

**MINUTES**  
**TRANSYLVANIA BOARD OF COMMISSIONERS**  
**January 30, 2012 – PLANNING WORKSHOP**

The Board of Commissioners of Transylvania County met in special session on Monday, January 30, 2012 at 6:30 p.m. in the Rogow Room of the Transylvania County Library. The purpose of the meeting was to conduct a budget planning workshop and to review a first pass of the FY 2013 budget.

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

Media: *Hendersonville Times News* – Leigh Kelley  
*The Transylvania Times* – Mark Todd

There were approximately 40 people in the audience.

**CALL TO ORDER**

Chairman Mike Hawkins presiding called the meeting to order at 6:30 p.m.

**WELCOME**

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

**LOOK AT FY 2012**

Finance Director Gay Poor gave an update on FY 2012 using four to six months worth of data. Last spring when staff put together a budget proposal for FY 2012 the County had eight months of sales tax data. At that time, staff was optimistic because the data indicated an improvement in sales tax revenues. Therefore staff built in a 2% increase for FY 2012 sales taxes. However, the actual numbers indicate a decrease in sales tax revenues of approximately 5%. Staff revised the FY 2012 sales tax estimates, dropping the figure by \$250,000. Commissioner Chapman noted that officials with the City of Brevard recently reported their sales tax revenues increased significantly. Ms. Poor said the reason the City's sales tax data would be more favorable is because the sales tax is allocated between the County and the City based on the amount of taxes that are anticipated. The City of Brevard is getting a larger percentage because the City chose not to remain revenue neutral and in turn the County lost a percentage of sales tax to the City.

Last year, the Sheriff anticipated housing inmates from other counties and misdemeanants from the State. The budget indicated an anticipated revenue stream of \$117,000, but so far the County has not received the number of inmates originally estimated and has only received \$4,000 in revenues. The FY 2012 budget was therefore reduced by \$113,000.

There is a projected decrease of approximately \$120,000 in revenues in the Social Services Department mainly in subsidized childcare and foster care. There is also a corresponding decrease in expenditures.

Staff is also expecting various other changes resulting in a decrease of approximately \$17,000. Those result from lower returns on interest and adding back funds not used in the Sesquicentennial, for example.

Overall, this brings the anticipated reduction of \$500,000 in revenues for FY 2012.

There is a reduction in expenditures due to two vacant positions. A resignation recently occurred in Environmental Health and a Solid Waste Equipment Operator has been vacant for nearly a year. There are savings in the amount of \$52,000 due to these vacancies. There has been some turnover in Child Development due to recent retirements and new hires were brought in at lower starting salaries resulting in a savings of approximately \$34,000.

Food for inmates was reduced by \$20,000. This is directly related to not receiving inmates from other counties or housing the State's misdemeanants.

Other miscellaneous decreases total \$26,000. Some of those were reductions in utility costs and lower remittances in the Register of Deeds office. The subtotal of the decrease in expenditures is \$262,000. However, there is a big increase in health insurance costs which exceed the budgeted level by \$210,000. Overall, expenditures are favorable to the budget by \$52,000.

The County started FY 2012 with an estimated operating revenue budget of \$38.754 million and estimated expenditures totaling \$39.444 million, indicating an anticipated shortfall of \$690,000 which would be recovered by an appropriation from fund balance of \$225,000, an appropriation from the self insurance fund of \$235,000, \$70,000 remaining from the Sesquicentennial budget, and \$160,000 from capital reserves to cover the septage pretreatment facility costs. As a result of the changes in the budget mentioned above, there is an additional anticipated shortfall of \$448,000 for a total shortfall of \$1.138 million, which would be made up by taking \$463,000 from fund balance, \$445,000 from the self insurance fund and the same as mentioned from the Sesquicentennial budget and capital reserves.

