

**MINUTES OF THE MEETING OF THE
ROWAN COUNTY BOARD OF COMMISSIONERS
BUDGET REVIEWS CONTINUED
JUNE 3, 2003 – 11:00 AM
COMMISSIONER’S MEETING ROOM, ADMINISTRATION BUILDING**

Present: Steve Blount, Chairman
Gus Andrews, Vice-Chairman
Chad Mitchell, Member
Frank Tadlock, Member
Leda Belk, Member

The County Manager, the Clerk to the Board, the Finance Director, Assistant Finance Director, Finance Accountant, Environmental Services Director and Summer Interns Allison Myers and Allison Scarborough were also present.

Chairman Blount reconvened the session at 11:00 a.m. to continue discussing the Proposed Budget for FY 2003-2004.

FUND 201 – SPECIAL FIRE AND SERVICE DISTRICT TAXES FUND

County Manager Tim Russell reviewed a handout on the FY 2003-2004 Fire District Budgets. Mr. Russell explained that during a revaluation year, fire departments experience an increase in the real property that is assigned to their jurisdictional area. Therefore, fire departments could realize an increase in tax base, based on real property values. Mr. Russell continued to discuss the handout and stated that twelve (12) fire departments kept the same tax rate as FY 2002-2003, which will mean an increase in revenues due to an increase in property value. Also, five (5) Fire Departments increased their tax rate and five (5) Fire Departments decreased their tax rate. Mr. Russell summarized by stating that 17 fire departments would realize an increase in revenues and reminded the Board that an increase of one-penny in the tax rate for the fire district is different than the revenues generated by the county tax rate.

Mr. Russell explained that the fire department budgets are presented to the Rowan County Board of Commissioners after being approved by the fire department commissioners.

Mr. Russell added that the increases for the fire departments were directly related to the ISO ratings. This is accomplished through the upgrading of equipment, adding personnel, etc.

Commissioner Belk added that the fire departments are establishing five-year plans and stated that some fire departments are sharing their equipment with other fire departments “to help bring everybody up”.

County Manager Tim Russell stated that the Board did require each fire department to send their audited financial statements to Rowan County. Also fire departments have been moving toward developing long-range goals to improve the quality of service, which will reduce the ISO rating. Mr. Russell added that questions should be raised if a fire department is requesting to raise their level of revenues, without developing long-range goals.

Commissioner Tadlock questioned if there was any documentation available on the ISO ratings for the Fire Departments. Mr. Russell responded that this information was not included in the budget. Mr. Tadlock suggested that this information be included with the budget in the future.

Mr. Russell stated that four (4) fire departments did not comply with the December 30, 2002 deadline for the requirement of the audit. Finance Director Leslie Heidrick informed the Board that audits have not been received from two (2) Fire Departments, Cleveland & West Rowan. Also, there are two (2) other Fire Departments, East Gold Hill & Franklin, who are in the process of getting the audits to the Finance Department.

Commissioner Tadlock requested Mr. Russell send a follow-up letter emphasizing the need to complete their audit reports and turn them into the Finance Department.

Fire Marshall Art Delaney explained the importance of the ISO ratings, as requested by Commissioner Andrews. Commissioner Tadlock requested Fire Marshall Delaney to gather documentation on ISO ratings for all Fire Departments.

The Board went into discussion about the FY 2003-2004 tax rate for the Fire Departments.

Commissioner Andrews asked for clarification on the ISO rating and the decrease in the homeowner’s policy. Fire Marshall Delaney added that the percentage is different as the rating goes down and a decrease in homeowner’s insurance completely offsets the fire tax. An ISO rating of 6 offers the highest savings for homeowners.

Mr. Russell added that he supports the increases, as long as the ISO objectives to reduce the rating are being met to save the taxpayers money.

In a response to a query from Commissioner Andrews, Mr. Russell stated that the total increase in taxes over last year would be approximately \$350,000. Ms. Heidrick added that this as a 17.5 % increase.

Commissioner Mitchell stated that the justification is not there for him to support the increases, but would consider the additional \$350,000 funding, if there could be a commensurate decrease in other areas. Commissioners Tadlock and Belk expressed that would not be an option.

Chairman Blount, stated that there was consensus to approve the manager's recommendations and asked Board members if they would prefer to look at each individual budget to see if justification could be found for support to the increases.

Mr. Russell reviewed the Atwell Fire Department budget. Commissioner Mitchell responded that the information was helpful, but he could not support the increases.

