

**MINUTES**  
**TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS**  
**June 6, 2022 – BUDGET WORKSHOP/SPECIAL MEETING**

The Board of Commissioners of Transylvania County held a budget workshop/special meeting on Monday, June 6, 2022 at 6:00 p.m. in the Multipurpose Chambers located at the Transylvania County Administration Building, 101 S. Broad St., Brevard, NC 28712.

Commissioners present were Larry Chapman, Vice-Chairman Jake Dalton, David Guice, and Teresa McCall. Chairman Jason Chappell was absent due to illness. Also present were County Manager Jaime Laughter, County Attorney Bill Bulfer (participating via Zoom meeting software), and Clerk to the Board Trisha Hogan.

There was no media present.

There were approximately 15 people in the audience.

**CALL TO ORDER**

Vice-Chairman Jake Dalton presiding declared a quorum was present and called the meeting to order at 6:03 p.m.

**WELCOME**

Vice-Chairman Dalton welcomed everyone to the meeting and introduced the Commissioners and staff in attendance.

**BUDGET WORKSHOP**

The following is a summary of the Manager's presentation and the Commissioners' discussion that occurred throughout the meeting.

Workshop Introduction

- There were no topics requested by the Commissioners for the workshop
- Commissioners are at a consensus on the annual budget
- Staff forwarded information as requested by the Commissioners at the previous meeting regarding COVID revenue and the requests that were not funded in the Manager's recommended budget
- Remaining questions and discussion centered around the future capital and trends that are likely to impact the budget
- For this meeting, the Manager will briefly review the budget as presented and then delve into more detail on the capital and how capital drives operational expenses

Commissioner Guice shared that the Board of Commissioners and the Manager received a letter today from the Board of Education and he asked the Manager to address the issues that were raised in the letter during this meeting.

Key Trends for FY 23

- Property tax is the only method the Commissioners can employ to meaningfully raise funds, so the tax base is especially important

- The current mix skews heavily toward residential meaning that residential bears the burden of any tax increase which differentiates Transylvania County from other counties in the region
- Half of Transylvania County's land mass is nontaxable (federal and State parks/forests) but still requires County services
- Residential costs the most in services over other types
- Population Changes
  - 2010 to 2020 Census saw the population slightly decline from 33,090 to 32,956
  - Housing units rose from 19,163 to 19,818
  - Owner-occupied units decreased from 77.5% to 75.6%, mostly driven by secondary homes and Airbnb (not primary address)
    - Households increased from 13,735 to 14,648
  - Data indicates that the population figure may be artificially low (second homes, tourism)
    - Impact of population on funding formulas
    - Indications that the population is changing which reflected more racial diversity and shifts in age groups
      - 2% decrease overall in responses indicating white, non-Hispanic to 90.4%
      - Ages 18 and under shifted from 17.6% to 15.4% which is reflected in a decrease in the number of students in the public school system
      - Ages 65 and over increased from 25.8% to 31.4%

#### Highlights for FY 23

- Total budget recommendation of \$74,346,480 with the same tax rate as FY 22 at \$0.6033/\$100 valuation (total requests came in at \$76,239,346 which would require an additional 4 cents to fund)
  - \$0.187 - Transylvania County Schools annual general operations
  - \$0.089 - School bond collections
  - \$0.028 - Fire and rescue agency supplement to district tax collections
  - \$0.016 - Solid Waste supplement to fees collected
  - \$0.034 - \$2.4 million annual capital planning
  - \$0.113 - Sheriff's Office
  - \$0.132 - All remaining County services and operations
- Total expenditures reflect 2.4% growth for the general fund as a whole
- A full year of service for three new initiatives started in FY 22
  - Passport Agency
  - NC Vehicle Tag Office
  - Housing federal inmates in jail
- The budget prioritizes maintaining staff levels and benefits and trying to combat economic inflationary impacts, such as fuel, without increasing the property tax rate
- Baseline annual capital proposed that focuses on policies the Commissioners put in place in prior years
- \$1.2 million in assigned fund balance fund for the planning of the new Courthouse
- \$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

The following projects will utilize separate capital funds from grants, but will impact the workload this fiscal year:

- Manage the construction of a sewer line and water line that will provide expansion support to Gaia Herbs and extend service by the Town of Rosman along the US 64 corridor
- EMS Base construction and temporary housing with the Rescue Squad
- Sylvan Valley Industrial Building Phase 2 construction

#### Revenue Projections

- Property tax is the primary revenue
- Sales tax remains at 18% and is mostly earmarked for certain functions

#### Expenditures

- Overall, the same distribution of expenditures
- Personnel are the highest cost in providing County services
- Education funding is the second largest expenditure

#### Education and Fire Department Agencies

- K-12 Education recommended for same increase as other County services at 2.4%
  - Local operational funding is recommended at \$13,086,152
  - Capital funding recommended at \$2,074,271
    - Allocated by project requiring documentation for projects over \$50,000
- Blue Ridge Community College recommended for local operational funding at \$619,680 and capital funding at \$212,240
- Fire Departments
  - The recommendation is to set the district rates at 5.5 cents/\$100 valuation and supplement the remainder of the budgets from the general fund at the same rate as last year at 2.8 cents/\$100 valuation
  - The budget review committee recommended funding the City of Brevard/Sylvan Valley II staffing request with the agreement that the district will begin answering first medical response calls like other districts
  - Average operational increase of 3.67%

*Note: Educational entities and fire departments submit their budget requests with detail; however, once the Board of Commissioners approve their operational funding, those agencies may adjust how they spend funds without the Commissioners' approval based on their priorities.*

#### General Fund Summary

- Balanced budget of \$74,346,480
- Balanced increases across all functional service areas, but revenue did not fully fund the requests
- The tax rate remains stable at \$0.6033/\$100 valuation
- Fire District rates recommended at \$0.055/\$100 valuation
- Any additional considerations to fund requests not included in the recommended budget will require a tax increase. If this is considered for any specific service area, the Manager recommended the Commissioners consider a similar percentage increase for other service areas whose requests were not in the recommended budget.

#### Solid Waste Enterprise Fund Summary

- Balanced budget of \$4,414,405
  - Revenue from fees \$2,635,250
  - The remaining budget is funded by property tax collections and net position appropriation
- Includes scheduled capital equipment replacements and refurbishing a roll-off truck

- The existing revenue mix of fee adjustments from last year and the operational supplement from the general fund should be sufficient to continue operations as is for a few more years
- Future expansion and cell closures will be significant capital and will require revisiting the revenue structure of the enterprise fund

Commissioner Guice stated the difficulty for him in supporting the proposed budget is that there is no consideration for supporting the future capital needs of Blue Ridge Community College, the Solid Waste cell expansion and cell closure, or the Courthouse (other than the \$1.2 million in annual capital). To him, the Commissioners need to begin planning for these expenditures in this year's budget. Otherwise, he supported the Manager's recommendations.

The Manager shared that she intends to present financing options for major capital later during this workshop, as well as inform the Commissioners about the balance of each assigned fund balance for capital projects.

#### Forecasted Needs and Emerging Issues

- Mental Health
  - Impacts service providers- EMS, Law Enforcement, Social Workers, Animal Control, Dispatchers
    - Existing infrastructure: EAP, First Responder Assistance Program, and one day/week counselor at the Sheriff's Office
  - General public services and mental health infrastructure and availability
  - Youth mental health and mentorship
- Support services staffing needs in Human Resources, Operations/Maintenance, Information Technology
  - As services expand, the need for support staffing rises
- Staffing impacted by community growth and aging population
  - Impacts on Building Permitting, Environmental Health, and EMS
- Staffing impacted by capital growth
  - Courthouse security and support staff with the addition of new facility, for example
- Technology and cyber-security investments
- Solid Waste new cell and cell closure
- Fire departments struggling to get volunteers which means the addition of paid staffing in the future
- Education funding
- Public service workforce projections
  - Experiencing more competitiveness for the fewer people going into certain public service career fields
  - Regional and national issues

#### Major Capital

Last spring during the FY 2022 Budget deliberations, the Commissioners and staff discussed major capital items. Staff provided the Board with a copy of the capital improvement program. Since then, the figures have shifted and changed. One of those reasons is inflation on construction has impacted capital improvement projections for near and far-term projects.

Staff updated the costs for a new Courthouse and the EMS Base. The 2014 countywide water and sewer study has not been updated. Staff will need to continue revising those numbers which are continually rising.

Many of the capital needs are tied back to commissioned studies. Some are mandated services, such as the Courthouse and public schools. Some are to support diversification of the tax base, specifically economic development and infrastructure investment, which generate future revenue.

#### Capital Kick-Off

- Part 1 – Known capital projects with a focus on major capital will be shared during this budget workshop
- Part 2 to occur this summer with Tryon Advisors to present real-time modeling
  - Tryon Advisors will need the FY 21 Audit information to project the tax rate for different funding decisions and funding methods

#### Capital Funding Options Available in NC

- Financing
  - For small to medium projects, may be able to get commercial bank loans at 10-, 15-, and 20-year options
  - Major projects are financed through General Obligation Bonds (require voter approval), Limited Obligation Bonds (do not require voter approval, but the Board must invest in design first), USDA Loan (if applicable to purpose), and Revenue Bonds (infrastructure or Solid Waste; would require Board to reconsider operational strategies because current revenue does not currently cover the cost of operations and future capital)
- Pay-as-You-Go (cash)
  - The strategy employed for some projects since FY 16
  - The portion of \$1.2 million that goes into the fund balance at the end of the year primarily impacts the following areas:
    - Parks and Recreation
      - Noted projects: Gallimore Road/US 276 land purchase, Ninja Fitness Course, Pickleball Courts, Recreation Center air conditioning and improvements
    - Economic Development:
      - Noted projects: Sylvan Valley Industrial Building (lease payments to pay for part of the next phase), Gaia Herbs sewer line
    - Public Safety:
      - Noted projects: Communications upgrade, property purchase for new EMS Base
- Grants and Other Funds
  - Currently a grant-rich environment
  - GoldenLeaf, PARTF, ARC, etc.
  - ARPA to end in 2026

#### Major Capital

- Courthouse
  - The current facility was built in 1861
  - The latest study update shows cost options ranging from \$44 million to \$57 million
  - Courts use the Elections Center conference room as a second courtroom two days a week so there are currently only two functioning courtrooms
- Courthouse operational costs will need to be considered
  - No plans to divest the current facility so there will continue to be operational costs to service and maintain that building
  - Estimate \$100,000 annual utilities for the new Courthouse which would cover water, sewer, gas, and electric based on estimated loads

- Additional minimum personnel costs of \$300,000 for anticipated staffing expenses
  - Security will depend on the final design, but at a minimum will need a bailiff for each additional courtroom; could have a separate video monitoring area from the metal detector which would change staffing levels (staff saw this while touring other courthouses)
  - One additional staff member each for Housekeeping, Maintenance/Groundskeeping, and Information Technology
- Parking deck option: \$400/space for annual maintenance/cleaning or \$800/space annual if charging fees (infrastructure for charging and enforcement of fees)
- Ongoing fees with software, security, IT infrastructure, and operational supplies
- Estimate one cent in additional property tax revenue, but will be driven by the final design
- 12-month design process; funds available; earliest opportunity for budgetary impact for construction would be FY 2024
- May consider upfront cash to fund construction before close on financing; consider a bridge loan before approving a final financing method; would impact timing of first payment the cash required

Commissioner McCall asked if the Board could move forward with the design phase for the new Courthouse with no tax impact on the taxpayers and then revisit the construction estimates once completed to determine whether the construction climate has improved. The Manager confirmed. She noted that the impact on the taxpayers will depend on the financing options the Board chooses. She also pointed out that a tax increase will be required to cover the additional operational expenses.

Commissioner Guice said he was thankful that previous Boards began setting aside funds a few years ago that are now available for design costs. He felt that if the Board began taking additional steps beginning with the FY 23 Budget, the County would be in a better position. He was unsure if the projected needs for court operations have changed, but he expected they have due to the pandemic's impact on the courts. The Manager staffed that the Board has only conducted high-level planning at this point. She anticipated the cost of design/architectural fees to be between 6% and 8% of the total costs.

The Manager stated there will also be ongoing costs to maintain and support the current Courthouse when vacated, especially being that it is on the historic registry.

In response to Commissioner Guice, the Manager stated the cost ranges for the new Courthouse are based on the site options, with the most expensive option being the Broad Street option and the least being on Morris Road.

Commissioner Dalton asked if the Board would consider a sales tax increase over a property tax increase because he was concerned about overburdening citizens. The Manager stated that additional sales tax would generate \$700,000 to \$800,000 in revenue, so the Commissioners will still need to consider raising the property tax rate to pay for all the expenses. She stated the challenge with the sales tax is that it must go to a voter referendum. Voters in Western North Carolina have historically failed sales tax referendums.

Commissioner Chapman referred to the letter the Board received from the Board of Education citing another \$35 million in facility needs. He pointed out the Blue Ridge Community College has requested \$32 million in capital needs. The Courthouse is expected to cost over \$40 million. He did not believe it was feasible to fund these projects with a 2 or 3 cents property tax increase year after year. He wanted to know whether the citizens felt these were a priority for the community and if so, whether they would be willing to approve another voter referendum. He stressed that the Board has some tough decisions to make so felt it was important to hear from the voters.

Commissioner Guice commented that the voters elected the Commissioners to make decisions. He felt that the capital requests were legitimate and thus the Board needed to make tough decisions, otherwise, the facilities would continue to decline. He also stated that Blue Ridge Community College cannot continue to exist in this community unless the Board makes critical decisions regarding its future.

The Manager continued with reviewing the capital needs, many of which are tied back to studies commissioned by the Board over the years.

- 2008 EMS Placement Study
  - Construction of new EMS Base on Morris Road for \$4.5 million in 2023
    - Exploring financing options instead of accessing fund balances for cash
    - Will model what that looks like at the summer workshop
  - Future EMS/Sylvan Valley Substation is estimated at \$4.5 million with \$2.2 million coming from the County and the remaining from the Sylvan Valley Fire District
- Water and Sewer Infrastructure
  - 2014 Potable Water Supply Study identified three alternatives for water expansion for the entire County
  - Transylvania County is not currently a provider but there will be future needs
    - \$40 to \$50 million for future combined water needs; expect actual costs to be higher
    - 2023 construction of water and sewer line project along US 64
- Sewer treatment needs have not been modeled countywide
  - Need updated capital improvement plans on water and sewer infrastructure from the City of Brevard and the Town of Rosman which help to project growth and the impact on economic development needs; will be important in determining some of the County's capital needs
- Burlingame system preliminary engineering report being finalized; will need investment to serve additional properties
- Economic development helps to diversify the tax base
  - 2023 expansion of the Sylvan Valley Industrial Building
  - Future opportunities for a spec building or industrial park
- Education
  - \$68 million bond for Brevard High School, Rosman Middle School, and Rosman High School
  - \$10.8 million three-year projection for seven campus facility needs identified by Transylvania Schools in FY 23 budget package

Commissioner Guice noted that the letter the Commissioners received from the Board of Education prior to the start of this meeting estimated \$35 million in needs in addition to the bond projects. He asked for clarification. The Manager said the County has received many different pieces of information about their system's capital needs. She projected their needs at approximately \$150 million to address all campuses. She pointed out that the annual capital allocation has addressed some of their needs, but the major renovations identified in 2018 and estimated at \$98 million have not been addressed.

- Additional \$17 million needed to complete bond projects
    - Blue Ridge Community College's replacement campus is estimated at \$32 million; the cost will need to be refined once the Board commissions a committee to explore options
- Technology-driven projects
  - Tower replacements
  - Broadband-related projects

- Solid Waste
  - Will need to include major projects in the revenue model
  - Financing makes it more manageable but will need to factor useful life of the cell to limit the financing horizon
  - Cell closures \$4.8 million (will experience some savings in operational costs once cells are closed)
  - Construction for expansion estimated at \$8.6 million
    - Transferring solid waste out-of-county as a long-term solution is more expensive, influences fuel costs
    - Will be necessary to continue offering this service
    - Responsibilities for maintaining and monitoring are infinite
    - Closure of cells #4 and #5 could be partial depending on design of #6
    - Use the “piggy-back” method to leverage air space before operating #7
  - Monitoring equipment at the old Calvert landfill is \$280,000
  - Heavy equipment

Commissioner Chapman asked how many counties in North Carolina currently operate landfills. He was concerned the County would run out of space at some point. The Manager stated that the staff will research to provide the data.

Commissioner Guice felt that the issue of landfills should be studied regionally. He acknowledged that the cost of transferring solid waste is much higher than managing in-county. He agreed with Commissioner Chapman’s concern that the County may run out of space at some point. He also pointed out that the financial responsibilities of owning a landfill are infinite. The Manager added that the business of solid waste is everchanging. The expense of operating and maintaining a landfill is significant. There are economies of scale in urban environments which is why private businesses can open landfills in more urbanized areas. In rural areas, the responsibility often falls on counties. Owning and operating a landfill is expensive, but even more so if not done correctly. The heavy equipment required to effectively operate and maintain a landfill is also very expensive.

Commissioner Dalton asked if the County had ever considered an incinerator that would generate power and solve the space issue. He shared that a county in Colorado that is similar to Transylvania County uses this method. The Manager’s understanding was that it had been explored in the past, but it was not an option that the Board at the time moved forward on. She said staff can explore the option further if the Board so desires.

Commissioner Dalton asked if the staff had considered leasing heavy equipment instead of purchasing equipment and having to maintain it. The Manager said the department currently does both. Staff typically review lease offers and evaluate whether the lease option is more beneficial than owning the equipment. One component that staff considers is whether there is a service contract provision. Specialized equipment requires service from the company. A mechanic onsite services most other equipment. The Manager shared that the County must account for leases on its financial books which the State Legislature requires.

Commissioner McCall agreed with Commissioner Dalton that the Commissioners should explore every option and opportunity to manage its waste, especially if the Board is concerned about the fiscal impact and environmental issues. The Manager stated that staff can collaborate with the engineer to provide the Board with further information. She pointed out that many counties choose to transfer their solid waste because their citizens do not want a landfill in their backyard. She also shared that international policies have made recycling more expensive.



Commissioner Dalton pointed out that the last landfill report the Board received indicated there were 150 years of landfill space remaining. The Manager confirmed and noted that the lifespan depends on usage and ever-changing regulations. There are streams located on the current property that will present challenges to expansion as well.

Commissioner Guice wanted to know how other communities in North Carolina and across the country are managing closed landfill cells. He shared that some communities are using closed landfills for housing and other types of uses. He referenced the former Ecusta property and pointed out that a majority of that property cannot be used for anything. He agreed that the County should explore all options for managing waste due to the large expense.

The Manager stated that staff had explored using the closed landfill at Calvert for solar to generate revenue to help offset the costs of managing the closed landfill. One of the challenges is when there is a cap on a landfill, the cap cannot be penetrated, so to use it for another purpose, it is necessary to float concrete across the top. The solar panels would not have generated enough funds to offset the cost. She further pointed out that when considering the reuse of a landfill, it first must be determined that the landfill was constructed properly. This is one of the reasons why she has emphasized the need to fund the heavy equipment that is necessary to achieve appropriate compaction. Without proper compaction, the landfill will shift over time as waste continues to compact and deteriorate, thus creating sinks.

The Manager continued with her presentation on capital needs.

#### General Projects

- Public Safety systems operational in 2009
  - Includes technological systems that are becoming obsolete but are required to be operational; will require regular upgrades to maintain security
  - Technology systems for all buildings have a lifespan and will require replacement at some point
- HVAC replacements, fire alarm systems, maintenance schedules including roof replacements, parking lot repaving
- Parks and Recreation
  - Master Plan list of improvements (2016)
  - Silvermont Master Plan improvements (2018)
  - Master plans could identify more (Gallimore Road/US 276 park property, Recreation Center, Rosman Community Park, South Broad Park)
  - Transylvania County Bike Plan (2019)

Commissioner McCall asked if the HVAC and roof replacements are on schedule. The Manager responded that the staff has begun adding the replacement schedule to the capital plan for funding purposes. It helps to save money in the long term by smoothing expenses from budget year to budget year while also ensuring the proper upkeep of buildings to avoid major repairs or damage.

The Manager pointed out that parking lots are another item staff are trying to factor into the capital improvements. Once a parking lot has degraded to a point, it must be completely dug up, which costs much more than a repaving job. Staff are trying to be proactive in all the maintenance schedules and thus she will continue to encourage the Board to provide funding for such. She pointed out that too often in local government when officials are looking to save money, they will cut maintenance budgets, but doing so generates additional costs overall.

Commissioner Guice asked the Manager to elaborate further on the proposed Detention Center security upgrades which he felt were extremely important. The Manager said most of the upgrades are technology

driven. Many of the items are tied back to software packages that are no longer being supported and thus require software upgrades. If a software package is no longer supported, there is a risk of experiencing a safety failure.

Commissioner Guice inquired about the Silvermont Master Plan improvements and whether a fund had been created to help with the costs. He said the facility is important to the community and wondered if there could be promotional opportunities to seek donations. The Manager stated that donations were set aside in a fund years ago to cover the renovations up to a certain point. There are minimal funds available for major improvements. Finance Director Jonathan Griffin weighed in and informed the Commissioners that the cash balance on that fund is \$337,000 and it would not cover more than a quarter of the capital improvements in that plan.

Commissioner Guice stated that it could be possible to use tourism funds to cover the costs of amenities in Parks and Recreation. The Manager stated the use of Occupancy Tax funds is restricted by State statute. Two-thirds of the Transylvania County Tourism Development Authority's annual budget must be for marketing purposes which limits the availability of those funds for other purposes. She encouraged communication between the Commissioners and the TCTDA to discuss opportunities for mutual goal-setting.

#### General Projects continued

- Library
  - Branch Library
  - Book Mobile replacement
  - Cantilever shade for the amphitheater stage (Library Foundation getting estimates on cost)
- Fire department buildings and substations are not universally assessed, and no capital planning or projections at this time

The Manager acknowledged that the list of capital needs is very daunting. At the second workshop, Tryon Advisors will perform modeling of the various projects based on the Commissioners' priorities, along with the different financing options. She encouraged the Board to begin thinking about their priorities. The Manager stressed that from a funding standpoint and a staff management standpoint, the County is of limited capacity.

The Manager informed the Board that Representative Johnson filed a local bill for Transylvania County that included \$2 million for communications towers, \$4 million for Brevard Middle School, and \$4 million for the new EMS Base. Staff should find out soon if the funding for those projects survived the State budget. She will continue to advocate to our legislators for funding to support major capital projects.

Commissioner Dalton stated he was on the Board of Aldermen when phase one of the Rosman Community Park was completed, but no effort has been made to move forward with the next phases. The Manager stated that the project remains on the staff's radar. The staff has been trying to determine the floodplain management implications. She pointed out that the park on Gallimore Road/US 276 has not been planned and that many of the master plans for Parks and Recreation will require refinement and updated cost figures.

Commissioner Chapman agreed that the list of capital items is daunting. If the list of capital projects is a priority, then he asked the Board why they would not start planning now, otherwise, projects will continue to be delayed. He also commented that he would like to have future discussions about cutting taxes. Commissioner Chapman then mentioned the letter the Board received at the start of this meeting

from the Board of Education and noted that any consideration of additional funding for the schools will require a tax increase.

Commissioner Guice stated it is important that the Board begin setting priorities. To him, education is a priority at both the K-12 and community college levels. With that said, he stated it was inappropriate for the Board of Education to send a letter to the Commissioners prior to the start of a meeting requesting millions of additional dollars in funding and expect a positive response. He stressed the importance of the two Board's having meaningful dialogue. In terms of the Courthouse, Commissioner Guice wondered if there were alternatives to a \$40 million+ facility that would meet the mandatory requirements. For that reason, he wanted to have further discussions with court professionals.

Commissioner McCall said the Courthouse needs to be addressed sooner rather than later, but she felt there was information yet to be gleaned. She stated she is a proponent of preventative maintenance, so she questioned the Board of Education's letter requesting an additional \$35 million. She wanted to know the specifics of what the \$35 million is expected to cover and why many of the issues, like leaking roofs, have not been repaired. She noted that the County has approved funding for identified capital improvements that have yet to be completed. Commissioner McCall stated that when a department has flexible use of its funds, she expected those funds to be directed to the most critical needs rather than the department diverting the funds elsewhere, then using the critical need to gain leverage for additional funding.

Commissioner Dalton called for a consensus on the FY 23 Budget. He reminded the Commissioners that further review of the capital needs will occur in a second workshop over the summer.

Commissioner McCall agreed with the recommended budget and was ready to move forward.

The Manager stated a public hearing has been scheduled for June 13 and June 20. She anticipated the Board would vote on the budget at its June 20 meeting to comply with statutes requiring approval of the budget by July 1.

Commissioner Guice was not ready to move forward with the budget without having a plan to address some of the needs that have been shared.

The Manager stated that it sounds like the Commissioners may want to consider a tax increase for major capital projects. She reported that the staff has an agenda review meeting tomorrow with the Chairman and Vice-Chairman to plan for the June 13 agenda. So, she will add continued budget deliberations to the June 13 agenda.

Commissioner McCall reiterated her support for the recommended budget. She supported moving forward with the design phase for the new Courthouse, but she was not necessarily ready to act on any other capital projects at this time.

Commissioner Guice referred to the Board of Education's letter once again and inquired about items the Board of Education cited as out of their control, like salary and benefits increases, nurses' salaries, vehicle insurance, etc. The Board of Education claims they need an additional \$129,566 in current expense funding. Being that the Commissioners received the letter prior to the start of this workshop, he was unsure if the Board of Education's requests were legitimate and whether they were even the responsibility of the County.

The Manager shared Commissioner Guice's frustration. She said the way funding for local current expense works is that the County allocates a lump sum to the Board of Education with no accountability

as to how those funds are spent. With that said, County staff analyzed the current expense funding three-quarters of the way through the year and determined there would be a small surplus going into the School System's fund balance. As of June 30, 2021, the Board of Education had a fund balance totaling \$1.7 million. In addition, the School System expects to receive \$1.5 million in Small School funding from the State which she felt was appropriate to offset the tax burden to taxpayers. The Manager felt secure with the recommended budget that the County is funding education at an extremely high level. The County provides more than \$12 million in current expense to the School System, in addition to capital funding.

Commissioner Chapman asked if the Board of Education is required to maintain a fund balance. The Manager said they typically need cash flow and so 8% is the benchmark number to target the amount of cash flow needed. Their fund balance exceeds 8%. She also reminded the Commissioners that the School System is experiencing a steady decline in student population.

Commissioner Guice pointed out that the letter indicated there were funds needed for roof replacements at Rosman Middle School and Rosman High School for \$400,000 that he thought were part of the bond projects. The Manager stated that the Board of Education includes these and other items in their annual capital allocation in case the Board of Commissioners does not move forward with the bond projects. She said when County staff reviewed the School System's budget request, they removed any items associated with the bond projects and increased their annual funding by \$400,000 to support their capital needs. She stressed that any additional funding would require a tax increase.

Commissioner McCall asked if the Board of Education has complete control over its current expense budget once the Board of Commissioners approves it. The Manager confirmed and stated this is the reason she includes per-student funding information in her budget presentation because it is the only way for her to gauge whether the County is adequately funding education.

Commissioner McCall recommended that the highest critical needs be met. She did not consider vehicle insurance the County government's responsibility.

Commissioner Dalton suggested the Board table the discussion until the next meeting.

The Manager will prepare an agenda item for the June 13 meeting to include additional discussion on the long-term capital and whether the Board wants to consider a tax increase to dedicate toward capital projects.

**Vice-Chairman Dalton moved to enter into a closed session per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney in order to protect the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, following a 10-minutes recess, seconded by Commissioner Guice, and unanimously carried.**

#### **CLOSED SESSION**

Per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney in order to protect the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, a closed session was entered into at 8:00 p.m. Present were Vice-Chairman Dalton, Commissioners Chapman, Guice and McCall, County Manager Jaime Laughter, County Attorney Bill Bulfer (participating via Zoom meeting software), and Clerk to the Board Trisha Hogan.

The Commissioners consulted with the County Attorney on privileged matters and directed staff on how to proceed.

**Commissioner McCall moved to leave the closed session, seconded by Commissioner Guice, and unanimously carried.**

**OPEN SESSION**

**Commissioner McCall moved to seal the minutes of the closed session until such time that opening the minutes does not frustrate the purpose of the closed session, seconded by Commissioner Guice, and unanimously approved.**

**ADJOURNMENT**

**There being no further business to come before the Board, Vice-Chairman Dalton moved to adjourn the meeting at 9:26 p.m., seconded by Commissioner McCall and unanimously carried.**

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Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

ATTEST:

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Trisha M. Hogan, Clerk to the Board