

Minutes of the County Commissioners of Worcester County, Maryland

March 22, 2016

Budget Work Session

Madison J. Bunting, Jr., President
Merrill W. Lockfaw, Jr., Vice President (Absent)
Anthony W. Bertino, Jr.
James C. Church
Theodore J. Elder
Joseph M. Mitrecic (Absent)
Diana Purnell

The Commissioners met at 9:00 a.m. with Chief Administrative Officer Harold Higgins, Budget Officer Kathy Whited and Finance Officer Phil Thompson to conduct a work session to review the Worcester County Department and Agency Operating Budget Requests for FY17, as presented to the Commissioners during their March 15, 2016 meeting. Also present at the Work Session were Kelly Shannahan, Assistant Chief Administrative Officer; Maureen Howarth, County Attorney; and Kim Moses, Public Information Officer. The requested FY17 Operating Budget currently reflects estimated revenues of \$187,404,247, and requested general fund operating expenditures of \$193,946,906, which leaves a shortfall of \$6,542,659 that must be reconciled by either reductions in expenditures, additional revenues or a combination of the two.

Commissioners Lockfaw and Mitrecic were absent from the work session.

The Commissioners met with Circuit Court Judges Thomas C. Groton, III, and Brian D. Shockley, along with Court Administrator Richard H. Outten to review and discuss the proposed FY17 Operating Budget of \$1,195,324 for the Circuit Court, representing an increase of \$60,736 or 7.1%.

The Commissioners met with Board of Elections Director Patti Jackson to review and discuss the proposed FY17 Board of Elections Operating Budget of \$914,363.

The Commissioners met with Superintendent of Schools Dr. Jerry Wilson to review and discuss the Board of Education's (BOE) proposed FY17 Operating Budget of \$82,583,680, which reflects an increase of \$3,376,593 or 3.4% over the current year adopted budget, and requested School Debt Service of \$10,765,450 for a total request of \$93,349,130 or 49.8% of the County's total estimated revenues. Also in attendance were BOE members Doug Dryden and Eric Cropper, Chief Financial Officer Vince Tolbert, Chief Operating Officer Lou Taylor and Public Information Officer Carrie Sterrs. Dr. Wilson presented a video and PowerPoint presentation outlining the goals and objectives of Worcester County Public Schools, as well as the steps being taken to achieve these goals, and he invited the Commissioners to join BOE officials for the Teacher of the Year Banquet at the Clarion on April 1, 2016. Dr. Wilson advised

that the requested budget includes the following increases: payroll increases of \$1,448,670 or 2.3% for all BOE staff, with a salary step for 633 employees currently on the salary scale, a 1% increase for the 515 employees who have years of experience beyond the step scale, and a modest adjustment to starting teacher salaries from \$42,433 to \$43,384 annually; \$110,823 increase to fixed charges; \$1,358,408 increase for health insurance; \$200,000 increase for Instructional Needs to access the online instructional program i-Ready; \$96,196 increase for transportation, which includes a 1% increase in the hourly and mileage rates, and an allotment to replace seven school buses; and \$162,496 increase for the local share of teacher pension/employee pension.

The Commissioners met with Recreation and Parks Director Paige Hurley to review and discuss the proposed FY17 Operating Budgets of \$995,801 for Recreation, representing an increase of \$36,560 or 3.8%, and \$892,390 for Parks, representing an increase of \$100,569 or 12.7%. Mr. Hurley stated that Recreation and Parks provides 70 programs that serve approximately 20,000 participants each year, and he and his staff are actively developing sports marketing partnerships that provide a strong economic impact.

The Commissioners met with Development Review and Permitting (DRP) Director Ed Tudor to review and discuss the proposed FY16 DRP Operating Budget of \$1,499,089, representing a decrease of \$15,498 or -1%.

