

THE BOARD OF COMMISSIONERS OF THE COUNTY OF CRAVEN MET IN REGULAR SESSION IN THE COMMISSIONERS' ROOM OF THE CRAVEN COUNTY ADMINISTRATION BUILDING, 406 CRAVEN STREET, NEW BERN, NORTH CAROLINA ON MONDAY, MAY 15, 2006. THE MEETING CONVENED AT 8:30 A.M.

MEMBERS PRESENT:

- Chairman Perry L. Morris
- Vice Chairman Johnnie Sampson, Jr.
- Commissioner Lee Kyle Allen
- Commissioner George N. Brown, Jr.
- Commissioner M. Renée Sisk
- Commissioner Leon C. Staton
- Commissioner Steve Tyson

STAFF PRESENT:

- Harold Blizzard, County Manager
- Ray H. Moser, Assistant County Manager
- Richard F. Hemphill, County Finance Officer
- Gwendolyn M. Bryan, Clerk to the Board
- James R. Sugg, County Attorney

Following an invocation by Commissioner Morris and the Pledge of Allegiance, Commissioner Brown moved to approve minutes of the May 1, 2006 regular session, seconded by Commissioner Tyson and unanimously carried in a roll call vote.

CONSENT AGENDA

Request to Set Public Hearing on Changes to the Road Naming and Addressing Ordinance

A request was made by the Planning Department that a public hearing be set for Monday, June 5, 2006 at 7:00 p.m. to hear comments regarding a proposed road name change for OC Drive located in Crump Woods Subdivision within Twp. 7 to be renamed Crump Woods Drive. Commissioner Sampson moved to set a public hearing for Monday, June 5, 2006 at 7:00 p.m., as requested, seconded by Commissioner Brown and unanimously carried in a roll call vote.

Tax Releases

Craven County Tax Administrator, Ronnie Antry, submitted the following tax releases for the Board's approval. Commissioner Sampson moved for its approval, seconded by Commissioner Brown and unanimously carried in a roll call vote.

Credits

TAXPAYER NAME	TICKET #	AMOUNT
BASE 2 INFORMATION NOT IN BUSINESS 01/01/2003	2003-0090238	\$70.75
GARRITY, GUENVERE DOUBLE LISTED ON ACCOUNT #52748	2005-0091231	\$101.41
HARRIS, GWENDOLYN DOUBLE LISTED ON ACCOUNT #25361	2005-0090666	\$182.32
MENDEZ, DELORES DAVALL DID NOT OWN 01/01/2004	2004-0034804	\$46.60
MENDEZ, DELORES DAVALL DID NOT OWN 01/01/2005	2005-0035862	\$44.15

MORENO, JAVIER M & WENNIFER B	2005-0090805	\$125.64
DID NOT OWN 01/01/2005		

PATTESON, ROBERT B	2005-0040952	\$32.20
INCORRECT SITUS SHOULD BE LENOIR CO		

TURNER, SUSAN ANNE	2003-0051070	\$11.26
DID NOT OWN 01/01/2003		

8 – CREDIT MEMO (\$) \$614.33

Budget Amendment

Craven County Finance Officer, Rick Hemphill, submitted the following budget amendment for the Board’s approval. Commissioner Sampson moved for its approval, seconded by Commissioner Brown and unanimously carried in a roll call vote.

Schools Debt Service/New Elementary School

JOURNAL ENTRY

275-8500-480-97-32	\$400,000.00	275-0000-101-00-00	\$400,000.00
To Fd 382		Cash	
382-0000-101-00-00	\$400,000.00	382-0000-366-04-00	\$400,000.00
Cash		Fr Schools D/S Fd 382	

BUDGET AMENDMENT

275-0000-399-00-00	\$400,000.00	275-8500-480-97-32	\$400,000.00
Fund Balance		To Fd 382	
382-0000-366-04-00	\$400,000.00	382-8500-480-15-02	\$25,000.00
Fr Schools D/S Fd 382		Legal	
		382-8500-480-75-01	\$375,000.00

Justification: Budget \$400,000 from Schools D/S to cover legal and architect expenses for new elementary school pending the receipt of loan proceeds.

