

Approved: June 6, 2011

Minutes of Recessed Special Meeting of
Friday, February 4, 2011
8:30 A.M.

The Union County Board of Commissioners met on Friday, February 4, 2011, at 8:30 a.m. in the Personnel Training Room, First Floor, Union County Government Center, 500 North Main Street, Monroe, North Carolina, in a reconvened meeting which was recessed from Thursday, February 3, 2011, at 12:30 p.m. for the purpose of continuing its budget planning retreat. The following were

PRESENT: Chairman Jerry B. Simpson, Vice Chairman Todd Johnson, Commissioner Tracy Kuehler (joined the meeting at approximately 8:55 a.m.), Commissioner Kim Rogers, and Commissioner Jonathan Thomas

ABSENT: None

ALSO PRESENT: Cynthia A. Coto, County Manager; Wes Baker, Interim Assistant County Manager; Lynn G. West, Clerk to the Board of Commissioners; Jeff Crook, Senior Staff Attorney; David Cannon, Finance Director; members of the press, and interested citizens

Reconvene Meeting:

At approximately 8:40 a.m., the Chairman reconvened the meeting which was recessed from Thursday, February 3, 2011. He welcomed everyone present and recognized Margaret Henderson, Facilitator, to continue the discussions.

Reflections on Yesterday's Work, Content, Process, or Issues:

Ms. Henderson asked the Commissioners for their comments regarding the information that they received from staff during Thursday's session.

Chairman Simpson said that he had reflected a few moments on the immediate situation as well as the situation projected over the next five years financially. He stated that he had thought about the critical issues that the County faces financially and also about the saying “how to eat the elephant, one bite at the time.” He said that is what the Board has to do is to sit down and start taking one bite at the time and decide on a starting point regarding the budget.

Vice Chairman Johnson stated that he was thinking along the same lines as the Chairman. He said that it was real easy to become caught up in all the numbers and become overwhelmed. He stated that in his mind there was only one solution and that is to choose one portion of the budget and once that portion is done, then go to the next portion. He said that the Board needs to look at the budget as a whole in the beginning, but then break it down on a smaller scale. He stated that he thought while the Board needed an overview of the whole budget, at some point, there needs to be a separation of the parts that the Board can and cannot control.

Commissioner Thomas stated that he drew a correlation between what he does for a living and the issues that the County is facing. He said that in early 2000, the industry that he works in would have been upset if it did not get close to a four percent increase in the Medicaid rates per year. He stated that now they are happy if they do not receive a cut in the rates. Commissioner Thomas said that it is amazing that they are able to provide the same level of service with a greater efficiency of scale. He stated that it had taken a lot of hard work, but the end product is still just as good as it was when the funding was better. He said that he thought there might be a direct correlation to government.

Commissioner Rogers shared that the information she had heard on Thursday from staff was more of a refresher course for her. She said that her thoughts were more toward staff and how much they have done over the last two years with the reductions in force. She said that there are only a few areas at the local level for Commissioners to make cuts, because much of the budget is mandated. She stated that the Board of Commissioners needs to be more vocal toward the local legislators and be able to communicate to them the impacts on the local level when budget cuts are made.

Ms. Henderson asked if there were any clarifying questions that the Board needed to ask about yesterday’s presentation.

Chairman Simpson stated that his interest in funding outside agencies was the relationship between the County’s funding portion and the total budgets for outside agencies. He asked at what point do non-profit agencies become government agencies and not non-profits when governments contribute to their budgets.

Mrs. Coto stated that in the past she thought the County had contacted the outside agencies later in the budget process. She said this year, the budget information was sent to the outside agencies at the same time that the budget package was sent to the County department directors, so they would have sufficient time to put together their budget information. She stated that the outside agencies were asked to explain their other funding sources, etc. and as a part of the information provided to the Board, staff would be able to say what percentage of the outside agencies' budgets were provided by the County.

Ms. Henderson asked the Commissioners to consider the following areas and to identify one topic that would warrant the Board's focus over the next year:

- Revenue Streams
- Ideas, Philosophies, New Learning
- People (residents and staff)
- Infrastructure
- Economic Opportunity & Prosperity
- Relationships & Collaborations
- Any Other Issues

Each Commissioner identified various topics and posted those topics beneath the respective headings.

Infrastructure:

- Union Village
- Jail expansion
- Accessible internet access everywhere in county
- Public transportation
- Sewer availability. Infrastructure master plan (that makes sense); equity in allocation. Anson city water/sewer source. Obtain more water/sewer capacity. Water/sewer planning through 2050. Repair/cultivate relationships with Anson, Lancaster, and Monroe. Capacity is a choke point for growth. Union County is currently dependent on external sources and external decisions and processes.

Commissioner Thomas said that if a large industry wanted to locate to Union County, there would be limited water and sewer capacity. He stated that this issue needs to be eliminated if the County wants to grow commercially. Vice Chairman Johnson

said that he thought this was a choke point for many of the issues that have been identified in terms of economic opportunity, relationships, people, and is a source of the problems for many situations.

