

February 7, 2011

The Washington County Board of Commissioners met in a regular session on Monday, February 7, 2011 at 6:00 PM in the County Commissioners room, 116 Adams Street, Plymouth, NC. Commissioners Alexander, Collins, Johnson and Manning were present. Also present were County Manager David Peoples, Clerk to the Board Julie J. Bennett, Finance Officer Gayle Critcher, and Assistant County Manager/County Attorney Cheryl Young. Commissioner McCray was absent.

Chair Johnson called for a motion to adjourn the January 13, 2011 meeting. Commissioner Manning made a motion to adjourn the January 13, 2011 meeting. Commissioner Alexander seconded, motion carried unanimously.

Chair Johnson called the meeting to order. Commissioner Manning gave the invocation; Commissioner Alexander led the pledge of allegiance.

ADDITIONS / DELETIONS:

Mr. Peoples noted some of the people in the audience tonight: Mr. Travis Burke, Director of Cooperative Extension's Northeast District, Plymouth Mayor Roth, Plymouth Town Manager Ken Creque, and NCACC Executive Director, David Thompson.

CONSENT AGENDA: Commissioner Collins made a motion to approve the Consent Agenda as follows:

- a) Approval of Minutes
- b) Tax Refunds & Releases and Insolvent Accounts
- c) Tax Collector's Report
- d) Resolution for Authorizing the Execution of Contracts Related to the Rural Health Clinic Off-Site Utilities

Commissioner Manning seconded, motion carried unanimously.

PUBLIC FORUM:

Ms. Ann Emmerich from Recovery Innovations/Wellness Cities of NC addressed the Board. Recovery Innovations/Wellness Cities is based out of AZ and they are a non-profit agency that is funded by East Carolina Behavioral Health, LME (ECBH). Funds are distributed among 19 counties in ECBH for education and wellness for those suffering mental health and abuse. There will be two classes at Washington County's Center for Human Services. There are presently fifteen students signed up to attend. The classes are held at no charge. Ms. Emmerich stated she was here today to thank the Commissioners for their support. She went on to say that the classes are invaluable and that the folks that teach the classes all are in recovery. The teachers love their jobs and it is fulfilling to see a class thrive and hear success stories. Ms. Emmerich stated that they were the "Wellness Fairies" that bring dollars back to the county.

NCACC LEGISLATIVE DISCUSSION: Mr. Peoples introduced Mr. David Thompson, NCACC Executive Director. Mr. Peoples told the Board that Mr. Thompson is a former County

Manager and has a sterling reputation for being a capable County Manager. Mr. Peoples told the Board that over 700 lobbyists have registered before the legislature this year. He also stated that normally there are over 4,000 bills put before them, however, this year it is about half. Mr. Peoples stated that Mr. Thompson and five other NCACC staff members review the legislation and help guide the counties through the bills and they help give the counties a voice at the legislature. Mr. Peoples noted that Mr. Thompson has a great staff and they are looked upon as one of the best associations in the US.

Mr. Thompson addressed the Board. Mr. Thompson stated that actually over 800 lobbyists have registered before the legislature this year. He also stated that when the General Assembly is in town, everyone is a lobbyist because there is so much work that has to be done. Mr. Thompson gave out his cell number—919-744-4717 in case anyone has any questions for him after the meeting.

Mr. Thompson handed out a pamphlet on the legislative goals for 2011-12. There are five (5) priority goals. Mr. Thompson went on to say that the pace of the General Assembly is incredible. The General Assembly went into session on January 26 and has only had seven (7) days to propose bills. The Governor's budget is due out on February 14. Usually the Senate gets the budget first then it is sent to the House, then to conference. The Governor has said we will have a State budget by June 1. However, this year the Governor's budget goes to the House first and is to be completed by April 22, then on to the Senate until May 13 and then the Conference Committee report is due by May 27 for a June 1 State budget adoption. Mr. Thompson also noted that May 12 is called crossover. Any local bills have to be to the House by March 18 and March 3 for the Senate. Local bills have to be non-controversial and have to have full delegation support. Mr. Thompson stated that 230 commissioners came up with five (5) priority goals.

1. **Oppose shift of state transportation responsibilities to counties**—Oppose legislation to shift the state's responsibility for funding transportation construction and maintenance projects to counties. Mr. Thompson stated that this bill would help the State budget but would devastate County budgets. Mr. Thompson noted that Senator Rucho of Mecklenburg County is introducing this bill.

Mr. Thompson also informed the Board that the overall budget has a \$3.7 billion deficit.

