

**COLUMBUS COUNTY BOARD OF COMMISSIONERS
BUDGET WORKSHOP
Monday, March 16, 2005
6:30 P.M.**

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

COMMISSIONERS PRESENT:

Sammie Jacobs, **Chairman**
Kipling Godwin, **Vice Chairman**
Amon E. McKenzie
James E. Prevatte
Lynwood Norris

APPOINTEES PRESENT:

Billy Joe Farmer, **County Manager**
James E. Hill, Jr., **County Attorney**
Darren L. Currie, **Assistant County Manager**
June B. Hall, **Clerk to Board**

COMMISSIONERS ABSENT:

David L. Dutton, Jr.
Bill Memory

APPOINTEE ABSENT:

Roxanne Coleman, Finance Officer

MEETING CALLED TO ORDER:

At 6:30 P.M., Chairman Jacobs called the meeting to order.

ESTABLISHMENT OF PUBLIC HEARING FOR REQUESTING FOR FINANCING FOR CONSTRUCTION OF COLUMBUS COUNTY JAIL AND CLASSROOMS FOR WILLIAMS TOWNSHIP SCHOOL:

Billy Joe Farmer, Columbus County Manager, stated the Local Government Commission requires that a public hearing be established and conducted for the public's input as part of their application package for the financing of the Columbus County Jail and the classrooms for Williams Township School. Mr. Farmer stated in order to be within the legal requirements, this public hearing will need to be held on March 28, 2005.

After discussion was conducted, it was the general consensus of the Board to establish March 28, 2005, at 6:30 P.M., in the Dempsey B. Herring Courthouse Annex, 111 Washington Street, Whiteville, North Carolina, as the date for the public hearing for the request for financing for construction of the Columbus County Jail and classrooms for Williams Township School.

DISCUSSION OF 2005-2006 COLUMBUS COUNTY PROPOSED OPERATING BUDGET:

Billy Joe Farmer, Columbus County Manager, and Darren L. Currie, Columbus County Assistant County Manager, distributed copies of a compilation of budgetary figures for review and consideration in the preparation of the Columbus County 2005-2006 Proposed Operating Budget as follows, and for the purposes of in-depth discussion at later Budget Workshops.

REVENUE:**(Variables****DEDUCTIONS to BUDGET:**

| | | | |
|------------------------------------|--------------|----------------------------------|---------------|
| Tax Rate | 0.78 | Hill Building remaining | (\$100,000) |
| Collection % Real | 0.93 | Payback-Jail, School, Courthouse | (\$1,000,000) |
| Collection % Personal | 0.93 | Connection to District 1 and 2 | (\$680,851) |
| Collection % Vehicle | 0.70 | Guideway School Match | (\$44,000) |
| Ad Valorem FY 2004/2005 | \$18,506,682 | Eastern End Feasibility Study | (\$6,000) |
| Total County Property Value | | Prison Infrastructure | (\$42,500) |

| | | | |
|---------------------------------|------------------------|---|----------------------|
| Real | \$2,200,000,000 | Water Feasibility Study for 4 Counties | (\$4,500) |
| Personal | \$593,666,892 | District 3 Debt Service Shortfall 04/05 | (\$160,000) |
| Vehicle | \$256,410,256 | District 2 Debt Service Shortfall 05/06 | (\$300,000) |
| | | District 3 Debt Service Shortfall 05/06 | (\$292,000) |
| REAL TOTAL | \$15,958,800.00 | Revenue Shortfall - Health Dept | (\$1,200,000) |
| PERSONAL TOTAL | \$ 4,306,459.63 | Revenue Shortfall - Solid Waste Dept | (\$1,100,000) |
| VEHICLE TOTAL | \$ 1,400,000.00 | Revenue Shortfall - Dept of Aging | (\$450,000) |
| | | Tax Collection Shortfall 04/05 | (\$390,000) |
| GRAND TOTAL: | \$21,665,259.63 | CDBG Concentrated Needs 05/06 | (\$70,000) |
| | | 2nd Part of Pay & Classification Study | (\$500,000) |
| Fire Tax Multiplier | 0.1458 | City of Whiteville Rec Bldg Funds | (\$75,000) |
| | | | |
| WATER DISTRICT TAX: | | TOTAL DEDUCTIONS: | (\$6,414,851) |
| Water District 2 Rate per \$100 | 0.15 | | |
| Water District 3 Rate per \$100 | 0.11 | RESCUE TAX: | |
| Water District Collection Rate | 0.93 | County-Wide Rescue Tax FY 04/05 | \$353,400 |
| | | County-Wide Rescue Tax FY 05-06 | \$409,200 |
| Water District 2: | | 8 Rescue Departments Allocation | \$51,150 |
| FY 2004-2005 | \$212,673,541 | Rescue Tax Rate | \$0 .02 |
| FY 2005-2006 | \$300,000,000 | Revenue Neutral Tax Rate 05-06 | \$ 0.017 |
| Value Increase | 29.11% | | |
| Revenue | \$450,000 | | |
| | | | |
| Water District 3: | | | |
| FY 2004-2005 | \$122,681,875 | | |
| FY 2005-2006 | \$165,000,000 | | |
| Value Increase | 25.65% | | |
| Revenue | \$181,500 | | |