Commissioner Rogers noted that the Board has worked over the last two years to free up water and sewer by shifting priorities and revised some of the plans that were in place before. She said that for her the County is so reliant upon state statutes, federal requirements, EPA, permits, etc., which are out of the County's control, the County cannot make certain processes happen any faster than they are currently happening.

Vice Chairman Johnson said that there has been a shifting of the pie, and he stated that the Board needs to be more interested in growing the pie rather than shifting the pie. He stated that he thought relationships need to be repaired with Anson County, Lancaster County, and Monroe. He said that there have been incidents where relationships that could be a source for the infrastructure that could help to grow the pie have either been severed, damaged, tattered, etc.

Commissioner Rogers said that she would like to hear more discussion about this, because she was not aware of any damaged relationships with Lancaster or Anson County. Commissioner Kuehler stated that the Board has worked very well with Lancaster County, and its need for water is not as great as Union County's. She said that Union County has been working with Anson County for a year and a half. She agreed there could be problems with Monroe but said these had been ongoing for several boards.

Vice Chairman Johnson said he could not speak for past Boards, but he wants to see the problems with Monroe cleared.

Vice Chairman Johnson stated his concern with the Anson County contract is the lack of movement. Commissioner Rogers stated that she did not disagree with his comments, but it was her understanding that the contract would be signed soon after it was approved by the Board, and a year and a half later it has not been signed.

Commissioner Thomas said that he thought the key to the frustration that he has heard in the room today is not so much what has or has not happened, it is the fact there is nothing to show for it. He stated that he thought the people are expecting progress in all areas.

Commissioner Rogers responded that there has been a lot of progress made but it just has not been conveyed to the public. She reiterated over the past two years, there has been a lot of progress made. She said that she knows that Mr. Crook and his staff have been working on the Anson contract for awhile along with the updates to the Marshville and Wingate Agreements.

Commissioner Thomas commented that he was not saying there has not been work, but the County does not have what it went for, and all of it has to come to fruition.

Commissioner Rogers said in regards to equity in allocation, there are municipalities that are ready to grow, but they do not have the sewer and/or water available. She stated they want to receive a set allocation.

Commissioner Kuehler said that the County needs to have a more comprehensive plan with the infrastructure as well as making sure that those municipalities that are growing get what is available as the County continues to work toward getting more capacity.

Chairman Simpson said that he had placed a topic under the heading “People” regarding the jail. He said that the jail has to be expanded sooner rather than later.

Commissioner Kuehler stated that there is a schools transportation center that has not been built. She said this is one of the things that the longer the construction is delayed, the more expensive it tends to become.

Commissioner Rogers said that she thought that Union Village (Health Department) needed to be included under infrastructure, because there are issues that will need to be dealt with in this area within the next year.

The next issue discussed was People (residents and staff). Below are the topics that were placed under this heading:

People (residents and staff):

- Celebrate diversity. East/west. Tension, trust, respect. BOCC to model appreciation and sharing among “newcomers and old-timers.”

Commissioner Rogers said this involved the diversity of the people who have been in Union County for a number of years versus the people who have moved from other areas. She said that rather than having the constant tension, diversity needed to be celebrated. She stated that the Board of Commissioners is diverse and if it can show unity and work together, it makes the County stronger.

- Pet problems (strays, dangerous dogs, etc.)

Commissioner Kuehler stated with the growth came an explosion in the pet population. She said there are some expectations because of the growing pet population and at some point in time this needs to be dealt with.

- Maximize production/pay for performance. Depth in expertise in staff; succession planning. Ideas to foster staff retention. Seek input from staff about what they value.

Vice Chairman Johnson said that some of the steps that the County has taken to try and minimize staff reduction are to reassign duties and pay for the difference. He said that he wants to make sure that the County is getting the most from those who work diligently for the County and those employees are properly compensated for their hard work.

Commissioner Thomas said he would like to hear from staff about what they value in regards to maximizing production/pay for performance.

Relationships & Collaborations:

- Relationships with municipalities (planning & zoning). Annexations, infrastructure; need to build partnerships.

Commissioner Kuehler said that there is an issue dealing with annexation legislation, infrastructure, and municipalities fighting over lines at a point in time when partnerships need to be built. She stated that much of this comes from a different philosophy of the proverbial doughnut holes and borders in zoning, density, and tables of uses, etc.

Commissioner Rogers said that when she came on the Board, the Board sent invitations to the towns offering for the Board to meet with the town councils. Mrs. Coto stated that the Board would be receiving a memo in the near future regarding the Board meeting with the individual town councils. She said on the February 21st agenda she wanted to discuss with the Board calendaring these meetings.

- Public/private partnerships. Using collaborations to augment financing.

