

Cleveland County Board of Commissioners
FY 15-16 WINTER WORK SESSION
2/3/15

The Cleveland County Board of Commissioners met in a work session on Tuesday, February 3rd, 2015 at 2:00 p.m. in the R. Lane Alexander Conference Room of the Cleveland County Administrative Office.

PRESENT:

Jason Falls, Chairman
Eddie Holbrook, Vice-Chairman
Johnny Hutchins, Commissioner
Susan Allen, Commissioner
Ronnie Hawkins, Commissioner
Jeff Richardson, County Manager
Henry Earle, County Clerk
April Crotts, Deputy Clerk
Kerri Melton, Community Services Director
Brian Epley, Finance Director
Sam Lockridge, Health Services Director
Perry Davis, Emergency Management Director
Allison Mauney, Human Resources Director
Karen Ellis, Social Services Director
Joe Lord, Emergency Medical Services Director
Chris Green, Tax Administrator
Dorothea Wyant, Health Director

CALL TO ORDER

Commissioner Falls opened the meeting and recapped the previous year's work session. Last year goals were developed and he was excited to see what the day would bring by evaluating those goals and looking at the upcoming year's budget. Chairman Falls complimented the staff and their dedication in making the Commissioner's goals a reality.

PRELIMINARY FY 15-16 BUDGET FORECAST

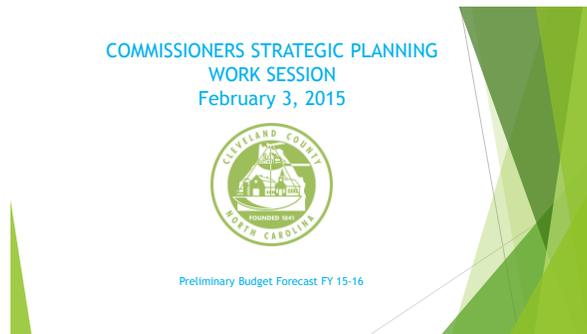
The county manager wanted to emphasize that at this point we are giving a best guess estimate to the upcoming budget, focusing on projected revenue growth, general fund balance positioning, an expenditure forecast and key dates for the budget calendar.

In 2009 CC was way behind similar counties (peer counties) in our fund balance but as of June 2015 will be nearly caught back up to peer counties. The county has been very diligent about managing savings and being smart about expenditures which has helped elevate the fund balance. Health plan costs grew from 2012-2014 but the manager's team is cautiously optimistic about the downturn in average healthcare costs that the county is seeing now, dropping from 401K per month to 384K per month. That, coupled with an average loss of 1300 lbs from the 180 people in the diabetes class, and 43 nominations for wellness awards.

COMMISSIONERS STRATEGIC PLANNING
WORK SESSION
February 3, 2015



Preliminary Budget Forecast FY 15-16



FY 15-16 BUDGETARY PREVIEW

- ▶ Projected Revenue Growth
- ▶ General Fund Balance Position
- ▶ Expenditure Forecast
- ▶ Budget Calendar (key dates)

4 YEAR TAX BASE GROWTH (ASSESSED VALUE)

2011	4.58%
2012	6.68%
2013	6.16%
2014	2.10%*

*PROJECTED

GENERAL FUND (NEW) REVENUE

2013	\$2.8 Million
2014	\$2.5 Million
2015	\$1.5 Million*

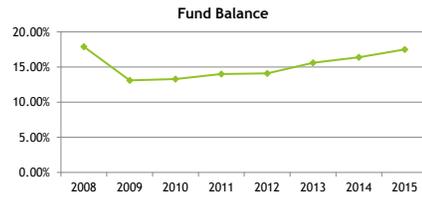
*Projected

4 YEAR TREND GENERAL FUND BALANCE

2012	14.1%	2014	16.4%
2013	15.6%	2015	17.5%*

* Projected 6/30/15

GENERAL FUND BALANCE

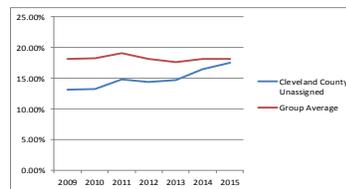


Commissioner Policy Guidance: Move unrestricted fund balance to a minimum of 18-20% over time.

