

MINUTES OF THE MEETING OF THE BOARD OF COUNTY COMMISSIONERS HELD AT THE RUTHERFORD COUNTY OFFICE BUILDING IN THE AUDITORIUM ON MAY 17 AND MAY 18, 2011.

**PRESENT: CHAIRMAN WILLIAM ECKLER
VICE CHAIRMAN JULIUS OWENS
SUSAN CROWE
EDDIE HOLLAND
ROGER RICHARD**

CALL TO ORDER

Chairman Eckler called the meeting to order at 11:00 A.M. on May 17, 2011.

BUDGET 2011-2012

County Manager John Condrey opened the discussion regarding the recommended budget for 2011-2012 by presenting slides depicting the overall General Fund budget which is up .16% or \$77,445. He stated that there were significant increases over the FY 2010-2011 budget which totaled \$926,728. Property tax which is approximately 61% of the county's revenue is estimated to be flat.

County Manager Condrey said final cuts made to balance the recommended budget were:

- Fund Balance: Establish a 20% target. Rutherford County is currently \$1,766,790 above 20% Recommend \$766,790 of fund balance be spent in FY 2011-2012 budget
- Three furlough days \$128,400
- 401K reductions \$107,000
- Health or Dental Change -- \$75,000 in Health Premiums to be paid by county employees or \$104,000 to remove county paid portion of dental premium
- Tax Policy Change \$270,121

County Finance Director Julie Sherer provided information on the recommended FY 2011-2012 budget.

■ **General Fund Budget**

- FY 2011-12 Recommended Budget including DSS Revenues is \$49,686,142, which is an increase of \$77,445, or .16%, as compared to the FY 2010-11 Original Budget.
- The General Fund is the County's primary operating fund.

- Accounts for all financial resources except those required to be accounted for in another fund.

■ **Overall General Fd Revenues**

- Property Taxes – 61.5%
- Sales Taxes (net of sales tax used to fund building, schools, ICC and water and sewer capital)– 7.4%
- DSS Intergovernmental – 16.4%
- EMS Revenues – 3.7%
- Fund Balance – 2.5%
- Other – 8.5%

■ **Ad Valorem Property Taxes**

- Comprised of current year levy collections, prior years' levy collections, penalties and interest.
- FY 11-12 recommended budget is \$30.5 million based on a tax rate of 53 cents. FY 10-11 original budget was \$30.5 million representing flat overall property values and collections. On average prior to the recession, we would expect growth of \$600,000.
- Represents approximately 61.5% of General Fund recommended revenues in FY 11-12.
- Net Value of 1 cent - \$550,472
- FY 2011-2012 estimated Levy Collection Rate 93.5%. Rate was: 96.41% in FY 2007-08, 94.42% in FY 2008-09 and 93.8% in FY 2009-10. Unsold sections of LR Buffalo Creek LLC (Grey Rock) and Queens Gap represent 1.8% of the tax levy.
- Discount of ½% if paid prior to September 1.
- Assumptions included in tax estimate:
 - Budget includes some growth at Duke Energy Cliffside Project. We will receive public utility values in the Fall.
 - Budget does not include taxes from LR Buffalo Creek (Grey Rock) property currently in bankruptcy. (FY 08-09 and FY 09-10 County taxes totaling \$781,556, FY 10-11 taxes of \$386,308, nor any FY 11-12 taxes.)
 - Budget does not include \$140,556 of FY 2010-2011 or FY 2011-2012 from Queens Gap.
 - Budget does not anticipate potential losses from Grey Rock or Firefly Cove appeals.
- The recommended budget would repeal the change in policy which was recently implemented regarding the garnishment of motor vehicles. Returning to the policy of garnishing vehicle taxes to be consistent with other taxes will add back \$270,121 in revenue.
- The next reappraisal is currently scheduled to be effective January 1, 2012 which will be reflected in the FY 2012-13 tax levy.

■ Sales Tax

- FY 2011-12 total sales tax revenues, including those sales taxes used to fund building, schools, ICC and water and sewer capital needs are estimated at \$8,609,453.
- FY 2011-12 sales tax revenues to be used for General Fund operations are estimated to be \$3,558,917 or approximately 7% of General Fund revenues.

