

Dunn City Council
Work Session
Tuesday, May 14, 2024
6:30 p.m., Dunn Municipal Building

Minutes

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

Also present: City Manager Steven Neuschafer, Assistant City Manager Billy R. Godwin, Finance Director Cary McNallan, Chief of Police Cary Jackson, Planning Director George Adler, Parks and Recreation Director Brian McNeill, Human Resources Director Connie Jernigan, Public Works Director Dwayne Williams, Collections and Distribution Manager Billy Cottle, Water Plant Manager Ian Stroud, Wastewater Plant Manager Donrie Dukes, Administrative Support Specialist Amber Groves, City Attorney Tilghman Pope, and City Clerk Tammy Williams.

CALL TO ORDER AND INVOCATION

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

AGENDA ADJUSTMENT AND APPROVAL

Motion by Mayor Pro Tem Sills and second by Council Member Gaulden to adopt the May 14, 2024 meeting agenda as presented. **Motion unanimously approved.**

CONSENT ITEMS

- Rescinding Ordinance to Demolish – 809B E Edgerton. *A copy of the Ordinance (O2024-08) is incorporated into these minutes as Attachment #1.*
- Rescinding Ordinance to Demolish – 411 N McKay. *A copy of the Ordinance (O2024-09) is incorporated into these minutes as Attachment #2.*
- Rescinding Ordinance to Demolish – 124 E Broad St. *A copy of the Ordinance (O2024-10) is incorporated into these minutes as Attachment #3.*

Motion by Council Member Bradham and second by Council Member Hargis to approve all consent items. **Motion unanimously approved.**

ITEMS FOR DISCUSSION

Process of Hiring a City Manager

Human Resources Director Jernigan shared that the North Carolina League of Municipalities (NCLM) will make a presentation concerning hiring a city manager based on council's request of NCLM's assistance passed on March 27, 2023. The presentation and selection procedure was postponed due to the untimely passing of the Assistant City Manager. The council has elected to move forward.

Lou Bunch and Harold Owens with NCLM presented the process of hiring the city manager and added that it will be up to the council to determine which process council prefers. This will be one of the most important decisions the council will make. Need to determine what the city needs are for the manager. They will need a definition of what success means for the council. Need to determine education and experience requirements. She reviewed the time frame of the selection process of about six months. It could take longer as there are currently a lot of open positions for city managers. The average salary range for this position for the City's population group is \$140,000 with additional benefits such as car or allowance, life insurance, deferred income, and health insurance for dependents.

Publicizing is especially important for the position. She discussed the candidate screening process, application review procedure and interview process. Confidentiality is critical and none of the information received from candidates can be released. The council will determine if you use a committee or will you all screen together in closed session or will you hire a firm to oversee. It is awkward for staff to be involved in this process. There are about 70 city manager vacancies across the state at any given time. She again stressed confidentiality. She suggested asking supplemental questions of the top three candidates. She shared that as you are evaluating candidates, they are also screening you. It is recommended that the applicant is given an agenda for the day of the interview, so they can be prepared.

The council needs to be on the same page with the interview process and all candidates need to be asked the same questions. The contract and appointment are done in open session. Owens added not to count a candidate out just because he was let go but to determine those reasons. If you do not feel comfortable with the candidates, start all over again, do not just settle. Council Member Bradham asked about the requirement to live in the city and Branch added that some municipalities do not require that but just in the county. Council Member Hargis asked about hiring a search firm and she said it is completely up to the individual city. Owens added it will cost about \$25,000 plus to hire a firm. He also encouraged that Council be sure the attorney is always involved in the process.

CZ-03-24 - Conditional Rezoning Fairground Rd Duplexes

Planning Director Adler presented a request to rezone four parcels totaling 1.3-acres +/- at 6474/6514 Fairground Road. The property is currently zoned R-20, residential District and is proposed to be rezoned to R-7 CZD, Residential Conditional Zoning District to permit only duplexes.

These parcels are on the west side of Fairground Road near Holly Avenue. Two of the parcels have manufactured homes, two are vacant. The area on the west side of Fairground is heavily wooded and zoned R-20. The area on the east side of Fairground is zoned R-10, including a subdivision developed in the 1970s around Holly, Sycamore, Sainte, and Pine. Dunn city limits run north on the center of Fairground and include the subdivision on the east side. The four subject parcels are adjacent to city limits in Dunn's ETJ.

