

**MINUTES OF THE MEETING OF THE
ROWAN COUNTY BOARD OF COMMISSIONERS**

March 21, 2011 – 6:00 PM

J. NEWTON COHEN, SR. ROOM

J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING
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Present: Chad Mitchell, Chairman
Carl Ford, Vice-Chairman
Jon Barber, Member
Raymond Coltrain, Member
Jim Sides, Member

County Manager Gary Page, Clerk to the Board Carolyn Athey, County Attorney Jay Dees and Finance Director Leslie Heidrick were present.

Chairman Mitchell convened the meeting at 6:00 pm.

Commissioner Sides provided the Invocation.

Boy Scout Troop #443 from St. John's Church led the Pledge of Allegiance. Assistant Scout Masters present were Allen Cooke and Michael Hughes.

CONSIDER APPROVAL OF THE MINUTES

Commissioner Sides moved, Commissioner Barber seconded and the vote to approve the minutes of the March 7, 2011 Commission Meeting passed unanimously.

CONSIDER ADDITIONS TO THE AGENDA

There were no additions to the agenda.

CONSIDER DELETIONS FROM THE AGENDA

There were no deletions from the agenda.

CONSIDER APPROVAL OF THE AGENDA

Commissioner Sides moved, Commissioner Barber seconded and the vote to approve the agenda passed unanimously.

1. CONSIDER APPROVAL OF CONSENT AGENDA

Commissioner Sides moved approval of the Consent Agenda. The motion was seconded by Commissioner Ford and passed unanimously.

The Consent Agenda consisted of the following:

- A. Award Service Sidearm to Retiring Deputy Mark S. Howell
- B. Right of Way Easement for Duke Energy at Ellis Park
- C. Request from North Carolina National Guard to Shift Existing Taxiway Easement at Rowan County Airport
- D. Continuation of Implementation Funding for Criminal Justice Partnership Program
- E. Set Quasi-Judicial Hearing for April 4, 2011 for Z 16-00 & CUP 07-00 Amendment
- F. Set Quasi-Judicial Hearing for April 4, 2011 for PCUR 01-11

2. PUBLIC COMMENT PERIOD

Chairman Mitchell opened the Public Comment Period to entertain comments from any citizens wishing to address the Board. The following individuals came forward:

- Gene Miller, Assistant Superintendent with Rowan Salisbury School System (RSSS) discussed recent comments he had heard regarding RSSS and Rowan County fund balances. Mr. Miller provided a handout, which he said was created based on information from the last seven (7) audit reports. Mr. Miller highlighted the increases and decreases for both fund balances.
- Ray Paradowski, Board of Trustee member for Rowan Cabarrus Community College (RCCC) said he had chaired a committee to educate and inform the voters of RCCC needs in order to gain support for the bond referendum. Mr. Paradowski said the voters had approved the bond referendum and he urged the Board to provide RCCC with the needed improvements.
- Carl Short spoke regarding RCCC support of the fire departments. Mr. Short said all fire departments were mandated to have their members trained annually and RCCC could handle the required trainings if the campus had the facilities. Mr. Short discussed the fact that fire fighters have to go out of town for training and he asked the Board to help save money by providing the needed facilities.

With no one else wishing to address the Board, Chairman Mitchell closed the Public Comment Period.

3. CONSIDER APPROVAL OF DECLARATION OF OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR ROWAN CABARRUS COMMUNITY COLLEGE

Finance Director Leslie Heidrick said in early March the County had received a cash flow statement from Rowan Cabarrus Community College (RCCC) as to how RCCC would like to spend the money for the bond referendum projects.

Ms. Heidrick said she had contacted the Local Government Commission (LGC) to discuss the \$12 million projects for RCCC, as well as the \$10 million to \$12 million for the Telecommunications projects. Ms. Heidrick said the LGC worked up a schedule for Rowan County and in order for the County to remain bank qualified, the County could borrow no more than \$10 million in one (1) calendar year.

Ms. Heidrick reported that the LGC recommended moving ahead with the \$12 million Telecommunications projects this year; in January 2012, do \$6 million for RCCC and in the following January, do the remaining \$6 million for RCCC.

Ms. Heidrick said the revenue stream for the Telecommunications project was from the one-quarter cent sales tax.

Ms. Heidrick discussed the recommendation to allow RCCC to begin their projects now. By the end of December, per their cash flow, they would spend roughly \$1 million. Ms. Heidrick said RCCC would enter into contracts with an architect and a construction contractor. RCCC would approve the invoices for the work and the County would pay the invoices. Ms. Heidrick explained that when the County borrowed funds in January, the County would reimburse itself for the amount spent up to that point.

