

FINANCE COMMITTEE MEETING
TUESDAY, FEBRUARY 18, 1997 4:00 PM
ROOM 564, COUNTY COURTHOUSE

Present: Billy R. King, Commissioner
Ed G. Melvin, Commissioner
H. Mac Tyson II, Commissioner

OTHERS: Cliff Strassenburg, County Manager
James Martin, Deputy County Manager
Carlisle McCutcheon, Finance Director
Neil Yarborough, County Attorney
Rhonda R. Davis, Deputy Clerk

The meeting was duly called to order.

AGENDA ITEMS:

1. Election of Chairman.

Commissioner Tyson was elected Chairman.

2. Selection of Regular Meeting Date and Time.

The regular meetings were scheduled for the first Thursday of each month at 8:00 AM.

3. Consideration of Proposals for Expense Reduction.

Mr. Martin reviewed the memorandum he presented concerning expense reduction proposals. Two proposals were submitted. The two organizations submitting proposals were Utilities Reduction Specialists and Robert S. Segal, CPA. There are two major differences between the two companies. Robert S. Segal, CPA will look at a greater number of things in their search for expense reductions and they will require 50% of what they find that is due the County and will get 50% of future savings based on their work for twelve months. Utilities Reduction Specialist will get 50% of future savings for twenty-four months. Management prefers Robert S. Segal, CPA because of the shorter contract and the larger menu of items they can save the County money on.

Carlisle McCutcheon noted that when the company makes the recommendations to the County for cost reductions, we do not have to follow them. If the County chooses not to follow the recommendations, the company does not collect any fees.

MOTION: Commissioner King offered a motion to recommend to the full Board of Commissioners that the County contract with Robert S. Segal, CPA to perform expense reduction work.

SECOND: Commissioner Melvin

VOTE: UNANIMOUS

Commissioner Tyson noted the County may want to consider developing a program whereby County employees are encouraged to develop cost saving techniques. A program similar to this is used by Ford Motor Company which has resulted in millions in savings and boosted the morale of the employees. The employees receive a portion of the savings from the ideas they come up with.

Mr. Strassenburg advised a process would have to be developed and a group would need to be organized to evaluate the proposals to see if they make sense. The idea would be tried and if it resulted in cost savings, a reward would be given to the employee.

Commissioner King noted staff could research the matter.

Mr. Strassenburg noted Robert S. Segal, CPA would be looking at savings on charges to the County where the program Commissioner Tyson is recommending involves suggestions in savings on the work process.

It was the consensus of the Finance Committee to allow staff to look into an Employee Suggestion Program.

4. Review of the Schedule for Financing Capital Projects.

Mr. Martin reviewed the BANs Renewal and G.O. Bond sale library financing calendar of events for the committee as well as the County and Board of Education capital improvement projects schedule. In April, the county will have to notify the Local Government Commission that we want to renew our bonds and extend them for three months. We will then sell the remaining G.O. Bonds and some of these proceeds will pay off the Bond Anticipation notes. He noted reports will be given to the full board on the Spring Lake Branch Library and the Social Services building at the February 25th meeting. The Board of Education has indicated they don't anticipate that they will be asking for funds for the two new schools (South West Middle and South West High School). They will be using the State bond money that the County has already matched.

Mr. Strassenburg advised work on financing for the Social Services building will need to begin as that project moves forward. Certificates of Participation will probably have to be used to finance this project. A financing team will need to be put together and an underwriter will be needed. He noted the Finance Committee will be involved in this process. Management will send out RFPs and then go through the interview process with the Finance Committee. Bond Counsel will also be needed. One project that is not on the capital improvement list is the parking deck across the street. Management is considering contracting with a company to construct and operate the parking deck. That way, the County will not have to finance it.

5. Other Committee Concerns.

Mr. Martin advised the Tax Administrator wants to discuss with the Committee the hiring of a firm to do audits of businesses. He presented a proposal to the former Finance Committee members, but would like to make a presentation to the current committee before presenting it to the full Board of Commissioners. This item will be scheduled for the next meeting.

Commissioner Tyson welcomed Chairman Lee Warren to the committee meeting.

Mr. Strassenburg advised the County will pick up the debt service on the Library Bonds this year. If the COPs for the Social Services building are sold in September, the payments can be put off for six months. The Committee must also take into consideration that when these new facilities come on line, the County will have an increase in operational costs. Additional operational expenses will be incurred with the new schools as well. The costs to cover debt service and operations to the facilities coming on line is 16 million.

No other committee concerns were raised.

MOTION: Commissioner King offered a motion to adjourn.
SECOND: Commissioner Melvin
VOTE: UNANIMOUS

Meeting adjourned at 4:40 PM.