

## **MINUTES**

**June 6, 2005**

### **Worksession – Davidson County Budget FY 2005-2006**

The Davidson County Board of Commissioners met at 6:00 P.M., Monday, June 6, 2005, in the Commissioners' Meeting Room Governmental Center, 913 Greensboro Street, Lexington, North Carolina, for the study and review of the proposed 2005-2006 Davidson County Budget.

#### **PRESENT**

Commissioners: Chairman Don Truell, Vice Chair Larry Potts, Cindy Akins, Fred McClure, Fred Sink, Dr. Max Walser, Sam Watford

County Manager Robert Hyatt, Assistant County Manager Zeb M. Hanner, County Attorney Robert Hedrick, Finance Director Jane Kiker, Transportation Director Zeb F. Hanner, IT Director Joel Hartley, Inspections Director Ron Triplette, Planning and Zoning Director Guy Cornman, Human Resources Director John Dean, Health Director Layton Long, Public Works and Services Director, William Clutter, and Ron Kepley, Davidson County Schools.

#### **A. CALL TO ORDER AND WELCOME**

Chairman Truell called the meeting to order, welcomed guests.

Chairman Truell stated that he had not yet gone through the entire Budget but had relied on the Budget Hi-Lights. He felt that although the proposed Budget showed a \$.02 tax increase, it was a good Budget with virtually no growth and acknowledged that the County would spend most of the proposed \$.02 tax increase for the projected increase in Medicaid. Chairman Truell further stated that he could see no problems with the Budget.

Vice Chair Potts likewise acknowledged that he felt that it was a good Budget. Vice Chair Potts inquired as to whether we were charging Wallburg for its services. Mr. Hyatt replied that the only fee currently being charged is by the Planning and Zoning Department, and Mr. Cornman stated that this fee was \$10,400.00 per year. Vice Chair Potts stated he felt we needed to find out how often the Sheriff's Department was in Wallburg, and vehicle costs incurred. Vice Chair Potts further proposed that the Town of Wallburg pay for the services provided by the Sheriff's Department and questioned the Contract, which was entered into with the Town of Wallburg. He indicated that the towns, which have incorporated should

be responsible for their own police/patrol, as Denton does, and not expect free service as we are patrolling the Wallburg area and not providing for our other cities/towns.

Commissioner Sink indicated that he had spoken with Sheriff Grice regarding the issue of Wallburg. Mr. Hedrick acknowledged that Wallburg had indicated that they were willing to pay for services by the Sheriff's Department.

Commissioner Akins inquired into the increase in the County Attorney Budget and Mr. Hanner replied that part of the increase was to increase professional services \$5,000.00. This was due to the fact that the 2004-2005 Budget had been an estimate as it was the first year of existence of the County Attorney's Office, and it was a learn as we go process and felt that due to the expenditures for professional services this year, an increase in this area was warranted. Mr. Hanner further indicated other areas were adjusted to compensate for the first year estimate being low. Commissioner Akins asked why a new roof for the Animal Shelter was in the Budget, with the building being only 8 to 10 years old. Mr. Hyatt replied that the original roof was not put on correctly and the shingles were slipping due to faulty workmanship. When asked by Commissioner Akins what type of roof the building was to be replaced with, Mr. Hyatt indicated that a metal roof was to be installed and the old shingles were to be removed. Commissioner Akins questioned the 15% increase in the SRO Budget and asked if it was due to addition of the position at DCCC. Mr. Hanner replied that this increase does include the officer who has been assigned to DCCC, and that income for this officer was included in the revenue side of the Budget to compensate for the increase. Commissioner Akins inquired into the 3% increase in the EDC budget. A reply was provided by Mr. Hyatt that over the past two years the EDC has had significant increases of 20% and 7% respectively and that the increases were due to investment in technology and upgrading facilities. Further, Mr. Hyatt stated that the better the product presented by the EDC, the more competitive they would be in industry recruitment. Mr. Hyatt added that their 3% increase for this year was proposed because the County was trying to be consistent with their outside agencies. As an answer to Commissioner Akins' inquiry into the 33.9% increase in the Museum Budget, Mr. Hyatt stated that the majority of this increased funding was to replace the cupola and address other structural issues for the Old Courthouse. Commissioner Akins inquired about the use of the proposed GPS System for the sewer projects. Public Works and Services Director William Clutter replied that it was to locate old systems data. Mr. Clutter admitted that a paper system does exist,

