

Draft

BOARD OF COMMISSIONERS
BUDGET WORK SESSION February 13, 2025

ALEXANDER COUNTY
STATE OF NORTH CAROLINA

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

STAFF: Todd Herms, County Manager
Jamie Starnes, Clerk to the Board

The Alexander County Board of Commissioners held a budget work session on Thursday, February 13, 2025 at 9:00 AM in the Administration Building First Floor Conference Room in Taylorsville, North Carolina.

FY 2024-2025 BUDGET REVIEW

Todd Herms, County Manager, gave a slide show presentation that included the following information:

- FY25 tax base breakdown – industrial property (2.4%), commercial property (6.1%), and residential/other (91.3%).
- FY25 real property values – personal property (\$46.7 million), business property (\$174.4 million), public utilities (\$119.8 million), and registered motor vehicles (\$390 million); total real property value is \$3.3 billion.
- FY25 general fund estimated revenue – property taxes (46.2%), state and federal grants (8.9%), fees and permits (2%), sales taxes and licenses (24.9%), court fees/investment earnings/leases/etc. (11.8%); total budgeted revenue is \$56.6 million.
- FY25 fire district funds estimated revenue – Bethlehem (\$524,145), Wittenburg (\$312,470), Hiddenite (\$263,220), Taylorsville (\$231,840), Ellendale (\$209,390), Stony Point (\$195,440), Sugar Loaf (\$173,680), Vashti (\$114,865); total budgeted fire district revenue is \$2,025,050.
- FY25 other estimated revenue – Opioid Settlement (\$447,756), Solid Waste Fund (\$2.9 million), County Water & Sewer Fund (\$5 million), School Capital Improvements Fund (\$15.4 million), and Emergency Telephone System Fund (\$174,304).

- FY25 revenue loss/deferred – property tax exemptions for government buildings, senior citizens with income restrictions, schools, churches, disabled veterans, disabled, etc. (\$334.8 million) and agriculture use tax deferments (\$244.6 million or 55.9%).
- FY25 general fund expenses – amended through 12/31/2024 (\$64.8 million), actual YTD expense (\$32.8 million), percentage of budget spent (50.7%).
- FY24 top departments for percentages paid by revenues generated – Building Inspections (88.20%), Health Department (66.18%), DSS (60.64%), and EMS (30.17%).
- FY24 mandated vs. non-mandated County expenses – total mandated general fund expenses (\$48.8 million or 91% of budget) and total non-mandated (\$4.6 million or 9% of budget).
- Alexander County Schools – County government investment has increased by \$2.1 million or 40.6% since 2015 while enrollment has decreased by nearly 1,000 students or 21.9%.
- Where does \$1 go in Alexander County – public safety (35 cents), health and DSS (25 cents), general government (18 cents), education (15 cents), cultural (5 cents), debt (one cent), and economic development (one cent).
- FY25 tax rate – 65 cents per \$100 valuation; one cent generates \$402,833.85; the daily tax burden on a parcel valued at \$186,270 is \$3.32 per day.
- FY25 ad valorem tax comparisons – Alexander (65 cents), Burke (56 cents), Caldwell (63 cents), Catawba (39 cents), Iredell (50 cents), Lincoln (49 cents), and Wilkes (66 cents); statewide average is 62 cents.
- FY25 ad valorem tax base comparisons – Alexander (\$4.1 million), Burke (\$10.8 million), Caldwell (\$7.7 million), Catawba (\$28.8 million), Iredell (\$42.2 million), Lincoln (\$12.6 million), and Wilkes (\$6.4 million).
- FY25 general fund budget comparisons – Alexander (\$56.6 million), Burke (\$113 million), Caldwell (\$100.9 million), Catawba (\$249.4 million), Iredell (\$321.8 million), Lincoln (\$159.1 million), and Wilkes (\$101.1 million).
- Land area comparisons in square miles – Alexander (259.99), Burke (506.24), Caldwell (471.89), Catawba (401.37), Iredell (574.41), Lincoln (295.85), and Wilkes (693.11).
- Service call growth – EMS calls increased from 7,572 in 2022 to 8,519 calls in 2024 with most calls coming from the Bethlehem area. Sheriff's Office calls decreased from 23,761 in 2022 to 22,853 in 2024. Thanks to PORT efforts, overdoses decreased from 138 in 2023 to 89 in 2024 and overdose deaths decreased from 14 in 2023 to 4 in 2024.

