

**DRAFT**

MINUTES

STATE OF NORTH CAROLINA  
COUNTY OF HENDERSON

BOARD OF COMMISSIONERS  
JANUARY 18, 2008

The Henderson County Board of Commissioners met for a special called meeting at 10:00 a.m. at the Justice Academy in Edneyville.

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

Also present were: Finance Director J. Carey McLelland, Research/Grants Coordinator Amy Brantley. There were numerous County Department Heads in attendance and numerous representatives of the Board of Public Education and the School Administration Office.

CALL TO ORDER/WELCOME

Chairman Moyer called the meeting to order and welcomed all in attendance at 10:03 a.m. He stated that the purpose of this meeting was a County Planning Retreat. Due to the bad weather forecast for today, staff had revised the agenda eliminating the planning items and the Board will have a separate workshop to deal with the Comprehensive Plan and the Land Development Code and other related issues. He stated that there was one item that the Board needed to deal with first relating to HOME Applications. There is a tight deadline so this must be done today.

2008 HOME Applications

Anthony Starr stated that Habitat for Humanity and Housing Assistance Cooperation (HAC) are requesting funding application submission approval for HOME funds. HOME funds are administered through the Asheville Regional Housing Consortium. HAC is requesting \$65,000 for their Down Payment Assistance Program to assist 6 low-income families (below 80% of area median income). Habitat for Humanity is requesting \$271,000 for road construction (phase 4 roadway) and site/lot preparation for 10 homes (Phase 3 section) in the Shuey Knolls development in the Edneyville community.

Mr. Starr stated that there is no local match required. At the time of the preparation of the agenda item the Asheville Regional Housing Consortium was awaiting a firm commitment from HUD for the entitlement amount for its members for 2008. Henderson County's planning level will be 18.5% of the net entitlement for the region. This amount for 2007 was \$174,825. Board approval is required prior to grant application submission. The submission deadline is January 31, 2008.

Chairman Moyer stated that usually there has been a dollar limit associated with what the county gets. Asheville Regional Housing Consortium sometimes has extra money. We normally approve both requests and forward them on to the Consortium. In many years we've gotten far more than our allocation.

Planning Staff recommended approving the submission of these HOME funding applications to the Asheville Regional Housing Consortium at their full amount. Board approval is required to proceed with the applications. The complete applications were too lengthy to be included in the agenda packet but were available upon request.

*Chairman Moyer moved that the Board approve the HOME applications for the Housing Assistance Corporation and Henderson County Habitat for Humanity. All voted in favor and the motion carried.*

Chairman Moyer felt the Board should try to get as much funding for this type of housing as we possibly can.

### **ANNOUNCEMENT**

Chairman Moyer asked those in attendance to please turn off cell phones or put them on vibrate so that we don't have ringing phones interrupting the presentations.

### **SCHOOL ISSUES/DISCUSSION**

#### **Overview by County Manager Steve Wyatt**

Steve Wyatt referenced a Resolution the Board of Commissioners approved January 31, 2007, unanimously, concerning Hillandale and Mills River Schools. Subsequent to that and based on presentations and discussions the Board authorized the inclusion of the LEED Certification Program (about \$750,000) to be added to the figures in the approved Resolution.

Mr. Wyatt informed those present that there would be a presentation by Mr. Jim Wilhide with Mosley Architects and there would also be a presentation by the Chairman of the Board of Public Education on Sugarloaf Elementary School. County Staff have been working with School Staff to develop a 1-year operational budget for that as it is a new start-up. It is not a replacement school. It will be an additional budget item. Mr. Wyatt stated that the Board of Education had made a presentation to the Joint School Facilities Committee about on-going maintenance needs which are substantial. The Board has been provided all that information.

#### **Overview/Update on Major School Construction Projects – Jim Wilhide**

Mr. Wilhide had provided a hand-out earlier for Board review. He presented that Powerpoint at this time. It was a project update for Hillandale and Mills River Elementary Schools.

#### **Mission**

Their mission was to provide design, construction documents and specifications for two new school facilities to replace the existing Hillandale Elementary and Mills River Elementary schools on budget, on schedule, and LEED certified.

Following is the Powerpoint presentation which was distributed to the Board and presented by Mr. Wilhide. The presentation covered the Mission, Budget, Schedule, Proposed LEED checklist, and visual presentation of both elementary schools.



## Topics

- Mission
- Budget
- Schedule
- Proposed LEED Checklist
- Visual Presentation of Hillandale and Mills River Elementary Schools
- Q&A

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## Mills River Elementary Budget

	Moseley Architects Proposed Budget	MB Kahn Estimate
• Building w/ LEED	\$10,775,000	\$10,770,000
• Site	\$ 1,500,000	\$ 1,475,000
• Unsuitable Soil Allowance	NA	\$ 50,000
• Contingency	\$ 595,000	\$ 628,250
• Base Building/Site	\$12,870,000	(+ \$ 53,250) \$12,923,250
• Off Site Allowances	NA	(+ \$ 350,000) \$ 350,000
• FFE	\$ 714,000	\$ 500,000
• A/E Fees	\$ 624,750	\$ 625,000
• Other Misc.	\$ 85,000	\$ 188,475
• MB Kahn Pre Const. Fee	NA	\$ 60,000
• MB Kahn Const. Mgmt. Fee	NA	\$ 625,000
	\$ 1,423,750	(+ \$ 574,725) \$ 1,998,475
• Total Overage		(+ \$977,975)
• Budget	Total \$14,293,750	\$15,271,725

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Presentation to

**HENDERSON COUNTY  
BOARD OF COUNTY COMMISSIONERS**

on behalf of

**HENDERSON COUNTY SCHOOLS**

Project update for Hillandale and Mills River Elementary Schools  
January 18, 2008

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## Mission

- Provide Design, Construction Documents and Specifications for:
  - (2) new School facilities to replace the existing Hillandale Elementary and Mills River Elementary
- On Budget
- On Schedule
- LEED Certified



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HAND-OUT 1-18-08



## Current Project Budget

	Moseley Architects Proposed Budget	Bid Numbers
• Buildings w/ LEED	\$ 21,550,000	\$
• Sites	\$ 3,000,000	\$ 2,104,625*
• Unsuitable Soil Allowance	NA	\$
• Contingency	\$ 1,190,000	\$
• Base Buildings/Sites	\$25,740,000	\$
• Off Site Allowances	NA	included in above Sites
• FFE	\$ 1,428,000	\$
• A/E Fees	\$ 1,249,500	\$ 1,249,500
• Other Misc.	\$ 170,000	\$
• Budget Total	\$28,587,500	\$

