

**PASQUOTANK COUNTY, NORTH CAROLINA
FEBRUARY 20, 2015**

The Pasquotank County Board of Commissioners met today in a special meeting with the City Council of Elizabeth City on Friday, February 20, 2015 in City Council Chambers in the City Municipal Administration Building.

MEMBERS PRESENT:

Joseph S. Winslow, Jr., Chairman
Cecil Perry, Vice-Chairman
Jeff Dixon
Dr. William R. Sterritt
Frankie Meads
Bettie J. Parker

MEMBERS ABSENT:

Lloyd E. Griffin, III

OTHERS PRESENT:

Rodney Bunch, County Manager
R. Michael Cox, County Attorney
Karen Jennings, Clerk to the Board

Also present were members of the City Council, the Mayor, City Manager, and City Clerk. The meeting was called to order at 10:10 AM by Elizabeth City Mayor Joe Peel who welcomed everyone present. He said this is an opportunity for local and state level officials to have a conversation.

Chairman Winslow welcomed Senator Cook, Representative Steinburg, and Representative Hunter and others present today. He thanked everyone for coming out on a very cold and windy day.

Mayor Peel asked Senator Cook to update the Board on any issues going on in Raleigh from his perspective. Senator Cook said he is here today mainly to hear from the City Council and Board of Commissioners the issues that are important to them. He mentioned that this is going to be another tight budget year for North Carolina and every dime will have to be squeezed, but the General Assembly will continue to do good things as it has in the past. He said with everyone's help, he believes North Carolina can be the best state in the union.

Representative Steinburg agreed that it will indeed be another tough budget year. He said there are some very good economic prospects on the horizon for Eastern North Carolina that he is hoping will materialize including a possible automobile manufacturer. He stated that in order to make that happen it may be necessary to look at an incentive package. He said this could transform all of Eastern North Carolina through not only jobs, but through other residual companies that would supply the auto manufacturer with tires, electronic components, etc.

Representative Hunter stated that he is a freshman representative, but he is not the new kid on the block because he walked the halls of the General Assembly as President of the North Carolina Association of County Commissioners. He said he and Representative Steinburg spoke last week about what is best for the district so they will not be working against each other. He explained that in a meeting last week of the Rural Caucus there was a lot of discussion regarding what can be done to assist counties in the rural areas. He said he has obtained lists of the legislative goals from the Association of County Commissioners and from the League of Municipalities and from those he plans to compile a list of the top goals from the cities and the counties and try to work through these goals to help out the cities and counties. He stated that he supports reinstatement of the business license tax for cities because he understands that cities are suffering. He said although counties would like for the 40% of net lottery proceeds to be restored to counties, he does not believe it will happen.

Chairman Winslow presented the following list of Pasquotank County's legislative goals:

- Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.
- Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.
- Seek legislation to repeal the statutory authority under N.C.G.S. 115C-431(c) that allows local school boards to file suit against a county board of commissioners over county appropriations for education.
- Oppose any shift of state transportation responsibilities to counties.
- Oppose unfunded mandates and shifts of state responsibilities to counties.
- Support reclassification of US 17 to an interstate classification from the Perquimans River Bridge to the North Carolina/Virginia state line for purposes of economic development.

Mayor Peel presented the following list of the City of Elizabeth City's legislative goals:

- The City of Elizabeth City supports legislation which would allow the City of Elizabeth City and all North Carolina Eastern Municipal Power Agency (NCEMPA) members to sell their generating assets to Duke Energy Progress - to include provisions allowing NCEMPA to defuse its debt. The City also supports any other legislation that may be required to effect the sale.
- The City of Elizabeth City supports legislation to allow the people to vote on an amendment to the North Carolina Constitution establishing Home Rule Authority for cities and counties.
- The City of Elizabeth City supports seeking legislation to modernize the local tax system by the following measures. Through this process of modernization, however, the City needs to insure that it is held fiscally harmless.
 - Allowing cities to charge an administrative fee to cover the cost of police officers and other code enforcement employees on all citations issued by the municipality;
 - Giving municipalities the authority to levy a sales tax that applies within their corporate limits and is solely a municipal revenue;
 - Expanding the sales tax base to include more services, provided that any accompanying change in the local sales tax rate includes a perpetual hold harmless provision for individual cities and towns;
 - Providing all municipalities with additional local option tax revenue sources;
 - Require counties to annually meet and confer with cities on sales tax distribution methodology.
- The City of Elizabeth City supports legislation which would provide a long-term funding approach for all city and state transportation needs by:
 - Putting a floor on the state gas tax as proposed in the draft SB 20;
 - The shifting of funds from the Highway Trust Fund to the Highway Fund;
 - The shifting of funds from statewide tier to division funds, allowing for more flexibility on how these funds can be spent locally;
 - Securing a steady funding source to protect the cities' Powell Bill funds.

