



MEMORANDUM

To: Mayor and Members of the City Council

From: Rich Olson, City Manager

Date: September 22, 2016

Re: Work Session Discussion/Consideration – Adoption of Resolution in Support of One-Quarter Percent County Sales Tax

BACKGROUND:

The Pasquotank County Board of Commissioners adopted the attached resolution during their July 11, 2016 meeting calling for a general election ballot question that would allow the County to impose an additional one-quarter percent local option sales and use tax. During the Joint City/County meeting held on September 15, 2016, Commission Chairman Joe Winslow stated that the purpose for the local option sales tax is to increase funding for the K-12 school system. Furthermore, he stated that the County is prohibited under state statutes from including in the referendum question how they propose to use the tax increase.

During the September 19, 2016 Board of County Commissioners meeting, the Commissioners approved a "Resolution Supporting Public School Funding for the Proceeds Generated by the On-Quarter Percent (.25%) County Sales and Use Tax 2016-27." This resolution is attached for your reference.

ANALYSIS:

During the joint City/County meeting, the Council directed staff to draft a resolution in support of the sales tax increase for the City Council's consideration. Attached you will find the draft resolution. The resolution supports funding from the one-quarter percent County sales and use tax to be used for K-12 education. It encourages the Elizabeth City-Pasquotank County Public Schools to develop a plan before the November 8, 2016 election regarding how they will utilize the sales tax proceeds.

The North Carolina Association of County Commissioners estimates that the one-quarter percent sales tax increase will generate \$1,022,221 annually in Pasquotank County. The school board's plan should address how the funds will be spent during the first 12 months after passage of the sales tax. A mechanism should also be put into place, which annually shows how the sales tax proceeds will be spent.

In addition, the resolution strongly encourages the Pasquotank County Board of Commissioners to continue to fund the K-12 school budget at the current budget level, adjusted for inflation. This has been placed in the resolution so sales tax dollars are not used to supplant the County's current level of funding.

WORK SESSION PRESENTATION:

During the joint City/County meeting, members of the City Council expressed a desire to hear from school officials regarding the plan they are proposing for the increased sales tax funding. Staff has made arrangements for Superintendent Dr. Larry Cartner and Board Chair Barry Overman to make a presentation to the Council during the Work Session.

City staff met with Dr. Cartner and Mr. Overman on September 22, 2016 to discuss this matter. They provided staff with a proposed spending plan for the years 2017 - 2020, which is attached for your reference.

FINANCIAL:

This matter was discussed during the Finance Committee meeting held on September 22, 2016. Upon motion made by Mayor Peel, seconded by Councilman Donnelly, the committee unanimously recommended approval by the City Council.

STAFF RECOMMENDATION:

By motion, adopt the attached resolution in support of the County's proposed one-quarter percent sales tax with the provision that the increased funding will not supplant the current level of K-12 funding and that proceeds will be used to enhance educational opportunities for K-12 students in Pasquotank County.

RCO/vdw

**AMENDED RESOLUTION CALLING A SPECIAL ADVISORY
REFERENDUM ON THE ISSUE OF LEVYING A ONE-QUARTER PERCENT (0.25%)
COUNTY SALES AND USE TAX**

WHEREAS, the North Carolina General Assembly has enacted the "One-Quarter Percent (0.25%) County Sales and Use Tax Act" Article 46 of Chapter 105 of the North Carolina General Statutes (Session Law 2007-323), which authorizes counties to levy a local sales and use tax; and

WHEREAS, in order to levy the local sales and use tax, the County of Pasquotank must conduct an advisory referendum on the question of whether to levy a local sales and use tax and the election shall be held in accordance with the provisions of N.C.G.S. sec. 163-287;

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners for the County of Pasquotank:

Section 1. A referendum is hereby called during the normal time the polls are open, on Tuesday, November 8, 2016, at which there shall be submitted to the qualified voters of the County of Pasquotank the question stated in Section 3 of this resolution.

Section 2. The said referendum shall be held in accordance with the procedures of G.S. § 163-287. The Pasquotank County Board of Elections is hereby requested to conduct said referendum and to take all necessary steps to that end in accordance with the provisions of this section.

Section 3. The form of the question to appear in the ballots and in the instructions to voters for said referendum shall be substantially as follows:

[] FOR [] AGAINST

Local sales and use tax at the rate of one-quarter percent (0.25%) in addition to all other State and local sales and use taxes.

Section 4. The Clerk to the Board of Commissioners is hereby authorized and directed to mail or deliver a certified copy of this Resolution to the Pasquotank County Board of Elections within three business days after the passage hereof.

Section 5. This resolution shall take effect upon its passage.

Adopted by the Pasquotank County Board of Commissioners this 11th day of July, 2016.

**RESOLUTION SUPPORTING PUBLIC SCHOOL FUNDING FOR THE
PROCEEDS GENERATED BY THE ONE-QUARTER
PERCENT (0.25 %) COUNTY SALES AND USE TAX 2016-27**

WHEREAS, counties are mandated to provide funding for public schools; and

WHEREAS, in the current fiscal year 2016-2017 budget, Pasquotank County appropriated approximately thirty-five percent (35%) of its budget to public schools; and

WHEREAS, the public schools are in need of additional funding; and

WHEREAS, the education our children receive in public schools is a priority for the citizens of Pasquotank County; and

WHEREAS, the one-quarter percent (0.25%) county sales and use tax referendum is on the ballot for the November 8, 2016 election; and

WHEREAS, the referendum, if approved, would generate an estimated one million dollars per year in additional revenue; and

WHEREAS, the Pasquotank County Board of Commissioners believes that the passage of the referendum would be in the best interest of the citizens of Pasquotank County.

