

January 28, 2019

The Carroll County Board of Supervisors held a Budget meeting on, January 28, 2019 in the Board Meeting Room of the Carroll County Governmental Center.

Present were:

Rex L. Hill
Dr. Tom Littrell
Phillip McCraw
Robbie McCraw
Bob Martin
Joe Webb
Steve Truitt, County Administrator
Nikki Cannon, Assistant County Administrator

Mr. Hill called the meeting to order at 6:05 p.m.

Mr. Hill asked if there were any suggestions on goals.

Mr. Truitt asked if there are any particular areas you would like to focus on such as collection, timing of things, the way we do things?

Mr. Martin told there was one year we could have gone after last year and I thought that was going to come up this year.

Mr. Truitt told we always have the challenge of collecting and we wanted to build on what we did last year. We are now in a position where we can continue. It has been happening by people paying or having sales. By we, I mean Sands Anderson working with everyone. We want to keep doing that.

Mr. Hill told we shouldn't lose anything moving forward.

Ms. Cannon replied, keep in mind that is only on real estate.

Mr. Martin asked if it is time to get serious about a two-pay option for the County.

Mr. Hill told he was hoping when we put that out there that it would be a discussion at our next meeting. We need to find out the cost and all the other things. Do we know of a County close by that does it?

Mr. Robbie McCraw replied Floyd.

Mr. Hill asked if we could ask someone there to give another opinion.

Mr. Truitt told we would be happy to ask.

Mr. Hill told we could ask Grayson.

Mr. Robbie McCraw asked if they do where they collect real estate at one time and personal property at another.

Dr. Littrell told they had payments due at odd times, but they decided it wasn't a good idea.

Ms. Zimmerman asked if we were just talking about real estate.

Mr. Hill replied yes. If we could hear from some folks to see what it has done for them, what is cost and the extra work.

Ms. Zimmerman told on the twice a year billing there are a lot of things that would have to be taken into consideration. The levy would have to be set in February.

Mr. Hill told it is going to be an education process too because we will have to let people know what is happening.

Ms. Zimmerman told the real estate and veteran exemptions we would have to do twice a year. Land use would have to be refigured. All the ordinances would have to be updated. On the building permits would you want all the new construction done as supplements.

Mr. Hill told that is all things we don't think about.

Ms. Zimmerman told our system would have to be set up to do land transfers up until cutoff day and we would have to have it split to another part of the system to do transfers for the last half of the year so the bills would go to the correct people. We have to do it with reassessment, but there are always problems.

Mr. Hill told that is always the case when you do something new, unattended consequences. That is why we need to look at everything we can so we can get feedback.

Mr. Martin told the bottom line is if you are going to establish goals, do we have a spare \$750,000 hidden in the budget where we could pick up the cost of the Regional Jail.

Ms. Cannon replied hidden, no. There are some expenditures that we are aware of that are going to be lower than anticipated to offset, we will likely have some.

Mr. Truitt replied is there \$850,000 worth of fat in this budget, no. There is some, but we will have to do what we have done the last two years and it is hard. The hope is at some point this massive increase will level off.

Mr. Martin told the Regional Jail cost is going to exceed \$800,000.

Ms. Cannon told that it is trending about \$140,000 over budget. The remainder of the \$844,000 is for CSA.

Mr. Robbie McCraw told the latter is a result of the first.

Ms. Cannon told there is also opportunity in revenue. We are trending over a little in some areas and that will help.

Mr. Truitt told in the revenue we have tried to be realistic but conservative.

Ms. Cannon told in terms of goals, the items I am sticking to this year are; no tax increase, continue building reserves for fund balance and maintaining the current level of services. Does that sound in line with what the Board would like to see?

Mr. Martin told it does to him.

Mr. Robbie McCraw replied, I agree.

Mr. Hill told I do too. Have we heard anything on insurance rates?

Ms. Cannon told we don't usually get those numbers until April. We are working on a proposal to go to bid in February or March just to see if there is an opportunity for some cost savings.

Mr. Robbie McCraw told he knows in the private sector a lot of the ones have had such a time with it this year because it has went up so much.

Mr. Hill told just to let Olen know the last several years, CSA and the jail have been \$1 million over the budget. We have increased the expenditure amount in the budget for those items.

Mr. Olen Gallimore told I know none of you all like the words raise taxes, but I have always paid my taxes and I wouldn't mind if they went up if that would help. There is probably people who would skin me if they heard.

Mr. Hill told that one cents equals about \$220,000.

Mr. Martin asked if you have any information about the School Budget.

Mr. Gallimore told that we have always tried to hold it around \$40 million and keep it level. We are like you, everything keeps going up.

Mr. Robbie McCraw asked when we make expenditures to the School System.

