

MINUTES – MAY 19, 2008

The Caswell County Board of Commissioners met in regular session at the Historic Courthouse in Yanceyville, North Carolina at 6:30 p.m. on Monday, May 19, 2008. Members present: George W. Ward, Jr., Chairman, Jeremiah Jefferies, Vice-Chairman, William E. Carter, Nathaniel Hall, Larry G. Hamlett, Kenneth D. Travis, and C. Hester Vernon, III. Also present: Kevin B. Howard, County Manager, Angela Evans representing The Caswell Messenger, and Donna Martinez representing The Carolina Journal. Wanda P. Smith, Clerk to the Board, recorded the minutes.

MOMENT OF SILENT PRAYER

Chairman Ward opened the meeting with a Moment of Silent Prayer.

APPROVAL OF AGENDA

Commissioner Jefferies moved, seconded by Commissioner Travis to approve the agenda as presented. The motion carried unanimously.

APPROVAL OF CONSENT AGENDA

Commissioner Vernon moved, seconded by Commissioner Jefferies to approve the Consent Agenda as presented. The motion carried unanimously.

The following items were included on the Consent Agenda:

- 1) Approval of Minutes of March 31 and April 7, 2008 Meetings
- 2) Tax Director's Monthly Report for April, 2008

Total Amount of Taxes Collected for April, 2008	\$238,094.11
Tax Maps/Cards	\$ 566.00
County Maps	\$ 23.70
Beer License	\$ 5.00
Wine License	\$ 25.00
NSF Charge	\$ 150.16
EMS	\$ 1,996.71
2008 Prepayments	\$ 5,357.96
- 3) Financial Report – July 1, 2007 – April 30, 2008
- 4) Budget Amendment No. 9
- 5) Hyconeechee Regional Library System Contract Renewal

PUBLIC COMMENTS

Chairman Ward opened the floor for public comments.

Ms. April Baynes of Hughes Mill Road, representing the Anderson Community Watch, came before the Board and stated that since meeting with the Board of Commissioners she would like to give praise to the Sheriff's Office for cleaning up their area. Ms. Baynes added that they are still waiting for a meeting with the District Attorney's Office and County Manager and they have never been contacted regarding this. Ms. Baynes referred to misquotes made in the newspaper and to threats which have been made against some of them. Ms. Baynes stated that there is a severe crime problem in her area and the Sheriff's Office is doing everything they can to alleviate the problem, but their questions are mainly for the District Attorney and Judges and how they are dealing with these matters and sentencing issues.

Ms. Hanna Cockburn, Senior Planner with the Piedmont Triad Council of Governments, came before the Board and invited them to a meeting at the Municipal Services Building later tonight to review the maps and recommendations for the Comprehensive Transportation Plan which covers Caswell County, the Town of Yanceyville, and the Town of Milton.

PUBLIC HEARING – 2008-2009 SECONDARY ROADS CONSTRUCTION PROGRAM

Commissioner Travis moved, seconded by Commissioner Jefferies that the Board enter into a public hearing to receive comments on the North Carolina Department of Transportation Proposed 2008-2009 Secondary Roads Construction Program. The motion carried unanimously.

Mr. Doug Galyon, Chairman, North Carolina Board of Transportation, came before the Board and stated that he represents Caswell County on the Board of Transportation and they were before the Board tonight to present the 2008-2009 Secondary Roads Construction Program for Caswell County.

Mr. Mike Mills, Division Engineer, presented and reviewed the following proposed 2008-2009 Secondary Roads Construction Program for Caswell County as recommended by the North Carolina Department of Transportation. Mr. Wayne Robertson and Mr. David Harrell from the NCDOT District Office and Mr. Brad Wall, Division Maintenance Engineer from the NCDOT Division Office were also present.

**North Carolina Department of Transportation
Proposed 2008-2009 Secondary Roads Construction Program**

Caswell County

2008-09	
Anticipated Highway Funds	\$ 744,883
Anticipated Trust Funds	\$1,071,297
Total	\$1,816,180

I. Paving Unpaved Roads

Programmed Paving Goal: 4.49 Miles

A. Rural Paving Priority

<u>Priority Number</u>	<u>SR No.</u>	<u>Length (Miles)</u>	<u>Road Name and Description</u>	<u>Est. Cost</u>
11	SR 1150	0.50	Loftis Road From NC 150 to EOM	\$ 200,000
12	SR 1333	0.40	Gentleman's Ridge Road From SR 1341 to EOM	\$ 160,000
13	SR 1790	0.69	Flint Ridge Road From SR 1715 to EOM	\$ 276,000
14	SR 1729	0.20	W. P. Cobb Road From NC 86 to EOM	\$ 80,000
15	SR 1784	0.60	John Russell Road From SR 1715 to EOM	\$ 240,000
16	SR 1520	0.10	Arthur Swann Road From SR 1523 to EOM	\$ 40,000
17	SR 1581	0.50	Tatum Road From US 158 to EOM	\$ 200,000
18	SR 1778	0.70	Old Bigelow Road From SR 1777 to EOM	\$ 280,000
20	SR 1323	0.80	Payne Road From SR 1306 to EOM	\$ 320,000
Total Miles 4.49			Subtotal	\$1,796,000