Chairman Simpson said that this was primarily in regards to private financing in terms of schools, jails, and facilities. He said that this has been done in other areas of the country where someone builds the structure and leases it to the County. He stated that he thought this option should be explored with as many CIP projects as the County would be looking to build in the future.

- Strengthening process for bringing business here. Be user-friendly.
- Work with the schools more for a greater economy of scale. For example: service contracts.

Commissioner Thomas said that he was thinking primarily about service contracts in regards to working with the schools for a greater economy of scale. He said that if the two boards could work more efficiently, it might minimize the cuts.

Commissioner Rogers said that the Board has looked at areas where the schools could combine with the County and the County could combine with the schools, and there were a couple of areas identified that they wanted to look at more closely. She said that the County has a very good relationship with the schools, and the door is open for that to happen. She stated that this goes back to the conversation earlier today that there are so many things for staff to do, but there are not enough hours in the day to do it.

Ideas, Philosophies, New Learning:

- Maintaining and increasing the value of schools. School funding. Keep the level of education high. Paradigm shift in education, schools; information transfer; libraries; virtual high schools and libraries (both process and information technology)

Chairman Simpson said that libraries are very important to life and cultural activities, but at the same time it is a different world today. He questioned where and how students will learn in ten to fifteen years and how will information be gathered from the stand point of a library or an educational resource.

Commissioner Rogers commented about school funding, and said that the County's greatest economic driver is the schools. She said that the schools need to be funded but the County needs to push back on the state and federal levels as much as possible. She stated that the citizens need to be aware of where the cuts are coming from and these cuts have trickled down to the local level.

Commissioner Kuehler asked if the County has the ability to fund a teacher's job if it chose to do so. Mrs. Coto responded that County staff is trying to get a handle on where the dollars go that are County funded. Chairman Simpson commented that

it was his understanding from conversations with the School Board Chair that if the State cuts funding for 10 teachers for Union County, the County cannot replace the funding of those 10 teachers.

Revenue Streams:

- State, federal funding and cuts. Explain to BOCC with all financial reports. Be proactive to influence key decisions.

Commissioner Rogers said that she thought the Commissioners need to understand what is mandated and what is not mandated.

- User fees (“Pay to Play”). Privatize any areas that could save county \$\$\$ or improve services. Willing to consider any alternative revenue stream other than property taxes. Consider the hospital as a potential funding stream

Chairman Simpson said that he had placed this item on the list and commented “If you play, you got to pay.” He stated that two items came out of the legislative conference, one of which was a big issue with all counties was to ask the legislature to preserve the County’s funding sources. He stated the other issue was that counties needed to look at other revenue sources, because they could not continue to pay for government on the backs of property owners.

Commissioner Kuehler said at the very least, she thought the user fees should cover the cost of the services.

Commissioner Thomas stated that he thought this also should hold true for the solid waste sites. He said that the County has to subsidize a number of services that could generate revenue.

Ms. Henderson said that she was trying to gauge if the Board would entertain some of these ideas such as user fees, so staff would know what to bring to the Board.

Vice Chairman Johnson stated that he did not have a problem with “pay to play.”

Ms. Henderson asked the Board for its directives to staff as it prepares for the budget in terms of property taxes.

Chairman Simpson responded that if staff knows that there is a County service that is costing a lot more to provide than it is receive a returning on, it would be helpful for the Board to know where those services are.

Commissioner Thomas mentioned privatizing some services if someone else could provide that service adequately, without as much increase of cost in user fees. He said that he is not advocating that services be reduced to a point to offset the budget, but questioned if there might be alternate means of providing the service through free enterprise. He stated that this would be a long exhaustive process and there is no way that this can all be done for this year's budget process.

Commissioner Kuehler said that she would like to gain a better understanding of the farm deferral program, how the tax rate is set for this program, what is the state's average tax rate for the program, and when the tax rate was last raised or lowered.

Chairman Simpson provided some explanation to Commissioner Kuehler's question.

Commissioner Rogers said that she wants the County to be proactive and not just reactive. She said that when she served on the school board, the schools hired a lobbyist. She stated that this might be something for the Board to consider at what point is it beneficial for the County to hire a lobbyist to be in Raleigh.

Any Other Issues:

- Public safety funding. Hospital, public safety, fire service EMS, law enforcement, jail. Safety and health of residents.

Commissioner Kuehler said there are a number of municipalities that do not have their own law enforcement agencies and are reliant on the Sheriff's Office. She said the fact that a jail is needed is an indicator to her and the Board should be very mindful of that component.

- Money doesn't fix everything.
- "Business as usual" is "out of business"

Ms. Henderson said what she was hearing from the Board's discussion is that the Board is open to any other alternative revenue plan except for increasing property taxes.

At approximately 10:15 a.m., the Chairman called for a short recess in the meeting. The meeting was reconvened at approximately 10:30 a.m.

Discussions resumed and Chairman Simpson commented that when considering what the County should pay for, the first place to start is with the protection of people's safety and health.

