

May 17, 2021

The Washington County Board of Commissioners met in a recessed meeting on Monday, May 17, 2021 at 6:00 PM by using ZOOM—virtual meeting software (due to the COVID-19 pandemic) for Facebook Live Streaming and in person in the Commissioners’ Room, 116 Adams Street, Plymouth, NC. Commissioners Tracey Johnson, Ann Keyes, Carol Phelps, and Bill Sexton were present. Also present were County Manager/County Attorney Curtis Potter, Clerk to the Board Julie J. Bennett and Finance Officer Missy Dixon. Commissioner Julius Walker, Jr. was unable to attend.

Chair Sexton called the meeting to order.

ADDITIONS/DELETIONS: Chair Sexton said he was asked add Item 2A to the agenda: Resolution 2021-009 proclaiming EMS Week.

CONSENT AGENDA: Commissioner Keyes made a motion to approve the Consent Agenda with the addition of the EMS Resolution:

Items listed under the Consent Agenda are generally of a routine nature. The Board may take action to approve/disapprove all items in a single vote. Any item may be withheld from a general action, to be discussed and voted upon separately at the discretion of the Board.

- a) Budget Amendments & Transfers
- b) Resolution 2021-008 Statement of Consistency
 - i. Flood Damage Ordinance
 - ii. Unsafe Buildings and Structures—Public Nuisance Ordinance
 - iii. Subdivision Ordinance

Commissioner Phelps seconded. Chair Sexton proceeded with the roll call: Commissioner Phelps, yea; Commissioner Johnson, yea; Commissioner Keyes, yea; Commissioner Sexton, yea. Motion carried unanimously.

BOARD OF EQUALIZATION AND REVIEW:

Commissioner Johnson made a motion to re-convene as the Board of Equalization and Review. Commissioner Keyes seconded. Chair Sexton proceeded with the roll call: Commissioner Phelps, yea; Commissioner Johnson, yea; Commissioner Keyes, yea; Commissioner Sexton, yea. Motion carried unanimously. Motion carried unanimously.

Ms. Sherri Wilkins, Tax Administrator, noted there were no appeals as of today.

Commissioner Johnson made a motion to recess the Board of Equalization & Review until June 7, 2021 at 6:00 PM in the Commissioners’ Room and a virtual ZOOM meeting livestreamed on the County’s Facebook page. Commissioner Keyes seconded. Chair Sexton proceeded with the roll call: Commissioner Phelps, yea; Commissioner

Johnson, yea; Commissioner Keyes, yea; Commissioner Sexton, yea. Motion carried unanimously.

WASHINGTON COUNTY RECOMMENDED BUDGET FOR FY22: Mr. Potter read his Budget Message (shown below) to the Board.

COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS

COMMISSIONERS:

WILLIAM "BILL" R. SEXTON, JR., CHAIR
TRACEY A. JOHNSON, VICE-CHAIR
ANN C. KEYES
CAROL V. PHELPS
JULIUS WALKER, JR.



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FY22 BUDGET MESSAGE

TO: Washington County Board of Commissioners

FROM: Curtis S. Potter, Budget Officer

RE: Budget Officer's Recommended Budget for July 1st, 2021 to June 30, 2022
(FY22)

DATE: May 17, 2021

In accordance with the North Carolina Local Government and Budget Fiscal Control Act, as the County Manager and Budget Officer of Washington County, I hereby submit this Budget Message to the Board of County Commissioners of Washington County for its review and consideration together with the recommended budget which identifies revenue and expenditure estimates for the upcoming fiscal year and makes recommendations regarding the allocation of funds based on such estimates and other information gathered from a wide variety of internal and external sources.

Major Key Budget Highlights Include the Following:

1. The currently assessed Ad Valorem Tax rate of \$.845 cents per \$100 of assessed property value is recommended to be reduced by ½ cent (.005) making the recommended rate \$.84 cents per \$100 of assessed property value.

