

**MINUTES OF THE BOARD RETREAT OF THE ALAMANCE COUNTY BOARD OF
COMMISSIONERS FOR ALAMANCE COUNTY**

**February 17, 2025, 9:30 AM
Agriculture Building Auditorium
209 N. Graham-Hopedale Rd
Burlington, NC 27217**

Members Present Chairman John Paisley Jr
 Vice-Chair Steve Carter
 Commissioner Pamela Thompson
 Commissioner Ed Priola
 Commissioner Kelly Allen

CALL TO ORDER - Vice-Chair Carter

INVOCATION - Commissioner Thompson

ADJUSTMENT OR APPROVAL OF THE AGENDA

County Attorney Rik Stevens asked the Board to add a closed session to the agenda. Commissioner Allen, seconded by Commissioner Priola moved to add a closed session. That motion carried unanimously.

Moved By Commissioner Allen

Seconded By Commissioner Priola

Approval of the agenda as amended.

APPROVED AS AMENDED

**ITEM # 1 GETTING STARTED (Structure of the Day) - County Manager York 9:30 am
- 9:40 am**

County Manager York kicked off the event by mentioning that the retreat was meant to be informal and open for dialogue. She said staff was thinking longer term for direction and guidance for the upcoming fiscal year. She noted the retreat was an opportunity for the Board to communicate some of its goals and priorities and help create a vision for the Board.

Report back on focus areas from FY24-25 budget message

County Manager York stated that the current fiscal year 2024-2025 was focused on fortifying the foundation. The Board used conservative revenues and expenditure management during the current fiscal year. She reminded the Board of the support of the county workforce and addressed community, capital, and facility needs. She planned to provide the Board with a preview of some focus areas for the upcoming fiscal year.

Proposed FY 25-26 focus

County Manager York stated that the upcoming fiscal year 2025-2026 was focused on rebuilding the foundation. Staff wanted to reignite the strategic plan. She indicated that large projects were forthcoming in fiscal year 2026-2027 and noted 2027 as a revaluation year. County Manager York mentioned they wanted to focus on keeping revenues steady and provide enough detailed analysis of expenditures. This would allow the Board to make informed decisions about future county services.

ITEM # 2 REVIEW OF BOARD PROCEDURES & CLOSED SESSIONS - County Attorney Stevens 9:40 am - 9:50 am

County Attorney Stevens gave a review of the Board's rules of procedures. He stated that NC statute §153A- 40(a) required at least one public comment period to be held monthly.

County Attorney Stevens discussed when closed sessions were necessary. He mentioned that closed sessions were permitted under the statutes for several key purposes: to prevent the disclosure of information, to protect attorney-client privileges, to prevent the disclosure of real estate purchases, to keep economic development notifications private, and to keep personnel matters confidential at the county.

ITEM # 3 WHERE ARE WE & WHERE ARE WE GOING?

Susan Evans, Finance Officer, discussed fiscal policies and reviewed the capital improvement budget, debt and reserve budget management, cash management, and investments. Ms. Evans confirmed that the county followed the guidelines in the capital improvement plan budget by identifying estimated costs and potential funding sources for projects. She moved on to the debt and reserves in the fiscal policy. She noted that per the policy the target for the unassigned fund balance should be 20%. Ms. Evans mentioned that the fiscal year 2023-24 unassigned fund balance was 19.87%. She reviewed that the unassigned fund balance was the portion of funds that had not been restricted or committed for other purposes. She said the policy allowed excess funds over 20% in the fund balance to be transferred to the capital project reserves. Ms. Evans reported that the county's overall fund balance was solid.

