

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
April 12, 2008 – PLANNING WORKSHOP

The Board of Commissioners of Transylvania County met in special session on Saturday, April 12, 2008 at 8:00 a.m. in the Rogow Room at the Transylvania County Library. The purpose of the session was to conduct the 2008 planning workshop.

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. Jim Stokoe from the Land-of-Sky Regional Council acted as the facilitator for the planning workshop.

Media: *Transylvania Times*: Mark Todd

There were approximately 20 people in the audience.

WELCOME

Chairman Chappell presiding called the meeting to order at 8:10 a.m. and welcomed everyone to the meeting.

GROUND RULES AND EXPECTATIONS

Mr. Jim Stokoe reviewed characteristics of effective groups and the ground rules and expectations for the planning workshop. Commissioners agreed with the replacement of ground rule #3, to make decisions by an up or down vote, instead of by consensus. Mr. Stokoe also reviewed last year's critique of the 2007 planning workshop and the changes the Board wanted to see for future workshops.

The Manager commented on the business of the agenda. Staff will give Commissioners a first look at the budget, which is nearly complete. Budget workshops will begin in late May. The Manager noted that the Board of Education will submit their budgets in early May.

The following expectations were identified by Commissioners and Staff:

- Review overall budget
- Stay on track
- Get direction on health insurance

Mr. Stokoe turned the meeting over to the Manager.

FINANCIAL PROJECTIONS FOR CURRENT YEAR AND LOOK AT FIRST PASS 2009 BUDGET

The Manager reviewed the revenue estimates for the current year.

Ad Valorem Taxes

- Highest tax collection rate in the State last year at 99.27%
- Estimate receipt of \$21,830,000; \$314,000 more than budgeted
- Expect tax base to be 1.1% higher than estimated

Sales Tax

- Consists of Article 39, 40, 41, 42 and 44 Sales Taxes
- Projecting 1.7% growth over last year, not the 3% originally estimated
- State gradually taking away some of the sales tax to cover Medicaid costs; estimate \$265,000 hold harmless

Interest on Investments

- \$495,000 favorable due to later start on the Public Safety Facility
- Interest rates stayed up longer than expected

ADM Funds

- Estimated to be 30% lower than budgeted

Fines and Forfeitures

- Pass through funds; funds go straight to the school system
- Projected to be 26% higher than budgeted

EMS Fees

- Projected to be 1% more than budgeted
- Call volume has increased 10.6%
- Direct care of patients has increased 15%

Environmental Health

- \$72,000 less than budgeted because building industry is down
- New well testing program fees are up \$63,000

Building Permitting

- Down 6% because of downturn in economy

Register of Deeds

- Projected to be down \$225,000 or 20% to 23% due to downturn in economy
- Correspondingly, expenditures are down as well

Blue Ridge Community College

- Drawing down cash reserves to complete the Applied Technology Building

Public Safety Facility

- Transferred \$16.3 million for project when approved by Commissioners in December 2007
- Total project cost \$20.4 million
- Will borrow \$2.8 million to complete the project

Other

- \$415,000 favorable from carryover from last year

The Manager concluded that revenues are expected to be up by approximately \$900,000. He next reported on the expenditures for the current year.

Personnel

- \$400,000 favorable over budgeted amount, or 2.6%
- Several retirements, filled positions at a lower salaries
- Actively recruiting to fill vacancies

Commissioner Guice asked Staff to provide the following information: the number of employees currently employed by the County, the average time to fill vacancies, and the average age of employees.

General Operational Expenditures

- \$34,000 favorable

Non-capital Equipment

- 12.6% favorable

Capital Equipment and Improvements

- 2.2% favorable
- Mostly consists of vehicles

Public and General Assistance Programs

- \$51,000 or 2.2% favorable

Recreation Programs

- \$11,000 or 25.2% favorable
- Revenues and expenditures down equally
- Programs offsetting

Register of Deeds Remittances

- \$90,000 or 22.7% favorable
- Correspondingly, revenues down by approximately 23%

Non-recurring Grants

- Down \$45,000

- Revenues and expenditures offset each other

The amended budget is \$42.8 million. Staff estimates expenditures at \$42.1 million, favorable by \$700,000.

The Manager reviewed the Balance Sheet and highlighted the following:

- Ended FY 2006 with a Fund Balance of \$30.7 million
- Transferred over \$16 million to the Public Safety Facility
- As of June 30, 2007 the Fund Balance equaled approximately \$11 million
- Undesignated Fund Balance is estimated at \$6.7 million or 15.9%
- Goal of the County is 20% in undesignated funds; 8% is the legal requirement

Commissioner Guice asked Staff to provide the following information: the total number of employees that qualify for retirement this year and the number of current vacancies.

