

**MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
JUNE 17, 2025 – BUDGET WORKSHOP**

The Board of Commissioners of Transylvania County held a budget workshop on Tuesday, June 17, 2025, at 6:00 p.m. in the Multipurpose Chambers at 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 McKelvey, and Chase McKelvey. County Manager Jaime Laughter and Clerk to the Board Trisha Hogan were also present. No legal counsel was present.

Media: Dan DeWitt – *Brevard Newsbeat*
Laura Denon – *The Transylvania Times*

Approximately 20 people were in the audience.

CALL TO ORDER

Chairman Chappell 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

Workshop Introduction

The County Manager presented the FY 2026 Recommended Budget to the Board on May 27. Budget development takes roughly six months and involves financial analysis, organizational review, and funding projections. A prior workshop was held on June 2 with no changes made to the recommended budget. During the June 9 regular meeting, Commissioners requested further analysis on specific budget items, prompting this additional workshop.

The Manager provided a condensed version of the FY 2026 Recommended Budget, followed by a more detailed analysis in response to Board requests. The session was designed to move into a workshop format with the goal of building consensus on final budget components. The Manager encouraged the public to visit the County's website to view past budget discussions and access supporting documents for more details.

County Budget Recommendation Summary

The County Manager summarized the key components of the FY 2026 Recommended Budget:

- Proposed General Fund Budget: \$81,342,524, balanced with a recommended tax rate of \$0.4105 per \$100 valuation, intended to remain stable over the next four years based on current financial projections.
- General Fund Changes:
 - County departments reflect a 4.4% increase in personnel and operational costs.
 - The FY 2025 tax rate was \$0.6033, comprised of \$0.5803 for the General Fund and \$0.02 for the fire department supplement.
- Key Funding Areas Included in Proposed Tax Rate:

- Public safety equipment and technology upgrades.
- 7% increase in school operational funding.
- 6% operational increases for Blue Ridge Community College and the Transylvania Economic Alliance.
- 8% increase for the Rescue Squad, including funding aligned with the fire department staffing methodology.
- Bridge payments for major capital projects, including the new EMS base, courthouse, and school bonds, are part of a multi-year capital plan initiated in FY 2016 and continually updated under the guidance of Tryon Advisors.
 - *Note:* The budget does not include annual capital allocations for other projects (e.g., parks, economic development), nor does it cover operational costs for the new courthouse.
- Fire Department Funding Proposal:
 - Increases minimum staffing per department from one paid firefighter to four.
 - Addresses rising public safety equipment costs.
 - FY 2025 tax rate for non-city residents was \$0.75 (\$0.055 fire district + \$0.02 supplement).
 - The proposed FY 2026 tax rate for non-city residents is \$0.07 under a single fire district funding model.
 - The public hearing for this proposal is scheduled for June 23.
 - The Manager noted that alternative funding options are available that do not require a public hearing and will be presented later should the Board not move forward with the single district model.

Revenue Projection and Revaluation

The Manager discussed the limits placed on local revenue generation under North Carolina law. She explained that the primary source of revenue for county government is property taxes, which are levied on real estate, motor vehicles, and personal property. By statute, the Board of Commissioners must set the property tax rate for the upcoming fiscal year in the annual budget ordinance by July 1.

Real and personal property valuations are governed by the North Carolina Department of Revenue (NCDOR). Counties are required to either contract out revaluation services or employ staff who have been trained and certified by the State to conduct appraisals under established rules. These local systems are regularly evaluated by the NCDOR to ensure compliance.

The Manager emphasized that County Commissioners do not have the authority to create new tax types or exemptions. They may only implement those explicitly permitted under state law, such as the present use value program for agricultural, horticultural, and forestland. This is because North Carolina is a "Dillon's Rule" state, which means counties must operate strictly within the powers granted to them by the General Assembly.

During the revaluation year, State law requires the County Manager to calculate and disclose a revenue-neutral tax rate. This rate represents the amount needed to raise the same revenue as the previous year, adjusting for changes in property valuations. It must be disclosed in the budget ordinance alongside the proposed tax rate adopted by the Board.

Revaluations are conducted under NCDOR oversight, and property values are assessed as of January 1 each year. The NCDOR uses sales ratio data to evaluate the accuracy of valuations. Since January 1, 2025 (revaluation date), the average ratio for single-family qualified home sales in Transylvania County is 93%. Seven out of 63 single-family homes sold had a sales ratio of over 105%, and no geographical pattern was identified. This data supports the validity of the 2025 revaluation process.

Property Card Information Example

The Manager addressed several questions received by Commissioners and staff regarding how property appraisals are conducted. She provided an overview of the type of data used during the appraisal process and illustrated the information found on a standard property card. To preserve confidentiality, she presented an example from Henderson County rather than using property located in Transylvania County.

She explained that every property in North Carolina is assigned a property card that contains key data points used to determine the assessed value. This includes information such as the year the property or structure was built, the presence or absence of any buildings or improvements, the total acreage, and specific features of the structure, such as heated square footage, exterior siding materials, and any additions or renovations. Much of this data is obtained through building permits or site visits conducted by appraisers.

Additional appraisal considerations include the overall grade or classification of the property, physical depreciation over time, and the broader context of the property's location, for example, whether it is in a subdivision, rural area, or another type of community setting.

Revenue Projection – Calculating Revenue Neutral

The Manager explained how the County determines the revenue neutral tax rate during a revaluation year, as required by North Carolina law. Counties use a standardized form provided by the NC Department of Revenue, which outlines a step-by-step formula for calculating the revenue neutral rate.

This process begins with using the official property valuations from four years prior (the last revaluation) and the projected valuations for the upcoming fiscal year. It is important to note that these future valuations are estimates at this stage and not yet finalized. The formula then calculates the percentage change in valuation over the period, averages that change, and applies it to grow the previous year's tax levy. This yields the revenue neutral tax rate for the coming year.

For FY 2026, Transylvania County's revenue neutral rate was calculated to be \$0.3837 per \$100 of valuation for the General Fund, based on this standardized approach.

Property Tax Base Projection

The Manager discussed how the property tax base is projected each year as part of the County's budget development process. Each spring, the Tax Administrator provides a projection of the tax base using informed assumptions about real and personal property growth. Revenue projections must remain conservative to ensure that actual collections will be sufficient to meet the County's financial obligations.

Property taxes and motor vehicle taxes are projected separately due to the differences in how each is assessed and billed. The State of North Carolina values motor vehicles annually using a separate billing cycle that does not align with the County's fiscal year. Several years ago, the State took over the motor vehicle tax process to improve collections by linking property tax payments to vehicle registration renewals. While this approach has improved compliance, it has also limited the amount of vehicle-specific data counties receive. Additionally, counties incur a processing fee depending on how a citizen pays their motor vehicle tax bill.

Because of the revaluation and growth in real and personal property, the County anticipates a decrease in monthly vehicle tax bills for most residents. Transylvania County uses a projected collection rate of 98.5% for real and personal property and 96% for motor vehicles due to differences in how they are valued and collected under state statute. For FY 2026, the projected revenue for real and personal property at the recommended tax rate is \$46,328,750, an increase of 11.2%. The projected revenue from vehicle taxes is \$1,684,420, reflecting a 31.5% decrease. This decline is typical in a revaluation year, as

motor vehicles are not included in the revaluation process and continue to be assessed using a depreciation schedule maintained and updated regularly by the State.

The Manager noted that each household will experience a unique impact due to revaluation, even under a revenue neutral tax rate. While many real property values have increased, lower vehicle values and a reduced tax rate will result in decreased vehicle tax bills for most residents.

Additional Revenue Information

The Manager provided context on revenue limitations and external impacts on Transylvania County's budget. She explained that over 50% of the County's property tax base is non-taxable due to the large amount of federally and state-owned land, along with privately conserved land under permanent conservation easements. This significantly reduces the amount of taxable property available to support local government services.

To partially offset the loss of revenue from federal lands, the County receives Payment in Lieu of Taxes (PILT) from the federal government. In FY 2025, this amounted to \$298,175, or just 0.5% of the County's total tax revenue. While these funds may be used for any public purpose, they do not come close to covering the cost of services that the County is still required to provide on those lands. These services include emergency response (EMS, Rescue, Fire, Law Enforcement, and Emergency Management), public health, social services, and solid waste operations.

Unlike the federal government, the State does not compensate counties for lost revenue from state-owned lands. While fire departments may receive minimal funding based on the number of structures on state property they serve, this amount is very small. Meanwhile, county taxpayers fund the local office of NC Forestry Services, further contributing to fire protection efforts on state lands. The Board continues to advocate with legislators for increased state funding to offset these costs.

