

CLEVELAND COUNTY BOARD OF COMMISSIONERS

February 24, 2011 Worksession

The Cleveland County Board of Commissioners reconvened their regular meeting of February 15, 2011 on this date, at the hour of 4:00 p.m., in the R.L. Alexander Conference Room of the Cleveland County Administrative Offices.

PRESENT: Johnny Hutchins, Chairman
Ronald J. Hawkins, Vice-Chairman
Mary S. Accor, Commissioner
Jason Falls, Commissioner
Eddie Holbrook, Commissioner
David C. Dear, County Manager
Robert Yelton, County Attorney
Kerri Melton, County Clerk
Eddie Bailes, Assistant County Manager
Dewey Cook, Emergency Management Director
Bill McCarter, Planning Director
Chris Crepps, Finance Director
Kings Mountain Herald
Other individual names on file in the Clerk's Office

CALL TO ORDER

Chairman Hutchins called the meeting to order.

AGENDA ADOPTION

ACTION: Mary Accor made the motion, seconded by Ronnie Hawkins, and unanimously adopted by the Board, to *adopt the agenda as presented by the County Clerk with the following addition:*

GOVERNOR PERDUE'S BUDGET IMPACTS ON COUNTIES

CLEVELAND COUNTY HEALTHCARE SYSTEM UPDATE

Cleveland County Healthcare System (CCHS) President Brian Gwyn, presented Commissioners with information regarding the current state of the Cleveland County Healthcare System and plans for the future. A goal of CCHS is to keep every patient in Cleveland County by providing the services that they need here.

Mr. Gwyn began by discussing the economic impact of the CCHS on Cleveland County. The total direct and indirect impact is \$2,888,032,312. Approximately 2,343 jobs are directly and indirectly attributable to CCHS.

CCHS total Direct Community Benefit & Bad Debt totals approximately \$45 Million. This amount includes but is not limited to; Charity Care Costs, Bad Debt Costs and Cash & In-kind donations.

Over the last several years, CCHS has evolved from two stand alone hospitals into a local integrated healthcare system and from a locally managed system to a partnership with the Carolinas HealthCare System. CCHS has become an integral part of a regional system of care. Being part of a

larger system has not only tangible value (\$15,968,400) but intangible value including; reputation, access to specialists, leadership in technology and leadership in quality.

Mr. Gwyn presented a synopsis of the CCHS Five Year Strategic Plan which included; recapturing and growing market share through strategic initiatives and expansion of service locations. He talked about the 7 pillars of commitment.

Mr. Gwyn closed by summarizing as follows:

- We are proud to be one of the economic engines for Cleveland County.
- We live our mission by giving back to the community about 10% of our bottom line.
- We have plans in place to grow our services in spite of these tough economic times in healthcare.
- We are proud to be a part of the Carolinas HealthCare System.
- We ask for your continued support during the uncertainty of Health Care Reform and when future collaboration opportunities arise.

Commissioners asked several questions of Mr. Gwyn including the need for beds in Cleveland County. The hospital houses 241 beds. Currently, they average approximately 120 patients per day. “There is not a need for acute care beds, however, there is a need for more skilled beds.” Mr. Gwyn explained, in general, the “hospital business” is becoming more outpatient.

As a board member of CCHS, Commissioner Accor said, “I cannot say anything but good things about our system. Our citizens are in good hands. The system is under good leadership.”

CLEVELAND COUNTY COMPREHENSIVE TRANSPORTATION PLAN

At their February 1, 2011 meeting, David Keilson with the NCDOT, presented Commissioners with the proposed Cleveland County Comprehensive Transportation (CTP) Plan (*Note: see minutes from February 1, 2011 meeting*). At the time of the meeting, all municipalities in Cleveland County had not approved the proposed plan. Commissioners asked Mr. Keilson to come back during the work session with information regarding comments from the municipalities and an updated list of those who have adopted the plan.