The Manager pointed out that the budget is 90% to 95% complete. Staff will present the final budget to Commissioners at the end of May. The Manager turned the meeting over to Finance Director Gay Poor to review revenue projections for FY 2008-2009.

Ad Valorem Taxes and Tax Base

- Estimated request is \$637,000 higher than the current year;
- Tax base increased by \$175 million to \$4.1 billion, an additional \$938,000 in revenue
- Using last year's tax collection rate of 99.27%; able to budget an additional \$254,000

Sales Tax

- Projected to be lower in FY 2008 than budgeted
- Predicting 1% increase next year
- The State Medicaid Relief Swap calls for a reduction of the Article 44 Sales Tax effect October 1 by 50% and distributed on a per capita basis
- Overall impact is a loss of \$604,000
- Net benefit of \$500,000 in hold harmless funds from the State for Medicaid relief

Interest

- Projected to decline substantially by \$700,000 as a result of declining cash balance to fund the Public Safety Facility
- Interest rates currently at 3.1% and projected to drop to 2%

ADM Funds

- Funds for the schools
- Expected to decline because of the Medicaid Relief Swap Plan
- Estimating \$150,000 for FY 2009

Fines and Forfeitures

- Pass through funds

Fee Increases

- Minor fee increases in Building Permitting
- Increase in EMS Fees due to mileage rate increase and Medicare rate increase
- Significant fee increases in Solid Waste by \$3 per ton effective July 1; additional \$2 mandated by the State and \$1 added by the County to offset fuel and operational costs

Environmental Health

- Estimate \$61,000 less than current year

Building Permitting

- 20% decrease in new homes and business construction

Register of Deeds

- Difference of \$99,000 less than what was budgeted for the current year

Blue Ridge Community College

- Transfer of funds from reserves for the Applied Technology Building

Public Safety Facility

- Borrowing \$2.8 million; included in the revenues as a transfer from the General Funds to the Public Safety Facility Fund

Other

- Includes non-County funding for Department of Social Services, Health Programs, and Child Development
- Includes grants for Sheriff's Department, Crisis Housing, Incubator Grant, and Soil and Water

Overall, there is a decrease between the requested budget for next year and the current year's amended budget of \$693,000. The recommended budget indicates a decrease of \$164,000 from the current year's amended budget.

Ms. Poor explained the budget process and noted the following guidelines for Department Heads as they were preparing their budgets:

- Instructed to provide detail for every line item requested
- Keep total operating expenditures at the FY 2007-2008 level
- Do not include capital or computers
- Only allowable increases for operating expenditures were for fuel costs and mileage allowance
- Increases directly related to changes in department requirements or activities will be considered only if full documentation is presented

- Provide thorough justification for requests for additional personnel
- Provide detailed justification for capital requests including current mileage and maintenance records for replacement vehicles

Department Heads prepared and submitted their budgets to the Finance Director. After reviewing each budget, the County Manager and Finance Director met with each Department Head. Finally, the information was compiled and generated for the Planning Workshop.

Ms. Poor highlighted the estimated expenditures for FY 2008-2009. She first noted the key assumptions:

- Market adjustment expected to be 3% or \$300,000, effective February 2009
- Health insurance costs projected to increase by 5% or \$110,000
- Fuel costs expected to increase by 22% for gas and 24% for diesel or \$100,000
- Utility costs expected to increase by 7% or \$34,000
- Substantial increase in the number of personnel requested; \$1 million impact
- Preliminary request from the Board of Education for Current Year spending reflects an increase of \$1.2 million or 15.8% over the prior year request; Preliminary request for capital is \$2.23 million or a 34% increase
- Substantial increase in request from Blue Ridge Community College of \$217,000
- Operational capital equipment for the General Fund and Solid Waste totals \$833,000
- The annual debt service for \$2.8 million for the Public Safety Facility is approximately \$263,000 for a 15 year loan
- No funds included for recreation, space renovations, architectural fees for large capital projects, animal shelter, or the Board of Education Administration Building
- Includes a partial reduction of Medicaid in the amount of \$621,000

Commissioner Hogsed clarified that there are no additional monies for the animal shelter. The Manager added that approximately \$800,000 has been appropriated for the animal shelter project. Ms. Poor said the same is true for other capital projects. There are monies appropriated for capital projects but no additional funds are included in the FY 2008-2009 recommended budget.

Commissioner Phillips asked Staff how they calculated inflationary costs in the budget. Ms. Poor responded that Department Heads were instructed not to inflate their operating expenses over the current year's budget. The only increases allowed for operational costs were for fuel and utilities, so in essence the budgets have been reduced.

Commissioner Guice asked what figures were used for fuel and utility cost projections. Ms. Poor explained that fuel costs were budgeted as directed by the City of Brevard because the County purchases fuel from them. The projections for utility costs are a reflection of the increases experienced in the current year.

