

**IREDELL COUNTY BOARD OF COMMISSIONERS
REGULAR MINUTES
FEBRUARY 19, 2002**

The Iredell County Board of Commissioners met in Regular Session on Tuesday, February 19, 2002, at 7:00 p.m., in the Iredell County Government Center, 200 South Center Street, Statesville, NC.

Present: Chairman Sara Haire Tice
Vice Chairman Karen B. Ray
Tommy E. Bowles
Steve D. Johnson
R. Godfrey Williams

Staff Present: County Manager Joel Mashburn, County Attorney William P. Pope, Finance Director Susan Blumenstein, and Clerk to the Board Jean Moore.

CALL TO ORDER by Chairman Tice.

INVOCATION by Commissioner Johnson.

PLEDGE OF ALLEGIANCE TO THE FLAG: Quint Sorrell, a member of Boy Scout Troop 171 of Williamson’s Chapel United Methodist Church, led the pledge.

ADJUSTMENTS OF THE AGENDA: MOTION by Chairman Tice to approve the following agenda adjustments:

- Deletion: • Appointment Before the Board (Due to illness, Mr. Chandler Bryan was unable to speak regarding the donation of property to Fifth Street Shelter Ministries.)
- Additions: • Request for Approval of Budget Amendment #28 for Lake Norman Rural Transportation Planning Organization Membership Dues
• Request for Approval to Purchase a Register of Deeds Plat System from Cott Systems, Inc., in the amount of \$28,550 (plus \$511 per month for Hardware & Software Maintenance) and Approval of Budget Amendment #29
• Request for Approval of a Capital Project Ordinance in the amount of \$2,885,000 for the New Iredell County Library

VOTING: Ayes – 5; Nays – 0.

-----CONSENT AGENDA-----

MOTION by Commissioner Johnson to approve the following ten (10) consent agenda items.

VOTING: Ayes – 5; Nays – 0.

1. Request for Approval of the January 2002 Refunds and Releases

<u>Releases for the Month of January 2002</u>	\$105,896.86
County	88,710.45
Solid Waste fees	193.00
E. Alexander Co. Fire #1	12.90
Shepherd’s Fire #2	56.70
Mt. Mourne Fire #3	25.34
All County Fire #4	8,719.42
Statesville City	2,739.99
Statesville Downtown	0
Mooresville Town	4,216.16
Mooresville Downtown	0
Mooresville School	1,107.53
Love Valley	0
Harmony	0
Troutman	115.37

<u>Refunds for the Month of January 2002</u>		\$3,648.38
County	2,058.44	
Solid Waste fees	341.17	
E. Alexander Co. Fire #1	0	
Shepherd's Fire #2	0	
Mt. Mourne Fire #3	0	
All County Fire #4	161.30	
Statesville City	234.40	
Statesville Downtown	0	
Mooresville Town	729.91	
Mooresville Downtown	0	
Mooresville School	73.10	
Love Valley	0	
Harmony	0	
Troutman	50.06	

2. Presentation from the Tax Collector on the Unpaid 2001-2002 Taxes that are Liens on Real Property and Request for an Advertising Date of Wednesday, April 24, 2002: During the briefing, Tax Collector Joe Ketchie presented the printout of property tax liens. In addition, Ketchie said a letter would be mailed to property owners that had been delinquent in taxes for the past two years. He said the letter would advise that if the taxes were not paid by February 28, 2002, the county attorney would be given instructions to initiate the steps necessary to collect the taxes or sell the property.

3. Request for Approval of the Statewide Emergency Management Mutual Aid Agreement: Emergency Management Director Larry Dickerson, at the briefing, said the federal government's 2003 budget would include \$37.7 billion to be used to combat bio-terrorism, strengthen intelligence sharing, improve transportation security, as well as other national defense initiatives. Dickerson said the North Carolina Emergency Management Office would handle the funds distributed to North Carolina, and it would be necessary to sign the mutual aid agreement to recoup expenditures. Mr. Dickerson said the agreement was the mechanism to obtain payment for costs incurred while helping another entity.