Commissioner Coltrain asked if there would be any difference in the costs and borrowing the funds by splitting up the amounts. Ms. Heidrick said if the County borrowed \$12 million at one time, the County would no longer be bank qualified. Ms. Heidrick said at this point, it was better to remain bank qualified.

Commissioner Coltrain moved to approve the Declaration of Official Intent to Reimburse Expenditures (Declaration) for the bond issue. Commissioner Barber seconded the motion.

In response to a query from Commissioner Barber, Ms. Heidrick said the way the LGC recommended borrowing, the County would need to increase the tax rate in 2012 by one-quarter of a cent. The following year the County would need an additional one-half cent and the next year the County would need the remaining one-half cent. Ms. Heidrick said the total tax increase equaled the \$1.25 supported by the voters.

Commissioner Barber said the citizens had voted to approve the bond referendum and that he felt it was time for the Board to give RCCC the ability to move forward with all three (3) projects.

Commissioner Sides questioned the wording in the Declaration and said he thought the previous Declarations had stated the college would expend its' funds and be reimbursed. Commissioner Sides said the Declaration now read that the County would expend funds and be reimbursed. Mr. Page confirmed the wording had changed due to an initial assumption the college had funds that could be fronted for the expenses.

Commissioner Sides felt the Declaration should also state that the maximum principal amount would be no more than \$12 million. Ms. Heidrick said the wording for the Declaration was a template from Bond Counsel and the same wording had been used for approximately ten (10) years. Ms. Heidrick said if the Board wanted to change the wording, she could check with Bond Counsel.

Commissioner Sides said he was going to vote against the Declaration and therefore would not ask to have the wording changed. Commissioner Sides said he was not opposed to the required work needed at RCCC; however, he expressed reservations related to a new building and a fire training center. Commissioner Sides said the biggest reservation to him was doing all three (3) projects at one time.

Commissioner Ford said he also wished the wording in the Declaration stated the principal amount would be no more than \$12 million. Commissioner Ford said he did not want the County to get into trouble with the LGC and that he wanted the County to remain bank qualified. Commissioner Ford said he would be against the Declaration as it was currently worded.

Chairman Mitchell asked if the County controlled how quickly the funds were spent. Ms. Heidrick responded that she had talked with Dr. Spalding at RCCC and the County would use the cash flow statement from the college as a guide. The County would not spend faster than what was listed in the schedule. Ms. Heidrick said schedules for construction projects rarely went faster than projected. Ms. Heidrick said the Declaration was the same as was done for the satellite jail, etc. and was not atypical.

Chairman Mitchell said he did not have a problem moving forward with the projects as listed in the timeline; however, he wanted a guarantee that the County would not run up on its bank qualified limit. Chairman Mitchell said the one-quarter cent tax increase in 2012 was as palatable as could be when the voters supported a tax increase of \$1.25. Chairman Mitchell said as long as the Board had assurance that monies would be spent in conjunction with the timeline, and that the County was looking at no more than one-quarter cent needed in 2012 to cover those expenses, and the County would be expected to

front no more than \$1 million in this calendar year, he would support the Declaration, as is. Chairman Mitchell said the Board have the final authority for any monies spent.

Commissioner Ford said he would vote for the Declaration if the wording could be changed as stated by Chairman Mitchell.

Chairman Mitchell inquired if the RCCC timeline (cash flow statement) could be added as an addendum to what the Board was approving. Ms. Heidrick said yes and she added, "That is an interlocal agreement".

Chairman Mitchell asked if Commissioner Coltrain would accept an amendment to the motion to include the timeline from RCCC as an addendum and Commissioner Coltrain said yes.

Commissioner Sides said it was important to mention that if the economy turned around and there was a revenue source, the Board could possibly pay for the projects without raising taxes.

Upon being put to a vote, the motion to approve the Declaration and the agreement to add the timeline from RCCC as an addendum passed 4-1 with Commissioner Sides dissenting. Commissioner Ford abstained from voting and was therefore counted as voting in the affirmative.

4. DISCUSSION REGARDING VOLUNTEER FIRE DEPARTMENTS & REQUIREMENTS FOR PUBLIC HEARINGS

Commissioner Barber recalled that in the past the Board had required the Volunteer Fire Departments (VFD) to hold public hearings when considering a fire tax increase.

