

**MINUTES**  
**TRANSYLVANIA COUNTY BOARD OF COUNTY COMMISSIONERS**  
**April 27, 2007- PLANNING WORKSHOP**

The Board of Commissioners of Transylvania County met in special session on Friday, April 27, 2007 at 8:00 a.m. in the Rogow Room of the Transylvania County Library. The purpose of the session was to conduct the 2007 planning workshop.

Commissioners present were Lynn Bullock, Chairman Jason Chappell, David Guice, Daryle Hogsed and Vice-Chairman Kelvin Phillips.

Staff present: County Manager Artie Wilson, Human Resources Director Sheila Cozart, Finance Director Gay Poor, Health Director Steve Smith, Tax Assessor/Collector David Reid, Sheriff David Mahoney, Captain Eddie Lance, Board of Elections Director Judy Matthews, Tom Wehrle, IT Director Dean Landreth, Project Manager Larry Reece, DSS Director Carson Griffin and Clerk to the Board Trisha McLeod. Mr. Jim Stokoe, Land-of-Sky Regional Council, acted as the facilitator for the planning workshop.

Media: *Transylvania Times*: Kim MacQueen

There were approximately 20 people in the audience.

**WELCOME**

Chairman Chappell called the meeting to order at 8:10 a.m. He welcomed everyone to the meeting and stated the purpose of the session was to conduct the 2007 planning workshop.

**GROUND RULES AND EXPECTATIONS**

Mr. Stokoe noted that the group would be using the same ground rules as had been used in previous years. Commissioners decided to omit #15, making decisions by consensus.

The following expectations were identified by the Commissioners:

1. Have enough time on issues; don't rush
2. Ask questions that Commissioners feel are important; no bad questions
3. Don't hold back ideas
4. Commissioners come away with an overview of the next few years, not just next year
5. Find places to start saving money in FY 2008
6. Give clear direction to Staff; better understanding of relative roles of Staff and Commissioners
7. Comfortable temperature

The following concerns were identified by Commissioners:

1. Lots of key decisions; look beyond the one or two issues that drives Commissioners as individuals
2. Clearly delineate things the County may have a role in and define that role

### **REVIEW OF WHERE WE EXPECT TO BE FOR FY 2007**

Finance Director Gay Poor reported on the revenues and expenditures for FY 2006-2007.

#### REVENUES:

##### Ad Valorem Taxes

- Includes both current year and delinquent collections
- Estimate running ahead of budget due in part to improved collections of delinquent taxes and gain in tax base

##### Interest and Penalties

- Increased as a result of higher Ad Valorem Taxes

##### Sales Taxes

- Projected to be \$111,000 over budget, based on 6 months of information available when the estimate was developed
- Article 39 Tax is a little below what had been collected in the first 6 months of the prior year; Article 39 Tax is the 1% tax distributed based on where the purchased items intended to be used
- Articles 40 and 42 are 11% above the prior year; these are ½ cent taxes distributed to counties based upon per capita information; portions of these taxes are earmarked for the schools
- Article 44 is a ½ cent tax half of which is distributed on a per capita basis and the other half on point of destination; 3% higher than the same period last year
- Sales tax paid on January sales higher than same period last year

##### Interest on Investments

- Above budget
- Funds invested with North Carolina Capital Management Trust (NCCMT) are earning 5.3%
- CD's earning between 5% and 6%

##### Departmental Revenues- (Includes State and Federal Funding for Programs, Fees)

- Expected to fall short of budget, particularly in the Register of Deeds and Building Permitting
- Both departments realized tremendous growth last year which has not been sustained this year

##### Grants

- Annual Grants- Includes HCCBG, JCPC & CJPP
- Pass-through funds

Other

- Includes Payment in Lieu of Taxes (PILT), cable franchise tax, ABC revenue, proceeds from surplus sales
- Should fall close to budget

Non-recurring Revenues

- Includes one-time grants for projects: stream bank stabilization, the incubator at BRCC, CHAF
- Estimated revenue is lower than budgeted because either the revenue will not be received until next year since the work will not be completed by June 30<sup>th</sup> or the project costs less than originally thought
- The lower revenues will be offset by lower expenditures since these are pass-through grants
- Includes funding for school system: lottery proceeds and the funds coming from the School Capital Reserve; expected to fall short of budget in the Current Year

Education

- Estimate of ADM funds is \$92,000 more than budgeted
- Current trend for Fines and Forfeitures indicates \$29,000 below budget; offset by like amount of estimated expenditures

Transfers

- Transfer from Emergency Phone System to help pay for Communications equipment
- Decrease between estimate and budget comes from amount that has to be budgeted as an appropriation from the Fund Balance to balance the amended budget

Total Estimated Revenues

- Total estimated revenues are \$41.5 million or \$904,000 below the amended budget

Discussion

- Commissioner Guice asked why there is a decrease in Fines and Forfeitures. Ms. Poor replied that Fines and Forfeitures fluctuate from year to year. The Manager noted that these funds go to the School System.
- ACTION: Ms. Poor will find out why Fines and Forfeitures have decreased.
- Commissioner Guice asked if the County was getting the best return possible on its investments and what can be done to increase revenues. The Manager responded that the County does not make risky investments because the funds have to be fluid and available for use when necessary. Ms. Poor said she shops for the best rates.

