

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
June 1, 2020 – BUDGET WORKSHOP

The Board of Commissioners of Transylvania County met in special session on Thursday, June 1, 2020 at 6:00 p.m. for the purpose of holding a budget workshop to discuss the FY 2021 Budget.

Commissioners present were Jason Chappell, Jake Dalton, David Guice, Chairman Mike Hawkins, and Vice-Chairwoman Page Lemel. Also present were County Manager Jaime Laughter, Assistant County Manager David McNeill, and Clerk to the Board Trisha Hogan.

Media: *The Transylvania Times* – Derek McKissock (participated remotely)

There were six people in the audience.

CALL TO ORDER

Chairman Mike Hawkins presiding certified a quorum was presented and called the meeting to order at 6:03 p.m.

WELCOME AND INTRODUCTIONS

Chairman Hawkins welcomed everyone to the meeting and introduced Commissioners and staff in attendance.

BUDGET WORKSHOP

TRANSYLVANIA COUNTY SCHOOLS PRESENTATION

Transylvania County Schools Superintendent Dr. Jeff McDaris presented the FY 21 Budget request on behalf of the Board of Education.

Dr. McDaris stated that this year’s budget addresses the investments and underlying supports for children that the School System works hard for every day. The budget supports their strategic plan by focusing on the essential requirements to meet their mission, vision, values, and goals. It is a budget that maintains and continues excellence in their educational focus on students and addresses challenges from external stakeholders and volatility.

Dr. McDaris shared that their mission guides their focus to meet and exceed the mission of the North Carolina State Board of Education, “to use its constitutional authority to guard and maintain the right of a sound, basic education for every child in North Carolina Public Schools.” Transylvania County’s vision builds upon and promotes the State Board of Education’s vision that “every public school student in North Carolina will be empowered to accept academic challenges, prepared to pursue their chosen path after graduating high school, and encouraged to become lifelong learners with the capacity to engage in a globally collaborative society”.

Transylvania County Board of Education’s goals reinforce the guiding goals of the State Board of Education to:

- Eliminate opportunity gaps by 2025
- Improve school and district performance by 2025
- Increase educator preparedness to meet the needs of every student by 2025

In preparing their budget proposal, the Board of Education considered many complex factors. Some of these are known, such as:

- Certain personnel changes
- Certain service and supply contracts
- Certain policy goals requiring funding

Some factors are heavy influencers and are typically unknown, such as:

- Legislative changes, such as those affecting salary and benefit increases
- Class size mandates, especially kindergarten
- Increases in the cost of materials, services, and utilities
- State and federal budget action and statutory changes

Dr. McDaris stated the unknowns make preparation for each upcoming fiscal year extremely difficult and underscore the need for an appropriate fund balance reserve to mitigate unforeseen changes. The lack of a fully funded FY 20 State budget made planning even more difficult, and there is strong indication that the same fiscal challenges may carry over into this fiscal year. Over the past five years, State-mandated increases, which the Board of Education has little control over, have averaged about 72% of their projected increases. The COVID-19 pandemic has also increased uncertainty with the budget.

Local Current Expense

The FY 21 Budget request includes increases for projected salaries, benefits, charter school payments, and teacher supplement increases tied to pay raises. The Board of Education also requested funds to raise certified supplements to 9% (9.5% for veteran teachers), and to maintain security at athletic events by reimbursing schools for those services.

Capital Outlay

- Recurring expenses
 - Advancements in technology
 - Replacement of deteriorated furniture and equipment
- Safety and security of school campuses
- Repairs and replacements
- Additions and renovations
- Vehicles
- Bond expenditures

What Do Local Dollars Provide?

- Instruction and instruction materials
- Travel and field trips
- Remote and blended learning
- Support efforts in partnerships
 - myFutureNC
 - Blue Ridge Community College

COVID-19 – School Reentry and Start for 2020-2021 Academic Year

In terms of reentry into the schools due to COVID-19, there remain many unknowns. Dr. McDaris shared that the NC Department of Health and Human Services will be joining superintendents on a statewide conference call this week to give further guidance. Some of things that must be taken under consideration are:

- Maximum use of facility space, including gymnasiums, teacher rotation
- Remote/blended learning
- Cleaning and PPE
- Staffing
- Special Needs/EC
- Transportation and lunches
- Social/emotional support
- Adjusted schedules
- Use of equipment
- Technology and infrastructure
- Small class sizes
- Temperature checks
- School safety and security
- Childcare for staff
- Student supplies
- Bookbags, water bottles
- PE, band, music athletics
- Restrooms
- Cafeterias and serving

Dr. McDaris hopes all of these will be temporary setbacks, but in response to a question from Chairman Hawkins, he felt the two issues that could be long-term or ongoing are social/emotional support and remote/blended learning. Social/emotional support is always a concern, but especially now when children have not been in school since March and the impact on them is unknown. Social/emotional support is closely connected with mental health issues. Dr. McDaris shared that the students and teachers truly miss each other. He also expected remote/blended learning to be ongoing and for opportunities to expand. The School System will also be vigilant in their efforts to ensure handwashing and good personal hygiene.

