

The Alleghany County Board of Commissioners met in special session on Monday, June 14, 2010, at 6:00pm in the Board Meeting Room of the County Administration Building, 348 South Main Street, Sparta, North Carolina. The purpose of this meeting is to have budget discussions.

Present: Chair Ken Richardson, Vice-Chair Randy Miller, Commissioner Doug Murphy, Commissioner Milly Richardson, Commissioner Steve Roten, County Manager Don Adams, and Clerk to the Board Karen Evans.

Chair Ken Richardson called the meeting to order. He talked about receiving a letter from NCACC regarding lottery proceeds and mental health urging Commissioners to contact legislators about these issues. He explained ways to proceed for this budget meeting, encouraged each Commissioner to speak, hoping to reach an area tonight to be able to meet together again on Thursday and to allow time for individuals wanting to speak to the Board next week. He talked about receiving calls from people today wanting to speak at this meeting, and he explained to them that they could speak at the end of the meeting after the Commissioners are through if anyone wanted to stay and listen.

Chair Ken Richardson explained his feelings about the budget and that this budget will impact the next two budgets after 2010/11. He talked about the Board shouldn't lose site that the County Manager has already cut over \$600,000 from the budget. He talked about he divides the budget into three categories; current expenses, special appropriations and capital. He further talked about current expense and items of concern of the amount are overtime and the lack of federal inmates. He talked about special appropriations where he is thinking these are areas that each Commissioner will want to discuss. He said if there are sizeable cuts, he thinks special appropriations are where they will come from. He explained his opinion about capital projects that he supported and will continue to support but without additional revenues there are 19 items that could be deferred until further years in the amount of \$5,216,949 of new expenses that some Board will have to come up with. He further explained that this is the highest commitment that he has ever been involved in during his years as a County Commissioners. He said that this is just the beginning of the discussions, and the budget must be agreed upon by three of the Commissioners.

Commissioner Doug Murphy explained that he had the County Manager to run a report showing the debt service relief from 2010 to 2016 which will be around \$623,000 that will be freed up during that timeframe. He further explained that he spent the weekend talking with people in Raleigh. He said he has to start with education, and he thinks what makes this an iffy proposition is the State budget and its uncertainty. He talked about the Glade Creek project that hasn't been bid out but it will be one bid. He stated that he thinks the Board needs to keep this project in. He talked more about the debt relief for the upcoming years. He stated that he thinks the Board needs to see that a large chunk of these monies go to the fund balance in anticipation for what is coming to education and capital. He explained that he has looked at capital, and there are other ways to get the capital, like a used State truck rather than a new one. He further explained the need for looking at capital improvements to see what can be put off until future years. He asked can capital improvements be prioritized, and having to look at special appropriations for cuts if there isn't a tax increase. He stated that the County is in a tight spot. He talked about the 10-12% unemployment rate. He said he is trying to keep jobs, keep insurance but may have to look at other things within the county. He said that everything is on the table. He talked about calls received from people struggling to pay their taxes now, and this is a balancing act. He said that the Board can't make point blank cuts but will have to look at a lot of items.

Commissioner Steve Roten stated that he agrees with some of what Doug Murphy and Ken Richardson are saying. He further stated that he strongly agrees with the Chairman to look at the overtime issue. He talked about looking at capital and capital improvements. He further talked about critical needs, and he doesn't know how bad the situation is on the parking lots with the need to talk about that. He agreed about not knowing what is coming in the future. He talked about he is willing to do whatever is necessary for this budget to not raise taxes or use the fund balance. He said he would like to see the budget with no tax increase and leaving the fund balance where it needs to be.

Commissioner Milly Richardson talked about cutting out the capital, non-mandated secondary would cut some of the main ones not the primary ones, doesn't seem like there is any support to undo salary adjustments, looking at furloughs days that if the Board did 6 then it would be approximately \$70,000, can't see any justifications for a tax increase, heard from quite a few people about not wanting any more tax burden especially on the seniors, and she feels that there is enough in the budget to eliminate the tax increase.

Commissioner Doug Murphy and Commissioner Milly Richardson talked about furloughs on holidays; County has 11 paid holidays and her suggestion of furloughing 6.

County Manager Don Adams stated that it is approximately \$11,123 per day. He reminded everyone that this is tied to holidays so it affects all employees.

