



## DISCUSSION

ITEM NO. 18.

**DATE OF MEETING:** February 19, 2013

**REQUESTED BY:** Butch Watson, Finance Director/Trey Thurman, County Attorney/Mickey Duvall, County Manager

**SHORT TITLE:** Discussion of Scotts Hill Fire District Substation Property

**BACKGROUND:** The Pender County Board of Commissioners has authorized by resolution transferring the Scotts Hill Substation Property from Hampstead Fire Department to the County of Pender.



## REQUEST FOR BOARD ACTION

ITEM NO. 9

**DATE OF MEETING:** June 18, 2012

**REQUESTED BY:** Duvall/Thurman

**SHORT TITLE:** Resolution Adopting a M.O.U. Regarding Fiscal Reimbursements for Scotts Hill Substation Property

**BACKGROUND:** Hampstead Volunteer Fire Department (HVFD) incurred costs in the approximate amount of \$235,000.00 in connection with the proposed Scotts Hill substation including acquiring property, site preparation and design costs. The current agreements with HVFD and New Hanover County (NHCO) provide for each department to receive 50% of the fire tax collected from the Scotts Hill District. This MOU provides a framework for payment for the costs associated with the substation property from the Scotts Hill Fire District taxes, while keeping the amounts paid to HVFD and NHC from the current fire tax of \$0.037 the same. If the Board implements the MOU and adopts the proposed budget, the fire tax rate of \$0.049 for Scotts Hill would be less than the originally requested \$0.050.

**SPECIFIC ACTION REQUESTED:** Adopt a Resolution approving the attached Memorandum of Understanding.

**COUNTY MANAGER'S RECOMMENDATION**

Respectfully recommend approval.

  
Initial

**RESOLUTION**

**NOW, THEREFORE BE IT RESOLVED** by the Pender County Board of Commissioners that:

The Memorandum of Understanding between Pender County, New Hanover County and Hampstead Volunteer Fire Department to provide for reimbursement of costs related to the Scotts Hill substation property IS/IS NOT Approved. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

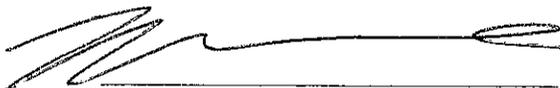
**AMENDMENTS:**

MOVED Tate SECONDED Ward

APPROVED X DENIED \_\_\_\_\_ UNANIMOUS

YEA VOTES: Brown X Tate X Rivenbark \_\_\_\_\_ Ward X Williams \_\_\_\_\_

  
George R. Brown, Chairman 6/18/12  
Date

  
ATTEST 6/18/12  
Date

Mr. Tate said he has put together a commitment to work with folks in Penderlea and Willard for a park. He said what we hear from Ms. Prevatte is "passion" and to please understand what she is saying. Mr. Brown said the County did not buy the land at Kiwanis Park and does not own the land. He said he has no problem putting money into parks, but it is difficult if we don't own the land.

Bob Simon came forward as Robert Foy provided handouts to the Board. He said he is a citizen of Scotts Hill and a member of Hampstead Fire Department's citizen Board. The handout was a copy of the June 7, 2010 Board resolution #19 approving the merger of the Scotts Hill Fire District with the Hampstead Fire and Rescue District. Mr. Simon asked what the Board intended to do with the Memorandum of Understanding, who would end up owning the Scotts Hill Substation land and who would pay for it. He said HFD should be reimbursed for the money it spent purchasing the land. He asked why the MOU could not be put in the name of HFD? He requested the property remain held in name of HFD and asked why citizens of a fire district should purchase this land and then have the County sell it? He said that land in Scotts Hill is limited, this land is a perfect location and the price was very good. He said "Pender County paid \$44,500 to New Hanover County to run 8 calls last year, averaging about \$5,562 per call which is a bit high." He said that HFD, on the other hand, ran 81 or 89 total calls in Scotts Hill. He said due to the complexity of this issue, he would ask the Board to reconsider the vote on putting a substation at Scotts Hill. There was a discussion about merging the fire districts, versus keeping them separate. Mr. Thurman said there are five ways to structure how the public pays for fire protection and that the taxing lines do not have to line up with fire district. HFD Treasurer Bob Reid said that the Fire Department does not want to own the property.

