

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
May 12, 2016 – BUDGET WORKSHOP

The Board of Commissioners of Transylvania County met in special session on Thursday, May 12, 2016 for the purpose of holding a budget workshop. The meeting was held 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. Also present was County Manager Jaime Laughter. 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 20 people in the audience.

CALL TO ORDER

Chairman Mike Hawkins presiding declared a quorum was present and called the meeting to order at 7:03 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

Steve Pulliam: Mr. Pulliam is the Director of United Way. He spoke to Commissioners about the United Way TRAIN program and asked them to consider providing funding for the program which serves as a collaborative network of community organizations to help improve access to community and health resources (medical, food, housing and transportation) for residents. Agencies that contribute to the database must share in the cost of the software which limits the number of users. United Way has an opportunity to obtain an unlimited amount of licenses through the software company for a total of \$9,000. This funding would allow United Way to bring on more users to contribute to the data collection in order to ensure the appropriate resources are provided to our citizens. Mr. Pulliam asked Commissioners to fund \$10,000 of the \$20,000 requested.

Chairman Hawkins turned the meeting over to the Manager for facilitation of the budget workshop.

WORKSHOP

The Manager presented her recommended budget on Monday, May 9 in accordance with State law. The initial requests left the County with a \$5 million deficit which would have resulted in an eight cents tax increase. The recommended budget does not fund all the requests and continues to defer needs across the board. However, the Manager believes the recommendation is fair and affordable.

Tonight she will serve as the facilitator for the budget workshop. On Monday, Commissioners requested further review and discussion on five items for the budget workshop. She will present the information

presented on Monday along with additional data and any known options for each item. After the data is presented, Commissioners will have an opportunity for discussion. Once it appears there are three Commissioners in agreement or when the 15-minute time period is reached, she will poll Commissioners in order to establish consensus, unless Commissioners express interest in continuing discussion. The Manager reminded Commissioners to be patient, kind, courteous and cordial while discussing items. She understands Commissioners are faced with difficult decisions and she thanked them for their willingness to serve as Commissioners and make hard choices for the benefit of the public.

BUDGET ITEMS FOR DISCUSSION

SHERIFF'S OFFICE RESERVE REQUEST

The Sheriff has asked that some of the revenue generated by his office for housing inmates for other counties be put into a reserve fund. The Manager presented an alternate option to the Board on May 9. The Sheriff presented the Manager a counterproposal on May 9 prior to the Board meeting. After receiving the Manager's recommendation, Commissioners asked to view the proposals side-by-side for comparison purposes.

The Manager noted that for FY 17, total revenues (including SRO funds paid by the School System) from the Sheriff's Office comprise 13% of budgeted revenues for that department. The remainder comes from general fund dollars.

Here is a side-by-side comparison of the Manager's recommendation versus the Sheriff's proposal:

Manager's Recommended Budget	Sheriff's Proposal (submitted May 9)
Revenues for jail phone and commissary minus expenses to go into reserve fund for Sheriff's Office	Revenues for all jail phone, commissary and court jail fee expenses to go into reserve fund for Sheriff's Office
Commissioners determine parameters and funding procedures for fund, as always	40% of revenue from State Misdemeanant Confinement Program and jail fees from other counties
FY 17 projected net: \$25,560	No subtraction of expenses related to those services
Makes Sheriff's budget 15.08% of total budget	Sheriff has sole discretion over funds
	FY 17 projected net: \$137,090
	Makes Sheriff's budget 15.32% of total budget
	Proposes going back to FY 15 for revenue

The Manager provided a fiscal analysis of the Sheriff's proposal. In FY 15, the Sheriff's Office brought in additional revenue over budget of \$352,114.21; however, the Sheriff's Office spent \$425,414.88 more than budgeted in the same year. The Sheriff's proposal would include going back to FY 15 for estimated funding at \$268,628, requiring transfer from fund balance and raising the department's budget for that year from 15.13% of total budget to 15.62%.

