

**Iredell County Board of Commissioners  
Winter Planning Session  
Agricultural Resource Center  
(Conference Rooms 1 & 2)  
444 Bristol Drive  
Statesville, NC  
Friday, February 13, 2004 & Saturday, February 14, 2004**

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The Iredell County Board of Commissioners held a Winter Planning Session on Friday, February 13, 2004, 8:00 a.m., at the Agricultural Resource Center, located at 444 Bristol Drive, Statesville, NC. Commissioners present were:

Chairman Stephen D. Johnson  
Vice Chairman Godfrey Williams  
Doug Madison  
Marvin Norman  
Sara Haire Tice

Staff present were: County Manager Joel Mashburn, Finance Director Susan Blumenstein, Support Services Director Jim Vernon, Cooperative Extension Service Director Ken Vaughn, and Clerk to the Board Jean Moore. (Other staff members attended, and they are identified throughout the minutes.)

Media in attendance during some segments of the session were: Michele Harrison, Statesville *Record & Landmark*, Gerald Witt, Mooresville *Tribune*, Katie Beaver, Statesville *Record & Landmark*, Kim McKinney, Iredell *Citizen*, and David Boone, *Boone Report*.

**Call to Order** by Chairman Johnson.

**FY 03-04 Budget Review & Projections:** Finance Director Blumenstein distributed budgetary information relating to the current year's budget. She said the ad valorem tax collections were slightly less than anticipated, but they were close. Mrs. Blumenstein expressed concern over sales tax revenues, especially the 1983 (1/2¢) and 1986 (1/2¢) taxes that were distributed based on the state's population formula, and she predicted a year-end shortage of approximately \$655,018. She said the county departments were progressing well within their budgeted amounts, and she didn't foresee any of them being over budget by the close of the year. Blumenstein did advise, however, that the EMS Department was approximately \$660,000 behind in collections. Mrs. Blumenstein said there wasn't much profitability in the county's investments at the current time, due to public money rates being low. She said the tax assessor's office wasn't seeing much of an increase in business growth.

In regards to the EMS revenue shortage, County Manager Mashburn said the \$660,000 was still owed to the county, and the problem was due to an invoicing software problem.

Blumenstein noted a 40% increase in operating expenses at the government center-south. She said \$1.1 million had been estimated for school growth (average daily membership plus 911 students).

Commissioner Madison asked about the \$750,000 in lapsed salaries.

Blumenstein said lapsed salaries were listed in the expenditure side of the budget. She concluded her remarks by saying that it was estimated the county's fund balance on July 1, 2004, would be \$11,703,069.00, and this amount was obtained by projecting that the county departments would be under budget by a total of \$263,494. Blumenstein noted, however, that for FY 2004-05, the county's estimated expenditures could possibly exceed revenues by \$4,449,708.00, based on past years' figures, and this would necessitate a 3.36¢ tax increase to balance the new budget.

## Iredell-Statesville Schools

Board of Education Chairman Dr. David Cash, Superintendent Dr. Terry Holliday, Deputy Superintendent Dr. Steve Lane, and Maintenance Services Director Dr. Kenny Miller were in attendance to discuss the needs of the Iredell Statesville School System.

Dr. Cash said there was excessive growth in the southern end, but there was a desire to improve all of the facilities in the school system that needed attention.

Holliday outlined his proposal to improve the educational sites in the county within a three-to-four-year period of time. He said a task force had been meeting for the past 14 months, and the group had studied different financing methods. Holliday said a "program management" approach was being suggested using \$124 million in Certificates of Participation (COPS) with a total repayment amount of \$215 million. Dr. Holliday said the issuance could occur without a tax increase, and it would save the taxpayers \$93-\$103 million when compared to the current method of improving school facilities. Holliday said the present approach, issuing COPS every two or three years, was more expensive. He gave the following as an example: six COPS financings (\$156 million), spread out over a two or three year time frame, would require a repayment of \$268 million, and this was \$53 million more than the "program management" approach. Holliday said the current method would take 20 years to complete all of the projects, or improvements, that needed to be accomplished now.

Dr. Holliday said three high schools in the system were already out of capacity. He said there was a projected enrollment of 5,757 high school students for year 2004-05, and it was estimated that by the year 2013-14, there would be approximately 7,000. Holliday said, however, it was not being recommended that a sixth high school be constructed. He said the system would probably never completely eliminate modular units, and that Iredell-Statesville was probably the highest user in the Charlotte-metro region; possibly in the entire state. Dr. Holliday said he didn't think the state would remove the Public School Building Capital Fund (PSBCF) money in the future, and the system had a current capital fund balance of \$750,000.

Mashburn asked how many additional classrooms could be built with \$124 million.

Holliday said 300 -- maybe more.

Mashburn asked what accounted for the difference in costs pertaining to the financing methods.

Holliday said escalation and interest rate costs.

Mashburn said he understood then, that it didn't have anything to do with the management of the construction.

Holliday said this was correct.

Johnson said it would be the county that would have to take the risks for the proposed financing. He then asked about the disposition of the Wayside School property.

Dr. Holliday said the property was on the market and the sale proceeds would go into the capital fund.

Commissioner Norman asked how the school system would incorporate roofing repairs, and other unexpected costs, in the financing package.

Holliday said he felt there would be adequate annual capital funds for such things as roof repairs.

Williams asked the current fund balance.

Holliday said the current undesignated fund balance was \$3,080,036.00, and it came from the beer and wine sales taxes, the PSBCF, and what the system already had in its books.

Williams said he assumed this money could be used to make roof repairs.