Bruce Novak of Atkinson said some folks on the western side don't feel resources are equitably allocated. He said, "Perception is reality." Mr. Novak said he is on the Atkinson Town Council and is exposed to this attitude constantly. Mr. Williams said it is indisputable that the east side sends much more money to the county than it gets back. Mr. Novak said Atkinson is a taxing entity supplying services, yet you don't help us. Mr. Brown asked what other "towns" the County provides help to? Mr. Novak spoke in favor of item #13 and asked the Board to support Mr. Tate in this resolution.

Samuel Parnell of Atkinson said their library really needs financial help and that it is very important for the residents.

Mr. Tate thanked his fellow commissioners for indulging him in putting these items on the agenda. He said "I see there is a lot of passion and a Board who is listening. We will work together to make all of Pender County a better place." Mr. Williams recalled that when he attended high school on the east side some years back, Topsail was the forgotten part of the County and he does know what it was like to have limited services in the past. He noted that folks in Scotts Hill still ride 20 minutes to play ball in either Hampstead or Wilmington. He asked how the Board would resolve Mr. Tate's resolution since the Board agreed they would not fund any non-profits this year. He said that if we fund these two, everyone else will come asking as well. Mr. Brown said that in order to fund these projects, money will either have to come from the fund balance or by raising taxes. Mr. Tate said he understands that others will come looking for funding. He said he has heard continuously that the west side feels like they are left out, saying, "mine is a low income district". He said they don't see themselves as part of Burgaw and many cannot afford to drive to Burgaw to play ball.

Johnnie Stringfield said he supports item #12 and #13 and also asked them to consider funding for the basketball courts at the County park. He asked the Board to please take this into consideration. He said we need two recreation centers – one for the east and one for the west side to keep people out of the jails and prisons. He said there are not enough activities here for the youth.

### **CONSENT AGENDA**

Upon the motion of Mr. Tate and second by Mr. Rivenbark, the consent agenda was unanimously approved as follows:

4. Approval of Minutes: Budget Work Session with Departments; and Regular and Closed Session Meetings of May 21 and June 4, 2012.
5. Resolution Authorizing \$16,000 in Additional Funds to an Established Purchase Order to Land Management Group, Inc.
6. Resolution Authorizing Issuance of Purchase Order to Priority Dispatch for Software Maintenance and Support: \$5,692.50.

### **RESOLUTIONS**

7. **Resolution to Approve FY 12-13 Cooperative Service Agreement between Pender County and USDA Wildlife Services for the Beaver Management Program (BMAP): \$56,000.**

Rachael Schwartz of USDA was present to answer any questions. Mr. Tate asked how the beaver eradication program was going in Western Pender County. Ms. Schwartz said the intent is not eradication of the beaver population, instead she deals with water quality issues as it relates to beaver control. She said she is catching up at this time of year, which is a less active time of the year compared to fall and winter. Mr. Brown asked if we are the only other county in NC that does not require citizens to participate in the cost. She said that Sampson County may be the only other one. Upon the motion of Mr. Williams and second by Mr. Tate, the Board unanimously approved this resolution.

8. **Resolution Authorizing Contract(s) and Purchase Order(s) for County Legal Advertising for FY 12-13.**

Ms. Knoerzer presented this item stating that the options for advertising have changed this year due to the merger of the Pender Post and Topsail Voice and the emergence of Topsailnews.com. After a brief discussion of the options and costs for advertisement of the "Pender County Government News" and the Board agendas, Mr. Williams made a motion to adopt option "a – to maintain status quo". The motion was seconded by Mr. Tate and carried by unanimous vote of the Board.

9. **Resolution Adopting a M.O.U. Regarding Fiscal Reimbursements for Scotts Hill Substation**

The County Manager provided a handout entitled "Pender County Fire Districts" showing the proposed 2012-13 tax rate for each fire district, and specifically .037 for Scotts Hill. He explained that this amount represents .012 that will be collected exclusively for the reimbursement to HFD of the \$235,000 purchase of the property in Scotts Hill. The MOU outlines the intent to use the .012 exclusively for that purpose and reserving the remaining .025 to split with New Hanover County for the continuation of fire protection in Scotts Hill. After discussion, Mr. Tate made a motion to approve this resolution, Mr. Ward seconded the motion and it carried by a vote of 3 to 2 with Mr. Williams and Mr. Rivenbark voting in opposition.

10. **Resolution Requesting the Board of Commissioners to Declare One County Owned Vehicle as Surplus and Transfer Title to Surf City Volunteer Fire Department.**

Item #10 was removed to the 07/23/12 agenda.

