

**MINUTES OF THE SPECIAL MEETING OF THE
ROWAN COUNTY BOARD OF COMMISSIONERS
BUDGET WORK SESSION**

May 27, 2009 – 3:30 PM

J. NEWTON COHEN, SR. ROOM

J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING
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Present: Carl Ford, Chairman
Jon Barber, Vice-Chairman
Raymond Coltrain, Member
Tina Hall, Member
Chad Mitchell, Member

County Manager Gary Page, Clerk to the Board Carolyn Athey, and Finance Director Leslie Heidrick were present.

Chairman Ford convened the meeting at 3:30 pm.

Chairman Ford provided the Invocation and also led the Pledge of Allegiance.

1. CHAIRMAN'S COMMENTS

Chairman Ford said a lot of work had gone into the budget preparation and he expressed appreciation to County Manager Gary Page and Finance Director Leslie Heidrick and staff.

2. REVIEW & DISCUSSION OF PROPOSED FY 2009-20 BUDGET

County Manager Gary Page said the proposed budget did not call for a tax increase and basically stopped the growth of spending. Mr. Page said in a normal year the budget would grow 2 or 3 percent (or \$2.5 to \$3 million). Mr. Page said the overall budget would show a drop of \$5 million, which was a result of the Medicaid "swap" with the State.

Mr. Page said the growth was normally appropriated to the schools, employee raises and departmental increases. Mr. Page said no new money was given in the proposed budget. Mr. Page said the 5% cuts made in January were now permanent and included a cut in 14 positions, provided no pay raises and no increases to schools or nonprofits.

Mr. Page said capital projects were being financed as opposed to paying cash and the County would move forward with them.

Mr. Page said the budget included a transfer regarding administration of the Soil Erosion Control Program. Mr. Page said the proposed budget moved an employee from Environmental Management into the Planning and Development Department. Mr. Page said the employee had performed erosion control inspections for 13 years and was also a former building inspector. Mr. Page said with the change in job description, the employee could perform the erosion control inspections and help with building inspections.

Mr. Page said the budget proposed to privatize the ambulance billing system. Mr. Page said when working with a third party, there were no personnel issues and the collection rate would hopefully increase.

Mr. Page said the budget did not account for any last minute decisions by the legislature that might affect the County financially. Mr. Page said if the Board approved the budget, the Board would still have the option to make changes mid-year if the economy did not improve.

Mr. Page added that there were 3 departments for which he had recommended a reduction in force (RIF). Mr. Page said each one of the departments had asked to appeal the cuts and he had the information to share from those departments at the appropriate time.

Chairman Ford asked each Commissioner to provide comments and any suggested changes for the budget.

Commissioner Hall asked how much would have to be withdrawn from Fund Balance for this year's budget. Ms. Heidrick said sales tax figures would impact the amount, as the County was still missing 4 months in sales tax revenues. Ms. Heidrick estimated \$1 to \$2.2 million would be withdrawn from Fund Balance.

Commissioner Hall discussed the economic downturn and said she preferred for the County to start with a "leaner" budget in hopes that mid-year positive factors could be implemented as opposed to additional cuts, furloughs, etc.

Commissioner Hall expressed concern that the County was taking \$2 million from Fund Balance this year and she asked Mr. Page to project the figure that would be needed from Fund Balance for the next year if the revenue losses continued. Mr. Page estimated \$3 million. Mr. Page said the County could not drop below 8% in Fund Balance (or \$10 million).

Commissioner Hall asked at what point the County would be faced with a tax increase. Mr. Page estimated that if the economy did not improve, Fund Balance would drop to approximately 9% (or \$12 million). Mr. Page said after the next

election, the County would be facing a 3 to 4-cent tax increase if the economy did not turn around and the County had to continue to take money from Fund Balance.

Commissioner Mitchell pointed out that the County had made significant cuts and would do the same in the next year if necessary. Commissioner Mitchell said no one would continue to pass budgets that would eventually require a 3 or 4-cent tax increase.

