

THE BOARD OF COMMISSIONERS OF THE COUNTY OF CRAVEN MET IN REGULAR SESSION IN THE COMMISSIONERS' ROOM OF THE CRAVEN COUNTY ADMINISTRATION BUILDING, 406 CRAVEN STREET, NEW BERN, NORTH CAROLINA, ON MONDAY, MAY 15, 2023. THE MEETING CONVENED AT 8:30 AM.

MEMBERS PRESENT:

Chairman Jason R. Jones
Vice-Chairman Denny Bucher
Commissioner Chadwick Howard
Commissioner Sherry Hunt
Commissioner E. T. Mitchell – remote via telephone
Commissioner Beatrice R. Smith

MEMBERS ABSENT:

Commissioner Thomas F. Mark

STAFF PRESENT:

Jack B. Veit, III, County Manager
Gene Hodges, Assistant County Manager
Craig Warren, Finance Director
Amber Parker, Human Resources Director
Arey Grady, County Attorney
Lauren Wargo, Assistant to the County Manager
Nan Holton, Clerk to the Board

County Attorney, Arey Grady, recited the following invocation, followed by the Pledge of Allegiance.

Almighty and eternal God, You have blessed us with creation and made us fellow workers in bringing about Your kingdom.

So draw our hearts to You, so guide our minds, so fill our imaginations, that we may have insight into Your purposes for our County and wisdom and determination in providing for its future, that in all our works begun, continued, and ended in You, we may glorify You in our care for all Your people.

All this we ask in Your holy name.

Amen.

Based upon the invocation given by Reverend Cara Spaccarelli, at the January 7, 2014 session of the US House of Representatives

Commissioner Smith motioned to approve the agenda, as presented, seconded by Commissioner Hunt and approved unanimously.

CHAIRMAN'S PRIVILEGE

Commissioner Jones remarked on the recent Hospice Breakfast, and indicated as a result Health Director, Scott Harrelson, and the Health Foundation Board Chair, Sharon Warren, were invited to present.

Mr. Harrelson commented that the annual breakfast was held to raise funds for Craven County Hospice. He reported the Health Foundation was set up in 1987, separate and apart from the County so people could donate to a 501c3 and be assured it goes to the program they designate.

Health Foundation Board Chair, Sharon Warren, explained the funds raised for hospice are used to aid the respite program, where caregivers are offered two, three hour blocks each week for personal care and errands. She reported that as of Friday afternoon, \$40,000 had been donated. Ms. Warren expressed appreciation to the Board of Commissioners for their support. She

highlighted the annual memorial service held each December to help give families closure. Ms. Warren stated 140 patients were cared for last year.

Commissioner Jones provided the public with the information should they wish to donate to the Health Foundation: P. O. Drawer 12610, New Bern, NC 28561.

Mr. Harrelson explained the Health Foundation is also an umbrella to other donations, such as the Craven County animal shelter, and described how the bookkeeping is documented through the 501c3 non-profit. County Manager, Jack Veit, interjected these funds do not show up in the County's budget, as it is accounted for separately.

CONSENT AGENDA

Commissioner Hunt motioned to approve the Consent Agenda, inclusive of the Minutes of May 1, 2023 Regular Session and Tax Releases and Refunds (*Credits = \$4,551.91; Refunds = \$0.00*). Commissioner Smith seconded the motion, which carried 6-0 in a roll call vote.

COMMUNITY MITIGATION ASSISTANCE TEAM (CMAT) PRESENTATION

The Community Mitigation Assistance Team is a national, interagency team that works closely with incident management teams, Forest Service or other land management agencies, community residents, and local leaders to identify mitigation opportunities before a wildfire impacts the community. CMATs work with local partners to identify and help them resolve mitigation challenges and build long-term mitigation efforts using best practices.

A team was brought on assignment in response to the Great Lakes Fire to help the communities adjacent to the Croatan National Forest better prepare for future wildfires.

The Community Mitigation Assistance Team reported on community wildfire challenges, what the Croatan National Forest and the North Carolina Forest Service are doing to support community and landscape wildfire resilience.

Croatan District Fire Manager Officer, David Nelson, presented maps and descriptive information about the Great Lake Fire to illustrate how it burned and moved and the benefits of prescribed burns. He reported on what can be done to make homes and communities safer by doing underburns.

USDA Forest Service Hannah Thompson-Welch, Wildfire Mitigation Specialist with the North Carolina Forest Service, spoke towards making communities more resilient. She expressed the power of collaboration and partnerships and requested the Board support more prescribed burns, some on private lands; and to support the Planning Department on smart growth concepts. Ms. Thompson-Welch provided information on the three strategies for fire adapted communities: effective wildfire response teams, resilient landscapes, and consistent, timely communications.

