

## **Commissioners Meeting Minutes Budget Session**

June 20, 2005

The Randolph County Board of Commissioners met at 2:00 p.m. for a special budget session in the Commissioners Meeting Room, County Office Building, 725 McDowell Road, Asheboro, NC. Commissioners Holmes, Kemp, Lanier, Davis, and Frye were present.

### **Randolph County Schools**

Dr. Bob McRae, Superintendent, discussed the Randolph County Schools budget request and also expressed his appreciation to the Board for their support of the county schools over the years; Dr. McRae is retiring. He said that their FY 05-06 Current Expense request is for \$15,077,516, which is a 12.58% increase over the current year's funding. The costs associated with continuation account for about one-third of that increase. These continuation costs relate primarily to projected salary increases, fringe benefit increases and rising costs associated with routine expenditures such as insurance and utilities. Expansion items include the following:

- Funding for 2 additional teachers in the BEP programs (art, music, foreign language and physical education) in the elementary schools
- A half-time position for each of the 7 middle schools to provide increased instruction in reading
- Funding to improve supplements for principals and directors
- Funding to provide 2 additional central office positions in the technology area
- Funds to provide an additional half-time clerical position for each elementary school
- Funds to initiate an incentive reward program for custodians;
- Funds to provide an extra month of employment for assistant principals during the summer
- Funds to provide one additional teacher assistant position for each elementary school
- Funds for science kits for elementary schools

Dr. McRae said that their Capital Outlay Request is for \$2,519,339, an increase of 10.34%. Most of this is for day-to-day and year-to-year upkeep of facilities and grounds. Major continuation items include roof repair and replacement, painting, HVAC/plumbing/electrical upkeep and improvement, general building repairs, hazardous materials removal, and parking lot expansion and repair. They are also requesting the following:

- Funding for the lease of 15 additional mobile classrooms
- Increase in funding for technology in order to replace the old SIMS program with the NCWise system at an implementation cost of approximately \$500,000 that will be spread out over a two-year period.

Dr. McRae stated that the Archdale/Trinity Tax Council is requesting that the tax rate remain the same as last year: \$.085 per \$100 valuation.

### **Asheboro City Schools**

Dr. Diane Frost, Superintendent, highlighted this year's accomplishments related to academic achievement and facility improvements. She noted that the Asheboro City Schools Centennial Celebration was a great success.

The City Schools requested Current Expense budget has an 12.5% increase from current year. Dr. Frost stated that economic considerations that will impact the continuation budget include a projected

3% salary increase, and a 10% increase in hospital rates, increased costs for fuel and supplies and cuts in state funding. The impact of state funding reductions and increased salary/benefit expenses on their local continuation budget is approximately \$357,800. She said their expansion budget includes:

- 2 additional core teachers for middle schools
- 2.5 additional PE teachers
- Teacher bonuses for professional development; tuition support for administrative leadership

Dr. Frost said that the City Board of Education has just completed a comprehensive long-range facility study of existing facilities and demographic projects as a planning tool for the next 10 years. Dr. Frost said that the drawings for the Teachey School addition are almost finished. The projected open date is 2007. Future projects will include additions at North Asheboro Middle School, Asheboro High School, and a new elementary school. Their Capital Outlay request of \$975,000 is an increase of \$157,017 over the FY04-05 appropriation of \$817,983. Current Capital Outlay items total \$650,000 and include:

- 3 school buses
- Roof replacements
- Lighting upgrades
- HVAC renovation at South Asheboro Middle School
- Covered walkway for car pickup at Lindley Park
- Carpet replacements and media shelving at North Asheboro Middle School
- Furniture replacement

Dr. Frost said that no increase in the Asheboro City Schools Supplemental tax rate (currently \$.1385 per \$100 valuation) is requested.

### **Randolph Community College**

Dr. Richard Heckman, President, said that RCC serves over 12,000 students—from assisting dislocated workers to college transfer students. With their Capital Outlay funding next year they plan to relocate the auto body shop, remodel and relocate the heating and air conditioning and plumbing programs, renovate the 2<sup>nd</sup> floor of the Learning Resource Center, modify the health and science building, and update the design center.

