

**IREDELL COUNTY BOARD OF COMMISSIONERS
REGULAR MINUTES
MAY 18, 2004**

The Iredell County Board of Commissioners met in Regular Session on Tuesday, May 18, 2004, at 7:00 p.m., in the Iredell County Government Center (Commissioners' Meeting Room), 200 South Center Street, Statesville, NC.

Present were:

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

Staff present: County Manager Joel Mashburn, County Attorney Bill Pope, Finance Director Susan Blumenstein, and Clerk to the Board Jean Moore.

CALL TO ORDER by Chairman Johnson.

INVOCATION by Commissioner Norman.

PLEDGE OF ALLEGIANCE TO THE FLAG

ADJUSTMENTS OF THE AGENDA: **MOTION** by Chairman Johnson to adjust the agenda by the following actions.

- Addition to Agenda:
- Pertaining to Budget Amendment #39 (Already Listed on the Agenda) - Request for the School Systems to Report back to the Commissioners on the Usage of Additional Funds
 - Old Business: Rescindment of the Ordinance Adopted on March 16, 2004, Requesting that Iredell County Become a Member of the Unifour Early Action Compact for Air Quality
 - Closed Sessions Pursuant to: G.S. 143-318.11(a) 3 Legal
G.S. 143-318.11(a) 5 Property Acquisition
G.S. 143-318.11(a) 6 Personnel

VOTING: Ayes – 5; Nays – 0.

-----CONSENT AGENDA-----

MOTION by Chairman Johnson to approve the following eight consent agenda items.

VOTING: Ayes – 5; Nays – 0.

1. Request for Approval of Recommendations from the Juvenile Crime Prevention Council Regarding FY 2004-05 Department of Juvenile Justice & Delinquency Prevention Funding (\$297,074): (See briefing minutes for a listing of the agencies approved for funding during FY 2004-05.)

2. Request from the Iredell-Statesville School System for the Release of Zoning & Subdivision Jurisdiction (Extraterritorial) to the Town of Mooresville for Property (19 acres) Adjacent to Lakeshore Elementary and Lakeshore Middle School in Mooresville, NC: Planning Supervisor Smith, during the briefing, said the Iredell-Statesville Schools were requesting the release of zoning and subdivision jurisdiction to the Town of Mooresville for property located on Lakeshore School Road (adjacent to Lakeshore Elementary and Lakeshore Middle Schools). He said the 19 acres of property was near the Mooresville town limits, and it was within the urban services boundary. Smith said the town officials approved a utility extension request

and would consider annexation in June of 2005. He said the current proposal was to develop the site for residential purposes. Mr. Smith said the soil composition was not suitable for septic tanks and wells, and municipal utility services appeared to be the best option.

Dr. Steve Lane, Assistant Superintendent with the Iredell-Statesville Schools, said during the briefing that if any expansion was necessary at either the elementary or middle school, there was sufficient property remaining to allow this to occur.

3. Request from Douglas Brotherton for the Release of Zoning & Subdivision Jurisdiction (Extraterritorial) to the Town of Mooresville for Property Located on Ponderosa Road in Mooresville, NC: At the briefing session, Smith said Douglas Brotherton had requested the zoning/subdivision release of property located on Ponderosa Road in Mooresville to the Town of Mooresville. He said the request included one tract of approximately 1.68 acres that was adjacent to the town’s extraterritorial jurisdiction, and it was within the urban services boundary. Smith said the Town of Mooresville had approved a property owner request for utility extension and would consider annexation in June of 2005. He said the property would be developed into a mixed-use project.

4. Request from the Communications Department for Approval of a Tower and Radio Receiver Agreement with the West Iredell Volunteer Fire Department: Communications Director Martin explained at the briefing session that the West Iredell Volunteer Fire Department (VFD) had agreed to allow the county to locate a sixty-foot section of tower at Station 2 located on the Sharon School Road. In addition, he said the VFD would allow the county to place radio receiver equipment in the building. Martin said the agreement was for 20 years, and the county would allow the VFD to place an antenna on the tower for a licensed fire frequency.

5. Request for Approval of the April 2004 Releases and Refunds: During the agenda briefing, Tax Administrator Bill Doolittle requested approval of the following releases and refunds.