*projected

FUND BALANCE UPDATE

Unassigned General Fund - Fund Balance



* For the year ended June 30, 2014, Unassigned Fund Balance was 16.44% of annual expenditures. Based on staff projections Unassigned Fund Balance will be at 17.51% at June 30, 2015.

GENERAL FUND OPERATING REVENUE

FY 2014-15 \$2.5 Million
 -\$300,000 (reduce reliance on fund balance allocation)
 Adjusted New Revenue Projection
 \$2.2 Million

FY 2015-16 \$1.5 Million*
 no committed allocation to fund balance reduction at this time

*projected

FY 2015-16 EXPENDITURE FORECAST

1. Health Plan Cost Trends: Employee Wellness



- ▶ According to Carolinas Healthcare Data, Cleveland County employees health biometrics are all trending toward a healthier work force, leading to reduced health care costs.
- ▶ Projected Inflation Increase= \$450,000

FY 2015-16 EXPENDITURE FORECAST

2. Employee Compensation

- ▶ Inflation January 2014- December 2014= 1.3% ↑
1.3% COLA = \$450K
- ▶ Additional Pay Consideration= TBD

FY 2015-16 Expenditure Forecast

- ▶ Departmental Operating Needs ↑↓
- ▶ Social Services Program Funding ↑↓
- ▶ Organizational Re-engineering ↓
(doing more with less)
- ▶ Employee Pay ↑

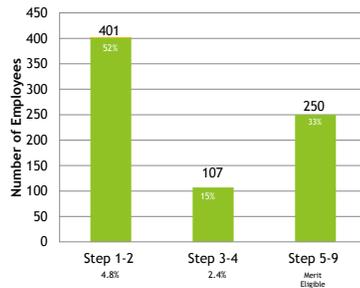
POLICY GUIDANCE FY 2014-15

- ✓ Look for Pay Plan design alternatives (long-term)
- ✓ Explore affordable ways to reward employees (long-term)
- ✓ Multi Year Planning/Emphasis on commitment to Employee Pay

Cleveland County Pay History

- > Pay Step Increases 2008-2015 (Economy Downturn)
- > No COLA adjustment to address inflation 2009-2012 (4 years)
 - > 2% COLA 2013
 - > 2% COLA 2014

WORKFORCE/PAYPLAN ANALYSIS



Multi-Year GF Budget Strategy

FY 15-16	FY 16-17	FY 17-18	FY 18-19
<ul style="list-style-type: none"> Pay Plan Strategy & Implementation Healthcare/ Wellness Stabilization Efforts Public School Funding \$1.4 million loss of funds Low Wealth Funding over last two years (requests for additional operational Funding) 	<ul style="list-style-type: none"> Mandated Revaluation 1 penny= \$800k Tax Base Readjusted= TBD 	<ul style="list-style-type: none"> Some percentage of NTE Capital Interest goes on line 	<ul style="list-style-type: none"> NTE Capital Full Impact on-line (\$2.5 million annual) projected Other Economic Incentive Retirement (250k)

FY 15-16 BUDGET: NEXT STEPS

- | | |
|---|---------------------------|
| ▶ Capital Budgets due to Finance | January 30 th |
| ▶ Fee Budgets due to Finance | February 20 th |
| ▶ Budgets due to Finance from Each Department | March 10 |
| ▶ Tentative Budgetary Work session | April 14 th |
| ▶ Manager's Proposed Budget Presentation | May 5 th |
| ▶ Public Hearing /Budget Approval | June 2 nd |

EMPLOYEE COMPENSATION

Inflation at 1.3% from Jan-Dec 2014. If the COLA was made based on inflation that would be an additional 450K across the board. This year in the budget process finance is looking at organizational reengineering, doing more with

less, and even giving programming over to other departments where duplication is happening and/or for departments that have better abilities to handle it. It should always be a core feature of the budget process to look at ways to be more efficient and lower operating costs so that employee pay can go up. This year the budget process is also going to look heavily at the pay plan.

