

**PASQUOTANK COUNTY, NORTH CAROLINA
MAY 21, 2012**

The Pasquotank County Board of Commissioners met today in a regular meeting on Monday, May 21, 2012 in Courtroom C in the Pasquotank County Courthouse.

MEMBERS PRESENT:

Lloyd E. Griffin, III, Chairman
Jeff Dixon, Vice-Chairman
Bill Trueblood
Dr. William R. Sterritt
Gary G. White
Joseph S. Winslow, Jr.

MEMBERS ABSENT:

Cecil Perry (*Out of Town*)

OTHERS PRESENT:

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

The meeting was called to order at 7:00 PM by Chairman Lloyd Griffin. Chairman Griffin gave the invocation and led in the Pledge of Allegiance to the American Flag.

1. COMMENTS FROM FRANKIE MEADS:

Chairman Griffin recognized Mr. Frankie Meads. Mr. Meads stated that he knows the Board has been working on the budget for the upcoming year and he is concerned about the \$74.2 million owed by Pasquotank County. He said this is a lot of debt for counties the size of Pasquotank. He also stated that Pasquotank County's tax rate is high when compared to the Albemarle Area.

Mr. Meads introduced Mr. Bob Steinburg, a candidate for the North Carolina House of Representatives. Mr. Steinburg said if he is elected he plans on working very closely with the Boards of County Commissioners in District One.

2. COMMENTS FROM VOLANDA AND EUGENE WATTS:

Chairman Griffin called on Ms. Volanda Watts who said she is here to speak on behalf of Amen Ministries, Inc. She said she trusts that the Board will have a heart to render the old Albemarle District Jail building at 320 South Hughes Boulevard and allow Amen Ministries to minister with food and shelter to the homeless persons of this county. She said they would like to thank the county for allowing them this time to prepare their plans and she thanked the Board for its help in that endeavor. She advised that they are at a point now where the city has asked them to render an application for a special use permit that will cost about \$500 and the city has given them a sheet which the county would need to sign in order for them to use the building. She provided this sheet to the County Manager and again asked that the county allow them to use the building. She added that the city would not issue the special use permit until the building has been brought up to code.

Mr. Eugene Watts stated that Amen Ministries has recently hired an architect/engineer from out of town who has reviewed their plans and has concluded that there is no doubt in his mind that the way Amen Ministries has set this up is that the building is institutional, will not change to classification, and will not require a sprinkler system. He said they will have letters coming to verify that. He stated that the North Carolina Fire Marshal sent them a letter in the very beginning outlining the things that would be required in order to use the building without a sprinkler system. He said these items included an escape plan and a training manual for the employees. He stated that they are going to have these items so there is no reason they cannot proceed with the old jail. Mr. Watts said they are thankful for all the county has done for them and they want to continue to prepare this building for their use.

3. COMMENTS FROM JIM GRAVGUARD:

Chairman Griffin recognized Mr. Jim Gravguard who said he is speaking for Mr. Harry Cannon who was unable to be here tonight. Mr. Gravguard stated that on behalf of Mr. Cannon, the 340

volunteers, and 25 congregations involved in the SOULS Ministry he would like to thank the Board for its support in the use of the old Elizabeth City Middle School. He said the county took them off the street and provided a place where they could minister and provide food to the homeless and to the hungry over the last three years. He stated that they are very appreciative of that. He informed the Board that the school district is tracking and has determined that there are 140 homeless children in the school system. He said the hidden costs to the county for the homeless population in medical expenses, EMS services, police, and hospitalizations total about \$3.5 million. Mr. Gravguard explained that having a program that provides housing and support for the homeless has been found to reduce that number by 67% which would be about \$2 million. He stated that the county has the opportunity to partner with Amen Ministries and other organizations in the community to make this happen. He added that coming together as a community and providing services to those in need is the only way it can be done.

4. COMMENTS FROM THADDEUS SMITH:

Chairman Griffin recognized Mr. Thaddeus Smith who said he was homeless for three years when he lived in Rochester, New York. Since he has been back home in Elizabeth City he has been doing volunteer work. He stated that he is currently unemployed and has been looking for work for over a year with no luck. He said he has family here and gets some support from them. He stated that he appreciates the consideration the county has given to Amen Ministries and the other groups that are trying to establish a homeless shelter to meet the needs of people who are hungry including several kids. He said when the feeding program at the old middle school closes in July there won't be any place for these people to go to get something to eat. He stated that he would appreciate any consideration from the county in helping the homeless and hungry.

