

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
MAY 31, 2012 – 6:45 PM
117 DICK STREET, 1ST FLOOR, ROOM 118
SPECIAL MEETING – FY13 PROPOSED BUDGET PRESENTATION
MINUTES

PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Jimmy Keefe, Vice Chairman
Commissioner Jeannette Council
Commissioner Kenneth Edge
Commissioner Charles Evans
Commissioner Billy King
Commissioner Ed Melvin
James Martin, County Manager
Amy Cannon, Deputy County Manager/Finance Officer
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Howard Abner, Assistant Finance Director
Kelly Autry, Accountant
Bob Tucker, Accountant
Todd Hathaway, Finance Department
Howard Lloyd, Sheriff's Office/Budget
Sally Shutt, Communication and Strategic Initiatives Manager
Candice White, Clerk to the Board
Kellie Beam, Deputy Clerk to the Board
Press

Chairman Faircloth called the meeting to order and stated the purpose of the meeting was for the Board of Commissioners to receive the recommended budget from the County Manager. Chairman Edge provided the invocation and led the Pledge of Allegiance to the American flag.

Chairman Faircloth called on James Martin, County Manager, who delivered his budget message for FY2013. Mr. Martin stated the recommended countywide budget is \$518 million which is a 1.50% decrease over the current year's countywide budget. Mr. Martin stated the recommended FY2013 General Fund budget is \$306.8 million which represents an increase of \$15.6 million or 5.36% more than the FY2012 adopted General Fund budget. Mr. Martin stated the consolidation of mental health activities previously recorded in a special revenue fund accounts for \$15.4 million or 5.32% of this increase. Mr. Martin stated the budget includes a recommended countywide property tax rate of 74.0 cents per \$100 valuation which is the same as the current year. Mr. Martin stated each one cent on the tax rate is projected to generate \$2.1 million in real, personal, public service and motor vehicle taxes.

Mr. Martin stated for the most part, this budget continues to sustain current service levels and fully incorporates the mental health fund into the General Fund and also reflects the final stages of mental health reform that began in 2002. Mr. Martin stated legislation was passed in 2001 with regard to mental health reform and the divestiture of services which directed that the county's Mental Health Local Management Entity (LME) fully divest all State/Medicaid reimbursable services by January 1, 2013. Mr. Martin stated the recommended budget transfers the Mental Health Special Revenue Fund and consolidates activities into the General Fund. Mr. Martin stated effective January 1, 2013, funding for the current LME is not recommended which would require a reduction of twenty-seven positions. Mr. Martin stated a locally staffed Managed Care Organization (MCO), which reports to the Durham "corporate" MCO, will assume responsibility for coordinating services for mental health clients in Cumberland County. Mr. Martin stated beginning July 1, 2012, psychiatric services previously provided by the Mental Health LME will be divested and transferred to the county's Public Health Department.

Mr. Martin stated at last year's strategic planning session, the Board of Commissioners adopted a mission statement that included five goals, with Goal 5 being to employ motivated, professional and well-trained personnel who offer excellent customer service with PRIDE, an acronym for professionalism, respect, integrity with accountability, diversity and excellent customer service. Mr. Martin stated in order to accomplish Goal 5, the objective to "explore competitive pay based on labor market analysis and update the classification system" was developed. Mr. Martin stated

the county's Human Resources Department has been working all year to collect information, interview employees and update job descriptions. Mr. Martin stated the study did not include the Mental Health, Public Health or Social Services departments; those departments will be included in a separate study. Mr. Martin stated the study recommends a multi-year implementation strategy which includes an across-the-board 2% cost of living allowance (COLA) for all employees, elimination of longevity pay for all new hires after June 30, 2012, elimination of the law enforcement pay scale and the reclassification of law enforcement officers and detention officers to coincide with countywide salary schedule, and implementation of a new step plan for law enforcement and detention officers.

