

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
May 27, 2014 – REGULAR MEETING & BUDGET WORKSHOP

The Board of Commissioners of Transylvania County met in regular session on Tuesday, May 27, 2014 at 6:00 p.m. in the Rogow Room at the Transylvania County Library.

Commissioners present were Vice-Chairman Larry Chapman, Jason Chappell, Chairman Mike Hawkins, Daryle Hogsed and Page Lemel. Also present were County Manager Artie Wilson, County Attorney Tony Dalton (arrived at 8:45 p.m.), Finance Director Gay Poor, Human Resources Director Sheila Cozart, Finance Accountant Abbey Owen, and Clerk to the Board Trisha Hogan.

Media: *The Transylvania Times* – Jeremiah Reed

There were approximately 50 people in the audience.

CALL TO ORDER

Chairman Mike Hawkins presiding called the meeting to order at 6:05 p.m.

WELCOME

Chairman Hawkins welcomed everyone to the meeting and thanked the members of the audience for participating in their County government. He introduced the members of the Board of Commissioners and staff.

PUBLIC COMMENT

Mark Blackwell: Mr. Blackwell referred to an economic impact study done for a small town in Wisconsin. This particular town and county are very similar to Transylvania County where its economy depends on recreation activities, including golf. He said golfers are lured to this area for the weather, quite rural atmosphere, recreational opportunities, privacy and solitude. Therefore the survival of Glen Cannon Golf and Country Club is vital to Transylvania County. Mr. Blackwell reported there is a petition circulating the County to retain Glen Cannon as a golf course. He asked Commissioners to devote time to ensuring this amenity remains for the citizens and visitors to this community.

AGENDA MODIFICATIONS

The Manager reported on the agenda modifications. He requested to add Item VIII.D Letter to Transylvania Partnership.

Commissioner Lemel moved to approve the agenda as modified, seconded by Commissioner Chappell and unanimously approved.

OLD BUSINESS

PARKS AND RECREATION COMMISSION BYLAWS

At the February 24, 2014 Board of Commissioners' meeting, Commissioners unanimously voted to approve the combination of the Parks Commission and the Recreation Advisory Board. The Commissioners tasked the new group to develop bylaws to be approved prior to June 1, 2014. The members of the new Parks and

Recreation Commission were invited to a bylaws development workshop that was held on April 22, 2014. The bylaws that came out of this workshop have been reviewed by the County Attorney, Tony Dalton, and are being recommended by the Parks and Recreation Director, Carleen Hanscom.

Ms. Hanscom combined the membership for the new Parks and Recreation Commission as approved in February. The membership is made up of the following members: Jeff Andersen, Todd Branham, Sammy Kicklighter, Tamera Lawrence, Scott Saulsbury, and Kevin Brian Smith. The combining resulted in three vacancies that staff will begin recruiting for. Ms. Hanscom also requests Commissioners appoint a new chair that will become effective with the first meeting of the Commission in June. She recommends Scott Saulsbury as chair.

Commissioner Lemel moved to approve the proposed bylaws as submitted by the Parks and Recreation Commission, seconded by Commissioner Hogsed and unanimously approved.

Commissioner Lemel moved to appoint Scott Saulsbury as the chair of the new Parks and Recreation Commission, seconded by Commissioner Chappell and unanimously approved.

NEW BUSINESS

LOAN APPROVAL TAX EXEMPT STATUS FOR LITTLE RIVER FIRE DEPARTMENT

Little River Fire Department is building a sub-station on Hendersonville Highway to serve its district more efficiently. The department has acquired the land and is building a three-bay station that will house a tanker, engine, and brush truck. The department already has the apparatus and no vehicle purchase is required at present. The building cost is approximately \$400,000 and the department has \$200,000 that they plan to pay down. The debt service for the department is not expected to increase due to payoff of the main station loan. Obtaining the loan should not impact debt service. They may see operational costs increase due to utilities but it should not be significant.

Commissioner Lemel moved to approve a letter authorizing the Little River Fire Department to apply for a loan and maintain their tax exempt status. The motion was seconded by Commissioner Hogsed. Commissioner Chapman asked how long the process for approval would take. It was reported that construction should take approximately 120 days. The loan would be paid off in seven years. Commissioner Hogsed thanked those serving the Little River Fire District for the work they do to keep citizens safe. **The motion was unanimously approved.**

ROSMAN FIRE RESCUE LOAN REQUEST FOR CONSTRUCTION OF STORAGE BUILDING

Rosman Fire Department has outgrown its current building. The bay areas are congested therefore limiting access to vehicles during a response. The department is frequently required to move one vehicle to get another vehicle out depending on the call type and resource need. This delays responses and creates a risk of accident in the bays. Rosman acquired the land across from the station several years ago for the purpose of placing a building to house equipment and vehicles. This building will be classified as a storage building with limited electrical and lighting requirements. The building will allow for the safe storage of equipment and vehicles with access through three bay doors. The department provided a budget for the building project. The budget includes minor remodeling and lighting upgrade in the existing building.

The department states that the debt service will remain the same due to reduction in existing debt service for vehicles/apparatus. The department does not believe that the loan will increase debt service and/or require a tax increase. The budget process is currently finishing up and a fire tax increase is required but the increase is primarily due to the cost of paid staff and repair of the existing paved area in front of the bays.

Commissioner Lemel moved to authorize the Chairman to sign the required letter and authorize the Finance Office to gather and share the financial information as requested on the form and submit it to United Financial. The motion was seconded by Commissioner Chappell. Commissioner Chapman inquired about the timeline for the project. County Operations Manager David McNeill reported that the project should be complete in 120 days. The department will use this building for vehicle and equipment storage. **The motion was unanimously approved.**

LETTER OF SUPPORT FOR BREVARD COLLEGE

Brevard College continues to expand and is in the process of constructing a new residence hall on its campus. They are in the process of securing financing for the project and have asked that the Board of Commissioners write a letter in support of their efforts to expand their student population. The letter is addressed to the US Department of Agriculture.

Commissioner Lemel moved to approve a letter in support of Brevard College's efforts to construct a new residence hall on the campus of Brevard College. The motion was seconded by Commissioner Chapman. Chairman Hawkins thanked staff for working with Brevard College to assist them in obtaining this grant. Expansion of Brevard College is exciting for Transylvania County. **The motion was unanimously approved.**

LETTER TO TRANSYLVANIA PARTNERSHIP

Both the Jeanette Goldsmith and Independent Economic Development Task Force reports suggest that the new Economic Development Organization (EDO) transition into the Partnership. The proposed letter to the Partnership suggests that the Partnership change its bylaws to allow the new 11-member Board of Directors of the EDO replace the existing Partnership Board. The letter goes on to indicate that Commissioners encourage those agencies appointing a member to the Board of Directors to consider members of the Partnership to serve on the new EDO Board and that the Board of Commissioners will negotiate a contract with the new EDO to fund the organization appropriately over the next two to three years.

Commissioner Lemel moved to approve the letter to the Transylvania Partnership. The motion was seconded by Commissioner Hogsed and unanimously approved.

BUDGET WORKSHOP

PRESENTATION OF FY 2015 BUDGET PROPOSAL

It is the responsibility of the Manager to present a budget to the Board of Commissioners each year. The budget is prepared with the assistance of all department heads. The Manager said the budget will show that department heads and employees do a good job of managing taxpayer dollars.

The Manager presented an overview of the FY 2015 Budget Message. The County is beginning to see an improvement in the economy. He reported that the current year budget is anticipated to be better than anticipated by somewhere between \$600,000 and \$1 million. The final budget will depend on the spending that occurs between now and the end of the fiscal year. Surplus dollars will go towards building the fund balance.

The projected budget for FY 2015 has a deficit of \$2.7 million. Reflected in the budget are the goals and principles identified during the Commissioners' strategic planning workshop last fall. The key items he intended to focus on were Personnel, Education, Capital, and Economic Development.

Staff will be asking Commissioners to increase Personnel by four positions. These positions are in critical areas. Also, staff will be asking Commissioners to implement a compensation study. The compensation

study will reveal how Transylvania County employees and their salaries compare with surrounding counties and deal with compression issues. The study looked at each individual employee to determine an appropriate salary range and considered their years of service with the County. The consultant provided Commissioners three alternatives for implementing the plan. Staff will make their case for implementation tonight which is estimated to cost approximately \$870,000.

