

BUDGET WORK SESSION
MAY 4, 2009

The Pender County Board of Commissioners held a budget work session on Monday, May 4, 2009 at the Pender County Public Assembly Room, 805 South Walker Street, Burgaw, North Carolina.

MEMBERS PRESENT: Chairman Jimmy Tate, presiding; Vice Chairman George Brown; and Commissioners F.D. Rivenbark and David Williams.

MEMBERS ABSENT: Commissioner Blanchard. (Commissioner Blanchard had a previous commitment and had to leave after the regular meeting; Mr. Williams had a previous commitment and had to leave before the Work Session ended).

OTHERS PRESENT: Rick Benton, County Manager; David McCole, Finance Officer; Glenda Pridgen, Deputy Clerk to the Board; and other staff and members of the Press and public.

CALL TO ORDER

Chairman Tate reconvened the meeting at 1:00 p.m.

Chairman Tate thanked and welcomed all to the work session.

Mr. Benton presented a document named *Budget Recommendation Highlights* which is attached to these minutes and incorporated by reference herein as Exhibit A.

Mr. McCole presented a Revenue Picture which included, among other items: Summary of Revenues-including pie charts which show where revenues come from-most come from property taxes; Intergovernmental Revenues-including Department of Social Services and Health Department Grants; Tax Base and Levy; Chart to show how property taxes are spent-53% goes to Schools; Article 39 and Article 40 Sales Tax; Medicaid Costs-the State is taking over 100% this year; Sales, Services & Other Revenues-indicating fees went down this year, indicative of the economy, and fees going down is the main reason the budget is down this year; Intergovernmental Revenues-went up, indicative that more people need more help because of the economy; and pie chart of appropriations.

Mr. McCole presented the Pender County Fiscal Year 2009-2010 Budget at a Glance, which is attached to these minutes and incorporated herein by reference as Exhibit B. Under this item, Mr. Benton explained the reason for the Emergency Notification System request. He said it is a "reverse 911" system which will notify citizens of emergencies. Mr. Tate asked if we took bids for this and said being cost-conscious, we need to look at bids. Sheriff Smith explained that Emergency Management came up with this system because it is the one that has the most features and can do the most for us.

Mr. McCole gave a summary of what was recommended for funding and a summary of what requests he and Mr. Benton recommended to be cut. He noted the \$696,368 vehicle replacement is not being recommended to be funded. Mr. Tate asked if we are budgeting more for vehicle maintenance since we are not replacing any vehicles and Mr. McCole responded we are budgeting "a little more." Mr. Tate asked if we are trading out vehicles - if one department uses a vehicle more that is in better shape than another department, can they trade that vehicle for one that is used less and Mr. McCole responded affirmatively.

Mr. McCole noted two positions recommended for funding in the Utilities Department and said they will be funded out of the Utilities, which is an Enterprise Fund, and not out of the General Fund.

Mr. McCole said of the four positions being funded in the Health Department, three are completely grant-funded and one is a position that was already there but was contracted out, and the IRS has said it has to be made a County position. Mr. Tate asked why the Health Department is requesting a Network Administrator when we already have an IT staff; IT Director Erik Harvey said he wasn't aware of it. Dr. Griffith explained they need someone in-house

to collaborate with the IT Department and that they are getting so much different work from the State, including their filing system is going to go computerized and they need to be able to cross-reference files. Mr. Harvey said he had requested some additional positions because they are bringing DSS onto the County System and also they need staff to keep an inventory of the County's computers. He said his staff went out into the County and found 100 computers that were not in their inventory. Mr. Brown asked about the 100 found computers and Mr. Harvey confirmed it. Mr. Brown asked about have the Board meetings live on TV and there ensued a discussion of it; no decision was made.

Mr. McCole noted the County had a fund balance of \$34,874,648 as of the June 30, 2008 audit. Mr. McCole gave a history of Undesignated Fund Balance. Mr. Benton noted you don't want to use Fund Balance to fund the operating budget.

Mr. Brown asked if the 3.5 cent tax increase is included in this budget and Mr. McCole responded negatively. He said we are using some of the Public School Capital Fund to offset it and said the Public School Capital Fund has a healthy balance.

