

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
May 9, 2016 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in regular session on Monday, May 9, 2016 at 7:00 p.m. in Commissioners Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

Commissioners present were Jason Chappell, Chairman Mike Hawkins, Page Lemel and Kelvin Phillips. Vice-Chairman Larry Chapman was unable to be physically present because he was out of town for work purposes, but he participated via Skype. He will not be permitted to vote on any item. Also present were County Manager Jaime Laughter and County Attorney Tony Dalton. Clerk to the Board Trisha Hogan was not in attendance because she was attending NC Clerks Certification courses in Chapel Hill.

Media: *The Transylvania Times* – Derrick McKissock

There were approximately 30 people in the audience.

CALL TO ORDER

Chairman Mike Hawkins presiding declared a quorum was present and called the meeting to order at 7:05 p.m.

WELCOME

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

PUBLIC COMMENT

Doug Poad: Mr. Poad serves as the secretary for the See Off Homesteaders Community Center. He spoke in support of funding for community centers in the County because they serve as a resource and sense of place for communities. Mr. Poad stated that the Manager's budget proposal for funding community centers is a small but important investment and he encouraged Commissioners to vote in support of the recommendation.

Tawny McCoy: Ms. McCoy is the Chairwoman of the Transylvania County Board of Education and she spoke on behalf of her Board. She thanked Commissioners for their support of education over the years and for the hard work that went into establishing the base line funding formula for operating expenses. However, the Board of Education has concerns about the formula's ability to safeguard against their increased operating costs. Regarding capital investment, the Board of Education submitted a request that reflected an increase of \$1.1 million. Ms. McCoy pointed out that the additional capital outlay appropriation will actually be a zero net increase. The capital appropriation comes from shifting the debt service payment on school debt, which will be paid off in FY 2016, to additional capital outlay. The Board of Education respectfully requested the Board of Commissioners consider these requests.

AGENDA MODIFICATIONS

There were no agenda modifications.

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

CONSENT AGENDA

Commissioner Lemel moved to approve the Consent Agenda with the reading of the EMS Week and National Police Week proclamations, seconded by Commissioner Chappell and unanimously approved.

The following items were approved:

MINUTES

Commissioners met in regular session on Monday, April 25, 2016 and following met in closed session in which the minutes were sealed. The minutes were approved as submitted.

PROCLAMATION – EMS WEEK 2016

In 1974 President Gerald Ford signed into law the Emergency Medical Services Systems Act of 1973. Since then the third full week of May has been designated as EMS Week. The purpose of EMS Week is to honor the dedication of the EMS personnel who provide day-to-day lifesaving services of medicine's front line. Commissioners expressed how proud they were of the paid and volunteer EMS staffs that provide this critical lifesaving service to the citizens and visitors of Transylvania County. Commissioner Phillips read aloud the proclamation for the benefit of the public. Commissioners approved Proclamation 15-2016 EMS Week.

(Proclamation 15-2016 EMS Week is hereby incorporated by reference and made a part of these minutes.)

PROCLAMATION – NATIONAL POLICE WEEK 2016

The week of May 15-21, 2016 is National Police Week with Peace Officers Memorial Day designated on May 15. Sheriff Mahoney has requested that the Board of Commissioners publicly recognize and salute the service of law enforcement officers in our community and in communities across the nation. This is an annual proclamation approved by the Board of Commissioners. Commissioner Chappell read aloud the proclamation for the benefit of the public. Commissioners approved Proclamation 16-2016 National Police Week 2016.

(Proclamation 16-2016 National Police Week 2016 is hereby incorporated by reference and made a part of the minutes.)

RESOLUTION APPROVING MATCHING FUNDS FOR BUILDING REUSE PROGRAM GRANT AWARD

Chairman Hawkins received a letter from the NC Department of Commerce-Rural Economic Development Division requesting a copy of a resolution approving 5% matching funds for the Building Reuse Program grant for Stone Mountain Cabinetry and Millwork, Inc. expansion project. The Board of Commissioners approved the matching funds during a regular meeting on March 28, 2016. The Clerk followed up with the NC Department of Commerce to determine if the minutes from the meeting would satisfy the request and was informed that a resolution was in fact needed in order for them to draft the contract with Transylvania County. Commissioners approved Resolution 17-2016 Resolution Approving Matching Funds for Building Reuse Program Grant Award and instructed the Clerk to forward the resolution to the NC Department of Commerce as requested.

(Resolution 17-2016 Resolution Approving Matching Funds for Building Reuse Program Grant Award is hereby incorporated by reference and made a part of the minutes.)

PRESENTATIONS/RECOGNITIONS

GOVERNOR'S VOLUNTEER SERVICE AWARD

Mary Scott Christfield is the recipient of the Governor's Volunteer Service Award for her efforts that led to the creation of the Hunger Coalition in Transylvania County. Commissioner Lemel, who works closely with the Hunger Coalition, read aloud the award letter from Governor Pat McCrory thanking her for her dedication to service and for achieving recognition as one of the State's top volunteers in 2016.

Commissioner Lemel commended Ms. Christfield for the work she has done as a private citizen working in collaboration with public and private agencies to find answers to the problems largely affecting our most vulnerable citizens. Commissioner Lemel looks forward to working further with her to tackle the challenges facing our community. County Extension Director Bart Renner added that Ms. Christfield truly recognizes how to address the issue of food insecurity. He thanked her for her collaboration with NC Cooperative Extension and a wide variety of other organizations. Commissioner Lemel presented Ms. Christfield with the award which was met with much applause from the audience.

Ms. Christfield recognized others who volunteered their time and effort to the Hunger Coalition. She also recognized the two Rotary Clubs in Transylvania County and Lake Toxaway Charities because they have provided much of the funding. Ms. Christfield was very appreciative of the award.