Education is a key budget item. The Board of Education and Board of Commissioners are very proud of how Transylvania County Schools rank as compared to other school systems. Commissioners continue to make investments in education. Staff intends to ask Commissioners for an additional \$780,000.

Capital is another large budget item. Staff has delayed capital spending over the last several years and only doing those items that were absolutely necessary, which was mostly in public safety. There are capital items included in the budget that can no longer be delayed.

Commissioners recently decided to allow economic development efforts to be performed by an outside independent agency. There are funds included in the budget totaling \$500,000 for these efforts. The new agency may not be in place by July 1; however, there are other economic development projects staff is currently working on which is going to take dollars to make happen.

These key items are estimated to cost \$3.1 million. The Manager noted that Commissioners have the option of drawing down the deficit amount from the Fund Balance. Should they decide to do so, the available Fund Balance would be reduced to 15% of expenditures as of June 30, 2015.

Assumptions

Finance Director Gay Poor reviewed the assumptions that were used to help craft the budget.

Revenues

Ad Valorem Taxes

- At \$26.3 million ad valorem taxes make up 56.1% of revenues budgeted for FY 2015
- No increase in tax rate requested for FY 2015
- Projections are based on the tax rate of \$0.4369 per \$100/valuation
- Anticipate small growth in tax base by approximately \$20 million, bringing the total estimated tax base up to \$6.02 billion
- Staff estimates a combined property tax collection rate (property and motor vehicles) of 99.52%

Sales Taxes

- Anticipating a 3% increase over the FY 2014 estimate and a 4.6% increase over the FY 2014 budget
- The estimates for the increase is projected by the NC Association of County Commissioners (NCACC)
- The NCACC also calculates Medicaid Hold Homeless Funds; these funds are a result of the Medicaid Relief Law passed a few years ago
- County is guaranteed \$500,000; the County receives funds to compensate for the loss in sales taxes as a result of the law

Other Taxes/Permits & Fees

- Makes up 2% of General Fund revenues
- Register of Deeds-expected to remain relatively flat
- Building Permitting & Inspections-expecting slight increase

Sales & Services

- This area makes up 6.6% of budgeted revenues
- Jail fees from other counties-assumes average of 16 inmates per day @ \$40/day
- EMS ambulance fees-continuing growth of 3.3% in number of transports; proposed increase in ambulance fees which is the first increase since FY 2010
- Animal Services-proposed increase in fees for adoptions, pick-ups, and boarding
- No other fee increases or significant volume changes budgeted for other General Fund services

Intergovernmental Revenues

- Account for 15.1% of budget
- Public Health-State and federal funding for programs remaining relatively constant
- Social Services-significant increase in reimbursements for Food Nutrition Services and Medicaid administration related to NC Fast Funding and for IV-E FC Adoption administration; no major changes in funding for programs
- Child Development/New Adventure Learning Center (NALC)-assuming full enrollment of 70 children, with a shift to more children receiving subsidies; increase in State and federal funding sufficient to offset decrease in private payments; loss of NC Pre-K funding
- Transportation-Additional Section 5311 federal funding (used to replace a van) and State ROAP (used for general public transportation)
- Recreation-Award of a PARTF matching grant for the Community Park near Rosman

Other Interest

- Donation for playground at Silvermont
- No improvement forecast for interest rates during FY 2015

Fund Balance Appropriation

- Draw down Available Fund Balance to cover the projected deficit

Solid Waste Fund

- Volume to remain constant at current levels, but increase of \$2/ton for MSW disposal charge and minor changes in other miscellaneous fees

Expenditures

Personnel

- Makes up 41.4% of the budget
- Headcount/Reclassifications/Additional Hours
 - Addition of four full time employees-two in EMS Paramedics; one full time and two part time Telecommunicators in Communications; one Compliance/Quality Assuredness/Preparedness Coordinator in Public Health
 - Reclassification of one position in Child Development; an aide to a teacher
 - Increase in hours in various areas
- Implementation of Compensation Study-recommendations from Springsted
- Compensation & Benefits
 - No increase for employees other than through the implementation of the compensation study
 - State retirement rate-no change for general employees; 0.01% increase for law enforcement officers
 - Health insurance costs projected to remain flat at the FY 2014 budgeted level

- No change in employee health insurance co-pays and deductibles
- Continuation of the Employee Wellness Clinic

Education

- Transylvania County School System
 - Overall increase of 6.8%
 - Current Spending-equal to Board of Education's request for an increase of 7.9% over FY 2014's budget
 - Capital Outlay-equal to FY 2014 budget
- Blue Ridge Community College (BRCC)
 - Overall decrease of 3.6%
 - Current Spending-equal to BRCC's request for 10% increase
 - Capital Outlay-equal to BRCC's requesting reflecting a 32% reduction

Capital Acquisitions & Improvements

- General Fund-total of \$1.2 million, including: replacement vehicles, HVAC units, EMS & Communications equipment, computer hardware and software, recreation facilities
- Solid Waste Fund-total of \$600,000, most of which is to replace a compactor

Economic Development

- Funding included for new Economic Development Organization

Other Items

- Contract Services
 - Evergreen Study
 - Communications/Community Relations initiatives
- Fuel cost
 - Usage basically the same as FY 2014 projected levels with only minor adjustments
 - Gas at \$3.14 /gallon vs. FY 2014 actual of \$2.78 and same as FY 2014 budgeted cost/gallon
 - Diesel at \$3.40/gallon vs. FY 2014 actual of \$3.13 and same as FY 2014 budgeted cost/gallon
 - Excludes excise tax of \$0.5615/gallon and \$0.6215/gallon for gasoline and diesel, respectively
- Utilities
 - Increases projected for electricity rates and water and sewer rates
 - Usage adjusted for new Administration Building
- Workers Comp and Liability & Property Insurance
 - Increase in Workers Comp due to salary and wage increases related to the compensation study and higher experience modifier
 - Slight decrease in Liability & Property Insurance due to a review of property values
- Contingency
 - Flat at same level as FY 2014
- Outside Agencies
 - Increase due mainly to additional funding requested from Brevard College and Brevard Rescue Squad
- Debt Service
 - Reduction due to refinancing of General Obligation Bonds in 2008
- Solid Waste
 - Larger transfer to Solid Waste to cover major capital acquisition (compactor)

Ms. Poor next reviewed the FY 2014 Approved Budget and Current Estimate and the revenues and expenditures for the FY 2015 Proposed Budget. For FY 2014 staff is projecting to end the year with a surplus. The increase in revenues is attributed to an increase in the ad valorem taxes collected, better than projected sales tax revenues, and additional revenues in other sources. For expenditures, there is a slight increase for Transylvania County Schools from lottery proceeds, an increase in Personnel costs due to unfilled positions, a reduction in capital spending, and a small increase in other sources. This leaves an estimated year end estimated balance \$400,000 favorable to the approved FY 2014 budget. Overall, there is a change in \$600,000 in the General Fund balance, bringing the total to \$22.6 million and available to \$10.8 million. Available Fund Balance as of June 30 is 24.9% of expenditures.

For FY 2015, staff projects operational revenues to be \$44 million and expenditures to be \$46.9 million, leaving a \$2.9 million deficit. Transfers to reserves totaling \$200,000 bring the deficit to \$2.7 million. This brings the total Fund Balance to \$19.9 million, with \$7.0 million considered Available Fund Balance. Available Fund Balance is 14.9% of expenditures.

Ms. Poor provided a change analysis of the FY 2014 Approved Budget versus the FY 2015 Proposed Budget. The difference in revenues between the two years is favorable by approximately \$839,000. Expenditures for FY 2015 are projected to be \$2.442 million more than FY 2014. Overall, there is an operational deficit in the amount of \$2.9 million for FY 2015, which is \$1.6 million more than anticipated for FY 2014.

The increase in the revenues is attributable to a somewhat larger tax base and an increase in the tax collection rate, a projected increase in the sales tax revenues, Medicaid Hold Harmless funds, additional jail fees from the Misdemeanant Confinement Program, and additional reimbursements through Social Services programs. There are a multitude of smaller items that make up the increased revenues as well.

Expenditures are expected to be \$2.442 million higher than the current year. The increase is attributed to the implementation of the compensation study and staffing changes, an increase in Current Spending for the School System, additional capital needs, a transfer to Solid Waste for capital equipment, an Evergreen Study, economic development investments, and other smaller items.

In comparison to the last two fiscal years, the General Fund Income Statement indicates that FY 2013 ended with a surplus of \$925,628. FY 2014 is anticipated to produce a surplus as well at approximately \$623,804. Staff is projecting a deficit and impact to the General Fund Budget in the amount of \$2.7 million.

