

MINUTES
FY 2008-2009 BUDGET WORKSHOPS
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
May 30, 2008 & June 2-3, 2008

FRIDAY, MAY 30, 2008, 5:30 p.m., Rogow Room, Transylvania County Library

The Board of Commissioners of Transylvania County met in Special Session on Friday, May 30, 2008 at 5:00 p.m. in the Rogow Room at the Transylvania County Library. The meeting was called for the purpose of considering the FY 2008-2009 Budget. The Budget was presented on CD. Printed copies of the Budget are on file in the Finance Office, the Administration Building and the Transylvania County Library.

Commissioners present were Lynn Bullock, Chairman Jason Chappell, David Guice and Daryle Hogsed. Vice-Chairman Kelvin Phillips was absent. Also present were County Manager Artie Wilson, Finance Director Gay Poor, Human Resources Director Sheila Cozart and Clerk to the Board Trisha McLeod.

Media: *Transylvania Times*: Mark Todd

There were approximately 11 people in the audience.

WELCOME

Chairman Chappell presiding called the meeting to order at 5:30 p.m. He welcomed everyone to the meeting.

OVERVIEW

The Manager provided a brief overview of the Budget. The proposed revenues for the FY 09 Budget are \$44.5 million. The proposed expenditures for the FY 09 Budget are \$45.5 million. The Budget proposal indicates a \$1 million deficit. The Manager offered three options for balancing the budget: taking the entire amount from Fund Balance, raising taxes, or a combination of Fund Balance and reducing spending. He recommended the third option of Fund Balance and a reduction in spending.

The Manager recommended reducing spending in the following areas:

1. Economic Development - \$150,000
2. Delay paving at the Landfill - \$140,000
3. Reduce capital spending (2 vehicles Sheriff's Department - \$59,740, 1 vehicle Health Department - \$19,000)
4. Spread construction costs of new cell at landfill over 6 year period versus 5 year period (\$123,796)

The reduction in spending amounts to \$492,536. The Manager recommended taking the remaining balance from Fund Balance in the amount of \$532,574. He said he believes this is a doable Budget. Less the borrowing of funds for the Public Safety Facility, the

increase for FY 2008-2009 is not significant. Most of the increases were related to fuel and utilities.

The Manager suggested a Budget Workshop process. Staff will provide an overview of the Budget and discuss key issues at the next meetings.

REVENUES

Finance Director Gay Poor reviewed the General Fund Revenues.

Ad Valorem Taxes provide over half of the County's annual revenues. The \$22.5 million budgeted for FY 09 is \$952,000 more than the FY 08 Budget. This figure includes both current and prior year collections and interest and penalties. The current year ad valorem taxes of \$22.2 million are calculated on a projected tax base of \$4.135 billion, a tax rate of \$.54/\$100 of valuation, and a collection rate of 99.27%. The tax base reflects an increase of \$175 million, which will generate an additional \$900,000. The collection rate is the actual rate achieved in FY 07 and is 1.19 percentage points above the FY 06 actual rate. Through higher collections, the County should realize approximately \$250,000 more in current year taxes. As the collection rate increases, the balance of prior year taxes unpaid decreases. Consequently, prior year collections are budgeted as \$179,000 less in FY 09 than in FY 08.

The next largest contributor to County revenues is Sales Taxes at \$7.4 million. Sales taxes are budgeted at \$979,000 less than FY 08. Due to the slow economy, FY 08 sales taxes are expected to fall 3-4% below budget which is reflected in the FY 09 Budget. A 1% deviation is worth approximately \$80,000. In addition, the Medicaid Relief Swap will adversely affect sales tax revenues. In October 2008, the ¼ cent Article 44 sales tax distributed on a point of delivery basis will be eliminated. The Article 39 sales tax will also be reduced by the amount of Article 44 sales tax previously allocated to the City of Brevard and the Town of Rosman. The net impact of the Medicaid Relief Swap on sales taxes is a loss of \$692,000. Medicaid savings are anticipated to be \$620,000, leaving a gap of \$72,000. The State, however, has guaranteed counties a net gain of \$500,000 resulting in a budgeted amount of \$572,000 in hold harmless funds.

Intergovernmental revenues provide another \$7.2 million and include the \$572,000 for Medicaid Hold Harmless Funds, \$192,000 in payments in lieu of taxes of forest lands, \$432,000 in payments for the school system for school resources officers, \$5.1 million for State and federal funding for Human Services programs, \$449,000 in lottery proceeds and ADM funds for the school, and miscellaneous outside funding for other functions. Intergovernmental revenue sources increased by \$665,000 mainly because of the addition of Medicaid Hold Harmless Funds. The absence of the \$300,000 Incubator Grant included in FY 08 was offset by increases in funding for Social Services programs, and the Transportation grant for vans made up for the CHAF grant in the FY 08 Budget.

Approximately 15%, or \$6.6 million, of the FY 09 budgeted revenues are derived from licenses, fees, and miscellaneous sources. Fees and licenses make \$3.7 million of this

total, \$123 less than projected for FY 08. Due to the ailing housing market, the Register of Deeds and Building Permitting and Enforcement are forecasting decreases in their revenues, \$188,000 and \$66,000 respectively. Environmental Health has likewise budgeted for a \$27,000 reduction in well and septic permits and inspection fees.

On the positive side, as the number of ambulance transports increases so do the revenues from ambulance billings. The budget for FY 09 is \$1 million, an increase of \$120,000. Proceeds from borrowing account for \$2.8 of the \$2.9 million considered miscellaneous which explains why this category is up \$2.7 million over the FY 08 Budget.

The decrease in budgeted interest earned on investments from \$650,000 to \$445,000 reflects the projected decline in both interest rates and available cash balance to invest as funds are drawn down to pay for the new Public Safety Facility.

The \$259,000 shown as reserves represents withdrawal from reserves to cover expenditures included in the FY 09 recommended Budget. This amount consists of \$9,000 from the School Capital Outlay reserve, \$96,000 from the Enhancement Fund, \$98,000 from the Emergency Telephone Fund, and \$56,000 from the General Fund in funds received from FY 08 for designated purposes to be spent in FY 09. In FY 08, \$1 million was also included for the new building at Blue Ridge Community College.

The only item in Other Taxes is cable franchise taxes, which are expected to continue to generate approximately \$100,000.

Two departments have proposed minor fee increases for FY 09. Building Permitting and Enforcement has requested the addition of \$0.25 per square foot fee for oversized (400 square feet) garages, workshops, storage buildings, boathouses, decks, and docks. The Director also recommended including in the Budget Ordinance a \$110 fee for emergency inspections during off hours and holidays. This fee appears in the County's code of ordinances. The Planning Department has proposed raising the per lot fee for subdivisions from \$10 to \$15 and charging a fee to cover time and vehicle cost for extra (more than 2) inspection trips to subdivisions.

KEY EXPENDITURES

Ms. Poor reviewed the General Fund Expenditures by function. The proposed FY 09 Budget is \$45.5 million, \$3 million or 7.2% over the approved FY 08 Budget. Less the borrowing of \$2.8 million for the new Public Safety Facility, the proposed FY 09 Budget is 1.6%, or \$200,000, more than FY 08. The proposed FY 09 Budget also includes \$600,000 in carryover from pay raises that were effective February 2008. Consequently, there is an increase in personnel cost across all departments.

General Government includes Commissioners, Administration, Board of Elections, Tax Assessment and Collections, Register of Deeds, Court Facilities, and countywide expenditures such as maintenance, Information Technology, insurance, and project management. The General Government category is budgeted at \$5.6 million, \$600,000

less than FY 08. In FY 08 all of the \$574,000 allowed for retiree health insurance and 457 contributions was budgeted in Administration. For FY 09 these benefits have been allocated based on headcount to all functions. The \$304,000 budgeted in FY 08 under Administration for implementation of the Pay Classification and Compensation Study has been spread throughout the departments. One new position in the Finance Department has been included in the proposed budget for General Government. Building and land improvements totaling \$208,000 have also been included in the FY 09 Budget, \$234,000 less than FY 08. There were no requests by General Government departments for capital equipment.

