

MINUTES

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

BOARD OF COMMISSIONERS
NOVEMBER 15, 2006

The Henderson County Board of Commissioners met for a regularly scheduled meeting at 9:00 a.m. in the Commissioners' Conference Room of the Henderson County Office Building.

Those present were: Chairman Bill Moyer, Vice-Chairman Charlie Messer, Commissioner Larry Young, Commissioner Chuck McGrady, County Manager Steve Wyatt, Assistant County Manager Selena Coffey, County Attorney Russell Burrell, and Clerk to the Board Elizabeth W. Corn. Commissioner Shannon Baldwin arrived during nominations.

Also present were: Finance Director J. Carey McLelland, Deputy Clerk to the Board Terry Wilson, Research/Grants Coordinator Amy Brantley, Public Information Officer Chris Coulson, County Engineer Gary Tweed, Fire Marshal Rocky Hyder, Code Enforcement Director Toby Linville, Planning Director Anthony Starr, Tax Assessor Stan Duncan, and Building Services Director Sam Laughter.

CALL TO ORDER/WELCOME

Chairman Moyer called the meeting to order and welcomed all in attendance.

PLEDGE OF ALLEGIANCE

Commissioner McGrady led the Pledge of Allegiance to the American Flag.

INVOCATION

County Manager Steve Wyatt gave the invocation.

INFORMAL PUBLIC COMMENTS

There was none.

DISCUSSION/ADJUSTMENT OF AGENDA

Chairman Moyer asked that Discussion item D be moved up to A-2 – Public School Architectural Engineering Resolution, he asked that a closed session be added to deal with property acquisition, and under County Manager's Report Steve Wyatt will be presenting an update with respect to the situation on Channel 13 (WLOS) and Mediacom which may involve possible action by the Board.

Commissioner McGrady made the motion to approve the revised agenda. All voted in favor and the motion carried.

CONSENT AGENDA

Commissioner Young made the motion to approve the consent agenda as presented. All voted in favor and the motion carried.

The Consent Agenda consisted of the following:

Tax Collector's Report

Terry F. Lyda, Henderson County Tax Collector, had provided the Tax Collector's Report dated November 9, 2006, for the Board's review and consent approval.

Tax Refunds

A list of 10 refund requests was presented for the Board's review and consent approval.

Tax Releases

A list of 132 tax release requests was presented for the Board's review and consent approval.

DATE APPROVED: March 12, 2007

Federal Transit Budget Amendment

A Budget Amendment for the County's match for Federal Transit Project funds was included with the agenda for the Board's consideration and will be an attachment to these minutes. This amendment transfers from the General Fund, where they are currently budgeted, to a special revenue fund.

If the Board is so inclined, the following motion was suggested:

I move that the proposed Budget Amendment be approved by the Board of Commissioners to establish a fund for public transportation.

NOMINATIONS

Notification of Vacancies

The Board was notified of the following vacancies which will appear for nominations on the next agenda:

1. Apple Country Greenway Commission – 1 vac.
2. Henderson County Juvenile Crime Prevention Council – 1 vac.

Nominations

Chairman Moyer reminded the Board of the following vacancies and opened the floor to nominations:

1. **Child Fatality Prevention Team – 1 vac.**

There were no nominations at this time so this item was rolled to the next meeting.

2. **Criminal Justice Partnership Team – 6 vac.**

Assistant County Manager Selena Coffey recommended Research/Grants Coordinator Amy Brantley to position #2. Commissioner Messer nominated Amy Brantley to position #2, Ragan Hare to position #9, Randy Eggen to position #10, Carolyn Justus to position #12, and Rick Marshall to position #13.

Commissioner Shannon Baldwin arrived.

There were no other nominations. *Chairman Moyer made the motion to accept Amy Brantley, Ragan Hare, Randy Eggen, Carolyn Justus, and Rick Marshall by acclamation. All voted in favor and the motion carried.*

3. **Downtown Hendersonville, Inc. - 1 vac.**

Commissioner Young nominated Courtney Stepp to position #1.

There were no other nominations. *Chairman Moyer made the motion to accept Courtney Stepp by acclamation. All voted in favor and the motion carried.*

4. **Fire and Rescue Advisory Committee – 2 vac.**

Chairman Moyer noted that Lee Roy Nicholson, chair of the committee, has done an excellent job of keeping the board together and moving it forward. He is technically term limited by the policy filed on the board, however, Mr. Nicholson is willing to continue and a letter was received from Fire Marshal Rocky Hyder indicating that he and the committee feel that Mr. Nicholson should be allowed to serve an additional term.

Commissioner McGrady made the motion to waive the term limit provision with respect to Mr. Nicholson. All voted in favor and the motion carried.