Ms. Poor next reviewed the General Fund balance sheet which shows the impact of the current year activity. The balance sheet is broken by the County's assets, liabilities, and fund balance categories. There are four categories of fund balance that are not available and are designated for specific uses. Non-spendable refers to noncash items. Restricted fund balance has external implications on their use, either by NC General Statute or the funding source. Committed funds are funds that the Board of Commissioners has committed for certain purposes. Assigned fund balance is similar to committed funds but has lower restrictions placed upon it. All of these four categories are classified as obligated funds. The total Fund Balance less the obligated funds leaves the Available Fund Balance. Commissioners have set a threshold for the Available Fund Balance to be 15% of expenditures. As of June 30, 2015, staff estimates the Available Fund Balance to be 14.9% of expenditures, assuming the Fund Balance is used to make up the deficit.

Board Discussion:

Commissioner Lemel asked for a description of the Enhancement Fund in the Register of Deeds budget. Ms. Poor explained that these funds are used towards technology improvements in that department.

Commissioner Lemel inquired about whether or not the storm water issues at the Public Safety Facility had been resolved. Ms. Poor reported that this remains an ongoing project to abate the water issue. The County continues to work with the City of Brevard on a resolution. Monies were set aside to deal with the issue a few years ago.

Chairman Hawkins noted that the budget for retiree health insurance has increased significantly over the past two years. He asked if this trend is expected to continue. The Manager stated the County intends to have an actuarial study done next year. The County does not provide retiree health insurance for all its employees. Retiree health insurance was capped at the 72 employees who elected to take this benefit when the policy was changed. They will receive this benefit until they reach 65 years of age. All other employees qualify for a 457 investment plan. This fund will continue to increase until there are retirees no long eligible for this benefit; then it should start to decrease. Funds have been transferred to the retiree health insurance fund to ensure the County meets its obligations to pay this benefit. Other counties underfund this area but Transylvania County has taken the precautionary measure to adequately fund this benefit.

Commissioner Chapman inquired about the vacation accrual reserve and why it continues to increase. Ms. Poor noted that the increase is attributed to the 2% salary increase given last year to employees. For FY 2015, the increase is related to the implementation of the compensation study.

Key Items

The Manager briefly reviewed the key items that impact the budget.

Personnel

- Additional staff, hours and reclassifications - \$270,000 (net impact)
- Implementation of Compensation Study - \$600,000 (cost for first year of two-year implementation)

Education

- Transylvania County Schools-Current Spending - \$780,000
- Capital

Capital

- General Fund - \$441,000 more than current year
- Solid Waste Fund (included in transfer to Solid Waste) - \$357,000

Economic Development

- New Economic Development Organization (EDO) - \$500,000

Other

- More detail will be provided by staff; other items total \$193,000

These items total \$3.1 million. Staff will explain these in greater details during the budget workshops.

Chairman Hawkins called for a break at 7:15 p.m. The meeting reconvened at 7:33 p.m.

Personnel

Human Resources Director Sheila Cozart presented the personnel requests. She noted that there was a request for eight additional positions; however, only four are being recommended. The cost of four new full time positions is \$232,000. In addition, additional hours in some areas have been requested totaling \$77,000. Reclassifications of some positions will add \$7,000 to the budget. Ms. Cozart pointed out there are some costs savings realized with the reduction of part time hours and other areas. This makes the net impact of the new positions, additional hours and reclassifications \$270,000. The implementation of the Compensation Study for the first year is expected to be \$600,000.

Ms. Cozart discussed the requested versus the recommended positions, as follows:

Positions

1. EMS requested four EMT-Paramedics, one for each shift. The request was made due to the difficulty in finding quality part time staff to fill in on short notice. Staff recommended funding two of the positions at a cost of \$95,778.
2. Communications requested two Telecommunicator II positions. This request was made for many of the same reasons as the EMS request. This position is unique. All the training and certifications is on-the-job and takes approximately six months to complete. This is a significant staff investment. The recommendation is to add one full time position and two part time positions to help cover the department's needs at a cost of \$100,193.
3. The Health Department requested a Public Health Preparedness/Quality Assurance position. This position is needed to meet standards required by the State. The net cost to the County is \$33,985 and is recommended by staff.
4. Cooperative Extension requested a 4-H Assistant at 50% cost with the State paying the other half. The other half of the funding has not been secured so it is not being recommended at this time.

Additional Hours/Reclassifications

- The Tax Administration Department requested an increase in the salary for the Revaluation Project Manager/Coordinator because of the difficulty they have had in filling the position. This was not recommended by staff. There is flexibility with the salary range depending on the person's qualifications.
- Maintenance requested additional monies to cover the cost of overlapping salaries. Mark Baker is the Maintenance Electrician and he is retiring in the fall and there are plans to hire his replacement prior to his retirement for training purposes. This adds \$5,707 to the budget.
- There is a request to increase the hours for the Facilities Superintendent from 60% time to 75% time at a cost of \$12,039. This is due to the volume of projects that need attention.
- Animal Services requested to move from a 37.5 hour work week to a 40 hour work week. The request is not being recommended.
- The Health Department has requested to increase the hours for the Environmental Health Specialist from 60% to 100% at a cost of \$14,681. The request is being recommended because of increased requirements and the amount of time it takes to complete the processes.
- Child Development requested to reclassify an Educational Development Aide to a Day Care Teacher. This is directly related to the request to add another classroom to reduce classroom size. Classrooms must be supervised by a Teacher position, not an Aide. This request is recommended at \$7,139.
- The Library requested additional part time hours and a part time security officer to patrol the grounds. Neither request was recommended.

The total cost of the new positions, additional hours and reclassifications is \$269,521.

Board discussion:

Commissioner Chappell asked for an explanation for the reasoning behind splitting the classrooms at the New Adventure Learning Center. Ms. Poor explained that the purpose was to reduce the class sizes. Currently there are two classes with 18 children in each. The plan was to add a classroom, making the class size 12 children in each, thus providing better service. Each class must have a teacher, not an assistant. The Manager noted that Social Services Director Stoney Blevins is studying this request closely to determine if this is the best solution.

Commissioner Chapman inquired further about the 4-H assistant that was requested in the budget. He asked if the dollars for this position are expected to be approved at the State level. He believes this position would have a positive impact on youth in the County. County Extension Director Eric Caldwell stated that is unknown at this time. His guess is that it will more than likely not be approved at the State level.

Commissioner Chapman asked staff when they expect Commissioners to make a decision on the personnel requests. Chairman Hawkins stated that Commissioners should decide at the next meeting after they have been given an overview of the entire budget.

Commissioner Chapman asked about the request to increase the hours for the Facilities Superintendent. The old library renovation project will be completed soon and the Courthouse project is not a project that will be complete in the near future. He wondered if there was enough work available for this position. Ms. Cozart responded that there is enough work to do now. The current and ongoing projects include the up-fit of the Register of Deeds/Tax Administration Building, the Community Park near Rosman, the renovation of the old library, the Water Study, renovations of Silvermont, studying uses for the old jail, etc. There would be a tremendous amount of work involved if the Courthouse expansion project moves forward. She noted that the County saves thousands of dollars on projects by having someone on site.

Next Ms. Cozart discussed in further detail the Compensation Study and staffs' recommendations for implementation.

Process

- Board of Commissioners approved the completion of a Compensation and Classification study in December 2013 by Springsted, Inc.
- Review and evaluate County's current classification and compensation program
- Complete an updated salary survey for external competitiveness of salary, wages and benefits
- Develop a compensation system that addresses internal equity and market competitiveness
- Review and develop guidelines for implementation and maintenance
- County comparables: 15 counties and municipalities and private sector

Pay Philosophy

- Provide fair and equitable compensation to employees
- Balance external market and internal equity
- Maintain competitive pay structure with consideration of County's fiscal resources
- Performance based component for individual employee compensation

General Findings

- Most county salary ranges are below the market. 88 positions were surveyed. Based on the survey data 70 (79.5%) of the positions were below the market, 4 (4.5%) were within the market and for 14 (15.9%) there was incomplete or conflicting data to compare.