In FY 16, the Sheriff's Office is projected to bring in additional revenue over budget in the amount of \$264,183. Expenditures are currently expected to come in under budget by \$63,383. The proposal would include FY 16 for estimated funding at \$249,902, requiring transfer from fund balance and raising the Sheriff's Office budget for that year from 15.08% of the total budget to 15.52%.

FY 15 and FY 16 combined has a financial impact in the form of a fund balance transfer totaling \$518,530. FY 17 includes an additional fund balance transfer of \$137,090.

The Manager pointed out that the Commissioners' agenda packet included the Sheriff's proposal, the adopted budget and actual expenditures from FY 11 through FY 15 which outlines the revenues by line item, information about debt service on the Public Safety Facility, a comparison of the Manager's recommendation versus the Sheriff's proposal, and an analysis of the calculations mentioned in the above paragraphs. She noted that the debt service is paid annually and is not factored into the budget for the Sheriff's Office. The Manager invited the Sheriff to offer any additional comments prior to Board discussion.

Sheriff Mahoney reported that this is the third year he has proposed the establishment of a reserve fund. The reason for his request stems from his pursuit of generating revenue by housing inmates from other counties and for the State Misdemeanant Confinement program and implementing the jail commissary program. Since moving into the new facility in 2009, his office has generated \$1,962,703 through these programs. Including the revenue projected for the end of FY 16, that amount grows to \$2,642,254.

Sheriff Mahoney shared that recruiting and retaining good quality staff and officers are difficult. He believes his office can create opportunities to ensure competitiveness with other agencies. One of those ideas is to offer a tuition assistance program. The revenues would also fund the full amount of requested vehicles. Sheriff Mahoney requested 10 vehicles, but the Manager recommended funding five. Sheriff Mahoney also requested the purchase of a tactical rescue vehicle which will not only assist in large scale operations that require multi-agency response, but can offer back up for agencies in our neighboring counties. Sheriff Mahoney says these funds are paid by other counties for services provided by his office and in lean budget times the funds can be used to offset costs to Transylvania County taxpayers. It is the Sheriff's goal tonight to begin a conversation with Commissioners and to see the efforts of his department rewarded.

Discussion

Commissioner Lemel said she does not want the Sheriff's Office to feel penalized for going above and beyond, but noted that the jail was constructed with the idea that it would be able to accommodate inmates from other counties, although that is outside the normal operation of a standard county jail. She is supportive of the Manager's recommendation with the commitment to begin serious conversations with the Sheriff for future budget years, to include a memorandum of understanding.

Commissioner Chapman asked for confirmation that the Sheriff's proposal includes no subtraction of expenses related to housing other inmates and the commissary program. The County currently receives \$40 per day per inmate. Sheriff Mahoney said he believes this is a good starting point for discussion. He noted that it costs the County approximately \$20 per day to house other inmates, which covers staffing, utilities, food, etc. He understands there is cost involved so his proposal refers to net costs, not gross. He suggested the development of a formula whereby a percentage of the revenues would be diverted into a reserve fund.

Commissioner Chapman asked the Sheriff if the recommended budget meets the overall needs of his department, even though the recommendation does not fund all of his requests. Sheriff Mahoney stated he is extremely concerned about the vehicles. The Manager recommended funding five of the 10 he requested. He is also concerned about the reduction of \$70,000 in the food budget. Finance Director Gay Poor explained that the food budget was based on the estimated number of inmates to be housed and was calculated at \$9 per inmate per day for 40 local inmates and \$12 per inmate per day for inmates in the State Misdemeanant Confinement program. Corresponding revenues are expected to be lower as well. In addition, Sheriff Mahoney is concerned about not being able to purchase a tactical rescue vehicle that would provide a safe method for inserting a tactical team into a hostile environment or extracting victims out of a hostile environment. There are no grant funds available for this type of purchase.

Chairman Hawkins said entrepreneurial activities should be encouraged and rewarded. He believes the concept of establishing a reserve fund warrants further discussion and should focus on net dollar figures.