The CMAT Lead Croatan National Forest Representative, Jonathan Bruno, outlined the next steps for the Great Lake Fire: forest and fire tour, mitigation training, and the close out event on May 17th at 10:00 am.

TRILLIUM PRESENTATION

Trillium Senior Regional Director, Dave Peterson, provided their annual report. His presentation outlined:

- Trillium's mission
- Who they are
- Medicaid transformation changes
- Organizational changes
- Craven County date

**DEPARTMENTAL MATTERS: - SOCIAL SERVICES
HCCBG RECOMMENDED BUDGET 2023-2024 AND REVISION FOR 2022-2023**

DSS Program Manager for Adult and Senior Services, Tonya Jordan-Davis, reported the need for a vote to approve the revisions for FY22-23 and a vote to approve the HCCBG Recommended Budget for FY23-24.

DSS Adult Services Supervisor, Tonya Cedars, highlighted the revisions in the FY22-23 budget, which redistributed funds from home delivered meals to senior center congregate meals; and funds from veteran services to set up an option counseling program. The explanation for moving funding to congregate meals is lack of volunteers to deliver and more participants at the senior center.

Mrs. Cedars proceeded to explain the FY23-24 Budget request lacks the exact allocation amount from the HCCBG, so the dollar amount is utilizing the same allocations from the current fiscal year. She indicated the one major difference is that transportation has been added back into the formula as DSS has entered into a contract with CARTS. She remarked the catering contract has increased.

A motion was made by Commissioner Howard to approve the revisions for the FY2022-2023 budget and to approve the HCCBG recommended budget for FY2023-2024. His motion was seconded by Commissioner Smith and approved in a 6-0 roll call vote.

**DEPARTMENTAL MATTERS: PLANNING
KING CREEK AT CHERRY BRANCH PHASE 4 – FINAL**

Planning Director, Chad Strawn, stated the Planning Board met on May 4, 2023 and recommended the following subdivision for the Board's approval:

King Creek at Cherry Branch Phase 4 – Final: The property, owned by Coastal Piedmont Developers, LLC, and surveyed/engineered by Thomas Engineering, PA, is located within Twp. 5 off King Creek Drive; Parcel ID 5-006-001-A. The subdivision contains 25 lots on 14.44 acres and will be served by Craven County water and proposed individual septic systems. The new road will be Noble Court.

Commissioner Mitchell motioned to approve the subdivision, as recommended, seconded by Commissioner Hunt and approved 5-1 in a roll call vote, there being one (1) "Nay" from Commissioner Howard.

There was discussion regarding the septic system qualification and concerns were expressed.

DEPARTMENTAL MATTERS: SHERIFF

Panasonic Laptops Donation – Board of Education

Lt. Stevan Liszewski reported the Board of Education has donated 29 Panasonic Laptops, Adapters, and Docking Stations to the Craven County Sheriff's Office in support of the School Resource Officer Division. He stated the Sheriff's Office is requesting approval to accept these items as well as assume the responsibilities that will come with it such as future recurring payments, maintenance and any other expenses that may arise in conjunction to the laptops, adapters, and docking stations.

Commissioner Howard motioned to accept the donations of laptops, as requested, seconded by Commissioner Hunt and approved 6-0 in a roll call vote.

Vehicle Lease

Major David McFadyen reported that the Sheriff's Office is seeking approval to replace the current vehicle lease under Ebbie Howard with a new vehicle. The current lease will be terminated, and the new lease will be for three years.

He indicated that due to a shortage of spare vehicles, the Sheriff's Office is not able to fully utilize Reserve Deputies for community patrol functions. Ebbie Howard has purchased a law enforcement rated, fully equipped, Chevrolet Tahoe to lease to the Sheriff's Office for one dollar per year.

Major McFadyen highlighted that the new lease states that Mr. Howard will be responsible for all costs regarding maintenance and repairs along with other costs associated with the vehicle. The lease also requires that he indemnify the County. The vehicle will be used for law enforcement purposes only, at the direction of the Sheriff's Office.

Commissioner Smith motioned to approve termination of the current vehicle lease and approve the new vehicle lease of a Chevrolet Tahoe for three years, seconded by Commissioner Bucher and approved 6-0 in a roll call vote.

