

MINUTES

**STATE OF NORTH CAROLINA
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS
MAY 21, 2007**

The Henderson County Board of Commissioners met for a special called meeting at 5:00 p.m. in the Commissioners' Conference Room of the Henderson County Office Building.

Those present were: Chairman Bill Moyer, Vice-Chairman Charlie Messer, Commissioner Mark Williams, Commissioner Chuck McGrady, County Manager Steve Wyatt, Assistant County Manager Selena Coffey, County Attorney Russell Burrell, and Deputy Clerk to the Board Terry Wilson.

Also present were: Finance Director J. Carey McLelland, IT Director Becky Snyder, Library Director Bill Snyder, Auditor Darlene Burgess, Fire Marshal Rocky Hyder, County Engineer Marcus Jones, Planning Director Anthony Starr, Research/Grant Coordinator Amy Brantley, and members of the Board of Education including Chairman Ervin Bazzle, Vice-Chairperson Melissa L. Maurer, Betsy Copolillo, Mary Louise Corn, Jane S. Orwoll and Debbie Ford.

Absent was: Commissioner Larry Young

CALL TO ORDER/WELCOME

Chairman Moyer called the meeting to order and welcomed all in attendance. The purpose of this meeting was a workshop on the FY 2007-2008 Budget.

FY 2007-2008 BUDGET – SCHOOLS

Chairman Moyer called Ervin Bazzle, Chairman of the Board of Education to the podium.

Mr. Ervin Bazzle stated that their budget was built on two aspects; current expense and capital outlay. Mr. Bazzle felt that the schools were in a bad position because for a number of years the schools, especially elementary, were neglected by being under-funded. The School Board is in the process now and had been since 1998 of trying to catch up. He shared information of needed renovations, repairs, and improvements that need to be done at many of the schools.

In 1993 when the city and county school systems merged there was an agreement signed by the County Commissioners and both Boards of Education that had to do with protocol and how the schools would become one system. Contained in section 9A of the agreement was an agreement made that the current expense would be funded from the top twenty schools in the state. At the time the agreement was signed, they were thirty-second by people allocation on current expense in the state with one hundred and seventeen districts which is now one hundred and fifteen. Since 1993 Henderson County Schools have not been any higher than thirty-two. On current expense, per people allocation, they are forty-fifth in the state of one hundred and fifteen districts.

Mr. Bazzle noted that in the previous year, had the state not refunded money to the schools from rollbacks, more than teachers supplements for supplies would have been cut, positions would have been cut. The "uncontrollable items" for this year's budget request is over \$700,000.

Mr. Bazzle briefly discussed capital outlay and stated that it was not being funded in a level that they could take care of the problems they have. This year there are two things in the capital budget that he noted; technology and a matter of the pump station needed at Flat Rock. The capital outlay budget is \$2,785,000 and current expense is \$18,951,648. The lower our tax base goes, the less money they get from the state.

Commissioner Williams stated that the Board of Commissioners has restraints. It is a challenge to stay within the growth rate. The Commissioners look at about 1/3 of the County funds going toward public education. The only alternative is to raise taxes or rob from other services that are provided which are just as

important. What the Board must consider is what they can afford, how much is appropriate, and how much can they continue to increase this year and going forward?

Chairman Moyer stated that in respect to growth and school expenses, there were plenty of studies showing that the cost of residential development, when people are making good money on it, far exceeds what the dollars generated from that growth do that do not pay for the cost of that growth. It doesn't pay for schools, recreation, and other items.

Chairman Moyer suggested the current expense be increased to \$18.8 million.

Commissioner McGrady asked what would be left of the class-size reduction plan with the proposed budget cut.

Chairman Ervin Bazzle stated that at this point the schools did not have the space for new teachers.

Discussion followed between the Board of Education members and the Board of Commissioners with questions and concerns.

County Manager Steve Wyatt stated that 1.4 million dollars had been set aside for capital reserves, which is an issue the Board has discussed many times. One Million dollars is from fund balance which is one-time money. \$400,000 has a recurring revenue source attached to it for new capital needs.

Chairman Moyer made the motion to increase the school budget by \$800,000 and that it all be put in current expense, but allow the County Manager to talk to the superintendent of the schools to find out if they would like it split between current or capital in a different fashion and get back to the Board. This is a conditional approval with a provision that when the final budget information comes out that the tax rate not be in excess of 46.2 and that the fund balance not go below 12%. The voted passed 3 to 1 with Commissioners Williams voting nay.