Commissioner Phillips inquired about the possibility of housing federal inmates for additional revenue. Sheriff Mahoney reported that his office is pursuing this opportunity through the US Marshal's Service.

Commissioner Chappell thanked the Sheriff for his diligence in generating revenues by housing inmates for other counties and the State. He believes a portion of the revenues should go toward paying the debt service on the facility because they debt was incurred by taxpayers to build a facility of such caliber. He is open to having discussions in the future about developing a formula whereby a certain portion goes into a reserve for use by the Sheriff's Office. He pointed out that other departments generate revenues as well, so it is his hope that Commissioners will look at this in a holistic manner in their future discussions.

Chairman Hawkins pointed out that the Manager's proposal includes a designated amount to put into reserves; it is just not at the level the Sheriff anticipated.

Action

The consensus of the Board was to support the Manager's recommendation with a commitment to have future discussions with the Sheriff about his proposal.

OUTSIDE AGENCY REQUESTS

Most of the Outside Agency requests from nonprofits were subject to a new policy that the Board adopted this year. A committee consisting of two Commissioners and various staffs reviewed the proposals.

The criterion for scoring each proposal 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 the review process were:

- Some requested more funds than granted
- 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

The submissions for FY 17 totaled \$329,900. Some of the requests were funded in full, some were partially funded and others were not funded at all. The Manager recommended funding in the amount of \$171,910.

Community centers were considered separately. The Manager recommended funding all 12 community centers at \$1,000 each. She also recommended setting aside \$50,000 for potential facility improvements. Planning and Community Development would be responsible for drafting a procedure for application for funds with the focus being on capital improvements that will enhance the community centers' abilities to create vibrant nodes throughout the County.

Discussion (Community Centers)

Commissioner Phillips pointed out the 12 community centers have a total assessed value of over \$25 million and occupy 27.95 acres, yet they are exempt from paying property taxes. He said providing additional funding for them is "double-dipping" the taxpayers; therefore, he was not supportive of the Manager's recommendation to set aside \$50,000 for facility improvements for the community centers.

Commissioner Lemel disagreed with Commissioner Phillips. She stated that community centers serve as opportunities for engagement and add to the quality of life in our community and there is a lot of value in the ability to maintain those community centers. She did not envision the \$50,000 being spent in one year, but rather as a fund made available when needed for capital improvements. She supported the recommendation as proposed by the Manager.

Commissioner Chapman wanted confirmation that the Board would have the final say in approving requests for these funds. The Manager stated that there is not yet a policy in place, but the Board would have final approval.

Commissioner Chappell shared some of Commissioner Phillips' concerns. He was supportive of providing annual support when the community centers were being used as election/voting sites. Although he felt that community centers play a vital role in the community, he did not agree with setting aside funds for facility improvements when there is no policy in place to determine how those funds will be administered.

Commissioner Lemel suggested removing the \$50,000 from the recommended budget for FY 17 until such time that staff develops a policy for the Board's consideration in the following year's budget, but still fund each at the \$1,000 level.

Commissioner Chapman was supportive Commissioner Lemel's suggestion.

Chairman Hawkins said he has received positive feedback from many citizens in support of the funding for community centers. He was influenced by the experience and energy of the Sesquicentennial whose many events centered around the community centers. He felt that the return of benefits would far outweigh any investments. Commissioner Phillips was concerned about the County creating a vision for the community centers when it should be up to the people in their respective communities. Chairman Hawkins agreed, but noted there may be certain visions that are common across the board. The financial assistance could help them generate ideas or try new activities that they would not otherwise have been able to do.

Action

There was consensus to include the \$1,000 per community center, totaling \$12,000 and to remove the \$50,000 facility improvements fund.

Discussion (Outside Nonprofit Agencies)

Commissioner Chappell shared his concerns about funding Brevard Music Center's request for \$25,000 for their capital campaign because it is a private entity.

Commissioner Phillips agreed and was concerned about the precedent it might set in the community and how the Board might respond to future requests from private entities.

