

Draft

BOARD OF COMMISSIONERS
REGULAR MEETING May 23, 2017

ALEXANDER COUNTY
STATE OF NORTH CAROLINA

PRESENT: Milton H. Campbell, Chairman
 Ronnie Reese, Vice-Chairman
 Josh Lail
 Ryan Mayberry
 Dr. Jeffrey P. Peal

STAFF: Rick French, County Manager
 Jamie Starnes, Clerk to the Board

The Alexander County Board of Commissioners held a regular meeting on Tuesday, May, 23, 2017 at the CVCC / Alexander Center in Room 103, Taylorsville, North Carolina.

CALL TO ORDER

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

INVOCATION & PLEDGE OF ALLEGIANCE

Chairman Campbell gave the invocation and Commissioner Mayberry led the Pledge of Allegiance to the Flag.

COMMISSIONER'S REPORT

Vice-Chairman Reese, who attended an Air Quality Meeting on May 16th, reported that, due to the improvement of air quality in the region, emission inspections requirements have been relaxed in 21 counties and removed completely in Burke, Caldwell, and Catawba Counties, saving vehicle owners approximately \$3.4 million per year.

Commissioner Peal stated that the Veterans Committee met today and finalized plans for the Memorial Day Service scheduled for Sunday, May 28th at 2:00 PM on the Alexander County Courthouse lawn and he urged the public to attend.

ADOPTION OF AGENDA

Commissioner Mayberry made a motion to adopt the agenda as presented. Commissioner Reese seconded the motion, which passed unanimously.

At this time, County Manager Rick French pointed out the need to add a resolution regarding funding for mental health services to the agenda.

Therefore, Commissioner Lail made a motion to adopt the agenda as amended. Commissioner Mayberry seconded the motion, which passed unanimously.

INDUSTRY ANNOUNCEMENT

David Icenhour, Economic Development Director, announced that Alexander County would soon be home to a new industrial employer, Borealis Compounds, Inc. who is a worldwide leader in the automotive plastics industry. Borealis, who is finalizing the purchase of the Alexander Railroad shell building located in the Alexander Industrial Park, plans to create 37 new jobs over the next several years and invest approximately \$15 million into the building and equipment. After expressing his appreciation to the many partners involved in the process and recognizing representatives present (see below), Mr. Icenhour introduced Jakub Oliverius, Business Development Manager – North America Automotive Division, and Ken Wieceoreck, President of Borealis Compounds Inc.

Mr. Wieceoreck gave a slide show presentation that included the following information:

- Borealis Overview – producer of polyolefins (2nd largest producer in Europe), base chemicals, and fertilizers with head office in Vienna, Austria and operations in over 120 countries on 5 continents. Their joint venture company, Borouge located in United Arab Emirates, has the largest contiguous polyolefins facility in the world. Total employees for both companies exceed 10,000 (6,600 Borealis and 3,500 Borouge).
- Core Values – Responsible, respectful, and strong commitment to safety, sustainability, and ethics.
- Taylorsville operation – facility will house and operate polypropylene compounding lines. Finished products will be shipped in various packaging forms to customers throughout North America. Polypropylene compounds are used in making front ends and grills, bumpers and fenders, body panels and door claddings, as well as dashboards, seat carriers, and pedal housings in automobiles.
- Activities over the next year – construction of offices and laboratories, installation of equipment and rail, and hiring of initial 37 permanent positions (up to 50 long-term).

Thanks and congratulations were offered by members of the Board as well as several of the partner representatives mentioned below.

Present at the meeting – Alexander Railroad Company President and General Manager Ben Zachary, Alexander Railroad Board Chairman Jimmy Abernethy, NC Railroad Company Vice-President – Economic Development Anna Lea Moore, Matthews Construction Project Manager Brian Roberts, Economic Development Partnership of NC Senior Business Recruitment Manager Garrett Wyckoff, NC Economic Development Partnership of NC Regional Industry Manager Bill Slagle, Alexander County EDC Board Member Linda Graham, and NC House Representative Lee Zachary. Other partners – NC Governor Roy Cooper, Appalachian Regional Commission, NC Department of Commerce, NC Department of Transportation, NC Community College System, Western Piedmont Council of Governments, and Alexander County Government.

RESOLUTION SUPPORTING FEDERAL COMMUNITY & EDC PROGRAMS

Rick French, County Manager, explained that the President’s proposed budget eliminated several important federal programs that support community and economic development efforts such as the Appalachian Regional Commission, Economic Development Administration, HOME Investments Partnerships Program, and the Community Development Block Grant Program. In addition, several reductions are proposed for programs that provide grants for housing, community development, infrastructure, and job creation. Therefore, the WPCOG has requested its partner cities, towns, and counties to approve a resolution asking the President and members of US Congress to continue the current funding levels of these programs without any budgetary cuts.