Commissioner Guice asked how the Board of Commissioners should be preparing for the future as it relates to funding for remote and blended learning and the technology and training that they will require. Dr. McDaris shared that the County has already helped the School System in this regard, but he felt that most of the financial support should come from the State. He said that thanks to the Board of Commissioners, the Transylvania County School System is better positioned than some other counties, but that does not mean they do not have needs. He pointed out that having access to fast, reliable broadband across the County would go a long way in meeting their technology needs and ensure an equal opportunity for all students.

Educational Horizon

- Learning blend that combines the art and craft of an educator with the very best technology tools
- Professional development, including people and resources to support this
- Social/emotional connection and wellbeing
- Mental health
- Physical Health
- Adverse childhood experience
- Resilience
- True broadband that addresses opportunity and quality in education
- myFutureNC

- Prior to the pandemic, Dr. McDaris was working with Blue Ridge Community College President Dr. Laura Leatherwood on several initiatives
- Goal is for there to be 2 million or more North Carolinians with high quality credentials
- Increase STEM, math, reading, etc.
- Food insecurity
 - School System provided 85,000 meals to students
 - If a student is hungry, learning becomes secondary
- Early learning expansion
 - Board of Commissioners considers this a priority as well
- Exceptional children expansion and personalized learning
 - Includes students with severe developmental needs and academically gifted students
- Recruitment and retention of educators

Commissioner Chappell said he has been asked by some citizens if the School System saved dollars while being shut down during the pandemic. Dr. McDaris stated that schools have never been shut down. The cafeterias have been in operation preparing meals for students which were delivered using school buses. He guessed there could have some savings with utilities and the like, but the savings would not have been significant.

Commissioner Chappell agreed with Dr. McDaris' statement about providing ongoing social/emotional support. He shared that he has seen a difference in his son who excels in a structured environment. Dr. McDaris said that within the first two weeks of in-person learning there will be a requirement to conduct an assessment on fourth graders to gauge their social/emotional level. He expects that the first couple of weeks back in the classroom will just be providing a lot of love and emotional support to the students.

Chairman Hawkins inquired about their actual year-to-date expenditures versus budgeted expenditures. Finance Officer Norris Barger reported that he recently presented information to the Board of Education that forecasts a \$129,000 increase to their fund balance at the end of the year. He pointed out those figures have not been updated since the pandemic. He also reported a savings of approximately \$25,000 in utility costs, mostly in water. He reiterated Dr. McDaris' statement that schools were not shut down. Cafeteria workers provided meals, custodians cleaned facilities, etc. Mr. Barger estimated a total savings at the end of the fiscal year in the \$150,000 to \$160,000 range.

Commissioner Guice also shared his concerns about social/emotional support. He wondered if there would be a need for additional social workers and nurses to care for those students with challenges. Commissioner Guice stated the Board of Commissioners will be faced with making difficult budget decisions without knowing what the future holds. There is also the fear that the State Legislature will continue pushing unfunded mandates to the local government level. Dr. McDaris agreed that having an adequate number of social workers and nurses in the schools is critical. Many families are not coping well with the impacts of the pandemic, thus causing there to be deep concerns over the emotional health of the students.

Commissioner Guice pointed out that the budget request includes funding related to unknown action by the State. Dr. McDaris stated that the Board of Commissioners set aside funds last year to help the Board of Education deal with the unknowns, some of which came to fruition. Mr. Barger added that part of their local current expense requests remains in the State biannual budget. If the State takes no further action in the short session, the School System's figures will be correct. However, the State could make changes to the retirement and health insurance rates. So, those impacts have been included in their request. Mr. Barger stated the pay increases are unknown currently.

Commissioner Lemel pointed out the School System is requesting an increase of almost \$650,000 in local current expense which equates to just over 1 cent on the tax rate. She also pointed out part of the increase includes a higher payment to the charter schools, but there would be no additional increase to the charter schools if the Board does not approve the increase to the local current expense budget. She said the increase to the charter schools would be understandable if there were in fact more students attending the charter school. Commissioner Lemel shared that \$206,000 has been requested for a 5% pay raise for certified teachers and 2% for non-certified teachers with the understanding that this is dependent on the State's action. She asked if the increase in supplements is a priority given the negative impact the pandemic has had on the economy. Dr. McDaris stated during the budget preparation that the Board of Education felt strongly about continuing to increase the supplements. He supports their decision because it is also important to teachers as well.