\* Landscaping, Sidewalks and Striping in building packages

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## LEED® for Schools for New Construction and Major Renovations



### Categories / Prerequisites / Credits

- Sustainable Sites
  - Water Efficiency
  - Energy & Atmosphere
  - Materials & Resources
  - Indoor Environmental Quality
  - Innovation & Design Process
- Award Levels
- Total Points
  - LEED Certified
  - LEED Silver
  - LEED Gold
  - LEED Platinum
- 79 (73 Core + 6 Innovation)  
29-36 points  
37-43 points  
44-57 Points  
58+ points

From USGBC LEED for Schools

**MOSELEYARCHITECTS**

## Hillandale Elementary Budget

	Moseley Architects Proposed Budget	MB Kahn Estimate
• Building w/ LEED	\$10,775,000	\$10,770,000
• Site	\$ 1,500,000	\$ 1,495,000
• Unsuitable Soil Allowance	NA	\$ 400,000
• Contingency	\$ 595,000	\$ 658,000
• Base Building/Site	\$12,870,000 (+\$ 453,000)	\$13,323,000
• Off Site Allowances	NA	(+\$ 575,000)
• FFE	\$ 714,000	\$ 500,000
• A/E Fees	\$ 624,750	\$ 625,000
• Other Misc.	\$ 85,000	\$ 197,000
• MB Kahn Pre Const. Fee	NA	\$ 60,000
• MB Kahn Const. Mgmt. Fee	NA	\$ 625,000
	\$ 1,423,750 (+\$ 583,250)	\$ 2,007,000
• Total Overage	(+\$1,611,250)	
• Budget	\$14,293,750	\$15,905,000

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## Schedule

- Early Site Package: (Pkg. A, Pkg. B, Pkg. A & B)
  - Advertise
  - Open Bids
  - Henderson County School Board Meeting
  - Henderson County Commissioners Meeting
  - Hillandale Building Package: (Multi-Prime 2:00 pm, Single Prime 3:00 pm)
  - Advertise
  - Open Bids
  - Mills River Building Package: (Multi-Prime 2:00 pm, Single Prime 3:00 pm)
  - Advertise
  - Open Bids
  - Building Pad drop dead date
  - Substantial completion
  - School Opens
- December 2, 2007  
January 8, 2008 2:00 pm  
January 14, 2008 6:00 pm  
January 18, 2008 8:30 am  
January 6, 2008  
February 6, 2008 3:00 pm  
January 13, 2008  
February 13, 2008 3:00 pm  
April 1, 2008  
July 3, 2009  
August 17, 2009
- (15 months construction)

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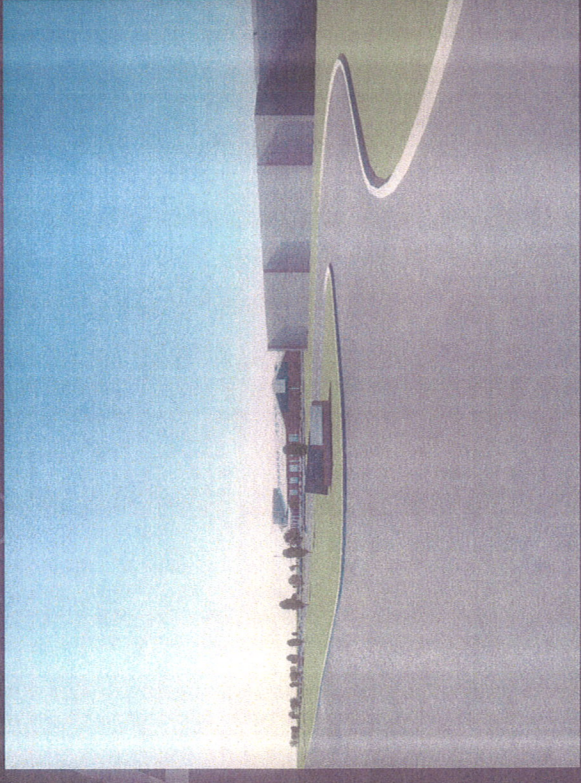


# Proposed LEED Checklist

Area	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50		
A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
CC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

MOSELEY ARCHITECTS

Mills River Elementary



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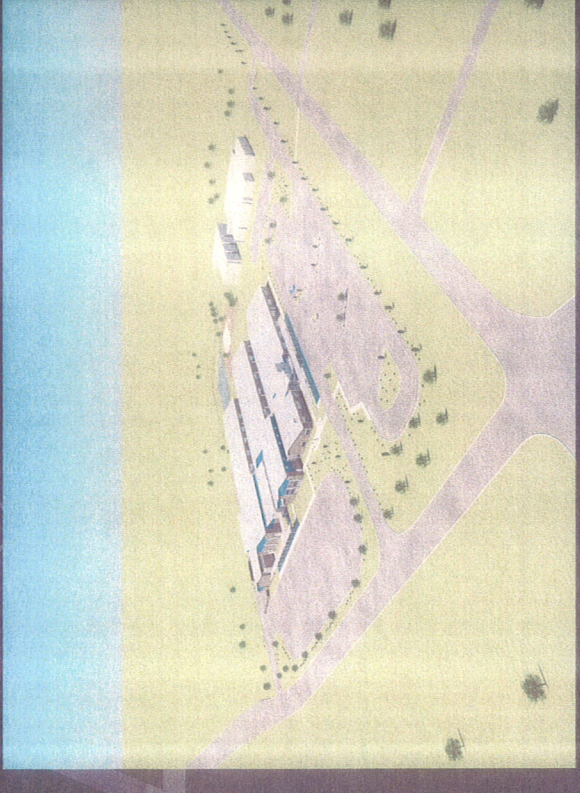
# Proposed LEED Checklist

**LEED for Schools Registered Project Checklist**  
Henderson County, North Carolina  
01.05.2007

Area	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
U.K.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.A.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
U.U.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E.O.B.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A.O.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
U.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
S.P.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S.M.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
M.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

