

MINUTES
FIRST BUDGET MEETING OF THE
COLQUITT COUNTY BOARD OF COMMISSIONERS
FISCAL YEAR 2015 - 2016
TUESDAY, MAY 12, 2015
5:00 o'clock p.m.

CALL TO ORDER: The first budget meeting for Fiscal Year 2015 - 2016 was called to order at 5:00 o'clock p.m. by Chairman Terry R. Clark. The meeting was duly called and advertised.

PRESENT: Those present were Commissioners Luke Strong, Winfred Giddens, Marc DeMott, Donna Herndon, Paul Nagy, Johnny Hardin, Chairman Terry R. Clark, County Administrator Chas Cannon, Finance Director Wayne Putnal, and County Clerk Melissa Lawson.

ALSO PRESENT: Road Superintendent Stanley Kirksey, Special Projects Manager Charles Weathers, Shop Superintendent Mac Lawson, Chief Compliance Officer Justin H. Cox, and Alan Mauldin with The Moultrie Observer.

GENERAL UPDATES: At this time, Mr. Cannon updated the board regarding the following issues:

- **SABAL TRAIL UPDATE:** Mr. Cannon informed the board of pertinent updates regarding the Sabal Trail natural gas pipeline. Mr. Cannon stated that out of the approximately 133 tracts in Colquitt County that would be directly impacted by the pipeline, approximately 99% have been surveyed. In addition, Mr. Cannon stated that 65% of the easements have been closed upon, with Sabal Trail agreeing to five feet of top cover on approximately 18 tracts.
- **GEORGIA PUBLIC BROADCASTING:** Mr. Cannon informed the board that Georgia Public Broadcasting (GPB) would soon be visiting Colquitt County. While in the area, Mr. Cannon stated that GPB would like to highlight community issues and events for the purpose of showcasing the subsequent footage during filming of football games in Colquitt County during the upcoming football season.

FISCAL YEAR 2015 - 2016 BUDGET OVERVIEW: Mr. Cannon presented an overview of the budget progress thus far, beginning with the commencement of the process in February 2015. Mr. Cannon informed the board that the tentative date for budget adoption would be June 18th.

Mr. Cannon stated that the proposed budget was heavy on capital purchases and included a 3% Cost of Living Adjustment (COLA) increase for county employees. Mr. Cannon declared that, if approved, this would be the first COLA increase for employees since 2007.

Mr. Cannon highlighted the proposed budget, stating that it was inclusive of a millage rate increase of .2 mills in incorporated areas, as well as a 1.7 millage rate increase in the unincorporated areas. Mr. Cannon noted that approximately 1.5 of the proposed 1.7 millage

May 12, 2015

Page 2

rate increase in the unincorporated areas consisted of the millage rate correction being mandated by the Georgia Department of Revenue, with the remaining .2 increase being proposed to fund budget needs.

Mr. Cannon stated that the proposed budget utilized approximately \$300,000.00 in reserves. Mr. Cannon also recommended at least \$750,000.00 of proceeds from the potential sale of county property to fund a portion of the proposed capital purchases.

Mr. Cannon presented overall expenditures for all county financial funds, noting a decrease in expenditures in the Special Service District and the Juvenile Service Fund.

Mr. Cannon discussed the proposed increase in Solid Waste Fund expenditures, stating that the fund generated sufficient revenue to cover expenses. Mr. Cannon declared that this was a positive fiscal highlight.

Mr. Cannon also noted an increase in Health Insurance Fund expenditures, stating negotiations were currently underway with Colquitt Regional Medical Center in order to lower these costs.

Mr. Cannon presented a chart of total General Fund expenditures from 2003 – 2016, informing the board that current figures included the proposed COLA and capital expenditures.

Mr. Cannon stated that in comparison to last year, revenues were down by approximately 10%, drawing attention to declining revenues in nearly all county financial funds. Despite this, Mr. Cannon stated that he projected using fewer reserves than last year.

Commissioner DeMott questioned if there was a slide reflecting the amount of reserves that the county currently possessed. Mr. Cannon replied that there was a copy of this information available for distribution and would make sure that the board obtained it.