Commissioner McGrady nominated Lee Roy Nicholson to position #3 and Bill Stepp to position #4. *Chairman Moyer made the motion to accept both nominees by acclamation. All voted in favor and the motion carried.*

5. **Henderson County Zoning Board of Adjustment – 1 vac.**

Commissioner McGrady nominated James Phelps to position #2. *Chairman Moyer made the motion to accept James Phelps by acclamation. All voted in favor and the motion carried.*

Commissioner Young nominated Phillip Stanley for position #8 however it is unclear if he is willing to serve again. This item was rolled to the next meeting.

6. **Hendersonville City Zoning Board of Adjustment – 1 vac.**

There were no nominations at this time so this item was rolled to the next meeting.

7. **Hendersonville Planning Board – 1 vac.**

During the November 6, 2006 board meeting Michael Greene and Edward J. Fortaw were nominated for position #2. The Clerk was asked to poll the Board. The results were as follows with each Commissioner getting one vote:

	Mike Greene	Edward J. Fortaw
Commissioner McGrady		✓
Chairman Moyer		✓
Commissioner Messer	✓	
Commissioner Young	✓	
Commissioner Baldwin	✓	

The Clerk tallied the votes with Mike Greene being appointed to position #2.

8. **Juvenile Crime Prevention Council – 3 vac.**

There were no nominations at this time so this item was rolled to the next meeting.

9. **Laurel Park Planning Board – 1 vac.**

Commissioner McGrady nominated Tim Cochran for position #1. *Chairman Moyer moved that the nomination be accepted by acclamation. All voted in favor and the motion carried.*

10. **Library Board of Trustees – 1 vac.**

There were no nominations at this time so this item was rolled to the next meeting.

11. **Nursing/Adult Care Home Community Advisory Committee – 3 vac.**

Commissioner McGrady nominated Patricia Stanley to position #14, Patricia King to position #12, and Barbara Lovelace to position #13. *Chairman Moyer moved that the nominations be accepted by acclamation. All voted in favor and the motion carried.*

12. **Planning Board for Older Adults Block Grant Advisory Committee – 5 vac.**

Commissioner McGrady nominated Hugh Price for position #15. *Chairman Moyer moved that the nomination be accepted by acclamation. All voted in favor and the motion carried.*

There were no other nominations.

13. **Travel & Tourism Committee – 4 vac.**

Commissioner Young nominated Dale Bartlett to position #4, Lucy King to position #3, and Mehmet Ozelsel to position #1. There were no other nominations. *Chair Moyer moved that the nominees be accepted by acclamation. All voted in favor and the motion carried.*

Commissioner Young nominated John Sheiry as Chair; however, the Board was unsure if he was willing to serve. This item was rolled to the next meeting.

Award

Chairman Moyer stated that this was the last regularly scheduled meeting for this Board which had served for two years. On behalf of the Board a plaque was presented to Commissioner Shannon Baldwin which read:

In recognition of Carroll Shannon Baldwin for your dedicated service to the citizens of Henderson County as Henderson County Commissioner December 2, 2002 to December 4, 2006.

Commissioner Baldwin accepted the plaque and expressed his appreciation to the Citizens of Henderson County.

DISCUSSION ITEMS

Presentation of Alternative Revenue Task Force Report

Chairman Moyer called the Chair of the Alternative Revenue Task Force Steve Dozier to the podium.

Steve Dozier stated the Alternative Revenue Task Force made up of 9 citizens from various groups within the county met numerous times to discuss the options of additional revenue to fund capital projects for Henderson County needs.

The members were Chair Steve Dozier, Vice-Chair Nick Pryor, Phillip Stanley, Paula Delorenzo, Ed Glenn, Hall Waddell, Ken Butcher and Michael Fleming.

There were not many options to consider and considerable time was spent researching alternative revenue sources besides property tax increases. Henderson County has seen tremendous growth and the financial needs have increased as well in relation to that growth, but not all of the capital financial needs have come from strictly growth of new residents.

Alternatives considered ranged from sales taxes, impact fees, service related fees, revenue bonds, land transfer fees, school taxes and others. Several of those services were considered simply an additional property tax such as school taxes to fund new capital projects and not alternative revenue source so they were disregarded.

During discussions held with County Staff and in consideration of the capital needs in the coming years which is in excess of \$300 million, this committee felt it needed to come up with approximately \$10 million in alternative revenue per year to fund the debt service on \$100 million of capital needs.

It is also the strong recommendation of this committee that the funds generated from any alternative revenue sources be earmarked strictly for capital projects and in no way be used for growing the county's government operation.

After much discussion and consideration, this committee narrowed the options down to a small number of issues that should be considered by the Board of Commissioners.

Even with the options considered, not all of the options were agreed to unanimously, but were pushed forward by a majority vote.

The task force did not make any recommendations as to which was the preferred option, but did specify that revenues from either option be used only for capital projects.

