

**MACON COUNTY BOARD OF COMMISSIONERS
CONTINUED SESSION
FEBRUARY 9, 2018
MINUTES**

Chairman Tate reconvened the meeting at 12:02 p.m. in the commission boardroom as recessed from the January 9, 2018 regular meeting. All board members, the County Manager, Finance Director, County Attorney, members of the news media and a number of department heads and county staff were present.

MID-YEAR FINANCIAL REVIEW: Finance Director Lori Hall presented a PowerPoint presentation that provided the board with a mid-year financial update for Fiscal Year 2017-18. Ms. Hall noted that, in comparing the current fiscal year to the prior one, sales tax revenue was up by just more than seven percent, property and motor vehicle tax collections were almost identical, as were general fund revenues and expenditures. She also gave the board a snapshot of the county's general fund debt, including principal and interest payments by fiscal year, up through the year 2031. No action was necessary.

2017 YEAR IN REVIEW: County Manager Derek Roland gave the board an overview of the accomplishments and challenges that Macon County faced in 2017. He credited the board with showing "financially responsible leadership" and said that Macon County is second to none in terms of financial stability. He then touched briefly on a number of projects and issues, including: completion of \$796,000 in renovations to the Robert C. Carpenter Community Building, the partnership with the Town of Highlands and a \$350,000 allocation to improve the civic center and recreation opportunities there, as well as improvements to the recreation park in Nantahala and the Little Tennessee River Greenway. He also addressed what he termed the continued investment in "our most important asset," as capital outlay to the Macon County School System was increased by \$100,000, along with plans to spend \$3 million to expand South Macon Elementary School, which will bring the county's contribution to new school facility construction and renovations to almost \$60 million over the past 10 years. In public safety, he pointed out that the roof replacement project for the detention center is now under contract for \$85,920, and that six new patrol vehicles were purchased for the sheriff's department at a cost of \$181,973. Some of the challenges in 2017 centered

around healthcare, particularly employee health insurance and claims, along with matters stemming from Mission Health's movement of services from Angel Medical Center. He noted that the employee clinic at Macon County Public Health has been a saving grace to the county's health insurance plan. Other challenges, he said, are out of the county's control, such as unknowns involving the state and federal government, the jail program, mental health needs and the opioid crisis. He explained that out-of-county prisoner costs have skyrocketed, with that total now exceeding more than twice the last five years combined. However, he credited the county's strong financial position, with the third lowest tax rate in the state, to fiscally responsible leadership and a hardworking county staff. Looking forward, he said the top priority would be the Capital Improvement Plan. No action was necessary.

PROPOSED CAPITAL IMPROVEMENT PLAN: Mitch Brigulio, a Senior Vice President with Davenport & Company, presented a PowerPoint presentation on the county's proposed Capital Improvement Plan (CIP). He began his comments by telling the board members, "You all are in very good shape." He explained that he would go through the initial CIP document at a high level and hit the highlights, starting with definitions of "debt capacity" and debt affordability." Having capacity doesn't mean you can afford it, he told them, and noted that the CIP "is a living document," and will need to be reviewed annually, with only the first year actually being funded. He discussed the county's credit rating, and said that the county's fund balance would be important as the board embarks on a capital plan. He suggested that the board formalize its fund balance policy, which is an informal goal of maintaining the county's fund balance at a minimum of 25 percent of the annual budget. He said the county has \$28.4 million of tax supported debt now, all of which is scheduled to be paid off by 2031. He said the board's 10-year payout ratio, repaying 90 percent of debt within a 10-year period, is really good. He pointed out that a high level summary of the CIP by department shows \$40.4 million worth of projects, and includes \$17 million of debt issuance, most of it stretched over a 15-year period. A breakdown of that \$40.4 million shows roughly 30 percent coming from grant sources, another 30 percent in "pay as you go," and the remaining 40 percent in debt. The County Manager said that the board members will determine the priority of projects, and that "nothing is set in stone." Mr. Brigulio said the board would look to adopt a five-year CIP, with only the initial year funded. No action was necessary.

2019 REVALUATION AND TAX OFFICE SOFTWARE UPDATES: Tax Administrator Richard Lightner presented a PowerPoint presentation on the 2019 revaluation process and the need for updated tax software. He began by explaining that the preliminary property review was now 54 percent complete and would be finished on May 1, 2018. He plans to present the 2019 schedule