Commissioner Hall mentioned the needed capital improvements and she asked how the continued loss in revenue would affect those projects. Mr. Page said the Board discussed a possible ¼-cent sales tax during the retreat. Mr. Page said putting the sales tax on the November ballot would be a means of helping fund the capital projects.

Commissioner Hall asked how much the County would be adding to employee benefits. Mr. Page said the monthly premium went up from \$656 to \$705 per month. Mr. Page said he did not recommend making the employees pay for the increase.

Commissioner Hall referred to the possibility of cutting an additional 10 employees at an average salary of \$40,000 and asked if there were cuts that could be made “at the top of the scale” so that as many employees would not be lost. Mr. Page said yes and explained that he had recommended a budget that provided the services citizens were accustomed to. Mr. Page said if he had to cut into another 10 positions, he would be cutting into services. Mr. Page said if the Board gave him instructions to cut 10 positions, he would take every position into consideration.

Commissioner Mitchell said if the Board began to seriously discuss cutting positions or schools, it must debate what were considered as core or auxiliary services. Commissioner Mitchell said he viewed the Fund Balance as an emergency savings, which was for times like the County was currently facing. Commissioner Mitchell said he did not see the logic in keeping the Fund Balance at \$18 million while cutting core services.

Commissioner Mitchell asked the Board to review the following issues in regards to the budget:

- Privatizing ambulance billing and assess other functions in local government that could be privatized
- Set a tax rate for Rowan Rescue Squad, which would be approximately .37 cents (also discussed in the 2008-09 budget work sessions)
- Provide the Board of Education with the flexibility to use the classroom supply money (\$375,000) for employment of teachers for the next 1 or 2 years

- Remove the age requirement of 55 for early retirement for employees with 30 years of service; also provide a window of opportunity for acceptance from July 1 to December 31

Commissioner Barber expressed appreciation to Mr. Page and Finance Staff for their work on the budget. Commissioner Barber said Fund Balance was “for a rainy day and it is raining”.

Commissioner Barber discussed several special considerations for the budget:

- Support of Commissioner Mitchell’s suggestion for establishing a tax rate for Rowan Rescue Squad
- Support concept of offering employees who are age 55 with 30 years of service, a window of opportunity to take early retirement with health benefits
- Support tax rate for Rockwell Rural Volunteer Fire Department
- Propose increasing Rufty Holmes Senior Center allocation by \$20,000. Commissioner Barber said the \$20,000 would be taken from an expenditure in the proposed budget for radio consoles in the mobile command unit. Commissioner Barber said he had discussed the issue with Telecommunications Director Rob Robinson and Mr. Robinson agreed to wait 1 or 2 years for the radio consoles. Commissioner Barber said if the Center received unanticipated donations later in the year, perhaps some of the funds could be reverted back.

Commissioner Barber questioned the expansion budget relating to a digital imaging system for the Department of Social Services (DSS). Commissioner Barber said the issue had been discussed during the retreat and it was later reported that a backfile conversion would cost approximately \$195,000. Mr. Page responded that he did not include the cost for the system in the budget. Commissioner Barber said the Board would need to decide on the purchase, as he did not feel the County would want to move the numerous files at the current facility to the new facility.

Commissioner Coltrain expressed appreciation to Mr. Page and Finance Staff for their efforts in the budget process.

Commissioner Coltrain highlighted his position on the budget as follows:

- Supported allowing employees who have worked for the County for 30 years to be able to retire with insurance regardless of age. Commissioner Coltrain said he would not put a time limit on those employees to accept the early retirement
- Supported the digital imaging system, which could be utilized by all County departments, therefore increasing efficiency and reducing the need for additional staff
- Supported continued funding of education

- Supported not increasing property taxes and increasing sales tax by ¼-cent
- Supported allocating the revenue from the ¼ cent sales tax increase for capital improvements

Commissioner Coltrain asked Mr. Page to share the comments made by Health Department Director Leonard Wood and Register of Deeds John Brindle regarding possible cuts in their departments.

