

**MINUTES**  
**TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS**  
**June 1, 2015 – BUDGET WORKSHOP**

The Board of Commissioners of Transylvania County held a budget workshop on Monday, June 1, 2015 at 6:30 p.m. in Commissioners Chambers at the County Administration Building.

Commissioners present were Vice-Chairman Larry Chapman, Jason Chappell, Chairman Mike Hawkins, Kelvin Phillips and Page Lemel. Also present were County Manager Jaime Laughter, Finance Director Gay Poor 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 Hawkins presiding called the meeting to order at 6:37 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.

Chairman Hawkins turned the meeting over to the County Manager.

**BUDGET ITEMS FOR DISCUSSION**

The Manager explained the format for this workshop would be different than years' past. She asked Commissioners to focus on the remaining budget items in which Commissioners decided further discussion was needed and for the majority to support or not support the items being presented.

For this workshop format the Manager will act as the facilitator. She will review information presented to Commissioners at the last regular meeting as part of her recommended budget for the County. Commissioners will then discuss these items and decide upon any further changes before holding the public hearing which is currently scheduled for the June 8 regular meeting.

In order to move forward and adopt a balanced budget, she will present four different items as requested by Commissioners. The Finance Director will be able to show the impact on the fund balance and tax rate. Once it appears there are three Commissioners in agreement or when a 15-minute time period has been reached, the Manager will call for a vote unless Commissioners express an interest in continuing discussion. As always, she asked Commissioners to be patient, kind, courteous and cordial in their discussions.

To begin, the Manager provided some budget updates. She reported a reduction in expenditures from the State on retirement contributions. In addition, there is one agency funding reduction request. These unexpected reductions total \$13,408 and result in a Fund Balance appropriation of \$1,066,273, a 46% reduction from FY 2015.

**COMMUNITY CENTER FUNDING**

The recommended budget funds seven community centers that are used by the Board of Elections as voting poll sites and one that is used as a Senior Meal Site center. The funding level is \$1,200 each for a total of \$9,600. In prior years, the County funded 11 community centers when all 11 served as voting poll sites. In the recent past,

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some of the precincts were combined and a few of the precincts were no longer being used for this purpose. In addition, this year the See Off Community Center has requested the same level of funding as the others. It has not been funded in the past. It would require another \$4,800 to fund all 12 community centers. If Commissioners choose to fund all 12, the funds would come from Fund Balance.

#### *Discussion*

Commissioner Chapman said it is important for Commissioners to develop a policy on funding community centers and nonprofit organizations in the future. He proposed continuing funding the 11 community centers in the coming budget year in addition to See Off Community Center. He does not feel comfortable discontinuing funding for the other community centers without first notifying them.

Commissioner Lemel agreed and stated that all community centers should be treated equally until there is a policy in place that would allow for any differentiation among each of the community centers. She supported adding the \$4,800 to the budget to fund the 11 community centers plus See Off Community Center.

Commissioner Phillips preferred to fund only those serving as voting poll sites and the senior meal site, noting these are private entities set up and funded by the respective communities. He would like to see continued discussion on this issue in the future and determine an appropriate level of funding. Commissioner Phillips noted that the County has assisted community centers in other ways in the past, such as waiving landfill tipping fees.

Commissioner Chappell echoed Commissioner Phillips' statements and also agreed with having future discussion to create a consistent funding policy. For this reason, he preferred not to fund See Off Community Center's request if Commissioners intend to change the funding policy next year. He was on board with the Manager's recommendation.

Chairman Hawkins said it should be understood that the See Off Community Center request should be considered one-time funding. He preferred to continue funding at the same level since the County has not informed the community centers otherwise, in addition to See Off Community Center's request.

#### *Action*

**The motion to fund the 11 community centers as funded last year in addition to the See Off Community Center at a funding level of \$1,200 each and include in a letter to each community center that Commissioners will be developing a funding policy next year and that future funding is not secure passed by a vote of 3 to 2, with Commissioners Chappell and Phillips voting against.**

#### POSITION REQUEST FOR PREA OFFICER IN SHERIFF'S DEPARTMENT

The Prison Rape Elimination Act (PREA) requires that the County employ or designate an upper level, agency wide PREA coordinator with sufficient time and authority to development, implement, and oversee agency efforts to comply with the PREA standards in all of its facilities. The Transylvania County Detention Center averages six new intakes per day. Each new intake must be interviewed per PREA requirements and takes approximately one hour. Even if a person has been in the Transylvania County Detention Center before, they still must be interviewed again per PREA requirements. Failure to comply with PREA standards can result in loss of federal funding and exposes the County to liability.