Commissioner Lemel asked if the School System had experienced a loss in teachers to other counties due to the supplement difference. Dr. McDaris shared they have lost some teachers to other counties. He said the supplement is important for recruiting efforts, especially due to the lack of affordable housing and the high cost of living in Transylvania County. He noted that the State's college system does not have as many teacher candidates choosing this career field as they once did, which further increase the competitiveness of the education field.

Commissioner Lemel stated the budget package indicates the only request in personnel is for 1.44 FTE for central office administration with a salary price tag of \$206,000. She asked about the rationale for including this request in the budget in such a challenging financial year. Dr. McDaris stated that the central office has been operating understaffed for several years, particularly due to dramatic funding cuts by the State a few years ago. He stressed that they need the resources to accomplish all the things they are required to do.

Commissioner Lemel stated that for next year it would be helpful to see year-end figures to show progress on meeting their goals. It would inform the Board and public on how the investment and excellence is being demonstrated. Dr. McDaris agreed, but stated that other data should be considered, like cost of living, poverty rate, etc. because they also play a role and impact each other.

Commissioner Lemel pointed out she questioned the need for additional central office staffing knowing there will be a need for more mental health services and support for students. Dr. McDaris said their budget request ultimately comes down to how it benefits their students.

Chairman Hawkins stated the important question is how the pandemic is going to change operations in the future. The Board of Commissioners must consider that question from the County's perspective which will be an ongoing conversation over the next several months.

Commissioners thanked Dr. McDaris and Mr. Barger for their presentation.

BLUE RIDGE COMMUNITY COLLEGE PRESENTATION

Dr. Laura Leatherwood, President of Blue Ridge Community College, presented the College's budget request for FY 21.

Dr. Leatherwood gave a snapshot of work the College has done over the last three months in response to COVID-19, where they are now, emerging needs and programs, and how they are preparing for the future. She reminded the Board that the community college system is very different from public schools in how they operate and are funded. By law, the County is responsible for the physical plant. The State of North Carolina provides the funding for all the instruction.

Blue Ridge Community College serves approximately 3,000 degree-seeking students and another 8,000 students in workforce programs at three campuses - Flat Rock campus, Health Science Center next to Pardee Hospital and the Transylvania County campus.

Blue Ridge Community College has been working with local and State public health officials and following ongoing guidance by the Centers for Disease Control to shift rapidly away from in-person learning to remote learning and online classes. When they received information from the Governor's Office that they would have to make the shift to remote and online learning, they closed for one week to prepare. The good news for the College was that they had already been doing quality online instruction for many years, so they were able to adapt quickly. The College also has a strong business continuity plan that allowed them to continue operations like payroll. More than 2,400 students completed the online learning orientation as of last summer, so the College was well prepared to make the unexpected transition. Faculty received assistance from their online learning team which included a toolkit to help them effectively teach and engage students.

Dr. Leatherwood stressed that the workforce needs the College to put people into the workforce. Due to the pandemic, the College suspended labs, like welding and machining; however, they continued instruction programs, such as nursing, nurse aide, surgical tech, emergency medical training, emergency management, paramedics, law enforcement and any public safety program needed on the front line during this pandemic.

Another important component of the College is NCWorks which became especially critical when people started losing their jobs due to the pandemic shutdowns. The Small Business Center remained open and in full response mode. Dr. Leatherwood stated that from an economic development standpoint, small and medium size businesses are the job creation machine for the community. The Small Business Center provided support to help those businesses react to the challenges. They held 50 seminars with over 250 attendees in Transylvania County alone and counseled over 35 businesses in partnership with the Brevard/Transylvania Chamber of Commerce, Transylvania Economic Alliance, and Heart of Brevard.

In phase 1 of the Governor's Executive Order, certain programs ramped back up, particularly those around manufacturing. The College did so while adhering to safety measures – social distancing, face coverings, washing hands, etc. Dr. Leatherwood bragged about several local businesses that assisted with this effort: SylvanSport designed plexiglass barriers, Pisgah Labs made hand sanitizer, and Manual Woodworkers in Hendersonville ordered face coverings. These businesses stepped up to serve the community so that local businesses could remain open.

In phase 2 of the Governor's Executive Order, the College brought back on personal care programs, like cosmetology. They also brought back programs from the spring semester that were incomplete. They are currently finishing up the spring semester and starting the summer semester. Dr. Leatherwood informed the Board that the College's enrollment is higher than it has been in 10 years, up 20%, with close to 1,000 students enrolled for the summer semester.

