

May 24, 2016

The Washington County Board of Commissioners met in a recessed session on Tuesday, May 24, 2016 at 5:00 PM in the Commissioners' Room, 116 Adams Street, Plymouth, NC. Commissioners Manning, Phelps, Sexton and Walker were present. Also present were County Manager Willie Mack Carawan, Jr., Clerk to the Board Julie J. Bennett, County Attorney/Assistant County Manager Curtis Potter and Deputy Finance Officer Missy Dixon. Commissioner Johnson was unable to attend.

Chair Phelps called the May 24, 2016 to order at 5:08 pm.

BUDGET AMENDMENTS: Mr. Carawan went over the following Budget Amendments/Budget Transfers:

BA #2016-044 Insurance Proceeds
BA #2016-045 Securing Postage Machine for this Fiscal Year
BA #2016-046 Social Services—In home services
BT #2016-005 Inter-Departmental Transfers (various)
BT #2016-006 Inter-Departmental Transfers (Detention)
BT #2016-007 Inter-Departmental Transfers (Soil & Water)
BT #2016-008 Inter-Departmental Transfers (maintaining operations)
BT #2016-009 Inter-Departmental Transfers (maintaining operations)
BT #2016-010 Inter-Departmental Transfers (maintaining operations)

Commissioner Sexton made a motion to approve the abovementioned Budget Amendments/Budget Transfers. Commissioner Walker seconded, motion carried unanimously.

AIRPORT RESOLUTION: Mr. Potter stated he was going to present an airport resolution, but after talking to the airport manager, Knapp Brabble, it was decided not to present this resolution at this time. Mr. Potter needs to work with the Division of Aviation (DOA) to get it worded correctly to get what the County needs out of it. There is an airport lobbying meeting on June 1. Mr. Brabble said he is trying to have the local match eliminated.

Mr. Potter will send a draft of the resolution to DOA and try to have it come before the Board on June 6.

COMMISSIONERS' BUDGET WORK SESSION: Mr. Carawan submitted the budget message to the Commissioners for 2016-2017.

COUNTY OF WASHINGTON

BOARD OF COMMISSIONERS

COMMISSIONERS:

D. COLE PHELPS, CHAIR
 JULIUS WALKER, JR., VICE-CHAIR
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POST OFFICE BOX 1007
 PLYMOUTH, NORTH CAROLINA 27962
 OFFICE (252) 793-5823 FAX (252) 793-1183

ADMINISTRATION STAFF:

W. MACK CARAWAN, JR.
 COUNTY MANAGER
 wcarawan@washconc.org

JULIE J. BENNETT, CMC, NCCCC
 CLERK TO THE BOARD
 jbennett@washconc.org

CURTIS S. POTTER
 ASSISTANT COUNTY MANAGER/
 COUNTY ATTORNEY
 cpotter@washconc.org

Budget Message

In an effort to make this Budget Message as transparent as possible, I have decided to break the Budget Message down into memo bullets rather than a narrative format. The budget's major highlights are as follows:

General Fund Budget Total: **\$ 14,562,721.00**

- Based on these values, **.01 cent generates \$ 85,193.07.**
- Based on an **.84 cent tax rate**, the following revenues are generated:
 - Ad Valorem Taxes - current year \$ 6,404,418.00
 - Motor Vehicle Taxes - current year \$ 751,800.00

Fund Balance Appropriated: **\$ 471,212.00**

Tax Rate Calculations based on the following:

	Values	Coll. Rates
- Real & Personal Property	\$ 756,407,444.00	93.34%
- Public Utilities	\$ 56,400,000.00	100.00%
- Motor Vehicles	\$ 89,500,000.00	100.00%

Additional Fund Balance Appropriated:

Having to include a .05 cent tax increase to maintain current operations and feeling some of the larger items would be removed, I did not include them in the tax rate but rather listed them individually within additional Fund Balance Appropriations. These amounts represent significant obligations that the county needs to address.

