

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
MAY 8, 2023 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in a regular meeting on Monday, May 8, 2023 at 4:00 p.m. in the Multipurpose Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

Commissioners present were Emmett Casciato, Larry Chapman, Chairman Jason Chappell, Vice-Chairman Jake Dalton, and Teresa McCall. Also present were County Manager Jaime Laughter, County Attorney Julie Hooten, and Clerk to the Board Trisha Hogan.

Media: *Brevard Newsbeat* – Dan DeWitt

There were approximately 50 people in the audience.

CALL TO ORDER

Chairman Jason Chappell presiding declared a quorum was present and called the meeting to order at 4:00 p.m.

WELCOME

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

PUBLIC COMMENT

The comments represent the individual speaker's opinion or point of view.

Sheriff Chuck Owenby: Sheriff Owenby stated that one of his top priorities since being elected as Sheriff has been the recruitment and retention of quality employees. He acknowledged the difficulty the Commissioners face in implementing the compensation study, but his office is grateful for their willingness to consider it. Sheriff Owenby pointed out the challenges in hiring employees, particularly in the public safety sector, because his office must compete with other agencies. He felt strongly that the compensation study would help with retaining and recruiting quality employees across the whole organization. Sheriff Owenby stressed the importance of being able to fill all the positions in his department to provide top-notch services. He did not want his office to get to the point of not being able to respond to certain types of calls due to diminishing staffing levels. He thanked the Commissioners for their consideration and for all they do for the citizens and employees of Transylvania County.

Amanda Vanderoef: Ms. Vanderoef is the Director of Social Services. She thanked the Commissioners for considering the recommended update to the compensation study. She stated one of the challenges faced by DSS and the New Adventure Learning Center is retention and recruitment. She reported that New Adventure is down one classroom due to a lack of staffing, and DSS is lacking caseworkers in the social work and economic services programs causing existing staff to carry additional workloads which is impacting the retention of staff due to burnout. She also reported that in 2022, DSS made 27 job offers and 13 were declined due to the salary offer. Ms. Vanderoef stated that the Board's approval of the compensation study will increase the department's hiring rate and improve the chances to recruit qualified staff to perform the mandated services they provide such as Medicaid, Food and Nutrition, Child Protective Services, Adult Protection Services, and Foster Care. It would also allow New

Adventure to recruit and hire staff to open the classroom that is currently closed, which would provide more childcare options to the community. Ms. Vanderoef again thanked the Commissioners for considering the update to the compensation study.

Andrew Murray: Mr. Murray is the District Attorney for the 42nd Prosecutorial District. He thanked the Board for taking steps to move forward on building a new courthouse because it is much needed. He stated that his office needs adequate space and personnel to do justice effectively and efficiently in this community. Mr. Murray shared that the NC Administrative Office of the Courts recently concluded a study that indicated his office is severely short-staffed based on current caseloads. The report concluded that he needed three additional assistant district attorneys and five additional support staff to add to the current staff of 20 to handle current caseloads. Mr. Murray asked the Commissioners to be visionaries in their decision-making as they plan for the future. He said he looked forward to having a continuing dialogue with the Board and acknowledged the hard decisions they have before them.

Jim Bailey: Mr. Bailey is a member of the County's Personnel Board. He shared that the Personnel Board spent the last several months reviewing the compensation study. He said the study was thorough and well done and that the findings and the recommendations are solid. He encouraged the Board to support and implement the findings because it will be critical in the current competitive labor market to ensure the County's ability to attract and retain talented employees.

Craig Wilson: Mr. Wilson addressed the Commissioners about a burned-down home in the Davidson River and Cemetery Road areas. He said the burnt remains of the home have been there for 90 days and rats are climbing through the trash. He took photos of the property on February 8, and nothing has changed. He said he informed the County Manager about the situation and sent photos to the Commissioners, yet no one has done anything to condemn the property for cleanup. He asked the Board to act immediately and lien the property to cover the cost of the cleanup.

Bruce Gleasman: Mr. Gleasman addressed the Board about the budget and senior citizens. He said that one-third of the County's population is comprised of senior citizens and that those senior citizens on fixed incomes have to make tough choices on what cuts to make to their budget when the County Commissioners raise taxes or as inflation continues to rise. Mr. Gleasman suggested the County Commissioners hold the tax rate level for senior citizens and keep their home evaluation the same to give senior citizens peace of mind. While this would create a deficit in the budget, he was confident the Board could figure out how to make up for the shortcomings. Mr. Gleasman also suggested the Commissioners allow senior citizens to dispose of their trash for free.

Steve Keate: Mr. Keate shared his opinion about the Board's upcoming budget deliberations, an opinion he believed was shared by the vast majority of voters in the County. He said that government should be limited to providing the essential services that individuals are not capable of providing for themselves and delivering those services in the most cost-efficient way. Keeping taxes low means more money in the pockets of the citizens who know better how their money should be spent. Mr. Keate stated that the citizens depend on the elected Board and their wisdom and judgment to spend their tax dollars wisely. He urged the Commissioners to consider that every dollar they take from the taxpayers of Transylvania County is a dollar that a family cannot spend on what it considers to be the essentials of a satisfying life. He thanked the Board for their service to the community and for looking out for the taxpayers.

AGENDA MODIFICATIONS

There were no agenda modifications.

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

CONSENT AGENDA

Commissioner Casciato moved to approve the Consent Agenda as submitted, seconded by Commissioner Dalton, and unanimously approved.

The following items were approved:

APPROVAL OF MINUTES

The Board of Commissioners met in a regular session on Monday, April 24, 2023. This meeting included a capital workshop. Following the regular meeting, the Board met in a closed session in which the minutes were sealed. The Board approved the April 24, 2023 regular meeting minutes and sealed closed session minutes as submitted.

PROCLAMATION - EMS WEEK

In 1974 President Gerald Ford signed into law the Emergency Medical Services Systems Act of 1973. The third full week of May has ever since been designated as EMS Week. The purpose of EMS Week is to honor the dedication of the EMS personnel who provide day-to-day lifesaving services of medicine's front line. The Board of Commissioners is proud of the paid and volunteer EMS staff that provide this critical lifesaving service to the citizens and visitors of Transylvania County. This year's theme is *Where Emergency Care Begins*. The Board approved Proclamation #22-2023 EMS Week, designating the week of May 21-27, 2023 as Emergency Medical Services Week.

Proclamation #22-2023

EMS Week Proclamation

To designate the Week of May 21 - 27, 2023, as Emergency Medical Services Week

WHEREAS, emergency medical services is a vital public service; and

WHEREAS, the members of emergency medical services teams are ready to provide life-saving care to those in need 24 hours a day, seven days a week; and

WHEREAS, access to quality emergency care dramatically improves the survival and recovery rate of those who experience sudden illness or injury; and

WHEREAS, emergency medical services has grown to fill a gap by providing important, out of hospital care, including preventative medicine, follow-up care, and access to telemedicine; and

WHEREAS, the emergency medical services system consists of first responders, emergency medical technicians, paramedics, emergency medical dispatchers, firefighters, police officers, educators, administrators, pre-hospital nurses, emergency nurses, emergency physicians, trained members of the public, and other out of hospital medical care providers; and

WHEREAS, the members of emergency medical services teams, whether career or volunteer, engage in thousands of hours of specialized training and continuing education to enhance their life-saving skills; and

WHEREAS, it is appropriate to recognize the value and the accomplishments of emergency medical services providers by designating Emergency Medical Services Week;

NOW, THEREFORE, the Board of Commissioners of Transylvania County, in recognition of this event does hereby proclaim the week of May 21 - 27, 2023, as EMERGENCY MEDICAL SERVICES WEEK.

With the EMS Strong theme, EMS WEEK: Where Emergency Care Begins, the Board of Commissioners encourages the community to observe this week with appropriate programs, ceremonies, and activities.

This the 8th day of May 2023.

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

VAYA HEALTH FISCAL MONITORING – FY 2023 Q3

Per N.C.G.S. § 122C-117 (c), the quarterly Fiscal Monitoring Reports for the local management entities and managed care organizations must be presented to the Board of Commissioners. The information below reflects Vaya Health’s third-quarter financial report:

- Current actual revenues were \$601,993,957 (81.69% of annualized budget)
- Current actual expenditures were \$637,092,056 (86.45% of annualized budget)
- This equates to a current net loss from operations of \$44,616,290
- Fund balances:
 - \$99,045,298 restricted for risk reserve
 - \$32,943,137 restricted for statute, prepaids, and investments in fixed assets
 - \$25,255,578 unrestricted
- Total operating cash of \$166,384,213 net of risk reserves
- Total spendable cash estimate is \$1,202,660

The Board received the report as required by statute.

