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Posted By: Evelyn Baker
Witnessed By: _____

**MINUTES OF A
WORK SESSION
OF THE JACKSON COUNTY
BOARD OF COMMISSIONERS
HELD ON
JANUARY 28, 2011**

The Jackson County Board of Commissioners met in a Work Session on January 28, 2011, 1:00 pm, Justice & Administration Building, 401 Grindstaff Cove Road, Room A227, Sylva, North Carolina.

Present: Jack Debnam, Chairman
Doug Cody, Vice Chair
Charles Elders, Commissioner
Mark Jones, Commissioner
Joe Cowan, Commissioner

Chuck Wooten, Interim County Manager
Evelyn B. Baker, Clerk to Board

Chairman Debnam called the work session to order.

(1) HEALTH DEPT: Paula Carden, Director, stated the health department's mission is "everywhere, everyday, everybody". Some of the services provided are: community health assessment, clinical services, laboratory, Women Infants Children (WIC) program, nutrition counseling services, dental program, health promotion, maternity case management, child services coordination, and school nurse, animal control, environmental health which includes well and on-site sewage program and food/lodging inspections.

Top health concerns are: (a) adult and childhood obesity, (b) alcohol/drug dependency, aging (in 2009, 15% of the county population was over age 65), (c) cancer, (d) mental health; (e) teen pregnancy rates (ages 15-19, increased to 42.6 per 1,000 females in 2009, up from 38.9 in 2008); (f) major spike in suicide rates (57.4% increase from 1999-2008); (g) new prostate cancer cases (35.4% increase from 2001 to 2006).

Emerging issues that need close monitoring are: misuse of prescription drugs, lack of positive teen activities, need to provide supportive services for those who care for the elderly, loss of insurance and/or income which significantly increases the demand for county services.

Ms. Carden stated she does not anticipate significant state budget cuts.

(2) GREEN ENERGY PARK: Timm Muth, Project Manager, stated the goal of the park was to utilize landfill gas as an energy resource because methane gas is very damaging to the atmosphere. There are 9 gas wells at the landfill with an average gas flow of 40 cu/ft per min. Current operations include glassblowing facilities, blacksmith forges and metal foundry, and 7,500 ft. of greenhouses space – all fueled with landfill gas and rented to local business people. In order to reduce greenhouse energy costs, he has acquired approximately eighty 50-gallon drums which will be placed in the greenhouses, filled with water to absorb solar energy and at night that heat will be released into the

greenhouses. WCU pays for use of a studio for glass blowing classes. A \$20,000 grant through Resourceful Communities was recently received for a pottery kiln and marketing program development. A final decision on a \$200,000 Rural Center grant for construction of additional space to support potters should be made in late February.

Mr. Wooten presented a summary of the park. In 2004 the county anticipated spending \$1 million to deal with gas issues related to closing the landfill and rather than just burn the gas an alternate use was developed. The project was patterned after a similar project in Mitchell and Yancey Counties. Since FY 06-07, the county has committed over \$1.2 million toward the park. On average, the county provides about \$200,000 per year for operation of the park. The grounds department has confirmed that it realizing savings of approximately \$39,000 by utilizing the greenhouses to raise annual and propagating shrubs and trees use on county properties. He recommended the continuing freeze on the vacant support position and work with the director to identify volunteers to staff the office, actively pursue grants, re-activate the advisory committee to guide park operations, review and update all operating procedures and policies, develop a comprehensive marketing plan, seek additional tenants, develop a financial plan to reduce the annual general fund support with a goal of self sufficiency within five years. He also recommended that effective 7/1/11 the general fund support be reduced by 20% per year for the next five years. The project manager should provide written quarterly updates to the Commissioners plus provide an annual report from the advisory committee reviewing the overall operations of the park.

Chairman Debnam recommended that better signage be erected advertising the park.

(3) TRANSIT DEPT: Chuck Norris, Director, stated current services include general public transportation, human services (medical), work first program, disability determination, elderly and disabled, and WCU off campus housing shuttle. A breakdown of FY09-10 trips is as follows: WCU 11,581 (100% funded by WCU); Jackson Trolley (deviated fixed route) 6,157; general public 4,226; day care/headstart 1,893; human services 8,119; and non-subsidized 121. Transit vehicles may also be utilized during natural disasters. Revenues consist of grant funds, fares, various agencies and WCU for off campus housing shuttle service:

- (a) Community Transportation Program Grant (CTP) – \$271,835 recurring grant
 - Administration -- \$188,535 (85% state/federal, 15% county)
 - Capital -----\$ 83,300 (90% state/federal, 10% county)
- (b) Rural Operation Assistance Program Grant (ROAP) - \$160,549 recurring grant
 - Elderly & Disabled, rural general public and employment funds
- (c) 5310 Grant – Elderly & Disabled Grant - \$75,704 2-year operating period
 - Operating ----- \$ 45,704 (2-yr.period) (50% federal, 50% county)
 - Capital ----- \$ 47,432 (90% state/federal, 10% county)
- (d) American Recovery & Reinvestment Act (ARRA) – one time grant of \$130,725
 - (a portion will be used for installation of a security fence)
- (e) Drivers: 5 full-time and 6 part-time
- (f) 14 Vehicles (mini-vans, lift equipment vans/buses, passenger vans, non-lift buses)
- (g) FY2009-10: 32,097 trips (250 days of service)

(4) REVOLVING LOAN PROGRAM: Darlene Fox, Finance Director, gave a history of the revolving loan fund. The original Community Block Grant #82-C-6229 was a joint grant between the Town of Bryson City and Jackson County and was received on 12/1/82 in the amount of \$750,000. A loan was made to Tuckaseige Mills in the amount of \$738,500 and the county received 50% of the payback in the amount of \$553,973. A second grant (#84-C-6877) was received on 2/5/85 in the amount of \$291,000. A loan was made to Corp Styles, Inc. in the amount of \$285,000. Principal from both grants totaled \$654,750.00 which was used to create the Jackson County Revolving Loan Fund. The county has never put any funds into the program. The following loans have been made from the revolving loan program:

<u>Hensley-Dean</u>	
08/16/93	Loan \$ 25,000.00
11/17/95	Loan assumed by Arthur Stephens @ 6% interest = \$ 28,090.00
04/10/01	Balance of \$ 33,957.48 (\$28,090 principal, \$5,867.48 interest) was reduced by Board of Commissioners to \$15,000 \$ 15,000.00
06/15/01	Loan balance paid off -0-

<u>QC Apparel, Inc.</u>	
05/26/95	Loan at 9% interest \$ 60,000.00
01/26/96	Loan reduced to 8.25% interest
09/16/96	Loan assumed by Heritage Industries, 8.25% int. \$ 60,000.00
06/1/98	Loan reassumed by QC Apparel, 4% interest (Balance of \$52,751.44 + add'l \$20,000 prin., \$321.93 int.) \$ 73,073.64
12/20/99	Loan renegotiated at 4% interest \$ 67,116.49
07/1/01	Loan renegotiated at 6% interest \$ 58,928.08
10/25/02	Additional loan and terms at 7% interest \$300,000.00
08/17/06	Rate adj. to 3.5% - new loan amount of \$358,355.86
01/28/11	Balance due \$411,565.29

<u>Clearwood, LLC</u>	
12/10/97	Loan at 4% interest \$225,000.00
01/28/11	Balance due \$ 77,031.52

<u>Southern Lumber</u>	
06/14/99	Loan at 4% interest \$218,000.00
07/9/08	Loan paid in full -0-

<u>Country Collections</u>	
05/1/01	Loan at 6% interest \$ 14,000.00
05/15/06	Balance of \$12,157.22 written off by Board of Commissioners

<u>CMG, LLC/Fraternal Composite Specialties</u>	
08/13/02	Loan at 5.75% \$200,000.00
03/19/03	Add'l loan (name changed to FraternalComposite Specialties) \$325,000.00
01/28/11	Balance due (payments are current) \$119,312.01

<u>Metrostat Communications</u>	
11/15/04	Loan at 5% int. adj. to prime on 6/30 & 12/31 \$250,000.00 2-year interest only, deferred principal, 5-yr. prin. & int., balloon payment at year 7
01/28/11	Balance due (last payment made on 12/16/10) \$251,882.53

Smoky Mountain Biofuels, Inc.	
08/17/06 Loan at 5% interest	\$148,000.00
01/28/11 Balance due	\$152,707.50

To date, revolving loans in the amount of \$1,505,000 have been made from the proceeds and income generated from original grants. The total outstanding loan balance is \$1,012,498.50 but the county has not aggressively pursued collection of the delinquent loans. The current cash balance of the revolving loan fund is \$780,707.20.

The minimum revolving loan amount is \$25,000 with a maximum of \$500,000. The maximum term for buildings and land is 18 years, but the maximum term for equipment is 10 years. The borrower must create and maintain at least three full-time jobs during the term of the loan with 51% of the jobs coming from low to moderate income status. Loans cannot be used for refinancing purposes. An application package must be completed and submitted to the Revolving Loan Committee for review. No loan can be made unless the Board determines the project and owner are acceptable risks.

(5) FINANCE REPORT: Darlene Fox, Director, explained sales tax revenues: Article 39: 1% with no restrictions; Article 40: 1/2% with a 30% restriction for school capital, however, the county allocates 40%; Article 42: 1/2% with a 60% restriction for school capital. The restrictions expire in June 2011. It was suggested that a year-to-date sales tax, growth revenue, ad valorem tax and vehicle tax comparisons be added to the monthly finance report, gross sales be listed in addition to the sales tax revenue, and adding, at least quarterly, financial information to the county's web site.