FY 2023-2024 PROPOSED BUDGET PRESENTATION

County Manager, Jack Veit, presented the following FY 2023-2024 Proposed Budget:

Mr. Chairman and Members of the Board of Commissioners:

It is my privilege to present the recommended Craven County budget for fiscal year 2024. As proposed, this budget incorporates the priorities and policy direction of the Board of Commissioners while continuing to provide the highest quality of services to the citizens of Craven County in the most fiscally responsible manner. The recommended general fund budget for fiscal year 2024 is \$142,269,569 without a fund balance appropriation and recommends that the ad valorem tax rate for fiscal year 2024 be set at 44.48 cents per \$100 of valuation.

While there is no fund balance appropriated in the recommended budget, local governments are strongly encouraged to maintain adequate fund balances to ensure against unanticipated events that could adversely affect the County's financial position and jeopardize the continuation of County services. As such, the County continues to budget and operate in a fiscally responsible manner, which has provided a level of fund balance sufficient to accomplish this while remaining within range of our peers statewide. Craven County's available fund balance was 35.38% of expenditures as of June 30, 2022, while other similar sized counties with a population of 100,000 or more had fund balances averaging 43.43%, with all one-hundred counties averaging 43.33%.

The County has made great efforts to educate the public on the process undertaken to complete the 2023 revaluation of all real property in Craven County. As anticipated, the 2023 revaluation resulted in a general increase in taxable values by \$3.2 billion or 31.01% over the current fiscal year's estimated value of \$10.4 billion. This equated to an estimated taxable valuation of \$13.7 billion used to determine the revenue-neutral tax rate of 44.48 cents per \$100 of valuation. North Carolina General Statute (G.S. 159-11) defines the revenue-neutral tax rate as, "the rate that is estimated to produce tax revenues for the next fiscal year equal to the revenues that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred". The new valuation and revenue-neutral rate served as the foundation in building fiscal year 2024's budget.

As we approach the new fiscal year, the County's financial position remains strong and continues to experience positive growth. Revenues for the first ten months of the current fiscal year are \$4.0 million ahead of last year while expenditures through April are running ahead by approximately \$16.8 million. The increase in revenues is due in part to several factors but mostly a direct result of the strong growth experienced in sales tax collections. These revenues continue to exceed expectations as collections year to date are running 9.7% ahead of last year through April. We have experienced record-setting growth in sales tax over the last couple of years. This trend is not expected to continue at this level however some growth is anticipated. Additionally, the County has experienced enhanced revenues from multiple other sources during the year including \$1.4 million more than anticipated from the Medicaid Sales Tax Hold Harmless distribution, and \$1.5 million in interest earnings. While the economic conditions continue to trend positively, there is continued economic strain related to inflation, personnel shortages, and supply chain challenges. These economic strains continue to make our economic condition volatile in future budget projections. Expenditures for the first ten months are higher than the same time last year with the largest increases occurring in General Government, Health, and Public Safety. General Government expenditures were up 66.2% due mainly to the acquisition of the Sudan Temple property.

Health expenditures were up 19.0% over last year primarily due to opening the new 340B Pharmacy. Public Safety expenditures were up 12.5% due to the County taking over the school safety program in most County schools resulting in the addition of numerous School Resource Officers.

The County ended fiscal year 2022 in a strong financial position adding approximately \$9.5 million to fund balance. Higher than projected revenues along with the County's conservative approach to spending, limited the use of fund balance. This also provided the ability to transfer \$4.4 million into the Capital Reserve Fund offsetting the \$3.6 million used towards capital items and projects. Thus, increasing the fund balance in the Capital Reserve Fund by \$510,000. As we have learned from past events such as Hurricane Florence and the COVID-19 Pandemic, funding of the Capital Reserve Fund, when excess revenues or savings are realized, continues to serve as a critical part of the County's financial position. The Capital Reserve fund provides for future needs while helping to prevent tax increases and borrowing costs to fund much needed capital items.

There are a variety of factors that have a significant impact on the proposed budget. Most notably being the 2023 Countywide Revaluation, which has resulted in the current assessed value for fiscal year 2024 to be estimated at \$13.7 billion, an increase of \$3.2 billion or 31% over the estimate of \$10.5 billion used for the fiscal 2023 budget. North Carolina General Statute 105-206 requires each of the 100 counties to complete a revaluation at least once every eight years. Craven County last completed a countywide revaluation in 2016 and is scheduled to be on a four-year cycle with the next revaluation occurring 2027. Higher property values combined with residential and commercial growth are primarily responsible for the increase in valuation that the County has experienced.

