

MINUTES
TRANSYLVANIA BOARD OF COMMISSIONERS
March 22, 2011 – PLANNING WORKSHOP

The Board of Commissioners of Transylvania County met in special session on Tuesday, March 22, 2011 at 7:00 p.m. in the Rogow Room of the Transylvania County Library. The purpose of the meeting was to conduct a budget planning workshop.

Commissioners present were Larry Chapman, Jason Chappell, Chairman Mike Hawkins, Daryle Hogsed, and Vice-Chairman Kelvin Phillips. Also present were County Manager Artie Wilson, County Attorney Curtis Potter, Finance Director Gay Poor, Human Resources Director Sheila Cozart, and Clerk to the Board Trisha Hogan.

Media: *The Transylvania Times* – Mark Todd

There were approximately 50 people in the audience.

WELCOME

Chairman Mike Hawkins presiding welcomed everyone to the meeting and introduced the members of the Board of Commissioners and staff in attendance.

Chairman Hawkins requested to modify the agenda to add the approval of a grant application from the North Carolina Wildlife Resources Commission to establish a bird habit at the Parks and Recreation Department. All Commissioners were in agreement to modify the agenda.

LOOK AT FY 2011

The Manager explained that staff began the process of planning for the FY 2012 budget in January. Staff began the process by identifying mandated, essential, and discretionary spending, including pass through funding. The Manager noted that Department Heads have been working hard to keep the FY 2012 budget at a level equal to FY 2011 while maintaining the current level of services.

The Board of Commissioners approved an FY 2011 operational budget of \$37.9 million; however since the approval of the budget, staff has seen an improvement, specifically in the areas of sales taxes. Sales taxes are projected to be approximately \$700,000 more than originally estimated. Staff expects expenditures to be on target with the budget leaving a deficit of \$1.5 million as opposed to \$2.1 million. The Manager noted that the State plans to submit Medicaid hold harmless monies to the counties. The estimate for Transylvania County is \$200,000.

In recent years, the Board of Commissioners has been able to draw down monies from the Fund Balance to balance the budget. As of June 30, 2010, staff estimated a total Fund Balance of \$19.3 million. The estimate has been changed to \$19 million to end the fiscal year. The available Fund Balance, those funds not designated for a specific purpose, is estimated to equal \$10.4 million, or 26.2% of expenditures.

FIRST PASS FY 2012 BUDGET

The Manager reviewed revenue assumptions for the FY 2012 preliminary budget.

<u>Source</u>	<u>Assumptions/Basis for Projections</u>
Ad Valorem Taxes – Current	No increase in property tax base - \$5.97 billion Collection rate of 99.48%, the actual rate achieved in FY 09

03/22/2011

	Tax rate per \$100 valuation is \$0.3949
Sales Taxes	2% increase over the most recent 12 months, less Article 44
Register of Deeds Fees	3% growth over FY 2011
Interest on Investments	No improvement forecast for interest rates for FY 2012
Jail Fees from Other Counties	Provision of housing for inmates from other counties Current commitment level continued for FY 2012
Animal Control	Loss of contract with City for animal control services (\$67,000)
Building & Inspection Permits	No increase in fees No increase projected over FY 2011 estimate
Public Health Fees	Decreases in revenues from flu vaccines and other vaccinations Contingent upon State budget
Environmental Health Fees	No increase in fees No increase projected over FY 2011 estimate
Social Services Programs	State estimates, which reflect decreases particularly in program staff/administrative revenues, foster care reimbursements, and adult day care
Child Development	Increase in licensed capacity from 65 to 70 and change in composition of enrollment Additional subsidy for DD children Elimination of one "free" week for private pay
Transfers from Other Funds	Increase in expenditures eligible for reimbursement from E911 funds, due to changes in NC PSAP rules
Solid Waste	No increase in fees

The tax base for FY 2012 is estimated to be flat and remain at \$5.97 billion. Real property values have reached a plateau. Business personal values have started to decline and utilities are down slightly as well. Motor vehicle values have declined drastically because people are not purchasing new vehicles at the rates they have been in the past.