Option #1: A full one cent sales tax increase.
(This option was passed by the Task Force by a 6-3 vote).

Option #2: A ½ percent Lane Transfer Tax to be charged on real estate transactions.
(This portion of option #2 was passed by a 6-3 vote) and:

A ½ cent sales tax increase, regardless of action by the State on their sales tax rate. (This option was unanimously approved by the Task Force)

The concerns of the committee relating to Revenue Options were:

- \$300 million + needed for capital projects
- Additional tax burdens on county population
- Finding revenue streams to keep property tax increases to a minimum
- Finding a revenue source that was broad based and would generate revenue totals in the range of \$10 to \$11 million dollars
- Utilizing as many resources as possible to generate needed revenue
- Concerns of unfair or over taxation of homeowners who already pay property tax, sales tax, and revenue stamp tax when the home is sold
- Finding a revenue stream that's not only our local citizens but money spent by visitors to this area
- Finding resources that did not distinctively set us apart from surrounding counties in a way that would drive growth to the surrounding counties

Chairman Moyer stated that the Board of Commissioners would pursue this recommendation very aggressively with legislation.

Commissioners Messer and McGrady thanked the Alternative Revenue Task Force for a job well done.

Public Schools Architectural Engineering Resolution

Chairman Moyer requested that County Manager Steve Wyatt and County Attorney Russell Burrell cover this item.

County Manager Steve Wyatt explained that at the November 8 Joint Meeting with the Henderson County School Board the request was made for \$120,000 in architectural and engineering (A/E) fees for the Dana Elementary School phase II renovations and \$325,500 for A/E fees for the construction of a new Mills River Elementary School. The total of \$445,500 which is not in the 2006-2007 county budget. However, the County is holding \$600,000 in reserve, earmarked for the Mills River project whether it is a renovation or a totally new school. If the Board is prepared to move forward with these two projects, Staff recommends utilizing the source of funding being tapped for those two projects which is the capital reserve fund. That would, of course, prevent that money from being used for any debt service. The Board of Commissioners must address the question of previous plans to renovate and add versus the issue of a new school to give the architects clear direction.

The Board of Education is also seeking your approval to move ahead with A/E for the Hillandale Project. The estimate provided for A/E fees was \$994,000. It was stated that this number was likely high but is the only number we have at this time. It is important to remember that if the two projects mentioned were completed only \$154,500 will remain in the reserve fund. The source of the remaining funds will have to be determined and approved by the Board of Commissioners. Tapping the \$775,000 set aside for Sugarloaf and Dana Phase I furnishings, fixtures and equipment is not recommended. Approximately \$550,000 is Sugarloaf funding and when Sugarloaf opens in 2008 the money will be needed to furnish the facility. If this money is used now it will create a deficit in 2008-2009 budget. The furnishings will actually be procured in 2006-2007 which is the next fiscal year. There are no furnishings, fixtures or equipment included in any of the three projects currently on the table. The County will be asked for these funds which will likely be in the \$1,000,000 to \$1,500,000 range.

The issue of school capacity needs to be settled prior to any approval of A/E funding as again the architects must know what school capacity to design. As decisions are made regarding these projects, it is important to note that when Sugarloaf is occupied there likely will be a substantial cost to staff and operate that new

school as it is a startup school, not a replacement or renovation. Much of this new cost will be borne by the County and paid from property tax proceeds.

These facts are especially important in light of the desire to avoid a property tax increase in 2007-2008. Given the realities of county business without an alternative funding source such as the land transfer tax or additional sales tax this will not be possible without service cuts that the Board, nor the community, would likely be able to support. In fact, given that the largest amount of discretionary funding is budgeted for school operations most of the cuts would need to be made there. That poses another set of difficult issues.

The bottom line remains that short of legislative initiative on alternative revenue sources or substantial cuts in appropriations to county funded agencies, the school building program will necessitate a property tax increase. The amount of that increase is dictated by the total cost of the program including construction, site preparation, A/E fees, furnishings, fixtures and equipment, ongoing utility and maintenance costs as well as additional county funded teachers and staff. This initial phase of that program will require between a 3.5¢ to 4¢ ongoing rate increase. Operational funding will impact the tax rate but that impact is unknown at this time. However, this could easily equate another half cent. The 3.5¢ to 4¢ rate increase includes the shortfall in the architectural fees if the \$525,000 in next years budget (Hillandale) is used because it is recurring money.

Assistant County Manager Selena Coffey did a power point presentation beginning with Sugarloaf Elementary and the numbers associated with it. These numbers were provided by the Board of Education at the November 8 meeting. \$525,000 is in the current year budget for Sugarloaf School. The total cost for the Sugarloaf Elementary project is \$15,716,000. The numbers for the Mills River Elementary project included \$550,000 for FF&E which is a staff estimate. The numbers for the Hillandale Elementary project included \$550,000 for FF&E which again is a staff estimate. The A&E estimate is \$878,000. Phase I of the Dana Elementary project expenses also carry a \$550,000 figure of FF&E. Phase II of the Dana Elementary project is much smaller than the original phase I project. The FF&E numbers may be less also.