Mr. Page said the RIF cuts in the proposed budget were tied to growth. Mr. Page said he had proposed to cut two (2) sanitarian positions from the Health Department and Mr. Wood had responded that he would prefer to cut a vital records clerk and a public health nurse rather than the sanitarians.

Mr. Page distributed a handout regarding the two (2) building inspector positions that were proposed to be cut. Mr. Page said the handout was a justification for not cutting the positions from Planning and Development Director, Ed Muire. Mr. Page said Mr. Muire suggested increasing permit fees rather than cutting positions. Mr. Page said if the Board chose to cut the positions, each employee would receive 90 days of pay in accordance with the personnel policy. Mr. Page said those individuals would also receive preferential treatment for any future County job openings applied for. Mr. Page said if one of those individuals were to receive the new position, their salary would be commensurate with the duties and they might have to take a pay cut.

Commissioner Hall asked for an update on the computerized inspections. Mr. Page said that more information allowed the department to be more efficient but he said the demand for inspections had decreased.

Mr. Page explained when the former Register of Deeds (ROD), Bobbie Earnhardt, retired John Brindle moved into the position thus creating a vacancy for his position. Mr. Page said within a month, two (2) employees retired creating two (2) more vacancies for a total of three (3). Mr. Page said one (1) position was funded with technology funds based on the number of records recorded. Mr. Page said he moved the employee paid with technology funds to fill a vacant slot and allowed a new employee to be hired to fill the other slot. Mr. Page proposed to cut the third position. Mr. Page said by trading off the technology money to pay for equipment, the ROD Office was taking a two (2) position cut. Mr. Page said the Board would hear a presentation from the ROD at the next Commission meeting. Mr. Page distributed a handout and said the Board could add one (1) position back or allow the ROD to purchase equipment that would make the office more efficient; staff could be added later if needed.

Commissioner Coltrain asked how many furlough days would be required to counteract cutting the three (3) positions and Ms. Heidrick said it would take one (1) furlough day.

Commissioner Coltrain said if the Board asked staff to take the furlough day, it could possibly save the three (3) positions and the investment the County had already made into training.

Chairman Ford asked what the employees would do since there was already less work. Commissioner Coltrain said the employees could be assigned to other departments. Commissioner Coltrain said he would not be in favor of keeping staff with nothing to do in one area when staff was needed in another area.

Chairman Ford called for a recess at 5:20 pm.

Chairman Ford reconvened the meeting at 5:30 pm.

Chairman Ford discussed his support for a countywide imaging system.

Chairman Ford said he hated to lose employees when so much training had been invested in those employees. Chairman Ford said he did not feel the building market would pick up and he discussed the ripple effect for decreased inspections.

Chairman Ford said he supported the following items:

- Increasing funding to the Senior Center
- Commissioner Mitchell's idea for a six (6) month window for the 55 year old retiree

Chairman Ford discussed the problems with jail overcrowding and the need for a new jail.

Chairman Ford thanked Mr. Page and Finance Staff for their work on the budget. Chairman Ford said he was satisfied overall with the budget and agreed to wait until June 30, 2009 to call for a special meeting to approve the budget.

Commissioner Mitchell asked if Chairman Ford intended to move forward with a straw vote on the items mentioned or if he wished to proceed by motion. Chairman Ford said he would prefer a straw vote.

Commissioner Mitchell discussed the inspection positions and said he would like to see additional information by the second meeting in June, including job descriptions, the breakdown of the department without those positions and how many inspections would be left undone if things remained as they currently were.

Commissioner Hall inquired if the proposed budget matched the projected revenues. Ms. Heidrick responded yes and said as far as building inspection revenue, the budget was \$900,000 and next year it was projected at \$500,000.