Ms. Poor offered a detailed look at the balance sheet. The County closed FY 2011 with a total fund balance of \$20.327 million. Using the fund balance to make up for the shortfall brings the total fund balance to \$19.349 million at the end of FY 2012. At the beginning of this year, there was \$235,000 that was set aside to cover the expected shortfall in FY 2012 plus \$1.41 million available for use in subsequent years for a total \$1.645 million. Staff now shows that the fund balance would drop to \$1.2 million and that will potentially reduce the self insurance fund down to approximately \$600,000 for future years. The total available fund balance is decreasing more than the total fund balance because of the shift between available and obligated funds. The available fund balance will drop to \$9.979 million which represents 25.3% of the anticipated expenditures.

Commissioner Chappell asked if the increase in insurance costs is attributed to additional claims that are out of the ordinary. Human Resources Director Sheila Cozart said there has been a significant increase this year in claims. Being a self-insured entity, the County typically experiences a high claims year about every five years. Commissioner Chapman asked if staff expects this trend to continue at this level into next year. Ms. Cozart said the trend is unknown but staff believes the increase is a valid estimate. Commissioner Chapman also inquired about the benefits of being self insured. Ms. Cozart said the County has been self insured for at least 20 years. Being self insured means the County takes the profit margin that would otherwise go to a provider and subsequently takes on the risk of those claims. In general, she believes the County has done very well being self insured. Every two to three years because the trend increases and the costs continue to go up, staff usually proposes some sort of modification to the County plan to bring those costs down. Those costs however are shifted to employees. This is done every two to three years in an attempt to keep the increases at a more reasonable rate. The last changes occurred in July 2010.

## ASSUMPTIONS FY 2013

### REVENUES

Ms. Poor reviewed the revenue assumptions for FY 2013 as follows:

- Tax Base estimated at \$6 billion; up \$30 million over FY 2012 Budget
- Tax Collection Rate anticipated at 99.5% which is equal to FY 2011; additional \$118,000 increase in ad valorem taxes based on slightly higher tax base
- Sales Taxes projected to increase 2% over projected FY 2012 (+\$150,000; still below FY 2012 Budget)
- No Misdemeanant Housing (\$117,000 from FY 2012)
- No ad valorem tax increase

### EXPENDITURES

Ms. Poor reviewed the expenditure assumptions for FY 2013 as follows:

- For this Pass, School Budgets are flat (no increase shown)
- Increased Insurance Costs – In FY 2012, have seen significant increases in claim costs (+\$600,000)
- Increase in Requested Staffing ( net addition of 7 employees to head count at a cost of \$355,000)
- Salary Increase of 3% effective July 2, 2012; cost to implement is approximately \$430,000
- Reduction in Retirement Contribution saving the County about \$33,000
- Increase in Capital Outlay
- Reduction in Debt Service
- Gas Prices budgeted in FY 2012 are adequate; the County does not pay excise tax; a one cent increase is worth \$1,275
- Operational expenses increase slightly which equates to a 0.3% increase overall

### REQUESTING STAFFING CHANGES

The Manager reported that he met individually with department heads and talked about staffing levels, their ability to provide services to citizens and the difficulties they were experiencing in their departments as a result of not having adequate staffing levels. As a result, the Manager has included several staffing changes in the first pass as indicated below. All the figures listed below include benefits unless otherwise indicated.

-1 Solid Waste Equipment Operator	-	\$38,340
-1 Environmental Health	-	\$46,170
+1 Planner (net-contract)		\$37,952
+2 Revaluation:	Property Appraiser	\$42,781
	Revaluation Manager	\$69,063
	Part time (6 mos)	<u>\$12,322</u>
		\$124,166
+1 Social Services:	SWII Child Welfare	\$56,657
	Add'l Part time hours	<u>\$16,148</u>
		\$72,805

+1 Sheriff's Office:	Civil Process	\$44,462
	Reclass Non-sworn to Sworn	\$ 3,307
	Increase Part time	\$21,530
+1 Sheriff's Office:	Part time to Full time Part	
	Time (benefits)	<u>\$ 9,362</u>
		\$78,661
+1 Animal Shelter:	Shelter Coordinator	\$16,608
+1 Fire Marshal:	Part time to Perm. Part time	<u>\$14,395</u>
		\$31,003
+1 Staff Accountant-Finance (net)		\$46,856
Cooperative Extension Agent		\$23,000
Add time Project Manager Animal Shelter		\$15,382
<u>Additional hours for Housekeeping</u>		<u>\$ 9,345</u>
Net total positions = 7		\$354,660

Commissioner Chappell inquired about the additional time for the Project Manager. The Manager said the additional time equates to one extra day each week for the year. The Project Manager is currently working three days a week. The recommendation would increase his time to four days per week.

