

POLK COUNTY
June 14, 2010
BOARD OF COMMISSIONERS' PUBLIC HEARING
FOR 2010/2011 ANNUAL POLK COUNTY BUDGET
MINUTES
R. Jay Foster Hall of Justice, Womack Building
Columbus, N.C.

PRESENT: Chairperson Walker, Vice-Chairperson Gasperson, Commissioners McDermott, Melton and Watson. Also in attendance were County Manager Whitson, Acting Clerk to the Board Fehrmann, media, staff and citizens.

1. Call to Order/Welcome – Chairperson Walker called the meeting to order and announced that the Budget Public Hearing was advertised in the *Tryon Daily Bulletin* on May 26, 2010.
2. Invocation – Commissioner Melton delivered the invocation.
3. Pledge of Allegiance – Commissioner Watson led the Pledge of Allegiance.
4. Citizen Comments – Don Hofmann expressed his concern regarding potential unintended consequences resulting from the Economic Development budget cut, e.g., young graduates unable to find local jobs might be forced to sell their family land to developers. Ted Owens encouraged the Board to provide water to the Ag Center in Mill Spring, and to run a water line up the Poor's Ford Loop. He also encouraged the Board to fund the EDC director's position.
5. Commissioner Comments – Vice-Chairperson Gasperson: Economic development is of paramount importance, however, the County is currently going through a transitional period. The Mill Spring Ag Center, under the guidance of Lynn Sprague, is evolving into a successful economic development initiative. The County may, for a period of time, contract out specific economic development tasks as deemed necessary. We are entering into a very enlightening period as the County tries to determine where it is headed with economic development.

Commissioner Watson: Economic development is a concern. As the economy starts to improve, Polk County needs to be in a position to attract businesses. A year without an economic development director might make attracting businesses more difficult. Ag Economic Development has done a lot for the County, but that is not going to be enough because there are other facets to our economy. Polk County does not need a lot of growth, but it needs some growth to help grow the tax base. Whether by funding a full-time director or contracted services, the BOC definitely needs to consider how the County is going to handle economic development. A well meaning volunteer committee is not going to have the same impact as someone who is held accountable.

Regarding the budget, Commissioner Watson said he would have liked to have spent a little more energy on some of the departments whose budgets did not change. In the future he would like for all departments to give an annual budget presentation, whether their budgets change or not. This will enable the Board to have a more in-depth and thorough understanding of the budget. The County Manager is thorough and good with numbers, but the Commissioners are ultimately responsible for the budget and have to vote to fund it. Commissioner Watson said looks at businesses, at people who are suffering and trying to make ends meet right now; people struggling with personal income as costs are going up. But then again he looks at things like the health insurance issue - he would have liked to have seen that particular item looked at further. The County is spending \$173,000.00 to keep the deductibles the same and not impact spouse and family premiums, and he appreciates that. But, unfortunately, we have to share in the pain sometimes and, unfortunately, that includes employees. It is not a very popular position politically, but it is something that needs to be considered.

As Commissioner Watson mentioned in the last meeting – although a minor thing in terms of dollars – whether or not the County funds the \$9,600.00 budgeted for the annual utilities costs for the Ag Center, the goal should be to make that entity self sufficient. While a committed proponent of the new DSS building, he is concerned and would like to see a very tight rein kept on the cost of the facility. He would like to look at the square footage, the number of projected vacant offices upon completion, and growth projections. He would like to build for a little bit of growth, but not overbuild. Grading out for a future building site is planning for growth, which is fine. Allowing for 10% growth regarding vacant offices should be adequate for quite a period of time. It appears that the plans currently allow for 30% growth.

Commissioner McDermott: The decisions regarding economic development were made for very good and sufficient reasons, not all of which can be shared here tonight. We take economic development very seriously, which is why we've tried to help as much as we could with agricultural economic development that is consistent with the rural nature of the County. The Mill Spring Ag Center will include a business incubator, an incubator not only for agricultural businesses, but for other types of businesses as well. We will be working very hard this year to decide the best way to move forward with economic development in the future. It is foremost in our minds, and that should be understood in the community.