Commissioner Hall asked why Fund Balance was being used if the County was matching the projected revenues. Mr. Page replied that all of the revenues had been adjusted to reflect what was expected and all the revenues were down. Mr. Page said the only way to balance revenues and expenses was to use Fund Balance.

Commissioner Mitchell recommended holding off on a straw vote for the positions in question until more information was received. Commissioner Mitchell suggested the Board hold a straw vote on the other items proposed.

In response to Commissioner Hall, Chairman Ford said the Board would be taking straw votes on the following:

- Age 55 retirement requirement
- release the restrictions on the teacher supply money
- tax increase for Rockwell Rural Fire District
- Increase Rufty Holmes Senior Center by \$20,000
- Conversion Cost
- Rescue Squad

Commissioner Hall asked how many positions would be affected by the 55 year age requirement for retirement benefits. Mr. Page said there were approximately ten (10) positions affected and he highlighted the potential savings from employees accepting early retirement.

Commissioner Mitchell noted that the program could be extended after December if it saved the County money.

Commissioner Hall said the long term costs may outweigh the short term benefit and she questioned why the program was not already County policy. Commissioner Hall pointed out the County's insurance costs could increase.

Commissioner Mitchell said by age 65 the retiree would be off of the County's insurance. Commissioner Mitchell explained an employee who began working at age 18 would be eligible for retirement at age 48 and would only be adding seven (7) years to the current age requirement of 55 years old. Commissioner Mitchell said during those seven (7) years \$12,000 per year would be saved plus the savings from not filling the positions. Commissioner Mitchell felt most of the eligible employees were only two (2) to three (3) years away from age 55.

Mr. Page said retirees already receive insurance for ten (10) years and the program would open up to some employees to receive benefits for a few more years.

Commissioner Hall questioned the sunset clause and the appearance of opening the window for a short period of time to help only a few employees.

Commissioner Mitchell said the purpose of the sunset was to allow for a period of time to review the program; however, he was agreeable with removing the sunset clause.

Chairman Ford said the sunset clause benefited the employees, as well as the County by providing the County with the opportunity to review the policy to determine whether to leave it in place.

Commissioner Coltrain said he would be agreeable with the sunset clause in the policy and said there was no doubt in his mind that the sunset would be removed later based on the hidden benefits.

Chairman Ford asked for confirmation that the requirements stated the employee must be 55 years of age with 30 years of consecutive service.

Ms. Heidrick said the 30 years of service did not have to be with Rowan County but 30 years in the local government retirement system. Ms. Heidrick explained an employee could also have 25 years of service and be age 60 to qualify. Ms. Heidrick said the employee was required to have at least 20 years of service with Rowan County with an exception for department directors.

Commissioner Hall raised the issue of the Rescue Squad and Mr. Page said he had treated the Rescue Squad the same as all other non-profits and had budgeted the same amount for the agency as last year.

In response to a query from Commissioner Hall, Mr. Page said the Rescue Squad would be like fire departments, which set their rates.

Commissioner Mitchell said the Rowan Rescue Squad received \$337,198 in 2007-2008 and \$412,198 in 2008-2009. Commissioner Mitchell said the proposed budget would keep the same rate as 2008-2009.

Commissioner Coltrain said there was roughly an 8% increase.

Ms. Heidrick said the increase was actually 22% with an increase of \$75,000.

Commissioner Mitchell noted the Board had given the Rescue Squad \$75,000 from the \$150,000 cut from Rowan Jobs initiative.

Commissioner Hall said in essence, the increase had become the base for budgeting for future years.

Commissioner Mitchell said the reason for switching to the rate based assessment was hopefully to create a standard that everyone knows and expects in order to prevent requests for \$75,000 additional dollars. Commissioner Mitchell said the tax base would determine the money. Commissioner Mitchell

said the rate based assessment would not rapidly increase funding but rather stabilize the amount.

Commissioner Hall suggested budgeting based on the projected revenues for the year.