As a result of a declining tax digest, Mr. Cannon declared that a substantial amount of capital purchases were transferred to SPLOST, as well as the utilization of \$300,000.00 in reserve funds in order to balance the budget.

At this time, Mr. Cannon presented other factors that significantly impact the county budget, including state imposed agricultural tax exemptions in a predominantly agriculturally zoned county, as well as the fact that Colquitt County is one of only 10 counties in the state that does not receive any Local Option Sales Tax (LOST) proceeds. Mr. Cannon explained that these factors combined result in an excess of \$6,000,000.00 of revenue that the county never benefits from.

Mr. Cannon discussed the heavy amount of capital purchases included in the proposed budget. Mr. Cannon explained this was a direct result of the repeated deferment of necessary capital purchases over the last several years. During this period of deferment, Mr. Cannon explained that approximately \$3,200,000.00 in reserve funds were utilized to fund cost overruns.

Mr. Cannon presented statistical work order data for the Roads and Bridges and E-911 departments, respectively, solidifying the need for capital equipment purchases necessary in order to efficiently perform the heavy workloads of these departments.

Mr. Cannon discussed the recommended COLA included in the proposed budget, stating that while there had been no COLA increases for county employees since 2007, the Social Security Administration had granted eight COLA increases during this same time period. Mr. Cannon reviewed data relating to employee turnover within the county, stating that 67% of employees that worked for Colquitt County in 2009 were no longer employed.

Mr. Cannon attributed the high employee turnover to several factors, including pay and benefits, morale, work environment, and departmental leadership. Mr. Cannon stated that it was more expensive for the county to hire and train new employees than to retain proven, competent employees for longer periods of time. To substantiate this fact, Mr. Cannon presented the cost of a recent advertisement for employment, in the amount of \$878.15, for three vacant positions within the county.

Commissioner Giddens questioned which departments contained the highest rate of employee turnover. Mr. Cannon replied that the main departments were Roads and Bridges, County Prison, and E-911.

Mr. Cannon informed the board that the state of Georgia had also granted COLA increases during recent years and stated that Constitutional Officers, Elected Officials, and Commissioners would be entitled to another 1% COLA increase in January 2016.

Mr. Cannon addressed areas of improvement with the board, to include educating the public about services provided and the associated costs to provide them, as well as the realization that the county could not continue to utilize reserves every year in order to balance the budget.

Mr. Cannon suggested that the county instead focus on big ticket expenditures, including healthcare, the streamlining of processes, utilizing technology, and hiring and retaining a quality workforce.

Mr. Cannon presented a proposed plan forward, including stability within the Tax Assessors office, identifying new areas in which to generate revenue, and the commencement of voter education concerning the upcoming Transportation Special Purpose Local Option Sales Tax (TSPLOST) referendum and its potential benefits to the county.

In addition, Mr. Cannon stated that the policy issue of crime and law enforcement needed to be addressed at the Federal and State levels, declaring that this alone accounted for 43% of the total county budget.

GENERAL FUND DISCUSSION: At this time, Mr. Cannon began review of the General Fund.

May 12, 2015

Page 4

Commissioner DeMott questioned if there was a noted recommendation regarding the desired amount of reserves that the county should maintain at all times.

Wayne Putnal, Finance Director, stated that there was no state law requiring a certain amount of reserves, but stated that auditors desire a balance equal to the amount necessary in order to cash flow operations until property tax revenues are realized.

Mr. Putnal stated that reserves basically consisted of net assets above liabilities, and could include cash or receivables.

Commissioner Nagy inquired as to the current amount of reserves the county currently possessed. Mr. Putnal replied that the total amount was approximately \$8,000,000.00, with portions of these funds being distributed between Certificates of Deposit, Georgia Fund One, and the General Fund checking account for cash flow purposes.

Commissioner DeMott declared that when he thought of reserves, he normally thought of it as existing in cash form.

Mr. Cannon stated that he preferred, at the bare minimum, an amount equal to six months worth of operating costs.

Mr. Putnal noted that reserves had increased during his tenure as Finance Director.

Mr. Cannon noted that recent negotiations with local financial institutions had resulted in higher rates of interest for Certificates of Deposit.

Commissioner Hardin noted that when he joined the board, reserves were approximately \$2,200,000.00.