Blue Ridge Community College received federal CARES Act funds in the amount of \$1.4 million. The funds were very restrictive in terms of how those dollars could be spent. About \$713,000, or 50%, of the funds went directly to students impacted by COVID-19. The remaining funds were reserved for institutional readiness and online support to assist the College with building capacity and making the shift to online learning easier should another crisis occur. The College is applying for FEMA dollars to reimburse them for dollars spend on several upfits they made to operate during the pandemic. In addition, the College established a Student Needs Fund to help students requiring assistance for housing, food, transportation, etc.

In terms of what the future holds for the College and workforce development, Dr. Leatherwood stated it is hard to predict human behavior, but the College is seizing the opportunity now. She expects more students to choose the College for their first two years of post-secondary education because it is a safe and affordable option for them. She also expects current 4-year college students who were sent home due to the shutdowns to consider staying closer to home due to the economic situation. Unemployed adults will be seeking careers that are more recession proof and thus seeking the College's guidance on career changes.

The College started a major program to help small businesses - Reboot, Recover, Rebuild - with the help of \$51,000 in additional funding from the State. The College also partnered with the Brevard/Transylvania Chamber of Commerce, the Transylvania Economic Alliance, and others to create the Transylvania Tomorrow Small Business Emergency Fund to assist small businesses during the shutdowns.

Dr. Leatherwood shared that data indicates emerging business fields will be in healthcare, emergency management and emergency services, public safety, engineering and manufacturing, logistics, data analytics, and information technology. She hopes these programs will attract high school students.

Dr. Leatherwood stated the College is planning for the long term. Therefore, the College requested an additional \$20,000 in capital funds to assist with master planning. The Transylvania County campus has limited lab space already and was further reduced by the need to social distance. This impacts the number of students they can enroll in their programs. The College is currently housed in a former elementary school, so they are trying to plan for what the College wants to be 10 years from now. Not only does the College expect a surge in interest in various career fields, but they hope more students will remain local, so they need the facilities that can support the programs.

This concluded Dr. Leatherwood's formal presentation. She called for questions and comments from the Board.

Commissioner Guice asked Dr. Leatherwood to talk about the importance of the relationship between the College and Transylvania County School System, specifically having physical proximity to the high schools. Dr. Leatherwood supported having physical proximity to the high schools because it gives students more exposure to programming. This was especially evident during the shutdowns because high school students in the welding program were unable to complete it because the high schools were closed, while the College remained open. Having that proximity might also create a more comfortable transition for students from high school to post-secondary education at the College.

Commissioner Guice felt it was important that the County provides adequate funding and state-of-art facilities. He commended the College on the exceptional job they do for the community and for their energy level, excitement, and desire to succeed. Dr. Leatherwood was appreciative of his comments and stated that the community deserves the College's attention to ensure everyone who wants to be employed can be to support their families.

Commissioner Lemel was appreciative of the College's ability to transition very quickly because it demonstrated a kind of thinking that created the ability to accomplish what seemed impossible. The fact that the College remained open provided a sense of normalcy to students. She felt their efforts should be celebrated.

Commissioner Lemel recalled a previous conversation about State funding and concerns about full-time equivalents. Dr. Leatherwood explained that the Brevard campus is considered a multi-campus and thus receives a special allotment of \$550,000. By accreditation standards, the College may also offer degree

programs. The criterion is the College must keep its FTE (full time equivalent student) up to 300. For multiple years, the College had dropped below that figure because they were having trouble recruiting students. It caused them to be more creative and thus they were able to increase their FTE enrollment above 300. The enrollment is over 300 now. The College has been held harmless for spring semester by the State Legislature due to the pandemic. Dr. Leatherwood stressed the importance of having state-of-the-art facilities to help with recruitment efforts.

Commissioner Chappell commented that Dr. Leatherwood's presentation revealed the importance of the College continuing to connect with the K-12 student population. He said it was also a good reminder to the Board on how essential a Career Coach is to their program. He pointed out that Senator Edwards has been very supportive of this position as well. Dr. Leatherwood explained the College received a State grant that pays 50% of the funding for a Career Coach. Transylvania County has been generous in providing the remaining 50%. That person is housed within the high schools and makes connections with students to help them transition into post-secondary education or career technical training. She felt it was one of the best investments made at the College and she thanked the Board for their support and commitment.

Piggybacking on the comments about the need for high quality facilities, Chairman Hawkins stated he heard the College's Board of Trustees Chairman talk about Brevard and Rosman High Schools after the renovations that will take place, the difference that might exist between those facilities and the facilities at Blue Ridge Community College, and the concern that that engenders. He stressed the importance of being able to recruit students so the College can retain its FTE status and remain a campus with the ability to provide critical programming. He pointed out if the number of FTE falls below 300, it challenges the long-term viability of the College which impacts all students in Transylvania County.