MOSELEY ARCHITECTS

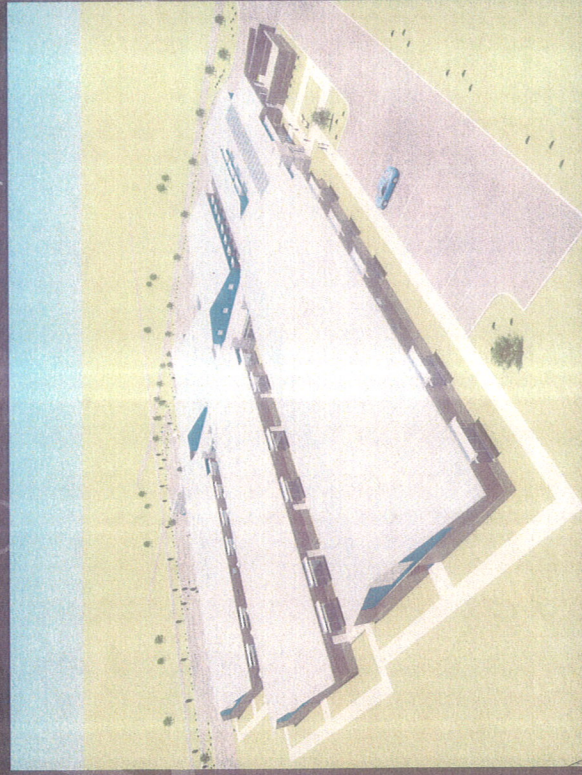
Mills River Elementary



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Mills River Elementary



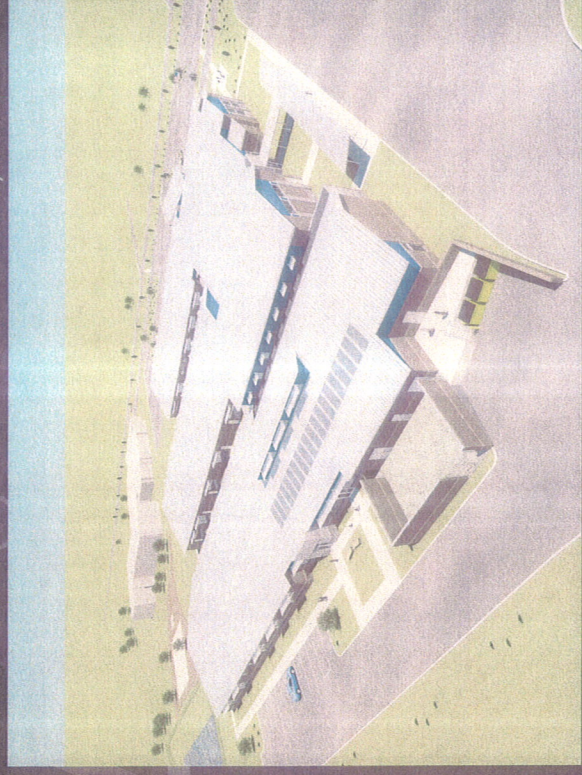
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Mills River Elementary



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Mills River Elementary



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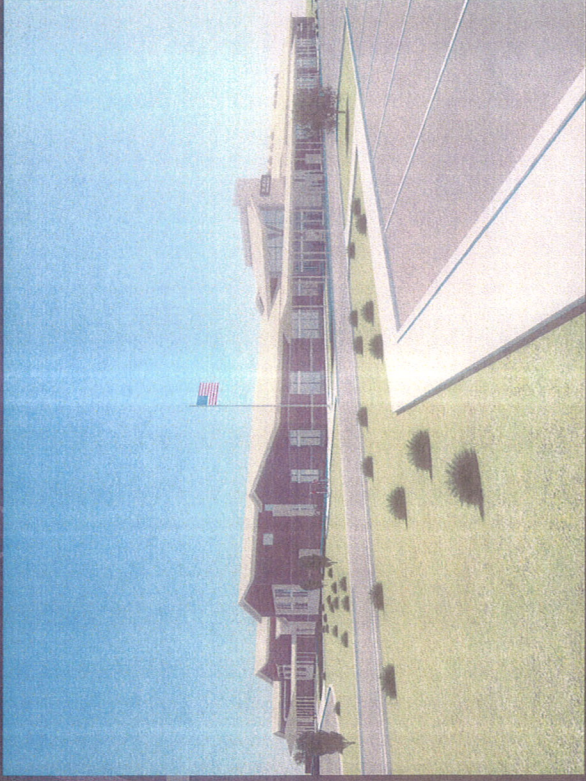
Mills River Elementary



MOSELEYARCHITECTS



Hillandale Elementary



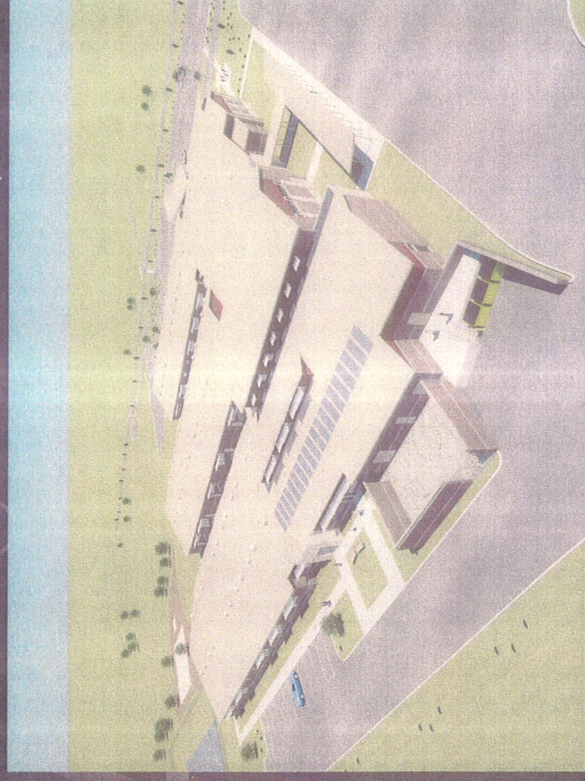
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William McDonough, AIA:

- "We need a new design assignment and we need a new design. In order to do this we need to ask new questions. ... The first is: "How do we love all the children, of all species, for all time?" Please notice that I am not just saying our children; I am saying all of the children. And notice I am not just saying our species. I am saying all species. And notice I am not just saying now, I am saying for all time. When we integrate this question into our designs, wonderful and beautiful things begin to happen.."

