

May 18, 2020

The Washington County Board of Commissioners met in recessed meeting on Monday, May 18, 2020 at 6:00 PM by using ZOOM—virtual meeting software (due to the COVID-19 pandemic). Commissioners Johnson, Phelps, Sexton and Walker were present by phone/computer. Also present were County Manager/County Attorney Curtis Potter, Clerk to the Board Julie J. Bennett and Finance Officer Missy Dixon by phone/computer. Commissioner Riddick was not on the call/video at this time.

Chair Phelps called the meeting to order. Chair Phelps mentioned that the public may be on this call and you may hear them come and go but that's normal during a ZOOM meeting.

CONSENT AGENDA: Commissioner Walker made a motion to approve the Consent Agenda:

Items listed under Consent 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 Transfers and Amendments

Commissioner Johnson asked about BT#2020-123. She wanted to know about the ZOOM dues/subscriptions. Ms. Bennett explained that we may have a monthly subscription to ZOOM for these virtual meetings. We can stop at any time.

(Commissioner Riddick joined the call at this time.)

Commissioner Riddick seconded. The Clerk took a roll call vote: Commissioner Johnson AYE, Commissioner Phelps AYE, Commissioner Sexton AYE, Commissioner Riddick, AYE, and Commissioner Walker AYE. Motion carried unanimously.

BOARD OF EQUALIZATION AND REVIEW: Commissioner Riddick made a motion to re-convene as the Board of Equalization and Review. Commissioner Johnson seconded. 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 1, 2020 at 6:00 PM in a virtual meeting by ZOOM. Commissioner Walker seconded. Motion passed unanimously.

BOARD OF ADJUSTMENTS: Mr. Potter spoke to the Board and said that two alternates need to be chosen for the Board of Adjustments (just in case a Commissioner is unable to attend a meeting). Commissioner Johnson asked if the alternates have to be Commissioners. Mr. Potter said no. He said he would like the Commissioners to bring back two names at the June 1, 2020 meeting.

PRESENTATION OF THE WASHINGTON COUNTY FY2020-FY2021 BUDGET
RECOMMENDATION: Mr. Curtis Potter spoke to the Board and gave his budget message.

**COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS**

COMMISSIONERS:
D. COLE PHELPS, CHAIR
JENNIFER C. RIDDICK, VICE-CHAIR
TRACEY A. JOHNSON
WILLIAM "BILL" R. SEXTON, JR.
JULIUS WALKER, JR.



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FY21 BUDGET MESSAGE

TO: Washington County Board of Commissioners
FROM: Curtis S. Potter, Budget Officer
RE: Budget Officer's Recommended Budget for July 1st, 2020 to June 30, 2021 (FY21)
DATE: May 18th, 2020

In accordance with North Carolina General Statutes, I respectfully submit for your review and consideration the recommended FY21 budget for Washington County, prepared in accordance with the North Carolina Local Government and Budget Fiscal Control Act.

The budget identifies revenue and expenditure estimates for the fiscal year beginning July 1, 2020 and ending June 30, 2021 (FY21).

The general fund budget totals \$15,195,275 for all county operations, capital improvements and debt service requirements. This represents a decrease of \$876,000 from the current year budget of \$16,072,077. It should be noted several grant, donation, and other revenues and expenditures are not included within the proposed FY21 budget, but will be added during FY21 by amendment after the verification of their year-end closeout balances for the current fiscal year.

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 maintained at the same rate to adequately fund county operations.
2. The currently assessed Special Tax of \$.01 cent per \$100 of assessed property value for Watershed Improvement authorized by voter referendum held on May 6, 1972, which is to be levied in addition to the general ad valorem tax rate, is maintained at the same rate, and is to

be used exclusively to adequately fund and manage the watershed drainage systems and projects throughout Washington County.

