

The Russell County Commission
2008-2009 Proposed Budget Meeting
September 16, 2008
1:30 P.M. EST.

Chairman Cox called the 2008-2009 Proposed Budget Meeting to order.

The County Administrator, LeAnn Horne began the meeting with the 2007-2008 overview. The County has met their revenue estimations budgeted for 2007-2008. The Ad Valorem Tax revenues increased and the sales tax revenues held steady. Those are our largest producing revenue sources for the County. We monitor these revenues closely and use as our market indicators.

We began the County Business License program this year. The rate was set at seventy five percent (75%) of the City of Phenix City's rate. The City of Phenix City collected in 2007; 2.5 million, which at seventy-five percent with all things being even the County, should have had an estimated return of 1.5 million in license fee revenues. The County met the budgeted amount of eight hundred thousand (\$800,000). This revenue will fund renovations/maintenance on county buildings, the bond payment and to assist in providing competitive salaries for county employees. During this year, we have suffered and experienced rising fuel prices, higher utilities and the financial market failing primarily from the mortgage lending practices. In some departments, we will need to adjust line items in the 2007-2008 budget but the overall budgeted figures were not exceeded based on recent reports.

Fuel prices have increased in the proposed 2008-2009 budget an estimated three hundred thousand dollars (\$300,000). If there is any good news in the financial market, it was that oil prices have dropped below one hundred dollars a barrel. Due to the down turn in the market and the Wall Street financial projections, I am sure everyone is, as I am, very concerned of how this will affect the local economy.

All I can advise is steady at the helm. I believe it will be a long while before the market is stable again. We just need to move forward cautiously and prudently with managing day-to-day expenditures. Russell County's geographic position, unlike many other counties in our state, is in an area of tremendous growth. We are fortunate in that regards. This growth is regional. My goal for each department head is to streamline expenses. We cannot control market conditions, such fuel increases, utility increases, insurance increases and health insurance increases; however, we can focus on controlling the ones that are in our power each day.

This year I am initiating a plan to enhance upon the countywide maintenance and energy measures to control all energy cost(s). This is especially important with the many capital projects the county commission has scheduled for completion and proposed in this budget. Some of those are County Road 4, a \$4 million dollar project. A joint animal shelter construction project with the City of Phenix City; the County's share of construction is an estimated \$250,000. We are currently under renovation at the former Mead Westvaco headquarters building and that will continue into this budget year. Renovations at the existing Courthouse will begin shortly that will result in a Judicial building. This building, the Courthouse, is in bad need of repairs, as you know. It is bad when the judicial staff members have to use umbrellas inside the building due to roof leaks—this is a priority to resolve. Also proposed in this budget is the Russell County Sheriff's training building which is to assist our law enforcement officers and personnel obtaining their state certifications that is required by the state on an annual basis. County employee retiree's increase is included in this budget and on going projects for the Russell County Sports and Recreation Complex and a proposed position for a Recreational Manager.

A 6% percent cost-of-living increase for all county employees and we will discuss salaries toward the end of the agenda. Included in this budget are six (6) new Deputy vehicles; a new assistant jail administrator slot and part-time clerk. The County Engineer has several pieces of construction equipment in his proposed budget and new vehicles that he will review with you. The proposed budget will return to the community an est. \$600,000 through civic organizations by appropriations. This is just a brief overview of the proposed 2008-2009 budget.

Ms. Horne asked the Probate Judge, Alford Harden, if he would provide a more in-depth report on County Business License collections. I want the commission and public to have a thorough report. I know how many people assisted us in supporting this legislation so the county would have additional revenue for reasons already stated.

Judge Harden stated this past year the county business licenses program was new to us. We had some problems, but I believe we have ironed most of those out. We debated whether we should charge seventy five percent or fifty percent. We decided on seventy five percent and we obtained that goal as far as the minimum we thought we would collect. Some resources/businesses were tapped. When we asked the Legislature to create a business license, we were not aware the State provides so many exemptions. When you heard that the City of Phenix City received 2.2 million dollars and we only received eight hundred thousand dollars (\$800,000); a lot was due to exemptions approved by the State. The professionals in our city, lawyers, doctors and the C.P.A.'s were all exempted through State legislation. They pay gross receipts to the City of Phenix City but not to us, the County. As you know, a lot of those are higher-end paying jobs that we simply by State statute cannot tap. We also backed-off on some things because this was a new area and the County was not sure how to approach enforcement on our gross receipts. Our attorney advises us and we adopted the City's rate. So, we are looking clearing up those

