

May 16, 2018

The Martin County Board of Commissioners met in a Special Called Session on Wednesday, May 16, 2018, 7:00 p.m. in the Board Room of the Martin County Governmental Center, 305 East Main Street, Williamston, North Carolina.

ASSEMBLY

Chairman Elmo “Butch” Lilley, Vice Chairman Tommy Bowen, Commissioner Ronnie Smith, Commissioner Dempsey Bond, Jr., Commissioner Joe R. Ayers, County Manager David Bone, Clerk to the Board Marion B. Thompson, and Finance Officer / Deputy Clerk Cindy Ange.

County Attorney J. Melvin Bowen was not in attendance.

Chairman Lilley called the meeting to order around 7:00 p.m. The Pledge of Allegiance was led by Commissioner Bond. The invocation was provided by Vice Chairman Bowen.

Chairman Lilley welcomed all to the meeting and acknowledged Martin County Sheriff Tim Manning. Town of Bear Grass Mayor Charlotte Griffin arrived later during the meeting.

AGENDA APPROVAL

Vice Chairman Bowen made a MOTION to approve the agenda, with a SECOND by Commissioner Bond. The motion was unanimously APPROVED.

FY 2018-19 BUDGET WORK SESSION

County Manager David Bone presented the draft 2018-19 budget highlights at the May 9, 2018 Board of Commissioners’ meeting. Having received the documentation the night of the meeting, the Board consensually agreed to review the draft budget over the next week and to schedule a Special Called Meeting for May 16, 2018 for a budget work session.

Listed below is an overview of the draft FY 2018-19 Budget:

FY 2018-19 DRAFT BUDGET SNAPSHOT

- **TAX RATE:** The budget is based on maintaining the tax rate of \$0.79 per \$100 valuation, plus the applicable fire district tax.
- **TAX VALUATION:** The total tax value increased slightly from \$1.7398 billion to \$1.7578 billion.
- **WATER RATE:** An \$8 increase in the current base rate of \$42 was recommended by the Water District Advisory Board.
- **RAISES:** The budget includes approximately \$100,000 for employee merit rate increases (up to 2% merit raise, to be granted after employee performance review, eligible on employee’s anniversary date). There is no cost-of-living adjustment in the draft budget.

- **USE OF SAVINGS:** In 2017-18, Martin County budgeted \$1,000,000 from the Fund Balance and \$1,566,667 transfer from the Hospital Fund. \$1,000,000 of the transfer from the Hospital Fund was included to help cover costs for a Career Technical Center. The Career Technical Center project was not started this year but is anticipated to start next year. As it stands, Martin County would need to find \$2,718,594 to balance the budget. This could be done with a \$1,566,667 transfer from the Hospital Fund and a \$1,151,927 transfer from the Fund Balance.
- **BOARD OF EDUCATION:** The Board of Education requested \$6,110,255 in Current Expenses, an increase of \$320,097. An increase of \$160,049 is included in the draft budget. The Board of Education requested \$655,153 in Capital Outlay (not including the \$1 million investment in the Career Technical Center), an increase of \$115,271. No increase in Capital Outlay is included in the draft budget.
- **MARTIN COMMUNITY COLLEGE:** MCC requested \$1,041,054 in Current Expenses, a decrease of \$10,400; however, the 2017-18 Current Expense budget was increased by \$132,019. The draft budget includes a decrease of \$12,000 from what was requested. MCC requested \$110,000 in Capital Outlay. The draft budget decreases this request by \$50,000.
- **JAIL:** \$90,088 in additional funding to Bertie-Martin Regional Jail is in the budget, mostly for the institution of a pay increase for jail staff. The increases are needed to raise the pay levels closer to the level of pay for staff of nearby jails. This is needed for staff retainage and recruiting.
- **YOUTH DETENTION:** This budget decreases the line item for youth detention from \$90,000 to \$70,000.
- **HEALTH DEPARTMENT:** Funding for Martin-Tyrrell-Washington Health Department, based on population and as per its request, has decreased from \$380,545 to \$378,733.
- **MENTAL HEALTH:** The budget includes maintenance of the current funding of \$48,462.
- **LIBRARY:** The draft budget includes the \$4,962 funding increase requested by the Beaufort-Hyde-Martin Regional Library, bringing the total to \$104,194.
- **ECONOMIC DEVELOPMENT:** Maintenance of the current funding for Martin County EDC (\$244,447) is included in the draft budget. The request for \$1,851,794 for a new shell building is not included.
- **RESCUE SQUADS:** Martin County provides each rescue squad with a flat funding level of \$25,000. Additionally, the County provides \$45 per call for rescue calls, as well as an additional \$5 per call increase for squads providing an Advanced Life Support (ALS) level of service, rather than Basic service. This was implemented as an incentive for squads to provide an Advanced Life Support (ALS) level of service. Robersonville, Jamesville and Williamston provide ALS service. The proposed budget raises the per call rate by \$10.
- **CADA:** The Choanoke Area Development Agency (CADA) is the Community Action Agency and Community Services Block Grant (CSBG) administrator serving Martin County. Its mission is to assist low income citizens achieve self-sufficiency. \$51,480