5. COMMENTS FROM JAMES MORRIS:

Chairman Griffin called on Mr. James Morris. Mr. Morris stated that he got involved in this landfill situation over two and one-half years ago. He said he spoke two weeks ago and over the past two weeks he has had several meetings with individual Commissioners and others, and also reviewed county finance department records.

Mr. Morris stated that there are several issues he would like to mention and the first is disposal of cardboard. He said based on what he has been told by a Commissioner, cardboard is delivered to a private company on U.S. 17 South by Pasquotank County employees using county trucks. He stated that there is no contract and the county collects no money for this product. The private company then packages this free product and sells it for a profit. He asked if it is normal to give away a product owned by the county so a private company can make a profit.

Mr. Morris said the second item is the white goods and scrap metal agreement. He stated that the dates of the agreement with the company are October 1, 2010 until September 30, 2013. He said the county is receiving four cents per pound for all scrap bulk hauled away. He stated that the company the county has a contract with has filed bankruptcy owing this county and other counties thousands of dollars and the county is continuing to do business with them. He said he would like for the Board to address this situation. He asked if the Board is aware of the status of this contract.

Mr. Morris said another issue he would like to address is the C&D, LCID and transfer station contracts in the past of which he has obtained copies. He stated that there was a contract with Swain & Son Dragline and Bulldozer Service, Inc. from July 1, 1994 until June 1, 1995, and there was another contract dated October 17, 2008 expiring on June 30, 2009 with R&D Excavating Service, Inc. He said this contract was for the transfer station only and did include a fuel surcharge. He noted that from June, 1995 until October 2008 no record could be found of any other contracts for this 13 year period. Mr. Morris stated that the second contract was terminated early when it was determined by the North Carolina State Licensing Board that the company was not properly licensed for the work they were contracted to do. He asked if there were any other contracts and if so he would like to get copies.

Mr. Morris said after reviewing this material, he has come to the following conclusions: since 1995 until the current contract with Whaley Contractors there has been a serious lack of management and oversight concerning the landfill and the transfer station; paid invoices in the Finance Office are incomplete and without verification; there is no accountability; Commissioners in the past have not addressed the situation; there are problems between management and the contractor. Mr. Morris said his interest is to try to find out the truth and try

to help to get this straight if possible. He added that he is not taking anybody's side. He said there is a problem between county management and the current contractor that needs to be dealt with.

Chairman Griffin asked Mr. Morris to clarify the fuel surcharge issue and he asked how much more Mr. Morris believes the county paid the contractor than it should have paid. Mr. Morris said there should have been a contract stating that if the price of fuel exceeded a certain amount the county would pay a surcharge. Chairman Griffin referred to a graph which shows from the period of March 2008 until November 2008 is when the price of fuel rose to more than \$3.00 per gallon. This is when Swain & Son/R&D Excavating approached the Solid Waste Director requesting consideration of paying fuel surcharges. At this same time the county was contemplating and agreed to pay fuel adjustments with other contractors. Since the county was paying other contractors fuel adjustments, it was agreed to pay the fuel surcharges to R&D for fuel purchased in excess of \$2.00 per gallon. R&D did not begin submitting monthly fuel surcharge invoices until March of 2008 when the cost of fuel exceeded \$3.00 per gallon, and the final fuel surcharge invoice was submitted in November 2008 when fuel dropped below \$2.00 per gallon.

Chairman Griffin also responded to Mr. Morris' question about the salvage company that was buying the county's white goods and scrap metal that filed bankruptcy owing the county thousands of dollars. He said United Salvage did file bankruptcy owing Pasquotank County \$30,000. Last week the County Attorney notified the Board that \$5,000 was received as part of the payment to begin reimbursing the county for the \$30,000. Chairman Griffin explained that the new contractor who has taken over white goods and scrap metal is reimbursing Pasquotank County.

Chairman Griffin said in response to the question about cardboard, at one point three or four years ago the county had to pay a contractor to take the cardboard away. He advised that this company is now taking the cardboard free of charge, packaging it, and shipping it.