■ Article 39 Sales Tax

- 1% Local Option - \$3,826,793 revenue
- State distributes to Counties based on point of delivery- further distributed to Towns/Special Districts based on Ad Valorem Levy
- Board approved 7% to go to Water and Sewer Fund – In FY 11-12 this equates to \$267,876
- Projected with 1% growth in FY 2011-12 \$4,306,793 less Art 44 cities hold harmless of \$480,000 = \$3,826,793

■ Article 40 Sales Tax

- ½% Local Option - \$2,701,062 revenue
- State distributes to Counties based on population- further distributed to Towns/Special Districts based on Ad Valorem Levy
- 30% required by State to be set aside for Schools Capital
- Recommended budget includes 94% to Schools and 6% to College
- Projected to increase 3.5% in FY 2011-12
- Not affected by the Medicaid swap

■ Article 42 Sales Tax

- ½% Local Option - \$2,081,598 revenue
- As part of the Medicaid swap, effective October 1, 2009, converted from the State distributing to counties based on population to State distributing to counties based on point of delivery- further distributed to Towns/Special Districts based on Ad Valorem Levy. Resulted in loss to the County. County must hold cities harmless from loss.
- 60% required by State to be set aside for Schools Capital
- Recommended budget includes 60% to Schools and 40% to County Building needs.
- Projecting 2.25% increase in FY 2011-12.

- Combined Allocation of Article 40 and Article 42 Sales Tax
 - For FY 2011-12
 - 77% to School Capital (\$3,787,957)
 - 20% to County Building (\$832,639)
 - 3% to ICC Capital (\$162,064)

- Article 44 Sales Tax
 - State has now completely taken Article 44 due to the Medicaid swap.
 - Counties must hold cities harmless from loss which we estimate will be approximately \$480,000 in FY 2011-12
 - FY 07-08 Actual - \$2,279,979, FY 08-09 Actual - \$1,158,938, FY 09-10 Actual - \$184,798

- Budget Cuts FY 2008-09
 - County made two rounds of cuts to departmental budgets.
 - First round October 2008- County was notified that our second largest taxpayer, LR Buffalo Creek LLC (Grey Rock), was filing for bankruptcy. Building Permit and Excise Stamp revenues declined (see chart page 8). County departments reduced their budgets by 2%, a form of a hiring freeze was implemented, a scheduled pay and reclassification study was postponed and merit salary bonuses were eliminated.
 - Second round March 2009 – Due to sales tax revenues declining in our January and February 2009 sales tax distributions and the volatility of revenues in general, an additional round of cuts was made.
 - The two reductions reduced the FY 2008-09 budget by over \$1,000,000.
 - Outside agencies such as the Schools and the College did not revert any FY 2008-09 budgeted County funds.

- Budget Cuts FY 2009-10
 - County staff reported at the November 2009 Board meeting that it was anticipated that the County would exceed the approximate \$1.8 million dollar target (which will be discussed later) for fund balance usage by \$350,000.
 - Department heads reviewed their budgets and found reductions in the amount of \$240,000. In addition, the county implemented three unpaid furlough days for all employees for approximately \$110,000 for the total reduction of \$350,000.
 - Outside agencies such as the Schools and the College did not revert any FY 2009-10 budgeted County funds.

- Budget Cuts FY 2010-11
 - The FY 2010-2011 budget was mainly balanced by doing the following:

- Appropriating \$733,174 in fund balance (\$600,000 unspent, \$133,174 spent)
- Reducing schools, college and health department funding by 1.25%
- Requiring three unpaid furlough days for county employees
- Reducing Rutherford County's 401k contribution for regular employees to 3.75%
- Reducing the 2.1 cents set aside to the Building Fund to 1.6 cents
- Continuing to reduce personnel expense through the hiring freeze and unfilled positions.

■ Budget Cuts FY 2011-12

- The recommended FY 2011-2012 budget was mainly balanced by doing the following:
 - Funding the schools, college and health department at the 2010-2011 level of funding
 - Continuing to require three unpaid furlough days for county employees
 - Continuing the reduction of Rutherford County's 401k contribution for regular employees to 3.75%
 - Continuing to reduce personnel expense through the hiring freeze and unfilled positions
 - Repealing the current change in the motor vehicle garnishment procedures
 - Have employees contribute \$20 per month for individual Health Insurance or have employee paid dental
 - Appropriating approximately \$1.25 million in fund balance (\$500,000 unspent, \$750,000 spent)

■ Fund Balance

- The County increased its fund balance by \$1,806,981 in FY2007-2008. In adapting our budget in order to deal with the recession for the past several months, our goal had been centered around spending not more than an equivalent amount of fund balance that was added in FY2007-2008 in FY2008-2009, FY2009-2010 and FY 2010-2011 to lessen the overall impact of quickly declining revenues.
- It is anticipated that the County will spend approximately \$825,000 of fund balance over the period of FY 2008-2009 to FY 2010-2011. This lesser amount of spending than the \$1.8 million target is mainly attributed to the approximate \$925,000 in net funds the County received due to the sale of County property to Andale (Facebook).
- It is anticipated that Rutherford County's "fund balance available for appropriation" will increase from \$11,939,667 on 6-30-2010 to an estimated \$12,263,327 on 6-30-2011, or approximately 23.37% of expenditures.
- An unofficial goal of the County is to keep a fund balance which is equivalent to 20% of the general fund expenditures. While we are still above a 20% fund

balance as a percent of expenditures, it is mainly due to reducing budget totals. As budgets potentially increase in the future, unless the County adds to funds balance, this percentage will decrease.