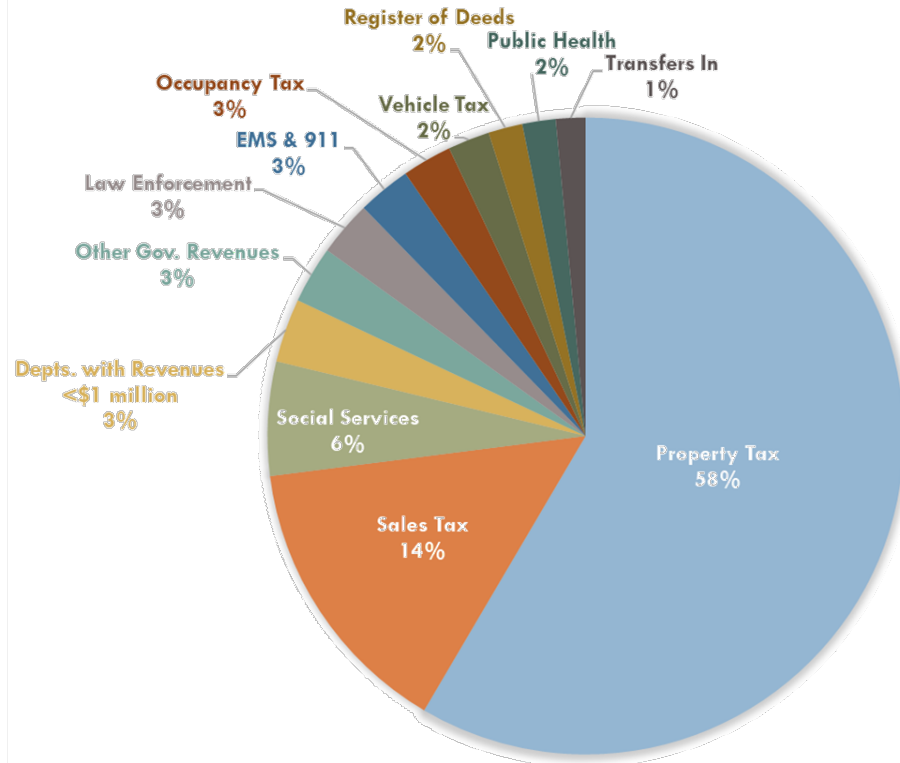
In addition to general PILT funding, the County receives a separate allocation designated for public education under a federal timber receipt program. However, that amount has decreased significantly from approximately \$70,000 in the previous year to just \$13,788 this year.

The Manager also highlighted recent and potential losses in sales tax revenue. A change in the State's Medicaid Hold Harmless sales tax distribution formula last spring led to a projected annual loss of approximately \$500,000. While there was early indication that the State might reconsider, no adjustments have materialized, so this shortfall is budgeted as a permanent reduction. Another growing concern is the proposed use of local sales tax revenues by the State to fund the VIPER emergency communications system. As of the meeting date, the State budget has not yet been finalized, so the ultimate fiscal impact remains unknown. If passed, this would mark the first time since 2002 that the State has diverted local sales tax revenues. The General Assembly may amend its sales tax formulas since sales tax is governed at the legislative level.

FY 2026: Revenue Projections

The Manager reviewed key revenue projections for FY 2026. Property tax continues to be the County's primary revenue source, accounting for approximately 58% of total revenues. Sales tax revenues are expected to remain static, with no anticipated growth but also no projected decline; this category represents 14% of the County's total revenue.

The Manager emphasized that revenues received for Social Services are restricted for that purpose and only cover a portion of the associated program costs. Similarly, other governmental revenues, such as grants, pass-through funds, and fees, are either restricted in use or allocated for specific services and therefore do not contribute to general operational flexibility.



FY 2026 Budget: Revenue

The County Manager provided an overview of special tax districts as authorized by state law, noting they are used for services such as fire protection and must be managed per statutory requirements. The tax rates for these districts are set annually as part of the budget ordinance, just like the General Fund rate.

Transylvania County currently has eight fire districts in addition to the County Fire District. In FY 2020, the Board of Commissioners considered moving to a single countywide fire district. At that time, the Manager presented legally permissible options for Board discussion, including:

- Continuing to be funded by individual fire districts
- Creating a single countywide fire district
- Funding fire department contracts entirely through the General Fund
- Implementing a hybrid model, combining district rates with General Fund contributions

The single district option was considered due to projections showing some fire districts would otherwise require tax rates exceeding 15 cents to meet their operational needs. While the Board did not pursue the single district model, they instead directed the Manager to implement a hybrid funding approach. This method included setting the same tax rate across all eight districts, with supplemental funding provided through the General Fund. This approach was thoroughly discussed in workshops and has been incorporated in each annual budget since that time.

Fire Department Funding: Origin of the Hybrid Revenue Model

During the FY 2020 budget process, the Board of Commissioners determined that funding fire departments solely through individual fire district rates would place an undue burden on districts with

lower property valuations. After reviewing a range of options in budget workshops, the Board adopted the hybrid funding model still in use today.

At that time, the Board was presented with data showing projected fire district tax rates under a district-only model. The rates varied significantly—from \$0.054 to \$0.22—and the Board concluded this disparity would be untenable for many taxpayers.

To address the inequity, the Board implemented a hybrid model that established a uniform tax rate across all eight fire districts, supplemented by General Fund support to equalize fire department funding.

Additionally, the FY 2020 budget included a \$0.105 tax rate increase for the voter-approved school bond, along with additional revenue allocated for the new courthouse project.

A summary chart presented at that time illustrated how each district's tax burden changed under the hybrid model.

Budget Requests for funding including additional staffing and Capital requests

	FY 20 Rate Fully Funded	FD Rate Change vs FY 19	Value For each cent
<u>Fire District</u>	<u>Requests</u>	<u>Approved</u>	<u>District Tax</u>
Sylvan Valley 2	\$0.055	\$0.000	\$88,860
Rosman	\$0.143	\$0.022	\$46,700
Little River	\$0.102	\$0.012	\$51,652
Conneestee Falls	\$0.083	\$0.000	\$96,150
Cedar Mountain	\$0.251	\$0.113	\$14,140
Lake Toxaway	\$0.054	-\$0.001	\$166,700
Balsam Grove	\$0.111	-\$0.001	\$9,055
North Transylvania	\$0.222	\$0.082	\$12,739

- ❑ Tax increase of 10.5 cents **based on voter approval** of the \$68 million school construction bond to renovate and expand Rosman High, Rosman Middle and Brevard High Schools for a new tax rate of \$.616/\$100 valuation.
- ❑ Total budget of **\$63,936,857** Tax Rate for general fund \$.636/\$100 valuation
- ❑ Includes setting all fire district rates to 5.5 cents and supplementing remaining approved budgets from general fund (per BOC Budget Workshop 2). \$ 1,279,600 transfer from fund balance to cover remaining expenses.
- ❑ Includes tax increase of 2 cents to cover major capital needs identified (Workshop 2)
- ❑ Includes Fund Balance set aside for education requests to be funded after state salary and benefits are known and generalized capital improvements are also known.

	FY 20 Rate Fully Funded	FD Rate Change vs FY 19	School Bond	Major Capital	Net July 1 Tax Increase
<u>Fire District</u>	<u>Rec</u>	<u>Approved</u>	<u>Tax Increase</u>	<u>GF Tax</u>	
Sylvan Valley 2	\$0.0550	\$0.0000	\$0.1050	\$0.0200	\$0.1250
Rosman	\$0.0550	(\$0.0659)	\$0.1050	\$0.0200	\$0.0591
Little River	\$0.0550	(\$0.0356)	\$0.1050	\$0.0200	\$0.0894
Conneestee Falls	\$0.0550	(\$0.0283)	\$0.1050	\$0.0200	\$0.0967
Cedar Mountain	\$0.0550	(\$0.0826)	\$0.1050	\$0.0200	\$0.0424
Lake Toxaway	\$0.0550	\$0.0006	\$0.1050	\$0.0200	\$0.1256
Balsam Grove	\$0.0550	(\$0.0568)	\$0.1050	\$0.0200	\$0.0682
North Transylvania	\$0.0550	(\$0.0850)	\$0.1050	\$0.0200	\$0.0400
City of Brevard	\$0.0000	\$0.0000	\$0.1050	\$0.0200	\$0.1250

Fire Funding Comparison: Avery County Model

At the prior Board meeting, a question was raised about whether Avery County, which currently operates under a single fire district model, was considering a change to its fire funding structure.

Following discussions with Avery County's administration:

- They are not planning any changes to their current funding method.
- However, some fire departments in wealthier areas have expressed interest in returning to smaller, district-based funding.

Avery County's fire funding model differs significantly from Transylvania County's:

- In 2003, the NC General Assembly passed House Bill 673, establishing an independent Fire Commission in Avery County.
- This Commission is separate from the county government and includes:
 - Two members appointed by the County Commission
 - Two fire department representatives
 - One at-large member
- The Fire Commission employs full-time staff to manage department operations, evaluate equipment, and oversee expenditures.
- While the County Commission sets the total fire funding and levies the tax through a single fire district, the budget allocations are based on the Fire Commission's recommendations.

FY 2026 Budget: Revenue vs. Expenditure

- North Carolina counties are legally required to adopt a balanced budget. Unlike the federal government, counties cannot operate at a deficit.
- When the cost of delivering services exceeds available revenue, counties have two primary options:
 1. Increase taxes to generate additional revenue; or
 2. Reduce expenditures, with full awareness of the impact such cuts may have on service levels.
- Understandably, citizens want to know what their tax dollars are supporting, particularly when an increase is proposed.
- Therefore, in the next section, the Manager included an analysis of the proposed tax bill impact, including alternatives to current fire department funding.
- Important context for taxpayers:
 - Vehicle tax bills, paid annually with registration, will decrease under the proposed budget. The degree of impact will vary by household.
 - Some of the revenue that previously came from vehicle taxes will now be collected through real property taxes.
 - Budget models provide a side-by-side comparison using:
 - The median single-family home value
 - The estimated value of two vehicles
 - Total annual tax bill impact under each funding option

FY 2026 Tax Impact – Single Family

- The chart below illustrates the estimated tax impact for a median single-family household in each fire district and within the City of Brevard.
- Fire districts, not community boundaries, are used for this analysis since they are clearly defined for tax and service purposes.
- The vehicle ratio was developed by adjusting the countywide average based on each district's median home value, under the assumption that areas with higher property values may also have higher-value vehicles. This allows for a more tailored estimate of vehicle tax impact across districts.

