

Dunn City Council
Work Session
Tuesday, September 10, 2024
6:30 p.m., Dunn Municipal Building

Minutes

PRESENT: Mayor William P. Elmore Jr., Council Members Raquel McNeil, April Gaulden, Billy N. Tart, Alan Hargis, and Dr. David L. Bradham.

ABSENT: Mayor Pro Tem J. Wesley Sills

Also present: City Manager Steven Neuschafer, Assistant City Manager Billy R. Godwin, Finance Director Cary McNallan, Administrative Support Specialist Amber Groves, City Attorney Tilghman Pope, and City Clerk Melissa Matti.

CALL TO ORDER AND INVOCATION

Mayor Elmore opened the meeting at 6:30 p.m. and gave the invocation. Afterwards, Mayor Elmore led in the Pledge of Allegiance.

AGENDA ADJUSTMENT AND APPROVAL

Motion by Council Member Bradham and second by Council Member Hargis to adopt the September 10, 2024 meeting agenda as presented. **Motion unanimously approved.**

ITEMS FOR DISCUSSION AND/OR DECISION

Proclamation

Constitution Week 2024

Mayor Elmore explained for the record that this is a proclamation to recognize Constitution Week being September 17th through September 23rd. We had a request by the Daughters of the American Revolution to adopt the proclamation. That's within your agenda. We are bringing that before you, not for a motion, but just in recognition that it has been submitted. *A copy of the Proclamation (P2024-06) is incorporated into these minutes as Attachment #1.*

Special Event

Get Out & Vote Rally – SEP-18-24

This is a request by the People's Fellowship of North Carolina. Rev. Floyd Wicker has requested the use of the front steps of City Hall on Thursday, September 26th. It will be after our work hours here. We close at 4:00. This rally will take place from 5:30 p.m. to 7:15 p.m. The event is to encourage participation in the upcoming election, to raise social awareness about gun violence, and to build peace throughout the community.

Motion by Council Member Gaulden and second by Council Member McNeil to approve the Special Event Permit Application for the Get Out & Vote Rally as presented. **Motion unanimously approved.** *A copy of Special Event Permit SEP-18-24 is incorporated into these minutes as Attachment #2.*

Special Event

NC Cotton Festival – SEP-19-24

This is a Special Event Permit blocking several streets that are listed in the agenda for the Cotton Festival that will be held on Saturday, November 2nd. The streets are listed on the application.

Motion by Council Member Hargis and second by Council Member Bradham to approve temporary blocking the streets and the parking lots as requested for the Cotton Festival.. **Motion unanimously approved.** *A copy of Special Event Permit SEP-19-24 is incorporated into these minutes as Attachment #3.*

Acceptance of Lead Service Line Replacement Program

Funding Offer

City Manager Neuschafer explained that this is a North Carolina Department of Environmental Quality lead service line replacement program funding offer. He went on to say that sometimes some of the paperwork from the state lags behind some of the other information and processing of different grants and awards that we get. This is something that is already in process with the city. The notification that goes out in the Customers water bills has already been done, and they've begun some testing. They'll do a random sample testing of some water service lines and some meters across the city to be able to show if there's any existence of lead in the construction methods of the water lines and more service lines for residents. They've begun the process, but the award, the funding, and the actual agreement resolution was just received not too long ago. So, we need to have this voted on to authorize the mayor to execute the agreement. The Total Award was \$500,000 minus a \$10,000 Service fee that the state keeps. That is a grant awarded to us by the state. So, we would need a motion to approve the attached resolution on this item to receive the grant funding and \$500,000.

Motion by Council Member Bradham and second by Council Member McNeil to accept the August 22nd, 2024 NCDSQ Lead Service Line Replacement Program funding offer of \$500,000. **Motion unanimously approved.**

City Manager Neuschafer clarified a couple of things for Councilman Hargis. In reference to the \$500,000 dollars, \$300,000 is forgivable principle. So that part is a grant. But, \$200,000 of that is a low interest loan, 0% interest in fact. Erwin, for instance. We've got a water situation over there. The road is deteriorated to nothing. We have to take care of our water lines. Erwin doesn't own their water lines. How do they need to take care of their road? Well, it's the same thing. Just like they need to take care of their pipes. If they can't do it, what do they do about that? When I saw that, I was like I can't believe that somebody's going to tell you that you have to borrow \$200,000 to do something they want you to do, just because they think that you need to do it. We found a grant and loan combination to help us. We'll continue to try to find and apply for other funding sources, but this is what we have

now, and we should be able to meet the requirements under this to get started with it. It's \$10,000, 0% interest, but we're paying \$10,000 in closing.

Motion to reaffirm prior motion by Council Member Bradham and second by Council Member McNeil to accept the August 22nd, 2024 NCDSQ Lead Service Line Replacement Program funding offer of \$500,000. **Motion unanimously approved.** *A copy of the Resolution to Accept Funds (R2024-32) is incorporated into these minutes as attachment #4.*

Paving Project

City Manager Neuschafer spoke about upcoming paving projects. With our approval of the budget, we have some funds for a paving project. He explained that he would outline some of the information in the agenda packet, and about the process and timeline for this and then have a guest come up and speak. Our idea is to borrow money from the USDA because we'll be able to get favorable rates and a favorable term on a loan for a paving project of a significant size. We're estimating between \$4 and \$5 million. The USDA has obviously got an application process that is quite lengthy and involved. One of the requirements is to hire an engineer to be the applicant and to sign and seal the project even though it's just a resurfacing project or a crack sealing project or patching, which doesn't typically take a whole lot of engineering. But as part of their process that is something that they require. So, we have already begun that search for an engineer to do that work by sending out a request for qualifications. Those applications are due back to the city September 19th. As soon as we do our scoring on those, we'll have something back to the council. The council will approve the selection and then we'll move forward from there. But we hope to have that application in and approved by the USDA sometime late fall, early winter with then an opportunity to bid the project early spring, and then to sign a contract with the paving company to be able to do something and hopefully have the work completed by the end of the summer next year. The really good timeline would be to have the work done by beginning of the school next year. Chris Pentagraph with TranSystems gave 35 slide presentation regarding the paving project. *A copy of the slides is incorporated into these minutes as Attachment #5.*

