

Draft

BOARD OF COMMISSIONERS
REGULAR MEETING June 8, 2015

ALEXANDER COUNTY
STATE OF NORTH CAROLINA

PRESENT: Larry Yoder, Chairman
 Ryan Mayberry, Vice-Chairman
 Milton H. Campbell
 Josh Lail
 Ronnie Reese

STAFF: Rick French, County Manager

The Alexander County Board of Commissioners held a regular meeting on Monday, June 8, 2015 at the CVCC / Alexander Center in Room 103, Taylorsville, North Carolina.

CALL TO ORDER

Chairman Yoder called the meeting to order at 6:00 PM.

INVOCATION & PLEDGE OF ALLEGIANCE

Commissioner Lail gave the invocation and Commissioner Reese led the Pledge of Allegiance to the Flag.

ADOPTION OF AGENDA

Chairman Yoder requested the addition of an announcement by David Icenhour, Economic Development Director, prior to the Public Comment Period and made a motion to adopt the agenda as amended. Vice-Chairman Mayberry seconded the motion, which passed unanimously.

*****SPECIAL ANNOUNCEMENT*****

David Icenhour, Economic Development Director, announced that Alexander County had been awarded a Golden Leaf Foundation grant in the amount of \$935,060 for a wastewater expansion to serve Shurtape Technologies, LLC making the industry more efficient in its operations and retaining 160 jobs. The project will result in 3 miles of sewer force main that will connect to an existing system in Hiddenite. Mr. Icenhour introduced representatives from Shurtape including

Mark Hawes, Director of Environment and Safety, and CEO Stephen Shuford who expressed his gratitude to the Golden Leaf Foundation and Alexander County.

PUBLIC COMMENT

Judy Caywood with the Bethlehem Community Development Association promoted the 6th Annual Bethlehem Day scheduled for Saturday, September 19, 2015 from 10:00 AM until 4:00 PM at the intersection of Rink Dam, Hubbard, and Shiloh Church Roads (roads closed from 7:00 AM until 4:00 PM). The street festival will feature live music, arts/crafts vendors, free inflatables, and a classic car cruise-in from 12:00 Noon until 4:00 PM. More information is available at www.bethlehemcda.org or can be obtained by emailing bethlehemday@gmail.com or calling (828) 495-1057.

PUBLIC HEARING: 2015-2016 ALEXANDER COUNTY PROPOSED BUDGET

Rick French, County Manager, provided the following Budget Message for the 2015-2016 proposed budget:

Alexander County's proposed General Fund budget for 2015-2016 is \$37,733,376. The current 2014-2015 General Fund budget is \$36,620,332; however, this statement is misleading because the current budget has \$2,766,637 of Fund Balance appropriated, which equates to 11 cents on our tax rate. The use of Fund Balance is our first fiscal problem.

The fiscal year 2015-2016 operating budget follows the general reappraisal of real property for Alexander County. The revenue-neutral rate, as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general appraisal.

The reappraisal produced a tax base of \$2,542,198,475 for Alexander County. The tax levy for the current fiscal year 2014-2015 is \$17,350,119 and the growth factor since the last general reappraisal is 0.65 percent. Using the formula mandated by State law, the revenue-neutral tax rate for Alexander County is 68.7 cents. The proposed property tax rate for fiscal year 2015-2016 is 79 cents, which represents an increase from the property tax rate of 66.5 cents for fiscal year 2014-2015. The second area of fiscal concern is our declining tax base.

The third area of fiscal concern is the cost of the Law Enforcement and Detention Center. The new facility was opened in 2012. Debt and operational costs together is nearly \$3.4 million. Alexander County houses 35 inmates from Caldwell County and should receive approximately \$575,000 in revenue annually from the Caldwell County contract. Alexander County discussed the need to construct this facility many years prior to actual

construction. The tax rate was raised 7 cents in 2010 anticipating construction and opening in late 2012. There were no other tax increases until the 6-cent increase last year. Since 2005, property taxes were raised 4 times, 5 counting this year's proposed rate. It is important to note that housing out-of-county inmates was discussed in detail prior to the opening of the new Detention Center and the facility was sized with this in mind. It is also important to understand that the budget for the jail prior to 2012 was approximately \$1 million a year. Alexander County inmates were housed in Caldwell, Alleghany and Ashe Counties at an estimated \$400,000 per year plus transportation. The bottom line for the Detention Center is it's expensive. It costs nearly 8 cents on the tax rate annually plus housing inmates from other counties to break even.

The fourth area of fiscal concern in the effect of the Medicaid Swap. The General Assembly passed legislation absorbing counties' Medicaid cost in exchange for sales tax revenue and modifying the sales tax formula from per capita to point of sale. This action costs Alexander County nearly \$2 million annually.

When reviewing our current 2014-2015 budget of \$36,620,332, it's important to understand why budgeting so much Fund Balance (\$2,766,637) is damaging to our county's fiscal health.

| | |
|---|------------------------|
| | <u>Fund Balance</u> |
| June 30, 2014 | \$6,550,189 |
| Estimated Fund Balance used for 2014-2015 budget | (<u>\$2,766,637</u>) |
| Estimated Fund Balance for June 30, 2015 | \$3,783,552 |

An appropriation of \$791,611 of additional Fund Balance is being proposed for 2015-2016. The use of Fund Balance is a big part of the reason for the recommended tax increase.