## EXPENDITURES:

### Personnel

- Wages and salaries estimated below budget because of vacant positions and the combining of the Tax Assessor and Tax Collector offices
- FICA and retirement figures are a function of wages and salaries
- Employee health insurance has increased significantly; \$307,000 more than budgeted, which is a 20% increase; due to unusual number of large claims
- Retiree health insurance and the 457 Plan should be under budget; fewer people chose retiree health insurance than anticipated this time last year when the budget figures were developed

### Operating Expenditures

- Estimated to be \$260,000 less than budgeted; spread throughout County departments
- The single largest contributor was \$30,000 for flu vaccines which were not needed

### Public Assistance

- Will be less than budgeted assuming that the cap on Medicaid payments is honored
- The cap holds the current year Medicaid costs at last year's level of \$1.5 million

### General Assistance

- Decreases are scattered across a number of programs

### Health Programs

- Decreases are scattered across a number of programs

### Annual Grants

- Pass-through funds offset by revenues

### Routine Capital

- Defined as normal capital purchases incurred by departments on a cyclical basis for replacements and capital improvements made to maintain or enhance County facilities
- Includes vehicles, communications equipment, re-pointing the mortar at the courthouse
- The Board of Elections building has been put on hold this year; \$75,000 was appropriated last year

### Non-recurring Items

- Capital includes one-time or non-annual projects

- Includes purchase of new voting machines, land for new parking lot and one-time grants

#### Outside Agencies

- Funds appropriated to Outside Agencies are committed; estimate and the budget are the same

#### Education

- \$29,000 decrease as a result of the decrease in Fines and Forfeitures
- Fines and Forfeitures are pass-through funds

#### BRCC Addition

- Includes \$1.3 million for the Applied Technology Building at BRCC
- Estimated cost for FY 07 is \$300,000; the remaining \$1 million to be set aside in the Fund Balance to be carried forward to next year

#### Transfer to New Library Fund

- Represents the final settlement of the County's share of the cost of building the new Library

#### Other Transfers

- \$979,000 for new cell at landfill
- \$620,000 for the new Public Safety Facility
- \$635,000 for renovations to the old library building
- \$179,000 for the new cell tower at Woodruff
- \$150,000 for economic development
- Includes appropriations for Revaluations, LEO Pension Fund and Silvermont

#### Total Estimated Expenditures

- \$42.3 million or \$97,000 below the amended budget
- Estimated expenditures above the estimated revenues of \$41.5 million, creating a deficit of \$800,000

#### BALANCE SHEET:

#### Fund Balance

- Fund Balance total at end of last year: \$29,743,000
- With projected deficit at end of FY 07, Fund Balance decreases to \$29,116,000; a decrease of \$627,000
- Undesignated balance is \$5.2 million; shifting more funds from undesignated to designated (BRCC, new Public Safety Facility)
- Lowers the undesignated balance to 2.3% of the projected expenditures
- Local Government Commission (LGC) requires undesignated balance to be 8%
- County goal is 20%; Statewide average is 25-26% but has been decreasing over the years

### Discussion

- Commissioners asked to see the information on the statewide average of Fund Balances so Commissioners can compare counties of like size.
- ACTION: Ms. Poor will get the information for the Commissioners.
- Commissioner Guice said the key to understanding Fund Balances is to compare the location and size of other counties and issues that they are facing, such as the Medicaid burden, educational funding, county wealth, etc.
- The Manager pointed out that the goal to begin the meeting was to give the Commissioners an understanding what position the County is in. He noted that expenditures will exceed revenues, construction costs for the Public Safety Facility have increased and Commissioners also transferred \$1.3 million from the Fund Balance for the Applied Technology Building at BRCC.
- Commissioner Hogsed stated that the Public Safety Facility and the Applied Technology Building are investments in the community and are worthwhile to pursue but he is concerned that the Fund Balance has decreased. Commissioner Guice added that the County is facing some real challenges, especially with ongoing recurring expenses at the new Public Safety Facility.

### **DISCUSSION OF REQUESTS FROM THE BOARD OF EDUCATION**

Current Expense Requests: Commissioners reviewed the Board of Education's Current Expense requests for FY 2007-08. The Board of Education has requested \$7,908,582, a \$728,369 (10.14%) increase as follows:

1. Teacher supplements to 6.80%	\$105,633
2. Medical reimbursement plan	200,000
3. Local COLA increase*	106,354
4. Federal COLA increase	?
5. Utilities/Fuel	60,000
6. SRO's COLA	17,784
7. Retirement increase (6.83% to 7.58%)**	30,644
8. Health insurance increases (14% to \$4,394/FTE)	44,311
9. Coaching supplement step increase	5,000
10. Add'l instructional supplies (workbooks, etc.)	45,000
11. Sales tax rebate rescission	54,000
12. State discretionary cut?	39,643
13. Hazardous chemical removal	15,000
14. Title XX cut	<u>5,000</u>
Total	\$728,369

\*Certified- 5%; School-based Administrators-5%; Non-certified- 3%

\*\* From 6.83% budgeted in FY07 to actual of 7.14% and from 7.14% to 7.58% for FY08

The Manager stated that Commissioners have committed to funding the following Current Expense items:

- Teacher Supplements
- COLA Increase
- Utilities/Fuel
- SRO's COLA
- Retirement Increase
- Health Insurance Increase
- Coaching Supplement Increase
- Hazardous Chemical Removal

Funding these items would amount to an increase of approximately of \$385,000 or a 5.4% increase. A typical increase would be between 5% and 6%.