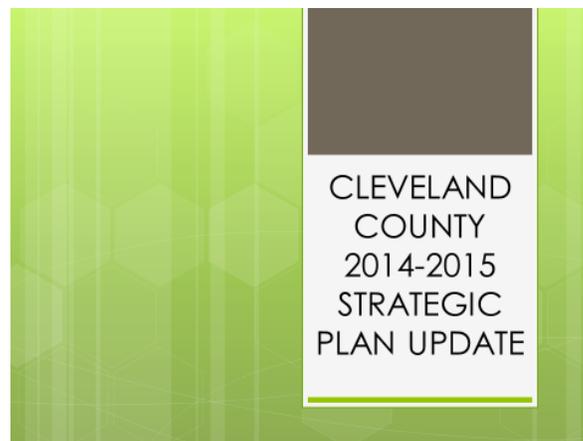
Policy guidance for 2014-2015 was to look at pay plan design alternatives and explore affordable ways to reward employees. The County manager asked the board to allow the manager and human resources to explore the options and come to the board with recommendations. Commissioner Hawkins said we need to look at those that have been sitting on a step for the 7 years since we did step raises. 70% of employees are steps 1-4 and to go back and move those from 1-5 would be at least 1.5-2 million, which is cost prohibitive. Commissioner Hutchins asked for something new, not trying to go back and redo what we've not done over the last 7 years. County manager Richardson said that we can't go back but Chairman Falls said make those both options. Make an option for what it would cost to bring everyone up to the scale, and for creating something new, and as an option for increasing Sheriff's office pay, so at least 3 new priorities.

MULTI-YEAR BUDGET STRATEGY 15-16: The strategies moving forward will be pay plan implementation, healthcare and wellness stabilization efforts and public school funding. There is a \$1.4 million loss of low wealth tier 1 funding,

but the county is not expected to foot the bill for that. **16-17:** In 2016 the mandated revaluation will occur, the county manager asked the commissioners to keep in mind that 1 penny equals roughly \$800,000 in revenue so there must be tax base readjustment. **17-18:** NTE Capital Interest goes online in 2017, bringing almost 2.5 million increase in taxable revenue. **18-19:** Various economic incentive packages will be retired. Therefore, the budget will be presented at the first meeting in May and then the public hearing will occur at the first meeting in June. Chairman Falls stressed the need to separate the budget discussion with that of the pay plan when presented.

STRATEGIC PLANNING DISCUSSION

Kerri Melton, Community Services Director spoke regarding the strategic planning direction.



FOCUS AREA ECONOMIC DEVELOPMENT

Grow County's tax base strategically to increase jobs locally

- CCEDP continuing aggressive recruitment efforts to bring new business to Cleveland County
- Continued push for Legislative changes regarding state incentives

Continue to emphasize hotel/motel recruitment efforts in Cleveland County

- Hotel currently under construction at Mall location
- Second hotel expected to be finalized in the next thirty days

FOCUS AREA PUBLIC SAFETY

Support efforts to grow the County's Animal Control Program

- New Positions and upgrades to Animal Shelter
- Low Cost Spay/Neuter Program
- Euthanasia Rate Reduction
- Website and Facebook



Maintain support for County Volunteer Fire Departments and explore additional ways to increase county assistance

- Collaboration with VFD's regarding use of City/County Fuel pumps
- Continued work on Class 10 Fire Districts/Response Districts
- Continued analysis of Fire District financial needs