Facilities that contract to hold local, State or federal inmates risk losing those contracts including State Misdemeanant Confinement Program (SMCP) inmates. Thus, failure to adhere to the PREA standards will result in the Sheriff's Office losing funding from other counties and the SMCP. Facilities shall designate a person with sufficient time and authority to coordinate the facility's efforts to comply with the PREA standards.

Prior to this workshop, Commissioners submitted inquiries to the Manager about this request. Her findings were:

1. PREA Coordinator does not have to be full-time

2. There are currently five full-time coordinators in the State, but many counties are requesting officers
3. Unclear when an audit may occur in North Carolina, but so far none have
4. Unclear how federal penalty to State would impact local jails and funding
5. Contract for SMCP with State does not indicate counties will have a protocol for PREA compliance
6. Would need to be compliant with housing inmates for other jails
7. Will require training; upper level designation

The Manager offered two options for the Board's consideration:

1. Original request
  - a. Total expense \$51,373
  - b. Not included in the recommended budget
2. Secondary Proposal by Transylvania County Sheriff's Office
  - a. Total expense \$18,823
    - i. Reclassify detention officer to admin officer \$5,764
    - ii. Increase part-time by \$12,131 to cover detention officer 16 hours weekly
    - iii. \$928 FICA
    - iv. Medical Contractor to complete initial assessment
    - v. Blue Ridge Community College to provide training to staff, volunteers and contractors
    - vi. Volunteer to assist in developing materials
    - vii. Develop reporting through commissary kiosks and inmate phones
  - b. Recommend appropriation of fund balance

The Manager recommended the second option.

#### *Discussion*

Commissioner Chappell had asked that this item be revisited because he wanted to understand how the County would be impacted if not in compliant with PREA standards. Although that is still unclear, he stated that the Manager's recommendation of the secondary proposal is favorable, and although not ideal, it allows time to study this issue further to ensure this option ensures compliance. Commissioners Chapman and Lemel concurred.

#### *Action*

**All were in favor of the motion to support the secondary option and to appropriate dollars totaling \$18,823 from Fund Balance.**

#### FIRE TAXES – WITH STAFFING AND WITHOUT STAFFING

The Manager presented two proposals for fire departments' budgets and fire tax rates. One reflected the additional staffing levels and the other was without. The justification for each was included in the Commissioners' agenda packets.

#### *Discussion*

Commissioner Chappell expressed concern about adding more staffing without first receiving the report on emergency services delivery, which includes fire departments. He understands each department has needs, but at this time he recommended the fire department budgets and tax rates without the additional staffing.

Commissioner Chapman agreed. He noted there is a vast disparity in fire tax rates for each fire district due mainly to the property values in those districts. He anticipates the result from the report and an upcoming discussion by this Board on how best to establish equality throughout the district in terms of both staffing levels and equipment.

Commissioner Phillips supported both Commissioner Chappell's and Chapman's recommendations.

*Action*

**All were in favor of the fire department budgets and fire tax rates without the additional staffing.**

EDUCATION FUNDING OPTIONS

The Transylvania County Board of Education requested \$11,694,323 in current spending and \$2,110,824 in capital outlay. This represents a 13.2% increase over FY 2015. The Manager's recommended budget included a funding level of \$12,561,610 in FY 2016. This represents a 3% increase (net \$365,872) over FY 2015 in current expense and holds capital outlay at \$1.6 million. The recommendation also maintains the current tax rate.

