

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
March 14, 2016 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in regular session on Monday, March 14, 2016 at 7:00 p.m. in Commissioners Chambers at the County Administration Building.

Commissioners present were Vice-Chairman Larry Chapman, Jason Chappell, Chairman Mike Hawkins, Page Lemel and Kelvin Phillips. Also present were County Manager Jaime Laughter, County Attorney Tony Dalton and Clerk to the Board Trisha Hogan.

Media: *The Transylvania Times* – Derek McKissock

There were approximately 70 people in the audience.

CALL TO ORDER

Chairman Mike Hawkins presiding declared a quorum was present and called the meeting to order at 7:02 p.m.

WELCOME

Chairman Hawkins welcomed everyone to the meeting and thanked the members of the audience for participating in their County government. He introduced Commissioners and staff in attendance.

PUBLIC COMMENT

Joe Russo: Mr. Russo is the president of the Transylvania County Association of Educators (TCAE). The TCAE met with local education organizations to devise a strategy to encourage the NC General Assembly to meet its obligation to adequately fund education and remove the burden from counties. One strategy was to ask all county boards of commissioners and boards of education to adopt a resolution in support of increasing per pupil funding and fully funding public schools. The Transylvania County Board of Education has adopted the resolution. Mr. Russo asked the Board of Commissioners to consider the same.

David Whitmire: Mr. Whitmire thanked the Manager, Commissioners and members of the Transylvania Natural Resources Council, of which he is a member, for the work conducted on drafting a resolution that takes a stance against a National Recreation Area designation in the Pisgah National Forest, and he asked Commissioners to adopt the ordinance as presented. He believes the resolution represents the sentiment of a majority of the citizens. Mr. Whitmire pointed out that the people in this County are responsible for wildlife, not the federal government, and wildlife is struggling in the Forest; therefore, it is important that County Commissioners receive public input. He hopes the message will carry forward to our federal legislators and agencies to allow for better management of the Forest, which will complement the work of a soon-to-be public-private partnership organization. Lastly, he thanked Chairman Hawkins and Commissioner Lemel for attending the TNRC meeting to hear both sides of the discussion on this issue and Commissioner Chapman for encouraging public input and offering the assistance of the County Commissioners.

Tawny McCoy: Mrs. McCoy is the Chair of the Transylvania County Board of Education and she spoke on their behalf in reference to the school funding formula that Commissioners will be considering at this meeting. Today the Board of Education sent a letter to Commissioners thanking them for their

development of a local operating funding formula; however, the Board does not believe the funding formula as proposed provides sufficient funds for the School System. With expected decreases in State ADM funding next year, the Board of Education may see an actual decrease in funding. To cover only mandated items and charter school legislation, a 5.42% increase in the formula is needed just to maintain current levels; otherwise, the School System will not be able to grow new programs or expand other opportunities. Mrs. McCoy pointed out that using fund balance is no longer an option. She encouraged the Board of Commissioners to consider the resolution as presented by Mr. Russo. The Board of Education understands that the lack of funding should be blamed on the NC General Assembly and she looks forward to working with the County Commissioners on urging State legislators to meet their obligations.

Don Surette: Mr. Surette announced that on Saturday, June 18 from 10:00 a.m. to 3:00 p.m. the French Broad River Stewards will be cosponsoring the first French Broad River Fest. There will be various activities and games for children and adults. The organization is seeking partners, sponsors and volunteers to help with the publicity, facilities, food, activities, raffle items, etc. Donations are being accepted and are tax exempt. In addition, there will a canoe relay race for the first 20 miles of the French Broad River from Rosman to Hap Simpson Park. The entry is \$100 and will go toward helping with debris jams and river clean ups. The French Broad River Stewards is a volunteer organization dependent on donated funds to help with clearing and cleaning the French Broad River.

Edwin Jones: Mr. Jones commented about the numerous road repairs being performed on Country Club Road. He noted that with the road repairs comes lots of red mud. This indicates to him there are water drainage problems. It is his opinion, there needs to be a decision made on whether or not to fix the underlying cause, which is the more expensive option. Otherwise, the roads will continue to deteriorate.

Ramona Henderson Bryson: Ms. Bryson is a resident of Mills River in Henderson County. She thanked the Board of Commissioners for their efforts on a proposed resolution regarding the Forest Plan revision. She reported that over 980 signatures were collected on a petition and submitted to our federal legislators. She thanked Commissioners again for listening to the people and for caring about the legacy of the Pisgah National Forest.

Betty Scruggs: Ms. Scruggs is a member of the Transylvania County Board of Education and was a longtime educator in the School System. She stated she was inspired by comments made by Commissioner Chapman during a Board of Commissioners' meeting in February when he encouraged citizens to let Commissioners know how their tax dollars should be spent. She reiterated Mrs. McCoy's assertion that a 5.42% increase in funding is needed just to maintain current levels and will not allow for new programs or new staff. Ms. Scruggs encouraged Commissioners to use this percentage with the proposed funding formula to help the School System pay its mandated costs and fund charter school legislation. She thanked the Board of Commissioners for their continued support of the great schools in Transylvania County.

AGENDA MODIFICATIONS

There were no agenda modifications.

Commissioner Lemel moved to approve the agenda, seconded by Commissioner Chappell and unanimously approved.

CONSENT AGENDA

Commissioner Lemel moved to approve the Consent Agenda, seconded by Commissioner Chapman and unanimously approved.