- Median single-family home values for 2024 and 2025 were provided by the Tax Office and are shown for each fire district in the second and third rows of the chart. The countywide averages are shown in the far-right column highlighted in orange.
- Under the current hybrid method, the total tax bill includes the General Fund and rural fire districts calculated based on the 2024 median home value and two vehicles per household.
- Under the proposed budget, with a single fire district at \$0.07 using the 2025 median home value and two vehicles per household:
 - The City of Brevard is excluded from the rural fire district tax under this model.
 - Lake Toxaway reflects the largest increase at 18.49% due to the shift in fire funding responsibility.
 - The countywide average increase under the proposed model is \$309.52, or 13.93% overall (home + two vehicles).

	City of Brevard	Brevard Fire	Rosman Fire	Little River Fire	Conneestee Fire	Cedar Mtn Fire	Lake Toxaway	Balsam Grove	North Transylvania	Total Averages
	CI01	FR02	FR03	FR04	FR05	FR06	FR07	FR08	FR09	
vehicle ratio mod	\$ 66,866.74	\$ 67,024.12	\$ 54,613.77	\$ 62,377.94	\$ 85,138.24	\$ 59,848.42	\$ 116,600.91	\$ 48,460.67	\$ 69,415.26	
Median Home 2024	\$ 253,140.00	\$ 250,150.00	\$ 195,230.00	\$ 230,730.00	\$ 316,740.00	\$ 225,900.00	\$ 417,400.00	\$ 192,330.00	\$ 258,305.00	\$ 259,991.67
Median Home 2025	\$ 439,740.00	\$ 440,775.00	\$ 359,160.00	\$ 410,220.00	\$ 559,900.00	\$ 393,585.00	\$ 766,810.00	\$ 318,695.00	\$ 456,500.00	\$ 460,598.33
Current Hybrid										
2024 Tx gf	\$ 1,527.19	\$ 1,509.15	\$ 1,177.82	\$ 1,391.99	\$ 1,910.89	\$ 1,362.85	\$ 2,518.17	\$ 1,160.33	\$ 1,558.35	
Rural District	\$ 137.58	\$ 107.38	\$ 126.90	\$ 174.21	\$ 124.25	\$ 229.57	\$ 105.78	\$ 142.07	\$ 142.07	
vehicle gf	\$ 403.41	\$ 404.36	\$ 329.48	\$ 376.33	\$ 513.64	\$ 361.07	\$ 703.45	\$ 292.36	\$ 418.78	
Vehicle Rural District	\$ 36.86	\$ 30.04	\$ 34.31	\$ 46.83	\$ 32.92	\$ 64.13	\$ 26.65	\$ 38.18	\$ 38.18	
Total 2024 Taxes	\$ 1,930.60	\$ 2,087.96	\$ 1,644.72	\$ 1,929.53	\$ 2,645.56	\$ 1,881.08	\$ 3,515.33	\$ 1,585.12	\$ 2,157.38	\$ 2,153.03
2025 As recommended- single district for rural fire at 7 cents										
2025 tx gf	\$ 1,765.56	\$ 1,769.71	\$ 1,442.03	\$ 1,647.03	\$ 2,248.00	\$ 1,580.24	\$ 3,078.74	\$ 1,279.56	\$ 1,832.85	
2025 single	\$ 308.54	\$ 251.41	\$ 287.15	\$ 391.93	\$ 275.51	\$ 536.77	\$ 223.09	\$ 319.55	\$ 319.55	
vehicle gf	\$ 268.47	\$ 269.10	\$ 219.27	\$ 250.45	\$ 341.83	\$ 240.29	\$ 468.15	\$ 194.57	\$ 278.70	
vehicle fire	\$ 46.92	\$ 38.23	\$ 43.66	\$ 59.60	\$ 41.89	\$ 81.62	\$ 33.92	\$ 48.59	\$ 48.59	
Total 2025 Taxes	\$ 2,034.03	\$ 2,394.27	\$ 1,950.94	\$ 2,228.30	\$ 3,041.36	\$ 2,137.94	\$ 4,165.28	\$ 1,731.14	\$ 2,479.69	\$ 2,462.55
Delta 2024	\$ 103.43	\$ 306.32	\$ 306.22	\$ 298.77	\$ 395.79	\$ 256.86	\$ 649.95	\$ 146.01	\$ 322.31	\$ 309.52
% change	5.36%	14.67%	18.62%	15.48%	14.96%	13.65%	18.49%	9.21%	14.94%	13.93%

- The chart below illustrates two options: a new hybrid option and a General Fund option.
- Hybrid fire option:
 - \$0.031 General Fund countywide
 - \$0.034 fire tax within all existing districts
 - Revenue raised in a district must stay in that district per NC law. Some districts may generate a surplus due to collections exceeding budgeted revenues.
 - Higher impact on City of Brevard due to countywide General Fund funding at \$0.031 applying to the City, in addition to the city fire tax.
 - The Manager assumed all departments would need capital planning funding under this model.
- General Fund fire option:
 - \$0.058 added to the County's General Fund for rural fire funding with capital planning.
 - Does not fund the City of Brevard Fire Department but would still require City residents to pay \$0.058 for the General Fund fire allocation in addition to their City fire tax.

	City of Brevard	Brevard Fire	Rosman Fire	Little River Fire	Conneestee Fire	Cedar Mtn Fire	Lake Toxaway	Balsam Grove	North Transylvania	Total Averages
Hybrid Fire Opt- 3.4 all districts, 3.1 GF w/capital planning, no funding to city										
2025 tx gf rec	\$ 1,765.56	\$ 1,769.71	\$ 1,442.03	\$ 1,647.03	\$ 2,248.00	\$ 1,580.24	\$ 3,078.74	\$ 1,279.56	\$ 1,832.85	
2025 fire gen fund	\$ 136.32	\$ 136.64	\$ 111.34	\$ 127.17	\$ 173.57	\$ 122.01	\$ 237.71	\$ 98.80	\$ 141.52	
Fire Districts		\$ 149.86	\$ 122.11	\$ 139.47	\$ 190.37	\$ 133.82	\$ 260.72	\$ 108.36	\$ 155.21	
vehicle gf rec	\$ 268.47	\$ 269.10	\$ 219.27	\$ 250.45	\$ 341.83	\$ 240.29	\$ 468.15	\$ 194.57	\$ 278.70	
vehicle gf fire	\$ 20.73	\$ 20.78	\$ 16.93	\$ 19.34	\$ 26.39	\$ 18.55	\$ 36.15	\$ 15.02	\$ 21.52	
Fire Districts		\$ 22.79	\$ 18.57	\$ 21.21	\$ 28.95	\$ 20.35	\$ 39.64	\$ 16.48	\$ 23.60	
Total 2025 Taxes	\$ 2,191.07	\$ 2,368.88	\$ 1,930.25	\$ 2,204.67	\$ 3,009.10	\$ 2,115.27	\$ 4,121.11	\$ 1,712.78	\$ 2,453.39	\$ 2,456.28
Delta 2024	\$ 260.47	\$ 280.93	\$ 285.53	\$ 275.14	\$ 363.54	\$ 234.19	\$ 605.78	\$ 127.66	\$ 296.01	\$ 303.25
Percent Change	13.49%	13.45%	17.36%	14.26%	13.74%	12.45%	17.23%	8.05%	13.72%	13.75%
GF Fire Opt no funds to city 5.8 cents w capital planning										
2025 tx gf rec	\$ 1,765.56	\$ 1,769.71	\$ 1,442.03	\$ 1,647.03	\$ 2,248.00	\$ 1,580.24	\$ 3,078.74	\$ 1,279.56	\$ 1,832.85	
2025 fire gen fund	\$ 255.05	\$ 255.65	\$ 208.31	\$ 237.93	\$ 324.74	\$ 228.28	\$ 444.75	\$ 184.84	\$ 264.77	
vehicle gf rec	\$ 268.47	\$ 269.10	\$ 219.27	\$ 250.45	\$ 341.83	\$ 240.29	\$ 468.15	\$ 194.57	\$ 278.70	
vehicle gf fire	\$ 38.78	\$ 38.87	\$ 31.68	\$ 36.18	\$ 49.38	\$ 34.71	\$ 67.63	\$ 28.11	\$ 40.26	
Total 2025 Taxes	\$ 2,327.86	\$ 2,333.34	\$ 1,901.29	\$ 2,171.59	\$ 2,963.95	\$ 2,083.53	\$ 4,059.27	\$ 1,687.08	\$ 2,416.58	\$ 2,438.28
Delta 2024	\$ 397.26	\$ 245.38	\$ 256.57	\$ 242.06	\$ 318.39	\$ 202.44	\$ 543.95	\$ 101.96	\$ 259.20	\$ 285.24
Percent Change	20.58%	11.75%	15.60%	12.54%	12.03%	10.76%	15.47%	6.43%	12.01%	13.02%

- The chart below illustrates two additional options: single fire district + General Fund option and an option to fully fund from the General Fund, including the City of Brevard.
- Single fire district + General Fund option:
 - \$0.055 countywide fire district tax
 - \$0.012 General Fund allocation (no funding to the City of Brevard, but participation from city taxpayers)
- Fully fund fire from the General Fund (including City of Brevard Fire budget)
 - Entire fire funding (city and rural) comes from a \$0.073 countywide General Fund tax.
 - The City of Brevard's fire department is included in the County's General Fund.
 - The City of Brevard tax bill increase appears highest at 24.5%, but that is before accounting for a likely decrease in the City's separate fire tax.
 - It depends on the City of Brevard's cooperation.

