

PERSON COUNTY BOARD OF COMMISSIONERS
MEMBERS PRESENT

FEBRUARY 18, 2013
OTHERS PRESENT

Jimmy B. Clayton
Kyle W. Puryear
B. Ray Jeffers
Frances P. Blalock
David Newell, Sr.

Heidi York, County Manager
C. Ronald Aycock, County Attorney
Brenda B. Reaves, Clerk to the Board

The Board of Commissioners for the County of Person, North Carolina, met in regular session on Monday, February 18, 2013 at 8:30 am in the S-100 meeting room at Piedmont Community College located at 1715 College Drive, Roxboro for the annual Board Retreat. The purpose of the Board Retreat is to provide an opportunity for the Board to discuss the Fiscal Year 2013-2014 budget and any other topics as deemed appropriate.

Chairman Clayton called the meeting to order and led invocation. Vice Chairman Jeffers was absent until 9:22 am.

Chairman Clayton and County Manager, Heidi York welcomed the group to the annual budget retreat. Ms. York told the group the retreat is an opportunity for the Board to set goals for the upcoming budget. Ms. York stated there would be no public comments and she would facilitate the group discussions to keep on track with the agenda. Ms. York outlined the retreat agenda and the rules of engagement to share all relevant information, participate and be willing to ask questions.

Ms. York provided the group with the following biographies of the guest speakers:

**Person County Board of Commissioners' Annual Retreat
February 18, 2013**

Biographies of Guest Speakers

Dr. Michael Walden, Wm Neal Reynolds Distinguished Professor at NCSU

Ph.D. Cornell University 1978

Research Interests: Consumer economics, regional economics, public policy, North Carolina economy.

Awarded the Order of the Long Leaf Pine in 2013

Recipient of the 2010 University of North Carolina Board of Governors Award for Excellence in Public Service

Dr. Mike Walden is a professor in the College of Agriculture and Life Sciences' Department of Agricultural and Resource Economics and a specialist with the North Carolina Cooperative Extension Service. He is widely known for his ability to relate larger economic trends to individual consumers. Every two weeks, he writes the "You Decide" newspaper column exploring key economic issues.

Kevin Leonard, Deputy Director of the North Carolina Association of County Commissioners

Directs efforts of Government Relations Team, implements legislative goals, and monitors legislative issues. Works to enhance advocacy communications between Association members and North Carolina State Government, the North Carolina Congressional Delegation, and other governmental agencies. Serves as staff liaison to Legislative Goals Committee, and Intergovernmental Relations, Justice & Public Safety, and Public Education steering committees. Prior to serving as Deputy Director, Kevin has held the following positions:

- Director of Government Relations at North Carolina Association of County Commissioners
- Senior Government Relations Manager at Womble Carlyle Sandridge & Rice LLP
- Director of Government Relations at NC Department of Labor
- Chief of Staff at NC House of Representatives - Office of the Minority Leader
- Legislative Assistant at US House of Representatives - Congressional Staff
- Productions Assistant / Video Library Assistant at C-SPAN

Michael Brown, NC Dept. of Revenue-Local Government Division,Property Tax Section

Supervises the Real Property Branch of the Property Tax Section in the Department of Revenue. Has worked with NC Department of Revenue for 20 years in the Real Property Branch. His primary responsibility is to assist taxpayers and counties regarding issues with property taxes- mainly in the areas of listing, valuation, reappraisals, appeals, present-use value and exemption and exclusions. Michael also serves as staff to the NC Property Tax Commissionconcerning property tax appeals.

**Person County Board of Commissioners' Annual Retreat
February 18, 2013**

Warren Miller, founder and president of Fountainworks.

Prior, he led the Public Enterprise Ventures division of AH HA! a national consulting firm specializing in market research. He is well known in government and nonprofit circles for his leading-edge approaches to public opinion and market research. He pioneered the CitizenConnect™ qualitative research and analysis approach, which is seen as the 'next generation' to focus groups. He has led a number of large-scale community forums including a knowledge sharing and idea generation 'Café' with 400 participants as part of the 2003 Southern Environmental Leadership Summit.

He has worked extensively with local, state and federal government agencies, nonprofit organizations and schools to develop deeper and more accurate insights about their citizens and stakeholders and translate those insights into organizational strategies and the development and marketing of services.

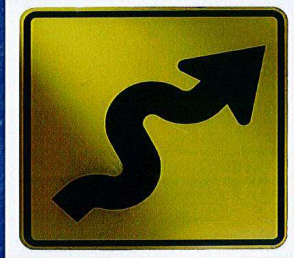
Before joining AH HA!, he served as Policy Director to former North Carolina Governor Jim Hunt, where he helped manage the development and implementation of the Governor's policy agenda. He also served as the Governor's liaison to North Carolina's nonprofit community. Warren also worked in Washington, D.C., as a campaign and public policy consultant.

ECONOMIC OUTLOOK:

Dr. Mike Walden, Reynolds Distinguished Professor at NC State University gave the Board the following presentation titled Economic Outlook:

February 18, 2013

ECONOMIC OUTLOOK: ARE HAPPIER DAYS HERE?



Dr. Mike Walden

Reynolds
Distinguished
Professor

North Carolina State
University

1

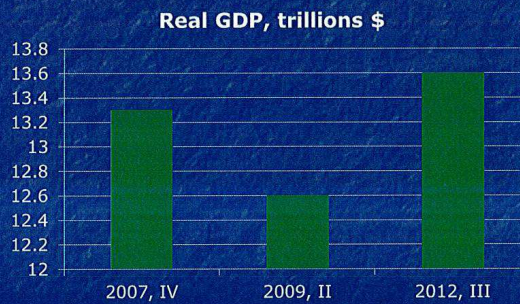
USEFUL TO THINK OF ECONOMIC ISSUES IN TWO PARTS

1. SHORT-RUN "**CYCLICAL**"
ISSUE RELATED TO THE
RECESSION AND RECOVERY
2. LONG-RUN "**STRUCTURAL**"
ISSUES RELATED TO OUR
ECONOMIC PATH FOR NEXT
50 TO 75 YEARS



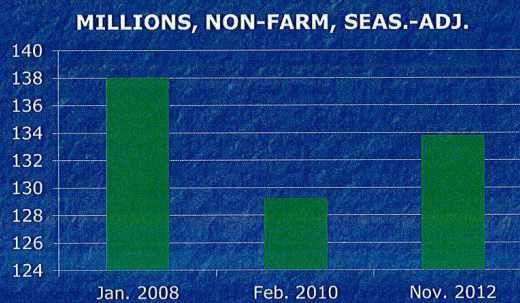
2

AGGREGATE PRODUCTION HAS TOTALLY RECOVERED



3

THE JOB MARKET IS ALMOST HALF WAY BACK

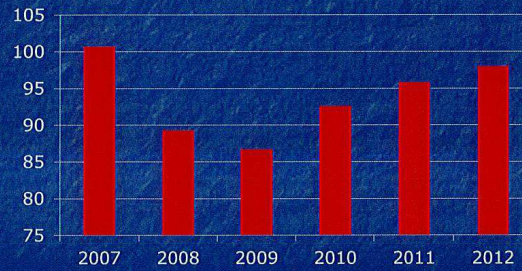


4

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MANUFACTURING HAS BEEN A BIG PLUS

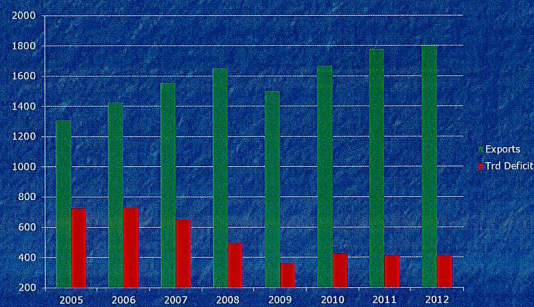
INDEX OF INDUSTRIAL PRODUCTION



5

..... AS HAVE EXPORTS

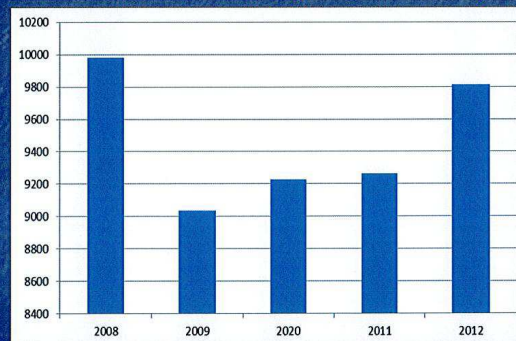
billions of real 2005 \$



6

BANK LOANS HAVE ALSO INCREASED

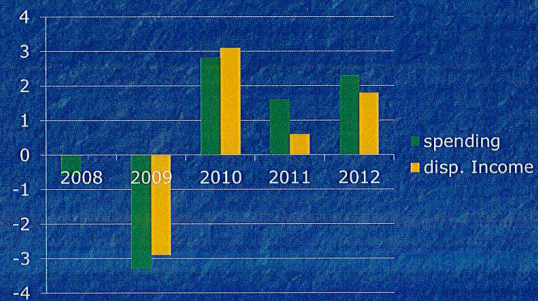
(BILLIONS OF DOLLARS)



7

AND CONSUMERS ARE SPENDING MORE

(INFLATION-ADJUSTED PERCENTAGE CHANGES)

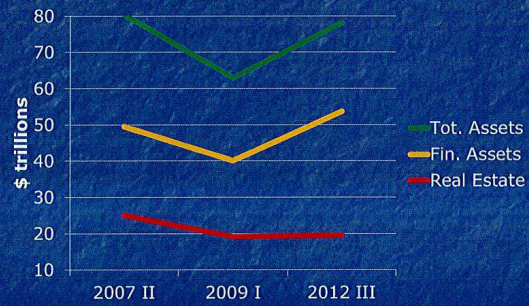


8

Dr. Walden noted a correction on slide #7 above: 2020 should read 2010.