Chairman Hawkins asked if there had been any resolution of the Schenck Job Corps issue. Dr. Leatherwood stated that the College contracts to provide career technical training to the students there. The College does so with five part-time and one full-time employee. There is no word yet on when those students will be returning, so the status is unknown currently.

Chairman Hawkins thanked Dr. Leatherwood and the staff at Blue Ridge Community College for all they do for Transylvania County. Dr. Leatherwood was very appreciative of the Board's commitment and for the working relationship she has with the County Manager.

Chairman Hawkins called for a 5-minute recess at 7:10 p.m. The meeting reconvened at 7:15 p.m.

FIRE DEPARTMENT BUDGET REQUESTS

Assistant County Manager David McNeill presented the fire department budget detail for consideration by the Board.

He explained this year staff developed standardized budget forms and submitted those to the fire departments to help them prepare their budget requests. Fire departments subsequently submitted their requests which were reviewed by staff. Staff sought clarification on some of the requests to understand the changes to their requests from the previous years. The detail has been included in the Board's packet for their information.

Mr. McNeill presented an overview of each fire department's request followed by the detail of each request, which highlighted operating funds, personnel costs, and capital.

The chart below gives an overview of the financial requests and the change from the previous year.

Fire Department FY2020/2021 Comparison

Department / District	FY2020 Approved	FY2021 Total Request	County Portion Total of Total Budget	Increase in Total Budget
Brevard /Sylvan Valley II	\$794,233	\$1,490,877	\$366,486	\$696,644
Rosman Fire	\$664,925	\$966,985	\$966,985	\$302,060
Little River Fire	\$532,110	\$532,110	\$532,110	\$0.00
Conneestee Fire	\$796,350	\$830,650	\$830,650	\$34,300
Cedar Mountain Fire	\$282,625	\$303,000	\$221,475	\$20,375
Lake Toxaway Fire	\$892,609	\$1,079,674	1,079,674	\$187,065
Balsam Grove Fire	\$101,157	\$206,107	\$205,157	\$104,950
North Transylvania Fire	\$299,230	\$309,700	\$308,700	\$10,470

Mr. McNeill pointed out when considering fire department budgets, the Board should be referring to two components: fire department and service district. This is specifically relevant in the Sylvan Valley II district because there are three departments that serve a response area in that district.

Brevard Fire/Sylvan Valley II

- Total budget request: \$1,490,877
- Budget split with City based on property valuation
 - City portion: \$424,391
 - Sylvan Valley II portion: \$366,486
- Loan proceeds/debt service for \$700,000 for purchase of rescue/service truck
 - Debt service would begin in FY 2022; approximately \$85,000 annually for 10 years
 - Not shown in FY 2021 budget since debt service would not begin until FY 2022
 - If approved, the FY 2022 would have an immediate increase of the debt service payment
- Personnel: \$372,403
- Operations: \$418,474
- Capital budget: \$700,000
- Decrease in debt service due to pay off: \$53,941
- Increase in insurance and bonds totaling \$61,000 to properly distribute costs across their departments
- Three response areas in the Sylvan Valley II
 - Brevard: \$366,486
 - North Transylvania: \$25,579
 - Little River: \$15,000
- Total budget request for Sylvan Valley II is \$407,065

Rosman Fire

- Increase in total budget request of \$302,060 for a total budget of \$966,985
- Personnel: \$350,000

- Operations: \$574,985
- Capital: \$42,000
- Personnel increase of \$175,000 for three additional personnel
- Operations increase of \$85,060
 - \$33,000 for breathing apparatus
 - \$7,000 in communications
 - \$10,000 for fire suppression equipment
 - \$6,300 for audit costs, but would be removed from budget request if Commissioners approve consolidation of all fire department audits
 - \$4,000 for medical supplies and equipment
 - \$15,000 for rescue equipment
- Capital increase of \$42,000 mostly for hydraulic tools to replace current extrication equipment

Little River Fire

- No increase from previous year's budget
- Total request of \$532,110
 - Personnel: \$55,000
 - Operations: \$392,220
 - Capital: \$30,000
- Appropriation from Sylvan Valley II District response area of \$15,000

Connestee Fire

- Total budget request of \$830,650 for an increase of \$34,300
- Personnel: \$165,000
- Operations: \$665,350
- Capital held flat
- Personnel increase of \$15,000 for staffing, including 401k benefits
- Operations increase of \$19,300 primarily in ISO improvements; equipment to test their dry hydrants

Cedar Mountain Fire

- Total budget request: \$303,000
 - Budget has multiple revenue sources
 - Increase over previous year of \$20,375
- Appropriation request from Cedar Mountain Fire Service District of \$221,475 equals a \$28,175 increase
 - Due to increase in their donations
- Initial budget included a request for a truck which should have been in the deposits and down payments line instead of debt service; proposing to pay down on a truck and buy a used engine
- Personnel: \$65,000
- Operations: \$213,000
- Capital purchase for \$25,000

