

MINUTES
LENOIR COUNTY BOARD OF COMMISSIONERS
June 6, 2011

The Lenoir County Board of Commissioners met in open session at 9:00 a.m. on Monday, June 6, 2011 in the Board of Commissioners Main Meeting Room in the Lenoir County Courthouse at 130 S. Queen St., Kinston, NC.

Members present: Chairman George Graham, Vice-Chairman Reuben Davis and Commissioners, Jackie Brown, Mac Daughety, Linda Rouse Sutton, Tommy Pharo, and Eric Rouse

Members Absent: None

Also present were: Michael W. Jarman, County Manager, Tommy Hollowell, Assistant County Manager, Martha Martin, Finance Officer, Robert Griffin, County Attorney, Lashanda A. Hall, Clerk to the Board, and members of the general public and news media.

PUBLIC INFORMATION

Ms. Tammy Childers, Workforce Development Director, gave the 2009-2010 Annual Report. Ms. Childers stated 2009-2010 was another successful year as North Carolina and the Nation faced an unstable economic and social environment. Through the local network of Chartered JobLink Career Centers, over 54,000 customers received employment and training services. Additionally, over 2,000 individuals enrolled in our Workforce and American Recovery & Reinvestment Act (ARRA) programs such as the Veterans Initiative Project and Summer Youth Employment Program, all resulting in doubling expenditures from 3 million 2008-09 to 6.1 million through June 30, 2010. These accomplishments are a result of quality services provided to our customers and demonstrate the collaborative efforts of the JobLink partners and WIA service providers who are committed to growing a competitive workforce for the 21st Century. The Eastern Carolina Workforce Development Board continues to promote the NC's Career Readiness Certificate (CRC) Initiative throughout the local area. The CRC is an employability credential of an individual's attainment of certain core employability skills required across many industries and occupations. The CRC has three levels: Bronze, Silver and Gold which allow an individual to advance his/her training and skill levels in order to qualify for more jobs. Since the initiative began, major Eastern Region's employers have participated in the WorkKeys initiative by having key occupations profiled to document the skill requirements for those chosen positions. Across the State, over 72,794 certificates have been earned. Mr. Graham thanked Ms. Childers for her service to Lenoir County through the Workforce Development program. The Board thanked Ms. Childers for her presentation.

Mr. Eric Cantu of Vietnam Veterans Chapter 892 addressed the Board. Mr. Cantu stated The Vietnam Veteran's Traveling Memorial Wall will be coming to Kinston-Lenoir County from September 15th through September 19, 2011. The "Wall that Heals" will be featured at Emma Webb Park in Kinston. Welcoming events will take place on Thursday, September 15th at 10:00 a.m. The Vietnam Veterans Wall in Washington, DC has 58,272 names with five (5) additional names being added this year. Lenoir County has 22 service members represented on the Memorial Wall. The event will cost \$30,000 to host-donations are welcomed to help fund this historic visit to the community. The Chamber of Commerce along with Kinston-Lenoir County Tourism has been contacted to spread additional information about the event. The Traveling Memorial Wall is a regional event; all surrounding counties are assisting in making sure the event is a success. The Board thanked Mr. Cantu for the invitation to the event.

PUBLIC HEARING/LENOIR COUNTY BUDGET ORDINANCE INTRODUCTION

Item No. 6 was a Public Hearing: Fiscal Year 2011-12 Lenoir County Submitted Budget & Introduction of Fiscal Year 2011-12 Lenoir County Budget Ordinance. Upon a motion by Mr. Graham and a second by Ms. Brown the public hearing opened at 9:30 a.m. Ms. Ursula Rusmisell with the SPCA addressed the Board. Ms. Rusmisell stated the SPCA generated \$53,000 in the first five (5) months of 2011 through the SPCA Consignment Shop. All of those funds have been utilized to fund the operations of the SPCA. In five (5) months over 600 animals have been saved from euthanasia (which cost \$15 per animal) which has saved the County money. Ms. Rusmisell requested the Board appropriate \$17,500, which was appropriated in December 2010 by the Board for SPCA operations. Upon a motion by Mr. Daughety and a second by Ms. Sutton the Board approved the request. With no further comments from the public, upon a motion by Mr. Graham and a second by Mr. Davis, the public hearing closed at 9:43 a.m.

