

MINUTES

**Scotland County Board of Commissioners
June 9, 2011 Budget Work Session
507 West Covington Street, Laurinburg NC**

At 8 a.m. Chairman Bob Davis reconvened the meeting for the purpose of a Budget Work Session. Vice Chair McDow delivered a word of prayer. Commissioners in attendance: Chairman Davis, Vice Chair Joyce McDow and Commissioners John Alford, John Cooley, Carol McCall and Guy McCook. Commissioners not in attendance: Commissioner Clarence McPhatter (due to work). Staff in attendance: County Manager Kevin Patterson, County Attorney Ed Johnston and Clerk to the Board Ann W. Kurtzman.

Motion was made by Commissioner Alford and duly seconded by Commissioner McCook to approve request by the City of Laurinburg to hold a public exhibition on July 4, 2011 with use of pyrotechnics pursuant to NCGS 14-413. Vote: Motion unanimously approved.

Chairman Davis distributed two articles from *The Fayetteville Observer* describing budget woes in Harnett County and at Cumberland County Schools. He reminded the Commissioners that Scotland County isn't the only County with budget challenges.

Discussion: DSS move to Speller Building

County Manager Kevin Patterson said it would take an estimated \$193,000 to turn the Speller Building into workable office space, which is double what is in the proposed budget for the project. The \$65,000 annual operating cost is not in the proposed budget. DSS Child support, administration and personnel would move to the Speller Building.

DSS Director Robby Hall said indirect costs for reimbursement on construction would not be permitted. Mr. Hall suggested restructuring the former Commissioners Chamber into a waiting area as a Phase I project, which would have the most immediate affect for the public and DSS staff. He suggested Phase II would be to retrofit the Speller Building for occupancy by DSS units. County Manager Patterson said estimated cost for the Commissioners Chamber project is \$35,000.

Commissioner McCook suggested using the \$56,000 to prepare the Speller Building for occupancy, with project completion and relocation of DSS units to the Speller Building budgeted for FY 2012-2013.

Motion was made by Commissioner Alford and duly seconded by Commissioner McCall to approve completion of the Commissioners Chamber and renovate the Speller Building for occupancy in the 2011-2012 fiscal year, with appropriate budgeting to complete the Speller Building and move DSS in FY 2012-2013. Vote: Motion unanimously approved.

Proposed budget expenditures and revenues

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Chairman Davis said eliminating the Governor's Highway Safety Program position would require the County to return federal monies since the County is only midway through the four-year grant. It was reported it would cost the County more to eliminate the position rather than to let it continue.

County Manager Patterson said he was mistaken about the Commissioners not meeting as the Water Board. He said the Commissioners did meet June 28, 2003, as the Water Board, and that was for the issuance of Water District II bonds. In 1999, when the original bonds were authorized, it was done during a regular meeting of the Board of Commissioners.

Mr. Patterson said he did speak with Department Heads about additional reductions, but they were hard-pressed to continue significant reductions other than those now under consideration by the Commissioners.

Addressing a possible salary reduction, Commissioner Cooley said a better option to a four-day work week would be a shortened work day.

Commissioner Alford said he does not want to consider a furlough, and he would rather find the \$566,000 elsewhere.

Motion was made by Commissioner Alford and duly seconded by Commissioner Cooley to reduce the Board of Commissioners stipends by 50 percent for FY 2011-2012. Vote: Motion unanimously approved.

Commissioner McCook said suspending the 401k contribution would only affect those employees who contribute to 401k.

EMS Director Roylin Hammond said that the Commissioners might consider not purchasing the second defibrillator for \$37,500. He said EMS has seven working defibrillators and delaying the purchase of new ones is "kicking the can down the road." Mr. Hammond asked that defibrillator purchases become part of a future budget.

County Manager Patterson reviewed alternative budget reductions being considered:

- Suspend the 401k contribution and longevity
- Leave the Children's Librarian position vacant
- Delay the purchase of two Sheriff's vehicles
- Delay the purchase of two defibrillators
- Reduce Commissioner stipends by 50 percent

The Commissioners then discussed the \$5.1 million sales tax projection and whether that was conservative or not conservative enough. County Manager Patterson said the \$5.1 million projection is the actual cash flow for the past 12 months, and the State predicts a four percent or greater growth in sales tax for the year to come.

