

The Alleghany County Board of Commissioners reconvened the recessed meeting from Tuesday, June 2, 2015, 11:25am on Tuesday, June 2, 2015, at 3:08pm 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 Tom Smith, Vice-Chair Karen Leys, Commissioner Larry Davis, Commissioner Mark Evans, Commissioner Bobby Irwin, County Manager Don Adams, and Clerk to the Board Karen Evans.

Chair Smith reconvened the meeting at 3:08pm.

County Manager Don Adams explained the fee schedules. He said that he asked Travis Dalton to come before the Board to explain the Inspections fee schedule.

Travis Dalton explained the Inspection's permit fees by each category. He referred to the section that Wayne Miles asked the Commissioners to review regarding commercial permits.

County Manager Don Adams clarified that Mr. Miles asked for the residential trade permit costs be applied to commercial permits, also.

Chair Smith and Travis Dalton talked about the amount of revenue lost in one year by changing how trade permits are charged; \$3,000.

County Manager Don Adams talked about the majority of these commercial permits are one trip. Travis Dalton explained that most of the permits take one trip and some up to two.

Commissioner Evans and Travis Dalton talked about there have been 6 commercial permits since the beginning of this year. Travis Dalton explained these permits and people's reactions to the permit fees.

Commissioner Leys and Travis Dalton talked about the trade permit fee covers the costs.

Commissioner Irwin and County Manager Don Adams talked about it doesn't cover the entire Inspection department budget.

County Manager Don Adams and Travis Dalton clarified that when Travis Dalton says it covers the costs he is referring to that permit.

Commissioner Irwin and County Manager Don Adams talked about the possibility of having the department break even.

Chair Smith asked how our rates compare to surrounding areas. Travis Dalton said they are similar but he hasn't checked on them recently.

County Manager Don Adams explained the policy change that occurred at the beginning of the year. He explained two issues; policy change and fee changes to be revenue-neutral.

Commissioner Leys mentioned the gas heater repair was less than \$100 that Mr. Miles talked to the Commissioners about. Travis Dalton said it would be \$45 for the permit costs under the previous policy.

Commissioner Evans said he agrees with the \$250 replacement costs. He stated he thinks there should be an increase of \$20-\$25 on the commercial permits.

Travis Dalton talked about how they came up with charging \$250.

County Manager Don Adams talked about the difference between a mechanical appliance and a mechanical system. Commissioner Evans provided examples.

Commissioner Leys and Travis Dalton discussed what a decorative appliance is.

Commissioner Irwin and Travis Dalton discussed what the customers get with a wiring permit. They talked about things that are checked for during the inspections.

Commissioner Irwin mentioned on the fee schedule, we don't know if we are in line with other counties but he would be interested to see what the other fees are. He expressed an interest in seeing the department pay for itself.

County Manager Don Adams explained that their revenues are \$50,000-\$55,000 and next year's expenses are \$81,000, which doesn't count the overhead costs. He said that the fees would almost need to double. He asked does the Board want to go towards a revenue-neutral budget for Inspections.

Commissioner Irwin said doubling the fees would be a lot.

County Manager Don Adams explained the budget has decreased because of the upcoming retirement of Randy Blankenship. He explained that it can be almost self-sufficient when building is going great. He reminded everyone that half of Travis Dalton's salary comes from Planning.

Commissioner Leys explained that the Health Department had the same type conversations and increased their permit fees but they didn't feel like they could charge actual costs.

Commissioner Evans gave some examples of Surry County's fees including their commercial is twice as much.

Commissioner Irwin said that concerns him a little bit. He talked about doing research the same way as was done on the cell tower rates, and asked shouldn't we look at these other areas.

Travis Dalton said it wouldn't be that hard to get this information.

Chair Smith and Commissioner Irwin talked about researching the permit fees.

County Manager Don Adams said he will have Travis Dalton research the permit fees and come back on June 15 with the fees as compared to the surrounding counties and recommendations on the fees. He talked about reviewing the fee schedule as a whole.

Commissioner Evans said it will be good to just see the permit fees.

County Manager Don Adams talked about having a Planning and an Inspections budget.

County Manager Don Adams explained what is next on the fees; Transportation fees. He explained that this is the recommendation from the Transportation Advisory Board.

