

May 23, 2012

The Martin County Board of Commissioners met in Special Called Session on Wednesday, May 23, 2012 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 David Bone, Clerk to the Board Marion B. Thompson as well as Finance Officer Cindy Ange were in attendance.

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.

AGENDA APPROVAL

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

After the approval of the agenda, Chairman Lilley turned the meeting over to Manager Bone for the presentation of the FY 2012-2013 Budget.

Manager Bone began his presentation by stating it has been a tough year with big challenges. If the present economy continues, projected revenue and interest will be less and will pose many challenges to the budget for fiscal year 2012-2013.

County Manager Bone gave the Board and overview of the list of revenue and expenditure highlights as listed below:

FY 2012-13 BUDGET HIGHLIGHTS MARTIN COUNTY, NC

CURRENT DRAFT OF BUDGET – SUMMARY

SNAPSHOT:

- *TAX RATE*: Draft budget based on tax rate remaining constant at \$0.67 per \$100 valuation; however, the manager recommends a 3-cent increase in the tax rate to begin decreasing the dependence on Fund Balance of the General Fund and the Hospital Fund

- *WATER RATE*: Draft budget based on no increase in water rates; however, the manager recommends an approximate 10% increase in the water rates (an increase the base rate from \$27 to \$30 and an increase in the usage fee from \$4.50 to \$5 per additional 1,000 gallons).
 - *RAISES*: No COLA for employees
 - *HEALTH INSURANCE COSTS*: No increase in health insurance costs
 - *PERSONNEL*: No new full-time positions added
 - *EDUCATION*: Funding Martin County Schools at same level as last year; increasing the allocation to Martin Community College by \$21,995 (due to additional cost of benefits for Maintenance staff and prepayment of 5-year maintenance agreement)
 - *CAPITAL OUTLAY*: Major Capital Outlay expenses include the purchase of 5 cars in the Sheriff's Office, roof replacement on a portion of the Health Department, 2 vehicles in Transit and \$25,000 for continued improvements to the data network
- *GENERAL FUND EXPENSES* – \$30,033,063.69 (includes the Aging and Transit Departments) in expenses, as compared to \$30,684,083 in 2011-12 (a decrease of 2.13%)
 - *SHORTFALL REQUIRES USE OF SAVINGS* – Deficit of \$3,522,436.69 requires use of
 - \$1,222,436.69 in Fund Balance from the General Fund
 - \$2,100,000 transfer from the Hospital Fund (includes re-appropriation of \$1,100,000 for shell building)
 - \$200,000 in Capital Reserves (from Article 46 Sales Tax reserves)
 - *SAVINGS REALIZED IN THE DRAFT BUDGET*:
 - \$859,762 cut from original departmental and agency requests
 - No health insurance renewal increase (12.5% was originally proposed, which would have cost the county an additional \$180,000)
 - \$70,000 in savings for garbage pick-up (realized due to recent cart inventory)
 - *ITEMS NOT INCLUDED IN THE DRAFT BUDGET*:
 - No COLA for employees
 - No increase in health insurance costs
 - *PERSONNEL*: No new full-time positions
 - Sheriff's Office request for additional officer

- Inspections Department request for additional F/T inspector (P/T line item remains)
 - Communications Department request for additional F/T communicator (P/T monies added)
- *EDUCATION*: \$139,817 of the Capital Outlay Request from the Board of Education and \$37,414 from the Current Expense Request from Martin Community College
- *CAPITAL OUTLAY*:
 - Inspections Department request for new vehicle

➤ *ITEMS INCLUDED IN THE DRAFT BUDGET:*

- \$10,000 for P/T assistance in Communications (to assist with leave time / training)
- \$16,250 for health insurance screenings / coaching as a preventive measure to increase health awareness / prevention for employees (will save money in the long run)
- \$18,000 for first of 2-year timetable for development of a Land Use Plan (required in order to get DOT to prepare a Comprehensive Transportation Plan for the County, which assists in transportation funding requests / scoring)
- \$9,183 in the Board of Elections Department, due to the 2nd primary being in July (FY 2012-13), as opposed to June (FY 2011-12)
- \$125,000 for purchase of 5 cars (instead of 6 originally requested) in the Sheriff's Office

