

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
JUNE 24, 2024 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in a regular meeting on Monday, June 24, 2024, at 6:00 p.m. in the Multipurpose Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

Commissioners present were Larry Chapman, Chairman Jason Chappell, and Teresa McCall. Commissioner Jake Dalton was out of town. He viewed the meeting via Zoom meeting software but did not participate in the discussion or vote on any matters before the Board. Also present were County Manager Jaime Laughter and Clerk to the Board Trisha Hogan. County Attorney Julie Hooten participated via Zoom meeting software.

Media: Dan DeWitt – *Brevard Newsbeat*
Laura Denon – *The Transylvania Times*

There were approximately 40 people 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 COMMENT

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

Lisa Rodke: Ms. Rodke suggested Commissioner Chapman's recent comments sparked an idea to stabilize costs in the existing long-term rental housing stock. Her proposal, which she plans to present to the newly elected Commissioners in November, is voluntary, easy to administer, and would not reduce County property tax revenues. She urged collaboration to ease the burden on property taxpayers and address this shared concern effectively.

David Trowbridge: Mr. Trowbridge was pleased with the Board's recent approval of five new athletic projects for the School System. He emphasized the urgent need for the Rosman turf field due to its current poor condition. He also expressed excitement about the upcoming wrestling center and three new accessible playgrounds. Mr. Trowbridge mentioned that participating in athletics helps students perform better in school, leading to higher grade point averages across all grade levels. He eagerly anticipated the start of these projects once the School System received funding on July 1.

Jayne Mallwitz: Ms. Mallwitz expressed gratitude to the Commissioners for their fiscal responsibility and careful management of taxpayer money. Having experienced higher taxes in her previous residence—over \$6,000 in property taxes and more than \$9,000 in school taxes—she appreciated the contrast and was thankful for responsible stewardship here. She commended the Commissioners for their high moral character and urged them to disregard divisive political rhetoric and theater aimed at splitting Transylvania County.

Davis Holland: Mr. Holland, a recent graduate of Brevard High School and former member of the wrestling team, expressed gratitude to the Board for approving funding for a new wrestling facility at the school. Currently, the wrestling team shares space with the football team and Mr. Holland emphasized the need for upgraded facilities, particularly with the recent addition of women's wrestling as a sport.

AGENDA MODIFICATIONS

The Manager proposed an agenda modification to correct an error in the title of an agenda item under Old Business. The corrected title should read: "Request to Approve Transylvania County Schools Boiler Replacement Contracts for RHS, BMS, and PFES and Modify the Project Budgets." This adjustment accurately reflects the schools involved in the boiler replacement contracts.

Commissioner Chapman moved to approve the modified agenda, seconded by Commissioner McCall, and unanimously approved.

CONSENT AGENDA

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

The Board approved the following items:

APPROVAL OF MINUTES

The Board of Commissioners met in a regular meeting on Monday, June 10, 2024. The Board approved the minutes as submitted.

DISCOVERY, RELEASE, AND MONTHLY SETTLEMENT REPORT

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 May 2024, tax dollars released totaled \$574.68, and refunds amounted to \$1,680.77. For the period June 1-24, 2024, tax dollars released totaled \$278.56, and refunds amounted to \$0.00. The Board approved the May 2024 and June 1-24, 2024, Discovery, Release, and Monthly Settlement Reports as presented.

RESOLUTION DESIGNATING JULY AS PARK AND RECREATION MONTH

For 40 years, the National Recreation and Park Association has marked Park and Recreation Month every July, promoting the creation of strong, vibrant, and resilient communities through parks and recreation. This dedicated month honors over 160,000 full-time park and recreation professionals, alongside countless part-time workers, and volunteers, who maintain local, state, and community parks nationwide. This year's theme, "Where You Belong," celebrates these professionals for fostering community inclusivity through welcoming programs, essential services for all ages and abilities, and safe, accessible spaces that encourage meaningful connections. The Board officially designated July as Park and Recreation Month with Resolution #19-2024.

RESOLUTION #19-2024 DESIGNATION OF JULY AS PARK AND RECREATION MONTH

WHEREAS, Parks and recreation is an integral part of communities throughout this country, including Transylvania County; and

WHEREAS, Parks and recreation promotes health and wellness, improving the physical and mental health of people who live near parks; and

WHEREAS, Parks and recreation promotes time spent in nature, which positively impacts mental health by increasing cognitive performance and well-being, and alleviating illnesses such as depression, attention deficit disorders, and Alzheimer's; and

WHEREAS, Parks and recreation encourages physical activities by providing space for popular sports, hiking trails, swimming pools and many other activities designed to promote active lifestyles; and

WHEREAS, Parks and recreation is a leading provider of healthy meals, nutrition services and education; and

WHEREAS, Park and recreation programming and education activities, such as out-of-school time programming, youth sports and environmental education, are critical to childhood development; and

WHEREAS, Parks and recreation increases a community's economic prosperity through increased property values, expansion of the local tax base, increased tourism, the attraction and retention of businesses, and crime reduction; and

WHEREAS, Parks and recreation is fundamental to the environmental well-being of our community; and

WHEREAS, Our parks and natural recreation areas ensure the ecological beauty of our community and provide a place for children and adults to connect with nature and recreate outdoors; and

WHEREAS, The U.S. House of Representatives has designated July as Parks and Recreation Month; and

WHEREAS, Transylvania County recognizes the benefits derived from parks and recreation resources.