* <u>Rural Paving Alternates</u>	Subtotal	\$	0
B. <u>Subdivision Paving Priority</u>	Subtotal	\$	0
* <u>Subdivision Paving Alternatives</u>	Subtotal	\$	0
II. General Secondary Road Improvements			
A. <u>Paved Road Improvements</u>	Subtotal	\$	0
B. <u>Unpaved Road Spot Improvements</u>	Subtotal	\$	0
III. Trust Fund Safety Improvements (GS 136-182)	Subtotal	\$	0
IV. Funds reserved for surveying, right of way acquisition, road additions, contingencies, overdrafts, and paving entrances to certified fire departments, rescue squads, etc.	Subtotal	\$	20,180
GRAND TOTAL			\$1,816,180

Mr. Mills noted that Priority No. 19 was omitted because it is in Rockingham County.

Mr. Doug Galyon informed the Board that he will be retiring after representing Caswell County for 15 years on the Board of Transportation and thanked the Board for its cooperation.

Chairman Ward declared the public hearing closed.

Commissioner Jefferies moved, seconded by Commissioner Vernon to adopt the following Resolution to approve the 2008-2009 Secondary Roads Construction Program as presented by the North Carolina Department of Transportation. The motion carried unanimously.

CASWELL COUNTY

RESOLUTION

WHEREAS, the North Carolina Department of Transportation has identified all of the unpaved secondary roads in Caswell County; and

WHEREAS, the North Carolina Department of Transportation has established a priority point system to determine a rating method for paving of secondary roads; and

WHEREAS, the North Carolina Department of Transportation has completed its priority ratings of all unpaved secondary roads in Caswell County; and

WHEREAS, the North Carolina Department of Transportation has estimated its 2008-2009 Secondary Road Allocation to be \$1,816,180.00; and

WHEREAS, the North Carolina Department of Transportation has presented its 2008-2009 Secondary Road Improvement Program to the Caswell County Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED that the Caswell County Board of Commissioners hereby unanimously approves the 2008-2009 Secondary Road Improvement Program for Caswell County as presented by the North Carolina Department of Transportation.

ADOPTED THIS THE 19th DAY OF MAY, 2008.

S/George W. Ward, Jr. _____
George W. Ward, Jr., Chairman
Caswell County Board of Commissioners

ATTEST:

S/Wanda P. Smith _____
Wanda P. Smith
Clerk to the Board

MAJOR MEDICAL INSURANCE RENEWALS

Ms. Michele Love, with the North Carolina Association of County Commissioners, came before the Board to present renewal quotes for the County's Major Medical, Property & Liability, and Workers' Compensation Insurance.

Ms. Love reported that Caswell County participates in all three of the NCACC Risk Management Pools: Group Benefits for Employees, Workers' Comp, and Liability & Property. Ms. Love stated that the purpose of the Pools is to help stabilize the fluctuations in annual costs, thereby providing less frequency of budgetary swings from one extreme to the other. Ms. Love added that the purpose of "pooling" is for counties to share in the risk of claims occurrences that they all face at some time or another, and to provide a safe haven to assure coverage for all counties when commercial insurance carriers go through their inevitable profit-driven underwriting guidelines that could leave counties vulnerable.

Ms. Love reported that the medical trend this year for the Pool is 10%, an inflationary cost based on the rising cost of medical procedures and treatment. Ms. Love stated that Caswell County's renewal came in at 15.6% for the coming year (representing an increase of \$165,000 in annual cost for the County), driven by high claim volume - \$306,163 greater than the previous year. Ms. Love reviewed group benefits for the County.

Ms. Love reported that the County's experience mod for workers' compensation has come down from 1.31 to 1.18. Ms. Love stated that the experience mod is what drives the increased cost of the renewal, adding an additional 18% to total cost, but better than the 31% added last year. Ms. Love noted that all discounts considered, the total contribution for the 2008-09 Fiscal Year is \$18,889 less than the current year.

Ms. Love informed the Board that the loss ratio for Liability and Property has decreased to 35% in the Pool, from 44% loss ratio in the current year, and this decrease generates a larger Loss Adjustment discount for Caswell County for the current year. Ms. Love reported that pool rates remained flat (no increase) for Property and General Liability and all members received the Pool decreased rates in Auto Liability, Crime, Public Officials, Law Enforcement, and Employment Practices. Ms. Love added that the only increase in rates for the coming year is for multi-passenger buses due to high claims exposure in the past year due to three deaths in the Pool and noted that Caswell County reports six buses on the schedule. Ms. Love reported that all discounts being applied, the total contribution for the 2008-2009 Fiscal Year is \$28,390 less than the current year.