Chairman Hawkins stated that he really liked the new structure for considering outside agency funding and he asked Commissioners to give the process a chance to work. He said he would feel more supportive of Brevard Music Center's request if it was tied to something specific. With that said, his service on the State's Economic Development Board has taught him a lot about what it takes for communities to be successful. One of those is to promote and facilitate those things that make a community unique. Brevard Music Center is a unique asset. Being a private business is not a reason to deny funding. He reminded Commissioners that the County provides incentives to other private businesses.

Commissioner Chapman reported that Brevard Music Center is doing a tremendous amount of fundraising for their capital campaign. Very few improvements have been made to the facility and they are committed to a complete facility upgrade. He agreed that Brevard Music Center is a huge asset to the community in terms of economic development and cultural importance was therefore supportive of the request.

Commissioner Chapman asked for further discussion on United Way's request for the TRAIN program since Mr. Pulliam made a plea at the beginning of the meeting for funding consideration. The Manager reported that the committee ranked this request as next to last. State policy limited the amount of data that could be inputted from the Health Department and Social Services. In addition, the program may not have had the community impact that was originally intended when Commissioners first funded it last year. Chairman Hawkins suggested the possibility of offering in-kind or non-financial assistance in some form. The Manager noted one such opportunity was to offer space in our facilities at no charge for a volunteer fair.

Commissioner Phillips expressed concern about spending taxpayer dollars on outside agencies. He was particularly unsettled about the recommended increase over the current year from \$127,000 to \$172,000.

Commissioner Lemel said she understands the concern about funding private agencies; however, much of the funding is helping to address the County's strategic plan goals and strategies. She agreed with Chairman Hawkins that Commissioners need to let the new process work. She supported the request from Brevard Music Center because the amount of money was minimal compared to the 80 years of service the entity has provided to the community. She stated that investing into this and other outside agencies will add to the quality of life and potentially save money in the long term.

Action

There was consensus (three) to move forward with the budget as recommended with a note to work with United Way on ways to provide in-kind support.

Discussion (Outside Partner Agencies)

These are not non-profit agencies. These are agencies in which the County participates as part of the funding stream either by State law or other mechanisms.

- 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
 - Current recommended budget includes: \$46,299
 - Budgetary impact of all requested: \$65,031

Commissioner Chappell is bothered by another unfunded mandate passed onto the County by the State. He inquired about what the outcome or plan would be if the County decided not to fund the amount to maintain existing staffing levels. The Manager said she posed this question to the County Extension Director and his response was this it would require a reduction in hours or the elimination of a position.

Commissioner Lemel was dismayed at the restructuring. She said Cooperative Extension is important to the community and it should be fully operational.

Commissioner Chapman agreed with the funding recommendation. He also expressed his dismay with the continued unfunded mandates.

Chairman Hawkins noted that every county is impacted by this restructuring. He wondered how the Commissioners might register their concerns. The Manager reported that the restructuring plan was administered through the agency and does not appear to be appealable. With that said, she encouraged Commissioners to reach out to our legislators. They have the power to require that the support be reinstated. Also, Commissioner Chapman serves on the NCACC Board of Directors and he can use his position there as a platform to register concern.

Action

There was consensus to support the budget as recommended with the \$46,299 increase.

- NC Forest Service
 - Requested \$5,454 county funds to fund an equipment operator an additional three months (\$8,600 less temporary wages)
 - The position is currently part-time
 - NC Forest Service feels position is critical for operational needs
- Smokey Mountain LME/MCO- No change requested
- Land of Sky- No change requested
- French Broad River Stewards
 - \$32,000 in reserve projected
- Transylvania Natural Resources Council requested \$15,000 in funds for Hemlock Study
 - Not recommended

Commissioner Phillips stated that the additional time for an equipment operator for the NC Forest Service is valuable. Having this position in place has prevented major loss of life and property.