Holliday said yes.

Madison said he had problems projecting ten years out with the financing. He said that if all of the construction occurred now, in ten years, the buildings would have functional obsolescence.

Holliday said he had “inherited some errors of the past.” He said the plan, as presented, allowed the system to handle growth, and the approach offered some flexibility.

Williams said it was hard to know where growth might occur in the future.

Holliday said the facilities needed to be centrally located. He said the plan had built in capacity, but the attendance lines might have to be redrawn for some schools.

Madison asked the cost of the \$124 million financing package when the Mooresville Graded Schools and Mitchell Community College were added.

Blumenstein said \$151 million, but this didn’t include Mitchell College.

Johnson mentioned that the county’s finance director had reported poor revenue projections earlier in the meeting.

Holliday said the school officials had become optimistic when they learned of the increased tax base that would result from the opening of the new Lowe’s Corporate Center.

Madison said the quality of education wasn’t indicative of the facilities. Mr. Madison said he was willing to review the financing proposal; however, he noted it did not leave that much “wobble room” for the county.

Dr. Holliday requested a joint meeting between the board of education and the board of commissioners for the purpose of continuing the discussion regarding the \$124 million proposal.

The commissioners agreed to meet with the school board on Tuesday, March 16, 2004, at 4:00 p.m. (Note: This is a regular meeting day for the commissioners, and the briefing session will be eliminated for this date.)

Dr. Holliday said he would agree to the time and date, contingent upon the availability of his school board members.

The facilities plan distributed by the I-S System is as follows:

North Iredell area:

- North Iredell High – Build new gym, library, band/music/JROTC, add 16 classrooms, and other renovations
- North Middle – Expand cafeteria, add 6 classrooms/2 resource, a multipurpose room, and new HVAC system
- Union Grove Elementary – Replace the old classroom building

Statesville area:

- Statesville High – After hearing public comment, the administration’s current recommendation is to buy additional land around the existing high school on Center Street, tear down the old building and build a new 1,400 student high school with a traditional façade, including a new three-story science building and an auxiliary gym. Renovate MacGrey Auditorium in partnership with other agencies. Retain use of the main gym and football stadium.
- Cool Springs Elementary – Replace old classroom buildings and add 8 classrooms
- N.B. Mills/Monticello Elementary Schools – Merge these schools into one with a new facility following the Third Creek model within or very close to the Statesville City limits per public wishes. Sell Monticello, use N.B. Mills for a portion of the new high school enrichment/magnet program.

- Northview/Ebenezer Elementary Schools – Merge these schools into one with a new facility following the Third Creek model within or very close to the Statesville city limits per public wishes. Sell Ebenezer, use Northview for a portion of the new high school enrichment/magnet program.
- Pressly/East Iredell Elementary Schools – Per public wishes, renovate and expand East Iredell Elementary to accommodate expected growth, but keep Pressly as a separate primary school.
- Statesville Middle – Add 8 classrooms and faculty work areas, address parking and ADA needs, air condition the gym and renovate lock rooms.

West Iredell area:

- Celeste Henkel Elementary – Replace the old classroom buildings, add 3 classrooms, a new library, and connect all buildings.
- Sharon Elementary School – purchase land to expand, build a new library, cafeteria, connect buildings, add 5 classrooms, and 2 resource rooms
- West Iredell High – build a new gym, an auditorium, band/JROTC, 8 science classrooms, expand cafeteria, other renovations
- West Middle – build a new gym, add 4 classrooms

South Iredell area:

- South Iredell High – Build a new South Iredell High School between Shepherd and Amity Hill Road to better serve where the majority of students are located. Move Troutman Middle into the current SIHS building, thereby eliminating the need for a new western Iredell middle school. Use the land purchase for that school on Arey Road at Wallace Springs Road as a future elementary school site. Expand Troutman Elementary School, temporarily, into the middle school buildings or use the middle school as the site for a high school enrichment program (similar to the Auto Tech Center housed behind Statesville High.)
- Shepherd – Purchase land to expand the school, add 12 classrooms, and 4 resource rooms
- Troutman Middle – See plans for SIHS

The Lake area:

- Lake Norman Elementary – Expand the cafeteria, build a new multipurpose room
- Lake Norman High – Add 8 classrooms
- Brawley Middle – add 8 classrooms and air-condition gym
- Mt. Mourne Elementary – Replace the old classroom buildings, build a new, larger library and cafeteria, add 8 classrooms, and 2 resource rooms.

### **Mooresville Graded School System**

Mooresville Board of Education Chairman Frank Fields, Superintendent Dr. Bruce Boyles, and Finance Officer David Dutton attended the meeting to update the commissioners on the Mooresville Schools.

Dr. Boyles said all of the system’s schools had met expected goals, and 80% of them were “Schools of Distinction.” He said the system had a low-dropout rate, teacher turnover was “going down,” and ten percent of the teaching staff were nationally certified. Boyles said the system had a pre-school that was operating, and during the past year, there had been increased collaboration with Mitchell Community College in the Huskins Program. He said the goals for the upcoming year would be in roofing repairs, staffing for the new school, and staying abreast of technological changes.

Commissioner Tice asked when the new intermediate school would be finished.

Boyles said the fall of 2005.

Commissioner Williams asked how much the system spent on mobile units.

Boyles said \$144,000.

Commissioner Madison asked if the system had done any studies on the impact of the new Lowe’s Corporate Center.

Boyles said the system had already experienced “pop-up enrollment,” and discussions later revealed that the students were from families associated (vendors) with the Lowe’s Company. Dr. Bowles said it was difficult to obtain enough information to determine the future impact.

