

FY2025

BUDGET

MESSAGE



July 1, 2024 - June 30, 2025



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SAMPSON COUNTY

NORTH CAROLINA

TO: Board of Commissioners

FROM: Ed Causey, County Manager

DATE: May 20, 2024

RE: Budget Message - Proposed Budget FY 2024-2025

The NC Local Government Budget and Fiscal Control Act (NCGS Chapter 159) prescribes that the County Manager (acting as budget officer) should prepare and submit for consideration by the Board of Commissioners an annual budget and capital program. Such budget is submitted in whatever form or detail the Board may specify and should contain a concise explanation of the governmental goals fixed by the budget for the budget year, should explain important features of the activities anticipated in the budget, should set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels, and should explain any major changes in fiscal policy. In accordance with law, I respectfully submit this budget message and recommended budget for Board consideration.

INTRODUCTION

Fiscal year 2023-2024 has been somewhat more stable economically than the previous two to three years. (remember Covid) Significant increases in inflation have lessened, but inflation and supply chain issues are still present. The County continues to have challenges recruiting for many of our skilled positions, a circumstance similarly found in the private sector. The good news is that we are working diligently to improve our recruiting techniques and have begun to see some success in certain areas.

Because of economic circumstances, we recommended a tax increase of \$.05 in 2022. This recommendation was rejected by the Board of Commissioners in 2022, and this decision was supported by the local media and many private citizens who offered words of support. The general feeling, at the time, was that the public was facing inflation and general cost

increases across the board in their everyday lives. A county tax increase was just too much of a burden to bear. Those same voices that spoke in 2022 are more adamant today about not having a tax increase, though ironically the County government is impacted by those same increases in our operational costs. We have heard the people. *Therefore, a tax increase beyond the revenue neutral rate of \$.629 (we are proposing \$.625) will not be proposed.* Fortunately, we have the cash reserves to support the level of County government herein proposed until decisions are made on how to develop the future 2025-2026 budget. This gives the Board an entire year to plan for succeeding budgets. Further in this budget message, we have provided additional information and clarifications which may assist the board and citizens as they evaluate future needs and direction.

SIGNIFICANT ACCOMPLISHMENTS OF FY 2023-24

1. Sampson County received \$15,954,420 in grants during this fiscal year for several projects. We are extremely appreciative regarding the funding for these projects which will benefit communities across the county. It should be noted that the Board of Commissioners worked diligently to acquire this funding. We are particularly fortunate to get the funding for the proposed waterlines near the landfill.

**SCIF FY23-24 (DWI)
Close Out Date – June 30, 2025
\$15,954,420**

1) Plainview Community Center	\$ 200,000.00
2) Infrastructure Improvements- Clement Area	\$ 5,485,100.00
3) Sheriff’s Dept. Equipment & Maintenance	\$ 150,000.00
4) County Waterlines Near Landfill	\$ 4,119,320.00
5) Two Wells & Treatment- Southern Sampson County	\$ 6,000,000.00

2. Public Water System

Our public water system continues to grow and expand our customer base.

- a. The above chart reflects an additional \$15,604,420 available for water system improvements.
- b. The Ivanhoe project has the potential of adding 41 miles of waterlines. We expect the project to be bid this summer.
- c. Other projects just completed or being planned will yield an additional 53 miles of waterlines.

- d. As of February 2024, our water customer base has increased to 6,834 customers. Projects under development have the potential to yield 1,069 additional customers.
- e. Almost 600,000,000 million gallons of water were sold during the last 12 months.
- f. Total funding for water system improvements over the last several years is almost \$49 million dollars.

3. Economic Development Work continues in the planning of the Industrial Park in the Newton Grove community. In preparation for the Master Plan, a Traffic Information Analysis and Preliminary Engineering Report are being finalized. Through an ARPA infrastructure grant, fiberoptic lines to provide broadband have been installed to serve the site. An asbestos inspection and abatement plan were developed prior to demolishing several buildings at this Newton Grove site. In Clinton, a Golden Leaf grant has assisted in development of plans for one pad-ready parcel to support the development of a 60,000 square foot light industrial building at the Sampson Southeastern Business Center. Finally, staff have been working to close out two Building Reuse grants. All these projects will support economic growth and benefit the county by increasing the tax base and supporting additional jobs. We have, in recent years, completed a project in Roseboro. Our goal is to develop projects anywhere in the county where needed infrastructure exists or can be feasibly developed.

4. Implementation of the Market Study The completed market study was presented to the Board of Commissioners in November 2023. Please see Exhibit J (*Page 45*) which outlines the specific recommendations for its implementation. A 4% cost of living adjustment was included in the recommendations. The total cost of implementing this market study is approximately \$3,800,000.00. Per the resolution that was passed, this proposed budget also includes the cost associated with the career ladders for telecommunicators and paramedics.

5. New Website - A Modern Approach to Serving Our Community

Sampson County Government will launch a new service-oriented website (<https://www.sampsoncountync.gov>) and associated digital tools in June 2024. The new website ensures residents, stakeholders, employees, and partners can readily access the information and services they seek across all devices. The County's current website (www.sampsonnc.com) was last redesigned in 2013. It was in dire need of a revamp to address the evolving needs of internal and external stakeholders.

The Web Development Team is particularly focused on digital security, improving responsiveness on mobile devices, enhancing the site for accessibility to comply with the Section 508 of the Americans with Disabilities Act, correcting issues related to information architecture and navigation to streamline delivery of accurate information, and leveraging advanced analytics to optimize user experience and proactively address potential issues. Granicus, a leading provider of cloud-based solutions for the public sector which serves over 6,000 government agencies at local, state, and federal levels, was selected after a thorough evaluation of various vendors for our web development initiative. The new website is designed for ongoing adaptation to evolving needs. In addition to redesigning the County's main website, the web development project also includes:

- a. Open Forms: a user-friendly and multifaceted digital form tool with 24/7 availability and smart logic to streamline data collection and input response.
- b. GovDelivery: a custom subscription-based information delivery platform where residents can personalize their experience by choosing topics they want to hear about. This ensures residents receive relevant information tailored to their interests.
- c. Engagement: a project-oriented platform providing a convenient way to share ideas, ask questions, and stay informed about ongoing projects.
- d. Visual identity: The new website is anchored by a professional and practical visual identity. A key element of the visual identity is the imagery of a barn quilt, a traditional symbol that speaks to our rich agricultural heritage. The barn quilt not only represents a source of pride, but also embodies the values of hard work, resilience, and connection to the land, values that continue to shape our community.

The new website offers a more user-friendly experience, aiming to be Responsive, Accessible, Reliable, and Participatory. We encourage residents to explore the new features by visiting www.sampsoncountync.gov in June 2024.

BUDGET HIGHLIGHTS

- 1. Audit/Fund Balance:** The audit for the fiscal year ending June 30, 2023, indicates that the General Fund balance had grown to \$37,677,156. This is an increase of \$7,921,683 over the previous year and represents 43.44% of expenditures. The total net position increased by \$18,391,880. The tax collection rate was 97.68%. There were no material weaknesses listed in the audit. This is a remarkable accomplishment. For comparison purposes, the unassigned General Fund balance as of June 30, 2010, was \$10,752,758. As of June 30, 2023, the unassigned general fund balance was \$24,731,831. This is an increase of approximately 130%.
- 2. Tax Rate:** The tax rate for last year was set at \$.825. There has been continued diligence in the collection of property taxes. As noted above, our tax collection rate for last year was 97.68%, and we acknowledge and appreciate the work of our Tax Office. Based on the new property evaluation, we are projecting a tax base of \$7,036,110,841. The revenue neutral rate is 62.9 cents, and we are rounding this number down to 62.5 cents to be the proposed tax rate. We are projecting a 97.0% collection rate.
- 3. Revenue Neutral Rate:** State law requires that local governments publish a revenue neutral tax rate in the budget following the completion of the general reappraisal of real property. The purpose of the revenue neutral rate is to provide comparative information. The revenue neutral rate, as defined by GS 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the fiscal year prior to revaluation if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average percentage increase in the tax base since the last general reappraisal.

The reappraisal produced an estimated tax base of \$7,036,110,841 for Sampson County. The estimated tax levy for fiscal year 2024-2025 is \$43,556,402, and the average growth factor since the last general reappraisal is 1.60%. Using the formula mandated by State law, the revenue neutral rate for Sampson County is 62.9 cents. We are recommending an actual tax rate of 62.5 cents. Based on the revenue neutral tax rate, some Sampson County taxpayers will pay higher taxes than last year due to higher property values, and some taxpayers will pay lower taxes due to lower property values. The purpose of the revaluation is to proportionately redistribute the tax base. Based on the estimated tax base, a penny on the tax rate and a 97% collection rate generates about \$682,500.

Based on these revenue neutral calculations, we have also reviewed the fire tax rate for the fire tax districts in Sampson County as well as the Supplemental Current Expense Tax for the Clinton City Schools, and we have adjusted their rates according to the revenue neutral tax rate. Please note that we adjusted these rates upward to the nearest half cent whereas we adjusted the county's tax rate down from \$.629 to \$.625.

4. User Fee Adjustments: We are proposing the following rate increases for the water department. These increases are to cover the actual cost.

- a. Increase the current cost for each 1000 gallons of water from \$4.85 to \$5.15. (The last time these costs were increased was 2002.)
- b. Increase the cost of a 3/4-inch tap from \$900 to \$1200.
- c. Increase the cost of a 1-inch tap from \$1000 to \$1700.
- d. Increase the cost of the connection fee from \$50 to \$125.

5. Emergency Services Facilities Construction: Sampson County has been working for years to build a new Emergency Services building. This building is complete. We are in the process of completing a storage facility that will be shared by both Emergency Services and the Sheriff's Department.

BUDGET DRIVERS

- 1. Sales Tax and Interest Income** – We are projecting an increase in sales tax revenue of \$668,997 and interest income of \$550,000.
- 2. Property Tax Revenues** – Property tax collections are expected to increase by \$483,263. We are projecting a collection rate of 97.0%. The Tax office does a good job of servicing our tax base.
- 3. ARPA Monies** – We are not including any ARPA monies as revenues. Through the Board’s leadership, we have utilized most ARPA monies for non-operating expenses (capital improvements). This approach will yield more long-term benefits from the monies received during a finite period.
- 4. Fund Balance Appropriated** – We are appropriating approximately \$11,819,168 to balance the budget. We believe that lapsed salaries and benefits will cover approximately \$1,900,000 of this deficit.
- 5. Lawsuit** – We spent a total of \$350,275 for the Sheriff Department employees’ lawsuit. We have provided additional details regarding this matter in a subsequent section.
- 6. Legal Services** – We are currently contracting for legal services. This contract will terminate on June 30,2024. The Board has authorized the hiring of a fulltime attorney. That process has begun.
- 7. COLAs and Movement of Salaries to Midpoint** – We are recommending a 3% cost of living adjustment to be effective January 1, 2025. The projected cost of this increase is \$531,147. In addition, we are recommending that we allocate \$747,700 in funding to assist employees in reaching the midpoint of their salary scale.
- 8. Health Insurance/Benefits** – The total cost of health insurance for employees will increase for Fiscal Year 2024-2025. This budgeted increase is equivalent to an additional \$150 per employee per month. The County is now planning to spend \$1100.00 per month per employee. In addition, we expect the employees’ cost of health insurance to increase approximately 6% starting in July 2024.
- 9. Capital Outlay Funding for Public Schools** – The City School System has requested \$2,607,000 in Capital Outlay funding, and the County School System has

requested \$5,273,776. We are projecting \$1,671,500 to be available from the annual sales tax received and designated for school capital outlay projects. Therefore, the projected allocation for the City Schools will be \$442,800 and the County Schools will be \$1,228,700.

10. Current Expense Funding for Public Schools – The County School System has requested an additional \$1,037,650 for current annual operating expenses, and the City School System has requested an additional \$495,175 for current annual operating expenses. We are required to fund both school systems at the same per student rate. Using our basic budgeting technique of ensuring proportional funding for the operational expenses based on county general revenues, we are projecting available additional funding in the amount of \$453,466. We are proposing to increase funding to the County Schools by \$312,647 and the City Schools by \$140,819. This equates to funding of \$1,353 per student. The total operating expense for the Clinton city schools is \$3,851,991 and \$10,633,227 for the county schools.

