

The Alleghany County Board of Commissioners met in special session on Tuesday, June 17, 2014, at 6:30pm in the Board Meeting Room of the County Administration Building, 348 South Main Street, Sparta, North Carolina. The purpose of this meeting was for budget discussions.

Present: Chair Larry Cox, Vice-Chair Tom Smith, Commissioner Larry Davis, Commissioner John Goudreau, Commissioner Karen Leys, County Manager Don Adams, and Clerk to the Board Karen Evans.

Chair Cox called the meeting to order. He mentioned everyone that came before the Board at the previous budget meetings. He started in order of their appearance with Alleghany Memorial Hospital and asked for discussion.

Commissioner Leys and County Manager Don Adams talked about \$250,000 was requested and his recommendation is \$100,000. Chair Cox explained since 2005 there has been a total of \$950,000 spent for physician recruitment or directly going to the Hospital. Commissioner Leys asked if these are all General Fund monies. County Manager Don Adams explained the \$500,000 loan and the \$100,000 loan with the General Fund repaying the loans. Chair Cox said we are still paying back \$20,000 this year.

Commissioner Smith talked about the monies requested is for charity care and bad debt costs. Commissioner Leys said she was surprised they had over 7,000 ER visits in one year. Chair Cox and Commissioner Leys talked about people that don't have insurance, this is their only recourse.

Chair Cox asked if the Board is comfortable with \$100,000. Commissioner Davis and Commissioner Smith said they are. Commissioner Goudreau talked about the paper the County Manager handed out showing that we are starting out \$125,000 less, and he can find it right quick because he doesn't support government money going to a private business. Commissioner Leys talked about the business development portion of the Hospital and the extra jobs they bring in. Commissioner Goudreau said he understands but that can be said for any business and they are an important entity in the community but don't know that they have addressed their shortcomings because they are just blaming it on the federal government and looking to another government entity for assistance. Commissioner Goudreau agreed that is a lot of ER visits versus number of people admitted. Commissioner Leys talked about the amount the Hospital wrote off and how many were Alleghany County residents and their board is working hard for some solutions. Chair Cox said he's sure they are but wishes they would have told the Commissioners more about that. Commissioner Smith and Commissioner Leys talked about the Medicaid cuts affects the Hospital too. Chair Cox said he isn't sure \$100,000 will help them very much.

Commissioner Leys said she feels strongly to help them just not sure the amount yet, and she wants to discuss liabilities with them before she discusses it further. Chair Cox asked where does that leave the Commissioners because 3 have stated \$100,000 is enough. Commissioner Leys said she is just asking to leave it open at this point. Commissioner Smith said he has no problem leaving it open.

Chair Cox mentioned that Drew Edwards with the Wellness Center just came before the Board to say thank you.

Commissioner Leys asked about a statement the County Manager made in his budget message about cuts from 2012/13. County Manager Don Adams explained the increase in this year's recommendation, trying to get them back to where they were, most things were cut 5% but Wellness Center was cut 10% and his recommendation is trying to get the 10% back. Commissioner Leys asked is there anyone here on the Wellness Center board. No one spoke. Commissioner Leys said she is not familiar with their finances. Chair Cox said they appear to be doing better.

County Manager Don Adams explained the math for the Wellness Center and how he got to his recommendation in this budget of getting them back to where they were before the cut.

Chair Cox asked for comments on the Wellness Center. Commissioner Leys said she has some questions and would like to talk to Fred Phaender. County Manager Don Adams talked about things are improving over there especially since the cover is over the pool. Chair Cox asked for more comments on the Wellness Center. No one spoke.

Chair Cox asked for comments about the Schools and if anyone agrees about the recommended amounts. Three Commissioners agreed with the recommendations.

Chair Cox asked about John Blevins' salary. Chair Cox mentioned this is the beginning salary. Commissioner Davis asked didn't the State recommend this. County Manager Don Adams explained the point they were making because John Blevins hasn't been here as long as the next person and the State doesn't include longevity so the two positions aren't close, only close if you include longevity which the State don't but this is nothing required from the State. Commissioner Smith and County Manager

Don Adams talked about the differences in the positions but either way it's not a requirement from the State.

Commissioner Leys said the sad part is several others salaries aren't adjusted well. She talked about John Blevins' has 27 years of Social Service experience, 8 years as a Director, a Masters degree and still is at the beginning pay. She further talked about she is very concerned about County employees salaries, going to have to be addressed sooner or later, probability of a salary study next year, getting outside assistance to make recommendations and review it and in the further consider salary adjustments. Commissioner Smith said he agrees about being underpaid, trying to do some things through longevity and wants to consider the 0.5 percent at some point. Commissioner Leys talked about grade issues; it's hard to help one department and not another one. Commissioner Davis asked about the amount of the increase. County Manager Don Adams explained the amount including the reimbursement from the State.