The Chairman introduced discussion, not on the agenda, concerning appointments to the Hospital Board and recognized Norman Kellum to present a request on behalf of Craven Regional Medical Authority. He indicated that there was urgency in order to file a petition for legislation by the May 17 legislative introductions deadline. Mr. Kellum, Chairman of the Craven Regional Medical Center Authority Board of Commissioners, presented an opinion from the Institute of Government that the local laws relative to Craven Regional Medical Authority are unconstitutional. The Authority presented a request that the legislature be petitioned to reverse these applicable local laws and bring the governance of Craven Regional Medical Authority under the same provisions as are applied to all of the other authorities throughout the state, including the manner in which appointments are made. Following extensive discussion, Commissioners Sisk and Sampson indicated the need to comply with the constitution. Commissioner Allen challenged the idea. He asserted, and Mr. Kellum confirmed, that the hospital is owned by the County, and therefore, appointments to the Authority Board should continue as the responsibility of the County Commissioners. Commissioner Brown moved for adoption of the following resolution, seconded by Commissioner Sisk and carried with Six (6) “Ayes”, there being one (1) “Nay” from Commissioner Allen.

AN ACT TO AMEND THE LAW REGARDING THE BOARD OF COMMISSIONERS OF A HOSPITAL AUTHORITY IN CRAVEN COUNTY

- Section 1. Chapter 922 of the 1987 Session Laws, Regular Session 1988, is repealed.
- Section 2. Chapter 190 of the 1989 Session Laws, is repealed.
- Section 3. Session Law 1999-15, Session 1999, is repealed.
- Section 4. This act is effective upon ratification.

In the General Assembly read and ratified this the 15 day of May, 2006.

PRESENTATION OF CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Chairman presented the Certificate of Achievement for Excellence in Financial Reporting to Finance Officer, Rick Hemphill, and the Finance Department for the fiscal year ended June 30, 2005. This award is the highest recognition given for governmental financial accounting and reporting and is conferred by the Government Finance Officers Association of the United States and Canada. Members of the department were recognized for the 16th consecutive year for excellence in this area.

UPDATE ON THE FIVE POINTS REVITALIZATION TASK FORCE

Mary Peterkin and Leigh Anne Friesen presented an update on the activities and structure of the Five Points Revitalization Committee.

PRESENTATION OF DEPARTMENT OF TRANSPORTATION SECONDARY ROAD CONSTRUCTION PROGRAM

Neil Lassiter, Division Engineer and Aaron Everett, District Engineer, presented a report on the past year’s projects of the Department of Transportation and presented the proposed 2006-2007 annual Secondary Road Construction Program, as follows. Commissioner Brown moved to approve the proposed 2006-2007 Secondary Construction Program, seconded by Commissioner Allen and unanimously carried.

Map No.	Priority No.	SR No.	Local Name	Length	From	To	Prop. Imp.	Estimated Cost
*1	6-R(F)	1610	Walker Road	6.50	SR 1611	Cnty Ln Grade, Drain, Stabilize, Pave		\$179,000.00
*2		1273	Powell Road	2.70	NC 55	SR 1275 Grade, Drain, Stabilize, Pave		\$675,000.00
3		1003	Aurora Road	9.00	US 17	CntyLine Widen from 18’ to 22’, Strengthen		\$427,000.00
						Maintenance Functions – Stabilization, Pipe Replacement, & Paved Road Imp.		\$219,000.00
						Retained for Road Additions, Overdrafts, Countywide Surveys & Contingencies		\$230,000.00
						* Right of Way Existing		
						** Right of Way Acquisition Incomplete		

