

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners met in Regular Session on Monday, June 20, 2016 at 6:00 p.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, N.C.

Members Present: Martha Hicks, Chair; Maxine Laws, Vice-Chair; Reo Griffith; Faith Lacey; Blake Vance

Members Absent: None

Call To Order

Chair Hicks called the meeting to order at 6:01 p.m.

Tim Greene led prayer.

John Millan led the audience in the Pledge of Allegiance.

Public Comments

John Millan, Avery County Coroner, stated that he had been before the Board in the fall about some safety issues at Mayland Community College. I have spoken with a Mayland board member today who told me that there were some efforts underway to get funding to prompt some changes. I would ask that it go on the record to be on the agenda after the budget is finalized. I have spoken to David Charles Vance, the Sheriff and some others in the county and we are working on an emergency planning session. I think if we could do some planning with different levels of county government it would be in everyone's best interest.

Melynda Pepple, Director of the Avery County Chamber of Commerce, updated the Board on the new guide for Avery County and inside the guide is a list of events that is put together every year and then distributed through the Mountain Electric bills to let folks know what is going on; approximately 28,000 is distributed. What your dollars help the Chamber with is to promote tourism in this county. We are the one active organization that is doing this on a constant basis with our events plus with the tourism guide. We have professionally distributed the guides. We have started the season off with a good event a couple of weeks ago. This Saturday is our wine and beer festival. We have two art festivals and we will have a golf tournament. Our annual dinner will be at Sugar Mountain and chair lift rides will be available.

Chair Hicks announced if anyone would like to speak to an agenda item you must sign up on the sheet with the clerk. Also, there is a separate sign-up sheet for the public hearing on the budget. Chair Hicks also announced that if anyone willfully interrupts, disturbs or disrupts the meeting they would be asked to leave.

Board Appointments

Avery Airport Authority

There are two applications for two positions for the Avery Airport Authority. These positions were advertised. These positions are for four year terms.

Motion by Blake Vance and second by Faith Lacey to appoint Dempsey Clark and Dean Harris to the Avery Airport Authority for four year terms. Motion unanimously approved.

Juvenile Crime Prevention Council & Avery County Transportation Board

Tim Greene, County Manager, advised the JCPC and Avery County Transportation Board are boards that are set up to receive grant funding and that there are some people on these boards that will have served more than six years. When we revised the board policy we have it in the policy that members serve not more than six consecutive years but it also says, however, exceptions can be made at the discretion of the board of commissioners. These next two boards would be the boards to make an exception because these meet during the middle of the work day and usually have several employees and they receive state funding.

The Juvenile Crime Prevention Council positions were advertised. The following names have applied: John Troy Autry, Jason Brown, Dr. David Burleson, Kevin Frye, Lisa Garland, Drema Hayes, Raquel Jennings, Nancy Johnson, Robin Winkler, Tiffany Moon, Penn Dameron, Paul Cole.

Motion by Maxine Laws and second by Blake Vance to appoint the names listed above to the Juvenile Crime Prevention Council. Motion unanimously approved.

Avery County Transportation Board

The Avery County Transportation Board positions were advertised. The following names have applied:

Verna Clark, Jerry Turbyfill, Tim Greene, Ann Coleman, Jesse Smith, Philip Adams, Martha Hicks, Jennie Harpold, David Tate, Georgia Henry, Brandy Ross, Rachel Deal, Lucy Hoffman, Sam Ray, Anthony Pollygus, Cindy Lindecamp, Joletta Wise.

Motion by Blake Vance and second by Maxine Laws to appoint the names listed above to the Avery County Transportation Board. Motion unanimously approved.

Avery County Agricultural Advisory Board

There is one at large position on the Avery County Agricultural Advisory Board. This position was advertised and the application has been reviewed. The applicant is Mose Braswell.

Motion by Faith Lacey and second by Blake Vance to appoint Mose Braswell to the Avery County Agricultural Advisory Board. Motion unanimously approved.