Economic Opportunity & Prosperity:

- Increase commercial tax base
- Define the desired balance between residential and commercial growth
- Union County "branding" for public relations. Do in partnership to promote economic development.
- Revise, retrain educational opportunities. Build trained work force.

Commissioner Kuehler said that there is an issue with internet service across the county that even if it were available, it is not accessible to everyone, and in lieu of not having the internet capacity across the county, there is no public transportation. She questioned how to transport the people to and from their jobs. She said that if the Board is interested in expanding economic development opportunities, those are the issues that will come into play fairly quickly.

Vice Chairman Johnson stated that he had written the topic "Streamlining Process for Bringing in Business" and said that it has been said many times that government does not create jobs. However, he said that government can streamline the process. He stated that if the County can work with the municipalities to streamline the process, and if companies want to relocate to Union County, then it needs to be very easy for them to get started.

Commissioner Kuehler said that at one point in time, the economic development operation was under the government umbrella and then it was transferred to a private organization. She stated ultimately businesses come to Union County because the County has the workforce, infrastructure, schools, and it is a desirable place to live. She said that she did not know what Union County's brand is and if she does not know as an elected official, she questioned whether anyone else would. She questioned how the County could market itself as a desirable place to be.

Commissioner Rogers explained her topic "Balance and Opportunities." Ms. Henderson asked Commissioner Rogers what was this topic in reference to. Commissioner Rogers said that there is discussion about what is the perfect balance between

commercial and residential. She stated that in order to discover what opportunities are available, the County needs to determine what balance works for it as far as what is going to increase the revenue stream by increasing the commercial tax base, what the qualities of life are, and what balance the citizens want to have. She said that in order to move forward with economic opportunities, the Board needs to have a discussion on what that balance is and then it can move forward with the branding and how to achieve a trained workforce.

Commissioner Kuehler questioned what is included in commercial development.

Ms. Henderson said that the Manager needs direction from the Board on closing the nearly \$14 million gap in the budget. Mr. Cannon explained that the infrastructure issues will help the revenue streams long term but not immediately. He said that the solid waste fees do not impact the general fund, and this will be addressed in the budget.

Ms. Henderson said that during the past two discussions, she thought that the Board has uncovered its values and interests which will serve to inform the staff as they present information to the Board. She suggested that the Board vote on five priority issues on which the Board wants to focus.

Commissioner Kuehler asked for clarification on whether those priorities were related to the budget or the Board's vision in moving forward.

Mrs. Coto explained that this session was designed to accomplish two goals. One of the goals is to design a plan of work for the manager and the organization. She said that by the Board's identifying its priorities, it will help staff to know in what areas more time needs to be spent. Secondly, she said that the other goal was to make sure the Board understood primarily the general fund and what is on and off the table with respect to how staff tries to develop a plan to bring to the Board.

Mrs. Coto outlined her next steps for the budget process. She explained that in the next week she would be meeting with each department director and asking them to look at their respective department's budgets to identify what they considered to be priorities, based upon client needs, customer needs, and the services that their department provides. She said she would also be asking them to identify how the services are provided and whether there might be a more efficient and cost effective way to provide the services. She stated that based on the information she receives today and the information she receives from the department directors, she would

then ask for another work session with the Board to present ideas and thoughts on how to close the nearly \$14 million gap in the budget.

Commissioner Rogers asked if the Manager had received sufficient information from this meeting to take the next steps. Mrs. Coto said that she thought she could answer that question better after the Board has completed the next exercise. She stated that the issue is what services are mandated and what services Union County provides above that mandate. She said that it is usually the quality of life issues that are non-mandated such as parks, libraries, etc.

Commissioner Thomas said that he would like to hear from staff if they feel comfortable developing a preliminary budget and setting aside the areas that were cut. He stated that even though staff might be providing the Board with a list of items which the Board has discretion over the funding, he wanted to have something tangible with staff's input. Mrs. Coto stated that in the past she has done employee surveys, which were actually focus groups, and had interns from the local university work on the survey. She said that neither she nor any other member of the management staff was involved in the process in order that the employees could share their suggestions on how there could be greater efficiencies, and out of that process approximately 60 to 70 suggestions were given. She stated that a positive result of that process was that employees felt part of the process. She said if that was the Board's direction, she could look at asking students from Wingate University to help with the process.

Commissioner Kuehler said that she would like to know which services could be privatized or collaborated with someone else, what fee or user pay systems need to be increased, what ultimate effect that would have on the revenue streams of the budget, and recommendations of what services should be or could be cut.

Commissioner Rogers stated that she did not want the information to come to the Board as the Manager's Recommendations, and, therefore, this is what the Board is going to approve. She said that she did not think that was the Manager's responsibility but it was the Board's responsibility to know where cuts could happen.

