

DRAFT MINUTES

**STATE OF NORTH CAROLINA
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS
JUNE 9, 2009**

The Henderson County Board of Commissioners met for a special called meeting at 7:00 p.m. in the Commissioners' Meeting Room of the Historic Courthouse on Main Street, Hendersonville.

Those present were: Chairman William L. Moyer, Vice-Chairman Charlie Messer, Commissioner Larry Young, Commissioner Chuck McGrady, Commissioner Mark Williams, County Manager Steve Wyatt, Assistant County Manager Selena Coffey, Attorney Russell Burrell, and Research/Budget Analyst/Deputy Clerk to the Board Amy Brantley.

Also present were: Associate County Attorney Sarah Zambon, Public Information Officer Intern Christina DeStefano, Sheriff Rick Davis, Finance Director J. Carey McLelland, Health Director Tom Bridges, County Engineer Marcus Jones, Planning Director Anthony Starr, Assessor/Interim Tax Collector Stan Duncan, Code Enforcement Director Toby Linville, Animal Services Director Brad Rayfield, Auxiliary Business Manager Bill Blalock, HR Director Jan Prichard, and Social Services Director Liston Smith.

Absent was: Clerk to the Board Teresa L. Wilson.

CALL TO ORDER/WELCOME

Chairman Moyer called the meeting to order and welcomed all in attendance. The main purpose of the meeting is the continued discussion of the FY2009/2010 budget.

Commissioner McGrady made the motion to approve the agenda as presented. All voted in favor and the motion carried.

IMPORTANT DATES

Chairman Moyer noted that a Public Hearing on Economic Development Incentives for Project Safety Point 2 needs to be scheduled.

Chairman Moyer made the motion that the Board sets a Public Hearing on Economic Development Incentives for Project Safety for 4:00 p.m. on Monday, June 22, 2009. All voted in favor and the motion carried.

CONSENT AGENDA

Lease with Sixth Avenue Rehabilitation Partners, Inc.

A draft lease between Henderson County and 6th Avenue Psychiatric Rehabilitation Partners was provided for the Board's consideration. The annual lease amount specified is for \$70,332.

Staff recommends the Board approves the proposed lease and authorize the appropriation of fund balance in this amount, currently being held with Western Highlands LME, be appropriated to 6th Avenue Clubhouse to cover the lease payment.

Commissioner McGrady made the motion to approve the consent agenda as presented. All voted in favor and the motion carried.

FY2009-2010 BUDGET DISCUSSIONS

DISABLED AMERICAN VETERAN'S TRANSPORTATION NETWORK (DAVTN)

Chairman Moyer stated that Christopher Westall, Commander of Chapter 14 for the Disabled Americans Veterans, was present and has been working on the transportation network issue for a while and is an

DATE APPROVED _____

expert on this and what this will do for our county. The Commissioners received a memo prepared by Chris with respect to the programs along with a letter of endorsement from Mike Murdock. He asked Mr. Westall to come to the podium to present additional information to the Board.

The Unmet Need: DAV Chapter 14 serves a community of approximately 30,000 veterans in Henderson, Polk, and eastern Transylvania counties. Currently, there is no viable transportation system in place to serve veterans without transportation who must travel to/from medical appointments at Charles George VA Medical Center (CGVAMC) Asheville, NC. The unmet need, identified through VA Voluntary Services, was placed at 40 veterans per week in 2007.

The Proposed Solution: DAVTN was immediately identified as a logical solution. The program provides assistance to Chapters and has placed over 2,000 vans in service nationwide since inception. Through fundraising and donations, Chapter 14 has secured the funding for our portion of the van acquisition cost under the DAVTN program, but we are seeking to partner with the counties in our service area as well. A timetable and outline of the process is provided:

- DAVTN is administered at the national level by DAV and the Columbia Trust, a national charitable service trust that negotiates the van cost directly with the manufacturer as well as facilitates delivery and oversight of the program.
- Estimated program cost for 2010 is \$15,000. Proposed partner contributions: Chapter 14 \$7,500; Henderson County \$5,000; Transylvania County \$1,500; and Polk County \$1,000.
- There is no further cost to any partner for the life of the van in the DAVTN. All operating costs including fuel, maintenance, repairs, insurance, etc., is provided by CGVAMC.
- The van is returned to the donating Chapter at the end of its service life as determined by CGVAMC.
- Chapter 14 recruits and provides volunteer drivers to staff the van via CGVAMC.
- Chapter 14 recruits and provides a transportation coordinator (TC) who serves as the key person of the program – veterans needing transportation call a dedicated phone number during posted hours to request transportation. The TC verifies the appointment and the veteran's eligibility for transportation via CGVAMC and then schedules the veteran for transportation.
- November 2009 – Program packages mailed to all DAV Chapters. Packages contain pricing, requirements, and requisite forms for the approval process.
- December 2009 – Completed packages and all paperwork due early in the month.
- January – February 2010 – Approval letters with van invoices mailed to Chapters.
- April – May 2010 – Van delivered via DAV and presented to VA Medical Center.

Statement of Intent: It is the intent of DAV Chapter 14, with the assistance of our partners, to purchase a van to be placed in the DAV Transportation Network at Charles George VAMC. Point of contact is Commander Christopher Westall, DAV Chapter 14.

Mr. Westall spoke with Charles George VA Medical Center earlier in the day and received a tentative approval on their part that they will accept a van if purchased during this year's cycle of transportation network. Headquarters in Raleigh advised him that in North Carolina there are fifty-seven (57) chapters of Disabled American Veterans. Currently there are fifty-two (52) vans in service serving all four medical centers. There has never been a van in Hendersonville since the program started 12-15 years ago.

Chairman Moyer noted that the program is subsidized in several ways with the initial cost of the van in the \$25,000 range. Once the van is obtained all future cost are borne by the hospital; if additional funds are raised and there is a continuing need, there is hope of obtaining a second van.

Commissioner Williams made the motion that the Board allocates in their budget \$5,000 to go toward the purchase of a van for DAVTN. All voted in favor and the motion carried.

Mr. Westall stated if the other two counties do not participate DAVTN has monies set aside for this project. They are seeking partnership with all three counties. Pending the outcome of this request, he would next be going to Transylvania and Polk Counties.

HENDERSON COUNTY FY 2009-2010 BUDGET TALLEY

	Reductions	Additions	Total Budget	Fund Balance Appropriated
Issues from May 20th Budget Workshop			\$ 109,480,098	\$ 2,267,171
1) Two DSS Positions recommended for elimination		\$ 87,772	\$ 109,567,870	\$ 2,354,943
2) Repair/replace E911 fiber link		\$ 28,605	\$ 109,596,475	\$ 2,383,548
3) Back-up generator for IT and Detention Center			\$ 109,596,475	\$ 2,383,548
4) School Resource office contract. The Board may wish to subsidize this program if funds are cut. <u>Changes the Fund Balance needed, but not the Total Budget.</u>		\$ 68,648	\$ 109,596,475	\$ 2,452,196
5) Frozen/funded position	\$ 246,998		\$ 109,349,477	\$ 2,205,198
6) Fuel Costs - \$4.00 per gallon used for budget. Each \$0.25 reduction in costs equals a \$47,000 savings	\$ -		\$ 109,349,477	\$ 2,205,198
7) Economic Development/Chamber Building	\$ 12,900		\$ 109,336,577	\$ 2,192,298
8) Payoff schedule for debt service on 6 th Avenue Clubhouse – County will receive two years of lease payments from 6 th Avenue. <u>Changes the Fund Balance needed, but not the Total Budget</u>	\$ 70,332		\$ 109,336,577	\$ 2,121,966
9) Health Department Overflow Parking Lot. Option #2 is to gravel the lot at \$11,000.		\$ 11,000	\$ 109,347,577	\$ 2,132,966
10) School Expansion Request - Current		\$187,017	\$ 109,534,594	\$ 2,319,983
School Expansion Request – Capital		\$345,000	\$ 109,879,594	\$ 2,664,983
11) Freeze appropriation of school capital funding to schools based on State ADM decision. <u>Changes the Total Budget needed, but not Fund Balance.</u>	\$ -		\$ 109,879,594	\$ 2,664,983
12) State ADM decision impact. <u>Changes the Fund Balance needed, but not the Total Budget.</u>		\$ -	\$ 109,879,594	\$ 2,664,983
13) Property/Liability insurance Reduction	\$ 210,306		\$ 109,669,288	\$ 2,454,677
14) Tax Function Consolidation - \$ to be determined			\$ 109,669,288	\$ 2,454,677

