

THE BOARD OF COMMISSIONERS OF THE COUNTY OF CRAVEN MET IN REGULAR SESSION IN THE COMMISSIONERS' ROOM OF THE CRAVEN COUNTY ADMINISTRATION BUILDING, 406 CRAVEN STREET, NEW BERN, NORTH CAROLINA, ON MONDAY, MAY 18, 2009. THE MEETING CONVENED AT 8:30 A.M.

MEMBERS PRESENT:

- Chairman Jason R. Jones
- Vice Chairman Theron McCabe
- Commissioner Lee Kyle Allen
- Commissioner Perry L. Morris
- Commissioner M. Renée Sisk
- Commissioner Steve Tyson

MEMBERS ABSENT:

- Commissioner Johnnie Sampson, Jr.

STAFF PRESENT:

- Harold Blizzard, County Manager
- Ray H. Moser, Assistant County Manager
- Richard F. Hemphill, County Finance Officer
- Gwendolyn M. Bryan, Clerk to the Board
- Jim Hicks, County Attorney

Following an invocation by Commissioner Tyson and the Pledge of Allegiance, Commissioner Sisk moved to approve the minutes of May 4, 2009 regular session, seconded by Commissioner McCabe and unanimously carried.

CONSENT AGENDA

Budget Amendments

Craven County Finance Officer, Rick Hemphill, submitted the following budget amendments for the Board's approval. Commissioner Morris moved for their approval, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

DSS 7291 Mandated

REVENUES	AMOUNT	EXPENDITURES	AMOUNT
101-7291-349-32-00 Energy CIP, CP&L	\$20,000.00	101-7291-450-23-04 Energy CIP	\$20,000.00
TOTAL	\$20,000.00	TOTAL	\$20,000.00

Justification: Additional allocation has been received for the Crisis Intervention Program. There is no County match, funds are 100% federal.

DSS 7295 Senior

101-7295-336-39-00 General Donations	\$380.00	101-7295-450-32-31 Donation Senior Supplies	\$380.00
TOTAL	\$380.00	TOTAL	\$380.00

Justification: Revenue collected over budgeted amount.

Request for Public Hearing for CDBG Site Housing Grant

The Planning Department requested that a public hearing be set for June 1, 2009 at 7:00 p.m. to hear comments regarding the County's intent to apply for a FY 2009 CDBG Scattered Site (SS) Housing Grant which is funded by the North Carolina Division of

Community Assistance through the U.S. Department of Housing and Urban Development. The total grant amount for the County’s FY 2009 CDBG SS program will be \$400,000 and no County funds are required. Commissioner Morris moved to set a public hearing for June 1, 2009 at 7:00 p.m., as requested, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

Tax Releases and Refunds

Craven County Tax Administrator, Ronnie Antry, submitted the following tax releases and refunds for the Board’s approval. Commissioner Morris moved for their approval, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

Credits

TAXPAYER NAME	TICKET#	AMOUNT
BARROW, JOHN SCOTT & JOY SWMH DOUBLE BILLED ACCT #3612	2008-0003065	\$136.50
CASTRO-ANGULO, MARIO ALBERTO 9/14/2007 – TORN DOWN AND REMOVED	2008-0009658	\$45.26
CLARKE, ALVINA DADE-EL & ROBER MOVED FROM COUNTY 9/14/2007	2008-0010957	\$162.79
DAWSON, ELVA DOUBLE LISTED ACCT #1286100	2008-0014499	\$44.94
DIXON, DALE DOUBLE LISTED ACCT #31416	2008-0092112	\$175.84
EVANS, JOHN BOAT LEFT 10/2007	2008-0017813	\$203.47
FORD, JOHNNY DEE MH REPOSSESSED IN 2007	2008-0019228	\$86.90
HOPEWELL, STEVE LISTED W/PAMLICO CO FOR 2008	2008-0027552	\$136.28
QUINN, BECKY F DOUBLE LISTED ACCT #5922090	2008-0091040	\$599.60
QUINN, BECKY F DOUBLE LISTED ACCT #5922090	2008-0091401	\$97.11
WELCH, TABBATHA LYNN MH SOLD IN 2007	2008-0091633	\$55.60
	11 – CREDIT MEMO (S)	\$1,744.29

Refunds

DOVE, VICTOR J & MICHELLE J DOUBLE LISTED ACCT #45723	2008-0015897	\$126.85
FENTY, DARLENE JEAN SWMH LISTED AS REAL ON ACCT #72805	2008-0018332	\$41.79
	2 –REFUND (S)	\$168.64

Nutrition Programs Caterer Bid

The Craven County Department of Social Services received 2 bids for the congregate and home delivered meals for fiscal year 09-10 and 10-11.