The following items were approved:

MINUTES

Commissioners met in regular session on Monday, February 22, 2016. Following the regular business, Commissioners met in closed session in which the minutes were sealed. Commissioners approved the minutes of the February 22, 2016 regular meeting and sealed closed session as submitted.

RECORDS RETENTION AND DISPOSITION SCHEDULE-SOCIAL SERVICES

The NC Department of Cultural Resources has made changes to the Records Retention and Disposition Schedule for Social Services Agencies. The new schedule has been forwarded to Social Services Director Tracy Jones for review. It is the governing board's responsibility to approve the schedules. Commissioners approved the new County Social Services Agencies Records Retention and Disposition Schedule and directed the Clerk to forward the signature page to the Records Management Analyst as required.

CITIZEN ADVISORY COUNCIL HANDBOOK

Under the leadership of Commissioner Lemel, a group has been working over the last year and half on revamping the Citizen Advisory Council (CAC) process. The group has accomplished quite a bit so far, from revamping the application process to electronic management of all the various boards and committees. The Clerk to the Board, using sample handbooks from other local governments and counsel from the group, revised the Citizen Advisory Council Handbook that is before Commissioners for approval. In addition, the group created a brochure that they intend to place at County Administration, City of Brevard, Town of Rosman, Chamber of Commerce, etc. in an effort to reach out to citizens and encourage them to participate in their local government. The County used Market Connections to perform the creative design of the brochure. It has been included in the packet for the Board's information.

The handbook will be made available to all current CAC members and to interested citizens as well. It will also be placed on the website. The handbook includes information on CAC guidelines, rules and regulations, the various CACs, local government, and policies and procedures for appointments. Commissioners approved the Citizen Advisory Council Handbook as submitted and granted staff permission to update it as needed.

PRESENTATIONS/RECOGNITIONS

PRESENTATION BY SMOKY MOUNTAIN CENTER

Shelly Foreman gave an overview of the services being provided in Transylvania County and provided an update on Smoky Mountain's Community and Capital Reinvestment Plan. This is a summary of her presentation:

Smoky Mountain LME/MCO is a public managed care organization that oversees Medicaid, state and local funding and offers a comprehensive health plan for individuals and families in need of mental health, substance use or intellectual/developmental disability services in the 23 counties of Western North Carolina. Commissioner Lemel serves as the Board of Commissioners' representative to the Smoky Mountain Center County Commissioner Advisory Council. The County Commissioner Advisory Council is the official body that provides recommendations for the administration of services and to the Board of Directors.

Smoky Mountain works with a comprehensive network of providers and organizations to contract for services paid for through Medicaid funds, State funds and local funds to ensure children and adults in the community have access to services. The local funds are called Maintenance of Effort funds and those funds are pooled together with the State funds to serve a very large population that does not qualify for Medicaid or are underinsured. Those who qualify for Medicaid have access to many more services because of the level of funds allocated.

Through a network of providers, Transylvania County residents in need of mental health, substance use or intellectual/developmental disability services received a range of crisis, outpatient, community-based and residential/inpatient services.

Ms. Foreman pointed out that Commissioner Lemel has been focused on what kinds of information would be helpful for the Council to have. Smoky Mountain has since started counties with data about the number of people being served in each county. This is a brief snapshot of Transylvania County residents served in 2014-2015:

- Medicaid
 - Nearly 1,000 child and adult members received mental health/substance use services
 - 87 child and adult members received intellectual/developmental disability services
- State and Local – Indigent Care
 - Nearly 500 child and adult members received mental health and substance use services
 - 30 child and adult members received intellectual/developmental disability services

Smoky Mountain's comprehensive care model is the cornerstone of the outpatient system of recovery-oriented care for individuals seeking treatment through the provider network. This model maximizes both State and local funds to serve residents who have no insurance or are underinsured. In Transylvania County that organization is Meridian Behavioral Health. They serve as a walk-in center and a one-stop-shop for a full range of services that promotes easy access to care. They also offer psychiatric and clinical assessments and links to needed services and promote recovery and peer support and ongoing connection to support. This is the best way Smoky Mountain has found to maximize State and local dollars.

Smoky Mountain works with an organization called RHA which provides crisis care to the people in the community. This mobile crisis management team is available 24/7 to respond to crises. They work closely with local law enforcement agencies and local hospitals to manage crisis care in the community. Mobile crisis management teams assist in finding needed crisis care services.

Smoky Mountain staffs are involved in many areas that support the County. Smoky Mountain was one of the first managed care organizations to fund community collaborations. They have staffs who work in the County providing a range of training and participating in local planning initiatives. In addition, community based care coordinators work closely with agencies to ensure people are linked to needed services and supports. Care coordination differs from community collaboration, which involves planning. Care coordination commits staff to working with departments like Social Services to link and support those most in need to appropriate services and resources. Smoky also works closely with community leaders and contract providers to identify and meet service needs. This activity led to Smoky allowing Ms. Foreman to focus on county relations and county government relations. Some of the issues raised in community partnership meetings have included: enhanced school based services, regional crisis beds and upcoming involuntary commitment drop-offs, and promoting links between behavioral and physical health services to achieve better whole person outcomes.

