

June 1, 2011

The Martin County Board of Commissioners met in Special Called Session on Wednesday, June 1, 2011 at 7:00 p.m. in the Board Room, Martin County Governmental Center at 305 East Main Street, Williamston, North Carolina.

ASSEMBLY

Chairman Elmo “Butch” Lilley, Vice Chairman Tommy W. Bowen, Commissioner Ronnie Smith, Commissioner Derek Price, Commissioner Bob Hyman, County Manager W. Russell Overman and Clerk to the Board Marion B. Thompson. Finance Officer Cindy Ange was present as well.

County Attorney J. Melvin Bowen was absent.

The meeting was called to order by Chairman Lilley. The pledge of allegiance was led by Commissioner Hyman. The invocation was offered by Commissioner Smith.

Chairman Lilley thanked those present for coming.

AGENDA APPROVAL

Vice Chairman Bowen introduced a MOTION, with a SECOND by Commissioner Smith to approve the agenda as presented. The motion was unanimously APPROVED.

PRESENTATION - FY 2011-2012 BUDGET

Manager Overman began his presentation with the following budget message:

Commissioners and Citizens of Martin County

It is budget time again. The economy while looking some better has certainly not totally recovered. The General Assembly is still in session but is on track to have their budget adopted within the next two weeks. While we may have a clearer picture than even a few weeks ago, until it is approved by both houses of the General Assembly I believe it is still “anything goes”.

Once again many of our revenues are stagnant, slightly decreased or only slightly increased over last year’s amounts. Any revenue increases that we have projected for next year are once again extremely conservative. Our sales tax and investment earnings have been severely impacted due to the recession. During the 2008 – 2009 fiscal year we received \$4.9 million in sales tax and \$496,000 in investment earnings. This year, 2011 – 2012 we have budgeted approximately \$3.9 million and \$55,000 respectively. Our property tax revenues have remained relatively stable with an increase here and a decrease there. Fortunately we had some real growth in property tax value this year.

The budget before you is a conservative budget in attempting to provide the level of services that our citizenry has become accustomed. The budget before you is approximately \$29.8 million with about \$9.2 million in educational funding and about \$6.5 million in Social Services funding. The bulk of the increase over last year is tied to the shell building and the debt service on the new middle school. As presented the budget is proposed with a \$.03 tax rate increase. The last tax rate increase was in the 2002 - 2003 fiscal year. It would also require the use of almost \$1.3 million from fund balance. This is still a considerable amount considering we estimate we will use approximately \$1 million of the \$1.5 million budgeted this year. I really would like to have this amount below \$1,000,000 but to do so will require further reductions in expenditures or additional revenues which would have to be property taxes. I do not take this recommended tax increase lightly but I just do not feel you can continue to rely on fund balance to balance the operating budget. To continue doing so will only dig the hole much deeper.

This budget has been prepared without the elimination of any staff or any furloughing of staff. There is a 3% salary increase in the budget for all employees. Employees have not received an increase in the last two fiscal years and we continue to lose employees that we have trained to neighboring counties that are in a position of paying higher salaries. I have also included funding the 401(k) contribution at 3% which is an increase of 1%. This increase does not affect law enforcement officers because they already receive 5%. I told you last year and I will say again this year I believe the employees appreciate the difficult decisions you must make regarding budget and they are most appreciative of their jobs. They will appreciate any increase that you can give them.

I have said for years the only ways to balance the budget without relying on fund balance are to have an increase in revenues or to reduce expenses. Additional revenues can be raised either by growth in a particular revenue stream or increasing the rate of revenue charged such as increasing a fee for service or an increase in the tax rate. At this point in time our revenue streams do not appear to be increasing. If further significant cuts are made I truly believe we will definitely impact the level of service being provided to the citizens of Martin County. At this point I need further guidance from the Board if additional revenues are to be raised or significant cuts made.

On a personal note, as I reflect on this, my last budget in Martin County it has once again been a difficult budgeting process. I thank all of the department heads, Marion Thompson and Cindy Ange for all of their help with this process. We have a dedicated staff working for the citizens of Martin County and they strive to do their jobs well. I can assure you that whatever decisions this Board ultimately makes your staff will be ready to carry out your directives to serve the citizens of this county. I also want you to know that I sincerely I appreciate the opportunity to have served you and the citizens of Martin County for the last 6 ½ years.

Sincerely,

Russell Overman
County Manager

County Manager Overman supplied the Board with the lists of revenue and expenditure highlights as listed below:

REVENUE HIGHLIGHTS

Tax Rate Analysis

Real and Personal Property	\$1,651,684,301
Public Service Valuation	<u>55,000,000</u>
Total	\$1,706,684,301
	<u>X 94.89%</u> (decrease from 96.10%)

Valuation for budgeting purposes \$1,619,472,733

\$.67	\$10,850,467
\$.675	\$10,931,441
\$.68	\$11,012,415
\$.685	\$11,093,388
\$.69	\$11,174,362
\$.695	\$11,255,335
\$.70	\$11,336,309

Vehicles \$185,000,000

X 85.95% (increase from 84.41%)

Valuation for budgeting purposes \$159,007,500

\$.67	\$1,065,350
\$.675	\$1,073,301
\$.68	\$1,081,251
\$.685	\$1,089,201
\$.69	\$1,097,152
\$.695	\$1,105,102
\$.70	\$1,113,053

One cent on the tax rate will generate approximately \$178,000.