- 145 of 316 (46%) employees are below the minimum of the proposed salary schedule (7 positions were vacant)
- In reviewing internal pay relationship it was found that inequities exist. Salary compression is significant within the salary ranges.
- Some departments are experiencing difficulty recruiting and retaining employees

Implementation

- Based on the study, 46% of employees are currently paid below the minimum of the proposed salary ranges. 54% are currently within the recommended salary range but may not be within the recommended range depending on service in their position.
- Springsted provided 3 Options for Implementation
 - Option 1 - Move all employees to the minimum of the proposed salary grade - estimated cost of \$240,000.
 - Option 2 - Move all employees to the minimum of the salary grade, but a minimum of 2% increase – estimated cost of \$424,000
 - Option 3 - Optimal Option – Move all employees to the minimum of the salary grade, then based on service in their position move employees within the range- estimated cost of Option 3 is \$1,018,000
 - Employees with 3 years of experience in their position to 6% above the minimum
 - Employees with 6 years of experience in their position to 12% above the minimum
 - Employees with 10 years of experience to 20% above the minimum
 - Employees with 15 or more years of experience in their position to the midpoint
 - If an employee is above midpoint, they would receive a 2% increase.

Recommendation

The recommendation is to implement Option 3 over a two year period.

- Year 1 would bring all employees into the salary range and implement ½ of the total recommended increase, but would be a minimum of 1%.
- Year 2 would complete the implementation and would move employees to the appropriate rate based on the years of service in their position, but would be a minimum of 1%.

Full Implementation

- Would be an estimated cost of \$1,018,000 including FICA and retirement.
- Recommendation is for a two-year implementation would cost approximately \$600,000 in year one and \$418,000 in year two.

Also reflected in the study are two reorganizations: 1) Reorganization in the Recreation Department, differentiating the duties of the Recreation Program Supervisor and the Parks Superintendent for the two distinct roles in Parks and Recreation. This review and reorganization was requested by the Parks and Recreation Director at an impact of \$1,530 in addition to the FY 2013-2014 Departmental Budget; and 2) reorganization within the Animal Services Department by reclassifying the Animal Shelter Manager to Animal Services Director. This would have one Manager over Animal Shelter and Animal Control functions. The impact is \$1,500 to the FY 2013-2014 Departmental Budget.

Conclusions

Implementing the study will ensure:

- Fair and equitable compensation to employees in a competitive and changing labor market
- Compensation Plan that addresses internal equity and external market competitiveness
- Establish a market position that is fiscally responsible with public resources

Springsted will make a detailed presentation at the Board of Commissioners' meeting on June 9.

Board discussion:

Commissioner Chapman asked which departments have trouble recruiting employees. Ms. Cozart stated that several departments have recruiting issues (especially Social Services, Tax Administration, and Sheriff's Office) and it is mainly due to salary.

Commissioner Hogsed pointed out that the implementation of the compensation study is being recommended over a two-year period which will put employees at a compensation level of where they should be now. He asked how much compensation is lost by implementing the study in this manner. Ms. Cozart stated that any movement from the compensation study puts employees even further behind. The two-year implementation process will still leave employees behind the market place by 4-5%.

Education

The Manager presented the education budgets for Blue Ridge Community College and Transylvania County Schools.

Blue Ridge Community College

The current budget for Blue Ridge Community College (BRCC) is \$268,378. In addition, there was a carryover of \$20,000 from the previous year. BRCC requested an additional \$26,877 for FY 2015. BRCC's capital outlay budget for the current year is \$128,000 and they are requesting \$41,000 less in FY 2015. In total, the budget request for FY 2015 is approximately \$14,000 less than the current year.

For the benefit of the public, the Manager pointed out that counties have the responsibility of funding and maintaining the facilities for the local community college and school system.

Board discussion:

Commissioner Lemel noted that the capital budget for Blue Ridge Community College indicates a request for \$4 million in the near future. The Manager said they are hoping to construct a new building because the campus is growing. There will be future discussions on this project because there may be various funding opportunities available.

Transylvania County Schools

The Board of Education has requested a \$780,000 increase in Current Spending for FY 2015, for a total Current Spending request of \$10.6 million. Capital Outlay is proposed to be the same level as the current year at \$1.6 million. The Board of Education intends to draw down \$470,500 in lottery proceeds, which must be approved by both elected Boards. The debt service is anticipated to decrease by \$103,000. This is as a result of the County refinancing the school bonds a few years ago. The bonds will be paid off in FY 2018. These items make the total request for Transylvania County Schools to be \$14.9 million, an increase of \$647,861. This does not include debt service which is carried on the County's financial books.

The increase in Current Spending is made up of the following components:

1. Health insurance increase-State mandate; \$5,332 to \$5,435
2. Retirement rate increase-14.69% to 14.91%

3. 3% COLA for all employees
4. Teacher supplement from 8% to 8.5% (last year the Board of Education increased supplements from 7.5% to 8% with Current Spending funds not used when no salary increase was given by the State)
5. Child nutrition
6. Partially restore previous cuts from State, federal and local sources

The Manager reviewed the School System's fund balance history and projections. At the end of FY 2012, the Board of Education had a Current Expense Fund Balance of \$3.1 million. The Board of Education drew down \$777,707, bringing the amount to \$2.4 million at the end of FY 2013. It is estimated that the Board of Education will draw down another \$850,000 for FY 2014, leaving a Fund Balance of \$1.5 million. Drawing down an additional \$695,000 for FY 2015 will leave a Current Expense Fund Balance of \$807,729. The Manager has had discussions with the Board of Education about the appropriate level of fund balance the School System should carry. The School System has received several cuts to their budget over the last several years by the State and federal government and the County has been making up for those cuts, yet the spending levels have not decreased, thus the reason for the School System drawing down its own fund balance. If the Board of Education intends to maintain a certain level, then they will more than likely ask the County to increase its appropriation.

The Board of Education's Capital Outlay Fund Balance grew slightly in FY 2013. As of June 30, 2014 their estimated fund balance will be \$413,070. The Board of Education intends to draw down another \$219,875, leaving a fund balance of \$193,196 at the end of FY 2015. There have been some brief discussions about a possible referendum to cover future capital needs. The School System also plans to use lottery funds to cover some capital projects. At the end of FY 2015, the Lottery Balance is estimated to be approximately \$78,000.

The Board of Education can look only to the County for additional funding to make up for losses and additional spending. They cannot continue to draw down their fund balances.

Board discussion:

Chairman Hawkins asked if the Board of Education intends to draw down its fund balance for FY 2015 in addition to the increase from the County's appropriation. The Manager responded yes and noted that if the County does not cover the cost of partially restoring previous cuts from the State and federal governments, then they would be looking at a deficit of over \$1 million. Next year's discussions about the School System's budget are going to be serious.

Commissioner Chappell asked for a comparison of the teacher supplements for Transylvania County versus other counties. Transylvania County Schools Superintendent Jeff McDaris reported that Henderson County's rate is 8.5% and Buncombe's County is based on a sliding scale.

Commissioner Lemel wanted to know what the total budget was for the School System. Finance Director Norris Barger reported that the School System's entire budget is approximately \$38 million.

Commissioner Lemel asked if there was a plan to deal with the rising costs of child nutrition and child hunger. The cost of providing child nutrition is expensive and the County will be subsidizing the program to the tune of \$250,000 for FY 2015. She is a member of the Hunger Coalition and stated that child hunger is a huge issue in the community. Schools cannot educate children if they are not fed and able to focus in school. She wondered how the community is going to continue to address the severe needs that children have and how the County and community can continue to supplement at this level without a plan to address

child hunger. Dr. McDaris said he hopes that federal reimbursement rates will catch up to cover the actual cost of food. Unfortunately, Transylvania County pays more per cost of a plate than most of the neighboring counties.

Commissioner Lemel noted that over 19% of the requested increase is solely attributed to shortfalls in child nutrition. She has taken this issue to Congressman Meadows to address. Commissioner Lemel is concerned that both the County and the School System are both deficit-spending for their operations and there is a need to look to the public to fund the schools if the Board of Commissioners is going to sufficiently fund the School System.

Chairman Hawkins commented that the deficit is expected to be bigger next year and there is a lack of adequate funding at both the State and federal levels. State support has decreased almost \$2 million since 2009. The County is getting to the point where it cannot fund the schools from general government anymore without talking about local tax increases. The State and federal government continue to shift costs to the local level. He said counties and its citizens should be angry about this and should be contacting its representatives because rural counties especially cannot afford the cost.

Capital

Finance Accountant Abbey Owen presented the capital requests. Compared to the current year, capital requests are \$441,000 more in FY 2015. Most of the increase is attributed to vehicle replacements. The net increase for Solid Waste is \$357,000 more due to the need to purchase heavy equipment. The total increase over the current year is \$798,000.