The Manager does not recommend funding the following Current Expense items:

- Medical Reimbursement Plan
- Additional Instructional Supplies
- Sales Tax Rebate Rescission
- State Discretionary Cut
- Title XX Cut

#### Discussion

- Commissioner Guice asked to get an understanding of why the Manager has not recommended the above items. The Manager stated that Commissioners would have a better understanding of his recommendations as they go through all the items during the workshop.
- Chairman Chappell stated that the Governor's Budget funds Middle School SRO's which would affect the County's budget. The Manager said the County has not yet received information regarding this. Superintendent Sonna Lyda added that the House Budget recommends funding these positions.

Capital Requests: The Board of Education has requested \$2,574,255, which is an increase of \$705,870 (37.78%) over last year's budget. The Manager summarized School Capital Appropriations from 2003 to 2007 and noted the following:

- \$3.4 million in the reserves is no longer available; depleted in FY 2006-07
- Over a 5-year period, capital appropriations have equaled \$7.848 million, an average of \$1.570 million per year
- Removing one-time projects brings the average to \$1.5 million
- Board of Education has an expectation of establishing a baseline
- One option for establishing a baseline is for both Boards to reach an agreement for planning purposes
- To make up the monies no longer in the reserves would require a \$0.02 tax increase
- The County can not afford a 37.78% increase in capital, which was the Board of Education's request, without raising taxes significantly
- The capital request does not include the Morris Education Center

### Discussion

- Chairman Chappell asked the Chairman of the Board of Education, Teresa McCall, if the numbers the Manager provided meets their expectation of a baseline. Ms. McCall recommended that the Chairs and Vice-Chairs work together to propose a level of funding that would be agreeable to both Boards. She asked that their capital funding for FY 2008 not be reduced by the amount of lottery funding received in FY 2007.
- Commissioner Guice is concerned about the formula that is used to establish a baseline. He said a baseline can be a good starting point and schools will know what their capital funding will be regardless of their needs. However, school needs change from year to year. He said Commissioners need to have a better understanding before moving forward.
- Commissioner Phillips said his intent is for a baseline to be a budget tool, but not be binding. He agreed that a better understanding is needed before moving forward.
- The Manager recommended that the Commissioners respond to the list of expectations provided by the Board of Education. The Board of Education is willing to consider his request to use the lottery proceeds for FY 2006-07 based upon certain expectations from the County.
- Ms. McCall stressed that the Board of Education wants to be assured that the baseline for capital funding for the schools does not include lottery proceeds, but rather in addition to their capital funding.

Expectations for Use of Lottery Proceeds by County: The Manager read through the list of expectations from the Board of Education and offered his suggestions.

1. The education lottery proceeds will not affect the Board of Education's FY 08 budget request. **Suggestion: Agree that the lottery funds will not affect the Board of Education's FY 08 budget request. A request is a request but what is agreed upon by the Board of Commissioners is not always the requested amount.**
2. The capital outlay baseline will not be affected by this decision. **Suggestion: Consider the baseline at \$1,500,000; calculated by taking the five year total of \$7,848,650 and removing the \$350,000 for the stadium repair and dividing by 5.**
3. The Board of Education would select projects for the use of the education lottery proceeds beginning July 1, 2007 and beyond. In addition, the lottery funds will not be considered when developing future budgets. **Suggestion: One half of the lottery proceeds goes toward the next priority items that were submitted as the Board of Education's budget request not funded by the Board of Commissioners and one half of the proceeds for mutually approved projects that are identified by the Board of Education beginning July 1, 2007 and beyond. No commitment of lottery funds will be made before gaining approval by the Board of Commissioners. In addition, lottery funds will not be considered when developing future budgets unless agreed upon by both Boards. It is understood that the prior commitment made by the Board of Education for the art gallery at BHS would be honored.**



4. A written agreement between the two Boards should be formulated by the Chairmen. **Suggestion: A written agreement should be developed between by the Chairmen of both Boards, Superintendent and County Manager, agreed upon by both Boards and signed by the Chairmen of both Boards.**

#### Discussion

- The Manager stated that the key is how to establish a baseline. He said the baseline should be an appropriate amount and could be increased or decreased depending on the amount of funds available. He believes the baseline should be less than what was appropriated in FY 2006-07 (\$1.868 million). The State is currently looking at establishing a baseline based on a five year average, which he feels is more appropriate.
- Ms. Poor added the Manager is referring to a bill introduced by Senator Pittenger. The bill also includes non-supplant language.
- Commissioner Guice stated that Commissioners need to look at the big picture and remember that one of their goals was to look at ways to save money. It is difficult for him to set a baseline at this point.
- Commissioner Phillips said he does not view the Board of Education's expectation as setting a baseline, but rather whether or not the capital outlay is affected by the lottery funds.
- Commissioner Guice responded that Commissioners must still give direction to Staff.
- The Manager added that the Board of Education is willing to consider his request to use the lottery proceeds for FY 2006-07 based upon the Commissioners meeting these expectations. If the Commissioners do not agree to their expectations, then the County's deficit for the Current Year becomes much higher.
- Ms. McCall stated that the Manager is correct in his assumption. She believes the lottery proceeds should not be considered in the budget development by the County of the Board of Education, but rather that when funds are available, the Board of Education will then identify projects in which to use those funds.
- The Manager responded that the FY 2008 budget does not include lottery funds.
- The Manager said that one of the expectations of the Board of Education is that they will have full authority of deciding the use of the lottery funds. He suggested that in situations in which the County can not meet many of their capital priorities, is for the Board of Education to consider using one half of the lottery proceeds toward their priority items and the other half for mutually approved projects. He noted that lottery funds come to the County and have to be approved by the Chairmen of both Boards before the funds can be used.
- Chairman Chappell does not agree with the Manager's suggestion and believes the Board of Education should decide how those funds are spent.
- Commissioner Phillips concurred with Chairman Chappell and added that the two Boards should be agreeable upon the use of those funds, but ultimately it should be the Board of Education's decision.
- Commissioner Guice said the Board of Education has done a good job identifying its capital priorities and the lottery funds are intended to provide additional

funding for the schools. However, if the County is unable to fund some of their priorities, he is not opposed to using the lottery funds for those priorities. Most importantly, Commissioners want to make sure the educational and capital needs are met in this community.

