

The Beaufort County Board of Commissioner met in for a Special Called Meeting on Thursday, May 19, 2022, at 5:30 PM, in the Commissioners Boardroom located at 136 W. 2<sup>nd</sup> Street in Washington, NC with the following present:

**Commissioners Present**

Chairman Frankie Waters  
Vice-Chairman Jerry Langley  
Commissioner Ed Booth  
Commissioner Stan Deatherage  
Commissioner John Rebholz  
Commissioner Hood Richardson  
Commissioner Randy Walker

**Staff Present**

Brian Alligood, County Manager  
Kathleen Mosher, Clerk to the Board  
David Francisco, County Attorney  
Anita Radcliffe, Chief Financial Officer

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**Budget Workshop – General Fund**

Chairman Waters said at this time we will reconvene the budget workshops and the item tonight is the general fund.

Mr. Alligood said if you will take a look at the list I'm going to kind of give you a layout of how we're going to run tonight. He said the table of content, we're going to start on the left side and run, essentially, through the contents tonight. He said Ms. Radcliffe is going to start out with the revenue side and talk about that and we'll pick up under general government, human services, and community services. He said now the difference is we're going to skip social services because they've got a conference going on and they're not here, so we'll bring them in on the next night and then on the next night we'll have education, public safety, and social services. He said one other thing tonight, elections, they are fairly close on the expenditure side up front so if Ms. Hopkins is not here they had a 5:00 PM Board meeting so she's coming if you have any questions but if she's not here by the time we get to elections we can move on, if that's all right, until she gets here. He said just real quick, for those of you who have not met, most of you have but Brad Hufford is our new Economic Development Director. He said he's here tonight to just kind of listen and learn on budget side. He said I'm going to let Ms. Radcliffe start off on the revenue side. He said you've got the revenue packet folded up in your book where she will give the details on the revenue side.

Ms. Radcliffe said also I'll be toggling back and forth between that sheet and the one I'm referring to, it's on legal sized paper on the inside of your book, I'll be toggling between that detail and page 19 in your budget book. She said that's where you'll find the general fund summary information for revenues, and we'll be going back and forth between those two papers. She said so starting off, we'll start off with our biggest revenues and that is, of course, property taxes. She said so for next year we are estimating a net taxable value, including motor vehicles, of a little over \$6.2 billion. She said if we apply a 62.5% tax rate and a 98.22% collection rate to that number then that produces a current year levy of almost \$38.3 million. She said if you look at the bottom table on page 19 you'll see that we've recommended for the current year property taxes a levy of \$38,291,000 and then prior year collections we're estimating \$409,000, that's slightly less than what we've collected in the past and the reason we've lowered that for both the prior year levy and the penalties and interest rate is because collection rates continue to improve year after year. She said as the current year collection year improves you're not going to be collecting as much on your prior year levy's and then on your penalties and interest. She said so all in all, total property taxes that we're budgeting for revenue is the \$38,937,630. She said if you'll flip over to the next page we'll move onto sales and other taxes. She said we talked to exhaustion about sales tax. She said I give a presentation almost every month and an update on what our sales tax distributions have been and for us this is really a challenging number to peg because it is so strongly tied to the economy and just not knowing what's going to happen and as I said at our May meeting we're starting to hear talks of a recession coming along down the road. She said you might remember I showed you that chart when I went back thirteen years to the great recession and showed you how the last recession impacted our sales tax. She said not knowing what to do we relied heavily on some information, guidance and

resources we had coming from the North Carolina League of Municipalities and the Association of County Commissioners and they're recommending we use a 3.75 growth factor for sales tax so we backed that down slightly just because we've seen, I believe this year we're training at an 18% growth this year and that's after a 14% growth last year, from the previous year so we settled on 3% as a growth factor for sales tax for next year. She said remember the different articles for sales tax, we've got article 39. She said that is funding earmarked entirely for the general fund operations, but we do have that article 40 and 42 sales tax that we're required to give a certain amount to schools for their capital needs. She said we're required to give 30% of the article 40 distribution and 60% of article 42 to the schools. She said you'll remember I mentioned at our last meeting that I knew we were getting really close on our calculations when I looked at the audit last year and it's really a combination of our sales tax just really being through the roof plus the savings on our debt refinancing that we did. She said so between the two of those coupled together we did increase the allocation for capital to the schools so when you get to the schools you will see a recommended amount of capital to the schools based on that statutory calculation. She said just want to mention that when I look back historically we always have paid the schools much more in capital than the actual calculation required. She said so we actually fund the schools based on their need. She said we don't fund the school based on this calculation. She said we simply do this calculation to make sure we're giving the minimum required if that makes sense. She said next we have inter-governmental revenues at the bottom of page twenty, and this is just it says. She said these are revenues from federal and state agencies. She said they're restricted, predominantly for DSS and Health operations. She said there's a little bit of funding in there for the lottery funds restricted for the schools and then also the district taxes for EMS that come from Washington Township, Bath Township and also the town where county provides EMS, which is Belhaven, Bath and Pantego. She said that's where we account for that funding from the district tax. She said it comes back to the general funds to offset, to help offset the costs of running our EMS operations. She said page 21, these are the license fees and other miscellaneous general fund revenues. She said you can see them listed there. She said historically they're about \$2.5 million a year. She said that actual 2021 number you see there at \$13.6 million, don't let that throw you off. She said that is where we had to do the accounting for the refunding proceeds on the bond refunding and also the other big change there, the health fees related to Covid. She said so once you subtract those out it normalizes that \$13.6 million and that brings you down to about the \$2.5 million number and that's where we expect that to be. She said mostly, these are made up of miscellaneous funds that are charged to users to offset the program costs of whatever is being utilized there. She said then on page 22 we have investment earnings and we're estimating those to be about \$50,000 with the recent increase by the Feds of the rate of fifty basis points this number might go up slightly but we've been getting very poor returns, as you can imagine, on our investments, on our idle cash. She said it's still a great time to borrow but not such a great time to have fund balance sitting in an account earning interest. She said then I'll put you back over to page 19 to talk about the last two revenues at the very top, the bottom two categories at the very top, the administrative charges from other funds, the \$366,576, those are charges from the water fund and the solid waste fund back to the general fund for mostly personnel that do work on behalf of those funds. She said in other words HR, and finance. She said we pay the water fund bills, we pay the solid waste bills, we pay their employees, so we charge those funds back a little bit of our salary and benefits to reimburse the solid waste fund. She said then finally, below that, appropriated fund balance, Mr. Allgood spoke about this Monday night in his budget message. She said we've appropriated \$1.6 million of fund balance to be used for two new programs. She said the first one is to set aside funding for the worker's comp reserve which you voted on, I believe at your April meeting and then also \$1 million for the Beaufort Promise to provide for scholarships, four years of scholarships for Beaufort County residents at the Community College. She said so I really refer much to the detail, but you can see every line item on legal sized piece of paper. She said that's every line items, it's several pages. She said all these numbers on these pages roll up to what I just reviewed, and I'll give you a moment to review it all and if you have any questions I'll be happy to answer those for you.