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*The Board recessed at 3:00 p.m. and reconvened at 3:30 p.m.*

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### **Mental Health**

Michael Watson, Chief Executive Officer, Sandhills Center, said that he is asking for a 5% increase from all counties in the Sandhills area program. He said that this is the first time since Randolph County's merger with Sandhills that he has asked for an increase. Once the Lee/Harnett merger is complete on July 1, the Sandhills program will be the 4<sup>th</sup> largest in the state based on population and geographically the largest. He said that they are looking to get out of the DWI-related business by contracting for those services. Mr. Watson said that he expects to finish the budget year in good shape financially.

### **Central Carolina Soccer Club**

Karen Tedder, President of the Central Carolina Soccer Club (CCSC), requested \$10,000 to be used to help pay for 2 new soccer fields at Clay Presnell Park in Seagrove. She said that the club has already invested \$22,000 in improvements there. She said demand for a place to play is growing. Last

year CCSC had 4 teams with players ages 10-18. This season there are 7 teams and she expects there will be 9 teams in the fall.

### **Yadkin Pee Dee Lakes Project**

Bill Medlin, Executive Director of the Yadkin Pee Lakes Project, asked the Board to increase funding from \$3,300 for the current year to \$24,000 for next year. The money would be used to help create more tourism-based business and jobs in the area. With sufficient funding for programs such as the Small Towns project, Mr. Medlin expects the impact of tourism in the area to be \$3 billion with potentially 33,000 good-paying jobs created.

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*At 5:10 p.m. the Board recessed until 7:00 p.m.*

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### **Budget Public Hearing**

At 7:00 p.m. the Board adjourned to a duly advertised public hearing on the proposed FY 2005-2006 budget. Chairman Holmes opened the public hearing.

**Jim Culberson**, retired president of First National Bank, spoke in support of the 1¢ tax increase for economic development. He agreed that the old method for recruiting new business is not working anymore. The new proposed proactive method has the potential of paybacks in increased job growth and the economic base.

**Eddie Causey**, 112 Billy Ave., Archdale, and an Archdale City Council member, said that Archdale has had an economic development fund for 3 years. He said they decided to establish one after partnering with Randolph, Guilford, High Point and Greensboro on incentives for the Thomas Built Bus facility. He said that project “scared” them into planning for future projects. He said that the reason that Dell went to Forsyth County was because Forsyth and Winston-Salem were ready; we aren’t ready, but by being proactive, we will be.

**Paul Guthrie**, 4701 Colonial Dr., Trinity, said that he retired from teaching at Trinity High School after 32 years. He spoke in support of the additional positions requested by the county schools for reading instruction. He gave statistics about the below-average reading test scores. He said that teachers and administrators are doing everything they can, but reading improvement is not happening fast enough. Mr. Guthrie said that government is mandating that by 2014, all school systems must be 100% compliant in “at grade level” reading scores, or the non-compliant schools will be declared “non-performing.” This will hurt industry as well as the children. He said that Randolph County is a good location for business recruitment, but we need to have well-educated citizens for our future work force.

**Bob McRae**, County Schools Superintendent, spoke in support of the new model for economic development that is being proposed.

**David Jarrell**, Asheboro Mayor, thanked the Board for their dedication to the citizens of Randolph County. He appreciates all their tough decisions on very controversial issues. He spoke in support of the proposed 1¢ increase on the tax rate for economic development and pledged the City of Asheboro’s continued support and cooperation on future economic development projects.

**Jim Raines**, 7929 US Hwy 64 E., Ramseur, said that although it was sad that this was the last time he would be speaking at a public hearing with Dr. McRae and Dr. Schroder, he looks forward to working with the new superintendent, Donald Andrews. He thanked the Board for their support of the

schools and encouraged the Board to do more. A show of hands from the audience (about 25) indicated that they were “willing to pay more to get more.”

