

Draft

BOARD OF COMMISSIONERS
REGULAR MEETING May 14, 2018

ALEXANDER COUNTY
STATE OF NORTH CAROLINA

PRESENT: Ronnie L. Reese, Chairman
 Josh Lail, Vice-Chairman (left at 7:32 PM)
 Milton H. Campbell
 Ryan Mayberry
 Dr. Jeff Peal

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

The Alexander County Board of Commissioners held a regular meeting on Monday, May 14, 2018 in Room 103 of the CVCC / Alexander Center in Taylorsville, North Carolina.

CALL TO ORDER

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

INVOCATION & PLEDGE OF ALLEGIANCE

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

*****SPECIAL RECOGNITION*****

Commissioner Peal presented a Key to the County to Tommy Pennell in recognition of 30 years of service with Alexander County EMS. The Board congratulated Mr. Pennell on his retirement.

ADOPTION OF AGENDA

Commissioner Campbell made a motion to adopt the agenda as presented. Vice-Chairman Lail seconded the motion, which passed unanimously.

PUBLIC COMMENT

There was no one present to speak during the Public Comment Period.

FLAG POLE PROJECT REQUEST

Ben Hines, Register of Deeds, discussed the flag poles given by the American Legion Post 170 that were installed next to the Alexander County Administration Office and requested the following items to complete the project by Veterans Day, November 11, 2018:

- A concrete form around the base of the flag poles.
- Two maintenance free benches anchored to the concrete form.
- Electrical lighting that would require underground wiring.
- A stone placard at the base of the U.S. flag pole.

Commissioner Peal expressed concerns with possible damage from vehicles parking in the area for ball games, the Independence Celebration, etc. Mr. Hines felt the concrete base would provide more protection for the flag poles once constructed.

Chairman Reese thanked Mr. Hines for the presentation and advised that the request would be reviewed with appropriate staff.

NATIONAL EMS WEEK PROCLAMATION

Doug Gillispie, EMS Director, requested approval of a proclamation declaring the week of May 20-26, 2018 as National Emergency Medical Services Week with the theme EMS Strong is “Stronger Together.”

Commissioner Peal made a motion to approve the National EMS Week proclamation. Vice-Chairman Lail seconded the motion, which passed unanimously.

MCDONALD’S GRAND OPENING ANNOUNCEMENT

John Link, Owner of the Taylorsville McDonald’s, announced that the newly constructed facility would host a special VIP party on Tuesday, May 15th and be open for business to the public on Thursday, May 17th. Special features in the new facility include a two-lane drive through with 3 windows, order kiosks, and mobile ordering with the McDonald’s app.

A total of 80 people have been hired to date, including General Manager Sheila James from Taylorsville. Mr. Link advised that menu items were not loaded with preservatives and artificial flavorings and that fresh meat was delivered every 3 days. In addition, most of the chicken served in North Carolina McDonald’s locations originates from Tyson in Wilkesboro and the coffee and iced tea is roasted and processed in Concord.

In celebration of the grand opening, 25 cents of every kiosk order during the first week will be donated to the ACHS Band.

The Board thanked Mr. Link for his investment and creation of jobs in Alexander County.

CDBG-I GRANT AWARD FOR STONY POINT ELEMENTARY SEWER PROJECT

Gary Herman, Small Business Development Coordinator, announced that Alexander County had received a CDBG-I grant in the amount of \$894,750 from the NC Division of Environmental Quality's State Water Infrastructure Authority for the Stony Point Elementary School Sewer Project. Funding will provide for the construction of a pump station, 2,900 linear feet of 4" force main, and 600 linear feet of gravity sewer which will allow Stony Point Elementary School to abandon two existing septic systems and function more efficiently while also benefitting low to moderate income citizens in the area. A grant match of \$89,250 will be provided by the County.

Special thanks to Sherry Long with the WPCOG for her work on the grant application. Mr. Herman also mentioned that this project would not have been possible without the recent Shurtape Job Retention Sewer Project.

ABC STORE FEASIBILITY STUDY RECOMMENDATION

Crystal Morphis, Founder/CEO of Creative Economic Development Consulting, presented the findings of the ABC Store Feasibility Study as follows:

- Scope of work included gathering ABC store data, benchmarking Alexander County with a peer group, examining retail leakage, and researching 1/3/5 mile radius of the Bethlehem community.
- Comparisons between Alexander County / Bethlehem and Davie, Ashe, and McDowell Counties included:
 - 2010-2017 population changes.
 - Per capita, median household, and mean household income.
 - Age groups.
 - 2012-2017 taxable sales.
 - Amount spent on and spending potential for alcoholic beverages.
 - Supply, demand, retail gap, and leakage of ABC stores.
 - 2012-2017 ABC store gross sales, sales forecast, cost of liquor sold, operating expenses, and profits before distribution.
- Analysis of only Alexander County was inconclusive – the Taylorsville ABC store has grown steadily but future population projections are negative, income is average, and the retail gap is small.

