

The Alleghany County Board of Commissioners and Alleghany County Board of Education held a special meeting on Monday, May 8, 2006, at 5:00pm in the Board of Education Office, Conference Room, 85 Peachtree Street in Sparta. The purpose of this meeting is to discuss school facilities.

Present: Chair Eldon Edwards, Vice-Chair Warren Taylor, Commissioner Sandy Carter Herndon, Commissioner Ken Richardson, County Manager Don Adams, Clerk to the Board Karen Evans, Board of Education members; Chair Charles Joines, Faron Atwood, Clarence Crouse, Betsy Dillon, Joel Souther, and Superintendent Dr. Jeff Cox.

Charles Joines called to Board of Education meeting to order at 5:00pm and requested a moment of silence.

Betsy Dillon made a motion to approve the agenda for this May 8, 2006, meeting. Joel Souther seconded the motion. Vote 5:0.

Chair Eldon Edwards opened the meeting for the Board of Commissioners at 5:02pm.

Commissioner Sandy Carter Herndon made a motion to approve the agenda for this May 8, 2006, meeting. Commissioner Warren Taylor seconded the motion. Vote 4:0.

AGENDA

Alleghany County Board of Education/
Alleghany County Board of Commissioners
Special Joint Meeting
Conference Room, Central Office Building
85 Peachtree St.
Sparta, NC 28675
Monday, May 8, 2006
5:00pm

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| I. | Call to Order | 5:00pm |
| II. | Moment of Silence | 5:01pm |
| III. | Approval of Agenda | 5:02pm |
| IV. | Action Items | |
| | A. Unfinished Business | |
| | 1. Discussion of School Facilities Planning | 5:05pm |
| | B. New Business | |
| | 1. Open Discussion | 6:00pm |
| V. | Adjourn | 6:30pm |

Charles Joines welcomed the Commissioners and their staff to the Board of Education.

Dr. Jeff Cox gave the Commissioners an update on the school bus garage. He explained their process in working with the architect in finding ways to reduce the original bid. He talked about the grading quote from Larry Woodie. He explained all of the deductions. He stated that the

final negotiated price is \$402,403.24 rounded down at Dillard's request to \$402,400. He reminded everyone that the original bid was almost \$500,000. He stated that the bid of \$402,400 is only good for a number of days.

Commissioner Sandy Carter Herndon and Dr. Cox talked about Mr. Dillard can start work now.

Commissioner Warren Taylor and Dr. Cox talked about the location of the bus garage in relation to the existing garage.

Chair Eldon Edwards and Dr. Cox talked about this grading is separate from the Charles Street grading.

County Manager Don Adams reminded everyone that the original \$250,000 for the bus garage was using ADM funds. He gave everyone an update on how ADM funds have been used previously to help off-set debt for school construction. He explained that both boards have to agree how to spend the monies. He further explained that the \$250,000 was \$35,000 annually for seven years. He talked about keeping the original deal as long as the money is available.

Commissioner Sandy Carter Herndon asked if the Board of Education is willing to do the same deal now with the increased costs of the bus garage.

Charles Joines stated that he is okay with that.

Betsy Dillon stated agreed.

Faron Atwood asked what the monies have been spent for in the past.

County Manager Don Adams explained the projects that the monies have been spent on in the past. He reminded everyone that the risk of the Governor taking the monies would mean that the Board of Commissioners has to fund the bus garage.

Faron Atwood asked if it would affect the school's budget.

Charles Joines stated no, it wouldn't. He further stated that the monies can only be used for capital expenditures. He reiterated that both boards must agree on how to spend the money.

The Board of Education agreed to use ADM funds.

Dr. Cox stated that the only thing is if the ADM funds are used for the bus garage then other capital needs would have to go to the Board of Commissioners for funding.

Commissioner Ken Richardson commended Dr. Cox and the Board of Education for their work on reducing the price. He stated the need to make sure the architect has talked to the Building Inspectors in order to not slow down the permitting process.

Dr. Cox stated that they will make sure the Inspections office is fine with these changes.

Commissioner Warren Taylor made a motion to approve the expenditures as requested. Commissioner Sandy Carter Herndon seconded the motion.

County Manager Don Adams asked about the time schedule.

Dr. Cox stated that the bids are good for 30 days.