BOARD OF EDUCATION MATTERS

Public Hearing

At 10:00 a.m. Commissioner Brown moved to go into public hearing, as advertised, for the purpose of receiving public comments related to the proposed financing of 1) a new elementary school in the Carolina Colours Subdivision; 2) a public recreational facility in Township No.1; and 3) site and other preparatory work for the new law enforcement center. The motion was seconded by Commissioner Sampson. Finance Officer, Rick Hemphill, stated that proposals were solicited on 15 year installment financing. Proposals were received from BB&T, Wachovia and First Citizens Banks. Mr. Hemphill highlighted the differences among the proposals. He recommended accepting the First Citizens proposal for financing because it presents lower upfront fees, greater interest earnings and less cash outlay. There were no speakers from the public and at 10:05 a.m. Commissioner Sampson moved to close the public hearing, seconded by Commissioner Brown and unanimously carried.

Approval of Lender

The Board was asked to adopt the following resolution approving the project and lender, and authorizing the Finance Officer to proceed with the final negotiations with the approved lender for the financing, with the final approval contingent upon the review and approval of documentation by the County Attorney. Commissioner Brown moved to approve First Citizens as the lender contingent upon the County Attorney's review and approval, seconded by Commissioner Staton and unanimously carried.

**RESOLUTION
CRAVEN COUNTY, NORTH CAROLINA
APPROVAL OF FINANCING FOR PROJECT**

WHEREAS, Craven County proposes to construct a primary school, county jail and recreational facilities on property owned by it in Craven County ("Project"), and to finance the cost thereof on an installment financing basis; and

WHEREAS, the Board of Commissioners pursuant to public notice duly given, has held a public hearing on the advisability of the Project and the financing thereof on an installment basis, and has considered the comments of persons who requested to be heard thereon; and

WHEREAS, the Board of Commissioners has approved the Project and the financing thereof on an installment basis; and

WHEREAS, the Board of Commissioners desires to approve the Project and the financing thereof on an installment basis.

NOW, THEREFORE, be it resolved by the Board of Commissioners of Craven County as follows:

1. The Project is hereby approved.
2. The financing of the project, pursuant to installment financing agreements in the aggregate principal amount not to exceed \$20,000,000 is hereby approved and First Citizens Bank is awarded the financing contract.

This resolution shall take effect immediately upon its passage.

Adopted this 15th day of May, 2006

Reimbursement Resolution

The Board was asked to amend the reimbursement resolution adopted on January 3, 2006, approving the advancement of up to \$1 million for funding the architect and land purchase for a new school in advance of borrowing up to \$12 million. The requested amendment was to revise the amount to be advanced up to \$1.5 million for a \$14 million school. Commissioner Sisk moved to amend the reimbursement resolution, as requested, seconded by Commissioner Tyson and unanimously carried in a roll call vote.

Project Update

Assistant Superintendent, David Clifton, provided an update on the status of the new elementary school project and explained financing needs involved in road preparatory work for the site. He stated that \$20,000 - \$25,000 from the Department of Transportation would be available for resurfacing on the project. The total resurfacing cost is \$100,000-\$125,000. He requested commitment of finances and award of the sitework contract in the amount of \$334,000. Commissioner Brown moved to authorize the Board of Education to get proposals for the road work, seconded by Commissioner

Staton and unanimously carried. Commissioner Sisk moved to approve award of the sitework contract, seconded by Commissioner Sampson and unanimously carried in a roll call vote. Commissioner Brown moved to authorize the Chairman to request drawdown of school capital building funds from ADM funds, seconded by Commissioner Sampson and unanimously carried.

UPDATE BY EASTERN CAROLINA WORKFORCE DEVELOPMENT BOARD

Ms. Tammy Childers presented an update on the Eastern Carolina Workforce Development Board and its annual report.

PRESENTATION BY HAVELOCK LIBRARY BOARD

Mr. Gunter Von Der Heyde, board member of the Havelock Library, expressed deep concerns about the funding to the Havelock Library, stating that approximately \$91,000 is needed from the County to run the library. He sited extended hours and heavier usage of the facility as it is now run jointly as a library facility for the Havelock Campus of Craven Community College.