Vice-Chairman Reese made a motion to approve the resolution supporting Federal community and economic development programs. Commissioner Mayberry seconded the motion, which passed unanimously.

ALEXANDER COUNTY EVENTS UPDATE

Gary Herman, Small Business Development Coordinator, gave an update on several recent and upcoming events in Alexander County as follows:

- Ribbon cuttings were held at Pleasantries on May 5th and 16/90 T’Ville Scoops on May 21st. Pleasantries is located at 80 East Main Avenue and offers women’s clothing, accessories, jewelry, and bedding products. The new 16/90 T’Ville Scoops, located at 604 West Main Avenue, has more than flavors of ice cream along with sundaes, banana splits, and Wi-Fi.
- The newest Business Spotlight video featured Little Stitches Embroidery located at 658 East Main Avenue. Items available are embroidery/monogramming/screen printing, women’s and children’s clothing and accessories, jewelry, food items, essential oils, etc.
- McLindon’s Restaurant and Brushy Mountain Golf Club is hosting the “Band of Oz” for an outdoor concert on Friday, May 26th. In addition, free live music is held every Thursday, Friday, and Saturday evening.

- The new SandBar Marina and Grill is having their “Spring Social” during Memorial Day Weekend, May 27-28 from 8:00 AM until 8:00 PM that will feature live music as well as ice, food, and fuel for purchase. Plans for the new business will be available for public viewing.
- The 6th Annual Caring Hearts Night Run for Life 5K is scheduled for Saturday, June 3rd. Activities begin at 5:00 PM and the race begins at 8:00 PM.
- The ACHS Cougar Club Golf Tournament is set for Saturday, June 10th at Brushy Mountain Golf Club. This event raises money for all athletic teams at ACHS.
- The CVCC Alexander Furniture Academy encourages the public to take part in their next furniture sale June 12th – 15th from 5:30-7:30 PM. Sofas will be \$300, loveseats will be \$200, and chairs will sale for \$150. CVCC Alumni, staff, and students receive a 25% discount. In addition, the Academy’s furniture industry job fair and open house will be on Wednesday, May 31st at 6:00 PM.
- The Vertical Mile Challenge III will be held on Saturday, June 17th at Rocky Face Park. So far, 31 people are registered for the event. Online registration continues through June 15th and is available race morning.
- A free concert is being offered on Sunday, July 2nd at 2:00 PM at the ACHS Auditorium and entertainment will be provided by the 440th NC Army National Guard Band.
- The Independence Day Celebration will be Saturday, July 8th at ACHS. Activities including live music, food, and children’s activities begin at 6:00 PM. Fireworks start at approximately 10:00 PM.

Mr. Herman also encouraged the public to visit www.visitalexandernc.com/calendar to view a complete listing of events.

2017-2018 ALEXANDER COUNTY PROPOSED BUDGET

Rick French, County Manager, provided the following Budget Message for the 2017-2018 Alexander County proposed budget:

The proposed General Fund budget for Alexander County for FY 2017-2018 totals \$38,900,000. There is no proposed tax increase and no change in fees. The original 2016-2017 budget totaled \$38,284,170. The revised 2016-2017 budget (after budget amendments) to date totals \$39,522,836. The 2015-2016 budget for the General Fund totaled \$38,867,686.

Last year the General Assembly approved additional sales tax revenue as part of the sales tax expansion. New sales taxes are included in the 2016-2017 budget. Alexander

County will receive \$1.3 million in the current fiscal year. This sales tax can only be expended in 3 areas including education, community college, and economic development. The Alexander County Board of Commissioners approved \$400,000 of this new sales tax for Alexander County Schools last year (2016-2017). In fact, since the 2013-2014 budget year, Alexander County Commissioners have increased funding to the School System by \$1,031,900 as follows:

		<u>\$ change from prior year</u>
2012-2013	\$5,000,000	-0-
2013-2014	\$5,250,000	\$250,000
2014-2015	\$5,250,000	-0-
2015-2016	\$5,631,900	\$381,900
2016-2017	\$6,031,900	\$400,000

In conjunction with these funds, Alexander County borrowed \$6,256,217 on June 30, 2004 to finance 3 projects. One of these projects was building an auditorium at Alexander Central High School. A total of \$4 million of the June 30, 2004 loan was for auditorium construction. For many years, Alexander County has paid debt service on school capital projects from the Article 40 and Article 42 sales tax proceeds that are set aside for school capital. When the auditorium project came along, the Board of Education wanted the County to pay \$2 million (half the principal amount of auditorium debt) out of the County General Fund; therefore, the County agreed to a 12-year schedule of annual payments to the Board of Education as follows:

\$125,000 in FY 2006
 \$200,000 in FY 2007
 \$325,000 in FY 2008
 \$150,000 per year FY's 2009 thru 2017

These payments are referred to as auditorium reimbursement payments and will be paid in full by June 30, 2017.