The Manager said it is difficult to compare sales tax data prior to FY 2010 because of the Medicaid Swap with the State. In the past, counties were responsible for a portion of the Medicaid costs. The State has since traded Medicaid costs for sales tax. The estimate for FY 2011 for sales tax revenues is \$5.2 million. Staff projects a 2% increase in FY 2012.

The Manager reviewed the expenditure assumptions for the FY 2012 preliminary budget.

<u>Source</u>	<u>Assumptions/Basis for Projections</u>
Education	For First Pass purposes, no increase in current spending or capital for the School System

Personnel	<p>Net increase of one position Communications: add two Tele-communicator II positions Social Services: add staff attorney and FNS Supervisor Child Development: reduce two positions (transition from 0-5 years to 2-5 years) Solid Waste: reduce one unfilled position</p>
Personnel – Compensation & Benefits	<p>No pay raises for employees for fourth consecutive year 8.2% increase in State retirement rate, from 6.4% to 6.98% for general employees No changes in health insurance benefits for employees – but healthcare reform will favorably impact employees through the elimination of co-pays for preventative care and extension of eligibility for dependents up to age 26 No increase required in FY 2011 level of funding for health insurance</p>
Fuel Cost	<p>Usage same as FY 2011 projected levels Gas at \$2.77/gal vs. FY 2011 budget of \$2.45 & average FY 2011 actual of \$2.23 Diesel at \$2.87/gal vs. FY 2011 budget of \$2.57 & average FY 2011 actual of \$2.32 (excluding excise taxes of \$0.512/gal for gas & \$0.572/gal for diesel)</p>
Capital – Vehicles & Equipment	Minimal, only small increase over FY 2011's budget
Computers	Replacement of only 25 PC's of the 54 PC's in use that are older than five years
Workers Comp & Liability & Property Insurance	Flat
Contingency	Flat
Economic Incentives	Final payment of property tax grant-back incentive made in FY 2011; none anticipated in FY 2012
Legal Fees	Reduction in DSS legal fees, offsetting addition of staff attorney Settlement of lawsuit
Outside Agencies	Funding at same level as FY 2011 except for nonrecurring items (\$10,000 for start-up cost for The Haven & \$20,000 for resurfacing the track at Brevard College)

The Manager reported that as part of the budget process staff was asked to look for efficiencies and keep expenditures as flat as possible.

Some key points the Manager asked Commissioners to consider included:

1. In FY 2002 staff reduced operating costs \$2 million as a result of the closure of Ecusta, DuPont and Coats America. The Board of Commissioners also reduced the tax rate to lessen the impact upon citizens.
2. Staff has been instructed to keep expenditures flat for the last several years.
3. Staff completed a comprehensive review of expenditures and the breakdown is as follows:
 - Mandated 68%
 - Essential 22%
 - Discretionary 8%
 - Pass Through 2%

The Manager offered additional personnel information. In FY 2001-2002, Transylvania County had 288 employees. For the FY 2012 budget, staff has proposed an increase to 312 employees. When staff cut the budget in FY 2002 because of the plant closures, there was also a dramatic reduction in employees. However since the construction of the new Library and Public Safety Facility, the number of employees has increased in order to staff and operate both facilities. General Administration, however, has stayed level over the same time frame. Approximately \$1.3 million in expenditures was added to the County's budget as a result of the hiring of additional employees for the new facilities.