Issues from June 1st Public Hearing				
15) Lead Poisoning Prevention Program		\$ -	\$ 109,669,288	\$ 2,454,677
16) Hendersonville Trolley		\$ -	\$ 109,669,288	\$ 2,454,677
17) Construction Control Proposal (Estimated at \$9,000 monthly)		\$ 108,000	\$ 109,777,288	\$ 2,562,677
18) Veteran's Clinic Transportation Van		\$ 5,000	\$ 109,782,288	\$ 2,567,677
19) Soccer Fields – Cost To Be Determined			\$ 109,782,288	\$ 2,567,677
TOTAL	\$ 540,536	\$ 841,042	\$ 109,782,288	\$ 2,567,677

Assistant County Manager Selena Coffey went over the list as follows:

- 1) The two DSS positions as recommended for elimination were Volunteer Services Coordinator and Computer Tech Support position. DSS has asked that those positions be titled as Income Maintenance Caseworker positions. No action was taken by the Board at this time.
- 2) Repair/replacement of the E911 fiber link which was cut several years prior. Sheriff Davis stated that there have been no major outages attributed to Repair/replacement of the E911 fiber link

which was cut several years prior. Sheriff Davis stated that there have been no major outages attributable to the existing link. The issue is that if the main line is broken there is no back up for 911 capabilities. No action was taken by the Board at this time.

- 3) Back-up generator for IT and Detention Center – A large portion of servers and technology equipment is housed in the 1995 Courthouse with virtually no back-up. Marcus Jones stated that originally a project budget was established of \$300,000. At the end of the design phase it was realized that it was not a matter of reconfiguration of wiring infrastructure on the existing generator as it does not have the capacity to supply what is needed. Another generator has been identified at the cost of \$150,000. Mr. Jones should have a more accurate figure by Thursday of this week. No action was taken by the Board at this time.
- 4) School Resource office contract – The State is possibly going to cut the funding for school resource officers program. Ervin Bazzle noted that the State House proposal does suggest a cut of approximately \$2,000 per officer over the funding given. The State has never fully funded the school resource program for the total cost. It has been subsidized by at risk money (Program 69) that the school receives for children at risk. These funds have also been cut. The school officials feel that this program is very important and should be a priority. Sheriff Davis stated that based on the numbers provided by Dr. Page the shortage would be \$68,648. This item will tentatively be placed in the budget.
- 5) Frozen/funded positions – Commissioners McGrady and Young felt that these positions should not be funded at this time and as the positions are needed the budget be amended at a later date. Commissioner Williams and Messer felt that the funding should remain as some funds should be earmarked; six months funding would be appropriate. After further discussion it was the consensus of the Board to tentatively fund the frozen positions for 6 months and see how things progress. If things improve and there is need in a certain area then the County Manager can move on that certain position but not necessarily all of them.
- 6) Fuel Costs – Each \$.025 reduction in cost equals a \$47,000 savings. County Manager Steve Wyatt reminded the Board of the substantial increase by Duke Energy recently. Should there be a substantial increase for part of the year, perhaps some of these fuel funds could be considered for use against the utility costs. It was the consensus of the Board to continue the fuel cost budget at \$4.00 per gallon.
- 7) Economic Development/Chamber Building – Ms. Coffey stated that this pertains to the \$17,000 rent amount that we are currently giving the Partnership for Economic Development in our contribution to them. The discussion has been that the Partnership moves in to the top portion of the Chamber Building. This amount could be cut if the Board chose to do so. This figure is for the entire year and the Partnership has indicated two to three months to up-fit the building. The Board may consider looking at a 3/4 impact range, which may be appropriate. Major improvements such as the roof would be a cost to the County; cosmetic improvements would be a cost to the Partnership. It was consensus of the Board to take a ¾ cost reduction at \$12,900.
- 8) 6th Avenue Clubhouse – This item was completed during the Maintenance of Effort discussion.
- 9) Health Department overflow parking lot – Option #2 is to gravel the lot at \$11,000. Health Director Tom Bridges stated that the environmental health trucks are being parked in this area; many are four wheel drive. It was the consensus of the Board to spend \$11,000 to gravel the parking area.
- 10) School Expansion Request, current, School Expansion Request, capital - Ervin Bazzle spoke to the \$187,017 for current expenses; he felt this was the critical amount. This is composed of the increase and employer match in hospitalization and retirement plus utilities. No action was taken by the Board at this time.
- 11) Appropriation for School funding and proposal to freeze for capital funding – \$449,000 is in the budget, however the County Manger is suggesting that the funds be frozen until we know what will happen with regards to the State. This would change the fund balance but not the total budget. Chairman Moyer made the motion that the \$449,000 for school funding not be frozen from the budget. All voted in favor and the motion carried.