Chairman Waters said when you look at the sales tax is that the gross amount before we spread the money to the schools.

Ms. Radcliffe said yes, that's gross.

Commissioner Rebholz said just off hand, what do you think we're going to earn this year from investment earnings. He said we had budgeted \$75,000.

Ms. Radcliffe said I think we'll be lucky to get \$50,000.

Mr. Allgood said I'm going to take you back to page 13, catch up before you get into the expenditure side. He said on page 13 you will see the summary of authorized full-time positions. He said this is presented each year to the Board. He

said you will see there are no recommended additional positions in this budget. He said there are the same number of FTE's that you had in fiscal year 21/22. He said we also give you four years backwards to see what the changes were over the years. He said you'll see the highlights, the asterisks to make sure you can understand if someone reads it to see why a position was added somewhere and when it was. He said you'll see chore workers, we moved those out when folks retired and moved that over to contract services. He said like in 21/22 the Board added a full-time person to the Health Department. He said I wanted to show that historically so you could see. He said so that's the summary of authorized positions. He said starting on page 15 you'll see the salary plan for 22/23.

Commissioner Richardson said I have a couple of questions about that. He said is this being filmed, being streamed.

Mr. Alligood said yes.

Commissioner Richardson said number one, going to the Planner, there's three people listed in Planning. He said where do they work and who supervises them.

Mr. Alligood said in Planning that is the Inspections group. He said remember we had Planning and Inspections combined so there is a front person who handles permits and answers the phones and then there is the Chief Inspector and the other Inspector.

Commissioner Richardson said well I probably missed the thing about it. He said it ought to be Inspections/Planning rather than just Planning.

Mr. Alligood said we can certainly change that. He said it's always been kind of listed together as Inspections and Planning and when we moved that over to the COG it stayed that way but that's Inspections.

Commissioner Richardson said okay, then the other part is the Sheriff's Department. He said there are no summary totals in the Sheriff's Department. He said it's sort of a mishmash summarized. He said I went through and added up, in 2017/18 there were ninety-seven people in the Sheriff's Department and that Sheriff's Department includes the Jail, the bailiffs and the emergency call in, 911. He said so okay, ninety-seven and then in 2018 you've got 107 and in 19/20 you had 107 and now we're back to 102.

Mr. Alligood said we're actually at 94. He said in FY 21/22 we're at 94. He said you reduced positions when they moved over, when the contract took over for the school systems, the SRO's, those came out. He said then the Board started allocating positions in total to the Sheriff's Office, total FTE's so the total number of FTE's in the Sheriff's Office is ninety-four this current year and then we're recommending again ninety-four in the proposed budget.

Commissioner Richardson said so we went from 102, okay, that's less twelve plus five, is that right.

Mr. Alligood said yes.

Commissioner Richardson said so we're really increasing the number of people in the Sheriff's Office, okay.

Mr. Alligood said actually we're not. He said our recommendation is you stay exactly where you were this year at 94.

Commissioner Richardson said but I mean within the two years there's an increase, we added the five people. He said there was an increase. He said twelve went out, five came in so there's a net reduction of seven but then we contracted for the twelve over at the schools so there's still an increase of five people in the Sheriff's Department.

Mr. Alligood said I wouldn't say there's an increase in the Sheriff's Office because you contracted with an outside agency. He said they're not deputies. He said that's with the school system who contracted them.

Commissioner Richardson said but we contracted for those same services that those twelve were providing with another company and then we added five employees to the Sheriff's Department.

Mr. Alligood said that's right.

Commissioner Richardson said so it's a net increase. He said the way I do accounting that's an increase.

Commissioner Rebholz said that contract is not with us it's with the school system.

