

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
February 10, 2009 – PLANNING WORKSHOP

The Board of Commissioners of Transylvania County met in special session on Tuesday, February 10, 2009 at 6:00 p.m. in the Rogow Room of the Transylvania County Library. The purpose of the session was to conduct the 2009 Planning Workshop.

Commissioners present were Lynn Bullock, Chairman Jason Chappell, Mike Hawkins, 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.

CALL TO ORDER

Chairman Jason Chappell presiding called the meeting to order at 6:05 p.m.

WELCOME

Chairman Chappell welcomed everyone to the meeting and explained the purpose of the meeting.

REVIEW OF PROJECTED CAPITAL

In January, the Manager instructed department heads to submit their five year capital needs plan. The Manager presented a summary of the five year capital needs plan, including department heads' requests and the Manager's recommendations.

Requested by Department Heads

(000's omitted)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>Total FY 10-14</u>
General Fund	\$1,721	\$1,220	\$1,527	\$701.4	\$2,242.3	\$7,593.7
Solid Waste	\$ 203	\$ 580	\$ 170	\$630	\$ 60	\$1,643
Total	\$1,924	\$1,697	\$1,697	\$1,331.4	\$2,484.3	\$9,236.7

All vehicle purchases were extended by one year. The only vehicle included is an ambulance for Emergency Medical Services. The Board will discuss vehicles for the Sheriff's Department at a special meeting with the Sheriff.

The Manager reviewed the requests and made the following recommendations:

Recommended by County Manager

(000's omitted)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>Total FY 10-14</u>
General Fund	\$416.5	\$919	\$1,465	\$837	\$1,182.7	\$4,823.2
Solid Waste	\$227	\$ 95	\$ 170	\$630	\$ 660	\$1,782
Total	\$643.5	\$1,014	\$1,635	\$1,467	\$1,845.7	\$6,605.2

The Manager decreased department heads' requests by approximately \$2.6 million over the five year time span. He highlighted his recommendations as follows:

- Included is \$210,000 for a septage pretreatment facility and assumes half of the cost will be paid for through grant funding.
- Reduced vehicles by \$395,000; delayed all vehicle purchases by one year.
- Removed Communications console upgrade in the amount of \$250,000; staff exploring new technology.
- Removed new cardiac monitors from Emergency Medical Services (EMS) in the amount of \$110,000; will not affect EMS.
- Removed wireless microphone system for the Library Rogow Room in the amount of \$20,000.
- Removed \$80,000 from Parks and Recreation for the installation of showers for use as an emergency shelter; may seek grant funding in the future.
- Removed \$40,000 for the recreation project in Rosman.
- Removed \$30,000 for in-car cameras and \$30,000 for a firing range from the Sheriff's Department.
- Removed \$30,000 for orthophoto equipment for the Tax Administrator since the mapping project was just completed.

The Manager pointed out that \$1.28 million in capital projects were removed from FY 2010. There were additional minor reductions as well. He also reviewed capital for the Solid Waste Department.

- Included cost to overhaul a compactor at the landfill for \$185,000; replacing it is costly.
- Included \$30,000 for roll off containers.

The Manager said department heads have done an admirable job in making reductions to their budgets and for only including \$643,000 in capital for FY 2010.

In FY 2011 the Manager requested replacing the vehicles that have been delayed for two years. The total amount of capital recommended for FY 2011 is approximately \$1 million. For a two year period staff has been able to reduce capital expenditures by

roughly \$2 million. The Manager pointed out that none of these capital expenditures addresses space needs.

Commissioners Bullock and Hawkins inquired about overhauling versus replacing the compactor at the landfill. The Manager explained further. The compactor is a very large expense but is a critical component to the operation of the landfill. The compactor will be overhauled for approximately \$185,000 versus a replacement cost of \$550,000. The replacement of the compactor would not occur until FY 2013-14; however staff will extend the life of the compactor for as long as possible.

Commissioner Phillips inquired about the purchase of new roll off containers. He said the roll off containers should last longer since usage at the landfill is down. The Manager said roll off containers are replaced on a consistent basis. Furthermore, usage is down at the landfill but not at the convenience centers.