Commissioner Nagy questioned if this information could be posted on the county's website.

Mr. Cannon stated that it could be, and further stated it was his intention to convey this information to civic clubs, stating it was imperative for citizens to realize what the county actually provides in terms of services and the financial obstacles it faces in order to efficiently provide them.

Commissioner DeMott asked if any calculations had been projected regarding the impact of the Transportation Bill (HB 170). Mr. Cannon stated that it would not benefit the county in any way. Mr. Putnal noted that this would not affect the General Fund, but mainly SPLOST collections.

Again, Mr. Cannon suggested educating voters regarding the benefits of the TSPLOST referendum, stating that it would cover a substantial amount of expenses for the Roads and Bridges department.

Commissioner Nagy stated that he would like for Mr. Cannon to convey the importance of the TSPLOST referendum to the Southwest Georgia Regional Commission.

At this time, Mr. Cannon called upon Charles Weathers, Road Superintendent, to address the departmental budget for Roads and Bridges.

Mr. Weathers stated that he, along with Mr. Kirksey, had been researching ways to streamline operations within the Roads and Bridges department. He further stated that most problems faced by his department were the result of the heavy utilization of inmate labor.

Mr. Weathers discussed the issue of lost time and productivity regarding inmate labor utilization. Mr. Weathers estimated a 6 hour daily loss of productivity due to transporting inmates, mandated lunch breaks, and mandated mid morning and mid afternoon breaks. In addition, Mr. Weathers addressed certain restrictions that must be followed when working inmates, regarding strict time schedules, and the inability to work inmates in certain temperatures and weather conditions. Mr. Weathers stated that out of 5 inmates received, only 3 would work diligently.

Commissioner Giddens asked for clarification regarding this statistic. Mr. Weathers stated that most crews contain 5 inmates, with experienced supervisors only succeeding in obtaining productivity out of 3 of those inmates.

Commissioner Giddens questioned why those inmates that refuse to work are not transported back to the Prison. Mr. Weathers stated that the quality of inmates has decreased significantly within the last several years.

Commissioner Herndon stated that upon a recent visit to the Courthouse Annex, she observed two officers with four inmates changing a light fixture. Out of those six individuals, Commissioner Herndon stated she only noticed two actually working. Mr. Weathers agreed, stating that it was extremely difficult to obtain quality work via the utilization of inmate labor.

Commissioner Giddens remarked that it was hard to distinguish between which inmates have worked and which have not. Mr. Weathers stated this was one very important reason why his department was proposing the transition away from inmate labor.

In regards to the officers supervising inmates, Mr. Weathers stated that in order to obtain certification, an officer must spend six weeks training in Forsyth. In addition, Mr. Weathers stated that 40 hours of certification were required annually in order to maintain certification, and cited the overtime and lost productivity hours concerning the requirements for officers charged with supervising inmates.

Mr. Weathers reviewed equipment necessary to accommodate inmates and the tools currently being utilized to perform daily duties. Mr. Weathers stated that the county recently purchased a front end loader in the amount of \$179,000.00, and further stated that an inmate was operating this expensive piece of equipment.

As part of the new, proposed operating schedule for the Roads and Bridges department, Mr. Weathers proposed the following:

- 2 new crews consisting of 10 inmates for litter pickup along road ways
- 4 Inmates – Flagging for Rubber Tire Excavators
- 3 Inmates – Asphalt Crew to patch pot holes
- (Total of 27 Inmates Working on Roads)
- 10 Temporary Laborers to replace 60 inmate laborers
- 2 Temporary Laborers – Flagging for Rubber Tire Excavators
- 6 Temporary Laborers – Tractor Drivers
- 1 Temporary Front End Loader Operator
- Total Cost: **\$563,388.80**

In order to facilitate the transition away from inmate labor, Mr. Weathers also proposed the following equipment purchases:

- 3 Kubota Mini Excavators \$216,000.00
- 3 Small Backhoes \$96,000.00
- 6 Ten-Ton Trailers \$48,000.00
- 6 One Ton Trailers \$201,000.00
- 6 Stihl KM 130R Weed Eaters \$2,700.00
- 6 Honda Generator EU 2000 INK \$7,458.00
- Total Cost: **\$571,158.00**

Mr. Weathers discussed salaries and wages included in the proposed 2015 - 2016 budget, citing the increase of \$563,388.80, but noting the reduction in overtime in the amount of \$83,236.00, resulting in a total increase of \$480,125.80 in budgeted salaries and wages in the proposed budget.