Mr. Alligood said that's correct, it's with the school system and it's a three-year contract and it's actually more expensive than internal. He said then you'll see, starting on page 15 is the salary plan, the 22/23 salary plan. He said that gets presented each year. He said usually the grade, the hiring ranges, the positions, whether they are FLSA, yes or no means they're subject to FLSA or if they're not there is, if it is a safety sensitive position, if it is considered a safety sensitive position then they're in the random drug tests. He said if they are not a safety sensitive position you're not allowed to random them. He said then it shows the department. He said this is the latest, as you'll see this includes the special hiring rate for the Deputy Sheriff's that was approved by the Board at the April 6<sup>th</sup> meeting. He said so I am going to pick up, I'm not sure where, exactly this one was in the book. He said page 25, it's the legal sheet we folded over and laid sideways for you, that's the summary of the general fund expenditures. He said I'm going to work from that page and then if there's questions we can drill down individually to each department. He said you'll see that starts on page 31 with the Board of Commissioners. He said what we show in the summary is net changes and we list out things that are typically above 5% so they're pretty clear. He said for an example, under governing board you'll see under the big spreadsheet that the recommended, we have a column that shows the fiscal year 22/23, what we're recommending compared to the 21/22 original. He said so what was originally approved in this current fiscal year and then we show what we're recommending in next fiscal year and that's the difference. He said so there's an increase of \$19,000 in the Board's budget, that's 5.3% and one of the drivers of that is we added some additional funding so if you go to page 32 you will see the actual line item budget of the governing board and you will see in the one column that shows original budget and then you see the recommended so you can see over the 22 original budget, like in salaries it's \$121,854, it's up to \$130,129. He said that's the change in the healthcare piece that the Board voted on years ago and some changes there. He said but you can see exactly any changes. He said the big driver for that is we added under professional services legal we added \$6,000, it was originally \$84,000, we bumped it to \$90,000. He said the reason we added the \$6,000 in there is the \$84,000 is simply the retainer right now for the County Attorney and occasionally we'll have outside work that needs to be done and that \$6,000 would allow some of that outside work to be done when the County Attorney needs some outside work done without us having to, we do it every year, we might as well budget for it. He said so that's the big driver there. He said you will see the notes side on the big sheet where it says increase in professional services. He said, any questions about the governing boards line-item budget. He said the next one we move to is County Administration. He said that is up \$12,740, or 2.6% and we don't, there's not really a main driver in there. He said happy to answer any questions about it. He said I think as I looked through on this one it's mostly due to salaries and retirement because we did have a bump in retirement this year, again and I think everything is generally the same or down in a couple of places. He said I'm happy to answer any questions as you look at page 34 on the specific line item of County Administration. He said the next one down is Finance, that starts on page 35. He said the line-item budget is on page 36. He said Finance is up \$28,000 or 4.2%. He said just looking in general, since it's not above 5% there's really no driver. He said we had increases in retirement from the state and health insurance so that's a driver for all of the budgets. He said the audit went up so there's an increase in the audit fee and that's generally the only significant increase beside the overall increases for all departments based on health insurance and retirement. He said happy to answer any questions and like I said, we have the department heads here so if there's anything you want to dive down into in the Finance budget Ms. Radcliffe can answer those and then as we move on to Human Resources, their budget. He said so any questions on the Finance line-item budget. He said Human Services, it starts at page 37, the line-item budget begins on page 38 and then in Human Resources that's up \$7,000 or 2.9%. He said again, this is a three-person department, so the numbers are up simply because of health insurance, retirement.

Commissioner Rebholz said did we put the 5% COLA in there.

Mr. Alligood said no sir. He said that's listed as a service expansion. He said are there any specific questions you may have about that. He said there really isn't any big drivers for that. He said we increased from the original budget \$5,000 on professional development because we're trying to get some additional training done and help with some certifications and things. He said so in general no major driver but when you have a small department the health insurance and retirement mandates from the state cause those budgets to go up again. He said it's a 2.9% increase. He said the Tax Assessor is actually down 0.8%, it's essentially flat. He said the line-item budget is on page 40. He said you'll see the original budget was \$1.2 million, the recommended is \$1.19 million. He said if there's any questions Mr. Salter is here to answer those, but this budget is down \$10,000. He said Tax Collector budget is on page 41, line-item budget is on page 42. He said you'll see that budget is up, overall, \$9,700 which is 1.5%. He said again, when you think about some of these departments that have lots of personnel in them, there's been some cuts in these budgets because the health

insurance went up, retirement went up and obviously we anticipated some inflationary issues as well with some of the things they're doing so in general, when the budget is that low, that small of an increase, 1.5% is actually some specific cuts that went into it. He said so court facilities is a little bit different of an animal. He said it's up \$47,000 or 19.9% and that's driven by the security contract. He said if you'll look at page 44, that is the line-item budget for the court facilities. He said included in that is the jury commission, we pay money for the jury commission so they can do that. He said courthouse operations is the funds that were set aside by the Board at \$12,500. He said that's a line-item that the Clerk of Court can use for things that need to be done in the courthouse that they need. He said we've done that every year for several years now. He said you'll see utilities are up, they go from \$105,000 to \$123,000. He said obviously we've seen those go up across the County. He said there's a little increase in repairs, it goes from \$5,000 to \$7,500. He said that too is driven by supply chain issues and every time we try to do something with maintenance the costs are going up tremendously. He said the main driver on this is the contract services. He said we brought that to the Board for Allied Universal, the services their providing for the courthouse security. He said that contract went up from \$145,000 to \$172,000. He said that is the main driver of that 17.9% increase, the utilities and the contract services. He said Elections is up next and elections is up 2.6% overall. He said their budget starts on page 45 and the line budget is on page 46. He said again, that's a small amount, it's \$9,000 and is mostly driven by personnel and retirement going up a bit so we can probably text Ms. Hopkins, unless the Board has a question we can text Ms. Hopkins and tell her she doesn't need to come. He said they had a 5:00 PM Board meeting. He said Register of Deeds is next. He said their up, that starts on page 47, her line-item budget is on page 48. He said it's up 5.1% or \$21,000 and that is related to some equipment purchases that comes from the restricted automation funds. He said that's money that when fees are collected by the Register of Deeds a portion of that money goes into a state restricted automation fund and Register of Deeds across the state use those funds for automation services to try to automate and to do more electronic things in the office. He said there's some expenditures that the Register of Deeds is proposing and that is mostly driven by an increase in the restricted automated funds. He said that's that 5.1%. He said if there's any questions Ms. Whitehurst is here if you have any specific questions about her budget.