He again, gave a brief overview of the plan. Some of the projects included were:

- Widening of I85
- Shelby Bypass
- Widening of Dixon Boulevard to six lanes
- NC 18 to four lanes
- Parts of NC 150 to four lanes
- NC 150/18 to bypass Fallston and Waco

Mr. Keilson again explained, every ten years, a new CTP is completed. This plan is the first step for major transportation improvements. It does not give final design plans, rank priority on projects or address funding, however it is a necessary step in the process. It is a very long range plan.

As of February 24, 2011, all municipalities with the exception of Mooresboro have adopted the plan. Mooresboro is scheduled to adopt the plan at their March 17, 2011 meeting. After all

municipalities and Cleveland County Commissioners have adopted the plan, it will go before the NCDOT Board for final approval and adoption.

Chairman Hutchins reiterated the fact that this plan is only a “wish list”. Commissioners Falls asked about ranking of projects. David Keilson explained that ranking takes place later in the process through the RPO but explained that the process is currently being revamped to make it more objective. Commissioner Falls said he does not like other counties ranking “our projects”.

Chairman Hutchins noted, “Cleveland County needs stronger participation in the Lake Norman Rural Planning Organization (RPO) from the municipalities.”

Since there was no action to be taken during the work session, Commissioners will look at adoption of the plan at their March 15th regular meeting.

CHILD HOMELESSNESS IN CLEVELAND COUNTY

Bill McCullough, Director of Student Services, spoke with Commissioners regarding child homelessness in Cleveland County. He began by giving Commissioners a quiz about “homeless” children. He explained every community has homeless children. Cleveland County ranks higher in the number of “homeless” children due to the fact that Cleveland County does a good job recognizing, acknowledging and providing them with services. Under the McKinney Vento act, any child without a fixed, regular, and adequate nighttime residence is considered “homeless”. This includes children who are living with friends, staying in a motel or shelter, substandard housing, etc. Many of the homeless children in Cleveland County are children whose families are doubling up with friends or relatives due to financial hardship.

The primary benefit of the McKinney-Vento act is to allow the children identified as homeless the right to remain in the same school even if they move. The school district is legally obligated to provide transportation to homeless students. Mr. McCullough expressed that this is a challenge for the school district. They must be very creative in providing transportation options including; the distribution of gas cards to parents, changing of bus routes or public transportation such as TACC (which is the last and most expensive option).

Through the McKinney Vento Act, Cleveland County Schools receives \$60,000 per year over a three year period for a grant to provide services for these children.

Mr. McCullough spoke, “We are in the business of helping our students graduate. We need to acknowledge barriers and meet the needs of these children. You can be proud of what Cleveland County as a whole is doing.”

He mentioned several ways for the community to help including donations of school supplies or funds, mentoring or becoming a lunch buddy.

Commissioners then discussed making sure no child in Cleveland County goes hungry. Mr. McCullough explained that there is a food program in the summer and many school social workers get help from local churches to ensure that children have food on the weekends.

NEW KINGS MOUNTAIN FIRE DISTRICT DISCUSSION

Recently, the Department of Insurance began auditing areas throughout the State of North Carolina and re-vamped their rating system. Prior to this, residents along Highway 161 south of Kings Mountain were being rated under the City of Kings Mountain Fire District which has a Class 4 rating. This was incorrect, not only because they were not being served by the Kings Mountain Fire District, but because of the distance to a fire station. Their ratings were changed to Class 10. There are several areas within Cleveland County considered Class 10 areas when it comes to ratings by the Department of Insurance. Class ratings determine the cost of homeowners insurance. The change in Class rating for the Kings Mountain property owners in this area from a Class 4 to a Class 10 caused homeowners insurance, for some properties, to double. These Class 10 areas are sometimes known as “unprotected” areas because they are outside of a fire departments six mile district. They get the same fire response as all others in the county but they do not get reduced insurance premiums due to their distance from a fire station. Perry Davis, Deputy Fire Marshall showed Commissioners a map of the “unprotected areas”.

Several residents in the area along Highway 161 south of Kings Mountain have asked to become part of the City of Kings Mountain Fire District. Currently, the Bethlehem Volunteer Fire Department is the first responder to this area. Should the Commissioners approve the request of the residents, the City of Kings Mountain Fire Department would be the first responders which would reduce the property owners insurance rating. However, the reduction would only be to a Class 9, again, due to the distance to the fire station.