Total revenues and expenditures each amount to \$142,269,569 in the recommended budget for fiscal year 2024. This represents a decrease of \$8.2 million or 5.4% compared to the current budget through the end of April 2023. Property tax revenues are budgeted at a 3.8% increase over the 2023 budgeted amount while sales tax revenues are budgeted at 4% increase over last year's actual collections. Sales tax collections have outperformed virtually all projections and expectations. High inflation coupled with rising prices due to supply-chain pressures continue to impact collections positively. Both factors have contributed to double-digit increases in sales tax collections over the previous two years.

Transfers into the General Fund from the Capital Reserve Fund are up approximately \$136,000 from the current budget. Capital expenditures and major repair projects were closely examined and only because of the Capital Reserve Fund, many are able to be funded. Overall capital outlay costs are up \$1.7 million compared to the current budget. Out of the total \$5.5 million in capital expenditures budgeted for fiscal year 2024, \$2.6 million is funded with transfers from the Capital Reserve Fund. Most capital expenditures funded in this budget include the maintenance and replacement of vital infrastructure in technology, facility, and recreational improvements.

Total salaries and benefits in the recommended budget are \$4.9 million higher than the current adopted budget. The fiscal 2024 budget continues this investment in its greatest asset by recommending a 4.5% cost of living increase for employees. This accounts for both increases resulting from inflation while also maintaining the competitiveness of Craven County in the current labor market. Recommended in the fiscal 2024 budget are a total of 18 new full-time positions; one HR Training and Development Coordinator, one Opioid Program Manager, one Fiscal Grants Specialist, one Elections Specialist, one Facilities Systems Operation Specialist, one Deputy Sheriff Narcotics Investigator, one Deputy Sheriff Patrol, four Deputy Sheriff School Resource Officers, one Telecommunicator I, one Convenience Site Attendant, one Social Worker II Adult Service Intake, one Social Worker III Foster Care, one Social Worker III Permanency Planning/Adoptions, one Social Worker IA&T on-call, and one Staff Development Specialist III.

Total benefit costs are budgeted at approximately \$2.3 million higher than the current fiscal year mostly due to increases in the County's health and dental premiums and retirement system rates. So far this year, insurance claims are trending higher than last year's. To help offset these additional costs on the County's self-insured plan, the budget includes a five percent increase to both County and employee premiums. The retirement system employer contribution rates are also scheduled to increase by 0.75% for general employees and 1.0% for law enforcement employees effective July 1, 2023. This accounts for \$892,000 of the total increase in benefit costs in next year's budget.

Craven County is expected to receive \$8,611,057 of phase one Opioid Settlement fund between 2022 and 2038 and the Craven County Board of Commissioners adopted a resolution on March 20, 2023 authorizing execution of a second phase Opioid Settlement.

The exact funding to be awarded in connection with the second phase of the Opioid Settlement funds is unknown but it is expected to be close to the amount awarded in phase one. The Opioid Settlement funds must be budgeted, expended, monitored, managed and outcomes evaluated in accordance with the Memorandum of Agreement Between the State of North Carolina and Local Governments on Proceeds Relating to the Settlement of Opioids Litigation (MOA). The requirements set forth in this MOA are extensive and beyond the capacity of the initial task force which is currently comingled in the Human Resources department budget. Craven County's opioid epidemic remediation efforts have evolved to the level necessitating the development of a new department and the creation of an Opioid Program Manager position. The new opioid department budget includes \$125,885 to continue the county's current opioid education and outreach efforts that began in 2018 and it includes \$666,720 of phase one Opioid Settlement funds which will support the Opioid Program Manager position and will provide funds for expanding the four opioid program focus areas.

Overall current expense funding for Craven County Schools is recommended to remain flat at \$22,004,991 per the Board of Education's request and continues the County's investment and support for our local school system. Craven County Schools faces complex and varied budget challenges similar to Craven County. While the recommended funding amount continues Craven County's financial commitment to the school system, there are long term issues that will need to be addressed in future budgets. As revenues from federal and state sources tied to enrollment numbers continue to decline, the cost to operate and maintain aging school facilities does not. This issue will be ongoing and will likely need to be addressed over the next several budget cycles. Forecasted enrollment numbers by Craven County Schools continue to show a decline in enrollment trends that will continue over the next several years in all grade levels. The current budget request funds the retirement system contributions at 25.71%, health care premiums at \$7,932 per employee, and the local supplement at 10.5%. The capital outlay requested is \$2,095,475, an increase of \$93,022 from the current year's budget and includes four category 1 capital projects over \$100,000 including resurfacing tracks at Havelock and West Craven High Schools, new boiler for New Bern High School, and building a canopy over the walkway at Vanceboro Farm Life Elementary. There are various other capital repairs and enhancements throughout the school system, including boiler replacements, fencing work, and intercom upgrades. Also included in the capital outlay amount requested is \$890,000, which continues the funding for the systems Apple iPad lease agreement.

