

Draft

**BOARD OF COMMISSIONERS**  
**REGULAR MEETING**     May 19, 2014

**ALEXANDER COUNTY**  
**STATE OF NORTH CAROLINA**

**PRESENT:**    Larry Yoder, Chairman  
                  Ryan Mayberry, Vice-Chairman  
                  Andrew Ferguson  
                  James “Burkie” Jennings  
                  Judy M. Moose

**STAFF:**        Rick French, County Manager  
                  Jamie Starnes, Clerk to the Board

The Alexander County Board of Commissioners held a regular meeting on Monday, May 19, 2014 at the CVCC / Alexander Center in Room 103, Taylorsville, North Carolina.

**CALL TO ORDER**

Chairman Yoder called the meeting to order at 6:00 PM.

**INVOCATION & PLEDGE OF ALLEGIANCE**

Chairman Yoder gave the invocation and Commissioner Ferguson led the Pledge of Allegiance to the Flag.

**ADOPTION OF AGENDA**

Commissioner Ferguson made a motion to adopt the agenda as presented. Commissioner Jennings seconded the motion. The Board voted unanimously in favor of the motion.

**PUBLIC HEARING: 2014-2015 ALEXANDER COUNTY PROPOSED BUDGET**

Rick French, County Manager, provided the following Budget Message for the 2014-2015 proposed budget:

*The 2014-2015 proposed budget for the Alexander County General Fund is \$34,621,230 or 2.5% less than the 2013-2014 revised budget which totals \$35,528,015. This is a*

*decrease of \$906,785. A total of \$38,389,041 was requested by departments for the 2014-2015 budget.*

*The proposed budget contains the same tax rate of 60.5 cents. A 4-cent tax increase is critical and is recommended because the County fund balance is extremely and unacceptably low. A total of \$2.5 million is budgeted from fund balance, leaving around \$2 million at the end of June 2015. Our fund balance at 6/30/12 was 29.49% and 24.04% as of 6/30/13. Alexander County will receive a stern letter from the NC Local Government Commission once our audit report is reviewed with such a big decrease in fund balance this year. A low fund balance will prevent Alexander County from borrowing money for projects such as water or economic development projects. A low fund balance will impact our cash flow and in this particular case, our ability to move forward as scheduled with the Alexander County / CVCC Taylor Togs Project, in which nearly \$1.5 million in grants will have to be delayed until later in the year or early 2015. This sends the wrong message to industry and businesses in Alexander County. Remember, Alexander County currently has a \$3.2 million zero interest loan and does not have the cash flow to support both this and the CVCC Taylor Togs Project.*

*The proposed budget includes:*

- No local match of \$500,000 for the Alexander County / CVCC Taylor Togs Project.*
- No local match of \$225,000 for the Rocky Face Park Phase II Grant Project.*
- No funding for new garage in the amount of \$265,000.*
- No funding for evidence storage building for the Sheriff's Department in the amount of \$100,000.*
- No funding for demolition of the old Dayton property in the amount of \$75,000.*
- No COLA or any salary increases for County employees.*
- A 50% reduction in most general travel and supplies line items.*
- Almost all capital line items requested in the 2014-2015 budget are not recommended due to low fund balance – no cars for the Sheriff's Department, Detention, or DSS.*
- The technology budget was reduced from \$133,000 to \$22,500.*
- A 50% reduction in debt service payment - \$150,000 for the ACHS Auditorium (school sales tax will be used) and a reduction in CVCC operational cost of \$40,000.*

*Bulletproof vests (\$20,125), a replacement ambulance (\$130,000), and a required item in Animal Control (\$4,500) are included in the 2014-2015 budget. A total of \$127,821 for mezzanine barriers for the Detention facility will be placed in Contingency.*

*There are two new County employees in the budget. These employees will be in a Purchasing Department that will start January 2015. The Purchasing Department will be responsible for office supplies, garage supplies, janitorial supplies, furniture, vehicles and other capital outlay purchases, copy/print services, confidential shred services,*

*courier/postage services, county credit cards, cell phones, utilities, uniforms. These employees will also handle contract review and file management, E-Verify documentation for vendors/contracts, compliance with bidding requirements, maintain purchasing policy, Employee vs. Contractor Documentation for vendors, maintain certificates of insurance from contractors.*

*Several contracts with WPCOG are under review for overlay districts, minimum housing, and code enforcement. Alexander County has only one planning position in the budget, which is currently responsible for all these services.*

*Alexander County also received a letter from Alexander County Schools Superintendent, Brock Womble. The letter requests an additional \$256,300.*

*How did we get to this point financially when our fund balance was 29% two years ago? It's not just one thing. It's a combination of Medicaid Reform, changing sales tax from per capita to point of sale, combined with building an \$8.5 million Law Enforcement & Detention Center with a \$2.5 million operational increase, combined with no growth in sales or property taxed revenue, combined with purchasing property for future County offices and CVCC spending \$1.8 million plus another \$500,000 - \$600,000 for the CVCC Taylor Togs Project without a tax increase. It's the perfect storm.*

*Let's remember our budget also includes other funds – Solid Waste (no increase), Water Fund includes 3.2% increase from the City of Hickory but should be increased a total of 5%. The whole structure of the Bethlehem Water District should be adjusted for the future. There are no other increases in any other funds.*

Mr. French also presented charts with information related to 2014-2015 proposed general fund revenues and expenses, expense comparisons between this year and next year for water funds, Solid Waste Fund, 911, fire districts and revaluation, and revenues and expenses for the Detention Center from 2011 to 2015 (proposed). He also reviewed general fund revenues from 2011 to 2014 which had remained consistent and advised that the revaluation of property in 2015 is expected to have a decrease, further impacting the County's revenues.

