

Draft

**BOARD OF COMMISSIONERS**  
**REGULAR MEETING**     May 20, 2024

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

**PRESENT:**    Josh Lail, Chairman  
                  Ronnie Reese, Vice-Chairman  
                  Kent Herman  
                  Marty Pennell  
                  Larry Yoder

**STAFF:**        Ben Faulkenberry, County Attorney / Interim County Manager  
                  Jamie Starnes, Clerk to the Board

The Alexander County Board of Commissioners held a regular meeting on Monday, May 20, 2024 in Room 103 of the CVCC / Alexander Center in Taylorsville, North Carolina.

**CALL TO ORDER**

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

**INVOCATION & PLEDGE OF ALLEGIANCE**

Commissioner Yoder gave the invocation and Vice-Chairman Reese led the Pledge of Allegiance to the Flag.

**COMMISSIONER'S REPORT**

Commissioner Herman and Vice-Chairman Reese attended last week's Fire Chief's Meeting where Senator Eddie Settle presented state grant checks to each fire department.

**ADOPTION OF AGENDA**

Commissioner Yoder made a motion to adopt the agenda as presented. Vice-Chairman Reese seconded the motion, which passed unanimously.

**PUBLIC HEARING: FY 2024-2025 ALEXANDER COUNTY PROPOSED BUDGET & BUDGET MESSAGE**

Shane Fox, former County Manager, presented the proposed General Fund budget for FY 2024-2025 that totaled \$56,589,979 and included a 2-cent property tax reduction, 5% COLA and Christmas bonuses for employees, continued focus on public safety, and additional funding for Alexander County Schools. The proposed budget is \$1,105,973 less than current year (or 2%) and \$1,555,112 less than FY 2022-2023. Mr. Fox gave a slide show presentation that included the following information related to the FY 2024-2025 Alexander County budget and initial Budget Message:

### **General Fund Revenues**

Distribution of General Fund revenue includes property taxes at 47%, sales taxes at 21%, restricted grants at 20%, other revenues at 6%, and sales / services at 6%. Although our property tax base increased by approx. 40% after the statutorily required revaluation in 2023, we continue to have slow base growth that is only projected to increase by 1.4% for the coming budget year. At a property tax rate of 67 cents, Alexander County ranks at #55 statewide; however, we rank 94<sup>th</sup> in taxable property per capita (\$78,323). Reducing the tax rate by two cents will also reduce the County's revenue by \$816,000 (\$408,000 per penny).

Sales taxes are only up 3.85% this year, compared to 11% growth in the prior year. December 2023 sales taxes were only up 2% compared to 13% in December 2022. Mr. Fox reported that our Article 44 Medicaid Hold Harmless revenue was down 50% due to increased administration costs caused by Medicaid expansion; this is a statewide trend in every county but one. Overall projected sales tax revenue for FY 2024-2025 is estimated \$11,765,000 (3% less than current).

Building permits have increased 18% (484 YTD compared to 232 this time last year) with FY 2024-2025 revenue projected at \$550,000. Detention Center revenue is projected at \$135,000 for the coming year thanks to inmate housing and a new commissary program. EMS revenue has increased, but so has the cost of doing business, and interest earned from cash investments is up from last year, but projected at slightly less for FY 2024-2025.

### **General Fund Expenditures**

To prepare for the FY 2024-2025 budget, Mr. Fox and Finance staff met with each department head to review line-item actuals, which helped to decrease overall expenditures. Prior to adding the 5% COLA, 29 departments were equal to or less than current year expenses. General Fund expenditures include public safety at 35%, health and social services at 25%, general government at 18%, education at 15%, culture and recreation at 5%, debt at 1%, and economic development at 1%. Projected operating expenditures for FY 2024-2025 total \$25,115,241 (8% less than current year) which can be attributed to a renewed focus on actuals vs. budgeted amounts; this approach showed that many line-items were being overestimated.

Budgeted capital outlay includes \$100,000 for IT upgrades, \$230,000 for 7 vehicles, \$600,000 for two ambulances (one is backordered and won't be delivered this fiscal year), \$79,000 for Sheriff's Office SUV and equipment, \$450,000 for a trash truck, and \$60,000

for HVAC upgrades. The Sheriff's Office also plans to purchase an armored vehicle and also provide half the cost of through drug seizure funds.

In terms of personnel, the proposed budget includes two new positions (Sheriff's Office and Landfill), a 5% COLA, and Christmas bonuses for employees. In addition, several employee benefits are improving at no additional cost to the County (lower medical deductible, increased dental and vision allowances, and reduced premiums for multiple dependent coverage). Salaries and benefits expenses total \$29,859,926 in the proposed budget.