Included in Dana Phase I and Phase II are as follows:

Phase I

- 16 classrooms
- New cafeteria
- New Administrative wing
- Renovation of main building

Phase II

- Renovation of old cafeteria into art rooms
- Renovation of gym
- Renovation of 6 classrooms
- Corridor to tie gym and classrooms to indoor corridor

Finance Director Carey McLelland continued the power point presentation with the following information:

Dana Elementary Phase II Financing (Does not include FF&E estimated at \$100,000)

- Total estimated Phase II cost \$2,600,350
- If packaged with Mills River and Hillandale projects...
 - 20 year COPs debt issue in June 2007
 - Annual debt service payment of \$248,250
 - Tax rate equivalent based on current year valuation: 27 cents
- If financed separately from other 2 projects...
 - 15 year Installment Contract Bank Financing in April 2007
 - Annual debt service payment of \$232,817
 - Tax rate equivalent based on current year valuation: 25 cents

Mills River Elementary Financing (Does not include FF&E estimated at \$550,000)

- Total estimated project cost \$15,771,781
 - 20 year COPs debt issue in June 2007
 - Annual debt service payment of \$1,557,000
 - Tax rate equivalent based on current year valuation: 1.66 cents

Hillandale Elementary Financing (Does not include FF&E estimated at \$550,000)

- Total estimated project cost \$16,788,100
 - 20 year COPs debt issue in June 2007
 - Annual debt service payment of \$1,657,000
 - Tax rate equivalent based on current year valuation: 1.77 cents

The Annual Financing Totals if funding is done all at once via COPs is as follows:

Dana Elementary	\$248,250
Mills River Elementary	\$1,557,000
Hillandale Elementary	<u>\$1,657,000</u>
Total Annual Financing	\$3,462,250
Tax Rate Equivalent	3.70 cents (based on current year valuation)

The architectural plans and bids have to be in hand and an application would then be made to the Local Government Commission because it involves real estate and is over \$500,000.

Assistant County Manager Selena Coffey followed up with additional power point presentation regarding How to pay for A&E for these projects?

FY 07 Schools Capital Reserve \$600,000

Dana Elementary Elementary A&E	\$120,000
Mills River Elementary A&E	\$325,500 (this number is lower by about \$2,000)
Hillandale Elementary A&E	<u>\$994,000</u> (this number is lower at about \$878,000)
Total Request	\$1,439,500

Additional Funding Necessary \$ 839,500 (with changes new deficit \$720,000)

Operational Costs

Sugarloaf Elementary	\$514,689
Dana Elementary	No change or new operational expenses
Mills River Elementary	New operational costs over current costs: \$30,735
Hillandale Elementary	New operational costs over current costs: \$30,735

Other Funding Options

- A. Private Bank Placement Installment Contract
- B. Pay-as-we-go Funding
- C. General Obligation Bonds

Revenue Options

- A. Ad Valorem Property Taxes
- B. Service Cuts

Commissioner Young stated that before anything could be done the issue of capacity had to be determined.

Chairman Moyer expressed that the Board of Commissioners needed to continue with the Dana project by approving the architectural fees and approve the resolution.

Chairman Moyer made the motion to approve the architectural fees as requested by the School Board for the Dana Project in the amount of \$120,000 and recognize that they are approving that bid to take it to project and expedite it as quickly as possible. All voted in favor and the motion carried.

Discussion followed.

Chairman Moyer made the motion that the Board of Commissioners provide direction to the Board of Education in looking to finance the Mills River and Hillandale projects and that the Board of Commissioners set the capacity of the school for core and classroom at no less than 700. The motion passed 4-1 with Commissioner Baldwin voting nay.

Chairman of the Board of Education Ervin Bazzle requested that the Board of Commissioners allow the Board of Education to make the bid as an alternative so that the Board of Commissioners could recognize the difference in cost before deciding to accept or decline.

Chairman Moyer made the motion to authorize the Mills River and Hillandale projects as suggested by the Board of Education go to a bond referendum as soon as possible taking them to the public for their approval and if the public comes back and says they want to spend that money the Board of Commissioners will go ahead with the project with the enlarged capacity. The motion passed 4-1 with Commissioner Baldwin voting nay.

Commissioner Messer stated that if this went before the public he felt it would pass.

Board of Education Chairman Ervin Bazzle noted that it was important that the Board of Commissioners support the Board of Education on the 2 projects and the bond referendum.

