

**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, June 15, 2006, at 9:00 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 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, Administrative Assistant Melissa Dudley and Daily Record Reporter Steve Reed.

INVOCATION

Mayor Snipes opened the meeting at 9:08 a.m. and asked Mayor Pro Tem Olds to give the invocation. Afterwards the Pledge of Allegiance was repeated.

ITEMS FOR DISCUSSION AND/OR DECISION

PRESENTATION-WILLIAM "ABE" ELMORE

Mayor Snipes welcomed distinguished guests in the audience, former Mayor Abe Elmore and former City Manager Bob Nicholl.

Mayor Snipes stated that Mr. Elmore asked to give a presentation to the Council. He welcomed Mr. Elmore.

Mr. Elmore stepped forward and stated that he started business in 1955 in the downtown area. In 1958 he became involved with the Christmas decorations and parade. The Fire Dept. maintained the Christmas Wiring. As downtown merchants, he teamed with other merchants to begin the process of installing Christmas decorations downtown. Money was raised from the downtown merchants. As Mayor years ago, he has been running the Christmas parade and decorations. In the last 3 years, his group has also operated the Santa House. In 2004 they made about \$800 above expenses and had 65 people out of 400 giving to this cause. In 2005 they only had 55 donors to this cause. Last year, the City Council appropriated \$10,000 for new decorations. With increasing costs, the downtown merchants are still \$700 in the negative. He cannot stay involved with this project without the merchant base. There are 18 buildings downtown that are either empty, are used as warehouses, or are getting ready to become empty. Five additional buildings will be vacant in another year. He said that they could exist for another year. They can't buy any more decorations because they don't have the money. If council wants to put some money, it... Ronnie and the City have been very helpful in helping us get them up and we want to do that; but it's getting to the point we can't handle it any more. In the coming year, there will be less than 50 people really making contributions to the downtown area parade.

Stewart Theater/Harnett Regional Theatre – in the early 90's when this building became available, an organization called DOORS (Downtown Organization of Revitalization) purchased the building. The banks loaned money 2% below prime. This was during a time that downtown was thriving. DOORS took this project and held title to this building. They have been operating since the early 90's. The DOORS organization had money which was loaned to renovate the Stewart Theater. January 1, 2004, the fund had \$27,800.00. During that year they took in \$16,000 and spent \$15,800. 2005 started with \$28,000, and \$12,000 income with \$28,000 in repairs. They are down to \$11,000 in January 2006. So far this year, they've taken in \$3,700 and the expenses have been \$7,000. Expenses are more than the income. The air conditioning is old. They presently have (6) months operating money. He asked where does he go and where does he turn to. Harnett County has donated more money to this project than the City of Dunn. The county gives \$1,000 each year. HRT uses the facility on a regular basis. They contributed \$1,000 - \$2,000 in 2005, and this year they have not contributed anything.

Mr. Elmore owns 13 properties downtown and does not have any problem with the special tax district. He would like to know what the council intends to use this special tax for. Will it be used forever or during a certain period of time? He does not feel they should impose this tax without an ending time period. He encouraged the council to lay out a plan for this district so that the people will know what these funds will be used for and buy into. DOORS also helped to placed trees on the sidewalk. He suggested if a partnership is developed with DOORS and the downtown tax, they have a balance of approximately \$21,900 in funds that may be merged with the special tax amounts. He asked that the Council appropriate \$10,000-\$20,000 for Christmas decorations, Santa House and Christmas parade funds.

Mr. Olds asked what effort is being made to contact the general public in making donations to these organizations. Mr. Elmore responded that at one time, funds were solicited from individual donations but not significant. He had concerns about the increasing building maintenance needs for the theater building.

FY 2006-2007 BUDGET

Interim City Manager Autry asked that the Council come to a consensus today in setting a proposed tax rate.

Council Member Godwin arrived at the meeting at 9:30 a.m.