11. Sampson Community College – We have increased the operational funding for the Community College by \$168,830. In addition, we are proposing \$250,000 for Capital Outlay.

12. Clinton City Schools District Tax Rate The current tax rate for the Clinton City School district is 14.5. We are recommending the revenue neutral rate of 11.5 cents.

13. Contingency – We have budgeted \$500,000 for contingency. We continue to be concerned about operating cost in general and the cost of utilities, gas, and oil specifically. Likewise, it is possible that the funding for these items in the various department budgets may need to be adjusted during the year.

14. Detention Center and Sheriff's Department – Operating expenses for the Detention Center and Sheriff's Department are \$6,135,703 and \$12,632,331 respectively. The total budget for the Sheriff's Department including the Detention Center is \$18,768,034. The combined proposed expenditures for the Department have increased \$3,498,070 over the last year. They do have projected revenues of \$3,368,682 which is \$414,816 less than last year.

15. Department of Social Services – The County contribution to DSS is increasing by \$1,296,812. Much of this cost can be attributed to personnel. We continue to be

concerned about the cost of Medicaid expansion and the challenges in child protective services. Thankfully, it is expected that the State will cover all county-related costs for Medicaid Expansion for the next several years.

16. Health Department – The County contribution for the Health Department increased by \$296,683. The increased cost is primarily due to employee compensation and the increasing cost of medical supplies.

17. Cooperative Extension/Beaver Management – The Cooperative Extension budget has increased by \$98,868. We are continuing with the Beaver Management Program, which will cost \$106,000. We are adding one new vehicle and one new sign.

18. Animal Shelter – The budget for the animal shelter has increased by \$47,915. Much of this increase can be attributed to acquiring on-site veterinary services three days a week beginning July 2024.

19. EMS– The projected EMS budget has increased by \$1,106,159. This budget includes three new ambulances and one replacement QRV.

20. Career Ladders – The implementation of the career ladders for paramedics and telecommunicators will cost \$161,021. Please see Exhibit J (*Page 45*).

21. Fire Departments – We have calculated the revenue neutral rate for all fire departments and adjusted their tax rates accordingly. Only two fire departments required further adjustment to ensure an equivalent income for the proposed year. The Fire Association recommended an increase for three fire departments. The Roseboro Fire department and the Herring Fire department were recommended for increases of 1.5 cents. The Turkey Fire Department was recommended for a 1 cent increase. All fire departments are projected to receive more revenue than what was presented in their respective budgets to the fire commission that was reviewed earlier this year. We have increased the involvement of the Fire Commission in reviewing budgets over the last several years.

22. Communications – The Communications budget is \$1,941,371. This is an increase of \$332,626.

23. Aging – The recommended budget for Aging is \$496,003. This is an increase of \$99,423.

24. Exposition Center – The General Fund contribution to the Expo Center is \$392,545. This budget has not increased over last year.

25. Human Resources – The HR budget has increased by \$210,680; \$47,000 of this is related to salaries, \$14,000 is for contracted services, and \$147,000 is related to data processing.

As identified in the Pay Study implemented in 2015, the final step to maintain the progress realized through the adoption of a pay plan is to develop and maintain a sustainable process to move all employees from the minimum to the mid-point of their assigned pay grade within 10 years. Understanding the process and recognizing the opportunity will address ongoing compression issues created when the salaries of new hires nearly match the salaries of seasoned employees. With the traditional practice of addressing cost-of-living issues with percentage pay raises across the board, nothing has effectively addressed the need to move employees forward through their pay grades. Effective July 1, 2024, employee salaries will be evaluated to determine the difference between employee salary and midpoint of the assigned pay grade as well as time in the pay grade. The amount of difference will be divided by the number of years remaining to reach ten years in the pay grade. Each employee will receive that amount as an annual contingent upon a satisfactory performance evaluation. The results will allow employees to realize incremental pay raises and greater reward for long-term employees.

The needs of employees in a multi-generational workforce are constantly evolving along with the increased stressors of storms, pandemics, inflation, health care challenges, caring for parents and/or children, and a culture driven by an increasingly complex and ever-evolving information landscape. These added pressures on top of family and work responsibilities have led to the realization that employee wellness is an essential component to efficient and effective operations. Available data clearly supports a more flexible work schedule and greater work/life balance. To provide greater options for our employees to reach a sustainable balance, the implementation of two (2) eight-hour paid wellness leave days to be scheduled and used with the encouragement and permission of supervisors will allow our employees an additional opportunity to spend time on activities that add meaning to their lives. The days will be treated just as the Flex Holiday approved by the BOC in the last budget; they will become available on January 1, 2025, and must be used before January 1, 2026. The days will not carry forward.

26. Revaluation – The Board of Commissioners has voted to complete revaluations every 4 years as recommended by the Department of Revenue. We are recommending that \$800,000 be set aside for the next review.

27. Special Appropriations – In recent years, we have limited our consideration of new initiatives. We are recommending an allocation of \$60,000 for the Sampson County History Museum, \$6,688 as the local match for the Mid Carolina RPO, and \$300 for travel for the mandated CAC committees. These are requests that have been annually funded for many years. These were the only requests received.

28. Debt Service-Vehicles – In the recommended budget, we are proposing to replace fifteen patrol vehicles with SUVs, one animal control vehicle, two vehicles for social services, one new truck for Extension, one new truck for emergency management, replace three ambulances, one QR vehicle, and one truck for Public Works.

29. Retirement System Contributions – The County’s contribution for our share of the regular employees’ retirement system will increase to 13.64% for non-law enforcement employees and 15.04% for law enforcement employees. We estimate this additional cost to be approximately \$300,000.

Note: The \$300,000 plus the additional \$803,200 for health insurance/benefits totals an additional \$1,103,200 that the county is paying for benefits on behalf of our employees. Thus, the county is increasing its contribution to employee benefits by more than \$1,902 per full-time employee.

30. Elections – The Elections budget has increased by \$60,338.

31. Capital Reserve – We are budgeting \$800,000 for capital reserve.

32. Personnel – We reported in last year’s budget message that the number of full-time permanent positions would be 579 after all recommendations were implemented. This figure was incorrect. The number is 580 as we overlooked one vacant position. There are no additional full-time positions recommended with this budget. Therefore, the number of full-time positions remains at 580.

33. Solid Waste – There will be no charges for solid waste collection during the 2024-2025 fiscal year. This amounts to projected savings of \$1,055,000.

34. GIS and Administration – The Administration budget reflects an increase of \$248,429. GIS now consists of three team members and are part of the Administration Department. Two of these positions are reassigned positions and not new positions. In addition, there is a significant cost for some planned scanning that will free up additional space in the Tax Office for GIS-related work. This budget also reflects the cost of maintaining the new website. We are moving a position from the finance department to maintain our new website.

35. Information Technology – The IT budget has increased by \$41,623. As one can see from the previous website discussion, we are increasing our emphasis on customer-friendly technology. In that regard, we are currently conducting an IT audit to assess our program and obtain recommendations for future operations.

36. Courts – The budget for Courts has increased by \$50,600. Much of this increase can be attributed to the lease of space for the public defender’s office that was approved at the April board meeting.

CONTEXT AND CLARIFICATIONS

The preceding sections are provided each year to fulfill our obligations under the NC Local Budget and Fiscal Control Act to provide information that explains the goals fixed by the budget, the important features of the recommended budget, and any changes in fiscal policies, programs, or appropriation levels. Offering this detailed information allows the Board and the public to fully understand why funding decisions are recommended and approved.

As noted in the introduction to this budget message, Fiscal Year 2023-24 has been comparatively stable in regard to economic matters. Conversely, it has unfortunately been a period of heightened controversy regarding many operational and financial matters of the County. Therefore, this budget message includes this additional section wherein we offer comments, context, or clarifications regarding many of the budget or budget-adjacent matters which have been discussed during the year. It is our hope that when fiscal policies and Board actions are evaluated in the context of such thorough, accurate information (versus partial or misinformation often found in social media) it engenders understanding, even when there may be no agreement.

Budgeting

- 1. *Budgeting authorities and processes are set by statute.*** In counties with a County Manager, the County Manager is the Budget Officer, and as so, is tasked each year with the development of a proposed budget. The Manager, in consultation with budget and finance staff, reviews the departmental proposals and compiles an overall county budget that is submitted to the Board of Commissioners in early May. Once that proposed budget is presented, it then becomes the commissioners' budget to adjust or confirm as needed after input from the public at large during a mandated public hearing.

In September 2022, we provided the BOC with an extensive report, "A Clarifying Perspective on Budgetary Matters" that is on our webpage for those that might be interested in additional information.

- 2. *Revenue sources are limited, and the goal is to ensure that the burden of funding government services is as equitable as possible.*** Other than grants from the state and federal governments, County governments have basically three avenues for gaining additional revenues. A county's primary source of revenue is from property taxes that are assessed on real estate, business related assets, vehicles, and equipment.

Secondly, there is the sales tax that is applied to the purchase of most consumable goods. Third, and finally, there are fees that can be assessed for the privilege of utilizing a variety of county-provided services.

Most counties use some combination of the above for obtaining needed revenue. There is no right or wrong combination. It is a choice based on the direction established by a particular Board of Commissioners. In Sampson County, all real estate property is divided into approximately 50,500 parcels. As some property owners own multiple parcels, these 50,500 parcels are owned by approximately 30,800 people. As we have a county population of nearly 60,000 people, it is easy to conclude that less than the entire population is participating in the payment of property taxes to support county government.

Sales tax is applied to goods purchased and some services, so generally, sales tax is thought to be a method that allows the entire population to participate in the cost of county government as all citizens receive some services that are provided or paid for by the County. No county can levy a sales tax that has not been authorized by the State government. Once authorized, the counties then authorize a referendum to vote on same, unless the legislature authorizes the levy of the additional sales tax by vote of the county commissioners. There has not been a vote to levy a sales tax, as same has not been authorized by the State Legislature. There has been advocacy to obtain the authorization to allow the discussion on an additional sales tax. This authorization would then allow for substantive conversation.

Many citizens are willing to pay additional fees for services they utilize. Examples include the charges for county water, recreation fees, building permits, septic permits, Expo Center rentals, etc.

It is certainly the prerogative of each Board to decide which revenue sources, or combination thereof, they wish to utilize to gain needed revenues for county operations. However, any board will have inherent challenges in meeting their county financial obligations if some combination or utilization of the above is not incorporated in their planning.

- 3. County Tax Support** *The* Water Department and the Transportation Department are the only two departments that generate all necessary revenues without any county tax support. Both departments are well managed. I find it refreshing that neither

department ever asks for special consideration/funding because they are able to function without current tax support.

4. **Revaluation** By state law, counties are only required to do property revaluations every 8 years. However, the Department of Revenue strongly recommends that revaluations occur more frequently and generally recommends them every 4 years. At present, 50 of the 100 counties in NC are on a four-year cycle. Of the remaining 50 counties, only 30 remain on the eight-year cycle.

5. **Fees for Services – Solid Waste Collection** As noted above, user fees are considered an opportunity to generate revenues outside of the property tax levy to ensure the costs of government services are more equitably shouldered by all citizens. The proposed fees for utilization of the convenience sites that were rescinded by the Board of Commissioners in December 2023 have received much attention. We agree that the public information provided at the time the bills went out was insufficient. In hindsight, this effort caused much confusion. However, it may be helpful to offer additional information regarding this effort that should provide a clearer understanding of what was intended:
 - a) The proposed fee received extensive discussion in May 2023 during budget discussions. The newspaper covered the issue in depth. We are attaching the original two-page Exhibit A (*Page 28*) that was included with the May 22, 2023, budget message.
 - b) The approved convenience fee was rescinded in December 2023 primarily because GFL proposed to waive the fees for the operation of our twelve convenience sites for 30 months. This means that the fee GFL charges for collection and transportation of solid waste and recyclables will not be payable again until July 2026. This gives the Board of Commissioners ample time to revisit the issue of convenience fees if necessary.
 - c) This fee was charged as a separate bill to ensure that those residents who had an alternative service could have the convenience fee bill exempted since these arrangements could not be determined in advance of the billing.
 - d) This service as proposed is a fee like multiple other fees charged by the county for specific services. The term “trash tax” is incorrect for those that prefer accurate references/information.

