

Minutes of the County Commissioners of Worcester County, Maryland

March 24, 2015

Budget Work Session

Madison J. Bunting, Jr., President
Merrill W. Lockfaw, Jr., Vice President
Anthony W. Bertino, Jr.
James C. Church
Theodore J. Elder
Joseph M. Mitrecic
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 with Worcester County Departments and Agencies to discuss their Operating Budget Requests for FY16, as presented to the Commissioners during their March 17, 2015 meeting. Projected revenues and requested expenditures in the Requested FY16 Operating Budget currently reflect estimated revenues of \$167,485,109, and requested general fund operating expenditures of \$189,825,601, which leaves a shortfall of \$22,340,492 that must be reconciled by either reductions in expenditures, additional revenues or a combination of the two.

The Commissioners met with Superintendent of Schools Dr. Jerry Wilson to review and discuss the Board of Education's (BOE) proposed FY16 Operating Budget of \$82,674,909 and requested School Debt Service of \$10,927,474 for a total request of \$93,602,383. Also in attendance were BOE Chief Financial Officer Vince Tolbert and Public Information Officer Barbara Witherow. 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. Mr. Tolbert reviewed the proposed budget.

In response to a request from Commissioner Mitrecic, Mr. Tolbert agreed to provide the Commissioners with salary expenses for classroom teachers only. In response to questions by Commissioner Bertino, Mr. Tolbert advised that the BOE loses approximately 40 teachers per year through attrition. Dr. Wilson stated that the BOE reviews each vacancy to determine whether there is a critical need to refill it. He further stated that this year there may be as many as 25% to 30% of these vacancies that will not need to be filled.

In response to a question by Commissioner Elder, Mr. Tolbert stated that the BOE expects to save approximately \$30,000 per position between the rate paid to outgoing retirees and new hires. In response to a question by Mr. Higgins, Mr. Tolbert stated that the BOE budgeted \$280,000 in retirement incentives, and the savings from that payout would not be recognized until FY17.

In response to questions by Commissioner Bertino regarding pupil services, Dr. Wilson explained that the BOE employs three Pupil Service Coordinators, one at each of the high schools, who work with the schools and families to create a network of caring adults and services

to help at-risk students remain in school and be successful. Commissioner Purnell asked why the BOE opted to hire Pupil Service Coordinators rather than Ombudsmen, as requested by the Worcester County Branch of the National Association for the Advancement of Colored People (NAACP). Chief Operating Officer Louis H. Taylor advised that the Pupil Service Coordinator positions, which were already in place at the time NAACP officials made their request, extend beyond that of an Ombudsman to include working with students with disciplinary issues. He stated that Pocumoke High School (PHS) has both an Ombudsman and a Pupil Services Coordinator.

In response to questions by Commissioner Bertino, Mr. Tolbert stated that bus contractors are reimbursed diesel fuel costs at a rate of \$3.50 per gallon. Mr. Tolbert advised that last year the BOE dedicated \$590,000 in U.S. Department of Education Title II grant funds to reduce class sizes. Dr. Wilson stated that the student to classroom teacher ratio is approximately eight to one, but that class sizes are up to 30 students at Stephen Decatur High School (SDHS). On the other end of the spectrum, some classes have two teachers and there are various special education teachers who provide in-class support to students struggling in specific content areas. Dr. Wilson confirmed that the student to teacher ratio does not include teachers' aides. Mr. Tolbert stated that student enrollment for calendar year 2014/2015 is 6,654, and this number is expected to increase by 26 students to 6,680 in 2015/2016.

In response to a question by Commissioner Mitrecic, Dr. Wilson stated that the nature and frequency of various audits necessitates the BOE maintain a highly qualified financial officer and does not lend itself to combining such support services with the County Treasurers Office. Following some discussion, Commissioner Bunting thanked Dr. Wilson and his staff for meeting with them.

The Commissioners recessed for 10 minutes.

The Commissioners met with Human Resources Director George Bradley to review and discuss the proposed FY16 Human Resources Operating Budget of \$287,386. In response to a question by Commissioner Bertino, Mr. Bradley advised that his requested budget includes funding to replace one outdated computer that is no longer supported by Microsoft patches. Commissioner Bertino requested a comprehensive list of the total number of computers requested to be replaced in all departments in FY16. In response to a question by Commissioner Lockfaw, Mr. Bradley advised that three vehicles are designated for use by Human Resources personnel to use when traveling for work; however, his is the only take-home vehicle. Ms. Whited explained that there are pool vehicles shared by all County staff, but they are not in very good shape.