NOW THEREFORE, BE IT RESOLVED BY the Transylvania County Board of Commissioners that July is recognized as Park and Recreation Month.

This the 24th day of June 2024.

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

PRESENTATIONS/RECOGNITIONS

RECOGNITION OF CITIZEN ADVISORY COUNCIL MEMBERS

In July 2015, the Board of Commissioners initiated a program to acknowledge citizens who volunteer their time and expertise on the County's citizen advisory councils. Members are recognized semi-annually for their service during specific periods. This period covered January 1, 2024, to June 30, 2024. Commissioners presented each attendee with a certificate of appreciation and a mug featuring the County logo. Invitations for recognition were extended by the Clerk, who will also mail certificates to those unable to attend. The Board extended recognition to the following individuals:

- Mark Isabelli – Blue Ridge Community College Board of Trustees
- Alice Hardy – Library Board of Trustees
- Ellen Pratt-Harris – Joint Historic Preservation Commission
- Marcy Thompson – Joint Historic Preservation Commission

- David Carter – Transportation Advisory Committee

MONTHLY CAPITAL UPDATE

The Manager updated the Board on capital projects, highlighting the following:

- There are currently over \$150 million worth of projects either in development, underway, or planned.
- Additionally, approximately \$30 million in grant funding has been allocated, excluding broadband funding that is directly benefiting providers within the community.

Transylvania County Schools

- On track to meet the July 1 deadline for completing scope work on bond projects, with input from school staff.
- Financial processes will commence in July.
- Projects funded by Commissioners based on March recommendations include:
 - Air quality testing was initiated in December 2023/January 2024, with cafeteria cleaning completed in May 2024. Funds were allocated in June for moldy ceiling tile replacement, costing \$200,000.
 - Urgent HVAC boiler purchases for winter 2024-2025 at Brevard Middle School, Pisgah Forest Elementary School, and Rosman High School, totaling \$577,064.
 - Athletic facilities projects approved by Commissioners for immediate action outside of the bond projects. The Board of Education will oversee alternatives within the \$4.3 million budget, covering:
 - Brevard Elementary School playground: \$300,000
 - Brevard High School pre-engineered building for wrestling: \$1.2 million
 - Rosman Elementary School playground: \$500,000
 - Rosman Middle/High School football field: \$2.1 million
 - TC Henderson pedestrian bridge and playground: \$203,500
 - The remaining needs are being grouped into project packages scheduled from 2024 onwards.

Jobs and Safe Community

- The new EMS Main Station is set to open soon, with the certificate of occupancy expected tomorrow. A ribbon-cutting ceremony is planned for the third week of July.
- The Sylvan Valley Industrial Building Phase 2 construction project and budget are up for approval on this agenda.
- Design for flood mitigation and emergency access at Hart Road is underway in collaboration with NCDOT.
- Plans for a new courthouse near the Public Safety Facility complex are progressing through stakeholder user group meetings to finalize programming.
- The Library amphitheater project did not receive requests for qualifications. Staff are currently collaborating with the Library Foundation to determine the next steps.

Transylvania Natural Resources

- The Town of Rosman and the City of Brevard water and sewer system interconnection for emergencies is currently in the design phase, with final details being ironed out. A hydraulic study has already been completed, and construction is anticipated to commence later this year.
- A new landfill cell, aimed at extending the lifespan of the County landfill, is currently in the design phase. Construction is scheduled for completion by July 2025, an important deadline due to grant funding expiring in October 2025.
- Emergency water protection streambank restoration projects are currently underway and nearing completion.

The Manager will provide ongoing capital updates at the Board's second monthly meeting. Additionally, she will keep the flyer listing all capital projects updated for public tracking of the County's progress.

Chairman Chappell noted that additional information is available on the County's website.

APPOINTMENTS

CHILD FATALITY PREVENTION TEAM

The terms of Teesie Stanton and May Clayton expire at the end of June. Both are eligible and willing to serve another term. The membership of the Child Fatality Prevention Team is set by statute due to the sensitive nature of their work.

Commissioner McCall moved to reappoint Teesie Stanton and Mae Clayton to another term on the Child Fatality Prevention Team, seconded by Commissioner Chapman and unanimously approved.

COMMUNITY CHILD PROTECTION TEAM

The terms of Andrew Shook and Erin Drew expire at the end of June. Both are eligible and willing to serve another term. The membership of the Community Child Protect Team is set by statute due to the sensitive nature of their work.

Commissioner Chapman moved to reappoint Andrew Shook and Erin Drew to the Community Child Protection Team, seconded by Commissioner McCall and unanimously approved.

JUVENILE CRIME PREVENTION COUNCIL

The terms of Chase Lance (Parks and Recreation), Dr. Brian Weaver (Commissioner Appointee), Michael Moreschi (Commissioner Appointee), Alexis Powell (Student/Individual Under the Age of 18), Cynthiana Cain (Member of Business), and Sarah Holden (Member-at-Large) expire at the end of June. All are eligible and willing to serve another term except for Michael Moreschi who resigned effective May 22, 2024, due to a time commitment. The Clerk to the Board will advertise this vacancy. There is also one vacancy for a County Commissioner appointment that the Board will need to appoint once a full Board is seated. The membership is set by statute.