- The City of Elizabeth City supports legislation which would allow the City to enhance its Rental Inspection Program by allowing the City to create a program that is self-funded by the users of the program.
- The City of Elizabeth City supports the UNC Board of Governors proposed \$3 million allocation for Elizabeth City State University in this year's state budget; and furthermore, the City of Elizabeth City supports ECSU's success plan, Path to Prominence.
- The City of Elizabeth City supports legislation which would authorize a statewide bond issue to be used to enhance military institutions throughout the state. The State of North Carolina has the fourth largest active-duty military population in the United States. With proposed cuts to the military at the federal government level, we need to insure that North Carolina is competitive.
- The City of Elizabeth City supports seeking legislation to strengthen the law regarding municipal decision-making authority for water and sewer provisions beyond municipal limits and ensuring the existing water and sewer system is given deference in order to support orderly growth. The City of Elizabeth City opposes legislation that weakens or removes local control over public utility systems, specifically including water and/or sewer systems. Although this is presently a local issue in Asheville, it will have statewide implications.
- The City of Elizabeth City supports legislation allowing counties to have authority to permit school districts to become their own taxing entity.

Discussion was held and Chairman Winslow stated that he believes most of the residents of the county would be against an item on the city's legislative agenda which would give the city the authority to levy a sales tax that applies within its corporate limits and is solely a municipal revenue. He said one thing that is not needed is another tax of any type and what is needed is more opportunity for education and industrial development. He noted that the state needs to understand it needs to put more money in education through the school system, the community college, and Elizabeth City State University because it would impact the future of the youth in the area. He said additional taxes are not needed as all residents are carrying an unbearable load with regard to taxes. Chairman Winslow added that he is not in favor of this legislative goal.

Chairman Winslow said another item on the city's list is to require counties to annually meet and confer with cities on sales tax distribution methodology. He stated that the counties now meet periodically and he does not think they need to meet specifically for that purpose.

Chairman Winslow said a third item he would have some concern about is legislation allowing counties to have the authority to permit school districts to become their own taxing entity. He stated that this issue requires more study. He said this seems simple, but there are many unknowns and more thorough study is needed.

Representative Steinburg stated that everyone is facing fiscal challenges and he does not believe more revenue will play well until the legislators know that cities and counties have done all they can do to get their fiscal houses in order before asking for more taxing authority.

Senator Cook stated that he wants to keep taxes at a minimum whenever possible, but he believes there must be a better way to get more money to the rural areas. He noted that the General Assembly is looking at sales tax distribution to possibly change the formula to distribute more sales taxes from urban areas to rural counties. He said politically this may not be popular and the votes are where the population is. He added that there should be better ways to use the money that is collected from the taxpayers.

Representative Steinburg stated that he would like to emphasize Mayor Peel's comments regarding Elizabeth City State University. He said ECSU is asking for \$3 million per year for the next two years. He advised that legislators have to convince their fellow members of the General Assembly that there is a need to push an extra \$6 million toward Elizabeth City State University moving forward. He stated that the new Chancellor is doing a very good job and everyone needs to understand that things are different than they used to be. He said there are a lot of challenges and whatever is necessary to keep ECSU open needs to be done. He stated that everyone needs to look beyond ECSU's status as a historic black university. He said this

university services a 21-county region and the population in the region is not primarily minority, but is a white majority region. Representative Steinburg stated that he believes the university in its marketing efforts needs to understand who their market is and put themselves in a position to use all of the tools that are available to them to try and get more students through the doors. He pointed out that North Carolina is very fortunate to have the University of North Carolina System and it is renowned across the United States and the world. He stated that UNC is an academic and research body of institutions at the highest level. He said the biggest challenge Elizabeth City State University is facing is enrollment and unless the enrollment issue is addressed it will be difficult to keep this university open. He stated that one of the things that has to be done is to market the university and look at changing the name of the university from Elizabeth City State University to the University of North Carolina at Elizabeth City. He said this was done at the struggling Pembroke University and it turned the university around. He stated that he thinks the history of the university has to be acknowledged and celebrated, but the community needs to come together now and decide to do whatever needs to be done to save and grow the university. He said there are 1.5 million people across the state border who would love to have UNC on their diplomas. He stated that he believes this name change will help increase the enrollment of ECSU. He added that he hopes the university will come to this decision on its own rather than this being a mandated decision on the part of the state.

