

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

The City Council of the City of Dunn continued the City Council Meeting of Tuesday, May 18, 2010, on Wednesday, May 26, 2010 at 8:30 a.m. in the Dunn Municipal Building. Present at the continued meeting was Mayor Oscar N. Harris, Mayor Pro Tem N. Carnell Robinson, Council Members Buddy Maness, Bryan Galbreath, Billy Tart, and Joey Tart. Also present was City Manager Ronnie Autry, Public Works Director Billy Addison, Finance Director Mark Stephens, Recreation Director Perry Hudson, Chief Building Inspector Mike Blackmon, Planning Director Steven Neuschafer, Librarian Mike Williams, Police Chief B.P. Jones, City Attorney P. Tilghman Pope, and City Clerk Debra West.

Absent: Council Member Chuck Turnage

INVOCATION

Mayor Harris reconvened the meeting at 8:35 a.m. and gave the invocation. Afterwards, the Pledge of Allegiance was repeated.

**Open Issues in the General Fund
FY 2010-2011 Budget**

Establish a workshop with City Planner Steven Neuschafer to discuss housing
This will be established in the fall of the year.

Commercial Development Coordinator plan of action
The Mayor suggested they change this title to a Marketing Developer.

Flail mower
It is recommended to allocate \$65,000 for installment purchase of a flail mower for Public Works. Manager Autry stated that he is considering the option of a used mower. If a new mower is purchased, it is recommended to finance it with the police department vehicles in the FY 10-11 budget.

Re-visit the CPI calculated by BJRH for annual payment to the City

Re-visit the CPI calculated on solid waste contract with Republic

Pay cash or finance roofing - City Hall Building and Public Library
Manager Autry explained that this \$25,000 debt service payment for FY 10-11 has been removed because he is recommending to pay-off the balance out of the current FY 09-10 budget overage. The bank is ready to close out the loan. The Council instructed Mr. Autry to go ahead and close out the loan and then see where the City stands before the decision is made to pay off the balance.

Skateboard Park Status

Recreation–Fees & focus placed on establishing & continuing an excellent program and maintain facilities at an ultimate

Manager Autry reported that 50% of sports participants are from out-of-town. He recommends the out-of-town registration fee increase from \$40 to \$60 and the in-town registration fee remain at \$20. Mayor Harris stated that this fee increase will put the City in line with other municipalities.

It was discussed to allocate the additional \$12,000 in revenues received by raising the out-of-town registration fees back into the recreation budget.

Allocate \$5,000 to library budget for architect to design a plan for expansion
Manager Autry stated that \$5,000 has been allocated. Discussion was held about the City closing the alley beside the library. It was proposed to wait until after the architect designs the plan before deciding on the future of the alley.

Allocate \$25,000 to Community Assistance

Manager Autry stated that \$25,000 has been allocated and will only be used at the Council's direction. Mayor Harris stated that there is a request from the Howard House for \$5,000 and a request by the DACC to erect a structure along the wall on the side of the old Fisherman's Paradise Building to install interchangeable banners. It was discussed that the DACC should fund the cost for the interchangeable banners.

Consider COLA for employees

Manager Autry stated that a 2.5% increase was originally proposed, but after looking at the needs of the City, this proposal has been reduced to 1.5% which equates to the same cost to the City as a one-time bonus. Surrounding towns are proposing 2% – 3% COLA.

Review results from health insurance

Blue Cross Blue Shield – Deductible changing from \$1,000 to \$5,000 and an increase in certain co-pays would allow the City rates to be lowered by approximately 3% but it would require the City to cover the deductible for the employees from \$1,000 up to the \$5,000. This could potentially save the City approximately \$50,000. This is a deductible sharing arrangement. The employee will pay \$1,000 deductible and the City will pay the next \$4,000. The employee will pay \$1250 coinsurance and the City will pay the next \$1750. (Total paid by the employee is \$2250 and the total paid by the City is \$5750). Plan proposed is an 80/20 plan instead of the current 90/10 plan. A wellness program was discussed and Mr. Autry informed them that an assessment can be performed by BJRH at a cost of approximately \$55 (paid by the City) for each employee. It was discussed that a wellness program cannot be mandated to the employees but incentives can be offered to increase participation.

Self-insured policies were discussed. The Council discussed the problems the State encountered with self-insured policies.