At this time, Mr. Weathers discussed the benefits of transitioning from inmate laborers to hired laborers, citing a significant reduction in loss of productivity. Mr. Weathers proceeded to discuss these individual crews in detail, along with the equipment needed for these crews.

Mr. Weathers stated the only potential problem predicted with the transition away from inmate labor was in regards to bridge crews. He stated that in this particular situation, another temporary crew would have to supplement the existing crew in order to provide the extra labor necessary for bridge construction.

In closing, Mr. Weathers presented a total of \$644,982.80 in additional labor and equipment costs to transition away from the utilization of inmate labor.

Commissioner Nagy asked if decreased utilization of prisoners would result in a smaller prison population.

Mr. Cannon replied that from a geographical standpoint, the time spent transporting inmates significantly decreases productivity.

Mr. Cannon stated it would cost to purchase equipment, but savings would be realized overtime by eliminating the prison labor in these specific areas. He further stated that it was

May 12, 2015

Page 7

essential to find prisoners that work efficiently, place them on details that make sense, and then continue to request increases in prisoner reimbursements from the state.

Commissioner Nagy questioned the actual cost, per day, to house prisoners at the county prison. Mr. Cannon replied that after reimbursement from the state, the cost was approximately \$8.50 per prisoner.

Commissioner Herndon questioned the nature of a temporary employee. Mr. Weathers replied that these individuals were not county employees, not eligible for county benefits, and that obtaining these individuals resulted in more productivity than a crew of prison inmates.

Mr. Cannon declared his belief that the prison was an asset, but stated that an increased reimbursement rate from the state was essential, as well as a more efficient method of utilizing inmates.

Commissioner Giddens questioned why the county did not utilize inmate crews behind employees that dig ditches, for the purpose of debris removal.

Mr. Weathers replied that with the right equipment, this job could be performed much more quickly and efficiently without the use of inmate labor.

Commissioner Giddens questioned why the county did not utilize a chemical growth retardant in ditches that remain wet year round.

Commissioner Hardin asked Mr. Weathers to identify areas where he saw the most benefit, and the least benefit, with the utilization of prisoners.

Mr. Weathers stated that, in the past, the most benefit was realized from the operation of equipment, and further stated that substantial savings were realized from mowing tractors and front end loaders. However, Mr. Weathers stated that this was no longer the case.

According to Mr. Weathers and Mr. Kirksey, the best utilization of inmate labor was picking up litter and setting road signs.

Commissioner DeMott questioned what exactly was included in the budget.

Mr. Cannon presented an overview of the Roads and Bridges budget, beginning with the increase in salaries and wages, mostly due to inclusion of the COLA and contracted labor.

Commissioner Nagy questioned if the significantly increased contracted labor line item was in lieu of prison labor. Mr. Cannon replied that it was, mostly on mowing crews.

Mr. Putnal stated that by utilizing contracted labor, you are utilizing laborers that you have more control over, ultimately resulting in increased productivity. With over 800 miles of roads and 600 miles of ditches, Mr. Putnal stated that increased productivity was essential.

May 12, 2015
Page 8

Mr. Cannon noted that logistics was what most significantly hurt operations; with the transportation of inmates alone resulting in 30 lost hours per week.

Again, Commissioner DeMott requested clarification in regards to exactly what work plan, inmate or contracted labor, was included in the roads and bridges budget.

At this time, Mr. Cannon called upon Stan Kirksey, Road Superintendent, to present capital outlay requests.

Mr. Kirksey presented a list of equipment necessitating replacement and proceeded to present statistical information for each piece of equipment. In addition, Mr. Kirksey explained where funding would be derived.

Mr. Cannon stated that the purpose was to utilize inmate labor more efficiently and eliminate the use of inmate labor where it is not efficient. However, in order to eliminate inmate labor in some situations, Mr. Cannon explained that equipment purchases would be necessary in order to perform the task efficiently.