Ms. Cannon told for the last few years we have been dividing by 12 and transferring out the funds. This year we have gotten a little ahead.

Mr. Hill asked if that is flexible.

Ms. Cannon replied yes. I think in the past, especially in September and October we held the transfer until the cash came in. We are about \$1.5 million ahead.

Mr. Hill told that would help us with the cash flow.

Ms. Cannon told that there is an issue with the auditors if the transfer goes in the negative.

Mr. Hill told if we appropriate in June it immediately starts.

Ms. Cannon told it can immediately start. We had schedule of transfers last year. They do have a lot of debt service in July.

Mr. Gallimore told that some of that debt service will go away.

Ms. Cannon told that it will start to fall off.

Mr. Gallimore told that that will make a difference.

Mr. Hill told that unfortunately it is not enough to cover the jail expense.

Mr. Gallimore told the Governor has proposed a 5% pay raise for the teachers if we match it.

Ms. Cannon asked if that would be a 10% increase.

Mr. Gallimore told that it is 2 and 3 but it has to be in the biennium.

Mr. Robbie McCraw asked about the new thing the Governor is wanting to do, what will it do to Machinery and Tools?

Ms. Zimmerman told they are wanting to use cost to the taxpayer now instead of original so it will be worse. There is no way we can aggressively go after it.

Mr. Truitt told he thinks they are also going to include any cost that they incur to make it usable.

Ms. Zimmerman told that she worked with the accountant for Aladin Manufacturing, they do not want a refund they want it credited.

Ms. Cannon asked how much was it?

Ms. Zimmerman told right at \$120,000. It is a \$2 million value that will decrease this year. They will no longer be taxed on it. Has there been any discussion on the reassessment?

Mr. Hill replied no. Now would be a good time.

Ms. Zimmerman told our percentages are still good. David Say with the Department of Taxation has recommended that we not put it off. If the values do drop then you have to pull them back up so far. The way sales are going I don't know how much more it will drop.

Mr. Martin asked where do we stand?

Ms. Zimmerman told we are supposed to be 100% of fair market value and right now the way it stands we are at 94%. We are losing approximately \$800,000 by not being 100%.

Mr. Martin told that is why a lot of counties are assessed annually.

Ms. Zimmerman told that our values dropped almost \$60 million.

Mr. Robbie McCraw asked what the cost was last time.

Ms. Zimmerman told that it was right at ½ million. This one will be more.

Mr. Martin asked when would it be finished?

Ms. Zimmerman replied it will go into effect January 2021. They would start work this fall.

Mr. Hill asked how long it takes to go from RFP until you hire.

Ms. Cannon told it is about 90 days.

Mr. Hill told we need to make a decision this month or next.

Ms. Zimmerman told she needs to have it out by March.

Mr. Robbie McCraw told the smart thing to do is to go ahead and put an RFP out and see what it will cost.

Ms. Zimmerman told the picture will raise it this time.

Mr. Martin told that people tell me we have them assessed way to high and when they go to sell it won't bring that much.

Mr. Robbie McCraw replied, I find the ones that say that are the ones that don't plan on selling their house. If you go to sell it, the seller is going to put it out for more than it is assessed.

Mr. Hill asked if it takes any action from us.

Ms. Cannon told that normally we just do the RFP.

Ms. Zimmerman told last time it was \$14.32 per parcel.

Mr. Martin asked if there is some good news somewhere.

Ms. Cannon told that she has the revenue report. You will probably get budget books at the next meeting.

Dr. Littrell asked if we know the status of the Countywide Tobacco Tax.

Mr. Truitt told that it got killed in committee.

Dr. Littrell asked if it were to ever pass how much would it bring?

Mr. Truitt told Galax gets about \$220,000 a year.

Mr. Hill asked if we will adjust the estimated real estate up from Fran's estimates. It looks like we brought in \$14.2 million last year.

Ms. Cannon replied keep in mind that FY20 is the adjusted budget not the actual. Right now on the revenue we are at \$13, we are short on that one right now.

Mr. Martin asked what makes it off that much?

Ms. Cannon replied where people have failed to pay their taxes.

Mr. Hill asked if we have an idea of what we might bring in.

Ms. Cannon replied what I did again this year is similar to what we did last year which is basically budgeting 100% of the delinquent taxes and putting a positive number down in miscellaneous revenue to try to rejuvenate fund balance. We still have 5 months to collect taxes. Just trying to be conservative on the estimates. As we go through the process those numbers will change.

Mr. Hill told the maximum you anticipate coming in is not going to be \$4 million.

Ms. Cannon replied it will be significantly less I would imagine.

Mr. Hill asked how long it is going to take us to collect this \$4 million, 3 or 4 years unless we speed up the collection rate. That would kind of get us even but its going to take a while to do that. Is that close.