The mandatory fund balance is 8% of the current budget. The fund balance can be used for general fund purposes.

(6) TAX COLLECTION: Mr. Wooten presented a report on tax values and collections. Uncollected taxes for real property as of 6/30/10 is \$1,597,124 and vehicles is \$110,550.

	Ad Valorem Taxes	Tax Rate	Total Tax Bills	Actual/budgeted Revenues	Collection Rate
FY09-10 Actual	\$10,940,682,143	0.28	\$ 30,633,910	\$ 30,633,910	
Uncollected as of 6/30/10				1,597,124	
FY09-10 net tax collections				29,036,786	94.79%
FY10-11 Budget	11,115,622,410	0.28	31,123,743	29,695,163	95.41%
FY10-11 Increases	174,940,267		489,833	658,377	0.62%
	1.60%		1.60%	2.27%	
	Vehicle Value	Tax Rate	Assessed Value	Projected Revenue Ad Valorem	Collection Rate
FY09-10 Actual	\$ 266,156,071	0.28	\$ 745,237	\$ 745,237	
Uncollected as of 6/30/10				110,550	
FY09-10 net tax collection				634,687	85.17%
FY10-11 Budget	282,161,935	0.28	790,053	687,267	86.99%
FY10-11 Increases	16,005,864		44,816	52,580	1.82%
	6.01%		6.0%	8.28%	

SUMMARY					
FY09-10 Total	\$ 11,206,838.214		\$ 31,379,147	\$ 29,671,473	94.56%
FY10-11 Budget	11,397,784,345		31,913,796	30,382,430	95.20%
Overall increases for FY10-11	\$ 190,946,131		\$ 534,649	\$ 710,957	

Tax Values and Tax Collections					
	Assessed Value	Tax Rate	Total Taxes	Actual Taxes	
FY10-11 Budget	\$ 11,397,784,345	0.28	\$ 31,913,796	\$ 30,382,430	95.20%
FY10-11 Actual	11,269,839,834	0.28	31,555,552	30,046,426	95.22%
			\$ 31,555,552	\$ 29,838,930	94.56%
FY10-11 Actual more (less)	\$ (127,944,511)		\$ (358,244)	\$ (336,004)	95.22% Shortfall
				\$ (543,500)	94.56% Shortfall

He will prepare a proposal to slow down spending such as a travel moratorium, hiring freeze and ascertain what can be done to get the budget back in balance between now and the end of the fiscal year. Otherwise, the county could potentially end up with a deficit and have to use some of the fund balance. The tax collection rate must be increased.

Beverly Buchanan, Tax Collector, presented a list of 2010 tax codes, rates and the release codes. The tax collection rate in January 2011 is 88.13% compared to 88.40% in January 2010. Second tax notices will be mailed in February. As of June 30, 2010, back taxes in the amount of \$3,456,000 were outstanding for the period of 1993-2009. Efforts are being made to locate bank accounts and she is working with the Employment Security Commission to identify employers of delinquent taxpayers. Her office has been unable to locate 46 property owners who owe a combined total of over \$119,000 and 28 "heir listings" owing a combined total of over \$79,000. The balance of the outstanding \$3.4 million is property owners who have just not paid their taxes.

Proposed steps and a timeline for foreclosure procedures will be drafted. It was recommended that an outside attorney handle foreclosures because costs cannot be added if suit is instituted by the county attorney.

The county attorney will be requested to ascertain if the county can require payment of taxes before a deed can be recorded.

(7) GREENWAYS: Jeff Carpenter, Recreation Director, stated the scope of the Tuckasegee River Greenway is the protection of a 3.8 mile corridor along the Tuckasegee River. This will be the first greenway of more than one mile built in the county and will be a strong statement of the county's commitment to preserve the scenic, rural and natural beauty, creating economic development opportunities in a sustainable manner that will enhance the quality of life and educational benefits for citizens and visitors. He presented a map depicting the greenway path. The state recommends that a third party be used for property acquisitions.

The project includes the acquisition and protection of a minimum 100' buffer along one bank and construction of a multi-use trail along the entire length, with pocket parks, trailheads, fishing and boating access area and educational components. The total cost of the project is \$738,380. The Clean Water Management Trust Fund allocated \$437,000 and matching funds are \$301,380 of which only \$57,285 is in cash.

It will be necessary to acquire a right-of-way along the path of TWSA's 16' sewer line. Mr. Carpenter suggested that in the future all sewer and water line paths include greenway rights-of-way.

There being no further comments, Commissioner Jones moved to adjourn the work session. Commissioner Elders seconded the Motion. Motion carried and the meeting adjourned at 5:00 p.m.

Attested By:

Approved:

Evelyn B. Baker, Clerk to Board

W. J. Debnam, Chairman