

**IREDELL COUNTY BOARD OF COMMISSIONERS
REGULAR MINUTES
JULY 2, 2002**

The Iredell County Board of Commissioners met in Regular Session on Tuesday, July 2, 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 Bill Pope, Finance Director Susan Blumenstein, and Clerk to the Board Jean Moore.

CALL TO ORDER by Chairman Tice.

INVOCATION by Commissioner Johnson.

PLEDGE OF ALEGIANCE

ADJUSTMENTS OF THE AGENDA: **MOTION** by Chairman Tice to adjust the agenda by adding a Request for Approval to Select Single-Prime Only Bidding for the Renovations of the Iredell County Government Center-South Project.

VOTING: Ayes – 5; Nays – 0.

PUBLIC HEARINGS

Chairman Tice declared the meeting to be in a public hearing.

CONSIDERATION OF THE ADOPTION OF A RESOLUTION THAT WILL ENABLE THE COUNTY TO LEVY THE THIRD ONE-HALF CENT SALES & USE TAX: County Manager Mashburn said the purpose of the hearing was to receive public input concerning the one-half cent sales tax authorized by the General Assembly that could become effective July 1, 2003. He said the General Assembly in 2001 approved Article 44 that increased the sales tax by a one-half cent through June 30, 2003. Mashburn said the counties had been given the option of levying the tax as of July 1, 2003.

In addition, Mr. Mashburn said the North Carolina Senate recently passed its budget, and it contained a plan to allow the counties to accelerate the tax collection. He said the House, however, had not passed its budget. Mashburn said that if the House approved the tax acceleration, counties could start collecting as of August 1, 2002. He said another resolution would be required, but not a public hearing.

County Finance Director Blumenstein said the one-half cent tax would be distributed 50% on per capita in Iredell County, compared to the entire state, and 50% on point of origin. She said that for FY 03-04, the tax would bring in \$4,390,500 for Iredell County. The return for the municipalities would be:

Harmony	\$ 22,511
Love Valley	3,093
Mooresville	616,736
Statesville	851,348
Troutman	78,340

Commissioner Williams asked the manager to explain why the board members were being asked to consider the tax.

Mashburn said the county was expected to lose \$3.2 million in reimbursements from the state next year. He said that for many years the county had received reimbursements for intangible taxes, inventory taxes, homestead exemptions, sales taxes on food stamps, and beer and wine taxes. Mashburn said the Governor withheld the money last year, but released it towards the latter part of the year. He said the Governor had withheld the funds this year and there wasn't much hope they would be returned due to the state facing a \$2 billion shortfall next year.

Commissioner Williams asked what assurance the county had that the state wouldn't withhold the half-cent sales tax if the resolution was approved.

Mashburn said the General Assembly could go into session and eliminate the legislation permitting the tax levy, but the Governor could not withhold the sales tax. He said the Governor could not withhold the current one cent sales tax or the two one-half cent sales taxes. He said the reimbursements were just "promises" the General Assembly had made to the counties when legislation eliminated the intangibles taxes, inventory taxes, etc. Mashburn said the counties had accepted the General Assembly's legislation in "good faith" thinking the reimbursements would be distributed.

Commissioner Johnson explained to the audience members that the commissioners felt there was a fiduciary responsibility to maintain the financial viability of the county. He said the reason the commissioners were even discussing the tax was because state officials had repeatedly rejected economic forecasts. He said four different economists had predicted the economy was going to slow down. Johnson said, "The legislature and the Governor's office continued to predict economic growth in North Carolina of four to four and a half percent while everyone else said it would be much lower. When the funds didn't materialize, they simply didn't pay us what they owed to us. People of more liberal persuasion than myself will argue that the budget shortfall is due to the fact that when the Republicans dominated the House in Raleigh, they cut corporate and personal income taxes in the mid-90s. Even the Democratic Secretary of State on *Legislative Week in Review* said one Sunday that two years after that, state government revenues were rising at an unprecedented rate. Why were they? Because they cut the marginal tax rate. Anytime the marginal tax rate is cut it frees up capital. It puts more money in the hands of the people and it spurs the economy. The economy was growing at an unprecedented rate. The rate of growth did slow down when the economy slowed down, but the state people kept on spending money." Mr. Johnson continued by saying, "Medicaid in the last twenty years has gone up more, per capita, than 700%. They continually shift the responsibility of paying for Medicaid to the county level. Last year, the county had to pay well over one million dollars. Conservatively, we picked up about \$1.8 million in new costs that was shifted to us. On budget items that are directly under the purview of this board and staff, it has been pretty bad." Mr. Johnson also mentioned that in recent years, the legislature had shifted school utility costs to the counties. He said that according to his calculations, if the money had been taken from the time the legislature made the counties start paying utilities -- from that point until construction began on Lakeshore School, enough money in utilities had been spent to pay for the school. Johnson said the \$1.8 million and the \$3.2 million for the school amounted to \$5 million that had been shifted to the county.

Commissioner Ray concurred with Mr. Johnson. Ray said she wanted the public to understand the predicament the county was facing.