was requested. Maintenance of the current level of funding (\$25,000) is included in the draft budget.

- **CAPITAL OUTLAY:** Major Capital Outlay expenses include new body cameras and the replacement of 6 vehicles in the Sheriff's Office, 1 vehicle for Social Services, 1 backhoe (to be split between the Water Districts and the Landfill), a used tractor with a backhoe and the development of a borrow area and subgrade construction for the Landfill, and a new module for the financial software.
- **BUILDING MAINTENANCE:** Building maintenance projects planned include completion of the renovation of the Ray Street property for Transit, renovations to the superior courtroom and the Tax Collectors office, upgrades to LED lightening in county buildings, reroofing and remodeling the County Office Building, finishing the addition at Kehukee Park, and improvements to the animal shelter.
- **DEBT SERVICE:** No new debt service is scheduled in the FY 2018-19 draft budget.

The water rates and the request for funding for a shell building was of most concern to the Board. Staff provided the additional information requested on both topics at the May 16, 2018 meeting.

BOARD COMMENTS

Water Rates

County Manager Bone provided a chart of the current average water bill for Water and Sewer Districts 1 & 2, as well as projected average water bills at various rate increase amounts for both Water Districts.

The Board discussed at length the critical financial situation in regards to water, the need to raise water rates, and the financial burden this was for Martin County citizens. The concerns were the challenges to pay the debt service and to fund current operations, mainly caused by a state mandate to find alternative ways to conserve water from the aquifer. Over the years, the Local Government Commission (LGC) has stressed concerns because the Water Districts, as Enterprise Funds, were not self-sustaining.

Commissioner Bond raised concerns about the un-annexed water customers in the Williamston ETJ (Extraterritorial Jurisdiction) that were County water customers before the well was turned over to the Town of Williamston. Finance Director Cindy Ange stated Williamston still pays a pro-rata share of the debt service and would for the entire length of the debt. Chairman Lilley asked County Manager Bone to research the history behind the loss of the Williamston ETJ customers.

Commissioner Ayers agreed with Commissioner Bond's concern for the Williamston ETJ situation. Commissioner Ayers, however, added the agreement was already in writing and can't be undone.

Commissioner Smith mentioned consolidating water systems in the County as a way to conserve and save monies in the bigger scheme of things. Commissioner Ayers questioned what the County would offer in exchange to the towns to consolidate. Most Municipalities in the County

seemed satisfied with the current arrangement and had shown little interest in that concept in the past. County Manager Bone was encouraged to reach out to the municipalities to see if any views or situations had changed because many of the Town officials are no longer on the boards or no longer with the municipalities.

Additionally, Commissioner Smith suggested Martin County package and sell bottled water for additional revenue, such as Tyrrell County had begun to do, since Martin County has an abundance of water.

County Manager Bone recalled taking an opportunity to address the importance and impact the state mandate has caused Martin County by reaching out to Governor Roy Cooper's Legislative Director Lee Lilley. At that time, County Manager Bone strongly stressed how the loss of a major industrial water customer, less water customers the originally predicted, population decrease, and declining water used/conservation are all factors making the matter more severe.

County Manager Bone planned to follow-up with Mr. Lilley in a few weeks. The hope was that a substantial amount of the debt service would be relieved through State intervention. With that said, even if the total debt service (\$17.7 million) was relieved, water rates would still need to increase from the base rate for the first one thousand gallons from \$42 to \$50 to break-even, leaving little to none for capital reserves. Some communities dealing with the same issues have received some financial assistance. Commissioners with contacts at state level were also encouraged to seek support.

The Board consensually agreed to an \$8 increase in the current base rate of \$42 to \$50 for the first 1,000 gallons, as recommended by the Water District Advisory Board.

Shell Building

County Manager Bone reminded the Board that \$1 million was budgeted in FY 2017-18 for the proposed Career Center, which had not been used; however, the allocation was included in the budget for fiscal year 2018-19. The \$1.8 million request for the shell building was not budgeted for FY 2018-19. County Manager Bone expressed concern about allocating funding for both projects in the next fiscal year.