Commissioner Chapman inquired about the Animal Shelter Coordinator's duties. Operations Director David McNeill said the position will have a variety of responsibilities that include: care for the animals, coordinating with animal groups to recruit volunteers, educating volunteers on the care of the animals, scheduling volunteer duties, preparing paperwork and reports (# of animals taken in, vaccinations, food & supplies), overseeing the shelter, coordination of animal control staff to participate in activities, etc. Commissioner Chapman said it was his understanding that no additional staff would be needed for the new shelter. In addition, he inquired if the County's workload had decreased since the City of Brevard took over its own animal control. Mr. McNeill said the department reduced the number of animal control staff by one part time employee. In addition, the County continues to work with the City because City residents are still citizens of Transylvania County and staff continues to respond to their requests. There has been no drastic reduction in the workload of the current animal control employees and furthermore most of the animals coming into the shelter come from outside City limits. The Manager added that it has been the position of staff during this process to add one additional employee once this project is complete. This would bring the total staffing level to four (three animal control officers and one shelter coordinator).

Commissioner Chapman asked if the Tax Administrator feels comfortable with the tax collection rate being set at 99.5%. Tax Administrator David Reid said he is confident the County can achieve this rate. Commissioner Chapman also inquired about the delinquent taxpayer listing that the Board recently approved and asked if the length of the list was longer than previous years. Mr. Reid said the delinquent taxpayer list is consistent with past years. Through collection efforts, the list should substantially reduce before advertisement.

Chairman Hawkins asked the Sheriff to explain the need for an additional civil process position. Sheriff David Mahoney explained that the civil process division is currently a two-person division. Last year they served over 3,500 papers and there continues to be a steady increase. Chairman Hawkins asked if there were special requirements for that position and wondered if another position, such as a detention officer, could be shifted to cover the civil process duties. The Sheriff said he still anticipates receiving

inmates from other counties and the State; however the process is taking longer than anticipated. He said if he shifts a detention officer to the civil process division, he will be asking for another detention officer once the County starts receiving inmates. Regardless, the County still has its own inmate population that requires supervision. He said he continues to seek ways to augment the costs of any new positions.

### COMPENSATION INFORMATION

Human Resources Director Sheila Cozart discussed some of the issues the County is facing with employee compensation. She reported that County employees last received a pay increase in February 2008. When the Compensation and Classification Plan was implemented by Springstead, the County was in a situation where it was losing staff and the compensation plan was not competitive with surrounding counties. When the new plan was implemented in February 2008, the goal was to bring all employees within the salary range and gave employees a 3% increase to accomplish that. While employees have not had an increase in salary since that time, the Consumer Price Index (CPI) for the Southeast Region for areas with populations less than 50,000 has increased 6.28% and the US increased 4.99% based on a month to month average.

Since that time all of the surrounding counties and the City of Brevard have had some type of across the board increase and Macon, Henderson and Buncombe County employees received lump sum bonuses as well. Buncombe County will receive a 3% increase across the board in April 2012 which is written in their policy and there was a Social Security Cost of Living adjustment of 3.6% effective January 2012. Ms. Cozart reviewed the salary increases and comparables from surrounding counties. Since County employees received their last increase in 2008:

- City of Brevard employees have had a 9.23% (compounded) increase
- Buncombe County has had a 10.23% increase and a 2% lump sum bonus with their longevity contribution in 2008-09
- Haywood County received an equivalent of 4.35%
- Henderson County received a cost of living adjustment of 3.5%; also received performance bonuses in 2008-09 that was a percentage of their base pay; in 2011-12, employees received a lump sum amount
- Jackson County received a 2.9% cost of living adjustment
- Macon County received a 7.12% cost of living increase
- Social Security cost of living adjustment of 9.61%

Information indicates that the County's salary ranges are still somewhat competitive with surrounding counties and the City of Brevard, within 3% to 6%, but the salaries are beginning to fall behind due to no salary increases. There is a true concern amongst department heads that Transylvania County is at risk of losing good qualified employees to other counties. Other counties can recruit qualified employees easily if Transylvania County does not pay competitively. Transylvania County invests a lot of time and resources into new employees. Employees with three to five years experience would be seen as fully experienced and could receive a higher compensation with other counties.

