

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
JUNE 2, 2025 – BUDGET WORKSHOP

The Board of Commissioners of Transylvania County held a budget workshop on Monday, June 2, 2025, at 6:00 p.m. in the Multipurpose Chambers in the County Administration Building, located at 101 S. Broad St., Brevard, NC.

Commissioners present were Larry Chapman, Chairman Jason Chappell, Vice-Chairman Jake Dalton, Teresa McCall, and Chase McKelvey. County Manager Jaime Laughter and Clerk to the Board Trisha Hogan were also present. No legal counsel was present.

Media: Laura Denon – *The Transylvania Times*

Approximately 10 people were in the audience.

CALL TO ORDER

Chairman Jason Chappell presiding declared a quorum was present and called the meeting to order at 6:00 p.m.

WELCOME

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

BUDGET WORKSHOP

The County Manager introduced the workshop format.

Workshop Introduction

The County Manager opened the workshop by explaining the intended format. The FY 2026 Recommended Budget was presented to the Board on May 27, and the purpose of the workshop was to review items that the Commissioners identified for further discussion or clarification. The goal of the session was to build consensus around each of these items, whether that meant accepting the recommendation as presented or proposing changes.

The County Manager emphasized a collaborative and respectful approach to the workshop, encouraging Commissioners to be patient, kind, courteous, and cordial. It was acknowledged that no individual would be fully satisfied with every component of the budget, but the shared objective was to adopt a budget that best serves the County as a whole. The Manager served as facilitator, presenting background information and known options for each discussion item, followed by opening the floor for Commissioner questions and discussion. Each Commissioner was given an opportunity to speak. Once three Commissioners agreed or 15 minutes of discussion had passed, the Manager would call for a poll to determine consensus unless there was interest in continuing the discussion. Upon reaching a consensus, the Manager will move to the next item. At the end of the session, the Board would determine whether a second workshop was needed and schedule it accordingly. The public hearing on the budget is scheduled for June 23, 2025, at 6:00 p.m. during the Board of Commissioners meeting.

The County Manager then recapped the FY 2026 Recommended Budget presentation and outlined the key factors shaping the proposal:

FY 2026 Budget: Key Factors

- Capital Planning Implementation (10-year arc from FY 2016): Cash savings to support the transition to debt service on the EMS Base, school projects, the new courthouse, and other capital investments.
- Cost Escalations: Steep increases in the cost of equipment and contracts, particularly in emergency services. In FY 2016, equipped patrol vehicles cost \$45,100 and new ambulances were \$176,000. In FY 2026, those costs are projected at \$98,000 and \$355,409, respectively.
- Cybersecurity: Investments in new software, VPN infrastructure, and two-factor authentication to safeguard County IT systems and protect public data.
- Federal and State Uncertainty: Potential impacts from tariffs and federal or state budget cuts, though no specific changes are confirmed at this time.
- Policy Changes: The County must achieve ADA digital compliance by 2027.
- Recruitment and Retention: Sustaining competitive pay across the County government, the school system, and fire departments, all of which rely on County funding.
- General Fund Supplements: The County General Fund continues to subsidize the Solid Waste Enterprise Fund. Fire department supplements have been removed from the General Fund in this budget due to the proposed single fire tax district model, but funding remains for the Transylvania Rescue Squad and NC Forestry Service, which serve all areas of the County, including municipalities.

Budget Growth: Comparison Example

- A deeper dive into one of Transylvania County's closest comparable counties, Macon County, offers a useful perspective. Since most county services in North Carolina are state-mandated, counties with similar populations often share similar baseline costs. However, differences in accounting methods and departmental structures can create variance and require context beyond raw budget numbers.
- A key area where differences emerge is in funding for external partners, which can be quickly identified in public budget documents. In the FY 2025 Budget, there was a \$12,504,369 overall budget difference between Macon and Transylvania Counties. Most of that difference stems from decisions to fund or supplement outside agencies, including:
 - Transfers Out (Capital, Fire Department Supplement, Solid Waste Fee Supplement): \$6,224,676
 - K-12 Education Operational Funding: \$3.6 million
 - Community College: \$300,000
 - Rescue Squad: \$548,000
 - Economic Development: \$200,000
- Another significant difference is in Animal Services (\$300,000), which is currently considered severely underfunded in Macon County. This has prompted concerns from local veterinarians and citizens. These items alone account for \$11.2 million of the total budget gap.
- Macon County also relies more heavily on fee-based revenue in its General Fund and funds its solid waste operations entirely through fees, resulting in a higher annual budget in that category.
- Budgets also reflect local priorities, even within state-mandated categories. Transylvania County's spending decisions highlight its distinct priorities:
 - Demographics & Health Needs
 - Highest percentage of population over age 65 in the state (Rank: 1st)
 - 95th for population under 18
 - Older populations increase demand for health, human services, and EMS
 - Economic Development Progress
 - 2023: 48th in average weekly wage (of 100 counties)
 - 2013: 75th in average weekly wage

- Reflects a decade of progress through economic development investments
- Educational Attainment & Funding
 - Only 7% of adults lack a diploma (14th lowest in NC)
 - 25th-ranked school district in the state
 - 7th in per-student funding level (2024)
 - #2 of 115 school districts for best teachers (Niche.com)
 - 29th in teacher supplements (2023)
 - 91.07% of teachers agree "My school is a good place to work" (2024 Working Conditions Survey)
- Public Health & Safety
 - 14th lowest overall crime index
 - 5th lowest for overdose deaths
 - Maintains over 90% live release rate for animals for six consecutive years
 - The County's Animal Shelter SOP is used as a model by the NC Department of Agriculture