but that it may not be entirely accurate and the GPS System would coordinate the systems in existence and all information would be in the same type of medium. Commissioner Akins then questioned the creation of an H/R Analyst in the Human Resources budget. Robert Hyatt replied that in the two pay studies that have been completed in recent years, a weakness of retention and recruitment was mentioned as has been discussed in the Budget Workshop. HR Director John Dean added that this position would have time to dedicate to lost productivity of departments, pay classifications, acquiring and keeping employees, to use as needed for insurance processing instead of getting part-time help as needed during the year, and to allow Davidson County to become substantially equivalent. Mr. Hyatt added that we are spending the money and just don't see it, in lost productivity; that the last study performed by COG cost the County approximately \$35,000.00, and the study performed in 1999 by EMG was about the same cost. By adding this position, hopefully we would be able to address some of these issues in house and be better able to retain our employees. Commissioner Akins questioned the current part-time clerical position in Public Works and Services being increased to a full-time position, which would be two full-time clerical positions in that Department. Director William Clutter replied that the request was due to an increase in sewer responsibility, upkeep and customer contact, and the Department needed to be appropriately staffed to handle the increased need. Mr. Clutter indicated that he believed the Department could do a much better job in house but that the additional personnel was needed. Mr. Hyatt added that the amount of time dealing with sewer issues, as additional customers are added to the lines means increased demands on the Department to service customers. Commissioner Akins asked if the Department could survive one more year on the part-time position and Mr. Hyatt replied that the Department would make do with whatever the Commissioners would allow. Commissioner Akins asked if the position was approved, would it be posted as an available position or would the current person be moved to the full-time position. Mr. Hyatt indicated that if the position was approved, it would be posted as an available position. Commissioner Akins inquired into the Sewer Technician position and Mr. Clutter responded that this position was to handle the increase in the sewer projects being started and coming on line. Commissioner Akins then inquired as to why an Internal Auditor was not presented in the current Budget and asked Mr. Hyatt if he saw this position as something the County needed. Mr. Hyatt replied that he felt the need was not strong enough to add the position at this time.

Commissioner Watford stated that the new sewer position would be an asset to the County and is definitely needed for the County to continue to move forward in the sewer business. Commissioner Watford also stated that he felt that we needed to see what the new Auditor says after a few years before the County does anything about an Internal Auditor position. Mr. Hanner agreed, saying he would recommend the position if two separate Auditors gave the same recommendation.

Commissioner McClure inquired into the use of staffing/temporary personnel to cover the position in Public Works and Services versus the County staffing the position to assist the increased need during the sewer construction. He indicated that many companies utilized temporary staffing as a way to save money and he felt the County would be able to save money in the long run by savings in benefit dollars which are spent to staff the position in house.

Commissioner Akins also inquired into the Environmental Health Department Budget wherein a fee increase was proposed. Commissioner Akins asked if this was the only Department that was requesting a fee increase and stated that some of the fee increases proposed seemed to be major increases. Director Layton Long responded that the Department had not increased fees in 5 years and that inquiries were made to the Environmental Health Departments in the region and the increase was adjusted to an average for the region. Mr. Hyatt stated that he thought the Board of Health had already approved the increases and Mr. Long concurred.

Commissioner Walser asked how much money was the County spending on technology and if the County was keeping up with technology. IT Director, Joel Hartley, replied that at least 200 computers are recommended to be replaced at this time and that the County is doing it's best to keep up. Mr. Hyatt indicated that the aerial photography of the county will be completed this year; both the Tax Department and GIS recently acquired new computer systems; Inspections has recently approved to purchase software for simple permitting and upgrading their current computer system; and the Library is trying to utilize as much technology as it can to keep both its staff and the public as current as possible. Further, Senior Services has spent quite a bit of money to set up computer labs for senior citizens to use. Commissioner Walser then inquired into computer training and continuing educational training. Mr. Hartley indicated that the IT Department tries to have some type of computer class every month or so on new information and classes as requested on specific topics. Commissioner Walser asked if we were satisfied with the progress