- Back-Up PSAP & Probation Office Space	\$ 250,000.00	
- Tax & Financial Software	\$ 100,000.00	
- EMS Capital Outlay - Vehicle	\$ 175,000.00	
- Hospital Pension Plan Funding	\$ 100,000.00	
- Contingency	\$ 50,000.00	
- Health Insurance Premium Increase (5%)	\$ 55,000.00	
	\$ 730,000.00	

Delinquent Tax Revenues:

With the county's recent contract with Zacchaeus Tax Services for the collection of delinquent taxes, I anticipate Washington County collecting an additional \$ 50,000.00 in prior year taxes.

Shifting of Sales Tax Revenues:

The county's statutory share of the Sales Tax under Articles 40 & 42 are the major factors in the recommended property tax increase for next year.

- FY '17 Sales Tax - Article 40	\$	514,500.00	
- FY '16 Sales Tax - Article 40	\$	749,725.00	
	\$	(235,225.00)	
- FY '17 Sales Tax - Article 42	\$	160,000.00	
- FY '16 Sales Tax - Article 42	\$	460,000.00	
	\$	(300,000.00)	
- School Capital Outlay Appropriation	\$	300,000.00	
- Estimated Reduction in Sales Tax Revenues			\$ (235,225.00)
- which equates to approximately .0275 cent of the proposed tax rate			

General Fund Expenditures:

The attached Budgetary Summary also provides a listing of the various General Fund Department Budgets showing:

- Fund
- Department
- Prior Year Expenditures
- Current Amended Budget
- Year-To-Date Expenditures as of 5/3/2016
- Department Head's Requested Budget
- Manager's Recommended Budget
- Difference between the Current Amended Budget and the Manager's Recommended Budget

The attached Budgetary Summary provides a snapshot of the county's Recommended Budget, including the various departmental budget requests within the general fund. The 2017 Recommended Budget includes:

- Salaries & Benefits (Re-Calculation current staff)
- Possible Raise / Promotion / Re-classification of (3) employees
- Phase II of the 50 % funding of Cooperative Extension Personnel
- Playground Improvements (\$ 41,500.00)
- MTW Funding Increase (\$ 44,772.00)
- Technology Improvements (hardware & Tax/Financial software)
- Funding of the county's Hospital Pension Plan
- Facility Improvements & Renovations (Backup PSAP & Probation)
- Capital Outlay - Vehicles & Equipment
- Contingency (\$ 50,000.00)

County Capital Outlay Fund

The County's Capital Outlay Fund was established to budget and track the capital improvements of county-owned structures. To fund these projects, monies would be transferred from the General Fund to the County Capital Outlay Fund for disbursement. This proposed budget includes the transfer of \$ 250,000.00 for the following capital projects:

- Probation Renovations	\$	75,000.00	
- Back-Up PSAP Renovations	\$	150,000.00	
- Designated for Future Appropriations	\$	25,000.00	
- <i>County Capital Outlay Budget Total:</i>			\$ 250,000.00

School Capital Outlay Fund

Under NC General Statute, Chapter 105, as it relates to Sales Taxes, local Boards of Education are to receive a specific percentage of Articles 40 & 42 to address the LEA's capital needs. These monies are to be held in reserve until needed to ensure they are spent for the manner in which they were intended.

The following calculations are based on projected Sales Tax revenues for budgeting purposes and may vary with those realized in fiscal year 2017:

- Sales Tax, Article 40	\$	735,000.00	
	X	30%	
		<hr/>	\$ 220,500.00
- Sales Tax, Article 42	\$	400,000.00	
	X	60%	
		<hr/>	\$ 240,000.00
- <i>School Capital Outlay Budget Total:</i>			\$ 460,500.00

SPSBF (State Public School Building Fund) / Lottery Fund

Like the School Capital Outlay Fund, the SPSBF / Lottery Fund was established to maintain a clearer separation in Washington County finances and the Board of Education finances. Once the Board of Education receives the approval of their 2017 Lottery projects, this budget will be amended to track the monies as they are received and disbursed.

