

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

The City Council of the City of Dunn held a Special Call Meeting on Monday, June 26, 2006, at 7:00 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, Recreation Director Perry Hudson, Fire Chief Austin Tew, Summer Intern Keith Williams, Administrative Assistant Melissa Dudley and Daily Record Reporter Steve Reed.

INVOCATION

Mayor Snipes opened the meeting at 7:00 p.m. and asked Council Member Joey Tart to give the invocation. Afterwards the Pledge of Allegiance was repeated.

A Motion was made by Council Member Maness and seconded by Mayor Pro Tem Olds to add to the agenda items 5, Budget Amendments and 6, Award Contract for Land Residuals to be added as number 5 and 6 under Items for Decision. Motion carried unanimously.

Mayor Snipes clarified this is a special called meeting and there is no open public comment period as we have adopted for our regular meetings, which we will have at our meeting next week (July 3rd). This public hearing relates only to the Downtown Municipal Service District and is not a public comment hearing or a public hearing on the proposed budget which we will discuss later tonight. Mayor Snipes asked that each speaker raise their hand to be identified, come forward, state their name and whether or not they are a property owner in the affected district. Mayor Snipes opened the Public Hearing.

PUBLIC HEARING

ESTABLISH A DOWNTOWN MUNICIPAL SERVICE DISTRICT & SETTING SPECIAL TAX RATE:

Mayor Abe Elmore is in favor of a municipal district. We've got to do something! Mr. Elmore asked the council to consider a sunset clause of 7 years.

Joe Giles feels that the district is too small and the amount of money that will be generated from it is just too small and it just won't make much of a difference. Mr. Giles agrees that we need a sunset clause... a way to determine if it's working and a way to get out if it is not working. We don't have 10 or 15 years to make this thing happen.

Billy Barfield (resident of Dunn and a property owner in proposed tax district) is in favor of a district downtown; he is not in favor of the plan that you have submitted though. Mr. Barfield is not opposed to redoing downtown Dunn, it needs it. At one of the parades, a Shrine unit told him that they wouldn't come back to Dunn because roads on Main Street were so rough it was dangerous to ride on them. We need to increase our taxes but .20 cents is too much - doesn't want to tax our downtown merchants out of business. He thinks the property values are going to remain the same but you can't sell them with the tax added on down here.

Carey Barfield (lifetime resident of Dunn and lives in central Dunn where he still owns four pieces of property.) Mr. Barfield is in support of revitalization of downtown Dunn and is in opposition to the proposed tax hike. He proposes an additional block, which is the 400 block of Broad to McKay. By extending the service tax district by one additional block west, it will add 23 additional pieces of property, most of which are commercial. The additional block would take in a travel agency, a church, a funeral home, a farm finance company, and numerous pieces of commercial rental property with minimum residential property affected. If you add this one block to the proposed tax district, it not only adds more revenue but would truly reflect the downtown municipal service district.

Bo Jones (not a property owner.) Mr. Jones spoke out in opposition of the current plan, without a little more study about exactly what we're going to do with the plan. He believes that the area is too small. He wants to see a plan and what is going to be done with the money.

Al Murray (owns no property in the area - representing his mother-in-law Mary Alice Campbell who lives at 111 N. King Ave.) They are concerned that a small handful of residential property owners are going to be affected and they see no benefit to them whatsoever. They don't believe that their property value will be increased and are asking that residential property owners be exempt from this tax.

Larry Sanderson (has an interest inside and outside the district) is not necessarily opposed to the plan. Cautioned the council about making the taxes disproportionate so that the non-owners are paying a higher percentage of the cost versus people that are going to benefit that own property downtown.

Stacy Hayes (owns Norris' Frozen Custard.) came forward because of what he saw in the newspaper. Mr. Hayes sees nothing wrong with trying to keep downtown Dunn alive and he is willing to pitch in where his friends are willing to pitch in.