RESOLUTION AUTHORIZING COUNTY MANAGER TO APPOINT INTERIM FINANCE OFFICER

Finance Director Jonathan Griffin has given notice to vacate his position. The finance director/officer position is a critical position for Transylvania County and requires a high level of responsibility, the ability to navigate financial technology systems, complete complex fiscal analyses, and manage ever-increasing audit and regulatory compliance standards. On March 13, the Board of Commissioners authorized the County Manager to solicit proposals from recruitment firms with experience in hiring finance directors and to procure interim services as soon as possible to support the financial functions of the County through the hiring of an interim person or firm. N.C.G.S. § 153A-82 gives the County Manager the power and duty to appoint with the approval of the Board of Commissioners all county officers, employees, and agents except those who are elected by the people or whose appointment is otherwise provided for by law; however, the Board may by resolution permit the Manager to appoint officers, employees, and agents without first securing the Board's approval. The Board approved Resolution #24-2023 Authorizing the County Manager to appoint an Interim Finance Officer.

RESOLUTION #24 -2023

AUTHORIZING THE COUNTY MANAGER TO APPOINT AN INTERIM FINANCE OFFICER

WHEREAS, N.C.G.S. § 159-24 requires that each county government have a finance officer who is legally responsible for establishing the accounting system, controlling expenditures, managing cash and other assets, and preparing financial reports; and

WHEREAS, Finance Director/Officer Jonathan Griffin has given his notice to vacate his position; and

WHEREAS, The finance director/officer is a critical position for Transylvania County and requires a high level of responsibility, the ability to navigate financial technology systems, complete complex fiscal analyses, and manage ever-increasing audit and regulatory compliance standards; and

WHEREAS, On March 13, 2023, the Board of Commissioners authorized the County Manager to solicit proposals from recruitment firms with experience in hiring finance directors; and

WHEREAS, On March 13, 2023, the Board of Commissioners authorized the County Manager to procure interim services as soon as possible to support the financial functions of the County through the hiring of an interim person or firm; and

WHEREAS, N.C.G.S. § 153A-82 states that the manager is the chief administrator of county government and is responsible to the board of commissioners for the administration of all departments of county government under the board's general control; and

WHEREAS, N.C.G.S. § 153A-82 further gives the manager the power and duty to appoint with the approval of the board of commissioners all county officers, employees, and agents except those who are elected by the people or whose appointment is otherwise provided for by law; however, the board may by resolution permit the manager to appoint officers, employees, and agents without first securing the board's approval;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Transylvania County to permit the County Manager to appoint an interim finance officer once the services of an individual or firm has been procured in order to ensure the ongoing financial operations of County government.

This the 8th day of May 2023.

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

PRESENTATIONS/RECOGNITIONS

FISCAL YEAR 2022 AUDIT PRESENTATION

Finance Director Jonathan Griffin introduced Kelly Gooderham with Martin Starnes and Associates to present the results of the County's FY 2022 Audit. This is a summary of Ms. Gooderham's report and the discussion that followed.

Audit Highlights

Martin Starnes issued Transylvania County's Comprehensive Annual Financial Report (CAFR) with a clean unmodified opinion which means the auditor found no material misstatements that led them to believe the financial statements would be misleading to the reader. The report has been submitted to and approved by the Local Government Commission.

General Fund Summary

- Revenues increased \$5.7 million, or approximately 9%, mainly due to an increase in the Ad Valorem and Local Option Sales Tax revenues
- Expenditures increased \$3 million, or 5%, due to an increase in Public Safety, Economic Development, Human Services, and capital outlay

Total Fund Balance-General Fund

- Fund balance increased by \$1 million, or 3%, which was due to a larger increase in revenues over expenditures in comparison to the prior year

Fund Balance Position

The available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance	
Less non-spendable (not in cash form, not available)	
<u>Less stabilization by statute (by law, not available)</u>	
Available Fund Balance	

This is the calculation utilized as the basis for comparing the County to other units and calculating fund balance percentages.

Total Fund Balance	\$37.2 million
Non-spendable	(\$4.2 million)
Stabilization by statute	<u>(\$6.1 million)</u>
Available Fund Balance FY 2020	\$26.8 million

The Fund Balance experienced an overall increase of \$738,000.

There are five classifications of Fund Balance:

- Non-spendable: not in cash form
- Restricted: external restrictions (law, grantors)
- Committed: internal constraints at the highest (Board) level, do not expire, require Board action to undo
- Assigned: internal constraints, a lower level than committed
- Unassigned: no external or internal constraints

Fund Balance Position

General Fund

	2022
Total Fund Balance	\$ 37,241,831
Less:	
Non-spendable	(4,232,299)
Restricted: Stabilization by State Statute	(6,129,179)
Restricted, all other	(2,899,728)
Committed	(1,938,667)
Assigned	(16,896,465)
Total unassigned Fund Balance	<u>\$ 5,145,493</u>

The Unassigned Fund Balance as a percent of the General Fund Expenditures is 6.8%. This is different from the Local Government Commission's (LGC) calculation because this one excludes all restrictions, commitments, and assignments. The LGC recommends 8%, which equates to one month's worth of

expenditures. Internally, the County has less than one month's worth of expenditures. The LGC's calculation however indicates the County has between four and five months of expenditures.

Top Three Revenues: General Fund

- Comprise 88% of revenues
 - Ad Valorem Tax revenues comprise 59% of the budget
 - Increased by \$3.5 million or 9% over the prior year due to increased collections
 - Tax collection rate 99.84%
 - Local Option Sales Tax comprises 19% of the budget
 - Increased by \$1 million or 8% which was due to an overall increase in the State's distribution
 - Restricted Intergovernmental revenues make up 10% of the budget
 - Increased by \$479,000 or 7% due to an increase in federal grants received over the prior year

Top Three Expenditures: General Fund

- Comprise 72% of expenditures
 - Public Safety comprises 30%
 - Increased \$1.4 million or 9% due to an increase in salaries and related benefits and capital outlay
 - Education comprises 25%
 - Increased by \$72,000 or 0.5%
 - Human Services comprise 17%
 - Increased by \$434,000 or 4% due to an increase in salaries and related benefits

Solid Waste Fund

- Cash flow from operations ended at a negative \$92,000
- Total net position \$8.3 million
- Unrestricted net position \$5.1 million
- The overall change in net position is a positive \$3.5 million
 - Due to capital contributions received from the enterprise capital project fund

Fire Districts Fund Summary

- Revenues decreased by \$149,000 or 5%
- Expenditures increased by \$10,000 or less than 1%

Performance Indicators

Along with the submission of the audit to the LGC, the auditor is required to complete a data input sheet with various financial information. The Finance Director reviews and certifies the templates for submission with the audit report. Recently, the LGC updated this template to further analyze the data entered that provides results known as performance indicators which can range from the deficit fund balance, statutory violations, or significant findings, as applicable. These results, as well as any audit findings noted, are now required to be communicated to the Board at the commencement of each audit. There were two significant deficiencies for State programs and one material weakness for the late audit noted. Additionally, the County had one general performance indicator that is required to be disclosed to the Board, which was the statutory violations noted in the footnotes, not material to the financials as a whole. The LGC requires the County to respond to these items which the Finance Director will present to the Board later during this meeting. The response letter must be signed by a majority of the Board and then submitted to the LGC within 60 days of the audit presentation.

This concluded the formal presentation. Chairman Chappell called for comments and questions from the Board.

Chairman Chappell asked if the trend is that audits are taking longer to complete. Ms. Gooderham stated there was a trend this year across the State due to preparation for GASB 87.

There were no further comments, and no action was needed.

PRESENTATION OF COMPENSATION STUDY FINDINGS

Human Resources Director Sheila Cozart presented the compensation study findings to the Board of Commissioners.

Overview

Transylvania County engaged Evergreen Solutions, LLC, in August 2022 to complete an update to the 2019 Compensation and Benefits Study. In 2019, the compensation study included an extensive employee outreach process to analyze individual positions through a Job Assessment Tool as well as the development of a competitive pay structure. The current study did not involve employee outreach as the intent was to mirror the compensation philosophy adopted in 2019 and complete an abridged study following the same pay structure while only making changes driven by market considerations.