Ms. Cannon told I can't really answer that. If we start selling properties.

Mr. Truitt told if we start flooding the market and the prices start going down, that causes problems. They are trying to work it for their profit and our revenues.

Mr. Hill replied, I am not worried about their profits.

Mr. Martin asked if they are selling many properties.

Ms. Cannon told we haven't done the first one.

Mr. Truitt told it takes a time. I don't think it is going to be \$1 million a year. I think it will be a larger sum in the beginning and then it will get harder. That is why Nikki is putting the money in a safe place.

Ms. Cannon told to where it is from a negative to a positive.

Mr. Martin told I would like to see \$1000 tax placed on antique vehicles.

Mr. Hill asked about the amount delinquent is placed at the bottom of the revenue.

Ms. Cannon replied in every category it is usually the second line down below it. That positive that I am talking about is actually in miscellaneous revenue on page 5. What that does is bring the revenue down so it is not in expenditures.

Mr. Hill told that is the delinquent taxes and what we have collected so far.

Ms. Cannon replied no, that is to bring the number down. What we have collected is what you see in revenue at the end of the year.

Dr. Littrell asked if you could explain on page 1 the vehicle license fee. It seems like it went from \$93,000 to \$600,000.

Ms. Cannon told that is an estimate. It is what was delinquent as of 2018.

Dr. Littrell asked if that is the \$25.

Ms. Cannon replied yes.

Dr. Littrell replied, I thought we had some kind of tie with the DMV.

Ms. Cannon told I am not sure if they have started the DMV stops. I know we have applied to the state.

Dr. Littrell told on line item # 7 is that what we are going to collect.

Ms. Cannon told that is what we should collect. You don't typically collect 100% of anything so I have it at 92%.

Dr. Littrell asked why there is \$500,000 in delinquent.

Ms. Cannon told that is actually what is delinquent.

Mr. Truitt told that is several years' worth.

Mr. Robbie McCraw told once the DMV stops are activated, that is a potential to be collected.

Ms. Zimmerman told that it is a very lengthy process.

Mr. Robbie McCraw asked if it is just drivers license renewal or is it vehicle registration renewal.

Ms. Zimmerman told I think it is registration.

Mr. Hill replied then they don't register their trailer. If you don't have the Sheriff checking, you don't get caught. As bad as I hate to say it the County sticker was a good thing even though it was aggravating. You had a reason to stop a vehicle.

Mr. Martin if you cut something it comes back to bite you.

Ms. Cannon told it looks like our lodging tax is trending upward. I was really conservative on the fines and forfeitures, that is Highway Safety. It is tending towards \$1.4 but with the election coming up I was conservative because I don't know if we will have the same effort.

Mr. Hill told we will have to cut positions if we are not.

Ms. Cannon told that some of the reimbursements for the Constitutionals have trended upward. On page 7 in Comprehensive Services Act, I increased by about \$400,000. I think we have 88 kids in care right now. Overall the revenue is budgeted about \$300,000 less but we are early in the process and those numbers will change.

Mr. Hill asked when PSA and EMS responded to the dam on Greenberry, is there a way to recoup cost.

Ms. Cannon told the Governor will be refunding.

Mr. Truitt told that we should get most if not all the money back.

Mr. Hill asked if there is something we need to do in regulations.

Mr. Truitt told it is covered.

Dr. Littrell asked if there is anyway to estimate how much a store like Dollar General will bring in.

Ms. Zimmerman told she doesn't. The one here in town will be moving to Woodlawn.

Mr. Hill told Hillsville will lose and we will gain.

Mr. Robbie McCraw told there is a proposal to put one back in town. Rent has went up so much at the shopping center.

Mr. Truitt told the average Dollar General does about \$1.7 million.

Mr. Martin asked how long it will be before you have solid on School and our revenues verse expenses?

Ms. Cannon told she is putting together the expenditure side now and there are some pretty significant changes. Some of the information like health insurance we don't get until late in the game. We are working on CIP now. We postpone a lot of CIP until the end of the year to see how much we need to offset so that can cover some of the negative. The School Superintendent will present to the School Board in March and typically we have some meetings with them before, but they have not been scheduled.

Mr. Hill told if we are planning on doing anything for the Wellness Center? I think we should cut the other nonprofits to cover it.

Ms. Cannon asked if he was talking about the whole amount.

Mr. Robbie McCraw replied I don't know.

Mr. Hill told if we are going to do that we should probably have an idea of what that is going to be.

Ms. Cannon told the request was \$25,000 to \$35,000.

Mr. Hill told that means Fries don't get anything.

Mr. Robbie McCraw told they never provided the information.

Ms. Cannon told the United Way is not doing the Financial Stability Center either.