Mrs. Coto stated that there needs to be a lot more dialogue on the budget, and the intention of this two-day sessions was to establish a foundation detailing where the County is, what are the challenges it faces, where staff can do further analysis, and to identify the areas where staff should not waste its time, because these are not options.

Ms. Henderson commented that the Board has accomplished a lot in a very short period of time. She said this is a distillation process that takes months to play out. She said that the good news is that she thought staff is better informed today about some of the Board's interests and values, because of the dialogue with the Board. She suggested that a list be developed of items that affect the General Fund, and this would be what the Board would be voting on.

Vice Chairman Johnson stated that he did not have a problem with saying property taxes are off limits. He clarified that what he meant was no tax increase.

The next item that was included on the list was to explore alternative funding streams.

Commissioner Rogers added "at a minimum maintain the schools' budget at where it was last year."

Commissioner Kuehler said that she thought in last year's budget, all fire districts were moved to a breakeven rate and they were given their sales tax distribution. She said that the fire fees were not increased to the maximum.

Wes Baker, Interim Assistant Manager, asked from staff's perspective about the revaluation. Mr. Baker said that with the revaluation, most people would either write a larger check or a smaller check for property taxes. He estimated that less than 10 percent of the County's population would write a check for the same amount.

David Cannon asked if the "no property tax increase" was for this year or if it were "no property tax increases" to help fund capital projects. Chairman Simpson said that he thought there was a difference relative to tax increases of single issue funding versus raising taxes on everything.

Commissioner Kuehler asked if the Board was ever going to implement the tax rate increase relative to the 2006 school bond which was approved by the voters. Further, she said that there is some ability to implement some special tax on services, such as the quarter cents sales tax.

Mrs. Coto mentioned that Union Village should be added to the list because it was a General Fund item. Commissioner Rogers suggested adding parks to the list.

In discussing the best way for the Board to vote on the priorities, Jeff Crook, Senior Staff Attorney, stated that these were important issues and he suggested that the Board make motions regarding their priorities in order to give the Manager direction for the budget preparation.

1. Property Taxes

Vice Chairman Johnson moved that property taxes are off limits.

Commissioner Rogers asked for clarification of the motion if this meant “No tax increase.” She said that staff might be able to bring alternatives.

Vice Chairman Johnson said that staff could bring alternatives, but he would not be supportive of anything that would result in a property tax increase. He stated he would like to see alternatives.

Commissioner Rogers stated that she absolutely supported no tax increase, but she would have difficulty with narrowing it, because she does not know what is out there. She said she did not want to see a tax increase or to see the millage rate go up.

Vice Chairman Johnson said that the revaluation would not affect this year’s budget. He stated that his motion meant that the amount that the County receives from property taxes would not increase this year.

Mrs. Coto asked for clarification that under the motion the \$13.9 million shortfall would have to be found from other revenues or reductions other than property taxes. Vice Chairman Johnson agreed.

Commissioner Kuehler asked if this included tax rate increases relative to bonds, which were approved by the voters.

Vice Chairman Johnson responded that if the increases in the tax rate as they relate to the school bonds were not pressing in past two years, then it would not be pressing this year. Commissioner Kuehler pointed out that the County did not

experience this amount of deficit in the past two years, and it was in the height of the decline of the economy the past two years. Vice Chairman Johnson further clarified his motion was no tax increase on the tax rate this budget cycle.

Commissioner Kuehler asked how difficult it would be for staff to show the effect of the tax increase in connection with the school bond on the County's revenue stream. Mr. Cannon said that once staff had the history on what the residents voted for, it would be easy to calculate what the tax rate would be.

Ms. Henderson stated that her understanding of the motion was if the Commissioners are open to the possibility of implementing a tax increase in the new year's budget due in connection with the 2006 school bond, then they would vote against the motion.

Chairman Simpson interjected that he did not want to get into semantics but he thought this was discussion about philosophical ideas in order to give direction to the Manager and Finance Director in terms of the budget preparation. He asked Mr. Crook whether he still thought the Board needed to have motions and votes on these ideas.

Mr. Crook responded that from a historical perspective when the Board has held these types of meetings before, if one or two Commissioners would say "I want to do this", then the Manager does not have direction. He said in order for this discussion to be productive, he would suggest that the Board make decisions on these issues.

Commissioner Rogers offered an amendment to the motion to add as follows: other than what has possibly been approved by the voters.

Vice Chairman Johnson made a point of clarification asking if the amendment was not an alternate funding source. Mrs. Coto said that she would not define it as an alternate funding source.

Chairman Simpson called for a vote on the following amendment: other than possibly what has been previously approved by voters. The amendment passed unanimously.

Chairman Simpson then called for a vote on the motion with the amendment: No rate increase in property tax this fiscal year, other than possibly what has been previously approved by the voters. The motion as amended passed unanimously.

2. *Chairman Simpson moved to direct the Manager to explore Alternative funding streams, such as user fees.*

Commissioner Rogers asked if clarification were needed in regards to the fire departments. Mrs. Coto said that if the Board directed her to look at alternatives, nothing is off the table unless the Board tells her it is off the table.

