

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 17, 2010. THE MEETING CONVENED AT 8:30 A.M.

MEMBERS PRESENT:

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

STAFF PRESENT:

- Harold Blizzard, County Manager
- Jack Veit, 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 Morris and the Pledge of Allegiance, Commissioner Sampson moved to approve minutes of May 3, 2010 regular session, seconded by Commissioner McCabe and unanimously carried.

CONSENT AGENDA

Tax Releases and Refunds

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

Credits

TAXPAYER NAME	TICKET#	AMOUNT
ANALA, THERESA DID NOT OWN 1/1/2009	2009-0002094	\$55.60
BAILEY, WILLIAM HARRISON DID NOT OWN 1/1/2005	2005-0002094	\$53.08
BAKER, SHERRY ANN DOUBLE BILLED ACCT #6060900 HARDESTY	2009-0002406	\$268.26
HARDESTY, DANIEL F SR HRS & DA DOUBLE BILLED ACCT # 6060900 HARDESTY	2009-0024227	\$70.07
HELMS, GARY C DID NOT OWN 1/1/2008	2009-0091246	\$201.71
5- CREDIT MEMO (S)		\$648.72

Refunds

MORRIS, MARY SINGLETARY DOUBLE LISTED ACCT #42514	2007-0039682	\$39.92
MORRIS, MARY SINGLETARY DOUBLE LISTED ACCT #42514	2008-0040315	\$39.73

2 – REFUND (S)

\$79.65

Budget Amendments

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

Health/Maternity/Child Health/Family Planning

REVENUES	AMOUNT	EXPENDITURES	AMOUNT
101-5800-375-01-00 Medicaid Max	\$11,980.00	101-5800-440-10-02 Salary	\$6,079.00
		101-5800-440-11-01 FICA	\$ 995.00
		101-5800-440-11-02 Retirement	\$ 193.00
		101-5800-440-11-03 401K	\$ 199.00
		101-5800-440-11-04 Workers Comp	\$2,682.00
		101-5800-440-11-05 Health Insurance	\$1,730.00
		101-5800-440-11-07 Dental Insurance	\$ 130.00
		101-5800-440-11-09 Disability Insurance	\$ 12.00
TOTAL	\$11,980.00	TOTAL	\$11,980.00

Justification: Due to a misunderstanding of classifying the LPN position in the beginning of FY 2009-2010, it was determined that Medicaid Max would fund the shortage of this position’s salary and benefits. The amount of \$11,980 will cover the shortage.

DSS 7291 Mandated

101-7291-349-42-00 Share the Warmth	\$149.00	101-7291-450-23-42 Share the Warmth	\$149.00
TOTAL	\$149.00	TOTAL	\$149.00

Justification: Additional allocation has been received for the Share the Warmth Program. Funds are 100%, no County match.

DJJDP/JCPC

101-0564-348-10-00 Comm Children	\$(9,700.00)	101-0564-450-91-01 Comm Children	\$(9,700.00)
101-0564-348-15-00 Area Day Reporting	\$6,000.00	101-0564-450-91-05 Area Day Reporting	\$6,000.00
101-0564-348-50-00 DJJDP – resolve	\$1,000.00	101-0564-450-91-04 DJJDP-resolve	\$1,000.00
101-0564-348-65-00 DJJDP-teen court	\$1,000.00	101-0564-450-91-65 DJJDP-teen court	\$1,000.00
TOTAL	\$(1,700.00)	TOTAL	\$(1,700.00)

Justification: Reallocation of state funding for Juvenile Crime Prevention Council programs.

Juvenile Restitution

565-0000-348-19-00	\$1,700.00	565-7500-500-32-01	\$ 100.00
DJJDP-Juvenile Restitution		Office Supplies	
		565-7500-500-26-02	\$ 300.00
		M & R Equipment	
		565-7500-500-40-47	\$5,600.00
		Restitution	
		565-7500-500-25-0	\$ (500.00)
		Travel/training	
		565-7500-500-40-0	\$(3,800.00)
		Contractual services	
TOTAL	\$1,700.00	TOTAL	\$1,700.00

Justification: Additional state funding for Juvenile Restitution Program and adjustments among line items to better facilitate use of funds.