County Manager Don Adams asked the Commissioners about how to fund the bus garage; fund balance or a loan.

Commissioner Sandy Carter Herndon and County Manager Don Adams talked about the possibility of using fund balance monies and then obtaining a loan to reimburse the fund balance. County Manager Don Adams stated that he knew the County can reimburse themselves on architect fees but isn't sure about building a complete building to be reimbursed later.

County Manager Don Adams and Dr. Cox talked about the bus garage not being part of the bond referendum, proceeding with this project so it can be completed by August and using fund balance monies.

Commissioner Sandy Carter Herndon asked about funding part of it with fund balance and part of the funding coming from somewhere else.

County Manager Don Adams reviewed the process that the County must go through for obtaining loans.

Chair Eldon Edwards and County Manager Don Adams discussed the original amount of \$250,000 is in the County's fund balance.

Commissioner Warren Taylor stated that prior discussions about the budget don't include the bus garage monies.

County Manager Don Adams stated that the easiest solution is to borrow the money because using \$400,000 in fund balance will make it harder on the Commissioners with the other needs in the county. He further stated that the County can't borrow money on the other needs.

Commissioner Warren Taylor made a motion to approve the concept and give the County time to look at the financing.

Commissioner Sandy Carter Herndon asked about amending the motion to include looking at obtaining a loan as soon as possible.

Commissioner Warren Taylor agreed.

Commissioner Ken Richardson asked if this means the Board of Education can go forward on the bus garage project.

The Board of Commissioners agreed.

County Manager Don Adams asked if the Board of Education can wait a couple of weeks on signing the contract to allow him time to work on the financing. He reiterated the intent is to fund the bus garage.

Dr. Cox agreed that it is reasonable to wait a couple of weeks.

County Manager Don Adams stated that the last week of May several options will be laid out for the Commissioners, and the County may not have to borrow the money.

Charles Joines asked if they can start grading since funding will be in place.

Commissioner Sandy Carter Herndon stated that the original money is in the County's fund balance.

Commissioner Ken Richardson gave examples of why to not use the fund balance.

County Manager Don Adams asked for everyone to give him time to research the matter. He stated the intention to do the project but he needs a couple of weeks to get everything lined up.

The Board voted on the motion on the floor. Vote 4:0.

Dr. Cox stated that the Commissioners had asked the Board of Education to look other facilities needs if a middle school is built. He started explaining handouts regarding needs assuming a middle school is built at a cost of \$10,434,801 with recurring costs of \$579,383 and needs assuming a middle school isn't built at a cost of \$6,233,102 with recurring costs of \$418,247.

John Farrelly explained the personnel needed for a new middle school, an enhanced program for Kindergarten through 8th grade and a modified version of the middle school. He explained the ESL and EC program needs and how they relate to student growth.

Commissioner Sandy Carter Herndon asked what the current student to teacher ratio is now compared to the 1:20 for the middle school or 1:24 for the modified middle school.

John Farrelly stated that currently it is 1:26 at Sparta Elementary School.

Mike Edwards stated that currently it is 1:23 at Piney Creek Elementary School.

Gary West stated that currently it is 1:29 at Glade Creek Elementary School.

John Farrelly stated that they made the middle school decision by seeing this is the best choice for the children.

Commissioner Warren Taylor stated his appreciation for the Board of Education for providing the figures of the personnel costs and upgrades at all three schools.

Dr. Cox stated that they tried to keep the number as low as possible and making sure they were taking care of everything.

John Farrelly stated that it would hurt the integrity of the middle school program if the recurring costs go below \$579,383.

Commissioner Warren Taylor stated that the Board of Education has done their job and now it is the Commissioners' job to find a way to pay for their proposal. He further stated that the Commissioners have asked Senator Don East and Representative Jim Harrell about a land transfer tax for Alleghany County.

Chair Eldon Edwards stated that the tax would have brought in \$1,000,000 last year based

on real estate sales.

Commissioner Warren Taylor stated that it isn't a dead issue but it isn't possible without legislative support.

Commissioner Sandy Carter Herndon and Chair Eldon Edwards talked about Senator Don East and Representative Jim Harrell must agree on the land transfer tax in order to get it introduced in the General Assembly. Chair Eldon Edwards stated that the County must find another way to get the money.