In response to a question from Chairman Yoder, Mr. French stated that more than 80% of the County budget was mandated expenses of which the County had no control over. Vice-Chairman Mayberry also pointed out that the County could not control sales taxes, only the property tax rate and other small revenue sources such as fees, water rates, etc. Commissioner Jennings added that sales tax revenue was flat because Alexander County did not have large shopping centers and due to the state changing sales taxes to point of sale instead of per capita.

Vice-Chairman Mayberry asked how not imposing a property tax increase would impact coming budget years to which Mr. French replied that drastic changes would be needed, such as combining departments or contracting with other counties for regional services. He also pointed out that tax increases, although discussed for several years, had not been approved which had led to fund balance being used and noted that the construction and operating expenses of the Sheriff's Office and Detention Center had greatly impacted the budget.

Commissioner Ferguson questioned increase in employees over time. Mr. French replied that employment increases had taken place over the years mainly in EMS, Sheriff's Department, and Detention, noting that most other departments were small, some operating with only one or two employees. Commissioner Ferguson also suggested a task force be created to develop a 5 to 10-year financial plan for the County.

Chairman Yoder discussed possible savings of cutting 16 employees and asked Mr. French's suggestion on the tax increase needed to cover both fund balance and needed items. Mr. French explained that the County would be required to pay unemployment benefits totaling 33% of the employee's salary and benefits as well as all vacation and comp time, not to mention the impact to services. He also stated that an 8 to 10 cent tax increase was needed.

Commissioner Jennings pointed out that Alexander County's Detention Center was identical to Ashe County's facility which generated \$1.2 million in revenue by housing out-of-county inmates; however, he noted that the expected revenue for the 2014-2015 budget for Alexander County was \$575,000 for housing out-of-county inmates.

Commissioner Moose felt the Board could not blame this situation on the Detention Center, noting that Mr. French had warned them for years but that the Board had continued to spend money.

Chairman Yoder mentioned the many projects that had been accomplished by the Board, noting that the tax rate should've been raised for the past several years. He felt Alexander County was heading for a major increase similar to those passed by Burke (18 cents) and Caldwell Counties (22 cents) this past year.

Chairman Yoder called the public hearing to order and requested any public comment. The following individuals spoke:

#### Public Comment

Bud Caywood mentioned the closing of Alexander County's only shoe store, dry cleaners, and other businesses and the fact that 1/3 of the population traveled outside of the county to work and shop, spending \$130 million per year in other counties. He felt the Board should recognize its mistakes and enact at least the recommended minimum tax increase (4 cents) instead of passing the responsibility onto the next Board. He discussed "bad elements" in County trends that included shelving of Vice-Chairman Mayberry's long-range economic plan, the fizzling of the Travel and Tourism Committee after two meetings, and not having unified support from the Board for the CVCC Taylor Togs Project.

Larry Riddle felt the commissioners were elected to guide the county, not protect their wallets and he compared this situation to not calling the fire department when a neighbor's house was burning because it would cost tax money. He stated that 4 cents would not plug the hole in the budget and that 10 cents was needed. Mr. Riddle added that the next board would pay for this one's mistakes.

Larry Holland did not mind a tax increase if an adequate job had been done to reduce expenses, which he did not feel had been accomplished by this board. He also addressed the “bandwagon” of shopping locally by pointing out that his, along with other citizens’ major expenses, such as mortgage, utilities, phone bill, etc. were all paid to companies outside of Alexander County, leaving the rest to be spent locally on groceries, gas, etc. which he made every effort to do. He quoted “necessity is the mother of invention,” pointing out that the County had the ability to control both revenues and expenses.

Hank Byrd, President of Schneider Mills, commended the County’s support of expanded workforce education through the CVCC / Taylor Togs Project that would provide quality hard skills training for local employment. He also mentioned the closing of several machine shops, the hospital, and Chamber of Commerce and felt this project would be a plus to the community.

Kathryn McCurdy felt the county would never prosper until it began embracing “others” into the community and gave the example of voting against same-sex marriage or alcohol sales as well as flying the Confederate Flag at the courthouse. She felt Alexander County needed to become a place people wanted to be instead of the place it had always been.

Linda Graham, CVCC / Alexander Center Executive Director, invited the Board to attend a President’s Reception tomorrow from 5:30-6:30 PM to honor the 86 GED graduates. She also discussed the advantage of local technical training as well as future programs for the Alexander County campus.