Commissioner Chapman asked if there were any river cleanup projects on the horizon and wondered if the amount in reserve was enough to cover these projects. The Manager reported that we typically spend between \$20,000 and \$25,000 annually on projects. At year's end the reserve is expected to have \$32,000. Soil and Water District Supervisor Jeff Parker investigates all reports of debris jams and determines if the County needs to intervene. The process is continuously ongoing.

Action

By consensus, the Board was supportive of the additional funding for the NC Forest Service as requested.

- 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
 - Total requested: \$269,000

Action

It was the consensus of the Board to leave funding as recommended.

EDUCATION (CAPITAL)

Counties have a legislative responsibility to “include appropriations sufficient, when added to appropriations from [the State], for current operating expense of the public school system in conformity

with the educational goals and policies of the State and the local board of education, within the financial resources and consistent with the fiscal policies of the board of commissioners,” per NCGS 115C-426.

The Manager provided some local statistical information and then explained her budget recommendation:

- Transylvania County ranks 5th in per student current spending (operations/personnel)
- Last year, Transylvania County ranked 13th in total local capital funding (current capital and debt service)
- According to *Asheville Citizens Times* article in February, Transylvania County had the highest teacher supplement in WNC, behind Asheville and Buncombe County, by \$195 and \$58 respectively
- Transylvania County also funds education at a higher % of the total budget than most peer counties
- County funding has increased steadily from FY 03- FY 15
 - Education funding has grown by an average 4.83% at the local level since FY 2004 (67.6% total)
 - Other County services and responsibilities have grown by an average 2.45% (34.3% total)
- Recommended budget is consistent with the increased school funding percentage (less for the remainder of County services)
- The School System’s initial capital documents reflected roughly \$1 million in reoccurring needs
 - Recommended budget allocates an additional \$800,000 for a total of \$1.8 million
 - Additional needs were identified within the request of nearly \$3 million out of about \$5.5 million over the next two years with some of these identified as items that could be funded by a bond and if funded over the next two years could be reduced from the bond request
 - Two-year request from School System shows a surplus of funds in year two of about \$500,000; the funding stream would outpace the capital needs that they have shown on their capital list by that amount
 - The current allocation at \$1.8 million almost covers almost all of the HVAC repairs and renovation expense in FY 17
 - The methodology was to ensure the annual current expenses on capital could be funded and also to ensure there was some funded with needed repairs and improvements in the interim as we start to prepare for a bond in FY 18
- Summary
 - Blue Ridge Community College request from last year was reduced by \$59,710, or 13.9%, with state bond funds balancing capital needs
 - Local Public School funding formula was developed throughout the last year including researching other counties along with meetings with School and County administration
 - It was adopted in spring 2016 as policy and this is the first implementation year
 - This netted a 4.6% increase per ADM (student) this year
 - Capital allocation is being increased by \$200,000, or a 12.5% increase
 - Full schools request was received Friday, May 6, but draft documents were used to establish this recommended budget

Discussion

Chairman Hawkins noted there is a significant difference in the School System’s requested budget versus what was recommended. The thought at this point is that the County and School System will target a bond referendum in FY 18. To better understand the Manager’s recommendation versus the School System’s request, he calculated the total request, including items considered critical and for security

purposes, and minus those large items that should be included in a bond. This equaled \$1.93 million in capital for the coming year and \$1.6 million in FY 18, for a two-year total of \$3.45 million. The Manager's recommendation of \$1.8 million in both FY 17 and FY 18 equaled to \$3.6 million and should cover routine and critical needs leading up to the bond issue. By looking at the recommendation in this manner, he said he is supportive of the Manager's recommendation.

Commissioner Chapman supported the recommendation and stated that any additional funding would require a tax increase.

Commissioner Lemel supported the recommendation and said she looks forward to discussing the bond.

Commissioner Chappell suggested there might be some cost savings to the School System if they have their HVAC's replaced or repaired at the same time and the cost savings might allow them to cover all the HVAC issues.

Action

The consensus of the Board was to support the recommended \$1.8 million allocation in capital outlay for the School System.