- Analysis of the Bethlehem area shows a market opportunity for a new ABC store – the population is growing and projected to grow, income is above average, and the retail market gap is significant.
- The study recommendation is to begin planning for a second store in the Bethlehem area by identifying a site while monitoring market data to confirm that trends are holding.

Based on these findings, Judy Caywood, on behalf of the ABC Feasibility Study Committee, recommended the Board open a dialogue with adjoining counties to merge with an existing ABC board in an effort to open an ABC store in the Bethlehem community.

Commissioner Peal asked how the spending habit data had been determined. Ms. Morphis replied that a private data source called ESRI had been used, noting that information provided by ESRI had been gathered from Federal consumer spending surveys.

After discussion, it was agreed that Ms. Morphis would provide information regarding the data sources and U.S. spending pattern indexes to the Board as well as possible data from use of a pinpoint radius as suggested by Commissioner Mayberry.

Commissioner Mayberry made a motion to accept the ABC Store Feasibility Study submitted by Creative Economic Development Consulting. Vice-Chairman Lail seconded the motion, which passed unanimously.

PUBLIC HEARING: 2018-2019 ALEXANDER COUNTY PROPOSED BUDGET

Rick French, County Manager, provided the following Budget Message for the 2018-2019 Alexander County proposed budget:

The proposed General Fund budget for Alexander County for fiscal year 2018-2019 totals \$41,200,000. There is no proposed tax increase and no change in fees. There are also no changes in fire taxes, building fees, or other General Fund fees. The fees for Environmental Health are currently under review. The original 2017-2018 budget totaled \$39,500,000. The revised budget for 2017-2018 (after budget amendments) to date totals \$42,593,784.

Property valuations continue to decrease slightly in Alexander County. Since June 30, 2014, values have decreased \$99,443,599 in comparison to June 30, 2017. The property valuations from Alexander County audit reports show property values at \$2,683,898,191 as of June 30, 2014 and \$2,584,454,592 on June 30, 2017.

As most of you are aware, the Office of Budget and Management officially implemented its Uniform Administrative Requirements, Cost Principles, and Audit Requirements commonly referred to as Uniform Guidance (UG) in December of 2014. However, due to significant changes to the procurement requirements that were part of that new guidance, implementation was delayed twice to a full 3 years from the original effective date. Local

governments and public authorities that expend Federal financial assistance (including USDA loans and grants, CDBG funds, FEMA Public Assistance Disaster Relief grants, and other programs either directly funded or reimbursement driven) must comply with these new requirements for all fiscal years beginning on or after December 26, 2017. For most of us, this means the fiscal year that begins on July 1, 2018.

The UG procurement requirements are complex, but there are some critical points that units need to be aware of immediately. These points are applicability, loan and grants, lower dollar thresholds, written policies and procedures, standards of conduct / conflict of interest / gift ban, and entities subject to the rules.

In addition, there are key elements of the UG procurement standards that must be followed regardless of the method of procurement.

- *The unit of government must use its own documented procedures.*
- *The unit of government must maintain oversight to ensure the contractors perform in accordance with the terms and conditions and specifications of their contracts or purchase orders.*
- *The unit of government must maintain written policies and procedures of conduct covering conflicts of interest.*
- *The unit of government must avoid acquisition of unnecessary or duplicated items.*
- *The unit must maintain records sufficient to detail the history of a procurement.*
- *All procurement transactions must be conducted in a manner that provides full and open competition consistent with the UG procurement standards.*
- *The unit's contracts must include a number of provisions required under the UG including remedies, termination for cause and convenience, EEO requirements, worker safety, wage and hour requirements, Clean Air Act and Federal Water Pollution Control Act requirements, debarment and suspension, procurement of recovered materials, contract modifications, access to records, Byrd anti-lobbying provisions, and other provisions that may be required by the Federal granting agency.*

A copy of the North Carolina Department of State Treasurer memorandum #2018-06 is provided. Failure to follow these rules and regulations may lead to repayment of Federal grant funds.