Chairman Moyer made the motion to authorize the Board of Education to use the \$600,000 toward architectural fees as necessary to the referendum between these two projects. Chairman Moyer amended the motion to authorize the Board of Education to use \$480,000 of the \$600,000 toward architectural fees, planning fees or as necessary to the referendum between these two projects. All voted in favor and the motion carried.

Chairman Moyer made the motion to authorize the Board of Education to make bids with Core Capacity of 700 and Operating Capacity of 700 as was the consensus of both boards, instead of Core Capacity of 700 and Operating Capacity of 600 previously discussed. All voted in favor and the motion carried.

BREAK

A five minute break was taken.

Facility Transition Planning

County Manager Steve Wyatt stated that with the construction and the occupation of the Human Services Building, vacancies have been created in the Administrative Building, and the old Public Health Department Building. The plan was to relocate the Sheriff's Department into the Administrative Building and to relocate Land Development into the old Public Health Building. After looking at the facilities, questions and concerns were raised. Mr. Steve Allen of Solutions for Local Government was retained to come in and look at the properties comprehensively to development a Space Needs Assessment and Facility Reuse Study with a charge to find the best approach and solution to addressing these issues.

Steve Allen, President of Solutions for Local Government, explained that in looking at a Space Use Assessment they were looking at use from 2006 to 2020 for these facilities and the departments that occupied

them. When determining what space needs include they look at current space, current deficit, and any standards that might apply. Once they have determined the deficit they have to look ahead in the future. The State Office of Budget Management projects a 25% growth in 14 years.

First, they assessed the space needs of the departments currently occupying the Land Development Building for relocation to the current recently vacated Health Department Building on Spartanburg Highway. Included were Inspections, Planning, Code Enforcement and Emergency Management. Currently these departments occupy almost 8,800 square feet of interior space. The Health Department Building on Spartanburg Highway has an interior net square feet of 11,500 plus. There would be a surplus of 2,742 square feet. However with the 14,904 square feet that is projected it becomes a deficit of 3,365 square feet. In regards to building reuse the space available cannot address the space needed. Circulation within the building is awkward. Department allocations within the building would be difficult with regards to maximizing operational efficiency and the relationships they have with one another. He doesn't feel that it is worth the money it would cost to renovate the building. Locating the Emergency Management elsewhere would allow the math to work until building conditions are considered.

Secondly they assessed the space needs of the Sheriff's Department – Administration and Operations Divisions currently located in three separate buildings for possible relocation in the County Administration Building on King Street in space recently vacated by Department of Social Services. The evidence issues are significant. There is OSHA and Health Issues with some of the crime scene evidence that need to be addressed. Currently the Sheriff's Department at Second Avenue and Main Street is located on three floors with rented space across the Street totaling 22,724 net square feet. The lower level of King Street has approximately 8,302 net square feet which is vacant with the exception of 911 in the corner. The second level has 5,760 square feet in one section which is occupied and 4,109 square feet in another unoccupied. The third floor has 4,200 plus square feet vacant. The current space of the King Street building is 16,658 with the Administrative offices remaining until the Historic Courthouse renovation is complete. The total space with the addition of the now occupied space is 22,418 square feet. The King Street building is currently 300 square feet below what the Sheriff's Department currently occupies. This presents a deficit of 9,000 square feet. The building is solid and does offer good reuse benefit but not for the Sheriff's Department. Parking is not adequate and is the most significant problem.

Chairman Moyer explained that in order to go into Public Hearing at the designated time we would break and pick up at this point at the conclusion of the Public Hearing.

PUBLIC HEARING – Economic Development Incentives

Commissioner McGrady made the motion for the Board to go into public hearing. All voted in favor and the motion carried.

A local manufacturing company proposes to expand an existing plant located in Henderson County. Economic development incentives are proposed as follows: That Henderson County consider granting assistance toward actual expenditures incurred in the design and installation of the expansion of the company's operation up to a maximum of \$86,000.00 paid over five (5) years.

The public benefit to be derived from the capital project is an initial total taxable capital investment of between Four Million Three Hundred Thousand Dollars (4,300,000.00) in building, machinery and equipment, plus the creation of at least 13 full time employment positions by the end of 2008 with wages in excess of the average median wage in Henderson County, plus benefits.

Chairman Moyer called Scott Hamilton to the podium.

Scott Hamilton stated that the Partnership for Economic Developments job is the retention and expansion of existing industry. He asked the facilities manager of Continental Teves Plant, at the Asheville Regional

Airport, Bobby Nelon to address the board and discuss a potential project that is being looked at and its background.

