

**MINUTES**  
**LENOIR COUNTY BOARD OF COMMISSIONERS**  
**February 18, 2008**

The Lenoir County Board of Commissioners met in regular session at 4:00 p.m. on Monday, February 18, 2008 in the Board of Commissioners Main Meeting Room in the Lenoir County Courthouse at 130 S. Queen St., Kinston, NC.

Members present: Chairman Paul Taylor; Vice-Chairman George Graham and Commissioners, Jackie Brown, Claude Davis, Earl Harper, Chris Humphrey, and Claude Stroud.

Members absent: None

Also present were: Michael W. Jarman, County Manager; Tommy Hollowell, Assistant County Manager; Robert Griffin, County Attorney; Lashanda Aytch, Clerk to the Board; and members of the general public and the news media.

Chairman Taylor called the meeting to order at approximately 4:00 p.m. Ms. Brown offered the invocation and Mr. Taylor led the audience in the pledge of allegiance.

**ITEMS FROM THE COUNTY MANAGER**

Item No. 2 was Items from the County Manager. Mr. Jarman reminded the Board and the viewing public of the cancellation of the March 3, 2008 Board Meeting due to the NACo Legislative Conference. Mr. Jarman introduced bid offers on county surplus property; Mr. Jarman recommended the Board reject the offer as proposed. Upon a motion by Mr. Harper and a second by Mr. Stroud, the proposal was rejected. Mr. Jarman reviewed a letter from Mr. Hollowell to the Public School Finance Director regarding their reimbursement request of \$495,513.55. For technology expenditures from a state approved technology plan the State of North Carolina may transfer corporate ADM (average daily membership) funds from the public school building capital fund to the school technology fund. Mr. Jarman stated the school system must request this reimbursement from the State of North Carolina. The School Board would like to meet jointly with the Board to discuss budget matters; the Board must also meet with the Town of LaGrange, Town of Pink Hill, and Lenoir Community College. The Board tabled the matter to the Clerk for future dates and times for these budget meetings.

**CONSENT AGENDA**

Upon a motion by Ms. Brown and a second by Mr. Davis, the Board unanimously approved the Consent Agenda:

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|----|---|------------------|
| 3. | Approval of Minutes: Regular Board Meeting: February 4, 2008<br>Special Session Meeting: January 31, 2008 | Aytch/Jarman     |
| 4. | Budget Ordinance Amendment: General Fund: Finance/Sheriff: \$1,850: Increase                              | Jarman/Hollowell |
| 5. | Budget Ordinance Amendment: General Fund: Finance: \$19,507: Increase                                     | Jarman/Hollowell |

## **RESOLUTIONS**

Item No. 6 was a Resolution Celebrating 100 Years of County Unity in Recognition of Our Association's Centennial. Upon a motion by Mr. Harper and a second by Mr. Humphrey, Item No. 6 was unanimously approved.

Item No. 7A was a Budget Ordinance Amendment: General Fund: DSS: \$115,090: Decrease. Mr. Jack Jones, Director of Social Services, addressed the Board. Mr. Jones stated several different programs through state, federal, Smart Start, TANF, and Work First funds fund the daycare program. Daycare is State supervised and locally administered, and is operated by a voucher system. The program enables parents to maintain and seek employment, provide childcare to children receiving protective services and facilitates the reunification of families. The income limit is 75% of the State's Median Income of \$40,863; the median income for Lenoir County was \$32,123 in the 2000 Census. The income limit has been increased by 3%; 41% of the county is at 200% of poverty level, leaving many children in need of daycare services. There are 90 providers in the program; the star payment system was implemented three years ago, which dictates the rates that providers can charge for their service. There are 3,219 eligible to receive services the county is only serving 913 children; 2,306 children are not served. To fund those children it will cost the county \$9 million. Services will be terminated for children due to lack of funding; approximately 42 counties face similar shortfalls. Lenoir County will be terminating 60 children from the daycare program. The department does not want to cut services further; therefore the request to utilize lapsed salary money has been made. DSS has accrued over \$195,000 in lapsed salary and fringes, which could be used to help fund the daycare program. Mr. Graham stated he is concerned about using lapsed salary; it sets a precedent for other departments to follow. Mr. Jarman stated the county has utilized lapsed salary on several occasions when needed; management recommends approval of the resolution. Upon a motion by Mr. Stroud and a second by Mr. Davis Item No. 7A was unanimously approved.