As presented at our May 15, 2017 budget work session, sales taxes play a major role in revenue for the General Fund budget accounting for 18% of all revenue. A brief review of school sales taxes is attached. In addition, due to action taken by the NC General Assembly changing how sales taxes are distributed, counties must now hold cities and school systems "harmless," meaning counties must fill in funding gaps created by sales tax revenue kept by the State. The following additional "hold harmless" sales tax revenue has been appropriated to the School System from the County General Fund - \$181,708 in FY 2014-2015, \$199,148 in FY 2015-2016, and \$168,438 through April 2017.

Growing our county's tax base continues to be our number one challenge. County sales taxes are improving slowly and new business and industry is also improving. But this is an incremental process. Therefore, there is no recommended funding increase in the budget for Alexander County Schools. Funding is recommended at \$6,031,900 which is

the same as last year without the auditorium reimbursement. One funded expense not mentioned at the work session is the School Nurse Initiative Grant funding. The Alexander County Health Department, who has managed these grant funds from the State for the last 6 years (FY 2012 – FY 2017), has given \$898,391 to the School System during this time, which equates to about \$150,000 per year for school nurses.

A joint meeting between the Alexander County Commissioners, Alexander County Board of Education, and CVCC is being worked out to discuss the plan for Alexander Early College. No County funds are budgeted for Early College in FY 2017-2018. A total of \$47,771 has been expended out of the ARC Equipment Grant (\$100,000 grant plus \$100,000 local match) for the Early College Program.

Last month, Alexander County applied for two State low interest loans and/or grants – nearly \$5 million for water projects and \$5 million in sewer infrastructure funding for the Bethlehem community. Another \$1 million sewer project will soon extend pressure sewer to Shurtape Technologies in Stony Point. A second CDBG grant will be applied for this summer for additional sewer lines in the Stony Point area.

Despite these efforts, the county tax base grows slowly at less than 1% in new growth in property tax revenue.

Of the almost \$41 million in budgetary requests received, capital items included in the 2017-2018 budget are as follows:

- \$235,000 capital outlay for 4 vehicles for the Sheriff's Office with camera systems, emergency lights, sirens, radios, rifle/shotgun, AED, and other emergency equipment.*
- \$170,000 capital outlay for a new ambulance to replace a 2009 ambulance with over 225,000 miles.*
- \$225,900 in new technology requests for replacing computers, network switches, redundant firewall, cameras at the courthouse, and phone replacements that are detailed in the request notebook.*
- \$115,000 to purchase property currently being leased for the Sheriff's Office evidence storage building.*
- \$101,656 to replace the existing mobile air van.*
- \$41,777 to purchase 33 hand-held radios for the Detention Center.*
- \$46,000 to replace two DSS vehicles (estimated County funding is \$30,814.)*
- \$12,000 for a projector/screen replacement for the Sheriff's Office training room.*
- Funds are also set aside to repave the Bethlehem Branch Library, Health Department, and Administration parking lots.*

Twenty-three employees were requested and discussed at the 2017-2018 budget work session on May 15th. Most requested employees are not funded, including a full-time employee at the NC License Plate Agency and another at Rocky Face Park. Funded employees include a full-time County Attorney, DSS Income Maintenance Supervisor, Public Information Director, Health Promotion Planner (employee will work between

Health Department & Emergency Services), a purchasing employee, moving a part-time employee at the Senior Center to full-time status (and not replacing the part-time employee), a Human Resources employee, two 911 telecommunicators (starting in October 2017), and 4 EMS employees to convert at 12-hour truck to a 24-hour truck and decreasing the majority of overtime (these employees will also start in October 2017).

A 2.5% COLA is proposed effective October 2017. This will cost the County \$253,304. We previously discussed a COLA effective September 2017. The last COLA for Alexander County employees was approved in December 2010.

