

**MINUTES**  
**TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS**  
**MAY 28, 2024 – REGULAR MEETING**

The Board of Commissioners of Transylvania County met in a regular meeting on Tuesday, May 28, 2024, at 6:00 p.m. in the Multipurpose Chambers at the County Administration Building, 101 S. Broad Street, Brevard, NC. (May 27 fell on Memorial Day and therefore County offices were closed. The Board of Commissioners Rules of Procedure states that if a regular meeting falls on a holiday, it will be held on the next business day.)

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 Megan Silver, and Clerk to the Board Trisha Hogan.

Media: Jon Rich – *The Transylvania Times*

There were approximately 50 in the audience.

**CALL TO ORDER**

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

**WELCOME**

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

**PUBLIC HEARING**

**FY 2025 BUDGET**

The Manager presented the FY 2025 Budget recommendation on May 13. The Board of Commissioners must hold a public hearing before approval of the budget. Staff met the statutory advertising requirements for the public hearing.

Chairman Chappell asked the Manager to give an overview of the recommended budget before opening the floor for public input. The following is a summary of her presentation:

**Fiscal Policy Goals**

- Implement a long-term capital improvement plan for projects which are estimated at over \$300 million
- Identify revenue to fund capital needs
  - Economic development and infrastructure support
    - Lease payments from Sylvan Valley Industrial Building for reinvestment into economic development
  - Education facilities bond moving forward in 2024
  - Possible ¼ cents sales tax referendum
- Factor multi-year budget planning in the general fund
- Computers, equipment, and vehicles on replacement schedules to create stability across multiple budget years

- Maintain service levels while navigating a limited local government workforce and rapidly rising personnel costs
- Commissioners have a consensus on the recommended budget to meet the County's needs in the next fiscal year

### Transylvania Considerations

- The official population is artificially low due to the seasonal population without residency being accounted for here which impacts revenues in several ways
  - The census does not recognize all the people the County serves regularly which impacts the level of State and federal funding eligibility
- Property tax is the only way the Commissioners can meaningfully raise funds which makes the tax base especially important
  - The County's current mix skews heavily toward residential meaning that residential bears the burden of any increase and differentiates Transylvania from other counties in the area (see chart below)
  - Half of Transylvania County is nontaxable (federal and State Parks/Forests) but requires County services
  - Residential costs the most in local government services over other types
  - Some of those residential are second homes, Airbnb, etc.; the State constitution does not allow charging a differential tax rate so legislative action would be required

	<b>Transylvania (33,130)</b>		<b>Henderson County (121,151)</b>		<b>Dare County (38,537)</b>	
Residential Property	\$5,040,167,342	79%	\$10,467,439,798	63%	\$14,154,651,775	85%
Commercial/Industrial Real Property	\$654,111,462	10%	\$3,094,688,800	18%	\$1,552,167,500	9%
Present-use value	\$35,135,730	1%	\$170,197,216.00	1%	\$13,500	0%
Personal Property	\$501,220,379	8%	\$2,671,648,195	16%	\$1,026,345,520	6%
Public Service Companies	\$116,731,987	2%	\$326,671,538.00	2%	\$144,451,838	1%
	\$6,347,366,900		\$16,730,645,547		\$16,877,630,133	
	<b>Macon (38,575)</b>		<b>Rutherford (64,482)</b>			
Residential Property	\$6,448,116,725	78%	\$4,412,408	74%		
Commercial/Industrial	\$1,071,450,830	13%	\$495,788	8%		
Personal Property	\$561,673,699	7%	\$657,378	11%		
Public Service Companies	\$173,065,385	2%	\$417,796	7%		
	\$8,254,306,639		\$5,983,370			

### Revenue Highlights for FY 25

- The property tax base increased by 2%
- Sales tax was overstated in the FY 24 budget, with no budgeted increase going into FY 25
- Medicaid Hold Harmless decreased statewide with FY 24 impact of \$500,000 and diminished expectations in FY 25
- Investment income is higher for FY 24 and projected to continue into FY 25
- Fee adjustments in Building Inspections and Child Development
- The impact of the ARPA funding cliff across the State is minimized for Transylvania because of careful allocation on nonrecurring/capital expenses while some counties are having budget crises

- Recommended a total budget of \$76.2 million, a net 0.9% decrease from the original FY 24 budget (note: \$2 million accounted for currently in Fund 21 [fund that tracks sales tax specifically for education] so the inclusion of that would be a 2% increase in the budget)

### **Expense Highlights for FY 25**

- The budget prioritizes maintaining staff levels/existing benefits and tries to combat economic inflationary impacts, such as fuel; new personnel and reclassification requests were denied
  - Includes four patrol car equivalents with equipment for the Sheriff's Office
  - Computer replacements on a five-year cycle while evaluating system security
  - Planned Information Technology infrastructure upgrades
  - Communication tower replacement in Lake Toxaway
  - No ambulance replacement; federal grant underway with support from Congressman Edward's Office
  - Five vehicles in Maintenance, Building Inspections, Animal Services, and EMS (2)
  - Transit van replacements (2) not included yet while finalizing grant receipt
- 2% increase for Transylvania County Schools, Blue Ridge Community College, and the Transylvania Economic Alliance
- FY 25 will see the transition of some of the planned transfers for capital as EMS building payments and school bond payments
- Retired debt service for the Public Safety Facility
- Funding for the courthouse design and Toxaway Tower is from the assigned fund balance in the capital fund
- Comprehensive Plan and Housing Plan underway
- Presidential election and property revaluation next year
- Community center Wi-Fi and capital improvement program that serves many in our communities
- Maintains nonprofit funding for supplemental services
- Grant funding administration by existing staff for over \$30 million in project grant funds
- Completion of the Rosman-Brevard water system interconnect
- Sylvan Valley Industrial Building Phase 2 construction
- Kick off the new courthouse design process

### **Revenue Projections**

- Property tax is the County's primary revenue
- Federal bond rates are boosting investment income
- Sales tax growth is down, especially in Article 40 with the population reset impact from the 2020 Census
- Medicaid Hold Harmless sales taxes are down
- State redistribution of sales tax from FY 16 reflects the loss of \$150,000 annually for Transylvania County
- Fee increases in Child Development and Inspections

### **Expenditures by Function**

- The largest expenditure is for Education, followed by Public Safety (Office of the Sheriff and Emergency Management), and Health and Human Services, all of which are necessary services the public depends on

### **Expenditure by Type**

- Personnel are the highest cost in providing County services and account for higher when factoring that education funding is heavily used for salaries; this is expected since services are person-to-person

### **Education Funding K-Community College**

- K-12 Education is recommended for the same increase as the recommended budget at 2% for operations. The staff's evaluation of the budgetary needs was limited due to the decision by Transylvania County Schools not to provide a full budget as indicated in the statutes. Still, the rate of increase recommended is consistent with property tax base growth.
  - The request for FF&E, vehicles, and equipment are fully funded as requested
  - Recommend revisiting the DPI recommendations on the ESSER funding cliff around program evaluation
  - Local operational funding is recommended at \$13,086,152
  - Capital funding is recommended at \$3 million to be appropriated by project for projects over \$50,000 and those funds will be moved to the Education Capital Fund. (County staff has not received the details yet on the specific project appropriations.)
- Recommendation for Blue Ridge Community College local operational funding at \$698,404 and capital funding at \$135,490.

### **Education Funding for Transylvania County Schools Request for Pre-K**

- The increase does not accommodate Transylvania County Schools' request for County funding to supplement preschool programs for 99 children who qualify for State funding under NC Pre-K and 36 children under private pay for approximately \$600,000.
- Early Education is unquestionably important as the County has advocated under the GetSet program that was started by the County. Still, the proposal does not meet the requirements of the North Carolina Constitution for public funding. Public funding may be targeted toward low-income individuals, but services that are not must be equitably available. This prevents supplementing a preschool service for some and not all Transylvania preschool children.
- This is why the County Child Development Program must maintain rates at or above the private center rates to avoid competition with them and must be operated on fees and not a county supplement. Additionally, serving older children has historically helped balance the rates needed for younger children that require a lower ratio for childcare facilities which is why infant care has almost disappeared in Transylvania County and other areas and the reason the Manager has not recommended the funding in the budget.
- If the issue were approached at the County level, the County must be able to serve more than the 99 children who qualify for NC Pre-K and the 36 children who are on private pay. It would take a more global approach to address the need.
- To fund a program that meets the State Constitution requirements, the plan must serve the entire population of preschool children. Below is a rough funding scenario of operational costs for informational purposes:
  - Operational expenses for ages 0-5 would require \$13.5 million in local funding, equating to a 30% increase in property tax assuming that:
    - 1,250 children ages 0-5 currently reside in the County
    - \$1,100 monthly expense per child=annual cost of \$13,200 per child (market rates do not necessarily reflect this scenario cost due to teacher qualifications required for NC Pre-K)
    - Total annual expense of \$16.5 million
    - Currently, the Transylvania community is allocated \$1,126,647 in NC Pre-K funding and \$1,848,000 for childcare subsidy
    - Assuming both revenue sources would be available, additional funding would be required at approximately \$13.5 million or 21 cents on the tax rate (30% increase).
  - This does not factor in the cost of capital investment for buildings that are needed to meet the State regulations for this age group

- Recommended advocacy at the State and federal levels for Pre-K availability and affordability to address the collective concerns of the Board of Education and the Board of Commissioners
- Attempting to solve the childcare and early education affordability and availability problem at the County level would be incredibly challenging. It would be easy to move from county to county or claim residency across a short geography. Shifting the population to take advantage of the benefit would make financial projections more challenging and subject to error. That has happened with K-12 education which is why Henderson County charges tuition for out-of-county students, but it takes enforcement.
- This issue will need to be addressed at the State and/or federal level and the Manager recommends the County continue to advocate for consideration at those levels.
- Build Back Better originally included language to fund Pre-K nationwide for ages 3-5. The major question during that time was whether there would be physical spaces to provide the services. The language did not make the final bill, but local officials had discussions about how counties would handle the mandate if it were included. ARPA funding was pushed out to state and local governments quickly without guidance but with an urgency to spend the funds. If the Pre-K requirement had been included in Build Back Better, counties may not have had the physical spaces available to provide the services.