With the proposed \$.03 tax increase:

- an owner of a \$25,000 vehicle would be taxed an additional \$7.50
- an owner of a \$100,000 house would be taxed an additional \$30

- an owner of a \$250,000 house would be taxed an additional \$75
- an owner of a \$1,000,000 business or farm would be taxed an additional \$300

Other Revenues

Only a modest increase has been budgeted in the sales tax line items. Article 46 is budgeted for \$461,000 and the proposed budget anticipates 85% of those proceeds being used to fund the debt service on the new middle school.

No Veteran's Service revenues budgeted - \$2,000

Investment earnings are still budgeted at low amounts in both the General Fund and the Hospital Fund.

Elections revenue budgeted for the municipal elections

Transfer from Hospital Fund is \$1,200,000 - \$1,000,000 for shell building, \$150,000 for roof at community college and \$50,000 for general purposes (was \$700,000 three years ago)

Fund Balance Appropriated - \$1,265,257 with no changes to proposed budget.

Revenues for new middle school project:

- Article 46 sales tax (\$461,000 x 85%) \$392,000
- Lottery and ADM \$450,000
- Other restricted sales tax \$158,000

Water revenues are shown with rate increases; \$1 increase in the monthly base rate and a \$.50 per 1,000 gallons used charge. District One is "operationally" in the black but District Two is still approximately \$95,000 in the red. District 2 should improve as we continue to finish the additional line work and add more customers.

EXPENDITURE HIGHLIGHTS

General

Little to no growth in budgets

3% salary increases budgeted - all employees (several additional adjustments)

Retirement costs have increased 8%

Health and Dental Insurance Rates overall 9% increase (increased 6.1% last year)

Includes 401(k) 3% for all full time employees, excluding sworn law enforcement officers who are at 5% (no increase). This adds back 1% and gets us back to the level we were 1 year ago.

Commissioners

NACo dues and School of Government dues reflect no change. NCACC dues reflect a reduction. \$500 included to help fund the David M. Lawrence Distinguished Professorship at the School of Government; total of \$1,500 over three year period. (This

is our 3rd year of 3). Mid-East appropriation includes \$6,343 assessment and RPO match in the amount of \$5,232

County Manager

3% salary increase budgeted for Clerk; no salary increase budgeted for Manager

Finance

Status quo

Tax Assessor

3% salary increase budgeted for Assessor

Tax Collector

3% salary increase budgeted for Collector

Continues to appropriate funds to legal for foreclosures

Legal

Due to IRS regulations we now treat Melvin as an employee for reporting purposes

Elections

Three elections budgeted – 2011 Municipal, 2012 First and Second Primaries

Register of Deeds

Status quo

DMV License Plate Agency

Status quo

Data Processing

Continues contract for computer services with Soundside Group

Reinstates some funding for equipment upgrades.

Buildings

Includes funding for continuing to make needed repairs to our buildings and grounds.

Does not include funding for any relighting projects.

Sheriff

Requested and funded 6 new cars

Jail

Decrease due to population shift from 2010 census and lower inmate population

Communications

Status quo

Emergency Management

State provides a grant for operations

Two new vehicles requested; one in recommended budget proposed to be financed for 3 years with payments in arrears

Building Inspector

Part-time position remains in budget even though presently vacant

Rescue Squads

Williamston amount is derived by county budgeting 47% of their budget with Williamston returning 47% of revenues collected

Animal Control

Veterinarian fees would be higher if Dr. Shelton did not provide most of his services at no cost

Food and provisions would be higher if not for Wal Mart providing “busted” bags

Does not include appropriation for Humane Society, none was requested

Includes debt service payment for trucks

Airport

Status quo

Landfill

Disposal costs – 1.6% CPI increase

Collection costs – 1.6% CPI increase

Includes funds for engineering assistance for permit renewal

Includes funds for debt service on new equipment

Economic Development

Requested \$248,000, recommended \$245,000

Committee of 100 - \$500

Economic Development Investment Grants for Domtar and Ann’s House of Nuts

Includes funds for shell building

Cooperative Extension

All employees became contract with NCSU effective January 1, 2011

BMAP contribution \$4,000

Soil and Water Conservation

Aquatic weed control - \$750

Includes \$1,000 for Mid-East RC & D Council

Health

Requested \$243,825; recommending at that level due to them taking over custodial services for the Health Department

East Carolina Behavioral Health

Same funding level as last year

Martin Enterprises

We provided additional funds to assist with increased transportation costs several years ago. They have basically stopped using our transit services but we have not reduced their appropriation.

