

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
April 11, 2016 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in regular session on Monday, April 11, 2016 at 7:00 p.m. in Commissioners Chambers at the County Administration Building.

Commissioners present were Jason Chappell, Vice-Chairman Larry Chapman, 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* – Derrick McKissock

There were approximately 20 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

There were no public comments.

AGENDA MODIFICATIONS

There were no agenda modifications.

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

CONSENT AGENDA

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

The following items were approved:

MINUTES

The minutes of the March 28, 2016 regular meeting and sealed closed session were approved.

ANNUAL LEAVE ROLLOVER PROCESS

Amendments to Article VII (Holidays and Leaves of Absence), Section 6 (Vacation Leave-Maximum Accumulation) of the Personnel Policy were approved. The amendments simply align the policy with the actual procedure performed by the financial software to roll over vacation leave.

Chairman Chapman expressed concerns about accrued leave funds and he encouraged employees to use their leave time. He did not support employees saving their leave time to use toward retirement.

At the request of Commissioner Lemel, Human Resources Director Sheila Cozart explained the leave accrual process. Employees accrue vacation each year based on their years of service. They can carry over a maximum of 30 days and any additional is rolled over into sick leave which can be used toward years of service upon retirement. Ms. Cozart stated that 91 of the 100 North Carolina counties as well as the State of North Carolina follow this same process. The Manager pointed out that the funds to cover leave time for both sick and vacation must be shown on the financial books. The approval of this item tonight is purely a technical matter.

UPDATE OF TRANSYLVANIA COUNTY DRUG AND ALCOHOL POLICY

Revisions to the Drug and Alcohol Policy were approved in order to be in compliance with Federal Department of Transportation requirements and to continue receiving funding.

PRESENTATIONS/RECOGNITIONS

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Transylvania County Finance Department for its comprehensive annual financial report for the fiscal year ending June 30, 2015. To receive the Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The County's Finance Department has received this award for 29 years which speaks to the time and commitment the Director and her staff put into their work and into the financial business of the County.

Commissioners recognized and congratulated Finance Director Gay Poor and her staff for being awarded the Certificate of Achievement for Excellence in Financial Reporting and presented Ms. Poor with the certificate.

APPOINTMENTS

LAND-OF-SKY REGIONAL COUNCIL DELEGATION

The Land-of-Sky Regional Council (LOSRC) has requested that each member government review their delegate list and either confirm or replace members to the Board of Delegates. Transylvania County's current delegation is:

Primary Delegate: Mike Hawkins, Chairman

Alternate Delegate: Jason Chappell, Commissioner

Economic Development Appointee: Mark Burrows

Minority Representative: Vacant

LOSRC Executive Director Justin Hembree reported that the bylaws have been changed to allow for the appointment of another alternate delegate in order to ensure attendance and member government representation at each meeting.

The Manager and Clerk have consulted with Chairman Hawkins about these appointments and the following slate of delegates is being recommended for 2016:

Primary Delegate: Mike Hawkins, Chairman

Alternate Delegate: Jason Chappell, Commissioner

Economic Development Appointee: Josh Hallingse, Transylvania Economic Alliance Executive Director

Minority Representative: TBD based on recruitment strategy

Commissioner Lemel moved to approve the slate of delegates as presented. The motion was seconded by Commissioner Phillips. The Land-of-Sky Regional Council will accept a female appointment as a minority representative; however, staff intends to advertise for the minority position to ensure the County has reached out to all interested persons in the community. **The motion was approved unanimously.**

WORKFORCE DEVELOPMENT BOARD

Noah Tuttle recently resigned his appointment with the Workforce Development Board. His position represented the private sector. It is the recommendation of the Mountain Area Workforce Development Board to appoint Lori Galloway. She is employed with Sigma Plastics/New Excelsior. There are no other applications on file.

Commissioner Lemel moved to appoint Lori Galloway to replace Noah Tuttle on the Workforce Development Board, seconded by Commissioner Chapman and unanimously approved.

OLD BUSINESS

COMPENSATION PHILOSOPHY

Human Resources Director Sheila Cozart presented this item to Commissioners. In FY 2014-15, the Board of Commissioners began the implementation of the results of a compensation study completed by Springsted, Inc. The compensation study was phased in over a two-year period. 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. After implementation of the study, the Board of Commissioners requested the Personnel Board review and make recommendations on a compensation philosophy/policy for consideration. In March, Ms. Cozart brought forth a recommendation for a compensation system comprised of different elements, including cost of living adjustments, merit increases and an outstanding performance award.

