

*Scotland County Board of Commissioners regular meeting
6:30 p.m. May 2, 2005, Commissioners Chamber, 1405 West Boulevard, Laurinburg*

MINUTES

Scotland County Board of Commissioners Regular Meeting, May 2, 2005

Scotland County Complex, 1405 West Boulevard, Laurinburg, NC

At 6:30 p.m., Chairman J.D. Willis called the regular meeting to order. Commissioners in attendance: Chairman Willis, Vice Chair Betty Blue Gholston and Commissioners John Alford, Leon Butler, Charles “Scoofer” Jordan, Joyce McDow and Clarence McPhatter. Staff in attendance: Finance Officer/Assistant County Manager Kevin Patterson, County Attorney Ed Johnston and Clerk to the Board Ann W. Kurtzman. Commissioner Alford delivered the opening prayer. The Pledge of Allegiance was recited.

Chairman Willis said the meeting was called half an hour earlier to allow the Commissioners time to receive an overview on the school funding formula and to ask questions of Attorney Johnston.

Item 1. School Floor and Funding Formula Overview

Attorney Johnston discussed the school floor and how a funding formula compromise was negotiated between the Board of Commissioners and Board of Education and approved by the State legislators.

Mr. Johnston’s report is as follows: In 2001/2002 the Board of Commissioners absorbed an increase of \$750,000 in local school current expense funding. The County Manager projected that in 2002/2003 the local school current expense would increase from \$8.9 million to \$9.7 million. Had nothing been done, the total increase for two successive years would have been \$1.6 million.

Attorney Johnston said a compromise forged between the Board of Commissioners and the Board of Education, Session Law 2002-66, changed the benchmark local current expense funding from all counties including high wealth counties to a percentage of funding equivalent to low wealth counties, modified up or down by changes in school population known as Average Daily Membership (ADM). The base for current local school expense was fixed by agreement in FY 2002-2003 at \$8.7 million, which was \$200,000 less than the preceding year and \$1 million less than what the County Manager had projected for school funding had nothing been done.

The “safety valve” of the 2002 Session Law addresses extraordinary economic circumstances. The two Boards would be allowed to deviate from this funding formula by joint agreement, which would occur only if both the Board of Commissioners and Board of Education agree and pass a resolution to that effect. There is a possibility for flexibility in the law that had not existed before. The two Boards could act in concert on a different level of appropriation for local current expense funding.

Public Forum:

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Chairman Willis asked if anyone wished to speak at Public Forum.

Mr. James “Sunbeam” Sutherland: Mr. Sutherland thanked the Commissioners for appropriating \$5,000 in support of Pemo Stewart in this fiscal year. He said Pemo Stewart recently received a \$4,700 grant and the \$5,000 would not be needed this year.

No one else came forward, and Public Forum was closed.

Item 2. Public Hearing: Planning and Zoning

Planning and Zoning Board Chairman Henry McLeod said application 423-05 by Mr. Charles Morgan requests that that three lots on US 74 in Laurel Hill (old Hundred) be rezoned from RA (Residential Agriculture) to (HC) Highway Commercial so the existing automobile car lot could be moved about 150 feet from the present yard. Mr. McLeod said the Planning and Zoning Board recommends approval of Mr. Morgan’s application.

Attorney Johnston called the Public Hearing and asked if anyone wished to speak for or against the application. No one came forward, and the Public Hearing was closed.

Motion was made by Commissioner Jordan and duly seconded by Commissioner Butler to approve the Charles Morgan application 423-05 to rezone three lots on US 74 in Laurel Hill from RA (Residential Agriculture) to (HC) Highway Commercial. Vote: Motion unanimously approved.

Mr. McLeod said application 424-05 by R. Group, LLC requests that approximately 72 acres on State Road US15-501, also known as Aberdeen Road, be rezoned from OS (Open Space) to RA (Residential Agriculture). He said the land adjoining the property on the north and south is zoned Residential. Mr. McLeod said that the Planning and Zoning Board recommends that the rezoning request by R. Group, LLC. not be approved.

Attorney Johnston called the Public Hearing and asked if anyone wished to speak for or against the application. No one came forward.

Mr. Johnston said that attorneys for R. Group, LLC. will gather additional information and would meet with the Deercroft community. The attorneys request that the Public Hearing be continued and the application tabled to the June 6, 2005 meeting.

Motion was made by Commissioner McPhatter and duly seconded by Commissioner Butler to table the R. Group, LLC application 424-05 and continue the Public Hearing on June 6, 2005 at 7 p.m. in the Commissioners Chamber. Vote: Motion unanimously approved.