	City of Brevard	Brevard Fire	Rosman Fire	Little River Fire	Conneestee Fire	Cedar Mtn Fire	Lake Toxaway	Balsam Grove	North Transylvania	Total Averages
5.5 Single District, 1.2 General Fund, No funds to city										
2025 tx gf rec	\$ 1,765.56	\$ 1,769.71	\$ 1,442.03	\$ 1,647.03	\$ 2,248.00	\$ 1,580.24	\$ 3,078.74	\$ 1,279.56	\$ 1,832.85	
2025 fire gen fund	\$ 52.77	\$ 52.89	\$ 43.10	\$ 49.23	\$ 67.19	\$ 47.23	\$ 92.02	\$ 38.24	\$ 54.78	
Single Fire District		\$ 242.43	\$ 197.54	\$ 225.62	\$ 307.95	\$ 216.47	\$ 421.75	\$ 175.28	\$ 251.08	
vehicle gf rec	\$ 268.47	\$ 269.10	\$ 219.27	\$ 250.45	\$ 341.83	\$ 240.29	\$ 468.15	\$ 194.57	\$ 278.70	
vehicle gf fire	\$ 52.77	\$ 52.89	\$ 43.10	\$ 49.23	\$ 67.19	\$ 47.23	\$ 92.02	\$ 38.24	\$ 54.78	
Single Fire District		\$ 137.58	\$ 107.38	\$ 126.90	\$ 174.21	\$ 124.25	\$ 229.57	\$ 105.78	\$ 142.07	
Total 2025 Taxes	\$ 2,139.56	\$ 2,524.61	\$ 2,052.41	\$ 2,348.46	\$ 3,206.36	\$ 2,255.71	\$ 4,382.24	\$ 1,831.68	\$ 2,614.25	\$ 2,595.03
Delta 2024	\$ 208.96	\$ 436.65	\$ 407.69	\$ 418.93	\$ 560.79	\$ 374.63	\$ 866.92	\$ 246.56	\$ 456.87	\$ 442.00
Percent Change	10.82%	20.91%	24.79%	21.71%	21.20%	19.92%	24.66%	15.55%	21.18%	20.08%
Fund from GF, but include city fire dept budget 7.3 cents										
2025 tx gf rec	\$ 1,765.56	\$ 1,769.71	\$ 1,442.03	\$ 1,647.03	\$ 2,248.00	\$ 1,580.24	\$ 3,078.74	\$ 1,279.56	\$ 1,832.85	
2025 fire gen fund	\$ 184.79	\$ 182.61	\$ 142.52	\$ 168.43	\$ 231.22	\$ 164.91	\$ 304.70	\$ 140.40	\$ 188.56	
vehicle gf rec	\$ 268.47	\$ 269.10	\$ 219.27	\$ 250.45	\$ 341.83	\$ 240.29	\$ 468.15	\$ 194.57	\$ 278.70	
vehicle gf fire	\$ 184.79	\$ 182.61	\$ 142.52	\$ 168.43	\$ 231.22	\$ 164.91	\$ 304.70	\$ 140.40	\$ 188.56	
Total 2025 Taxes	\$ 2,403.61	\$ 2,404.03	\$ 1,946.34	\$ 2,234.35	\$ 3,052.27	\$ 2,150.35	\$ 4,156.30	\$ 1,754.93	\$ 2,488.68	\$ 2,510.09
Delta 2024	\$ 473.01	\$ 316.08	\$ 301.62	\$ 304.82	\$ 406.70	\$ 269.27	\$ 640.97	\$ 169.81	\$ 331.29	\$ 357.06
Percent Change	24.50%	15.14%	18.34%	15.80%	15.37%	14.31%	18.23%	10.71%	15.36%	16.42%

* Presume city tax would go down with revenue coming in elsewhere

FY 2026 Budget: Key Factors

- Capital Planning Implementation
 - Reflects a 10-year plan that began in FY 2016
 - Prioritize cash savings to smooth transitions into debt service for major projects:
 - EMS Base
 - School improvements
 - New Courthouse
 - Other long-term capital investments

- Rapid Cost Escalations
 - Major increases in equipment and service costs, particularly in emergency services:
 - FY 2016:
 - Patrol vehicle (equipped): \$45,100
 - Ambulance: \$176,000
 - FY 2026:
 - Patrol vehicle (equipped): \$98,000
 - Ambulance: \$355,409
- Cybersecurity Investments
 - There is a growing need to protect public data and county systems through modern software solutions, Virtual Private Networks (VPN), and two-factor authentication.
- Recruitment and Retention Challenges
 - To remain competitive, the County must invest in employee pay and benefits, teacher supplements for local schools, and support for volunteer fire departments.
 - A senior department head cited public hostility toward public employees as a reason for early retirement, despite being capable and passionate about continuing for several more years. This environment deters younger generations from pursuing public service careers. Compensation must reflect the realities of this shrinking workforce.
- Solid Waste Fund Support
 - The General Fund continues to subsidize the Solid Waste Enterprise Fund.
 - The Board has opted for only minor adjustments to user fees.

Capital Planning History

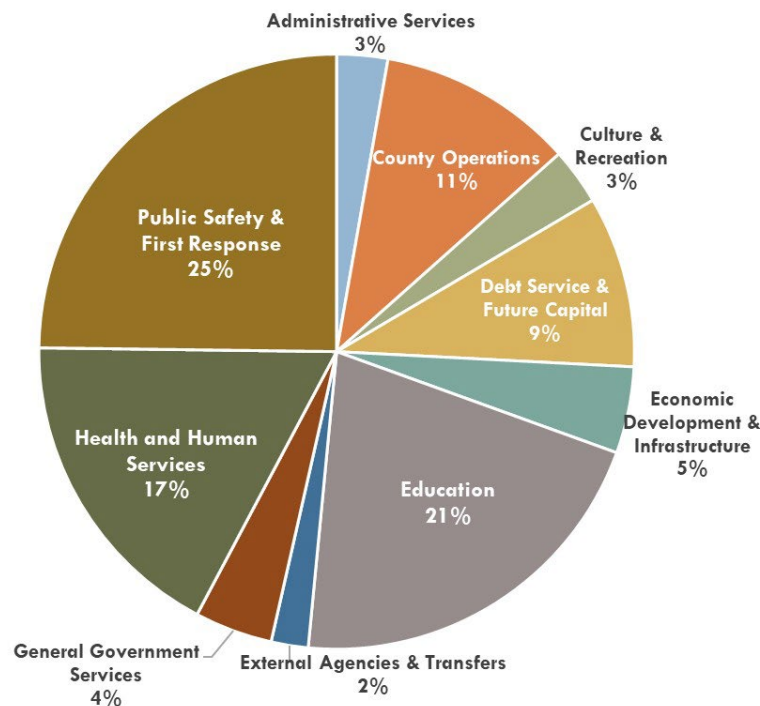
- Since FY 2016, the Board of Commissioners has implemented a long-term, proactive capital planning strategy. This approach has focused on saving in advance to reduce the future burden of debt service for major projects.
- Commissioners approved an annual \$1.2 million allocation toward capital improvements, setting aside funds to support parks and recreation, emergency services infrastructure, and economic development.
- These funds were assigned to the capital fund balance each year and were discussed during capital planning workshops, including with Tryon and Advisors.
- In FY 2023, the Manager recommended a tax increase. The Board agreed with the proposed expenditure recommendations but did not support a tax increase. As a result, the capital allocation was reduced to \$800,000. In FY 2024, due to the impact of Hurricane Helene, no capital funds were transferred to the assigned fund balance that year.
- Since inception, these assigned funds have supported numerous Board-approved projects, such as:
 - Parks and Recreation gym air conditioning: \$250,000
 - Gallimore Park grant match: \$250,000
 - Jameson's Joy Ninja Park: \$140,000
 - Silvermont stormwater: \$80,000
 - Silvermont bathrooms and trail paving: \$80,000
 - Sylvan Valley Industrial Building-Phase 1: \$3.5 million (minus Golden Leaf grant)
 - Sylvan Valley Industrial Building-Phase 2: \$4 million (minus Golden Leaf grant)
 - Countywide Communications upgrade: \$1.2 million
 - Pickleball courts: \$73,000
 - Parks and Recreation showers: \$130,000
- Beginning in FY 2020, the Board began setting aside \$1.2 million annually toward the new courthouse project. In FY 2023, the amount was reduced to \$800,000. In FY 2024, no transfer

was made due to the Hurricane Helene response. To date, \$3.5 million has been used for architectural and planning contracts. Approximately \$700,000 remains assigned but uncommitted.

- These transfers and balances are documented in annual budgets and line-item detail, Board budget presentations, and annual audit reports. The audit tracks assigned fund balances year over year, making the information publicly accessible and transparent for Commissioners and the community alike.

