

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners met in a Budget Workshop on Thursday, May 22, 2014 at 6:00 p.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, NC.

Members Present: Kenny Poteat, Chairman; Glenn Johnson, Vice-Chair; Phyllis Forbes; Reo Griffith; Martha Hicks

Members Absent: none

Call To Order

Chairman Poteat called the meeting to order at 6:02 p.m.

Glenn Johnson led prayer.

Chairman Poteat stated that there were a couple of things that we were concerned about from the last meeting. He said that he and the Finance Officer had met regarding the budget.

Chairman Poteat said that the grants for the fire departments were included in the Fire Commission budget. Chairman Poteat stated that according to Charlie Franklin, Fire Department Coordinator, the amounts of money listed at the bottom of the Fire Commission budget was absorbed into the actual budget and was part of the \$2,455,791.34 request.

Chairman Poteat reiterated that the majority of the Board had consented that we would attempt to forward \$100,000 to Frank Fire Department and the way it was chosen was that 3 out of 5 commissioners wanted this to come out of fire tax and that amount was 0.3 cents and that would make the fire tax go from 6.4 to 6.7 cents. Chairman Poteat said that if we stick with what we have done so far with the exception of the \$155,000 that they must cut we have honored 97% of their total request. With taking the \$60,000 and the \$20,000 away the total difference that they must cut would be \$75,290.00.

Phyllis Forbes stated that she had spoken with Charlie Franklin about the grants and the way it is done is that the Fire Commission must make a decision in March about what they are going to get. He said the ideal situation would be to skip a year and get back on schedule but you would be missing the grant money and getting behind a schedule of replacing equipment.

A copy of the grant monies and what equipment that the grants provided were handed out to the Commissioners.

Ms. Forbes said that she talked to Charlie about the building and that one of the major concerns is that he needs to be back in Newland especially if he assisted David Charles in anything. He is running back and forth. I think there is office space available that he could move back over here. I talked to him about the assistant emergency management director position. I also talked to Taiwan Ramsey, NC Emergency Management District Manager, and found out we can use the EMPG monies for salary. That amounts to \$23,000 that we get anyway every year. Maybe there is a way we can work that out. The truth of the matter it is in his job description but part of his job description is assisting David Charles when necessary. He said he would not be opposed to pretty much having dual assignments but he would need to be back up here. He particularly helps David Charles on computer issues.

Chairman Poteat said that the 0.3 cents increase in fire tax would be earmarked for Frank Fire Department to use on their building. Chairman Poteat said that the Board needed to know before the grant monies were spent. **Consensus by the Board to award the Fire Commission \$2,310,500.00 which includes \$100,000 for the Frank Fire Department building and in the ensuing years to pay off the indebtedness for Frank Fire Department building.**

Chairman Poteat did not recommend that \$50,000 be placed in the budget for a maintenance employee. Everyone agreed with that.

Chairman Poteat recommended that \$50,000 not be included in the budget for an assistant for the Emergency Management Director because there was someone to assist David Charles at this time. There have been times in the recent history that Charlie has had to fill in and done it very capably.

There was extensive discussion regarding this position and it was decided that this could not be finalized at this time but could be discussed at a later date. Glenn Johnson and Phyllis Forbes recommended that there be a dual role position with \$5000 increase in pay to do so to make that dual appointment.

Phyllis Forbes stated that the other alternative would be that we could make him a county employee as an assistant to David Charles and when David Charles retires the assistant position would go away and let the Fire Commission find someone else to put in that position.

Chairman Poteat stated at this point in his opinion the \$50,000 for assistant for emergency management would be taken out.

There was considerable discussion regarding capital monies for Economic Development Department. Chairman Poteat read over the list of capital items. Chairman Poteat stated that in his opinion he certainly did not see paving the parking lot at \$100,000.

Chairman Poteat questioned if the heating systems needed to be left in as all or one. Glenn Johnson said that there was one letter of intent for another business in the incubator and that is for the library space. There have been two more inquiries and there is a letter of intent from Mayland Community College for the back spaces but they are providing their own heating systems. Mr. Johnson said that we need to have at least 2 heating systems for what is currently going on but he would like to leave all 5 units at \$20,000. Ms. Forbes agreed with leaving the 5 heating units in.

Martha Hicks stated that she disagreed with Mayland Community College going into the back part because we need to get the main part filled before we have anyone go into the back part. Ms. Hicks stated that she did not want to put any heating units in the budget.

Reo Griffith stated that he could make it short and sweet or short and bitter \$138,774 dollars taken out of the budget.