The greatest increases for FY 09 are reflected in Public Safety. The proposed budget of \$9.1 million exceeds the current year's original budget by \$1.2 million. Almost half of the 15% increase is attributable to transition costs associated with the new Public Safety Facility, particularly staffing. Another significant portion is the result of additions to personnel made during FY 08 which included two personnel for the Jail Transition Team, one Security Officer, and a School Resource Officer for Davidson River School. The FY 09 Budget provides for an additional school resource officer to fill a position previously funded by the City of Brevard. Emergency Management is included in the Public Safety category which consists of the Fire Marshall, EMS, Communications and Animal Control. All of the \$449,000 in capital budgeted for Public Safety departments are for vehicles.

Economic and Physical Development is budgeted as \$1.5 million, a decrease of \$30,000. This function includes Building Permitting and Enforcement, Planning and Economic Development, Cooperative Extension, and Soil and Water Conservation. The budget reduction is related to a decrease in grant related expenditures. In FY 08 the County distributed \$300,000 to Blue Ridge Community College from funds received through an Economic Development Incubator Facility Grant. The \$150,000 for FY 09 would be for incentives for local businesses and would come from general County funds. The only capital requests were for vehicles.

Human Services encompasses General, Environmental, and Mental Health Services, Social Services, Child Development, Veteran's Services, and Transportation. The proposed budget for FY 09 is \$10.2 million, \$200,000 more than FY 08. As a result of the Medicaid Relief Swap, the County's share of Medicaid payments has decreased by \$930,000, which helped to offset increases in other assistance programs, especially foster care, and the impact of the pay adjustments made in FY 08. Four vehicles have been budgeted. The two replacement vans requested by Transportation cost \$90,000, 90% of which will be paid grant funds. Many of the expenditures in Human Services are mandated and funded in part by State and federal funds. Compared to the amended FY 08 Budget, the recommended FY 09 Budget shows that the County will absorb more of the cost for Health and Child Care programs, but less for Social Services and Transportation.

The proposed budget for Culture and Recreation for FY 09 increased by \$137,000, bringing the amount recommended for the Library and Recreation Department to \$1.8

million. A Library Assistant position has been included in the recommended budget. Other personnel related costs carried forward from FY 08 are largely offset by the reduction in capital expenditures. No capital has been budgeted for FY 09. The budget also includes \$45,000 for preliminary work on the new Community Sports Complex, but does not include any funds for the implementation of the Recreation Study. At \$13.1 million, Education is the single largest function reported in the County's budget. These funds are appropriated for the local school system's current spending and capital outlay, a portion of the operational and capital expenditures at the Brevard Campus of Blue Ridge Community College, and debt service on the school bonds. The original budget of \$13.6 million for FY 08 included \$1 million for the Applied Technology Building at Blue Ridge Community College. Excluding that, the FY 09 Budget provides \$632,000 more for Education. The proposed budget for capital outlay is \$1.9 million, the same as FY 08. The proposed budget for current spending is up 7.2% totaling \$8.2 million. Because of the higher operational costs associated with the new building and major capital repairs, the budget for Blue Ridge Community College has been increased by \$134,000, or 65%.

Ms. Poor mentioned that scattered throughout these functional areas are Outside Agencies that receive approximately \$400,000 in County funding to help support their work in these areas.

Debt Service covers the principal and interest payments on the \$2.8 million loan the Commissioners have approved for completion of the Public Safety Facility.

Transfers include the \$2.8 million to be borrowed and transferred from the General Fund to the Public Safety Facility Fund. It also reflects \$1 million transferred to Solid Waste and \$200,000 to other funds and reserves within the General Fund.

Ms. Poor next reviewed the General Fund expenditures by type.

Personnel expenditures are budgeted as \$17.4 million and account for 38% of the County's budget. These include salaries, wages, fringes, health insurance and 457 contributions. These expenditures show an increase of 9.5%, or \$1.5 million over the FY 08 Budget. The majority of this increase comes from three factors:

- \$570,000 in pay adjustments carried forward from the current year
- \$326,000 to cover a 3% Market Adjustment and 1.79% merit adjustment
- \$495,000 for the net addition of 23 positions

The \$2.1 million budgeted for employee health insurance is \$121,000 higher than FY 08 due to the headcount increase. The County's annual cost per employee is \$7,065. The proposed FY 09 Budget also includes \$242,000 to fully fund the Annual Required Contribution for the retiree health insurance plan and \$367,000 for 457 contributions for employees not participating in that plan. The costs of these benefits are essentially the same as FY 08.

The \$4.9 million budgeted for Operational Expenditures covers a number of types of expenses, ranging from professional services, rentals, and travel to operating supplies, maintenance, utilities, computers, and insurance. Department heads were able to keep these expenditures at the same level as last year, at the request of the County Manager, with a few minor exceptions.

- Fuel costs are projected to be \$70,000 more based on \$2.76 per gallon for gasoline and \$2.86 per gallon for diesel. Ms. Poor noted that the County is not required to pay the excise tax on fuel. As fuel prices continue to escalate, there is concern the rates quoted by the City of Brevard in February are too low. The City's latest estimates for the next three months are \$3.55 per gallon for gas and \$4.24 per gallon for diesel. The County's budgeted usage for FY 09 is approximately 98,000 gallons. The dollar impact if the new estimated per gallon prices hold for the whole year would be an additional \$87,000. While departments are seeking ways to conserve fuel, it is difficult for most of them to without reducing services. Due to growing call volumes, EMS has found it necessary to budget for even more fuel.
- Utility prices have also been rising steadily, causing most of the \$30,000 increase in the budget. Current year estimated costs were inflated by 5%, consumption levels were adjusted in some areas to reflect FY 08 projected usage, and utilities were added for the soon-to-be completed Health Department expansion.
- To remain on the four year computer replacement cycle set up by the County, \$150,000 has been recommended for computers and printers. This is \$46,000 more than FY 08 which includes \$17,000 for Social Services and \$29,000 for the Library.
- Expenditures associated with the Jail Transition Team amount to \$53,000. These expenditures include \$18,000 for uniforms, \$15,000 for training, \$12,000 for pre-employment physicals and substance abuse screenings, and the remainder for other supplies.
- New to the budget for FY 09 is \$45,000 in expenditures for the Community Sports Complex to complete the master plan and other studies.
- The FY 09 Budget provides \$18,000 for the Court's monthly telephone system expenses, a responsibility the State is shifting to counties July 1, 2008.
- \$96,000 has been included at the request of the Register of Deeds for the preservation of the some of the older record books. Funds will be withdrawn from the Enhancement Fund for this purpose.
- In recognition of higher fuel prices, the mileage reimbursement rate recommended in the FY 09 Budget is \$.45 per mile versus \$.35 per mile in FY 08. This is still below the 2008 IRS rate of \$.505 per mile. The impact of the increased allowance has not been isolated. Budgeted training and travel expenditures have increased \$18,000, with \$15,000 attributable to the Transition Team.

These items explain the majority of the \$467,000 increase in operational expenditures which are for the most part not within the control of department heads. Ms. Poor noted that keeping all other expenditures close to the FY 08 level when inflation rates are

currently over 4% is quite an accomplishment and actually equates to a decrease in spending.

Expenditures for Human Services include Medicaid Payments, Medicaid transportation, foster care, adoption assistance, adult day care, and other general assistance programs. These account for \$3.4 of the total \$3.8 million in Human Services. The remaining expenditures are funded by grants. Medicaid payments have been reduced by \$930,000 while foster care program costs have risen by \$291,000. This increase is partly due to a change in the way DHHS is funding foster care placements and partly reimbursed by an increase in related revenues. The net impact to the County is \$76,000. An additional \$81,000 has been included for Medicaid Transportation, as directed by the State. This will be reimbursed 100%. Overall, the FY 09 Budget for Human Services Programs is \$500,000 less than FY 08.