Revenue Highlights for FY 2026

- Property Tax
 - Property tax remains the primary method of funding county services, as expected by the State Legislature.
 - The FY 2025 property tax rate was \$0.6033 per \$100 of assessed property value.
 - The recommended FY 2026 tax rate is \$0.4105 per \$100 valuation.
 - For context, this rate would have placed Transylvania County among the 10 lowest counties in NC for tax rate in FY 2025.
 - When including fire department tax rates, the County would have been the 8th lowest statewide.
 - The recommended rate represents a \$0.0268 increase over the revenue-neutral rate of \$0.3837.
 - Note: Fire department supplement revenue, equivalent to about \$0.01–\$0.02 on the new valuation, is proposed to shift to a single unified fire service district, removing it from the General Fund.
- Sales Tax
 - FY 2025 sales tax collections were significantly affected by Hurricane Helene, with a nearly 22% decline in September sales (October collections).
 - Revenue is showing slow signs of recovery and may finish the fiscal year near projections.
 - FY 2026 sales tax projections are flat, with no assumed growth, due to continued economic uncertainty.
- Investment Income
 - Investment earnings were stronger than expected in FY 2024 and FY 2025.
 - Continued performance will depend on overall economic conditions and interest rate trends.
- Fee Adjustments
 - Several departments will implement fee updates, including:
 - Public Health
 - Fire Marshal
 - EMS
 - Library
 - The County does not heavily rely on fees as a revenue source in its General Fund.
- Capital Revenue

- The County continues to pursue grants, USDA loans, and other debt options to fund major capital projects, including:
 - The new Courthouse
 - School bond projects
- The County's financial standing is crucial for gaining Local Government Commission approval for issuing new debt.
- Total Budgeted Revenue
 - \$81,342,524 is the total revenue proposed for FY 2026.
 - This reflects a 6.7% gross increase from the original FY 2025 budget.
 - Adjusted for a new accounting standard (which adds a revenue offset), the true increase is 4.1% in actual revenue and expenditures.

Budget Growth: Comparisons

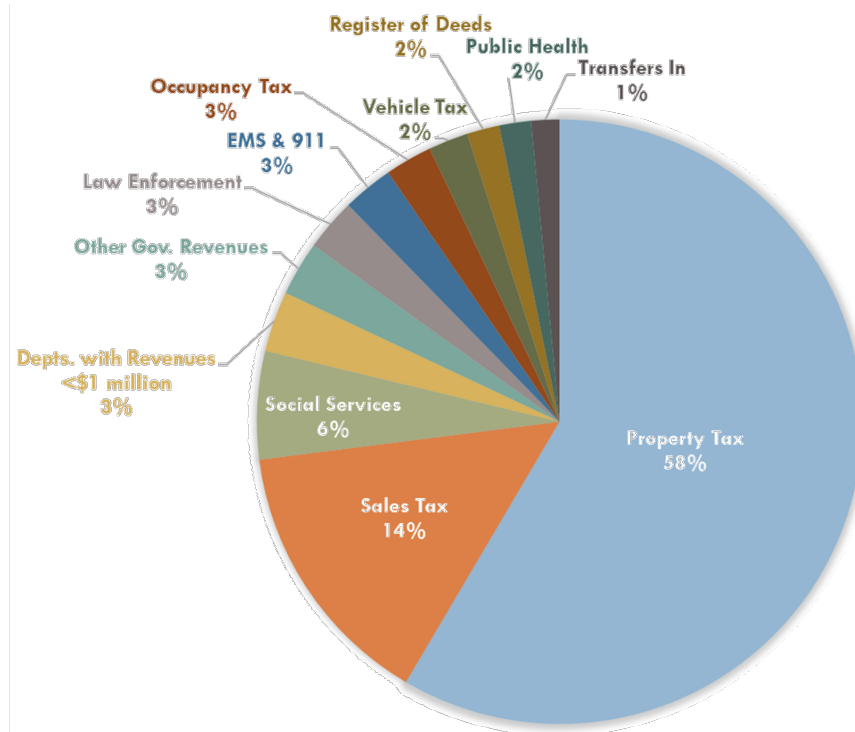
Comparing budgets with peer counties is an exercise staff routinely undertake to identify opportunities for delivering services more efficiently and cost-effectively. However, meaningful comparisons require more than reviewing total budgets—they demand a deeper analysis to ensure apples-to-apples comparisons. For FY 2025, the County Manager examined counties with the lowest published tax rates. While this review did not include all 100 counties, it revealed interesting insights, particularly how the inclusion of fire tax districts significantly alters the true total tax rate.

		County	FY 15	FY 25	Delta	%
FY 25 Lowest County Tax Rates	1	Macon	\$45,721,122	\$63,704,651	\$17,983,529	39%
	2	Moore	\$93,277,963	\$145,341,165	\$52,063,202	56%
	3	Watauga	\$43,586,346	\$82,066,362	\$38,480,016	88%
	4	Carteret	\$81,526,400	\$130,020,000	\$48,493,600	59%
	5	Brunswick	\$148,475,105	\$277,925,747	\$129,450,642	87%
	6	Madison	\$22,218,191	\$33,068,798	\$10,850,607	49%
	7	Jackson	\$55,141,090	\$93,803,495	\$38,662,405	70%
	8	Catawba	\$177,595,263	\$250,435,039	\$72,839,776	41%
	9	Avery	\$26,000,000	\$39,639,298	\$13,639,298	52%
	10	Dare	\$100,454,649	\$136,171,205	\$35,716,556	36%
					Average	58%
		Transylvania	\$46,788,000	\$76,209,010	\$29,421,010	63%*
		Henderson	\$117,076,752	\$204,542,012	\$87,465,260	75%

*One-third of the increase from Solid Waste supplement, Fire Department supplement, and School Bond in the General Fund.

