

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
FEBRUARY 7, 2008, 7:30AM
PLANNING RETREAT
CAPE FEAR VALLEY HEALTH SYSTEM

PRESENT: Chairman Breeden Blackwell
Vice Chair Jeannette Council
Commissioner Kenneth Edge
Commissioner Diane Wheatley
Commissioner John T. Henley, Jr.
Commissioner Billy R. King
Commissioner Ed Melvin
James Martin, County Manager
Juanita Pilgrim, Deputy County Manager
Cliff Spiller, Asst. County Manager
Amy Cannon, Asst. County Manager
Grainger Barrett, County Attorney
Harvey Raynor, Deputy County Attorney
Marie Colgan, Deputy Clerk
Howard Abner, Finance Department
Kelly Autry, Finance Department
Marsha Fogle, Clerk
Sara VanderClute, PIO

1. Review & approval of Agenda

Agenda was approved.

2. Financial Update

- (a) Review of county financing schedule/process for Cedar Creek School

Amy Cannon, Assistant County Manager, reviewed the financing schedule for the Western Elementary/Library Branch/Health facility. (Schedule Attached to these Minutes).

Ms. Cannon noted that the cost for the Grays Creek Middle School is \$20 million with an interest rate of 4.21%.

It is anticipated that COPs will be sold in May of this year for the construction of the Western Elementary School, the library branch and the new health facility. It was noted that because of some leadership changes at CitiGroup, the County will go out for RFP's for underwriting services for this financing.

It was also noted that the \$55 million school debt would be paid for with lottery proceeds, which can only be used for capital projects.

(b) Review of County fiscal policy

Ms. Cannon reviewed the County's fiscal policy relating to debt service, fund balance appropriation and undesignated fund balance:

Debt Service – Upon voter and/or Board of Commissioners approval of any financing authorized by statute, not limited to GO Bonds, and to include COPS financing, that the adopted budget and the ad valorem tax rate if necessary, be adjusted at the next budget cycle to fund the average annual debt service payment and the projected annual increase in operating costs for the project”.

Fund Balance – Fund balance appropriation will be limited to 3% of the General Fund Budget.

Undesignated Fund Balance – Maintain at 10% and any excess will be used for one-time projects.

(c) FY2008 estimates and FY2009 projections

The County Manager reviewed projected revenues and expenditures for 2008 and 2009. Based on projections, the Manager noted a deficit in revenues for 2009 in the amount of \$4,880,223. He offered some options to address this deficit:

- (1) If the sales tax referendum passes sales tax revenues for a 9 month period in FY09 would be \$5,990,649
- (2) If the sales tax referendum passes and the county reduces property taxes 1 penny, the deficit would be \$501,357
- (3) If the sales tax referendum passes and the county reduces property taxes 2 pennies, the deficit would be \$2,113,140

The Manager noted that he believed that in order for the sales tax referendum to pass the County would have to reduce the property tax by 2 pennies.

The Manager noted that at this point he has not received any department budgets for the new fiscal year, so the deficit could rise.

Some options that could be considered to assist in lowering the deficit would be to decrease COL increases for county employees (currently recommended at 4%). Other options would include department reductions, etc.

Chairman Blackwell suggested that the Board should not lock itself in to a 4% COL increase at this time.

Some capital projects on the horizon are (FY2009 – FY2013):

Western Branch Library
Health Department
School COPS/Installment Financing
School GO Bonds
800 MHz Radio System
New Digital Radios
Crown Coliseum Mechanicals
Pamalee & Grays Creek Branch Libraries
Detention Facility Pod

The County Manager noted that sales tax collections for the 1st quarter of this year are running \$400,000 behind this time last year.

The Board suggested holding on to county funds as long as possible in order to draw interest. In response to a question concerning fuel costs, the Manager noted he believed the County was in good shape. Commissioner King suggested the County may want to look at whether or not it is going to participate in the Murchison Road corridor.

Chairman Blackwell noted that because of the projected deficit, the Board should take a stand on holding the line on requests for new expenditures. He said the Board would have to stick together on this stand. Commissioner Edge noted the Board does not say “no” enough.

The Manager told the Board the he could submit a balanced budget for FY2009 if the sales tax referendum passed and if the County cut property taxes by 2 cents.

If the sales tax referendum does not pass the County will be in a position to have to make further cuts in its budget.

Commissioner Henley noted the County generally spends less than it projects and that along with the revaluation and projected growth the flexibility would be there to make the necessary adjustments.

Commissioner Council said she did not want to balance the budget on the back of county employees.

3. Water and sewer fund increases and future school needs.

The Board elected not to discuss these issues, other than it was noted that \$500,000 has been budgeted for the water/sewer fund for FY09. The Manager noted this appropriation could be in jeopardy if the sales tax does not pass.

The County Attorney briefed the Board regarding storm water. He noted that the State has recommended that the County be released from Phase 1 with the City of Fayetteville. EPA has not yet approved. In addition, there may an issue with the County charging a Stormwater fee if we don't have our own utility. More info will follow.

4. Commissioner Council issues

(a) Commissioner Liaison Appointments

The Board discussed the necessity of commissioner liaisons to some of our boards/committees and elected to address the issue in December when a new Chair is appointed.

(b) Update on county building space needs – Discussion took place during budget presentation.