The Board of Education was not in agreement with the Manager's recommendation and after discussing with them further; the Manager put together several alternative funding options for the Board of Commissioners to consider. They are:

1. Alternative One – Full request with additional County Fund Balance
  - a. Additional total funds requested is \$1,243,537
  - b. Fund Balance appropriation would total \$2,320,168; or 4.7% (replacing where the Board of Education has allocated their own fund balance for operating expense totaling \$786,657)
2. Alternative Two – Full request with property tax increase
  - a. Additional total funds requested is \$1,243,537
  - b. Property tax rate increase of \$0.0206/\$100 valuation (\$786,657 would be \$0.013/\$100 valuation)
3. Alternative Three – Fund Balance reserve for Education
  - a. Create \$200,000 reserve in designated Fund Balance
  - b. For Education use only
  - c. Funds from undesignated Fund Balance
4. Alternative Four – Additional allocation of \$300,000
  - a. Fund from Fund Balance or tax increase (\$0.00497)
  - b. Based on May 29, 2015 County Commission meeting with the following estimates:

Mandated, per Board of Education presentation	132,608
FY 15 estimated usage of fund balance	786,657
Reductions identified by Board of Education	(400,000)
Recently announced federal reductions	146,000
<b>Total</b>	<b>665,265</b>
Appropriation already included in recommended budget	(365,872)
<b>Additional Support</b>	<b>299,393</b>

5. Alternative Five – Additional allocation of \$200,000
  - a. Fund from Fund Balance or tax increase (\$0.00331)
6. Alternative Six – Additional allocation of \$134,128
  - a. Fund from Fund Balance or tax increase (\$0.00222)
  - b. Option offered by Superintendent McDaris to Manager today

*Discussion*

Commissioner Chapman thanked the Board of Education for their willingness to offer additional funding alternatives. He supported an increase in allocation of an additional \$150,000 over the Manager's recommendation which is a figure between Alternatives Five and Six.

Chairman Hawkins noted the uniqueness of this year's budget process and structure as compared to previous years. For many years, previous Boards have planned budgets from year-to-year rather than thinking more long term. He said it is the Commissioners' goal to begin budget planning for the long term, which includes the School System's budget. In addition, Commissioners, along with the Board of Education, intend to work together in the coming months to establish a formula to provide consistency and certainty in terms of funding the

School System.

Chairman Hawkins continued by saying there was a miscommunication that came to light this week in that the Board of Education was operating with the understanding that they would be made whole again once they had depleted their fund balance. In fact, the former County Manager informed Commissioners over the past few years that the School System's fund balance would be depleted in the coming years. However, from Commissioners' perspective, they did not communicate effectively to the Board of Education that this may or may not happen. Because of that, the Manager's recommended budget for the School System was a surprise to the Board of Education. Chairman Hawkins commended Dr. McDaris and the Board of Education for working through these issues and sharing an intention and a desire to work together. Because he feels there was a miscommunication issue, he feels the County should allocate additional funds for the School System.

Commissioner Chappell pointed out that he offered Alternative Three for this very reason. Previous Boards stated the County would be available to help the School System when their fund balance was depleted. Whatever the level of funding, it is not the County's responsibility to dictate to the Board of Education how funds should be spent because the Board of Education is a duly elected Board.

Commissioner Lemel joined Chairman Hawkins in his goal to consider long term budget planning and to establish a consistent and dependable relationship with the Board of Education. She agreed the allocation should be more than the recommended 3%, but stated it is impossible for counties to continue making up for every single cut experienced by the schools. Commissioner Lemel recommended Alternative Four.

Commissioner Phillips agreed that counties cannot continue making up for budget cuts, although he understands the Board of Education's frustration. He supported Alternative Three, but said he was not opposed to Commissioner Chapman's proposal.

The Manager attempted to establish consensus, but Commissioner Chappell asked for continued discussion. Commissioner Chappell said he agreed with Commissioner Phillips' comments, but he also supported Commissioner Chapman's recommendation for additional funding because of the misunderstanding between both Boards.

Commissioner Chapman did not support the fund balance reserve option because he thought it would hinder the Board of Education's need for flexibility and could give the illusion that the Board of Commissioners would be approving their spending. Commissioner Chappell preferred to view the fund balance reserve option the same as the Board of Commissioners views lottery funds, like pass-through funds.

Chairman Hawkins also did not support the fund balance reserve option. He believes the County's role is to set an appropriate level of funding within the context of the County's budget. The Board of Education can then allocate those resources however they see fit.