The study focused on external equity both in the structure and in how the positions relate and compare to one another across the County. It also focused on the County's ability to retain current employees and attract qualified employees. Staff provided information to Evergreen about the current system, salary ranges, issues/challenges related to the current market, and market comparables.

Compensation Philosophy

Transylvania County will continue to pay for education and experience above the minimum of the pay ranges to continue addressing the previous compression concerns and to remain competitive at the market average. Time with the County in a similar career path as well as directly related experience outside the County will be included in all salary calculations for new hires. The compensation philosophy will be applied consistently throughout the pay plan and salary calculations will be based on directly related education and experience. Pay practices will remain competitive and pay ranges will remain open. In the future, pay ranges could include steps to minimize the increases due to future updates to the study.

Assessment of Current Conditions

Transylvania County currently maintains one compensation plan with 28 pay grades and a 55% spread from the minimum to the maximum amounts. The study showed that 32.2% of employees are in the first quartile, 28.8% in the second quartile, 19.1% in the third quartile, and 19.9% in the fourth quartile. This shows a broader distribution and alleviation of compression in the first quartile than the 2019 study indicated. Evergreen made recommendations throughout the compensation plan to ensure that the system is structurally sound, competitive with the market, and equitable.

Evergreen completed an assessment of current conditions as well as a market survey of 78 positions throughout all departments. The market survey included surveying 16 peer organizations to ensure external equity. The recommendations will provide Transylvania County with options for a compensation system that is equitable both internally and externally.

The market study surveyed 16 peer organizations which included regional comparisons of counties, cities, towns, and school systems. The study compared the results of 78 positions spread across all departments and occupational groups. County staff completed additional market surveys for positions in departments that did not have adequate peer comparisons or where there were areas of concern of rapidly changing

market conditions, including EMS, Solid Waste, and Transportation. Market conditions continue to change rapidly and may have an additional impact sooner than in a normal market and would have an additional financial impact. Staff also completed additional levels of review by comparing market study findings to the UNC School of Government 2022 NC Salary and Benefits Survey, and local, regional, and State job postings.

To move an employee into the pay range at the time of hire, an employee has to meet the minimum education and experience requirements for each position. When combined with a cap on experience, some positions were limited in the hiring range that could be calculated. The following recommendation includes adjustments to the minimum education and experience where feasible to address the concerns. Employees who have received additional advanced degrees since the time of the previous study have not received credit for that additional education. The following recommendation also addresses this concern moving forward.

Results of Market Comparison

Based on the data points collected by Evergreen at the 50th percentile excluding outliers, Transylvania County was:

- 5.1% below the public-sector market minimum
- 7.8% below the public-sector market midpoint
- 8.4% below the public-sector market maximum

On average, there were 5.1 responses for each classification included in the market study, but the numbers ranged from 0 to 10 for individual positions. The market survey findings showed the biggest disparity between current pay ranges and market results in operational positions and public safety positions with a few outliers in leadership-level positions.

Proposed Changes

The changes to the compensation plan will affect full- and part-time salary rates. Because the Board of Commissioners has been committed to providing COLAs for current non-probationary employees, not all staff are expected to see an increase with the implementation. The COLA functioned as needed to keep current staff at a relatively comparative rate in some classifications. Thirty-two percent of the staff will not see any changes to their salaries. Continuing to provide the COLAs will help maintain employees closer to the market and aid in the retention of current staff. If the Board had not given COLAs, the impact of the implementation would be much more substantial.

Financial Impact

Consistent with the implementation philosophy from the 2019 plan, the total cost to move the pay plan to a competitive market placement is approximately \$2 million. This includes full- and part-time wages, scheduled overtime, FICA/Medicare, NC Retirement for full-time employees, and the statutory 5% 401K requirement for law enforcement officers. Public Safety accounts for 67% of the proposed increases which is the area that has experienced the most significant change over the last five years.

Implementation Timeline

The Transylvania County Personnel Board met on April 25 and recommended the Board of Commissioners consider the implementation as part of the FY 2024 Budget. If approved, the salary changes would be effective for the first full pay period in the new fiscal year which is July 3.

Staff and Personnel Board Recommendations

To bring the entire pay plan to a competitive benchmark, the proposal includes moving the entire plan by 8% consistent with findings of the public-sector market midpoint and providing adjustments for current staff

who have obtained additional education since 2019. Annually, at the beginning of the fiscal year, staff recommended awarding increases for relevant advanced education to ensure equity. This recommendation also includes making appropriate changes to the pay ranges for identified positions to bring them to a competitive market salary range.

In addition to the recommendations related to the compensation study update, the Personnel Board also approved a staff recommendation to look at the possibility of providing a 2% 401K match. Evergreen Solutions has been tasked with completing a benefits study alongside the compensation study, but the results have not been finalized. Staff were confident that the benefits study will show Transylvania County is not competitive with its peers in this area.

According to the County's 401K representative, 66 counties throughout the state of NC currently provide a 401K match or flat contribution with an estimated 85% to 90% of employees participating in the match. Included in the 66 counties are our market peers in the region: Buncombe, Haywood, Henderson, and Macon Counties, the City of Brevard, and the Town of Fletcher. The 401K recommendation is broken out separately in the financial impact. Based on current salaries, the cost of adding this as a benefit is approximately \$280,000. Additionally, the Personnel Board recommended a review of the County's longevity policy and the established cap.

Staff did not recommend an increase in the premium for health insurance to remain competitive with local governments.

This concluded the formal presentation of the compensation study implementation recommendations. The following is a summary of the discussion that ensued along with direction to staff.

Chairman Chappell pointed out the 401K contribution recommendation is based on staff's current salaries, so he asked staff to provide the figures for the financial impact of including a 401K contribution at the new salaries assuming the Board's approval of the update. He also asked for information on how the County previously implemented the 457b plan.

For clarification, Commissioner Chapman asked if the \$280,000 impact for the 401K is based on a 2% match. Ms. Cozart confirmed. She added that the 401K representative indicated that about 90% of employees normally take advantage of match programs.

Commissioner Casciato was concerned about the lower-paid employees and inquired about how to get their salaries higher. Ms. Cozart stated that across the board, all salary ranges would move by 8%. Many of those positions at the lower pay levels have particular market considerations, and some have moved into other ranges. The Manager stated that some employees are where they should be within the salary ranges, but there is a recommendation to reclassify some positions. She shared that the local government is challenged with keeping everything relevant. For instance, some of the County's competitors previously adjusted only the lower salary grades which created compression that the organization had to address. If Transylvania County were to move the ranges of the lower-paid employees and not the ranges for other higher-paid employees, the County would also experience compression.

Chairman Chappell stated the most appropriate way to conduct and implement the study is to look at the organization as a whole, so he felt that the Personnel Board and staff had taken the best approach to study the various positions are they relate to the County's competition. He added that the County must pay for its best resources appropriate to the market because it is essential to being able to provide services to the citizens.

Commissioner McCall asked staff to explain how the recent COLA impacts the compensation study implementation and how those employees on probationary status are affected.

Ms. Cozart pointed out that the salary ranges have not changed since 2019. The Board of Commissioners has provided consistent COLAs since then to staff who were in non-probationary status. The staff's first recommendation is to move the salary ranges by 8%. Staff will then calculate where existing employees should fall within their ranges based on their service time and prior experience and place them into the correct salary ranges. Ms. Cozart explained there is a cutoff date for new hires under probationary status and thus they would not qualify for the pay adjustment. This has been the County's policy for many years, but it did not become an issue until the Board gave sizable COLAs over the last two years. There will be winners and losers in any scenario. Ms. Cozart also gave an example of the County's longevity program. The County does not pay longevity according to an employee's anniversary date, but as of July 1 in a given year. An employee must have five years of service as of July 1 to qualify for longevity. If an employee's start date was July 2, they lost out on a whole year of eligibility.

Commissioner Chapman asked staff to clarify the total cost of implementation. The Manager said the implementation of the pay and benefits is \$2 million. It does not include the 401K match or adjusting the longevity plan. The cost of implementing the 401K is \$280,000 based on current salaries, so the final recommendation would be slightly higher. Staff will update those figures for the budget workshop and provide information about how the County has applied the 457b.

