

Draft

BOARD OF COMMISSIONERS
REGULAR MEETING May 18, 2026

ALEXANDER COUNTY
STATE OF NORTH CAROLINA

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

ABSENT: Larry Yoder, Chairman

STAFF: Ben Faulkenberry, County Attorney
 Gary Herman, PIO
 Justin Mundy, County Manager
 Jamie Starnes, Clerk to the Board

The Alexander County Board of Commissioners held a regular meeting on Monday, May 18, 2026 in Room 103 of the CVCC / Alexander Center in Taylorsville, North Carolina.

CALL TO ORDER

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

INVOCATION & PLEDGE OF ALLEGIANCE

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

COMMISSIONER'S REPORT

Commissioner Reese discussed attending the Charters of Freedom dedication ceremony on Friday, May 15th alongside Commissioner Pennell and Chairman Yoder, and also sealing the time capsule, which is scheduled to be opened on September 17, 2087.

SPECIAL RECOGNITION

The Board recognized the ACHS Lady Cougars Basketball Team for an outstanding season that concluded with a 25-4 record and a runner-up finish in the NCHSAA 6A State Finals.

Coach Jon Presnell said no previous team had advanced as far as this group. He praised the players for the way they represented themselves both on and off the court, saying it spoke volumes about their character. He also expressed pride in the team and appreciation for the tremendous support shown by the county, parents, and community throughout the season.

Team members included Addie Jack, Alexis Moose, Ali Lewis, Ava Head, Cooper Childers, Faith Burch, Hannah Chapman, Kendall Rector, Leighton Bingham, Lyla Mayberry, Madi Greene, Malayah Adams, Meredith Wike, and Millie Bumgarner. Coaches are Jon Presnell, Evan Presnell, and Jeff Cockrell.

ADOPTION OF AGENDA

Commissioner Reese made a motion to approve the agenda as presented. Commissioner Herman seconded the motion, which passed unanimously.

PUBLIC HEARING: CLOSEOUT OF PARAGON FILMS CDBG-ED RAIL PROJECT

Kyle Case, WPCOG Community & Economic Development Manager, conducted the public hearing to close out the Paragon Films CDBG-ED Rail Project, which resulted in construction of 763 linear feet of rail spur to serve Paragon Films in the Alexander Industrial Park. A total of \$408,688 was expended on the project, with CDBG funds covering 54.41% of the total cost and the remainder funded by a grant from the NC Railroad Company.

Mr. Case reported that Paragon Films created 19 jobs as a result of the project, including 11 positions for low to moderate-income households in Alexander County, fulfilling a key requirement of the CDBG grant.

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

Commissioner Reese made a motion to approve the closeout of the Paragon Films CDBG-ED Rail Project. Commissioner Pennell seconded the motion, which passed unanimously.

FY 2026-2027 ALEXANDER COUNTY PROPOSED BUDGET MESSAGE

Justin Mundy, County Manager, presented the following Budget Message for the FY 2026-2027 proposed budget for Alexander County:

I am pleased to present you the proposed FY27 budget which begins on July 1, 2026 and ends on June 30, 2027. The total proposed General Fund budget is \$62,779,084 which is

a 3.62% increase from FY26. This budget includes a proposed property tax decrease of 2 cents, which will lower the tax rate to 63 cents per \$100 valuation.

Budget requests were received from department heads and further analyzed through the budget workshops held on April 20th and April 28th. The initial requests produced a shortfall of \$8.05 million. Through collaboration, budget cuts, and aggressively budgeting revenues and expenditures based on historical data, appropriated fund balance has been reduced to \$6.2 million. Historically, the County has used appropriated fund balance to balance the budget, but does not usually have to use any fund balance.

Impacts to Budget

As part of the H.R.1 bill, more funding responsibilities for Medicaid and SNAP are being passed down to the county level. As a result, the negative impact to Alexander County will fall somewhere between \$500,000 and \$1.5 million. On the positive side, more sales tax and EMS revenues are projected. Overall, projected revenues will remain pretty flat compared to the prior year with all things considered.

Personnel

The proposed budget includes a 3% cost of living adjustment (COLA) for all County employees. Additional employee benefits include the continuation of the holiday bonus, a merit bonus opportunity, and up to a 2% 401K match if the employee contributes. There are also monies set aside to complete an internal salary study and make the appropriate adjustments. Several new positions were requested in the budget. After much discussion, the new positions in the proposed budget are a PT animal services tech, an economic development coordinator, and a senior center support assistant.