The County Manager talked about taking April Hamm's request and the reimbursement and several departments have reimbursements that would reduce costs to the General Fund, but he urges caution to go down that road because what if that money goes away. He provided an example of jailers' money and additional inmates.

Commissioner Leys asked the County Manager to discuss the part of the employees that received a pay increase a few years ago and some didn't. Chair Cox said some didn't asked. County Manager Don Adams said 62% was addressed, explained what happened resulting in the 5-15% increase, done individually and unfortunately the Board did not get the morale benefit that it should have. Commissioner Leys mentioned that 36.8% are still unaddressed. Commissioner Smith talked about this is some of the issues between grade changes.

County Manager Don Adams explained how the salary study works, after the job descriptions are done, appropriately placed on the grades, rearrange it and some people move and some didn't. He gave an example of the salary study. Commissioner Leys said that it's important to do this periodically and asked when was the last one. Clerk Karen Evans answered around 2003. County Manager Don Adams said we don't have enough money to be the top paid county in the region, described how last time the Board worked on pay increases to get within hundreds of dollars to the average. Chair Cox said he thinks a salary study next year is a good idea, and he hopes to get to 0.5 on longevity, if we have a salary study it gives people an expectation of getting a raise and then the Commissioners don't have the money. Chair Cox said we know our people are underpaid.

County Manager Don Adams said he recommends going with the salary study, one of his goals is to get rid of the maximum amounts on the pay grade plan, going to find ourselves in the same boat, goal to get longevity to 0.5, explained the 0.5 longevity amount, if we get to 0.5 percent then the maximum goes away, but would still leave the question of appropriate grades. He talked about the pay grade plan hasn't worked in his 18 years, get to 0.5 then appropriately ranked and then paid appropriately.

Commissioner Davis and County Manager Don Adams discussed last year's actions. Chair Cox and County Manager Don Adams that was the best morale money spent. Commissioner Leys and County Manager Don Adams talked about the amount of a 2% cost of living and longevity with reimbursements. Chair Cox, County Manager Don Adams and Commissioner Smith talked about longevity is paid during the first check run in July in one check. Chair Cox asked about John Blevins. Commissioner Leys asked how much is a salary study. County Manager Don Adams said he doesn't know but \$15,000-\$20,000 would be his guess. Chair Cox asked about the proposal on John Blevins. No one spoke.

Chair Cox asked about Rita miller's request. County Manager Don Adams summarized her request of changing a person's position. Chair Cox asked for comments. Commissioner Leys asked the County Manager for his recommendation. County Manager Don Adams said this is tough, explained why including when revaluation ends construction goes back to Tax Office, recommendation is not addressing it because he doesn't know how to help Rita Miller without addressing the other people. Commissioner Leys said it takes her time away from working on delinquent taxes and the \$7,000 requested amount. County Manager Don Adams talked about his total of \$6,311. Commissioner Leys asked about providing additional help. County Manager Don Adams clarified it isn't additional help just reclassifying a person. Commissioner Leys and County Manager Don Adams talked about this is promoting in house to get those duties from Rita Miller. Commissioner Davis mentioned that this employee is already certified as an appraiser. County Manager Don Adams talked about if any exception is made then his next question is does he stop people from coming before the Commissioners, and how to deal with the remaining employees that didn't come before the Commissioners. Commissioner Davis talked about how we deal with requests during the year that wasn't budget. County Manager Don Adams reiterated he doesn't know what to do. Commissioner Leys talked about collections will hurt if the Board doesn't do this and can't promote without the additional money. Chair Cox agreed that everyone needs more money, requests are well deserved, the Commissioners tried to address longevity, worked to keep good insurance, worked on wellness program, and if the Board starts making exceptions then it is going to take away some of the good things

that the Commissioners have done. Commissioner Leys said longevity doesn't help Rita Miller. Commissioner Smith asked what about when the Commissioners get to Maintenance and the amount of money they are saving us. Chair Cox asked again about Rita Miller. Commissioner Goudreau said yes the Board should look at it and do a study, got to have money to do it, we are restricted, look at increasing revenues or cutting expenses, employees are underpaid and are a great asset, it needs to be addressed, can look at every employee, wish the Board could do something but money has to come from somewhere and if the Commissioners are going to do this then the Commissioners have to make cuts.

Commissioner Leys and County Manager Don Adams talked about Josh Greene's request, five employees in Maintenance and four in Transfer Facility, 6% increase, General Fund and Transfer Facility Fund amounts. Chair Cox asked are there more conversations on Maintenance. No one spoke.

