

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

June 11, 2012 – 3:00 PM

J. NEWTON COHEN, SR. ROOM

J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING

Present: Chad Mitchell, Chairman
Carl Ford, Vice-Chairman
Jon Barber, Member
Raymond Coltrain, Member
Jim Sides, Member

County Manager Gary Page and Clerk to the Board Carolyn Athey were present. County Attorney Jay Dees and Finance Director Leslie Heidrick were absent.

Chairman Mitchell convened the meeting at 3:00 p.m.

Commissioner Sides provided the Invocation and also led the Pledge of Allegiance.

CONSIDER ADDITIONS TO THE AGENDA

Commissioner Ford moved to add a Closed Session to discuss a personnel matter. The motion was seconded by Commissioner Barber and passed unanimously.

CONSIDER DELETIONS FROM THE AGENDA

There were no deletions from the agenda.

CONSIDER APPROVAL OF THE AGENDA

Commissioner Barber moved, Commissioner Sides seconded and the vote to approve the agenda passed unanimously.

1. DISCUSSION REGARDING PROPOSED FY 2012-13 OPERATING BUDGET

Chairman Mitchell said while the Board could possibly take straw votes during the current meeting, he anticipated actual approval of the operating budget on June 18, 2012.

Chairman Mitchell said in his opinion, the issues that might require deliberation were the overall tax rate, employee raises, school funding, Charlotte Regional Partnership and Rescue Squad funding.

TAX RATE

Chairman Mitchell said the County Manager had proposed for the tax rate to remain the same. Chairman Mitchell asked if the Board wished to have any discussion regarding the tax rate.

Commissioner Barber provided a power point presentation and stated that historically only 94% of the budget was spent each year. Commissioner Barber said if the County spent 94% of the budget, there would be \$1.3 million left.

Commissioner Barber reviewed the funding highlights for the 2012-13 budget. Commissioner Barber said the County anticipated an increase of \$2.981 million.

Commissioner Barber discussed the 2012-13 new continuation expenses.

Commissioner Barber summarized his comments as follows:

1. No tax increase necessary to cover Rowan-Cabarrus capital projects or other proposed new costs
2. Proposed new costs are covered by reduced debt payment, new revenues, unspent dollars from current budget, and fund balance
3. Revenues for new Satellite Jail and 911 Center capital expenses are used from the ¼ cent sales tax; current ¼ cent sales tax fund balance is
4. \$6.9 million appropriated out of fund balance to balance current budget (2011-2012)
5. \$6.4 million appropriated out of fund balance to balance proposed budget (2012-2013); a \$500,000 reduction from current budget

Commissioner Barber asked the Board to consider a ¼ cent tax decrease.

Commissioner Coltrain said he would not be in favor of a tax decrease based on the items Department Directors had indicated were needed to more effectively provide services. Commissioner Coltrain said he would rather see the County have funds left over.

Commissioner Ford said he supported a tax cut and felt the Board could cut as much as one penny.

Commissioner Sides said he was opposed to a tax cut until the Board had gone through the budget. Commissioner Sides said there would be costs for some of the projects that would recur and affect next year's budget. Commissioner Sides

said the Board should wait and see what action was taken with the budget before deciding on a tax cut.

Chairman Mitchell said the County Manager had done a good job with the proposed budget and no tax increase. Chairman Mitchell said while he would entertain and be supportive of a tax decrease, he wanted to get through the budget.

EMPLOYEE RAISES/BONUSES

Chairman Mitchell said the County Manager had recommended the return of three (3) furlough days to the employees. Chairman Mitchell said there had also been other suggestions made.

Commissioner Sides said there had been different variations discussed as to how to reward employees. Commissioner Sides did not favor giving back the furlough days. Commissioner Sides said the Board needed to address the compression issue and he discussed a previous study as to what it would cost to fix the compression problem. Commissioner Sides said he would accept an option to give a 2% average wage increase to every employee that had been with the County for at least one year. Commissioner Sides said the 2% increase would address a portion of the compression issue.

Commissioner Sides said another option he would support was to give employees a one-time \$650 bonus for those that had been with Rowan County for at least one (1) year.