Madison asked how much was still owed on the 1987 Certificates of Participation (COPS).

Boyles said the issuance was for \$17 million and \$10 million was still owed (debt service of \$958,000 per year through 2014).

Dr. Boyles gave the following 2004-2005 Budget Projections.

Current Expense

- Budget increase request of within 5% of current per pupil budget plus growth
- Planned projects/programs:
  - Staffing of East Mooresville Intermediate School
  - Technology
  - Continuation of minor facilities improvements for safety/accessibility
  - Increased utility and transportation costs

Capital Outlay

- Planned projects include:
  - Possible mobile classroom replacement
  - Student safety and security improvements
  - Debt Service
  - Technology
  - New Bus
  - Minor repair projects
  - Long-range facilities design, planning and construction

**Mitchell Community College**

Mitchell Community College President Dr. Doug Eason, Director of Facility Services Gary Johnson, and Vice President of Finance & Administration Dick Lefevre presented the college's capital request proposal for 2004-2005 as follows:

■ Technology/Workforce Development Building – COPS debt service	108,325
■ Parking lots/pedestrian walkways repair/expansion & lighting	300,000
■ ADA accessibility for Cherry St. Ctr., including elevator/classroom & restroom renovations	600,000
■ Renewal & Renovation of Existing Facilities and Equipment on all campuses	<u>250,000</u>
Total 2004-2005 County Capital Projects	\$ <u>1,258,325</u>

G. Johnson then shared sketches of the new two-story technology building to be located on Front Street. He said a groundbreaking would be held in about 30 days, and the building would be completed in approximately 18 months.

Dr. Eason said the college was enrolling many displaced workers and older adults, but the age group that was increasing on campus seemed to be the younger set or the 18-year-olds. He said that for many families, a community college was being viewed as a more favored option than sending their children away to school. Eason said the college continued to work on fundraising, and recently the three local Rotary Clubs agreed to raise funds to improve the auditorium.

(Note: Several college trustees were also in attendance.)

(With the departure of the college officials at 12 noon, the session broke for lunch and a presentation from Jeff McKay. Others joining the commissioners were Susan Hatfield, field representative for United States Congressman Richard Burr, and R.B. Sloan, Karen Ray, and Frank Mitchell, all members of the North Carolina General Assembly.)

**Greater Statesville Development Corporation (GSDC) Economic Developer Jeff McKay discusses North Carolina General Assembly Amendment 1 – Local Option Project Development Financing (House Bill 1293/Senate Bill 725):** McKay said 48 states currently gave their cities and counties permission to incur debt to finance the public portion of economic development projects. He said North Carolina and Arizona were the two states that did not offer this option. McKay said an amendment to the North Carolina Constitution would have to happen to allow this in North Carolina, and a vote was scheduled to occur in November of this year. He said there might be some opposition, and the opponents would probably use the argument that the proposal allowed cities and counties to enter into debt without the vote of the people. McKay said other states were using the option in many different ways -- downtown development, transportation infrastructure, and for industrial parks. Mr. McKay said former North Carolina Governors Jim Hunt and Jim Martin were co-chairing a committee to educate the public about the merits of the program. He said the issue was being viewed as a bi-partisan, and the Local Government Commission would be fully involved in the process.

McKay concluded his remarks by saying that a resolution of support, for this type of financing option, would probably be presented to the commissioners in the future.

Impact of E-Commerce: Mashburn said a University of Tennessee study indicated that by the year 2006, Iredell County would lose up to \$6.8 million (includes all municipalities) in untaxed remote sales. He said that by 2011, the study indicated the amount would increase to \$8.3 million, which was equivalent to eight cents in property tax.

Representative Mitchell said this was a national problem, and a standardized sales tax would have to be federally implemented to change it.

Senator Sloan said the legislature passed a simplified sales and use tax bill. He said many people were against Internet sales taxation, and there was much debate occurring about the matter.

Blumenstein said two large retailers had already implemented e-commerce taxation on their own.

Hatfield said she would relay the county's concerns regarding the loss of sales taxes to Congressman Burr.

Mashburn said he understood this was a federal matter, but he wanted to make sure he had the support from the General Assembly members.

Air Quality and the Environment Protection Agency: Chairman Johnson mentioned his concerns about Iredell County being designated as a non-attainment air quality area. He said that if this occurred, prospective industries would be confronted with additional costs.

McKay said he had previously been told that Iredell County did not have the traffic patterns for an MSA (Metropolitan Statistical Area) designation.

Sloan said the local hospitals had desired an MSA designation for many years.

----- End of Lunch Presentation/Discussion -----

**Recreation & Parks Update:** Recreation Advisory Committee Chairman Larry Johnson and Recreation Director Robert Woodie said the North Carolina Parks and Recreation Department had approved changes to the Parks and Recreation Trust Fund (PARTF). Woodie said the PARTF funding had increased from \$250,000 to \$500,000. He said it was also permissible to purchase recreation/parks land, or property, with the funds, but there had to be a match (web site indicates this is dollar-for-dollar). Woodie distributed biennial reports and historical documents relating to his department. He said that in the early 1990s, the recreation advisory committee submitted a four-park plan with each sector of the county (north/south/east/west) having a recreational site. Woodie said the Stumpy Creek site was the only park that had materialized. He said Stumpy Creek encompassed 83 acres (includes the boat landing).

Commissioner Madison said he was on the board when the four-park proposal was submitted. He said a key component of the proposal was volunteerism and this had occurred with Stumpy Creek. He said, however, this had not developed in the other areas, and a “strong volunteer effort” needed to be shown for the initiation of another park.