Ms. Poor highlighted the General Fund Expenditures by category as follows:

Personnel

- Requested budget is \$17,991,468; recommended budget is \$17,423,068
- \$2.1 million increase, including \$800,000 carried over for the pay classification study, market adjustment and pay for performance
- Includes health insurance costs

General Operational Expenditures

- Requested budget is \$4,786,564; \$391,000 more than the current year amended budget
- Recommended budget is \$4,742,322; \$347,000 more than the current year amended budget
- Includes costs associated with the Public Safety Facility
- Only increases were for fuel, utilities, contingency, and other justifiable expenses

Non-capital Equipment

- Requested budget is \$228,690; recommended budget is \$219,450
- Includes replacement computers

Capital Equipment and Improvements

- Includes mainly vehicles and improvements such as the Rock Wall Stabilization Project
- Requested budget is \$964,285; recommended budget is \$827,122

Public and General Assistance Programs

- Mostly Department of Social Services and Child Development
- Requested and recommended is \$3,371,460; a decrease of \$251,000 from the current year's amended budget
- Decrease is the net effect of the decrease in Medicaid costs
- Increase of \$81,000 in Medicaid Transportation; paid for by non-County funds
- Increase of \$291,000 in Foster Care; County's portion is \$76,000

Recreation Programs

- Very similar to the FY 2007-2008 amended budget

Outside Agencies

- Includes funding for mental health, US Forest Service, NC Forest Service Fire Protection; non-discretionary funds
- Includes Communities in Schools, After School and Daycare Services provided by the schools; discretionary funds

Register of Deeds Remittances

- Decrease related to the decrease in revenues

Recurring Grants

- Mostly human service related grants; mostly pass-through funds (HCCBG, DJJDP, CJPP)

Non-recurring Grants

- Large decreases for Soil and Water, CHAF and the Incubator Grant

Blue Ridge Community College

- Large increase for capital expenditures and staffing
- Recommend delaying replacement of one roof until next year

Board of Education

- Request an increase to \$1.2 million (15.3% increase) in current spending and \$400,000 in capital
- Recommended budget includes 7% increase for current spending and capital spending to remain at the same level as the current year

Debt Service for Schools

- Decrease of \$90,000; a result of refinancing of the bonds

Debt Service for the Public Safety Facility

- Quoted 4.6% interest rate for 15 year term
- Shorter term would add approximately \$100,000 per year in debt service

Fines and Forfeitures

- Pass through funds for Transylvania County Schools

Transfers

- Requested budget is \$4,178,748; recommended budget is \$4,193,770
- Includes \$2.8 million for the Public Safety Facility and \$1 million for Solid Waste

Overall, requested expenditures totaled \$47,562,740, whereas recommended expenditures totaled \$45,598,000.

Break 9:45 a.m. to 10:00 a.m.

Human Resources Director Sheila Cozart discussed health insurance options for FY 2008-2009. Health insurance costs are expected to increase by 5% or \$110,000. The County's total health insurance costs are \$2.6 million, with the County's portion being \$2.2 million and employees' portion being \$400,000. With the projected increase, the County's portion is expected to increase to \$2.36 million.

The first option is to make modifications to the current plan. In order for the County to keep costs the same for the current year, Mark III Brokerage recommends increasing employees' deductibles from \$500 to \$1,000.

The next option is to implement Healthcare Savings Accounts, known as HSA's. An HSA is a high deductible plan accompanied by a spending account with contributions from the County and employees. Mark III Brokerage reported to Commissioners at a previous meeting that 20% participation would be required in order for costs to remain flat. Ms. Cozart said she believes 20% participation is an aggressive goal. She also said the implementation of HSA's may have a negative impact on retaining and recruiting employees. Employees that stand to benefit from HSA's are low and high users.

Ms. Cozart noted that the County has implemented programs over the years that benefit employees, such as health screenings, walking programs, lunch and learn programs, etc. in an effort to encourage better health. Some counties have created health clinic with their local health department or private physician's groups.

Another option is to participate in a prescription drug program where employees are allowed to purchase maintenance medications through Canadian pharmacies. Caldwell County has had great success with their plan, although they took heat from the FDA and pharmacy groups around the State. Caldwell County has realized a 48% decrease or savings in the cost of prescription medications. The County's budget for prescription drug costs is \$250,000 and the potential savings with this program could likely be \$50,000.

Commissioner Hogsed asked for further explanation of health clinics. Ms. Cozart explained that many counties have implemented health clinics but she does not know the costs of implementation. She noted that Henderson County contracts with Pardee Hospital to provide routine medical care to employees. There is no cost to employees or their spouses; however children are not covered. Staff at these clinics also follows up on Workers' Compensation claims. **The Manager added that Staff would like the opportunity to explore this option in the coming year.**

Commissioner Bullock inquired about the possibility of pooling with other insurance groups. Ms. Cozart noted that the County was once in a pool with the NCACC, but in 2006 the NCACC switched to Cigna Healthcare as their Administrator and Cigna did not have a strong provider network in Henderson or Transylvania Counties. The County decided to remain with BCBS. She noted there are currently no governmental pools that the County qualifies for.

