

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
REGULAR MEETING – MAY 22, 2006

The Board of Commissioners of Transylvania County met in regular session on Monday, May 22, 2006, at 7:00 p.m., in the large courtroom of the county courthouse. Chairman David Guice, presiding, called the meeting to order at 7:00 p.m. There were approximately 15 people in the audience.

Commissioners present were Chairman David Guice, Commissioners Jason Chappell, Jeff Duvall, Ray Miller and Kelvin Phillips.

Staff members present were Manager Artie Wilson, Attorney David Neumann, Finance Director Gay Poor, Chief Deputy Jeff Hubbard, Elections Director Judy Mathews, Personnel Director Sheila Cozart, Transportation Director Keith McCoy, and Clerk to the Board Kimberly Conover. There were several commissioner candidates present.

Media: *Transylvania Times* – Stephen Sacco

Following an introduction of the members of the board by Chairman Guice, Commissioner Chappell offered the invocation and Commissioner Miller led the Pledge of Allegiance.

PUBLIC COMMENT (sign-in required)

Mr. James Keenen of Brevard asked how the county is progressing with the city on floodplain and land use planning issues, and about the status of floodplain mapping in the county. The manager replied that the request for proposal has been written. It has been reviewed and redrafted by the city. There is a meeting scheduled for Thursday to finalize a document agreeable to both the county and the city. Once complete, it will be published. The mapping will be occurring shortly in Western North Carolina.

Mr. Stanley Turner of Brevard, representing the Taxpayers Watch Group, requested that the board of commissioners consider capping taxes for Transylvania County in a manner similar to the Howard Jarvis Taxpayers Association Proposition 13. The request is not intended to damage county government, but to give relief to taxpayers so they have stable and predictable taxes. Key points may include homestead exemptions which would exempt some or most of the home value from taxation, deferred payment until a property is sold, have emergency reserve funds, and have a referendum when needed for above-cap spending. Mr. Turner also requested that the county work to create voting districts for county commissioners and to make a request to the election board for a ballot initiative in time for the November election, if possible. This would allow the voters to decide if they want district representation. A key point is that candidates would be required to live within the assigned district. Chairman Guice responded that the board would consider the requests and respond back to the Taxpayers Watch Group.

AGENDA MODIFICATIONS

Chairman Guice requested the addition of an item under New Business: VI C - Resignation of Clerk to the Board of County Commissioners.

Commissioner Chappell moved to approve the agenda as amended, seconded by Commissioner Duvall and unanimously approved.

CONSENT AGENDA

Commissioner Duvall moved to approve the consent agenda as submitted, seconded by Commissioner Phillips and approved unanimously.

The following items were approved:

APPROVAL OF MINUTES: Minutes from the May 8, 2006 regular meeting were approved as submitted.

FACILITIES USE REQUESTS: Commissioners approved the following facilities use requests:

- Use of Silvermont by the Transylvania Humane Society for its Annual Pet Show on July 4, 2006. A waiver of fees was granted.

- Use of the Community Room in the new library by Rita Ashe, Clerk to Superior Court, for her campaign kick-off party on June 2, 2006. The fee will be set at the for-profit rate.

DISCOVERY AND RELEASE REPORT: The Discovery and Release Report for April 2006 (attachment as part of these minutes) was approved as submitted.

OLD BUSINESS

ADMINISTRATOR FOR HEALTH INSURANCE

The Association of County Commissioners solicited bids for administration of health insurance and for health insurance for its member counties. The company that was selected to administer its program was Cigna. Currently, Blue Cross Blue Shield of North Carolina is the contractor. Because of the short lead time, Transylvania County hired Mark III Brokerage, Inc. to solicit bids for the county. There were three bids received. These were from Cigna (NCACC), BC/BS and United Health Care. United Health Care would only quote a \$75,000 stop loss versus the current \$50,000 that we have; hence, they were eliminated from consideration. The difference for fixed cost per employee between Cigna and BC/BS was only \$.44, with BC/BS the higher of the two. However, BC/BS actually estimated lower claim costs than Cigna. Given the closeness of the numbers, staff began to look at other factors that could affect the decision.

Sheila explained the process that was followed to make this decision. Other factors considered and the conclusions are as follows:

1. This next year will be a transition year for the Association and it is our belief that the NCACC will have several hurdles to overcome in working the bugs out.
2. If the county switched to Cigna, the county would have to transition its employees to a new carrier and learn new contacts, requiring more staff time.
3. We received mixed reviews about Cigna.
4. If we did decide to go with Cigna and later on find there are problems which resulted in our decision to go with another firm, this would result in two transition years in a row for our employees, which is not good.
5. We have had good experience with BC/BS, especially with their purchasing leverage. The Association has said that Cigna will match BC/BS discounts, but we have no experience with them and are somewhat skeptical as to this claim.
6. BC/BS currently has a program that is in effect until January 1, 2007 that pays the employee's co-pay for all generic drugs. We estimate this will save our employees \$18,000 over the six month period of July 1, 2006 – January 1, 2007.
7. While our broker did not take all costs into consideration, we tried to identify all costs or perks associated with both companies, and found that on the fixed-cost side Cigna was approximately \$25,000 less than BC/BS, mainly as a result of a \$10,000 signing bonus the Association was offering.
8. Despite the difference in costs, we believe that it is in the best interest of the county to stay with BC/BS and re-analyze the program next year. If there are problems with BC/BS we can always look at alternatives, such as the Association. This would allow us to maintain stability with our employees and not be changing carriers every year.

Mrs. Cozart recommended a change of the renewal date of the contract from November 1 to July 1. There is some risk in this from a stop-loss situation since the county has one individual that has met the stop loss, but staff believes the risk is minimal. Commissioner Chappell agreed that it may be wise to continue to talk with providers to see how this pans out.

Commissioner Duvall moved to approve BC/BS as the administrator of Transylvania County's health plan and to move the renewal date to July 1st, seconded by Commissioner Chappell and unanimously carried.

DATE FOR PUBLIC HEARING ON FY 2007 BUDGET

The board of commissioners has previously discussed holding a public hearing on the proposed budget for FY 2006-07 during the rescheduled commissioners' meeting on June 19, 2006. Since that date was not formally decided, the manager has recommended that the board approve that date so the clerk can advertise it in the newspaper.

Commissioner Miller moved to schedule a public hearing to discuss the proposed budget for FY 2006-07 for June 19, 2006, seconded by Commissioner Phillips and unanimously carried.

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NEW BUSINESS

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DIRECT DEPOSIT

Currently, two thirds of all county employees have their bi-weekly payroll checks deposited to their bank. In an effort to promote efficiency and allow faster access for an employee to their paycheck, the finance director has recommended a requirement for direct deposit for all employees. The proposed conversion would have very little impact on the employees who currently have their checks deposited for them. Instead of receiving a check stub, they would receive a direct deposit notification that would show the same information that now appears on the check stub. However, for the remaining one third (101 at last count) who are accustomed to picking up an actual check, there would be a change. To mitigate the impact and help employees make the transition, the county would sponsor a “banking exhibit” that would allow local banks to meet with employees and discuss account options with them. The plan is to have this in place by July 1, 2006.

Commissioner Chappell moved to authorize the requirement that all employees be paid via direct deposit, seconded by Commissioner Duvall.

During the discussion, Commissioner Phillips stated that for those employees who chose to pick up their checks, it is his understanding that by law we must have those employees authorize any change to allow for the direct deposit of their paychecks. He asked if that were still the case. It was decided that the county attorney will check on this before we implement this policy.

The motion was carried unanimously.

FY 2006-07 BUDGET

The proposed FY 2006-07 Budget was submitted to the board of commissioners for their review. The proposed budget for the general fund is \$40.8 million, \$2.2 million (5.1%) less than last year’s budget. The proposed budget includes \$1.2 million for the construction of a new Applied Technology Building for Blue Ridge Community College at the Transylvania campus, and an additional set-aside of \$.6 million for the renovation of the old library, \$.7 million for the implementation of a new employee benefit to help with health insurance upon retirement, the continuation of a modified pay-for-performance pay plan (percentages lowered by 0.5%), a \$.6 million (9.0%) increase in current spending for the schools, a \$2 million (10.3%) increase in capital investment in the schools, and the addition of 3.5 full-time equivalents. The manager noted that this can be accomplished without a tax increase.

In order to get a true comparison of operational costs, the following adjustments were made to both years:

	<u>FY 2006</u>	<u>Millions</u>	<u>FY 2007</u>	<u>% Change</u>
Total:	\$43.0		\$ 40.8	-5.1%
Less:	\$ 2.7	Transfer to Fund Balance	\$ 1.2	BRCC
	\$ 2.1	Capital Projects	\$ 0.6	Capital Projects
	<u>\$ 2.3</u>	Public Safety Facility		
Operational:	\$35.9		\$ 39.0	+ 8.6%

The board reviewed assumptions included in the proposed budget:

Revenues: Ad valorem tax revenues are based on a tax base of \$3.8 billion, an increase of \$125 million over last year’s budget. Building activity remains strong, especially in the Connestee and Lake Toxaway areas. This growth in the tax base yields a \$700,000 increase in ad valorem taxes. In addition, Debt Set Off has been implemented by the tax collector to help collect delinquent taxes. As a result of this new tool, the tax collector has committed to collecting \$350,000 in delinquent taxes in the upcoming fiscal year, an increase of \$50,000.

According to the North Carolina Association of County Commissioners (NCACC), fiscal analysts with the General Assembly project the gross sales tax revenue growth to be 5.4% above the current year. However, the NCACC is recommending that counties project growth in the range of 4% to 4.5%, based on a projected economic slowdown.

Sales taxes have been budgeted to increase 4% over the current year.

There are four fee increases recommended for next year. The first is an increase in building permitting, which will bring our fees in line with the surrounding counties. The second fee increase is in ambulance fees, as Medicare laws allow us to increase the mileage rate from \$8.94 to \$9.12. The third rate increase is in solid waste where box fees will be made competitive with the private sector. The last proposed fee change is for subdivision applications in planning. This increase will be minor, but will be competitive with surrounding counties. These proposed fee increases generate approximately \$100,000.

The budget also includes \$288,000 in revenue from the lottery to be used for capital projects in the schools.

Expenditures: Total operational expenditures are projected to increase \$3.1 million, or 8.6% over last year. The major increases include: 1) a 3% market adjustment and funds for a modified pay for performance system (\$.6 million); 2) a benefit program to help employees with health insurance at retirement (\$.7 million); 3) \$.2 million for 3.5 additional personnel; 4) a 9.0% increase in current funding for the school system (\$.6 million); 5) a 10.3% increase in capital spending for the school system (\$.2 million); 6) a 5.2% increase in Medicaid costs (\$.1 million); \$.1 million increase in workers compensation; and \$.6 million in inflation and other items.

Department heads requested a total of 4.5 new positions. The manager has recommended the addition of 3.5 positions. The recommended new positions are as follows:

- 1) One new person in Communications that will help cover during peak times. The manager reminded the board that there has been a request for a number of years for two telecommunicators per shift. The county has tried to hold off funding this request until we move to the new public safety facility. However, given the increase in call load, we must make sure we can cover the peak times. In the past, part-time help was readily available when Ecusta and AGFA were operating; but with their closing, part-time help during the week is almost non-existent. The Communications Director requested two positions, but the manager recommended only one new position.
- 2) In the Sheriff's office there is the addition of a .5 civil processing officer. With the retirement of a part-time civil processing officer by mid year, the position would be upgraded to a full-time position. In addition, the sheriff has requested the addition of one full-time court officer to help with security in the Courthouse, prisoner transport, and the increase in the number of court days that is projected.
- 3) A program supervisor in the Recreation department. We have reached a point where we either have to cut some programs or hire another person. The director himself is spending an enormous amount of extra hours just to meet the demand.

The budget also includes \$.7 million for a program to help employees with health care costs at retirement. The program that is included allows employees with ten years of service or more the one-time option of selecting to be covered by health insurance paid for by the county upon retirement from the county or selecting to receive an annual deferred cash benefit of \$2,000 as long as they stay with the county. Employees with less than ten years of service would receive the deferred cash benefit. The board of commissioners has not approved any program at this point, but did ask that monies be included in the proposed budget for this program.

The proposed increase of \$.6 million (9.0%) in local school funding is a result of the commitment between the board of commissioners and board of education to increase teachers' supplements to the level of 6.8% (this would bring the level to 6.44%), local and federal cost-of-living increases, and a state minimum salary level (\$35 million) for non-certified personnel that was included in the Governor's budget that flows down to the local level to fund, increases in fuel and utility costs, pay increases for the School Resource Offices, increases in health insurance costs, a step increase for coaches' supplements, and maintenance agreements for the new security systems. The schools requested an additional \$385,643 in current spending for additional instructional supplies, replacement for state discretionary cuts and sales tax rebate that was rescinded, and a medical reimbursement plan for all school employees, that were not included in the manager's recommendation. The budget includes funding school capital at \$1.9 million, \$.2 million (10.3%) higher than last year. The amount proposed includes funds for completion of the new field house in Rosman, replacement of one activity bus, the conversion of locker areas at Rosman Middle School into classrooms, a new greenhouse at Rosman High School, renovation of the Brevard High School field house, and the equipping of 83 class rooms with state-of-the-art technology. The Capital request from the board of education was \$2.2 million. Approximately \$.8 million will be drawn down from a capital reserve for schools to meet these needs. This will deplete the capital reserve for schools.

Operational capital for the county is recommended at \$0.7 million. The major items include the replacement of ten vehicles with seven of those in the sheriff's department, a replacement ambulance, replacement of a small dozer at the landfill, and replacement of the landfill compactor wheel drums.

Major building and land improvements include stabilization of the rock wall at the Courthouse, re-pointing of the mortar of the bricks at the courthouse, resurfacing of the pool at Champion Park, and addressing the safety issue of the landfill road.

Also included in the budget are monies for the design of cell number five at the landfill. This activity will be completed during this next budget year in order to start construction of the new cell in the summer of 2007. Approximately \$.9 million in funds are included to be set aside for the construction of this next cell which will be needed by the summer of 2008.

The budget also includes \$1.2 million for the construction of an Applied Technology Building at the Blue Ridge Community College campus in Brevard. Also included is \$.6 million for the renovation of the old library.

Fund Balance: The manager has estimated that the general fund balance at June 30, 2006 will be \$29.0 million, with \$20.9 million designated (most of which is for the public safety facility (\$11.8 million) and other items required by state statute). The undesignated fund balance is projected to be \$8.1 million. Based on the proposed budget, the general fund balance at June 30, 2007 would be at \$29.0 million, assuming no capital work would have started on the public safety facility. If construction has started on the public safety facility, the fund balance would be reduced by the cost of construction. The undesignated fund balance would be at \$7.7 million, or 20% of operational budget. This amount is right on the 20% goal set by previous boards of commissioners.

Summary: The preparation of the budget has been more complicated this year as a result of switching over to a new financial system; however, everyone has met the challenge and in the long run the new system will give us more flexibility and the ability to do more analysis.

The manager thanked all county staff and agencies for their work on the budget. He especially thanked Gay Poor and her staff for the many hours of work involved with the new financial system. Chairman Guice expressed his appreciation to the manager and also to Mrs. Poor and staff for working so diligently. He stated that the board of commissioners appreciated receiving a budget with no tax increase. The chairman also thanked the school board for working with the board of commissioners to prepare its proposed budget. It was noted that some of the changes in the governor's budget will affect counties. There continue to be items mandated by the state that will be the responsibility of the counties to fund.

Budget workshops will start on Tuesday, May 30, 2006 at 6:00 p.m. in the new library.

RESIGNATION OF THE CLERK TO THE BOARD OF COUNTY COMMISSIONERS

Kimberly Conover, Clerk to the Board, has submitted her resignation effective June 2, 2006. Chairman Guice and the other commissioners thanked the clerk for her dedication to the county. **Commissioner Chappell moved to accept the resignation, seconded by Commissioner Miller and unanimously carried.**

The chairman suggested that staff start the process of finding someone to step into the position in the interim by contacting Blue Ridge Community College, AB Tech and other schools to see if there is a student or recent graduate available to handle the position. He recommended that the board appoint the county manager to act as the clerk, effective June 3, 2006, during the interim period.

Commissioner Miller moved to appoint the county manager to act as interim clerk effective June 3, 2006, and to authorize the manager to hire a temporary employee to perform the job functions of the clerk to board until such time as the position has been permanently filled. The motion was seconded by Commissioner Duvall and unanimously carried.

MANAGER'S REPORT

The manager presented the following report:

- Library: The manager thanked everyone who attended the recent open house for the new library. We have received only good comments about the facility. There will be a meeting tomorrow with Tom Balke regarding the

punch list and any follow-up items.

PUBLIC PARTICIPATION

There were no comments received from the public.

COMMISSIONERS' COMMENTS

Chairman Guice stated that there are approximately 1200 people using the library regularly. In addition, there have already been many requests from the public to use the library facilities for specific functions. He stated that the building is beautiful and invited the public to visit it soon.

Commissioner Miller reported that the Land-of-Sky Regional Council likes to meet at least once a year out in the communities it serves and will meet at the new library this year. The meeting is scheduled for May 24, 2006, with lunch being served at 12:30 prior to the meeting at 1:00 p.m. The manager will present an update on the jail project.

The manager reported that the Department of Transportation and the Land-of-Sky RPO will meet on May 23, 2006 at 7:00 p.m. to look at transportation needs in the county.

There being no further business to come before the board, **Commissioner Chappell moved to adjourn the meeting, seconded by Commissioner Phillips and unanimously carried.** The meeting adjourned at 8:30 p.m.

ATTEST:

W. David Guice, Chairman

Interim Clerk to the Board