

**PITT COUNTY BOARD OF COMMISSIONERS  
GREENVILLE, NORTH CAROLINA  
September 9, 2004 MINUTES**

The Pitt County Board of Commissioners met on Thursday, September 9, 2004, at 6:30 PM in the Emergency Operations Center, Pitt County Office Building, 1717 W. 5th Street, Greenville, North Carolina.

**Commissioners present:**

Eugene James, Chairman  
Mark Owens, Jr., Vice Chairman  
John Minges, Commissioner  
Jimmy Garris, Commissioner  
Beth Ward, Commissioner  
Glenn Bowen, Commissioner  
Tom Coulson, Commissioner  
David Hammond, Commissioner  
Randy Royal, Commissioner

**Staff present:**

Scott Elliott, County Manager  
Susan Banks, Clerk to the Board  
Melonie Bryan, Deputy County Manager/Financial Services  
John K. Bulow, Deputy County Manager/Human Services  
JoAnne Burgdorff, County Attorney  
Phil Dickerson, Deputy County Manager/Public Services  
Mike Taylor, MIS Director  
Sheriff Mac Manning  
Tim Copeland, Detention Center Director  
Ed Garrison, Social Services Director  
Alice Keene, Community Schools and Recreation

**Call to Order**

Chairman James called the meeting to order following an informal dinner.

**Prayer and Pledge**

Commissioner Ward offered the prayer. Commissioner Minges led in the Pledge of Allegiance.

**Approval of Agenda**

Commissioner Minges offered a motion, seconded by Commissioner Garris, to approve the agenda as presented. The motion passed unanimously.

**Business Session**

Chairman James informed the Board members that the purpose of this meeting was to consider alternatives for funding capital projects.

Mr. Elliott presented the following:

#### **Summary of Immediate Needs\***

- Board of Education - \$69.8 M
- Detention Center - \$31.5 - \$35.9 M
- Pitt Community College - \$1.2 M
- Department of Social Services - \$6.5 M - \$11.3 M

\* *Note: Estimates do not take into account additional operating costs for these projects once they are completed (i.e. utilities, personnel, etc.)*

#### **Summary of Other Needs\***

- Community Schools & Recreation - \$1.3 M + \$3.5 M = \$4.8 M
- Council on Aging - \$2.9 M + \$1.7 M + \$500 K = \$5.1 M
- Pitt Community College - \$ TBD \$
- Miscellaneous Projects – (Note: Other projects on overall CIP not detailed at this time)

\* *Note: Estimates do not take into account additional operating costs for these projects once they are completed (i.e. utilities, personnel, etc.)*

#### **Traditional Financing Mechanisms**

- Source: Ad Valorem Property Tax
- Yield: 1¢ = \$744 K (@ 95% collection rate)
- Financing (GO/COPS): Every \$10 M requires approximately \$650 K in debt service
- Average annual growth in tax base is not sufficient to cover additional debt and operational costs

#### **Possible Alternative Financing Mechanisms**

- Additional dedicated sales tax (1 cent could generate \$9 million for Pitt County)
- Land transfer tax
- Impact fees
- Statewide school bond referendum

Mr. Elliott stated that these three; sales tax, land transfer tax and impact fees, could be dedicated by project needs, with a sunset clause for specific needs; such as, school construction projects. Commissioner Coulson was concerned that the Legislature could change the rules and access these funds during a budget crisis like they have done in the past. Mr. Elliott stated that there was some discussion at the North Carolina Association of County Commissioners annual conference concerning a statewide school bond referendum.

Mr. Elliott stated that consideration of asking for legislation on the alternative revenue sources was on the agenda for the September 13, 2004 Board meeting. Each of the proposed financing mechanisms requires North Carolina General Assembly approval. He stated that Dare County asked for approval of multiple revenues but they did not put them

all into effect. He stated that with the sales tax, they could lessen the numbers of years on the debt. The Board discussed the need to structure the requests to the Legislature so that it would gain support of the majority.