Chairman Waters said there are none.

Mr. Alligood said we'll move on to maintenance. He said this is up, and this is a pretty significant bump, it's \$192,000 up or 14.2%. He said I talked a little about this in the budget message from the other night. He said that budget starts on page 49 and the line item is on page 50. He said obviously we're seeing a tremendous increase in maintenance costs. He said I know that in speaking with our maintenance crew when they go to get prices they're told we'll give it to you for the next week. He said they've got to call us back because prices are moving that fast. He said there's also some additional increases due to the HVAC maintenance work that we have to do this year. He said you'll recall under the CARES Act money that you used to put in some additional filtration and UV lights in the HVAC systems to try to take care of contamination issues due to Covid or any other virus, bacteria, things that might be in the air, those have to be changed out so there's an increased additional cost for that so that's what's driving that, along with utilities, because in this budget you'll also see all of the utilities for every building that we have.

Chairman Waters said the one penny tax that we did, is that in this budget.

Mr. Alligood said it's not.

Ms. Radcliffe said it's in the budget though.

Chairman Waters said but it's not in this.

Mr. Alligood said it's in a separate department. He said so debt service is next. He said debt service is on page 51 and it runs through 52 and 53. He said that shows you all of the debt the County currently has. He said you see what the percentage of tax supported debt to appraised property value is, 0.15%. He said the total general fund debt per capita is \$332 so your general fund debt is \$332 for every person in Beaufort County, essentially that's what it equates to. He said the majority of that general fund debt is school bonds debt. He said I said that wrong, the GO debt, the General Fund Go debt is \$207 so the total, I want to try and clarify that because I said the school is so overall, all of the debt, including the general fund debt and the non-general fund debt is \$332 per person. He said the GO debt, the general obligation debt, which is your school bonds is about \$207. He said you'll see that those have come down through the refinancing. He said there are only two that are hanging out there now. He said you can look on page 52 and you'll see outstanding debt, the energy contract, the outstanding USDA purchase for the health building at the Community College, the installment

purchase for the building at 117 W. 3<sup>rd</sup> St, the installment for major capital that we did three or four years ago. He said we took a loan against the health care fund that was the trailing liabilities, and the Board took a loan against that. He said you'll see that gets paid out, it will be paid out in 2028. He said we pay that back at about \$370,000 a year and you can see that in the debt service. He said we also, at the time we looked at what the interest rate was so you're paying yourself back with interest, just like you were taking a loan from a bank, you took a loan from the trailing liabilities fund and you're paying that back with interest. He said then you have the two GO bonds, and you'll see the outstanding debt so right now, as of 6/30/22 the County has total outstanding debt of \$14.8 million and you see how it runs out. He said on page 53 you'll see what year each one of those debt services were issued, when their final pay date is, what their actual number is and how much we budgeted each year for it, what the current interest rate is and what the type of bond type is, whether you have a GO Bond, which is where you pledge the full faith in credit of the County, essentially your taxes, your ability to raise taxes, that's what your GO is. He said then your installment which is essentially where you pledge the capital that you bought so instead of saying to the bank we're going to pledge the full faith and credit of the County to raise taxes if we need to fund this, you're saying we bought this piece of equipment and you're saying to the bank if we default on that, which we never will but if we were to default on that you can have the piece of equipment back. He said it's kind of like a car loan, if you default on a car loan they'll come and take your car away from you, that's what installment financing is for us. He said 168 financing, the State of North Carolina allows you to do it and it works really well because it is expensive, it is extremely expensive to go out and do general obligation debt because you have to do all of the rating agencies so it costs money, but you can see our interest rates. He said our General Obligation Bonds are at 1.17%, 1.23%, they're way down there so we've done really well. He said we've been very fortunate, not only very fortunate but we've been strategic in how we've handled our debt and what we've done in saving the County money and decreasing the terms on those. He said I'll be glad to answer any questions about debt but obviously you'll see it down \$70,000 and that's the way debt is, as we pay it off it slides down. He said the next is non-departmental. He said these are expenditures that essentially relate to all departments across the entire County, so we label them as non-departmental and pull out of this. He said so this is up about 6.9% and that is due to property liability. He said you all recall we are in the Association of County Commissioners risk liability pool. He said there has been some pretty significant hurricane impacts across eastern North Carolina and the middle part of the State. He said the Association has had some increases due to some of those impacts, so we saw an increase in our rates. He said we also saw an increase in our deductible for a named storm, but we also were able to save some money by doing the workers compensation fund so overall the non-departmental is up about \$56,000 and the main driver in that is the property and liability insurance increase. He said on page 57, transfers to other funds. He said you will see that is up 209% but that is where we are transferring money out of the general fund, the fund balance, to put into the workers compensation fund. He said you'll see on page 57 where it breaks those down and just briefly go through them. He said you have the revaluation funds where we're putting \$162,050. He said the revaluation fund you're required to do that to look at what time period you're going to do revaluation, if it's an 8-year reval you put 1/8<sup>th</sup> of what you think the cost of that reval is going to be so you're required to set that money aside so you can pay for the revaluation. He said the economic development fund, that's \$45,000. He said that is the funding that remember when there was the City/County ownership of the airport and everybody parted ways and there was an agreement that the area inside the fence would be de-annexed by the City and in return for de-annexing the area inside the fence by the City, as an economic incentive, if you own an airplane you would only be taxed one time, you wouldn't be taxed by the City and the County. He said you set a floor, there was an agreement where you set a floor and you said here's the value of the property as of that agreement. He said the County gets that amount of money every year. He said any growth in that goes to the City. He said it was essentially an opportunity for the City, since they took over the airport, the County got out of it, it was an incentive for them to try to grow the business out there and they would be rewarded for growing business. He said the County was held harmless at that value at the time and that's where you've heard about the City is interested in having a conversation about adjusting that because right now, once it gets to \$100,000 then the agreement says you'll come back together and talk about it and how you might want to do something additional to help them because the goal was for the airport, based on the property value at the airport essentially, that plus fuel sales and hangar rentals and other things so that it would be self-sustaining. He said once we get to \$100,000 the agreement says that's where it stops, and you renegotiate. He said that's where this money comes from, we call it the airport grant so extra tax value that's out there that the City has helped bring, we cut them a check. He said we take the value, we take the revenue of that from the taxes, we take our portion out, the base value, and then we send the rest to the City so that's what that is. He said the facility improvements capital fund, that's the one penny that's pulled aside every year since the Board established that, to do capital improvements in the County. He said the capital reserve fund, that's \$30,000. He said you recall that in prior years you all made an agreement with the Board of elections that you would set aside, and you see that \$55,000, you set aside \$55,000 for a number of years and then they replace the