- It is estimated that the County can utilize approximately \$1,766,790 of fund balance and still maintain a healthy 20% fund balance.
- \$11,939,667 Fund Balance Available 6/30/10
- \$ 323,660 Estimated addition to Fund Balance FY 10-11
- \$12,263,327 Estimated Fund Balance Available 6/30/11
- \$52,482,685 Estimated FY 10-11 Expenditures
- \$10,496,537 20% of Estimated FY 10-11 Expenditures
- \$ 1,766,790 Estimated Fund Balance over 20%
- Because of potential revenue loss due to State budget decisions or the requirement that the County assume current State budgeted expenses, it is recommended that at least \$1 million of fund balance not be utilized to help offset State budget ramifications in FY 2011-2012.
- Based on historical data and financial projections of the County, a certain amount of the general fund expenditures will be unspent at the end of any fiscal year. We currently estimate the percentage not to be spent to be 1% or approximately \$500,000 in the FY2011-2012 budget.
- The FY 11-12 recommended budget appropriates \$1,254,110 in fund balance (\$500,000 unspent, \$754,110 spent/potentially utilized).

■ Change in Tax Procedures

- As stated earlier, County Commissioners have voted to change garnishment procedures on motor vehicles. The budget presented recommends returning to the policy previously in place resulting in regaining potential lost revenues of approximately \$270,000.
- The Commissioners have also discussed taken the following two actions beginning in FY 2011-2012:
 - Cease sending tax bills for less than \$5.00
 - Cease listing personal property on tax listing forms
- As the chart on the following slide depicts, even though the personal property listing change will not begin to affect revenues until FY 2012-2013, the estimated net annual cost to the County due to all three of these procedural changes, including all jurisdictions, could potentially be at least \$818,439 (increased expenditure \$128,971 and revenues lost \$689,468). The cost could be higher than this due to the fact that the value of business and personal property listed in the County is approximately \$628 million which equates to approximately \$3.3 million in levy.

■ Significant Increases in FY 2011-2012 Expenditures

- Department of Social Services \$410,552
- Economic Development Incentives \$103,718
- NC Local Government Retirement Contribution Increase \$61,000

- Health/Dental Insurance \$173,000
- Fuel \$106,000
- Unemployment \$72,458
- Total Significant Increases \$926,728

■ Percentages of Total General Fund Expenditures by Function

- General Government - Administrative offices, tax office, Board of Elections, Register of Deeds, maintenance, etc. - 14%
- Public safety - Sheriff, Detention, Communications (911), Animal Control, Emergency Services, Building Inspections, and the Medical Examiner fees - 25%
- Education - Annual current expense appropriations to the public schools and the college - 28%.
- Human services includes DSS, Health, Mental Health, the Senior Center and the Veterans Office - 27% (DSS alone represents 24% of the budget)
- Remaining 6% of the general fund budget is related to economic and physical development, cultural activities, and debt service for various functions.

■ Schools and College

- The FY 2011-12 recommended budget funds the Schools and the College at FY 2010-2011 levels which was a 1.25% decrease from FY 2009-2010.
- The Schools requested \$12,609,922 which is an increase of \$614,908 or 5.13%. The recommended current expense allocation is \$11,995,014. Please note that this is a change from the information in the Budget Message.
- The College requested \$1,922,230 which is an increase of \$33,424 or 1.77%. The current expense allocation is \$1,888,806.

■ County Departments' Recommended Budget

1. The FY 2011-12 Recommended Budget for County departments is \$32,070,552 which is a \$684,798 decrease, or 2.09%, as compared to the FY 2010-11 Original Budget.
2. The overall decrease in this budget can mainly be attributed to the reduction of debt service requirements and grant repayments.
3. County departments had to incur over \$926,000 in reductions over and above this \$684,798 in order to absorb those significant increases shown earlier in areas such as DSS, health insurance, retirement contributions and fuel.
 - Human Resources are the greatest asset that the County has in order to provide services to its citizens. Sixty-two percent (62%) of the County departments' budget is for salaries and benefits.
 - DSS Programs comprise 18% of the County departments' budget.
 - Debt Service on Capital Items such as Technology, Vehicles and EDC projects comprise 3% of the County departments' budget.
 - Fuel, Utilities, and Telephone comprise 4% of the County departments' budget.