April Hamm, Transportation Director, explained that there was a request from a couple of veterans to add a couple of new destinations, and her Advisory Board agreed to add a couple sites for one year. She explained they added Wytheville for a cost of \$20 and Salem for a cost of \$60, and increased the employment transportation to \$2 and leave children dropped off for a \$1.

Commissioner Davis and April Hamm talked about it would be \$6 per day for someone to go to work and drop their children off at a daycare and then return home.

Chair Smith and April Hamm talked about no one has used Asheville for at least 18 months so they took it off and added the other site for one year.

Commissioner Irwin and April Hamm talked about Alleghany in Motion doesn't get monies from the Veterans Administration (VA) but most veterans get a mileage reimbursement. They discussed adding Salem and currently only has one person that has asked about going there. They discussed the amount of VA reimbursement for Salem and the number of miles.

Commissioner Evans asked have these been on the list before. April Hamm explained not exactly because one year Rural General Public (RGP) was over spent and several veterans' destinations were used and at that time her Advisory Board narrowed it down to the current list.

Commissioner Leys and April Hamm talked about if there are several trips to Salem it will make a difference in the funding.

County Manager Don Adams talked about the grant requirements. April Hamm explained that Alleghany in Motion can't stop transportation when she runs out of the grant money. He explained that these are things that they have put in place to not run out of money. He explained when EDTAP funds run out they can stop that transportation.

Commissioner Irwin and April Hamm talked about coordinated transportation is what they do. County Manager Don Adams explained that they are not a taxi company and how the grant monies work.

Commissioner Irwin talked about when dealing with the VA it is next to impossible to coordinate the doctors. April Hamm said she understands that.

Chair Smith asked if everyone is comfortable with these changes.

Commissioner Leys said she was.

County Manager Don Adams reviewed the following fee schedules; fire inspections.

County Manager Don Adams reviewed the Emergency Management budgeted expenses versus the revenues making it about \$9,000 short of being revenue neutral.

Commissioner Irwin asked if these are in line with other areas.

County Manager Don Adams said he can have Daniel Roten to research it.

Chair Smith said he sees no problem with the way it is but he can check with the surrounding counties for this information.

Commissioner Leys said she would like to see it.

Commissioner Evans said the \$0.01 over 5,000 square feet seems a little high. He provided an example of a 20,000 building he owned in Surry County several years ago.

Commissioner Irwin and County Manager Don Adams said fire inspections are required by their insurance company, and it is State law. They talked about the timeline for different types of businesses for fire inspections.

County Manager Don Adams said he will check with surrounding counties.

County Manager Don Adams presented the Recreation department's fees. He stated that the majority of these fees are taken up with insurance costs.

Chair Smith and County Manager Don Adams talked about the amount of insurance per child.

Commissioner Irwin and County Manager Don Adams talked about the tennis courts are owned by the schools and the County.

Commissioner Leys said it is a great gift to the community to offer fee swimming lessons to children. Chair Smith mentioned the \$1 per child during the summer, also.

Chair Smith and County Manager Don Adams talked about the pool is scheduled to open soon.

County Manager Don Adams presented the EMS fee schedule. He explained these rates are dictated by getting the maximum reimbursement rate through Medicaid/Medicare. He talked about Linda Edwards will come to the Board when the rates need to be increased.

County Manager Don Adams presented the solid waste fee schedule with the proposed rates in the budget. He reviewed the changes to the fee schedule; residential to \$70, dumpster fee of \$6.50 per yard, construction \$70 per ton. He explained the reason he is asking for the rate increases. He reviewed how much revenue these changes will generate.

Commissioner Irwin and County Manager Don Adams talked about the business solid waste fees are billed monthly.

Chair Smith and County Manager Don Adams talked about the last household rate increase occurred in 2008/09.

Commissioner Irwin asked is \$70 enough. County Manager Don Adams explained the budget without the projected rate increase and how much each category generates in revenues and the expenditures showing the cash revenues over/under expenditures. He further explained that he has never asked the Commissioners to consider costs for post-employment benefits because it is handled annually. He stated that these rates will take care of cash shortage and depreciation.