PROPERTY TAX

The Manager presented her tax rate proposal and offered information about the tax base as requested by Commissioners.

- Balanced budget of \$48.4 million, 1.1% increase over FY 16
- Recommended modifying the tax rate to at least revenue neutral to operate at existing level of service and meet funding obligations
 - New rate: \$.4910/\$100 valuation
- Recommended budget includes additional \$.02/\$100 valuation for capital needs
 - Currently Transylvania County is the 31st smallest in terms of population when ranked smallest to largest in the State
 - 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%
- Recommended policy development
 - Capital prioritization and planning in Fall with funding strategy
 - Vehicle utilization evaluation and replacement schedule
- Property tax is highest revenue source for the County
 - 59% of total revenue projected for FY 17
- Revenue neutral: \$.4910/\$100 valuation
- \$.5110/\$100 valuation with \$.02 tax increase for capital netting \$1,124,000 per year
- Small growth in tax base
 - 0.5% annually over last 7 years
- Collection rate assumed at 99.5%
 - Each cent accounts for \$562,000
- 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

- Out-of-County in NC and out-of-State tax bills make up 46.93% of the total tax base amount
- 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 major projects
 - Courthouse design plan cost-\$1.7 million (usually runs 8-10% of project cost)
- Capital list
 - School System \$120 million- discussion of bond in 2018
 - Bond counsel-\$32,000
 - Bond election expense-\$100,000
 - Water needs community-wide- \$40 million
 - EMS Main Station estimate \$1.5-1.6 million
 - Courthouse needs estimate \$16-\$22 million
 - Parks and Recreation- TBD
 - Economic Development- Product and Site Development- TBD (possible need of \$4 million over the next few years)
- Capital list payment schedule scenarios
 - \$22 million Courthouse
 - USDA 40-year payment schedule
 - Approximately \$1 million payment
 - \$50 million school bond
 - 20-year term at 2.25%=\$3 million annual payment
 - 1 million Champion Pool remodel
 - Private installment purchasing over 15-year period
 - \$81,000 annual payment
 - \$1.6 million EMS Main Station
 - 15-year period
 - \$130,000 annual payment
 - Total of \$3.4 million needed in budget each year just to make annual payments on these select projects
- Additional tax base facts:
 - Average residence is valued at \$263,772
 - Total tax bill with revenue neutral and 2 cent addition: \$1,453 per year or \$121/month
 - Per cent on the rate, tax bill is additional \$26.37 per year or \$2.20 per month
 - The median residence is valued at \$175,720
 - Total tax bill with revenue neutral and 2 cent addition: \$897.92 per year or \$74.83/month
 - Per cent on the rate, tax bill is additional \$17.57 per year or \$1.46 per month
- Two cents:
 - Average residence cost: \$4.40 per month additional
 - Median residence cost: \$2.93 per month additional
 - Would net \$1,124,000 annually for capital improvements and planning costs
 - Recommended half cent specifically for economic development purposes (infrastructure included)
 - Anything the Board can do to enhance tax base and ensure it is diverse, the more sustainable the tax structure will be moving forward and the greater the County's ability to maintain a reasonable rate

Discussion

In response to Commissioner Phillips, the Manager reported that the current fund balance totals approximately \$13 million.

Chairman Hawkins stated the County has significant capital infrastructure needs now and over the next 10 years so the rationale behind increasing the tax rate for that purpose is warranted. He expressed support of the Manager's recommendation.

Commissioner Phillips asked if the anticipated increase in fund balance is reflective of the additional 2 cents tax increase. The Manager responded in the affirmative and noted that without the additional 2 cents tax increase the budget actually shows a draw down from fund balance; however, historically revenues tend to come in better and expenditures tend to be lower than projected at the end of each fiscal year. Provided the trend continues, a transfer of funds to fund balance at the end of the fiscal year is likely to be significant. Otherwise the Manager projected \$1.1 million to be generated for capital reserves.

