

Windsor, North Carolina
June 6-7, 2016
BUDGET WORK SESSIONS

The Bertie County Board of Commissioners met for budget work sessions beginning at 8:30AM from June 6-7, 2016 inside the Commissioners Room located at 106 Dundee Street, Windsor, NC. The following members were present or absent:

Present: Ronald “Ron” Wesson, District I
Tammy A. Lee, District III
John Trent, District IV
Ernestine (Byrd) Bazemore, District V

Absent: Stewart White, District II

Staff Present: County Manager Scott Sauer
Clerk to the Board Sarah S. Tinkham
Finance Officer William Roberson

No media members were present during these sessions.

MONDAY, JUNE 6, 2016 – 8:30AM-3:00PM

Chairman Trent called to order the Bertie County Board of Commissioners and discussed the purpose of this week’s work sessions.

Resolution - Hazard Mitigation Plan expiration and plan of action

County Manager Sauer requested that the Board briefly review a resolution for the County to join the regional Martin-Tyrrell-Washington (MTW) Hazard Mitigation Plan. The State strongly recommends that counties form regional agreements, and timing is ideal for that due to Bertie County’s own Hazard Mitigation Plan expires today. This is an item requested by Emergency Services Director, Mitch Cooper.

Commissioner Lee made a **MOTION** to pass the resolution to join the MTW Hazard Mitigation Plan as requested. Commissioner Wesson **SECONDED** the motion. The **MOTION PASSED** unanimously.

Discussions – Budget

There was a short question and answers discussion regarding the budget message that was sent to all Commissioners on June 1, 2016. Print outs of all current budget documents were distributed including the County Manager’s budget message, as well as a line by line item detail.

The budget message and line by line item details read as follows:

June 1, 2016

Chairman Trent
Vice Chairman Bazemore
Commissioner Lee
Commissioner Wesson
Commissioner White

To the Board of Commissioners and the citizens and taxpayers of Bertie County:

As required by the NC Local Government Budget and Fiscal Control Act, submitted for your review is the proposed budget plan for FY 2016-2017.

Accompanying this budget message is a balanced statement of projected revenues and estimated expenditures for the General Fund which totals \$22,286,578 which is an increase of 4.19 percent over the adopted budget for the current year.

This budget plan attempts to meet the stated goals of the governing body, and provides flexibility for the discussion and changes that may be warranted based on the Board's upcoming deliberations. First and foremost, this proposed budget does not contain a tax rate increase and the recommended appropriation of fund balance reserves is more than \$100,000 less than the adopted budget ordinance for the current year. The estimated tax base for FY 2016-2017 is \$1.3 billion assessed value and the net yield for each cent on the tax rate is \$125,858.

The Board of Commissioners has made a significant investment in the County's human capital—its employees. Last year the Board took significant steps toward establishing an improved working wage for staff beginning with the lowest job classifications across all departments. The Board of Commissioners approved a supplemental 401(k) retirement contribution of 2% for all non-law enforcement personnel who receive a 5% supplemental 401(k) contribution as required by NC General Statutes. The Board of Commissioners also established an employee assistance programs for employees and their families, and established a flexible spending account for out of pocket medical expenses with a \$200 contribution for each employee.

The proposed budget for FY 2016-2017 continues this effort, and funding is included to increase the contribution for 401(k) supplemental retirement to 2.5% beginning July 1, 2016 and continues the provision of a \$200 contribution per employee for the flexible spending account to assist with the cost of meeting deductibles and prescription copayments.

There are no new full time positions added to the budget as proposed for FY 2016-2017, and the only additional part-time position is for the senior nutrition site in Kelford.

During the current fiscal year, the Board engaged a consulting firm to review the County's job classification and compensation for all positions within the organization. This study and its recommendations will be presented during the budget work session as determined by the Board. Implementation of these recommendations in the next fiscal year, or phased in over a period of

years will represent a significant investment in the County’s human resources and extend our ability to recruit and retain qualified staff. I would recommend strongly that the Board consider placing priority on two areas where the County has struggled with position turnover during the past several years—law enforcement and social services. To assist the Board with identifying funds to cover the cost of this implementation process, projected sales tax receipts have been held flat with no increase for FY 2016-2017. Notable in this discussion will be the anticipated expansion of sales tax and the revised distribution formula approved by the NC General Assembly to be effective beginning next fiscal year. Impact for Bertie County has ranged from an increase of \$500,000 per year to figures much higher. The Board has the flexibility to proceed cautiously, to examine the sales tax receipts in the first quarter or first half of the year, and place priority on salary adjustments that may warrant immediate attention as needed.