### **Education Capital Funding Process Change**

- Recommended modifying the education capital by project funding process
  - For projects between \$50,000-\$90,000:
    - School staff oversee procurement procedures send a copy of the quote when they make the encumbrance and then send the signed invoice to the County for payment to the vendor
  - For projects over \$90,000:
    - School staff oversee procurement procedures and submit copies of documentation, contracts would include the County as a co-signer with the School Board; as work is completed, School staff would sign off on invoices or payment requests and the County would pay the vendor or contractor directly
  - This eliminates duplication in processing, reduces the burden on School staff, reduces potential delays in reimbursement, and makes it easier to track project information. County staff can help spot issues such as when the Board of Commissioners must by law approve multi-year contracts and eliminates the need to request documentation using the new shared folder system; would complement changes made this year where County and School staff are meeting every monthly to discuss capital

### **Budget Process – Education Budget and Funding**

The County Manager stressed the importance of transparency and accountability in her role. She assured the Board and the public of her commitment to truthfulness. Addressing recent inaccuracies from School representatives in public meetings, she chose to correct them by sharing the public record instead of addressing them directly through testimony. She also confirmed the availability of all documents highlighted in the PowerPoint presentation for public review or copying.

- Did the County leadership offer to meet with School staff to discuss the budget?
  - Yes. The chairs, vice-chairs, and staff met on March 18, 2024, at which time they discussed the budget and expectations for revenue growth at 2%.
  - Additional offers were made on September 15, 2023, February 20, 2024, March 18, 2024, and March 20, 2024, and additional emails with questions or providing budget guidance on April 3, 2024, April 12, 2024, April 15, 2024, and April 23, 2024.

- Has County leadership shared how sales tax for education capital is tracked and what has happened with the property tax funds collected to pay the school bond payments?
  - February 17, 2023, Email from former Finance Director Jonathan Griffin to Schools Finance Officer Gabi Juba and former Superintendent Jeff McDaris.
  - September 19, 2023, Email to Superintendent Dr. Lisa Fletcher from County Manager.
  - February 20, 2024, Email to Dr. Fletcher from County Manager.
  - The Education Capital Work Group handout was distributed at a meeting in March and was also made available to the public on the County's website.

The Manager emphasized the necessity of transparency in showing how the County is utilizing these funds. She highlighted the clear communication regarding the allocation of funds by the Board of Commissioners to the Education Capital Fund annually. The Manager presented copies of emails demonstrating her invitations to meet with School staff and discuss budgetary matters.

Additionally, County staff conveyed the following information to School Staff:

- Information on revenue growth with a maximum 2% expectation for budget shared verbally and in writing including in emails dated March 18, 2024, and March 20, 2024, and in the meeting including chairs, vice-chairs, and staff for both the County and School System
- Revenue growth expectation and indication of recommendation for tax increase due to economic uncertainty was shared with all the County's funding partners
- Requests were made in an email and in writing to the School System to submit a full budget with references to the statutory requirement and explanation regarding the ability to evaluate the need for local funding by having the full budget request, the County requests the same from its other funding partners with no issues
- ESSER funding usage and the inability of the County to replace that funding once it expired was shared repeatedly over the last three years with the prior and current School Administration.

The Manager believed it crucial to provide this documentation and she reiterated, for the sake of transparency and public awareness, that the documentation is accessible for inspection or copying.

### **Fire Department Budgets**

- The recommendation is to maintain the district rates at 5.5 cents/\$100 valuation and supplement the remainder of the budgets from the general fund property tax totaling \$1,491,565
- Themes from subcommittee meetings with fire departments:
  - Challenges maintaining volunteers requiring more paid staffing, especially to fill daytime needs for call responses due to few employers with alternate shifts in the area
  - Equipment costs are rapidly increasing with long lead times on major apparatus orders
- The committee recommended increases to all budgets to fund personnel COLA increases at 3.5% and the use of the reserve to fund some of the equipment requests in the Sylvan Valley II and Lake Toxaway service districts
- Fire Marshal staff intend to review the recommended budgets with each fire department, but staff communicated with them early in the budget planning process that this budget would be lean
- Future challenges will include long-term capital improvements identified by fire departments

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

- Balanced budget of \$4,137,310, a 4.7% increase from FY 24 due to equipment purchases, including lifts in the garage. FY 24 was down \$662,000 from the prior year.
  - Fee revenue: Sticker sales are steady for FY 24 over FY 23 and scale fees are trending slightly down from the prior year, which is typical with economic uncertainty or slowdown

- The balance will come from property tax collections in the general fund which is not a typical county government practice
- The existing revenue mix of fee adjustments from last year and the operational supplement from the general fund should be sufficient for a few more years, but there is not currently enough funding to save for expansions. The current phase going into construction will extend the life to 2030, but the next phase will require a lot more capital

### **General Fund Summary**

- Balanced budget of \$76.2 million with no tax increase
- 2% increase to Transylvania County Schools, Blue Ridge Community College, and the Transylvania Economic Alliance
- No new personnel or reclassifications
- Fire department contract increases to support existing personnel COLA at 3.5%
- Fire district rates are recommended at a \$.055/\$100 valuation
- Maintaining capital replacements but will need to consider revising in future years to meet the needs of the Sheriff's Office, in particular
- Any additional funding considerations not included in the recommended budget will require a tax increase

The Manager wrapped up her presentation, expressing gratitude for the opportunity to address any inaccuracies. She stressed her staff's readiness to collaborate with the School System and all funding partners. Emphasizing the importance of accurate information for building trust, she highlighted the challenges posed by ongoing misinformation. She hoped for increased consideration and care in serving the public.

Chairman Chappell then invited Commissioners to share comments or pose questions before opening the public hearing.

Commissioner McCall inquired about the number of departments seeking budget increases. The Manager explained that there were widespread requests for increases due to numerous needs within County government and among funding partners each year. Typically, meeting all submitted requests would require a tax increase of at least \$0.08, but this year, additional tax dollars would have been necessary.

Commissioner McCall acknowledged the legitimacy of the requested increases. Despite no increases being granted this year, the recommendation was to continue evaluating these needs for future consideration. She noted that many departments requested relatively small increases and appreciated their collaboration with the Commissioners throughout the budget process.

Commissioner Chapman stated that the Manager mentioned a key point regarding the difference between individual property and industrial/commercial property. He inquired about that ratio compared to Henderson County. The Manager said the comparison presented in the slide is two years old and thus does not compare the current property evaluation and mix for Henderson County. Henderson County has 37% that is nonresidential which pays for itself and likely subsidizes residential. It helps to see how that mix impacts Transylvania County's ability to fund services and how it impacts residential individuals.

**Chairman Chappell declared the public hearing open at 6:30 p.m. and set the rules of the public hearing.**

*The comments represent the speakers' opinions or points of view.*

Alice Wellborn: Ms. Wellborn highlighted that the Board's values are evident in the budget. She pointed out that the Board's singular value is to avoid raising property taxes, allegedly to shield local citizens from an excessive tax burden. However, she noted that property tax is only applicable to property owners and that the County also offers relief through various State programs. Ms. Wellborn criticized the Board's claims of supporting local families and children, arguing that actions speak louder than words. She emphasized the pressing needs of families, including access to quality public schools, affordable childcare, behavioral health services, and elderly care. She questioned the Board's reliance on studies, suggesting that they often use them to delay action rather than effect change. Furthermore, she contrasted the values reflected in the School Board's budget, which prioritizes meeting community childcare needs, ensuring student safety, and providing support services, with the lack of action from the Board from the Board of Commissioners. Ms. Wellborn concluded by asserting that the Board's values, or lack thereof, are apparent in the budget and reflect their stance on issues affecting families.

Polly Averette: Ms. Averette emphasized the importance of maintaining or improving the quality of education for current students and urged the Board to reconsider the proposed budget, which she deemed inadequate. She criticized the Board for underfunding state-mandated salaries for education staff and teachers, neglecting critical programs, and discounting essential positions like Pre-K, mental health counseling, and safety resources. Ms. Averette highlighted the increasing challenges faced by non-English speaking students and called for more comprehensive support. Asserting that the Board has both the means and responsibility to ensure all children receive a quality education, she urged them to prioritize funding for public schools. She emphasized that if tax increases are necessary, it is the Board's duty to enact them or make way for those who will.