Commissioner Chapman asked about the Personnel Board's position on the 401K. Ms. Cozart said the Personnel Board made a separate recommendation specifically to include that as a benefit for comparable purposes. Commissioner Dalton is the County Commissioner representative to the Personnel Board. He added that the Personnel Board felt the 401K match would be a helpful tool in retaining employees because our local competitors provide this benefit. He said the Personnel Board was shocked to learn how far behind the County is in compensation. The implementation will allow the County to be more competitive and help staff in some of the critical departments like EMS, 9-1-1 Communications, etc.

There was no further discussion. The pay study and employee benefits will be discussed further during the budget workshop on May 22.

PRESENTATION OF MANAGER'S FY 2024 RECOMMENDED BUDGET

The County Manager is required by NC general statute to present a recommended budget to the local governing body before June 1 of each year. The Manager presented her FY 2024 budget recommendations and then sought to gain consensus. The Board then determined the items they wanted to discuss in a budget workshop setting and scheduled the dates for the required public hearing and subsequent approval of the FY 24 budget. The following is the Manager's budget presentation and the discussion that ensued.

How Do We Budget?

The Manager explained for the benefit of the public how staff approaches the annual budget.

- A budget team approach, each department meets with the team to review their budget requests and provide justification
- Look at trends for revenue and look at resources that help suggest what to expect with those trends
 - Projecting revenue and economic trends up to 18 months in advance
 - Conservative budgeting practices
- Gather information from various sources on price changes and projections including gas, utility rates, goods and services, economic predictions, etc.

- Make, but document, assumptions and layer review so that staff feels comfortable those projections are reasonable
- Seek to understand Board's priorities, community needs, and funding partner needs while balancing the mandated services counties are required to provide
- Estimate service demands by examining existing demands; what is growing or decreasing?
- Understand mandated services and non-mandated services; 86% or more of the services the County provides are mandated
 - Mandated services do not necessarily come with funding from the State
 - Local governing boards must raise taxes on the people they are trying to serve
 - More rural counties tend to provide only mandated services; while urban counties have more wealth and can provide additional services
- Review fee schedule
 - Fees represent a small part of the budget but help offset some costs
- Consider the local economy and economic outlook
- Factor in long-term fiscal health and long-term planning in addition to the annual budget
- The goal is to have a stable budget from year-to-year and avoid major spikes in the budget

Budgets are math and statistics problems, but also establish policy and reflect priorities, including those that are required through mandate.

The Manager thanked the Commissioners for their participation in several budget meetings that included subcommittee reviews, fire departments, nonprofits, and some departmental reviews. She also thanked the department heads, committee members, partner agencies, and staff, particularly Assistant County Manager David McNeill, Finance Director Jonathan Griffin, Budget and Management Analyst Kate Hayes, NCACC Fellow Liam McKissock, Human Resources Director Sheila Cozart, and IT Director Nathanael Carver, for their review of the budget.

Fiscal Policy Goals

- Develop a long-term capital improvement plan; allows staff and the Board to think long-term about the tax rate and how the County will invest in capital and make better decisions (estimated over \$270 million in addition to the education bond)
 - Education beyond the \$68 million bond; another \$10 million on School System's FY 23 list (does not include renovations not completed with the bond)
 - Courthouse: \$45-\$50 million
 - BRCC Campus: \$35 million
 - Infrastructure: \$52 million
 - Landfill expansion: 2025 cell expansion \$5.8 million for a five-year lifetime, closures expenses, 2030 and beyond plans
- Identify revenue to fund capital needs
 - Successful in getting grants, particularly with ARPA funds; makes for a grant-rich environment while creating challenges in reporting as noted in the audit
 - Economic development and infrastructure support- Ecusta Road project lease payments
 - Education Facilities Bond
- Work towards multi-year budget planning in the general fund
 - Vehicle prioritization, computer replacement schedule, long-range maintenance evaluation, maintaining service levels
 - Cannot avoid some situations, like Kenwood getting out of the radio business, which means the County will need to replace a lot of radios over the next few years
- Maintain service levels while navigating a limited local government workforce and rapidly rising personnel costs

- Consensus on this year's County needs from Commissioners for the recommended budget

Maintenance Policy Goals

- Maintain existing service levels- most are mandated or required to meet mandates
 - Challenges with the marketplace changes for personnel
 - Difficult to provide services without people
- Retention and recruitment- navigate the local government/public service worker shortage while maintaining service levels
 - The number one strategy is retaining good quality employees along with their experience and the training investment the County has made
 - Challenges in recruiting due to a decreased workforce and having to navigate a smaller pool of people coming into certain professions while competing with all other agencies
- Work to minimize capital project costs by focusing on efficiency and utility in design processes- minimize maintenance, evaluate finishes, evaluate construction methods and materials
- Maintain training programs and maintenance schedules to prevent liability and future expenses
- Leverage technology and plan for upgrades and replacements- cybersecurity, changing vendor landscapes, increasing cost of public safety equipment, and other factors that impact or demand the use of technology
- Provide suggestions and guidance on ways to minimize pressure on the tax rate; keep the tax rate as low as possible on citizens while providing quality services

Process with Changes Implemented this Year

- Internal departments turned in budget requests with justification in February
- Panel review of all budgets- Commissioners included for elected office leaders (Sheriff and Register of Deeds elected independently of the County Commissioners and do not report to any executive staff)
- Nonprofit funding open call for applications in March, reviewed by subcommittee including Commissioners, and scored in April with recommendations
- School funding- a statutory requirement for the budget to be submitted to the County by May 15, the official request was delivered today; staff will review the request and make recommendations
- Outside Agencies- Fire Departments, Rescue Squad, etc.
 - Budget requests are due in March, subcommittee review including Commissioners
- Priorities and preliminary discussion
 - Commissioner meetings in April/May to clarify priorities, and discuss justifications
- Compensation study update tracking alongside budget

Key Trends for FY 24

- Property tax is the only way Commissioners can meaningfully raise funds. This makes the tax base *very* important!
 - Our current mix skews heavily toward residential meaning that residential bears the burden of any increase and differentiates Transylvania from other counties in the area
 - Half of Transylvania County is nontaxable (federal lands and State parks/forests) but requires County services and puts particular pressure on public safety
 - Residential costs the most in services over other types
 - Some of that residential are second homes, Airbnb, etc. State Constitution does not allow counties to charge a differential tax rate so legislative action would be required
- Transylvania County has historically boasted one of the lowest tax rates in the state- 69th ranked (rate of \$0.6033) from high to low in NC according to NCACC data on general fund rates
- In the last several years there have been discussions about going to a single and rescue tax district and about the inability of solid waste to continue without increasing fees. In both discussions, the

decision was to use the general fund to supplement, but this is not typically found in a county's general fund. Removing those anomalies reflects a ranking of 80th in the NCACC data on general funds with a general fund tax rate of \$0.5593.

- The \$0.6033 tax rate for the general fund makes it look like Transylvania is higher than surrounding counties; however, all of these counties account for solid waste in fees and other revenues outside of property tax and also fund all of the fire and rescue agencies from fire district funds without funds supplementing from the general fund.
- After factoring in Solid Waste and fire districts, Transylvania County falls right in the lower-middle for the total tax rate for surrounding counties.
- Recruitment and retention
 - Local government workforce is rapidly shrinking making it harder to maintain existing service levels: School of Government 2022 County Employment Survey reflected that 71% of counties report a somewhat higher or higher turnover rate with 78% also reporting an increase in budgeted positions that remained unfilled
 - Counties are struggling to hire with a sharply decreased qualified workforce: 67% of NC local governments report a smaller candidate pool and 61% report pay as challenges. 59% also identified competition from other local governments as a reason for the challenges in retaining and recruiting employees.
 - COVID exacerbated these issues and created awareness about what it means to be essential in local government
 - Pay study implementation is estimated at \$2 million with 67% of those increases in public safety
- Technology Advancement
 - Kenwood leaving the public safety market with two types of radios phasing out in the next two years and the others to follow. The cost to the county government alone will be over \$1 million to replace all radios needed by public safety. This was unexpected and unpredictable.
 - Technology infrastructure- equipment and software updates critical (i.e.- jail)
 - Cybersecurity continues to present new challenges, but it is imperative to protect citizen data

