

**MINUTES**  
**TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS**  
**June 20, 2022 – REGULAR MEETING**

The Board of Commissioners of Transylvania County met in a regular meeting on Monday, June 20, 2022, at 6:00 p.m. in the Multipurpose Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

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

Media: Jordan Morgan – *The Transylvania Times*

There were approximately 30 people in the audience.

**CALL TO ORDER**

Chairman Jason Chappell presiding declared a quorum was present and called the meeting to order at 6:02 p.m.

**WELCOME**

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

**PUBLIC HEARING**

FY 2023 TRANSYLVANIA COUNTY BUDGET

The Manager presented a summary of the FY 2023 recommended budget for Transylvania County for the public hearing.

**Key Trends for FY 2023**

- Property tax is the only way Commissioners can raise revenue to pay for County services
  - Makes the tax base very important
  - Our current mix skews heavily toward residential meaning that residential bears the burden of any tax increase; differentiates Transylvania County from other counties in the area
- Population changes
  - 2010 to 2020 Census saw the population slightly decline from 33,090 to 32,956
  - However, housing units increased from 19,163 to 19,818 while owner-occupied units decreased from 77.5% to 75.6%, likely due to the short-term rental market
    - Households went up from 13,735 to 14,648
  - Data indicates that the population figure may be artificially low (second homes, tourism)
    - The population has an impact on funding formulas
    - An indication that the population is changing reflecting 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 reflective of the decrease in the number of students
  - Ages 65 and over increased from 25.8% to 31.4%
- Real estate pressures continue with a high volume of property transfers and building permits
- Economic development interest is high
- This budget does not cover all the needs requested or stated by leadership across County departments and responsibilities
  - Every year there tends to be a \$4 million gap average between the requested and recommended budget
  - Service demands are high across the board

### Highlights for FY 2023

- The property tax base increased by 2%; the County's primary revenue source as allowed by statute; reflective of growing revenue
- A total budget of \$74,346,480 with the same tax rate as FY 22 of \$0.6033/\$100 valuation
- Taxes collected are spent on many different functions, some of which are mandated and others at the demand of the public
  - \$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 (Courthouse and pay-as-you-go for Emergency Services, Economic Development, Parks and Recreation)
  - \$0.113 for the Office of the Sheriff
  - \$0.132 for all remaining County services and operations
- Total expenditures reflect 2.4% growth for the general fund as a whole
- Full-year of service for three new initiatives started in FY 2022 that bring in revenue to offset the cost of operations
  - Passport Agency
  - NC Vehicle Tag Office
  - Housing federal inmates in the jail facility
- The budget prioritizes maintaining existing staff levels and benefits and tries to combat economic inflationary impacts, such as fuel, without increasing the property tax rate
  - Budget requests were otherwise moved to prior year expenditure levels or multi-year trendline spending to balance the budget without additional revenue required
- Baseline annual capital proposed
- The focus is on existing personnel
  - Reclassification of three positions in Parks and Recreation, Cooperative Extension, and the Library which are included in the budget
- \$1.2 million for courthouse planning in an 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
- The budget includes funds for several initiatives with the Town of Rosman, the City of Brevard, and nonprofit partners
  - Community Center support for Wi-Fi and capital improvement program in the form of grants
  - Support for the Rosman pool
  - Agreement with Rosman for leachate disposal

The following projects will be funded with separate capital funds outside of the actual budget but will impact the workload in the coming fiscal year:

- The construction of a sewer line that will provide expansion support to Gaia Herbs and extend service for 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 and the only revenue that counties are authorized by statute to levy; property tax is used as collateral for financing methods
- Sales tax remains at 18% of the budget
  - Statutory spending requirements
- New revenue reflected from federal inmate housing, Passport Office and Tag Office that supports those new services
- Some dollars come into the County that are then transferred out to other agencies
  - Pass-through funds must still be accounted for in the annual budget

### **Expenditures**

- Overall, the same distribution of expenditures from FY 2022 is reflected in the FY 2023 Budget
  - Slightly higher share in the Department of Social Services and Public Health
- Transfers show the bond, required fund transfers, and remittances as 13% of the budget
- Personnel is the highest cost in providing County services at 37%; County services are often person-to-person

### **Education and Fire Department Agencies**

- Recommended the same increase for K-12 Education as other County services at 2.4%
  - Recommended local operational funding at \$13,086,152
  - Recommended capital funding at \$2,074,271 by project with fund disbursement being made after documentation is provided for projects over \$50,000
- Blue Ridge Community College
  - Recommended local operational funding at \$619,680
  - Recommended capital funding at \$212,240
- Fire and Rescue agencies
  - 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 (2.8 cents/\$100 valuation)
  - A 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. This will remove capacity pressure from the Rescue Squad that generated the staffing request.
  - Universal needs expressed included pay adjustments for paid staff and higher fuel costs
  - The review committee recommended a 5% paid staff increase for all department budgets (more than some asked for)
  - The last two years combined slightly exceed the percentage for County staff as a benchmark
  - Average operational increases of 3.67%

### **General Fund Summary**

- Balanced budget of \$74,346,480

- First full year of new services including Passport Office and Tag Office reflecting an increase in the budget over FY 2022
- The tax rate remains stable at \$0.6033/\$100 valuation

### **Solid Waste Enterprise Fund Summary**

- Balanced budget of \$4,414,405
  - Fee revenue at \$2,635,250
  - Balance is from property tax collections and net position appropriation
- Includes scheduled capital equipment replacements and the refurbishment of 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 for a few more years before needing to be re-evaluated

### **Forecasted Needs and Emerging Issues**

- Mental Health is a concern, not only for the general public but also for youth and service providers
  - Service providers- EMS, Law Enforcement, Social Workers, Animal Control, Dispatchers, and other County workers who are exposed to traumatic events throughout their career
- Need to consider support services staffing as the County government and services continue to grow
  - No increases in departments of Human Resources, Operations/Maintenance, and Information Technology in many years while the workload has grown
- Staffing with community growth and aging population which would impact Building Permitting, Environmental Health, and EMS
- Consider staffing with capital growth
- Technology and cyber-security needs
- Solid Waste new cell and cell closures
- Fire departments struggling to get volunteers which will likely require more staffing
- Education funding
- Public service workforce projections with post-COVID retirements and fewer people choosing public service career fields
- Major capital
  - A workshop will be held this summer with more detail
  - Capital can drive additional operational costs
  - Significant capital improvement plan with projections of \$233 million in projects

### **FY 2023 Recommended Budget Amendment #1 – Non-General Fund Changes Since Presentation of Recommended Budget**

- Technical correction to Little River Fire District revenue: \$1,575 included in property tax estimate
- Revenue modifications based on factors outside of the County's control:
  - Revenue adjustment for Deed Stamp Fund to expectations: increase of \$15,000
  - 911 Fund: decrease of \$37,271 based on the State's recommendation
  - Narcotics Fund: decrease of \$15,000 based on ABC Board policy change
  - Fines and Forfeitures Fund: increased by \$40,000 based on a 12-month trend change since the projection

### **FY 2023 Recommended Budget Amendment #1 – TDA Capital Funding**

- Commissioners held a budget workshop on June 6, 2022, and discussed the long-range capital planning

- Commissioners mentioned accounting for Occupancy Tax revenue and opportunities to use funds from visitation to enhance recreation. The TCTDA has already committed \$1 million to the Ecusta Trail project.
- The County Commissioners set the Occupancy Tax rate
- The County-appointed TCTDA Board makes decisions on funding as County representatives
- This amendment incorporates the TCTDA's capital plan into the County's capital planning document
- By current statute, no more than one-third of the annual revenue can be used for non-marketing purposes
- Reflected allocation of \$1 million to the Ecusta Trail and \$40,000 split over the next two years for the Community Appearance Initiative

**Chairman Chappell declared the public hearing open at 6:14 p.m.**

Bruce Gleasman: Mr. Gleasman said that he did not understand how the County's budget continues to rise while the population has remained flat. He questioned the funds that were coming into the County and why those dollars do not result in a property tax decrease.

There were no further comments, **therefore, Chairman Chappell declared the public hearing closed at 6:19 p.m.**

#### **PUBLIC COMMENT**

There were no public comments.

#### **AGENDA MODIFICATIONS**

There were no agenda modifications.

**Commissioner McCall moved to approve the agenda as submitted, seconded by Commissioner Chapman, and unanimously approved.**

**Chairman Chappell moved to enter into a closed session per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, seconded by Commissioner Chapman and unanimously approved.**

#### **CLOSED SESSION**

Per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, a closed session was entered into at 6:25 p.m. Present were Chairman Chappell, Commissioners Chapman, Dalton, Guice, and McCall, County Manager Jaime Laughter, and Clerk to the Board Trisha Hogan. County Attorney Bill Bulfer joined the meeting via Zoom meeting software. The closed session was held in the Arthur C. Wilson, Jr. Conference Room.

The Board of Commissioners consulted with the County Attorney on a privileged matter and directed staff on how to proceed.