misunderstandings in the upcoming year. They have a misgiving about whether or not you can charge the business license on our state sales. That only applies to your sales tax. You cannot charge Alabama sales tax, Russell County or Phenix City sales tax on a product that is sold and delivered in Columbus. That has to do with sales tax not with gross receipts and business licenses. Some how that is being confused and misinterpreted. Mr. Friend and Mr. Hollins have done a great job of finding businesses that have not paid and some we did not have listed in our database. I believe for the first sixty days of our process, we should know what we are going to collect for this year. When I talk to business owners and put into perspective, when we have a company like Wal-Mart come to town and bought a business license from City of Phenix City but until last year was not required to purchase a license from the County and they did not hesitate to pay Russell County's fees. A small business will pay \$82.50 if their income is under \$100,000 and it goes up after that. I do not expect a tremendous windfall this year, there are same amount of business in the county as last. The Commission sets the policy; I am only the collector but if you find someone with a question ask him or her to call I will explain where this came from and what we are collecting. Our employees, if approved, are going to get a 6% - six percent cost-of-living increase. I do not believe the Commission could give this increase without the revenue from the business license program and we would not be able to fund the new Government Center without it.

Commissioner Lee reminded the Commission the business license was a unanimous vote by this body. We cannot blame anyone else, we asked for it.

Judge Harden agreed, he had pulled the minutes and this was a unanimous decision to request the legislation and it was unanimous on the percent. I commend you for that. It was a bold choice to authorize this in order to move the County forward. I do not want to pay any more than I need to pay nor do we want the citizens paying more than needed. We have roads to maintain, the Sheriff's Department takes a lot of our budget, and it takes a lot to sustain this county.

Commissioner Martin asked Judge Harden how much we pay the City for the roads.

Judge Harden replied, we pay the City \$225,000 or more dollars for city road improvements.

Commissioner Martin remarked if they would just share a portion of the sales tax, we may not have to keep going up. I know I have said to citizens, I would see about lowering that percentage, but Judge Harden has talked to me about the rate and helped me understand the big picture. This is the right decision. We need to talk to legislative about the exemptions and see if we can minimize those.

Commissioner Lee stated I thought when we were requesting the legislation; we were asking for the same authority that the City has. I knew professionals were exempted but by asking for the authority the City has we should have the ability to charge professionals as the City of Phenix City does. Have you and the attorney discussed this?

Judge Hardin explained our Alabama Codes are from 1975 and it has not been changed in regards to those since 1975, which was when the exemptions were put into place. The statues clearly state the County cannot charge a license. We dealt with that last year. We had professional try to pay, but we could not collect.

Commissioner Dudley states people do not realize to do all the things we have to do that takes revenue. I know it would take a state law but I think it would be nice for some of the people in the higher levels pay something according to the income they take in some type of a license; such as an occupational fee.

Commissioner Robinson stated; I know we went back on our word and we need to do what we promised but I feel we need to keep the seventy five percent (75%) County Business License; the Commission has to be strong and do what is right for the people of Russell County and progress. The citizens' don't understand the economic dilemma the county would face or how well this Russell County has done without seeing what has occurred in other counties in Alabama.

Commissioner Epps reported I do not believe some of the Commissioners supported it 100%.

Commissioner Lee said Commissioner Robinson made a statement giving your word and do what you say you are going to do. Our word was we were going to charge fifty percent (50%) and then we charged seventy five percent (75%). I was sticking to what we had originally discussed. Before passing the fee, we told everyone fifty percent during discussions.

Commissioner Epps stated we told everyone we were discussing it. It had not been approved so it was still a discussion and under consideration, not official.

Commissioner Lee said I did not say it was official, I said that was what we had discussed.

Judge Harden explained my position here was to report where we are. I am not in the position to recommend keeping or doing away with the business license.

Commissioner Dudley stated you could not be against something that is working and has been long overdue. We have taking some heat for that decision but it has not been a tremendous amount of people—just a couple here and there. We are moving in a positive direction and we should not step back.

Ms. Horne asked Judge Harden if he would like to make any comments about his budget.

Judge Harden replied we held our budget to a minimum but we did add a few dollars anticipating some growth and some cost in moving.

Commissioner Lee asked Judge Harden if this is the last year of bookbinding.

Judge Harden answered; I think there will be one more year. I would like to not replace the bookbinding that is not in bad shape. I have talked to other Probate Judges that had this done and they said its best to do the books from start to finish. What happens is your book starts to wear by the time you come back and start on those then these are worn-out. We are digital and all that we take in were put in smaller books and we have opted for a plat scanner.