Highlights for FY 24

- Property tax base increased by 2% which is indicative of the growth the County is seeing in both commercial and industrial development
- Total recommended budget of \$78,063,791, a 2% increase from the current budget (4% from original adopted FY 23)
 - \$0.224 per \$100 to support the general operating expenditures of Transylvania County Schools and funds in preparation for \$68 million bond-financed school projects
 - \$0.09 per \$100 to finance the general operating expenditures of the Sheriff's Office including the mandated jail
 - \$0.24 per \$100 for all remaining County departments
 - \$0.031 per \$100 to support the County's \$2.4 million annual capital improvement plan (with earmarks for potential courthouse renovations as well as pay-as-you-go planning funds for economic development, emergency services, and parks and recreation)
 - \$0.03 per \$100 to support the County's network of partner fire and rescue agencies beyond the service district rates
 - \$0.017 per \$100 to support the County's Solid Waste Fund which cannot support its operations through user fees
- The budget prioritizes maintaining staff levels/existing benefits and trying to combat economic inflationary impacts such as fuel without increasing the property tax rate

- The baseline annual capital proposed includes:
 - Five patrol cars equivalent with equipment for Sheriff's Office
 - Computer replacements on a five-year cycle; evaluating system security
 - Planned IT infrastructure upgrades
 - Communication tower replacement
 - Ambulance replacement
- The focus is on existing personnel and trying to maintain existing service levels, especially in public safety
 - No new personnel
 - Reclassifications in Social Services to allow front desk staff to assist in updating information in NCFAST; Sheriff's Office Narcotics Deputy to Investigator; several planned retirement overlaps
 - Maintain benefits at existing levels
 - Funds pay plan implementation
 - Exploring contracts for embedded mental health for staff beyond Sheriff's office
- \$1.2 million for courthouse planning in assigned fund balance
- \$1.2 million for pay-as-you-go funds for economic development, emergency services, and parks and recreation
- \$6.2 million for bond payments in Education Capital Fund
- Explore operational efficiency and best practices throughout County services; look at ways to maximize staffing
- Continue work on affordable/workforce housing including a countywide housing study
- Major capital planning
- Keep current with compensation trend changes
- Community Center Wi-Fi and Capital Improvement Program
- Includes Rosman pool support (\$55,000 for one year; 10% increase)
- Continues leachate agreement with the Town of Rosman (\$50,000 annual fee + 2.5 cents per gallon leachate)
- Nonprofit funding requests were up substantially this year; the review committee recommended changes while staying within the same budget levels from the prior year
- Grant funding to administer; pursuing grant funding to assist in unforeseen radio needs and communication upgrades

The following projects will have separate capital funds. Staff will be experiencing the workload of these projects in the coming fiscal year.

- Completion of the US 64 water and sewer line
- EMS Base construction completion
- Sylvan Valley Industrial Building phase two construction
- Courthouse design process

Revenue Projections

- Property tax is the primary revenue
- Little change in revenue distribution overall
- Sales tax reflects a change of education earmarked sales tax going directly into the Education Capital Fund
- North Carolina law does not allow counties to levy different tax rates

Expenditures

- Overall, the same distribution of expenditures with some changes reflected in moving more expenses into central services and reflecting only some of the education capital in the general fund
- Some sales tax for education will go directly into the public school capital fund
- Personnel are the highest cost in providing County services; the budget shows a slight increase due to the pay implementation study
- Education funding is the second largest expenditure and is reflecting operating expenses
- Remittances, assistance dollars, and transfers out are significant portions of the budget
- Operating and capital outlay less than 6%
- Low debt service until bond payments become due

Education Funding Consideration

(The Manager did not have the Transylvania County Schools FY 24 Budget in hand before making her recommendation. She will refine her recommendation after reviewing the budget request that the staff received today.)

- K-12 Education recommended at 2% for operations and 50% increase for capital funding due to an expected increase in sales tax that must be earmarked per statute for school capital. There is also \$6.2 million in property tax showing a transfer to the Education Capital Fund.
 - Funding per ADM has continued to grow with State support, such as the Small School funding (\$1.5 million), to take pressure off the taxpayers without compromising confidence in the ability to deliver quality education services
 - Transylvania County citizens have a long history of providing significant local funding support for education; a point of significant pride
 - Transylvania County is 4th in the State in funding behind Orange, Dare and Durham Counties
 - School System was able to put \$1 million in local funded operational fund balance in FY 22
- Local operational funding recommended at \$13,086,152 and capital funding at \$3.1 million total to be appropriated by project with projects over \$50,000 moved to the Education Capital Fund and funds designated in the budget for FFE. \$1.6 million is reflected in the general fund for annual capital needs pending receipt of the capital needs list so that it can be appropriated by project.
- Blue Ridge Community College recommended for local operational funding at \$655,321 and capital funding at \$161,200

(Note: Education budgets are submitted with detail; however, once operational funding is approved those agencies may adjust how they spend funds without Commissioner approval based on their own priorities.)

Fire Department Budgets

- Recommendation is to set the district rates at 5.5 cents/\$100 valuation and supplement the remainder of the budgets from the general fund property tax. This will require an increase in the portion of the tax rate that is dedicated to fire departments of approximately \$0.43 cents. This is not a typical inclusion in the general fund tax rate for counties.
- Second year of subcommittee review of requests and making recommendations
- Major requests included in recommendation:
 - Rosman and Connestee: Funded daytime staff person for coverage
 - Sylvan Valley II: No additional staff or general fund transfer requested by the City of Brevard, but increased revenue to coverage from North Transylvania and Little River by \$30,000 each

- Rescue Squad: Included paid bookkeeper and two apparatus replacements
- Throughout all the budgets, staff made recommendations for some modifications to submitted budgets and/or moving some expenses to request from district reserves.
- The committee heard requests totaling \$7.8 million for fire and rescue agencies and recommended funding \$6.14 million with a net increase to the budgets of \$310,000 and a 5% increase overall.
- Fire Marshal will review the recommended budgets with each fire department. Five of the nine agencies' requests were funded completely or almost completely.

Solid Waste Enterprise Summary

- Balanced budget of \$3,948,851, a decrease from FY 23 of \$662,000
 - Fee revenue: \$2,651,741; Sticker fees are down 10% and staff have identified two cases of fraud (felony) that have been processed through the judicial system
 - People outside the County are using our Solid Waste services; although they are paying the \$3 sticker fee, they do not incur the \$0.02 cents property tax that is dedicated to Solid Waste
 - Balance of the funding required to meet the budget is from property tax collections from the general fund and is not a typical practice for most counties
- Existing revenue mix of fee adjustments from last year and the operational supplement from the general fund should be sufficient for a few more years, but there is not currently enough funding to save for expansions
- Next year's expansion will require cash from the general fund balance (ARPA revenue replacement with other savings) totaling \$5.8 million

General Fund Summary

- Balanced budget of \$78,179,791
- Continuing Tag Office and Passport Office
- No new personnel, but two reclassifications
- Fund pay study implementation and increase in fire department supplements
 - Does not include benefit recommendations from study and Personnel Board (401k, longevity) due to the timing of receipt
- Maintaining capital replacements including IT and vehicles
- Tax rate recommended to increase in the general fund to \$0.63/\$100 valuation, an increase of \$0.0267 to gain \$1.9 million in revenue; this is the first operational tax increase the Manager has requested in over eight years
 - 16% or \$310,000 for fire and rescue agencies
 - 56% public safety salary studies, 28% remaining salary study: \$1.59 million
 - Additional revenue is 72% public safety and necessary to ensure services continue without interruption
- Fire District rates recommended at \$0.055/\$100 valuation
- Any additional funding considerations to fund requests not included in the recommended budget will require an additional tax increase.