APRIL 2004 TAX RELEASES & REFUNDS		
	Releases	Refunds
County	17,548.50	\$ 2,778.42
Solid Waste Fees	299.00	78.72
East Alexander Co. Fire #1	27.00	0
Shepherd’s Fire # 2	60.88	23.14
Mount Mourne Fire # 3	89.82	2.64
All County Fire # 4	730.68	224.54
Statesville City	1,282.47	138.61
Statesville Downtown	37.17	0
Mooresville Town	6,939.61	321.90
Mooresville Downtown	0	0
Mooresville School	1,912.18	93.40
Love Valley	0	0
Harmony	.20	0
Troutman	276.85	0
Total	\$ 29,204.36	\$ 3,661.37
A complete list, of the individual tax releases and refunds, is hereby incorporated into the minutes by reference.		

6. Request for Approval of Budget Amendment #39 for the Purpose of Transferring Funds from Debt Service to Capital Outlay for Funds not Needed for Current Year Debt Retirement and to Reduce the Amount Budgeted for Interest Earnings on Certificates of Participation (COPs) Proceeds with a Request to the School Systems to Report Back to the Commissioners on the Usage of the Funds: Finance Director Blumenstein advised during the briefing that when the staff was preparing the 2003-04 budget, the planning was also taking place for the 2003 COPs.

She said the issuance date, interest to be paid for the fiscal year, and the interest to be earned on the unspent COPs proceeds were all estimated. Blumenstein said the actual numbers were now available, and they revealed additional funding for the schools. She said a budget amendment was needed and the revised appropriations would be as follows:

	Iredell-Statesville	Mooreville	Mitchell College
Current Appropriation	\$4,382,705.00	\$1,087,450.00	\$ 604,795.00
Revised Appropriation	4,661,212.00	1,191,174.00	624,986.00
Budget Amendment	\$ 278,507.00	\$ 103,724.00	\$ 20,191.00
Interest earned on the bond proceeds and interest due on the COPs issued in 2003 is less than estimated during 2003-04 budget preparation.			

7. Request for Approval of Budget Amendment #40 for the Transfer of Funds from Contingency to the Legal Budget to Cover Additional Costs Associated with Claims Against the County and Increased Legal Services and also to Transfer Funds from Salaries (Library Budget) to Claims and Settlements: Finance Director Blumenstein stated during the 5:00 p.m. meeting that additional funds were needed in the legal budget; however, transfers could be made where the amendment did not require any “new” money. (The following chart shows the line items that were altered.)

<u>General Fund</u>	<u>Existing</u>	<u>Change</u>	<u>Amended</u>
Contingency	\$ 98,096	\$ (74,000)	\$ 24,096
Claims and Settlements	10,000	(10,000)	-
Legal Travel	1,000	(1,000)	-
Professional Services – Legal	65,000	85,000	150,000
Library Salaries & Wages-Regular	726,112	(22,250)	703,862
Claims and Settlements	-	22,250	22,250

8. Request for Approval of the April 20, 2004 Minutes

-----END OF CONSENT AGENDA-----

Request for a Discussion/Decision Regarding the Water Supply Systems for the Lincoln Estates and River Hills Heights Subdivisions: Inspections and Planning Director Lynn Niblock said the county was previously asked to be a grant applicant for the Lincoln Estates and River Hills Heights’ water systems. He said both subdivisions had been served by the Community Water Works Company since the 1970s. Niblock said the systems had deteriorated to the point the residents had asked the state utilities commission for assistance. He said Mr. Jay Lucas, with the utilities commission, had sent a letter asking if the county would serve as a grant applicant if funds could be found. Mr. Niblock said Lucas had been unsuccessful in locating grant funds, and he (Lucas) had written another letter asking if the county would absorb the upfront improvement costs, and then recoup the expenses through property assessments. He continued by saying Lucas had provided the following cost estimates for the improvements.

51 houses/units in Lincoln Estates	
Subtotal construction cost	\$145,384
Technical services and contingencies @ 30%	<u>43,615</u>
Total cost of water system	<u>\$188,999</u>
Cost per lot:	\$3,706
26 houses/units in River Hills Heights	
Subtotal construction cost	\$ 75,500
Technical services and contingencies @ 30%	<u>22,650</u>
Total cost of water system	<u>\$ 98,150</u>
Cost per lot	\$3,775
Total for Both Subdivisions	<u>\$287,149</u>

Niblock said he had talked with officials of the City of Statesville's utility department, the closest water supplier for Lincoln Estates, and to representatives of Iredell Water Corporation, the closest supplier for River Hills Heights, and all of the individuals said they would be willing to take over the systems, once the improvements were made, but none were willing to install the systems.

Commissioner Norman asked if Mr. Nelson Brown still owned the Community Water Works, Inc.

Niblock said yes.

Chairman Johnson asked if the owner still charged fees for the water services in the subdivisions.

Niblock said yes.

Commissioner Williams asked if the owner was willing to upgrade the systems.

