

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
June 18, 2012 – PUBLIC HEARING

The Board of Commissioners of Transylvania County met in special session on Monday, June 18, 2012 at 7:00 p.m. in the Rogow Room at the Transylvania County Library. The purpose of the meeting was to hold a public hearing on the FY 2013 Budget proposal.

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

Media: *Hendersonville Times News* – Nathaniel Axtell
The Transylvania Times – Eric Crews

There were approximately 60 people in the audience.

CALL TO ORDER

Chairman Mike Hawkins presiding called the meeting to order at 7:02 p.m.

WELCOME

Chairman Hawkins welcomed everyone to the meeting and introduced the members of the Board of Commissioners and staff in attendance. He explained the format for the public hearing.

PUBLIC HEARING

PROPOSED FY 2013 BUDGET

The Manager reported that the proposed FY 2013 Budget was presented to the Board of Commissioners on May 29, 2012 as required by NC General Statutes. At that time he recommended a budget of \$41,070,085 which represented a deficit of \$1.9 million. Commissioners held three budget workshops and made several changes to the proposed budget. The reductions totaled nearly \$1 million. The revised budget totals \$40,066,676, a 1.6% increase over the FY 2012 Budget. The deficit was reduced to \$962,197. There are Other Funds totaling just over \$9 million, but many of those funds come back into the General Fund. Inter-Fund Transfers total \$3.6 million. The total FY 2013 Budget for Transylvania County is \$45,437,220. Included in Other Funds is the fire tax for fire districts, the emergency telephone system which comes from E-911 fees, Silvermont, and Occupancy Taxes. Inter-Fund Transfers include the Law Retirement Fund, the Solid Waste Fund, the Retiree Health Fund, and the Self-Insurance Fund. These Funds total \$3.6 million.

Commissioners will vote on the FY 2013 Budget at a regular meeting on June 25. If no further changes are made to the budget, staff will prepare the FY 2013 Budget Ordinance totaling \$45,437,220 with a General Fund Budget of \$40,066,676.

Chairman Hawkins declared the public hearing open at 7:10 p.m.

David Adams: Mr. Adams supported the proposal to give County employees a pay increase but preferred that it be performance-based rather than a cost-of-living adjustment. He argued that cost-of-living adjustments reward employees despite their job performance. This also does not solve the compression issue. Mr. Adams also commented on the Sheriff's request for a Concealed Weapons Clerk. He feels that

the issuance of concealed carry permits is not a critical function and suggested the position hours be reduced to the level where it does not qualify for benefits. Finally, Mr. Adams commented on the wellness initiative. He asked Commissioners why they have not moved toward healthcare savings accounts. He said the problem of increased healthcare costs will not be solved with continued plan design changes. He suggested that citizens be allowed to serve on the employee health insurance committee next year. Mr. Adams noted that the consultant made recommendations on what the County should do with its money with regards to wellness programs but offered no accountability for results. Mr. Adams suggested the County adopt a wellness policy that does not hire new employees who smoke or that are obese because this is what is being done in the private sector.

Judith West: Ms. West spoke about reducing healthcare costs through wellness programs. She said she supports individual responsibility; however she is appreciative of decisions and actions by government on her behalf to reduce costs. She said it should be recognized that there is some value in government being involved in individual healthcare decisions. Ms. West said there were too many unanswered questions about the wellness initiative left by the consultant at the last budget workshop. However, she encouraged the Board to seek answers because this is about saving money, noting that healthcare costs will continue to rise. Ms. West encouraged the Board to allow staff to look at some options and then vote to accept or reject the initiatives brought forth by staff, using financial reasons as part of the decision. If approved, the Board should expect reports on whether or not the initiatives are working. She also thought it was a good idea to add a person other than County staff to the employee health insurance committee to get another point of view. She closed by asking the Board to reconsider its decision on this matter.

Meredith Licht: Ms. Licht expressed disappointment in the Board's decision to cut the budget for the School System. The School System depends entirely on funds from the federal, State, and local governments in order to provide quality education to every child in the public system. Ms. Licht said regardless of the budget approved by the NC General Assembly, once again the School System will be experiencing significant cuts. In the past the School System has been able to depend on the County to help make up for the State budget cuts. She thanked the County for its past support. Ms. Licht said the School System has done an incredible job with what it has. The School System has increased graduation rates, decreased dropout rates, students that continue to produce high test scores, and every year the graduating seniors earn millions in scholarships. She pointed out that Transylvania County Schools has been recognized as one of the most fiscally responsible School Systems in the State. She believes the School System's record of doing more with less is now working against them which is unfair to administrators, staff, and students. Every cut to the day-to-day operation affects what happens in the classroom. Ms. Licht encouraged the Board to reconsider its cuts to the School System's budget because education is one of the most important aspects this County has.

Stan Smith: Mr. Smith commended both the Board of Commissioners and Board of Education for being fiscally responsible and for providing good services, quality education, a respectable tax rate, and maintaining reasonably healthy fund balances. He expressed support for the proposed budget because it includes a modest pay increase for employees, addresses essential services, and meets aging infrastructure needs. The proposed budget does present a deficit which requires tapping the fund balances of both entities to support the proposed spending instead of a tax increase. Mr. Smith believes economic times such as these justify the need to pull monies from fund balances. However, he does not believe the County can continue the practice of drawing down its fund balances and said if the economy does not improve, cuts in services or property tax increases will be required.

Cindy Petit: Ms. Petit is a member of the Board of Education. She spoke about the Board's decision to cut the School System's funding. She understands the difficult decisions both Boards must make with respect to funding for the entire County and the School System; however she said the School System's infrastructure is deteriorating and staff has done a great job patching problems with the dollars they have.

