

THE BOARD OF COMMISSIONERS OF THE COUNTY OF CRAVEN RECONVENED ITS RECESSED SESSION OF MAY 21, 2012 ON MAY 23, 2012 AT 8:30 A.M. IN THE COMMISSIONERS' ROOM OF THE CRAVEN COUNTY ADMINISTRATION BUILDING, 406 CRAVEN STREET, NEW BERN, NORTH CAROLINA. THE PURPOSE OF THE MEETING WAS TO CONDUCT A BUDGET WORK SESSION.

MEMBERS PRESENT:

Chairman Lee Kyle Allen
Vice Chairman Scott C. Dacey
Commissioner Thomas F. Mark
Commissioner Theron L. McCabe
Commissioner Johnnie Sampson, Jr.
Commissioner Steve Tyson

MEMBERS ABSENT:

Commissioner Jefferey S. Taylor

STAFF PRESENT:

Jack B. Veit III., County Manager
Gene Hodges, Assistant County Manager – Operations/Facilities
Richard F. Hemphill, Assistant County Manager – Finance/Administration
Gwendolyn M. Bryan, Clerk to the Board

Following the Chairman's preface remarks concerning the process for reaching consensus, Assistant County Manager of Finance/Administration, Rick Hemphill, provided a budget overview and background. He explained the history of the fund balance, an explanation of the fund balance purpose (for emergencies such as Hurricane Irene reimbursable costs and the distinction between available fund balance (liquid cash) and restricted fund balance (deferred tax, receivables, etc).

He provided a review of the Capital Improvement Plan (CIP) and history of the Capital Reserve Fund.

Mr. Hemphill stated that he anticipates a potential surplus of \$2M at the end of the current fiscal year. The proposed budget uses \$171,000 of fund balance. The following options for using the projected surplus were discussed, including pros and cons of each:

- Do nothing and allow it to flow into fund balance at year end
- Appropriate in next year's budget
- Lower tax rate for next year
- Move a portion into Capital Reserve Fund
- Any combination of above options

If the lottery money is restored, fund balance will start building back in 2017, the point at which debt will begin rolling off. The County would then be able to consider taking on debt from traditional sources in 2022.

If the lottery money is not restored, 2014 will see a shortfall in debt service, through 2018, and \$880,000 needs to be budgeted for school debt. This proposed budget includes that amount. The debt service fund, in 2019, would begin building again and in 2023/2024 would be the earliest for taking on school debt.

Mr. Hemphill recommended maintaining 20-25% fund balance, although there is no established ceiling.

At 9:50 a.m. the Board was declared in recess.

At 10:05 a.m. the Board reconvened.

Mr. Hemphill proceeded with a summary of budget changes by department.



County Attorney

There was discussion regarding the County Attorney’s requested rate increase from \$150/hour to \$175/hour, or consideration of a flat fee retainer. Attorney costs over three years have been as follows:

- FY10 \$186,000
- FY11 \$174,000
- FY12 Y-T-D \$168,000

It was the consensus that a monthly retainer, with carve-outs, (ex. Convention Center lawsuit and other litigation, bond work) is preferable to an hourly rate. The County Manager was directed to engage in further contract discussions with Mr. Hicks.

Commissioners

The recommended travel line in the proposed Commissioners’ budget includes \$10,000 to allow all Commissioners to attend one event of their choosing. It was the consensus to discuss the Commissioners’ budget at the next work session.

Administration

A 3% Cost of Living Allowance (COLA) to employees is included in the recommended budget. Commissioner McCabe recommended a 6% COLA to employees and proposed a 3% increase for Commissioners. The following figures were discussed:

<u>COLA %</u>	<u>Cost to County</u>
1%	\$ 250,000
3%	\$ 750,000
6%	\$1,500,000

Consideration of an increase for Commissioners was deferred until later discussion of the Commissioners’ budget.

Finance

A new position is included in the budget for centralized purchasing.

Elections

Second Primary in July will be an additional \$45,000 cost to the County.