For FY 2011, the headcount was 311. Staff proposes to add one net employee for FY 2012 for a total of 312. The Manager explained the proposal in further detail. The Manager proposed to add 2 Tele-communicator positions. The areas are currently being filled with part time employees. The Manager proposed to add a staff attorney to the Department of Social Services 3 days per week which should reduce contract attorney's fees. Also in Social Services, staff proposed to add a Food & Nutrition Services Supervisor because the caseloads in this area have increased tremendously. An additional Social Worker II was not recommended. Due to proposed changes in the service model, Child Development would be reduced by 2 teachers with the transition over a 2 year period. Furthermore, staff will continue to cover a site attendant position at the Solid Waste Department with part time. The proposal assumes that the current vacancies will be filled.

Discussion: Commissioner Hogsed inquired about the reason for making the Tele-communicator positions full time. The Manager explained that both these positions are putting in the same hours and working the same shifts as the full time employees in the same positions. The full time employees receive benefits, whereas the part time staff does not.

The Manager reminded Commissioners that County employees have not received a wage increase since February 2008. During that same time frame, the Consumer Price Index (CPI) has increased 5.4%. Social Security recipients' benefits have also increased 5.8% over the same time period except for the last two years.

The Manager noted that surrounding counties and the City of Brevard have received salary increases since 2008:

1. City of Brevard 6.05% increase
2. Buncombe County 7.02% increase
3. Haywood County 4.4% increase
4. Henderson County 4% increase
5. Jackson County 2.9% increase
6. Macon County 4% increase plus bonuses
7. Transylvania County 0% increase

Since 2008, Transylvania County has lagged behind as far as pay increases when compared to other counties. The Manager is concerned that Transylvania County is losing competitiveness with surrounding counties and wondered how long before the County begins losing personnel to other areas.

Discussion: Chairman Hawkins noted that the County has changed its insurance plan in the recent past having a negative impact on employees. Human Resources Director Sheila Cozart added that the Board of Commissioners increased the co-pays on all office visits and the deductible was increased from \$500 to \$750. Surrounding counties have not made such changes although the County's health insurance plan is fairly competitive with other counties.

Ms. Cozart summarized the County comparison. In comparing salaries with surrounding and comparable counties (excluding the salary for the County or City Manager positions), Transylvania County is slightly below the average compensation for the same positions in Buncombe, Henderson, Macon, Haywood, and Jackson Counties and slightly above the average for the City of Brevard with only 5 comparables. Because Transylvania County is the only county in the comparison that has not increased wages since 2008, Ms. Cozart concluded that Transylvania County lags behind in overall compensation. Ms. Cozart also noted there is the issue of compression within the wage ranges. When the salary study was completed and implemented, every staff person was put into a new salary range and at least received a 2% increase. However, because of compression and the fact that employees have not received an increase since February 2008, for example, the entry salary for a new nurse would be just a few hundred dollars less than a nurse that had been with the County for 5 to 8 years.

Discussion: Commissioner Chapman said he understands the situation with regards to employees and salaries; however he saw no benefit in comparisons with other counties at this time because they have different economic situations. He said it is important for Commissioners to determine what they can do with the budget they have.

The Manager said while the FY 2012 budget does not assume a pay increase, the information does suggest a pay increase in FY 2013 in order for Transylvania County to be competitive with surrounding counties.

Ms. Cozart explained how the County's benefits compare with surrounding counties. In general the vacation and sick leave accrual, maximum number of carryover hours and ability to roll excess vacation into sick leave are in line with the benefits of other counties, the State and the City of Brevard. For example, with regards to vacation carryover, the County allows for an employee to accrue up to 30 days of vacation. At the end of the calendar year, excess vacation is transferred to sick leave. 84 other counties have the same policy. The only notable difference is the ability to cash in vacation. Buncombe County is the only other county in the surrounding area and to comparable counties which allows this provision. However, an employee of Buncombe County can cash in up to three weeks of vacation if he or she has been employee there for more than 10 years. With longevity and 401K, Transylvania County is on the lower end with a limit of \$1,250 for longevity and no 401K contributions for non-law enforcement positions. For health insurance, Transylvania County is slightly above the average for deductible and co-insurance maximums, at the average on co-pays and below the average for premium costs for employee/child and employee/spouse, but slightly above for employee/family.

