

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
April 11, 2011 – REGULAR MEETING & PLANNING WORKSHOP

The Board of Commissioners of Transylvania County met in a regular meeting on Monday, April 11, 2011 at 6:15 p.m. in the Rogow Room of the Transylvania County Library. This meeting was also a follow up from the budget planning session on March 22, 2011.

Commissioners present were Larry Chapman, Jason Chappell, Chairman Mike Hawkins, Daryle Hogsed, and Vice-Chairman Kelvin Phillips. Also present were County Manager Artie Wilson, Finance Director Gay Poor, and Clerk to the Board Trisha Hogan.

Media: *The Transylvania Times* – Mark Todd

There were approximately 75 people in the audience.

WELCOME

Chairman Mike Hawkins presiding welcomed everyone to the meeting and introduced the members of the Board of Commissioners and staff in attendance.

PUBLIC COMMENT

Milton Quinn: Mr. Quinn serves as chair of the coalition for the improvement of US 64 West to Cashiers. He said the area US 64 West passes through is primarily a retirement community. The road is also a short cut to Atlanta, GA which is frequently used by large trucks and the road is too narrow for them to safely pass. This contributes to many accidents particularly during the tourist season. Mr. Quinn reported that NC Department of Transportation representatives have indicated there is funding available to make the necessary road improvements. He asked the Board of Commissioners to support a resolution in support of continuing the work on US 64 West.

Judith West: Ms. West serves on the Living Wage Coalition of Transylvania County. The function of the group is to recognize employers that pay a living wage, educate people about what it is like to be a working poor person, and encourage leadership who are among the working poor. She said that Transylvania County government should be proud that it provides a living wage to almost all County employees, particularly in this time of economic distress. Out of 311 positions, only 4 fall below the living wage for this area. A living wage is the wage a person has to make in order to live reasonably to pay for housing, food, healthcare, transportation, and other necessities. The Coalition calculates a living wage based on an hourly wage a person must have in order to spend a reasonable percentage of their income on housing. They use a fair market rent for a one bedroom apartment in this area and work backwards from there to determine an hourly wage of \$11.35 for a full time employee or \$9.85 when health insurance is provided. Transylvania County has only 4 employees that fall below \$9.85 an hour. The County does provide health insurance and other benefits. Ms. West said Transylvania County can be an example to other employers by increasing the wage scale so that the bottom is \$9.85 which would cost the County \$1,068 for a year. She believes this would demonstrate a commitment to the economic health of the County.

Vicki Walker: Ms. Walker read a letter on behalf of others who are animal advocates in the community. The letter asked Commissioners if they would be willing to consider the possibility of a private shelter that would address the County's needs along with providing additional quality services for local people, animals and rescue groups. The group submitting the letter asked to remain anonymous until discussions can be arranged with County officials. They requested to do so as soon as possible because they believed

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time is of the essence with regard to building a new animal shelter. Ms. Walker also informed Commissioners that the group is opposed to the shelter site being in Rosman. They are actively pursuing other locations and are prepared to open a facility within 6 months of breaking ground if agreements can be made.

AGENDA MODIFICATIONS

There were no Agenda modifications.

Chairman Hawkins moved to approve the Agenda as submitted, seconded by Commissioner Hogsed and unanimously approved.

CONSENT AGENDA

Commissioner Chappell moved to approve the Consent Agenda as submitted, seconded by Commissioner Hogsed and unanimously approved.

The following items were approved:

MINUTES

The minutes of the February 28, 2011 regular meeting, March 14, 2011 regular meeting and March 22, 2011 Planning Workshop were approved.

FACILITIES USE REQUESTS

The use of the Courthouse gazebo by the Transylvania County Art Guild on June 4, 2011, July 30, 2011, and October 15, 2011 from 8:00 a.m. to 5:00 p.m. for art shows was approved.

The use of the main floor of the Courthouse by the Transylvania Community Arts Council on Saturday, May 21, 2011 from 9:30 a.m. to 5:00 p.m. as part of the Spring Tour of Homes: Historic Homes and Locations was approved. The Arts Council has requested the front door to be open. This request will be in honor of the Transylvania County Sesquicentennial Celebration. There will be no cost to the County because Courthouse security is not necessary.

APPOINTMENTS

ECONOMIC DEVELOPMENT ADVISORY BOARD

Bo McCall has resigned from the Economic Development Advisory Board due to a conflict with the meeting schedule.

Commissioner Phillips nominated and moved to appoint Mac McNeely, seconded by Commissioner Chapman and unanimously approved.

