

THE BOARD OF COMMISSIONERS OF THE COUNTY OF CRAVEN MET IN SPECIAL SESSION ON MARCH 27, 2015 AT 10:00 A.M. IN THE COMMISSIONERS' ROOM OF THE CRAVEN COUNTY ADMINISTRATION BUILDING, 406 CRAVEN STREET, NEW BERN, NORTH CAROLINA, FOR THE PURPOSE OF DISCUSSING THE LEGISLATIVE AGENDA OF THE NORTH CAROLINA GENERAL ASSEMBLY.

MEMBERS PRESENT:

Chairman Steve Tyson
 Vice Chairman Scott C. Dacey
 Commissioner Jason R. Jones
 Commissioner George S. Liner
 Commissioner Thomas F. Mark
 Commissioner Theron L. McCabe
 Commissioner Johnnie Sampson, Jr.

STAFF PRESENT:

Jack B. Veit III, County Manager
 Gene Hodges, Assistant County Manager – Operations/Facilities
 Rick Hemphill, Assistant County Manager – Finance/Administration
 Amber Parker, Human Resources Director

Following an invocation and the Pledge of Allegiance, County Manager, Jack Veit, recommended that the Board would select a facilitator for the meeting with the State legislators. Commissioner McCabe volunteered Chairman Tyson.

Mr. Veit distributed the North Carolina Association of County Commissioners Guiding Principles and Legislative Goals for 2015. The top five goals are as follows:

1. **HH-1:** Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.
2. **PE-1:** Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.
3. **PE-4:** Seek legislation to repeal the statutory authority under N.C. G.S. 115C-431(c) that allows local school boards to file suit against a county board of commissioners over county appropriations for education.
4. **GG-1:** Oppose any shift of state transportation responsibilities to counties.
5. **TF-1:** Oppose unfunded mandates and shifts of state responsibilities of counties.

In addition, Mr. Veit discussed with the Board the following initiatives, stressing their importance, which the Board may wish to urge the legislative delegation to support.

Agricultural Goals

- **AG-1:** Support state funding and staffing for agricultural research, Cooperative Extension services and other agriculture-related efforts to support the largest economic driver in North Carolina.

Mr. Veit stated that state funding and staffing for agricultural research has already been cut by \$20M. Commissioner Dacey inquired if there is flexibility for two counties to join together. Mr. Veit responded that it is already happening, as Carteret County is currently picking up 50 % of Kelly Beasley's position. Commissioner Liner inquired if the County has a cost figure for Agricultural Extension employees. Mr. Veit responded that it has been figured into the budget for the current fiscal year and feels that there is still time to resolve the issue.

General Government Goals

- **GG-2:** Support legislation, regulations and funding that would preserve local option and authority where needed to deploy community broadband systems and ensure community access to critical broadband services.
- **GG-3:** Support new or expanded state funding streams that will provide sufficient revenues to adequately fund the state's transportation infrastructure needs also to include coastal infrastructure, i.e. coastal storm damage reduction and shallow draft inlet maintenance.
- **GG-4:** Support legislation to grant all counties the option to provide notice of public hearings and other legal notices through electronic means of required publication in any newspaper.
- **GG-8:** Support adequately funding the North Carolina Military Affairs Commission so it may continue to address the statewide priorities it has established.
- **GG-9:** Seek legislation to increase state funding of county Veterans Service offices.

Health and Human Services Goals

- **HH-7:** Support Medicaid reimbursement to EMS for mental health and substance abuse transport to crisis centers.

Justice and Public Safety Goals

- **JPS-1:** Seek legislation for greater flexibility in county governments' use of 911 current funding streams.

Public Education Goals

- **PE-2:** Oppose shifting of the state's responsibility for replacement of school buses.

Tax and Finance Goals

- **TF-2:** Support legislation to grow North Carolina's statewide economy through sound state investments, including public infrastructure funding, competitive incentives, and coordinated efforts with county economic development services.
 - a) Adopt new approaches to economic development incentives to include rural counties
 - b) Restore the film and historic preservation tax credits
 - c) Maintain grant funding for rural infrastructure projects
- **TF-5:** Support legislation to restore state aid funding of public libraries to the pre-2011 level of \$15.7 million and eliminate special provisions that distribute state aid outside of the equitable formula developed by the state Library Commission.

Gene Hodges, Assistant County Manager, Facilities/Operation, provided the Board with an overview of an NCACC analysis of the following legislation that has been introduced:

The Senate has filed a bill that would lead to the eventual elimination of most local sales taxes. S369 (Sales Tax Fairness Act) would convert 2% of local taxes to a state sales tax over three years.