Ms. Owen highlighted the larger items that make up the \$1.8 million proposed capital budget. For Building improvements, there are a few buildings needing HVAC replacements. For routine replacement vehicles, staff proposed replacing 10 of 12 being requested. These vehicles are in the Sheriff's Office, Tax Administration, Department of Social Services, and Parks and Recreation. The current vehicles have significant mileage and wear and tear, and some have been hand-me-downs from other departments. The County's fleet will be increased by one vehicle. Staff is also transferring an existing vehicle from the Health Department to Animal Control. Included in the budget are monies to replace specialty vehicles as well. These are an ambulance in EMS and a van in Transportation. The van is paid 90% by Section 5311 Funds. The ambulance is scheduled for replacement every other year and this is the year for replacement.

Under computer hardware, it is recommended to fund switches, fiber and firewalls in Information Technology and Social Services. In other equipment, it is recommended to fund a plotter in the Tax office, continuation of EMS cot leases, testing equipment in Communications, the mandated Secondary Authentication System in Communications which must be completed by the end of September, and the playground at Silvermont with half of this cost coming from private donations.

The Health Department is beginning the final phase of its software conversion and the integration of electronic medical records. This process was phased over a two-year period.

The General Fund recommended capital items total \$879,297.

The major item in the Solid Waste fund is the replacement of a trash compactor. The life expectancy of a trash compactor is 10 years and the current compactor is a 2001 model. There have been repairs on the current compactor since 2009 totaling over \$300,000. Staff also recommended replacing roll off containers that absolutely must be replaced. The total recommended capital for the Solid Waste Fund is \$560,000.

The County's portion of the Parks and Recreation Trust Fund grant to fund the Community Park is \$362,700 and is included in capital under special projects.

Nearly \$255,000 in capital items is paid for through other funds or sources. The net cost of the General Fund and Solid Waste Fund is \$1.5 million. This equates to 3.8% of the total budget.

Ms. Owen also reviewed the projected capital needs for the next three years.

Upcoming Capital Needs FY 2016-Total Projection \$2.1 million

- 911 System Upgrade \$400,000
- Console Upgrade \$200,000
- Rogow Room Projection System \$80,000
- Champion Pool \$400,000

E911 Funds and grant funding are being pursued for the Communications items.

Upcoming Capital Needs FY 2017-Total Projection \$1 million

- Ambulance Replacement \$175,000
- Champion Playground \$60,000

Upcoming Capital Needs FY 2018-Total \$1 million

- Voting System \$500,000

Board discussion:

Commissioner Lemel expressed concern about the request for an ambulance. She remembered there were issues reported last year that there weren't enough ambulances on the road and therefore the County could not respond to all calls. She asked if staff intends to keep studying this issue. She wondered at what point does the fleet need to increase to manage the calls. The Manager informed Commissioner Lemel there is currently not enough staffing (vacations, sick, holidays) and the volume of calls continues to increase. He believes the issues will be resolved by approving the additional positions as requested. Operations Manager David McNeill added that the department intends to keep an ambulance as a backup. For clarification purposes, Ms. Owen noted that the request is for an addition to the fleet: adding one ambulance and keeping one as a backup vehicle.

Commissioner Lemel also commented that the report in the packet indicates there are many instances where trucks are out of service. Mr. McNeill said there are backup trucks available, but with the current equipment the department is down too many ambulances, hence the request for another ambulance.

Next Meeting

The Manager explained the process for the budget workshop on Thursday evening. It will be held at 6:00 p.m. in the downstairs conference room of the Community Services Building. On June 9 Commissioners will hold a regular meeting and continue with budget workshops. There will also be a presentation on the compensation study. The Manager intends for Commissioners to have discussion and then give staff direction at the June 9 meeting. June 10 has been reserved for an additional meeting to discuss the budget if needed. The public hearing is scheduled for June 23 and approval of the budget is scheduled for June 30.

PUBLIC COMMENT

Edwin Jones: Mr. Jones complimented staff for the improvement on the slide show presentation over previous years' budget workshops. Commenting on the discussion about the child nutrition program, Mr. Jones recalled there was a lot of waste in the cafeteria when he was a student. He also noted that one of the goals of the Economic Development Department was to assist existing businesses. He asked if any help was available for The Clock of Brevard because it is closing and relocating to South Carolina. He believes this is an ideal example of how the County can help nurture economic development.

COMMISSIONERS' COMMENTS

Commissioner Chapman stated that the budget for next year is troublesome for him. Commissioners could use Fund Balance to cover the deficit; however, not all of the expenses are one-time expenses which will negatively impact the following year. He noted that Commissioners raised taxes last year by more than 10% and the current budget request would require another 5 cents tax increase. Commissioner Chapman asked if the Board of Education supports a tax increase to help fund their request. There are tough decisions to be made by Commissioners and he does not support using reserves for operational costs. He believes Commissioners have two choices: cut services or raise taxes. Commissioner Chapman stated that Transylvania County has one of the lowest tax rates in the State. Other counties can pay their employees more because they tax their citizens at a higher rate. The County cannot continue deficit spending. He believes next year is going to be a disaster.

Commissioner Lemel reported on her County Commissioner activities since the last meeting. She attended an event at College Walk in honor of the eight centenarians in the County. She attended the Land-of-Sky Regional Council Senior Day Program at the Library. It was sponsored by a number of different agencies. She was named chairman of the Dupont State Recreation Forest Advisory Committee. Commissioner Lemel attended meetings in the search for a new county manager. She toured the City's wastewater treatment facility. She visited the Heritage Museum to view their new exhibit. She met with a business owner to learn how the County can assist them. Commissioner Lemel also attended a conference in Asheville about women in politics where guest speakers included Dee Dee Myers and former Senator Olympia Snow. This was an inspiring conference for her.

Chairman Hawkins moved to enter into closed session per NCGS 143-318.11 (a) (4) to discuss location or expansion of business or industry, after a 5-minute recess, seconded by Commissioner Lemel and unanimously carried.

CLOSED SESSION

Per NCGS 143-318.11 (a) (4) closed session was entered into at 9:13 p.m. Those in attendance were Chairman Hawkins, Commissioners Chapman, Chappell, Hogsed and Lemel, County Manager Artie Wilson, County Attorney Tony Dalton, Planning and Economic Development Director Mark Burrows, and Clerk to the Board Trisha Hogan.

Commissioners discussed a potential economic development project and directed staff on how to proceed.

Chairman Hawkins moved to leave closed session, seconded by Commissioner Lemel and unanimously carried.

OPEN SESSION

Chairman Hawkins moved to seal the minutes of the closed session until such time that opening the minutes of the closed session does not frustrate the purpose of the closed session, seconded by Commissioner Chappell and unanimously approved.

RECESS

Chairman Hawkins moved to recess the meeting until 6:00 p.m. on Thursday, May 29, 2014 in the downstairs conference room of the Community Services Building, seconded by Commissioner Chappell and unanimously carried.

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board

THURSDAY, May 29, 2014, 6:05 p.m., Community Services Building Conference Room

The Budget Workshop meeting reconvened on Thursday, May 29, 2014 at 6:05 p.m.

Commissioners present were Vice-Chairman Larry Chapman, Jason Chappell, Chairman Mike Hawkins, Daryle Hogsed, and Page Lemel. Also present were County Manager Artie Wilson, Finance Director Gay Poor, Human Resources Director Sheila Cozart, Operations Manager David McNeill, Finance Accountant Abbey Owen, and Clerk to the Board Trisha Hogan.

Media: *The Transylvania Times* – Jeremiah Reed

There were approximately 40 people in the audience.

WELCOME

Chairman Mike Hawkins presiding welcomed everyone to the meeting. He turned the meeting over to the County Manager and staff to continue the Budget Workshops.

BUDGET WORKSHOPS

Economic Development

Staff is recommending Commissioners provide funding in the amount of \$500,000 in the FY 2015 Budget for the new Economic Development Organization (EDO). The funds will be used to cover the salaries of the five-member staff, attending travel/trade shows, incentive grants, rent, marketing materials, and contracts for professional services.

Commissioners are currently advertising to fill the 11-member Board of Directors for the new EDO. The composition of the Board of Directors will be made of up the following:

1. At-large business owner
2. At-large business owner
3. At-large business leader (current or retired)
4. At-large business leader (current or retired)
5. Agri-business (Farm Bureau)
6. Tourism Development Authority
7. Chamber of Commerce
8. Heart of Brevard
9. Town of Rosman
10. City of Brevard
11. Transylvania County

The Board of Commissioners sent a letter to the Transylvania Partnership requesting them to transition into the Board of Directors with its 501 (c) (3) status.