School current expense funding is recommended at \$3,003,000 and is above the State’s minimum requirement of \$2,674,812 which maintains the County’s eligibility for low wealth supplemental funding and other critical State revenues.

School capital outlay funding is recommended at \$375,000.

In order to avoid a tax increase for FY 2016-2017 there remain several program requests which are not recommended for funding in the proposed budget. In recognition of the difficult decisions and discussions that will take place, the Finance Officer has identified unallocated funds totaling \$125,394 which have been placed in the contingency line item for the General Fund are available for appropriation by the Board of Commissioners, or for use in reducing the tax rate by one cent.

During the past couple of years, the governing body closing examined the County’s ability to provide health insurance coverage for existing staff and qualifying retirees. In January of 2016, the Board took action approving the County’s participation in the NC State Health Insurance program, a decision that greatly reduced annual premiums and lowered deductible limits. Future obligations for existing staff and the accompanying retiree health insurance remain a long term unfunded liability. Premium costs for the County’s existing retirees are budgeted at \$350,000 for next fiscal year.

The proposed budget for FY 2016-2017 includes utilization of the County’s savings generated by its participation in the state health plan to establish a financing plan for the long term post-employment health care costs for retirees. This accrued unfunded liability has grown significantly in recent years as indicated by the County’s audited financial statements :

FY 2012	\$2,386,998
FY 2013	\$2,963,144
FY 2014	\$3,385,713
FY 2015	\$3,849,010

One of the Board’s top financial priorities for 2016 is to adopt a strategy to address this long term liability, and the proposed FY 2016-2017 includes a funding strategy based on depositing \$100 per month per authorized position in an irrevocable trust fund account, with these monies permanently restricted for post-employment health insurance costs for retirees. Funding is included in the Special

Appropriations category, identified as “OPEB Trust” for this purpose in the amount of \$242,400 for FY 2016-2017.

Additionally, the proposed budget plan outlines a strategy to curtail future post-employment benefit costs related to retiree health insurance. At present, the County’s benefit plan provides 100% percent of the premium cost for retiree health insurance for an employee retiring with 20 years continuous service, or 25 years non-continuous service to the County regardless of age. Coverage continues until the employee/retiree becomes Medicare eligible, at which time the County converts coverage to a Medicare Supplement policy. Likewise the County pays 50% of the cost of health insurance premiums for an employee who is at least 55 years of age and retiring with 15 years of continuous service under the current personnel resolution.

In an effort to mitigate the growing burden for retiree health insurance costs facing current and future taxpayers, several adjustments to the County’s personnel resolution are outlined below:

- 1) New hires—after July 1, 2016 no retiree health insurance coverage is offered.
- 2) Current employees with at least 10 years of service as of July 1, 2016 will maintain full (100%) health insurance coverage at 20 years of continuous service or 25 years of non-continuous service regardless of age.
- 3) Employees with at least 5 years of service, but less than 10 years as of July 1, 2016 will be eligible for retiree health insurance as follows:
 - 100% coverage of health insurance premium with 30 years of service to the County.
 - 75% coverage of health insurance premium with 25 years of service to the County.
 - 50% coverage of health insurance premium with 20 years of service to the County.
- 4) Current employees with less than 5 years of service as of July 1, 2016 will be eligible for retiree health insurance as follows:
 - 75% coverage of health insurance premium with 30 years of service to the County.
 - 50% coverage of health insurance premium with 25 years of service to the County.
- 5) Service time credit with the County will be calculated based on actual service time and any sick leave time that is on balance with the County at the time of retirement, which is consistent with current County policy.

Again, the strategy outlined above is recommended, and is subject to change based on review and consideration by the Board of Commissioners. At a minimum, these five strategies will bring to focus, the pertinent issues contributing to the future financial liability for the County.