Item No. 7B was a Budget Ordinance Amendment: General Fund: DSS: \$238,557: Decrease. Upon a motion by Mr. Stroud and a second by Mr. Davis, Item No. 7B was unanimously approved.

Item No. 8 was a Resolution Authorizing Execution of an Addendum to the Sales Tax Audit Contract Dated October 18, 2004 with Tax Reduction Specialists: Sales Tax Re-allocation Audit. Mr. Hollowell stated Utilities Reduction Specialists, Inc., was established in 1991 in Clemmons, North Carolina, with an objective to audit telecommunication and energy bills for billing errors. Utilities Reduction Specialists, Inc., acquired Tax Reduction Specialists in 2001. Tax Reduction Specialists focuses specifically on minimizing client's tax liabilities, conducting sales tax re-allocation audits, and securing refunds. Utility Reduction Specialists, Inc., has worked with 107 city and county governments in 4 states and is currently conducting sales tax re-allocation audits for 19 counties in North Carolina. Lenoir County contracted with Tax Reduction Specialists in October 2002 to audit the sales and use tax refund claims for tax filings in 1999 through June 2002. This time frame was significant because a three (3) year statute of limitations applies to requests for tax refunds and Lenoir County would not have been able to apply for any sales tax refunds for filings through June 1999. The County extended the contract with Tax Reduction Specialists on October 18, 2004 to include sales tax filings through December 31, 2003, on February 7, 2005 to include sales tax filings through December 31, 2006, and on March 5, 2007 to include sales tax filings through December 31, 2007.

The requested addendum will extend the contract with Tax Reduction Specialists to include sales tax filings through December 31, 2008. Execution of this agreement will provide Lenoir County with the assurance that it has properly received credit for sales tax re-allocations from the North Carolina Department of Revenue for filings through December 31, 2008 and secure any refunds due to the County for improperly filed or credited sales tax revenues. To date, the audit performed by Tax Reduction Specialists has produced a direct benefit to Lenoir County of \$331,869 in additional sales tax revenues that were allocated incorrectly by the State of North Carolina. Tax Reduction Specialists has estimated an additional benefit to the County of \$63,123 through the tax filing period ending December 31, 2007 and additional revenues for filings through December 31, 2008. Upon a motion by Mr. Harper and a second by Ms. Brown, Item No. 8 was unanimously approved.

Item No. 9 was a Resolution Approving Acceptance of Fee Arrangements for Bond Counsel Services in Connection with Proposed Authorization and Issuance of Series 2008 General Obligation School Bonds: Sanford Holshouser, Attorneys at Law: Per Proposal Dated December 9, 2005: \$20,000. Mr. Hollowell stated the proposal from Sanford Holshouser for services as Bond Counsel for Lenoir County in connection with the issuance of general obligation school bonds consisted of two components. First, a fee of \$1,500 for all work through the referendum (payable promptly after the referendum, whether or not the referendum passed). For all subsequent work leading to the County's issuance of the general obligation school bonds, a fee equal to \$1.00 per \$1,000 of bonds offered, with a minimum charge of \$10,000. These fees included all expenses including attendance at a County Board meeting, if desired, for the execution of closing documents. If for any reason the County decided not to proceed with the referendum, Sanford Holshouser would be compensated at their normal hourly rate (plus expenses), but not exceeding \$1,500. Acceptance of this resolution will allow for the encumbrance of funds and the eventual payment to Sanford Holshouser for bond counsel services rendered to the County. Upon a motion by Mr. Davis and a second by Ms. Brown, Item No. 9 was unanimously approved.

