

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
MONDAY, FEBRUARY 7, 2013 – 8:00 AM
CUMBERLAND COUNTY HEADQUARTERS LIBRARY – PATE ROOM
SPECIAL MEETING – PLANNING RETREAT
MINUTES

PRESENT: Commissioner Jimmy Keefe, Chairman
Commissioner Jeannette Council, Vice Chair
Commissioner Kenneth Edge
Commissioner Charles Evans
Commissioner Marshall Faircloth (arrived at 8:19 a.m.)
Commissioner Billy King
Commissioner Ed Melvin
James Martin, County Manager
Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Sally Shutt, Chief Public Information Officer
Howard Abner, Assistant Finance Director
John Ellis, Hope Mills Town Manager
Scott Edwards, Hope Mills Finance Director
Kim Nazarchyk, Eastover Town Manager
Huell Aekins, Mayor of Wade
Russ Rogerson, Fayetteville Regional Chamber
Candice White, Clerk to the Board
Kellie Beam, Deputy Clerk to the Board
Press

Chairman Keefe called the special meeting to order and provided opening remarks.

1. Overview of Distribution of Sales Tax Proceeds, State Statutes and Expiration of the Inter-local Agreement

James Martin, County Manager, stated the first topic would be the “Overview of Distribution of Sales Tax Proceeds, State Statutes and Expiration of the Inter-local Agreement”.

Mr. Martin stated county commissioners are authorized to choose between two sales tax distribution methods to establish the division of sales tax proceeds between the county and its municipalities. Mr. Martin stated the first method is the per capita distribution method which means the total of the county-wide population (incorporated and unincorporated areas) plus the populations of each municipality is used to calculate a proportional distribution. Mr. Martin stated the second method is the ad valorem distribution method which means the sum of ad valorem taxes levied by the county, each municipality and each taxing district in the immediately preceding fiscal year is used to calculate a proportional share of sales tax proceeds.

Mr. Martin stated the county commissioners may change the method of distribution for the next fiscal year by adopting a resolution in April.

Mr. Martin then explained the following figures:



Sales Tax Distribution Methods

	For FY 2012				
	Pop	Pop %	Ad Valorem-Levy	Ad Valorem %	Difference
Cumberland	326,673	57.57692%	\$ 165,917,108	71.21682%	13.63991%
Eastover	3,628	0.63944%	578,635	0.24837%	-0.39108%
Falcon*	311	0.05481%	22,449	0.00964%	-0.04518%
Fayetteville	208,291	36.71180%	58,792,175	25.23545%	-11.47635%
Fayetteville CBTD	-	0.00000%	135,842	0.05831%	0.05831%
Godwin	139	0.02450%	28,985	0.01244%	-0.01206%
Hope Mills	15,176	2.67481%	4,031,698	1.73053%	-0.94428%
Hope Mills Recreation	-	0.00000%	479,964	0.20602%	0.20602%
Linden	130	0.02291%	13,608	0.00584%	-0.01707%
Spring Lake	11,436	2.01562%	2,637,583	1.13213%	-0.88349%
Stedman	1,028	0.18119%	258,288	0.11087%	-0.07032%
Wade	556	0.09800%	78,258	0.03359%	-0.06441%
Total	567,368	100.00000%	\$ 232,974,593	100.00000%	0.00000%

Mr. Martin stated sales taxes in Cumberland County have historically been distributed using the per capita distribution method but as municipal populations have grown through annexation, the county’s relative share of sales tax distribution has declined.

Mr. Martin explained in October 2003 an inter-local agreement was reached between the county and each of the municipalities and at that time, the county agreed to maintain the per capita distribution method in exchange for specified reimbursements from municipalities with population increases through annexation. Mr. Martin stated the City of Fayetteville agreed to pay Cumberland County \$2.1 million as reimbursement for sales tax revenue losses resulting from previous annexations. Mr. Martin further stated each municipality that annexed population during the term of the agreement was required to reimburse the county and other municipalities 50% of sales tax distribution losses that resulted from the annexation for all subsequent years. Mr. Martin stated the current inter-local agreement will expire on June 30, 2013.

Mr. Martin stated the current inter-local agreement was modified effective upon the annexation of Bragg/Pope into Fayetteville and Spring Lake. Mr. Martin further stated Fayetteville and Spring Lake agreed to reimburse the county for 100% of sales tax distribution losses that resulted from this annexation for all subsequent fiscal years. Mr. Martin stated reimbursement percentages are adjusted annually to reflect population increases and decreases on the two military installations.

