

# *Bryan County Board of Commissioners*

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## MEMORANDUM

TO: Mayor Carpenter, Council Members Murphy, Bass, Fesperman, Baraniak

FROM: Carter Infinger, Chairman, Bryan County Board of Commissioners

RE: Service Delivery

DATE: August 13, 2018

### Introduction

The Commissioners and I have considered the memo your financial consultant Wesley Corbitt gave us last Thursday, August 9. Mr. Corbitt's memo is based on incorrect information and contentions. It also creates unnecessary controversy. The Board of Commissioners hopes we can communicate with each other in a positive and productive way.

### SDS Negotiations and Mediation

Pembroke, Richmond Hill, and Bryan County representatives met in January to initiate SDS negotiations. Richmond Hill terminated these negotiations on May 25.

After negotiations were initiated, Bryan County prepared and provided Pembroke and Richmond Hill a first draft of the required SDS forms in February. County representatives then met with Pembroke and Richmond Hill representatives in March to review this first draft of required forms, and after that meeting, thoughtfully considered written comments on the first draft of the required forms Richmond Hill provided in April. The County then provided Pembroke and Richmond Hill a revised draft of the required forms. County representatives were prepared to review this revised draft of the required forms when we met on May 25. Richmond Hill representatives were not. Instead, Richmond Hill representatives terminated negotiations.

At Richmond Hill's request, Pembroke and the County agreed to extend the existing strategy four months to October 31, and to participate in mediation in accordance with the SDS law. Pembroke, Richmond Hill, and the County agreed on Susan Cox as mediator. Ms. Cox was available September 6 and 7. These dates worked for Pembroke and Bryan County. Ms. Cox, Pembroke, and Bryan County were waiting to hear that these dates worked for Richmond Hill, when your lawyer told Ms. Cox on August 2 that Richmond Hill could not commit to mediation.

## Bryan County's 2018 Budget

Bryan County's 2018 budget was prepared to comply with the SDS law.

This law says a service delivery strategy shall ensure that the cost of services a county provides primarily for the benefit of unincorporated area residents and property owners shall be borne by unincorporated area residents and property owners.

Following this law, the County has identified the services the County provides primarily for the benefit of unincorporated area residents and property owners. Also following this law, the County created a special district of the unincorporated area in order to pay for these services with revenues the County receives only from unincorporated area residents and property owners.

We disagree with Mr. Corbitt's assertion that the County has not correctly identified the services the County provides primarily for the benefit of the unincorporated area residents and property owners. We also disagree with his assertion that the County has not correctly identified the revenues the County receives only from unincorporated area residents and property owners which the County may use to pay the cost of these services.

The County's 2018 budget also ensures the County pays for services the County provides for the benefit of both incorporated and unincorporated area residents and property owners from revenues the County receives from both incorporated and unincorporated area residents and property owners.

This includes property taxes levied at the same millage rate on incorporated and unincorporated area properties. This is consistent with the SDS law. It is also fair and equitable to all property owners. A higher millage rate in Pembroke and the unincorporated area would not be fair and equitable to Pembroke and unincorporated area property owners.

Contrary to Mr. Corbitt's contention, the 2003 amendment to the Bryan County Service Delivery Strategy on file with the Department of Community Affairs does not say Bryan County will levy a higher millage rate on properties in Pembroke and the unincorporated area. Nor do the subsequent amendments to the Service Delivery Strategy on file with the Department of Community Affairs.

## County General Fund Balance

Bryan County's positive General Fund balance is the result of good budget practices gradually increasing this contingency fund to a responsible amount.

As we explained in prior meetings, this history and amount of this contingency fund are consistent with best practices. Contrary to Mr. Corbitt's memo, this history and the amount of this contingency fund are good government.

This contingency fund enables the County to pay for new projects without incurring debt. It enables the County to pay unexpected expenses without incurring debt. It also enables the County to maintain a good bond rating. A good bond rating will permit the County to borrow money at lower interest rates in the event it does need to incur debt.

The Board of Commissioners is responsible for the amount of the County's contingency fund. This is not one of the components and criteria of a service delivery strategy.

#### County General Fund Loans to County Water and Sewer Fund

The County has in the past made loans from its General Fund loans to the County water and sewer fund. This is a common practice. It can also be more prudent than borrowing from a bank or other financial institution.

As we explained in prior meetings, these loans have been repaid. Even if they were not repaid, this type of loan balance is not uncommon.

The Board of Commissioners is responsible for loans between County funds. This is not one of the required components and criteria of a service delivery strategy.

#### Use of Insurance Premium Taxes

The County's 2018 budget provides for the use of insurance premium taxes to pay for services in accordance with the law saying how insurance premium taxes shall be used. This is accomplished by the special district for the unincorporated area created by the County.

There is no basis for Mr. Corbitt's vague assertion the County did not use insurance premium taxes according to this law in prior years. Prior year use of insurance premium taxes is also not one of the components and criteria of a service delivery strategy.

#### Conclusion

Mr. Corbitt's memo encourages the Commissioners "to allow the process to proceed according to law." This is exactly what we have tried to do and what we stand ready to do.

The Board of Commissioners remains prepared to participate in mediation as required by the SDS law. If you will let me know Richmond Hill will mediate, we will obtain dates Ms. Cox is available. This will give us the opportunity to have constructive communications.