Chairman Mitchell inquired as to what it would cost for the 2% raise and Mr. Page responded \$600,000. Chairman Mitchell said the Human Resources Department would have to be involved to create the plan for the 2% average raise.

Commissioner Coltrain said he agreed in principle with Commissioner Sides. Commissioner Coltrain supported returning the three (3) furlough days. Commissioner Coltrain said to address the compression issue he would fund the position reclassifications that had been recommended by Human Resources. Commissioner Coltrain also said the 2011 CPI was 3% and he would like to take the 3% and give it to the employees. Commissioner Coltrain favored the idea of using 1% across the board and 2% for merit. Commissioner Coltrain said the individuals being rewarded for reallocation of responsibilities not be included in the COLA or merit reward.

In response to an inquiry from Chairman Mitchell, Commissioner Coltrain said he recommended funding the reclassifications, return the three (3) furlough days, and give an increase to some level and use the 3% CPI as a starting point.

Commissioner Barber suggested adding \$1,000 to every employee's base pay. Commissioner Barber said in order to start to address the compression issue, each employee should go up one step in their grade; and reinstating the reclassification line item. The changes would be for all full and part time benefitted employees.

Commissioner Ford said no to all reclassifications. Commissioner Ford said he would like to give the average 2% raise and that he would also consider the return of the furlough days or a one-time bonus.

Chairman Mitchell said with the raise, the Board was not fixing the compression issue. Chairman Mitchell said he would like to see long term, a way to move employees in the pay scale. Chairman Mitchell said if people were not moved on the pay scale based on their years of experience, the Board would not be able to stop the compression issue. Chairman Mitchell said he would be supportive of the average 2% raise, or that he could support the one-time bonus.

Commissioner Barber asked if the Board could have Finance look at all the Board's suggestions and provide information regarding the impact of each suggestion on the compression issue. Chairman Mitchell responded that Human Resources would provide the information.

Commissioner Sides said he had an issue with employees hired in the past year being included since it would further the compression problem.

Commissioner Barber agreed to eliminate those hired in the last year.

Commissioner Coltrain was also in agreement. Commissioner Coltrain felt the Board should address the merit issue.

Chairman Mitchell asked if there was a consensus to ask Human Resources to look into creating a plan that would cost around \$600,000 to address the issue of compression and not to include employees hired in the last year.

Chairman Mitchell said the other options that were suggested were the average 3% raise (\$900,000) and the 1% raise plus the \$1,000 in base pay. Chairman Mitchell said Human Resources could look into those two (2) suggestions as well.

The Board agreed by consensus to ask Human Resources to consider looking into the impact of the suggestions.

Chairman Mitchell said the Board could come to an agreement on June 18, 2012 as to how much it wished to invest in a plan.

Commissioner Sides said he did not feel the Commissioners should receive a \$650 bonus and that the figure should be reduced for board members. Commissioner Sides said if the employees received an average across the board increase, he wanted to include the Commissioners.

Commissioner Coltrain disagreed with Commissioner Sides, as did Commissioner Barber. Commissioner Barber said the matter would be decided by a majority of the Board.

SCHOOL FUNDING

Chairman Mitchell said the County Manager had recommended a decrease in school funding in the amount of \$481,000 for the three (3) school systems, Rowan Salisbury Schools (RSS), Kannapolis City Schools (City) and the Charter Schools. Chairman Mitchell said figure was based on per pupil expenditures and he stated that RSS had lost 308 students and the appropriation to RSS went down. Chairman Mitchell said RSS had asked for an addition of \$1.25 million, which would restore its' \$1 million cut experienced last year, plus a \$250,000 increase in current expense for required expenditures. The City asked for an increase in current expense of \$336,000 and an increase in capital outlay for \$198,000. The Charter Schools did not ask for an increase.

Commissioner Sides said the County Manager had recently given a speech regarding the budget, including the issue of funding for the schools. Commissioner Sides said the County Manager was not proposing to reduce the level of funding but rather the amount of funding. Commissioner Sides said Rowan County was in the top one-third of 115 school systems pertaining to per pupil funding. Commissioner Sides said he agreed with the County's allocation of \$1,565 per pupil expenditure.