Mr. Martin stated the FY 2012 reimbursement percentages reflect the cumulative impact of:

- Original reimbursement amount
- Fayetteville’s “big bang” annexation and 7 minor annexations by Fayetteville (2), Spring Lake (1), Godwin (1), Stedman (1) and Wade (2)
- Incorporation of Eastover
- Annexations of Fort Bragg and Pope.

Mr. Martin provided the following information which lists the differences between the ad valorem method versus the per capita method:



Ad Valorem versus Per Capita

Difference -- FY 2012								
MUNICIPALITY NAME	% Diff	ARTICLE 40 AMOUNT	ARTICLE 42 AMOUNT	ARTICLE 39 AMOUNT	ARTICLE 44 AMOUNT	ARTICLE 46 AMOUNT	STATE HOLD HARMLESS	DISTRIBUTABLE AMOUNT
General Fund		\$ 1,242,747	\$ 829,281	\$ 3,556,739	\$ 1,753	\$ (517,528)	\$ 2,378,835	\$ 7,491,828
Schools		441,796	926,086					1,367,882
Total County		\$ 1,684,543	\$ 1,755,368	\$ 3,556,739	\$ 1,753	\$ (517,528)	\$ 2,378,835	\$ 8,859,710
Recreation		247,141	257,532	521,813	257	162,031	(83,887)	1,104,889
Special Fire District		59,083	61,567	124,747	61	38,736	(20,055)	264,140
Fire Districts		483,145	503,458	1,020,110	503	316,760	(163,996)	2,159,979
Cumberland Total	71.21682%	\$ 2,473,912	\$ 2,577,924	\$ 5,223,409	\$ 2,574	\$ -	\$ 2,110,898	\$ 12,388,717
Eastover	-0.39108%	(70,930)	(73,912)	(149,761)	(74)	-	(60,071)	(354,747)
Falcon*	-0.04518%	(8,193)	(8,538)	(17,300)	(9)	-	(6,924)	(40,963)
Fayetteville	-11.47635%	(2,081,503)	(2,169,016)	(4,394,877)	(2,166)	-	(1,776,865)	(10,424,427)
Fayetteville CBTD	0.05831%	10,575	11,020	22,329	11	-	8,882	52,817
Godwin	-0.01206%	(2,187)	(2,279)	(4,618)	(2)	-	(1,856)	(10,942)
Hope Mills	-0.94428%	(171,267)	(178,467)	(361,612)	(178)	-	(145,930)	(857,455)
Hope Mills Recreation	0.20602%	37,366	38,937	78,894	39	-	31,382	186,617
Linden	-0.01707%	(3,096)	(3,226)	(6,537)	(3)	-	(2,618)	(15,480)
Spring Lake	-0.88349%	(160,241)	(166,978)	(338,332)	(167)	-	(136,155)	(801,872)
Stedman	-0.07032%	(12,755)	(13,291)	(26,931)	(13)	-	(10,854)	(63,844)
Wade	-0.06441%	(11,682)	(12,173)	(24,666)	(12)	-	(9,888)	(58,421)
TOTAL	57.57692%	\$ -	\$ -					

Mr. Martin stated Chairman Keefe’s letter to the municipalities requested a response by March 25, 2013. Discussion followed.

2. School Funding Discussion

Mr. Martin stated county management was contacted by Dr. Till requesting a meeting to discuss the Board of Education’s interest in developing a school funding agreement. Mr. Martin stated the prior agreement provided a funding formula which governed the annual appropriations of school current expense Lake funding for fiscal years July 1, 2007 through June 30, 2011. Mr. Martin stated the appropriations for fiscal years 2012 and 2013 have been held at the fiscal year 2011 amount of \$76,220,676.

Mr. Martin stated for fiscal year 2011, the last year of the funding agreement, the actual amount paid was \$76,879,425 which equated to 37.55 cents of the tax rate or 51.2 cents of every tax dollar collected. Mr. Martin stated in addition, the agreement was amended to recognize that the annual appropriation to the Board of Education would reflect on the actual net property tax revenues realized and collected by the county as a result of any economic development incentive agreements formally approved by the Board of Commissioners.

Mr. Martin stated based on discussion with Dr. Till and Ricky Lopes, the following parameters were discussed as the basis for a new funding agreement to be effective July 1, 2013:

- School current expense funding for FY2013 will be held at current level of \$76.2 million
- New funding percentage for FY2015 will be established using FY2013 as the base year
- Percentage will be calculated based upon the ratio of \$76.2 million to the FY2013 property tax levy
- Actual taxes collected which exceed the amount budgeted and previously paid to the Board of Education will be split 75% to the county and 25% to the Board of Education.