Listed below are a number of recommended budget requests for the 2015-2016 budget.

- \$274,000 for Golden Leaf grant match for industry sewer expansion.
- \$381,900 for 50% of the School System's request to cover the loss in funding due to decreased student enrollment (\$763,799 requested).
- \$240,000 for replacing an ambulance (\$140,000), QRV (\$50,000), cardiac monitors (\$40,000), and other equipment (\$10,000) for EMS.
- \$63,000 for health insurance coverage for one year to 7 part-time Sheriff's Department employees who exceeded eligible hours according to the Affordable Care Act (salaries have been moved into the Sheriff's Department budget since the last meeting).
- \$221,448 for 4 SUV's for the Sheriff's Department including cameras, computers, lights and sirens, radios, etc. (7 vehicles were requested).

- \$140,000 for mandated and previously approved voting equipment.
- \$99,300 for technology needs for County departments (no funds were budgeted in 2014-2015).
- \$65,000 for 911 Communications equipment replacement.
- \$80,000 for an Economic Development Project.
- \$58,000 for Information Technology system upgrades.
- \$50,000 for utility costs for the CVCC Applied Technologies Project.
- \$40,000 to replace two vehicles for DSS (\$27,335 in County funds).
- \$22,000 to fund the CVCC Compensatory Education Program.

A total of \$41,581,697 was requested by County departments along with 17 full-time and 6 part-time positions. Currently, the largest County departments as of May 22, 2015 are as follows:

| | <u>Full-time</u> | <u>Part-time</u> |
|--------------------|------------------|------------------|
| DSS | 72 | 10 |
| Sheriff | 31 | 31 |
| Detention | 33 | 14 |
| EMS | 29 | 33 |
| Health | 25 | 24 |
| 911 Communications | 9 | 6 |
| Tax | 6 | 1 |
| Information Tech | 6 | 1 |
| Library/Bethlehem | 6 | 5 |
| Finance | 6 | 0 |

County projects budgeted to start or to be completed in 2015-2016 are as follows:

CVCC Applied Technologies Project
 Rocky Face Park Phase II
 Bethlehem / Ellendale Water Project

The recommended budget for 2015-2016 is balanced through the use of a portion of the County's Fund Balance plus a proposed increase in the property tax rate. This combination is needed to maintain County services, to complete the capital projects in progress for CVCC / Alexander Center, Rocky Face Park, and the water system, and to address the funding requests of the School System.

Mr. French added that there were no new positions being recommended for the 2015-2016 budget and that all vacant positions were being held. He also gave an example of how the proposed tax rate increase would affect property owners, noting that taxes on a \$100,000 home would increase \$125.04 annually or \$10.42 per month.

Other items mentioned included recently requested improvements to Jaycee Park and time/attendance software suggested by commissioners. He advised that estimates for park renovations had not been received thus far and had therefore not been included in the proposed

budget. The Information Technology Department is researching vendors for the time/attendance software, an estimated cost of \$75,000 which could be placed in Contingency and paid over a two-year period.

He also gave a slide show that included the following information:

- Tax rate comparison of surrounding counties and those similar in size (including revenue generated by one cent and proposed tax rates for 2015-2016).
- Sales tax vs. property tax revenue.
- Revenue growth potential.
- Fund Balance compared to population group average and counties similar in size.
- 2015-2016 proposed General Fund revenues and expenditures.
- Proposed tax rate allocations to various County services.
- Number of County employees 2011-2015.

Other proposed increases include a 1% water rate increase for both the Highway 16 South / Sugar Loaf and the Bethlehem Water District to offset an increase by the City of Hickory (rates for the Bethlehem District will also be restructured), a \$5 per ton increase in landfill tipping fees, and new rates for fire districts as follows:

| | |
|-----------------------|--------------------------|
| Bethlehem - .031 | Ellendale - .047 |
| Wittenburg - .048 | Sugar Loaf - .065 |
| Hiddenite - .044 | Central Alexander - .036 |
| East Alexander - .060 | Vashti - .065 |

Chairman Yoder called the public hearing to order and requested any comments. There being none, Vice-Chairman Mayberry made a motion to close the public hearing. Commissioner Campbell seconded the motion, which passed unanimously.

PUBLIC HEARING (CONTINUED): MINIMUM HOUSING & NUISANCE ORDINANCES

Jon Pilkenton, County Planner, presented the proposed amendment to the Solid Waste Ordinance adding nuisance provisions as Chapter 50.07 as well as a draft Minimum Housing Ordinance, both originally presented at the April 13th Commissioners' Meeting and reviewed again on May 4th.

Chairman Yoder called the public hearing to order and requested any comments.

Public Comment

Larry Riddle asked for clarification on whether the Town or County's zoning laws would be enforced in communities such as Vashti, Bethlehem, Hiddenite, etc. He was advised that Alexander County's Zoning Ordinance would apply to all areas of the county with the exception of the Town of Taylorsville.

