

January 29, 2019

The Washington County Board of Commissioners met in a recessed session on Tuesday, January 29, 2019 at 3:00 PM in the Commissioners' Room, 116 Adams Street, Plymouth, NC. Commissioners Johnson, Phelps, Riddick, Sexton and Walker were present. Also present were County Manager/Attorney Curtis Potter, Clerk to the Board Julie J. Bennett and Finance Officer Missy Dixon.

Chair Johnson called the meeting to order. Mr. Potter thanked everyone for coming to this important meeting today.

## **FY19-20 Budget Workshop Agenda**

1. General Overview of Budget Process:
  - a. Budget Calendar—was approved at the January 7, 2019 meeting
  - b. Budget Officer's Guidelines (Review proposed FY19-20 guidelines)—come from the Commissioners'. If you offer suggestions today, we will bring them back to you to approve at the February 4, 2019 regular meeting.
  - c. Budget Kickoff (2/6/19) & Instructions to Department Heads  
(See example from FY18-19) (not attached)
    - i. Contracts, printers, capital expenditures, etc.
  - d. Budget Notebook Format/Content—consensus was to use what we used last year
  - e. Proposed Budget Format (Use same 3 or 4 column approach showing requested, recommended, recommended drastic if needed, approved?)—consensus was to use what we used last year.
    - i. Balanced (Projected Revenues + Appropriated FB = Allocated Expenses) or Unbalanced Budget?
2. Current Unassigned GF Fund Balance: (Est. to be verified by FY18 audit)
  - a. (FYE17 \$2.78M +/- \$0.94M = \$3.72M ) (25% of FY19 GF Budget)
  - b. Cautions:
    - i. Current Fund Balance Policy is only 10%; but the County Manager recommends 18%-22%
    - ii. \$8M Airport Project will require Fund Balance to maintain cash flow
    - iii. Fund Balance will be required to offset cash flow slowing if tax discounts are discontinued
      - Commissioner Phelps asked if the County Manager and/or the Finance Officer have a preference of continuing or not continuing the tax discounts. Commissioner Phelps went on to say that there should be a public hearing on this and the Commissioners should hear from the public. Ms. Bennett was asked to have this at the March meeting. The citizens need to come out and voice their opinion on this. Chair Johnson said if the County discontinued it

and then found that we really needed it, the County would be going back and forth with having it/not having it. Commissioner Riddick thinks we should keep it. Commissioner Walker feels the County should keep it because we never know what the fund balance will be. Chair Johnson said the Board will make the determination after the public hearing in March. Commissioner Phelps said he would like Ms. Wilkins to provide a list of who takes advantage of the discount. Commissioner Walker said if the discount program is going smoothly we should keep it.

- iv. Fund Balance may be required to offset any substantial unexpected drop in property values during pending revaluation (which will be in 2021).
- v. Fund Balance may be required to deal with any Washington County Hospital emergency actions.

3. Current FY Discussion:

- a. Refer to most recent Financial Statement reflecting ½ through FY19—you will receive the latest numbers in your Board package later this week
  - i. EMS Revenues—an area of concern from the County Manager

4. General Board FY20 Budget Discussion/Direction: Mr. Potter said the County may make less sales tax money this year off revenues from storage of pipes for a project

- a. Balance savings associated with Fund 21 Transfers being complete against potential lost revenues associated with personal property taxes.
- b. General Projections for Overhead Costs Next Fiscal Year
  - i. Fuel, Utilities, Retirement, Health Ins., Workers Comp,
  - ii. Property/Liability Ins.is up for review. Insurance companies have changed how they rate certain things for discounts.
- c. Tax Discount Continuation?
  - i. (Ins. savings: \$8,625 - \$55,579 cost + cash flow value)
- d. Third Party Agency Funding (MTW Health, Library, VFDs,)
- e. Third Party Discretionary Funding Amount (FY19 was \$5,000)
  - i. (ex. Festivals, Roanoke River Partners, Chamber, Smart Start, etc.)—The Board agree to increase that line item to \$10,000 for the time being
- f. School System Funding—the County gets the School’s request in early May—The County will want to watch any ‘transportation costs’ which was \$120,000 last year to cover the transition of bussing students for the first year—the cost should now be picked up by the State.
- g. Drainage Tax Continuation? (FY 19 Water Shed Improvement Tax (WSIT) .01 cent)
- h. Hospital Pension (est. \$325,000) (Convert to separate Fund—will talk with the auditors about this) (Special Tax?) Mr. Potter said it used to be a separate tax a long time ago and the County may look into that for the future.
- i. EMS