at Boone's Cave and if any problems were foreseen in the future at this site. Mr. Hyatt stated that he felt a full-time staff person at the site would need to be implemented for the site to be fully utilized. Mr. Hyatt further stated that he feels, by the feedback we are currently receiving, that the park is going to be getting a lot of usage and tying into the Recreation and Tourism Master Plans is the right direction for the park. Commissioner Walser then asked about a new Bookmobile for the Library. Mr. Hanner replied that a new Bookmobile was not feasible this year, and Mr. Hyatt indicated that other alternatives are being looked into at this time, such as a used Bookmobile and that ListServe and other publications were being utilized for this purpose. Commissioner Walser stated that he agreed with the increase in the Museum budget as the County needed to keep up the Old Courthouse and not let it go into a state of disrepair, due to its historical value. Mr. Hyatt indicated that the City of Lexington and other resources that Ms. Hoffman was recruiting were also helping to create a response to generate revenue for the Old Courthouse cupola restoration project. Commissioner Walser stated that North Carolina is the only state left in the nation that dealt with Medicare on the county level. He stated that there is something really wrong with a 1.4 million dollar increase in one year when the County has all of its other needs, and that there were no answers but he knew the Legislature was looking into the matter.

Vice Chair Potts acknowledged that the County would have to implement a \$.015 tax increase to cover the projected Medicaid increase alone with the proposed budget.

Commissioner Walser inquired into whether the budget proposed with the \$.02 tax increase included a 3% increase in capital expenditures for the schools even if their enrollment had decreased. Mr. Hanner replied that each school got a 3% increase because it is required that each school system be given the same consideration, but that two school systems actually did have a decreased enrollment. Commissioner Walser asked why the General Fund increased by 4.2%, and Mr. Hanner replied that this increase included the anticipated increase in Medicaid, as well as the projected increase in health insurance and increased expenditures for the sewer projects. Commissioner Walser inquired as to what Human Services covered and Mr. Hyatt responded that it includes Social Services, Senior Services and the Health Department, and that Medicaid was included in this section.

Commissioner McClure stated that the COPS grant ran out last year and asked what the status of the County's obligation was to the SRO program. Mr. Hyatt replied that we had to fund the program as a

condition of the grant for the 2004-2005 budget year, but that our obligation to fund the program did not exist this year. Commissioner McClure asked how much it cost to fund the middle school SROs, and Mr. Hanner replied that it costs \$273,000.00 for the middle school SROs only. Mr. McClure stated that while he appreciates the need for the SROs at the high school level, no one seems to be able to answer the question as to their effectiveness at the middle school level. He further stated that he felt the County needed to take a hard look at continuing to fund the SROs at the middle school level. Commissioner McClure inquired as to what the Fund Balance for the 2003-2004 Budget had been and what had been used of that money. Mr. Hanner replied that he did not think that we had used any of the \$847,000.00 that was budgeted. Commissioner McClure then asked what about the next year, and Mr. Hanner replied that we had not used the 1.6 million which was budgeted for the 2004-2005 year, and that he did not think that we had used any of the Fund Balance for the past four years. Mr. Hanner indicated that the percentage of the proposed Fund Balance for the 2002-2003 year was approximately 15%, and 2005-2006 year was an increase of approximately 22%. Mr. Hyatt stated that this increase was partly due to Mental Health no longer being a department of the County. Commissioner McClure asked how much of the budgeted Fund Balance was going to be used this year and Mr. Hanner replied that 2.5 million dollars was budgeted and that he felt that we may need to use portions this year. Mr. McClure indicated that due to good management the County has not had to use the Fund Balance. He stated that the County is at the beginning of an economic recovery and suggested that the Board take a hard look at using additional Fund Balance in lieu of increasing taxes. Commissioner McClure further stated due to the present economy and upswing in recovery he does not feel that we need to take 1.8 million dollars from the taxpayers. Commissioner McClure then stated he felt the County should look into implementing a pay as you throw system for the boxesites which would generate an estimated 1.8 million dollars in increased revenue. He further stated that individuals living in the municipalities within the County are paying for their garbage services and that there is a whole segment of the population living outside of the municipalities that do not pay property taxes and are using the County facilities for free. Commissioner McClure indicated the County could cover the \$.02 tax increase if we: (1) Implemented the "pay as you throw" boxesite policy; (2) Eliminated the middle school SRO positions; and, (3) Utilized the \$185,000.00 EMS refund that had been issued.