Lake Toxaway Fire

- Total budget request: \$1,079,674
 - Increase of \$187,065
 - Mostly related to addition of three staff
- Personnel: \$385,000
- Operations: \$694,674

- Slight increases due to insurance
- Capital decrease of \$20,000 from the previous year that was not included in this year's request

Balsam Grove

- Increase of \$104,950 for a total budget request of \$205,157
- Personnel: \$50,500 to add one staff person; currently they have none
- Operations: \$155,657
 - \$20,000 for apparatus for rolling stock to purchase a truck
 - \$5,500 for breathing apparatus
 - \$4,000 for suppression equipment
 - \$2,000 for fuel
 - \$8,000 for legal and professional fees; would be removed from the budget if Commissioners vote to consolidate auditing services
 - \$6,200 for per call reimbursement; they have not participated in this in the past
 - \$3,000 for medical equipment
 - \$1,000 for medical supplies
 - \$2,000 physicals and protective gear
- Department would withdraw request if it required a large tax increase in their district

North Transylvania

- Increase of \$10,470 for a total budget of \$308,700
- Personnel: \$70,000 includes a full-time person and paid time to fill in for vacation and sick leave; increase of \$10,000
- Operations: \$199,700; increase of \$10,470
- Capital: \$40,000; decrease of \$10,000
 - To replace Squad 13 which is their old 2000 Ford Explorer
 - Extrication equipment
- Appropriation from Sylvan Valley II response district of \$25,579

This concluded Mr. McNeill's presentation. He called for questions or comments from the Board.

The Manager asked for guidance from the Board on what they intend to fund. At the next budget workshop, she intends to work on building consensus as to how the budgets are funded. The Manager pointed out those decisions are separate and distinct. In terms of what to fund, she said the Board could choose to take on each department individually or have a more global discussion about operations, capital, and personnel.

Commissioner Chappell inquired about the total amount each fire department spent on audits. Mr. McNeill did not have those exact figures on hand but reported the total request from all the fire departments is more than \$40,000. He stated that staff has yet to go out for requests for proposals, awaiting a decision by the Board. Staff estimates the cost of a consolidated audit to be approximately \$50,000. The Manager added that consolidation will provide consistency across the audits. She responded to Commissioner Lemel that the line item for the individual fire departments would be removed from their budgets if a consolidated effort is approved.

Commissioner Lemel felt it would be of great help to the fire departments for the County to take on paying for auditing services. She stated her support for a pooled audit process.

Commissioner Chappell agreed with Commissioner Lemel on the collective audit approach because it not only helps the individual fire departments but also provides the County Finance Department with consistent audit reports, especially with everchanging standards.

Commissioner Guice concurred with having a collective auditor using a pooled approach. He felt the RFP would make the process more competitive and potentially achieve a cost savings.

The Manager noted consensus from the Board for staff to go out for RFP for auditing services for a pooled approach for conducting fire department audits. The individual costs for each department will be removed from their individual budget requests.

Chairman Hawkins stated there are a few components from the individual budgets that he has an interest in; otherwise, he preferred to consider the budgets in a more global way.

Commissioner Lemel stated that she wants to continue strong support of the fire departments, but she was concerned about the current financial climate. She felt there was a need to explore the feasibility of holding the fire departments' budgets flat from the previous year, except for staffing for Balsam Grove. She pointed out that Balsam Grove is the last remaining department to add personnel. She felt strong in her support toward okaying their personnel request, particularly when one department is requesting funds for 401K benefits, and another has a food budget that totals just under one-third of a paid staff member. Commissioner Lemel was impressed that the Balsam Grove has survived without paid staffing for so long and she felt it was important to honor their request. So, she requested the Board consider holding all departments flat apart from the personnel request for Balsam Grove, and to address emergency concerns from the other departments throughout the year if needed.

Commissioner Chappell was not in favor of increasing personnel at this time based on the many unknowns the Board and County face this year and possibly future years. He agreed that Balsam Grove has managed to do an amazing job without staff, but, for this year, he preferred not to add personnel.

Commissioner Guice felt the Board needed to consider each individual budget to give staff specific direction on finalizing the budget. He felt strongly about the needs in Balsam Grove relative to paid staffing, but he also acknowledged some other needs they and other departments might have that the Board should consider. He was concerned about putting all budget requests on hold until later in the year given that the County is drawing down other available revenue sources already.

Commissioner Lemel stated that it helps her to consider the fire department budgets more globally knowing that once the budgets are approved the fire departments have complete and total control on how they spend the funds. She trusted them to make the best use of the resources they are given.