- While other items individually may comprise 1% or less, other significant items such property and liability insurance, IT hardware and software maintenance, detention and senior center food costs, detention and EMS medical costs, public safety uniforms and equipment, library books, external audit costs, postage, animal control veterinarian costs and economic development contracts, incentives and grant paybacks comprise approximately 7% of the County departments' budget.
- The above items account for 94% of the County departments' recommended budget.
- Personnel Expansion
 - Detention Center: The Sheriff has requested to reallocate existing salary lines in the Detention Center to hire a full time nurse to replace part time nurses. The cost of a new full time position with benefits would be \$61,401. The reduction in part time salaries and overtime would be \$65,521. Creating this full time position is estimated to save \$4,120. This recommendation is included in the current budget proposal.
 - DSS: The Social Services Department requested four positions. Three positions are recommended and included in the budget: Income Maintenance Caseworker (Work first), Income Maintenance Caseworker (Food Nutrition Service), and custodian. The 3 positions would not cost the County additional funds.
 - EMS Medical Director: The EMS system is required to have a medical director in order to function at the Paramedic level of service. A new Medical Director, Dr. Green assumed the position effective May 1. The request to fund the Medical Director is \$6,000. (Only \$1,200 is recommended. In order to meet the requested \$500 per month, the balance would need to come from part time salaries.) This is a new expenditure.
 - EMS Paramedics: Commissioners requested a report on the staffing needs of the EMS system. Some preliminary costs on constructing an EMS facility in Henrietta is also included. The Option 1 request from this proposal is to add six paramedics. The cost to add these paramedics is \$264,271 which is not included in the current budget proposal based on available revenue.

■ FY 2011-12 Lease Purchase Financing

- The FY 2011-12 recommended budget includes financing \$1,108,563 in capital items.
- This includes 1 new ambulance, 1 ambulance remount, an EMS administrative vehicle, EMS medical equipment, Sheriff's vehicles/equipment, and IT hardware and software.
- Debt service payments budgeted assume a 36 month financing at 5%. The financing would be issued in early 2012 and 5 months are budgeted totaling \$166,123.

■ General Fund Uses of Local Revenues

- Revenues and expenditures do not operate independently of each other in many cases.
- Many services provided by the County bring in revenues from federal and state sources and from fees.
- See chart in Section XV starting of page 29 of the budget message which contains this information by department.
- The major local sources of revenue that are not generated by a service or function are property taxes, sales taxes, and interest revenue. Revenues from these sources that are not already allocated to a particular purpose total approximately \$33.5 million.
- The major functions that counties must provide that rely on these revenue sources are education, human services and public safety.
- The recommended FY 11-12 budget for education (including the schools and the college) uses \$13.9 million, or 41.5%, of these revenues.
- The budget for human services, which includes DSS, uses \$4.3 million, or 12%, of these revenues.
- The budget for public safety uses \$8.8 million, or 25%, of these revenues.

■ Mental Health Granting of MOE Funds

- The Mental Health grant process is discussed in section VI. SIGNIFICANT PROJECT UPDATES beginning on Page 16. A history of the grants awarded since inception is also provided in that section.
- The Behavioral Health Committee will be conducting interviews on Friday, May 20 and will then make a recommendation to the Board.

■ Special Appropriations

- Special appropriations represent private non-profit organizations and other agencies that the County determines are important for County operation and as such, make a contribution to their operations.
- The County has an application for these organizations to complete annually with their request. The forms submitted by each agency are in the Departmental Information Book with the exception of the proposed entrepreneurial center for which a presentation was made at the May Board meeting.
- Due to the recent budgetary constraints, County staff recommends that the agencies who received appropriations in FY2010-2011 continue to receive appropriations in FY2011-2012 at the same level of funding.

■ Schools Capital Funds

- Sales tax, corporate income tax (ADM funds), and lottery funds are, historically, the three main sources of revenue for Schools Capital.
- County staff has updated projections for this fund over the past two years to reflect the drastic decline in sales tax that we began to see with our January

2009 sales tax distribution due to the economic downturn. The Article 40 and 42 sales taxes, which fund Schools Capital, declined 12.8% (approximately \$800,000) from FY2007-2008 to FY2008-2009 due solely to the economy followed by a 6.9% decline due solely to the economy in the following year (FY2009-2010).