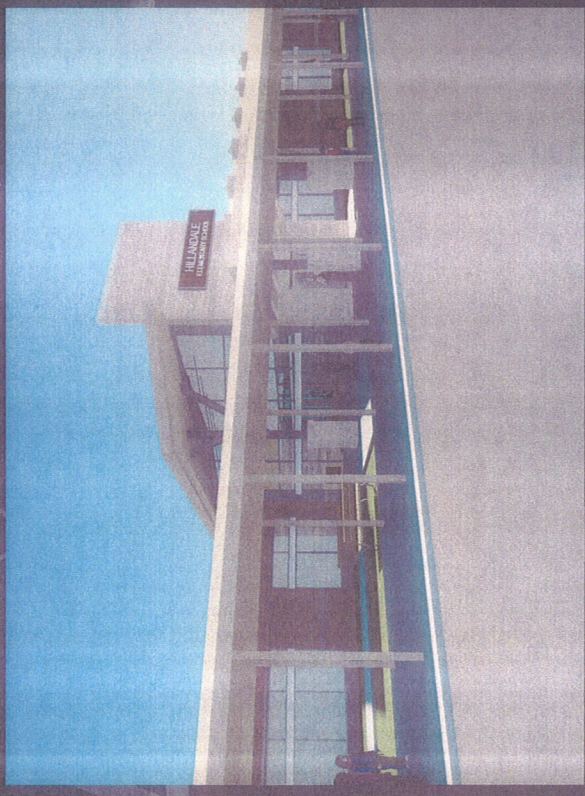
MOSELEYARCHITECTS

Hillandale Elementary



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Hillandale Elementary



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Hillandale and Mills River Schools are basically the same school but Hillandale came in higher than Mills River. Part of the reason was NCDOT road estimates for the road configuration at Hillandale. There was Commissioner discussion concerning the Powerpoint presentation. Bid opening on Hillandale will be February 6 and on Mills River will be February 13. Both schools are scheduled to open August of 2009 for that school year. There was some discussion regarding the number of students the school will be built for. Mr. Wilhide said that there is a range available from 680, 722, 774, 816. The core is designed for up to 816 students. The school will start out with the capacity for 722 students.

School Board Chairman Ervin Bazzle stated that they would take advantage of the opportunity to get some offsite expenses back from NCDOT. They get some but it takes time. They are about a year behind.

**Sugarloaf Elementary School Operational Expenses**

Steve Wyatt referenced Attachment D in the agenda book under the School section. He gave credit to Chairman Bazzle, stating that the budgets already heading in the right direction. He said an earlier estimate was a little over \$600,000 and now the total operating expenses are \$557,187.

Chairman Bazzle stated that whenever they open a school, they take students from somewhere else. The numbers from the State basically do not change unless our population changes. The children that will make up Sugarloaf will come from a minimum of three surrounding districts but it will have an effect on all the different school districts. Many of the teachers will come from positions the school board already has.

Attachment D listed the new positions required to open a new school building:

Certified Positions:

- Lead Teacher
- Media Coordinator
- Physical Education
- Cultural Arts

Combined Certified Salaries =	\$181,422
Local 5% Supplement	13,046
Employer Matching FICA	14,877
Employer Matching Retirement	15,227
Employer Matching Hospitalization	\$ 16,388

Non-certified Positions:

- Media Assistant (10 month)
- Office Support /NCWISE (12 month)
- Office Support (10 month)
- Custodians (three 12 month)

Subtotal Non-certified Salaries=	\$166,997
Local 2.5% Supplement	4,175
Employer Matching FICA	13,095



Employer Matching Retirement	13,403
Employer Matching Hospitalization	24,582
<b>Total Salaries &amp; Benefits</b>	<b>\$463,212</b>

Utilities:	
Electricity	\$ 67,000
Natural Gas	16,500
Water & Sewer	8,175
Telephone/Internet	1,800
Property Insurance (contents only)	500
<b>Total Operating Expenses</b>	<b>\$557,187</b>

Ervin Bazzle explained that this will be a recurring cost. It will be added to the net current expense budget from here on out after this year.

**Maintenance & Repair of Facilities**

Ervin Bazzle referenced Attachment E in the agenda book under schools. He stated that they are falling behind on being able to do preventative maintenance as well as repair work at schools. It is a continuing and growing situation that must be addressed. Attachment E is a laundry list of items that had been pushed off previous budgets. The schools square footage is going up and needs are going up but these items have either flatlined or gone down in the last three or four years.

Attachment E listed needs of \$4,173,865. Ervin Bazzle stated that the longer some of these are put off, the higher the costs will go. He promised that they will come to the Board with a proposal trying to address the amount in a systematic way. These are visible deteriorating issues.

Chairman Moyer felt that there was no way we would be able to handle \$4,000,000 worth of facility projects and repairs. He suggested asking the County Manager to come up with a multi-year plan that begins to deal with this so that the schools have some certainty as to where we're going and the Commissioners have some certainty and we can start to work on this list. Ervin Bazzle stated that both boards need to work together to work on a maintenance plan.

Commissioner Williams suggested utilization of volunteers, folks in vocational programs, etc. taking part in some of the smaller projects. He thinks we could find some ways to save some of our tax dollars yet still get things accomplished. People have a desire to see the schools improved but yet they don't want to do it by having a tax increase. Allow folks to donate money, time, or goods, whatever the case may be. Commissioner Williams would like to see the two Boards work jointly on developing programs to cover some of these costs and get done what needs to get done.

Dr. Stephen Page, Superintendent of Public Schools, stated that they use vocational programs in an ongoing way however they have some constraints in terms of what they are able to do based on the curriculum that they have to adhere to. Vocational classes, masonry classes and others



are doing all kinds of projects that would otherwise have costs. Regarding volunteers, they have numerous professional staff that are doing maintenance type things that aren't reflected in this list at all, people who are fixing things at the school, painting their classrooms, doing things that would otherwise have to be absorbed through some programs. He also stated that they placed an ad in the newspaper that was pretty exhaustive and found that they couldn't put everyone's picture who had given voluntary time to the schools so they just listed names and still left off large numbers of names. He stated there is a huge volunteer effort in the school system and it is part of why the school system does so well. There is room for growth though. He stated the schools would love to have a volunteer Volunteer Coordinator.

Chairman Moyer stated that some of these projects would lend themselves well to volunteers.

Ervin Bazzle finished up his part by distributing a hand-out entitled NC SCHOOL REPORT CARDS. He stated that Henderson County Schools have done exceptionally well, teachers and students.