- a. This rate is recommended in order to continue adequately funding county operations, despite a recently conducted revaluation which resulted in an estimated effective revenue neutral tax rate of \$.8280 cents per \$100 of assessed property value. The overall assessed valuation of property within Washington County grew by an average of 4.18% over the past seven years leading up to the revaluation this year as shown within the Neutral Property Tax Increase report provided by the Washington County Tax Assessor which can be found in the “Revenues” section of the recommended budget.
 - b. \$95,997 is the anticipated revenue to be generated from one collected penny under the proposed rate and budget.
2. The currently assessed Special Tax rate of \$.01 cent per \$100 of assessed property value for Watershed Improvement as authorized by voter referendum held on May 6, 1972, and levied in addition to the general ad valorem tax rate, is recommended to be maintained at the same rate for the upcoming fiscal year. Revenues from this special tax are restricted for use exclusively to adequately fund and manage watershed drainage systems and projects throughout Washington County.
3. The General Fund budget for all county operations, capital improvements and debt service requirements totals \$15,195,275 compared to the current FY21 budget of \$15,826,235.
 - a. Note that several grant, donation, and other revenues and expenditures are not included within the proposed budget, but will be added during FY21 by amendment after the verification of their year-end closeout balances for the current fiscal year.
4. \$1,705,000 (About \$.18 cents per \$100 of assessed property value) is allocated from the General Fund to the Washington County School System for operational current expenses. This represents the continuation of the same funding amount for such purpose in the proposed budget compared with the current fiscal year.
 - a. \$400,000 is likewise allocated from the School Capital Outlay Fund 21 to the Washington County School System. This represents the continuation of the same funding amount for such purpose in the proposed budget compared with the current fiscal year.
5. \$410,000 (About \$.0425 cents per \$100 of assessed property value) is allocated to the Washington County Hospital Pension Plan which has been severely underfunded since the Hospital was sold in 2007. The plan has exhausted its external assets and now relies exclusively upon Washington County to pay the obligations of the plan as they are incurred. In FY19 the Board elected for the first time to fund a full annually recommended installment of an actuarial determined 20 year repayment schedule in the amount of \$288,661. The Board once again allocated \$330,000 to pay hospital pension obligations in FY20 and \$350,000 in FY21.

6. \$383,987 (Exactly \$.04 collected cents per \$100 of assessed property value) is allocated to Fire Departments to support the continued provision of fire protection services throughout the county. This represents the continuation of the same funding amount for such purpose in the proposed budget compared with the current fiscal year.
7. \$383,987 (Exactly \$.04 collected cents per \$100 of assessed property value) is allocated to the EMS Department to support the continuation of paramedic level EMS operations. This represents the continuation of the same funding amount for such purpose in the proposed budget compared with the current fiscal year.
8. Capital Outlay:
 - a. Notable General Fund Capital Outlay Items are separately itemized for inclusion in a Capital Improvement Plan which is anticipated to require funding for each approved item in addition to the total recommended budget amount otherwise stated and recommended for the General Fund.
 - b. Capital Improvement Items for most separately maintained funds will be reflected within the Capital Improvement Plan for planning purposes, but the funding of such items is already incorporated within the separate funds as part of the total recommended allocation for the upcoming fiscal year.
 - c. Further discussion and incorporation of these items between the staff and Board of Commissioners to add such costs into the final approved budget will take place during the budget review and finalization process in an effort to create and begin utilizing a capital improvement plan process pursuant to the desires expressed by the Board during recent budget planning retreats.
9. Utility Modifications:
 - a. \$300.00 per household is proposed as the Solid Waste User Fee (SWUF) which represents a \$25 per account increase from the current fiscal year. This fee is used to adequately fund the solid waste proprietary enterprise fund. This fee covers costs associated with both curbside pickup services which are anticipated to increase in costs by (3.61%) and regional landfill tipping fees which are anticipated to increase in costs by (1.4%) in addition to funding the operation of the C&D Landfill.
 - b. As noted in more detail within the Annual Financial Report for the County for the Fiscal Year Ended June 30, 2020 the Landfill Fund is insufficiently funded to withstand ongoing increases in operations and potential future liabilities associated with post landfill closure costs.
 - c. In addition a substantial increase in the amount of actual solid waste hauled from curbsides within Washington County and the entire surrounding region has also been experienced resulting in higher than anticipated tipping fees. This increase in waste is believed to be associated with the indirect impacts of lifestyle changes due to the COVID19 pandemic.