The proposed budget funds Craven Community College's requested current expense at \$4,304,125, which represents an increase of \$239,504 over the current year. The requested increase will go towards additional operating and personnel cost for salaries, retirement, health benefits, utilities, and insurance. Capital Outlay for the college was budgeted at the previously agreed upon baseline allocation of \$500,000. Projects planned for this year include renovations and upgrades to various classrooms, offices, and restrooms throughout the campus footprint, elevator upgrade at Brock Hall, and miscellaneous parking lot, sidewalk, and other road repairs at both the New Bern and Havelock campuses.

The proposed fiscal year 2024 budget provides balance and fiscal responsibility in addressing the many needs across the County while maintaining the lowest tax rate possible for the citizens of Craven County. Craven County values the competitive edge maintaining a low tax rate offers in areas such as economic development and retirement relocations. As always, there is still the possibility that the General Assembly may take actions that could affect the County budget. We will continue to monitor for those potential impacts; however, I believe Craven County continues to be well positioned fiscally to address any challenges that may come forward.

I wish to commend the Department Heads, staff, and agencies for their cooperation and valuable assistance in this very challenging budget process. I would also like to thank our Finance Director Craig Warren, Assistant County Manager Gene Hodges, Human Resources Director Amber Parker, IT Director Steve Bennett, Budget Analyst Sarah Williams, and Assistant to the County Manager Lauren Wargo for their essential contributions in developing this budget. I look forward to working with the Board of Commissioners in finalizing the fiscal year 2024 budget. The recommended budget shall immediately be available for public inspection in the Manager's office and posted on the County website. I recommend the Board schedule a public hearing at 6:00 PM on Monday, June 5, 2023 and conduct budget work sessions as required.

Respectfully submitted,

Jack B. Veit, III, Craven County Manager

Commissioner Howard motioned to schedule a public hearing for June 5, 2023 to receive public input on the FY 2023-2024 Proposed Budget, seconded by Commissioner Smith and approved 6-0 in a roll call vote.

APPOINTMENTS

Pending

Chairman Jones reviewed the following pending appointments:

- Community Child Protection Team
- Craven County Planning Board
- Emergency Medical Services
- Fireman's Relief Fund Board (District 5)
- Highway 70 Corridor Committee
- Local Emergency Planning Committee
- Volunteer Agricultural District (District 6)

Current

Juvenile Crime Prevention Council

Commissioner Bucher nominated Nikeisha Roger for reappointment. Commissioner Bucher nominated Dora Bullock for appointment as the Sheriff Designee. Commissioner Howard nominated Stevan Liszewski for appointment to the Sheriff's seat. There being no additional nominations, Ms. Roger was reappointed by acclamation and Ms. Bullock and Lt. Liszewski were appointed by acclamation.

Craven County Social Services Board

Commissioner Bucher nominated Gwen Bryan for reappointment. There being no additional nominations, Ms. Bryan was reappointed by acclamation.

COMMISSIONERS' REPORTS

Commissioner Mitchell had nothing to report.

Commissioner Smith reported on her recent Town Hall meeting and her appreciation to the staff and department heads who participated and to the citizens who attended.

Commissioner Hunt remarked she had been on a roller coaster ride of graduations, water outages, Great Lake Fire issues and Clean Sweep pick-ups.

Commissioner Bucher commented on the great group of Boy Scouts who participated with the recent Clean Sweep efforts in James City and commended them.

Commissioner Jones commended staff, the water department and local fire departments for all they did to address the inconvenient and unexpected water outage in Township 5 due to bridge construction in that area.

Mr. Jones highlighted the storm which went through the Vanceboro area causing much damage to property and homes. He thanked the local fire departments and Duke Energy personnel for their efforts.

Commissioner Howard reported on attending the Salute to Veterans on May 9th at which Commissioner Mitchell was the keynote speaker. He indicated it was a great event and stated Craven County is blessed with their veterans and active service men and women.

At 10:31 am, Chairman Jones recessed the meeting to reconvene at 11:00 am May 16th in a Budget Work Session.

Chairman Jason R. Jones
Craven County Board of Commissioners

Nan Holton, Clerk to the Board