FOCUS AREA
COMMUNITY EDUCATION AND CUSTOMER
SERVICE OUTREACH

**Create a County YouTube channel
that is accessible to the public**



**Work with community partners to insure recreational
amenities are handicap accessible**



FOCUS AREA
FISCAL SUSTAINABILITY

**Explore ways to maximize the county's grant
opportunities to minimize/reduce total
funding for community projects**

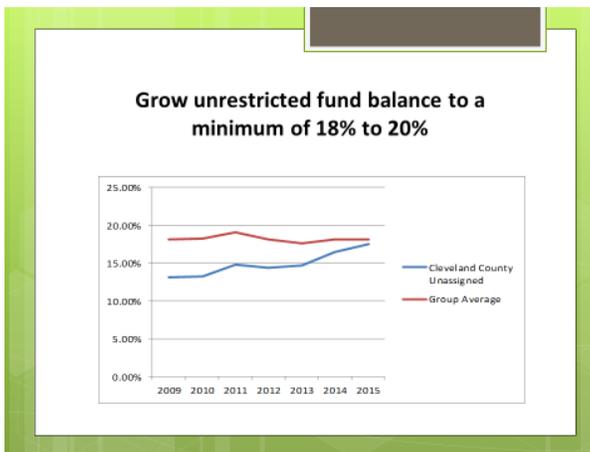
- Partnership with Cleveland Community College
- Meetings held with County Department Heads to determine grant opportunities





Take steps to increase county-wide recycling to reduce landfill waste stream

- Successfully implemented recycling in all county office buildings
- Chunkitcc.com
- Voluntary pilot curbside recycling program



2015-2016 COMMISSIONERS TOP PRIORITIES

- Create a sustainable Cleveland County Employee Pay Plan.
- Encourage Animal Control to find alternative ways to reducing unwanted births of animals.
- Create partnerships to complete Phase III of the Public Shooting range to include an Education Center and Law Enforcement Driving Pad.
- Seek alternatives for local funding options in an effort to recruit new industry to Cleveland County.

Commissioner Hawkins lauded the county staff, even though it has changed a lot he is impressed with the continuity of the work the staff does. Commissioner

Allen was impressed with the teamwork and that everyone works together well. Commissioner Hutchins said everything looks better today than it did a year ago and he hopes to put something in place to the benefit of the employees. The general idea from the commissioners is that county staff is very friendly and professional and they get it done.

Commissioner Hawkins spoke about security and the badges that started 10 years ago. He was wondering if we need to have officers here or other security measures. The county manager spoke about after hour meetings and how this building will no longer be open after 5 except for commissioner meetings and planning board. After hour meetings will be transferred to the library or to cooperative extension. The side doors at the county admin building are locked, people can get out but not in. Commissioner Holbrook suggested asking the Sheriff if his patrol guys could periodically, once a day, come through the county admin building (also to DSS and HD) to show a presence and patrol the building.

CONSIDERATION OF ADDITIONAL GOALS

- Continue construction of phase 3 of the gun range-training facility and driving pad for emergency vehicles. (Hutchins)
- ED: Do we wait for the state to do what they do or do we do our own thing to stay in the game? 1. There was concern over the Dover property, but with meetings with interested parties because outside of

the state, and outside of county funding, it is now on fast forward. 2.

We had an ED project on Sunday and Monday and the county did what they do to get it ready, but the state does not have commerce money to help. So the question is what do we do? Do we need to pursue trust funds and industrial management bonds to give us another avenue? **Do we want the economic development team to look over the state and look at alternative funding to make us more competitive and be more aggressive? (Holbrook)** Commissioners want local solutions and for ED to come back and give the Board some solutions.

- Commissioner Hawkins said we should finish what's on our plate and the two mentioned above.
- Council on Aging: Waiting List for Meals on Wheels.
Commissioners want to help with eliminating the waiting list for meals on wheels. (Allen)
- Locate MPO money for bike paths for the county (Hutchins)
- Develop a partnership for a rails to trails type event through Shelby, working with the MPO. (Falls)

- Look at using the property behind the school where the HD and DSS are to have some kind of physical activity area (playground, track, etc.) hopefully partner with the school and city of Shelby. (Falls)
- County develop a space utilization plan for government buildings to ensure we're using it effectively and wisely. (Falls)
- Kids without support systems, commissioners are being asked to support teens that have little to no support (Allen)

Break

PRIORITIZATION OF STRATEGIC GOALS

- Removal of 2 current animal control goals and replaced with: Encourage Animal Control Task Force to find alternative ways to reduce unwanted births of animals
- Jeff to send out operational update on “Examine current Economic Development Partnership” so that goal is left on the priorities until commissioners explore more fully.
- “Manage occupancy tax revenue to support synergistic partnerships” was discussed-Commissioner Hutchins said that the goal should remain on the list.
- Explore ways to maximize the county’s grant opportunities-(scratched from the list)

Below is a list of goals that received more than 1 dot from the Commissioners. A more comprehensive list is on the following pages.