Mr. McLeod discussed proposed amendments in the current subdivisions ordinance to sections 24, 25 and 26 of the Scotland County Zoning Ordinance. Mr. McLeod said the amendments provide permitted exceptions to existing small lots created prior to April 3,

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1975, which can not meet either the minimum lot area, lot width, or lot depth. The owner can build or place on the site provided the following are met: the lot is properly zoned for the proposed use; the lot meets the minimum health standards applicable; the lot meets the minimum setback requirements, front, rear and side yard requirements. He said it gives the staff the authority to approve the slightly non-standard lots without advertising or a 45-day wait.

Mr. McLeod said the proposed amendments would speed up the zoning process and save the taxpayer some money. He said the Planning and Zoning Board recommends that the proposed amendments be approved.

Mr. Johnston called the Public Hearing and asked if anyone wished to speak for or against the proposed amendments. No one came forward, and the Public Hearing was closed.

Motion was made by Commissioner Butler and duly seconded by Commissioner McDow to approve the amendments to the Scotland County Zoning Ordinance Sections 24, 25 and 26, which gives the staff the authority to make the adjustments as necessary. Vote: Motion unanimously approved.

Item 3. Consent Agenda:

- a) Approve minutes of the Board of Commissioners: April 7, 2005 budget work session; April 11, 2005 regular meeting and April 13, 2005 annual retreat.
- b) Approve submittal of the Rural Assistance Program (ROAP) Application for FY 2005-2006. *(This is a public hearing. The Clerk to the Board of Commissioners received no written comments).*
- c) Approve entering into property and liability interlocal agreement with the NCACC Pool and authorize the Finance Officer/Assistant County Manager to execute the agreement.
- d) Approve property and liability annual participation agreement with NCACC Pool and authorize the Finance Officer/Assistant County Manager to execute the agreement.
- e) Budget Amendments
 - 1) **Library:** Approve FY 2004-2005 LSTA Technology Planning Grant in the amount of \$20,000 and authorize the Finance Officer to make necessary budget arrangements to receive and expend this money. No County dollars required.
 - 2) **Health Department:** Approve additional State Bioterrorism funding in the amount of \$23,370 and authorize the Finance Officer to make necessary budget arrangements to receive and expend this money. No County dollars required.

Motion was made by Commissioner McDow and duly seconded by Commissioner Alford to approve the Consent Agenda. Vote: Motion unanimously approved.

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Attorney Johnston called the Public Hearing on the Rural Assistance Program (ROAP) Application for FY 2005-2006 and asked if anyone wished to speak for or against the application. No one came forward, and the Public Hearing was closed.

Motion was made by Commissioner Jordan and duly seconded by Commissioner McPhatter to approve the Rural Assistance Program (ROAP) Application for FY 2005-2006. Vote: Motion unanimously approved.

Item 4. Aging Advisory Council Strategic Planning Process

DSS Director Jan Elliott said the aging community in Scotland County would increase 63 percent by 2020. She said the Aging Advisory Council would be working with other agencies to develop a plan, which would benefit the aging and disabled population in the County. Ms. Elliott said it is anticipated a plan would be put together that the Board of Commissioners and Chamber of Commerce could use as the County moves forward. She invited the Commissioners to a May 23 to 24 community collaborative meeting.

Item 5. Presentation of the FY 2005-2006 Scotland County School Budget

School Board Chairman Buck Carter described the FY 2005-2006 school budget as necessary in order to achieve the goals set forth.

School Superintendent Shirley Prince gave a PowerPoint presentation which included operating cost increases and budget cuts over the past three years. A pie chart indicated where the local current expense dollars went in FY 2004-2005. The presentation also focused on Scotland County statistics compared to State statistics.

Dr. Prince asked the Board of Commissioners to consider approval of \$350,000 out of the restricted sales tax account for some immediate school capital needs. She said that in FY 2004-2005 the School Board asked for but was denied a request for capital outlay dollars.

Following the PowerPoint presentation, Chairman Willis used overheads to illustrate Scotland County's tax history and level of local school funding, the tax rate and amount of the tax rate appropriated to the schools from 1999 to 2005, the property tax collection rate and the amount given to the schools and the school fund balance.

Chairman Willis said schools are not mandated to carry a fund balance, and in some counties the Board of Commissioners will not release funding to the schools until the fund balance has been spent. He said since the year 2000 the School Board has appropriated more than \$700,000 each year from the Fund Balance, the majority of which was not used. Chairman Willis said the School Board continues to increase its Fund Balance with the local dollars appropriated for the schools. He said there is the same amount of funding on the capital side.

Chairman Willis said if the governing body continues to fund the school's capital requests, by 2010 there would be as little as \$36,000 left in restricted sales tax to pay

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down the school debt. He said that in previous years the Finance Officer and the County Manager advised against dipping into the restricted sales tax account to fund school capital requests because the taxpayer might eventually shoulder the burden of paying the school bond debt. He said that could occur if sales tax projections fall short. The restricted sales tax might seem like a lot of money, said Chairman Willis, but it's really not, and there is no cushion.

