

**Personnel & Finance Committees' Meeting of the Sussex County Board of Supervisors
Held in the General District Courtroom, Sussex Judicial Center on
Wednesday, September 15, 2010, 4:15 p.m.**

BOARD MEMBERS PRESENT

T. Wayne Birdsong
Harris L. Parker

C. Eric Fly, Sr.
Rufus E. Tyler Sr.

STAFF PRESENT

George E. Morrison, III, Interim County Administrator
Henry A. Thompson, Sr., County Attorney
Jerry L. Whitaker, Director of Finance
Deborah A. Davis, Assistant to County Administrator
Eddie T. Vick, Public Safety Coordinator

Item 1. Call to Order

The September 15, 2010 Personnel and Finance Committees' meeting was called to order by Supervisor Tyler.

Item 2. Adoption of Agenda

The Committee Members did not take action of the adoption of the agenda.

Item 3. Interim County Administrator's Salary Increase

Supervisor Parker recommended paying the Interim County Administrator 10% less than the current salary for the position of County Administrator and make it retroactive to September 1, 2010.

Supervisor Birdsong advised that he agrees that the Board needs to provide some compensation to Mr. Morrison for serving as Interim County Administrator, but \$90,000 is entirely too much.

Supervisor Fly asked what additional duties would be required to justify the increase in salary, and also wanted to know when the last time the Board gave any employee a raise.

Supervisor Tyler advised that the Board needs to establish criteria. He stated that Mr. Morrison has been performing the County Administrator's duties for a year, without compensation. He asked Mr. Morrison what amount of increase he thinks is reasonable.

George E. Morrison, III, Deputy Interim Administrator advised, that he had not given it much thought.

Supervisor Tyler asked if the Board should go into Closed Session to discuss this because it is a personnel issue.

Supervisors Parker, Birdsong and Fly all agreed to continue the discussion in open session.

Mr. Morrison advised that he has been placed in an unfortunate situation, having been hired in January 2009, and in August 2009, began filling in as a result of the absence of the County Administrator. He stated that there was never any recognition whatsoever, but he did take on additional duties, of course by default being the Deputy County Administrator and consequently, action taken by the Board. Ten percent less than what the County Administrator was making would certainly be acceptable.

Supervisor Fly stated that the Board is looking to hire a County Administrator and further stated that he believes the Board should leave it alone and not increase Mr. Morrison's salary.

Supervisor Birdsong stated that although he has been filling in for the County Administrator for a year, but he can't see increasing the salary to \$90,000. He further stated that if the Board hires a new County Administrator, perhaps we can look at Mr. Morrison's performance and then give him a bonus after the Board hires a County Administrator.

Mr. Morrison advised the Board that some of the department heads under his supervision earn more than he does.

Supervisor Parker offered a compromise of increasing the Interim County Administrator's salary by paying 8% of the current County Administrator's position salary.

Supervisor Tyler advised the Board that during the interview process, that of the two finalists, the other person interviewed asked for a salary of \$90,000 to start. Negotiations were held and Mr. Morrison was hired at a much lower salary, thus saving the county money. Mr. Tyler further stated that the Deputy County Administrator should be paid at least 10% more than the highest paid person, whom he supervises.

Supervisor Birdsong advised that Mr. Morrison accepted the job at that salary knowing that he would fill in for the County Administrator during her absence.

Supervisor Birdsong stated that the Board could discuss giving Mr. Morrison a bonus, but as far as compromising, maybe they (the Board) could offer 10% more than his current salary.

ON MOTION OF SUPERVISOR PARKER, seconded by SUPERVISOR TYLER that the Board of Supervisors shall hereby increase the Interim County Administrator's salary to provide 8% less than the current salary of the County Administrator's position.

Voting aye: Supervisors Parker, Tyler

Voting nay: Supervisors Fly, Birdsong

The motion failed.

Item 4. County Administrator's Selection Process

George E. Morrison, III, Interim County Administrator, advised that included in the late agenda packet is information regarding quotes from Management Consulting Firms regarding an executive search. The quotes were received from Springsted Incorporated and the Mercer Group. Both firms conduct executive searches for local governments from across the nation. The following is provided:

Springsted Incorporated

\$15,000.00 (Estimated Personnel Cost)
\$4,600.00 (Out of Pocket Costs)
\$19,600.00 (Total)

Springsted also offers additional costs for expanded work requested by the County.