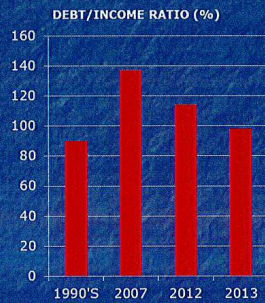
February 18, 2013

AN IMPORTANT FACTOR IS THE IMPROVEMENT IN HOUSEHOLD WEALTH



9

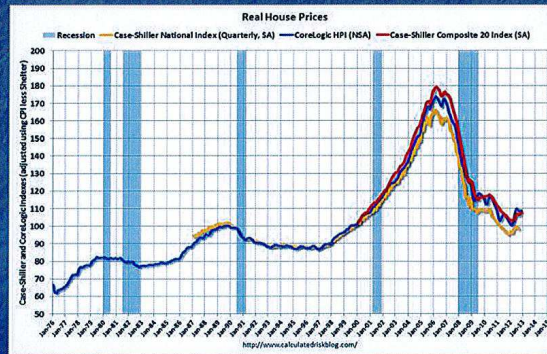
AND HOUSEHOLDS HAVE REDUCED DEBT



BIG QUESTION:
ARE WE THERE YET?

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HOME PRICES HAVE STOPPED DECLINING



11

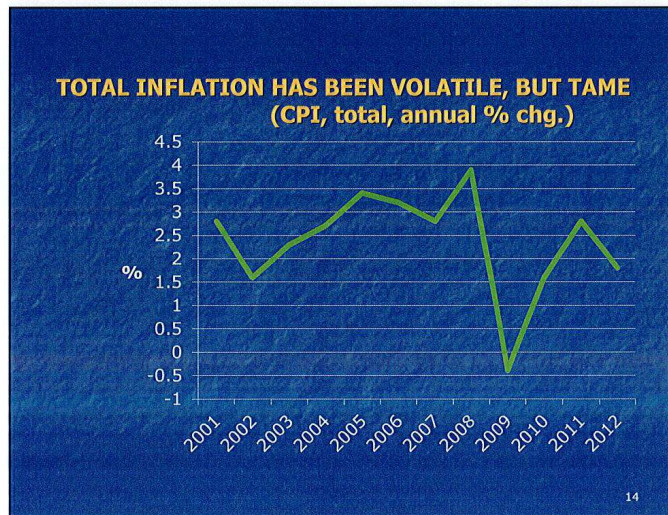
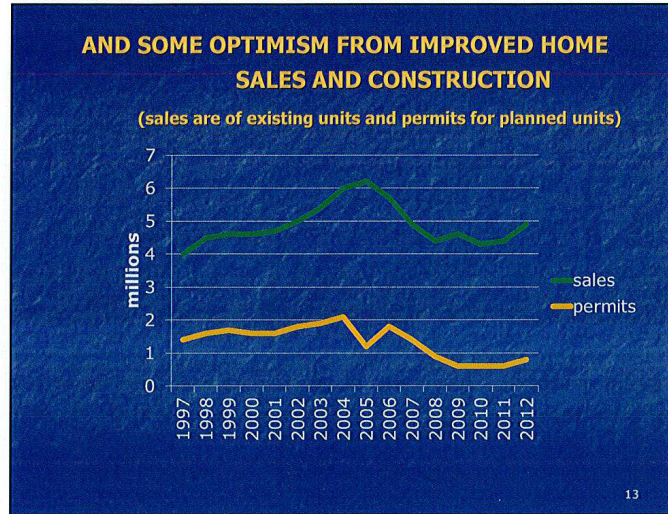
HOME INVENTORIES HAVE DROPPED

(MONTHS TO SELL EXISTING INVENTORY)



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Slide #14 total inflation rate for 2012 equaled 1.8%.

GAS PRICE TRENDS



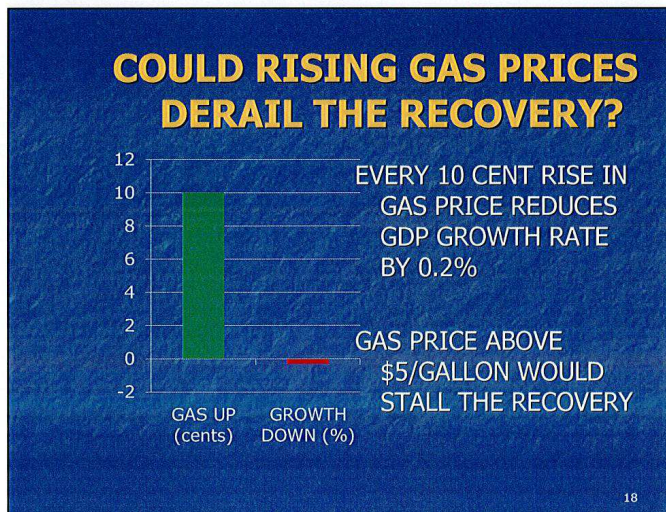
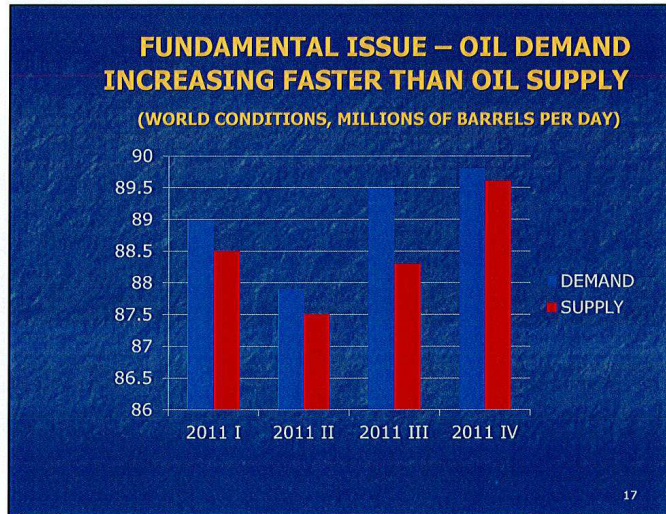
15

THE "BITE" FROM GAS PRICES HAS BEEN INCREASING – BUT NOT YET A RECORD (GAS SPENDING AS A % OF TOTAL SPENDING)



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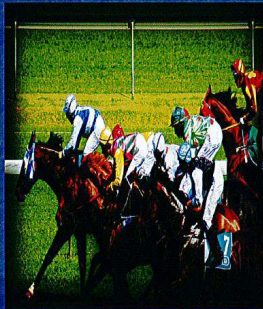
INTEREST RATES CONTINUE AT HISTORIC LOWS

(YIELDS ON TREASURY SECURITIES)



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THE "TRI-FECTA" OF IMPROVEMENT



**BETTER HOUSING
MARKET**

**BETTER HOUSEHOLD
NET WORTH**

MORE JOBS

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NATIONAL FORECASTS



150,000 – 170,000 JOBS CREATED PER MONTH

2.0% TO 2.25% GDP GROWTH RT

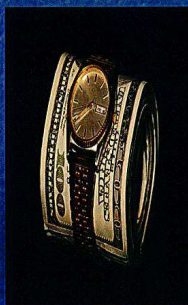
CONSUMERS SPENDING MORE

DELEVERAGING ALMOST COMPLETE

WILDCARD – ENERGY PRICES AND POTENTIAL MIDEAST CONFLICT

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KEY ECONOMIC POLICY ISSUES



DEBATE OVER LONG RUN FISCAL PLAN

- * tax rates
- * "tax expenditures"
- * entitlements
- * defense

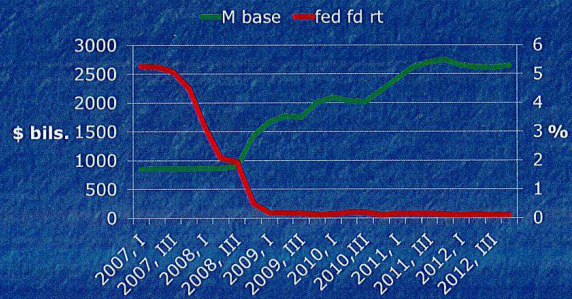
22

GOVERNMENT POLICY



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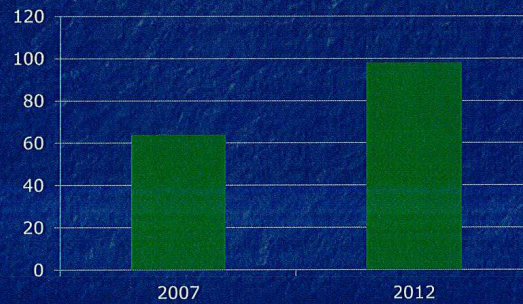
The Fed's Monetary Policy



24

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FISCAL POLICY HAS ADDED TO THE DEBT (% of GDP)



25

GOVERNMENT CYCLICAL POLICY QUESTIONS



For monetary policy:

- creating another "bubble"?
- creating more inflation?
- exit strategy?

For fiscal policy:

- more stimulus needed?
- long run fiscal plan needed?
- or austerity needed?

