

June 26, 2008

The Board of Commissioners of Franklin County, North Carolina, met for a recessed meeting at 7:00 A.M. for the purpose of a budget work session in the Commissioner's Meeting Room located in the County Administration Building with the following Commissioners present: Chairman Robert L. Swanson, Vice-Chairman Penny McGhee-Young, Bob Winters, Sidney E. Dunston, Harry L. Foy, Jr., Donald C. Lancaster and Lynwood D. Buffaloe.

Chairman Swanson called the meeting to order and Interim County Manager Angela Harris asked the board to consider adding a budget ordinance amendment (Budget Ordinance Amendment #9) to the agenda.

Commissioner Winters made the motion to add the budget ordinance amendment to the agenda, seconded by Commissioner Young. The motion duly carried with all present voting "AYE."

County Finance Director Chuck Murray stated the amendment reflects additional fuel purchases and fuel sales at the Airport. He stated that additional county funds are not required.

Commissioner Young then made the motion to approve Budget Ordinance Amendment #9, seconded by Commissioner Buffaloe. The motion duly carried with all present voting "AYE."

Commissioner Swanson stated he met with the Justice Volunteer Fire Department Board of Directors. He stated that the department has been operating out of the same building since 1959. Land has been purchased nearby in order to build a new building and he said the department has requested a half-cent tax increase for the Justice Fire District to assist with the project. He stated the tax rate in that district is currently one of the lowest in the county at 5.5.

Commissioner Buffaloe made a motion to include the half-cent increase for the Justice Fire District, seconded by Commissioner Lancaster. The motion duly carried with all present voting "AYE."

Mr. Murray pointed out modifications to the proposed 2008-2009 budget including \$424,617 increase for public safety; a \$4,879 increase for cultural and leisure; and a \$31,568 increase for the fire protection fund. The information is charted below.

Summary of Proposed County Budget For Fiscal Year 2008-2009 By Major Category				
Category	Current Fiscal Year 2007-2008	Proposed Fiscal Year 2008-2009	Currently Fiscal Year 2008-2009	Changes Increase/ Decrease
General Government	\$4,698,909	4,886,309	4,886,309	\$0
Public Safety	16,408,585	16,461,961	16,886,578	\$424,617
Economic and Physical Development	4,837,247	5,425,353	5,425,353	\$0
Human Services	19,705,028	18,642,588	18,642,588	\$0
Cultural and Leisure	1,556,936	1,225,457	1,230,336	\$4,879
Education	18,114,748	19,571,331	19,571,331	\$0
Drug Enforcement Fund	140,000	65,000	65,000	\$0
Fire Protection Fund	1,985,012	2,155,496	2,187,064	\$31,568
E-911 Communication Fund	245,170	725,870	725,870	\$0
Capital Reserve Fund	2,620,000	2,900,000	2,900,000	\$0
Public Utilities Fund	6,815,008	7,201,470	7,201,470	\$0
Total Proposed	\$77,126,643	\$79,260,835	\$79,721,899	\$461,064
	General Fund	66,212,999	66,642,495	429,496
	Revenues	63,197,152	63,429,152	232,000
	Fund Balance	3,015,847	3,213,343	197,496

Mr. Murray stated the incentive fund is part of fund balance.

Mrs. Harris stated the proposed budget did not include additional requests by the Sheriff's Department or requested Telecommunicators or any of the requests from other departments. She also stated that savings from freezing the Parks and Recreation Director Position were not reflected in the proposal.

Chairman Swanson stated the board should address overtime pay for the Sheriff's Department and mentioned that a substantial amount of overtime was on the books when Sheriff Green took office. Mrs. Harris mentioned that supervisors at the Sheriff's Office would be working with staff to take time off to get as much time off the books as possible.

Chairman Swanson then asked what was considered relative to the requested Telecommunicator positions. Mrs. Harris stated funds have not been figured back into the budget at this point.

Commissioner Lancaster then asked Christy Shearin (Communications Director) if she could manage with less than the three new Telecommunicator positions she requested. Mrs. Shearin confirmed she could not operate sufficiently with less than three, but commented she would not be able to hire new staff by July 1, 2008. She stated it would take several months to hire additional staff, if approved by the board, and commented there would be a cost savings associated with the delay.

Chairman Swanson mentioned the potential of retrieving \$100,000 from the Town of Louisburg that was to be used toward Phase 2 of Joyner Park. Mrs. Harris commented it appears the board's intent was that the \$100,000 be used toward land acquisition for Phase 2 of Joyner Park. She spoke with Louisburg Town Administrator Mark Warren earlier in the week and said she inquired of the Town's plans. She said a public hearing would be held. She said Mr. Warren was currently of the opinion that a grant will be pursued at this time. Mrs. Harris stated that on June 25, 2008 she asked the Town for a breakdown of the Town's parks and recreation budget as well as "Exhibit 2" referenced in a letter from Ed Wyatt that was dated August, 2007. After a review of the board's

minutes, Mrs. Harris stated on September 17, 2007, the board did make the motion to move forward to distribute the funding for the land acquisition without any conditions attached in terms of recreation fees. However, she stated it was clear that discussion was to take place at a later date on that topic.

Mrs. Harris then commented that the Sheriff has issued an RFP (request for proposal) for food preparation at the jail. She said it is highly likely that staff will come back before the board asking for a contractual agreement. She said there appears to be an opportunity to save approximately \$350,000 depending on implementation. She then stated that priority would be placed on hiring existing staff.

Commissioner Lancaster made a motion to implement the required actions to make \$175,000 available for funding three new Telecommunicator positions. The motion was seconded by Commissioner Dunston and duly carried with all present voting "AYE."