of values to the board in June, followed by a public hearing on the values later in the month and then ask the board to adopt them in July. This would be followed in August with a "tax academy" for the public, with "learning session" centered on taxation and the revaluation process. Revaluation notices will then be mailed to the public in January of 2019. Looking at tax software and hardware, Mr. Lightner said that he had reviewed three potential vendors and outlined the pros and cons of each. His conclusion was to retain Keystone Software, in part because the gains of switching to a new vendor do not justify the investment. He also recommended that the county start investing in software and hardware updates, such as keeping servers updated, along with an annual \$60,000 allocation for software updates for the tax office. Within the next five to seven years, he suggested that a full-time information technology employee should be dedicated to the tax office, plus the need to monitor new software availability over the next decade. He went on to note that the tax servers are operating at 98.5 percent capacity, and that the county's internet speed is "totally unacceptable," with downloads at 18.73 Mbps where they should exceed 100. Mr. Lightner then addressed the new appraisal standards, which take effect this year and which the county must adhere to beginning January 1, 2020. Because of these new standards, the county must conduct a "full measure and list appraisal" for 2023, which in turn will require the county to hire a minimum of two additional appraisers and one data technician. He said budget dollars will need to be appropriated for these requirements beginning with Fiscal Year 2019-20 and thereafter, and he went over a timeline for meeting various personnel matters. In addition, he outlined the consequences for not meeting budget, personnel and computer needs. Following his presentation, there was discussion on a number of the main points, plus the need to have all county residents participate in the upcoming 2020 Census. No action was necessary.

FY 2018-19 SCHOOL SYSTEM TOPICS: Macon County Schools Superintendent Dr. Chris Baldwin presented lists of items for the county's school system for the upcoming year. He started by handing out a list from the school principals that covers the need for additional personnel across various locations as well as a projected 15 percent increase in the cost of electricity, along with a list showing the cost of maintaining the current level of service plus the additional utility cost. He then moved on to capital outlay requests, which covered the areas of technology, vehicles, renovation/construction and furniture, machines and equipment. This led to specific discussion about the planned renovations at South Macon Elementary, the need to repair roofs at several campuses, needed repairs for the track at Franklin High School, and talk of replacing the Fine Arts Center at the high school. Commissioner Shields also asked Dr. Baldwin a number of questions, which eventually led to a discussion of a replacement plan for technology devices. No action was necessary.

UPDATE ON FIRE SAFETY TRAINING COMPLEX: Curtis Dowdle with the Southwestern Community College (SCC) Division of Public Safety Training presented a PowerPoint presentation on the plans for a new fire/rescue training facility. As with previous presentations, Mr. Dowdle noted that the current structure, or “burn building,” has reached the end of its life span, and that plans call for a new facility to be built on what is now county property near the current SCC Macon Campus off Siler Road. He also discussed the accreditation standards for such a facility. Plans for the new location call for a two-bay fire/rescue station with classroom and office space, and a new training tower designed around the BullEx System, which would be a four-story container structure. Mr. Dowdle said this particular facility would have enhanced safety features and options to allow more variety and diversity while training different groups at different skill levels. He also explained that BullEx is the sole source provider of this facility and offers a turn-key job on the construction of the tower. This led to a lengthy discussion about the proposed facility, the need for new personnel, and ultimately, the cost of the project. No action was taken.

PRESENTATION OF BUDGET CALENDAR: The County Manager presented his FY 2018-2019 Budget Calendar for the board’s consideration, a copy of which is attached (Attachment 1) and is hereby made a part of these minutes. He pointed out that the schedule calls for the public hearing on the budget to be held on June 19th instead of the board’s regular meeting date of June 12th. No action was necessary.

GOALS AND EXPECTATIONS FOR FY 2018-19: Each board member was given the opportunity to comment on their goals and expectations for the upcoming budget.

Chairman Tate said that his personal expectation was for the county budget to continue to remain flat and to “live within our means” and continue to be thrifty. He said he hoped for an increase for the library and expressed his desire to continue to support our schools by seeing extra dollars go that way. He liked the idea of major requests going through the CIP and noted his “bucket list” item to see the FHS football field have improvements.

Commissioner Beale, the board’s vice chairman, spoke of Medicaid reform drawing closer and the effect it would have on county departments such as Health, Emergency Services and Social Services. He said the county’s Senior Center facility is “overwhelmed,” and that the school system has some “big ticket items.” He went on to state that “We can borrow a whole lot of money without raising taxes,” and followed that by saying some county departments will come looking for increases. He said the sheriff’s department has increased needs, the “burn building” needs to be constructed, but that his top priority would be schools and the senior center. He added that increased funding for

information technology is a "have to," and said DSS will be looking for at least three new employees for child protective services. He concluded by saying "it's time we look at spending some money in Nantahala."

Commissioner Shields, pointing to Commissioner Beale, commented, "Everything he said." He said his main focus was the CIP and to "look at Nantahala needs."

Commissioner Higdon focused most of his comments on the Nantahala community, saying that residents there are "demanding some return on their investments." He also stated his desire to "get the Board of Elections out of the cellar," referring to the first floor of the courthouse.

Commissioner Gillespie said he wanted to continue to look at the budget and make sure dollars are spent wisely. He said the CIP will be huge and referenced the county's fund balance as a possible funding source. School funding, both for capital projects and technology, was also high on his list. He said "one thing touching everything" is the need for some form of broadband, which he sees as an economic tool for the county. He closed by saying the county's recycling centers "are the face of the county" and some consideration needs to be given to their improvement.

ADJOURN: After some final comments, and at 3:43 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