Peter Offen: Mr. Offen underscored the significance of a government's spending in reflecting its priorities, particularly regarding school funding. He urged the Board to consider the significant capital funding rejections totaling over \$10 million in the past five years, highlighting the critical needs, such as Pre-K programs and additional counseling staff, which remain unmet. Mr. Offen noted that the school administration taking out their trash and cleaning their offices exemplifies the extreme underfunding of the school system. Mr. Offen urged the Board to begin planning now for the \$60 million additional funding requirement for school facilities as identified in the County's study. He criticized the Board for decades of inadequate planning, resulting in a substantial \$300 million capital funding deficit. Furthermore, Mr. Offen stressed the need for proactive economic development planning to alleviate budgetary strain and advocated for immediate action on various pressing issues, including community college space, wastewater infrastructure, and overall leadership for the community. He warned of the escalating costs of deferred maintenance, exemplified by mold issues in schools, and questioned whether the health and safety of children were considered too expensive for the Board to prioritize. Mr. Offen reiterated his call for Board members to donate their pay to the school system and emphasized the urgency of addressing critical needs.

Tara McDonald: Ms. McDonald, a parent with children in Transylvania County Schools, highlighted the lack of basic supplies in classrooms, citing an instance where her child's teacher lacked staples. She emphasized the impact of such deficiencies on teachers' effectiveness. Ms. McDonald recounted recent encounters with high school and middle school teachers working second jobs due to financial constraints, illustrating the challenges educators face in making ends meet. Ms. McDonald expressed concern that the systematic underfunding of public education aligns with a broader agenda to dismantle and defund public schools, citing historical examples where defunding education preceded the rise of fascism. Ms. McDonald urged the Board to acknowledge if defunding schools aligns with their intentions and if so, to be transparent about it.

Maureen Keate: Ms. Keate expressed frustration with previous comments and thanked the County Manager for clarifying several inaccuracies. She criticized the hyperbolic nature of some remarks, stating they detract from productive discourse. Ms. Keate asserted that the values of the County Commissioners align with those



of the majority of residents, emphasizing their responsibility in managing taxpayer funds. She commended the Board for presenting a budget without a tax increase.

Rick Emaus: Mr. Emaus, a parent of three children in Transylvania County Schools and a leader in TCStrong, a youth mental health collaborative, addressed the Commission regarding their recent rejection of funding for counselors. The community formed TCStrong to support youth mental health after the tragic loss of four teens to suicide since 2021. With pandemic-related shutdowns exacerbating the crisis, the school wisely used ESSER funds for additional counselors, significantly reducing suicide attempts. This issue is not unique to Transylvania County; statewide suicide trends highlight its severity. The rejection of continued funding for counselors forces the school to consider cutting classroom support. Mr. Emaus, drawing from his healthcare executive experience, emphasized the importance of informed financial decisions, urging the Commissioners to reconsider. He stressed the statutory responsibility to support youth's health, safety, and education. He urged open, respectful communication and thoughtful budget prioritization, emphasizing the need to find alternatives to reducing classroom support. He presented a petition with 214 signatures supporting counselor funding, advocating for the best for students' and teachers' well-being.

**Chairman Chappell declared the public hearing closed at 6:49 p.m.**

### **PUBLIC COMMENT**

*The comments represent the speakers' opinions or points of view.*

Lisa Rodke: Ms. Rodke asserted that the U.S. Constitution is not inflexible, but a living document designed for continual improvement through amendments. The First Amendment, safeguarding religious freedom, protected various faiths from persecution. She emphasized that right-wing fundamentalists do not monopolize religion. The Fourteenth and Nineteenth Amendments expanded voting rights, making County Commissioners accountable to all citizens, not just property owners. Ms. Rodke questioned why Commissioners have not utilized funds entrusted to them by voters in 2018 for school improvements, suggesting fear of either hard-hearted taxpayers or vindictive Republican leaders who want to destroy public schools. She criticized the Commissioners for dismissing school repair requests by claiming money does not grow on trees, warning that accountability awaits them on Election Day for their actions or lack thereof.

### **AGENDA MODIFICATIONS**

There were no agenda modifications.

**Commissioner Chapman 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 Board approved the following items:

### APPROVAL OF MINUTES

The Board of Commissioners met in a regular meeting which included a capital workshop on September 12, 2022, and in a regular meeting on May 13, 2024, and following met in a closed session in which the minutes were sealed. The Board approved the minutes as submitted.

#### DISCOVERY, RELEASE, AND MONTHLY SETTLEMENT REPORT - APRIL 2024

Per N.C.G.S. § 105-312 (b), the Tax Administrator must see that all property not properly listed during the regular listing period be listed, assessed, and taxed. The Tax Administrator shall file such reports of discoveries with the Board of Commissioners. Per N.C.G.S. § 105-381 (b), the Tax Administrator must provide a monthly report to the Board of Commissioners of the actions taken by the Tax Administrator on requests for release or refund, which shall be recorded in the minutes. For April 2024, tax dollars released totaled \$1,465.81 and refunds amounted to \$740.70. The Board approved the April 2024 Discovery, Release, and Monthly Settlement Report as submitted.

#### OUT-OF-STATE TRAVEL REQUEST BY CARE COALITION

The CARE Coalition requested approval for one staff member to attend the Community Anti-Drug Coalitions of America (CADCA) Mid-year Training Institute. Grant projects necessitate the need for diverse training opportunities for CARE staff. This travel and training opportunity has been included and approved in its respective federal grant program action plan and budget. The CADCA Mid-year Training Institute will be held in Chicago, IL on July 14-18. This training offers in-depth, interactive sessions geared specifically for coalition partners and staff that focus on a broad spectrum of topics, such as coalition building, strategic planning, evaluation, and research. The Board approved the out-of-state travel request for a CARE staff member to attend the CADCA Mid-Year Training Institute.

#### CARE COALITION'S REQUEST TO APPLY FOR DOGWOOD HEALTH TRUST RECOVERY-ORIENTED JUSTICE SYSTEMS PLANNING GRANT

The CARE Coalition requested approval to apply for Dogwood Health Trust's "Recovery Oriented Justice Systems Planning Grant." Applicants may apply for \$25,000 to conduct collaborative planning to establish, refine, and/or resource recovery-oriented justice systems. Dogwood Health Trust is especially interested in proposals that focus on collaborations between governmental institutions and community-based providers.

The grant project provides tailored on-site and remote technical assistance, such as data collection and analysis, strategic planning sessions, development of implementation plans, and assistance in accessing funding, by content-level experts. It also provides flexible funding to support staff planning time. The planning grant will support the development of Transylvania Henderson Reentry Connection (THReCon), the newly formed reentry council that services Transylvania and Henderson counties and chaired by the Transylvania County Sheriff's Office and CARE's jail-based reentry specialist. THReCon is a community-based collaboration of stakeholders and service providers with the shared goal of improving reentry services. Their priority is to provide a continuum of care for justice-involved people returning from prison, released from jail, or under community supervision.

The grant, if awarded, will have a start date of October 11, 2024. CARE Coalition will provide grant writing and initial launch coordination. This grant opportunity is in alignment with CARE's strategic priority of "providing support to justice-involved individuals with SUD" by creating the organizational infrastructure necessary to strengthen the continuum of services. The work of the grant also contributes to the ongoing planning and resource development associated with potential endeavors of the opiate settlement priorities. No new staff or local dollars are required. The Board approved the request to apply for Dogwood Health Trust's "Recovery Oriented Justice Systems Planning Grant."

#### APPROVAL OF AERIAL FIREWORKS - PYROTECHNICS PUBLIC DISPLAY

The 2010 Pyrotechnics Act requires the Board of Commissioners to approve permit applications for aerial fireworks displays. The Fire Marshal received applications from the following parties for aerial fireworks displays on July 4 and declared them all to be in order. The Board approved the permit applications as presented.

- Burlingame Country Club
- Camp Illahee
- City of Brevard
- Keystone Camp
- Lake Toxaway Country Club
- Ridgehaven, Inc.
- Rockbrook Camp for Girls
- Jacquelyn Rogow
- Camp High Rocks
- Camp Carolina
- Eagles Nest Camp

#### TRANSYLVANIA COUNTY 2050 COMPREHENSIVE PLAN UPDATE

The Planning Board held a series of workshops and meetings in the spring of 2023 to review the 2025 Comprehensive Plan's focus areas of Economic Health, Environmental Health, Land Use and Livability and Health, Culture and Equity, as well as the goals, objectives, and action steps from each of these focus areas. The Planning Board also investigated regional partners and their updated plans and examined best practices from across the country to explore elements that might need addressing in an update of the County's document. The Planning Board recommended an extensive community engagement approach similar to the 2025 Comprehensive Plan process, to include a mix of venues and utilizing various techniques to reach as broad an audience as possible.

The Board of Commissioners approved the timeline in 2023 which adheres to the previous planning process, with the Planning Board serving as the primary stakeholder group guiding the process. The timeline contains three major community engagement efforts starting with the first kick-off and community engagement sessions to be held at the Library, Rosman Town Hall, and the various community centers around the County. During the community engagement sessions, the Planning and Community Development staff and the Planning Board will present the community snapshot of the latest trends and findings from the various issue areas and engage the community in tabletop discussions informing the community survey which will follow in the summer. Another series of outreach meetings will be held in the fall which will take the findings of the community survey and gather feedback for the update through the community priority sessions. Planning and Community Development staff will then produce the draft update documents for the Planning Board's review and recommendations in the winter of 2024/2025 and then schedule a presentation for review and eventual adoption by the Board of Commissioners.

