the fund balance to balance the budget. They need to find a way to start bringing the fund balance back up. If they continue in this trend, it is possible that the Local Government Commission will be sending the City a letter.

Council Member Godwin pointed out that they need to keep in mind the relevant tax rates for these other cities.

Council Member Maness stated that if these numbers are conservative, expenses are only going to go up. If they expand on the City services, and uphold the City employees, they must find revenues.

The Council discussed if the proposed .4¢ tax increase is enough to cover the funding needs. They anticipate that the tax base will increase. Be cautious and considerate to keep the citizens in mind when imposing an additional tax increase.

To keep things in perspective, a .4¢ tax increase would equate to \$40 in additional tax for a home valued at \$100,000. The solid waste increase from \$8 to \$11 will affect all citizens equally.

The Council discussed that there is no money in this budget to address downtown redevelopment or space needs for City offices.

Motion by Mayor Pro Tem Olds, seconded by Council Member Galbreath to accept the proposed budget as presented by Interim Manager Autry.

Attorney Pope clarified that this motion is to accept the proposed budget; not adopt it. The budget can be adjusted after the public hearing on June 1<sup>st</sup>.

Interim Manager Autry clarified that the budget ordinance will need to be prepared and approved at the June 1<sup>st</sup> meeting. He would like consensus of the Council with reference to the tax rate proposal.

**Motion unanimously approved.**

## **FEE SCHEDULES**

Interim Manager Autry reminded the Council that if they approve the proposed fee schedules, this will become a part of the adopted 06-07 budget on June 1st. In comparison to fee schedules of surrounding cities/counties, Dunn's fees have been considerably lower in the past.

Discussion was held about the proposed fee schedules which included Building Inspection fees, Planning/Zoning, Water and sewer tap fees, and Recreation Fees.

Motion by Council Member Galbreath, seconded by Council Member Maness to approve the proposed fee schedules. **Motion unanimously approved.**

## **CIVIC CENTER COMMITTEE UPDATE**

*Council Member Billy Tart left the meeting @ 6:50 p.m.*

Interim Manager Autry gave an update on the Civic Center property. Inspector Blackmon was asked for demolition cost. This cost would be approximately \$120,000. Some of the committee members would like to dry in the Civic Center Building to protect it @ \$120,000 for limited deterioration until renovations can be accomplished. Mr. Autry stated that some of the possible uses the Committee has suggested using the building include Library expansion, Senior Citizen Center, multi-purpose conference rooms, and renovating portions of the building.

Mayor Snipes asked Mr. Autry for the projected cost to preserve the building for approximately (1) year. Mr. Autry responded \$25,000-\$50,000; however, the building would continue to deteriorate from a leaky roof. Mr. Autry advised that the cost to remove the structure will increase as time goes by.

Mayor Snipes commended the Civic Center Committee for their diligent work. The consensus of the Civic Center Committee is to give them additional time to realize if there are funding sources available. They may seek grant sources. Mayor Snipes suggested that the Council give the Civic Center Committee additional time to look for funding sources.

Mr. Autry stated that the Committee is divided. Some of the Committee members would like to look at some possible city funding to stabilize the structure while others would like to demolish it.

Mayor Snipes suggested that they defer this decision until a permanent City Manager is in place. A new City Manager may want to review the needs of the City and may have suggestions/ideas. Mayor Snipes suggested they let the Committee explore grant opportunities. If the Committee is extended, he suggested that Council Member Galbreath bring back a recommendation at the June 1<sup>st</sup> Council meeting to make an appointment to this Committee from a vacancy created by the resignation of Michael Bethea.

Mr. Autry stated that the Committee would like the consensus of the Council in directing whether to demolish the Civic Center structure or to proceed with seeking grant opportunities.

Council Member Galbreath pointed out that there is also an option of selling the property.

Council Member Maness also commended the Civic Center Committee. He added that the consensus among the Council is that the City does not have the financial funding to stabilize the building or to undertake the renovation of the building. Committee members would like to explore grant sources. He suggested letting the Committee continue for an additional six months if they want to explore funding sources.

City Attorney Pope stated that the resolution which was adopted to establish the Civic Center Committee gave them a six month life span. If the Council decides to continue to let the Committee work at their option for an additional six months, then the Council can make a motion under the same terms and conditions as the previously adopted resolution. The City has made no financial commitment.

Council Consensus was to add to the June 1<sup>st</sup> agenda "Civic Center Committee Appointment" and "Extension of Civic Center Committee"

Until potential funding sources are explored by the Committee, the Council cannot commit funding at this time.

With no further business to discuss, the meeting was adjourned at 7:15 p.m.

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J. Dal Snipes  
Mayor

Attest:

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Debra G. West  
City Clerk