The Manager recommended Commissioners set aside the funds to be drawn down as needed. It may take four to six months for the EDO to be up and operating so it is possible the entire amount will not be used in the first year. However, there are other economic development items occurring now that these funds could be used for, such as incentive grants. Chairman Hawkins noted that the Independent Economic Development Task Force proposed a specific structure for the new EDO, but the Board of Directors could propose an entirely different structure. The Manager added that the Board of Directors will be working

with the County on a proposed contract between the two entities. These monies will be used to help the Board of Directors develop a plan for the EDO.

Other

The Manager reported on other items included in the budget. The first is \$145,000 for an Evergreen Study. The second item is funding in the amount of \$48,000 for professional communications and community relations services.

Chairman Hawkins clarified that Commissioners did not want to imply that the Board of Education is ready to participate in an Evergreen Study with the County. Commissioner Chapman requested a formal presentation on what such a study would entail prior to moving forward. He believed, however, that these one-time items are a perfect use for Fund Balance. Should the County move forward, he hopes the study will help the County find efficiencies in its operations.

Chairman Hawkins stated that Commissioners know how important communication is for local government. It is especially important to help clear up misunderstandings or misconceptions with the public.

Financials

Finance Director briefly reviewed the financials.

Revenues by Type

- Ad Valorem Taxes make up \$26.3 million of the proposed revenues; 56.1% of the total General Fund
- Sales Taxes make up \$5.9 million or 12.5%
- Medicaid Hold Harmless Funds are proposed to be \$600,000, 1.3% of the budget
- Other taxes total \$500,000 and they make up 1.1% of the budget
- Intergovernmental revenues: Unrestricted is \$400,000 or 0.8% of the budget; Restricted total \$6.7 million and are 14.3% of the budget
- Permits and Fees are expected to bring in \$400,000
- Sales and Services will generate \$3.1 million and make up 6.6% of the budget
- Interest on Investments is expected to total about \$100,000
- The estimated Fund Balance appropriation is \$2.9 million

These revenues total \$46.9 million, a 5.5% increase over the current year.

The Manager noted that the State's budget deliberations are ongoing. There is a proposal in the Senate's budget to phase out Medicaid Hold Harmless Funds. If that occurs, the County's budget will take an additional hit of \$125,000. The County's budget may also be impacted by the State's decision on teacher and forest ranger raises.

Expenditures by Natural Classification

- Personnel makes up the largest part of the budget at \$19.4 million or 41.4% of the budget
- Operational expenditures total \$6.1 million, or 13% of the budget
- Human Services Programs make up 5.3% of the budget at \$2.5 million
- Miscellaneous expenditures, grants, governmental remittances, and outside agencies (excluding schools) total \$900,000 and make up 1.9% of the budget
- Education is the next largest component of the budget at 32.6% or \$15.3 million
- Capital is projected to be \$1.2 million and makes up 2.6% of the County's expenditures

- Debt Service equals \$300,000 and is 0.6% of budget
- Transfers total \$1.2 million and equals 2.6% of expenditures

Expenditures by Function

- General Government expenditures total \$5.8 million or 12.4% of the budget
- The Compensation Study is expected to cost \$600,000 in year one
- Public Safety is one of the largest functions with expenditures totaling \$10.6 million and represents 22.5% of the budget
- Economic and Physical Development total \$1.4 million
- Human Services is also a large component of the budget at \$9.4 million making up 20.1% of expenditures
- Culture and Recreation costs \$2.3 million in FY 2015
- Education is the largest expenditure at \$15.3 million making up 32.6% of expenditures
- Debt Service is \$300,000
- Transfers total \$1.2 million

Items Not Included

The Manager reported there are other items on the horizon in which there are no monies allocated. These are:

- Additional pay increases for teachers being proposed in the State budget
- Expansion of the Courthouse estimated at \$9-11 million (estimated debt service over 15-year period is \$950,000/year)
- Up-fit of Register of Deeds & Tax Office estimated at \$150,000
- Additional renovation of Silvermont as identified costing \$1.6 million
- Renovation of old Detention Facility
- Product Development Task Force's recommendation for land, infrastructure, etc. at \$500,000
- Water study and any other potential recommendations

Chairman Hawkins made a proposal for partnering with the City of Brevard and the Town of Rosman for project-based economic development initiatives. The concept behind this is that it is in everyone's best interest that the towns are the economic drivers. The problem is both municipalities struggle with having adequate resources to deal with all the things they need to do to propel the economic potential that they have.

Brevard has a number of economic development projects teed up but has limited resources to fund them. Rosman is at a more fundamental stage so these funds could help them begin planning for a good long range economic development strategy for the town.

Chairman Hawkins proposed the following:

1. Commissioners designate \$300,000 from Economic Development to a separate reserve account for municipal economic development – this year is considered a pilot year for the program
2. This year, fund is divided 85% Brevard and 15% Rosman (Brevard pop 7,609, Rosman pop 576), thus, Brevard could access \$255,000 & Rosman \$45,000
3. Designed for projects only, not for operating expenses, projects should have a demonstrable economic development rationale
4. This is a matching fund (maybe 2 to 1); towns should invest their own money as well
5. Use it or lose it – if funds are not accessed after two years, money reverts into County general economic development fund; towns cannot “bank” money
6. Commissioners approve transfers of funds – like lottery funding with schools

7. These funds are not part of other economic development efforts (i.e., separate EDO) and Commissioners have sole control of the program

Commissioner Chapman believes these are the types of items for which fund balance should be used. Being that the recommendation from staff is to draw down fund balance to cover ongoing expenses, he wondered how fund balance could be used to pay for one-time expenses and how that affects next year's budget. He believes Commissioners will be facing tougher decisions next year.

Chairman Hawkins agreed. He stated that if Commissioners decide to draw down fund balance to a level of 15% of expenditures, then next year is already in the hole by 4.5 cents. He preferred to consider a combination of reducing spending and raising revenues for next year so the impact will not be as hard. He believes it is reckless to draw down the entire fund balance.

Commissioner Lemel concurred with Commissioner Chapman's comments about not using fund balance for recurring expenses. Commissioners and staff have been prudent and conservative with taxpayer dollars over the past several years and many needs have been postponed for so long. She believes Commissioners need to use citizens' savings, which is what the fund balance is, to make improvements in the County and thus benefit all citizens. Commissioner Lemel also agreed with Chairman Hawkins' statement about using a combination of reduced spending and raising revenues to balance the budget and that recurring expenses should come from revenues, not fund balance. She understands that there are tough decisions to be made but she believes it is up to this Board to provide leadership and not postpone the future of this County.

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

Chairman Hawkins noted that Commissioners had intended to discuss the Education budget this evening, but due to an incident at a school today Board of Education members were called away to deal with the situation. Commissioners will discuss the Education budget at their meeting June 9.

Fire Departments

Operations Manager David McNeill presented the budget requests for the fire departments. County Emergency Services Staff worked with the eight fire departments and Brevard Rescue Squad to gather information and review the proposed budgets for FY 2015. As always, the budget discussions with the departments were very informative for staff to understand the various departmental needs. It is important to distinguish that the fire and rescue departments are private non-profit agencies or in Brevard's case a City department that is contracted by the County to provide fire and rescue services at the level or exceeding the minimum standards defined in the contract. The budget allows for input from the County and the fire department or City in identifying the cost to allow Commissioners to set a fire tax rate adequate to fund these services in each particular district.

The fire department budget packet includes the budgets proposed by the fire departments and the County staff's recommended budget. The package includes a FY 2015 tax rate and comparison to FY 2014. The County pays the approved budget to the fire departments in four quarterly installments beginning in July of each fiscal year. Also included in each budget package are notes outlining key line items or budget changes specific to a particular department.

Many factors impacted most, if not all, the fire department budgets. The first is paid staffing. Commissioners approved a paid staffing plan in last year's budget meetings. That plan included a two-year implementation with \$20,000 appropriated in FY 2014 for a paid staff person beginning January 1, 2014 and an additional \$20,000 in FY 2015 to cover the cost of a paid staff person for the full year. To

date, all fire departments other than Balsam Grove Fire Department has implemented the program and hired a paid person five days per week. Balsam Grove Fire Department elected to withdraw from the paid staffing program after the Commissioners approved it last year. The City of Brevard Fire Department has a paid staffing program that they implemented prior to the Commissioners' approval for the other departments that has paid staff during the day seven days a week and hourly pay for volunteers responding to a call, trainings or meetings that is included in the FY 2015 budget at a total cost of \$219,756. Overall the paid staffing program is going well. Mr. McNeill is preparing a white paper for a future presentation to Commissioners involving additional paid staffing and other information.