Fund Balance Analysis

Total Fund Balance	\$96,939,918
Stabilization by State Statute	\$16,096,438

Non-Spendable Fund Balance	\$30,076
Leases	\$13,840
<u>Available Fund Balance</u>	<u>\$80,799,564</u>

Committed/Restricted	\$39,775,920
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Farmland Preservation

Courthouse Renovations

Pandemic Response

Federal Grants

<u>Unassigned Fund Balance</u>	<u>\$41,023,644</u>
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19.87% of expenditures

Available for any use

Less than 3 months expenditures

Fund Balance Compliance

<u>Unassigned Fund Balance</u>	<u>\$41,023,644</u>
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Recommendation

Reclassify \$277,970 from Committed Fund Balance (Pandemic Response Funds)

Conservative Revenue & Expenditure Management 9:50 am - 10:25 am

Mid-Year Fiscal Updates - Susan Evans

Susan Evans, Finance Officer, discussed mid-year fiscal updates. She said that the fiscal year 2024-2025 county capital plan was adopted in June of 2024. She mentioned that the 5-year capital improvement and budget guidelines were being followed. Ms. Evans continued with the following points:

- Unassigned fund balance policy target of 20%
- Fiscal year 2023-2024 unassigned fund balance = 19.87%

- Unassigned fund balance \$5.7 million reduction in category from fiscal year 2022-2023

Ms. Evans said that the fiscal year 2024-2025 budget was adopted July 1, 2024 in the amount of \$225,229,852 and amended on December 31, 2024 to \$249,833,223.

5-Year General Fund Forecast - Rebecca Crawford

Rebecca Crawford, Director of Budget and Management Services, presented a graph highlighting the revenues as of December 31, 2024. She had anticipated a gap of \$17.2 million going into the 2024-2025 budget cycle. After reviewing this a year later, she said they were looking at a potential gap of \$12.2 million in revenues. She predicted that revenue sources of property and sales taxes would remain flat. Ms. Crawford noted they expected a 2% increase in revenues, but that could change based on the economy. She asked the Board to keep in mind that the \$12.2 million gap was only a projection and would adjust as they received the departmental funding requests. According to Ms. Crawford, decisions made by the Board in fiscal year 2024-2025 decreased the gap/surplus number. The reduced gap came from the increased property tax rate and lowered expenses from ABSS and court projects.

Supporting the Workforce 10:25 am - 10:50 am

Recruitment & Retention Efforts - County Manager York

County Manager York discussed how the Board had supported the county workforce as one of the priorities in the current fiscal year budget. She discussed the compensation assessment and the market study. She reminded the Board that the market study was divided into three phases. The first phase was addressing the hard-to-fill positions and the high turnover positions. County Manager York said the purpose of the market study was to ensure Alamance County was paying employees at the market mid-point. She continued that the market study was ongoing and that they wanted to continue moving the organization forward. She provided an example of paramedic pay in comparison with other peer counties before and after the market study.

Continued Initiatives - County Manager York

County Manager York discussed the number of sign-on bonuses issued for the Sheriff's Office as a recruitment tool. She reported that \$130,000 had been spent to date on those sign-on bonuses. County Manager York estimated another \$130,000 in payment for phase two. She noted that sign-on bonuses for DSS had not been a successful recruitment tool. According to DSS management, the bonuses have led to internal morale issues within the department. She said the true test of whether the sign-on bonuses for the Sheriff's Office worked as a retention tool will be in two years.

County Manager York reiterated how Phase I of the market study impacted many employees, and Phase 2 was smaller. She said that Phase 3 would include the remaining departments not

included in Phase 1 and 2. She said they will bring the results of Phase 3 to the board after projected completion in the fall for a vote to implement effective January 1, 2026.

County Manager York announced that compression had not been addressed and remained the same. She recommended a compression study in the next iteration of the compensation study. She advised they were working with Baker Tilly, the consulting firm on a public safety plan. She mentioned that other counties had multiple pay plans within their organization.

Addressing Community Needs 11:00 am - 11:30 am

Outside Agency Process Changes - County Manager York

County Manager York explained that the occupancy tax looks different this year because it is now going to the municipalities to designate how they would like to use or fund tourism. She proposed shifting the county's application process to tourism. She said the agencies would need to provide how they will promote tourism in the county with their mission and program services. County Manager York said occupancy tax would fund the outside agencies rather than the general fund. She mentioned that two other non-profit agencies, Family Abuse Services, and Crossroads, were in their third year of receiving county funding. She noted that was a three-year commitment from the county where each agency had received \$75,000 from the general fund. County Manager York said they were shifting away from allocating general funds to outside agencies and utilizing the general fund for county services.