The Mercer Group

\$16,000.00 (Fee for scope of services)
\$8,000.00 (Out of Pocket expenses)
\$24,000.00 (Total)

The Mercer Group proposed out-of-pocket expenses to include such things as advertising, printing, travel, lodging, meals, data assembly and other expenses relating to the engagement.

Supervisor Tyler reminded the Board that advertisements can be placed with VACo, NACo, ICMA and VML.

(A copy of both proposals are retained in the September 15, 2010 meeting packet).

Item 5. Insercorp – Website Development Proposal

George E. Morrison, III Interim County Administrator, advised the Board that included in the Committees' agenda packet, is a proposal from Mr. Tim Bradshaw, Executive Manager, Insercorp. In a memorandum dated July 14, 2010, the Board of Supervisors was forwarded an email from Mr. Bradshaw along with information regarding his proposal to develop the County's website through his company.

As indicated, in a previous memorandum from Mr. Morrison, Ms. Jones, former County Administrator, had begun conversation with Mr. Bradshaw to develop a proposal to prepare a more functional and better operating website for the County. Since the initial conversation, the cost for providing this service to the County has gone down significantly.

It is requested that the Finance Committee review this proposal and provide a recommendation to the entire Board of Supervisors.

The Finance Committee decided to recommend to the Board of Supervisors to approve the proposal from Insercorp – to allow them to also maintain the County’s website, thus eliminating the need for staff to update the website.

Item 6. Outside Program and Agency Application – Funds Request (Draft)

George E. Morrison, III, Interim County Administrator, advised that included in the Committees’ packet, is information regarding a draft application for Funds Requests for Outside Agencies. This packet was developed per the request of the Board’s discussion during budget preparation this year – at the behest of the Chairman. There was the desire to develop an application or form which would provide information regarding the entities outside the County’s purview that request financial support in any given fiscal year. This information is provided for discussion and the Board’s edification.

The Committee asked that the application be edited to include “the percentage of recipients that live in Sussex County.”

Item 7. Update on State 3% Bonus

Jerry L. Whitaker, Director of Finance, advised that the 3% one-time State bonus will not be funded or provided to Constitutional Officers and their employees or Social Services employees. He stated that according to the Compensation Board, Constitutional Officers are excluded from the 3% one-time bonus.

Item 8. Overtime In Separate Check

Jerry L. Whitaker, Director of Finance, reported that in March 2006, all Sussex County employees and employees of the Constitutional Officers were informed that separate checks could no longer be processed for overtime pay by way of memorandum dated March 30, 2006. This change was necessary to bring the County in compliance with IRS Section 31.3402(g)-1(a). The IRS regulations govern supplemental pay and stated that supplemental pay must be paid, 1) either aggregated with wages from current or previous regular pay period to determine tax withholdings or; (2) may be paid separately, but federal taxes must be withheld at a flat rate. The current rate is 25%.

Mr. Whitaker also stated that the County’s system is not set up to handle the processing of a separate check and applying a flat tax rate for federal tax withholding. Under the current system set up, a separate check, if processed, would apply the regular tax tables, which would be in violation of IRS Section 31.3402(g)-1(a) because supplemental pay would not be aggregated nor taxed at a flat rate. The cost for programming changes to the system coupled with the cost of bank fees associated with transmission of payroll and staff time to process a third payroll each month may not outweigh the benefits. An option that would eliminate the cost of bank fees and staff resources may be to process with the regular pay cycle and see if the system can be modified to tax regular wage using the tax tables and apply a flat rate to all supplemental wages in the same pay period.

There are some employees that may have more federal taxes withheld using a flat tax rate, if regular wages and supplemental wages aggregated are less than 25%. As part of the modifications to the system, it may be possible to set one employee using the aggregate method and another employee using the flat rate for taxation of supplemental pay. The possibility and the associated cost of system modifications can be explored.

Supervisor Fly advised that some localities are being sued because of situations like this. Albemarle County has to pay out \$390,000.

The Director of Finance will perform an analysis to find out how much the system modification would cost and report to the Board.

Item 9. Aid To Localities Reductions

Jerry Whitaker, Director of Finance, advised the Board that originally, the aid to localities reductions was for the two (2) years of 2009 and 2010. A reduction of \$188,235 is not reflected in the FY 2011 budget. These reductions are separate from the State's cuts in funding for Constitutional Officers although with the same effect. More local dollars will be used to fund the Constitutional Officers if expenditure levels remain the same. The amount of additional local funding for FY 2011 is \$87,114.