voting equipment and you didn't have to go looking for money because you'd set aside money every five years and it was sitting right there and they bought the election equipment. He said the Board of Elections asked, they said they'll eventually have to replace this equipment too, it doesn't last forever. He said so instead of setting aside \$50,000, how about set aside \$30,000 and keep doing that and when it gets to a certain amount and we get to the point where we have to replace the equipment the money is there, we don't have to go find it somewhere else. He said so that's where that \$30,000 is. He said special revenue fund, the \$1 million, that is the transfer for the Beaufort Promise and then to the Workers Compensation reserve fund, the \$746,000. He said \$600,000 from fund balance and then the remainder of that is interest that we anticipate earning on that and the savings that come out of the deductible that we have so that's what the \$746,000 is. He said we talk about the \$600,000 and you're like wait a minute, you said \$600,000 but that shows \$746,000. He said it's the \$600,000 plus the savings plus some interest that we anticipate earning on that and that will be set aside in that special revenue fund to draw against based on our \$100,000 deductible for workers comp claims. He said any questions on transfers for other funds. He said I know that stands out when it says \$200,000 higher from the prior year.

Chairman Waters said so we're transferring the whole \$1 million to the foundation.

Mr. Alligood said we're not transferring it to the foundation, we're transferring it internally to a special revenue fund and the way it's set up we're showing that as a 4-year funding cycle so essentially, unless the Board changes that what we've set up is \$250,000 each year for four years, makes the million and what will happen is the Community College will do their thing. He said they'll send it over to us and say we've had this many people qualify for the Beaufort County Promise up to the \$250,000 and we would reimburse the Community College for that.

Commissioner Rebholz said is there any interest on that.

Mr. Alligood said I don't think there is but there would be just a little bit, it would depend upon the numbers. He said we've not shown that in this million. He said contingency, we'll flip over to page 59, so fifty-nine is contingency. He said as you remember we typically set aside \$100,000 each year. He said last year we put it in the budget and the Board pulled it out to do something different. He said that is why you, well I show 0%, it wasn't there last year because you decided to do something else, but we always like to have \$100,000 in contingency. He said remember that contingency is something that we do not have the ability to spend because it's in contingency line-item general statutes say that it has to come back to the Board. He said we can't spend contingency money without asking permission of the Board because it violates that law. He said we're skipping social services; they will be here next week, so we'll move to Health Department and Mr. Madson is here to dive down if you have any questions. He said what you'll see in the Health Department is they are up 13.6% and that is due to an increase in State grants to fund MAT, substance abuse and communicable disease grants. He said that's medically assisted treatment, the opioid medically assisted treatment so there's some money coming down from the state, they're all state funds and we have to show that money coming in. He said that is the significant driver in why that is up. He said in the budget message we talked about that and actually what the Board has always asked is what is the state dollar compared to the County dollar because the state funds programs at the Health Department and then there are County dollars and that number went from 45% last year to 39% this year so the County dollar has gone down and the State dollar has gone up in funding and that's what we always get asked, typically by the Board. He said it's generally 45%, where we usually stay but because of these additional funds from the State it's gone down a little bit but typically we're 45% County, 55% State in Mr. Madson's budget.

Commissioner Rebholz said has the County dollars actually gone down or is it just the State dollars have gone up and the County dollars have stayed flat.

Ms. Radcliffe said it's probably more that the State dollars have gone up.

Commissioner Rebholz said so we're still paying what we paid in the past, as a County, dollar-wise in the budget.

Ms. Radcliffe said dollar-wise, probably so, yes.

Mr. Madson said it's down \$15,000 from last years budget, \$9,000 from the year before.

Ms. Radcliffe said it's about the same.