At the May 9, 2018 meeting, Commissioner Smith requested information on the last shell building sold. Economic Development Corporation (EDC) President/CEO Jason Semple provided the requested historical financial data on the first Martin County Industrial Park Quick Start/Shell Building. EDC President/CEO Semple stated Martin County was very fortunate to sell the shell building in the period of time it was sold and for the amount it was sold, even though the negotiated sell price was less than the asking price.

The Board questioned the reasoning behind suggesting Martin County invest \$1.8 million in a shell building at this time. EDC President/CEO Semple replied the rail infrastructure helped sell the shell building. As a result of the Weitron project, Martin County was able to obtain funding to expand the rail spur. Golden Leaf monies were used to finance the shell building construction. Golden Leaf is very sensitive to leasing or selling at fair market value. A comparison was taken of the list price of similar shell buildings, particular in eastern North Carolina. Prices ranged from free to one-half price of the price to construct. Martin County was able to recoup most of

the construction cost and at the same time leverage further investments. The tax incentives given upfront will result into more return over time. EDC President/CEO Semple stated Golden Leaf stipulated the funds recouped were to be retained for reinvestment in another shell building – a revolving shell building fund.

Commissioner Smith suggested Golden Leaf may grant permission to repurpose the funds for any job growth. As a member of the NC Works Commission, Commissioner Smith stated the trend has been moving toward investing in smaller already established businesses or new entrepreneurs. The same results can be obtained on a smaller scale and less risk would be involved. Grant monies would be used to establish a revolving loan program for small business for capital improvements, with the stipulation that a certain number of jobs (1 to 2) would be created. Chairman Lilley suggested EDC President/CEO Semple research the feasibility of such a project.

EDC President/CEO Semple suggested another potential use of Golden Leaf funding or way to obtain additional funding for improvements at the Industrial Park in Everetts. EDC President/CEO Semple explained poor soil conditions exist throughout Martin County. The Industrial Park is no exception. Approximately \$500,000 could be invested in site work to build a pad. EDC President/CEO Semple stated it takes four months to prep the soil before construction can begin because compaction is needed, which makes it a hard sell to businesses ready to move forward. EDC President/CEO Semple suggested marketing a virtual shell building, as a build to suit.

Additionally, the REDLG (Rural Economic Development Loan & Grant) federal program has funding available to co-ops, such as Edgecombe-Martin County EMC for \$2.2 million, no interest loan for 10 years, which could be used in the Industrial Park. A three year payment deferment could be used, if the County chose that option. Chairman Lilley suggested EDC President/CEO Semple do research and provide the information to the Board.

NC TeleCenter Career Center

In regards to the proposed Career Center, Vice Chairman Bowen wanted assurance there would not be a duplication of services at the Career Center and Martin Community College, and there would be no financial requirement from MCC. Vice Chairman Bowen noted his opposition to the potential duplication of services in the past.

County Manager Bone stated a meeting took place between officials from Martin County, Martin County Schools, Economic Development Corporation, Martin Community College Board of Trustees, and Planner/Economic Development/Community Services Director Kevin Richards, of the Mid-East Commission. MCC and the Board of Education worked together to create a tentative curriculum. Additionally, there would not be a financial requirement from the MCC.

County Manager Bone explain U.S. Economic Development Administration (EDA) rules have changed and require a higher level of commitment from local industries. EDC President/CEO Semple worked diligently to acquire those assurances. EDA is interested in moving forward.

The agreement would require Martin County to be the applicant and Martin Community College as the co-applicant. No funding would be required of MCC, only instructors. From the time the

application has been submitted including turn-around time, hopefully, notification to proceed should be received by the end of August 2018.

The Board of Commissioners recommended scheduling a joint meeting for updates on the Career Center.

No other changes to the 2018-19 Budget were noted by the Board at that time.

The public hearing for FY 2018-19 Budget would be held during the June 13, 2018 Board of Commissioners' meeting.

The Board commended County Manager Bone, Finance Director Ange and Staff for the tremendous job done on the 2018-19 Budget.

ADJOURNMENT

With no further business to discuss, Vice Chairman Bowen made a MOTION to adjourn the meeting, with a SECOND by Commissioner Bond. The motion was unanimously APPROVED, and the meeting was adjourned at 8:23p.m.

Elmo "Butch" Lilley, Chairman

Marion B. Thompson, NCCCC, NCMCC
Clerk to the Board