

March 18, 2009

The Randolph County Board of Commissioners met in special session at 4:00 p.m. at the RCC Foundation Conference Center for a Planning Retreat. Commissioners Holmes, Frye, Kemp, Lanier and Haywood were present, as well as County Manager Richard Wells; Finance Officer Will Massie; Associate County Attorney Aimee Scotton; Public Works Director David Townsend, III; Kim Newsom, County Personnel Director; Suzanne Hunt, Internal Auditor; Cheryl Ivey, Clerk to the Board and Amanda Varner, Deputy Clerk to the Board.

Dr. Robert Shackelford, RCC President, welcomed everyone to the RCC Foundation's Conference Center and thanked the Board for their continued support.

Chairman Holmes called the meeting to order.

Assistant County Manager/Finance Officer Will Massie asked the Board to consider the information that he would be presenting to them in order to be able to set priorities in their upcoming budget deliberations for FY 2009-10. He said that much of our budget will depend on such factors as stabilization of the economy, how to fund the opening of Wheatmore High School, and the effects of the State budget process, such as elimination of our \$2.8 million in school ADM and lottery funding. But currently, the Governor's proposed budget, which was released the day before the retreat, did not include using Counties' ADM and lottery funds to balance the State's budget. Still, it is uncertain how the State's final adopted budget and other legislation will affect Counties.

Mr. Massie presented statistical graphs depicting increased State and local unemployment rates, decreased sales tax revenues and decreased building permits and register of deeds fees—all evidence of the poor economy. He said that we have lost property tax value, particularly motor vehicle values, which are down by about \$20,000,000. Also, County revenues are down from investment earnings. He cautioned the Board that while we had a healthy unrestricted fund balance of 26.55% at June 30, 2008, the continued and expanded use of fund balance for operational costs over the 2009 and 2010 fiscal years, as well as certain one-time costs for the RCC (Klaussner Building) and County Office Building new roof projects, has greatly reduced our reserve. Our fund balance could drop as low as 12% by July 2011, should the Board decide to rely on fund balance rather than a property tax increase. For local governments, a fund balance under 15% of its operating budget is considered unsatisfactory by the Local Government Commission. Mr. Massie reminded the Board that we have maintained a very low tax rate compared to most neighboring counties.

Mr. Massie also reviewed growth trends for the County and City School systems, as well as a summary of Average Daily Membership (ADM). It was reported that the new Wheatmore High School construction is back on track, and the school is expected to open August 2009. County Manager Richard Wells stated that he had received a call from County Schools Superintendent Donald Andrews just prior to the meeting. Mr. Andrews told him that it might be possible to use Federal Stimulus funds for the opening (operating budget) of the new Wheatmore High school next year rather than County funding.

The Board took a short break.

Kim Newsom, County Personnel Director, said that the County has already frozen unfilled positions, combined some jobs and eliminated others. He advised the Board against terminating employees with valuable work skills because it would be hard to replace them when the economy rebounds. Mr. Newsom presented some cost savings measures with the payroll budget to consider for next fiscal year, should that become necessary. He said that more jobs could be eliminated, but since Randolph County's workforce is so lean now, that would mean cutting services. Another option might be furloughs

for employees or instituting four-day weekends around holidays. The County might also consider four-day workweeks, with 9-hour days. Mr. Newsom mentioned that there would be a personnel cost reporting problem with furloughs and shortened workweeks for the 24-hour/day employees, such as EMTs and deputies. He said other ideas are to cut employee benefits or have employees pay part of their own benefits or offer early retirement incentives. The next option was a 1-2% salary reduction for all employees. Mr. Newsom said that the final option was a combination of some of the options presented. He stressed that it was not feasible to make any kind of recommendation at this point because we just do not know what we are facing at this point.

Mr. Massie gave an update on the Emergency Telephone System Fund, saying that it was still unclear what the State 911 Board considers as allowable expenditures for these funds. He also said that before the County begins receiving its water from the Water Authority's new water treatment plant, the County will need to establish an annually budgeted Water Fund.

The Board discussed the June budget meeting schedule and decided to formally adopt the schedule at its April regular meeting.

Public Works Director David Townsend, III gave an update on the road realignment project on Mack Lineberry Road near Providence Grove High School. In a meeting with NCDOT representatives last week, they indicated that the State may not have the funding to pay for this project after all. Since the County has not finalized any purchases for the six property acquisitions that have to occur before construction can begin, the Board may want to revisit this project. The Board decided to place this item on its April 6 agenda.

There being no further business, the Board adjourned at 6:33 p.m.

J. Harold Holmes

Darrell L. Frye

Phil Kemp

Stan Haywood

Arnold Lanier

Cheryl A. Ivey, Clerk to the Board