In conjunction with UG, beginning in fiscal year 2018-2019, the NC Secretary of DHHS shall require all departments of social services to enter into a written agreement each year that specifies mandated performance requirements and administrative responsibilities with regard to all social services programs other than medical assistance. A copy of this draft agreement is included in your 2018-2019 budget book.

On June 30, 2017, the unassigned Fund Balance was \$10,205,052 and over 28%. County Commissioners should be commended for building a healthy Fund Balance which enables Alexander County to apply for a number of low interest loans and many grants. Our strong Fund Balance also allows County Commissioners to finance upfront costs of many

projects. For example, the CVCC / Alexander Applied Technologies Center, the Community One Bank Project, and the \$10 million dollar water and sewer projects that are scheduled in late 2019.

Of the \$41,200,000 proposed budget recommended in the General Fund, a breakdown includes:

- *\$6,520,851 for Alexander County Schools (requested amount was \$7,009,801).*
- *\$243,000 in capital outlay for 4 Sheriff's Office vehicles with camera systems, emergency lights, sirens, radios, rifle/shotgun, AED, and other emergency equipment.*
- *\$180,000 in capital outlay in EMS for two re-mounted ambulances.*
- *\$44,000 in capital outlay for two replacement vehicles for DSS (\$29,500 County funds).*
- *\$90,000 in technology cost for DSS (\$60,600 County funds).*
- *\$50,000 in DSS contingency funds for Medicaid / NCHC overpayments.*
- *\$193,400 for a 2.5% COLA for County employees effective January 2019. This is the second COLA for County employees since 2010.*
- *\$60,000 contract for 4 firefighter positions effective January 2019.*
- *\$55,000 for a Detention vehicle replacement.*
- *4 full-time Sheriff's deputies (1 NARC officer).*
- *4 Quality Assurance staff for DSS.*
- *2 Building Inspectors.*
- *2 Telecommunicators for 911 Communications.*
- *1 Public Information / EDC employee.*
- *1 Uniform Guidance Compliance position.*
- *1 Tax Mapping / Revaluation position (replacement of a part-time employee).*
- *1 Park Maintenance position for Rocky Face Park.*

Health insurance costs with MedCost/Gilsbar through the North Carolina League of Municipalities will increase significantly and is in the final year before agreements are rebid in 2019 for the next fiscal year.

A number of projects are in process. The major ones are as follows:

- *Completion of the Shurtape Technologies Sewer Project.*
- *Completion of the Industrial Park Sewer Pump Station.*
- *Community One Bank Project – contract awarded.*
- *Water Projects – LGC has approved a low/zero interest loan for \$5 million. The project should be bid in 2019.*
- *Bethlehem Sewer Project – the NC Division of Water Infrastructure has approved the engineering report for a \$5 million low/zero interest loan. The project should be bid in 2019.*
- *Stony Point Elementary School Sewer Project – CDBG-I fund application has been approved. This project will be subject to Uniform Guidance policies / procedures.*

- *Broadband Project – working on ARC grant from feasibility study.*
- *Two Alexander County / Duke Energy recreation projects are still under review. A long-term lease with Duke Energy is still in negotiations for Wittenburg Access. Staff is also discussing renewing the lease at Dusty Ridge.*
- *The City of Hickory is proposing a 2.1% increase in water rates for 2018-2019. Water taps will also increase to outside rates in July 2018. Sewer rates will not increase in 2018-2019 but will be under review with the upcoming Bethlehem Sewer Project.*

Tonight's public hearing on the 2018-2019 budget will conclude this part of the budget process which began on January 24, 2018. Adoption of the 2018-2019 budget ordinance is scheduled for June 4, 2018.

Chairman Reese thanked Mr. French and staff involved in the budget process and noted that, although Alexander County would never be able to compete with larger counties such as Iredell and Mecklenburg, this budget was developed in an effort to address many of the needs and requests received. He pointed out that not every request could be included or funded at 100% of what was asked for because the County must operate within its budget, as should other departments. Chairman Reese conveyed his appreciation to all employees, especially those who chose to remain with Alexander County.

Commissioner Campbell stated that he was not in favor of a COLA but preferred merit increases based on performance. He also felt this budget pushed spending to the maximum level leaving little to no room for future growth without a significant increase in revenue which is unlikely.

Commissioner Mayberry agreed that future spending within the County budget would be limited, especially when considering unfunded mandates such as the Uniform Guidance requirements that resulted in the need for 5 additional positions. However, he mentioned that other much-needed positions including Sheriff's deputies would be filled.

