

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
January 22, 2018 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in regular session on Monday, January 22, 2018 at 7:00 p.m. in Commissioners Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

Commissioners present were Chairman Larry Chapman, Jason Chappell, Mike Hawkins and Vice-Chairwoman Page Lemel. Commissioner Kelvin Phillips was absent due to illness. Also present were County Manager Jaime Laughter, County Attorney Misti Bass, 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 Larry Chapman presiding declared a quorum was present and called the meeting to order at 7:03 p.m.

WELCOME

Chairman Chapman welcomed everyone to the meeting and thanked the members of the public for participating in their local government. He introduced Commissioners and staff in attendance.

PUBLIC HEARING

SIGN CONTROL ORDINANCE OF TRANSYLVANIA COUNTY

Planning and Community Development Director Mark Burrows presented this item. Before making the presentation, he recognized the Planning Board members in attendance. They were Kimsey Jackson, Mack McNeely and Lauren Wise.

The current Sign Control Ordinance was last amended in 2003. Additionally, a US Supreme Court decision (Reed v Town of Gilbert, AZ, 2015) ruled that signs are a form of free speech and cannot be regulated based on content. Signs can legally be regulated for safety and aesthetics. The current Sign Control Ordinance uses distinctions in content to exempt certain signs. Based on the Supreme Court ruling, all types of signs have to be subject to the same standards regardless of the message on the sign.

The Planning Board reviewed the Ordinance in great detail and involved citizen input via workshops and regular meetings. They began reviewing the Ordinance approximately one and half years ago. Most issues the Planning Board members agreed upon and areas where there were not unanimous agreement, compromise was reached through lots of discussion and hammering out differences of opinion.

The proposed changes to the Sign Control Ordinance were presented to the Board of Commissioners on November 12, 2017 and December 12, 2017. It has been updated to include changes requested by Commissioners, such as designating the Planning and Community Development department as the enforcement department.

Staff properly advertised for the public hearing and requested Commissioners consider feedback and direct staff to make any necessary changes prior to adopting the amended ordinance at a future meeting.

A detailed summary of changes was provided and included in the Board's agenda packet and was presented during the public hearing by County Planner Joy Fields. This is a summary of her presentation:

- **Authority** - The Sign Control Ordinance of Transylvania County refers to the Scenic Corridor Designation Ordinance and regulates signs along scenic corridors pursuant to that ordinance.
- **Jurisdiction and Administration** - To provide consistency between other ordinances and increase the user-friendliness of the Sign Control Ordinance of Transylvania County, administration was moved from Section 20 near the back of the ordinance to Section 4 in the front of the ordinance. The Sign Enforcement Officer/administration changed departments.
- **Definitions** -
 - Definitions were updated to be as clear as possible.
 - Unnecessary definitions were removed and necessary definitions were added.
- **Section 3: Signs Exempted** - Signs exempted based on content were removed.
- **Section 4: Signs Prohibited** -
 - Signs creating unsafe distractions were clarified.
 - Electronic Message Signs were included for consideration, but limited to on-premise locations.
 - Nuisance signs were added.
- **Section 5: Off-Premise Sign Regulations** -
 - To continue to allow establishments to install directional signs off-premise without a permit, signs 32 square feet or less are allowed without a permit as long as they are 75 feet apart and there are no more than 3 on the same road.
 - Illumination of off-premise signs was clarified to augment section 4.2 and address public input.
 - One small off-premise sign allowed per establishment per scenic corridor.
 - NC DOT regulates off-premise outdoor advertising along NC Scenic Byways and this was referenced.
- **Section 6: On-Premise Sign Regulations** -
 - Electronic message centers or electronic message signs were addressed to provide a basis for consideration.
 - Illumination of off-premise signs was clarified to augment section 4.2 and address public input.
 - On-premise signs located along Scenic Corridors were limited to 80 square feet and 15 feet high, instead of 150 square feet as allowed elsewhere, to maintain the rural character of the scenic corridors and address public input.
- **Section 7: Temporary Portable Sign Regulations** -
 - To allow temporary signs (including real estate signs) without a permit, language from the current Ordinance (Section 3.8) was proposed in Section 7.
 - To allow establishments to advertise things like "ice" or "Christmas trees" for longer than 14 days, the length a temporary sign can be displayed was extended to 45 days in a six-month interval. Due to enforcement concerns that was changed to 90 days in a calendar year.
- **Sections 8 and 9:** had clarifying edits that were intended to communicate with the public more clearly
- **Section 10: Permits (moved)** - was moved to nonconforming sign section (previously Section 17, Section 14 in draft)
- **Sections 11 and 12 (renumbered to Sections 10 and 11):** had clarifying edits that were intended to communicate clearly

- **Section 13: Permit Emblems and Section 15: Registering Existing Signs (removed)** - are relics of previous versions of the Ordinance and are not currently used in the sign permitting or enforcement process
- **Sections 14, 16, 17, 19 and 21-29 (renumbered to Sections 12, 13, 14, 16 and 18-24):** had clarifying edits that were intended to communicate with the public more clearly
- **Section 18: Reason Given for Denial of Permit Application (renumbered to Section 15)** – was clarified and revised to be more consistent with other ordinances.
- **Section 20: Enforcement (renumbered to Section 17)** - 17.4 was added to address enforcement of small, temporary, illegal signs.

Mr. Burrows reported that he consulted with the County Attorney on Section 17 and there will be additional modifications to this section, but the changes will not be major and will not impact the purposes of the public hearing. The changes are needed to address small temporary signs.

Chairman Chapman declared the public hearing open at 7:14 p.m.