Mr. Benton gave a report on the Capital Improvements Plan which includes: Economic Development, Community Development and Capital Facilities. He noted that the Shoreline Protection Commission wants the County to go up to a penny on the tax rate to help with beach renourishment. Mr. Benton and the Board discussed parks-including Millers Pond and Penderlea-Cameron Park; a new Hampstead Library; a new Jail; the Hampstead Annex; and a new building for DSS. Mr. Benton said staff will come up with a Comprehensive Plan to put parks all over the County, but in the meantime staff will put together a mini plan to take to Raleigh to ask for funding. Mr. Tate asked if anyone had contacted someone concerning Penderlea-Cameron Park and Mr. Benton responded affirmatively. Mr. Tate asked if he has a time-frame for Miller's Pond and Mr. Benton said he wanted to get input from the Board. Mr. Benton said the Jail and DSS will be part of a Master Plan. Mr. Brown asked if the Health Department had made the changes they had proposed. Dr. Griffith said they are in the process, using a \$75,000 grant. Mr. Rivenbark noted there is no money budgeted for the Courthouse and Mr. Benton said that Phase I of the project is continuing with the money that is already budgeted, but there are no plans for Phase II and III at this time.

Mr. Benton gave a summary on Outside Agency Requests and said funding is down approximately \$100,000. There was discussion of Cape Fear Community College-Burgaw and Surf City Campuses. Mr. McCole said he didn't think the Board committed to giving them \$100,000 yearly- he thinks that last year the Board committed to giving them \$100,000 for that that particular year only. Mr. Tate noted that \$20,000 given last year was to the Penderlea Museum, not the Pender County Historical Society. Mr. Benton said the Historical Society did make a request this year. Mr. Tate said he wants to give the Pender County Historical Society \$5,000 for the historic museum. Mr. Rivenbark was concerned about the changes and transformation in Southeastern Mental Health Center and the funding being drastically cut. He said people that were being served before are "slipping through the cracks" and if we cut them by \$20,000, more people will be "slipping through the cracks." Mr. Benton said he would be in contact with Foster Norman of Southeastern Center. Mr. Tate said he wants to see \$1,000 given for the walking trail in Willard and for maintenance of the school there. He said he is concerned that we are not funding Surf City Park or the college there; he said a good portion of our tax base comes from Surf City. Mr. Benton suggested it would be better to give to education than to parks. Mr. Tate said instead of giving a small amount toward a \$1 million dollar building, it would be better to give to the park. There was discussion concerning if we give to the Surf City Park, it will become a yearly maintenance item. Mr. Benton said the Board can make their suggestions and continue discussions at a future work session.

Mr. Brown said the Wallace Airport didn't "take a hit" as the other agencies did, and asked how do we justify giving them \$30,000 continuously. Mr. Tate said he agrees with Mr. Brown on this. Mr. Benton said the Board could give him their suggestions and changes by a certain date.

Utilities Director Michael Mack discussed the Enterprise Funds which included: Pender County Utilities; Rocky Point-Topsail Water and Sewer District (water and sewer); Maple Hill Water and Sewer District; Pender County Utilities 5-Year W/S CIP; and Solid Waste. There was discussion of the changes from the FY08-09 Budget,

including 1,000 new customers, increase in capacity fees, capacity fees based on meter size, minimal water rate increase, and sewer rate calculation and fee increase. Mr. Tate and Mr. Brown showed concern about people not being able to afford higher capacity fees. Mr. Mack said it is a one-time fee for new growth and said the District has to make money somehow to pay the bills. Mr. Tate said he is still concerned that people can't afford it.

There was discussion of Mr. Mack's new personnel requests. Mr. Mack said we have a Meter Reader we contract with, but the IRS says we can't do that anymore; we have to put them on the payroll. He said he needs a Project Engineer because we have over \$40,000,000 in projects out there plus the wastewater treatment plant coming on board. Mr. Tate said he is concerned about hiring a Project Engineer because he remembers a year and a half ago, Mr. Mack was supposed to be the Project Engineer. He asked Mr. Mack if he can the job. Mr. Mack said he can do the job but he can't do everything. Mr. Tate asked if Mr. Mack had hired any plant operators. Mr. Mack said Plant Operators are not in this year's budget and said they are not needed yet. Mr. Tate said he is concerned about Mr. Mack hiring a Project Engineer and in twelve months, will have to hire two Plant Operators.

With respect to Solid Waste, Mr. Mack said he needs to hire a Solid Waste Coordinator. He said that right now, Administrative Assistant Melinda Knoerzer is doing Solid Waste, but we need a full-time person. He said the part-time Scale-House Operator could be reclassified as the Solid Waste Coordinator.

Mr. Benton was instructed to contact Dr. McKeithan of Cape Fear Community College.