Commissioners Belk, Tadlock and Chairman Blount supported the Manager's Recommendation on approval of the Fire District's budget requests for 2004. Commissioners Andrews and Mitchell were in opposition to a tax increase for the fire departments and stressed the need to maintain a revenue neutral tax rate.

Chairman Blount expressed the valuable service that is provided by the volunteer fire departments on a budget of \$2.4 million and that their request should be respected. Commissioner Andrews responded that these remarks "created a slant that is detrimental to other Commissioners sitting on this Board" and that there was not question that all the Commissioners recognize and appreciate the fire departments. Commissioner Andrews stated that his decisions were based on the overall budget and the responsibility to the all Rowan County citizens. Commissioner Andrews asked that this be made a fact of record.

DISCUSSION OF ADDITIONAL FUNDS

County Manager Tim Russell discussed the following Funds:

Fund 202 – Emergency Telephone Assistance Fund

Mr. Russell explained that the primary source of revenue from this fund comes from the .65 cents that has been approved by the Board to fund the 911 System and the development of the GIS system for county implementation.

Mr. Russell added the recommendation for the expansion of one position for a GIS Technician, which will be paid out of the 911 data base money and would have not cost to the county.

Fund 501-Risk Management Self-Retention Program

Mr. Russell stated that even though this has been the worst year on record for employee injuries, Rowan County has been able to "hold constant" and remains in "good shape."

In response to a query from Commissioner Tadlock, Ms. Heidrick stated that the interest from this fund is invested. Mr. Russell added that there would be an estimate of approximately \$47,000 received in interest next year.

Fund 601-Solid Waste Enterprise Fund

Mr. Russell explained that this is an enterprise fund for the landfill, recycling and sanitation sites throughout the county. These funds are experienced through fees and grants. These amounts are \$28/ton for in county and \$29.50/ton for out of county or negotiated amounts. The estimated budget is \$2,735,000.00. Ms. Heidrick added that the retained earnings are projected to be \$4,280,000.00, with a large amount to be placed in reserve for closure and post closure cost for a period of 30 years.

Fund 602-Rowan/Kannapolis Sports Consortium Fund

Mr. Russell stated that this fund is for the maintenance of the stadium and reminded the board of the adjustments made in the lease agreement of a maximum of \$75,000/per year, which was previously approved by the Board. Mr. Russell added that the Rowan County's debt would be retired in December 2005 and the city would continue to pay Rowan County \$153,000 for five additional years.

Commissioner Andrews asked how many funds carry a reserve and are required. Mr. Russell responded that funds 101, 202 - which is a special revenue fund, 501 - is a worker's comp fund and is available for claims, 601 - is the solid waste enterprise fund and has a fund balance and is there to operate the solid waste in the county and 602 - is the stadium fund to maintain and operate the stadium.

DISCUSSION OF BUDGET PROCESS

Commissioner Andrews strongly expressed his concerns about the procedure the Board had followed during the budget workshops. Commissioner Andrews said that he accepts responsibilities as a Commissioner, but as a citizen, he felt betrayed by the performance of the Board. Commissioner Andrews explained that the debate format had been changed and it appeared that three Commissioners had made decisions prior to the budget sessions held on the previous day. Commissioner Andrews emphasized, "not one item, yesterday, was challenged by any Commissioner in the total list of budget items that were presented." Commissioner Andrews said that he offered debate on the economy, businesses and why he felt "things should be kept down pretty tight." Commissioner Andrews continued to explain that the only item he could remember that was questioned was his proposal of three deputies, which were in addition to the deputies recommended by the manager, and which were also supported by Commissioner Mitchell. Commissioner Andrews continued to stress that the last item of the day was asking the county manager what increase in the budget would it take to adopt the three deputies after there was board consensus to spend \$248,000 on charitable items. Commissioner Andrews continued to express that there was no discussion/debate on the impact to citizens and small businesses. Commissioner Andrews said that he realized these were good causes and he was not challenging the Commissioners on attitudes or that anything "bad" was done, but was concerned with the format. Commissioner Andrews continued

to list items that were presented, without being questioned and the only way to accomplish funding these items was through a tax increase. Commissioner Andrews said he felt strongly that “back door politics totally personified what happened yesterday in Rowan County and the Board of Commissioners.” Commissioner Andrews stressed that the procedure used to reach the final draft “I deplore and I wanted to have that as a statement.” Commissioner Andrews stated, “Government is debate.”