There are additional concerns that Transylvania County will lose employees to the private sector as businesses rebound in the economy. Ms. Cozart said in the last three months three of five exit interviews have indicated that no salary increase in four years and increased pay in their new job was a factor in their decision to leave.

Commissioner Chappell inquired if employees leaving Transylvania County were moving into new jobs that were comparable to their County job. Ms. Cozart said one going into the private sector was not and two others were job-related. Commissioner Chappell said he wants to make sure the comparisons are relative. Furthermore, he preferred not to use comparables to Buncombe County because their overall

structure is very different from Transylvania County. Commissioner Chappell also said it would be helpful to know if private sector businesses are giving cost of living adjustments in the County.

Commissioner Chappell asked the reason for recommending an increase in July when normally increases are given in February. Ms. Cozart said when the County instituted the performance pay model in 2006 it was tied into the cost of living increases, which occurred in February. Historically the County gave increases in July of each year. Commissioner Chappell asked Ms. Cozart to find out if counties have given other bonuses to their employees, such as additional vacation days.

Ms. Cozart said with no salary increase since the Compensation and Classification study, salary compression is a major concern. When the study was implemented, employees were brought within the new salary range, with at least a 3% increase. This implementation strategy caused salary compression with 167 employees (54%) being in the first quartile of the pay scale. The second quartile consists of 85 employees (27%). This means that 81% of employees are in the first half of their pay range. Only 19% are at the midpoints. This causes many challenges when trying to hire experienced staff. There is also significant compression between new hires and employees with years of experience. For example, a new Public Health Nurse II position hired since the Compensation and Classification Study was implemented makes just \$635 less than a person in the same position that had been with the County for 15 years and four in the same position. Ms. Cozart said the way to overcome this is to give employees within grade increases or merit increases. Cost of living adjustments do not address this issue, because the ranges move along with the increase. Since the ranges are somewhat comparable, she said a within grade increase would be a great first step.

Furthermore, department heads are seeing employee morale decline. Even though employee morale is not entirely tied to pay, salary increases do allow employees to address some of the individual issues and be more positive in their overall circumstances. In light of the 6.28% increase in the CPI in this region since employees last received an increase, it is ever more important to employees.

Ms. Cozart mentioned that some counties have received lump sum increases. She sees more advantages to giving a percentage increase rather than a lump sum increase because of competitiveness and lump sums do nothing to combat compression issues. In the First Pass of the FY 2013 Budget, staff is recommending that Commissioners consider a 3% salary increase effective July 2, 2012 for all employees who have completed probation by June 30, 2012. This would help with compression and morale and begin to bring employees back into a more comparable position. The cost including benefits is \$430,000.

Commissioner Chapman asked if there was a way to put more money into employees' pockets other than by salary increases because with a salary increase there are tax implications. An example he gave would be to reduce the amount that goes into an employee's insurance or retirement. Ms. Cozart said the only areas she could think of where the County could put more money into the employees' pockets would be possibly through contributions to a 401K for future use because currently Transylvania County does not offer a match like some surrounding counties. Another way might be to put monies in a health reimbursement account.

Chairman Hawkins commented that the compression issue with current employees will not be solved with increases. Ms. Cozart said that could only be resolved with merit increases. Only new hires would be at the appropriate level.

#### CAPITAL/DEBT

In December, staff submitted a five-year capital request to Commissioners. For FY 2013 staff is requesting capital in the amount of \$954,360, an increase of \$473,281 over FY 2011. Several capital

requests were removed from the current year's budget when Commissioners instructed staff to make reductions.