Community Growth Indicators - Bruce Walker

Bruce Walker, Assistant County Manager, presented community growth data. He reported that the county's population in 2019 was around 170,000 and is currently set to pass 185,000. Mr. Walker continued with the following points:

- The 911 call volume was 200,000 per year in 2023 and is expected to be 276,000 calls in 2028.
- EMS transports increased from 17,000 in 2020 to 19,000 in 2024, and convalescent transports increased to about 3,000 annually.
- Registered voters increased to a record high of 118,634 in 2024
- Building permits increased from 2020 to 2024, averaging about 900 new residential units per year, and in the upcoming year, more than 3,000 units were approved; most came from Elon, Mebane, and the southwest portion of the county close to Liberty.

Prioritizing Capital and Facility Needs 11:30 am - 12:15 pm

Capital Status Report - Brian Baker

Brian Baker, Assistant County Manager, reported on the status of some of the capital projects. He indicated that the design for the new Emergency Services Center was nearing completion, and construction should start this year. He noted that it was a big project and would take some time. He mentioned that the Development Services Center, the old Elderly Services Building, was moving a little faster. Mr. Baker reported that the design for the courthouse expansion was underway. He urged the board to focus on the Mebane EMS Base as the big project for the coming years. Mr. Baker said the closest EMS base to Mebane was the main base on South Main Street in Graham. He said average response times were less than 10 minutes in Burlington and Graham and above 14 minutes in Mebane. He shared the projected cost of \$3.2 million for a 3-bay EMS sub-station and \$1.8 million for a co-located EMS garage. Mr. Baker also discussed operational needs, including 16 FTE paramedics at the Mebane EMS Center.

Debt Capacity Update - Susan Evans

Ms. Evans discussed the amount of debt capacity that the county could absorb. She said the county could issue up to 8% of the assessed value of taxable property, which amounted to \$1.8 billion. She indicated the county had traditionally taken a conservative approach to capital projects. She reported the current outstanding debt was \$162,650,000 in general obligation bonds. Ms. Evans noted those bonds were issued on behalf of the school system and ACC. She confirmed that the county had not issued any general obligation bonds to build the EMS base or the courthouse expansion. She reviewed the installment loan debt the county had obtained for rescue truck/equipment, emergency radios, and the ABSS Career and Technical Center (C-Tec). She noted that the county was close to paying the last of that C-Tec loan off. Ms. Evans mentioned that at the end of June 30th, the outstanding loan debt will be \$763,000.

She explained the new debt that was forthcoming:

Courthouse: \$37 million, funded by:

- APRA funding: \$10 million
- County Capital Reserves: \$5 million
- Proposed Financing: \$22 million

EMS Substation: \$5 million

CAD Equipment Project: \$5 million

ABSS-HVAC/Roofs: \$10 million a year

Ms. Evans acknowledged that all of these may not need debt issuance and that it could be a combination of issuing some debt and looking at tax revenues and other revenues to help fund some of those projects.

LUNCH - 12:15 pm - 1:00 pm

ITEM # 4 FY25-26: PROACTIVE PLANNING 1:00 pm - 2:00 pm

Strategic Plan - County Manager York

County Manager York discussed the Strategic Plan for the upcoming fiscal year 2025-2026. She reminded the Board that the initial plan had been adopted in 2018. She mentioned bringing in an outside consultant or using a community engagement initiative to assist in moving the plan forward. County Manger York noted that the Alamance Chamber was interested in partnering with the smart growth and development pillar. She discussed using a performance dashboard on the county website for department metrics and performance measures and tracking how each pillar was advancing.

Performance Measures - Rebecca Crawford

Ms. Crawford discussed performance measures and moving toward SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) goals. She presented two goals. The first was to improve internal customer satisfaction by conducting an annual survey at the end of the year. The second goal was to expand and enhance county departments' financial knowledge. She said they would partner with the departments to start brainstorming goals so they have a way to keep up with them. Ms. Crawford mentioned that several departments were collecting data and could use it to show outcomes and outputs. She indicated having these measures settled in time for the recommended budget and including them in that book. She noted that departments had to be committed to their measures, or they would not collect the data if it were too hard.