Health Fees

At its recent meeting of May 10, 2010, the Board of Health recommended the following schedule of adjustments to fees in various clinics in order that charges be equal to or greater than rates paid by Medicaid and Medicare. Commissioner Allen moved to approve the schedule of adjustments to fees, as recommended, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

<u>Procedure Code/Description</u>	<u>Medicaid Rate</u>	<u>Proposed Rate</u>
<u>Child Health</u>		
90473EP/Admin code for intranasal vaccine	\$6.94	\$7.00
96110/Developmental testing (ASQ)	\$8.75	\$9.00
99420EP/Admin and interpret of health risk (autism)	\$8.14	\$9.00
<u>Adult Health Clinics</u>		
93770/Determination of venous pressure	\$6.62	\$7.00

Reason for Addition:

Replacing codes that are no longer accepted due to revisions of CPT coding and new services being offered.

Subdivision for Approval

Planning Director, Don Baumgardner, re-submitted the following subdivision for the Board’s approval. Mr. Baumgardner asked to be excused from the recommendation of the subdivision because of conflict of interest. Commissioner Allen moved to approve the following subdivision, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

John Hardee Section II Division – Final: The property, owned by John Hardee and surveyed by Terry Wheeler, is located within Twp. 7 off of SR 1111 (Old Airport Road). The subdivision contains 1 lot on 2.5 acres and is proposed to be served by community water and City of New Bern sewer.

Amendment to Home Health/CPS Incentive Policy

The Board was requested to approve an amendment to the Incentive Pay Policy for Social Workers in Child Protective Services and Adult Protective Services and Nurses working in Home Health/Hospice.

Management was recently made aware that social workers and nurses covered under this policy are currently performing the duties outlined therein prior to attaining the six months permanent status as required under this policy. It was recommended that these employees become eligible to receive the incentive pay at such time as they begin

performing the full duties of the position and are doing so without the assistance of other employees or supervisors, irrespective of their probationary period status. Commissioner Allen moved to approve the amendment to the policy, as recommended, seconded by Commissioner McCabe and unanimously carried in a roll call vote.

REVALUATION UPDATE

Tax Administrator, Ronnie Antry, provided an overview of the Sales Assessment Ratio Study, which is required annually for every county, for the nine North Carolina counties that were revalued this year. Craven County assessment ratio is 99.90%. He explained how the Department of Revenue calculates this ratio, and stated that Craven County is low compared to the other counties, which is good and reflects accuracy.

Chief Appraiser, Glenn Jones, announced that there are a total of 4,271 appeals of values to date, representing 7.62%, with anticipation of 10% totally. The Tax Department is currently grouping appeals according to neighborhoods, and arranging for staff teams to visit properties grouped by township. Owners were cautioned to delay fee appraisals until after tax staff can take a second look. Commissioner Tyson inquired if re-visits will occur prior to setting the tax rate. Mr. Jones responded that it would be desirable, but not likely with so many properties to review. Mr. Antry stated that the Board of Equalization and Review will not adjourn until August 30, making it impossible for all appeals to have been completed prior to setting the rate.

RHEMS FIRE DEPARTMENT REQUEST

Emergency Services Director, Stanley Kite, presented a proposal to replace a fire truck at Rhems Fire Department. As required in the contract with the County, he advised the Board that First Citizens Bank has made a verbal commitment of 1% above prime for financing the purchase. The anticipated purchase price is \$165,000-\$175,000. Commissioner Allen inquired if the Fire Tax Commissioners are informed of this purchase. Mr. Kite responded that he was not sure, but there is no projected increase in the fire tax rate. Commissioner Jones asked Finance Officer, Rick Hemphill, if the figures are compatible with the budget. Mr. Hemphill responded that the budget request reflects a rate that is revenue neutral and the budget request submitted, if approved, would not require an increase to handle the additional debt. Commissioner Jones moved to endorse the proposal, seconded by Commissioner McCabe and unanimously carried.

The Chairman introduced Ms. Christine Smith, new reporter for The Sun Journal.

APPOINTMENTS

Nursing Home Advisory Committee

At the Board's meeting on March 15, the annual report of the Nursing Home Advisory Committee was received, at which time an appeal was made for additional members. There are currently five members, with authorization for an additional five members. Commissioner McCabe nominated Lee Burton and himself. Commissioner Tyson nominated Bob Dorsey, Rachelle Martin and Alva Windham. There being no additional nominees, all were appointed by acclamation.