Bobby Nelon is responsible for the Hendersonville Plant of Continental Teves. The plant was built in 1997 and has approximately 350 employees with the focus as ITT at the time of expanding their brake systems business. ITT which is now Continental Automotive Company is a supplier of brake calipers, brake boosters, and master cylinders. They also have a plant in Morganton, North Carolina that manufactures Anti-lock Braking Systems. Mr. Nelon has been with the company approximately 18 months. The company supplies approximately 30,000 vehicles throughout the United States each week. They are looking to invest in a 4.3 million dollar piece of equipment which would allow them to apply coating in-house. Currently they use two outside suppliers in Virginia and South Carolina. This would add approximately 10 direct labor jobs and 3 salary jobs.

Discussion followed.

Commissioner Messer made the motion to go out of public hearing. All voted in favor and the motion carried.

Continuation of Facility Transition Planning

Steve Allen returned to the podium. Mr. Allen expressed that he did not recommend reuse of the existing Public Health Department. He did recommend that the Local Emergency Management be relocated to the lower level of the Administrative Building on King Street. He also recommended moving Code & Inspection Enforcement to level two of the Administrative Building which was previously Department of Social Services. Finally he recommended moving the Planning Department to level three of the Administrative Building.

Mr. Allen stated that in regards to Near Term his recommendation was to build a Law Enforcement Center that works and that the existing locations are inadequate. The process would include:

- Identifying a location
- Development specific facility requirements
- Identify general growth square footage numbers (around 42,000 square feet)
- Prepare site concept and cost estimates
- Hire an architect
- Bid and bill

The estimated cost for a new building is \$7,000,000. Site, development and project cost including contingent fees, etc. would bring the total to approximately \$8,400,000. To fund this building it has been suggested that the County sell the existing three properties located on Spartanburg Highway, Allen Street, and the corner of Main & Second Avenue.

County Manager Steve Wyatt stated that he had discussed his concerns with the Board and that he was now asking for the Board's direction. They are in the process of acquiring appraisals for each of the three properties in question. They expect to have the appraisals before year end. Mr. Wyatt agreed that arrangements should be made to begin moving Local Emergency Management, Code & Inspection Enforcement, and the Planning Department into the King Street Building.

Commissioner McGrady expressed that the Law Enforcement Center should be included with other capital needs early in the 2007 year. Mr. McGrady supports the near term plan.

Commissioner Young feels that a new Law Enforcement Center is needed.

Sheriff Eddie Watkins added that a new facility would be an incredible tool. Right now their tool wasn't working as well as it could. The Sheriff's Department currently occupies 7 buildings including: Detention

Center, Patrol Building, Administration Building, Investigations, Communications, Impound and Evidence, and the Courthouse. They run into difficulties serving the community.

Commissioner Messer appreciated the comprehensive approach and was in agreement that the correct action was taking place.

Chairman Moyer made the motion to approve the short-term plan, moving folks into the King Street building in accordance with the plan, and that the Law Enforcement Center be considered as part of the twelve year capital plans project to be finalized in January. All voted in favor and the motion carried.

Assistant County Manager Selena Coffey reminded the Board that the McCallister Building, Investigators Building, is expected to become month to month at the end of December.

Chairman Moyer made the motion to authorize Steve Wyatt and the Sheriff's Department to enter into negotiations with respect to extending the lease of the McCallister Building on King Street. All voted in favor and the motion carried.

Chairman Moyer suggested going into the 2006 Strategic Plan & Capital Projects Monthly Update with information in regards to the Historic Courthouse.

UPDATE ON PENDING ISSUES

2006 Strategic Plan & Capital Projects Monthly Update

Assistant County Manager Selena Coffey stated that attached to the agenda the Board would find the 2006 Strategic Plan Monthly update, as well as an update on current capital projects which will be an attachment to this set of minutes. Ms. Coffey provided a brief update on the Strategic Plan. Specific strategies addressed in this update included the following:

- Adoption of the Sedimentation & Erosion Control Ordinance with enforcement to begin in October, 2007.
- Board approval of RFP for consultation on the Adequate Public Facilities Ordinance.
- Board decisions regarding Facility Transition Planning, discussed at today's meeting.
- Award of bid for Etowah Library project to lower bidder at last meeting.
- Award of contracts with mental health providers for use of maintenance of efforts funds.

John Caren provided the following information in regards to the Historic Courthouse Rehabilitation and New Annex Addition:

SCHEDULE

- Asbestos Abatement – On November 7th, the testing firm discovered some additional asbestos floor tile and mastic underneath the jury boxes in the Courtroom. This asbestos is scheduled to be removed this week. The abatement of the asbestos in the roof is forecast to begin on December 4th and should take about two weeks to complete, weather permitting.
- Lead Paint Abatement – To date, approximately 98% of the lead paint has been removed and disposed of.
- Demolition – Selective demolition of some existing walls and for HVAC and Electrical penetrations is on-going.
- Schedule – The General Contractor has developed and distributed a Master Schedule for this project. A copy of the Schedule that applies to this timeframe was attached as a handout and will be included as an attachment to these minutes. The contractor is currently on-schedule.