REVIEW OF SPACE NEEDS

The Manager reviewed space needs and projects staff has been working on for quite some time. Some time ago the Manager presented a plan to the Board which would alleviate some of the immediate space needs issues in the Courthouse, including relocating County Administration, the Register of Deeds and the Tax Offices. The plan also included renovating the existing Administration Building into an additional courtroom. The entire site would be expanded to accommodate court functions with a cost of \$5.4 million, including \$1.5 million in site preparation work.

The cost of renovating the old Library is estimated at \$1.6 million. The cost of renovating the old Sheriff's Department is estimated at \$600,000. The old jail would be renovated to house the Board of Elections, Building Permitting and Environment Health for approximately \$1.2 million. These renovations total roughly \$8.8 million. Including the animal shelter at \$1.2 million, \$10 million would be needed to complete all these projects. The Board of Education has also expressed the need for a new administration building estimated at \$3.2 million.

The Manager reported that Moseley Architects estimated the cost of a new court facility at \$30 million. He pointed out that the Board could address immediate space needs in the short term for \$8.8 million.

The Manager also reported on the results of the Recreation Study which calls for \$2.8 million in spending for recreational needs in the County from FY 2009 – 2013.

Over time the County has built a capital reserves fund for needed projects. The capital reserve accounts are as follows:

Information Technology	\$ 778,086
Old Library Renovation	\$1,306,538
Courtroom and Security	\$ 202,572

Animal Shelter	\$ 795,870
Health Department	\$ 4,126
Total	\$3,087,195

The Information Technology Project is underway which involves a system to better handle property revaluations and tax collections in the future and a document imaging project that will help the County save space. The Manager suggested the Board not use these funds for other purposes. The remaining funds in the Health Department were expended as of this date. After removing these two items, the remaining balance in the capital reserve accounts is \$2,309,106. He pointed out that a few of these projects are ready to go out to bid if Commissioners so desire. The Manager recommended renovating the Sheriff's Department for the relocation of the Register of Deeds and Tax Offices once it is vacated and the new Public Safety Facility opens. The estimated cost is \$600,000 - \$700,000. This move would not only free up space in the Courthouse, but also allows for the possibility of a sally port and holding cell, which the current facility does not have, and effectively buys the Board some time to determine a plan for the future with regards to a new facility. The Administration Building would remain as is.

Commissioner Hawkins asked if the \$2.3 million in funds were designated for capital only. The Manager replied yes and the projects are included in a budget ordinance at the direction of a previous Board. The Manager noted the Board would have to rescind the budget ordinance in order to use the funds for other purposes. The County has reserved these funds for a number of years for these projects, specifically the animal shelter. The Manager asked the Board not to use the funds for other purposes because it would be difficult to save these monies again.

Commissioner Hogsed asked if staff had thought about scaling back on the renovation plans for the Sheriff's Department to save money because it seems to him that the building is in good shape. The Manager said the goal is to make the building functional for the Register of Deeds and Tax Offices and furthermore the renovations plans are not complete so the figures represent rough estimates. Moving these offices frees up much needed space in the Courthouse. The Public Defender's Office, which the County currently rents space for, could also be moved into the Courthouse.

Commissioner Bullock said he would like to see the County urge local contractors to bid on these projects in order to keep money and jobs in Transylvania County and stimulate its economy. The Manager said the bidding climate is good and staff would be encouraging local contractors to bid on County projects; however, in response to a question by Commissioner Hawkins, the Manager is unsure if the County can require a certain percentage of contractors or subcontractors to be local, but he would inquire with the School of Government.

Chairman Chappell inquired about a time frame for getting better cost estimates from the architect. The Manager said he expects the plans to be complete in a couple of months. He pointed out that the plans for other projects are complete and staff will move forward upon direction from Commissioners.

Commissioner Hawkins inquired about the School System's request for a new administration building. The Manager said the previous Board of Commissioners had requested that the Board of Education remove this item from their normal capital outlay. Last year the Board of Education presented their estimates: \$2 million to renovate the current facility and \$3.2 million to build a new facility.

Commissioner Phillips commented that the Board has discussed space needs for quite some time and he expressed the importance of making the right decision. The Manager agreed saying the proposals he had presented do not cost as much, \$5.4 million versus \$30 million for a new court facility, and addresses immediate space needs and allows the Board time to plan for the long term. In the interim, the space in the Courthouse can be maximized without doing any major work to the building. Commissioner Phillips added that Commissioners understand the need to do something with court facilities. He said he feels the \$30 million estimate for a new court facility by Moseley is an exorbitant amount of money and he would like to get some better figures in order to help Commissioners make a decision. He said the County should be able to build a new facility for much less. The Manager noted that Moseley recently bid a project which came in along the same lines as the cost estimate for a new court facility in Transylvania County.