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FIVE BIG STRUCTURAL ISSUES



GLOBALIZATION AND SKILLS

DEMOGRAPHY AND PUBLIC SPENDING

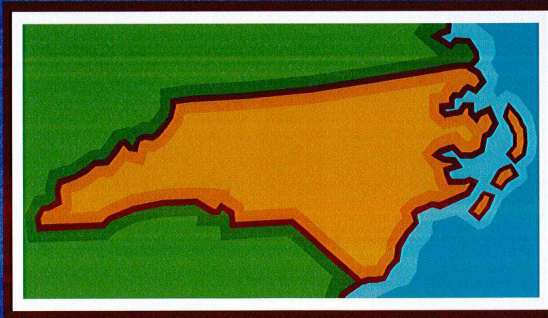
EFFICIENT PUBLIC REVENUE
COLLECTION

INFRASTRUCTURE UPGRADING

ENERGY TRANSITION

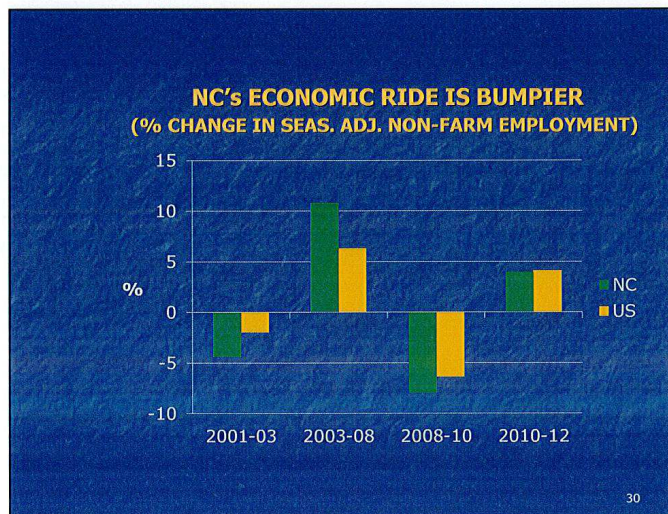
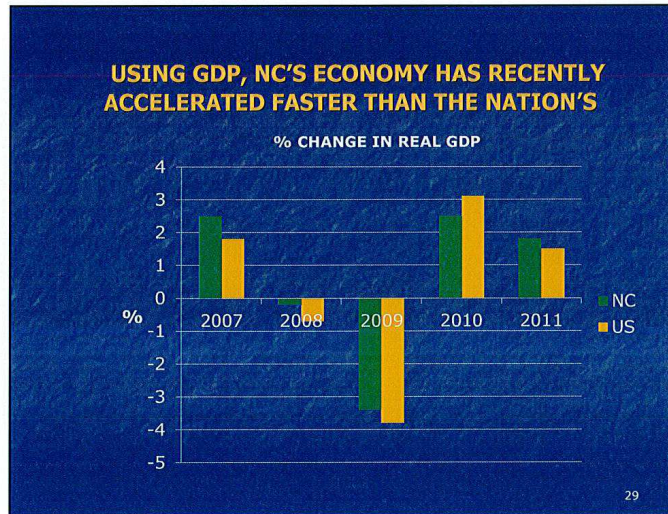
27

NORTH CAROLINA ECONOMY

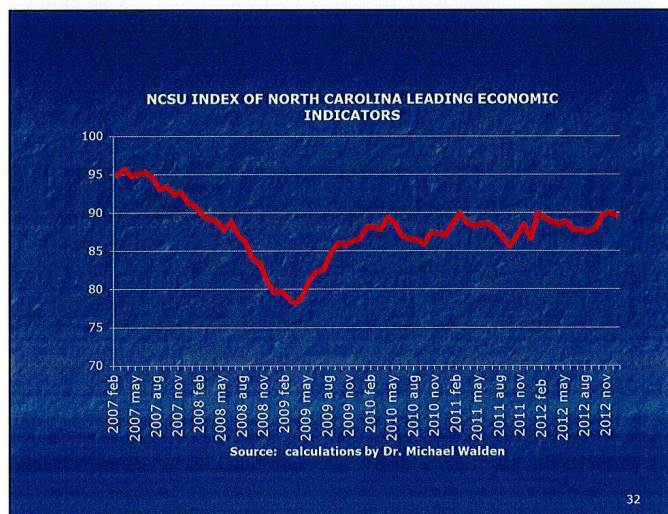


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In Slide #30, Dr. Walden stated there have been two recessions in the last ten years with NC suffering more due to the manufacturing base.



NC ECONOMIC FORECAST FOR 2013

BETTER GROWTH

80,000 – 90,000
JOBS CREATED

8.2% JOBLESS
RATE BY YEAR'S
END



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PUBLIC ISSUES FOR N.C.'s LEADERS

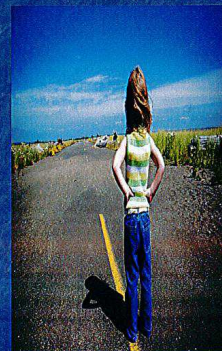
MORE TECH TRAINING IN HIGH
SCHOOL

MOVING STUDENTS THROUGH
COLLEGE FASTER

MORE \$ FOR ROADS

REVAMPING MEDICAID

TAX REFORM

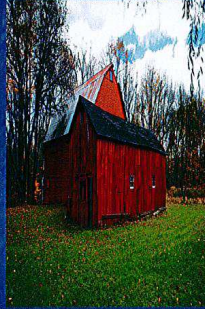


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Dr. Walden spoke to potential dramatic changes to the tax system: getting rid of corporate and individual income taxes and replacing those with expanded sales tax that would tax all goods and services at a higher rate.

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PERSON COUNTY



LOST **6%** OF JOB BASE DURING
RECESSION

TO DATE (2012), HAS
RE-GAINED **4.8%**

BUILDING PERMITS FELL
78% DURING HOUSING
CRASH – NO REBOUND YET

35

Dr. Walden concluded that he is cautiously optimistic as NC is in an economic recovery that will accelerate with better growth in 2013. Dr. Walden noted the current savings rate is at 3.2%. The forecast that the US would be energy efficient by 2020 assumes the required infrastructure (pipelines and processing plants) will be constructed to handle the production of energy according to Dr. Walden. Dr. Walden predicts the national deficit will ultimately be deferred again. Dr. Walden stated national programs associated with aging, i.e. Medicare, social security, Medicaid will require changes to help drive down expenditures. Dr. Walden addressed workforce aging noting the US is at a replacement level with immigration and suggested the following book as a resource reading on demographics, *What to expect when you're not expecting*. Dr. Walden stated trends in manufacturing in the US and worldwide is more technology and machinery oriented and less people.


Ms. York announced a brief break at 10:02 am to transition speakers. The meeting was reconvened at 10:08 am.

STATE LEGISLATIVE UPDATE:


Mr. Kevin Leonard, Deputy Director with the NC Association of County Commissioners along with Johanna Reese, Director of Government Relations and Casandra Skinner, Legislative Counsel gave the Board the following presentation titled NCACC Legislative Update:

NCACC Legislative Update

NCACC Legislative Update




Kevin Leonard, Deputy Director



Topics for Today

- A changing political environment
- 2013 legislative issues
 - Paying the state's \$2.5 billion UI debt
 - Fiscal modernization?
 - State budget
 - Others
- NCACC prepares for 2013-14 biennium
 - Association Goals



February 18, 2013

A Changing Political Environment



Executive Branch

- Gubernatorial party switch
- Turnover throughout cabinet agencies
- Relationship with legislature?
- Council of State – little turnover



NCACC Legislative Update

NC General Assembly

- House majority up by 9 to 77-43
- Senate majority up by 2 to 33-17
- **Both chambers have veto-proof majorities**
- House – 44 freshmen; 72 members serving 1st or 2nd term
- Senate – 10 freshmen; 26 members serving 1st or 2nd term



NC General Assembly


- Over 600 years legislative experience lost
- Democrat minority in both chambers predominantly African-American
- 8 current or former county commissioners won seats – 1 in Senate; 7 in House
- 25 former commissioners in GA



Ms. Reese noted a correction that there are currently 26 former commissioners in GA.


February 18, 2013

NCACC Legislative Update



County Changes

- 121 – New Commissioners
- 304 – Republican County Commissioners
- 270 – Democrat County Commissioners
- 6 – Unaffiliated County Commissioners
- 54 – Republican majority boards
- 44 – Democrat majority boards
- 2 – no majority



What This Means?

- New Relationships!
 - Get to know your legislators
 - NCACC outreach
- Lots of education!
 - County orientation for new legislators, new state agency heads & administrators
 - New commissioners up to speed on critical county issues



Mr. Leonard stated he, Ms. Reese and Rebecca Troutman met with Art Pope, state Budget Director to further discuss the pledge of Speaker Tillis and President Pro-Tem Berger made last session in opposition to passing unfunded mandates to the counties.

Ms. Reese updated the group on one of the legislative goals: to restore state funding and function for monitoring river basins across the state. Ms. Reese stated DENR has addressed some the budget cuts by cutting monitoring to river basins noting Assistant Secretary Gillespie spoke to the Environment Committee pledging his review of the impervious area requirement. Chairman Clayton added that if the impervious area requirement was changed from one-half acre to one acre, Person County would benefit.

Mr. Leonard noted his experience watching the property tax issues at the state level having valuation issues given the economy. Mr. Leonard noted state level changes related to property revaluation are not in the direction of increasing the years, but decreasing to a mandatory four years versus the current eight years.

Commissioner Newell inquired about possible legislation to allow counties to draw interest on cash balance. Mr. Leonard was not aware of such request.

Ms. Skinner spoke to the group regarding proposed legislation related to the Wake County Bill, Senate Bill 27 and Senate Bill 59. Ms. Skinner noted the Wake County Bill was a goal presented late in the process to allow for the option for counties to own, acquire and construct traditional public school facilities. Ms. Skinner noted policy has been adopted not favoring of any legislation that would require public funding for charter schools. Senate Bill 27 would authorize a school board to having a school marshal with Senate Bill 59 noting a school resource officer and/or volunteer. Ms. Skinner noted that discussion at a recent Public Education Steering Committee included another proposal involving the school resource officers which may require further study. Mr. Leonard stated the bill in sitting in rules noting this item would be discussed at the upcoming NACo legislative conference in March at the federal level.

NCACC Legislative Update

2013 Legislative Issues



Unemployment Insurance Changes



February 18, 2013

NCACC Legislative Update

What Is Unemployment Insurance (UI)?