County Manager Don Adams talked about the meeting scheduled with the Local Government Commission on May 23. He stated that the decision on which option needs to be decided now because it should be a consolidated effort at the meeting the Local Government Commission.

Chair Eldon Edwards stated his concern is if the bond passes the impact that it will do to the debt service.

County Manager Don Adams reminded everyone that the Local Government Commission looks at the net debt ratio and percentage of debt compared to the operating budget. He stated that they don't like to see counties go over 15% of their operating budget. He further stated that this amount will take the County to that limit for the next three to five years.

Commissioner Sandy Carter Herndon talked about going to the Local Government Commission for the \$6,233,102.

County Manager Don Adams stated that we need to go anyway. He further stated that he recommends that a couple of Commissioners, Board of Education members and staff go to the meeting. He talked about the presentation.

John Farrelly asked about deciding on how to fund the recurring costs of \$579,383.

County Manager Don Adams talked about that will be part of the Local Government Commission presentation but not part of the bond referendum.

Commissioner Warren Taylor stated that must be approved annually by the sitting Board of Commissioners.

Betsy Dillon asked about facility needs countywide for the county.

County Manager Don Adams talked about the library and Social Services are future capital needs. He stated that the Board of Commissioners has been requested to put the library on a referendum in November. He further stated that both referendums will be going to the Local Government Commission on May 23.

Commissioner Ken Richardson talked about the two excellent presentations, which answered the Commissioners' questions. He asked the Board of Education what they recommend.

Charles Joines stated that they recommend building the full facility at a cost of \$10,000,000. He further stated that they have a lot of concerns about taking a \$10,000,000 bond to the public.

Commissioner Ken Richardson asked what their recommendation is on the recurring costs; \$890,000 or \$579,383.

Charles Joines stated they will need the bigger part of the \$890,000. He further stated that \$579,383 is the minimum number.

Commissioner Ken Richardson asked if they can live with \$579,383.

Charles Joines stated that the school can operate with the \$579,383. He asked if that is correct.

John Farrelly stated yes.

Commissioner Ken Richardson stated that property tax is what we are talking about for the funding and it will be a significant property tax increase. He further stated that if any of these options are done the money will come from the property taxes and the need to tell the public that property taxes will pay for the schools.

Clarence Crouse and Commissioner Sandy Carter Herndon discussed revaluation and publishing the revenue neutral tax rate.

Faron Atwood asked if the increase will be 16¢ or 12¢.

Commissioner Sandy Carter Herndon and Commissioner Ken Richardson stated that we don't know yet because we don't know how much property taxes will be generated.

County Manager Don Adams reminded everyone that the revaluation notices will go out in the Fall.

Chair Eldon Edwards stated that the bottom line is that taxes will increase. He talked about people having problems paying their taxes now.

Clarence Crouse talked about building the middle school in phases in order to provide the funding with current money that is coming in.

Commissioner Warren Taylor stated that the County isn't seeing a substantial increase in growth. He talked about if the taxpayers are willing to commit, then we can do this; but if they don't, we can't. He reiterated the taxpayers need to make the decision.

Commissioner Sandy Carter Herndon asked if the Commissioners are willing to put the County at the maximum debt level. She talked about her concerns about committing the County to the maximum debt level. She stated it would be wonderful to build a middle school, but she isn't personally willing to max out County's debt because that isn't a good fiscal decision even if the voters approve it. She asked what happens if property values go down, where would the money come from. She explained that tax collections aren't as high as it has been.

Chair Eldon Edwards stated his opinion that everyone needs to look at something as an alternate to a middle school.

Charles Joines asked about the second option that was presented tonight.

Chair Eldon Edwards stated that even with that number there will be a tax increase and what happens if the referendum fails.

Charles Joines talked about going back to the drawing board.

Chair Eldon Edwards stated that he thinks the bond won't pass and the need to have something that will take care of the schools for five years. He further stated that he can't support a referendum.

Dr. Cox stated that Plan B represents the schools facility needs.

Commissioner Sandy Carter Herndon reminded everyone that the first step is to go to the Local Government Commission.

Mitch Franklin stated that before the middle school is abandoned, everyone should look at phasing in the middle school. He further stated the need to get the kids the best education possible. He explained that the Elkin city middle school is in modular units but they are getting their education.