Commissioner Bullock agreed that something must be done about the space needs issues in the Courthouse. The amount of funds spent remodeling the Sheriff's Department, he said, would depend on the direction the Board decides for the future. For instance, if the Board decided to move forward with building a new court facility, the move to the old Sheriff's Department would be temporary since most want to see the current Courthouse remain functional. The Manager added that the functions of the Courthouse are State related, not County related. The County is responsible for providing space for these State functions.

Commissioner Hawkins inquired as to how close to being shovel ready these projects are. The Manager responded that the County should be able to go out for bids in three to four months.

Commissioner Hogsed said he hopes Commissioners would consider building a smaller facility at the Morris Road site for court functions which could be built for considerably less money and with the ability to expand in the future. Commissioner Phillips concurred saying the County should not spend the monies for the renovation of the Sheriff's Department if it is going to be used short term.

The Manager pointed out to Commissioners that the relocation of these offices to the Sheriff's Department is not short term. The lay out of the building meets their needs and they would be relocated there permanently. The only offices that would be located in a court facility are those dealing with court related functions. The Manager also pointed out that the Study Committee recommended against building a new facility to accommodate the current space in the Courthouse. The current facility does not have enough space to house all the functions that should already be located there. A new facility would have significant more space just to meet the current space needs.

Commissioner Hogsed said the current facility has approximately 32,000 square feet of space. He said a newer smaller facility with 45,000 to 50,000 square feet should adequately meet the needs for court related functions. The Manager said the new facility would include additional courtrooms, space for Probation/Parole and the Public Defender, both of which the County rents space for, and more space for Juvenile Justice and the District Attorney. The new facility would also include a jury room, which the current facility does not have, and provide better security for court officers and staff. Commissioner Hogsed said he is not willing to burden the taxpayers with a facility of that scale.

The Manager pointed out that no matter what size facility is built, the County does not have the funds to cover the debt service. He again emphasized the Board can address immediate space needs issues in the short term with some of these projects by using the funds set aside in the capital reserves.

After further comments, Chairman Chappell called for a 15 minute recess at 7:15 p.m. The meeting reconvened at 7:30 p.m.

REVIEW OF FINANCIAL PROJECTIONS

Finance Director Gay Poor highlighted the revenue assumptions for the FY 2009 estimate and FY 2010-2014 projections. She reported that the Fiscal Research Division of the North Carolina General Assembly has been sending out fairly frequent updates on the State's economic outlook for the remaining fiscal year and the next two years. On Monday, January 20, 2009 their report indicated the recession is predicted to continue to at least the 3rd quarter of 2009, with a very sluggish recovery forecast for 2010. With those predictions in mind staff reviewed the County's revenues, specifically those that have impacted the current year and because of the economic downturn not expected to improve next year. The main ones affected are sales taxes and those related to the building and construction industry, Register of Deeds revenues, environmental health revenues, etc. The general assumption for state and federal funds is they are expected to increase with inflation at least enough to cover any additional expenditures.

Ms. Poor highlighted the major items affecting revenue projections.

Ad Valorem Taxes

- The forecast increase in the tax base for FY 2010 is 2.58% and does not include the impact of the revaluation. It equals the average of the actual percent increases in the tax base over the past six years since the last revaluation.
- The increase in the tax base reflects a modest growth in those values as construction and land development return to more normal levels for the County.
- The actual tax collection rate for FY 2009 reached 99.5%. The projections are built on lower collection rates in recognition of greater difficulty financially vulnerable taxpayers may have in paying 100% of the amount they owe. Over a five year period collection rates are anticipated to gradually increase.

- The tax rate is assumed to remain at \$.54/\$100 on a base that has not been adjusted for the revaluation, but only for normal growth.