APPOINTMENTS

LAND OF SKY REGIONAL COUNCIL DELEGATION

Each local government in the Land of Sky Regional Council is asked to appoint members to the organization's Board of Delegates. The County's current delegation is:

- Primary – Mike Hawkins, Chair, Transylvania County Board of Commissioners
- Alternate – Jason Chappell, Commissioner, Transylvania County Board of Commissioners
- Economic Development – Josh Hallingse, Executive Director, Transylvania Economic Alliance

The Land of Sky also requests minority representation. At the Board of Commissioners' meeting on April 11, 2016, Commissioners instructed the Clerk to advertise the opening to the public to ensure that we have reached out to all interested persons in the community. The Clerk advertised the announcement and established a deadline of May 1. She received two letters of interest from Tommy Kilgore and Shelia McBee Norman. Staff recommended Commissioners appoint one of the two applicants to serve as the minority representative to the Land of Sky Regional Council Board of Delegates.

Commissioner Chappell nominated and moved to appoint Shelia McBee Norman to serve as the minority representative to the Land of Sky Regional Council Board of Delegates, seconded by Commissioner Lemel and approved unanimously.

BREVARD BOARD OF ADJUSTMENT AND APPEAL

The alternate position on the Brevard Board of Adjustment and Appeal is vacant. The Clerk advertised and received one application from Coty Ferguson. Mr. Ferguson lives in the extra-territorial jurisdiction (ETJ), a requirement to serve on this board.

Commissioner Lemel moved to appoint Coty Ferguson to fill the vacant alternate position on the Brevard Board of Adjustment and Appeal, seconded by Commissioner Phillips and unanimously approved.

PARKS AND RECREATION COMMISSION

Nicola Karesh resigned her position on the Parks and Recreation Commission. There are five applications on file. It was noted there are several appointments coming in June which will provide another opportunity for the applicants.

Commissioner Phillips nominated and moved to appoint Jan Plemmons to fill the vacancy on the Parks and Recreation Commission. The motion was seconded by Commissioner Lemel.

Commissioner Chapman offered his support of the nomination and was pleased to have an applicant from the Rosman area of the community, especially with the investments being made in parks and recreation there. Chairman Hawkins was pleased with the quality of applicants. **The motion was approved unanimously.**

WESTERN CAROLINA COMMUNITY ACTION

Terri Trimble has resigned from the Western Carolina Community Action Board of Directors. The Clerk has received one application from Nan Lee. Members serve six year terms.

Commissioner Lemel moved to appoint Nan Lee to fill the vacancy on the WCCA Board of Directors. The motion was seconded by Commissioner Chappell. Commissioner Lemel pointed out that Ms. Lee has been an unbelievable member of the Early Childhood Initiative task force. With her connections to related organizations, she is the perfect fit to serve on this board. **The motion was approved unanimously.**

NEW BUSINESS

APPROVAL OF DEED AND FUNDING AGREEMENT FOR CHAMPION POOL

Champion pool has been operational for the last 35 years. The pool and park that surrounds it have been an important part of the community and provide an activity for youth during the summer. For the last several years, the pool has required annual work patching issues in order to remain operational that have only lasted through the summer season. In 2015 an audit was prepared by Counsilman-Hunsaker with a recommendation on the renovations needed to bring the pool up to current standards and to make it an attractive destination based on today's expectations. The audit included a probable cost on items that totaled \$998,040.

The Town of Rosman approached the County with a proposal that would allow the Town to take ownership of the pool and park and also to leverage grant funds through USDA that are not available to the County. The proposal is summarized below:

- Transylvania County deed Champion park, pool and softball field to Rosman (required for the grant)
- Transfer the remainder of FY 2015-16 operational funds for the facility in the amount of 27,238.16 as of May 6, 2016.
- Agree to supplement Rosman annually for three years for operations of Champion park at \$50,000 per year (same as current budget) beginning July 1, 2016. These funds would only be used for the park and any unspent would be used for pool/park improvements.
- Rosman would take over maintenance and upkeep and maintain property and liability insurance for the facilities.
- If for any reason the pool were shut down, the County would cease the supplement.
- Rosman would pursue grant funds from USDA of \$50,000 and request the County contribute \$20,000 towards a renovation project. The Town would contribute \$21,000 and raise \$15,000 for a project total of \$106,000.

- The project scope would make improvements including new pump room equipment (minus the sand filter), new pool decking, diving board, lifeguard stands, handicap ramp into the kiddie pool (required by USDA), outside handicap ramp and three handicap parking spaces, new tile and plaster and pay for engineering for this work. This proposal would not replace the lines under the deck. Changes to that would require that a professional redesign the hydrology and the cost would go up for design and construction. Town officials intend to pressure test the lines to try to see if they can identify any leaks. The proposal also includes some ADA (Americans with Disabilities Act) improvements but does not bring up all elements to current standards as suggested in the audit.

The ultimate lifetime of the improvements is not certain. Therefore, further renovation in the future will need to be considered with timeline unknown.

The Town of Rosman has received the grant award and would like to pursue renovations requiring signature of the agreements. Aldermen have also asked that the County include language binding any grant penalties due to sale of the property for a nonpublic purpose into the agreement should the County take possession of the park again in the future. There were no comments from Town officials on the two drafts. There is \$27,238.16 remaining in the budget for Champion park and pool. These funds will be transferred directly to the Town upon approval of the deed and funding agreement.

The Manager noted that Rosman Mayor Brian Shelton had worked very hard on this proposal and the USDA grant application. The Town of Rosman should be very proud of him.