With regard to health insurance benefits, Mr. Bradley explained that the Health Benefits Study Committee recommended switching from a Traditional Plan to a Preferred Provider Organization (PPO), which would reduce the cost increase from 11.1% to 6.8%. In response to a question by Commissioner Bunting, Mr. Bradley stated that staff investigated a number of additional cost-saving measures, such as increasing co-pay costs, to further reduce benefit plan cost increases for FY16. Commissioner Bunting directed Mr. Bradley to research options to keep benefit plan costs flat in the coming year.

With regard to a prior request by Commissioner Mitrecic on February 19, 2015, Mr.

Bradley explained the requirements for the County to switch from a Defined Benefit Plan (Maryland State Retirement - MSR) to a Defined Contribution Pension Plan for new hires, which would cost the County between \$10,000 to \$30,000 for actuarial, closing and liability costs to move out of the MSR plan begin offering a new plan. He cautioned that once the transfer takes place the County would no longer be permitted to add new employees to the MSR plan. He further explained that such a change could not be imposed upon the teachers, as the Commissioners do not control their plan.

In response to additional questions by Commissioner Mitrecic, Mr. Bradley stated that the BOE hires approximately 60 new employees per year, and the County hires approximately 25 new staff members year for a total of 85 employees per year who would be affected by any new health insurance benefit plan the Commissioners adopt. Commissioner Mitrecic stated that he would like an estimate of the cost savings that could be derived if the County revised the health insurance premium cost share for new hires to 85/15 instead of 90/10 , and only offered subsidized coverage to the employee and not their family members. Commissioner Mitrecic reiterated that these possible changes would only apply to new hires, as all current employees would be grandfathered under the current health insurance and retirement benefit packages. In response to a question by Commissioner Bertino, Mr. Bradley confirmed that the Commissioners could make changes to the health benefit plan without affecting retirement benefits. However, he cautioned that offering separate benefits to new hires could violate discriminatory practice laws by establishing a separate class of employees.

The Commissioners met with Health Officer Debbie Goeller to review and discuss the proposed FY16 Health Department Operating Budget of \$6,084,408. In response to a question by Commissioner Mitrecic, Ms. Goeller advised that roughly 40% of Health Department staff consist of contractual employees, and it would not be possible to reduce their work schedules to 30 hours per week to avoid paying them healthcare benefits because the workload is too great, and the Health Department would be unable to attract and retain qualified personnel.

With regard to the Safer Schools Community Initiative, which addresses high risk individuals ranging in ages from 14-26 years old in Worcester County, and in response to a question by Commissioner Bunting, Ms. Goeller stated the Health Department would like to hire a second psychiatric worker at a cost of approximately \$77,000 annually, to assist with the program. She advised that the age of onset psychosis ranges from 17-20, and the program provides emergency assistance for those up to age 26. Ms. Goeller explained that this program has been successful in evaluating 139 cases of mental health issues, which has helped to keep County citizens safe. She advised that this program provides initial clinical services only. Once an individual agrees to accept mental health services, treatment costs are covered by other treatment sources. She explained that the treatment outcomes have been very successful and agreed that the program helps to avoid tragedies experienced in other areas of the country.

In response to a question by Commissioner Bertino, Ms. Goeller stated that the Health Department has been assigned about 35 vehicles, and of those, both she and Environmental Health Director Ed Potetz have take-home cars, and others are assigned take-home cars when serving on call. Commissioner Bertino requested an inventory of all County vehicles and identification of those that are take-home vehicles for each department.

The Commissioners met with Recreation and Parks Director Paige Hurley to review and discuss the proposed FY16 Operating Budgets of \$929,178 for Recreation and \$791,821 for Parks. In response to a question by Commissioner Bertino, Program Manager Jennifer Standish advised that this is the first year the department has offered motorcoach tours, since the economic downturn. She stated that the program has been well received by the community, so they expect to recoup any initial advertising costs being expended on the program. She explained that the motorcoach tours are budgeted to break even, so there is no cost to the County.

The Commissioners met with Commission on Aging (COA) Director Rob Hart to review and discuss the proposed FY16 COA Operating Budget of \$917,985. Commissioner Bunting thanked Mr. Hart for his efforts to keep cost increases to only 3.3%.

The Commissioners recessed for lunch.