- 12) State ADM decision impact – This money has been budgeted and if it not received it will be taken from Fund Budget. This would reduce Fund Balance by \$449,000 for a total reduction of \$750,000.
- 13) Property/Liability Insurance Reduction – We have received notification that there will be a reduction in our premium in the upcoming budget year. There were no issues with respect to insurance reduction.
- 14) Tax Function Consolidation – The Board will continue to study this issue with respect to putting the Assessor and Collector possibly under one person. There is nothing that would immediately impact the budget coming out of the reorganization at this time. The Board is looking for savings but they have not materialized at this point. Tax Assessor/Interim Collector Stan Duncan stated that there are issues with regards to the current budget as proposed. He asked that the Board consider a transfer of a position from Collections to Assessment as a Tax Relief Programs Assistant with an increase in budget of approximately \$8,000, and fill the vacant GIS Mapping position at \$45,342. Mr. Duncan asked that after the move to 100 N. King Street that the safety of the monies being collected by the County, for the County, be a priority in the transfer of staff. He requested that monies be set aside for the completion of Map Matrix, Phase II (software program) in the amount of \$14,700 as a continuing budget item to dissipate the coming year. Mr. Duncan further requested the funding for Experian QAS at \$6,600. This project has been found to be the best internal solution for the money to improve mailing addresses. In regard to Travel & Staff for Tax Collections, this area has been neglected in the past. He did not feel that this was the time to reduce additional training expenditures. Finally, the need for a marked vehicle notifying people that we are from the County with 4WD capability. The Board will look further at this information and no action was taken at this time.
- 15) Lead Poisoning Prevention Program - Chairman Moyer stated the Board had received several presentations with respect to lead poisoning prevention programs and they were obviously very good programs. These were evaluated when the budget was done and the decision was made not be put any special additional monies into this program at this time. The Board did not propose any additional monies with respect to the lead poisoning prevention program.
- 16) Hendersonville Trolley – A request was received by the Board for funding of the trolley. The Board did not propose any funding for the trolley.
- 17) Construction Control Proposal – No action was taken by the Board at this time.
- 18) Veteran’s Clinic Transportation Van – Covered earlier in the meeting.
- 19) Soccer Fields - No action was taken by the Board at this time.

In regards to capital projects, Chairman Moyer noted that the situation with the State is critical. He feels that we have not yet heard the full extent of what is going to be put on the County with respect to having to pick up more and more of the burden. This is probably a two to three year problem with respect to capital projects. Major changes have been made in the budget and more cuts may still need to be made. The Commissioners are committed to not raising taxes this year. Chairman Moyer feels that it will be essential to not raise taxes in the next fiscal year as well when you look at the affect on our people. We will need to continue to find ways to help our small business people survive.

With respect to what the State is doing, it is unfortunate especially with the affect it will have with respect on education and teachers. Chairman Moyer did not feel that it would be possible to support moving forward on the capital projects until we see that there is a true turnaround. To put money into capital projects now when we are facing serious loss of teacher positions, no increases to county employees, and possible severe cutbacks in other positions within the county cannot be justified. It would not make sense to discuss Construction Control until we see where we are in capital projects. He did not want to see any additional long term debt.