➤ *ADDITIONAL CUTS ALREADY MADE TO DRAFT BUDGET INCLUDE:*

- Cuts of \$859,375.38 from the original amounts requested by the departments / agencies have already been made.
- Funding of Board of Education Capital Outlay at same level (\$502,000) as current year instead of at level requested (\$641,817)
- No additional funding for MTW Health Department increase request
- No additional funding for Regional Library increase request (\$3,424 or 3.5% increase requested)
- No additional funding for increase requests from various outside art agencies
- \$329,129 from original DSS request
- Cut \$20,000 from Sheriff's Office overtime request
- Cut \$4,000 Capital Outlay request from Register of Deeds

REVENUE – DETAILS

- Real property values increased by \$28 million (2.37%)
- Estimated reduction in Personal Property of \$65 million (15%)
- Estimated reduction in Total Ad Valorem Revenue of \$250,000
- Approximately \$736,000 (or 19.04%) of the sales tax revenue is earmarked for the \$1 million debt service payment on the new middle school.
- This will be the last year receiving the Article 44 ½-cent sales tax Hold Harmless revenue (estimated at \$100,000), unless legislation is passed in the NC Legislature
- Reduction in ABC Board disbursement (ABC Board to keep half of profits for a building fund)

EXPENDITURES – DETAILS

Board of Commissioners

- Manager's request for \$9,000 for Codification of Ordinances not included in budget
- \$18,000 included for first year of \$36,000 Land Use Plan (required for DOT to complete Comprehensive Transportation Plan for County, which helps in scoring for future transportation funding of Martin County projects)

County Manager's Office

- \$1,000 reduction in Travel
- Supplies-Equipment: \$750 for a new printer for the County Clerk

Finance

- Other Professional Services line item increased by \$5,300 due to actuarial study on post-retirement benefits (every other year)
- \$3,000 for Supplies-Equipment is for computer replacement
- Wellness Program line item increased by \$16,250 due to new initiative for employee health screenings / coaching in an effort to improve employees' health and limit future health insurance rate adjustments

Tax Assessor

- \$6,000 in additional funds budgeted for Software-Programming for changes in Motor Vehicle Tax billing

- Capital Outlay - \$4,000 budgeted for a new printer, which is used by multiple departments
- Reduction of \$1,500 from requested amount for Office Supplies & Materials
- Reduction of \$2,000 from requested amount for Billing Services

Tax Collector

- \$1,500 for Supplies-Equipment is for computer replacement
- Reduction of \$1,000 from requested amount for Postage
- \$500 increase in Advertising line item for notifying public of changes to Motor Vehicle taxation

Legal

- No significant change in expense expected
- This legal expense shown here is for general legal services. There are other legal line items in some departmental budgets.

Board of Elections

- 3% Board of Elections recommended salary increase not included in budget
- \$1,500 in Supplies-Equipment line item request not included in budget – will be purchased in current year
- \$9,183.43 in additional expenses budgeted over original request, due to additional July 17th primary

Register of Deeds

- \$500 reduction in Travel line item
- \$1,000 reduction in Supplies-Equipment line item
- Request of \$4,000 for a slant-top desk (Capital Outlay) not funded in budget

DMV

- \$1,500 increase in Travel line item due to training needed for transition in Motor Vehicle licensing
- \$2,000 increase anticipated in NC Wildlife (boat registration) fees, but this is a flow-through account to the state

Data

- This department includes various software license fees, programming fees, information technology support services (Soundside) and related expenses

- The Office Supplies and Materials line item has been decrease by \$2,000, and the Telephone line item has been decreased by \$1,000

Buildings & Grounds

- A \$2,000 increase in the Cleaning Supplies line item was requested, but an additional \$1,000 was funded
- The Building & Grounds Maintenance and Repairs (Governmental Center) line item includes approximately \$4,000 for renovations to move the SHP office in order to make room for a server / technology room and \$10,000 for new signs for various County buildings
- \$14,000 is included in the Capital Outlay line item for a new air conditioner unit for the Governmental Center
- The Building & Grounds Maintenance and Repairs (Agricultural Center) line item includes \$4,500 for repair and paint of trim around building
- The Building & Grounds Maintenance and Repairs (Health Department) line item includes \$60,000 for a new metal roof on the front of the Health Department building