Commissioner McCall moved to reappoint Chase Lance, Dr. Brian Weaver, Alexis Powell, Cynthiana Cain, and Sarah Holden, seconded by Commissioner Chapman, and unanimously approved.

PARKS AND RECREATION COMMISSION

The terms of Carl Conley and John Felty expire at the end of June. Both are eligible and willing to serve another term.

Commissioner Chapman moved to reappoint Carl Conley and John Felty to another term on the Parks and Recreation Commission, seconded by Commissioner McCall and unanimously approved.

OLD BUSINESS

2024-2025 NCACC LEGISLATIVE GOAL PROPOSALS

Every two years, and in the months leading up to a long session of the General Assembly, the North Carolina Association of County Commissioners (NCACC) initiates a process to establish legislative priorities that benefit counties. This process starts with counties submitting proposals for legislative goals, which are then voted on by county boards and confirmed through a resolution by the county board chair.

Following the goals submission deadline, all eligible goal proposals are forwarded to the relevant NCACC Steering Committee that oversees the respective issue. These steering committees review the goals and offer recommendations to the Legislative Goals Committee. The Legislative Goals Committee evaluates each goal and decides which ones will advance to the NCACC Board of Directors for their deliberation.

The NCACC Board of Directors reviews and approves a set of recommended goals, making necessary technical adjustments. This goals package is then presented to all 100 counties at the NCACC legislative goals conference. Each county appoints a voting delegate to attend the conference, where they vote on and prioritize the goals.

Key points for this year's process:

- Submission Deadline: All goal proposals must be submitted by August 23.
- Content Requirements: Each proposal must include a goal name, details on how it will benefit local government, and supporting documentation or data.
- Goal Preparation: Staff will draft the goal language and compile necessary documentation, aiming for final approval no later than the second meeting in July.
- Conference Dates: The NCACC legislative goals conference is scheduled for November 14-15.
- Finalization of Agenda: The NCACC legislative agenda will be finalized by early December.

This list outlines the legislative goals and priorities discussed and approved by the Board in previous submissions:

1. To appeal to the State to revise the metrics used for State funding designations:
 - a. Economic tiers - calculations should be based on average weekly wages or annual wage income instead of median household income in a county.
 - b. Small school definitions - consider funding on a ratio instead of the “all or nothing” method currently used.
 - c. Low wealth funding for schools – economic tiers should be based on average weekly wages or annual wage income instead of median household income in a county.
 - d. Lottery distribution – currently allotted based on the number of students, but it should be based on capital needs that local systems report to the Department of Public Instruction.
2. To seek financial transparency for all public bodies:
 - a. If the Local Government Commission flags a public entity for a concern in their audit, the public entity should be notified of the concern, as well as the local governing body of the county. Consistent audit standards.)
3. To seek funding for State mandated services:
 - a. If the State of North Carolina is to require counties to meet specific staffing ratios and provide service programs, the State should provide the necessary funds to pay for them.
4. Repeal the State income tax cap:
 - a. A low cap could constrain the State should economic conditions change. The quickest and most obvious source for additional revenue would be property tax, thereby putting the burden on the shoulders of counties.
5. Advocate for funding flexibility within the Department of Social Services:
 - a. Develop programs to help prevent the development of lifelong problems.
6. Expand ethics training requirements for elected public officials:
 - a. Include statutory and fiscal responsibility.
7. Change/increase Lottery Fund allocation:
 - a. Comply with NC General Statutes and as intended when the Lottery was passed and implemented.

- b. Increase Lottery Funds for schools that are not dependent on the economic tier rating (Transylvania County is unable to compete for some of these funds because of its current economic tier rating. Lottery Fund distribution should not be based on a county's property tax rate).
8. Propose broadband be declared as a utility:
 - a. Change parameters by which local governments could work within broadband issues.
9. Propose flexible school district calendars
 - a. Allow some districts to align their schedules with the local community college system.
10. Differentiated tax rate for non-North Carolina residents.
11. Flexibility on spending occupancy tax dollars.
12. Modify the criteria used for county tier designations (The current criteria do not provide an accurate picture of a county's economic condition).
13. Mental health funding and services.
14. Funding for School Resource Officers.
15. Flexibility for workforce housing funding (Transylvania County does not qualify for certain funding due to its economic tier rating. Incentives may allow the County to partner with the City of Brevard to alleviate some housing issues.)

The Board proposed adding the following new goals:

1. Medicaid Hold Harmless – rules were changed for counties, but not the counties' responsibility to hold cities harmless; formulas should match
2. Increase PILT funds for state and national forest land
3. Increase funding for NC Pre-K
4. Expedite child permanency, specifically the transition from foster care to adoption.
 - a. This issue directly impacts the welfare of children and is currently pending in the Senate Rules Committee after passing through the NC House of Representatives under HB 647.

Commissioner Chapman highlighted discussions with commissioners from rural counties across North Carolina, who expressed concerns about the perceived dominance of larger counties in decision-making. He urged fellow Commissioners to assertively ensure that their voices are effectively heard in regional and statewide discussions.