- Commissioner Hogsed said that the Board of Education has made it clear that they want control over the lottery funds and he is not opposed to that. He has full faith that they will use the funds the best way they see fit. He added that decisions and expectations should not be based on the availability of the lottery funds.
- Chairman Chappell pointed out that no commitment of lottery funds shall be made before gaining approval by the Board of Commissioners. He added that the County gives the schools a lump sum of money for capital which they will spend how they see fit.
- The Manager added that the funds come to the County even though they are intended for use by the Board of Education and both Boards decide how to use those funds. If the intent was that the Commissioners not have any say in how those funds were used, then the funds would have been sent directly to the Board of Education.
- The Manager said the County has a shortage of monies to fund the schools and it is important that lottery funds augment the funds the County gives the Board of Education. His suggestion allows the Commissioners to fund those capital priorities the Board of Education listed that the County could not fund originally.
- Commissioner Guice said the Commissioners need to understand what the statute allows. He said he has difficulty in agreeing to their request because each year will present different issues. He thinks that the Commissioners can agree that the lottery funds will not be considered in the FY 2008 budget but not for the future.
- Commissioner Bullock said he has no problem with giving the Board of Education full discretion of how the funds should be used. His hope is that in a tight budget year, the Board of Education would use those funds for emergencies if they arise.
- Commissioner Guice concurred with Commissioner Bullock's comments and added that the Commissioners do not have control over future budgets so it is difficult for him to agree to their expectation. He believes that over the years both Boards have been able to agree upon the educational funding in the community. Commissioner Guice said if something occurred at one of the facilities that were not covered by insurance, etc., he believes the Commissioners ought to be able to request that the Board of Education use the lottery funds for that purpose.
- Ms. McCall added that the Board of Education develops budgets that are reflective of their needs, not based on what they think might be funded. If an emergency arises, they first look at the funds they have available before requesting additional assistance from the County. She stated that the lottery guidelines are specific in that they go to fund school capital needs. The Board of Education removed the art gallery at BHS from the capital needs list because it was a project that was out of the ordinary and decided that it would be appropriate to fund that project with the lottery proceeds.

- Commissioner Hogsed said he has no problem with the Board of Education's request for the County not to consider the lottery funds when developing future budgets.
- Commissioner Phillips concurred with Commissioner Hogsed. He added that the future of the lottery is unknown.
- Commissioner Guice said the Commissioners evaluate the needs and the requests made by the Board of Education and consider funding sources of meeting those needs along with the other County needs.
- Chairman Chappell sees the lottery proceeds as a pass-through even though the use of those funds requires the signatures of both Chairmen. He believes those funds should not be considered in the budget process at all.
- Ms. Poor noted that the application for lottery funding must identify specific projects. She is not sure how much latitude the Commissioners would have of redirecting those funds if other needs arise.
- Commissioners agreed by consensus that a written agreement should be developed by the Chairmen and Vice-Chairmen of both Boards, the Superintendent and County Manager and agreed upon by both Boards and signed by the Chairmen of both Boards.

### **HEALTH INSURANCE**

Personnel Director Sheila Cozart reported on the preliminary estimate of health insurance costs for FY 2006-07 and the preliminary projection of health insurance costs for FY 2007-08. In the Current Year, the County budgeted \$2.1 million for health insurance for County employees. The County covers the employees' portion of the cost of health insurance and 50% of the cost of dependent coverage. The County is projecting the total cost of the plan for the Current Year to be \$2.4 million, approximately \$300,000 over budget. The increase is due in part to an unusually large number of claims. The estimate for FY 2007-08 indicates a 15% increase (\$500,000) or \$2.6 million.

Ms. Cozart met with Mark III representatives to discuss plan design options to help reduce the County's cost. Plan design changes could result in an estimated cost reduction to the County of \$130,560. Those options are:

	<u>Current</u>	<u>Industry Norm</u>
Physician Co-pays	\$20/\$30	\$20/\$40
Rx Co-Pays	10/25/40	10/35/50/25% max of \$100
Max Out of Pocket	1,000/3,000	2,000/6,000

Ms. Cozart added that a transition to a larger percentage of employee contributions for dependents could result in a reduction to the County of up to \$372,000. She stated that she is not expecting approval from the Commissioners to implement any changes at this time and that she also has to gather more information from BCBS. She noted that it has already been communicated to Staff that there may be possible increases. Ms. Cozart also provided a history of the health insurance costs to the County from 1998 to the

Current Year. She noted that years that indicate a decrease were a result of plan design changes.