QUALITY CONTROL

- When the foundations for the new annex were excavated last week, unsuitable soil below the grade excavated resulted in insufficient bearing capacity of the soil below the footing. The soil testing firm has recommended that an additional two or three feet of soil be removed and the area retested for bearing capacity.
- To eliminate cracks that exist in the walls in the courtroom above two doors, the Engineer is recommending that the wooden heater above the doors be replaced with steel lintels.

There were no outstanding issues.

Chairman Moyer suggested moving on to the Update on Pending Issues item 1; Land Development Code. He called Planning Director Anthony Starr to the podium.

Land Development Code

Anthony Starr informed the Board that the Planning Board had begun meeting weekly to try to finish with the code. The Board of Commissioners will need to start thinking about what type of process they want to consider in reviewing the Land Development Code. For example would they want a workshop or series of workshops and then also the timing of when to schedule a public hearing because of the nature of the change? Staff will need a six week notice as to when at least one of the hearings would be held in order to do the required advertising of four consecutive weeks in the newspaper.

Mental Health Update

County Manager Steve Wyatt is preparing a recommendation or report for the Board of Commissioners regarding the emergency services and the Parkway Behavioral who is providing those emergency services. Parkway Behavioral will be coming to the Board with a recommendation in regards to MOE funds for them. Mr. Wyatt has been working with Parkway Behavioral and will be referring a recommendation at the next scheduled Board of Commissioners meeting about utilization of the funds. The inquiries from citizens and providers are diminishing.

Chairman Moyer stated that one big open issue is still the 6th Avenue Clubhouse. The Board continues to wait for the appraisal so that they may move forward. They have had negotiations with Mountain Laurel to get that issue resolved.

Blue Ribbon Committee of Immigration

Chairman Moyer informed the Board that he felt the suggestion by Dick Baird for a committee was a good idea. The Board would authorize staff to come up with a charter, the purpose of the committee, identification of the scope and who the committee would be made up of. It should be broad based including people from the schools, health services, agriculture community, business, and the general public. They can look at what the possibilities are of the County and report back to the Commissioners what they feel is appropriate for the Board and what if anything the Board can do to help address this issue.

Commissioner McGrady made the motion to authorize staff to put together a charter and membership composition, and bring it back to the next board meeting. All voted in favor and the motion carried.

BREAK

Chairman Moyer called a 5 minute break, to change videotapes.

Reappraisal Report

Chairman Moyer called Tax Assessor Stan Duncan to the podium.

Mr. Duncan explained that there were two handouts provided to the board for review which will be included as an attachment to these minutes. He recommends in the document that the 2007 reappraisal be rescheduled to 2009 becoming effective January 1, 2009. This is a two year offset to the original plan. The primary purpose of reappraisal is to provide the most equitable distribution of the property tax burden to the citizens. This is with real property in particular with the reappraisal effort but also real and personal. Reappraisals are conducted in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Several years ago there were a lot of unethical appraisal behavior and the Federal Government stepped in and required that appraisers meet certain criteria. Even though the Assessor's Office is doing mass appraisal for Ad Valorem Tax purposes we fall under use path. We have to follow the same guidelines and so they must conform by recognizing their jurisdiction inclusion and that they must do certain things as required by statute germane to our state or to our locale but also that they build the models and everything that would be necessary to support the revaluation conclusion. You must be able to develop the appraisal and offer credible evidence as to its defense. Economic principles of "change", Highest and Best Use, Consistent Use, Anticipation, Substitution, and "any other factor that may affect" market value must be recognized. All Counties are required to appraise and assess all real property at 100% Market Value.

N.C.G.S. 105-286 establishes an octennial plan for all 100 NC Counties whereby, at a minimum, general reappraisals are set to occur every eight years. Counties may also choose to determine a four-year horizontal adjustment, advance a reappraisal to an earlier date, or reschedule to a later date within the eight-year statutory standard.

General reappraisals re-distribute the tax burden relative to changes in the market unique to each parcel since the last reappraisal and rely on extensive analysis of local real estates market activity. The two goals are 100% market value and uniformity; appraising the characteristics of each property due to location, type, and any other factor affecting its value in order to meet 100% market value.

Reappraisals are conducted utilizing computer software to analyze activity in the general real estate market to create appraisal schedules appropriate to every location and for every property type in Henderson County, and to apply Schedules of Values, Standards, and Rules against property characteristics in order to form "an opinion of value" or an appraised value.

NC Statues direct the Assessor "have general charge of the listing, appraisal, and assessment of all property" and that the Assessor develop "uniform, schedules of values, standards, and rules to be used in appraising real property at its value."

Therefore, as your County Assessor, I and I alone, am responsible for the reappraisal and any other appraisal or assessment of taxable property.