Jan Nickerson: Ms. Nickerson is a resident of Connestee Falls. She expressed support of the proposed revisions to both the Sign Control and Scenic Corridor Designation Ordinances. She commended the Planning Board for providing the public the opportunity to give input, for the process they undertook and for listening to each member's diverse viewpoints. She also admired how Planning staff ensured the Planning Board members had the information they needed to progress efficiently and effectively. Ms. Nickerson stated that Transylvania County has a great vibe to it, contributing to our continually being cited as one of the top places to live, work and play. She said the roads leading into the County set the stage for that experience and the protecting the natural beauty on those roads is essential to our unique brand. She added our vibe is worth protecting for the good of our economy and sustaining our attractiveness as a destination. Ms. Nickerson pointed out the proposed revisions to these ordinances improve the safety of those on the road and represent improvements appropriate to the County, its citizens and its economics today and into the future. She and others are delighted that the Planning Board has unanimously agreed to these recommendations and she urged the Board of Commissioners to approve the proposed revisions as well.

Carol Dugger: Ms. Dugger is a resident of Cedar Mountain. She spoke in favor of the proposed changes to the Sign Control and Scenic Corridor Designation Ordinances in an effort to protect the natural beauty of the southern stretch of US 276. She attended monthly Planning Board meetings and was impressed by the process they went through to prepare these proposals, how well and how long they listened to each other and to the public and how they came to consensus with all sorts of various points of view presented. Ms. Dugger felt their work stands as a real model of the democratic process and for her it was an encouraging entry into participation into local politics. On behalf of her neighbors in Cedar Mountain, she thanked the Board for their consideration and encouraged them to approve the proposals.

Edwin Jones: Mr. Jones is a resident of the Fortune Cove community. He shared a story about Davidson River Presbyterian Church wanting to modify a sign on their property and stated that it took three years for the process to be resolved and required the work of an engineer. He was supportive of the ordinance, but emphasized it should not take that long to process a claim. Chairman Chapman responded to Mr. Jones that these ordinance proposals pertain to the County's jurisdiction. The issue Mr. Jones described here occurred within the jurisdiction of the City of Brevard and would have been governed under their ordinances and handled by their staff.

Chairman Chapman declared the public hearing closed at 7:21 p.m.

The Board intends to consider approval of the Sign Control Ordinance at a future meeting.

SCENIC CORRIDOR DESIGNATION ORDINANCE OF TRANSYLVANIA COUNTY

Planning and Community Development Director Mark Burrows presented this item. He reported that the current Scenic Corridor Designation Ordinance was last amended in 1991. It is closely associated with the Sign Control Ordinance because sign regulations are different for signs located on scenic corridors. The proposed changes to the Scenic Corridor Designation Ordinance were presented to the Board of Commissioners on November 12, 2017 and December 12, 2017.

Staff properly advertised for the public hearing and requested Commissioners consider feedback and direct staff to make any necessary changes prior to adopting the amended ordinance at a future meeting.

A detailed summary of changes was provided and included in the Board's agenda packet and was presented during the public hearing by County Planner Joy Fields. This is a summary of her presentation:

- Clarified scenic corridor designation for roads in Transylvania County
 - Planning Board found there was some question about portions of the roads included as scenic corridors and designated by the 1991 ordinance, specifically sections of Highways 64 and 281. There was ample discussion about which stretch of Highway 64 was designated around Lake Toxaway and Toxaway Falls and whether or not a designation should be 281 North or South. There was discussion of others as well.
- Expanded the US 276 Scenic Corridor designation to include the portion between Wilson Road and the South Carolina state line
 - Requested by citizens in this area of the County
- Simplified language making it easier to read

Chairman Chapman declared the public hearing open at 7:24 p.m.

John Graham – Mr. Graham is a resident of Connetsee Falls. He said a couple of key points that came from the discussions from the Planning Board were the Dollar General Store issue, which has since come to a favorable conclusion, and the realization of how important that stretch of road is as an introduction to the County and the importance of maintaining the rural ambiance. Mr. Graham said enacting this ordinance keeps us ahead of the game. He also pointed out the Planning Board discussions were broad, diverse and considered all viewpoints. He supported the proposed revisions to both the Sign Control and Scenic Corridor Designation Ordinances.

Chairman Chapman declared the public hearing closed at 7:26 p.m.

This Board intends to consider approval of the Scenic Corridor Designation Ordinance at a future meeting.

Chairman Chapman thanked the Planning Board and staff for their work during this process. He also thanked citizens for their input and involvement in their local government.

PUBLIC COMMENT

Chris Farmer: Mr. Farmer is the scout leader for Troop 701. He reported that the scouts are working on their citizenship in community merit badge. One of the requirements to earn this badge is to learn more about County government. He brought 15 scouts with him this evening. He thanked Commissioners for the opportunity to bring this young group of boys to the meeting and for what they do for the citizens of this community as elected officials.

Chairman Chapman encouraged the scouts to work toward earning their Eagle Scout because it would benefit their future.

AGENDA MODIFICATIONS

There were no agenda modifications from Commissioners or staff.

Commissioner Lemel moved to approve the agenda as presented, seconded by Commissioner Hawkins and unanimously approved.

CONSENT AGENDA

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

The following items were approved:

MINUTES

The Board of Commissioners met in regular session on Tuesday, January 9, 2018 at 9am and following met in closed session in which the minutes were sealed. Commissioners approved the minutes of the January 9, 2018 regular meeting and sealed closed session as submitted. Commissioners reminded staff to continue reviewing the sealed closed session minutes to determine if any can be unsealed.

DISCOVERY, RELEASE AND MONTHLY SETTLEMENT REPORT

Each month the Tax Administrator has a listing of proposed releases for that month. The Board of Commissioners has the responsibility of approving the releases. For the month of December, total tax dollars released was \$148,481.87 and refunds totaled \$1,634.31. Commissioners approved the Discovery, Release and Monthly Settlement Report for the month of December 2017.