**Chairman Chappell moved to leave the closed session, seconded by Commissioner Dalton and unanimously approved.**

### **OPEN SESSION**

The Board of Commissioners reentered the open session at 7:38 p.m.

**Chairman Chappell 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.**

### **CONSENT AGENDA**

**Commissioner McCall moved to approve the Consent Agenda as submitted, seconded by Commissioner Guice, and unanimously approved.**

The following items were approved:

#### OPIOID SETTLEMENT SPECIAL REVENUE FUND

The County is a party to the statewide memorandum of agreement concerning the North Carolina Attorney General's actions in the nationwide opioid class action lawsuit. These funds will be used to support treatment, recovery, harm reduction, and other life-saving programs and services in communities throughout the State. Under that agreement, the County is required to account for the revenues and expenses related to this program via a special revenue fund which would be subject to periodic auditing. The County received \$123,119.27 on June 1, 2022, which is the first tranche of the 18-year agreement. Staff expected to receive these after July 1, 2022, to begin addressing needs in the new fiscal year. The receipt of these funds in FY 2022, rather than FY 2023, moves up the calendar and requires Board action earlier. Staff drafted a resolution establishing an Opioid Settlement Special Revenue Fund which requires approval by the Board. The State recommended that counties not spend these resources between now and June 30, so for fiscal control purposes, staff recommended a budget of \$1. The Board adopted the resolution establishing the special revenue fund ordinance as submitted.

### **RESOLUTION #25-2022 ESTABLISHING SPECIAL REVENUE FUND ORDINANCE**

WHEREAS, the North Carolina Local Government Budget and Fiscal Control Act (N.C.G.S. § 159) imposes certain restrictions on local government units and articulates the procedures under which government units must structure their financial activities and places those activities under the general oversight of the Local Government Commission; and

WHEREAS, the County of Transylvania was a party to the memorandum of agreement between the State of North Carolina and local governments and will receive distributions of revenue from that settlement for the period beginning June 1<sup>st</sup>, 2022, through June 30<sup>th</sup>, 2038, and an amount not to exceed \$3,204,597 across the eighteen-year payment period;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF TRANSYLVANIA COUNTY:

Section 1. There shall be created a special revenue fund belonging to the County titled the Task Force Special Revenue Fund.

Section 2. There are hereby estimated to be the following revenues and expenditures available in the Opioid Settlement Fund beginning June 1<sup>st</sup>, 2022, through June 30<sup>th</sup>, 2022.

Revenues	\$1 of revenue from the Opioid Settlement
Expenditures	\$1 of expenditures

Section 3. This fund shall be included in the annual budget ordinance effective July 1, 2022.

Adopted and approved this 20<sup>th</sup> day of June 2022.

S://Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

#### ESTABLISH MULTI-YEAR GRANT FUND

The County receives several significant federal and State grants. Several of these grants cross multiple fiscal years or otherwise do not fall under the typical annual budget process. Many of the recent large grants, particularly for the Public Health Department, are for operating expenses rather than capital outlay. Some of these grants are so large as to be misleading to the average citizen reviewing the County's financial statements. For instance, a \$1 million grant for Public Health Department to lead a multi-county workforce development project could read to the average citizen as the County making a sudden large expenditure investment in Public Health, and then abruptly cutting it a year later, if such appropriation runs through the general fund.

The Local Government Budget and Fiscal Control Act offers an alternative budget method that would be appropriate for these funds and provides a significant advantage in clarity of accounting. For some of these grants, the County adopts budgets that cover the life of these particular grants as if they were capital construction projects, so long as they conform with the following rules:

- The governing board adopts a project ordinance to cover the grant
- The project ordinance specifies all sources of revenues and balances against total expenditures
- The budget figures contain the entire life of the project, rather than the portion to be spent in FY 2022, FY 2023, or FY 2024

To streamline this process, staff identified the following grants as candidates for being housed in a single Multi-Year Grant Fund:

- The American Rescue Plan Act resources, which have been obligated but not expended (\$6.6 million)
- NCDHHS Agreement Addendum #621 - \$1 million to Transylvania Public Health to lead a Western North Carolina workforce development project
- NCDHHS Agreement Addendum #466 - \$39,900 to work on public health equity projects.
- NCDHHS Agreement Addendum #620 - \$120,101 to work on school health promotion projects

On the ARPA resources, the Government Finance Officers Association recommended using a multi-year tracking method for the budgeting of these funds, so this method would be adopting a best practice. Currently, staff budgeted ARPA funds in the Disaster Response Fund, a special revenue fund that also included the financial activity for the CARES Act and COVID-19 FEMA, so this will clean that up.

On the Health Department options, this is a better option for the County because it will segregate these major one-time revenues and expenses out of the General Fund and offer clarity to the taxpayer about the budget.

The actual financial impact to the County of establishing the Multi-Year Grant Fund Ordinance is zero. However, the legal budgetary impact would be to reduce the size of the General Fund by the following amounts, based on current budget levels:

- \$1,039,900 in FY 2022
- \$567,980 in FY 2023

The Board adopted the resolution establishing the Multi-Year Grant Project Ordinance Fund for accounting for the grant projects as listed above.

**TRANSYLVANIA COUNTY  
MULTI-YEAR GRANT PROJECT ORDINANCE FUND**

**WHEREAS**, The Transylvania County Board of County Commissioners receives from time-to-time restricted grant resources; and

**WHEREAS**, grant revenue may only be spent for purposes authorized by grant award agreements, federal regulations or other public laws; and

**WHEREAS**, the Board of Commissioners may, in its discretion, adopt, and authorize the budget for a grant in a project ordinance pursuant to N.C.G.S. § 159-13.2;

**THEREFORE, BE IT ORDAINED** that the Board of Commissioners of the County of Transylvania hereby establishes a multi-year grant project ordinance:

**SECTION 1.)** The estimated revenues and appropriations for expenditures for each grant project shall be included in Exhibit A of this schedule and are authorized as if fully set forth herein.

**SECTION 2.)** The Finance Officer is hereby directed to account for all grant revenues and expenditures related to these approved projects in the Multi-Year Grant Project Ordinance Fund.

**SECTION 3.)** The Multi-Year Grant Project Ordinance is to remain operational for a period not to exceed five years.

**SECTION 4.)** The Finance Officer is hereby directed to maintain within the grant project sufficient specific detailed accounting records to satisfy the disclosure requirements of all the contractual agreements, if applicable.

**SECTION 5.)** Copies of this grant project fund ordinance shall be furnished to the County Manager, County Clerk to the Board, and the County Finance Officer for the direction of carrying out these projects.

**SECTION 6.)** The Finance Officer is hereby directed to report on the revenues and expenditures by grant project authorized in this fund on a quarterly basis.

**SECTION 7.)** The Board of County Commissioners reserves the right to modify this project ordinance to add additional grant projects as necessary, or to remove projects as they are completed. Any such



addition or closure of projects contained in the Multi-Year Grant Project Fund shall be considered in a regular meeting of the Board of County Commissioners.

Established this 20<sup>th</sup> day of June 2022

S://Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

HOME & COMMUNITY CARE BLOCK GRANT FUNDING PLAN

Due to a lack of participation in its meetings, the Council on Aging was not able to make a formal recommendation to the Board of Commissioners on the County's funding plan for the Home and Community Care Block Grant. Historically, the Council on Aging's recommendation is included as part of the County's budget, but without their recommendation, the Board of Commissioners must act.

The total pot of funds available for allocation is \$321,619, split between a \$320,179 line item for general services and \$1,440 for legal services. Staff have reviewed the funding requests and recommended the following allocations by agency:

Agency	Function	Rate	Units	Total
County	Transit (General)	\$2.07	3,626	\$6,770
County	Transit (Medical)	\$8.12	481	\$3,518
MountainCare	Adult Day	\$84.71	78	\$5,947
MountainCare	Adult Health	\$95.70	104	\$8,958
MountainCare	Adult Transit	\$25.20	450	\$10,206
WNCSource	Congregate Nutrition	\$15.87	6345	\$85,569
WNCSource	Home Delivered	\$10.37	2972	\$24,802
WNCSource	Home Delivered Supplemental	\$4.92	3389	\$15,018
Pisgah Legal	Legal Aid	\$123.07	13	\$1,440
HCA Healthcare	In-Home Aide I	\$69.38	465	\$29,039
HCA Healthcare	In-Home Aide II	\$39.67	2020	\$72,135

Key points about this recommendation:

- It funds only 25% of MountainCare's requests, which is sufficient for their normal operations for July to September while we wait to learn about the future of adult day facilities in Transylvania County.
- As of this date, the County has not received the formal application from HCA Healthcare, but staff have been in communication with HCA staff about applying. This funding plan holds them to last year's units and totals in the meantime.
- The Pisgah Legal line item is abnormally low, because under HCCBG procedures, in the first pass, only the amount set aside for legal services may be allocated. Pisgah Legal may be allocated additional dollars in future funding plan revisions.
- A total of has been \$263,402 allocated. The remainder would be allocated in early August or September.

