MINUTES
EDGECOMBE COUNTY BOARD OF COMMISSIONERS
RECESSED MEETING
TUESDAY, MAY 12, 2015
9:00 A.M.
EDGECOMBE COUNTY ADMINISTRATIVE BUILDING
CONFERENCE ROOM #260

1. MEETING CALLED TO ORDER BY CHAIRMAN LEONARD WIGGINS AT 9:00 A.M.

MEMBERS PRESENT: Mr. Leonard Wiggins, Chairman, Mr. Jonathan Felton, Vice-Chairman, Rev. E. Wayne Hines, Mr. Donald Boswell, Mr. William Wooten, Mrs. Viola Harris and Mrs. Evelyn Powell.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mr. Lorenzo Carmon, County Manager, Mr. Eric Evans, Assistant County Manager, Mrs. JoAnne Harrell, Finance Director, Mr. William Johnson, Assistant Finance Director and Ms. Frangie Mungo, Clerk to the Board.

2. PRAYER.
Prayer was provided by Rev. E. Wayne Hines.

3. DISCUSSION AND REVIEW OF FY 2015-2016 BUDGET.
Mr. Carmon highlighted items mentioned in this Budget Message that was presented to the Board at the May 4, 2015 regular meeting by stating that the proposed general fund budget for fiscal year 2015-2016 totals $59,188,021, which is a 2.3% increase from last year's original budget of $57,847,154. The proposed ad valorem tax rate for the FY 2015-2016 is 94 cents per $100 value which is a 4.5 cent increase from prior year. He stated that one cent generates approximately $286,693. The proposed budget includes a fund balance appropriation of $5,254,429, of that amount $351,775 is from restricted fund balance for school debt service and $650,000 from restricted fund balance for revaluation costs, leaving a $4,252,654 appropriation from general fund.

Mr. Carmon stated that the County has not seen any significant increase in revenues. He stated that less than twenty building permits were purchased for new residential construction. Mr. Carmon stated that the County has not had any significant increase in industry.

General Fund Operational Highlights:

- All outside agencies are recommended to remain the same as in the prior year with the exception of the schools and community college, both receiving approximately $300,000 additional each. Mr. Carmon stated that the College will be bringing on the Biotech building and debt service associated with the building.

Mr. Wiggins asked if the sales tax covered the increase.

Mr. Carmon stated that the County receives approximately $700,000 per year and that basically covers the debt service.

Mrs. Harris asked about the operational cost for the Biotech building.

Mr. Carmon stated that the cost will be approximately $300,000 per year.

Mr. Wiggins stated that since the Biotech building will be coming on Board in January, then they will not need the entire $300,000 for the upcoming fiscal year.

Mrs. Harris asked if the outside agencies would be given an opportunity to come before the Board.

Mr. Carmon stated that the Board will call for a public hearing and the outside agencies will have an opportunity to speak.

- Employee Health Insurance increased 15% at the cost of approximately $500,000.

  Mr. Wooten asked if the increase itself was the $500,000.

  Mrs. Harrell said yes. She stated that the County is self -insured and premiums have gone up due to an increase during last twelve months and actual claims have gone up 15 percent and that is what you have to budget for.

  Mr. Felton asked if a study had been done to compare the way the County is handling benefits as opposed to going with a major carrier with.

  Mr. Carmon stated that quotes are received every year to compare and we are doing much better being self-insured.

  Mr. Wooten asked what the total annual cost of health insurance was.

  Mrs. Harrell stated that for health claims $3.5 million and the administrative cost is $80,000 per month, which is Cigna, who administrates for us.

  Mr. Wooten asked if employees could contribute towards the health insurance out of their paychecks.

  Mr. Carmon stated that they could but what has been done is the County gives employees a $150.00 per year to help set up a health savings account. He stated that it is hard to get folks to contribute when they have not had a raise since 2009.

  Mr. Wooten stated that times are hard, but they could get the cost of living increase and contribute $50.00 towards the insurance.

  Mr. Carmon stated that goal is to reduce claims to help hold down the cost.

- Health Department revenues have declined due to a decrease in client census and the elimination of the Home Health and Hospice program. Mr. Carmon stated that Home Health and Hospice cannot compete with the private sector.

  He stated that the Human Services Board is currently in the process of trying to sell the license. He stated that the license allows the County to operate in three counties and we hope to sell it for a minimum of $600,000 and as quotes come in it will be coming back to the Board for disposition of that asset.

  Mr. Evans stated that other counties are going through this process and they are working with a broker in order to get the best dollars for the license. He stated that one county who has already started the process has been contact and staff is working hard to try to have at least a preliminary number for the Board by the June meeting.

- Additional $200,000 for mandated election costs.
- A decline in inmate housing census and revenue due to additional availability of other jails throughout the state. Everybody across the state are building jails in excess capacity to house federal prisoners.