PROCLAMATION/BUDGET ORDINANCE/RESOLUTIONS

Item 7 was a Proclamation Honoring Lenoir County Department of Social Services Employees. Ms. Susan Moore, Director of Social Services, addressed the Board. Ms. Moore stated DSS employees will be honored for their service to the community via picnic on June 8, 2011. Upon a motion by Ms. Brown and a second by Ms. Sutton, Item No. 7 was approved.

Item No. 8 was a Budget Ordinance Amendment: General Fund: Process Funds: \$3,490: Increase. Ms. Tammy Kelly, Cooperative Extension Director addressed the Board. Ms. Kelly stated the amendment appropriates the revenue and expenditure budget amounts for the Senior Health Insurance Information Program (SHIIP) that were approved by the Commissioners on April 4, 2011-Item #15. Upon a motion by Ms. Brown and second Ms. Sutton, Item No. 8 was unanimously approved.

Item No. 9 was a Budget Ordinance Amendment: Trust & Agency Fund: Extension-Family Caregiver: \$14,250 Increase. Ms. Kelly stated the amendment is to set up and appropriate funds for the Exceptional Children's Assistance Center (ECAC) financial support. The Commissioners approved the acceptance of these funds on April 4, 2011, Item #14. This is in conjunction with Lenoir County Cooperative Extension being recognized as the southeastern center for Parents As Teachers Educational Program. The funds will be used to support salaries, supplies, training and travel and will supplement the Smart Start Program. Upon a motion by Ms. Sutton and second Mr. Daughety, Item No. 9 was unanimously approved. Mr. Daughety stated that the Parents As Teachers Program is a great program for Lenoir County and will have a great impact on the citizens.

Item No. 10 was a Budget Ordinance Amendment: General Fund: Rural Advance Foundation International (RAFI): \$22,596: Increase. Ms. Kelly stated that the amendment is to set up and appropriate funds for the Rural Advancement Foundation International (RAFI) Grant. The commissioners approved the acceptance of these funds on April 4, 2011, Item #15 Addendum. These funds will be used to support the Farmer's Market by providing funds for renovations and funding for the Market Manager. Upon a motion by Ms. Sutton and second Ms. Brown, Item No. 10 was unanimously approved.

Item No. 11 was a Budget Ordinance Amendment: General/Tire Disposal/Solid Waste Finance: \$60,800: Increase. Ms. Martin stated the amendment is to adjust budgeted revenue and expenditures to more accurately reflect actual revenues and expenditures for eleven (11) months of FY 10-11 and project ending balances through August 15, 2011. Upon a motion by Ms. Sutton and second Ms. Brown, Item No. 11 was unanimously approved.

Item No. 12 was a Budget Ordinance Amendment: General/Capital Projects Fund Transfers-Other Funds/Gas Line-Other Funding: \$949,110.24: Increase. Ms. Martin stated the amendment was to transfer County's contribution for the Gas Line project to the Capital Projects' Fund and to correct the original budgeted lines for the County's contribution and the City of Kinston's contribution to the project. Original budgets for each were \$755,683.19 & \$755,683.18 and the final budgets after construction were \$820,158.87 each. Upon a motion by Mr. Davis and second Ms. Brown, Item No. 12 was unanimously approved.

Item No. 13 was a Budget Ordinance Amendment: Insurance Fund Employee Insurance: \$1,900,000: Increase. Ms. Martin stated the amendment is to adjust budgeted revenue and expenditures to more accurately reflect actual revenues and expenditures for eleven (11) months of FY 10-11 and project ending balances through August 15, 2011. There has been a significant increase in the number of health insurance claims in the last quarter of this fiscal year. Upon a motion by Ms. Sutton and second Ms. Brown, Item No. 13 was unanimously approved.

Item No. 14 was a Budget Ordinance Amendment: General/Capital Reserve Fund/Capital Improvements Economic Development/Bond Debt Reserve: \$6,892,778.90: Increase. Ms. Martin stated the amendment was to transfer the fund balance of Fund 20 (Capital Reserve Fund) to the General Fund and the Capital Improvements Fund. This transfer is necessary due to the implementation of GASB 54, which eliminated Capital Reserve Funds after July 1, 2011. The fund balance of the Capital Reserve Fund consisted of \$3,196,389.45, which was "assigned" for future school bond debt service and \$500,000 which was "banked" from the proceeds of the sale of Lenoir Memorial Hospital and "committed" by the Board to be used for a future Economic Development Project. Upon a motion by Ms. Sutton and second Ms. Brown, Item No. 14 was unanimously approved.