The Commissioners resumed their work session meeting at 12:45 p.m.
Commissioner Mitrecic was absent from the afternoon session.

The Commissioners met with Finance Officer Phil Thompson and Assistant Finance Officer Jennifer Swanton to review and discuss the proposed FY16 Treasurer's Office Operating Budget of \$932,915. In response to a question by Commissioner Bertino, Mr. Thompson stated that the County collects over \$45 million in taxes on behalf of the towns and currently does not charge any administrative fees for this service. Ms. Swanton advised that the standard administrative fee for other programs and services is 5%. With regard to debt service, in response to a question by Commissioner Bertino, Ms. Swanton advised that County projects account for approximately 10% of the debt service, with Board of Education projects accounting for the other 90%. In response to a question by Commissioner Bertino, Ms. Swanton advised that the new tax billing software should be in place within the next 12 months and will allow residents and property owners to make online payments by credit card.

The Commissioners met with Fire Marshal Jeff McMahan to review and discuss the proposed FY16 Fire Marshal's Office Operating Budget of \$478,296. In response to a question by Commissioner Elder, Mr. McMahan stated that he had purchased a new vehicle last year for his new employee, but he needs another new vehicle next year, at an estimated cost of \$34,100, plus equipment for a total of \$140,025.

The Commissioners met with Mr. McMahan and Emergency Services Director Fred Webster to review and discuss the proposed FY16 Volunteer Fire and Ambulance Operating Budget of \$6,494,157. In response to a question by Commissioner Bertino, Mr. Webster advised that Pocomoke City annexed a substantial amount of land in recent years, resulting in a reduction of County grant funds for out of town calls for service.

In response to a question by Commissioner Mitrecic, Mr. Webster explained that the County fire grants are based on the total assessable property tax base. He stated that, when property assessments were at their highest in 2008, each of the ten fire companies received annual grant funds of roughly \$260,000, but that number dropped to roughly \$192,000 due to

declining assessments. Mr. McMahon stated that the County established a minimum fire grant of \$225,000 per fire company last year and hoped the Commissioners would approve a similar minimum again this year.

The Commissioners met with Mr. Webster to review and discuss the proposed FY16 Emergency Services Operating Budget of \$2,363,405. In response to a question by Commissioner Elder, Mr. Webster advised that Emergency Services charges \$50 for copies of 911 recordings and reports, which reimburses research and copying fees.

In response to a question by Commissioner Bunting, Mr. Webster confirmed that the requested budget includes a request to replace 30 Automated External Defibrillator (AED) units at a cost of \$1,000 each. He stated that the existing units have outlived their useful life and need to be replaced. He explained that they have been used about four or five times each year to save lives.

The Commissioners met with Mr. Webster and Information Technology Manager Brian Jones to review and discuss the proposed FY16 Information Technology Budget of \$351,730. In response to a question by Commissioner Bunting, Mr. Jones advised that the budget includes a proposal to replace the County's current EMC storage device at an initial cost of \$75,000 and a yearly operating cost of \$8,000; virtual host upgrade project at an initial cost of \$35,000 and a yearly operating cost of \$1,500; and auditing software at an initial cost of \$15,000 and a yearly operating cost of \$2,000. In response to a question by Commissioner Church, Mr. Jones advised that the current EMC storage device is at 92-94% capacity, which vastly exceeds the recommended 80%. He advised that, essentially, the County has no storage capacity and the new system would have enough capacity to allow the County to continue to grow for many years to come.

In response to a question by Commissioner Purnell, Finance Officer Phil Thompson advised that if the County does not purchase another storage device they would need to purchase one more server, which is far more costly than the storage options.

In response to a question by Chief Administrative Officer Harold Higgins, Mr. Jones reviewed the proposal to replace personal computers, which cost roughly \$800 per unit, with virtual work stations, which cost only about \$200 per unit. In response to a question by Commissioner Bertino, Mr. Jones advised that monitors are replaced on an as-needed basis.

The Commissioners met with Library Director Mark Thomas and Deputy Director Jennifer Ranck to review and discuss the proposed FY16 Library Operating Budget of \$2,489,232. In response to a question by Commissioner Bertino, Mr. Thomas advised that Ms. Ranck has been selected to serve as the new Acting Library Director upon his retirement on July 1, 2015. Therefore, they will need to hire a new Ocean City Branch Library Manager to take over the duties she currently performs.

The Commissioners adjourned to meet again on April 7, 2015.