

MINUTES OF THE BUNCOMBE COUNTY BOARD OF COMMISSIONERS'

SPECIAL MEETING OF JANUARY 16, 2025.

BE IT REMEMBERED: That the Board of Commissioners met to hold a Special Meeting with the Asheville City School Board and the Buncombe County School Board on January 16, 2025, in the first floor conference room at 200 College Street in downtown Asheville, North Carolina at 9:00 a.m.

Present from the Board of Commissioners: Chair Amanda Edwards; Vice-Chair Martin Moore; Commissioner Terri Wells, Commissioner Al Whitesides; Vice-Chair Parker Sloan; Commissioner Martin Moore; Commissioner Jennifer Horton; Commissioner Drew Ball.

Present from the Asheville City School Board: Sarah Thornburg, Board Chair Rebecca Strimer, Vice Chair, George Sieburg, Amy Ray, Jesse Warren, Liza Kelly, and Pepi Acebo.

Present from the Buncombe County Board of Education: Rob Elliot, Chairman, Amy Churchill, Vice-Chair, Ann Franklin, Greg Cheatham, Rev. Charles Martin, Kim Plemmons, and Judy Lewis.

The Buncombe County Board of Commissioners, Asheville City Schools (ACS) Board of Education, and Buncombe County Schools (BCS) Board of Education heard a presentation on the School System Consolidation Feasibility Study by Dr. Tatia Prieto, founder of Prismatic Services. She explained that Prismatic Services is an 11-person team and a supporting workgroup comprised of staff from both school systems and the county, and that they followed an eight-task work plan to meet the County's requirements. From April to December 2024, Prismatic Services collected data, conducted 168 interviews, held seven focus groups, and hosted 10 community forums. More than 6,400 online survey responses were submitted by students, parents, school staff, and community members.

For the study, Prismatic Services reviewed:

- Governance, Policy, Procedures
- Educational Outcomes
- Student Wellbeing
- Instructional and Programmatic Offerings
- Student Enrollment
- Facilities
- Business Operations/Fiscal Impacts

- Management, Personnel, and Communications
- Child Nutrition
- Transportation

She explained that based on the literature review, constituent input, local environmental factors, the current operations, and academic outcomes of each school system, the report does not recommend consolidating ACS and BCS.

She noted that the recommendation is based on the following conclusions:

- Neither ACS nor BCS is in a financial or other crisis.
- No compelling evidence consolidation would improve student performance.
- No compelling evidence consolidation would substantially reduce costs.
- Little current collaboration between ACS and BCS.
- Strong local perceptions of “culture” differences that would need to be overcome in consolidation.
- Little local support for consolidation.

Dr. Prieto answered questions from all three entities concerning, financial health of each system, savings regarding support services, addressing salary schedule differences in the two systems, boundaries and school taxing concerns, size of the systems, underutilized facilities, and achievement gap concerns.

Heather Parkinson, Buncombe County Strategy & Innovation Manager asked the three board members to share something that stands out to them from this report. Answers from this discussion included: a very strong desire for the systems to collaborate for the benefit of all students in our community; financial concerns and opportunities, positive feedback from parents and students on their respective schools; opportunity to address the achievement gap that exists in both systems; and the similarities between the two systems on instructional focus to educate students.

Rachel Sawyer, Buncombe County Strategic Partnerships Director, thanked the three boards and the Prismatic team for their work on this project. She said that the next step will be to submit the report to the General Assembly by February and she explained that the School board members and county commissioners were not required to vote to accept the report, but they may choose to endorse the report as a matter of their boards' regular business.

John Hudson, Budget Director, provided a background and the current economic conditions. He explained that employment, housing, occupancy tax and sales tax are major factors impacting current economic conditions. He noted that single-family housing starts dropped around 60% since start of October compared to prior year and that Over 9,200 residential units were damaged by Helene, with 331 destroyed and 609 suffering major damage.