There are approximately 40-50 dwellings located in the area being discussed valuing approximately \$35 Million. Bethlehem VFD Chief John McDaniel and City of Kings Mountain Fire Chief Don Byrnes were in attendance to answer any questions that Commissioners may have. Chairman Hutchins asked Chief McDaniel if the Bethlehem VFD would be willing to give up the area. Chief McDaniel replied, “There is approximately \$10,000 in revenue in fire district tax generated from this area, however, Bethlehem VFD does not receive all of it. We do not like giving up any area because we HAVE to give up area when annexation occurs. However, as a department, we would be happy with whatever is better for the people. If it saves the people money then we are fine with it.

Commissioners voiced concern with increasing the fire tax rate in this area should the City of Kings Mountain become first responders. The current fire tax rate is \$.03. The City of Kings Mountain fire tax rate is \$.05. Don Byrnes spoke on behalf of Kings Mountain Fire Department. The Kings

Mountain Fire Department has looked at it and it is 6.1 miles from the fire station to the state line. In talking with the Department of Insurance, the city could cover this area with their existing equipment, however, the City may need to purchase an additional tanker (\$200,000) to make sure the city has enough equipment to cover the additional area should there be an incident inside the city limits at the same time. He mentioned the city may also have to put on 4-5 additional volunteers to cover the area. Chief Byrnes stated, "The City would like to be able to negotiate the \$.03 fire district rate." and "We will do whatever is best for the community. There is no real benefit to us."

Chairman Hutchins suggested that the County Manager meet with the City of Kings Mountain Manager and Fire Chief to discuss the situation further and to determine the thoughts of City Council regarding the tax rate before a decision is made.

CLEVELAND COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP (CCEDP) UPDATE

Kristin Fletcher, VP of Economic Development began by thanking Commissioners for their support "monetarily and with manpower." The first slide of Ms. Fletcher's PowerPoint read, "WE BELIEVE that collaborative efforts between all partners will net the best results for Cleveland County, and we continuously strive to improve and build solid relationships with our partners." "The collaboration is really paying off with our clients," said Ms. Fletcher. Clients see the collaboration between county and city officials, CCEDP, Duke Energy, Cleveland Community College, Gardner-Webb University, the Charlotte Regional Partnership and local legislators. She listed many accomplishments, but feels as though the biggest accomplishments have been due to a strong relationship with the Department of Commerce (DOC). The DOC is educated on what Cleveland County has to offer to prospective clients and understands the uniqueness of Cleveland County to assist clients AFTER recruitment.

CCDEP has launched a new website and has begun using social media as a way of marketing. They have created new prospect packets, purchased state of the art GIS/Mapping Technology, coordinated E-blasts to site consultants, responded to over 80 project inquiries and improved electronic Request for Proposals (RFP) submissions. Ms. Fletcher explained, timelines for RFP submission have decreased substantially, what used to be a two-week timeframe for RFP submission is now two days.

In 2010, Cleveland County announced projects totaling approximately \$420 Million in capital investment and 388 jobs. All of these companies are close to meeting their benchmarks.

Ms. Fletcher gave a brief overview of the "hottest" projects that she and her team are currently working on. Due to the fact that these companies have not been announced, she listed them as Projects A-G. If all of these companies were to locate in Cleveland County, they would create an additional

approximately \$2 Billion in capital investment and create 562 jobs. Public hearings to look at incentives for two of these projects will be held on March 1, 2011.

“Financial incentives are here to stay”, said Ms. Fletcher. “We are really good at getting to be finalists on these projects, our problem is getting the state to give incentives. That is where we fall short. The majority of projects lost came down to incentives. When it comes to local incentives, we are doing everything right.” She explained many prospects are looking for sites rather than buildings. Cleveland County is fortunate because they have many rail spur sites.

Approximately 40% of leads come from the Charlotte Regional Partnership with 60% of those being manufacturing businesses. CCEDP is seeing much larger acreage requests and they are working on several promising international projects.