Commissioner Evans and the County Manager talked about the amount the \$1 increase generates. Commissioner Evans asked what has caused the loss. The County Manager explained depreciation is most of it, purchased a loader, another employee was added, increases in the disposal line item, and longevity pay increases. County Manager Don Adams stated that we gained fund balance the last time the rates increased. The County Manager reviewed the revenues lines and talked about a problem discovered by the State inspector, which costs around \$9,000 to fix it.

Commissioner Leys and County Manager Don Adams discussed the language of a 25% reduction on the fourth category on the fee schedule.

Commissioner Evans and Clerk Karen Evans discussed the scrap tire grant is a grant that she completes every 6 months for costs-overrun and the State reimburses the County the majority of the costs.

Commissioner Irwin and County Manager Don Adams discussed the scrap tire program in total costing money. The County Manager used examples of larger expenses at the Transfer Facility.

Commissioner Evans and County Manager Don Adams talked about the number of staff at the Transfer Facility and the amount of staff in the budget.

Commissioner Irwin and County Manager Don Adams talked about the amount of time left on the loader payment; fiscal year 2017/18 is a half payment. They discussed how the loaders can be interchanged, and he doesn't plan on asking for another loader when the loan is paid. They discussed the plan if the loader quits working.

Chair Smith said he is comfortable with this change to \$70.

County Manager Don Adams talked about bringing back the fee schedules on June 15 at 1pm for the Inspections' fees, Fire Inspection fees and at that point there is really nothing else to bring back.

Chair Smith talked about the fees will come back for a final discussion. County Manager Don Adams agreed.

County Manager Don Adams asked does the Board want to talk about the revenue-neutral rate.

The Chair declared a brief recess at 4:31pm.

County Manager Don Adams handed out papers regarding examples of the proposed revenue-neutral tax rate and the use types. He reviewed the document about the revenue-neutral tax rate about how much these examples would pay with the 0.5125 tax rate versus what they paid in 2014. He stated it depends on each individual's value to determine whether the same or more taxes will be paid. He reviewed the actual per acreage use value, and stated these values are set by the State.

Commissioner Irwin and County Manager Don Adams talked about Christmas tree are under agriculture or horticulture. Chair Smith and County Manager Don Adams talked about forestry is where you have a plan for the trees through the Forestry Service.

Commissioner Irwin asked about the audits for the use values. County Manager Don Adams explained that everyone who is under some type of exemption is subject to an audit and the Tax Office audits 1/8 per year.

County Manager Don Adams talked about the revenue-neutral tax rate deals with all rates, not just real property. He talked about the effective tax rate on the North Carolina Association of County Commissioners' website shows our revenue-neutral tax rate at 0.53.

Chair Smith said on page 13 of the Budget Message it talks about the revenue-neutral tax rate.

Commissioner Leys said this is an interesting chart and just proves it depends on whether the values increased or decreased.

Commissioner Irwin talked about this is for this year and since it is revaluation it may go up or down.

County Manager Don Adams talked about the purpose of revaluation and being every 8 years by valuing property accurately.

County Manager Don Adams presented the pay grade plan with proposed changes; Travis Dalton going from Grade 68 to Grade 69, Planning Director/Inspector, turning the Jail Administration Assistant Grade 61 into a Deputy at Grade 62, longevity percentage to 0.5%, added part-time Victims Advocate Grade 62 and part-time recreation changes as described in the Budget Message.

Chair Smith talked about proposed categories of budget discussions. He said that June 15 is our first meeting. He handed out papers showing the topics; personnel, capital, special appropriations, address presentations, Transfer Facility, revenue-neutral tax rate, fee schedules, other issues/topics.

Commissioner Irwin and Chair Smith talked about the next budget meeting is on June 15th at 1:00pm until 4:00pm.

County Manager Don Adams provided a running total sheet on making changes to the General Fund budget. He explained the Board will have to eventually vote on the topics but it isn't a total vote on the budget. He further explained the running total sheet and how to use it.