Commissioner Belk responded to Commissioner Andrews comments that when the budget was presented to the Board several weeks prior, the Board was encourage to meet with the manager and other fellow Commissioners to discuss the budget and to “find out the whys.” Commissioner Belk continued to emphasize she had spent a minimum of 12 hours with the manager and fellow Commissioners to understand the budget, the perspective and request of the manager and department directors, and that this was not “back door politics.” Commissioner Belk continued by emphasizing her concern for “the three years that we did not do for our employees.” Commissioner Belk stressed that the schools were the real winners and that the Board turned down more positions then were filled.

Commissioner Tadlock said that he has served on the Board for seven years and that the process has been different each year, “it is never easy.” Commissioner Tadlock disagreed with the comments of “back door politics.” Commissioner Tadlock mentioned that he had taken advantage of the opportunity to meet with individual Commissioners and the county manager to discuss the issues and added, “In order to have a good harvest, you need to plant good seeds.”

Chairman Blount said that he admired the passion of Commissioner Andrews, but he does not agree with the issues presented and debated by Commissioner Andrews. Chairman Blount gave his opinion that everyone who walks through the door during the budget process has “some idea” of what they are going to support and challenge. Chairman Blount added that this is the ninth budget process he has participated in and that it is never easy. Chairman Blount acknowledged praised the success of the 20 years of experience Mr. Russell has as county manager in preparing the budget and emphasized that he supports the manager’s recommendations.

Commissioner Mitchell did not wish to comment.

Chairman Blount then proceeded to ask the Board if they wanted to vote on the three (3) deputies for the Sheriff’s Department or if they would prefer to delay this decision. Chairman Blount reviewed that there were two options to look at for funding: 1) to vote for one-quarter cent increase or 2) to delay until word is received on the money anticipated from Medicaid. Mr. Russell added that there was about a 90% chance that the Medicaid will come.

Commissioner Andrews suggested that the Board delay the \$248,182, which was the amount of the additional recommended appropriations, and to proceed forward with the

decision on the three (3) deputies for the Sheriff's Department. Commissioners Tadlock, Belk and Chairman Blount opposed that idea.

Commissioner Tadlock suggested to the Board that they honor the three (3) deputies for the Sheriff's Department and fund these positions from the anticipated money coming from Medicaid, but if this funding were not received, then the money would come from Fund Balance for this year and next year it would be part of the continuation budget.

The Board came to a unanimous vote for Commissioner Tadlock's suggestion.

SCHOOL BOND

The Board went into discussion about the school system.

Mr. Russell addressed concerns about educating the public on the increase in taxes this year, largely due to the school bonds. Mr. Russell stressed the need to let the public know that the Board is carrying out the decision of 54% of the voters and that the "Board is left in the saddle and that is a rough ride." The public needs to be informed that they are the ones saving money and are being put in a better financial position. Mr. Russell presented the question to the Board, asking if there was something they could do, via the news media, etc. to get this word out.

Chairman Blount reminded the Board of a prior suggestion to print on the tax bill that 6.7 cents is for the school bonds.

Mr. Russell stressed that something needed to be done during the next two weeks prior to the public hearing for the budget on June 16th.

Commissioner Tadlock suggested the school system to do some "PR"(Public Relations) work because most of the budget money goes to them. Commissioner Tadlock emphasized the "PR" work should explain, "what the bond money has done and is doing for them."

Commissioner Belk suggested seeking a consultant to get this information to the citizens.

Commissioner Andrews stressed the budget was increased over \$3 million and the schools received approximately \$660,000.00, since the teacher supply money is in continuation, which is \$250,000 less than they requested.

Again, Mr. Russell stressed that the concern is the increase due to the school bond. Mr. Russell added that the sale of the first bond is scheduled for July 29th of this year.

Commissioner Andrews reviewed that there are three significant tax increases this year, which are the school bond, fire tax and the increase in services.

Commissioner Tadlock added that from a business perspective it is more important to worry about the “bottom line” rather than the “head line.” Commissioner Tadlock reminded the Board of the citizens benefiting from the Homestead Exemption. Commissioner Tadlock also mentioned the various groups in the community that came before the Board and promoted the schools.

Chairman Blount suggested that staff have “overheads, projections, etc” available in presenting the information on the tax increase at the public hearing on June 16, 2003 at the 7:00 p.m. meeting. The Board decided to schedule the public hearing for the budget at the beginning of the meeting.

There being no further discussions, Chairman Blount adjourned the meeting at 1:05 p.m.

Respectfully Submitted,

Rita K. Foil
Clerk to the Board