For comparison purposes, Ms. Cozart shared figures from comparable and surrounding local governments indicating how they have compensated (COLA, merit, step, etc.) their employees over the last two years while Transylvania County was in the implementation phase of its compensation study.

Chairman Hawkins called for discussion on the proposal.

Commissioner Lemel stated she does not want the County do fall behind the market when compensating employees; therefore, she believes one of the most important components is the cost of living adjustment (COLA), particularly if it is tied to the Consumer Price Index (CPI). She hopes the Board will make a commitment to maintain a COLA for employees. She is concerned about merit increases as defined by the Personnel Board. She is more interested in rewarding exceptional performance and outstanding employees that go above and beyond his or her job duties. In terms of the budget, offering merit increases at the levels proposed could cause exponential growth in the budget of which the County cannot afford and she is not sure this is the most responsible approach. Ms. Cozart said merit increases are meant to move employees within their salary ranges. The compensation study shed light on the fact that longer serving employees were in the lower quartiles of the salary ranges and their salaries were less than 5-10% different from newer employees. Ms. Cozart stated in the past the County used a step system which offered salary increases based on years of service. The County moved away from that system into

a performance-based plan many years ago. With this system, employees not meeting expectations do not receive a merit increase. The County maintains a longevity program in which longer serving employees are rewarded with a lump sum based on their years of service.

Commissioner Chapman stated that in order to remain competitive with surrounding counties this Board needs to look at a tax rate that is supportive of its compensation philosophy. He is not ready to spend more money on salary increases because the County is faced with other needs. He believes County employees are being compensated well compared to the average wage in the community. Ms. Cozart is concerned about the Board spending money to complete and implement a study and then not providing the funds to maintain it. Most of the comparable and surrounding counties put into effect salary increases while Transylvania County was still implementing the compensation study. This will more than likely cause the County to have to perform another compensation study in a few years and puts us at risk of losing well-trained employees. If other local governments are essentially “buying” our talent, then we become a training ground for other jurisdictions. Ms. Cozart stressed the importance of the County being competitive.

Commissioner Chappell preferred a statement in the compensation philosophy that hinges on budget availability. He is concerned that if the policy does not explicitly say this and there is an economic downturn, the Board will have to change the policy in order not to give salary increases. He agreed with the proposed policy, but he believes the statement about budget availability will allow the Board some flexibility depending on the economy. He shared Commissioner Chapman’s concerns about the overall budget.

Commissioner Chapman preferred to make a decision during the budget cycle when the whole budget is presented. Ms. Cozart stated that the Personnel Board felt the compensation philosophy/policy makes a statement of support for employees with at least a COLA. The merit portion would be based on budget availability. Prior to 2008 a similar merit system was in place, but the percentages were modified over time based on budget availability. The performance evaluation has been in place since the mid-1990’s.

Commissioner Phillips inquired about the specific template used to define merit. Ms. Cozart said all employees are evaluated each year. They are evaluated based on a certain level of expectation, both qualitative and quantitative, and their job elements.

Chairman Hawkins pointed out that out of the surveyed counties, only one awards salary increases based on a merit system. Ms. Cozart responded that the survey period covered the last two years. This does not necessarily mean they do not have a merit system in place. Chairman Hawkins said he understands how merit systems work in the private sector, but wondered how to best quantify levels of excellence in a meaningful way across all the different functions in local government. He would like to understand the evaluation process better. He strongly believes the goals should be to move employees through the pay scale and to truly reward excellent employees. He asked if the longevity plus the COLA moves employees through their pay ranges in an appropriate way. Ms. Cozart replied yes and noted Commissioners would need to establish what the step is going to be and the frequency of the step increase. Chairman Hawkins said he was undecided about how best to reward excellence. He suggested reserving an amount of dollars each year to reward employees for great work. That, along with the COLA and longevity should continue to move us forward. Ms. Cozart said she has not seen this type of compensation system in local government, but staff can certainly explore further. Commissioner Chappell added that if Commissioners are going to consider a longevity step increase, they need to reconsider the longevity lump sum paid out at the end of each year. Ms. Cozart noted that eligibility for the step increase would need to be defined and should not reward marginal employees. Commissioner Lemel suggested replacing *Section 12-Merit Increases* in the proposal with *Step Increases* and the qualifying factor of meeting or exceeding expectations.