PROPOSED FY 2006-2007 CRAVEN COUNTY BUDGET

County Manager, Harold Blizzard, presented the narrative for the proposed FY 2006-2007 budget, as follows:

**BUDGET MESSAGE
FISCAL YEAR 2006-2007**

Mr. Chairman and Members of the Board of Commissioners:

I respectfully submit for your consideration the proposed budget for Craven County for fiscal year 2006-2007. The proposed budget is balanced and represents many hours of work by many employees dedicated to the development of a plan to maintain an effective government that provides quality services at a reasonable cost.

It is recommended that the ad valorem tax rate for fiscal year 2006-2007 remain at \$.61 per \$100 of valuation. The recommended expenditures for the County’s general fund are slightly lower than the current budget. Total recommended expenditures for the general fund are \$87.5 million versus current budgeted expenditures of \$87.8 million. The following amounts compare information about the tax rate and budget of Craven County to other counties in the state based on budgeted amounts for fiscal year 2006:

	<u>Craven</u>	<u>State Average</u>	<u># higher than Craven</u>
Effective tax rate (Adjusted for revaluation)	\$.5571	\$.5975	59
Tax Levy per capita	\$394	\$456	73
Gen. Fund Exp. per capita	\$856	\$955	72

As you are aware, there is significant development, both planned and underway in Craven County. This has both positive and negative impacts on the County. On the positive side the tax base increases and property tax rates can be kept low. The total

estimated property valuation for fiscal 2007 is \$6.295 billion dollars, an increase of \$360 million. This increase allows funding of the impacts of growth, as well as, the continued decreases in State funds provided to County departments for a variety of purposes.

The down side of growth and development is that the County is required to provide more services to more people. For example, the number of building inspections performed by the County in the past twelve months has grown by 44% over two years ago. An additional inspector was added to the department this year and another is recommended for next year.

The budget for the Sheriff Department is up by approximately \$380,000 in the proposed budget due to more law enforcement personnel and capital needs. Increased demands on the judicial system have caused the budget for court facilities to increase by 22%. This additional funding is necessary to provide a higher level of security in the courthouse, as well as, needed capital improvements. The County is on schedule to begin construction of a jail, law enforcement center and courtroom toward the end of the upcoming fiscal year. Because of the recent experience with the school bids, the proposed budget includes a \$3 million appropriation to the capital reserve fund for the project rather than the \$2 million done for the past several years. This will help cover higher than anticipated costs and hopefully allow the County to only borrow what the \$2 million planned annual debt service will cover.

The need for social services continues to increase during this period of growth. The net cost of the Department of Social Services is up by \$280,000 in the proposed budget, which represents a 3% increase. In past years this amount has been significantly higher. The amount in the budget assumes that the legislature will implement the proposed cap on Medicaid for counties in the budget they are now preparing. The recommended amount for Medicaid is equal to the current year budget, but \$185,000 less than the estimate provided by the State for next year. The recommended amount should be sufficient to cover the County's portion of Medicaid cost, if the cap is put in place.

Just when it appears there may be some relief from the increased cost of Medicaid on the way, the cost to the County to provide Foster Care is growing at a tremendous pace. The original budget for the current year included \$469,000 for Foster Care services while the proposed budget for next year includes \$700,000. At the time of the budget request a year ago, the Department of Social Services was providing service to 27 foster children. That number is now over 90. Not only has the number of cases increased but the cost per child has also increased, some of which can be attributed to mental health reform. The State pays a set amount for the care of these children which is not nearly enough to pay for the more expensive, privately run homes required for children with special needs. Additionally, evaluation and therapeutic services formerly provided by Neuse Center at low cost are now provided by private providers at a much higher cost.