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Commissioner Cooley insisted the projection should be more conservative regardless. He explained that rural areas usually are the last to bounce back from difficult economic times.

Vice Chair McDow said it was her understanding the Children's Librarian would not be cut because the position brings in about \$15,000 in State revenue. Chairman Davis said if program are cut that bring in federal or State revenue, it is difficult to get them back.

The Commissioners directed Deputy Finance Officer Charles Nichols to contact the sales tax division in the Department of Revenue to get some guidance on the sales tax trend.

The Commissioners discussed the importance of being realistic and conservative on sales tax projections rather than aggressive. The Commissioners discussed a possible sales tax projection of \$4.85 million.

Chairman Davis presented three scenarios for the Commissioners to consider. Based on the revaluation, Chairman Davis did calculations on homes valued at \$85,000, \$125,000 and \$150,000 and applied them to a tax rate of \$1.02, 99 cents and 98 cents.

Chairman Davis said no one wants to raise taxes, but he asked the Commissioners to consider the flat rate of 98 cents, which would bring in an additional \$120,000 and a tax rate of 99 cents, which would bring in an additional \$184,000. Chairman Davis suggested 99 cents would help grow the Fund Balance.

Commissioner Cooley said the scenario would not apply to those who would pay substantially more after revaluation. Commissioner Cooley added that when others are facing economic decreases, he would not want to ask the taxpayers to dig deeper in their pockets.

The Commissioners took a break. The meeting resumed at 10 a.m.

County Manager Patterson discussed revaluation. He said the residential markets increased 12 to 13 percent, commercial increased six to seven percent, but industrial decreased 12 to 13 percent. Mr. Patterson added that in land use the 30 percent value realized a significant increase in farm land to 50 percent.

Commissioner Cooley said the amount of land purchased by the Nature Conservancy also decreased the tax base significantly.

Deputy Finance Officer Nichols provided information on the Water Districts, specifically on cash flow in and cash flow out dating back to 2006. Mr. Nichols said all financials are reconciled monthly by the bank.

The Commissioners briefly discussed consolidating the Water Districts. Mr. Patterson said although they could be consolidated the bonds would have to be paid down separately. Mr. Patterson said the positive cash flow of Water District I helps support Water District II. Mr. Patterson said in the proposed FY 2012 budget, the rates will be the same for both Districts.

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Mr. Patterson then reviewed proposed fee schedule for the landfill and transfer station. He provided tipping fee information from surrounding counties. The Scotland County rates would be competitive.

The Commissioners then reviewed highlights from the meeting, which will be part of other already suggested reduction considerations:

- \$100,000 in capital funds would be used to convert the Commissioners Chamber to a waiting area with the remainder used to turn the Speller Building into office space for a 2012-2013 completion and occupancy.
- Retain the Governor's Highway Safety Program position for the duration of the four-year grant.
- Review the Children's Librarian position.
- The Deputy Finance Officer will contact the Department of Revenue for guidance on sales tax projections.
- Board of Commissioners stipends will be reduced by 50 percent for 2011-2012.
- The purchase of two defibrillators will be delayed.

The Commissioners asked to be provided with a budget with a 98-cent tax rate and a budget with a 99-cent tax rate at the June 14 meeting.

Mr. Patterson said the budget currently being discussed is based on a 98-cent tax rate and a \$5.1 million sales tax projection and assumes no capital funds to the schools. Mr. Patterson said he would review the Lottery figures to see how that might change out.

Commissioner McCall said personally she is opposed to a five percent reduction in salary. She said a four-day work week would diminish the level of service provided. Commissioner McCall said furlough could still be an option. Commissioner McCook said furlough days could be scheduled during holidays to allow for a longer break.

Motion was made by Commissioner McCall and duly seconded by Commissioner Alford to recess to 6 p.m. Tuesday, June 14, at the A.B. Gibson Center, 322 South Main Street. Vote: Motion unanimously approved.

Ann W. Kurtzman
Clerk to the Board

Bob Davis
Chairman