Genia George, with the Arts Council, provided a handout to the Commissioners. She explained that Allegheny County has funded them for many years. She reviewed the numbers back to 1996/97 where the appropriation ranged from \$9,000 to \$12,000 then a slight decrease then cut 50% then increased a few dollars. She said they do many programs with the amount of funding provided to them. She talked about if the programs weren't sponsored by the Arts Council then the children and some adults wouldn't have access to the programs. She talked about the summer programs at the library over the years. She further talked about the regional artists project that many have participated in for 17 years, and provided examples of how artists have benefited. She explained that many of the programs that are going on are what the Arts Council got started and provided examples. She said now the arts are being promoted by another arts group. She said with this in mind along with as many years as the Arts Council has worked on the arts in the county, the money provided by the County along with donations are what they work with, and asked the Commissioners to fund the Allegheny County Arts Council in the budget process. She thanked the Board.

Commissioner Irwin asked is the Arts Council still functional or is being absorbed by another group. County Manager Don Adams stated that they aren't being absorbed by another group. The County Manager said he doesn't know who is on the Arts Council. Commissioner Irwin asked are we funding the Arts Council. County Manager Don Adams explained that the NC Arts Council is working with the Arts Guild not the Arts Council. He reviewed that Alleghany County's money has always went to match the NC Arts Council's grant matching funds.

Chair Smith declared a brief recess at 5:17pm.

The Board of Education, Superintendent Kim Mattox, Finance Officer Cindy Holder and Janice Linker came before the Commissioners to discuss the budget request.

Dr. Mattox stated her appreciation for this opportunity to discuss the budget.

Brad Mabe asked did the Commissioners want to go line by line.

Chair Smith said the Commissioners just got the budget last night.

Faron Atwood talked about over the last several years the Board of Education has used a lot of their fund balance. He further talked about Kim and Cindy worked on this budget to the point they aren't comfortable to use any more fund balance. He said capital is self-explanatory. Jason Williams mentioned they are using \$377,000 of fund balance to balance their budget. Commissioner Leys asked what the fund balance is. Faron Atwood explained after this year they won't be able to use fund balance. Cindy Holder explained that the LGC recommends 8%, having \$1,100,000 at the end of June, using \$377,000 this coming year gets it close to \$700,000. Commissioner Leys and Cindy Holder discussed what the 8% of \$2,900,000 is.

Brad Mabe explained they want to save as many positions as possible because they can't afford to cut positions. Faron Atwood said that administration has worked hard to share duties.

Commissioner Leys and Cindy Holder continued to discuss the 8% and the \$1,100,000 fund balance. Commissioner Evans and Cindy Holder discussed how long 8% would last them. County Manager Don Adams clarified to keep 2 months of cash on hand and compare to like groups of 20-30%. Commissioner Leys talked about using the County Manager's example is \$500,000. Faron Atwood said it is around \$588,000.

County Manager Don Adams asked what the School's total operating budget is. Cindy Holder answered around \$17,000,000. The County Manager said \$500,000 is getting low and the need for 2 months of the overall budget not the \$2,900,000.

Commissioner Leys and Cindy Holder talked about what has happened to the State and Federal budgets this year and the State only pays for 64½ teacher positions. Cindy Holder explained when she started in 2007 it was around 80.

Cindy Holder talked about the different programs they have for monies. She explained that they have to match the State's retirement rate.

Chair Smith talked about over the years the Board of Education has been trying to plan for this. He asked what the State budget looks like. Dr. Mattox said that the House is more favorable, and now are just waiting on the Senate. Cindy Holder stated that they are farther along currently than they are normally.

Commissioner Irwin and Cindy Holder talked about mid-July is the earliest the schools hear about their State budget. Cindy Holder talked about her staff went to a meeting this morning and learned that the Senate budget doesn't look like it will cut too deep into education.

Chair Smith talked about the education lottery is a goal of the County Commissioners' Association to look at the lottery for what it is supposed to be.

Commissioner Leys asked about a reduction in force. Cindy Holder answered several years ago there was and Dr. Mattox worked hard to shift positions and not fill retirements. Commissioner Leys asked has any positions been eliminated this year. Cindy Holder said no. Jason Williams and Faron Atwood talked about the number of positions that they have cut since 2008.

Commissioner Leys asked what happens after one more year of using the fund balance. Jason Williams said they are hoping the State will come through and provided examples. Faron Atwood explained that they started building the fund balance because they were worried about the cliff, which has never ended. Jason Williams said that they had hoped to not use the fund balance to fund the positions, which happened 3 years ago.

Commissioner Leys asked how the teacher ratio has been hurt. Dr. Mattox said it depends upon which school you are talking about and provided examples.