Commissioner Barber said he had been contacted by John Morrison, President of the Fire and Rescue Association, asking for clarification as to whether the Volunteer Fire Departments (VFD) needed to adhere to the public hearing requirement during this revaluation year.

Commissioner Barber inquired as to whether a majority of the Board was willing to waive the public hearing requirement and allow the VFD to raise their rates as necessary to reach revenue neutral, or below. Commissioner Barber said if a VFD wanted to raise its rate above revenue neutral, the public hearing requirement would stand.

Commissioner Barber moved that for any VFD that wanted to raise their tax rate to go up to and not exceed revenue neutral, that the public hearing requirement be waived. The motion was seconded by Commissioner Coltrain.

Commissioner Coltrain said he would like for the County to explore organizing training for fire commissioners to help them manage and administer the VFD budgets.

Commissioner Sides provided a handout regarding Rowan County fire district budgets. Commissioner Sides said the Commissioners had never officially voted to require VFD to hold public hearings when requesting a tax increase but had agreed to the requirement by consensus. Commissioner Sides said it would be fine if the VFD wished to advertise and hold their public hearings when the Commissioners held the public hearing for the budget.

Commissioner Sides referred to the handout and pointed out two (2) corrections that should be made. Commissioner Sides then highlighted the handout, which was emailed from the Finance Department to the Board and to the VFD. The information included what the VFD actual tax levy would be and also what the new value would be if the departments used the same tax rate.

Commissioner Sides explained that each year the VFD receives a windfall of monies collected that were more than what was projected. Commissioner Sides said the departments do not calculate the windfall revenue in their budgets; however, the windfall was expected since it occurred every year. Commissioner Sides noted the loss/gain figures in the handout were minimal.

Commissioner Sides said the County had cuts its budget for the past three (3) years but had not asked the fire departments to make any cuts. Commissioner Sides said every year the departments receive the additional revenue (windfall) and that for this one (1) year he did not feel it would be out of order to ask the VFD to not raise their tax rates.

In response to a query from Commissioner Sides, Ms. Heidrick confirmed that another smaller budget amendment would be submitted to the Board for additional windfall monies for the VFD.

Commissioner Sides said when looking at the figures in the handout, there should not be more than two (2) or three (3) departments that would need a tax increase of any kind to stay revenue neutral. Commissioner Sides said he thought the public hearings should be held and the direction to the VFD should be to “hold the line this year and that they not have any tax increases for our citizens”.

Commissioner Coltrain said he would rather allow the departments to stay revenue neutral and look at the circumstances when it was time to consider the additional disbursement.

Commissioner Ford said the VFD needed to conduct the public hearings regardless of the amount of a requested increase.

Commissioner Sides said he had asked for figures from each VFD as to the amount of their surplus funds but he had not received the information to present to the Board.

Chairman Mitchell said in the past most of the Commissioners attended the VFD public hearings and that he would not support eliminating the requirement. Commissioner Mitchell said he did support allowing the VFD to advertise and have their citizens speak at the Board of Commissioners budget public hearing.

Commissioner Coltrain said if a VFD wanted a rate increase, they should be required to hold their public hearings at the fire departments.

Chairman Mitchell agreed that in “normal years” the public hearings should be held at the fire departments; however, it was more of an issue this year due to revaluation. Chairman Mitchell explained that he was offering for the VFD to still hold the public hearings, advertise in their normal manner, whether on a bulletin board, etc., but to hold the public hearings as part of the Board’s budget public hearing.

Commissioner Barber explained that the Commissioners typically hold the public hearing for the budget at the first regularly scheduled meeting in June. Commissioner Barber said the Board was basically saying for this year it was not necessary to have a public hearing at the fire department but rather once the rate was established by the local fire commission board, people from those local communities could come to the Commissioners public hearing for the budget and express any concerns.

Chairman Mitchell pointed out the only difference is that the fire departments must advertise the public hearing in the manner they would normally advertise for hearings in their districts.

Commissioner Barber amended his motion that if a VFD determines a rate that is above revenue neutral, above what they currently have, they should advertise in a manner that they normally would, and if the public wants to express their concerns, they can come to the Commissioners first meeting in June for the public hearing on the budget.

Commissioner Ford said he still preferred that citizens attend public hearings at the fire departments.

Chairman Mitchell agreed that the best place for the public hearing to occur was at the local fire district level. Chairman Mitchell said there were too many districts and the Commissioners would not be able to attend all of the public hearings. Chairman Mitchell said for at least this one budget year, the Commissioners would still be able to hear the comments directly at the public hearing for the budget.