FY 2026: Revenue Projections

- Property Tax remains the County’s primary revenue source.
- The recommended tax rate for FY 2026 is \$0.4105 per \$100 valuation—slightly above the revenue-neutral rate.
- Sales Tax revenue is projected to remain flat, with no anticipated growth or decline.
- Investment income continues to trend upward, though future growth will depend on overall economic conditions.
- Fee adjustments are included in the FY 2026 Fee Schedule across several departments.
- Occupancy Tax revenue is budgeted lower, though these funds are allocated directly to the Tourism Development Authority (TDA).



FY 2026: Expense Highlights

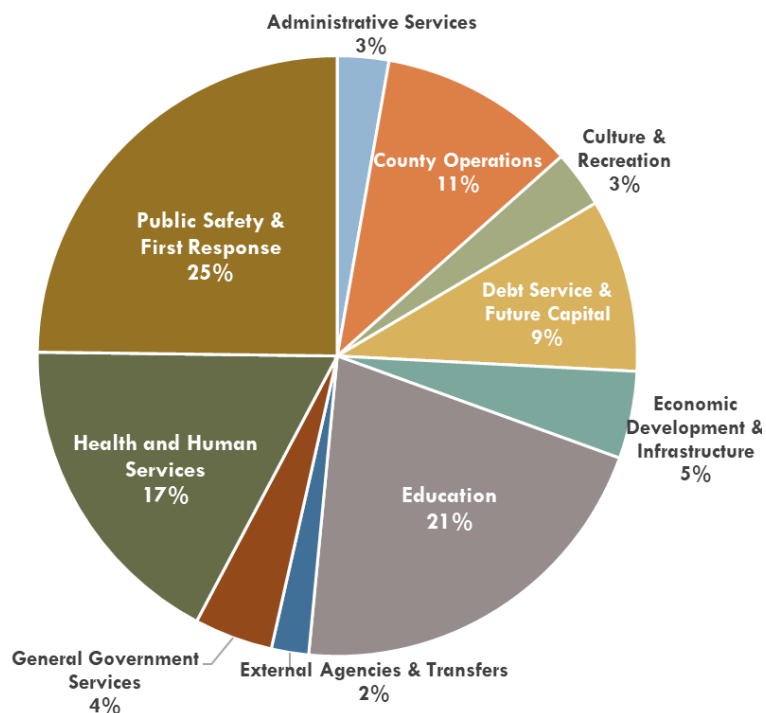
- Balanced budget of \$81,342,524, representing an actual 4.1% increase over FY 2025 (a 6.7% gross increase).
 - Recent GASB standards require counties to include a placeholder for multi-year leases and subscriptions of over \$5,000. This appears as both an expense and revenue line item in the budget.
 - For FY 2026, \$2 million in expense and revenue reflects this accounting requirement—primarily due to a new multi-year EMS ambulance equipment contract.
 - Approximately 3% of the County’s budget goes toward remittances, where collected revenues are immediately passed on as expenditures and do not fund county services—thus inflating the total budget without impacting operations.
- Personnel Changes (4.4% increase in County-led departments):
 - Two new full-time positions:
 - Project Manager – School Projects
 - Narcotics Investigator – Sheriff’s Office
 - Increased part-time hours in IT, Register of Deeds (passports), Housekeeping, and Maintenance

- Nine job code reclassifications
- Personnel Committee Recommendations:
 - Add 2% 401(k) contribution for all County employees
 - Lower mental health copay to \$10 to reduce barriers for employees seeking services
- Debt Service:
 - Continues planning for capital projects (EMS base, school bonds, new courthouse).
 - The budget includes sufficient funding to cover payments for the next four years without requiring a tax rate increase, assuming no additional major capital projects.
- Information Technology:
 - Audiovisual equipment upgrades and support for the Library, Elections Office, and Commissioners' Chambers to improve public experience
- Emergency Response Equipment Costs:
 - Significant cost increases affect the Sheriff's Office, EMS, and fire department partners
- Emergency Communications:
 - Tower location study to identify the best site for improving first responder communications across the county
- Planning & Transit:
 - Grants for community centers, including new software for facility rentals and continued public Wi-Fi access
 - Replacement of transit vehicles, partially funded by the state with a County match

FY 2026: Expenditures by Function

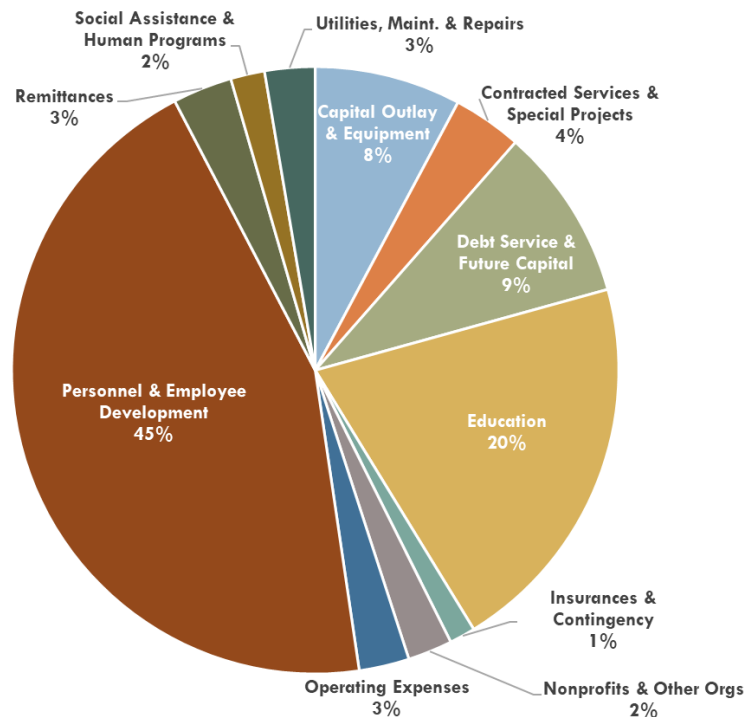
A significant portion of the FY 2026 budget is allocated to three primary service areas:

- Public Safety & First Response: Includes the Sheriff's Office, EMS, 9-1-1 Communications, and Emergency Management.
- Health & Human Services
- Education



FY 2026: Expenditures by Type

- Personnel-related costs remain the largest expenditure in the budget. At its core, county government is people serving people, and the cost of staffing essential services reflects that reality.
- Education funding represents the second largest expenditure. It also appears in Debt Service and Future Capital, as the County prepares for long-term commitments tied to school capital projects.
- According to the Transylvania County Schools Superintendent's budget presentation, 60.2% of the school system's current expense funding is personnel-based.



Education Funding: K–Community College

- Transylvania County Schools:
 - An operational funding increase of 7% is recommended, totaling \$14,567,870.75.
 - This increase is expected to support:
 - Matching Henderson County's teacher supplement level.
 - Covering a potential 5% teacher pay raise as proposed by the State. (Note: The NC Legislature controls teacher pay; if the 5% is not approved, the Schools could redirect those funds.)
 - All capital requests from the Schools are fully funded at \$1,572,006.28.
 - An additional \$432,690 is expected from lottery funds for a new safety system.
 - The School Capital Projects Fund totals \$83,931,993.77, including the first phase of bond and legacy projects.
 - Total new FY 2026 funding for K-12 increases by 10%, which includes a County-funded Project Manager dedicated to school bond projects
 - Excludes education-related debt service, which is accounted for elsewhere in the budget
- Blue Ridge Community College:
 - A 6% increase in operational funding is recommended.
 - Operational funding: \$731,920
 - Capital funding: \$75,000

Fire and Rescue Services Highlights

- The County's fire and rescue departments are recommended to be funded exclusively through the proposed new single district, with an overall county funding increase of 5.86% for these departments. Funding for Transylvania Rescue Squad and NC Forestry Service remains in the General Fund.
- A primary focus this year is increasing baseline paid staffing. While volunteers continue to play a vital role, the demands of modern work schedules make relying solely on volunteers challenging.
- In 2013, Commissioners approved funding for one firefighter position per district (FY 2014 budget). This year, the fire budget review subcommittee recommends establishing a new minimum staffing level of four paid firefighter positions per district, funded at a standard salary and benefits rate. Some departments have already partially reached this staffing level, so increases vary by department.
- As noted earlier, rising equipment costs are also affecting fire department budgets.

Proposed Fire Service Tax District

- Transylvania County is currently divided into eight separate fire protection service districts, excluding the City of Brevard. Each district has vastly different property tax valuations, ranging from \$1.7 million to \$1.9 billion.
- This wide disparity affects each fire/rescue department's ability to generate revenue based solely on the property tax base within their district. Consequently, the County does not approve fire department budgets based strictly on district property tax valuations.
- In recent years, the County has supplemented fire departments' budgets from the General Fund and set uniform fire district tax rates across all districts. This combined funding approach supports departments that could not fully fund their budgets within their district without significantly raising tax rates.
- Fire departments across the County are increasingly showing a need to fund paid staff to ensure reliable coverage, particularly when volunteers are unavailable due to work or other commitments.
- Under the previous funding model, each fire department's budget was constrained by the property tax valuation of its district, not by the actual resources needed to provide adequate service, including mutual aid to other districts. Funding based solely on district valuation—without the General Fund supplement—would have required tax rates ranging from \$0.054 to \$0.222 per \$100 valuation to meet needs.
- The proposed single fire service tax district will eliminate the General Fund supplement and stabilize fire tax rates countywide.
- Since the single district is not yet implemented, a revenue-neutral tax rate is estimated using current fire department budgets and property valuations. Had the single district been in place in 2024, the fire service tax rate would have been \$0.08 based on approved budgets. The estimated revenue-neutral rate for FY 2026 is therefore \$0.055 per \$100 valuation.

Fire Department Budgets

- If the single fire service tax district is approved, the recommended FY 2026 tax rate for fire and rescue services would be \$0.07 per \$100 valuation to fully fund all fire department budgets. This reflects a 5.9% increase in County funding for fire department contracts compared to FY 2025.
- The total recommended fire department budgets for FY 2026 amount to \$7,214,626.
- Fire Marshal staff will review the recommended budgets individually with each fire department.
- Ongoing needs for increased staffing levels and rising equipment costs will continue to impact fire and rescue departments, requiring adequate funding to maintain or improve services.

Solid Waste Enterprise Fund Summary

- Balanced budget of \$3,905,000, representing a 5.6% decrease from FY 2025 due to no heavy equipment purchases planned in FY 2026.
- Revenue includes measured growth in fee-based areas such as scale and sticker sales, along with additional investment income.
- The fund balance is supplemented by property tax revenue from the General Fund, which is unusual and limits some benefits of having an Enterprise Fund; this remains an ongoing issue.
- The current landfill cell phase under construction will extend landfill life to 2030, but the next phase will require significantly more capital investment.
- Expenses for the new landfill cell increased from a \$6,564,522 project budget (March 2024) to a total of \$9,907,184. With a secured \$7 million grant and \$2,477,929 appropriated from the General Fund balance, this project funds an additional five years of capacity through 2031. Future landfill cell construction at this cost level will require higher Solid Waste funding.