The Board adopted the Home and Community Care Block Grant County Funding Plan as presented.

### NEW PURCHASING CARD VENDOR FOR TRANSYLVANIA COUNTY

In 2017, the County utilized its option under a statewide contract to transition from a credit card system, where First Citizens Bank issued general credit cards and they were checked in and out of the Finance office to a consolidated platform with Bank of America where credit cards are issued to and are the responsibility of individual employees.

At the time, Bank of America was primarily selected for two reasons. Bank of America offered a web-based platform for reconciling receipts and a rebate program based on the performance of the statewide contract whereby Bank of America would pay participating governments to use their card program. Two key updates since then are:

1. The County no longer utilizes the web-based platform for reconciling credit card receipts. Instead, it imports the transactions directly into the County's accounting software and is reconciled there, consistent with the process for paper invoices and other payables. This was a major internal control improvement since 2018.
2. Bank of America has fallen behind on the statewide rebate program and has not issued a rebate to the County for its share of purchases since 2018. Because the County is a part of the statewide contract, it cannot act individually

Additionally, the County has experienced the following issues:

1. Bank of America's security features are reduplicative and limit the ability of Transylvania County employees to use the card with ease:
  - a. All card users are issued a PIN that only Bank of America can reset, so there are often issues where employees need support, and cannot be supported by peers in the County.
  - b. Their fraud program has at times flagged legitimate transactions and frozen County employees from the use of their cards to the extreme of not allowing County employees to be able to check into hotel visits for normal reasons.
2. The County's credit limit with Bank of America was set at \$100,000, which means that at certain peak purchasing times, the County has maxed out its corporate policy. The paperwork process for establishing a new credit limit with Bank of America is indistinguishable from setting up a new account, so it seemed reasonable to explore other options if the workload was going to be the same.

A new vendor does not obligate the County to expend any money and there is no fee for staying with Bank of America or switching to another vendor.

Finance Director Jonathan Griffin participated in software demonstrations by JP Morgan Chase and First Citizens Bank and recommended the County switch to JP Morgan Chase as its credit card vendor. JP Morgan Chase's corporate program has been operational for several years, while First Citizens Bank is just getting into the business and the program is only a few years old.

JP Morgan Chase also offered a guaranteed rebate program based on the County's annual spending. A percentage of the total value spent will be paid back to the County based on the schedule in the proposal. The County will be able to contest a lack of payment on its own right under the contract by nature of it being a one-to-one agreement between JP Morgan Chase and the County. Additionally, JP Morgan Chase had a better-integrated software program where paying the monthly statement, changing security settings, and assisting employees with lost cards and PINs are all on the same web portal, rather than three separate pages.

The Board authorized the Finance Director to execute documents with J.P. Morgan Chase as requested.

MODIFICATION OF LEAVE ACCRUAL DATE FOR TRANSYLVANIA COUNTY TOURISM DEVELOPMENT AUTHORITY (TCTDA) STAFF

In preparation for the potential transition of TCTDA staff into County employment, the TCTDA requested staff be given credit for their continuous service to the Chamber of Commerce toward their leave accrual rate. If approved, these employees would accrue leave at a slightly higher rate than new employees based on their years of service with the Chamber/TCTDA. The County's current Personnel Policy allows for modified leave accrual dates based on prior service in the North Carolina Local Government or State Employees' Retirement System. The Manager and the Board of Commissioners must approve other modifications. The Board allowed modification of the leave accrual date for the TCTDA staff to be the date on which they were employed by the Chamber of Commerce.

DISCOVERY, RELEASE, AND MONTHLY SETTLEMENT REPORT

Per N.C.G.S. § 105-312 (b), the Tax Administrator must see that all property not properly listed during the regular listing period be listed, assessed, and taxed. The Tax Administrator shall file such reports of discoveries with the Board of Commissioners. Per N.C.G.S. § 105-381 (b), the Tax Administrator must provide a monthly report to the Board of Commissioners of the actions taken by the Tax Administrator on requests for release or refund, which shall be recorded in the minutes. For May 2022, tax dollars released totaled \$1,460.40 and refunds amounted to \$122.48. For the period June 1-20, 2022, tax dollars released totaled \$117.11, and refunds amounted to \$804.80. The Board of Commissioners approved the Discovery, Release, and Monthly Settlement Reports for May 2022 and June 1-20, 2022, as presented.

PROCLAMATION – PARK AND RECREATION MONTH

In July 2022, the National Recreation and Park Association is sponsoring another year of its annual Park and Recreation Month. For 2022, the theme is “We Rise Up for Parks and Recreation”, which brings attention to how important it is to rise up and support this field, because every day, park and recreation professionals rise up for the communities in service of equity and overall health and well-being. The Board approved Proclamation #23-2023 Designation of July as Park and Recreation Month.

**Proclamation #23-2022  
Designation of July as Park and Recreation Month**

**WHEREAS**, parks and recreation is an integral part of communities throughout this country, including Transylvania County; and

**WHEREAS**, parks and recreation promotes health and wellness, improving the physical and mental health of people who live near parks; and

**WHEREAS**, parks and recreation promotes time spent in nature, which positively impacts mental health by increasing cognitive performance and well-being, and alleviating illnesses such as depression, attention deficit disorders, and Alzheimer's; and

**WHEREAS**, parks and recreation encourages physical activities by providing space for popular sports, hiking trails, swimming pools, and many other activities designed to promote active lifestyles; and

**WHEREAS**, parks and recreation is a leading provider of healthy meals, nutrition services, and education; and

**WHEREAS**, park and recreation programming and education activities, such as out-of-school time programming, youth sports, and environmental education, are critical to childhood development; and

**WHEREAS**, parks and recreation increases a community's economic prosperity through increased property values, expansion of the local tax base, increased tourism, the attraction and retention of businesses, and crime reduction; and

**WHEREAS**, parks and recreation is fundamental to the environmental well-being of our community; and

**WHEREAS**, our parks and natural recreation areas ensure the ecological beauty of our community and provide a place for children and adults to connect with nature and recreate outdoors; and

**WHEREAS**, the U.S. House of Representatives has designated July as Parks and Recreation Month; and

**WHEREAS**, Transylvania County recognizes the benefits derived from parks and recreation resources;

**NOW, THEREFORE, BE IT RESOLVED BY** the Transylvania County Board of Commissioners that July is recognized as Park and Recreation Month in Transylvania County.

This the 20<sup>th</sup> day of June 2022.

S://Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

**RESOLUTION ALLOWING RETIRING OFFICER TO PURCHASE SERVICE HANDGUN**

Sam Owen will retire from the Transylvania County Sheriff's Office effective July 1 with 19 years of service. N.C.G.S. § 20-187.2 allows the governing board to award to a retiring member the service gun of the retiring member. Sheriff Mahoney requested the Commissioners approve a resolution allowing Sam Owen to purchase his service handgun for the price of \$1.00. The Board approved Resolution #24-2022 Allowing Retiring Officer to Purchase Service Handgun.

**RESOLUTION # 24-2022  
ALLOWING RETIRING OFFICER TO PURCHASE SERVICE HANDGUN**

**WHEREAS**, NC General Statute § 20-187.2 provides that the governing body of a local law enforcement agency may, in its discretion, award to a retiring member the service handgun of the retiring member; and

**WHEREAS**, Sam Owen is a member of the Transylvania County Sheriff's Office where he has served as Investigator, Deputy Sheriff, Patrol Sargent, and most recently as Patrol Lieutenant; and

**WHEREAS**, Sam Owen will retire from the Transylvania County Sheriff's Office effective July 1, 2022, with 19 years of service to the Sheriff's Office;

**NOW, THEREFORE, BE IT RESOLVED** by the Transylvania County Board of Commissioners to allow Sam Owen to purchase his service handgun in accordance with the provisions of NC General Statute § 20-187.2 for the purchase price of \$1.00.

This the 20<sup>th</sup> day of June 2022.

S://Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

## PRESENTATIONS/RECOGNITIONS

### RECOGNITION OF OUTGOING CITIZEN ADVISORY COUNCIL MEMBERS

In July 2015, the Board of Commissioners implemented a recognition program to express their appreciation to citizens who volunteer their time and expertise on the County's citizen advisory councils. The Board recognizes citizens on a semi-annual basis. This period covered January 1, 2022-June 30, 2022. Chairman Chappell presented each person in attendance with a certificate of appreciation and a mug with the County logo. The Clerk extended the invitation to either of the June meetings. The Clerk will mail certificates to those citizen volunteers who are unable to attend.