Mr. Alligood said \$15,000 on that budget is about flat. He said Veteran Services, you've got a couple, flip on over to Veteran Services on page 91. He said that is a one-person shop, the line-item budget is on page 92 and again, that's up 5.5% or \$3,000 and that is just operational cost increases, retirement, health insurance and a couple of other things but because that is such a small department that shows up, it shows a big impact on a very small budget so that's basically the 5% increase but I think if you, I know the Board gets a report every month from the Veteran's Officer and I know that in listening to the community they're very pleased with the efforts that are going on in the Veteran's office. He said you see the numbers that are now being brought in for benefits that veterans are due from the federal government that our Veteran's Officer is helping to make sure they receive so it brings dollars into the County and helps people who have served their Country and are due those benefits who may not have gotten them and Ms. Haddock helps them qualify for and make sure they get qualified and helps them with all the paperwork. He said all the way from that to funeral benefits and things like that, so a really important service provided by the County to Veterans. He said also, like I said it brings money into the County and for the community as well. He said Area Mental Health and Transportation, that budget is on page 93, the line-items are on page 94. He said that is the transportation that you will recall many years ago when the state said counties need to provide a public transportation system. He said some counties got into the transportation business, like if you're in Pitt you have PATS, the Pitt Area Transportation System. He said here we said we didn't want to be in the transportation business, so you worked with Beaufort Area Transit through the Beaufort Developmental Center, and they run that, essentially, so there's path-through money from the state that goes to them. He said it is flat this year. He said you'll see on that it includes \$193,000 for transportation. He said it also includes \$55,000, which has been relatively flat for a number of years, to the Developmental Center. He said there's some money that comes through for elderly and handicapped transit. He said there's an NCDOT grant that comes through for transportation. He said there's a piece in there for Passages and that is substance abuse and mental health that is a contract that Passages is doing that flows through the County. He said that is a state grant, the state reimburses them on that. He said alcohol treatment, \$20,000 and the Trillium Health grant, the \$157,000, that's based on the ABC revenues. He said if there's any questions regarding Trillium Vice-Chairman Langley will be happy to answer any of those.

Commissioner Walker said how are you doing with anticipating the skyrocketing costs of fuel on all of these interests that involve fuel.

Mr. Alligood said for us we've anticipated and pegged; we've looked at what the projections are for fuel and that was at what.

Ms. Radcliffe said actually we've got it at \$375,000 and we've probably got it a little low.

Mr. Alligood said what we did was we looked at that number and projected it across what our normal consumption rates are for the year and bumped it up a little bit so you'll see those when we get into the departments that have lots of vehicles on the road, whether it be EMS or the Sheriff's Office, you'll see the fuel line item go up significantly.

Commissioner Walker said I heard they were programming some of the gas pumps for \$10.00 per gallon.

Chairman Waters said in California.

Mr. Alligood said so we'll move on to the next group of is Community Services and that starts on page 95 with Cooperative Extension. He said you'll see the line-item budget for Cooperative Extension on page 97. He said that is an agreement that the County has with NC State and A & T to provide those services as a cost sharing piece. He said what we do is we send in money to those entities, NC State, for that service. He said they do have some line items that they work off of. He said you'll see at the top the UNC Personnel contract, that's the big piece of it. He said this budget is also up a little over \$60,000, or 21% and that's specifically to replace a tractor. He said I think Mr. Gurganus gave you a handout on that. He said they've had the tractor for umpteen years, it is in bad shape, so when Mr. Gurganus brought it to us we looked at it and we budgeted it in there, you'll see it at the bottom, it's \$64,000. He said for us, I don't know how long they've had the tractor, 15 or 20 years, but we would view that, from our perspective we would view that just as a replacement like any other vehicle, like if we were replacing a pick-up truck for a department. He said so we show that as a vehicle purchase replacement for \$64,000. He said that's the main driver in that, and we anticipate we won't have to do that for another 20 years, 15 or 20 years.

Mr. Gurganus said the tractor we have is almost 30 years old.

Mr. Alligood said almost 30 years so Mr. Gurganus is here to answer any questions you have about that but that's the main driver in why that's up.

Commissioner Richardson said I have some questions about it. He said what do we use the tractor for.

Mr. Gurganus said the tractor is used for test plot implementation. He said a history here in the County, with extension to implement corn hybrids, soybean variety trials and different types of hybrids and how they react to our growing conditions. He said farmers like to come and look at those. He said you make a poor decision on a hybrid variety, especially in today's world that farmers are operating in. He said we do a lot of test plots, a lot of demonstrations, we show different practices, different things of that nature so that's what the tractor is used for primarily.

Commissioner Richardson said when you do test plots, these are for the seed companies, right.

Mr. Gurganus said we have a fairly sizable footprint in that area, yes but the companies give us money. He said I charge them an entry fee and we plant them. He said the idea is that we're providing an unbiased platform for them to look at these. He said it's not the companies that are putting these out, this is an independent group at NC State. He said in other words, putting these varieties out so that they can look at them and evaluate them for their different traits and their yields as well.

Commissioner Richardson said do we do plantings in other counties.

Mr. Gurganus said when we have the Black Land Farm Manager's tour that tractor, this planter, and other equipment will often go to other counties to plant those plots because that's a regional field day that we implement so I will go to Tyrell, well Tyrell County, Washington, and Hyde County occasionally. He said that event happens in one county every year. He said it's not like we go to all three every year. He said we might go to, I went to Washington County last year, a couple of years ago we were in Hyde County and then this year we're in Beaufort County. He said then I have also other things that I do within our County as well so it's always operating here.

Commissioner Richardson said do other counties do this.

Mr. Gurganus said yes, to varying degrees. He said we are probably the most progressive county in the State when it comes to doing this. He said again, there was a history here when my predecessor, they kind of got the ball rolling and I've picked that up and maintained it, but we're blessed to get good support. He said that planter, if you've got a picture up there, is a donated unit. He said probably a \$40,000 or \$45,000 donation of equipment that Quality Equipment gave us a few years ago, which gives us a modern planter that we can do this work with. He said the offset is it needs a better, more advanced tractor to pick it up and operate it and that's part of the reason I gave an explanation in there.

