

October 7, 2002

The Board of Commissioners of Franklin County, North Carolina, met in Regular Session at 7:30 P.M. in the Commissioner's Meeting Room located in the County Administration Building with the following Commissioners present: Chairman John R. Ball, Vice-Chairman Robert L. Swanson, Commissioner Harry L. Foy, Jr., Commissioner Edward G. Strickland, and Commissioner George T. Wynne.

1. Consent Agenda

Upon motion by Commissioner Swanson, seconded by Commissioner Strickland with all present voting "AYE" duly carried the following Consent Agenda Items approved:

- A. Approval of minutes of meeting held on September 16, 2002 with the following amendment to the minutes of the meeting:

Amendment to item 3 – Public Hearing – Bunn ETJ Planning Board Appointment.

Amend the motion to read "Upon motion by Chairman Ball, seconded by Commissioner Foy with all present voting "AYE", duly carried the approval of the appointment of Mr. Elmer Gene Mullen to the Bunn ETJ Planning Board to fill the un-expired term of Mr. Randy Roy".

- B. Acceptance of Tax Collector's Report for period ending September 15, 2002.
C. Approval of Releases and Refunds for period ending September 15, 2002.

1. Acceptance of Federal Aviation Investment Reform Grant

Franklin County has been awarded \$150,000 to be used replacing the Automated Weather Observing System (AWOS), rehabilitation of the aircraft parking apron, land purchase and purchase of a radio light controller unit. The grant must be matched with \$16,667 in local funds. These funds are already budgeted.

Mr. Ronnie Goswick, Director of Franklin County Economic Development Commission, spoke stating this grant from the FAA will allow much needed improvements to the airport. The radio light controller has been struck by lightning, and insurance may cover the cost to repair. The airport has to leave the runway lights on continuously, which is costly. The parking apron is cracked and needs to be repaired.

Chairman Ball asked about safety issues related to the faulty equipment and the time frame for repair. Mr. Goswick responded that the repairs would divert potential liabilities associated with unreliable equipment. He stated that the light controller unit has been ordered and he hopes to have it fixed within a week. Commissioner Swanson asked if the \$16,667 local funds were 10% of the grant and Mr. Goswick responded yes, most of the grant funds would be used for land purchase. Commissioner Foy asked if the \$16,667 local funds were coming from the Airport's budget or the County's General Fund. Mr. Chuck Murray, Franklin County Finance

Director, answered that the funds were budgeted in the General Fund. Mr. Goswick also added that some of the funding would come from airplane fuel sales. County Manager Richard Self responded also, stating that funding is also generated from the property taxes that are paid on the airplanes and that the local funds were anticipated in the budget.

Upon motion by Chairman Ball, seconded by Commissioner Wynne with Commissioner Strickland and Commissioner Swanson voting "AYE", Commissioner Foy voting "NO", duly carried the acceptance of the grant and authorized the necessary budget amendment recognizing the additional revenue.

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2. Resolution Levying the Third One-Half Cent Sales and Use Tax

Chairman Ball reported that the General Assembly has authorized counties to levy an additional one-half cent sales and use tax effective December 1, 2002. The General Assembly has withheld county and town funds in Franklin County in excess of \$1,000,000 for the current fiscal year. The additional one-half cent sales and use tax is the avenue offered by the General Assembly to partially address this situation. The County and the Towns in Franklin County, as well as local governments statewide, have been struggling with the permanent loss of this enormous amount of revenue and need a stable source of revenue for future years. The General Assembly has abolished all legislation that provided for the reimbursements and substituted the sales tax in its place. This will allow the local governments to have a more stable source of income and not have to lobby to retain revenues as we have done in the past.

Under the legislation approved by the General Assembly, the overall sales tax will increase from the current 6.5% to 7.0% from time of adoption until July 1, 2003 at which time it will return to 6.5%. The legislative authority for the state to impose and collect the .5% will cease on July 1, 2003. The County is required to give the Secretary of Revenue 30 days notice of its intent to levy the one-half cent sales and use tax.

Resolutions supporting the adoption of the one-half percent sales and use tax effective December 1, 2002 were received from the Town of Franklinton and the Town of Louisburg.

Chairman Ball asked for comments.

Bob Winters, 211 Lake Royale, Louisburg, NC

Mr. Winters spoke against the sales tax increase, stating that a few months ago County Manager Richard Self made a presentation to the public regarding the County Budget and he was impressed with it. At that time it was told that there would not be a tax increase in the current year regardless if the State held back money. Mr. Winters stated that his argument against increasing the sales tax was to keep people in the County to spend their money. If they chose to shop in Wake County then they could pay the higher tax there.