Commissioner Sides said there had been a lot of discussion concerning the need for an EMS station in the western portion of the County. Commissioner Sides said the County could take the \$481,000 and use it to establish the EMS station to help address the safety issue.

Commissioner Barber said if the Board did not give back the \$1 million to RSS that was taken last year, it would take the RSS fund balance down to approximately \$1.5 million. Commissioner Barber said if the RSS fund balance dropped and there was a need, the school system would come to the Commissioners for the funds.

Commissioner Barber said he would have to seriously think about the line item for the school system.

Using the power point presentation, Commissioner Barber showed his suggested recommendations and said he was not firm in his decision pertaining to any of

the recommendations. Commissioner Barber said he was willing to consider the financial impact for each item.

Commissioner Coltrain was not in favor of taking the \$481,000 from RSS.

Commissioner Ford said he would like to keep the school funding as recommended and use the money to build a new EMS station. Commissioner Ford was hopeful that perhaps the station would not cost \$481,000.

Commissioner Barber said the Board had discussed the need for a new EMS station in 2007. Commissioner Barber then reviewed the cost of a proposed community hangar and discussed a proposed and combined library/EMS/Sheriff's service facility for the western portion of the County. Commissioner Barber asked if the Board would consider a combined facility.

Commissioner Ford responded that he did not know if the County could fund a combined facility based on ongoing costs for employees, etc.

Commissioner Coltrain said there was no question the EMS station was needed. Commissioner Coltrain added that the Cleveland Volunteer Fire Department was in the planning stages for a new facility and their board had expressed a desire to work with the County pertaining to use of the existing facility. Commissioner Coltrain recommended that discussions get underway with Cleveland officials.

Chairman Mitchell inquired as to the ongoing costs for a new station and Mr. Page estimated \$350,000 to \$400,000 per year.

Chairman Mitchell said that an additional \$300,000 would have to be added to the \$500,000 for building the facility in the budget year it was projected to open. Chairman Mitchell said if it were to be less than a year, at least part of those monies would need to be put in the budget this year.

Mr. Page said the County was banking the \$2 million this year from the difference between 94% and 95% of the budget that was not spent. Mr. Page said that was where the recurring cost would come from to not have to raise taxes. Mr. Page said when the Board talked about cutting taxes, the options would be limited.

Commissioner Barber said historically, for the last twelve (12) years, the spending had been 94%, according to the numbers from the Finance Director.

Chairman Mitchell wanted to see the creation of a plan to reduce call times in the West Rowan area.

Chairman Mitchell talked about the school funding and the decrease of \$481,000. Chairman Mitchell mentioned the fact that several years ago the school supply money allocated by the Board had stopped and many were asking the Board to

re-implement the supply money for the teachers. Chairman Mitchell said that teachers were spending a good bit out of pocket for supplies.

Commissioner Ford said that he had heard from a lot of elementary teachers who needed the funds.

Chairman Mitchell said the need was definitely more at the elementary level. Chairman Mitchell said the plan could be modified to only go to the elementary level. Chairman Mitchell said whether it fell into the official calculation of the State, it would still be an increase in per pupil expenditure.

Commissioner Barber said he understood the need for the plan due to the out of the pocket expense for teachers. Commissioner Barber said if he had a choice of reinstating the \$375,000 for classroom supplies versus cutting the tax rate $\frac{1}{4}$ cent, he would cut the tax rate.

Chairman Mitchell said he was not hearing a consensus on the schools.

Commissioner Ford said he would go with the recommended \$481,000 cut to the schools and appropriate the funds for an EMS station.

Chairman Mitchell said the matter would be brought before the Board for a vote on June 18, 2012.

CHARLOTTE REGIONAL PARTNERSHIP

Chairman Mitchell stated that the County Manager's recommended budget had dues allocated to the Charlotte Regional Partnership (CRP) for year 2012-2013 in the amount of \$40,362.

Commissioner Coltrain favored staying with the Manager's proposed budget.

Commissioner Sides stated he would not vote to rejoin the CRP. Commissioner Sides went on to say if the CRP was funded he would not vote for the increased funding for the Economic Development Commission (EDC). Commissioner Sides expressed displeasure that the EDC Board had begun negotiations with the CRP to raise outside funds for the County's CRP membership when that was not a directive from the Commissioners.