Federal-State partnership

- Broad federal guidelines
- State-designed program
- State pays 100% regular benefits, 50/50 extended benefits, feds pay 100% emergency benefits

Funded through

- Private employers' payroll taxes based on experienced rating; also pay federal payroll taxes
- Govts, non-profits given option of direct reimbursement of claims or experienced rated; pay no federal payroll taxes



What is the Problem?

Why Does the System Need to Change?

- Economic recession & high unemployment costs necessitates \$2.5 billion federal loan
- Outstanding loan balance triggers escalating private employer federal taxes—from \$21/employee 2011 to \$189/employee 2019
- Benefits package "richer" than in neighboring states
 - NC = \$535 max weekly; SC = \$326; VA = \$378



NCACC Legislative Update

How Will UI Benefits Change?

- Maximum weekly reduced from \$535 to \$350
- Maximum duration reduced from 26 weeks to 20 weeks & tied to unemployment rate
- Good cause provisions eliminated except domestic violence & military spousal relocation
- Suitable work requirements strengthened



Proposed Changes: Key Points for Counties

- FY 2014, counties establish a UI Benefit Account with 1% of their taxable wages per employee (capped at \$20,900)
 - In October 2013, & on quarterly basis thereafter, counties contribute 1% of taxable wages
 - Counties have until January 2015 to fully fund the account
- FY2013 claims paid directly; FY2014 claims debited against UI account
 - Only 100% of claims allowed; no 120% of charged claims
- Original 20% surcharge excluded from final proposal



February 18, 2013

NCACC Legislative Update

Fiscal Modernization (i.e. Tax Reform)

- House & Senate leadership and staff working for several months
- Attempted a number of times before
- Legislative goal of "Revenue Stability"
- NCACC goals to be part of conversation and avoid shifting of responsibilities to counties
- Corporate & individual income tax, sales tax, tax on services, property tax...
- Exemptions & Exclusions
- Chances of success???



State Budget

- Governor's budget released mid-March
- Senate gets first shot; then moves to House
- House and Senate coordination
- No expected deficit this year
- Possible small surplus



NCACC Legislative Update

Things We're Watching

- Charter school capital funding
- Adult Care Homes
- Vehicle Property Tax collection
- Sovereign Immunity
- MPO/RPO ethics requirements
- ABC privatization
- Commercial dog breeder regulation



NCACC Preparation for Next Biennium Adopted Legislative Goals



February 18, 2013

NCACC Legislative Update

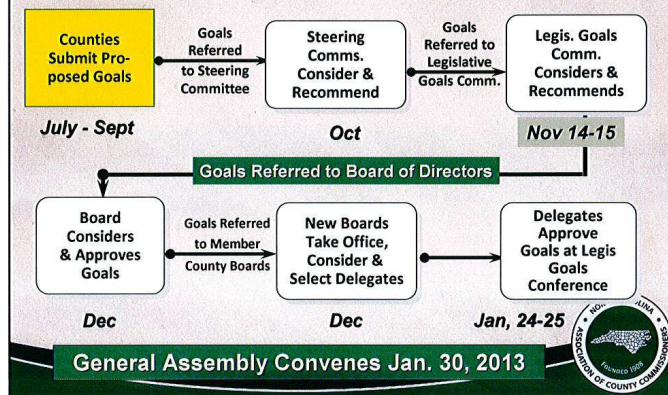
NCACC Legislative Goals

- All counties asked to submit goals thru Sept. 17
- Goals vetted by NCACC steering committee, legislative goals committee, NCACC board of directors, all counties via NCACC Legislative Goals Conference



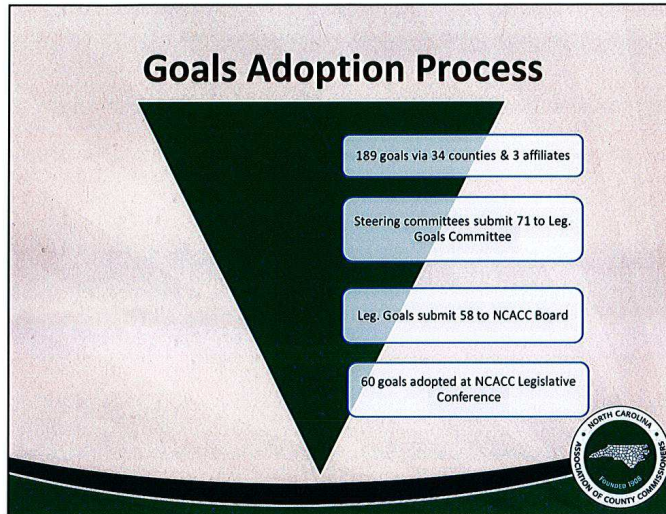
NCACC Legislative Goals Process

(Adopted Goals Remain in Place for 2-Yr. Biennial Session)



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NCACC Legislative Update



Top Five Legislative Goals

- Ranked by Counties at Jan. 25 NCACC Legislative Conference

1. Oppose shift of state transportation responsibilities to counties.
2. Reinstate ADM and lottery funds for school construction.
3. Oppose unfunded mandates and shifts of state responsibilities to counties.
4. Ensure adequate mental health funding.
5. Preserve the existing local revenue base.

The NCACC logo is visible in the bottom right corner of the slide.

NCACC Legislative Update

Other Goals

- Restore school construction funding
- Restore school calendar local control
- Sales tax refunds to exemptions
- LME/MCO governance
- Allow electronic public notices
- Electronic gaming regulation
- Options for cost effective runoff elections
- Expand 911 fund uses



Questions / Comments



Thank You!



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Mr. Leonard asked the Board if Person County is interested in being included on the electronic public notice bill to offer an option to post public and legal notices on the website and send out electronically versus the mandate to print and if so, to let the NCACC staff know. There are currently nine or ten local governments interested and once the interest caps at fifteen, the bill could be considered statewide.

Chairman Clayton thanked NCACC staff for their presentation and reminded the Board the Association staffs are available to help counties noting the NCACC website is a helpful resource.

Upcoming dates for the calendar are:

- Opportunity on Wednesdays to walk the halls of the legislature
- District meetings in April
- County Assembly Day on May 22, 2013

A brief break was taken at 11:04 am. The meeting was reconvened at 11:07 am.

PROPERTY REVALUATION:

County Manager, Heidi York introduced Mr. Michael Brown with the NC Department of Revenue.

Mr. Brown told the group that North Carolina mandates reappraisals every eight years with an option annually if desired. Mr. Brown there are three approaches that counties use to value property: 1) sales approach, 2) cost approach and 3) income approach.

Mr. Brown defined market value in the state of North Carolina according to the Machinery Act (laws that govern property taxation) as true value which involves a willing buyer, willing seller with no duress with both have reasonable knowledge of the uses to which the property could be put to. Mr. Brown stated foreclosures should not be used as they do not fit the criteria and good sales would trump with greater weight.

Mr. Brown outlined the property revaluation process with notices being mailed to tax payers at or around January 1st with the first step of appeals being with the Tax Assessor, who has the authority to adjust values until the Board of Equalization and Review convenes at which time the authority to adjust values transfers from the Tax Assessor to the Board of Equalization and Review. Mr. Brown stated each taxpayer appearing before the Board of Equalization and Review will receive a dated decision letter to which the taxpayer has thirty days from the date on the letter to appeal to the next level of appeal before the Property Tax Commission. Following the state level appeal would be to the NC Court of Appeals and the NC Supreme Court. Mr. Brown told the group that great weight of the evidence should rule the case when making determinations to adjust values based on taxpayers' factual information, documentation, appraisal report and/or specific issues pertaining to the property. Mr. Brown noted the county must uniformly assess property at fair market value.

County Attorney, Ron Aycock addressed the question related to liability for the members of the special Board of Equalization and Review noting there is no liability individually or collectively.

Mr. Brown stated the Dept. of Revenue implements a statistical measure of the level of assessment for each county (sales ratio study). Mr. Brown confirmed that the appraisal contract is not subject to the formal bid requirements and noted the eight percent of the 27,000 parcels filing appeals was normal.

Mr. Brown confirmed that the Board adopts a Schedule of Values in the year preceding the effective revaluation year to be valid until the next general reappraisal. Mr. Brown stated tax payers with an issue related to the value are recommended to bring documentation to the Assessor's office for further review, i.e., an appraisal report which is an opinion of value. Mr. Brown stated confidence in the Tax Assessor and the Board of Equalization and Review to carry out its duties.

Commissioner Puryear asked Mr. Brown about the possibility of Person County asking NC General Assembly to grant Person County permission to re-do property revaluation. Mr. Brown stated a re-do is not part of the mechanism and that in all his twenty-six years, he has not heard of a county requesting a revaluation re-do noting although he felt it was unlikely, General Assembly has the authority to pass legislation for such.

Commissioner Puryear asked Mr. Brown if he knew of committees created for input related to the Schedule of Values. Mr. Brown stated he has known where former commissioners have participated on an established workgroup committee(s) giving input prior to the Assessor presenting the Schedule of Values to the Board, but not including general public.

Mr. Brown offered his office (Local Government Division, Property Tax Division at the NC Dept of Revenue) phone number 919-733-7711 for any further questions.

Ms. York stated an informal sampling of the values had been requested to be reviewed by the Dept of Revenue. Mr. Brown stated his office would be happy to do such noting their office is currently working on getting the sales ratio study (statistical measure of the reappraisal) completed. Mr. Brown stated a sales ratio study is conducted in all 100 counties annually noting NC is a true value state. Mr. Brown noted the statistical measure is used for public service company valuation for the first year, fifth year and eighth year of the reappraisal cycle. Mr. Brown confirmed the public utility companies are valued by the Dept of Revenue and certifies the values to the counties and cities, at which time, the counties and cities bill that certification of value of public service companies to the individual companies.