She commented that other districts have outstanding facilities. Regardless, Transylvania County has one of the greatest achieving School Systems in the State, but she believes kids and staff deserve much more from tax dollars. Ms. Petit expressed disappointment that the Boards did not hold a joint meeting this year. She also expressed concern about continued comments about school consolidation. With each school struggling to pay for and maintains its facility, she wondered how the Board of Education could ever afford a brand new facility for the purposes of consolidation. She believes one solution to both Boards is jobs, not an increase in the tax rate. Lastly, Ms. Petit encouraged Commissioners to visit the school facilities and urged both Boards to work together because the children are the future of this County.

Gerry Hunsicker: Mr. Hunsicker said he believes many County employees are making 35% to 40% more in wages and benefits than the private sector. He said if the County had the same passion for the future of the people in the private sector he believes this County could grow again. He encouraged the County to use taxpayer dollars more wisely, like encouraging manufacturing and other jobs. Mr. Hunsicker stated that Commissioners and County staff rank in the top 1% of income earners in the County and believes this fact affects how decisions are made in the County. He urged Commissioners to consider all citizens in the County, not just specific groups. Mr. Hunsicker commented about the cuts to the School System's budget and the tough jobs that teachers have. He believes Commissioners are disregarding what is important, like teachers and jobs, to give County employees a pay increase.

Carroll Parker: Mr. Parker expressed disappointment with the proposed cuts to the School System. He said Commissioners should avoid micromanaging the School System's budget. He said there was no acknowledgment of the possibility of good stewardship, good management, savings achieved, and hard work and sacrifice made by staff. The attitude by Commissioners was that money is being thrown at the Schools and they cannot manage it. Mr. Parker said there was also no discussion on investment or return of cost/benefit ratio, or no acknowledgment of the relationship between education and jobs. The County should equip students to compete in a global economy. Mr. Parker also said it is a waste of time to debate school spending comparison with other counties in a State that ranked near the bottom nationally in per pupil spending last year. Rather, this County should set the standards for North Carolina and not meet the norm in cost effectiveness. Furthermore, Mr. Parker is concerned that Commissioners may have unintentionally removed the incentive to economize which he believes is counterproductive. He asked the Board to reconsider its decision to cut the School System's budget and adopt the Manager's recommendation.

There were no further comments from the public. **Chairman Hawkins declared the public hearing closed at 7:38 p.m.**

PUBLIC COMMENT

There were no additional comments by the public.

COMMISSIONERS' COMMENTS

Commissioner Chapman expressed concern that the County is continuing to spend more than it takes in. He believes this Board did the best with what it had to work with. Commissioner Chapman commented that if a 1.7% reduction in the School System's budget is going to be devastating, then he believes there are bigger problems than just money, although he does not believe this is the case. He expressed his support for the School System and all citizens in Transylvania County. While he supports the budget, he believes a future tax increase or significant cut in services is unavoidable. Many of the issues addressed by Commissioners during the budget workshops, such as wellness programs and additional positions, can still be addressed by Commissioners in the future. He said he is hesitant to vote for items when there are no detailed plans and proposals in place. Furthermore, he said the County is available to provide emergency

funds for capital related items for the School System. He pointed out that the County had more than adequately provided for the School System over the last several years. He thanked staff and previous Boards for building the County's reserves for a rainy day because he believes the rainy days are here now. Commissioner Chapman supports the budget and he thanked Commissioners and staff for their hard work.

Commissioner Hogsed thanked all in attendance and also County staff for their hard work in preparing the budget. He said he has the utmost respect for the School System and he is proud of what they are able to accomplish. He has a vested interest in the School System. Commissioner Hogsed recognized the School System for being thrifty but he believes it is the role of the County to maintain the large fund balances for the School System should emergencies arise. Commissioner Hogsed said there are facets of the proposed budget he disagrees with, but overall he is supportive of the budget. He believes fund balances should be used if necessary before a tax increase should be considered because they are tax dollars already collected. However, he recognizes the need to address the spending deficit.

Commissioner Chappell thanked those in attendance. He said he disagreed with many items in the budget and he noted that he voted against many of the items brought up for a vote. He disagreed with an automatic cost-of-living adjustment for County employees and preferred a one-time bonus because it is more cost beneficial to the County and gives employees immediate spending power. He also disagreed with adding some positions and the cuts to the School System. Commissioner Chappell thanked Commissioners for the honest dialogue during this budget process and for Commissioners' commitment to the budget.

Commissioner Phillips thanked staff for their work on the budget and all those that attended the budget meetings. He also expressed appreciation for the Board of Education. He realizes every decision made by Commissioners is not always the most popular decision but Commissioners try hard to balance their decisions while under public scrutiny. He believes the County does its best to meet the needs of the School System and the figures indicate that the County has increased funding consistently to the School System at least for the last 10 years which he is proud of. Unfortunately, with the budget constraints as they are, he said Commissioners cannot fulfill every request with taxpayer dollars. Commissioner Phillips encouraged everyone to stretch their dollars as far as they can particularly in this current economy.

Chairman Hawkins thanked Commissioners for enduring another difficult budget process and for continuing to be respectful of each other. In response to some of the comments from the public, he noted that issues are not going to be resolved with the adoption of the budget at the next meeting. Those issues range from compression issues, wellness opportunities, education, etc. He encouraged citizens to keep these issues before Commissioners and help make the best decisions for everyone.

ADJOURNMENT

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

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board