The Master Agreement for the North Carolina Property Tax System (NCPTS), was created and developed in response to a growing need of North Carolina Counties for reliable, uniform software system to administer the program all across the State.

Mr. Duncan stated the he alone was responsible for the recommendation in September 2003, to change tax software.

At this point we are awaiting final code development from specifications as originally determined and/or revised by Wake County and are hampered in our ability to complete the Schedules of Values, Standards & Rules for market value; lacking some of the essential tools necessary to ensure the best possible reappraisal for the equitable distribution of the tax burden amount Henderson County property owners. Mr. Duncan is compelled to recommend the 2007 reappraisal be rescheduled to 2009 as the most prudent course of action.

Rescheduling the 2007 general appraisal to become effective January 1, 2009 would cause a two-year reduction in NC DOR Valuation Certification to the County for the following:

5 largest Public Service Companies:

Duke Energy	\$32,934,492
Bellsouth	11,338,858
NC Public Service Gas	8,217,233
Progress Energy (CP&L)	2,119,904
Norfolk-Southern	<u>1,717,582</u>
Sub-Total	\$56,328,069

All other Companies (20)	1,673,651
Estimated Valuation Loss	\$58,001,720

Estimated County Revenue Loss \$ 327,710 (based on 2006-07 tax rate of \$.565/\$100)

To Municipalities:

Hendersonville	\$ 8,548,224
Mills River	3,837,916
Flat Rock	2,303,637
Fletcher	1,724,519
Laurel Park	807,439
Saluda	
Sub Total for 6 Municipalities:	<u>\$17,221,735</u>

Estimated Revenue Loss due to Reduction in NC DOR Valuation Certification to Municipalities for Public Service Companies:

Hendersonville	\$ 36,757.36
Mills River	2,878.44
Flat Rock	1,958.09
Fletcher	4,656.20
Laurel Park	2,704.92
Saluda	.00

Commissioner McGrady inquired to Mr. Duncan that if the Board requests that he go ahead with the 2007 appraisal, what the resource cost would be.

Stan Duncan responded that he would need at least 4 project employees to handle a lot of hard key data entry, possibly 5 or 6. Paying \$30,000 per employee with benefits taken into account the resource cost would sum up to about \$120,000 to \$150,000. When Mr. Lee King was still in the Assessor's Office and handling the present use value, even with his knowledge and experience it was taking him on the average between forty-five minutes to an hour to do each parcel. There are 1600 that need to be updated. Mr. Duncan would like to find a way to have access to Mr. King's expertise for a period of 3-4 months.

Chairman Moyer stated that it is extremely important that we stay on schedule and that we should do everything conceivably possible and beyond to be sure that this revaluation is not lost for 2007.

Discussion Followed.

Chairman Moyer made the motion to direct the Tax Assessor to come back to the Board with costs to stay on the 2007 schedule; detailed costs estimate of what the Assessor's Office needs, and other issues such as the appeals problem so that the Board has a complete assessment of what the Assessor believes it will take and problems that will be caused and the Board will take it back up at the December meeting and also direct the Tax Assessor to have someone from the software company attend the December meeting so they can discuss

the open issues, get their prognosis of what they are willing to do if the Board decides to go forward, and the support they will offer. All voted in favor and the motion carried.

STAFF REPORTS

County Attorney's Report

There was nothing further at this time.

County Manager's Report

Mediacom v. Sinclair Retransmission Consent Dispute, CSR-7058-C

County Manager Steve Wyatt stated that the dispute between Mediacom and Sinclair is out of the authority of the County Commission. Cable TV is deregulated. The Chairman has provided a draft of a letter that will go to the Federal Communication Commission that basically says that this Board is very concerned about the issue of loss of Channel 13, WLOS to the Henderson County residences. The Board urges the FCC to require Sinclair to grant Mediacom temporary consent to continue carrying this station so as to minimize the disruption that our consumers will otherwise incur.

Commissioner Young suggested adding that WLOS is the only North Carolina station available to Henderson County residents and the others are fed from South Carolina.

Chairman Moyer made the motion to send a letter similar to the one addressed with changes as stated by Commissioner Young to the Federal Communications Commission and get it out with overnight delivery. All voted in favor and the motion carried.

IMPORTANT DATES

The Proposed Schedule of 2007 Regular meeting dates was presented for the Boards review. No action was taken at this time.

Chairman Moyer made the motion to cancel the December 20, 2006 meeting. All voted in favor and the motion carried.

CANE CREEK WATER & SEWER DISTRICT – no business

CLOSED SESSION

Commissioner McGrady made the motion for the Board to go into closed session as allowed pursuant to NCGS 143-318.11 for the following reasons:

- 1. (a)(5)(i) To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange or lease.*

Attest:

Terry Wilson, Deputy Clerk to the Board

William L. Moyer, Chairman