NEW BUSINESS

RESOLUTION IN SUPPORT OF CONTINUING WORK ON US 64

In 1988 a coalition was formed to seek improvements to US 64 West from Rosman to Cashiers. Improvements to the highway have been made over the years but not at the level that was promised. Secretary of Transportation Eugene Conti has assured the County that these road improvements are scheduled or are in the planning stages. The Manager noted that the Rural Planning Organization has listed these improvements as one of their priorities as well.

Commissioner Hogsd moved to approve Resolution 11-11 In Support of Improvements to Highway US 64 West. The motion was seconded by Commissioner Chappell. Commissioner Chapman recommended staff contact officials in Jackson County to see if they would be willing to approve such a resolution since the road improvements would positively affect them. **The motion passed unanimously.**

(Resolution 11-11 In Support of Improvements to Highway US 64 West is hereby incorporated by reference and made a part of these minutes.)

PLANNING WORKSHOP

OVERVIEW OF LAST PLANNING MEETING

The Manager gave a brief overview of the previous planning session. At the previous meeting, staff reviewed the basic assumptions for the proposed FY 2012 Budget.

The Manager briefly highlighted the revenue assumptions as follows:

- Ad Valorem Taxes – No increase in the property tax base - \$5.97 billion
- Sales Taxes – Projecting a 2% increase over the last 12 months
- Animal Control – Loss of contract with City for animal control services (this one is unknown at this time; the Manager has been in communications with the City)
- Building and Inspection – No increase in fees
- Public Health Fees – Decreases in revenues from flu vaccines and other vaccinations
- Child Development – Increase in capacity from 65 to 70, additional subsidy for DD children, elimination of one “free” week for private pay; will be proposing to change mode of operation
- Solid Waste – No increase in fees

The Manager briefly highlighted the expenditure assumptions as follows:

- Education – No increase in current spending or capital for the Board of Education
- Personnel-Headcount – Net increase of one position (Communications: add two Telecommunicator II positions {make full time}; Social Services: add staff attorney and Food and Nutrition Supervisor; Child Development: reduce two positions; Solid Waste: reduce one unfilled position); this could change depending on the strategy the Commissioners decide upon
- Personnel-Compensation & Benefits – No pay raises for employees for fourth consecutive year; 8.2% increase in State retirement rate; no changes in health insurance benefits
- Fuel Costs – Gas at \$2.77/gal (excluding excise tax) but fuel costs continue to rise; possibly adding \$35,000 - \$45,000 to budget for fuel costs
- Capital – Only small increase over FY 2011; major items are vehicles for the Sheriff’s Office
- Outside Agencies – Funding at the same level as FY 2011

Based on these assumptions, the County is faced with a \$1 million operating deficit. As of June 30, 2011, the Fund Balance would total \$18.1 million (Reserved/Designated - \$9.8 million; Available/Unreserved/Undesignated - \$8.3 million). The amount available as a percent of expenditures would be 21% assuming the deficit is funded entirely with the Fund Balance.

There are risks involved, Education being the major risk. Staff continues to follow the State budget to determine what items may be pushed down to the local level. Fuel prices remain unknown as well.

There are upsides too. The State has now estimated that sales taxes should be favorable by 2%. Each percentage equals approximately \$52,000. The Sheriff has begun housing inmates from other counties in

the new jail which brings in revenues. Also, staff proposes to increase Solid Waste fees by \$2 per ton which would generate approximately \$42,000.

The Manager discussed alternatives to bridging the deficit:

- Use Fund Balance
- Reduce costs which implies a reduction in services (reduced County budget by \$2 million in 2002 due to plant closures and County budgets have essentially remained flat since then except for expected increases with the new Library and Public Safety Facility)
- Delay capital projects, use Capital Reserve funds
- Increase revenues (increase fees, increase ad valorem tax rate)
- Combination of any of the above

Staff estimated that FY 2011 will end with approximately \$10.4 million in undesignated funds, or 26.2% of expenditures. It then drops to 21% at the end of FY 2012 and continues to decrease over time assuming there is no increase in revenues. In FY 2016, the available Fund Balance would be in the negative numbers. The Local Government Commission recommends an 8% Fund Balance. It is not mandatory but a lower Fund Balance affects the ability to borrow funds. A previous Board of Commissioners set a goal of trying to maintain a level of 20%.

The Governor recently communicated that many counties have large fund balances therefore they can afford to take on additional costs passed to them by the State. The Manager made it known that for counties such as Transylvania County, there are many items in the Fund Balance that are designated. For instance, funding for the Law Enforcement Retirement Fund is required by law and there are also funds to cover the liability for retiree health insurance. Many of the items in the designated Fund Balance are required and reserved for specific purposes.