Buddy Hemric (opponent of the tax levy resolution) said he was speaking on behalf of the Iredell Citizens for Integrity organization. He said the group was "always opposed to any taxes and tax increases." Hemric said many people were unemployed, and this was one reason why the tax should not be levied. He said there was no guarantee the state would send the sales tax revenue to the county. He suggested that rather than passing a resolution to increase taxes, the county should adopt one to sue Governor Easley and the state.

Charles Carter (opponent of the tax levy resolution) said he concurred with Commissioner Johnson's comments. He said that every time a tax increase occurred the money was sent somewhere else, and the local people were no better off than before.

Chris Shoobridge (proponent of the tax levy resolution) said he was a parent, a past PTO officer in the Cool Springs community, a property owner, a realtor, and he encouraged the passage of the resolution. He said that in his dealings with people considering a move to Iredell County, the question of tax levels was rarely discussed. Mr. Shoobridge said there were more important goals than being one of the lowest-taxed counties in the state. He encouraged passage of the resolution in order to help maintain and support the public school system.

No one else requested to speak, and Chairman Tice adjourned the hearing.

Commissioner Williams said that within 30 days, probably more information would be given out of Raleigh. Williams said he didn't see a "rush" to approve anything.

Commissioner Ray said the problems began in Raleigh, and the problems needed to be solved there.

Commissioner Johnson mentioned that Cabarrus County Commissioner Coy Privette had contacted him about a potential lawsuit against the state. He said more information about the lawsuit would be obtained.

Commissioner Bowles said, "The bad thing about a lawsuit is that it will put them (state) in more of a financial situation, and we all pay state taxes."

(No action taken on the resolution.)

CONSIDERATION OF A PROPOSED FINANCING AGREEMENT PERTAINING TO THE PURCHASE/RENOVATION COSTS OF THE IREDELL COUNTY GOVERNMENT CENTER-SOUTH FACILITY: Chairman Tice announced it was the time and day arranged for the public hearing upon the proposed financing for the Iredell County Government Center-South facility to be used as a government services building pursuant to an installment financing agreement.

Attorney Bill Pope said installment financing was authorized by G.S. 160A, and it was a mechanism to finance the acquisition and construction of certain real and personal property. He said a unit of government could borrow money on time by pledging equipment as collateral, and the taxing authority would not be pledged. Mr. Pope said that if the debt was not repaid, the only remedy the creditor had was to take the property. He said there was also a non-appropriation obligation on the part of the local government. Pope added that the interest rate was a little higher on installment financing than it was for general obligation bonds, where a full vote of the people was required.

Blumenstein said there were two parts to the financing. The first involved an amount of \$3,510,000 with \$1.9 million of it paying off the existing note and the remainder of \$1,610,000 for renovations, architectural/engineering fees, asbestos abatement, and site work. She said Bank of America had been approved for the financing on June 18, 2002, at 4.59% for 15 years. Blumenstein said the second part of the financing involved the renovations of the third floor for \$923,200 if a lease with the North Carolina Department of Environment and Natural Resources could be negotiated. She said that if the lease was successful, the financing would be 10 years at 4.49%. Blumenstein said the \$923,200 would not be borrowed if the lease negotiations failed.

Charles Carter (opponent of the financing) said the building was about 50 years old. Mr. Carter said the financing was going to cost 5 or 6 million dollars. He said that during the meeting, no one had talked about the structure's roof, the heating and air conditioning system, or how much the interest would cost. Mr. Carter said the county could have obtained adequate floor space for less than half of the money.

No one else requested to speak.

Chairman Tice said the hearing was required by law, but no action was needed.

REQUEST FOR APPROVAL TO SELECT SINGLE-PRIME ONLY BIDDING FOR THE RENOVATIONS OF THE IREDELL COUNTY GOVERNMENT CENTER-SOUTH (ICGC-S) FACILITY: Support Services Director Jim Vernon recommended single-prime bidding for the ICGC-S. He said local governments could choose between single-prime or multi-prime bidding when placing construction work out for bids. Vernon said the project's architects, as well as some construction representatives, had indicated the overall cost would be less if single-prime was used.

Mashburn said that when there were several multi-prime contractors, the coordination between them sometimes made the costs increase.

Vernon said the project was for the renovation of an existing building -- it was not new construction. He said this was why single-prime bidding was recommended.

MOTION by Commissioner Bowles to accept the staff's advice and proceed with single-prime bidding on the Iredell County Government Center-South project.

VOTING: Ayes – 5; Nays – 0.

COUNTY MANAGER'S REPORT: Mr. Mashburn invited the commissioners and media on a tour of the new landfill cell on July 16, 2002, at 4 p.m.

ADJOURNMENT: **MOTION** by Chairman Tice to adjourn the meeting at 8:10 p.m. **NEXT MEETING:** Tuesday, July 16, 2002, at 5:00 p.m., for an agenda briefing and at 7:00 p.m., for the regular meeting in the Iredell County Government Center, 200 South Center Street, Statesville, NC. (Optional tour of the new landfill cell at 4:00 p.m.)

VOTING: Ayes – 5; Nays – 0.

Approved: _____

Clerk to the Board