Item No. 15 was a Resolution Authorizing the Award of a Contract for Demolition Services for the 2009 CDBG Scattered Site Project: \$4,222. Ms. Martin stated that Lenoir County was awarded an additional \$80,000 for the CDBG Scattered Site Project on April 8, 2011. This project will allow the clearance of an existing dilapidated dwelling and the replacement of that dwelling in the LaGrange area of the County. Bids were taken for the demolition of that structure on May 20, 2011. The contract will specify that the contractor will be allowed to do only that approved structure, and only the activities specified by the county and/or the project administrator. Bids were received on May 20, 2011. Rick Bostic Construction/Demolition was the lowest responsible bidder at \$4,222.00. Upon a motion by Ms. Brown and second Mr. Davis, Item No. 15 was unanimously approved.

Item No. 16 was a Resolution to Approve Purchase Orders to Acquire Hardware and Software for the Purpose of Converting to Digital Document Storage not to exceed \$121,500. Ms. Moore stated that the Department of Social Services utilizes office space and off-site storage to accommodate the large and growing number of records that are required to be retained by Federal and State government. The records in the off-site storage facility are damaged by mold and mildew and they have no room in the agency to store records. The caseloads have increased steadily over the years and are

we will see a 50% increase in Medicaid caseloads in 2014 as a result of Healthcare Reform, according to the North Carolina Department of Medical Assistance. The State and Federal governments create record retention schedules which range from Fiscal Year 2004 to permanent records. In 2012, the State will implement NCFAST, an automated case management system. The State recommends all agencies purchase a digital imaging system to fully utilize the new software provided by the State. Ms. Moore presented the Board with a PowerPoint presentation detailing the effects the mold has had on stored information. Mr. Rouse noted the example given of the molded and mildewed documents did not happen overnight and should have been removed from the storage facility. Mr. Graham stated he has a problem with lapse salaries being used to fund this project. A precedent should not be set by using lapse salaries for other uses. Mr. Jarman stated that the Department of Social Services has contributed back to the General Fund at the end of the year for several years. The conversion to digital records is at a cost of \$121,500 with a state reimbursement of 50% totaling \$60,000. Upon a motion by Ms. Brown and second Ms. Sutton, Item No. 16 was approved by a 6 to 1 vote with Mr. Rouse dissenting.

Item No. 17 was an Interlocal Agreement between the Town of Pink Hill, North Carolina, and Lenoir County, North Carolina. Mr. Wayland Humphrey, GIS Director addressed the Board. The purpose of this Interlocal Agreement is to set forth in writing the terms and conditions upon which the County will furnish to the Town flood damage prevention administration and enforcement within the Town. Mr. Humphrey stated the Town of Pink Hill does not currently participate in the National Flood Insurance Program. By this application, the Town of Pink Hill citizens will be able to apply for Flood Insurance. With the approval of this resolution 100% of Lenoir County is now eligible for flood insurance. Upon a motion by Mr. Daughety and second Mr. Rouse, Item No. 17 was unanimously approved.

Item No. 18 was a Resolution Approving Easement Relocation Agreement with Adjoining Landowners in Courthouse Block. Mr. Griffin stated the construction of the new Lenoir County Jail has blocked access over the legally granted easement for landowners at 104 and 106 S. Queen Street from their back doors out to S. McLewean Street. Approval of the attached Easement Relocation Agreement will terminate the old easement to S. McLewean Street and grant a new easement to E. Caswell Street. The landowners agree to this change without any compensation from Lenoir County. Upon a motion by Ms. Sutton and second Ms. Brown, Item No. 18 was unanimously approved.

APPOINTMENTS

Item No. 19 was a Resolution Approving Citizens to Boards, Commissions, Etc. The following reflects existing vacancies and appointments. Upon a motion by Ms. Brown and a second by Mr. Daughety the following second appearance applicants were approved.