- d. Management also recommends reducing the total amount of solid waste per account that can be tipped each year without charge into the C & D Landfill from 8,000 pounds to 2,000 pounds in an effort to generate more revenues and curb potentially abusive landfill practices to help the Landfill Fund regain financial stability and ideally to generate additional revenues which may indirectly allow the county in future years to also lower the annually assessed SWUF.

Personnel:

- e. No position reclassifications or previously unapproved modifications to individual full time employee salaries, nor any new fully funded full time employee positions, are included in the proposed budget.
 - f. No cost of living adjustment (COLA) is included in the proposed budget. The last countywide COLA was an increase of 2% on June, 16, 2018.
 - g. During FY21, Washington County adopted and implemented a new compensation system based on years of relevant experience in each position. This progressive plan was specifically designed to address serious issues that arose in recent years related to recruiting and retaining qualified applicants to provide quality public services to county citizens.
 - i. The plan results in an ongoing number of salary adjustments countywide from year to year depending upon each employee's time/years of relevant experience which is typically measured each November, and any resulting increases in compensation typically occur with the start of the following December payroll period.
 - ii. All such adjustments have been factored into the proposed budget based on the terms of the plan.
 - iii. Ongoing review and adjustment of the plan is anticipated as several positions remain in need of further review and adjustment as previously discussed, and as the overall plan's impacts on actual county recruitment and retention as well as related financial costs continues to develop and become clearer with time.
10. \$25,000 is requested for contingency purposes to permit the Budget Officer to more efficiently deal with unexpected expenses or emergencies occurring during the year, and to help to prevent delayed services or operational interference that may otherwise result without the availability of such funds. All transfers from contingency are transparently reported to the Board per applicable policy at each board meeting after any such transfers.

Budget Development Process:

The budget development process began this year with the presentation and adoption of the budget calendar in January of 2021 followed by a Budget Planning Retreat held by the Board of Commissioners and County Staff.

A budget kickoff message and budget preparation forms and instructions were made available to all county departments, as well as other groups and agencies that receive regular funding from Washington County on February 3rd, 2021, and departments and other agencies were initially required to submit their proposed budgets for consideration by February 26th, 2021.

Direct and indirect impacts of the COVID-19 worldwide health pandemic continued to render the normal budget creation and development process practically impossible to complete in terms of the ongoing substantial draws on public staff time and resources across virtually every department and agency. This is particularly true in the administrative and finance offices which are continuing to deal with the ongoing administration of Coronavirus Relief Funds and other COVID-19 related expenses and departmental impacts. The practical ability to physically meet and engage in personal physical budget discussions also continued to be limited due to COVID-19 restrictions although to less of a degree than the previous fiscal year. In the Budget Officer's experience, such meetings are vitally important to developing an accurate budget for the coming year particularly in small rural counties with limited administrative support staff or more automated/formalized budget preparation processes.

Despite these challenges, and with the modification of the budget calendar to provide additional time to finish preparing the FY22 budget to the best of our ability under these circumstances the County Manager and Finance Officer met in person at least once with each department head and/or major outside agency representative to review departmental/agency requests and prepare the proposed budget.

Recommended Budget Overview:

The overall budget seeks to meet the needs of county citizens in a manageable and cost effective manner. Any increases in revenues or expenditures within the recommended budget are based on reasonable justifications and are held within individual departments to a manageable level.

1. **General Fund Revenues:** General fund revenues are generated from ad valorem tax collections, sales tax receipts, motor vehicle tax receipts, various fees, fines, grants and limited shared revenue with the State of North Carolina generated by the sale of wine and beer.
 - a. The ad valorem tax collection rate has been determined to be \$95,997 per each one-cent of tax collected.
 - b. The tax rate is based on collecting 95.71% of real and personal property, and 100% of public utility values, and motor vehicle values. This tax rate is based on the actual tax collection rate from the prior year which was a slight decrease from the previous year's collection rate of 95.84%
 - c. According to the Washington County Tax Department, the county's tax base for FY22 is projected to be \$996,003,364 including motor vehicles representing an increase of approximately 1.4% from the \$981,406,796 tax base projected for the current fiscal year.