Ms. Foreman asked Commissioners to peruse the Community and Capital Reinvestment Plan. The report was included in their agenda packet. The plan comprises a two-stage process. A public model system achieves cost savings that are reinvested into the community. Some of the services approved for next year are regional crisis centers that will provide urgent care for behavioral health, detox services, and a location for a child crisis residential facility. The Community Reinvestment Plan is comprised of multiple programs that focus on crisis care, IVC drop-off program and substance abuse issues, just to name a few. The second phase will focus on addiction, housing issues, etc. All of these items are planned for as long as the funding remains in place.

Ms. Foreman announced that Smoky Mountain will be participating in the NC Association of County Commissioners World Café meeting to determine how Smoky can work to implement some of the recommendations from the NCACC Mental Health Task Force. This concluded her presentation. Chairman Hawkins opened the floor for comments and questions from Commissioners.

Commissioner Chapman asked if there is interaction with other managed care organizations across the State with regards to information sharing and best practices. Ms. Foreman noted that many agencies have consolidated. The NC Council of Community Programs, an advocacy organization, meets regularly with managed care organizations to ensure quality services at all levels of the organization. This is the mechanism Smoky Mountain uses for information sharing and several staffs are involved. Managed care organizations are also measured for quality standards in various areas; Smoky Mountain ranks first in the State in access standards.

Commissioner Chappell thanked Ms. Foreman for the presentation. He was pleased with the Community and Capital Reinvestment Plan and asked to see more specific figures as it relates to Transylvania County.

Commissioner Phillips also thanked Ms. Foreman for the presentation. He expressed an interest in seeing the amount of dollars spent in Transylvania County in all service areas. He noted that the quarterly financial report provided by Smoky Mountain indicates dollars spent in the region, but not county-by-county. Ms. Foreman reported that she is working with her data team to determine how to best provide this information for Commissioners.

Commissioner Lemel confirmed Ms. Foreman's statement that Smoky Mountain staffs participate in community initiatives. Additionally, based on the county-level date meeting she referenced, Commissioner Lemel is excited about Smoky collaborating with our Health and Social Services departments to ensure they are aware of available services and for working with the School System to identify needs and ensure resources are accessible. She is pleased with the progress the County has made with Smoky Mountain and she believes as a result both entities have benefited. She noted that the County receives far more in services than it supplies in Maintenance of Effort dollars.

Chairman Hawkins emphasized that this information is important to Commissioners because the citizens being served are the County's most vulnerable citizens. Commissioners want to ensure services are accessible to help them improve their lives. He thanked Commissioner Lemel and the Manager for their work with Smoky Mountain.

TRANSYLVANIA ECONOMIC ALLIANCE PROPERTY IDENTIFICATION AND EVALUATION STUDY REPORT

Transylvania Economic Alliance (TEA) Executive Director Josh Hallingse introduced members of his Board and staff in attendance. The information that will be reported on tonight is a starting point for guiding the organization from a product development standpoint. The reason for going through the study process is because product development can be expensive in terms of both time and dollars. The plan must be focused and targeted and spell out goals and objectives. TEA utilized Greenfield Economic

Development Consulting in their expertise as a site selection consultant. A site selection consultant helps businesses of various target markets find locations to expand or locate new business. It was important for TEA to use a consultant to gain an outside perspective and to approach the effort as if they were a private business. Robin Spinks with Greenfield Economic Consulting lends that perspective. The Product Development Project Team reviewed maps, toured the County to look at properties and major transportation corridors, and met with elected officials to get feedback as well as utility providers. The goal was to understand goals, opportunities and challenges. The Team also utilized the services of Benchmark Planning who performs consulting as well. This helped provide a good understanding of the major transportation corridors and specifically the availability of economic development lands and sites to guide their efforts.

Mr. Hallingse turned the presentation over to Ms. Spinks. She explained her job was to identify and evaluate sites. Benchmark helped the Team create a mapping tool and furnished ideas and recommendations.

This is a summary of her presentation:

The Project

- Review the existing sites and buildings
- Review past studies
 - Strategic Plan / Target Markets
 - Goldsmith Readiness
 - McGill site analyses
- Create a GIS mapping tool
- Identify a comprehensive potential site inventory
- Choose and evaluate the best sites
- Recommendations

Available Buildings in Transylvania County

- Only one existing industrial building over 10,000 sq. ft.
 - Approximately 40,000 sq. ft.
 - Only 18' ceilings
 - Needs repairs

Available Sites in Transylvania County

- Only one site over 10 acres
- Only three are 5-10 acres
- Ecusta site no longer available
- DuPont site not available

Transylvania County Target Sectors

- Sports and Outdoor Products
- Beverages
- Food and Organic Products
- Creative Services
- Advanced / Niche Manufacturing
- Tourism

GIS Mapping Tool

- Many data layers provided by others

- Local infrastructure
- Ability to evaluate options many ways
- Ability to catalog/inventory possibilities for the future

Develop Site Options

- Take a big picture look at all the infrastructure feeder corridors – where do they cross or parallel
 - Highway
 - Rail
 - Electric transmission lines
 - Gas transmission / larger distribution lines
 - Water
 - Sewer
 - Fiber
- Talk to the providers
- Other issues that are impeding site development plans

Identify the Sites

- 78 potential site areas
 - Primarily undeveloped parcels
 - Along/easy access to major transportation routes
 - No significant physical barriers – flood or topo
 - No conservation or federal lands
 - No consideration for availability
 - Long term inventory – all possible parcels (this will be TEA’s responsibility)
 - Industrial and commercial