General Fund Summary Revenue Needs

- General fund tax would total \$0.63/\$100 valuation
 - \$0.03 cents to fire and rescue, \$0.017 to Solid Waste
 - Comparison of general fund tax rate \$0.583/\$100
 - Total for proposed comparison to other counties \$0.668 including fire districts

FY 23 Tax Rate Comparison			
	General Fund	Fire Tax Rates	Total tax rate minus Solid waste
Transylvania*	0.5503	.028 GF+ .055	0.6333
Henderson	0.561	.09-.14	.651-.701
Rutherford	0.597	.06-.16	.657-.757
Polk	0.5143	.075-.12	.5893-6343
Buncombe	0.529	.098-.22	.627-.749
Haywood	0.535	.05-.10	.585-.635
Jackson	0.36	.0272-.0294	.3872-.3894

COST OF PROPOSED TAX INCREASE

	<u>Current Annual Property Tax</u>	<u>Proposed Increase Annual Cost</u>	<u>Total Annual</u>
<u>Home Valuation</u>	<u>0.6033</u>	<u>0.0267</u>	<u>-</u>
<u>\$200,000</u>	<u>\$1,207</u>	<u>\$53</u>	<u>\$1,260</u>
<u>\$400,000</u>	<u>\$2,413</u>	<u>\$107</u>	<u>\$2,520</u>
<u>\$600,000</u>	<u>\$3,620</u>	<u>\$160</u>	<u>\$3,780</u>

General Fund Revenue Option with No Tax Increase

The Manager understood that the Commissioners might feel like it is not the right time to enact a tax increase, so she offered an option to fund the budget without one:

- General fund tax remains at \$0.6033/\$100 valuation
- Reduce \$8.6 million in capital reserve funding budgeted in the next year by \$1.9 million with reductions in all planned transfers
 - Recommended slowing the contributions to parks and recreation fund (balance \$1.2 million end of FY 23); other larger capital projects that will be pressing like education
 - Courthouse fund has enough to cover professional fees required to move forward as the Commissioners directed (\$5.8 million as of FY 23 end)

- May have future impacts on capital plans because the full \$8.6 million has been used in capital modeling to fund coming needs
- Delay in bond sale means surplus in education capital fund; \$24 million balance at end of FY 23 equates to more than three annual bond payments saved; creates opportunity to revisit how much the Commissioners are putting aside annually for this purpose
- Increase in sales tax required to be dedicated to school capital is up over a \$1 million from a few years ago and will be going into the Education Capital Fund; projecting \$3.1 million; Board could consider dedicating some of the funds toward the school bond projects within the Education Capital Fund
- EMS Base installment financing payments will start in 2025

The Commissioners will need to revisit the tax rate at some point in the next year or two if they choose the alternative option.

Forecasted Needs and Emerging Issues

- Retention and recruitment of workforce supply; rapidly changing market
 - Current recommendation gets us to competitive as of now, but the future is uncertain
 - Will need to either fund same services at higher level or consider reductions in services
- Support services staffing – Human Resources, Operations/Maintenance, IT
- Staffing with community growth and aging population- Building and Environmental Health, EMS
- Staffing with capital growth- Courthouse security, support staff
- Technology and cyber security
- Solid Waste new cell and cell closures
- Fire departments struggling to get volunteers that will end up requiring more staffing and increase pressure on the property tax rate
- Education funding
- Major capital
- Mental and physical health infrastructure

Discussion

- Budget book for the recommended budget will be available at the end of this week; the materials will be available online and placed at the library
- Asked the Board to identify topics for the workshop on May 22 that do not have consensus at this meeting or warrant additional discussion
- Suggested adding discussion on raising taxes or reformatting capital funding and will add at the request of the Commissioners a discussion on the 401K program and longevity program

Proposed Workshop Format

- Facilitated by the County Manager
- Present prior information and any known options for each item of discussion
- Open the floor for Commissioner discussion along with questions
 - Start with person who requested item
 - Opportunity for each to speak
- Once there are three in agreement or when 15 minutes is reached, the Manager will call for a poll for consensus unless the Commissioners express interest in continuing discussion
- When consensus is reached, move to the next item
- Public Hearing on Budget to be held on June 5 and June 26 Board of Commissioner meetings

Note: For the purpose of compliance with new State conflict of interest laws, nonprofit funding contracts will not immediately be implemented after adoption of the budget ordinance. Voting on the nonprofit contracts must be done separately and Commissioners must recuse themselves from voting on any contract where there is a conflict of interest.

The Manager stated that not every Commissioner will be 100% happy with the budget. That is an impossible task, especially with such a complex budget. She hoped at least three of the Commissioners would agree on a majority of the budget. This concluded the formal presentation of the Manager's FY 24 Recommended Budget.

Chairman Chappell noted that the Board intends to reschedule its regular meeting on June 12 to June 5 due to scheduling conflicts. He called for discussion on the proposed budget recommendations.

Commissioner McCall thanked the County Manager for her work on the budget recommendation and acknowledged that it was not easy for her to recommend a tax increase. She was appreciative of the Manager giving the Board an option as an alternative to a tax increase. Commissioner McCall stated she is not inclined to support a tax increase at this time. There are many unknowns, and the County will be experiencing a revaluation in another year. The County is also exploring a maintenance reserve study associated with the School System to give the County an idea of how much money is needed for capital improvements. The Board does not have information on actual costs for several projects which she felt would drive some things going forward. While she understood there may be a time for a tax increase in the future, she did not feel that now is the time. She stated that the taxpayers have faithfully paid their taxes and the Board is in the position of giving the taxpayers a break by utilizing the funds on hand. Commissioner McCall asked for more discussion on the current education capital request and how it compares to what the maintenance reserve study might identify. She wanted to ensure those needs were met and not duplicated or partially addressed.

Commissioner Chapman said the Commissioners have all agonized over how to fund the budget. He said he will not support a tax increase this year, especially since the enactment of the 10.5 cents for the passage of the school bond was so recent. He was specifically concerned about those citizens living on fixed incomes. Commissioner Chapman felt that the Manager had presented a viable alternative to a tax increase of using funds on hand. He supported the salary study and felt it was critical to the organization.

Commissioner Chapman also addressed accusations by citizens that the Board will use the bond money on the courthouse. He stated emphatically that the accusations were not true. He was very proud of how Transylvania County funds the School System which is on par with the top four or five counties in the State.

Commissioner Casciato stated that with today's environment of high inflation and the cost of goods, he will not support a tax increase and will find other ways to support this budget. He was concerned about the tax burden on our citizens.

Commissioner Dalton asked the Manager when the County's capital requests to the State will be known as to whether there will be any funds included in the State budget. He shared that he met with our legislators on several occasions and delivered \$330 million in requests from the County. The Manager responded there is an indication that some funding will be included in the State budget to support Transylvania County's capital needs, but it remains unknown as to when the State will pass its budget.

Commissioner McCall wanted the Board to have the information available as possible so the Commissioners can understand what may or may not be needed in the next couple of years when the Board has options. The taxpayers deserve a break with the money they have already paid in.

Chairman Chappell thanked the Manager and staff for their work on the budget and the Commissioners for their service on the budget review committees. He agreed that no one Commissioner is pleased with the entire budget but as a whole it is the duty of this Board to come to a consensus. Chairman Chappell reiterated that the County does not have the authority to charge citizens different tax rate levels. That power is given by the NC Legislature. Also, the Board of Commissioners may not choose whose property to assess and whose to not to assess. That is also not allowed with the statutes and could get the County sued.

Chairman Chappell agreed with the Commissioners' statements about the budget thus far which gave the Manager consensus on how the Board intends to fund the budget. The Board asked for some additional items regarding the pay compensation to ensure the Commissioners have all the information needed to make the best decision. For the longevity discussion, he requested some comparative data on what other counties are doing. He also felt it was important to include the employees' wellness clinic in the discussion about the benefits package. He said it was important for the Commissioners to have discussions about the entire benefits package. The Manager will provide the requested information for the budget workshop on May 22.

Commissioner Chapman asked staff to provide information on what the impact would be of a tax decrease. The Board enacted a tax increase to cover the bond payments, but the Board has yet to sell the bonds and is thus accumulating funds, and it will likely be another two years before ground is broken on the projects. The Manager will make a recommendation during the budget workshop where she suggests the Board pull funds from to cover the budget and the dollars going to into assigned fund balance.

Commissioner McCall responded to the public comment about seniors and taxes. She informed the public there is tax relief for seniors and veterans, but they must meet certain qualifications. The Manager pointed out the exemptions were approved by the State Legislature. The County has no authority to exempt taxes.

Commissioner McCall commended the department heads for reevaluating their departments when a position is vacated and not automatically filling vacant positions. Their evaluation has saved the County tens of thousands of dollars in salaries. She appreciated their diligence, which helps the Board in its budget decision making.

The Manager asked the Commissioners to communicate to her about any other topics they want to discuss during the workshop on May 22.

Chairman Chappell called for a 10-minute recess. The Board of Commissioners meeting reconvened at 6:23 p.m.

APPOINTMENTS

AGRICULTURAL ADVISORY BOARD

The terms of Steve Tabor and John Buford expire at the end of April. Both are eligible and willing to serve another term. Devin Gentry's term also expires at the end of April. He has served two full terms and is not eligible for reappointment at this time. The Agricultural Advisory Board also experienced a recent resignation so staff will advertise and recruit applicants to fill this vacancy. The Clerk received one application from Zachary West to fill the term being vacated by Devin Gentry. The position must be filled by someone representing the farming community. Cooperative Extension staff recommended his appointment.

