

TRANSYLVANIA
— — COUNTY — —
N O R T H C A R O L I N A

BUDGET WORKSHOP

May 22, 2023

Workshop Introduction

- ❑ FY 24 Recommended Budget was presented May 9. After presentation, commissioners provided direction for the workshop to take place May 22.
- ❑ Commissioners expressed consensus of at least a majority of the board that they do not want to raise taxes for the coming year and requested the manager present a proposal in line with the second option of revising capital to fund the recommended budget.
- ❑ The Transylvania County School's Budget request was received electronically on May 9. The manager was directed to use the request to provide a more detailed school capital funding recommendation.
- ❑ The personnel committee has recommended commissioners consider 401K contribution and increasing longevity along with the pay plan implementation. Commissioners requested additional information as these were not included in the recommended budget.
- ❑ Tonight I will briefly go over the budget as presented and then go into more detail on each of these requested items.

Highlights for FY 24

Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest

- Property tax base increased by 2%
- Total budget of \$78,063,791, a 2% increase from current budget (4% from original adopted FY 23)
 - .224** per \$100 to support the general operating expenditures of Transylvania County Schools and funds in preparation for \$68 million bond financed school projects.
 - .09** per \$100 to finance the general operating expenditures of the Sheriff's Office including the mandated jail
 - .24** per \$100 for all remaining County departments
 - .031** per \$100 to support the County's \$2.4 million annual capital improvement plan (with earmarks for potential courthouse renovations as well as pay-go planning funds for economic development, emergency services and parks and recreation)
 - .03** per \$100 to support the County's network of partner fire and rescue agencies above and beyond the service district rates
 - .017** per \$100 to support the County's Solid Waste Fund which cannot support its operations through user fees

Highlights for FY 24

Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest

- Budget prioritizes maintaining staff levels/existing benefits and trying to combat economic inflationary impacts such as fuel
- Baseline annual capital proposed
 - Includes 5 patrol car equivalent with equipment for Sheriff's Office
 - Computer replacements on five year cycle- evaluating system security
 - Planned IT infrastructure upgrades
 - Communication Tower replacement
 - Ambulance replacement
- Focus is on existing personnel and trying to maintain existing service levels especially in public safety
 - No new personnel
 - Reclassifications in DSS to allow front desk staff to assist in updating information in NCFAST; reclassify Sheriff's Office Narcotics Deputy to Investigator. Several planned retirement overlaps.
 - Maintains benefits at existing levels
 - Funds pay plan implementation
 - Exploring contract for embedded mental health for staff beyond Sheriff's office
- \$1.2 million for courthouse planning assigned fund balance fund
- \$1.2 million for pay as you go funds for economic development, emergency services and parks and recreation
- \$6.2 million for bond payments in Education Capital Fund

Highlights for FY 24

Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest

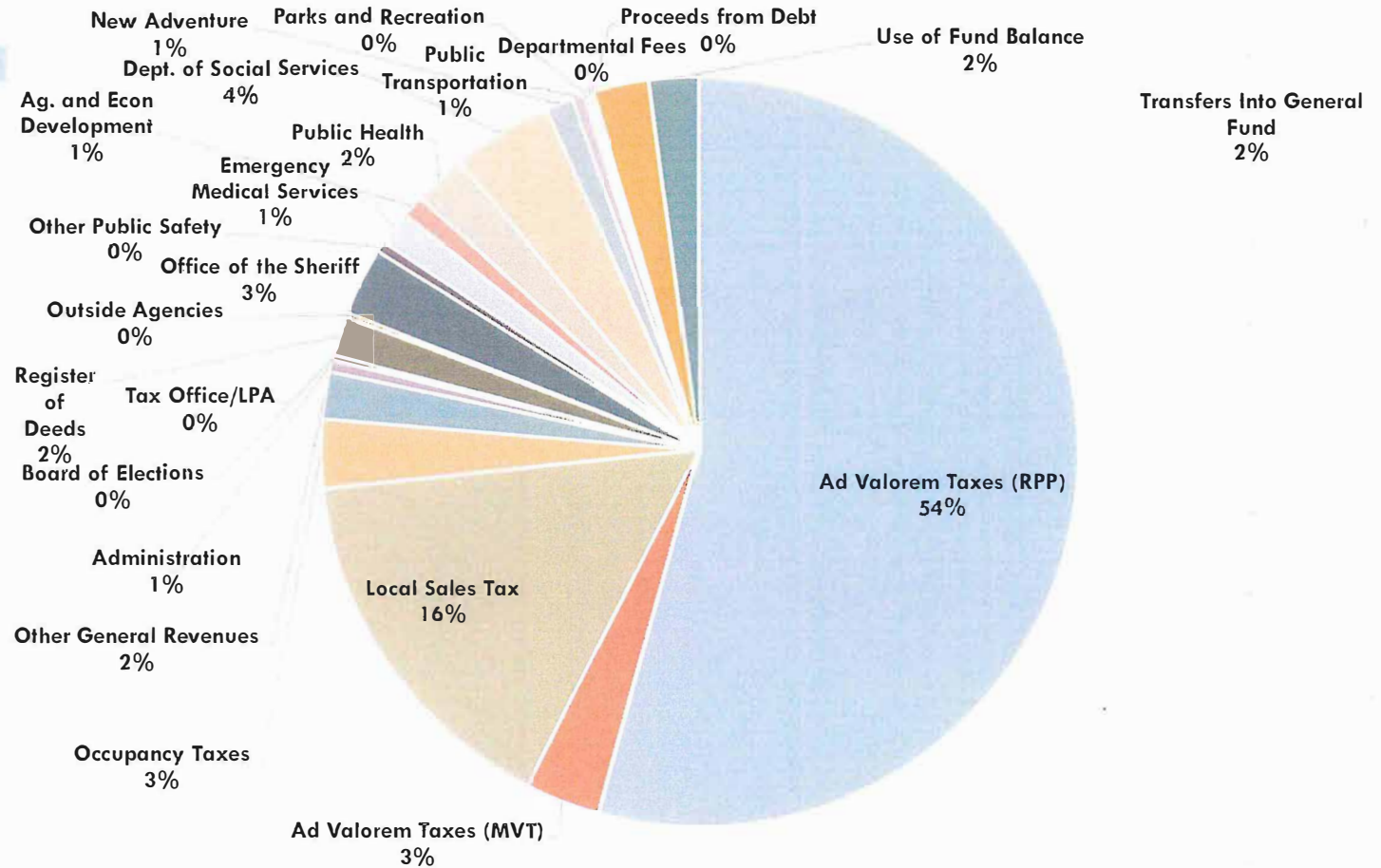
- Explore operational efficiency and best practices throughout county services- look at ways to maximize staffing
- Continue work on affordable/workforce housing including a county wide Housing Study, economic development
- Major Capital Planning
- Keep current with compensation trend changes
- Community Center Wifi and Capital Improvement Program
- Includes Rosman pool support (\$55k for 1 year- 10% increase)
- Continues leachate agreement with the Town of Rosman (\$50k annual fee+ 2.5 cents per gallon leachate)
- Nonprofit funding requests were up, but committee recommended changes while staying within same budget levels from prior year.
- Grant funding to Administer and pursuing grant funding to assist in unforeseen radio needs and communication upgrades