Employment, Salaries and Benefits

- 6. *Recruiting Challenges*** The challenges with maintaining full employment for public safety and social services personnel are, and have been, a local, state, and national challenge. To imply that this has been just a local challenge with only local responsibility is disingenuous. The available evidence to prove this point is undisputable.
- 7. *Employee Salaries-Emphasis on Public Safety*** Sampson County has a rich history of supporting public safety employees as well as all employees of the county. We have included a number of exhibits which recap the Board's endeavors:
- a) Exhibit C (*Page 34*) reflects that Sampson County employees have received salary increases of 35.92 percent since July 2021.
 - b) Exhibit D (*Page 36*) is more specific than Exhibit C and points out that since July 1, 2021, Detention Center employees have received raises totaling 36.93%; Sheriff Department employees have received raises of 35.18%; Social Service employees have received raises of 25.75 %; and all other employees have received raises of 24.47%.
 - c) Exhibit E (*Page 37*) outlines the additional incentives that Sampson County employees have received since July 1, 2017. Law Enforcement has been one of the beneficiaries of these incentives.
 - d) Exhibit F (*Page 38*) includes excerpts from previous budget messages going back to 2020-2021 reflecting funding for law enforcement. The 2022-2023 information points out that total expenditures for law enforcement had increased 63% over the previous 10 years.
 - e) Exhibit G (*Page 40*) reflects net tax support for all departments in the recommended FY 23-24 budget. As you can see, law enforcement was projected to receive \$11,442,324 of net tax support. They received \$4,804,886 more than DSS, which came in second at \$6,637,438. Clearly, the County has a demonstrated positive track record of supporting law enforcement.
 - f) Exhibit H (*P 42*) reflects the actual net tax support for law enforcement between 2018 and 2023 totals \$59,762,994. If we go back to 2001, we find that total expenditures for law enforcement have increased 410%.
 - g) We value all law enforcement, emergency services, and all other Sampson County departments. The issues regarding staffing are real, affect multiple

departments, and reflect what is going on throughout North Carolina and the United States. We recognize frustration and the value of venting our concerns at times. We will continue to work to provide needed services to all of Sampson County. However, much of the social media discussion regarding law enforcement is hyperbole as one will conclude after considering all facts placed in context. At the same time, our public service employees are an integral part of Sampson County government, and they are sincerely appreciated.

- 8. *Post-Employment Health Benefits*** There has been discussion regarding post-employment health benefits and if these benefits should be restored.
- a) Post-employment health benefits were changed with the July 1, 2015, budget that implemented the pay plan adopted that fiscal year. As part of that implementation plan, employees with less than 5 years of service as of July 1, 2015, would no longer be eligible for post-employment health benefits. Employees with less than 15 years of service as of July 1, 2015, would be required to work for Sampson County for 20 consecutive years as a permanent employee and be at least 58 years old to be eligible for post-employment health benefits. Employees with 15 years or more of service as of that July 1, 2015, date continued to be eligible under the current plan as revised.
 - b) Concurrent with the post-employment benefit changes in 2015, changes were also made to the 401k contributions, encouraging employees to take a more significant role in preparing for retirement. Prior to the 2015 implementation, non-law enforcement employees received a 2.53 % of income match to their 401 accounts (law enforcement employees received a 5% match of salary as a contribution to their 401k). In the 2015 revision, the 2.53% automatic contribution was reduced to 1.5%. However, the county agreed to match employee deposits up to an additional 3.5% if the employee contributed additionally to their accounts (for non-law enforcement employees).
 - c) Sampson County refinanced approximately \$50,000,000 of bonds in 2015 that created a projected savings of \$6,000,000 for the remaining life of this debt. As part of this transaction, the County was able to achieve an improved bond rating without purchasing insurance for same (a cost for previous insurance was \$473,000). One of the reasons cited for the favorable bond review was the county's 2015 implementation plan for the Pay Classification and Benefits Review. The changes implemented in that plan provided for the long-term needs

of enhancing the county's financial stability as well as the long-term needs of employees.

- d) The schedule of changes in the net OPEB liability and related ratios for the related health care benefits plan (in the 2023 audit) reflects a total liability of \$12,053,000. The amount of this liability in 2014, prior to the changes in health benefits, was \$18,838,000. Our current liability would be higher than the \$18 million figure had the 2015 changes had not been implemented.

9. County Manager's Compensation Much has been postulated regarding the County Manager's salary. An honest discussion regarding such matters should always be welcome. However, the public discussion sometimes overlooks proper context:

- a) The same firm that did the market study for employee compensation also did a review/survey of the County Manager's salary and provided same to the Board of Commissioners. The Board used this information in their evaluation.
- b) The last Survey of Salaries compiled by the UNC School of Government reflects 2022 salaries. In that survey, the Sampson County Manager ranked 37th out of 81 counties that reported.
- c) If you take the 2024 current salary and compare it to the 2022 data, the Sampson County Manager ranked 27th out of 81.
- d) The Sampson County Manager has 30 plus years of governmental experience and 14 years of experience as a County Manager.

10. Public Water System Development

Sampson County has been endeavoring to provide water to our rural residents for more than 30 years. The Sampson County water system is operated as an enterprise. This means that the system does not receive county funding for operations and supports operations from the fees collected for and/or generated by the sale of water. The system originally started with the assistance of USDA Rural Development through low interest loans and grants. Two water districts were created: one district covered the Highway 421 corridor, and one district covered the Highway 24 area. The concept was to find areas where the population was strong enough to support the operations of the system being developed without financial support other than from user fees, with the goal to then expand the system as the financial capacity improved to allow growth. It is also interesting to note that most rural water systems, including Sampson County, were not developed to provide

fire protection as the costs would have been and remain exorbitant. None of the hydrants in Sampson county were designed or intended to support direct fire protection.

It is the county's goal to provide potable water to as many rural residents as possible. The more solvent the existing system is, the more users that can be added and supported as time goes by. With the tremendous help of state and federal resources, we continue to add numerous water lines. When the water lines under construction are completed, we have the potential to have a total of approximately 6,800 plus users.

Operating a self-sufficient water system necessitates that we determine economic feasibility when evaluating potential new lines. We must consider both the cost of installing the new system as well as the cost of continuing operations. The grants received in recent years have been a tremendous help in offsetting some of this cost. Let's take the area of Ivanhoe as an example. The approved grant for the project is \$13,283,000. We project that there are 550 potential users in the area, and of the 550, we project that 300 potential users will opt to purchase water. This equates to a cost of more than \$44,000 per customer. (By comparison, in most areas of the county, one could probably dig a deep well in the \$10,000 range.) Without the recent funding the County would typically do well to obtain 50% grant funding for potential expansion projects. With 50% grant funding, a 20-year repayment period and a 2% interest rate, this project would then cost \$111.00 per month per user before operational costs are added in. This is why the county could not undertake the project before now. We are grateful that the state and federal government have allowed the development of this and other projects. At the same time, we wonder how the federal government will retire a \$34 trillion dollar debt that has doubled in the last 10 years.

Sampson County will continue efforts to expand our water system and provide water to as many potential customers as economically feasible.

Solid Waste Operations and Roadside Litter

11. Landfill and Convenience Site Operations The unfortunate reality is that until we as a nation (and yes, we as a community) reduce our post-consumption waste, we will have solid waste to manage and must have an environmentally sound and cost-efficient way to do it. In recent months, the landfill has received a great deal of attention and public comment. Likewise, we are including as Exhibit K (*Page 48*) an overview of solid waste operations in Sampson County.

- a) In the early 90's Sampson County itself owned and operated a landfill adjacent to the where the current regional facility is located. At that time, the site (which

had been in operation for more than 20 years) was nearing the end of its life cycle and did not comply with newly enacted federal environmental regulations. At that time, the estimated cost for the engineering and construction of a modern, compliant landfill would have exceeded \$500,000 per acre. The operating expenses for the first year alone were estimated to be \$2.5 million, plus the substantial costs of closing an existing landfill and monitoring it for the required two decades. This was beyond what the County could afford, and rather than impose this significant economic burden on its citizens, the Board of Commissioners at the time chose to “privatize” landfill operations, entering into a contract with Browning-Ferris Industries (BFI) to assure a place for Sampson County’s residential waste for decades. Under the provisions of that contract, BFI assumed the responsibilities and costs for the closure of the County’ existing non-compliant landfill and the subsequent post-closure engineering and monitoring. BFI would also construct and operate a new a Subtitle D lined landfill, a non-discharging facility subject to constant state and federal inspection, that met all of the more stringent EPA regulations and assume responsibility for maintaining that landfill for 30 years after its lifespan. An existing annual solid waste fee, billed on the property tax bill, for citizens was abolished.

The contract did allow BFI (and accordingly the subsequent landfill operators) to accept eligible (non-hazardous) waste from outside of the county and would require them to pay the County a “host fee” on that waste. These host fees are an important revenue stream which, over the years, has paid debt service on county facilities, provided for the purchase of capital outlay items such as ambulances and vehicles, offset the costs of maintaining convenience/recycling sites, and lessened annual tax increases needed to fund programs and services.

In November of 2000, Waste Industries purchased all of the issues and outstanding stock of BFI/Allied and assumed the obligations of the landfill (and solid waste collection contracts). Waste Industries would later be acquired by GFL Environmental. The current franchise was approved in November 2002 and is good for 30 years. At that time, the landfill was also permitted to utilize approximately 241 acres. The projected useful life under the landfill host fee agreement was projected to be no less than 20 years and no more than 60 years.

- b) GFL owns all of the property currently utilized as the regional landfill.
- c) The State is the regulatory authority regarding the landfill.
- d) We project that host fees revenues for the upcoming year will be \$3,400,000.

- e) If the landfill was not in operation, the county would no longer receive the host fees and would incur the additional cost of disposing of our future waste.
- f) However, as important as the economic advantages of the current landfill contract are to Sampson County, they do not negate our responsibilities for environmental stewardship. When the landfill was first sited, a primary concern was ensuring that the County met its needs for solid waste management in a manner compliant with all state and federal requirements, and that remains a priority today.

12. Litter Concerns There has been much discussion in recent months about the increasing roadside litter, and the Board of Commissioners share this concern. While it would be easy to assume that the litter concerns are a product of the regional landfill, that would not explain why the same litter concerns occur state and nationwide. In January, the Board of Commissioners invited representatives of the North Carolina Department of Transportation to their January monthly meeting to discuss the increasing litter problem in Sampson County. NCDOT offered several comments/suggestions. First, they indicated that increasing roadside litter was a state and national problem and not just a Sampson County problem. They could not identify the primary source of the problem. Second, they reported that they have increased their funding allocation to assist with the problem; however, they were also quick to point out that this funding was admittedly insufficient to solve the problem. When commissioners asked if there were a solution to the problem, DOT used the analogy of seat belt usage. They noted that seat belts were not utilized until after the 1960s. They pointed out that even after seat belt laws were passed that significant compliance did not occur until law enforcement started enforcing the law. They then shared that our current litter concerns will not be significantly improved until law enforcement is able to engage and be proactive in enforcing litter laws that are already on the books.

Legal Matters

13. Akers et al. v. County of Sampson the Akers et al. v. County of Sampson lawsuit was filed February 9, 2020. The attached Exhibit I (*Page 43*) includes both a background summary and a Summary of the Terms of Settlement.

- a) The litigant's attorney never contacted the county prior to the lawsuit to determine if there were issues that could be resolved without filing the lawsuit.
- b) There was significant public discussion regarding the lawsuit and why the same was not immediately settled after the lawsuit was filed. No specific alleged

damages were offered before November 2023, when two plaintiffs offered a statement and calculation of alleged damages. On a rolling basis, the remaining plaintiffs offered responses and supplemental discovery responses through January 9, 2024. *Sampson County never received a full settlement demand until January 30, 2024, at the mediation hearing.*

- c) Between October 17, 2023, and February 5, 2024, 16 of the 34 plaintiffs voluntarily dismissed their claims.
- d) In July 2020, the county, to support law enforcement, temporarily changed the rules for the payment of gap time as allowed by FLSA for overtime, and compensatory time off. In the settlement, the county agreed to continue with the temporary policy related to gap time until modified by the county commissioners. There now seems to be an understanding that the actions taken in July 2020 were an effort to support law enforcement and not an admission of any previous wrongdoing.
- e) The \$55,000 in overtime is significantly less than the total overtime expended for the year.
- f) The county did agree to settle the lawsuit for \$16,500 with no admission of wrongdoing. The \$16,500 will cost the county much less than the next phase of the case which would have necessitated a trial. This is the first time that the County has had an opportunity to settle when potential remaining costs could be reasonably projected.