A number of projects are in the process. Major ones include:

- *Completion of the CVCC / Alexander Applied Technologies Center.*
- *Shurtape Sewer Project – extending sewer to the industry.*
- *Community One Bank Project – relocation of County departments to the downtown location.*
- *Rocky Face Park – Phase 2 to be completed by September 2017.*
- *Alexander Industrial Park Sewer Pump Station Project.*

The following projects are in the planning stages:

- *Bethlehem Sewer Project – State low-interest loan application has been submitted for \$5 million.*
- *Water projects – State low-interest loan application has been submitted for \$5 million to complete the list of water projects drafted in 2007-2008.*
- *Broadband Project – County Commissioners have formed a committee and an Internet Assessment Survey has been drafted. Assessments are underway and an RFQ for engineering is being developed to complete the Broadband Feasibility Study.*
- *Stony Point Sewer Project – A CDBG application will be submitted this summer to extend additional sewer in the Stony Point area.*
- *Two Duke Energy Recreation Projects are in the early stages. The Dusty Ridge and Wittenburg Access properties will be further developed as recreational areas with PARTF grant funding and new leases with Duke will be needed.*
- *One additional project under discussion is development of the small Taylor Togs building located adjacent to the CVCC / Alexander Center. This facility could be used for CVCC classrooms but plans are in the early stages.*

The City of Hickory is proposing a 1.7% increase in water rates for 2017-2018. Water taps fees will continue at the inside rate for the upcoming budget year.

The public hearing for the FY 2017-2018 proposed budget is scheduled for our June 5, 2017 County Commissioners' Meeting and will begin at 6:00 PM in Room 103 of the CVCC / Alexander Center.

Commissioner Peal stated that several individuals had asked about the need for an attorney position. He pointed out that the County currently outsourced legal services, a cost that would no longer be incurred once an in-house attorney was hired.

Chairman Campbell felt the complexity of some situations may still require outsourcing. He did however mention concerns with the public information officer and purchasing agent positions.

Commissioner Mayberry felt employing a PIO would convert duties currently shared by many staff members to one point of contact. He also noted that speed and efficiency with legal services had become an issue with the increasing amount of projects, grants, personnel issues, etc. which prompted the need for an in-house attorney. In regard to the purchasing position, Commissioner Mayberry asked if the employee would work with all County departments. Mr. French responded that every department would utilize purchasing staff who would also be involved with contract review/renewals in conjunction with the County Attorney. Mr. French explained that a Purchasing Department had been budgeted several years ago but was never initiated. A current Public Works employee handles purchasing of office supplies.

Commissioner Lail felt \$12,000 for a projector and screen replacement was excessive. Commissioner Mayberry agreed.

Mr. French suggested a second work session to discuss all budgetary concerns before final consideration of the budget was placed on an agenda.

Chairman Campbell acknowledged the many differing opinions of the DPI Study as it relates to school consolidation and noted that disagreements were productive and allowed for discussion and a vetting process needed when working together to arrive at a reasonable and fair solution. He pointed out that, having 8 years' experience on the Board of Education, he would also not have voted to close a school due to the following:

- The current School System Fund Balance is in excess of \$3.5 million.
- The current sales tax fund for capital improvements exceeds \$3 million.
- A school is more than a business and serves as a source of pride and synergy for the community.
- The planned improvements at Sugar Loaf and Taylorsville Elementary Schools were a little unclear at the budget work session but his understanding is that safety, soundness, and structural issues will be addressed, but not at the magnitude of \$4.5 million.
- There is no turning back once you close a school.

Chairman Campbell felt Early College was an excellent program that should be continued, but noted concerns with lack of capital funding, lack of grant funding for operating expenses, the pace of program growth, and the impact of removing potentially 400 students from ACHS (1,400 students currently in facility with capacity of 1,800). He also reviewed the following budgetary figures:

- Funding from the County to the School System in the current budget year totals \$6,031,900 which equals 29.70% of real property tax revenue of slightly over \$20 million.
- The amount allocated 3 years ago was \$5,250,000 which equaled 32.03% of real property tax revenue at that time of \$16,388,427.
- The primary driver in the percentage drop was the tax revenue being higher due to a major tax increase; however, the amount of funding increased \$781,900 over this period of time.
- A benefit of the tax increase was that the School System re-captured approximately \$600,000 of low wealth funding because the formula to determine allocations is heavily based on tax rate.
- If combining the \$781,900 appropriated by the Board of Commissioners and the \$600,000 re-capture of low wealth funding, it would appear that the School System has received in excess of \$1,381,900 in additional operating funds; however, this does not account for losses incurred by falling enrollment and/or Federal and State funding changes, etc.

