

**MINUTES OF A
WORK SESSION
OF THE JACKSON COUNTY
BOARD OF COMMISSIONERS
HELD ON
MAY 19, 2014**

The Jackson County Board of Commissioners met in a Work Session on May 19, 2014, 1:00 p.m., Justice & Administration Building, 401 Grindstaff Cove Rd., Room A227, Sylva, North Carolina.

Present: Jack Debnam, Chairman
Doug Cody, Vice Chair
Charles Elders, Commissioner
Mark Jones, Commissioner
Vicki Greene, Commissioner

Chuck Wooten, County Manager
Pat Parris, Clerk to Board

Chairman Debnam called the work session to order.

(1) **THE GATHERING TABLE**: Donna Few, President, stated the Gathering Table provides free meals every Thursday nights and offers a food bank on Wednesdays to the needy in the southern part of the county. They receive some food from Manna Food Bank and other donations, but it is insufficient to assist all the people who come by the location. She urged the Board to reconsider budget funding in the amount of \$12,000 and requested an immediate emergency funding of \$1,200 to cover rent and utilities that is past due.

Consensus: *Continue to discuss, but need a written request for emergency funding.*

(2) **THE COMMUNITY TABLE**: Amy Grimes Sims, Director, stated no audit has been done in the past because an agency of their size and budget one is not typically recommended. The NC Center of Non-Profit Agencies only recommends audits of annual budgets of \$300,000 or more and other guidelines for \$500,000+ budgets. Her Board will meet next month and discuss other types of financial/compilation reports that may be acceptable. In the meantime they have been talking to CPAs and found that an audit would use a huge amount of their budget, but a review and compilation report would be at a much lower cost and still provide “independent eyes” for financial oversight. Last year there was a 30% increase for the dinner program and the food pantry program had an 80% increase. The primary reason is the problems with the NCFASST system and having daily referrals from DSS. It is becoming more of a burden to keep the pantry stocked even though they receive shipments from the Manna Food bank twice per month. Over 22,138 meals were served in 2013 and 7,527 food boxes were distributed. Last month alone 917 food boxes were provided. The Community Table desperately needs the \$20,000 appropriation as requested.

She requested another year to meet the financial reporting requirement and ascertain if a lower level financial report would be acceptable. The estimated cost for an audit 6 years ago was \$6 - \$7,000 and now the cost is approximately \$10,000. A financial statement, review and compilation report cost less, although they are waiting for an estimate from a CPA. She requested assistance in paying for any type of financial review/report.

The expenses for last year were \$112,000 of which \$62,000 was for salaries for two fulltime employees.

Consensus: *Request quotes from auditors and the County will try to provide names of smaller firms they can contact who may be less expensive.*

(3) GLENVILLE-CASHIERS RESCUE SQUAD: Jeremy Stewart, EMS Director, requested funding for a pay increase for employees because their pay rate is currently below the state average and they should be paid closer to the state average. The cost of living has increased and most of the employees have part time jobs to make ends meet. A pay increase would also help in recruiting new employees in the future by offering competitive pay. He presented a report of comparable salaries in Swain County, MedWest EMS, and Macon County. He also requested additional funding for supplies because as of May 6, 2014 they are no longer able to restock or receive supplies from Highlands-Cashiers Hospital. Prior to that date they were receiving all of their medications from the hospital. Now they must purchase all medications and supplies which has become an ever increasing burden on the budget as the cost of medications increases constantly. With the call volumes increasing annually, more supplies are used. Since 2008 the call volume has increased by almost 50% (500 calls in 2008 to 744 calls last year). The Rescue Squad covers 150 square miles in southern Jackson County and has high mileage transports due to the rural location. The budget continues to show a deficit each year even with donations. The 3 year budget plan does not include salary adjustments for FY14-15 but does for FY15-16. He also requested the donation of a surplus patrol car (2004 Crown Vic).

Consensus: *Continue to review for other means of support. There will be no problem in donating a surplus vehicle.*

(4) PERSONNEL POLICY: Danielle Wittekind, Human Resources Director, presented proposed changes to Articles VII and VIII as follows:

ARTICLE VII. *(changes in italics)*

Section 1. Insurance Benefits

Group Insurance Program

Group hospitalization, life, and dental insurance will be available to each probationary or permanent employee working 30 hours or more per week. The County will incur the cost of the insurance program for participating employees.