The Manager reminded Commissioners that staff reviewed all their departmental expenditures and broke them down into mandated (68%), essential (22%), discretionary (8%), and pass-through (2%). The major items identified as discretionary are the Library and Parks and Recreation.

Staff also reviewed potential reductions in their budgets. Staff identified discretionary spending for Outside Agencies totaling approximately \$113,525 (Habitat for Humanity, Transylvania Vocational Services, Western Carolina Community Action, Center for Dialogue, KOALA, Volunteers in Medicine, Senior Center, Bread of Life, Smart Start, and Brevard College). There are also areas within Outside Agencies that are considered essential to Transylvania County and they totaled \$240,114 (NC Forest Service, Brevard Rescue Squad). Departments identified \$175,316 in discretionary items (Community Appearance Initiative, Honor Guard, Senior Resource Network, Meal Site Transportation for Senior Citizens, Champion Pool, close Recreation Center on Friday nights and Saturday, close Library on Saturday, Calvert Convenience Center, and reduce hours at other Convenience Centers) and \$87,865 in essential items (reduce overtime in Maintenance, pest control, part time Fire Marshal, eliminate some of the GIS website in the Tax Department). The reduction of these services will have a negative impact on citizens.

Staff also looked at delaying capital projects. The Board of Commissioners has set aside monies over the years to fund capital projects totaling approximately \$2.6 million.

- Information Technology (still working on Tax conversion): \$359,408
- Old Library/Old Sheriff's Building: \$1,260,873
- Animal Shelter: \$757,428
- Courtroom Renovations & Security: \$206,534

Increasing revenues by upping the Solid Waste fees to \$2 per ton would generate approximately \$42,000. Another option is to raise the ad valorem tax rate. The Manager noted that 84 counties have raised their tax rate since Transylvania County last did and 15 counties have not. The average tax rate for counties which have not raised taxes since Transylvania County last did is 63.6 cents. Transylvania County's tax rate is 39.49 cents per \$100 and is the twelfth lowest actual and effective tax rate in the State. The Manager pointed out that a 1 cent tax increase generates approximately \$594,000.

The Manager discussed how a tax increase would impact citizens. He reported that 50% of assessed values come from properties valued between \$0-\$299,000. The same 50% equates to roughly 85.5% of the real and personal tax bills issued. Also, roughly 60% of the total bills have local zip codes. 87% of the local zip codes fall in the \$0-\$299,000 values. If a tax increase were to occur, the impact to property owners with assessed values between \$250,000-\$299,999 would be: 1 cent = \$30/yr, 3 cents = \$90/yr, 5 cents = \$150/yr. The Manager broke down the impact of median tax bills as follows:

<u>Type</u>	<u>Value</u>	<u>1 Cent Tax Increase</u>		<u>3 Cents Tax Increase</u>		<u>5 Cents Tax Increase</u>	
		<u>Annual</u>	<u>Weekly</u>	<u>Annual</u>	<u>Weekly</u>	<u>Annual</u>	<u>Weekly</u>
All Tax Bills	\$100,000	\$10.00	\$0.19	\$30.00	\$0.58	\$50.00	\$0.96
Local Zip Codes	\$111,080	\$11.11	\$0.21	\$33.32	\$0.64	\$55.54	\$1.07

The Manager provided these figures for informational purposes only. The figures do not include vehicles, only real and personal properties.

In response to questions from Chairman Hawkins, the Manager noted that the \$1 million operational deficit reflects the positions the Manager included in the assumptions as well as current vacancies. It also reflects the recommended changes to New Adventure Learning Center as recommended by the Social Services Board. Furthermore, the Manager noted that continually drawing down the Fund Balance does affect the County's credit rating.

In reference to the counties that have not raised taxes since Transylvania County last did, Commissioner Phillips inquired as to how many of those counties have had revaluations in the last 4 years. He believes the rates could change depending on whether the county chose to remain revenue neutral. The Manager said each county's last revaluation date is included in some of the charts provided at the first planning session. Without looking at the information, the Manager said he does not believe any of those counties have had a revaluation. He will be sure to provide that information to Commissioners as requested.

Commissioner Chapman spoke in reference to the City's decision to take over its own animal control and the fact that they may not be in a position to do that at the start of the fiscal year. He believes if the City is not ready to move forward beginning July 1, then they should be prepared to pay the County for the year. He does not want to be burdened with prorating unknowns on a month by month basis.

Commissioner Chapman said it has a long while since the County's revenues and expenditures have been equal to one another. He said the County is spending approximately \$83,000 per month more than it is taking in. Commissioner Chapman believes the federal and State budget problems will continue to negatively impact the County. He is concerned that the County has a spending problem and he is reluctant to reduce the reserves much lower than the current level.