Ms. Horne added as you review the miscellaneous equipment, you will see increases in those line items due to anticipating relocation of the Probate Office and possible needs. Those expenses are one time expense. You will also see we have done that and other departments as well. We are trying to cover all the expenses with the bond proceeds but still individual departments will need things that required funding with general fund monies.

Judge Harden, stated one thing I would like for you to consider because our election system is mandated by the State and we get requirements where we have to go in to change different things in our program. We clearly do not have anyone here with the IT expertise to make those program changes. I have asked Ms. Horne about hiring an IT person and possibly putting them on an hourly contract. She has asked me to check with David Martin, who is an IT person for Auburn University. He has agreed to do that on \$75 an hour basis as needed. We do not anticipate having to use him a lot but when we get to change order down from the Governor, we have to change it. I am not a computer person so I cannot go in and change programs were it is required. He is someone who has those skills. David Martin is responsible for all computers that are in The Phenix City School System as well. This is a computer world. He could be on call for every department that is connected to the State election system. Some of these companies charge \$150.00 to \$175.00 an hour plus a trip charge. I believe he could be a cost savings to the County using someone local.

The Revenue Commissioner, Naomi Elliott, stated I have in my department two people that have reached the top of the pay scale as far as their grade goes. There is no way I can advance their salary and they were kind of left out last year when there were adjustments made due to their time here with the county. It is hard to have seasoned employees that you depend on and that you cannot do much for them because they are in the last step on the pay plan. They see other people getting a greater pay increase than what they get. I think Judge Harden has someone also. I am not talking about 6% cost of living raise. I am talking about the 10-year step plan. People that get to that point; step 10; you do not get any type of merit. They just continue to work and if they get a cost-of-living raise and then that's all they get. You get good employees and you just cannot do without them. I would like you review this and see if there is anything we can do for them.

Ms. Horne stated she has talked to some surrounding counties; Lee County has just conducted an extensive pay study. I have been invited to come and review the pay plan. It may give us some comparisons. Our plan has 3% between steps; Lee County is only 2%. I think the steps are a farther out – meaning Lee County's goes beyond the 10 years and Russell's currently only goes to 10 steps. We may be able to reduce the percentage amount the employees would receive increasing the steps by number of years before an employee tops out. Lee County is as I understand it, is a 5% between grades and our pay plan is 10% and 3% per step. The state is 2 to 2.5% per step I believe.

Commissioner Dudley stated he wished the Commission would adopt the basic guidelines that the State has. We keep grinding at the wheel when it is already there. All we have to do is adopt what applies to our staff and people, because we have already adopted the state retirement program and insurance. I came here as a state employee; the state has a full staff of attorneys; everything you could need is already there; you do not have to find solutions.

Commissioner Lee answered I believe we can improve on what the State does.

Commissioner Epps stated that is what I think LeAnn implied when she said she had talked with Lee County and they have opened their doors for her to come in and see how theirs works. She should look at several other counties too.

Ms. Elliott said our plan might be the best one available. I am not complaining about it. I am concerned about those employees who are at the top.

Ms. Horne stated I wanted Mrs. Elliott to have an opportunity to discuss that with the Commission. She and I discussed many things to include revising the pay plan to include evaluation systems or a merit system where your performance is based on your percentage increase. Every manager runs into a situation where there is person that should not receive the same amount, for different performance reasons such as attendance, attitude, etc. however, they get the same pay for working less. A plan

should reflect equal pay for equal work in my opinion. I will continue to work with department heads and look into pay plans addressing Mrs. Elliott's request(s).

Mrs. Horne reported that the fund balance reported in the proposed budget is \$853,975 (eight hundred fifty three nine hundred and seventy five thousand dollars) is transfers out. \$440,000 (four hundred forty thousand dollars) going to the gas tax budget to support Engineering and their projects. \$451, 335 (four hundred fifty one thousand three hundred thirty five dollars) for bond payment and the usual transfer of \$2,500 (twenty five hundred dollars) that go into the Contingent Fund. The remaining funds creating the fund balance line would make it an average or normal fund balance amount due to cost of operation and pay increases.