Commissioners discussed the various options. Commissioner Guice stated he is concerned about implementing HSA's because of the impact to the overall program. Commissioner Phillips said he believes Commissioners would be irresponsible to the taxpayers not to offer HSA's as an option. Commissioner Bullock noted the education that would be required if implemented because HSA's are relatively unknown. Chairman Chappell said the employees that choose to remain with the PPO Plan will be penalized for not choosing the HSA which he does not support. Commissioner Hogsed said since HSA's are a new product and his concerns can not be answered until after the program has been implemented. He added this may be a viable option for the future but not now.

After further discussion, **Chairman Chappell moved to not offer HSA's as an option for employees for FY 2008 – 2009, seconded by Commissioner Guice. The motion passed 4 to 1, with Commissioner Phillips voting against. Ms. Cozart said she would provide additional options to the Board.**

Ms. Cozart reviewed headcounts proposed for FY 2008-2009. There were 34 positions requested and 23 positions recommended by the Manager.

Finance Department

- Requested accountant position; also requested last year
- Significant increase in reporting requirements
- Recorded approximately 750 hours of overtime since July 1, 2007
- Finance Department has had the same level of staffing since 1989

Sheriff's Department

- Includes School Resource Officer for Brevard Middle School previously funded by the City of Brevard
- 23 requested, 21 recommended positions for the Public Safety Facility
- Request transportation officer to begin in July; permanent part time
- Requested administrative positions, one lieutenant, four detention corporals, and six detention officers to begin in February
- Additional transportation officer to begin in February; not recommended by the Manager
- Requested eight additional detention officers, one permanent part time cook and an administrative assistant to begin in March
- Administrative assistant not recommended by the Manager
- Two positions already approved this year for the Transition Team for the Public Safety Facility
- Significant training for new staff and current staff will be required

EMS

- Requested four additional paramedics; not recommended
- 30% increase in out-of-County transports
- Will have to address additional positions in the future

Communications

- Requested one telecommunicator; not recommended
- Hold off until the move into the Public Safety Facility

Health Department

- Requested three school health nurses; not recommended
- Not included in Board of Education's budget request

Library

- Requested Library Assistant; not recommended
- Continues to struggle to provide services in the new expanded areas, particularly in the Rogow Room
- Rogow Room used 202 of 295 days, or 68.5%
- Rogow Room occupies approximately 32 hours of staff time each week
- Only four of nine positions were added when the new Library opened
- Average 889 visitors per day

Child Development

- Move from a full time person to a part time person due to changes in grant funding

A net 22 positions have been recommended for FY 2008-2009.

Break: 11:05 a.m. to 11:10 a.m.

The Manager noted that the Board of Education has not submitted its formal budget request but they have provided a preliminary request. Current spending for FY 2007-2008 is \$7.6 million. The Board of Education's preliminary request is to increase current spending for FY 2008-2009 by \$1.2 million to \$8.8 million, a 15.8% increase. Current year capital spending was funded at \$1.9 million. Their preliminary request includes an increase to \$2.3 million, a 24.1% increase. Staff recommends a 7.2% increase in current spending and no increase in capital spending. The Manager reviewed the elements of the Board of Education's current spending request.

The Manager noted that they provided figures for an education center. The Board of Education estimates renovations to the Morris Education Center at \$2.3 million and a new facility at \$3.1 million. These figures are not reflected in their capital requests. The Board of Education has also requested to use \$400,000 in lottery funds, bringing the total capital request to \$2.7 million.

Commissioner Guice said it is time for Commissioners to begin planning to address the education center for the schools and as well as capital needs. The Manager asked if the Board wanted to schedule a special meeting with the Board of Education. Commissioners agreed to wait until they submit their formal request and schedule a meeting if necessary.

The Manager stated the Applied Technology Building at Blue Ridge Community College (BRCC) will be completed in May or June. BRCC has requested \$424,000, a 104.6% increase, for additional maintenance staff, sidewalk and curbing for the new building, and two roof replacements for the east and west wings of the current facility. The Manager recommended replacing one roof in FY 2008-2009 and the other in the following year. He noted they have submitted a five year capital improvement plan.

Ms. Poor reviewed capital requests. The total requested for the General Fund is \$946,000 which includes equipment and building and land improvements. Most of the equipment requests were for replacement vehicles. Ms. Poor noted that Department Heads were required to submit mileage and maintenance records with the requests for replacement vehicles. Of the 21 vehicle replacement requests, 6 were requested last year and not replaced. The Library requested a microfilm scanner digitizer and wireless microphone system for the Rogow Room, both of which were included in last year's budget request.