Chairman Johnson said four parks would cost \$400,000 a year -- just in operational expenses.

Woodie said maintenance costs would decrease, but operational costs would increase.

Chairman Johnson asked the other board members their thoughts on allowing money to be used to purchase land -- on a matching basis.

Madison this was fine, if there was a support group to keep the project moving.

Woodie said land purchases would provide incentives to the public. He said the citizens wanted to see something tangible.

Commissioner Williams asked how much money was in the park fund.

Blumenstein said approximately \$778,000.00, but this did not include Stumpy Creek’s payback of \$100,000.

Madison said that if the land were purchased, the public would then want to know when the park was going to be built.

A question was then raised about citizen interest in other parts of the county.

Commissioner Norman said the western sector was interested in having a park.

Former county commissioner Alice Stewart asked about the possibility of using SA9 funds to help develop the parks.

Madison said the money was used for annual scholarships, but there might be interest on the part of the group overseeing the funds. He said the new Statesville park, located in the eastern part of the city, might lessen the interest in this area.

L. Johnson said many people didn’t realize how much volunteerism went into the creation of the Stumpy Creek Park.

Commissioner Williams said that in the past, the Union Grove Ruritan Club had expressed an interest in having a park. He said there was also interest in the Harmony area.

Commissioner Madison asked what was prohibiting the staff from approaching citizens in the Union Grove and Harmony areas to see if they would match the county in the endeavor.

L. Johnson said mini-parks might also be an option in some areas.

Stewart said she was a member of the West Iredell Ruritans, a club that recently retired its debt, and she would approach the members.

County Manager Mashburn said there might be an interest in the other areas of the county, if someone approached the residents.

Commissioner Madison reminded everyone that if the land was purchased, it no longer generated tax revenue. He said he didn’t want to see the land acquired, and then just see it grow up in grass.

MOTION by Chairman Johnson to amend the policy regarding the park fund, and for the amendment to reflect (#1) that a 50/50 match could now be used and (#2) the match could be in the form of money, land, or labor.

Commissioner Madison added that any park proposal would need final approval by the board of commissioners, and the proposal would need to show specifically where the park was to be built and the time duration.

Woodie asked if the PARTIF funds could be used.

Mashburn said all funding sources should be used.

Chairman Johnson said that if PARTIF funds were used, the state would issue a project deadline or completion date.

VOTING: Ayes – 5; Nays – 0.

Bi-Weekly Payroll: Finance Director Blumenstein said that in the past, the commissioners had been advised of the need to start paying the county employees on a bi-weekly basis. She said one reason why the county desired to alter the present payroll method (salary is paid to employees once per month on the last working day) was that the Fair Labor Standards Act (FLSA) required timely payments. She said presently, some employees had to wait seven weeks to be paid overtime. She said a past goal from the board had been for the new pay plan “to not harm the employees.” Blumenstein said with this goal in mind, she recommended that the county employees be paid a one time four percent bonus, based on his/her annual salary in June, for the transition to the new system. She said the bonus would be in lieu of any merits, and any cost of living increases during the new fiscal year, and it wouldn’t go on the employee’s base salary.

Mashburn said several scenarios had been studied, and what Ms. Blumenstein had proposed was the most promising.

Commissioner Madison said the bonus would be given to the employees up-front, and he had a problem with this happening. He mentioned that an employee could be a given bonus in June and then quit his or her job the next month.

Blumenstein said the intent of the bonus was to relieve the financial burden the employee would suffer at the first pay period. (Employees would be paid on Wednesday, June 30, 2004 for a 17-day period -- extending from June 1 through June 23. On Friday, July 2, 2004, employees would be paid a bonus equal to 4.0% of their annual salaries as of June 2004. On Friday, July 16, 2004, employees would be paid for their work time from June 24 through June 30 plus July 1 through July 7. Next, on Friday, July 30<sup>th</sup>, employees would be paid for the time extending from July 8 through the 21<sup>st</sup>.)

Mr. Madison mentioned the unfavorable county revenue and expenditure projections that were submitted earlier by Mrs. Blumenstein. He stressed that bonuses should be used as incentives, and they should be earned by the employees.

Blumenstein said a bi-weekly payroll could still be implemented, but it would hurt the employees.

Chairman Johnson agreed with Mr. Madison about the bonuses.

Commissioner Madison asked why vacation and overtime couldn’t be bought from the employees.

Commissioner Williams agreed with Mr. Madison pertaining to the bonuses.

Commissioner Norman said it didn’t appear to him that the board members were far enough in the budget to make a determination.

Mashburn said he thought the fairest thing to do, if the board members didn't agree with the proposal, was to leave the pay method alone.

**Election Presentation on Americans with Disabilities Compliance Initiatives:** Elections Supervisor Becky Galliher and Safety Director Larry Ray presented information on measures being taken to comply with the Help America Vote Act (HAVA) and the Elderly and Handicapped Act.

Galliher said the state board of elections had established a deadline date of March 15, 2004 for counties to have 100% accessible polling places. She said HAVA provided federal funding for the improvements, and the county had submitted everything needed for the funds. Galliher said the improvements being made would not be on a permanent basis.

Ray then provided a slide presentation showing the county's polling sites, and he described the improvements.

Galliher said the largest expenditure of the HAVA funding would be for signage. She said the funds could be used only for accessibility improvements.

**Capital Projects Update:** Support Services Director Vernon updated the board on the following capital projects.

New Public Library: \$6.63 million project is on schedule -- no change orders have occurred.