Discussion: Commissioner Phillips inquired as to the impact of the new federal healthcare changes on the County. Ms. Cozart said the impact is estimated at 3% on claims, or \$60,000.

The Manager pointed out that healthcare costs have risen steadily over the years. A few years ago Commissioners instructed staff to make adjustments to offset the costs. Staff continues to make changes in healthcare coverage to reduce costs to the County. Staff has also instituted wellness screenings for preventative measures. Ms. Cozart noted that when changes are made those costs are shifted to the employee.

Discussion: Commissioner Chapman expressed concern about the vacation carryover policy. He believes employees should be required to take their vacation. The Manager pointed out that the County does not

offer a long term disability benefit like the private sector might. If an employee were to become ill, he or she must utilize sick time first then vacation. Any vacation time accrued over 30 days is converted to sick leave or employees can cash in up to one week of vacation. Accrued sick leave also adds to years of service at an employee's retirement, which is in line with other counties' policies and the State. The Manager expressed concern about changing the policy since many County departments are lean already as far as their staffing levels go. Also, if employees are forced to use their vacation some departments may have to depend on part time or over time to cover shifts and the work. Changing the policy also affects the benefit structure for employees. He encouraged Commissioners to consider this matter seriously before making changes and to at least allow employees to convert unused vacation time to sick leave.

In response to a question from Commissioner Chapman about the annual costs, Ms. Poor said the number fluctuates and she pointed out that the liability is the amount reported as the liability as of June 30. Between January 1 and June 30 employees could have accrued current year vacation that they have not taken yet. Commissioner Chapman again said that employees should be encouraged to take their vacation. Commissioner Chappell said this is a benefit that is needed by employees especially as a safety net in terms of long term disability. He pointed out that some employees were unable to use vacation because of a work deadline that occurred, although the employees had already planned vacation. If the current policy were not in place, the employees would have lost their vacation altogether. Ms. Poor pointed out that over the past four years the average amount paid out for vacation has been \$57,000.

Chairman Hawkins called for a break at 7:20 p.m. and reconvened at 7:30 p.m.

CONTINUATION

The Manager discussed capital recommendations for FY 2012. Department Heads requested approximately \$661,000 in capital for FY 2012; however the Manager recommended capital in the amount of \$509,281, the biggest items being vehicles: 4 for the Sheriff's Department and 4 in other departments. There are also some necessary repair items in the Solid Waste Department. The Manager said there will be items in the future that Commissioners will need to seriously consider, particularly in EMS.

Staff is projecting FY 2012 operational revenues of \$38.5 million and expenditures of \$39.5 million which equates to an operational deficit of \$1 million. The assumption is that Education remains flat. The Manager pointed out there will be some transfers to the General Fund Reserves that are related to LEO Pension, Retiree Health Insurance, etc.

If Commissioners decide to make up the deficit from Fund Balance, that would leave available in undesignated/unreserved 21% of expenditures which is a healthy fund balance. Last year staff estimated the Fund Balance to be approximately 15% of expenditures but sales taxes were more favorable and spending was less than expected as well.

The Manager discussed key assumptions for revenues for FY 2013 – FY 2016.

<u>Source</u>	<u>Assumptions/Basis for Projections</u>
Ad Valorem Taxes – Current	Growth of \$40 million per year in property tax base Collection rate constant at 99.48% Tax rate/\$100 valuation of \$0.3949 No property revaluation during period
Sales Taxes	Increase of 4% per year
Register of Deeds	Increase of 3% per year

Interest on Investments	Increase in interest rates due to improving economy Decrease in amount of funds available to invest
Jail Fees from Other Counties	Not included; full utilization of facility by Transylvania County inmates
Building & Inspection Permits	No increase in fees; 2% increase per year due to building activity
Environmental Health Fees	No increase in fees; 2% increase per year in volume
Health Programs Funding	Federal/State funding flat
Social Services Programs Funding	Federal/State Funding flat
Solid Waste	No increase in fees; 4% growth per year in tonnage disposed

The Manager also discussed key assumptions for expenditures for FY 2013 – FY 2016.