Commissioner Lemel moved to approve either the Chairman or Manager to sign the deed and funding agreement attached on behalf of the Town and authorize staff to deliver the check to the Town of Rosman upon signature of both documents. The motion was seconded by Commissioner Chappell. Commissioner Chappell asked for confirmation that the agreement indicates the property will revert back to the County if the pool ceases to operate. The Manager confirmed that this is stipulated in the agreement. Commissioner Chapman inquired about the projected opening date. The Manager said the Town is targeting an opening date of June 1 or soon thereafter. They are working as quickly as they can. Chairman Hawkins thanked Commissioner Chapman and staff for their work on this project to ensure a pool facility was available this summer. Commissioner Chappell noted there are fundraising opportunities to help the Town of Rosman meet its goals. **The motion was approved unanimously.**

RESERVE REQUEST FROM CONNESTEE FIRE RESCUE

Operations Manager David McNeill presented this item. Conneestee Fire Rescue Board Chairman Danny Britt has requested that the Transylvania County Board of Commissioners distribute \$8,000 from the Conneestee Fire Service District Tax Reserve to pay off Service 92 (F-250 Pick-up). The payoff is approximately \$15,000. The department is using \$10,000 from the department auxiliary to pay the remainder of the \$15,000. Funds left over will be utilized for the refinance of the sub-station. The department is waiting on the bank for exact payments for refinancing the sub-station. As of March 31, 2016, there was \$44,281.22 in the Conneestee Fire District Reserve.

Commissioner Lemel moved to approve distribution of \$8,000 from Fire Tax Reserve for Conneestee Fire Rescue, seconded by Commissioner Phillips and unanimously approved.

MANAGER'S REPORT

The Manager reported the following:

- Reminded Commissioners and the public of the upcoming June congressional primary

- Met with Mission Hospital staff regarding EMS out-of-county transports; target date at the end of the calendar year to have a plan in place to move forward that will be of interest to both parties
- Safety Committee meets Wednesday to review employee survey results which should give some feedback on the methods that will help with safety and security from the employee perspective and inform the Board of the concerns expressed by staffs
- Floodplain Audit underway; Floodplain Ordinance allows County to receive FEMA funds and also allows for citizens to have subsidized flood insurance; if found not to be in compliant with ordinance, could lose both funding streams
- Annual Work Plan to be presented at the next meeting; coincides with the budget and strategic plan; exciting milestone as we move into performance budgeting and measuring annual progress
- Health Department is 1 of 16 counties participating in mosquito surveillance in an attempt to study mosquito borne illnesses

Commissioner Chappell reminded everyone that the congressional primary also includes the election of a State Supreme Court justice.

WORKSHOP

PRESENTATION OF FY 2016-17 MANAGER'S RECOMMENDED BUDGET

The Manager thanked the Board of Commissioners for spending time with her helping her to understand the policy direction they wanted to take with the budget. The Manager is ordered by State law to present a recommended budget to the Board of Commissioners no later than June 1 of each year. The budget is being presented ahead of schedule this year and she would like to keep this schedule moving forward in future years. The Manager also thanked Department Heads for their work. They submitted their budget requests on time with solid justification for each item being requested. A number of partner agencies were also required to submit budget information. A budget team, consisting of the Manager, Operations Manager David McNeill, Finance Director Gay Poor, Human Resources Director Sheila Cozart, and Finance Accountant Teresa Curto reviewed all of the budget requests and helped advise the direction for the items funded. With that said, the Manager stated that she takes full ownership of the recommended budget and all the decisions within it. She noted that the recommended budget makes references to the strategic plan. Commissioners will receive the annual work plan draft at the next regular meeting which will highlight the departmental goals and strategies.

This is a summary of the FY 2016-17 budget presentation:

Fiscal Policy Goals

Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available resources to the fullest.

- Continue operating out of current year revenues
- Develop a long term capital improvement plan
- Identify revenue to fund capital needs
 - Economic development and infrastructure support
 - Education facilities
 - Parks and Recreation
- Work towards multi-year budget planning
- Implement performance-based budgeting with outcome measures
 - Annual work plan according to strategic plan to be submitted at the next meeting
- Consensus on this year's County needs from Commissioners for recommended budget

Process with Changes Implemented this Year

- Internal departments turned in budget requests with justification including proposed work plans
 - Internal review with management feedback in March
 - Additional information/clarification requested
- Nonprofit requests
 - Open call for applications in February
 - Per policy, subcommittee reviewed and scored on a rubric in February
 - Scoring accompanied by discussion
- School Funding
 - Meetings with school administration starting in December
 - Development and adoption of school funding formula
- Outside Agencies- Fire Departments, Rescue Squad, etc
 - Budget requests due in April
- Priorities and preliminary discussion
 - Commissioner meetings in April to clarify priorities, discuss justifications

Revenue Projections

Overall, staff is not expecting significant growth in revenues. The growth that is occurring, however, is encouraging, especially in building permits and excise taxes due to property transfers. Sales tax and property tax growth are happening very slowly. The debt service on the school bonds has retired freeing up \$1.5 million to take care of deferred capital needs and to meet the County's commitment to funding the school funding formula for operating expenses.