14. Fire Departments There is no denying the value of our volunteer fire department organizations in Sampson County. Community fire departments are one of the integral parts of our social capital, those networks of relationships among people who live and work in a particular community, enabling that community to function effectively. In addition to dealing with fires and assisting with emergency response, fire departments aid their communities as hosts for fundraising events, holiday parades, offering their stations as public-meeting places and sometimes providing polling places. This type of social capital is decidedly important here in rural areas where resources are limited, and neighbors can be geographically isolated. However, their importance to their communities notwithstanding, rural fire departments – much the same as local government and the private sector – are experiencing challenges that will necessitate that they continue to evolve.

- a. Here in Sampson County, most of our fire departments are still primarily staffed with volunteers, and it is becoming increasingly difficult for

departments to recruit volunteer members and maintain active membership rosters. Limited active rosters and the geographical size of the county combine to hamper the departments' ability to adequately respond to daytime calls. Thus, we are seeing the need to hire part-time firefighters on a more regular basis.

- b.** Given their full-time job employment, family and other obligations, volunteer members struggle to meet all of the training requirements imperative and expected for active-duty firefighting.
- c.** Fire departments – like both public and private organizations – struggle with increasing costs for both operational and equipment needs.
- d.** The changing nature of response requirements and the growing expectations of the public are necessitating greater emphasis on communication between the fire departments and the citizens who fund them.
- e.** Limited staffing available for operations can deprive departments of sufficient time to devote to the oversight of the department's finances. Regrettably, the absence of proper oversight may have been a contributing cause as to why members of two fire departments have been indicted for financial negligence in recent years. Staffing challenges do not negate the fire department's fiduciary responsibilities.

In recent years, the County and our fire departments have endeavored to establish better communications and improved coordination. We have revamped the Fire Commission to provide an environment for open communication and collaborative discussions, for the exchange of information about departmental needs and to convey citizen concerns, and for the provision of guidance on operational and financial matters. Much has been done, and much more is needed to ensure we are proactively addressing needs based upon full and accurate information.

With regard to fire department funding, there has been some discussion about the need for a flat \$.10 fire tax. An opinion is not offered here regarding the amount of tax. However, we can advise that such level of tax would provide the fire departments collectively an amount of funding that is equivalent to 16% of the County's budget. If this occurs, the amount of funding provided to the fire departments would be comparable to other major areas of budget funding: school operations, law enforcement, emergency services and social services. As our citizens continue to experience cost increases within their own household budgets, they are increasingly scrutinizing (and rightly so) how their tax dollars are expended. Any consideration of such funding level for the fire departments should, therefore, be accompanied by reciprocal obligations of transparency and fiscal oversight. While fire departments

deserve flexibility regarding their operations, it will be imperative that departmental equipment needs be assessed and coordinated collectively to maximize efficiency and affordability. Greater transparency regarding fire departments' expenditures will ensure public trust, and a move to require a full annual audit for each fire department versus a compiled financial statement will demonstrate the departments' commitment to being good stewards of the public's dollars.

Writing in a 2009 article for the Journal of Rural and Community Development, authors Haski-Leventhal and McLeigh postulated that fire departments were an essential asset to rural communities. They noted that leadership, attitudinal commitment, a strong sense of affiliation, altruism, and a sense of community all influenced firefighters' perceptions and motivations. Given these motivations, we are assured that our volunteer fire departments will remain our full partners in the County's efforts to provide the highest quality of services to our citizens in the most cost-effective manner, and to function in a manner that guarantees public trust and respect.

15. Decision Making Obligations The Board of Commissioners and the County staff have the obligation to serve the entirety of the public, and their decisions should reflect that obligation to do so. Compromise by definition means "a settlement of differences reached by mutual concessions." Compromise does not mean giving the other entity with whom you are negotiating everything that they request in the timeframe that is demanded. There have been times when the Board of Commissioners has been criticized for taking no action when they actually responded to a concern by taking action that was in everyone's best interest and not just a few.

As stewards of public funds, we further accept our responsibility to provide our citizens with complete and accurate information so that they may gain full understanding of the actions considered and decisions made by their local government. We believe that our investment in the new website will improve our ability to meet this obligation, providing a customer friendly platform that not only enhances our citizens' ability to better utilize county services, but also provides them more complete information on a variety of subjects, and enhances their understanding of our programs, services, and procedures. We believe, however, that there is a corresponding responsibility of the public to avail themselves of this comprehensive information and context rather than rely on information which may be erroneous or incomplete, as is often found on today's social media.

SUMMARY COMMENTS

The future for Sampson County is bright. Some of the reasons for the projected bright future include:

1. Sampson County is strategically located along the 1-40 corridor between Raleigh and Wilmington. The opportunity for business/industrial growth is significant.
2. In recent years, the Board of Commissioners has invested in Economic Development. This investment, as previously stated, will take some time to fully materialize. The groundwork is taking place. Continued interest/investment in this area will return dividends.
3. The general fund balance and audit as of June 30, 2023, clearly demonstrates the county's commitment to responsible and effective governance.
4. The County's commitment to its human infrastructure demonstrates an understanding of the importance of all employees. In addition, the County has been fortunate to acquire/hire some very good leaders in recent years. The positive impact of these selections will provide the impetus for continued good government for many years.
5. Politics does have a place in county government as well as any other similar governmental public body. Generally, the idea of politics is to set the overall tone or general guidance for government. We see this most frequently demonstrated among agendas that range from conservative to moderate to liberal. For the most part, Sampson County has utilized politics in effectively setting the tone of government. Our commissioners to this point and for many years to come must utilize the principles of good governance to yield positive outcomes. The success of future boards will depend on their ability to maintain this approach of good and effective governance.

Moving forward in the short term, the county will need to determine how it will balance revenues and expenditures. This is a subject that should entice robust discussion and some very deliberate decisions on the future of Sampson County government. As this discussion begins, some of the undergirding considerations that need to be brought forward for understanding/discussion include:

1. Our recent audit indicates that the County has operated soundly from a financial perspective. This statement is not intended to suggest that further improvements

cannot be made. Yet, an audit that identifies no material weaknesses and a strong general fund is impressive.

2. Sampson County has the second largest geographic area of any county in North Carolina. There are additional costs associated with a land mass this large.
3. County governments should emulate good business practices as much as possible. At the same time, there are distinct differences between the operations of a private business and a governmental unit. Governmental units are often required to provide services that are mandated by state and federal laws. Thus, counties do not have the option of eliminating some costly programs during periods of economic decline.
4. The demand for governmental services often increases during periods of economic decline or slow growth. County governments are limited in the services that they can restrict. This can constrain the ability to adjust to circumstances without exercising the full range of available options. Likewise, maintaining reasonable reserves is particularly important for large rural counties.
5. Limiting the size of government or decreasing the size of government cannot be effectively accomplished without restricting the growth of the larger departments i.e. law enforcement, social services, and emergency services. Many of the social service programs are mandated by law and become even more critical during challenging economic times. The cost of providing emergency medical services is expensive and further exacerbated by the large geographic area that we serve. We live in perilous times. The importance and need of law enforcement has never been greater.
6. We do have several departments that provide services that are not mandated by state law. However, if one looks objectively at the cost benefits of these departments, you may find that their overall effectiveness is extremely efficient when compared to the monies spent and benefits achieved.
7. Because of the variety of services offered and the fact that many are mandated by law, it will be extremely difficult to enact permanent across-the-board cuts efficiently and effectively.
8. In our changing world, technology is becoming increasingly more important and expensive. In the long term, the investment in technology may reduce the need to

expand our employee base. In the short term, technology will have an increasing cost.

- 9.** We are attaching the May 23, 2022, memo, “A Historical Perspective Regarding the Budget” as Exhibit B (*Page 30*). This memo may provide you with some insight regarding the past that may assist in avoiding past unmet needs. The county in recent years has done a good job of funding reserves and maintaining our fiscal infrastructure.

- 10.** The County has diligently worked to be a good partner with the educational entities in the county. However, there is some data available that suggests that even with our increases, our educational expenditures may not be in keeping up with statewide increases and needs.

- 11.** The county in recent years has placed a great deal of emphasis and resources on Economic Development. The future prosperity of the County will necessitate continued emphasis in this area.

People and governmental units get to choose their perspective regarding the circumstances they face. Metaphorically, one can choose to believe their bottle is half full or half empty. I believe the bottle representing Sampson County government is half full. At the same time, we all must occasionally ask ourselves when we get what we ask for if that is truly what is in our best interest.

I appreciate the continued opportunity to work with this Board of Commissioners in serving the citizens of Sampson County.

EXHIBIT A

PROPOSAL FOR IMPLEMENTATION OF A SOLID WASTE AVAILABILITY FEE

County Obligations for Solid Waste Collection

The obligations of the County for solid waste collection are found in 130A-309.09A. From the statutes: “the governing board of each unit of local government shall assess local solid waste collection services and disposal capacity and shall determine the adequacy of collection services and disposal capacity to meet local needs and to protect human health and the environment. Each unit of local government shall implement programs and take other actions that it determines are necessary to address deficiencies in service or capacity required to meet local needs and to protect human health and the environment.” Each county has the specific responsibility for providing at least one site for the collection of discarded white goods and for the removal of chlorofluorocarbon refrigerants from white goods. (They have the authority to contract with another local government or a private entity for such service but may not charge a disposal fee for white goods collection.) Additionally, units of local government are expected to make a good-faith effort to achieve the State’s (40%) municipal solid waste reduction goal (thus the obligations for recycling management) and to comply with the State's comprehensive solid waste management plan. In compliance, Sampson County provides our citizens the following solid waste services:

- **Convenience Sites** Sampson County provides its citizens twelve (12) container sites, strategically located so that each household has a reasonably short distance to reach one. Most of the sites are open a portion of every day except Thursdays (Giddensville only T/Th/Sat). All the sites take residential household waste (not commercial) and recyclables. White goods and electronic waste are collected at the Ingold and Spivey’s Corner sites only. GFL properly disposes of the white goods; the County pays a separate vendor to collect and process the electronic waste, but GFL staff assist in the packaging, stacking, and loading etc. (at no extra cost to the County). The County owns 4 of the convenience sites, and leases 7 of them (the 12th site is located at the landfill). The County contracts with GFL to collect/transport solid waste and recyclables and to man and maintain the sites.
- **Scrap Tires** The county pays a separate contract for scrap tire disposal. Containers for the collection of scrap tires are located in a special collection area at the landfill and are picked up by the private contractor. A small part of the costs for disposal of scrap tires are offset by annual state scrap tire fund revenues.
- **E-Waste** The county has a separate contract for e-waste disposal. E-waste is defined as discarded electrical or electronic devices such as computer equipment, keyboards, calculators, televisions etc.

Statutory Authority for Fees to Offset Costs of Solid Waste Collection

Each budget year, the Board must consider the most fiscally prudent way to manage the cost of all services, including solid waste disposal. Both counties and municipalities have authority to impose certain fees to offset the cost of solid waste collection, and it is proposed that the Board adopt a solid waste availability fee with the FY 23-24 budget.

Pursuant to G.S. 153A-292, if the county operates or supports any disposal facilities within the county it may impose a fee “for the availability” of the disposal facilities. An availability fee may be imposed on all “improved” properties in the county that “benefit” from the availability of the facility. For this fee implementation, it is proposed that “improved” properties be defined as those upon which there is a residence or business. Because certain property is deemed by statute not to benefit from the availability of a county’s disposal facilities (those whose solid waste is collected by a municipal government or a private contractor for a fee), the availability fee would only apply within the unincorporated areas of the County. The revenues generated by solid waste fees may not exceed the (direct and indirect) cost of providing for solid waste disposal; therefore, the 2024 annual solid waste availability fee is proposed to be **\$80** (assuming the estimated annual costs for management of solid waste disposal of approximately \$1,437,020 and a 70% fee collection rate).

