

Minutes of the County Commissioners of Worcester County, Maryland

Budget Work Session

May 26, 2009

Louise L. Gulyas, President
James C. Church, Vice President
Judith O. Boggs
Linda C. Busick
Robert L. Cowger, Jr.
James L. Purnell, Jr.
Virgil L. Shockley

Following a motion by Commissioner Shockley, seconded by Commissioner Church, the Commissioners unanimously voted to meet in closed session at 9:08 a.m. in the Commissioners' Conference Room to discuss legal and personnel matters permitted under the provisions of Section 10-508(a)(1) of the State Government Article of the Annotated Code of Maryland and to perform executive actions. Also present at the closed session were Gerald T. Mason, Chief Administrative Officer; Sonny Bloxom, County Attorney; Kathy Whited, Budget Officer; Kim Moses, Public Information Officer; George Bradley, Director of Human Resources; and Harold Higgins, Finance Officer. Topics discussed and actions taken included administrative and personnel matters related to the FY10 Operating Budget.

The Commissioners deliberated on the projected revenues and requested expenditures in the FY2009/2010 Operating Budget, which reflects a budget shortfall of \$327,136.

Chief Administrative Officer Gerald T. Mason reviewed options, including budget reductions, staff reductions and other reductions, that could be implemented to balance the FY10 Operating Budget.

With regard to Budget Option 1 - Debt Reduction, Mr. Mason stated that by June 30, 2009, the County will have a Pay-As-You-Go Capital Project Fund Balance of \$13,706,701, and suggested that the County could save \$225,000 in annual debt service payments for the Berlin Senior Center by re-allocating some of the projects outlined in the designated fund balance and paying for this project in its entirety. Other budget reduction options included eliminating the purchase of one \$36,300 box body truck within the Sheriff's Office and Other General Government Reduction of Building Contingency in the amount of \$65,836. In response to a question by Commissioner Shockley, Mr. Mason stated that the Sheriff's Office may be able to fund a portion of the box body truck using confiscated funds, but any amount was unknown at this time.

The Commissioners reviewed and discussed potential savings for Option 2 - Staff Reductions as follows: \$195,496 by laying off up to 25 part time and temporary employees; \$532,822 by consolidating Development Review and Permitting (DRP), Comprehensive Planning and Environmental Programs and laying off 12 full time employees; \$330,872 by laying off 10 employees within the Roads Division of Public Works; \$49,668 by eliminating 3

part time, temporary positions in the Parks Department; and \$84,000 for 1 furlough day, \$252,000 for 3 furlough days and \$420,000 for 5 furlough days, with many County employees expressing that they would gladly accept furloughs rather than see their fellow employees lose their jobs.

The Commissioners reviewed and discussed potential savings from Other Reductions as follows: savings of \$25,200 by eliminating 21 take home vehicles; further reducing grants to towns. Commissioner Gulyas stated that the towns have already made the requested cuts and should not be further penalized. Commissioner Shockley stated that each of the towns and Ocean Pines had been cut by 11%, but Ocean City had only been cut by 8.9%. He stated that the Commissioners had agreed to a 10% cut to all towns. Commissioner Boggs stated that cuts should be identical to be fair. No action was taken.

The Commissioners reviewed and discussed the Board Allowance & Mileage Summary for the period May 1, 2008 through April 30, 2009, which includes Board Allowances of \$23,650 and Mileage Reimbursement of \$3,864.17, and agreed to take no action.

The Commissioners reviewed and discussed Debt Service and Fund Balance Designations for Pay-As-You-Go Capital Projects FY2008 Actual and FY09 Estimates. Following some discussion and upon a motion by Commissioner Shockley, the Commissioners voted unanimously to reconcile the budget shortfall of \$327,136 by taking the following actions: postpone plans to construct a County Storage Facility at a cost of \$2,429,571 and use the funds to fully fund the Berlin Senior Center renovation project, thereby reducing the County's annual debt service by \$225,000; divert \$70,429 of the \$778,400 set aside for the Isle of Wight Building addition project; and transfer \$102,000 from undesignated funds for minor construction projects, thereby balancing the budget.