Commissioner Chapman noted there has only been one tax increase enacted in recent years and it was dedicated to education. The County still has one of the lowest tax rates in the State. He stated it is time for the board to start investing in the community and in ways to increase the tax base. He expressed support for the recommendation.

Commissioner Lemel reported that Transylvania County is classified by the State as a Tier 2 county which is considered economically distressed. There are 40 other counties classified as Tier 2. Our County's tax rate is 20 cents lower per \$100 valuation than the average county on the list of Tier 2 counties. She stated that gradual and strategic investments in ourselves, along with a plan to address long postponed needs, capital and infrastructure, recreation and emergency services, is paramount to the County's success. Commissioner Lemel fully supported the budget as proposed.

Commissioner Phillips suggested a conversation with City of Brevard officials in the near future to talk about how we can be of service to each other and accomplish projects that will benefit both entities. Chairman Hawkins agreed that leveraging our resources with the City of Brevard and Town of Rosman is a need.

Commissioner Chappell conveyed that he understands the County is facing needs; however, he struggled with considering a tax increase knowing that at the end of each year there continues to be a surplus because either revenues were higher or expenditures were lower than projected. He supported the revenue neutral tax rate and requested that any surplus at the end of the year be designated toward infrastructure. Chairman Hawkins noted that the current fund balance level is \$13 million. The Board's philosophy has been to maintain a fund balance of 15%, which is \$7.5 million. With that said, the needs that have been expressed over the next 10 years total \$100 million.

Commissioner Phillips expressed the same concerns as Commissioner Chappell. He was also uneasy about the employees being faced with paying back the FICA on the 457 plans because of the impact to their pay over the rest of the calendar year. He suggested using the \$50,000 removed from the recommendation that was designated toward community center facility needs and paying back the FICA on behalf of employees. The Manager reported there would be tax implications should the County pay the FICA on behalf of employees. The IRS would consider this additional income and employees would be taxed on the additional income. Commissioner Phillips asked the Manager to draft a document indicating the options staff explored and potentially offer employees options on how the funds should be paid back. The Manager agreed to share the options presented to the tax attorney and implications of

each option. Commissioners may then take up the item for discussion on a future agenda if they so choose.

Action

There was consensus to move forward with the recommended budget with an additional 2 cents tax increase to fund capital needs.

FIRE DISTRICT TAX RATES

The Manager presented the requests from each individual fire department focusing on major capital and personnel requests and fire tax rate scenarios.

- Brevard Fire/Sylvan Valley II
 - 18.9% increase in funding requested
 - Substation reserve request in the amount of \$77,101 (not recommended by staff)
 - Personnel evening: \$65,793; increased rate/volume: \$20,000; FICA: \$6,563
 - Equipment for vehicle extrication for 4 trucks: \$25,822
 - Revenue neutral rate: 0.0455; rate to fund requested 0.0433 (without the substation reserve request)
- Rosman Fire
 - 7.8% increase in funding requested
 - Per call reimbursement increase: \$10,000
 - Building repair/maintenance increase: \$4,805
 - Uniforms increase: \$3,000
 - Reflects increase in volunteers
 - Revenue neutral rate: 0.1039; rate to fund requested 0.1091
- Little River Fire
 - Requested 0.0037 decrease
 - No new requests, have matching funds for a pending grant
 - Revenue neutral rate: 0.0881; rate to fund requested 0.0877
- Conestee Falls Fire
 - 3.91% increase in funding requested
 - Additional staff increase: \$40,000
 - Revenue neutral rate: 0.0695; rate to fund requested: 0.0717
- Cedar Mountain Fire
 - Requested increase of 21.5%
 - Additional part-time personnel: \$15,000
 - Grant fund match: \$15,000
 - Revenue neutral rate: 0.118; rate to fund requested: 0.1434
- Lake Toxaway Fire
 - Requested increase of 22.7%
 - Additional full time staff: \$45,000
 - Purchase Explorer/Tahoe: \$45,000
 - UTV purchase (replacement): \$20,000
 - 3-Bay storage building: \$35,000
 - Revenue neutral rate: 0.414; rate to fund requested: 0.508
- Balsam Grove Fire
 - Requested increase of 3.7% for operational
 - Currently only department with no paid staffing
 - Revenue neutral rate: 0.105; rate to fund requested: 0.1089
- North Transylvania Fire