Gregory	Evans	Transylvania Natural Resources Council
Talomy	Vaughns	Joint Historic Preservation Commission
Renay	Knapp	Transylvania County Council on Aging
Elaine	Russell	Personnel Board
Susan	Huter	Child Fatality Prevention Team
Susan	Huter	Community Child Protection Team
Susan	Huter	Juvenile Crime Prevention Council
Emily	Ullmer	Nursing & Adult Care Home Advisory Committee
Danny	Hein	Parks and Recreation Commission
Danny	Hein	Workforce Development Board
John	Blythe	Agricultural Advisory Board
Molly	Jenkins	Joint Historic Preservation Commission
Jane	Wheless	Nursing & Adult Care Home Advisory Committee
Richard	Houck	Transportation Advisory Committee
Wayne	Rundell	Parks and Recreation Commission
Terry	McCracken	Planning Board

## APPOINTMENTS

### CHILD FATALITY PREVENTION TEAM

The terms of Heather Bradley, Kim Bailey, and Jennifer Anderson expire at the end of June. All serve very specific roles on the Child Fatality Prevention Team per statute. The Board of Commissioners has been given the authority to make these appointments per statute.

**Commissioner Guice moved to reappoint Heather Bradley as the CFPT Coordinator, Kim Bailey as the EMS Provider, and Jennifer Anderson to represent Public Health, seconded by Commissioner Dalton and unanimously approved.**

### JUVENILE CRIME PREVENTION COUNCIL (JCPC) MEMBERSHIP CONSOLIDATION

The JCPC's membership is laid out in the statutes. Under N.C.G.S. § 143B-846, a JCPC has the following membership restrictions:

1. It "shall consist of not more than 26 members".
2. It should "include, if possible, the following positions", a list that includes the following options: the Chief Court Counselor or their designee, a local Chief of Police or their designee, a County Commissioner, a County Manager or their designee, a District Attorney or their Designee, a Social Services Director or their designee, a Health Director or their designee, a Local School Superintendent or their designee, a Member of the Business Community, a Member of the Faith

Community, a Mental Health Director or their designee, a Juvenile Defense Attorney, a staff person from the Parks and Recreation department in a community, the Sheriff or their designee, two students (school-aged individuals), a substance abuse professional, a District Court Judge, and a representative from the local United Way or their designee.

The JCPC has struggled over the last three years to maintain membership and meet the requirements of a quorum to undertake its business. The Board previously eliminated or consolidated several positions to get 19 appointees, but the JCPC is still struggling. Eliminating two positions would put it at 17 total seats which is still an extreme outlier compared to other JCPC groups, but gives it a quorum of nine, which would be workable given the current attendance rates.

Per the recommendation of staff, **Commissioner Guice moved to appoint J. Elliott Dugger as the County's Local Judicial System Representative (he is serving on the JCPC as a part of his required community services hours for the local bar) and eliminate two County at-large appointee seats (formerly occupied by J. Elliott Dugger and Susan Huter), seconded by Commissioner McCall and unanimously approved.**

#### SOCIAL SERVICES BOARD

Jamie Gilmore's term on the Social Services Board expires June 30. She serves as the State Appointee but does not intend to seek a second term. Page Lemel's term expires on June 30. She serves as the County Commissioner Appointee but has submitted her application to serve as the State Appointee. There are applications on file to fill the County Commissioner Appointee position should the Board want to consider them. Commissioner McCall has also expressed an interest in this role. Ms. Lemel has received notice that she will serve as the State Appointee.

**Commissioner Chapman nominated and moved to appoint Commissioner Teresa McCall as the County Commissioner Appointee effective July 1, 2022, seconded by Commissioner Guice and unanimously approved.**

#### TRANSYLVANIA ECONOMIC ALLIANCE BOARD OF DIRECTORS

The Transylvania Economic Alliance has revised its bylaws for the makeup of its Board of Directors to include ex-officio elected official representation from Transylvania County and the two municipalities. The Board of Commissioners has expressed an interest in them doing so for some time.

**Commissioner Chapman nominated and moved to appoint Commissioner Jake Dalton to serve in an ex-officio role on the Transylvania Economic Alliance Board of Directors, seconded by Commissioner McCall and unanimously approved.**

### **OLD BUSINESS**

#### REQUEST BY THE BOARD OF EDUCATION TO CONSIDER REVISED ARCHITECTURAL CONTRACTS FOR SCHOOL BOND PROJECTS

The Manager introduced this item. The Board of Education requested that the Board of Commissioners consider approval of amendments to the architect's contracts for the school bond projects that affect Brevard High School, Rosman High School, and Rosman Middle School and move forward with a reduced scope (Option 1) to fit into the \$68 million budget. The Commissioners consulted with the County Attorney and reached a consensus to take one of two actions, subject to certain conditions and affirmations from the Board of Education.

***Action Option A:***

Approve the architect's contracts to move forward with Option 1 as requested by the Board of Education within the remaining available bond budget.

***Action Option B:***

Approve the architect's contracts to move forward with Option 1 presented by the Board of Education within the remaining available bond budget. Approval is conditional on a mutual agreement to modify the existing Memorandum of Understanding as contemplated by the Commissioners.

The Manager recommended the Board consider whether they desire changes to the Memorandum of Understanding as a requirement for approval of Option 1 or any other conditions, and if so, decide which amendments are appropriate, and consider approval of Option 1 as outlined.

**Chairman Chappell moved to approve Option 1, with conditions. While Option 1 is being approved, there is a significant possibility that Option 1 will not be viable and that, as a result, the Board of Education's urgent request for approval may reduce the overall amount of money available to assist with necessary school projects. The Board of Education has the option to delay its request for a period of one year in an effort to reduce the economic uncertainty if they so choose. Also, the balance of the \$68 million that has not already been spent or allocated is the amount that will be available to complete Option 1 and the Board of Commissioners requests confirmation in writing from the Board of Education that the amount allocated and the project scope identified is in the best interest of the students of Transylvania County and is sufficient to support a system of free public schools. Commissioner Guice seconded the motion.**

Commissioner Chapman read the wording from the bond referendum that was subsequently passed by the voters. He interpreted the language to mean that the bond is for the improvement of the schools and does not limit the projects to Brevard High, Rosman Middle, and Rosman High Schools. He reminded the public that the Transylvania County School System has nine schools which means six of those schools would receive no repairs or improvements from the bond funds. Based on information presented to the Commissioners by the Board of Education, it will require millions of additional dollars to pay for repairs and improvements to the other school facilities. He questioned where the money would come from. Commissioner Chapman was concerned about the reduction in the scope of the original projects and whether the students would see a benefit. He recommended the Board of Education pause moving forward because the project scope is currently 25%-30% less than what citizens voted for. He pointed out that approval of Option 1 will require another million dollars plus allocation from the County just to go out for bids in a continually worse economic environment. Commissioner Chapman was not supportive of the motion.

Commissioner McCall stated that over the past four months, she has listened to misstatements, false accusations, and misinformation concerning this matter. She stated that the delays occurred because of the failure of the schools to provide the necessary documentation and answer questions promptly. She said the proposed bond has been descoped or reduced at least three times and if Option 1 goes to bid, it is almost certain to come in overbid which will require additional reductions or descoping. The total spent on architect and design fees to date is more than \$4 million. Preparing Option 1 to go to bid will require another allocation of funds. Commissioner McCall felt that the School System seemed intent on spending \$68 million regardless of the outcome. She stated the County Commissioners have a fiduciary responsibility to be good stewards of taxpayer dollars. Moving forward with the bond projects at this time is a financial mistake and will tie the Board's hands in addressing other significant needs across the County government. She recommended pausing temporarily to see if there is a change in the construction climate and to determine if there is a more reasonable approach to addressing some of the more critical

needs. Commissioner McCall stated that she expected transparency and good stewardship with the spending of public dollars which extends to the School System and every County department.

Commissioner Guice stated that he was very proud of how this Board and previous Boards have supported education. However, the school facilities have failing infrastructure and the County Commissioners are responsible for maintaining those buildings and for taking care of the capital needs. Commissioner Guice believed the County needed to do more than it is currently doing. He pointed out that the County is doing well based on its current tax rate. Commissioner Guice said these issues will not be resolved by blaming each other and not communicating about important matters. He was concerned that it seems to take longer to make decisions because there has been a lack of communication between the elected officials and staff. Commissioner Guice supported the motion, but he was concerned about whether the County had enough money due to the costs continuing to escalate. He stressed that no one had delayed the project on purpose. The Board has been trying to get answers to many questions, and a consultant brought information and legitimate concerns to the Board that were important for them to consider. Commissioner Guice stated that the work that will be done to the schools is equally important as the work that will not get done under the current bond. He reiterated that he supported the motion and looked forward to a vote to move forward.

Commissioner Dalton said he has spoken with people within the School System, and he has gotten a lot of feedback to kill the project because it would not meet the original intent. He said many who feel that way are afraid to express their opinions aloud for fear of retribution. He did not support the current motion and requested to make an additional motion following the vote of this motion.