Commissioner Sides pointed out there were normally only one (1) or two (2) departments requesting a rate increase where a public hearing was required. Commissioner Sides said the difference for this year was that the Board had the indication that a number would be requesting to remain revenue neutral. Commissioner Sides said there could be as many as twenty-seven (27) public hearings for the Commissioners to attend. Commissioner Sides favored holding one (1) public hearing for this year and continuing the requirement for public hearings in the respective communities in regular years.

Commissioner Sides asked the Finance Department to revise the report he had distributed with corrected figures and send the report to the VFD. Commissioner Sides said some of the departments should not request an increase due to receiving substantially more income than what they normally expect. Commissioner Sides said he wanted the VFD to have the corrected figures in order to make their decision as to whether to request a tax increase.

County Attorney Jay Dees mentioned the logistical issue of holding the public hearing on June 6th based on the anticipated number of citizens that could be in attendance.

Chairman Mitchell said the public hearing for the budget would be held June 6, 2011 and his recommendation was to conduct regular business, break for dinner, come back and set aside a period for the public hearing specifically for the VFD and a period for the general budget itself.

Upon being put to a vote, the motion on the floor passed unanimously.

Chairman Mitchell called for a recess at 7:04 pm.

Chairman Mitchell reconvened the meeting at 7:13 pm.

- Before moving to the next order of business, Chairman Mitchell recognized Commissioner Coltrain. Chairman Mitchell said Commissioner Coltrain had indicated he would like to make one (1) additional motion regarding the discussion for the VFD.

Commissioner Coltrain said due to the fact that no official action had been taken in the past requiring the VFD to hold public hearings, he would like to make a motion that if VFD are going to increase the tax rate and thereby increase the amount of revenues they receive, that they be required to have a public hearing at their facilities.

Commissioner Sides said the action proposed by Commissioner Coltrain had been the first part of Commissioner Barber's motion.

Chairman Mitchell and Commissioner Coltrain said they did not catch that part of the motion and Chairman Mitchell said as long as the motion was recorded as such in the minutes.

Commissioner Sides commented there had been two (2) parts to the motion.

5. DISCUSSION REGARDING RUFTY HOLMES SENIOR CENTER AND MEMORANDUM OF UNDERSTANDING

Commissioner Barber recalled that 6 ½ months ago the Senior Services Director announced his retirement. Commissioner Barber said the County and Rufty Holmes Senior Center (RHSC) had been reviewing how to restructure to save tax dollars and continue to offer services to the citizens. Commissioner Barber said last month the Board decided RHSC should administer the senior programs.

Commissioner Barber said the Board had reached the point where it needed to finalize the Memorandum of Understanding (MOU) with RHSC. Commissioner Barber said the proposed MOU was discussed during the Board's February 16, 2011 budget work session. The discussion included whether to allow the county employees moving to RHSC to remain on the County's health insurance and also whether to allow the RHSC employees to be on the County's health insurance plan. Commissioner Barber said RHSC needed to continue their budget process, the County would be changing carriers and the employees switching over needed to know what their health coverage would be.

Commissioner Barber moved to allow the employees of RHSC, after the MOU is complete, and effective July 1st, they be allowed to buy into the County's health insurance. The motion was seconded by Commissioner Coltrain.

Commissioner Coltrain said RHSC was doing the County a favor to take on the additional responsibilities. Commissioner Coltrain said since there were only four (4) employees, the costs for them to find insurance would be tremendous. Commissioner Coltrain felt it was only fair to the employees. Commissioner Coltrain stressed that the premiums for those individuals would not be paid for by the County but rather from RHSC.

Commissioner Sides said he had talked with RHSC Director Rick Eldridge on February 21, 2011 related to the items mentioned in the proposed MOU. Commissioner Sides said Mr. Eldridge had indicated the insurance issue was not a deal breaker and that Mr. Eldridge wanted a 5-0 vote to move forward with the program.

Commission Sides said he had made a motion on February 21, 2011 to approve the transfer of Senior Services to RHSC with agreement to all of the proposed items for the MOU, with the exception that employees and RHSC employees not

carry the insurance. Commissioner Sides said he had amended the motion to grant the transfer of certain computer equipment to RHSC.