Chairman Poteat stated that in fairness to this possible new tenant we need to make sure these people are aware that this may go away in a few short months and I have been assured with this possible business that they have been made aware of this. Chairman Poteat stated that he was not in favor of the full \$20,000 but he would advocate \$8,000 to be left in the budget. This is purely because of the tenant with the letter of intent to treat them like we treated the others.

Reo Griffith said that we needed to finish this budget and if there is an agreement that this money is not going to be thrown in for the purpose of being thrown in of course I would rather \$8,000 be in there instead of \$20,000. Reo said he did not change his position but \$8,000 was better than \$20,000.

Chairman Poteat stated it was budgeted for \$20,000 and if there is a gridlock then it would stay as printed in the budget. Reo Griffith said he would stick with his position of putting nothing in the budget for the heating systems or any of the capital items. Chairman Poteat stated that Mr. Greene would research the \$20,000 but his opinion was that the \$20,000 would remain.

Chairman Poteat, Phyllis Forbes and Glenn Johnson agreed for \$1600 to be left in for insulation. They also agreed to take out \$3700, \$8474, \$5000.

Martha Hicks said she would be for taking everything out of the budget at \$138,774.00.

The total taken out of the budget for the Economic Development capital items is \$117,174.00. At this point we are down to \$971,155 deficit with ad valorem at revenue neutral and fire tax with an increase of 0.3 cents, stated Chairman Poteat.

There was discussion about the unreserved fund balance. If \$1,000,000 was taken out of the unreserved fund balance the percentage would be 15.4%. Chairman Poteat said that we are required or suggested by the state to have a fund balance of 8%. Chairman Poteat stated that in his opinion the approximately \$971,000 could be taken out of the fund balance and still have a healthy fund balance.

Tim Greene gave an example of a 3% cut to the Administration budget. A 3% cut would cut out the cell phone, email and all operating budget and this would still not come up to a 3% cut without going into the salaries. Glenn Johnson stated that the general public says that you can cut out but nobody can tell you what to cut because they have never sat in these seats. Reo Griffith stated that he had cut and cut and cut and still came up with a deficit of \$903,000.

Chairman Poteat stated that it was already decided by a 3 to 2 vote to increase the fire tax above revenue neutral by 0.3 cents (Chairman Poteat and Reo Griffith voted against this).

Chairman Poteat stated that at this point his opinion would be to leave ad valorem taxes at revenue neutral with no increase above that. The fire tax would be 0.3 cents above the revenue neutral rate. We can take \$971,155 out of the general fund balance.

Martha Hicks stated she would agree with the above scenario.

Chairman Poteat questioned Mr. Griffith if he could agree with the above scenario. Mr. Griffith stated "I am settled with that. What is Phyllis and Glenn's proposals?"

Ms. Forbes stated that she would like not to completely raise the tax up to revenue neutral but to come to some happy medium where we take a little more out of fund balance and not put any more burden on the taxpayers.

Glenn Johnson stated "I have straight from the tax office figures relating to the revaluation for all 8 of us, 5 commissioners and the 3 in the audience. I will predicate this by saying if anyone has told any local person that they will not raise their taxes you have probably told them an untruth. Just to get to revenue neutral every one of us except for one will pay more taxes. If we go to revenue neutral every single one will pay more taxes than we paid last year at revenue neutral. There has not been a consensus yet to go with revenue neutral."

Chairman Poteat stated that was true that we would need to adopt that in a few minutes.

Mr. Johnson stated "8 people sitting in this room 2 from Curtis Creek, 2 from Newland, 3 from Crossnore area. We are fairly representative of the people in Avery County. Socioeconomically we are all fairly equal. Out of 8 all dropped in valuation. That drop went from a low of 3.43% to a high of 24.57% amongst the 8. The average in Avery County is 22%. The average drop amongst us is 15%. We know that if we drop 15% and the average is 22% then someone's dropped a lot more than 22. I am going to reiterate this one more time and I have tried to tell people this at other meetings the average local person is going to be paying more in taxes and the gated community may be paying less. Here is where we are at. One Commissioners taxes will be \$5.80 more at revenue neutral, one will be \$42.20 more than last year at revenue neutral, one will be \$116.00 more than last year, one will be \$6.99 less than last year, another will pay \$127.00 more than last year, another one \$39 dollars, another one \$36.00 and another one \$120.00 more than last year. The 8 of us will pay \$477.44 more money than last year. We have a real dilemma here. Let us say you are a Christmas tree grower with a \$300,000 home I don't know how much more your taxes are going to be but it is going to be rather sizeable at revenue neutral. Are we prepared to tell the people, have we told people that we will not raise their taxes? Effectively, if we go revenue neutral we are not raising taxes but try to tell people that. If we choose to go below revenue neutral and we take some out of fund balance then the gated communities are going to pay less. I got beat up in the election, a lot of things were said. Here is the truth, two of us in here \$120 and \$127 more than last year, \$116 dollars; the rest are minimal. Do we want to ease this burden on our local people and go below revenue neutral or not?"