Commissioner Puryear requested the Board to approve a Resolution requesting the General Assembly to grant Person County permission to re-do property revaluation for 2013. Vice Chairman Jeffers suggested prior to consideration of a resolution that the Board should talk with Person County's legislators, Representative Wilkins and Senator Woodard.

Commissioner Puryear requested to have a resolution on the Board's next agenda and invite both Representative Wilkins and Senator Woodard to be present. Commissioner Puryear further requested consideration for the Board to form a committee of members representing Person County Tax Office staff as well as private individuals in the real estate sector to provide insight to create a real property appraisal policy to review the Schedule of Values for real property.

Ms. York asked the Tax Assessor, Russell Jones to comment on what the effects of the proposed re-do of revaluation would mean to Person County. Mr. Jones stated a revaluation re-do insinuates something is wrong with the current revaluation noting the level of appeals and the sales ratio of the lake properties are accurate. Mr. Jones ventured to say future valuations would result in lake values increasing. Mr. Jones summarized previous four-year cycle valuations results in 17% and 21% increases in overall values respectively with the current revaluation for an eight-year cycle resulted in less than 5% increase overall. Mr. Jones stated a revaluation re-do would be a waste of county funds. Mr. Jones stated the Schedule of Values allows room to lower/raise property values based on evidence provided to state values are wrong. Commissioner Puryear stated disagreement that the responsibility should be placed on the taxpayer to prove the values are incorrect but the county should illustrate how the value was determined as true market value. Mr. Jones stated the Tax Office did not have comps on each parcel. Commissioner Puryear questioned how is true market value determined if comps are not available. Mr. Jones stated the Schedule of Values are developed based on all sales and then use the sales ratio to compare for accuracy.

Ms. York reminded the Board that Mr. Brown noted if major inconsistencies are discovered by the Board of Equalization and Review during citizen appeals, a determination that values are wrong could be made however, basing the value being wrong by the percentage the value increased is not allowed. Commissioner Puryear recommended the appeal process to continue as planned reviewing case by case at the same time, a local bill to be introduced to General Assembly.

Chairman Clayton stated no local bill was introduced on behalf of Mecklenburg County and the chances of a minority Senator or a minority Representative getting a bill passed that the majority party for one of the largest counties in the state is slim and none. Commissioner Puryear disagreed the commissioners did not vote for the local bill to go to General Assembly. Chairman Clayton asked the County Attorney to address the issue of timing related to a grace period following the eighth year revaluation cycle. Mr. Aycock stated his research for case law for an allowance of time beyond the eighth year cycle resulting in none. Mr. Aycock noted an extension has been granted at the four-year cycle but not at the eighth-year cycle.

A **motion** was made by Commissioner Puryear, and **carried 5-0** to place on the Board's meeting agenda for March 11, 2013 a draft Resolution requesting the General Assembly to grant Person County permission to re-do property revaluation for 2013 with Person County's legislators, Representative Wilkins and Senator Woodard to be invited to attend the March 11, 2013 meeting.

Vice Chairman Jeffers recommended the Board to have supporting facts for the legislators to present to General Assembly.

Commissioner Blalock requested a brief categorized summary of the informal appeals to use as evidence for consideration for the local bill.

The group recessed for a lunch break at 12:37 pm. The meeting was reconvened at 1:06 pm.

CREATING A COUNTY VISION:

County Manager, Heidi York told the group that the top five priorities listed by the Person Future's Strategic Plan subcommittees were included in the board packets to use for framework for crafting a county vision statement to guide Person County in budgeting and implementing projects. Ms. York introduced Mr. Warren Miller of Fountainworks to lead the Board's discussion of the vision of the county in ten years, in particular as to what the Board would like for Person County to be known for at that interval in the future. Board members included the following ideals:

- A high quality of life with good educational systems, recreational opportunities, safe and attractive communities for family life, clean water and air, recycling, no crime with close proximity to urban areas,
- economic development through regional partnerships, industrial parks, improved roads, rail, airport, water and sewer,
- low unemployment through a diverse job market, new industry with high-paying jobs with good benefits, and
- self supporting, good tax base, locally grown food.

Mr. Miller helped the group identify the following big steps by Person County leaders: market, jobs and training, investment, commitment, safe environment and buy-in from the citizens. Challenges identified are funding, unified vision, competition, and the right people in place with follow up commitment. County supports include staff, business friendly, and conservative in spending, community support and a good website.

Vice Chairman Jeffers stated his preference to structure the strategic plan in a more traditional plan outlining projects with timelines and associated costs as well as have expertise given to which goals are attainable. Assistant County Manager, Sybil Tate added that a new plan is due to begin in 2014.

Person Futures – Strategic Plan

Top Five Priorities from each strategic area

Subcommittee Name: Protect our Land

Priority	Goal #	Objective #	Description
1	2	3	Enhance existing programs and create new programs that promote locally grown foods such as CSA's.
2	2	4	Create a local brand for Person County grown products
3	1	2,3,4	Create and implement a Beautify Person county program; utilize volunteers to promote county beautification efforts; create a Person County "Gateway Committee", which will examine the major entrances into Person County and create a plan to improve their aesthetic appeal and uniformity.
4	4	new	Locate a C&D landfill for yard waste collection
5			

Subcommittee Name: Learning for Life and Lifelong Learning

Priority	Goal #	Objective #	Description
1	2	1	Develop strategies to increase parental and community involvement in the county's educational activities: Commit to a culture of valuing education. Financial support for the development of a County-wide initiative to raise the culture of valuing education utilizing a broad-base and diverse collection of Person County leaders. 1. Initiative Leader - \$50,000 2. Initiative Expenses - \$50,000 Total allocation request - \$100,000.
2	1	1	Develop systems and strategies to maximize the educational potential of Person County citizens: Provide a comprehensive selection of technical/career certification and licensure programs to meet the needs of 21 st Century employees. (biotechnology, health sciences, career and technical education programs)
3	1	3	Develop systems and strategies to maximize the educational potential of Person County citizens: Implement strategies and programs to increase the number of citizens with a high school diploma or equivalency.
4	1	5	Implement strategies and programs to increase the literacy rate of citizens in Person County.
5	1	9	Develop systems and strategies to maximize the educational potential of Person County citizens: Implement strategies and programs to increase the literacy rate of citizens in Person County.

Subcommittee Name: Re-Imagine our County for a Better Future

Priority	Goal #	Objective #	Description
1	3	3	Leverage the existing unused North/South Rail Corridor to create walking trails throughout the County.
2	2	1	Increase proliferation of the existing city neighborhood watch and create a county community watch.
3		new	Create a portal website for events in Person County that has a centralized calendar of events and allows individuals to sign up for email notifications.
4	5	1	Create more community cultural opportunities that raise awareness about global diversity and how it may benefit Person County
5	5	2	Create and expand on existing mentoring programs within the County

Subcommittee Name: Foster a Sense of Community

Priority	Goal #	Objective #	Description
1	2	1	Continue Recreation and Senior Center progress
2	4	new	Programming for diversity, such as a multi-cultural festival.
3	1	3	Explore implementation of a crop walk, Tomato Festival, car show or other themed festivals.
4	3	1	Create community watch programs and alternative programs to gangs and crime.
5			

Subcommittee Name: Economic Development* - The priorities listed below were generated by staff. An Economic Development Summit is scheduled for March, at which point, the economic development group will establish priorities.

Priority	Goal #	Objective #	Description
1		new	Construct a 100,000 sq ft shell building
2	1	3	Continue to discuss an industry/business park in southern Person County with Durham County Government.
3	1		Create jobs in and near Person County by developing, growing and supporting local initiatives and new, small businesses; by growing, supporting and retaining existing businesses and industries; and by recruiting outside investment in new businesses and industries.
4	2		Create a Person County Workforce that is educated and trained to succeed in the jobs and careers in Person County and throughout the region.
5	3		Create in Person County a community of informed, involved citizens who valued and seek to preserve the good things this County offers, who understand the challenges posed by the future economy, who support investment in education, public services, and economic growth and development required to meet those challenges.

Commissioner Blalock announced an idea from the subcommittee for Person County to hold a Tomato Festival that would be unique to Person County.

Commissioner Puryear stated agreement with Vice Chairman Jeffers for a prioritized list of attainable goals for the strategic planning process suggesting ranking the top five, ten or twenty projects that are realistic as well as request feedback from the local community business leaders, stakeholders, etc. for associated costs, a measuring tool and a timeline for each project.

The Board credited the valuable community input in setting the current goals but stated the need for more information related to the strengths and weaknesses in measuring each goal for realistic implementation.

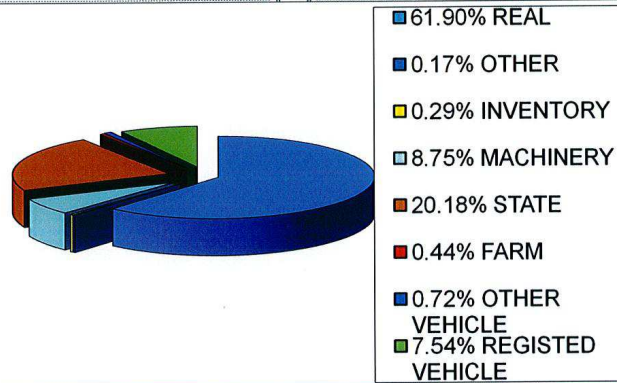
County Manager, Heidi York stated success is determined by the county's leader's vision with community support.

The group took a brief break at 2:21 pm. The meeting was reconvened at 2:28 pm.

REVENUE PROJECTIONS:

Tax Administrator, Russell Jones outlined the following presentation to provide information to the Board related to county revenues. Mr. Jones stated the 2012 levy realized \$4.07 million in revenues compared to the \$3.99 million budgeted.

Where did the 2012 levy come from?



What causes the LEVY to change?