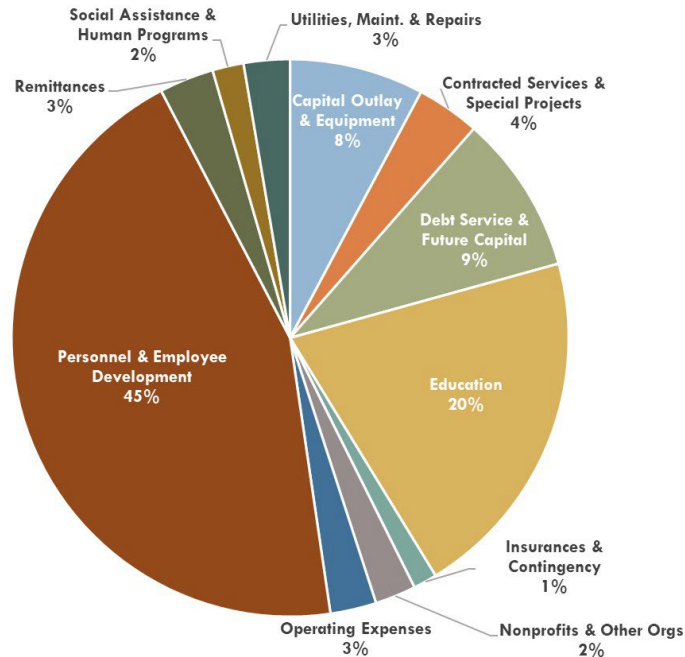
FY 2026: Expenditures by Function

- County government primarily delivers person-to-person services.
- A significant portion of the County's budget supports public education, even though the County does not operate the school system directly.
- The Public Safety & First Response includes the Sheriff's Office, EMS, 9-1-1 Communications, and Emergency Management. These departments face increasing operational costs, including rapid escalation in equipment prices and ongoing recruitment and retention challenges across the first responder workforce.
- Health & Human Services includes Public Health and Social Services. These services are partially funded by federal and state allocations, but local funding is still required to maintain essential operations.



FY 2026: Expenditures by Type

- Local government is people serving people, with the majority of expenditures tied directly to personnel.
- Education is the second largest expense category. Education funding is also embedded in the Debt Service and Future Capital categories. Based on the Transylvania County Schools Superintendent's budget presentation, 60.2% of the County's current expense allocation is for personnel-related costs.



What Do I Get for My Tax Increase?

The average annual tax impact under the proposed FY 2026 budget is \$309, which includes both the County and fire/rescue funding. This figure accounts for the increase in property taxes and the offsetting decrease in vehicle taxes due to the lower tax rate.

- Key investments:
 - Public Education
 - Supports replacing state-unfunded teaching positions
 - Increases teacher supplements to match Henderson County (the County has no authority over how the Board of Education spends these funds)
 - All school capital requests are funded from separate, restricted sources
 - Public Safety & Emergency Services
 - Funds new cardiac monitors, stretchers, AEDs, power lifts, tasers, body cams, and other life safety equipment
 - Ambulance replacement
 - Every fire district will now have four paid firefighters at equal salary/benefit rates to support recruitment and retention.
 - Jail safety upgrades (body scanner, oven replacement)
 - Personnel & Retention
 - Adds two positions: Project Manager (School Bond Projects) and Narcotics Investigator (Sheriff)
 - Reclassifications and part-time support (IT, DSS, Housekeeping, Maintenance)
 - Introduces 2% 401K contribution for all non-law enforcement employees
 - Longevity cap increase for the first time since 2007
 - Information Technology
 - Replaces failing AV equipment in the Commissioners' Chambers and Elections
 - Upgrades for ADA website compliance (a legal requirement)
 - Increased costs for software subscriptions and security upgrades
 - Facilities Maintenance

- Includes \$304,000 in maintenance improvements across County facilities

What Would Need to Be Cut to Avoid the Tax Increase?

To reduce the budget increase to natural growth levels (1.5%), the following would need to be reconsidered:

- Reduce External Funding
 - Transylvania County Schools operational increase: \$748,816
 - Blue Ridge Community College, Rescue Squad, NC Forestry Service, Transylvania Economic Alliance: \$832,223
- Cut Equipment Purchases: Totaling \$1.1 million, which includes:
 - Life safety and emergency gear
 - Jail and building equipment
 - Election support and replacements
- Eliminate IT Infrastructure Projects: Totaling \$707,500
 - ADA compliance
 - Public safety network upgrades
 - AV systems replacement
- Cut Personnel Investments: Totaling \$941,445
 - New positions, reclassifications, 401K, longevity cap increase
- Delay Maintenance Projects: \$304,000

The Manager stated clearly that she does not recommend these cuts. The proposed investments are considered essential to continue providing quality services, maintaining safety, and supporting staff recruitment and retention. However, it is the Board's responsibility to consider all available options.

Funding Needs

Funding Inc Beyond Natural Growth

Transylvania County School Operational Ex	\$ 748,816.00
Blue Ridge CC Operational Funding	\$ 33,180.00
Rescue Squad	\$ 32,820.00
NC Forestry Service	\$ 1,113.00
Transylvania Economic Alliance	\$ 16,294.00
	\$832,223.00

New budget additions FY 26

FY 26 New Additions		
<i>Equipment</i>		
AED Replacements County Bldgs and Jail	\$ 20,000.00	
EMS Cardiac Monitors, Stretchers, Powerlifts Lease	\$ 315,000.00	
EMS Ambulance	\$ 355,000.00	*200k budget inc from FY 25
Transit Van Replacements	\$ 40,000.00	*match to total \$435k expense
Tasers Lease	\$ 31,822.00	
Body Camera Lease	\$ 95,238.00	
Jail Oven	\$ 27,000.00	
Jail Body Scanner	\$ 175,000.00	
Elections Equipment and Staffing	\$ 75,000.00	
	\$ 1,134,060.00	
<i>IT</i>		
Elections AV Support	\$ 10,000.00	
ADA Website Compliance Step 1	\$ 10,500.00	
Software Subscription Increases	\$ 160,000.00	
AV in Commissioner meetings- streaming	\$ 175,000.00	
Public Safety Network Switches	\$ 422,000.00	
	\$ 777,500.00	
<i>Personnel</i>		
Project Manager- Education Projects	\$ 135,791.00	
Narcotics Investigator	\$ 83,756.00	
Reclassifications	\$ 61,898.00	
PT- IT, Housekeeping, Maint	\$ 60,000.00	
DSS PT/OT	\$ 100,000.00	
Non-LEO 401k Contribution	\$ 375,000.00	
Longevity Cap Inc	\$ 125,000.00	
	\$ 941,445.00	
<i>Other</i>		
Maintenance Projects Inc	\$ 304,000.00	
	\$ 3,157,005.00	

Capital Planning

- The recommended budget prepares for the County's projected capital debt payments over the next four fiscal years, as shown below:

ANNUAL DEBT SERVICE	Year 2 (FY26)	Year 3 (FY27)	Year 4 (FY28)	Year 5 (FY29)
Elections/Wellness	\$ 134,505.92	\$ 131,324.80	\$ 128,143.68	\$ 124,962.56
EMS Base	\$ 536,705.20	\$ 523,640.00	\$ 510,574.80	\$ 497,509.60
Schools Bonds Step 1	\$ 4,403,212.50	\$ 4,286,462.50	\$ 4,169,712.50	\$ 4,052,962.50
Schools Bonds Step 2			\$ 1,355,319.59	\$ 1,859,142.16
Courthouse		\$ 2,426,679.55	\$ 3,328,766.36	\$ 3,240,505.02
TOTALS:	\$ 4,939,917.70	\$ 7,236,782.05	\$ 9,364,373.25	\$ 9,650,119.27

- \$6.8 million is designated capital funding, plus \$1 million in sales tax revenue is budgeted to meet these obligations, based on the assumption that Step 2 of the school bond sale will have interest rates similar to Step 1.
- Funds are banked temporarily in fund balance to support future years' payments and help offset cash spent on the courthouse design and Sylvan Valley Industrial Building Phase 2.
- Pausing the courthouse project would save approximately \$2.2 million per year for this period.
- The second school bond issuance accounts for \$800,000 per year in debt service during the same period.
- Maintaining a healthy fund balance is critical: market fluctuations or credit downgrades due to low reserves could negatively affect borrowing costs and financing terms.

The Manager strongly recommended continuing to protect the fund balance and following through with the planned capital investment strategy to ensure long-term financial stability.

Other Options

Existing Budget Non-Mandated or Emergency Outside Funding		
Community Centers wifi and grants	\$ 85,000.00	
Nonprofits	\$ 108,000.00	
	\$ 193,000.00	
Revenue Options		
Fund Balance Offset	\$ 500,000.00	*Cash coming out of FB for Sylvan Valley Industrial P2 (2.5mil), courthouse (2 mil), landfill cell (2.5 mil)
Landfill Fees instead of general fund	\$ 1,000,000.00	*500k annual, 500k FB annual allocation for expansion
	\$ 1,500,000.00	
Non-mandated services		
Library	\$ 1,559,000.00	Net funding of revenue, Note that programs are primarily funded by grants
Parks and Recreation	\$ 599,000.00	Net funding of revenue
	\$ 2,158,000.00	
Change Capital Plan		

These options exist but represent community priorities and long-term capital planning tools. The Manager did not recommend cutting these areas, but noted she has a responsibility to present them as alternatives. Use of fund balance must be carefully weighed due to recent capital withdrawals and the potential impact on credit/bond ratings.