Commissioner Doug Murphy and County Manager Don Adams talked about this would have no disruption of services because this would be days that administrative offices are already closed, and people working on the holidays will still work.

Commissioner Randy Miller said that he thinks everyone here has good points but he goes back to what he has been saying for the last two years, and he doesn't think the Board can take away the raises. He talked about he asked the County Manager if the County has C & D employees and if so now is the time to get rid of them. He further talked about this year, next year or the following year employees deserve a raise if the money can be found. He said that he thinks the Board needs to take each section and prioritize the needs. He further said that there are a few things that the County has to have regardless of the costs. He stated that he is willing to get down and look at every line by line, whatever it takes.

Commissioner Doug Murphy stated that he isn't in favor of undoing what the Board has done. He reiterated that everything is on the table. He said he is concerned by the talk he is hearing out of Raleigh and going back to the debt relief over the next six years needing to go back into building the fund balance. He said he would like for the Board to stay on track for Glade Creek Elementary School, would like to see the relief go back to building the fund balance, and would hate to go backwards in regards to fire/safety. He further said that is something else to take a look at. He agreed with Randy Miller about taking the budget line by line. He talked about the unemployment rate and ADM funding in the schools. He said this is something the Board needs to think about.

Commissioner Randy Miller talked about he has been in the retail building industry for several years, last year was the worst he has seen, industry was starting to turn around but he is starting to see the tunnel close again. He further talked about people aren't as willing to spend their money. He stated that the Board has to be conservative, and nobody knows what is coming.

Chair Ken Richardson and County Manager Don Adams talked about 4¢ is \$672,000.

Chair Ken Richardson stated that is the amount of cuts it will take to not have a tax increase, and he doesn't know where the Board will find all of that. He reiterated that by obligating future debt in the amount of \$5,000,000 sends the wrong message to the public by saying we need to be conservative but then add \$5,000,000 in debt, and he can't support this when looking at no tax increase.

Commissioner Milly Richardson asked if the Chairman can itemize the \$5,000,000.

Chair Ken Richardson stated that he will give it the Manager.

Commissioner Milly Richardson stated that's fine.

Commissioner Doug Murphy talked about future boards may not be able to fund these projects.

Chair Ken Richardson agreed but stated after this Board once votes to do it, the County is obligated.

Commissioner Milly Richardson stated that nobody mentioned cutting the Glade Creek Elementary School project.

Commissioner Steve Roten stated that the Glade Creek Elementary School project is a big chunk of that.

Commissioner Doug Murphy talked about a lot of that has already been taken care of.

Commissioner Randy Miller talked about if the County continues down the road we are on within the next four years the county will see a 10-20¢ tax increase in order for this county to continue. He said he questions whether it is easier for a 1-2¢ each year or all together. He reiterated that he is not saying to raise this year and next year but it will hit some time.

Commissioner Doug Murphy summarized that every four years 4¢ then 20 years are 20¢.

Commissioner Randy Miller disagreed stating that isn't what he is saying. He said if the economy stays where it is, it has to be the right ratio of cuts and tax increases plus looking at years to come.

Commissioner Doug Murphy talked about this is why he wanted to get the debt relief numbers because it is a balancing act.

Chair Ken Richardson talked about the sheet showing special appropriations being broke into different groups for reductions.

County Manager Don Adams reviewed the total numbers; \$118,171 for primary and \$13,417 for secondary.

Chair Ken Richardson stated that \$118,000 is a long way from \$700,000. He further stated that this is where the majority of the cuts will have to be.

County Manager Don Adams explained the paper showing how much a 10% cut is. He reminded the Board that the primary group has been frozen in his recommendations, and the secondary group already has a 25% reduction.

Chair Ken Richardson stated that if the Board isn't willing to make cuts in special appropriations or capital then current expenses will have to be cut by \$700,000.

Commissioner Steve Roten talked about \$700,000 doesn't count how much is being used of the fund balance.

County Manager Don Adams stated that history shows the County will use approximately \$300,000 of the \$593,301 fund balance recommendation.

Commissioner Steve Roten agreed and stated the Board should be looking for \$1,000,000.

Commissioner Doug Murphy and County Manager Don Adams talked about the auditors' fund balance numbers and the County Manager's projections.