Iredell County Government Center-South/North Carolina Department of Environment & Natural Resources Renovation Project (ICGC-S/NCDENR): \$1.75 million project is two months ahead of schedule -- should be completed June 1, 2004. Due to construction noise, courts moved back to municipal building for next eight weeks.

Mooresville Health Building (Clodfelter Building) Conversion for Crossroads Behavioral Healthcare: In-house project estimated to save county \$42,000 per year in leasing costs.

Jail Annex Project/Hwy. 21: In-house project with \$131,000 budgeted. Septic system has been completed. Estimate occupancy date of June 2004. In regards to the proposed sewer line extension, Vernon said it was being recommended that this be kept on a "back burner for a couple of years."

Vernon also shared information on the following needed facilities.

Facilities Service Shop: An 8,000 to 10,000 sq. ft. metal building is needed due to the county currently leasing space at \$18,000 a year.

Animal Control Shelter: Present facility needs to be expanded by 2,000 sq. ft.

Emergency Operations Center: Estimated space needs are 8,000 to 10,000 sq. ft. with estimated cost of \$1 million.

EMS Base/Brawley Peninsula: Possible joint venture with Lake Norman Volunteer Fire Department on approximately 1,500 sq. ft. of space with projected cost of \$150,000.

New EMS Base for Mooresville: Current ambulance bay at the government center-south is too small for the larger ambulances. Also, the "master parking plan" will go into effect when the DENR project is completed, and this will require EMS to relocate. Estimated cost for new base is between \$250,000 to \$350,000.

**Update from Communications Task Force:** Communications Director David Martin, and Emergency Management Director Tracy Jackson discussed an 800 mhz project that would utilize both new and existing tower sites. Martin said it was anticipated that all of the municipalities would participate in the project, and he gave the following cost percentages: Iredell County 75%, City of Statesville 14%, Mooresville 11%, and 1% for the Town of Troutman. He said the costs had been spread out over a three-year period, and it was estimated the total cost would be \$10,532,480. Martin said the infrastructure, alone, would cost \$4,680,000.00, and the consultant's expenses would be \$220,481.

Chairman Johnson asked about potential grants for the project. He said he knew the communications department wanted to move forward, but he didn't want to preclude any grants.

Jackson said there were no guarantees on any grants.

Martin said, "The bottom line is that we will have to transition to digital." He said an 800 mhz system was a "hot commodity" at the present. Martin said he needed some direction, because he had to turn in his FY 04-05 budget.

Jackson said the municipalities were also looking to the county for direction.

Johnson asked if the municipalities were going to help with the consultant's cost.

Jackson said yes.

Johnson suggested that the board look at the capital needs in relation to the 800 mhz project.

**UPDATE ON NUCARE:** EMS Director Lee Darnell said that after a year of trying to work with the NuCare Ambulance Service, that improvements were occurring. He said the company had hired a compliance officer, and this person's sole duty would be to make sure the company was compliant with state and local standards. Darnell said (1) NuCare's trucks were for the most part in compliance and (2) the company had purchased new equipment. He said that with these changes he was comfortable enough, for the time being, with the operations of NuCare.

Johnson asked if Darnell would continue to monitor the business.

Darnell said he would be aggressive, and he would continue to inspect and monitor on a regular basis.

**UPDATE ON THE NEW SOCIAL SERVICES BUILDING:** MBAJ architects Rob Johnson, Grace Wallace, and Bill Ashland (quality assurance), presented information about the new social services building. Also present were Social Services Board Members Mac Lackey and William Jones, and several social services employees.

R. Johnson and Wallace shared drawings of a master plan that included the social services building, a new county maintenance building, and a future office building. R. Johnson said the design development stage for the social services building would conclude by the end of March, and it would be followed by a presentation of probable costs to the commissioners. He said the construction document/bidding stage would extend through the end of September, and then it was estimated the project would take 14 months for completion.

At 5:30 p.m., Chairman Johnson motioned to conclude the Friday portion of the winter planning session. (He announced the session would resume on Saturday, February 14, 2004, at 8:30 a.m.)

VOTING: Ayes – 5; Nays – 0.

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Saturday, February 14, 2004**

Commissioners present were:

Chairman Stephen D. Johnson  
Vice Chairman Godfrey Williams  
Doug Madison  
Marvin Norman  
Sara Haire Tice

Staff present were: County Manager Joel Mashburn, Finance Director Susan Blumenstein, Support Services Director Jim Vernon, Cooperative Extension Service Director Ken Vaughn, and Clerk to the Board Jean Moore.

Media in attendance were: Michele Harrison, *Statesville Record & Landmark*, Gerald Witt, *Mooresville Tribune*, and Kim McKinney, *Iredell Citizen*.

**JOINT MEETING WITH THE PLANNING BOARD:** Members of the Planning Board joining the commissioners for this segment of the session were Eric Fields (Chairman), Harry Tsumas Jr., Mitzi Waddell, Kristi Pfeufer, Alan Williams, Franklin Rash, Jeff McNeely, and Anita Johnson.

Planning Supervisor Ron Smith and Inspections/Planning Director Lynn Niblock shared a demographic report containing information on the county's population, land development, housing, education, agriculture, and economic characteristics.

The planning board members were told that in regards to open space, the parks policy had been amended by allowing a 50/50 cost split with athletic associations, Ruritan clubs and other interested organizations. It was also mentioned that the match could be in the form of land, cash, or labor.

County Manager Mashburn said that in the 1990s, when the parks policy was adopted, it was a "one-plan-fits all," which had not worked.