The two largest components of the Miscellaneous category are advertising costs at \$32,000 and recreational program costs at \$43,000. Recreational program costs are covered by fees collected from participants in the programs. Miscellaneous expenditures are budgeted the same as FY 08 at \$108,000.

Grant related expenditures budgeted for FY 09 is \$161,000 versus \$456,000 in FY 08. While the Sheriff's Office has applied for several grants for the coming year, only two have been awarded so far. The expenditures associated with these as well as the Economic Development incentive grants are reported in the budget. The projects funded by Crisis Housing Assistance Fund (CHAF) and Incubator Grants in the FY 08 Budget should be completed by the end of the year.

Governmental Remittances are the payments made by the Register of Deeds to the Children's Fund and the Domestic Violence Fund from marriage license revenues and the State's portion of the conveyance taxes collected. The governmental remittances budgeted have been decreased from \$400,000 in FY 08 to \$321,000 in anticipation of lower revenues.

\$479,000 has been included for Outside Agencies. Ms Poor noted that Blue Ridge Community College, Communities in Schools, and School Day Care are grouped with Education. It includes \$99,000 for Mental Health maintenance of effort funds, which is mandated by the State, and \$85,000 for the NC Forest Service, \$131,000 for the Rescue Squad, and \$7,000 for City and County boards. These are not totally discretionary. The remaining \$156,000 budgeted for FY 09 is for other organizations. Half of the \$30,000 increase over FY 08 comes from requests from the NC Forest Service and the Rescue Squad. \$12,000 of the remaining variance stems from requests from two new agencies.

The Education expenditures reported by type are the same as those reported by function.

Of the total \$818,000 budgeted for Capital in the General Fund, \$610,000 has been budgeted for 18 vehicles and \$208,000 for capital improvements to buildings and land, which represents a 17% decrease compared to FY 08.

Like Education, the Debt Service expenditures reported by type are the same as those reported by function.

The \$150,000 transfer to the Reserve for Economic Development was included with the Economic and Physical Development category for both FY 08 and FY 09. The Surplus to Fund Balance budgeted in FY 08 is reported separately.

Discussion:

Commissioners discussed the need for a School Resource Officer position at Brevard Middle School. The Manager added that based on the House and Senate Budgets for the school system, assuming that Commissioners fund the 7.2% increase for the Board of Education, there may be sufficient funds remaining to fund a school nurse or a core curriculum teacher. Commissioners will be discussing the Board of Education Budget at the meeting on Tuesday.

Ms. Poor next discussed some of the expenditures in more detail. These expenditures are identified in the Manager's Budget Message as key issues.

PERSONNEL/HEADCOUNT

FY 09 personnel costs are a major issue. 24 new positions have been included in the recommended budget.

- The first is for a Staff Accountant, with estimated annual salary and benefits of \$58,000.
- Second is the upgrade of the part time Cook in the Jail to a full time position. The additional costs will be \$10,500.
- The next 20 positions have been budgeted for the new Public Safety Facility and are scheduled to be hired at different times during the year as needed.
 - A Transport Officer to work 24 hours per week starting July 1, 2008. This is not a sworn position, but a benefited position. The annual cost is \$28,000.
 - One Detention Lieutenant, a sworn position, to start February 1, 2009. The cost for FY 09 will be \$25,000.
 - Four Detention Corporals, all sworn, to begin February 1, 2009. The FY 09 cost will be \$108,000.
 - Eight additional Detention Officers would start on March 1, 2009. Total cost for wages and benefits will be \$116,000.

The total projected cost for FY 09 for these positions is \$361,000.

- An additional School Resource Officer has been budgeted to assume the position at Brevard Middle School previously funded by the City of Brevard for a cost of \$45,000.

- A Library Assistant position with salaries and benefits of \$38,000 has also been included in the FY 09 Budget.

As a result of reorganization of Child Development this past year, one position has been eliminated. Consequently, although 24 positions have been recommended, the change in headcount is only 23. The net cost for the new positions budgeted for FY 09 is \$487,000. A part time cook with benefits who will join the Jail Transition Team in March does not affect the headcount but will bring the total cost of the personnel to \$495,000.

Department heads submitted requests for 10 other positions that have not been included in the recommended budget.

- Two of these were for employees for the Jail Transition Team: a sworn Transport Officer scheduled to start February 1, 2009 and an Administrative Assistant scheduled to start March, 2009. The FY 09 cost of these positions, respectively, would be \$21,000 and \$12,000.
- The EMS Director proposed adding four more paramedics, one per shift, to handle ongoing increases in call volume (10.65% from 2006 to 2007) and to make it possible for the Shift Supervisor to operate an additional ambulance 24 hours a day with a first responder driver. These four positions, which were also requested for FY 08, would require \$204,000 in funding for wages, fringes, and benefits.
- The Communications Director asked for an additional telecommunicator, a position requested last year as well, so that there would be two telecommunicators per shift 24 hours a day. In addition to helping with the increasing call load, this position would enable his staff to offer Emergency Medical Dispatch services. The cost of this position would be \$43,000. The staffing level in Communications will be reviewed when they move into the new Public Safety Facility.
- The Health Director also resubmitted his request for three additional school nurses to bring the nurse/student ratio to approximately 1:825, which is close to the 1:750 ratio recommended by CDC, NC DPI, and NC Division of Public Health. At \$58,000 each, \$174,000 would be needed for three school nurses. The Board of Education included one additional school nurse in their request.

The total compensation for these 10 positions is projected to be cost \$454,000.

Discussion:

Commissioner Guice asked staff to discuss the full impact of the new positions in FY 10. Ms. Poor responded that the impact would be between \$500,000 and \$600,000. The Manager added that the majority of the impact would be felt in the following year because the positions would be funded for 7 to 8 months rather than the 3 to 4 months in FY 09.

COLA & PAY FOR PERFORMANCE

The recommended budget for FY 09 provides \$326,000 for a 3% COLA adjustment and an average 1.79% pay for performance adjustment to go into effect in February 2009. The 24 new positions are included in this calculation as well.

EMPLOYEE HEALTH INSURANCE

The relatively small increase in the County's cost of employee health insurance is driven mainly by the additions to personnel. Excluding those, the dollar increase over the FY 08 Budget would be only \$37,000. No changes in the current plan design are being recommended. However, due to a shift in the distribution of claims to more dependent usage, a 6.4% increase in premiums paid for dependent coverage has been included in the recommended budget.

EDUCATION

Expenditures for Education are always a major item. Education expenditures account for 29% of the County's total budget.

School Current Spending

The total increase in current spending requested by the Board of Education was \$1.2 million, or 16%. The recommended budget for FY 09 provides for another \$500,000, which represents a 7.2% increase and will cover:

- \$215,000 for a raise in teachers' supplements from 6.8% to 7.44%. This is an increase of .64% and is the annual increment that would be required to reach 10% in FY 10.
- \$208,000 for a local COLA increase of 10% for certified teachers and 4% for non-certified teachers. The percent increase in the Governor's proposed budget is 7-8%.
- \$34,000 increase to 2% for supplements for teacher assistants and office professionals.
- \$6,000 increase in health insurance.
- COLA increase of \$21,000 for the current SRO's.
- \$56,000 for additional School Resource Officer.
- \$7,000 for additional garbage services.

The recommended budget does not include \$700,000 in funding for a medical reimbursement plan, two new math teachers to meet core curriculum, a school nurse, three technology facilitators, property rental, classroom connectivity, and document archiving.