Commissioner Chapman moved to reappoint Steve Tabor and John Buford, appoint Zachary West to fill the term vacated by Devin Gentry, and instruct staff to recruit for the remaining vacancy, seconded by Commissioner McCall and unanimously approved.

JOINT HISTORIC PRESERVATION COMMISSION

The terms of Katherine Buzby and Billy Parrish expire at the end of May. They have both served partial terms and are eligible and willing to be reappointed to a full term. Melanie Spreen will have served two terms at the end of May and is therefore not eligible to serve another term at this time. The Clerk received an application from Nicole Bentley and staff recommended her appointment to replace Melanie Spreen effective June 1. There are no other applications on file.

Commissioner Dalton moved to reappoint Katherine Buzby and Billy Parrish and to appoint Nicole Bentley to replace Melanie Spreen effective June 1, seconded by Commissioner Casciato and unanimously approved.

APPOINTMENT OF ENFORCEMENT OFFICER/ZONING ADMINISTRATOR FOR PLANNING RELATED ORDINANCES

The County recently hired Jeffrey Adams as its new Planning and Community Development Director. Several of the County's planning-related ordinances require the Board of Commissioners to appoint an enforcement officer/zoning administrator to administer and enforce all provisions of those ordinances.

Commissioner McCall moved to appoint County Manager Jaime Laughter and Planning and Community Development Director Jeffrey Adams as the Enforcement Officer/Zoning Administrator for planning-related ordinances to ensure coverage/backup for the enforcement and administration of these ordinances, seconded by Commissioner Casciato and unanimously approved.

APPOINTMENT OF REVIEW OFFICER FOR TRANSYLVANIA COUNTY

N.C.G.S. § 47-30.2 requires the Board of Commissioners of each county to designate one or more persons experienced in mapping or lands records management to be appointed as a Review Officer to certify maps or plats presented to the Register of Deeds as complying with all statutory requirements for recording. With recent changes in staffing in the Planning and Community Development department, the list of Review Officers for Transylvania County needs to be updated to reflect current staffing, specifically to add Director Jeffrey Adams as a Review Officer. The Clerk to the Board will record the resolution appointing Planning and Community Development Director Jeffrey Adams as Review Officer with the Register of Deeds upon approval.

Commissioner Chapman moved to approve Resolution #23-2023 Appointing Planning and Community Development Director Jeffrey Adams as a Review Officer for Transylvania County, seconded by Commissioner McCall and unanimously approved.

RESOLUTION #23-2023**APPOINTMENT OF REVIEW OFFICERS FOR TRANSYLVANIA COUNTY**

WHEREAS, Chapter 47-30.2 of the North Carolina General Statutes requires the Board of Commissioners of each county to designate by name one or more persons experienced in mapping or land records management to be appointed as a Review Officer to certify the maps or plats presented to the Register of Deeds as complying with all statutory requirements for recording; and

WHEREAS, the review of statutory requirements is of a technical nature; and

WHEREAS, one of the services that Transylvania County staff provides to the community is a similar technical process for subdivision plat review in order to verify compliance with the County's development regulations; and

WHEREAS, Transylvania County is committed to streamlining the review procedures for proposed developments and subdivisions of land; and

WHEREAS, it appears most efficient for Transylvania County to avoid adding another layer of development review by providing for the certification of statutory compliance for all maps or plats to be presented to the Register of Deeds for recording within the context of subdivision review procedures;

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

Section 1. The addition of the following person is recommended to be appointed by the Transylvania County Board of Commissioners to serve as a Review Officer for all lands within Transylvania County's planning jurisdiction in order to certify each map and plat presented to the Transylvania County Register of Deeds for recording satisfies the statutory requirements for recording

<u>NAME</u>	<u>POSITION/TITLE</u>
Jeffrey Adams	Director, Transylvania County Planning and Community Development

Adopted and approved this the 8th day of May 2023.

NEW BUSINESS

RECLASSIFICATION OF POSITIONS IN THE SOLID WASTE DEPARTMENT

Solid Waste Director Kenn Webb presented this item to the Board. He recalled that on February 28, 2022, the Board of Commissioners approved the reclassification of a Site Attendant I position to a Site Attendant II position with additional responsibilities to assist with collection center operations as a new model for convenience center operations.

The additional duties of the Site Attendant II have been fulfilled primarily by the current Administrative Assistant since August 2022 due to personal circumstances. Staff requested the Board reclassify this position back to Site Attendant I. The position is currently vacant.

From May 2019-December 2021, the position of Solid Waste Operations Coordinator was utilized by the Solid Waste Department to manage the collection centers. This reorganization effectively returns the department to this organizational structure.

Over the last year, there have been some long-term absences from positions due to FMLA, so the department has been short-staffed and having to cover operations with existing staff. The proposed reorganization aligns with how the department is currently structured.

The salary grade difference from a Solid Waste Site Attendant II to a Site Attendant I is a larger difference between an Administrative Support Specialist IV to a Solid Waste Coordinator, so the financial impact will be a net reduction in cost.

The Commissioners were appreciative of department heads evaluating positions when there are vacancies.

Commissioner McCall moved to reclassify the Site Attendant II to Site Attendant 1 and to reclassify the Administrative Assistant IV to Solid Waste Operations Coordinator, seconded by Commissioner Chapman and unanimously approved.

The Commissioners expressed how impressed they were with the staff's work in this department.

CARE COALITION MIGRATION OF 1.0 FTE TO NC ASSOCIATION OF PUBLIC HEALTH AGENCIES

Public Health Director Elaine Russell presented this item to the Board. The CARE Coalition requested approval to migrate 1.0 full-time equivalent (FTE) coalition staff position to the North Carolina Association of Public Health Agencies (NCAPHA). The position is for a coalition project staff, which has been vacant since April 5, 2023. The position is classified as a Health Educator I. In the past, this classification has made it difficult to find candidates with both the experience required of Health Educator I classification and experience relevant to the qualifications and skills needed to be an effective coalition staff person. Filling this position through NCAPHA will allow the CARE Coalition to hire a candidate whose background is more closely aligned with the skills and qualifications needed to coordinate a coalition, work with youth, and engage the community in prevention and recovery efforts. There is no financial impact to the County as the position is budgeted within the Dogwood Health Trust grant. All costs associated with the position are covered under this grant.

Commissioner Chapman moved for the approval to migrate the 1.0 FTE staff position to the NC Association of Public Health Agencies (staffing agency), seconded by Commissioner Casciato and unanimously approved.

USE AGREEMENT WITH THE VETERAN'S HISTORY MUSEUM OF THE CAROLINAS

The Veterans History Museum of the Carolinas has a use agreement in place with the County to operate a museum in the former County Administration Building. The agreement was last renewed in 2021 and is set to expire at the end of June 2023. Museum staff requested an extension of the current lease but asked for a modification to extend the lease agreement to three years instead of the current two-year term.

Staff recommended the Board consider renewal of the use agreement with the Veterans History Museum of the Carolinas and consider a modification to extend the lease for a three-year period instead of the current two-year period. The Manager did not foresee any conflict with extending the lease for three years since the courthouse project is at least a three-year project.

Commissioner Casciato requested recusal from the vote since he serves on the Museum Board.

Commissioner McCall moved to approve the recusal of Commissioner Casciato and to renew the agreement with the Veterans History Museum of the Carolinas for a period of three years, seconded by Commissioner Chapman and unanimously approved.

FY 2022 AUDIT RESPONSE ACTION ITEMS

Finance Director Jonathan Griffin presented this item to the Board. He reported that in 2020 the Local Government Commission (LGC) significantly revised the process by which a local government unit receives feedback at the end of its audit, how it responds to auditors, and how that information is shared with the LGC. There are three categories of items under which the LGC desires additional communications with governing boards.

1. A material weakness is when a control system is ineffective, and therefore the chance of inaccurate or unreliable data is higher.
2. A significant deficiency is a failure in the financial reporting process which is less severe, but the chance of inaccurate or unreliable data exists.
3. A financial performance indicator of concern is a North Carolina specific concept created by the LGC and represents items which are not consistent with the Fiscal Control Act, but not necessarily identified as an issue by the auditors.

In the County's FY 2022 audit, there was one material weakness, two significant deficiencies and two financial performance indicators of concern.