Niblock said the owner had been mandated by the North Carolina Department of Environment and Natural Resources (Water Quality) to make some repairs to the systems.

Commissioner Madison asked what happened if the owner did not comply.

Niblock said he didn't know, but there was a moratorium prohibiting the owner from connecting any other units to the systems.

Commissioner Madison said he understood the residents would not be able to pay property owner assessments, if these were used to recoup the costs.

County Manager Mashburn said he had a letter from Mrs. Mildred Booker, who represented some of the Lincoln Estates residents. He said the May 13, 2004 letter advised that the residents would not be able to repay the \$3,706 per lot, due to most of them being senior citizens on fixed incomes. He continued by saying the residents wanted the county to continue to search for grant money. Mashburn said the residents also felt the City of Statesville might annex their properties, and this would provide them with both water and sewer service.

Mildred Booker (2030 Kennedy Drive, Statesville) said her subdivision was mostly composed of senior citizens living on fixed incomes. She said the residents preferred to wait until grant money might be found, or until annexation of their properties occurred.

Commissioner Madison said the residents would still have to pay if annexed.

Mrs. Booker said the residents understood this, but another part of their reasoning was that they preferred to have both water and sewer.

Chairman Johnson said that with the Statesville annexation, property owners could immediately tap on to water, but sewer did not occur until their septic systems failed.

Mrs. Booker said the residents were also aware of this information.

Commissioner Madison asked Attorney Pope if the county had any authority to improve the systems and to assess the costs to the owner of the Community Water Works Company. Mr. Madison said this individual had been collecting money all these years while the systems had deteriorated, and all along, the water company had been issued permits to operate by the state utilities commission.

Attorney Pope said he didn't think so; however, he was surprised the utilities commission had allowed the services to deteriorate so badly.

Millicent Gillespy (2026 Kennedy Drive, Statesville, NC) said she had lived in Lincoln Estates for 14 years, and she, along with the other residents, had asked Mr. Nelson Brown, the owner of the water company, to make repairs to the system. She said the problems had existed for years, and she felt Mr. Brown was not going to do anymore than he had to do. Gillespy said that prior to Mr. Lucas' visit to the subdivision, the residents had been out of water for a month. She said her water pressure was very low, and at times she had to take showers at her mother's home. Gillespy said the problem was getting worse, and eventually, they would have no water. She said one house in the subdivision had water through the city lines.

Commissioner Williams said the Rural Development Center had grant funds; however, a 50% match was needed. He asked if the residents would be agreeable to about one-half of the per lot charge.

Gillespy said the residents might be interested.

Commissioner Madison asked if the county could place pressure, through the utilities commission, on the water company owner to make the necessary improvements.

Attorney Pope said contact could be made with the utilities commission to urge the state officials to use their enforcement powers to improve the situation. He said the county could act as an advocate on behalf of the subdivisions and ask why the utilities commission had not assisted in bringing the services up to standard.

Commissioner Madison said the April 15, 2004 letter from Mr. Lucas, with the North Carolina Public Staff Utilities Commission, indicated the state office was aware of the problem, but it appeared the agency was trying to find someone else to solve the problems.

Attorney Pope said the letter indicated no grant funds could be found, and it was Mr. Lucas' suggestion that "the best option for providing safe and reliable water service" was for the county to construct new water systems. Mr. Pope said he didn't understand why the state official did not require the owner, who was permitted through the utilities commission, to operate a water company.

Commissioner Madison asked if utility companies had to have performance bonds.

Pope said he was uncertain about the bonds, but he felt the utilities commission had the authority to appoint someone to operate the water company for the owner (Nelson Brown).

Commissioner Madison asked the two women residing in the subdivisions, if they were still paying monthly water invoices.

Gillespy said yes. She said, however, no one from the company read the meters, and that Mr. Brown regulated the water bills. Ms. Gillespy said the owner sent the bills just using his own estimates on how much water had been used.

MOTION by Commissioner Madison to direct the county manager, or county attorney, to contact the State Utilities Commission for the purpose of requesting that the Community Water Works be placed under a receivership, or that requirements be made by the state office for water quality improvements.

Chairman Johnson said he understood a letter would be written to the state officials to see what authority that agency had to require the owner of the Community Water Works, Inc., to come under compliance and improve the systems.

Commissioner Madison said that in addition to finding out what authority the state office had to improve the situation, to urge the officials to use the authority to get something done.

VOTING: Ayes – 5; Nays – 0.