- d. The FY22 ad valorem tax levy is estimated to be \$7,240,525 which is a slight increase over the prior year budgeted estimate of \$7,158,596. This increase is primarily due to growth measured during the recently conducted revaluation of assessed property. In addition the county continues to benefit from a tremendous financial windfall to our community estimated at just over \$500,000 generated annually by an ongoing delay in the project construction of a major out of county utility pipeline project. This delay has resulted in the majority of the associated pipeline inventory materials estimated to be worth over approximately \$65M and stored temporarily in Washington County remaining assessable for each year they remain stored within the county. Obviously the potential loss of such revenues should be anticipated and managed proactively from a fiscal budgeting standpoint.
 - e. \$15,227,456 is estimated to be the total General Fund revenues for all taxes, programs, and other activities for the upcoming fiscal year. A line item by line item comparison of the projected revenues for the upcoming fiscal year to the current fiscal year's budget as well as to the actual revenues received for each of the preceding two prior fiscal years is included in the "Revenues" tab of the recommended budget book.
 2. **General Fund Expenditures:** General fund expenditures encompass several major areas of Washington County Government including education, public health, human services, law enforcement, debt and general government.
 - a. \$15,227,456 is estimated to be the total General Fund expenses which are broken down in more detail and itemized by department/category in a budgetary comparison spreadsheet provided under the "Budgetary Comparison" tab of the recommended budget book for the upcoming fiscal year.
 3. **Enterprise Fund Revenues, Expenditures, and Operations:** Several major areas of Washington County Government are operated as self-sustaining enterprises or proprietary funds including water, sanitation and emergency medical services although this later fund relies heavily upon transfers from, and is technically a part of the larger General Fund.
 - **Waterworks:** Washington County residents currently pay \$24 per month for the first 2,000 gallons of water consumed and \$13 for each 1,000 gallons thereafter. Generally, revenues from water sales have not kept pace with expenditures. The water rates were raised in FY16 in response to a letter of concern received from the Local Government Commission regarding the sustainability of the fund balance in this proprietary water fund. In FY17 the cost allocations paid from the water system to the general fund were substantially reduced after internal restructuring of some water department staff and due to the concerns about fund balance which appear to have stabilized. In FY18 and FY19 the cost allocations were increased again slightly

based on the most recent cost allocation report available. Since FY18 and continuing through the current fiscal year a substantially lower cost allocation has been allocated from the Water Fund to the General Fund based on the most recent cost allocation reports which typically run one year in arrears for each fiscal year, and are carefully tracked by management to monitor and maintain the separate integrity of the enterprise fund from the general fund, and to ensure that transfers between such funds are only made pursuant to justifiable actual cost allocation reports.

\$1,532,441 in total Waterworks Enterprise Fund revenues and expenses are projected for the upcoming fiscal year compared to the conservatively budgeted current fiscal year budget of \$1,348,807. This difference is largely related to a DOT Utility Relocation Project of \$127,041 and capital outlay requests for 2 replacement vehicles and security fencing. The revenue projected is based on a total of approximately 2,800 customers with an average usage of 3,600 gallons per month. Total charges for water base and consumption charges are estimated to be \$1,365,000.

- **Solid Waste Fund** \$1,447,583 in total Solid Waste Fund revenues and expenditures are projected for the upcoming fiscal year compared to the current fiscal year budget of \$1,360,809. Revenue is derived from household solid waste user fees, town solid waste user fees, regional commercial landfill disposal fees, construction contractors' disposal fees, penalties and interest, white goods and scrap tire disposal fees. The revenues are based upon the assumption that the solid waste user fee will be increased by \$25 per household from \$275 to \$300 per household. This fee has not been increased for at least 4 years.
 - Substantial program modifications are still needed at the landfill department in light of recent audit findings and recommendations regarding the need to modify operations to operate at a profit in this proprietary fund and to build a reserve for potentially substantial costs associated with potential post-closure landfill costs.
 - The C&D Landfill is also almost at capacity due largely due to a much larger than anticipated use of landfill space during FY19 and FY20 related primarily to several NC DOT bridge replacement projects and home demolition. Expansion of the next cell was a major priority for the current fiscal year and is currently under contract to be completed in the next 30-60 days.
 - Although substantial progress was made toward addressing the distressed financial condition of the Solid Waste Fund in more recent fiscal years, due to its ongoing distressed condition, for FY22 no transfers are allocated to the general fund for any allocated costs.
 - Management also recommends reducing the total amount of solid waste per account that can be tipped each year without charge into the C & D Landfill from 8,000 pounds to 2,000 pounds in an effort to generate more revenues and curb potentially abusive landfill practices to help the Landfill Fund regain financial stability and ideally to generate additional revenues which

may indirectly allow the county in future years to also lower the annually assessed SWUF.