Finance Director Renee' Daughtry went over the following budget workshop information:

- The budget as proposed is balanced with a .04 tax increase as well as a \$3.00 waste removal increase.
- Included in the proposed budget revenues is \$88,405 – this amount will not be available to budget as revenue next year, as it related to the Governor's Highway Safety Grant that will not exist in the 07-08 budget year.
- There have been adjustments to some expenditure line items that total \$28,320 – a line item has been established within the Governing Body's departmental budget called "Contingency-Reserve for Fund Balance. This \$28,320 will be "held" in this line item, which cannot be adjusted (Manager's Amendments) without Council consent.
- The net effort of \$88,405 non-recurring revenue and \$28,320 reserve for fund balance is \$60,085. Additional revenue will be needed to offset this amount in the 07-08 budget.
- The proposed budget allows for capital purchases in the amount of \$183,247. Of this amount \$146,147 is being funded by Powell Bill funds, grant funds, and installment purchase proceeds. Here again, you've got your installment purchase proceeds so when you go into next fiscal year's budget you've got that \$110,000 that you borrowed – you're going to have additional (in addition to the \$60,085) \$23-27,000 that you've got to have available – an expenditure that was not there this year. You will have to have the money available to make that service payment.
- A .01 cent tax increase generated approximately \$55,000. If we were to come to a consensus to do an additional tax increase, unless you have re-appropriated it for other items, we would put it in that contingency line item in the Governing Body's departmental budget and it would stay there until the City Council directed us to do something else with it.
- Revenues that may result due to any additional tax increase would be offset by an equal appropriation to the "Contingency-Reserve for Fund Balance" line item.

Council Member Billy Godwin pointed out that if we increased taxes .06 cents instead of .04 cents, we could cover that \$85,000 and have \$30,000 left over. Even if your at \$30-40,000 additional next year, it doesn't go very far in meeting what we're going to have to have next year.

Mr. Autry confirmed that we would be some ahead of the game and prepared for next year and not be restricted like we are operating right now with the deficit we started with this year.

Council Member Joey Tart suggested reverting back to lower the limit allowed for Manager's Amendments. The current limit is now \$5,000. Mr. Tart thinks that this needs to be re-adjusted and move it from \$5,000 back to \$500 or \$250. They used to be put into the consent items and they are now if they're over \$5,000. He is of the opinion that out of sight and out of mind sometimes is not good and they need to be looked at on a monthly basis – especially when we're looking at raising taxes because we're lacking money. Mrs. Daughtry reminded Mr. Tart that those Manager's Amendments are included in the information section of their agendas monthly. The Manager's amendments help keep financial statements concise. If they are lowered back to \$250-500, it becomes very cumbersome to balance.

Council Member Maness pointed out that he agrees that a little stricter oversight on the Manager's Amendments. \$5,000 limits are high and he would like to see this amount lowered also. There is too much flexibility with the present system.

Mr. Autry moved forward to discussion on any potential changes to the expense items. The Fire Department requested funding for a new fire truck and new fire station. He suggested that a study be conducted by professional consultants in guiding the City as to the direction they need to proceed. He suggested that monies be appropriated towards a study. There is a major need within the Fire Department.

Mr. Autry also opened up discussion about any donations the Council would like to make to DOORS and the Christmas fund as presented by Mr. Elmore.

Mr. Autry stated that if a study is conducted for the Fire Department, 1/3 of the cost of the study can be funded with Averasboro Fire District funds, that has approximately \$250,000 available in the Fund Balance.

Mayor Snipes expressed concern with the age of the Fire Station and keeping the insurance rating low. They need to lay the groundwork/planning for the future of the Fire Department.

Further discussion was held about whether or not a Fire Department study is warranted and if one or two fire stations are needed.

Council Member Maness pointed out that based on what has been discussed so far we're looking at \$60,000 for LEO positions that will be due 07-08, \$23,000 in debt service and approximately \$15,000 for a Fire Department study, you're up to \$98,000 in addition to revenue requirements. That is not even taking into consideration Former Mayor Elmore's request for \$20-\$40,000 in additional funding. If the Council agrees to fund these projects, then they are looking at an additional .02 cent tax increase just to cover that. If these are considered needs and must haves, then the funding source needs to be considered as well. Where it is going to come from?

The Council discussed the survey conducted in other towns with regard to allowing take-home police cars. In the survey the results were as follows:

- 2 municipalities limit to 15 miles
- 1 municipality limit to 5 miles
- 1 municipality limits within the county
- 2 municipalities with no limit
- 4 municipalities did not allow take-home police cars

Council Galbreath inquired how many take home vehicles there were outside of the police department and how long has this take home policy been in effect. Mr. Autry responded that that included only department heads which would amount to only 5 or 6. The take home policy has been in effect for the police department for approximately 10 years and was limited to a 5 mile radius at that time.

The Council asked Chief Benware that if the take-home policy was eliminated, what would the result be? Chief Benware responded that officers would weigh the benefit individually. There is potential that they could lose officers if this benefit is eliminated. This is an added benefit because other surrounding towns pay more in salaries.