The Following Projects will have separate capital funds, but will impact work load this fiscal year:

- Completion of the US 64 Water and Sewer Line
- EMS Base construction completion
- Sylvan Valley Industrial Building Phase 2 construction
- Kick off Courthouse Design Process

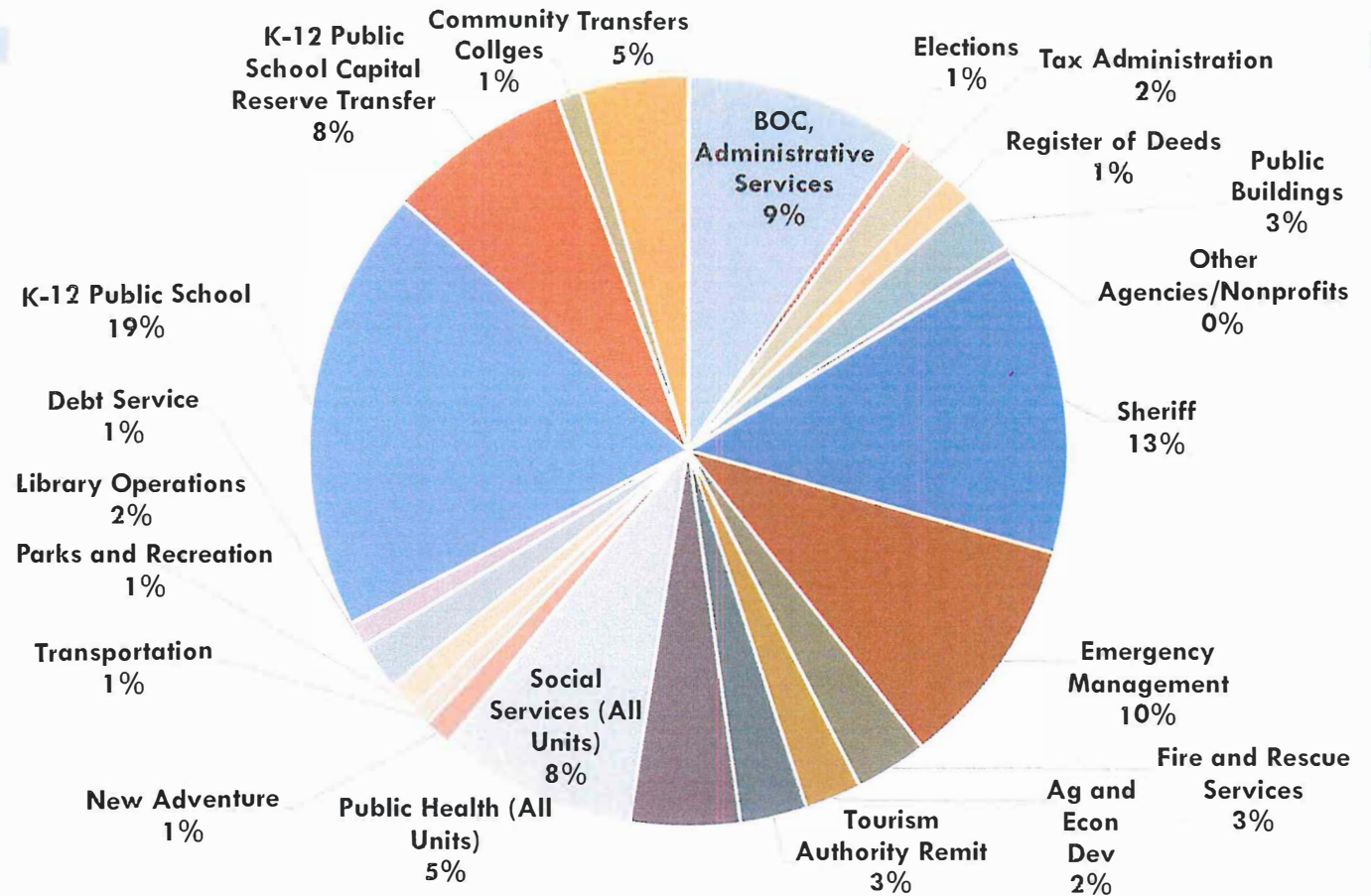
Revenue Projections

- ❑ Property Tax is primary revenue
- ❑ Little change in revenue distribution
- ❑ Sales tax reflects change of education earmarked sales tax going directly into education capital fund