Commissioner Chapman inquired about mandated services and whether they have to be provided at a certain level or if there is some discretion. He commented that the Board of Commissioners has tough decisions to make especially with the current economic condition of the County. He further commented

that the impact of a tax increase may be small to some but will hurt others so he is reluctant to bridge the deficit with a tax increase.

Commissioner Phillips commented that projections are just that, projections. He said a 2 cents tax increase would balance the budget for FY 2012, yet the deficit continues to increase over the next few years, which is clearly a trend. He made this comment simply as an observation and recognizing that there is only so much more that can be cut from the budget and that raising taxes is not an option.

Commissioner Chappell said part of the trend is because the deficit is continually being carried forward because the budgets are being balanced by the use of the Fund Balance. He noted that a tax increase would increase revenues annually; however he did not propose a tax increase. The Manager noted that future assumptions indicate a slight increase in the tax base. Commissioner Phillips agreed with the comments but noted that an increase in the tax rate would not make up the entire deficit.

Commissioner Chapman commented about potential reductions and asked if the Town of Rosman would be willing to take over the operation of Champion Park Pool before the County considers closing it altogether. The Manager responded that it is not possible for the Town to take it over.

Chairman Hawkins said over the last several months, staff looked at efficiencies before making a presentation to Commissioners and he asked if those efficiencies have been included in the first pass of the budget. The Manager said staff has reduced operating budgets but the other potential reductions identified in this meeting have not been removed from the budget. Staff identified and prioritized additional items per the request of the Board of Commissioners. The Manager hopes the Board would look at these items first before making reductions in other services.

OVERVIEW OF JOINT MEETING WITH THE BOARD OF EDUCATION

The Board of Education provided some known changes to the schools budget during the joint meeting totaling \$1,356,132. The largest known change is the ARRA funding in the amount of \$891,152. They also will experience cuts in Title 1 funds totaling \$100,276 equating to the loss of 4 teacher assistants. The ADM reduction of \$217,295 affects 7 positions. These areas and others losses equates to a loss of 31 positions in those respective categories.

The Board of Education also identified some additional revenues. They did not use a portion of the funding for the Federal Edu Jobs this year so those funds can be carried forward to FY 2012. Those funds total \$770,030 and save 15 jobs. This brings the total known impact to \$569,306 and is a loss of 16 positions.

The concern comes from other potential cuts from the State and there are 6 possible scenarios. They are:

<u>Scenarios</u>	<u>Impact of Cuts</u>		<u>Knowns</u>		<u>Total Impact</u>	
	Positions	\$	Positions	\$	Positions	\$
Governor's Budget	9.0	\$842,291	16.0	\$569,306	25.0	\$1,411,597
DPI 5%	42.0	\$933,625	16.0	\$569,306	58.0	\$1,502,931
DPI 10%	58.0	\$1,670,923	16.0	\$569,306	74.0	\$2,240,229
JLEOC (A)	40.0	\$2,369,749	16.0	\$569,306	56.0	\$2,939,055
JLEOC (B)	53.0	\$2,525,933	16.0	\$569,306	69.0	\$3,095,239
JLEOC (C)	70.0	\$2,912,327	16.0	\$569,306	86.0	\$3,481,633

With these scenarios, the Board of Education is looking at a shortfall somewhere between \$1.4 million and \$3.5 million. The Manager said based on information he is getting from the State, he expects the

shortfall to be in \$2.2 million range. The real concern is how to make up this amount because the number one priority of the Board of Education is to protect jobs.

The Manager reported that the Board of Education has a Fund Balance just as the County does. It totals approximately \$1.4 million. They also have a Capital Fund Balance that is estimated at \$519,000. Lottery funds are estimated to total \$900,000 at the end of this fiscal year. The Manager cautioned Commissioners about the use of lottery funds because the State has used lottery funds in the past to balance its budget. To summarize, the Board of Education has about \$2.9 million in available funds.

The Manager noted that only for FY 2011 can the Board of Education can use this year's lottery funds for operational expenses. The Board of Education also likes to maintain a Fund Balance as a cushion for emergencies as the County does.

The Manager offered the same options of dealing with Board of Education's shortfalls as with the County's through use of the some of the Fund Balance, etc.

Commissioner Chappell noted that the minimum impact of the school's budget shortfall that is being passed down to the County by the State is approximately 3 cents on the tax rate.

Chairman Hawkins said it is important to think about future years because next year the schools will not have stimulus funding to use to bridge the gap. Next year they would need an additional \$770,000.

Chairman Hawkins commented that the Board of Education framed their budget shortfall in terms of losing positions. He hopes there are other alternatives besides position losses. He said it would be useful to hear from the Board of Education about their plans to use some of their tools to help deal with the deficit this year and in future years and what impacts they will be faced with if the budget gap can not be bridged in some form.