At present, the County has 209 authorized full time positions. The adoption of the FY 2015-2016 budget added 8 new positions, and the start-up of the County’s paramedic and non-emergency transport programs have added 46 new staff positions since the program’s inception in December 2013. Projecting forward, the County’s staffing and future obligations for post-employment benefits

(retiree health insurance) will require the governing body to be proactive in its financial planning to meet these liabilities, which are presently unfunded.

Other priorities funded in this proposed budget included full year implementation of the core staffing plan for the Cooperative Extension office as previously approved by the Board, in cooperation with NC State University. There is continued support for the Board's community based recreation efforts utilizing resources allocated through the Recreation Department and the YMCA to serve joint programming and services throughout the County. As these efforts continue to grow, it is recommended that a joint memorandum of understanding be developed to clearly identify roles and responsibilities for the community based recreation programming.

Continued emphasis on preventive maintenance and upkeep for various County facilities is reflected in the Public Buildings budget with a recommended amount of \$255,851 for capital improvements. Several items have been deferred including parking lot paving at various locations, which reduced the requested capital figure of \$339,301 for next fiscal year. In addition, \$50,000 is earmarked in the Animal Control budget for improvements to the animal shelter including weatherization and temperature control in an effort to meet state regulatory standards set by the NC Department of Agriculture. Also, the County recently formalized its relationship with the Blue Jay Recreation community association with a long term facility lease, and in addition to seeking grants for Blue Jay park improvements, the proposed FY 2016-2017 budget includes \$83,450 for the first phase of upgrades at the facility.

Funding for the Bertie County Regional Water system totals \$2,821,400 and reflects the combined funding for all four (4) water districts and the recent increased customer base with the addition of the South Windsor, Lewiston-Woodville and Roxobel systems. The Board has also successfully sought capital financing for three major projects which have been approved with a total of \$1,574,000 in grant funding and \$4,234,900 in long term financing, of which \$2,517,850 is zero interest. During the budget work sessions, the Water Superintendent and I want to address potential usage rate changes for non-residential customers. Additionally, beginning July 1, 2016 the water department personnel will begin billing for sewer customers served by the Town of Windsor who were previously part of the South Windsor. The Town of Windsor has agreed to reimburse the County a 2% collection fee which is also paid by the Towns of Lewiston-Woodville, Askewville and Colerain. Having a single point of contact for billing will eliminate confusion and save time for customers.

I am indebted to the department heads and agency directors who have been very diligent in preparation of funding requests, and to Mr. William Roberson the County's Finance Director, for his careful review and assistance in developing this budget proposal.

Respectfully,
Scott Sauer
County Manager

GENERAL FUND	
Governing Body	\$ 221,083
Administration	\$ 242,845
HR & Risk Management	\$ 79,603
Finance	\$ 255,950
Tax	\$ 590,208
Legal	\$ 135,000
Court Facilities	\$ 89,872
Elections	\$ 143,884
Register of Deeds	\$ 302,108
Public Buildings & Grounds	\$ 892,113
Data Center	\$ 235,816
Sheriff	\$ 2,452,637
Communications	\$ 430,867
Emergency Management	\$ 407,654
Emergency Medical Service	\$ 2,495,425
Non-Emergency Transport	\$ 620,012
Planning/Building Inspections	\$ 314,314
Medical Examiner	\$ 6,000
Animal Control	\$ 174,160
Solid Waste	\$ 472,308
Economic Development	\$ 166,275
Cooperative Extension	\$ 277,779
Soil Conservation	\$ 80,946
Health	\$ 98,000
Veterans Service Office	\$ 27,132
Council on Aging/Nutrition	\$ 492,310
Parks & Recreation	\$ 290,173
Transfers-Social Services	\$ 1,249,130
Transfers-Revaluation	\$ 60,000
Transfers-Debt-QZAB	\$ 212,181
Transfers-Debt-Middle School	\$ 457,470
Transfers-Debt-DSS	\$ 251,548
Transfers-Debt-QZAB-Bertie High	\$ 109,461
Transfers-Debt-Health	\$ 71,925
Transfers-Debt-Hospital	\$ 826,651
Transfers-Debt-Bertie High School (2012 A/B)	\$ 1,189,236
Transfers-Capital School Reserve	\$ 210,000
Appropriations-Other Agencies	\$ 5,729,108
Contingency	\$ 125,394
GENERAL FUND APPROPRIATIONS	\$ 22,486,578
SOCIAL SERVICES FUND	
Social Services	\$ 4,761,800
SOCIAL SERVICES FUND APPROPRIATIONS	\$ 4,761,800