Chairman Hawkins and the Manager asked Commissioners to vote on one of two options: Alternative Five (additional \$200,000 more than Manager's recommendation) or Alternative Seven as offered by Commissioner Chapman (additional \$150,000 more than Manager's recommendation) for operating expenditures.

#### *Action*

**Commissioners unanimously approved funding the School System by an additional \$200,000 (Alternative Five) over the Manager's recommended budget with funds to come from Fund Balance.**

### **APPROVAL OF BUDGET FOR PUBLIC HEARING ON JUNE 8**

Finance Director Gay Poor calculated the changes to the recommended budget. With these changes discussed and acted upon tonight, the proposed budget for FY 2016 is \$47,893,277, an increase of 2.4% over FY 2015, and it will require an allocation from Fund Balance in the amount of \$1,286,846, a 35% reduction of Fund Balance

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appropriation from FY 2016.

**Commissioners unanimously voted to schedule a public hearing on the proposed budget for the June 8, 2015 Board of Commissioners' meeting.**

### PUBLIC COMMENT

Tawny McCoy: Mrs. McCoy is the Chairwoman of the Board of Education. She thanked the Board of Commissioners for the opportunity to discuss the School System's budget further and for their consideration of a budget increase. She said she looks forward to continue working with the Board of Commissioners on the budget process.

Larry Miller: Mr. Miller has worked for the County's Emergency Medical Services (EMS) department for 20 years. He said his number one priority is the safety and welfare of citizens. He pointed out that over the last 20 years the number of EMS calls has more than doubled yet the department continues to operate with the same number of trucks and only four additional employees. Mr. Miller said the department is continuously out of trucks and he thinks it is important to add more employees to the EMS department because citizens deserve a much higher level of care than what the County is able to provide at this time.

Jimmy Jones: Mr. Jones addressed the Board as the President of the Cedar Mountain Fire Department. He echoed Mr. Miller's previous comments and reported that since January 1, 2015 there were 29 occasions when there were no trucks available because they were in service, noting that six of those occurred last week. In addition, he commented about the two tele-communicator positions that were requested in the budget, but were not included in the Manager's recommendation. He said the ISO (insurance) ratings used to be determined partly by the call ratio to staff level, but new rules and regulations have changed the requirement to performance of available staff. He believes this will impact ISO ratings as it has done in other counties already. This challenge is in addition to the various departmental struggles with available volunteers and equipment requirements.

### COMMISSIONERS' COMMENTS

Commissioner Phillips requested that EMS operations be included in the emergency services study because it is imperative that the County is able to provide the best services to people in this County.

Commissioner Lemel thanked the Manager for implementing the new budget process and was appreciative of Commissioners looking toward the future to tackle the many challenges ahead. She believes the Board should take a more comprehensive view of the organization to determine how to best be of service to the citizens. In addition, Commissioner Lemel said she looks forward to the opportunity to work with the Board of Education this coming fall.

Commissioner Chapman asked the Board to consider a full agency-wide study of the County's operations because this budget process has brought to light many issues the County is facing. He noted that Davie County had a study completed of their operations which resulted in a restructuring and cost savings to the taxpayers. He invited the Board of Education to participate. Commissioner Chapman also thanked the Manager for implementing the new budget process. He said there remain difficult decisions to make and he encouraged citizens to be involved with their local government.

Commissioner Chappell thanked staff for the time they put into this budget process and for responding to Commissioners' numerous requests for information.

Commissioner Chapman asked for a budget summary prior to the next meeting.

Chairman Hawkins responded favorably to the public comments made by the two gentlemen because the

information they provided was based on data. He said data driven budgets are the future of local governments and others. Chairman Hawkins agreed the County should examine the needs of EMS along with the fire service study. He pointed out there are needs that are not included in this budget because they may not have fit within the context of what Commissioners wanted to achieve this year. He suspects many of the same items to be included in next year's request. Nonetheless, he said he was pleased with the new budget process. Chairman Hawkins closed by inviting the public to attend and comment at the public hearing on the budget next Monday night.

#### ADJOURNMENT

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

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Mike Hawkins, Chair  
Transylvania County Board of Commissioners

ATTEST:

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Trisha M. Hogan, Clerk to the Board