J & S Catering of Bayboro	Cost per meal: \$4.17 + .28 tax = \$4.45
Golden Corral	Cost per meal: \$4.25 + .29 tax = \$4.54

The department recommends award of the bid to J & S Catering for fiscal years 2009 through 2011. Commissioner Morris moved to award the bid to J & S Catering of Bayboro, as requested, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

PCS Phosphate Resolution

The Beaufort County Commissioners requested that the Board consider adoption of the following resolution in support of PCS Phosphate Corporation and the U.S. Army Corps of Engineers. Commissioner Morris moved for adoption of the requested resolution, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

RESOLUTION IN SUPPORT OF PCS PHOSPHATE CORPORATION AND THE U.S. ARMY CORPS OF ENGINEERS

WHEREAS, PCS Phosphate has been a substantial provider of jobs and economic benefit to much of eastern North Carolina for many decades and;

WHEREAS, PCS Phosphate has been engaged in a permitting process for more than 8 years to allow them to continue operation of Aurora, NC facilities and;

WHEREAS, the U.S. Army Corps of Engineers has indicated a willingness to issue the necessary permit to continue mining operations in Aurora and;

WHEREAS, the Environmental Protection Agency of the United States of America (EPA) has indicated concerns with the permit and has indicated that the agency could potentially veto the permit once it is issued by the U.S. Army Corps of Engineers; and

WHEREAS, a veto of the permit by the EPA would result in years of further delay and an economic disaster for the citizens and Counties that depend on the uninterrupted operation of PCS Phosphate's Aurora facilities; and

WHEREAS, hundreds of meetings with dozens of Federal and State regulatory agencies has finally produced a workable mining permit proposal; and

WHEREAS, the EPA's last minute intervention would likely mean economic disruption of unprecedented consequence in eastern North Carolina resulting in the potential loss of over 1,000 direct PCS Phosphate employees and several thousand more jobs that indirectly depend on the presence of the company;

NOW THEREFORE BE IT RESOLVED, that the Craven County Board of Commissioners does hereby petition the President of the United States and the respective members of the United States Congress to intervene on behalf of PCS Phosphate to allow the continuation of mining at the Aurora, NC facility and to prevent the economic devastation and job losses that will accompany further delay of the issuance of this permit.

Adopted on this the 18th day of May, 2009

UPDATE ON REVALUATION PROCESS

Tax Administrator, Ronnie Antry, and Chief Appraiser, Glenn Jones, updated the Board on the upcoming 2010 revaluation, addressing some of the differences in how the project was managed eight years ago versus now, as well as some of the challenges that the current economic climate has created. Mr. Antry indicated that there are 56,000 taxable parcels in the county, an increase from 48,000 at the time of the last revaluation in 2002. He explained that the tax base has grown from \$4.5 billion in 2002 to a current \$ 7 billion. During the years immediately following the 2002 revaluation, the County

experienced steady, higher than average increases in sales values; however in the last two years, sales prices have remained stagnant and volume has declined. He stated that the schedule of values has been delayed this year on the advice of the North Carolina Department of Revenue to allow additional time for tracking sales. It is recommended that the schedule be adopted no earlier than July, but no later than September. Mr. Antry also announced plans to include a flyer with the tax billing that explains the revaluation process.

**AWARD OF PROFESSIONAL CONTRACT FOR FY 2009 CDBG SCATTERED
SITE HOUSING GRANTS**

The Board considered a recommendation from the Planning Director that the contract for planning and project management services for the Craven County FY 09 CDBG Scattered Site project be awarded to Holland Consulting Planners, Inc. for a fee not to exceed \$7,000. The firm will assist with preparation of the grant application, which is due on July 31, 2009. Two requests for proposals were issued; however, Holland Consulting Planners, Inc. was the sole bidder on both occasions. The Board was advised that staff had reviewed the hourly rates proposed by Holland Consulting Planners, and found them to be competitive. Commissioner Tyson moved to award the contract, as recommended, to Holland Consulting Planners for a fee not to exceed \$7,000, seconded by Commissioner Morris and unanimously carried.