Proposed Fee Implementation Process

1. Effective January 1, 2024, access to Sampson County’s solid waste convenience sites – excluding the site located in front of the Sampson County landfill at Snow Hill – will require a solid waste access decal affixed to the user’s vehicle.
2. Access to the convenience site located at Snow Hill will not require a decal. Because the County may not assess a fee for the collection of white goods or e-waste, those wastes will be accepted at this location.
3. In late Summer, early Fall, each owner of an “improved” property (as defined above) in the unincorporated areas of Sampson County will be assessed an \$80 solid waste availability fee. (Bills will arrive separate from their annual tax bill, which is mailed in July.)
4. Once the solid waste availability fee is paid¹, the taxpayer will be mailed two (2) window decals, good for one calendar year.
5. Renters would be responsible for obtaining decals from their property owners or may purchase one decal at a rate of \$80 from the Sampson County Administration Offices.
6. Those households or businesses located in municipalities (not subject to the fee) who wish to have access to a solid waste convenience site may purchase one decal at a rate of \$80 from the Sampson County Administration Offices.
7. Those persons residing outside of Sampson County but for whom our convenience sites may be in closer proximity to them may also purchase one decal at an out-of-county rate of \$120 from the Sampson County Administration Offices.
8. Those persons in the unincorporated areas of the County who pay for private solid waste collection services may apply by any established deadline for an exemption to the solid waste availability fee billing with proof of payment of those services. This exemption is like the elderly/disabled and veteran’s exemptions currently offered by the Tax Office.

¹ Taxpayers will receive a tax bill and a separate solid waste availability fee bill. The Sampson County Tax Office will receive payment for the solid waste fees via the same methods of payment for tax billings.

EXHIBIT B
NORTH CAROLINA'S
SAMPSON COUNTY
OFFICE of the COUNTY MANAGER

TO: Sampson County Board of Commissioners
FROM: Edwin W. Causey, County Manager
DATE: May 23, 2022
RE: A Historical Perspective Regarding the Budget

I offer the following as a supplement to the information found in this year's Budget Message.

While I have worked for the County as County Manager since May of 2010, my first exposure to Sampson County government actually came in the late 90s. I offer these thoughts as an individual who has viewed the County and its economic stability as both an outside party and as your employed manager.

The first public building project that I worked on for Sampson County, representing USDA at the time, was an approximately \$2,000,000 renovation loan (possibly a \$100,000 grant as well) for the Sampson County Courthouse. There was significant interest expressed in school funding needs at his time, but USDA did not have those kinds of financial resources (our available budget statewide was about \$40,000,000). We did begin to have broad discussions about building improvements for other County departments and began by visiting and evaluating existing facilities. I recall the county's cash position at the time was satisfactory. Unfortunately, however, the pent-up needs for massive improvements to a variety of buildings was astounding. There was no easy fix, and a major rehabilitation plan was needed to address needs such as these:

1. Public Works was located on one end of the old County Home. This building was in such disrepair that you could open some interior doors and see the ground.
2. Cooperative Extension was also in this building, and their facilities were similarly undesirable.
3. Head Start was located in the upstairs of this building, up a narrow staircase with limited ADA access.
4. DSS was housed in multiple locations, including what is now the Aging and Recreation building. Walking through their cramped halls was claustrophobic, with hanging file storage shelving lining the top of each hallway.

5. The Animal Shelter was also in dire need of attention.

We can compare this situation to a family that has \$50,000 in the bank and living in a dwelling that is in need of \$100,000 in repairs. They have a negative net worth. Similarly, the county's true financial position was more dire than what it seemed. In response, USDA made a number of low interest loans over the next several years to address a variety of issues. Some of these loans included:

1. Purchase of existing warehouse and revamp for Public Works
2. A new Animal Shelter
3. A new Cooperative Extension building
4. A new Human Services Building (DSS and Health) - \$8 million
5. A new Sheriff's Office and Detention Center - \$11 million
6. A new County Auditorium and other remodeling activities for the Rowan Road Complex campus

I am guessing that these improvements totaled about \$25 million dollars. I also developed a good working relationship with the BOC during this period, and as time progressed, we continued to discuss substantive school needs. It appeared there were still pent-up needs that needed to be addressed, but ultimately, the county determined that they would spend \$110 million dollars on schools, including approximately \$4.5 million dollars for the Community College. This loan obligation for the community college was later rescinded. The \$110 million in USDA and COPS financing funded three new high schools and later the elementary school at Roseboro.

At one time, USDA had invested more money in Sampson County than any other county in the United States - over \$100 million. Please note that we lobbied hard for USDA financing. USDA ultimately committed a little over \$50,000,000 for schools along with COPS funding of a little over \$50,000,000. My support was based on seeing five BOC members raise their hand and agree to commit to adding as much as 30 cents to the tax rate to cover the debt obligations. I was extremely impressed with this commitment. Unfortunately, the commitment as I understood it was never completely fulfilled.

The 30 cents needed for the tax increase was reduced to 21 cents because of lottery money that was coming into play during this time. Of the 21 cents that were needed, only about 15 cents was actually passed and undertaken. This did not include the additional operational funds for the schools that were not included (a six cents shortage).

It is also helpful to note that during the negotiations with the schools during the funding process, Mr. Doug Carter, the county's financial adviser, pointed out that inadequate funding for school operations had been projected. I sat in the room with both school boards, the community college board and the BOC when Mr. Carter was making this point. When I then came in as County Manager in May of 2010, it did not take long to recognize that we had a cash flow problem in that there were no funds in reserve for capital improvements or other repairs, including the County's obligations for maintaining school facilities (whose value is estimated at nearly \$500,000,000). In the early years of my County tenure, I regularly debated with then County Schools Superintendent Ethan Linker regarding their needs for school roofs. No matter what we did, there was always another school roof to be replaced. Had the 6 or 7 cents of additional taxes been added, our challenges at the time and probably now would have been much different.

A property tax reevaluation was completed in 2011 without a tax increase; however, the revenue neutral rate effectively provided the budget an additional 2.5 cents. This was a big help, but not large enough to cover needed reserves and employee salaries. A previous employee market study was never fully implemented.

Later, when I delivered the 2012 budget message on May 7, 2021, the message stated that it was and would be the most important budget message of my tenure. One of the options presented was to prepare budgets that both met the current circumstances and created a fiscal framework that prepared the County for the future. This is when we began talking about capital reserves for long term maintenance, maintenance of our human infrastructure, and alternate revenue sources. I believe that we started funding these reserves in 2013.

In 2013, we provided information that reflected the debt being paid was the equivalent of 20 cents of the tax rate, illustrating the source of our significant tax rate.

In 2014, we proposed a 9-cent increase in the tax rate, and a 4.5 cent increase was approved. We did get approval for a pay study that was received in 2015. We were fortunate that we could fully implement the same; however, because that had to be accomplished over a four-year implementation period, we still found ourselves behind the curve relative to salaries, including cost-of-living and step increases.

In 2017, we did receive the benefit of adding an industry that added \$120,000,000 to our tax base. This addition is significant and served to renew our appreciation for the impact industrial development has on our economic stability and stimulate an aggressive pursuit of economic development in the ensuing years. Significant investment has been made, a good return and many benefits will be yielded. Unfortunately, we cannot predict exactly when the returns will come. It is safe to say that if we had not had the industrial site at I40/Faison, this company may not have come

to Sampson County. Moreover, current budget challenges may prove just how important this industry is to Sampson County.

My current budget recommendations are shaped by this historical perspective and my experienced- based concern that we do not need to retreat back to the County's position of 20 years ago with overwhelming pent-up needs that degrade our actual financial position. Pent-up needs include both the physical and human infrastructure.

As we consider the proposed budget for FY 22-23, we have a revenue shortage. We need to increase revenue by approximately \$2,500,000. We do not believe that this can be done by only reductions/deferments in operations. You could decide to redefine government. This is certainly an option.

In summary,

1. We understand that no one wants a tax increase. As noted in the historical perspective offered above, the 20 cents attributed to our debt obligations causes the tax rate to be as high as it is.
2. You can derive a budget that does not include a tax increase. This will likely entail deferring some expenditures and drawing further from the general fund. This is not recommended if we seek to avoid history repeating itself.
3. If you get by this year without a tax increase, it is unlikely that you can get by next year without one. This is especially true if you move forward with the market study. The current stress on the general fund, inflation, supply chain issues, and maintaining our physical and human infrastructure will likely be further exacerbated by the concerns expressed herein.
4. The only other real option is to redefine county government and the services that are provided.

EXHIBIT C

Salary and Fringe Benefit Increases Since 7/1/2021

<u>Department</u>	<u>Increase</u> <u>(Decrease)</u>	<u>% of</u> <u>Total</u>
Governing Body	(6,722)	-0.05%
Administration	205,065	1.61%
Human Resources	186,772	1.47%
Finance	161,703	1.27%
Tax Office	239,685	1.89%
Legal	(162,065)	-1.27%
Elections	54,195	0.43%
Register of Deeds	81,323	0.64%
Information Technology	121,131	0.95%
Public Buildings	34,156	0.27%
Sheriff / Detention	3,520,901	27.69%
Communications	399,099	3.14%
Emergency Management	121,919	0.96%
Inspections and Planning	198,954	1.56%
Emergency Medical Services	2,018,757	15.88%
Animal Shelter	80,275	0.63%
Economic Development	12,968	0.10%
Cooperative Extension	113,804	0.90%
Soil Conservation	88,189	0.69%
Veterans	23,138	0.18%
Library	85,802	0.67%
Recreation	154,509	1.22%
Aging	241,414	1.90%
JCPC Programs	23,078	0.18%
Health Dept	968,432	7.62%
Social Services	3,380,318	26.58%
Water District	188,438	1.48%
Expo	28,211	0.22%
Transportation	<u>151,807</u>	1.19%
Total increase salary & fringes	12,715,256	
Original budget FY 20-21	35,402,074	
Percentage increase	35.92%	

Salary and fringe increases are annual amounts determined by comparing the original budgets for each fiscal year and adding the effect of the 2.1% premium pay and the annual effect of the pay plan that was effective 11/1/2023. Increases and decreases also include the effect of changes to personnel. This includes adding or deleting personnel, promotions, demotions, and changes in fringe benefit rates like retirement and health insurance.

Premium pay was a one-time payment and did not add to base pay.

EXHIBIT D

Recap of Salary Increases authorized by the Board of Commissioners Effective 7/1/2021 through 11/1/2023

Detention Center Employees

Effective

<u>Date</u>	<u>Increase</u>	<u>Reason</u>	<u>Other Information</u>
7/1/2021	5%	Cost of Living Adjustment (COLA)	All employees and raised the pay scale.
7/1/2021	2.33%	Mid-point adjustment average	Average increase move to mid-point
10/1/2021	10%	Detention Center retention & recruitment	Address high turnover
12/1/2021	2.1%	Premium pay (COVID)	One-time payment
1/1/2023	2.5%	Cost of Living Adjustment	All employees and raised the pay scale.
11/1/2023	15%	Salary study with additional COLA average	New pay scale & time-in-position
	36.93%		

Sheriff Department Employees

Effective

<u>Date</u>	<u>Increase</u>	<u>Reason</u>	<u>Other Information</u>
7/1/2021	5%	Cost of Living Adjustment (COLA)	All employees and raised the pay scale.
7/1/2021	2.98%	Mid-point adjustment average	Average increase move to mid-point
12/1/2021	2.1%	Premium pay (COVID)	One-time payment
1/1/2022	5%	Cost of Living Adjustment	All employees and raised the pay scale.
1/1/2023	2.5%	Cost of Living Adjustment	All employees and raised the pay scale.
11/1/2023	17.6%	Salary study with additional COLA average	New pay scale & time-in-position
	35.18%		

Social Services Employees

Effective

<u>Date</u>	<u>Increase</u>	<u>Reason</u>	<u>Other Information</u>
7/1/2021	5%	Cost of Living Adjustment (COLA)	All employees and raised the pay scale.
7/1/2021	2.95%	Mid-point adjustment average	Average increase move to mid-point
12/1/2021	2.1%	Premium pay (COVID)	One-time payment
1/1/2022	5%	Cost of Living Adjustment	All employees and raised the pay scale.
1/1/2023	2.5%	Cost of Living Adjustment	All employees and raised the pay scale.
11/1/2023	8.2%	Salary study with additional COLA average	New pay scale & time-in-position
	25.75%		

All Other Employees

Effective

<u>Date</u>	<u>Increase</u>	<u>Reason</u>	<u>Other Information</u>
7/1/2021	5%	Cost of Living Adjustment (COLA)	All employees and raised the pay scale.
7/1/2021	2.77%	Mid-point adjustment average	Average increase move to mid-point
12/1/2021	2.1%	Premium pay (COVID)	One-time payment
1/1/2022	5%	Cost of Living Adjustment	All employees and raised the pay scale.
1/1/2023	2.5%	Cost of Living Adjustment	All employees and raised the pay scale.
11/1/2023	7.1%	Salary study with additional COLA average	New pay scale & time-in-position
	24.47%		

The totals are not the actual amounts received by all employees. They represent only the average increases in salary amounts.

