

**CUMBERLAND COUNTY
FINANCE COMMITTEE MEETING
Thursday, November 02, 2000, 8:30 AM**

Present: H. Mac Tyson II, Chairman
Jeannette M. Council, Commissioner
Billy R. King, Commissioner
James Martin, County Manager
Juanita Pilgrim, Deputy County Manager
Amy H. Cannon, Assistant County Manager
Cliff Spiller, Assistant County Manager
Howard Abner, Finance
Garrett Alexander, Tax Administrator
Grainger Barrett, County Attorney
John Bittle, Solid Waste Management Director
Tonya Harris-Council, Public Information Director
Jerry Thrasher, Library Director
Bob Tucker, Finance
Charles Whittenton, Solid Waste Specialist
Rhonda C. Raynor, Deputy Clerk to the Board

Others: James L. Fleming
Jim Hankins, Library Board of Trustees
Patti Carlin Monroe, Library Board of Trustees
C. Kim Nazarchyk, Library Board of Trustees
Gail A. Riddle, Library Board of Trustees
Kim Martin Shaffer, Library Board of Trustees
Press

INVOCATION: Commissioner Tyson offered the invocation.

Chairman Tyson then recognized James Martin, Juanita Pilgrim, Amy Cannon, Garrett Alexander and staff for their work on the county's budget and with the Finance Committee. He commended them and thanked them for their work to improve the county's bond rating in light of the difficult budget years the county has experienced.

Chairman Tyson particularly thanked Garrett Alexander and Amy Cannon for their work in Tax Administration and Finance.

1. Approval of Minutes: September 7, 2000.

MOTION: Commissioner King offered a motion to approve the September 7, 2000 Finance Committee meeting minutes.

SECOND: Commissioner Council

VOTE: UNANIMOUS

2. Library: a. Funding (Referred by the board of Commissioners on 8/2/00.)

Mr. Thrasher stated the Board of Commissioners approved a motion during its October 2nd meeting to ask the Finance Committee to address the issue of library funding. He has been working with the Library Board of Trustees to come up with the three requests that will be presented to the committee. (The requests and supporting information are attached hereto and made a part of these minutes.)

Kim Shaffer, Chairman of the Library Board of Trustees offered the presentation of the requests to the committee. Ms. Shaffer introduced the other members of the Library Board of Trustees in attendance. Ms. Shaffer noted the Library is requesting the following:

1. For the last 6 months of FY2001, \$266,144 is requested to fund:
 - 17 lost vacant positions
 - reduced materials budget
 - reduced operational expenses
2. Beginning January 2001, the library requests authorization to use lapsed salary and benefits funds to hire temporary employees for all current and future vacancies.
3. Beginning January 2001, the library requests that the hiring freeze for all library vacancies be lifted to reduce the cost of hiring temporary employees.

Ms. Shaffer noted the library's original funding request for FY2001 was approximately \$8 million. That amount was reduced by Management and then further by the Board of Commissioners. As a result the Library has had to reduce its hours of operation. Citizens have responded negatively to the cuts. Book circulation, door count and electronic searches are down. However, the number of volunteers has risen. The library also lost state funding due to the county's budget cuts. The Cumberland County Library System was the only one in North Carolina to lose state funding and the only one that has reduced hours of operation. The quality of service to the citizens is diminishing. She noted funds were approved for library expenses. They cannot be spent because of the hiring freeze. The Library also experiences problems with filling permanent positions because there is a shortage of librarians with a master's degree. Industries and schools recruit librarians from the same pool that the county does. Cumberland County has trouble in competing with other areas for these people. The Library Board of Trustees understands that industry is needed to help the tax base. It will be difficult to recruit industries unless our quality of life is improved and the library is a service that contributes to the quality of life. They want the library back on the track of excellence it was on before the budget cuts.

Commissioner King stated he understood the request but would like them to reconcile why the Library should be treated differently than other county departments. Things were done with the budget that he is not pleased with, but he would like to know why they want the actions reversed now.

Mr. Thrasher stated he did not know how many other county agencies have had to reduce service hours. They have received letters and complaints from the public about the cuts. The libraries are open seven days a week, not Monday through Friday. He noted that even with the cutback in operational hours, the library is having difficulty operating. Since July 1, 2000, the library has had 34 personnel vacancies. The County Manager has exempted 10-12 of those positions from the hiring freeze. At this time, only one or two have been filled. It takes approximately 1½ to 2 months to get a position filled unless it requires a master's degree. If a master's degree is required, it generally takes six months. In the past, the Library has used lapsed salaries to hire temporaries until a position could be filled. They are not allowed to do that now because of the hiring freeze. The Library currently has several people working at more than one branch. His staff is being stretched very thin.