Commissioner Chapman said government can no longer afford to provide all the services it does and therefore has to shrink and the process is going to be painful. The services the government continues to provide will be the Board's decision along with input from the citizens. He believes Commissioners need to start planning reductions in government and should recommend to staff to begin looking at the options for making those cuts. Commissioner Chapman said he is not ready to make the same recommendation to the Board of Education because their request is not yet known. He believes education is more important than other services that are provided in the County and should be maintained.

Commissioner Chappell agreed with Commissioner Chapman's comments but said it is difficult to determine a figure to reduce from County government until the Board of Education's request is known. He said Commissioners need to determine at what level it plans to fund the schools. He said staff can provide some projections but it is important to consider the education component as well.

Chairman Hawkins asked Commissioners about their vision for Transylvania County. He said at this point he is hearing from Commissioners that the vision is to have limited government and to spend as little as possible on services. Chairman Hawkins argued that is not a vision that is going to attract new people or business and industry to the County or keep people here in the County. He believes a better vision is that the Board chooses what it wants to do and then commit to doing it well. He believes there is an expenditure and revenue problem. The County budget has increased over the last 10 years; however most of the increase has been in education and public safety. All other County services are essentially operating on the same revenues and expenditures as they were 10 years ago. Previous Boards have made it their mission to find efficiencies. In terms of shrinking government, he does not think the County is at the point anymore where Commissioners can ask departments to help solve the revenue problem. He challenged Commissioners to let Transylvania County be known for being excellent. He reminded

Commissioners that the library was conceived 10 years ago after the plant closures and it took vision for the people involved to say they were going to move forward with constructing the building anyway. He pointed out that the Library Board of Trustees helped drive that process and their vision was that the library could be an asset to the community and it certainly has been. Chairman Hawkins again challenged Commissioners to determine a vision for the County and then commit to doing it well and provide the resources that are necessary to do that.

Chairman Hawkins called for a break at 7:45 p.m. The meeting reconvened at 7.55 p.m.

OVERVIEW OF CURRENT VACANCIES

The Manager reported there are currently 7 vacant positions he would like Commissioners to consider. These positions are being brought forth to Commissioners because of the hiring freeze enacted by the Board of Commissioners in January 2011.

The following positions are vacant or will become vacant in the very near future:

1. County Planner
2. Deputy Register of Deeds
3. Equipment Operator at the Landfill
4. Administrative Assistant in Child Development
5. Educational Aide in Child Development
6. Nurse II in the Health Department
7. Processing Assistant III in Social Services

The Manager requested authorization to move forward with filling the County Planner, the Deputy Register of Deeds, the Nurse II in the Health Department, and the Processing Assistant III in Social Services. The other three positions can be considered during the budget process.

Commissioner Chapman inquired as to whether any of the above positions would be considered for elimination if Commissioners directed staff to make further reductions.

Commissioner Chappell inquired as to when the decision needs to be made regarding these positions and wondered if they should be considered during the overall budget deliberations.

The Manager spoke about some of the positions and the consequences for delaying making a decision as follows:

1. County Planner – The Planning Office is just getting by and this vacancy and the tasks involved with this position are taking away from economic development efforts. The office is small and if someone is out sick or on vacation, then only one person is available to man the office.
2. Deputy Register of Deeds – Deferred to Register of Deeds Cindy Ownbey.
3. Nurse II – This position deals with child services coordination. This position generates enough funds to cover the cost of the position. Deferred to Health Director Steve Smith.
4. Processing Assistant III – This is a front line position and makes first contact with clients being served by Social Services.

The Manager said if these positions are not filled it is going to be difficult to provide the level of service that was being provided.

At the request of Commissioner Phillips, Health Director Steve Smith spoke about the Nurse II position. He explained there are revenues associated with the position. Based on the current structure of the Health Department, he does not have the personnel to cover the position at this time. The position could be totally sustainable depending on the level of reimbursement. Mr. Smith said it is important to note that if Transylvania County can not provide the service, at some point the State will decide to contract with

another department which would receive the revenues and citizens would have to travel to another county to receive the service.

Commissioner Chapman inquired more about the County Planner position and asked if Economic Development Advisory Board Chair Bill Towler had any comments from an economic development perspective. Mr. Towler said he is in the Planning Office a fair amount of time each week. He said when the former County Planner was in the office, there was a steady flow of people in the office waiting to see him. He believes the economy is beginning to improve and said that anything that the Board does that increases opportunities to bring jobs and infrastructure to the County will benefit the County ten-fold.