With regard to revenue highlights, Mr. Martin stated the FY2013 ad valorem taxes are budgeted at \$156.3 million, an increase of \$4.2 million or 2.78% over the FY2012 budget. Mr. Martin stated this is based on a countywide valuation of \$29.9 billion, an overall collection rate of 97% and 73.4 cents of the 74 cents countywide tax rate. Mr. Martin noted the remaining .6-cent of the tax rate is budgeted in the Detention Center Capital Project Fund. Mr. Martin stated sales taxes are budgeted at \$36.5 million, an increase of \$1.7 million or 4.94% over the current year's sales taxes budget. Mr. Martin stated as in prior years, the county limited the appropriation of fund balance to an amount that is sustainable and which complies with the fund balance policy.

With regard to expenditure highlights, Mr. Martin stated current expense funding for the schools is recommended at the FY2012 budgeted amount of \$76.2 million. Mr. Martin stated expense funding for Fayetteville Technical Community College (FTCC) is recommended at the FY2012 budgeted amount of \$9.1 million. Mr. Martin stated for the detention center expansion, the recommended budget includes the funding plan established in FY2011 and continues to set aside the .6-cent of the property rate in a capital project fund and also reallocates \$1.2 from unspent communications fund balance and transfers \$1 million from the General Fund.

Mr. Martin stated with few exceptions, funding for community organizations was held at current levels or less. Mr. Martin stated replacement of one van for the detention center and four new trucks for the four new Animal Control officers is recommended at \$102,000 in the General Fund and four vehicles are recommended in the Solid Waste Fund at \$216,000. Mr. Martin stated a total of 105 new positions are recommended in the General Fund at a cost of \$2.9 million including benefits; included are 41 positions to implement the phase-in hiring for the detention center expansion expected to be completed in August 2013. Mr. Martin stated there are an additional thirty-six positions for the detention center that will be required in the FY2014 budget to complete the hiring plan. Mr. Martin stated his recommended budget also establishes forty-seven positions for the new Mental Health MCO effective January 1, 2013.

Mr. Martin stated management continues to be cautious in projecting revenue and adding recurring expenditures. Mr. Martin stated management identified funding priorities in the area of employee compensation, detention center construction and staffing and public safety, all of which are included in the recommended budget. Mr. Martin stated the challenge as always is to provide quality services while living within the county's means, and management continues to explore opportunities to enhance the delivery of county services. Mr. Martin expressed his gratitude to staff.

Mr. Martin provided the following presentation of the FY2013 recommended budget:

Commissioners' Strategic Goals

- Ensure a safe and healthy community by providing needed services to our citizens in a timely manner.
- Provide adequate infrastructure consistent with orderly growth of a dynamic county.
- Promote economic development by creating and retaining jobs, and providing career opportunities, quality education, culture and recreational services.
- Educate, inform and engage employees, citizens, elected and appointed officials through effective and efficient communications.
- Employ motivated, professional and well-trained personnel who offer excellent customer service with PRIDE-- Professionalism, Respect, Integrity with accountability, Diversity and Excellent customer service.

General Fund Budget

	<u>Requested</u>	<u>Change</u>	<u>Recommended</u>
Base Budget	\$307,833,685	\$(12,986,324)	\$294,847,361
Supplemental Request One-Time	8,231,879	(4,991,023)	3,240,856
Recurring	6,384,045	(531,111)	5,852,934
New Positions	4,800,535	(1,855,044)	2,945,491
Total Supplemental	<u>19,416,459</u>	<u>(7,377,178)</u>	<u>12,039,281</u>
Total General Fund	<u>327,250,144</u>	<u>(20,363,502)</u>	<u>306,886,642</u>

Budget Policy

- Sustainable fund balance appropriation
 - Limit fund balance appropriation to an amount that can be sustained on a recurring basis
- Align expenditures with recurring revenue and/or a sustainable fund balance appropriation
 - To increase expenditures, identify revenue source(s)
- Maintain minimum unassigned fund balance - 10.0% of the General Fund expense budget
 - Transfer any excess to reserve fund or make an assignment of fund balance for specific one-time project/expenditures