Commissioner Messer stated that he had a problem going above the 12% threshold. He has a problem banking money when services are needed in Henderson County.

Chairman Moyer confirmed the numbers for Ervin Bazzle as follows:

\$2,098,675.00 was the proposed capital budget from the County Manager.

\$18,002,573.00 was the proposed current budget from the County Manager.

Chairman Moyer added \$800,000.00 to the proposed capital which can be allocated by the Board of Education.

BREAK

A five minute break was taken to change video tapes.

FY 2007-2008 BUDGET – FIRE DEPARTMENTS

Chairman Moyer called the meeting back to order. As part of the budget workshop the board would be looking at some of the Fire Tax Districts. Mr. Moyer mentioned that the Fire and Rescue Advisory Committee held three meetings to review the budgets of all departments in exhausting detail. Four departments were making a presentation at this meeting. Chairman Moyer thanked Lee Roy Nicholson and the Advisory Committee for the tremendous work and reviews they had done. The four departments making presentations were Dana, Etowah, Fletcher and Mills River.

Chief of the **Dana Fire and Rescue** Jimmy Womack stated that the difference in numbers for 2007 versus 2006 was \$125,334.00. Dana Fire and Rescue has three full-time paid firemen and were considering adding one additional fireman. They are in the process of looking at replacing two trucks that are over 20 years old. Depending on the condition of the trucks, it would cost \$2,000-\$20,000 to get the two trucks UL Certified.

The Fire Department is looking at purchasing 2007 NFPA compliant air-packs to replace existing air-packs (turnout gear). In the previous year Dana Fire and Rescue had responded to over 1200 calls.

Chairman Moyer asked Mr. Womack to explain the insurance rating, when the department is up for re-inspection, and the importance of the vehicle on the insurance rating going forward.

Mr. Womack responded that the department's insurance rating was up and it looked like in fall 2008 or spring of 2009 it would be due. They are looking at replacing one of the tankers with a bigger tanker, which would supply more water in the district, and replacing the engine in the other tanker. One tanker could cost anywhere from 250 to 400 thousand dollars depending on equipment.

Chairman Moyer informed the Board that the Fire and Rescue Advisory Committee voted unanimously to continue their rate at .10 after they were provided with this information.

Commissioner Messer noted that volunteers were a thing of the past. There was high growth in the Dana area and he agreed with the rate continuation.

Chairman Moyer stated that the Board accepted the recommendation of the Fire and Rescue Advisory Committee. It would not be official until the budget was adopted.

Chief of the **Etowah Fire Department** Roger Freeman, Treasurer Dan Hayes, and President Marty Austin came before the Board. Roger Freeman stated in regards to their budget they had originally requested eight and one-half cents (.085) to maintain where they were, however with the recent development projects going on in their district; Seven Falls, Biltmore Farms, Eade Road, and Crystal Springs, they have determined that the rate can be decreased to eight cents (.08).

The department has a truck that is twenty years old and they are looking at re-evaluating in 2009. They currently hold a class four rating which gives a break to the taxpayers.

Chairman Moyer asked Mr. Freeman to explain the efforts to put costs of added fire protection on the developer rather than the taxpayers.

Mr. Freeman explained that the fire department had been working with Lapsley and Associates, the representatives and developers of Biltmore Farms and Seven Falls, and the developers have agreed to donate one and one-half acres of land to the fire department. They are also requesting that the developer fund the cost of the sub-station.

Chairman Moyer stated that the reason Etowah Fire Department was at the meeting was because when they made their presentation to the Fire and Rescue Advisory Committee there was concern that the developments would take longer than expected.

Commissioner McGrady commended the firemen and was supportive of the rate and recommended it for approval.

Chief of the **Fletcher Fire Department** Greg Garland requested to remain at the same rate of nine and one-half cents (.095). He focused on three areas; increasing starting pay in salary, adding three personnel for the substation and a sewer line project that would cost approximately \$150,000. The bordering fire departments and bordering county fire department were polled to determine the salary range and they were the lowest paying department of all departments. To keep good employees they must increase their starting salary to be competitive.

Chairman Moyer stated that the Fire and Rescue Advisory Committee voted unanimously to continue with the nine and one-half cent rate (.095).