Commissioner Council stated she did not understand that the issue to be discussed today would involve more than replacement of the state funding lost due to the county funding reduction. She did not understand that the committee was to consider going back into the budget to bring the Library's funding back up to what was originally requested. She is unhappy that the Library has lost the state funding because of local cuts.

Mr. Thrasher stated the County Manager has proposed replacement of the funds lost from the state. His impression from the October 2nd Commissioners' meeting was that the "Library situation" was to be looked at. The "situation" would include service hours and the other issues they have discussed.

Commissioner Council and Commissioner King both stated they felt there was some misinterpretation of what was to be discussed with the Finance Committee. They both agreed they understood the issue to be the replacement of state funding.

MOTION: Commissioner Council offered a motion to approve moving \$28,000 from the General Fund contingency to the Library due to the cut in state funding because of the county budget reduction.

SECOND: Commissioner King

DISCUSSION: Commissioner King reiterated that there was some misunderstanding of the motion made at the October 2nd Commissioners' meeting. Mr. Thrasher again stated he felt the library situation was "all encompassing". Chairman Tyson asked Mr. Martin if the County could provide more funding than the \$28,000 being recommended by Management.

Mr. Martin advised the \$28,000 is the limit because they are not far enough along in the budget to see any windfall of revenue and he does not feel there will be based on the current situation.

VOTE: UNANIMOUS

Commissioner Council asked if the Library would be able to extend their hours when some of the vacant positions are filled.

Mr. Thrasher noted the Library lost 17 positions. What they have been given permission to do is fill 10 of the 34 currently vacant. He does not see a change in the reduction in hours when those 10 positions are filled. It has been difficult to maintain the cut hours because they have not been able to use temporaries while the vacant positions are being filled.

Mr. Martin advised he did not understand the scope of the presentation before today. He advised he would work with the Library to use funds for temporaries. He will try to work on this problem with the Library.

Chairman Tyson asked if Management could give a report on this matter at the November 20th Commissioners' meeting.

Mr. Martin advised he would give a report at the November 20th Commissioners' meeting.

Chairman Tyson stated it was helpful for the Committee to hear all the facts with regard to the situation at the Library. He noted other county departments have not had the luxury of reducing their hours because of the budget cuts. All other departments have continued to operate with funding at the 1997 level. He hopes the Library will be able to cope without increasing the burden on the citizens.

2. Library: b. Library Revenue Collections

Mr. Martin noted they would be looking at what can be done in relation to item 2b. on the agenda. They did not feel it would be appropriate to expend these monies. They did not look at this issue in terms of being able to sustain the reduced hours. He would like to come back to the Board with some sources of revenue.

Mr. Thrasher explained that the Library Board of Trustees asked him to submit a letter to the County Manager concerning the use of revenue sources. He received a response from the County Manager. Since that time, Commissioner Blackwell sent a memo asking that the Finance Committee discuss this issue. In the past, the Library has secured budget revisions because of budget revenue overages.

Mr. Martin stated that the issue of hours of operation at the Libraries is a critical issue. The Library is doing a great job and he was not aware that usage was down. Management does not want to help foster not helping the Library manage the reduced hours by utilization of temporaries. They would look at revenue to help in this matter. He will offer a recommendation on this to the Board of Commissioners at their November 20th meeting.

It was the consensus of the committee that the Board of Commissioners would address the issue of Library revenue collections and its use for the utilization of temporaries during the November 20, 2000 meeting.

2. Library: c. Library Disbursement of Revenues

Mr. Martin stated that upon hearing the information presented today, he would also address this issue and offer a recommendation to the Board of Commissioners at their November 20th meeting.

It was the consensus of the committee that the Board of Commissioners would address the issue of Library disbursement of revenues during the November 20, 2000 meeting.

Mr. Thrasher apologized for the misunderstanding of what was to be discussed by the committee. They are pleased with the recommendation to fund the \$28,000. The information presented was prepared quickly and he did not have time to alert the County Manager about what the presentation would consist of.

Mr. Martin noted the discussion of the other items has been helpful to everyone.