Commissioner Ford said he and Chairman Mitchell were involved in one meeting with the CRP. Commissioner Ford said the only way he would consider rejoining was if there were no past dues to be paid. Commissioner Ford stated he was not interested in rejoining; however, he would not mind if the money was appropriated to Rowan County's EDC.

Chairman Mitchell repeated the County Manager's recommendation as it stood at \$40,362. Chairman Mitchell said three (3) opinions had been stated so far and the issue would be voted on June 18, 2012.

Mr. Page said his understanding was that Surry County and Montgomery County had voted to not be members of the Piedmont Regional Partnership and had asked the legislature to send their \$45,000 directly to their respective counties. Mr. Page said the only way to get hurt would be to pull out and not be included in the bill and leave the money on the table.

Chairman Mitchell said if Rowan County pulled out of the CRP, the CRP would still receive around \$40,000-\$45,000 from the State that was earmarked for Rowan County. Chairman Mitchell questioned how to begin to negotiate what services the County would get with the \$45,000 the State pays the organization for Rowan County.

Commissioner Sides said that would be a reason for a local bill to pull the money back from the State to the County as opposed to going to CRP.

RESCUE SQUAD FUNDING

Chairman Mitchell said Commissioner Sides had a good bit of financial information to present with regards to the Rowan County Rescue Squad (Squad). Chairman Mitchell said Ms. Heidrick was not present and much of the information Commissioner Sides had should be verified by her. Chairman Mitchell said it was his understanding that Ms. Heidrick had looked over the information and Commissioner Sides preferred to discuss the Squad on June 18, 2012.

ADDITIONAL BUDGET ITEMS

- Chairman Mitchell said Prevent Child Abuse Rowan had requested \$10,000 from the County and the County Manager had recommended \$2500.

Chairman Mitchell asked if there were other matters the Commissioners would like to discuss and possibly reach a consensus before June 18, 2012.

- Commissioner Sides said he had two (2) items and the first item pertained to new positions and the second item dealt with upgrades. Commissioner Sides discussed the proposed Internal Auditor's position and said he did not feel it was necessarily a full time job. Commissioner Sides said he preferred to change the title of the position to Deputy County Manager, not Assistant County Manager. Commissioner Sides said the individual could be hired to learn and establish procedures and later on, in six (6) or nine (9) months, the individual would begin to work with the County Manager on different projects. Commissioner Sides said he hoped the County

Manager would be here another five (5) to ten (10) years, but he felt it would behoove the County to begin to think in terms of having someone who could begin to learn the County Manager's job and eventually step over into the position. Commissioner Sides said he would like to see the position renamed to Deputy County Manager with the understanding that the initial responsibility would be to set up and perform audit procedures but also be available to assist the County Manager in some of his duties.

- Commissioner Sides said the other item had to do with upgrades. Commissioner Sides said there was talk of doing things for County employees that had not been done in years and there were things that needed to be done. Commissioner Sides said he would prefer not to do any upgrades at this time. Commissioner Sides said it had been recommended to remove the upgrades from consideration now and look at them on an individual basis sometime after the budget.
- In response to an inquiry from Chairman Mitchell, Mr. Page explained that the County's audit was approximately \$40,000 with a 3% reduction from Starnes this year. Mr. Page said part of that was the familiarity with the audit processes, but the County also contracted under Potter and Company. Mr. Page said if there was an internal auditor, there would be no need for Potter, thus the \$20,000 in general fund money that was going for professional service, could be stopped.

Commissioner Sides reiterated that it was not going to save anything but it would not cost anymore. Commissioner Sides said it would still cost the \$85,000.

Commissioner Ford said he liked the recommendation and there had been conversations in the past concerning the need for an internal auditor, and at the same time questioning whether it was a full time job.

Chairman Mitchell asked if the request would satisfy the County's outside auditors.

Mr. Page said what he thought he was hearing from Commissioner Sides was for the County to have an individual to follow up on the departments where money was handled. Mr. Page said a CPA was not needed to handle those issues and figure out best practices. Mr. Page did not feel the County would save the \$20,000 due to Starnes needing CPA duties pre-handled before the audit in September. Mr. Page said there would still be the Internal Auditor/Deputy Manager plus the \$20,000 for Potter.