EXHIBIT E

Sampson County Incentives

7/1/2017	3rd Year of Pay Plan + .75% COLA
7/1/2018	4th Year of Pay Plan / No COLA
7/1/2019	2% COLA + Time in Grade
12/1/2019	Began paying GAP Time and Overtime for Detention
2/1/2020	DSS Child and Adult Welfare Social Workers paid on Work Against Scale + designated increase for experience levels
4/1/2020	Addition of 1st Sgts. Positions At Sheriff's request
7/1/2020	No COLA Began paying GAP Time for LEOs
10/1/2020	Approved Trial part-time certified position (Sheriff) to assist with increased paperwork (sex offender registration, etc.) / Still employed
7/1/2021	5% COLA + Time In Grade
10/1/2021	10% Temporary Raise for Detention (Officers and LEOs) Only
12/1/2021	2.1% Bonus (COVID Premium) based on 6/30/2021 Salary
1/1/2022	5% COLA/10% for Detention (Officers & LEOs) became Permanent Transportation Drivers moved from Pay Grade 57 to 61 Library Assistants moved from Pay Grade 58 to 61 DSS Protective Services Social Worker Scale Upgraded
3/1/2022	Approved Overtime Pay for DSS Food/Nutrition Staff through June
7/1/2022	No COLA
11/1/2022	DSS – Paid Overtime for all Social Workers
11/10/2022	Began work on Pay Study approved by BOC.
1/1/2023	\$2,004 Temp Hiring Bonus approved for Designated Hard-to-Fill positions. DSS Incentive Pay Plan for Critical Positions Approved Trial CADET Program to address recruitment for LEOs.
3/1/2023	Increased pay scale for part-time help for Parks & Recreation Approved stipend for DSS Workers supervising clients after hours + contracted services for armed security for same
5/1/2023	\$2400 Temp Incentive for Detention Officers / \$4,200 for LEOs
10/1/2023	Approved Overtime Pay for Medicaid Staff through December (Expansion)

EXHIBIT F

2020-2021

Sheriff's Department Much of the change in the Sheriff's Department budget can be attributed to the addition of three resource officers. As mentioned above, we are including the purchase of 13 new vehicles. We also appreciate the way the Sheriff has worked with us to lessen budgetary impacts.

Detention Center We are including the purchase of one new van and the equipment necessary for transporting prisoners.

2021-2022

Detention Center and Sheriff's Department Operating expenses for the Detention Center and Sheriff's Department are \$4,534,028 and \$9,041,268, respectively. The total budget for the Sheriff's Department is \$13,575,296 and does not include the \$1,000,000 for radios that will also be expended. The total budget for the sheriff's office in 2011 was \$9,008,543. Total expenditures for the Sheriff's Office have increased 62% over the last 10 years. The citizens of Sampson County can be very proud of the financial support provided to the Sheriff's Department. The cost of operating/funding the Sheriff's Department, as well as all budgetary increases, does give us pause. However, the Sheriff has obtained a contract for housing Federal prisoners. These efforts to offset a small portion of the total cost of operations are commendable.

2022-2023

Detention Center and Sheriff's Department Operating expenses for the Detention Center and Sheriff's Department are \$4,885,805 and \$9,506,848, respectively. The total budget for the Sheriff's Department including detention is \$14,392,653. The combined proposed expenditures for the Department have increased \$894,333 over the last year. They do have projected revenues of \$3,330,780. Last year, we reported that their total expenditures had increased 62% over the last 10 years. We applaud the department for their willingness to enter a contract to house Federal prisoners. Unfortunately, we are projecting \$336,891 less in the proposed federal contract than last year. All departments should be very proud of their efforts and accomplishments in generating revenue. **Relative to the net cost of operating the detention center and sheriff's office the net tax support to operate their operations (Operating expenses less revenues) is \$11,061,873.** This total amount of tax support will increase significantly when the debt service for their building is included. This is more tax support than received by any other department and each of the schools

including the community college. The citizens of Sampson County can be very proud of law enforcement and the County's exceptional effort to support them. Looking back, I am also very proud of the County's and USDA efforts to previously provide \$9,500,000 of funding for their new facility. USDA also provided an additional \$1,500,000 of funding to provide an additional pod to plan for growth and the possibility to garner additional revenue by housing out of county prisoners. This insight dating back more than 15 years to generate revenue to reduce tax support was most insightful. This year, County administration initiated the request to the State for an additional \$1,000,000 for storage. Our goal is to assist all departments and funding partners. It is anticipated that this facility will be online sometime during the next year. As a sidenote, there are only two departments (water department and Transportation) that operate without tax support.

2023-2024

In October, the Board approved an additional 10% temporary raise for Detention Officers. Please also note that the Detention Officers were also advanced one pay grade in the 2019 budget.

All employees have received at least a 12.1% increase in salary during the 2022 year.

*Detention Officers received a minimum raise of 17.1% raise **during this same period.***

Detention Center and Sheriff's Department Operating expenses for the Detention Center and Sheriff's Department are \$5,241,953 and \$9,983,869 respectively. The total budget for the Sheriff's Department including Detention is \$15,225,822. The combined proposed expenditures for the Department have increased \$962,468 over the last year. They do have projected revenues of \$3,783,498, which is \$452,718.00 more than last year.

EXHIBIT G

Fiscal Year 23-24 Budget Tax Support

FY 23-24 Recommended Budget

General Fund Expenditure Department	Expenditure Budget	Revenue Budget	Tax Support	Percent of Tax Support
Governing Body	158,918	-	158,918	0.23%
Administration	725,065	-	725,065	1.05%
Human Resources	499,187	-	499,187	0.72%
Airport	120,538	2,500	118,038	0.17%
Finance	1,186,252	-	1,186,252	1.72%
Finance Data Processing	150,658	-	150,658	0.22%
Tower Expenditures	23,523	-	23,523	0.03%
Tax Administration	1,686,655	241,150	1,445,505	2.10%
Legal	250,000	-	250,000	0.36%
Courts	57,990	-	57,990	0.08%
Board Of Elections	486,322	22,600	463,722	0.67%
Register Of Deeds	488,175	411,000	77,175	0.11%
Information Technology	1,216,141	-	1,216,141	1.76%
Public Buildings	2,069,189	-	2,069,189	3.00%
Sheriff	9,983,869	1,579,198	8,404,671	12.20%
Detention Center	5,241,953	2,204,300	3,037,653	4.41%
Communications	1,581,782	-	1,581,782	2.30%
Emergency Management	873,721	79,000	794,721	1.15%
Volunteer Fire Departments	272,701	-	272,701	0.40%
Inspections & Planning	888,053	505,500	382,553	0.56%
Coroner	70,000	-	70,000	0.10%
Emergency Medical Services	7,917,909	2,350,000	5,567,909	8.08%
Dive Team	15,940	-	15,940	0.02%
Animal Shelter	502,659	16,600	486,059	0.71%
Solid Waste	1,437,020	1,201,800	235,220	0.34%
Forestry	205,140	-	205,140	0.30%
Economic Development	874,182	46,850	827,332	1.20%
Industrial Utility	275,081	-	275,081	0.40%
N C Cooperative Extension	660,399	2,000	658,399	0.96%
Soil Conservation	323,585	30,000	293,585	0.43%
Mental Health Administration	211,680	-	211,680	0.31%
Veterans	179,242	-	179,242	0.26%
Clinton City Schools:				
Current expense (2881 x \$1,273)	3,711,172	-	3,711,172	
Capital outlay	403,296	403,296	-	
Transfer to debt service	176,077	-	176,077	
Sampson County Schools:				
Current expense (7757 x \$1,273)	10,320,580	-	10,320,580	
Capital outlay	1,121,454	1,121,454	-	
Transfer to debt service	499,928	-	499,928	
Total City & County Schools	16,232,507	1,524,750	14,707,757	21.34%
Sampson Comm College-Current expense	1,728,648	-	1,728,648	
Sampson Comm College-Capital outlay	250,000	-	250,000	
Total Sampson Community College	1,978,648	-	1,978,648	2.87%

Fiscal Year 23-24 Budget Tax Support

FY 23-24 Recommended Budget

General Fund Expenditure Department	Expenditure Budget	Revenue Budget	Tax Support	Percent of Tax Support
Library	851,865	130,764	721,101	1.05%
Recreation	808,945	54,900	754,045	1.09%
Special Appropriations:				
DOM HCA Committee	300	-	300	
Sampson History Museum	60,000	-	60,000	
Rural Trans Planning Org	6,688	-	6,688	
Total Special Appropriations	66,988	-	66,988	0.10%
Debt Service	260,000	-	260,000	0.38%
Transfers Out:				
County buildings debt service	1,835,984	-	1,835,984	2.66%
School buildings debt service	3,375,014	-	3,375,014	4.90%
Aging programs	396,580	-	396,580	0.58%
Social services	6,637,438	-	6,637,438	9.63%
Health department	1,755,809	-	1,755,809	2.55%
Agri-Exposition center	412,142	-	412,142	0.60%
Building reserves	687,500	-	687,500	1.00%
	15,100,467	-	15,100,467	
Contingency	3,380,910	-	3,380,910	4.91%
Total	79,313,859	10,402,912	68,910,947	

**Sampson County
Budget Summary Information**

Tax support by function:	Tax Support	Percent of Tax Support
General government	12,509,773	18.15%
Public safety	20,613,989	29.91%
Environmental protection	440,360	0.64%
Economic & physical development	2,054,397	2.98%
Human services	9,180,749	13.32%
Education	20,061,419	29.11%
Culture & recreation	1,954,276	2.84%
Debt service	2,095,984	3.04%
	68,910,947	

EXHIBIT H

Net Tax Support Actual 2018-2023

Fiscal Year Ending 6/30	Detention	Sheriff/ Detention Debt Pymt	Sheriff	Total Tax	Net Support	Detention Revenue Generated	Sheriff Revenue Generated
2018	1,817,293	307,425	6,112,611	8,237,329	1,481,535	1,148,141	
2019	1,906,923	528,640	6,395,439	8,831,002	1,464,122	1,240,285	
2020	2,457,618	528,517	6,810,170	9,796,305	1,330,614	1,246,187	
2021	3,081,953	528,559	8,259,203	11,869,715	848,051	1,299,128	
2022	1,977,872	530,123	7,859,177	10,367,172	2,349,786	1,570,730	
2023	2,379,215	527,733	7,754,523	10,661,471	2,324,209	1,794,207	
	13,620,874	2,950,997	43,191,123	59,762,994	9,798,317	8,298,678	

Net Tax Support Budgeted 2018-2023

Fiscal Year Ending 6/30	Detention	Sheriff/ Detention Debt Pymt	Sheriff	Total Tax Support	Net	Detention Revenue Budget	Sheriff Revenue Budget
2018	2,283,376	307,425	6,400,846	8,991,647	1,454,500	979,550	
2019	2,444,210	528,640	6,609,553	9,582,403	1,366,000	1,185,675	
2020	2,791,719	528,517	7,032,000	10,352,236	1,393,800	1,243,117	
2021	3,148,359	528,559	7,082,441	10,759,359	721,200	1,189,428	
2022	1,882,373	530,123	7,935,428	10,347,924	2,562,391	1,430,298	
2023	2,637,805	527,733	8,294,769	11,460,307	2,188,000	1,396,641	
	15,187,842	2,950,997	43,355,037	61,493,876	9,685,891	7,424,709	