Joint Study with ABSS on Facility Structural Needs - Brian Baker

Mr. Baker said he wanted to reset where the county was with school capital needs. He said that in 2024, the County and ABSS completed an HVAC and roof assessment. Those needs were prioritized and added to a consolidated list. Mr. Baker said there had been efforts to update that list more frequently. He said doing a structural needs assessment as the next step was logical. Mr. Baker stated that would entail road, athletic facilities, water intrusion, window replacements, and everything dealing with the exterior of the buildings. He indicated that they could integrate those projects into the existing priorities list once the assessment had been completed. Mr. Baker suggested budgeting money and hiring a consultant to help create that list.

County Manager York said they could add this to the list. She also said they were looking at a focused approach to understand what school improvements were needed every year. She said it would help to look back year after year to see exactly what the Board had funded and what progress had been made.

Joint study w/ABSS on facility needs:

- Year 1- Issued Bonds for - \$19 million

Funding recommendation:

- Year 2-10 - \$10 million/year

Zero-Base Budget and Data Driven Decision-Making - County Manager York

County Manager York said the county was embarking on a zero-based budgeting plan at the request of the Board for the upcoming fiscal year 2025-2026. She said every line item within the department budget was starting from zero except for the personnel lines. County Manager York explained that any new positions must be fully justified with data. She added that the budget analysts updated the five-year general fund model with county departments this past fall. The updated five-year general fund model would be used as a tool for budgeting.

Sales Tax Initiative - Susan Evans

Ms. Evans added that Chairman Paisley was correct in that Article 46, as an additional sales tax, would require a referendum to be placed on the ballot. She highlighted that would have to be added to regularly scheduled elections such as county or state-wide elections. She mentioned that the ballot language would be "for" or "against". Ms. Evans surmised that past ballot measures had failed due to the limited language that could be printed on the ballot. She said the ballot could not state how the taxes would be used. She offered that the Board could adopt a resolution stipulating how the quarter-cent sales tax would be spent.

Ms. Evans said that an average of 59.8% was collected from Article 46 to Article 42. She estimated that the county received \$12.9 million from Article 42. She said an additional quarter-cent sales tax would generate about \$7.6 million. County Manager York advised the Board that the next opportunity to place a sales referendum would be in 2026. She suggested if that was something the Board wanted to pursue now would be the time to start thinking about a resolution.

BREAK - 2:00 pm - 2:15 pm

ITEM # 5 UNDERSTANDING CHALLENGES & PRIORITIES DISCUSSION - All 2:15 pm - 2:45 pm

County Manager Heidi York discussed the upcoming fiscal year 2025-2026 challenges. She said the last two budgets she helped put together did not include new vehicles or positions. County Manager York added that salary savings came from high vacancies across the county.

County Manager York said it would be helpful to hear some of the Board's priorities to start crafting the budget.

Commissioner Thompson said body cameras for the Sheriff's Office were very important for the safety of officers, the public, and detention officers.

Commissioner Allen agreed with the body cameras and added EMS and the schools as her priorities.

Commissioner Priola shared that his focus was right-sizing the government, particularly personnel (tax office and library staff), prioritizing life-saving positions. He mentioned the lack of data from ABSS and the Board's fiduciary responsibility to ensure taxpayer money was spent wisely and with a layer of transparency.

Vice-Chair Carter mentioned vehicles for the Sheriff's Office and county departments. He said the cars could be leased through a rental company. He shared his concerns about the Sheriff's Office vehicles having high mileage. Vice-Chair Carter suggested letting the ACC Automotive Department do the maintenance and service of the vehicles. Mr. Baker said they had not looked into whether ACC mechanics could handle diesels and EMS ambulances. County Attorney Stevens advised that allowing students to work on emergency vehicles poses a liability for the county if the vehicle is involved in an accident related to faulty maintenance.

Chairman Paisley said he agreed with Commissioner Priola, that some departments were overstaffed and understaffed. He provided the County Attorney's Office as an example of a department that needed an additional attorney. Chairman Paisley mentioned the county continually funded some non-profits, and they need to review them carefully.

County Manager York mentioned that reducing staff to save money would have to take into account reducing services. She thanked the Board for their time and engagement.

