

**MACON COUNTY BOARD OF COMMISSIONERS
CONTINUED SESSION
JUNE 19, 2018
MINUTES**

Chairman Tate reconvened the meeting at 6:00 p.m. in the commission boardroom as recessed from the June 12, 2018 regular meeting. All board members, the County Manager, Finance Director, members of the news media and interested citizens were present.

PUBLIC HEARING ON THE FISCAL YEAR 2018-19 BUDGET: Chairman Tate called the public hearing on the proposed Fiscal Year 2018-19 Budget to order at 6:01 p.m. and provided a brief overview of the steps in the budget process. With no one signed up to speak at the public hearing, Chairman Tate recognized the County Manager for a presentation on the updated budget. The County Manager said the two main concerns during the budget process had been funding for education and the impact of increased health insurance costs on county employees. Addressing the education funding issue, he noted that the commission's two liaisons to the school system, Commissioner Beale and Commissioner Shields, had recommended that the county provide an additional \$500,000 in operating funds and an additional \$250,000 in capital outlay funds earmarked for safety-related improvements to the amount of school funding in the proposed budget. After meeting with school system staff for a review of budget shortfalls, he told the commissioners that the revised budget presented to them at this meeting includes a \$750,000 increase to Macon County Schools, with the money coming from fund balance. The County Manager raised the "sustainability" issue of taking operating money from fund balance as an ongoing revenue source. He also told the board that he and others will "keep an eye" on potential revenue sources as the new budget year unfolds. As to the county employee health insurance issue, he said that adjustments had been made within the budget to provide a 2 percent Cost of Living Adjustment (COLA) for county employees, as those carrying coverage for dependents had been significantly impacted by the rate increase. He then outlined in detail the measures taken to obtain the \$400,273 needed to fund the COLA, which included a transfer of funds from a contracted services line item, adjustments to ambulance rates, a reduction in expenditures for EMS staffing, a reduction in the sheriff's department equipment expenditures, and a reduction in the amount of the contribution to the county's health insurance reserve fund. These changes are shown on a

document entitled "Changes to General Fund Budget" and a copy of that document is attached [Attachment 1] and is hereby made a part of these minutes. He went on to show that changes to the original budget resulted in a new FY 2018-19 budget total of \$51,029,009. Commissioner Higdon complimented county staff on the "tight budget" and also offered a "tip of the hat" to Emergency Services Director Warren Cabe, saying that the funding of the new fire task force last year was a great return on investment as fire insurance rates in several districts went down. Following the County Manager's presentation, Karen Wallace with the Macon County Public Library made a one-time request for \$5,072 to increase Wi-Fi capacity at the libraries in Highlands and Nantahala. She said this would double the speed at the Hudson Library in Highlands and increase the speed at Nantahala by a factor of seven. Chairman Tate explained that he had brought this matter to the board's attention on June 12th and that Commissioner Gillespie had been tasked with working on the issue. Chairman Tate added that the item would be discussed at the board's July regular meeting and any funding would come from next year's budget (FY 2018-19). Chairman Tate asked the other board members if "all minds are clear" on the budget, and Commissioner Gillespie noted that the County Manager and staff put in a lot of time "trying to make a dollar go as far as you can" and that the taxpayers appreciate that. He then raised the issue of providing additional funding for keeping technology current in the school system, and advocated an increase of \$300,000 in additional capital outlay for the system for FY 2018-19 in order that computers, tablets and other devices could continue to be replaced on a five-year basis. This led to discussion of the funding source, either the county's fund balance or the School System Capital Projects Fund, also referred to as Fund 46. The Finance Director suggested doing an appropriation from Fund 46 into the education portion of the budget as a solution for this year, while Commissioner Gillespie suggested using fund balance. Further discussion on the matter included drawing Tim Burrell, the school system's information technology person, into the conversation. He told the board it would take about \$618,000 per year to keep the system on a five-year technology replacement plan, and he noted that the system is now using some desktop computers that are 10 to 12 years old. After further discussion, Chairman Tate added consideration of this item to the agenda. With no other comments on the budget, Chairman Tate closed the public hearing at 6:40 p.m.

PUBLIC HEARING ON THE 2019 SCHEDULE OF VALUES: Chairman Tate opened the public hearing on the proposed 2019 Schedules of Values, Standards and Rules for Market Value. He said no one signed up to speak. Tax Administrator Richard Lightner pointed out that the document has two distinct parts, the first dealing with residential and commercial properties while the second and much smaller part addresses use-values such as agriculture,

forestry and horticulture. He said the board could consider adoption of the schedules in July. Chairman Tate closed the public hearing at 6:42 p.m.

RECOGNITION OF JUVENILE OFFICER OF THE YEAR: Commissioner Beale recognized Dandra "Dani" Burrows, who has been named the 2018 North Carolina Juvenile Officer of the Year. A 12-year member of the Macon County Sheriff's Department currently serving as a detective, Ms. Burrows was given the L.T. Williams Award on June 14, 2018. Commissioner Beale read the inscription from the award and she received a standing ovation from the board and those in attendance, followed by comments from Sheriff Robert Holland.