- **Washington-Tyrrell Emergency Medical Services (EMS)** Washington County EMS continues to successfully fulfill its emergency medical services mission to the county's citizens. Washington County operates emergent and non-emergent (transport) services to the county's residents. Washington County EMS also operates emergent services through a contractual agreement with Tyrrell County for their citizens.

The primary sources of revenues for emergent and non-emergent services are Medicare, Medicaid, private insurance and private pay patients as well as additional funds from Tyrrell County for operating its EMS program. These revenue sources do not provide enough revenue to fully cover all county EMS operational expenses. For that reason, the county has been compelled during previous fiscal years, as well as the current fiscal year, to make a general fund transfer to the EMS Fund to compensate for expenses not reimbursed by the sources cited above as well as to maintain a fiscally responsible fund balance in this sometimes volatile fund due to unpredictable fluctuations in calls for service. The county is unable to sustain reliance on the county general fund as a revenue source for the EMS program in future years.

Considerable review and evaluation of current EMS operations have been performed over the past several years in an effort to lower expenditures and lessen reliance on county general funds. After implementing a fluctuating workweek schedule for staff to reduce overtime costs, changing billing companies to improve collection rates, and franchising point to point non-emergent medical transport, the EMS system has undergone a noticeable improvement but still requires a regular transfer of general fund revenues although that transfer is now much more predictable and manageable than in previous years due primarily to proactive fund balance management policies and strong departmental administration in recent years.

In FY19 after much discussion and analysis, it was also determined that while the fluctuating work week assisted in temporarily controlling the unpredictable overtime expenses associated with previous shift schedules, that shift model was no longer considered a viable long term solution due to recruitment difficulties, low morale, and high turn-over as well as increased competition from surrounding jurisdictions that do not utilize that particular model.

I am happy to report that while more expensive overall, the estimated additional expenses associated with eliminating the fluctuating workweek continue to prove largely accurate based on performance data. Similar estimates have been used for proposing to continue this staffing model for the upcoming fiscal year but will need to continue to be monitored closely in light of the inclusion of the EMS Department into the new county pay plan and the addition of a Deputy Director position this current fiscal year which remained vacant until just recently.

\$2,265,927 in total EMS and Transport revenues and expenditures for Washington County are projected with \$1,647,100 anticipated to be received from outside revenue sources, \$383,987 to be transferred to EMS from the General Fund representing 4 cents

(\$0.04 cents) of projected collected ad valorem tax revenues together with an appropriated fund balance from the EMS Fund of \$234,840.

Washington County Schools: Washington County Schools submitted their working draft budget to the county on May 4th, 2021. For FY22 WCS requests that funding allocated from the General Fund for School Current Expenses as well as funding allocated from the School Capital Outlay Fund be maintained at the same levels as the current fiscal year in the amounts of \$1,705,000 and \$400,000 respectively due in large part to the enormous number of currently unknown variables related to state and federal revenue sources which have been dramatically impacted due to substantial and ongoing changes in operations for schools nationwide including Washington County as a result of the impacts of COVID-19. Although Washington County Schools anticipates the receipt of a substantial amount of supplemental funding from the American Relief Plan passed this year to address COVID-19 impacts, those funds are anticipated to be subject to numerous restrictions. Further analysis of the actual funding received and its permitted uses will be required during the upcoming fiscal year to determine the actual impact of such funds on the Washington County Schools budget as well as indirectly on Washington County's own allocations to the Washington County School System.