Budget Highlights

- County-wide budget \$518,035,003
 - \$7,878,607 (1.50%) decrease
- General Fund budget \$306,886,642
 - \$15,599,430 (5.36%) increase
 - Mental Health \$15,492,840 (5.32%)
 - Other/net increase - \$106,590 (0.04%)

County-Wide Budget

• General Fund	\$306,886,642	59.24%
• Special Revenue	45,189,399	8.72%
• Capital Projects	123,255,225	23.79%
• Enterprise	23,035,569	4.45%
• Internal Service	19,207,992	3.71%
• Permanent & Pension	<u>460,176</u>	<u>0.09%</u>
Total	\$518,035,003	100.00%

Budget Highlights

- County-wide tax rate remains at 74-cents
 - .6-cent dedicated to Detention Center Capital Project
- All fire districts tax remain at 10-cents
- Special Fire District tax 1¼-cents
 - Additional tax to fund 5 low wealth districts
 - Funds to be used for staffing & related equipment
 - 30% to Fire Chiefs' Association
- Recreation tax remains at 5-cents
- County school current expense \$76,220,676
 - Same as last year
- FTCC current expense \$9,163,305
 - \$945,000 for debt service and capital needs
- Detention Center Expansion Capital Project
 - Continuation of .6-cent ad valorem tax, \$1.2M
 - Reallocation of \$1,203,825 unspent communication fund balance
 - \$1,000,000 General Fund transfer
- General Fund - 105 new positions, \$2,942,659
 - 41 positions to implement the phase-in hiring for the jail expansion
 - An additional 36 positions will be required for FY2014
 - 7 positions for Animal Control
 - 4 Animal Control Officers (ACO)
 - 3 ACO/Trappers

- 47 positions for MH- Managed Care Organization
- 10 positions other departments

Mental Health Reform and Divestiture of Services

- Recommended budget eliminates the Mental Health Special Revenue Fund
- Consolidates all mental health activities into one MH General Fund agency through December 31, 2012 (\$10,616,503)
- Psychiatric services transferred to the Health Department- July 1, 2012 (\$3,385,296)

Mr. Martin stated the belief is that medical staff can bill for and collect the funds needed for psychiatric services for both children and adults.

- Effective, January 1, 2013, funding for the LME is not recommended
 - Requires a reduction of 27 positions
- The local MCO will assume responsibility for coordinating services for mental health clients in Cumberland County under the auspices of the Durham “corporate MCO, as is currently planned (\$1,491,041)

Mr. Martin advised there are a number of Mental Health issues that have not been fully resolved as is proposed for the Mental Health organization to move forward, so his understanding is that some of the things as presented are subject to considerable change. Mr. Martin stated it is not his intent or the intent of county management to decrease mental health services in the county. Mr. Martin stated it is still a high priority.

Classification and Pay Plan Recommendations

- Adopt an across-the-board 2% salary increase (COLA) for all county employees without altering the play plan
- Eliminate longevity pay for all new hires
- Reduce the number of salary classifications
- Employees reclassified to a higher grade would receive a 5% increase or the minimum of the new grade, whichever is higher
 - Complies with current County policy
- Eliminate current law enforcement pay scale
 - Reclassify law enforcement officers and detention officers to coincide with countywide salary schedule
- Implement new step plan for law enforcement and detention officers