- Encourage animal control to find alternative ways to reduce unwanted births of animals.
- Think outside the box in economic development
- Phase III of the public shooting range
- employee pay plan
- Several others each with 1 dot

FY 15-16 Strategic Goals

Commissioners Top Priorities

- Create a sustainable Cleveland County Employee Pay Plan.
- Encourage Animal Control to find alternative ways to reducing unwanted births of animals.
- Create partnerships to complete Phase III of the Public Shooting range to include an Education Center and Law Enforcement Driving Pad.
- Seek alternatives for local funding options in an effort to recruit new industry to Cleveland County.

Focus Area Economic Development

- Examine current Economic Development Partnership structure to insure continual success of recruiting and retaining industry in Cleveland County.
- Grow County's tax base strategically to increase jobs locally.
- Manage occupancy tax revenue to support synergetic partnerships, aimed at growing travel/tourism throughout Cleveland County.
- Research the availability of transportation funding for projects such as sidewalks, bike trails and Rails to Trails programs.

Focus Area Public Safety

- Review current security standards in County buildings and properly apply best practices model.
- Maintain support for County Volunteer Fire Departments and explore additional ways to increase county assistance.
- Support efforts to provide water and sewer access for all county residents.

-Create a high functioning and integrated human service campus with the relocation of the new Health Department to the Social Services Post Road Site.

Focus Area Community Education and Customer Service Outreach

-Explore opportunities to increase Veterans' support services.

-Continue to study availability of youth programs to include life coaching, career assistance and healthy lifestyle education to provide opportunities for youth to become successful, productive adults.

-Create a marketing strategy to include possible county re-branding to educate citizens of county programs available to them.

-Complete Phase I and II of the County/State Wildlife Commission Public Shooting Range.

-Explore community partnership to reduce unsightly trash along roadsides.

-Research possibility of creating partnerships to construct a walking trail and playground near the County human services campus currently under construction.

-Determine if funding is available to provide additional support for the Meals on Wheels program.

-Take steps to increase county-wide recycling to reduce landfill waste stream.

Focus Area Fiscal Sustainability

-Explore ways to maximize the county's grant opportunities to minimize/reduce local funding for community projects.

-Grow unrestricted fund balance to a minimum of 18% to 20%.

-Focus on 2016 County-wide revaluation with a goal of stabilizing tax rate/base to avoid budgetary shortfall.

-Analyze the life and programming of existing county buildings through creation of a Facilities Master Plan.

Commissioner Falls related this back to a church study he did regarding keeping your goals in front of you and that he was happy to see the commissioners do that.

FINAL FISCAL YEAR 15-16 BUDGETARY DIRECTION

The Board of Commissioners wants to see pay and benefits. The county manager asked the board to give direction so that he and the fire marshal and finance director can engage the nine fire districts over the budget process. Finance director Brian Epley is working with the fire districts to get them to submit their budgets to him and the fire marshal so they can move forward (9 county fire districts). Commissioner Holbrook wanted to stress to the fire districts that the board is not adversarial and wants to help them. Chairman Falls asked the Board if it would be beneficial for the Board to meet with not only the fire districts but also with EMS across the county. Commissioner Hutchins sees this as a different issue and he wants to get someone from the outside that can come in and evaluate all 9 fire departments to see what they need, what they have, and evaluating their overall health and what the county should do. Chairman Falls thinks the staff should work with volunteer FD and EMS to help them make better decisions. Commissioner Holbrook wants to teach them how to manage their funding. County manager asked again to let the staff meet with the 9 departments and let them work with the departments to help them manage their funding and the board is ok with that. The other 3 fire districts (Rippy, Lattimore, and Fallston) that have a differing relationship want to raise taxes and the manager wants direction on how to make

that work. Commissioner Hawkins suggested (and the board agreed) to have the staff meet with the 3 managers of those fire districts.

The county manager asked if everyone had their needs met and they agreed.

ADJOURN

The Board adjourned the meeting at 5:00 to reconvene in the Commissioner's Chambers at 6:00 for the regularly scheduled meeting.