APPROVE DONATION OF SURPLUS ITEMS TO TRANSYLVANIA COUNTY SCHOOLS-BREVARD MIDDLE SCHOOL

Pursuant to North Carolina General Statute 160A-280, the County may donate any surplus personal property to another governmental unit or nonprofit organization incorporated in the United States. The County Manager has declared the below items surplus and is proposing to donate them as follows:

- Two scoreboards no longer used by Parks and Recreation to Brevard Middle School of Transylvania County Schools.

At least five days prior to donation, the County must post a public notice of its intent to donate the property. At the January 9 County Commission meeting, Commissioners authorized staff to post notice. The posting requirements have been met. Commissioners authorized the donation of surplus scoreboards to Transylvania County Schools-Brevard Middle School via approval of Resolution #03-2018 which is hereby incorporated by reference and made a part of these minutes.

RESOLUTION ADOPTING A POLICY FOR MUTUAL ASSISTANCE WITH OTHER LAW ENFORCEMENT AGENCIES

Sheriff Mahoney requested the Board of Commissioners adopt Resolution #02-2018 to allow the Sheriff to enter into mutual assistance agreements with other law enforcement agencies in accordance with reasonable arrangements, terms and conditions as may be agreed upon between the respective heads of the law enforcement agencies. Approval of the resolution policy and guidelines allows for reciprocal law enforcement assistance that can be rendered to and obtained from other governmental jurisdictions

necessary for the protection of the citizens of Transylvania County. A resolution was first approved by Commissioners on January 26, 2009 and according to the minutes of that meeting should be approved annually. Commissioners approved Resolution #02-2018 Adopting a Policy for Mutual Assistance with Other Law Enforcement Agencies which is hereby incorporated by reference and made a part of these minutes.

2017 DELINQUENT TAXPAYER LIST

Advertisement of delinquent taxes is required per NCGS 105-369 (a). Commissioners must approve the list before it is advertised. Any delinquent taxes paid prior to the date of advertisement will not be advertised. Commissioners approved the 2017 Delinquent Taxpayer List and ordered Tax Administrator Jessica McCall to advertise the list per NCGS 105-369 (a).

PRESENTATIONS/RECOGNITIONS

EMERGENCY SERVICES STUDY UPDATE

Assistant County Manager David McNeill presented this item. He reported that in 2015 the Board of Commissioners directed Emergency Services staff to identify strategies for standardizing fire and rescue services countywide. Commissioners wanted to address two key challenges: 1) level of service variances for fire rescue and EMS services and 2) significant variances in fire tax rates among fire districts. Fire tax is levied in addition to property taxes for residents not in the City of Brevard. The rates paid across the County range from 4.79 cents to 13.78 cents.

The Manager interjected by showing a map which depicted the property values throughout the County within the respective fire districts. Property values are not evenly distributed throughout districts and the valuations range from \$55.5 million to \$1.6 billion. This contributes to the variance in the tax rates citizens pay.

Mr. McNeill stated that the Request for Proposal (RFP) process lead to an agreement with Public Safety Solutions, Inc. (PSSI) to conduct a study of the County's Emergency Services system and prepare a written evaluation and master plan with 15 specific objectives as spelled out in the RFP to be completed within 150 days. PSSI failed to meet the contractual agreement and their draft reports failed to meet the objectives outlined in the RFP, PSSI's proposal and the contract. The key elements of the study omitted or incomplete included:

- Comparison to peer counties omitted
- NFPA comparison incomplete
- No reference to industry standards, especially in the 911 section
- Documentation of calls for service for each agency omitted
- Insufficient capital improvement plan
- No replacement schedule for future needs for fire, EMS and 911 equipment and apparatus and that follows State agency guidelines, to aid in budget preparation and setting fire tax rates

After 13 months into the study, staff decided to terminate the contract with PSSI, but retained the draft documents as presented, including the information and data gathered during the study and strategies/options identified to improve emergency services. Staff did not feel there would be a legal challenge to the contract termination. While the study did not substantially meet the contract, the document and staff participation process was in some ways productive. The draft document includes several study options and recommendations to improve emergency services, including options to standardize the level of service and resolve significant disparity in fire tax rates.

Currently there is not enough information from the study to make a recommendation, but the core issues identified still exist. Commissioners have the authority to explore different strategies, most importantly to set the fire tax rate and determine levels of service. Mr. McNeill reported that staff is prepared to review funding options and create a presentation for Commissioners that outlines each strategy with the potential pros and cons of each to better inform them of ways the County could address standardization of service and fire tax costs to citizens. These options would be presented as part of the FY 19 budget process, including reporting the methods other counties are utilizing. At that stage, staff would recommend presenting the options to and soliciting input from the Fire Chief's Association, fire departments and the public in order to fully vet each option. Commissioners will then have all the information necessary to determine if a different strategy makes sense for the County and direct staff on how to move forward.

This concluded the presentation.

The Manager informed the Board that the Office of the State Fire Marshal is in the process of completing a statewide evaluation of the options each county is currently employing. Staff intends to have this information when they are ready to present.

Commissioner Lemel stated that in reading through the report it was apparent why staff felt it was necessary to terminate the contract. She was surprised at the quantity of recommendations the consultant made with short time frames and expensive price tags attached. Mr. McNeill pointed out the consultant was informed that staff would not recommend Commissioners implement all of the strategies at one time or implement them at all. What is important now is for Commissioners to have the study documents in-hand, gather additional information from staff, listen to stakeholders and the public, and then implement strategies that make sense for Transylvania County.