EXHIBIT I

Summary of Terms of Settlement -Akers et al. v. County of Sampson

1. The County will pay a combined total of \$16,500 to the 18 remaining Plaintiffs, less taxes and other authorized withholdings. The plaintiffs have agreed to divide this amount equally which will result in a payment of \$916.67, less taxes and withholdings, to each remaining plaintiff. No portion of the above payment or any other payment will be allocated to costs and/or attorneys' fees for the plaintiffs.
2. The County will appropriate \$55,000 as an "overtime" line-item entry into the Sampson County Sheriff's Office budget for the current 2023-2024 fiscal year. The appropriation is subject to any other future course determined in the County in its discretion after this fiscal year. This amount and line-item entry is a one-time appropriation.
3. The County Manager will recommend to the Board of Commissioners that the current gap time and overtime pay policy for the Sheriff's Office shall remain in effect through at least the end of the 2024-2025 fiscal year, which ends on June 30, 2025.
4. The County will revise the current language at the bottom of the time sheets used by the Sampson County Sheriff's Office which currently states, "Gap Time hours earned between 161- 171 are currently earned on a temporary basis," will be revised to add the following sentence: "This policy will remain in effect subject to any modification by the County Board of Commissioners."
5. Counsel for the County shall work with the Sampson County Human Resources Department on a communication that clarifies the current mealtime reporting procedures for time sheets of the Sampson County Sheriff's Office and provide a draft of this communication to counsel for plaintiffs for their review and any input. Such clarification shall include, without limitation, information as to how any unpaid mealtime periods (at least 30 minutes of uninterrupted time while eating) should be recorded, how any "de minimis" working time during those periods should not count as "hours worked", and how if no unpaid mealtime occurs, then a time sheet should be designated accordingly.
6. It is also understood that, after the communication in Item 5 is issued, the Sampson County Human Resources Department shall endeavor to appropriately limit follow-up communications with Sheriff's deputies about whether any days on their time sheets that do not designate any mealtime are accurately recorded.
7. Following approval of the above-stated terms by the Board of Commissioners, the parties shall enter into a settlement and release agreement with a full general release of claims, a non-admission of liability by the County, a stipulation of dismissal with prejudice of the lawsuit filed by each plaintiff, and other typical terms for resolving disputes of this nature. The parties' counsel shall then submit the agreement with any related motion(s), proposed order(s) and other filings to the U.S. District Court for the Eastern District of North Carolina for approval.

Summary of Background and Timeline of Events - Ake1's et al. v. County of Sampson

- Thirty-four plaintiffs filed a lawsuit in Sampson County Superior Court on February 9, 2022 against Sampson County alleging violations of the Fair Labor Standards Act ("FLSA") and Article I, Section 1 of the North Carolina Constitution. Sampson County removed the case to federal court and successfully moved to dismiss Plaintiffs' claims under the North Carolina Constitution.
- Following the Court's ruling on Sampson County's Motion to Dismiss, the parties engaged in extensive discovery. This included exchanging answers to written interrogatories and hundreds of pages of payroll records, emails, and other documents, and taking 25 depositions between June 15, 2023, and January 17, 2024, when the parties paused discovery efforts to prepare for and attend a court-ordered mediated settlement conference on January 30, 2024. Two additional depositions were scheduled for February 12, 2024, in the event the parties did not reach a resolution of this matter at mediation on January 30, 2024. The Plaintiffs testified at their depositions that their fees and costs in this lawsuit were being paid by the Police Benevolent Association and, as a result, that they were not personally responsible for paying them.
- Through the discovery process, it was established that the compensation practices at issue (payment for "gap time," overtime, and compensatory time off) were modified in July 2020. Accordingly, under the FLSA's statute of limitations, the relevant time period for any claimed damages was limited to the period from February 9, 2020, through July 14, 2020. If Plaintiffs could have successfully established that any violations were willful, that time period would have been expanded by an additional year to the period from February 9, 2019, through July 14, 2020.
- Between October 17, 2023, and February 5, 2024, 16 of the 34 Plaintiffs in the lawsuit voluntarily dismissed their claims. Among these, two Plaintiffs dismissed their claims before responding to written discovery requests, 12 Plaintiffs dismissed their claims before their depositions were taken, and two Plaintiffs dismissed their claims after their depositions, including one who took a dismissal after the mediated settlement conference.
- On November 9, 2023, before their scheduled depositions, two Plaintiffs served supplemental discovery responses that, for the first time, included a statement and calculation of alleged damages. On a rolling basis, the remaining Plaintiffs continued to serve supplemental discovery responses with individualized statements of damages that had not been previously provided between November 2023 and January 9, 2024, when these Plaintiffs were scheduled to appear for depositions.
- Sampson County first received a settlement demand that included all alleged wage-based damages, attorneys' fees, and costs claimed by the Plaintiffs on January 30, 2024, at the mediated settlement conference.
- Consistent with the position Sampson County has taken throughout this lawsuit, the settlement documentation that will be signed by the parties and filed with the Court will include language stating that Sampson County denies the allegations in the lawsuit, denies liability for any violation of the FLSA, and denies that damages are owed to any of the Plaintiffs and that it is entering into a settlement in this matter to avoid the time and expense of further litigation.

EXHIBIT J



November 20, 2023

Sampson County Board of Commissioners

406C County Complex Road

Clinton, NC 28328

RE: Classification and Compensation Study Recommendations

Dear Board Members:

The much-anticipated classification and compensation (market) study approved nearly one year ago has been completed and the results have been shared by Baker Tilly, the company selected to conduct the study. Human Resources Director, Nancy Dillman, has worked closely with the vendor and headed the project team that includes County Manager, Ed Causey and Finance Director, David Clack. Much time and effort has been expended on collaboration with vendor representatives to ensure a thorough review of market data with a focus on identified competitive positions. Based on the data that has been shared with you combined with the budgetary guidelines provided by the Board, the project team offers the following recommendations:

- 1) Approve the Baker Tilly Recommendation as detailed (Slide 17).
- 2) Adopt and Implement Scenario Option 3 (Slide 16) which adjusts the current pay scale to align with market mid-point, provides 1% increase for each year in Position (capped at 9 years since last salary study), aligns position titles and classifications with job descriptions, addresses pay compression issues, and insures no employee will receive a decrease in pay.
- 3) Provide an additional 4% Cost-Of-Living Adjustment (COLA) in addition to the Salary Study recommendation for all employees to maintain our market competitiveness. The results shared by Baker Tilly were based on data from the last fiscal year and clearly indicate that Sampson County salaries were competitive with the market (Slide 10). No Cost-of-Living Adjustment was included in our current budget while surrounding counties implemented COLAs.
- 4) Implement salary adjustments effective November 1, 2023, to be included in December payroll if approved by November 27, 2023. We are sharing a great deal of information and based on our own experience in getting to this point in the Salary Study, we appreciate the need for deliberations prior to final approval.

- 5) Eliminate all previously approved, temporary compensation agreements (Hiring Bonus, Temporary Raise, Incentive Pay, Paying Above Assigned Pay Grade, etc.) currently in place for identified competitive positions with DSS, Health, EMS, Detention and Sheriff's Office. The new plan absorbs these current pay practices as these previous efforts have resulted in reduced vacancies for these competitive positions.
- 6) Continue with the CADET Program to support recruitment challenges within the Sheriff's Office.
- 7) Increase the supplement for Canine Officers from \$152 per month to \$300 per month. Based on data provided by Canine Officers as part of this study, compensation for non-LEO duties to care for animals is not aligned with the time requirements.
- 8) Establish the beginning salary for all Detention Officer I positions to be \$40,008 per year (this is above the minimum for the assigned pay grade) to assist with the recognized hiring challenges for the Detention Center.
- 9) Establish the beginning salary for all PHN II positions to be \$60,000 per year (this is above the minimum for the assigned pay grade) to assist with the recognized hiring challenges.
- 10) Modify the established County work week to align with established practices more closely and to best respond to the differing work schedules. Effective January 1, 2024, the new work week for all County employees will begin at 12:01 AM on Saturday and end at Midnight on Saturday.
- 11) Allow departments to continue to explore and offer flexible scheduling for staff where feasible and services are not negatively impacted.
- 12) Develop and implement written Employment Agreements for all current and future employees to clearly detail expectations and conditions of employment with Sampson County. While employees are currently provided with information when hired, this process will be more formal and provide documentation to eliminate misunderstanding.
- 13) Continue with current guidelines for Department Heads to discuss needs with the County Manager prior to advertising or filling any vacancies. In response to the declining County population and scarcity of qualified applicants for competitive positions, we recognize the need to better utilize technology and upskill our workforce to respond to the needs of our citizens while reducing the number of positions effectively and efficiently.
- 14) For consideration and implementation during the budget process:
 - Revisit all positions to verify FLSA status (i.e. Exempt and Non-Exempt).
 - Evaluate all pay practices and revise policies and procedures (i.e. Overtime, Gap and Shift).
 - Evaluate and address evolving health care hiring challenges.
 - Develop guidelines for career ladders consistent with other County departments for Paramedics and Telecommunicators.

- Revise guidelines for consideration of Bi-Lingual Supplement to best meet departmental needs.
- Evaluate and address our comprehensive benefits offerings once we have received cost projections. Preliminary data indicates cost increases and benefit changes across the industry.

Documents shared with the Board of Commissioners tonight will be posted to the Employee Portal tomorrow morning. Careful consideration of the information should answer any questions employees may have about data collection and resulting implementation recommendations. Any questions should be directed to Department Heads for consolidation. Once compiled, Department Heads should submit questions to Nancy Dillman for assimilation and response. A list of Frequently asked questions will be addressed via the Employee Portal. Questions related to individual employees will be researched and resolved with the individuals.

The County Manager will be responsible for and held accountable for the plan implementation and for its maintenance once approved by the Board. It is anticipated that some circumstances will arise due to the ongoing movement of employees, and the County Manager will be responsible for making needed adjustments and appropriately advising the Board of actions taken.

The project team is very aware and extremely appreciative of the financial support you have provided for employees over the last several years. Your emphasis on valuing the work of all employees is of special note. The market study evidences that the County has made a significant effort to meet the financial needs of our employees in recent years, and the recommendations of the project team are primarily focused on the time since July 1, 2023. We understand your evaluation of the market study and the recommendation for implementation necessitates significant deliberation and thoughtfulness.

Moving forward, we must all acknowledge and understand the impacts of a declining County population and an economy still reeling from the effects of inflation. County staff will need to continue the emphasis on customer service, improved efficiency, and productivity with minimal effect on the size of our permanent workforce. Working collaboratively will allow us to further explore opportunities for sustainable outcomes.

Respectfully submitted,

Edwin Causey, County Manager

David Clack, Finance Director

Nancy Dillman, Human Resources Director

EXHIBIT K

BRIEF OVERVIEW OF SOLID WASTE OPERATIONS IN SAMPSON COUNTY

Landfill Operations

Prior to the 1990s, Sampson County owned and operated a landfill adjacent to the site of the County's current regional landfill. According to a review of old files, this site had been in operation for more than 20 years in the 1990s. The landfill was operated, under contract, by B.T. Sanitation (Billy Thomas). At the time, the County had 13 unmanned convenience sites with roll-off type containers. The contract with B.T. Sanitation provided for the daily operation of the landfill and the transportation of waste from the convenience sites to that landfill. Additional information on convenience site contracts/operations is found below.

In the early 1990s, state and federal laws regarding municipal solid waste landfills changed. Senate Bill 111 and Subtitle D of EPA groundwater regulations were enacted in response to concerns about pollution of ground and surface water from unlined landfills. The new regulations banned certain items from landfills (waste oil, whole scrap tires, white goods, lead-acid batteries), enacted a mandatory reduction of the volume of waste at landfills by 25% and mandatory provisions for recycling programs, enacted the requirement that all waste be weighed prior to entering a landfill, set forth operating requirements for gas control and record-keeping, imposed stringent closure design/cap requirements, and required design changes to include composite liners and leachate collection systems (by 1998). Sampson County's original landfill was near the end of its lifecycle (capacity and permit), and at the time, the estimated cost for the engineering and construction of a modern, compliant landfill would have exceeded \$500,000 per acre. The operating expenses for the first year alone were estimated to be \$2.5 million (over 22 cents of the ad valorem tax rate at the time), plus the substantial cost of closing the existing landfill and monitoring it for the required two decades.