- The recommended budget does include a 2.25% increase for next year. This fund, however, has historically experienced a 4% average annual increase in sales tax.
- Not only has the Schools Capital Funds had a declining sales tax revenue stream in the past two years, but also the State's 2009-2011 and 2011-2013 biennial budgets redirected county ADM funds which reduced the County's revenues for this fund by an additional \$1.6 million for that four year period.
- On May 4, 2009, County Commissioners and the School Board discussed the financial status of the School Capital Funds. It was reported, at that time, that the fund could potentially reach a deficit of \$2 million dollars. At that meeting it was discussed that the schools would decrease their annual maintenance capital expense. In addition, due to the decline of sales tax and the loss of ADM funds from the State for at least two years, the Schools scaled back their request for Phase 3 of their technology plan from \$1 million to \$500,000 which was used to purchase Promethean Interactive Whiteboard systems.
- The Schools Capital Funds are currently expected to begin to go in the negative in FY2011-2012 and, based on the current House budget proposal on lottery funds, ultimately reach a negative balance of \$2.1 million before the end of FY2013-2014. The County and Schools agreed to split the amount needed to shore up the Fund, if necessary, by making a loan to the fund which would be paid off in future years. Had the State not redirected ADM funds and reduced lottery funds, the school capital funds would not be heading into a deficit situation.
- It is recommended that County funds come first from the County Building Capital funds and then from either General Fund balance or another capital reserve fund. As the County did when we borrowed funds for the Mako property, we borrowed from the Solid Waste fund and are paying that fund back with interest.

■ Water and Sewer Fund

- Seven percent of the Article 39 one-cent sales tax and tap fees are the two main sources of revenue for the Water and Sewer Capital Reserve Fund.
- The Water and Sewer Fund Balance is projected to be at a low of approximately \$300,000 in FY2020-21.

■ Register of Deeds Automation Enhancement Fund

- General Statutes require 10% of the net revenues from Register of Deeds to be placed in an automation enhancement fund to help advance the Register of Deeds office technologically.

- 10% of the net estimated revenues for FY 2011-12 equals \$45,020. This will be used for imaging and hardware and software capital purchases.

■ E911 Fund

- Revenues are from the 60 cents per month landline and wireless telephone charge.
- 911 Board continues to revise eligible expenditure list. See legislative definition for what these funds can be used for see page 43 of the Budget Message.
- Requires very detailed fiscal accounting report to the 911 Board.
- Total Budget is \$814,533 with \$486,533 going to capital expenditures.
- Beginning in FY 2011-2012, the 911 Board will begin allocating 911 funds to PSAPs using a different formula based on what PSAPs have actually spent in the past 5 years. Due to this funding reallocation, Rutherford County's allocation will decrease by \$105,013 to \$441,030 in FY 2011-2012 which is reflected in this budget.
- A bill was passed allowing Public Safety Access Points (PSAPs) to expend 50% of their June 30, 2010 certified 911 fund balances for any public safety need, not just those that are 911 eligible. These "50%" funds may only be spent through June 30, 2012. Any unspent funds at that time must be used on statutorily authorized 911 uses.
- This authorization has allowed the County to shift some typical General Fund capital expenditures to the 911 fund for FY 2011-2012.
- Rutherford County's certified 911 fund balance as of June 30, 2010 was \$508,815. Fifty percent of this figure is \$254,408.
- Of the \$254,408, \$25,341 was approved by the Board to be spent during FY 2010-2011 on a security camera system for the 911 center. The remaining balance of \$229,067 is included in the FY 2011-2012 911 budget for one-time capital expenditures for the Sheriff's divisions and/or public safety.
- As part of the FY 2011-12 budget planning process, the Sheriff's department prioritized one-time capital needs and County staff worked with the 911 Board to have these needs preliminarily approved for the use of these "50%" funds .
- It is recommended that these funds be used for the following purposes:

Narrowband Reprogramming for Communications	\$ 35,000
Detention Center Cameras	131,000
Sheriff's Department Vehicle	20,299
Equipment for Vehicle	4,750
Detention Center AFIS Software	20,000
New Repeater for Detention Center	7,000
(4) Motorola Handheld Radios for Sheriff's Reserve	1,700
(2) EMS Motorola Mobile Radios	4,257
(6) Detention Center Motorola Handheld Radios	2,629
Other	2,432
Total	\$229,067

■ Transit Fund

- The Transit Fund is self-supporting and includes no County funds.
- Revenues come from users and grants.
- Transit currently has 26 vans in their fleet and drives approximately 700,000 miles each year.
- The FY 2011-12 budget includes replacing one vehicle.
- While the recommended budget does not include a rate increase, this possibility may be discussed during the budget process due to a potential loss of federal revenues.
- Total budget \$1,086,221