CLOSED SESSION

2:52 PM County Attorney Stevens asked the Board to move into closed session pursuant to North Carolina General Statute 143-318.11(a)(6), to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee.

Commissioner Allen, seconded by Vice-Chair Carter, moved to enter the closed session. The motion carried without opposition.

3:22 PM Vice-Chair Carter, seconded by Commissioner Allen, moved to reconvene the meeting in open session. The motion carried without opposition.

County Attorney Stevens discussed a personnel issue that had recently transpired with the Board. He said it was brought to the attention of staff that based on a policy issue, involving a policy that had been implemented and later interpreted improperly, some employees were paid incorrectly for their holidays. He stated that employees who worked holidays between July 1, 2024, and the present were overpaid. County Attorney Stevens advised the Board that it was up to them to decide how to address the past and current situation.

County Attorney Stevens presented the Board with four options:

Option 1 - Roll Back Approach

- This would involve recovering 1.5x the daily wages paid for each holiday worked for each employee who worked and was paid for that holiday from July 1, 2024, to the present and converting pay for 1x wages back to holiday leave for future potential payment under the adopted policy.

Option 2 - Ratify Approach

- Action would still be taken to make sure that employees are not both receiving holiday pay AND being paid out for it simultaneously moving forward.

Option 3 - "Clean Break" Approach

- This would leave paid wages in place through the MLK Jr. holiday in January but would make sure that moving forward, employees are paid at a flat rate for the day, with holiday accruals to be paid out moving forward as budget allows.

Option 4 - Hybrid Approach

This option would treat the 2.5x wages paid as a payment of otherwise banked holiday leave at a time not strictly in accordance with the Board's adopted policy on payment of holiday leave. 1x the amount of holiday pay granted would be taken back from the employees for the relevant period (or pay associated with the amount of holiday leave).

He stressed the importance of the Board's decision, as it would provide staff with the necessary direction for payroll processing. Susan Evans, the Finance Officer, reported that the county had already paid out about \$411,000.

County Attorney Stevens commented that the policy the board approved in May was imprecise regarding which employees that policy applied. It did not specify employees of emergency services, the Sheriff's Office, detention center, central communications, or emergency management services. He opined the policy should have stated which employees were entitled. County Attorney Stevens mentioned a discussion during the March 2024 meeting when Commissioner Turner asked if this would apply to the emergency services personnel. County Attorney Stevens noted Commissioner Turner was told the policy would apply to them. He emphasized that when that policy was used in April of last year, employees who had banked holiday leave from every department were paid out of their banked holiday leave, not just emergency services personnel. County Attorney Stevens asked for clarity from the Board on whether they wanted to apply the banked holiday leave policy to all departments. Or if they wanted to pick the most needy departments and apply it to future policy. He told the Board that

the decision could be made later and was not as time-sensitive as the overpayment issue that needed action that day.

Vice-Chair Carter, seconded by Commissioner Allen, moved for approval of Option 3.

County Attorney Stevens wanted clarification before the Board voted and a record of this conversation. He said this means that the county would not touch pay and benefits that had been paid in error in the past, including the Martin Luther King Holiday, through the start of this fiscal year. County Attorney Stevens confirmed moving forward the county would revert to a system where holidays worked were paid at normal time, but employees would still receive their banked holiday leave. The county would continue to exercise the option at the end of the fiscal year to pay out banked holiday pay for the departments that would be included in the application of that policy decided at a later date.

Moved By Vice-Chair Carter

Seconded By Commissioner Allen

Approval of Option 3 - "Clean Break" Approach

- This would leave paid wages in place through the MLK Jr. holiday in January but would make sure that moving forward, employees are paid at a flat rate for the day, with holiday accruals to be paid out moving forward as budget allows.

APPROVED UNANIMOUS

ITEM # 6 CLOSING REMARKS & ADJOURNMENT - Chairman Paisley 2:45 pm - 3:00 pm

Vice-Chair Carter, seconded by Commissioner Allen, moved to adjourn the meeting. The motion carried.

There being no further business to be brought before the Board, the meeting adjourned at 3:51 PM.

John Paisley, Jr., Chairman

Alamance County Board of Commissioners

Tory M. Frink, Clerk to the Board