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CUMBERLAND COUNTY FINANCE COMMITTEE
JUNE 3, 2010, 8:30AM, ROOM 564
MINUTES

MEMBERS PRESENT: Commissioner Jeannette Council
Commissioner Marshall Faircloth

MEMBERS ABSENT: Commissioner Kenneth Edge

OTHERS: James Martin, County Manager
Amy Cannon, Asst. County Manager/Finance Director
Rick Moorefield, County Attorney
Sally Shutt, Communications Manager
Howard Abner, Assistant Finance
Tom Cooney, Public Utilities Director
Kristoff Bauer, Assistant City Manager
City of Fayetteville
Rusty Thompson, City Traffic Engineer
City of Fayetteville
Jeffrey Brown, E&I Director, City of Fayetteville
Marie Colgan, Clerk to the Board

In the absence of the Chair, Commissioner Edge, Commissioner Faircloth called the meeting to order.

1. Approve Minutes: May 11, 2010

MOTION: Commissioner Council moved to approve as presented.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS

2. City/PWC/County Interlocal Agreement Regarding Parking Deck and County Water Projects

County Manager Martin introduced representatives from the city who are attending to answer any questions that might arise from the discussion of this item. A handout was distributed which was presented earlier (general estimate for discussion purposes only) showing how financing may occur, but there will be some changes in the PWC column which should ultimately reduce the payments by the county. Rick Moorefield, County Attorney, advised that yesterday afternoon he received a revised agreement to the one included in their packet which included changes to both the parking deck and water sections. Mr. Moorefield stated that he prepared the language used for the rural water section and the rest of the document was prepared by the city and/or PWC.

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With regard to the parking garage section of the agreement, Mr. Moorefield advised the county's only obligation regarding the parking garage is to contribute 100% of the increase in the current year's tax collections in the Municipal Service District into the debt service fund until the debt is paid. Discussion ensued regarding the first statement in the agreement which states that development and commercial activity in the downtown area of Fayetteville has been hampered due to an insufficient inventory of public parking. Members agreed that the second statement should be moved up to the first statement and the first statement should be moved to the number two slot and tweaked to provide information on studies that show the insufficiency of public parking. In response to a question posed by Commissioner Council, Mr. Moorefield confirmed that the city would own the parking garage and would therefore be responsible for any liability claims.

With regard to the rural water section of the agreement, Mr. Moorefield advised the agreement, while it does not spell out specific amounts, states PWC is committed to providing service and water requested in the future by the county. The agreement also points out that PWC shall not incur any obligations to share in any portion of the costs of developing the County Water System, with the county owning all the assets of the County Water System. During discussion of the Capacity Limitation section, Mr. Cooney advised that should the County Water System push the demand of PWC to 80% of its treatment capacity, PWC would have to plan to expand its facility and the county would be expected to help with that expansion effort in order to continue the service at that level. Commissioner Faircloth confirmed that this agreement would not prevent the county from dealing with Bladen Bluffs for water service. Mr. Moorefield pointed out that in regard to rural water, this agreement is for twenty years regardless of what happens on the parking garage. Mr. Moorefield advised he has a concern with the wording under the Bond Counsel Review section stating he would like it changed to show any changes must be subject to the county's consent. Mr. Bauer advised that the city cannot go forward with the design contract on the parking garage until this agreement is approved and appreciates the county's indulgence in putting this on the Board's agenda for Monday. Commissioner Council stated she appreciates the spirit of cooperation that all three entities have displayed in working together on this major accomplishment as it has been in the works for quite awhile. Mr. Moorefield advised he will work with the city in order to bring a final agreement to the Board members for approval at their Monday morning meeting.

