

COLUMBUS COUNTY BOARD OF COMMISSIONERS

May 14, 2007

6:00 P.M.

The Honorable Columbus County Commissioners met on the above stated date and at the above stated time in the Dempsey B. Herring Courthouse Annex Building, located at 112 West Smith Street, Whiteville, North Carolina, for the purpose of resuming the May 07, 2007 Board Meeting which was recessed, this being the second Monday.

COMMISSIONERS PRESENT:

Sammie Jacobs, **Chairman**
James E. Prevatte, **Vice Chairman**
Amon E. McKenzie
Bill Memory
Lynwood Norris
Ricky Bullard
Ronald Gore

APPOINTEES PRESENT:

Jimmy Varner, **County Manager**
Steven W. Fowler, **County Attorney**
June B. Hall, **Clerk to Board**
Leo Hunt, **Interim Finance Officer**

Agenda Item #1: MEETING CALLED to ORDER:

At 6:00 P.M., Chairman Jacobs called the May 14, 2007 Board Meeting to order.

Agenda Item #2: WHITEVILLE DEPOT - APPROVAL of ENHANCEMENT AGREEMENT, PROJECT: E-4121, and APPROVAL and ADOPTION of RESOLUTION:

Jim Varner, County Manager, requested Board approval of a Supplemental Enhancement Agreement, Project: E-4121, and Board approval and adoption of a Resolution, which has been amended to include an additional forty-three thousand, nine hundred forty and 00/100 (\$43,940.00) dollars. Mr. Varner stated the following:

1. The original Supplemental Enhancement Agreement was executed on January 11, 2001;
2. This Agreement was supplemented on December 8, 2006, to include additional federal enhancement funds from a declined enhancement project (E-4934, City of Lumberton) in the amount of sixty thousand and 00/100 (\$60,000.00) dollars;
3. This Agreement is being supplemented again to include additional federal enhancement funds from a declined enhancement project (E-4936, City of Whiteville) in the amount of forty three thousand, nine hundred forty and 00/100 (\$43,940.00) dollars;
4. The total of the enhancement funds is now one hundred three thousand, nine hundred forty and 00/100 (\$103,940.00) dollars;
5. As with the last Agreement, the Greater Whiteville Chamber of Commerce will assume responsibility for all the work that is necessary on the Whiteville Depot Platform in the amended agreement, the twenty (20%) percent matching funds, and all cost exceeding the federal award;
6. These funds are merely pass-through funds.

Commissioner Norris made a motion to approve the Supplemental Enhancement Agreement, Project: E-4121, and approval and adoption of the following Resolution Passed by the Board of Commissioners of the County of Columbus, North Carolina, to validate these additional dollars, seconded by Commissioner McKenzie. The motion unanimously carried. A copy of the Enhancement Agreement will be marked as Exhibit "A" and filed in Minute Book Attachments, Book #2, for review, in the Clerk to the Board's Office.

**RESOLUTION PASSED by the BOARD of COMMISSIONERS
of the COUNTY of COLUMBUS, NORTH CAROLINA**

WHEREAS, the North Carolina Department of Transportation and the County of Columbus entered into an Enhancement Agreement on the 11th day of January, 2001, for the restoration of the Historic Whiteville Depot, and on the 8th day of December, 2006, the Agreement was supplemented to add funding for the rehabilitation/renovation of the depot platform which was deleted from the original Agreement (E-4121); **and**

WHEREAS, the Department has approved additional Enhancement Funding in the amount

of \$43,940 from a declined enhancement project (E-4936, City of Whiteville) for the restoration of the historic Whiteville depot platform; **and**

WHEREAS, the Department and the County now wish to amend the Agreement to reimburse the County to the extent of eighty (80%) percent of the approved eligible costs covered under this Agreement up to the maximum federal award, **ONE HUNDRED THREE THOUSAND NINE HUNDRED FORTY and 00/100 (\$103,940.00) DOLLARS**. The County shall provide at least twenty (20%) percent matching funds, twenty-five thousand nine hundred eighty-five and 00/100 (\$25,985.00) dollars, and all costs that exceed the federal award of one hundred three thousand nine hundred forty and 00/100 (\$103,940.00) dollars.

NOW, THEREFORE, BE IT RESOLVED that Project E-4121, Columbus County, is hereby formally approved by the Chairman of the Board of County Commissioners, and that the Chairman and Clerk of this County are hereby empowered to sign and execute the Agreement with the Department of Transportation.

ADOPTED this the 14th day of May, 2007.

COLUMBUS COUNTY BOARD OF COMMISSIONERS

/s/ **SAMMIE JACOBS, Chairman**

ATTESTED BY:

/s/ **JUNE B. HALL, Clerk to Board**

Agenda Item #3: PRESENTATION - PROPOSED 2007 - 2008 COLUMBUS COUNTY OPERATING BUDGET:

Jim Varner, County Manager, presented the Proposed 2007-2008 Columbus County Operating Budget, delivered the following Budget Message, and requested the Board to establish a date for the Budget Hearing.