Capital Outlay

Original capital outlay requests from all County departments in the General Fund totaled approximately \$2.8 million but not all requests could be funded in FY27. An emphasis was placed on replacing assets essential to life safety, infrastructure needs, and routine daily operations. Capital outlay requests in the General Fund proposed budget include a total of approximately \$1.8 million. Some of the major capital expenditures recommended are below:

<i>EMS Station #2 project / other equipment</i>	<i>\$341,243</i>
<i>Courthouse chiller</i>	<i>\$200,000</i>
<i>Sheriff – four vehicles</i>	<i>\$191,732</i>
<i>CVCC paving / HVAC replacement</i>	<i>\$190,000</i>
<i>Various department vehicle replacements</i>	<i>\$168,000</i>
<i>Maintenance / buildings and grounds improvements</i>	<i>\$146,000</i>
<i>Animal Services renovations and spay/neuter clinic</i>	<i>\$100,000</i>

There were a few capital outlay requests for the various enterprise funds. These items are paid for by usage fees by the consumer and not by county tax dollars. For enterprise fund requests, capital outlay items included in this proposed budget include the following:

<i>Solid Waste Fund – used track loader / compactor</i>	<i>\$100,000</i>
<i>Water / Sewer Fund – water meter upgrades</i>	<i>\$425,000</i>
<i>Water / Sewer fund – sewer capacity purchase</i>	<i>\$375,000</i>

Alexander County Schools

Alexander County Schools submitted a total funding request for FY27 in the amount of \$8,426,361. This is an increase of \$348,321 from the prior year’s budget. The requested increase would fund the school nurse funding shortfall (\$91,503); NC Pre-K funding shortfall (\$73,094); Media/innovation coordinator position for Ellendale (\$41,575); and salary increases for employees paid with local funds (\$142,149).

Fee Adjustments

Several departments requested fee adjustments for FY27. The departments requesting fee increases are Building Inspections, Health Department, Library, Emergency Management, and the Landfill Fund. A \$10 minimum fee visit is proposed at the landfill to divert smaller loads to convenience sites.

The fee schedule is not included with the budget ordinance, but I wanted to mention some changes that will be requested. A full comprehensive list with changes will be available by June 1st.

Utilities Rate Changes

The City of Hickory is proposing a 10% increase in its water volume rate and a 10% increase in the sewer volume rate for bulk sewer customers effective July 1, 2026. This is subject to approval by the Hickory City Council as a component of the City’s 2026-2027 budget. In a letter to Alexander County from City of Hickory Public Utilities, the rate increases were attributed to inflation in chemical, electricity, personnel, equipment, and material costs.

Fire Protection

Two fire departments requested tax increases in their district. Ellendale requested their tax rate to increase from 7.8 cents to 10 cents. Stony Point requested their tax rate to increase from 8 cents to 9 cents. All other fire departments did not request an increase. The rates are below:

<u><i>Fire District</i></u>	<u><i>Current Rate</i></u>	<u><i>Proposed Rate</i></u>
<i>Bethlehem</i>	<i>0.0600</i>	<i>0.0600</i>
<i>Wittenburg</i>	<i>0.0750</i>	<i>0.0750</i>
<i>Hiddenite</i>	<i>0.0770</i>	<i>0.0770</i>

<i>East Alexander / Stony Point</i>	<i>0.0800</i>	<i>0.0900</i>
<i>Ellendale</i>	<i>0.0780</i>	<i>0.1000</i>
<i>Sugar Loaf</i>	<i>0.1140</i>	<i>0.1140</i>
<i>Central Alexander</i>	<i>0.0800</i>	<i>0.0800</i>
<i>Vashti</i>	<i>0.1220</i>	<i>0.1220</i>

Debt Service

We are fortunate as a county to be debt free in the General Fund. That is a testament to the Board for being fiscally responsible.

In the Water and Sewer Fund, a debt service appropriation of \$934,000 is included to pay the principal and interest on four separate debt issues for water and sewer projects. The individual loans, which are being repaid from water and sewer revenues, will mature in 2028, 2035, 2040, and 2041.

County Projects

There are many projects still ongoing or set to begin in the near future. These projects are not included in the General Fund budget (with the exception of the EMS Station #2 expansion), but are accounted for in multi-year project budgets which span the life of the project rather than just a single fiscal year.

Continuing projects include:

- ARPA Waterline Extension Project – estimated completion Fall 2026*
- Bowman Court Sewer Pump Station Project – estimated completion Summer 2026*
- Bethlehem Water Tank Project – estimated completion Fall 2026*
- Three Forks Church Road Waterline Extension Project – estimated completion Fall 2026*
- 16 W. Main Avenue Downtown Revitalization Project – estimated completion Summer 2026*
- Bethlehem Booster Station Project – estimated completion Spring 2027*
- Sterling Road Neighborhood Revitalization Project – estimated completion Summer 2027*
- EMS Station #2 Expansion Project – estimated completion Spring/Summer 2027*

Potential new projects include the renovations to East Park. It is the largest park in Alexander County and needs significant attention. It would be a large investment, but I believe it would provide great opportunities and serve our citizens well. In my opinion, it would also attract outsiders to visit our county and maybe even potentially relocate here. The youth are always wanting more things to do, and upgrading our largest park would provide ample recreation opportunities. If fields were able to be added, it would also provide a revenue stream from tournaments being held here instead of nearby counties.