ADOPTION OF THE BUDGET: Chairman Tate started the discussion by stating that he would vote in favor of the budget, and thanked the County Manager and the Finance Director for their work and Mr. Cabe and Sheriff Holland for their contributions in making the COLA a reality. Commissioner Shields made a motion to approve the budget as presented earlier in the meeting, and the motion was seconded by Commissioner Gillespie, who explained that he did not support the budget last year because it "didn't meet expectations." However, he said he asked the County Manager to address those issues this time and they were met. The board then voted 5-0 to approve the Fiscal Year 2018-19 budget at a total of \$51,029,009, and a copy of the Budget Ordinance is attached (Attachment 2) and is hereby made a part of these minutes.

FUND 46 ALLOCATION: Upon a motion by Commissioner Shields, seconded by Commissioner Beale, the board voted unanimously to take \$300,000 from Fund 46, the School System Capital Projects Fund, to use in Fiscal Year 2018-19 for information technology needs in the Macon County school system.

RESOLUTION APPROVING FINANCING TERMS: The Finance Director presented a proposed "Resolution Approving Financing Terms" regarding the South Macon Elementary School expansion project. A copy of the resolution is attached (Attachment 3) and is hereby made a part of these minutes. She explained that the resolution would allow the county to progress with the loan for the project from Entegra Bank and it authorizes the chairman, county manager and herself to move forward with the loan closing. She pointed out the terms of the loan, which include an amount financed not to exceed \$2,923,674, an annual interest rate not to exceed 3.35 percent, and a financing term not to exceed 15 years. This was followed by a discussion of potential grant funds for Tier 1 and Tier 2 counties across the state. Upon a motion by Commissioner Shields, seconded by Commissioner Higdon, the board voted 3-1 - with Commissioner Gillespie opposing and Commissioner Beale recusing himself from voting as he is a sitting member of the Entegra Bank Board of Directors - to approve the resolution as presented.

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Commissioner Gillespie again pointed out that the reason for his vote stemmed directly from his personal reservations about the decision to not pay for the project out of the county's fund balance.

AWARD OF BID FOR SOUTH MACON SCHOOL PROJECT: Prior to the discussion, the Finance Director presented documents related to the South Macon Elementary School expansion project, including an outline of the construction and other related costs, a Capital Project Ordinance and a bid tabulation. She then explained that the Macon County Board of Education had met on Monday, June 18th, and voted to recommend Brantley as the general contractor for the project with a base bid of \$2,255,000 and to include Alternates 2, 3, 4, 5, 8 and 9 as shown on the bid tabulation. She briefly reviewed each alternate and noted that inclusion of these items brings the overall cost to \$2,854,000. She then went over the outline of the construction costs, pointing out a resulting shortfall of \$367,348. She told the board she did not want to go into a project like this without a contingency line item, and recommended a 5 percent contingency amount. She then recommended that the board take the shortfall amount out of the county's Fund 46 as noted in the Capital Project Ordinance. Following additional discussion, and upon a motion by Commissioner Higdon, seconded by Commissioner Shields, the board voted unanimously to approve the Capital Project Ordinance as presented in the amount of \$3,291,022, a copy of which is attached (Attachment 4) and is hereby made a part of these minutes. Upon a motion by Commissioner Beale, seconded by Commissioner Shields, the board voted unanimously to award the bid for the school expansion project to Brantley Construction Company, LLC of Weaverville, NC as the lowest responsible bidder with the base bid of \$2,225,000 together with bids on Alternates 2, 3, 4, 5, 8 and 9 as shown on the bid tabulation for a total project sum in the amount of \$2,854,000 – subject to Local Government Commission approval and the loan closing. A copy of the bid tabulation is attached (Attachment 5) and is hereby made a part of these minutes.

OCCUPANCY TAX SERVICE CONTRACTS: The County Manager told the board that the occupancy tax service contracts with the Franklin Area Chamber of Commerce, Inc. and the Highlands Area Chamber of Commerce, Inc. are consistent with the documents that historically have been approved with both organizations. As to the one for the Franklin area, there was some discussion about the dispersion of funds that go to the Nantahala area as outlined under the contract. Following further discussion, and upon a motion by Commissioner Shields, the liaison to the Franklin Tourism Development Commission (TDC), seconded by Commissioner Gillespie, the board voted unanimously to approve the Service Contract with the Franklin Area Chamber of Commerce as presented, a copy of which is attached (Attachment 6) and is hereby made a part of these minutes. Upon a motion by Commissioner Beale,

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seconded by Commissioner Shields, the board voted unanimously to approve a Service Contract with the Highlands Area Chamber of Commerce as presented, a copy of which is attached **[Attachment 7]** and is hereby made a part of these minutes.

ADJOURN: With no other business, and at 7:05 p.m., upon a motion by Commissioner Higdon, seconded by Commissioner Beale, the board voted unanimously to adjourn.

Derek Roland
Ex Officio Clerk to the Board

Jim Tate
Board Chairman