Commissioner McCall echoed Commissioner Chapman's sentiments, emphasizing her disappointment with the lack of support for rural communities in recent steering committee meetings she attended in Raleigh. She pointed out that the Board consistently submits the same goals each year, yet these goals have not seen action from the committees, which predominantly represent eastern parts of the state, neglecting western representation. Commissioner McCall highlighted several specific issues:

- The unexpected loss of Medicaid Hold Harmless funds, which she discussed with Senator Corbin in Raleigh.
- The need for schools to have autonomy in setting their calendars.
- The inability of counties to bill for services provided in Pisgah National Forest or Gorges State Park affects rural counties statewide.
- The importance of flexibility in spending occupancy taxes for counties.
- Questions were raised about the distribution of \$1 billion allocated to mental health services by the State last year.
- The potential benefits of defining broadband as a utility to address critical needs in counties.

Commissioner McCall affirmed the importance of maintaining previously submitted goals and supported the recent list discussed by the Commissioners as crucial priorities for this year's submissions.

At the previous meeting, Chairman Chappell requested Superintendent Dr. Lisa Fletcher to outline any goals that the County could champion on behalf of the School System. Dr. Fletcher responded by emailing him a request to advocate for increased funding allocation for small schools, a goal previously submitted by the Board. Additionally, she urged Commissioners to support securing a \$21 million grant for facilities improvement within the School System.

Commissioner McCall emphasized the need for diligent lobbying efforts at the NCACC committee level to advance these goals effectively.

Chairman Chappell invited Commissioners to propose any additional goals they wished to be considered, allowing staff ample time to draft the necessary language and compile supporting documentation before the submission deadline. He reiterated the importance of ongoing advocacy efforts directly with the County's legislators. This topic will be revisited in the next agenda for further deliberation.

REQUEST TO APPROVE TRANSYLVANIA COUNTY SCHOOLS BOILER REPLACEMENT CONTRACTS FOR RHS, BMS, AND PFES AND MODIFY THE PROJECT BUDGETS

The Manager provided updates on two key matters:

Cafeteria Mold Remediation at Brevard High School:

Following the cleaning of mold in the cafeteria at Brevard High School, the Manager received a follow-up report indicating significant improvement. Air samples taken post-remediation showed lower spore counts inside the building compared to exterior samples and markedly reduced levels from initial testing. The contractor's assessment concluded that remediation efforts effectively decreased spore counts in the area. Analysis revealed that the types of mold spores detected were consistent with those typically found outdoors in soil and decaying plant matter, which can also grow indoors under suitable conditions. Based on this follow-up report, the matter appears to be resolved.

Boiler Replacements at Transylvania County Schools:

Initially, Transylvania County Schools requested \$577,064 for boiler replacements at Rosman High School (RHS), Brevard Middle School (BMS), and Pisgah Forest Elementary School (PFES). The Board of Commissioners allocated funds from the Education Capital Fund on May 28. Subsequently, TCS obtained a competitive quote of \$395,270 from Superior Mechanical:

- RHS: \$71,800
- BMS: \$205,000
- PFES: \$118,470

The Board of Education has approved and signed these contracts, which are now awaiting approval and signing by the Board of Commissioners. This approval is necessary due to newly established processes and the multi-year funding nature of the contracts. By approving these contracts, \$181,784 will be freed up in the Education Capital Fund for other school capital purposes. The Manager recommended approval of these contracts.

Commissioner Chapman asked why the School System had sought additional quotes. The Manager clarified that the initial request was based on a professional services contract already in place with a vendor. However, due to the project's budget exceeding the threshold for informal bidding in construction projects, the School System solicited competitive quotes. This decision resulted in substantial cost savings, demonstrating the effectiveness of the competitive bidding process in achieving more economical outcomes for the projects involved.

Commissioner McCall inquired about the timeline for starting the work once the contracts are approved. The Manager clarified that while approval of the contract allows for the ordering of boilers, the physical installation will be delayed due to lead times on the orders. Originally, there was a deadline set by school staff to place orders by June 1, later modified from July 1, which has now passed. However, the Manager assured Commissioners that despite missing these deadlines, the work can still commence well ahead of when the units are needed.

Commissioner McCall moved to approve the modification of the boiler projects for RHS, BMS, and PFES to the new quote amounts and authorize the Chairman or the Manager to sign the contracts so the work can proceed immediately, seconded by Commissioner Chapman. Chairman Chappell acknowledged the challenges of obtaining competitive quotes but emphasized their necessity, citing this instance as a successful example. He highlighted that this competitive process results in significant cost savings, freeing up \$181,784 for additional school capital needs. Maximizing tax dollars to achieve the greatest impact possible was underscored as crucial. Commissioner McCall reiterated that adhering to statutory bidding procedures is essential. **The motion was approved unanimously.**

NEW BUSINESS

CONSIDER HVAC ESSER PROJECT FUNDING REQUESTS FROM TRANSYLVANIA COUNTY SCHOOLS

The Manager provided a brief timeline outlining previous discussions, a summary of Transylvania County Schools' staff explanations on ESSER funding utilization, an analysis of additional details from school staff, and recommendations for the next steps.