County Budget Recommendation Summary

- Balanced General Fund budget of \$81,342,524 with a recommended tax rate of \$0.4105.
- Maintains existing service levels, with the replacement of one of two Narcotics positions previously supported by the City of Brevard until FY 2024 to enhance drug enforcement effectiveness.
- K-12 Schools receive a 7% operational increase, funding a teacher supplement increase to match Henderson County's structure.
- Capital planning initiated in FY 2016 moves into full implementation, covering the EMS base, school bond projects, and new courthouse debt service payments for four years using dedicated sales tax revenue and FY 25-level capital transfers.
- No annual capital funds remain for other improvements such as economic development or parks and recreation. Operational costs for the new courthouse are not included at this time.

Workshop Format Reminder: Be Patient, Be Kind, Be Courteous, and Be Cordial

- Facilitator: County Manager
- Present prior information and any known options for each discussion item.
- Open floor for Commissioner discussion and questions.
 - Start discussion.
 - Opportunity for each Commissioner to speak.
- When three Commissioners agree or after 15 minutes of discussion, the County Manager calls for a consensus poll unless further discussion is requested.
- Upon consensus, the Manager moves to the next agenda item.

Discussion Agenda

- Proposed Fire Department Single Tax District
- Narcotics Investigator
- 401K Match for Employees

Proposed Fire Department Single Tax District

Overview

- Fire and rescue services in Transylvania County are delivered by nonprofit departments, using a mix of volunteers and paid staff.
- The County contracts with these departments to provide services in eight districts (excluding the City of Brevard) and approves their budgets.

How Fire Services Are Funded: Options Under State Law

- County Commissioners may fund fire departments using the following revenue methods, according to statutes:
 - Fire Tax Districts
 - Typically matches a department's service area.
 - Tax rates can differ by district or set at the same rate.
 - Revenue must be spent within that specific district.
 - Increases administrative burden (multiple transactions and accounting by district).
 - Single Countywide Fire District (Proposed Change)
 - Would cover all County fire service areas except municipalities.
 - Funds all the approved department budgets with a single tax rate.
 - The budget process would not change; only the revenue collection component does.
 - Revenues must still be used for fire and rescue services.
 - General Fund
 - Fire departments are funded alongside schools and other County services.
 - Any tax revenue above the approved budget remains in the General Fund.
 - Fire Service Fees
 - Rarely used in North Carolina.
 - May be charged per parcel or property.
 - A few counties use a hybrid approach with both fees and General Fund supplements.

Why Change is Proposed

- The County contracts with eight different districts to provide fire and rescue services.
- Historically, fire departments were funded solely by taxes collected in their districts. This led to major disparities based on property values (e.g., districts with large public lands like Dupont State Forest have a limited taxable base).
- For the past five years, Transylvania County has used a hybrid model:
 - A uniform district tax rate (\$0.055 in FY 2025).
 - Supplemented by \$0.02 from the General Fund.
 - Total effective rate = \$0.075 for most residents (except Brevard).
- Challenges with the current model:
 - Complex billing and tracking for the Tax Office and Finance Department.
- Most districts would require dramatically higher tax rates if funded only by the Fire Tax District method.
 - Up to \$0.2208 and triple the proposed single district rate.
 - Two districts would add 50% more to the overall countywide tax rate, increasing it to \$0.60 instead of \$0.48.
 - In past years, hybrid funding would have required a district and General Fund supplement rate of \$0.06, the same rate necessary if fire departments were funded in full from the General Fund.

Benefits of the Single Fire District

- All residents (except the City of Brevard) would pay the same tax rate – proposed at \$0.07 for FY 2026, lower than the \$0.075 paid in FY 2025.
- Using the district-only model would result in significantly higher rates for some property owners.
- Simplifies administration: One district means fewer steps for tax billing and financial tracking.

- Maintains the same funding process for fire departments. They still submit budgets for review, and the Commissioners still approve funding levels.
- No change to response/service areas or departments. There is no plan to consolidate departments into a county-run system.

Statewide Context

- Only 41 of 100 North Carolina counties still fund fire departments through district taxes alone.
- Most are transitioning away from this method.
- Only two counties have fire district rates above \$0.20. Most counties' fire district rates are \$0.10 or below.

The chart below highlights the impact of each funding approach.

	Tax Rate Impact	Notes
Single District Fire Tax Rate Proposed	\$.07/\$100	Does not include the City.
Hybrid Fire Tax Rate	\$.06/\$100	\$.034 all district rates + additional \$.026 from general fund supplement (Includes the City for the General Fund portion.)
General Fund Funding	\$.06/\$100	Includes the City.
District Funding	\$.034-.22/\$100	<ul style="list-style-type: none"> • Two districts over \$0.20 • Two districts over \$0.10 • Four districts under \$0.10

The County Manager opened the discussion by asking the Board if they needed more information or wanted to explore other options regarding the proposed single fire tax district.

Board Discussion

Commissioner Chapman inquired whether the County distributes funds to fire departments all at once or every quarter after the budget is approved. The Manager clarified that payments are made quarterly.

Commissioner McCall asked whether, if the single district is approved, the County would still provide funds to the City of Brevard for the Sylvan Valley district, since Brevard has opted not to participate. The

Manager explained that the County currently contracts with North Transylvania and Little River Fire Departments to provide coverage in Sylvan Valley, and those relationships would remain unchanged.