Tax Assessor

One additional appraiser included in proposed budget for additional work associated with a shortened cycle for appraisal.

Garage

A change in direct supervision from CARTS to the Water Department is proposed and is reflected in the budget.

Sheriff

The proposed Sheriff’s Department budget includes one new EOMP position, and funding of new vehicles at the same level as in the current year.

Fire Marshal/Emergency Services

A change from 12 hour shifts to 8 hour shifts is built into the proposed budget for communication's personnel. County Manager, Jack Veit, explained that the Human Resources Department is working with staff to develop workable scheduling.

Library

The County Manager and Assistant County Manager were directed to research the pros and cons of withdrawing from the regional system, and to discuss this potential with Carteret and Pamlico libraries.

Schools

There was discussion of the healthy fund balance held by the schools. The County Manager was directed to contact Dr. Lane Mills to arrange a joint meeting.

At 12:05 p.m. the Board was declared in recess.

At 12:50 the Board reconvened.

Commissioners' Budget

Vice Chairman Dacey recommended amending Hwy 17 from \$30,000 to \$25,000. There was no consensus to do so.

Membership Fees – Hwy 17 membership is based on agreed upon formula. The consensus was to leave as recommended.

Vice Chairman Dacey introduced a request by the hospital board to buy the hospital's independence from the County. He requested consideration of approximately \$100,000 for legal and consultant fees to study the concept and to determine:

- Ownership and lease provisions
- Value of the operation
- Status of compliance with the lease agreement

Commissioner Tyson moved to allow Vice Chairman Dacey to contact several contract attorneys outside Craven County to seek estimates on charges to examine the lease and determine its legality (terms having been fulfilled), seconded by Commissioner Mark and carried with six (5) "ayes", there being one (1) "nay" from Chairman Allen, who was opposed to the concept of the County's giving up ownership of the hospital.

Administration

The Board revisited discussion of COLAs for employees and commissioners. Commissioner McCabe suggested a 6% COLA for employees and 3% for Commissioners. It was the majority consensus that employees received a 3% COLA. COLA discussion for Commissioners was deferred until Commissioner Taylor could be present.

Communications

There was discussion of the proposed change to a 12 hour shift to an 8 hour shift and additional positions. Vice Chairman Dacey presented one constituent's concern: The current 12 hour shift does well with the Sheriff's shift rotation and also helps families that have 2 members working the rotation.

It was the consensus to move to 8 hour shifts, as recommended. The County Manager will return to the Board if this change does not work out.

Animal Control

It was the consensus that the County Manager's recommendation to re-instate a requested part-time staff be approved **on the condition** its an animal control officer and not a shelter attendant.

Health

The Board was advised that the meeting expense line item was removed from the Health Board meetings. Chairman Allen stated that this expense provides for lunch for Health Board members, working professionals, who serve the County during their lunch hours. The County Manager stated that all meal money from all departments was removed from the proposed budget. Chairman Allen recommended a \$1,200 meal allowance. It was the consensus to allow the department to transfer from the fees to board members to cover some to lunch at their discretion. Mr. Veit will contact Mr. Harrelson regarding this matter.

Inspections

It was the consensus to keep the 10% fee increase, as recommended, which will require \$40,000 less subsidy than last year.

Recreation

Chairman Allen stated that there was discussion of a park in the east, which could be just east of the Havelock City limit, thus no City involvement is required.

Fire Departments

Projection was for no growth in any of the districts by the Tax Assessor, as a conservative valuation in all departments. In regards to Twp. 5, it was the consensus that there would be no change from the recommendation.

Four fire and rescue department audits were performed by McGladrey in the current fiscal audit year. The proposed selection for the next audits: (year ending 6/30/12) is Bridgeton & Vanceboro Rescue and Harlowe & Vanceboro Fire

At 3:10 p.m. the Board moved to recess to reconvene on May 29, 2012 at 8:30 a.m.

Chairman Lee Kyle Allen
Craven County Board of Commissioners

Gwendolyn M. Bryan
Clerk to the Board