

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
JOINT MEETING WITH THE
CUMBERLAND COUNTY LEGISLATIVE DELEGATION
MAY 10, 2010 – 8:00 AM
CHARLIE ROSE, AGRI-EXPO CENTER/I.B. JULIAN AUDITORIUM
301 E MOUNTAIN DRIVE, FAYETTEVILLE, NC
SPECIAL MEETING

PRESENT: Chairman Billy R. King
Commissioner Jeannette Council
Commissioner Kenneth Edge
Commissioner Marshall Faircloth
Commissioner Jimmy Keefe
Commissioner Ed Melvin
Commissioner Phillip Gilfus
James Martin, County Manager
Juanita Pilgrim, Deputy County Manager
Amy Cannon, Assistant County Manager
Rick Moorefield, County Attorney
Sally Shutt, Communications Manager
Senator Margaret Dickson
Representative William Brisson
Representative Elmer Floyd
Representative Rick Glazier
Representative Marvin Lucas
Representative Diane Parfitt
Breden Blackwell, CFVMC Director of Government Relations
Marie Colgan, Clerk to the Board
Press

Chairman King called the meeting to order and welcomed the Cumberland County Legislative Delegation and Mr. Blackwell, the Director of Government Relations at Cape Fear Valley Medical Center.

Invocation - Chairman King

Chairman King stated that the Board will be discussing issues of concern and at the close of the meeting, he would ask that the Legislative Delegation give a response to the items as well as an update on the state budget. Chairman King called on Commissioner Edge to present the first item for discussion.

Items for Discussion:

1. Discussion Regarding the Future of the State ABC System

Commissioner Edge advised at a meeting in Raleigh this past week, he received a report of the proposed budgets for several counties (Wake is considering laying off employees, Mecklenburg County has a \$95 million dollar gap, New Hanover has \$5.3 million dollar loss in sales tax revenue alone; Guilford County is cutting \$17 million from public safety and human services). Fortunately, because of our military community and because our sales tax has remained relatively flat, Cumberland County will not have any real drastic cuts.

Commissioner Edge referred attendees to the handouts they received and stated the Board adopted a Resolution in April regarding the ABC System. A committee has been studying the privatization of the ABC System and it appears that it will not be privatized. An amended bill was presented last week by that committee and will be sent to the legislators. One provision in the original bill was for all local ABC Boards to give 2% of gross receipts to the state ALE Division for statewide law enforcement, but the amended bill does not include the 2% requirement. The other provision that was proposed was a requirement for the ABC Boards to be subject to the State Ethics Act, but the amended bill leaves it with local government. Commissioner Edge requested that the legislators support the amended bill and the Clerk will email a copy of the amended bill to each delegate.

2. Discussion Regarding Potential State Sales Tax on Services

Commissioner Gilfus referred the Legislative Delegation to the email article which was distributed regarding various ways that counties across the nation are looking at expanding sales tax to services in order to help ease budget woes. He encouraged them to consider some of the solutions presented as potential solutions for the state as well as for the counties. As more of a service based economy is being looked at, other possibilities should be reviewed in order to help expand collection of revenue. Commissioner Gilfus encouraged the delegation to consider placing this subject in a study group as it would be a potential state solution as well as a county solution for expanding revenue. Commissioner Keefe pointed out Commissioner Gilfus was speaking as an individual and not the entire Board.

3. Funding of State Supported County Programs (Juvenile Justice, the Juvenile Assessment Center, Criminal Justice Partnership Program – Day Reporting Center)

Deputy County Manager Juanita Pilgrim asked for continued support for the above programs, noting that the Governor was proposing elimination of \$146,000 in the State's budget for the Juvenile Assessment Center (JAC). This cut would hurt the counties because cuts would lead to more individuals being placed in the local jails and prisons. If this funding is cut, it would mean that Cumberland County will serve 100 less youth who are at risk. The cost of placing these individuals in the Detention Center costs about \$85 per night which the County has to pay. Mrs. Pilgrim encouraged legislators to also continue the call center program for the Child Support Enforcement program as Cumberland County has just had to take back the child support services which will cost the County \$1.5 million dollars. The JAC also works with the parents of the youth and it is important to continue these funds to the county.