### Discussion

- Commissioner Guice asked what the increase would be to the County if no changes were made. Ms. Cozart replied that the County's portion would increase by 21% and the employees' portion would increase by 29% to 30%. Making the adjustments would result in a 15% increase for the County and a 20% increase for employees.
- Commissioner Guice said he is concerned about the additional cost to the employees. Ms. Cozart stated that the increase would amount to a 9.2% increase over four year period. The Manager added that in the private sector employees pay 100% of dependent coverage, whereas the County pays 50%.
- Commissioner Phillips noted over a ten year period health insurance costs have tripled but only doubled in the private sector. He asked why local government is outpacing the private sector. Ms. Cozart said the increase could be in part due to an aging employee population. She said the average age of a County employee is 44 years old. The Manager stated that the private sector has made significant changes in their employee benefit packages, especially with dependent coverage.
- Commissioner Phillips stated it is imperative that the County start looking at Healthcare Savings Accounts (HSA's) because he believes it is a tremendous opportunity to save money. Ms. Cozart added that there are other options such as dual plans or plan choice. The Manager said Staff must do research on HSA's and allow employees time to adjust to the changes.
- Commissioner Guice asked for an overview of how an HSA's would work. Ms. Cozart stated that Healthcare Savings Accounts have high deductibles. After the deductible is met, healthcare costs are covered 100%. It is optional for the County to contribute to the savings account. Employees can contribute to the account. The monies in the savings account can be used to offset the high
- Commissioner Guice requested more information from Staff about Healthcare Savings Accounts. ACTION: The Manager stated that Staff will get the Commissioners more information but suggested that no decision be made until further research is done.

### **PAY CLASSIFICATION**

Personnel Director Sheila Cozart provided some overall information about the Pay Classification Study. The study would provide a broad look at the whole organization to make sure wages and other portions of compensation are competitive for attracting and retaining employees. It has been ten years since the last study. In order to remain competitive, it is recommended that a study be completed every five years. Some of the areas of concern are:

- Sheriff's Department: Multiple Positions- Patrol, Detention, Investigation
- Health: Environmental Health
- Building & Inspections: Code Enforcement Officer

- Solid Waste: Equipment Operators and Drivers
- EMS: Paramedics
- Tax Office: Tax Appraiser
- Information Technology: Director & Network Administrator
- Day Care: Day Care Teachers & Developmental Day Care Teachers
- Library: Librarians

The Sheriff has a specific request for consideration by the Board of Commissioners. His proposal calls for adjusting the salaries of all employees within the Sheriff's Department. The cost reflected in his requests is approximately \$210,000 which includes the benefits associated with the salary increases. Ms. Cozart said looking at only the inequities in one department does not address the overall concern and affects other positions in the County. The County has a compensation plan consisting of grades with salary ranges assigned to those grades. Ms. Cozart stated that it is important that a comprehensive study be completed by an outside agency to determine all the factors.

The Personnel Board met on April 17<sup>th</sup> and discussed compensation and classification of County positions. They recommended a comprehensive study to compare and evaluate all positions in the County to be funded and implemented in FY 2007-08.

Ms. Cozart stated that the Sheriff's Department salaries are not competitive with the City of Brevard and are significantly below Henderson County. The County is recommending Commissioners fund the pay classification study and its implementation as well continue the pay for performance increases. The cost of the study ranges from \$25,000 to \$50,000.

Sheriff Mahoney addressed the Board. He stated that the reason for his request is that he feels like he has immediate needs in this department. One of his big concerns is not being able to fill vacant positions or positions needed when the new Public Safety Facility opens. He stated that Transylvania County is not competitive in the law enforcement field with surrounding counties and the Brevard Police Department. He noted that he supports a countywide reclassification study. He added that he made cuts in several line items in his department to help offset the immediate needs of his department.

#### Discussion

- Commissioner Guice said it would be a huge mistake to do something for a group of employees in County government and not for all of the employees. He said it is important that Commissioners look at the overall picture. He added that he understands the challenges the Sheriff is facing.
- Commissioner Phillips noted that it seems as though less people are entering the law enforcement field which also creates recruiting problems.
- Commissioner Bullock said the County should not have waited ten years to perform a pay reclassification study and that it will now cost more to catch up. He said the County needs to work hard to keep employees.
- The Manager estimated implementation of the entire study at approximately \$700,000.

- Chairman Chappell asked how long a study would take to complete. Ms. Cozart replied that six months would be a reasonable average timeline.
- Chairman Chappell asked if the recommendations from the 1998 study were fully implemented. Ms. Cozart said that the company came back to the County with three implementation options. One was a high option, one a mid option and the other a low option. At that time, Commissioners agreed to implement the mid-range option and to ensure that all employees were at least 5% above the minimum in their salary grade.
- Commissioner Hogsed is concerned that the system has gotten to a point that employees that have been working for the County for 10-15+ years have topped out and those that have been employed for the County for less time are roughly making the same salary. He stressed the importance of a countywide study to address some of these problems and to reward longevity.
- Commissioners asked Staff in the audience to voice their thoughts on this issue. Library Director Anna Yount and Tax Assessor/Collector emphasized that there are inequities in other departments so the study is very important. Mr. Reid also stressed the importance of longevity pay. Captain Eddie Lance said that several years ago BLET classes were full and most students graduated. Today they are seeing less people enter the law enforcement field and more competitive agencies are hiring those people. The Sheriff added that he needs to put together a good package to recruit people into the law enforcement field and offer a compensation package that will retain staff. Mr. Reid added that whatever is done should be done equitably and fairly.

### **PERSONNEL REQUESTS**

The Manager reported on the personnel requests made by staff and offered his recommendations. He noted that he is not justifying these positions at this time but only providing Commissioners with an overview of the personnel requests and their impact.