Commissioner Sides said the only thing being done was removing the \$20,000 from other funds and it would still be an \$85,000 position.

Chairman Mitchell asked if the position, as described by Commissioner Sides, would satisfy the external auditor's position that the County needed an internal auditor to check on cash intake points. Mr. Page responded that as far as an internal auditor that could look after issues, not being full time with less than 27 different points of problems, could focus on three (3) or four (4) points a year and work with them and assign duties to another person. Mr. Page said the key was with an Assistant Manager you would not pay \$100,000, as a Deputy Manager you would bring them in at \$60,000 range. Mr. Page said you would still be able to afford the \$20,000. Mr. Page also said they would be able to do the follow up on some of the problem areas. Mr. Page said he had gotten stuck with those duties twenty (20) years ago when he was told to go to the landfill and find better ways to handle money and not deal with so much cash.

Commissioner Coltrain said there was an educational level and skill set that the individual comes in with that would have to meet the demands of our organization as well as the outside auditor.

Commissioner Ford said that Mr. Page dealt with 140,000 citizens, 700 employees, department heads, elected officials, etc. Commissioner Ford said Mr. Page did a lot with no pay increase and more had been put on him in the last few years. Commissioner Ford felt it would be a win-win for Mr. Page to have the Internal Auditor/Deputy Manager to take some of the work load off him.

Commissioner Sides said the option was always there to go back and say it did not work and something different should be done. Commissioner Sides said this was a way to kill two birds with one stone by grooming someone to step into the position and the County could satisfy the requirements of the auditor.

Commissioner Coltrain said one of the primary goals of the internal auditor was to assist the Finance Director.

Chairman Mitchell said he did not think the internal auditor's position, as described by the external auditor, meant for the position to take some of the work off the Finance Director. Chairman Mitchell said the external auditors recommended the County have an internal auditor to watch the cash intake points. Chairman Mitchell said there was a need for someone to go around and make sure the cash point collections were working as they were supposed to. Chairman Mitchell felt it would make a nice split to give the internal auditing responsibilities to someone who could eventually take some of the department load off the County Manager.

Commissioner Barber referred to Commissioner Sides' earlier comment that the County could do something different if the position did not work

out. Commissioner Barber said he would rather start with the way the internal auditor's position was recommended and evaluate it over a six (6) month period. Commissioner Barber said the additional responsibilities could be added at that time.

Chairman Mitchell said he would be okay with the change, but it may be asking too much out of one person.

Commissioner Coltrain suggested asking the County Manager, Finance Officer, and Human Resources Director to develop a proposed job description.

Commissioner Sides agreed a job description should be developed once a vote was taken.

Commissioner Coltrain said he was okay with the addition of the person and not necessarily with the position.

Mr. Page said if the position was created and adopted in the budget, the Board would have to approve a job description before the position could be advertised.

Chairman Mitchell said that as long as there was general acceptance, he wanted the individual to start performing the duties of Deputy County Manager once the auditing side was in check.

Chairman Mitchell said there was general consensus on the position itself but the job description might be a little in flux until it could be written. Chairman Mitchell said the majority wanted the individual not to just perform the function of an internal auditor but also to branch out.

Chairman Mitchell discussed the second item from Commissioner Sides for delaying the area in the proposed budget marked Fund 101 Upgrades (which was attachment two (2) after the Manager's Budget Message). Chairman Mitchell said the Board should look at the items on a case by case basis as the Commissioners move through the budget year.

Chairman Mitchell asked for objections to the removal of that section.

Commissioner Coltrain objected and said they should be implemented as the operations dictate.

After polling the Board members, the item was left in.

Commissioner Sides said there were a few things that were not discussed. Commissioner Sides said he was personally opposed to increasing

funding in the Transportation Museum since it was his understanding that State funding would be replaced this year. Commissioner Sides said he was in favor of the \$2500 for Prevent Child Abuse Rowan, but not in favor of the additional \$750 for the Chamber of Commerce. Commissioner Sides said he was not in favor of the increased current expense for RCCC. Commissioner Sides said once RCCC had completed the \$12 million in bond projects and there was need for custodial services, he could see the increases. Commissioner Sides said at this point, they had not built the first building and he was not in favor of the increase.