Some of the additional capital requests for FY 2012 include:

<u>Department, Change from Current Year</u>	<u>Major Capital Items, Cost</u>
Sheriff's Office, \$108,000	1 vehicle, \$41,000 Handheld radios, \$20,000 Security Recording Jail, \$18,000 Guardian Inmate Tracking, \$25,000
Elections, \$44,500	Computerized Registration Books, \$32,000 Voter ID (pending legislation), \$5,000 Fire Proof Cabinets, \$7,500
EMS, \$133,480	Ambulance, \$125,000
Communications, \$50,000	Repeater Update, \$15,000 Microwave Upgrade, \$25,000 Base Station Update, \$10,000
Other Vehicles	1 in Administration, \$32,852
Solid Waste, \$60,000	Leachate Tank, \$65,000
Recreation, \$39,000	Resurface Tennis Courts, \$30,000 Softball Fencing, \$6,000 Utilities, \$3,000
<b>TOTAL</b>	<b>\$467,832</b>

The Manager reported that the County renewed the bonds several years ago and the debt service continues to decrease. There will be a favorable impact to the budget in the amount of \$100,010. Commissioner Chappell inquired about the bond pay off date. The Manager reported that the bonds will be paid off in 2018.

The Manager reviewed the capital reserve accounts. As of June 30, 2011, there is nearly \$2.5 million in capital reserves which is made up by Information Technology, the old Library and Sheriff's Building, the Courthouse, and a new animal shelter. In FY 2012, there will be a drawdown of \$504,050 from the old Library and Sheriff's Building to pay for renovations to the old Sheriff's Building for Tax Administration and the Register of Deeds and to cover the cost of a new septage pretreatment facility in conjunction with the City of Brevard. This would leave \$692,550 for that line item. Information Technology still has funds available to complete the Tax Collection module. In FY 2012, staff hopes the reserves for the animal shelter will be expended. These expenditures would leave approximately \$1.2 in the capital reserves.

Chairman Hawkins noted that the Courthouse renovations reserve will be drawn down some this year. The Manager said staff plans to bring back a recommendation to the Board for some minor renovations when the Tax Offices and Register of Deeds move out of the building. Staff will also be looking at new seating for the large courtroom. It is possible for the funds to come out of the Court Facilities Fund.

Commissioner Chappell said he hopes Commissioners move forward with replacing the seating in the large courtroom in the very near future. The Manager said staff hopes to bring back a recommendation in the \$30,000 - \$40,000 range. Once the seating is replaced the remaining carpet can be installed. The County must go out for bids on the seating.

#### OPERATIONAL CHANGES

Ms. Poor reviewed the operational changes for the First Pass of the FY 2013 Budget as follows:

- Training for revaluation personnel and to learn new NC motor vehicle tax system, \$10,000
- Technology for Social Services staff to aid in the field, \$4,800
- Economic Development - additional resources for consultant services for marketing Transylvania County and updates to the website, \$55,000
- Additional cost of animal shelter for additional utilities and supplies (6 months), \$10,000
- Register of Deeds to cover new service contract for redaction software and additional supplies, \$2,200
- Scanning personnel records - Human Resources, \$1,000
- Recreation - to maintain new park, \$2,500
- Maintenance of voting machines for Board of Elections, the State no longer covering expense, \$30,000
- Reduction of food costs for misdemeanants, -\$20,000
- CSI Conversion in Finance nonrecurring cost from current year, -\$9,500
- Other, \$25,000

These operational changes total \$111,000, or 0.03% of total expenditures.

The Manager noted that the State has frozen \$4 million and if released these funds would cover the cost of maintenance on the voting machines.

Commissioner Chappell expressed concern about additional costs for a second primary and asked if funds were included in the First Pass. Elections Director Karen Brinson said there were no funds included in the budget for a second primary; however as with the previous director, Ms. Brinson can come to the Board and ask for additional funds should a second primary occur.

Chairman Hawkins called for a 10 minute break at 7:50 p.m. The meeting reconvened at 8:00 p.m.