Fire Department Budgets

- The County contracts directly with fire departments to provide fire protection services across the rural districts.

- Though included in the fire funding discussions, the Rescue Squad remains in the General Fund due to its countywide service area. Its inclusion contributes to the 5.9% increase in fire/rescue funding.
- The City of Brevard Fire Department is funded through City taxpayer dollars (City budget) plus County funding under a service contract for the Sylvan Valley II District (outside City limits).
- Fire department budgets are supported by more than just County tax dollars, including municipal funding (where applicable), grants, donations, and South Carolina contracts (for departments serving cross-border areas).

Department	Total Agency FY25 Approved Budget	FY26 Req Budget	FY26 Rec. Budget	Difference	Percent
Rescue Squad	\$ 507,800.00	\$ 523,034.00	\$ 548,258.00	\$ 40,458.00	8.0%
City of Brevard *(City + Sylvan II)	\$ 3,006,300.00	\$ 2,489,800.00	\$ 2,489,800.00	\$ (516,500.00)	-17.2%
Rosman	\$ 828,903.00	\$ 987,288.00	\$ 1,016,785.00	\$ 187,882.00	22.7%
Cedar Mountain	\$ 340,224.00	\$ 396,354.00	\$ 642,194.00	\$ 301,970.00	88.8%
Conneestee	\$ 944,863.00	\$ 1,675,338.00	\$ 1,057,088.00	\$ 112,225.00	11.9%
Lake Toxaway	\$ 1,090,542.00	\$ 1,457,728.00	\$ 1,133,028.00	\$ 42,486.00	3.9%
Little River	\$ 589,096.00	\$ 1,625,257.00	\$ 776,298.00	\$ 187,202.00	31.8%
North Transylvania	\$ 366,508.00	\$ 351,508.00	\$ 593,638.00	\$ 227,130.00	62.0%
Balsam Grove	\$ 240,117.00	\$ 263,917.00	\$ 355,795.00	\$ 115,678.00	48.2%
Sub-Total	\$ 7,914,353.00	\$ 9,247,190.00	\$ 8,612,884.00	\$ 658,073.00	8.3%
Tax Reserves Used	\$ 82,228.00		\$ (137,137.50)		
Total	\$ 7,996,581.00	\$ 9,247,190.00	\$ 8,475,747.00	\$ 479,166.00	5.9%
*Amended Budget					

Fire and Rescue Services Highlights

- County-specific fire department funding to support recommended budget increases: \$6.2 million
 - Balsam Grove personnel implementation: \$312,000
 - Capital investments must occur before personnel can be added
 - Capital planning requests for new/improved stations: \$100,000
 - Sylvan Valley area substation needs: \$150,000
 - Total funding needed: \$6.8 million
- The total to fund is \$6.8 million (applies to apples comparison for each rate)
- Authorized funding structures (all equate to \$6.8 million total need):

Funding Method	Rate	City Pays?	Notes
Single Fire District	\$0.07	No	Applies to rural areas only
Current Hybrid	\$0.034 (district) + \$0.031 (General Fund)	Yes	City pays a portion via General Fund
General Fund Only	\$0.058	Yes	Countywide; no district tax
New Hybrid with Single District	\$0.055 (district) + \$0.012 (General Fund)	Yes	City pays a portion via General Fund
General Fund including City Fire Budget	\$0.073	Yes	Requires City agreement; would allow City to reduce its fire tax rate

*City residents experience the most variation in tax impacts depending on the chosen funding model.

- Personnel funding scenarios and budget reduction impacts
 - The goal is to provide four full-time personnel per department to ensure one person per shift, seven days a week.

- The chart below shows departmental budget reductions if only two or three personnel per station are funded (highlighted in pink in the graphic)
 - Reduction to three personnel initially affects Brevard, Rosman, and Lake Toxaway.
 - Reduction to two personnel adds Connetsee to the above.
 - The smaller reduction for Brevard reflects the revenue-sharing arrangement between the City and Sylvan Valley II.
- The Manager's approach is to apply reductions evenly across departments, whether they currently have four personnel or not, to promote fairness and consistency across all rural fire departments.

Department	FY25 Approved Budget	FY26 = FY25 + Personnel	Other Revenue	Mgr Recommended County Funding	4 Personnel, no other inc County Funding*	3 Personnel, no other increase County Funding*	2 personnel, no other increase County Funding*
Brevard	\$ 1,456,300.00	\$ 1,456,300.00	\$ 767,470.00	\$ 775,625.00	\$ 688,830.00	\$ 652,830.00	\$ 616,830.00
Rosman	\$ 828,903.00	\$ 866,628.00		\$ 1,016,785.00	\$ 866,628.00	\$ 794,628.00	\$ 722,628.00
Cedar Mountain	\$ 340,224.00	\$ 569,744.00	\$ 114,465.00	\$ 512,819.00	\$ 455,279.00	\$ 383,279.00	\$ 311,279.00
Connetsee	\$ 944,863.00	\$ 1,037,238.00		\$ 1,057,088.00	\$ 1,037,238.00	\$ 965,238.00	\$ 893,238.00
Lake Toxaway	\$ 1,090,542.00	\$ 1,110,672.00		\$ 1,133,028.00	\$ 1,110,672.00	\$ 1,038,672.00	\$ 966,672.00
Little River	\$ 589,096.00	\$ 799,666.00		\$ 776,298.00	\$ 799,666.00	\$ 727,666.00	\$ 655,666.00
North Transylvania	\$ 366,508.00	\$ 593,638.00		\$ 593,638.00	\$ 593,638.00	\$ 521,638.00	\$ 449,638.00
Balsam Grove	\$ 240,117.00	\$ 486,995.00		\$ 355,795.00	\$ 486,995.00	\$ 414,995.00	\$ 342,995.00
	\$ 5,856,553.00	\$ 6,920,881.00	\$ 881,935.00	\$ 6,221,076.00	\$ 6,038,946.00	\$ 5,498,946.00	\$ 4,958,946.00
					\$ 182,130.00	\$ 540,000.00	\$ 540,000.00
					0.16	0.05	0.1
				Cumulative GF Impact		0.21	0.31

Fire Funding Rumor Control

- Every fire department has an increase in the recommended FY 2026 budget.
- No department's funding was reduced, even under the proposed single fire district model.
- The method of funding is about how funds are collected, not how much each department receives.
- A county-operated fire department is not being proposed. The Manager explicitly recommended against this idea, noting it would undermine volunteerism.
- All departments will receive their full, approved budget, regardless of the funding method.
- Departments retain the ability to submit budgets for review each year, just as they do now.
- While there are countywide minimum standards for staffing and equipment, each department's needs vary based on its service area.
- Requests for equipment will continue to be justified and evaluated individually.
- The annual budget submission, review, and approval process for the fire departments will remain unchanged.

Solid Waste Enterprise Fund Summary

- The Solid Waste Enterprise Fund is intended to be self-supporting through fees. However, the County continues to supplement it using General Fund dollars.
- Balanced budget of \$3,905,000 for FY 2026, a 5.6% decrease from FY 2025, primarily due to no major equipment purchases requested for FY 2026
- Operational snapshot
 - Convenience site staffing and transport costs: \$670,000
 - Not currently self-sustaining under the existing structure.
 - Sticker sales revenue: \$600,000
- A rate study and options analysis are in progress.
- Any significant operational changes will require careful evaluation of public recycling habits, littering trends, etc.

Workshop Introduction

The Manager highlighted that this workshop is designed to support an open and productive conversation as the Board continues working through the FY 2026 budget with the ultimate goal of adopting a balanced budget that provides for the continued delivery of essential services in Transylvania County.

- Workshop Format & Ground Rules (Be patient, be kind, be courteous, and be cordial.)
 - Facilitator – The County Manager will guide the Board through each agenda item.
 - Process:
 - Background and previously shared information will be presented first.
 - Any known options or impacts will be shared for clarity.
 - Commissioner discussion will follow, with an opportunity for each member to speak.
 - Once either:
 - Three Commissioners agree, or
 - 15 minutes of discussion have passed, the Manager will call for a poll for consensus unless Commissioners request additional time.
 - When consensus is reached, the Manager will move on to the next topic.
 - If additional discussion is needed, let the Manager know so staff can schedule a follow-up workshop, if necessary.

Chairman Chappell noted that this approach to workshops was adopted several years ago as a way to help the Board move discussions forward and avoid getting stuck in circular conversations. It remains the Board's standard method, but as always, the Board determines how it engages in the discussion.

A public hearing on the budget is scheduled for Monday, June 23, at 6:00 p.m. during the Board of Commissioners' regular meeting.

Requested Topics for Discussion

The Manager will review the following items as requested by the Commissioners:

- Capital Planning History
- Median Income Tax Impact by Community (Rosenwald, Lake Toxaway, Little River)
- Comparison of Tax Impact by Fire Funding Method/Fire Department Staffing Reduction Impact
- Breakout of General Fund on Tax Bill (Recommended visual chart)
- Expense Reduction Options to Lower/Eliminate Tax Increase
- Cost of Solid Waste Convenience Sites

The Manager emphasized that no one is expected to love every part of the budget. Each Commissioner brings unique experiences and perspectives to the table. However, to continue delivering services to residents, the Board must adopt a functional and responsible budget.