- **Real Property**-2013 Revaluation, Growth (new construction), splits of parcels, demolitions, changes in exempt status, changes in acreage in deferred (farm use)
- **State Appraised**-Changes each year, unpredictable by the County
- **Equipment**-Additions/Deletions, depreciation
- **Registered Vehicles**-New purchases, depreciation, HB 1779 changes

Changes in FY14 Real Property Values

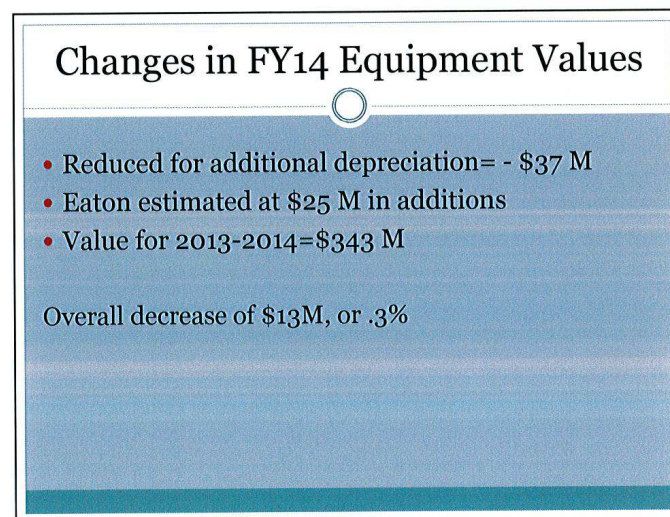
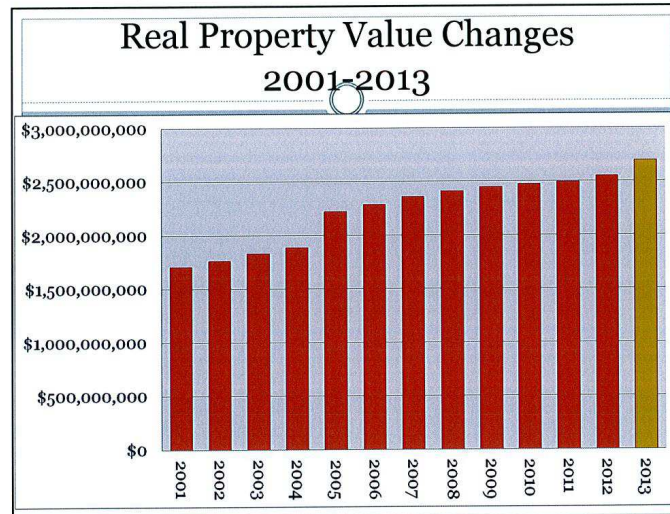
- Revaluation=+\$125 Million
- Added new construction= +\$20 Million
- TOTAL new value = \$145 Million
- TOTAL value for 2013-2014=\$2.64 Billion

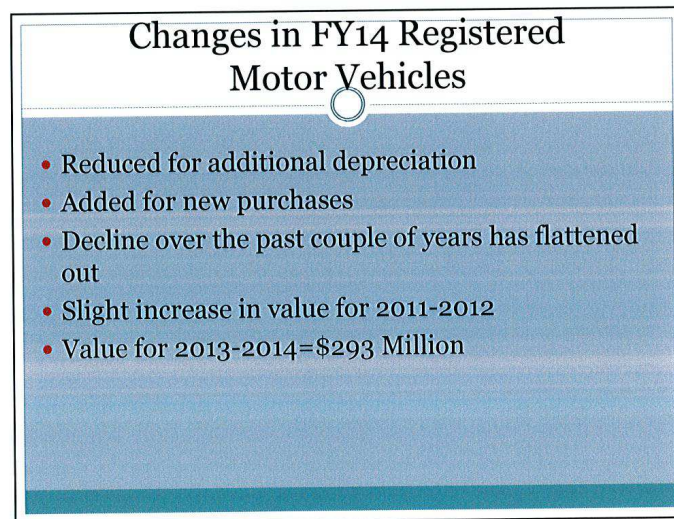
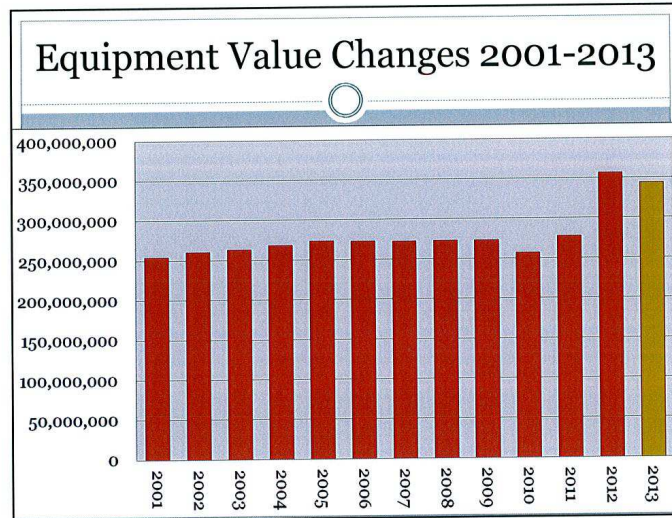
\$145 Million total increase (new construction + revaluation) or a 5.75% increase over last year

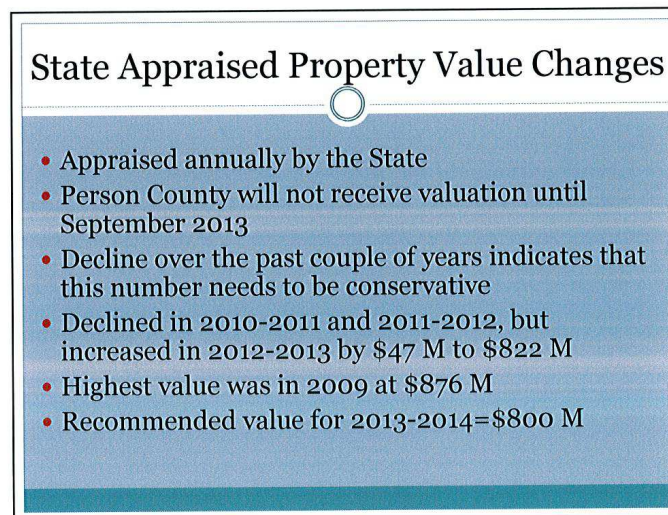
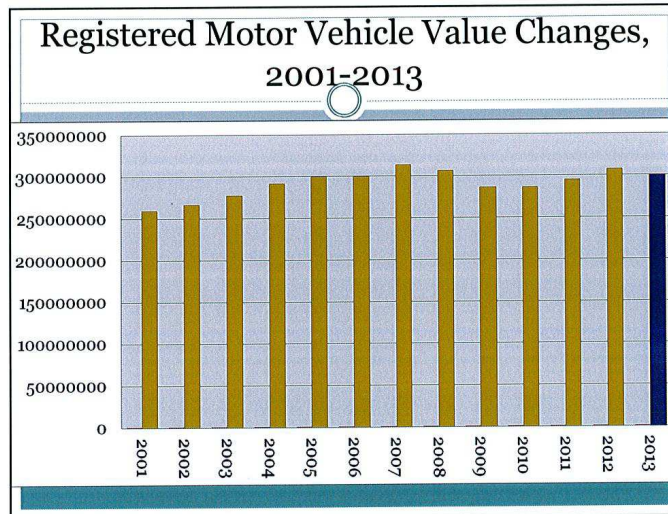
Revenues Due to Revaluation

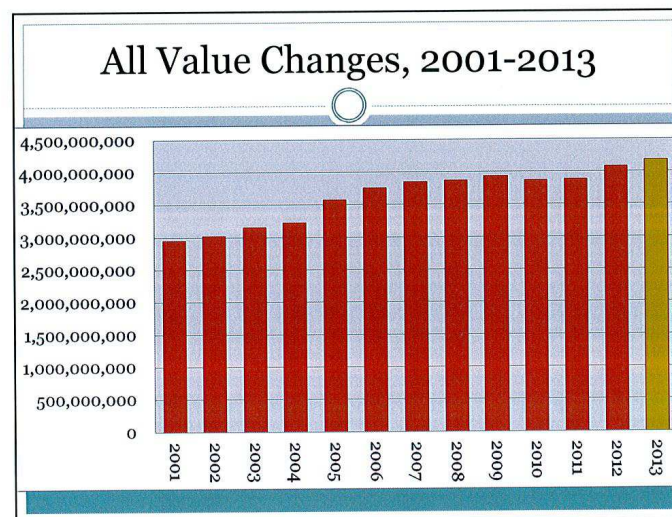
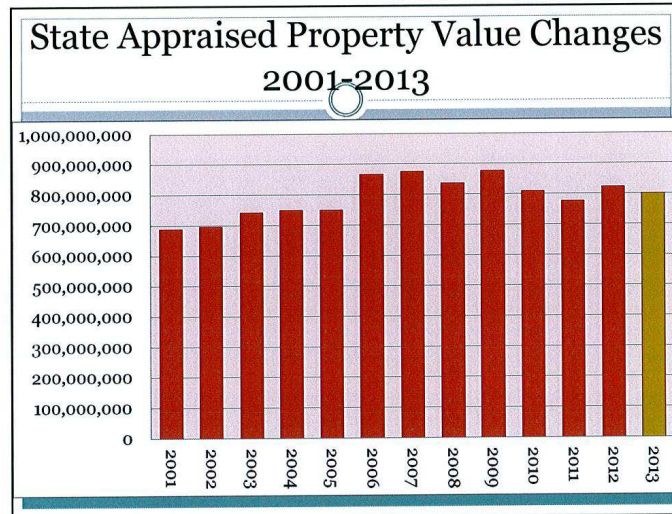
- Revaluation will add approximately \$125 Million to the taxable base
- This is only an estimate at this time, as appeals will not be completed until later in current fiscal year
- At a .70 tax rate and a 97% collection rate (current fiscal year rates)

= \$848,750 in additional revenues due to revaluation





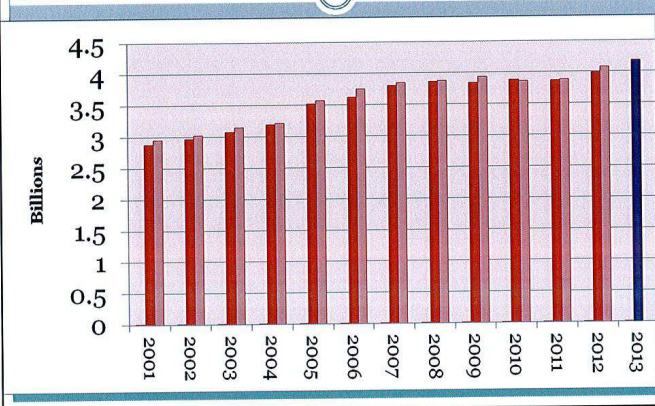




Total Levy, Budget vs. Actual

Fiscal Year	Budgeted	Actual	Percent Difference
2012	\$3.865 B	\$3.879 B	.3% (\$14 M)
2013	\$3.990 B	\$4.075 B	2.1% (\$85 M)
2014	\$4.175 B	?	?