4. Request for Approval to Apply for an Emergency Operations Center Grant in the Amount of \$5,000 for Equipment (no matching funds required): Larry Dickerson at the 5:00 p.m. meeting, advised that six grants, statewide, were approved last year. Due to the renovations at the Hall of Justice Annex, Dickerson said he would apply for grant funds to be used for new furniture (seminar table to seat up to 30 individuals, chairs, along with additional wiring to tie the current generator to the renovated facility.)

5. Request for Approval of the Annual School Bus Lease for Camp Iredell: During the briefing, Recreation Director Robert Woody said the activity bus lease would extend from May 31, 2002 through August 2, 2002. He said the buses would be used to transport youth participants to Camp Iredell. He said the compensation to the school system would be \$.89 per mile along with the cost of oil/fuel and incidental repairs and maintenance.

6. Request from Eclipse Packaging, Inc., for a Reduction in the Eligibility Requirement for an Economic Incentive Approved in an Agreement dated November 21, 2000: County Manager Mashburn said during the briefing that the minimum amount required of an industry to participate in the county's incentive program was \$3 million. He said that in the past, Eclipse Packaging was approved for an incentive based on a \$6,300,000 investment and the employment of 27 employees. Mashburn said Eclipse recently applied for its incentive, but was denied due to the eligibility requirement not being met. He said Eclipse's president was not aware that the county computed depreciation on the investment. Mashburn said the company wanted the investment to be lowered to \$5,900,000. The county manager said the industry understood that if the requirement were lowered, the incentive would be lowered.

7. Request for Lake Norman Rural Transportation Planning Organization Appointments & Approval of Budget Amendment 28 for Membership Dues: (The following actions were taken.)

- a. Commissioner Sara Haire Tice was appointed to the Rural Transportation Advisory Committee (RTAC).
- b. County Manager Joel Mashburn was appointed to the Rural Transportation Technical Coordinating Committee (RTTCC).
- c. Budget Amendment #28 in the amount of \$4,250.21, to be taken out of contingency, was approved for the membership dues. (The amount includes council of governments' membership hours for Iredell County.)

8. Request for Approval of the Contract with Craig Gaulden Davis for the new Iredell County Library Design Work and Approval of a Capital Project Ordinance: Library Director Steve Messick said during the briefing session that it would take 14 months to construct the new library. Mashburn said he had negotiated with the Craig Gaulden Davis firm and received a 6.50% (\$312,000) architectural fee. He said that in addition, the firm would charge 8% (\$19,200) for interior design. (The board of commissioners agreed to these terms and the following Capital Project Ordinance was adopted.)

Iredell County, North Carolina
Capital Project Ordinance
 Iredell County Public Library

Be it Ordained by the Board of County Commissioners of Iredell County, North Carolina:

Section 1. Funds for this Capital Project Fund will be provided from the following source:

Transfers from Capital Reserve Fund **\$2,885,000**

Section 2. The following costs for the design, construction, and furnishing of the Iredell County Public Library are to be financed by this fund:

Design & Engineering	\$ 331,200
General Construction	2,553,800
Plumbing	-
Mechanical	-
Electrical	-
Furniture & Equipment	-
	<u>\$2,885,000</u>

Section 3. This Capital Project Fund shall continue until the project is complete.

Section 4. Payments from this Capital Project Fund shall be authorized by the County Manager or his designee.

Section 5. Upon completion of the construction project, all funds remaining in this Capital Project Fund will be transferred back to the Capital Reserve Fund.

This Ordinance being adopted February 19, 2002.