Re-visit legal miscellaneous allocations in light of the pending lawsuit

\$20,000 additional monies have been placed in this line item

Senior Center – Upgrades, purchase of equipment

\$2,000 has been allocated for chairs and tables

Inspections Department

Allocated \$5,000 for software – just informed that this is a requirement of the State

Placed an additional \$5,000 in the demolition line item

Manager Autry has informed the Town of Angier that the City of Dunn will terminate inspection services. The Town of Angier is now in negotiations with Harnett County or the Town of Holly Springs to provide this service.

Enterprise Fund

Manager Autry stated that this fund is in good shape for FY 10-11. Debt service will begin with the FY 11-12 budget once the 8M to 10M dollar wastewater system improvements project is complete and that will be the time for the Council to look at a possible rate increase.

The bridge replacement cost of \$150,000 has been removed because a booster pumping station on Carr Street is needed more at this time which took the monies allocated for the bridge replacement at the water plant. The Council discussed financing the cost of the bridge in order to proceed with this needed capital issue. It was discussed to take money from the contingency fund to help with the replacement of the bridge.

Discussion was held about projected revenues if the residential water rate is increased 2 ½%. This will generate approximately \$98,000 additional revenue in the enterprise fund. It was discussed that it is better to implement a gradual rate increase to meet the upcoming debt service obligation for this project. Mayor Harris asked the Council for their feed-back about a proposed 2 ½% rate increase.

The Council discussed that two rate increases were implemented two years ago to meet the requirements of the CWMTF grant. They discussed the current economic environment and how it affects those that are on

fixed incomes. Discussion was held about not putting the burden of an increase on the minimum water user since most of these citizens are elderly and on a fixed-income.

10:15 am – 15 minute session break

Finance Director Stephens stated that 35% of the customer base is made up of minimum users; 2,000 gallons is the minimum use.

Discussion was held to only increase the sewer rates.

The Council directed Manager Autry to propose a 3% sewer rate adjustment and to propose a water rate increase that will not affect the minimum user.

FY 2010-2011
Fee Schedule

Certain fee increases were presented to the Council.

Recreation
Registration Fees

Fees were proposed at \$20.00 for in-town participants and \$60.00 for out-of-town participants.

City-Owned
Buildings

Mayor Pro Tem Robinson asked about the process for inspecting City-Owned buildings. Manager Autry stated that he will have Chief Building Inspector Blackmon conduct a City-wide inspection of buildings owned by the City.

Closed Session

10:54 am Motion by Mayor Pro Tem Robinson and seconded by Council Member Joey Tart to enter closed session to consult with the city attorney to protect the attorney client privilege.

Closed session adjourned at 11:30 a.m.

Motion by Council Member Joey Tart and seconded by Council Member Billy Tart to approve the minutes of the closed session as recorded by City Attorney Pope. **Motion unanimously approved.**

Action of Closed Session

City Attorney Pope explained the terms of a proposed contract. URS (Utilities Reduction Specialists, Inc.) will come in to audit the past twelve (12) months City of Dunn water plant energy bills in an effort to discover errors relevant to the classification of the City water plant for sales tax purposes and they will undertake to have that reclassified as a manufacturer and process all paperwork in order to get that accomplished. When and if the City of Dunn receives a refund from the Department of Revenue or a credit from Progress Energy for any such refunds; at that time the City would compensate URS 50% of that amount plus an additional \$1500.00. The projected refund is a little over \$6500 so of that amount, only when the City receives it, will the City pay 50% to URS plus \$1500 so it is a net no cost to the City and the City would be under no obligation to compensate URS for any future savings that the sales tax reclassification would save the City. Attorney Pope stated that he and the City Manager are recommending that the Council approve this proposed contract.

Motion by Council Member Billy Tart, and seconded by Council Member Joey Tart to authorize the City Manager to execute the contract on behalf of the City. **Motion unanimously approved.** *A copy of the contract between the City of Dunn and URS is incorporated into these minutes as Attachment #1.*

With no further business to discuss, a motion was made by Council Member Joey Tart and seconded by Council Member Billy Tart to adjourn the meeting at 11:42 a.m. **Motion unanimously approved.**

Oscar N. Harris
Mayor

Attest:

Debra G. West
City Clerk