Alexander County Schools requested \$8,287,394 for FY 2024-2025, an increase of \$903,966 over current year funding, to cover shortages in 4 areas – Fire Academy (\$46,016), NC Pre-K (\$63,596), increases in employee benefits (\$170,919), and loss of state funding due to projected loss of 93 students (\$623,435). Mr. Fox stated that the Board of Commissioners had been consistent in providing positive funding to the School System for the past 20 years while enrollment has continued to fall by 33% since 2005-2006, noting that enrollment was the issue, not County funding, which accounts for a small portion of their overall budget. According to NC DPI data, there has been a 21.9% decline in student enrollment over the past 10 years but during that same timeframe, County funding increased by 40.6%. Mr. Fox also added that 4 of the 7 elementary schools were currently operating at or below 50% capacity. For these reasons, the proposed budget includes an additional \$109,612 for the Fire Academy and NC Pre-K Program, for a total allocation of \$7,493,040. While counties statutorily cannot allot funding for specific school functions, Board of Education Chairman Robert Arguelles and School Board Member Josh Dagenhart have assured the commissioners that any additional funding provided by the County would be utilized where intended – Fire Academy and NC Pre-K.

Other appropriations include a half-cent fire tax increase requested by Vashti Volunteer Fire Department; no changes in current funding structure otherwise, an additional \$27,000 for Alexander Rescue Squad to cover salaries for increased assistance, and continued current funding levels for the Christmas Parade, Hiddenite Center, WPCOG, YMCA, Vaya Health, WPRTA, and others included under Special Appropriations. Funding for the Economic Development Corporation, which is currently operated under a 501(c)3, has been reduced by \$390,000 to transition Economic Development into a County department.

### **Water & Sewer Fund**

The City of Hickory has proposed a 5% rate increase for water and sewer services (about \$3 increase per bill), which has been accounted for in the proposed budget. In addition, the County will incur no further expenses to cover the water tap discount program that expired in October 2023. Mr. Fox discussed current water and sewer projects (Bethlehem Water Tank, Bowman Court Sewer, and ARPA Water Extension) and recommended future planning for a sewer lift station at Wittenburg Access as well as an additional water pump booster station in Bethlehem to coincide with the new water tank.

### **Capital Projects**

Capital projects included / continued in the proposed budget are as follows:

- Bethlehem Park Improvements Project – complete overhaul of Bethlehem Park made possible through state grant funds and use of Article 44 sales tax dollars; project is well underway.
- Bethlehem Water Tank – 750,000-gallon tank to assist with water system flow issues and prepare for expected growth in the area through use of state grant funds; property has been purchased and the project will be bid soon.
- Bowman Court Sewer Project – submersible pump station on east side of Bowman Court through use of state grant funds; a bid award recommendation will be presented later tonight.
- EMS Station #1 Garage – will house several ambulances, offices, and training space through use of state grant funds; architect is finalizing designs and project will be bid soon.
- ARPA Water Extension Project – construction of water lines in 12 areas of the county through use of federal grant funds; there is a backlog on permitting at the state level but staff hopes to bid this project later this summer.

Mr. Fox added that the programming and design phase for a new courthouse was complete and that Jenkins-Peer Architects would present a suggested space layout and design in the near future.

Chairman Lail was proud of this budget and the fact that improvements could be made to employee salaries / benefits while also reducing expenses, noting that the Board had wanted to operate more efficiently and be more responsible with taxpayer money for quite some time.

Commissioner Pennell was hesitant to approve a property tax cut due to very slow growth, loss of sales tax revenue, and continual rising costs. He was concerned that further reducing the County's revenue would impact the ability to fund future capital needs and recruit / retain employees.

Commissioner Yoder was opposed to reducing the property tax rate only to be faced with the need to increase it later, noting that without growth, the tax rate would have to be adjusted eventually. He also hoped to allot more funding to the School System than what was proposed.

Vice-Chairman Reese felt a budget was a projection; a target to work towards that must sometimes be adjusted depending on various situations; however, he stated that the County was in a much better financial position now than when he came onto the Board 10 years ago and felt the taxpayers should benefit from that.

After a motion by Commissioner Yoder, second by Commissioner Herman, and unanimous vote, the public hearing was called to order and comments requested. There being none, Commissioner Yoder made a motion to close the public hearing. Vice-Chairman Reese seconded the motion, which passed unanimously.