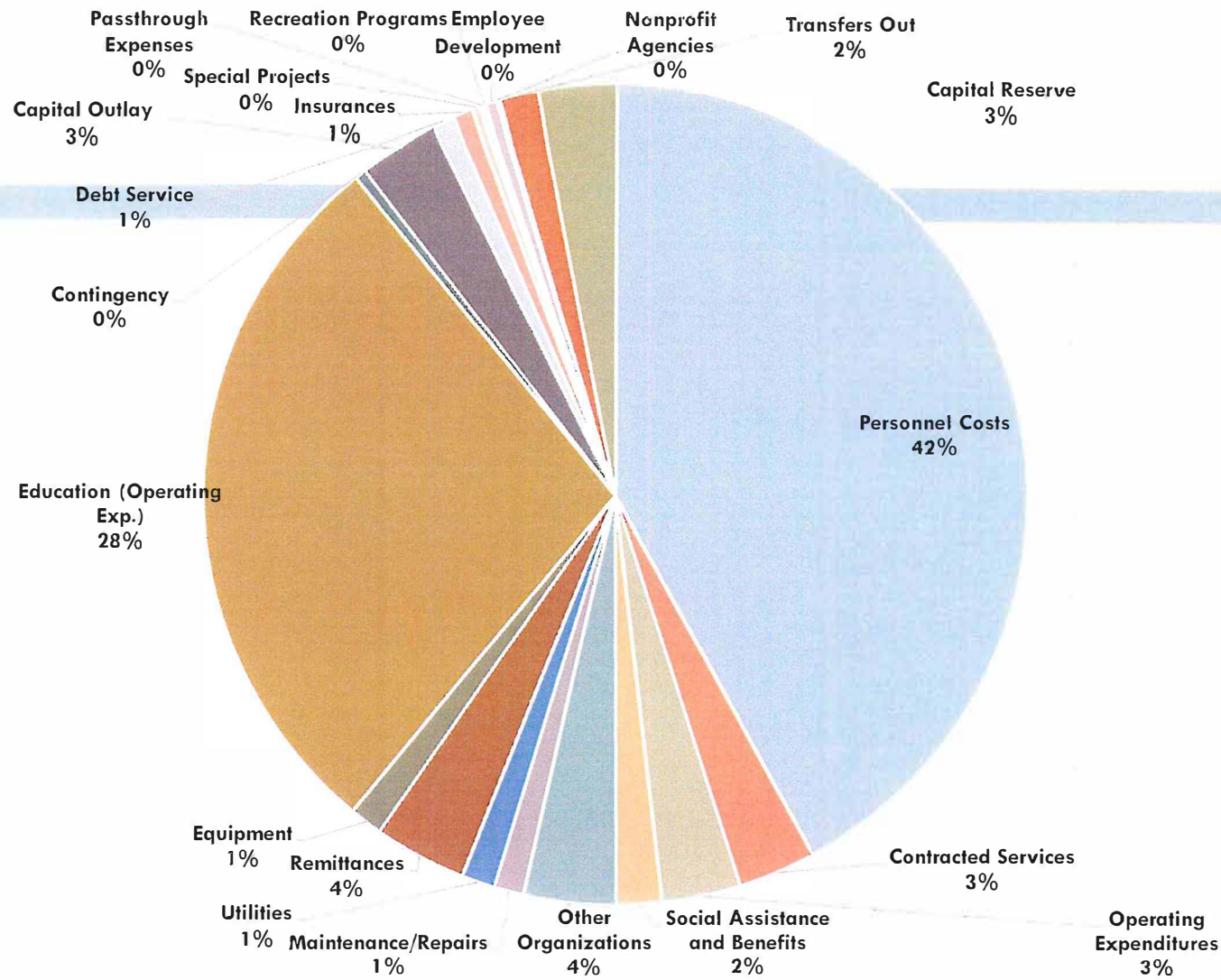
Expenditures

- Overall the same distribution of expenditures with some changes reflected in moving more expenses into central services and reflecting only some of the education capital in the general fund
- Some sales tax for education will go directly into the public school capital fund



Expenditures

- Personnel are the highest cost in providing county services and shows a slight increase
- Education funding is the second largest expenditure and is reflecting operating expenses
- Remittances, assistance dollars and transfers out are significant portions of the budget
- Operating and Capital Outlay less than 6%
- Low debt service until bond payments become due



Education Funding Considerations

- K-12 Education recommended for same increase as recommended budget at 2% for operations and 50% increase for capital funding including current year and into the education capital fund from sales tax revenues. There is also \$6.2 million in property tax showing transfer to the education capital fund.
- Funding per ADM has continued to grow with state support such as the Small School funding (\$1.5 million) to take pressure off county property tax payers without compromising confidence in the ability to deliver quality education services (NC School Forum references our county as 9th highest funded with small school/low wealth funding added to county funding before Transylvania began receiving this)
 - Transylvania County Citizens have a long history of significant local funding support for education, a point of significant pride
 - County funding remains in the 4th in the state behind Orange, Dare and Durham followed by Chatham County
 - School system was able to put \$1 million in local funded operational fund balance in FY 22
- Local Operational Funding Recommended at \$13,086,152 and Capital Funding at \$3.1 total to be appropriated by project with projects over \$50k moved to the education capital fund and funds designated in the budget for FFE. \$1.6 million is reflected in the general fund for annual capital needs pending receipt of the capital needs list so that it can be appropriated by project.
- Blue Ridge Community College recommended for Local Operational Funding at \$655,321 and Capital Funding at \$161,200 *Note: Education budgets are submitted with detail; however, once operational funding is approved those agencies may adjust how they spend funds without commissioner approval based on their own priorities*