Revenue Projections – Revaluation

- Revaluation decreased assessed valuation from \$6.1 billion to \$5.6 billion with the valuation having grown by an average of .5% annually over the last seven years
 - Revenue neutral rate as shown by State formula would be \$.4910/\$100 valuation
 - Revenue neutral important because it maintains our ability to operate and provide services at existing levels
 - More information about the revaluation and tax bill impact towards the end of the presentation
- Positive growth indicators in permitting and property transfer fees reflect economic growth
 - Product challenge- almost all spaces are full for business expansion/location

Requests vs. Projections – Analysis

- Full funded requested expenditures vs projected total revenue started with a \$4,938,727 deficit with revenue neutral tax rate
 - 8.5 cents tax increase needed to cover operational expenses; staff recognizes this is not achievable
- Justifications were strong
- Utilized Commissioner feedback to prioritize needs removing \$3,595,017 by deferring costs
- Included personnel and capital requests that at least had majority support or consensus
- Recommended funding is not an indication that all needs are met

Expenditures

- Breakdown by function remains about the same as previous years
- \$48.4 million total budget
- Variance of about 1% in Education and Public Safety
- By natural classification, minor changes in personnel, operating and capital

- Operational expenditures as a whole grew slightly; personnel and capital grew more than operational

Summary

- Balanced budget of \$48.4 million; 1.1% increase over FY 16
- Modify the tax rate to at least revenue neutral to operate at existing level of service and meet funding obligations; new rate: \$.4910/per \$100 valuation
- Recommended budget includes additional \$.02/\$100 valuation for capital needs
 - Transylvania County currently ranks 31st when ranking counties' populations smallest to largest
 - 12th lowest tax rate and 13th lowest effective tax rate last fiscal year
 - If recommended budget passes, will be approximately 18th lowest tax rate if others do not adjust their rates
- Total General Fund growth at 1.1%
- Recommends policy development
 - Capital prioritization and planning with funding strategy
 - Vehicle utilization evaluation and replacement schedule

Revenues – Assumptions and Trends

Property Tax

- Highest revenue source
- 59% of total revenue projected for FY 2017
- Revenue neutral rate: \$.4910/\$100 valuation
 - Recommended budget calculated with rate of \$.5110/\$100 valuation which includes \$.02 tax increase for capital netting \$1,124,000
- Small growth in tax base, 0.5% annually over seven years
- Collection rate assumed at 99.5%
- Each cent accounts for \$562,000

Sales Tax

- FY 2016 sales currently exceeding FY 2015 by 1.5% for July-February
- 3.5% growth was budgeted FY 2016 so estimated shortfall in sales tax receipts for FY 2016 is \$375,000; same experience statewide
- Assumed 1.5% increase for FY 2017
- 1% sales tax=\$65,000
- FY 2017 budget includes \$86,000 for sales tax expansion on services and the State's new distribution model; funds are earmarked for public education, economic development and community colleges
- At \$6.6 million total for FY 2017, sales taxes are projected to be \$193,000 less than projected for FY 2016
- Medicaid Hold Harmless third year reduction of \$125k (last year before phase out complete)
 - Loss for FY 2017 is projected to be \$88,500 due to value of repealed taxes are increasing at a faster rate than the Medicaid losses

Other Taxes and Permit Fees

- Includes:
 - Elections office revenues
 - Register of Deeds fees
 - Building and permit fees

- Additional \$50,000 expected in real property transfer fees
- Additional \$25,000 expected in building permits and fees

Sales and Services

- Make up \$3.2 million of revenues
- Jail fees from housing other counties
 - \$40/day per inmate per day revenue
 - Expect to house average of 9/day in FY 2017
 - Reduction in revenues of \$73,000, compared to FY 2016 Budget
 - State Misdemeanant Confinement average of 6/day – same as for FY 2016
- EMS ambulance fees
 - Largest part of sales and services revenues totaling about \$1.4 million
 - Project an increase of only \$20,000
 - Slight increase in actual transports
 - Slight decrease in Medicare and Medicaid reimbursements
 - Medicaid Cost Reimbursement projected to increase by \$28,000
- Child Development
 - Shifted enrollment slots from NC Pre-k to private pay to increase revenues by \$24,000, reducing the County's subsidy

Intergovernmental Revenue

- Public Health and Social Services
 - \$7.7 million makes this area the second largest contributor to the County's revenues
 - Decrease of almost \$54,000 in Medicaid payments
 - No new grants anticipated
 - Additional \$58,000 in State and federal funding for Foster Care
- General
 - Reduction of \$42,000 in funding for Secure Rural Schools Program

Interest

- Improvement in interest rates (from 0.05% to 0.4%) projected to generate additional \$93,000

Fund Balance Trend

- For FY 2015-16, the Board approved an appropriation of \$1.4 million from undesignated and designated fund balance
- At the end of the fiscal year, however, there will actually be a contribution to fund balance totaling approximately \$442,000
- For FY 2016-17, the recommended budget includes a transfer of \$155,447 from undesignated fund balance and a designated fund balance transfer of \$154,942
- History of budget process since 2003, there has only been one year that Commissioners budgeted to transfer fund balance and actually transferred funds at the end of the fiscal year; conservative budgeting method that the Manager intends to continue

Fund Balance

- Projected available fund balance at the end of FY 2016 totaling \$13.6 million (28.9% of expenditures)
- Projected at the end of FY 2017 in the amount of \$12.6 million with growth from \$47 million to \$48 million

Solid Waste Fund

- FY 2017 supplement from General Fund is \$388,000 versus \$607,000 in FY 2016

Revenue

- Scale sales expected to grow 4%, or \$44,000 over FY 2016
- Disposal of sludge from City projected to generate an additional \$104,000
- Slight decrease expected in recycling revenues with other revenues expected to remain relatively flat

Expense

- Operating expenses budgeted to be 7% more, due primarily to leachate disposal cost and Woodruff access road maintenance
- Budgeted capital up \$45,000 due to replacement of a roll-off truck

Reserves

- NCDENR requires demonstration of financial assurances for closure, post-closure and potential corrective action costs.
- FY 2017 provides \$148,000 for the closure, post-closure, PACA liability and \$132,000 for the reserve for the next phase