Ms. Love stated that it is hoped that the NCACC Risk Management Pools have demonstrated its commitment to stabilization for its members and for the employees in each of their counties. Ms. Love added that from an advocacy standpoint, the NCACC works diligently on behalf of its counties on legislative issues and goals that its members have voiced as crucial. Ms. Love stated that the North Carolina Association of County Commissioners appreciates and honors the opportunity to serve its counties in any way they see fit.

Mr. Kevin Howard, County Manager stated that it is staff's recommendation to approve Alternate 2 for the County's Major Medical which would increase the current deductible

to \$1,000 and mail order prescriptions would be at two times the regular co-pay and the employee would receive a 90-day supply for the cost of a 60-day supply.

After discussion, Commissioner Vernon moved, seconded by Commissioner Carter to accept all proposals for the County's Major Medical (Alternate 2), Property and Liability, and Workers' Compensation Insurance as proposed by the North Carolina Association of County Commissioners Risk Management Pools. The motion carried unanimously.

PUBLIC HEARING – VARIANCE REQUEST OF THE CASWELL COUNTY
MANUFACTURED HOME SITING ORDINANCE

Commissioner Carter moved, seconded by Commissioner Hall that the Board sit as the Board of Adjustment and enter into a public hearing to receive comments on a requested variance of the Caswell County Manufactured Home Siting Ordinance. The motion carried unanimously.

Mr. Brian Collie, County Planner, came before the Board to present a variance request from Keith and Cheryl Fuqua in which they are seeking relief from the masonry underpinning requirements of the Manufactured Home Siting Ordinance. Mr. Collie stated that their daughter plans to set up a 1993 manufactured home on their property and occupy the site while she begins construction of a site built home. Mr. Collie added that they are asking to be allowed to use plastic underpinning material due to the temporary nature of the manufactured home setup. Mr. Collie noted that the site lies within the 800 block of Rat Castle Road, in Pelham, and is tax map and parcel number 0034.00.00.0008.0000 which is approximately 111 acres.

Mr. Collie presented the following tests and findings that must be conducted in accordance with Section 7.3 of the Ordinance to grant a variance:

Tests:

1. You must determine that by granting this request the supply of light and air to adjacent properties will not be impaired.
2. You must determine that by granting this request that the risk of fire to the public is not increased.
3. You must determine that by granting this request that established property values in the surrounding area are not impaired or diminished.
4. You must determine that by granting this request that public health, safety, morals and general welfare are not impaired or diminished.

Findings:

1. In granting the request you must find that by following the strict letter of the ordinance practical difficulties and or unnecessary hardships will be placed upon the applicant.
2. In granting the request you must find that the general purpose, intent, spirit, and harmony of the ordinance is preserved.

3. In granting the request you must find that the interests of public health, safety and welfare have been assured and that substantial justice has been done.

Mr. Collie recommended that if the request for a variance from the underpinning requirements of the Ordinance is granted that the following conditions apply:

1. The term for the temporary placement of the manufactured home is to be a maximum of three years from the date of approval or no longer than 30 days past the date the Certificate of Occupancy is issued for the site built home to be constructed on the same parcel, whichever is the lesser of the two. At that time the manufactured home is to be disconnected from the power, sewer and water system, and removed from the property or be brought into compliance with the masonry underpinning requirements of Article 6, Section 6.3, and all other applicable Federal, State, and Local regulations.
2. Should, under extenuating circumstances, additional time be required, the applicant shall be required to come back before the Planning Board and the Board of Commissioners and present their argument for an extension of time.
3. During the temporary time period that the manufactured home occupies the site it shall be underpinned with the type of skirting materials entered into evidence at the Public Hearing.

There being no further comments, Chairman Ward declared the public hearing closed and adjourned the Board of Adjustment.

Commissioner Hamlett moved, seconded by Commissioner Travis to approve the request by the County Planner, including the findings and conditions, and grant a variance of the Manufactured Home Siting Ordinance as it pertains to the masonry underpinning requirements to Keith and Cheryl Fuqua as presented. The motion carried unanimously.

Mr. Collie provided information on previous variance requests of masonry underpinning that have been approved and noted that of the three that were approved over three years ago, the manufactured homes have been removed and are no longer on the site.

DISCUSSION OF PELHAM CONGREGATE NUTRITION SITE

Ms. Donna Pointer, Senior Center Director, came before the Board and stated that as they are preparing for a new budget year and are making preparations to move into a new Senior Center, she and her staff have been looking at current programs and outreach. Ms. Pointer pointed out that one program that is of concern is the Pelham Congregate Nutrition Site.