BOARD/COMMITTEE/COMMISSION	<u>APPLICANT/ CURRENT MEMBER</u>	<u>TERM EXPIRATION</u>
Eastpointe Board Members 2 nd Appearance	Rita Hodges Emily Moore (Re-Appointments)	June 2013
East Carolina Workforce Development Board 2 nd Appearance	Debbie Beech-Burrell Bruce Parson (Re-Appointments)	June 2013

CURRENT VACANCIES:

Lenoir County Health Board – (1) Veterinarian, (1) Optometrist, (1) Pharmacist

Lenoir County Planning Board – Districts One (1), Four (4) and Alternate

Grifton Planning Board – One (1) Vacancy

CJPP – Three (3) Vacancies

Kinston Board of Adjustment – Two (2) ETJ Members; (1) Primary – (1) Alternate

ADDENDUM

Addendum No. 1 was a Budget Ordinance Amendment: Capital Projects Fund: Sanderson Gas Line Project: \$3,281: Increase. Ms. Martin stated the Budget Amendment is to set up additional revenue and expenditure lines for the Hwy 70 (Sanderson Farms) Gas Line Project. The contractor for the Gas Line Project did not use all of the pipe that was purchased for the construction project. Piedmont Natural Gas (PNG) had a need for a portion of the pipe that was left over so the county sold that portion to PNG. Upon a motion by Ms. Sutton and second Mr. Daughety, Addendum No. 1 was unanimously approved.

Addendum No. 2 was a Resolution Authorizing the Approval of a Fireworks Show for the Deep Run Independence Day Committee: July 2, 2011. Mr. Roger Dail, Emergency Services Director addressed the Board. Mr. Dail stated Deep Run plans an Independence Day Celebration on July 2, 2011. The Fire Marshal has reviewed all required documentation and will go to the event to monitor and ensure that all fire codes are complied with. Upon a motion by Ms. Sutton and second Ms. Brown, Addendum No. 2 was unanimously approved.

OTHER ITEMS

Mr. Davis sends condolences to the Mosley family on the sudden death of Mr. Mike Mosley who passed away Monday morning.

BUDGET WORK SESSION

Mr. Jarman stated the FY 2011-12 Budget is in balance at \$62,409,894 with a \$.80 tax rate. There is no proposed tax increase, and the budget maintains services at current levels as well as employee benefits at current levels. Mr. Jarman stated there is a \$0.01 fire tax increase for the Southwood Volunteer Fire District. The fire tax increase is fully supported by the citizens of the Southwood community. Mr. Daughety asked if the fire tax increase could be voted on separately from the County Budget Ordinance. Mr. Daughety stated he and some other Board members may not feel comfortable voting for or against the proposed fire tax increase. Mr. Graham stated the fire tax is all inclusive of the entire County Budget Ordinance. Board members cannot “cherry pick” items from the Ordinance they feel comfortable voting for. Mr. Davis commended County Administration for the hard work in submitting a budget with no tax increase and maintaining current levels of service for all Lenoir County citizens. Mr. Rouse stated all Board members want to keep the tax rate the same but jail debt service is fastly approaching. The Board should be looking at how it is going to pay this obligation now and get prepared to make those payments. Mr. Daughety stated he wanted all the Managers to know that tough questions are going to be asked because that is what his constituents elected him to do. It is not personal; it is strictly him carrying out the County’s business.

He asked Managers to consider going back to their employees telling them that budget negotiations are an ongoing process with much discussion and deliberation and that questions are asked and suggestions made during the process that may never see the light of day at the end. There are rumors rampant and your people are worrying needlessly about things happening that haven't even been discussed. Mr. Daughety continued by stating he is concerned that Board members seem to be happy with this year's budget and not concerned greatly about the future. He is concerned that if County Administration thinks there will be pain down the road the County is not taking steps this year to help spread that pain versus taking drastic measures down the road that could be catastrophic. He is concerned with the continued recession and feels the County seems to be thinking like it is in a cocoon with business as usual. Yes, the County has tried to keep spending down over the last few years, but is not sure the County is doing enough.