E 911 Emergency Telephone Fund

The budget for the Washington County Communications Center for fiscal year 2017 is recommended at \$ 207,188.00, of which \$ 34,832.38 is fund balance. The county has been notified by the NC 911 Board that it will receive \$ 172,105.62 for the operations. These funds are to be used for the dispatching of emergency personnel in accordance with their strict regulations. However, this budget may need to be revised later in the upcoming year if the county is successful in its bid for funding reconsideration.

Re - Valuation Fund

As in the current fiscal year, the Re-Valuation Fund contains a General Fund Appropriation of \$ 33,000.00 to cover the anticipated cost of the next re-valuation scheduled for 2020.

County Projects Fund

The County Projects Fund is for the administering of special community grant projects within the county, such as the Library, Commerce and Trillium grants. Like other grants, they are not included in the proposed budget but rather once the current year's ending balances are calculated their remaining funds will be added through a budget amendment.

Airport Fund

The Airport Fund has been restructured to include individual grants and operational costs. This should allow for a clearer understanding of the facilities impact on the county. This proposed budget includes a General Fund Appropriation of \$ 73,004.00; \$ 23,003.00 is for operations and \$ 50,001.00 is the local match for the NPE Federal Grant. This is an annual grant of \$ 150,000.00 that requires a \$ 16,667.00 local match.

- Airport Operations	\$	169,423.00
- Airport Grant - NPE Federal	\$	500,001.00
- <i>Washington County Airport Fund Budgets Total:</i>	\$	<i>669,424.00</i>

Housing Programs Fund

Currently, Washington County is operating (2) separate housing programs, a NCHFA Urgent Repair Program (*which will conclude this year*) and a Community Development Block Grant for Single Family Rehab program. This fund was established to provide a simple accounting of these and future housing grants. Only after the current year-end figures are calculated will the program's remaining budget figures be entered into the general ledger.

Drainage Fund

With the Drainage Fund receiving only a 1/4 of its traditional .01 cent appropriation, the Drainage Board had to use a substantial portion of their fund balance to meet the current year's objectives. In an effort to address their funding needs in the upcoming year, I propose re-instating their original .01 cent tax rate funding, which would generate approximately \$ 85,193.00.

Travel & Tourism Fund

At this time, the Travel & Tourism Budget was not available. However, once approved by the Travel & Tourism Board, this budget will be included in Washington County's 2017 Budget Ordinance.

Water System Fund

The proposed budget for the Utilities / Water Fund increased by \$ 67,174.00 over this year's current budget. Like most of the other county departments, this budget includes additional monies for capital outlay purchases, specifically an F 450 Pickup (*needed to pull county equipment*) and a SUV (*replacing one with over 200,000 miles*).

- this budget does not currently include a rate increase at this time, however it does include a Fund Balance Appropriation of \$ 28,819.00. With this year's rate restructuring, I anticipate revenues will exceed budget projections, eliminating the need for fund balance.

- Distribution Budget	\$	1,048,141.00
- Treatment Budget	\$	310,561.00
- Utilities / Water Fund Budgets Total:	\$	1,358,702.00

Sanitation Fund

Washington County's Sanitation Fund decreased slightly to \$ 1,239,540.00. The county's solid waste fees are to stay unchanged in this Proposed Budget.

Washington County EMS Fund

The Washington County EMS & Transport Budgets increased by \$ 150,150.00 over the current year. This increase is due to the budgeting of Capital Outlay purchases, such as a vehicle and additional equipment. However, appropriations from the General Fund had to be increased from \$ 479,504.00 to \$ 644,303.00 to accommodate these items.

- Washington Co. EMS Budget	\$	162,982.00
		<i>(increase of \$ 162,982.00)</i>
- Washington Co. Transport Budget	\$	284,053.00
		<i>(decrease of \$ 12,832.00)</i>
- Washington County's EMS & Transport Budget Total:	\$	1,644,303.00

Tyrrell County EMS Fund

The establishment of the Tyrrell County EMS Fund was per a request from Tyrrell County to more clearly track their revenues and expenditures. Since Tyrrell County's runs are actually twice as long as Washington County's, some additional adjustments in personnel costs may be needed to truly reflect actual costs of personnel.