Chief of the **Mills River Fire Department** Rick Livingston, Board of Director President Dr. Howard Norton and Board of Director Treasurer Joe Fowler came before the Board. Mr. Livingston reviewed the current status of the department. Due to growth they plan to begin construction of a second substation which was recommended by the NC Department of Insurance in the next two months. No additional apparatus will be needed to equip the second (Boyleston) substation. They are looking at the possibility of a third substation in the upper North and South Mills River area which has also been recommended by the Department of Insurance. No additional apparatus with the exception of a small brush truck will be needed for this substation. The final area identified for a possible substation in the future is the Pennsylvania and McDowell Road area. They have a class 5 Department of Insurance rating and will be due an inspection in fall 2008. In preparation for the inspection they had recently purchased a new engine and a large capacity tanker. The Department currently has two paid firefighters who work the daytime shift Monday through Friday and temps who work the Saturday and Sunday daytime shifts for a minimal pay check. They have 54 volunteers who have donated over 7230 hours during 2006 for training. As their call volume increases an additional paid firefighter will be needed for 24/7 coverage. They responded to 727 calls in 2006 and expect an estimated increase of 34% in 2007. They have a Junior Fire Brigade program offered to train young folks between the ages of 15 and 18. The Department has been debt free during the past several years until the two recent truck purchases and a portion of the cost of two new apparatus.

Mr. Livingston stated that they had experience an unexplained reduction in tax revenue within the county portion of their district for the past three years even with huge growth. During this time they had been provided with nine different sets of numbers from the Tax Assessor's Office. This had made the budget process very difficult. For the reasons given Mr. Livingston was requesting that their tax rate remain at six and one-half cents (.065). The rate was approved by the Mills River Town Council.

Chairman Moyer stated that the Fire and Rescue Advisory Committee unanimously recommended the continuation of the six and one-half cent rate (.065).

BREAK

A five minute break was taken to change video tapes.

FY2007-2008 - GOVERNING BODY BUDGET

Chairman Moyer called the meeting back to order to continue the budget workshop. Governing Body was next under discussion. The Governing Body has two full-time employees and five part-time employees.

Assistant County Manager Selena Coffey stated that there was some additional reimbursement for travel, training and development in the budget for the Board members and staff. This amounts to approximately \$3,650.00 per Board member which is basically \$10.00 per day annually.

FY2007-2008 – COUNTY MANAGER BUDGET

There was no change in the County Manager's Office budget.

FY2007-2008 – COMPENSATION PLAN

Chairman Moyer noted that the next item was the compensation plan. Mr. Moyer explained that all major items had been discussed. The Board had requested that the County Manager add an additional \$25,000.00 for economic development, \$50,000.00 for preservation of agriculture and moved money around to increase the Blue Ridge Community College budget by \$25,000.00. Chairman Moyer gave a guideline to the County Manager and Assistant County Manager to come back to the Board, prior the public hearing, with all of the items that the Board had tentatively approved and put it together with a budget that maintains the tax rate of 46.2 and that does not take the fund balance below twelve percent. This would be included with direction of if it could be done and how it could be done and what the County Managers recommendations are. After the public input at the hearing the Board can be in a position to bring the budget to a conclusion.

Commissioner McGrady asked if the electronics recycling and hazardous waste disposal project that the county had just completed was a recurring expenditure or a one time expenditure.

Assistant County Manager Selena Coffey responded that this project had been done for three years making it a recurring project. The budget for 2006 for this project was \$70,000.00.

Commissioner Williams stated that looking at the current compensation plan the county is looking at a 5% increase annually. The proposed is between 3.5 and 4%. Mr. Williams questioned the retention bonus/lump sum payment.

County Manager Steve Wyatt responded that the increase by retention bonus was not added to base. It is a lump sum paid on/or around the anniversary date. The percentage ranges from 1% to 7.5% depending on number of years service or experience. Less than five years there is no payment. Five to nine years is 1%. At ten years it increases to 2% and so on.

Chairman Moyer raised questions in regard to the plan based on the experience he had with the county. The current plan does not move people in grade at all. The COLA and longevity are designed to compensate for the fact the plan does not move people properly through grade in reasonable steps. Chairman Moyer stated that all budgets had been reviewed and the Board must also look out for their employees. There is some concern with respect to the changes that are being made on the benefits side among the employees. Mr. Moyer suggested approving the plan as presented.

Commissioner McGrady supported the plan and was committed to 2008 but would like to look at the numbers again before making a future year decision.

Commissioner Messer supported the plan.

Commissioner Williams would like to see the items discussed earmarked to come from the fund balance.

ADJOURN

Commissioner Messer made the motion for the Board to adjourn. All voted in favor and the motion carried.

Attest:

Terry Wilson, Deputy Clerk to the Board

William L. Moyer, Chairman