On February 29, 2024, TCS Finance Director Gabi Juba submitted a reimbursement request for educational capital projects. This included a budget amendment to reallocate \$1 million by canceling HVAC projects at TC Henderson (originally allocated in FY 2022 and FY 2023) and Rosman High School (FY 24 appropriations) and reallocating these funds to approved HVAC projects at Brevard Middle and Brevard Elementary Schools from prior years. County staff reviewed the Board of Commissioners' requests for all project documentation and presented findings based on the received documentation to date.

County staff reviewed documentation, including a May 3, 2024, letter from Superintendent Fletcher confirming ESSER funding for HVAC construction contracts with Shoffner at Brevard Elementary School (BES) and Brevard Middle School (BMS). This confirmation, along with other provided documentation, led to the expectation that these projects would be ESSER-funded. Additionally, county staff analyzed invoices indicating a potential \$60,000 in change orders related to these projects. Minutes from the May 1, 2023, Board of Education meeting document the attorney's statement that the Board of Commissioners' approval for contracts was unnecessary due to ESSER funding. These factors formed the basis of the county's expectation that the \$3 million allocated for BES and BMS projects would indeed be ESSER-funded.

In a May 28, 2024, analysis presented to the Board, it was noted that Transylvania County Schools were using a total of \$3.7 million in ESSER funding for HVAC projects. Concerns were raised about the contractual arrangements with Shoffner, highlighting that only purchase orders were in place, which, while legally considered contracts once approved, do not adequately address potential liabilities associated with active construction sites. Further concerns included procedural issues regarding contracting, specifically noting statutory requirements for multiyear contracts to be approved by the Board of Commissioners. There were also issues raised about potential double invoicing between ESSER and County-managed funds, as well as questions regarding the sales tax implications in the ESSER reconciliation reports.

Of the five recommendations adopted by the Board of Commissioners on May 28, 2024, this specific item only affects Part 1, which calls for no reimbursement or amendments for contracts identified by Transylvania

County Schools (TCS) as ESSER-funded HVAC projects. The remaining recommendations have been addressed: correcting the double allocation of invoices by reducing reimbursements, allocating funding for boilers, and implementing new procedures for capital projects to prevent future issues.

On June 10, 2024, school and county staff convened to discuss funding and review further details regarding ESSER funding. The primary concern raised at the meeting centered on discrepancies between the available ESSER funding for HVAC and the funds required to complete contracted work. County staff requested that school staff provide documentation outlining the history of ESSER funding commitments to substantiate the amount needed for consideration by the Commissioners for additional funding to resolve the issue.

Additionally, county staff advised school staff to consult with their auditors regarding any potential over-commitment of funds, a step which school staff confirmed they had taken. The Manager reviewed emails from Superintendent Dr. Lisa Fletcher dated June 12 and June 20, along with additional information submitted by school staff, as part of the analysis intended for presentation during the meeting.

In summary, school staff explained that the initial plan was to utilize \$2.4 million in ESSER funds for HVAC projects, with the remaining costs covered by county funding. They clarified that confusion arose because the project funding details were not specified, leading school staff to believe funding was provided as a lump sum rather than allocated specifically by project. Staff turnover, particularly changes in the Finance Director and Superintendent positions, was cited as contributing to errors and discrepancies in the previous analyses. The school staff acknowledged internal issues and implemented improvements within the School System to address these challenges moving forward.

The Manager reported that in FY 2019, discussions among the Board of Commissioners highlighted concerns about unclear communication regarding Transylvania County Schools' (TCS) budget requests and how funds were utilized throughout the year, particularly which projects were funded. As a result of these discussions, in FY 2020, the Board of Commissioners began appropriating funds by project for capital projects exceeding \$50,000, a practice that continues to the present year. This process involves the Board of Education prioritizing its capital project list, which is then reviewed and approved by the Board of Commissioners. The funding level approved by the County Commissioners indicates the prioritized projects. Funds allocated for furniture, fixtures, and equipment (FF&E) or vehicles are distributed monthly to the School System while funding for projects exceeding \$50,000 is managed within the Education Capital Fund. Documentation indicates that County staff briefed new personnel in June 2022 (between former County Finance Director Jonathan Griffin and Schools Finance Director Gabi Juba) and again in July 2023 (between the County Manager and Superintendent Fletcher) on the history and specifics of these projects. The Manager emphasized that there is extensive documentation listing projects initiated in FY 2020. Although there are currently no FY 2020 projects on the active list, it consistently reflects project budgets and documents amendments requested by the Board of Education and approved by the Board of Commissioners.

By law, when capital projects are awarded and contracts are committed, funds must be specifically allocated for each project. This requirement necessitates preaudits overseen by the Finance Director and mandates that multiyear projects proposed by the Board of Education receive approval from the Board of Commissioners. The concern arises from the necessity for the Board of Education to ensure that funding commitments align with multiyear contracts. They must verify with their funding partner that sufficient funds will be available for the duration of the project. Failing to secure this assurance could result in commitments of future year funding that may not yet be allocated, potentially jeopardizing the completion of contracted projects.