ORD-EXP FY 16-17

GENERAL FUND		
Ad Valorem-Prior Years	\$	309,800
Motor Vehicle-Prior Years	\$	5,600
Penalties and Interest	\$	125,000
Sales Tax -1% Pt of Collection	\$	325,000
1/2 Cent Sales Tax Article 40	\$	825,000
1/2 Cent Sales Tax Article 42	\$	350,000
Sales Tax Law Change	\$	1,000
Payment in Lieu of Taxes-Federal Land	\$	28,000
Other Taxes	\$	55,200
Unrestricted Intergovernmental	\$	99,500
Restricted Intergovernmental	\$	605,380
Permits & Fees	\$	278,550
Medical Service Fees	\$	900,000
Non-Emergency Transport Fees	\$	925,000
Landfill Fees	\$	1,859,563
Sales & Service	\$	74,501
Hospital Lease	\$	826,651
Miscellaneous	\$	197,100
Interest Earned	\$	20,000
Indirect Cost Water Systems	\$	241,640
Transfers from Lottery	\$	-
Transfers from School Capital Reserve	\$	2,343,346
FUND BALANCE APPROPRIATED	\$	1,476,348
AD VALOREM TAXES	\$	9,323,962
MOTOR VEHICLE TAXES	\$	1,290,437
GENERAL FUND REVENUES		<u>\$ 22,486,578</u>
SOCIAL SERVICES FUND		
State and Federal Assistance	\$	3,509,670
Health Choice	\$	3,000
Transfer from General Fund	\$	1,249,130
SOCIAL SERVICES FUND REVENUES		<u>\$ 4,761,800</u>
911 WIRE/WIRELESS FUND		
Interest Earned	\$	500
User Charges and Fees	\$	161,740
FUND BALANCE APPROPRIATED	\$	-
911 WIRE/WIRELESS FUND REVENUE		<u>\$ 162,240</u>

LOTTERY		
Lottery Proceeds	\$	355,000
LOTTERY FUND REVENUE		<u>\$ 355,000</u>
CAPITAL SCHOOL RESERVE FUND		
Capital School Reserve	\$	2,343,346
CAPITAL SCHOOL RESERVE FUND		<u>\$ 2,343,346</u>
REVALUATION FUND		
Transfer from General Fund	\$	60,000
REVALUATION FUND REVENUES		<u>\$ 60,000</u>
DEBT SERVICE		
Transfer From General Fund-QZAB-School	\$	212,181
Transfer From General Fund-QZAB-Brt High	\$	109,461
Transfer From General Fund-Middle School	\$	457,470
Transfer From General Fund-Health Building	\$	71,925
Transfer From General Fund-DSS-Building	\$	251,548
Transfer From General Fund-Hospital	\$	826,651
Transfer From General Fund-BHS-2012A	\$	841,461
Transfer From General Fund-BHS-2012B	\$	347,775
DEBT SERVICE FUND REVENUES		<u>\$ 3,118,472</u>
COUNTY WATER DISTRICTS FUND		
Sale of Water & Fees	\$	2,821,400
COUNTY WATER DISTRICTS REVENUES		<u>\$ 2,821,400</u>
BERTIE TELEPHONE SYSTEM		
User and Miscellaneous Charges	\$	70,000
Transfer from General Fund-Phone Reserve	\$	53,500
BERTIE TELEPHONE SYSTEM REVENUES		<u>\$ 123,500</u>
REVENUES:	\$	<u>36,232,336</u>

ORD-REV FY 16-17

Chairman Trent reminded all of the Commissioners that the Board would take whatever time necessary to review every section of the proposed budget so that all Commissioners will have a good understanding of the budget details.

The first section reviewed by the County Manager was the revenues for the General Fund, and there was much focus on the sales tax estimates for next year.

The County Manager explained that there is still some uncertainty about the impact of the NC General Assembly's revenue projections for the new distribution formula and the expansion of sales for some services such as auto repair. State estimates for the growth in sales tax receipts range from \$500,000 to \$700,000 and management would prefer to have a few months of actual experience prior to committing the estimates in the budget forecast.