Chairman Chappell stated that the Board has had lengthy discussions over the last few months that were necessary for the Board to be comfortable in meeting its statutory and fiduciary responsibilities. He did not feel it was okay for members of the public to make statements and accusations against this Board that are untrue. Chairman Chappell stated that when people make outlandish statements and accusations, it hurts the process and communication and makes the overall situation worse. He pointed out it is challenging when information does not flow freely between the County and the schools. He shared that while he is concerned about the project descopeing, he respected the authority of a duly elected board to make decisions regarding school needs.

**The motion failed by a vote of 2 to 3, with Commissioners Chapman, Dalton, and McCall voting against it.**

**Commissioner Dalton moved to approve the architect's contract to move forward with Option 1 as presented by the Board of Education within the remaining available bond budget and not one penny more, and that approval is conditional on a mutual agreement to modify the existing Memorandum of Understanding as contemplated by the Commissioners, seconded by Chairman Chappell.**

**Commissioner McCall said moved to amend the motion to include that the maintenance be moved under the Board of Commissioners.** She requested this amendment because it has been pointed out by the public, staff, and students that preventative maintenance, or lack thereof has become a serious issue in the schools, and it is clear that the School System needs help to properly address these situations going forward. For this reason, she believes that County needed to take back over the maintenance of the schools. **Commissioner Dalton seconded the amendment.**

Commissioner Guice was concerned about the County agreeing to take over maintenance because the Board has not had any discussions about doing so and he did not feel he had enough information to make such a decision at this time. He was open to having further discussions with the Board of Education. He



also felt that if Commissioners had concerns about the MOU, further discussion with staff and the Board of Education was necessary. He did not want to rush to a decision and create further problems.

Chairman Chappell asked the Manager to discuss the potential changes to the MOU as recommended by the County Attorney. The Manager reviewed the possible changes to the MOU as follows:

- Redefine the scope of collaboration. Consideration can be made to amending Section 2.A. Negotiate and Execute Contracts. As presently drafted, “the Board, as the County’s agent, shall have sole and exclusive authority to negotiate and execute on the County’s behalf all contracts for the construction and renovation for the project.....” The recommendation is to amend the language to read: *Negotiate and Execute Contracts. The Board, as the County’s agent, shall have the authority to negotiate and execute on the County’s behalf all contracts for the construction and renovation for the Project, including design services, as long as the funds to be expended pursuant to those contracts are within the Project budget established by the Board and approved by the County and only after said contracts have been reviewed and approved by the County or such designee as is appointed by the County. The form of contracts agreed upon shall be approved by the Board and the County and the Board shall execute all the contracts as the County’s agent and third-party beneficiary.*
- Define the process if the bids received for Option 1 are in excess of the remaining available funds, including who makes the decisions. *The Board affirms and represents that the allocated funds and forecasted Option 1, along with presently budgeted yearly maintenance, funds are in the best interest of the students of Transylvania County and are sufficient to provide for a system of free public schools in Transylvania County.*
- Increased transparency. *The Board shall keep and maintain the above listed documents related to Option 1 in a secure, cloud-based location, which is mutually accessible by the County. Any document generated as part of the ongoing pursuit of Option 1 shall be uploaded within five (5) business days and notice given to the Board of Commissioners via e-mail to its chair and the county manager at the time of upload. Breach of this section is prima facie evidence of a violation of this Agreement.*

Commissioner Dalton agreed with the recommended changes to the MOU as part of this motion.

For clarification purposes, Commissioner Guice stated that the document from which the Manager read the recommended MOU modifications is dated June 16, 2022. He stated this confidential memo is now a public memo since it had been read aloud in an open meeting. County Attorney Bill Bulfer advised that the Board did not necessarily waive the privilege by simply relating what those provisions are.

Commissioner Guice asked the Manager to recap the portions of the memo that she read aloud which are now part of the motion.

For clarification, Chairman Chappell explained that the Board will first vote on the amendment offered by Commissioner McCall. If the amendment is approved, it will become part of the main motion.

Commissioner Guice asked if there was documentation that existed on the maintenance issues other than hearsay. Chairman Chappell responded there is no documentation at this time. The Board has not sought information on what the costs would be to take over the maintenance nor have there been any discussions between the two Boards and staff.

Commissioner Guice asked if the County had followed the correct procedures to take over control of the maintenance of the schools. Mr. Bulfer said he understood the motion to condition the funding on the

takeover of the maintenance. The details on how to accomplish the logistics, legal sufficiency, and financing would need to be vetted after this meeting.

Commissioner Dalton reminded the Commissioners that they received a letter from the Board of Education Chairwoman at the previous Board of Commissioners outlining specific dollar amounts for projects.

Commissioner Guice asked if the Board of Education had been transparent about their capital and maintenance needs throughout the budget process.

Commissioner McCall stated that the two Boards have not had these discussions; however, comments have been made in a public setting that the schools have leaky roofs, and the County will not give the School System the money to fix those leaks. She reiterated that preventative maintenance appears to be nonexistent. Some issues have not been addressed under the guise that they will be repaired with bond funding. Commissioner McCall said the students deserve better, which starts with the accountability of funding dedicated to maintenance, the bond project, and capital projects. For this reason, she stood behind her amendment to the motion that the County should help the School System in bringing the maintenance and preventative maintenance back to a standard that can be maintained by the School System.

Commissioner Guice said he has not seen any report that indicates the School System is failing with its maintenance program. He doubted that staff or Commissioners have contacted the School System to seek clarification on accusations about their maintenance. He said he could not support the amendment to the motion without having those conversations with the School System. He reminded the Commissioners that the Board is trying to find a way to move forward with the voter-approved school bond projects that were drastically impacted by the pandemic and other economic factors. He added that he might be supportive of taking over the maintenance in the future as long as he had the appropriate information to make that decision.

Commissioner Chapman supported the concept of evaluating maintenance. Pausing the bond projects would allow time to evaluate the maintenance issues. He was willing to have a joint meeting with the Board of Education to determine the best way to improve all the schools.

Chairman Chappell shared some of the same concerns about the amendment. He did not feel the Board had enough information about taking over the maintenance and felt there needed to be further discussions. He called for a vote on the amendment.

**The amendment failed by a vote of 2 to 3, with Chairman Chappell and Commissioners Chapman and Guice voting against it.**

Chairman Chappell recapped the main motion. After further clarification on the motion, Commissioner Guice called the question.

**The main motion passed by a vote of 3 to 2, with Commissioners Chapman and McCall voting against.**

With the motion passed, Chairman Chappell directed the County Attorney and the Manager to work with the School Superintendent and School Board attorney to work on the specific language for the MOU based on the approved motion.

Chairman Chappell called for a 10-minute recess. The Board reconvened at 9:05 p.m.

### FY 2023 TRANSYLVANIA COUNTY BUDGET

The Manager presented the recommended FY 2023 Budget to the Board of Commissioners on May 23, 2022. The Board of Commissioners held a workshop on June 6, 2022, to receive a recap of the recommended budget and an overview of major capital items and how the capital drives operational expenses. The Board held a public hearing on June 13 in which the Manager announced some minor changes to the recommended budget and another public hearing at the beginning of this meeting. For FY 2023, the Manager recommended a total budget of \$74,346,480 with the same tax rate as FY 22 of \$.6033/\$100 valuation and a Solid Waste budget of \$4,414,405. The Manager requested the Board of Commissioners approve the FY 2023 Budget for Transylvania County, including the fee schedules, annual purchasing resolution, and agreement for maintenance of effort funds for Vaya Health.

**Commissioner Dalton moved to approve the FY 2023 Budget for Transylvania County, to include the fee schedules, annual purchasing resolution, and agreement for maintenance of effort funds for Vaya Health, seconded by Commissioner McCall.** Commissioner McCall was appreciative of the work that the Manager and staff put into the budget and for bringing forth a budget that represents the needs of the County fairly and equitably. She said it is disheartening when people make accusations or assumptions without having the facts. She supported the budget as presented. Chairman Chappell agreed with Commissioner McCall's statements. Commissioner Guice echoed Commissioner McCall's comments about the staff and the hard work that has gone into preparing the budget. He stated that the Board will face future challenges that will have an impact on the budget, and he encouraged the Board to explore these issues carefully during future budget workshops to chart a path forward. He thanked the Commissioners for their consideration of the budget and for participating in the process. Chairman Chappell expressed frustration with citizens who make outlandish and inaccurate statements during public comment, then leave the meeting without hearing the presentations from the Board and staff. He stressed that the budget is public record and citizens may contact County staff if they have questions about it. Chairman Chappell thanked the staff for their preparation of the budget. Commissioner Chapman said it is very important to keep the taxpayers in mind when making financial and budgetary decisions. He also encouraged the Board and staff to continue looking for ways to reduce costs. **The motion was approved unanimously.**

### OFFER TO PURCHASE UNSOLD FORECLOSED LOT IN CONNESTEE FALLS

This item is a carryover item from the previous meeting. The County received an offer from Mike and Kim Young to purchase an unsold foreclosed lot in Conneestee Falls. At the time of sale/foreclosure, there were no bidders and Transylvania County acquired ownership of the lot. The Youngs offered to purchase the lot for \$6,000. The current tax value is \$15,000. The property is a wooded lot in Conneestee Falls adjacent to the Youngs property.