1. Accountant- to assist the Finance Director; recommended
2. Elections- PT to FT; not recommended
3. Jail Cook- to reduce overtime; not received all justification for this position
4. Lieutenant- for jail; operate commissary program; not received all justification for this position
5. Paramedics (6)- 14% increase in number of calls; on weekends the hospital does not have orthopedic coverage and staff must transport patients to other counties; hospital has less inpatient beds forcing staff to transport patients as well; proposal to make shifts 24/7; approximate cost of \$300,000
6. Tele-communicator- goal is to have two people per shift when transition to the new E911 Center; recommends waiting until the new Public Safety Facility opens
7. Animal Shelter Attendant- recommends waiting until new Animal Shelter is built
8. Animal Control Officer- recommendation from Board of Health; recommends looking at ways to make current system more efficient

9. School Nurse- request from Health Department; currently below standards set forth by the State in regards to the ratio of nurses to students; concerned that the Board of Education has not made this position a high priority
10. Social Worker III- caseload mandates new position
11. Library Assistant- with the number of patrons visiting the library on a daily basis, library staff is unable to meet all needs
12. Domestic Violence Investigator- grant funded position
13. Environmental Health- grant funded position

Of the twenty requested positions, eighteen would be funded by the County, costing approximately \$700,000- \$800,000 and two of the positions are grant funded. The Manager recommends that the County fund seven positions. He stressed that he is not justifying these positions at this time.

#### Discussion

- Commissioner Guice is concerned about adding positions at the Sheriff's Department, especially with the staffing issues the County is facing when the new Public Safety Facility opens.
- The Manager stated that the architect will be making recommendations as to the number of staff needed to operate the new Public Safety Facility. No further information will be given until the construction begins. Early estimates are that it will take 27 Staff to operate the facility plus 9 administration positions for a total of 36 Staff, 26 more than the County has today. Giving the Sheriff 2 new positions this year would reduce the number needed when the new Public Safety Facility opens. He does not know if it will take that many Staff to operate that facility. The salaries for those positions would cost approximately \$1.1 million. Training in the facility would take 3-4 months and would take place before the facility opens. In addition, Staff is looking at the paramedics positions because of the increase in the number of calls. The Animal Shelter will be completed within the next year and will also require additional staffing.
- Commissioner Guice pointed out other jails have contracted some positions to keep costs lower and it is important in moving forward that Commissioners examine their options closely.

### **MAJOR CAPITAL REQUESTS**

The Manager gave an overview of the major capital projects.

FY 2008:

1. Health Department- renovation of the 3<sup>rd</sup> floor of the DSS Building; estimated cost is approximately \$1 million
2. Animal Shelter- currently being designed; \$1 million; \$750,000 already set aside
3. Parking Lot- purchased property on Johnson Street; approximately \$205,000

4. Courthouse- expansion to delay building new facility; connecting Administration to the Courthouse; addresses security concerns and provides additional space; approximately \$2 million
5. Old Library- (Phase 1) renovations to make ADA accessible; approximately \$729,000; (Phase 2) renovations to house County Administration; \$600,000

The above projects would cost approximately \$5.6 million. The County has \$3.2 million set aside for these projects, leaving a shortfall of approximately \$2.3 million.

In a joint meeting with the Board of Education, they expressed the need for a renovated or new education center. The Manager recently met with Norris Barger and Superintendent Sonna Lyda and they indicated renovations to the Morris Education Center would cost \$2.1 million and a new building would cost \$2.9 million. The total need for capital increases to \$5.3 million.

FY 2010:

1. Old Sheriff's Office- renovations to relocate Tax Assessor/Collector, Register of Deeds; \$639,000
2. Old Jail- renovations to relocate Board of Elections and other departments; \$1.1 million
3. Courthouse- reopen wing formerly housed by Tax Offices and Register of Deeds to provide space for District Attorney, Public Defender, Clerk of Court; estimating \$600,000
4. Board of Elections- minor upgrades; \$50,000

A total of \$11.1 million is needed to complete all the capital projects. The County has \$3.3 million in reserves, leaving a shortfall of \$7.8 million. The Manager noted that the costs of the new Public Safety Facility and the Animal Shelter have increased significantly and the County also set aside \$1.3 million for the Applied Technology Center at BRCC. As a result the County has does not have the funds available to complete the additional capital projects to meet the needs of the County.

#### Discussion

Administration/Courthouse:

- Commissioner Guice asked what the impact on parking would be if renovations were made to the Courthouse and Administration. The Manager responded that the parking spaces that would be lost are only those currently in front of Administration. The loss of parking should be offset by the number of Staff moved from the Administration Building. If the other offices are moved from the courthouse into another facility, additional parking will be available as well.
- Commissioner Guice stated that the plan addresses commingling of inmates and the general public and the need for an additional courtroom. He thinks Commissioners should consider the plan and consider the long term goals for moving some of the offices out of the courthouse. He said the plan does not



address the immediate space needs of the Clerk of Court, the Courts, the Defense Attorneys, etc.