The request is to rezone from R-20 to R-7 CZD to permit only duplexes. Mr. Szalecki presented a sketch plan showing 6 duplexes, 12 units total. The 12 units will share two driveways off Fairground with parking in the rear. They are having the property annexed into the city.

The Planning Board, at their regular meeting on May 7, heard presentations from staff and Matthew Szalecki, Family Building Company, who is acting as the agent for the property owner, Shelton Davis. The Planning Board voted unanimously to recommend approval of this conditional zoning request with the following six conditions, agreed to by Szalecki:

1. That only duplexes be allowed, with supplemental standards per the UDO;
2. That all units be rear loaded;
3. That no more than two driveways onto Fairground be permitted;
4. That all access easements be identified in the recorded plat;
5. That the Development Permit incorporate stormwater management best practices to handle maximum build-out of the entire site; and
6. That development approval be contingent on resolving all deed issues to clarify that the owner has possession of the parcels in fee simple, as presented.

Following questions concerning the quality of home materials, Mayor Elmore closed the discussion.

Johnston Lee Harnett Community Action Lease Renewal

City Manager Neuschafer presented proposed lease renewal between the City of Dunn and Johnston-Lee Harnett Community Action, Inc. The North Carolina Non-Profit Corporation has leased the old kindergarten building at the former Harnett Primary School located at 670 East Johnson Street, Dunn. This lease expired on March 29, 2019, and thereafter became a month-to-month tenancy. JHCA, INC, operates a Head Start program on the premises and now seeks to renew the lease for a period of five years.

Motion by Council Member Hargis and second by Council Member Gauden to approve, at an annual rental rate of \$36,000.00, the five-year lease between the City of Dunn and Johnston-Lee Harnett Community Action, Inc as presented. **Motion unanimously approved.** *A copy of the Lease Renewal has been filed with the City Clerk/Contracts file.*

Preliminary FY25 Budget Information

Finance Director McNallan reviewed the Council survey results for project funding. Top projects are the tournament preparations and street resurfacing. For Employee Wage Adjustments: Two votes for merit only of 3-4%, One vote for July 1 salary adjustment and Jan 1st merit. Others stated more discussion was needed, or no reply.

Staff FY25 Recommendation:

- July 1st Salary adjustment of 2% for all employees
 - Jan 1st Merit adjustment of 0-4% for eligible employees
- Estimated Cost: General Fund \$252,000, W&S Fund \$104,000

McNallan reviewed Accounting changes

- Allocation of property insurance and other insurance premiums
 - Reduction in Non-Departmental expenses
 - Increased expenses in other departments
 - No effect on the overall funds
- Created 4 new reporting divisions
 - City Hall Facility – previously reported in Non-Departmental
 - Animal Control – previously reported in Police
 - Garage/Fleet – previously reported in Public Works
 - Cemeteries – previously reported in Parks & Recreation

City Manager Neuschafer reviewed proposed rates for Water, Sewer, and Sanitation Services. Minimum users using 2000 or fewer gallons will see an increase of 6.68% (\$5.31 increase). Family using 5000 gallons will see an increase of 7.44% about \$9.00 per month.

He proposed stormwater fee changes:

Looking at raising non-residential only – minimum going from \$120 to \$168
Maximum would go to 55 units from \$1470 to \$2310 a year with only 44 properties affected.
Increases revenues to about \$475,000 a year from \$420,000 a year.

With all the discussions about trying to do more including street resurfacing, staff is proposing the following changes to increase revenues:

Current Tax Rate is \$0.50

One cent generates \$112,942 of tax revenue

Increase City Tax Rate by \$0.06

\$0.02 for General Fund expenses (\$225,884)

\$0.04 to be dedicated to street resurfacing (\$451,768) only paving.

A \$0.06 increase in the tax rate would add \$150 to the city portion of the property tax for a house assessed at \$250,000.

Resurfacing funds are available through USDA, so this is a wonderful opportunity to do a large project with lower interest rates and longer loan terms. He added with SEPI, he feels like staff can put together a good package for the paving project.

The other two cents would help balance the budget with the projects needed and requested to include: DYB Tournament, Street Resurfacing, City Hall Improvements, Police Career Development, Computer Replacements, PW Boom Truck, Valve Turning Machine, and PW Vehicle Lift.

McNallan added that this budget does the work and rewards employees but obviously there is a cost to it. Without a 2 cent increase the city will have a deficit of \$575,000 and if we do not do the projects, then a \$250,000 deficit.