Regarding the employees' health insurance, the employees received no raise this year or last year. That is kind of hard on people, especially in this economy, and it is important that there be no decrease in the total compensation package. That is what would happen if we raise the health insurance deductible. That would be essentially a pay cut to anybody who needed to use their health insurance, and many of the employees do need to use their health insurance for themselves or

their families. We should not balance the budget on the backs of the employees. They have been real troopers in this economic downturn and have understood the need to take these economic steps in this economy. We should not then give them a “punch to the gut” because of it; it would not make good economic sense.

We need to build an adequate DSS building. It is not being overbuilt. There are needs for most of those offices, and there are reasons to expect that the additional offices will be needed for additional employees in the future. Unfortunately, social services is one of the few growing industries and we need to account for that. All we need to do is look at the Womack Building where the building was said to have been not sufficient for its needs on the day it was opened. We do not want to do that again. That was pennywise, maybe, but it was surely pound foolish, and we do not want to make that mistake again.

It is a very good budget. The County Manager did an excellent job of putting it together. He brought to us the major needs of the County months ago, told us about them, and brought us through the things we would need to fund. We talked early on - not just a couple of months ago, or not just a month ago – about what the needs were for the budget, and what we would need to think of long-term. That means we were able to give him feedback early on and he was able to shape the budget in the way that it needed to be shaped. It was a good, good piece of work and we should adopt the budget as it is right now.

Commissioner Melton: Page 15 of the Green Bar Report, Public Buildings – Why are we going up on the utilities almost \$33,000.00? Mr. Whitson responded that it is due to energy and utilities costs. No Capital Outlay? Mr. Whitson responded that there is \$25,000.00 in the budget for building maintenance and repair.

We need to find a location for the Forestry Service Department in order to save the \$9,600.00 we are going to be paying the Ag Center for putting the office out there in Mill Spring. If we do not fund Economic Development then we could put the Forestry Service Department in that office, or in the annex building.

The Ag Center needs water, but running the waterline from the middle school to the center is going to put stress on the wells, especially when we have to provide water to the new DSS building. We need to find out more about the Ag Center well and what we would have to do to make it operational.

The \$173,000.00 cost for health insurance could be eliminated by raising the deductibles, which would allow us to save that amount of money. That just seems like a massive amount of money to have to spend when we could raise the deductibles to allow us to save that amount of money.

The employees have not received a pay raise for the last two years and that is unfortunate. We the Commissioners get paid \$32,600.00 collectively per year.

This Board could reduce its salary to \$5,000.00 per year, thereby saving \$27,600.00 annually. With the \$9,600.00 from not putting the Forestry Service Department at the Ag Center, that comes up to \$37,200.00. This Board needs to take a position just like the employees are taking a position. We do have the best assets in Polk County and that is in our employees. But we are seeing economic times that we've never seen before in our lives and we don't know when we will ever come out of this. We need to cut everywhere that we can cut.

The DSS building being too big is a concern. There will be 7-8 unoccupied offices once the building is completed. We are building too much building for more money than we had anticipated. The DSS building needs to be designed so that it is not so big and so costly. On June 21st we are going to have a presentation from the architects, and we are going to vote on the budget the same night. That will not be enough time to digest the architects' presentation. The County Manager said he would have the presentation for the Commissioners to review on June 17th. Commissioner Melton recommended delaying the vote on the budget until June 28th in order to have time to assimilate the DSS information.

In addressing issues raised by Commissioner Melton, Mr. Whitson said the Middle School wells should not be a problem because Woodland Mills has shut down and is no longer using water from the wells. Regarding the DSS building budget, Mr. Whitson said he is not comfortable quoting a solid price at this time because the bids have not yet come in. The architects are currently projecting a cost of \$1.45 million, but that is only an estimate.

Chairperson Walker said that, since Commissioner Watson and Vice-Chairperson Gasperson are on the DSS Building Committee, any question regarding square footage should have been addressed before today, as we are now about to sign the contract. As far as future growth, she said that in Wake County it was not unusual to see trailers outside of a school less than a year after its completion. We don't want to see that at the new DSS building.

Commissioner Watson said the DSS Building Committee has not met since it selected an architect. His concerns are more related to budget. He did not realize there were going to be so many empty offices. He does not mind having a few empty offices as you have to have room for overflow. The question is, how much? There is still time for the DSS Building Committee to ask those questions. However, as Commissioners we need to be very conscious of the cost of the DSS building.