### **PRESENTATIONS/RECOGNITIONS**

#### UPDATE OF VOLUNTARY AGRICULTURAL DISTRICT ORDINANCE

County Agricultural Agent Bart Renner and Cooperative Extension Service Director Addison Bradley support the Agricultural Advisory Board (AAB), aiding in the management of the Voluntary Agricultural District (VAD) program. The AAB's role includes raising awareness of agricultural issues and maintaining the Farmland Protection Program. They advocate the VAD program as the best method to preserve farmland while respecting landowner rights.

The VAD program aims to locally preserve farmland, raise awareness of farming activities, and mitigate nuisance lawsuits against farmers. Landowners voluntarily enter agreements with the county, prohibiting nonfarm development in exchange for assistance in preventing such lawsuits.

The VAD program has been adopted by 92 counties, including Transylvania County, in North Carolina, and is supported by many State and federal agencies. Proposed updates to the ordinance primarily align with

changing state statutes and clarify farmland classification and AAB designation processes. While ensuring legal compliance, these updates maintain program continuity.

With these changes, eligibility, conditions, and benefits for participating landowners remain unchanged. Many recommended adjustments were already implemented in 2018, including GIS mapping for public access and an Enhanced Voluntary Agricultural District program offering additional benefits with added restrictions. The VAD program incurs no County costs the County beyond staff time to maintain it. County agencies have been briefed on the updates.

Commissioners had no inquiries following Mr. Renner's presentation. Chairman Chappell announced future action on the ordinance updates. He expressed gratitude to Cooperative Extension for hosting dinner in recognition of Beef Month and for their service to the County. He also acknowledged that his daughter, a student at NC State, is interning with the County's Cooperative Extension Service this summer.

#### TRANSYLVANIA COUNTY COMPREHENSIVE HOUSING STUDY UPDATE

Planning and Community Development Director Jeff Adams reported on the comprehensive housing study. The Planning Board was appointed as the steering committee, with the Planning Department staff as primary managers, utilizing grant funds from Dogwood Health Trust. TPMA Consultants, hired by the Board of Commissioners, held an introductory meeting on March 20. Community engagement begins in June, with stakeholder meetings in Rosman and Brevard on June 5-6. Invitations have been sent to housing stakeholders, and one-on-one interviews are scheduled for in-depth discussions. The study will engage the broader community through a countywide housing survey and a business community survey coordinated with public engagement events.

The Manager emphasized that stakeholders for the comprehensive housing study encompass various housing market experts, including real estate agents and developers, alongside those engaged in the housing process, such as inspectors and tax assessors. Representatives from the City of Brevard, the Town of Rosman, and the County's nonprofit housing partners are also involved. Staff anticipates presenting the final product to the Board of Commissioners in January 2025. During this period, staff will work closely with the Planning Board, serving as the steering committee, to ensure the study progresses smoothly.

Dogwood Health Trust granted Transylvania County \$2 million to address housing market challenges with a focus on systemic issues rather than individual projects. Infrastructure, a key systemic concern, falls within the public domain and will be examined, along with pro forma analysis to determine viable density for affordable units. The study aims to develop strategies within North Carolina's legal framework, acknowledging the state's control over county actions due to Dillon's Rule. Efforts will include identifying county-level initiatives and advocating for potential state-level policy changes to empower counties in addressing housing issues.

The Board of Commissioners commended the Planning Board for their involvement in the housing study and encouraged citizens to participate in the public engagement meetings as their input is vital for creating effective strategies to address housing challenges.

### **APPOINTMENTS**

#### LAND OF SKY REGIONAL COUNCIL BOARD OF DELEGATES AT-LARGE MEMBER

Transylvania County has an at-large member vacancy on the Land of Regional Council Board of Delegates. The role of the delegate is described within its bylaws as persons appointed to ensure representation of regional minority interests. Recruitment efforts resulted in a letter of interest from Tamika Hunter. She is the Executive Director of the Brevard/Transylvania Chamber of Commerce. Land of Sky Regional Council

Executive Director Nathan Ramsey supports the Board of Commissioners in appointing Ms. Hunter to this role on the Board of Delegates.

**Commissioner Chapman moved to appoint Tamika Hunter as an at-large member to the Land of Sky Regional Council Board of Delegates, seconded by Commissioner Casciato and unanimously approved.**

#### JOINT HISTORIC PRESERVATION COMMISSION

The terms of Ellen Pratt Harris, Marcy Thompson, and John Koury expire at the end of May. Ms. Harris has served three consecutive terms and is not eligible for reappointment. Ms. Thompson does not wish to be reappointed at the end of her term. Mr. Koury wishes to serve a second term. The Clerk to the Board received an application to fill one of the upcoming vacancies. Planning and Community Development staff recommend the appointment of Chelsea Preciado to fill one of the openings effective June 1, 2024. Staff will recruit applicants for the vacant position.

**Commissioner Dalton moved to reappoint John Koury and appoint Chelsea Preciado to the Joint Historic Preservation Commission, seconded by Commissioner Chapman and unanimously approved.**

#### TRANSPORTATION ADVISORY COMMITTEE

The terms for Aaron Bland, David Carter, and Rick Lasater expire at the end of May. Aaron Bland is appointed by Brevard City Council so staff will await the City's recommendation. Rick Lasater is eligible and willing to serve another term. As the Board has previously waived the term limits for David Carter due to a lack of applicants, he has served multiple terms. Staff have one application on file for the Board to consider.

**Commissioner McCall moved to reappoint Rick Lasater to another term, seconded by Commissioner Chapman and unanimously approved.**

**Commissioner Chapman moved to direct staff to continue soliciting applications for the vacant position, seconded by Commissioner McCall and unanimously approved.**

Commissioner McCall raised concerns about the upcoming roundabout construction and suggested collaboration between the County Commission, Brevard City Council, and NCDOT to provide regular updates on construction schedules and road closures to the public. Chairman Chappell supported this and tasked the Manager with requesting NCDOT officials to present at a future meeting and post information on the County's website. Commissioner Chapman highlighted transportation projects discussed at a Chamber of Commerce meeting and directed citizens to the Land of Sky Regional Council website for project status. Chairman Chappell instructed IT staff to link the County website to the Land of Sky Regional Council website for easy access to information.

#### WORKFORCE DEVELOPMENT BOARD

The terms of Dr. Brian Weaver (Education) and Travis Fowler (Private Sector Business) expire at the end of May. Both are eligible for reappointment. It is the recommendation of Melissa Wright, Workforce Operations Director with the Land of Sky Regional Council, as well as Executive Director Nathan Ramsey to reappoint them both to another term.

**Commissioner McCall moved to reappoint Dr. Brian Weaver and Travis Fowler to the Workforce Development Board, seconded by Commissioner Casciato and unanimously approved.**

## NEW BUSINESS

### APPROVAL OF FY 2025 BUDGET

The Manager recommended a balanced budget of \$76,209,020 with no tax increase. It represents an overall 2% increase in spending for most of the County's funding partners but an overall 0.9% decrease over FY 2024. The Board of Commissioners met its statutory requirements of holding a public hearing at the beginning of this meeting. Staff recommended approval of the FY 2025 Budget.

### **Commissioner Chapman moved to approve the FY 2025 Budget Ordinance and Fee Schedule, seconded by Commissioner Casciato.**

Commissioner Chapman strongly objected to several earlier comments during the meeting. Throughout his tenure on the Board, he has taken great pride in the Board and County's support for education. Despite not fulfilling all of the Board of Education's requests, the Commissioners have maintained a commendable level of service. Addressing concerns raised about teacher supplements, Commissioner Chapman highlighted that Transylvania County ranks among the top, second only to Buncombe County, in providing these supplements. He emphasized that this commitment demonstrates the Board's dedication to education, despite accusations to the contrary. Regarding ESSER funds, Commissioner Chapman noted that the Board is on record stressing the temporary nature of these funds to the School System, yet the Board of Education has requested taxpayer support to fill the gap. He emphasized the burden this places on the neediest in the County and the potential economic consequences, such as increased property taxes affecting renters and business relocation due to higher tax rates. Commissioner Chapman expressed pride in the Board's accomplishments, the proposed budget, and the diligent work of the County Manager and staff. He underscored the approach taken by the Manager in engaging with staff and Commissioners to prioritize community needs. Despite facing challenges, including personal attacks, Commissioner Chapman urged transparency from those seeking public office, particularly regarding their desire to increase property taxes.

Commissioner McCall, drawing on her experience in budgeting and past service on the Board of Education, was astonished at accusations regarding the provision of basic supplies to teachers. She clarified that the County's budget allocation process does not include specific requests for items like staplers; rather, funds are allocated at the School System's discretion. Having navigated budget challenges during sequestration, she emphasized the importance of fiscal responsibility and thorough analysis before considering tax increases. She highlighted concerns about the utilization of ESSER funds, citing long-term impacts from short-term decisions and the need for careful consideration of resource allocation. Commissioner McCall commended the Superintendent's efforts to reallocate funds within the School's budget to meet their needs. Addressing the Pre-K funding request, McCall pointed out the availability of multiple Pre-K programs in the County beyond the School system. She underscored the challenges faced in addressing school infrastructure issues, citing limitations on County access to school buildings by School System staff and emphasizing the County's responsibility to provide funding. Commissioner McCall affirmed her intention to approve the budget, urging continued exploration of solutions to meet departmental needs, including the School System. She emphasized the importance of truth and transparency in discussions, encouraging reliance on factual information to inform decisions.