- 2030 population growth projections – Alexander (1%), Burke (2.4%), Caldwell (1.6%), Catawba (11.1%), Iredell (25.9%), Lincoln (25.7%), and Wilkes (3.8%); statewide projection is 10.7%.
- U.S. inflation trends – 2.7% inflation rate for our region from November 2023 to November 2024.

Mr. Herms believed growth in Alexander County would exceed 1%, noting that projections were based solely on census data.

FY 2025-2026 BUDGET PREPARATION

Mr. Herms advised that staff was implementing a formula that would allocate a portion of the revenue generated by the Water & Sewer Fund to assist in covering administrative costs. Additionally, a one-time reimbursement will be made from this fund in FY26 to ensure the financial balance of services. He also discussed the need for a long-term Capital Improvements Plan for water and sewer projects that would be developed during FY26 to have in place by adoption of the FY27 budget.

Several fee increases will also be included in the FY26 budget to be more comparable with other counties, specifically in solid waste and EMS. In relation to EMS, bids have been received for the addition at EMS Base 1; the lowest base bid (garage only) was approx. \$800,000 and the lowest alternate bid for the total project (office space, training room, etc.) was \$1.4 million. The County received \$750,000 in state grant funds for this project.

Mr. Herms stated that his top priority for FY26 was to address the need for additional EMS coverage in Bethlehem due to the continual increase in calls for service. This will require additional staff, equipment, and a possible addition to the Bethlehem EMS base. He also noted the importance of having a backup unit in place for each ambulance on the road.

Commissioner Lail asked about the possibility of utilizing pre-owned ambulances. Mr. Herms responded that remounts, which involve placing a new cab on a used chassis, are an option; however, he felt it would be difficult to locate a used unit with a satisfactory cab.

Vice-Chairman Reese would like to give consideration to purchasing used vehicles for all County departments instead of buying new.

Chairman Pennell said he would like to focus on infrastructure in the eastern part of the county along with potential partnerships for new lines and facilities.

Commissioner Lail mentioned the need to address employee salaries to boost recruitment and retention. Mr. Herms discussed the difficulty in increasing pay without additional revenue and recommended utilizing a new performance evaluation system, which will be presented to the Board for approval in June with implementation on July 1, to distribute merit increases. He has also instructed department heads to cut spending where possible to facilitate salary increases.

Chairman Pennell was not convinced there would be much change in the housing market over the next 3 years to impact property values during the next revaluation in 2027 and he questioned whether the recent decision to advance the revaluation schedule was wise at this point. Mr. Herms emphasized the long-term benefits of a 4-year cycle such as less strain on the County budget (\$300,000 vs. \$900,000 for an 8-year cycle), a more accurate tax base trajectory, and less “sticker shock” to property owners. In addition, NC counties with a 4-year cycle tend to have a lower property tax rate, averaging 57 cents as opposed to 71 cents.

Mr. Herms reported that departmental budget requests were due to Finance by March 7, 2025. Once all requests are received, further budget planning will occur.

ADDITIONAL DISCUSSION

Commissioner Lail expressed concerns with legislation approved in 2023 that reduced sewer capacity flow rate calculations from 75 gallons per day per bedroom for homes connected to municipal sewer systems only; the outdated 120 gallons per day per bedroom requirement remains for homes utilizing septic tank systems. He felt this placed rural counties at a disadvantage and suggested Representative Eddins and Senator Settle be contacted. Mr. Herms agreed to draft a letter to be signed by all Board members.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 11:46 AM.

Marty A. Pennell, Chairman

Jamie M. Starnes, Clerk to the Board