Another factor is aging equipment. Many of the fire departments are dealing with aging rolling stock and other equipment, specifically self-contained breathing apparatuses (SCBA's). Also, each department's budget has cost that is a direct result of the National Fire Protection Association (NFPA) and North Carolina Department of Insurance Standards to maintain their fire insurance rating and meet performance standards.

An additional factor impacting fire departments is the rising cost of equipment and insurance costs. The cost of fire and rescue services is affected by many factors. While some people, cities or counties utilize property valuation as the sole method in determining costs, level of service, protection needs, district geography, and services provided are more appropriate cost indicators. It stands to reason that lower insurance rating or paid staffing (a form of level of service) will increase protection costs. It could also cost one district significantly more to lower its fire insurance rating from 9S to 7 than another fire district that borders it. There are many reasons for this, including access to water, road miles, terrain, district size, structure types and size, apparatus resources and personnel. Understanding this can give one a better idea of the disparity in the fire department budgets. Unfortunately, the funding method identified in the statutes does not provide very good options for narrowing the gaps. In terms of insurance rates for citizens within the fire districts, there is no significant increase projected for insurance rates.

Brevard Fire Department

The Brevard Fire Department budget is recommended for approval without any recommended change by County staff. However, after the proposed budget was submitted, the City Finance Director asked if the County would consider increasing the salaries and wages line item by \$65,520 with the County share of that increase being \$31,122 for paid staff in the evenings. County staff is not recommending this in the budget.

The City and County are also in early discussions of a potential substation in the Williamson Creek area. The City Manager has stated that paid staffing for that will be necessary as well. Mr. McNeill recommended that additional staffing discussions and service level be discussed in the upcoming months and therefore does not recommend additional staffing this year.

The recommended budget for Brevard Fire Department for FY 2015 is \$294,528 and a fire tax rate of \$0.0339.

City Manager Joe Moore was present and he reported to Commissioners that according to a call analysis, the calls between the hours of 5:00 p.m. and 12:00 a.m. continue to increase and the City is concerned about the response time. There are City staff working during the day but after hours the response time is not as quick. Mr. Moore said he informed City Council that the additional staff cannot be funded with fund balance and therefore would require a tax increase. He was instructed to bring forth the City's concerns and another budget offer to the Board of Commissioners.

Commissioner Lemel requested the data on the number of calls responded to outside of City limits and in the Sylvan Valley 2 district. Mr. Moore said his staff would respond to her request.

Chairman Hawkins made note that the City did not include the additional staffing in their budget either. Mr. Moore stated that the additional staffing would require a ¾ cent tax increase to fund.

The Manager pointed out this is the reason the Board of Commissioners levies a fire tax for each district; otherwise, any or all of the fire and rescue departments could request more monies from the County's general fund.

Commissioner Chappell offered the suggestion of extending shifts or hours to cover during the increased call times. Mr. McNeill explained that the request is actually for additional hours, not additional staffing.

Commissioner Chapman commented that fire protection is the government's responsibility. Mr. McNeill agreed, but reported that all fire departments are seeing an increase in the number of calls. These fire departments also serve as first responders, as the Brevard Fire Department does not.

Commissioner Lemel commented that the City of Brevard and Sylvan Valley 2 districts are very physically challenging districts. She supported the City's request. Mr. McNeill reminded Commissioners that the County is in discussions with the City about a substation which will require additional staffing.

Rosman Fire Department

In addition to the paid staffing, the Rosman Fire Department budget includes repairs to the paved areas in front of the bays at a cost of \$24,873. This is included in the recommended budget but County staff is working with the NC Department of Transportation (NCDOT) to get this project funded through Public Access Funds. The NCDOT hopes to provide an answer by early June. If approved by the NCDOT, the funds would be removed from the recommended budget. Rosman also has some increases in communications equipment, fire suppression equipment and insurance line items to replace old equipment and cover the cost of increased insurance. The recommended budget for FY 2015 for the Rosman Fire Department is \$429,807 and a fire tax rate of \$0.0901.

Little River Fire Department

Little River Fire Department requested a total increase of \$21,041. Of that, \$20,000 is for the paid staff implementation. The recommended budget for FY 2015 for the Little River Fire Department is \$364,023 and a fire tax rate of \$0.0715.

Connestee Fire Department

The increase in the Connestee Fire Department budget includes \$20,000 for the paid staffing. The department also budgeted \$12,000 for painting the main station and \$2,000 for replacing two exterior doors in the Repair and Maintenance line item and an increase of \$10,000 in the Repair and Maintenance Apparatus to cover the increase cost of maintenance on its rolling stock. The biggest increase is related to the replacement of six SCBA's at a cost of \$5,000-\$6,000 each. These SCBA's were purchased in 2003 using grant funds and have a life expectancy of 12-15 years. The department has 40 SCBA's and this will begin that replacement cycle. The recommended budget for FY 2015 for the Connestee Falls Fire Department is \$584,743 and a fire tax rate of \$0.0610.

Cedar Mountain Fire Department

The Cedar Mountain Fire Department budget increase is primarily due to the \$20,000 increase for paid staff and \$6,000 budgeted for pavement repairs and to access a water point adjacent to the station. The department has done a good job again this year to increase its revenue from other government sources by

\$10,000. The recommended budget for FY 2015 for the Cedar Mountain Fire Department is \$172,000 and a fire tax rate of \$0.1098.

Lake Toxaway Fire Department

Major items in the Lake Toxaway Fire Department budget this year are the paid staff increase of \$20,000, the purchase of five or six SCBA's for \$32,000, the replacement of a failing tank on Tanker 81 for \$26,600, the replacement of six digital handheld radios, the purchase of fire equipment outlined in the budget notes for the department, an increase in the insurance umbrella plan and replacement of the heaters in the main station bay area. The recommended budget for FY 2015 is \$646,069 and a fire tax rate of \$0.0350.

Balsam Grove Fire Department

The Balsam Grove Fire Department's recommended tax rate is decreasing as a result of the department opting out of the paid staff program. However, staff is recommending a disbursement of funds in reserves for use as a down payment on a new engine. The department has \$62,000 allocated for acquisition of an engine and that additional \$30,000 will serve to keep the debt service on the engine to a minimum. Currently, the department has no debt service. The recommended budget for FY 2015 for the Balsam Grove Fire Department is \$95,597 and a fire tax rate of \$0.1056.

North Transylvania Fire Department

The initial proposed budget by North Transylvania Fire Department exceeded the statutory limit of 15 cents per \$100 valuation. County staff met with the department's board to review the budget and discuss the needs in the department. The increase in the budget was reduced to the cost of covering the paid staff implementation. The North Transylvania Fire Department budget reflects reductions of needs. The department board made difficult decisions to reduce line items and cut proposed expenditures. This will be very difficult to continue in the future and maintain quality services at a class 5 rating. This is one department that would benefit from evaluating the district lines. The district size is small and limits the revenue potential but opportunity for expansion exists. However, this must be looked at closely because expansion of one district impacts adjacent districts. District lines can be a contentious issue but a holistic approach to Emergency Services in this case may better serve the citizens as a whole. The recommended budget for FY 2015 is \$152,725 and a fire tax rate \$0.1279.

Brevard Rescue Squad

The Brevard Rescue Squad allocation from the County has remained flat for the past three years as part of the transfer of property to the squad from the County. The exception to this was the \$20,000 increase for the paid staff implementation program. The FY 2015 budget shows an increase of \$32,940. Of this, \$20,000 of this increase is to complete the paid staffing program which results in a \$12,940 increase in County funds for the department's operations. The County does not fund the entire budget for Brevard Rescue Squad. The squad is dependent on fundraising activities for the balance of the budget. The squad also plans a transfer of \$25,000 from its savings this year to fund expenditures. There is a deficit in revenue and proposed spending. The squad may be forced to make adjustments to its proposed expenditures if fund-raising activities do not meeting and/or exceed expectations.

The total budget increase for all the fire and rescue departments is \$148,000. Brevard Rescue Squad is funded by the General Fund.