Location	Description	Capital Needs	Projected FY24	Projected FY25	Projected FY26	Type	County	Approved	Other	Total
BES	BES ADM allotment - furniture and equipment	40,230	13,410	13,410	13,410	Recurring	13,410			13,410
BHS	BHS ADM allotment - furniture and equipment	57,336	19,112	19,112	19,112	Recurring	19,112			19,112
BHS	BHS Athletic equipment	138,000	46,000	46,000	46,000	Recurring	46,000			46,000
BHS	BHS Band equipment	16,500	5,500	5,500	5,500	Recurring	5,500			5,500
BHS	BHS Cultural Arts equipment	6,000	2,000	2,000	2,000	Recurring	2,000			2,000
BMS	BMS ADM allotment - furniture and equipment	41,322	13,774	13,774	13,774	Recurring	13,774			13,774
BMS	BMS Athletic equipment	36,000	12,000	12,000	12,000	Recurring	12,000			12,000
BMS	BMS Band equipment	10,725	3,575	3,575	3,575	Recurring	3,575			3,575
BMS	BMS Cultural Arts equipment	3,000	1,000	1,000	1,000	Recurring	1,000			1,000
DRS	DRS ADM allotment - furniture and equipment	4,998	1,666	1,666	1,666	Recurring	1,666			1,666
MEC	Ed Center furniture & equipment	9,000	3,000	3,000	3,000	Recurring	3,000			3,000
PFES	PFES ADM allotment - furniture and equipment	36,960	12,320	12,320	12,320	Recurring	12,320			12,320
RES	RES ADM allotment - furniture and equipment	23,567	8,723	7,422	7,422	Recurring	8,723			8,723
RHS	RHS ADM allotment - furniture and equipment	19,530	6,510	6,510	6,510	Recurring	6,510			6,510
RHS	RHS Athletic equipment	75,000	25,000	25,000	25,000	Recurring	25,000			25,000
RHS	RHS Band equipment	8,535	2,845	2,845	2,845	Recurring	2,845			2,845
RHS	RHS Cultural Arts equipment	3,000	1,000	1,000	1,000	Recurring	1,000			1,000
RMS	RMS ADM allotment - furniture and equipment	16,248	5,416	5,416	5,416	Recurring	5,416			5,416
RMS	RMS athletic equipment	21,000	7,000	7,000	7,000	Recurring	7,000			7,000
RMS	RMS band equipment	5,775	1,925	1,925	1,925	Recurring	1,925			1,925
SYS	Campus cameras	24,000	8,000	8,000	8,000	Recurring	8,000			8,000
SYS	Capital repairs and replacement - systemwide	660,000	220,000	220,000	220,000	Recurring	220,000		-	220,000
SYS	Computer equipment - systemwide	1,500,000	500,000	500,000	500,000	Recurring	500,000			500,000
SYS	CTE furniture & equipment	64,650	21,550	21,550	21,550	Recurring	21,550			21,550
SYS	Custodial equipment	48,000	16,000	16,000	16,000	Recurring	16,000			16,000
SYS	Media equipment	36,300	12,100	12,100	12,100	Recurring	12,100			12,100
SYS	Plant Operations shop equipment	19,800	6,600	6,600	6,600	Recurring	6,600			6,600
SYS	Science equipment - systemwide	34,650	11,550	11,550	11,550	Recurring	11,550			11,550
SYS	Transportation shop equipment/cameras	31,800	10,600	10,600	10,600	Recurring	10,600			10,600
TCHES	TCHES ADM allotment - furniture and equipment	8,280	2,760	2,760	2,760	Recurring	2,760			2,760
		-								
BES	Paint Awning	80,000			80,000	Repair/replace				-
BES	Replace sidewalk bus pickup area	25,000	25,000			Repair/replace	25,000			25,000
BES	Upgrade gym lights to LEDs	10,000			10,000	Repair/replace				-
BHS	Replace Barn	100,000	100,000			Repair/replace	100,000			100,000
BHS	New Carpet	100,000	100,000			Repair/replace	100,000			100,000
BHS	Auditorium Seating	90,000	90,000			Repair/replace	90,000			90,000
BHS	Air Handling Unit (Bond would fix this)	40,000	40,000			Repair/replace	40,000			40,000
BHS	Air Handling Unit Locker Room	30,000		30,000		Repair/replace				-
BHS	Repair Greenhouse	24,800	24,800			Repair/replace	24,800			24,800
BHS	Rewire Office Area (Bond would fix this)	60,000	60,000			Repair/replace	60,000			60,000
BHS	Old Gym Roof Repairs (Bond would fix this)	300,000	300,000			Repair/replace	300,000			300,000
BHS	Remodel bathroom, fix drain, and fix floor fieldhouse	100,000		100,000		Repair/replace				-
BHS	Fix new gym roof leak	70,000	70,000			Repair/replace	70,000			70,000
BHS	Repave track	80,000	80,000			Repair/replace	80,000			80,000
BHS	Repave sidewalk	25,000	25,000			Repair/replace	25,000			25,000
BHS	Repaint Breezeway	20,000		20,000		Repair/replace				-
BHS	Replace turf field	400,000	400,000			Repair/replace	400,000			400,000
BHS	Basketball Goals	15,000	15,000			Repair/replace	15,000			15,000