#### **FIRST PASS FY 2013**

The Manager gave a recap of the First Pass for FY 2013.

<u>Revenues</u>		<u>(000's omitted)</u>
FY 2012 Base (added \$30 million, using collection rate of 99.5%)		\$38,754
Added Tax Base		\$ 118
Sales Tax (reduction from FY 2012 budget)	-	\$ 150
Misdemeanants	-	\$ 117
<b>Estimated Revenues for FY 2013</b>		<b>\$38,605</b>

Expenditures

FY 2012 Base		\$39,444
Less Septage	-	\$ 160
Less 150 <sup>th</sup>	-	\$ 70
<b>Revised</b>		<b>\$39,214</b>

Increased Insurance Costs (increase over FY 2012 budget)		\$ 600
Increased Staffing Requests (+7 headcount)		\$ 355
Salary Increase (3% effective July 2, 2012)		\$ 430
Reduction in Retirement Contribution	-	\$ 33
Increase in Capital (increase from FY 2012)		\$ 481
Reduction in Debt Service	-	\$ 100
Increase in Operational Expenses		\$ 111
<b>Subtotal Expenditures</b>		<b>\$ 1,844</b>

**Estimated Expenditures for FY 2013** **\$41,058**

This equates to a deficit of approximately \$2.5 million. Staff proposed to make up the deficit by drawing down the Self Insurance Fund by \$600,000 and using \$1.9 million in Fund Balance. The Manager recommended against drawing down the Self Insurance Fund any lower.

Commissioner Chappell inquired if the drawdown of the Self Insurance Fund leaves it at a comfortable level. The Manager said this level equates to about two months. He would prefer three to four months, in the \$750,000-\$800,000 range, and recommended not drawing down any further than the level recommended.

The Manager reviewed the balance sheet. He projects the total Fund Balance at the end of FY 2012 to be \$19.3 million. By using Fund Balance to balance the FY 2013 Budget, the total Fund Balance would be reduced to \$16.9 million at the end of FY 2013. Total available Fund Balance is reduced from \$11.9 million to \$7.4 million. This equates to 18.1% of expenditures, a reduction from 29.9% at the end of FY 2011.

The Manager discussed some of the potential upsides to the budget. The County is signed up to receive and house misdemeanants at the Detention Facility. Housing 50 inmates at a net reimbursement rate of \$30 per day for a period of one year could provide additional income of nearly \$550,000. At this time, staff is unaware if the County will receive Medicaid Hold Harmless funds. Last year the County received \$100,000. Sales taxes are an unknown as well. If the economy grows, there should be a related increase in sales tax revenues.

As far as risks to the budget, staff feels the amount of fuel budgeted is adequate; however fuel prices could increase unexpectedly. The biggest unknown for the FY 2013 Budget is how much of an increase the Board of Education will request.

To summarize, in the First Pass of the FY 2013 Budget, the County is facing a \$2.5 million deficit and the recommendation is to balance the budget through a drawdown of funds from the Self Insurance Fund and Fund Balance. Staff will continue to look at ways to reduce expenditures. The Manager asked for guidance from the Board and noted that based on the work that department heads have completed for this first pass of the budget, he believes it is within the \$200,000 - \$400,000 range from a final recommendation. Department heads believe their initial requests are resources needed to provide services and meet the needs of the citizens.

## **DISCUSSION ON ASSUMPTIONS, DIRECTION TO STAFF**

For information purposes, Commissioner Chapman inquired as to how much of a tax increase would be needed to cover the deficit. The Manager said one cent equates to approximately \$600,000. It would take a little over four cents to cover the deficit.

Commissioner Chappell asked for a brief written justification for each of the headcount requests.

Chairman Hawkins discussed a timeframe for moving forward for staff and for Commissioners to begin establishing a policy on the use of Fund Balance and reviewing the request from the Board of Education. The Manager informed Commissioners that he and Ms. Poor are meeting with the Transylvania County Schools Superintendent and Finance Officer to begin talking about the schools budget and setting up a schedule for two-on-two meetings with members of the Board of Commissioners and Board of Education. The Board of Education has a planning session coming up soon.