The full budget can be reviewed at both County Libraries, at the County Manager's Office and on the Internet.

ADJOURNMENT

The Board agreed to hold another Work Session and this Work Session adjourned at 4:00 p.m.

Respectfully Submitted,



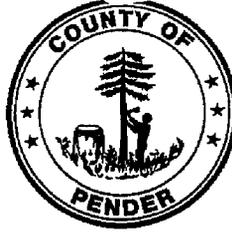
Glenda Pridgen, Deputy Clerk to the Board

Reviewed By:



Rick Benton, Clerk to the Board

Exhibit A



**Pender County
FY 09/10 Budget Recommendation Highlights**

- **Maintains the current property tax rate of .65 cents per \$100 value**
- **Total General Fund budget of \$48,942,506; 1.3% less than last year (\$1.25 million)**
- **Does not include a scheduled 3.5 cents tax increase for FY 09/10-a loss of \$1,575,000 in potential revenue**
- **Projected tax base increase of 2.56% to \$4,761,905,371, but only a 95% collection rate projection**
- **Projected reduction in sales tax of 20% for Article 39 and flat growth for Article 40**
- **Total overall budget is \$74,182,425; 3.9% less than last year**
- **Appropriates \$359,382 in undesignated fund balance reserves above last year**
- **Fee increases proposed in planning, health and utilities areas**
- **Provides for very little capital equipment or capital improvement needs-CIP decreases 38%; no new vehicles**
- **Reduces outside agency appropriations nearly 11% from FY 08/09**
- **Provides for no employee salary increases or performance merit funds**
- **Includes 6.5% increase in employee health insurance**

- **No new General Fund personnel except for 3 new 100% grant funded positions in Public Health;**
- **1 new Water/Sewer Fund position (1 project engineer);**
- **1 new Solid Waste Fund position (Solid Waste Coordinator-upgrades PT position to FT);**
- **3 contracted positions to employee positions per IRS rules (2 in Public Health and 1 in Water/Sewer Fund.**
- **23 General Fund positions are unfunded; including 12 in Public Health**
- **Provides for 2% rate increase in Rocky Point-Topsail WS District water rates; 46% increase in Rocky Point-Topsail WS District sewer rates; 3% decrease in Maple Hill WS District water rates. Fee increases are proposed as well.**
- **Provides for a 4% decrease in the Solid Waste Enterprise Fund**
- **Provides for a 7.16% increase (\$1,010,254) in public school current expense (funds \$13,389,690) and a 54.81% (\$1,467,590) decrease in capital outlay (funds \$1,210,000)**

Exhibit B

Pender County General Fund Fiscal Year 2009-2010 Budget at Glance

Proposed 09/10 Budget	48,942,506.00
Adopted 08/09 Budget	49,574,246.00
Net Decrease over 08/09 Budget	(631,740.00)

Analysis of Increase over 08/09 Budget

Increase in GF Contribution to Board of Health	303,031.00
Increase in GF Contribution to Board of Health Due to Pay Study	116,000.00
Increase in School Operating Funding	1,010,254.00
Increase in School Capital Funding	25,862.00
Domestic Grant Funding	54,385.00
ROAP Funds (Process Fund)	171,000.00
Increase in Public School Capital Fund held harmless	321,008.00
Increase in Option 4	110,000.00
Computer Replacement Schedule	75,000.00
Voting Terminals	13,200.00
Barracuda Email/Message Archiver	12,000.00
Network Switch - Data Center and Admin bldg. rooms	7,500.00
LTO Tape Drive and Tapes	3,500.00
Body Armor	7,500.00
Brake Lathe	6,909.00
Computers (DSS)	20,000.00
Emergency Notification system (Contract Services)	29,000.00
Keystone - Tax software (Contract Services)	12,640.00
Viper Project - Funded by Designated Fund Balance	262,256.00
DSS State Mandated increases	50,095.00
Added Positions Funded 100% by Grants	116,193.00
Misc. Increase	21,986.00

Total Analysis of Increase over 08/09 Budget 2,749,319.00

Major Reductions in 09/10 Budget

Decrease in Capital Funding	340,364.00
Decrease in Outside Agency Funding	99,561.00
Decrease in Vehicle Replacement	470,100.00
Decrease Medicaid	1,457,647.00
Frozen Positions	583,718.00
Home & Community Care Block Grant (Process Fund)	429,669.00

Total Major Reductions 09/10 Budget 3,381,059.00

Net Decrease over 08/09 Budget (631,740.00)