Mr. Poor stated that building and land improvements include mainly the stabilization of the rock wall at the Courthouse. \$135,000 has been included in the budget to cover the cost of the project. Also, \$35,000 has been included to replace a roof at Child Development.

Solid Waste has requested \$240,000 in capital, which includes a new replacement vehicle, a portable generator, a tailgate for a dump truck, a tire changer machine, and a welder and air compressor for the mechanic's truck. They have also requested \$140,000 to complete the paving of the road at Woodruff.

The Manager said the final budget will include the mileage and maintenance records for all the vehicles. Commissioner Hogsed recommended purchasing vehicles that are more fuel efficient. The Manager responded that Staff will be exploring all options in order to keep costs down.

The Manager reviewed some of the major decreases and increases in the FY 2008-2009 budget.

- Pay Classification/Market Adjustment/Pay for Performance Carry Forward, \$800,000
- Market/Pay for Performance for FY 2009, \$300,000
- Additional personnel, \$500,000
- Blue Ridge Community College, \$200,000
- Board of Education, \$500,000 increase for current spending
- Debt Service for the Public Safety Facility, \$300,000
- Medicaid reduction, \$600,000

The requested budget reflects a \$3 million shortfall for FY 2008-2009. The recommended budget for FY 2008-2009 reflects a \$1.1 million shortfall. The Manager provided options for making up the shortfall.

1. Fund Balance: Fund Balance was reduced significantly to reduce the amount to be borrowed for the Public Safety Facility
2. Reduce spending: Meaning to reduce some services since operational budgets were not allowed any inflationary increases
3. Combination of Fund Balance and reduce spending
4. Increase tax rate: If 1 penny equals \$410,000, then 2.8 cents would be required to make up the shortfall

The Manager noted that funds have not been included for the Recreation Study recommendations, the Board of Education Administration Building, space needs and any future recommendations from the Courthouse Committees.

The Manager explained the considerations for next year. These items will not affect the FY 2008-09 budget but they will affect the FY 2009-2010 budget.

• Carryover costs for the new Public Safety Facility	\$600,000
• Carryover Market Adjustment/Pay for Performance	\$400,000
• Additional cost for new Public Safety Facility	\$100,000
• Additional staffing- Communications, Maintenance	\$100,000
• EMS Volume- Additional Paramedics	\$200,000
• School Nurse	\$100,000
• Space Needs for County and Schools	Not known
• Recreation	Not known

Break for lunch 11:55 a.m. to 12:30 p.m.

STATUS OF KEY CAPITAL PROJECTS

Project Manager Larry Reece updated Commissioners on the status of major capital projects in the County. Work continues on Morris Road which is the site of the new Public Safety Facility and Maintenance Building. The Manager announced that a change order will be necessary. One of the contractors has reported that in order to achieve maximum compaction a concrete sand mixture to obtain a flowable fill in the chase trenches will be necessary instead of a dirt fill. The contractor expects to begin this process on Monday morning. The cost is \$100 per cubic yard, totaling approximately \$2,000. He asked for permission to proceed in order to not delay the project. **After discussion and clarification on the change order, Commissioners instructed the Manager to move forward with the change order.**

Work also continues on the third floor of the Department of Social Services Building for the Health Department expansion. The parking lot on Johnson Street has been completed and is in full use.

The Manager reported the proposed location for the animal shelter is at the Calvert site. Staff expects the plans to be finished in the next few weeks at which time they will be brought forth to Commissioners for their approval and permission to go out for bids. He announced that a public meeting has been scheduled for Thursday, April 24, 2008 at 7:00 p.m. in the Rosman High School Auditorium to present the preliminary plans for the animal shelter and answer any questions from the public.

The Manager reported on the Capital Reserve Balance for each of the capital projects. He noted that as of March 31, 2008 the available capital reserve balance was \$3,866,707.

Information Technology

- Balance as of 3/31/08 is \$767,659
- Project cost is unknown
- Available balance is \$767,659

Health Department Expansion

- Balance as of 3/31/08 is \$573,399
- Project cost is \$819,037
- Available balance is -\$245,638

Parking Lot

- Balance as of 3/31/08 is \$116,777
- Project cost is \$154,123
- Left to be spent is \$65,449
- Available balance is \$51,328

Animal Shelter

- Balance as of 3/31/08 is \$801,237
- Project cost is unknown
- Available balance is \$801,237

Old Library

- Balance as of 3/31/08 is \$1,321,003
- Project cost is unknown
- Available balance is \$1,321,003

Courtroom Renovations

- Balance as of 3/31/08 is \$199,573
- Project cost in unknown
- Available balance is \$199,573

General Capital

- Balance as of \$79,805
- Project cost is unknown
- Available balance is \$79,805

School Capital Projects

- Balance as of 3/31/08 is \$7,254
- Project cost is unknown
- Available balance is \$7,254

The total left to be spent on approved projects is \$884,486, bringing the total available capital reserve balance to \$2,982,221.