Senator Cook explained that Senate Bill 20 proposes to set a floor to not let the gas tax go any lower than 35¢ per gallon, down from 37.5¢. He said if nothing was done at all the gas tax would decrease to about 30¢. He pointed out if that were allowed to happen, counties would lose road maintenance and construction money. He said Pasquotank County alone would lose \$1.5 million to \$2 million in road maintenance and construction money. He stated that one of the keys to having economic prosperity is having good solid infrastructure including good roads. He explained that in North Carolina roads are paid for mostly with gas tax revenues. He said although the gas tax is high, the alternative is property tax. He noted that North Carolina has some of the lowest property tax rates in the Southeast and it is because all of the roads in the state are financed by the gas tax rather than having them owned and financed by the counties. He said if the roads were owned and maintained by counties, property taxes would be significantly higher.

Senator Cook stated that he is optimistic about Elizabeth City State University. He said he has met the new Chancellor and is very impressed with her and her ideas. He noted if the state can support her financially she will be able to do the job and turn the university around. He added that he is optimistic the state budget will be able to help ECSU to some extent.

Chairman Joe Winslow said he would like to bring up the memorandum of understanding between the State of North Carolina and the U.S. Coast Guard on improving and repairing the extension of Runway 119 at the airport. He stated that this is another priority of the city and the county.

Members of the Board of Commissioners and the City Council commented and asked questions of the legislators.

Commissioner Frankie Meads commented on the city's rental inspection program. He said he is a landlord of housing in the city and the county and he believes that most landlords try to do everything possible to maintain the homes of their tenants so they can be heated economically. He added that he does not lease to individuals who receive government subsidies to pay their rent because in those cases tenants tend to not take care of the rental property.

Commissioner Meads stated that more accountability is needed in local governments.

Commissioner Cecil Perry thanked the legislators for coming today. He advised that the county's list of legislative goals is a prioritized list. He stated that he serves on the North Carolina Association of County Commissioners Public Education Steering Committee and many of its goals are the same as the county's.

Commissioner Bettie Parker noted that there has been a sharp decline in the state unemployment rate which is lower than the national unemployment rate. She asked if the legislators know the reason for the quick decline. She noted that Pasquotank County however has a higher unemployment rate. Senator Cook stated that he believes the reason for the quick decrease has been the policies that legislators have implemented over the last four years. He noted that North

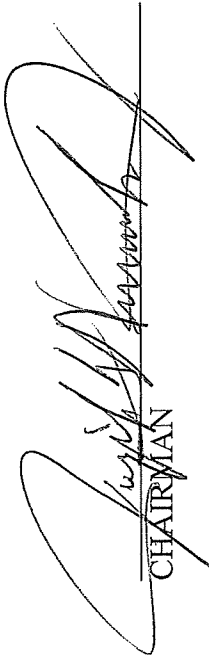
Carolina has gone from 37th to 16th in the nation in terms of business friendliness. He said the tax situation has been revised such that North Carolina is much more attractive to businesses and things have been done to encourage businesses, particularly small businesses. Commissioner Parker suggested that a higher minimum wage be encouraged. Senator Cook said he would encourage jobs first and the types of businesses that pay the most, but would like to see the highest wages possible.

Representative Steinburg said in response to the question about the declining unemployment rate, he believes the General Assembly has incentivized the people who were out of work to find work by ensuring that they would not collect unemployment benefits for two years. He said under the old unemployment program a husband and wife could draw benefits up to \$60,000 per year for two years and that was not a real incentive to get people back to work.

Chairman Winslow stated that he still believes the people in Pasquotank County are carrying a tremendous tax burden. He said Pasquotank County is desperate for industry and for opportunity. He noted that the Governor keeps talking about other sources of revenue in North Carolina. He said Pasquotank County is an underperforming area and with a little money spent in this area for upgrading roads, education, College of The Albemarle, Elizabeth City State University, and the Elizabeth City-Pasquotank Public Schools there will be a great return on investment. He stated that the people of Pasquotank County want the opportunity to help themselves with the help of the legislature.

Mayor Peel thanked the legislators, the Board of Commissioners, and the City Council for attending today's meeting.

The meeting was adjourned at 11:45 AM.



Richard A. Karaman
CHAIRMAN



Karen Jansky
CLERK TO THE BOARD