Mr. Morris stated that he has tried to get answers to these questions so he would not have to come before the Board tonight. He said he has failed to get the answers and the issues have not been dealt with. He added that he has been to many bid openings over his 35 years as a contractor, but at the bid opening on May 15 county management refused to review the bid documents at the request of a bidder. He said by leaving the room without verifying that the documents were in order it compromised the integrity of the entire bidding process. He stated that later he was told it was not a bid, but a proposal and he fails to see the difference as a contractor. He said the RFP did have a bid sheet, so it was a proposal with a bid sheet. Chairman Griffin explained the request for proposals process to Mr. Morris.

6. COMMENTS FROM MARSHALL STEVENSON:

Chairman Griffin recognized Mr. Marshall Stevenson to address the Board. Mr. Stevenson said he would like to express his gratitude to the owner of Albemarle Equipment Services for his outstanding service and savings to the citizens of Pasquotank County. He said that Whaley Contractors and Albemarle Equipment Services entered into a joint venture to provide landfill services to Pasquotank County in November 2009. He stated that during the last year of its contract with the county R&D Excavating invoiced the county an average of \$62,400 per month for C&D, LCID and transfer station services. He said Whaley Contractors has averaged less than \$32,000 per month since its contract began in November 2009, a savings of \$30,000 per month or \$25,000 if allowing for higher tonnage that R&D Excavating might have processed. He said this results in a total savings of \$900,000 over the three year contract with Whaley. Mr. Stevenson stated that during 2010 and 2011 Whaley contractors was paid to fix numerous problems left by the previous contractor, R&D Excavating, including severe hill erosion, intermediate cover, vegetation, and water discharge issues which resulted in DENR's notice to the county to correct the deficiencies. He said the county hired an engineer to oversee the completion of the work. Mr. Stevenson stated that disturbing information provided to the Chairman of the Solid Waste Commission portrayed landfill irregularities and exposed a lack of management oversight during the previous contractor's tenure. He said the landfill footprint is a valuable asset and it is obvious to him that the capacity of this resource has been squandered over the last 15 years. He suggested a full investigation by an unaffiliated party.

Chairman Griffin asked County Manager Randy Keaton to respond to these comments. Mr. Keaton said typically staff listens to comments from the public and does not respond to them, but he feels like the comments were so egregious and baseless that he needs to respond. He said he would first like to respond to Mr. Morris' comments about the integrity of the bid process. He stated that this was not a construction bid, but a request for proposals, which has been explained to Mr. Morris numerous times. He explained that there are two different processes in North Carolina, one is a construction bid which requires three bids if it is a formal bid. The bids are sealed and opened in public. Mr. Keaton said he has been told that he did not do the process correctly and Mr. Morris is wrong about that. He stated that the process for a construction bid is typically done by an engineer or an architect. The engineer/architect opens the bids, typically looks to be sure the bid bond is included and the contractor's license is in place. He said there is usually a stack of documents that are not gone through at the bid opening. The bids are taken back to their office where the engineer/architect reviews them and then submits a recommendation to the Board. Mr. Keaton said for a request for proposals process, the proposals are opened, similar to what would be done for a bid opening. He stated that when the landfill proposals were opened, he explained to the contractors ahead of time that he would not go through all of the documents at the time, but would read the bid amounts and then take the documents to his office and review them. He said no questions were asked about that and after he read the bids Mr. Kemp asked if certain documents were in the proposal. He stated that he responded that he did not know and would take the proposals back to the office to review. He said after review he found that both proposals had all of the necessary documents and the low proposer was the proposal offered by Stevenson Sand/R&D Excavating. Mr. Keaton advised that the County Attorney spoke with the School of Government today and verified that the process was correct and that requests for proposals do not require any number of bids. He said the current contract is with Whaley Contractors and is not a joint venture with Albemarle Equipment Services, Inc. He stated that Albemarle Equipment Services is a subcontractor for Whaley Contractors. He said in regard to the integrity of the bid process, he would like to respond that the bid process was done exactly as it was supposed to be done. He said that several individuals were there including Assistant County Manager Rodney Bunch, Commissioner Gary White, Don Bunch from McDowell & Associates, and other staff. He added that he is tired of hearing that there was a problem with the bid process. He said he wants everyone to understand that there was not a problem with the bid process.