2. **Reinstate ADM and lottery funds for school construction**—Seek legislation to fully reinstate the Average Daily Membership funds and lottery proceeds to the Public School Building Capital Fund.

Mr. Thompson stated that this would be a difficult goal. In the past, the State had a corporate income tax. There will be no more replenishment of this ADM fund. Last year, \$67 million was taken from counties to help balance the budget. \$175 million hit is possible from lottery funds.

Also there is Senate Bill 13—Balance Budget Act of 2011. The Governor and the General Assembly are in disagreement. Senate Bill 13 encompasses reversions/rescissions of what was done last year. The Governor doesn't have the ability to tell State agencies (such as

the Department of Agriculture) to give money back. Also, the Governor could possibly take money from Golden Leaf and also Land and Water Conservation groups too.

Mr. Thompson also stated that one of the first bills introduced was to eliminate the charter schools cap. Also in that bill, it would allow County Commissioners to fund charter school construction. Another possibility is that public schools could lose students to private schools that offer a \$2,500 tax credit for students transferring from public to private school.

3. Ensure adequate mental health funding.

- Seek legislation to ensure adequate capacity of state-funded acute psychiatric beds.
- Oppose legislation to close state-funded beds until there is adequate capacity statewide.
- Seek legislation to maintain the existing levels of state funding for community mental health services.

Mr. Thompson spoke of a cost shift in the Department of Corrections budget. It is being discussed that if an inmate is convicted of a misdemeanor and is serving a 90-day sentence that the expense for probation and parole will fall to the counties.

The NCACC lobbyists are trying to help stop the shifts in responsibility with no funding.

4. Preserve the existing local revenue base.

Mr. Thompson stated that our tax structure should be left just like it is!

- 5. Authorize local revenue options**—Seek legislation to allow all counties to enact by resolution or, at the option of the Board of Commissioners, by voter referendum any or all revenue options from among those that have been authorized for any other county.

Mr. Thompson stated that Counties should be careful of transfers from the State to the County because it could just be a transfer of responsibility.

Mr. Thompson also spoke about the ABC privatization. The Senate is not pushing it. It would not generate enough revenue as what was originally thought so it is not a good business transaction.

Commissioner Collins commented on the NCACC e-newsletter and how useful it is.

Mr. Peoples asked Mr. Thompson to discuss the State Retirement Plan. Mr. Thompson mentioned that there is talk about going away from a defined benefit plan—a pension plan. The State Retirement Fund is funded by the State. Local Retirement Fund is funded by Counties. Mr. Thompson explained that this means moving from a defined benefit to a defined contribution plan such as a 401K plan and eliminate pension plans.

Mr. Thompson stated that now is a good time to look at State and Local priorities. The NCACC doesn't want the Counties to take the brunt of the cuts so the NCACC is fighting for the Counties.

Mr. Thompson stated that if 275,000 state employees were cut it would only equal \$1.7 million and there would still be severance packages to pay, so that is not the way to cut the budget.

Mr. Thompson will be calling on the Commissioners to help in the future. He also praised Mr. Peoples and his work with the NCACC.

CHAMBER OF COMMERCE HOSPITALITY TRAINING UPDATE: Ms. Jennifer Arnold, Executive Director of the Chamber of Commerce addressed the Board. Ms. Arnold stated that when people are passing through Washington County and are asked at the local hotels or local service stations "what is there to do around here?", the answer they are told is "nothing". Ms. Arnold went on to say that Washington County does have a lot to offer. Ms. Arnold stated that the Chamber is offering a hospitality program in hopes of having citizens see Washington County from a tourist perspective. Ms. Rebecca Liverman, County Extension Director, helped the Chamber to find a program that was used at NCSU Cooperative Extension Agency. A Spring session of the Hospitality Program will be held in Plymouth at the Agriculture Extension Office on Wednesday March 30. Various tourist sites in the area will be visited. The Chamber is also hoping to arrange a boat trip up the river and a short airplane flight to get a 'bird's eye' view of the sites in hopes of creating hometown pride. Ms. Arnold is asking for the Commissioners, the Town Council, the County Department Heads, School officials and Chamber officers to be the first group of people to attend this program.

Chair Johnson suggested holding the session on the weekend since most offices cannot send all of their people during the work week.

NC 20 MEETING REPORT: Mr. Peoples spoke to the Board about his recent NC 20 meeting he attended on January 31, 2011. NC 20 is an organization of 20 counties and municipalities east of I-95 to support the common environmental and sustainable economic development interests within the 20 coastal counties. NC 20 was originally organized to deal with storm water issues, however last year NC 20 dealt with homeowner's insurance.