Evaluate Commercial Site Inventory

- Reasonable supply of small existing sites and buildings
- Identified sites only within utility service territories – no further evaluation required
- Determine availability and price/terms of additional identified sites – add to portfolio of existing sites

Evaluate Industrial Site Inventory

- Need immediate industrial sites and buildings
 - Existing industry needs to expand
 - Adjacent counties landing new companies
 - Missing opportunities
 - Lack of existing product that matches demand
- Need diligent plan for long term solutions
 - No quick answers – no large available sites on transportation corridors, with utilities, without physical limitations
 - High cost land
 - Competition for scarce corridor locations – need protection
 - Expensive site development costs
 - Physical constraints – steep slopes and flood hazards
 - Lack of water / sewer along corridors beyond existing development
- Short term options
 - Small 5-30 acre site areas
 - Near Brevard and Rosman utilities
- Long term solutions – 8-10 site areas

- Larger industrial park options
- More emphasis on transportation access
 - Rail potential
 - Closer to I-26
- Detailed data analysis and ranking
- Mid-term opportunities
 - Railroad sites
 - Rosman Highway
- Short term site development (small single sites, not industrial parks)
 - 11 options
 - Determine availability
 - Prioritize based on location and cost
 - Recommendations specific to each site (will be in final report)
 - Best site for shell building
- Mid-term opportunities
 - Railroad sites
 - Determine availability
 - Water/sewer line extension cost estimates
 - Other sewer treatment options, costs
 - What size project to re-activate the line?
 - Sites on Rosman Highway with Brevard water
 - Research sewer costs
- Long term park development – weighted score/rank
 - Availability most important
 - Use list of factors to determine weighted score/rank

Recommendations – Industrial, Long Term

- Long term implementation, start planning/budgeting/funding now
- Choose one of the top ranked shortlist sites - negotiate option or first right of refusal to purchase enough land for an industrial park
 - For minimum 10 building sites
 - For buffer from surrounding non-compatible uses
 - To provide enough tax base to return the investment
- City/County/Alliance plan to jointly develop
 - Utility extensions
 - Land purchase
 - Site development
 - Final report outlines several detailed options for sharing tasks and funding mechanisms

Recommendations – Examples (the final report will have specific recommendations)

- Tasks
 - Alliance – private funds, project planning, development and management
 - County funds for purchase, site development
 - City funds for infrastructure
 - Multi-jurisdictional agreements
- Funding
 - Designated sales or property tax
 - Federal and state grant/loan programs
 - Infrastructure bonds
 - Long term budget item from general funds

- Cost and revenue sharing
 - Multi-jurisdictional agreements
 - Proportional
 - By tasks
 - Service districts

This concluded the presentation. Chairman Hawkins opened the floor for questions and comments.

Chairman Hawkins inquired about when the final report will be available. Ms. Spinks said the report will be finalized by the end of the month or shortly thereafter.

Chairman Hawkins stated Ms. Spinks pointed out that in many cases this process implies long term relationship building activities. He asked her to explain further. Ms. Spinks stated that to develop a raw piece of property may take six months to determine what is available. Then it may take six months or more to draft agreements about how the property is to be controlled. Additionally, it takes a number of months to engineer the site development and another couple of years to complete construction. Overall the process could take three to five years or longer depending on the dollars available to fund these tasks. For the short term options, on the other hand, TEA could determine immediately the availability of the 11 identified properties and develop a marketing sheet for each if the owner is willing to sell. Mr. Hallingse added that knowing the County's challenges, it is even more paramount to be proactive in order to be successful. This report gives us a road map to that product development equation that is necessary for economic development; otherwise, it is difficult to compete with our neighbors and at the State and regional basis. Mr. Hallingse is confident in the analysis and where their priorities need to be as an organization in the short and long term. Chairman Hawkins added that it is not only important to bring in new business, but to assist existing businesses with expansion opportunities.

Commissioner Lemel said she struggles sometimes with understanding what local government's role is in this process and asked what the County's expectations should be. Ms. Spinks pointed out that the only way to grow the tax base, which funds local government, is to have new development or expand existing development. Economic development in essence is the only revenue-producing method the County has to pay for the services it provides. Above that basic function, most every government has some responsibility in trying to promote the quality of life and wellbeing of its citizens, which in essence means job creation. Manufacturing jobs provide much higher wages than what typically exists in tourist communities like Transylvania County. Retail and service jobs offer much lower wages and are barely living wage. Because the corridors have so much competition for lower wage jobs, she thinks it is very important for the Board to be diligent in setting aside funds to attract higher wage jobs.

Commissioner Chapman inquired about how much detail should be released to a property owner about potential plans for a piece of property. Ms. Spinks said that would depend on the person. Obviously, the property owner should know the main purpose of the purchase would be to construct an industrial site to attract higher wage jobs. She does not think a master plan is needed. The philosophical purpose is more important than the specific purpose.

Commissioner Chapman asked if it is better for the County to purchase property or to create interest in a property. Ms. Spinks said she personally feels the less money the County spends the better. That being the case, she would recommend options depending on the property owner. Options would include upfront, over a period of time or cost sharing with the owner. Chairman Hawkins serves on the State's Economic Development Board and that is contrary to what he hears via his service there. If a local government is having to build a facility or just has an option on a property, then there is essentially no chance. Ms. Spinks pointed out that 75% of projects are looking for existing buildings. As that relates to Transylvania County, the challenge is finding a site on which to construct a building.