By law, any offer to purchase county-owned property must follow the upset bid process. If the Commissioners accept the offer, staff requested approval of a resolution that describes the property, the amount and terms of the offer, sets the terms of the deposit requirements (at least 5% from the offeror by statute), details the upset bid procedures and sets the deadline for accepting or rejecting the final bid. Commissioners also have the option of rejecting the bid or authorizing staff to negotiate further with the offeror and bring back another offer if the current one is unsuitable.

There is no financial impact until the property is sold. Selling the property puts the property back on the County's tax rolls. The County is receiving \$0 in property taxes at this time.

Staff asked the Board to consider the offer. If accepted, Commissioners should approve a resolution outlining the upset bid process. Once the upset bid process is complete, staff will bring it back to the Commissioners for final approval to sell the property. The offeror is responsible for paying the closing costs.

**Commissioner Chapman moved to accept the offer of \$6,000 and to approve the resolution outlining the bid process, seconded by Commissioner Dalton.** Commissioner McCall asked if the original offeror is allowed to rebid on upset bid offers. Chairman Chappell confirmed and said the process would continue until there are no further bidders. **The motion was approved unanimously.**

RESOLUTION #19-2022  
AUTHORIZING INTENT SELL

**WHEREAS**, Transylvania County is the owner of a parcel of real property containing 0.714 acres of land located at U18 L041 Waldsi Ct. in unincorporated Transylvania County, North Carolina (the “Subject Property”), as shown on the attached map marked as Exhibit A and incorporated herein by reference; and

**WHEREAS**, pursuant to N.C.G.S. §160A-269, Transylvania County is authorized to dispose of real property by upset bid after receipt of an offer for the property; and

**WHEREAS**, Transylvania County has received an offer to purchase the Subject Property in the amount of \$6,000 submitted by Mike and Kim Young; and

**WHEREAS**, Mike and Kim Young have agreed to pay the required five percent (5%) deposit on the offer.

**NOW, THEREFORE, BE IT RESOLVED** by the Transylvania County Board of Commissioners (the “Board”) as follows:

1. The Subject Property is hereby declared surplus.
2. The Board proposes to accept the offer of Mike and Kim Young and authorizes sale of the Subject Property through the upset bid procedure of N.C.G.S. §160A-269; provided that final acceptance of the final high offer shall be subject to approval by the Board. The Board reserves the right to withdraw the Subject Property from sale at any time before the final high bid is accepted and further reserves the right to reject at any time all bids.
3. After the bid deposit is received, the Clerk to the Board shall cause a notice of the proposed sale to be published. Such notice shall include a general description of the Subject Property, the amount and the terms of the offer, and a statement that within ten (10) days any person may raise the bid in accordance with the procedure outlined in this Resolution. The notice shall indicate the time and place of the bid opening.
4. Mike and Kim Young shall make a deposit of 5% of the offer to the Transylvania County Clerk to the Board within 5 business days to be held pending the upset bid process.
5. Persons desiring to upset the offer that has been received shall submit a sealed bid with their offer to the office of the Clerk to the Board within ten (10) days after the notice of sale is published. Bids shall be submitted no later than 5:00 p.m. on the last day of the last day of the 10-day period, and the Clerk shall date-stamp bids upon receipt. The mailing and physical address of the Clerk to the Board is as follows:

Ms. Trisha Hogan, Clerk to Board  
101 S. Broad Street  
Brevard, NC 28712

The envelope containing the bid shall be clearly marked “Sealed Bid for Property Located on Waldsi Court.” It shall be the specific responsibility of the bidder to deliver his bid to the Clerk to the Board at the appointed place prior to the announced time for the opening of bids. Late delivery of a bid for any reason, including delivery by United States mail or other carrier, will disqualify the bid.

6. A qualifying higher bid is one that raises the existing offer by not less than ten percent (10%) of the first one thousand dollars (\$1,000) and five percent (5%) of the remainder. A qualifying higher bid must also be accompanied by a deposit in the amount of five percent (5%) of the bid. The deposit may be made in cash, cashier’s check, or certified check. The County will return the deposit on any bid not accepted and will return the deposit on an offer subject to upset if a qualifying higher bid is received. If the Board agrees to sell the Subject Property, the County will return the deposit of the final high bidder at closing. If, after acceptance by the Board of the final high bid, the final high bidder fails to close the sale in accordance with the terms of this Resolution and any purchase agreement, then in such event the bid deposit of the high bidder shall be forfeited.
7. At the conclusion of the 10-day period, the Clerk to the Board shall open the bids, if any, and the highest such qualifying bid will become the new offer. If there is more than one bid in the highest amount, the first such bid received will become the new offer. If a qualifying higher bid is received, the Clerk to the Board shall cause a new notice of an upset bid to be published and shall continue to do so until a 10-day period has passed without any qualifying upset bid having been received. At that time, the amount of the final high bid shall be reported to the Board of Commissioners. The board shall determine whether to accept the final high bid not later than ninety (90) days after the final upset bid period has passed.
8. Bidders shall not attach any conditions to their bids. Any conditions attached to bids received or purchase of the Subject Property shall render the bid non-responsive, and such bid shall not be considered by the Board.
9. The buyer must pay with cash at the time of closing.
10. Title to the Subject Property shall be transferred to the buyer by Special Warranty Deed.

Adopted this 20<sup>th</sup> day of June 2022.

S://Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

#### ARPA SPENDING PLAN UPDATE

Finance Director Jonathan Griffin presented this item. The County has several near-term capital needs which must be financed in cash, as the County does not own the title to the underlying real property and therefore cannot pledge it as collateral. Under the revised and updated US Treasury regulations, small government units may claim a standard flat amount of up to \$10 million. The County was allocated \$6.67 million under the act on a population-based formula. If the revenue loss factor is claimed, it must be spent on the provision of services, and not on capital projects. Mr. Griffin recommended the Commissioners adopt partial use of the “Standard Allowance” to claim \$3,979,184 of lost revenue in the General Fund, with the understanding that it will be used to pay for the following activities:

- \$1,140,266 of the cost of the Public Library (costs through April 30)
- \$428,415 of the Parks and Recreation Department (costs through April 30)

- \$174,422 of the Parks and Grounds Maintenance Department (costs through April 30)
- \$1,366,382 of costs related to the County General Fund's supplemental payments to Fire and Rescue Departments
- \$426,456 of costs related to the County General Fund's support for the Transylvania County Rescue Squad
- \$283,237 of costs related to the Transylvania County Board of Elections

These specific budget departments and functions were selected because their activities are not funded by state and federal grants, nor are their expenses reported on any federal grant reporting.

This frees up \$3,819,179 in the General Fund, which Mr. Griffin recommended to transfer into two capital project funds:

- \$2,500,000 to the General Capital Project Fund to pay for part of the cost of the second phase of the Sylvan Valley Industrial Center. This will cover 100% of the County's current cash need for this project.
- \$1,319,179 to the Water and Sewer Project Fund, to be invested in future water and sewer expansion projects at a later date.

The difference between the proposed \$3,979,184 and the \$3,819,179 is related to accounting for certain prior ARPA decisions but in the General Fund. Mr. Griffin recommended that the difference of \$160,005 be spent out of the General Fund on the following projects:

- \$110,000 on the previously approved partnership with the Sharing House
- \$50,000 on the previously approved partnership with Transylvania Habitat for Humanity
- \$5 for the proposed matches on GREAT grants

Using this provision helps streamline the ARPA documentation required at the federal level. This in turn saves County resources required in the management of the funds. This will also allow for the economic development investment to be made over multiple years without the deadlines imposed by ARPA while still meeting the intent to support the economic impacts of the pandemic.

Mr. Griffin recommended the Board approve the ARPA spending plan as presented.

Commissioner Guice said he remains concerned about the elderly and their care. He asked if the ARPA funds could be used toward an adult daycare facility. He was also concerned about the impact of a for-profit taking over adult daycare services. Mr. Griffin stated this spending plan leaves \$2.5 million in unobligated ARPA funds that the Board needs to decide on how to use. So, there are other opportunities to revisit other areas of spending in the future. The Manager added that the staff has discussed the possibility of a temporary increase in the amount that is provided by the County for reimbursement for those individuals. However, effective July 1, there will no longer be a State cap on the Council on Aging funds. So, they can submit requests for reimbursement for their true costs.

Chairman Chappell thanked Mr. Griffin for bringing forth suggested changes to streamline financial procedures while ensuring appropriate documentation.

Commissioner Dalton was excited to have monies for phase 2 of the industrial building.

**Commissioner McCall moved to adopt the adjusted ARPA spending plan as presented, seconded by Commissioner Dalton, and unanimously approved.**

## NEW BUSINESS

### ESTABLISH HEALTH PLAN INTERNAL SERVICE FUND

Finance Director Jonathan Griffin presented this item. Over the past several years, the Finance Office has been gradually adjusting the accounting methods for the County's Self-Insurance Plan. The goal has been slowly adjusting the accounting so as not to create any discrepancies or unusual variances across years, but at the same time using more modern accounting and budgeting practices.