Commissioner Doug Murphy stated that he is not in favor of using the fund balance but when the debt service relief is being freed up then that money should go back into the fund balance. He talked about the special appropriation groups and stated the Board needs to look at each agency.

Chair Ken Richardson stated even if the Board leaves out the fund balance, we aren't making headway. He talked about going line by line, the Board won't agree on

everything but when the Board is done; the Board won't be anywhere near \$700,000.

Commissioner Doug Murphy stated that his tally sheet shows \$325,000.

Chair Ken Richardson asked the Board if anyone has any ideas for the County Manager to work on to present to the Board or is each Commissioner ready to get the ruler out to go line by line.

Commissioner Doug Murphy asked the County Manager to research how the projections come in.

Commissioner Randy Miller asked the County Manager what is the number that the State wants us at regarding fund balances.

County Manager Don Adams answered by saying the Local Government Commission, which is the State, looks at unreserved fund balance, and his numbers are the total because he can't give the Board the unreserved because he won't have them until the audit. He talked about the Local Government Commission doesn't want to see counties at half of their population group. He explained the 2009 numbers for our population group. He explained that normally when counties get near that number, the Local Government Commission will start sending letters. He talked about another way to look at this is operational cash flow which is currently 2½ months of expenses. He explained if the Board is getting that low, it will be more difficult to handle cash flow to ensure payroll is met. He further explained another issue is the safety training facility, which is USDA grant/loan; the County must pay for the project then get reimbursed by USDA, and if the County gets down to 8-10%, may have to look at a gap loan until the reimbursement from USDA is received. He stated that the Glade Creek Elementary School water/sewer is the same way because it is USDA, too.

Commissioner Randy Miller and County Manager Don Adams talked about the time table for the training facility including being out to bid currently because received final USDA approval and bids are due July 14.

Commissioner Randy Miller asked is there a time table with UDSA.

County Manager Don Adams stated he didn't know.

Commissioner Milly Richardson talked about how businesses put things off when times are bad, and how can the County operate on the current level when everyone is looking at cuts and making do with what they have. She further talked about looking at the level of services that is offered and possibly reduce services. She said that this would be mean cuts somewhere other than special appropriations.

Chair Ken Richardson asked the County Manager how much is overtime.

County Manager Don Adams stated last year's numbers for the Sheriff's Department was \$81,620, Dispatch—\$11,512, Jail—\$11,888, and Transportation was \$880. He explained that different laws apply to EMS because of the requirement to pay them ½ time overtime, which he doesn't think can be paid in comp time.

Commissioner Milly Richardson and County Manager Don Adams talked about the costs if EMS is changed to 12-hour shifts being less than \$5,000 difference between the two because the County still has to pay EMS monetary overtime pay. They talked about EMS is fully staffed. The County Manager explained the EMS overtime because they work 24 hours with the vast majority of the overtime is the ½ time. He talked about information he brought the Board recently about the ½ time overtime is the proper appropriate way to pay EMS.

Commissioner Doug Murphy talked about still looking at \$106,000 without EMS.

Commissioner Milly Richardson asked when looking at services would it help to be looking at a 4-day workweek rather than a 5-day workweek.

County Manager Don Adams answered because of our size, yes, one day a week with the lights off would help, but look at the facilities where we can't do this; Courthouse, Law Enforcement Center, not sure about Wilkes Community College and Social Services so in his opinion it is only this building and the other county office building which wouldn't be a lot of savings.

Commissioner Milly Richardson asked about changing the Transfer Facility to 5 days and cut back on hours.

County Manager Don Adams talked about this is a different funding source, and the real savings would be to eliminate the 12-hour shifts. He explained how this would work and other counties have convenience sites. He said if you were talking about closing down for a day, there isn't much difference.

Chair Ken Richardson and County Manager Don Adams talked about the loss of \$174,000 for federal inmates. The County Manager explained that it boils down to the federal government's needs because we hold people awaiting trials and the federal government doesn't have people going to federal court in our area currently. The County Manager continued to explain that the County can't count on them because there isn't a contract, and he doesn't know how to get them back.

Commissioner Doug Murphy asked when the Board does this budget, can the Commissioners put a freeze on expenses until we get the audit is in and only have the essential expenses.

County Manager Don Adams talked about some years there have been policies that budget changes don't occur until after the audit.

Chair Ken Richardson talked about with the overtime cut and special appropriations cut by 20%, this is right at \$262,000.