Commissioner King stated the cuts in funding for the Library have concerned him and he knows the Library does a great job and he hopes to avoid this type of problem in the future. It is unfortunate that the cuts had to be made. He knows the library adds a great deal to the quality of life in the County.

Chairman Tyson stated he would suggest that to continue to help with the quality of life, he hopes the Library will, as much as possible remain clean and non-controversial. That will help with revenue.

3. **Report on Status of Procurement Card Program and Recommendation to Authorize the Finance Director to Gradually Expand the Program.**

BACKGROUND: The Board of Commissioners authorized the Finance Director to enter into a contract with Wachovia Bank for Procurement Card Services at their meeting on June 21, 1999. The contract with Wachovia was completed in November 1999, and cards were gradually issued over the next several months.

Currently, 11 departments are utilizing the procurement card system. These 11 departments comprise a total of 35 outstanding cards. The dollar value of items purchased through the month of August is \$67,237.47 for a total of 321 transactions. These purchases yield an average per transaction amount of \$209.46.

Throughout the trial period of a nine-month phase in, no significant problems with the procurement card program have been experienced. On a daily basis, the Finance Department reviews transactions online through computer software provided by Wachovia Bank to immediately identify any possible concerns. At the end of each month, the Finance Department reviews each statement in detail and verifies each receipt.

From the Finance Director's review of the procurement card transactions, most departments utilize the card for items of a small dollar value such as supplies or materials, or for registration for classes and for hotel expenses while traveling. The procurement card is not being used at this time for meal expenses. The transaction costs associated with purchasing low dollar value items through a purchase order system are not cost effective and can be very time consuming. As a result of the procurement card program, the Finance Department has experienced a reduction in requests for purchase orders for these small dollar purchases. The procurement card also allows departments flexibility not otherwise achieved with a purchase order system.

The action taken at the June 21, 1999 Board of Commissioners' Meeting approved the procurement card program for a trial basis of six months. The Finance Director remains confident that a procurement card program that is closely monitored is cost effective and provides a more efficient means of purchasing certain goods and services.

Based upon the experience during the trial period, the Finance Director recommends that the County continue the procurement card program and gradually issue cards to additional interested departments. Each potential cardholder must attend a training session before a card is issued.

RECOMMENDATION/PROPOSED ACTION: Authorize the Finance Director to continue the Procurement Card Program and gradually issue cards to other departments as requested.

Commissioner King asked if the amount being spent by the department with the procurement cards has been tracked.

Ms. Cannon stated those departments are spending about the same as they did when required to obtain a purchase order. These departments are not overspending their budgets. This process has greatly reduced purchase orders. She noted some departments are not interested in having a procurement card. She does not see having more than 100 cards issued.

Chairman Tyson asked how the reduction in purchase orders has favorably affected the Finance Department.

Ms. Cannon stated a position in purchasing was lost about two years ago. This program was an idea to help deal with the reduction in staff. The purchasing section is still quite busy helping to monitor the procurement card program. The real savings is on the department side because they no longer have to request a purchase order and then wait for it before purchasing an item.

MOTION: Commissioner King offered a motion to recommend to the full Board of Commissioners that the Finance Director be authorized to continue the Procurement Card Program and gradually issue cards to other departments as requested.

SECOND: Commissioner Council

VOTE: UNANIMOUS

4. Review of the Cost Analysis of Global Waste's Proposal for Starved Air Gasification Processing Facility.

Mr. Martin advised staff has spent time trying to analyze the financial impact of this project and the history of the facility in Alaska. Howard Abner and other budget staff members worked on the numbers being presented to the committee.

Howard Abner advised the information being presented is on the starved air gasification project for disposal of solid waste. Global Waste proposed to build five 100 ton units here in Cumberland County. Waste would be deposited on the tipping floor and then placed in the burner unit. After processing, the resulting ash would be put in the County Landfill. The ash from the processing is approximately 10% of the waste originally placed into the unit. The gasification unit will accept almost anything that can fit into the unit and burn.