Mr. Sauer also explained that with this strategy, the Board will have flexibility for implementation of the compensation and pay study without having to make cuts or finding new revenue.

He suggested having a special work session after the budget is complete to meet with the consultant and review options for phasing in the implementation.

Mr. Sauer suggested that priority should be given to those areas where staffing is difficult and the department experiences more staff turnover than other agencies such as the Sheriff's Office and the Department of Social Services.

The next item discussed was retirement benefits for current employees. Several proposals were considered, but no decision was made at this time.

The Board also reviewed the latest updates regarding the County's recent pay study with Springsted Incorporated. County Manager Sauer stated that a draft of the study had been submitted, but that those numbers have since been modified to reflect existing organization functions by department. He mentioned that a new draft was forthcoming, but that the Board had the freedom to wait until a formal presentation of the results is provided by Springsted before making any final decisions.

The Board concurred, and then had a brief discussion on County sales tax, public school funding, and current revenues and expenditures.

In summary, the Board reviewed all departmental budgets except Elections, Emergency Telephone Service, and the debt service.

Lastly, the Board discussed the potential of further support for the local fire departments. After a short discussion, the Board agreed to "sleep on it" and return to this topic at tomorrow's work session.

LUNCH BREAK – 12:15PM to 1:15PM

After lunch, the Board discussed the Special Appropriations.

Dr. Michael Elam, President of Roanoke-Chowan Community College (RCCC), was present to share his final thoughts and vision with the Board before his last day in his current position as President of RCCC.

He thanked the Board for their productive and open working relationship over the past several years, and suggested that the Board consider a satellite RCCC campus within the Tall Glass of Water project. The location could bring a new facet to programs at RCCC such as a new marine biology program, and even an extension of offerings for the agriculture and forestry programs.

The Board confirmed the \$55,000 contribution to RCCC listed in the budget for the upcoming fiscal year.

Next, the Board reviewed the Choanoke Area Development Association (CADA) line item. After some concerns were raised about the lack of funding listed, the suggestion was made for the County to waive the monthly rent and utility costs in the amount of \$14,280. There was Board consensus.

There was also a short discussion regarding profits from the ABC Board and whether or not there was a statutory requirement to use those funds for substance abuse programs and organizations.

The Board also discussed Visions in View, and reviewed the timeline of discussions that was already taken place on this subject. The Board members present agreed that the organization should not be penalized when they followed the steps that were asked of them. The consensus was to fund Visions in View in the amount of \$10,000 in the upcoming budget year.

The next organization discussed was Better Beginnings for Bertie's Children. After a lengthy discussion, the Board agreed to "sleep on it" and revisit this organization's needs during tomorrow's budget work session. The same was decided for Heritage Collegiate Leadership Academy (HCLA).

Board adjourned this work session at 3:00PM in order to break before the regular 4:00PM meeting.

TUESDAY, JUNE 7, 2016 – 8:30AM-10:00AM

The Board briefly reviewed the actions that took place at last night's meeting.

County Manager Sauer reiterated the complaint made by the husband of Quamesha Rascoe who is the registered bidder for parcel #14 regarding a tract in Aulander. He requested that her bid of \$2,800 be rejected for that property. Concerns were given about the tract of land not being accurately advertised.

In addition, Mr. Sauer notified the Board that he had received a new complaint regarding bid #17 in the amount of \$1,800 for tract on Highway 45 in Colerain. The bidder, Vernon Lee, requested that his validated contract, and bid, be withdrawn and rejected. Concerns were given about the tract of land not being accurately advertised.

County Manager Sauer stated that the Board could make a motion to reject and withdraw applications as they see fit.

Due to a personal conflict of interest, Commissioner Lee, wife of Vernon Lee, recused herself from the voting on this matter.

Commissioner Wesson made a **MOTION** to reject all bids, to withdrawal, and to invalidate the applications of both Ms. Quamesha Rascoe and Mr. Vernon Lee for tract numbers 14 and 17. Chairman Trent and Vice Chairman Bazemore **SECONDED** the motion. The **MOTION PASSED** unanimously.

