

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
MAY 29, 2014 – 6:45 PM
117 DICK STREET, 1ST FLOOR, ROOM 118
SPECIAL MEETING – FY15 PROPOSED BUDGET PRESENTATION
MINUTES

PRESENT: Commissioner Jeannette Council, Chairman
Commissioner Kenneth Edge, Vice Chairman
Commissioner Charles Evans
Commissioner Marshall Faircloth
Commissioner Jimmy Keefe
Commissioner Billy King
Amy Cannon, Interim County Manager
James Lawson, Assistant County Manager
Quentin McPhatter, Assistant County Manager
Rick Moorefield, County Attorney
Melissa Cardinali, Finance Director
Vicki Evans, Accounting Manager
Kelly Autry, Accountant
Bob Tucker, Accountant
Todd Hathaway, Finance Department
Deborah Shaw, Finance Department
Sally Shutt, Public Information Director
Candice White, Clerk to the Board
Kellie Beam, Deputy Clerk to the Board
Press

ABSENT: Commissioner Ed Melvin

Chairman Council called the meeting to order and stated the purpose of the meeting was for the FY 2015 recommended budget presentation. Chairman Council provided the invocation and led the Pledge of Allegiance to the American flag.

Chairman Council called on Amy Cannon, Interim County Manager, who provided the following presentation of the FY2015 recommended budget for the Board's review and consideration.

FY2015 Recommended Budget:

- Countywide recommended total: \$484 million
- General fund total: \$312 million, a decrease of \$1.2 million or 0.39% from FY2014
- Tax Rate: remains at 74 cents per \$100
- 1 penny on the tax rate = \$2.2 million in revenue

Current Year Considerations:

- Real and personal property collections (projections)
 - \$1.1 million over budget (99.06% collection rate)
 - Motor vehicles: \$3.7 million from Tax & Tag transition in September, 2013

Ms. Cannon stated the \$3.7 million collection of one-time or surplus funds is due to the overlap in the billing from the county and statewide initiative for the Tax & Tag transition year. Ms. Cannon noted the \$3.7 million is budgeted against one-time capital expenditures.

- Sales tax collections
 - Down 4.5%; \$2.4 million
 - Similar pattern in other military communities

Ms. Cannon stated statewide sales tax collections on average are about 4.5% above last year's collections but Cumberland County is down 4.5% over last year's collection. Ms. Cannon stated Finance staff reach-out to Onslow County, North Carolina and Bell County, home of Ft. Hood in Texas, and it is clear that retail sales were weakened in military communities that have had to deal with Federal budget issues such as sequestration, furloughs, the Federal shutdown in October, 2013 and the threat of an additional Federal shutdown in December, 2013. Ms. Cannon stated going forward, there are also other budget issues that need to be considered. Ms. Cannon

stated Ft. Bragg expects a 2,000 reduction in troops in the next eighteen months and unless other Congressional action is taken, additional sequestration cuts will come into play in 2016 and there is continued discussion about significant troop drawdowns as well as base realignment in 2017. Ms. Cannon stated these issues will affect the local economy and more specifically sales tax. Ms. Cannon stated her recommendation going forward is that sales tax is monitored on a monthly basis and is budgeted conservatively.

Ms. Cannon stated while Cumberland County has avoided layoffs, furloughs and other drastic cost cutting measures, its financial stability continues to pose a challenge for the foreseeable future. Ms. Cannon reviewed the budget considerations below.

Budget Development Considerations:

- Economic challenges: rising costs, insurance, federal budget, downsizing, modest tax base growth
- Move toward streamlined, more efficient organization – critical to maintaining financial stability
- Departments to review operations, align services/resources with strategic plan
- Focus on solid base of core services
- Guiding principal has been to honor fiscal policies; recurring expenditures are added only to the extent recurring revenue can be identified
- Strategic goals and funding priorities: each align with the Strategic Plan
 - Mandates
 - Infrastructure Repairs and Maintenance
 - Technology
 - Economic Development

Revenue Assumptions– Ad Valorem:

- Total projection \$164,600,868
- 52.8% of total revenue in the General Fund
- Projected natural growth: \$1,051,513 (0.64%)
- First full year of Tax & Tag
 - Motor vehicles included in projected \$164,600,868 and budgeted at \$14.2 million

Ms. Cannon stated over the past few months there has been an increase in motor vehicle collections and it is believed that the next twelve months will be a better indicator of the revenue potential of the statewide revenue collection.