General Fund Revenue

• Ad valorem taxes	\$161,496,278	(includes estimated prior year collections of \$5.1 million)
○ Real/personal property	144,802,240	
○ Motor vehicle	11,572,666	
○ Prior years	5,121,372	
• Other taxes	38,814,227	
○ Sales	36,554,775	
○ Other	2,259,452	
• Unrestricted intergovernmental	10,007,346	
• Restricted intergovernmental	60,273,629	
• Licenses & permits	2,250,763	
• Sales & services	13,576,414	
• Miscellaneous	4,016,401	
○ Interest	125,000	(prior years have had \$5-\$6 million interest income)
○ CFVMC	3,248,440	
○ Other	642,961	
• Transfers	8,470,142	
• Fund balance appropriated	9,046,833	
○ Health Department	434,074	(towards debt payment on new building)
○ Communications	1,203,825	
○ Water & Sewer	500,000	
○ Economic Development	666,815	
○ General	<u>6,289,195</u>	
Total	<u>\$306,886,642</u>	

General Fund Expenditures

• Personnel	\$122,433,121
• Basic operating	24,777,523
• Other charges & services	2,831,126
• Capital outlay	<u>102,124</u>
Department total (48.92%)	\$150,143,894
• Social Service programs	26,715,492
• Debt service	25,728,930
• Community funding	1,486,450
• Transfers	783,858
• Education	
o County schools current expense	76,220,676
o FTCC current expense	9,163,305
o Other	1,219,602
• Miscellaneous	<u>15,424,435</u>
Total	\$306,886,642

Community Funding – Community Organizations

Organization	FY 2012 Adopted	FY 2013 Requested	FY 2013 Recommended
Boys and Girls Club	\$0.00	\$22,012	\$0.00
Cape Fear Botanical Garden	6,642	8,000	6,642
Cape Fear Regional Bureau for Community Action	12,150	12,150	12,150
Child Advocacy Center	39,768	39,768	39,768
Contact	6,874	6,874	6,874
CC Veterans Council	1,000	1,000	1,000
HIV Task Force	5,978	5,978	5,978
Salvation Army	29,700	29,700	29,700
Salvation Army Christmas Outreach	6,277	6,277	6,277
Second Harvest Food Bank of Southeast NC	15,000	35,000	15,000
Teen Involvement Program	5,978	5,978	5,978
United Way	<u>0</u>	<u>5,500</u>	<u>5,500</u>
	<u>\$129,367</u>	<u>\$178,237</u>	<u>\$134,867</u>

Community Funding – Quasigovernmental Organizations

Organization	FY 2012 Adopted	FY 2013 Requested	FY 2013 Recommended
Arts Council	\$80,000	\$80,000	\$80,000
Airborne Special Operations Museum	200,000	200,000	200,000
BRAC Regional Alliance	20,500	35,000	35,000
Cape Fear River Assembly (previously funded by Mid Carolina)		11,674	11,674
CommuniCare	40,000	40,000	40,000
CC Coordinating Council on Older Adults/RSVP	93,004	105,489	105,489
Mid Carolina Council of Governments	189,554	208,536	195,746
In Home Aides (previously funded by DSS)		24,734	24,734
N.C. Division of Vocational Rehabilitation	59,214	63,276	63,276
N.C. Forest Service	122,200	135,596	135,596
SE NC Radio Reading	<u>7,500</u>	<u>7,755</u>	<u>7,500</u>
	<u>\$811,972</u>	<u>\$912,060</u>	<u>\$899,015</u>

Community Funding

One-Time Limited-Time Funding

Organization	FY 2012 Adopted	FY 2013 Requested	FY 2013 Recommended
Hope Mills Chamber of Commerce		50,000	0
Spring Lake Chamber of Commerce	35,000	35,000	
T.J. Robinson Life Center		333,333	0
Cape Fear Botanical Garden-capital project	<u>100,000</u>	<u>Term expired</u>	<u>0</u>
	135,000	418,333	0

Economic Development

Organization	FY 2012 Adopted	FY 2013 Requested	FY 2013 Recommended
Center for Economic Empowerment & Development	10,625	15,000	10,625
Fay-Cumberland Co. Chamber of Commerce	410,000	410,000	410,000
Fay-Cumberland Co. Chamber Commerce-shell bldg.	125,000	Sold	0
Southeastern Economic Development Commission	31,943	31,943	31,943
	<u>577,568</u>	<u>456,943</u>	<u>452,568</u>
Total all Organizations	<u>1,653,907</u>	<u>1,965,573</u>	<u>1,486,450</u>