Ms. Pointer reported that the Pelham Congregate Nutrition Site meets each Tuesday and Thursday at the Pelham Community Center for activities and lunch, and has been in operation for several years. Ms. Pointer stated that Standards of Operation state that a

site should have a minimum of 25 participants and the numbers at this site do not meet this standard. Ms. Pointer added that from July, 2007 through March, 2008, the average attendance has been 13, while on April 1, 2008 there were five participants and there were nine participants on April 3 and 8, 2008. Ms. Pointer provided a cost analysis of the Pelham Congregate Site.

Ms. Pointer informed the Board that the Senior Center has been able to operate on a waiver and that is going to end when they move into their new location. Ms. Pointer added that meals have been prepared at the School cafeteria in individual trays and brought in to the Senior Center and Pelham sites. Ms. Pointer noted that the purpose of the Congregate Meals is that the participants come to the site and sit down and have a fellowship meal together, rather than someone coming in and picking up the meal and taking it home. Ms. Pointer stated that will change because at the new location, all meals will be served and eaten at the site and no food will leave the site. Ms. Pointer added that if the Pelham site is kept open, the same thing will happen there and food will not be allowed to leave the site, which will cut down on numbers.

Ms. Pointer stated that she would like to consider options for this site, beginning with the new fiscal year. Ms. Pointer questioned the Board as to its recommendation in this matter.

Commissioner Travis questioned whether the Pelham senior citizens would come to the Senior Center in Yanceyville or just quit participating at all.

Upon questioning from Commissioner Hall, Ms. Pointer answered that with the site not meeting State standards, her plan was to provide transportation for those currently attending the Pelham site and bring them to the Senior Center in Yanceyville.

Mr. Kevin Howard, County Manager, clarified that it would be beneficial and cost effective to close the Pelham site as of June 30, 2008, before the budget is adopted for the new fiscal year.

Upon questioning from Chairman Ward, Ms. Pointer answered that she has not discussed this issue with the participants of the Pelham site. Chairman Ward stated that he felt it would be good to discuss this first with the Pelham participants and get their input.

After further discussion, Commissioner Jefferies moved, seconded by Commissioner Travis to table this issue until its June 2, 2008 meeting in order for Ms. Pointer to discuss the closing of the Pelham site with its participants. The motion carried unanimously.

EMERGENCY MEDICAL SERVICES

Mr. Jim Gusler, Emergency Medical Services Director, came before the Board and requested that the Board surplus EMS Unit 205, which is a 1994 International ambulance that has been remounted and is no longer useful to EMS. Mr. Gusler added that the essential equipment would be stripped off of the unit and they would also scrap the box

off of the chassis, which would basically leave a shell. After discussion, Commissioner Carter moved, seconded by Commissioner Jefferies to declare as surplus EMS Unit 205, a 1994 International ambulance and authorize the EMS Director to remove the box and essential equipment. The motion carried unanimously.

Mr. Gusler requested permission from the Board to donate the EMS rescue boat to Boy Scout Troop 390 for its use. Mr. Gusler stated that the boat was originally donated to EMS by Caswell County Rescue and was given to them in the early 1980's by the Danville Life Saving Crew for a very nominal fee. Mr. Gusler added that EMS personnel do not have the appropriate water rescue training necessary and when a water rescue is needed, they contact mutual aid from surrounding counties for those services. Mr. Gusler noted that the boat was not made for rescue and is not a certified rescue boat now and the liability to the County would be too great to use it. After further discussion, Commissioner Hall moved, seconded by Commissioner Travis to declare the EMS rescue boat as surplus property and follow the standard County surplus procedure in disposing of it. The motion carried unanimously.

Mr. Gusler reported that every January Medicare publishes its National Fee Schedule and there have been some changes in the fee amounts allowed by Medicare for ambulance services. Mr. Gusler noted that Caswell County's last fee schedule change was July 1, 2006. Mr. Gusler requested that the Board approve a change in the current EMS fee schedule rate to meet the National Medicare Fee Schedule rate and that the reoccurring change in the National Fee Schedule automatically be approved for Caswell EMS in the future and adjust the County rate to a figure that is the nearest increment of \$10 above national rate. Mr. Gusler also informed the Board that EMS is spending considerably more now per mile and he would like to increase the current rate of \$8.00 per loaded mile to \$9.50 per loaded mile. Mr. Gusler discussed the mileage rate proposed by the National Medicare Fee Schedule. Mr. Gusler noted that there is basically a \$20 net gain in Caswell EMS' fee schedule. After discussion, Commissioner Carter moved, seconded by Commissioner Vernon to approve the Fee Schedule for Caswell County EMS as presented by the EMS Director. The motion carried unanimously. Chairman Ward instructed the EMS Director to bring all future fee schedule changes to the Board for approval as soon as he receives the revised National Fee Schedule.

RECESS

The Board held a brief recess.