Chairman Chappell emphasized that the purpose of putting this item on the agenda was to explain the proposal more clearly to the public. He pointed out that the proposed funding model is not significantly different from the current hybrid method. For the past five years, the County has supplemented individual fire district budgets with funds from the General Fund. The single district would simply formalize this into a countywide approach and bring administrative efficiency by eliminating the need to split each tax bill by district, a process that burdens the Tax and Finance Offices. He also stressed that the budget approval process for individual departments will not change; the departments will still present their budgets, and the County will review and approve them as usual. The Manager confirmed that the process will remain the same.

Chairman Chappell further addressed misinformation circulating in the community, particularly the idea that the County would take over the fire department's budgets. He reiterated that the County is not changing control or operations, only streamlining the funding mechanism. The Manager added that without County funding, many of the departments would not be able to operate, as relying solely on volunteer donations is not sustainable.

Chairman Chappell and the Manager also confirmed that the new proposal does not change response areas or mutual aid arrangements. Departments will continue to respond as they always have.

Commissioner McCall shared her concern about the misinformation surrounding the proposal. She noted that she and Commissioner Dalton have served on the fire budget subcommittee for the past three years and consistently heard about the growing challenge of finding volunteers. She acknowledged that while a couple of departments oppose the proposal, mutual aid and camaraderie among the departments have long been a source of pride. Departments respond to each other without hesitation, regardless of the disparities in funding or resources. She questioned why some departments might now resist a funding model that helps those with fewer resources. Commissioner McCall argued that all departments should have equitable access to resources and that it should not be acceptable for some to thrive while others struggle. She found this decision to be an easy one in support of fairness and operational stability.

Commissioner Chapman echoed these sentiments, stating that every home in the county, whether a small mobile home or a large estate, is equally important to the people who live there. He reiterated that each department would continue to submit its budget based on its needs, and the budget subcommittee would continue to review them. The single district simply distributes funding more equitably across the County. He expressed strong opposition to setting fire tax rates in small districts that cannot sustain them, especially rates as high as \$0.22, when a unified district could provide equal, high-quality fire protection services to all residents at a lower and fairer rate.

Commissioner McKelvey approached the fire tax rate discussion from the perspective of its impact on individual taxpayers. He noted that the current fire tax rate is 5.5 cents and raising it to 7 cents for a countywide fire district would significantly affect citizens. After running calculations based on real property values of employees in his office who live throughout the County, he observed fire tax increases of 47%, 49%, and even 60% in some cases. These increases stem from the combination of higher home valuations and the proposed rate change. For example, a resident previously paying \$178 at 5.5 cents on a \$324,000 home would now pay \$336 at 7 cents on a \$480,000 home, a 47% increase. He stressed that these increases are what residents will see directly when they receive their tax bills, particularly concerning in light of the economic hardship many continue to face after Hurricane Helene.

In response, the Manager clarified that although the fire tax rate was 5.5 cents last year, the County supplemented that with 2 cents from the General Fund. Effectively, citizens outside the City were already paying the equivalent of 7.5 cents for fire protection. Additionally, City residents contributed 2 cents toward countywide fire coverage. Under the new proposal, the rate would be 7 cents on newly assessed property values. The only way to reduce that rate would be to lower the funding provided to the fire departments. The Manager suggested that the fire budget subcommittee could review funding levels but warned that the proposed staffing increases would not be possible without additional funding.

Commissioner McKelvey pointed out that shifting the fire department funding burden from the General Fund directly to taxpayers represents a substantial cost transfer. He argued that although it may appear the County is simply rearranging funding, the shift will feel like a tax increase to the average resident. The Manager acknowledged his concern but reminded the Board that the General Fund also consists of taxpayer dollars.

The Manager walked the Board through different tax rate scenarios outlined in the tax impact chart. If the Board set the General Fund rate at \$0.4105 and added a 7-cent fire tax, the total would be \$0.4805 for most residents. Under a hybrid model, the fire rate could be \$0.034, with the General Fund contributing an additional \$0.026. District-specific rates would vary, some as high as \$0.22, bringing the total combined tax rate to as much as \$0.63 in some areas. In contrast, at least one district would see a decrease. She explained that the impact of revaluation would be felt regardless of the funding model unless the Board opted to reduce the fire department budgets and associated funding increases.

The Manager asked the Board whether they wanted her to explore alternatives or revisit the fire department budget recommendations. She noted that her current recommendation includes a nearly 6% increase in total fire department funding to support new staffing requirements.

Commissioner McKelvey then asked what the expected revenue would be if the County kept the fire tax at 5.5 cents. The Manager replied that revenue would remain the same under the single district model, but the County would lack the 2-cent supplement previously pulled from the General Fund. This complicates year-to-year comparisons, especially since this year's recommended fire budgets have increased significantly, from \$5.8 million last year to \$7.2 million this year, to accommodate new staffing.

Commissioner McKelvey asked for specifics on how much of a shortfall the County would face under the 5.5-cent model, given increased property valuations. The Manager said that comparing totals across the years is more useful than looking at rate components alone. Last year, the combined property and fire tax rate was 65.33 cents. This year's proposed rate would be approximately 48 cents, reflecting a shift in how the components are structured, but not necessarily a dramatic change in overall burden.

Chairman Chappell noted the Board could retain the current funding approach, but that would not allow for increased staffing. The Manager confirmed that maintaining current funding from the General Fund would still require 6 cents to meet the proposed budget and it is higher than the revenue neutral rate. The 7.5-cent effective rate last year included the General Fund supplement.