3. \$94,317 is the anticipated revenue to be generated from one collected penny under the proposed budget.
4. Based on current guidance from the NCACC and other County Budget Officers, an estimated 25% reduction in the amount of General Fund & Fund 21 Sales Tax Revenues caused by the unprecedented economic impact of COVID-19 which began in the second half of the current FY20 and is expected to continue for some time into at least the first half of FY21 has been applied when budgeting for affected sales tax revenue lines.
 - a. (\$482,291) is anticipated to be lost in General Fund Sales Taxes
 - b. (\$134,970) is anticipated to be lost in Fund 21
 - c. (\$41,000) is anticipated to be lost in Occupancy Tax based on a 30% Reduction
 - d. \$438,410 in new COVID19-CARES ACT Relief Funding which the County expects to receive before the start of FY21, and which must be spent before 12/31/20 pursuant to and in strict compliance with numerous state and federal regulations. Currently these funds cannot be used to offset lost revenues or reimburse most personnel expenses.
5. \$1,705,000 (About \$.18 cents per \$100 of assessed property value) is allocated to the Washington County School System for operations representing a decrease of \$100,000.
 - a. An additional \$400,000 is allocated to the Washington County School System for Capital Outlay from Fund 21.
6. \$377,268 (Exactly \$.04 cents per \$100 of assessed property value) is allocated to Fire Departments to support the continued provision fire protection services throughout the county.
7. \$282,951 (Exactly \$.03 cents per \$100 of assessed property value) is allocated to the EMS Department to support the continuation of paramedic level EMS operations.
8. \$320,000 (About \$.029 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.

9. Other Notable General Fund Capital Outlay Items Include:
 - a. \$160,000 to Purchase 2 new DOT Riverlight Transit Vans (90% Reimbursable)
 - b. \$42,000 to Purchase a new replacement Emergency Management Vehicle. (1/2 of this purchase is grant funded)
 - c. \$39,000 to Purchase a new replacement Planning & Inspections Vehicle
 - d. \$23,376 For 1st year leasing 3 replacement Sheriff's Vehicles under an Enterprise Leased Vehicle Fleet Management Program.
 - i. \$13,500 For Associated Upfit
 - e. \$22,500 For Detention Center Maintenance
 - f. \$20,000 For Maintenance on Public Facilities
 - g. \$19,000 For Local Share of Forestry Truck
 - h. \$9,400 to replace all six aging PCs in the Tax Administration Office
 - i. \$9,000 to purchase 2 New PCs and 2 Scanners for the Register of Deeds
10. Other Notable Capital Outlay Items within other Funds Include:
 - a. \$60,000 for Landfill Phase Expansion
 - b. \$30,000 for Utility Vehicle
 - c. \$30,000 for Utility Fencing
 - d. \$15,000 for Airport Ditch Mower
 - e. \$60,000 for New Primary EMS QRV
 - f. \$24,180 for EMS Equipment
11. \$275.00 per household is the budgeted Solid Waste User Fee (SWUF) which remains unchanged from the prior year, and is used to adequately fund the solid waste proprietary enterprise fund. This fee covers costs associated with both curbside pickup (3.5% increase) and regional landfill tipping fees (2.49% CPI increase) in addition to the C&D Landfill.
12. Personnel:
 - a. No cost of living adjustment (COLA) is included in the budget. The last countywide COLA was an increase of 2% on June, 16, 2018.
 - b. No modifications to individual full time employee salaries or new full time employee positions are included in the budget, except for a limited reclassification of six (6) positions within DSS based on state guidelines and recent performance measures. This proposal also includes the refunding of a previous position that was unfunded two years ago.
13. A modest contingency of at least \$4,795 is allocated 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.

Budget Development Process:

The budget development process began this year with the presentation and adoption of the budget calendar on January 6th, 2020 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, groups and agencies that receive funding from Washington County on February 5th, 2020, and departments and other agencies were initially required to submit their proposed budgets for consideration by February 28th, 2020.

Despite completing our FY19 audit and engaging in just a handful of scheduled physical budget meetings with department heads in the first week of March, the normal budget development process became substantially delayed beginning that same week due to the quickly increasing impacts of COVID-19, and the Declarations of States of Emergency and Executive Orders that began to be issued.

Those impacts rendered the normal budget creation and development process practically impossible to complete in terms of the substantial draws on public staff time and resources across virtually every department and agency, as well as the additional practical limitations imposed on our ability to physically meet and engage in personal physical budget discussions which in my experience, particularly in small rural county's with limited administrative support for more formalized budget preparation methods, is vitally important to developing an accurate budget for the coming year.