ASSISTANCE TO U.S. MERCHANT MARINE VETERANS

The Commissioners considered a request from Don Horton of Camden County for adoption of the following resolution.

**A RESOLUTION OF THE CRAVEN COUNTY BOARD OF COMMISSIONERS
SUPPORTING AN ALTERNATIVE METHOD OF RECOGNITION FOR VETERANS
STATUS TO MERCHANT MARINE SEAMEN OF WW II**

WHEREAS, Public Laws 95-202 and 105-368 bestowed veteran status on US Merchant Marine Seamen of WW II; and

WHEREAS, two specific U.S. government actions by the United States government have caused some 10,000 merchant seamen to have been denied their due recognition:

- (1) The USCG relieving Masters of tugs, towboats and seagoing barges of the responsibility of submitting reports of seamen shipped and discharged; and
- (2) The National Maritime Administration ordering ship's logbooks to be destroyed because they were too costly to maintain, thus removing the two main criteria required by the government to issue official recognition to those seamen; and

WHEREAS, the average age of the remaining seamen is above 86 and the population of the US veterans is shrinking at an average of 850 per year, causing time to be of the essence; and

WHEREAS, No costs are associated with this proposal as funds are already included in the public laws 95-202 and 105-368.

NOW, THEREFORE, BE IT RESOLVED that the Craven County Board of Commissioners requests that immediate remedies be taken to correct the above stated actions.

BE IT FURTHER RESOLVED that the Craven County Board of Commissioners supports the attached proposal and so orders that this resolution and attached proposal be sent to Senator Kay Hagan, Senator Richard Burr, Congressman Walter B. Jones and Congressman G. K. Butterfield, and that this matter be placed into consideration to ensure expedient passage.

Adopted this 18th day of May, 2009

Commissioner Sisk stated that she is in favor of the request because Merchant Seamen went to war and were placed in danger just as military personnel were, and moved for adoption of the resolution, seconded by Commissioner Allen and unanimously carried.

NC DEPARTMENT OF TRANSPORTATION MATTERS

DOT Secondary Road Program

DOT District Engineer, Reed Smith, and Division Engineer, Neil Lassiter, presented the 2009-2010 Secondary Road Improvement Program, as follows:

Priority No.	SR No.	Local Name	From	To	Proposed Improvements	Estimated Cost
*1-R(F)	1275	Cobbtown Rd.	SR 1262	NC 55	Grade, Drain, Stabilize & Pave	\$270,000.00
*2-R(F)	1641	Old Washington Rd.	US 17BS	US 17BY	Grade, Drain, Stabilize & Pave	\$180,000.00
*3-R(F)	1240	White Ave.	SR 1239	City Lim	Grade, Drain, Stabilize & Pave	\$ 90,000.00
*4-R(F)	1253	Quinn Road	SR 1256	SR 1252	Grade, Drain, Stabilize & Pave	\$140,000.00
**6-R(F)	1370	John Daugherty Rd	SR 1252	End	Grade, Drain, Stabilize & Pave	\$220,000.00
**7-R(F)	1635	Brick Kiln Rd.	SR 1628	SR 1628	Grade, Drain, Stabilize & Pave	\$150,000.00
7	1440 Streets Ferry Road				Widen to Provide Turn Lanes at West Craven Park and West Craven High School	\$200,000.00
8	1004 Brices Creek Road		Brices Crk	SR 1171	Widen to 28' to install 4' Paved Shoulders	\$295,500.00
	Maintenance Functions – Stabilization, Pipe Replacement, & Paved Road Improvements					\$225,000.00
	Road Additions, Overdrafts, Countywide Surveys and Contingencies					\$200,000.00

* Right of Way Existing
 ** Right of Way Acquisition Incomplete

Notes:

1. Program subject to availability of funds, right of way, & environmental review. If a project is dropped due to any of these reasons, alternate projects will be set up on priority order.
2. Rural Road Priority #13-R, Catfish Lake Road, was skipped in 1998-99 Program due to request and resolution from County Commissioners.
3. Completes Funding of SR 1275-Total Estimated Cost \$1,020,000.00
4. Rural Road Priority #5-R, Old Dover Road, is funded under current Railroad Xing Improvement Project.
5. Partial Funding of SR 1635 – Total Estimated Cost \$250,000.00
6. Completes Funding of SR 1440 – Total Estimated Cost \$500,000.00
7. Partial Funding of SR 1004 – Total Estimated Cost \$1,100,000.00 (Current Funding \$560,000.00) Unfunded Balance \$245,000.00

During discussion, Commissioner Morris asked Mr. Smith to e-mail information on the remaining rights-of-way acquisitions needed. He stated that the Commissioners may be able to assist. Commissioner Jones inquired if roads which appeared on the previous year’s list, and have yet to be addressed, would take priority over the new list. Mr. Smith responded that it should not be assumed. Commissioner McCabe asked when roads in his district, specifically Highway 101, would be addressed. He was advised that work is expected to begin in his area after the anticipated completion of Highway 17 N. project by the end of July. The motion carried unanimously.

Proposed Agreement

The Board was informed of a NC Department of Transportation proposal for a project that would include closed circuit TV equipment and message signs on the bridge crossing the Neuse and Trent Rivers. The equipment, which is intended to monitor the traffic conditions in this area, can be reviewed from the County 911 Center and will be installed by DOT. The County employees could also remotely control the cameras to assess the conditions and turn on instant message board signs that would have programmed messages to warn and direct drivers entering the area.

Emergency Services Director, Stanley Kite, recommended that the County enter the agreement, which follows, with the Department of Transportation.

NORTH CAROLINA
CRAVEN COUNTY

5/5/09

NORTH CAROLINA DEPARTMENT
OF TRANSPORTATION

AND

COUNTY OF CRAVEN

MEMORANDUM OF UNDERSTANDING/
OPERATIONS AGREEMENT
Project No.: SF-5102A
WBS: 42658.3.1

THIS MEMORANDUM OF UNDERSTANDING/OPERATIONS AGREEMENT, made and entered into on the last date executed below, by and between the Department of Transportation, an agency of the State of North Carolina (hereinafter referred to as the "Department"); and County of Craven, a body politic and corporate of the State of North Carolina (hereinafter referred to as the "County"), is to establish criteria for the operation of the "Incident Advisory System and Associated Components". This includes the Dynamic Messaging Signs and Closed Circuit Television (CCTV) cameras located along US 17 at the Neuse River Bridge, US 70 at the Trent River Bridge, and the US 70 / US 17 / Front Street Interchange near New Bern, Craven County.

WITNESSETH:

WHEREAS, the Department owns and maintains the "Incident Advisory System and Associated Components" in Craven County, which system and associated components consist of four (4) Dynamic Message Signs, five (5) Closed Circuit Television Cameras and their appurtenances, a Central Command Computer System to be located at the Craven County Communications Center, 412 Craven Street, New Bern, North Carolina 28560, and a Host Computer located at the Department's Division 2 Office, 195 Pictolus Hwy (NC Hwy 33), Greenville, North Carolina 27835.

WHEREAS, in the interest of public safety, the Department and the County desire to operate the "Incident Advisory System and Associated Components" in order to disseminate timely and accurate information concerning traffic conditions on and around the Highway 17 and 70 corridor, on and approaching the Trent and Neuse River Bridges in Craven County;

NOW, THEREFORE, the parties hereto, each in consideration of the promises and undertakings of the other as herein provided, do hereby covenant and agree, each with the other, as follows:

1. This Agreement shall be subject to the terms of the NCDOT Statewide Information Dissemination Policy for Traffic and Travel Information, and the Dynamic Message Sign Policy, which terms are expressly incorporated herein by reference.
2. The Department agrees to provide initial training to the Communications Center Telecommunicators by Division 2 Personnel, the System Contractor and/or by a Third Party on the proper operation of the system components that Craven County Communications Center will be responsible for operating and monitoring. The training will consist of polling the system, posting messages on the Dynamic Message Signs and removing messages from the Dynamic Message Signs including specific use protocols. The Department shall provide such other training as may be necessitated due to changes in software, hardware, protocols and/or operations.
3. The County agrees to provide training for any new Communications personnel to insure that the system is operated properly.
4. The County agrees to Operate/Monitor the "Incident Advisory System and Associated Components" in accordance with the functional operation of the system outlined below at no expense to the Department:

- The system uses a wireless network to interface with the County 911 Communications Center, the County will utilize the CCTV Cameras to monitor traffic conditions on and around the bridge structures and in the event of stopped or slow moving traffic, the system operator in the County Communications Center will display a predetermined message on the appropriate DMS to alert motorist of the current or pending traffic conditions. Once the reported event is cleared, the system operator will return DMS to previous status.
5. The County agrees not to provide any other entity access to the equipment provided by the Department unless approved by the Department.
 6. The Department agrees to maintain the system in accordance with its standard policies and procedures.
 7. Notwithstanding anything to the contrary contained herein, all hardware, software, equipment and other property related to this Agreement are owned solely by the Department. As such, the Department shall be solely responsible for all purchasing, installation, maintenance, upkeep, upgrades, replacement, costs related thereto, and insurance (if any).
 8. The Department is solely responsible for determining the location and placement of all equipment, including but not limited to the dynamic messaging signs and closed circuit television cameras.
 9. The County agrees to provide Department Employees access to the 911 Communications Center to perform maintenance and upgrade activities.
 10. This Agreement will be reviewed by the County and the Department semi-annually to ensure that the system is operating properly and that both parties are adhering to the conditions outlined in this memorandum of understanding/ operations agreement.
 11. To the extent permitted by law, the parties hereto shall indemnify and hold the other harmless against all expenses, liabilities and claims of every kind, including reasonable attorney's fees, incurred by the other in favor of any person or entity arising out of said party's gross negligence or intentional acts in performing under this Agreement.
 12. This Agreement may be terminated by either party at any time by providing a minimum of ninety (90) days written notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed, in duplicate, the day and year heretofore set out, on the part of the Department and the County by authority duly given.

Presented to Board of Transportation Item O: June 4, 2009

Commissioner Tyson moved to approve the agreement and authorize the Chairman to execute it. Commissioner Morris seconded the motion, which carried unanimously.

APPOINTMENTS

Havelock Board of Adjustment

The Board was advised of a vacancy to replace Kathy Ziegler as an extraterritorial alternate on the Havelock Board of Adjustment. Commissioner Allen nominated Ms. Nancy Webster. There being no other nominees Ms. Webster was appointed by acclamation.

Tourism Development Authority

The Board was advised that the term of Barbara Dotterer was due to expire on the Tourism Development Authority. Ms. Dotterer represents Hampton Inn, and is currently

the Vice-Chair of the TDA. Commissioner Morris nominated Ms. Dotterer for reappointment. There being no other nominees, Ms. Dotterer was reappointed by acclamation.

Craven Community College Board of Trustees

The Board received a letter of resignation from Don Brinkley on the Craven Community College Board of Trustees. In addition, the Board was advised of the expiring term of Earl Wright, who has already served over ten years as a trustee. Commissioner Morris nominated Patricia Eatman to replace Don Brinkley. Commissioner Allen nominated Earl Wright for reappointment. Commissioner Jones stated that members of the Craven Community College Board expressed interest in Bill Naumann is being appointed, and his name was placed in nomination. In a roll call vote, Patricia Eatman received two (2) votes from Commissioners Morris and Jones. Bill Naumann received four (4) votes from Commissioners Allen, Sisk, Tyson and McCabe and Earl Wright received six (6) votes.

Upcoming Appointments

Terms on the ABC Board, Airport Authority, Juvenile Crime Prevention Council, Parks and Recreation Advisory Board and EMS Advisory Council were deferred until the Board's next meeting.