One of the most costly areas affected by growth is education. The public schools and community college both requested significant increases in their budgets. While all of the items requested could not be funded, the proposed budget does include an increase of \$1,453,000 for education, \$946,000 of which is for the public schools, \$260,000 for the community college, and \$247,000 for the schools debt service fund. The schools requested a 5% salary increase for locally paid personnel, however the required amount will not be known until the State completes its budget process. The County traditionally provides funds to match the State salary increase. The proposed budget provides for a 4% salary increase for locally paid public school personnel. The percentage given to teachers by the State may be higher than that for other State employees. It is proposed that the County budget 4% for salary increases and consider adjusting it later when the State's budget is completed. The amount given to the public schools provides, for the first time, \$150,000 for technology to be used to replace old computers in the classroom.

The college had asked for \$375,000 of capital outlay funds to build a reserve over the next three to four years for a parking lot, energy management system, improvements to the campus mall and a fiber optic loop. There is \$75,000 of current capital outlay included in the recommended budget and an additional \$150,000 for the future projects, except the fiber optic loop which will be included in the upcoming joint fiber project of the County and the Board of Education. Most of this money will probably not be spent in the upcoming year and any unspent money can be transferred to the capital reserve and held for the college until needed.

Growth and development is not the only item impacting the proposed budget. The high cost of gasoline has taken its toll on budgets this year. The original budgeted amount for fiscal 2006 for fuel, tires, etc. for County vehicles was \$395,000. That amount is \$552,000 in the proposed budget and represents an increase of 39%. Another service impacted by the price of gasoline is a proposed change in the garbage sticker program. The current contracts with the haulers expire June 30, 2006. Currently garbage stickers sell for \$2 and the haulers are currently paid \$1.83 of this amount. The proposed budget includes a \$2.50 sticker with \$2.10 going to the haulers. The balance is to be used for retail distribution costs, printing and other administrative costs of the program as well as providing enough to cover the escalator (CPI) increases in the hauler contracts in the upcoming years to prevent changing the sticker price each year.

The recent losses experienced by the insurance industry, caused by hurricanes, have resulted in a 29% increase in the renewal of the County's property and liability insurance. Staff is currently looking into ways to reduce the increased amount quoted by the North Carolina County Commissioner Association Risk Management Pool. The spiraling cost of medical care has required a \$360,000 increase in the proposed budget, a 15% increase in the amount for employee health insurance.

A four percent salary increase for all eligible County employees is being proposed. The Consumer Price Index through March 2006 for the South region shows an increase of 3.7 percent primarily due to inflation in transportation and medical care.

I am grateful for the assistance of all department heads and staff in preparation of this proposed budget. I look forward to working with the Board of Commissioners in the final step of the budget process. The proposed budget is hereby available for public inspection. I recommend the Board schedule a public hearing at 7:00 p.m. on June 5, 2006 and schedule budget sessions in the interim.

Respectfully submitted,

Harold Blizzard, Craven County Manager
May 15, 2006

Commissioner Allen moved to set a public hearing on the budget for 7:00 p.m. on June 5, seconded by Commissioner Brown and unanimously carried. By consensus of the Board, budget study sessions were scheduled for May 23 and 26 at 9:00 a.m. and tentatively for May 31 at 9:00 a.m. if needed.

TOWNSHIP #7 FIRE DEPARTMENT REQUEST

Emergency Services Director, Stanley Kite, presented on behalf of the Number 7 Township Fire Department notice of intent to purchase a new fire truck, in accordance with the terms of the contract between the County and the Department. The notification was accepted for informational purposes, in compliance with the contract.

PLANNING MATTERS

Update Regarding Proposed Zoning and Height Ordinance Public Information Meeting

Dale Holland of Holland Consulting Planners provided an update on the public meeting relative to the proposed airport zoning and height ordinance, and reviewed four (4) options. He stated that the first option is consistent with the Airport Authority's future expansion projections and reflects the recommendation of the Airport Authority. The fourth option, which is more aggressive, was the recommendation of the Planning Board. It was the consensus of the Board of Commissioners to consider option number four, which takes in a larger area and adjoins the City of New Bern's extraterritorial jurisdiction, for discussion at the upcoming public hearing. It was the consensus of the Board that letters to all affected property owners should be sent in addition to placement of a legal ad for two successive weeks to run no earlier than 25 days before the public hearing. Commissioner Sampson moved to set the public hearing for 7:00 p.m. on June 5, seconded by Commissioner Brown and unanimously carried.