Council Member Sills questioned just using the fund balance instead of raising taxes especially with a surplus this year. "not voting to raise taxes." McNallan shared that using fund balance is not a smart decision as the LGC will be looking at these financials to determine if we can take on more loans. This is important for water and sewer projects as well as if a storm happens, we must fund all the expenses prior to being reimbursed.

Council Member Gaulden stated that she felt that employees should be a priority and should receive COLA and merit.

Discussion followed on cutting expenses. Neuschafer said that they have already looked at cutting but can cut some more. Discussion followed on cutting out some of the projects and expressing the importance of the projects listed. Council Member Tart expressed concerns about debt service. McNallan agreed that this is especially important and the LGC is really going to look at this.

Council Member Bradham added that the funding for streets has been an ongoing problem since he started. Neuschafer added that it is a problem for every community, and it is a never-ending battle. This is just trying to make an effort to reach the worst streets and fix them now.

Neuschafer asked for the council to reach out and to give staff direction on how to proceed with the budget. The budget must be published on June 1. Council Member Tart requested tax rates of surrounding communities and the cola increases around the area. Neuschafer added that the last increase was 2014 which went up 2 cents, so history has been very conservative. He feels that the city is competitive. Tart added that the tax rate would have already been increased if it were not for the increase in sales tax. Must be prepared for emergencies because the expenses must be handled upfront and hopefully be reimbursed the following year. McNallan pointed out that the city's debt service is higher than surrounding communities.

McNallan added the following information:

General Fund Debt Service = \$0.105 of the \$0.500 tax rate

FY23 General Fund reserves = \$4.4M or 34% of expenses

FY23 Water & Sewer Fund reserves = \$3.9M or 55% of expenses

Strong financial reports are important for LGC financing approvals

FY26: \$1.4M balloon payment due - Harnett Training School loan

March 2024 South Region CPI was 3.8%

Mayor Pro Tem Sills added that there are approved ad valorem projects that should help with tax revenues. The Mayor added this is approved but not guaranteed and McNallan added that if it is not built by mid-summer, it is not going to increase revenues this year. McNallan shared budget timeline: Budget to be published June 1, Public Hearing June 11, and adoption on June 25.

Council Member Gaulden asked about the funding for PAL is there a contract or reason we continue to fund PAL. Neuschafer stated that \$57,500 is in the budget, which is half of what they are currently getting and there is a Police Officer salary assigned to PAL. We do not have enough officers to fill that position right now. Council Member Hargis added that a lot of the budget went to salaries with almost 50% on salaries. Council Member Gaulden asked if they have other means of funding than why does this allocation continue? Why should this non-profit be different than others? Council Members Gaulden and McNeil both felt the funding for non-profits should be applied for.

Mayor Pro Tem Sills agreed that there should be an application process if the city is going to distribute to non-profits. Council Member Bradham added that it was difficult to decide when that process was in place. Questions arose should the city even be using tax funds for non-profits.

Mayor Pro Tem Sills stated no tax increase, take money from fund balance to do all the projects and cut PAL to zero. Council Member Gaulden added employees first. Council Members Gaulden and McNeil were in consensus with Sills.

Council Member Bradham felt that there should be time to sleep on it and talk to Steven to give him guidance on what we want to do.

Mayor Elmore added that there has been a great discussion tonight and Council has some tough decisions to make. Please reach out to Neuschafer by Tuesday of next week.

Announcements/Information

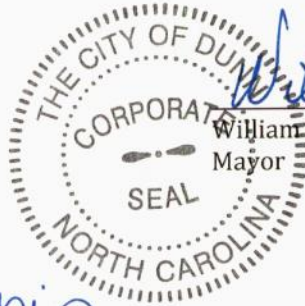
Mayor Elmore announced upcoming events and activities.

A copy of the Proclamation (P2024-04) is incorporated into these minutes as Attachment #4.

With no further business to discuss, motion by Mayor Pro Tem Sills and second by Council Member Gauden to enter a Closed Session concerning - [N.C.G.S. 143-318.11(a)(5)]; to instruct staff concerning the negotiation of the price and terms of a contract concerning the acquisition of real property. **Motion unanimously approved.**

Mayor Elmore recessed the meeting at 8:55 p.m.

The meeting was reconvened and with no further business, Mayor Elmore adjourned the meeting with no objection at 9:23 p.m.



William P. Elmore Jr.

William P. Elmore Jr.
Mayor

Attest:

Tammy Williams

Tammy Williams, CMC, NCCMC
City Clerk