Eligibility Requirement for Hospital Insurance

New full-time employees will be covered with hospitalization insurance on the first day of the month following thirty (30) days of employment.

Section 5. Death Benefits

If an employee dies while still in active service with at least one (1) year as a contributing member of the Local Government Employees' Retirement System, the employee's beneficiary will receive a lump-sum payment equal to the employee's highest twelve (12) month's consecutive salary during the preceding twenty-four (24) months, not less than \$25,000 or more than \$50,000. This benefit is also paid if the employee dies within 180 days of the last day of service.

An additional death benefit through employer paid life insurance will be paid to the employee's beneficiary equal to one times the annual salary up to \$150,000.

Section 6. Benefits-Other (Fixed)

B. Employee Assistance Program (EAP) - provides assistance to all employees and immediate family members in resolving family problems, *substance abuse issues, marriage difficulties, financial trouble, stress, depression, or any other situation which may result in the deterioration of the employee's job performance and efficiency.* An employee may independently seek assistance, or may, if appropriate, be referred to EAP by the supervisor.

ARTICLE VIII. *(changes in italics)*

Section 1. Separation

A. Resignation - An employee may terminate his services with the agency by submitting a resignation to the appointing authority. It is expected that an employee will give at least two weeks notice prior to his last day of work.

B. Retirement – An employee may terminate his services with the agency by submitting a request for retirement to the appointing authority. It is expected that an employee will give at least four months' notice prior to his last day of work.

D. Reduction in Force (RIF) - For reasons of curtailment of work, reorganization, or lack of funds the appointing authority may separate employees. Retention of employees in classifications affected shall be based on systematic consideration of type of appointment, length of service, and relative efficiency. No permanent employee shall be separated while there are emergency, intermittent, temporary, probationary, or trainee employees in their six months of the trainee progression serving in the same or related classification, unless their permanent employee is not willing to transfer to the position held by the non permanent employee, or the permanent employee does have the knowledge and skills required to perform the work of the alternate position within a reasonable period of orientation and training given any new employee. A permanent employee who was separated by reduction-in-force may be reinstated at any time in the future that suitable employment becomes available. The employer may choose to offer employment with a probationary appointment and experience standard for the classification to which he is being appointed. The appropriate Department Head(s) will work closely with the County's Human Resources Director to develop, implement, and communicate a specific RIF plan, and follow it accordingly. Agencies should make efforts to place an employee so separated pursuant to this policy when the employee becomes available, if the employee desires, consistent with other employment priorities and rights. However, there is no mandatory requirement placed on an agency to secure an employee, separated under this policy, a position in any agency.

F. Disability - An employee may be separated for disability when the employee cannot perform the required duties because of a physical or mental impairment and no reasonable accommodation can be made.

Section 2. Disciplinary Action

A. Policy Statement – (change second paragraph as follows)

Any employee may be dismissed or suspended, given a compulsory leave of absence without pay, by the County Manager whenever they consider the good of the service to be served thereby; dismissals or suspensions of Department Heads must be made by the Board of Commissioners. The degree and kind of action to be taken shall be based upon the sound and considered judgment of the County Manager and/or the Board of Commissioners in accordance with the provisions of this policy to assure that the intent of the policy is followed.

(5) **PROPOSED BUDGET FY14-15**: Mr. Wooten stated that consistent with past budgets, the budget is balanced using a proposed tax rate of \$.28 while not calling upon any funds from fund balance for operating purposes. In the near future, he will submit a recommendation to allocate funds from the fund balance into the capital reserve fund to address needed capital improvements to maintain and enhance County facilities. One component of that request will be the next step in planning for the renovations and the expansion of court related facilities. Other areas of growth within the revenue base include sales tax which has seen a modest but consistent growth over the past two years and he anticipates that will continue in FY 14-15.

(a) **Salary Increase**: 1.5% across the board increase for all employees as of July 1, 2014. This increase offsets the impact of inflation as determined by using the Consumer Price Index increase in 2013. In addition, each employee will receive 2.5 days of bonus leave which equates to approximately 1.0% of an employee's salary thus an overall salary/benefit increase of 2.5% is recommended.

