

Workshop Meeting
Thursday, February 25, 2010
8:30 am
Chowan County Public Safety Center
305 West Freemason Street
Edenton, NC

MINUTES

The Chowan County Board of Commissioners held a special workshop meeting on Thursday, February 25, 2010 at 8:30am in the 2nd floor meeting room of the Chowan County Public Safety Center, 305 West Freemason Street, Edenton, NC.

Present, Chairman Eddy Goodwin, Vice Chairman Emmett Winborne, Commissioner Jimmy Alligood, Commissioner Louis Belfield, Commissioner Kenny Goodwin, and Commissioner Keith Nixon. Staff present: County Manager Peter Rascoe, Finance Officer Lisa Jones, and Clerk to the Board Susanne Stallings.

Commissioner Ralph Cole was absent.

Chairman Eddy Goodwin called the meeting to order and led the pledge, he then offered the invocation.

Update from staff on Budget Planning for FY 2010-11

Mr. Rascoe stated that Budget planning for FY 2010-11 has started. He stated that he has begun the process of evaluations of budget requests for the retreat scheduled for March 25, 2010. He stated that he has directed all Departments to be frugal and not budget any increase in services. He noted that there are a few areas that the Board will need to consider during the budget planning.

- Employee retirement contribution to increase from 4.9% to 6.4% as directed by the State.
- Loss of revenue for Probation and Parole
- Increase in jail medical costs
- Revenue, total tax levy has not increased
- Lower collection rate in tax
- Sales Tax trending to remain the same, no increase
- Land Transfer to remain flat, no increase

Mr. Rascoe noted that one payment for debt will not be included in FY 2010-11 because it was paid off.

Chairman Eddy Goodwin stated the Finance Sub Committee reviewed this information at their meeting a few days prior.

Commissioner Kenny Goodwin asked if the increased contribution could be shared or split between the County and the employee, he stated that he did not feel this was unreasonable.

Mr. Rascoe said he would check into it.

Commissioner Nixon stated that the additional sales tax received would be unreserved.

Mr. Rascoe said that it will create a fund balance.

Commissioner Nixon asked when it becomes available/unavailable.

Ms. Jones said June 30th it is unavailable.

Commissioner Kenny Goodwin asked for clarity if the unused monies from FY 2009-10 go into the FY 2010-11 budget.

Mr. Rascoe stated that the unused revenues go into the same pot.

Commissioner Goodwin asked about revenues from Economic Development that was not used.

Mr. Rascoe said those monies would not be considered in budget planning. He said that he does not plan to budget fund balance. He said that this figure would remain at 0 to avoid getting a red flag from the state.

Policy Recommendations from Finance Sub Committee for FY 2010-11 Budget

Commissioner Kenny Goodwin stated that the Finance Sub Committee recommended the following policy for FY 2010-11. He stated this policy will allow the manager to determine the budget cuts.

1. Direct the County Manager to propose a balanced budget, providing for operation of programs, functions, activities, and objectives at levels of services of which the necessary expenditures shall be funded by revenues (with no contribution from fund balance) estimated to be generated by the current property tax rate existing as of April 30, 2010 (currently 68.5 cents).

Commissioner Allgood stated his concern of adopting a policy if the Board is not aware of unexpected revenues for FY 2010-11.

Chairman Eddy Goodwin stated that the policy eliminates the process of reviewing 5 budget scenarios as was done last year. He stated that this policy did not necessarily become a no vote for any tax increase but gives direction to the County Manager and Finance Officer for budget writing purposes. He stated he felt this would streamline the budget development process.

Commissioner Winborne stated he felt this gives the County Manager positive direction.

Commissioner Alligood stated that he did not want the Board to shoot itself in the foot.

Chairman Eddy Goodwin said he felt the Board should start with this policy and work its way from there.

Commissioner Nixon stated that he wanted to start with a zero based line and go from there. He stated that the Board does not know what the revenues would be as well. He added that he wanted to flat line the tax rate because additional payments are due in the coming year and he wanted to make it easier on the people.