Despite these challenges, the budget calendar was modified to provide additional time to finish preparing the FY21 budget to the best of our ability under the circumstances. The County Manager and Finance Officer met or at least communicated to the best of our ability with department heads and outside agency contacts to review departmental budget requests and prepare the budget presented.

Unfortunately because of this delay and the practical effects it and other COVID-19 impacts created on the overall budget process, many of the originally intended and discussed ideas, projects, and goals for the Budget Officer to try to incorporate into the FY21 were not possible to achieve, particularly once the impact on sales tax revenues became more fully understood. The budget ultimately presented is therefore a much leaner and more utilitarian document than originally envisioned back in January and strives to maintain all county operations at a sustainable and realistic rate of funding for the coming year while also exercising fiscal responsibility to incorporate the currently potential lost revenue impacts of COVID-19 according to current guidance.

An additional and unfortunate challenge for measuring these actual impacts is raised by the fact that sales tax revenues are received three months in arrears meaning there is a substantial lag in vitally important information about actual revenue collection.

Recommended Budget Overview:

The 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.

According to the Washington County Tax Department, the county's tax base for FY21 is projected to be \$981,406,796 including motor vehicles representing a slight increase from the \$976,013,286 tax base of the prior fiscal year.

The ad valorem tax collection rate has been determined to be \$94,317 per each one-cent of tax collected. The tax rate is based on collecting 95.39% of real and personal property and 100% of public utility values, and motor vehicle values.

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. Total general fund revenues for the FY20 general fund budget are projected to be \$15,195,275.

The FY21 ad valorem tax levy is estimated to be \$7,158,596 which is a slight increase over the prior year budgeted estimate of \$7,111,398. This increase is primarily due to listing errors discovered by the Tax Administrator related to pipeline inventory materials associated with an out of county construction project which are being stored in Washington County temporarily. The ongoing project construction delays which have resulted in the majority of these inventory materials remaining in Washington County multiple fiscal years has resulted in a tremendous windfall to our community.

For FY21

- Total prior years' tax collections are estimated to be \$360,000 compared to \$305,000 for FY20.
- Prior year tax interest is estimated to be \$67,000 compared to \$60,000 for FY20.
- Interest earned on investments is projected to fall substantially to \$35,000 compared to \$120,000 for FY20 due to Covid-19 and validated by the most recent month's collection.
- Total unrestricted sales tax revenues from all sources of sales tax are projected to be \$1,242,000 compared to \$1,606,000 for FY20 representing a \$364,000 decrease.
 - Sales tax revenues restricted to school capital outlay of \$409,000 are projected compared to \$515,000 for FY20, representing a \$106,000 decline.
 - Sales tax revenues restricted to certain economic development or educational use of \$219,488 are projected compared to \$292,644 for FY20 representing a \$73,156 decrease.
 - Caution should be taken regarding the potential for sales taxes to fall unexpectedly during any future economic decline. COVID-19 is a prime example of such an occurrence.

Other Notable General Fund Revenue Estimates Include:

- Department of Social Services revenues are estimated at \$2,975,602
- Building Permit Fees are projected at \$45,000
- Register of Deeds Fees are estimated at \$60,000
- Jail Fees and Jail Housing Fees are estimated at \$82,000

- ICPC Funds are estimated at \$88,940
- School SRO Reimbursement is estimated at \$169,100 (county pays ½ of Creswell SRO position)
- Cost Allocation-Waterworks is estimated to be \$120,000
- Fund Balance Appropriation is estimated at \$756,065
- COVID-19 Cares Act Funds is estimated at \$438,410

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. Total general fund expenditures for the recommended FY21 budget are estimated at \$15,195,275.

General fund expenditures are broken down in more detail and shown by department/category within the "Fiscal Year 2021 Budgetary Comparison" spreadsheet attached to this document and incorporated herein by reference. A brief note about potential reasons for major differences is included in the right hand column of this document.

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 slightly again based on the most recent cost allocation report available. Similarly for FY20 a substantially lower cost allocation has been allocated based on the most recent cost allocation report for FY19, and prior allocation histories between the Water Fund and General Fund which 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 cost allocation studies.