The motion passed unanimously.

3. *Commissioner Rogers moved that as a minimum not to cut the schools' budget lower than what it was last year. She restated the motion to be: Maintain the school budget from the previous year.*

Mrs. Coto asked for clarification of the motion. She asked if the motion was referring to the \$6 million or the \$1.7 as it relates to capital.

Commissioner Rogers stated that she was talking mainly about operations, because those are the classrooms. She said that going forward, for her, it would not go lower than what the schools' received last year. She said she was basing it on the \$79.5 million for operating costs.

The motion failed by a vote of two to three. Commissioner Kuehler and Commissioner Rogers voted in favor of the motion. Chairman Simpson, Vice Chairman Johnson, and Commissioner Thomas voted against the motion.

Commissioner Thomas said the reason he had voted against the motion was because it was not so much he was advocating to cut the schools' budget, but he thought it was presumptuous of the Board to put an arbitrary number in the budget without having heard from the schools. He stressed he was not opposed to the schools by any means.

Mr. Crook explained that procedurally, the motion failed so the item would not be on the list.

Commissioner Thomas questioned if staff needed direction. Mrs. Coto stated that she thought staff could work with the information it has, because they will be meeting with the schools' representatives and based on those discussions, staff will be able to come back to the Board for additional direction.

Commissioner Thomas said that he agreed with Commissioner Rogers in that he saw the capital budget as more of a discretionary component than the operations.

4. *Public Safety*

Commissioner Kuehler said that she had offered this item as one of the proverbial sacred cows. She said she thought that everyone in the room has said that one of the priorities of government is public safety. She stated that she would like to hear other's comments regarding public safety.

Mrs. Coto asked if staff was allowed to work with the Sheriff and volunteer fire departments looking at their budgets and making recommendations that might be less than what these agencies are requesting, possibly recommending a higher fire fee than they are presently collecting, and possibly reducing the fire department subsidies. She questioned if these were all issues that the Board might be willing to consider as part of the process.

Commissioner Thomas moved to give the Manager the authority to negotiate in the best interest of public safety the impact to the budget.

Mr. Crook interjected that from a statutory perspective, the Manager is the County's budget officer. He said that unless there is something that the Board wants to give her specific direction on, she is charged with bringing a budget to the Board and that is what she will do. He said if the Board does not impose any sacred cows, then it was giving her full flexibility.

Following the discussion, the motion passed unanimously.

5. *Staff's Salaries and Benefits*

Mrs. Coto said that she did not know if it were a possibility with the dollars available, would the Board be willing to look at some type of pay adjustment for the employees since it has been three years since they received an increase.

Commissioner Thomas said what he personally would like the Manager to look at is some percentage and coin it as an end of the year, Christmas bonus, so that it is not cumulative. Mrs. Coto responded that a one time adjustment could be done that would not affect the base salary. Commissioner Kuehler said that she had made that motion several months ago, but it failed.

Commissioner Rogers stated that she has never been a big proponent of across the Board raises. She said she was okay with the Manager looking at the possibility of providing one-time performance based bonuses to staff based on increased efficiencies. Mrs. Coto responded that she did not know if that could be done in a couple of months. Commissioner Rogers said in that regards it might be better to follow what Commissioner Thomas had suggested.

Commissioner Thomas clarified that he had not meant it to be an across the board bonus. He said that this might be a discussion the Manager would have with department heads. Commissioner Rogers said that she would be opposed to having a line item in the budget for an across the board increase.

Vice Chairman Johnson said he saw County-owned vehicles as a benefit. Mrs. Coto said that this item was already on her list to look into. He stated he would at least like to have it looked at as to which employees need vehicles to perform their tasks. He said if the vehicle is not needed and it is taken away from the employee, then maybe the employee could be compensated as a one-time benefit. He stated that the County has a number of vehicles, and he questions how many are necessary to perform the duties and tasks of the county.

Following the discussion, Chairman Simpson moved to direct the Manager to explore the possibility of providing one-time performance-based bonuses to staff based on increased efficiencies. The motion passed unanimously.

6. *Jail Expansion*

Chairman Simpson said that concern with the jail expansion is that at some point in time, someone is going to say build the jail. He stated that he is about being proactive as opposed to reactive. He said that he thought the County needs to get moving on this issue.

Commissioner Rogers said that she would like for the Board to look at modular jails. She stated that there are other options available that are more cost effective, so she is not really for expanding the jail as it has been presented to the Board. She said she thought there were some alternatives that have not been fully explored.

Commissioner Thomas said that he would like to explore lease options. Mr. Crook stated that this is not a legal option for the County at this time. He said that it was possible that the Board could pursue special legislation to allow for leasing.

Chairman Simpson moved to initiate the process for financing of jail needs.