### **COMMUNITY COLLEGE ISSUES/DISCUSSION**

Steve Wyatt recognized Molly Parkhill and David Whitson from Blue Ridge Community College to make their presentation regarding the Technology Center Operational Expenses and Facilities Maintenance. Mr. Wyatt stated that these are issues much the same but on a different scale as what the school folks had. Mr. Whitson had provided a preliminary budget of \$201,000 for the technology center operational expenses. This would be an on-going addition to budget.

#### **New Technology Education & Development Center**

Molly Parkhill asked David Whitson to review the budget requests with the Board of Commissioners. Ms. Parkhill stated that she would be available to answer questions as well as Tom Orr, Chair of the Facilities Committee for the College and Bill Ferrell who is Chair of the Finance Committee.

David Whitson stated that attachment B including the following:

#### **Technology Center Operational Expenses:**

Blue Ridge Community College Budget Information Packet, containing information on new expenses related to the Technology Center as originally presented during the November 28, 2007 Joint Schools Facilities Meeting; pertinent information for determining BRCC's FY 2008-09 Budget Allocation.

#### **Facilities Maintenance:**

Information Packet also contains Facilities Maintenance information, as originally presented during the November 28, 2007 Joint Schools Facilities Meeting; pertinent information for determining BRCC's FY 2008-09 Budget Allocation.

David Whitson briefly discussed the new Technology Education & Development Center, stating it has 79,000 total square feet including 11,000 square feet of Conference Hall. The main

auditorium will seat 1,000 people. Banquet space will seat 500 people with small meeting spaces that will seat 250 people each. Mr. Whitson further explained that there is 69,000 square feet of labs, classrooms and office space including 7 lecture labs, 6 specialized computer labs, 5 digital media technologies labs/studios, 1 open access computer lab seating 48, 4 traditional classrooms, 3 conference rooms, 2 interactive video classrooms, 1 video conference room, 14 faculty offices, and 12 staff offices. The building is 78% complete and due to be complete about June or July. The conference hall includes a catering/serving kitchen, not a full-fledged kitchen.

There was mention of the CAVE at BRCC. CAVE stands for Computer Automated Virtual Environment. There will be several types training in that location, particularly in firefighting, emergency response and law enforcement.

Mr. Whitson reviewed the Technology Building Operating Costs:

Salaries/Fringe Benefits	\$ 82,788.00
Other Costs (Supplies/Materials)	12,000.00
Campus Security	5,000.00
Utilities	90,527.00
Insurance	11,000.00
<b>Total Estimated Cost</b>	<b>\$201,315.00</b>

These are costs to open the facility, new costs that will be recurring. This is a 79,000 square foot building. This is a conservative figure.

**Facility Repairs & Maintenance**

David Whitson mentioned the number of buildings on the Flat Rock campus and their square footage:

<u>Bulding Name</u>	<u>Year Occupied</u>	<u>Square Feet</u>
Patton Building	1973	35,320
General Studies	1973	11,707
Maintenance Shop	1974	6,400
Arts & Science Bldg.	1975	16,800
Continuing Education	1977	19,849
Industrial Skills Bldg.	1982	18,637
Groundskeeping Bldg.	1984	3,200
Motorcycle/Storage Bldg.	1986	3,200
Killian Building	1989	31,500
Spearman Building	1993	66,070
Sink Building	1997	63,100
Bullington Greenhouse	1995	<u>3,600</u>
Sub-total Square Feet		279,383
Addition in 2008- New Technology Bldg.	2008	79,000



**Total Square footage for Flat Rock Campus**

**358,383**

Mr. Whitson stated that 40% of their buildings are 30 years old or older. He said they received no funds for capital outlay for repairs and maintenance last year. They need money to maintain the buildings. There is an investment value of over \$67,340,579 just on the Flat Rock campus. The staff at Blue Ridge Community College decided to bring forward a five year capital improvement plan. They have rated all their facilities' needs.

Mr. Whitson stated that the total five year Capital Improvement Plan is \$47,981,568. Those funds will come from various sources. The Capital Improvement Plan is broken down as:

- Total BRCC Plan Cost = \$47,981,568.
- Major Projects – Long Range Facilities Master Plan (\$41,099,650)
- Transylvania Center (\$331,550)
- Facilities that are the obligation of private or non-county funding sources (\$867,100)
- Annual Renewal – This represents the needed budget to take care of their R&R needs.

Their annual renewal of facilities total for FY 2008-2009 is \$919,694.00:  
 (This is their capital budget request for Henderson County for FY 2008-2009)

General Studies Bldg.	\$6,000
Arts & Science Bldg.	\$6,000
Continuing Education Bldg.	\$60,000
Sink Building	\$5,000
Industrial Skills	\$28,000
Killian Building	\$101,750
Spearman Bldg.	\$36,000
Patton Bldg.	\$45,000
Plumbing/Motorcycle Bldg.	\$5,000
Flat Rock Campus Parking Lot Plan	\$379,000
Flat Rock Campus Landscaping	\$28,000
Exterior Lighting Plan	\$86,220
Vehicles & Equipment	\$3,000
Energy Conservation Equip. Loan	\$90,724
Physical Education Activity Center (PEAC)	<u>\$40,000</u>
Total for FY 2008-2009	\$919,694

**Recess**

Chairman Moyer called a brief recess.

**FINANCIAL OVERVIEW continuation**

**Mid-Year Financial Update**

Debt Service – Ratio to Policy



Actual outstanding debt (\$103.2 million) is 0.84% of total FY2008 assessed tax value  
- Board Policy maximum is 3.0%.

Actual debt service payments are 10.9% of FY2008 General Fund budgeted expenditures  
- Board Policy maximum is 15.0%.

#### Sales Tax and Ad Valorem Tax Collections

Growth in Sales Tax collections was flat for the first quarter of FY2008 compared to the same time frame during last fiscal year.

FY2008 Ad Valorem Tax collections for both annual bills and motor vehicles was 75% of the total levy as of 12/31/07.

Compares to 68% for the same timeframe during the previous fiscal year.

#### FY 2007 Expenditures

County Departments did a good job of managing and spending within their budgets during FY2007.

Attributed to growth in Unreserved General Fund Balance and the amount available above the Board's Fund Balance Policy minimum at 6/30/07.

#### Fund Balance Available

Unreserved General Fund Balance at June 30, 2007 = \$15,381,495.

12% Board of Commissioners Fund Balance Policy = \$13,602,185.