S369 – Mechanics of Sales Tax Restructuring

- Repeals 2 cent county-levied sales tax and converts and adds to state sales tax
 - Subjects to annual appropriations process
- Distributes comparable percent of state tax to locals via per capital
 - Eliminates ad valorem intra-county option
 - Phases out per capita adjustment factors
 - Drafting error applies adj. factors to entirety before phase out

- Retains public school set aside requirements
 - Applies to food sales so increases requirements
- Eliminates county hold harmless to cities for Medicaid relief swap
 - County Medicaid hold harmless payment in question
- Allows ¼ cent county-only levy to be by resolution temporarily

Economic Development

HB152/New Historic Preservation Tax Credit

- Modifies and extends the expired Historic Tax Credit program
- Passed the House 98-15

S326/Increase JDIG Program Funding

- Raises the cap on JDIG projects by \$5 million
- Passed the Senate 48-0 and has been referred to two House Committees

Rick Hemphill, Assistant County Manager, Finance/Administration, stated that when the ad valorem is taken away, it hurts the fire departments.

S338/Economic Development/Tax Modifications

- Lowers the corporate tax rate and makes changes to JDIG criteria
- Has not been scheduled in a Committee

H89/Omnibus Economic Development Improvements

- Extends various tax credits and incentive programs
- Approved in House Finance and will go to House Appropriations then the floor

S442 (County Omnibus Legislation)

- Contains four of NCACC's legislative goals:
 - Reinstates a commission to study the State PILT program
 - Study exempting previously taxable properties from the tax base
 - Study a statewide approach to aquatic weed control and funding
 - Clarifies county authority to collect fees to support a recycling program

H255/S324, Building Code Reg Reform

- Defines code official misconduct as untimely inspections
- Restricts inspection fees to support of department activities only
- Eliminates residential plan review
- Requires inspectors to provide full list of failings

H318 Protect North Carolina Workers Act

- Repeals last year's remedy to conform local governments' contractor E-verify requirements
 - Ties to bidding limits
 - Similar to school boards and public authorities
- Sets up whistle blower process and labor investigation of complaints
 - Notice of violations publicized via web

H156 (Legal Notice/Require Internet Publication)

- Introduced by Representative Avila on behalf of Press Association
- Requires publication in newspaper and on newspaper's website

- Passed out of House Judiciary IV yesterday
- County goal is option to publish electronically or in newspaper
- S210 (Wade, Brock, Tarte) would accomplish county goal

S571 (Expands Uses of 911 Fee)

- Furthers Goal JPS-1 to expand flexibility
- Allows local governments to use PSAP's fund balance as of June 30, 2014, for public safety needs.
- Includes costs that are not eligible under G.S. 62-A46, provided they do not impair operability or maintenance of essential equipment during the timeframe of current distribution period

S571 (Avoid Double Billing of State Taxpayers)

- Requires counties to pay the costs of community college remediation for students who graduated from high school in that county within the last two years.

County Manager, Jack Veit, distributed a copy of Representative Speciale's draft bill which will require special elections for counties entering into special debt.

Commissioner Dacey suggested allowing Representative Speciale to discuss his bill and the reasoning behind it with the Board when he joins the session.

Mr. Veit stated that he would also like to discuss H168, a bill that exempts undeveloped properties from taxes, with the legislative delegation.

At 11:30 a.m. the Board recessed.

At 11:40 a.m. the Board reconvened in special session.

Mr. Veit stated that at the last Board meeting Eastern Carolina Behavioral Health (ECBH) made a presentation regarding changes being made within the structure of the organization as a result of recent legislation, and ECBH merger with Coastal Care. They are seeking a resolution of support for an alternative governance structure for the area serving Craven County. At that time, Mr. Veit requested that they return to the Board to provide more detailed information on the upcoming changes and to allow for further discussion with the Board.

Mr. Veit introduced ECBH representative, Dave Peterson, Central Regional Director, and Mike Kapecki, Director of External Operations. Mr. Peterson reported that ECBH currently oversees 19 counties and in 2012 there were 11 managed care facilities that are currently consolidated to 9. The Medicaid Reform Plan has requested that there be further consolidation of organizations. Mr. Peterson stated that ECBH is not profit motivated and that all cost savings go back into services. He stated that with the \$249,000 in Medicaid from Craven County, 3,777 people have been served, reflecting \$26M in services. He stated that the State oversees these services every six months to make certain that they are fiscally sound.

Mr. Peterson highlighted the following accomplishments made over the past two years:

- All cost savings go back into services
- Highest number of unauthorized visits
- Increased rates for Psychiatrists and Psychologists
- Increased rates for peer support services
- Increased rates for personal care to assist people to stay in their homes.