Discussion:

Chairman Chappell asked what figures the Board of Education used to estimate their fuel costs. The Manager responded he would find the answer and forward to Commissioners.

School Capital

Capital spending budgeted for the school system for FY 09 is \$1.9 million, the same as FY 08. The Board of Education requested an additional \$400,000, a 24% increase, for capital that has not been recommended. Neither the requested nor the recommended FY 09 budget includes funds for the Education Center. Renovations for the existing building are estimated at \$2.3 million. The cost of a new building is estimated at \$3.1 million.

Blue Ridge Community College

Blue Ridge Community College requested \$424,000 for FY 09, more than double FY 08's request of \$207,000. However, \$173,000 of this increase was attributable to capital improvement projects, including the replacement of two roofs. At \$341,000, the recommended budget allows for the replacement of one of these next year plus sidewalks, curbs, and landscaping, as well as routine increases in operational costs and additional utilities and staffing needed for the new building.

CAPITAL REQUESTS

Equipment

The total requested for capital equipment in the General Fund was \$733,000. The total recommended is \$608,000.

With the exception of two items for the Library, all requests were for vehicles. The Library Director again asked for \$20,000 for a wireless microphone system for the Rogow Room and \$9,000 for a microfilm scanner/digitizer. Neither of these items has been included in the recommended budget.

Discussion:

Commissioner Guice commented that it was important to designate funds for the equipment for the Rogow Room at the Library since it is used so frequently.

- Of the 18 vehicles requested, half are marked patrol cars for the Sheriff's Department. Seven would be replacing older, higher mileage vehicles and two would be replacing vehicles involved in accidents and would be used by the SRO added last August and the SRO to be added in FY 09. The total cost for these nine vehicles, \$269,000, is currently included in the recommended budget.
- The request to replace the Fire Marshal's Ford Bronco is being submitted for the third year. The original request was for a Ford F-350 fitted to meet EM specifications and costing a total of \$40,000. After reviewing different options, the Manager reduced the recommendation to \$34,000 which will cover the cost of a Ford F-250 with a gas engine and features and equipment required by EM.
- While the EMS Director has identified two ambulances that he would like to replace, he requested only one. He also asked for a second year for a Ford F-350 to replace

his vehicle. The Manager included \$109,000 in the recommended budget for the ambulance but not \$40,000 for the Director's truck.

- \$29,000 was requested for a Ford Expedition for Animal Control but was not recommended by the Manager.
- The Communications Director also resubmitted his request for a replacement vehicle, also a \$40,000 Ford F-350. Going with a gas engine instead of diesel lowered the cost to \$37,000, which is in the recommended budget.
- Building Permitting and Enforcement requested \$33,000 for two Ford Escapes to replace older vehicles. One of these was requested last year. Both have been included in the recommended budget.
- The Health Department requested two Ford Escapes at a cost of \$38,000, as replacement vehicles. They too are currently included in the recommended budget.
- Early in the budget process, Social Services submitted a request to replace a vehicle with approximately 100,000 miles; however, afterwards the State increased the minimum mileage required for funding to 125,000 so the request was not included in the recommended budget.
- Two Transportation vans are due to be replaced: one conversion van with a raised roof and one 20 foot light transit van with a wheelchair lift. Together, these cost \$90,000, but since grant funds pay for 90% of this amount, the actual cost to the County is only \$9,000. They are included in the budget.

Building and Land Improvements

The recommended budget for FY 09 for capital improvements for buildings and land in the General Fund is \$208,000 and includes \$135,000 for the completion of the rock wall stabilization project, \$20,000 for sidewalks around the Courthouse, \$18,000 for the replacement of a HVAC unit in the Community Services Building, and \$35,000 for a new roof at Child Development.

Solid Waste

\$233,000 has been budgeted for capital for Solid Waste.

- \$140,000 to complete the paving of the road at Woodruff.
- \$44,000 for a portable generator that would run the leachate pumps during a power outage, preventing the leachate from overflowing the storage capacity of the liner.
- \$24,000 for a replacement vehicle for the Director of Solid Waste, \$7,000 less than had been requested.
- \$11,000 for a tailgate for the Volvo dump truck to contain sediment cleaned out from the sediment basin.
- \$8,000 for a tire changer machine to make changing the tires on Solid Waste's large equipment faster and safer.
- \$6,000 for a welder and air compressor to be mounted on the truck used by the mechanic.

Discussion:

The Manager noted that staff is exploring some alternatives related to capital expenditures to help find additional funds for fuel costs. Commissioner Bullock asked if there were a significant number of power outages at the Landfill. The Manager responded that the power issue is more critical due to leachate tank capacity. He noted there may funding available from the State for a generator as well.

OUTSIDE AGENCIES

Funding for some Outside Agencies is mandatory and funding for others is not totally discretionary. The FY 09 recommended budget for the discretionary agencies is \$156,000 and includes two first-time requests, one for \$10,000 from Bread of Life to support their free meal programs and one for \$2,000 from the Heart of Brevard to co-sponsor the Fourth of July fireworks display. All other requests submitted for FY 09 were for the same amount as FY 08 except for Brevard College, which was \$2,000 more. The only request received that has not been included in the recommended budget is \$1,000 for WNC Communities.

TRANSYLVANIA COUNTY'S 150TH ANNIVERSARY

The County will observe its 150th anniversary in 2011. To provide monies for a celebration of this milestone, the County established a reserve in FY 05, which it has been funding at a rate of \$30,000 per year. The balance at the end of FY 08 will be \$120,000. The recommended budget for FY 09 includes \$30,000 to be transferred to this reserve.

OTHER GENERAL FUNDS ITEMS FOR DISCUSSION

Other General Fund Items that have been identified as subjects for discussion are:

- The studies for the new Community Sports Complex.
- The potential risk of higher fuel prices.
- The debt service on the \$2.8 million loan for the Public Safety Facility.

CELL #6 RESERVE

The estimated cost for the construction of the sixth cell at Woodruff Landfill has been developed, and funds are proposed to be set aside over a five year period to cover this cost. FY 09's recommended budget includes the \$743,000 annual amount to be accrued.

Discussion:

Commissioner Guice asked the Manager to discuss the discretionary Outside Agencies.

- Bread of Life: First request; provides food and meals to citizens in the community.
- Heart of Brevard: They already have a commitment from the City and the TDA to help with the Fourth of July Fireworks. The amount may be reduced to \$1,500.
- Habitat for Humanity: The County has funded this in the past to assist with the housing situation; offsets permitting fees.

- Land-of-Sky Regional Council: LOSRC helps the County obtain grant funding.
- Western North Carolina Communities: Made up of all Western North Carolina communities; not recommended.
- Transylvania County Farm Bureau: Helps with preservation of farmland. Commissioners first approved last year.
- Transylvania Vocational Services: Helps disabled citizens in the community.
- Western Carolina Community Action (WCCA): Coordinators of the Senior Center Program.
- Center for Dialogue: Assists in keeping cases out of the court system.
- KOALA: Program operated by the hospital for Senior Citizens.
- Volunteers in Medicine: County started funding a few years ago to help citizens with their medications.
- Senior Citizens Center: Commitment from last year.
- Brevard College: The College has a major economic development impact on the County. Funding was reduced a few years ago but it is slowly being increased back to the higher funding level.

Chairman Chappell called for a break at 7:05 p.m. The meeting reconvened at 7:20 p.m.

Ms. Poor discussed the Solid Waste revenues and expenditures.

SOLID WASTE

REVENUES

The only significant fee increase proposed for FY 09 is for tipping fees. The General Assembly enacted a \$2 per ton statewide tipping tax that is tentatively set to go into effect July 1, 2008. The proceeds from this tax will be remitted to the State. To help defray higher fuel costs, the Director of Solid Waste has requested an additional \$1 per ton. The total increase would be \$3, increasing the fee from \$45 per ton to \$48 per ton.