## **BOWMAN COURT SEWER PROJECT BID RECOMMENDATION**

Ben Faulkenberry, County Attorney & Interim County Manager, reported that a bid opening was held on May 9, 2024 for the Bowman Court Sewer Project where two bids were received to install 6,500 linear feet of force main and a pump station to serve a significant housing development. The lowest responsive, responsible bidder was Carolina Grading and Utilities, Inc. from Warrensville, NC who submitted a bid of \$2,130,205. They are appropriately licensed with the NC General Contractor Board and have successfully completed similar projects.

Commissioner Yoder made a motion to approve the resolution of tentative award accepting the bid submitted by Carolina Grading and Utilities in the amount of \$2,130,205 for the Bowman Court Sewer Project. Commissioner Herman seconded the motion, which passed unanimously.

## **BUDGET ORDINANCE AMENDMENT #27 & PROJECT BUDGET ORDINANCE #P-2 FOR PARAGON FILMS RAIL PROJECT**

Ben Faulkenberry, County Attorney / Interim County Manager, reviewed the purpose of Budget Amendments #27 and Project Budget Ordinance #P-2 as follows

Budget Amendment #27 – To increase the Senior Center budget for reallocations of grant funds (Senior Center Operations Grant funds from the Home & Community Care Block Grant; 10% local match being met with expenses already included in the Senior Center budget and ARPA Congregate Nutrition Grant fund from the WPCOG with no local match requirement) and to adjust the Communications budget for an increase in the amount of 2024 state grant funds.

Project Budget Ordinance #P-2 – To budget for the Paragon Films Rail Project to construct a third rail spur for Paragon Film’ production facility in the Alexander Industrial Park.

Commissioner Yoder made a motion to approve Budget Amendment #27 & Project Budget Ordinance #P-2 for the Paragon Films Rail Project. Commissioner Herman seconded the motion, which passed unanimously.

## **CONSENT AGENDA**

- A. Tax Abatements & Adjustments (\$26,001.98) and Tax Refunds (\$394.60) for April 30 – May 12, 2024.
- B. Minutes from the April 29, 2024 Budget Work Session.
- C. Board / Committee Appointments – Juvenile Crime Prevention Council.
- D. Update to Statewide Mutual Aid Agreement with NC Emergency Management.
- E. Renewal of lease agreement for EDC Office on Highway 16 North.
- F. Renewal of lease agreement for County-provided space for NCDPS Juvenile Justice.
- G. Update to the Alexander County Travel Policy.

Vice-Chairman Reese made a motion to approve the Consent Agenda. Commissioner Yoder seconded the motion, which passed unanimously.

## **COUNTY MANAGER'S REPORT**

Ben Faulkenberry, County Attorney / Interim County Manager, reviewed the following:

- Six Alexander County fire departments received 2024 Fire Grants from the NC Office of State Fire Marshal totaling \$90,783.96 including Taylorsville (\$7,385.96), Ellendale (\$10,000), Hiddenite (\$39,000), Sugar Loaf (\$8,994), Vashti (\$15,434), and Wittenburg (\$9,970).
- The new Fire Training Facility should be completed by the end of the month as gravel and road work are now in progress.
- The new Wittenburg Access swim beach opens tomorrow and a grand opening / ribbon cutting ceremony is scheduled for Friday, May 24<sup>th</sup> at 2:00 PM.
- DSS is accepting bids to provide hot, midday meals (Monday thru Friday); at least 75 to be delivered to two congregate sites and 45 packaged for home delivery. Staff will begin reviewing bids on June 11<sup>th</sup> and will choose a plan by June 14, 2024.
- The next event in the Summer Concert Series will be The Whisnants on June 1<sup>st</sup> at Courthouse Park. All concerts are free and open to the public.
- County offices will be closed on Monday, May 27<sup>th</sup> in observance of Memorial Day.

## **CLOSED SESSION – N.C.G.S. 143-318.11(a)(4, 5, & 6) ECONOMIC DEVELOPMENT, CONTRACTUAL, & PERSONNEL**

Vice-Chairman Reese made a motion to enter into Closed Session at 7:18 PM to discuss economic development, contractual matters, and personnel issues pursuant to N.C.G.S. 143-318.11(a)(4, 5, & 6). Commissioner Yoder seconded the motion, which passed unanimously.

## **ADJOURNMENT**

There being no further business, Chairman Lail made a motion to adjourn at 8:58 PM. Vice-Chairman Reese seconded the motion, which passed unanimously.

---

Joshua D. Lail, Chairman

---

Jamie M. Starnes, Clerk to the Board