Sales Taxes

- This year's estimate has again been lowered.
- The amended budget shows a 5% decrease in Article 40 and 42 collections, which are allocated per capita, versus FY 2009 actual collections, but only a 3% decrease in Article 39, distributed on point of origin, and 4% in Article 44, half allocated per capita and half by point of origin.
- The latest estimate reflects a 5% reduction from last year for all sales taxes.
- In FY 2010 sales taxes are not projected to be any higher than FY 2009.
- In FY 2011 and looking forward, sales taxes are assumed to grow at the same rate as inflation, accounting for price increases but not counting on volume increases.

Medicaid Relief Swap Hold Harmless

- Since these payments from the State are tied to sales taxes, the same assumptions were used for FY 2009 – 2014.
- It has been assumed that the State would honor its commitment to make the hold harmless payments to counties.

Register of Deeds

- For FY 2009, these revenues, particularly the real property transfer taxes, have also been revised downward from the amended budget based on current year experience.
- The latest estimates equal December year-to-date revenues annualized, assuming the second half of the year will replicate the first half.
- For FY 2010, no improvements in land and homes sales are expected, including the corresponding Register of Deeds' revenues.
- FY 2011 and looking forward, real estate transactions are expected to begin picking up and the volume of transactions is projected to increase by 5%.
- Values are expected to remain at the FY 2009 and FY 2010 levels.
- In the succeeding years volume is forecast to increase by 5% and value by 3%.

Building Permitting and Inspections

- For FY 2009 and based on actual fees and permits collected through December, the estimate for the year has been further reduced, using the average revenues from the most recent three months as a basis for the next six months' projections.
- Offsetting this somewhat is a \$21,000 permit on a large scale project slated for this spring.
- In FY 2010, the projections assume that revenues for the first half of FY 2010 will approximate those collected during the first quarter of FY 2009.
- For FY 2011 and moving forward, like the Register of Deeds' real property transfer taxes, building permits and inspection fees are a function of both the volume and the value of transactions.
- FY 2011's projection reflects an increase of 3% in volume and 2% in value.

- Subsequent years' projections assume volume will increase by 5% and value by 3%.

Environmental Health

- For FY 2009, the latest estimate for environmental health fees and well inspection fees is a rounded annualized figure calculated on December year-to-date revenues and is less than anticipated when the budget was amended in October.
- In FY 2010, the forecast does not include any improvement over FY 2009.
- The revenue from these fees is expected to grow by 5% in FY 2011, 10% in FY 2012 and FY 2013, and 12% in FY 2014.
- Since there is currently no plan to raise the fees, the increase would come entirely from an increase in the number of permits issued and inspections conducted.

Ms. Poor noted that a 2.58% increase in the tax base is worth \$576,000 in ad valorem taxes. The County is expecting a 99% collection rate for FY 2010 and is using the amount of \$22.7 million in ad valorem taxes in the current year.

Interest on Investments

- These figures are based on having an average cash balance of \$20.5 million.

State ADM Funds

- Funds received for School System debt or capital from corporate income taxes.
- Expecting a reduction of as much as 29% in the current Fiscal Year.
- An increase of 5% is expected for FY 2011 and for each year thereafter calculated through FY 2014.

Other Departmental Revenues

- For FY 2010, the County is expecting a \$290,000 decrease which is directly related to Lake Toxaway Patrol.
- Departmental revenues are calculated in various ways, most commonly involving inflation.

Grants

- Most are pass-through grants.

Donations

- The County receives a small amount of donations.

Miscellaneous

- Miscellaneous projections are consistent.

The Manager reviewed the expenditure assumptions and projections for FY 2010 – 2014.

- The new Public Safety Facility will open in August or September 2009. 22 additional employees will be hired this spring and their full salaries will impact FY 2010.
- There will be two additional employees required for the Public Safety Facility: a telecommunicator and maintenance employee.
- General inflation will be 2% in FY 2010 and 3% each year thereafter.
- Wages and salary increases and Pay for Performance will resume in FY 2010 (February – 3.79% and 4.79% each year thereafter).
- Prisoner overflow will be reduced in FY 2010 when the new detention center opens.
- Health insurance is projected to increase 8% in FY 2010 and 10% each year thereafter.
- Utility costs are projected to increase 10% in FY 2010 and 3% each year thereafter.
- Other insurance is projected to increase 5% in FY 2010 and at general inflation each year thereafter.
- School expense is essentially flat in FY 2010 and increases by inflation rate each year thereafter.
- For FY 2010 all other operational line items are equal to this year's revised budget or a 0% increase; For FY 2011-2014 line items are increased 3% per year.
- Capital is at bare minimum; no doubling up on vehicle replacements and all vehicle purchases delayed one year.
- There is no funding for the community park near Rosman.
- Additional costs for utilities and insurance for the new Public Safety Facility will occur in FY 2010.