The Commissioners met with Finance Officer Phil Thompson and Assistant Finance Officer Jennifer Swanton to review and discuss the proposed FY17 Treasurer's Office Operating Budget of \$941,687, representing an increase of \$13,772 or 1%, and Debt Service of \$11,949,425, representing an increase of \$221,013 or 2%. Mr. Thompson advised that bay side properties in northern Worcester were recently reassessed by the Maryland State Department of Assessment and Taxation, and these values increased by 2.1%, which is the first time assessed property values have gone up since the economic downturn in 2009. He stated that 82% of the properties reassessed actually increased by 9%, while 18% saw the value of their properties go down. Chief Administrative Officer Harold Higgins reminded the Commissioners that the Homestead Property Tax Credit will shield resident property owners from paying the full weight of rising assessments by limiting the increase in taxable assessments to 3% over the taxable assessment of the prior year, so the County will not recognize the full 9% increase in property tax revenues for the higher value properties this fiscal year, but will recognize the full decrease in property value for the properties with lower assessments.

The Commissioners met with Human Resources Director Stacey Norton to review and discuss the proposed FY17 Human Resources Operating Budget of \$304,428, representing an increase of \$5,981 or 2%.

With regard to benefits and insurance, Ms. Norton explained that the Health Benefits Committee was able to reduce the initial renewal increase for the County's health benefits plan with Carefirst for FY17 from 10.5% to 10%; no change to the dental plan; a 5% increase to the vision plan, with benefit improvements (increase in coverage for new frames from \$130 to \$150); and no change to Life and Disability. The Health Benefits Committee further recommends the following proposed changes to the pharmacy plan: adding a mandatory generic prescription

program, with estimated savings of \$422,800; changing the pharmacy plan from formulary 1 to the formulary 2 option, which includes an employee co-pay plus difference in cost between generic and brand name prescription drugs for an estimated savings of \$488,203; and adding stop loss coverage of \$250,000 to cover both medical and pharmacy claims, which will cost an additional \$74,592 but could save significantly more in actual cost to the County. She concluded that adopting all of the proposed changes would reduce overall renewal costs for County health benefits from 10% to 4.6%. She further advised that the deadline to accept the changes in the prescription drug program is April 1, 2016 to become effective on July 1, 2016.

In response to a question by Commissioner Bunting, Ms. Norton explained that the proposed formulary 2 prescription program would exclude approximately 110 brand name drugs, but would allow alternate drugs at standard co-pay costs. However, employees can choose the brand name drugs if they pay the difference in cost. In response to a question by Commissioner Bertino, Ms. Norton advised that County employees would pay a \$10 co-pay for generic drugs and \$20 for the non-preferred brand name. Mr. Higgins stated that the formulary 2 program would reduce pharmaceutical costs to the County and help educate employees to make more economical pharmaceutical purchases.

In a related matter, Ms. Norton recommended the County offer a payroll deduction for County and Board of Education (BOE) employees who would like to voluntarily participate in one of the following three college savings plans: Maryland 529, Virginia 529, which is the recommended option; and Maryland Prepaid College Trust. She advised that this would be a new benefit to employees at no cost to the County, and the County's financial planners will work with employees to help identify the college savings plan best suited to meet each employee's needs.

The Commissioners agreed to postpone taking further action on the health benefit changes proposed until later that afternoon.

The Commissioners met with Sheriff Reggie Mason and Chief Deputy Dale Smack and other members of the Sheriff's Office staff to review and discuss the proposed FY17 Sheriff's Office Operating Budget of \$7,639,725, representing an increase of \$910,305 or 14% over FY16. Sheriff Mason reviewed a PowerPoint outlining vehicle needs for FY17, which included comparing and contrasting options and preferences for the proposed purchase of the following five vehicles at a total cost of \$207,968: one 4x4 Ford Expedition at a cost of \$35,342, one 4x4 Chevrolet Tahoe at \$39,000; and three 4x2 Chevrolet Tahoes at \$35,500 each, with all prices based on quotes from 2015.

Colonel Doug Dods reviewed revenues and computer needs. He advised that they are asking to hire six new Sheriff's Deputies to cover staff shortages, increased demands on law enforcement and upcoming retirements. In response to a question by Commissioner Bertino, Sheriff Mason stated that they plan to hire trained, certified law enforcement officers already working for neighboring agencies, which saves them \$3,300 per officer for police training through Wor-Wic Community College. Colonel Dods advised that hiring the new deputies would result in increased productivity, but would not result in a significant decrease in overtime costs, which are largely associated with mandatory court appearances and administrative procedures. Lieutenant Neil Adams reviewed issues pertaining to capital equipment, Fleet Management and radio needs.

Lieutenant Andy McGee reviewed issues pertaining to the Patrol Division, as well as

Overtime, K9s, and Support Provided to the Towns, and Support for Special Events, including spring and fall Bike Weeks, Ocean City Cruisers, Ocean City Air Show, Fourth of July events in Ocean City and Ocean Pines, and the problematic H2O International.

Lieutenant Mike McDermott reviewed Manpower Needs and Overtime.

Chief Animal Control Officer Susan Rantz reviewed issues pertaining to the Animal Control Division. In response to a question by Commissioner Bertino, Ms. Rantz advised that the project to enclose the runs at the Animal Control building should begin in about four weeks. Sheriff Mason praised his staff for identifying funding for this needed project through savings in fuel costs.

Lieutenant Mike Bowen reviewed issues pertaining to the School Security Division, which includes a request to purchase 13 tablets for School Deputies to write reports.

Lt. Ed Schreier reviewed issues pertaining to the Civil and Motor Divisions, including Paper Services and Transport of Prisoners.

The Commissioners recessed for five minutes.

The Commissioners met with Economic Development Director Merry Mears to review and discuss the proposed FY17 Economic Development Operating Budget of \$338,900, representing a decrease of \$46,995 or 12%.

The Commissioners met with Commission on Aging (COA) Director Rob Hart to review and discuss the proposed FY17 COA Operating Budget of \$992,720, representing a decrease of \$10,235 or -1%.

The Commissioners revisited their earlier discussion regarding renewal of the County's health benefits plan and proposed changes to the pharmaceutical benefits for FY17 to meet the April 1, 2016 deadline for changes to become effective on July 1, 2016.

Upon a motion by Commissioner Bertino, the Commissioners unanimously approved the addition of stop loss coverage of \$250,000 to the pharmaceutical coverage at an additional cost of \$74,592.

Upon a motion by Commissioner Bertino, the Commissioners unanimously agreed to amend the County's existing pharmaceutical coverage to add a mandatory generic prescription drug requirement, resulting in estimated savings of \$422,800. Ms. Norton explained that employees may still purchase name brand drugs provided they pay the difference in cost.

Upon a motion by Commissioner Elder, the Commissioners unanimously approved the formulary 2 option for the generic prescription drug program, which excludes coverage for 110 brand name drugs where an approved alternative is available at standard co-pay costs, and also allows employees to choose the non-preferred brand name drug if they pay the difference in cost.

The Commissioners adjourned for lunch, after which they met in closed session.

Following a motion by Commissioner Bertino, seconded by Commissioner Purnell, with Commissioners Lockfaw and Mitrecic absent, the Commissioners unanimously voted to meet in closed session at 1:05 p.m. in the Commissioners' Meeting Room to discuss personnel matters

permitted under the provisions of Section 3-305(b)(1) and (7) of the General Provisions Article of the Annotated Code of Maryland. Also present at the closed session were Harold L. Higgins, Chief Administrative Officer; Kelly Shannahan, Assistant Chief Administrative Officer; Maureen Howarth, County Attorney; Kim Moses, Public Information Officer; and Stacey Norton, Human Resources Director. Topics discussed and actions taken included promoting Laura Burns-Reinhart to Interim Director of Liquor Control and discussing other Department of Liquor Control personnel matters.

The Commissioners reconvened their budget work session at 1:45 p.m. when they met with State's Attorney Beau Oglesby to review and discuss the proposed FY17 State's Attorney's Office Operating Budget of \$1,323,389, representing an increase of \$26,946 or 2%. Mr. Oglesby confirmed that his original budget request included one new position that is no longer being requested, resulting in a reduced FY17 requested budget of \$1,270,389, which is \$26,064 less than the FY16 budget.

In response to a question by Commissioner Bunting, Mr. Oglesby stated that he is no longer requesting one additional Assistant State's Attorney position for FY17, even though the additional staff member would be welcome. He concluded that if the Commissioners felt the additional position was warranted he would only fill it with an exceptionally qualified candidate.