Mr. Abner then reviewed the analysis of the proposal from Global Waste. The analysis is attached hereto and made a part of these minutes. He noted the figures are based on FY00 figures. They are gross expenses. No revenue was taken into consideration in the preparation of the analysis. He noted the first column contains the figures to operate the landfill as it currently is with no changes. He noted the County would have to site and build a new landfill at some point. The second column contains the costs with the current facility plus a new landfill. The third column is the costs to operate the current facility in conjunction with Global Waste. The County would still have to process the unburnable material. If the County goes to the starved air gasification process, the Wilkes Road site can be closed because the materials currently collected at that site could be burned. Also, a reduction in the number of employees needed to work at the actual landfill site would reduce. The fourth and last column is the cost if all five of the burn units could not be located together. Separation of burn units would result in the need for additional personnel. Mr. Abner then noted there is a test unit in Alaska. There is no commercial unit operating at this time and the site in the North Slope of Barrow Alaska is a test unit. It has not been operating for most of the previous year. Staff is not confident the County could have a commercial operation.

Mr. Martin noted that the Solid Waste Management Director, John Bittle and Solid Waste Specialist, Charles Whittenton were in attendance and available to answer any questions the committee may have. He noted staff is not convinced this process will work on a continued basis every day. They want to monitor this process at this time, but do not feel they should proceed any further.

Mr. Bittle reiterated that they have not seen this process work and are not convinced it would work at this time.

Mr. Whittenton stated the units could burn as little as 25 tons and as much as 100 tons. This would be a 24-hour-a-day process. If Global wanted to come to the county and

build these units and bear the costs it might be something to consider. Otherwise, he does not have the confidence in the process to proceed.

Chairman Tyson stated either Brunswick or Horry County is in the process of working with a similar program to dispose of their solid waste. The process includes capturing methane gas and using it for fuel. He suggested that staff contact these counties to obtain more detailed information.

Chairman Tyson then asked if any action was being requested from the committee on this matter.

Mr. Martin advised no action was needed. He asked for a directive about an update to the full Board of Commissioners.

It was the consensus of the committee that until some information with regard to moving forward on this or a similar matter was obtained; no report need be given to the full Board of Commissioners.

5. Other Committee Concerns.

Chairman Tyson advised Mr. James L. Fleming had contacted him concerning the extension of sewer to the Kelly Hills Subdivision. The Board of Commissioners has discussed this matter at length. He understands Mr. Fleming does have community water. He then presented a copy of a Contract For Water And/Or Sanitary Sewer Connections To Maine Outside City that Mr. Fleming entered into with the Public Works Commission in 1975. Everyone in Mr. Fleming's community has a similar contract. He would like to see the Finance Committee go on record to recommend that a request be submitted to the City of Fayetteville asking that sewer be extended to this area as soon as possible in accordance with the contract. He noted that a Fayetteville City Council Member has informed him they would be empathetic to this situation.

Mr. Barrett noted the contract indicates that the PWC will extend water *and/or* sanitary sewer lines and that the entire cost of extending said lines, including labor and materials shall be totally paid for by owner.

Chairman Tyson stated it does not say it is to be paid for in advance.

Commissioner King stated he is reluctant to ask or tell the City of Fayetteville or PWC what to do. He asked for suggestions from the County Attorney with regard to this matter.

Mr. Martin noted that staff is planning to discuss what can be done in the Kelly Hills/Slocomb Road area with the Policy Committee during its November meeting. He has spoken with Tom McNeill of PWC. Mr. McNeill is working with the County Engineer and the Wooten Company to possibly find grant funding to assist in extending sewer to this area. Information will be presented to the Policy Committee for consideration.

Chairman Tyson stated he feels the contract should be added to the dialogue.

Mr. Barrett stated that they all recognize the authority of the PWC and the City of Fayetteville and that they are the only available immediate answer to this problem. Districts and other issues would take much longer to alleviate this problem. Since the area is in the County the dialogue is appropriate. The Board of Commissioners could authorize a letter from the Chairman of the Board or the County Manager about the urgency of this situation. A resolution could also be done. The letter or resolution would be forwarded to the City of Fayetteville or PWC.

MOTION: Commissioner King offered a motion that a Resolution and letter be prepared and forwarded to the City of Fayetteville or the PWC from the Chairman of the Board of Commissioners or the Chairman of the Finance Committee indicating the urgency of the needs in the Kelly Hills/Slocomb Road area. The information is to be presented to the Board of Commissioners for consideration and approval.

SECOND: Commissioner Council

DISCUSSION: Chairman Tyson asked who would prepare the resolution.

Mr. Martin advised he and the County Attorney would prepare the document.

VOTE: UNANIMOUS

Meeting adjourned at 9:50 AM.