Chairman Hawkins asked if one of the recommendations might be for the County to start setting aside funds for these purposes. Ms. Spinks responded yes. The sooner the Board has the funds to invest, the faster the end result will occur. Ms. Hallingse added that the amount of funding needed will depend on the properties that have been identified and available for purchase.

Commissioner Chapman asked if TEA intends to recommend a dollar amount for the Board to designate for this purpose. Commissioners are currently in the middle of budget planning for next year so it will be helpful to have guidance from TEA. Mr. Hallingse said TEA will provide a figure as well as recommend different mechanisms to approach the budgeting conversation in creative ways that have been successful in other areas.

Commissioners thanked Ms. Spinks and Mr. Hallingse for their presentation and look forward to receiving the final report.

APPOINTMENTS

BOARD OF EQUALIZATION & REVIEW

There is one vacancy on the Board of Equalization and Review and one application on file. The applicant owns property in Transylvania County which is a membership requirement. It is the recommendation of Tax Administrator Annette Raines to appoint the applicant.

Commissioner Chappell moved to appoint James Cruickshank to fill the vacancy on the Board of Equalization and Review, seconded by Commissioner Lemel and unanimously approved.

BOARD OF HEALTH

There are four vacancies on the Board of Health. They each represent specific professions per statutory requirements. They are: Professional Engineer, Nurse, Dentist, and General Public. These vacancies have been advertised for quite some time and both the Health Director and Board of Health have been active in recruiting members. It is the recommendation of Public Health Director Elaine Russell to appoint the following members:

1. Professional Engineer – appoint Lawrence Cull, a clinical psychologist, to fill this position until a professional engineer is recruited; this is allowed per NC General Statute 130A-35 (allows appointment of a representative of the general public due to the unavailability of one of the licensed professionals); Ms. Russell reported to the Clerk that her office has contacted the P.E.'s in the County and she has received no interest.
2. Nurse – appoint Linda Tomkins (retired nurse, but still retains active license)
3. Dentist – Ms. Russell is actively recruiting; requested position remain vacant at this time
4. General Public – appoint William Dalton (mental health/behavioral health expertise)

There is one additional application on file from a retired physician who still practices part-time. The physician position is currently filled. A second physician cannot be appointed to a General Public position.

Commissioner Lemel moved to appoint Lawrence Cull to the Professional Engineer position until someone in that profession is recruited, Linda Tomkins to the Nurse position and William Dalton to the General Public position. The motion was seconded by Commissioner Chappell and approved unanimously.

NURSING & ADULT CARE HOME ADVISORY COMMITTEE

There are two vacancies on the Nursing and Adult Care Home Advisory Committee. The Clerk has advertised for quite some time and recently received an application.

Commissioner Lemel moved to appoint applicant Donna Raspa to the Nursing and Adult Care Home Advisory Committee, seconded by Commissioner Chapman and unanimously approved.

OLD BUSINESS

SCHOOL FUNDING POLICY

Many counties in North Carolina have developed funding policies to guide the current expense funding determination annually for public schools. A policy allows both parties to plan ahead for funding changes in the current expense portion. This policy does not include any annual capital expense that the County approves for schools in order to maintain their capital structures. Funding for capital would be considered separately.

After reviewing policies from other counties, it became clear there are many methodologies available. One of those includes looking at the spending per student for current expense. For FY 15, Transylvania County ranked fifth in the State for spending per student (ADM) across North Carolina counties and remained at this ranking for the last five years. The County is committed to making sure that funding per student remains robust to ensure that the resources required to operate the schools are available so that each child receives a quality education. By using the top 25 current spending per ADM amounts across the state as shown in the formula proposed, any changes that are made that affect all school systems such as sweeping State or federal cuts will be captured for our school system; additionally, the formula incorporates adding a Consumer Price Index (CPI) addition to the average increase seen in the top 25 in the previous year so that any dramatic increases in the cost of goods are captured for the following year. Finally, the projected ADM by the State is used during budget for planning purposes until the true ADM is known in August under this policy. This allows growth in student population to factor in to increased allocation for schools.

A school funding formula has been discussed previously; however, a series of three meetings between County and School Administration over December and January resulted in two options presented to Commissioners in January. At that meeting, Commissioners asked that staff update the chart to go back three additional years and include a third scenario that took the top 25 current expense/ADM figures and averaged the last three years, then added CPI. This is shown in the updated chart included in the Commissioners' agenda packet. Commissioners also requested that staff meet with School Administration and Board of Education representatives with the expanded data. This meeting occurred in February. No additional formula options were proposed or presented at that time; however, Administration staff did clarify that they felt both the CPI and ADM growth rate would be applied to the 51% fixed cost shown in Option 2 from the previous Commissioners' meeting.

To review, the Manager used the three year model in Option 1 based on discussion from the previous meeting. The steps taken to calculate funding would be:

- Step One: For the current fiscal year, take the top 25 local current spending per student (ADM) and average the increase they approved from the previous three years. This is the **Average ADM % Change**.
- Step Two: In January, identify the Consumer Price Index annual increase from the previous calendar year. This is the **CPI %**.
- Step Three: **Average ADM % + CPI %= % Change**

- ***Step Four: Local Current Spending Per ADM* (current fiscal year)* % Change= New Local Current Spending per ADM**
- ***Step Five: New Local Current Spending per ADM * DPI projected ADM= Total Proposed Current Spending Allocation***

If the ADM drops by more than 5% in a single year, then additional consideration would be taken to prevent a stop-loss on capital needs.