The Manager pointed out there appears to be consensus on a COLA increase tied to CPI. She suggested Commissioners allow the Personnel Board to reconvene and offer further options on Sections 12 and 13. After some comments, Commissioners were in consensus, but with the caveat to include budget availability.

Commissioner Phillips asked Ms. Cozart to provide data as to why employees left employment here, particularly if they left for other employment.

Commissioner Lemel moved to adopt a policy with an adjustment to Section 11 (Employee Salary Adjustments for Consumer Price Index Changes) to support a COLA increase for our employees based on CPI, budget allowing. The motion was seconded by Commissioner Chappell. Chairman Hawkins commented that this achieves the goal of moving employees through their salary ranges. As this evolves, he hopes Commissioners will find a way to alleviate any budget concerns while still making a commitment to staff. Commissioners thanked Ms. Cozart for the work she presented. **The motion passed unanimously.**

Commissioner Chappell serves as a member of the Personnel Board. He thanked the members of the Personnel Board for the work they put into this and for the healthy discussions that was had by the members.

The Manager, at the request of Commissioners, will share this discussion with the Personnel Board and they will work to develop some additional alternatives for the Board to consider.

NEW BUSINESS

CRIMINAL HISTORY AND BACKGROUND INVESTIGATION PROCESS

Human Resources Director Sheila Cozart presented this agenda item. In 2010 the Board of Commissioners approved an amendment to the Personnel Policy to include criminal background investigations as part of pre-employment procedures. At that time, the plan was to access the SBI's Criminal Information Network via the Sheriff's Office; however, it has been impossible to rely on this arrangement because of the unique process to complete criminal background investigations and staffing availability. Therefore, staffs have been using various processes depending on the department and the position.

In addition, requirements of Pre-Employment Criminal Background Investigation compliance with the Fair Credit Reporting Act have changed significantly. There are expanded requirements for post-hire criminal charges and traffic offense monitoring for many positions and required monitoring of specified lists of excluded individuals for Medicaid and Medicare Protection. This could put the County at risk for the possibility of losing Medicaid and Medicare revenues/reimbursements.

Therefore, Ms. Cozart recommended that the Board of Commissioners abolish Ordinance 43-10 and enter into an agreement with Management Solutions for Emergency Services to provide the Pre-Employment Criminal Background Investigations, ongoing North Carolina and national monitoring of staff for criminal charges and for ongoing Inclusion List monitoring. The financial impact of going this route is \$2,855 maximum (\$1,750 annual fee; 15 @ \$25 pre-employment tests, 30 @ \$20 vetting of current staff) and ongoing annual contract amount and per-person costs.

Commissioner Chappell was supportive of moving forward because of the risk of losing Medicaid and Medicare funds. Compared to the risk of losing these funds, the contract fee is nominal.

Commissioner Chappell moved to abolish Ordinance 43-10, approve the proposal from Management Solutions for Emergency Services and allocate \$2,855 for the services. The motion was seconded by Commissioner Phillips. Commissioner Chapman expressed concern about potential liability should the company misrepresent someone. The vendor was in attendance. He stressed the process is thoroughly vetted and monitored frequently. Commissioner Chapman asked if State law requires the County to perform background checks. Ms. Cozart stated the County is required by law to perform background checks on employees that work with children. Ms. Cozart noted that we may add performing background checks on volunteers in the future. **The motion was unanimously approved.**

EMPLOYEE APPEARANCE POLICY

Human Resources Director Sheila Cozart presented this item. She reported that department heads have brought forth concerns about the lack of a county wide dress/appearance policy. The Personnel Board discussed the policy and over a few meetings refined to the proposed draft. Ms. Cozart noted that individual departments may have more detailed dress codes for reasons of safety or professional standards and the ultimate decision over dress codes will be left to the department heads.

Commissioner Lemel moved to approve the Employee Appearance Policy as presented. The motion was seconded by Commissioner Chapman and unanimously approved.

HOLIDAY POLICY

Human Resources Director Sheila Cozart presented this item. Session Law 2013-382 was ratified to amend G.S. 126-4(5) to allow 12 paid holidays per year including three paid holidays to be given for Christmas regardless of what day of the week Christmas falls. Previously, State employees only received 12 paid holidays in years in which Christmas Day fell on Tuesday, Wednesday or Thursday. The County has always followed the State Holiday schedule, due to providing space for departments such as Vocational Rehabilitation and the Clerk of Court and court system employees. Also, many County departments rely on the State for access and customer service of computer systems. The financial impact of changing the current policy to remain in line with the State is \$15,203 based on FY 2016 Budget.