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

TO: Sammie Jacobs, Chairman
Columbus County Board of Commissioners

FROM: Jimmy M. Varner
County Manager

DATE: **May 14, 2007**

RE: Columbus County Fiscal Year 2007-2008 Budget Message

Overview

The Proposed Budget for fiscal year 2007-2008 is presented in accordance with the North Carolina Budget and Fiscal Control Act, North Carolina General Statute 153A-82. North Carolina law states that a balanced budget must be publicly presented by June 1 and a balanced budget adopted by June 30. As you know, a balanced budget takes months of preparation before it can be submitted. It requires input from all county departments to provide detailed information needed to balance such a budget. Administration, finance, and department heads have met to discuss individual departmental requests. During such meetings, department heads made recommended reductions as requested by Administration and finance staff. I would like to say that I have never had a better group of department heads to work with. Each department understood the need for line item reductions and did so willingly.

This budget however, has been the most difficult budget financially I have ever had to present. It is very much evident that revenues are at a point where they are maxed out. Unfortunately, lack of such revenues has resulted in the need for a twelve (\$.12) cents tax increase. This will increase the current tax rate from seventy-six and one-half (\$.765) cents to eighty-eight and one-half (\$.885) cents. Without this increase, a fund balance appropriation of three million, five hundred thousand and 00/100 (\$3,500,000.00) dollars would be necessary to balance the budget this year; as has been the situation the past several years. As you know, fund balance has been declining for several years and the county has reached a critical point where we can not continue to use such to balance the budget.

Undesignated fund balance is currently thirteen (13%) percent of our current fiscal year 2006-2007 Operating Budget. The Local Government Commission requires a minimum undesignated fund balance of eight (8%) percent. Columbus County's lack of adequate fund balance could make our future borrowing power not be as attractive as it is at this time. Continued decrease in fund balance could result in a higher bond interest rate and could as well make it hard for the county to sell bonds in the future. Therefore, it is my recommendation that we not continue to use our savings account (undesignated fund balance) to balance the budget.

Medicaid again continues to be a burden on the citizens of Columbus County. It is my understanding at this time, that Medicaid will again be capped at the 2006-2007 funding level of five million four hundred thousand and 00/100 (\$5,400,000.00) dollars. Medicaid alone equates to nineteen (\$.19) cents of our tax rate.

Current tax rates for Water Districts II and III are again proposed by staff. Solid Waste fees of one hundred ninety-three and 00/100 (\$193.00) dollars for county residents and one hundred six and 00/100 (\$106.00) dollars for municipal residents are again proposed at their current rates.

Below you will find a general overview of some of the highlights of this proposed budget:

| <u>2007-2008 General Fund</u> | <u>2006-2007 General Fund</u> | <u>Increased Dollars</u> | <u>% Increase</u> |
|-------------------------------|-------------------------------|--------------------------|-------------------|
| \$55,245,278 | \$53,571,992 | \$1,673,286 | 3.12 |
| <u>2007-2008 Total Budget</u> | <u>2006-2007 Total Budget</u> | <u>Increased Dollars</u> | <u>% Increase</u> |
| \$76,292,061 | \$74,425,573 | \$1,866,488 | 2.51 |

| | |
|---|--------------------|
| Detention Center / Williams School Debt Service | \$956,000 |
| Additional Detention Center Debt Service (\$2.5 Million borrowed) | \$266,000 |
| Fuel Costs | \$460,000 |
| Administration Building Elevator | \$ 80,000 |
| Contingency Fund | \$295,000 |
| Election Increases (2008 Election Year) | \$100,000 |
| Total: | \$2,157,000 |

Staff Increases

Five (5) new positions have been added to the Sheriff's Department budget. Four (4) of these positions are for the detention center addition, and one (1) of the positions is for a drug detective.

Employee COLA Adjustments, 401K, and Insurance Premiums

Cost of living adjustments (COLA) of three (3%) percent have been budgeted along with a 401-K contribution of two (2%) percent across the board. COLA adjustments for Commissioners have not been budgeted. Insurance premiums will remain at the same rate as last year. Physician co-pays and prescription co-pays will also remain the same. However, hospital deductibles will increase from three hundred and 00/100 (\$300.00) dollars to five hundred and 00/100 (\$500.00) dollars.

Enterprise Funds

Solid Waste – Solid Waste fees are as follows:

| | <u>2007-2008</u> | <u>2006-2007</u> |
|-----------------------|------------------|--------------------------------|
| Regular Tipping Fees | 50.50/ton | 49.31 |
| LCID Tipping Fees | 37.34/ton | 36.58 |
| Operations Fees: | | |
| a) County Resident | | \$193 year (Same as last year) |
| b) Municipal Resident | | \$106/year (Same as last year) |

Increases in tipping fees are necessary to help offset a proposed two and four-tenths (2.4%) percent increase by Waste Management effective July 1. The CPI increase is allowed per Waste Management's contract. Waste Management will also increase their operation fees two and seven-tenths (2.7%) percent effective July 1. Due to the sixteen and 00/100 (\$16.00) dollars operations fee increase last year, staff did not propose an increase this fiscal year.