APPOINTMENTS

Eastern Carolina Workforce Development Board

The Board was advised that the terms of Tom Taylor and Kimsey Welch were due to expire and that both were eligible for reappointment. Commissioner Staton moved to appoint Mr. Taylor and Mr. Welch and to waive the one meeting waiting requirement, seconded by Commissioner Allen and unanimously carried.

Craven Regional Medical Center

The Board was advised that the terms of Helen Adams and Milt Gold were due to expire. Commissioner Sampson nominated Barbara Lee for appointment. Commissioner Allen nominated Mr. Gold for reappointment and Commissioner Brown nominated Dell Ipock for appointment. Ms. Lee received seven (7) votes, Mr. Gold received four (4) votes from Commissioners Allen, Sisk, Staton and Tyson, and Dell Ipock received three (3) votes from Commissioners Brown, Sampson and Morris.

COUNTY ATTORNEY’S REPORT

County Attorney, Jim Sugg, advised the Board that the closing on the jail site property was scheduled for May 17.

COUNTY MANAGER’S REPORT

Register of Deeds Salary

County Manager, Harold Blizzard, reminded the Board that Register of Deeds, Becky Thompson, plans to retire on June 30, 2006. He advised the Board of an opportunity to set the salary for the appointed Register of Deeds position, and asked that this be done to enable the Democratic Party to proceed with their recommendation on a person to be appointed. Staff recommended, after reviewing comparable ranges, that the salary be set between \$38,000 - \$41,000. Commissioner Allen moved to set the salary of a newly appointed Register of Deeds to start at \$38,000, seconded by Commissioner Sisk and unanimously carried.

Garbage Sticker Fee

Mr. Blizzard advised the Board that as of June 30, 2006 the current five (5) year contract between Craven County and the franchised garbage haulers will end and that discussions are underway with the haulers concerning renewal of contracts. He stated that the current price of \$2.00 per garbage sticker, which has been in effect since 1996, is no longer adequate to fund the program and recommended that the sticker fee be increased from \$2.00 to \$2.50 effective July 1, 2006. Commissioner Sampson moved to approve the recommendation of the County Manager, seconded by Commissioner Allen. The motion was not carried, there being two (2) “Ayes” from Commissioners Sampson and Allen and five (5) “Nays” from Commissioners Brown, Morris, Sisk, Staton and Tyson. After additional discussion, Commissioner Tyson reintroduced the motion to accept the recommendation of the County Manager for a minimum term of three years, seconded by Commissioner Brown and unanimously carried.

COMMISSIONERS’ REPORTS

Commissioner Sisk announced that she had presented awards to the Champions for Children at the May 5 State of the Child Conference.

Commissioner Staton reported on his attendance at the graduation at A&T University. He requested that the Board appropriate \$6,371.00 to repair lights at the Harlowe ballfield, stating that the original appropriation that was made was to replace the circuit panel. He moved that this amount be appropriated from fund balance, seconded by Commissioner Sampson and carried in a roll call vote, with five (5) “Ayes” there being two (2) “Nays from Commissioners Sisk and Tyson.

Special Appropriation

101-0000-399-01-00	\$6,371.00	101-0190-460-96-13	\$6,371.00
Fund Balance		Harlowe Ballfield	
TOTAL	\$6,371.00	TOTAL	\$6,371.00

Justification: Additional funds from fund balance to fix lights at Harlowe ballfield.

Commissioner Allen announced the upcoming concert of the Craven Community Concert Band at Union Point.

Commissioner Sampson reported on heightened gang activity in the community.

At 1:12 p.m. Commissioner Sisk moved to recess to reconvene at 9:00 a.m. on May 23, seconded by Commissioner Brown and unanimously carried.

Chairman Perry L. Morris
Craven County Board of Commissioners

Gwendolyn M. Bryan
Clerk to the Board