CCEDP has been chosen to be part of the 21st Century Community Strategic Planning program through the North Carolina Department of Commerce (NCDOC). The NCDOC believes that effective implementation of this program will achieve long-term, positive outcomes that support increased economic development competitiveness at both the state and local levels.

Ms. Fletcher gave several examples of ways some other states are giving incentives some of which are not even legal in North Carolina. County Manager David Dear said, “To get ahead, we need to be more creative.” He noted that our local legislators work hard for us when we need things from the General Assembly.

Ken Mooney, Manager of Existing Industry is charged with taking care of existing industry in Cleveland County. Mr. Mooney is trying to create awareness that partnerships exist throughout the county. Since joining the CCEDP team last year, he has visited 95 sites. As a result, he has had 38 (54%) requests for follow-up activity. Mr. Mooney actively listens to the clients and tries to provide them what they need. “When they have a need, I want them to call us first.” He listed several industry needs, some of which include; hiring, training and workforce development, understanding grants and incentives, expediting approvals and permits and productivity and cost reduction opportunities.

It is Mr. Mooney’s goal to provide seminars relevant to the existing industries in Cleveland County. He has been working on ways to help customers increase sales. He listed several ideas including:

- Introducing companies to exporting
- Military and government contracting through the NC Military Business Center
- Connecting local companies with each other to cross-sell.

Commissioner Hutchins asked what CCEDP has done to reach out to retail businesses. Kristin Fletcher explained, they have dealt with a few retail related projects and have tried to link them up with

possible grant funding. Some of these include Dental Works and Parker Farm Service. He asked Ms. Fletcher and her team to possibly come up with an incentive program to attract retail businesses. She said other communities have looked at incentives for small retail businesses, however, staff time, attorney fees and administrative costs are sometimes more than the value of the project. Commissioners Hutchins, Falls and Holbrook expressed the need for building relationships and recruiting small businesses. However, Commissioner Holbrook said, “We are a county that is a low-income county. It is hard for a locally owned company to justify renting a facility in a place like the mall because they cannot get the volume of sales.”

Commissioner Hutchins asked that the Chamber take time to at least visit small businesses in the community. He then made a recommendation for the County Manager to look into taking a portion of the tax money (after the term of the incentive agreement and they are paying the full tax rate) earned by these companies who receive incentives and putting a portion of it back into Economic Development.

The Workforce Development program at Cleveland Community College was mentioned. Commissioner Holbrook informed the board that since its inception, they have trained approximately 1,500 people.

CLEVELAND COUNTY TRAVEL & TOURISM UPDATE

After hearing Commissioners discuss retail, Tourism Director Jackie Sibley reminded Commissioners, “Retail is tourism. Most retail is travel industry related.” The majority of retail sales comes from outside of the county. Since the opening of the Don Gibson Theatre, there has been a 33% increase in restaurant business and a 17% increase in hotel sales.

Uptown Shelby Association has been working hard to recruit new businesses to fill up vacant space in the Uptown Shelby area.

Ms. Sibley presented a Travel Industry report to Commissioners (*copy found on Page ____ of Minute Book ____*). This report detailed all of the events she has been working on. Some of the highlights include:

Travel South FAM Tour- Thirteen motorcoach tour operators will be visiting Cleveland County from across the country and Canada. The group will visit the wineries, Uptown Shelby, the Arts Council, the Carrousel, Don Gibson Theatre and they will hear a presentation on the future Earl Scruggs Center. Ms. Sibley encouraged Commissioners to meet the group along the tour and welcome them to Cleveland County. Over the last few years, Cleveland County has become “motorcoach friendly”. Every time a tour bus comes through Cleveland County, they spend at least \$3,000 per day. Ms. Sibley made a \$4,000 request to Commissioners for funding of the tour.

Ms. Sibley expressed concern with not having details on who will be responsible for management of the LeGrand Conference Center. Her goal is to recruit more trade shows and conferences to Cleveland County. However, most trade shows and conferences are booked approximately 2-3 years in advance.