<u>Source</u>	<u>Assumptions/Basis for Projections</u>
Education	No increase in current spending or capital for the school system
Personnel – Headcount	No changes during period
Personnel – Compensation & Benefits	Pay raise of 4% in FY 2013; 2% per year in subsequent years Increase in retirement rates, per State Increase of 10% per year in health insurance costs
General Supplies	Inflation rate of 3% per year
Fuel & Utilities	Inflation rate of 3% per year; usage flat
Capital – Vehicles & Equipment	Increase to \$1.1 million per year
Computers	Replacement of PC's older than 5 years and at risk of failing Inflation rate of 3% per year
Workers Comp Insurance	Increase of 4% in FY 2013, 2% per year in subsequent years
Liability & Property Insurance	Inflation rate of 3% per year
Federal/State-Supported Programs & Grants	Change equal to change in corresponding revenues
Contingency	Flat
Outside Agencies	FY 2012 level except for inflation rate of 3% per year for NC Forest Service

Based on these assumptions, the deficits continue to increase through FY 2016. In FY 2016, the deficit is estimated at \$2.2 million. If the sales taxes are better than anticipated, the deficit is reduced. The undesignated Fund Balance is gradually reduced and goes into a negative balance in FY 2016 if the Board decides to use those funds to balance the budget.

The Manager returned to discussions to focus on FY 2012. For FY 2012, the County is facing a deficit of \$1 million and an available unreserved fund balance of \$8.3 million which is 21% of expenditures. Some unknowns for FY 2012 are Education, State budget cuts, and fuel prices. The Board of Commissioners is scheduled to meet with the Board of Education in one week to discuss their budget proposal. The County is unsure of items the State may push down to the county level. Gas prices continue to rise. A one cent increase in the gas price is \$832. The County could potentially be impacted by \$60,000 - \$80,000. The upside is sales taxes may continue to grow. Each percentage increase adds \$52,000 in revenue. Another item that has brought in additional revenues is housing inmates from other counties. The Manager recommended that Commissioners begin discussions about increasing Solid Waste fees by \$2/ton which could increase revenues by approximately \$42,000.

Discussion: Commissioner Chappell asked Commissioners to discuss at a later date whether or not a percentage of the revenues from the Sheriff's Department should stay in the Sheriff's budget. The Manager pointed out that revenues from other departments go into the General Fund to support all County departments. Commissioner Chapman inquired as to when the last year revenues exceeded expenditures because he believes the County has a spending problem and can not continue to spend more than it brings in.

The Manager discussed some of the options for bridging the gap. He noted some of what other counties have done:

- 49 counties reduced total appropriations
- 16 counties increased property taxes; average increase of 3.3 cents
- 45 counties implemented hiring freezes
- 57 counties delayed capital projects including schools, jails and courthouses; many delayed renovations and repairs
- 28 counties reduced school appropriations
- 44 counties eliminated positions; more than 1,000 positions were cut – in addition to nearly 1,000 cut in FY 2009-2010
- 14 counties laid off existing workers; 595 county workers lost their jobs, in addition to 220 laid off in FY 2009-2010
- 7 counties implemented mandatory furloughs

The Manager discussed measures County departments have taken to reduce spending:

Building Department

- Reduced from 40 to 37.5 hours per week – all staff
- Transitioned one person from Building Permitting Department to Maintenance Department due to new Public Safety Facility and grounds
- Eliminated part time 15 hours per week clerical assistant to only 225 hours to cover annual sick leave of administrative staff
- Eliminated one position/laid off one employee