For example, the accounting now accurately reflects the County's contribution for each employee based on the plan that the employee selected. Previously, the County billed each department monthly for a single flat amount per employee. Now, the accounting system bills each department based on the health plan. If an employee selects a plan that costs the County \$9,000 (coverage for a single employee) versus a plan that costs the County \$14,500 (coverage for the entire family), that employee's departmental budget accurately reflects it.

This is the end of the modernization that the Finance Office can pursue independently of the Board. The last remaining change in accounting practice is the adoption of an internal service fund (ISF) model. Currently, the County's budgeting practice is to account for the health plan spending as if it was a department of the County government.

Other counties, like Halifax and Macon Counties, for example, report health insurance activity as an internal service fund and carry a separate balance sheet and prepare a separate income statement for this activity. An ISF is a specialized type of fund accounting that is used specifically for business functions that are allocated across an entire government. ISFs are commonly used for health insurance but are also used for other activities like motor fleets, property and liability insurance, or even maintenance departments.

Four specific advantages to ISF reporting over the County's current method:

- It requires fewer accounting lines items (from 50+ to 30)
- It reduces the complexity of the General Fund
- It makes it easier to compare to other counties
- When an employee retires, the cost shift is seamless – the costs are still charged to the same place – under current practice, it would require adjustments at the margins to the separate departments
- Per the State Treasurers Conference, the Local Government Commission is going to begin benchmarking based on budget size rather than population

Since the adoption of this accounting practice requires amendments to the budget, it is the Board's decision.

To properly close out the FY 2022 books and start FY 2023 consistent with this practice, a budget amendment would be necessary to achieve the following items:

1. Repeal the budgets for the Self Insurance and Retiree Health departments and transfer their balances to a single Internal Service Fund.
2. Adopt a new financial plan for the Internal Service Fund. According to the fiscal control act, a budget for an ISF is called a balanced financial plan.

On June 30, 2021, the County's fund balance held \$5,031,443 which was committed to the Retiree Health Plan by resolution or assigned by the Board's policies. This recommendation would move 75% of this

total to a different accounting system. Staff recommended keeping \$1,250,000 of this total in the General Fund. The General Fund's cash position will decline by \$3,781,443 as these funds are transferred out to the Internal Service Fund. The General Fund's budget will decrease by \$4,960,778 as these departments are removed from the General Fund budget schedule. The County will adopt a financial plan totaling \$5,390,778 to replace the reduced General Fund budget. The budget total for the Internal Service Fund would be slightly larger due to the full accrual method of accounting.

Staff recommended the Board adopt the internal service fund accounting practice. If the Board is not interested in this practice, staff recommend that the Board specifically vote to reject the recommendation and affirm that it will continue current accounting practices. For finance-related items, staff requested specific action either for or against. The audit process involves an analysis and review of communications between staff and the Board so a vote to reject is helpful because it provides a written record of the Board setting policies.

Chairman Chappell asked why the recommendation is to move only 75%. Mr. Griffin did not think all the funds would be needed and he did not want to drop the fund balance and the general fund by \$5 million if it is unnecessary. He is trying to avoid any large shifts or oscillations in the general fund. The Manager added that the County has been overcommitting what was needed based on projections made during actuarial studies.

Commissioner Dalton asked if it would be necessary to adjust future allocations to compensate for the overcommitment. Mr. Griffin asked for a year to monitor it to have a clearer picture of the need.

**Commissioner Guice moved to adopt the internal service fund accounting practice, seconded by Commissioner McCall and unanimously approved.**

#### GASB 87 LEASE CONTROL POLICY

Finance Director Jonathan Griffin presented this item. The Governmental Accounting Standards Board published and set a target date for the implementation of GASB 87, a comprehensive rewrite of accounting rules for leases. Many GASB statements are based on and driven by inconsistent financial reporting across the United States and local governments; however, GASB 87 is private sector accounting being imported to the public sector.

GASB 87 makes two changes:

1. Any contract that conveys the right to use a physical or tangible asset is a reportable lease.
2. All leases will be reported as assets or liabilities and these functions will be fully amortized in the same way as the County's outstanding loans or future bond obligations.

Previously, governments would recognize the payment on a lease on a year-to-year basis. For example, in 2019, the County executed a \$315,492 lease for a Caterpillar dozer for the landfill. The table below compares the budget impact of these changes under the old versus new standards and then compares the cash flow impact.

<b>Budget Expense Old Vs New</b>			<b>Actual Cash Flow New Vs Old Method</b>		
	Old Method	New Method		Old Method	New Method
FY 2020	\$ 105,163.73	\$ 315,491.20	FY 2020	\$ 105,163.73	\$ 105,163.73
FY 2021	\$ 105,163.73		FY 2021	\$ 105,163.73	\$ 105,163.73
FY 2022	\$ 105,163.73		FY 2022	\$ 105,163.73	\$ 105,163.73



The Finance Office drafted a resolution that establishes the procedure for the review and approval of leases by the Board. This procedure mimics and copies the statutory steps for issuing debt:

1. The Board will consider all contracts that fall under the lease agreement at an open meeting.
2. The Board will have specific financial information disclosed in its contract before approving the agreement.
3. In the absence of that information being available, the Finance Officer is charged with preparing that information for the Board.

These are the following data points necessary to report leases under this standard:

1. The execution date of the agreement.
2. The possession date of the real or personal property.
3. The useful life of real or personal property.
4. Whether the title or ownership transfers at the end of the agreement.
5. A schedule of payments to be made under the agreement.
6. The interest rate of the agreement, if applicable.

Realistically, some of the County's leases do not have an interest rate provided by the vendor, like copiers, or they may not include a payment schedule. These items are specifically required by the standards of GASB 87, so staff will have to provide an estimate. For GASB 87 rules, things that are not strictly considered leases under North Carolina law would also qualify as leases for reporting purposes. The most important component of this policy is using a Board review of these items to ensure that the contracts all contain, or have an estimate of, the key financial statistics.

The Manager noted GASB 87 will disincentivize local governments from entering into leases. Counties must now report the full value of a lease even if leasing space to an entity at a reduced rate. Mr. Griffin stated that if the County leases space to another party, the County is giving them a financial claim on that lease that has a dollar value. The dollar value then becomes reportable. The layers of complications continue to rise.

Additionally, GASB 87 will require the Finance Office to record expenses that were not otherwise budgeted to bring the accounting standards in line with the Fiscal Control Act's budget requirements. Part of GASB 87's requirement is that all prior leases be restated as if they had been fully accounted for in the new method even if their accounting had been done in the old way. This requires a significant expense in FY 2022 that is not currently budgeted. It does not represent a change in the cash or fund balance of any fund operated by the County. It just aligns the final FY 2022 budget ordinance with the need to backdate some expenses from prior years. It is a one-time adjustment to backdate some expenses and implement the new standard.

Staff included in the Board's agenda packet a list of all known agreements that are subject to GASB 87 and an estimate of their possible total amortized cost. The Finance Office believes they should be able to cover this with a budget amendment of \$440,970. This is calculated as the current estimated maximized cost of the known agreements, plus a 15% contingency. The contingency is requested based on two factors:

- The possibility of pricing in additional contracts, after review
- Some of these agreements did not include an interest rate, which requires an estimate by the Finance Office. If the auditors disagree with this estimate, they may ask for the use of a different one and this could cause the expenses to be higher.

There are also a couple of leases that are going to generate revenue for the County, and these will go onto the County's balance sheet as receivables.

These policies do not represent a new financial commitment by the County, and the budget amendment refers to the need to restate older/prior-year expenses.

Staff recommended the Board adopt the lease control policy as presented. The Finance Office will not be able to maintain compliance with GASB 87 rules unless the information disclosures are consistent across all contracts. Staff also recommended the Board authorize the budget amendment for adjusting the lease expenses.

**Commissioner Dalton moved to adopt the lease control policy as presented and to authorize a budget amendment for adjusting the lease expenses, seconded by Commissioner Chapman and unanimously carried.**

Commissioner Dalton asked if the implementation of GASB 87 would cause the County's budget to be artificially inflated. Mr. Griffin said yes. He said the County's budget for FY 2022 is going to be \$500,000 larger than it would have otherwise been just from adding the leases. All of the costs must be shown upfront.

#### 4<sup>TH</sup> QUARTER BUDGET AMENDMENTS

Finance Director Jonathan Griffin presented this item. Based on policies approved by the Board of Commissioners through their annual budget ordinance and the Local Government Budget and Fiscal Control Act, it is necessary to approve certain amendments to the budget ordinance. These are the types of budget amendments that by their nature require review/approval by a governing board:

- Recognition of new revenues and appropriations for related expenditures
- Appropriations of fund balance (whether assigned, committed, or restricted)
- Transfers from one fund to another fund, if permitted by statute by statute
- Establishment of new special revenue funds, capital project funds, or fiduciary funds

#36 represents the addition of incremental salary and benefit costs related to positions in the Public Health Department in the General Fund related to the incremental costs of the Public Health Department side of the COSSAP grant.