The main source of revenues for the Solid Waste Fund is scale sales. Based on the new rate and about 2.5% growth in volume, scale sales are projected to be \$1.4 million, an increase of \$124,000 with \$36,000 attributable to higher volume and \$88,000 attributable to the higher rate.

Sticker sales are anticipated to remain at the FY 08 level of \$172,000, while recycling revenues are expected to grow from \$46,000 to \$52,000.

As in the General Fund, interest earned on investments is projected to drop as interest rates drop from \$148,000 to \$68,000.

Other revenues are budgeted to be basically the same as FY 08.

The total revenue, excluding the transfer from the General Fund, budgeted for Solid Waste for FY 09 is \$1.82 million, compared to \$1.77 million for FY 08.

EXPENSES

The total expenses budgeted for Solid Waste for FY 09 is \$2.8 million, compared to \$4.1 million for FY 08. Excluding the construction of Cell #5 budgeted in FY 08, the accruals for Cell #6, and closure and post-closure care costs budgeted in FY 09, expenses in FY 09 are \$1.8 million versus \$1.4 million in FY 08.

The following factors have contributed to the \$396,000 increase:

- Compared to FY 08 original budget, personnel costs include a full year's worth of impact of the February 2008 pay adjustments which is approximately \$40,000.
- In addition, the retiree health insurance and 457 benefits all originally budgeted in Admin in FY 08 have been spread to individual departments. Solid Waste's FY 09 portion is \$35,000.
- \$60,000 has been added to the FY 09 budget for the tipping tax remittances to the State.
- Higher diesel costs have driven the amount budgeted for fuel from \$103,00 in FY 08 up to \$135,000 in FY 09.
- The FY 09 budget includes \$30,000 for an engineering study to determine the physical and economic feasibility of increasing the slope on cells to extend their lives.
- Capital expenses budgeted for FY 09 exceeds FY 08 by \$172,000, thanks primarily to the \$140,000 included for paving.

While actual Solid Waste cash inflows and outflows essentially balance, the need to reserve funds for the next cell and accrue closure and post-closure care costs requires that the General Fund transfer a little over \$1 million to the Solid Waste Fund.

The Manager again noted that the FY 09 Budget proposal contains a \$1 million deficit. He recommends balancing the budget by reducing spending and taking the remaining from Fund Balance. Fuel costs continue to increase significantly which may be funded by decreasing some of the capital items. The Manager will be working with department heads to reduce fuel costs. The Manager suggested discussing the key issues at the next meeting. He asked Commissioners to submit any questions or concerns to him so that staff can respond before the next meeting.

PUBLIC COMMENT

Ms. Sara Champion inquired about the dollar impact to the employees being affected by the 6.4% increase to their health insurance costs. Human Resources Director Sheila Cozart replied that the impact is \$26 per month, an increase from \$417 currently paid per month. The Manager noted that the County pays 50% of dependent coverage costs.

COMMISSIONERS' COMMENTS

Commissioner Guice asked that staff set up the tables differently at the next meeting to allow more work space for Commissioners.

Chairman Chappell recessed the meeting until Monday, June 2, 2008 at 5:30 p.m.

MONDAY, JUNE 2, 2008, 5:30 p.m., Rogow Room, Transylvania County Library

The Budget Workshop meetings reconvened on Monday, June 2, 2008 at 5:40 p.m.

Commissioners present were Lynn Bullock, Chairman Jason Chappell, David Guice, Daryle Hogsed and Vice-Chairman Kelvin Phillips. Also present were County Manager Artie Wilson, Finance Director Gay Poor, Human Resources Director Sheila Cozart and Clerk to the Board Trisha McLeod.

Media: *Transylvania Times*: Mark Todd

There were approximately 15 people in the audience.

KEY ISSUES

The Manager identified and discussed the key issues in the FY 09 Budget.

ADDITIONAL PERSONNEL

Finance – Accountant (\$57,914)

The Manager reported over 800 hours of over time has been accumulated in the Finance Department. While the new finance system has enhanced operations, it also requires training to have the ability to complete additional reports. The Finance Department is in need of additional help. The Manager noted the Finance Department has had the same number of staff since he started working for the County in 1989. An additional position will allow staff the opportunities to explore areas of cost reduction, analytical work, etc.

Finance Director Gay Poor added that with an additional position staff would be able to do some things they are not able to do now such as improving investment strategies and EMS collections. She noted a 10% increase in collections in private pay and private insurance bills would result in an additional \$41,000. An additional position would also allow her time to update outdated policies and procedures. She said her goal is to provide the best service to the Commissioners and citizens. Ms. Poor recognized her staff as being very conscientious and doing a great job, but very much overwhelmed.

In a response to a question from Chairman Chappell, the Manager stated that this position would take some of the responsibilities from the person that currently works on EMS billing. The County has collected over \$900,000 in EMS fees this year and projected to collect \$1 million in the coming year. Ms. Poor added that staff has not had an opportunity to focus on collections so it is difficult to predict how much the collection rate would improve. The EMS call volume increased by 13% this past year and over a five period it has increased by 34%. More attention needs to be focused on private pay individuals. There is potentially \$400,000 of uncollected EMS fees. The County's current collection rate is 53%.

Cook to FT (\$10,573)

This position in the Sheriff's Department and would be effective July 1, 2008.

PT Transport to FT (\$28,009)

This position is in the Sheriff's Department and would be effective July 1, 2008.

Detention Lieutenant (\$24,667)

This position in the Sheriff's Department and would be effective February 1, 2009.

Detention Corporals – 4 (\$83,696)

These positions are in the Sheriff's Department and would be effective February 1, 2009.

Detention Officers – 14 (\$224,164)

These positions are in the Sheriff's Department, six of which would be effective February 1, 2009 and the remaining eight would be effective March 1, 2009.

PT Cook (\$7,637)

This position is in the Sheriff's Department.

Administrative Assistant (\$24,542)

This position requested by the Sheriff's Department was not recommended by the Manager.

The Manager noted all the positions for the Sheriff's Department are for the new Public Safety Facility. There were 21 new recommended positions. The Architect recommended an additional 24 personnel for the new Public Safety Facility. Commissioners hired two of those positions in FY 08 for the Transition Team. The total new positions would be 23.

SRO Brevard Middle School (\$45,192)

This position was previously funded by the City of Brevard. The Board of Education has also requested this position.

Library Assistant (\$37,516)

This position is being requested and recommended to assist with the operation of the Rogow Room and throughout the Library. The Rogow Room is used extensively, many times after hours, and trained staff is required to be present during its use which takes them away from their normal duties. When the Library first opened staff requested nine new positions. Commissioners recommended funding four of those positions at that time, with the promise of reviewing the number of staff at a later date. The Manager noted this position was requested last year as well.

Library Director Anna Yount added that she did anticipate how much the Rogow Room would be used. It is mostly used after hours and staff is required to be on call to assist with any problems. The Rogow Room has added a whole new function to the Library. The position would be an entry level position with no special requirements, but willing to

work a modified schedule. Human Resources Director Sheila Cozart noted that so far in this FY 08 there have been 425 programs held in the Rogow Room with a total attendance of 19,136 individuals.

Ms. Yount noted the average daily attendance in the old Library was 546. So far the new Library averages 886. She also stated that since July 2007 there have been 32 paying customers using the Rogow Room. The dominant users are not charged. The Library receives 15 to 20 calls per day regarding the use of the Library, including the amphitheater. The new position will require a person who can explain and interpret the use policies and fee schedule to potential users and mastering the A/V system. The person is also responsible for the room after the event is over.

The Manager recapped the requested and recommended positions. He noted that additional manpower may be needed in Emergency Services next year because of the increases in call volume and out of county transports. He will be working with the CEO of Transylvania Community Hospital and plans to bring back more information to Commissioners later in the year. Additional personnel may also be needed in Communications when the new Public Safety Facility opens. The Manager reported that the Health Department has requested three Public Health Nurses. The Board of Education recognizes the need and has modified the request asking the Board of Commissioners to add a Public Health Nurse each year for the next three years.