Commissioner Jordan said he recalled the schools had once planned to take older schools out of the system as part of the school bond agreement, but that never happened. School Chairman Carter said that State mandates calling for decreased class sizes prevented closures of older schools. He said the schools have since been renovated to the point where they are more easily maintained. He said the money designated for taking the schools out of the system was channeled to other projects once it was released.

Dr. Prince and Chairman Carter said all buildings are being utilized to the maximum, and mobile units still are at many schools. Space is maximized and studied on a routine basis.

Dr. Prince and Chairman Carter then responded to questions by Commissioners on local current expense items.

Dr. Prince responded to a question from Commissioner Butler on exactly which local current expense figure was used in the low wealth funding formula. Dr. Prince said the local schools used the \$9.3 million County appropriation only and not the \$10.8 million total local current expense for the low wealth funding formula.

Dr. Prince said the Student Accountability line item was cut by the State because every year the Scotland County schools improve, they receive less money.

Commissioner Jordan asked why Scotland County funds more positions with local dollars than neighboring Richmond and Bladen counties.

Associate Superintendent Freddie Williamson said class sizes locally are smaller than in neighboring counties. He said the mandated class size could be exceeded by three percent, but Scotland County does not exceed that percentage and therefore has more teachers supported by local current expense. Dr. Prince said if the other counties had a similar funding law as the one in Scotland County, those schools would decrease class size, too.

Chairman Willis asked how much the taxpayers could afford. He agreed that education is important, and providing for the welfare of the students is important. Chairman Willis said it is the responsibility of the County Commissioners to protect the welfare of the citizens. He said there must be a happy medium between the two.

Commissioner Alford asked why \$30,000 for At-Risk Students was cut. She said the monies pay for tutors and extra student services. She said it is the hope of the school system that there would be fewer at-risk students next year.

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Vice Chair Gholston asked about the State allotment for Finance Office and how the local allotment relates to that. Finance Officer Sharon Hales said the State provides a lump sum for Central Office positions, and it is not allocated by position, which is why local funds are used for Finance Officer salary.

Commissioner Alford asked if the \$1,000 for art supplies was for all schools. Associate Superintendent for Curriculum and Instruction Jeanie Freshcorn said the \$1,000 is for special projects above and beyond what is budgeted for art supplies.

Ms. Hales said the \$131,599 in supplements is for all principals, which is about \$8,000 each, to cover in-County travel plus salary supplements. She said there is a separate travel budget for others in the principals' offices that are not principals. The Assistant Principals receive a total of \$54,000 for in-County travel and supplements.

Dr. Prince responded to a question by Commissioner McDow that \$10,000 designated for graduation covers the cost of diplomas and other expenses.

The \$26,600 designated for Central Office supplies is a general supply budget, which is why the various offices have additional separate line items for supplies specific to the different areas, Dr. Prince explained.

Commissioner Alford asked why there is no salary increase for the two AIG teachers. Ms. Hales said lower placed teachers were put in those positions.

Dr. Prince said Central Officer administrators do not receive supplements, just a straight salary. She said supplements are used as a teacher-recruiting tool, and loyalty supplements are given in order to facilitate retention.

Chairman Willis asked about \$6,000 and \$24,600 budgeted in the local current expenses for the Superintendent's Office in the FY 2003-2004, and \$31,300 in FY 2004-2005. Ms. Hales said the \$6,000 is for in-County travel by the Superintendent while the \$24,600 is the Superintendent's local salary supplement above the regular salary.

Commissioner Butler asked for clarification on the Associate Superintendent Travel supplements, which is \$8,468 on page 4 and \$8,400 on page 10 of the FY 2005-2006 budget. Dr. Prince said the appropriations cover travel and salary supplements.

Commissioner McDow asked what the difference is between the fund balance and contingency. Ms. Hales said the contingency is \$30,000 budgeted every fiscal year for emergencies.

Commissioner McDow said it appears that there is a \$1.2 million school fund balance that is not allocated. Commissioner McDow said that school employees would receive a projected 3 percent salary increase using local current expense while the County employees would not receive a cost of living increase again this year. She commented

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that since the School Board has such a large fund balance would it consider giving some relief to the County citizens. Commissioner McDow said she did not expect an answer, but would like School Board officials to consider it.

School Chairman Carter said the School Fund Balance provides cash flow in case emergency payments arise, such as meeting payroll.

Chairman Willis said that the schools in the past appropriate roughly \$750,000 to be used during the year, and when it is not used, it is added to the Fund Balance. He questioned whether the school budget is set up around what the County gives the schools versus what the schools actually need. Chairman Willis said that the County, by comparison, has about \$1.1 million in undesignated Fund Balance, which is critical to attracting industry, yet the schools have twice that amount.