Mr. Peoples reported that new homeowner's insurance rates became effective May 1, 2009. This is the third such change within five years. The rate bureau has petitioned for a 20.9% increase for dwellings. The premiums will be transferred to rental properties. Home values east of I-95 are declining and foreclosures are at an all time high and premiums are ten times greater than the average across the state.

1993 - 2009 Comparison
Rates per \$75,000 of Coverage:

	1993	2009
Charlotte	\$ 351	344
Gaston, Mecklenburg, Union	350	324
Ashe, Buncombe, Burke	319	312
Alamance, Guilford, Davidson	350	364
Carteret, Currituck, Dare, Hyde	578	1,379
Brunswick, New Hanover	578	1,522

As of May 1, 2009, policyholders in thirty-two (32) Counties and the City of Charlotte are paying less for homeowners insurance than they did in 1993.

Four hurricanes made landfall on the Coast: Isabel, Alex, Charley and Ophelia.
Five other hurricanes affected the state: Francis, Gaston, Ivan, Jeanne and Cindy.

Mr. Peoples explained that the homeowners need public staff to speak on their behalf. That is what NC20 plans to do. As a group, NC20 will be asking the House to create a Commission under HB 1305 (which was ratified August 6, 2009 and renames “Beach Plan” to the “Coastal Property Insurance Pool.”)

The following are some of the “Beach Plan” changes:

- Maximum Coverage Limits lowered from \$1.5 million to \$750,000
- Deductible of 1% per named storm; other deductibles to be allowed
- Personal property lowered to 40%
- Mitigation credit schedule to be established
- Public notice of Rate Bureau filing
- No new surcharges – any future surcharge increase will have to be approved by the NC General Assembly—this would be a savings of over \$15 million to Eastern NC policyholders
- Companies statewide have non-recoupable assessment cap at \$1 Billion
- Recoupable assessments – 10% per policy until losses “recouped”
- No distribution of surplus

Mr. Peoples also noted other provisions in HB 1305 are that the Association shall be audited on an annual basis by an auditor selected by the Commissioner. Each member company shall report by February 1 of each year to the Commissioner the amount of coverage written in the preceding year in the beach and coastal area.

Mr. Peoples explained a little of what happened to cause these changes: State Farm abandoned 1,600 beach area policyholders; Nationwide told policyholders “no more wind coverage”.

Mr. Peoples noted another change in HB 1305: Dwelling Rate Filing. Dwelling Policy Rate Filing is unwarranted, unsubstantiated. Beach Plan has been ordered to “retrieve” \$16 million in illegal distributions. Commissioner Goodwin has asked for PAC money contributions for 2012 campaign prior to start of the session.

Mr. Peoples explained that Dwelling Rate Filing represents 20.9% average increase statewide. There are two components of dwelling policies:

- Fire
- Extended Coverage: includes windstorm and hail

Other statistics regarding Dwelling Rate Filing are as follows:

- Average statewide wind increase of 42%
- Proposed coastal wind increase of \$1,000 on a \$300,000 structure
- Proposed coastal rates are up to 10 times higher than the rest of the state
- Increases impact housing costs
- Dwelling wind was surcharged May 1, 2010
 - Building base rate change of 16.4%/2.5%

Proposed Wind Rates Per \$15,000 Coverage

	Current	Proposed
• Charlotte	14	22
• Gaston, Mecklenburg, Union	16	24
• Ashe, Buncombe, Burke	20	30
• Alamance, Guilford, Davidson	21	26
• Carteret, Currituck, Dare, Hyde	171	222
• Beaufort, Jones, Washington	100	139

Additional information:

- Losses adjusted to a \$250 “standard” deductible; does not factor in 1% named storm deductible
- Does not consider NC Building Code
- Beach Plan Dwelling Wind increased in 2010
- Actual Cash Values vs. Replacement Cost Exposure
- Shows increased repair costs

Mr. Peoples stated that the long-term solutions are to ask legislators to address statewide property insurance reform and increase industry transparency.

Next Mr. Peoples discussed the Proposed Sea-Level Rise Policy. There is an environmental management committee that is addressing the phenomena that the state sea level is rising and that by the year 2100 the oceans will rise 39 inches. Mr. Peoples went on to explain that there are some immediate consequences such as wanting us to use the 39” (1 meter) rise benchmark in Land Use Plans; some areas may soon be considered wetlands and floodplains; why fix some secondary roads if they are going to eventually be underwater; no grant money will be available for areas that could potentially be underwater. Mr. Peoples stated that NC 20 will be petitioning the legislature to ask them to pass legislation for delay of this type of policy so that more research can be done.