PRESENTATION OF PROPOSED BUDGET FOR FISCAL YEAR 2008-2009

Mr. Kevin Howard, County Manager, presented to the Board the proposed Fiscal Year 2008-2009 Annual Budget and the following Budget Message.

BUDGET MESSAGE

As the County Manager and Finance Director of Caswell County, one of our primary responsibilities is to prepare and submit a balanced budget document to the Board of Commissioners. We are pleased to present this proposed Caswell County 2008-2009 Fiscal Year Budget for your consideration.

The recommended budget has been prepared in accordance with the NC Local Government Budget & Fiscal Control Act. It reflects a great amount of input and assistance from a variety of sources inclusive of county staff, administrators of the Board of Education and local governmental agencies funded either wholly or in part by the county, along with private sector resources. The budget reflects discussions and guidance along with new proposals and recommendations to the Board of Commissioners for favorable consideration.

County government department managers routinely investigate, pursue and implement innovations and efficiencies aimed at improving the effectiveness of services and enhancing service options. The county remains focused on the pursuit of viable alternative approaches to service delivery as opportunities occur. We accept the challenge of doing business better and more efficiently as an achievable goal.

Throughout this budget, priorities are recommended that address short term goals while also acknowledging significant strategic long term commitments. An honest variance in opinions is inevitable whenever priorities are considered and adopted. The Board of Commissioners retains the final decision in the allocation of resources and establishment of budget priorities.

The following is a list of key points in the proposed budget.

- ❑ The recommended budget is \$27,606,762, an increase of 1.70% over FY 2007-2008. Of the total County's budget, the general fund budget is \$22,949,696 or 2.04% more than FY 2007-08 adopted budget.
- ❑ The proposed budget includes no property tax increase. The current tax levy is 67.2 cents per \$100 of valuation. The budget is based largely on current salaries, benefits and operation expense. A three percent cost of living increase is included in this proposal. An additional balance of \$464,140 or 2.02% of general fund budget remains in contingency.
- ❑ Insurance premium increases are significant fixed cost increases as compared to the prior year.
 1. Health insurance premium increased 11.3%; a \$134,122 change over FY 2007-08.
 2. Workers compensation premium decreased by \$4,275 or 2% from FY 2007-08.
 3. Liability and property premium decreased by \$14,754 or 8.2% from FY 2007-08.

4. The County participates in the North Carolina Association of County Commissioners (NCACC) pool. The multi-pool cost savings is \$10,335.
- The proposed budget includes an appropriation of \$650,839 for the public health department. For the period of 2004 through 2006 the health department had no general fund appropriations. The department maintained operations using public health fund balance. The 2008-2009 fiscal year estimated beginning fund balance is \$200,000 incorporated in the health budget.
 - Department of Social Services – The recommended funding for Medicaid is \$1,000,000. As of July 1, 2007, the legislation began a three-year phase out of Medicaid cost to Counties. The state assumed 25% beginning October 1, 2007, with a continued phase out of 50% beginning June 1, 2008 and 100% beginning June 1, 2009. Counties will continue to pay any local administrative expenses associated with their Medicaid programs. The state guarantees that all counties experience an annual financial gain of at least \$500,000 as a result of the Medicaid swap. The swap included a loss in ADM funds and a repeal of sales tax distributions.

Highlights of the Proposed Fiscal Year 2008-2009 Budget

The proposed fiscal year 2008-2009 Caswell County budget total \$27,606,762 a 1.70(%) increase over the current year's adopted budget. The property tax rate is proposed to remain 67.2 cents per \$100 valuation.

The general reappraisal of real property for Caswell County occurs once every four years. State law requires that units of local government, including public authorities, publish a revenue-neutral tax rate in the budget immediately following the completion of the general reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information.

The FY 2008-2009 operating budget follows the general reappraisal of real property for Caswell County. The revenue-neutral tax rate, as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general appraisal.

The reappraisal produced a tax base of \$1,499,000,000 for Caswell County. The tax levy for the current year is \$9,613,938, and the growth factor since the general reappraisal is 2.92 percent. Using the formula mandated by state law, the revenue-neutral tax rate for Caswell County is 62.9 cents. The proposed property tax rate for FY 2008-2009 is 67.2 cents, which represents no change from the current property tax rate. The recommendation to maintain the current rate will allow the county to continue to build a solid fund balance and plan to proceed with much needed building and capital needs.

Revenues

Property taxes, sales taxes, fees for services, and intergovernmental revenue comprise the main revenue sources where expected variations occur.

<i>Revenues</i>	<i>Changes from 2007-2008 Adopted Budget</i>
Property tax levy	\$ 875,914
Sales taxes	\$ (87,651)
Fees for services	\$ (32,305)
Intergovernmental	\$ (105,763)

The **tax base** is projected to be \$9.6 million, a 10.02% increase from the FY 2007-2008 adopted budget. The increase is due to the 2008 revaluation.