**Proposed Funding Stream - Capital School Projects: \$55M**

	<b>YEAR 1 FY04-05</b>	<b>YEAR 2 FY05-06</b>	<b>YEAR 3 FY06-07</b>	<b>YEAR 4 FY07-08</b>	<b>YEAR 5 FY08-09</b>	<b>YEARS 6-10 FY09-10 - FY13-14</b>
<b>Appropriation</b>	\$0	\$35M (1)	\$20M (2)	TBD	TBD	TBD
<b>"Freed-Up" Capacity</b>	\$0	\$0	\$0	\$1.14M (BOE)	\$1.132M (BOCC)	--
<b>Source of Funds</b>	(1) GO - Spring 2005? \$ available Summer 2005	(1) GO - Fall 2005? \$ available early 2006	(2) COPS - \$ available in Fall 2006	--	--	--
<b>FY Debt Service (D/S) Pymts Begin</b>	--	--	--	(1), (2)	--	--
<b>FY Planning/Design Begins</b>	(1)	(2)	--	--	--	--
<b>FY Construction Begins</b>		(1)	(2)	--	--	--
<b>FY Taxes Increase for D/S Pymts</b>	--	--	(1) 1.0-1.5cents	(1) 1.5-2.0-cents ??	--	--
<b>FY of Interest Only Payments</b>	--	--	(1)	--	--	--

Note: \$10M in borrowing = ~\$650K in debt service payment. Change in market conditions will drive this amount.

- (1) is the \$35 million proposed on GO referendum in FY05-06 and will need approximately 3.0 cents tax increase over a 2-year period to cover debt service.
- (2) is the \$20 million proposed in FY06-07 and payments could be structured within "freed" BOE capacity.

## Potential Alternative Financing Mechanisms

- Each proposed financing mechanism would require NCGA approval
- Sales tax proposal would likely require a vote of the people
- Sales tax proposal could be tied to all capital construction or specifically K-12 & Community College related

## Board of Education – Project Overview

### Information:

- Long-Range Education Plan (LREP) identified needs over 12 years:  
\$216.9 M
- Funded to date:
  - 1) by Pitt County @ \$ 32.4 M
  - 2) by Board of Education @ \$ 3.9 M\*

Total \$ 36.3 M

\* Includes \$3.1 M of BOE Fund Balance

- Also funded Community Schools & Recreation building @ \$1.05 M (not included as capital for schools)
  - Remaining "Short Term" needs: \$69.8 M (out of \$108.6 M) (has been revised to \$71.7 million)
  - Inflationary cost increases have not been factored in
  - Bond Referendum "directive" formally set into motion by County Commissioners on August 16, 2004
- 
- Debt Service/Operating Cost Considerations:
    - Based on \$35 M
    - additional debt service = \$2.3 M or 3.00 cents
    - additional operating costs = \$ .5 M (est) or .75 cents
    - Total \$2.8 M or 3.75 cents
  - Debt Service/Operating Cost Considerations:
    - Based on \$50 M
    - additional debt service = \$3.3 M or 4.25 cents
    - additional operating costs = \$ .5 M (est) or .75 cents
    - Total \$3.8 M or 5.00 cents

Mr. Elliott stated that this Board needs to set the amount and date of the bond referendum and send it to the Board of Education for their response. He proposed the following:

- Manager's Recommendations:
  1. Consider referendum amount between \$35 - \$50 M
  2. Consider 2005 date to hold referendum
  3. Seek concurrence from BOE as to date & amount of bond referendum
  4. Issue \$20 M COPS in FY 06-07 using Board of Education's "freed-up" capacity
  5. Direct staff to begin formulating a Bond Advocacy Committee

Mr. Elliott said that the Schools had revised their estimate of \$69.8 million to over \$71.7 million (out of the \$108.6 million they had requested). Mr. Elliott stated that the City is using a Bond Advocacy Committee to raise private funding to help promote their bond