Mr. Peoples discussed what he learned about redistricting. Mr. Peoples noted that John Schumacher, who is a peer on Republican party and Brad Crone who is a lobbyist for the Democratic party are very well known. Mr. Peoples stated that Mr. Schumacher said

Republicans might be better off to leave things the way they are. If redistricting takes place, Wake and Mecklenburg could pick up another seat in the House--possibly 2 or 3. They would control between 10-12 votes and possibly pick up Forsyth and they will be able to run any legislation through that they want. Mr. Peoples noted it will be interesting to see where redistricting goes and that there would not be as much impact at the Federal level as it would be at the State level.

Mr. Peoples discussed some additional legislative items with the Board. One item being discussed--imminent domain--taking take property for public use but not for economic use-- would have to have a constitutional change by referendum. Another tremendous concern is DOT since there is a group that wants counties to take over secondary roads. Most counties will be working against that because of the strain it would have on their budgets. This year the budgets of Golden Leaf, Storm Water, and the Rural Center will all be hit. Mr. Peoples also noted that Federal stimulus funding goes away June 30. Mr. Peoples said some consideration of privatizing the ferry system or charging higher fees was being discussed. Regional funding to airports may be cut. The outsourcing of ports may be a possibility. Mr. Peoples also mentioned there was no discussion on raising gasoline tax, however there was talk about creating a vehicle miles tax.

Mr. Peoples informed the Board that the NC20 group will be coming to the County to help fund them in the new budget cycle. Also, Coastal Area Management Act (CAMA) will be coming to one of our future meetings.

PLYMOUTH MUNICIPAL AIRPORT TAXILANE CONSTRUCTION BUDGET: Mr. Peoples spoke to the Board regarding the Plymouth Municipal Airport Taxilane Construction Budget. Commissioner Collins asked Mr. Peoples if the County's portion of the \$394,291 was only \$14,603. Mr. Peoples responded that was correct.

Commissioner Collins made a motion to approve the Plymouth Municipal Airport Taxilane budget as presented and approved soliciting for bids to have the work done and the contract let for doing the work. Commissioner Manning seconded, motion carried unanimously.

BOARD & COMMITTEE APPOINTMENTS: The Board discussed the Boards and Committees of which Commissioner Corey was a member:

Washington County Safety Committee (meets bi-monthly—every other month)
Roanoke Albemarle-Pamlico Local Emergency Planning Committee (meets quarterly)
Albemarle Resource Conservation & Development Council, Inc. (meets quarterly)

Commissioner Collins stated that he wasn't looking to be on three (3) committees; however he did feel he could learn a lot by being on the Albemarle RC&D, Inc.

Commissioner Manning made a motion that Commissioner Collins is to serve on the three committees: Washington County Safety Committee, Roanoke Albemarle-Pamlico Local Emergency Planning Committee, and the Albemarle Resource Conservation & Development Council, Inc. Commissioner Alexander seconded, motion carried unanimously.

FINANCE OFFICER'S REPORT: Ms. Critcher discussed Budget Appropriation Amendment/Adjustment 10123 (Increase in DSS funds and Senior Center Salaries and Wage Adjustment).

Commissioner Alexander made a motion to approve Budget Amendment 10123. Commissioner Manning seconded, motion carried unanimously.

Ms. Critcher also discussed the Sales Tax Summary and noted that the County has a 6.6% decrease compared to prior month

Ms. Critcher noted that the Tax Collection is running 1% ahead.

Ms. Critcher discussed the Effective County Tax Rate table. Washington County's property tax rate is \$.79. The County's effective rate would be \$.67. Ms. Critcher discussed the effective tax rate and its impact on our lottery distribution and noted that the County gets an additional allocation because we have a low effective tax rate. The County receives just under \$279,000.

Ms. Critcher also noted that, at the moment, the County has an unallocated balance of \$259,000 in its funds.

OTHER ITEMS BY CHAIRPERSON, COMMISSIONERS, COUNTY MANAGER, CLERK, ETC.:

Commissioner Collins made a motion to go into Closed Session pursuant to NCGS 143-318.11 (a)(4), and 143-318.11 (a)(5).

Commissioner Alexander seconded, motion carried unanimously.

Commissioner Collins made a motion to recess the meeting. Commissioner Manning seconded, motion carried unanimously.

Tracey A. Johnson
Chair

Julie J. Bennett
Clerk to the Board