- MOTION:** Commissioner Faircloth moved to recommend to the full Board the Interlocal Agreement between the City of Fayetteville, Cumberland County and the Public Works Commission related to the funding and development of the Franklin Street Parking Garage and rural water, subject to revisions being made as discussed by representatives of the city and county, with a final agreement being presented for approval at the June 7th Board of Commissioners' meeting.
- SECOND:** Commissioner Council
- VOTE:** UNANIMOUS

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3. Consideration of Approval of a Resolution Authorizing the Filing of an Application to the Local Government Commission for Issuance of Qualified School Construction Bonds

County Manager Martin called on Amy Cannon to present this item. Mrs. Cannon reminded members that the county received an allocation last year in the amount of \$15.9M which the school system used for renovations across 14 to 16 schools. Notification was just received from the NC Department of Public Instruction that the second allocation has been made of \$14.8M and the school board took action on May 11th by resolution to designate these funds for the new Western Middle School. Once the Board of Commissioners acts on this request, the application will be submitted to the NC Department of Public Instruction, which will review the application and give notice whether the application is approved within approximately 30 days. At that time, the county will begin working with all involved in order to issue the instruments by the December 31st deadline. Mrs. Cannon confirmed for Commissioner Council that this is all stimulus money and the school system will have borrowed its entire allocation under the stimulus act and the Board of Education has set aside lottery proceeds and sales tax monies for repayment of the debit.

MOTION: Commissioner Council moved to recommend to the full Board approval of the resolution authorizing submission of an application to the NC Department of Public Instruction as presented.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS

4. Monthly Financial Report

Assistant County Manager Amy Cannon referred members to the handout provided in their packet for an overview of General Fund Summary of Obligations and Revenue Summary. With regard to the summary of obligations, Mrs. Cannon stated that members will notice that the current percentage obligated is at the exact same level for last fiscal year, which is very unusual. If spending rate continues the remainder of the fiscal year, it is believed just below 95% will be expended for the year. Mr. Martin informed members this is what he and his staff traditionally rely upon to help appropriate a sustainable fund balance. Mrs. Cannon added the county has appropriated approximately \$7M of fund balance and if the over-realization or under-spending does not happen, then monies have to be taken from the saving account. This has only happened one time in the last 12-14 years and the county is as close to this as they have been in the last few years. Mrs. Cannon stated that conservatism is not built into next year's revenue estimates and monitoring will be done on a monthly basis.

Commissioner Faircloth questioned whether any information had been received from the Legislative short session and Mr. Abner reported issues that were discussed yesterday involved lottery funds and E 9-1-1 funds. It appears that they will pass a request by the State to reallocate lottery funds to be used for teacher salaries in lieu of school construction. Also, they will allow school systems the authority to reallocate \$130M of lottery funds to be used

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however they want. Mr. Abner also reported that they plan to reorganize the E 9-1-1 Board to have 8 of the 16 members for telecoms and the other 8 will be general county members which better balances the board. Restrictions on the funds will be loosened up to allow counties to spend dollars inside the PSAP area. Also, 50% of the E 9-1-1 fund balance could go toward any public safety purpose. Mrs. Cannon added that if this happens, it would allow the county to use some of those funds for moving Emergency Services into the old health department for renovations. Discussion resumed on the proposed lottery change and how it will affect the next agreement with the school system. Mrs. Cannon will approach the school system on this subject to determine the impact of this change.

Completing the summary with regard to revenues, Mrs. Cannon stated that tax revenue from real, personal and public utility properties is expected to be 105% above budget by the end of the year which equates to about \$7.2M. Motor Vehicles taxes are projected to be 120% above equating to \$2M. Sales tax collections were up in the month of May by 3½ % which is the first month in the last six or seven months that the sales tax collections were greater than the prior year in the same month. From a budget perspective, current year distributions are expected to be about \$2M under budget. Sheriff's Office fees are low due to some multi-year federal grants recognized in a different year. Interest income is expected to be about \$800,000 below budget.

5. Other Matters of Concern

MOTION: Commissioner Faircloth moved to adjourn.
SECOND: Commissioner Council
VOTE: UNANIMOUS

MEETING ADJOURNED AT 9:28 AM