Ms. Sibley will be meeting with the Charlotte Travel Council to see how Cleveland County can be involved in the Democratic National Convention. A personal invitation will be given to Michelle Obama to try Cleveland County BBQ and *A Slightly Different Nursery* has developed a daylily in honor of the first lady.

Ms. Sibley has been working on a farm tour for restaurants to encourage them to buy produce locally to serve in their restaurants.

She asked Commissioners to consider what they want to do with Travel and Tourism. "We have lots of places in Cleveland County but no funding to market them."

She also asked Commissioner to possibly come up with a plan to move the occupancy tax out of the General Fund Budget.

Commissioners thanked Ms. Sibley for all that she does for Cleveland County.

ELECTRONIC BID ADVERTISING

Chapter 328 of the 2001 Session Laws authorizes counties to approve the established method of electronic advertisement of bid proposals. County Clerk Kerri Melton received a request from the Purchasing Department to allow advertising of bid proposals via the internet in lieu of advertising in a local newspaper. Within the past year, Cleveland County has spent approximately \$955 on advertising of bids. The Clerk explained, "Although this is not a large amount of money, in these economic times, any little bit helps." She also made note that this would not take away from all of the advertising that Cleveland County does with the Shelby Star. The largest amount of advertising cost is spent on advertising for public hearings. Statutes for advertising for public hearings require that they run in a publication of general circulation. The Clerk will present a resolution authorizing electronic bid advertising at the March 15th regular County Commissioners meeting.

LANDFILL PROPERTY PURCHASE

On November 10, 2010, the Conservation Trust for North Carolina received notice of condemnation action by Cleveland County on an 84.773-acre property. This property will be used for a future addition to the landfill. Since then, Attorney Les Farfour has been working with the Conservation Trust to come to an agreement where the county will not have to condemn the property. County Attorney Bob Yelton asked that an item be placed on the March 1, 2011 regular meeting agenda to authorize purchase of the property.

NCACC BOARD OF DIRECTORS~ GOVERNOR PERDUE'S BUDGET IMPACTS ON COUNTIES

Commissioner Mary Accor summarized a document written by the NCACC Board of Directors regarding the impact of Governor Perdue's proposed budget on counties (copy found on Page ____ of Minute Book ____). Commissioners discussed the effects the Governor's budget would not only have on county budgets but for those people throughout the state who will be out of work.

2011/2012 BUDGET OUTLINE

For the 2011/2012 budget year, Cleveland County has been very creative in finding ways to cut costs. The Information Technology Department, by looking at different ways to cut costs is expected to save approximately \$220,000 in printing costs on a 5-year contract. County Manager David Dear showed a PowerPoint Presentation detailing the revenues received by Cleveland County including sales tax revenues, property tax values of vehicles, investment earnings and building permits. He showed revenues from 2005-2010 (copy found on Page ____ of Minute Book ____). Mr. Dear made note of the dramatic decreases in each of these revenue streams over the last five years. He then presented a slide titled Recent History of General Fund Revenues and noted that the fees for service have actually "held up pretty good" over the last five years. He is expecting Cleveland County to see approximately \$300-\$400K in new revenue this year.

This year Cleveland County will see a 3% increase in Health Insurance Premiums (\$127,703). Due to the fact that County employees have not received a Cost of Living Allowance (COLA) for the past three years, the county will incur the 3% increase. The Local Government Retirement System has increased the contribution rate required by Cleveland County from 6.5% to 7% (\$148,349). This cost will also be incurred by the county. In FY 2011/2012, Cleveland County will need to budget the remaining 25% of the new jail operating costs (approximately \$200,000). The other 75% was budgeted in the FY 2010/2011 budget.

Mr. Dear was concerned with the increase in motor fuel costs and was more concerned with what unfunded mandates may be sent down from Raleigh. Currently, Cleveland County has a fund balance of approximately \$14 Million. Cleveland County has used the fund balance, in the past, for capital projects rather than operating costs. Cleveland County is currently in the bottom 10-15% of the state in debt load. "Cleveland County is a relatively poor county but a relatively large county. We are lower than 2% in tax base per capita. We need to grow our way out of this recession with tax base and job base" said Mr. Dear.