- Tyrrell Co. EMS Budget	\$	662,959.00
		<i>(an increase of \$ 29,710.00)</i>
- Tyrrell Co. Transport Budget	\$	209,704.00
		<i>(an increase of \$ 12,127.00)</i>
- Tyrrell County's EMS & Transport Budgets Total:	\$	872,663.00

Summary:

This Recommended Budget, simply put, is a summary of the county manager's recommendations on utilizing projected revenues in an attempt to manage the county's expenditures. Having been submitted to the Washington County Board of Commissioners for their consideration, this document moves into its final phase as the Commissioners make the adjustments. Although the budget has been presented, management and staff will continue to monitor the NC General Assembly and the county's tax values that might affect next year's operations.

The Commissioners then went on to discuss the following Departments:

Health/Mental Health—Ms. Terrell Davis

Ms. Terrell Davis, MTW Health Director told the Commissioners that MTW did receive a check from Medicaid for ~\$300,000 which was a reduction from the previous \$600,000 they

previously received. Services will not be impacted with the budget as presented. MTW may change health insurance. MTW employees have taken 6 furlough days this year and they may have to do that again. Commissioner Phelps asked Mr. Carawan if he knew what Martin County or Tyrrell County plan to do for MTW this year. Mr. Carawan said he didn't know. Ms. Davis said Tyrrell has said they would do 100% and Martin will do 50%. Commissioner Walker asked if lower insurance costs, would help them financially and Ms. Davis said yes they would.

Chair Phelps said that this recommended budget is the second year MTW has received an increase.

Airport—Knapp Brabble

Chair Phelps asked Mr. Brabble if all the airport hangars are rented. Mr. Brabble said all but two are rented. Rent is \$960/yr. for T-hangars. There are a total of 8 at the Plymouth Municipal Airport. With the turnover of the previous attorney and staff in Finance/water dept., there are hangar invoices that have not been sent out. Chair Phelps would like to see more in Mr. Brabble's Department Report.

Mr. Potter said he has developed a new form lease for the T-hangars. Commissioner Sexton asked would grant money put doors on the T-hangers. Mr. Brabble said that the grant money would build 8 NEW T-hangars with doors.

Mr. Brabble explained that all general aviation airports receive (in August) a grant award letter. NPE (non primary entitlement) money has been used for the turnaround and for the runway extension. A County can save up the NPE money for 4 years.

Mr. Brabble invited everyone to Raleigh to the Aviation Legislation Day on Wednesday, June 1.

Library--Gayle Critcher and Amy O'Neal

Ms. O'Neal, Librarian read the following to the Commissioners:

If you could increase Washington County Library's budget by \$7,500 over last year, we could give all our employees a long-overdue raise and offer county residents more new books that they could download from the comfort of their own homes.

Through April of this fiscal year, we have recorded:

- **48,505 library visits.**
- **8,710 computer sessions.**
- **5,514 wireless internet transactions.**

Many of those computer users and wireless users were searching for jobs, writing resumes, doing homework, working on business projects and downloading electronic books. Many of those people needed help sending faxes, making copies, having documents notarized and using computers; and our staff politely and professionally provided that help. They deserve a raise.

Thus far this fiscal year, our patrons have downloaded 1,836 books to their e-readers, smart phones and laptops. This represents a three-fold increase over last year's downloads and the future promises even more demand.

All books no matter the format are purchased from our materials budget, which was cut in half last year. With no increase in our materials budget, our actual and virtual book collections cease to grow. Last year, our Friends of the Library contributed \$3,000 for materials, but our Friends activity has been seriously curtailed by death and sickness. Without an increase in our materials budget, Washington County readers suffer.

The library is attracting more business than ever. Please help us maintain quality services to the citizens of Washington County and give our employees the raises they deserve.

Thank you for your consideration.