General Fund – Fund Balance

Total funds - July 1, 2011 (per audit)	<u>85,565,528</u>
Projected revenues - June 30, 2012	345,327,532
Projected expenditures - June 30, 2012	<u>(346,263,709)</u>
FY2012 net gain (deficit)	(936,177)
Projected total funds available	84,629,351
Less: unspendable for inventories	(179,164)
Less: restricted for Register of Deeds	(498,743)
Less: restricted stabilization by state statute	(27,245,605)
Less: committed for Property Revaluation	(442,517)
Less: assigned for water & sewer industrial expansion	(5,503,927)
Less: assigned for economic development incentive	(1,743,946)
Less: assigned for renovation & maintenance	(1,641,942)
Less: assigned for jail expansion	<u>(6,274,760)</u>
Projected unassigned fund balance-FY2012	41,098,747
Less: projected fund balance appropriated for FY2013	<u>(7,981,442)</u>
Projected FY2012 net unassigned fund balance	33,117,305
FY2013 base expenditure budget	294,847,361
Recurring additions	5,852,934
Supplemental positions	2,945,491
One-time additions	<u>3,240,856</u>
FY2013 recommended expenditure budget	<u>306,886,642</u>
FY2013 recommended expenditure budget	<u>306,886,642</u>
FY2013 base revenue budget	296,273,998
Supplemental recurring revenue	2,626,099
Supplemental one-time revenue	<u>5,103</u>
Total revenue	298,905,200
Fund balance	
Fund balance unassigned for base expenditures	3,139,697
Fund balance unassigned for one-time	2,037,031
Fund balance unassigned from Health	434,074
Fund balance from assigned water & sewer industrial expansion	500,000
Fund balance from assigned economic development incentive	666,815
Fund balance from assigned communications	<u>1,203,825</u>
Total fund balance appropriated	7,981,442
FY2013 total estimated revenue budget	<u>306,886,642</u>
Difference	0

Multi-Year Capital Projects – Project Costs

Project	Budgeted		Proposed				Total
	FY2012	FY2013	FY2013	FY2014	FY2015	FY2016	
- Current Projects -							
Health Department Building	27,986,300	27,986,300					27,986,300

Western Regional Library	5,717,186	5,717,186					5,717,186
Gray's Creek Middle School	20,000,000	20,000,000					20,000,000
New Century International Elementary	17,517,851	17,517,851					17,517,851
Landfill Construction-Current	4,198,052	4,198,052					4,198,052
Landfill Construction-New	655,771	655,771					655,771
School Renovations QSCBs	15,900,000	15,900,000					15,900,000
Eastover Sanitary District Water II	8,152,500	8,152,500					8,152,500
Detention Facility Expansion	4,764,278	4,764,278	10,254,413				15,018,691
New Century Middle School	17,416,930	17,416,930					17,416,930
Southpoint Water Project	<u>605,100</u>	<u>605,100</u>					<u>605,100</u>
Total	122,913,968	122,635,645	10,254,413				132,284,958

-Potential Projects (3) -

E. Newton Smith Center							unknown
Pamalee Branch Library							7,542,992
County Schools							118,348,900
Total							125,891,892
	122,913,968	122,635,645	10,254,413				258,176,850

- (1) Gray shaded projects are essentially finished, but not officially closed on the county's books. In some cases, a small amount of remaining unspent funds have been reallocated within the project.
- (2) Proposed funds for current projects have not yet been budgeted as of July 1, 2012, but are expected to be budgeted during the listed fiscal year.
- (3) Potential projects are neither budgeted nor funded. An estimated cost is listed for reference only. The cost of future renovations to the E. Newton Smith Center is unknown.