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9. Request for Approval of the January 25, January 26 and February 5, 2002 Minutes

10. Request for Approval to Purchase a Register of Deeds Plat System from Cott Systems, Inc., in the amount of \$28,550 (plus \$511 per month for Hardware & Software Maintenance) and Approval of Budget Amendment #29: During the briefing session, Register of Deeds Brenda Bell said her office had been leasing equipment from a company that was now in bankruptcy. She requested permission to purchase a plat system that could be added to her office's index/imaging system. Bell said the funds would be taken from the technology and preservation fund that became effective January 1, 2002.

ANNOUNCEMENT OF VACANCIES OCCURRING ON BOARDS & COMMISSIONS

Centralina Workforce Development Board (1 announcement)
Hazardous Waste & Low Level Radioactive Waste Management
Board (3 announcements)
Animal Grievance Committee (1 announcement)
Historic Properties Commission (4 announcements)

APPOINTMENTS TO BOARDS & COMMISSIONS

Adult Care Home Community Advisory Committee (6 appts.): No nominations were submitted, and Chairman Tice to postpone the six appointments until the March 5 meeting.

VOTING: Ayes – 5; Nays – 0.

Board of Health (2 appts.): by Commissioner Bowles to postpone the two appointments until the March 5 meeting.

VOTING: Ayes – 5; Nays – 0.

Recreation Advisory Committee (1 appt.): Commissioner Johnson nominated David Rothwell.

No further nominations were submitted, and Chairman Tice to close the nominations and appoint Rothwell by acclamation.

VOTING: Ayes – 5; Nays – 0.

Troutman Board of Adjustment (ETJ) (2 appts.): Commissioner Williams nominated Frank Englebert for a three-year term to expire on February 8, 2005 and Jasper Farmer for a one-year term to expire on February 8, 2003.

No further nominations were submitted, and Chairman Tice to close the nominations and appoint Englebert and Farmer by acclamation.

VOTING: Ayes – 5; Nays – 0.

Nursing Home Advisory Committee: Commissioner Johnson nominated Jeff Smith.

Commissioner Bowles nominated Deborah Okamuro.

No further nominations were submitted, and Chairman Tice to appoint Smith and Okamuro by acclamation.

VOTING: Ayes – 5; Nays – 0.

COUNTY MANAGER'S REPORT: County Manager Mashburn said a written activity report had been submitted.

Update on Changes in Budgeted Revenues and Expenditures: Commissioner Johnson asked the county manager to give an update on the county's budget.

Mashburn said it had been an especially difficult year to maintain a balanced budget. He said this was because so many changes had occurred during the year. He reminded everyone of Governor Easley's decision to withhold substantial amounts of revenue that had been budgeted in the state's budget for reimbursements to the county. He said the money, at one time, was county revenue, but the General Assembly decided to use it and reimburse the losses to the counties. Mashburn said the counties had not been able to count on the revenues in the last couple of years because they had been used to balance the state's budget. Mr. Mashburn said that in addition to this problem, the county had over projected the anticipated ad valorem tax revenues, and the sales tax distributions were down due to the economy.

Finance Director Susan Blumenstein then gave the following information about the revenue shortages.

“The county receives sales tax distributions on a quarterly basis. The distribution received in November was for the July, August, and September retail sales. On February 15, 2002, the distributions for October, November and December were received. Recently, a notice came from the League of Municipalities indicating the state had issued some numbers that said the distribution would be about seven-and-a-half percent less than it was at this same point in time last year. There was no growth at all, and actually, there was a five percent slide. Today, I received the actual figures and the two one-half cent sales taxes, which are distributed on a population basis, were 7.75% less than what we received last year. The one percent sales tax which is received on a point-of-sale basis was 7.13% less than this same point in time last year. However, on the one percent sales tax, the first two quarters did net a 5% increase over the prior year. I feel that for the rest of this year, we’ll be slightly under budget in the one percent sales taxes, or about \$66,550. However, on the two one-half cent sales taxes, it’s estimated the next distribution, to be received in mid-May for the first quarter of 2002, will be approximately three percent less than this same period last year, and then the final quarter, with the money to be received on August 15, a two and half percent decrease will occur over the prior year. Although retail sales statewide are expected to pick up, it’s expected there will be decreases in the taxes. Net effect, I believe our sales taxes this year will be \$1,127,626 less than budget.”