COUNTY MANAGER'S REPORT

Request from NRCS

Assistant County Manager, Ray Moser, presented a request by the Natural Resources Conservation Service (NRCS), which is part of the USDA, a sister agency with the Farm Service Agency (FSA), to transfer four Soil Scientists to Craven County to be in a central location to do soil mapping from South Carolina to Virginia. In order to accommodate their space needs in the FSA office located in the Agricultural Building, as requested, some renovation will be required, such as erecting a new wall, installing new HVAC equipment, locating an exit door and building a small sidewalk. The cost of \$17,333 to complete these renovations is to be paid by NRCS. Mr. Moser indicated that Kay Yates, Local Director of the FSA office, is agreeable to this transfer since it will reduce her existing space by approximately 590 square feet. Commissioner Jones inquired how long the lease would be and Mr. Moser responded until the end of the current lease with Soil Conservation. Commissioner Allen moved to approve the renovations and transfer of space, seconded by Commissioner Sisk and unanimously carried.

St. Luke's Building Lease

The Board was advised that Chuck Tyson of Tyson and Hooks Realty, Inc. had contacted the County about a company, Recovery Innovations of North Carolina, interested in leasing a portion of the St. Luke's building. The company provides mental health services and is currently housed in the Clark Building on Broad Street. The company is interested in a six month lease and on a month to month arrangement afterwards, with potential interest in a long-term lease.

Mr. Tyson advised that the company has offered to pay \$10 per square foot. Based on the area they are interested in leasing, the rent would be \$10,455 per month, with a fee for Mr. Tyson of 5%.

Since the building continues to be offered for sale by Preservation North Carolina, staff recommended that should the Board decide to lease the building, the lease agreement be written so that the lease would not interfere with any offers to purchase the building. The Board was requested to allow staff and the County Attorney to negotiate the final lease and authorize the Chairman to execute the agreement. Commissioner Allen moved to allow the attorney to draft a contract which the Chairman will be authorized to execute. Commissioner McCabe seconded the motion. Commissioner Tyson asked to be excused from voting due to the interest of a close family member. Commissioner Allen moved to

excuse Commissioner Tyson, seconded by Commissioner Morris and unanimously carried. The original motion carried with five (5) "Ayes".

2009-2010 Budget Recommendation

County Manager and Budget Officer, Harold Blizzard presented the recommended budget for FY 2009-2010 summarized, as follows:

Mr. Chairman and Members of the Board of Commissioners:

I respectfully submit for your consideration the recommended budget for Craven County for fiscal year 2010. The proposed budget is balanced and it is recommended that the ad valorem tax rate for fiscal 2010 remain at \$.61 per \$100 of valuation, the fifth consecutive year at this rate. The proposed budget includes an \$800,647 appropriation of fund balance. One reason local governments are encouraged to maintain a fund balance is to have funds available for budget shortfalls caused by economic conditions. It is important to remember, however, that an entity cannot "live" off its fund balance for an extended period of time. Craven County's fund balance was at 18.5% of expenditures at June 30, 2008 while other counties our size had fund balances averaging 24.3%. Additionally, we expect the County's fund balance to decline slightly in fiscal 2009 resulting in a lower percentage of expenditures.

To say balancing this budget, without a tax increase, was difficult would be an understatement. Historically, Craven County has been able to maintain the current tax rate due to a prolonged period of consistent and manageable growth in the tax base. Unfortunately, growth in the tax base did not occur this year. In 2009, the current year, estimated growth in the tax base was \$390 million, or 5.9%, over the estimate for 2008. This resulted in \$2.3 million of additional property tax revenue in the fiscal 2009 budget. Next year the estimated growth in the tax base is projected to be \$20 million, or .3%, resulting in only \$120,000 of additional property tax revenue. Additionally, in the past Craven County has been able to rely on a 2% to 4% growth in sales tax revenues. This year sales tax revenues are budgeted to decline approximately \$1.3 million or 6.5% from the previous twelve months actual amounts. (These amounts are without the loss of sales tax due to the Medicaid swap with the State.) It is believed that these estimates are conservative, but there are many unknowns which require a conservative approach to budgeting revenue this year. In the past week the State's budget situation has worsened. We do not know what impact that may have on local government budgets. It would not be unusual for the State to "ask" counties to help them balance their budget.

Property tax and sales tax are not the only revenue sources expected to decline in the next fiscal year. Fees collected by the Register of Deeds are expected to be down by \$462,000 and building inspection fees are expected to decline by \$155,000 from the current budget. Obviously, these are due to weakness in the housing and construction markets.