Commissioner Lemel moved to approve the County Holiday Schedule that coincides with the State Holiday Policy, seconded by Commissioner Chappell and unanimously approved.

REQUEST FOR PROPOSALS FOR AUDIT SERVICES

As requested by the Board of Commissioners last April, the Finance Office issued Requests for Proposals (RFP) for auditing services for FY 2016 and subsequent years. The RFP was released on February 22, 2016. In addition to advertising in *The Transylvania Times* and on the County's website, Finance Director Gay Poor contacted five regional firms – Dixon Hughes Goodman, Gould Killian CPA Group, Carland & Andersen Incorporated, Martin Starnes & Associates, and Blair, Bohle & Whitsitt. Of those, two attended a pre-proposal conference, and four submitted proposals – Gould Killian whose office is in Asheville, Carland and Andersen with offices in Brevard and Hendersonville, Blair, Bohle & Whitsitt in Charlotte, and Martin Starnes, located in Hickory.

The RFP required the proposals to be submitted in two sections: (1) one describing the services to be offered and the qualifications of the firm and (2) the other, which was to be delivered in a separate sealed envelope, stating the cost of the proposed services. Included in Commissioners' agenda packets was an excerpt from the RFP that outlines the selection process and specifies the information to be included in each of these sections.

As prescribed in the RFP, the audit committee - consisting of Theresa Parker, CPA and the Regional Business Director of Finance with the Transylvania Regional Hospital; Jim Fatland, Brevard City Manager and former Finance Director for numerous municipalities; and Gay Poor, Transylvania County

Finance Director – evaluated the proposed services and qualifications of the firms prior to considering the cost estimate. Using point values assigned to qualification criteria prior to opening the proposals, each member of the audit committee independently scored the firms based on how well they met the criteria. County Purchasing Agent April Alm checked three references for each firm, except one which provided only one reference, asking for rankings from one to five, so that these too had numerical values. She also checked the proposals for compliance to the requirements of the RFP. The individual committee member's scores were averaged to determine the overall score for each firm, up to a maximum of 70 points.

The remaining 30 points were awarded based on the fees for services. Firms were requested to provide cost estimates for three- and five-year contracts, presently separately for the County and for the County's Tourism Development Authority. Based on the scores for Section One, the committee dismissed one proposal as non-responsive for the County's audit needs and did not open that firm's Section Two. The firm with the lowest cost was awarded 30 points; the other two received points calculated on the percentage that the lowest dollar bid was to their bid.

The summary provided by Ms. Poor shows that Martin Starnes earned the highest overall score. While their fee proposal was higher than one of the other firms, the consensus of the committee was that other factors presented in the qualifications section outweighed the additional cost. Chief among these factors is Martin Starnes' extensive experience auditing governmental entities over the past 24 years. For fiscal year ending June 15, 2015, they audited 37 counties and 48 municipalities, with 95% of their practice devoted to governmental auditing. As a larger firm, Martin Starnes can offer longer-term stability and continuity of staff familiar with Transylvania County's accounting policies, procedures, and systems and has access to more resources and specialized expertise within the firm. It is, therefore, the recommendation of the evaluation committee to select Martin Starnes to provide auditing services for a three-year period, pending satisfactory annual performance as stipulated in the RFP. The financial impact of this recommendation is a three-year commitment of \$117,405 for the County's audit and \$11,200 for TDA's audit.

On behalf of the County, Ms. Poor expressed her appreciation to the firms that submitted proposals. All three of the firms considered are all well-qualified and well-regarded by both their peers and their clients. She expressed gratitude to Ms. Parker and Mr. Fatland for investing the time and effort to evaluate the proposals and share their insights based on their many years of experience with the audit process.