Commissioner Leys asked are the Schools in a position that it is hurting because of the class size. Faron Atwood used an example of 26 students in 2nd grade, with 2 discipline issues with 1 staff member, which hurts the other 24 students. He gave another example of migrant children and when you get to bare bones it is harder to handle.

Commissioner Leys talked about using the \$377,000 fund balance to balance the current expense budget. She asked if the Board of Education didn't have the fund balance, what would be cut.

The Board of Education said they would have to have several meetings to decide that.

Commissioner Evans asked isn't that about 7 positions. The Board of Education agreed. Cindy Holder gave examples of what the State won't pay for. Faron Atwood gave some examples of positions that are needed. Jason Williams said they have already had to cut 1 maintenance position and can't afford to cut anymore.

Chair Smith talked about Commissioner Irwin and Commissioner Evans are on the School Facilities Committee and were very complimentary on the schools.

Jason Williams said they still have a way to go. Commissioner Evans agreed.

Commissioner Leys talked about this is a serious issue, and she doesn't think the public is aware of the situation that the schools are in.

Jason Williams said it won't be a pretty site, and used Grayson County as an example.

Cindy Holder talked about the general public has no idea what it takes to run a school system that isn't in a classroom. She talked about being a smaller county we don't have a large number of retirements that we don't have to fill. She further talked about the children need to be prepared to go on to the college.

Chair Smith talked about another misconception is that the State takes care of everything. He explained that the Commissioners talked a little last night about the County's growth and sitting down with the two boards in the Fall to discuss how to work together to address the critical needs.

Cindy Holder talked about the proposed 2% pay increase for State employees and teachers depending upon their steps. She said hopefully they will increase their allotments to cover that expense.

Commissioner Evans talked about the value of this meeting and be as conservative as possible in other areas.

Brad Mabe said thank you for taking this time.

Commissioner Evans stated that everyone is together not separate on education.

Faron Atwood talked about this type of meeting is more productive.

Steven Williams asked Commissioner Leys what she suggests for public awareness. Commissioner Leys said one thing is to join the State Board of Education group and have articles in the newspaper as often as possible.

Jason Williams said it is hard to get someone's attention until it is too late.

Commissioner Leys talked about the cut of arts and culture from the schools that occurred when her children were in school.

Faron Atwood said that the State isn't testing in that area, and they focus on the areas they are testing in.

Cindy Holder talked about the testing booklets and the amount of time spent on it for every grade level and every subject matter.

Commissioner Leys asked Janice Linker if she has anything to add. Janice Linker said that after being at Glade Creek School, we focus on the testing areas and provided examples.

Commissioner Irwin talked about the importance of the school system to provide an educated person and hopefully don't have to worry about them using the Sheriff's Department, Social Services, Health Department and in the long run it saves money. He said that somehow everyone has to do everything possible. He stated that Allegheny County has some of the nicest buildings in the State and the need to take care of the buildings, and look at us working together. He talked about if we raise taxes; we have to educate the general public about it. He further talked about mandates that don't have money behind it. He said somehow we have to at least maintain what we have.

Faron Atwood talked about producing high quality students, and a big percentage are home grown people. He further talked about having more and more pressure put on them plus it is harder.

Chair Smith asked for additional comments.

Faron Atwood said that he and Jason Williams met with Commissioner Irwin and Commissioner Evans for Facilities meeting and asked how they want to proceed. Commissioner Irwin said he is waiting to hear from you. Faron Atwood said ok.

Commissioner Evans talked about the need to work on educating the public. Steven Williams mentioned putting it in terms people can understand.

Commissioner Leys thanked Dr. Mattox for her work for Allegheny County Schools. Chair Smith said he echoes that comment.

Brad Mabe said the Board of Education tried to talk her into staying.

The Chair declared a brief recess at 6:32pm.

Chair Smith talked about the Board is at the end of today's schedule. He asked about meeting again on June 15th at 1:00pm. The Board agreed.

Commissioner Evans made a motion to recess this meeting at 6:42pm until Monday, June 15th at 1:00pm. Commissioner Davis seconded the motion. Vote 5:0.

Respectfully submitted,

Attest:

Karen Evans
Clerk to the Board

Tom Smith
Chair