  Mr. Carmon stated that the County still has a great working relationship with the US Marshal; however, he cannot send everybody to Edgecombe County. He stated that we expect our census to slowly but surely creep back up, but we expect to take a hit with some of our lost revenues for the jail.

  Mr. Wooten stated that we are talking about another drop in census as in the last three years.

  Mrs. Harrell sated that year ending 2014 actual was $2 million and projected for this year is $1.6 million and projected for next year is $1.5 million.

Mr. Wooten asked if the operating expenses of the jail proportionately dropped, particularly staffing.

Mrs. Harrell stated you cannot send staff home if this month you only have thirty inmates and next month you have fifty.

Mr. Wooten stated that we should figure out what level of inmate housing is optimal, not 50 or 60, but maybe thirty and then staff it to thirty. He stated that we are staffing being prepared for full capacity and we are not getting that but maybe 2 or 3 months out of the year.

Mr. Carmon stated that we still have an obligation to make sure we have beds available for criminals from our county.

Mr. Wooten stated that the County is losing money by being ready to house inmates.

Mr. Evans stated that we need to find out if the level of staffing determined by the number of inmates or the size of the jail.

After discussion on this issue staff was instructed to bring back numbers regarding reducing cost in the budget so that this issue can be further discussed.

Personnel

This budget includes a 5% COLA for all county employees including the part-time convenience site workers. Only two new positions are proposed in the Water and Sewer department.

Health Insurance

The overall cost of employee health insurance increased by approximately 15% and will be passed along for spouse & family coverage. We are proposing to continue the deposit of $150 in a health care reimbursement account for all employees. We will continue to participate in the Health risk assessment program for all individuals covered by our health insurance in an effort to reduce our health care costs. Individuals who choose not to participate in the assessment will pay $50 per month towards the cost of their insurance.

Mr. Felton stated that being self-insured should be compared with utilizing private companies, such as BCBS or United Health Care to see if the County could save some money.

Mr. Carmon stated that Mark III, our benefits broker, get quotes every year from the private sector and some of them do not want us because of the claims we have had in the past. He stated that some of the self-insured companies are looking at a 40% increase.

Mr. Wooten asked if we have looked at changing our plans, changing deductibles or co-pays.

Mr. Carmon stated that we have looked at making changes but we are competitive with everyone around us.

Capital Outlay

This budget includes minimal capital outlay expenditures for minor facility renovations. Funding for Sheriff vehicles has been eliminated and will be revisited at a later date.

Solid Waste

The proposed tipping fee for Solid Waste is $48.50 for Municipal Solid Waste & $41.00 for C&D which is the same as in the prior year.

Water & Sewer

This budget includes a 10% increase in water and sewer rates to cover the cost of operation & maintenance of the system. The average bill for customers using 4,000 gallons per month is $48.00 and the average sewer bill for the same will remain the

same at $57.00. We have approximately 5,500 water customers and 900 sewer customers.

Mr. Carmon stated that in addition we propose to increase rates for Water and Sewer District No. 6 (Princeville) to the equivalent of the other districts.

Mr. Carmon stated that only 65% of potential customers were on the water system.

After discussion on the water hook-up situation staff was directed to bring back to the Board a proposed water hook-up incentive plan.

Conclusion

With the expectation of another breakeven year in the current year and the additional needs in next year's budget for the school system, community college, cost of living and cost of elections, the 4.5 cent increase is recommended to cover costs and it appropriates our fund balance down to approximately 5% and raises concern for the cash flow during the fiscal year. We must continue to remain vigilant in our effort to reduce our overall operating expenses by eliminating and consolidating positions whenever possible while having minimal impact on customer service.

The Board had a discussion regarding the tax increase with Mr. Felton recommending a 2.5% tax increase and utilizing $1.5 million of fund balance.

Mr. Boswell stated that he was against a tax increase and recommended that COLA be decreased to 2%.

Mr. Wooten suggested RIF and to give a raise to remaining employees.

After further discussion Rev. Hines moved to go into closed session to discuss economic development and a personnel matter. Mrs. Harris seconded the motion, which carried by unanimous vote.

Rev. Hines moved to go out of closed session and resume the recessed meeting. Mrs. Powell seconded the motion, which carried by unanimous vote.

Mr. Wooten moved to approve the amendment to the employment agreement for Mr. Evans to approve his "continued outside employment". Mr. Felton seconded the motion, which carried by unanimous vote.

4. REV. HINES MOVED TO RECESS THE MEETING UNTIL FRIDAY, MAY 15, 2015 AT 11:00 A.M. FOR A JOINT MEETING WITH NASH COUNTY BOARD OF COMMISSIONERS AND CITY OF ROCKY MOUNT COUNCIL TO DISCUSS THE SCHOOL SYSTEMS COUNTY LINE REALIGNMENT ISSUE. MR. FELTON SECONDED THE MOTION, WHICH CARRIED BY UNANIMOUS VOTE.

Frangie Mungo

Frangie Mungo, Clerk to the Board