Toe River Health District Board

This application for Mike Lacey is for a position on the Toe River Health District Board. The Board of Commissioners does not appoint this board member they only recommend someone to the Toe River Health District Board. The TRHD members actually appoint the person.

Mr. Greene said that he had talked with the attorney and since we are not actually appointing this position, the Board can decide to recommend this person. Mike Lacey has been off this board for a year and so he has reapplied.

Motion by Blake Vance and second by Maxine Laws to recommend Mike Lacey for appointment to the Toe River Health District Board. Faith Lacey recused herself from voting. Motion unanimously approved with those voting (4-0).

County Manager Updates – Tim Greene

Mr. Greene announced that the security fencing around the pool will be up by next week. Chair Hicks said the reason that has not been done is because when we had some strong winds recently we had damage to the fence and had to have some repairs done on the fence.

Recommendation of the Special Joint High School Committee

The Special Joint High School Committee recommended Beeson, Lusk and Street to determine certain renovation costs for the Avery County High School. As you will recall back last fall both boards decided to set up a joint committee to investigate the DPI report and come back with some recommendations. The committee has done that. We put some costs on things that could be done and then there were certain things that the committee could not put costs on. This is a conclusion of our recommendation to appoint Beeson, Lusk and Street to do that work and come up with a price on what it could take. It would be \$12,000 to do appoint BLS.

Chair Hicks stated that this is for the whole school. Mr. Greene said that is correct.

Commissioner Griffith stated “in light of some things that have been said in the recent past about construction and after December there will be a change of the guard, would it be appropriate at this time to table this matter and see what is going to go on when the new board comes on?”

Commissioner Vance questioned if this was for the purpose of cost comparison? Mr. Greene answered that it would be useful information to help at a point to decide which direction to go with a high school.

Chair Hicks said she thought it would be good to hire the architect for comparison.

Faith Lacey stated that there is talk that there would be a new high school and I do not see throwing \$12,000 away. Let the upcoming board decide.

Maxine Laws said at first that is what we all wanted and we went to the trouble of having meetings with the architect so I am inclined to let the architect do his work and see if it will save money in the long run.

Blake Vance said he agreed with Ms. Laws. It has been four to five years since the DPI report was published. We might identify more problems with getting an architect in there.

Motion by Blake Vance and second by Maxine Laws to employ Beeson, Lusk and Street as the architect to look into the Avery County High School DPI report at a rate of \$12,000.

VOTE: 4 to 1.

**Chair Hicks, Reo Griffith, Maxine Laws, Blake Vance—For
Faith Lacey---Against**

Recess

Chair Hicks called for a brief recess.

Chair Hicks declared the meeting to be back in session after a brief recess.

Chair Hicks said it was the consensus of the Board for the state to come back and do another DPI report for the Avery County High School.

Chair Hicks announced that if anyone would like to speak in the public hearing to please sign up on the sheet with the clerk.

Public Hearing Fiscal Year Budget 2016/2017

Motion by Blake Vance and second by Maxine Laws to go into the Public Hearing regarding the FY Budget 2016/2017 for Avery County at 6:31 p.m. Motion unanimously approved.

Tim Greene stated that there is a whole lot of work that goes on with the budget. Mr. Greene thanked the Finance officer, department heads, commissioners, and the clerk for everyone's work on the budget.

Mr. Greene presented a power point presentation and the budget message as follows:

Article 3 of The Local Government Budget and Fiscal Control Act requires each local government to operate under an annual balanced budget adopted and administered in accordance with this article. This Article stipulates that the county manager is the budget officer in counties having a manager form of government. The budget officer prepares and submits the proposed or tentative budget to the Board of Commissions. The Board then holds budget workshops in order to make any changes to the proposed budget. After these changes, North Carolina General Statute 159-11 stipulates that a

public hearing be held in order to inform the public and allow any interested citizens the opportunity to express their opinions on the budget after the budget message is presented. The budget message represents an explanation of the budgetary decisions derived as a result of in depth dialogue between the County Manager, Finance Officer and each Department Head and any changes made during the budget workshops. The cumulative total of necessary operational and capital expenses considered in light of revenues generated by the departments, combined with State and Federal funding, determines the amount of funding which will be necessary from the citizens of Avery County.