Commissioner Lemel pointed out there were several positive recommendations in the report, such as identifying specializations and distributing equipment to meet specific specializations as to not duplicate equipment across all departments, capitalizing on specialty equipment already owned, setting up procedures that would give authority and command when multiple departments respond, etc. To her, these recommendations validated what staff is already doing to improve the level of service being provided to our citizens. Despite the disappointment with the consultant and their failure to meet the contractual agreement, she said she is excited about moving toward methods to balance inequities in taxation and improve overall operations countywide. Mr. McNeill noted that while all departments have their own issues within their respective districts that require different approaches, they are all very dependent on each other to maintain ratings, for water flow, etc., so it is incumbent upon the County and the departments to work together to standardize countywide for the improvement of all districts.

Chairman Chapman inquired about how the Rescue Squad was incorporated into the study. Mr. McNeill reported that the Rescue Squad was part of the study; however, it is different than the fire departments in that there is no specific rescue service district. In addition, the Rescue Squad is funded through the County's General Fund, provides primary services within the Sylvan Valley II Fire Service District, and supports rescue services throughout the County as needed. Mr. McNeill noted that when looking at rescue services certain services need to be available countywide, such as rapid access to extrication and rapid access to basic water rescue, and some of the more specialized rescue services can be more centrally located so as to not be duplicated.

Commissioner Chappell commended Mr. McNeill for being able to find constructive elements of the study and for staffs' diligence in continuing to follow up and demand the consultants meet the conditions of the contract. For future studies across all departments, he asked that we are more cautious in recommending studies strictly for recommendations and proposed we conduct our own work as well. For

the forthcoming recommendations, Commissioner Chappell asked staff to share information from peer counties, as well as from counties that changed how they were delivering services and the processes they underwent during the transition. He felt knowing the challenges they faced could be helpful to the County moving forward.

Commissioner Hawkins asked for clarification that the County has disengaged from any further work with this company. Mr. McNeill confirmed.

Chairman Chapman thanked Mr. McNeill for his presentation and said the Board looks forward to hearing future recommendations and from stakeholders.

APPOINTMENTS

BOARD OF EQUALIZATION AND REVIEW

Fred Markert was appointed in mid-2017 to fill the last remaining months of an unexpired term. He is eligible to serve a full three year term and has expressed a desire to be reappointed.

Commissioner Lemel moved to reappoint Fred Markert to the Board of Equalization and Review, seconded by Commissioner Chappell and unanimously approved.

PLANNING BOARD

The terms of Mack McNeely and Mike West expire at the end of January. Mack McNeely is eligible for reappointment and expressed a willingness to serve another term. Mike West has served two full terms and is not eligible to serve another term. There are several applications on file for the Board's consideration.

Commissioner Lemel moved to reappoint Mack McNeely to a second term on the Planning Board. The motion was seconded by Commissioner Hawkins. Mack McNeely was in attendance and Commissioner Lemel thanked him for his willingness to continue serving. She also thanked Mike West for his service. She congratulated the Planning Board for reaching consensus on the Sign Control and Scenic Corridor Designation Ordinances. **The motion was unanimously approved.**

Commissioner Chappell nominated and moved to appoint Arleca Chapman to replace Mike West on the Planning Board at the expiration of his term. The motion died for lack of a second.

Commissioner Lemel nominated and moved to appoint Bob Twomey to replace Mike West on the Planning Board at the expiration of his term. The motion was seconded by Commissioner Hawkins. Commissioner Lemel commented that Mr. Twomey will give the Planning Board representation from the Cedar Mountain area and that he will be a nice addition to the Planning Board. Chairman Chapman commented about the importance of the Board's appointments representing all areas of the County if possible. **The motion passed by a vote of 3 to 1, with Commissioner Chappell voting against.**

OLD BUSINESS

SOLID WASTE BUDGET AMENDMENT FOR RESERVE FUNDS

Prior to presenting this item, the Manager recognized Ken Webb, the new Solid Waste Director who was in attendance.

Commissioners approved a budget amendment at the January 9 meeting to address issues in the Solid Waste department. At the same meeting, staff had also proposed to set up a reserve fund to pay for

equipment maintenance needs within this department. When funds need to be appropriated, staff would request a budget amendment to appropriate funds from the reserve to the equipment maintenance expense line. This item is being brought back before Commissioners based on feedback from the previous meeting.

Staff expressed there has been a lack of regular maintenance that has resulted in costly repairs on several major pieces of equipment thus far this year. At the last meeting, staff reported on the number of equipment breakdowns that have occurred with some repairs costing up to \$50,000, depending on the nature of the repair. When equipment or heavy trucks are down at the landfill, operations cannot proceed. The department does not typically have backup equipment on hand because of the expense of that equipment to sit idle. Equipment is essential to maintaining compaction which is one of the key components in extending the life of cells and therefore reducing the cost of building future cells and managing leachate levels in closed cells. Leachate management caused by a lack of compaction also increases the opportunity for leaks that result in regulatory action by the State as occurred in 2017. Equipment is essential to keeping operations moving smoothly and maintaining State regulatory standards. Staff believes additional major repairs may be forthcoming as they continue to evaluate the fleet of equipment.

Because of the expense of those equipment repairs, staff recommended a reserve fund to be used for equipment repair only and for it to be operated under the direct authority of the Board of Commissioners. Staff recommended a procedure for expending those funds. Upon determination there is a need for a major repair, the Solid Waste Director shall immediately notify either the Assistant County Manager or the County Manager who will then notify and instruct the Clerk to the Board to schedule an emergency meeting of the Board of Commissioners for the purposes of authorizing funds, including any rental costs that may be required while repairs are underway in order to maintain operations at the landfill. The Manager recommended setting up a reserve fund for equipment repairs in the Solid Waste Department in the amount of \$100,000 with funds to come from the General Fund and to approve the procedure for expending funds to include approval of a budget amendment and scheduling an emergency meeting to accommodate those needs.

