

February 17, 2017

The Washington County Board of Commissioners met in a recessed session for a Board Retreat concentrating on the Budget on Friday, February 17, 2017 at 9:00 AM in the Commissioners' Room, 116 Adams Street, Plymouth, NC. Commissioners Johnson, Phelps, Riddick, Sexton and Walker were present. Also present were Interim County Manager/County Attorney Curtis Potter and Clerk to the Board Julie J. Bennett.

Chair Walker called the February 17, 2017 Board Retreat meeting to order. Commissioner Riddick gave an invocation.

Mr. Potter asked to add a Closed Session pursuant to NCGS§143-318.11 (a)(3) consult with attorney regarding Lunetta Lewis vs Washington County Department of Social Services, case number--16OSP09475. Mr. Potter stated that the Closed Session will begin at approximately 10:30 AM.

Mr. Potter went over the budget calendar, budget guidelines and budget year instructions. Commissioner Phelps asked about #7 in the budget instructions. Why are there so many budget amendments at each Board of Commissioners' meeting? Commissioner Phelps said he would like to make a change so that all the budget amendments don't have to come before the Board. Commissioner Sexton suggested setting limits so some budget amendments can be done internally within a Department's budget. The Board agreed to let Department Heads move money internally up to \$2,500 without having it come before the Board. Mr. Potter will inform the Department Heads of this change and will incorporate it into this year's budget ordinance.

Commissioner Phelps talked about #9. He asked if the County has ever gotten a line by line budget from district agencies. He doesn't recall seeing any before. Mr. Potter said the agencies usually receive the lump sum and sometimes they do give us a detailed budget of how they plan to spend their funds.

Commissioner Phelps also asked about the copier situation with Toshiba. Mr. Potter said currently there are three (3) contracts due to all the copiers that the County has. Mr. Potter said Toshiba is currently going to bring in five (5) copiers for the heaviest users (Departments) to try and see if they like the upgraded version.

Mr. Potter said he will be asking the Department Heads to brainstorm on any revenue streams that they can bring in or how they can decrease their budgets.

Commissioner Phelps asked why all the lights are left on in the courthouse 24/7. He wonders if it would be a cost savings to change that. Mr. Potter said it is mandatory in some areas to keep them on. Mr. Potter will talk with Mr. Boone about this. It might not be a big savings, but any savings helps.

Mr. Potter talked to the Board about a creating a Capital Improvement Plan (CIP). A CIP would help the Board in knowing what areas will need improvements in the future and could also aid the County with getting grants. Mr. Potter said he would like to begin to build a draft CIP. He will ask the Department Heads to bring in the capital needs for the next 3-5 years.

Commissioner Phelps feels that Recreation's Washington Street Gym really needs to be overhauled.

Mr. Potter said he will also be discussing the performance review process along with the upcoming 'freeze' of spending of non-essential funds beginning in June.

Mr. Potter discussed the previous budget preparation guidelines from 2015-2016 and this is the type of information he would like to get out of the meeting here today.

Mr. Potter discussed #2-- current fund balance discussion:

- Currently the County has 14% - 15% in fund balance.
- He will try to make sure that the County has things straight with the school system.

Commissioner Sexton mentioned that counties will soon have to worry about County employees retirement funding.

Mr. Potter discussed the value of the cash influx from the tax discount as a plus.

Mr. Potter discussed #3—general projections

- Mr. Potter talked with Ms. Wilkins and she feels the tax base will grow moderately.
- Mr. Potter discussed having an increase in the tax collection rate.
- Overhead costs—fuel costs are going to increase slightly, utility costs are going to increase approximately 3%. The Finance Report in April should give us better information.
- Retirement costs increased 13.9 to 14.3% of salaries.
- Expect workers' comp to increase, not sure how high but it will go up some.
- Property insurance—Ms. Dixon is going to check on this. Seen an uptick in construction costs. The County is currently insuring contents in buildings we don't own.

Mr. Potter discussed #4—current fiscal year—currently on track

- Mr. Potter said that EMS revenues never reach their projection, so they will be coming in lower this year also. We did receive two reimbursements from NCACC regarding Medicare.
- Currently overspent in some line items that equal approximately \$70,000 by overtime that has been accrued but not budgeted for and has to be paid for due to the 240 limitation of comp hours an employee can have.
- Some revenue lines have shown up as a negative due to something in the system. Ms. Dixon and Ms. Wilkins are working on that.
- There will need to be a budget amendment for Register of Deeds (ROD) due to paying out the ROD retiree and not budgeting for it.

Mr. Potter discussed #5—general Board discussion/direction

- Mr. Potter said he would like to try and have the budget adopted sooner than it was last year and to do it with fewer meetings.
- Continuation of tax discounts—Ms. Wilkins would rather not continue them because of the work involved, but Ms. Dixon would like to continue the discount

program as it did increase the County's tax flow during the first quarter of the FY. Commissioner Phelps said we owe it to the citizens to do it at least for one more year. Commissioner Johnson agreed and said the County should revisit the discounts again next year. Chair Walker concurred that the tax discount program should continue. Mr. Potter will inform the Tax Office to move forward with the 2% discount for July and 1% discount for August. Commissioner Phelps stated he would like a timeline from Ms. Wilkins on when certain things will take place for the tax discount program. Mr. Potter along with Commissioner Sexton suggested early and frequent advertising and possibly put something with the water bills.