Commissioner Herndon asked if it was the inclusion of these capital purchases that resulted in a much larger budget than last year. Mr. Cannon replied that it was.

Commissioner Herndon asked if the plan to transition away from the use of inmate labor had been discussed previously.

At this time, Commissioner Giddens asked Mr. Weathers why it took seven years to get ditches cleaned out in Norman Park.

Mr. Weathers replied that the ditches in question had been cleaned out several times during this time period. Mr. Weathers also stated that the City of Norman Park was incorporated and was responsible for its own ditch maintenance, with the exception of instances where help was specifically requested and approved by the county.

Commissioner Giddens mentioned requesting that ditches in Bear Creek subdivision in Norman Park be cleaned out, and questioned why little had been completed in regards to this task.

Mr. Kirksey stated that conditions had been too wet and were just now drying out enough to perform the task.

Mr. Cannon stated that no merit increases were being requested for Roads and Bridges employees, but stated that the included COLA was approximately \$35,000.00. However, Mr. Cannon noted that merit increases could be requested for Roads and Bridges employees after the budget was adopted.

Commissioner Herndon requested clarification that the COLA would be applied to all employees across the board, and also requested the reason for the substantial increase in the budget when compared to last year.

Mr. Cannon stated the increase was due to additional capital purchases and the 3% Cost of Living Adjustment (COLA).

Commissioner Nagy stated that in regards to transitioning away from inmate labor at the Roads and Bridges department, the cost was approximately \$600,000.00.

Commissioner Hardin stated that during previous heavy flooding in Colquitt County, substantial money was saved by not outsourcing the labor, but rather by having county employees perform the work themselves.

Commissioner Giddens questioned if the proposed budget included a tax increase. Mr. Cannon replied that it did.

Chairman Clark reminded the board that the 1.5 mill increase was due to a mandatory requirement by the Georgia Department of Revenue.

At this time, Mr. Cannon presented a five year history of levy for the board's review, emphasizing 2008, the year when the first millage rate error occurred.

Commissioner Hardin remarked that even if the millage was raised in the unincorporated areas and lowered in the incorporated areas, reserves would still have to be utilized in order to balance the budget.

Mr. Cannon stated that the issue of declining revenues was a major dilemma.

Commissioner Nagy stated he would like an approximation of the cost savings regarding reduction of prisoners.

Mr. Cannon stated that the combination of increased prisoner reimbursement from the state, projected energy savings, and decreased healthcare costs could result in a total of \$250,000.00 in savings.

Mr. Cannon stated that if increased reimbursement was not received, serious consideration would have to be given regarding continued operation of the county prison.

Commissioner Nagy questioned the current number of inmates housed at the county prison.

Mr. Cannon replied that per the contractual agreement with the Department of Corrections, 190 were currently housed.

Commissioner DeMott remarked that this resulted in approximately \$2,900.00 annually, per inmate, in county costs.

Commissioner Hardin questioned the status of Title Ad Valorem Tax collections.

Mr. Putnal discussed this particular tax, stating that it was extremely hard to project collections concerning this revenue.

May 12, 2015
Page 10

Mr. Cannon stated that the county had a declining digest since 2009, and mentioned the recent update from Jim Davis, Interim Chief Tax Appraiser, in which he stated that as a result of a brief inspection, 10 pools were discovered that were not listed upon the digest.

Mr. Cannon further stated that correcting issues such as this would positively impact the tax digest.

Commissioner Hardin stated that not only had property taxes declined, but SPLOST collections had also significantly declined.

Mr. Cannon declared that communicating with the state in order to decrease the amount of agricultural exemptions and funding mandates was essential.

At this time, Mr. Putnal reviewed the status of SPLOST collections. Concerning the 2013 SPLOST referendum, Mr. Putnal projected a \$2,340,000.00 shortfall in county collections alone.

Commissioner Herndon stated that the previous budget was as bare bones as possible, without the inclusion of many capital purchases.

Mr. Cannon stated that Colquitt County was in a very unique position, with 70% of parcels enrolled in Current Use Valuation Agreements (CUVA).

Commissioner Hardin stated that counties that are not predominantly AG do not get affected by these exemptions to the extent that Colquitt County does.

Mr. Cannon suggested that the board start thinking about a future TSPLOST referendum.