Commissioner Lemel moved to approve an assignment of unassigned funds in the General Fund to a reserve for Equipment Maintenance in Solid Waste at the level of \$100,000. Commissioner Hawkins seconded the motion. Commissioner Hawkins said when this item was discussed at the previous meeting Commissioners were hesitant to give the Manager authority over such a large amount of dollars given the environment in other areas of local government around the State. He suggested, rather than calling emergency meetings, and if Commissioners were willing, that the Manager consult with the Chairman and with the Chairman's consent the Manager would be able to take action and then report back to Commissioners at the next meeting. He felt this would be a cleaner and easier way to move forward. The Manager pointed out the Board has the power to determine parameters for reserve funds and who authorizes the expenditures. She stated his suggestion was an appropriate method to accomplish that goal. Commissioner Lemel was supportive of Commissioner Hawkins' suggestion and asked Commissioners to come to an agreement on an appropriate dollar amount for the reserve fund. She asked the Manager for guidance on this as well. The Manager stated that the \$50,000 repair cost has certainly been on the upper end, but the unease that staff has with recommending a dollar figure is that there are so many unknowns. Sometimes actual costs are unknown until the equipment is taken apart for repairs, so it comes down to a level of comfortability for Commissioners. She pointed out one of the reasons she recommended a reserve fund instead of a line item appropriation in the Solid Waste budget is to remove the flexibility of shifting those funds to cover something else within the department, and she felt strongly that funds should be set aside solely for this purpose. She thought \$25,000 would be reasonable and if a figure greater than that is needed to continue operations, then staff would proceed with scheduling an emergency meeting. The Manager also noted that discussions have occurred at the staff level about

evaluating the fee structure and the need for this to be a self-supporting fund. In addition, she expects the new director to make recommendations with regards to developing a regular maintenance schedule, evaluating the recycling program and other suggestions to help improve overall service in this department. **Commissioner Lemel moved to amend the motion that repairs up to \$25,000 could be let with the approval of the County Commission Chairman and anything above that would require a meeting of the Board of County Commissioners. The amended motion was seconded by Commissioner Hawkins. The main motion was unanimously approved.**

Staff will report on expenditures at each regular meeting of the Board of Commissioners.

ELECTRONIC ADVERTISING

Finance Director Gay Poor presented this item which was a carryover business from the previous meeting. Per NCGS 143-129(b), a local unit of government may advertise bids for contracts in the formal range in a newspaper having general circulation in the unit's area or by electronic means, or both. However, advertising bid opportunities electronically instead of in the newspaper requires approval by the governing board. At the previous meeting, Ms. Poor asked the Board to approve using electronic advertising exclusively for certain items that are very specialized. For example, the County recently submitted an IFP for a simulcast repeater system which is a very complex communications system. Staff questioned whether or not to advertise in the local newspaper because they did not expect the interested parties to find out about the request in that manner. Staff does not anticipate using this method very often because it only affects bids that are in the formal range, which includes construction and repair jobs over \$500,000 and purchases of equipment, supplies, apparatus and materials above \$90,000.

Commissioner Chappell noted that the IFP ad cost \$110 per the supporting documentation provided by Ms. Poor. He asked how much the County would have saved last year if this method would have been employed. Ms. Poor replied \$0 because there were no projects or purchases in the formal range. She noted in her time as Finance Director there have been minimal projects that would have qualified to use the electronic method exclusively.

Commissioner Hawkins noted he had requested this item be tabled at the last meeting and he appreciated Ms. Poor looking for efficiencies. However, he said he thinks there is value to placing ads in the newspaper beyond the benefit of the bidders because it helps keep the public informed of what is going on in local government, and based on Ms. Poor's report, this method would rarely be used.

Commissioner Lemel moved to approve Resolution #01-2018 Authorizing Electronic Advertisements. Chairman Chapman seconded the motion. Commissioner Chappell said it is important for the public to be informed of what is going on in local government and he pointed out there are still many in the County that do not have access to internet service. Employing this method will result in minimal savings while sacrificing transparency; therefore he does not support this motion. **The motion failed by a vote of 4-0.**

Chairman Chapman noted there is a concerted effort at the State level to move toward electronic notices because the government spends a tremendous amount of money on advertisements. If this becomes an issue, he asked staff to bring this information back before the Board for reconsideration.

NEW BUSINESS

CPI INCREASE

Human Resources Director Sheila Cozart presented this item. In 2016, the Board of Commissioners adopted a policy to provide cost of living increases to employees based on the national Consumer Price

Index (CPI). The Bureau of Labor Statistics reported the 2017 CPI change as 2.1%, the same as 2016. Commissioners allocated the appropriate amount of funds in the 2018 budget to cover this increase and based on the adopted policy employees will receive this increase effective February 5, 2018 to be reflected in the payroll of February 23, 2018.

Ms. Cozart requested the salary grades and ranges remain at their current level and not be increased based on the CPI. This is a deviation from the current policy. This would have no negative impact on full-time employees, but part-time employees would not receive an increase because the hiring rate would not change. The reason for this request is the ongoing concern of significant salary compression within the salary ranges.

The compensation study originally completed in 2008 was updated in 2014 and implemented over a two-year period to bring employees within the correct salary ranges, but the implementation strategy was for only that point and time. Therefore, all employees are in the same relative position within the salary range as they were in 2014. To put this into perspective, the County is currently hiring employees with no experience at the same rate of an employee who has up to six years of full-time experience which causes many internal issues.