| FIRE DISTRICT | CURRENT FY | TAX RATE FY 04-05 | FY 05/06 | TAX RATE FY 05-06 |
|----------------------|-------------------|--------------------------|-----------------|--------------------------|
| *Whiteville Rescue | \$128,000 | 0.02 | \$146,661.12 | 0.017 |
| **Evergreen | \$20,000 | Fee | \$20,000.00 | Fee |
| **North Whiteville | \$56,600 | Fee | \$56,600.00 | Fee |
| | | | | |
| Acme Delco | \$176,000 | 0.12 | \$201,659.04 | 0.105 |
| Bolton | \$23,300 | 0.06 | \$26,696.91 | 0.052 |

| | | | | |
|-------------------|----------|------|----------------|--------------|
| Brunswick | \$82,600 | 0.07 | \$94,642.25 | 0.061 |
| Buckhead | \$8,300 | 0.06 | \$9,510.06 | 0.052 |
| Cerro Gordo | \$55,500 | 0.10 | \$63,591.34 | 0.087 |
| Coles | \$40,500 | 0.10 | \$46,404.49 | 0.087 |
| Hallsboro | \$40,300 | 0.06 | \$46,175.34 | 0.052 |
| Klondyke | \$87,500 | 0.07 | \$100,256.62 | 0.061 |
| Nakina | \$30,300 | 0.08 | \$34,717.44 | 0.07 |
| Old Dock/Cypress | \$26,200 | 0.08 | \$30,019.70 | 0.07 |
| Roseland | \$35,300 | 0.06 | \$40,446.39 | 0.052 |
| Saint James | \$12,400 | 0.06 | \$14,207.80 | 0.052 |
| White March | \$30,300 | 0.08 | \$34,717.44 | 0.07 |
| Williams Township | \$55,500 | 0.06 | \$63,591.34 | 0.052 |
| Yam city | \$71,000 | 0.10 | \$81,351.09 | 0.087 |
| | | | \$1,111,248.35 | Revenue |
| | | | | Neutral Rate |

DEDUCTIONS TO BUDGET:

| TITLE | CURRENT FY | 2005/06 FY | 2006/07 FY |
|--|--------------------|----------------------|---------------------|
| Hill Building Remaining | (\$100,000.00) | O & M | O & M |
| Payback -Jail, School, Courthouse 2006-2020 | \$0.00 | (\$1,000,000) | (\$1,000,000) |
| Connection to District 1 and 2 | \$0.00 | (\$680,851) | \$0.00 |
| Guideway School Match | (\$44,000) | \$0.00 | \$0.00 |
| Eastern End Feasibility Study | (\$6,000) | \$0.00 | \$0.00 |
| Prison Infrastructure | \$0.00 | (\$42,500) | \$0.00 |
| Water Feasibility Lumber River COG | (\$4,500) | (\$4,500) | (\$4,500) |
| District 3 Debt Service Shortfall | (\$160,000) | (\$292,000) | \$0.00 |
| District 2 Debt Service Shortfall | \$0.00 | (\$300,000) | \$0.00 |
| Revenue Shortfall - Health Dept | \$0.00 | (\$1,200,000) | (\$1,200,000) |
| Revenue Shortfall - Solid Waste Dept | \$0.00 | (\$1,100,000) | (\$1,100,000) |
| Revenue Shortfall - Dept of Aging | \$0.00 | (\$100,000) | (\$100,000) |
| Tax Collection Shortfall | (\$390,000) | \$0.00 | \$0.00 |
| CDBG Concentrated Needs | \$0.00 | (\$70,000) | \$0.00 |
| 2 nd Part of Pay & Classification Study | \$0.00 | (\$500,000) | \$0.00 |
| City of Whiteville Rec Bldg Funds | (\$25,000) | (\$25,000) | (\$25,000) |
| | | | |
| TOTAL: | (\$729,500) | (\$5,314,851) | \$3,429,500) |
| Additional Revenue from Revaluation | | \$3,565,259 | |
| | | | |

| | | | |
|---------------------------|--|---------------|--|
| Net Surplus / (Shortfall) | | (\$1,749,592) | |
|---------------------------|--|---------------|--|

Mr. Farmer briefly highlighted each line item of the above listed table of information, stated how these figures were derived at, and stated the following:

1. As is evident from the statistical information you have, we are starting the budget process off with a negative figure;
2. The resources that were available to us to balance the budget in the past few years are no longer available, and may never be available again;
3. The Fund Balance is at an all-time low;
4. I need for each of you to take this information, study it very closely, and think about what we can do to balance the 2005-2006 Columbus County Proposed Operating Budget;
5. We are in the process of trying to borrow \$10 Million for the construction of the Columbus County Jail and classrooms at Williams Township School;
6. The Local Government Commission will not allow Columbus County to borrow this amount of money with the Fund Balance this low;
7. Our accounting firm has stated that Columbus County could take the Undesignated Funds and add the Designated Funds to get us over the hump with the Local Government Commission, which can be very tricky; **and**
8. We no longer have the General Fund to rely on in the process of balancing the budget.

Commissioner Prevatte asked Mr. Farmer what the Fund Balance was. Mr. Farmer replied stating the Fund Balance was \$1.3 Million.

In-depth discussion was conducted relative to the reason why the Fund Balance was so low. Mr. Farmer stated the following payments were made out of the General Fund during the last few years:

| | | |
|---|---|-----------|
| Water Taps | = | \$600,000 |
| Bond Payments for Water Districts II and III: | = | \$750,000 |
| Engineering Firms: | = | \$400,000 |

James E. Hill, Jr., Columbus County Attorney, stated you must maintain one and one-half (1 ½) months of operating costs at all times, and you need to maintain an eight (8%) percent Fund Balance.

Mr. Farmer stated the purpose of this information being provided at this Budget Workshop is for review, consideration and possible solutions to preparing a balanced and workable budget for 2005-2006 without the cushion that has been used in the last few years.

HOUSING OF JAIL INMATES DURING CONSTRUCTION PHASE OF NEW JAIL:

Sheriff Batten stated the following relative to the housing of inmates once the construction begins on the new jail:

1. When construction begins on the new jail, the annex on the back of the jail must be torn off and the inmates will have to be housed in other facilities;
2. The cost of housing these inmates could be as much as fifty and 00/100 (\$50.00) dollars per day which could total two hundred seventy thousand and 00/100 (\$270,000.00) dollars per year;
3. I think I have found a workable solution to this problem;
4. I have located two (2) rest homes out in the country that could be used to house these inmates;
5. On April 7, 2005, the State jail inspectors are coming to look at these rest homes to see if they will qualify to be used for this purpose;
6. The rent for these two (2) rest homes will be one thousand five hundred and 00/100 (\$1,500.00) dollars per month, which equates to eighteen thousand and 00/100 (\$18,000.00) dollars per year; utilities for the outside will be six thousand and 00/100 (\$6,000.00) dollars; ten thousand and 00/100 (\$10,000.00) dollars for repairs and usage; and five to six thousand and 00/100 (\$5,000.00 - \$6,000.00) dollars to fence in the area with an eight (8') foot high fence with protective barb wire to keep outsiders out;

7. I have not discussed the rent figure with the owner. This is a figure I am using on my own calculation. The rent could be cheaper.
8. The largest expense that will be incurred is the labor which will include eight employees, utilizing two (2) per shift, which will run two hundred forty thousand and 00/100 (\$240,000.00) dollars per year;
9. This labor cost will be incurred whether we utilize the rest homes or not due to the fact that training for the employees will have to be done seven to eight (7-8) months prior to occupying the new jail;
10. The training is required due to the fact the old jail is being operated in a direct style and the new jail will be operated in an indirect style;
11. The bottom line figure for labor and operating costs, if we rent the two (2) rest homes, is two hundred sixty-four thousand and 00/100 (\$264,000.00) dollars, versus two hundred seventy thousand and 00/100 (\$270,000.00) dollars if we decide to farm this out;
12. This will accommodate as many as forty (40) inmates in a dormitory style setting; and
13. This figure needs to be included in the upcoming budget.

ESTABLISHMENT OF PRIORITIES:

Commissioner Godwin stated Billy Joe Farmer, County Manager, requested that some priorities be established in the Budget process, and I have not had sufficient time to give this adequate thought, but we do have to set these priorities.

Commissioner McKenzie stated the only priority he could think of at this time was to maintain all the present employees on staff.


Mr. Farmer requested the Board members to think about all this information and set a date for the next Budget Workshop.

After discussion was conducted among the Board members, it was the general consensus of the Board to set the next Budget Workshop date at the March 21, 2005 Board Meeting.


ADJOURNMENT:

The Budget Workshop was adjourned at 8:19 P.M.

APPROVED:



JUNE B. HALL, Clerk to Board



SAMMIE JACOBS, Chairman

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