The majority of the additional recommended personnel are a result of the new Public Safety Facility. Supervision of inmates at the new facility will be much different than how the current jail operates. Inmates will be directly and indirectly supervised depending on how they are classified. This new way of operating requires additional staff. The Manager reported that he has discussed with the Sheriff the possibility of delaying the hiring of some of the staff by one month which would offset the costs of the replacement vehicles the Sheriff requested in his budget. The Sheriff believes there will still be sufficient time to train the new staff. The Sheriff noted that due to the current capacity of the jail, the court system has not sentenced many offenders to active time. He said he believes this will change once the new facility opens because there will sufficient bed space to house both male and female inmates.

After further discussion, Commissioners agreed with the Manager's personnel recommendations and included them in the budget.

COLA & PAY FOR PERFORMANCE

Pay increases are given to employees in February of each year. The Manager has included a 3% cost of living adjustment in the budget as well as an average of 1.79% for pay for performance. The Manager recommended including \$328,148 in the budget to cover the costs from February to June 2009. Commissioners agreed to continue the cost of living adjustment and pay for performance systems.

HEALTH INSURANCE

The Manager recommended no change in the health insurance plan for employees. The cost to the County increased approximately \$122,000 mainly because of the addition of new personnel. The Manager recommended a 6.4% increase for dependent coverage. Commissioners agreed with the Manager's recommendation.

ADDITIONAL SPENDING FOR ECONOMIC DEVELOPMENT

The County budgets \$150,000 for economic development to use for specific projects. If no projects are identified, the monies are reserved for future economic development projects. The County currently has \$371,000 in Fund Balance designated for this purpose. In the past the County has used these funds to offer incentives grants to businesses to locate in the County. The Transylvania Partnership has been exploring other avenues to attract business. The economic development funds could be used to pay the debt service on the construction of a shell building for a new business, which the County would sell later to recoup the funds. This project is currently delayed. In order to balance the budget, the Manager recommended not funding the additional \$150,000 for economic development and use the reserve the funds if a new project were to develop.

Chairman Chappell called for a break at 7:00 p.m. The meeting reconvened at 7:15 p.m.

Commissioners continued their discussion about funding for economic development. Commissioners agreed with the Manager's recommendation to remove the \$150,000 for economic development currently included in the budget proposal.

CAPITAL

Sheriff's Vehicles – 9 (\$268,830)

The Sheriff had originally requested two vehicles for the school resource officers in his budget. The Sheriff and the Manager have agreed to supply the school resources officers with used vehicles formerly used by the road deputies. Delaying some of the staff for the new Public Safety Facility will allow the County to replace all nine vehicles.

Fire Marshal (\$33,390)

The Fire Marshal's Ford Bronco badly needs repairs. The original request was for a Ford 350. The Manager's recommendation is to replace the vehicle with a Ford 250.

Ambulance (\$109,006)

The EMS Director has requested to replace an ambulance and a Ford 350. The Manager's recommendation is to replace the ambulance only.

Communications (\$37,200)

The original request was for a Ford 350. The Manager recommended staying with the original request because the larger vehicle is needed to haul the emergency communications equipment.

Building Permitting – 2 (\$32,519)

The Building Permitting Department requested two vehicle replacements last year which were not included in the recommended budget. The Manager recommended they be replaced in the FY 09 Budget.

Health Department – 2 (\$38,000)

The Manager had originally included the replacement of two vehicles for the Health Department. In speaking with the Health Director and in order to help balance the budget, the Manager recommended only replacing one vehicle in the coming fiscal year, lowering the cost to \$19,000.

Transportation Vans – 2 (\$90,100)

The replacement vans for the Transportation Department will be funded 90% by the North Carolina Department of Transportation. The County's portion will be 10%.

Solid Waste (\$24,000)

The Manager included a replacement vehicle for the Solid Waste Department but it was downsized from the original request.

Portable Generator for Leachate Pumps- Solid Waste (\$43,645)

The Manager included this item in his budget recommendation but he is also exploring other options. There is a generator stationed at the Recreation Department that can be used at other locations around County. The Manager and the Solid Waste Director have discussed using this generator for the leachate pumps instead of purchasing an additional generator. Grant funding may also be available which may free up \$28,645 to help balance the budget.

Tailgate for Volvo Dump truck – Solid Waste (\$10,600)

The Manager stated this is an item that is desperately needed for the Solid Waste Department.

Tire Changer Machine- Solid Waste (\$8,000)

This is an item that is needed from a safety standpoint for the Solid Waste Department.

Welder and Air Compressor – Solid Waste (\$6,300)

The Manager recommended funding the welder and air compressor for the Solid Waste Department.

Other capital requests that were not included in the Manager's recommended budget were replacement vehicles for Animal Control and Social Services and equipment for the Library. The Manager recapped his recommendations for capital funding. He noted that the County will purchase the most fuel efficient vehicles available. After discussion, Commissioners agreed with the Manager's recommendations and included them in the budget.

BUILDING & LAND IMPROVEMENTS**Rock Wall & Sidewalk (\$155,382)**

This project is currently under way and completion is expected in early July. The amount included in the budget is the carryover costs.

HVAC – Community Services (\$18,285)

The Manager recommended this building improvement in the budget.

Roof Replacement – Child Development (\$35,000)

The Manager recommended this building improvement in the budget.

Complete Paving of Road at Landfill (\$140,000)

The Manager originally included this project in the budget but now recommends delaying the project to help the balance the budget.

DEBT SERVICE (PUBLIC SAFETY FACILITY)

Commissioners have already approved the borrowing of \$2.8 million to complete the Public Safety Facility. The Manager has included \$196,885 for three quarters of FY 09 to cover the debt service.

OUTSIDE AGENCIES

The Manager has included \$479,357 in the FY 09 Budget for Outside Agencies. The County did receive an additional request from Smart Start for \$10,000, an increase of \$5,000 from last year.

Included in the recommended budget is approximately \$100,000 for mental health maintenance of effort funds and capital and other funds from Blue Ridge Community College. Included also are several small funds for various agencies, boards and commissions. Included also is discretionary funding for several agencies that provide crucial services for the County.

The Heart of Brevard has requested \$2,000 in funds for the July Fourth Fireworks Show. They have met their funding goal so the County can reduce their contribution by \$500 to \$1,500. The County reimburses Habitat for Humanity for building permitting fees associated with building new homes for affordable housing.

The Manager recommended the County's portion of \$25,394 to the Land-of-Sky Regional Council. He did not recommend the request from WNC Communities. The County has not funded their request in several years. Commissioners approved funding for Transylvania County Farm Bureau in FY 08. After reviewing funding for the outside agencies, the Manager noted a reduction from the recommended budget of \$500 from the Heart of Brevard request.

Chairman Chappell asked Commissioners to consider additional funding for Smart Start. The Manager suggested funding in the amount of \$5,000 for FY 09 and evaluating the program the next fiscal year. After discussion, Commissioners agreed upon \$5,000 in funding for Smart Start to continue Dolly Parton's Imagination Library program.

Commissioner Hogsd recommended increasing the request from Brevard College by \$2,000 to a total of \$10,000.

COMMUNITY PARK COMPLEX

Staff is still negotiating the lease for the property in Rosman for a community park complex. Recreation Director Rick Pangle stated he and staff have met with the Army Corps of Engineers to determine what is allowed on the property. The \$42,500 in the recommended budget is to cover the lease agreement, professional studies and other preliminary work required to construct a complex on the property. It is important to know how the property can be used before the County invests money into building a sports complex. The lease can be terminated after two years if it is determined that a park complex can not be built on the property.

