

Draft

**BOARD OF COMMISSIONERS
BUDGET WORK SESSION** April 20, 2026

**ALEXANDER COUNTY
STATE OF NORTH CAROLINA**

PRESENT: Larry Yoder, Chairman
Kent Herman
Marty Pennell
Ronnie Reese

ABSENT: Josh Lail, Vice-Chairman

STAFF: Ben Faulkenberry, County Attorney
Doug Fox, Tax Administrator
Gary Herman, PIO
Jennifer Herman, Finance Director
Josh Mitchell, Public Works / Facilities Director
Justin Mundy, County Manager
Jamie Starnes, Clerk to the Board

The Alexander County Board of Commissioners held a budget work session on Monday, April 20, 2026 at 4:00 PM in the Administration first floor conference room in Taylorsville, North Carolina to discuss the FY 2026-2027 budget.

FY 2026-2027 BUDGET OVERVIEW

Justin Mundy, County Manager, reported that the preliminary 2026-2027 budget, before reductions and tax rate adjustments, totaled \$64,245,518 and included a Fund Balance appropriation of \$8,055,039. Alexander County has historically relied on Fund Balance to balance the annual budget, but has only used a small portion of the appropriated amount once in the past decade. However, Mr. Mundy felt confident that Fund Balance would be utilized in FY 2027 if no budget reductions were implemented. Therefore, he emphasized that his goal was to reduce budgeted line items to reflect historical spending.

GENERAL FUND REVENUES

Negative impacts to FY 2027 projected revenues:

- H.R.1 impacts to Medicaid and FNS – estimated at \$1 million to \$1.5 million.
- Various state/federal grant funding – approx. \$300,000 decrease.
- Building permits – approx. \$125,000 decrease.

Positive impacts to FY 2027 projected revenues:

- Property tax collections – \$746,000 increase at current tax rate of 65 cents (one cent is worth \$415,000).
- Sales taxes – approx. \$800,000 increase.
- EMS revenues – approx. \$500,000 increase.

Mr. Mundy noted that FY 2027 revenues were expected to remain flat compared to FY 2026, mainly due to H.R.1 absorbing projected revenue growth.

GENERAL FUND EXPENDITURES

Personnel requests total approx. \$359,000 for salary/benefits and include 5 full-time positions (911 Telecommunicator, Animal Services Administrative Assistant, Emergency Management Administrative Assistant, Economic Development Coordinator, and Senior Center Support Assistant) and one part-time no benefits position (Animal Services Animal Care Technician). A 2.5% COLA is also included in the proposed budget as well as a 2% 401k match for contributing employees. Mr. Mundy is conducting an internal salary study to compare our salaries with other counties. Requests for salary increases were as follows:

- Sheriff's Office – additional 2.5% (5% with COLA) for all employees and additional 5% (7.5% with COLA) for 5 detectives.
- Detention Center – additional 5% (7.5% with COLA) for all employees and additional 7.5 (10% with COLA) for 4 employees.
- EMS – additional 5% (7.5% with COLA) for all employees.
- Parks – additional 10% (12.5% with COLA) for all employees.

Capital outlay requests total \$2.65 million and include:

- Emergency Management storage warehouse and radio - \$764,000
- 10 vehicles (SUV for Planning, truck for Public Buildings, F150 truck and 3 Ford Explorers for Sheriff's Office, SUV for Cooperative Extension, two SUVs for DSS, and truck for Recreation) - \$429,732
- EMS ambulance w/ power load stretcher - \$368,873
- EMS equipment (cardiac monitor, auto pulse CPR device, Hamilton ventilator for Crew #6) - \$91,243
- Courthouse chiller - \$200,000
- CVCC HVAC and paving - \$190,000
- Library HVAC and paving - \$120,000
- Animal Shelter remodel and spay/neuter clinic - \$100,000
- IT upgrades (phone system replacement and software) - \$82,600
- Public Buildings equipment (lawn mower and skidsteer) - \$76,000
- 911 microwave path replacement - \$75,000

- Health Department accreditation and upgrades (entrance concrete and windows) - \$53,000
- Senior Center upgrades (painting, flooring, sign) - \$50,000
- Bethlehem Library flooring - \$25,000
- License Plate Agency service counter - \$12,500
- Pre-Trial Release flooring - \$11,000
- Parks radios - \$3,500

Alexander County Schools requested \$8,426,361, an increase of \$348,321 to cover a School Nurse funding shortfall (\$91,503, NC Pre-K funding shortfall (\$73,094), Media/Innovation Coordinator at Ellendale Elementary (\$41,575), and salary increases for employees paid with local funds (\$142,149).

Because delivery timelines for ambulances are expected to extend beyond the end of FY 2027, the Board agreed to remove the EMS ambulance from the budget with the understanding that a budget amendment would be approved later in the year if it is delivered sooner.