ANNOUNCEMENT OF VACANCIES OCCURRING ON BOARDS & COMMISSIONS

Mooresville Planning Board (1 announcement)

Carolinas Partnership (1 announcement)

APPOINTMENTS TO BOARDS & COMMISSIONS

Adult Care Home Community Advisory Committee (3 appointments): No nominations were submitted, and Commissioner Madison **MOTIONED** to postpone the three appointments until the June 1 meeting.

VOTING: Ayes – 5; Nays – 0.

Region F Aging Advisory Committee (2 appointments): Commissioner Tice nominated Barbara Barrier for a reappointment.

Commissioner Norman nominated Victor Crosby for the alternate appointment.

MOTION by Commissioner Madison to close the nominations and appoint Barrier and Crosby by acclamation.

VOTING: Ayes – 5; Nays – 0.

Community Child Protection Team: Commissioner Tice said she was aware of an individual who was interested in serving on the Community Child Protection Team (CCPT). Tice said G.S. 7B-1407 dictated the composition of the CCPT, and the board of county commissioners had authority to appoint five additional members.

MOTION by Chairman Johnson to suspend the board's rules of procedure to allow the appointment of an individual to the CCPT.

VOTING: Ayes – 5; Nays – 0.

Commissioner Tice nominated Carol Peebles to the Community Child Protection Team.

MOTION by Commissioner Madison to close the nominations and appoint Ms. Peebles by acclamation.

VOTING: Ayes – 5; Nays – 0.

UNFINISHED BUSINESS

Rescindment of the Ordinance Adopted on March 16, 2004, Requesting that Iredell County Become a Member of the Unifour Early Action Compact for Air Quality: Chairman Johnson said the Unifour Early Action Compact Ordinance was adopted prior to learning the Environmental Protection Agency's air quality designations. He said the ordinance was now no longer needed.

MOTION by Chairman Johnson to rescind the ordinance.

VOTING: Ayes – 5; Nays – 0.

COUNTY MANAGER'S REPORT: County Manager Mashburn said a written activity report had been distributed. Mashburn shared a letter from the Charlotte Area

Transit System (CATS) that indicated the Charlotte City Council on May 10, 2004, had authorized CATS to contract with an agency for engineering/environmental review services for the North Corridor Community Rail Line and the Charlotte Multimodal Station. Mashburn said the city also had been authorized to enter into an Interlocal Agreement with Mooresville and Iredell County regarding the sharing of costs for the first phase of the work. He said a formal agreement had not been received, but he wanted to give advance notice that one would be presented in the future.

Mr. Mashburn then shared his FY 2004-2005 Iredell County Budget Message as follows:

***Budget Message
Proposed FY 2004-2005 Budget***

The FY 2004-2005 proposed budget is submitted in accordance with NC state statutes and county policy.

Budget Highlights

Revenues:

In FY 2003-2004, we saw a 10% increase in our property tax collections, however, for FY 2004-2005, only a 2.5% increase is projected. This is the lowest annual increase in the property base since I came here in 1988. When you look around and see what construction is going on, it is hard to accept this limited growth. What has happened?

It appears that the biggest single cause to this drastic reduction in our growth has been the loss of personal property, mainly the loss of tax base in some of our major businesses and industries. Because of the economy and other factors, we are seeing large amounts of equipment leaving the county, much of it going to other states where a company may be consolidating operations, or downsizing the operations to more closely match demand, or to move off-shore to take advantage of lower production costs. Regardless of the reason, the result is the same. We have lost tax base resulting in a loss of revenue.

Not only did we see a reduction in our property tax growth, but sales tax projections are not much better. Utilizing the most recent collection reports, and averaging out the past few months, it is projected that collections of the one cent sales tax will not increase more than 5%. With the cost of living (CPI) increasing by 2.3%, the real growth is actually only 2.7%. Couple this with the low rate of growth in our property taxes, it is easy to see why this can be easily termed a year of no growth, and the proposed budget will reflect this bleak projection.

Expenditures:

Bleak as the revenue picture may be, the expenditure picture reflects the harsh reality of what happens when two powerful forces collide. Revenue is down, but demand for services is up. To see evidence of this, all you have to do is to visit any of the county's facilities on any given day. You will find more people sitting in the waiting rooms and filling the offices in Social Services and Health. The jail is not overcrowded just on weekends, but on every night of the week. More courtrooms have been built to deal with the criminals in our community, but we also have to provide more and more space just so our citizens can settle their differences with each other.

Also, look at the Animal Control reports and see how many tax dollars have to be spent because of the irresponsibility of some pet owners. Is it right that we should have to spend over \$800,000 just to address the irresponsibility of a few? Actually, \$800,000 is not enough, but for this year, it will have to do.