Commissioner Dalton highlighted the County's commendable financial standing, with debt service and long-term leases constituting a minimal percentage of County funds. He clarified misconceptions about the County's role in utilities, emphasizing that while the County does not own or service wastewater, water, or natural gas, ARPA funds were allocated strategically for water and sewer projects benefiting County citizens. In terms of economic development, Commissioner Dalton noted significant investments and job creation efforts, despite challenges such as limited available buildings for prospective companies. He emphasized the scarcity of developable land in the County due to federal and state forestland, floodplain areas, and HOA/POA designations. The focus on projects like the Sylvan Valley Industrial Building reflects efforts to

address this limitation, though obstacles persist. Commissioner Dalton underscored the importance of infrastructure investments, including the water interconnect between Rosman and Brevard, to ensure resilience and readiness for future challenges. He emphasized the ongoing efforts and partnerships driving progress, reassuring the public that despite the complexities involved, the County is actively working to foster economic growth and development.

Chairman Chappell, in his explanation of his support for the budget, requested the Manager to display a slide detailing the County's expenditures by function. He refrained from addressing certain earlier comments he deemed outrageous but vowed to respond with factual information. Chairman Chappell challenged citizens to review past meeting minutes, proving his consistent advocacy for education in Transylvania County. With personal ties to education and a long tenure in workforce development, he affirmed his deep concern and commitment to prioritizing education. Highlighting various critical services such as emergency management, ambulance services, law enforcement, and social services, Chairman Chappell underscored the budget's alignment with the Board's priorities. He emphasized the interconnectedness of budget components and the necessity of each piece for overall effectiveness. Despite limitations, he expressed confidence in the budget's allocation for school improvements and courthouse design and construction. Chairman Chappell also affirmed the County's investments in public transportation, economic development, fire departments, and other vital services, reflecting a longstanding commitment to the citizens' well-being. He concluded by reiterating his and the Board's dedication to their responsibilities, regarding them as both a privilege and an honor. Thus, he reiterated his support for the budget as a reflection of these priorities and commitments.

**The motion was approved unanimously.**

#### EDUCATION CAPITAL FUNDING AND AMENDMENT REQUESTS

The Manager emphasized the County's ongoing commitment to transparency as discussed in the budget process. Therefore, she underscored the necessity of dedicating ample time to this particular agenda item and guiding the Board of Commissioners through each facet of the Board of Education's request in detail. After her presentation, she intended to summarize her recommendations for the Board.

The Manager led the Commissioners through the staff analysis of the Board of Education's requests. The following is a detailed timeline:

- 2/29/24: Transylvania County Schools Finance Director Gabi Juba submitted a request for reimbursement for education capital projects. This entailed a budget amendment to reallocate \$1 million by canceling HVAC projects at TC Henderson and Rosman High Schools and reallocating those funds to HVAC projects at Brevard Middle and Brevard Elementary Schools.
- 3/18/24: A meeting convened between the County Commission and Board of Education chairs, vice-chairs, and staff. One of the agenda items involved reminding School staff that budget amendment requests must first gain approval from the Board of Education before submission to the Board of Commissioners.
- 3/25/24: The Board of Commissioners approved a prior budget amendment submission. However, they requested further details on the projects outlined in the February 29 amendment, along with documentation substantiating the Board of Education's request.
- Despite staff requests for project documentation in the fall and February 2024 as part of the Axios assessment, no information was shared by School staff for the Brevard Elementary or Brevard Middle HVAC projects.
- 3/26/24: Chairman Chappell sent a letter to Board of Education Chairman Jackson, demanding all project information and additional details on the Brevard Middle and Brevard Elementary HVAC projects, along with documentation for all HVAC projects approved for funding since 2021. This reiterated the necessity for all project documents for active projects within the last year to be submitted to Axios. Despite assurances from Superintendent Fletcher that the documents were made

available with link access, subsequent follow-ups revealed that the files did not contain the requested information. The latest communication from the School System was received on May 3.

The Manager provided an update, expressing concern over the continued absence of HVAC documentation, particularly the Shoffner construction contracts, despite recent requests in a letter to the Board of Education. Shoffner serves as the contractor for two projects at Brevard Middle and Brevard Elementary Schools. County staff's efforts yielded limited information, with only an application for payment totaling \$3 million in spending, lacking any contractual language. The Manager conveyed uncertainty regarding the existence of these contracts, speculating that School staff might be withholding them. Nevertheless, the County remains without essential project details. As invoices for payment are being requested, these projects also involve the \$1 million reallocation proposed by Ms. Juba and the Board of Education. To underscore the gravity of the situation, the Manager enlisted IT staff to display the shared files link, emphasizing the absence of Shoffner contracts in the Brevard Middle School HVAC project files. While other documents like engineering contracts and bid tabs were present, the critical contracts with Shoffner were absent. This discrepancy poses significant challenges for the County Finance Department in evaluating the proposed budget amendment. Moreover, it raises concerns about potential liabilities associated with the \$3 million worth of work conducted by contractors without proper contractual documentation. The Manager consulted with the UNC School of Government and their staff affirmed that a contract should be in place. While a purchase order exists, it lacks the necessary liability disclosures. The absence of a contract, particularly for a project of this magnitude, deviates from standard practices and raises issues regarding potential costs in case of injuries or disputes.

The Manager highlighted the presence of several outstanding projects lacking contracts, including two contracts with Shoffner, two with McGill, and one with MSS, which School staff has yet to provide. These projects appear to be funded through ESSER funds. Referring to a February report from Ms. Juba, it was revealed that only a portion of the claimed amount under ESSER funds was specifically attributed to those contracts. A review of Board of Education minutes from May 1, 2023, identified the projects at Brevard Middle School and Elementary School as ESSER projects. However, during a review of the meeting recording, it was indicated by the Board of Education Attorney that these multi-contracts, funded entirely by ESSER or federal funds, are not required by state statute to undergo approval by the Board of Commissioners. The meeting referenced an allocation of \$3.7 million for HVAC from the ESSER funding.

To confirm the ESSER status of these projects, a letter dated May 3 from Superintendent Fletcher reiterated their funding source. Invoices for these projects indicate approximately \$60,000 in change orders. However, without access to the complete documentation, the Manager was unable to ascertain the total number of change orders to date. This raised concerns, particularly in light of correspondence suggesting that projects sometimes exceed their budgeted amounts—a phenomenon observed in both County and school projects. Nevertheless, the reallocation of \$1 million in additional County funds to these projects seemed disproportionate given the \$60,000 in change orders.

The Manager noted that among the information provided in the May 3 letter was a reconciliation of invoices for the ESSER projects by Ms. Juba. The Manager requested this information back in February. Based on the available data, the contracts for HVAC total \$4 million. According to reports from the North Carolina Department of Public Instruction (NCDPI), Transylvania County Schools had applied for \$2.4 million worth of ESSER funds for capital repairs and \$32,000 for capital. At the time of accessing the report, there was a balance of ESSER funds amounting to \$1.3 million, totaling \$3.8 million in ESSER funds. This figure aligns with the information provided in the May 3 minutes and recording of the Board of Education meeting. However, it is worth noting that this balance has since decreased to \$1.2 million. To the Manager's knowledge, there has not been any adjustment from the \$3.7 million commitment made by the Board of Education on May 1, 2023, for these projects to be funded with federal funding. Superintendent Fletcher reiterated this commitment.



The invoices being requested as part of the budget amendment, highlighted in blue in the chart below, represent the current County allocation by site for HVAC projects. The chart illustrates the reallocation of funds, specifically the cancellation of funds earmarked for Rosman High and TC Henderson Schools, which are then redirected to other projects. The chart also highlights the HVAC funding identified by staff as aligning with the information presented in the minutes and recording of the Board of Education meeting.

The invoices requested for reimbursement and budget amendments tied to the ESSER contracts lack delineation regarding the portion attributed to sales tax. It is crucial to note that sales tax is not reimbursable with federal or state grant funds; instead, reimbursement is sought from the State Department of Revenue. Documentation for the Davidson River School HVAC project indicates that sales tax information is being collected for reimbursement purposes. However, the County must ensure that these funds are filed appropriately, avoiding the scenario where County funds are inadvertently used to cover sales tax expenses. Currently, the County is reimbursing Transylvania County Schools for sales tax, and they may also be filing with the State for further reimbursement. With sales tax potentially reaching as high as 5%, the School System could receive a reimbursement of \$203,000. The total revenue available for these projects is indicated as \$4 million in the last column of the chart, estimated based on current information. However, it is noteworthy that an additional \$1.4 million is being added through the transfer of funds requested. This indicates that the proposed budget amendments could potentially overfund these projects by approximately \$1 million, as they are already funded by ESSER and sales tax reimbursement. Given this analysis, approving the budget amendments as requested by Ms. Juba and the Board of Education would overfund the projects already covered by ESSER and sales tax reimbursement.