Commissioner Doug Murphy asked does that include capital because it is \$128,000. He said he has some things in capital because it is needed like the finance server but no other capital, so he is looking at \$105,000 coming off of capital. He talked about the Chairman's number plus \$105,000. He further talked about capital improvements needed at Wilkes Community College and the Law Enforcement Center so the amount of savings on capital improvements would be \$27,371. He mentioned that Milly Richardson said something about holiday furloughs.

County Manager Don Adams reminded the Board about the energy grant and FEMA monies in capital improvements.

Commissioner Doug Murphy talked about there is \$130,000 just in capital.

Commissioner Milly Richardson asked the County Manager about the Glade Creek Elementary School debt service payment plus the safety training facility payment. She said she hasn't heard anyone say anything about taking those out.

Commissioner Doug Murphy and County Manager Don Adams talked about the debt payments were already factoring in prior debt relief.

Commissioner Milly Richardson talked about this Board's actions regarding debt service and not placing the burden on other boards in the future because this Board is making agreements for the debt service other than just committing to these projects.

County Manager Don Adams reminded the Board is committed to the \$288,000 that is due December 16 but the USDA loan documents will come before the Board, and these are not committed at this time.

Commissioner Milly Richardson and County Manager Don Adams stated that the Board can walk away from these projects if the Board wanted to.

Commissioner Milly Richardson stated that she doesn't want to walk away; she is just asking. She talked about going back to the fire departments and asking do they

want the facility or reduce their budget.

Chair Ken Richardson asked the Board if there are areas that the Commissioners want the County Manager to review. He explained that, at the best, the Board is at \$490,000 with the overtime, cuts in special appropriations and taking out some capital.

Commissioner Milly Richardson stated that she agrees on capital but might take it another step further but not taking the Glade Creek Elementary School stuff.

Commissioner Doug Murphy stated that the Board needs to look at special appropriations primary and secondary and give serious thought before cutting things like the Group Homes and Resource Center but the debate on the secondary group should be whether to fund these.

Commissioner Milly Richardson stated she thinks the Board needs to look at current expenses. She further stated that the special appropriations have a lot of volunteers.

Commissioner Doug Murphy talked about taking the special appropriations and look at those in the next day or two.

Chair Ken Richardson asked if any Commissioner has something that the County Manager can work on showing the Board where the \$700,000 could come from. He talked about current expenses, special appropriation and capital. He further talked about having the County Manager see how he would find it.

County Manager Don Adams asked is that what the Board wants him to do.

Commissioner Milly Richardson stated this is what she asked earlier.

Chair Ken Richardson asked does anyone have a problem meeting back on Thursday night at 6:30pm. He asked for comments from the public.

Susan Reinhardt came before the Board talking about it is the elected officials' job to represent all of the residents of the area, property taxes are set based on a budget set by the Commissioners not the County Manager, County residents expect a certain quality of life because we, as citizens, enjoy those things, ways to get additional revenues like the tax rate and sales tax, increase sales tax to 8¢. She said that is something to be considered.

Commissioner Milly Richardson, County Manager Don Adams and Susan Reinhardt talked about the sales tax requires a vote by the people.

Susan Reinhardt talked about a 2¢ property tax increase and the impact to a property owner, before tonight's meeting each Commissioner has looked at the budget and commends each one for that. She further talked about the Board doesn't have a lot of choices in the budget because of mandates. She explained that the private sector can't give raises when the economy is bad, not saying the pay raises aren't deserved, just saying the Board needs to look at what is affordable before taking action, talked about the stuff that has been going on, not respecting the office of County Commissioners and seeing what has been occurring at the meetings and watching it on one of the public access channels. She talked about the Commissioners need to work together, not against each other, and work together as adults as the Board has been doing tonight. She urged the Board to continue to do what is best for the County as a whole.

County Manager Don Adams asked for clarifications about what he is supposed to be doing.

Chair Ken Richardson explained taking some of the ideas heard tonight with the majority of the Board talking about coming up with the \$700,000 shortfall in the budget. He further explained that Thursday night the Board can see where the numbers will fall.

Chair Ken Richardson recessed the meeting at 7:50pm until Thursday, June 17,

at 6:30pm.

Respectfully submitted,

Karen Evans  
Clerk to the Board

Attest:

Ken Richardson  
Chairman