Environmental Health

- Transitioned one person from 37.5 hours to 22.5 hours in Environmental Health and 15 hours in Parks and Recreation Maintenance
- Eliminated part time monies for grounds assistant in Parks and Recreation (April thru October)

Animal Control

- Reduced from 40 to 37.5 hours per week – all staff
- Eliminated usage of part time employee – no funds budgeted in FY 2012

Positions Eliminated

- Financial Accountant position approved in FY 2009 was frozen and has never been filled
- Public Health Nurse II CSC/MCC was eliminated in FY 2010

Recreation

- Part time hours were reduced for gym attendant resulting in Recreation Center being closed on Sundays except during Church Basketball season

Library

- Part time hours were reduced which resulted in reduction of hours in the local history room, reduced page hours, reduced hours for technical services, eliminated 2 after school programs, fewer staff programs for Summer Reading in FY 2010-2011, eliminated basic computer usage class for public using the public computers

Tax Assessment

- Eliminated temporary/full time hours for Tax Assistant

Other

- Enacted temporary hiring freeze on January 13, 2011

Commissioners also made changes to the employees' compensation and benefits. Employees have received no market or merit increase since February 2008. There are no increases budgeted in the FY 2012 budget proposal. Commissioners changed the eligibility for the employer contribution of \$1,500 per year to a 5-year waiting period for new employees. This change did not affect current employees. Commissioners also increased co-pays and deductibles in the health insurance plan.

The Manager offered the following alternatives for bridging the budget deficit:

- Use Fund Balance
- Reduce costs which implies a reduction of services
- Delay capital projects; use capital reserve funds
- Increase revenues
- Combination of the above

The Manager discussed the history of the Fund Balance and how it would be drawn down if the Board decided to use it to balance the budget.

The Manager pointed out the reducing costs implies a reduction in services. Staff completed an analysis of their budgets and identified all items that were mandatory, essential, discretionary and pass-through. Staff identified \$27.4 million, or 68%, of their budgets as mandatory. Essential services constituted \$8.8 million or 22% of the budget. Discretionary spending equaled about \$3 million or 8% and pass through funds amounted to \$800,000, or 2% of the budget.

The Manager reviewed some of the discretionary items:

- | | |
|--|---|
| • 150 th Celebration | \$90,756 |
| • Contingency | \$100,000 |
| • Senior Resource Network
Coordinator and Special project | \$68,000 |
| • Child Development | \$454,685 (excludes Developmental Day) |
| • Transportation | \$171,110 |
| • Outside Agencies | \$113,725 (TVS, WCCA, KOALA, Senior Citizens
Center, etc.) |

03/22/2011

- Parks and Recreation \$466,432
- Library \$1,121,518
- Outside Agencies \$34,525 (Brevard College, JHPC, Parks Commission, etc.)
- Communities In Schools/Day Care \$30,500
- Silvermont \$15,000
- Longevity \$200,729 (includes FICA and Retirement)
- Misc Other \$160,284 (Need to look at individual departments)

The Manager noted that many of the above items have associated revenues so the budget would not be reduced by the total amount of discretionary items if eliminated.

The Manager reviewed the Outside Agencies and reported which were essential and discretionary. The Board had a lengthy discussion last year about funding these agencies.

<u>Outside Agencies</u>	<u>Discretionary</u>	<u>Essential</u>	<u>Total</u>
Habitat	\$ 1,800		\$ 1,800
LOSRC		\$ 21,490	\$ 21,490
Rescue Squad		\$131,400	\$131,400
NC Forest Service		\$ 87,224	\$ 87,224
TVS	\$ 28,125		\$ 28,125
WCCA	\$ 3,600		\$ 3,600
Center for Dialogue	\$ 10,000		\$ 10,000
KOALA	\$ 4,500		\$ 4,500
Volunteers In Medicine	\$ 30,000		\$ 30,000
Senior Center	\$ 18,000		\$ 18,000
Bread of Life	\$ 5,000		\$ 5,000
Smart Start	\$ 4,500		\$ 4,500
Brevard College	\$ 8,000		\$ 8,000
	\$113,525	\$240,114	\$353,639

Many of these items have been identified as discretionary but they are services that are needed by many citizens in the community.