He is concerned that some departments' phone expenses are exceedingly high. In one department they're over \$20,000 in phone expenses. Given today's phone service markets/with free long distance and the buying power of Lenoir County a phone bill for one department of that amount has to be considered extreme. Mr. Jarman interjected by stating Lenoir County has lowered the cost of phone service significantly over the past three (3) years with the purchase of a Voice Over Internet Protocol (IP) System. This system has saved the county thousands of dollars in manpower and telephone services. Voice Over IP enables the County's Management Information Systems (MIS) Department to handle many issues related to the County's telephone and internet services. The County's pension Fund is another area of concern; Mr. Daugehty stated most of the companies he works with used to give generous pensions and 401K's now have eliminated pensions for new employees and only allow them into matching 401K plans. Mr. Daughety suggested the County seriously consider eliminating the addition of any new employees to the pension plan in the future, starting now. Mr. Daughety stated the State of North Carolina doesn't offer both a Pension Fund and 401K and neither should Lenoir County. Mr. Jarman stated the State does offer both a Pension and 401K, but the State does not match the employee contribution. The educational side does offer additional supplements. Industry has found choosing to offer the 401K matching is much more cost effective and manageable than adding to a pension plan. Mr. Jarman stated North Carolina General Statute 128-23(3) is as follows: The agreement of such employer to contribute on account of its employees shall be irrevocable, but should an employer for any reason become financially unable to make the normal and accrued liability contributions payable on account of its employees, then such employer shall be deemed to be in temporary default. Such temporary default shall not relieve such employer from any liability for its contributions payable on account of its employees. Notwithstanding anything to the contrary, the Retirement System shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer under this Article, for which reserves have not been previously created from funds contributed by such employer or its employees for such benefits. Mr. Jarman stated the policy could be revised for new hires in regards to the 401K plan.

Mr. Rouse stated he felt the budget as presented was not user friendly; the budget received from the Lenoir County School Board defined their budget request by department and line item. Mr. Jarman stated line item budgets are presented to County Administration by Department Managers during the budgeting process. Mr. Jarman stated those pages can be implemented in next year's budget, or Commissioner's can attend the work session with Department Managers to discuss their budget by line item. Mr. Rouse stated in reviewing the budget it seems that several positions were added in the Sheriff's Department; the County should not be growing government by creating new jobs. Mr. Jarman responded that the Sheriff's Office grew by ten (10) officers that are currently working in the Town of LaGrange. The Town of LaGrange is reimbursing the County \$500,000 annually for this service.

Mr. Daughety stated he ran on a platform not to raise taxes, but in the next 2-3 years a tax increase may be inevitable. Mr. Daughety stated he will have to vote no to any type of tax increase or sales tax increase if something is not given back to the citizens. Ms. Sutton stated she has learned a lot about County government since becoming a Commissioner. A lot she has learned from County Administration by asking questions. Ms. Sutton stated Mr. Jarman's door is always opened and he is always willing to explain any situation that arises from resolutions to the county budget. Mr. Jarman stated in FY 13-14 the Fund Balance may be tapped into to avoid a tax increase; but the County could help itself with the passage of the Sales Tax Referendum help avoid a potential tax increase.

Mr. Pharo asked who is in charge of fleet maintenance. Mr. Jarman responded fleet maintenance is handled by individual departments. Maintenance on vehicles is spread out to different companies throughout the county. Mr. Pharo stated he would like administration to look into the use of LP gas for county use. Mr. Graham stated the needs of Lenoir County as a whole have to be reviewed, including the needs of county employees. Lenoir County employees are just as important as employees in other counties. He also stated the education in K-12 and at Lenoir Community College (LCC) is important for the growth of Lenoir County. Mr. Rouse reiterated his concerns about the increase in the budget due to jail construction and the \$2 million debt service payment next year. He stated Lenoir County should start making preparations now instead of in the future and a 5% cut should be made and earmarked for jail debt now. Upon a motion by Ms. Brown and second Ms. Sutton, the Budget was approved by a 4 to 3 vote with Mr. Daughety, Mr. Pharo, and Mr. Rouse dissenting. Mr. Graham thanked Board and County Administration for the work done on the FY 11-12 Budget.

CLOSED SESSION

Upon a motion by Mr. Graham and a second by Mr. Davis, and unanimous approval, closed session was entered at approximately 11:52 a.m. and the following cited: Number five (5) To establish or instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price or other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; or (ii) the amount of compensation and other materials terms of an employment contract or proposed employment contract. The Board discussed the purchase of property, no decision was made. Upon motion by Ms. Sutton and a second Mr. Rouse and unanimous approval, the Board moved out of closed session at approximately 12:29 p.m.

Upon a motion by Mr. Graham and a second by Mr. Davis, the Board adjourned at 12:30 p.m.

Respectfully Submitted By

Reviewed By

Lashanda A. Hall
Clerk to the Board

Michael W. Jarman
County Manager