In regard to occupancy tax, October is historically one of the strongest months for occupancy tax during fiscal year and that compared to FY2024, occupancy tax collections are down 35% YTD (or \$5.9M). In regard to sales tax, October-December is historically the strongest three-month period for sales tax during fiscal year and that compared to FY2024, sales tax revenues are down 7% YTD (or \$1.0M). In summary, unemployment is above 10,600 as of November; 9,200 residential units damaged; new construction activity down significantly; Occupancy tax down \$5.9M vs. prior year as of November Sales tax down \$1M vs. prior year as of October. Hudson stated that the FY24 estimated ending fund balance as a percentage of expenditures is 17% with \$16 million appropriated in FY25. Hudson also covered the state and federal relief legislations that County is expected to receive following the Tropical Storm Helene. Hudson then explained current expenditure reduction plans to help balance the budget. He explained that there is currently a hiring freeze in which 89 vacancies are frozen. This is expected \$2M in salary budget reduction. Additionally, the Sheriff is freezing hiring of non-certified Law Enforcement Personnel for a \$4.2M reduction. Additionally, there are programmatic reductions across Public Health, Social Work Services, Justice Services, Economic Development, and Economic Services for a reduction of 2.5M. Operating is estimated \$5.1 reduction by deferring IT infrastructure and postpone software implementation; Deferred Scheduled Maintenance of County facilities and planned Energy Efficient upgrades; Reduction in Animal Shelter Capacity & Operations; Reduction in Library & Recreation Programming; Reduced Office Expenses & Medical Supplies; and Delayed Purchase/Replacement of Non-Capital Equipment. Reductions in Tax Reappraisal Funding, Future Conservation Easements, and Early Childhood Education funding can result in a \$1 million reduction. These total an estimated \$12.7 million reduction, or 4%. The proposed education reduction of \$4.8 million could result in \$17.6 million in total reductions.

Hudson and budget staff answered questions from board members concerning revenue recovery from hurricane relief, multi-family construction permits, possible change in the occupancy tax rates, and permit fees for hurricane damaged properties. He also stated that as required by General Statute 159-13(b)(9) the County Commissioners would hold a public hearing on this recommended budget reduction to the school systems on January 21, 2025. The school boards will have the opportunity to present information on the impact that these proposed reductions will have on the schools.

Rafael Baptista, Director of Strategy & Innovation, reviewed the state and federal relief legislation that has been passed since the impact of the hurricane on Western North Carolina. He shared how these funds could be used once received. Mr. Hudson then shared information on an Expenditure Reduction Plan to the County's Budget in order to find savings of approximately seventeen million dollars. The areas where budget cuts would occur are as follows: employee salaries and benefits; program support; operations; transfers and other financing; and education. Mr. Hudson addressed questions from the school board chairs regarding the reduction to the education budget.

Chair Edwards, Chairman Elliot and Chair Thornburg adjourned their respective boards at 12:40 p.m.

MINUTES OF THE BUNCOMBE COUNTY BOARD OF COMMISSIONERS'

SPECIAL MEETING OF JANUARY 16, 2025.

BE IT REMEMBERED: That the Board of Commissioners met to hold a Special Meeting for a Budget Retreat on January 16, 2025, in the first floor conference room at 200 College Street in downtown Asheville, North Carolina at 1:15 p.m..

Present from the Board of Commissioners: Chair Amanda Edwards; Vice-Chair Martin Moore; Commissioner Terri Wells, Commissioner Al Whitesides; Vice-Chair Parker Sloan; Commissioner Martin Moore; Commissioner Jennifer Horton; Commissioner Drew Ball.

Chair Edwards reconvened the Board of Commissioners for the Budget Retreat of the Board at 1:15 p.m. John Hudson, Budget Director, gave an overview and background of structural budgeting; fund balance; revenue drivers; and recovery operations. He explained that pursuant to NCGS 159-8, the sum of estimated net revenues and appropriated fund balances is equal to appropriations. He explained that Ad Val property tax is the County's largest revenue stream and that the last reappraisal in 2021 and the next appraisal are slated for 2026. The tax rate increases in FY24 and FY25, noting that FY24 there was a 1 cent increase for education and FY25 a .75 cent of 1.96 cent increase for education. Eric Cregger, Interim Tax Assessor, showed maps of FEMA verified damage maps noting the impact this will have on future property tax collection. Hudson further explained that the state and counties each levy sales taxes and that the state levies 4.75% in which all proceeds are kept by the state. Buncombe County levies 2.25%, in which most proceeds are shared with municipalities, fire districts and Asheville City Schools. He stated that there is an uncertain revenue stream in normal times; more-so post Helene and that research suggests that, on average, after a major disaster, local government sales tax revenue takes several years to return to pre-disaster levels. Hudson further outlined expenditure drivers, which include salaries and benefits, program support, operations, transfers and other financing, capital outlay for repairs, debt and recovery. The Board discussed refocusing budget for recovery and the 2025 strategic plan. Rafael Baptista, Director of Strategy & Innovation explained that prior to Helene, staff and the Board had worked with the community to develop a near final draft of the 2030 Strategic Plan which will need to be adjusted to reflect changing needs and priorities post Helene and that currently, Staff are working to develop a plan to update the draft 2030 Strategic Plan to be adopted in the coming fiscal year that is focused and aligned with the long-recovery work related to Helene. Rachael Sawyer, Recovery Lead then went into detail about the County's recovery efforts. She touched on each of the current recovery support functions and their current as well as ongoing needs. In summary, she explained that the immediate response phase is wrapping up and that Recovery phase underway. Community and partner engagement is critical, and recovery will require collaboration with all available funding and resources.