Karl Pernell, 289 NC 561 Highway, Louisburg, NC (Mayor of Louisburg)

Mr. Pernell spoke in favor of the increased sales tax. He stated that the Town of Louisburg approved a resolution supporting the increase and he urged the County Commissioners to pass this resolution. He stated that without the sales tax increase, Louisburg would have no alternative but to raise the town's property tax rate to compensate for lost revenues from the State. Mr. Pernell also stated that if the County waits until January rather than December to increase the tax, it would cost Louisburg between \$7,000 to \$8,000 in lost revenue.

Commissioner Foy asked Mr. Pernell when the Town of Louisburg did their budget did they not anticipate the State withholding funds. Mr. Pernell answered no. Commissioner Swanson asked if the County anticipated this when doing their budget. County Manager Self responded yes. Commissioner Foy asked how much money was left in the fund balance. Mr. Self responded approximately 12%. Chuck Murray responded that the balance of the remaining funds in the budget depends on what the Board projects for the rest of the fiscal year. Commissioner Swanson pointed out the money that had to be spent on repairing the air conditioning at DSS. Mr. Self stated that the money for this came from the maintenance budget. Mr. Murphy stated that the line item was \$50,000 for maintenance repairs.

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Commissioner Foy stated that he feels people will go to surrounding counties that did not pass the sales tax increase and spend their money there. He does not want to lose business to other counties. He stated he does not believe the state is going to let the half-cent sunset on July 1st and does not agree with what the state passed down to the County. He feels the decline in the economy is trickling down to the County. He stated that State sales taxes already went from 6% to 6½% a year ago and people were already having hard times.

Chairman Ball asked Mr. Self how would the sales tax increase impact a family in the County. Mr. Self showed an example chart of the proposed sales tax increase verses a property tax increase. A family with an income of \$15,000 per year would spend about \$15 more in sales tax per year based on normal spending habits. If property taxes were raised by a nickel, which they would compensate for the lost revenue, the same family would pay about \$60 more per year in increased monthly rent. The sales tax net increase is minimal compared to a property tax increase on low to moderate income individuals.

Chairman Ball asked if there were further comments.

Joe Swanson, 1364 White Level Road, Louisburg, NC

Mr. Swanson commented that Mr. Self had stated that there were no alternatives to the sales tax increase. Mr. Swanson stated that people have had to cut back and have had to sacrifice. He stated that the County could cut back also. He referred to the types of County vehicles being bought verses compact cars, and the hiring of new employees – cut, cut, cut.

Richard Jester, 75 Joyful Lane, Louisburg, NC

Mr. Jester stated that he works for the State as a transcriber and they are behind on paying him. He feels he pays plenty for taxes already and does not need to pay more taxes.

Upon motion by Commissioner Swanson, seconded by Commissioner Wynne, and with Chairman Ball each voting "AYE", Commissioner Strickland and Commissioner Foy voting "NO", duly carried the approval of the following Resolution: (Signed)

RESOLUTION LEVYING THE THIRD ONE-HALF CENT (1/2¢) LOCAL GOVERNMENT SALES AND USE TAX AND PRESCRIBING THE METHOD OF DISTRIBUTION OF THE PROCEEDS WITHIN FRANKLIN COUNTY

WHEREAS, the General Assembly has authorized the Franklin County Board of Commissioners to levy a one-half percent (1/2%) local sales and use tax by enacting N.C.G.S. 105-517(b) in Section 34.14(a) of Session Law 2001-424, as amended by S.L. 2002-123, "An Act to Accelerate the Additional One-half Cent (1/2¢) Local Option Sales and Use Tax and to Make Conforming and Technical Changes," and

WHEREAS, the Franklin County Board of Commissioners gave proper public notice of the Board's intent to consider this resolution, as required by Section 10 of S.L. 2002-123, and

WHEREAS, Franklin County has lost \$1,022,323 in funds made available by the State of North Carolina to replace revenue lost because of legislative action: (1) to repeal sales taxes imposed on purchases made with Food Stamps; (2) to repeal property taxes imposed on inventories held by manufacturers, retailers and wholesalers; (3) to repeal taxes on intangible personal property; and (4) to reduce taxes levied on residential property owned by low-income elderly taxpayers; and

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WHEREAS, the Franklin County Board of Commissioners hereby finds that, particularly in light of the circumstances cited herein, the levy of "The Third One-Half Cent (1/2¢) Local Government Sales and Use Tax" is necessary to adequately finance the operations of the county and the cities and towns herein.

NOW, THEREFORE, BE IT RESOLVED by the Franklin County Board of Commissioners that:

(1) There is hereby imposed and levied within Franklin County the third one-half cent (1/2¢) Local Government Sales and Use Tax authorized by Section 34.14 (a) of S.L. 2001-424, as amended by S.L. 2002-123, and codified as Article 44 of Chapter 105 of the General Statutes of North Carolina. The tax hereby imposed and levied shall apply to the same extent and be subject to the same limitations as are set forth in said S.L. 2001-424.