Staff identified \$87,865 in essential services and \$175,316 in discretionary spending for a total of \$263,181. The Manager noted this was a difficult exercise for department heads and that some departments could not identify further reductions in their budgets. The Manager also noted these figures do not include the Sheriff's Office. If the Board decides to move in this direction, the Manager said he hopes the Sheriff's Office will be included.

Some of the departmental discretionary reductions or eliminations staff identified was:

Eliminate Community Appearance Initiative & Honor Guard Support	\$ 12,400
Senior Resource Network	\$ 40,848
Transportation to Senior Citizen Meal Site (1 day/month)	\$ 3,100

Recreation – Close pool; Friday and Saturday Gym Supervisors eliminated	\$ 34,478
Close Library on Saturday	\$ 31,272
Close Calvert & reduce hours for Pisgah Forest and Conestee	\$ 45,968
Other	<u>\$ 7,250</u>
	\$175,316

Staff's goal in identifying these items was to have the least impact upon citizens.

Summary:

	<u>Discretionary</u>	<u>Essential</u>
Outside Agencies	\$113,525	\$240,114
Departments	<u>\$175,316</u>	<u>\$ 87,865</u>
	\$288,841	\$327,979

The Manager noted that a reduction in services will have a negative impact on citizens.

Another alternative for reducing the deficit is to delay capital projects. The capital reserve contains nearly \$2.6 million:

Information Technology (still working on Tax Conversion)	\$ 359,408
Old Library/Old Sheriff's Building	\$1,260,873
Animal Shelter	\$ 757,428
Courtroom Renovations & Security	<u>\$ 206,534</u>
Total	\$2,584,243

Staff has gone out to bids for the renovation of the old Sheriff's Building for the Register of Deeds and Tax Administration. The lowest construction bid came in at \$395,000 with a total project cost of \$600,000.

Staff also went out for bids for the animal shelter. The projected construction costs came in at \$1,045,000 with a total project cost of \$1,176,000.

Both of these projects are estimated to cost \$1,776,000. There is \$2 million in the capital reserve that has been identified for these projects. The Manager noted that the bids are good for 60 days.

The Manager identified the following as possible revenue sources:

- Increase Solid Waste \$2/ton
- Increase Ad Valorem Tax Rate (84 counties have raised their tax rate since Transylvania County last did; the average tax rate for counties that have not raised taxes since Transylvania County last did is 63.6 cents versus Transylvania County's rate of 39.49 cents; 1 cent increase generates approximately \$594,000)

The Manager reported that Transylvania County has the twelfth lowest tax rate in the State of North Carolina. The average effective tax rate is \$0.5867 and the average absolute tax rate is \$0.6141. Tax information data indicates that 50% of the assessed values come from properties valued at between \$0-\$299,000. The same 50% of assessed value equates to 85.5% of the real and personal tax bills issued. 11,286 tax bills fall in the range of \$0-\$49,000. A significant portion of the tax bills are for properties less than \$300,000.

The Manager reviewed the impact of a tax increase on property owners as follows:

<u>Assessed Value</u>	<u>% Bills</u>	<u>% Assessed Value</u>	<u>1¢</u>	<u>3¢</u>	<u>5¢</u>
\$0-49,999	35.6%	8%	\$5	\$15	\$25
\$50,000-99,999	14.5%	7%	\$10	\$30	\$50
\$100,000-149,999	13.9%	10%	\$15	\$45	\$75
\$150,000-199,999	10%	9%	\$20	\$60	\$100
\$200,000-249,999	6.6%	8%	\$25	\$75	\$125
\$250,000-299,999	4.9%	7%	\$30	\$90	\$150

Chairman Hawkins called for a break at 8:35 p.m. and reconvened at 8:50 p.m.