In referring to Mr. Elmore's concerns stated, the Council discussed where the responsibility lies in funding the programs he discussed. Mayor Pro Tem Olds also suggested that solicitations be acquired by private donors/citizens. A downtown committee would be able to address such issues. Discussion was held about the current condition of the Christmas decorations.

Mr. Autry asked the Council for comments in direction to increase the tax increase from the proposed .04 cent or more to cover the expenses that have been brought to the Council's attention today.

Mayor Pro-Tem Olds suggested they may need to increase the tax increase from the proposed .04 cents. This would place additional revenue in the budget. Council Member Maness again stated that to cover the additional items presented would require an additional .02 cent tax increase in addition to the proposed .04 cents. Mayor Snipes said he wasn't sure he was ready to incorporate that at this time. This is without any provisions to put monies back in the fund balance, cover any increases next year of any type, or raises for employees. The only place to get raises next year will be from growth - strictly from growth and tax base.

Mayor Snipes asked that the Council give Mr. Autry input on the projects presented today. He also asked that Mr. Autry and Chief Benware come together in resolving the take home car issue.

Council Member Maness also pointed out that if the nature of Mr. Elmore's request is to fund these projects on a continual basis, and if so, they need to fund accordingly. It is Mayor Snipes' understanding that a lot of the stuff that has been going on should have been done by the City of Dunn anyway. He thinks we have an ample opportunity with the proposed district to let the district take the ball and run with it. A lot has been done to keep the theatre open. The theatre is a vital part of this community, not only for the theatre group but the other things that come in that people enjoy. Mayor Elmore is saying they need help to maintain the treasure. Whose responsibility is it? Mayor Snipes doesn't believe that Mayor Elmore was coming for a one time shot in the arm more as direction in where is the parade going, where is the theatre going.

Council Member Godwin stated that they would be poor planners if they did not factor in their needs for next year. He suggested that a minimum of a .06 cent tax increase be proposed.

Mr. Autry suggested that the Council address the downtown issues after adoption of the budget. The additional .02 cent tax increase would be placed in the Contingency-Reserve for Fund Balance line item. They funds could not be spent except with the Council's approval.

Council Member Godwin stated that if they raise taxes, he would like to see monies put back in the Fund Balance. Council Member Maness stated that is exactly what they are proposing to do. If they agree to help with Mr. Elmore's request, then the funds would come from this fund. Other monies would be left intact. It is a reserve to put back in the fund balance.

Motion by Mayor Pro Tem Olds, seconded by Council Member Galbreath to direct the Interim Manager to propose a tax rate increase to .06 cents.

Mayor Snipes asked for further discussion.

Council Member Billy Tart stated that no one is more opposed to tax increases than he is, but with viewing the budget, he stated that he agreed with Mr. Olds.

Motion unanimously approved.

**SOLID WASTE
BULKY ITEM PICK UP**

Interim Manager Autry stated that discussions have been held about bulky item pick-up in alleyways. It is becoming more difficult to remove these items. He suggested that all trash pick up be eliminated in alleyways. This includes trash containers, limb pick up and bulky items.

Mr., Autry also stated that the present system of bulky pick up is not working for the City. There are legalities in collecting money from offenders. He will be bringing back a recommendation to the Council that the City go back to picking up bulky items once a week through-out town at no charge. He would like to meet the City Attorney in setting a policy to pick up bulky items from rental units.

Council Member Maness thanked all City departments for their help in making the General Lee Celebration a success.

Mr. Autry thanked the Public Works, Fire and Police Departments for their job in responding to the recent storm earlier in the week. He is in discussion with the County to address the tipping fees for storm damages. Flooded areas included Carr Street, Magnolia and Pope, Kim's Restaurant on W. Broad Street, Merry Street, and the Hospital Pharmacy area. A lot of trash and debris washed into the culverts creating additional drainage problems. Bids are scheduled to be awarded on June 20th for the drainage project on Highway 421 and Broad Street.

10:45 a.m. Motion by Council Member Godwin, seconded by Council Member Joey Tart to enter closed session to discuss personnel. **Motion unanimously approved.**

Closed Session

Closed Session adjourned at 11:49 a.m.

Motion by Council Member _____, seconded by Council Member _____ to approved the closed session minutes as recorded by City Attorney Pope. **Motion unanimously approved.**

With no further business to discuss, the meeting was adjourned at 11:50 a.m.

J. Dal Snipes
Mayor

Attest:

Melissa Dudley
Administrative Assistant