Sheriff's Office

- The request for an additional officer was not funded in the budget
- The Capital Outlay budget line item was reduced by \$25,000 (replacement of 5 cars instead of 6)
- The request for \$6,000 for used in-car computers in the Supplies-Equipment line item was increased to \$16,000, so 16 vehicles could receive a “new” used computer
- The Salaries-Overtime line item was cut by \$20,000
- The Salaries-Temporary line item was cut by \$5,000
- The request for \$5,040 for GPS unit maintenance for 14 vehicles was not included in the budget

Drug Enforcement

- This relates to the cost of benefits for a former drug enforcement employee
- No increase anticipated

Regional Jail

- \$30,423 increase in Martin County's share for the Bertie-Martin Regional Jail is anticipated

- \$44,500 reduction in Department of Corrections fees anticipated, due to State's Misdemeanant Confinement Program, which will only partially be offset by an estimated \$4,000 in Misdemeanant Confinement Program fees
- \$15,000 increase in cost for inmate medical care
- No COLA for employees

Communications

- Request for additional full-time employee not funded
- Overtime line item decreased from \$15,000 to \$10,000
- Included new line item of \$10,000 for part-time employee(s) to provide relief work

Emergency Management

- \$500 reduction in 911 Addressing line item for street signs
- \$750 reduction in Office Supplies & Materials line item
- \$1,000 reduction in Operational Supplies line item
- \$750 reduction in Travel line item
- \$500 reduction in Vehicle Maintenance & Repairs line item
- \$500 reduction in Employee Training & Education line item

Building Inspector

- Request for additional full-time inspector not funded
- Maintained \$10,000 in Salaries-Part-time for a part-time inspector
- Capital Outlay line item – delay replacement of vehicle

Animal Control

- Supplies and Equipment line item increased by \$1,000
- Other Supplies & Materials line item increased by \$500
- Office Supplies & Materials line item created and funded at \$400
- Building & Grounds Maint./Repair line item – delay addition of new pens
- Debt service on vehicle purchases is complete

Landfill / Solid Waste

- Engineering / Architect fees line item decreased by \$10,000, because re-permitting process for 5-year permit should be complete
- Equipment Maintenance & Repairs line item increased by \$6,000, due to cost of replacing undercarriage on crawler (\$16,000)
- Tipping fee at Regional Solid Waste Center will increase from \$43.19/ton (+ \$2/ton state tax) to \$44.44/ton (+ \$2/ton state tax) (2.9% CPI increase)
- The cost of recycling electronics is expected to be \$10,500 (was \$0 this year), due to recent developments in the electronics recycling industry

Cooperative Extension

- \$10,000 reduction in Contract Services line item anticipated, due to retirement of 2 experienced employees and hiring of replacements at lower rate
- \$250 reduction in Travel line item

Soil and Water Conservation

- No substantial change in department budget

DSS

- The Office Supplies & Materials line item was decreased by \$3,000 from the amount budgeted in the current year
- The Travel line item was decreased by \$5,000
- The Equipment Maintenance and Service line item was decreased by \$5,000
- The Work First Program line item was decreased by \$75,000 but is funded at a level consistent with current actual expenses and needs
- The Special Assistance to Adults line item was decreased by \$69,000 but is funded at a level consistent with current actual expenses and needs
- The TANF line item was decreased by \$100,000 but is funded at a level consistent with current actual expenses and needs (only 17.65% of this line item is County funded)
- The Adoption Assistance line item was decreased by \$20,000 but is funded at a level consistent with current actual expenses and needs
- \$5,000 reduction in the County Foster Care line item, but it is funded at a level consistent with current actual expenses and needs

Veterans Services

- No significant change

Medical Examiner

- No change – continuation of funding at current level

Fire Control

- Increase of \$2,176 requested from the NC Forest Service, mostly due to increases in the cost of employee benefits

Rescue Squads

- Funding at levels requested.

Economic Development

- Martin County EDC requested full funding by the County for the Farmer's Fresh program. This program was supported by grant funding in the past, but no grant funding is available for the upcoming year. This request was not included in the budget.
- Funding of the EDC is included in the budget at \$250,917. This represents an increase of \$2,917 from the current year but a decrease of \$40,500 from the amount requested.