I want to point this out to you letting you know these reserves are supporting the projects that have been approved throughout the year. Our business license program did not yield the amount we anticipated. If our revenue does not come in as anticipated due to the financial market conditions, we may have to suspend the capital budget projects until conditions stabilize. The first priority is to continue operating the County and provide current services. We have been very fortunate and people were very proud of us for our fund balances/reserves. I am requesting the Engineering Department to work toward standing on its own in the next fiscal year. Much of what happened this year was not under the control of the new engineer and is State mandated. The Commission did vote on this road project working with the State so the engineer and I went forward with budgeting the funds required for Co. Road 4 construction. At the time, I do not think any of us realized it is \$1.2 million project that the County would have to come up with the entire funds in a year's time.

Commissioner Lee repeated what you are saying is this budget and the County Road 4 project; we are not going to have any more Federal or State road money for the next three years. Mrs. Horne stated that is what I understand. The State required all our current funds and anticipated state funds for the next 3 years in advance. Maybe Mr. Kite can provide further details.

County Engineer Larry Kite explained we are asking they work with us extending our match and they have not given it to us yet. We are asking for an advance 2009-2010 Federal aid allotment. We would not have another Federal aid allocation for Russell County until 2010. Two years from now at \$500,000 (five hundred thousand) a year.

Commissioner Lee said hopefully we will not have a major bridge failure during that period.

Mr. Kite answered they will advance it for a just cause reason; so we gave them a just cause reason. Now we will have to get them to advance it and I am not sure how that will fly. We get \$500,000 (five hundred thousand) a year, beginning October 1, which will give us, \$1.2 million in Federal aid. Normally we would receive this money in October 2009, which would give us 1.7 and then we would have to match it with twenty percent (20%), so that is \$400,000 (four hundred thousand dollars) match and we are also paying for the plans, paying for the right-of-way, etc. We had some wetlands mitigation that we will also have to pay for. That does not include the additional the additional eleven percent (11%) that the State mandated just recently over and above the federal funds and is not in this budget because we ran out of money I am told. If they say we have to pay that, we will have to find it or put it off for another fiscal year.

Commissioner Epps asked, if there is any way to get bond money to complete the project or can we borrow the money.

Commissioner Lee stated, basically, we are borrowing the money from the State without being charged. If we borrowed from another institution, we will have to pay interest on it and it will cost more.

Commission Epps stated the reason I asked the question is, since you mentioned we are taking out our reserves and you never know when a disaster will occur. I do not want to get the County into a situation and not have anything to back us up.

Ms. Horne stated we did not deplete all our reserves—I would not do that. We have well over four months of funds to operate the county if we did not receive any revenue. I am only pointing out we are not building reserves with this budget. This budget is an exception because we normally do not fund engineering to this degree. We also work hard to reduce the amount of fund balance (reserves) we have to use to fund the general fund budget.

Mr. Kite replied, I did come into the budget year late. We were able to not spend this year about three hundred thousand dollars and eighty eight thousand was in payroll where we did not refill positions. \$85,000.00 (eighty five thousand dollars) will be carried over in materials and approximately \$126,000.00 (one hundred twenty six thousand dollars) in contract maintenance. County Road 4 funds were about three hundred thousand. Really, we saved that money from this year's budget and will use that in the proposed budget.

Commissioner Martin asked when the \$7.00 (seven-dollar tag fee) is discontinuing. That will end December 31, 2008 stated Ms. Horne. That legislation was not renewed due to opinions from the legislative resource services. This means less money for county roads. Mrs. Horne stated that when we learned of this loss in revenue we looked into amending the gas tax legislation so we could retain 100% since we have no county roads in Phenix City. We will need funds to continue maintenance on dirt roads

and other road projects. If you recall, the County gave Phenix City the 10% when they were hurting for funds for roads; now the County is hurting. We thought they may return the favor but it did not work out that way. We have budgeted 90 days of revenue for the tag fee.

Chairman Cox questioned the office supplies listed in the Commission budget. Is that due to the Mead Building and the relocation? Mrs. Horne stated, yes.

In the Animal Control Budget, there was a reduction of seven thousand dollars in the 541 miscellaneous in the 08-09 budgets. There was money spent on the compartment placed on the back of the trucks to transport animal and they did not need to purchase that again this year.

In the County Jail Budget there is a listing for an Assistance Jail Administrator; our Jail Administrator said she is in need of assistance; she has been Jail Administrator for about 10 years with no assistant. They are going to promote a deputy. The EMA Department has requested an employee and I did put some money in for contract services not adding a full time position/slot. EMA requested a position for someone to help with the inventory is there and operable in case of a storm and different other things.

