

COLUMBUS COUNTY BOARD OF COMMISSIONERS**Thursday, May 22, 2003****6:30 P.M.**

The Honorable Columbus County Commissioners met on the above stated date and at the above stated time in the Administration Building, Economic Development Conference Room, 111 Washington Street, Whiteville, North Carolina, to conduct a Budget Workshop for 2003-2004.

COMMISSIONERS PRESENT:

C.E. "Gene" Wilson, **Chairman**
 Bill Memory, **Vice Chairman**
 David L. Dutton, Jr.
 Kipling Godwin
 Sammie Jacobs
 Amon E. McKenzie
 Lynwood Norris

APPOINTEES PRESENT:

Billy Joe Farmer, **County Administrator**
 Darren L. Currie, **Assistant County Administrator**
 June B. Hall, **Clerk to Board**

MEETING CALLED TO ORDER:

At 6:30 P.M., Chairman Wilson called the Budget Workshop to order. The invocation was delivered by Commissioner McKenzie.

BUDGET MESSAGE:

Billy Joe Farmer, Columbus County Administrator, informed the Board the 2003 - 2004 Columbus County Proposed Operating Budget had been prepared through the diligent efforts of the Budgetary Staff and the cooperation of the Department Heads. We are able to present this proposed budget with no tax increase but we had to cut numerous items and this leaves no cushion for the unexpected occurrences and emergencies. The following Budget Message was presented to the Board.

B U D G E T M E S S A G E

TO: Mr. C.E. Wilson, **Chairman**
 The Honorable Columbus County Board of Commissioners

FROM: Billy Joe Farmer
COUNTY ADMINISTRATOR

DATE: June 02, 2003

RE: Columbus County Fiscal Year
2003-2004 Fiscal Year Budget Highlights

Overview

This year, as was the preceding year, has been one of the toughest financially I have experienced in almost 17 years of management, and I have again been forced to make many hard decisions in providing to you a balanced budget. I have again budgeted much closer than would be my norm during less trying times, thus making a significant increase in the general fund balance during this period a very difficult proposition.

Funding was allocated in order of importance as promulgated during our recent goal setting workshop session. As with last year's budget, a lack of revenues resulted in the lower ranked items not being proposed for funding. You do, however, have a balanced and workable budget prepared and presented to you.

It is of some comfort to know that all 100 counties and most municipalities are again suffering similar situations, mostly caused by the same circumstances. Columbus County began the fiscal year 2002-2003 budget process with revenues short of meeting expenditures equal to more than 17 cents per \$100 of tax valuation. It was stated by staff at that time that, should we get through the 02-03 fiscal year without a tax increase, such would surely be required for a balanced budget in 03-04.

I am proud to advise that the budget presented to you contains no proposed tax increase. This was made possible through a concerted team effort of staff and department heads working together

toward a unified goal. All put aside individual wants in lieu of the good of the team as a whole.

The following are some highlights of the 2003-2004 budget proposal. This information, while not intended to be all-inclusive, is hoped to provide a useful cross section of areas of change and interest in this year's budget.

Revenue Savings

Insurance Savings – In an effort to stop the tremendous increases levied to Columbus County recently for major medical and workers compensation insurance, staff requested and received proposals from differing providers based on existing specification provisions. This effort resulted in a savings of approximately \$300,000 in major medical and approximately \$200,000 in workers compensation premiums.

Medicaid Cost-Share Increase – Current fiscal year expenditures for Medicaid are projected at approximately 4.7 million. State estimates for fiscal year 2002 – 2003 were for a Columbus County expenditure of 6.3 million, however, the actual amount required now appears nearer to 4.7 million. As you recall, the County actually budgeted 5.5 million for 02-03, an amount staff believed to be a more reasonable estimate.

Solid Waste Releases – Based on recent measures taken in the area of solid waste releases, the amount estimated to be released in 03-04 is reduced from approximately \$200,000 to 50,000, for a savings of 150,000.

Previously Questionable Revenue Sources

Funding sources were identified that were previously questionable and used to close the revenue and expenditure deficit gap. The most notable of these are as follows.

ADM School Construction Funds – This item has been budgeted in the amount of \$250,000.00. This traditional funding source was proposed to be withheld by the governor, but was included in both the house and senate budgets. Should such have not been funded, it is very probable the County would be required to compensate with local funds.

Third ½ Cent Sales Tax "Hold-Harmless" – Funds in the amount of approximately \$358,000 intended for Columbus County under the "hold-harmless" provision of the 3rd ½ cent sales tax were proposed to be withheld by the governor, but have been included in both the house and senate budgets.

Cost Cutting Measures

All department heads met with Administration staff and explained their budget requests. Staff and the department heads then agreed to various reductions in certain line items of the budgets as presented. During the process of making revenues and expenditures balance, staff then requested and received a 5% reduction to all expenditures not associated with salary from all departments directly affecting the General Fund. All new General Fund staff positions were then eliminated, as were all new capital expenditures associated with said new staff positions. Many other capital expenditures were reduced.