Oscar Harris (owns property at the corner of Broad St. and Magnolia Ave. - known as Roy's; and his office is located at 100 E. Cumberland St. which is also in the proposed district) He spoke in favor of the proposed municipal service district and the establishment of the downtown development corporation. He is in agreement with most of the plan as set forth in the statement of the plan especially when it comes to the need for the services relating to the changes and status in image. The items that he would like the council to consider would be: 1. that the City establish a means for compliance by property owners in upgrading their private property to comply with the overall plan of the DDC to enhance the appearance of downtown in reference to the storefront façade and color coordination. 2. The DDC needs a commitment from the City of Dunn to upgrade the outdated, inefficient, and antiquated infrastructure within the district. 3. the City to direct the DDC, once established, of their interest for the DDC to leverage and that is obtain loans from the available resources in order to obtain result at the earliest possible date. 4, that the council consider a sunset provision in the establishment of the DDC using the requirements set by the lender not to exceed 10 years. The district may be somewhat shy of what it should be. He encouraged the council to eliminate the residents within the district and establish some three year period – a look back period provided that they sold the property for commercial purposes.

Earl Jones explained why he believes he should not be in this district and pay extra taxes. They live in this house – it is a non-profit organization and would like to be exempt from paying extra taxes. They did not choose to be in the downtown district. They chose to live in the town of Dunn. If there is any way to have a variance, he would like residential property be excluded from the downtown tax district.

Magdaline Ennis (lives in a residence in the proposed tax district.) requested that all homes in this district be exempt because in no way would her income be increased.

Paul Chadwick (residential property owner in proposed district.) would like to know how it affects the residential property owner being in a commercial district. He would like to be exempt from paying extra taxes for being a resident since they're not making any money by living there.

Richard Carr (property owner at the 300 block of E. Edgerton Street.) is in favor of the improvement of downtown. He believes that .14 plus .06 cents would be too much for many owners and suggested that they consider no more than .10 cents on downtown area. He also asked that they consider sunset clause because we don't want to be tied up indefinitely in this project Eight to ten years is sufficient time to determine if it is viable project and if it is we definitely want to continue it. If it is not working, we don't want to be saddled with that burden.

Freddie Williford (owns Sherry's Bakery.) **We have** to do something! If you see these leaks up and down these streets and it's the only way we're going to help pay for it. I know it's a lot of money. The only way we are ever going to get it done is to have a tax. The tax really isn't that much when you look at raising only \$28,000 a year. Several years ago they were talking about paving downtown streets; but, there's no need to try to pave downtown streets with a sewer like it is and water like it is. It's got to be done. There's no other way and the only way we're going to do it is with taxes whether we like it not.

Robert Jones (property owner in proposed district.) feels that the district is just too small. He can appreciate the fact that downtown needs improvement and he is in favor of that. But, in order to do that he doesn't think there is enough money that will be generated by a district this size to do the job. If we're going to do the job, we need to do it right and enlarge the district and get enough money to do the job.

Magdaline Simms asked why council couldn't increase the tax to .07 to all citizens of Dunn and take .03 cents of that tax for this project. That would still leave the .04 cent tax now that you're considering for the tax for all the property owners.

William Elmore (partner in Elmore Furniture Company downtown and several other properties in the affected area.) approves of a tax district downtown. He feels that the district may be too small. We need to look at expanding the district. He is in favor of excluding residential property if it is lived in by the homeowner. If it is a rental of piece of property, he thinks they need to pay their fair share as well. The City should pitch in and take care of our infrastructure such as water and sewer as needed the same as they would do in front of your house or anyone else's house here at this meeting should there be a need for that. These funds will only be used for the beautification and that sort of thing to the downtown district so it does give us the opportunity to pitch in and help ourselves through the funding of this tax district. He is in favor of a sunset clause being put on this and doesn't feel that we need to leave this as an open ended tax that could go on for years and years. He is not in favor whatsoever of a .06 cent tax.

Alice Coates (owns property in your proposed tax district.) and her husband have been in business since 1936. Mrs. Coates does not understand why they have been elected to be a part of this district. Why not **all** of Dunn? All of Dunn has the opportunity to enjoy what the town is doing. Why not let everyone contribute. She would like council consider letting everyone have a part of this. We would like to know what you plan will be before you tax our property.