Water District I – No rate change. One thousand one hundred three (1,103) current customers, one thousand six hundred fifty-nine (1659) potential customers. Water District I's revenues are sufficient to pay its expenditures. The minimum charge for the first two thousand (2,000) gallons is twenty-

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one and 00/100 (\$21.00) dollars, and a flat charge of four and 00/100 (\$4.00) dollars per thousand gallons for all usage over two thousand (2,000) gallons remain the same as the previous year.

Water District II – No rate change. One thousand two hundred forty-one (1,241) current customers, one thousand five hundred twenty-eight (1,528) potential customers. The continuation of the nine (\$.09) cents property tax (projected at \$320,026) is again proposed to help pay the projected debt service of approximately \$425,736 for fiscal year 2007-2008. The flat rate of twenty-five and 00/100 (\$25.00) dollars per month and the four and 00/100 (\$4.00) dollars per thousand gallons for all usage over two thousand (2,000) gallons is proposed for the 2007-2008 fiscal year. However, please remember that after operation and maintenance expenses are calculated, this district has limited funds available to address additional customer connections and unforeseen operation and maintenance expenses.

Water District III – No rate change. Nine hundred twenty-five (925) current customers, two thousand five hundred fifty (2,550) potential customers. A property tax rate of thirteen (\$.13) cents (approximately \$258,057) is again proposed to continue to help pay the projected debt service of \$319,111. A flat rate of twenty-five and 00/100 (\$25.00) dollars per month and four and 00/100 (\$4.00) dollars per thousand gallons for all usage over two thousand (2,000) gallons is calculated for the 2007-2008 fiscal year. Like Water District II, after operation and maintenance expenses are calculated, this district has limited funds available to address additional customer connections and unforeseen operation and maintenance expenses.

Water District IV – No rate change. One hundred fifty-nine (159) total customers, one hundred seventy-five (175) potential customers. Rates in Water District IV are again proposed at the current rate of a twenty-four and 00/100 (\$24.00) dollars minimum fee, and four and 00/100 (\$4.00) per thousand for all usage over two thousand (2,000) gallons.

Water District V- No rate change. Twenty-seven (27) current customers. Rates in Water District V are again proposed at the current twenty-one and 00/100 (\$21.00) dollars minimum fee and four and 00/100 (\$4.00) dollars per thousand for usage over two thousand (2000) gallons.

Additional Sources of Revenue

Ad-valorem Property Tax Collections – Tax collections are calculated based on a collection rate of 96%, based on the current rate of 88.5 cents per 100.

Transfers from Other Departments to the General Fund – Total transfers to the General Fund from other departments are as follows:

- 1) \$256,250 (Aging)
- 2) \$800,000 (Solid Waste)
- 3) \$ 63,255 (Water District I)
- 4) \$ 67,229 (Water District II)
- 5) \$ 77,413 (Water District III)

The transfer amount of \$1,264,147.00 is the equivalent of approximately 4 cents of property tax that is not required in this fiscal year's budget.

Education

Total allocations for City and County Schools are funded at the same levels of fiscal year 2006-2007. Southeastern Community College's proposed allocation has also remained the same as last year's funding level.

Other Items of Interest

Detention Project – An additional \$2.5 million is in the process of being borrowed to fund the remaining balance for construction of the detention project thereby creating a debt service payment in the approximate amount of \$266,000.00 for the next thirteen (13) years.

Special Appropriations – With the exception of a \$15,000 appropriation for the Columbus County Rope Rescue Team, only existing special appropriations have been included in this proposal.

Conclusion

Staff has worked hard to give you a proposed balanced budget for fiscal year 2007-2008. As I stated in the opening paragraph, this was indeed a difficult budget to prepare. My sincere appreciation goes to Interim Finance Officer Leo Hunt and Assistant Finance Officer Bobbie Faircloth, Executive

Assistant Gail Edwards and Administration staff, and department heads and their staff for their assistance with the preparation of this budget.

Please amend and make changes as you feel appropriate as you work on the 2007-2008 Proposed Budget and conduct the Public Hearing.

Respectfully submitted,
/s/ Jimmy M. Varner
Interim County Manager

Commissioner Memory made a motion to accept the Proposed 2007 - 2008 Columbus County Operating Budget and the Budget Message, seconded by Commissioner Gore. The motion unanimously carried.

Commissioner Norris made a motion to establish June 4, 2007, at 6:30 P.M., as the date and time for the Budget Hearing, to be held in the Dempsey B. Herring Courthouse Annex, Commissioners Chambers, 112 West Smith Street, Whiteville, North Carolina 28472, seconded by Commissioner Gore. The motion unanimously carried.

Agenda Item #3: ADJOURNMENT:

At 6:19 P.M., Commissioner Norris made a motion to adjourn, seconded by Commissioner McKenzie. The motion unanimously carried.

APPROVED:

JUNE B. HALL, Clerk to Board

SAMMIE JACOBS, Chairman