Capital Planning History

Chairman Chappell opened the discussion by noting that past Boards of Commissioners had made deliberate decisions to set aside 2 cents on the tax rate for capital planning. He emphasized that each project and funding level was voted on and approved by the Board, and these decisions are reflected in the County's audits and quarterly finance reports.

Commissioner McCall stated that school bond projects are committed and cannot be stopped. She affirmed that the EMS base is complete and should not be reopened for discussion. The only project open

to reconsideration is the courthouse, which she firmly does not support halting. She referenced both the need and the capital funds already set aside to support the design phase. She warned of significant operational costs if court functions were forced to relocate due to facility inadequacies.

Chairman Chappell added that delaying the courthouse might appear to save \$2.2 million annually, but if the County is ordered by the courts to relocate services, it could face higher costs in transportation, housing, and staffing. He emphasized that judges have acknowledged the County's progress on the courthouse as a reason for not issuing a mandate.

Commissioner Chapman acknowledged past delays were justified at the time but supports moving forward now.

Commissioner McKelvey asked about funds collected since 2020 for education bonds and how much remains. The County Manager reported that the Education Capital Fund totals about \$84 million, which includes both bond proceeds and previously collected revenues. Of that, \$8.83 million is currently unallocated. She noted that collections began at \$6.2 million/year based on a 10.5 cent tax rate, but this was reduced in FY 2023 to balance the budget. In FY 2024, amid uncertainty from Hurricane Helene's impacts, the Board opted not to transfer any funds to the assigned capital fund balance for flexibility. Once in a capital fund, the dollars cannot be reallocated, even if circumstances change.

Chairman Chappell reminded everyone that tax rates are annual decisions and reflect current Board priorities, emergencies, and funding needs. Unexpected events often shift priorities from year to year.

Commissioner Dalton reviewed past enacted and proposed tax increases based on his recollection:

- FY 2017: 2-cent increase for capital planning, including courthouse.
- FY 2019: 2.5-cent increase for courthouse proposed but not approved.
- FY 2020: 2-cent increase for capital planning alongside the school bond.
- FY 2023-24: Courthouse planning dropped from \$1.2 million to \$800,000.

The County Manager clarified that capital planning tax increases occurred in FY 2016 and FY 2020. The \$1.2 million annual capital allocation was maintained or planned for from year to year, but not increased, and thus documented in the budget recommendations. In FY 2018, the Board considered moving forward with the courthouse at that time, so staff presented information on debt service options, but the Board opted not to continue further.

Commissioner McKelvey expressed concern that capital planning tax increases have occurred, yet residents are being asked to support additional tax increases, including for the courthouse. The Manager confirmed that the recommended FY 2026 budget continues the \$800,000 for the courthouse but does not represent a new or second tax increase.

Commissioner McCall asked about the total cost of completed or in-progress recreational capital projects. The Manager estimated \$900,000, noting that all were included in the 2016 Capital Plan and approved by the Board. Commissioner McCall pointed out that these projects were in response to public input, not as personal priorities of any Commissioner. She also defended the parks and recreation center shower project, pointing out that the building serves as the County's emergency shelter, not just a recreational facility.

Chairman Chappell added that the initial capital planning strategy heavily emphasized recreation but shifted over time to include economic development and infrastructure needs.

Commissioner Chapman reminded the Board that properties like Gallimore Road were acquired with grants, but future development depends on available capital.

The Manager reiterated the importance of maintaining a healthy fund balance, especially with upcoming bond sales. While assigned funds are designated for specific capital uses, recent spending has also drawn from unassigned fund balance, which could negatively impact bond ratings if not stabilized.

Commissioner Dalton asked if the courthouse debt service is based on the USDA 40-year loan. The Manager said no, it assumes a limited obligation bond, though USDA may still be a viable path.

Chairman Chappell noted that the County had originally pursued the USDA option, but shifting federal guidance made it seem unfeasible. However, that may be changing, and the County is currently working with NCACC to revisit USDA loan eligibility.

No further discussion occurred, and the Board took no action.

Median Income Tax Impact by Community (Rosenwald, Lake Toxaway, Little River)

The County Manager reported that while the original request was to compare tax impact by community, specifically Rosenwald, Lake Toxaway, and Little River, staff instead analyzed by fire district, as those boundaries are clearly defined and allow for more accurate comparison.

Chairman Chappell acknowledged a new funding option presented by the Manager that includes the City of Brevard, which has not been proposed to or discussed with the City of Brevard, and they would need to opt in, just as they chose not to join the countywide fire district previously. The Manager reiterated that the model was presented for illustrative purposes only in response to a resident's question from the Lake Toxaway area. She clarified that City fire services are not funded through most County fire funding models, except for the 7.3-cent General Fund option, which would require County residents to fund urban fire services within City limits.

Commissioner McCall addressed public accusations that specific areas were unfairly targeted in the recent property revaluation. She emphasized that the County follows strict state-mandated processes and standards. Additionally, the Board of Equalization and Review is available to hear appeals from any property owner who feels their assessment is inaccurate. She advised that citizens should not attempt to compare valuations between neighbors, as each property has unique factors affecting its appraisal. Market-driven inflation over the last four years has naturally increased property values and, therefore, tax assessments. Commissioner McCall stressed that Tax Office staff are trained in conducting property assessments, and they assume their roles with integrity and without political motivation.

The County Manager emphasized the value of impartial processes in local government, especially in taxation and zoning. This structure helps guard against bias, discrimination, or manipulation. She pointed out that the Reappraisal Schedule of Values is adopted well in advance of any individual valuation to prevent outcome-driven decisions. The schedule was presented at a public hearing and approved by the Board of Commissioners. The full documents are available to the public and explain in detail how values are determined.

Chairman Chappell and the Manager both reinforced that the revaluation process was public, transparent, and adopted through formal Board action.

Commissioner Chapman expressed frustration with unfounded accusations that Commissioners have influenced revaluation outcomes, noting that property owners have full recourse to appeal if needed.

No further discussion occurred, and the Board took no action.

Breakout of General Fund on Tax Bill (Recommended visual chart)

The discussion centered on whether the County could break out fire department funding within the General Fund portion of the property tax bill, particularly under a hybrid funding model. The Manager informed the Board that legal constraints and formatting issues limit how detailed the tax bill itself can be. Tax bills must show the total tax rate and legal taxing district amounts. Even if General Fund dollars supplement fire departments, that allocation cannot be listed as a separate line item on the tax bill without extensive reprogramming. The Tax Administrator and the Manager expressed concern that adding more detail could create confusion for taxpayers and overwhelm the bill with numbers that are difficult to interpret.

The County currently includes a pie chart on tax bills showing the percentage of General Fund spending by service area. The Manager suggested updating this visual to explicitly include fire department funding if part of the General Fund continues to be used to support fire services.

Commissioner Feedback

Commissioner Chapman supported more transparency, noting that regardless of the funding method (dedicated fire tax vs. hybrid), the total fire department funding remains the same. Citizens deserve to know how much they are paying for fire protection. He supported clearly stating the percentage or cost of fire protection on the tax bill, even if it is through the chart and not a line item.

No further discussion occurred, and the Board took no action.

Comparison of Tax Impact by Fire Funding Method/Fire Department Staffing Reduction Impact

Commissioner McCall expressed her strong support for a single countywide fire tax, noting that current disparities in staffing and equipment across fire departments demonstrate the need for more equitable funding. While some departments are adequately staffed, others rely on limited part-time personnel and lack essential turnout gear. She emphasized that all departments require basic resources and certified training to meet state requirements, yet not all are equally equipped. Commissioner McCall argued that a unified fire district would allow the County to plan more effectively for capital needs and equipment replacement, ensuring consistent service and safety for all citizens. She pointed out that when emergencies arise, service is provided based on need, not location, and reminded the Board that all eight departments serve Transylvania County as a whole.

Commissioner Dalton agreed with the need for adequate fire department funding but expressed concern about adopting a single service district. He cautioned that such a move could allow for a maximum tax rate of \$1.50 across all overlapping districts without further state approval, potentially opening the door to future tax increases. The Manager clarified that the \$1.50 cap is a statutory limit for all combined districts, including general fund and special districts.

Commissioner Dalton noted that creating a single fire service district could potentially open the door for the creation of other special tax districts, such as economic development or watershed districts. The Manager confirmed that under any method, including maintaining the eight existing districts, the statutory maximum tax rate of \$1.50 would still apply when all district rates are combined. As an example, she explained that if Balsam Grove followed the staffing model with no equipment allocation, their rate alone would exceed 30 cents, which would stack on top of the general fund rate, placing the district halfway to the overall maximum tax rate. The Manager also clarified that, regardless of the funding method, the Board of Commissioners retains the authority to set tax rates, just as it does for general fund and occupancy taxes. Furthermore, a future Board could choose to revert to the original funding structure or a different funding structure.

Chairman Chappell thanked Commissioners Dalton and McCall for their service on the fire budget committee and acknowledged the difficulty of that assignment due to its direct impact on citizens. He emphasized the urgency of addressing staffing needs, citing changes in volunteer availability, increasing community demands, and evolving training requirements. He warned that delaying the additional personnel would negatively affect service and response times and clarified that this proposal is not a step toward creating a county fire department. The Manager affirmed that a county-run fire department is not being recommended.

Commissioner McCall confirmed that rumors suggesting the County was moving toward a countywide fire department were addressed and dismissed during budget review discussions.