referendum. He stated that the schools would furnish new schools (chairs, desks, bookcases, etc.) using fund balance. Commissioner Minges stated that their fund balance was County money. Commissioner Bowen noted that the schools also receive fines and forfeitures which the County does not receive any credit. Mr. Elliott said they are up \$1.5 million for capital projects, then the added \$1.6 million from fund balance for bid overruns for a total of \$3.1 million from their fund balance. On June 30, 2004, they reported having only \$3.6 million or \$3.7 million. Commissioner Ward asked how many mobile units would be replaced with the \$32.4 million for school construction. Mr. Elliott responded that there would not be any mobile units replaced with those funds. Commissioner Minges noted that Dr. Priddy had stated there would be no more mobile units purchased by the schools. Commissioner Bowen noted that there was no one in attendance from the schools for this important discussion. Commissioner Hammond said that in his and Mr. Elliott's discussion with Dr. Priddy, Dr. Priddy had stated that if he could get \$69.8 million, he would eliminate over thirty mobile units. Mr. Elliott referred to the yellow handout stating that in Year 3, there would be \$20 million in freed up capacity. Commissioner Garris then asked if that meant that the bond referendum could be for \$35 million but the schools would have access to the additional \$20 million so they would have a total of \$55 million. Mr. Elliott stated that would be correct if the Board allowed the schools the usage of the \$20 million. Chairman James expressed a need to look for other sources of revenue which would be decided at the meeting on Monday. Mr. Elliott said that if this Board waits for the General Assembly to decide on Pitt County's request for use of alternative revenue sources, then it would throw the schools one year behind on their construction project schedule. Commissioner Coulson spoke about the effect of these increases in alternative revenues on the average citizen. He said the one cent sales tax would generate \$9 million which would fund millions in debt service. Chairman James offered support of the one percent sales tax because he believes that is the fairest tax for everyone to pay. Commissioner Coulson said the citizens would pay less if they use the ad valorem tax.

### **Detention Center – Project Overview**

Mr. Elliott presented the following:

- Information:
  - Initial consultant study completed in April 2004
  - Identified two initial options:
    - 1) Building new 784 bed facility @ \$43.5 M, less sale of existing facility @ \$12.0 M, net cost = \$31.5 M
    - 2) Expand & renovate existing facility from 404 beds to 818 beds @ \$35.9 M
  - Operating costs of new facility projected to be \$733 K less than expand & renovate option (\$14.7 M over 20 years)
  - Proposed "Jail Alternative Programs": Electronic Monitoring, Short-Term Reporting Center and Crisis Center
  - Currently in planning stages and budgeted to implement "Electronic Monitoring" option – affects 30+/- inmates
  - Sheriff now proposing two new downtown facility options:
    - 1) Build new 448-bed jail downtown, administrative offices & parking deck @ \$35.4 M, plus keep and utilize existing 404-bed jail (852 beds)
    - 2) Build new ±784-bed jail downtown with administrative offices & parking deck @ ± \$50 M (assumes existing jail would be sold)

Mr. Elliott stated that the Greenville Downtown Revitalization Committee would like to see the County put a jail in the downtown area so it would increase the mass of what is downtown. Chairman James said every time the County buys property in the downtown area, the County is losing tax base funds. Mr. Dickerson said the County already owns some of the land that would be needed for this proposed jail project.

- Debt Service/Operating Cost Considerations:
  - New 784-Bed Jail:
    - additional debt service = \$ 2.1 M or 2.75 cents
    - additional operating costs = \$ 4.8 M or 6.00 cents
  - Expand & Renovate Existing Jail (818-Beds):
    - additional debt service = \$ 2.4 M or 3.00 cents
    - additional operating costs = \$ 5.5 M or 7.00 cents
  - New 448-Bed Jail Downtown w/ Offices & Parking Deck:
    - additional debt service = \$ 2.3 M or 3.00 cents
    - additional operating costs = TBD
  - New ±784-Bed Jail Downtown w/ Offices & Parking Deck:
    - additional debt service = \$ 3.25 M or 4.25 cents
    - additional operating costs = TBD

The Board discussed alternatives to housing federal inmates. Mr. Dickerson said there are 7-12 years left on the contract with the Federal Government. Mr. Dickerson was asked how much property the County owns that is not being used. He responded that about one-half of the County Office Park or 60 acres and one-half of the County Home property or about 40 acres was owned by the County but not being used currently.

With the Federal Government paying Pitt County \$50 per day, there is only a \$5-6 profit on housing federal inmates. Commissioner Minges questioned if the County could partner with an adjoining county, locate a jail facility to be shared on a county line. Sheriff Manning said he was trying to reduce the transportation costs and this proposal would increase daily travel costs. The Board also discussed the positives and negatives of opening a satellite jail. Mr. Elliott expressed the need to show the State that the County is moving forward on this issue.