The Manager presented an analysis focusing on HVAC funding allocated to various sites, accompanied by a chart detailing annual appropriations and expenditures tied to signed contracts for those projects. As the fiscal year progressed into FY 2021 and beyond, project balances carried over into FY 2022. However, contracts specifically for DRS, BMS, and BES were signed in May 2023, leading to errors in end-of-year balances at that juncture. County staff identified negative balances for these projects as a result. Reviewing ESSER

documentation revealed that the Board of Education initially intended to allocate \$2.4 million in ESSER funding for HVAC projects. Subtracting this intended allocation exposed a deficit in funding required to fulfill those contracts, marking a critical error during that period. Additionally, during this timeframe, there were requests in May 2024 related to HVAC projects for FY 2024, originally budgeted at \$750,000 for RHS. This budget was subsequently canceled and adjusted, effectively eliminating the project budget. Further complicating matters, discrepancies were noted between received invoices and contracted amounts, with the County having already paid these invoices against the budgets. These discrepancies must be reconciled to accurately determine the current balance. Based on the provided information, the County identified a need for \$912,121 to cover an overcommitment on these projects. Additionally, two projects, RES and TCH, have approved project budgets from the past without corresponding commitments or expenditures totaling \$213,336 for RES and \$197,800 for TCH. These figures were highlighted as factors influencing the recommended options for consideration by the Board.

To summarize the analysis to date, the original plan was for \$2.4 million in ESSER funds to cover HVAC projects, with the remainder funded by the county. While county staff did not receive all ESSER information, they believe there is sufficient evidence indicating this was the School System's intent. However, County officials were clear in their messaging regarding project funding, so the Manager noted disagreements with some of the School System's communications. Correspondence and Board minutes from FY 2021 to FY 2024 clearly document project budgets and discussions with staff and Boards throughout the years. The analysis revealed an overcommitment of funds totaling \$912,121 for these projects, necessitating funding to honor existing contracts. Acknowledging turnover and human error on both sides, the Manager stressed accountability and outlined new processes to address these issues and safeguard county interests in funding school facilities. Moving forward, the Manager recommended that school staff ensure thorough reconciliation of ESSER funds and organize documentation for potential federal audits. Notably, invoices including sales tax were flagged on reconciliations received by the County, highlighting discrepancies in matching purchase orders/contracts to expenditures. Despite these challenges, the Manager believes the \$912,121 estimate is close to accurate given current documentation. From the County's perspective, most issues discussed in the May 28 meeting have been resolved, partially through new procedures where the County directly pays invoices for projects exceeding \$90,000. This streamlined approach enhances efficiency, ensures procurement compliance, and identifies potential issues early. Importantly, it maintains the Board of Education's authority over buildings and contracts while protecting the County's financial interests.

Transylvania County Schools are expressing urgency in completing these projects and have requested funding to address the overcommitment issue. The Manager presented three options to the Board for consideration, emphasizing that all options are feasible without defaulting on the contracts:

1. Option 1: Deny funding amendment or additional funding for these projects. Since the county commissioners were not originally presented with these contracts for approval, they are not financially obligated to fulfill them. However, the Manager recommends that the Board of Commissioners approve the Board of Education's request to transfer \$912,121 from the current expense fund balance to their capital fund to rectify the situation (as per N.C.G.S. § 115C-433).
2. Option 2: Reallocate HVAC funds previously allocated for RES and TCH, totaling \$408,136. Additionally, approve the transfer of the remaining balance required from the current expense fund into the capital fund to address the overcommitment. It is noted that eventual sales tax reimbursements will offset some of the costs related to these contracts.
3. Option 3: Allocate the additional \$912,121 from the Education Capital Fund, which currently anticipates upcoming bond projects, to cover the overcommitted funds for these projects.

All three options effectively address the pressing need to rectify the funding overcommitment issue, a consensus agreed upon by both the County and school staff. The Manager cited Option 2 as a balanced approach that demonstrates shared responsibility between both Boards for capital expenditures. This option

acknowledges the mistake made without assigning blame to staff, emphasizing the importance of correcting the error promptly. After completing her presentation, the Manager invited questions or comments from the Board regarding the analysis or recommendations.

Commissioner McCall inquired whether the Board of Commissioners had ever been asked to fund the \$2.4 million allocated for the projects. The Manager clarified that the \$2.4 million was entirely designated from ESSER funding and was not requested from the Board of Commissioners. The total value of the projects at Brevard Middle School (BMS), Brevard Elementary School (BES), and Davidson River School (DRS) amounted to \$3 million and an additional \$276,000 for project work at DRS, all approved in May 2023. None of these contracts were brought before the Board of Commissioners for approval, meaning they did not have financial commitments to these specific contracts. However, the County did allocate project funding that encompassed HVAC projects across various fiscal years—FY 2021, FY 2022, and FY 2023. This funding was included in the analysis presented to demonstrate how it would support HVAC projects moving forward. While this funding was not initially intended specifically for these contracts, it was theoretically included in the analysis, particularly for HVAC-related projects at those sites.

Commissioner McCall pointed out that until recently, there was a belief that these projects were entirely funded by ESSER funds, which are federal funds. The School Board was advised by their attorney that County approval was unnecessary because of the federal funding source. The Manager confirmed this understanding and mentioned that this belief was reinforced when the Commissioners queried this issue in a letter dated May 1, 2024. However, she noted that school staff have since acknowledged that there may have been confusion during that meeting regarding the funding source, with the impression that it was all federally funded. Upon review, it appears that the original plan for ESSER 2 funding did indeed allocate \$2.4 million specifically for HVAC projects. The Manager has communicated to school staff that while some documentation may be missing, the information provided supports the allocation of \$2.4 million for these projects. She expressed that, at this juncture, the completeness of the documentation may not directly impact the decision tonight, but it does substantiate the earmarked amount of \$2.4 million for HVAC projects.