With the addition of new staff and reductions in other areas, the Manager estimated the total General Fund, excluding capital, at \$41.7 million in FY 2010. In FY 2011, adding back 3% inflation, the estimate increases to \$44.2 million. Based upon the above assumptions, he also estimated FY 2010 revenues at \$40.7 million and FY 2011 revenues at \$42.2 million, a projected shortfall of \$1.6 million. If Commissioners decide to use the monies in the undesignated fund balance to cover the shortfall, FY 2009 will end with an undesignated fund balance of approximately \$7.9 million. In FY 2010, the balance would be reduced to \$6.3 million, a 15% level. The level would be reduced to 9% in FY 2011 which is slightly above the Local Government Commission's requirement for a minimum fund balance.

The Manager highlighted various options for making up for the projected shortfall.

- Reducing the number of new hires for the Public Safety Facility by four or six.
- Reducing funding for outside agencies.
- Use of capital reserves, excluding Information Technology Funds.
- Reducing the Insurance Fund Balance.
- Reducing School Capital.
- Reducing pay and benefits.
- Optional ¼ cents sales tax.

- Increasing property tax rate.

The Manager reminded Commissioners that this year's operating expenses has already been reduced by \$1.1 million. The year began with a 0% inflation increase, which is a 2% reduction, which, including the further reductions, equates to a total 4% reduction in operational expenses.

He discussed each of the options further.

Reducing New Hires for the Public Safety Facility

Commissioners will be meeting with the Sheriff next week to discuss staffing patterns for the new Public Safety Facility. A study completed by the North Carolina Justice Academy, at no cost to the taxpayers, was very much on target with the number of staff Moseley Architects said would be needed to operate the new facility. The Sheriff plans to provide several different staffing scenarios at the meeting. Staff has discussed with the Sheriff the possibility of reducing the number of staff by four, which would result in a savings of \$176,000. The Manager noted the reduction will affect the operation of the facility, including Standard Operating Procedures, which the Transition Team has been working on for over a year.

Funding for Outside Agencies

The County provides funding in the amount of \$137,000 to outside agencies, all of which, the Manager pointed out, do a lot for the community. He recommended reducing the funding for Farm Bureau and the Heart of Brevard, resulting in a savings of \$16,500.

Potential Reduction in Services

The Manager offered the following for the Board's consideration:

- Closing the landfill one day per week, resulting in a savings of \$57,520.
- Closing the Calvert Convenience Center because it does not generate enough revenue to cover the cost of the site attendant, a savings of \$23,846.
- Closing the Library one day per week for a potential savings of \$45,000.
- Reducing operations at the Recreation Department by 20 hours per week for a savings of \$13,000.
- All of these reductions result in an annual savings of \$139,300.
- Reductions affect no full time employees; however they affect a number of part time employees.
- Employees are being shifted around to other departments where needed. Further reductions in services means reductions in staff.

Use of Capital Reserves

The capital reserve accounts total \$3.1 million. The Manager recommended moving forward with the following projects:

- New animal shelter. The County has reserved \$800,000 for this project. The estimated cost of the project is \$1.2 million.
- Renovation of Sheriff's Department for the relocation of the Register of Deeds and Tax Offices at a cost of \$600,000 to \$700,000.

- Septage Pretreatment Facility at a cost of \$210,000, assuming the County receives grant funding for the remaining \$210,000.

The Manager asked the Board not to use the funds for Information Technology. The above projects would exhaust the remaining funds. There would be no additional monies remaining to renovate the old Library.

Insurance

The County maintains a balance in the insurance fund balance to cover expenses if they are higher than the budgeted amount. The County maintains a six month balance at a cost of \$1.1 million. The total cost for the year is \$2.3 million. An additional \$.4 million is paid by employees. Currently the insurance fund balance totals \$1.5 million. The Manager recommended drawing down those funds in the amount of \$173,000.

School Funding

Last year the Board of Commissioners allocated \$10.1 million to the Transylvania County School System, including \$1,868,000 in capital. This amount does not include lottery funds totaling over \$200,000. The Manager recommended a 0% increase for the School System in FY 2010 and a 3% inflation increase for each subsequent year.