In the Commissioners' agenda packet, the Manager included a spreadsheet with data from the 25 jurisdictions in North Carolina using current expense spending per ADM from the last eight years, the annual change, and the five-year and eight-year growth averages for each of those jurisdictions. For instance, Transylvania County has a 5.76% eight-year growth average, which is the second highest in the top 25. It has the fourth highest five-year growth average at 3.77% from the top 25. The data includes the average change of the top 25 jurisdictions per year and the CPI increases that would have been identified in those years. The spreadsheet gives Commissioners three different options for the funding formula. The first takes a one year look back at the average 25 and adding CPI for a proposed increase for that fiscal year. The proposed increase for FY 17 based on this model would be 5.94%. The second option is to take a two year look back and added CPI. For FY 17, that would equate to a 4.62%. Finally a three year look back with CPI provides for a 3.69% increase for FY 17.

The Manager asked Commissioners to review the updated data and provide direction on a funding formula policy for current spending for Transylvania County Schools.

Chairman Hawkins opened the floor for discussion.

Commissioner Chapman noted that the County has funded education well for many years; however, the needs continue to grow. The County has been covering the deficiencies from the State at the local level by delaying other community needs and it is becoming increasingly difficult to do so. He supported Option 1 with the two year look back because it keeps the County in the top funding percentile in the State. He feels like the Board would be able to make adjustments if a crisis or major need arises. Commissioner Chapman also commented that the County does not yet know what the School System's capital funding requests will be, but indicated a recent report to the State indicated they would need over \$100 million in the next five years.

Commissioner Lemel stated she is impressed with the County's level of support for the School System over the last several years. She noted that the majority of the top 10 funding counties are large counties with much higher populations. She also supported Option 1 with the two year look back.

Commissioner Chapman moved to approve Option 1 with the two year look back. Commissioner Lemel seconded the motion. Commissioner Phillips preferred the three year look back option in order to give a better average and fairly quick reaction to any deviations in the economy whether positive or negative. Chairman Hawkins pointed out there is not much difference between two and three years based on an overall look back. The potential for year-to-year fluctuations is enough of a risk that he prefers the shorter period of two years. In addition, he noted that over eight years Transylvania County ranked third out of the 25 best in terms of percentage of increase during that period. Transylvania County has provided tremendous support to the School System and he believes this funding formula will continue to do that. It provides a certainty for both Boards, but can be adjusted under extraordinary circumstances. Commissioner Chapman pointed out that the counties in the top 25 also have much larger tax bases and tax rates than Transylvania County. He does not think the County can continue to fund at these levels at the current tax rate. Issues with education spending are at the State level and have been for many years. Chairman Hawkins referred to Mr. Russo's introduction of a resolution during public comment and noted

that last fall the Board of Commissioners and Board of Education sent a joint letter to our legislators at both the State and federal level that expressed concern about education spending. The Board will consider other action if necessary. Commissioner Chappell commented about the uncertainty of the funding formula because this is new for the County and the School System. He weighed the options and preferred Option 2 because he believes it provides a greater safety net. **The motion passed 4 to 1, with Commissioner Phillips voting against.**

NEW BUSINESS

STATEMENT OF OPINION ON PISGAH NATIONAL FOREST PLAN REVISION

At the request of the Board of Commissioners, the Transylvania Natural Resources Council discussed and approved a resolution for consideration by the Board. The resolution, entitled *Statement of Opinion on Pisgah National Forest Plan Revision*, states opposition to Wilderness and National Recreation Area designations, states the importance of active management, affirms the importance of hunting and all recreational activities to our citizens, and acknowledges that we have citizens who enjoy a variety of outdoor recreation in the forests. The suggested resolution offers a balanced and objective analysis of the situation. The Tourism Development Authority also offered their opinion on the Pisgah National Forest Plan revision. The Manager recommended approval of resolution has submitted and for the Clerk to forward copies to the County's federal legislators and district forest ranger's office.

Commissioner Lemel moved to approve Resolution 08-2016 Statement of Opinion on Pisgah National Forest Plan Revision and to instruct the Clerk to forward copies to our federal legislators (Congressman Meadows, Senators Burr and Tillis) and the District Forest Ranger's Office. The motion was seconded by Commissioner Phillips. Commissioner Chapman read aloud the resolution for the benefit of the public. Commissioner Chappell commented that Commissioners and staff share the concerns expressed by the public. He encouraged the public to reach out to their legislators to voice their opinion on the Forest Plan Revision because it is ultimately a federal decision. Commissioner Lemel reported that Congressman Meadows indicated to her the importance of the Board having an opinion on this issue. He felt strongly that legislators would listen to the local governments within their jurisdiction. Commissioner Chapman indicated that the majority of counties in Western North Carolina have approved resolutions in opposition to specific Forest designations. Chairman Hawkins thanked the members of the Transylvania Natural Resources Council for the work they put into this. Although many counties have passed resolutions, he doubted any county has looked at this as thoughtfully and with the intent that Transylvania County has. **The motion was approved unanimously.**

(Resolution 08-2016 Statement of Opinion on Pisgah National Forest Plan Revision is hereby incorporated by reference and made a part of these minutes.)