Commissioner McCall raised concerns about the reallocation of HVAC funds to RES (Rosman Elementary School) and TCH (T.C. Henderson School), questioning whether these projects would lose importance if their funding were redirected. She asked if these projects would then be considered for scoping and funding under bond projects. The Manager confirmed this, indicating that reallocating funds could potentially shift these projects to the scope of bond-funded initiatives. Specifically addressing RES, Commissioner McCall inquired if this was the project whose cost escalated from under \$200,000 to potentially \$2 million. The Manager affirmed this, providing details that the original funding request for RES started at \$70,000 in FY 2021, followed by \$105,000 in FY 2022 and FY 2023. Some of these funds were used for engineering contracts and minor improvements, totaling \$210,000 in expenditures. However, the total project scope has options ranging from \$2 million to \$6 million. The Education Capital Work Group recommended a replacement-in-kind approach without exploring additional options, focusing solely on maintaining and replacing necessary components, which is reflected in the current bond scoping. The Manager clarified that the funding allocated from prior years would not suffice to cover the full scope of these projects but emphasized that the need for these projects remains valid and they are still included on the list, alongside RHS (Rosman High School). Initially, \$750,000 was allocated for RHS in FY 2024, but it was later requested to be canceled due to insufficient funding. These funds were then redirected towards boilers and other needs as per the recommendations of May 28. This reallocation will also be reflected in the bond funding. The Manager suggested that the Board could retain these project budgets and use available cash, in addition to bond funding, to fulfill existing commitments. Alternatively, they could reallocate these funds to complete current contracts and rely on bond funding for future phases of these projects.

Commissioner Chapman provided background to the public, explaining that the Board had requested a forensic review of finances due to accusations, emphasizing the critical need for this analysis to ensure

transparency and move forward without assigning blame. He highlighted the importance of addressing public concerns and ensuring clarity regarding financial management over the past year or more, particularly in response to accusatory comments directed at the county. He expressed appreciation for the efforts of staff from both the county and schools in thoroughly reviewing all information to clarify these issues.

Commissioner Chapman acknowledged that correcting the issue will involve costs for the county. While he was not in favor of Option 2, he underscored the importance of accountability and ensuring that all stakeholders have "skin in the game." Looking ahead, he emphasized the necessity of implementing robust processes, especially with upcoming bond projects, to prevent similar issues in the future. Ultimately, Commissioner Chapman stressed the significance of ensuring that projects are adequately funded and effectively managed for the benefit of the community.

Commissioner McCall expressed her concern over the cancellation of critical HVAC projects that were initially deemed urgent and necessary. She highlighted the Commissioners' awareness of issues related to HVAC systems and air quality control, which heightened her reluctance to agree to project cancellations. She proposed a compromise solution where the School System would utilize \$500,000 from its fund balance, while the County would allocate \$412,121 from the Education Capital Fund towards the HVAC projects. Acknowledging that mistakes can occur, Commissioner McCall emphasized the importance of addressing these projects promptly. She believed it was not solely the county's responsibility to cover the entire \$912,121 shortfall, especially considering other pressing needs within the community. Her proposed compromise aimed to preserve the \$400,000 already allocated for HVAC projects, underlining the necessity of completing these projects rather than continuously canceling them.

Chairman Chappell asked about the current expense fund balance for the Board of Education based on their most recent audit. The Manager provided that as of June 30, 2023, the current expense fund balance was \$2.5 million, while the capital fund balance was \$400,000. Chairman Chappell highlighted that Commissioner McCall's proposal grants the Board of Education the authority to transfer funds from their current expense fund balance to their capital fund balance. However, he clarified that the Commissioners cannot mandate or require the Board of Education to execute this transfer.

Chairman Chappell echoed Commissioner McCall's concerns about canceling projects that had previously been funded, emphasizing that these projects were deemed critical and necessary. He recalled discussions where the importance of addressing these needs was stressed to the Commissioners, underlining the urgency to proceed with these projects. While acknowledging that circumstances can change, Chairman Chappell expressed his belief that the fundamental needs driving these projects had not changed. Therefore, he shared concerns about reallocating funds away from these projects and potentially delaying or halting their completion.

Chairman Chappell inquired about the estimated sales tax reimbursement. The Manager responded that providing an accurate estimate is challenging because County staff do not have invoices with sales tax marked. Typically, for major construction contracts, sales tax reimbursement ranges between 3% and 5%. However, due to complexities such as embedded services within contracts and varying tax requirements, estimating exact figures is difficult. The Manager suggested a conservative estimate of 1% to 1.5% that could potentially be reimbursed to the School System.

The Manager highlighted that with the revised process, the Board has the option to include a provision in the motion to receive invoices and authorize payment directly to the vendor for whatever amount the Commissioners determine.