Chair Cox moved on to April Hamm's requests. County Manager Don Adams summarized her requests including the amount of monies involved for the General Fund and Transportation Fund. Chair Cox asked for comments. Commissioner Davis asked does the County know how much State or Federal is going to cut. County Manager Don Adams said no she doesn't but she got capped so it could cost more. Commissioner Leys asked about going back to Josh Greene's 6%, and where it came from. County Manager Don Adams said it is just trying to get rewarded for their work, and having a highly skilled maintenance staff. Chair Cox asked for comments about April Hamm. No one spoke.

Chair Cox moved onto Linda Hash. County Manager Don Adams summarized her requests for travel in the 61 fund and his request for her to appear before the Board because the Personnel Policy states out-of-state travel must be approved by the Board of Commissioners, and her board approved her to travel for being the southeast treasurer which requires out-of-state travel that she doesn't use the County vehicle but she still has county travel also for state and district meetings. Commissioner Leys asked this isn't General Fund monies. County Manager Don Adams said it's not General Fund monies. Commissioner Leys talked about it is an honor to be on the national board as an officer, and she wants to support it. County Manager Don Adams reiterated that the Policy says the Board of Commissioners has to approve all out-of-state travel. Chair Cox asked about other employees. County Manager Don Adams said they can come ask too. Commissioner Leys said she doesn't have a problem with it. Chair Cox commented as long as the Board isn't setting a precedent. Commissioner Leys talked about people should travel to learn more. Commissioner Goudreau said there is local funds just not tax dollars. Chair Cox asked if the Board is good with this.

Commissioner Leys made a motion to allow adding \$2,900 back in for the 2014/15 budget to the 61 Fund for Soil and Water's travel.

County Manager Don Adams asked about adding approving out-of-state travel as submitted.

Commissioner Leys added approving out-of-state travel to the motion and that this is approved by her board, too. Commissioner Smith seconded the motion. Vote 5:0.

Chair Cox summarized to revisit the Hospital and Wellness Center tomorrow evening and no other changes at this point. He asked where the Board wants to go from here.

Commissioner Smith asked about the Medicaid hold harmless. County Manager Don Adams explained the budgeted amount for Medicaid hold harmless, been informed that the General Assembly is taking \$125,000 away, changes each year, explained how the hold harmless works, next fiscal year reduces by \$125,000 then the following year by \$125,000 then the following year by \$50,000, meaning a revenue loss of \$300,000 over the next three year.

The County Manager further explained the paper he handed out reduces the Medicaid revenue by \$125,000 and now it takes \$804,000 to balance the budget. County Manager Don Adams explained how he got to \$679,000 for the fund balance appropriation and may use some of it and at \$800,000 the County will use some of the savings.

Chair Cox asked the Manager to talk about the percentage of budget for \$679,000 versus \$800,000 and still being over 20%. County Manager Don Adams explained if every dollar is used then no, but typically the County doesn't use all of it. The County Manager stated that the County will be around 23-24% at the end of this year, and \$100,000 is around 1%, so we will end up around 20%. County Manager Don Adams talked about reserved amounts that we count in the fund balance. Chair Cox and County Manager Don Adams talked about the LGC's requirement being the population group average, 20-30%, no where is State law does it talk about 8% with the exception of can only borrow 8% of the county's valuation.

Chair Cox declared a brief recess at 8:10pm.

Commissioner Leys asked to discuss capital and capital improvements. She talked about attending a meeting in Grayson County and their commissioner room had a lot of technology that was

supplied by a grant. She asked the County Manager to call them to learn more about the grant and then we could possibly remove the microphones from this budget. County Manager Don Adams said he will call them. Commissioner Leys asked about the security items and the possibility of doing them in stages instead of lump sum.

County Manager Don Adams explained we are going to have to get cameras at Alleghany in Motion (AIM) because of her requirements, the need to set up the cameras for AIM, have to buy the base system only two other cameras. He explained the need for cameras in this building will be where money is collected so he would be keeping cameras in the Tax Office and maybe some other cameras but would still have to buy the base system. He said he would have to go back to talk to John Blevins at Social Services about their needs. He stated he can go back to review it. He explained that Liz Roupe wants a camera in the vault. He talked about losing cameras here in the halls and parking lot. He said he will go back and look at it. He further said if the Board is looking to reduce the \$125,000 then that entire thing would be gone.

Chair Cox asked if the Board is trying to find the \$125, 000. Commissioner Leys said yes, part of it is her intention.

County Manager Don Adams talked about items to take out from capital; van, gator, security, and the microphones. He further talked about prioritizing the maintenance items.

Chair Cox asked for additional comments.

County Manager Don Adams asked the Board to pass out the fee schedules to review between now and tomorrow night.

Commissioner Leys and County Manager Don Adams talked about there are no changes to fee schedules.

Being no further business, Commissioner Goudreau made a motion to adjourn the meeting at 8:26pm. Commissioner Davis seconded the motion. Vote 5:0.

Respectfully Submitted,

Karen Evans
Clerk to the Board

Attest:

Larry Cox
Chairman