(b) **Health Insurance**: Health care costs have been within the projected expenditures for the current year thus allowing the County to maintain the employee health plan without increased costs to the County for employee coverage or to the employee for dependent coverage.

(c) **Tax Administration Dept.**: Consistent with the ongoing evaluation of the organizational structure of county government, the budget includes changes within tax offices to establish a Tax Administrator position and to clearly define the lines of authority within the Tax Assessor's office. As Tax Administrator, Bobby McMahan will continue to provide supervision to the Tax Assessor's Office and will offer administrative oversight for the Tax Collector's office.

(d) **Classifications**: The Human Resources Department has evaluated a number of salary classifications to ensure that the County remains market competitive and these evaluations did identify several jobs classes that were in need of minimal adjustments to acknowledge expansions within current job responsibilities or to suggest adjustments to salary ranges to recognize market adjustments. Salary compression is a problem that the County must work to identify an affordable resolution.

(e) **Fulltime Employees (FTE)**: A net increase of 7.93 FTE.

- The largest increase is within the Department of Social Services (5.60 FTE) and those positions are being established to support the increased workload from mandated system modifications. A corresponding increase in state support from 50% to 75% will allow these positions to be created without significant increased county support.
- Two new support positions in the IT department which will show up in FY14-15 as increases in FTE only as funds were provided in the FY 13-14 budget.
- One fire inspector position in Permitting & Code Enforcement to allow compliance with the statutory requirements for fire inspections.
- One half time clerical position in the Planning Dept. with the responsibility for official minutes of the boards and commissions that are supported by the Planning Department.
- FTE has decreased from 400 in FY 10-11 to 390.7 in FY 14-15.

(f) **Public Schools**: Funding for Public School is consistent with their budget request in providing an allocation of \$6,826,207 for current expense funding and \$916,000 in capital outlay. Included in the capital outlay allocations are funds to begin implementing the One to One computing initiative. In addition, a transfer of \$384,985 is proposed to the School Capital Reserve Fund for future capital needs and it is anticipated there will be unspent funds remaining from the Smoky Mountain High School project contingency at close out.

(g) **Southwestern Community College**: The proposed funding for SCC's current operations is \$1,943,474 which represents an increase of \$170,000 over the FY 13-14 appropriation. There is a possibility that Macon County may choose to discontinue their support for current operations in the amount of \$200,000 at the Sylva Campus and this would cause SCC to incur a substantial deficit in their current operations budget. At the present time, SCC has not indicated how this reduction will impact their operations. In addition to the current operations, \$216,817 in capital funding is recommended. If requested by SCC, the Commissioners may choose to authorize the use of the capital funds to support their current operations as a means of offsetting the impact of the unexpected reduction in funds from Macon County.

(h) **Fontana Regional Library**: An increase of \$39,000 (4.24%) is recommended for the Fontana Regional Library. This will provide sufficient funds to cover their proposed salary increase and the projected increase in health insurance costs for employees. This increase does not fully fund their request; however, it appears from previous financial reports that unspent funds have been carried forward from past years to supplement the current budget. It is uncertain if funds will remain unspent in the current year that will be available to support the FY 14-15 budget.

(i) **Non-Profits**: Most non-profit agency allocations have remained the same with a few exceptions. One time allocations of \$5,000 each are proposed for ARF and Appalachian Women's Center to be used as matching funds for grants they will receive. A modest increase of \$900 (2%) is proposed for the Good Samaritan Clinic. A reduction to the Community Table allocation from \$15,000 to \$5,000 is proposed as the result of their decision to not have an audit. An audit is a condition of any non-profit receiving more than \$5,000. Unfortunately, audits are often viewed as an added expense; however, they provide the governing board with an independent evaluation of internal controls and financial reporting and provide the Commissioners with assurance that funds are being spent for the intended purpose. The funding for REACH of Macon's operating budget remains at \$50,000 and a one-time, non-recurring allocation of \$25,000 is proposed to support their capital project for a new shelter.

(j) **Fire Depts., Rescue Squads, Ambulance Services**: Budgets for fire departments, rescue squads and EMS providers are proposed to increase by 2%. Debt service payments will be made for Sylva, Balsam, and Savannah Fire Departments for their previously approved building projects. In addition, a one-time allocation of \$17,275 is recommended for engineering and architectural services for the Cullowhee Fire Department in planning for a new fire station.