General Fund Revenue by Type

- Total projected revenues with the 2 cents tax increase at \$48.4 million

Expenditure Trends

- Recommendations do not include service expansion
- Deferred capital needs from leaner budget times are still a factor and will continue to be an issue
- 75% of the budget is mandated or required to meet state mandates; counties are agencies of the State; mandated services are not always funded by the State
- Economic development support is a key strategy in future sustainability; research shows that industry uses less services than they pay in taxes, versus residential which uses twice the number of services than they pay in taxes; need the right balance to sustain economy

Personnel Detail Changes

Goal 6, Strategy 6C: Provide sufficient resources to recruit and retain qualified professional staff, keep training current and minimize the expense of turnover to insure efficient organizational infrastructure

- Total of three net full time positions (net cost \$53,767)
 - NCACC Fellowship (up to two years, \$25,000 per year grant; target start date in September)
 - Pull attorney services for DSS and Administration in house to a combined attorney supported by a part-time paralegal (anticipate savings annually of \$25,000-\$35,000 with additional capacity of 30-35 hours monthly; target start date in September)
 - DSS Income Maintenance Caseworker (state cost share, tied to processing issues)
- Reclassifications (\$156,299 including Cooperative Extension)
 - Reclassify the Operations Manager to Assistant County Manager
 - Operations focus- Solid Waste to join EMS, Maintenance, Emergency Management, Fire Marshal's Office and Communications
 - Specialized support positions on part-time or contract basis in several departments
 - Regulatory driven issues (DSS, Child Development)
- Federal Labor Standards Act

- New guidelines for exempt employees raise the salary threshold for overtime requirements significantly
- Human Resources and Management developed a plan for reclassification and overtime, but no action to be taken until the new guidelines go into effect
- Initial cost impact \$500,000, but existing plan at \$86,000; possibility of losing capacity, so staff will monitor to identify needs
- Cost Share- Communications Funding
 - Time study audit in Communications requiring a funding split shift to a cost of \$41,340 added to the General Fund
- Health Care Costs
 - Affordable Care Act (ACA) changes continue to take effect
 - Fewer options in the market place
 - Good position compared to others (County six-year trend at 4.59%, Blue Cross Blue Shield 8.1%, State average 8.8%), but still increasing by \$371,000 next year
 - Continue to encourage employees to be consumer minded
 - Working with City of Brevard on a proposal to allow City employees to use the wellness clinic, providing additional hours (Tuesday/Thursday mornings) and additional funds to the County not currently in budget
- Retirement plan costs- local government
 - Employer contributions increasing by 7.1% for general employees and 11.9% for law enforcement
 - Budgetary impact of \$79,865
- Propose granting three days of leave to employees effective July 1
 - To be used during fiscal year
 - Cannot cash out upon separation, cannot carry forward
 - Encourage to be used for inclement weather closures
 - In lieu of cost of living adjustment (COLA) as of July 1; COLA based on Consumer Price Index (CPI) in February 2017

Capital

Land and Buildings

- Removed requests that expanded services
 - Parks and Recreation; working on strategic plan
- No additional improvements other than deferred maintenance, safety reasons, or regulatory issues
 - Regulatory issues at Animal Shelter and Public Safety Facility necessary to be in compliance with State law and pass inspections

Vehicles and Heavy Equipment

- Several vehicle requests because few funded in past years
 - Recommendation does not catch up to what is needed, but takes steps in right direction
 - Recommend funding vehicles where greatest needs were justified
 - Funding for five vehicles in Sheriff's Office (vs. 10 requested)
 - Removed all new requests for vehicles

Capital, Computer, Software and Other

- Growing need for computers and software
 - Justified for digital integrity or cyber security
 - Computer systems allow us to work more efficiently and process and secure data reducing the need for massive file/storage rooms

Capital – Other Funds

- Solid Waste Fund – roll off truck and roll off box replacements
- Communications – switches for back up Public Safety Answering Point (PSAP) site; State requires back up PSAP site to be in place within the next year

Capital Recommended Summary

Goal 6, Strategy A: Provide facilities that allow for efficient service delivery to the public while creating a secure, inviting and friendly environment for customers and citizens

- Total capital funding at \$1.5 million
- \$1.3 million total from General Fund, 8.4% increase
- Increasing needs around cyber security/data management
- Continue to make progress on deferred maintenance
- Vehicle replacements have been deferred
 - Pursue a comprehensive, countywide look at vehicles and replacement schedules
 - Most vehicles in service are required for direct service to citizens
 - Non-daily work in the field best served by shared vehicles for efficiency of use
- Moving one truck up for replacement to the Administration fleet for regional travel only
 - Back up for field operations (Building Permitting, Environmental Health)
 - Use by Emergency Management during snow

Overarching Budget Expenditure Factors

- Contingency at same amount at \$100,000
- General Debt Service up by \$157,215 (Board of Elections building)
- Parks and Recreation Reserve at end of this fiscal year at \$290,000 minimum to be available for Strategic Plan implementation; possible to include additional funding from surplus
- Budgeting for a \$250,000 Emergency Services Study Implementation Reserve
 - Also working on EMS out-of-county transports to alleviate pressure on EMS
- Includes revenue from inmate phone and commissary, minus expenses associated, to go into a reserve fund for Sheriff's Office (Commissioners to determine any guides on usage) estimated at \$25,560 annually
- Includes 1% of budgeted revenue on out-of-county inmates to help pay off debt service on the Public Safety Facility

Outside Agencies

Outside Agencies

Strategic Plan, Goal/Strategy 5D: Partner with existing agencies on community needs

- Sub-committee review overall comments
 - Criteria for scoring was consistent and included:
 - Ability to enhance/supplement County services
 - Outcomes in line with strategic plan
 - Scale out outcomes vs. expense “bang for the buck”
 - Additional trends in review
 - Some requested more funds than granted
 - Sub-committee was less interested in funding operational requests over capital requests that would have a longer lifetime
 - Subcommittee felt some of the groups could work together to create operational efficiencies
 - Feedback from discussion to be shared as requested