The Manager asked Commissioners for permission to move forward with holding the public meeting on the animal shelter. Chairman Chappell agreed that it is important to inform the public of the proposed plan and hear their concerns. Commissioner Guice also said it extremely important to hear citizens' concerns; however the County owns the land at Calvert and prior Boards of Commissioners believed the Calvert site was the appropriate place to construct an animal shelter. Commissioners would need a good basis for changing direction at this time. Commissioner Guice said he is committed to moving forward with project.

Commissioner Phillips noted the public meeting is scheduled for the same evening as the candidates' forum at the Courthouse and requested Staff to reschedule the meeting for a later date. Commissioners were in agreement and instructed Staff to reschedule the public meeting.

The Manager also provided an update on the status of the Courthouse Committees. Committee A is studying the impact of moving court functions out of the downtown area. Committee B is working to determine the cost of a new facility at the Public Safety Facility or on the current site. Preliminary space projections for a new facility are considerably higher than expected. Both Committees will report their findings to Commissioners in late May or early June. He noted that the plans for the old Library will be complete in approximately two weeks.

RECREATION STUDY

The Recreation Study was recently presented to Commissioners. The Manager highlighted areas of the report. He noted that the recommendation does not reflect any spending for recreational needs in FY 2008-2009 but does indicate spending to begin in FY 2009-2010. One funding source is PARTF which requires a 50% match from the County. As Commissioners begin to plan for future recreation needs, a funding plan should be implemented. Over a 10 year span, the report calculates recreational spending at \$6.7 million for the County's portion.

Options for funding recreation needs are:

- Begin setting aside funds for future projects
- Consider land Transfer Tax or ¼ cents Sales Tax; requires voter approval
- Increase Ad Valorem Tax specifically to fund these projects
- Borrow funds and pay the debt service

Commissioner Bullock noted the importance of partnering with others and applying for grants to fund recreational needs. He pointed out the recreation survey indicates that 54% of those surveyed were not willing to have their taxes increased to fund recreational needs. Commissioner Guice agreed that partnering with the community is vital.

GRANT REQUEST FOR ROSMAN SEWER LINES

The Manager recently made a trip to Washington, D.C. to meet with representatives regarding available grant funding to furnish sewer lines to approximately 60 homes in Rosman that have aging or failing septic systems. The estimated cost of the furnishing the lines is \$1.5 million. The Manager received information from Senator Burr about a funding possibility under the state and tribal assistance grants which requested a 45% match. The Manager said he continues to explore other funding options, but neither the County nor the Town of Rosman has the available funds.

Commissioners discussed the issue and agreed that the County should continue to explore funding options because of the potential health risk that could occur as a result of the aging and failing septic systems. Commissioner Phillips pointed out that these properties were annexed by the Town of Rosman and wondered if there was exclusion for the property owners to repair their own septic systems in order to stay off the sewer line system for a number of years. Commissioner Bullock noted that Rosman had gained approval for the new system and but the costs increased dramatically where they did not have the funds to extend the sewer lines. **Staff will continue to explore funding opportunities and bring back additional information to the Board.**

Break 1:40 to 1:55.

ETJ AND ZONING

The Board has been discussing the City's possible expansion of the ETJ in recent months. Per the Board's request, the Manager sent a letter to the City requesting to schedule a joint meeting of both Boards. The City's response was they would be willing to meet with the Board of Commissioners, but after their public hearings were held. The Manager asked for further direction for Staff at this time. The community meetings Staff were instructed to have are on hold until after further direction is given.

Commissioners instructed the Manager to continue to work with the City to schedule a joint meeting.

Commissioners noted that holding community meetings about zoning at this time may inflame the public, but they understand the need to educate the public on this matter.

The Manager asked Planning and Economic Development Director Mark Burrows to discuss his proposal. Mr. Burrows informed the Board the Henderson County has begun an initiative to identify communities with common interests and create a citizen based board consisting of those who are willing to participate in a planning process. This could be a way for Transylvania County to begin a planning process and prioritize issues for the future. The purpose is not to study zoning, but rather to share with communities elements of the Comprehensive Plan and learn about their concerns and needs for their communities.

After discussion, Commissioners expressed interest in the proposal; however they agreed that purpose would not be to discuss zoning.