The overall goal is to maintain a competitive position within the market which allows Transylvania County to recruit and retain highly qualified staff. It is not in the County's best interest to fall behind within the market and constantly play catch up as is the case with the implementation of the 2014 compensation study. Although keeping the salary ranges stagnant could have a slight impact in the future, Ms. Cozart felt it was a first step to begin addressing the current compression issue.

Ms. Cozart asked Commissioners to approve the recommendation and reported that in the upcoming year she intends to bring forth recommendations to begin addressing some of these issues.

Commissioner Lemel moved to approve a CPI increase, but with no change in the salary schedule, effective February 5, 2018. The motion was seconded by Commissioner Hawkins. Commissioner Hawkins asked for clarification that Ms. Cozart is requesting a policy change moving forward. Ms. Cozart clarified the request is for the current year only. She intends to make recommendation to address these issues which could include policy changes. Commissioner Hawkins commented that shifting the pay scale by CPI is generally not wise and he asked Ms. Cozart to explain further. Ms. Cozart explained that generally compensation is comprised of three different components. First, there is a mechanism by which employees are kept whole, and that is the CPI, which keeps what they are making today commensurate with the market/cost-of-living. There would also be a mechanism for moving employees through the salary ranges, such as a step or merit schedule. Then there is additional compensation for meritorious employment. She pointed out that keeping the salary ranges stagnant means employees remain at the same place within their salary ranges. With that said, she did not feel the salary ranges were too much out of line; rather, it is where employees fall within the salary ranges that is concerning. The Manager added that when the salary study was implemented, no employees were brought above the mid-point which is where the salary compression issue occurs. As stated, staff intends to recommend a proposal that will make it policy to keep the pay scales where they should be and how the ranges are implemented. The other issues identified have been in recruiting professional staff that are bringing years of experience with them and being able to give them credit for that experience that is not just with Transylvania County and without hurting the pay plan in the way it has been implemented. These are two big factors that need to be further discussed because they impact recruitment. Commissioner Chappell asked how many permanent part-time staffs are employed by the County. Ms. Cozart responded there are between 70-80 part-time staff, noting the figure fluctuates. The Manager pointed out the CPI increase is part of the current year budget and any other recommendations would be part of the FY 19 Budget. **The motion was unanimously approved.**

FINANCING OPTIONS FOR COURTHOUSE

Finance Director Gay Poor presented this item. She reported that Commissioners directed staff to begin the architectural process to move forward with a new courthouse with a third floor shell on the Morris Road property at a project estimate of \$31 million.

Staff has evaluated finance options that have previously been discussed. This includes four financing methods for consideration to include:

- Installment Financing with a private lender
- Limited Obligation Bonds (LOBs)
- USDA Loan
- General Obligation Bonds (GO Bonds)

The financial information presented in this meeting will be based on the interest rates currently available for installment financing agreements with a private lender and the USDA loan option. These two methods include, respectively, the shortest and longest terms and the lowest and highest interest rates likely to be offered and, therefore, give a general range for discussion of financing methods. Estimates based on the other two methods will be provided as requested to reflect current rates, which are very fluid now.

Ms. Poor stated it is unlikely the County will be able to get a long term financing option of more than 10-15 years with a bank. With the USDA, the financing could be spread out over 40 years. Although the interest rate is lower with a shorter term loan, the annual payment is much higher as shown in the chart below. For example, with a 15 year installment purchasing agreement, the annual payment would be \$2.6 million versus approximately \$1.5 million with a USDA loan spread out over 40 years.

Estimated Debt Service for Different Financing Options

Amount Borrowed	\$31 million	\$31 million	\$31 million	\$31 million	\$31 million
Type of Financing	Installment Purchasing	Installment Purchasing	Installment Purchasing	Installment Purchasing	USDA Loan
Term in years	5	10	15	20	40
Interest rate	2.60%	3.00%	3.25%	3.65%	3.5%
Annual Payment	\$6,691,873	\$3,634,146	\$2,643,946	\$2,210,903	\$1,451,646
Tax rate impact on current base	\$0.1172	\$0.0637	\$0.0463	\$0.0387	\$0.0254
% increase over current rate	22.9%	12.5%	9.1%	7.6%	5.0%
Payment over term of loan	\$33,459,365	\$36,341,457	\$39,659,190	\$44,218,054	\$58,065,830
Total pymt as % of amt borrowed	107.9%	117.2%	127.9%	142.6%	187.3%

Ms. Poor conveyed that staff has spoken briefly with Pam Hysong, the local USDA representative, about the application process for a USDA loan. There are very strict requirements that must be met and a lot of information that has to be prepared, but at this point staff felt they had enough information available to justify the application for the USDA loan.

The Manager noted the chart includes the payment over the term of the loan. She informed that the past 40 years have experienced an annualized inflation rate of 3.75%, which exceeds the 3.5% interest rate expected from the USDA loan. Factoring in the inflation rate and dollar value, this almost becomes an interest free loan. The Manager pointed out this is true with some of the other financing options, but the USDA loan option gives the County the flexibility as the budget changes and other needs present themselves to keep the low payment or pay additional on the loan when practical. For this reason, staff felt the USDA loan was the best and prudent option for Transylvania County.

Chairman Chapman asked if the USDA loan had a penalty clause for making additional payments or paying off the loan early. The Manager responded there could be an issue if the County wanted to refinance the loan, but that is the benefit of having flexibility over a 40 year period. In addition, staff felt the Courthouse is not only a justifiable project for the 40 year USDA loan, but it also is a facility that will not have depreciated and become of no value to the County after the loan period. This is evident by the fact that the current Courthouse has served the public for well over 100 years.

Chairman Chapman inquired about the timeline for gaining approval. Ms. Poor estimated the timeline to be approximately four months from now. The Manager agreed. She expects the process to be smooth, but noted there are a lot of steps in the process and a lot of paperwork. She expects approval over the next year as staff continues through the design process.