Other Revenue Assumptions:

- Sales Taxes:
 - 12.1% of total revenue in General Fund
 - Projected modest increase over FY14 (\$596,000 over the current year collections or 1.6% increase)
- Fund Balance
 - \$7.8 million appropriated for recurring expenditures
 - Within fund balance policy parameters

Expenditure Highlights:

- General Fund Base Budget: \$304 million
- Supplemental Requests: \$15.8 million
 - 80 new positions
 - 58 vehicles
 - \$1.2 million in capital outlay
 - \$2.4 million for maintenance and renovations

Ms. Cannon stated due to limited revenue growth, there were difficult decisions in balancing the recommended budget. Ms. Cannon stated the recommended budget attempts to maintain the county's core value of providing excellent service but within a constrained revenue environment. Ms. Cannon reviewed the following:

Funding Allocation Focus:

- Maintain current service levels
- Continue mission of providing quality services while being fiscally responsible

- Allocate funding in support of strategic plan
- Set funding priorities

Ms. Cannon stated the following priorities were identified to guide the allocation of resources:

Expenditure Increases by Priority:

Mandates (\$3.1 million)	Recurring	Projected revenue growth/ expenditure reductions
Repairs/ Maintenance (\$1.7 million)	Non-recurring	Assigned fund balance
Technology (\$1.9 million)	Non-recurring	Assigned fund balance
Economic Development (\$20,000)	Recurring	Expenditure reduction

Ms. Cannon provided an overview of the funding priority recorded below:

Funding Priority- Mandates:

- Supports our mission of providing quality services to our citizens while being fiscally responsible
- Foster Care - \$498,358
 - 23% increase in number of children (\$362,744)
 - Attorney and paralegal (\$135,614)
- Education - \$857,731
 - Board of Education (\$762,207 or 1% increase for the current expense fund that is in compliance with the funding agreement approved by the Board in February, 2014.)
 - FTCC (\$95,524)
 - 1% increase but \$274,474 less than requested by FTCC
 - Sheriff's Office - \$103,012
 - 4 part-time Courthouse Security
- Animal Control - \$167,753
- Utilities and fuel - \$438,391
- Child Support court filing fees - \$30,000
- Detention Center salary and operating costs- \$913,120
- DSS - pay & classification for income maintenance caseworkers - \$125,824
- Total for Mandates: \$3.1 million
- Exhausted all of \$2.3 million in projected natural revenue growth
- Required further expenditure reductions
- Prevented service delivery expansion and staff enhancement

Ms. Cannon stated the total for this category is \$3.1 million, the county exhausted all of the \$2.3 million in projected natural revenue growth in this category and to fully fund it required further expenditure reductions in the amount of \$800,000. Ms. Cannon stated therefore the county was unable to add staff to expand current services or to enhance the delivery of current services in many departments.

Ms. Cannon provided an overview of the funding priority recorded below and stated the goal is to develop a plan to proactively fund and conduct repairs on a recurring basis. Ms. Cannon the projects listed under the \$1.5 million are significant in scope and amount.

Funding Priority – Repair and Maintenance

- Supports strategic goal of providing adequate infrastructure and specifically addresses the objective of ensuring our facilities are well-maintained
- Evaluate parking lots, roof systems, develop long-term plan - \$185,000
- Building, mechanical repairs – \$1.5 million
 - DSS windows \$700,000
 - LEC security upgrade \$200,000
 - HQ Library exterior \$150,000
 - Chiller replacements \$160,000

- DSS air/heat control system \$ 80,000

Funding Priority – Technology:

- Addresses the strategic objective of advancing the County's automation capabilities and optimizing service delivery through innovation, automation and technology to enhance current services and create new service opportunities.
- Detention Center –
 - Security camera system upgrades - \$108,167
 - Video visitation system replacement - \$275,000
- Upgrade countywide and DSS network switches and servers - \$355,768

Ms. Cannon stated most of the 278 computers are beyond their useful life and are running on operating systems that are no longer supported by Microsoft.