→ Project

1,000,936

- 220K

790,936
PFE

PFES	Replace piping*	500,000	500,000	-	-	Repair/replace			500,000	500,000
BMS	Kitchen Floor Tile	110,000	110,000			Repair/replace	110,000			110,000
BMS	Theater Room carpet	13,000	13,000			Repair/replace	13,000			13,000
PFES	Parking lot repairs	83,000	83,000			Repair/replace	83,000			83,000
PFES	Air Handlers	300,000	100,000	100,000	100,000	Repair/replace	100,000			100,000
PFES	Sidewalk Repairs	25,000		25,000		Repair/replace				-
DRS	Repave front and side parking lots	132,000		132,000		Repair/replace				
RES	Replace air handlers	315,000	105,000	105,000	105,000	Repair/replace	105,000			105,000
RES	Kindergarten Roof Replacement	25,000	25,000			Repair/replace	25,000			25,000
RES	Roof Repairs	40,000	40,000			Repair/replace	40,000			40,000
RES	Floor Replacement Pre-K and Kindergarten	30,000		30,000		Repair/replace				-
RES	Exterior Door Replacement	18,000	18,000			Repair/replace	18,000			18,000
RES	Library/Breezeway Doors	15,000		15,000		Repair/replace				-
RES	Upgrade gym lights to LEDs	10,000			10,000	Repair/replace				-
RES	Main Entrance redesign	50,000		50,000		Repair/replace				-
RHS	Repair Greenhouse	50,800	50,800			Repair/replace	50,800			50,800
RHS	Replace Air Handlers (Bond would fix this)	750,000	750,000			Repair/replace	750,000			750,000
RHS	Welding shop fire alarm system	25,000	25,000			Repair/replace	25,000			25,000
RHS	Remodel High School Bathrooms (Bond would fix this)	10,000		10,000		Repair/replace				-
RHS	High School Carpet front office	25,000		25,000		Repair/replace				-
RHS/RMS	Band room carpet (bond would fix this)	25,000		25,000		Repair/replace				-
RHS/RMS	Café air handling unit	75,000	75,000			Repair/replace	75,000			75,000
RHS/RMS	Pave new gym parking lot	50,000	50,000			Repair/replace	50,000			50,000
RHS/RMS	Fix football field drain	325,000	325,000			Repair/replace	325,000			325,000
RMS	Reseal area around RMS classrooms	70,000	70,000			Repair/replace	70,000			70,000
TCHES	Replace air handlers	471,000	105,000	183,000	183,000	Repair/replace	105,000			105,000
TCHES	Repaving	106,000	106,000			Repair/replace	106,000			106,000
TCHES	Upgrade gym lights to LEDs	10,000	10,000			Repair/replace	10,000			10,000
TCHES	Roof Replacement/Leaks	30,000	30,000			Repair/replace	30,000			30,000
TCHES	Repave back lot	125,000	125,000			Repair/replace	125,000			125,000
TCHES	New tile floor Pre-K and Kindergarten	30,000		30,000		Repair/replace				-
SYS	School Nutrition equipment	99,000	49,500	49,500		Repair/replace	49,500			49,500
SYS	Hand Dryers	28,000	28,000			Repair/replace	28,000			28,000
SYS	Activity bus replacement	102,000	102,000	-	-	Vehicle	102,000			102,000
SYS	Plant Ops vehicle	90,000	90,000	-	-	Vehicle	90,000			90,000
SYS	School bus lease purchase payment	54,287	54,287			Vehicle		-	54,287	54,287
MEC	MEC/Plant Ops/Garage renovations	1,937,500		968,750	968,750	Add/renov	-			-
MEC	Fire Alarm System Upgrades	30,000	30,000			Repair/replace	30,000			30,000
MEC	Repair Awning	10,000	10,000			Repair/replace	10,000			10,000
		10,764,593	5,410,323	2,897,885	2,456,385		4,856,036	-	\$554,287	5,410,323

\$802,000 total new projects

By Type	Capital Plan	FY24	FY25	FY25				
Critical needs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Safety/security	-	-	-	-	-	-	-	-
Repair/replacement	5,580,600	4,163,100	929,500	488,000	3,663,100	500,000	4,163,100	
Addition/renovation	1,937,500	-	968,750	968,750	-	-	-	
Vehicles	246,287	246,287	-	-	192,000	54,287	246,287	
Bond	-	-	-	-	-	-	-	
Recurring	3,000,206	1,000,936	999,635	999,635	1,000,936	-	1,000,936	
Total	\$ 10,764,593	\$ 5,410,323	\$ 2,897,885	\$ 2,456,385	\$ 4,856,036	\$ 554,287	\$ 5,410,323	

By Location

SYS	\$ 2,792,487	\$ 1,130,187	\$ 855,900	\$ 806,400	\$ 1,075,900	\$ 54,287	\$ 1,130,187
MEC	\$ 1,986,500	\$ 43,000	\$ 971,750	\$ 971,750	\$ 43,000	-	\$ 43,000
BES	\$ 155,230	\$ 38,410	\$ 13,410	\$ 103,410	\$ 38,410	-	\$ 38,410
BHS	\$ 1,672,636	\$ 1,377,412	\$ 222,612	\$ 72,612	\$ 1,377,412	-	\$ 1,377,412
BMS	\$ 214,047	\$ 153,349	\$ 30,349	\$ 30,349	\$ 153,349	-	\$ 153,349
DRS	\$ 136,998	\$ 1,666	\$ 133,666	\$ 1,666	\$ 1,666	-	\$ 1,666
PFES	\$ 944,960	\$ 695,320	\$ 137,320	\$ 112,320	\$ 195,320	500,000	\$ 695,320
RES	\$ 526,567	\$ 196,723	\$ 207,422	\$ 122,422	\$ 196,723	-	\$ 196,723
RHS	\$ 966,865	\$ 861,155	\$ 70,355	\$ 35,355	\$ 861,155	-	\$ 861,155
RHS/RMS	\$ 475,000	\$ 450,000	\$ 25,000	\$ -	\$ 450,000	-	\$ 450,000
RMS	\$ 113,023	\$ 84,341	\$ 14,341	\$ 14,341	\$ 84,341	-	\$ 84,341
TCHES	\$ 780,280	\$ 378,760	\$ 215,760	\$ 185,760	\$ 378,760	-	\$ 378,760
TOTAL	\$ 10,764,593	\$ 5,410,323	\$ 2,897,885	\$ 2,456,385	\$ 4,856,036	\$ 554,287	\$ 5,410,323