The fire department budget package represents the department's and staffs' effort to fund the needs of each department at the level of service they are currently providing. There is a difference in the level of protection and services provided among the fire districts but all are currently meeting the contractual minimum requirements. The Manager has asked staff to prepare a position paper of the current state of

Emergency Services in Transylvania County and forecast changes that may be coming or recommended in the future.

Mr. McNeill commended the fire and rescue department for their efforts to provide quality fire and rescue services. Each district is unique and presents different obstacles. As the County moves forward and completes the evaluation of its current services, it may be beneficial to hold a Commissioner workshop to get input and direction from the Commissioners as the County develops strategies and level of service expectations for the future.

Chairman Hawkins thanked Mr. Moore for bringing forth an alternative proposal for the Brevard Fire Department. He is concerned about other departments coming forth and requesting additional staffing to cover the evening shifts. Because this was not part of the original request, Chairman Hawkins believes Commissioners need to be provided additional information before making a decision.

The Manager will ensure Commissioners have additional information for the next meeting on June 9. He noted that a public hearing must be held before the fire department budgets are approved.

Before wrapping up the discussion about the fire department budgets, Mr. Moore addressed Commissioners as to why this request was not made during the normal budget preparation process. The request not being part of the original budget proposal does not indicate that Mr. Moore is not supportive of the request. He said the conversations about a substation have gone no further and being that the County was not supportive of a tax increase, he informed City Council the City would be responsible for the cost. Therefore it was not included in the original budget request.

Discussion About Proposed Budget

Personnel

Human Resources Director Sheila Cozart briefly reviewed the Personnel requests. There are four positions being requested. The request for Child Development has been removed. Staff decided not to add another classroom; therefore no reclassification of a position is needed.

Staff recommended the implementation of the compensation study over a two-year period. Employees who are below the minimum of their new salary grade would be moved to the minimum. Employees would move through their salary range based on their years of service. All others who are within their salary range will receive a 2% increase. Ms. Cozart reported that the compensation study will be implemented in a way that deals with the compression issue and will be helpful in recruiting new staff. The recommendation for FY 2015 is to bring employees up to the minimum of their salary ranges. Employees would then receive half of the increase they are due for moving through the range based on years of service. In FY 2016 employees would receive the other half of the increase.

The consultant from Springsted intends to make a presentation at the June 9 meeting. Ms. Cozart said any longer period of implementation will put employees further behind in their salary ranges and they will not be competitive with surrounding counties because those counties continue to give salary increases to their employees.

Commissioner Chapman believes that the compensation study confirms what the Board already knew; however, he said Transylvania County cannot compete with surrounding counties because the tax rate does not support it. He asked Commissioners if they were willing to raise taxes to fund what is being requested in the budget. Commissioner Lemel responded. She noted that one cent is equal to \$600,000 so a \$0.0145 cent tax increase is needed to cover the cost of implementing the compensation study. She recognized that employees are citizens as well and therefore pay for their own salaries.

Commissioner Chappell preferred to talk about the budget as a whole because the schools' budget is a large component of the budget. He is not supportive of the compensation recommendation. He preferred the second option to bring employees to the minimum of their salary ranges and all other employees to receive a 2% increase.

Commissioner Lemel reminded Commissioners that Transylvania County has one of the lowest tax rates in the State. Also, the County is losing employees to Buncombe and Henderson Counties who have higher tax rates. Ms. Cozart pointed out there is a cost to losing employees to other counties.

The Manager pointed out that option 2 does not deal with the compression issue. If Commissioners decide to implement option 2, he wondered what they would do next year to address the same issues. Commissioner Chappell stated that Commissioners put forth a budget on an annual basis.

Chairman Hawkins believes Commissioners should do what is best for the County, but that cannot be done without additional revenues. The goal for implementing the compensation study should at least be to bring employees to the minimum of their new ranges because no employee should be below the minimum. Commissioners need to value the staff in this manner. Chairman Hawkins requested additional information on the turnover rates. Chairman Hawkins commented that option 2 does in fact bring employees to the minimum of their new ranges and provides a 2% increase to all others. This option does help some but Commissioners will be dealing with the same issues again next year. He preferred a different plan, one that is positive and proactive.

Commissioner Chapman said Commissioners need to consider all citizens when making their decisions. He reminded them that they enacted a tax increase last year that impacted citizens. He again asked Commissioners if they were willing to raise taxes.

Commissioner Hogsed preferred to hear from the Springsted consultant at the next meeting before making a decision. He understands the County needs to be able to recruit and retain employees. He expressed concern about implementing the plan over two years because it does not fully address the problems. He also understands Commissioners cannot spend the money to address it all in year one either.

Commissioners also discussed the position requests. Chairman Hawkins noted that the positions in EMS are being requested to cover shortages. He asked if there is typically one staff person out per shift, either on sick leave or vacation. Mr. McNeill responded that the percentage is high. Most importantly the added positions provide additional response capability. Sometimes all the ambulances are busy on calls, so the two additional staff will serve more than one person. The two new positions would cover all four shifts. Mr. McNeill noted that monthly and annual reports are available to support the call data.

Mr. McNeill reported that the new Telecommunicator positions are needed. All training for these positions is internal. The turnover rate is high because many of these staff move up to law enforcement or EMS.

Chairman Hawkins noted that the personnel requests total \$870,000 and he believes the request needs to be reduced to a more comfortable level.

Capital

The major item in Capital requests is vehicles. Included also are HVAC replacements and the playground at Silvermont (match already approved). In Solid Waste, the largest capital item is a new compactor.

The Solid Waste Fund is an enterprise fund, meaning it is self-supporting. However, revenues are not enough to cover expenses. There is a transfer from the General Fund to subsidize and balance the Solid Waste Fund. The County must also set aside monies to close the landfill as mandated by the State.

It was noted that there is a rotation schedule with vehicles and many are handed down. The new vehicles are those that will go on the road. This is a normal replacement schedule. Other vehicles other than law enforcement are held onto much longer, but now it is time to replace some of them. Staff studied the mileage and believes the requests are justified. It is important for employees to be safe in County vehicles. Transportation has requested a new van, which the County is only responsible for covering 10% of the cost.

The entire fleet will increase by one vehicle. It was noted that the vehicles at County Administration are constantly being used.

Chairman Hawkins inquired about leasing a fleet. The Manager said it is much cheaper for the County to purchase and own its own vehicles. Also, vehicles are purchased at a State contract rate.

Economic Development

The Manager stated that all of the funds requested for Economic Development may not be used by the new Economic Development Organization; however, there are ongoing economic development projects.

Commissioner Chappell expressed his issue with market rent. Chairman Hawkins noted that the EDO discussions will happen soon. The bottom line for him is that the County will be a customer and the EDO will be providing a service to the County.

The Manager pointed out there is no monies in the Planning Department for economic development purposes. Chairman Hawkins suggested using monies from the current year to cover any economic development activities. That amounts to approximately \$780,000.

Other

Commissioner Chappell was not supportive of moving forward with the Evergreen Study because the Board of Education has not expressed that they are willing to participate. Also, there is a new Manager coming on board in the next few months who may have a different perspective.

Commissioner Lemel was supportive of moving ahead with the Evergreen Study. She said this community has a sense of personal responsibility and can pull itself up; however, this County has seen its share of challenging times. Now is the time to excel and succeed; therefore, she believes a specialist is needed to provide an independent analysis of the County's operations. The County does not have the expertise and resources to do an in-house study.

There was no further discussion by the Board. Chairman Hawkins reminded the public that the next meeting is scheduled for June 9 at 6:00 p.m. and will be held in the Rogow Room at the Library. He also distributed a list of other budget ideas for Commissioners' consideration at the next meeting. The Manager will bring forth any changes to the State budget at the next meeting as well. He also intends to contact the Schools Superintendent to discuss the Child Nutrition request.

PUBLIC COMMENT

Barbie Harper: Ms. Harper spoke out in opposition to the Common Core Curriculum. She also questioned the Evergreen Study that staff included in the budget for Commissioners' consideration. She

noted that Evergreen is partnered with organizations which support Common Core. She requested Commissioners find an independent reputable business to perform such a study for the County.

COMMISSIONERS' COMMENTS

Commissioner Lemel commended Smart Start for a grant award.

RECESS

Chairman Hawkins moved to recess the meeting until 6:00 p.m. on Monday, June 9, 2014 in the Rogow Room at the Transylvania County Library, seconded by Commissioner Lemel and unanimously carried.

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board