Chairman Hawkins said Commissioners may approve the requests with the understanding that the Board may be asking for additional cuts from departments. He asked Register of Deeds Cindy Ownbey to speak about her request to fill the Deputy Register of Deeds position.

Ms. Ownbey explained that her staff has many more responsibilities than recording documents and they remain busy despite the state of the real estate market. She invited Commissioners to visit her office and see how it is operated. She said the position is needed and requested Commissioners to fill it. She provided Commissioners with written justification for the position. In response to a question from Chairman Hawkins, Ms. Ownbey recommended against filling the position with part time or temporary assistance because of the liabilities and responsibilities associated with the job.

Commissioners discussed the positions being recommended by the Manager as follows:

County Planner

Commissioner Chappell moved not to fill the position at this time. The motion was seconded by Commissioner Hogsed. Commissioner Chappell does not feel this is the best time to fill the position. Commissioner Hogsed said he does not disagree with the need for the position but is concerned with the ability to afford it right now. He said he is open to discussing ideas for spreading the workload elsewhere. Chairman Hawkins believes the case has been made to fill this position. The decision not to fill the position impacts the quality of work because it is such a small department. Chairman Hawkins emphasized that economic development is such a crucial component of the County's future and said at this time with the demands on the Director, he thinks it would be detrimental to the County not to have the necessary level of supporting staff. Commissioner Chapman expressed concern about filling positions with the possibility of departmental cuts looming. Commissioner Phillips agreed and preferred to wait until the budget session to consider the position. **The motion passed 4 to 1, with Chairman Hawkins voting against.**

Nurse II

Commissioner Chapman moved to fill the Nurse II position and seconded by Commissioner Phillips. The motion passed 4 to 1, with Commissioner Hogsed voting against.

Commissioner Phillips noted that if the position can not be sustained with the associated revenues then Commissioners should review the position again.

Processing Assistant III

Social Services Director Stoney Blevins gave justification for the position. This position is the first floor receptionist and the person in this position will direct over 8,500 people on an annual basis and answer approximately 25,000 phone calls. Mr. Blevins said if necessary he could shut down the first floor reception and move that function to the second floor. However, on the second floor the traffic equates to over 17,000 people on an annual basis and the receptionist answers 35,000 phone calls. Also, the lobby area on the second floor is much smaller than same area on the first floor. He is hesitant to move more

traffic into that area. The position cannot be filled with overtime because the workload occurs during office hours. He said it is possible to fill with temporary assistance.

Commissioner Chapman said the figures provided by Mr. Blevins gives Commissioners another indication of the condition of the County and many of its citizens.

Commissioner Chapman moved not to fill the position at this time and seconded by Commissioner Chapman. Chairman Hawkins disagreed with the motion and believes this motion intends to degrade services to people at a time when they really need it. Commissioner Hogsed said this motion only states that Commissioners are not filling the position full time and does not say that part time or over time can not be used. **For clarification purposes, Commissioner Chapman said this motion includes the provision to fill the position with part time or over time. The motion passed 4 to 1, with Chairman Hawkins voting against.**

Deputy Register of Deeds

Commissioner Chapman moved not to fill the position at this time and seconded by Commissioner Phillips. Commissioner Phillips said he would be okay with filling the position with temporary help. Chairman Hawkins said Ms. Ownbey has made the argument that the position is needed; however since there was no recommendation from staff, he is hesitant to fill the position and agrees with Commissioner Phillips about filling it temporarily. The Manager noted that he has made no recommendation on any of the positions; however all the positions have been included in the FY 2012 proposal at some level. **The motion passed unanimously.**

REVIEW BIDS TO RENOVATE THE OLD SHERIFF'S BUILDING FOR THE REGISTER OF DEEDS AND TAX ADMINISTRATION

Staff went out for bids for the renovation of the old Sheriff's Building at the direction of the Board of Commissioners. Staff received six bids. The lowest bid was from Buchanan Construction for \$395,000. The next lowest bid was \$62,000 higher. Potential added costs for replacing the roof and other items total approximately \$22,000. Including fees, furniture, fixtures and equipment, and contingency the approximate cost of the project is \$600,000. The Manager noted the bids are good for 60 days and will expire on April 23. This item deals with space needs issues in the County and provides additional space in the Courthouse for the Clerk of Court and District Attorney and relocates the Public Defender to the Courthouse for which the County is currently renting space. It also provides much needed space for the Tax Administration offices and Register of Deeds and is a long term solution to their space needs. The Manager recommended moving forward with awarding the bid to Buchanan Construction.

