

Dunn City Council
Special Called Meeting – Budget Work Session
Tuesday, May 4, 2021
1:00 p.m., Dunn Municipal Building

Minutes

PRESENT: Mayor Pro Tem Dr. David L. Bradham, Council Members J. Wesley Sills, April Gaulden, Frank McLean, Billy N. Tart, and Chuck Turnage. **Absent:** Mayor William P. Elmore Jr. *Public Notice, relating to the Special Meeting Conditions, is incorporated into these minutes as Attachment #1.*

Also present: City Manager Steven Neuschafer, Assistant City Manager Mathew Boone, Finance Director Jim Roberts, Public Utilities Director Heather Adams, Public Works Director Vince Washington, Planning Director George Adler, Chief Building Inspector Steven King, Chief of Police Clark White, Parks and Recreation Director Brian McNeill, Human Resources Director Anne Thompson, Librarian Mike Williams, Executive Assistant Connie Jernigan, Communications Coordinator Kaitlin Adkins, City Attorney Tilghman Pope, and City Clerk Tammy Williams.

CALL TO ORDER AND INVOCATION

Mayor Pro Tem Bradham opened the meeting at 1:00 p.m. and gave the invocation. He reported that Mayor Elmore is still recovering and we hope to have him back soon. Afterwards, Council Member Sills led in the Pledge of Allegiance.

AGENDA ADJUSTMENT AND APPROVAL

Motion by Council Member Turnage and second by Council Member Gaulden to adopt the May 4, 2021 meeting agenda as presented. **Motion unanimously approved.**

ITEMS FOR DISCUSSION AND/OR DECISION

Status Update and Discussion of the I95/I40 Crossroads of America Economic Planning Alliance

City Manager Neuschafer shared that the Memorandum of Understanding for the corporation is included in their packet to give them adequate time to review prior to the vote at the next meeting. He shared that there is still conversation about enlarging the corridor to encompass more of I40 in Benson. This Alliance would be for economic development ventures, things that create jobs. City Attorney Pope verified that by approving the proposed MOU, the approval would include the attachments.

Discussion concerning Solid Waste Collection Methods

City Manager Neuschafer began discussion by advising Council that staff is in the process of finalizing the extended 4-year contract with Republic Services. Currently, the City is using the brown cans for limb and leaf debris. Staff was asked to discuss other options with Republic Services. The options shared at the Budget Planning Retreat included placing the debris in bags and tying with strings. With the possible elimination of debris carts and using the bags and bundle solution instead, the cost will remain the same, however, the city will likely save some contamination fees if the choice is bags and bundles.

Concerns were expressed about the limbs and leaves ending up on the street and being washed into the city's storm drainage system, which is why the city started using the carts in the beginning. Council Members Turnage and Tart expressed the need for offenders to be ticketed and fined after warnings. Council Member Turnage also expressed the need to publicize over and over the proper way to use debris carts and to inform residents that there is a charge when the city picks yard debris up. Consensus was to stay with the debris carts.

FY 2021-2022 Budget Work Session

City Manager Neuschafer reviewed his budget message to Council and began his discussion on the FY 2021-2022 proposed budget. He reported that with the pandemic there were concerns that the city would experience shortfalls in sales tax revenue, but instead the sales tax revenues exceeded all expectations, breaking records for the city with as much as a 13 percent increase in one month. He added that Ad Valorem taxes have also come in better than anticipated and finished out at 99%.

Over the past year, the COVID-19 pandemic has altered lives and the way the city governs unlike any time in recent history. It has restricted movement; access to goods and services; payment for utilities; resulted in loss of income; and in some cases, life.

Although the economy continues to be exceptionally strong, the City is working with state regulators in developing a plan to improve the aging infrastructure related to our sewer collection system. While developing this budget, staff continues to utilize information provided by the NC League of Municipalities. There is solid evidence that tax revenues from our Ad Valorem and our sale taxes will continue to be strong and provide a very stable base to build a budget.

Planning budget expenditures for this year are focused on the City's street resurfacing program and drainage and utility projects, following the direction of the Council provided at the February budget meeting. There are continued increases in selected fees, some of which are in response to contractor increases. The fees support needed expenditures, ensuring that funds are available to complete the Council's goals, while continuing to support employee development and keep the community safe.

The proposed balance budget for fiscal year 2021-2022 in the General Fund is \$11,817,950 for both revenues and expenditures. This budget acknowledges that spending by each department is reverting back to pre-pandemic levels.

Fee increases proposed in this budget include garbage and recycling rate increase of 3%, which is a direct result of the contractual increase with Republic Services. He also reminded council about the projects not included in the budget: comprehensive community master plan (mandated by the state), parking lot improvements at Tyler Park, property purchases, stormwater mapping project, wayfinding project, park to park trail, public works building design and construction, along with additional goals set out by council at the retreat.

The COLA proposed for this year is 3%. This is calculated using the Federal Register report from the Department of Labor for the last two years (2020 was 1.6% and 2021 is 1.3%). Last year, the city held this increase due to expected losses in income.

Additionally, the City may award up to a 2% merit increase based upon employee evaluations, effective after January 1, 2022. Each department is allocated 1/2% of its total payroll budget for its merit pool of funds.