He stated that ECBH currently employs 25 staff in Craven County and continues to have ongoing collaborative meetings with other organizations throughout Craven County.

He informed the Board of the following projects that are currently underway:

- Child/Parent Psychotherapy which provides service for children 0-5 years old

- 211 System
- CIT (Community Intervention Training) which works with the Police Department and has prevented arrests and hospital visits. This service is provided in the majority of counties.
- Retrofitting two (2) group homes in Craven County
- Opening up Oxford House which is a substance abuse home for women.

Commissioner Tyson inquired how the program is funded. Mr. Kapecki responded that 78% is from Medicaid funding and the rest is the uninsured population. He stated that 92% is spent on services and 8% is spent on staff.

The program serves those with mental health issues, substance abuse and intellectual disabilities.

Commissioner Tyson inquired what facilities are available for mental health and substance abuse issues.

Mr. Kapecki stated that the following facilities are available in Craven County:

- Port Human Services
- RHA – provides a mobile crisis service any time of the day or night and provides outpatient services as well.
- Easter Seals
- Independent License Practitioners that contract with ECBH to provide services for people with intellectual developmental disabilities
- Monarch
- Wellness City

Commissioner Sampson inquired if the program works directly with the court judges.

Mr. Kapecki responded that there is a program called TASK that works directly with offenders discharged from jail, as well as the Aspire program which partners with Craven County Schools and provides a day treatment program.

Commissioner Liner stated that substance abuse is high and continues to rise. He inquired if there is enough flexibility to handle the amount of funding that is available. Mr. Kapecki stated that substance abuse is definitely on the rise and unfortunately a lot of substance abusers are not eligible for Medicaid. He stated that Wake County has a program called The Healing Place that allows the Sheriff to drop off substance abusers and allows them to stay for up to a 12 month period. There is a 70% success rate for those who have stayed in the program. ECBH is trying to bring The Healing Place to Craven County by reinvesting \$5M from Medicaid funding.

Commissioner Jones suggested a joint meeting with the hospital board.

Mr. Veit suggested if the Board is in agreement that the resolution be placed on the next agenda for approval.

Following the presentation Assistant County Manager of Facilities/Operations, Gene Hodges, briefed the Board on some proposed changes presented to him from the Elections Director that could have a monetary impact in the future election. It was the consensus to have further discussion on the matter with the legislative delegation.

At 12:20 p.m. Commissioner Tyson moved to recess to reconvene with the Legislative Delegation in work session.

The Board reconvened at 1:11 p.m., joined by Senator Norman Sanderson and Representatives George Graham and Michael Speciale. Chairman Tyson thanked Senator Sanderson and Representatives Speciale and Graham for their time.

Chairman Tyson recommended that the Board discuss with the Legislative Delegation approaches to the top five legislative goals.

Goal 1: HH-1: Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.

Senator Sanderson stated that this continues to be one of the biggest problems and continued shortfall, with a large part due to the Affordable Care Act. He feels that the General Assembly will address the health care issue.

Representative Speciale stated that he thinks expansion with any programs is unlikely.

Goal 2: PE-1: Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.

Representative Speciale stated that rarely has the requirement been met and he would like to get rid of the lottery funds and have everything go into the General Fund and appropriate the funds to schools.

Commissioner Dacey stated that school construction plans have been based on the 40% and the annual appropriation gives the County a level of uncertainty as to what the State will appropriate.

Senator Sanderson stated that until enough people come to the table to devise a better solution, the current 40% will need to stay. Commissioner Tyson stated that when the lottery first passed, the County received ADM funds but that dissolved. The County made school improvements based on the State promise of 40%. Senator Sanderson feels that it should be renamed because it is not an education lottery.

Goal 3: PE-4: Seek legislation to repeal the statutory authority under N.C. G.S. 115C-431(c) that allows local school boards to file suit against a county board of commissioners over county appropriations for education.

Representative Speciale stated that he is in favor of repealing the authority. Senator Sanderson stated that the school board uses this to their advantage. The schools want the authority to tax and bypass county commissioners. Commissioner Tyson stated that if the Board of Education asks for a supplemental tax the board of commissioners must put the referendum on the ballot. Representative Graham stated that the school board should not be given taxing authority. Senator Sanderson stated that there should never be two taxing authorities because if the school raises their taxes, then citizens could want the County to lower their taxes. Representative Speicale inquired if the County can ensure that the schools are spending funds on what they are allocated for. Chairman Tyson responded no, they can only do it in a general way.