- Decisions to be Made:
  1. Identify Board's preferred option(s)
  2. Continue process to programming phase
- Manager's Recommendation:
  - Appropriate \$200 K for "Analysis/Programming Phase"
- Board Action:
  - Direct staff to bring forth a budget amendment for programming costs  
*(funds to come from Fund Balance—this will be reimbursable as part of total project cost)*

Commissioners discussed the logistics of inmates being transferred downtown for trial and the feasibility of building a satellite or holding jail downtown. Mr. Elliott asked the Board to approve the \$200,000 for programming and analysis of the jail facility needs. Commissioner Owens requested a report on all county properties that are not currently

being utilized and could be considered for disposal. He said he wants more information on this issue.

Commissioner Bowen recognized Commissioner-elect Melvin McLawhorn who was present in the audience.

### **Social Services – Project Overview**

- Information:
  - Study completed in April 2004
  - Identified two building options:
    1. Construct new DSS building @ \$11.3 M
    2. Renovate MH building & construct addition @ \$6.5M
  - Renovation/addition included three alternates:
    1. Construct 2nd floor 'shell' space over addition
    2. Upfit 2nd floor space for use
    3. Construct additional parking
  - Pitt County to be reimbursed over 50% of costs of either option over the 'useful life span of facility'
  
- Debt Service/Operating Cost Considerations:
  - New DSS Building:
    - additional 'net' debt service = \$396 K or .50 cents
    - additional operating costs = \$200 K (est) or .25 cents
  - Renovation of MH Building & Addition:
    - additional 'net' debt service = \$286 K or .35 cents
    - additional operating costs = \$ 40 K (est) or .05 cents

Mr. Elliott said he did not need a decision on this project at this time. Commissioner Mingos asked how much is saved on rent from Social Services. Mr. Elliott said that thirty-one employees had been moved into the Mental Health facility and out of other locations.

- Manager's Recommendation:
  - Push project out on CIP table to FY 2006-07
  - Dedicate portion of County "freed-up" capacity available in FY 2008-09 to address this need

Mr. Elliott stated that the County cannot afford to do the Social Services project at this time. Commissioners Bowen and Hammond discussed the building that they visited in Cumberland County that had a shell with movable walls so the space could be utilized in offices as needed. He stated this project should be placed on the CIP for Fiscal Year 2006-07.

### **Pitt Community College- Project Overview**

Mr. Elliott provided the following:

- Information:
  - PCC is requesting the balance of needed local match to enable drawdown of 2000 State Bond Referendum monies
  - To date, Pitt County has provided \$3.2 M in match

- Remaining match of \$1.2 M must be made in FY 2005-06!
- Decisions to be Made:
  - Decide funding source for \$1.2 M
- Manager's Recommendation:
  - Recommend that remaining match be taken from County's Fund Balance in next year's budget
  - Recommend to maintain a minimum 20% fund balance level, even with this appropriation

Mr. Elliott stated that the funds for Pitt Community College projects could be taken from the County's Fund Balance but not to let the fund balance go below the 20% level. He suggested the Board could express a commitment to match the remaining bond monies.

### **Community Schools and Recreation – Project Overview**

Mr. Elliott provided the following:

- Information:
  - County identified & set aside land for facilities (8 acres) & park (23 acres) in 2002
  - County funded Phase I construction at \$1.05 M
  - CS&R has broken ground to build Phase I facility
  - Next phases of project @ \$4.8 M:
    - Phase II – Park Development/Construction @ \$1.3 M
    - Foundation & grant sources to be sought for Phase II expenses
    - Phase III – Recreation Center Multi-purpose Gymnasium Area @ \$3.5 M
    - CS&R asking that Phase III be considered for inclusion on bond referendum
- Debt Service/Operating Cost Considerations:
  - additional debt service = \$230 K or .30 cents
  - additional operating costs = To Be Negotiated
- Decisions to be Made:
  - Consider whether to place CS&R on the Bond Referendum!
- Manager's Recommendation:
  - Consider for inclusion on future referendum once Phase I is complete.
- Board Action:
  - Notify CS&R of intent through formal Board action

Chairman James spoke about the facilities across the County that can be used. Ms. Alice Keene informed the Board that 750 students play soccer on any given Saturday during the season as well as 1350 students are enrolled and play basketball in the facilities. She said they would not stop using the facilities that are now used. She said they critically need facilities for these programs. She said they had asked and received \$1.05 million for the first phase which would provide a multipurpose activity area and office space for seven staff members. Commissioner Bowen stated that he was proud of what the Communities Schools program has been able to accomplish with their limited

resources. Mr. Elliott suggested that the bond referendum being held in the fall would be most beneficial for the Community Schools project.