Multi-Year Capital Projects – Funding

Project	Budgeted		Financing Sources				
	FY2012	FY2013	Federal	State	Debt	Other	County
- Current Projects -							
Health Department Building	27,986,300	27,986,300			26,500,000		27,986,300
Western Regional Library	5,717,186	5,717,186			5,314,224		5,717,186
Gray's Creek Middle School	20,000,000	20,000,000			20,000,000		20,000,000
New Century International Elementary	17,517,851	17,517,851			17,239,528		17,239,528
Landfill Construction-Current	4,198,052	4,198,052				4,198,052	4,198,052
Landfill Construction-New	655,771	655,771				655,771	655,771
School Renovations QSCBs	15,900,000	15,900,000			15,900,000		15,900,000
Eastover Sanitary District Water II	8,152,500	8,152,500	1,797,700		6,271,610	177,800	8,152,500

Detention Facility Expansion	4,764,278	4,764,278					15,018,691
New Century Middle School	17,416,930	17,416,930		2,611,930		14,805,000	
Southpoint Water Project	<u>605,100</u>	<u>605,100</u>			605,100		
Total	122,913,968	122,635,645	1,797,700	2,611,930	91,830,462	19,836,623	114,868,028
-Potential Projects (3) –		Est. Costs					
Landfill Construction-New		5,844,229					
Detention Facility Expansion		10,754,413					
E. Newton Smith Center		unknown					
Pamalee Branch Library		7,542,992					
County Schools		118,348,900					
Total	122,913,968	259,281,950	1,797,700	2,611,930	91,830,462	19,836,623	114,868,028

- (1) Potential projects have not been approved; therefore, only an estimated cost is shown with no identified funding source. The addition to the current landfill is budgeted at \$655,771 for permitting costs. The remaining \$5,844,229 will be budgeted once bids are received and the actual cost is known and approved. The \$15,018,691 estimated Detention Facility Expansion project has been approved for initial engineering and design work of \$4,764,278. The remaining estimated \$10,254,413 cost will be budgeted once bids are received and the entire project is approved.

Mr. Martin concluded his presentation with a review of the upcoming budget schedule as follows:

Tuesday, June 5, 2012	5:30 PM	Department Head Appeals/Work Session
Thursday, June 7, 2012	7:00 PM	Budget Public Hearing
Monday, June 11, 2012	5:30 PM	Budget Work Session
Tuesday, June 12, 2012	5:30 PM	Budget Work Session
Thursday, June 14, 2012	5:30 PM	Budget Work Session
Monday, June 18, 2012	6:45 PM	Adopt Budget

Chairman Faircloth opened the floor for questions. Commissioner Keefe requested clarification regarding the forty-seven positions retained for the Mental Health MCO and the twenty-seven positions for the Mental Health LME. Mr. Martin stated the belief is that the MCO will fund forty-seven positions, many of which are current positions within the Mental Health LME. Mr. Martin stated the divestiture of services requires that by January 1, 2013, the Mental Health LME discontinue providing direct mental health services. Mr. Martin stated the psychiatric services will be moved July 1, 2012 to the Public Health Department under the auspices of the Mental Health LME until December 31, 2012. Mr. Martin stated effective, January 1, 2013, funding for the Mental Health LME is not recommended and will require a reduction of twenty-seven positions, none of which are direct service providers. Commissioner Keefe requested clarification regarding the requirement to partner with other counties. Mr. Martin stated the current plan is for Cumberland to be affiliated with Durham/Wake and Johnston counties as a consolidated MCO which will take over the service provision in each of those counties January 1, 2013. Mr. Martin stated this is the reason for the recommendation not to continue funding for the twenty-seven positions within the Mental Health LME.

MOTION: Commissioner Council moved to adjourn.
SECOND: Commission Evans
VOTE: UNANIMOUS (7-0)

There being no further business, the meeting adjourned at 7:50 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board