FUEL COSTS

The Manager stated staff is working to find additional funds for fuel costs. Included in the budget is \$2.76 for gasoline and \$2.86 for diesel fuel. The City plans to budget \$4.00 for gasoline and \$4.50 for diesel fuel. The County would need to fund an additional \$100,000 to \$154,000 to cover the cost of fuel. Staff will bring a recommendation back to the Board at the next budget meeting. The Manager said he will be working with department heads to find ways to conserve fuel.

ACCRUAL OF FUNDS FOR \$150TH ANNIVERSARY

The Manager has included \$30,000 in the budget for the County's 150th Anniversary Celebration in order to reach a goal of \$150,000 by 2011.

The Manager noted the County currently designates \$30,000 each year for maintenance and upgrades at Silvermont. The County has a reserve fund balance for this purpose of approximately \$305,000. The Manager recommended not adding the funds for Silvermont this year, but rather using those funds to offset fuel costs. The reserve funds can be used if necessary.

ACCRUAL OF FUNDS FOR NEXT SOLID WASTE CELL

The estimated cost of construction of the next cell at Solid Waste is \$3.7 million. The County would need to designate approximately \$742,000 per year over the next five years to cover the cost of construction. A recent fly over revealed that the County would not begin using the current new cell until July 2009, therefore delaying the construction of cell #6 by one year and reducing the County's annual funding by approximately \$124,000. The Manager recommended funding in the amount of \$618,000 for the construction of cell #6.

Chairman Chappell called for a break at 8:25 p.m. The meeting reconvened at 8:40 p.m.

OTHER FUNDS

The Tourism Development Authority (TDA) is funded by the hotel occupancy tax. The TDA has requested to increase their spending from \$450,000 to \$500,000. The funds transfer would require approval by the Board of Commissioners.

The revaluation process will begin in 2009 and will impact the 2010 budget. There are funds designated for this process for aerial photography and mapping, etc.

The Emergency Telephone System Fund is funded by the telephone surcharge. New equipment for the E911 Center at the new Public Safety Facility will be funded by the Emergency Telephone System Fund.

The Manager recommended reducing funding for Silvermont by \$30,000 which he discussed earlier with Commissioners. He noted that the County spent approximately \$40,000 in the current year for remodeling at Silvermont.

PUBLIC COMMENT

There were no comments from the public.

COMMISSIONERS' COMMENTS

Chairman Chappell announced Commissioners will be discussing the budgets for the Board of Education and Fire Departments as well as fuel costs at the next budget workshop meeting.

Chairman Chappell recessed the meeting until Tuesday, June 3, 2008 at 5:30 p.m.

TUESDAY, JUNE 3, 2008, 5:30 p.m., Rogow Room, Transylvania County Library

The Budget Workshop meetings reconvened on Tuesday, June 3, 2008 at 5:40 p.m.

Commissioners present were Lynn Bullock, Chairman Jason Chappell, David Guice, Daryle Hogsed and Vice-Chairman Kelvin Phillips. Also present were County Manager Artie Wilson, Finance Director Gay Poor, Human Resources Director Sheila Cozart and Clerk to the Board Trisha McLeod.

Media: *Transylvania Times*: Mark Todd

There were approximately 85 people in the audience.

TRANSYLVANIA COUNTY SCHOOLS

Board of Education Chairman Teresa McCall and Vice-Chairman Mike Rogers presented their budget requests to Commissioners.

Ms. McCall discussed their current spending requests and priorities. The first priority request is to increase the teacher supplements to 7.44% in FY 09. Other priorities included cost of living adjustments, health insurance increases, a school resource officer for Brevard Middle School, additional garbage services, supplements for teaching assistants and office professionals, medical reimbursement accounts, two math teachers to meet the core curriculum, a school nurse, three technology facilitators, property rental fees for parking, classroom wireless connectivity, and document archiving.

Mr. Rogers discussed the need for medical reimbursement accounts. The Board of Education has requested \$300 per employee. He also encouraged the Board to consider funding the new positions.

Chairman Chappell asked for further clarification of the need for additional math teachers to meet the core curriculum requirements. Ms. McCall said the core curriculum will be implemented in FY 09-10. The core curriculum will require every student to take four math courses, whereas they are currently required to take three math courses. The Board of Education feels they need to address this issue immediately. Mr. Rogers noted the core curriculum will be implemented statewide. The Board of Education perceives there will be a rush across the State to hire math teachers.

Ms. McCall discussed the need for the technology facilitators and wireless connectivity in the classrooms. This will provide more opportunity for their students and better prepare them for the future. She asked Commissioners to consider their funding request.

The Board of Education next showed a Power Point presentation outlining their capital outlay needs for each school.

The Manager discussed the FY 09 Board of Education budget requests and his recommendations. He is proposing a 7.2%, or \$547,681, increase in current spending. The teacher supplements will increase from 6.8% to 7.44%, an increase of .68%. The County has been increasing teacher supplements by .36% per year for the last five years. The Board of Education has requested a 78% increase in teacher supplements to reach their goal of 10% by 2013. The Board of Education has also requested a 10% cost of living adjustment for local teachers. The Manager noted the Governor's Budget currently recommends a 7% increase. The House Budget included a 3.5% increase. The Manager believes the final budget may be somewhere between the two budgets. The Manager also noted a slight decrease in the cost of living adjustment for the school resource officers.

The Manager discussed the impact to the budget of reducing teacher supplement increases to .5% and the lower cost of living adjustment projections.

Education Request	Request	Governor	House
	<u>10%</u>	<u>7%</u>	<u>3.5%</u>
COLA 10% Local	\$207,580	-\$22,369	-\$57,400
Supplements +.64%	\$215,533	-\$34,759	-\$81,100
Subtotal	\$423,113	-\$57,128	-\$138,500
Supplements +.5%	-\$47,417	-\$39,590	-\$29,441
Total	\$375,696	-\$96,718	-\$167,941
Cost of Nurse	\$57,914	\$57,914	\$57,914

Cost of 2 Math Teachers	\$102,114	\$102,114	\$102,114
Additional Cost	\$160,028	\$160,028	\$160,028
Impact		\$63,310	-\$7,913

The Manager noted that the County currently has a \$1 million budget deficit for FY 09. He has offered to balance the budget by reducing spending and taking the remaining from Fund Balance. The Manager recommended a 7.2% increase in current spending for the schools. He offered the modified current spending budget to help the Board of Education fund more of their priorities, such as a school nurse or math teachers. The Manager recommended keeping the capital outlay budget the same as FY 08 at approximately \$1.9 million.

Ms. McCall stated that the Board of Education is not willing to compromise the teacher supplement increases. Mr. Rogers added that Transylvania County remains \$500 below the State average for teacher supplements. Teacher supplements are an important tool for recruitment. The Manager noted at the end of the fifth year, teacher supplements would be at 9.3%, instead of the stated goal of 10%. Again, Ms. McCall said the Board of Education is not willing to compromise the teacher supplements.

Mr. Rogers advocated for the addition of a school nurse. Board of Education member Chris Whitmire said it will be much more difficult to recruit new math teachers if they are not hired now.

Ms. McCall thanked the Board of Commissioners for their consideration. She noted the information the Board of Education provides to the County is based on the information they receive. She asked Commissioners to also consider a plan this year for the education center building, whether to renovate or build a new facility.

Commissioner Bullock commented that he is an advocate for the school nurse positions. Commissioner Guice said he supports the concept noting it requires the County to remain committed to providing a school nurse each year for the next three years. He also agreed with the importance of addressing the education center.

The Manager asked Ms. McCall what the Board of Education's priority would be if they had additional funds available to them. Ms. McCall responded their priority would be to add a Technology Facilitator this year with the plan to add an additional position the following year. Mr. Rogers thanked Commissioners for their continued support.

Chairman Chappell called for a break at 6:50 p.m. The meeting reconvened at 7:20 p.m.