SEPTAGE PRETREATMENT FACILITY

The Manager stated that in 1987 the City and County entered into an agreement to establish a waste water treatment service whereby septage could be adequately and properly disposed, along with other similar waste water. According to the City, the waste water treatment facility is in need of renovation. The Manager received a preliminary engineering report from the City Manager. The City Manager also provided options for short term and long term solutions. A renovated facility could last two to five years for a cost of \$57,500. A new facility is estimated to cost \$350,000. The facility was built as a benefit to those who have septic tanks in the County. He asked the Board if they want to consider continuing to provide this service to the citizens. There are two other facilities located in Buncombe and Henderson Counties. The Manager suggested studying this issue further over the next year to allow time for Commissioners to make a decision. He said he believes this is a responsibility of the County and accommodates the citizens in the community. The Manager noted the recommendation would be to increase the fees to a comparable level to surrounding counties. Fees would cover the cost of debt service if the County would have to borrow funds to construct a new facility.

Commissioner Bullock said because of the lower fees, other counties are bringing their waste to Transylvania County so it would make sense to raise the fees. Commissioner Phillips agreed that the facility should be self sustaining with the fees covering the costs.

Commissioner Hogsed said the County should provide this service and he would prefer to construct a new facility. The facility is used frequently and provides a good service to the citizens. A large number of citizens in the County are on septic tanks. Again, he said he prefer a long term solution.

Commissioner Phillips inquired as to what the fees would need to be in order to cover the debt payment. The Manager said the report indicates a fee of \$67 but he believes the cost may be somewhat higher. He said Staff would work with the City to allow the fees to cover the debt payment. He noted that the 1987 agreement was made with the City pursuant to the County obtaining grant funding. The fees should have increased over time with the funds being appropriated to build a new facility in the future.

Commissioner Guice suggested redoing the agreement using the Manager's suggestions of saving funds over time to cover expenses. He said it would be a mistake to spend \$350,000 and not have some assurance as to how the fee structure would be set up and how to pay for the facility. If the County can pay for the project with the increase in fees, that would be the best route to take.

The Manager concluded saying since the Board appears to be interested in pursuing this project and providing this service to its citizens, he will work with the City of

Brevard on an agreement to allow the facility to pay for itself, including the debt service.

Break 3:00 p.m. to 3:10 p.m.

STATUS OF REVALUATION PROJECT

Tax Assessor/Collector David Reid addressed the Board to provide the status of the revaluation project. He met recently with Senator John Snow about potential legislation that could require revaluations every four years. He stated that performing revaluations more frequently may have some advantages as it pertains to equity. Counties are currently required to perform revaluations every eight years per North Carolina General Statutes. Transylvania County's next revaluation is scheduled for next year, which is the seventh year.

Mr. Reid thanked the Board for the great resources his office has to perform revaluations and provide good customer service. Staff is currently working in the field inspecting improvements to properties which allows the County to pick up more value. They are photographing properties as well. He noted that his office is better equipped to do revaluations, although it still takes a considerable amount of time.

Mr. Reid pointed out that County Commissioners play an important role in this process. The Tax Office needs their support for this project. He noted that historically 10% of property owners will appeal, which is approximately 3,000. Citizens should be informed of the process in place to perform revaluations and hear and review appeals. County Commissioners, the Board of Equalization and Review, and the Tax Assessor/Collector are the tax officials in county governments; however only the State passes the tax laws and policies.

Mr. Reid pointed out the number one reason for revaluations are equity. Mr. Reid and Ms. Annette Raines have performed the last three revaluations in house using three valuation methods: market approach, cost approach, and income approach.

Mr. Reid explained the definition of market value and how the value of property is determined. The market has slowed in the past year or so but the last revaluation occurred in 2002 so the County has experienced tremendous amounts of appreciation on certain types of property in the County since that time. What drives the market in Transylvania County is different than other areas around that State.

Mr. Reid also explained the appeals process and valid reasons for appeal. Citizens will be encouraged to mail their appeals to the Tax Office. This ensures their appeal is in writing and explains what they want to be reconsidered. The first step would be to appeal to the Tax Assessor's Office. After the appeal is received, the taxpayer would be notified within 60 days of the decision. If the taxpayer is not satisfied with the decision, the next step would be to appeal to the Board of Equalization and Review. From there the appeal would go to the North Carolina Property Tax Commission and then to the Court Appeals

if not yet resolved. Mr. Reid noted that a brochure has been provided in the Commissioners' packets which highlight the evaluation process. Notices of valuations are sent to taxpayers in late February. Mr. Reid emphasized that revaluations are not performed in order to increase revenue for the County.

Mr. Reid discussed how the status of the economy will affect revaluations. Building permits have decreased significantly. The Tax Office has done one of the largest tax base projections they have ever made in a non-revaluation year. The economy has been slow but the County enjoyed the building and growth that occurred in 2006 and 2007. It is difficult to provide an accurate projection of how this will affect revaluations. Some of the commercial and downtown properties will have an impact on the County. Mr. Reid noted there is an elderly and disabled tax exemption. Another element that affects the revaluations is the present use value which says if the property is used timber or for agricultural or horticultural production, the property would be taxed at its ability to produce timber or agricultural products. The intent is to give those taxpayers a break so they can continue to operate their businesses.