Goal 4: GG – 1: Oppose any shift of state transportation responsibilities to counties.

Representative Graham stated that he opposes this issue and it is impossible to give road needs to a county. If that were to happen it would be a burden on smaller counties. Commissioner Jones stated that the state continues to build new roadways but is not maintaining the ones that we already have. The State D.O.T. says that they do not have enough money because funding has shifted towards the western part of the state. Representative Speciale stated that they are in the process of looking at a new formula. Senator Sanderson stated that districts get funding according to population. Commissioner McCabe commented on the lack of manpower with D.O.T. over the years.

Goal 5: TF – 1: Oppose unfunded mandates and shifts of state responsibilities to counties.

County Manager, Jack Veit, introduced discussion on areas highlighted by the Board.

Agriculture: (Legislative Goal AG-1)

The importance of agriculture to Craven County was stressed, along with concerns regarding changes in the Cooperative Extension program. Commissioner Jones stated that the County has the possibility of losing a field crop agent, which could result in a burden to taxpayers. Agricultural research is also being cut.

Representative Graham stated that he envisions agriculture flourishing in the future.

Senator Sanderson inquired if regionalization is an objective. Commissioner Jones responded that Craven County is trying to join with other counties.

Representative Speciale stated that agricultural presence is huge in the General Assembly.

Community Broadband: (Legislative GG-2)

Senator Sanderson stated that his biggest concern is that counties and cities will be keeping up with technology without tapping into taxpayer money to avoid the same pitfalls as experienced with Electricities.

Commissioner Dacey stated that his concern is the State seems to have a protective neutrality to the company providing these services or not providing them. Senator Sanderson indicated that he is not sure that counties should take on this responsibility. It is very costly to maintain and he advocates finding a different path. Representative Speciale stated that everything is possible. Representative Graham feels it imperative that this happen, stating that the region needs to be connected.

Representative Speciale stated there has been a slow movement in charging people who were proponents of private companies control in this area.

Military Affairs: (Legislative Goal GG-8)

Commissioner Dacey expressed concern that funding is not adequate for all the military affairs components that are being brought under one roof. Senator Sanderson expressed his support. Commissioner Liner asked that funds in the budget be also directed for local use and that money needs to be allocated to bases in danger.

911 Flexibility Spending: (Legislative Goal JPS-1)

Representative Speciale indicated that he supports this legislative initiative. He stated that he spoke with Richard Taylor, Executive Director of the 911 Board, and they are aware of the position.

Mr. Veit initiated discussion of HB128, which was clarified by Representative Speciale, the primary sponsor. He explained that the initial bill was rushed, but the point of the bill moving forward is application to projects over \$5M. He stated that projects mandated by the State, federal government or courts would be exempt.

Senate Bill 369: (Sales Tax Fairness Act)

Representative Speciale stated that he is not in support of this bill. He reported that 80 counties are in favor, but 20 counties are not. He expects that the Governor would veto the bill. He indicated Craven County would benefit by \$2.8M, but several municipalities would lose money. Senator Sanderson stated that he has mixed feelings about the bill because he feels that counties that produce the revenues also have a lot of expenses.

HB 116: Elections

Representative Speciale stated that the point of the bill is to make certain that all requirements for precinct offices that apply for Election Day also apply to early voting. He indicated that he wants to add one Chief Judge and one democrat and one republican judge. There is no way of knowing the make-up when one-stop workers are County employees. Assistant County Manager, Gene Hodges, provided figures concerning potential associated costs.

Representative Graham admonished the Board to keep alert concerning windmill issues to avoid their impact on military operations.

Commissioner Liner believes that the agricultural changes are not coming from leadership, but coming from universities. The State doesn't say where to take the cuts.

Chairman Tyson announced that he visited schools and stressed the importance of Information Technology needs and the lack of trained staff to take care of Information Technology issues. Senator Sanderson mentioned that the State is considering Information Technology groups to support schools. Representative Speciale inquired what kind of funding would be involved with getting all schools wired. Mr. Veit stated that some of the Teacher Assistant positions that were cut were also providing Information Technology support.

Senator Sanderson inquired about the financial impact that will be placed on the County to have a second primary. He does not feel the need to have two primaries.

Commissioner Dacey inquired about the status of the bill regarding on-line public notices. Senator Sanderson stated that all people do not have access to on-line notifications, and it is important to maintain transparency.

At 3:10 p.m. Commissioner Dacey moved to adjourn, seconded by Commissioner Mark and unanimously carried.

Chairman Steve Tyson
Craven County Board of Commissioners

Gwendolyn M. Bryan
Clerk to the Board