Commissioner Rogers added that talks have already been initiated regarding this matter, but she would like to see a motion to put some form of funding on the books to deal with the over population of the jail along with a directive that staff talk with the Sheriff and that the Board receive a presentation in the future regarding other available options.

Chairman Simpson said that the Board talked about the County's five-year plan, and if there is a dollar value that needs to be included in this year's budget relative to a consultant or study to support existing five-year plan, that amount needs to be included in the budget.

Following the discussion, the motion passed unanimously.

7. *Libraries*

There was discussion regarding whether a strategic plan for libraries was being considered. Mrs. Coto stated that she thought there was a long-range plan for the libraries that had been adopted by the Board. She said that she thought there were two options as they related to Waxhaw and the southwest region.

Commissioner Thomas said that from his perspective, with the Board looking at public safety, funding schools, and keeping taxes low, the last thing it needs to look at is building a library. He stressed he did not have anything against libraries.

Commissioner Kuehler asked for clarification of what was being discussed as it relates to funding of libraries. Mrs. Coto said that when the Board told her she could look at and determine if there could be savings if library hours were reduced, she was referring to the Board's authorization for her to explore alternative funding streams, she took that to mean throughout the budget.

Commissioner Thomas moved that for all departments under the General Fund, including libraries and parks, full flexibility is given to the Manager to explore all budgetary options.

Mrs. Coto sought clarification of the motion by saying that she might also be bringing alternatives to the Board for solid waste, etc.

The motion passed unanimously.

8. *Economic Development Efforts*

Commissioner Rogers said that last year she had tried to include in the budget funding for an economic development director, because she thought in order to grow, there needed to be a single source of contact and someone that could work within the departments. She said she thought there was a lot that could be done with the parks, agriculture center, etc. that could be marketed. She said that for her it would be looking at a staffing position.

Commissioner Kuehler asked if this upcoming budget cycle would be the last year with the County's economic development partner. She said that she would propose setting aside some expense to decide what the County is going to do with its economic development efforts.

Chairman Simpson said that Mr. Goscicki had spoken about a water and sewer allocation policy. He asked about shovel ready projects that need sewer.

Mrs. Coto responded that one of the issues that Mr. Goscicki had addressed in his presentation was that there is nothing that is truly shovel ready by the County's definition. She stated that one of the directions of the Board was to look at the definition of shovel ready. She said that Mr. Goscicki is in the process of taking the Board's direction and based on the Board's input, he would be coming to the Board and presenting how the staff would recommend allocating the capacity. She said that Mr. Goscicki has met with all of the towns and defined all of their needs.

Mrs. Coto asked, based on Commissioner Kuehler's comments about the upcoming year being the last year of the contract with the Partnership for Progress, is the Board interested in exploring alternatives for providing economic development resources.

Mr. Baker stated that an additional issue in regards to sewer capacity is that while there might be some capacity, there are no lines where projects want to build. He said a question then comes up regarding who will pay to build those lines. Mrs. Coto stated that this is a policy for line extensions that would be coming to the Board.

Mrs. Coto pointed out that if the Board is interested in exploring alternatives for providing economic development resources, there might be some monies associated with that in the upcoming fiscal year.

Vice Chairman Johnson said that he thought exploring alternatives would be fine. He noted that was not saying he was for or against anything, but he thought any time that alternatives can be weighed, it is a better situation. Commissioner Thomas also added if the effectiveness of what exists can be quantified, then it can be compared to the alternatives.

Vice Chairman Johnson moved to authorize the Manager to explore the alternatives for the time when the Partnership for Progress' contract runs out. The motion passed unanimously.

9. *Quarter Cents Sales Tax*

Commissioner Kuehler moved to authorize the Manager to explore the potential for offering a referendum for a one-fourth cents sales tax and bringing the information to the Board. She said the tax was based on user pay and only the people buying the product would have to pay the tax. It was noted that this would need to be placed on the ballot for the voters to approve. There was discussion on the time requirement for placing the referendum on the ballot and whether there would be time to include it on the November ballot.

Mrs. Coto said that if Mr. Crook could research this matter, then staff could bring the information to the Board at a later time.

The motion passed by a vote of four to one. Commissioner Kuehler, Commissioner Rogers, and Commissioner Thomas voted in favor of the motion. Chairman Simpson did not vote, so, therefore, his vote was counted in the affirmative. Vice Chairman Johnson voted against the motion.

10. *Union Village*

Commissioner Rogers moved to direct the Manager to bring information for implementation and budgetary impact of Union Village in the next fiscal year. She said that she knew there were things that were going to have to be done in regards to this matter. She stated that she thought this item would involve two steps: one to begin moving forward with an end result to be a new Union Village, and 2) also some monies expended to fix the current situation.

Commissioner Rogers stated that the motion included beginning to move the process forward in some way.

Following the discussion, the motion passed unanimously.