- No major capital or personnel requested
- Requesting FY 17 transfer from reserve if \$5,000 to operate
- Revenue neutral rate: 0.1279; rate to fund requested: 0.1279

Discussion (new paid personnel)

Commissioner Chappell stated he was not in favor of funding additional new personnel. The emergency services study is not yet complete so Commissioners are unaware of any proposals that may be coming from the study. Even with the completion of the study, having paid personnel is a completely different philosophy for fire department operations.

Commissioner Chapman concurred and said it is premature to move forward with any further request for paid staffing until the results of the study are presented.

Commissioner Phillips agreed with Commissioners Chapman and Chappell.

Commissioner Lemel asked if any monies were included in the Manager's recommendation in preparation for implementing recommendations from the study, and if not, what might be a viable option for doing so. The Manager reported that funds have been reserved for Communications and EMS, but not for the fire departments. A viable option for reserving funds would be an across the board fire tax rate increase with the funds dedicated to each department. She believed the study would recommend several options for how to structure fire department funding in the future.

Action

It was the consensus of the Board not to approve any additional new staffing for the fire departments.

Discussion (individual departmental requests)

The Manager again reviewed the individual departments' requested focusing on major capital items. The Board's discussion was minimal.

Action

It was the consensus of the Board to approve the individual departmental requests as presented by the Manager, minus all new personnel, and with one change to Lake Toxaway Fire Department's budget. Commissioners removed the funds for the 3-bay storage building from consideration. It was listed as last on the department's prioritization list.

This concluded the Manager's presentation. Being there is a consensus on the items; she recommended cancelling the remaining budget workshops that staff tentatively scheduled. Commissioners will have further opportunities to comment on the budget. At the next regular meeting, Commissioners will be asked to set the public hearing date for the first meeting in June. The Board was in agreement.

PUBLIC COMMENT

Jimmy Jones: Mr. Jones represented Cedar Mountain Fire Department. He said his department has the data to support their requested budget, but he does not feel he was given the opportunity to provide it to the Board. He reported that the department's call volume has increased significantly over the past three years and the trend continues. He stressed that additional personnel is an immediate need of the department.

Carmon West: Mr. West is the Chief of Lake Toxaway Fire Rescue. He said his department is also in need of additional personnel. Lake Toxaway Fire Rescue has difficulty retaining volunteers because the community is a resort area and others commute further away for work purposes.

Jason Davis: Mr. Davis is chairman of the Board of Directors for the North Transylvania Fire Department. He said the department is doing the best it can to be financially responsible to the citizens of their community. He did not feel comfortable requesting a tax increase for North Transylvania while the emergency services study remains ongoing. He said he looks forward to the results of the study and commended the Board of Commissioners for their efforts to make the best decisions for improving services. With that said, he concurred with the first two speakers that more funds are needed to operate the local fire departments.

COMMISSIONERS' COMMENTS

Commissioner Lemel thanked the Manager for the work on the budget.

Commissioner Chappell thanked staff for their work on the budget and preparing for this budget workshop. He also thanked the members of the public for attending and watching at home for making an effort to be informed citizens.

Commissioner Chapman commented that the County has been able to maintain with lean budgets and low tax rates for many years, but the County is faced with too many needs and it will require additional resources to address them. He thanked the Manager and staff for being good stewards of taxpayer dollars. He also thanked emergency services personnel, both paid and volunteer, for the services they provide in the community and said he hopes the study will guide Commissioners into the future.

ADJOURNMENT

There being no further comments, **Commissioner Phillips moved to adjourn the meeting at 10:10 p.m., seconded by Commissioner Lemel and unanimously carried.**

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board