“The other piece of information, presented at the briefing, outlined two plans on how to deal with the changes. Sales taxes estimated to come under budget were \$1,127,626 lower than anticipated. The state has withheld \$786,238 in inventory taxes, \$330,000 in beer & wine taxes, and withheld \$103,995 in the elderly homestead exemption. We expect to come in \$470,030 short in ad valorem taxes due to the personal property tax valuation that has not had as much growth. Growth has occurred, but some industries have closed. Interest on investments will be down about \$540,000. On a good investment, the current yield is about 1.8% -- public funds are a little less than open market. The rates are bad now. The Public School Capital Fund will be less by \$327,825. This is due to the state setting its estimates too high for the next ten-year period. Other net decreases that will occur are \$337,664. This gives a total decrease in revenues -- what we do not expect to receive -- of \$4,023,378. This leaves the net estimated revenues at \$102,526,102.”

“Two plans (A & B) have been presented to deal with the situation. On Plan A, on the expenditure side, generally the county spends about 97% of the budget. This would leave \$3,113,030 or the remaining 3%. We would reduce the transfer to the Capital Reserve Fund (\$2,500,000 was budgeted) by \$910,348. It would still be necessary to use \$2,463,206 from fund balance to balance the budget. This would drop the fund balance to \$10,295,925 or slightly over ten percent of the adjusted expenditure budget. This would result in lifting the freeze on certain general fund capital outlay items that were frozen by the commissioners last July of \$281,800. We would amend the operating transfer to the Capital Reserve Fund to \$1,589,652. This would be designated for the library project making available \$4,474,652.”

“Plan B would result in the same amount of revenues; however, 30% of the 1983 sales tax is restricted for school capital. The 1986 sales tax has 60% restricted for school capital, so in our budget estimates we appropriated those restricted sales tax revenues for school capital. Plan B, instead of the county taking the entire hit, would reduce the capital outlay appropriation to the schools by the same amount of restricted sales taxes that we do not expect to receive or \$465,517. That’s the restricted portion of the two one-half cent sales taxes. We would also expect not to spend three percent of our operating budget. This way would reduce our transfer to the capital reserve by only \$44,831. The \$2.5 million operating transfer, originally budgeted to go to capital reserve, would decrease to”

\$2,055,169. It would result in the same fund balance at June 30, 2002 of \$10,295,925. It would lift the freeze on the general fund items and it would make available to the library project, \$4,940,169. We've tried to look at two ways to spread the burden of the reduced revenues. Instead of the county making up through ad valorem taxes the restricted sales taxes, Plan B would reduce some school capital."

Commissioner Johnson thanked Mashburn and Blumenstein for staying abreast of the changes and keeping the board members informed. Johnson said the situation was not due to the commissioners mishandling the budget, it was due to the state mishandling its budget and not reimbursing the counties, as well as the faltering economy.

(Note: During the briefing session, the board, by consensus, agreed to choose Plan B. A table showing the two plans is included in the briefing minutes.)

ANNOUNCEMENT OF THE GOVERNMENT FINANCE OFFICERS ASSOCIATION'S (GFOA) AWARD FOR EXCELLENCE IN FINANCIAL REPORTING: Chairman Tice said she had received a letter announcing that Mrs. Blumenstein had achieved the GFOA award. Mrs. Tice praised Blumenstein for her dedication and excellent work.

ADJOURNMENT: At 7:30 p.m., Chairman Tice moved to adjourn the meeting. **NEXT MEETING:** Tuesday, March 5, 2002, 5:00 p.m. and 7:00 p.m., in the Iredell County Government Center, 200 South Center Street, Statesville, NC.

Approved: _____

Clerk to the Board