5. Commissioner Henley issues

(a) Discussion Sales Tax Referendum - See Item 10 for discussion and action

(c) Budget deliberations – See Item 2

6. Commissioner Wheatley issues

(a) Update on 2030 Plan

Commissioner Wheatley noted there are some issues in the plan which still need to be addressed. The Plan has not been finalized yet. She and Commissioner Henley noted the denial of the MIA issue that was addressed at the Planning Board meeting on Tuesday night. Commissioner Edge noted his concern that the 2030 Plan is an effort for the City to control growth in the County. Commissioner Henley disagreed noting only the County can do that by way of rezoning. Commissioner Edge said he would like to be kept more up-to-date on issues discussed at the 2030 Plan meetings. Commissioner Henley said a there really is nothing to present to any of the Boards at this time as discussions are on-going. Commissioner Council noted that one of her concerns was the establishment of a “super board”.

(b) Update on downtown parking plans

The parking study was presented at the Commissioners’ meeting on February 4. No action was taken. Commissioner Wheatley noted there are differences of opinion on which proposed deck should be completed first. In addition, the major issue is whether or not the County will agree to charge for parking in its parking lots in and around the courthouse. Commissioner King said he thought the deck was needed, but the issue of the county charging for parking at the courthouse was a difficult one. As far as the TIF (Tax Incremental Financing), the consensus of the Board was that it was in favor of this. One possible option to the parking decks is smaller surface parking lots in and around downtown Fayetteville.

(c) Discussion Regional Transportation Study

The Federal Government paid for the study. It is not yet finished. At some point the Board will have to determine if it is willing to put money in the system. Funding for this has been an issue since the early 90's. There are federal, state and local monies currently going into our limited transportation service locally. No action taken.

7. Commissioner Melvin issues

- (a) Discussion of a property tax reduction for FY2009 – See Item #10.

8. Update on recycling partnership with the City of Fayetteville

Bobby Howard, Solid Waste Manager, met with city representatives regarding this issue. Mr. Howard offered that the County is entertaining an idea of building a MRF. However, the City will have to confirm it will use the County's MRF in its recycling efforts. At this point the City has a contract with Waste Management for collecting recyclables; in addition Waste Management has a letter of intent from Pratt Industries to build a regional MRF in the county that would receive recyclables. It was noted that the City's contract with Waste Management is for collection of recyclables only and it will be the City's decision where those recyclables go. The County is awaiting word from the City as to whether it will contract with the county to receive the recyclables. At that point more information will be coming to the Board of Commissioners regarding this project.

Commissioner Wheatley noted concern about trash on our roadsides and the importance of cleaning the gateways into the county.

9. Review of county-wide legal services

The County Attorney reviewed the cost of legal services for the County.

Outside Attorney Fees for FY2007:	\$159,545.51
Outside Attorney Fees from 7/1/07 – 12/30/07:	54,225.18

In-house attorney costs (annual):	\$853,663.00
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(includes 3 attorneys in the County's legal department, 1 attorney in the Sheriff's office, 1 attorney at Mental Health and 4 attorneys at DSS)

10. Consideration of the adoption of a resolution requesting the Board of Elections to place the issue of a local option ¼ cent sales tax on the May 2008 ballot

The Board discussed the issue, noting the importance of offering a 2 cent decrease in property taxes, if the ¼ cent sales tax passes.

MOTION: Commissioner Council moved to adopt the Resolution.

SECOND: Commissioner King

VOTE: UNANIMOUS

RESOLUTION OF THE CUMBERLAND COUNTY BOARD OF COMMISSIONERS
REQUESTING THAT THE CUMBERLAND COUNTY BOARD OF ELECTIONS
PLACE THE ISSUE OF A LOCAL OPTION QUARTER CENT SALES TAX ON THE
MAY, 2008 BALLOT

WHEREAS, the 2007 State Appropriations Act (H 1473), in its provisions implementing a Medicaid swap between the State and counties, authorizes county boards of commissioners to place before the voters of a county either or both of two referenda on additional revenue sources to meet local needs, including local school and infrastructure needs, and

WHEREAS, Section 31.17(b) of the 2007 State Appropriations Act authorizes a county board of commissioners to place before the voters of a county whether a local option one quarter cent sales and use tax should be approved to meet local needs, pursuant to newly-enacted Article 46 of Chapter 105 of the North Carolina General Statutes, and

WHEREAS, the Cumberland County Board of Commissioners has determined that the issue of such a local option one quarter cent sales and use tax should be submitted to the voters of Cumberland County at the May, 2008 election,

NOW, THEREFORE, the Cumberland County Board of Commissioners RESOLVES that it requests that the Cumberland County Board of Elections place on the May, 2008 ballot a referendum concerning the levy in Cumberland County of a local option one quarter cent sales and use tax as authorized by said Article 46, and

The Cumberland County Board of Commissioners further RESOLVES that it will reduce the property tax rate in the FY 08-09 budget by two cents if said referendum is approved. In addition, the remaining proceeds of the additional one quarter cent sales and use tax will be applied to debt service on a new health department building, a western area library, other operational needs, and additional school facilities; and

The Cumberland County Board of Commissioners further RESOLVES that the form of the question to be presented on the ballot for such referendum, as provided by the 2007 State Appropriations Act, shall be:

“[] FOR [] AGAINST

Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State and local sales and use taxes.”

ADOPTED, this 7th day of February, 2008.

MEETING ADJOURNED AT 12:00 NOON.