■ Solid Waste

- Based on a County operated C&D landfill with Municipal Solid Waste (MSW) and Industrial Solid Waste being disposed of in an out of county landfill through a hauling contract with Republic/GDS through June 30, 2015.
- Hauling contract includes a \$35 per ton hauling fee and incorporates a CPI adjustment effective on July 1 of each year during the Term (commencing on July 1, 2012), to adjust the fee to reflect the change in the Consumer Price Index. It also includes a fuel adjustment with a base diesel fuel cost of \$2.88 per gallon. Each \$0.08 increase or decrease above or below this rate will result in a fuel surcharge or credit per ton equal to 1% of the Disposal Fee.
- The FY 2011-2012 Solid Waste budget anticipates a per ton hauling cost of \$40 based on the base tipping fee in the contract with GDS (\$35 per ton) and anticipated fuel surcharges included in the contract (a fuel surcharge of \$5 per ton with an estimated diesel price of \$4 per gallon).
- \$1,700,000 is budgeted for contracted waste disposal alone. This expense makes up 43% of the solid waste fund \$3,970,038 budget.
- Effective January 1, 2011, the County revised solid waste fees as follows:

<u>Previous County Material</u>	<u>Current County Fee Per Ton</u>	<u>Additional Fee Per Ton</u>	<u>State Fee Per Ton</u>
C&D	\$25	\$35	\$2
MSW	\$37	\$45	\$2
Metal	\$37	\$45	N/A
Yard	\$25	\$35	N/A
Pallets	\$25	\$35	N/A

- Annual Household User Fee
Annual Household with Homestead Exemption
- Previous \$100/year
Current \$120/year
- Previous \$25/year
Current \$30/year
- This was the first rate increase, with the exception of the \$2 state tipping fee mentioned below, since 1996. In addition, effective January 1, 2011 the County began charging for all items brought into the landfill.

- In FY2008-2009 the State established a \$2 per ton fee on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. This statewide solid waste disposal tax is collected at the Landfill and submitted to the State. After the State's costs of administration have been taken, the funds will be used for inactive hazardous sites cleanup and to fund grants to State agencies and units of local government to initiate or enhance local recycling programs to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. The County expects to receive \$38,000 from the State in FY2011-2012 from this fund.
- It is recommended that a portion of the Solid Waste Disposal Tax Revenues be used to continue to fund the costs of a SWEEP part-time position (\$13,000) to assist with recycling efforts in the schools. A goal of the Recycling Specialist is to reduce the waste going to the landfill through recycling and education efforts. SWEEP has requested that this position become a full time County employee at a cost of \$37,081. The Board may wish to consider this request during the budget process. The debt service for the convenience centers will be satisfied in October 2011. The budget contains funding to operate nine convenience centers and one manned green box site.

■ TDA

- The TDA Fund is self-supporting.
- The TDA Board has presented a budget based mainly on revenues received from a 5% occupancy tax.
- Occupancy tax revenues for FY 2011-2012 are recommended at FY 2010-2011 estimated levels.
- Total budget is \$734,064 which includes \$200,000 in capital outlay expenditures.

■ Special Districts

- The only requested tax rate change for Special Districts is from Bostic Fire to reduce their tax rate by 1 cent from 6 cents to 5 cents.
- Cliffside Sanitary has requested an additional \$8,028 over the recommended budget.

■ Travel Policy

- A revised travel policy is included for the Board's consideration.

RECESS/RECONVENE

12:29 P.M. - Recess
1:02 P.M. - Reconvene

BUDGET 2011-2012/COOPERATIVE EXTENSION/BOARD OF ELECTIONS/BUILDING INSPECTIONS/ECONOMIC DEVELOPMENT/GOVERNING BODY/COUNTY MANAGER

Commissioners met with department heads during the afternoon to discuss any specific questions which the Commissioners had. Department heads gave a brief overview of their department. Those departments who met with Commissioners were:

Cooperative Extension - Jeff Bradley and Carol Horne
Board of Elections - Debbie Bedford
Building Inspections - Jason Ruff
Economic Development - Tom Johnson and Kevin McCammon
Governing Body and County Manager - John Condrey and Hazel Haynes

RECESS/RECONVENE

2:20 P.M. - Recess
2:28 P.M. - Reconvene

BUDGET 2011-2012/EMERGENCY SERVICES/FINANCE OFFICE/HUMAN RESOURCES/INFORMATION TECHNOLOGY

The Board continued to meet with department heads.

Emergency Services - Richard Pettus and Terry Baynard

The Board asked about the possibility of changing the shifts of personnel from 24 hours to 12 hours to reduce overtime costs. Mr. Pettus did not recommend this as he believed the cost would escalate.

Mr. Pettus said he had requested two ambulances in the 2011-2012 budget. Vice Chairman Owens asked about purchasing used ambulances to which Mr. Pettus and Mr. Baynard said they would not be comfortable with this practice.