- Chairman Chappell said Commissioners need to make some decisions and give direction and guidance to Staff.
- Commissioner Bullock said he would like to other options and see what else could be done with the other floors of the courthouse instead of renovating the Administration Building. The Manager responded that the courthouse has load bearing walls and other structural obstacles. The architect's opinion is that it is not a viable option.
- Commissioner Hogsed said he concerned about spending money to renovate old buildings. He would rather build a new facility to house County Staff. The Manager stated that the architect indicated this option would cost much more.
- ACTION: (2<sup>nd</sup> Meeting) Commissioner Guice suggested the Commissioners schedule a meeting to discuss these issues with Staff, the architect and the Security Committee.
- Commissioner Guice said that Administration must be moved before renovating the courthouse.
- Commissioner Hogsed suggested moving Administration temporarily to the Health Department when space is available or rent space to house Administration until the space in the old Sheriff's Office becomes available.
- Chairman Chappell responded that he does not believe enough space will become available in the Health Department to house Administration.
- ACTION: (1<sup>st</sup> Meeting) Commissioners requested to schedule a meeting with the architect to discuss immediate and future space needs, costs of the options and the best way to utilize space being freed up in 2009.
- Commissioner Guice said it important that Commissioner prioritize the needs and the options and look at funding sources.

#### Education Center:

- Commissioner Guice suggested building a new facility. The School already owns property that it can build on.
- Commissioner Phillips added that more money would be needed for the upkeep of the current facility. He also stated that the Community is interested in having that facility returned to them.
- Commissioners Bullock and Hogsed concurred with Commissioner Guice that building a new facility would be the best option.

#### Animal Shelter:

- Commissioner Hogsed questioned the \$1 million figure when the plans have not been finalized. The Manager responded that the estimated costs include instruction costs, contingency, and FF&E.
- Commissioner Phillips questioned the population projections. In 30 years the population of the County has increased by approximately 9,000 people. The projections show the population increasing by 20,000 in the next 24 years and he believes the projections are too high.

- The Manager stated that the County needs to build a shelter with room to expand for the future.
- Commissioner Bullock said he believes the stray animal population should grow more slowly than the human population.
- Commissioner Guice said that Commissioners already made a commitment to set aside \$750,000.

Health Department:

- Commissioner Guice asked how much monies had been set aside. The Manager said that approximately \$650,000 has been earmarked for this project.

### **USE OF SILVERMONT**

Two groups have made proposals for the Commissioners' consideration:

1. Senior Center- would expand current activities at Silvermont and would not displace the Congregate Meal Program
  - a. Annual additional operating cost required by County is \$20,000
  - b. Renovations such as air conditioning, upgrade the electrical system and new appliances in the kitchen were noted in the request; Estimated cost \$50,000
2. Heritage Museum- offer a long term lease for small fee. The music sessions on Thursday evening would continue. Every effort would be made to continue the use of the facility for the Festival of Trees. The Congregate Meal Program would be displaced.
  - a. Asking for phase-in of internal operating costs over a three year period with the Coalition paying for one-third the first year, two-thirds the second year and full costs the third year.

The Manager noted that each year funds are appropriated to Silvermont. The County has \$200,000 in undesignated funds in the Fund Balance available for restoration efforts.

#### Discussion

- Commissioner Phillips commented that a survey sent out to registered voters over 65 years old in the County yielded 1,430 responses with 82% saying they would use the services provided by the senior center and 90% saying they would support a senior citizen.
- Commissioner Hogsed believes the best use of Silvermont is for a senior center.
- Chairman Chappell noted that an interesting fact is how the County originally acquired Silvermont. He concurred with Commissioner Hogsed that a senior center is the best use of Silvermont.
- Commissioner Guice said that the displacement of the Congregate Meal Program would be troublesome. He believes the County should be doing more for senior citizens.

- Commissioner Bullock noted that the former owners of the property wanted the facility to be used as a senior center.
- Chairman Chappell said other counties of similar size offer more services for seniors.
- Commissioner Hogsed stated that Transylvania County is one of three counties in the State that does not have a senior center. His goal is to help the Heritage Coalition find a place to house their artifacts. He added that the old library is a viable option for a County museum.
- ACTION: By consensus, Commissioners instructed Staff to start working with the WCCA to implement a senior center in FY 2007-08.

### **OVERVIEW OF FIRST LOOK AT FY 2008 AND ITEMS FOR 2009**

The 2007 tax base projection for Transylvania County is \$3.94 billion, an increase of \$145 million. After deducting one-time revenues and making other budget assumptions, Staff estimates revenues at \$40.7 million for FY 2008. Staff used the same formulas and assumption for expenditures. The Manager highlighted some of the major requests and noted that one of the concerns Staff has is whether or not Medicaid will be capped. Staff estimated expenditures for FY 2008 at \$43 million, a \$2.3 million deficit.

The expenditures include all the departmental requests. Staff refined the requests and made other reductions and concluded that the shortfall would be \$775,000. Staff will be looking at other ways to reduce the deficit, such as plan design changes in the health insurance, reducing the full amount set aside for implementation of the Pay Classification Study and making the assumption that Medicaid would be capped. This would reduce the shortfall to \$300,000 to \$400,000. The Manager said another concern is finding funding sources for 2009.

#### Discussion

- Commissioner Guice said there are some real needs and legitimate requests but the County does not have unlimited revenue sources. He is bothered by the request for 20 new positions knowing that in the following year the County is going to have to staff the new Public Safety Facility.

### **MAJOR ISSUES**

The Board discussed some of the major issues facing the County.

#### Education:

The Manager stated that a 5% increase in Current Spending is \$359,011 and a 6% increase is \$430,813. He is recommending a 5.4% increase or \$384,726.

- Commissioner Guice concurred with the Manager's recommendations.
- Commissioner Phillips said Commissioners have committed funding certain Current Expense items.
- Commissioner Hogsed stressed that it is important that the Board of Education understand the County's overall situation for FY 2008 and future years.

