

**MACON COUNTY BOARD OF COMMISSIONERS
CONTINUED SESSION
FEBRUARY 3, 2017
MINUTES**

Chairman Tate reconvened the meeting at 12:30 p.m. in the commission boardroom as recessed from the January 10, 2017 regular meeting. All board members, the County Manager, Finance Director, County Attorney, members of the news media and a number of department heads were present.

Chairman Tate explained that the primary purpose of the meeting was to hold a work session on the upcoming Fiscal Year 2017-18 budget and to give the County Manager direction regarding the preparation of that budget.

2016 YEAR IN REVIEW: The County Manager presented a Prezi presentation that provided the board with a mid-year review and update. His comments focused on the following:

- the status of the county's current year budget of \$47,694,248 and the county's A+ credit rating;
- ongoing fiscal responsibility, improvements to the organization and the community and maintaining high levels of service;
- a decrease in county debt and an increase in the fund balance;
- a look at general fund revenues by source – highlighting total increases of \$903,288 from additional ad valorem, motor vehicle and sales taxes – along with discussion of the recent property revaluation process;
- a comparison to other Region A counties in terms of the increase in overall budget – the average budget increase for all North Carolina counties was 4.15 percent and Macon County's went up 2.25 percent;
- a refresher on the county's primary objective for 2016-17, the implementation of the pay study;
- equipment upgrades, including the VOIP phone system to be completed by June 30, 2017, along with the emergency communications upgrade to be completed over two years that is to be finished by December 2018. Other capital items and new positions were also reviewed;

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- a discussion of the county's health insurance reserve, with a note that the county is having a less than favorable year;
- discussion of changes in county positions that have been made with efficiency in mind;
- ongoing renovations to the Robert C. Carpenter Community Building;
- renovations to Wesley's Park, to be completed by spring of 2017 at a cost of \$85,000;
- substantial completion of the third cell at the landfill by March of 2017 at a cost of \$9.8 million;
- the county's continued commitment to public education.

The County Manager then fielded questions from the board related to safety and training, health insurance claims, injuries to employees and visits to the employee health clinic.

MID-YEAR FINANCIAL REVIEW: The Finance Director presented a PowerPoint presentation that provided the board with a mid-year financial review. She highlighted an increase in sales tax revenue (up 4.37 percent for the first four months of the year), and said that property and motor vehicle tax collections are "right on target" at 81.1 percent as of December 31, 2016. General fund revenues are also "right where they should be" including the appropriation from fund balance that was used to pay off the loan for the Parker Meadows Recreational Complex. In concluding, she briefly reviewed year-to-date expenditures and provided a graph of the county's outstanding debt balances by year through 2031.

PROJECTED REVENUE GROWTH FOR FY 2017-18: Tax Administrator Richard Lightner presented a PowerPoint presentation regarding his projections for anticipated revenue growth in the upcoming fiscal year. He told the board that:

- Tax values continue to be lower than the CPI Index.
- While the second home industry has increased from the 2007-2012 cycle, it remains a fraction of its former growth.
- Market adjustments are still being observed in all areas of the county.
- Valuation growth will continue to be stagnate up and through the 2019 reassessment.
- No additional revenues from property valuation growth should be relied upon until after 2019.

He went on to explain that general valuation growth for the next two years is projected at 0.5 percent, and that this has been about the same as it has been since 2015. He said the 2019 reassessment will see projected growth of between 10 to 15 percent, but growth of that size would be the smallest in the past 40 years. The majority of growth continues to be centered around the

Town of Highlands. Mr. Lightner provided a chart that shows the tax collection rate continues to go up, and that there has been significant growth in the fire district tax. He also provided a comparison which shows that county residents pay a higher percentage of the total cost for the fire departments in the county's two incorporated towns – Franklin and Highlands – which prompted some discussion. He concluded with brief comments on the 2019 reassessment process, the new pictometry flights and keeping tax software up to date.

BUDGET CALENDAR AND 2017-18 RECOMMENDATIONS: The County Manager presented the Fiscal Year 2017/18 budget calendar, a copy of which is attached (Attachment 1) and is hereby made a part of these minutes. He told the board that he feels confident that the county will have \$624,000 in additional revenue with which to work, but there are new expenditures to fund in the areas of pictometry, Golden Leaf match funds, Munis software upgrades, a Capital Improvement Plan (CIP), potentially larger health insurance costs, any additional goals the board may have and unforeseen obligations. This was followed by a discussion of the needs in the sheriff's department.

ADDITIONAL COMMENTS/GOALS AND EXPECTATIONS FROM THE BOARD MEMBERS: Chairman Tate gave each member of the board the opportunity to outline their priorities for the upcoming year. By item, those are as follows:

Commissioner Shields: School technology/funding, a Capital Improvement Plan (CIP) that should include a new high school, the pursuit of land for a new high school in conjunction with the board of education, expansion of broadband.

Commissioner Beale: A CIP that will include a new site for the Senior Center, a new site for the Board of Elections, and an addition to the jail, to consider a possible cap for the amount of the school supplement that the county would fund, overtime pay for the tactical team for the sheriff's department, vehicle replacement along with changes in the Taser program and in-car camera replacements for the sheriff's department, and capital improvements at South Macon Elementary School.

Commissioner Gillespie: A CIP, having each department look at needs and providing sufficient funding for those, consideration of paying down debt with the fund balance, capital improvements at South Macon Elementary School, asking the board of education to "bring a budget you need to do the job" and broadband expansion.

Commissioner Hidgon (who handed out a list with 10 specific items): Public discussion on current level of undesignated fund balance, continued

independent evaluation of all departments as to how Macon County compares to comparable sized organizations, possibility of relocating the Board of Elections from their current location with consultation from election staff and their board, open discussion on future funding and management of local fire departments, open discussion of funding of Airport Authority and what is the long range development plan, reduction or elimination of construction related fees in Macon County, elimination of gun free zones on county controlled property and courthouse security, elimination of Macon County grading license program, discussion on feasibility of a local convention center and discussion on contingency fund balance in upcoming budget and limits on how that fund is administered by limiting out of budget spending.

Chairman Tate: Continue to be prudent and balance wants versus needs, a CIP to look at all county buildings relative to them being “inviting,” well-maintained” and “meeting our needs,” looking at what is needed to operate each department, the pay of the county’s elected sheriff and register of deeds, and a study of accrued leave – including annual and sick time – for those elected employees, and no tax increase.

Following this there was some general discussion about broadband, the upcoming eclipse, the placement of the Charters of Freedom monument, and other issues, including items for the February 14, 2017 regular meeting.

With no other business and at approximately 3 p.m., upon a motion by Commissioner Shields, seconded by Commissioner Beale, the board voted unanimously to adjourn.

Derek Roland
Ex Officio Clerk to the Board

Jim Tate
Board Chairman