

**Dunn City Council**  
**Special Called Meeting – Budget Work Session**  
**Tuesday, May 19, 2020**  
**1:00 p.m., Dunn Municipal Building**

## Minutes

**PRESENT:** Mayor William P. Elmore Jr., Mayor Pro Tem Chuck Turnage, Council Members J. Wesley Sills, April Gaulden, Frank McLean, Billy N. Tart, and Dr. David L. Bradham. *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, Executive Assistant Connie Jernigan, and City Clerk Tammy Williams. Participating via WebEx: Public Utilities Director Heather Adams, Public Works Director Vince Washington, Planning Director George Adler, Chief Building Inspector Steven King, Chief of Police Chuck West, Parks and Recreation Director Brian McNeill, Human Resources Director Anne Thompson, Librarian Mike Williams, and by telephone: City Attorney Tilghman Pope. Also on WebEx: Eliot Duke with The Daily Record.*

### CALL TO ORDER AND INVOCATION

Mayor Elmore opened the meeting at 1:00 p.m. and Council Member Tart gave the invocation. Afterwards, Council Member Turnage led in the Pledge of Allegiance.

### AGENDA ADJUSTMENT AND APPROVAL

Motion by Council Member Turnage and second by Council Member Bradham to adopt the May 19, 2020 meeting agenda as presented. **Motion unanimously approved.**

### ITEMS FOR DISCUSSION AND/OR DECISION

#### **Memorandum of Understanding (MOU) between the City and NC Department of Transportation (NCDOT) regarding I95 Widening Project**

City Manager Neuschafer presented MOU with NCDOT to include the construction of the private sewer line for JPD Properties, LLC (PJ's Truck Bodies) as part of the City's construction contract with Temple Grading and Construction. The MOU also relieves the City of any responsibility related to the ownership, maintenance, and operation of the private sewer extension and the City will be reimbursed at 100% by NCDOT for all costs associated with the project.

Motion by Council Member Bradham and second by Council Member Tart to authorize City Manager Neuschafer to execute the MOU between the City of Dunn and NCDOT for the Public and Private sewer extensions to serve JPF Properties, LLC. **Motion unanimously approved.** *A copy of the MOU is incorporated into these minutes as Attachment #2.*

#### **FY 2020-2021 Budget Work Session**

City Manager Neuschafer reviewed his budget message to Council and began his discussion talking about the unknown impact of the Covid-19 pandemic. Based upon projections published by the NC League of Municipalities, the overall budget is reduced by 2.8% in anticipation of decreased revenues. The City staff has been instructed to limit expenditures to those prioritized by management. Restricted spending such as street resurfacing, drainage and utility projects will move forward. He also reported on the proposed fee increases to include a 2% on garbage and recycling due to contractual increase from Republic Services; water rate increase of 3.3% to replenish fund balance and cover repair costs; 6% on sewer rates needed to pay for debt services on sewer projects; and 75 cents per month increase on storm water fees to cover street sweeper debt service. The budget provides for infrastructure improvements and will utilize the majority of funds received from the Powell bill and vehicle license tag fees. Concerns were expressed by Council about trash pickup and the many complaints received from residents.

Plans are to continue to progress on three building construction projects: renovations for the Police Department and computer server location at City Hall; Public Works and Utilities facility; and the office consolidation for the Parks and Recreation Department. He also shared that the budget would fund three new employees for the Public Works Department to handle asphalt resurfacing and repair operations and a new administrative position in the Planning and Inspections Department. Three permanent staff reductions have been made in Recreation, Library, and Public Works. The budget does not propose a COLA increase for employees but includes up to 2% for merit increases in January. The budget includes a balanced budget for the General Fund of \$11,275,000.

He reviewed the Water and Sewer Fund revenues and expenditures to include a balanced budget of \$6,696,000. He shared how expensive repairs are related to water and sewer projects. He also went through the proposed rate increases for water, sewer, and storm water fees. He made them aware that the City of Dunn rates are in line with other communities nearby and/or of similar population. He told Council that the budget is concentrated on reducing expenditures for the first six months and also includes funds for the Ashe Avenue Dog Park and Garden. He then reviewed the Capital Items list that is not a part of the budget because these items are purchased with borrowed money.

He reviewed the real cost on rate increases with comparisons for residential average users using 2940 gallons having a monthly increase of \$3.75. The actual bill comparisons show that the larger user will have the highest percentage increase due to the tier system used by the City. Council Members Turnage and

Bradham expressed the importance of publicizing this information to the residents so that they can understand the increases and why these increases are needed.

Mayor Elmore recessed the meeting at 2:07 p.m.

The meeting was reconvened at 2:18 p.m.