Mr. Martin stated his recommendation would be for the school current expense funding for FY2014 be held at current level of \$76.2 million. Mr. Martin stated this would be the third year of level funding at that rate.

Commissioner Council stated she feels the school system needs to know the county will at least fund them at the same level this year and next year so the school system can plan and budget.

MOTION: Commissioner Council moved to keep the school current expense funding for FY2014 and FY2015 at least at the current level of \$76.2 million.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (7-0)

3. Parks and Recreation Bond Package

Commissioner Billy King referenced his memo asking the board to reconsider the idea of re-joining the City of Fayetteville in the promotion of the Parks and Recreation bond issue. Commissioner King stated since that memo he has had conversations with elected officials and citizens in the community and found there are issues within the City Council that go beyond the Parks and Recreation bond issue that may prevent this project from moving forward. Commissioner King stated he would like to pull the Parks and Recreation bond issue from discussion.

4. Capital Improvement Plan

Mr. Martin stated the Capital Improvement Plan (CIP) is a financing construction/acquisition plan for projects that require a significant capital outlay and provides an overall perspective to capital planning, as it includes projects that are funded from all funds.

Chairman Keefe stated he receives consistent requests to find additional space for county offices because of the crowding of the courthouse. Chairman Keefe stated the county needs to start developing a plan possibly within the next five years. Chairman Keefe stated it is important to know the county's financial situation, abilities and how to keep a good rating.

Chairman Keefe stated he would like to see what the county's financial position is right now and what can realistically be expected to invest in capital improvements in the next three to five years. Chairman Keefe stated the county already knows different county departments need space.

Ms. Cannon stated from a capital improvement standpoint it would give an idea of where the county is today, what the county has budgeted and how it is funded but it would not look forward. Ms. Cannon stated a separate analysis and discussion would be needed to look into the future. Ms. Cannon stated if the county was going to build something in the next five years based on where the county is now, money would have to be borrowed.

5. Mental Health Issues

A. Inter-local Agreement/Merger

Mr. Martin stated the inter-local agreement with Alliance Behavioral Healthcare involves the merger of Durham and Wake counties and an inter-local agreement of services with Cumberland and Johnston counties. Rick Moorefield, County Attorney, stated Cumberland County's agreement and obligation to the Alliance Behavioral Healthcare ends June 30, 2013, but the inter-local agreement is ongoing. Mr. Martin stated locally funded services will end at the end of this budget year which is June 30, 2013. Mr. Martin further stated the commissioners could decide to continue funding the local services next fiscal year and needed to know if the board had any direction to give staff.

Chairman Keefe stated the inter-local agreement is something that needs to be discussed because the first opportunity to put it in place would be June 30, 2013. Mr. Martin stated if the board decided to explore the option of a merger, some discussion would need to start very soon. Mr. Martin stated there are a number of things that would need to be negotiated such as the number of board seats and funding

Commissioner Evans asked what would happen to the local fund balance if the board decided to merge. Mr. Moorefield stated details would have to be worked out to ensure a satisfactory merger agreement could be reached. Mr. Moorefield further stated a resolution of intent to merge would direct staff to work details out if a satisfactory merger agreement could be reached by the commissioners. Mr. Moorefield stated unless there was a formal vote for intent by the commissioners, it would be impossible for staff to work out details.

Mr. Martin stated if the commissioners want to move and explore the options to merge, a vote of intent to merge subject to successful negotiations on seats and funding would be an action that is needed. Mr. Moorefield stated unless the board formally acknowledges an interest in merging, it would be impossible for Wake and Durham counties to take Cumberland County seriously.

MOTION: Commissioner King moved to direct staff to develop a generic resolution of intent to merge subject to an acceptable agreement and present to the full board at the February 18, 2013 meeting.

SECOND: Commissioner Faircloth

DISCUSSION: Commissioner Edge stated staff should negotiate the number of seats on the board and the cost of the merger. Commissioner Edge stated the most important step in the process is to take care of local consumers.

VOTE: PASSED (6-1) (Commissioners Keefe, Faircloth, Melvin, Council, Edge and King voted in favor; Commissioner Evans voted in opposition)

B. Mental Health Clinic Services / CFVHS

Mr. Martin stated if the commissioners decide to merge, the Mental Health Clinic Services at the Public Health Department will be divested. Mr. Martin stated he has been in discussion with Mike Nagowski, CEO of Cape Fear Valley, about Cape Fear Valley Hospital System's interest in providing the Mental Health Clinic Services that are now being provided by the Public Health Department and also a 16-hour a day Crisis Intervention Team (CIT) program. Mr. Martin stated he has received preliminary information from Mr. Nagowski but is waiting for a final proposal.