Chairman Goodwin asked for all in favor of the policy recommendation, the motion passed unanimously (6-0).

Commissioner Kenny Goodwin presented the second policy recommendation from the Finance Sub Committee. He stated the Committee did not want to start the year with employee furloughs as the furlough should be a temporary solution.

2. Direct the County Manager to propose a balanced budget which includes expense of reinstating full time employees to a 40 hour work week.

Commissioner Winborne said he felt this was a good idea, he asked if the Committee felt there would be employee cuts this year.

Mr. Rascoe stated this will be an increased expense but he would review all options.

Commissioner Belfield asked if tax collections have increased.

Mr. Rascoe said that collections are one point lower than projected. He stated there has been a small increase in the levy but overall collections are one point lower at this time of year.

Chairman Eddy Goodwin stated the committee wants the manager to develop a budget based on a 40 hour work week. He asked for all in favor of the committee recommendation, the motion passed unanimously (6-0).

Commissioner Kenny Goodwin presented the third policy recommendation from the Finance Sub Committee.

3. Effective July 1, 2010 the revenues realized from collection of the Land Transfer Tax to be placed in the School Capital Reserve Fund (Fund 40), established pursuant to NCGS § 159-18 for the purpose of paying expenses for school capital debt and other school capital outlay needs. (Included in this fund are revenues currently received from Article 40 and Article 42 Sales Tax revenues, State Lottery and ADM Funds)

Mr. Rascoe noted that this resolution is in place unless the Board changes it.

Superintendent Alan Smith thanked the Board for this recommendation.

Commissioner Winborne asked what amounts were budgeted.

Ms. Jones stated that \$200,000 was budgeted and to date, \$130,000-\$140,000 has been collected.

Commissioner Winborne asked for clarification on what process the school would use to request the money.

Commissioner Kenny Goodwin stated that the school's priority list is their system for repair requests; he stated that they will come before the Board to draw the monies down. He stated that the committee hoped the school would allow the monies to build.

Chairman Eddy Goodwin stated that by allowing the monies to build in a fund will help the County and Schools since the County is currently unable to take on debt.

Commissioner Kenny Goodwin stated that this fund is for long term visions for the schools needs.

Commissioner Nixon added that ADM monies are not guaranteed by the State and this would prevent the County from dipping into its reserves.

Commissioner Winborne stated that he felt this shows good faith effort of the Board's commitment to education.

Chairman Eddy Goodwin asked for all in favor of the Committee's recommendation, the motion passed unanimously (6-0).

Commissioner Kenny Goodwin asked if there were any additional recommendations from the Full Board. (There were none)

Timely and Important Matters

Commissioner Nixon asked the Board for discussion of putting a ¼ cent sales tax levy on the November ballot.

Mr. Rascoe stated that calculations estimate this could bring an additional \$150,000 in revenue.

Chairman Eddy Goodwin stated he felt this would be fair to allow the voters to decide in November. He suggested this be added to the March 1, 2010 Board agenda for discussion.

Commissioner Nixon stated that previously property taxes accounted for 33% of revenue and now is at 42%. He said that this helps take some burden off of property taxes. He stated he was

concerned with raising taxes for struggling business and high unemployment. He stated that this would also be a fair tax for the voters to decide on in November.

There was discussion about educating the public on the benefit of the sales tax increase.

Commissioner Nixon asked what the manager would bring before the Board at the March retreat.

Mr. Rascoe stated that he hopes to have realistic expenses, realistic revenue projections to balance a budget.

Commissioner Nixon stated that he did not want to say the Board is going to cut services. He stated he is concerned about State revenues and mandates with the new State budget. He stated he felt it was important to compare departmental budgets to neighboring county budgets.

Commissioner Winborne stated that he did not want to use the words cut as well this early.

Public Comment

John Mitchener asked about the status of the VA Clinic.

Mr. Rascoe stated that he has emailed the Board weekly and that the last word from the VA Clinic spokesperson was that they would know something in the next two weeks.

Being no further business, the meeting was adjourned.

Edward C. Goodwin, Chairman

L. Susanne Stallings, Clerk