The Manager confirmed Commissioner Lemel's statement. She explained that fire departments are separate nonprofit entities. State law, as well as IRS regulations, prohibits local government from controlling how funds are spent once they have been allocated to the departments. She pointed out the Board can review outcomes to dictate future funding decisions. She also pointed out that how the Board determines to fund the departments could change the use of the reserve funds. Funds collected from each individual district must be used for the specific district from which funds were collected. By funding through the general fund, the reserve funds can be spent on a conglomerated district or be returned to the general fund.

Commissioner Dalton asked if any of the fire departments are having trouble keeping up their level of volunteerism and whether their ISO ratings are in jeopardy as a result. Mr. McNeill stated volunteerism has continued to slow over the past several years. Many departments have expressed concern over the difficulty in recruiting volunteers. However, none have approached the County about being in jeopardy of losing their ISO ratings.

Chairman Hawkins asked further about the vehicle request by Brevard Fire and whether it was the same vehicle the Board discussed in previous budget workshops and that staff had been hesitant about. Mr. McNeill confirmed. He informed the Board that the purchase replaces their Service 21 truck, a multipurpose vehicle that is used to support fire operations and rescue type events to carry equipment and personnel. Mr. McNeill consulted with the Chief to confirm their proposal was the same as previous years. He said County staff's opinion on the purchase remains the same in that they are hesitant about the purchase at this time. If the Board approves their budget minus the truck request, their total request will decrease by \$700,000.

Chairman Hawkins stated the resources are not available to fund the level of increases requested by the fire departments. He agreed with Commissioner Lemel's recommendation to hold their budgets flat except for the paid staffing for Balsam Grove.

Commissioner Lemel pointed out the budget requests were submitted prior to the pandemic. She did not want to give the impression that fire departments are not highly sensitive to the issues facing the community.

Commissioner Guice inquired further about the operational increases requested by Balsam Grove. Mr. McNeill reviewed their budget by line item. He made several notes about their requests:

1. Department could benefit from having an apparatus
2. SCBAs are costly
3. Budget does not get them a lot of NFPA rated equipment
4. Budget for suppression equipment is small
5. Probably no need for fuel increase
6. Legal expenses can be removed
7. Per call reimbursement is important; reimburses members for fuel, meals and travel when responding to calls; helpful in recruiting efforts
8. Medical equipment critical to EMT stationed at department serving as first responder

Commissioner Guice stated if the Board supports a paid staff person at Balsam Grove, then they should also consider additional operational costs that would support that person. He felt that these challenges needed to be addressed if Balsam Grove is to adequately serve their community and recruit volunteers.

Commissioner Lemel reported on the number of active members for each department as indicated in the Board's budget packet:

- Balsam Grove: 24
- Cedar Mountain: 32
- Connestee: 39
- Lake Toxaway: 43
- Little River: 42
- Rosman: 40
- North Transylvania: 27

Commissioner Guice was interested in knowing the number of active members they had 10 to 15 years ago when there was industry in the community and thus more people able to volunteer their time. Mr. McNeill reported that he had on file all the budgets from at least 10 years back and would provide the Board with the requested data via email.

Commissioner Chappell asked for a review of the reserve fund balances because he felt they would play into the discussion about meeting immediate needs. Mr. McNeill provided the amounts in the fund balance reserves for each department as of 3/31/2020:

- Sylvan Valley II: \$271,458
 - Board has been intentionally setting money aside monies for a substation in this district
- Rosman: \$18,125
- Little River: \$42,886
- Connestee: \$56,934
- Cedar Mountain: -\$621
 - Staff anticipates reserves to be in the black before the end of fiscal year
- Lake Toxaway: \$41,318
- Balsam Grove: \$29,863
- North Transylvania: \$31,633

The Manager stated the use of the reserves are at the discretion of the Board of Commissioners in that they can choose to carry those over to the next year or apply them to budget requests.

The Manager confirmed there was consensus from the Board to support the addition of one staff member for the Balsam Grove Fire Department.

Commissioner Lemel suggested consideration of using the reserve funds to pay for the increases requested by each department except Sylvan Valley II since those funds are being set aside for a specific purpose.

Commissioner Chappell supported excluding the rescue truck request from Sylvan Valley II.

Commissioner Guice requested further detail on the truck request. Mr. McNeill said the City did not provide a lot of justification in their budget request. It appears, however, to be same request from previous years. The truck they want to replace caught on fire a few years ago and had to be rewired. The City has had some mechanical issues with it. It is an older truck with 20,000+ miles.