Commissioner Coltrain said the Emergency Services Department and the Rescue Squad had dual roles with different levels of service. Commissioner Coltrain noted that the Rescue Squad had the ability to provide services such as vehicle extractions, which the Emergency Services Department did not.

Commissioner Mitchell said the tax rate would be set at \$412,198 and said the County Manager should make sure the Rescue Squad did not get an increase from last year to this year.

Chairman Ford agreed with Commissioner Mitchell and said he would not mind the Rescue Squad being required to hold public hearings like the fire departments.

Commissioner Mitchell said in the future if the Rescue Squad's needs outgrew the rate, it should be required to hold a public hearing. Commissioner Mitchell said he viewed the Rescue Squad and fire departments to be parallel in function and as the tax base and population grew, the need for their services grew.

Commissioner Hall noted the \$75,000 provided to the Rescue Squad previously was a one-time expense and said she was unaware it would be used as the base line. Commissioner Hall felt the Board should revert back to the previous year before the additional \$75,000.

Chairman Ford said as a member of the audience last year he thought the previous increase was also a one-time expense.

Commissioner Mitchell said the budget was not increasing. Commissioner Mitchell said the Board had discussed the issue during last year's budget process and the motion to change to set the appropriation to a tax rate was never made.

Commissioner Mitchell said the previous year's minutes did not indicate the \$75,000 was a one-time expense. Commissioner Mitchell said a straw vote had been taken on the tax rate but was never formalized with a motion.

Chairman Ford said he would like to come back tomorrow to take a straw vote on the issue.

Chairman Ford called for a straw vote on the 55 year old retirement requirement with the sunset clause. Commissioners Ford, Barber, Coltrain and Mitchell supported the straw vote with Commissioner Hall dissenting.

Chairman Ford called for a straw vote on releasing the restrictions on the teacher supply money.

Commissioner Hall asked for clarification on “releasing the restrictions”.

Commissioner Mitchell said releasing the restrictions would allow the Board of Education to use the money for the teacher supply program as it was created, or to pay for teachers.

Commissioner Hall said she had spoken with a number of teachers who needed the supply money. Commissioner Hall said the supply money would essentially be taken out of the budget, which she could not support.

Commissioner Mitchell said the classroom supply fund had \$375,000 and he would go so far as to allow the school system to use \$255,000 to hire teachers and to create a supply program for \$120,000. Commissioner Mitchell said his intent was to keep teaching positions.

Commissioner Hall said she hoped the school board would look at cutting administrative positions before cutting teachers. Commissioner Hall noted the positions being lost did not have to be teachers.

Commissioner Coltrain suggested the Board allow him to contact Dr. Grissom and to wait on taking a straw vote.

Chairman Ford said a straw vote would be taken tomorrow on the classroom supply funds.

Chairman Ford called for a straw vote on the following items:

- 1-cent tax increase for Rockwell Rural Fire Department - passed unanimously
- Increase Rufty Holmes Senior Center with \$20,000 from the radio consoles in the mobile command unit - passed 4-1 with Commissioner Hall dissenting
- Imaging Conversion costs of \$195,000- the Board discussed the costs and decided to allow the Manager and the Finance Director to discuss the issue with Sandra Wilkes, Department of Social Services Director, and try to work in the budget later.

Commissioner Mitchell suggested that rather than meeting for a second work session to vote on two (2) items, that the Board add the items to the Commission Meeting scheduled for Monday, June 1, 2009. By consensus, the Board agreed to the suggestion.

Mr. Page inquired how the Board felt about the employee positions that were proposed to be lost.

Commissioner Mitchell asked for more information on the positions.

3. ADJOURNMENT

There being no further business to come before the Board, Commissioner Barber moved to adjourn at 6:50 pm. The motion was seconded by Commissioner Coltrain and passed unanimously.

Respectfully Submitted,

Carolyn Athey, CMC
Clerk to the Board