RECLASSIFICATION OF GRANT POSITION IN HEALTH DEPARTMENT

Public Health Director Elaine Russell requested Commissioners reclassify an existing grant job position from Substance Abuse Education Specialist to Health Educator I to gain a broader skill set for working with youth. The grant position is through the CARE Coalition. After a year of operations, grant staff have realized the skills needed from the position should focus on youth engagement in the schools/community, media skills and data management. This aligns with the job specifications for a Health Educator I. The position is currently vacant due to a resignation. The current job classification creates a narrow skill set more focused to clinical and counseling level engagement. There is no financial impact to the reclassification. The change is in title and duties only. The Board of Health approved the request at their meeting on March 8, 2016.

Commissioner Lemel moved to approve the reclassification of a grant position in the Health Department from a Substance Abuse Education Specialist to a Health Educator I, seconded by

Commissioner Phillips and unanimously approved.COMPENSATION PHILOSOPHY

Human Resources Director Sheila Cozart presented this item on behalf of the Personnel Board. She first recognized the members of the Personnel Board in attendance.

Over the last two years, the Board of Commissioners has implemented the results of a Compensation Study completed by Springsted, Inc. The study determined a significant number of positions were below the competitive market rate and that longer serving employees were not being paid at the appropriate level within the salary ranges.

The Board of Commissioners requested the Personnel Board to review and make recommendations on a compensation philosophy/policy for their consideration with the goal of recruiting and retaining highly qualified staff by maintaining salaries in a competitive position and not falling behind and having to play catch up as was the results of the most recent study. In addition, the Board expressed a desire maintain a competitive position within the market and for compensation to be based on merit.

The Personnel Board developed a philosophy/policy they deem to be comprehensive and comprises various elements of compensation, to include CPI increases, merit increases and outstanding performance awards. Members discussed the policy at a meeting on February 18, 2016 and at that time felt the draft policy met the request of Commissioners. They also felt that if implemented it would give the County the right tools to recruit and retain staff and keep salaries from falling behind our peer market.

The financial impact to implementing the policy as presented varies: 1% of full time payroll is \$162,407; 1% of part-time payroll is \$7,907. These figures include payroll taxes and retirement contributions. Mrs. Cozart asked for direction from Commissioners because staffs are currently working with the Manager to develop a budget recommendation for FY 2017.

Chairman Hawkins asked Commissioners to discuss and provide staff with feedback.

Commissioner Chapman commented that this process was driven by the fact that the County was not competitive with surrounding counties and losing valuable employees. He asked if the implementation of the compensation study closed the gap between us and other counties. Mrs. Cozart reported that the gap was closed in 2014; but the comparable markets have made increases since then. For example, since 2014 the City of Brevard has given their employees a 4% increase; Henderson County has provided a 6% increase plus merit, and the list goes on. The two year phase in of the compensation study caused us to remain behind because other counties continue to move forward.

Commissioner Lemel asked if an annual COLA adjustment will potentially mitigate the need to perform periodic compensation studies and eliminate the pay gaps between comparable counties. Mrs. Cozart stated a COLA will help mitigate these issues unless counties decide to follow another formula. Merit pay along with a COLA offers the best opportunity to competitive and keeps employee salaries where they should be compared to the market place. However, if in the future staff finds that we are not keeping up with other counties; staff may have to come back before the Board to make further adjustments.

Commissioner Chapman said he would like to see the overall compensation package for employees and how we compare in those areas to our peer counties. Mrs. Cozart will provide that information.

Commissioner Chappell serves as the Commissioner representative to the Personnel Board and he thanked the members for their work on developing this policy for Commissioners' consideration. He indicated he had one issue with the recommendation. He preferred that the philosophy statement include

“depending on budget availability”. He is concerned about creating hardships for future Boards and noted that the policy would have to be amended if a Board decides not to give an increase in a particular year. The Manager offered the option of including the CPI because the figures are derived from an outside data source and then each year consider setting aside funds for merit increases. This offers an objective point of view for the Board.

Chairman Hawkins stated that the policy is only as good as the evaluation system that is in place to determine who is deserving of the merit. He would like to have more details about the performance evaluation system. Mrs. Cozart reported that department heads complete the performance evaluations and must show justification for their recommendations. The Manager noted that with the passage of a strategic plan employees are being held more accountable which will be evident in the evaluation process.

Commissioner Lemel said it would be helpful to understand if meeting performance expectations is an automatic pay increase in the private business world and what level that increase might be on average. Mrs. Cozart said the amount is higher in the private sector than in the public sector. Transylvania County implemented a performance evaluation system in 1998 and has used the same percentages since then which are typical for other counties as well.

Commissioners will consider this item at the first meeting in April.

SMOKY MOUNTAIN CENTER FISCAL MONITORING REPORT

Per NCGS 122C-117 (c), the quarterly Fiscal Monitoring Reports (FMR) for the managed care organization/local management entity must be presented to the Board of Commissioners in person and read into the minutes of the meeting at which it is presented at least twice a year. Finance Director Gay Poor presented the second quarter Fiscal Monitoring Report for Smoky Mountain Center.

Total revenues through December 2015 were \$191,889,913. If this current revenue trend continues, revenue for FY 2016 will be 98.49% of the budget, slightly less than \$6 million than originally projected. Total expenditures through the second quarter came to \$185,811,492. At this level total expenditures for the year will be 95.37% of budget, or approximately \$18 million less than expected. Currently revenues exceed expenditures by over \$6 million and are on track to generate net income of \$12.2 million for the year.