Adult Care Home Advisory Committee

The Board was requested to consider appointments of up to three additional members on the Adult Care Home Advisory Committee. Commissioner Jones nominated Joanne Celinski and Barbra Jackson. There being no additional nominees, Ms. Celinski and Ms. Jackson were appointed by acclamation.

Regional Aging Advisory Committee

The Board considered a request to fill two positions on the Regional Aging Advisory Committee. These appointments were deferred.

Zoning Board of Adjustment

The Board was advised by Planning Director, Don Baumgardner, that Davis Sugg, who was previously appointed to the Zoning Board of Adjustment, is ineligible to serve because he resides outside of the Regional Airport Zoning Area district represented. He is, however, eligible to serve in an at-large position, which was filled by Lee Burton at the last meeting. Mr. Baumgardner explained that there was only one at-large opening, which would necessitate the Board's choosing between Mr. Sugg and Ms. Burton. Commissioner Tyson nominated Davis Sugg, and Commissioner McCabe, who had nominated Ms. Burton, conceded. Mr. Sugg was appointed by unanimous consent.

The Planning Staff presented a list of individuals who live in the Coastal Carolina Regional Airport Zoning Area for the Board to consider in making an appointment. Commissioner Tyson nominated Cynthia Riley of Kelso Road. There being no additional nominees, Ms. Riley was appointed by acclamation.

Eastern Carolina Regional Housing Authority

The Board received a request from the Eastern Carolina Regional Housing Authority for reappointment of Arlene Clifton. Commissioner Allen nominated Ms. Clifton for reappointment. There being no additional nominees, Ms. Clifton was appointed by acclamation.

Deputy Clerk

The Board was requested to appoint Assistant County Manager, Jack Veit, as Deputy Clerk, to replace Ray Moser. Mr. Veit was appointed by acclamation.

Planning Board

Mr. Louis Balogh, whose term on the Planning Board is expiring, requested not to be reappointed. This appointment was deferred.

CRSWMA Alternate

Commissioner Allen nominated Assistant County Manager, Jack Veit, to serve as an alternate on the CRSWMA Board, replacing Ray Moser. Mr. Veit was appointed by acclamation.

Upcoming Appointments

The Board was advised of terms due to expire next month on the Social Services Board, Recreation Advisory Board and the Juvenile Crime Prevention Council.

PLANNING DEPARTMENT REQUESTS*Letter of Interest – Hazard Mitigation Assistance Grant Program*

Planning Director, Don Baumgardner, reported that the North Carolina Division of Emergency Management notified communities across the State regarding the availability of grant funds that can be used to fulfill activities associated with the County's Hazard Mitigation Plan. The grant funding is 75% federal share and 25% non-federal share. As part of the County's overall Hazard Mitigation goal of making the County more hazard resistant, the Planning Department recommended that the elevation of Adams Creek Road at Clubfoot Creek crossing would be a good project to apply for funding. Currently the roadway is subject to periodic flooding as a result of nor'easters and hurricanes which make normal road use impossible. This crossing is within NCDOT right of way, and NCDOT agreed to be a cost-share partner in the application. No funding would be required. Commissioner Allen moved to authorize the Chairman to sign the letter of interest and prepare the grant application, seconded by Commissioner Sampson and unanimously carried.

CDBG for James City

Mr. Baumgardner requested that the Chairman be authorized to execute documents of agreement for the CDBG funds being received for improvements within James City. Commissioner Sampson moved that the Chairman be authorized, as requested, seconded by Commissioner McCabe and unanimously carried.

BUDGET MESSAGE

County Manager and Budget Officer, Harold Blizzard, presented the recommended budget for FY 2010-2011 and asked that a public hearing on the budget be set at 7:00 p.m. on June 7, 2010.