In addition, the Board's commitment of fund balance will accumulate over time to reduce the County's reliance on debt financing. This action will also position the County to leverage future capital grants that require a local match.

Closing Remarks

In closing, I would like to thank you as the Board of Commissioners for your leadership, vision, feedback, and guidance in the budget process. I would also like to thank all of the department heads for their budget requests and input into the process. A big thank you to the Finance Department and Clerk to the Board for their hard work behind the scenes and providing valuable resources into the proposed budget. The collaboration between the Board and team members have resulted in a proposed budget that reflects the priorities of the Board being fiscally conservative while ensuring continued service and commitment to Alexander County citizens.

Vice-Chairman Lail advised that no action would be taken tonight, as this was strictly a public presentation. He stated that the annual County budget was one of the Board's biggest responsibilities and that it does not come together in just a few hours, but rather through months of discussion and planning.

Commissioner Herman said he had consistently fought for fire departments and worked to help them obtain the funding and resources they need; however, he could not support the requested increase from the two departments at this time, noting that he preferred to wait until next year to determine the impact of the revaluation on fire district revenues before considering additional increases.

Commissioner Pennell agreed and pointed out that fire departments were given the opportunity last year to determine what fire tax level they needed to support their operations. He held the same position regarding the School System, referencing prior budget discussions he had with Dr. Bill Griffin, Alexander County Schools Superintendent, regarding the County providing funding to hold the district harmless in FY 2027, but with no promise of additional funding for FY 2027. He did not believe this was the appropriate year to consider additional tax increases, noting that citizens were demanding tax cuts.

Commissioner Herman added that he was also opposed to additional funding increases to the School System unless substantial budget reductions and/or consolidation of facilities were implemented moving forward.

Commissioner Reese praised County staff and Board members for being good stewards of taxpayer dollars, noting that their efforts had allowed the County to provide COLAs for employees after many years without increases, while also strengthening the Fund Balance. He was also pleased with the leadership of Dr. Bill Griffin and progress made thus far. Commissioner Reese added that he would like to see more money remain in the pockets of citizens.

Commissioner Pennell preferred to see a more meaningful tax adjustment than two cents, which would equate to roughly \$40 per year on a \$200,000 home. Therefore, he urged the Board to consider a 5-cent decrease instead. Additionally, he reported that he would only support the 3% COLA adjustment for all employees this year rather than separate increases for individual departments.

Vice-Chairman Lail stated that approximately \$26 million of the County's \$63 million budget came from property taxes, while another \$13 million was generated through sales tax revenue. He added that some county services were self-supporting, while others were not, and emphasized that equipment costs and employee benefits continued to rise. He mentioned that he would not vote to waste taxpayer money and echoed comments made by other commissioners regarding declining student enrollment, recalling an NCDPI recommendation several years ago to close an elementary school. Vice-Chairman Lail commended Dr. Griffin for the significant reductions implemented during the past year but expressed concern that additional difficult decisions would be needed in the future. He also believed there were areas within the County budget that could be trimmed before its final adoption.

The Board expressed appreciation to Finance Director Jennifer Herman along with County Manager Justin Mundy, department heads, and all staff for their hard work and dedication throughout the budget process.

CONSENT AGENDA

- A. Minutes from the April 28, 2026 Budget Work Session.
- B. Board / Committee Appointments – Juvenile Crime Prevention Council.
- C. JCPC Annual County Plan & Certification Standards for FY 2026-2027.
- D. Renewal of agreement with Correctional Behavioral Health for inmate behavioral care services.
- E. Agreement with Corrections Medical Claim Reduction for off-site inmate medical bills cost containment services.

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

CLOSED SESSION – N.C.G.S. 143-318.11(a)(5 & 6) CONTRACTUAL & PERSONNEL

Commissioner Reese made a motion to enter into Closed Session at 7:02 PM to discuss contractual matters and personnel issues pursuant to N.C.G.S. 143-318.11(a)(5 & 6). Commissioner Herman seconded the motion, which passed unanimously.

ADJOURNMENT

There being no further business, Vice-Chairman Lail made a motion to adjourn at 8:02 PM. Commissioner Pennell seconded the motion, which passed unanimously.

Joshua D. Lail, Vice-Chairman

Jamie M. Starnes, Clerk to the Board