Chairman Willis said that each year the schools budget \$30,000 for miscellaneous fuel reserve, and each year it isn't used. Ms. Hales said the miscellaneous fuel reserve is now \$21,790 because some of it was used but transferred to another line item within the Transportation budget. Chairman Willis questioned whether the remainder would be used between now and the end of the fiscal year. Mr. Carter said that scenario would be possible given the sharp spike in fuel prices.

Returning to the subject of the School Fund Balance, Chairman Willis said had it not been for the 2002 amended school funding formula the School Fund Balance could be much higher than the current \$2.2 million.

Commissioner McPhatter asked if the School Board members present tonight could foresee in the course of their tenure as elected officials signing a law and adopting a resolution to give to the State Legislature that would eliminate the School Floor. School Board members present verbally indicated that it would not happen.

Chairman Willis said that \$41,000 is budgeted for workshops. He asked if there would be any other source other than local dollars to fund the workshops. Dr. Freshcorn said probably not since the schools continue to get cuts from the State in staff development dollars.

Chairman Willis asked again about the \$24,600 Superintendent salary supplement and exactly when that became part of the local current expense budget for the schools.

Dr. Prince said the state a few years ago placed a cap on Superintendent salaries, and the \$24,000 had to be shifted into local current expense budget to reflect that difference.

Commissioner Butler asked why there were separate line items for athletic startup funds at \$30,000 and \$31,000. Coach Mark Barnes said budgeted items cover start up funds for athletics at the high school and the middle schools until revenue comes in from athletic events.

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Chairman Willis said since Dr. Freshcorn would be retiring, did the Shool Board intend to hire a replacement at Dr. Freshcorn's current salary. Dr. Prince said she did not know the answer to that.

Chairman Willis said he didn't see how the schools would go through more than \$21,000 in miscellaneous fuel reserve in the two months remaining in the fiscal year.

Chairman Willis thanked Dr. Prince, Ms. Hales and Mr. Carter.

(A break was called. Meeting resumed at 8:25 p.m.)

Item 6. Budget Work Session

The Commissioners agreed to hear reports from health insurance carriers at a 1 p.m. May 10, 2005 Budget Work Session.

Item 7. Monthly Update from the Finance Officer/Assistant County Manager

Finance Officer/Assistant County Manager Kevin Patterson said the two percent cuts with exceptions indicated by the Board of Commissioners have been entered into the system. Mr. Patterson said the preliminary property valuation, which is \$1,774,000,000, would remain reasonably steady assuming there are no big surprises. An estimated collection rate of 96 percent will be budgeted for FY 2005-2006. A \$1.10 tax rate would yield \$18.7 million. Mr. Patterson said \$9.3 million would be removed for school funding. That would leave \$9.4 million for government operations. Budgeted expenditures are \$28,302,000. Budgeted revenues would be \$27,804,000, which gives a variance of \$498,000. Mr. Patterson said that is the figure the County would have to make up with the two percent put in except where the Board indicated no cuts. He said one cent raises \$169,000. Mr. Patterson said he's fairly confident of three percent sales tax projections, assuming the State doesn't do anything to jeopardize that.

Mr. Patterson discussed how school capital outlay, ADM funds and the two sales tax articles might be affected if the State lottery is approved. He said it is unlikely the County would have indication of the affects the State budget would have locally before the end of June. He predicted that even if Medicaid relief were approved, it would not have a local impact until the FY 2006-2007 fiscal year.

Mr. Patterson said Lumber River EMC is requesting an easement along McGirts Bridge Road in order to supply power lines for the prison and some hog farms. He said the request for approval would come before the Commissioners at the June 6 regular meeting. He said the project would not cause any cost to the County.

Item 8. Other Information/Comments from the Chairman and Commissioners

Scotland Historic Properties Committee Chairman John Stewart asked the Commissioners to consider funding the John Blue House and property and the new

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Scotland County Museum in the amount of \$18,180 for FY 2005-2006. Mr. Stewart said the \$18,180 would support utilities, telephone, security system and fire system. He said local support is critical in pursuing outside grants.

He discussed the importance of maintaining the County's historic properties as they attract visitors to the area. He discussed grants the Committee has received from other funding sources.

Commissioner Alford said volunteers keep the properties open, but there is need for some help with ongoing expenses.

Chairman Willis said the Commissioners would take Mr. Stewart's request under advisement as Budget Work Sessions continue.

Commissioner Alford said the Commissioners might consider developing a bonus program for Department Heads whose work and responsibilities bring revenue to the County. Chairman Willis suggested looking at other counties to find out what type of incentive programs might be offered.

Motion was made by Commissioner Jordan and duly seconded by Commissioner Alford to recess until 12:30 p.m. May 3, 2005 in the Commissioners Chamber. Vote: Motion unanimously approved.

Respectfully Submitted,

Ann W. Kurtzman
Clerk

J.D. Willis
Chairman