	Total Current County Allocations	Local Funding If Amendment Approved	HVAC ESSER Funding	Other sources	Total Revenue	ESSER Funded Projects (per known documentation)
BES HVAC	\$245,000.00	\$1,008,631.00				\$2,511,639.46
BMS HVAC	\$210,000.00	\$462,158.00				\$1,026,955.00
RES HVAC	\$63,821.00	\$63,821.00				\$47,000.00
RHS HVAC	\$750,000.00	\$0.00				\$0.00
RHS/RMS HVAC	\$75,000.00	\$75,000.00				\$0.00
TCHES HVAC	\$261,000.00	\$0.00				\$63,200.00
DRS HVAC	\$0.00	\$0.00				\$347,676.00
PFE HVAC	\$0.00	\$0.00				\$64,335.00
ESSER Filed Equipment			\$2,441,730.00			
ESSER Balance at DPI			\$1,363,296.00			
Sales Tax Reim Estimate on Equip only				\$203,040.27		
	<b>\$1,604,821.00</b>	<b>\$1,609,610.00</b>	<b>\$3,805,026.00</b>	<b>\$203,040.27</b>	<b>\$5,414,636.00</b>	<b>\$4,060,805.46</b>

**Part 1: Manager's Recommendation: No reimbursement or amendments should be approved for the contracts identified by Transylvania County Schools as ESSER-funded HVAC projects.**

It is imperative to avoid double funding the same expenses, a practice known as double-dipping, as it can trigger clawbacks on federal and state funds and may result in audit findings. During audits, County staff must demonstrate to auditors that federal and State requirements have been adhered to, which includes compliance with regulations regarding double-dipping. The reconciliation provided by Ms. Juba on May 1

highlights McGill invoices for Pisgah Forest Elementary that have also been requested for reimbursement from the County under lottery funds. This instance of double-dipping, especially involving State and federal funds combined to fund the same expense, is considered a stricter finding by auditors.

In the chart below, the Manager has highlighted four separate invoices directly from the reconciliation provided, underscoring the need for scrutiny to prevent double-funding scenarios.

PFE	Vendor	Date	Amount				
Invoices	Vendor	Date Paid	Amount of check	Which pot of money			
#15165	McGill	07/21/2022	\$2,024	ESSER	mcgill reimbursed	per gabi	
#15720	McGill	09/09/2022	\$15,259	ESSER	gabi requested	county funding for portion 4/13/23	
#16077	McGill	10/10/2022	\$10,890	ESSER			
#16390	McGill	11/07/2022	\$3,025	ESSER			
#16693	McGill	01/17/2023	\$915	ESSER			
#16955	McGill	01/30/2023	\$2,235	ESSER		\$37,111	
#17261	McGill	03/06/2023	\$8,813	ESSER	gabi requested	county funding for portion 4/13/23	
#17515	McGill	03/27/2023	\$11,015	ESSER	gabi requested	county funding for portion 4/13/23	
#18483	McGill	07/17/2023	\$295	ESSER			
#19306	McGill	10/02/2023	\$1,389	ESSER			
#19602	McGill	11/20/2023	\$503	ESSER	No PO?		
#19866	McGill	12/19/2023	\$7,972	ESSER	No PO?		
		Total	\$64,334	ESSER			

Upon further investigation, it was found that the last invoice was paid on March 27, 2023, according to the report. On April 13, 2023, Ms. Juba sent an email clarifying that the invoices covered both the ESSER-funded project and the lottery-funded Pisgah Forest Elementary piping project. In this email, she requested that the County reimburse the portion of the invoices covered by state funds, indicating a reasonable request on the surface. This situation was inherited by the County’s Finance Director at the time and was not resolved until this fall when the County received a follow-up from School staff inquiring about the status of the payment. Upon comparing the two reports—the one emailed explaining the situation and the reconciliation report—it was discovered that the four invoices not only shared the same invoice number but also had the same total. Despite representing two different projects and funding sources, they were requested and claimed as a federal expense on the reconciliation report. County staff followed up in the fall regarding making the \$28,828.50 payment. This proved fortunate, as upon consultation with auditors, it was determined that if this had occurred the previous year, the County would have been subject to an audit finding for double funding. The auditors, in reviewing the County’s reimbursements for the School System, have expressed concerns about the limited information County staff has been able to receive to provide reimbursement. This raises concerns about potential audit issues regarding double-dipping and ensuring County compliance with state and federal funding conditions.

As evidenced by an email from the NC Department of Public Instruction, the engineering invoices for the Pisgah Forest Elementary School piping project, for which the County was requested to reimburse, are part of the lottery-funded project. In June 2022, NCDPI notified the County that they had informed Ms. Juba that the \$57,000 initially approved on the lottery application was specifically allocated for the engineering of that project. Any additional funds had to undergo review at the State level before being released for use in the lottery-funded project.

The May 1 reconciliation report also reveals another transaction that could potentially result in similar dual funding issues, which would pose significant problems for the county. Specifically, there is a \$64,000 invoice for which two checks were issued: one for \$112,000 under ESSER funding and another for \$247,000 under local funding. However, there is a discrepancy noted at the bottom of the report regarding this \$64,000 transaction. While it is listed on the reimbursement request for Pay App 3, it is categorized differently in the reconciliation report as Pay App 4. This inconsistency complicates efforts to avoid duplicate entries, especially given the limited information available.

Moreover, during the review process, County staff uncovered another concerning issue: a non-ESSER-funded project had a duplicate invoice submitted to the County. Consequently, the County inadvertently paid twice for the Rosman roof project, amounting to a \$60,935 invoice. To rectify this error, the County will need to subtract this amount from a future reimbursement.

Given the gravity of these dual funding issues and the potential implications for the county's audit as stewards of both county and state (lottery) funds, there is an urgent need for clearer documentation regarding school capital projects. Staff have consulted with legal counsel and the auditor to formulate the following recommendation.

**Part 2 Manager's Recommendation: Withhold the previous McGill reimbursement from November from the next payment to prevent an FY 24 audit finding for the county and changing the project payment process as recommended to pay vendors directly for projects over \$90,000 including requiring sales tax detail so that the county can make sure that sales tax reimbursement is filed.**

Under this system, the County pays the vendor, who is responsible for remitting the sales tax. The County then requires documentation from the vendor to facilitate reimbursement for the sales tax paid. This approach will streamline the process and ensure compliance with State requirements. The Manager's concern regarding oversight is valid, as mistakes can occur, so it is crucial to have procedures in place to catch and address them promptly. The stakes for the County are high, considering the potential consequences of errors and the significant staff time invested in rectifying them. Therefore, implementing clear oversight mechanisms to catch and rectify mistakes is essential to safeguard the County's financial interests.

The reimbursement request submitted in February includes invoices unrelated to the ESSER-funded projects. These invoices cover approved projects at Pisgah Forest Elementary for roof window leaks (a lottery-funded project), Rosman High School Greenhouse Repair, Brevard High School Turf Field, and Rosman High/Rosman Middle School football drainage, totaling \$464,800.56. The Manager recommends reimbursement for these expenses. However, **to reconcile the double payment identified earlier, the County must deduct \$60,935 for the invoice that was paid twice, and an additional \$28,828.50 to ensure that invoices have been correctly filed under ESSER funding, thereby eliminating the concern of double dipping. This adjustment brings the total reimbursement to \$375,037.10, resolving the February 29 request (Part 3 Manager's Recommendation.)** Implementing this recommendation will ensure that the County's reimbursement process is accurate and compliant, mitigating potential audit findings and safeguarding the county's financial integrity.

By avoiding the duplication of federal ESSER HVAC funding with County funds, there is now an opportunity to reallocate \$1,015,788.90 in cancelled project funds. The Board of Education is requesting these funds to be allocated towards ordering boilers totaling \$577,064 for boiler replacements at Brevard Middle, Pisgah Forest, and Rosman High Schools. Originally, these boiler replacements were slated for capital funding in FY 25, effective July 1. However, School staff has emphasized the urgency of placing the boiler order as soon as June 1.

**Part 4 Manager’s Recommendation: Reallocate \$577,064 in cancelled project funds to boilers at Brevard Middle, Pisgah Forest, and Rosman High Schools with the stipulation that the County is on these contracts with Transylvania County Schools, pay the vendor directly after receiving signed invoices from the School System and that School System staff submit documentation that all state and local policy bid procedures have been followed.**

This streamlined approach should significantly reduce the back-and-forth between the staff of both entities. By receiving the necessary information upfront, the County can promptly confirm and process payments, leading to a more efficient and expedited reimbursement process. This proactive method will enhance communication and collaboration between the County and the Board of Education, resulting in smoother and more effective project management.

The UNC School of Government hosted a Public School Funding workshop in May. This workshop shed light on the statutory relationship between Commissioners and the Board of Education in North Carolina, as well as clarified complex funding issues. Attending the session was the County’s Finance Director and Board of Education member Bryan O’Neill. The School of Government staff recommended the use of the by-project method, including having the County pay vendors directly, especially for jurisdictions with strained relationships or concerns regarding budget spending. They emphasized that this approach fosters transparency and can aid in rebuilding relationships between entities. Additionally, the School of Government staff recommended considering the by-program funding method for current expense, a method not currently employed by Transylvania County. While the Manager did not recommend adopting this method for FY 2025, she believes it warrants consideration and discussion as the County begins planning for FY 2026. This proactive approach to exploring alternative funding methods demonstrates a commitment to improving processes and fostering stronger relationships between the County and the Board of Education.