As we did a couple of years ago with using temporary employment, I am asking all departments to do until we get through this volatile market and our capital projects are completed. Hire full time temporary because we do not have to pay the benefits and that saves us an average roughly six to eight thousand dollars per person. We have a large segment of retirees from military, educational, banking etc. If we utilize these individuals, they already have benefits and the County will not have to provide thus saving the county money.

Chairman Cox asked what salary percent increase the deputies are receiving.

They will receive 6% as everyone else answered Ms, Horne.

Chairman Cox asked did we not promise them more than that, did not we say we would do a graduated salary increase.

Commissioner Epps stated we gave it to them last year.

Chairman Cox asked didn't we promised them 20 percent?

Commissioner Lee said we only promised we would look at it. Fuel cost has used up the budget. I do not see how we are going to make this one.

Ms Horne said The Sheriff did ask for 15%. He explained to me that he was worried about retaining his deputies because Columbus and Lee County starting salaries are higher.

In the EMA budget the grants Mr. Alexander and Kathy usually receive, I budgeted that anticipated revenue under State Grants and I also asked them to put those in as line items, because it is regular grant money they receive each year, which will help with all the budget amendments. If there is grant, over and above what we have estimated then we will adjust it mid-year or if he gets a new grant, he will have to back and ask you to put it into the budget.

Commissioner Lee stated the five hundred thousand dollar increase is depending on whether or not they receive these grants.

Ms. Horne said that is right, it is not an inflated budget, and if you look at their State Grants in the revenue line you will see we offset that so it will balance on what they base four hundred and forty two thousand. That is their anticipated revenue for this year.

Chairman Cox questioned office supplies for EMA; does that mean computers, etc.? Mr. Alexander explained to me it was like Citizen's Corp, and volunteer groups they get things for stated Ms. Horne. The majority of the funds in that line.

The Coroners budget was up for review, Commissioner Lee asked why contract services keep going up, and I thought the Coroner was to start transporting himself, and the vehicle repairs and maintenances are up.

Chairman Cox asked if he received an agenda for the budget meeting. Mrs. Horne stated yes, however he stated his budget was acceptable.

Ms. Horne said he requested six thousand, but we left it level funded. I did speak with him as requested by Commission members and asked him to do more transporting now that he has a vehicle. He assured me he would and that amount would decrease.

Commissioner Martin asked about the body that we had to pick up in the City. Do they not pick up their own?

Commissioner Lee answered no that is our responsibility. They only receive bodies. That is by law.

Ms. Horne assured the repairs and maintenance can be changed back to one thousand dollars as he requested. He has spent, year-to-date, for contract services, fifty seven twenty five and I believe that why he was asking for six. I reminded him again the Commission's wishes to hold it back and left it at five.

Complaints regarding the pickup truck the Coroner purchased to transport bodies was discussed. Even though it is a new pickup truck with a cover, the citizen's perception is that it is a pickup truck hauling their loved ones.

Commissioner Robinson asked if that is what his assistance is for to go to Columbus or other places to pick someone up if he cannot go.

Commissioner Lee reminded them when the previous coroner was not on call one of his assistants would be and they would have the County Car, but I do not think that is happening now. I know it's a different coroner he can run that department the way he wants, but the vehicle is suppose to stay with whoever is on call.

Commissioner Epps replied I understand what you are saying, but if he is not on call he should not have the car, the on call person should.

Commissioner Lee agreed, but he is an elected official he can run his department as he wishes. We only approve his funding.

Commissioner Epps agreed but not at the expense of the County.

Commissioner Dudley agreed with Commissioner Epps and the bottom line is perception in the second part is service. This is nothing against anybody but the fact of the matter is we owe honor, respect, and that person being given to this dignity that we can afford. Not trying to tell an elected official what to do, but I believe it should be a vehicle made for the purpose of transporting bodies with dignity.

Commissioner Epps said I know he is an elected official as we all are, but maybe we should sit down and discuss with him how people perceive his vehicle.

Chairman Cox asked what if we send him a letter on Commission letterhead informing him of our concerns and asking him to reconsider the vehicle he is presently using.

Commissioner Lee recommended him transferring the truck to another department.

Commissioner Dudley made a motion to send a letter to Coroner Sumbry stating the Commission feels better service could be provided to the citizens of Russell County, if he would consider other options for the department vehicle and transporting the deceased. Commissioner Robinson seconded the motion. The vote was unanimous

Ms. Horne asked if there were questions concerning the County Engineers budget. None noted.

Ms. Horne stated the appropriations are level funded except for those that are extensions of County Government, such as the Health Department, the Extension Office, Lee /Russell Transportation, The Russell County Library.

The meeting was adjourned.