Fund Balance Available for appropriation - \$ over 12% Policy = \$1,779,310.

#### Local Option Sales Tax Referendum

##### Sales Tax Referendum Information

General Assembly authorized the levy of a .25% local option sales tax.

Requires approval in a non-binding voter referendum.

Tax is not restricted or earmarked.

If levied, total local option sales tax rate increases to 2.75%.

Combined state and local sales tax rate would increase to 7.0%.

Experience has been 4% to 5% growth in local option sales tax annually.

#### Sales Tax Revenue Projections

Projected revenues for FY2009 are estimated to be between \$1.5 and \$1.7 million.

Referendum deadline is February 29, 2008 for the May primary.

New local option sales tax estimated to generate between \$1.9 and \$2.1 million annually.

New sales tax equates to an ad valorem tax rate equivalent (TRE) of 1.20 to 1.36 cents.



**Resolution and Direction**

Russell Burrell distributed a hand-out entitled “FY2009 Sales Tax Comparison Summary”. Much discussion followed concerning per capita method versus ad valorem method of sales tax distribution.

Mr. Burrell reminded the Board that they have a statutory deadline but a more practical deadline if the Board wishes to consider keeping the agreement with the municipalities then it must be done during the month of February under the terms of the previous agreement. He advised the Board that is the same timeframe the Board should be running under if the Board chooses to go somewhere with the fire districts.

**Break**

Chairman Moyer called a break for lunch. Amy Brantley had tickets to distribute for the meal.

**Continuation**

Chairman Moyer called the meeting back to order.

**FINANCIAL OVERVIEW continuation**

**Sales Tax Referendum Option – Resolution and Direction**

The Draft Resolution was discussed.

*Commissioner McGrady moved the adoption of the Resolution as drafted. All voted in favor and the motion carried*

Chairman Moyer stated the County Manager will take the appropriate steps to get this on the ballot in May. After that we can move forward with the budget, knowing how the public has voted.

**Distribution Agreement**

The Board had had various discussions regarding this issue previously, concerning the effect on the municipalities and the fire departments. Chairman Moyer felt that the Interlocal Agreement was the positive way to proceed. He recommended staying with the Agreement as the Board has had in the past and work with the municipalities to keep that Agreement in effect for at least one more year.

*Following discussion, Chairman Moyer made the motion that the Board adopt the Interlocal Agreement and to work with the municipalities to keep that Agreement in effect for at least one more year.*

Some Commissioners felt that we should begin a study of what is feasible for the future, after the additional year, expressing that this agreement is not in the long-term best interests of either the county or the municipalities.



Following discussion, *Chairman Moyer added to his motion that the Board start a timely study during this coming year of various other options and what is feasible so the Board is prepared for next year.*

*A vote was taken and the motion carried three to two with Commissioners McGrady and Young voting nay.*

## **FY 2008-2009 BUDGET**

### **Overview of Issues**

Steve Wyatt informed the Board that Selena Coffey would update the Board on the Strategic Plan, many of those issues will carry over and will impact the FY 2008-2009 budget. Then staff will address some emerging issues that have been identified in discussions with individual Commissioners and things that have come to the Board over the last several months since this Strategic Plan was developed last June. Staff will be soliciting guidance from the Board on these issues. Steve Wyatt also mentioned the CIP which was developed this time last year. Carey will update the Board on the CIP.

Mr. Wyatt also mentioned a couple of issues that are timely that some of the Commissioners have expressed interest in; affordable housing, energy conservation policies. Mr. Wyatt said that staff will address revenue and expenditure projections for FY 2009. Hopefully the Board can have some good discussion on what the priority objectives are for the Board for the next fiscal year.

### **Current Obligations for FY2009**

#### **Strategic Plan**

Selena Coffey reminded the Board that last year about this time the Board began the process of looking at a four-year strategic planning document. Part of that process is to have an annual performance review of what we've done and how well it's been done.

#### **2008 Completed Projects:**

1. Limiting operational growth to tax growth.  
County government departments stuck to a 3.5% increase (historical % increase in tax base growth). Goal was accomplished.
2. Zero-based budget  
County departments developed their budgets based on zero-based budget concepts. This goal was also accomplished.
3. Public education/information program.  
Examples: Increased programming on HCTV11, press releases, monthly newsletter, informational brochures on Animal Ordinance and Noise Ordinance. Ms. Coffey stated that we would continue to add areas for improvement. Chairman Moyer said a lot had been done in 2008 but we need to keep this as a target in front of us.
4. CIP: Etowah Library Construction  
Construction is complete.



5. Land Development Code  
LDC has been adopted and enforcement is being handled by our Code Enforcement Department.
6. E911 Improvement Study  
Study was recently submitted to the Commissioners. Recommendations are being evaluated. Staffing requests were deferred to budget time.
7. Animal Services Spay-Neuter Program  
The Animal Ordinance was amended to include the establishment of a Spay-Neuter Fund and additional educational outreach. This will come back before the Commissioners at the first meeting in February.
8. Animal Services Volunteer Program  
Our new Director has begun implementing volunteer orientation program and working on volunteer job descriptions and standard operating procedures. An existing position was reclassified to Community Outreach Coordinator position. This is on-going.
9. Support for United Agenda for Children  
Funding for initiative was provided in the County's FY2008 budget, \$25,000.
10. Support for public transportation program  
Funding in FY2008 budget for public transportation program expenses.
11. Non-profit funding to assist elderly/aging  
Funding is in the FY2008 budget for non-profit service delivery to our elderly/aging population. Funded agencies: Council on Aging, WCCA, Housing Assistance, Interfaith Assistance Ministry, etc. On-going.
12. Farmland Preservation Fund establishment  
This was moved from 2008 forward to 2007. \$50,000 was originally in the FY2008 budget. Approval was granted to use \$40,000 of these funds to establish a Farmland Protection Plan and a program to assist area farmers in their agricultural businesses.
13. Sedimentation & Erosion Control Program  
The Board adopted this program and the enforcement began in October 2007. Chairman Moyer requested an update soon on how this is going dollarwise. Staff has planned quarterly reports for the first year.
14. Watershed program coordination  
The Coordinator has attained \$350,000+ in grants to improve the county watersheds.
15. Establish site selection and design criteria for schools  
The Commissioners did this when they established the criteria of 800 core and 740 student classroom capacity. The Board accomplished this by resolution for elementary schools. In the coming year the Board will need to look at middle and high schools.
16. Economic development efforts to retain existing businesses  
Continued support for economic development initiatives, on-going.
17. Inventory of industrial sites  
This study was completed in 2006; CCP changes will implement the findings.