Chairman Mitchell said that Commissioner Sides had recommended removing the increase in three (3) line items, the RCCC increase in current expenses of \$59,853 recommended by the County Manager over the requested \$189,048; the North Carolina Transportation Museum Foundation requested an increase of \$14,625 and the Manager's recommendation of \$8,625; and Rowan County Chamber of Commerce requested an additional \$1500 and the Manager recommended an increase of \$750. Chairman Mitchell said he would take those three first since Commissioner Sides had recommended removing all of them.

Commissioner Coltrain preferred to leave the items in the budget and Commissioner Barber agreed.

Commissioner Ford supported removing the items.

Chairman Mitchell felt the RCCC custodial stuff could be added in as needed. Chairman Mitchell said if RCCC was talking about existing buildings, he wanted more documentation. Chairman Mitchell said he would be okay, barring that, from reducing that amount. Chairman Mitchell said he would keep the Transportation Museum dollars, and the Chamber of Commerce he would be okay with striking.

Mr. Page said he could ask for some numbers.

Chairman Mitchell said he would prefer to wait a few months.

Commissioner Ford discussed the County's allocation in FY 2011-12 to the Salisbury Rowan Human Relations Council and the fact the Board had designated the use of the funds for the Martin Luther King, Jr. Breakfast. Commissioner Ford said the County was not mentioned for its contribution at the breakfast. Commissioner Ford said that because of complaints of several board members that represent the County and the City, he would not mind shutting down the charter and shutting down Human Relations Council. Commissioner Ford went on to say he had heard from many complaining about the meetings and the Council as a whole. Commissioner Ford said the money could then be directed towards Martin

Luther King, Jr. Day or whatever was deemed necessary, as was done last year.

Commissioner Coltrain said as the liaison to the council, they were having some growth opportunities within the board. Commissioner Coltrain said the funding the County gave did go to the Martin Luther King, Jr. breakfast expenses. Commissioner Coltrain said the community was growing in its diversity and the council worked at the grass roots level. Commissioner Coltrain did not feel the County should pull out. Commissioner Coltrain stated the funding level was not much and was directed to one activity.

Commissioner Sides said he would support Commissioner Ford's recommendation and it needed to be understood the allocation from the County was to go towards the Martin Luther King, Jr. Breakfast.

Chairman Mitchell said he supported the allocation the way it was intended last year, towards the Martin Luther King, Jr. Breakfast.

Commissioner Ford said he was at the breakfast and all the sponsors were listed except the County.

Commissioner Coltrain said the list of sponsorship was mainly for the private contributions, to which Commissioner Ford responded the City of Salisbury was listed.

Mr. Page said the money was put in the budget and the Council was told through Darlene Boling, the County's employee representative, the money had to go towards Martin Luther King, Jr. Day, the parade, or the breakfast. Mr. Page said the County just did not get recognition for the contribution.

Chairman Mitchell asked for verification of the County's allocation for fiscal year 2011-12 and future years as well.

Chairman Mitchell said progress had been made in the budget discussions; however, there were still some major issues before the Board. Chairman Mitchell said decisions would have to be made regarding employees, school funding, the CRP, and Rescue Squad Funding.

Commissioner Barber asked if it was appropriate to make comments on the Fire District Fund.

Chairman Mitchell said the Board would not take up the Fire District Fund until June 18, 2012.

ADDITION

Commissioner Ford moved that the Board enter Closed Session at 5:00 p.m. pursuant to North Carolina General Statute § 143-318.11(a)(6) for personnel matter(s). The motion was seconded by Commissioner Sides and passed unanimously.

The Board returned to Open Session at 5:57 p.m.

2. ADJOURNMENT

There being no further business to come before the Board, Commissioner Barber moved to adjourn at 5:57 p.m. The motion was seconded by Commissioner Sides and passed unanimously.

Respectfully Submitted,

Carolyn Athey, CMC, NCCCC
Clerk to the Board/
Assistant to the County Manager