There being no further comments, Vice-Chairman Mayberry made a motion to close the public hearing. Commissioner Lail seconded the motion, which passed unanimously.

The Board discussed how the nuisance provisions and the Minimum Housing Ordinance would be handled in the Extraterritorial Jurisdiction of the Town of Taylorsville. Mr. Pilkenton explained that the County would be required to provide enforcement in the ETJ but that Town staff would begin the process once a complaint was submitted.

Rick French, County Manager, recommended an effective date of September 1, 2015 to allow time to reorganize staff since the Board would not be approving an enforcement position within the 2015-2016 budget.

Vice-Chairman Mayberry made a motion to approve the Minimum Housing Code effective September 1, 2015. Commissioner Lail seconded the motion, which passed unanimously.

Vice-Chairman Mayberry also made a motion to approve the addition of nuisance provisions to the Solid Waste Ordinance as Chapter 50.07, also effective September 1, 2015, but asked that Section H be removed for further clarification.

Chairman Yoder suggested approval of Chapter 50.07 be tabled until said clarification occurred.

Several commissioners requested further explanation from Mr. Pilkenton regarding Section H who explained that the intent was not for undeveloped lots, only those not in their original state. Vice-Chairman Mayberry felt this requirement was too restrictive for a rural county and therefore withdrew his motion for approval.

Vice-Chairman Mayberry then made a motion to table consideration of Chapter 50.07 of the Solid Waste Ordinance until the July 13th Commissioners' Meeting to allow time for revisions. Commissioner Reese seconded the motion, which passed unanimously.

SALES TAX REPORT

Rick French, County Manager, reported that \$2,868,011 had been collected in sales tax revenue for the 2014-2015 budget year. This is 79.5% of the \$3,605,000 budgeted and a 7.26% increase from this time last year.

BUDGET ORDINANCE AMENDMENTS #51 - #53

Rick French, County Manager, reviewed the purpose of Budget Amendments #51 - #53 as follows:

Budget Amendment #51 – To increase the Health Department budget for additional Environmental Health Food & Lodging funds and Family Planning State funds and for local receipts. To increase the Cooperative Extension Service budget for a Nourishing

NC Garden grant. To increase the Special Appropriations budget for the County's share of the WPCOG 2015 Forensic Crime Study cost. To adjust the JCPC revenue categories for a budget transfer approved at the State level.

Budget Amendment #52 – To increase the Sheriff's Department budget for accrued leave payouts due to two employees receiving comp time payouts due to comp time limits being reached.

Budget Amendment #53 – To budget for a transfer of funds from the Jail Project Fund to the FY 2016 General Fund budget (using money from the January 2011 Jail Project loan proceeds to reimburse the General Fund for project expenditures in excess of original project estimates).

Commissioner Lail made a motion to approve Budget Amendments #51 - #53. Vice-Chairman Mayberry seconded the motion, which passed unanimously.

OTHER BUSINESS

Rick French, County Manager, discussed the following issues during Other Business:

- A. Complaints regarding the firing of weapons in residential areas continue. Citizens will be asked to attend the July 13th Public Comment Period. Staff has acquired policies from several other counties for research.
- B. Staff is waiting on estimates for the requested updates and repairs to Jaycee Park. The park was constructed in 1975.
- C. Upcoming meetings include June 15th and June 22nd. Mr. French urged the Board to adopt the 2015-2016 budget no later than June 22nd.

Russell Greene, Emergency Services Director, announced that the Central Alexander (Taylorsville) Fire Department had lowered their ISO rating to Class 5 in Town and maintained a Class 6 for their rural district.

CONSENT AGENDA

- A. Minutes from the May 4, 2015 Regular Meeting and the May 11, 2015 and May 26, 2015 Work Sessions.
- B. Tax Release Requests (\$2,265.79) and Tax Refunds (\$3,614.65) for April 25 – May 31, 2015.
- C. Home and Community Care Block Grant SFY 2015-2016.

Vice-Chairman Mayberry made a motion to approve the Consent Agenda. Commissioner Reese seconded the motion, which passed unanimously.

CLOSED SESSION – N.C.G.S. 143-318.11(a)(1, 3, 4, 5, & 6) TO PREVENT THE DISCLOSURE OF CONFIDENTIAL INFORMATION, ATTORNEY/CLIENT PRIVILEGE, ECONOMIC DEVELOPMENT, CONTRACTUAL, & PERSONNEL

Chairman Yoder made a motion to enter into Closed Session at 7:28 PM to prevent the disclosure of confidential information, for the purpose of attorney/client privilege, and to discuss economic development, contractual matters, and personnel issues pursuant to N.C.G.S. 143-318.11(a)(1, 3, 4, 5, & 6). Vice-Chairman Mayberry seconded the motion, which passed unanimously.

ADJOURNMENT

There being no further business, Vice-Chairman Mayberry made a motion to adjourn at 8:28 PM. Commissioner Campbell seconded the motion, which passed unanimously.

Larry G. Yoder, Chairman

Jamie M. Starnes, Clerk to the Board