Chairman Chapman wondered if staff should also pursue another financing option in case the USDA loan falls through. The Manager noted that for the COPs option, the full design package must be complete. The County is at least 12 months out from having its design package finished. The only other feasible option would be the installment purchase agreement which is a straightforward process. Ms. Poor noted that one of the USDA requirements is to present documentation that the County cannot get a reasonable financing agreement through a financial institution.

Chairman Chapman inquired about expected expenses prior to getting the USDA loan and how those expenses should be handled. The Manager responded that the General Fund would probably be the preferred method to handle those expenses, which will include items like design fees. She noted the County will have to secure a bridge loan with USDA for construction purposes with the payments being typically interest only. The bridge loan would then close into the USDA loan. The Manager was confident that the County would be able to justify its qualification for a USDA loan, knowing that banks are not looking to loan local governments funds over more than 10-15 years; although the County does intend to reach out to those same banks to research bridge loans for construction purposes.

Commissioner Hawkins pointed out the County has a debt limit that it cannot exceed. He asked if the debt limit is based on the total debt or the annual debt service. The Manager replied both. She explained there are limits on total debt to valuation (County's ability to tax). That is a significant amount for Transylvania County because property valuations are high. However, there is also a factor that is evaluated by bonding agencies, the Local Government Commission and other financial institutions. They analyze the annual debt payment to the total budget or operating expenses. They prefer the ratio to be under 15%. With any of the factors that are examined by these financial institutions, one single factor does not always make the decision; however, if a local government is exceeding the 15% ratio for a year or number of years, it raises caution flags for those financial institutions and they will be scrutinizing the other factors to determine if additional caution is warranted. For instance, if the Local Government

Commission examined Transylvania County's finances for the purposes of approving debt and our annual debt payments exceeded 15% of the total operating expenses, they will want to know if the Board of Commissioners is willing to raise taxes enough to pay for the project being presented for funding. They could ask the Board to take formal action reflecting that commitment. Another benefit of the 40 year USDA loan is the annual debt payment is lower for those times when additional debt may be needed to accomplish the goals of the County.

Chairman Chapman pointed out the County was recently notified that the Board of Education intends to seek a \$68 million school bond. Should that pass, he asked what impact that would have on the Courthouse loan. The Manager stated that staff has been evaluating this possibility and running financial models presented by Tryon Advisors last fall. She reported the County could endure the impact of a \$68 million school bond with the anticipated rates along with the USDA loan for the Courthouse and remain under the 15% ratio based on projections, but there are some assumptions and policy issues that the Board must take into account. For instance, over a period of time the County has artificially funded school operations by taking the debt service as it rolled off and allocating it toward a high growth rate versus a growth in County revenues. She said if this practice continues the impact to the tax rate could be 11.3 cents for a school bond at \$68 million. However, if the Board were to take the debt service between now and the year 2020 and apply it to the debt service, the impact would be closer to an 8.5-9 cents tax increase. The challenge then becomes determining how to fund operations or finding ways to create savings to mitigate the high increase.

Commissioner Hawkins noted the ultimate need expressed by the schools is significantly more than \$68 million and this dollar figure does not cover any other items the County might be interested in pursuing. He agreed with the strategic reason for pursuing the USDA loan even though it lengthens the payback period. He further agreed that it would be ideal to receive a fixed loan of 3.5% over a 40 year period.

Commissioner Hawkins moved to ask staff to explore and begin the process of using the USDA loan option for the financing. The motion was seconded by Commissioner Lemel. Commissioner Chappell stated that Commissioner Phillips asked them to report that he is in full agreement with this recommendation. **The motion passed unanimously.**

COMMUNITY CENTER SUPPORT GRANT PROGRAM

Management Analyst Jonathan Griffin presented this item. In the FY 2018 budget, the Board of Commissioners allocated \$50,000 to form a grant program to support community centers in Transylvania County pending policy and process development. This program supports the Board's strategic plan by building a partnership between County government and eligible community centers that provides interested centers the opportunity to expand what services they offer and improve their publicly accessible facilities.

Documents included in the Commissioners' agenda packets provided clarification about the number and location of centers that will be eligible for the program, as well as what community centers are not currently eligible. The documents also provided clarification about the specific criteria that must be met in order for a community center to make an application to the County for grant funding under the terms of this program.

Eligible community centers, in addition to incorporation as a 501(c) 3 nonprofit organization must demonstrate that they meet four of the five criteria in order to be eligible for funding:

1. Hold elections for center board officers
2. Hold at least quarterly meetings of their board with minutes taken and available for review
3. Hold at least six events annually open to the public

4. Publish at least six articles pertaining to their activities in *The Transylvania Times*, or other paper of record
5. Maintain an up-to-date website, Facebook or other social media page

Meeting these criteria will demonstrate that the community center is active enough that Transylvania County can guarantee that the expenditure of public funds will be a successful development of publicly accessible community resources. Currently, there are 14 community centers in Transylvania County, but only eight are eligible for this program.

If a center makes a successful application for grant funding, it will enter into a contract with the County that will govern the requirements of expending funds and reporting to the County. This is similar to the existing process by which the County funds partnerships with non-profit organizations in the community. The \$50,000 approved in the FY 2017-2018 budget will be broken up into three separate grant programs.

The first program is the Connected Public Space Grant, which will be awarded to all eligible centers. This grant reimburses community centers for the full cost of investments in communications infrastructure with a goal of creating wireless internet hotspots at all eligible community centers and providing support for keeping these spaces open and accessible to the public.