Even though County departments and agencies funded by the County made reasonable budget requests, the total was out of balance by \$4.9 million. In order to balance the budget, deep cuts and sacrifices are required. This budget attempts to maintain County services at their present levels and does not provide for expansion of programs or services. Line items are reduced in all departments and increased only where absolutely necessary. Many of the reduced line items will inevitably require more funding in the future to make up for the reductions in this budget.

Expenditures of the general fund are recommended to decrease by 8.8%, from \$98.6 million in the current budget to \$89.9 million in fiscal year 2010. While the reduction in expenditures is spread across all departments, the largest reduction was in the Department of Social Services. The recommended expenditures are approximately \$4 million less than the current budget. The reduction in Medicaid accounts for \$3 million of this amount. Next year the State assumes the full non-federal Medicaid burden. Had the exchange of Medicaid for sales tax not taken place, the County would be facing a \$6.2 million expense for Medicaid in the fiscal 2010 budget. The amount of sales tax given up

by the County in this exchange will be approximately \$4.3 million in fiscal 2010, netting the County a savings of \$1.9 million.

Capital outlay was significantly reduced in the recommended budget. Capital outlay recommended for 2010 is approximately \$1.0 million, as compared to \$1.8 million in the current year, a 45% reduction. The Sheriff's Department, Social Services and Recreation are the departments where most of this difference in capital outlay spending occurred.

There is no across the board salary adjustment for employees recommended in this budget for 2010. Health insurance and dental insurance rates are being maintained at the same amount as the current year even though medical costs are estimated to increase 10% in the upcoming year. This will require the use of reserves built up over the years in the County's self-funded insurance fund. These reserves will require replacement in the upcoming years.

There are eight vacant positions in various departments in the County which are recommended to be unfunded in the upcoming budget. There are seven new positions being added for the Sheriff's Department and Jail. These positions are necessary for the new facility and include four jailers, two transport officers and one position for the electronic offender monitoring program. These new positions are added only because they are considered to be essential.

The public schools and community college have been understanding of the difficulty in balancing this budget. The public schools asked for a \$125,000 increase in current expense, to fund a \$100 teacher supplement increase. This increase is not being recommended. The schools asked for a \$300,000 increase in capital outlay which is not being recommended. The public schools are recommended to receive the same funding as the current year for both current expense and capital. The Community College requested the same funding as they are receiving in the current year and that is the recommendation.

I wish to commend department heads, staff and agencies for their cooperation and valuable assistance in this very difficult process. I look forward to working with the Board of Commissioners in finalizing this budget for next year. The recommended budget shall be immediately available for public inspection. I recommend the Board schedule a public hearing at 7:00 PM on June 1, 2009 and conduct budget study sessions as previously scheduled between now and that time.

Respectfully submitted,

Harold Blizzard, Craven County Manager
May 18, 2009

The Board was asked to set a public hearing on the budget at 7:00 p.m. on June 1, 2009 and to schedule budget work sessions for the Board. Commissioner Sisk moved to schedule a public hearing for June 1, 2009 at 7:00 p.m., seconded by Commissioner Morris and unanimously carried. It was the Board's consensus to start the budget review at the beginning of the budget, with Fire & Rescue at the end, followed by Special Appropriations. Commissioner Sisk moved to follow the process, as stated, seconded by Commissioner Morris and unanimously carried.

COMMISSIONERS' REPORTS

At 9:30 a.m. the Chairman excused himself and asked Vice Chairman McCabe to preside.

Commissioner Tyson noted with interest that Senator Basnight has a bill to eliminate plastic bags in landfills in his area.

Commissioner Morris reminded parents that EOG tests were in progress. He asked the Board to Google U.S. Congressional Hearings on CVS/Caremark matters for more information.

Commissioner McCabe announced that on May 25 at 11:00 a.m. the Craven County Veterans Council will conduct a Memorial Day Program featuring Col. Harper and Gov. Perdue.

At 9:35 a.m. Commissioner Sisk moved to recess until 8:30 a.m. Thursday, May 21, seconded by Commissioner Tyson and unanimously carried.

Chairman Jason R. Jones
Craven County Board of Commissioners

Gwendolyn M. Bryan, Clerk to the Board