Projected **sales tax** revenue is at \$4,035,591 for FY 2008-2009. Sales tax is budgeted very conservatively and reflects a 2.12% decrease from FY 2007-2008 adopted budget. The decrease stems from the 2007 Medicaid Reform Legislation that projects a loss in sales tax revenue over the next three years. Sales tax distribution is budgeted in the general fund revenues with \$1,237,333 allocated for school capital reserve.

Investment earnings are expected to decrease due to the sluggish economy and reduced interest rates. The projection for FY 2008-09 is \$125,000, a 9.83% decrease from FY 2007-2008 adopted budget.

Intergovernmental revenue (unrestricted) is projected at \$3,010,104, a 1.83% decrease from FY 2007-2008 adopted budget. The decrease is mainly due to a decrease in sales and use tax distribution and a decline in the projection for building inspection fees.

Expenditures

The slow economy and rising cost of living expense causes us to present a very conservative budget. This budget includes only mandated service increases and economically driven increases. We did not include funding for new programs or services. The major increases in the budget are: operating costs, fuel and utilities and education. New initiatives, program changes and capital projects will be discussed during budget sessions. Departmental requests for professional development, operational needs, personnel needs and capital needs exceed \$1,017,000. A list of general fund needs assessments is included immediately following the budget message.

Education Funding

Education funding constitutes the financial obligation of 15.14% of the general fund budget.

Public Schools

- ❑ **Operating funding** – The Board of Education requested \$2,683,237 in operating funding. This reflects an increase of 5.2% over the FY 2007-08 appropriations. The proposed budget funds 95% of the request.
- ❑ **Capital outlay** – The Board of Education requested \$554,950 in capital outlay funding, an increase of \$112,450 or 32.8% over FY 2007-2008 adopted budget. The proposed budget funds \$454,950 or 82% of the request.
- ❑ **Teacher supplements** – The Board of Education requested \$251,000 for teacher supplements. The proposed budget funds 92% of the request at \$231,000.

- **Debt service payments** – Debt services is funded directly by the County. School debt for FY 2008-2009 is \$888,880. Debt service payments are appropriated from restricted sales and use tax distributions from the North Carolina Department of Revenue.

Piedmont Community College Funding

- **Operating funding** – The Community College requested \$266,788 for operations, \$18,460 or 8.86% more than FY 2007-2008 adopted budget. The proposed budget funding for operating funding is 100% of the request.
- **Capital funding** – In addition to operating expenses, PCC requested \$4,500 for capital expenditures, a \$500 increase over FY 2007-08. The proposed budget funding is 100% of the request.

Capital Improvements Program

The County’s Capital Improvements Plan is a long-range planning element that is reviewed during the county budget process. The CIP forecasts significant projects for a five year period. Funding for each fiscal year’s CIP currently depends on available financial resources in any given year.

Fund Balance

The Board of Commissioners will continue to make fund balance a top priority. It is proposed that the county continue to move any annual surplus at year end to fund balance. An adequate fund balance is a significant factor in achieving a higher bond rating by Standard & Poors, which in return saves interest expense when debt is issued. Currently, Caswell County’s bond rating is 79 or BBB by Standard & Poors.

Recommendations

The proposed budget is based on the employee salaries and benefits, services and operations. Additional three percent cost of living increases were factored into the overall budget. The administration is making following recommendation to the proposed general fund budget.

Revenue
No change in property tax rate
Expenditures
3% cost of living increase

Summary

The county budget is a planning document. It presents a complex accumulation of county fiscal goals and competitive priorities. This annual process establishes strategic direction by considering and allocating public funding levels as a commitment to service delivery, program support and facility development. There remains a certain limited degree of flexibility to further amend the budget during the fiscal year to exploit emerging opportunities and respond to unforeseen challenges that may not be fully recognized at this time during the annual budget process. Throughout the year the Board of Commissioners will amend the budget to account for such changes. The

controlling factor is that expenditures must remain within available revenues and reserves.

By state and federal law, certain expenditures and revenues are controlled by mandatory rules and cannot be modified regardless of external factors. Beyond those mandated service levels, the Board of Commissioners, other elected boards and officials respond to public input with a wide range of services and program initiatives. Setting priorities either directly or indirectly is a reality of the budget process. Decisions made by the Board of Commissioners during review of this budget will establish expected priorities for FY 2008-2009 and beyond.

The demand for services, programs and facilities will generally exceed the availability of resources. The ability to provide any service, program or facility is limited by the willingness of the public to be taxed regardless of the method of taxation used.

Acknowledgement

Extensive research and detailed analysis required thoughtful development and an accurate thorough presentation of this budget document reflects the extended effort of many qualified individuals. The process begins early in the year and is not completed until after a final budget is adopted by the Board of Commissioners in June. Special acknowledgement and gratitude is given to the Finance staff for their exceptional assistance in preparing the budget.