Ms. Gayle Critcher, Library, CFO read the following to the Commissioners:

Washington County Library Budget Request - Fiscal Year 2016-17	
Since 2013 (three fiscal years), the Washington Co Library has only had an increase in funding of \$2,121 from Washington Co	
Washington County as of June 30, 2015 had an available fund balance of \$3,221,743 or 25.05% of General Fund expenditures	
Pettigrew Regional Library as of June 30, 2015 had an available fund balance of \$100,671 or 9.23% of annual expenditures PRL appropriated \$52,311 of its available fund balance to balance the 6/30/2015 budget	
In February of this year, the PRL was able to join the NC State Health Plan for health insurance for its employees saving the Region \$32,956 per year; had it not been for this change, the Washington County Library's budget request would have been an additional \$6,495;	
In the current fiscal year, the Pettigrew Regional Library Board increased fees bringing in an additional \$5,000 per year; Many optional services for fees are offered such a notary, exam proctoring, laminating, faxing, copying;	
Two of the Library Technicians at the Washington County Library who have 12 and 14 years of service make \$3,000 less than Washington County Property Tax Clerks who would be comparable in duties;	
The Library employees also have to pay for their own dental and vision insurance and receive no 401k employer contribution.	
The \$2,316 recommended increase in the Washington County Library budget will fund the employee salary increases; the total salary cost will be offset by savings in health insurance;	
An additional \$850 will fund the other line item increases excluding books and materials.	
If the entire \$7,500 increase is granted, the \$4,333 balance will go towards books and materials bringing that line item up to \$15,486; still way below the state guidelines of 20% of total budget or \$36,000; in 14/15 the line item was \$19,500;	
Submitted by Gayle T. Critcher, Chief Financial Officer, Pettigrew Regional Library	
24-May-16	

Ms. Critcher said that there is no fluff in the library funds.

Commissioner Manning asked if the library employees get a raise when the County employees get a raise. Ms. Critcher said no they do not.

Chair Phelps asked about our library being in a regional system and how the costs are broken down. Ms. Critcher said the regional budgets are funded by the State.

Ms. Critcher broke it down and said that the \$7,500 covers \$2,316 for salary increases, \$850 for other line items and \$4,333 for the downloadable books.

Commissioner Sexton said when the Commissioners get to looking at raises, they need to look at everyone's. Commissioner Sexton said he didn't feel he could make a commitment right now. He would like to finish going through the budget.

Chair Phelps said he understands what Commissioner Sexton said but knows how important the library is and would like to have more money appropriated for books—they are a key resource. Chair Phelps said he feels if the County can spend \$30,000 on a vehicle or \$63,000 on a vehicle that the County should be able to find \$7,500 for the library. Commissioner Manning said he agrees this is needed, but wants to finish going through all the budgets. Commissioner Sexton said he wants to see the whole budget before making any changes.

Sheriff's Office/SRO—Sheriff Barnes

Sheriff Barnes did a survey on surrounding counties and Washington County is 10-20% behind on salaries. He is asking for approximately a 5% increase. Washington County has trouble retaining staff because pay is so low.

Commissioner Manning asked how much turnover has the Sheriff's Office had. Sheriff Barnes said he has lost 4 patrol officers and 2 detectives.

Commissioner Phelps asked Sheriff Barnes is it his opinion that the turnover is due to low salaries. Sheriff Barnes replied yes, and said that Washington County can't compete with other agencies.

Mr. Carawan said the Sheriff's Office staff gets comp time not paid overtime.

Commissioner Sexton asked if deputies that live outside the County drive their vehicles home or to the County line. If they didn't drive their vehicles home would it save gas? Sheriff Barnes said he has a ten mile rule. Officers can drive their cars home if they live within 10 miles of the County; however, he has one officer that was here when he got here that lives 12 miles out and he allows it. Sheriff Barnes said he doesn't feel that this is an issue with the gas because of the shifts they work.

Sheriff Barnes said he hopes to keep the vehicle maintenance and repair reduced. There were 4 deer wrecks and 2 bear wrecks this past year and a few with patrol officers driving badly. The Sheriff's Office has a total of 22 total vehicles. Chair Phelps asked Sheriff Barnes if the Sheriff's Office has a vehicle replacement plan. Sheriff Barnes said he is trying to implement such a plan.