The proposed budget recommends an overall increase in expenditures of 4.14%, but revenues are only projected to increase 2.2%. The commissioners have earlier set a goal of maintaining a fund balance of at least 11%. This year the closest we can come to that will be 10.2%, and this is only because I am proposing to use one-time revenues, instead of fund balance, to balance the proposed budget. Over \$1,867,000 will be taken from the Solid Waste Retained Earnings.

When the Solid Waste department was set up as an enterprise fund in 1992, over \$1,867,000 in assets was transferred from the General Fund to the new Solid Waste Enterprise Fund. The General Fund never received any payment for those assets. The Solid Waste Fund is in good enough shape financially and it can now repay the General Fund for those assets. This is enough to balance the proposed budget and leave us a fund balance of \$11,667,298, or 10.2% of the General Fund budget.

School Appropriation

Public Funds:

Both school systems have made conservative and modest requests for the coming year. The Iredell-Statesville Schools requested a 7.72% increase in current expense and a 5.78% increase overall. Much of this increase is due to the increase in debt service, as well as growth in the ADM. The Mooresville Graded School District requested an 8.48% increase in current expense and a 5.34% overall. Again, much of this is due to growth in the ADM and increase in debt service.

The recommendation in the budget is 2% increase in current expense plus growth in ADM, with an overall increase of 4.8%. In addition, actual payments for debt service are budgeted as required. The balance of the 7.5¢ set aside goes for current capital projects as identified by the two systems.

Personnel

The proposed budget recommends a 2.5% across the board increase in salaries. This year I am proposing that we abandon the merit system for a couple of reasons. First of all, it is very important that we maintain a hiring rate that is competitive in the markets where we do most of our recruiting. This will allow our salary base to keep up with the cost of living. Secondly, I am not convinced that our merit system is truly that. I feel it is viewed by most employees as an entitlement, and is manipulated by some department administrators as a way to recognize longevity and loyal service more than performance. Funds do not permit us to provide all the needed adjustments this year, but I am requesting that the board of commissioners authorize me to work with the Personnel Advisory Board to evaluate the merits of our present system and look at the benefits of alternative compensation plans.

This year there was a request for 43 new positions (includes Solid Waste). Were the requests justifiable? I think most of them were, but only 23 positions can be afforded at this time.

Conclusion

The budget, as presented, reflects the current economic condition we find ourselves in and the conservative approach that is taken in the provision of governmental services. There are other things that are not discussed much here, but are reflected in the budget and will have had a major impact on the final numbers. Listed below are just a few of them:

1. Increased cost of library operations because the county has more than doubled library capacity.
2. Almost a million dollars in incentive payments for new economic development.
3. The cost of energy has increased, but utilization of energy has increased as well.

Again, I feel the proposed budget is reflective of the economic times and the conservation philosophy of the majority of the citizens of Iredell County. However, if some vast improvements are not made in the economy during the next twelve months, the only alternatives next year will be a tax increase or a drastic reduction in services. Since no one wants to pay more for services, let's hope for a definite improvement in the economy.

Submitted by Joel Mashburn, County Manager and Budget Officer
May 18, 2004

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CLOSED SESSION: MOTION by Chairman Johnson at 7:55 P.M. to enter into closed session pursuant to G.S. 143-318.11(a) 3 Legal, G.S. 143-318.11(a) 5 Property Acquisition and G.S. 143-318.11(a) 6 Personnel.

VOTING: Ayes – 5; Nays – 0.

(RETURN TO OPEN SESSION AT 8:15 P.M.)

MEDIATION SETTLEMENT WITH FORMER EMPLOYEE SELENA MAYBERRY: Attorney Pope said the county manager had attended a mediation on behalf of the county regarding a settlement agreement with Selena Mayberry. Pope said the \$23,250 settlement agreement had been reviewed by him, and he felt the interests of the county were protected. He said the settlement included back wages and other miscellaneous items, along with a resignation of employment by Mayberry. Pope said the settlement recommendations from the attorneys representing the county were based upon the economics of the situation rather than upon the merits of the matter.

MOTION by Chairman Johnson to approve the settlement as reached by the county manager during the mediation.

VOTING: Ayes – 5; Nays – 0.

ADJOURNMENT: **MOTION** by Chairman Johnson to adjourn the meeting at 8:15 p.m. (NEXT MEETING: Budget Session on May 27, 2004, beginning at 8:30 a.m., in the South Wing Conference Room, of the Iredell County Government Center, 200 South Center Street, Statesville, NC.

VOTING: Ayes – 5; Nays – 0.

Approved: _____

Clerk to the Board