Commissioner Williams said the county's citizens knew about the Stumpy Creek park, and if they resided in areas other than the southern end, they asked about having their own facility. He said the county helped in creating Stumpy Creek, but there were several other organizations, groups and individuals that helped.

McNeely asked if naming rights would be involved in the park proposal.

Mashburn said this was already an option.

Johnson said there was a threshold of money needed to name picnic shelters, dugouts, and benches.

Williams said that up until yesterday, when the policy was changed, the only way to obtain land was through a gift.

Madison said the Stumpy Creek land was donated, and there was a good solid core of people who helped in the project.

Harry Tsumas and Anita Johnson then discussed the past efforts of the planning board regarding open space.

McNeeley asked if the commissioners wanted the planning board to "revisit" the open space matter.

Steve Johnson said he didn't want to "revisit" the matter again. He said the county tried it for three years, and it generated only \$11,000.

Madison said green space was needed in the cities, but there wasn't much of a need in counties where people had front and backyards. He said there was a way to raise money for parks, and it was called raising taxes.

Anita Johnson said that every time the planning board members went to charrettes, open space was asked about.

Madison said open space was basically something the recreation advisory committee should be handling.

Anita Johnson said the planning board members needed to know what other groups were doing, so there could be some coordination in the planning.

Tsumas said the schools assumed much of the extra cost. He said sewer lines were constructed by the school systems, and then, others tapped on to them.

Steve Johnson said there had been much coordination between the county and the schools.

Fields asked the commissioners for input on the projected turnover time regarding the jurisdictional control of the Langtree Road area. Specifically, he asked if the Town of Mooresville would soon be asking for control over the area.

Madison said CMUD (Charlotte Mecklenburg Utilities Commission Department) had water sewer just south of the area.

Tice said it was her understanding that CMUD was having problems and probably wouldn't be interested.

Fields asked if the commissioners were comfortable with the Langtree area being controlled by Mooresville in a "piecemeal fashion."

Smith said he was often asked when a small area plan would be created for the area. He said the property owners wanted to know what Mooresville planned to do. Mr. Smith said the Lowe's vendors would need water sewer and they would apply to the Town. Smith said the most popular opinion would be to release jurisdiction to Mooresville. He said there probably wouldn't be that much residential development occurring in the area.

Norman asked if Mooresville had a timeframe.

Smith said Mooresville was working on a timeframe for the line extensions.

Fields said there were two ways for the development to happen, and these were (1) just let it happen or (2) devise a plan for orderly growth. He said the citizens and the Town would welcome a plan.

Madison asked if an Urban Services Area (USA) would work for the area.

Smith said yes, but the question was about timing -- the property was turning over so fast.

Madison asked, assuming the commissioners agreed to establish a plan of this type (USA), if Smith could work with the Mooresville officials to create it.

Smith said yes.

Madison said some citizens would blame the commissioners about not being able to vote for their representatives.

Fields said the commissioners might get a “black eye,” but the citizens were now saying that no one knew what was going on.

Madison said the commissioners couldn’t promise anything. He said development in the Brawley School Road area had occurred piecemeal fashion. Madison asked if it had been done well.

Fields said that in his opinion it had not.

Waddell said the actions of the Mooresville town officials were blamed on the commissioners.

Tsumas said he agreed that some people might say there was taxation without representation, but that Statesville had been working on its USA for the past two years. He said Mooresville would already be developed by the time a plan could be implemented.

Steve Johnson said there could always be a plan, but there was a “free market.” He said the commissioners had consistently approved ETJs on commercial properties, but it was the entity that had the sewer lines that had the control over the area.

Anita Johnson encouraged the commissioners to meet with the Mooresville officials.

Smith said a plan could be developed and broken down into geographical areas, or it could be a combination.

Steve Johnson agreed with Smith -- that the overlay plan on the road could be extraterritorial jurisdiction and everything else in the outlying areas could be in an Urban Services Area.

Smith said he would talk to the Mooresville officials and share the information.

Madison said he thought a joint meeting with Mooresville and Troutman might be a good idea.

It was mentioned that a joint meeting with Statesville and Trouman might also be helpful.

McNeely asked about the proposed airport expansion and control by Statesville.

Steve Johnson said he didn’t think there was any inclination on the city’s part to run sewer in that area. He said it was his opinion that the city did not intend to run its lines anywhere other than the airport site.

The joint meeting with the planning board concluded at 10:25 a.m.

**Discussion on the Purchase of Development Rights (PDR):** Jim Dobson, Chairman of the Voluntary Farmland Preservation Board, provided information on PDRs. He said the Farmland Preservation Board, since 2001, had been studying tools that might aid in the preservation of farmland, and PDRs were one of the methods being recommended. Dobson said PDRs offered incentives to farmers to retain their property for agricultural use. A letter sent by Mr. Dobson indicated that the concept allowed “landowners to voluntarily sell the development rights from the land to an agency. The agency then paid the landowner the difference between the agricultural value and the ‘highest and best use’ value and then placed an agriculture conservation easement on the property. The easement ‘runs with the land’ and can have a time period of 15-30 years or it can be perpetual. Easements can be drawn up to cater to agriculture activities by allowing new construction of farm buildings and allowing land subdivision for employees and family members.” Dobson said his board was not asking for money, but instead, was asking for the opportunity to work on a plan. He said there were grants and foundations that might assist financially, as well as trust money. Mr. Dobson said everything needed a starting point, but that if the county didn’t act soon, he was afraid many opportunities would be gone. He said it would take time to write a good plan, and his group desired to have coordination between several agencies on the project.

Chairman Johnson asked if the county needed to be the lead agency.

Dobson said the preservation board desired to write up a plan, and there would be a qualifying process.

Johnson asked how much labor would be needed from the county staff.

Dobson said assistance from the planning supervisor and the staff members who were already assisting the preservation board would be sufficient.

Commissioner Williams asked if the land would need to be included in the preservation program to qualify for a PDR.

Dobson said no, however, points might be given to the properties already included in the preservation program.

Planning Supervisor Smith said Rowan County had implemented a PDR program, and he had heard many favorable comments. He said it was his understanding that over \$100,000 had been appropriated.

Madison said he recalled a past Board of Equalization and Review case involving a housing authority that was allowed to sell off tax credits to make it profitable. He said the authority appealed to the county by saying the property wasn't worth as much as what was on the tax books. Madison said he had concerns this might also happen in a PDR program, and he requested the preservation board to be aware of this type of situation.

**MOTION** by Commissioner Madison to allow the county staff and the Farm Land Preservation Board to proceed in the planning process for the Purchase of Development Rights.

VOTING: Ayes – 4; Nays – 0.

(Note: Commissioner Norman had momentarily excused himself from the meeting prior to the vote on the PDR.)

**County Manager's Comments on the Farm Use Task Force's Findings of Fact Regarding the Tax Administrator's Department:** County Manager Mashburn said that as directed by the board on February 3, 2004, he had reviewed the task force's findings, met with several individuals, and written up his comments. He then read the following report. (Note: The task force's findings are in regular print, and the manager's comments are in *bold italics*.)

***Manager's Report to Board of Commissioners  
Regarding Farm Use Task Force Findings  
2/13/04***

Findings of Fact:

- A. General Statute 105-277.2 through 105.277.4 and General Statute 105.296(j) as adopted by the 2002 session of the General Assembly appear to allow for reasonable latitude in interpretation and implementation of the present use value tax system. The Iredell County Tax Assessor appears to not follow the state statutes.

***After reviewing the report and interviewing staff in the assessor's office, I concur with the finding that the Iredell County Tax Assessor's office has not always followed the statutes. I am of the opinion, however, that failure to do so was more the result of (1) having failed to properly and adequately train the person(s) responsible for administering the farm use program, and (2) using forms that were outdated and were not checked to see if they were in compliance with state statutes. I do not, however, concur that the statutes allow as much latitude in implementing and enforcing the statutes, as the task force would imply.***

- B. It appears that there is a need for more appropriate supervision of, and within, the tax department regarding interpretation and implementation of the respective statutes. (See attachments 1, 2, 3, and 4) There appears to be disregard for the

applicable statutes specifically G.S. 105-296(j) which states the owner has 60 days from the receipt of a written request to respond with information.

*Again, I concur that the finding of the task force can be substantiated by a review of the forms that were used which would certainly imply that an applicant for farm use had only 10 or 15 days to provide requested information. As stated before, I feel this is more a factor of inadequate training than deliberate intent to ignore the statutes.*

- C. Within the tax office it appears there have been inappropriate actions such as treating taxpayers with a lack of respect, dignity, and professionalism as well as being overly and erroneously authoritative. (See attachments 2, 4, 5, 7, and 8)

*Although the task force provided claims from a few individuals that they were not treated with respect and dignity, my office has received just as many calls or notes saying that they had always been treated with dignity and respect. Regardless, even if there are a few that feel mistreated, the management of the assessor's office has a responsibility to review these concerns and take corrective action. The Director of Tax Administration is aware of his responsibility in this regard, and has scheduled several staff members to attend a seminar on how to handle people with tact and skill. This seminar was conducted by Fred Pryor Seminars, a firm well respected for its expertise and success in this area ([www.pryor.com](http://www.pryor.com)).*

- D. Income tax forms being requested, copied and retained by the tax office to prove an individual landowner's qualifications for present use taxation is found to be distasteful and offensive. (See attachments 1, 3, 4, 7 and 8)

*Although there is still some confusion as to exactly when individual income tax forms can be requested, or required, it does appear that there were several occasions when the form was improperly required and copied. Again, my conclusion is that the person selected to administer this program was not properly and adequately trained. As of this date, all known copies of individual tax returns have been returned to the taxpayer (see copy). Using the Schedule F is still an acceptable way to determine eligibility, and will still be one of the options available to applicants for farm use.*

- E. The tax office has a policy of applying a per acre income statement to prove sound management. The farmer has a minimum of six options to prove sound management and the per acre income test is only one of them. The tax office appears to refrain from informing the taxpayer of his options for proving sound management. (See attachments 1, 3, 4, 7 and 8)

*I concur with the finding of the task force. In the future, the Director of Tax Administration will develop forms and provide instruction to employees in order to insure that each applicant for farm use, or review, is notified of all permitted options to show sound management.*

- F. It appears that employees of the tax assessor's office are giving unsolicited legal advice on estate planning which is in violation of the NC Bar Association rules. (See minutes of October 30 meeting)

*I do not feel that tax assessor employees were giving legal advice, but merely informing applicants based on their experiences and training.*

#### **Task Force Recommendation:**

*I have reviewed these recommendations and so has the Director of Tax Administration. The Director of Tax Administration will seriously evaluate each recommendation and implement procedural changes to comply to the extent that laws and codes will allow.*

#### **Manager's Comments:**

*While conceding that several errors have been made in the administration of the farm use statutes, that in itself is an over simplification of the complexity of administering the property tax laws in North Carolina. I think there is still some confusion about what exactly the statutes require. There is also confusion about how much latitude the tax assessor's office*