Requests were submitted to the state to allow for vertical expansion of the existing landfill as a stop-gap measure to prepare for meeting the mandate for a lined landfill. Public meetings/hearings were held to ensure the public was aware of the changes in solid waste regulations and the possible financial impact to the County. Ultimately, the County opted to enact a household solid waste fee of \$68 for County residents and \$42 for municipal residents. Landfill tipping fees were established for demolition, yard waste, commercial and industrial solid waste. To better manage/control/reduce waste, container sites were proposed to be upgraded, fenced, and manned, and allow for the collection of recyclables.

Still, there was the need for a long-term solution, as the household fees would have to increase (possibly double or triple) once the existing landfill reached capacity and a new fully compliant landfill were to be constructed, so the County began to pursue the possibility of privatization of its landfill operations. Negotiations commenced with Browning-Ferris Industries (BFI), a nationally

known waste disposal company, assisted by consultant David M. Griffith Associates. Since the contract with B.T. Sanitation would expire on October 31, 1991, BFI offered to maintain the landfill operations free of charge pending landfill contract negotiations. If negotiations failed, the company would cease operations and bill the County for its services.

In the Fall of 1991, BFI hosted community stakeholders at a visit to their state-of-the art lined landfill at Charlotte Motor Speedway, and in early 1992, the County held a public hearing regarding their intent to enter into contract with BFI to develop and operate a regional landfill facility. On February 3, 1992, after duly considering the public input, the Board of Commissioners voted unanimously to enter into a contract with BFI. (The contract was also adopted by a second reading on February 17, 1992). Under this contract, BFI agreed to:

- Operate the County's existing landfill at **no** cost to the County, while developing a "Subtitle D" lined landfill on current County property (Site A) and surrounding properties (Site B). The existing and proposed landfill would be developed as a regional landfill, accepting waste from counties within a 60-mile radius (about 23 counties).
- Purchase and lease, or otherwise acquire the right to use such 200+ acre site for \$470,000 (including the purchase of the existing scale house and scales) when the 200+ acre site was permitted for a Subtitle D landfill operated by BFI.
- Close the existing Sampson County landfill under current solid waste permit guidelines in the event BFI commenced solid waste disposal on such 200+ acre site.
- Pay in annual payment amounts (pursuant to contract provisions) a total of \$1,607,700 between 7/1/92 and 10/1/98, plus reimburse the County up to \$50,000 remaining on the contract between the County and Waste Industries for container site improvements (in the event of expiration and non-renewal of such contract with Waste Industries).
- Pay a negotiated host fee on out-of-county waste and allow for free residential solid waste for Sampson County citizens.
- Construct a recycling center at the BFI sanitary landfill and include a cell for the disposal of construction and demolition debris and yard waste.
- Pave access roads into the landfill expansion cells and landscape the landfill entrance.
- Notify each homeowner of each residential dwelling within a Real Property Assurance Area of the opportunity to participate in BFI's real property assurance program (including the installation of a water service line and payment of the \$50 tap fee for interested households).
- Provide the Sampson County School system the MOBIUS curriculum for County students at no cost to the school system.

Problems resolved by the negotiated contract:

- The County's landfill would have been forced to close by October 1998 (as non-compliant and because it had nearly reached its capacity and end of permit). The contract afforded a solution for disposal of solid waste compliant with new state and federal regulations.
- Provided for the construction of an environmentally compliant, non-discharging (controlled by a sediment control system and leachate collection, control and treatment) landfill at zero cost to County.
- Allowed the County to control its solid waste disposal without the financial responsibilities for such. Allowed for the elimination of the household solid waste fees and provided for free residential waste disposal for Sampson County citizens.
- Provided for the closing and two-decade post closure monitoring of the old landfill, at no cost to the County.
- Provided new jobs.
- Provided a stream of revenue of host fees paid to the County for out-of-county waste. The contract gave BFI the right to accept an average of 2,185 tons per day of solid waste generated outside the county (but within the approved area), calculated on a calendar quarter basis.

April 1992: Division of Waste Management informed the County that by implementing provisions of the contract it achieved compliance with several state objectives and goals, including the priority goal of "ensuring that adequate capacity of environmentally protective solid waste disposal facilities exist to meet the needs of the people of North Carolina." It commended the contract for its consistency with state requirement to "encourage coordinated local activity for solid waste management within a common geographic area" and for providing an option for adjacent counties to consider as they planned to meet state and federal rules. It further commended the County for taking such steps to provide a regional facility which would be constructed and operated in a manner more protective of public health and the environment. The correspondence did ask for clarifications before final state approval. A new solid waste permit was required because the landfill would receive out-of-county waste. In addition, the County was to clarify its plans for disposal of scrap tires, land-clearing and inert debris, yard waste, etc. On June 1, 1992 (and again on June 15), the Board of Commissioners adopted a resolution approving all clarifications submitted in response to the State. The State approved the contract as clarified.

August 1992: The Board of Commissioners (as lessor of landfill property to lessee BFI) adopted a resolution of local government approval of the issuance of a sanitary landfill permit by the Division of Solid Waste Management to BFI.

October 1992: The expanded service area (out-of-county waste) was approved by the State contingent upon the submission of a transition plan from the closure of the existing County site to the operation of the new lined landfill (not to exceed 2 years), the submission of a permit for the lined landfill, and the submission of a schedule for closure.

March 1993: A number of counties, including Sampson, raised concerns regarding the backlog in the State's landfill permitting. The approval of construction permits was expected to be delayed until July 1993, allowing only 90 days for the construction of the lined facility before the Subtitle D deadlines. The County/BFI requested a temporary rule to allow initiation of the new landfill construction prior to issuance of permit. Such requests were supported by legislators and NCACC. Ultimately, the request was approved to begin construction of erosion control devices, clearing and grubbing, with the submission of a Memorandum of Agreement by the County (that it was proceeding at its own risk) and a permit bond (which BFI paid).

October 1993: Sampson County closed its existing landfill operating under Permit 82-01 as of October 8, 1993. The new BFI, Subtitle D, lined landfill (operating under Permit 82-02) commenced operations as of October 9, 1993.

July 1994: Contract amendment (#1) was approved to expand service area to all NC counties; the host fee structure was amended, and a provision for a prepaid host fee (\$500,000) was implemented to ensure revenue flow.

July 1995: Sampson County adopted a Landfill Franchise Ordinance, per state mandate, and awarded, by resolution, a sanitary landfill franchise to Browning-Ferris Industries of South Atlantic, Inc.

January 1997: Contract amendment (#2) was approved; the pre-paid host fee arrangement was extended until July 2009. This allowed a guaranteed revenue stream for the construction of the Agri-Expo Center.

March 1997: Contract amendment (#3) was approved; the average daily tonnage amount for out-of-county waste was increased to 5,000 tons (calculated on calendar quarterly basis).

June 1998: Contract amendment (Supplement to Agreement) approved. The landfill was not receiving the tonnage of waste it anticipated, and the company wished to enact what was called "put or pay agreements" and "volume discounted agreements" for its customers, with changes to the host fee paid for tonnage subject to these customer agreements. The pre-paid host fees provisions increased to \$750,000, beginning in 1998 and continuing for six years.

November 2000: Waste Industries purchased all of the issues and outstanding stock of BFI/Allied and assumed all responsibilities with respect to the BFI landfill agreement and its subsequent amendments.

November 2002: Waste Industries requests and the County approves (by resolution) an amended landfill franchise following a public hearing and two readings on November 4, 2002, and November 21, 2002. A new franchise was required as Waste Industries wished to apply for a new permit to change the slopes of the landfill (maximizing life of landfill), develop new cells and to increase

tonnage to 1,825,000 per year (5,000 per day). As this was considered a “major modification,” by the State, a hearing and local government approval documentation was required. This franchise is currently effective for thirty years. At the time of franchise approval, the landfill was permitted for the utilization of all portions of Sites A and B as defined in the Landfill Agreement, with a projected useful life of no less than 20 years and no more than 60 years from October 1993, and a projected 241-acre total footprint.

July/August 2004: Waste Industries requested consideration of an increase in the service area for the landfill to include all areas east of I-75, with a host fee on this expansion area equal to 5% of gate revenues. After a hearing on July 12, a Resolution Granting Approval of Amended Sanitary Landfill Franchise was approved on its first reading. A second hearing was scheduled for August 2, 2004, after which action was tabled and a second reading of Amended Franchise was pulled. At the Board’s August 13, 2004, meeting, the request was withdrawn by Waste Industries.

Solid Waste Convenience Sites

As noted above, the original contract with B.T. Sanitation for the operation of the landfill included the transportation of waste from the county’s 13 unmanned container sites (roll off containers only). In April 1991, the County solicited bids for landfill operations. B.T. Sanitation was the lowest bidder (at \$330,000 per year for 3 years), but after hearing the discrepancy between their low bid and the bid of a second vendor, they requested to increase their bid (to \$400,000 per year for three years). Ultimately, their contract, with an original expiration date of 8/31/91, was extended to October 31, 1991.

The County then entered into a contract with Waste Industries South, Inc. for the collection and transportation of solid waste and recyclables, for a period of 36 months beginning 9/1/91 and ending 8/31/94. With this contract, the container sites became manned sites and added the collection of recyclables. Waste Industries allocated \$125,000 toward site improvements, with the County deciding how funds were expended. An amortization period of 5 years with interest was established, with the County obligated to pay the unamortized amount should the contract cease after three years. (Ultimately, the unamortized amount was paid by BFI as part of the landfill contract.) Annual charge for services: \$458,850, with annual CPI adjustment after the first three years.

In 1994, the County shifted to contract with BFI for solid waste collection and transport, for a period of five years beginning 9/1/94 and ending 8/31/99. The rate structure increased annually from \$265,955 (94-95) up to \$355,648 (98-99). This contract was renewed in 1999 for an additional four-year period. The rate structure increased annually from \$373,428 (99-00) up to \$408,060 (02-03).

In 2000, Waste Industries assumed all of the county’s BFI contracts and existing terms and conditions. Prior to the expiration of the contract in 2003, staff negotiated with Waste Industries to allow their “landfill” division to assume responsibility for solid waste collection/recycling rather than their collections division (the relationship with the landfill division was more positive). This

discussion was ongoing through the contract term expiration, so Waste Industries supplied a budget cost for 2003/2004 of \$431,000 annually (\$35,975 monthly).

Waste Industries declined to have their landfill division assume collection responsibilities, but with staffing changes in the collection division, Sampson County was able to resolve concerns. The decision was made to keep the existing monthly contract rate through June 2004, with a new rate to be negotiated for 04/05 budget. Sampson County contracted with Waste Industries for the five-year period December 4, 2004 – November 30, 2009, at a monthly rate of \$44,617.58. The contract was extended for an additional three-year period ending November 30, 2012, with all terms and conditions remaining the same. In November 2012, Waste Industries agreed to continue their contract on a month-to-month basis while negotiating a new contract, then a five-year extension (until 2019) was approved wherein Waste Industries agreed to reduce its billing for services by 5%, to re-establish a fuel surcharge, to assume responsibility for current and future repairs for all site attendant buildings, to provide for proper storage of e-waste materials and assistance with the packaging thereof, and to rebuild and/or replace compaction equipment and other containers to improve site appearance. Monthly rate: \$52,865.60 (no CPI to occur until 2014).

In 2018/19, GFL Environmental merged with Waste Industries.

In July 2019, the County renewed its solid waste collection contract for another 5-year period, which will extend to June 30, 2024. The monthly compensation was set at \$60,92721, with provisions for 2% annual CPI increases after 6/30/2020.

Synergy of Landfill and Solid Waste Collection Contracts

GFL provides services to Sampson via two separate contracts/agreements with two different corporate divisions – the division which operates the landfill and the division of the company which provides solid waste collection and transportation. There are financial benefits of that synergistic relationship to both the company and the County.

Over the years, landfill host fee revenues have provided a revenue stream which has paid debt service on county facilities, provided for the purchase of capital outlay items such as ambulances and vehicles, has offset the costs of operations of the solid waste container sites, and has lessened annual tax increases. During the most recent budget challenges, board members and staff have discussed how to maximize host fees or reduce solid waste costs. Acknowledging the value of their contracts with Sampson County and the investments made to develop and improve the landfill, GFL as a parent company in December 2023 offered additional revenues by way of free solid waste collection services for a period of 30 months, a savings of \$1,055,000.