Commissioner Herndon stated that it was imperative to inform and educate the voters of Colquitt County about the financial obstacles that the county faces.

Commissioner Hardin referred to the Roads and Bridges budget, stating that when looking at the proposed budget, the transition away from inmates increased the overall budget due to additional salaries and equipment purchases.

Mr. Cannon stated that this was also implementing the transition in small increments, as opposed to totally completing the transition at once.

Commissioner Herndon questioned exactly how expensive the initial transition would be.

Mr. Cannon again stated that the county had to eliminate over-reliance on reserve funds. However, Mr. Cannon stated that the county did possess a few options: lump sum revenue from the sale of a cell tower easement, reserves, elimination of the COLA increase, and the reduction of budgeted contingency funds.

Commissioner Hardin requested that Mr. Cannon compile this information and distribute to the board at the next meeting.

Commissioner DeMott questioned exactly what was meant by “contingency” funds. Mr. Putnal stated that these funds were budgeted in order to compensate for unforeseen expenses throughout the fiscal year.

Mr. Cannon stated that he desired to give the board options from which to make an informed decision.

The board recessed for a five minute break.

FY 2015 - 2016 BUDGET OVERVIEW CONTINUED: Upon return from recess, Mr. Putnal discussed revenues with the board.

Mr. Putnal stated that license and permit revenues were projected to decrease. He further stated that revenue projections for smaller line items such as firearm licenses and marriage licenses were extremely hard to predict.

Mr. Putnal discussed intergovernmental grant revenues, stating that he expected this revenue to decrease as well.

Mr. Cannon mentioned that larger counties maintained grant writers on staff; a resource that the county did not possess.

Mr. Putnal stated that the City of Moultrie’s Police Department often obtained grants for the purchase of equipment, with the grants being compiled by on staff employees.

Commissioner DeMott remarked that the county had spoken of obtaining an individual for this purpose in the past. Mr. Cannon remarked that Bob Roberson had been consulted in the past, but mostly for grants involving road projects, which were his specialty.

Mr. Putnal proceeded to review other revenues with the board, emphasizing various increases and slight decreases.

Commissioner Nagy questioned the amount the county would receive for the sale of the cell tower easement. Mr. Cannon replied that the lump sum payment would be approximately \$150,000.00.

Mr. Cannon called attention to the increase in projected revenue for the Sale of Fixed Assets. He stated that the county was working diligently to identify surplus equipment and vehicles so that they may be sold for additional income.

Mr. Putnal gave a brief overview of projected revenue from taxes, stating that most projections were the same as last year. Mr. Putnal noted a slight increase in the business occupation tax remitted from local financial institutions in the county.

Discussion ensued regarding the alcohol excise tax.

May 12, 2015
Page 12

Mr. Putnal noted the decrease in projected property tax revenues, and stated that any change in the millage rate is reflected mainly in the county's mobile home, motor vehicle, and property tax collections.

Again, Mr. Putnal stated that the proposed millage increase was inclusive of the 1.5 mills necessary in order to comply with the mandated millage rate correction by the Georgia Department of Revenue.

Commissioner DeMott questioned how the requested budget number was calculated. Mr. Putnal stated it was basically derived to compensate for all budget requests and projections and explained the process in detail.

Mr. Putnal stated that the one area in which commissioners possessed any fiscal control regarding revenue was in regards to property tax.

Mr. Cannon declared this was the very reason that uniform property valuation was so important.

Commissioner Nagy questioned how long it might take to obtain uniform valuations and the subsequent property tax bills that would follow. Mr. Cannon stated that it was not a quick remedy, and would take approximately six months to a year, and further stated that it would require a new Chief Appraiser, new software, and time to streamline the department.

Commissioner Nagy stated that it was essential to educate the citizens of Colquitt County regarding these very issues.

Mr. Cannon left the meeting at 6:52 p.m.

Mr. Putnal reminded the board of the next budget meeting to follow Wednesday, May 13, at 5:00 p.m.

Calculation of salaries and raises were briefly discussed.

There being no further business to come before the board, the meeting was adjourned at 6:54 p.m.

Respectfully submitted,

Terry R. Clark
Chairman

Melissa Lawson
County Clerk

Approved:
