

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
May 26, 2015 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in regular session on Tuesday, May 26, 2015, since Monday, May 25, 2015 was a holiday, at 7:00 p.m. in Commissioners Chambers at the County Administration Building. The Board of Commissioners' Rules of Procedure states that "if a regular meeting day is a legal holiday, the meeting shall be held on the next business day".

Commissioners present were Jason Chappell, Vice-Chairman Larry Chapman, Chairman Mike Hawkins, Page Lemel and Kelvin Phillips. Also present were County Manager Jaime Laughter, Finance Director Gay Poor, Finance Staff Accountant Abbey Owen, County Attorney Tony Dalton and Clerk to the Board Trisha Hogan.

Media: *The Transylvania Times* – Jeremiah Reed

There were approximately 60 people in the audience.

CALL TO ORDER

Chairman Mike Hawkins presiding called the meeting to order at 7:04 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 Commissioners and staff in attendance.

PUBLIC COMMENT

Before calling upon those who signed up to speak, Chairman Hawkins pointed out this an opportunity for members of the public to address Commissioners on any topic and not necessarily a time for dialogue with Commissioners. Should there warrant a response, Commissioners may do so or hold off until the Commissioners' Comments period at the end of the meeting. Chairman Hawkins intends to make this announcement at each meeting.

Gerry Hunsicker: Mr. Hunsicker commented on the recent release of several sealed closed session minutes related to economic development matters. He said he has made many negative statements against the County's Economic Development Director Mark Burrows over the years, but after reading the unsealed minutes, he wanted to offer his apology. Mr. Hunsicker also commented on the Davidson River Connector Road that is set to be constructed next year. He does not believe the new round-a-bout and additional stoplights will improve traffic flow, but will further add to congestion and accidents. In addition, former Ecusta employees have informed him there are chemical drums buried underneath the Connector Road path and this needs to be addressed before there is great harm to the environment and an even greater cost to taxpayers.

Doug Poad: Mr. Poad serves as the Treasurer/Secretary for the See Off Community Center and he asked Commissioners to consider a grant funding request for the See Off Community Center next fiscal year. He said the community centers around the County seek to continue the theme from the Sesquicentennial, "Weaving a Tapestry of Community". Mr. Poad reported that the members of the See Off Community are very active in the community. Members organize roadside cleanups and potluck dinners and the Community Center serves as an emergency refuge for first responders and neighbors during emergency

situations. They also fund an annual scholarship to a deserving student. Mr. Poad asked Commissioners to consider financial support in the amount of \$1,200 which is the same the County provides to other community centers. He believes this will be an investment in building and maintaining a true sense of community throughout the County.

Lee McMinn: Mr. McMinn asked Commissioners to consider several issues when deliberating the budget for the next fiscal year. He encouraged Commissioners to pay for recurring expenses with current revenues and not from fund balance savings. The fund balance should be used toward investment. He also asked Commissioners to consider fully funding the School System's request. He believes capital has been underfunded for many years which will require a bond issue to take care of all their needs. Also, the School System's fund balance is nearly depleted and they face unexpected expenses just as the County does so an adequately sized fund balance is important to them.

AGENDA MODIFICATIONS

There were no agenda modifications.

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

CONSENT AGENDA

Commissioner Chapman moved to approve the Consent Agenda as presented, seconded by Commissioner Lemel and unanimously approved.

The following items were approved:

MINUTES

The minutes of the May 11, 2015 regular meeting were approved.

DISCOVERY, RELEASE AND MONTHLY SETTLEMENT REPORT

The Discovery, Release and Monthly Settlement Report for April 2015 was approved. Total tax dollars released was \$165.65. Refunds totaled \$911.94.

APPLICATIONS FOR PERMITS TO CONDUCT FIREWORKS DISPLAYS

The 2010 Pyrotechnics Act requires the Board of Commissioners approve all permits to conduct aerial fireworks displays in their respective county. Fire Marshal Gerald Grose has received the permit applications for aerial fireworks displays on July 4 from the following applicants: Heart of Brevard, Camp Illahee, Camp High Rocks, Lake Toxaway Country Club, Burlingame Country Club, Camp Carolina, Jacquelyn Rogow, Rosman Baptist Tabernacle and Camp Rockbrook. All is in order for each applicant to conduct the fireworks display. Commissioners approved the permit applications as submitted.

REMOVAL OF REVIEW OFFICERS FOR CITY OF BREVARD AND TRANSYLVANIA COUNTY

At a recent training session for Review Officers, it was reported that those no longer employed with the City of Brevard or Transylvania County who served as Review Officers should be removed from the rolls at the Register of Deeds Office. The Clerk to the Board, with the help of the Register of Deeds Office was able to identify several individuals who are no longer employed with either entity. She submitted a resolution officially removing those individuals. It will be filed at the Register of Deeds office. Commissioners approved Resolution 19-2015 Removal of Review Officers for the City of Brevard and Transylvania County.

(Resolution 19-2015 Removal of Review Officers for City of Brevard and Transylvania County is hereby incorporated by reference and made a part of these minutes.)

PRESENTATIONS/RECOGNITIONS

2025 COMPREHENSIVE PLAN UPDATE

Planning Board Chairman Wayne Hennie introduced the members of the Planning Board. The purpose of this agenda item is to provide an update on the 2025 Comprehensive Plan process.

Planning and Community Development Director Mark Burrows gave the update via PowerPoint Presentation. This is a summary of his presentation:

Accomplishments to Date

- Introductory Meeting on January 29, 2015
 - Room was at capacity with over 65 attendees
 - Introduction to Comprehensive Plan and Recruitment of Community Advocates
- Kick-off Meeting on April 9, 2015
 - Transylvania County Library-Rogow Room
 - 85 citizens in attendance
 - Provided Existing Conditions Report presentation
- 2025 Comprehensive Plan Video
 - Contracted with Real Digital Productions
 - Focused on the County's "Growth" and "Our Future"
 - Support from Planning Board, TDA and Market Connections
- Community Input Session on April 28, 2015
 - Brevard Community Church
 - Contracted with John Fenner and Angela Owen
 - 125 citizens and 20 "table facilitators"
 - Table Facilitation – Four questions were asked
 1. Transylvania County has many assets. Some are used, some are underutilized, while others are relied upon too much. What are the things in Transylvania County that we can build upon in order to enhance our lives over the next 10, 20, 30 years?
 2. Imagine you are in Transylvania County 10 years from now. The County is exactly as you have scripted it to be. Describe 3 things that you see using 3 words or less for each item.
 3. With your ideal picture in mind, name 3 things that are challenges or obstacles for achieving our ideal image and what we as a community can do to address them?
 4. If you were to look back from 2025, what was the most important first step that was taken to create the collective vision and priorities of Transylvania County?
 - Many responses were one- or two-word responses and were generated into "wordless"
- Survey
 - Planning Board challenge to receive 3,000 surveys
 - Electronic
 - *The Transylvania Times* insert
- Community Meetings
 - May 2 – Williamson Creek Community Center – Stoneybrook Homeowners Association
 - May 8 – Brevard Wesleyan Church
 - May 13 – Heart of Brevard

- May 16 – Rosenwald Block Party
- May 23-24 – White Squirrel Festival

Next Steps

- Future Community Meetings
 - Balsam Grove
 - Cathey's Creek
 - Cedar Mountain
 - City of Brevard
 - Dunn's Rock
 - Eastatoe
 - Lake Toxaway
 - Little River
 - North Transylvania
 - Pisgah Forest
 - Penrose
 - Quebec
 - Sapphire-Whitewater
 - Town of Rosman
- Compile, review, and synthesize April 28 meeting, Community Open Houses, and survey results – June-August
- Complete Existing Conditions Report – August-September
- Focus on crafting draft goals and objectives – September-October
- Next Commissioners' update – September 14, 2015
- Project is on schedule

Mr. Hennie acknowledged the work being done by the community advocates because this process could not occur without their help. He said he is very pleased with the citizen response thus far.

Commissioner Lemel reported she attended the Rosenwald Block Party on May 16. She noted there was great representation by the community advocates and they were very active during the event.

Mr. Hennie said the meetings held so far have been for special interest groups and the response has been wonderful. He is looking forward to the other meetings and compiling the information from each.

Commissioner Chappell also noted the importance of the community advocates and key role they are playing in getting citizen participation in this process. He reminded everyone there is a community event at the Eastatoe Community Center on Thursday evening at 7:00 p.m.

Mr. Burrows reported 600 surveys have been submitted at this point.

Commissioners thanked the Planning Board and staff for doing such a tremendous job.

OLD BUSINESS

AGREEMENT FUNDING ALLOCATION FOR SECONDARY PSAP

Operations Manager David McNeill reported that in October 2014 the Transylvania County Board of Commissioners approved an inter-local agreement between the City of Brevard and Transylvania County for distribution of funding through Transylvania County to the City of Brevard. The agreement with the 911 Board and the City of Brevard is the final piece required to facilitate the funding of a secondary

PSAP (Public Safety Answering Point) at Brevard Police Department. The funding will pass through Transylvania County to the City of Brevard and all expenditures must be in compliance with the 911 Board policies. The City of Brevard is required to provide documentation of approved expenditures to the County for reconciliation of funding disbursement. The reporting requirements are stringent.

Approval will provide \$64,567.00 in 911 funding to the Secondary PSAP annually. The funding allocated to the Secondary PSAP shall not diminish the monthly base amount distribution to the Primary PSAP (Transylvania County).

Commissioner Lemel moved to approve the agreement between Transylvania County and the North Carolina 911 Board to allow funding of a Second PSAP (Brevard Police Communications). The motion was seconded by Commissioner Chapman. Commissioner Lemel inquired about the way the calls are passed through. She wanted to know if they were figured into the total 911 calls and how many calls are transferred to the City of Brevard. Mr. McNeill said the phone call would be handled through the County and if it becomes a law enforcement issue for the City of Brevard, it is transferred to them to handle the radio traffic. At this time, he does not have the figures with him, but he reported the County had to submit to the State the total call volume and the number of transfers and that is how the State determined the amount of 911 funding the City of Brevard would receive. **The motion was unanimously approved.**

NEW BUSINESS

ROSMAN FIRE RESCUE RESERVE FUNDS REQUEST

Operations Manager David McNeill reported that Rosman Fire Rescue is requesting the use of reserve funds for updates to AirPacks (\$12,000) and the acquisition of a replacement UTV (\$10,000). They had asked for an increase in next year's budget for these items; however, upon meeting with County staff it was determined they could use current year reserve funds and reduce the impact to next year's fire tax rate. There was \$32,486 in reserves as of April 30, 2015. Mr. McNeill believes this is a legitimate request and a need for the department.

Commissioner Lemel moved to approve request for reserve funds in the amount of \$22,000 (\$12,000 for Airpack upgrade and \$10,000 for UTV purchase) for Rosman Fire Rescue. The motion was seconded by Commissioner Phillips. Commissioner Chappell asked Mr. McNeill if staff was comfortable with the remaining level of reserves. Mr. McNeill said Rosman Fire Rescue has done a good job in working to reduce their debt service because it affects their operational budget. **The motion was unanimously approved.**

LAKE TOXAWAY FIRE RESCUE RESERVE FUNDS REQUEST

Operations Manager David McNeill reported that Lake Toxaway Fire Rescue is requesting the use of reserve funds for the installation of a concrete extrication slab adjacent to the burn building for rescue training (\$5,000) and the acquisition of a Zodiac Rescue Boat (\$15,000) for water rescue in the district and provide mutual aid to other districts. He believes this is a legitimate request and equipment can be used to aid other counties. Lake Toxaway Fire Rescue includes these two items in next year's budget request. County staff is recommending that these items be funded from current year reserves to reduce the impact to the fire tax rate. Both items are capital improvement items with long term use. There was \$23,302 in reserves as of April 30, 2015.

Commissioner Lemel moved to approve the request for reserve funds in the amount of \$20,000 (\$5,000 for concrete pad and \$15,000 for boat) for Lake Toxaway Fire Rescue. The motion was seconded by Commissioner Chappell. Commissioner Chappell asked is staff is comfortable with the amount of reserves remaining for this department. Mr. McNeill affirmed. Commissioner Chapman asked

if departments considered purchasing military surplus. Mr. McNeill said the departments have acquired items in the past through military surplus; however, there has not been much available as of late. **The motion was unanimously approved.**

COURTHOUSE STRUCTURAL REPAIRS

Operations Manager David McNeill reminded Commissioners that in early March 2015, a structural issue was identified in the Courthouse in the area occupied by the Clerk of Court. The County contracted with Dean & Associates Engineering to evaluate the structural integrity of the identified area. The structural analysis resulted in immediate discontinuation of use of the Criminal Division, Civil Division, Law Library, Judges Chamber and Jury Room and a recommendation to evaluate the structural integrity of the remainder of the Courthouse. No additional immediate concerns were identified in the building limiting the structural remediation to the previously mentioned areas. County staff received a recommendation and proposal from Dean & Associates to correct the structural issues. The estimated construction cost of the original proposal was \$100,000, plus or minus 25%, with design and drawings estimated to cost \$11,500, for a total project cost of between \$86,500 and \$136,500.

After reviewing the proposal and estimate, County staff made the decision to acquire a second opinion of the analysis and corrective action needed to address the structural concerns. Medlock Engineering provided a structural analysis and proposed structural remediation to correct the concerns in the evacuated areas. The structural remediation efforts will require coordination of general construction, electrical, HVAC and data trades to access the area and repair the required demolition. Staff has worked with Architect Rich Worley and Medlock Engineering to develop a remediation strategy that includes structural drawings stamped by Medlock Engineering. The cost estimate for the structural work provided by Medlock Engineering in the original report was estimated at \$15,000 - \$18,000. However, there is considerable demolition and construction repair in all the previously mentioned trades that must be completed to allow the structural repairs to occur. After working with Architect Rich Worley and Medlock Engineering, staff is submitting a proposal for consideration by the Board of Commissioners. The total cost budget estimate provided by Mr. Worley is \$40,000 - \$43,000. This includes the construction cost estimate, engineering fees for construction drawings, engineering evaluation of structural repair and architectural fees. Staff recommends the addition of a 15% contingency to address any potential problems that may be identified during demolition. The total budget for the project would be \$49,450.

Given the immediate need to reopen the evacuated areas and concerns with the safety of the Courthouse, staff recommends approval of the Courthouse repair budget and approval for staff to proceed with a contractor to complete the work. The project would be overseen by the County Project Manager.

Commissioner Lemel moved to approve the Courthouse repair budget and for staff to proceed with a contractor to complete the work with the project to be overseen by County Project Manager. The motion was seconded by Commissioner Phillips. Commissioner Chapman inquired about the timeline from start to completion and asked if the project requires going out for bids. Mr. McNeill responded that the County is allowed to obtain three quotes from three different contractors. There does not have to be a sealed bid process which will expedite the project. He expects the project to be completed in approximately 30 days, depending on the court schedule. Some work can be done during the day, but some must be done after hours, particularly the demolition work. Commissioner Chapman encouraged the Manager to communicate with the judges because they have not been pleased about this situation. Commissioner Phillips said he appreciated the work done by Mr. Worley and Medlock Engineering and their efforts to bring the cost down from the original estimate. He believes the work being proposed is reasonable. Commissioner Lemel asked if the contingency includes cost for after hours or weekend work. Mr. McNeill confirmed and noted contingency would also cover the cost of unexpected issues. Commissioner Chappell thanked all the employees and judicial officers in the Courthouse for their

patience while the County works to resolve this matter. Chairman Hawkins echoed Commissioner Chappell's comments and thanked Mr. McNeill as well for his efforts to get this project complete.

FY 16 BUDGET PRESENTATION

The Manager reported this year she has introduced changes to the budget process from year's past. To understand how she arrived at the recommended budget, she thought it was important for everyone to understand the process and methodology used. Some of the new elements included:

- Goal setting and outcomes with budget requests to support strategic plan development
- Electronic management of departmental budgets through shared files and automatic updates from CSI program
- Ability to electronically update during internal meetings
- Presentation of accomplishments, trends and goals to Commissioners to aid in prioritization
- Ongoing questions and answers to make sure Commissioners have all of the data they need to make decisions on the budget

Every budget process is staff time intensive with many levels of review. The Manager recognized and thanked the Commissioners and Department Heads for their hard work and adaptability to the changes made this year. The multi-level review involved the following:

- February: Department Heads worked to develop budget requests; meetings with Commissioners on priorities before seeing trends and goal-setting at the department level
- March: Finance staff began review and sought clarification and documentation as needed, particularly any increases, but also decreases; emphasized that staff works hard to look for ways to save money and implemented several programs over the last few minutes that are geared toward finding efficiencies
- March-April: Department Head meetings commenced with Finance, Administration and Human Resources to discuss capital and personnel requests and to understand changes in their budgets
- May: Meetings with Commissioners about priorities after data presentation at end of April; Commissioners have met with the Manager at least once to discuss trends and share with her their individual priorities

The Manager noted that in Commissioners' agenda packets there is a copy of her budget message and attachments that include budget by department, expenditures, revenues and worksheets from their individual meetings with her. These include capital worksheets, personnel worksheets, outside agency requests, along with the five-year capital plan that is based on departmental requests, not recommendations.

The Manager presented her Budget Message for the 2016 fiscal year. She stated that with discussions with Commissioners have helped her hone in on fiscal policy goals that she feels like were a common thread. This is a summary of the budget presentation by both the Manager and Finance Director Gay Poor:

Fiscal Policy Goals

- Move away from operational expenses being funded by Fund Balance
- Develop a Fund Balance policy, including having a minimum for undesignated fund balance and designate any amount above that toward capital improvements
- Develop a long term capital improvement plan
- Work towards multi-year budget planning

- Implement Performance Based Budgeting with outcome measures; helps County to be accountable for tax dollars by showing how departments are providing services to the community
- Consensus on this year's and future years' County needs from Commissioners for recommended budget; Manager to put forth a plan that is reasonable and meets Commissioners' expectations
- No tax increase this year

Revenue Projections (simple overview; more detailed provided by Finance Director later in the meeting)

- Positive growth in economic indicators
 - Real property transfers
 - Sales tax
 - Some growth in tax base
- No assumption of legislative change that would enhance current revenue streams
- No recommended tax increase

Requests vs. Projections – Analysis

- Fully funded requested expenditures vs. projected total revenue started with a \$3,356,817 deficit
- This would require a \$0.05562 tax increase to fund all requests across the board
- Utilized Commissioner feedback to prioritize needs removing \$2,280,186 or 67.93% from requested to recommended
- Included personnel and capital requests that at least had majority support or consensus (exceptions will be noted)

Expenditures (more detail to be offered by Finance Director)

- Very little change in the percentage of expenditures by function as compared to FY 2015 Budget
- Public Safety and Education are two of the key areas in spending because they are also the key areas for service
- A breakdown of expenditures by natural classification as expected indicates personnel/human capital as critical elements for an organization providing services to the public; makes up one of the largest percentages of the budget, with Education the second largest; this ratio has also not changed dramatically over the last few years

Recommended Budget FY 2016

- Recommending balanced budget of \$47,683,062
- Overall 1.9% increase over FY 2015
- County services represents 2.1% increase
- Education represents 3.0% increase over FY 2015
- Lottery funding is expected to decrease
- Blue Ridge Community College represents 12.5% increase

Summary

- Maintain current tax rate of \$0.4499/\$100 valuation
- Reduce fund balance budgeted for appropriation by 46% to move toward a policy of not funding the budget from Fund Balance in the future
- Total General Fund growth at 1.9%
- Recommends policy development
 - Outside Agency funding
 - Fund Balance minimum available and capital fund
 - Development of a longer term capital improvement plan with associated funding strategy

Next Finance Director Gay Poor presented the budget details. This is a summary of her presentation:

Revenues-Assumptions and Trends

Property Tax

- Highest revenue source; only revenue the County has any direct control over
- 57% of total revenue projected for FY 16 (\$27.2 million)
- No tax increase proposed; maintain current rate of \$0.4499/\$100 valuation
- Small growth in tax base of \$15 million, which should generate approximately \$67,000 in tax revenue; current tax base at \$6.35 billion; each cent on the tax rate is worth \$603,500
- Collection rate assumed at 99.5%; each % accounts for \$272,000

Sales Tax

- FY 15 sales currently exceeding FY 14 by 12-13% for July-February; budgeted at \$6.8 million in FY 16
- 3% growth was budgeted for FY 15 so estimated excess sales tax receipts at \$650,000-\$700,000
- Assumed 3.5% for FY 16 which is recommended by the NCACC
- 1% sales taxes=\$68,000
- Medicaid Hold Harmless second year reduction of \$125,000 (two more years phase out remain); the repealed sales tax value is increasing at a faster rate than Medicaid costs so County does not feel full impact of reduction

Other Taxes and Permit Fees

- At just under \$1 million and includes:
 - Elections office revenues
 - Register of Deeds fees
 - Building and Permit fees
- Expecting additional \$85,000 in real property transfer fees
- Figures are based on recent experience and are adjusted as needed

Sales and Services

- Included \$3.2 million in FY 16 Budget
- Jail fees from housing other counties' inmates
 - \$40/day per inmate per day revenue
 - Expect to house average 14/day in FY 16
 - Additional revenue of \$58,000, compared to FY 15 Budget
 - Statement Misdemeanant Confinement average 6/day
- Adult health and immunization; slight increase approved in spring and incorporated into the expected revenues for FY 16; these are the only fee increases
- EMS ambulance fees
 - Project an increase of \$103,000
 - Increasing actual transports
 - Slight increase in Medicare and Medicaid reimbursements
 - Almost 2% improved private and insurance pay collections
- Child Development/New Adventure Learning Center
 - Restructured ratios changed both revenue and expenditure numbers but level of support is the same
 - Revenues dropping due to reduced enrollment; staff evaluation resulted in decision to have more manageable class sizes
 - Revenues down \$77,000, with corresponding decrease in expenditures; County support remains steady

Intergovernmental Revenue

- Represents the second largest component of revenues at \$7.6 million, or 16.1%
- Public Health
 - Increase of almost \$174,000 in State and federal grants, includes Drug Free Community
 - Smaller decreases in WIC Nutrition and Health Promotion programs
- Transportation
 - Decrease of \$21,000 in ROAP funding
- Recreation
 - PARTF grant funding was reflected in FY 15 with none anticipated for FY 16
- Social Services:
 - Increase in federal match to 75%; administrative
 - Additional funding for Child Protective and Welfare Services
 - Net \$21,000 increase in State and federal child care subsidies
 - Reduction of \$28,000 for Medicaid Transportation
 - Reduction of \$44,000 for LIEAP
 - NC Pre-K education funds included at \$50,000
 - Overall increase in State and federal funding for DSS and Child Development of \$605,000

General

- New revenue distribution due to beer and wine sales of \$116,000 for FY 16
- Reauthorized funding for Secure Rural Schools Program at \$41,000 over FY 15 Budget; dollars are restricted

Fund Balance Trend

The Manager discussed this topic. She shared trends regarding Fund Balance appropriation since 2003. Last year the Undesignated Fund Balance as a total percentage was 4.3%. The goal this year is to begin taking steps to no longer use Fund Balance for operations, so the Undesignated Fund Balance is being reduced to 2.3%. She noted that staff has historically estimated revenues very conservatively because staff has to be mindful that in any given year there could be a lower than expected tax collection rate, although the Tax Administration department does an incredible job. This could also occur with sales tax. Staff may find at the end of the fiscal year that a fund balance appropriation is not needed.

Fund Balance

The Manager provided a breakdown of the Fund Balance showing the amounts that are restricted and spendable. At the end of June 2015, the Fund Balance is expected to be at 29.2% as a percentage of expenditures. At the end of FY 16, it is projected to decrease to 23.6%. She noted that as part of policy development, she would like to see Commissioners discuss any excess funds above the percentage selected as the minimum percent to be committed toward long term capital improvements. This would amount to around \$4-5 million and should be viewed as investment in the community.

Solid Waste Fund

- FY 16 supplement from General Fund is \$607,000
- Revenues
 - Scale sales expected to grow 4%, or \$43,000 over FY 15
 - Other revenue expected to remain relatively flat
- Expenditures
 - Operating expense budgeted 2% more
 - Budgeted capital down due to compactor purchase last year

- Reserves
 - NCDENR requires demonstration of financial assurances for closure, post-closure and potential corrective action costs with landfill cells.
 - FY16 provides \$307,000 for the closure, post-closure, PACA liability and \$207,000 for the reserve for the next phase

Revenue Summary

- Property Tax is the only area the County can raise revenues
- Sales Tax is distributed back to the State
- Fund Balance appropriation acts as savings account

Expenditures

The Manager emphasized there are a lot of needs throughout County government for services that are generated by the public. Some of the needs are existing and critical, and others are growing. She feels this was demonstrated very well in the departmental presentations in April. However, the County does not have the funds to address all those needs. In moving forward with what the County can fund this year, the Manager presented her recommended expenditures. This is a summary:

Personnel Detail Changes

- Total of two net positions at a cost of \$108,125
 - Removing three in Child Development
 - Adding two DSS income maintenance caseworkers (75% State)
 - Adding a Parks Maintenance Technician
 - Adding two Sheriff's Deputies for Patrol
- Reclassifications
 - Increasing work week
 - Organizational restructuring
 - Reclassification due to higher functioning job duties

Capital

- Many replacement items (vehicles, servers, recreation equipment)
- Maintenance issues need to be addressed (aging jail security equipment, DSS window and internal gutter replacements due to water damage, surge protection at Public Safety Facility)
- Intended to reduce future costs of delaying items
- Significant decrease in Solid Waste from last year due to reduction of cost of compactor that was purchased in FY 15
- Major expenditures on equipment in Communications but paid 100% by 911 funds
- Total capital funding at \$1.3 million, a 26% decrease from FY 15

Overarching Budget Factors

- Affordable Care Act changes to benefits
 - Particularly impacts part-time staffing support
- Windows XP and Windows Server2003 no longer supported
- State Retirement changes (decrease in rate, even lower than projected)
- Health Insurance stable (claims trend at 8%, no changes recommended)
- Employee Wellness (successful)
- Compensation Study implementation; completion of phase 2 which began last year
- Decrease in fuel expense (outside excise tax)
 - \$2.15 gas/\$2.55 diesel down from \$3.14 and \$3.40

- Flat change for Utilities, no anticipated changes
- Increase in Workman's Compensation Insurance of 8.7%
- Stability in Liability and Property Insurance
- Contingency at same amount of \$100,000

Debt Service

- Continued to pay down debt service, with bulk being paid off in FY 17-18 and FY 21-22
- Total debt service in FY 13 is at \$2.3 million, leaving a balance of \$3.7 million

Outside Agency Requests

- County received many funding requests from outside agencies
- Need for policy, reporting requirements and documentation of nonprofit status; goal to align outside agency funding strategy the same as County departments are funded
- Funding at levels of last year for those agencies funded in FY 15
- Exception for funding for TRAIN while County works to incorporate DSS data
- TNRC position request-study further in future budget year, no recommended funding
- Discretionary Outside Agency requests recommended for funding at \$137,320
- Community Centers
 - Funded 11 Community Centers in FY 15
 - Recommend funding seven used by Board of Elections and one used as a Senior Meal Site at \$1,200 level each for a total of \$9,600
 - Further consideration/discussion next budget year about other community center support as they continue to be a valid part of the community

Reserve Funds

- Silvermont restoration and renovation
- Economic Development
 - Continued funding to support TPED

Outside Partner Agencies

- Cooperative Extension; small decrease in funding level, but looking at 50/50 split next year due to implementation of Cooperative Extension strategic plan
- NC Forest Service; small increase
- Smoky Mountain LME/MCO; same funding level
- Land-of-Sky regional partnership; same funding level

Rescue Squad

- Transylvania County Rescue Squad
 - Recommended funding: \$224,000, a 21.5% increase
 - Do not recommend funding for additional staff
 - Total requested: \$259,000
 - Removed a deficit from last year's budget
 - Removed the need for them to allocate \$25,000 of their fund balance
 - Request includes funds for additional staff

Education-Blue Ridge Community College

- Blue Ridge Community College:
 - Total request \$430,096
 - \$89,200 Capital; \$340,896 Operating

- 12.5% total increase from last year
 - Most of the increase funds part of a security coordinator and increases the Sheriff's contract deputy assigned to Blue Ridge to full time hours
- Recommend funding request in full

Education-Transylvania County Schools

The Manager reported that the legislative responsibility of counties with regards to education funding is to “include appropriations sufficient, when added to appropriations from [the State], for current operating expense of the public school system in conformity with the educational goals and policies of the State and the local board of education, within the financial resources and consistent with the fiscal policies of the board of commissioners”, per NCGS 115C-426. The NC Legislature gives the Board of Education the authority and responsibility over school personnel, education policy, asset and budget management, and to inform Commissioners of needs, but it leaves the responsibility of school sites, constructing facilities, and certain contracts to the Board of Commissioners, in addition to a responsibility for sufficient appropriations. This begs the following questions:

1. Is the County providing adequate funding?
2. Is the funding allocation consistent with County fiscal policies?

The following data review attempts to answer those questions.

Methodology for Funding Levels for Recommended Budget

The Manager showed a chart that indicates how the County's actual local funding per student compares to eight peer counties in FY 15. The information was provided by the NC Association of County Commissioners (NCACC) Annual Budget and Tax Survey. Transylvania County ranks 2nd to Dare County in the peer review. The public school forum reflects 2014 data that Transylvania County is 6th in actual funding out of 100 counties. Transylvania County was ranked 18th in 2003, but have risen on the list. It is important to note that the ADM has decreased in that time frame by 404 students from FY 04 to FY 14.

While the public school forum also publishes a ranking of ability to pay versus what is paid. The Manager does not recommend relying on that ranking. The methodology reflects an analysis of each county's fiscal capacity to support public schools, taking into account property values and using the State's average effective property tax rate and applying and applying it to those property values, and non-property tax revenues. Large, urban counties that combine high adjusted property valuations with broad-based economic activity and high per capita incomes tend to receive high rankings on this measure. The Manager does not feel that Transylvania County fits any three of those elements.

Factors of Performance-High School

The Manager stated that paying more for services that get a better result may be a great use for public dollars. For Transylvania County, as compared to peer counties, it seems to pay off with the 2nd highest in overall college and career ready proficiency out of the eight peer counties. The County is the 5th in graduation rate. This is an incredible achievement.

Factors of Achievement-Elementary

In 2014, according to DPI (Department of Public Instruction), Transylvania County came in first overall in 3rd grade EOG testing out of the peer counties which is an achievement the Board of Education and community can be proud of. While the Manager does not think there is a direct correlation between funding and educational achievement, Transylvania County is doing better for its children with that funding.

Methodology on Funding Levels for Recommended Budget

In continuing with the methodology on funding levels for the recommended budget and comparing to peer counties, the Manager also looked at the percent of the total budget spent on education to see how Transylvania County compares relatively to the total County budget. In this measure, Transylvania County tied for third in percentage of County budget for education. However, some services are provided, such as school resource officers and school nurses, which are not always provided by other districts. These kinds of programs have been highly valued by the County and comprise a portion of the increased cost, despite not being the norm in all of the peer counties. This information came from the NCACC Annual Budget and Tax Survey which was taken last year after all budgets were adopted. Since that time, Macon County in mid-year assigned school resource officers in their district.

State and Federal funding have netted overall increases from 2003 of \$3.3 million combined and a \$4.27 million increase in funding from County appropriations. County level support for education grew at an average of 4.95% from FY 03-14 while the remaining County budget (including BRCC) grew at an average annual rate of 2.66%. Education has been a priority for funding over the last 12 years.

Data Analysis Conclusions:

- Funding levels per student are higher than peer counties
- Funding levels as a percent of County budget are around the median for peer counties
- Some programs valued locally may account for some of the difference in funding per students (SRO's, school nurses, local supplement of nutrition program, and others)
- Transylvania County is performing at a higher level academically than peers based on two of three State test measures
- Fiscal policy for growth in County funds excluding education have averaged around 2.66% including Blue Ridge Community College support while education increases in local support have averaged 4.95% annually
- Current year County growth is recommended at 2.2% including BRCC and 2.1% without (excluding lottery funds)

Budget Request/Budget Recommendation

- Total requested \$13,805,147, a 13.2% increase from FY 15
 - \$11,694,323 in current funds (including \$132,608 in NCGA mandated funds for health insurance, retirement rate increases, step increases and raising minimum teacher pay to \$35,000)
 - \$2,110,824 in capital funds
- Recommended funding level: \$12,561,610, a 3% increase from FY 15 (net \$365,872)
- Maintains current tax rate

Alternative Revenue Strategies for additional education funding

The Manager pointed out that control of revenue increases is severely limited for North Carolina counties by the State legislature. At this time, the only way Transylvania County can increase revenue is through a property tax increase or to appropriate additional Fund Balance. Should Commissioners decide to consider additional funding for education, they could proceed with one of two strategies offered by the Manager.

- Strategy One: Appropriate additional County Fund Balance
 - Additional total funds requested \$1,243,537
 - Fund Balance appropriation would be at \$2,320,168, or 4.7% (replacing where they have allocated their fund balance for operating at \$786,657)

- Strategy Two: Property Tax Increase
 - Additional Funds requested \$1,243,537
 - Property tax rate increase of \$0.0206/\$100 valuation (\$786,657 would be \$0.013/\$100 valuation)

The Manager also recommended a facilitated meeting in the fall with the Board of Education to work toward long term fiscal planning so the County can begin to think multi-year rather than having to review during the budget cycle each year.

Fire District Tax Rates

The Manager presented two options for fire district tax rates as requested by the fire districts. One includes staffing requests and the other does not. The option that includes the staffing requests impacts the fire district tax rates at a range of \$0.0028 to \$0.0134 increase. A second option would be to wait until after the countywide fire service study is complete and to adopt budget the budget without the additional staffing request. With this option, the fire tax rate increases range from \$0.0009 to \$0.0134.

Discussion

As a reminder, the Manager asked the Board to:

- Be patient, be kind, be courteous and be cordial
- Identify topics for the workshop next Monday that do not have consensus tonight
 - Do Commissioners need additional data?
 - Do Commissioners need more detail on an area?

Based on these information Commissioners want to discuss further, staff will be able to shape the budget workshop presentation and develop an agenda. The Manager's goal is to ensure Commissioners have all the information they need to make the best policy decisions. She concluded her presentation by thanking Commissioners for allowing her to serve as their Manager.

Chairman Hawkins commented that this entire process has been different than what everyone has been used to and that will continue with the budget workshop. Historically Commissioners have held several workshops; however, being Commissioners have met individually with the Manager to discuss their priorities, the budget presentation should have held no surprises. There are still items Commissioners need to discuss. He thanked Commissioners, the Manager and staff for the work they have done and for their willingness to be flexible and open to a new process.

Commissioner Lemel expressed appreciation for the methodology that was used and for the across-the-board analysis. The information presented was very helpful in getting the Board to look at the bigger picture.