Commissioner McGrady disagreed with Chairman Moyer’s position. He felt that the suggestion of not moving forward with Apply Valley/North Henderson and the preliminary work on the Law Enforcement Center is a mistake. You must look at it in the amount of debt that is coming off of our books over the next two years, which is approaching \$3 million. Taking into account also how relatively cheap it is to

fund capital projects and the experience we are having with capital projects in terms of their cost, we can potentially have a 20 to 30% savings by moving forward with these capital projects at this point and time when the financing is relatively cheap and construction is cheaper than we have seen it recently. He was particularly concerned with the point suggested that we may be seeing some teacher layoffs and almost suggesting that we may need to be called upon at some point to make up the State's part of some of the programmatic side of the schools. Once we start funding programmatic pieces, where do we stop. We need to stick with the responsibility for capital projects that we have on our plate.

Commissioner Young was in agreement with Commissioner McGrady. There is \$1.5 million of maintenance repair at Apple Valley/North Henderson which he feels with the new construction should be tied together. It can be done cheaper during this window of opportunity which will close in the near future. This will be done with retired debt service payments so it will not actually run the expenditures up enough to have to raise taxes. In the coming year we have more debt service retirement coming off and he would be in favor of doing more capital projects at this opportune time.

Commissioner Williams requested numbers from Finance Director Carey McLelland; under estimates of debt servicing for the projects that we have tentatively considered at this point, Apple Valley/North Henderson, the Health Department, etc. what is the total?

Mr. McLelland responded that programmed into the budget and included as an increase in debt servicing, a little over \$300,000; a full year would be around \$1.2 million.

Commissioner Williams stated a little less than \$800,000 is coming off in the coming year and approximately \$2.2 million the following year.

Mr. McLelland noted that the \$3 million is a little bit further down the road. In 2010 it is right at \$800,000 rolling off and then combined in 2011 it is right at \$2 million coming off. This would make the total coming off in 2011 approximately \$2 million.

Chairman Moyer asked the Board to look at what would have to be appropriated for fund balance this year (approximately \$2.6 million) alone to balance the budget, let alone next year.

Commissioner Williams questioned how much of this would be unique or one time expenditures for the coming budget. His view was similar to those of Commissioners McGrady and Young. We do find ourselves in a unique time period with low interest rates and construction costs and people in need of work. There is risk in everything and we must weigh those risks. There are a number of projects out there which have been there for some time, recognizing that at some point in our future we have planned to go forward with some of these projects. The downside is that there still remains uncertainty. These are projects which we have recognized that need to be done for some period of time. He proposed stepping up the approach, assuming the numbers are accurate, and cleaning the capital list slate; particularly the ten year life projects.

Commissioner Messer stated that this is the toughest budget he has had to deal with. The collection rate has been around 97 – 98% since he has been on the Board. He felt it would be quite a bit lower in the following year and we should slow down. Mr. Messer does not support some of the capital projects items.

Chairman Moyer stated that the Construction Control was contingent upon the capital projects decision. He felt that it was interesting logic to say that we are not going to spend money to maintain the building that we have and yet we are willing to spend money and incur debt to build new buildings.

Commissioner McGrady noted that the motion had already been made and approved at the last meeting. He felt that the Commissioners were being asked to reconsider their decision.

Chairman Moyer made the motion that the Board does not fund the two (2) long-term capital projects; Apple Valley/North Henderson High School and the Law Enforcement Center at this time. The motion failed 3-2 with Commissioners McGrady, Williams, and Young voting nay.

Commissioner Williams made it clear that he was in no way suggesting a tax increase and he was not opposed to making cuts in other places.

Construction Control Proposal

County Manager Steve Wyatt stated that the Board has held discussions about County Government involvement not only in the County projects but also the school projects. He questioned the Board as to what level of involvement the County Government would have. From conversations held, there is a wide span of thought on that level of involvement. Based on what he had determined in his own mind as the consensus, he felt that the Board wants to have an active presence and involvement in all of the processes and active information coming back to the Board on a regular basis as to progress, projects completed, efficiencies gained, and to have some County Government oversight of all of the projects. We are not staffed or equipped to have a construction management person on there and questioned how to accomplish this task. The Chairman was made aware of a very quality individual who we sat down with and looked at the projects and basically the scope was fairly large and it wasn't something he wanted to attempt. In looking for other options, he has researched and talked with other folks and Construction Control Corporation acts in this capacity for Surry and Jackson County in North Carolina. The Surry County manager gave excellent references by phone. Construction Control has done the type of things that the Board shows interest in. He has also spoke with other individuals who have capabilities and are interested in providing this service as a County employee. Construction Control Corporation was available for questions.