- Sheriff's Office - \$412,968
 - 278 computer replacements/software upgrades
 - 80 mobile data terminal replacements
- Replace computers at Health Department and Library public access terminals - \$96,000

Ms. Cannon stated the county Information Services Department continues to transition the phone system which requires an initial upfront investment but will provide operating cost savings over time over traditional phone service. Ms. Cannon stated DSS was selected for the FY15 because it has experienced phone failures during the current year which impeded their ability to provide excellent customer service. Ms. Cannon stated the goal is to transition the phones in the Sheriff's Office in FY16.

- DSS telephone (Voice Over IP)- \$663,984 (covers hardware, software, handsets and UPS backup for the phone system)

Ongoing Technology Enhancements:

- Document Imaging System for DSS and Child Support
 - Archive records
 - Enhance customer service, departmental connectivity
- Comprehensive financial, HR and benefits software upgrade
 - Efficiencies for all departments
 - Electronic submission / document processing

Ms. Cannon stated technology enhancements will provide significant operational efficiencies across all departments because documents will be submitted and processed electronically.

Ms. Cannon provided an overview of the economic development funding priority and other expenditure highlights recorded below.

Funding Priority-Economic Development:

- Addresses the strategic goal of ensuring practices are in place to attract and retain business and industry
- \$20,000 for North Carolina's Southeast (NCSE)

Other Highlights:

- Mental Health - \$4.8 million for client services
- Vehicles:
 - Sheriff's Office – \$460,000 for 13
 - Tax Office –\$24,000 for 1 hybrid
 - DSS – provides mandated client transportation
 - 1 replacement
 - 7 new (4 will be hybrids)
 - Initiative: Review cost effectiveness of providing county vehicles vs. reimbursing mileage
- No COLA
- \$1.2 million for increasing medical insurance costs as opposed to passing increase on to employees – no changes in health care plan
- No change in health plan design

- Solid Waste Enterprise Fund – minor fee adjustments
 - Adjustment for illegal dumping and commercial tipping fees (decreasing to graduated scale for illegal dumping/graduated scale based on guaranteed monthly tonnage for commercial tipping fees)
 - Fees for new services for sale of crushed stone and bagged compost available July 1st

Ms. Cannon reviewed the future initiatives recorded below and stated by setting aside funds annually, it will place the county in a proactive position for funding and for protecting county facilities and investments in technology.

Future Initiatives:

- Set aside funds annually for:
 - Building / mechanical system repair and replacement
 - Technology maintenance and upgrades
- Establish vehicle revolving fund
 - GovDeal proceeds to be placed in revolving fund
 - Annual appropriations may ease the burden of vehicle replacement each year
- Identify sufficient recurring funds to support future employee pay adjustment

Ms. Cannon stated the county’s financial sustainability poses a challenge for the foreseeable future and the proposed FY15 budget has a one-year focus. Ms. Cannon asked the Board to take a larger perspective in that any budget actions will have a long term affect on the county. Ms. Cannon stated the goal of matching recurring expenditures with a recurring revenue source needs to continue to be a guiding principle. Ms. Cannon reviewed the conclusions as recorded below.

Conclusion:

- Philosophy moving forward:
 - Define our core functions
 - Seek ways to streamline service delivery
 - Emphasize technology as a way to become more efficient and enhance excellent customer service

Ms. Cannon reviewed the budget meeting schedule as recorded below and stated the FY15 recommended budget has been uploaded to the county’s website.

Thursday, May 29, 2014	7:00 PM	Budget Presentation	Room 118
Wednesday, June 4, 2014	5:30 PM	Budget Work Session	Room 564
Monday, June 9, 2014	7:00 PM	Budget Public Hearing	Room 118
Tuesday, June 10, 2014	5:30 PM	Budget Work Session/Dept. Head Appeal	Room 564
Thursday, June 12, 2014	5:30 PM	Budget Work Session	Room 564
Monday, June 16, 2014	6:45 PM	Adopt Budget	Room 118

MOTION: Commissioner Council moved to adjourn.

SECOND: Commission Edge

VOTE: UNANIMOUS (6-0)

There being no further business, the meeting adjourned at 7:40 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board