- Requested funding: \$329,900; recommended funding \$171,910
 - Increase over last year of more than \$40,000

Community Centers

Strategic Plan, Goal/Strategy 5C: Preserve and educate about cultural heritage of the community;

Goal/Strategy 3B: Support community involvement in civic activities across demographics and geographies

- Recommend funding all 12 community centers at \$1,000 each; previously funded only those used as voting sites
- Recommend including \$50,000 for facility improvements
 - Have Planning and Community Development draft a procedure for applications for funds
 - Focus on capital improvements that will enhance the community centers' ability to partner on reaching citizens with services and creating vibrant nodes throughout the County

Outside Partner Agencies

- Cooperative Extension
 - Statewide Strategic Plan changed funding splits of various positions
 - Recommend requested funds to maintain existing staffing at an increase of \$46,299, or 33.2%
 - Does not include requested:
 - Family and Consumer Science Agent (shared): \$12,713
 - Reassignment of Program Assistant duties: \$6,019

Strategic Plan, Goal/Strategy 4A: Protect and preserve natural resources with long term plans including water, air and forest resources to insure long term sustainability

- NC Forest Service
- Smokey Mountain LME/MCO
- Land of Sky Regional Council
- River Stewards (32,000 in reserve projected)

Rescue Squad

Strategic Plan, Goal Strategy 5B: Provide resources, infrastructure and services that improve public health, mental health, wellness and safety to insure a vibrant community

- Transylvania County Rescue Squad
 - Recommended funding: \$229,000
 - Did not recommend funding for additional staff pending results of the Emergency Services Study and discussions on out-of-county non-emergency transports with Mission Hospital
 - Unknown how Medicaid reform will impact reimbursement
 - Total requested: \$269,000

Education

Strategic Plan, Goal/Strategy 2A: Provide resources to support quality educational opportunities with a standard of excellence

- Legislative Responsibility

- “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,” -NCGS 115C-426
- Since FY 2003, the County has placed an emphasis on education as a top priority
- The County ranks 5th per student in Current Spending (operations and personnel)
- Last year the County ranked 13th in total local capital funding (current capital and debt service)
- According to February article in the *Asheville Citizen Times* Transylvania County had the 3rd highest teacher supplement average in WNC behind Asheville and Buncombe County by \$195 and \$58, respectively
- Transylvania County also funds education at a higher percentage than most peer counties
- Steady climb in County funding showing continued and consistent commitment
- School Funding vs. Remaining County Funding:
 - Education funding has grown by an average of 4.83% at the local level since FY 2004 (67.6% total)
 - Other County services and responsibilities have grown by an average of 2.45% (34.3% total)
- Summary:
 - Blue Ridge Community College request from last year was reduced by \$59,710, or 13.9%, with State bond funds balancing capital needs for next two years
 - Local Public School funding formula was developed throughout the last year including researching other counties along with meetings with School officials and County Administration; adopted in spring 2016 as policy; this is the first implementation year which netted a 4.6% increase per ADM (student)
 - Capital allocation is being increased by \$200,000, or a 12.5% increase, for a total of \$1.8 million
 - Full School System request was received Friday, May 6, but draft documents were used to establish this recommended budget

Reserve Fund

Strategic Plan, Goal/Strategy 5A: Provide framework for prevention, response and recovery for individual and community wide emergencies in Transylvania County

- Parks and Recreation Strategic Plan- Fall 2016
 - Funding in reserve for end of this fiscal year at \$250,000
- Emergency Services Plan- Fall 2016
 - Funding for reserve at \$250,000
- Economic Development
- Continued funding to support TEA at contract \$500,000

Operational Summary

- Recommended budget can operate existing services and fund existing obligations as presented with:
 - Revenue neutral rate of \$.4910/\$100 Valuation
 - Transfer of Fund Balance similar to last year of \$1,279,447, or 2.6% of the total budget if no additional increase
- Current year balanced budget at a similar amount
 - Expect \$1,124,000 addition to fund balance for capital with additional \$0.02 tax increase based on prior history

- Historically, the County has used fund balance at budget and has been able to break even or add to it by end of year using conservative budgeting philosophy

Conservative Budgeting Philosophy

- Revenues are projected conservatively
- Expenditures are projected using data, but anticipating some cost variance by purchasing (as much as a year away)
- Organizational culture and procedures require consumerist shopping for best pricing at purchasing

Budget Recommendation Part 2 – Planning for the Future

Strategic Plan, Goal 1B: Plan, advocate and provide for infrastructure to support economic development and to make the community a desirable place to live and work

- Major Capital Planning has begun with significant needs
 - Does not include annual capital such as maintenance, vehicle/equipment replacements, computer replacements, etc.
- There are no funds in the Operations Budget to pursue Design/Construction or Debt Service for future projects
- Capital List
 - Schools \$120 million- discussion of bond in 2018
 - Water needs community-wide- \$40 million
 - EMS Main Station estimate-\$1.5 million
 - Courthouse needs estimate-\$16-\$22 million
 - Parks and Recreation
 - Economic Development- product and site development; investment which supports families, jobs and tax base

Strategic Plan, Goal/Strategy 1C: Protect the community sense of place by balancing growth and maintaining high levels of community social infrastructure like parks, quality education, tourism, etc

- Tax Base Facts:
 - 62% of real estate bills go to addresses in the County
 - 8% go out of the County
 - 30% go out of the State
 - 17.83% of the tax base is owned by non-individual entities
 - Average residence is valued at \$263,772
 - Per cent on the rate, tax bill is additional \$26.37 per year or \$2.20 per month
- Two cents:
 - Average residence cost: \$4.40 per month additional
 - Would net \$1,124,000 annually
 - Half cent specifically for economic development purposes (infrastructure included)

Fire District Tax Rates

- Board provided with summary from staff of all the requests from the fire departments
- One level of tax increase required to meet revenue neutral for each district
- Another additional rate to fully fund

Fire District Requests (This is a summary. Detailed presentations will be made during the budget workshop on Thursday.)