Commissioner Dalton calculated that 5.5 cents on the \$11.9 billion valuation generates about \$6.5 million, still \$700,000 short of the \$7.2 million needed. Even at 6 cents, the fire tax would come up slightly short. He favored continuing the hybrid funding model and using General Fund dollars to bridge the gap, especially given public safety demands. He cited feedback from first responders who oppose a single district and said many fire departments need more staff to ensure coverage, especially during weekends and emergencies.

The Manager advised that if the Board returned to a hybrid model, it would delay tax bills. Instead, she recommended funding fire departments from the General Fund for one year. The rate would remain the same, and bills would not be delayed. However, tax bills would not show a separate fire tax line item.

Commissioner McCall asked whether the single district rate could be set below 7 cents. The Manager said it could, but only by reducing the proposed budgets. Each penny equates to roughly \$1 million in funding.

Commissioner McCall clarified she was not advocating cuts but wanted the Board to decide on the funding level first, with a decision on the district model to come after the public hearing. The Manager stated that staff need guidance now on budget totals to prepare the ordinance; decisions on funding sources can follow.

Commissioner McCall noted that the current model, while labeled as 5.5 cents, effectively totals 7.5 cents when accounting for the General Fund supplement. The proposed single district at 7 cents simply reflects that full funding more transparently. The Manager added that using the General Fund would raise the overall property tax rate to 47.05 cents; the single-district rate would be 41.05 cents plus 7 cents for fire, not including City taxpayers.

Commissioner Chapman asked if this General Fund use changes the proposed base rate. The Manager confirmed it does. It would require a 6-cent increase to fund fire services from the General Fund.

The Manager reminded the Board that a consensus on the fire tax method was not needed, but direction on funding levels was.

Commissioner McCall asked how much more it would take to fully fund all fire department requests. The Manager responded it would be \$9.2 million, which is an additional \$2 million and another 2-cent increase.

Chairman Chappell reiterated that the Board must decide on a funding level so the appropriate budget materials can be posted ahead of the public hearing.

Commissioner Dalton said the subcommittee already worked hard to pare down budget requests. Chairman Chappell agreed.

Commissioner McKelvey emphasized his preference for a rate below 7 cents, noting its significant impact on tax bills. While 5.5 cents would still increase collections, he believed 6 cents might be more palatable. However, he acknowledged the importance of maintaining quality services.

Chairman Chappell asked what would need to be cut to lower the rate. The Manager replied that it would mean forgoing additional paid staffing.

Commissioner Dalton noted that all other costs, like new trucks and equipment, are fixed, and staffing is the only area where reductions could be made.

Commissioner McKelvey expressed concern that, even when funding is allocated for paid fire staff, there is no guarantee departments will follow through with those hires, as the County does not have authority over how fire departments spend their funds.

The Manager confirmed this, noting that fire departments are independent entities. While the County reviews their budgets and sets a funding level, departments decide how to spend the funds, whether on equipment, personnel, or other needs. The recommended funding increase is primarily to support

minimum staffing levels. If the Board wanted to reduce the proposed fire tax rate below 7 cents, the only area for consistent reductions would be staffing. She requested Board direction so staff could run calculations in preparation for the public hearing.

Commissioner McCall stated she would not support cutting staffing levels back to current levels, which are already inadequate for many departments. She noted that the proposed budget had already gone through significant refinement, including input from the Assistant County Manager and the Fire Marshal. She supported the Manager's recommendation unless significant new information arose during the public hearing.

The Manager said there appeared to be a consensus to fund the fire departments at the full \$7.2 million level and polled the Board to confirm.

Chairman Chappell emphasized that the decision comes down to determining the minimum level of full-time fire protection the County expects. He acknowledged the difficulty of fire budgeting but supported the collaborative process that had taken place, incorporating input from department boards, County staff, and Commissioners, to arrive at a reasonable recommendation. He was not willing to walk back from that recommendation, adding that his background in fire service informed his commitment to providing adequate staffing, even if it meant a tax increase.

Commissioner Chapman also supported the proposed funding level. He felt the fire tax should fully reflect fire department costs rather than relying on the General Fund so that citizens clearly understand what they are paying .

The Manager confirmed a consensus among the Board to move forward with the \$7.2 million funding level.

Staff will now prepare a budget ordinance reflecting those department funding levels for the upcoming public hearing on the FY 2026 Budget and the proposed single fire tax district. The ordinance will include calculated tax impacts depending on the Board's decision regarding how to apply the tax.

Chairman Chappell asked whether two separate public hearings were required for the budget and the fire tax district. The Manager confirmed there would be two hearings, and staff would advertise them accordingly. When it comes time for a decision, the Board may vote on the items either together in one motion or separately, at their discretion. The fire tax rate is based on the recommended funding level.

Narcotics Investigator Position

The Manager informed the Board that Sheriff Owenby was unable to attend due to a prior commitment but was available by phone if needed. She shared an update from the Sheriff, noting that over the weekend officers confiscated 14 grams of fentanyl and 29 grams of methamphetamine, demonstrating the continued activity and need for narcotics enforcement in the County.

Background

- In 1994, Transylvania County and the City of Brevard formed the Transylvania Narcotics Task Force, a joint effort that lasted 30 years and was among the longest running in Western North Carolina.
- The original agreement dedicated two City of Brevard Police Department positions and two Transylvania County Sheriff's Office positions. A third County position was later added through a restructuring.
- In 2023, the City of Brevard withdrew from the task force, effectively dissolving its joint structure and reducing task force staffing by half.