The Manager included the same amount of Capital Outlay in the budget that was given to the Schools last year, \$1.868 million. He added that a reasonable amount of capital would be between \$1.5 million and \$1.868 million.

- Chairman Chappell said he is more inclined to give the Schools \$1.5 million for Capital Outlay.
- The Manager added that \$1.868 million would fund through priority #9 on their list.
- Commissioners agreed that \$1.5 million is a good starting point for Capital Outlay.

#### Health Insurance:

- Commissioner Guice asked Ms. Cozart to educate the Commissioners about Healthcare Savings Accounts (HSA's).

#### Pay Classification Study:

- Commissioner Guice stated that doing the study for only one department will have an impact on the other departments and skew the current compensation system. If Commissioners decide to fund the study, then monies must be set aside to implement the findings.
- Commissioner Phillips suggested doing the study in-house.
- Commissioner Hogsed asked what the negative impact would be on doing an in-house study. The Manager responded that there is only one staff person in the Personnel Department so it would take too long to complete the study. Also, an outside agency can provide an objective look at all positions and has access to a lot of information.
- Commissioner Guice asked for clarification on the cost of the study. ACTION: Staff will get the estimated cost of the study to the Commissioners.
- Chairman Chappell stated that Commissioners need to look closely at this because of the cost to implement the findings and the ongoing costs thereafter. The Manager responded that without the study, some departments and positions will not be competitive.
- Commissioner Hogsed said if Commissioners are not committed to implementing the study, then the study should not be completed.

#### Personnel Requests:

The Manager stated that Department Heads have requested 20 new positions. He said that there needs to be great justification for adding new positions. He added that 13 of the requests were questionable and 5 others needed further justification.

- Commissioner Hogsed stated that the County should be very strict on fulfilling the personnel requests and look at ways to consolidate services.
- The Manager said when there is a vacant position the Department Head must justify that the position is needed. Before adding positions, he wants to explore ways to operate more efficiently in some areas but noted that there are some key areas that need to have positions in place.
- Commissioner Phillips added that the County needs to eliminate redundancy even if that includes personnel.

## SCENARIOS

The Manager presented the following scenarios:

1. Borrow \$15 million for Public Safety Facility; leave \$15 million for capital/other; 7.9 cents Ad Valorem Tax increase
2. Borrow only enough funds to keep Undesignated at 8% or \$3,400,000, 7.2 cents Ad Valorem Tax increase
3. Enact 1% Transfer tax; 2.6 cents Ad Valorem Tax increase
4. Implement 1 cents Sales Tax; 2.6 cents Ad Valorem tax increase
5. Complete no other capital projects other than the ones already started, i.e. BRCC, Public Safety Facility and Animal Shelter; Undesignated funds would still remain below 8%

### Discussion

- Commissioner Guice said the key question is whether or not Commissioners want to borrow funds to complete these capital projects.
- Commissioner Phillips commented that the public has been informed that the County has enough funds to build the new Public Safety Facility so it would be unethical to borrow funds for that purpose.
- The Manager summarized that the FY 2007-08 Budget is workable and close to breaking even but the FY 2008-09 Budget presents the bigger challenge. His goal is to position the County for success in FY 2008-09.

## DISCUSSION/GUIDANCE

- Chairman Chappell said the key decision to make is determining how important and urgent the capital projects are to the County. He said he is concerned about the future.
- Commissioner Guice said that courthouse security is critical and urgent. In order to provide space for the District Attorney's Office, a new Public Defender's Office and the Clerk of Court, something has to be done with Administration. He added that it is important to move ahead with Public Safety Facility and any other commitments the Commissioners have already made.
- Commissioner Phillips said it is critical that Commissioners meet with Staff, the Architect and the Security Committee as soon as possible.
- ACTION: The Manager will share with the Department Heads the results of this meeting and ask them to find out if there are areas they can potentially reduce costs.
- ACTION: The Manager and Commissioners Bullock and Guice are going to be in Raleigh on Tuesday and hope to be to meet with Senator Snow and Representative Walend to discuss the Land Transfer Tax and some of the challenges in the County faces.
- ACTION: Commissioner Bullock asked Commissioners to give him input about any issue so he may discuss those as well with our representatives.

## PUBLIC COMMENTS

Judy Matthews, Board of Elections Director: Ms. Matthews said employees will make sacrifices for the good of the community.

Steve Smith, Health Director: Mr. Smith commented about the exploding costs of healthcare and said that more options need to be researched to help reduce the burden on the employees and the County. He added that the Medicaid burden is absurd.

The Manager asked what kind of message the County should be sending to the Fire Departments because some of them will be asking for an increase this year. Commissioners agreed that that the message should be consistent in that the same message should be sent to all departments and groups. The Fire Departments need to understand the dilemma the County is facing, especially over the next two years.

## CRITIQUE

The Commissioners thought the following things went well during the Planning Workshops:

- Good food
- Allowed plenty of time for issues
- Felt free to discuss issues openly
- Good frank discussion on issues today
- Gave own opinions but were respectful of others' opinions
- Session was informative to the Commissioners going into the Budget process

The Commissioners would like to see the following changes for future Planning Workshops:

- Would like to discuss the budget issues and look at the whole picture before interaction with the Board of Education and others

## ADJOURNMENT

There being no further business to come before the Board, **Commissioner Guice moved to adjourn, seconded by Chairman Chappell and unanimously carried.**

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Jason R. Chappell, Chairman  
Board of County Commissioners

ATTEST:

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Trisha D. McLeod  
Clerk to the Board