Roy Tew (doesn't own property in proposed tax district.) Mr. Tew applauded council's effort to tackle the downtown issue. Downtown could use a severe makeover to put it mildly. He does support downtown tax district—it's the only fair way for the property owners to invest in their property. The tax payers should not pick up the tab for the "aesthetics portion". Infrastructure issues - then that's a responsibility of all us – anything above that the property owners should pay for. This will take a substantial amount of money. You're not going to do this for a few thousand dollars. The rate and the property that you are considering, \$28,000 certainly won't go a long way. He cautioned the council in setting this up to put safeguards on that money that it gets spent where it's supposed to and gets paid for by the people that are supposed to pay for it.

Mayor Snipes entertained a motion that public hearing be closed.

A motion to close public hearing was made by Mayor Pro Tem Olds and seconded by Council Member Tart. The motion to close public hearing unanimously passed.

ITEMS FOR DECISION

ADOPTION OF RESOLUTION TO ESTABLISH A DOWNTOWN MUNICIPAL SERVICE DISTRICT AND SETTING A SPECIAL TAX RATE

City Planner Neuschafer went over briefly what is actually under the municipal service district. It is an area that is taxed above and beyond the normal tax rate because it is there to cover services and amenities that go above and beyond the normal services that are provided by the City. The boundaries that we've chosen are the basic boundaries for some of the infrastructure improvements that would coincide with the extra improvements that would be proposed and covered under the downtown district corporation. That twenty-eight block area is a basic area that will be taxed the extra rate and provide for those services above and beyond. This resolution is to adopt the boundaries, set a rate, and any other provision that you want to set. What's in the proposal is the largest the boundaries that can be done tonight because we cannot expand them, we can only make them smaller – the same with the rate. The rate is the highest we can set. You can only go lower than that. Once that's done, those are the parameters that you need to look at adopting if you choose to tonight. City Planner Neuschafer explained what we could feasibly look at doing in the next several years and fund was the basis for the area we chose. There was initial boundary, a medium

boundary, and then the larger full scope of the project boundary. This is in the largest area that we could feasibly undertake in a reasonable amount of time.

City Planner Neuschaefer addressed the concern on residential exemption. Whatever is in the boundary is in the boundary, so whatever final boundary line is chosen – whatever is in there has to be taxed at that rate whether it is residential or commercial. The boundary has to be contiguous – no doughnut holes. Basically the same argument is how do we make improvements to all four sides of a property and not influence that property. To exempt that one is disproportionate. You could draw an irregular boundary and cut out some properties that are on the edge, but you cannot go in the middle and just cut out a hole in the district. The district boundaries need to make sense in that if you're doing improvements down the street would it benefit one property on one side of the street more, less, or equal to the property that's on the other side of the street just because it's a residential house. You can cut them out if it makes sense on the map and is not unfair.

There was further lengthy discussion among the council members

Mayor Pro Tem Olds made a motion to adopt a resolution to establish and create the “Dunn Municipal Service District”. This resolution shall reflect the area noted on the map presented here tonight and will add a special property tax of .12 cents to those areas on the map. The resolution shall also note that the service district becomes effective July 1, 2006 and will expire in 7 years. Second by Billy Godwin. **The motion passed 4 in favor to 2 opposed.** Those opposed were Council Member Maness and Council Member Tart. *A copy of the Resolution (R2006-12) establishing and creating the Dunn Municipal Service District in Downtown Dunn, North Carolina is incorporated into these minutes as Attachment #1*

AWARD OF BID – HIGHWAY 421 AND BROAD STREET AREA DRAINAGE IMPROVEMENTS

Ronnie Autry explained that the deadline to receive the sealed proposals for construction of our 421 and Broad Street area Drainage project ended at 11:00 a.m. on June 20, 2006. There were only two bidders so we were not able to open the bids. He will be re-advertising for the bids to be opened on July 12 at 11:00 a.m. and at that time they would be able to open up any bids received. At that point we will come back with a recommendation at the August meeting.