The 2016/17 budget as presented is balanced based on a total property valuation of \$3.672 billion. This represents an increase of \$54.2 million or 1.5% over last year's valuation of \$3.618 billion. The general fund tax rate remains at 38 2/100 cents (\$0.3802) per \$100 valuation which will generate an estimated \$13.8 million dollars in revenues. At 2015/16 tax rates, there will be only nine counties in North Carolina with an ad valorem tax rate lower than Avery County.

The county wide fire tax rate will remain the same at 6.7 cents (\$0.067). In the 2002/03 fiscal year, before the Fire Commission was formed, the volunteer fire departments received approximately \$700 thousand dollars. Also, the fire tax has went from 5.7% of the total tax to 15.0% of the total tax. In the 2016/17 fiscal year, the Fire Commission and volunteer fire departments will receive approximately \$2.4 million dollars.

The combination of these two rates results in an overall tax rate of 44 and 72/100 cents (\$0.4472) for the 2016/17 fiscal year. This rate is the same as last fiscal year.

GENERAL FUND

Expenses

The total General Fund Budget is set at \$26.4 million. This is a \$934 thousand dollar increase from the 2015/16 fiscal year. The increases included \$492 thousand dollars additional capital expenditures, \$246 thousand dollar cost of living adjustment and \$238 thousand dollars in insurance increases.

General Government is increasing \$194 thousand dollars. The increase is primarily attributed to overall insurance and cost of living increases in the administration, elections, finance, tax, register of deeds and buildings and grounds departments.

Public Safety is increasing \$686 thousand dollars. The primary reason is increased insurance and cost of living adjustments in the sheriff, jail, inspection, emergency management, ems and central dispatch departments. Capital expenditures increased \$200 thousand dollars of which \$100 thousand dollars was in the sheriff's department and \$68 thousand dollars was in the central dispatch department.

Transportation is increasing \$113 thousand dollars due to a \$44 thousand increase in capital expenditures along with increased personnel costs. 90% of the capital expenditures are reimbursed by the State.

Environmental Protection is increasing \$119 thousand dollars mainly due to a \$100 thousand increase in capital expenditures in the solid waste department.

Economic and Physical Development is decreasing \$51 thousand dollars primarily due to the elimination of the IPM agent position in the agriculture department.

Funding for Human Services is increasing \$298 thousand dollars. This is made up of insurance increases and cost of living adjustments in the Social Services department and the Senior Services department along with an additional \$71 thousand dollar increase in capital in these two departments.

Cultural and Recreation is increasing \$44 thousand dollars. There is a \$23 thousand dollars increase in capital expenditures in the recreation department.

Education is increasing \$205 thousand dollars from the previous year's original budget. It should be noted that last year's original budget to the Avery County School system was increased mid-year by that amount due to decreased funding from the State.

Public Safety is the largest expenditure for the County consuming 30% of the total budget. Education and the associated debt service is the next largest expenditure at 23%. Human Services is 3rd largest at 19% while all other County functions total 28%.

Revenue

Property tax revenue is projected to increase \$181 thousand dollars or 1.3% from last fiscal year. The increase is due to a \$54.2 million dollar increase in the ad valorem tax base.

Local Option Sales Taxes are projected to increase \$375 thousand dollars.

Other Taxes and Licenses are projected to remain the same at \$330 thousand dollars.

Intergovernmental revenues are projected to decrease \$127 thousand dollars primarily due to decreased federal and state reimbursements attributed to the department of social services.

Licenses and Permits are projected to decrease \$6 thousand dollars from last fiscal year.

Sales and Services are projected to increase \$446 thousand dollars primarily due to increased revenue collections in the EMS department and increased capital reimbursements in the Transportation department.