Chuck Wills, Lions Club District 31-B Governor, stated that he had recently moved to Alexander County and was impressed with the love of the community. He also briefly mentioned that the alcohol sales issues had occurred in the county of his previous residence.

There being no further comments, Commissioner Jennings made a motion to close the public hearing. Commissioner Ferguson seconded the motion. The Board voted unanimously in favor of the motion.

## **ALEXANDER COUNTY EVENTS UPDATE**

Rick French, County Manager, promoted Rocky Fest scheduled for Saturday, May 24<sup>th</sup> beginning at 8:30 PM at Rocky Face Park and he discussed the many activities offered throughout the day such as 5K and 10K races, rock climbing classes, inflatables for kids, live music, nature hikes, food, and craft vendors.

Mike Annas, American Legion Post 170 Commander and Veterans Committee Member, announced that a Memorial Day Ceremony would be held on Sunday, May 25<sup>th</sup> at 3:00 PM at the Alexander County Courthouse. Ben Hines, Register of Deeds, will be the Master of Ceremonies and a Blue Star Memorial will be dedicated.

Chuck Wills and Hazel Yoder with the Lions Club and Matt Cooksey with Habitat for Humanity encouraged the public to attend the Benefit Game on May 25<sup>th</sup> at 5:00 PM at the Crawdads Stadium to assist in raising money for a home for Ray Coleman.

## **RESOLUTION TO COMMIT FUND BALANCE**

Rick French, County Manager, requested approval of a resolution committing \$140,000 of fund balance for the purchase of new voting equipment to be in place for the 2016 Presidential election. He advised that this purchase had been mandated by the state Board of Elections.

Vice-Chairman Mayberry made a motion to approve the resolution to commit fund balance. Commissioner Moose seconded the motion. The Board voted unanimously in favor of the motion.

## **BOARD APPOINTMENTS & REAPPOINTMENTS**

Rick French, County Manager, requested the following appointments and reappointments to County boards and committees:

DSS Board – Reappoint Larry Yoder for 3 years.

Library Board of Trustees – Appoint Miranda Burgin and reappoint Maggie Breden-Taylor for 3 years.

Commissioner Jennings made a motion to approve the appointments and reappointments as presented. Vice-Chairman Mayberry seconded the motion. The Board voted unanimously in favor of the motion.

## **BUDGET ORDINANCE AMENDMENT #35**

Rick French, County Manager, stated that the purpose of Budget Amendment #35 was to increase the Extension Service budget for donations from outside sponsors received during the 2013-2014 budget year as well as donations received in prior years that were not spent before the end of the year.

Vice-Chairman Mayberry made a motion to approve Budget Amendment #35. Commissioner Ferguson seconded the motion. The Board voted unanimously in favor of the motion.

## **OTHER BUSINESS**

Josh Mitchell, Public Works Director, reported that the GDS/Republic Services Franchise Agreement with the County would expire at the end of June. He discussed a 5-year extension of the agreement that would include trash and disposal of waste from the landfill to Foothills Environmental as well as commercial and residential service in unincorporated areas of the county. Republic Services is also offering a new countywide single-stream curbside recycling program and will waive the Consumer Pricing Index until next year, a savings of approximately \$50,000.

Current residential services prices are \$20.49 per month for customers using their own cans or \$22.99 per month for customers renting a GDS cart. The price will only increase to \$24.29 per month to add the single-stream recycling. He felt this would create more uniformity and less litter within the county and also increase household recycling tonnage.

Vice-Chairman Mayberry felt other proposals should be reviewed. Mr. Mitchell explained that he had researched other companies in the past, but that they could not compete due to the closest landfills (Lenoir and Charlotte) being owned by Republic Services. However, he agreed to provide other quotes at the next meeting.

## **CONSENT AGENDA**

- A. Minutes from the May 5, 2014 Regular Commissioners' Meeting.
- B. Alexander County Sponsorship Policy.
- C. Revision to the Retiree Health Benefits Policy.

Commissioner Jennings made a motion to approve the Consent Agenda. Commissioner Moose seconded the motion. The Board voted unanimously in favor of the motion.

## **CLOSED SESSION – N.C.G.S. 143-318.11(a)(1, 2, 4, 5, & 6) TO PREVENT THE DISCLOSURE OF CONFIDENTIAL INFORMATION, DEGREES/PRIZES/AWARDS, ECONOMIC DEVELOPMENT, CONTRACTUAL, & PERSONNEL**

Commissioner Jennings made a motion to enter into Closed Session at 8:17 PM to prevent the disclosure of confidential information and to discuss degrees/prizes/awards, economic development, contractual matters, and personnel issues pursuant to N.C.G.S. 143-318.11(a)(1, 2, 4, 5, & 6). Vice-Chairman Mayberry seconded the motion. The Board voted unanimously in favor of the motion.

## **ADJOURNMENT**

There being no further business, Commissioner Jennings made a motion to adjourn at 8:43 PM. Commissioner Ferguson seconded the motion. The Board voted unanimously in favor of the motion.

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Larry Yoder, Chairman

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Jamie M. Starnes, Clerk to the Board