*has in implementing the provisions of the statutes, and how much authority the Board of Commissioners has in seeking to address grievances brought to it by tax payers. I think there is still some confusion by members of the General Assembly and those at the Department of Revenue as to what resources are available to help the tax office meet its responsibilities to carry out the provisions of the property tax laws.*

*In order to help establish a fair and equitable farm use program in Iredell County, and at the same time ensure compliance with the laws of the state, and to rebuild confidence in those who are appointed or selected to administer the program, I concur with the recommendation to appoint an advisory group to review policies, procedures, and practices, and to serve as a resource to the tax office in carrying out the functions of that office as it pertains to farm use. This has to be done in such a way as not to circumvent the provisions of the statutes or to place one group of taxpayers in an inequitable position. A committee made up of agricultural interest, policy makers, and tax administration should go a long way toward developing a farm use program in Iredell County that meets the statutory requirements, yet administers them in a fair and equitable manner.*

*In conclusion, there is one particular provision of the statutes that has been responsible for much of the consternation we have gone through on this matter. GS 105-296(j) makes it clear that the tax assessor's office must give a taxpayer 60 days to provide requested information when a review is being done. As I mentioned earlier, prior to January of 2004, there were times the assessor's office did indeed request additional information, and gave only 10 or 15 days. This was wrong and has been corrected. However, in the matter of an appeal before a board of equalization, a different set of statutes applies, and it is clear in GS 105-322(3), that the Board of Equalization and Review has the power to subpoena witnesses and documents, and the 60 days to respond is not a provision of this statute. Granted, the request to Texolina for additional information was not done by a formal subpoena; it was done under the provisions of 105-322 – not 105-296.*

*The above is just another example of how confusing it can become in attempting to administer the tax laws in North Carolina. If farm agencies, lawyers and legislators are unclear on some of the provisions, then it is not unreasonable to expect those charged with the responsibility to carry out the law, to be somewhat confused from time to time. All the more reason, in my opinion, to have the entire process reviewed by stakeholders with a predisposition to search out what is fair, equitable and true.*

(End of Manager's Comments)

(Note: The attachments cited in the manager's comments and the Farm Use Task Force's Findings of Fact are hereby incorporated into the minutes by reference. They may be reviewed in the office of the clerk to the board.)

Commissioner Norman said he was concerned that there was still not a method or mechanism in place to aid citizens when they wanted to voice a complaint.

Mashburn said that if a citizen wasn't satisfied, he or she could express their concerns to the department head, or the county manager, but in the end "it would probably wind up going to the commissioners." He encouraged the board members, when this happened, to refer the citizen back to him.

Norman asked if anything was posted in county buildings advising where citizens could express their concerns.

Mashburn said nothing was posted, but Mr. Norman made a good point.

Norman asked if the tax employees received training.

Mashburn said the North Carolina Department of Revenue provided training and the county's employees did attend. He said it was advantageous, many times, for the staff to hold community meetings to explain new laws, e.g., the inspections department had done this on a few occasions.

Commissioner Williams said the Cooperative Extension Service had held meetings about the farm use statute change, but they were not widely attended by the public.

Mashburn said confidence in the tax administrator's office needed to be rebuilt, and he didn't think it was beyond repair. Mashburn said that in the past, the county had basically ignored the auditing requirements, but a mechanism to begin the process was implemented a year and half ago.

Concerns were still expressed by the commissioners. Some of these were (1) not having a clear understanding on how farm use affected incorporated farms, (2) the staff giving out legal advice and (3) the cancellation of a Board of Equalization and Review Meeting when an individual had traveled from Texas before receiving word of the cancellation.

**MOTION** by Commissioner Madison to take under advisement the manager's comments, along with those of the Farm Use Task Force, and to schedule a personnel closed session either after this meeting, or at the close of the Tuesday, February 17 meeting.

VOTING: Ayes – 5; Nays – 0.

Note: Chairman Johnson suggested for the closed session to occur immediately following the February 17, 2004 regular meeting.

**Continuation of Discussion Regarding Capital Projects for the County:** Chairman Johnson mentioned the 800 mhz project and his concerns about the consultant's expenses (\$220,481).

Mashburn said the emergency management director and the communications director were knowledgeable, but he didn't know if they could figure out all of the intricacies involved in a project of this magnitude.

Johnson said that before the board made any monetary commitments, he would like for the communications committee to look at the project again.

Mashburn said the time span could probably be changed on the project, but he didn't think it needed to be included in the capital projects plan.

**Victor Crosby Discusses the Need for Water Reservoirs, Air Quality Improvements, and a Plan for the Maintenance of Farm Lands:** Mr. Crosby said in past years there had been droughts and floods and the affected areas had bounced back. He said now, however, the environment had changed and growth continued to happen. He said rainfall was occurring, but it was hitting concrete and not going back to the oceans. Crosby said facilities needed to be constructed to hold the rainfall.

Mr. Crosby said the State of Iowa was using soybean oil to help clean the air. He mentioned that in the future, the county might start losing transportation funds because of the poor air quality. Crosby said many children were having health problems due to a diminished lung capacity.

Crosby asked the board members to find ways to keep farms viable and profitable.

No action was taken on Mr. Crosby's requests, but he was thanked for his appearance before the board.

**Adjournment:** At 12:30 p.m., Chairman Johnson **motioned** to adjourn the winter planning session.

VOTING: Ayes – 5; Nays – 0.

Approved: \_\_\_\_\_

\_\_\_\_\_  
Clerk to the Board