Commissioner Sides said as part of the MOU, there were other issues he would have addressed had he known the insurance issue was going to be a problem. Commissioner Sides explained that the County had funded RHSC with \$40,000 every year but they were not guaranteed the \$40,000 each year. Commissioner Sides said in addition to the \$40,000, RHSC had been given an additional \$20,000 for the past two (2) years; the motions for the additional \$20,000 each year was that it would be a one-time allocation. Commissioner Sides said part of the proposed MOU was the County would not cut RHSC funding, which included the \$20,000 for a total of \$60,000, indefinitely, for as long as RHSC provided the services. Commissioner Sides said he had agreed to grant the \$60,000 annual allocation because he was led to believe it would be the end of the issue. Commissioner Sides said the County had agreed as part of the MOU to hold RHSC harmless in relation to the insurance premium for the four (4) employees that would transfer to RHSC. Commissioner Sides said those employees were not going to lose insurance; the County would pay for the insurance, it would just not be the County's insurance. Commissioner Sides said the County did not have "open enrollment" for the County's insurance and he worried with setting a precedent for other nonprofits to ask for the same benefits. Commissioner Sides said his biggest problem with the discussion was that the matter was settled on February 21, 2011. Commissioner Sides said he could not vote to change the motion without changing other parts of the MOU.

Commissioner Ford said he thought the Board had agreed to discuss the matter during budget conversations.

Chairman Mitchell said he wanted the dollars the County gives to RHSC to go towards providing services for citizens and that he did not want those dollars "eaten up" in insurance expenses. Chairman Mitchell said he did not want the County to be required not only to give the additional \$20,000 but to pass a policy that in effect gives several other thousands of dollars by allowing RHSC employees to join the County's insurance plan.

Chairman Mitchell felt the insurance issue was best left for budget discussions. Chairman Mitchell said if the RHSC Board was agreeable to the MOU without putting in the insurance, leave the \$60,000 appropriation, and during budget time the County could possibly extend an offer of insurance that could be accompanied by a commensurate reduction in allocation.

Chairman Mitchell said he would like to see the RHSC Board address the County's MOU and provide the County with another proposal back. Chairman Mitchell said the RHSC Board might want to leave the insurance as is and keep the \$20,000. Chairman Mitchell said he did not believe the County should give the 20,000 annually and allow the insurance privileges.

Commissioner Sides said if the Board was discussing RHCS for the first time, there would be two (2) discussions. First, a discussion as to whether to give the \$20,000 allocation, and secondly whether to reduce the \$40,000 allocation since the County was proposing to cut all nonprofits.

Commissioner Coltrain said the Board was not discussing a huge amount of money and the principle was doing what was right for the individuals involved.

County Manager Gary Page asked if the Board could clarify after the vote, if the five (5) employees with Senior Services would lose their health insurance after the merger with RHSC, if the Board did not approve adding the RHSC employees to the plan.

Commissioner Sides said the motion he made on February 21, 2011 included current employees that were moving to RHSC and the RHSC employees. Commissioner Sides said, "They are no longer going to be county employees; they would come off of the county insurance". Commissioner Sides said the County agreed to pay whatever the premium was for them to be covered under the RHSC plan.

Chairman Mitchell said the County would be paying an increased premium for those individuals and it would cost the County more money to cover their insurance premium with the insurance that RHSC currently had.

Commissioner Coltrain asked if this was only until July 1, 2011 and Chairman Mitchell responded no and explained that the motion included the five (5) employees for as long as the program was in existence. Chairman Mitchell said those employees' premiums would not transition over to RHSC at any point. Chairman Mitchell said, "We're giving the \$40,000, plus the \$20,000, plus insurance premiums for those individuals". The employees would not be on the County's insurance as the MOU stands now.

Upon being put to a vote, the motion on the floor failed 2-3 with Commissioners Mitchell, Ford and Sides dissenting.

6. CONSIDER APPROVAL OF BUDGET AMENDMENTS

Finance Director Leslie Heidrick presented the following budget amendments for the Board's consideration:

- Library – Due to increase in funding, Smart Start gave RPL additional monies for Smart Start Stories to Go Program - \$5,000
- Health – New Family Planning bonus funds to be used for salaries and benefits to support the program - \$5,266

Commissioner Sides moved approval of the budget amendments as presented. The motion was seconded by Commissioner Barber and passed unanimously.

7. ADJOURNMENT

There being no further business to come before the Board, Chairman Mitchell adjourned the meeting at 7:37 pm.

Respectfully Submitted,

Carolyn Athey, CMC, NCCCC
Clerk to the Board/Assistant to the County Manager