The Commissioners reviewed the draft Worcester County Government Efficiency Manual, which outlines cost cutting measures suggested by staff during the Suggestions for Achieving Valuable Efficiency (SAVE) Contest in February 2009 to help reduce government spending by approximately \$571,000. Mr. Mason stated that the following cost cutting measures have already been implemented: eliminating the County Employees Picnic, Holiday Open House, distribution of holiday turkey/ham gift certificates, longevity bonuses and teacher laptops; and offer early retirement incentives for eligible employees age 62 and older who retire on or before July 1, 2009. He stated that these measures will save the County approximately \$321,000 in the FY10 budget, and additional measures are still being considered. Mr. Mason pointed out that the efficiency manual, once adopted, will help the County minimize expenses in the years to come. Commissioner Cowger thanked staff for their efforts to reduce expenses both now and in FY11. Commissioner Shockley directed staff to look closely at a staff recommendation to heat the maintenance building with used oil.

At the request of Commissioner Cowger during the May 20, 2009 budget session, the Commissioners reviewed and discussed a proposal to reorganize and downsize government by consolidating Comprehensive Planning, Development Review and Permitting (DRP) and Environmental Programs and eliminating 12 positions within the three departments.

Commissioner Cowger stated that with the downturn in the economy the Commissioners

will have to raise taxes next year if they do not take steps to reduce the size of government now. He stated that everyone in private business is laying off staff and for the County to defer such an action by cutting services to keep people is a band-aid approach. He asked how the Commissioners are supposed to explain to the taxpayers that services are down but no steps have been taken to restructure or downsize the departments.

Commissioner Boggs stated that it would be inappropriate to discuss the layoff of full time employees during a budget work session after the FY10 Operating Budget has been balanced. She stated that the layoff of full time employees would be a slap in their faces after the cuts they have already endured to close the budget deficit. She stated that in the next few weeks the Commissioners will know how many individuals have chosen to accept the early retirement incentive and be better prepared to take a comprehensive look at streamlining government. She stated that the only layoffs she would be willing to consider at this time would be to eliminate part time and temporary positions, and anything else would be unfair to their dedicated staff.

Commissioner Gulyas stated that life isn't fair, and the Commissioners could use the surplus from layoffs as a cushion for the FY11 budget. She stated that the Commissioners should look at downsizing the three departments as a first step and then look at downsizing other County departments later.

Commissioner Church stated that the Commissioners are doing a disservice to themselves and the taxpayers if they refuse to downsize government. He stated that the budget crisis is not over, and next year it will be twice as bad as this year. He concluded that, though he is very sorry, these departments cannot continue to function at 50% of their previous capacity and retain the same number of employees. Commissioner Church read allowed a memo drafted at the request of the Commissioners from Human Resources Director George Bradley outlining steps that could be implemented to reorganize and downsize Comprehensive Planning, DRP and Environmental Programs and eliminate 12 positions therein. He stated that as leaders in the County each Commissioner is aware that there is a problem and must act to correct that problem.

In response to a question by Commissioner Shockley, Mr. Bradley estimated that between 10 and 12 employees would take advantage of the early retirement incentive being offered by the County. Commissioner Shockley agreed that the Commissioners have a responsibility to the taxpayers, but noted that when he made a motion to eliminate 3 part-time grass cutter positions at the May 20, 2009 work session, no one seconded the motion. He stated that the Commissioners had agreed to look at reducing government by eliminating part time staff and contractual employees first, as these are the individuals who would be least affected by layoffs. He stated that the Commissioners have a workforce that gives their all to the County, and the Commissioners must look out for the whole budget, not just 49% of it.

Commissioner Busick agreed that the Commissioners must look at efficiency, but she could not support arbitrarily deciding to layoff full time employees when the budget is balanced, as it would only add to the County's already high unemployment rate. She stated that reductions in government staff should be looked at comprehensively and sensibly over a period of time. She stated that she would not support cutting all of the positions before them today.