Mr. Lee McClure of Construction Control Corporation spoke in regards to management of these projects. He provided a brief overview of the services they provide with questions following. They recognize that most of their clients today are facing pretty difficult challenges on funding capital improvement programs. Their level of experience and information can be helpful to the counties. A management team has been put together to provide input, information and assistant to the counties. A financial analysis was ran on the Henderson project and it calculates accurately how much money would be saved if the County moved forward at this time. He referred to a handout provided to the Board including the following:

Background

- 30 years of Construction Program Management
- Specialize in county & Educational Facilities
- Established proven results
- Over 70% of their business is repeat work

Options being considered

- Full Construction Program Management Services – CCC assumes the responsibility for the management and success of your building program. They plan and manage the total program, handle the problems and details and keep the County fully informed. Full time on site management. The cost management program saves money by dependable cost estimating, cost analysis of systems, cost analysis of materials & design details, more efficient space design, life cycle evaluation and direct contract procurement.
 - Plan & Schedule Total program
 - Expedite All Activities
 - Reduce & Control Costs
 - Manage Construction
 - Assure Top Quality
 - Track, Document & Report
 - Protect and County's Interest

- Owner Representation Services – CCC provides a highly qualified Owner Representative who is acceptable to the county to serve as the project consultant and who will devote an average of two or three days per week (at the County's option) to the building program.

The Range of Potential Cost Savings

Value Engineering	4% to 8%
Constructability Review	1% to 2%
CCC's Direct Contract	4% to 5%

Range of Savings 9% to 16%

Ross Bush, of Construction Control Programs, manages the Surry County program and discussed what he is doing and has done in Surry County. Basically in Surry County they act as the owner's advocate. He also acts as the Board and the County Manager's representative with three (3) different school boards.

Mr. McClure shared information in regards to other projects they had managed.

Commissioner McGrady asked with respect to the dollar amount being reflected in the budget tally, what were the assumptions being made by the County Manager's office with respect to owner representation and/or cost management and/or construction program management.

County Manager Steve Wyatt responded owner representation is where he felt the Board was based on feedback. The feedback is different amongst the Board and this is the decision that the Board will need to make.

Commissioner McGrady felt that the scope reflects clearly on Apple Valley/North Henderson and questioned if it extended beyond that.

Mr. Wyatt stated that the scope would include all county and school projects.

Chairman Moyer stated that the issue was the timeframe.

Commissioner McGrady felt that if the Board wishes to move forward on this they would need to direct and request the County Manager, once the decision is made of the direction to go, to negotiate the contract and specifically the scope of that contract reflective of the projects subject to the services.

It was the consensus of the Board to continue this to the next meeting as they were not ready to make a decision.

10) School Expansion Request, continued –

Commissioner McGrady indicated some level of skepticism until the Board runs the numbers and understands exactly what the financing burden will be based on decisions made at this meeting.

Commissioner Williams stated that rather than looking at it as capital outlay, consider financing and looking at debt service on it.

Ervin Bazzle questioned a comment about the \$1.5 million project at Apple Valley/North Henderson and felt it was not included in the conversation.

Commissioner McGrady stated that it was if the Board sticks with their decision made at the last meeting to finance out \$3 million in capital projects.

Chairman Moyer and Commissioner Williams requested clarification on the \$1.5 million dollar project.

Carey McLelland stated that it was not included in the last list of capital items received.

County Manager Steve Wyatt stated that it was included (he would have to refer back to minutes) he believed with the Apple Valley/North Henderson project at an estimated cost of \$1.5 million. The project would be \$8 million plus \$1.5 million to total approximately \$9.5 million.

Chairman Moyer questioned the Board if they would be doing \$3 million of long term maintenance other than the \$1.5 million.

Ervin Bazzle stated that the capital project at Apple Valley needs to include the \$1.5 project for maintenance.

Commissioner McGrady assumed that the County would be fully funding Apple Valley/North Henderson plus the \$1.5 project and then adding an additional \$1.5 from the maintenance list.

The Board was informed that the video tape had ran out.

ADJOURN

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

Attest:

Teresa L. Wilson, Clerk to the Board

William L. Moyer, Chairman