#### 2008 Projects Underway/Outstanding:

1. Cost recovery policy and plan development  
This is to be developed in the FY 2009 budget. Ms. Coffey explained this is a way for us



- to look at county departments and how we may recover some of the costs of some programs.
2. Schools funding formula  
This is in the informal discussion stage.
  3. Community College funding formula  
This is in the informal discussion stage.
  4. CIP: Historic Courthouse rehab.  
Targeted completion is scheduled for March 2008.
  5. CIP: Edneyville Community Building  
The architect is completing the preliminary building design for bid. Ms. Coffey said this project is moving along well.
  6. Cost of Community Services Study  
Study is underway; anticipated report to the Commissioners in March 2008.
  7. Small Area Planning  
Etowah Small Area Plan is in progress; Committee is meeting regularly.  
Plan on starting second small area plan in Spring 2008.
  8. Parks Master Plan  
Facility Needs Assessment complete and recommendation made.
  9. Minimum Housing Code adoption  
Draft presented to Commissioners January 2008.
  10. Storm water management program.  
Awaiting grant approval.
  11. Inventory of historic/cultural sites  
Staff recommended the change of the target date to FY2009.
  12. 20-Year Solid Waste Management Plan  
Plan is under development at the moment.
  13. Energy Efficiency Study of county facilities  
Policy has been drafted and submitted to EAC for their review.  
Study on Historic Courthouse is complete.
  14. CIP: Mills River/Hillandale debt issuance  
To be determined.
  15. Schools growth projection model development  
To be determined.

#### Planned FY2009 Projects

- Implementation of cost recovery plan
- Establishment of minimum housing code program
  - Estimated \$100,000 start up costs?
- Develop Affordable Housing Trust Fund
  - Estimated \$300,000 to initiate fund?
- Consider ways to link school capacity plans to Land Development Ordinances
- Research feasibility of industrial park construction

There was discussion of these planned projects with the thinking that maybe the Board has enough going on right now, their plate is full. This appears to be a tight budget year coming up

and there just may not be funding to do some of these planned projects this coming budget year. The Commissioners were not willing to remove any of these from the list yet.

Any Changes to Projects/Timing?

Staff suggested some changes as follows:

Storm water management program

Change to FY2009 for adoption and implementation

Inventory of historic/cultural sites

Change to FY2009 target date.

Begin Dana/East Flat Rock small area plan

Beginning in FY2009.

WHAT ELSE?

Ms. Coffey stated that the Board has some fairly significant decisions to make for obligations:

Sugarloaf Elementary operational expenses

BRCC Technology Center operational expenses

Dana, Mills River & Hillandale Elementary Schools construction

How are we to pay for these?

Ms. Coffey reviewed some concerns/suggestions from Commissioners:

Affordable housing (Chairman Moyer), develop program proposal.

Energy conservation initiatives (Chairman Moyer), develop concepts, estimate \$200,000 start-up costs.

More defined capital project plan (Commissioner Williams).

Closely examine expenses (Commissioner Williams).

Ms. Coffey asked for permission for staff to draft some strategies to address these areas and bring them back to the Board.

Ms. Coffey then touched on major decision points for the FY2008-2009 budget:

**Public School System Funding**

Operational

Capital

Maintenance and Repair

**Community College Funding**

Operational

Capital

Maintenance and Repair

**E911 Study Recommendation**



### **Parks and Recreation Facilities**

Should the Board of Commissioners establish budgetary guidelines (i.e. CPI of 2.7%, tax growth, population benchmarks, other benchmarks, etc.)?

### **Capital Improvements Plan**

Carey McLelland listed the projects that fall within the FY 2008-2009 budget year:

#### **Public School Facilities**

Dana Elementary School – Phase II (\$3.65 million) approved by Board of Commissioners.

Mills River Elementary School (\$15.3 million)

Hillandale Elementary School (\$15.9 million)

Total estimated 20-year debt service cost \$49,401,100.

#### **County Capital Projects**

1. Law Enforcement Center

Estimated project cost of \$9.5 million.

Estimated annual debt service \$730,323.

Planning and design costs estimated to be \$750,000.

2. Detention Center Expansion – 120 new beds

Design costs estimated at \$629,300.

Estimated project cost of \$10.5 million.

Estimated annual debt service \$807,200.

3. New Fletcher Branch Library

Estimated project cost of \$3.2 million.

Estimated annual debt service \$297,964.

4. Recreation Facility Needs

New Soccer Complex, Dog Park and Swimming Pool/Recreation Center received highest public demand ratings.

Soccer Complex - estimated project cost of \$6 - \$11.5 million over the next 20 yrs.

Dog Park – estimated cost of \$150,000.

Swimming Pool/Rec. Center – estimated cost of \$7.6 million over the next 20 yrs.

Carey McLelland mentioned the different ways of paying for these Capital Projects:

General Obligation Bonds

Certificates of Participation (COPs)

Installment Contract Financing

Capital Reserve Funds - \$2.7 million to be available as of June 30, 2008

Carey McLelland then reviewed the following about the Capital Reserve Fund (a snapshot):

Capital Reserve Fund initiated with \$1.3 million from sale of old Land Development Building in FY2007.

FY2009 General Fund transfer of \$1.4 million to Capital Reserve Fund will bring fund balance of \$2.7 million available at 6/30/08.

Transfer all or part of fund balance above 12%.

### **Revenue & Expenditure Projections for FY 2009**

Steve Wyatt stated that he had enjoyed the discussion he had with each of the Commissioners over the last month or two regarding the budget. The input and the questions had been interesting. He asked "Where are we as far as looking toward next year? Any time we do a projection we have to make some assumptions." The assumptions staff has made is that life will be as life is – no increase in the property tax rate, no new sales tax, no change in sales tax distribution, no incorporations, no fund balance appropriated. Of course, many of these are decisions the Board will have to make as we go forward in the budget process. Staff projected revenues for next year (based on the above) at \$113,295,828. Ad Valorem Property Tax FY2007-2008 Budget \$55,069,186 and FY2008-2009 Projected is \$57,720,432. Mr. Wyatt stated that The Great Unknown is Medicaid.