Revenues

County Appropriation	\$ 10,682,598	\$ 5,346,800	\$ 2,888,649	\$ 2,447,149
Donations and other	-	-	-	-
Lottery proceeds	-	-	-	-
State school bus lease proceeds	54,287	54,287	-	-
Sales Tax Rebate	27,408	9,136	9,136	9,136
Interest Earned	300	100	100	100
Fund Balance Appropriated	-	-	-	-
Funding Required	\$ -	\$ -	\$ -	\$ -

This includes some but not all of the \$24.03 million remaining needs identified in the Master Facilities Plan

Fire Department Budgets

Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest

- Recommendation is to set the district rates at 5.5 cents/\$100 valuation and supplement the remainder of the budgets from the General Fund Property Tax. This will require an increase in the portion of the tax rate that is dedicated to fire departments of approximately 0.43 cents. This is not a typical inclusion in the general fund tax rate for counties.
- Second year of subcommittee review of requests and making recommendations
- Major Requests included in recommendation:
 - Rosman and Connestee: Funded day time staff person for coverage
 - Sylvan Valley II: No additional staff or GF transfer for City, increased revenue to coverage from N Transylvania and Little River by \$30k each
 - Rescue Squad: Included paid bookkeeper and 2 apparatus replacements
 - Throughout: Made recommendations for some modifications to submitted budgets and/or moving some expenses to request from district reserves.
- Committee heard requests totaling \$7.8 million for fire and rescue agencies and recommend funding \$6.14 million with a net increase to the budgets of \$310,000 and a 5% increase overall.
- Fire Marshall staff will be going over the recommended budgets with each fire department. 5 of the 9 agencies were funded their requests completely or close to completely.

Solid Waste Enterprise Fund Summary

- ❑ Balanced budget of \$3,948,851 a decrease from FY 23 of \$662k
 - ❑ Fee Revenue: \$2,651,741 *Sticker fees are down 70% and staff have identified 2 cases of fraud that have processed through judicial process
 - ❑ Balance is from property tax collections from the general fund and is not a typical county practice
- ❑ Existing revenue mix of fee adjustments from last year and the operational supplement from the general fund should be sufficient for a few more years, but there is not currently enough funding to save for expansions
- ❑ Next year's expansion will require cash from the general fund balance (ARPA revenue replacement with other savings) totaling \$5.8 million

General Fund Summary

- ❑ Balanced budget of \$78,179,791
- ❑ Continuing tag office and passport services
- ❑ No new personnel, two reclassifications
- ❑ Fund pay study implementation and increase in fire department supplements
 - ❑ Does not include benefit recommendations from study and personnel board (401k, longevity)
- ❑ Maintaining capital replacements including IT and vehicles
- ❑ Tax rate recommended to increase in the general fund to \$.63/\$100 valuation, an increase of \$.0267 to gain \$1.9 million in revenue- First Operational Tax Increase requested in over 8 years
 - ❑ 16%, \$310k Fire and Rescue Agencies
 - ❑ 56% public safety salary studies, 28% remaining salary study: \$1.59 million
 - ❑ **Additional revenue is 72% public safety and necessary to ensure services continue without interruption**
- ❑ Fire District rates recommended at \$.055/\$100 valuation
- ❑ Any additional funding considerations to fund requests not included in the recommended budget will require an additional tax increase.

Modifications from the recommended budget

- ❑ Worker's compensation premiums were received reflecting an increase of approximately \$88k.
 - ❑ *Note: The rates through NCACC Risk Pool saw a slight decrease, but payroll changes account for the increase, particularly with positions classified under public safety.*
- ❑ The Sheriff's Office Budget was modified to shift between line items to better meet the needs of the sheriff's office within the recommended appropriation after discussion with Sheriff Owenby.
- ❑ An update on the EMS financing timeline indicated that a payment may become due in June FY 24 instead of the first months of FY 25. Should that be the case, the revenue scheduled for emergency services capital can be utilized to make that payment. The exact payment date will not be firm until closing on the financing.

Modifications from the Recommended Budget

- ❑ The revenues for property tax collections were revised to reflect the same tax rate as FY 23 at \$.0633
 - ❑ *Consensus determined based on the discussion and direction provided on 5/8/23 in regular session*
- ❑ Capital Planning revisions to offset operational pressure in the budget and avoiding a tax increase
 - ❑ Education Capital Fund Cash Distribution changed from \$6.2 million for FY 24 to \$6.0 million. This fund is used to account for revenue to meet the long term education capital planning and to fund education capital projects funded over \$50k requested by school board and approved by commissioners.
 - ❑ Delay in timeline for original projected bond projects moving forward due to COVID and cost escalation has allowed accumulation of cash in the education capital fund. Some funds have already been appropriated for school board requested projects beyond annual capital, but FY 23 will end with approximately \$24 million in cash in the fund or the equivalent of roughly 3 payments once the bond financing proceeds. Collaborative work is currently underway to regroup on the projects to be financed by the bond as well as other capital needs to be incorporated into capital planning.
 - ❑ Article 40 and 42 are partially restricted for education capital and projected to be \$3.1 million collected next year. \$1.2 million would go directly into the education capital reserve. (Note- remainder for appropriation in FY 24)
 - ❑ Courthouse distribution to \$900k for FY 24. Balance 6/30 at \$5.8 million
 - ❑ Parks and Rec to \$100k for FY 24. Balance 6/30 at \$1.4 million
 - ❑ Emergency Services and Economic Development remain at \$400k each (separate from Sylvan Valley lease payments and TEA funding)
- ❑ Any additional appropriations approved before budget adoption will require additional adjustment to the capital plan.