PUBLIC COMMENTS

Jodi Huggins: Ms. Huggins is a parent of a child at New Adventure Learning Center (NALC). She is also on the waiting list for a child that she is expecting in September. Ms. Huggins expressed concern about the elimination of services. She noted a shortage of full time childcare in the County and discussed the negative impact the lack of childcare has on the citizens, social services programs, and the economy of Transylvania County.

Commissioner Chapman responded to Ms. Huggins. His concern is that all taxpayers are subsidizing the childcare services of a few. He also suggested a better waiting list process because it may open the services up to more citizens in the County. He is concerned that many people are being excluded because they did not get on a waiting list. Laura Franklin with NALC noted that this was addressed by the Ad Hoc Committee and the Committee felt the waiting list as it is structured was probably the fairest way to handle the admissions.

COMMISSIONER DISCUSSION/QUESTIONS

Commissioner Chappell inquired as to when the Board plans to discuss vacancies within County departments. Chairman Hawkins suggested discussing this issue at the next planning session in April and directing staff at that time.

Commissioner Phillips noted that the revenue and expenditure assumptions that were presented through FY 2016 had a positive slant to them. He suggested that staff offer projections that are flat over the next five years. He fears that if the economy does not improve, the County will continue to lose its tax base. He also expressed concern over the State and federal budgets and those items that may be pushed down to the county level.

Commissioner Chapman is appreciative that the County has such a low tax rate. He is concerned about economic development in the County despite the concerted efforts by many in the community.

Commissioner Chapman inquired about areas that can be privatized. He encouraged the Board to determine what services are important to the people of this community and then determine how they should be funded. He reminded Commissioners that they still have to address the Board of Education's budget. Commissioner Chapman encouraged the citizens to contact their elected officials and let them know what is important to them.

Commissioner Hogsed commented that the projected deficit is less than predicted last year; however he believes this deficit will increase considerably because of the losses to the school system and other factors as well. He encouraged Commissioners to fund what the County can afford and make the painful decisions needed to balance the budget.

Commissioner Chappell pointed out to the citizens that the County has a large budget to manage along with some very complex issues. He hopes the focus from this meeting is not the \$1 million deficit. He pointed out this is a first pass of the budget and the first time Commissioners are reviewing it in great detail. Commissioner Chappell also reminded everyone that there are pieces missing particularly from the Board of Education.

Commissioner Chapman reminded the public that the animal shelter is a priority but he is not in favor of spending \$1.2 million on the project.

Chairman Hawkins noted the fluid nature of the budget estimates and said the budget numbers may change according to information received from the State. He said it is important to leave options on the table in terms of dealing with the deficit. He believes it is important to digest the information provided at this meeting and listen to the public and move forward with directing staff in April.

It was noted that the presentation given at this meeting is available at the Library Reference Desk.

GRANT FROM THE NORTH CAROLINA WILDLIFE RESOURCES COMMISSION

Parks and Recreation Director Rick Pangle and Cooperative Extension Agent Eric Caldwell have been working with the Transylvania County Bird Club on providing additional habitat for birds at the Activity Center. They were made aware of a grant opportunity through the North Carolina Wildlife Resources Commission for \$2,625 to clear a bird habitat in the wooded field across from the soccer field. A 25% local match is required which will come through utilization of the BRIDGE Crew with the North Carolina Department of Correction. According to the agreement, the habitat would have to remain in place for 10 years or the County would have to repay the grant based on a prorated formula. The project has been approved by the City of Brevard.

Commissioner Hogsed moved to approve the grant and authorize the County Manager to sign the agreement, seconded by Commissioner Phillips and unanimously approved.

ADJOURN

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

ATTEST:

Mike Hawkins, Chair
Transylvania County Board of Commissioners

Trisha M. Hogan
Clerk to the Board

03/22/2011