Commissioner Chappell asked which department has the primary responsibility for responding to crashes and providing rescue services. Mr. McNeill said the current dispatch protocol for Transylvania County within the city limits of Brevard (Sylvan Valley II district) for motor vehicle accidents is to dispatch Brevard Fire Department and EMS. The Transylvania County Rescue Squad responds to larger events. He said the County could change its dispatch protocol and contract with the Rescue Squad to provide services within the Sylvan Valley II district if the Board so chooses. Brevard City Council decides which department provides rescue services within their jurisdiction. Mr. McNeill reported that the Brevard Fire Department contract stipulates they will at minimum provide basic services to back up the Rescue Squad. He noted the reason protocols have not been changed is the goal of trying to limit the number of vehicles responding to minor vehicle accidents.

Commissioner Guice stressed the difficult financial situation everyone is in currently. He asked for confirmation that the community is covered under the current dispatch protocols. Mr. McNeill assured

the Board there is a department within the same district with the equipment and ability to perform extrication services if Brevard Fire Department were to become uncomfortable providing motor vehicle accident rescue services. Commissioner Guice, therefore, supported the removal of the purchase of a rescue truck.

The Manager confirmed consensus from the Board to exclude the rescue truck from the Brevard Fire Department budget request and for all fire departments' budgets to remain flat from the previous year, except the staff person for Balsam Grove.

Commissioner Guice wanted to have further discussion about Balsam Grove's operational needs because they have funds within their fund balance reserves to cover some of the costs. With that said, he expressed support for using the fund balance reserves to further fund all the fire departments.

The Manager felt it would be helpful for staff to run the figures to show the impact on the budget requests using the fund balance reserves and what the tax impact would be for each, as well as the tax impact without using the reserve funds. Staff could present this information at the next workshop.

Chairman Hawkins expressed concern that there are not enough monies in the fund balance to cover the increase in full. Balsam Grove's fund balance reserve covers only about half of the increase. The Manager said staff could provide the budget figures that apply only to Balsam Grove's reserves while keeping the other existing budgets flat, minus the audit costs.

Chairman Hawkins asked for clarification on the suggestion to fund Balsam Grove's increase since their fund balance only covers half of the increase. He asked if the County would be responsible for funding their remaining increase. Commissioner Guice said he wanted to look closely at their operational increases because they are necessary for the staff person – medical supplies and equipment, physicals, and protective gear – and to provide per call reimbursement which is important for keeping volunteerism up. He clarified that he did not support their entire increase, just these specific items.

Commissioner Chappell asked if the departments would still have the capability of requesting fund balance reserve draw downs should the Board decide to keep budgets flat. Mr. McNeill reminded Commissioners they approved a policy regarding drawing down fund balance reserves throughout the fiscal year and there are strict guidelines the fire departments must adhere to. If the departments have reserve funds remaining, they have the option of requesting those funds per the policy.

Commissioner Guice was not opposed to keeping the fund balance reserve policy in place for departments to make requests when needed. His main concern was ensuring Balsam Grove had on staff personnel and those items to provide support for that person.

Mr. McNeill pointed out that the fund balance reserves are essentially savings that the fire departments have achieved. He was concerned about using the reserves to fund operations because it could create a deficit going into next year's budget.

Commissioner Dalton inquired about whether the expectations of the departments were higher if they had paid staffing. Mr. McNeill informed the Board that the County must maintain a certain "arm's length" from managing the fire departments' operations. Otherwise, the fire departments become an agent of the County rather than a contract agency. Fire departments have their own policies and procedures in place that are approved by their boards of directors.

Commissioner Dalton concurred with the recommendation to hold all fire departments' budgets flat with the exception of Balsam Grove's personnel.

Following further discussion, the Manager confirmed there was consensus from the Board on the following budget items:

- **Hold all fire departments' budgets flat, except Balsam Grove**
- **Fund personnel request for Balsam Grove**
- **Fund approximately \$14,000 in operational increases requested by Balsam Grove to support personnel**
- **Remove rescue truck request from Brevard Fire Department**
- **Adjust all budgets to remove audit costs**

The next workshop will focus on the funding component. Staff will run numerous scenarios for the Board to consider. The Manager recommended against using the County's fund balance to fund fire departments. Last year the Board set an across the board fire tax rate of 5.5 cents and drew down \$1.2 million from the general fund to pay for their remaining budget requests. The Manager was concerned about all the uncertainties the County faces this year and into the next fiscal year due to the impact of the pandemic.

The Manager will again facilitate the next budget workshop in a moderated format to keep the discussion moving and build consensus. She asked the Board to contact her with any questions or concerns or other items of interest to discuss.

PUBLIC COMMENT

There were no comments from the public.

COMMISSIONERS' COMMENTS

Chairman Hawkins apologized for incorrectly introducing Commissioner Dalton as Jake Raines at the start of the meeting.

RECESS

Commissioner Lemel moved to recess the budget workshop until Thursday, June 4, 2020 at 6:00 p.m., seconded by Commissioner Chappell and unanimously carried.

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board