

BUDGET MESSAGE

This has been a big year! In last year's budget message, I told you that budget years 2016 and 2017 would be a challenge. I also predicted fund balance of 31% for both years. I predicted this would stabilize with creation of revenue from savings on information technology, income from non-ambulatory services from EMS, savings from consolidation of 911 and increased sales tax collection. I am still comfortable with this prediction and where we are today and our projections for 2017-2018.

Obstacles since this time last year

- ◆ Non-ambulatory services halted by Hurricane Matthew and the flooding of both ambulances on Ocracoke on October 9. We lost 9 months of potential revenue.
- ◆ Consolidated 911 – Our part needed custom-built microwave type infrastructure and special permits, licenses, and studies from the Navy, Coast Guard and NC Highway Patrol that we never anticipated nor had any way to anticipate. We are still on target to open during Summer 2017 with no adverse performance to Tyrrell or Dare Counties. We are good on time and money is recoverable and reimbursable through 911 funds. Once complete, we will still have personnel with the Sheriff's office from dispatch to do those duties that the new consolidated 911 doesn't do and also we will have additional maintenance on repetitions and transferers. However, we will still enjoy a savings as well as be a part of a state-of-the-art facility no finer in North Carolina.

We still look on target going into the 2017-2018 budget. The budget I am presenting tonight for your review and consideration will once again (as did my first four) be balanced using the fund balance as the vehicle that shores up revenues and expenses.

If we can maintain a fund balance of 30% or more, we are in fine shape. To do this, we must only spend money from fund balance which make us money or from tax collections that will fund those services which we provide that generate little or no income.

SPEND NEW MONEY TO MAKE NEW MONEY

- Farragut versus improved tax collection. Total capital outlay the first two years of about \$120K per year and then an annual maintenance expense of approximately \$40K. We will most likely increase our tax collection rate by 3% (\$300,000 annually). This doesn't even consider the other advantages like integration of departments and services and labor savings from advanced automation. This is a must!
- Another example is the creation of our Information Technology department. This \$75,000 increase in operating expenses last year and this year will continue to pay dividends. We are constantly being able to cancel maintenance contracts and hourly service calls from which we are already realizing savings that will pay for this department. In the immediate future, we will create thousands of dollars in additional savings with combined management and re-allocation of our county cell phone usage, and in the long-term, replacement of exorbitant Centurylink phone and internet bills regarding satellite and fiber.
- Another example is our soon to be non-ambulatory transportation service. We (Justin and Kris) have teamed up with BCCC to implement a class to train quality students to become Emergency Management Service employees. This will give us more local workforce and non-ambulatory help. We will begin soon to help DSS and Cross Creek transport patients for a very good revenue due to reimbursements from Medicaid.

OTHER BUDGET HIGHLIGHTS AND SIGNIFICANT REQUESTS AND EVENTS

- ◆ Creation of a new water and flood control department - \$75,000.00
- ◆ Appointing James Blount to serve as the Director of Solid Waste (savings in solid waste)
- ◆ Creation of and participation in the Mattamuskeet Watershed project with USFWS, NCWRC, Soil & Water Conservation District, and Hyde County - \$15,000.00
- ◆ We have maintained our current BCBS coverage for our employees and retirees. We lobbied the State Health Plan to increase enrollment from 15,000 to 16,000 members so Hyde could join and the State voted to do it. However, after very careful consideration, we have decided we are better serviced to maintain our existing coverage and have done so at no loss of coverage or additional expense to our employees.
- ◆ Our tax collection rate increased this year to 95.86% (over a 1% increase from last year).
- ◆ Fred Holscher and Linda Basnight have maintained another aggressive year of delinquent tax collection.
- ◆ Reevaluation is complete and final figure will be disclosed after next week's final equalization hearing. This will be in time for our June meeting where we will announce the new tax rate created by the reevaluation.
- ◆ Replacement of heating and AC units in Government Center - \$60,000.00
- ◆ Davis Center Roof Repairs
- ◆ Hurricane Matthew Expenses
- ◆ Grants (matching to all the fire departments) - \$36,000.00
- ◆ Increased number of trash pick-up on Ocracoke due to volume and general aesthetics disposal fees
- ◆ Total EMS budget of \$1.6 million of which ½ is directly related to Ocracoke. When the Ocracoke Medical Center chose to go from 24/7 to 9 am to 5pm, 5 days a week, we were asked by the Ocracoke Occupancy Tax Board to make a proposal for our Ocracoke EMS to gear up

with a second ambulance fully manned to take the evening and weekend calls that would no longer be handled by OMC. We did this and OOT funded us \$180,000 for one year only from revenues that were going to OMC (\$150K) for 24/7 emergency care. Here is the kicker: we never eliminated this additional service, but implemented full-time ON CALL to staff a second ambulance year-round and full staffing on weekends and holiday weeks from Memorial Day through Labor Day. This cost was totally absorbed from the General Fund.

This leads me to my request to consider increasing our occupancy tax from 3% to 5%. As explained in my OT presentation, based on today's occupancy, the additional 2% will raise approximately \$300,000 of which 1/3 can be used to supplement our Emergency Management services (\$100,000) and 2/3 can be directly attributed to direct tourism-related expenditures, such as the OCBA's newly commissioned Magellan group who are under contract to increase tourism and occupancy during the shoulder seasons. This is costing around \$70K per year and currently comes from the 3%. If it and many other direct tourism expenses come from this additional 2%, it would free up \$200,000 to give to Ocracoke for many "legal public purposes"; child care, scouts, library, community park (ballfield) and on and on. As one person once said about this additional 2%, all we have to do is reach down and pick it up. I have included this additional \$100,000 in my proposed budget.

We have got it going in Hyde County and the future is bright:

- ➔ New construction is good
- ➔ Sales Tax is up
- ➔ Tourism keeps growing
- ➔ Healthy Revolving Loan Fund
- ➔ New breath with our shrimpers
- ➔ Crops look fantastic

We have our nets in the water and our plows in the ground (if Mother Nature and State and Federal laws all cooperate!) I am optimistic! How can you not be and live in Hyde County?

We have got it going in Hyde County and the future is bright! Thanks to all. You are the best Board of Commissioners a County Manager could ever ask for.