Mr. Hill told why don't we do \$20,000 or \$25,000? I don't want to do too much, I have heard different things with people I have talked to. If we give \$35,000 immediately you will have everybody coming in asking for more.

Mr. Martin asked if we have any fire equipment that we have capital outlay coming up.

Mr. Truitt replied yes.

Mr. Robbie McCraw told if I remember right they have several vehicles that are going to lose certification within the next couple years.

Mr. Truitt told the average age is over 20 years and they have come up with a rotation.

Ms. Cannon told we are behind on that.

Mr. Hill told in the past the Sheriff has assisted us in that. We may need to have a discussion with the candidates.

Mr. Hill asked what amount we should do?

Mr. Robbie McCraw replied \$20,000. I think we should try to do it if we can.

Mr. Hill told take the \$5000 and then split up the rest.

Dr. Littrell told he would like to go look before he made a decision. We are doing revenue tonight. I don't disagree, but I would like to look at it.

Mr. Hill asked what the total estimated increase on the revenue.

Ms. Cannon told I think it is \$323,000 less. I estimated very low on fines and forfeitures.

Dr. Littrell asked if we have gotten anything from the Sheriff this year on Highway Safety as income?

Ms. Cannon told that it is \$871,000 that goes in our General Fund.

Dr. Littrell asked if that is purchasing anything in particular?

Ms. Cannon replied we have a sheet that tracks where we are in Highway Safety. I can update that and send it to you.

Mr. Martin asked if the Board can pull money from that.

Ms. Cannon told fines and forfeitures is a General Fund Revenue and that is under the prevue of the Board.

Mr. Martin asked if Wythe County takes 20%.

Mr. Truitt told he doesn't know what the number is.

Mr. Hill told the difference is they started collecting less so there is a fine line. That is why we should meet with the ones running for Sheriff.

Mr. Truitt told if you let them keep control of it, it reduces his expenses and that in effect is an increase.

Mr. Robbie McCraw told he pretty much takes care of himself and doesn't request from us.

Ms. Cannon told you can look and see what is being paid with that on the expenditure report.

Mr. Martin told the problem he has is what other department has that kind of money.

Ms. Cannon told no one does outside of the Board of Supervisors. On the Highway Safety it has just been agreed upon for years.

Mr. Hill told they have more positions than is being paid for by the Comp Board and that funds those positions. I don't know if you can separate out and look at those items. Some day we may have to address that issue.

Ms. Cannon told you can see it very clearly. Part of it is buying new cars and bullet proof vests and equipment.

Mr. Robbie McCraw told on the expenditure report you are showing \$402,090 that they spent.

Mr. Truitt told as long as it is a safe assumption that they would have bought those things anyway.

Mr. Martin told he is not suggesting it might but if something goes wrong then people don't go to the Sheriff's Office they come to the Board. We are in charge of those funds. I am not suggesting there is anything wrong with the Sheriff's spending.

Mr. Truitt told that if they were to eliminate positions that are self-funded, I don't know how it all works out.

Mr. Hill told that the overtime is covered by the Highway Safety. With our department, it was free to anybody that wanted to work it.

Mr. Truitt told how many tickets get wrote verses hours of overtime, that is the question that I don't know the answer to.

Mr. Hill told they are busy. Every time I come to Hillsville there is a car pulled over.

Dr. Littrell told going north on 177 there were 2 before Exit 19 and 2 after.

Mr. Martin told we are kind of in charge and kind of not. Sometimes there are misunderstandings and if something goes wrong, I'll just throw that out.

Mr. Hill told we do need to meet with them and just have a discussion.

Ms. Cannon told we had \$402,000 but we collected \$800,000. A lot of times they are adding money into the General Fund and that is helping.

Mr. Hill told he wished part of it went to care of prisoners.

Ms. Cannon told there is no doubt that we do arrest people off the interstate and end up with people's children.

Mr. Hill told everyone has tried to get that money, the State and Grayson County. The Senator tried to give it to teachers.

Mr. Martin told with safety I can see where you would connect with Regional Jail and Child Protective Services.

Mr. Martin told I dropped out of school about the time that, who is our attorney that has been here?

Mr. Robbie McCraw replied Steve Durbin.

Mr. Martin replied no, he explained the law to everyone, Benny Robinson. We were in law school together and I dropped off right off the bat and he struggled through.

Mr. Robbie McCraw told y'all were probably in school together.

(Order)

ADJOURNMENT

Upon motion by Mr. Robbie McCraw, second by Mr. Webb and passing, the Board adjourned.

VOTES

Mr. Webb	Yes
Mr. Phillip McCraw	Yes
Mr. Hill	Yes
Mr. Robbie McCraw	Yes
Dr. Littrell	Yes

Mr. Martin Yes

(Order)

Chairman

Clerk