This information is being presented to the Finance Committee for its recommendation to the Board on what items to fund local dollars and/or what expenditures to cut.

By general consensus, the Finance Committee agreed that they need to set a meeting with the Constitutional Officers.

Item 10. Accrued Leave Constitutional Officers

Jerry L. Whitaker, Director of Finance, informed the Board that as part of the preparation of Sussex County's annual financial statement, a cost is incorporated to show the estimated liability for employees' vacation and sick leave balances. Although only annual leave is paid to employees, upon separation of employment, the standard accounting practice is to show both liabilities. Leave for County employees and the Sheriff's Department is maintained in the accounting system as part of the payroll process. Leave for the other Constitutional Offices is maintained by each office.

The calculated leave liability for County employees and the Sheriff's Department is produced by the system. The maximum amount of leave carried forward from one year to the next is 192 hours. In order to calculate leave for the remaining Constitutional Officers, a memorandum is sent to each office requesting the amount of leave for each employee as of June 30th.

A report showing actual hours as reported by each office is retained in the September 15, 2010 meeting packet.

Item 11. September Requests for Appropriations by Department

Jerry L. Whitaker, Director of Finance, provided information regarding appropriations adjustments for fiscal year ending June 30, 2011. A copy of the report is retained in the September 15, 2010 meeting packet.

Item 12. Sheriff's Department Request (Dated May 10, 2010)

Jerry L. Whitaker, Director of Finance, advised that the Board erroneously approved the Sheriff's request for \$10,000 for the DARE Officer and jail nurse and should consider rescinding its resolution dated July 15, 2010. In the Sheriff's letter dated May 10, 2010, he requested that the Board of Supervisors appropriate funds for two (2) items. One item is for a \$10,005 cut in the State funds for the DARE Officer and Jail Nurse. The other item is for a \$3,906 cut in State funding for the salaries of two (2) officers. This item was referred to the Finance Committee. No action was taken on the third item which was a cut in a position by the Compensation Board.

Mr. Whitaker reminded the Board that all State cuts for Constitutional Officers were absorbed using local funds and there were no cuts in the Constitutional Officers' expenditure budgets. Only the revenues for state funding are cut in the budget. More local dollars are being used to fund the operations of the Sheriff's Department. State funding for the Sheriff actually increased by \$20,838 compared to FY 2010.

(Supervisor Fly left the meeting at 6:20 p.m.).

Item 13. Summary of Appropriations to Date

Jerry L. Whitaker, Director of Finance, provided a list of appropriations as of this date. (A copy of the list is retained in the September 15, 2010 Board packet).

Item 14. Dewberry Architectural/Engineering Design Amendment Number 1

George E. Morrison, III, Interim County Administrator, advised the Board that included in their agenda packet is a copy of Amendment #1 of Dewberry's Architectural and Engineering Design. This design contract is for the proposed Courthouse Addition or Renovation of the existing County Administration Building for the Commonwealth's Attorney's office.

A copy of the amendment has been forwarded to the County Attorney for review and advice.

Item 15. Ambulance Request Update Memorandum

Eddie T. Vick, Public Safety Coordinator, addressed the Board and advised that he wanted to make the Board aware of the present condition of the ambulances in Sussex County. He advised that both EMS agencies have contacted him in reference to the conditions of their ambulance fleet. Since early June 2010, both EMS agencies have struggled with keeping their fleet in service. Attempts have been made to help them whenever possible, but the budgeted amount has been exceeded. The Waverly Rescue Squad has been down one ambulance since June (it has air

conditioning problems) and the Stony Creek Volunteer Rescue Squad ambulance needs a new transmission. These repairs are very costly and limit the agencies' ability to respond to calls.

Both agencies have applied for several different grants that are available to them; however, there are no guarantees they will receive a grant, but this issue will still need to be addressed. They should know by January 2011 if they will receive a grant. Mr. Vick requested that the Board consider purchasing two (2) ambulances this budget year.

Supervisor Tyler left the meeting at 6:55 p.m.

Item 16. Adjournment

The meeting ended at 7:15 p.m. No vote was taken to adjourn the meeting.