Commissioner Chapman inquired about the legalities for the County to be its own contractor. The Manager said the County can serve as its own contractor but would have to bid each job separately. The County can not limit the jobs to local contractors. Purchasing Agent Michelle McCall said there is specific wording in NC General Statutes that counties can not break down large contracts as a means of skirting responsibility for obtaining formal bids and other requirements for projects of this size. Commissioner Phillips believes it is allowable if the County decides to do the project in phases. The Manager said the County can bid each trade and award the bid to the lowest bidder and the general contractor would have to accept those as well. The Manager encouraged Commissioners to accept the recommendation because he believes the bid is a good bid. Furthermore, the Manager noted that staff has delayed getting the roof repaired on the building in anticipation of moving forward with the renovation project.

Chairman Hawkins noted this project came before Commissioners some time ago and provides much needed space to several offices.

Commissioner Chappell moved to reject all bids at this time because of the current economic situation but to keep the monies reserved for the project. The motion was seconded by Commissioner Chapman. Commissioner Phillips said he is open to having discussions about getting the roof repaired along with replacing the HVAC system. Commissioner Chapman wondered if the building could be occupied without renovating it. He proposed to possibly re-bid the project after the budget process. Chairman Hawkins said there is no budgetary reason not to do the project if Commissioners do not plan to transfer the funds from the capital reserve to operations. Commissioner Chappell said Commissioners could decide to transfer the monies during budget deliberations if they find it necessary. **The motion passed 4 to 1, with Chairman Hawkins voting against.**

REVIEW BIDS TO CONSTRUCT A NEW ANIMAL SHELTER

Staff went out for bids on a new animal shelter at the direction of Commissioners. Staff received nine bids. After reviewing the bids with the School of Government and County attorney, staff found five bids that contained mistakes or omissions in their paperwork which invalidated the bids. Two of the remaining four bids included errors but were allowable. The lowest responsible bidder was Maple Leaf Design with a base bid of \$1,045,000.

Only \$757,000 is available in capital reserves for this project. If the bids are higher than the funds available, NC General Statutes allows counties to negotiate the bid with the contractor. Staff identified approximately \$187,000 in potential reductions; however the Manager is unsure whether or not staff will be successful in negotiations with the bidder. He requested permission from the Board to begin negotiations. Maple Leaf Design offered a total project cost bid at \$1,176,000.

The Manager informed the Board of its options:

- Negotiate with Maple Leaf Design
- Reject all bids and re-bid the project
- Reject all bids and redesign the project (incur additional architectural fees)
- Ask City to help pay for new animal shelter
- Ask public to help fund a portion of a new animal shelter (as with the Library)

Dr. Clyde Brooks, who has worked on this project for some time, said he believes that animal interest groups and others can potentially raise \$350,000. He noted that the County has already received \$10,500 in donations for a new shelter without any marketing efforts at all. There is lots of public support for the project.

Commissioner Chapman said he understands the need for a new animal shelter but does not support spending \$1.2 million. He would like to explore working with the private sector.

Commissioner Chappell inquired about what it would take to begin a public campaign to raise funds for a new animal shelter. Dr. Brooks said that it would first require a commitment from the Board of Commissioners that it plans to proceed with the project. Dr. Brooks also said that people would prefer a different location other than the Calvert site.

Commissioner Chapman encouraged Commissioners to consider the type of animal shelter that Macon County recently built. They built a facility for approximately \$500,000 less.

Commissioner Chapman moved to reject the current bids and discuss options for moving forward. The motion was seconded by Commissioner Chappell. Commissioner Chapman expressed concern about the cost and the fact that there is not enough funds set aside and also that there were only two bidders who met all the bid requirements. The Manager reported that staff has visited other shelters and discussed with counties what they might do differently if they had an opportunity to start over. He said

the new animal shelter was designed based on a philosophy of what the citizens want to see in a new shelter and to properly take care of animals and the staff working in that facility. This shelter gives the best opportunity for allowing the adoption of animals. The shelter was also designed to reduce odor and sound, deal with disease, allow for capacity, etc. The plan also calls for volunteers to assist in operating the shelter. Staff has made every effort to reduce the costs. There is no current project budget for this project; however there is an amount designated for the project.

Commissioner Chapman said this is a matter of what the County can afford, not what it wants. Chairman Hawkins reminded Commissioners that Dr. Brooks believes he and others can raise \$350,000. He used the Library as a comparison for fundraising. He said fundraising for the Library was successful because it was a quality facility. He does not believe the County would get the same level of public support if the quality of the facility is compromised. Chairman Hawkins also noted there was tremendous controversy over the location for the new Library but it did not hamper the fundraising efforts. If the cost can be reduced \$100,000 and the funds can be raised, that could potentially reduce the County's portion of the project to \$650,000. He encouraged Commissioners not to kill the project before giving it a chance to succeed.