Plymouth Municipal Airport: Operational revenues and expenditures are estimated in the proposed budget at \$181,966 compared to the currently budgeted \$189,257 for the current fiscal year. This includes a transfer of one collected penny or \$95.997 from the General Fund ad valorem tax revenues to the Airport to sustain its operations. Revenues are generated from airplane fuel sales and airplane hangar rentals. Washington County continues to receive \$150,000 annually in NPE Grant Funds and in more recent years the NC DOT DOA has waived the 10% County Match required to utilize NPE grant funding on certain safety sensitive projects has been waived again. Washington County also was the recipient of a major state and federal grant awarded to construct a parallel taxiway at the airport which is now completed. An additional grant for further COVID-19 related relief under the American Rescue Plan passed this year to address COVID-19 impacts is also projected for the upcoming fiscal year and included in the proposed budget.

E911 Fund: For FY22 total revenues and expenditures are estimated to be \$193,399 compared to the current budgeted allocation of \$389,484 in the current fiscal year. This difference is attributable to the anticipated completion of the majority of the upgrade work for the primary PSAP prior the upcoming fiscal year although some final and additional items are included in the proposed allocation to complete the full upgrade. The overall fund balance and annual performance of this fund will need to be monitored and managed closely in the coming years as the program and associated reimbursement rules and amounts constantly change leaving uncertainty about reliable revenue streams.

TTA: The TTA's total revenues and expenses for FY22 are estimated to be \$161,682 compared to the current budget of \$171,601 allocated in the current fiscal year. Fortunately COVID-19 did not impact overall occupancy tax revenues as originally anticipated. Due to a relatively small fund balance historically, and the inconsistency of occupancy driven revenues, this fund balance and annual operations should also be carefully monitored to ensure that a negative fund balance is not inadvertently created particularly during periods of economic decline. Beginning in FY18 the TTA's largest single activity, the NC Black Bear Festival, branched out to form its own non-profit corporation with financial autonomy which has considerably reduced the amount of

administrative work associated with that event by county staff and has also made TTA budgeting overall much more stable and predictable.

Summary: This recommended budget attempts to manage expenses and utilize revenues in order to meet all current mandated funding requirements and ongoing needs. The NC General Assembly may pass along other costs or change revenues that may alter the budget once it's adopted. The county will need to monitor and evaluate the effects of any legislative changes on the budget during the fiscal year.

As the Budget Officer, I determined that recommending a slight reduction in the existing tax rate in light of the recent revaluation was equitable while balanced against the need to continue to adequately fund the various operational requirements of continuing to provide the same level of county services and meet our ongoing and additional financial obligations in a fiscally responsible way.

In FY18 through FY21 substantially higher than usual ad valorem tax revenues will be generated from the storage of pipeline inventory associated with an out of county project until it is moved out of county. It is important to not overly rely upon the continuation of these recent financial windfalls when assessing and predicting the long term fiscal performance and condition of the county.

Obviously we have been caught in a somewhat reactionary role with respect to dealing with COVID-19 at the end of FY20, and I anticipate that COVID-19 Recovery will be one of if not the key primary focus of most local governments including Washington County.

One major impact of COVID-19 on county finances was the CRF funding provided to local governments in the current fiscal year which will not continue for future fiscal years. However, considerable additional revenues are anticipated to be made available to local governments including Washington County for FY22 from the recently passed American Relief Plan. As with CRF funds, these ARP funds are likely to be restricted in a variety of challenging ways, and while administering the use of these funds has and will continue to create a substantial drain on existing personnel resources within the administrative and financial offices, we look forward to taking on this challenge for the coming fiscal year. Due to the still relatively unknown impact of these funds, they have not been included within the recommended budget at this time, and will be addressed later this year and likely added through a budget amendment once additional and definitive guidance is provided.

It should serve as some comfort that over the past few years, Washington County has done an admirable job of building its available unassigned Fund Balance to an amount more in line with Management's recommendations, and which as of the FY20 Audit, appear to provide us with a solid footing on which to think about how to best meet the challenges ahead of us. The use of a Capital Improvement Plan for the upcoming fiscal year budget is well suited to begin utilizing this fund balance in a responsible and proactive way.