Highlights of the proposed FY 2021-2022 Budget are as follows:

REVENUES: GENERAL

- A. Ad Valorem taxes: \$3,974,000 projected on a collection rate of 99.2%, with the tax rate remaining at \$.50 per \$100 valuation.
- B. Sales tax: budgeted for \$2,515,000, this is a 2.5% increase from collections in 2020.
- C. Powell Bill and License Tag fee restricted Fund balances: \$350,000 (\$350,000 expense built into the budget) allocated for the proposed street resurfacing project.
- D. Garbage rate: increasing from \$19.80 to \$20.40 (3% = \$.60)
- E. Recycling rate: increasing from \$3.70 to \$3.85 (4% = \$.15)
- F. Bulk pick up: increasing from \$4.00 to \$5.00 (\$1.00)
- G. Stormwater rate: increasing from \$2.75 to \$3.50 for Residential and \$7.75 to \$10.00 for Non-Residential

EXPENDITURES: GENERAL

- A. COLA increase: 3% for all employees
- B. Merit increase: up to 2.0%, effective January 1, 2022
- C. Retirement contribution for state retirement: increases from 10.15% to 11.42% for general employees and from 10.90% to 12.04% for sworn law enforcement officers
- D. 401K contribution for all employees: remains at 5%
- E. Health, Dental, and Life insurance cost: premium is calculated with no increase and held at \$6,660 per employee per year
- F. Rooms to Go incentive: budgeted for \$240,000
- G. Personnel changes: New positions in Finance, and Planning and Zoning
- H. Street resurfacing: \$350,000 plus continuation of current work that will carry over into next budget year.

Possible implications on the city's growth related to the sewer moratorium were questioned. City Manager Neuschafer reported that most developments are not concerned because it will be a few years before they will be ready to tap into the sewer system. He added that staff is working with these developments so that we can get that information to the state.

Mayor Pro Tem Bradham requested that funds be budgeted for the Community Appearance Committee to give them the ability to improve our city's image with projects such as interactive murals. He also added that he felt a special work session will be needed to discuss directives and funding for the Dunn Vision Plan objectives and with the addition of staff in the Planning and Inspections it is vital that the city continue to strive to be a business friendly community. Council Member Sills expressed concerns on the cost of street lights and the city's fuel costs. He recommended that the city look at electric or hybrid power vehicles for future purchases. City Manager Neuschafer did advise that all the street lights had recently been switched over to LED.

City Manager Neuschafer reviewed the debt service schedule and told Council that depending on how the year ends, staff is looking at paying off 2-3 loans to free up some additional funds for next year's operating budget, if approved by council.

He then moved into the utility budget with the revenues and expenditures, both at \$7,601,000, for fiscal year 2021-2022. He reminded council that staff is proposing slight increases each year in the rates, so the increase will not be so much at one time. He added that extra utility revenues are needed to handle emergency repairs.

REVENUES: WATER – SEWER

- A. Propose basic water rate increase: from \$15.25 to \$15.70 base rate and an increasing block rate from \$4.65 to \$4.80 per 1000 gallons
- B. Propose basic sewer rates increase: from \$14.50 to \$15.40 base rate and from \$6.36 to \$66.74 per 1,000 gallons

- C. City of Dunn bulk purchaser rate will increase by 5% from: \$2.14 to \$2.25 per 1000 gallons for those with a contracted minimum gallons per day. They did not go up last year.
- D. Propose Industrial rate user rate increase from: \$15.25 to \$15.70 base rate and proposed at an increasing block rate beginning at \$4.80 from \$4.65 per 1000 gallons up to 500,000 gallons; \$2.90 from \$2.80 per 1000 gallons above 500,001 gallons.

He shared that the same increases related to the employees continue for the utility fund. Staffing changes include promotion of one position to Assistant Director of Public Utilities and adding one full time Geographical Information Systems (GIS) technician.

REVENUES: STORMWATER

- A. Stormwater rate: increasing from \$2.75 to \$3.50 for Residential and from \$7.75 to \$10.00 for non-residential

Once the stormwater fee study is complete the residential fee should stay the same but the commercial properties will be charged per square foot of impervious surface. There will be caps and limits, of course, but right now businesses pay the same no matter how much impervious surface.

He added that there are major projects in the works for the utility fund and he updated council on grants received with a lot of funding related to the sewer fund. Major projects are outside the operating budget but will come to the council for funding from fund balance or through loans.

Discussion followed on funds the city will receive from the Covid relief fund. Finance Director Roberts shared that staff will need to make sure funds are spent as directed and a separate fund will be established so that the city can account for the expenditures.


With no additional questions of staff related to the budget, Mayor Pro Tem Bradham made announcements.

Motion by Council Member Tart and second by Council Member Gauden to enter Closed Session in accordance with [N.C.G.S. 143-318.11(a)(5)] to direct staff concerning negotiations for acquisition of real property. **Motion unanimously approved.**

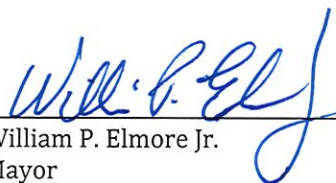
The meeting was recessed for Closed Session at 2:23 p.m.

Mayor Pro Tem Bradham reconvened the meeting and with no further business to discuss, motion by Council Member McLean and second by Council Member Gauden to adjourn the meeting at 3:00 p.m. **Motion unanimously approved.**

Attest:


 Tammy Williams
 City Clerk




 William P. Elmore Jr.
 Mayor