Chairman Campbell conveyed his appreciation to Dr. Jennifer Hefner, Superintendent, for presenting the School System budget request on May 15th and urged County departments to do the same in the future.

Commissioner Lail stated that his frustration, which led to the questions he asked at the May 15th work session, originated from the fact that the Board of Commissioners and Board of Education had not worked together throughout this situation and he felt meetings needed to be held very soon between full boards instead of Chairs and Vice-Chairs to develop short-term and long-range plans.

Vice-Chairman Reese explained that the County Commissioners strived to be good stewards of the citizens' money by taking budgets and even routine budget amendments apart and asking questions. He reiterated that members of the Board of Commissioners also had disagreements but worked together in the end.

Commissioner Peal thanked the Superintendent as well as the County Manager for the work put into their budgets each year and agreed with comments made regarding the need to work together. He added that it was time to stop talking about it and actually make it happen.

Commissioner Mayberry commented that budgets were never perfect and required a compromise by everyone involved and agreed that joint meeting with full boards were needed to work through the issues at hand. He also mentioned the unlikelihood of any one particular economic development project resulting in a major increase in school enrollment, at least not right away, and he felt a realistic plan with triggers for action was needed.

Chairman Campbell wrapped up the conversation by suggesting the funding agreement previously discussed be implemented to eliminate the current budget process between the County and the School System as well as a set quarterly meeting schedule between the two boards to discuss any and all issues.

BOARD APPOINTMENTS & REAPPOINTMENTS

Rick French, County Manager, requested the appointment of Douglas Howes and Leeanne Whisnant as well as the reappointment of Bonnie Simms, Christine Gates, Margo Mosley, Jeri Perry, and Julie Sebastian to the Council of Aging, all for 3 year terms.

Commissioner Mayberry made a motion to approve the appointment and reappointments. Vice-Chairman Reese seconded the motion, which passed unanimously.

BUDGET ORDINANCE AMENDMENTS #39 - #41

Rick French, County Manager, reviewed the purpose of Budget Amendments #39 - #41 as follows:

Budget Amendment #39 – To budget for the use of State PEG Channel funds to pay part of the FY 2017 salary for the County webmaster and PEG / Social Media Coordinator.

Budget Amendment #40 – To adjust the County Water & Sewer Fund budget based on data from year-to-date revenue reports from the City of Hickory.

Budget Amendment #41 – To adjust the Bethlehem Water Fund budget based on data from year-to-date revenue reports from the City of Hickory.

In regard to a request for clarification by Commissioner Lail, Finance Director Jennifer Herman explained the purpose of the City of Hickory “admin fee” line item as suggested by auditors for property accounting and reporting.

Commissioner Mayberry made a motion to approve Budget Amendments #39 - #41. Vice-Chairman Reese seconded the motion, which passed unanimously.

OTHER BUSINESS

Rick French, County Manager, requested approval of a resolution in support of adequate funding to meeting the mental health, intellectual and developmental disabilities, and substance abuse disorder needs for citizens of Alexander County and requesting the NC General Assembly to maintain full State funding for these programs without further reductions.

Vice-Chairman Reese made a motion to approve the resolution. Commissioner Lail seconded the motion, which passed unanimously.

CONSENT AGENDA

- A. Minutes from the April 18, 2017 and May 1, 2017 Regular Meetings.
- B. Surplus a 2008 Ford Crown Vic, VIN #2FAFP71V78X172134 with 174,774 miles and another 2008 Ford Crown Vic, VIN #2FAFP71V18X108719 with 183,091 miles.
- C. Request from Sheriff Chris Bowman to surplus a Glock Model 23 40 and a Glock 21 45, both with 3 magazines and carrying case as well as badges for retiring Captain Mike Harrison and Lieutenant Allen Vanstory.

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

CLOSED SESSION – N.C.G.S. 143-318.11(a)(4, 5, & 6) ECONOMIC DEVELOPMENT, CONTRACTUAL, & PERSONNEL

Commissioner Mayberry made a motion to enter into Closed Session at 7:54 PM to discuss economic development, contractual matters, and personnel issues pursuant to N.C.G.S. 143-318.11(a)(4, 5, & 6). Commissioner Lail seconded the motion, which passed unanimously.

ADJOURNMENT

There being no further business, Commissioner Mayberry made a motion to adjourn at 8:59 PM. Vice-Chairman Reese seconded the motion, which passed unanimously.

Milton H. Campbell, Chairman

Jamie M. Starnes, Clerk to the Board