Following consultations with the auditor and the County Attorney regarding the County’s responsibilities for state funds (such as lottery funds) and associated audit risks, it is recommended that the County include language in future budgets similar to what is currently in place. This language would stipulate that any projects exceeding \$90,000 must explicitly name the County and require the County to pay the vendor directly. Importantly, this recommendation does not diminish the Board of Education’s authority over the buildings or its responsibility to ensure compliance with state procurement laws and local policies. Rather, it reinforces these responsibilities by mandating the documentation required by the school’s local policy. The Board of Education will continue to administer the project, with the County processing the payment. This streamlined approach eliminates duplication of processes between the school system and finance staff, enhancing efficiency and accountability in project management.

**Part 5 Manager’s Recommendation: All education capital projects allocated be approved as follows:**

**SECTION 6.** The appropriations to the Board of Education shall be made first from any funds which are dedicated to the use of the schools and secondly from general county revenues to the extent necessary and shall conform with the following policies. Appropriations to nonprofit agencies or other governments authorized by this ordinance are to be undertaken according to the following policies of the Board of Commissioners:

- (1) Capital projects authorized by this Budget Ordinance are restricted by project and function according to NC G.S. 115C-429 (b)
- (2) The appropriations for approved projects totaling greater than \$50,000 are not appropriated to the Transylvania County Board of Education until such time as the County has received purchase orders for projects between \$50,000-\$90,000 and a scope of work or a project budget with contracts naming the

County as client with TCS, along with documents showing all bid processes required under State law and TCS policy have been followed.

(3) After the County has received the appropriate instrument on projects under (2), the County Manager and Finance Director are authorized to amend and disburse appropriations to the Board of Education for projects \$50,000-\$90,000. Projects over \$90,000 will be paid directly to the vendor after receiving TCS reviewed and approved invoices.

The Manager summarized the five recommendations as follows:

- **Part 1 Recommendation:** Do not reimburse or make amendments for contracts identified by TCS as ESSER-funded HVAC, as dual funding for the same expense is not permissible.
- **Part 2 Recommendation:** Deduct the previous McGill reimbursement from November's payment to prevent an audit finding for FY 24 and modify the project payment process to directly pay vendors for projects exceeding \$90,000. This includes requiring sales tax details to ensure proper filing for reimbursement.
- **Part 3 Recommendation:** Fully reimburse \$375,037.10 to address the February 29 request.
- **Part 4 Recommendation:** Reallocate \$577,064 in cancelled project funds to Boilers at BMS, PFE, and RHS. This reallocation is contingent upon the county being listed on these contracts with TCS, direct vendor payments upon receipt of signed invoices from TCS, and submission of documentation confirming adherence to all state and local bid procedures.
- **Part 5 Recommendation:** Mandate that all approved education capital projects adhere to FY 25 Budget Ordinance stipulations for funding by project. Additionally, assess the feasibility of funding by function for current expenses in FY 26.

The intention behind these recommendations is not to penalize the School System, but rather to formalize the process, thereby enhancing transparency and fostering stronger relationships. By implementing these measures, the Board and Manager aim to safeguard the County's interests, ensuring proper handling of invoices and adherence to sales tax reimbursement protocols.

After consulting with experts from the School of Government, the auditor, and the County Attorney, the Manager was confident that these recommendations were sound. They are designed to address concerns raised by the Board of Education regarding reimbursement and budget amendments. The Manager asked the Board to carefully consider the proposed education capital project amendment and any requests for additional funding.

Commissioner Chapman expressed frustration, feeling that these issues should have been resolved during the audit process in previous years. The Manager acknowledged this sentiment, highlighting her frustrations while studying statutes and case law about county government funding for school systems and their operations. She noted a discrepancy in the level of financial oversight between county audits and those of school systems. County audits, given their complexity in funding streams, undergo a thorough examination, which often leads to the identification of such issues. She further commented that it is conceivable these issues may not have been flagged by the auditor, possibly due to a lack of understanding of the reimbursement model. Moreover, she noted a disparity in transparency between county and municipality audits versus those of school systems. County and municipality audits are readily accessible through a searchable database, promoting complete transparency. However, the situation is different for school systems. In recent years, NCDPI has begun to advocate for greater transparency in school system expenditures.

Commissioner McCall raised the issue of dealing with federal funds, such as ESSER funds, expressing the confusion that often arises due to continually evolving guidance from the federal government. She noted that navigating funds with specific rules and restrictions can be challenging. Commissioner McCall acknowledged the potential for unintended overlap with ESSER funds. The Manager concurred with her assessment.

Chairman Chappell expressed gratitude to the Manager for her thorough presentation. He commended her for not only presenting staff findings but also recommending viable paths forward to ensure transparency in taxpayer dollars and adherence to statutory processes. Chairman Chappell noted that he had initiated correspondence with the Board of Education upon first learning of the auditors' concerns and expressed appreciation for the Manager's proactive approach in offering solutions.

**Commissioner McCall moved the following:**

- **Part 1 Recommendation: No reimbursement or amendments for the contracts identified by TCS as ESSER-funded HVAC (cannot dually fund same expense)**
- **Part 2 Recommendation: withhold the previous McGill reimbursement from November from the next payment to prevent a FY 24 audit finding for the county and change the project payment process as recommended to pay vendors directly for projects over \$90,000 including requiring sales tax detail so that the county can make sure that sales tax reimbursement is filed.**
- **Part 3 Recommendation: total reimbursement of \$375,037.10 to resolve the Feb 29 request.**
- **Part 4 Recommendation: reallocate \$577,064 in cancelled project funds to Boilers at BMS, PFE, and RHS with the stipulation that the county is on these contracts with TCS, pay the vendor directly after receiving signed invoices from TCS and that TCS submit documentation that all state and local policy bid procedures have been followed.**
- **Part 5 Recommendation: That all education capital projects approved require the FY 25 Budget Ordinance stipulations to be funded by project. Consider whether funding by function for current expense in FY 26 would be prudent.**

**Commissioner Chapman seconded the motion.** Commissioner Chapman sought clarification from the County Attorney regarding the County's legal authority to implement the recommendations. The County Attorney confirmed that the County does have the authority to enact these recommendations. In response, Commissioner McCall noted that while the recommendations primarily address financial aspects, they do not diminish the School's responsibility or capability to carry out the work and complete the projects. **The motion was approved unanimously.**

Chairman Chappell requested the Manager to email a copy of the PowerPoint slides containing the recommendations to the Superintendent.

#### CAPITAL PROJECTS UPDATE

The Board of Commissioners requested regular updates to remain informed on the status of capital projects. Transylvania County has over \$150 million in projects in development, underway, or on the horizon, with a significant portion of \$30 million secured through grant funding. This figure excludes ongoing broadband investments in the community.

#### **Transylvania County Schools**

While comprehensive documentation is still pending, the majority of required documentation has been furnished ahead of the May 1 deadline. Following a collaborative session on May 7 between School and County personnel, scopes of work are being refined, with the potential for additional meetings to ensure thoroughness. The July 1 deadline requiring project completion to enable the County to proceed with the bond funding process is the next milestone.

### Jobs and Safe Community

- EMS Main Station is opening soon, anticipating an open house event in July
- Progress continues on Phase 2 of the Sylvan Valley Industrial Building with an ongoing review of five bids
- The design phase of the Hart Road Emergency Access Flood Mitigation project being developed in partnership with NCDOT
- The courthouse at Public Safety Complex has entered the design phase, with stakeholder user group meetings slated for June 19-20 to review programming with the architect
- Architect RFQ for the Library Amphitheater Cover was unsuccessful; staff is reassessing the project to determine the next steps forward

### Transylvania Natural Resources

- Progress on the Water System Interconnection between the Town of Rosman and the City of Brevard is in the design phase, with construction slated for 2024
- The development of a new Landfill Cell, crucial for extending the life of the County Landfill, remains on track in the design phase; obtained necessary erosion control permits
- The Emergency Water Protection Streambank Restoration project is currently under construction utilizing federal funding

The Manager also shared the following information and recommendation to the Board.

- School and County Staff met on May 7 to focus on project scoping alongside Axias
- School staff identified several projects that necessitated the oversight of a general contractor due to the interconnected nature of elements like HVAC and roof replacements. County staff concurred, identifying certain projects that could be extracted to proceed as standalone projects expediting progress
- School staff raised concerns regarding the timing of the Rosman Football field given the unavailability of bond funding until November. With the project already in the engineering phase, moving forward now would ensure completion before the next football season commences
- The Board of Education prioritizes its annual capital funding requests for submission to the County Commissioners. Over the past two years, the Commissioners have authorized funding over five allocations totaling \$7.7 million for various projects. The chart below highlights the trends of the Board of Education's priorities:

Top 4			
HVAC	42%		\$3,239,714.94
Computers	13%		\$1,002,768.91
Athletic Facilities	11%		\$848,496.77
Roofs	10%		\$771,360.70
Other	24%		\$1,851,265.68
	100%		\$7,713,607

- Recognizing the Board of Education's interest in athletic facilities, the Manager suggested that certain projects be expedited independently from other identified priorities. These projects, which align with the bond funding scopes of work for this year and necessitate design time, offer greater flexibility and autonomy to the Board of Education. They would progress concurrently and not be prioritized over other identified needs.
- The recommendation earmarks \$4.3 million from the Education Capital Fund for the Board of Education's authorization to decide on alternatives within each facility's budget and to advance them

as desired. The allocation would be drawn from the FY 25 project budget and would include the following projects:

- BES playground: \$300,000
- BHS pre-engineered building for wrestling: \$1.2 million
- RES playground: \$500,000
- RMS/RHS football field: \$2.1 million
- TC Henderson pedestrian bridge and playground: \$203,500
- Additionally, the Manager recommended to allocate/reallocate revenue as follows:
  - \$1.86 million from previously allocated architect and CMAR fees for the bond projects (currently unused)
  - \$438,724 from cancelled projects
  - \$577,064 from FY 25 annual project revenue that previously funded boilers
  - This leaves \$1,424,212 in cash collected in the Education Capital Fund from property tax
    - The unallocated reserve in this fund is approximately \$20 million as of May 2024

The Manager viewed this proposal as a significant gesture of goodwill towards the Board of Education. The contracts would uphold the same requirements, ensuring the County's involvement, receipt of necessary documentation, and direct vendor payment. This approach offers the Board of Education the flexibility to select preferred alternatives within the allocated budgets, expediting progress and addressing concerns about timelines, particularly regarding the Rosman football field project. The Manager recommended that as part of the monthly capital update, this allocation to the Board of Education be formalized, allowing prompt notification to the School System.