Commissioner Chappell encouraged Commissioners to consider discussions with those individuals proposing a private shelter in conjunction with fundraising efforts. Commissioner Phillips expressed concern with fundraising efforts because other groups promised to raise funds a few years ago and they were unsuccessful. Chairman Hawkins asked Commissioners to keep the bids on the table and explore fundraising strategies and negotiate with the bidder in the mean time. Commissioner Chappell expressed concern about the errors in the bids but he is open to negotiating with the bidder while discussing the possibilities for a private shelter. Commissioner Hogsed added that staff should also explore design build options. He also expressed disappointment that the bids were high. **Commissioner Chappell withdrew his second. The motion died for lack of a second.**

Commissioner Chappell moved to table the discussion on this item until the May 9 meeting to allow staff time to negotiate with the bidder to find cost reductions and at the same time explore fundraising and private shelter possibilities and provide information about design build procedures. The motion was seconded by Commissioner Phillips. Commissioner Chapman believes this motion just delays moving forward because the cost to build an animal shelter in the \$900,000 to \$1.2 million range is not going to be acceptable. **The motion passed unanimously.**

DISCUSSION AMONG COMMISSIONERS

Chairman Hawkins asked Commissioners to decide the next steps in the budget process and instruct staff on how to proceed.

Commissioner Chappell said the Board should decide whether or not to instruct staff to make reductions in the budget and what level it plans to fund the Board of Education. Chairman Hawkins noted the other component to consider is public safety.

Commissioner Chapman said no option should be off the table because the County is facing a crisis situation. The County is projecting a \$1 million deficit and the Board of Education is looking at \$2.5 million in cuts and other losses. He said he may be willing to use some of the Fund Balance; however Commissioners should instruct staff to make reductions. Chairman Hawkins said it would be important to decide what a comfortable Fund Balance level would be. Furthermore, Commissioners should consider strategies for getting through the next couple of years. He believes accessing the Fund Balance to a level of 15% is a reasonable response to dealing with part of the problem.

The Manager inquired about any direction the Board may want to give to the Board of Education. Chairman Hawkins suggested asking the Board of Education to provide information as to the impact a flat

budget level would have on the schools. Commissioner Chappell suggested also finding out if there would be any possibilities to giving more flexibility with using the capital outlay funding for operational expenditures. Chairman Hawkins recommended another joint meeting with the Board of Education.

Commissioner Chapman recommended that he and Commissioner Phillips meet with the Sheriff to discuss his budget request. Chairman Hawkins also wondered if it would be useful to explore occupancy rates to house inmates from other counties which would be a revenue source.

PUBLIC COMMENT

1. David Watkins: Mr. Watkins complimented the Manager and County staff for making good decisions. He said his interaction with County staff has been nothing but positive and that they have been professional and courteous. He believes a modest tax increase and use of the County's Fund Balance is a reasonable approach to solving the County's deficit problems. Mr. Watkins said the children in the school system deserve to have an excellent education, the County needs to have good recreational opportunities for citizens and the Library deserves to be properly funded. He encouraged Commissioners to adopt a more positive outlook. He pointed out that the County's economic development policy indicates that the number one priority is to sustain quality of life that will draw people to Transylvania County to invest here. Mr. Watkins said the County can not continue to operate on such thin budgets so Commissioners should raise taxes and give the people something for their money by continuing to provide good services.
2. Bill Towler: Mr. Towler thanked the Board for their time and efforts. He reported that the Economic Development Advisory Board and Planning Board will be meeting with citizens in different communities over the next few months and asking them what is the legacy they want to leave to future generations. He asked Commissioners to give some thought to the same question.
3. Cindy Ownbey: Ms. Ownbey asked for clarification on whether she can fill a vacancy in her department with temporary or part time assistance pointing out there are funds available. Commissioners instructed the Manager to work with Ms. Ownbey about filling the position until June 30 with temporary assistance. The approximate cost would be \$5,000.
4. Linda Brooks: Ms. Brooks thanked the Manager and all those who have been working on the animal shelter project over the last few years and those who have worked in the County to keep the animal population under control. Although there are challenges, she encouraged Commissioners to look at this issue in a positive way because there are opportunities to have a state of the art facility. She said if the Board will commit to building a new shelter the money can be raised by the public to contribute toward the project. She reminded Commissioners that many dollars have already been spent on the design of the project and other elements as well so she encouraged them to move forward.

ADJOURNMENT

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

ATTEST:

Mike Hawkins, Chair
Transylvania County Board of Commissioners

Trisha M. Hogan
Clerk to the Board

04/11/2011