Phyllis Forbes said she didn't have a figure but she wanted to hear from someone else on using more of fund balance and going lower on the revenue neutral. Chairman Poteat stated if we go revenue neutral and fell exactly on the average of 22% your taxes will be basically the same. We have to impress on people this.

Chairman Poteat stated if we lowered revenue neutral 0.3 cents after we raised the 0.3 cents fire tax this would put us back to truly revenue neutral. There was discussion about taking the \$100,000 for Frank Fire Department out of Capital Reserve and to drop the revenue neutral tax rate down by 3 cents. There would be no 0.3 cents tax increase for the fire tax if it came from capital reserve. If 3 cents were taken away from the revenue neutral, the general fund would be down to 11.4%.

Chairman Poteat stated that his goal was revenue neutral and the remainder out of fund balance. He said that his advocacy is that ad valorem be decreased to 45.4 cents and the fire tax to be 6.7 which would put us at revenue neutral at 52.1 cents.

Glenn Johnson stated "Put me on record that I am not going for revenue neutral because local people's taxes are going to increase. I go on record stating that revenue neutral will increase most local people's taxes."

Ms. Forbes stated that she agreed and that wages have not gone up and I hate to put more tax burden on people.

Reo Griffith stated "Let's vote up or down."

Chairman Poteat stated he would like to get at least a majority consensus. Yes this could affect locals adversely and we can't change that. Do we have enough money in fund balance to go back to 40.5 cents? Tim Greene said it would wipe the general fund pretty much out if we did that.

Reo Griffith stated “Let’s vote this up or down. We are rehashing the past election and if you all read on Facebook you read that Reo handcuffed people and beat them while they were handcuffed and we can’t fuss about that stuff. Politics is what it is.”

Chairman Poteat said the majority of the Board has voted to increase fire tax by 0.3 cents. There was no motion to rescind that so that stands. My advocacy is that revenue neutral not be increased by 0.3 cents but remain at true revenue neutral at 52.1 cents. I entertain a motion that we balance the budget by utilizing those cuts to get us to \$971,000 and that money plus \$100,000 be taken from General Fund Balance which would be \$1,071,000 and we do this by recognizing revenue neutral tax rate at 52.1 cents. Is there a motion to accept? Tim Greene said it would be 6.7 cents fire and 45.4 ad valorem for a total of 52.1 cents. We are still recognizing the 0.3 cents increase in fire tax but reducing ad valorem by 0.3 cents. Is there a motion to do so?

Reo Griffith questioned “Is that your suggestion?” Chairman Poteat said that is my suggestion. Reo Griffith stated “Let’s rock and roll.” Chairman Poteat questioned “Did you make that motion Reo?” Reo Griffith stated “I said Let’s rock and roll. Is it a consensus vote?” Chairman Poteat questioned if there was a second consenting vote.

Chairman Poteat explained again that currently the fire tax revenue neutral would be 6.4 cents and three of you are advocating to go to 6.7 cents and that has not changed. Now so what that means thus far the \$100,000 is there for Frank Fire Department and will recur for every year. My advocacy is not to make an overall increase but to reduce ad valorem by 0.3 cents to make a true revenue neutral. We are still at revenue neutral but we will have to take \$100,000 more out of fund balance to offset the \$100,000 we have given to the fire departments.

Martha Hicks stated that she could go with this.

Chairman Poteat asked Ms. Forbes. She said she could not go with that. Glenn Johnson said he could not go with that.

Chairman Poteat stated it carries 3 to 2.

Ms. Forbes stated “For the record, I would like to go a little more below revenue neutral and take a little more out of fund balance”. Glenn Johnson said “Ditto”.

Glenn Johnson stated that the budget is balanced with the \$20,000 for the heaters for the incubator. Chairman Poteat stated that there is an excellent chance that it would not be spent at all or only partially.

Glenn Johnson questioned “This Board here tonight has agreed 3 to 2 to a balanced budget including the \$20,000 for heaters?” Chairman Poteat stated that was his understanding.

Motion by Phyllis Forbes and second by Reo Griffith to adjourn this meeting at 8:39 p.m. Motion unanimously approved.

Kenny Poteat, Chairman

Avery County Board of Commissioners

ATTEST: _____

Cindy Turbyfill, Clerk