

LEE COUNTY

NORTH CAROLINA

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BUDGET WORK SESSION
OF THE
LEE COUNTY BOARD OF COMMISSIONERS
106 HILLCREST DRIVE
SANFORD, NORTH CAROLINA 27330

MARCH 8, 2012

The kickoff budget work session of the Lee County Board of Commissioners convened at 8:30 a.m. in the Gordon Wicker Conference Room, First Floor, Lee County Government Center, 106 Hillcrest Drive, Sanford, North Carolina, on said date. Commissioners present were Richard B. Hayes, Larry "Doc" Oldham, Charles T. Parks, Robert T. Reives, Linda A. Shook, and James K. Womack. Commissioner Nathan E. Paschal was absent due to recent surgery. Staff in attendance included County Manager John Crumpton, Assistant County Manager/Finance Director Lisa Minter, County Attorney Dale Talbert, and Clerk to the Board Gaynell Lee.

Chairman Shook called the work session to order.

Attorney K. R. Hoyle delivered the invocation.

The pledge of allegiance was recited.

County Manager John Crumpton welcomed everyone and turned the work session over to Rod Visser and Lydia Altman from the N.C. School of Government. Commissioners, selected staff and an assortment of community and business stakeholders participated in a budget simulation exercise called "Bottom Line" from 8:30 until approximately 12:00 noon.

During the working lunch, Bob High and Mitch Brigulio from Davenport & Company LLC discussed with the Board a potential refinancing opportunity for the County to save money from two COPs financing projects of 2004. It was stated that in January 2004, Lee County issued \$26,220,000 Certificates of Participation (COPs) to fund the new Southern Lee High School and new emergency training center for Central Carolina Community College. Over the last several months municipal market rates have been at or near 40-year lows. These low levels of interest rates have created refinancing opportunities for issuers of municipal bonds. Mr. Brigulio stated Lee County has the option to advance refund all or a portion of the 2004 COPs to achieve debt service annual savings for a total of around \$1.1 million dollars. If the Board chooses to pursue this refinancing opportunity, the Board must call for a public hearing in early April. Consensus of Board members was to add this item to the March 19th agenda for a public hearing at the April 2, 2012 meeting.

County Manager John Crumpton discussed with the Board budget projections for FY 2012-13 as follows:

- All departments have submitted their budgets that are being reviewed at this time.

- Not expecting many changes to the State budget this year.
- A real concern to the County was an 18% increase in health insurance premiums. After discussion with Blue Cross and Blue Shield, they were able to get the premiums down to less than 12%. The Board discussed the PPO and HSA health insurance accounts that employees have the option to participate in.
- Employees will be receiving a 3.6% COLA pay increase this year.
- Salary study is unknown at this time and the completion date has been pushed back to May.
- On the revenue side, sales are up approximately 2%.
- Concern over whether Youth Services will receive JCPC funding this year. The Boys and Girls Club has also applied for this grant.
- Four grant positions in the Sheriff's Department were discussed. Funding for these positions will run out in April and the department will use drug money to continue paying salaries through the end of the fiscal year.
- Can't continue to use fund balance; was used a lot last year. The Board needs to stay within the 14-18% policy.

Commissioner Womack stated he wanted to see the tax rate go down at least 2 cents this year. His belief is that if taxes are lower growth will come to the county. Also concerned about the sales tax distribution and would like to see that changed. Mr. Womack also stated he would like to dissolve the joint planning department with the City of Sanford this year.

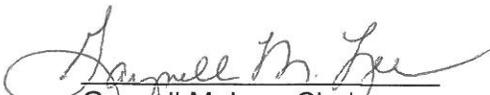
Mr. Crumpton stated that \$1.4 million in sales tax goes to the City of Sanford and \$95,000 to the Town of Broadway.

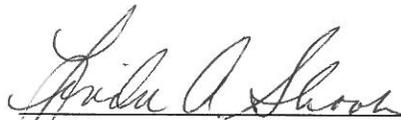
Commissioner Reives stated that all boards (County, City and Broadway) need to sit down together to discuss issues.

Representatives from SBTDC met with the Board to discuss their work with the Board on developing an Economic Development Strategic Plan for Lee County.

With no further business to come before the Board, Commissioner Parks moved to adjourn the work session. The motion carried unanimously and the meeting adjourned at 4:10 p.m.

ATTEST:


 Gaynell M. Lee, Clerk


 Linda A. Shook, Chairman
 Lee County Board of Commissioners