Faron Atwood asked what dollar figure is everyone looking at.

Commissioner Sandy Carter Herndon stated that the County can't give a dollar figure until after the meeting with the Local Government Commission.

Commissioner Warren Taylor left the meeting at 6:55pm.

Faron Atwood and Commissioner Sandy Carter Herndon continued talking about not being able to move forward until after talking with the Local Government Commission.

Charles Joines stated that he hears the Board of Commissioners will fund \$6,000,000 to get the middle school started.

Faron Atwood stated that doesn't get a middle school started.

Clarence Crouse explained that he thinks if the county doesn't build a middle school, then the children are getting short-changed. He talked about doing more leg work and tonight's information is a starting point. He further talked about the need for public support and working together. He mentioned phased construction to reach the long-term goal. He talked about the valuable information presented tonight. He stated that he doesn't want to see everyone back off of this concept.

Commissioner Sandy Carter Herndon stated that she would love to see the county have it.

Faron Atwood mentioned that they didn't recommend Plan B. He stated that the Commissioners asked for other options, and that is what the Board of Education did. He asked the Commissioners to give them a number to work with to get a middle school in the county.

Betsy Dillon talked about phasing it in gradually.

Dr. Cox talked about needing to know what a reasonable debt load is for the County and the number that the County would fund without going to a bond. He further talked about they are in the

dark without having some idea of what is acceptable to the Commissioners.

Chair Eldon Edwards asked would it take \$6,000,000 to have adequate facilities for the next five years.

Dr. Cox stated that it would be sufficient for that but it isn't working towards a middle school.

Charles Joines talked about the need to work out a package that everyone can live with. He further talked about the bond is a one-shot deal.

Chair Eldon Edwards asked how the County could financially support it in phases.

County Manager Don Adams stated that he doesn't know without the numbers being in front of him.

Chair Eldon Edwards asked would the Local Government Commission have to approve the phases.

County Manager Don Adams reminded the Boards that everyone needs to be on the same page for the trip to the Local Government Commission. He talked about if we go with several possibilities; he isn't sure how that will work. He further talked about the dilemma of taking a number less than \$9,000,000 to \$10,000,000 to a referendum is not supporting the Board of Education's recommendations. He stated that it will impact us at the Local Government Commission meeting if everyone is not on the same page. He further stated that he doesn't think we can go with three different options.

Dr. Cox stated that if the Local Government Commission supports the \$10,000,000 then the Commissioners needs to decide their comfort level. He further stated that the Board of Education needs to know the comfort level of the Commissioners for going with a referendum or not going with a referendum.

Commissioner Ken Richardson stated that he thinks if the Board of Commissioners is unanimous in their request to the Local Government Commission for a referendum then the Local Government Commission will support it but if the support isn't there, they won't approve it. He talked about regardless of the number; it will have a financial impact on the County.

Chair Eldon Edwards stated that he supports a plan from the Board of Education that will provide adequately for the schools for the next five years. He further stated that he isn't against a middle school but this isn't the right time.

Commissioner Sandy Carter Herndon stated that this discussion needs to be carried over to the next meeting because the Commissioners have one member absent and one member had to leave early.

Faron Atwood talked about their recommendation is for a middle school.

Dr. Cox and Chair Eldon Edwards talked about the other plan presented.

Commissioner Sandy Carter Herndon stated that she doesn't think they need to spend any more time on this until the Commissioners makes a decision. She talked about the Commissioners will have another serious discussion regarding this request.

County Manager Don Adams talked about the next Commissioners' meeting and discussions for that meeting.

Mitch Franklin talked about looking at a dollar amount then let the Board of Education decide if a middle school can be built for that number.

Chair Eldon Edwards stated that he supports the schools if we can do it but this is the worst budget year in his 12 years as a County Commissioner. He talked about other issues to decide besides the middle school.

Commissioner Ken Richardson stated that we should not go to the Local Government Commission without a plan.

Chair Eldon Edwards talked about working with the Board of Education on this issue.

Clarence Crouse stated that he appreciates the Commissioners' support of the schools.

Chair Eldon Edwards adjourned the meeting at 7:30pm.

Respectfully Submitted,

Karen Evans
Clerk to the Board

Attest:

Eldon Edwards
Chairman