TOTAL LEVY- BUDGET VS ACTUAL, 2001-2013



At a \$4.175 Billion Base, what will one penny generate?

Collection Rate	Revenue
96.00%	\$400,800
96.25%	\$401,844
96.50%	\$402,888
96.75%	\$403,931
97.00%	\$404,975
97.25%	\$406,019
97.50%	\$407,063
97.75%	\$408,106
98.00%	\$409,150

What are the impacts of HB1779 on the Registered Motor Vehicle Tax?

	Old System	New System
Vehicle Value	\$300,000,000	\$300,000,000
Taxes Due	\$2,100,000	\$2,100,000
Collection Rate	88.63%	99.00%
Total Collected	\$1,861,230	\$2,079,000
Additional Collections		\$217,770

Mr. Jones stated as the value of the county increases, the revenue that one penny generates also increases.

Mr. Jones noted he is optimistic that the new laws governing registered motor vehicle tax will proceed July 1, 2013. Mr. Jones stated the Division of Motor Vehicles (DMV) will collect the vehicle taxes earning approximately .54 cents per transaction.

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HB1779 impacts on the collection rate

2011-2012 Tax Year (used for estimates)

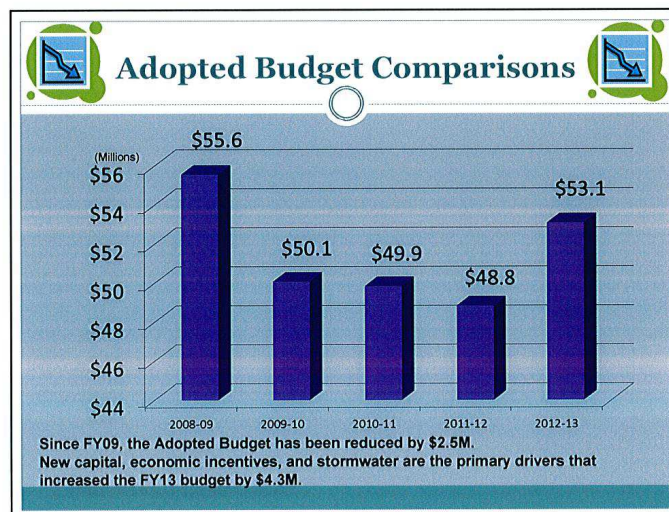
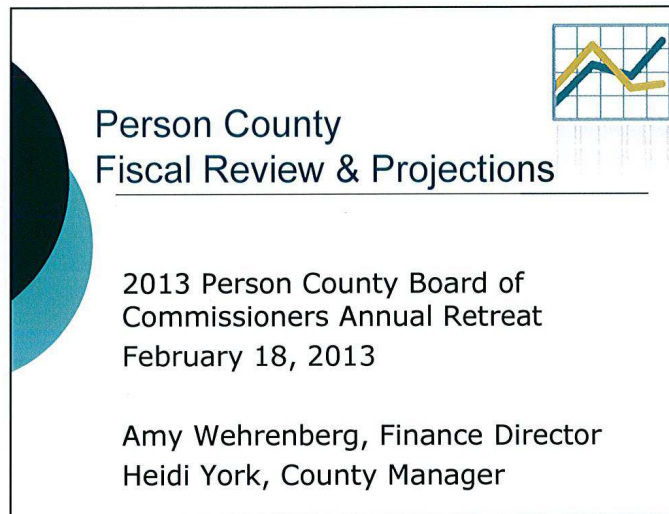
	Overall Collection Rate	Collection Rate Excluding Vehicles	Collection Rate Vehicles Only
Old System	97.63%	98.37%	88.63%
New System	98.85%	98.37%	99.00%

Summary of Revenue Changes

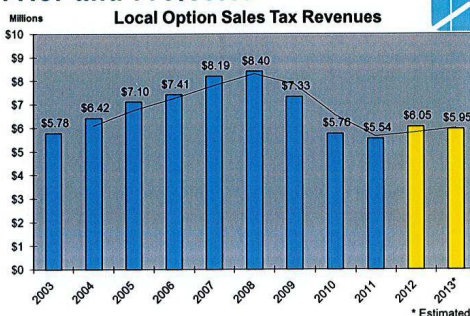
- New revenue from revaluation:\$848,750
- New Tax Base: \$4.175Billion
- Collection Rate: 97.00%
- One Penny Generates:\$404,975
- Revenue Neutral Rate: Estimated revenue neutral tax rate will be between a .02 and .03 cent decrease. It is too early to calculate at this time.

EXPENDITURE PROJECTIONS:

Finance Director, Amy Wehrenberg outlined the following presentation for Person County's Fiscal Review and Projections outlining Person County's challenges ahead specifically discussing what an Unassigned Fund Balance is and why this is going to be a key player in the budget projections. Ms. Wehrenberg shared with the Board some revenue and expenditure impacts that are anticipated.



Sales and Use Tax Distribution- Prior and Projected



Consumer purchasing has waned somewhat this fiscal year compared to the prior year through February sales tax collections. Some economists are predicting lower holiday sales due to catastrophic events (Hurricane Sandy; Sandy Hook Elementary shootings). Through February 2013 (6 mos. through December), sales tax collected is 2.2% below, or \$66K less, than what was budgeted for that same period. Even so, the collections are trending higher than they did during the economic fallout, an indicator of growth, albeit slight.

3

What is Unassigned Fund Balance ("UFB")?

- Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.
- The amount that the County has remaining at year-end that the Board has control over and can appropriate for any purpose.
- Although Person County reported a slightly higher total fund balance at FYE 2012, the UFB portion dropped from 31% to 26% at end of FY12, and forecasted to drop to 22% at current spending levels at FYE. This will cause it to be below State (24%) and Population group (26%) averages.



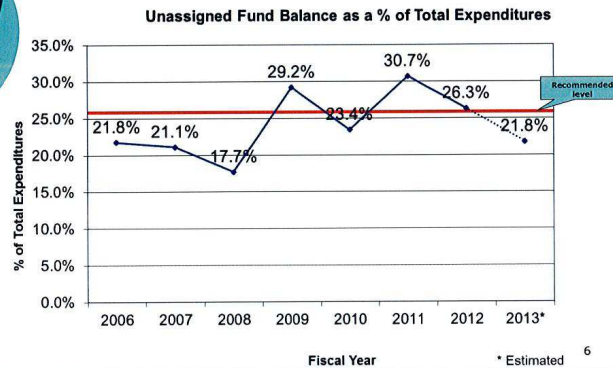
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Fund Balance Policy

- Person County has no separate Fund Balance Policy
- The 2004 County's Capital Reserve Fund (CCRF) Resolution provides guidance on Unassigned Fund Balance use:
 - To maintain a minimum fund balance level in the General Fund of **18%**
 - Any fund balance **in excess of 18%** should be primary source of funding the County's capital needs
 - Any fund balance **in excess of 21%** can be used to fund discretionary projects
 - Creation of CIP Fund has replaced use of CCRF, making this Resolution no longer effective
- Average county fund balance level (FY10-11) across the State is around **24%**, comparative population & budget size groups is **26%** (having largest % of tax base in state utilities, mandates higher %)
- **LGC's Recommendation:** Maintain minimum of 8%
- **Staff Recommendation:** Maintain minimum of 26%

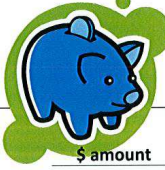
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UFB: Comparison and Forecast



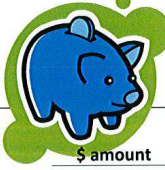
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Fund Balance Appropriated YTD	
Fund balance (FB) appropriated – 2013 YTD:	
FB Approp: Adopted	4,493,237
Reduction for Conting item-Apptd Boards Travel	(11,508)
Sheriff equip from restricted fund	60,000
Recreation & Sr. Center Project Fund	476,850
Carryforward commitments	241,075
Old Helena School Site Improvements Proj Fund	28,000
Old Landfill trench installation & monitoring	40,000
LEC water heater repair	40,000
Local match for Bulletproof Vest Grant	4,492
Total FB Approp YTD	\$5,372,146
Items highlighted in blue are Unassigned Fund Balance	



Fund Balance Appropriated YTD



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Ms. Wehrenberg stated the only factors that can reverse the anticipated drop in UFB are to reduce expenditures, delay capital, or recognize additional revenues; however Ms. Wehrenberg does not anticipate this to happen between now and the current year end, therefore, a decrease is most certainly expected.