Investment Earnings and Other Income are projected to increase \$41 thousand dollars due to higher forecasted investment income.

In order to balance the 2016/17 fiscal year budget, there will be a \$2.4 million dollar Fund Balance Appropriation.

Property tax revenue will generate 52% of the County's revenue, followed by sales taxes at 18%, intergovernmental transfers at 11%, fund balance appropriation at 9% and all others at 10%.

OTHER FUNDS

Fire Tax Fund

The Fire Tax Fund budget for the 2016/17 fiscal year is \$2.4 million dollars or \$35 thousand dollars more than last fiscal year.

E911 Fund

The E911 Fund budget for fiscal year 2016/17 is \$271 thousand dollars. This is a decrease of \$83 thousand dollars from the prior fiscal year. The primary reason for the decrease is due to lower budgeted capital expenditures.

Revaluation Fund

The Revaluation Fund budget is \$107 thousand dollars for the fiscal year 2016/17. Avery County budgets annually for the mandatory revaluation. It should be noted that the County performs an in-house revaluation using existing staff as opposed to contracting this service out.

CAPITAL PROJECTS

Over the past several years, Avery County has developed and adhered to a strict financial plan designed to promote a "pay-as-you-go" capital philosophy. As a result of this strategy, the county has funded the Courthouse renovation, the Jail renovation and addition, the Landfill expansion project and the new Banner Elk Elementary School. The County was able to fund these projects in cash with the exception of the Banner Elk Elementary School which was funded in part with a loan.

Two important projects were completed during the 2015/16 fiscal year. One was the Veterans Monument project. This monument was dedicated at the Memorial Day Service. The other project completed was the demolition of one of the houses on the recreation land and completion of a walking trail around the perimeter of the property. This will allow the County to fulfill the conditions of the July 2008 grant that was used to purchase the property.

The current major capital projects are:

Agriculture Building

Start Summer 2016
Finish Summer 2018
Estimated Cost - \$1,000,000

Swimming Pool

Start Summer 2016
Finish Summer 2018
Estimated Cost - \$1,620,000

The Agriculture Building project will involve the construction of a new facility to house the Agriculture department. It will be located at the Heritage Park site.

The Swimming Pool project will involve the construction of a new pool to be located on the recreation land.

Future capital projects are expected to be the renovation/repairs to the Avery County High School and additional development at the recreation property.

OVERVIEW

The attached 2016/17 FY Budget Ordinance for Avery County contains the detailed breakdown of anticipated revenues and expenses for the year to end June 30, 2017. This Ordinance is presented for adoption this 20th day of June 2016. (See Ordinance Book for Budget Ordinance).

Public Comment on the Public Hearing

John Millan stated that he had come before the board last year and asked about potential funding to correct the signs on Hwy 194 and Heaton which has been named Glenn Hicks Memorial Bridge. I would request that the Board of Commissioners consider funding in the budget of no more than \$1500 to add his rank and agency information.

Rachel Deal spoke regarding the Avery County Humane Society. We appreciate all that you all have done for us in the past. We certainly at the shelter try to do a good service to the county. In the past there were a lot of animals that were in the community but there are not now because of the service that we provide the county. If you have complaints come to us and let us know the time the complaints come to you. We request that you give us the \$20,000 this year. It is very difficult to raise money in this county.

Nancy Morrison spoke regarding the Avery County Humane Society. We will do our best to maintain a really good service for the county. If you look around you don't see animals running around. We have a very fine shelter. We give you our word we will be the best stewards of the money that you give us.

Faith Lacey had no comment on the budget at this time.

Reo Griffith had no comment on the budget at this time.

Maxine Laws had no comment on the budget at this time.