Commissioner Richardson said what would seed companies do if governments didn't do their test plots for them.

Mr. Gurganus said these companies all have their own testing programs. He said you can ride around the County and see, I hate to name names, but you will see Pioneer Seed rep will have his varieties, you'll see them on the side of the road, you'll see the signs. He said you might see other companies doing the same thing. He said like I said, the advantage that we have in doing this, and that the growers like is that everything we do in Extension and University where our charge is to be unbiased and researched based so we're not trying to sell a specific hybrid. He said matter of fact, well we're giving them the opportunity for them to look at a bunch of different hybrids from different companies. He said we harvest the plots, get the data, put it into a package format so they can look at it and see an independent, unbiased situation, which is best and not driven by the companies. He said a lot of times the companies will have their varieties and then one of the competitors in there to show the differences. He said we put them all.

Commissioner Richardson said when did we start planting for companies.

Mr. Gurganus said we've been doing this kind of work for 30 years. He said that tractor, a Ford Tractor, was purchased in 1993 to do this very thing with wheat, soybeans, and corn so since 1993 at least.

Commissioner Richardson said that was when Mr. Dilday was on the Board.

Mr. Gurganus said Mr. Dilday, yeah.

Commissioner Richardson said he owned a seed company didn't he.

Chairman Waters said I moved back 30 years ago, and they were doing it then.

Mr. Gurganus said yes, Mr. Dilday owned a company where he would contract with growers where they would grow wheat and soybeans, then he would bring it in, process it, condition it, re-bag it, treat it if it needed and then re-sell it.

Commissioner Walker said so it's a 1993 tractor, is there a salvage value.

Mr. Gurganus said everything is, right now all prices are pretty high. He said I would guess that the tractor would be \$5,000, \$6,000 or \$7,000. He said it's a low hour tractor actually, it doesn't have that many hours on it. He said it's just old and not updated but if we put it on the GovDeals site I would imagine it would bring \$5,000 or \$6,000.

Commissioner Walker said the bigger tractor, do you have a place to keep this tractor and would a bigger tractor fit,

Mr. Gurganus said we do, I've got this equipment all over the place, to be honest with you. He said a lot of farmers will give me a spot and let me grow seeds. He said down in Belhaven, Mr. Dilday's former place, it's operated by somebody else now and they give us a spot to store a lot of this equipment in. He said we have a storage unit that we rent to keep things in. He said sometimes it's just a farmer's shelter where they say put it over here where it will be out of the way, safe and out of the weather. He said we try to keep everything protected as much as we can.

Vice-Chairman Langley said you did say you have a revenue stream attached to that; they actually pay you to do it.

Mr. Gurganus said yes, so we, that's specific to the variety and hybrid trials. He said there are other things that we do also but yes, with the hybrid variety trials that we test we would charge each company an entry fee per variety or hybrid and then that money goes into keeping, upkeep on the plots, maintaining, fertilizing them and doing all of the things that you have to do to implement those kinds of trials and for equipment repairs.

Vice-Chairman Langley said how many of those do you do per year.

Mr. Gurganus said this year I scaled it down just a little. He said I think on the corn side we've got forty hybrids. He said on the soybean side I've had as high as 809 but this year we're closer to fifty-five.

Mr. Alligood said moving on to Soil and Water Conservation you'll see that's a 3.8% increase. He said no large driver of that except, of course, health insurance, retirement, and some small operational increases. He said that budget starts on page 99 with an introduction and description of it and then their line-items is on page 102. He said Ms. Williams is here if you have any questions about it. He said he said it's fairly flat, it's just accounting for insurance increases and retirement increases. He said on page 103 is Youth Services and the line-item budget on that is on page 104. He said you have the explanations on page 103. He said it's made up of JCPC program, you're very familiar with the JCPC program. He said those are funds that come through the State and the County matches 10%. He said you see the entire amount, the \$204,187, that's the entire amount. He said you're only matching 10% but we have to show the entire amount of revenue stream that comes in from the State that offsets that. He said it's actually down \$1,267 from last year because there was a slight decrease from the State. He said the rest of the programs, Pamlico Pals, the Boys and Girls Club, are funded at the same levels so you'll see a slight decrease of 0.5% or that \$1,267, which is associated with the JCPC. He said so Outside agencies, and as you will recall, the way we do outside agencies is a flat budget. He said any changes from outside agencies will come to you as a service expansion and there are a handful of outside agencies who are requesting additional funding or who are looking to be new funders, but you will see those in the service expansion but this, essentially, is a flat budget from last year that funds the outside agencies that you funded last year at the same level you funded them last year. He said that budget is flat and any changes that are being asked for, the outside agency that's requesting that change will come in and present to you next Thursday and lay that out for you and ask you for that increase and you can make the decision on whether you want to fund it or not.

Chairman Waters said in the expansion.