FY 13-14 Projections		
Revenues:		
• Fund Balance (est. \$4M)	\$493,273	
• Sales Tax Distribution	(\$100,000)	
• Build America Bond Int Credit	(\$13,158)	
• QSCB Int Credit	(\$48,047)	
• Property Tax Collections	\$848,750	
• State & Federal Inmates	\$55,000	
• Stormwater Fee Implementation (if fees assessed)	\$240,000	

FY 13-14 Projections



Expenditures:		
• New Debt Service-Rec & Sr Center, PHS & Huck Sansbury Roofing	\$ 460,000	
• Replacement Vehicles	\$ 112,100	
• CIP Projects (est. \$1.3M)	(\$725,000)	→ project delays?
• Unemployment contribution	\$ 90,000	
• Stormwater costs	\$ 240,000	
• Broadband contract	\$ 276,750	
• Multi-Jurisdictional Site Cert.	\$ 17,500	

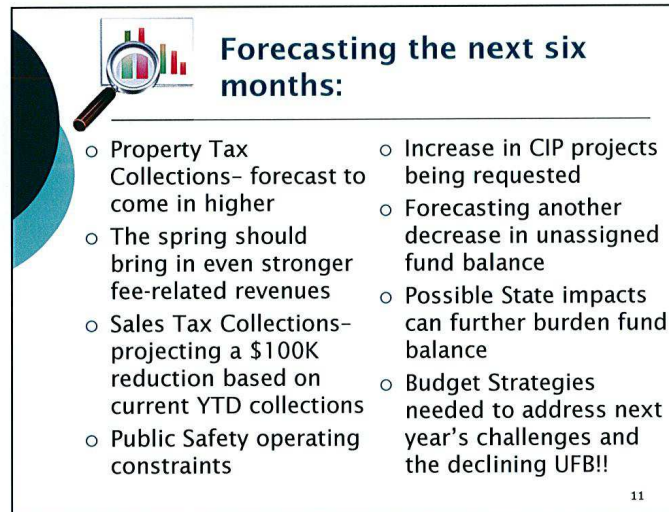
Note: Other cost elements (ie. Schools current expense, health insurance, workers comp, overtime & part-time expenses) are unknown at this time. More to come soon!

Assistant County Manager, Sybil Tate added the broadband contract expenditure is Person County's 50% match to a provider per RFP grant award to provide access to broadband in the unserved areas of the county (5%) impacting 700 residents.

County Manager, Heidi York stated the county has used fund balance for recurring expenses impacting capital expenses.

February 18, 2013

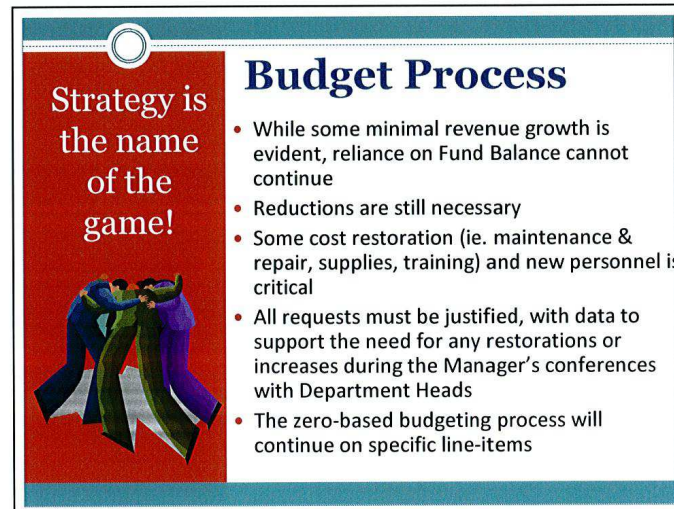
Ms. York finished the presentation with a preview of the next several months, the budget process, and some highlights of budget impacts for next year.



Forecasting the next six months:

- Property Tax Collections- forecast to come in higher
- The spring should bring in even stronger fee-related revenues
- Sales Tax Collections- projecting a \$100K reduction based on current YTD collections
- Public Safety operating constraints
- Increase in CIP projects being requested
- Forecasting another decrease in unassigned fund balance
- Possible State impacts can further burden fund balance
- Budget Strategies needed to address next year's challenges and the declining UFB!!

11



Budget Process

Strategy is the name of the game!

- While some minimal revenue growth is evident, reliance on Fund Balance cannot continue
- Reductions are still necessary
- Some cost restoration (ie. maintenance & repair, supplies, training) and new personnel is critical
- All requests must be justified, with data to support the need for any restorations or increases during the Manager's conferences with Department Heads
- The zero-based budgeting process will continue on specific line-items

Ms. York noted the property tax collection forecast to come in higher is contingent upon the current tax rate remaining the same. Ms. York stated she had delayed direction to department directors for submitting upcoming operating budget requests so to relay the Board's priorities.



Major Headlines!!

- Increase in property tax revenues may help offset some reliance on fund balance or other increases in operating costs (Rec & Sr Center, etc.)
- Sales tax is below projections. Forecasting reduction of \$200K at current collection levels.
- Departments cannot sustain flat operating budgets as costs and service demands increase.
- Continuing to address deferred maintenance of facilities through CIP, but may not be able to sustain spending levels.
- Unassigned Fund Balance dropped to 26% in FY12, and is expected to drop further.
- Need to find ways to meet capital & operational needs without hampering our ability to sustain reductions from State.

Public safety departments and the Department of Social Services are seeing an increase in the demand of services.

Ms. York asked the Board to consider the following as the county enters its budgeting process:

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- Is there interest in adopting a policy as a broader guiding principle related to Fund Balance,
- Is there interest in setting a revenue neutral tax rate or to leave the tax rate at .70 cents,
- Is there interest in implementing stormwater fees on county citizens outside city limits, and
- Is there interest in supporting a competitive workforce to retain high performance employees.

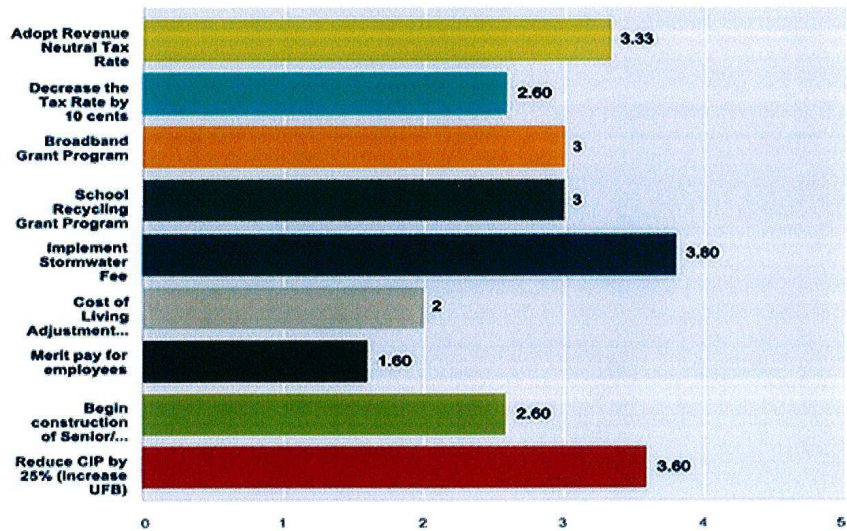
The Board took a brief break at 3:58 pm. The meeting reconvened at 4:04 pm.

BUDGET WRAP-UP:

Assistant County Manager, Sybil Tate asked the Board members to participate in a brief, anonymous, non-binding survey through use of their iPad. The survey asked each participant to rank the importance of the budget items listed in the survey for inclusion in the Fiscal Year 2013-2014 budget. The survey results are as follows:

Please rank how important it is to you to see the following budget items included in the FY14 budget.

Answered: 5 Skipped: 0



Following the survey, Ms. Tate used a calculator to simulate the survey results into spreadsheet for those items resulting in a 3.0 or above as an example. The survey results illustrated interest in implementing a stormwater fee on county residents outside the city limits. The group discussed pros and cons of such implementation during a tax revaluation year.

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Ms. York commented the survey results showed more interest in a Cost of Living Adjustment over Merit Pay for employees. Ms. York told the group she would forward to them information related to the average salary of an employee of Person County as well as the average household salary in Person County.

Ms. York informed the Board that she had already asked Michael Brown to perform a sampling of the values and although he did not address in his presentation, he had shared with her that the lake values were accurate with the possibility of a couple of areas in the county that was appraised early in the process that may be at one percent higher. Ms. York stated she would request Mr. Brown to follow-up with an email to confirm the sampling with the results. Tax Appraiser, Russell Jones noted the results indicated the lake values at 99% which means the lake properties are actually valued 1% lower at this time. Mr. Jones noted the areas visited first in the revaluation process almost two years ago (northern part of Woodsdale and the non-lake areas of Holloway) to which his office will re-visit. Mr. Jones further noted new information recently received from the Department of Revenue is instructing counties to appraise at a market value at 97-98% per instruction of the Property Tax Commission to decrease the number of appeals.

CLOSING REMARKS & EVALUATION:

County Manager, Heidi York requested the Assistant County Manager, Sybil Tate to email the Board members a retreat evaluation survey to include any feedback from the day long retreat process.

Ms. York stated proposed budget work sessions dates will be included in the Manager's Recommended Budget which will be delivered to the Board on May 20, 2013. The budget public hearing is scheduled for June 3, 2013. Prior to the recommended budget, a Community Conversations meeting focusing on the budget is scheduled for April 29, 2013. A list of upcoming calendar dates will be sent to the Board members.

Chairman Clayton thanked everyone for this participation during the budget retreat.

RECESS:

A **motion** was made by Commissioner Blalock, and **carried 5-0** to recess the meeting at 4:31 pm until 4:00 pm on February 26, 2013 in the FEMA room at the Human Services Building.

Brenda B. Reaves
Clerk to the Board

Jimmy B. Clayton
Chairman