The second part of the program is a Public Health/Public Safety grant. This \$2,500 grant will be awarded on a competitive basis to four eligible projects that provide material health or safety improvements to community center facilities. Community centers must demonstrate their commitment to these projects by providing a 10% match of the full cost of the project.

The third part of the grant program is the Public Purpose Grant. This \$7,500 grant will be awarded to two projects that serve a public purpose, such as programming for children, youth or families or capital improvement expenses like picnic shelters, playgrounds or athletic facilities at the community centers. As with the Public Health/Public Safety grant, this program requires a 10% match of the full cost of the project.

Applications for this program will be reviewed by a committee of representatives from across County government, including up to two Commissioners, the County Manager, the Finance Director, a representative from the Planning and Community Development department and a representative from the Maintenance and Engineering Department.

Administration of the grant program with responsibility for following up on contracts and performance will likely be Planning and Community Development once applications and program information is set on an annual basis by Administration. Planning and Community Development provided some of the baseline work for this proposal with refinement from Administration. Staff recommended Commissioners approve the proposal as proposed.

Commissioner Lemel moved to approve the Community Center support program and grants opportunity as presented. The motion was seconded by Commissioner Hawkins. Commissioner Lemel expressed excitement about the opportunity to support community centers and to give them options to increase their programming and outreach to citizens. Commissioner Hawkins was also excited and said the proposal was well thought out. He said the program gives community centers the ability to think creatively and design what works for them and allows them access to resources to achieve their vision. It will be up to the Board over the next couple of years to fine tune the total budget for this program because it takes some time to understand the demand. He said he hopes the community centers will be encouraged by this program. Commissioner Chappell was supportive of this program as well, but noted that the County must follow State statutes with regards to expending public funds. The program

outlines the expectations and gives community centers incentives to grow and be successful within their communities. Commissioner Lemel noted that some of the community centers that are not currently eligible for this program are taking steps to become eligible. She was also appreciative of the effort that went into identifying the eligibility action requirements. Chairman Chapman inquired about the mechanism staff intends to employ to communicate the new policy to community centers. The Manager responded that staff intends to convene a meeting of the community centers and explain the policy and program. Then community centers will have an opportunity to apply. Being more than half of the fiscal year has passed, the County will expedite the applications and draft contracts with each community center in order to comply with legislation. The contracts will outline the responsibilities and the relationship with the County. **The motion was approved unanimously.**

MANAGER'S REPORT

The Manager reported the following:

- Budget kick off preparation is underway
 - Departments instructed to draw peer county/regional comparisons as possible
 - Will begin presentations next meeting
 - Plan to give Commissioners as much data as possible to prepare them for the budget process
- NC City County Manager's Conference in late January - Manager to make two presentations: advising those interested in going into management on career development and the importance of listening to employees to develop better policies (Transylvania County example-Safety Survey)
- Groundbreaking for the Ecusta Road Industrial Project last Friday
 - Collaborative effort
- Kudos Report!
 - Maintenance
 - From Health Department - for fixing a water heater quickly that left the clinic without hot water
 - From DSS - for being so efficient and professional getting office spaces installed
 - From several departments - for response to ice and making it safe for our people to report to work
 - Maintenance, Parks and Recreation, Solid Waste, Emergency Management, Communications, and Tax Administration staff helped to ensure offices open last Thursday after snow event
 - Frank Pearsall in Veterans Services from John Cunningham for his help navigating benefits
 - Building Services for customer service from a permittee
 - Commissioner Page Lemel on receiving the Duke Energy Citizenship and Service Award at the 2018 Annual Chamber Gala

PUBLIC COMMENT

Gregory Ayres: Mr. Ayres addressed Commissioners in reference to the recent decision on the Courthouse and financing option. He encouraged the County to consider an almost upward trend in interest rates and related issues, especially the dynamic between the school bond and the USDA term. He is concerned about the stagnation in the local economy as compared to peer and neighboring counties and where the tax base will come from to pay to such large expenses. Mr. Ayres asked if Commissioners would be willing to consider putting the Courthouse funding to a referendum similar to the school bond.

David Morrow: Mr. Morrow thanked Commissioners for funding the community center grant program. The Board of Elections uses several of the community centers for polling sites and these dollars will help

improve those facilities. He also reported that the Military History Museum will reopen January 21 at 10 a.m. with new displays and exhibits.

COMMISSIONERS' COMMENTS

Commissioner Lemel reported the Domestic Violence-Sexual Assault Task Force hosted Holly Jones, the WNC Liaison for the Department of Justice, at the new Family Resource Center that is expected to open in March or April. She had heard about the work Transylvania County is doing in the area of domestic violence. Also as a guest at the same meeting was Tracy Wilson from the Community Foundation for WNC Women for Women Giving Circle. This organization provided funding for this initiative. Commissioner Lemel was proud that Transylvania County has achieved a statewide reputation for several projects in an effort to provide better services to our citizens.

Commissioner Hawkins announced that on Thursday of this week staff from the NC Rural Center to Brevard to speak with various people in the community about the issues, challenges and opportunities in Transylvania County. They intend to visit every rural county in the State. Commissioner Hawkins attended the groundbreaking ceremony for the industrial building on Ecusta Road and said it was very appropriate that Don Surrence was in attendance because he chaired a committee several years ago that urged Commissioners to make efforts to increase product.

Chairman Chapman said he continues to be impressed with the work of County staff in preparing for these County Commission meetings. He mentioned there is a lot going on in the County and he encouraged citizens to become more involved with their local government. Lastly, Chairman Chapman welcomed the new Solid Waste Director, Kenn Webb to the County.

ADJOURNMENT

There being no further business to come before the Board, **Commissioner Lemel moved to adjourn the meeting at 8:53 p.m., seconded by Commissioner Chappell and unanimously carried.**

Larry L. Chapman, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board