Item No. 10 was a Resolution Requesting Approval for the Lenoir County ABC Board to Retain Tax Distributions from the 5 Cents Bottle Tax, 1 Cent Bottle Tax, 3.5 Cents Add-on Tax, and ABC Profit Distribution (if Any) for The Period July 1, 2007 through June 30, 2009 for Capital Improvements and Purchases for the ABC Facility Located at 110 South Herritage Street. Mr. Bruce Hill, Director of the Lenoir County ABC Stores, stated By NC General Statute 18B-805 (c) the Lenoir County ABC Board collects on sales a 5 cents Bottle Tax, 1 cent Bottle Tax, and a 3.5 cent Add-on Tax. Quarterly distributions of these taxes are to be made to the County, if this distribution does not result in a net loss to the ABC system for that quarter. In addition to these taxes, the ABC Board distributes to the County and Municipalities net profits from operations annually (if any). Approximately 25 years ago, the ABC Board was granted permission, by the existing Board of Commissioners at that time, to retain this profit distribution for a period of approximately 5 years in order to build an operating fund balance. After that 5 year period, profit distributions were made in a timely manner to the County and the municipalities. Approximately five years ago, due to declining sales and a net loss at the end of each year, the ABC Board had no profits to distribute. With sales increasing over the past year and the Lenoir County ABC System reducing expenditures and overhead, the system has been able to generate a profit. The Lenoir County ABC System needs to renovate the store located at 110 S. Herritage Street and upgrade its obsolete computer and cash register systems.

The ABC Board wishes to utilize the tax distributions from the 5cents Bottle Tax, 1 cent Bottle Tax, 3.5 cents Add-on Tax, and net profits generated by the system (if any) for the period July 1, 2007 through June 30, 2009 for these improvements to the facility and the computer and cash register systems. If not allowed to utilize any of the tax distributions and net profits for the two-year period, the ABC Board would have to draw down its operating fund balance for these capital improvements and purchases. The Lenoir County ABC Board needs to make necessary improvements to the facility located at 110 S. Herritage Street and upgrade its obsolete computer system and cash register systems. To accomplish this task, the ABC Board wishes to retain the tax distributions and net profits for a two-year period (July 1, 2007 through June 30, 2009). If not allowed to retain these distributions and net profits, the Lenoir County ABC System would have to make the necessary capital improvements and purchases utilizing its operating fund balance and risk financial shortfalls throughout the period. In the past three years profits have went from \$2.3 million to \$2.7 million. Mr. Hill stated it would cost between \$75,000 to \$100,000 to renovate the store shelving, flooring, etc., and another \$75,000 for a new computer system for the 110 S. Herritage Street location. Mr. Taylor asked about the possibility of relocating or opening new stores within the county. Mr. Hill stated the ABC Board did not want to expand due to lack of profits at this time; the matter is still being discussed. Mr. Taylor stated he would like to table the resolution until better options/opportunities have been discussed regarding the ABC Board and the potential renovation and relocation of stores. Upon common consent, the Board unanimously agreed to table the matter until the March 17, 2008 Board meeting.

### **AMENDMENTS**

Resolution Approving Contract Award by E. I DuPont to Southeast Railroad Contractors: \$595,536. Mr. Mark Pope, Economic Development Director addressed the Board. Mr. Pope stated on November 21, 2006 DuPont announced they would be expanding at their Kinston, NC facility. The new Sorona project would bring an additional 66 jobs and \$55 million in Capital Investment over the next three (3) years. The project would require an additional rail spur for new silos to be constructed at the facility. Lenoir County made an application to NC Department of Transportation Rail Division for a grant to help with the costs associated with the spur. Lenoir County received a grant totaling \$595,536 for the rail spur. North Carolina General Statute §143-129 states any contract for construction requiring the expenditure of public money more than \$500,000 shall be let according to the requirements of this section. The Rail Industrial Access Agreement is between NCDOT and Lenoir County. Lenoir County is deemed the “contractor” and grantee of this agreement DuPont will be responsible for the advertising and opening of the bids. Once the bids are opened the contract shall be awarded to the “lowest responsible bidder, taking into consideration quality, performance, and time specified.” Three (3) bids were received and Bundrick Grading issued the lowest price at \$748,426 with the second lowest price issued by Southeast Railroad Contractors at \$755,041. However, Southeast proposed to complete the project in 50 days, whereas, Bundrick proposed completion in 120 days. DuPont determined that timing of the construction of the rail spur was very important due to the overall construction schedule for the DuPont facility. Mr. Harper asked who would be responsible for ensuring complete satisfaction of the construction project. Mr. Pope stated DuPont would be responsible for signing off on the complete satisfaction of the rail spur project. Upon a motion by Mr. Graham and a second by Ms. Brown, the Dupont Amendment was unanimously approved.