Chairman Moyer said that because of the volatility of things the numbers will have to be updated May 1 based on the latest numbers. The bottom line has created much discussion between Mr. Moyer and Mr. Wyatt. The Commissioners want to be able to see how much new money will be available this year over last year based on the revenues. Chairman Moyer stated that based on the figures before the Board, it looks like we have no growth in revenues. We have no growth in available money because we spent fund balance last year on a lot of items that we have to continue to pay for this year.

There was some brief discussion that the Commissioners wished to pursue a quarter of a percent of sales tax per referendum in May.

Mr. Wyatt said that we would be looking at fees but that is such a minor part of our revenues. He stated that he had heard from a majority of the Board that not raising property taxes was a priority. He asked what would it take to do that and still meet our obligations. He suggested developing a small but reasonable target of capping departmental and agency growth in budget, based on CPI of 2.7%. He stated our departments would be capped at 2.7% growth. The Community College is 2.7% additional.

Mr. Wyatt said the Board would need to talk about Medicaid. In the numbers presented, full funding for Medicaid has been included. There is also about \$1.3-\$1.4 million for the capital improvements plan. Schools current expense goes up by CPI. Schools debt service goes up about 1.2%. Current expense for Community College goes up a little, Technology Center is brand new. He said that leaves a deficit of about \$4.6 million.

Mr. Wyatt asked the Board "What's your comfort level?" The State has come up with a new Medicaid Plan. We will lose some sales tax but the State will save us \$2.6 million in this round. Medicaid FY2009 Budget Projection \$5,357,815, FY2009 State Projection \$2,752,622 with the



difference being \$2,605,193. This is a policy decision the Board will have to make based on comfort level. He said should the economy fall out and State sales tax proceeds drop and the State can't meet their budget, based on our fund balance policy we could absorb it for one year.

Mr. Wyatt reviewed current obligations with the Board as follows:

<u>Obligation</u>	<u>Total Cost</u>	<u>Required Annual Funding Estimate</u>
Sugarloaf Operational	\$557,187	\$557,187
Dana Elementary Phase II	\$3,653,698	\$227,890
Mills River Elementary	\$15,271,725	\$1,606,099
Hillandale Elementary	\$15,905,000	\$1,672,011
BRCC Technology Operational	\$201,315	\$201,305
Total	\$35,588,925	\$4,264,502

Mr. Wyatt reviewed the following Other Funding Issues with the Board:

<u>Issues</u>	<u>Total Cost</u>	<u>Required Annual Funding Estimate</u>	<u>TRE</u>
E911 Personnel (5 positions)	\$151,633	\$151,633	0.121 cents
HCPS Maintenance & Repair	\$4,173,865	\$4,173,865	3.341 cents
BRCC Maintenance & Repair	\$919,694	\$919,694	0.736 cents
Parks and Recreation Facilities	\$26,250,000	\$1,312,500	1.051 cents
Detention Center Expansion	\$10,500,000	\$807,200	0.646 cents
Law Enforcement Center	\$9,500,000	\$730,323	0.585 cents
Fletcher Branch Library	\$3,200,000	\$297,964	0.239 cents
Other Strategic Initiative Estimates i.e. Minimum Housing Code, Housing Trust Fund, etc.	\$600,000	\$600,000	0.480 cents
Total	\$55,295,192	\$8,993,179	7.198 cents

The proposal to meet current obligations with no tax rate increase in FY2008-2009:

Projected Expenditures	\$117,975,851
Medicaid difference	- 2,605,193
Transfer to Capital Reserve Fund	- 1,437,800
Edneyville PARTF Grant Match	- 308,100
Rescue Squad Capital Transfer	- 41,080
Balance	\$113,583,678
Projected Revenues	- \$113,295,828
Difference	(287,850)
TRE to fund Difference	0.230 cents

Chairman Moyer stated that if the Sales Tax Referendum in May turns out the same as the Land Transfer Tax Referendum then we'll have to visit some different scenarios. Chairman Moyer said that he would like for staff to put the operational budget together using the 2.7% or 2.75%

projected cost of living increase and then hold that, we'll see where the sales tax is and the other issues and then the Board will refine the budget after we have those answers in May.

Commissioner McGrady agreed with what the Chairman had expressed but stated that he was not prepared to make a decision on the little incremental pieces that are out there right now. He stated that he wants to go ahead and firmly make commitments on Hillandale and Mills River Schools today and he wants to move forward to award the contract to McKenzie and Company and stay on target so we get these schools renovated and built in the timeframe that they come online at the right point in time.

*Commissioner McGrady made the motion to approve the recommendation from the School Board that the contract be awarded to McKenzie Company for the site preparation work detailed in Chairman Bazzle's letter to Chairman Moyer of January 15.*

Discussion followed.

*Commissioner McGrady added to his motion the figure of \$2,104,625 for the site prep. costs.*

More discussion followed. It was the Board's consensus to be able to build these two schools without a tax increase.

*A vote was taken on the motion and the motion carried unanimously.*

### **FY 2009 Budget Calendar**

Selena Coffey informed the Commissioners that a draft budget calendar was provided to them as a working document. The Board will need to set workshops at their convenience. She stated that Board will need to have a special called meeting after the May 6 referendum to determine what to do with the budget. It may have an effect on how the Board looks at the budget going forward, even if it's just for capital projects.

Discussion followed. Chairman Moyer stated that we need a 5-year operation budget. We have a 1-year plan currently.

Commissioner Messer stated that he has been on the Board seven years and he said that the Commissioner have raised taxes but have built the complex for DSS and the Health Department, Animal Shelter, renovated the Historic Courthouse, new schools and we're getting ready to build two more new schools. The value of land in Henderson County is \$75,000 - \$100,000 a lot. You can get out of the mountains and get property much cheaper. He stated it has to be justified for the Board to raise property taxes. He hears from the everyday people, working people that say that right now is not the greatest time of their life because of hard times. He said he would like to see maybe a 2-year plan on capital projects, etc.

Regarding property taxes, Henderson County is ranked #85 out of 100 counties so we have low property taxes but we do have high property values.



Chairman Moyer stated that there are a lot of planning issues the Board will have to visit. He feels another workshop will be needed to review those items. He thanked staff and the Board for a good meeting today.

**ADJOURN**

*Commissioner Young made the motion to adjourn at 3:43 pm. All voted in favor and the motion carried.*

Attest:

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Elizabeth W. Corn, Clerk to the Board

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William L. Moyer, Chairman