### **Council on Aging (Non-Profit Entity) – Project Overview**

Mr. Elliott provided the following:

- Information:
  - County deeded approximately 8 acres to program in 2002
  - Program was asked to privately raise construction costs through donations, grants, etc.
  - Senior Center project to be built in three phases at \$5.1 M:
    - Phase I – 20,800 s.f. @ \$3.0 M
    - Phase II – 12,600 s.f. @ \$1.7 M
    - Phase III – 4,225 s.f. @ \$ .5 M
  - Council on Aging seeking County participation, initially, on Phase I (\$3.0 M) – would like consideration of \$1.5 M
  - COA has raised \$1.0 M in pledges and formal commitments – goal is \$1.5 M
  - COA is requesting to be considered for inclusion on bond referendum!
  
- Debt Service/Operating Cost Considerations (Phase I):
  - Additional debt service = \$100 K or .125 cents
  - Additional operating costs = \$100 K or .125 cents
  - Total = \$200 K or .25 cents
  
- Decisions to be Made:
  - Consider whether to place COA on the Bond Referendum!
  
- Manager's Recommendation:
  - None at this time
  
- Board Action:
  - Notify COA of intent through formal Board action

Mr. Elliott said that the Board could add the Council on Aging to the bond referendum since it is already being funded by the County but it sets a precedence to other non-profit agencies. Commissioner Owens said that he had asked before but wanted to know what happened with the consideration of the Community Schools and Recreation and the Council on Aging possibly sharing facilities.

### **Pitt Community College Master Plan – Project Overview**

Mr. Elliott provided the following:

- Information
  - 5-10-year Master Plan to be completed Oct 2004
  - \$TBD\$ Amount—total funding, debt service, operations
  - Bond referendum participation to be determined
- Decisions to be Made
  - None at this time

- Board Action:
  - None at this time

Mr. Elliott said they did not have enough solid information at this time to really include this in the County's planning stage at this time.

**Summary of Board Action Needed**

- Board of Education Projects
  - Consider action on Manager's Recommendations:
    1. Consider referendum amount between \$35 - \$50 M
    2. Consider 2005 date to hold referendum
    3. Seek concurrence from BOE as to date & amount of bond referendum
    4. Issue \$20 M COPS in FY 06-07 using Board of Education's "freed-up" capacity
    5. Direct staff to begin formulating a Bond Advocacy Committee
- Detention Center Project
  - Direct staff to bring forth a budget amendment for programming costs *(funds to come from Fund Balance—this will be reimbursable as part of total project cost)*
- Social Services Project:
  - Place project on CIP for FY 2006-07
- Pitt Community College Project:
  - Express a commitment to match the remaining bond monies
- Community Schools & Recreation Project:
  - Notify CS&R of intent through formal Board action
- Council on Aging Project
  - Notify COA of intent through formal Board action
- Pitt Community College Master Plan Projects
  - None at this time

**TOTAL COSTS SUMMARY**

Entity	New Debt	New Debt Service
Board of Education	\$35 - \$50 M	\$2.3 - \$3.3 M
Detention Center	\$31.5 - \$35.9 M	\$2.1 - \$2.4 M
Pitt Community College	NA	NA
Dept of Social Services	\$6.5 - \$11.3 M	\$286 - \$396 K
Community Schools & Recreation	\$3.5 M	\$230 K
Council on Aging	\$1.5 M	\$100 K

**\*Does not take into account alternative financing mechanisms - if approved!**

Commissioner Ward stated that this was a well put together presentation. She suggested that everyone look at the Manager's Recommendations prior to Monday's meeting. She

said they cannot wait for the General Assembly to take action on the alternative revenues before making some decisions. She said this Board needs to make a decision on the bond referendum and the Detention Center on Monday. Ms. Bryan stated that the \$35 million could be accessed Fiscal Year 2005-06 within 90 days following the referendum. The \$20 million could be accessed in Fiscal Year 2006-07. Planning can start in Fiscal Year 2005-06.

Board members discussed the sales tax option as alternative revenue. Commissioner Owens stated that this Board needs to communicate the need for these revenues with the local legislators.

Motion made by Commissioner Minges, seconded by Commissioner Hammond, the Board voted unanimously to adjourn the meeting at 8:20 p.m.

Respectfully submitted,

Susan J. Banks, Clerk