Funding Dedicated Narcotics Investigations

- Many counties and cities across North Carolina recognize the importance of dedicated narcotics investigations, as much of local crime, including theft and violent offenses, relates to substance abuse.
- Reducing drug availability and abuse also lowers County costs in areas like the jail, DSS, and public health, services counties are statutorily required to fund.
- Key findings from the 2024 Community Health Assessment:
 - 47% of residents report being impacted by substance abuse.
 - Nine local overdose deaths occurred in 2023–2024; EMS administered Narcan 33 times in 2023 and 44 times in 2024.
 - 65% of jail detainees tested positive for substance use disorders (SUDs); 59% had multiple SUDs.
 - 92.3% of foster care cases involved substance abuse. In over half of those cases, parental reunification was not possible.

Request

- Sheriff Owenby requested one additional narcotics investigator position to replace one of the two lost when the City withdrew from the task force.
- The estimated cost for the position, including salary and benefits, is \$83,755.
- This addition would bring the total number of County-funded narcotics investigators to four.

Board Discussion

Commissioner McCall confirmed the original task force no longer exists in its previous form and asked whether the City had established its own narcotics unit. The Manager said, to her knowledge, no dedicated City unit exists; general patrol and investigative staff handle any related work.

Commissioner Chapman asked whether the Sheriff's Office operates within City limits. The Manager confirmed it does, and that the office often works across jurisdictions and with federal partners due to the regional nature of drug trafficking.

Commissioner McCall confirmed this position would be exclusively dedicated to narcotics investigations, not other duties.

Chairman Chappell pointed out that even with this position, staffing would remain below the levels previously maintained through the joint task force partnership.

There was consensus to include the position in the FY 2026 budget.

401K Match for Employees

The Manager presented a request to include a 2% 401K contribution for non-law enforcement employees in the FY 2026 Recommended Budget. The recommendation follows up on previous Personnel Board suggestions and aims to improve recruitment and retention.

Background

- During the 2023 compensation study, the Personnel Board found Transylvania County's benefits were at or below peer counties and recommended a 2% 401K contribution for non-law enforcement employees (LEOs already receive 5% per state law).
- The Board prioritized bringing salaries to market range in the FY24 budget and deferred benefit enhancements to a future cycle.
- The 2% contribution is proposed as a straight employer contribution, not a match, to simplify administration and support recruitment efforts.

Personnel 401K Benefit Data

- North Carolina counties and municipalities are required by state law to provide a 5% 401K contribution to sworn law enforcement officers.
- 68 out of 100 North Carolina counties offer a 401K contribution or match for non-LEO employees, ranging from 1% to 8%. Of those counties, 48 offer a rate higher than 2%.
- 313 municipalities in North Carolina also provide similar benefits.
- The federal government provides a structured 5% benefit, broken down as follows:
 - 1% automatic agency contribution, regardless of employee contribution.
 - 100% match on the first 3% of employee contributions.
 - 50% match on the next 2% employee contribution.

Regional and Peer Comparisons: 401K Employer Contributions for Non-Law Enforcement Employees

- Henderson County, City of Hendersonville - up to 2% (match requirement)
- Buncombe County - 8%
- City of Asheville - up to 6% (match contribution)
- Haywood County, Dare County - 3%
- Macon County - 2%
- City of Brevard - 4%
- Town of Lake Lure, Village of Flat Rock - up to 5%
- Towns of Fletcher, Laurel Park, Sylva, and Franklin, Montgomery County, Rutherford County - 5%

Request

The FY 2026 Recommended Budget includes a 2% 401K employer contribution for non-law enforcement employees to improve competitiveness for recruitment and retention. The budgetary impact is \$317,000.

Board Discussion

Chairman Chappell asked for the item to be included on the workshop agenda to review comparison data on salary and benefits offered by surrounding counties. He also inquired about the revenue value of one cent on the new tax rate, which the Manager confirmed as approximately \$1.2 million.

Commissioner McKelvey remarked that while the proposed 2% contribution is a step forward, it remains low compared to other local governments. He supported the recommendation but expressed a preference for a higher contribution.

Commissioner Dalton asked whether the County currently contributes to non-law enforcement employees' 401K plans. The Manager confirmed that it does not.

Commissioner McCall noted that implementing a 2% contribution would bring the County in line with Henderson County. The Manager confirmed and added that the proposal is for a straight employer contribution, not a match. This approach aligns with a growing trend among plan administrators who recommend contributions over matches due to administrative simplicity and recruitment effectiveness.

Chairman Chappell asked whether 401K contributions are factored into salary comparisons. The Manager explained that salary and benefits are calculated separately in compensation studies. She referenced data from the School of Government and the County's plan administrator, both of which indicate that the proposed benefit is consistent with trends observed statewide.

Commissioner McCall expressed full support for the proposal, emphasizing the importance of taking care of employees and reinforcing that enhancing benefits reflects the Board's recognition of employee value.

Commissioner Chapman asked if there were any additional administrative fees associated with the plan. The Manager replied that there would be no new fees, as the County already participates in the plan for law enforcement personnel; this would simply extend the existing arrangement.

The Board reached a consensus to include the 2% 401K contribution in the FY 2026 budget.

Recap & Next Steps

The Board agreed to retain the recommended funding levels for the fire departments, the narcotics investigator position, and the 2% 401K contribution. The Board will hold two separate public hearings on June 23 – the Single Fire Tax District proposal and the FY 2026 Budget. The Manager will re-present the fire department funding options at that time. Following the hearings, the Board will proceed with budget adoption, and staff will be prepared to adjust the budget ordinance on the revenue side based on the selected option.

There was no need for the previously scheduled second budget workshop on Thursday, June 5, and it was therefore canceled.

ADJOURNMENT

Commissioner McCall moved to adjourn the workshop at 7:30 p.m., seconded by Commissioner Dalton and unanimously approved.

Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board