4. Discussion on E-911 Fund Flexibility

Commissioner Edge stated the Board strongly supports the legislation to preserve county revenue from the E-911 Funds which gives the counties greater flexibility in the use of the funds. At present, many counties cannot use these funds and this measure is needed in order to allow the counties flexibility in their use since this will not cost anything additional to the State or counties. Cumberland County is looking at centralizing a call system and use of those funds are needed.

5. Discussion on Future of Lottery Funds

Commissioner Edge stated he met with Senator Basnight and House Speaker Joe Hackney last week and it was confirmed that moving \$100 million dollars of the lottery funds was being considered. Commissioner Edge advised the movement of the dollars from school buildings to operations is scary because it would supplant funds being used by Cumberland County for enhancing facilities, building needed additions and building new schools.

6. County Legislative Goal: Preserve Current County Revenues and No Unfunded Mandates

County Manager Martin commended the delegation on the guiding principle for their legislative sessions which is to bear in mind the preservation of the county revenue base. He also requested unfunded mandates not be passed along to county government and stated the Child Support Enforcement program, which has recently been passed back down to the local level, will cost Cumberland County taxpayers upwards of \$1.5 million dollars.

7. Legislative Update on Upcoming State Budget

Comments from Senator Dickson:

- Other than considering the State's financial challenges during the short session, not much else is going to happen, except getting the budget out.
- Regarding the ABC System item, she expects things to happen as Commissioner Edge presented.
- The restructuring of North Carolina's tax system is an ongoing conversation, but it will be a long haul discussion.
- Agrees on support of the programs such as JAC, but everything will be on the table – there will be no "sacred cows".
- Does not expect anyone to oppose the E-911 Funds flexibility legislation.
- Opening up the formula for the lottery fund may cause very complicated outcomes and she would expect legislators to be reluctant to discuss it.

- Hopes not to send counties more unfunded mandates as she knows the Child Support Enforcement program will be a challenge for the counties.
- Final figures for the State are not known at this time, but they know they will have tremendous challenges.
- Good news is that revenue and sales taxes have begun to climb and things are slowly turning around.

Comments from Representative Lucas:

- Regarding the ABC issue, he served as Vice-Chair on the committee that made recommendations on the amendments and Cumberland County will fair quite well. ALE officers are not needed in Cumberland County. There will be some combining of small ABC stores, but that does not apply to Cumberland County. A cap was placed on manager's salaries. Ethics training was moved back to the counties, but may be revisited. The bills are expected to move through both chambers with no big changes.
- No changes in the sales tax structure this year are expected.
- Regarding the E-911, there should be no problem with the passage of this bill.
- Regarding the lottery issue, he feels none of the delegates want to tamper with the lottery funds but it will probably be discussed.
- Never wants to impose unfunded mandates on counties.

Comments from Rick Glazier:

- Regarding the ABC System ethics component, he feels some in the Senate are looking at putting this training under a more central umbrella across the board so he feels there will be more discussion on this.
- With regard to the sales tax issue, the State needs to modernize, but many questions need to be answered first and until people are educated on this, no movement will happen.
- Hopes cuts to the JAC and other programs such as this in the Governor's budget will be changed during the session in order to avert the cuts.
- Basically agrees with colleagues on all things except for the lottery funds. The idea for the change in the use of the lottery funds was his idea, but he wants to ensure everyone received the full picture of his reasoning. Given the \$750 - \$850 or more million dollar deficit, the Governor's proposed cuts would cause damage to personnel. He wants to look at cutting discretionary funds to school system as a way to keep jobs of teachers and faculty, as well as maintain classroom size. Considering education is 50% of the budget and salaries are 85% of the education budget, there is simply no way to do this if there is no revenue to support it. Increased enrollment of community colleges has put a stress on the budget, as has the financial aid sector. Other factors include an increase in tuition, as well as escheat funds are going belly up in two years. The discussion is to take \$100 million dollars of the \$176 million dollars in lottery funds for school construction this year and move it on a one time basis to eliminate cuts as much as possible to teachers, teacher assistants and school personnel. The other part of the discussion is to hold counties harmless. The school system would have to take money from their reserve on a one time, one-year basis and pay the county so the county loses nothing in the process. Proposed cuts will affect thousands of teachers if this is not considered.
- A discussion was held a few weeks ago regarding changing the LGC process to deal with moving stimulus projects faster and regulations will be issued to expedite this for counties that have capacity for the requested projects.
- A new government package will be coming regarding ethics and campaign finance reform.
- Consolidation effort on legislation regarding More at Four and Smart Start programs.
- Changes forthcoming on financial aide for schools.
- School funding formula study is on going with report due in early fall.
- Healthcare legislation will need to take place based on the President's plan.

Comments from Representative Brisson:

- Strong supporter of ABC's staying with the counties.
- Don't see much support in the House for the service tax – direct impact to the poor. Does not want to take away sales tax, but might support some of the suggestions for service taxes.

- JAC is one of the best programs in the State and he would not support eliminating funds.
- Supports E-911 Funds flexibility as long as nothing is taken away from the counties.
- Would like to see school calendar adjustments reviewed before using lottery funds.

Comments from Representative Floyd:

- Taxes on services will probably be reviewed in the long session. Revenues from video poker may also be reviewed in the long session.
- Getting the infrastructure projects moving is important.
- He is opposed to the ABC System privatization.
- Certain projects to save jobs need to be addressed.

Comments from Representative Parfitt:

- Agrees there is a need to look at the differences between the State ethics and the local ethics regarding the ABC System.
- Society is purchasing things that are not taxed and there is a need to weigh and put everything on the table for discussion during the long session.
- She absolutely agrees with saving the funding of State supported County programs. She would also add Mental Health as part of this.
- She absolutely supports the E-911 Funds flexibility legislation.
- She supports using the lottery funds for what it was intended for, but wants to be flexible for one-time for short term changes.

Commissioner Keefe questioned Senator Dickson regarding Veterans Services and asked whether any discussion is expected to come up in the short session. Senator Dickson replied she is aware work is needed on this issue, but does not think anything will be discussed in the short session as it would be considered an expansion item. Commissioner Keefe stated at a recent press conference by the Governor, she had some aggressive small business packages she wanted to take forward. He questioned whether anything would come of this. Senator Dickson stated it has a good possibility of being brought to the General Assembly as small businesses need to be helped. One final question from Commissioner Keefe spoke to the video poker discussion. He stated the State lottery is too restrictive at this time and by allowing additional outlets, the State lottery will be hurt. Representative Lucas stated he felt that the video poker business should be taxed.

Commissioner Council thanked the delegation for the job they do and praised the County Manager and his staff for the great job they do in keeping the County in good financial standing. However, she stated the county continues to need monies to help provide good drinking water to Cumberland County citizens and asked for any assistance the delegation could provide to help in this situation.

Representative Lucas agreed a way needs to be found to help the water situation as Cumberland County is one of the largest in the State without good drinking water. He further stated regarding the ABC bill as it now stands, all proceeds will go to the county and he would hope that the County would give back to the school system.

Chairman King thanked the delegation for attending and reminded them counties in North Carolina have no desire to get into the road business and asked the delegation to keep that in mind. He also reminded them highway 295 is also still incomplete and asked them to continue to push for completion of this project.

There being no further business, the meeting adjourned at 9:30 a.m.

Approved with/without revision:

Respectfully submitted,

Marie Colgan
Clerk to the Board