There is no perfect or absolute resolution to the inevitable continuum of issues that county government must address. It is the willingness of people to openly discuss their thoughtful concerns and to compromise towards reaching responsible consensus that makes the ultimate difference. This county's future success will be directly linked to increased involvement by citizens to reach a shared vision of infrastructure improvements that complement both the quality of life and progressive growth.

Respectfully submitted,

S/Kevin B. Howard
Kevin B. Howard
County Manager

S/Gwendolyn Y. Vaughn
Gwendolyn Y. Vaughn
Finance Director

Chairman Ward instructed the Clerk to the Board to poll the Board members in order to schedule dates for budget work sessions.

Commissioner Vernon moved, seconded by Commissioner Travis to schedule a public hearing on the Proposed Budget for Fiscal Year 2008-2009 on Monday, June 2, 2008. The motion carried unanimously.

COUNTY MANAGER'S REPORT

Mr. Kevin Howard, County Manager, presented for the Board's consideration a proposal from S&ME for groundwater monitoring and reporting services for the Caswell County Landfill at an annual cost of \$4,000. After discussion, Commissioner Travis moved, seconded by Commissioner Jefferies to approve the proposal submitted by S&ME for groundwater monitoring and reporting services for the Caswell County Landfill at an annual cost of \$4,000. The motion carried by a vote of six to one with Commissioner Hamlett voting no.

Mr. Howard reported that he has received three proposals for the administrative services for the County's 2008 CDBG Scattered Site Grant. Mr. Howard stated that he has reviewed and ranked the three proposals and recommends that the Board approve the proposal submitted by Mr. Michael Walser of Hobbs, Upchurch & Associates. Mr. Howard noted that Mr. Walser has done an excellent job in the past and he is very happy with the service level. After discussion, Commissioner Vernon moved, seconded by Commissioner Hamlett to approve Hobbs, Upchurch & Associates to administer the 2008 CDBG Scattered Site Grant for Caswell County. The motion carried unanimously.

Mr. Howard presented two requests for subordination of liens for housing grants. Mr. Howard stated that one request is from Lewis and Myrtie Guill for refinancing. Mr. Howard noted that the County is already subordinate to their current mortgage and this is to refinance the payoff for the current mortgage of \$79,900.00. Mr. Howard added that the second request is from Mr. Ed Wrenn and he has requested a subordination to do a reverse mortgage.

Mr. Howard provided a memo from Mr. Michael Walser, of Hobbs, Upchurch & Associates, Administrator of the Scattered Site Grant which included the following excerpts:

“As a reminder to you and the County, when we provide comprehensive rehabilitation assistance to homeowners, we are required by the State to secure a lien against those properties for a period of time for two reasons: 1) to ensure that those owners do not take advantage of the work that was done to their home, which increased the equity of their property, by borrowing against that equity for unjustified purposes; and 2) to ensure that the homes repaired remain available for the use of low to moderate income homeowners.

There are two kinds of liens that we are required to use and the determination of the types of liens that we use is based solely on which State agency has provided the grant funds that we are using to provide the home repairs.

When we use Community Development Block Grant (CDBG) Scattered Site Housing Funds provided by the NC Department of Commerce, Division of Community Assistance (DCA), the lien terms are based on the total funds expended on the homes and range from four to eight years. Normally, all of the homes that we do in the County, the lien terms are for eight years. These liens are not assigned to the State and remain with the County

for the duration of the eight years. These liens are designed to be forgiven at a rate of 1/8th per year. Again, we track these loans and once the eight years are up, we will request to the County that the lien be immediately removed since the homeowner and the County have complied with DCA's requirements at that point.

The two subordination requests that you have before you are both CDBG liens and therefore, the County has the authority to decide whether or not to grant the requests.

DCA does not have any type of written procedures or bulletins on how counties should handle subordination requests. In the past when I have inquired in writing to DCA for a ruling they have always come back and said that the County needs to review the request and approve those they feel are justified.

DCA, however, does recommend that the County should grant requests for the following reasons: 1) existing liens which are being refinanced to receive a lower interest rate and perhaps better monthly payment schedules, with no cash out and no debt consolidation (these situations are bettering the homeowner's financial situation); and 2) new liens or refinanced liens which are being used to pay for medical expenses, additional home improvements, or to pay for a child's college education.

I feel like the two subordination requests that you have are for justified reasons and the Board of Commissioners should consider these requests positively."

After considerable discussion, Chairman Ward moved, seconded by Commissioner Travis to approve the subordination of liens for housing grants submitted by Mr. and Mrs. Lewis Guill and Mr. Ed Wrenn as presented. The motion carried unanimously.