Health Department

- MTW Health Department requested \$10.3015 per capita; no increase recommended

Mental Health

- No change – continuation of funding at current level

Airport

- The volume of fuel sales and cost of fuel is increasing; therefore, the Fuel line item has increased by \$10,000
- \$10,000 is included in the Buildings & Grounds line item for painting of the corporate hangar
- The Dues and Subscriptions line item has decreased by \$1,500
- The Miscellaneous line item has decreased by \$500
- \$10,000 is included in the Capital Outlay line item for credit card equipment for the new pumps / fuel farm

Chamber

- No change – continuation of funding at current level

Vocational Rehab

- Reduction of \$24,000 in line item for Martin Enterprises. This portion of the funding paid for transportation contract with Martin County Transit. It is the staff's understanding that Martin Enterprises will be relying on group homes for transportation of clients.

CJPP

- This has been a pass-through account in past, but the State of NC will now be dealing directly with a vendor.

Justice Programs

- Funding at level requested.

Miscellaneous Human Services

- Funding at same level as current year.

Education

- Funding Martin County Schools at same level as last year
- Increasing the allocation to Martin Community College by \$21,995, due to additional cost of benefits for Maintenance staff and prepayment of 5-year maintenance agreement

Library

- 3.5% increase requested, but not budgeted.

Recreation

- Funding at same level as current year.

Arts

- Increases in funding requested by both Martin County Arts Council and Martin Community Players, but funding at same level as current year.

River

- Roanoke River Partners: funding at same level as current year.
- Roanoke River Basin Association: did not include funding request if \$1,500 in budget.

Aging

- Aging Grant revenue line item increased; updated amount received from 4/25/12 letter from DHHS
- Equipment Maintenance & Repairs line item increased by \$1,000 over current year (which was a \$500 decrease in the amount requested)
- Food and Provisions line item decreased by \$2,000

Transit

- Funding for replacement of 2 vehicles
- DSS Medicaid Transportation line item increased by \$40,000 – anticipate greater opportunity to provide Medicaid transportation services
- Contract with Martin Enterprises not being continued
- \$5,000 Reduction in Martin Community College line item

Water / Sewer District #1

- \$2,000 reduction in Utilities line item
- \$500 reduction in Travel line item

Water / Sewer District #2

- \$2,000 reduction in Utilities line item
- \$500 reduction in Travel line item

STATE OF FUND BALANCE / HOSPITAL FUND

DRAINS ON FUND BALANCE

- Hurricane Irene
 - \$333,494 in expenses paid by County for which we have not yet been reimbursed (No set timetable for reimbursement of additional expenses – could take some time)

- Water / Sewer Districts
 - WSD 1 is now meeting operating expenses but still owes the General Fund approximately \$577,510 (as of June 30, 2011)

WSD 2 continues to borrow money from the General Fund for operating expenses (currently estimated at \$168,931 for FY 2012-13, without an increase) AND it owes the General Fund approximately \$800,188 (as of June 30, 2011)

ADDITIONAL EXPENSE / REVENUE STRATEGIES TO CONSIDER

- Consider recommendation from Tax Assessor Hilton Edmondson to hire an outside firm to audit large manufacturing industries located in the county. (County staff currently and sufficiently auditing farmers and small businesses in-house.)
- Work in the long-run to limit health insurance rate / cost increases
- Cover radio / pager maintenance expense for county agencies only (allow fire departments, rescue squads, other law enforcement agencies to pick-up their own maintenance or replace equipment, themselves, on an as-needed basis)
- Allow fire departments to pick-up their own worker's compensation insurance (currently included in Emergency Management budget)
- Evaluate Rescue Squad funding (county funding \$311,348 for rescue squads – equals 2-cents on the tax rate)
- Increase (from 3% to 5%) in TDA / Occupancy Tax administrative costs to recoup cost associated with agreement between TDA and County for County Manager's supervision of the TDA Director.
- Can consider additional cuts in expenditures, but further cuts will likely mean a reduction in force in personnel and / or an effect on the level of services provided.

County Manager Bone made several other suggestions for cuts to the proposed budget.