Mr. Keaton stated that he would like to address some of the issues raised by Mr. Stevenson. He pointed out that Mr. Stevenson said during 2010-2011 Whaley Contractors was paid to fix numerous problems left by R&D Excavating. He said this is absolutely false. He explained that the county has pictures of the site when R&D Excavating left. He said there was a five to six inch rain a week or two before the change in contractors and there was some erosion. He stated that there is erosion at the landfill at all times. He said any inspection reports provided by DENR for any of the landfill contractors speak to erosion that needs to be addressed. Mr. Keaton said there have been questions about too much cover being put on the landfill. He said when the landfill was trying to go through its five year permitting process to expand the footprint of the landfill, the intermediate cover around the hill had to be verified. He stated that there were some areas that had eroded and needed more cover. He said this was part of the process to verify the amount of cover in order to move on to the other areas where the landfill needed to be expanded. Mr. Keaton explained that the water discharge issue was a completely separate issue. He stated that the county had to have an erosion control plan that was not required previously at the landfill. Whaley Contractors was paid about \$60,000 to build the detention pond and to create an erosion control plan that was part of the process for the five year permit. Mr. Keaton said this had nothing to do with the previous contractor and was a new requirement from DENR. He stated that the contractor has been paid \$150,000 over the last two years, \$60,000 for the detention pond, and \$30,000 directly related to Hurricane Irene. The remaining amount was spent for snow removal, cleaning out ditches, replacing pipes, and any number of things that come up at a landfill that cannot be anticipated in a normal service contract. Mr. Keaton said he agrees that the landfill is a valuable asset which is why the county is trying to maximize the hill. He explained that the county is trying to get an intermediate permit to expand in a corner where the building is and the building will be relocated. He said the normal process is that a permit expansion can only be obtained for five years at a time. The county is in the process of doing that and McDowell & Associates has been on retainer with the county for years and does all engineering work for the landfill. He said it is a normal process to go back and renew the permit every five years and has nothing to do with the contractor.

7. AMENDMENTS TO THE AGENDA:

Chairman Griffin asked if there were any amendments to the agenda. It was requested that the agenda be amended to add the following items: 1) Recommendation from the Finance Committee to deny a late property tax exemption application by Northeastern Community Development Corporation; 2) Approval of draft bill to allow farm equipment to travel on the fully-controlled access portions of U.S. 17 in Pasquotank County; and 3) Appointment to Workforce Development Board.

Motion was made by Bill Trueblood, seconded by Joe Winslow to amend the agenda to add items #1 and #2 above to the consent agenda and item #3 to new business. The motion carried.

8. APPROVAL OF CONSENT AGENDA:

The Board considered the following consent agenda:

a. Approval of Minutes of May 7, May 9 and May 14, 2012 Commissioner Meetings

b. Approval of Tax Releases and Refunds

The Finance Committee has recommended approval of the following tax releases, refunds and solid waste fee releases:

Releases:

	County	City
1. Melissa M. Dodey	121.83	
2. Ian Shane Maclure	127.84	100.88
3. Jeffrey Brian Jomp	105.28	
4. Michelle Tanner-Hextell	145.02	
5. Rudolph Baccus Irving	120.37	90.28
6. Jean L. Smith	176.58	137.43
7. Scotty Andrew Barlen	112.84	
8. Jonathan Adam Laskiewicz	110.30	
9. James Howard Winslow	119.66	
10. Phillippe D. Respess	144.00	

Refunds:

1. Donna D. Roach Estate	144.00	
2. Thelma S. Horner	753.28	366.04
3. Jessica Christopher	121.06	

c. Denial of Late Property Tax Exemption Application for Northeastern Community Development Corporation

The Finance Committee has recommended that the Board deny a late property tax exemption application that was submitted by Northeastern Community Development Corporation. The application is for the Winnie Wood Child Development Center. A letter included with the application from the Department of Revenue concluded that the childcare center appears to be more of a commercial rather than a charitable enterprise and in their opinion does not show that they are entitled to the exemption. The Finance Committee has recommended denial of the application.

d. Approval of Draft Bill Allowing Farm Equipment to be Driven on Fully Controlled Access Portion of U.S. 17 Bypass

County Attorney Mike Cox provided a copy of a draft local bill from Representative Bill Owens that would allow farm equipment to be driven on the fully controlled access portion of the U.S. 17 Bypass. He said the Board needs to approve the draft bill so that it can be introduced by Representative Owens.