Resolution Amending Payroll and Position Classification Plan. Mr. Joey, Bryan, MIS/GIS/Transit Director, addressed the Board. Mr. Bryan stated the Board is requested to authorize County Administration to amend the payroll and pay classification plan to include new positions for (1) Operations Manager, (1) Dispatcher/Scheduler, (3) Full-time drivers, and (10) Part-time drivers for Fiscal Year 2007-2008. The Transit System is currently in the first year extension of a possible two (2) year extension. The current contract expires on March 10, 2008. MV Transit has provided transit service to Lenoir County for one year. Since inception the county has had several operational issues with MV Transit. The county has had to send 2 formal letters of complaint regarding the disconnection of phone services, along with many other complaints from citizens and other county agencies. The proposed positions will allow the county to run transit operations; the operations will cost the county no additional funding due to grants that are received to provide the service. The department will be revenue neutral. Mr. Harper stated the Board would be in favor of the project as long as it stays a “stand-alone” department, requiring no funding from the county. If funding is every required for the department, then the service would have to be discontinued. Mr. Bryan agreed, but stated the transit project has been in existence since inception in 1994. Lenoir County has had much success with the loop system and other services that are being provided and expects the transit system to grow in the future. Upon a motion by Ms. Brown and a second by Mr. Harper, the Payroll and Position Classification Plan was amended.

**APPOINTMENTS**

Item No. 11 was a Resolution Appointing Citizens to Boards, Commissions, Etc. The following reflects existing vacancies and appointments.

<b><u>BOARD/COMMITTEE/COMMISSION</u></b>	<b><u>APPLICANT/ CURRENT MEMBER</u></b>	<b><u>TERM EXPIRATION</u></b>
Kinston-Lenoir Parks and Recreation Department <b>2<sup>nd</sup> Appearance</b>	Darrell Parrish (Re-Appointment)	January 2011 <b>M: Brown S: Davis</b>
East Pointe Human Services <b>1<sup>st</sup> Appearance</b>	Emily H. Moore (Appointment)	June 2010 Tabled
Lenoir Memorial Hospital Board of Directors <b>1<sup>st</sup> Appearance</b>	Ralph Lee Cox (Primary)  Michel G. Haddad (Alternate)	January 2012 Tabled

**CURRENT VACANCIES:**

**Lenoir County Health Board – One (1) Vacancy; (1) Veterinarian**

**Grifton Planning Board – One (1) Vacancy**

**JCPC – One (1) Vacancy; 1-Juvenile Attorney**

**Lenoir County Planning Board – K-6 Precinct & At-Large**

**CURRENT VACANCIES:**

**CJPP – Four (4) Vacancies**

**Kinston Board of Adjustment – Two (2) ETJ Members; (1) Primary – (1) Alternate  
Lenoir County Transportation Committee – At Large Member – Business Community**

**OTHER ITEMS:**

Ms. Brown reminded the Board of County Government Week, which takes place in April 2008. Ms. Brown stated she would like to see the county participate in some type of activity/event in support of the week.

Mr. Jarman informed the Board that the Kinston-Lenoir County Chamber of Commerce would like to host another “Wake Up Lenoir” series on March 12, 2008. The Board accepted the invitation.

**ADJOURNMENT**

Upon a motion by Mr. Graham, the meeting was adjourned at 5:35 p.m.

Respectfully submitted,

Reviewed By

Lashanda Aytch  
Clerk to the Board

Michael W. Jarman  
County Manager