RECESS at 8:37 pm for the finance director to plug numbers into budget ordinances...

The meeting reconvened at 9:05 p.m. after the short recess.

ADOPTION OF FISCAL YEAR 2006-2007 BUDGET & FEE SCHEDULES

Interim Manager Autry gave a few highlights of the proposed 2006-2007 Budget and the proposed budget ordinance. We based the ad valorem taxes on a .52 cent per hundred valuation, which represents a .06 cent tax increase. Those numbers are based on 97.6% collection rate. That has been done in your budget. It also contains the residential garbage fees recommended to increase from \$8 to \$11 per month. Also included in the budget was 3% Cola has been proposed for all employee and health insurance has been proposed as a 90-10 plan from Blue Cross/Blue Shield. We added an expenditure line item to coincide with the revenue side, which has been added in the governing body accounts line item as contingency reserve for fund balance. This includes the .02 cent tax increase difference than the .04 cent that was recommended. Also, that is including \$28,320 of adjustments that we did to a number of line items to be placed in that fund – and those funds can only be moved or altered by the council's authority. Now, we have included the downtown tax district. That has been added to the budget in the general fund revenues and expenditure line item at a value of \$24,000, which is based on a collection rate of 97.6%. When you look at your budget ordinance – on your second page – that's where this has been included. Where we levy taxes, general tax rate per \$100 valuation of taxable property is .52 cents; special downtown tax district per \$100 valuation of taxable property is .12 cents.

Council Member Maness wanted to make it clear that this proposed budget has been gone through extensively and there were not any additional expenses other than those that we identified. Mr. Maness thinks it's important to say that if we were to cut spending to the level necessary to balance this budget that

a lot our workers would not have received COLA and a lot of other services our citizens have come to expect would not be able to be provided.

Mayor Snipes entertained a motion to adopt the proposed budget.

A Motion to adopt the Fiscal Year 2006-2007 Budget as presented (to include the budget ordinance and the fee schedules in conjunction with budget) was made by Council Member Godwin and seconded by Councilman Galbreath. **Motion unanimously approved.** *A copy of the City of Dunn, North Carolina Budget along with the budget ordinance and fee schedules is incorporated into these minutes as Attachment #2*

BUDGET AMENDMENTS:

Interim City Manager Autry explained that they have the budget amendments before them in their packet as budget amendments #110 thru #116 and also placed on the desk in a packet was budget amendments #117 thru #121. These are end of the year adjustments within the departments.

A Motion to authorize approval of budget amendments #110 thru #116 [**should also include #117 thru #121**] in order to avoid general statute violations to be reported in our fiscal year end audit was made by Council Member Galbreath seconded by Mayor Pro Tem Olds. **Motion unanimously approved.** *A copy of the Budget Amendments is incorporated into these minutes as Attachment #3.*

AWARD CONTRACT FOR LAND APPLICATION OF LIQUID RESIDUALS

Interim City Manager Autry explained that this is a service contract that we do on a five (5) year basis. The current contractor has had it for the past ten years. We were seeking bids to handle approximately 4,000,0000 gallons of liquid residuals that come from our waste water plant and water plant. We received 4 bids broken down from .0275 cent per gallon to .02952 cent per gallon at the top end. The difference from the top to bottom is approximately \$8,000. Mr. Autry recommended accepting the low bid of .0275 cent per gallon by Synagro. This is a very large firm out of Winston Salem - a national company that's done a lot of work in the area. We work with a company that they bought out several years ago.

Mayor Pro Tem Olds made the motion that the contract be awarded to Synagro for the application of Liquid Residuals. Motion was seconded by Council Member Galbreath. **Motion unanimously passed.**

Closing Comments

Mayor Snipes thanked Administrative Assistant Melissa Dudley for filling in at the council meeting and on a daily basis in the absence of our City Clerk, Debbie West who had back surgery last week. Debbie is at home, doing well and we look forward to her coming back.

With no further business to discuss, the meeting was adjourned at 9:30 p.m.

J. Dal Snipes
Mayor

Attest:

Melissa Dudley
Administrative Assistant