Mr. Chairman and Members of the Board of Commissioners:

I respectfully submit for your consideration the recommended fiscal 2011 budget for Craven County. The proposed budget is balanced and it is recommended that the ad valorem tax rate for the fiscal year of 2011 be set at a revenue-neutral rate of 47.28 cents per \$100 of valuation. The proposed budget includes a \$1,471,170 appropriation of fund balance. Local governments are encouraged to maintain sufficient fund balances to be available for emergencies and budget shortfalls caused by economic conditions. Craven County is fortunate to have available a fund balance to be used to balance the budget during this most recent economic downturn. Craven County's fund balance was at 23.1% of expenditures at June 30, 2009 while other counties our size had fund balances averaging 24.3%. It is still too early to accurately predict where the County's fund balance will be at June 30, 2010, but it is not expected to be impacted significantly by the current year activity. While revenues for the first ten months of the current fiscal year are less than the revenues for the same period last year, expenditures are also lower.

Concern has been voiced regarding the recent reappraisal of real property in Craven County. The County is required, by law, to reappraise all real property at least every eight years. While property values may not be as high as they were several years ago at the peak of the housing boom, they are still significantly higher than they were in 2002, following the last reappraisal. Property values are only one piece of the property tax equation. The tax rate is as important as the value in determining the amount of property tax an owner will pay. The rate, proposed in this budget, is "revenue-neutral". General Statute 159-11 defines the method of calculating this rate as follows: "To calculate the revenue-neutral tax rate, the budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal." Applying this methodology to Craven County produces an equivalent rate of 45.54 cents per \$100 of value. The average growth of 3.83%, since the last reappraisal, increases the equivalent rate to a revenue-neutral rate of 47.28 cents per \$100 of value.

The use of a revenue-neutral rate will not result in all taxpayers paying the same amount of property tax as they did the year before. Overall, valuation of property in Craven County went up 33.95% over the prior year. This includes all real property, personal property, motor vehicles and certified property (utilities). The value of some parcels of real property increased more than this percentage and some at a rate lower than this average.

To put the revenue-neutral rate in perspective, a taxpayer owning a home with a value of \$150,000 in 2009, reappraised at \$201,000 on January 1, 2010 (a 33.95% increase), will pay an additional \$35 of property tax next fiscal year (\$950 vs. \$915). The same taxpayer will pay less property tax in fiscal 2011 on motor vehicles and other personal property as a result of the proposed lower rate being applied to values which are not subject to the 33.95% increase. For example, an automobile valued at \$20,000 in the current year would be taxed \$27 less at the proposed rate for next year.

The average growth, prescribed in the revenue-neutral rate formula, results in approximately \$1.6 million of additional property tax revenue for the County. This increase is critical in providing funds to offset decreases in revenue and mandated increases in expenditures including:

- 1) Currently, sales tax is projected to be \$1.2 million less than was budgeted in the current year, some of which is due to the finalization of the Medicaid/sales tax swap with the State.
- 2) In the last session, the General Assembly increased the required contribution to the Local Government Employees Retirement System from 4.9% of eligible payroll to 6.45%, a 32% increase. This change, effective July 1, 2010, results in a \$385,000 additional expenditure in the 2011 budget.
- 3) Due to the continued decline of rescue squad volunteers, the proposed budget includes an increase of \$424,000 to the squads for hiring additional EMT's. This situation has been getting worse each year and will continue to do so in the future. Because of this, the proposed budget also includes funding for a county-wide study of ambulance service.
- 4) Cost of utilities is projected to increase by \$284,000 next year (\$72,000 of which is estimated for the St. Luke's building).
- 5) Funding for public schools is proposed to increase by \$400,000 for current expense and decrease by \$200,000 for capital outlay. The increase in current expense is intended to fund an increase in utility costs and required increases in the retirement contribution and health insurance premiums. The public schools had requested an additional \$875,000 of current expense. The decrease in capital outlay assumes the County will issue the bonds mentioned at the May 3, 2010 Board of Commissioners meeting and fund the requested roofing project with the bonds.
- 6) The Community College funding is proposed to increase by \$225,000 for the upcoming year. \$200,000 of this amount is for current expense and \$25,000 for capital outlay. The \$200,000 will provide funds for the requested increase in utility cost and for half of the requested security and maintenance personnel.
- 7) Sales tax is not the only revenue source expected to decline in the next fiscal year. Fees collected by the Register of Deeds are expected to be down by \$233,000 from the current budget.