Vice-Chairman Lail was also opposed to an across-the-board COLA for all employees instead of rewarding hard-working, dedicated employees who he felt deserved more than a 2.5% increase. He also commended Chairman Reese for his efforts towards this budget as well as Mr. French.

Commissioner Peal stated that many deserving hands were reaching into the County's pocket this year but there was unfortunately a limit on the checkbook. He was thankful that some of the needed safety positions could be filled but agreed that these increases in the budget would probably not be seen for several years.

After a motion by Chairman Reese, second by Commissioner Mayberry, and unanimous vote, the public hearing was called to order and comments were requested. There being none, Commissioner Campbell made a motion to close the public hearing. Commissioner Peal seconded the motion, which passed unanimously.

SALES TAX & FINANCIAL REPORT

Rick French, County Manager, reported that a total of \$3,006,122.02 has been collected in sales tax revenue through April 2018 (\$965,307.71 is new sales tax for economic development, public education, and community colleges). This amount is 65.98% of the \$4,556,000 budgeted with 66.67% of the budget year expired and an increase over last year of 4.10%.

BOARD APPOINTMENTS & REAPPOINTMENTS

Rick French, County Manager, requested Tim Glass and Eugene White be reappointed to the Farmland Preservation VAD Board for 3-year terms as well as Traci Fox for a 4-year term.

Commissioner Peal made a motion to approve the appointments as requested. Commissioner Mayberry seconded the motion, which passed unanimously.

BUDGET ORDINANCE AMENDMENTS #46 - #55

Rick French, County Manager, reviewed the purpose of Budget Amendments #46 - #55 as follows:

Budget Amendment #46 – To increase the Governing Body budget to contribute \$3,000 to the Independence Celebration and \$1,000 to the CVCC Foundation Construction Academy.

Budget Amendment #47 – To budget for the purchase of property on Tower Road where the County's communications tower is located for future broadband accessibility.

Budget Amendment #48 – To budget for the repayment of building renovation grant funds to the NC Department of Commerce for two industry projects that experienced a shortfall in the job creation requirements (funds are being paid back by each industry to the County who will remit the repayments to the State).

Budget Amendment #49 – To budget for window replacements for the courthouse and Health Department before current price quotes expire. To increase the budget for estimated fuel costs for the remainder of the FY 2018 budget year. To budget for the purchase of a used truck for the Recreation Department.

Budget Amendment #50 – To increase the Sheriff's Office budget for estimated towing fees for the remainder of the FY 2018 budget year and for use of Federal Equitable Share Funds received in prior years for narcotics investigations travel costs and to replenish the drug fund line item. To increase the Detention budget for estimated medical bills for the remainder of the budget year due to serious medical conditions requiring treatment beyond in-house medical visits.

Budget Amendment #51 – To revise the JCPC Program budgets and the JCPC Council budget to match the revised FY 2018 funding plans as approved by the State per 3rd quarter accounting reallocations.

Budget Amendment #52 – To increase the Extension Service budget for use of donations from outside sponsors in prior years not spent to date.

Budget Amendment #53 – To increase the DSS budget for additional grant funds received with a 10% local match requirement to be used for nutrition site transportation, doctor appointments, adult daycare, etc.

Budget Amendment #54 – To increase the Library budget for donations received and for State grant funding in excess of original estimates.

Budget Amendment #55 – To adjust the County Water and Sewer Fund budget based on data from year-to-date revenue reports from the City of Hickory.

Commissioner Campbell made a motion to approve Budget Amendments #46 - #55. Commissioner Mayberry seconded the motion, which passed unanimously.

OTHER BUSINESS

Mr. French reported that the NC Division of Water Infrastructure had completed its review of the engineering report for the Bethlehem Sewer Project and determined that the project is eligible for funding.

CONSENT AGENDA

- A. Minutes from the April 9, 2018 Regular Meeting.
- B. Tax Release Requests (\$763.85) and Tax Refunds (\$1,876.55) for April 1-30, 2018.
- C. MOU with Iredell County for Backup PSAP.

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

Chairman Reese made a motion to enter into Closed Session at 7:40 PM to discuss economic development, contractual matters, and personnel issues pursuant to N.C.G.S. 143-318.11(a)(4, 5, & 6). Commissioner Peal seconded the motion, which passed unanimously.

ADJOURNMENT

There being no further business, Commissioner Campbell made a motion to adjourn at 8:25 PM. Commissioner Mayberry seconded the motion, which passed unanimously.

Ronnie L. Reese, Chairman

Jamie M. Starnes, Clerk to the Board