Motion was made by Jeff Dixon, seconded by Gary White to approve the consent agenda as amended. The motion carried unanimously.

9. APPROVAL OF PUBLIC NOTICE FOR ALBEMARLE HOSPITAL AUTHORITY:

County Attorney Mike Cox requested that the Board approve the publication of a notice regarding the RFP's for the hospital. He said if this is approved it will in effect authorize an ad in the newspaper. The ad will state that the Board will consider adopting a resolution at the June 4, 2012 Commissioner meeting declaring its intent to lease, sell, or otherwise convey the hospital, or enter into an affiliation arrangement. Mr. Cox said to start the RFP process, state statute requires that the Board adopt a resolution before any proposals can be accepted. He added that the Hospital Board will be doing the same thing. The resolution will also authorize the Chairman to appoint members to a joint study committee.

Motion was made by Jeff Dixon, seconded by Joe Winslow to authorize the public notice to move forward stating that the Board will consider a resolution at the June 4 meeting declaring its intent to lease, sell, or otherwise convey the hospital or enter into an affiliation arrangement. The motion carried by a four to two margin with Commissioners Trueblood and White voting against the motion.

10. APPOINTMENT TO WORKFORCE DEVELOPMENT BOARD:

Chairman Griffin requested that the Board consider the appointment of an individual to the Workforce Development Board. He noted that two applications have been received to fill the vacancy.

Motion was made by Gary White, seconded by Bill Trueblood to appoint James Nemeth to fill a vacancy on the Workforce Development Board. The motion carried.

11. BUDGET WORK SESSION:

Following a five minute recess the Board continued working on the 2012-13 county budget. County Manager Randy Keaton reviewed the requests from outside agencies and non-profits in the special appropriations budget. He explained that most of the appropriations to outside agencies were cut back a few years ago and the agencies have requested increases over last year's appropriations in order to get back to their previous funding levels. Vice-Chairman Dixon suggested that the Board consider giving more to Arts of the Albemarle since that appropriation can come from tourism funds. Commissioner White said he would like to hear from East Carolina Behavioral Health before approving their appropriation.

Motion was made by Bill Trueblood, seconded by Joe Winslow to not fund any agency or non-profit more than the 2011-12 funding levels. The motion carried.

Motion was made by Gary White, seconded by Jeff Dixon to exempt the appropriation for reappraisal reserve from the funding level freeze. The motion carried.

Mr. Keaton reviewed a summary of revenues for 2012-13. He noted that he estimates a growth in revenue of approximately \$500,000. He said the Board needs to decide whether to use the \$400,000 in capital reserve from the sale of Dare County property to help balance the budget, and whether to finance Sheriff's Department cars and other large capital requests. He noted that if the \$400,000 in reserve is used in the 2012-13 budget, it will create a hole in the following year's budget that will have to be replaced. If the \$400,000 is not used as a revenue source in the 2012-13 budget, the growth in revenue will only be about \$100,000. Mr. Keaton said the increase in requested appropriations minus the growth in revenue will result in a shortage of about \$1.4 million.

Commissioner Trueblood suggested that the Board of Education be requested to use some of its fund balance in order to reduce the county appropriation to the public schools. Commissioner Sterritt asked that the Board look at specific items in the school's budget request. He said if the school system does not get two new activity buses and maintenance vans they will be in big trouble because there are some vehicles that are not allowed to leave the county because of their condition. He said there is a big disparity between the vehicles that public school employees drive and the vehicles that county employees drive. He stated that it would be devastating to require the schools to use their fund balance. He said he believes there is some "fluff" in the proposed county budget that can be cut.

Chairman Griffin noted that besides the schools, the largest increases in appropriations can be attributed to the increase in health insurance costs, QSCB debt service, and debt service for the new Nixonton fire truck.

After further discussion Chairman Griffin asked for a motion to adjourn the meeting.

Motion was made by Gary White, seconded by Bill Trueblood to adjourn the meeting. The motion carried and the meeting was adjourned at 9:03 PM.


CHAIRMAN
CLERK TO THE BOARD