11. *County's Reserve Fund*

Mrs. Coto stated that the issue for her is whether or not as a part of balancing the budget, the reserve fund drops below the 16 percent.

There was discussion about the impact of reducing the reserve fund below the 16 percent amount. Mr. Cannon stated that unless there was a plan of how to increase the percentage if it dropped below 16 percent, he thought it would be viewed negatively.

Commissioner Kuehler said that she would be opposed to lowering the percentage of the reserve fund to any amount that would put the bond rating in jeopardy. Commissioner Rogers agreed that this has not been done, and she would also not recommend reducing the percentage.

Chairman Simpson moved to allow the Manager to drop the reserve fund to below 16 percent to balance the budget. The motion failed by a unanimous vote.

Chairman Simpson asked if the Finance Director is reviewing the departments' budgets with the directors and doing reversions where monies have not been spent in the various line items. Mr. Cannon responded that the Finance Department is in the process of completing the year end estimates with the departments. He said that if there are monies in various line items that have not been spent, then those dollars are moved to contingency.

Mrs. Coto stated that she thought staff has enough direction to get started on the budget preparation. She said that she anticipated that the Board would need to hold additional budget work sessions, and she would be contacting the Board members regarding their calendar availability.

Commissioner Thomas asked if the information was presented to the Board in segments, could this be incorporated into regular meetings. Mrs. Coto stated that this could probably be worked around the Board's existing schedule. Commissioner Thomas said that the Board is getting ready to begin making some drastic cuts, in his opinion, and the more the public could be informed, the better off everyone would be.

Commissioner Rogers stated that the only problem that she saw with including the budget discussions into the regular meetings is the regular meeting discussions are more rigid than the work sessions. She said if there are those areas that could be presented that the Manager did not think would need a lot of discussion, then perhaps those discussions could take place during regular meetings.

Evaluation of the Retreat:

Ms. Henderson asked if discussion was needed regarding other expectations of accountability throughout the year in terms of how progress is reported and how this figures into the Manager's evaluation.

Chairman Simpson stated that one of the Board's early agenda items was to develop the Manager's evaluation process. He asked Mrs. Coto to share information with Mr. Watson as the process developed.

Commissioner Rogers stated that she thought going forward, it would be beneficial when the meetings are held with the schools, the Sheriff, etc. and the Board, the sooner those can take place in the budget process, the better it is.

Closing Comments:

Ms. Henderson asked the Commissioners to share their observations on the retreat, what had worked well, and what they might want to change in the next year's process.

Commissioner Kuehler said she was glad that Ms. Henderson was present. She said that she found today a little more confusing where the discussions started and where they went, but in the end, it made sense. She stated that the process of getting to the end took a little longer than she had anticipated. She said she had not made the connection between the discussions and the budget, but she understood it in the end.

Ms. Henderson said that the Board had done a lot of work uncovering its fundamental values.

Vice Chairman Johnson said that there have been concerns brought up about the Board members working together and respecting each other. He stated that he did not think that there is a single person on the Board that does not respect and appreciate the other members' knowledge. He said that what the Commissioners were able to do during this work session was to show that they appreciated each other's opinions. He stated that to be able to work together and develop a good list to direct the County for a common good is a good start to the budget.

Commissioner Thomas said to echo that point he thought it was a refining process to determine what is important to all of the Commissioners. He said that with a relatively new Manager, he thought this gives her direction and he appreciated hearing her recognize the autonomy to move forward based on her discretion.

Commissioner Rogers added that it is good to see the staff feeling comfortable working with the Commissioners and to have the open dialogue. She said that is what she wants staff to do and to be comfortable in doing so.

Ms. Henderson asked if there was anything that the Board would like to change regarding the retreat.

Chairman Simpson said that the Board took a step with this process and anyone who wants to view the meeting on television could see the process that the Board has gone through. He said he thought the Board needed to be responsive to the public and to communicate the issues so the public is not surprised.

Commissioner Rogers said as far as a change for next year, there will not be as much discussions regarding the big picture next year, but the discussions were necessary this year. She suggested if the Board were do something similar next year, the timing might be a little different to conduct the retreat after information has been received from the schools and Social Services.

Mrs. Coto said that her preferences would have been to have a lot more information available to staff to be able to share with the Board.

Ms. Henderson congratulated the Board on its hard work over the past two days. She said the Board had kept its focus throughout the sessions.

Mrs. Coto commented that these discussions have been very helpful to her as a new Manager not only on the budget but also to learn the values of the Board. She expressed appreciation to the Board for the time that it gave to attend the two-day session, and said the discussions had been very beneficial to her in trying to meet the Board's needs.

On behalf of the Board, Chairman Simpson expressed appreciation to Mrs. Coto for initiating the retreat and to staff for working with the Board diligently for the two days and to Ms. Henderson for serving as the facilitator.

With there being no further comments or discussion, at approximately 12:15 p.m., Commissioner Thomas moved to adjourn the special meeting. The motion passed unanimously.