Waterworks Enterprise Fund revenues and expenses are conservatively projected to be \$1,337,000 compared to \$1,537,548 for FY20. This difference is almost entirely related to a grant that is no longer budgeted for in FY21. 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 \$1,305,000.

- **Solid Waste Fund** revenues and expenditures are projected to be \$1,385,625 compared to \$1,355,625 for FY20. 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 remain unchanged from FY19 when it was set at \$275 per household.

- Substantial program modifications are still needed at the landfill department in light of the FY17 audit findings and recommendations regarding the need to modify operations to operate at a profit in this fund, and to build a reserve for potentially substantial costs associated with the closure of the current landfill cell.
 - 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 is a major priority for FY21.
 - 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 FY21 no transfers are allocated to the general fund for any allocated costs.
- **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 use county general funds to compensate for expenses not reimbursed by the sources cited above. 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.

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 have proven largely accurate based on performance data, and similar estimates have been used for continuing the current staffing model in FY21.

Total EMS and Transport revenues and expenditures for Washington County are projected to be \$1,961,422 offset by revenues from Medicare, Medicaid, private insurance and self-pay and a transfer from the general fund of \$282,951 (\$0.03 cents).

Washington County Schools: Washington County Schools submitted their working draft budget to the county on May 7th, 2020 and confirmed their request last week. For FY15 through FY18 the school system was allotted current expense funds of \$1,603,000 which include approximately \$78,000 for teacher supplements. In FY19 that amount was increased by \$120,000 to cover the one-time additional transportation expense associated with transporting consolidated students during the first year, and the costs for that program have been picked up for FY20 and beyond by the NC Department of Education as anticipated. In FY20 the school system requested a continuation of the allocation of that same \$120,000 to help cover additional transportation costs associated with the first year of a new early college/Beaufort County Community College transportation program. After its first year, like the consolidation transportation expenses, these costs will also be picked up by the NC Department of Education and the school system indicated it had no plans to continue requesting the allocation of this same \$120,000 in future fiscal years after FY20.

In FY20 the school system also requested an additional \$145,697.45 bringing the total current expense request from \$1,723,000 in FY19 to \$1,868,698 for FY20 to help pick up uncovered expenses and/or lost revenues anticipated to result from the loss of ADM enrollment as a result of the opening of the Charter School in Creswell, NC and also to help cover certain other additional items more particularly described within their budget request, but including approximately \$24,000 in additional Board member stipends, approximately \$31,200 in increased teacher supplement payments, and \$102,731.47 for the implementation of a dual language program. This amount was eventually reduced to \$1,805,006 after further discussion between both boards.

For FY21 due to COVID-19 impacts and the departure of Superintendent Mann early this spring, little direct communication has occurred between WCS and the County with regard to funding needs and priorities in light of all of the related circumstances. Due to the overall anticipated impacts of COVID-19 on FY21 county revenues, along with the associated impact on county fund balance, which is likely to be amplified once the pipeline inventory stored and taxed here is eventually moved and used which could happen as early as next year, and also due to the previously communicated intent to seek the additional \$120,000 in funding as a temporary measure, I am recommending a reduced allocation of \$1,705,000 representing \$100,000 less than the \$1,805,006 allocated last year, and requested again this year. It is my belief that with careful planning and stewardship, this allocation will be sufficient to enable the school system to accomplish its higher funding priorities for FY21 although I fully realize that at the current junction with regard to future additional COVID-19 impacts this certainty may not be

shared by all. I also believe this can be done without sacrificing the quality of educational services provided to the students of Washington County.

For FY21 Capital Outlay, the school system has requested and I am recommending the allocation of \$400,000 which has historically been the amount allocated to address long standing facilities issues at multiple locations as outlined within their written request. It should be noted that Fund 21 revenues are also potentially substantially impacted by COVID-19 and should be monitored closely to prevent an unexpected request in future years that cannot be paid from the fund balance of that fund if it is depleted.