Commissioner Chappell moved to receive the Smoky Mountain Center Fiscal Monitoring Report, seconded by Commissioner Lemel and unanimously approved.

MANAGER’S REPORT

The Manager reported the following:

- State of the Young Child Report
 - Presentation by Commissioner Lemel at NCACC Health and Human Services Steering Committee next Wednesday in Raleigh
- April 7, 4:00 p.m. - 7:00 p.m.: Kindergarten Readiness Rally at the Recreation Center; coordinated by WCCA, but many organizations collaborating
- April 18, 5:30 p.m. - 7:30 p.m.: Town Hall Meeting on Child Care, light supper and activities for children ages 3-11 provided paid for with private dollars; invite families and businesses to talk about challenges with childcare.
- Public Hearing is being scheduled for March 28 for approval of economic development incentives

- Town of Rosman, City of Brevard and County presented to TNRC to talk about water needs and work underway
- Budget process continues; department head meetings in March and April; evaluate nonprofit applications; Blue Ridge Community College to present soon; Manager to meet individually with Commissioners to hear their priorities; all items will tie back to the strategic plan
- Kudos:
 - Congressman Mark Meadows visited and toured the library last week
 - Citizen compliments to Solid Waste and Maintenance for the improvements at the Solid Waste Convenience Center in Pisgah Forest
 - Tax Administration commended for conducting the revaluation by realtor Billy Harris
 - Hosted NCACC Risk Management Regional Meeting last week and they enjoy being in the community

Commissioner Chapman commended staff for working to replace the building at the Pisgah Forest Convenience Center.

PUBLIC COMMENT

Edwin Jones: Mr. Jones stated that in the presentation on product development it was reported that the Ecusta site is no longer being considered for site development and he is concerned about that statement because it is located in a prime location, has a water source and rail line.

Paul Iooss: Mr. Iooss reported his background is in manufacturing management and economic development. He commended the product development report that was presented tonight. In his experience when a community has product it will attract business; therefore, it is imperative for the County to set aside funds in the budget for product development. He encouraged Commissioners to think outside the box to solve the County's challenges. He believes with one business will come additional business and residential which will in turn help with solving some of the County's poverty issues.

Lee McMinn: Mr. McMinn expressed support of the recommendations by the Personnel Board, Mrs. Cozart and the Manager to bring some stability to the employee pay structure. The County continues to remain behind because the compensation study was already out-of-date when it was implemented. He believes the proposal gives flexibility in terms of performance awards. He felt strongly that a policy should be in place and urged the Board of Commissioners to approve it as presented.

COMMISSIONERS' COMMENTS

Commissioner Chappell reported that Congressman Meadows and his staff bragged about the County Manager and our wonderful County during their recent visit to the library. He thanked the Manager for cultivating these relationships.

Commissioner Chapman asked everyone to keep in their thoughts and prayers the family of the Chairman of the Polk County Board of Commissioners who died in a tragic accident. He commented that much of the discussion tonight centered on money. The Board has some difficult decisions to make in the coming months. It is evident how far behind the County is with addressing the needs of the community. While he understands no one wants a tax increase, the demand for services continues to rise. Commissioner Chapman encouraged citizens to make Commissioners aware of their priorities.

Commissioner Lemel reported on her Commissioner activities since the last meeting. She has been busy working with Smoky Mountain. The Early Child Initiative work continues and there are some exciting events coming soon for young families and children. She toured Rosman Elementary School with

Senator Tillis' assistant. Commissioner Lemel met with Pisgah Legal Services in an effort to understand their role in helping citizens in our community. She is working with the School System on the Teens in Crisis initiative to address issues with homeless teens. After learning that Transylvania County has the State's highest continuance rate in DSS and Family Court, she formed a task force to discuss ways to reduce that number and improve efficiencies. She also visited the Buncombe County Family Justice Center. Buncombe County experienced eight domestic violence deaths in a single year in a county of over 200,000 people; yet Transylvania County experienced four domestic violence related deaths with a population roughly 17% the size of Buncombe County. She feels this is another opportunity to bring stakeholders together to discuss these issues and find solutions. These discussions will begin in April. This morning she attended a meeting in Asheville to hear Governor McCrory discuss the bond proposal. It was also opportunity to meet with others across the State and network with State level officials about the work going on in Transylvania County on early childhood initiatives and the like. Commissioner Lemel reported that Governor McCrory talked about how far behind the State has fallen because we have not invested in ourselves and how important it is to start anticipating and planning for those needs. She draws the same parallels to the needs in our community.

Chairman Hawkins responded to Mr. Jones comments about the Ecusta site. The point made during the presentation was the site is never going to be a large industrial site because that is not the current owners' plans. As a practical matter, the site is no longer on the market. There is a small component of the site that is designated for industrial use, but the owners have a stated policy that industrial use will not be the first use of that site. With that said, it does not mean there will not be opportunities in the future. In addition, referring back to the resolution on the Forest Revision Plan, Chairman Hawkins said he forgot to mention that the Tourism Development Authority also presented the Board with comments which the Board took into consideration.

ADJOURNMENT

There being no further business to come before the Board, **Commissioner Lemel moved to adjourn the meeting, seconded by Commissioner Phillips and unanimously carried.**

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board