**Neil Griffin**, 1112 Viewmont Dr., Asheboro, spoke in support of the economic development proposal. He said that he is treasurer of Randolph County’s economic development board and he knows that that board and the Board of County Commissioners are very prudent and frugal with their budgets. He said that companies are going other places because Randolph County doesn’t have sites ready. He encouraged the Board to be proactive instead of waiting until we are in a desperate situation.

**Keith Criscoe**, 1263 Thayer Drive, Asheboro, and Asheboro City Councilman, spoke in support of the 1¢ tax increase for economic development. He said that the old model isn’t working anymore. He encouraged the Board to change their strategy to a multi-faceted one. Since the market is changing we need to have a clear strategy of how we are to proceed.

**Vice Chair Darrell Frye** spoke about the proposed 1.75¢ tax increase for Medicaid. He said that the reason for the proposed increase is because Randolph County’s share of Medicaid went up 25% from last year. Plus, North Carolina is the only state in the nation that still requires county governments to pay a portion of the state’s share of Medicaid cost. The County has no say-so about payments or who is or isn’t eligible. Commissioner Frye solicited comments from those present about a resolution proposed by the North Carolina Association of County Commissioners endorsing a significant cigarette tax increase by the North Carolina General Assembly to help cover some of the counties’ Medicaid expense.

Cheryl Ivey, Deputy Clerk to the Board, read the proposed resolution aloud.

**Commissioner Davis** said that he couldn’t fully support this resolution because of how a cigarette tax increase would impact farmers. He said that cigarettes have become the whipping boy for everything and that cigarettes are not responsible for all of the Medicaid problems. He also did not like the wording, “...to enact a significant cigarette tax increase.” He disagreed with the word “significant,” saying that it was too inexact.

**Commissioner Kemp** said that since the tobacco buyout program has been in progress for many years now, farmers who are still farming tobacco have made a conscious decision to do so.

**Keith Criscoe** asked why the resolution didn’t call for a specific tax amount.

**Asheboro Mayor David Jarrell** asked why proposed legislation didn’t have a requirement to spend all of the proposed cigarette tax increase on Medicaid.

**Bonnie Renfro**, Economic Development President, said that obviously Medicaid is broken and we have no choice but to find some source of revenue to fix it. Otherwise, counties won’t survive.

Chairman Holmes closed the public hearing.

**Commissioner Frye** suggested amending the wording of the proposed resolution (see adopted resolution below).

*On motion of Frye, seconded by Kemp, the Board voted 4-1, with Davis opposing, to adopt the following resolution:*

**WHEREAS**, only the states of New York and North Carolina require county governments to participate in all the costs of Medicaid; and

***WHEREAS**, the state of New York recently took action to lower the costs of Medicaid to its counties; and*

***WHEREAS**, Medicaid costs for counties are far outstripping county governments' ability to provide for those increases through the traditional source of flexible revenue – i.e., the property tax; and*

***WHEREAS**, Randolph County spent almost \$6,000,000 in 2004-05 for Medicaid which equates to 7.27 cents on the property tax rate; and*

***WHEREAS**, North Carolina counties have no opportunity under federal and state law to control Medicaid expenditures; and*

***WHEREAS**, a plan to completely phase out required county Medicaid expenditures is desirable; and*

***WHEREAS**, cigarette smoking contributes to health problems that increase Medicaid costs; and*

***WHEREAS**, the state of North Carolina has the lowest cigarette tax in the nation; and*

***WHEREAS**, an increase in the state cigarette tax could yield significant funds to reduce the county share of Medicaid;*

***NOW, THEREFORE, BE IT RESOLVED** that the Randolph County Board of Commissioners hereby urges the General Assembly of North Carolina to enact a sufficient cigarette tax increase or any other available source of funding, with a substantial portion of that funding to be used to begin a phase-out of required county contributions to fund Medicaid costs.*

***FURTHER BE IT RESOLVED** that a copy of this resolution be presented to members of the General Assembly.*

**Adjournment**

There being no further business, the meeting adjourned at 7:55 p.m.

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J. Harold Holmes, Chairman

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Darrell L. Frye

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Phil Kemp

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Robert B. Davis

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Arnold Lanier

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Cheryl A. Ivey, Deputy Clerk to the Board