Mr. Howard presented a copy of the License Office Contract between the NC Department of Transportation, Division of Motor Vehicles and Ms. Sis Hillman. Mr. Howard informed the Board that Ms. Hillman is an independent contractor with the State of North Carolina and is not considered a County employee. Commissioner Hall stated that he did not think it was appropriate for the County to be involved in considering a replacement when Ms. Hillman is absent from the office. Chairman Ward instructed the County Manager to find out how the Rockingham County DMV Office operates.

Mr. Howard presented a request from Mr. Tim Smith, Solid Waste Director, to replace a part-time position at the Landfill with a full-time Truck Driver/Maintenance Helper position. Mr. Howard reported that over the past five years Mr. Smith has been unsuccessful in finding a part-time person to fill the position, but has had much interest in a full-time position. Mr. Howard stated that Mr. Smith feels it would be in the best interest of the County to hire a full-time employee who would be able to learn all aspects of the Solid Waste Department and proposed an annual salary of \$24,960. After discussion, Commissioner Hamlett moved, seconded by Commissioner Travis to approve the request by the Solid Waste Director to hire a full-time Truck Driver/Maintenance Helper at an annual salary of \$24,960. The motion carried unanimously.

Mr. Howard provided the Board with a draft of the Smoking Regulations being proposed by the Caswell County Health Department. Mr. Howard noted that the Board of Health would be holding a public hearing next Tuesday on these regulations.

Mr. Howard provided to the Board a copy of the Maintenance of Effort from the Alamance/Caswell/Rockingham LME. Commissioner Hall stated that he had requested this information from the County Manager and added that Caswell County has provided funds to the local Mental Health for many years, yet all of the counties in the three-county region are not contributing.

Mr. Howard reported that he has received a request from the First Baptist Church in Yanceyville concerning a concrete culvert located on their property and of which water from the County's Guilford Mills property runs over to the Church property and they would like for the County to clean out this culvert. The Board directed the County Manager to have the Maintenance Department clean out this culvert.

Mr. Howard presented a request from the Caswell Horticulture Club for an appropriation from the County of \$3,000 to help pay for concrete in paving the Arboretum trail behind the Historic Courthouse, which will cost a total of \$12,000. Commissioner Travis moved to deny the request by the Caswell Horticulture Club for a County appropriation of \$3,000. The motion died for lack of a second.

Mr. Howard reported that he has received proposals for engineering services at the Pelham Industrial Park from Rivers & Associates, Dewberry & Davis, and Hobbs, Upchurch & Associates. Mr. Howard added that the Building and Grounds Committee met and reviewed the proposals and interviews with the firms need to be set. After discussion, this issue was referred back to the Building and Grounds Committee.

CIVIC CENTER COMMITTEE

Ms. Wanda Smith, Clerk to the Board, reported that at the Board's May 5, 2008 meeting, Commissioner Hall raised a question about meetings of the Civic Center Committee. Ms. Smith stated that she contacted Mr. Lee Fowlkes, Civic Center Executive Director, and questioned him about their meetings and was told that the Civic Center Committee has not met in years and no longer has input into the programs and operations of the Civic Center. Ms. Smith added that Mr. Fowlkes informed her that the Civic Center Committee has no reason to meet and that in years past they prepared a budget for the Civic Center, selected shows to be presented, set policy, and set fees; however, since the new administration of Caswell County Schools, the Board of Education has assumed all of these responsibilities. Ms. Smith provided the Board with a copy of the *Powers and Duties of the Civic Center Committee*, along with the Organizational Chart and a current list of the Civic Center Committee members. Chairman Ward directed the County Manager to place this item on the Board's June 2, 2008 agenda for further discussion.

NCDOT TRAFFIC STUDY

Ms. Wanda Smith, Clerk to the Board, reported that at the Board's direction at its meeting on May 5, 2008, she contacted Mr. Mike Mills, Division Engineer, NC Department of Transportation, concerning their request for a traffic study to be conducted on NC Hwy 86 at Meadowview Apartments. Ms. Smith added that Mr. Mills assured her that the study would be conducted.

COUNTY ASSEMBLY DAY/DINNER WITH LEGISLATORS

Ms. Wanda Smith, Clerk to the Board, informed the Board that she has contacted both Representative Bill Faison and Senator Tony Foriest and extended an invitation from them for dinner on the evening of Tuesday, June 10, 2008, which is *County Assembly Day* in Raleigh. Ms. Smith stated that both have responded that they would be happy to attend.

ANNOUNCEMENTS

Commissioner Vernon reported that last Wednesday the North Carolina Association of County Commissioners' Board of Directors met and heard a presentation on the Alamance/Caswell/Rockingham LME which was very confusing to all in attendance.

THE ADJOURNMENT

At 8:50 p.m. Commissioner Hamlett moved, seconded by Commissioner Carter to adjourn the meeting. The motion carried unanimously.

Wanda P. Smith
Clerk to the Board

George W. Ward, Jr.
Chairman