Blake Vance stated that he would start off by saying that he was going to vote against the budget and there is a very simple reason because it is not sustainable. There was a big tax cut last year and we dipped into our fund balance which is our savings account. We are required to keep so much. You cannot pay recurring expenses with nonrecurring revenue; that is called deficit spending; that is poor public policy. We budgeted around 2.36 million dollars from our fund balance. That number in reality will probably end up being 1 million to 1.3 million dollars. If we continue down this path in 4-5 years there is no more money. The thing is when the savings account is dwindled those expenses are still there. The only way you fix that is you put more burden on the taxpayer. It has been proposed that we cut the budget to make up the difference. If we could I would be all for it. That is about an 8% cut and there is no way to cut the budget 8% without drastically cutting services, cutting jobs, cutting salaries. It is not realistic. We are the 9th lowest tax rate in the state. Ashe County has a lower tax rate. They operate on a 29 million dollar budget and their population is slightly higher than us. They also have 73% more land to tax so, of course, they can have a lower property tax rate. Macon County is in the top one, two or three lowest tax rates. They get 48% of their total budget from sales tax. This road that we are on inevitably leads to a tax rate increase. It will happen and I don't want it to. Being a conservative means you wisely plan for the future. We have to look out for the long term stability of the county. This is not stable for the county. I will vote against it. I said this last year and I will say it this year that in the next couple of years there will be a tax rate increase and that boards hands are already tied and it was done last year when we cut the tax rate. When that happens just know that for the past two years Blake Vance has sit up here and warned you that it is coming. I will vote against this budget because it is a bad public policy to continue deficit spending.

Chair Hicks stated that she could not vote to pass this budget because she sees what it holds in the future. I know we cut the taxes last year but I did not vote for that. The amount of money that we are in the minus this year is what we cut in the tax rate last year. I admire Tim Greene and he has directed us in the budget and told us we could not keep on doing what we were doing. I want to quote from the minutes what Mr. Greene said "last year we cut the tax rate 7.38 cents and that tax rate did not generate enough revenue for last year's budget so we appropriated 2.4 million dollars and when we talked about it in the budget process last year with all things being equal we would have to appropriate approximately another 2 million dollars out of the fund balance. All things are equal so with no changes to the tax rate it will take a 2 million plus fund balance appropriation to balance the budget. Like I said last year, long term that tax rate won't support the kind of budget that we have this year and the budget we had last year. We are either going to have to do something with the tax rate or we do something with the budget or some combination." It is going to be up to the commissioners to make the decision on how we are going to make up this money and how we are going to continue to run this county. We will be sitting here next year in the same predicament. I did suggest that we raise the tax rate 3 cents this year and that still gives you 4.38 cents break for this year. Next year it is going to have to be raised again. Ms. Hicks thanked the staff for the work on the budget.

Maxine Laws stated "Tim said that in reality there would be one million taken out instead of the 2.6. I don't think this board should be held responsible if the next board spends a bunch of money on things, that are not to do with us. If they spend and have to raise taxes that should not be a reflection on this board. We are talking about what we are spending not what is going to be spent in the next years. If there is a tax increase with the next board that should not be put back on this board."

Motion by Blake Vance and second by Maxine Laws to go out of the Public Hearing regarding the FY Budget for 2016/2017 and go back into Regular Session at 7:11 p.m. Motion unanimously approved.

Chair Hicks said there were three people that spoke in the public hearing. Commissioner Griffith stated that the sign on the Glenn Hicks bridge is an excellent idea. Commissioner Griffith questioned if this issue could be addressed after the budget was adopted? Mr. Greene said that would not be a problem at all.

Chair Hicks said that Rachel Deal and Nancy Morrison had spoken regarding the Avery County Humane Society. There is \$20,000 budgeted for the Avery County Humane Society. Does any commissioner want to comment on this? There was no comment by a commissioner.

Motion by Maxine Laws and second by Reo Griffith to adopt the Fiscal Year Budget 2016/2017 as presented.

VOTE: Motion passed 3 to 2.

FOR: Reo Griffith; Maxine Laws; Faith Lacey

AGAINST: Martha Hicks; Blake Vance

Finance Officer Report – Nancy Johnson

Budget Amendment

The Avery County Parks and Recreation department requests a budget amendment for fencing at the pool and rock gym. The fencing was blown down by strong winds and insurance will be sending a check.