Chairperson Walker said she absolutely does not want to change the employee health insurance this year. However, it is a possibility in the future, and County employees need to be given the opportunity to cut back on health care spending where possible. Regarding the provision of water and utilities for the Mill Spring

Ag Center, this is one way of supporting and protecting the rural character of Polk County.

Vice-Chairperson Gasperson thanked the Finance Department and Mr. Whitson for making Polk County a fiscally well-run County, and thanked the County employees for their dedication. He also reiterated his support for the new DSS building and the Mill Spring Ag Center. Commissioner Watson reiterated his previous statements on the new DSS building, and inquired about the water source for the building. Mr. Whitson said the middle school well would be used for the new building, a well that also services the middle school, the recreation park, one residence and one lot on Silver Creek Rd., and two convenience stores. Commissioner Watson said there will potentially be a need for an additional water source in the future.

Commissioner McDermott said she is against cutting Commissioners' salaries. For many Commissioners, both past and present, the compensation is crucial because they give up a great deal of their working time, their earning potential, to work on County issues. Working people might not run for County Commissioner if the pay is cut. Commissioner McDermott said that, in her personal experience, the \$6,100.00 annual compensation comes close to reimbursing her for out of pocket expenses incurred as a Commissioner, expenses such as gasoline, mileage, copies, printer ink, and long distance telephone calls.

Commissioner Melton said that, regarding the new DSS building, if there are eight extra offices at ninety nine square feet each, then the total square footage would be seven hundred and ninety two. With an estimated cost of \$102.00 per square foot, the total cost for those eight offices would be \$80,784.00. He appreciates Polk County employees and he does understand that he does not want to give them a pay cut. But, the economy is depressed. Major cutbacks are occurring across the world, and he does not believe it is a sacrifice to ask the employees to raise the deductibles when we're trying to help the citizens of Polk County with their taxes. If we save that \$173,000.00, along with the \$80,784.00, along with the \$9,600.00 that we save from not going out to the Ag Center and instead letting the Forestry Service have another office here that we don't have to pay for, and the Commissioners take a pay cut of \$27,600.00, that is \$290,984.00. He is just trying to save the citizens of Polk County as much money as he possibly can. We need to look at spending less money and not more money.

Vice-Chairperson Walker asked if it is a concern that there is not enough water being processed through the middle school package waste water treatment system. Mr. Whitson said there needs to be a balance, but the engineers have said that the system can handle an additional 30 three-bedroom houses, so the new DSS building will not pose a problem. However, if Woodland Mills was still in operation the water supply system would be running close to maximum capacity. Commissioner Melton said that when building the middle school the County

drilled three wells and got no water. The fourth well produced sixty-one gallons per minute. It has always been a concern for the capacity of those wells to supply the middle school and Woodland Mills. We have since added businesses and residences to that waterline. The stress that you put on that well with adding the DSS building and the Ag Center is not necessary when you have the option of looking at the existing well at the Ag Center as the Center's water source. That is the more practical way to go. Commissioner McDermott said she does not have the details that Commissioner Melton has, but she does know that water was a concern at the middle school, and there was concern about having enough water. She argued against supplying those homes on Silver Creek Rd. given there were questions about water, and she also remembers that Commissioner Melton voted in favor of giving water to the homes on Silver Creek Rd. Chairperson Walker said she wondered how much water would actually be used at the Ag Center.

Chairperson Walker asked if there is an equation which, based on population, can project how many square feet a DSS building needs to be. Mr. Whitson said there is not. The client base can easily increase or decrease if income or other guidelines change. Chairperson Walker said she hears Commissioner Watson's concerns, but this is a very fiscally conservative Board which would never want to overspend or do anything that was excessive. The Board has shown that by repeatedly studying the issues and doing the homework. The Board needs to be on top of the new DSS building, watching the whole process. Chairperson Walker encouraged Commissioner Watson and Vice-Chairperson Gasperson, as members of the DSS Building Committee, to come back to the Board and help the other Commissioners understand the issues as they evolve.

6. Adjourn - Commissioner McDermott made a motion to adjourn the meeting, seconded by Vice-Chairman Gasperson and the motion carried unanimously.

POLK COUNTY BOARD OF COMMISSIONERS

ATTEST

Cindy Walker
Chairperson

Beth Fehrmann
Acting Clerk to the Board