Revenue Losses

Reinstatement of the Refund for paying Property Taxes Early - One hundred and sixty-five thousand dollars (\$165,000) is reduced from property taxes collected by reinstating the 2% discount for early payment.

Environmental Exemption Loss – International Paper is attempting to gain an exemption for property that would otherwise be taxable based on its intended use of meeting environmental regulations. If successful, this would amount to a loss of approximately \$780,000 in ad-valorem taxes *collected*. In anticipation of this even occurring, this amount has not been included in the 03-04 tax collection projection.

Staff Compensation

Pay raises have been calculated for staff based on bringing all staff currently falling between pay grades to the next pay grade, then giving all a one pay grade increase. A pay grade is 2 ½ %. A few positions are being considered for a slightly higher increase.

Multi-function Governmental Complex

The sum of \$300,000 has been budgeted for renovation of the building and land purchased in 02-03 for use as a governmental complex housing like functions such as Tax Administration, Register of Deeds, Purchasing, ITS/GIS, etc.

Department Creation and Consolidation

Purchasing Department – A Purchasing Department has been created with a staff of one in this budget with a proposed expenditure of approximately \$54,000. This amount is expected to be more than realized in cost savings and efficiency of operations. It is intended that the Purchasing Director can create a County Garage from the savings in the existing departmental line items for vehicle and equipment maintenance.

ITS/GIS – Existing staff from the Tax Department and EMS are consolidated in this budget proposal under a separated ITS/GIS Department to serve all county departments. Funding of staff derived from the Tax Department will be provided from the General Fund as is being done currently, and funding for staff derived from EMS being provided by a combination of General Fund and “earmarked” funds, also as currently.

Fire & Rescue

In accordance with Columbus County’s contracts with the Fire and Rescue units operating within the County, funding was increased during 02-03 to its original level of \$9,563 for fire departments and 15,142 for fire and rescue versus the previous year’s reduction to 7,650 and 12,114 for a total expenditure of 234,297. This contractual amount, however, has been in effect for many years and is therefore proposed for a 5% increase in the 03-04 budget. Fire Departments are proposed to increase to \$10,041, and Fire and Rescue departments to \$15,900, for a total expenditure of \$246,000.

Enterprise Funds

Solid Waste – Solid Waste fees were not budgeted for any increases. The proposed fee schedule is:

* Regular Tipping Fees	45/ton
* LCID Tipping Fees	35/ton
* Operations Fees:	
a) County Resident	177/year
b) Municipal Resident	87/year

Water District I Rate Increase – Water District I statistics show that 46% of its customers use 2,000 gallons of water or less per month. Accordingly, the minimum charge for the first 2,000 gallons in District I has been raised to \$27. A flat charge of \$4.00 per thousand gallons is implemented for all usage over 2,000 gallons. This will result in almost ½ of District I customers receiving a water bill of \$27 per month.

Water District II – Water District II statistics show that 64 % of its customers use 2,000 gallons or less of water per month. Approximately 1830 residences have lines running in front of their property, however, approximately 50 of these are located in Boardman. An availability fee of \$19, and an O&M charge of 12 for the first 2,000 gallons and 4/1,000 thereafter is proposed to meet the required expenditure of \$648,000 projected for 03-04.

Water District III – Statistics in Water District III show that 68 ½ % of its customers use 2,000 gallons or less of water per month. Approximately 1314 residences have water lines running in front of their property. An availability fee of \$22, and an O&M charge of 30 for the first 2,000 gallons and 4/1,000 thereafter is proposed to meet the required expenditure of \$511,337 projected for 03-04.

Additional Sources of Revenue

Ad-valorem Property Tax Collections – Tax collections were calculated based on a collection rate of 94%, thus adding approximately \$354,000 to the General Fund revenues.

Self-Insured Funds Returned – Funds in the amount of approximately \$311,000 from when the County was self-insured will be received in the 02-03 budget. These funds are shown in the 03-04 budget as an appropriation from the General Fund.

Transfers from Other Departments to the General Fund – Transfers to the General Fund from other

departments are as follows:

- 1) \$715,000 from Solid Waste
- 2) 1,000,000 from the Health Department
- 3) 340,000 from the Department of Aging
- 4) 50,000 from Water District I
- 5) 25,000 from Water District II
- 6) 25,000 from Water District III

Other Items of Interest

Jail Project - The current jail project, if completed, would require a yearly principle and interest payment of approximately 540,000, along with a yearly operations and maintenance cost of approximately 250,000, for a total yearly cost of almost 800,000. Based on each penny of property tax collected raising 225,000, this project will require a 3.5 cents tax increase for the life of the project---38 years. Given the elderly population of Columbus County, the majority of the population will be paying this tax increase until their deaths. Since the jail project was not listed by the Board of County Commissioners in the goals and priorities setting workshop, and since other options may exist to fill the need for incarceration, this item has not been included in the proposed 03-04 budget.