- Brevard Fire/Sylvan Valley II
 - Substation reserve request not recommended by staff because Emergency Services Study not final and not convinced from County perspective that substation is warranted
 - Personnel for evenings: \$65,793, increased rate/volume: \$20,000, FICA: \$6,563
- Rosman
 - Per call reimbursement increase: \$10,000
 - Building repair/maintenance increase: \$4,805
 - Uniforms increase: \$3,000
 - Experienced an increase in the amount of volunteers
- Little River
 - No new requests, have matching funds for a pending grant
- Conestee Falls
 - Additional staff increase: \$40,000
- Cedar Mountain
 - Additional part-time personnel: \$15,000
 - Grant fund match: \$15,000
- Lake Toxaway
 - Additional full time staff: \$45,000
 - Purchase Explorer/Tahoe: \$45,000
 - UTV purchase: \$20,000
 - 3 Bay storage building: \$35,000
- Balsam Grove
 - Currently only department with no paid staffing
 - Increase of 3.7% is required for department to continue operating at existing level of service
 - Total budget is under \$100,000
- North Transylvania
 - No major capital or personnel requested
 - Requesting FY 2017 transfer from reserve if \$5,000 to continue to operate at existing level of service

This concluded the Manager's recommended budget presentation. The Manager turned the budget discussion over to the Board and requested Commissioners identify topics for the workshop on Thursday that do not have consensus tonight. Commissioners should also inform the Manager of any additional data or detail needed to make their decisions.

At the request of Chairman Hawkins, the Manager explained how she arrived at her budget recommendation based on individual input from Commissioners. During these one-on-one meetings, she provided Commissioners with a summary of the major budget requests across a multitude of functions and sought feedback from them in order to gain consensus on the items to include in the recommendation. At the point of presentation, the budget process should be near completion.

Commissioner Lemel asked for additional explanation of the COLA proposal with the three additional days of leave. The Manager stated that original compensation discussions were centered on her making a COLA recommendation effective July 1. After reviewing the personnel changes and seeing the increase in healthcare costs, she did not think it was feasible to offer a COLA increase for employees effective July 1 and implement the policy recently adopted by Commissioners. Being Commissioners have yet to decide upon a merit policy, the Manager believed that offering three additional days of leave time was a gesture to employees that Commissioners value their time and service. The recommendation is also consistent with past years when no COLA or merit increases were considered during down times in the

economy. Staff continues to work on a policy to include merit. The challenge is that the County's revenues are not growing as fast as some of its needs; therefore, the County must be strategic in where investments are made in order to arrive at a sustainable model.

Commissioner Phillips asked how the revenue neutral rate will impact property owners. The Manager stated that the impact to property owners will vary. There was a decrease in property value across the County, but the impact really depends on the individual property owner. The Manager noted that the revenue neutral rate protects the County's existing operational revenues. It assumes Commissioners want to continue providing the same level of services.

Commissioner Chappell requested for future presentations to include the total cost impact to property owners, not just the monthly impact, when calculating potential tax increases. The Manager agreed.

Commissioner Chapman pointed out for the benefit of the public that most of the County's budget is spent in three key areas: education, public safety and human services. There is not much remaining to operate other departments and provide the level of service that citizens demand. Although the economy is not growing as much as desired, the Board of Commissioners continues to invest in economic development efforts, including \$500,000 in the recommended budget.

Chairman Hawkins suggested discussion on the 2 cents tax increase recommended for capital reserves during the budget workshop on Thursday night.

Chairman Hawkins asked the Manager to speak to the recommendation on the School System's capital budget versus their request. The request is significantly larger than what is being recommended. The Manager stated that the School System was asked to identify capital items that could be funded with a bond and items that needed to be addressed over the next two years. The County has consistently provided \$1.6 million in capital each year for a number of years. The recommended amount of \$1.8 million provides additional resources without funding their full request. The unknown is whether or not citizens are willing to pay for a bond to satisfy the School System's capital plans. The Manager noted that the School System has deferred capital needs just as the County has. The recommendation is a balanced plan to take care of deferred maintenance and capital costs that both organizations have endured.

Chairman Hawkins noted that the Manager mentioned wanting to look at vehicles in a more holistic manner. He asked the Manager to elaborate on her plans. The Manager views this as a project that the NCACC Fellow would be able to accomplish. While reviewing vehicle requests during the budget preparation process, staff found discrepancies with the list of vehicles on record versus the vehicles insured. This begs the need for a streamlined process to indicate the number of vehicles in the County's fleet, how they are being used on an annual basis, and determine a replacement schedule based on usage. There is also a need to review maintenance procedures because there have been several instances with mechanical failures on vehicles with less than 100,000 miles. Overall, the Manager believes an internal study is warranted with the goal of developing a plan moving forward and gaining buy-in from Commissioners for funding. Commissioners were supportive of the Manager's plans.

Commissioner Chappell requested discussion on funding for Outside Agencies, including Community Centers, during the budget workshop on Thursday night.

Commissioner Chappell inquired about the lead time for a fully stocked ambulance once an order is placed and delivery is made. The Manager will provide this information to Commissioners. This item is not for discussion during the budget workshop.

Commissioner Chapman requested additional information on the concept of partnering with the City for usage of the Wellness Center and how staff envisions the process. The Manager stated that the City would contract separately with Blue Mountain Medicine, yet both County and City employees would be able to use the center during the additional operating hours. The City intends to pay the County 10% of its contract with Blue Mountain Medicine to cover use of the building, housekeeping services, etc. This is a separate item from the budget and the agreement would have to be approved by the Board.