Commissioner Watford stated that the North Carolina Association of County Commissioners had just sent out a proposal which proposed a \$.35 tax on cigarettes, and the revenue generated from this increase would freeze additional Medicaid monies being needed. He further stated the County under-spent two years ago for what was budgeted for Medicaid, last year we under-budgeted according to the North Carolina Association of County Commissioners, and the 2005-2006 Budget is less than they say we will need. Commissioner Watford stated he thinks we could save another \$.01 of the tax increase by being optimistic and knocking more money off the budgeted amount for Medicaid and lobby the State to enact legislation to come up with funding that would freeze the money required from the individual counties. Commissioner Watford further stated he is willing to go to Raleigh to lobby for action and he thought each of the Commissioners should contact the individuals named in the information received from the North Carolina Association of County Commissioners to let them know our position.

Commissioner Walser added that he wanted to caution this Board in that the County needs to build schools in the future and we need to decide how to pay for them. He further added it was going to take a \$.05 increase in taxes to build these schools, and regardless of whether or not a Bond was approved, we still were going to have to figure out a way to pay for them.

#### ADJOURNMENT

Chairman Truell declared the workshop ended.

**June 6, 2005**

The Davidson County Board of Commissioners met at 7:00 P.M., Monday, June 6, 2005, for a public hearing on the proposed 2005-2006 budget.

#### OTHERS PRESENT

County Attorney Robert Hedrick, Ron Kopley from the Davidson County Schools, Layton Long, Health Department Director, Guy Cornman, Planning and Zoning Director, John Dean, HR Director, William Clutter, Public Works and Services Director, and Jane Kiker, Finance Director.

#### A. CALL TO ORDER AND WELCOME

Chairman Truell called the meeting to order and welcomed guests.

B. INVOCATION

Vice Chair Larry Potts

C. PLEDGE OF ALLEGIANCE

D. RECOGNITION

E. REGISTER FOR PUBLIC ADDRESS

Chairman Truell noted the register for public address.

F. PUBLIC ADDRESS

Mr. Barney W. Hill spoke in opposition of the \$.55 per \$100.00 valuation property tax and is in favor of no more than \$.16 per \$100 valuation property tax, and preferably much less, and a zero 911 surcharge. Mr. Hill provided each Commissioner with a hand-out which addressed his ideas on lowering the tax rate.

G. ADOPTION OF AGENDA

On a motion by Vice Chair Potts and a second by Commissioner Watford the Board voted unanimously 7-0 to adopt the agenda with the addition of a Closed Session for Personnel

H. PUBLIC HEARING – Davidson County Proposed Budget FY2005-2006

On a motion by Vice Chair Larry Potts and a second by Commissioner Cindy Akins the Board voted unanimously 7-0 to open the public hearing to receive comments from the public on the proposed FY2005-2006 budget.

*Inez Crump* – stated opposition to an increase in property tax.

*Barney W. Hill* – stated that he felt a tax increase was inevitable during the 2005-2006 tax year due to the 2004-2005 budget, as before last year's budget was approved, it was a consensus of the Board that this year's Budget would require a tax increase.

On a motion by Vice Chair Potts and a second by Commissioner Sink the Board voted unanimously 7-0 to consider the adoption of the FY2005-2006 Budget at the June 14, 2005, meeting and that the matter be added as an Agenda Item on the June 14, 2005, agenda.

CLOSED SESSION

On a motion by Commissioner Sink and a second by Commissioner McClure the Board voted unanimously 7-0 to go into Closed Session for matters of Personnel.



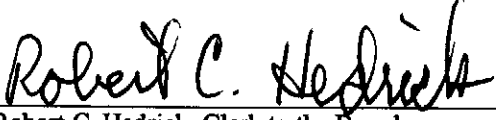
RETURN TO OPEN SESSION


On a motion by Commissioner Walser and a second by Commissioner Watford the Board voted unanimously 7-0 to return to Open Session.

County Attorney/Clerk to the Board Robert Hedrick noted the discussion of personnel matters with no action taken.

I. ADJOURNMENT

On a motion by Vice Chair Potts and a second by Commissioner McClure the Board voted unanimously 7-0 to adjourn.

  
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Robert C. Hedrick, Clerk to the Board  
Davidson County Board of Commissioners

  
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Don W. Truell, Chairman  
Davidson County Board of Commissioners