Again, Mr. Reid asked Commissioners to support and allow the revaluation process to happen accordingly.

Commissioners suggested to Mr. Reid to include the brochure he provided with the valuation notices. They acknowledged the work Mr. Reid and Staff have done on both the Assessor and Collector side.

Commissioner Phillips asked Mr. Reid to explain the meaning of revenue neutral. Mr. Reid explained that in a revenue neutral situation, the tax burden shifts. The other element is the appreciation or depreciation of property values.

LOCAL TAX OPTIONS

The Manager explained that last year the State gave counties the authority to levy either a land transfer tax or a local sales tax, following the approval of a non-binding advisory referendum. The sales tax is paid by everyone that consumes a product. Ad Valorem taxes are paid only by property owners. The Manager brought this forth to Commissioners to make them aware of a funding option for the County. He asked Commissioners if they were interested in discussing this matter or adding it to the ballot in November for an advisory vote of the people. If a land transfer tax was implemented, the estimated revenue for Transylvania County would be \$1.6 million. The ¼ cents sales tax is estimated to generate \$800,000. Either tax could not be levied until April 2009 if passed. He noted that the land transfer tax has not been popular across the State. He emphasized that these are options that are available rather than increasing the Ad Valorem taxes and must be approved by the vote of the people. In order to add this to the November ballot, Commissioners would have to act rather quickly.

Commissioner Bullock said he is not opposed to adding the options to the ballot, but there is a huge education factor for the citizens. He recognized the funding issues the

County faces. Commissioner Guice said he is opposed to putting the option on the November ballot, but noted that education is critical. He said he does not believe either tax would pass this year. He noted the increasing costs of fuel and groceries and believes the timing is not right.

Commissioner Phillips agreed with Commissioner Guice and added he would not support the land transfer tax fee because it increases the cost of land. Commissioner Hogsed said he would only support the land transfer tax if it were used for specific items such as recreation or affordable housing. He would much prefer a sales tax increase than a property tax increase, noting the sales tax is spread more evenly and equitably. Chairman Chappell agreed that the timing is not right. Commissioners also agreed that education is a key factor.

Commissioner Phillips said he disagrees with the NCACC's method of instructing counties how to get these taxes passed. He said he believes counties should only be allowed to report the pros and cons and allow the citizens to make the decision.

Commissioner Guice said he believes using the tax dollars to address specific concerns is extremely important and citizens need to know how those dollars will be spent. He again stated the timing is not right to consider a vote on these taxes.

Commissioner Phillips noted that 54% of those that completed the recreation survey indicated they did not want their taxes raised to fund recreational facilities in the County. **Commissioner Guice asked Staff to find out how the question was framed to citizens who took the recreation survey about using tax dollars to fund recreational facilities.**

OTHER

Commissioner discussed the education center for the Board of Education acknowledging the fact that they could not continue to delay the issue. The Manager offered an option for funding an education center and capital needs for the Schools. The County currently funds the Schools capital outlay at \$1.9 million. If the Board of Education would agree, the County could borrow the funds along with the \$2.8 million for the Public Safety Facility to build an education center and address capital and then use a portion of the capital outlay each year for paying down the debt service.

After discussing options, Commissioners instructed the Manager to study this issue further and to bring information back to the Board during the budget workshops.

Commissioner Phillips asked for more information on vehicle replacements, including the mileage and maintenance records.

Commissioner Guice encouraged the Board to look at the big picture and keep all options on the table with regards to the budget.

PUBLIC COMMENT

A lady from the audience asked several questions and made comments relating to the revaluation, zoning, the ETJ and planning for the future, a County demographic study, health insurance, building permitting fees for subdivisions, and the local tax options.

A gentleman from the audience thanked Mr. Reid for his input on the revaluation process and commented on the local tax options and zoning.

Mr. David Reid thanked Commissioners for their suggestion for including the informational brochure in the valuation notices. He welcomed any other suggestions to make improvements to the brochure.

COMMISSIONERS' COMMENTS

Commissioner Guice responded to the lady in the audience. He referred her to specific Staff regarding her questions and concerns.

CRITIQUE

Commissioners offered the following critique for the planning workshop:

- The day went well
- Idea from last year that we see overall budget first was good
- Got the right amount of information from Staff

ADJOURNMENT

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

The meeting adjourned at 4:55 p.m.

Jason R. Chappell, Chairman
Board of County Commissioners

ATTEST:

Trisha D. McLeod
Clerk to the Board