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into between Pender County, a political subdivision of the State of North Carolina, New Hanover County (NH), a political subdivision of the State of North Carolina, and Hampstead Volunteer Fire Department Inc. (Hampstead), a North Carolina non-profit corporation. NH and Hampstead each entered into an agreement by which each would provide fire protection service to the Scotts Hill Fire District (Scotts Hill), which is located in Pender County. In consideration of the provision of the fire protection services, Pender agreed to pay to NH and Hampstead one half (1/2) of the fire tax collected from Scotts Hill.

In order to provide better fire protection service and an improved ISO rating to citizens of Scotts Hill, Hampstead purchased real property and incurred expenses related to the construction of a substation within Scots Hill ("Costs"). NH subsequently was able to lower its ISO rating such that citizens of Scotts Hill would receive the immediate benefit of lower insurance rates. Accordingly, Pender decided that it would be in the best interests of Scots Hill to delay construction of the substation.

In order to avoid Hampstead incurring financial loss by virtue of its good faith efforts to provide a substation, Pender has agreed that Hampstead should be reimbursed for its Costs, in the current approximate amount of Two Hundred Thirty Five Thousand Dollars (\$235,000.00). Because the Costs were incurred on behalf of Scotts Hill, Pender needs to raise the funds to repay those Costs from taxes on property within that District.

NH and Hampstead recognize that Pender will impose an additional tax on Scotts Hill in order to recover the Costs, and that such additional tax is above and beyond the taxes which are to pay for current fire protection. Accordingly, NH and Hampstead agree that the funds raised by the additional tax of \$0.012 per \$100.00 of property will not be included in the tax revenues to which each is entitled. NH and Hampstead each will continue to receive 50% of the \$0.037 per \$100.00 in ad valorem taxes collected by Pender. Pender will use the additional amount collected to cover the Costs, and future costs and expenses which may be related to the real property, such as Interest charges, upkeep and insurance, or preparations for the construction of the substation. The intent is that Scotts Hill ultimately will have paid the full amount of the Costs, plus any additional expenses.

Except as modified above with regard to the allocation of the additional \$0.012 ad valorem tax, the prior agreements between Pender and NH and Pender and Hampstead shall remain in full force and effect. The purpose of this Memorandum of Understanding is to make no change in the operation of the prior agreements and simply to make a temporary change for the purpose of providing a method of collecting the necessary revenue to cover the Costs, plus any additional related expenses.

This the \_\_\_ day of June, 2012.



**Board of Commissioners**

George R. Brown, Jr., Chairman  
Archibald "Fred" McCoy, Vice-Chairman  
Jimmy T. Tate  
Chester L. Ward  
J. David Williams, Jr.

Dr. Michael N. "Mickey" Duvall, County Manager  
Trey Thurman, County Attorney

Chief  
Hampstead VFD  
15840 US Hwy 17 N  
Hampstead, NC 28443

Re: Transfer of Scotts Hill Property

Dear Chief :

As you are aware, Hampstead Volunteer Fire Department had requested that Pender County reimburse it for expenses related to a proposed substation to serve the Scotts Hill Fire District. In fact, an invoice for those costs was submitted to the County. Because of the timing of the budget year, County Finance Officer Butch Watson contacted the lender for the bridge loan and requested that the loan due date be informally extended until necessary approvals were received from the Local Government Commission for acquisition of the substation property. Further, the Board of Commissioners imposed an additional tax on Scotts Hill residents solely for the purpose of reimbursing HVFD.

Finance Officer Watson has been in communication with Bob Reed since the approval of the reimbursement by the Board of Commissioners. In addition, at the request of HVFD County Attorney Trey Thurman contacted attorney Barrett Graham to discuss finalizing the transaction. Mr. Graham indicated he would discuss the transaction with HVFD and contact Mr. Thurman, but has not done so. More recently, Mr. Reed indicated to Mr. Watson that HVFD wanted reimbursement, but had finalized a loan on the property and did not intend to transfer the property to the County.

This surprising development is contrary to what was requested by HVFD and what was approved by the Board of Commissioners. Accordingly, I am requesting that you contact me at your earliest convenience so that we may meet to discuss this matter. In order to expedite scheduling, I would suggest that we not involve the attorneys at this point, especially given that Mr. Graham is in New Bern, but if you prefer to have counsel present, that will be fine.

I look forward to hearing from you soon so that we may resolve this matter.

PO Box 5  
805 S. Walker Street, Burgaw, NC 28425  
910-259-1200 Office  
910-259-1402 Fax  
[www.pendercountync.gov](http://www.pendercountync.gov)