Chairman Keefe stated he believes partnering with Cape Fear Valley to create a CIT drop off point could save the county thousands of dollars and would help take mental health patients out of the jail. Chairman Keefe stated this CIT drop off point could be a model. Chairman Keefe explained once a law enforcement officer determines they are dealing with a mental health patient the officer would take the mental health patient to the CIT drop off point to get the proper medication needed. Chairman Keefe stated he would like to see the board move forward with a commitment to support the CIT drop off point.

Commissioner King asked Chairman Keefe for more details on the CIT drop off point. Chairman Keefe stated Cape Fear Valley already has a location on Roxie Avenue that can be staffed 16-hours daily now and work towards a 24-hour day. Chairman Keefe stated he feels the CIT drop-off point would help the county's budget along with helping mental health patients by not having to go to the jail or emergency room.

6. Funding for Non-Profits

Mr. Martin discussed the community organizations and quasigovernmental organizations that received county funds in FY2013. Mr. Martin explained which organizations the county has a legal and/or contractual obligation to fund. Discussion followed.

7. Annexation Policy in Industrial Parks

Mr. Martin stated Cumberland County created the 474-acre Cedar Creek Business Center in 2002 with the intent to have a quality industrial park to supplement the Cumberland Industrial

Center. Mr. Martin explained the county made a major investment in land acquisition, infrastructure and planning/design.

Mr. Martin stated the Cedar Creek Business Center has sat vacant for the past ten years and the park has been a certified site (however it has expired) and marketed by the appropriate economic development organization over the past years but still no land has been sold. Mr. Martin stated one drawback has been the lack of three-phase electric service on-site.

Mr. Martin stated a recent change in PWC policy that requires property that is “new service” for the water and sewer services to be annexed in the City of Fayetteville has created another challenge for the marketability of the industrial park.

Mr. Martin stated it is clear that Fayetteville and Cumberland County need to diversify the economy to create a better balance of jobs and investment by working on the target sectors to attract businesses outside of the military or related sectors. Mr. Martin stated shovel-ready sites are a key component to this strategy.

Mr. Martin stated the newly formed Economic Development Alliance of Fayetteville and Cumberland County believes the Cedar Creek Business Center can be the flagship industrial park for the community and a “Class A” industrial site if the following actions take place:

- Develop a Cedar Creek Business Center annexation agreement between the City of Fayetteville and Cumberland County that clearly identifies a tax incentive program that would be advantages to the companies’ that choose to locate in the industrial park.
- Aggressively pursue three-phase electric service on the property at no capital cost to the county or any company locating in the park.
- Re-certify the industrial park through the NC Department of Commerce.
- Develop and implement an aggressive marketing effort to make site selection professionals and companies’ aware of the advantages of the industrial park.

MOTION: Commissioner King moved to endorse the concept of the municipal incentive agreement subject to an agreement by the City of Fayetteville and have the county petition annexation of the site with an agreeable MOU based on the concept discussed.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (7-0)

8. NCACC Legislative Agenda Update

Commissioner Edge gave a report on the NCACC Legislative Agenda. Commissioner Edge went over the NCACC top five goals for 2013-2014:

- Oppose shift of state transportation responsibilities to counties

- Reinstate ADM and lottery funds for school construction
- Oppose unfunded mandates and shifts of state responsibilities to counties
- Ensure adequate mental health funding
- Preserve the existing local revenue base.

Commissioner Edge stated 58 goals were approved and 5 goals were amended. Commissioner Edge stated the NCACC sent out a proposed resolution to support the Legislative Goals for the first time. Commissioner Edge recommended not supporting the resolution unless there were changes in the wording. The consensus of the board was to not take any action on the resolution.

9. Additional Topics

Mr. Martin stated the Detention Center Expansion Project should be completed next fiscal year. Mr. Martin explained the projected expenses that would occur due to the completion of the Detention Center Expansion Project.

Mr. Martin stated the Employee Wellness Clinic has exceeded expectations and he expects this success to continue.

Mr. Martin discussed technology upgrades, Phase II salary study, vehicles and new positions at the Public Health Department.

MOTION: Commissioner Evans moved to adjourn.
SECOND: Commissioner Council
VOTE: UNANIMOUS (7-0)

There being no further business, the meeting adjourned at 12:51 p.m.

Approved with/without revision:

Respectfully submitted,

Kellie Beam
Deputy Clerk to the Board