Note: \$175,000 in savings reflects \$95,000 saved after the board elected not to hire a full-time county attorney; \$60,000 saved after freezing the Parks and Recreation Director position; and \$20,000 was saved on construction of the county morgue. These funds will pay for three new Telecommunicators.

Commissioner Winters then made the motion to fund three telecommunicator positions paid for by identified savings, this year, seconded by Commissioner Dunston. The motion duly carried with all present voting "AYE."

Commissioner Buffaloe made a motion to increase the tax rate by five cents directing the funds be added to fund balance and to maintain the incentive fund. He stated his motion was based on the passage of the 2004 school bond which will cost the county \$3.7 million dollar or ten cents on the tax rate. He stated some of that cost has been offset by two cents through ADM and lottery funds, which leaves eight cents on the tax rate. He reiterated the money has already been spent and now it must be paid. He reminded the board that no adjustments had been made to the budget for debt service. Commissioner Buffaloe's motion failed without a second.

Commissioner Winters then made a motion to accept the proposed budget, taking into account approximately \$175,000 in savings with no tax increase and stated he looked forward to hearing from the Sheriff on potential savings from food service at the jail and earmarking those savings to help with overtime at the Sheriff's Office. The motion was seconded by Commissioner Foy.

For the record, Commissioner Buffaloe stated he could not vote for a budget without a tax increase given the county's current financial situation.

Before a vote was taken, Mrs. Harris stated she wanted to distribute a handout that provided a preview of the 2009-2010 budget and commented there is a potential minimum tax increase of 15.10 cents, if a tax increase is not approved for the 2008-2009 budget. A copy of the handout follows.

<u>Preview of 2009-2010</u>	
● Expenses FYE 2008-2009	\$66,642,495
● Additional School Funding at 3%	386,417
● COLA for employees at 2.50%	479,000
● New Debt – 2008 School Bond	2,900,000
● New Debt for Radio project	650,000
● Possible transfer to Fund 45	400,000
● New Paramedics	586,000
● New County Facility	0
● 1% growth in County Dollars	420,000
● Min. estimated expenses in 2010	\$72,463,912

<u>Preview of 2009-2010</u>	
● Total Estimated Revenues	\$66,572,951
● Total Estimated Expenditures	<u>72,463,912</u>
● Difference	\$ 5,890,961
● Potential Minimum Tax Increase	15.10 cents
● <u>Cuts made to current year budget that were not funded</u>	<u>\$6.9 million.</u>

Commissioner Winters stated the need for the board to work with Franklin County's legislative representatives to obtain 911 money for debt service to assist with the radio project.

Mrs. Harris mentioned that in 2009-2010 the county will be looking at additional cuts and/or a tax increase.

Following questions from Commissioner Young about the fee structure for funding paramedics, Mr. Murray stated the rescue squads and paramedics would be paid for through the General Fund. He also stated the incentive program would be funded through the General Fund. He stated funding won't be available next year for the five paramedic positions in Franklinton and said changing the funding structure won't help next year. He commented on the incentive program approved recently by the board. Of the 50-30-20 funding strategy, he stated 50 percent of revenues go toward offsetting the expense of the General Fund. He said the other 50 percent is earmarked for rescue squads.

Emergency Services Director Randy Likens explained the funding strategy by asking the board to consider the five paramedics he has requested for Franklinton. After taking the incentive money out of it, traditionally he said over the last several years, the board would have funded the five volunteer squads out of tax money which would have totaled a little over \$200,000. He stated the new funding structure for the incentive program would require the general fund to pay for the five positions in Franklinton. In the old structure, the incentive funds were distributed to the rescue squads and the general fund paid for the contributions to the volunteer squads. Eight paramedics would be funded out of the incentive fund for six months funding required in FY 08/09.

Commissioner Young stated that she would not vote for a budget next year that included a 15.10 cents tax increase and encouraged all departments to submit budgets next year with "cuts" in it.

Commissioner Winters suggested the county begin making cuts for next year beginning July 1, 2008 and stated preparation for the 2009-2010 budget would be a "year long battle."

Mrs. Harris stated the 15.10 tax increase does not take into account items that were cut from the 2008-2009 budget. She and Mr. Murray stated if those items were taken into consideration along with future projects, a 34 cent tax increase would be needed.

Chairman Swanson reminded the board of the motion already made by Commissioner Winters and said although he appreciates the information provided on the 2009-2010 budget, a vote on the 2008-2009 budget is needed.

Commissioner Young said the previous year she stood in the middle as it related to raising taxes. She stated that if the board was going to continue to approve budgets with no tax increase, county department heads who felt they were unable to properly provide services to the community due to a lack of funding, need to lobby commissioners through the citizens of Franklin to "do the right thing." She stated, "I

“went out on a limb last year and was labeled a tax and spend Democrat because I wanted a tax increase because we’d all voted for a tax increase to pay for the school bond.” She stated she would not wear that label this year or next year. She stated it was too easy for those who chose not to vote for a tax increase to walk away and say they didn’t vote for a tax increase and to accept no responsibility.

Commissioner Lancaster disagreed with Commissioner Young stating that everyone has a philosophy for funding county government.

Mr. Murray reminded the board that the tax rate needed to be included in the motion to approve the budget.

Commissioner Winters then amended his motion by asking the board to accept the proposed budget, taking into account approximately \$176,000 in savings from with no tax increase leaving the rate at 82.25 for a total budget of \$66,583,716. The motion was seconded by Commissioner Foy. The motion carried and the budget was approved with a 6 to 1 vote, with Commissioner Buffaloe voting “NO.”

With no further discussion, Commissioner Swanson adjourned the meeting at 8:03 A.M.

Robert L. Swanson, Chairman

Kristen G. King, Clerk to the Board

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