Discussion- *Be patient, be kind, be courteous and be cordial*

Workshop Format

- Facilitator- Jaime
- Present prior information and any known options for each item of discussion
- Open for commissioner discussion along with questions
 - Start with person who requested item
 - Opportunity for each to speak
- Once it appears there are 3 in agreement or when 15 minutes is reached I will call for a poll for consensus unless commissioners express interest in continuing discussion
- When consensus is reached, move to the next item
- Determine if Second Workshop is Needed and Schedule before Adjournment
- Public Hearing on Budget to be held at least on June 5 Board of Commissioner meeting with a second expected June 26

Discussion Agenda

- Proposal on School Capital Funding
- Compensation Plan Benefits Comparison

Proposal for School Funding

- Capital request received from Transylvania Schools after recommended budget reflected a total FY 24 appropriation consideration of funding at \$4,856,046 with projects unprioritized. *Note: The FY 24 Total Projected Column for County appropriation reflects \$5,346,800 and includes \$500k already accounted for in a prior appropriation to the Education Capital Fund for PFES Piping*
- Recommendation for School funding:
 - \$780,936 as requested for FFE including listed items of ADM allotment by school for furniture and equipment, \$500k in computers, cameras, Band equipment, etc.
 - \$192,000 in requested county appropriation for vehicles
 - Projects were submitted unprioritized so for initial budget, fund two projects by project and offer for school system to reallocate those dollars by project to whatever their priorities are within that total with a requested amendment to BOC, same process as outstanding by project funds still pending from prior years. These projects require only a copy of bid, contract, quote or other documentation in order to issue funds:
 - \$220k for capital repairs and replacement systemwide
 - \$750k to replace air handlers at RHS
 - \$6.0 million funds into education capital reserve
 - Total county funding dedicated for education capital in FY 24: \$7,942,936
- Commissioner Consensus?

Personnel Board Additional Recommendations

Personnel Board did not have the full comparison of benefits at the time of meeting, but there were two items already known to be areas where Transylvania County does not compare well in the benefit package to peers.

Additional recommendations of the Personnel Board are:

The Board to consider providing a 2% 401K match for non-LEO employees (LEO by state law receive 5% 401k distr already)

The Board to review the County Longevity policy and the established cap currently capped at \$1,250

Commissioners requested additional information about:

How the county compares on benefits to peers and cost to implement personnel board recommendations including wellness clinic provision

Information on the current 457 plan contribution the county provides after 5 years of service of \$1,500 annually with background and how that compares to other counties.

Whether peers are providing paid parental leave.

Benefit Comparison

In addition to the Compensation, Evergreen surveyed an array of Peer Benefits. Overall, the findings are that Transylvania County Benefits are close to the average, but still below overall.

Staff also reviewed the 2022 School of Government Benefits Survey which provides a review of Counties in NC for Comparable information to NC Counties

How we stack up:

At/Close to Average:

- Medical and Dental Coverage
- Sick Leave
- Employee Assistance Programs

Areas Below Average:

- Tuition Reimbursement - No County Wide Plan
- Contribution to a Deferred Retirement Plan - 401K, 457, etc.
- Longevity - Maximum
- Insurance For Retirees – Not Offered – 457 contribution offered by Transylvania County instead
- Annual Leave – Minimum Accrual Rate

Retiree Health Insurance/457 Contribution

Prior to 2006, Transylvania County was one of a small number of counties in NC that did not provide retiree health insurance

Board of Commissioners, wanted to provide a benefit, but were concerned about cost constraints and the GASB requirement for funding the future obligation.

The Board Reviewed and Approved a hybrid option:

- Employees with 10 or more years of service to Transylvania County at that time had a choice of:
 - Retiree Health Insurance (All Service in Transylvania County) up to age 65
 - 30 years 100% employer paid
 - 20 years/age 55 80% employer/20% employee paid
 - 15 years/age 60 60% employer/ 40% employee paid
 - Or a contribution to the NACO 457b of 57.69 per payroll, equal to \$1,500 per year
- Employees with less than 10 years of service and newly hired employees receive a contribution to the NACO 457b Plan of \$57.69 per payroll equal to \$1,500 per year
- In 2010, the Board modified the waiting period to 5 years for new employees

Retiree Health Insurance/457 Contribution - Continued

For Retiree Insurance:

- Staff Reviewed the 2022 NCSOG Survey of Salary and Benefits which indicates:
 - 68 counties provide some form of retiree insurance coverage as a benefit
 - 38 counties indicate they provide some type of supplement for retirees at age 65
 - The survey does not indicate if the benefit is currently being offered to new employees or have sunset provisions.

- Staff contacted the respondents to the Compensation Benefit Study:
 - Of the 10 respondents, 7 currently provide some level of retiree insurance coverage to new hires, and 3 do not. Only 1 has not historically provided retiree health insurance.
 - 3 indicated a recent change to sunset retiree coverage similar to the State of North Carolina

Employee Health Clinic

Transylvania County, like many counties and larger municipalities in NC, has a self funded health insurance plan for employees. This means that, while BCBS negotiates rates that our plan uses, the insurance payment for any visit is paid in full by Transylvania County.

- ❑ 7 of the 10 surveyed respondent peers provide a wellness clinic to their employees.
- ❑ As a self funded plan, encouraging employees to be proactive about health makes sure that the county has a stable workforce and helps to save large claims on the self funded plan to keep costs down. Prior to 1991, Transylvania County was providing an annual employee health screening program to help manage costs of the health plan. The screening included bloodwork with review by health professionals to interpret results. This was intended to help identify health concerns and empower employees to address them preventatively and proactively. For instance, diabetes can be managed, but uncontrolled can lead to serious and costly health incidents.
- ❑ In 2013, Transylvania County established an Employee Wellness Clinic. Goals were to: provide ongoing health screenings; early diagnosis of issues; provide counseling for chronic conditions; provide a lower cost option; have faster and easier access to care for episodic care, blood work and encourage employee health. The clinic saves employees from a copay, but also saves the county on the charges associated with filing insurance for a visit, lab tests and other possible charges.