Finance Office Julie Scherer

Ms. Scherer told the Board that even though the costs were not included in the budget for the Finance Office, she would like for the county to have an indirect cost study. The Board agreed that this would be a good idea.

Members of the Board also asked about centralized purchasing for certain office supplies and the savings that could be derived from this. County Manager Condrey said he would investigate this.

Human Resources - Judy Toney

Vice Chairman Owens asked if funds for an employee assessment program were included in her requested budget. She replied that due to the cost and limited revenues, she had not included this. Vice Chairman Owens said he was in favor of this program.

Information Technology Rhonda Owens

Ms. Owens described capital requests that she had included in her budget.

RECESS/RECONVENE

4:05 P.M. - Recess
4:15 P.M. - Reconvene

BUDGET 2011-2012/LIBRARY

Library - Martha Schatz and Kenneth Odom

AGENDA/REFINANCING/SURPLUS/AUCTION/FACEBOOK CHARITABLE FUNDING

Finance Director Julie Scherer asked that the Board consider adding discussion regarding refinancing and equipment that could be designated as surplus to the May 18 agenda.

Commissioner Crowe made a motion to add discussion regarding these items to the agenda for May 18. The vote of approval was unanimous.

Vice Chairman Owens made a motion to add discussion regarding the charitable funding by Facebook and Rutherford County to the May 18 agenda. The vote of approval was unanimous.

RECESS

4:46 P.M. - Recess (May 17, 2011)
9:00 A.M. - Reconvene (May 18, 2011)

BUDGET 2011-2012/PUBLIC WORKS AND PLANNING/REGISTER OF DEEDS/SHERIFF/SOCIAL SERVICES

Public Works and Planning

Public Works and Planning Director Danny Searcy told the Board that he had been in touch with KD Services which has an active lease with the county for the building formerly known as Magnolia House in Forest City. The lease will expire in June of 2011. He has advised KD Services that a new lease will need to be put in place.

Vice Chairman Owens asked about the Lake Lure Sewer Line which is owned by the county. Mr. Condrey explained that discussions with Chimney Rock and Lake Lure which he had hoped would lead to Lake Lure assuming control of the line had not been successful. Commissioner Richard said the county needs to recoup the money that is being spent on it which could include adding fees.

Mr. Searcy said he would determine the number of customers that are on this line.

Register of Deeds

Faye Huskey, Register of Deeds, asked that the Board consider granting her request for some part time help. To this, Vice Chairman Owens replied that if a person in another office could perform the duties needed, the county needs to work toward that.

Commissioner Richard said he would be in favor of adding a part time person to Ms. Huskey's staff. He also recommended starting a pool of part time personnel.

Ms. Huskey stated that her department was the only County function that more than paid for itself. Finance Director Julie Scherer referred to a chart included in the Budget Message that shows the expenditures and revenues generated by each department.

RECESS

10:10 A.M. - Recess
10:14 A.M. - Reconvene

BUDGET 2011-2012/SHERIFF/SOCIAL SERVICES

The Board discussed the budgets of the Animal Shelter, Communications Center, Detention Center, and Sheriff's Department.

Communications Center Director Tammy Aldridge asked for additional part time funds.

County Manager Condrey told the Board that the Sheriff is requesting that some part time nurses' positions be consolidated into a fulltime position which would save in costs.

Chief Jeff Buchanan said the entry level for a certified deputy sheriff is less than the entry level for detention center officers or communications' center dispatchers even though the requirements are greater. He asked for additional part time funds to correct this inequity. There would be no increase in personnel or hours.

The Board also discussed helicopter costs, uniform costs, and vehicle assignments with the Sheriff.

Finance Director Julie Scherer stated that departments do not typically spend every dollar they are appropriated. Therefore, departments have a certain percentage of their budget each year that is

unspent. These unspent funds are what allows the County to feel comfortable appropriating fund balance and assume that it will not be spent.

Vice Chairman Owens questioned whether a centralized location for Sheriff's vehicles could reduce costs. More than one officer could use a single car. Sheriff Francis did not recommend this.

Social Services

Social Services' Director John Carroll told the Board that the state had reduced funds for some programs. Four additional positions had been requested -- one income maintenance worker for food stamps which would be funded at 100%, two income maintenance worker for Work First, and one custodian. The Social Services Board had recommended three of the positions which did not include one of the income maintenance workers for Work First. Finance Director Julie Scherer stated that most of the DSS expenditures have federal and state revenues associated with them. Therefore, every dollar reduced from the expenditure side would not necessarily result in that same amount of savings for the County. An example would be Medicaid administration which 50% County funded. A few positions are actually funded 100% by federal and/or state funding. She gave the Board a spreadsheet illustrating by program the percentages of federal, state and county funding.