Last year's five year capital projections totaled \$8 million. In FY 2009 the Board appropriated approximately \$1.9 million to the School System, leaving a balance of \$6.1 million. Spread over four years, the County could meet their capital needs at a cost of \$1.5 million a year, resulting in a savings of \$335,000 to the County.

The Board of Education's goal for teacher supplements is 10%. The Manager said this would be difficult in the coming year, especially since County employees received no increase this year. He said the same for cost of living adjustments and coaches' supplements. The Manager pointed out he is unsure of what cuts the State will make to the School's budget.

The Manager recommended the Board negotiate funding for the School System with the Board of Education, including a reduction in their capital outlay. He noted that the County has funded the School System very well over the last few years.

Fund Balance

The Manager stated that the Board can only use the undesignated fund balance short term. If those funds are used to cover the projected shortfall for FY 2010, the undesignated fund balance will be reduced to 15%. Previous Board's goals have been to keep the amount at 20%. He pointed out if the Board continuously borrows from these funds, the deficit will continue to grow each year because the revenues will not be able to keep up.

Taxes

A referendum would have to be approved by voters to implement a ¼ cents sales tax, the annual impact of which is \$733,000. The process takes quite a bit of time to plan for and

there are guidelines the County must follow. In order not to incur the costs of a special election, it should be added to the ballot during a County wide election, if Commissioners should decide to move forward with this option. The County would not see any impact from the sales tax until FY 2011.

Transylvania County's effective tax rate is lower than 70 other counties in North Carolina. Using the current tax base of \$4.1 billion, a 1 cent tax increase equates to \$410,000.

A review of the potential reductions includes:

Less Officers (4)	\$176,000
Reduction of Services	\$139,000
Reduction of Insurance	
Fund Balance	\$173,000
Reduction of School Capital	\$335,000
Subtotal Cost Reduction	\$823,000

In FY 2010-11 the savings equates to \$662,000.

For FY 2010, the budget can be balanced by a combination of various reductions and drawing down the fund balance to a level of 17%. The fund balance would be reduced to 12% in FY 2011. If no reductions are made the entire balance would have to be taken from fund balance and in FY 2011 the level would drop to 11%. The Manager said staff has reviewed all options and areas in which to reduce costs. He again emphasized that FY 2010 will be the second year in a row in which operational expenses have not increased. The figures and projections presented were based on assumptions staff has received.

DISCUSSION OF FINANCIALS

Commissioner Hawkins asked if capital reserve funds can be used for other items such as operational expenses. The Manager replied yes.

Commissioner Hawkins asked the Manager for an update on the status of the lottery funds. The Manager said the Board of Education recently requested to draw down lottery funds in the amount of \$329,000. Representative David Guice has been in contact with various Boards of Education and County Commissioners regarding lifting the restrictions on lottery funds to use for other items. In many counties, those funds have already been committed to debt service; however the Manager said allowing some flexibility with the lottery funds may help counties cover operational expenses.

Commissioner Bullock inquired as to whether Transylvania County expects to lose any teaching positions as a result of the State's budget cuts. The Manager said he has not spoken to the Board of Education about this matter. His understanding is that budget cuts, if any, would affect teacher assistants and result in larger classrooms, etc. The latest information from the State indicates a possible 2% reduction; however the General

Assembly will make the final decision. He said dialogue between the County Commission and the Board of Education is necessary to get through the budget process.

Commissioner Hawkins inquired further about the ¼ cents sales tax option and the process it would require. The Manager said the implementation of a sales tax would require a vote of the people. The process involves much education on behalf of the County and coordination with the Board of Elections. If the Board decides to move forward, the item would be placed on the ballot for the voters' consideration during a County wide election. The County would incur extra costs by holding a special election. Commissioner Hawkins asked Commissioners to keep this option on the table. Commissioner Bullock pointed out that the referendum has failed miserably in counties that have placed it on the ballot. Chairman Chappell stressed the County can not lobby for the implementation of a sales tax.