Employee Health Clinic

The return on investment (ROI) of Employee Health/Wellness Clinics varies drastically due to the type of services offered and employee engagement, but studies have shown they benefit self funded plans by keeping employees healthier and by generating savings by not having to file insurance. For instance, labs are directly billed and reflect significant savings to the self funded plan.

According the Rand Corporations analysis it is estimated an overall ROI of an Employer Sponsored Health Clinic can be conservatively be \$1.50 for \$1.00 invested. The real impact in ROI at a level of \$3.80 to \$1.00 is related to Employer Sponsored Disease Management Programs such as Diabetes, Hypertension & Obesity. Rand calls this “the Employee Positivity Factor”.

Benefit Brokers indicate the largest value to the County is for employees to have quick, easy and cost-effective access to healthcare, and cost avoidance for routine type episodic visits. Specifically in a world where it takes weeks to get an appointment with a provider. Concrete savings are difficult to calculate, since it is about cost avoidance for the employer and employee. But there is true value to the county’s self funded health plan and to the employee.

Other Benefits Identified Below Average

□ Tuition Reimbursement Program

- Currently the County does not have a County wide Tuition Reimbursement program
- 80% of our Evergreen Respondents have a program with the average annual benefit to users of \$1,833.33
- Transylvania County does have funds set aside from inmate commissary annually to allow for tuition reimbursement in the Sheriff's Office.

□ Annual Leave

- Through the SOG survey, minimum Annual Leave accrual rate have begun to increase from 10 days/yr same as current Transylvania County Level
 - 44 respondents indicate >10 with the most common being 12 days
 - 34 indicate=10 days
 - 3 indicate <10

Parental Leave

Based on commissioner request, surveyed surrounding peer counties and cities:

- City of Hendersonville and Town of Fletcher have Paid Family Leave. Buncombe County is the only County to provide that benefit as of now, but the State of North Carolina approval of 6 weeks paternity leave has started more jurisdictions considering it.
- Budgetary impact would be difficult to calculate, but would require budgeting some funds to cover the absences, especially for roles that require part time coverage during that absence.

401 K Information

Recommendation for 401K Benefit (not included in budget):

- Transylvania County is not competitive with peers in providing a 401K contribution or match for non-Law Enforcement position. NC Local Government Employer's are required to provide a 5% 401K contribution for Law Enforcement Officers (LEO).
- There are 66 counties and over 300 towns/cities in NC provide a 401K contribution to general employees. That include market peers in our region: Henderson, Haywood, Buncombe, and Macon Counties; the City of Brevard (2% with a 1% addition per year to 5% in FY26) and Town of Fletcher. Entities contributions vary between a match up to 3% or contribution of 1% - 8%.

401 K Information (Continued)

- Staff contacted respondents to the Evergreen Study:
 - Of the 10 local government respondents, 7 provide a 401K contribution to non-LEO employees.
 - One respondent provides the 5% LEO benefit, plus a match.
 - City of Brevard started in FY 22 with a 1% match and plans to increase by 1% annually until 5% for non-LEO by FY 2026.
- The Personnel Board recommended the Board to consider a 2% 401K match for non-LEO employees
- Based on the proposed rates 2% match to non-Law Enforcement would cost \$325,000. Based on information from our 401K representative, approximately 90% of employees take advantage of a matching program. Making the budgeted cost \$293,000.

Longevity

Current Policy provides for an annual longevity payment annually in recognition of long-term service of permanent full-time employees who have served at least five continuous years with Transylvania County.

Annual longevity pay amounts are based on the length of continuous county service and a percentage of the employee's annual rate of base pay on the date of eligibility as of July 1 of each year, with the payment being made the Wednesday prior to Thanksgiving.

Longevity pay amounts are computed by multiplying the employee's base pay rate by the appropriate percentage from the following table:

Years of Service	Longevity Pay Rate
5 through 10 years	2%
11 through 15 years	3%
16 through 20 years	4%
21 and over	5%

\$1,250 ceiling for any annual longevity payment

Longevity (Continued)

In 2022, there were 167 employees eligible for Longevity. 101 of which were at the maximum amount of \$1,250.

The cap has not been evaluated for at least 15 years. It is usual for counties (2/3) to provide longevity, but unusual for counties to include a maximum amount/cap. Most counties provide Longevity as a percentage of salary, but some provide a flat amount for service. Longevity is often paid as a bonus and not added to salary so it is a separate practice than step programs.

Of the Surrounding Counties: Jackson, provides a flat amount; while Buncombe, Henderson, Haywood and Macon provide a percentage with no cap. The School of Government Survey Reflects percentages being used are comparable to other counties.

If the Board desires to revise the \$1,250 cap, based on current eligibility numbers the cost for a 20% increase would be \$25,250.

Consideration and Consensus for Budget Workshop

- Personnel Committee Recommendation to begin a 2% 401k match option for employees.
 - Budget impact of \$293k
 - May establish a waiting period such as the probationary period to begin
- Personnel Committee Recommendation to increase longevity
 - Would be difficult budgetarily to eliminate cap completely at once
 - Increase cap by 20% would have a budget impact of \$25,250
 - Could consider annual increase of the cap tied to CPI to move the benefit towards peers that do not impose a cap.
- Any others commissioners want to consider after seeing the comparison?

Next Steps



Is there a reason you'd like to have another workshop?

- If so, we need to schedule keeping in mind the plan for a public hearing June 5.
- If not, we can proceed with updating the budget as directed tonight in the workshop and move towards advertising for our two June public hearings.

- Thank you for your time, energy and patience in this complex and necessary process of local governance!