The aforementioned items add up to a deficit of \$3.0 million. There is still a shortfall of \$1.4 million after the property tax revenue increase. This amount has been offset by appropriating additional fund balance and reducing other expenditure categories. For example, capital outlay is proposed to decrease by \$125,000; travel and training by \$66,000; maintenance and repairs by \$180,000; vehicle expense by \$45,000; supplies by \$428,000; and contractual services by \$468,000 (after excluding the child support contract).

In order to balance the budget, deep cuts and sacrifices are required. This budget does not provide for expansion of any programs or services, other than those mandated by the State, such as Child Support Enforcement and housing of all Probation offices. Line items were 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 2.3%, from \$94.3 million in the current budget to \$92.2 million in fiscal year 2011. This reduction is after the addition of approximately \$1.5 million of expenditures for the child support and probation programs, previously funded by the State.

For the second consecutive year, there is no across the board salary adjustment for employees recommended in the 2011 budget. This will obviously impact all County employees as their cost of living will increase during the upcoming year. This may also negatively impact the County's competitiveness in the labor market. Additionally, for the second consecutive year, health insurance and dental insurance premiums are being maintained at the same amount as the current year even though medical costs continue to increase. This will require the County to use reserves built up over the years in the self-funded insurance plan. These reserves will require replacement in the upcoming years.

As in past years, any action that may be taken by the General Assembly to balance the State budget and the impact it may have on the County budget is unknown at this time. In the current year, the County was forced to appropriate an additional \$514,000 of fund balance to offset the actions taken by the General Assembly. It is known that the County will not receive ADM funding for fiscal year 2011. The elimination of these funds for the current year and next year will have a cumulative effect of removing \$2 million of funds from the school debt service fund. There is projected to be sufficient cash in the debt service fund to make the required debt payments in fiscal 2011 from existing revenue sources. Even if ADM funding is reinstated in fiscal 2012 by the State, there is projected to be a shortage that year in the debt service fund that will continue for three fiscal years. This best case scenario assumes that the State takes no further action to erode the dedicated resources used to pay school debt service. There is already conversation at the "State level" to "re-direct" up to \$100 million of net lottery proceeds from their intended purpose, paying for school construction (debt service), to supplant current expense of educational programs. This would have a devastating effect on the County's debt service fund and require general revenues be used to make up a shortage for longer than the projected three years.

I wish to commend the 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 7, 2010 and conduct budget study sessions as previously scheduled between now and that time.

Respectfully submitted,

Harold Blizzard
Craven County Manager
May 17, 2010

A public copy of the recommended budget was placed in the Commissioners' office to be available for public review. It was the consensus of the Board to set the following dates for work sessions to review the budget:

May 24 – 9:00 a.m.

May 25 – 9:00 a.m.

May 26 – 9:00 a.m., if needed

COUNTY ATTORNEY'S REPORT

County Attorney, Jim Hicks, introduced David Baxter, Jr., a new associate with Sumrell, Sugg, Carmichael, Hicks & Hart.

COMMISSIONERS' REPORTS

Commissioner Allen announced that Governor Perdue has reappointed him to the Task Force on Healthy Carolinians and a reappointment is being ratified for the Health Department Accreditation Board.

Commissioner McCabe announced his attendance at the following events: Shiloh Missionary Baptist anniversary celebration on May 16, Harley Davidson Block Party at the Farmer's Market, Melinda Harris' 114th Birthday who is the oldest woman in the United States. He also recognized Havelock Commissioner, George Liner, in attendance.

Commissioner Sisk announced her attendance at the State CFAC meeting in Raleigh the previous week and stated that the Governor's proposed budget eliminates about \$200,000 from mental health services.

Commissioner Sampson commended the City of New Bern for tax revenues being generated by the 300th Anniversary activities. He urged citizens to continue to complain about escalating gas prices.

Commissioner Morris commented on the impact of the Antique Car Show the previous weekend. He announced “End of Grade” Testing (EOG) week and reminded parents to prepare and support students. He reminded citizens of the Cherry Point Air Show May 21-May 22.

At 9:50 a.m. the Board was declared in recess to reconvene on May 24 at 9:00 a.m.

Chairman Perry Morris
Craven County Board of Commissioners

Gwendolyn M. Bryan
Clerk to the Board