Consideration of Offer to Purchase City Property

Assistant City Manager Godwin shared information regarding an opportunity to possibly sell some property that the city owns. He explained that this item is providing the council an opportunity to authorize the city to go to the UPS (Upset Bid Process). When someone wants to buy real property that the city owns, there's different ways that can that process work, but the most common way that is done is through the upset bid process. In essence, someone submits an offer to the city, which is what's happened here, to buy some land. Then, if the city is interested, which is not the same as going to actually sell it. If the city is willing to consider, then it will authorize the city clerk to advertise to the public by public notice that the city has received an offer. It will tell what the offer is. This is all by statutory procedure. The statute provides that once that public notice is put out there, there's a 10-day window within which somebody else that might be interested in this particular piece of property can upset that bid. That's where we get the upset bid procedure. It is very similar to a foreclosure process or tax foreclosure where property is sold at a public auction, and it remains open, and somebody can raise the bid and there's a statutory minimum amount that it can be raised. Council, if it's interested authorizes the upset bid process to be initiated if the public notice published saying what the offer is and identifying the property that is in question. If there's an upset bid made, or one or more upset bid raised, that raises the original bid or the original offer, and then the process repeats until you go 10 days without an upset bid. After that happens, then you end up with what's called a high bid at that point. Then the City Council would then decide, OK, this is what we've got. This is the highest bid that has been submitted. Do we really want to proceed? At the end of the day, after you go through the process and you have a high bid, then if you are inclined to sell it, at that point you would actually accept the offer. The resolution that's in your package tonight is not accepting the offer. It's just saying we're willing to consider this offer and other offers on the property and that's what the upset process is. At the point of the process the number is what you all are willing to accept, then you would just adopt at a subsequent meeting within 30 days of the last bid, a resolution to accept that bid and then the more formal offer to purchase contract would be put together and then the closing date and all that. That's the process.

The offer that's been submitted to the city is to purchase a 20-acre track, but 19.68 acre track off E Johnson St. You can see the GIS in in your package showing where this property is. The offer on the property is \$250,000. The applicant is interested in purchasing the property. The idea is that we would use it for development of residential subdivision on that property and they would like to put this as part of their subdivision. If you are inclined to move forward with the process, then you would adopt the resolution that's in your package which in essence directs the clerk to advertise this public notice that, hey, the city has received this, if anybody's interested, you've got 10 days to submit to the clerk an upset bid. And there's a minimum amount that has to be provided for it. You can't upset it by a dollar. You can upset it by a statutory formula that's in the statute. The most important take away is authorizing the process is not accepting this. It's just saying we're willing to consider this and any others that might be submitted within the upset. This is a very common way this is done. Cities have done this in the past. The city really has no need for this particular piece of property. There is a considerable amount of the land that is considered wetlands. And now the city may have some pipes that run through there, we would keep an easement or put an easement in place to cover the areas that our pipes run.

So that is one of the things that this developer would ask assuming they are the ultimate high bidder. They may not be the high bidder, but if they are the high bidder, that is a term that they want in the final contract that's very important to them, so we're told. They want the established closing date. A point in the future you know, normally you're closing dates are a fixed finite number of days after you signed the agreement. In this case because they've got some adjacent properties. I'm not advocating. I'm just telling you what they're telling us and by the way the lady for VR was going to be here tonight, but her schedule changed at the last minute. She couldn't come. She would have been able to lay it out more about what their plan is, but in a nutshell, that's what they're thinking. They want to make sure that all their development permits and things for these adjacent parcels are in place, and I think it's going to require perhaps a rezoning as well. They want all that stuff lined up before they close on this basis. In the legal contract or the, the offer to purchase that you may or may not want to agree to. That's a council policy decision. We're being told that they want to develop it in conjunction with some property beside it. This is part of their lease idea, their concept about this development out there. I think there's going to be a neighborhood

meeting talking about the adjacent piece sometime in the next couple of weeks. But the short answer is they want to do a residential development out there. This property was donated to the city. It was given to the city years ago.

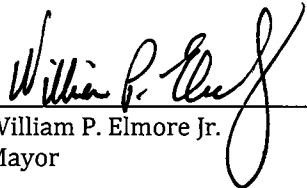
The City Council can always, at any time prior to formally accepting a bid has the right to reject any offer. If council decides halfway through the bid process that we're going to keep it after all, we would just reject any and all bids. We would do that by resolution or something.

Motion by Council Member Hargis and second by Council Member Tart to adopt the resolution authorizing the upset bid process for the real estate property for Harnett County PIN# 1526-08-5581.000 and direct the clerk to advertise those by Notice of Sale by Upset Bid on the property. **Motion unanimously approved.** *A copy of the Resolution Authorizing the Upset Bid Process (R2024-33) is incorporated into these minutes as attachment #6.*


Closed Session

Mayor Elmore announced that they would be going into closed session.

Motion by Council Member Gaulden and second by Council Member Bradham to go into closed session concerning the negotiation of price and terms of a contract concerning the acquisition of real property at 8:06 p.m. **Motion unanimously approved.**


William P. Elmore Jr.
Mayor

Attest:


Melissa R. Matti, CMC, NCCMC
City Clerk