Incorporated into the budget spreadsheets for your ease of reference this year are additional columns reflecting the actual expenditures in each line item for the prior three fiscal years in addition to the current fiscal year budget, and year to date (YTD) activity based on actual revenues and expenditures through April 15, 2021 or approximately 65%-75% of this fiscal year.

A public hearing regarding the budget is scheduled for June 7th, 2021 in the County Commissioner's Room at 116 Adams Street, Plymouth NC 27962. Due to COVID-19 certain restrictions or limitations upon physically attending the meeting for its duration may be in place. Please contact the Clerk to the Board at the information in the letterhead of this Budget Message for more information about how to attend or be heard at this hearing. Final adoption of the FY21 budget is anticipated to occur sometime during the month of June, 2022.

Thank you for your time and consideration of this recommended budget. I look forward to continuing to work with this Board and the staff through its deliberation and eventual adoption.

Respectfully Yours,

Curtis S. Potter, County Manager

Chair Sexton thanked Mr. Potter for the Budget Message. Chair Sexton said the Commissioners usually set up budget work sessions for the Board to go over the budget. The consensus of the Board was to have a work session at a recessed meeting on Monday night, May 24 at 5:00 PM.

Mr. Potter said the County has one of the healthiest fund balances it's had in a while and that's why he is not recommending a tax increase this year.

BOARDS & COMMITTEES:

Northeastern Workforce Development Board (NWDB)

At the last meeting, Commissioner Johnson said the Commissioners need to identify a new appointee to replace Diane White (Business Representative—Washington County) who is resigning from the NWDB. Commissioner Johnson had requested the Commissioners to bring names of possible appointees to tonight's meeting.

The chair asked Ms. Bennett to see if she can reach out to someone else at Domtar to replace her, or from some other business in the County (and they must live in the County) and bring back names to the next meeting.

OTHER ITEMS BY CHAIR, COMMISSIONERS, COUNTY MANAGER/ COUNTY MANAGER OR CLERK

Commissioner Phelps said someone talked to him about drainage in Creswell. He said he is trying to get a group together through Tyrrell County. Domtar is a big player in it and also CAMA. Discussion ensued. Commissioner Keyes mentioned she knew of a company that could come in and work on these issues. Chair Sexton asked Commissioner Phelps if they want Commissioners in this group. Commissioner Phelps said yes, two from Washington County and two from Tyrrell County. Chair Sexton said he would like to be on it and Commissioner Phelps said he would like to also. Commissioner Keyes said that Mr. Steve Barnes might be interested, along with Mr. Guy Davenport. Commissioner Phelps will relay that info.

Commissioner Johnson mentioned that next week is the NCACC's National Advocacy Week (May 24 – 27, 2021). This replaces the County Assembly Day this year but the NCACC still wants County leaders to call individual legislators about advocacy issues. Mr. Potter said there is a bill pending regarding local option sales tax. He will get that information to the Board.

Commissioner Keyes said she has been working on creating the Human Relations Committee to help our community.

Commissioner Keyes made a motion to go into Closed Session pursuant to NCGS§143-318.11(a)(3)--attorney-client privilege and NCGS 143-318.11(a)(6) to discuss personnel. Commissioner Phelps seconded. Chair Sexton proceeded with the roll call: Commissioner Phelps, yea; Commissioner Johnson, yea; Commissioner Keyes, yea; Commissioner Sexton, yea. Motion carried unanimously.

Back in Open Session, at 7:50 PM, **Commissioner Keyes made a motion to authorize the County Attorney to settle the pending hospital bankruptcy litigation. Commissioner Phelps seconded. Chair Sexton proceeded with the roll call: Commissioner Phelps, yea; Commissioner Johnson, yea; Commissioner Keyes, yea; Commissioner Sexton, yea. Motion carried unanimously.**

With no further business to discuss, **Commissioner Johnson made a motion to recess for a budget work session to Monday, May 24 at 5:00 PM in the Commissioners' Room and on ZOOM to livestream on Washington County's Facebook page. Commissioner Keyes seconded. Chair Sexton proceeded with the roll call: Commissioner Phelps, yea; Commissioner Johnson, yea; Commissioner Keyes, yea; Commissioner Sexton, yea. Motion carried unanimously.**

William R. "Bill" Sexton
Chair

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