- i. Fund Balance Estimate. (\$471,000 @FYE17 + \$640,000 FYE18 est. – \$210,000 = \$900,000)
- ii. Ambulances—staff would like to propose to go ahead and use Fund Balance to buy ambulances as soon as possible. Mr. Potter has asked for additional information from Ms. O’Neal, EMS Director, and will get it to the Commissioners for the February 4<sup>th</sup> meeting. EMS will need to decide which type of ambulance to buy this time—the smaller vans or the larger box ambulances. If the larger ones are purchased, EMS will possibly use the existing smaller vans for transport.
- iii. Tyrrell County Contract (3/1/19 is the deadline for the 120 days’ notice) expires at the end of this year. It will automatically renew at that time for an additional year. Mr. Potter said he would like permission to put Tyrrell County on notice now that the County needs to renegotiate the contract. Commissioner Phelps was fine with this. Chair Johnson said she is good with it as long as we let Tyrrell County know why we are doing this. Commissioner Sexton asked does the County have good numbers on transport. Mr. Potter said he has not done a current analysis on this.
- iv. Creswell/Plymouth Base(s)
  - v. Shift/System Model Modifications (Consider 24/72?)—look at possibly starting this in the new fiscal year after looking at numbers. Commissioner Phelps said that with the new EMS Director in place, he has heard no complaints and feels that the system is working well as it is.
- j. Water/Solid Waste Fees—Mr. Potter said that the County needs to see where the audit places us. Mr. Potter said he also feels that Roper will ask the County to take over the billing for their trash services
  - i. Evaluate solid waste user fee after FY18 audit to address liability—Commissioner Phelps feels that the solid waste fee should be taken off the tax bill and put on the water bill. Mr. Potter will research if solid waste fees can be taken care of on the water bill and combined with the water bill.
  - ii. Consider contracting with ARSWMA for management/billing—will continue to discuss this with ARSWMA
- k. Administrative
  - i. Assistant County Manager (Project Manager/Economic Develop Manager)—Mr. Potter said he doesn’t care about the title of the position, but would like it added back to the County Manager’s Office.
  - ii. Increase Legal Service Budget—depending on what happens with the hospital we will have to seek legal help with this.

5. Personnel Discussion:

- a. Employee salaries discussion—many pay discrepancies were fixed last year
  - i. Sheriff/EMS/Other departments/positions disparity/equity—Commissioner Phelps said he is still bothered that some employees are not

properly compensated for their years worked. Working 30 years and making \$19,000 is under the poverty level.

- ii. Neighboring county comparisons
- iii. COLA/MERIT/etc. (Last COLA was 2% in June 2015 and in June 2018)

6. Other Items:

- a. Additional revenue sources or ideas
- b. Additional cost saving measures or ideas
  - i. Shift location of EM/Probation—Mr. Potter said there was a possibility of using the Strader building for Emergency Management in the future. Ms. Keyes has said she will be retiring in December of 2019. Mr. Potter said he may come back to the Board for contracting out the Planning part of her position and hire an Emergency Management Director. If EM/Planning & Safety/Inspections were moved to the Strader building and Probation moved to the current EM location, the County would save over \$18,000 (which is the cost for leasing the Probation Office)

Commissioner Phelps asked about putting the Sales Tax Referendum back on the ballot. Maybe look at calling a special election just for that. Chair Johnson is going to talk to the General Assembly to create a bill for creating an Ordinance for the ¼ cent tax.