Plymouth Municipal Airport: Operations revenues and expenditures are estimated at \$169,257 compared to \$199,099 for FY20. This decrease includes a General Fund Transfer of one collected penny or \$94,317 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 is also the recipient of a major state and federal grant awarded to construct a parallel taxiway at the airport which is expected to be completed by the end of FY20. An additional grant for COVID-19 related relief has been extended in the amount of \$153,000 and is being budgeted for use in FY21. The revenues and expenditures for this grant are not included in the budget, but will be added after the beginning of FY21 once FY20 grant revenues and expenditures are finalized and closed out to prevent over-budgeting of this project. This project is anticipated to help increase traffic and fuel sales at the airport and drive increased revenues.

E911 Fund: For FY21 total revenues and expenditures are estimated to be \$316,984 compared to \$269,049 for FY20 which is attributable to allocating more funds for capital outlay to upgrade the primary 911 center in the near future due to outdated equipment. In FY21, staff will continue to evaluate alternative, more cost effective options to building a full on-site physical backup PSAP center and to attempt to offset the financial burden of this unfunded mandate. 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 FY21 are estimated to be \$115,000 compared to \$160,353 allocated for FY20 which is a substantial decrease associated with anticipated losses in occupancy taxes related to COVID-19 during FY21. 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 continuance of the existing tax rate was necessary 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, FY19, and now again for FY20 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 for the weeks and months to come.

Hopefully within a few short months we may be able to see that the impacts are not as substantial as originally anticipated, and could hopefully be in a position based on data at that time, to revise and amend the budget in order to incorporate and pursue some of the original FY21 goals. It is also possible that additional relief funding may become available to offset those lost revenues to the same effect.

In either of those events, it would be my suggestion to prioritize and continue pursuing the previously discussed and urgent need to begin to comprehensively review and revise our pay plan in order to combat the growing amount of turnover that is taking place throughout multiple departments within our organization. This issue, which I have raised in both of my last two Budget Messages, has been expressed by numerous department heads during the limited budget discussions we were able to conduct earlier this year. I am happy to report that my office has initiated this work by obtaining the necessary data from surrounding counties and is in the process of continuing to develop and pursue this long awaited goal. During my review of the current fiscal year 10 month performance figures which are included in the shaded column on each budget sheet and dated 4/30/20, I noted numerous patterns which underscored the financial impacts that our inability to recruit and retain quality staff due to salary structure is having in addition to whatever operational challenges it creates.

In the alternative event that our anticipated COVID-19 revenue impacts are worse than anticipated, I am confident based on my review of our prior year audit, current year performance, and range of anticipated possible impacts, that the budget presented will provide a solid vessel to weather that storm and provide us with ample opportunity to make careful, thoughtful decisions about how and when to make adjustments as deemed necessary depending on the circumstances.

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 FY19 Audit, appear to provide us with a solid footing on which to think about how to best meet the challenges ahead of us. Whatever they are I look forward to

continuing to work with you to do so for the ultimate benefit of the citizens we serve and for our county employees who are the most valuable tool and asset we have to accomplish that goal.

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 30, 2020 or approximately 83% of this fiscal year.

A public hearing regarding the budget is scheduled for June 1st, 2020 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, 2020.

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 Phelps thanked Mr. Potter for all his hard work in getting the budget put together.

Commissioner Johnson said she will wait until she gets the big book and goes through it and then she'll come back with questions. She thanked the County Manager's Office for all the work they did on the budget.

Commissioner Sexton asked if the fund balance that was allotted for the budget still leave the County where the LGC says it needs to be. Mr. Potter said right now it does; however, if the County comes up short on operating funds, it will be taken out of the fund balance. Mr. Potter said he feels confident the County will be ok. Mr. Potter also said that the County won't know the sales tax figures until after July; however, he has calculated that the County fund balance should be around 24%.

Chair Phelps said Mr. Potter spent a lot of time talking about the lack of salary increases. Chair Phelps asked Mr. Potter if he can talk through his rationale of why he decided not to go through with submitting the increases. Mr. Potter said honestly he didn't have time to pursue it during this budget due to COVID-19. COVID-19 has been a constant barrage of information to absorb and disseminate. Mr. Potter said that he couldn't have fully assessed the requested increases due to possible COVID-19 expenses. Also, he said he didn't feel it was time to take a tax increase to the public.