Chairman Chappell emphasized that the Manager's recommendation provides a pathway for advancing projects previously hindered by funding constraints. It reallocates resources earmarked for bond payments to move identified projects forward.

Commissioner McCall sought clarification that the proposed \$4.3 million allocation does not replace any existing or requested projects by the School System but rather represents additional funding. Upon approval, the School System, following financial accounting guidelines, could commence work on these projects immediately. The Manager affirmed this, emphasizing that it grants the Board of Education maximum flexibility without displacing other funded projects. Acknowledging the School System's frustration in advancing projects, the Manager's recommendation allows for immediate progress.

Commissioner Dalton sought clarification regarding the County's funding of roofs at Rosman Middle and Rosman High Schools two years ago. The Manager confirmed that the County had funded these projects as requested by the Board of Education. The Manager clarified that the County does not fully fund the Board of Education's requests, but the funding that is provided is allocated based on their priorities. The key question revolves around funding allocation which is a decision within the purview of the County Commission. The current recommendation, alongside the bond funding proposal, aims to ensure the completion of these projects, all of which were included in the project lists developed by Axias.

Commissioner Dalton sought an update on the Pisgah Forest Elementary School piping project. The Manager reported that the project is currently in progress and acknowledged it as one of the concerns regarding double-dipping issues raised earlier. The County now receives invoices directly from the vendor and pays them directly, addressing previous concerns about payment processes. Commissioner Dalton asked if the project had been approved 24-30 months ago, which the Manager affirmed. Commissioner McCall recalled the initial approval by the Board of Commissioners, followed by a subsequent request for additional funds when the project's cost nearly doubled a year later. The Manager confirmed and noted that the original application for lottery funds was submitted in 2022. The State initially allocated \$57,000 for engineering, with the remainder contingent on NCDPI review of the plans. Subsequently, the County was notified of an additional million



dollars in approved funding, alongside County funds, to support the project. The Manager emphasized that the project would prioritize the use of lottery funds as agreed upon by both Boards.

Commissioner McCall highlighted the Board of Education's authority to prioritize capital requests and emphasized their ability to request reallocation of funds to address evolving priorities. If, for instance, funding had been earmarked for athletic facilities, but concerns arose regarding a roof, the Board could seek approval to redirect funds or request additional funding from the Board of Commissioners. The Manager confirmed this flexibility and noted that all formal requests from the Board of Education had been approved by the Board of Commissioners. She acknowledged past confusion in public meetings where some asserted that funding requests had been submitted when they had not, and she made efforts at the staff level to rectify such misinformation.

**Commissioner McCall moved to approve the recommendation presented by the County Manager for athletic facilities for the Transylvania County School System, following the financial outline that she has presented, seconded by Commissioner Dalton, and unanimously approved.**

#### MANAGER'S REPORT

The Manager reported the following:

- 2024-25 Legislative Goal Proposal Process Begins
  - Every 2 years, in the months preceding a long session of the NC General Assembly, the NC Association of County Commissioners engages in a process to determine the legislative goals it should pursue in the best interest of the counties
  - The first stage of this member-driven policy-setting process is accepting legislative goal proposals
  - All counties are invited to submit proposals which may include changes to statutes or requests for funding and that should have a 100-county impact
  - All goal proposals are due by August 23
  - This item will be placed on the next couple of agendas for Board discussion and subsequent approval of a list of goal proposals for submission to the NCACC
  - Suggested a goal concerning the Medicaid Hold Harmless Funds. Counties are required to hold municipalities harmless for the same article of sales tax that was repealed that created Medicaid Hold Harmless, but the County's distribution requirements have been not reduced despite the loss in funding for counties.
- Education investment projects are still moving along the timeline that was presented by the Education Capital Workgroup. Work remains on track for the July 1 project scopes, the next timeline milestone to have the bond sale in October.
- Construction of the EMS Base is nearing completion and is on track to finish the construction by the end of spring.
- Our thoughts and prayers are with the family of Trudi Walend who recently passed away. She will be remembered for her remarkable life and record of achievement. She served as a Transylvania County Commissioner from 1996-1998 and then went on to represent Transylvania County in the North Carolina House of Representatives from 1999-2009 and in 2012.
- Kudos to Krystal Raines, WIC nurse in the Health Department, for her attentiveness that helped identify a critical issue for one of our youngest residents for a condition unknown to the mother. The youngster received treatment and is doing well! This is the person-to-person contact that the County government is known for.

Commissioner Chapman addressed the legislative goals process, highlighting the involvement of three Board members on NCACC Steering Committees. These committees review counties' goal submissions and streamline them into a select few key legislative goals. The voting delegates at the NCACC Annual

Conference then vote on these goals, and the NCACC proceeds with advocacy efforts at the State Legislature on behalf of counties.

The Manager noted that the documentation referenced earlier is available in a folder. All records mentioned in the PowerPoint presentation are accessible in folders, and she encouraged the public to inspect them. County Staff are also prepared to provide copies upon request.

### **PUBLIC COMMENT**

Jeff Brewer: Mr. Brewer pointed out discrepancies discussed in the meeting, including missing contracts and overfunding issues, expressing disappointment that many critics had left early. He urged for comprehensive reporting by *The Transylvania Times* on the County Manager's presentation and declared an end to financial debates between the Boards. He commended the Manager for the thorough review and transparency of information.

David Morrow: Mr. Morrow expressed gratitude for the successful Memorial Day Ceremony despite the inclement weather. He acknowledged the efforts of County staff in ensuring the venue was well-prepared. The attendees were appreciative of the service.

Terry Crowe: Mr. Crowe, representing fire departments, informed the Board of a proposed emergency services standard by OSHA, highlighting concerns over undefined terms and the potential significant financial burdens for departments as high as \$30,000. He emphasized the importance of the Board's awareness of these evolving regulations and thanked the Commissioners for their support for fire departments.

### **COMMISSIONERS' COMMENTS**

Commissioner Chapman echoed the Chairman's appreciation for the Manager's work and presentation, emphasizing the Board's commitment to transparency and collaboration with the School Board. He reassured the County's dedication to funding schools despite baseless accusations and thanked the Manager and her staff for their efforts. He affirmed his full support for the budget and clarified that there are no statutes barring citizens' desires to pay additional taxes if they choose.

Commissioner Casciato expressed his concerns regarding several comments from the public during the meeting. One individual highlighted the financial struggles of teachers, noting that many must take on additional jobs to make ends meet. He shared his own experience of teaching for 28 years and needing a second job as well, and he emphasized that teachers should supplement their incomes if they can. He shared that he supported students often at his own expense by providing essentials like clothing, shoes, and lunches. Commissioner Casciato reacted to claims that the County fails to adequately supply teachers with office supplies noting that they can easily be purchased for a nominal amount. Commissioner Casciato expressed skepticism about the feasibility of affordable housing initiatives, particularly given the exorbitant costs associated with construction projects in the current market. Additionally, he expressed dismay at being likened to fascism, deeming it the worst insult he had ever encountered. He also vented frustration at the constant criticism leveled at the Board of Commissioners, despite their tireless efforts on behalf of the community. Lastly, he addressed a suggestion that the Commissioners should forego their salaries until they adequately fund the schools, and he challenged the person making the suggestion to do the same.

Commissioner McCall reflected on her experience attending Memorial Day services in Transylvania County. She recounted the solemn tributes paid to those who sacrificed their lives and described the speeches and expressions of humility during the ceremonies, particularly noting the emotional weight of seeing wreaths laid in honor of the fallen. She highlighted the significance of the day for two specific families in the County and emphasized the indebtedness citizens owe to these brave individuals who faced unimaginable horrors in

defense of their country, never to return home, Commissioner McCall underscored that the freedom to disagree and dissent were secured through the ultimate sacrifice of countless individuals. She urged citizens not to take these liberties for granted, reminding them of the profound cost paid by those who fought to defend them.

#### ADJOURNMENT

There being no further business to come before the Board, **Commissioner McCall moved to adjourn the meeting at 8:52 p.m., seconded by Commissioner Dalton and unanimously carried.**

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Jason R. Chappell, Chairman  
Transylvania County Board of Commissioners

ATTEST:

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Trisha M. Hogan, Clerk to the Board