BLUE RIDGE COMMUNITY COLLEGE

Blue Ridge Community College President Dr. Molly Parkhill addressed the Board. She thanked Commissioners for their continued support. She reported that the new Applied Technology Building on the Transylvania County Campus is nearing completion. The

Manager has included \$134,267, a 65% increase, in the FY 09 Budget for capital improvements to the Transylvania County Campus and maintenance on the new facility. The Manager noted that the County has agreed to replace one roof this year and the second roof in the next fiscal year.

FUEL

The Manager provided a summary of the number of gallons used by the general government departments (approximately 100,000) and Solid Waste (approximately 37,000). Included in the budget, is \$2.76 for gas and \$2.86 for diesel fuel. The current price is \$3.40 for gas and \$3.32 for diesel. The City reported to the Manager that the price of gas and diesel for the next three months would be \$3.55 and \$4.24 respectively. The City included \$4.00 for gas and \$4.50 for diesel in their FY 09 Budget. The County needs to include an additional \$154,000 to the FY 09 Budget to cover fuel costs. The Manager said he would be working with department heads to find ways to conserve fuel.

After discussion, Commissioners recommended funding gas at \$4.25 per gallon and diesel at \$4.75 per gallon, an increase to the budget of \$188,139. The total amount allocated for fuel in the FY 09 Budget would be \$598,596.

The Manager reviewed the changes to the budget. With the recommended changes \$658,567 would have to come from Fund Balance to balance the budget.

Commissioners asked the Manager to bring back his recommendations for conserving fuel to the Board in the near future.

DISCUSSION OF BUDGET FOR BOARD OF EDUCATION

The Manager suggested looking further at the Board of Education's priority items in addition to what is included in the budget. Adding a School Nurse, a Technology Facilitator, a Math Teacher, and property rental costs increases the budget by \$165,000.

The Governor's Budget would affect the local cost of living adjustment by \$22,000 and the teacher supplements by \$35,000, a difference of \$57,000 which could be used to offset the costs of additional positions. The County's calculations for other items reduced the budget by \$25,000, moving the Board of Education within \$82,000 of their budget request. Excluding the Math Teacher, the Board of Education could get to within \$31,000 of their budget request. The budget would be balanced by reducing the teacher supplement increase of .5% instead of 0.64%.

Commissioner Guice stated Commissioners are leaving too many items on the table for future Boards to decide. If Commissioners do not fund a math teacher this year, they will have to fund two next year. The Manager said one area Commissioners can adjust, and still remain favorable, is the teacher supplements. The Board of Education has requested a 38% increase in teacher supplements for FY 09. They have asked Commissioners to agree to increase teacher supplements by .64% each year for the next five years in order to reach their goal of 10%. Commissioner Hogsed noted that the Board of Education is unwilling to compromise on the teacher supplements. Commissioner Phillips asked if the

State plans to fund the new math teacher positions. The Board of Education has received no indication yet from the State; however they feel it is critical to hire a new teacher now.

Commissioner Guice said Commissioners should continue on the same course concerning teacher supplements.

After discussion, the Board of Commissioners agreed to increase the budget by \$43,415, in addition to the 7.2% increase in the Manager's recommended budget.

Chairman Chappell called for a break at 8:20 p.m. The meeting reconvened at 8.30 p.m.

CONTINUED DISCUSSION

With the changes made to the budget there is a deficit of \$1,125,110, with \$701,982 to come from Fund Balance.

Commissioner Hogsed publicly thanked Commissioners for funding the school nurse position.

The Manager stated staff will finalize these numbers and prepare a document for the public hearing. Commissioner Hogsed asked the Manager to bring back information on borrowing additional funds instead of continuing to draw down the Fund Balance. The Manager stated he will be putting together a plan for borrowing funds for the Education Center and other space needs.

FIRE DEPARTMENTS

Emergency Services Director David McNeill presented the Fire Department Budgets to Commissioners. He noted that the Fire Departments are struggling with some of the same issues as the County, such as increasing utility and fuel costs. Also, some districts were impacted by the redistricting of fire district lines. Cedar Mountain had a negative property revaluation as a result of redistricting. Fire Departments as a whole are experiencing increases in equipment costs due to new replacement standards.

There are also some issues that are specific to certain districts. For example, Connestee Fire Rescue added a substation which has had an impact on their costs. Mr. McNeill is working with Lake Toxaway Fire Rescue on their debt service. They also have requested to remodel their station because the equipment is too large to fit properly in the bay area. They have committed to keeping their cost and debt service as low as possible. Lake Toxaway does not have enough members available during the day to answer calls and is therefore looking at the possibility of hiring part time or full time staff in the future. Fire Marshal Gerald Grose added that the departments are audited in order to maintain their insurance rating so documentation is very important.

Brevard Fire Department is a municipal department with its own budget review process. The City of Brevard has two distinct fire districts and one fire department. It is very difficult to determine what part of what district should pay for equipment or manpower. He has recommended to the Manager that the County identify a base starting point with

some maximum increases over the next two years with some emphasis on rate reduction within the Sylvan Valley Fire District. He believes that will be better use of the dollar that the Sylvan Valley Fire District residents contribute to Brevard Fire Department.

Rosman Fire Rescue has many issues that have affected their department. Mr. McNeill believes many of their issues have been addressed in the budget proposal.

Little River is implementing a pay per call for their members due to the rising costs of fuel.

Balsam Grove Fire Department's budget request would have required a tax increase that is outside the statutory minimum. Their budget does not meet all their needs. Mr. McNeill suggested the possibility of merging with another department.

Mr. McNeill stated that the budget recommendations accurately reflect the needs of all the departments and prepares them for providing services in the future; however there are some items that could impact future costs.

Mr. McNeill reviewed the current and proposed fire tax rate for the individual departments.

<u>Department</u>	<u>Current Fire Tax Rate</u>	<u>Proposed Fire Tax Rate</u>
Brevard Sylvan Valley 2	0.0301	0.0331
Rosman	0.0756	0.0877
Little River		remain same
Connestee Falls	0.0649	0.0697
Cedar Mountain	0.1059	0.1154
Lake Toxaway	0.0323	0.0359
Balsam Grove		remain same
North Transylvania		remain same

After discussion, **Commissioner Bullock moved to recommend the fire department budgets, seconded by Commissioner Phillips and unanimously approved.**

FINALIZE THE BUDGET

Commissioners made the following changes to the FY 2008-2009 Budget to reduce the deficit of \$1,025,110:

- | | |
|---|------------|
| 1. Delay hiring of detention officers by one month | -\$69,740 |
| 2. Reduce Economic Development | -\$150,000 |
| 3. Delay replacement of one Health Department vehicle | -\$19,000 |
| 4. Reduce funding for generator at Solid Waste | -\$28,645 |
| 5. Delay paving at Landfill | -\$140,000 |
| 6. Reduce Heart of Brevard funding | -\$500 |
| 7. Amortize funding of next cell over six years | -\$123,797 |
| 8. Reduce transfer of funds to Silvermont | -\$30,000 |

9. Add Smart Start funding	\$5,000
10. Increase funding for Brevard College	\$2,000
Subtotal Changes	-\$554,682
11. Additional costs for fuel	\$188,139
12. Additional funds for school	\$43,415
Total Changes	-\$323,128
From Fund Balance	\$701,982

PUBLIC COMMENTS

There were no comments from the public.

COMMISSIONERS' COMMENTS

Commissioners thanked staff for their hard work in putting the budget presentation together.

ADJOURNMENT

There being no further business to come before the Board, **Commissioner Hogsed moved to adjourn the Budget Workshops meetings, seconded by Commissioner Bullock and unanimously carried.**

Jason R. Chappell, Chairman
Board of County Commissioners

ATTEST:

Trisha D. McLeod
Clerk to the Board