Motion by Blake Vance and second by Maxine Laws to adopt a Budget Amendment in the amount of \$5,200 for the Avery County Parks and Recreation department with a debit of \$5,200 to Capital Outlay (6200.7400) and a debit of \$5,200 to Insurance Reimbursements (3340.0000). Motion unanimously approved.

Budget Amendment

The Avery County Solid Waste Department needs a Budget amendment for unexpected repairs to make the Peterbilt Truck operational again and for increased costs of the tire disposal service.

Motion by Faith Lacey and second by Blake Vance to adopt a Budget Amendment in the amount of \$12,000 for the Avery County Solid Waste Department with a debit in the amount of \$10,000 to Auto Supplies (10.5800.3100) and a debit of \$2,000 for Contracted Service-Tire Disposal (10.5800.5430) and a credit of \$12,000 for Fund Balance Appropriation (10.3990.0000). Motion unanimously approved.

Budget Amendment

The Avery County Department of Social Services needs a budget amendment to recognize additional revenue received from the state for child care/Smart Start.

Motion by Blake Vance and second by Maxine Laws to adopt a Budget Amendment in the amount of \$8,776 for the Department of Social Services with a debit of \$8,776 to Smart Start (10.6140.2010) and a credit of \$8,776 to Daycare (10.3631.0000). Motion unanimously approved.

Budget Amendment

The Public Buildings and Grounds Department need a budget amendment to cover the additional increased costs of repairs & maintenance and auto supplies.

Motion by Blake Vance and second by Maxine Laws to adopt a Budget Amendment in the amount of \$15,000 for Public Buildings and Grounds Department with a debit of \$13,000 to Repairs & Maintenance (10.5000.1510); debit of \$2,000 to Auto Supplies (10.5000.3100) and a credit of \$800 to Available for Appropriation (10.7000.6000) and a credit of \$14,200 to Fund Balance Appropriation (10.3990.0000). Motion unanimously approved.

Budget Amendment

The Avery County Sheriff's Office requests a budget amendment for detective salaries for \$18,000 due to increased case load.

Motion by Blake Vance. Motion died due to lack of a second.

Budget Amendment

The non-departmental department needs a budget amendment for increased costs for state secured detention and for E911 expenses that were not allowed.

Motion by Reo Griffith and second by Blake Vance to adopt the Budget Amendment in the amount of \$5,837 for the non-departmental department with a debit of \$4,000 to State Secured Detention (10.7000.6135); debit of \$1,000 to Available for Appropriation (10.7000.6000); debit of \$837 to Transfer to E-911 Fund and a credit of \$5,837 to Fund Balance Appropriation. Motion unanimously approved.

County Attorney Report – Gerald McKinney

Gerald McKinney, County Attorney, stated that he had reviewed the Drug and Alcohol Policy Revisions for Avery County Transportation. I made a few recommendations and it was more to clean up grammatical errors. There were some minimum standards that the state required and the Avery County Transportation has gone above and beyond those standards. The Avery County Transportation Advisory Board adopted the revisions last week.

Motion by Maxine Laws and second by Blake Vance to adopt the revisions to the Drug and Alcohol Policy for Avery County Transportation. Motion unanimously approved.

Approval of Minutes

Motion by Maxine Laws and second by Blake Vance to approve the Minutes from Board Workshop March 3, 2016; Budget Workshop April 25, 2016; Joint Meeting with the Board of Education May 12, 2016. Motion unanimously approved.

Agenda Consent Items

Adopted by Consensus of the Board.

Upcoming Meetings

The Regular Meeting for the first Monday in July will be rescheduled to Tuesday, July 5, 2016 at 6:00 p.m.

Adjourn

Motion by Blake Vance and second by Maxine Laws to adjourn this meeting at 7:26 p.m. Motion unanimously approved.

Martha Hicks, Chair
Avery County Board of Commissioners

Attest: _____
Cindy Turbyfill, Clerk