Commissioner Lemel moved to award a three-year contract to Martin Starnes to provide auditing services to Transylvania County and the County's Tourism Development Authority. The motion was seconded by Commissioner Phillips. Commissioner Chapman said he intends to reluctantly support awarding the contract to Martin Starnes. They have done an excellent job, but at the end of this contract period they will have served as the auditing firm for a period of nine years. He believes it is important to change auditors periodically to get a fresh eye on the County's finances. Commissioner Chappell agreed and noted that the NC Association of Commissioners recommends this practice. Ms. Poor pointed out that the committee felt that the strength of the proposal was warranted in selecting this firm once again. **The motion was unanimously approved.**

MANAGER'S REPORT

- A safety survey has been sent to employees; deadline to complete is by April 22nd; Safety Committee to review and make recommendations; not yet determined how to engage citizens to complete survey
- Emergency Services Study presentation at next meeting; Board to receive draft soon, but comment period is a quick turnaround time

- Thank you to WCCA and participating agencies for Kindergarten Readiness Rally success which reached nearly 30% of upcoming kindergarteners
- April 12-14 School System kindergarten sign up
- April 18 Town Hall on Child Care at the Library- 5:30 p.m. - 7:30 p.m.
 - Sponsors: The Family Place, Neumann Law Firm, SAFE, Smart Start of, Library Foundation, *The Transylvania Times*, United Way, Western Carolina Community Action
 - Activities for children; light supper
- Work on budget continues; recommendation to be presented at the May 9 Board of Commissioners' meeting
- End of August completion of old jail for Elections; may need to hold General Election in Library once again

PUBLIC COMMENT

Edwin Jones: Mr. Jones expressed his happiness to see the traffic lights working properly at the EMS Station during a major emergency today. He referred to Commissioner Lemel's comments about the impact of merit increases on the budget. He stated that in the private sector the merit increase can equal zero. He does not understand why there is not a similar concern about the growth of a CPI-indexed COLA which is also a reoccurring cost.

Susan Sunflower: Ms. Sunflower distributed "Brevard Tree Walk" invitations. The purpose of the event is not only to celebrate Arbor Day, but also to provide ongoing educational opportunities for citizens. She reminded Commissioners they passed a proclamation last year supporting planting native plants first. The Brevard Tree Walk is scheduled for April 29 at 5:30 p.m. and will begin at City Hall. She invited Commissioners and the public to participate.

COMMISSIONERS' COMMENTS

Commissioner Chapman asked Ms. Sunflower if the invasive species program was successful. She said the participation in these educational programs is continually increasing.

Commissioner Lemel reported on her County Commissioner activities since the last meeting. She spoke to a group of seniors at Silvermont and said she looks forward to learning more about their challenges and issues. She is meeting with WCCA soon to determine how to address these concerns. She attended the NC Association of County Commissioners Health and Human Services Steering Committee. It consisted of what is called a Mental Health World Café at which members of the local management entities/managed care organizations across the State were represented and it provided an opportunity for county leaders to collaborate with these organizations and learn how to access their services for our citizens. Members from Smoky Mountain Center attended and it allowed them to build upon their relationships with the counties in their catchment area. The Kindergarten Readiness Rally was successful which reached nearly 30% of upcoming kindergarteners. This 30% represented 89 families. The success of the event bodes well for our future efforts of encouraging activities and programs to support our youngest citizens. Commissioner Lemel also spent time with Chairman Hawkins, Commissioner Chapman and Manager Laughter at a meeting with the Mission Hospital Leadership Team. It was an opportunity for them to advocate for the strength of the programs at our local hospital.

Commissioner Phillips asked if staff or the County Attorney had done any further research on whether or not other local governments are allowing concealed carry. The Manager stated that since Commissioners had asked staff to look at safety and security in general, she hopes the employee survey will bring to light whether or not this needs to be addressed. Other jurisdictions have addressed policies in many different

ways. Currently the County bans concealed carry in public buildings. The County has no control over some buildings, such as the Courthouse. State law prohibits any kind of weapons being allowed in the Courthouse except by law enforcement personnel. The Manager noted that the public piece of the survey has not yet been decided.

Chairman Hawkins reported that this is National Library Week. He encouraged everyone to attend the Library this week because they have several events and activities going on. He reported that last week he met with the Chair of the Board of Education to discuss the School System's capital needs. They are working on compiling their prioritization list and submitting it to the County by the deadline of May 2. Chairman Hawkins was pleased that Ms. Sunflower actually laminated the resolution passed by the Board last year on planting natives first. Lastly, he reported that tomorrow the Transylvania Economic Alliance is traveling to several cities and towns and Commissioners and others will be participating.

ADJOURNMENT

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

Mike Hawkins, Chair
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board