Chair Phelps asked why didn't the Sheriff request vehicles this year? Was it so he can give raises to his staff? Mr. Potter said the Sheriff is going to lease 3 vehicles this year. This will be new to the County. There is a breakdown in the back of the budget message regarding maintenance needed for our vehicles. Mr. Potter said he tried working on a Capital Outlay Plan, but didn't have time to adequately produce one.

Chair Phelps spoke about the additional money requested by the school system. Is it just \$400,000....not \$800,000? Mr. Potter said yes it's just the \$400,000. Mr. Potter said he felt that the County wouldn't be unjustified in finding \$100,000 for them.

Commissioner Sexton said Mr. Potter mentioned \$435,000 from the CARES Act, but asked if the County has to split it with the towns. Mr. Potter said he's been told it's at the County's discretion as to how that funding is spent. There are guidelines for spending it and the Budget Officer and Finance Officer can be held liable for the expenses it's used on. Commissioner Sexton asked if the County has expenses to spend that money on. Mr. Potter said he is checking into that. He also said he did send info to the Towns on this funding. Mr. Potter said the money cannot be used for time of staff. Even though some of the County's staff asked for "hazard pay" the County could not use it for that purpose, not even for the County's paramedics.

Chair Phelps asked when the budget books would be delivered. Mr. Potter asked the Commissioners to coordinate this with the Clerk. Commissioner Walker and Commissioner Riddick said they would pick up their books. Commissioner Walker said he would pick his up in the morning.

Commissioner Walker and Commissioner Riddick said they didn't think they'd be ready to approve the budget on June 1. The Board said they would like to meet between now and the June 1 meeting. Mr. Potter said he appreciated the Board's patience. He also said he would be glad to meet with two of the Commissioners at a time, if necessary.

Commissioner Johnson made a motion to have a public hearing on the recommended budget on June 1, 2020 @ 6:00 PM by ZOOM (virtual meeting) and in the Commissioner's Room. Commissioner Sexton seconded. The Clerk took a roll call vote: Commissioner Johnson--AYE, Commissioner Phelps--AYE, Commissioner Riddick--AYE, Commissioner Sexton--AYE, Commissioner Walker--AYE. Motion carried unanimously.

COVID-19 and the CARES ACT BUDGET: Mr. Curtis Potter, County Manager/County Attorney, Mr. Wes Gray, MTW Health Department Director, and Mr. Lance Swindell, Emergency Management Coordinator gave the Board the latest information on COVID-19.

Mr. Potter said he is continuing with the weekly conference calls. The next thing the County needs to work on is the list to see what the County is eligible to get reimbursed for; however, he needs the Board's input. Mr. Potter suggested hiring a COVID-19 coordinator for the next 6 months.

Commissioner Johnson said she has already talked to Mr. Potter to try and use some of those funds to help with Washington County's lack of broadband but understands that will not work. She is trying to think of something else. She mentioned maybe something with the Foodbank or Meals on Wheels.

Chair Phelps said that he and Mr. Potter talked and decided to have the June 1, 2020 Commissioners' meeting face to face, on ZOOM and streaming on the County's Facebook page. Each Commissioner will wear a mask and be spread out. Only 10 people will be allowed in the Commissioners' Room. The County will control access to the building and only allow one person in at a time to speak to the Commissioners. The sidewalk out front will need to be marked 6 ft. apart. The Clerk will have masks for the public also. The Clerk will also have the meeting

available to the public by using Facebook streaming on the County's page. Those who are used to attending the Commissioners' meetings will find this quite different. Citizens will have to sign up in advance through the County Manager's Office and there will be a notice in the Roanoke Beacon as to how this will work.

Chair Phelps thanked the public for tuning in tonight either by ZOOM or on Facebook.

Commissioner Sexton made a motion to adjourn the meeting. Commissioner Riddick seconded. The Clerk took a roll call vote: Commissioner Johnson--AYE, Commissioner Phelps--AYE, Commissioner Riddick--AYE, Commissioner Sexton--AYE, Commissioner Walker--AYE. Motion carried unanimously.

D. Cole Phelps
Chair

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