Commissioner Chapman said he is interested in knowing more about the School System's Fund Balance. He said their audit indicates an increase in the Fund Balance and he would like to hear an explanation of the increase and if they plan to make use of it. The Manager said that is one of the questions he intends to get answers to at his meeting with school officials this week.

Chairman Hawkins said it would be useful for staff to continue to review budget requests but Commissioners also need to have a discussion about the Fund Balance and what the Board intends to accomplish and only then can Commissioners give meaningful direction to staff. At the very least, he believes Commissioners should come up with an idea of what percentage level the Fund Balance should be. In conjunction, he thinks Commissioners should decide what the Fund Balance should be used for. Lastly, Chairman Hawkins asked Commissioners to think about how this budget ties into future budgets. He suggested as an agenda item in approximately one month to get an update from staff on the budget and to discuss some of the issues he posed.

Commissioner Chapman commented that the economy is not improving and citizens are still hurting. He supports helping County employees which should be a higher priority than some of the other budget requests; however he does not support adding seven employees to the headcount. With all the unknowns about the economy, he wondered how much of the budget proposal the County can actually meet. Commissioner Chapman agreed that Fund Balance is for use by the citizens of this County otherwise it should be returned to the citizens. He is not opposed to the use of Fund Balance as long as each budget request can be justified. Again, he said his priority is taking care of County employees. Commissioner Chapman fully supports the premise of no tax increase because he thinks the Board cannot justify imposing a tax increase upon citizens; however he noted that the request from the Board of Education is going to be the major item that affects the budget.

Chairman Hawkins agreed with Commissioner Chapman's statements and added that the issues facing the County is more than just a math problem in that this Board needs to have a vision for the future and justify reasons for moving in certain directions. He hopes the Board will work on that over the next few weeks.

Commissioner Chappell said he does not feel comfortable giving further direction to staff without knowing the request from the Board of Education because education is a large part of the County's budget. He also expressed concern about increasing the County's headcount. He feels it is important to compare recommended salary increases to the surrounding public sector but also to the private sector. Commissioner Chappell said at this time there are too many unknowns about the budget to give direction to staff.

Commissioner Hogsed said it is important that revenues and expenditures equal one another. He agreed that an increase for employees should be a priority. He preferred to use Fund Balance over a tax increase.

Chairman Hawkins continued to encourage Commissioners to think about future budgets because the budget is how the Board implements its vision for the County.

The Manager noted that included in the FY 2013 Budget Schedule recently approved by the Board is a budget update during the regular meeting on March 26, 2012. At the first meeting in March the Board can discuss its vision for the future and set any policies it so chooses.

Commissioner Chapman thanked the Manager and department heads for the work they put into the first pass of the budget and the presentation tonight.

### PUBLIC COMMENTS

Gerry Hunsicker: Mr. Hunsicker said when comparing Transylvania County to other counties, staff should use counties of like size because there are too many differences with counties like Buncombe County. He thanked Commissioners for the work they do for the citizens of this County.

### COMMISSIONERS' COMMENTS

Chairman Hawkins responded to Mr. Hunsicker and commented that the comparison to Buncombe County was from a staffing perspective. While he understands it is a much larger County, it is appropriate to make such comparisons when there is the risk of losing Transylvania County employees to them. Ms. Cozart added that there are some positions that cannot be compared to Buncombe County but many others that can be and it is those that the County must work to remain competitive with other counties. As far as size, Transylvania County is more in line with Macon, Jackson and Haywood Counties. The NC Association of County Commissioners recently released its update on county employee salaries in North Carolina which is where much of the data she provided came from. The Manager added that Transylvania County is in direct competition with Henderson County for detention officers and a couple of years ago Transylvania County lost several employees to both Buncombe and Henderson Counties.

Chairman Hawkins thanked Commissioners for participating tonight and said this meeting was a good first start to the budget process.

### ADJOURNMENT

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

---

Mike Hawkins, Chair  
Transylvania County Board of Commissioners

ATTEST:

---

Trisha M. Hogan, Clerk to the Board