#37 represents the incremental cost of expenses in the Transylvania County Detention Center, funded by the COSSAP grant, for case management positions and expenses in the center.

#39 represents the incremental costs of adding the License Plate Agency to the FY 2022 budget, offset partially by the revenue estimates from the LPA contract and notary fees.

#40 is the implementation of the cost-of-living adjustment for non-probationary status employees implemented in March 2022. The calculation basis was a comparison of the February and March total payrolls for each department, and the proposed adjustments are the difference between these months. The net adjustment to the budget is \$505,384, of which \$420,000 is proposed from Article 39 sales tax and \$85,384 is estimated to come from increased DSS reimbursements.

The County does not budget for cost-of-living adjustments within individual departments, rather it holds a contingency in a specific line item that departments cannot access and then allocates that contingency mid-year via a transfer between budget departments.

#42 is unappropriating and deleting certain Health Department grants which are recommended to be transferred to the proposed Multi-Year Grant Fund. This reduces the General Fund budget by \$1,403,431.

#44 appropriates excess revenue in the Parks and Recreation Department for \$8,000 to add a cushion of part-time hours during the summer camp season. This is a net budget increase but is offset by available revenue.

#45 is the receipt and allocation of the \$84,269 grant from the State's budget to the Transylvania County Sheriff's Office. The grant may not be used to supplant existing expenditures. The Sheriff's Office communicated an intention to spend all of these funds in FY 2022, but supply chain issues may require some of these revenues to be carried forward into FY 2023.

#48 At the beginning of FY 2022, the original budget did not anticipate that the State of North Carolina would renew the Rural Operating Assistance Program Grant (ROAP) for the Public Transit Department. This is a formula operating grant offered to all rural transit systems. This grant was cancelled in FY 2021. Rather than cut the transit budget, the Manager recommended covering that gap through the use of Fund Balance. With the grant restored, staff can reduce the amount of fund balance used in FY 2022.

#47 is the recognition and appropriation of occupancy tax revenues. An analysis of the year-end target occupancy tax revenue is included in the Board's agenda packet, but staff expects the occupancy tax revenues will exceed the original budget by \$833,398. As approximately 99% of occupancy tax revenues must be passed on to the Tourism Authority, this \$833,398 in revenue is offset by \$833,398 in expenses.

#49 During FY 2022, the North Carolina 911 Board completed its review of the revenue and expense statements for the County's local emergency telephone system fund for the years 2019, 2020, and 2021. Each year, the County submits a list of all expenses, and the 911 Board reviews every expense for eligibility. This budget amendment appropriates cash in the General Fund and transfers it to 911 to reimburse that fund.

#50 adjusts the financial line items in the budget of the Office of the Register of Deeds to account for excess revenues. The Office of the Register of Deeds acts as a pass-through agent where a considerable portion of the fees collected in that office are passed along to various state agencies. As a result, if revenues are up, expenses are up as well. About 45% of all Register of Deeds revenues are passed through to the State of North Carolina's agencies.

This amendment amends the General Fund and the Deed Stamp Fund as summarized below:

In the General Fund:

- Staff estimate that Register of Deeds revenues will exceed the budget by \$315,677
- As a result, the Register of Deeds' expenses will exceed the budget by \$133,233
- The remainder of \$182,444 will be rolled into the General Fund and increase fund balance

In the Deed Stamp Fund:

- Revenues will exceed budget by \$5,250
- Expenses will therefore exceed budget by \$5,250

#51 adjusts vehicle fuel lines for most departments. Fuel costs have been significantly higher over the past nine months and are exceeding the original budget estimates. Staff recommends an appropriation of

fund balance in the General Fund to cover the difference. Thanks to the surprise ROAP grant funding and the revenues from the Register of Deeds office from the earlier budgets this is not a net increase in the amount of funds that need to be spent. The net cost to the County of the sharp increases in fuel costs is \$72,940, with the primary share of this cost falling on the Sheriff's Office patrol operations (\$39,000) and Public Transportation (\$18,900).

#52 is the appropriation of the General Fund assigned fund balance to cover vacation payouts necessary within County departments in the General Fund. There are sufficient funds with lapsed salaries to cover these costs in the Solid Waste Fund. The amount appropriated is \$208,644. Approximately two-thirds of the cost is related to retirements, and the remainder is based on the personnel policy permitting employees to sell a week of leave back to the County once per calendar year. Because staff do not know the approximate level of turnover in each department when drafting the budget ordinance, it is difficult to include these costs in the Annual Budget ordinance until year-end. As of June 30, 2022, the total liability for vacation leave for employees paid from governmental-type funds is approximately \$1.27 million which is the lowest this liability has been.

#53 is the adjustment of various Fire and Rescue service district funds to account for various decisions to appropriate fund balance in these districts based on Board decisions at prior meetings. The amount of reserve and expense requests so far this year has been \$74,111 in total.

#54 is adjusting the activity in the Fines and Forfeitures Fund by \$20,000 in revenues and expenses. Staff initially budgeted \$80,000 in pass-through revenue and expenses.

#55 is adjusting the Narcotics Task Force Revenue based on the agreement of the Board to permit equipment acquisitions from this special revenue fund. This appropriates \$30,000 to cover the following items:

- \$9,278 remitted to the City of Brevard to reflect a new revenue-sharing agreement between the Sheriff and the Brevard Police Chief
- \$7,500 used for undercover operations
- \$18,000 equipment purchase previously approved by the Board in April 2022.

#56 is adjusting the Department of Social Services to request a spend down of their Special Child Adoption Funds. Unlike most DSS funds, these are resources that the state gives DSS agencies that are held by the County, rather than reimbursed. DSS has spent \$34,753 this year. The balance as of June 30, 2021, was \$63,068, and the projected balance at year-end is \$31,045.

#57 adjusts the LEO Pension Funding plan by \$35,000 to account for the increased number of retirements in the Sheriff's Office that have occurred during FY 2022. These payments start one month after a qualifying officer retires. Staff cannot predict the precise number of retirements until the end of the year. During FY 2021, there were 11 active participants. FY 2022 averaged 14.

#58 adjusts the Disaster Response Fund (CARES ACT) by \$100,000 to account for Public Transit Department grants that were used to offset general operations through FY 2022. Under LGC instructions, local governments cannot receive or expend CARES Act dollars in their General Fund.

The General Fund total appropriations at year-end increased from \$73,379,572 to \$73,972,907. The Fire District Funds total appropriations increased from \$2,749,917 to \$2,824,028. Other Funds (comprising the LEO Fund, Fines and Forfeitures Fund, Deed Stamp Fund, and Narcotics Task Force Fund), increased from \$648,586 total to \$848,836. The Capital Project Fund increased from \$0 in expenditures and revenues to \$8,651,937.

**Commissioner Dalton moved to receive the budget changes report through June 30, 2022, and to approve the budget amendments as presented, seconded by Commissioner McCall, and unanimously approved.**

#### MANAGER'S REPORT

The Manager reported the following:

- NCACC District 16 & 17 Meeting will be held Thursday, June 23 at Southwestern Community College in Sylva
  - Hosted by District 16 Director and Henderson County Commissioner Rebecca McCall and District 17 Director and Jackson County Commissioner Gayle Woody
  - Opportunity for County Commissioners and legislators in their respective districts to network and receive an update on the NCACC
- Transylvania County was successful in its grant application for the Emergency Management Transportation Infrastructure Resiliency Fund for \$2,365,016 to raise Hart Road near Everett Road and Cascade Lake Road for flood mitigation as flooding prohibits access by emergency vehicles multiple times per year
  - At the 1<sup>st</sup> meeting in July, the Board will need to approve the documents officially accepting the grant funds and committing them to the project
  - This is also an example of funds that would go into the multi-year grant fund ordinance
  - Kudos to Troy Wilson, Division 14 NCDOT Corridor Development Engineer for his assistance
  - Hydro-study has already been completed
  - The premise behind the project is life safety
- Reminder to Commissioners to think about additional legislative goals they wish the NCACC to consider. This will be an agenda item for both July meetings.

#### **PUBLIC COMMENT**

There were no comments from the public.

#### **COMMISSIONERS' COMMENTS**

Commissioner Chapman was thankful for tonight's thoughtful discussions but stressed there remained challenges ahead.

Commissioner Dalton congratulated a recent employer on their award of a building reuse grant which will help them move along in their growth quicker than they anticipated.

#### **ADJOURNMENT**

There being no further business to come before the Board, **Commissioner Dalton moved to adjourn the meeting at 9:55 p.m., seconded by Commissioner Chapman and unanimously approved.**

ATTEST:

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Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

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Trisha M. Hogan, Clerk to the Board