Courthouse - Based on the recently acquired information regarding the state of the existing courthouse, and difficulties such poses on expansion, this item has not been listed in the proposed 03-04 budget proposal._

It is believed that options possible for the jail and courthouse require policy decisions which are not yet determined, and funding outside the scope of this budget without such determinations.

Conclusion

Staff has worked hard to give you a balanced budget proposal for fiscal year 2003-2004; however, the budget is by statute the Columbus County Board of Commissioners' budget. Please amend and make changes as appropriate as you work on the Budget and conduct the Public Hearing so as to best accomplish the objectives and policies of the Board of Commissioners and Columbus County.

Respectfully submitted,

Billy Joe Farmer
County Administrator

WATER DISTRICTS - SELF-SUFFICIENCY OPERATION:

Lengthy discussion was conducted relative to the operational water districts within the county becoming a self-sufficient system. Various methods were suggested and explored to accomplish this task. The three (3) dominant methods to use are as listed below:

1. Impose an infrastructure charge and a P&I charge to the customers who are signed up;
2. Impose an ad valorem tax on the people within the district; **and**
3. Mandatory hookup.

After an in-depth discussion was conducted by the Board relative to the pros and cons of the mandatory hookup, a role call was taken with the following results:

AYES: Commissioners Godwin, McKenzie, Dutton, Memory, Jacobs, Norris and Wilson.
NAYS: None.

It was the general consensus of the Board for Billy Joe Farmer, Columbus County Administrator to prepare an Ordinance for Mandatory Hookup and present this at the June 2, 2003 Board Meeting.

TAX - PROPOSAL to INCREASE TAX COLLECTIONS:

Richard Gore, Columbus County Tax Administrator, presented the following Proposal to Increase Tax Collections which was taken under advisement at the May 19, 2003 Board Meeting with very strong emphasis placed on Item C, the restructuring of the present GIS Department and a strong recommendation for the person to be hired as the GIS Director.

Memorandum

To: Board of Commissioners
 From: Richard J. Gore
 Tax Administrator
 Date: May 6, 2003
 Subject: Proposal to Increase Tax Collections

- A. User fees for waste collection to be billed by Tax Department with collections, releases, and refunds administered by Solid Waste Department.
1. Separate notice sent in July for waste collection fees.
 2. Bill will state that partial payments may be made through January 5th with no interest.
 3. Bill will state that waste collection fees will be collected in the same manner as property taxes and will become a lien on real property if not paid
 4. Waste collection bills will be connected to an account number and a specific property number as they have in past years.
- B. Hiring of collection assistant to work with Deputy Tax Collector on garnishments, payment schedules and foreclosures.
1. Will allow a more systematic and orderly schedule for dealing with delinquents.
 2. More contacts can be made.
 3. Telephone relief that will enable collector to spend more constructive time on legal process.
- C. Restructuring of present GIS Department (located in same building as tax records) that will include hiring of a GIS Director who is capable of writing programs and installing software that will benefit all departments.
1. County presently paying two (2) vendors for this service.
 2. Tax department has the general GIS base that will benefit all county departments.
 3. A capable director can build from this base programs that will provide statistics about each department.
 4. GIS data is constantly changing and is a great tool to study county demographics.
 5. In my opinion a full time GIS Director can get the full benefit of a GIS system at a lower cost than specific benefits obtained from outside vendors.
- D. Two percent (2%) discount for August payment.
1. Early payments insure collection rates that could prove difficult waiting after December to pay.
 2. Tremendous work load relief for end of December through January 5th.

I feel that these changes will allow us to bring tax years 2000 - 2002 to an acceptable collection percentage that will in turn show an increase in the current collection rate. Results should be seen within the first year. (See attachment of prior year collection rates).

After lengthy discussion was conducted between the Board and Richard Gore, it was the general consensus of the Board for the Proposal to Increase Tax Collections to be handled in the following manner:

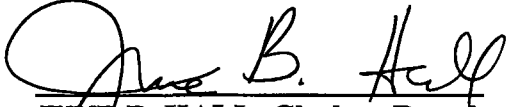
1. **Item A** - Billy Joe Farmer, County Administrator, Richard Gore, Tax Administrator and Chuck Stanley, Solid Waste Officer, to meet and resolve and to bring the results back to the Board;
2. **Item B** - Acceptable;
3. **Item C** - Eliminate completely; and
4. **Item D** - Acceptable.

In addition, it was recommended that Richard Gore, Tax Administrator, add Goals to be Met in this proposal to be presented back to the Board.

ADJOURNMENT:

At 9:41 P.M., the 2003 - 2004 Budget Workshop was adjourned.

APPROVED:


JUNE B. HALL, Clerk to Board


C.E. WILSON, Chairman