Chairman Chappell further clarified that the budgeting process remains unchanged. Each fire department will continue to submit its budget for committee review.

Commissioner Dalton noted he had asked the Manager to consider the cost impact of reducing full-time staffing proposals, estimating that reducing to two positions per department would lower the tax rate by approximately one cent.

Chairman Chappell pointed out that while paid staffing has increased gradually over time, the County has now reached a point where further investment is necessary.

Commissioner McKelvey shared that he has spent considerable time fielding calls from concerned citizens regarding the fire tax and its impact on individual tax bills. He expressed appreciation for the comparative data provided and stated his goal has been to minimize the financial burden on taxpayers while maintaining full fire department funding. He emphasized that Commissioners are elected to serve the citizens, not the County government itself, and that he remains committed to ensuring service levels are upheld, particularly in underserved areas like North Transylvania. He raised concerns about misinformation being shared with fire departments, including false claims from County employees about Commissioners' positions and the future of paid staffing. He stressed that such actions have made the process more difficult and contributed to his reluctance to support the single service district model. Commissioner McKelvey reiterated his preference for a hybrid funding method with a rate of approximately 5.8 or 5.9 percent, which he believes strikes a balance between supporting fire departments and minimizing taxpayer impact. He shared that the City of Brevard might consider participation under a more neutral funding structure that improves transparency but recognized that the decision would not be made at this meeting. He reaffirmed his desire to see all fire departments protected and fully funded and rejected the claim that supporting the single service district was akin to socialism and incompatible with conservative values, which he found offensive.

Commissioner Dalton expressed frustration over misinformation being spread regarding the fire funding proposal, stating that such actions have negatively impacted his personal and professional life. He said continued falsehoods only strengthen his resolve.

The County Manager responded that this was the first time she had been made aware of potential inappropriate communication by County employees and asked that specific information be provided so she could investigate as a personnel matter. She clarified that all information related to fire funding proposals had been presented publicly and transparently, including during recorded meetings. Staff communications with departments were intended to ensure clarity, not to advocate for any particular funding method, and were in response to continued questions from fire departments. She acknowledged that misinformation had circulated about all funding options, including unfounded rumors about a transition to a countywide fire department. She urged that decisions be based on facts and reaffirmed that any funding model was subject to Board approval.

Commissioner Chapman questioned the comparisons between the proposed fire funding method and the accusations of socialism. He explained that the fire departments submitted budgets based on need, which were reviewed and recommended by a committee that included department representatives. He emphasized that the funding source, whether general fund or fire tax, still comes from taxpayers and does not alter the total amount allocated.

Commissioner McCall stated that political ideology should not be conflated with decisions about fire funding. She affirmed her conservative values and history of opposing wasteful spending, but said the proposal was about transparency and fairness. Currently, taxpayers pay the equivalent of 7.5 cents, though only 5.5 cents is shown as a fire tax, and the rest is subsidized from the General Fund. She argued that identifying the full fire tax rate, regardless of the funding method, is more transparent. Commissioner McCall rejected the suggestion that the proposal reflects socialism, saying it reflects mutual support among departments, not ideology.

Chairman Chappell emphasized his long-standing commitment to serving the citizens of Transylvania County and respecting the taxpayer. He stated that while differences of opinion are expected and healthy in public discourse, he took issue with politically charged language and personal insinuations. He urged that any personnel concerns be directed to the Manager or Human Resources to be properly addressed. Chairman Chappell reiterated that elected officials have a responsibility to listen to all citizens, even when opinions differ, and noted that while no budget is perfect, the Board must work collectively to adopt one by the end of June. He objected to suggestions questioning anyone's political values or motives, highlighting his personal sacrifices made in service to the community.

Commissioner McKelvey clarified that his earlier comments referencing "fire department socialism" were not directed at any fellow Board members but were in response to criticism he personally received from others outside the Board. He stated his continued respect for his colleagues.

No further discussion occurred, and the Board took no action.

Expense Reduction Options to Lower/Eliminate Tax Increase

The Manager opened discussion on potential reductions to lower or eliminate the proposed tax increase, noting that any decrease in revenue would require corresponding expense cuts, whether from fire services or the General Fund. Commissioners were asked to identify specific items they were willing to cut if they wished to reduce the proposed tax rate.

Commissioner McCall reiterated her position from the initial budget workshop, stating that all proposed budget items are important and should be considered as a whole. She argued that selectively cutting items, such as public safety or education, is unfair and ineffective. Commissioner McCall acknowledged the difficulty of approving a tax increase but emphasized that the Board has the information needed to make informed decisions. She noted the County has not had a tax increase during her five-year tenure and that the continued delay in addressing funding needs is no longer sustainable.

Commissioner Chapman noted he had responded individually to constituents concerned about a "bloated government," but received no specifics about what they felt should be cut. He emphasized that many County services are mandated and that across-the-board cuts may be the only viable option. Commissioner Chapman also clarified that teacher pay is set by the state, not the County. He expressed support for the budget as presented, citing the County's low tax rate and the risk of rising costs if further delays continue.

Commissioner Dalton discussed the County's recent tax rate history. He noted that the FY 2022 revenue-neutral rate was \$0.5592, and the adopted rate was \$0.6033, a 4.41 cent increase. The Manager clarified

that this change occurred in a revaluation year and that rather than raise fees for solid waste and taxes for fire services, the Board chose to fund those needs through the General Fund at \$0.018 and \$0.0261, respectively. The Manager reiterated that those were Board decisions, not staff recommendations, and that alternative funding strategies had been proposed at the time.

No further discussion occurred, and the Board took no action.

Cost of Solid Waste Convenience Sites

The Manager explained that while more detailed information will come from upcoming studies, one way to reduce pressure on the General Fund and property tax rate is to make the Solid Waste Enterprise Fund fee sufficient. This would require either raising user fees or reducing service levels.

The Manager noted that various funding options have been explored in recent years, including parcel fees and tonnage comparisons with peer counties. Alternatives like service reductions have also been considered, given that Transylvania County provides a high level of service. The Board's prior decision was to subsidize solid waste from property tax revenue instead of increasing public fees.

Commissioner Chapman asked whether property tax bills could show the portion allocated to solid waste. The Manager said the bill currently includes a pie chart with expenditure percentages but does not break out dollar amounts for solid waste specifically. Residents are currently contributing to solid waste operations through both taxes and user fees. Future planning will require addressing increased landfill costs, including the cost of constructing new cells as well as post-closure costs. She reiterated that raising fees will reduce the pressure on the General Fund.

Chairman Chappell added that a solid waste study is underway and will guide future decisions. The Commissioners have asked that all operational and funding options be considered.

Commissioner Dalton noted that the County spends around \$1 million annually to operate convenience centers and that the Pisgah Forest site has been underperforming since flood damage from Hurricane Helene.

Commissioner McCall stated the Board will have an opportunity to revisit the issue with the study results in hand.

Chairman Chappell reiterated that the County's solid waste program is currently not operating as a true enterprise fund and that all options remain under review.

No further discussion occurred, and the Board took no action.

Next Steps

The Manager outlined the upcoming decisions and timelines:

- A public hearing on the FY 2025 budget is scheduled for June 23, with final adoption required by July 1.
- A public hearing on the creation of a single countywide fire service district is also scheduled for June 23. If established, this funding method may be used; if not, Commissioners may select from other available funding options to support fire departments.

The Manager noted that there appears to be a consensus that the proposed expenditure is valid and necessary. Therefore, in order to meet those needs, additional revenue must be raised.

At the public hearing, the full recommended budgets for both the general fund and the fire departments will be presented. Commissioners will have the option to adopt the single fire district or to choose an alternative funding method. The budget ordinance will be prepared with all necessary alternatives so the Board can make a final decision that evening.

CLOSING COMMENTS

Commissioner McCall shared a recent conversation with a commissioner from eastern North Carolina, who praised Transylvania County Manager Jaime Laughter as “one of the best county managers in the state.” Commissioner McCall emphasized how fortunate the County is to have her leadership, noting her professionalism, responsiveness to the Board, and success in securing grants and state-level funding. She criticized public attacks and social media commentary targeting the Manager, stating that such criticism is unwarranted and misinformed. She clarified that the Manager’s role is to develop a proposed budget based on Board input, and she expressed strong support for the Manager’s integrity and work.

Chairman Chappell echoed Commissioner McCall’s praise, highlighting the County Manager’s professionalism, dedication, and care for the community. He acknowledged the difficulty of presenting a budget with a tax increase but stated the Manager must recommend what is best for the County both now and into the future. He thanked staff for their work on the budget and emphasized the importance of accurate public information, noting that improvements to public meeting technology are being considered to better support transparency. Chairman Chappell expressed appreciation for the contributions of each Commissioner, acknowledging the value of differing opinions and the importance of the decision-making process.

Commissioner Chapman addressed a constituent’s email that questioned his commitment to the U.S. Constitution. He stated that he has taken an oath to uphold the Constitution numerous times throughout his service and took offense to the accusation. He reaffirmed his dedication to defending the Constitution and expressed frustration with unfounded personal attacks.

Chairman Chappell added that his own property’s projected tax increase would be above the County’s median average, responding to questions he received about whether Commissioners were impacted similarly to the public. He confirmed he personally reviewed the figures and stands by his earlier statement.

ADJOURNMENT

Commissioner Chapman moved to adjourn the budget workshop at 8:48 p.m., seconded by Commissioner Dalton and unanimously carried.

Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board