Commissioner Lemel inquired about the fire tax budget proposal. She is very much concerned about the disparity in the tax rates across the districts and how that impacts the ability to provide services. She preferred to adopt the fire tax rates without adopting the additional staffing request in anticipation of the study report. She asked if the report indicates additional staffing is the key would the appropriate action be to approve a budget amendment mid-year. The Manager said that would be the decision of Commissioners. They could not change the tax rate so monies to fund additional staff would have to come from Fund Balance.

Commissioner Chapman was concerned about not funding the Community Centers fully being the County has not notified those in which funding would be cut. He requested to discuss this item during the budget workshop.

Commissioner Chappell said the new budget process was difficult for him, especially so late in the year, but he commended the Manager for dragging him along. He understands next year the process will begin much earlier. For the budget workshop, he requested to hear more information about the PREA Officer because he is concerned about the impact of not complying with PREA standards.

Commissioner Phillips appreciated less reliance on Fund Balance for operational expenditures and is confident the County will have a balanced budget in the near future. He was very appreciative of the work done by the Manager and Department Heads.

Commissioner Chapman said it should not go unnoticed that this budget has no tax increase. Everyone should feel proud that the County is able to provide the level of service citizens are demanding at a lower cost. He is unsure how long this can continue because the State continues to pass costs down to counties, especially in education. Even still, Commissioner Chapman believes the future is looking brighter.

Chairman Hawkins asked Commissioners to submit any questions or concerns to the Manager prior to the budget workshop. The budget workshop will begin at 6:30 p.m. but Commissioners should arrive at 6:00 p.m.

MANAGER'S REPORT

The Manager reported the following:

- Update on long term community water needs-collaboration with City and Town
 - Chairman Hawkins and Manager met with Interim City Manager and Mayor; decided to meet again and include Mayor of Rosman to decide what all three parties' needs are in the future and challenges moving forward
 - Discussions to look at strategies to look at broader community level water needs
- Congratulated Bart Renner on his new position as Director of Transylvania County Cooperative Extension
- Biggest Loser Competition-County Employees (486.5 lbs lost; 45 participants; congratulated Mike McKinney as the winner of the competition)

PUBLIC COMMENT

Jackie Hovey: Ms. Hovey is involved with the School System and she said she has personally seen how they are tightening their budgets, while the State continues to enforce stricter regulations and pass costs down to the County. She asked Commissioners to consider additional funding for the School System because they are the County's biggest asset and teaching our future generation.

COMMISSIONERS' COMMENTS

Commissioner Chapman expects to hear much about the education budget in the coming week. He agreed the education of our children is critical. He asked citizens how they have been involved with addressing education issues at the State level. He reported there are over 800 employees on the payroll of the Department of Public Instruction and the budget of these non-teaching employees is \$153 million. In addition, there are the salaries of the State Board of Education, 114 local boards of education, school superintendents and other administrators, psychologists, school resource officers, human resources, the list goes on. This is money being spent on education that never reaches the classroom and before a child encounters a single teacher. Commissioner Chapman feels the public should be outraged and should express this to legislators in Raleigh. Another issue is the educational lottery. When the law was passed, it read that 40% of lottery funds were to be allocated to the counties and that has yet to happen. Again, he

urged citizens to contact legislators and urge them to allocate money where it needs to go, that being the classroom.

Commissioner Lemel announced great results from the Taste of Transylvania event which benefits Transylvania County Schools. She attended the TC Scholars Program evening event. TC Scholars from both high schools were recognized. She enjoyed lunch with the Manager and School officials and talked about how the County and the School System can build a more collaborative relationship. On Friday night the Transylvania County Heritage Museum offered a sneak peek at their new exhibit on the history of summer camps in the County and she had an opportunity to talk about this on WSQL Radio today. Commissioner Lemel attended the Memorial Day event with Commissioner Chapman and Representative Whitmire and it was a lovely tribute to all those who have served our country. She reported she is missing the Smoky Mountain mental health meeting tonight because of this meeting. Additionally, she is missing the Brevard High School Athletic Banquet tonight in which her high school senior daughter is being honored along with the soccer team. It is a very busy time for the schools and she is appreciation of all that is happening.

Commissioner Phillips recalled a past Board of Commissioners sending a letter to the Board of Education requesting school to be closed on Memorial Day. This is a holiday that was bought and paid for with the lives of so many. Commissioner Chapman responded. He said he agreed with Commissioner Phillips at one time, but after talking with the School Superintendent, he now has a different perspective. Memorial Day has become more of a holiday than a day of observance or remembrance. Dr. McDaris said teachers make a concerted effort on this day to teach children on what Memorial Day means. Commissioner Chapman wondered how many parents would take the time to do this if children were not in school.

Commissioner Chappell responded to comments made by Mr. Poad during the first public comment period. Mr. Poad said he and his wife chose Transylvania County as their forever home. (Note: This was not stated in the minutes.) Commissioner Chappell said those who have been fortunate enough to be born and raised here are blessed, but others moving here from elsewhere bring so much to the community. He shared a story about meeting an individual over the weekend that grew up in a time we call “the greatest generation”. It reminded him of how much people love this community and how we all need to remember that what we do now shapes the future of this community. He asked Commissioners to keep this in mind when deliberating the budget next week.

ADJOURNMENT

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

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board