In FY 2012/2013, Cleveland County should see SOME revenues through incentive contracts which are about to expire.

He explained his goal is to have the budget come in as close to last year as possible. He will recommend no change in tax rate and recommends to continue to upgrade vehicles and computers under the schedule that Cleveland County has established. "If we get behind, we can't catch up", he said.

Chairman Hutchins asked how much it would cost per % to give county employees a COLA. Mr. Dear explained that it costs approximately \$250,000 per 1%. Chairman Hutchins asked about mileage adjustment. Mr. Dear responded that the mileage rate is looked at twice per years and adjusted according to the IRS Standard Mileage Rate. Last year, in lieu of a COLA, the county gave each employee some additional time off. Chairman Hutchins voiced concern with the formula which determines the time off, should this be looked at as an option. He recommended the County Manager look at the option of offering the same time off for all employees across the board.

DEPARTMENTAL ETIQUETTE

County Commissioners discussed the process for the release of public information from County departments. Commissioners praised the County Manager for what a great job he does and asked that Department Heads contact the County Manager prior to the public release of information involving county funds or in circumstances where the final decision will ultimately be decided by the County Commissioners. Commissioners agreed that a memo would be sent to all Department Heads from the Chairman outlining this request.

PRESENTATIONS BY BOARDS/COMMITTEES

Commissioners agreed that if there is a board appointed to represent the Commissioners, then Commissioners need to be given an update annually on the activities of the board. It was also decided that the County Clerk will contact each board in May and November for attendance information before appointments are made in June and December.

COUNTY COMMISSIONERS HEALTH INSURANCE

At their October 29, 2009 Work Session, Commissioners voted unanimously to allow a County Commissioner, after 10 years of service to be covered under the county health insurance plan until he/she reaches 65 or becomes Medicare eligible. Until that time, health insurance will be paid entirely by the county.

Commissioner Jason Falls addressed the issue of County Commissioners health insurance during his campaign and asked that it be put on the agenda to discuss it further. In 2009, the NCACC recommended that legislation be passed allowing counties to offer Health Insurance to its Commissioners after completion of ten years of service. It was understood, after talking to NCACC, the purpose for this legislation was because many counties were offering this benefit to Commissioners unlawfully.

Commissioner Falls was concerned that there is no policy in Cleveland County in place addressing this. Offering this insurance is only authorized through the minutes of the October 28th meeting and it is very vague. He gave several examples of how offering this benefit without a policy could possibly become a problem for the county.

Commissioner Falls asked Commissioners to reconsider this offering, "I know it is very rare, but it could be a liability. If you don't think it will ever be used why have it. I at least think there needs to be a policy in place."

Although he supports this benefit for Commissioners, Commissioner Hutchins agreed that it would be a good idea to put a policy in place.

Commissioners directed Assistant County Manager, Eddie Bailes, to draft a policy to present to them at their March 15, 2011 regular meeting.

PURPOSE OF COMMISSIONERS COMMENTS

Chairman Hutchins asked that Commissioners Comments during regular meetings be used to report on Committees which Commissioners serve on.

OTHER COMMISSIONERS DISCUSSION ITEMS

County Clerk Kerri Melton requested Commissioners schedule Board of Equalization and Review meetings for April 5, 2011 and May 3, 2011. Commissioners agreed to schedule meetings as requested.

Commissioner Holbrook recommended a Commissioner, County Manager David Dear, School Superintendant Bruce Boyles and CCC President Steve Thornburg set up a meeting to discuss management of the LeGrand Center.

ADJOURN

There being no further business to come before the Board at this time, Johnny Hutchins made the motion, seconded by Mary Accor, and unanimously adopted by the Board, to adjourn. The next regular scheduled meeting will be held ***Tuesday, March 1, 2011 in the Commissioners Chamber.***

*Johnny Hutchins, Chairman
Cleveland County Board of Commissioners*

*Kerri Melton, County Clerk
Cleveland County Board of Commissioners*