Social Services

Medicaid is eliminated except Medicaid Transportation
Includes debt service payment for vans

Veteran's Service

Status quo

Juvenile Justice Funding

Increase in youth detention costs from \$89 to \$122 per day
BMB Shelter Home is closing due to number of counties shifting funds to other programs
Have shifted BMB funding to OJJ Task Force Certification for later reallocation

County Projects

Operation Santa Claus \$500
Center for Family Violence Prevention requested \$5,000; recommended \$5,000
Albemarle Food Bank \$1,000

Board of Education

Requested an additional \$271,286 in Current Expense and additional \$825,000 for Capital Outlay
Have included ½ of the increase for current expense
No increase in capital outlay budgeted; actually a decrease due to use of dedicated sales tax to help fund debt service payment for new middle school. You may want to consider using some of the funds that are banked in the public school capital building fund (lottery and ADM funds).

Martin Community College

Requested an additional \$46,318 for Current Expense; have included ½ of the increase for current expense
Requested an additional \$150,000 for Capital Outlay to replace a roof; have recommended funding from the Hospital fund

Library

Requested \$91,332 which is slightly less than last year amended

Recreation

Reinstated to previous year level prior to 5% reduction last year

Arts Council

Requested no increase

Martin Community Players

Requested their allocation be reinstated back to \$8,000 and have recommended at that level

General Fund Water/Sewer

Highway 17 water project – debt now paid off

Transfers

Some increase for Department of Aging

Approximately \$100,000 increase for Transit; mostly tied to loss of Martin Enterprises as major customer but have also picked up a number of medical transportation clients – doing further review of this budget

Appropriation of \$35,000 to revaluation fund – required to set aside over the eight year cycle

Department of Aging

Status quo – frozen clerical position in Senior Center for 6 months – being filled by volunteer, Edna Minor

Transit

Equipment includes 3 replacement vehicles; we will actually be disposing of three additional vehicles so we will have a fleet of only 15

E-911

Replacement of console equipment

Fewer E-911 funds

Water Districts

Status quo on expenditures

Various revenue and expenditure items were discussed in length. It was the general consensus of the Board to not increase property taxes next fiscal year, to use fund balance to balance 2011-2012 budget if needed, to increase Economic Development to the full amount requested and to tap into State reserves for public school capital outlay. To request ADM and lottery funds, approval would be needed by the Board of Commissioners and the Board of Education.

Out-of-Town Travel Discussion

Vice Chairman Bowen questioned the amount spent for out-of-town travel. He recommended reducing the line item for out-of-town travel for the Commissioners by \$10,000. Vice Chairman Bowen commented on this possibly being an area to redirect funds to other areas that needed it more.

Commissioners Lilley and Smith spoke of the importance and advances of networking and the educational opportunities gained through traveling to various conferences.

Commissioner Price commented the some commissioners are paying for their own out-of-town travel.

Commissioner Hyman added that other boards had commented on commissioners' out-of-town travel. It was noted by Commissioner Smith that other boards make the decision on how revenue is expended in their budget.

Skewarkee Fire District Tax

Manager Overman explained that the Board of the Town of Williamston had passed a resolution to adjust the Skewarkee Fire District Tax from \$.05 to \$.08. The resolution stated that by contract agreement entered into on July 16, 2001 between the Town of Williamston and the County of Martin and pursuant to the authority of NC GS§69-25.5 and 69-25-6, the County of Martin is authorized to levy an ad valorem property tax, not to exceed fifteen (15) cents per \$100.00 valuation, on taxable property lying within the boundaries of the Skewarkee Fire District. The Board asked Manager Overman to obtain maps for the Skewarkee area and to research all fire district taxes for the June regular meeting.

Retiree Health Insurance

Manager Overman recommended that beginning with new hires on or after July 1, 2011, the Board amends the retiree health insurance. Indications are that some insurance companies may make this a requirement. BCBS, our health insurance carrier effective July 1, 2011, have stated they will not carry retirees on the group coverage starting July 1, 2013. Employees vested for insurance purposes are exempt from removal of coverage. If an amendment to the retiree health insurance were made, Manager Overman recommended that the Board cover all employees hired prior to the change. Legally this is not a requirement but morally it would be a good thing.

CLOSED SESSION

PERSONNEL G.S. 143-318.11(a) (6)

Manager Overman requested that the Board enter into Closed Session-Personnel to discussed proposed salary increases.

Around 9:25 p.m., Commissioner Price made a MOTION, with a SECOND by Vice Chairman Bowen to go into Closed Session according to G.S. 143-318.11(a) (6) Personnel. The motion was unanimously APPROVED.

No action was taken in closed session.

Commissioner Hyman made a MOTION to end Closed Session around 9:32 p.m., with a SECOND by Commissioner Smith. The motion was unanimously APPROVED.

Open Session

Board Reports – Commissioner Price mentioned that there are three (3) vacant positions on Health Department Board.

The Board commended the staff on a job well done with the budget.

ADJOURNMENT

With no further business to discuss, Vice Chairman Bowen made the MOTION to adjourn at 9:35 p.m., with a SECOND by Commissioner Price. The motion was unanimously APPROVED.

Elmo "Butch" Lilley, Chairman

Marion B. Thompson, Clerk to the Board