

*Scotland County Board of Commissioners budget work session
May 24, 2016, Emergency Operations Center, 1403 West Boulevard, Laurinburg, NC*

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Commissioners in attendance: Chair Carol McCall, Vice Chair Whit Gibson and Commissioners John Alford, Bob Davis, Betty Blue Gholston and Guy McCook. Commissioners not in attendance: Commissioner Clarence McPhatter. Staff in attendance: County Manager Kevin Patterson, Finance Officer Beth Hobbs and Clerk to the Board Ann Kurtzman.

At 9 a.m. Chair McCall reconvened the meeting.

Motion was made by Commissioner Alford and duly seconded by Commissioner McCook to approve the May 24, 2016 agenda as presented. Vote: Motion unanimously approved.

School Budget presentation

School CFO Jay Toland presented the 2017 local budget. The schools are using fund balance to balance the budget due to a reduction in ADM. The budget includes raises for teachers and other personnel mandated by the General Assembly although it will not increase the amount of money the schools receive. Mr. Toland reviewed expenditures by program and noted areas where there were reductions. Mr. Toland reviewed capital outlay revenue and projects for the upcoming year along with facility priorities.

Mr. Toland described a one to one access technology initiative at the high school and middle schools, which would satisfy education and economic development requirements of H.B. 97, a bill that expands sales tax revenue to the County for education, community colleges and economic development. The initiative would cost an estimated \$577,000.

Commissioner Gibson said the County has some definitive needs for industrial recruitment and the Commissioners might not be ready to make that kind of commitment. Superintendent Ron Hargrave said the schools would continue to look at grant opportunities if the expanded sales tax was not made available to the schools but the longer the initiative is put off the further kids might fall behind.

(A break was called, and the meeting resumed at 10:15 a.m.)

Budget projections for 2016-2017

Mr. Patterson said total Water Districts I and II budget is \$1.9 million, which includes funding for water tower renovations using the Water District I fund balance. Total revenues are \$1.7 million. Expenditures are \$1.1 million.

Mr. Patterson said the largest expenditure is for the purchase of water at \$660,000. The budget includes funding for all water towers. A 15 percent increase in water rates is included to cover the 30 percent City of Laurinburg water rate increase. Mr. Patterson said the County water rate increase will help move the Water Districts toward a positive net income.

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Commissioner McCook asked for water rates in surrounding counties as a comparison. He also asked for volume of purchase per day.

Mr. Patterson reviewed what the new water rates would be and noted that households pay more for more water used as a way to encourage conservation. Mr. Patterson said the typical household would see an increase of \$5 a month and it would be reflected on the August bill. Mr. Patterson said the water rates were kept artificially low for a very long time.

Solid Waste

Mr. Patterson said the \$2.1 million budget would have no change in tipping or availability fees while the operational change includes the annual increase from Uwharrie and the purchase of a roll off truck.

City of Laurinburg request regarding tipping fees

Mr. Patterson said the City of Laurinburg might bid direct haul of its MSW to St. Paul's because the tipping fee difference would represent a savings of \$145,000. The City asked if there might be any assistance on the tipping fee. Mr. Patterson recommended the Commissioners consider this next year due to the lateness of the request.

Chair McCall suggested the County Manager meet with the City Manager to determine what the City's position is with the solid waste contract. If the City is moving in that direction, the County needs to know now rather than later.

Mr. Patterson reported that the City brings in \$560,000 in revenue annually for solid waste. The County pays Uwharrie \$370,000. The City accounts for 78 percent of the yard waste and an insignificant amount of C&D.

Mr. Patterson said he would provide the Commissioners with information on how many houses the City demolished and disposed of at the landfill for no fee.

Commissioner McCook said there needs to be a conversation about demolished homes because if the City moves its business elsewhere it would be difficult for the County to provide that service.

Mr. Patterson said he would get more information before the next regular meeting.

General Fund

Mr. Patterson said the FY 2017 budget is not yet balanced although the target budget will be an estimated \$40 million assuming there is no change in the tax rate. The budget will include some employee pay modifications. Mr. Patterson reviewed requested positions from Administration, Health Department, Sheriff and DSS.

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Commissioner McCook suggested the Health Department make a presentation at the June 6 Board of Commissioners meeting on its request for five additional positions and explain how the positions would be funded over the long term.

The Commissioners discussed transitioning employee payroll from once a month to every two weeks. After some discussion the Commissioners agreed to take the issue up in July.

Mr. Patterson said a one percent COLA would cost \$143,555. A one time progression plan on 3/7 anniversary would cost \$232,161 and 3/7 in position would cost \$181,583. The progression plan is expected to ease salary compression.

Commissioner McCook said there is a need for a compensation study and how the County goes about retaining employees.

(A break was called, and the meeting resumed at 11:40 a.m.)

Mr. Patterson reviewed the General Fund by department and made note of any significant changes including capital. The only significant capital project in the budget is repair of the communications tower and communications equipment.

DSS will add a scanning project to start converting paper records to electronic records.

Mr. Patterson said property tax revenues and motor vehicle taxes are on the mark for collections in FY 2016. Sales tax revenues will be close to that of the current year budget. The County Manager said there are several million dollars in capital needs that are not in the budget including \$2 million for Morgan Center and the parking lot paving projects.

Discussion: next steps for school expansion/new construction

Mr. Patterson said if the County went with a COPS for the schools he would recommend bundling it with about \$2 million to take care of some County capital needs that would include upgrades to the parking lots and controls at County facilities for HVAC.

Currently the fund balance is at 18 percent and between \$6 million and \$7 million. Mr. Patterson does not expect an increase this year but he does expect to use some Fund Balance.

The County Manager said parking lots at the government complex, Covington Street, the Morgan Center to satisfy specific parking space needs and possibly the Annex all need upgrades. Mr. Patterson said he does not see an easy way of addressing some of the County's major capital needs.

The Commissioners by consensus said the County should also look at the differences in the funding options for the schools so the best path forward could be determined.

(Commissioner Alford was excused at 12:40 p.m.)

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Mr. Patterson said the budget presented at the June 6 regular meeting would maintain the tax rate. He also would include options on how to reduce the tax rate by one cent or two cents. Mr. Patterson said the budget he presents June 6 will be the recommended budget.

The Commissioners by consensus agreed they wanted to see a reduction in the tax rate.

Vice Chair Gibson said with the positive things the County has done there should be room for at least a one cent tax reduction.

Commissioner McCook asked for a department by department account of where the increases are and why they increased.

Mr. Patterson said even though there have been increases in revenues there have been increases in expenditures. Mr. Patterson said he would recommend a tax rate reduction only if it is sustainable and does not present consequences in the years to come.

Motion was made by Commissioner Gholston and duly seconded by Vice Chair Gibson to adjourn. Vote: Motion unanimously approved. Meeting adjourned at 12:55 p.m.

Ann W. Kurtzman
Clerk to the Board

Carol McCall
Chair