The material weakness is the County has not filed its financial statements and audit reports on time with the LGC. In the Finance department, several additional grant reporting functions were added in FY 2022. Implementing GASB 87 and GASB 96 has been extremely time-consuming and challenging. Finance has processes in place to address this issue.

The significant deficiencies are similar, but in different sections of the County and in both cases, grant reporting was filed after State deadlines. In a proper system of internal control, grant reports are prepared, reviewed and filed in advance of deadlines to give the opportunity for timely and accurate information. Some of the late reporting was due to staff turnover. The Finance department has two specific action items to address this issue. The first is a memorandum of understanding with the NCACC more grant reporting specific items for County Administration and Finance. The County is contracting with the Land of Sky on the transportation grant reporting. Martin Starnes and Associates reviewed additional records and did not question any of the expenditures in the reports.

The financial performance indicators of concern as follows:

- Deficit fund balance: In the Disaster Response Fund (the special revenue account for CARES Act revenues and expenses), there was a deficit of \$115,236. As noted in last year's audit report, the County spent approximately \$250,000 in anticipation of receiving CARES/FEMA revenues to offset those supply and equipment purchases during the COVID-19 Pandemic. The Finance Office had to assist Emergency Management with completing additional reporting documents that were necessary before the NC Department of Public Safety would release any funds.
- Expenditures in excess of appropriations: In two sections of the budget, the total expenditures were higher than were authorized in total by the Board. These were as follows:
 - Debt Service in the General Fund: Under GASB 87, the County must add capital assets at the offset of a lease, which involves an expense in the total amount of the lease. A budget amendment was prepared to authorize expenditures on leases, however, after the final calculations on leases were complete, the amount of "expense" was higher than initially estimated.
 - Disaster Response Fund: Under the requirements of the CARES Act, all transactions financed by CARES Act funds were placed in the Disaster Response Fund. This included grant revenue and expense for an NCDOT/Transylvania County operating grant. Unfortunately, the communication around the budget needs to adjust the Disaster Response Fund broke down, and the revenue and expense match the report, but the preparation of an amendment to true up this account did not occur in a timely manner before year-end.

Mr. Griffin asked the Commissioners to approve the corrective action plan as presented or make revisions as they see fit.

Commissioner Chapman asked if the County will be fined for these issues. Mr. Griffin said the auditors did not find any cause for concern. There were no fines imposed as the issues were merely related to record-keeping and not filing reports on time.

Chairman Chappell pointed out that during this timeframe, the County has administered more grants than ever before.

Commissioner Chapman moved to approve the corrective action plan as presented, seconded by Commissioner Dalton and unanimously approved.

FY 2023 CONTRACT TO AUDIT ACCOUNTS

Finance Director Jonathan Griffin presented this item to the Board. Pursuant to N.C.G.S. § 15-34(a), the Board of Commissioners must approve a contract to audit the County's accounts annually. Mr. Griffin reported that the County last went out to a request-for-proposal (RFP) for auditing services in advance of the 2022 audit and received a quote for three years of services from two firms that audit a majority of the counties in North Carolina. The prices were equivalent, with Martin Starnes offering a more competitive rate over those three years. The Board at that time approved an FY 2022 audit. The Board may choose to require staff to do another RFP or proceed with the price structure informally offered by Martin Starnes for another year. The contract with Martin Starnes would be for \$62,625 to audit the County's finances, if approved.

Commissioner McCall moved to approve the contract to audit accounts with Martin Starnes for FY 2023, seconded by Commissioner Dalton and unanimously approved.

MANAGER'S REPORT

The Manager reported the following

- NCACC District Meeting will be held in Transylvania County next Thursday
- Kudos to Environmental Health Inspector Taylor Sloop from a new citizen to Balsam Grove for her responsiveness and guidance through the permitting process.
- Kudos to Rosman Fire Chief Dylan Morris from Sheriff's Office and other emergency personnel on scene- *The driveway at this residence was a very steep drive (approximately 45 Chief Morris quick thinking, fast actions, and willingness to sacrifice his own life without any doubt in mind saved the life of the medic and multiple bystanders at the bottom of the hill.*

Commissioner Chapman announced that Transylvania County will host the District 16 NCACC meeting jointly with the western North Carolina counties in District 17. At that time, elected officials and staff will receive an update from the NCACC on legislative issues.

PUBLIC COMMENT

The comments represent the individual speaker's opinion or point of view.

David Morrow: Mr. Morrow is the President of Veterans History Museum of the Carolinas. He thanked the Board for their support. He noted that the museum's traffic is down due to the construction going on downtown. He hopes the Museum will be included in conversations about the future of the existing building and the courthouse.

Kristi Brown: Ms. Brown is the Clerk of Superior Court. Ms. Brown thanked the Board for authorizing staff to prepare an RFQ for the design of a new courthouse. She reminded the Board that a new courthouse will include the Probation Office, holding cells, a jury pool room and additional space for the Public Defender and District Attorney. She recalled the Manager saying when staff surveyed counties of like size that had built a courthouse comprising 45,000 sq. ft., those counties expressed they should have built a building with additional square footage. She thanked the Board for their decisions and acknowledged their hardships in trying to meet many needs across Transylvania County.

COMMISSIONERS' COMMENTS

Commissioner Casciato stated it is Employee Appreciation Week in local government this week. He thanked all the County employees for their dedication to their work and he looked forward to attending the appreciation event on Friday and personally thanking staff. Commissioner Casciaro also thanked the Board for extending the Museum lease for three years. Lastly, he expressed his appreciation to the County Manager

for her work on the budget and for helping him when he has questions about County government as he navigates his role as a County Commissioner.

Commissioner McCall expressed her appreciation to the EMS workers, first responders, fire departments, etc. in honor of EMS Week. She has the utmost respect for all they do. She also thanked County employees for their work. She said no one knows the breadth of services provided by our employees and the work they do day-to-day to serve citizens. She thanked the County Manager for her work on the budget and she acknowledged how difficult it was for her to recommend a tax increase. Commissioner McCall stated that our citizens have faithfully paid taxes on payments that have not yet been needed, so felt strongly about giving those citizens a tax break. She was appreciative of this Board as well for the time they have given to deliberating over this budget and for their service to the citizens.

Commissioner Chapman pointed out that the City of Brevard is considering a 3 cents tax increase. This played into his decision not to support a tax increase by the County. It would have been a 6 cents tax increase total on all those living in the city limits of Brevard. He thanked the Manager for her work on the budget.

Commissioner McCall asked the Manager to respond to the public comment on the Cemetery Road/Davidson Rover Road issue. The Manager shared that staff has been in contact with the property owner. At one point, the County was informed the homeowner was waiting on an insurance payment. County staff also contacted the insurance company who indicated they have paid out. The Manager said the situation must be extreme for the County to meet the statutory requirement for stepping in to mitigate the property. It takes the willingness of the property owner to move forward. She stated the County Commissioners have regulatory authority to adopt a nuisance ordinance but historically, that has not been the will of the Board.

Commissioner Dalton thanked the community for turning out in mass for the May Day Festival on Friday night. It was a great event. He was also thankful to the community for their support and participation in an event to help a lady in the community in need. He expressed appreciation for where we live because the people here are good.

Commissioner Casciato announced that on June 6, Rosman Elementary School will host a fundraiser at which he will help cook hotdogs and hamburgers.

Chairman Chappell has served as a commissioner for a long time, and he was appreciative of this Board because they are dedicated to serving the citizens of Transylvania County on a daily basis.

Chairman Chappell moved to enter into closed session per N.C.G.S. §143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, following a 10-minute recess, seconded by Commissioner Dalton and unanimously carried.

CLOSED SESSION

Per N.C.G.S. 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, a closed session was entered into at 7:16 p.m. Present were Chairman Chappell, Commissioners Casciato, Chapman, Dalton and McCall, County Manager Jaime Laughter, County Attorney Julie Hooten, and Clerk to the Board Trisha Hogan.

The Board and staff consulted with the County Attorney on a privileged matter.

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

OPEN SESSION

Chairman Chappell moved to seal the minutes of the closed session until such time that opening the minutes does not frustrate the purpose of the closed session, seconded by Dalton,

ADJOURNMENT

There being no further business to come before the Board, **Chairman Chappell moved to adjourn the meeting at 7:35 p.m., seconded by Commissioner Dalton and unanimously approved.**

Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to Board