RECESS/RECONVENE

12:07 P.M. - Recess
1:00 P.M. - Reconvene

BUDGET 2011-2012/SOIL AND WATER CONSERVATION/SOLID WASTE/TAX

The Board continued discussions with the following:

Soil and Water Conservation - Missy York and Travis Ringo

Solid Waste - Don Baynard

Finance Director Julie Scherer stated that the budget for the hauling contract is based on a diesel price of \$4 per gallon. If fuel prices escalate further, the budget would need to be adjusted and fees would need to be reviewed.

Tax Department - Claire Hubbard, Sherry Lavender, Rheba Ward, Lois Shuford

Finance Director Julie Scherer said two fulltime positions in this department will not be funded and one fulltime will become parttime.

The cost of road signs was also discussed and the reason for the excessive number of replacements.

Interim Tax Collector Rheba Ward said the budget was presented before learning there would be additional costs for changes in procedures. If changes in listing and billing procedures are implemented which have been discussed, additional costs would be incurred and estimated revenues would need to be adjusted.

RECESS

2:11 P.M.. - Recess
2:34 P.M.. - Reconvene

**BUDGET 2011-2012/TOURISM DEVELOPMENT AUTHORITY/TRANSIT
ADMINISTRATION/VETERANS/SENIOR CENTER**

Budget discussions continued with the following:

Tourism Development Authority - Michelle Whitaker

Transit Administration - Kerri Giles and Anita Hawkins

Transit Administration Director Kerri Giles told the Board that there could be significant cuts to the funding of Transit, but they will adjust accordingly.

Veterans - Marie Champion

Finance Director Julie Scherer said there is discussion that the \$2,000 funding received by the county for this department may be cut.

Senior Center - Patsy Wilson and Louise Allison

REFINANCING

Finance Director Scherer told the Board that the refinancing market is becoming more favorable. While markets are currently favorable, the market is still very volatile and actual savings would be determined on the day that the County actually sells the bonds on the market. When the County officially decides to move forward with a refinancing, the actual sale would take place 3 to 5 weeks after that time assuming that the process goes well. Savings could either increase or deteriorate substantially over that period of time, especially given recent volatility. In calculating savings, the underwriter has assumed that the contracts refinanced will not be able to be refinanced again prior to maturity. Allowing for an additional opportunity to refinance prior to maturity will negatively affect the interest rates and savings that we will be able to attain at this time.

In addition, at some point in the process expenditures will need to occur that will need to be paid regardless of whether the refinancing is successful or not. This includes rating agency review costs and Preliminary Official Statement (POS) printing costs. If the refinancing is successful, these issuance costs will be financed and are taken into consideration when we provide estimated savings figures. There will be other issuance costs if the refinancing is successful. These rating agency costs and POS printing costs alone are estimated to be \$25,000. Ratings are good for 60 days and can be timed to occur 5 – 7 business days prior to the release of the POS.

If the County decides to move forward with attempting a refinancing over the next few weeks, the Local Government Commission requests that the County include in the Approving Resolution

(which will be presented at a later date) a clause that savings on refunding on an **individual** (COPs or Contract) basis must meet or exceed a minimum net present value threshold of 2%. They also request that the County include a minimum **aggregate** net present value savings threshold in the Resolution as well which will be determined by the County.

She presented a spreadsheet reflecting the aggregate cumulative and net present value dollar savings associated with the net present value percentage savings to help facilitate the discussion of setting the aggregate threshold that the Board wishes to attain. She asked for guidance from the Board as to the lowest level of savings that is acceptable to move forward with the refinancing.

Vice Chairman Owens moved to approve at least a net present value savings of 3.5%. The vote of approval was:

Ayes: Commissioners Eckler, Owens, Crowe, and Holland

Noes: Commissioner Richard

BUDGET 2011-2012/FIRE MARSHAL

The Board questioned Fire Marshal Roger Hollifield regarding the department in which he is budgeted. Mr. Hollifield replied that he believes he can work more efficiently in the Emergency Services Department.

SURPLUS EQUIPMENT

Finance Director Scherer asked that the Board declare five vehicles, some computers, and a bushhog as surplus equipment so that she could place these on Gov Deals.

Commissioner Crowe moved to approve the request. There was a unanimous vote of approval.

FACEBOOK/CHARITABLE GRANTS

Vice Chairman Owens stated that he wished to remove this item from discussion.

ADJOURNMENT

The Board voted unanimously to adjourn the meeting after a motion was made by Commissioner Richard.

4:10 P.M. - Adjourned.

Chairman, Board of Commissioners

Vice Chairman, Board of Commissioners

ATTEST:

Clerk, Board of Commissioners