

CUMBERLAND COUNTY FINANCE COMMITTEE  
APRIL 5, 2007, 8:30AM

PRESENT: Chairman Jeannette Council  
Commissioner Breeden Blackwell  
Commissioner John Henley  
James Martin, County Manager  
Juanita Pilgrim, Deputy County Manager  
Amy Cannon, Asst. County Manager for Finance  
Grainger Barrett, County Attorney  
Sara VanderClute, PIO  
Jerry Thrasher, Library Director  
Tim Kinlaw, School System  
Edward Beale, Health Department  
Marsha Fogle, Clerk

1. Approval of Minutes: March 1, 2007

MOTION: Commissioner Henley moved to approve.  
SECOND: Commissioner Blackwell  
VOTE: UNANIMOUS

2. Consideration of a request from the Cape Fear Botanical Garden for funding

Jennifer Sullivan reviewed the need for expansion of the Cape Fear Botanical Garden. She noted that programs and tours are running at capacity, lack of space for administrative operations, need for indoor space for tours and private events and a visitors' center at the entrance to the Garden are the prime reasons for the expansion. A firm was hired to do a feasibility study; the firm found that community leaders are supportive of the expansion plans and that it seemed reasonable that the community could raise \$10 million for the expansion. Revenues to be used as follows:

\$7 Million	Construction cost for visitors pavilion complex;
\$1 Million	Furnish the building
\$2 Million	Administrative cost to support the new program initiatives

The Garden has already raised \$2.5 million from private sources. The projected impact on the operating budget of the Garden is as follows:

EXPENSES: \$288,095	Personnel Costs
\$117,220	Facility Support
REVENUES: \$185,200	Facility revenues
\$222,500	Other funds raised

The above figures include increases over and above the current operating budget.

Ms. Sullivan said that 70% of the expansion cost would come from private sources. The Botanical Garden is requesting 30% from public funds (\$500,000 from the City and the County to be paid over a five year period). In addition, the Garden will receive State funding – hopefully in the amount of \$2.5 million spread out over multiple budget sessions. The Garden currently receives \$300,000 from the State through FTCC. In addition the Garden receives a total of \$120,000 paid over a three year period from the Community Foundation.

The Visitors Pavilion Complex will have 28,455 square feet and will include a special events/education center, a gift shop, office space, board room and greenhouse space.

It is anticipated that this expansion will impact the Garden by increasing the number of visitors from 17,000 annually to 68,000 annually. In addition more school age children will be served as well as more adult education participants. The number of employees will increase from 11 to 21 at an average salary of from \$24,000 to \$42,000 a year. Some of these employees may be part-time.

Construction is projected to begin in 2009.

Commissioner Blackwell inquired about the Garden's annual income. Ms. Sullivan indicated it was \$500,000. Commissioner Blackwell also noted some concern about \$2 million for administrative purposes.

Ms. Sullivan said the consultant told them that revenues from the expansion may not be stable for the first couple of years; therefore, the need for some operating money to assure the program will run smoothly.

The Botanical Garden would like to have enough money in hand to operate for the first two years, in case revenues did not cover expenses. It receives \$300,000 from the State of North Carolina through FTCC. In addition it will receive \$120,000 over a three year period from the Community Foundation.

In response to a question about endowment, it was noted that the Garden currently has three endowments, one in the amount of \$38,000 and two others in the amount of \$3,000 and \$4,000 each.

Commissioner Henley noted that not all 11 new people would need to be hired right away.

The consensus of the Finance Committee was that this request could be discussed during budget deliberations.

3. Update on and funding options for capital projects (schools, library, health building)

Amy Cannon, Assistant County Manager for Finance, told the Committee that the State has revised its lottery fund projections for this budget year from \$7.7 million to \$6 million. Also, the Governor's budget and proposed legislative revisions to the lottery formula could further decrease lottery proceeds that to go the school system in fiscal year 2008. As a result the Board of Education revised the COPS Series 1 Plan Schedule to one project – the new Gray's Creek Middle School. Project cost has been revised from \$18 million to 20 million. Following approval of the state budget other projects proposed in Series 1 and 2 Plans will be considered by the Board of Education. It will consider a "pay as you go" plan for the balance of the Series 1 classroom addition projects. Bidding for the Grays Creek Project is scheduled for August, 2007; funds will be needed in September, 2007.

The original plan called for two separate COPS issues. In order to reduce issuance cost, Mrs. Cannon recommended that the County get a bank loan in the amount of \$18-20 million, to be repaid in fifteen years, with a no prepayment penalty clause, for the new Grays Creek Middle School. Series II for the Board of Education includes a new western elementary school project at a cost of \$14 million. This project will be bid in January of 2008, with funding needed in February 2008. Additionally, the Library and Board of Education are working collaboratively to incorporate a joint use library into the Western Elementary. The estimate of County funds needed for the Library is approximately \$6-8 million. Also, plans and specifications are moving forward with a new Health Department Building. This project is also scheduled for bid in January of 2008.

The Finance Director recommends a COPS issue in February 2008 to fund the new Western Branch Elementary, the branch Library incorporated in the Western Branch Elementary and the new Health Department building. At that time, management will evaluate the financial benefit of refinancing the bank loan with the COPS issue or maintaining the bank loan for the 15-year period. Financing the middle school with a bank loan will reduce issuance costs and allow flexibility in the financing alternatives.

Commissioner Blackwell inquired if the manager and staff felt good about the financing option. The Manager indicated he was ok with this option; however, he did note that at some point in the next several years there may be a need to adjust the tax rate to service the debt and provide operating funds.

Mr. Martin said that a meeting is being held in the next week with department heads in the courthouse to discuss space needs and how we might utilize the old health department building once the new one is built. Commissioner Henley suggested that Mr. Martin may want to include the Hospital in space needs meeting.

MEETING ADJOURNED