Mr. Alligood said yes sir, in the expansion. He said they will come in behind the County departments. He said the next budget is the Economic Development budget. He said that starts on page 107, the line-item budget is on page 108. He said that budget is slightly increased at 1.8%. He said there are a couple of service expansions that you will see on

Thursday. He said I'm not sure exactly where we're going to be on those. He said what Mr. Hufford and I have talked about is, what I want him to do is spend some time evaluating the program, looking at some things before we bring it to you. He said any changes, he needs some time to look at them. He said Mr. Johnson obviously had some thoughts about what he wanted to do, not discounting those but I want Mr. Hufford to look at those and make a decision about where he wants to go with it so what I would say to you is we'll probably lay those service expansions out for you. He said we don't anticipate you doing anything with them, but we ask you give them a little bit of grace over the next year as he evaluates that program. He said we may come back to you if he says we really need to do this based on my experience, those kinds of things. He said but in general, like I said, this budget is only up \$3,500 or 1.8% and again, it's two people, it's driven by retirement increases, health increases and just small operational increases. He said on page 109, this is Planning and Inspections. He said Commissioner Richardson, we'll make that, we'll make that Planning/Inspections to make that more clear. He said the big driver on this one, actually there will be another driver I need to bring to you but the biggest driver right now, the 12.8% increase is for vehicle replacement, the Chief Building Inspectors vehicle. He said the current vehicle is 10 or 13 years old, so it needs to be replaced. He said he puts a lot of miles on that vehicle running around the County doing inspections. He said there is a request, I got a request yesterday from the Council of Governments, the Mid-East Commission, they do our planning contract for us. He said as you'll recall we used to have an inside planner, essentially years ago the COG did the planning for you, then the Board moved, under a prior administration, to hire an inhouse planner. He said we did away with that several years ago and went back to the COG. He said they do our planning services for us for a contract of \$60,000 per year, not to exceed \$60,000 per year. He said I met with them yesterday, they asked me to come over and speak to them. He said they're running into some additional increases, just like everybody, and asked if we would consider increasing that contract. He said my response was there's a point at which we get back to where we're going to hire somebody because it's cheaper for us to do that than to do that so a 10% increase on that so \$6,000 or \$66,000 which is where we feel comfortable asking the Board to do that. He said we do not have that in here, we're showing it at \$60,000. He said so what we would do is add \$6,000 to that contract to bump that up if that's acceptable to the Board.

Commissioner Booth said so you're talking about adding a planner.

Mr. Alligood said no, we currently have a contract with the Mid-East Council where they handle our planning services for us. He said they handle all of our planning. He said it's a contract, it's a \$60,000, not to exceed contract. He said they called me yesterday and said we need to talk with you, we're running into some challenges to do all that work for \$60,000 and would like to have an increase. He said my response to them was we can talk about that but remember if we go to much beyond \$60,000 then we start getting back to the point where it's cheaper for us to hire somebody on their own and have them in house. He said so what we're suggesting is about a 10% increase on that contract or \$66,000. He said it's a not to exceed so if we go to \$66,000, they bill us on an hourly rate for what they do so if they don't hit it then we don't spend it but if they hit \$66,000 it's a not to exceed.

Commissioner Booth said the thing about it is this is just a part-time thing with the COG but if we had our own planner, for \$66,000 per year he would be a full-time employee. He said am I correct.

Mr. Alligood said not at \$66,000. He said we're not quite there yet. He said that was what I said to the was maybe 10% or 15% and I said once start adding 10% or 15% we get close to covering the entire cost of salary and benefits of our own planner.

Commissioner Booth said how many hours does that, well you don't have the data handy but how many hours do they work for us a year.

Mr. Alligood said I don't know that off the top of my head but again, it's a not to exceed figure so they will.

Commissioner Booth said I understand, I'm just trying see was it feasible to add another 10% and add a full-time person or continue with the not to exceed.

Mr. Alligood said our recommendations to you would be to continue to go with the not to exceed, bump this to \$66,000 and give them a little breathing room, we'll reevaluate it. He said when you talk about a planner and the salary, add in the benefits, and it's about 35% for benefits once we start hitting \$75,000 or \$80,000 then we could probably hire a professional planner and pay them salary and benefits and break even but until we get to that point it's cheaper for us to use the COG.

Commissioner Rebholz said can you have them, when you come back with this can you bring with you the items that they have done for us over the last 12 months and how much they have billed us for.

Mr. Alligood said I can. He said we can pull that. He said they handle all of the planning, the Planning Board, all of the subdivisions, all the splits, all the stuff like that but yes, they bill us so we can pull that for you. He said Mr. Chairman I'm at the end of where we said we would get to tonight and our plan was to pick up the next night, Tuesday night starting out with education. He said having the, there's actually an early college graduation that night that the superintendent needs to be at so he's going to be here at 5:00 PM so we'll start right at 5:00 PM with the school system for any questions that are there. He said then he's going to take off and go to the graduation. He said Dr. Loope will be right behind him, we'll pick up DSS and then we'll go through public safety and that will wrap up the departments. He said then we get into enterprise funds, so we'll do water, sewer and solid waste and then the next Thursday night we'll be doing service expansions where you'll hear from internal changes and anything they'd like to do and outside agencies. He said so we're here to answer any questions you have on anything we've gone through to date. He said revenue side, expenditure side up to education, anything the Board has questions about, anything you'd like us to bring you. He said in your book Commissioner Richardson asked about the break-out of all the positions and how much was the County and how much was the State and those kinds of things, that's in your books so if there's any questions that you have we're at your disposal.

Chairman Waters said on the school system I requested the fund balance for the last three years. He said have you seen that yet.

Ms. Radcliffe said I thought I forwarded it to you yesterday.

Chairman Waters said well I'm having problems and I have to reset. He said I think I was told to delete and add back.

Ms. Radcliffe said I can print it out for you real quick.

Chairman Waters said that's fine, I'll let you do it after the meeting.

Commissioner Walker said I won't be here on the 24<sup>th</sup> because I will be at that graduation as well.

Chairman Waters said okay, if you have any questions in advance why don't you send them to Mr. Alligood or Ms. Radcliffe. He said we will recess until next Tuesday night.

Meeting recessed at 6:26 PM

Respectfully submitted to you by:

Kathleen Mosher, CMC, NCCC  
Clerk to the Board of County Commissioners