(k) **Capital Projects**: All capital requests are consolidated into a single line item and await the completion of the FY 13-14 audit before releasing these funds thus ensuring that the fund balance is protected. This budget does propose a transfer into the capital reserve fund of \$500,000 for future capital projects and the proposed budget also includes a \$100,000 transfer into the Conservation, Preservations and Recreation capital reserve fund to continue supporting recreation and greenway projects.

The FY 14-15 proposed general fund budget is 1% higher than the original approved budget for FY 13-14. Traditionally, revenues have been conservatively estimated and expenditures have been managed within the available resources.

(6) COMPENSATION & BENEFITS REPORT 2014: Danielle Wittekind, Human Resources Director, presented a detailed Compensation and Benefits Report. She stated that overall the County is in a comfortable place of being able to recruit new staff as the benefits offered through county employment are richer in comparison with other private and non-profit sector jobs but continued retention of less tenured employees is of growing concern. However, there is a need to review the current pay plan and how it is administered. The County has reached a point with the current pay plan that salary compression is being realized throughout departments and this compression is impacting retention and employee morale. Under the current pay plan, someone hired any time on or after July 1, 2009 would make the same salary as someone hired today starting out at Step 1 in the assigned salary grade. This means that someone hired today is making the exact same salary as someone who has potentially worked for the county for almost five years. This has come about as there have been no merit or step increases since July 2009 and the COLA adjustment last year increased the overall salary schedule by 2% thus increasing all grades/steps by 2%.

The current pay plan has 28 Grades and 35 Steps for general class employees and 11 Grades and 35 Steps for law enforcement officers. As the most current pay plan is becoming aged, a recommendation to perform a classification and compensation study is recommended within the next two years. Industry standard for conducting classification and compensation studies is between five (5) to seven (7) years to ensure that salaries remain competitive in the market place and that their ability to hire and retain qualified employees is maintained and internal relationship are equitable.

Over the last ten years the Consumer Price Index (CPI) has increased an average of 2.34% each year. At the end of 2013, the CPI had increased by 1.0% since the end of 2012. Over the past five years, the CPI has increased 8.2% while county employee pay has increased 2.0%, effectively eroding the employee “buying power” by 6.2%.

Retirements continue to be a growing concern as those who are eligible for retirement hold the most senior positions and possess an immense amount of departmental and functional knowledge critical to ongoing operations. Within the next five years, 9% of employees will be eligible for an unreduced retirement benefit.

- 3 employees plan to retire between 7/1/14-9/1/14
- 7 employees are eligible for unreduced retirement in 2014

- 11 employees are eligible for unreduced retirement within 3 years
- 14 employees are eligible for unreduced retirement within 5 years

She recommended:

- Reclassifications in various departments for FY2014-15 which include salary adjustments in addition to the 1.5% COLA increase.
- Job title changes in the Tax Assessor's Dept. for FY2014-15 which does not include salary adjustments except for the 1.5% COLA increase.
- Combine the Tax Assessor and Tax Collector into one department.
- Review the current pay plan and how it is administered.
- Perform a classification and compensation study within the next two years

(7) INFORMATION TECHNOLOGY DEPT. ORGANIZATIONAL CHART

UPDATE: Mr. Wooten stated The FY13-14 budget included funds for two new support positions in the IT Department. Two positions are included for FY14-15 as increases in FTE only as funds were provided in the FY 13-14 budget.

Consensus: *Human Resource Director to continue a review and make recommendations for salary adjustments for the Asst. Director and IT Supervisor.*

CLOSED SESSION:

Motion: *Chairman Debnam moved that the Board go into closed session pursuant to G.S. 143-318.11(a)(4) Business Expansion. Commissioner Greene seconded the Motion. Motion carried.*

Chairman Debnam called the Work Session back to order and stated no action was taken in closed session except approval of the Closed Session Minutes of April 21 and May 5, 2014.

There being no further comments, Commissioner Elders moved to adjourn the Work Session. Commissioner Jones seconded the Motion and the Work Session adjourned at 4:15 p.m.

Patsy C. Parris, Clerk to Board

W. J. Debnam, Chairman