- c. Tax/Services Increase/Decrease Discussion
- d. Other specific Board Directives to Budget Officer

7. Closed Session

- a. Attorney Client Privilege NCGS 143-318.11(a)(3)

8. Notes:

- a. Chapter 20 (Budgeting for Operating and Capital Expenditures) of the UNC School of Government's County Administration Manual is included for your reference.
- b. An additional UNC SOG Paperback Publication entitled "Local Government Budgeting, a Guide for North Carolina Elected Officials" is available through the Budget Officer or Clerk for reference upon request.  
<https://www.sog.unc.edu/publications/books/local-government-budgeting-guide-north-carolina-elected-officials>

Commissioner Phelps passed out his thoughts on the budget (shown below).

Commissioner Phelps Budget Items:

1. Economic Developer/Asst. County Manager Salary \$50,000.00 - \$70,000.00
  - a. First, we need to agree to add a position
  - b. What does this position do? How will we measure success? (TBD later with Manager)
  - c. Asst County Manager: would look at project management, paperwork, etc. We consolidated to save money and we have done that and now it's time to unconsolidated. We have one less person in building then we did before.
    - i. Airport project
    - ii. Expansion in pea ridge water system
    - iii. Other projects
    - iv. Economic Development
  - d. Duties delegated by the manager, grant writing, talking to legislators, promoting the county, marketing business opportunities, networking, connecting folks, branding the county.
  - e. This will allow us to get more projects done faster, more grants into the county, get us seen more, and improve our overall economic development efforts throughout the county.
  
2. EMS Base at Creswell High School Estimated Cost \$12,000.00 - \$20,000.00  
Cole to talk to Yanisha to negotiate cost.
  - a. We have been looking for the use of a new one.
  - b. This will be much cheaper than building a brand new one.
  - c. Paid out of EMS fund.
  - d. No sewage issues
  - e. Good for EM and regional response
  - f. This will provide a much better facility for our staff.
  
3. Recreation Future Appropriation \$5,000 - \$10,000.00
  - a. Capital reserve budget-special fund; if we get the PARTF Grant. \$5,000 - \$10,000.00
    - i. Planning for the future.
  - b. Pea Ridge Park Investment \$ TBD
    - i. Basketball resurfacing and courts
  - c. Creswell, scuppernong prices
  - d. Total overhaul of our recreation system
  
4. Software for Boards & Committees Estimated Cost \$5,000.00
  - a. Keep and maintain good records
  - b. Transparency to citizens
  - c. Community engagement
  - d. Costs to be recouped through saved staff hours currently required to accurately track and maintain current records.
  
5. Education
  - a. Fund schools at same level
  
6. Hear directly from department heads that we only hold the purse strings for:
  - a. Sheriff's Office (Detention and 911)
  - b. Register of Deed's Office.
  - c. Board of Elections Office.
  - d. Clerk of Court's Office (Magistrate's Office)
  - e. MTW Health Department
  - f. Pettigrew Regional Library
  
9. Fire Departments

Commissioner Sexton said the County needs to see about finding the money for the PARTF grant. Chair Johnson said she will talk with Plymouth Mayor Roth about doing a joint project on this. Chair Johnson also said the County should try to obtain the grant for a lesser amount such as \$100,000 or \$250,000.

Commissioner Sexton said that consolidating the schools should decrease the school's expenses. Where is the savings? Commissioner Phelps asked if Chair Johnson would direct Mr. Potter to ask Ms. Mann to be prepared to answer questions about the savings, etc., ADM funding, what the Board of Education thinks about the charter school in Creswell and what will happen to the school in Creswell when she comes to speak to the Commissioners at the February 4 meeting. Mr. Potter said he would send an email to Ms. Mann with those questions.

Chair Johnson asked Commissioner Walker if he knew if some of the money saved by the schools went back to the State and Commissioner Walker said he believed it did.

Commissioner Sexton said he had someone call him regarding a piece of land beside that person's house and said he would be glad to have recreational activities there in Creswell.

**Commissioner Walker made a motion to go into Closed Session pursuant to NCGS §143-318.11(a)(3) (attorney-client privilege). Commissioner Sexton seconded, motion carried unanimously.**

Back in Open Session at 6:45 PM with no further business to discuss, **Commissioner Sexton made a motion to adjourn . Commissioner Riddick seconded, motion carried unanimously.**

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Tracey A. Johnson  
Chair

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