- Revaluation: was not funded last year. The annual contribution is \$33,000. Commissioner Phelps thought the Board asked for it to remain in the budget, but the budget shows it was not.
- Third party funding—Commissioner Phelps would like to continue to fund the festivals. Mr. Potter said maybe a total amount could be agreed to and divvied up amongst all the requests the County receives. Discussion ensued. Agencies should come and speak to the Board regarding their requests for funds.

Mr. Potter said that the request for the Bear Festival is out of sync with the budget. The request is for the upcoming bear festival in June and was has not been budgeted. Commissioner Phelps said to give \$5,000 to the Bear Festival. Commissioner Johnson would like an estimate of how much occupancy tax is generated during the weekend of the Bear Festival.

Commissioner Walker called for a five (5) minute recess.

Back in Open Session after the recess **Commissioner Phelps made a motion to go into a Closed Session pursuant to NCGS§143-318.11 (a)(3) consult with attorney regarding Lunetta Lewis vs Washington County Department of Social Services, case number--16OSP09475 and NCGS§143-318.11 (a)(6) personnel. Commissioner Riddick seconded, motion carried unanimously.**

Back in Open Session, discussions continued.

- Health Department: Commissioner Phelps said the County should not increase their funding, if anything, their budget should be cut. Commissioner Phelps asked Mr. Potter to look into what the new formula is for funding the Health Department.
- Fire Departments: Mr. Potter stated that the Fire Commission has asked that the County restore their 4 cents.
- EMS: Mr. Potter stated the following:
 - a. Tyrrell County is still in flux—the County could run everything including personnel for \$700,000 plus revenues—Mr. Potter will be sending a letter to the Board with options to look at. Deadline to terminate the Tyrrell County contract is April 1, 2017.
 - b. Continuation of EMS fluctuating workweek—the recommendation from Mr. Potter and Ms. Dixon is to keep the fluctuating workweek.
- Drainage—collection of 1 cent—Mr. Potter stated this hasn't been done in the last couple of years.

- Hospital Pension Plan—Mr. Potter said he doesn't see how the County can continue to not fund it. The County may need to fund it with \$200,000 to \$300,000 to keep the fund afloat. Commissioner Johnson said she has been trying to find a company to handle it, but no one wants it until the County puts more in it.
- Water/Solid Waste—continue to move money from the enterprise fund to the general fund. Mr. Potter said the County will be bidding out for trash services. Commissioner Phelps suggested raising water rates as a revenue stream. Board consensus was that this is a possibility. Possibly cut the free tonnage at the landfill per homeowner for free use from 4 tons to 2 tons.
- School system—Mr. Potter said the contract has been signed for the second opinion on roof. Mr. Potter mentioned teacher supplements. Board consensus is to leave the supplements alone. Mr. Potter said he will probably be recommending to keep the funding the same for the schools with no increase.
- Administrative:
 - a. Finance Software Discussion—leave current system in place through revaluation (in 2020) but start saving money for new software.
 - b. iPads for the Board: they would save money and time—Board consensus was to move forward with them in the budget.
 - c. How to budget combined management salaries (leave combined/split)—Board consensus was to put it in the budget
 - d. Mowing—staff was asked to put out for bid in January, but this has not been done. Mr. Potter said he did meet with Andy Jackson who put in the only bid last year, and said he would do it all for \$60/acre. Budgets would need to have a line item for mowing for those that need it.
- Other Specific Departments—Mr. Potter said he is not keen on using lapsed salaries instead of holding on to the money for use at year end. Could possibly stop funding RDC as much to be able to save money using our Riverlight Transport.

Mr. Potter discussed #6—Personnel Discussion

- Employee salaries discussion—there are some inequities and Mr. Potter would like to fix some of those if possible. He would like to put in a 1% COLA (~\$70,000). Also need to update personnel policies. December of 2013 was the last time all employees were given an increase. Need to work on our pay plan, no instructions for when people should move up. Mr. Potter also asked the Board to not have the salary discussions as they were done last year. The Board agreed. Commissioner Sexton said he would rather have a set amount so that all employees receive the same amount of a COLA increase for example \$400, not 1% since everyone's salary is different.
- Additional positions discussion— Mr. Potter would recommend not adding any new positions and could possibly take away some positions. Commissioner Phelps asked Mr. Potter knew of any possible retirees this upcoming year. Discussion ensued.

Mr. Potter quickly went through the other items:

- Additional revenue sources or ideas
- Additional cost saving measures or ideas
- Tax increase/service decrease

- Balanced budget— The Board said they want a balanced budget with the current tax rate and then one with a 1 cent or 2 cent tax increase.

At 12:45 PM, with no further business to discuss, **Commissioner Phelps made a motion to adjourn the meeting. Commissioner Sexton seconded, motion carried unanimously.**

Julius Walker, Jr.
Chair

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