Vice Chairman Bazemore asked to revisit the Elections Department budget. There was a brief discussion regarding salary and wages, and the Board concurred to have the Finance Officer review the numbers to possibly accommodate additional funding in the salary line item to raise the part-time rate from \$7.25 to \$10.00 an hour.

In summary, the Board asked to revisit various topics in order to wrap up the budget work sessions.

The first topic was funding for HCLA. After a lengthy discussion, the Board came to a consensus to reject the Academy's funding request due to statutory limitations explained by the County Attorney in a written report which will be discussed in a letter of correspondence to the charter school.

In addition, Commissioner Wesson informed the Board that Dr. Kashi Hall, Executive Director of HCLA, was just appointed by the Governor to serve on the RCCC Board of Directors.

The Board also briefly discussed the possibility of additional funding to local fire departments that was brought up at yesterday's budget session.

There was extensive discussion regarding the potential funding disparity between fire departments supported by municipalities with taxing authority, and the struggling volunteer fire departments serving unincorporated areas of the County.

It was also suggested that Commissioner Stewart White be appointed to lead a task force committee to review this issue.

Chairman Trent made a **MOTION** to continue moving forward with the current budget proposal, but to leave open the possibility of amending the budget, if needed, and upon further consideration, to accommodate additional funding to local fire departments. Vice Chairman Bazemore **SECONDED** the motion. The **MOTION PASSED** unanimously.

The Board also addressed concerns regarding accessibility of the Veteran's Services Office to veterans in need of assistance with their post military benefits.

It was the consensus of the Board to seek out an arrangement for an additional part time staff member, or having the current Veteran Services Director, Milton Parker, change to full time status in order to establish full time office hours by January 1, 2017.

Also, the Board revisited potential funding for Better Beginnings for Bertie's Children. After some additional discussion, the Board agreed to fund the organization with the contingency that the organization provide quarterly status reports about the success of Child Find.

Commissioner Wesson made a **MOTION** to fund Better Beginnings for Bertie's Children in the amount of \$52,540. The funding would be taken from the newly added Contingency line item. Vice Chairman Bazemore **SECONDED** the motion. The **MOTION PASSED** unanimously.

Commissioner Lee confirmed that the funding for Better Beginnings for Bertie's Children and Visions in View, which was funded at yesterday's session, would be funded from the Contingency line item.

There was an additional consensus that a policy or protocol would need to be put into place regarding funding for additional organizations or events throughout the year.

It was suggested by Commissioner Wesson to put a standard in place that once Contingency Funds have been depleted, no additional funding could be expended for "pop up" causes and organizations.

Wrap-Up

At this time, County Manager Sauer asked the Board to begin to address the unfunded liability for employee retirement benefits.

After a brief discussion, the Board agreed that in order to address the unfunded liability issue that the first step would be to eliminate retiree healthcare benefits to new hires as of the new fiscal year effective July 1, 2016. A presentation from the actuarial firm would be conducted at an upcoming work session to review the strategies recommended by the County Manager to limit the future liabilities for retiree health insurance.

Commissioner Lee made a **MOTION** to eliminate retiree healthcare benefits to new hires hired on or after July 1, 2016. Commissioner Wesson **SECONDED** the motion. The **MOTION PASSED** unanimously.

Lastly, the question was raised about the possibility to decrease the current tax rate from \$0.84 to \$0.83 due to the revenue generated from the EMS Medicaid Maximization reimbursement, which was in excess of \$400,000 in the current year.

Commissioner Lee was in favor of the tax rate reduction, but did not want to reduce it only to increase it again next fiscal year.

The Board was confident that no increase should be needed due to the amount of funding that will be received from Medicaid reimbursement.

Commissioner Wesson made a **MOTION** to decrease the current tax rate by \$0.01 from \$0.84 to \$0.83. Vice Chairman Bazemore **SECONDED** the motion. The **MOTION PASSED** unanimously.

Lastly, the Board agreed that the following work sessions should take place once the budget has been completed: full review of employee retirement benefits and how to fully address the unfunded liability (OPEB), a revitalization of the County's Personnel Policy, a standard of protocol for funding "pop up" 501(c)(3) organizations, as well as a final presentation from Springsted for the County's latest pay study.

ADJOURN

Chairman Trent adjourned this session at 10:00AM.