Commissioner Purnell stated that the Commissioners owe it to the taxpayers to do what they have to do. He stated that Dorchester, Somerset and Wicomico Counties are all laying off their employees, and the taxpayers of Worcester County are looking to the Commissioners to keep this County afloat. He stated that the Commissioners need to reorganize, and this is their

golden opportunity to prepare themselves for the future.

Following much discussion, Commissioner Church made a motion to approve the proposed departmental reorganization and downsizing of government as presented. Following further discussion, the Commissioners took a five minute recess to seek the advise of County Attorney Sonny Bloxom with regard to how to proceed with personnel matters.

Following advice from legal council, the Commissioners temporarily adjourned their open session meeting to meet in closed session.

Following a motion by Commissioner Church, seconded by Commissioner Purnell, the Commissioners unanimously voted to meet in closed session at 11:06 a.m. in the Commissioners' Conference Room to discuss legal and personnel matters permitted under the provisions of Section 10-508(a)(1) of the State Government Article of the Annotated Code of Maryland and to perform executive actions. Also present at the closed session were Gerald T. Mason, Chief Administrative Officer; Sonny Bloxom, County Attorney; Kathy Whited, Budget Officer; Kim Moses, Public Information Officer; George Bradley, Director of Human Resources; and Harold Higgins, Finance Officer. Topics discussed and actions taken included administrative and personnel matters related to the FY10 Operating Budget.

Following the closed session, the board resumed their open session meeting.

Commissioner Church withdrew his prior motion to accept the proposal to reorganize and downsize Comprehensive Planning, DRP and Environmental Programs and to eliminate 11 positions.

The Commissioners reviewed and discussed staff's recommendation to fund the Board of Education (BOE) at the Maintenance of Effort (MOE) level of \$71,954,064 in addition to recurring funds for Technology and Capital Outlay of \$687,386 for total BOE funding of \$72,614,611. During their budget work session on May 20, 2009, the Commissioners voted to fund the BOE at the MOE level and to consider any of 13 possible categorical changes within the MOE budget at their next work session on May 26 2009.

In response to a question by Commissioner Boggs, Mr. Mason advised that stimulus funds cannot be used to fund existing programs, and, therefore, are not included in the requested BOE budget. In response to a question by Commissioner Church, Mr. Mason stated that at the direction of the Commissioners, staff reduced Instructional Salaries by \$565,447 and returned \$548,691 within the category of Textbooks and Classroom Supplies and \$16,756 within Other Instructional Costs.

Commissioner Church stated that the BOE presented their budget and the Commissioners should not attempt to micromanage it by moving funds from Instructional Salaries. He further stated that after May 1 of each year funds cannot be moved from Instructional Salaries, since contracts between the BOE and teachers have already been settled.

Commissioner Shockley stated that the May 1 deadline only applies to those currently employed with the BOE. He further stated that approximately 40 teachers retire or leave the BOE at the close of each school year, and the BOE has the option not to fill some of the vacant

positions. He stated that at the request of the parents and teachers who made their wishes very clear during the public hearing, that the Commissioners agreed to replace the funds that had been taken from materials of instruction.

Commissioners Gulyas and Purnell concurred that funds for Instructional Salaries could be taken from other categories, but not from Materials of Instruction.

Commissioner Cowger stated that the Commissioners agreed to meet MOE because they wanted to put money back into the classrooms. He noted, however, that a State report claiming that the 11-1 ratio of students to teachers in Worcester County was incorrect, and actual classroom sizes are between 18 and 23 students.

Following much discussion, a motion by Commissioner Church to fund the BOE's FY10 MOE budget as submitted failed for lack of a second. Upon a motion by Commissioner Shockley, the Commissioners voted 5-2, with Commissioners Boggs and Church voting in opposition, to adopt the MOE budget with the proposed categorical changes. The Commissioners agreed that, as is their option each year, the BOE could meet with them after the budget is adopted to request any categorical transfers if so desired.

The Commissioners answered questions from the press, after which they adjourned to meet again on June 2, 2009.