Vice Chairman Bowen questioned when employees receive their last raise. The response was a 3% COLA was given in fiscal year 2011-2012. Since no cost of living adjustment was included in the budget, Vice Chairman Bowen asked the Board to consider giving employees a day or two off to boost morale.

Chairman Lilley reminded everyone the County was able to hold the insurance stable for the coming year. Manager Bone added the County has a strong benefit package.

After a short Q & A session, recess was called by the Chairman.

COMMENTS/DISCUSSION

After the recess, Commissioner Smith commended the County Manager, Finance Officer and the entire staff for being very considerate in presenting recommendations that we can live with. Commissioner Smith recommended no reduction in workforce. In his opinion, plenty of other options were given to consider. It appeared the Board as a whole agreed.

Chairman Lilley recommended considering the recommendation from Tax Assessor Hilton Edmondson to hire an outside firm to audit large manufacturing industries located in the county. As mentioned by Manager Bone, payment to the firm would be contingent on discovery of unlisted findings.

Chairman Lilley also recommended that other agencies (fire departments, rescue squads, and other law enforcement agencies) absorb the cost of the maintenance contracts for their radios/pagers. However, Chairman Lilley recommended not cutting the revenue for rescue squads.

Manager Bone stated the option of mandated furloughs for non emergency personnel to save on salary cost. The general consensus from the Board was no.

Chairman Lilley suggested increasing the administrative costs (from 3% to 5%) for Tourism Development Authority (TDA) / Occupancy Tax to recoup cost associated with the agreement between TDA and County for County Manager's supervision of the TDA Director.

Commissioner Price recommended using Fund balance with no allotment from the Hospital Fund to balance the budget (At an earlier meeting, the Board has agreed monies (\$1,100,000) for the shell building would come from the hospital fund). Commissioner Price reminded the Board of the State compiling information on the fund balances of the counties in 2011.

Manager Bone stated the NC General Statues require counties maintain at least an 8% fund balance which equates to one month's expenditures. Fund balance aids the cash flow until delayed revenues are received. Manager Bone stated the general accepted practice is to have at least the equivalent of two month's expenditure on hand for cash flow.

Manager Bone explained the Hospital Fund as a thirty (30) year lease with sixteen (16) years remaining. In 1998, the County was prepaid \$17 million. One (1) million was for closeout expenses. For each year into the lease, the lease amount is accounted as earned or unassigned on the financial statements. Therefore, as of June 30, 2011, approximately six (6) million has been earned with approximately ten (10) million unearned.

Chairman Lilley stated to increase the property tax rate 3% would be taxing the same people who contributed to the Hospital Fund. It appeared the rest of the board agreed with that sentiment.

Chairman Lilley asked the Board to address the proposed increase to water monthly rates. It is a State requirement that enterprises such as Water District I & II be self sufficient. Manager Bone reminded the Board that Auditor Chris Burton had recommended a 20% increase to obtain that goal.

The Water Advisory Committee was unable to meet on May 23, 2012. Therefore, no recommendation was submitted by the Water Advisory Committee on water rates.

Vice Chairman Bowen commented it would be better to increase a little all along. By the comments, it appeared the rest of the Board agreed. The Board recommended the 10% increase to the base rate from \$27 to \$30 and an increase in the usage fee from \$4.50 to \$5 per additional 1,000 gallons.

The general consensus of the Board was to use Fund Balance as needed to balance the budget as presented. However, the Board recommendations noted above will be taken into consideration with no tax increase, no COLA, no reduction in workforce, and no furloughs at this time. The Public Hearing is scheduled for the regular meeting on June 13, 2012. In accordance of NC G.S. § 159-12, it will be advertised at least ten (10) days in advance.

Chairman Lilley commended the entire staff on a job well done. Chairman Lilley, also, encouraged all board members to study the budget information for comments, questions, or recommendations.

Chairman Lilley thanked elected officials present for attending the meeting.

ADJOURNMENT

With no further business to discuss, Commissioner Smith made the MOTION to adjourn at 8:40 p.m., with a SECOND by Vice Chairman Bowen. The motion was unanimously APPROVED.

Elmo "Butch" Lilley, Chairman

Marion B. Thompson, NCCCC
Clerk, Board of Commissioners