NOW THEREFORE BE IT RESOLVED, if the referendum is passed by a majority of the voters on the November 8, 2016 ballot the Pasquotank County Board of Commissioners proposes to use all funds generated by the one-quarter percent (0.25%) county sales and use tax to support the public schools in Pasquotank County.

Adopted this _____ day of _____, 2016.

Joseph S. Winslow, Jr., Chairman
Pasquotank County Board of Commissioners

ATTEST:

Lynn Scott
Clerk to the Board

(SEAL)

Sales Tax Disbursement

		Amount	Items Over a Year	Cost	Difference
YEAR ONE	7/1/2017	First Disbursement	Chromebooks for Grades 3, 7, and High School English	\$368,000.00	
	10/1/2017	Second Disbursement	Chromebooks for Grades 4, 8, and High School Biology	\$400,000.00	
	1/1/2018	Third Disbursement	Teacher Professional Development	\$75,000.00	
	4/1/2018	Fourth Disbursement	Chromebooks for Grades 5, 6, and High School Math	\$400,000.00	
			Office/Admin Refresh Desk Top - Phase 1	\$75,000.00	
			Connect Teacher Presentation Stations	\$327,000.00	
	SUB-TOTAL			\$1,645,000.00	\$645,000.00
YEAR TWO	7/1/2018	Fifth Disbursement	Teacher Professional Development	\$150,000.00	
	10/1/2018	Sixth Disbursement	Purchase Chromebooks or laptops for remainder of High School Students and Grades 1 & 2	\$550,000.00	
	1/1/2019	Seventh Disbursement	Admin and Tteacher iPad Refresh	\$75,000.00	
	4/1/2019	Eighth Disbursement	Office/Admin Refresh Desk Top - Phase 2	\$75,000.00	
		SUB-TOTAL			\$850,000.00
YEAR THREE	7/1/2019	Ninth Disbursement	Refresh Chromebooks for Grades 3, 7, and High School English	\$400,000.00	
	10/1/2019	Tenth Disbursement	Teacher Professional Development	\$75,000.00	
	1/1/2020	Eleventh Disbursement	Media Center Desktop/Laptop Refresh _Phase 1	\$180,000.00	
	4/1/2020	Twelfth Disbursement	Elem/Secondary Computer Lab Refresh _Phase 1	\$180,000.00	
		SUB-TOTAL			\$835,000.00
		Additional Costs			
			Charter School		Charter Projection
			Maintain Switches	2017	\$25,641.03
			Maintain Servers	2018	\$29,914.53
			Maintain Point to Point	2019	\$34,188.03
			Replace Classroom Monitors	Projected Total	\$89,743.59

The pessimist complains about the wind.

The optimist expects the wind to change.

The leader adjusts the sails.

RESOLUTION # 09-_____
SUPPORTING PUBLIC SCHOOL FUNDING FROM THE PROCEEDS GENERATED BY THE
ONE-QUARTER PERCENT (0.25 %) COUNTY SALES AND USE TAX

WHEREAS, the North Carolina General Assembly has authorized county Boards of Commissioners across the State of North Carolina to levy a one-quarter percent (.25%) sales and use tax, contingent upon an advisory referendum in which the majority of those casting ballots vote for the levy of the tax; and

WHEREAS, the Pasquotank County Board of Commissioners has placed on the November 8, 2016 election ballot an advisory referendum on the question of levying a one-quarter percent (.25%) sales and use tax; and

WHEREAS, the Pasquotank County Board of Commissioners passed a resolution on September 19, 2016 earmarking the proceeds of the one-quarter percent sales tax question to be used exclusively to support the Elizabeth City-Pasquotank County Public Schools, if approved by the voters of Pasquotank County; and

WHEREAS, the City Council encourages the Elizabeth City-Pasquotank County Public Schools to develop a plan before the November 8, 2016 election regarding how they will utilize the sales tax proceeds to benefit the children of their school district and share that plan with the citizens of Pasquotank County; and

WHEREAS, insuring that our local K-12 school system can meet the present and future needs of the ever demanding job market is an economic development issue; and the Elizabeth City Council believes that a strong and competitive school system will help the City in its new business recruitment efforts; and

WHEREAS, the City Council strongly encourages the Pasquotank County Board of Commissioners to continue to fund the K-12 schools budget at its current level, adjusted for inflation, reserving the exclusive use of additional revenue generated by the one-quarter percent sales and use tax to strive toward parity with school districts across the state.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ELIZABETH CITY THAT the Council supports the passage of a one-quarter percent county sales and use tax, if all proceeds generated by the tax are provided to the Elizabeth City-Pasquotank County School District to be used according to an established, publicized plan to insure that each student has the knowledge and skills needed to participate meaningfully in today's society.

ADOPTED, this the 26th day of September, 2016

Joseph W. Peel
Mayor

Attest:

Vivian D. White, CMC/NCCMC
City Clerk