City Manager Neuschafer reviewed the General Fund beginning with the Revenues. He shared that the City practiced conservative budgeting in last year's budget but revenues have been decreased more this year due to the unknown impact of Covid-19 including reducing Ad-Valorem taxes to 96.7%. He reviewed the Powell Bill revenues and how they are calculated by the State with the City receiving \$19.11 per person and \$1,580.13 per mile. He shared that Powell Bill funding has steadily decreased over the past 10 years. In sales tax distribution, the staff is projecting a reduction in collections. It is estimated that the City might have a 20% loss in April – June 2020. The City is using the most conservative models based on expert projections. Sale of Cemetery Lots budget has been increased as staff is proposing increasing price per lot to \$1,000 and doing away with the discount for purchasing multiple plots. These prices are in line with other communities in our area. The Membership Fees for the Recreation Center has been taken out of the budget because staff does not plan on reopening the center due to the cost of maintaining equipment and providing staff. He also stated that there is a small amount residents participating at the center and it keeps the City from the competing with local businesses.

Council Member Sills inquired on ways the City might help businesses in an effort to grow Dunn. City Manager Neuschafer reviewed the incentives programs, such as rebates and grants available to small and larger businesses. He told Council incentives are generally based on the number of jobs created.

City Manager Neuschafer reviewed the General Fund expenditures. The budget includes an increase for the Downtown Service District to employ a full-time director as part of the Main Street Program. Travel and Training and Departmental Supplies have been reduced in each department. He stated that a lot of training opportunities are not happening right now anyway due to Covid. He also explained how the Water and Sewer Fund shares in the expenses for administration and facility cost at 35% in some expenditure accounts. Human Resources expenditures have been moved out of Administration – Miscellaneous and moved into Wellness under Non-Departmental. He told Council that the proposal for the Contract – Landscape Services has come in above projected budget with only one bid received. Staff is currently looking at alternatives for handling the landscaping throughout the City through rebid or reducing landscape areas. Council Member Bradham stated that when looking at changes, it is important to weigh cost versus quality with the City's image being so important as we move forward.

Mayor Elmore asked about Insurance and when it was up for bid. City Manager Neuschafer stated that he did not know of a time when insurance has been put up for bid. Miscellaneous is where we can get some of the money for special projects, such as the dog park, as long as revenues come in as expected. In the Police Department budget, Mayor Pro Tem Turnage recommended that everything be done to maintain accreditation through CALEA. City Manager Neuschafer added that the City has realized some fuel cost savings due to Covid and buying in bulk. Council Member Sills expressed concerns on the cell phone expense. Neuschafer said that about half of the expense is MiFi for Police Vehicles. Assistant City Manager Boone added that using the cell phone as a hot spot does not work as efficiently as the MiFi. He added that he had recently worked with Verizon going through the bill line by line for officers and ended up saving about \$3,500 a year.

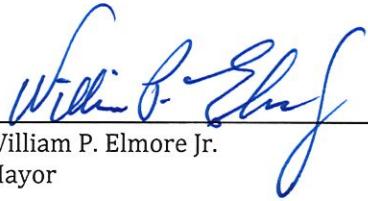
Under planning and Inspections, demolitions has been decreased to try and handle more in-house. Under Street/Cemetery Department, he pointed out the large expenditure the City is paying for street lights throughout the City. He reminded Council that the City has to pay whether they are working or not so if street lights are out, we want to report so they can be repaired as quickly as possible. He also added that no money has been budgeted for replacing old sidewalk. Sanitation line item shows the 2% increase in the solid waste contract. He reviewed the Powell Bill/Street Resurfacing page and where those funds come from within the budget.

He reviewed and explained Debt Service pages and compared it to the Debt Schedule distributed by Finance Director Roberts, which shows debt service for a 5-year period. Under Contributions to Non-Profits, the only item listed is \$195,000 for Dunn PAL. Dunn Recreation has been reduced significantly including the reduction of two employees and the fitness equipment. The largest reduction in the Library was in administration going from 4 to 3 employees.

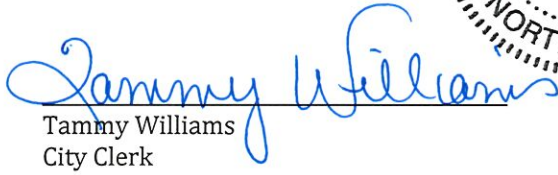
Council Member Sills recommended the City look into a Beautification and IT committee, especially if there are no costs involved. He also expressed some reservations concerning the budget. Council Member Bradham expressed appreciation to City Manager Neuschafer and his staff for putting this budget together during such tough times. Mayor Elmore again thanked the staff and reminded Council that an additional meeting can be scheduled if enough concerns are expressed by Council Members.

With no further business to discuss, motion by Council Member Sills and second by Council Member McLean to adjourn the meeting at 4:22 p.m. **Motion unanimously approved.**



  
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William P. Elmore Jr.  
Mayor

Attest:

  
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Tammy Williams  
City Clerk