Other discussions included the possibility of utilizing part-time positions instead of the requested full-time staff, alternative options for storage of Emergency Management equipment, and questions regarding the current status of the National Guard Armory with the recent opening of the new facility in Wilkes County.

CAPITAL PROJECTS

Current capital projects include:

- Bowman Court Sewer – completion projected for summer 2026.
- 16 West Main Avenue – completion projected for summer 2026.
- Bethlehem Water Tank – completion projected for fall 2026.
- Three Forks Water Line – completion projected for fall 2026.
- ARPA Water Line Extension – completion projected for fall 2026.
- Bethlehem Booster Station – completion projected for spring 2027.
- EMS Station #2 Expansion – completion projected for spring/summer 2027.

County has also received a master plan for the revamping of East Park with the hope to host travel ball events to generate revenue. Total project costs will depend on the upgrades chosen by the Board but could reach as much as \$18 million. Staff will investigate completing the project in phases and also pursue grant opportunities.

Mr. Mundy has been in contact with the NCACC about developing a comprehensive Capital Improvements Plan and is requesting a \$100,000 appropriation in the budget to begin the process.

SOLID WASTE FUND

There are no proposed fee increases for convenience sites and expenditures will remain mostly unchanged, increasing only slightly due to increases in oil recycling and maintenance. For the landfill, there is a 4.7% tipping fee increase included in response to a CPI increase at Foothills Environmental, bringing C&D fees to \$62.82 per ton and household, commercial, and industrial waste to \$73.29 per ton. The \$5 minimum charge at the landfill will be increased to \$10 to divert smaller loads to convenience sites and \$100,000 has been budgeted in capital outlay to purchase a used track loader and dump truck.

WATER & SEWER FUND

The proposed budget for the Water & Sewer Fund totals \$4.55 million and includes \$865,00 for debt service payments, \$200,000 for a lift station upgrade at Wittenburg Access, and \$100,000 for general water line replacements.

Mr. Mundy informed the Board that the City of Hickory was upgrading water meters, costing the County \$425,000 annually for 4 years, which had been included. Additionally, the County is negotiating with the City of Hickory to purchase 300,000 GPD of sewer capacity at an estimated cost of \$375,000 per year for 20 years, with an option to acquire another 200,000 GPD in the future.

PROPOSED PROPERTY TAX RATE

Mr. Mundy asked for direction on the property tax rate for FY 2027, which will also determine the Fund Balance appropriation. He also noted that two fire departments had requested a fire tax increase.

Chairman Yoder supported a two-cent tax reduction to be revisited next year with revaluation. Commissioners Herman and Reese were in favor of a decrease of at least three cents, while Commissioner Pennell remained open to a range between one and 8 cents pending further discussion.

PROPERTY TAX REFORM

The group discussed potential impacts from the property tax reform initiative currently underway with NC lawmakers. The NC House Select Committee on Property Tax Reduction and Reform has recommended a constitutional cap on the amount of property tax revenue that local governments can collect each year. Other proposals focus on tax relief for seniors and limiting revaluation.

The NCACC opposes these legislative measures unless the state offsets the resulting loss of revenue to counties that are required to provide mandated services. Kevin Leonard, NCACC Executive Director, has asked each county to adopt a resolution opposing changes to county property tax authority.

The Board agreed to place consideration of the resolution on the agenda for the next Commissioners' Meeting.

HICKORY AIRPORT COMMERCIAL FLIGHT SERVICE

The City of Hickory has requested support from surrounding counties, municipalities, and business leaders for Hickory Regional Airport's grant application to the Small Community Air Service Development Program to reinstate commercial flight service. To apply for the grant, financial commitments from community partners must be secured to meet the required 20% match. Smaller counties are being asked to contribute between \$5,000 and \$10,000, payable only if the grant is awarded and negotiations with a prospective airline are successful.

The Board agreed to draft the requested letter of support and provide necessary funds if needed.

MEETING SCHEDULE CHANGE

Due to scheduling conflicts, Mr. Mundy requested the Board reschedule the May 4th Commissioners' Meeting to be held on May 12, with no change to time and location.

Chairman Yoder made a motion to reschedule the May 4th meeting to May 12th as requested. Commissioner Pennell seconded the motion, which passed unanimously.

CLOSED SESSION – N.C.G.S. 143-318.11(a)(5) CONTRACTUAL

Chairman Yoder made a motion to enter into Closed Session at 7:39 PM to discuss contractual matters pursuant to N.C.G.S. 143-318.11(a)(5). Commissioner Pennell seconded the motion, which passed unanimously.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 8:31 PM. A second budget work session will be held on Tuesday, April 28th at 5:00 PM in the Administration Building first floor conference room.

Larry G. Yoder, Chairman

Jamie M. Starnes, Clerk to the Board