Mr. Carawan said he would recommend replacing 2 vehicles each year and start a replacement plan. That would eliminate high mileage and keep the Sheriff's Office with sound equipment for his officers.

Chair Phelps asked Ms. Dixon to find out what the salaries and benefits for Officers are in surrounding counties and e-mail to the Commissioners.

The Sheriff and the Manager are in agreement for the budgets of the SRO's. These budgets are fully reimbursable by the schools.

E911—Delisa Johnson

Ms. Johnson told the Commissioners she asked for a salary increase for staff due to them becoming EMD Certified. Currently they make \$24,089 and she would like to increase their salaries to what surrounding counties make--\$26,000 – \$29,000. Mr. Carawan stated that he did not approve the requested budget because he felt Ms. Johnson needed to discuss this with the Board. Ms. Johnson said her staff knows they are more marketable because of their EMD Certification and may be looking for jobs with higher pay.

Commissioner Sexton asked if the E911 staff should receive a step increase due to receiving their certification and also because now all the EMS calls are being routed through E911 and take them from Telecommunicator I to Telecommunicator II.

Chair Phelps and Commissioner Walker agreed with a step increase. Mr. Carawan said it would increase their budget about \$14,000. Ms. Johnson asked if the step increase would make their salaries comparable with Chowan, which has the next lowest paid telecommunicators. Mr. Carawan said he could move them to the next grade and move them up within that grade to differentiate between certified vs non-certified. Mr. Carawan said if E911 staff salaries were changed to \$26,456 (\$2,300/person) x 8 plus benefits it would be approximately a \$22,000 increase.

The board recommended unanimously the salary increase for the E911 EMD telecommunicators.

Ms. Johnson said her staff is on an 8 hour rotation schedule and would like to go to a 12 hour rotation like the Sheriff's office. The Sheriff said he would work that out with Ms. Johnson.

Discussion ensued regarding the back-up PSAP plan. The Sheriff said the grant was written for over \$1M to refit the whole building (in Roper) and the equipment, but the grant is not guaranteed. Mr. Carawan said he budgeted approximately \$150,000.

Sheriff Barnes said quotes came in at \$800,000 and could possibly be reallocated from the 911 Board; however, the plan has to be in and approved by July 1, then we can ask for a 1 year extension for it to be up and running by July 2017.

DSS—Clifton Hardison and Lynn Swett

Mr. Carawan explained that all DSS salaries have been moved into one line item and were zeroed out on all the other departments.

Various other line items were discussed and were explained well by Mr. Hardison and Ms. Swett on what the costs were for and if they were reimbursable or not and why or why not.

Mr. Hardison feels that this is the year to see what the County can do to make the Riverlight program more efficient.

Discussion ensued regarding Adoption Promotion monies and DOT grants.

JCPC—headed by Nancy Hodges out of Greenville

(The Clerk is to ask Ms. Hodges to be at the budget session meeting tomorrow night.)

Forestry—Lance Swindell

Mr. Carawan explained that Forestry needs to buy a vehicle and a few other incidentals. The Commissioners said they would consider giving Forestry the match required for the truck and remove the incidentals . (The Clerk is to ask Mr. Swindell to attend the budget session meeting tomorrow night.)

Medical Examiner – Budget is ok

Clerk of Court– Budget is ok

Debt Service – Budget is ok

Re-valuation– Budget is ok

Commissioner Sexton made a motion to go into Closed Session pursuant to NCGS §143-318.11 (a)(6) (personnel). Commissioner Walker seconded. Motion carried unanimously; however, Chair Phelps did not vote and left the meeting. Chair Phelps did not feel that there was just cause for this Closed Session.

At 9:25 PM with no further business to discuss, **Commissioner Sexton made a motion recess to May 25, 2016 at 5:00 PM in the Cooperative Extension Conference Room. Commissioner Walker seconded, motion carried unanimously.**

D. Cole Phelps
Chair

Julie J. Bennett, CMC, NCCCC
Clerk to the Board