(2) Collection of the tax by the North Carolina Secretary of Revenue, and liability therefore, shall begin and continue on and after the first day of January 1,

2002.

(3) The net proceeds of the tax levied herein shall be distributed by the Secretary of Revenue to Franklin County as prescribed by N.C.G.S. 105-520. The amount distributed to Franklin County shall be divided among the county and the municipalities herein in accordance with the method by which the one percent (1%) sales and use tax levied in Franklin County, pursuant to Article 39 of General Statutes Chapter 105, are distributed.

(4) This Resolution is effective upon its adoption, and a certified copy hereof shall be forwarded to the North Carolina Secretary of Revenue.

Adopted this 7th day of October, 2002.

3. Public Comments

Anne Marie Della Morte, 80 Fiddlers Drive, Youngsville, NC

Ms. Della Morte spoke regarding the sales tax increase and stated that the Board voted to raise taxes one half cent nine months ago and then just voted to raise them another half cent. Gas prices just went up.

County Manager Self responded to Ms. Della Morte that the first increase from 6% to 6½% was a State increase, not a County increase.

5. Board Committee Reports and Comments

Chairman Ball reported that he, Commissioner Strickland and Mr. Self attended the General Assembly lobbying and heard their debate on taxes. He also reported that the mental health plan would be submitted.

Commissioner Swanson reported that he attended the Social Services Board meeting.

Commissioner Foy reported that he attended the Rescue Squad Association meeting. The discussion was on the upgrading of the E-911 project. He also reported that he attended the Health Board meeting and participated in a training seminar. The next Health Board meeting is scheduled for Thursday, October 10th and the topic of discussion will be animal control.

Commissioner Wynne and Commissioner Strickland reported that they did not attend any committee meetings.

6. Manager's Report

County Manager Self reported that the air conditioning at DSS has been repaired at a cost of \$34,100, which includes a one year warranty on parts and labor plus
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a five-year warranty on the compressor. It is a 50 ton unit. Several firms were contacted on the replacement. Contrary to reports (media and public), the unit was not scheduled for replacement next year, nor in a future year. The system was thoroughly evaluated and the compressor with controls was the best alternative.

Commissioner Foy asked if any other bids were received for repairs to the air conditioner. Glen Liles, Franklin County Maintenance Director, spoke and stated that he contacted five contractors (Ray's Refrigeration, Bunn Heating and Air, Louisburg Heating and Air, Alford Mechanical and Encompass). Encompass, which is a statewide company and does work for the county, responded to the bid request within the time allotted and could do the necessary work within a reasonable price. Mr. Self added that the repairs made to the compressor were a long-term solution.

Mr. Self updated the Board regarding the County web site. It is almost completed and will feature over 14 years of Board minutes as well as an easier to use format.

Mr. Self reminded the Board of the TIP (Transportation Improvements Program) meeting on Wednesday, October 9th from 4:00 p.m. to 7:00 p.m. in Roxboro. He has requested that Ronnie Goswick coordinate transportation for any Board members attending. Mr. Self invited the municipalities and chamber to join in the lobbying for improved roads in Franklin County based on the County's Thoroughfare Plan. Matt Livingston, Franklin County Planning Director, will have handouts for the meeting.

Mr. Self reported that the Franklin County Board of Education meeting is scheduled for Wednesday, October 9th from 8:30 a.m. to 12:00 noon at the Wiley F. Mitchell Educational Media Center. The Board will revisit the Strategic Plan.

Mr. Self reported that the Rural/Urban Connection meeting is being held in Raleigh, October 30th and 31st. He stated that excellent topics relating to issues the County is dealing with on growth and cooperation would be discussed. He asked the Board to let him know if they plan to attend so reservations could be made.

Mr. Self shared with the Board a letter he received from Attorney David Gwen from Rene McCormick's Attorney, Benjamin Kuhn regarding Sewer Reimbursement Policy. Mr. Kuhn had made an informal request for the information to the County Attorney's office and the County Attorney agreed to provide this information to him. Mr. Kuhn's letter served as a formal request which was not necessary. The County Attorney had already agreed to his informal request over the telephone. Mr. Self has requested that Mr. Kuhn contact the County directly for documents and not the County Attorney.

7. Closed Session

The purpose of the Closed Session is to discuss personnel issues.

Upon motion by Commissioner Swanson, seconded by Commissioner Wynne, voting "AYE" Commissioner Swanson, Commissioner Wynne, Commissioner Strickland, Commissioner Ball, voting "NO" Commissioner Foy duly carried the Board went into Closed Session pursuant to General Statute 143-318.11 (a) (6) in order to discuss personnel issues".

Motion to resume the Regular Session was made by Commissioner Swanson, seconded by Commissioner Strickland. There being no further business to come

before the Board, motion was made by Commissioner Wynne to adjourn, seconded by Commissioner Swanson.

JOHN R. BALL, CHAIRMAN

RICHARD B. SELF, CLERK