Commissioner Chapman inquired about the County's EMS collection rate. Finance Director Gay Poor did not have the exact figures on hand, but noted the collection rate is favorable. She will provide the figures for Commissioners. The Manager pointed out that the biggest loss identified by staff is with non-emergency out-of-county transports. The time cost is almost three times the amount of a local transport to Transylvania Regional Hospital. This has caused staff to begin negotiation discussions with Mission Hospital.

Commissioner Lemel reported that the Sheriff submitted to Commissioners an alternate proposal on the use of reserve funds. She requested to see a comparison of the Manager's and Sheriff's proposals and discuss further during the budget workshop Thursday night.

Chairman Hawkins requested time for Commissioners to review the details of the School System's capital request and possibly discuss further on Thursday night.

Commissioner Phillips requested information on Outside Agencies as well, particularly the US Forest Service. He asked if the agency submitted a request for an increase in funds for an equipment operator for three months during the summer. Finance Director Gay Poor reported that the NC Forest Service did in fact submit that request. She did not have the information on hand, but she will forward the information to Commissioners on the exact costs.

Chairman Hawkins requested staff provide figures on the median home value rather than average home value for the budget workshop. He would also like to know the percentage of value of the tax bills that are mailed out-of-county/state. Finally, Chairman Hawkins would like to have dialogue on fund balance and how it can be utilized for future projects.

To summarize, Commissioners intend to discuss the following items on Thursday:

- Fire Department budgets
- Additional analysis on tax bills, including median home value and the percentage value paid by out-of-county/state property owners
- Additional detail about 2 cents capital reserve and projects it would fund
- Funding of Outside Agencies, including nonprofits, community centers, NC Forest Service
- Question to answer regarding lead time on ordering and receiving fully stocked ambulance
- Data on EMS collection rate
- Comparison of Sheriff's proposal for reserve fund versus Manager's recommendation
- Additional analysis of School System capital recommendation versus requested

Commissioner Chapman was satisfied with the report on the partnership with the City for usage of the Wellness Center, so it was removed from the list for Thursday night.

The Manager outlined the workshop process. She will introduce each item and present additional data. Commissioners will have an opportunity to discuss each item thoroughly and when the Manager determines that consensus has been developed amongst a majority of the Board, she will close discussion and move onto the next item. Commissioners were agreeable to the process.

PUBLIC COMMENT

Edwin Jones: Mr. Jones is a County resident. He noted that Commissioners stated in a recent meeting that employees are the County's finest asset and then directed staff to develop a comprehensive program to retain them. He noted that employees are leaving for other counties and states because the pay is not up to cost of living standards. He asked if recommendations for a cost of living adjustment, merit increases and performance bonuses were included in the recommended budget.

The Manager responded. She stated that Commissioners recently adopted a cost of living increase policy. There was some discussion by the Board at that time about merit increases and performance bonuses. The Personnel Board was instructed to develop additional options and offer alternative recommendations for the Board of Commissioners' consideration. Only the cost of living adjustment is included in the budget proposal.

The Manager also spoke about the health insurance costs because benefit packages are also crucial to employee retention. The County has a good healthcare plan that it is trying to maintain. Next year's budget includes a \$371,000 increase for healthcare costs. Trying to maintain the current plan and not pass along additional costs to employees was a high priority with the budget.

COMMISSIONERS' COMMENTS

Commissioner Lemel reported that the Early Childhood Initiative task force continues to meet. The effort is getting lots of attention across the State. The Teens In Crisis project continues and the task force meets again on May 24. Commissioner Lemel has also started a project to address senior needs and she is working with WCCA and Social Services to determine how to best serve our senior citizens more effectively.

Commissioner Chappell is affiliated with the Back Pack Buddies Program. He offered some statistics that he hopes Commissioners will keep in mind when considering the overall budget.

- 2,000+ students are eligible for free or reduced lunch out of a total enrollment of 3,500
- Of that number, 1,746 are eligible for free lunch
- Countywide average is 58.5%
- Each week the Back Pack Buddies Program provides about 330 food packs

These numbers reflect students and do not count the remaining members of the family. He encouraged the public to donate to this program. Commissioner Chappell again asked Commissioners to consider these figures when considering the overall budget.

Commissioner Phillips shared his experience with hearing some calls go out on the radio for emergency services response that many times should not have been the responsibility of these departments. He was appalled at some of the calls they received, such as out-of-medicine calls. He has become increasingly concerned about these types of calls because they require resources that could have been directed to more serious situations. He hopes there's a way to handle these situations at the call center level and not waste our valuable resources, many of which are volunteers. Commissioner Phillips believes a serious conversation about this is warranted in the future.

Commissioner Chapman announced that the opening ceremonies of the Special Olympics will be held this coming Saturday at 10:00 a.m. at Brevard College. He encouraged the public to attend and cheer on

the participants. He and Chairman Hawkins attended a joint meeting of the Henderson and Transylvania Counties' Tourism Development Authorities. The meeting benefited both counties.

Commissioner Chapman also announced that the Memorial Day Parade will be held on Saturday, May 29 at 9:00 a.m. in downtown Brevard. The ceremony will begin shortly thereafter. He encouraged citizens to participate and pay tribute to those who paid the ultimate sacrifice for this nation. Lastly, he thanked staff for setting up the equipment so he could Skype in and participate in the meeting tonight.

Chairman Hawkins also thanked staff for the use of technology to ensure Commissioner Chapman's participation in the meeting. He commented that the joint Tourism Development Authority meeting was very useful and encouraging.

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