Although he would prefer a consumption tax to increasing the ad valorem tax, Commissioner Hogsed said he is not willing to increase any tax during the current economy. He said he would hope this Board would change its mindset about the need to raise additional revenues and instead work to streamline government and make every cut possible even if means reducing services and salaries. He asked Commissioners to be respectful of taxpayers and be responsible with the funds the County has. He further asked Commissioners to consider additional cuts other than what the Manager presented. He stated he would not be supportive of any tax increase and expects to keep the tax rate revenue neutral, if not below. As far as School spending, Commissioner Hogsed said monies need to remain in the classroom. He also would be supportive of reducing charitable contributions further, noting that everyone is making difficult decisions in these economic times.

BUDGET DIRECTION

The Manager asked for direction from the Board. He said staff will continue to explore areas in which expenditures exceed revenues, although there will some very difficult decisions to make. Reductions in services will have a major impact on citizens. He asked the Board to consider the options he presented to resolve the projected shortfalls.

Commissioner Hogsed said the County provides many services in which it can not cover the costs, but in some instances there are other options available. For instance, one option for the Board's consideration is closing the Calvert Convenience Center, but citizens can take their trash to the landfill even though it is more inconvenient. He said Commissioners need to look at all these issues especially to help cover the short term losses.

Commissioner Hawkins said he does not believe these cuts will be short term. He said he believes the County has a cash flow problem and making further cuts will create a structural problem for the County. County government exists to provide services to its citizens. Commissioner Hawkins did not suggest the Board increase taxes; however he asked the Board to consider all options available.

Commissioner Phillips cautioned Commissioners against increasing the ad valorem tax rate. He said the rankings the Manager presented may not be entirely accurate because home values are considerably higher in Transylvania County than other parts of the State. Commissioner Bullock agreed noting that the Board must also consider that higher tax rates in other counties equates to more services being provided by those counties.

Commissioner Hawkins did not agree with the suggested cuts in the Library and Recreation Department because those two departments serve more people than any other department. The Manager said these departments represent discretionary funding by the County. Commissioner Phillips inquired about the savings the County would incur by reducing the Library's daily hours of operation, rather than closing for a full day. The Manager said staff would explore the option further. Human Resources Director Sheila Cozart explained the current staffing schedule for the Library.

Chairman Chappell called for a 15 minute recess at 9:15 p.m. The meeting reconvened at 9:30 p.m.

Chairman Chappell said it is difficult to give staff direction at this time without having all the information. The Board first needs to meet with the Sheriff to discuss staffing at the new Public Safety Facility. He asked the Manager to schedule a meeting with the Board of Education as soon as possible to discuss their budget and educational needs.

Chairman Chappell called for comments from staff and the public.

Carson Griffin, Social Services Director: Ms. Griffin asked the Board to consider the impact a reduction of services would have on the community. She said County employees have worked hard over the years to provide these services.

Jack Hudson: Mr. Hudson said the County should move forward with building a new court facility. He said he believes the County will save money in the long term by building in the current economy. Mr. Hudson suggested the Board move forward with the renovations to the Sheriff's Department for the Register of Deeds and Tax Offices. He further suggested the Board consider moving the Board of Elections into the old Library and reconsider purchasing vehicles for the Sheriff's Department. Mr. Hudson said the County should take advantage of these opportunities and help the County pull out of the recession.

Eddie Lance, Captain: Captain Lance commented about the upcoming meeting with the Sheriff to discuss staffing at the Public Safety Facility. He also discussed the possible revenues the Sheriff expects to generate by offering bed space to other counties. He noted that an average of five inmates a day for one year would generate \$95,000 in revenue. He said the Sheriff's Department would be supportive of the Board's decision.

Cindy Ownbey, Register of Deeds: Ms. Ownbey said the old Sheriff's Department has the most ideal layout for the Register of Deeds and the Tax Offices and major renovations will not be required to meet their needs. She further commented that the

County has spent a lot of time and effort training staff. If the County cuts positions and rehires those positions when the economy improves, staff will have to be retrained. She said this is not the best option for the County.

Jack Hudson: Mr. Hudson commented about recreation services, saying that recreation is available for all ages and affects the health of citizens.

Chairman Chappell thanked staff for the information they provided.

There being no further business to come before the Board, **Commissioner Hawkins moved to adjourn the meeting, seconded by Commissioner Phillips and unanimously carried.**

The meeting adjourned at 9:50 p.m.

Jason R. Chappell, Chairman
Board of County Commissioners

ATTEST:

Trisha D. McLeod
Clerk to the Board