Commissioner McCall moved to give the Board of Education the authority to move up to \$500,000 from the current expense fund balance into the capital fund balance with the remaining offset of \$412,121 to come from the Education Capital Fund, with invoices to be paid directly by the County,

seconded by Commissioner Chapman. Commissioner Chapman asked the Manager if there were any other expectations the Commissioners should have. The Manager responded that she did not anticipate anything further, noting that the meeting between County and School staff had been productive in discussing regular financial reporting, enhancing communication and transparency, and maintaining ongoing dialogue through the capital discussions between staff. She emphasized these changes would foster open communication between the boards. Chairman Chappell expressed appreciation for the diligent efforts of all staff involved and both boards in reaching this point. He underscored the importance of addressing critical projects within specified time frames and providing options for their completion. Chairman Chappell also highlighted the County's commitment to these projects and noted the potential for reimbursement from sales tax in the near to medium term, which, based on conservative estimates, should cover the required amount. Additionally, he highlighted that this proposal allocates an additional \$412,121 in funding for school capital projects beyond the current budget and previously approved projects. **The motion was approved unanimously.**

Chairman Chappell acknowledged that there are still some outstanding documentation needs that must be addressed. He highlighted that the new procedures implemented will facilitate faster advancement of items, ensure financial justification, appropriate allocation of resources, and enable future planning. He expressed appreciation to the staff for their proposal and efforts in implementing these improvements.

Commissioner McCall then shared her experience working with federal government funds, emphasizing the importance of meticulous record-keeping. She cautioned that with ESSER funds, it is crucial to maintain well-organized project files and accurate accounting of expenditures. Commissioner McCall stressed that even years later, the federal government could request an audit and demand a thorough account of how the funds were utilized. Failing to provide adequate documentation could potentially result in repayment of the funds.

FUNDING REQUEST FOR BREVARD HIGH SCHOOL CAFETERIA AND OLD GYM GLU-LAM BEAM REPAIR

A structural review of the beams at the Brevard High School cafeteria and old gym was conducted in late 2023 and early 2024 by a licensed engineer as part of the joint education capital work group. The engineer determined that the glu-lam beams in the old gym and cafeteria still have structural life but recommended a repair and maintenance plan to extend their longevity beyond the estimated five-year period. The recommended repair plan includes various tasks such as repairing, painting, and prepping arches and metal plates, installing segmented metal caps over arches, sealing exposed brick ledges, painting exposed rake edge wood, and other necessary preparations and painting of metal plates.

Transylvania County Schools (TCS) has received a quote amounting to \$105,717.50 for these repair and maintenance works. Staff recommended that the Board approve funding of \$106,000 from the Education Capital Fund for FY 2025 to cover the structural maintenance and repair costs of the glu-lam beams at the cafeteria and old gym. Funding approval is contingent upon receiving documentation of multiple bid attempts as required by statute and upon receipt of an approved contract naming Transylvania County so that payments can be made directly to the selected vendor. The Manager noted that the funds for this project are sourced from money that became available from completed boiler projects, and she recommended using this source of funding from the Education Capital Fund.

Commissioner McCall expressed her support for approving the funding for the structural maintenance and repair at Brevard High School. However, she conveyed frustration because the County has been attempting to address these repairs since 2021 and has even offered to undertake the repairs previously. Pending approval of the funding, Commissioner McCall requested clarity on the timeline and plans for initiating the repair work. She also assured the Board of Education that if any issues arise in getting the work done, the County stands ready to assist upon request.

Commissioner Chapman noted that the structures were not in imminent danger of collapsing, contrary to concerns voiced by some citizens. He pointed out that even without immediate action, the buildings still had a lifespan of at least five years. Acknowledging the professional approach taken by the licensed structural engineer in assessing the situation and recommending the repair and maintenance plan, Commissioner Chapman expressed his appreciation for the thoroughness and professionalism demonstrated in the engineering assessment. Therefore, he voiced his support for the recommendation to approve funding for the structural maintenance and repair at Brevard High School.

Commissioner McCall moved to approve FY 2025 funding for \$106,000 from the Education Capital Fund for the Brevard High School structural maintenance and repair of the glu-lam beams at the cafeteria and old gym. Funding will be available pending receipt of documentation of multiple bid attempts per statute given the threshold and receipt of an approved contract naming Transylvania County so that payments may be made directly to the selected vendor, seconded by Commissioner Chapman, and unanimously approved.

Chairman Chappell highlighted that the allocation of \$106,000 for the structural maintenance and repair at Brevard High School represents an additional expense outside of the normal budgetary funding earmarked for capital expenditures.

Commissioner McCall inquired about the cost associated with scraping and painting the ceiling in the cafeteria during the upcoming summer, or if there were plans to leave it as it currently is. She was concerned for the maintenance and aesthetic upkeep of the cafeteria space at Brevard High School.

AWARD CONSTRUCTION CONTRACT FOR THE PHASE 2 EXPANSION OF THE SYLVAN VALLEY INDUSTRIAL BUILDING

Transylvania County, in partnership with the Transylvania Economic Alliance, is overseeing a 40,000 sq. ft. expansion at the Sylvan Valley Industrial Park on Ecusta Road. Richard Worley, Architect, was involved in designing the expansion. The bidding process attracted five responses, and a detailed bid tabulation sheet was included in the Board's agenda packet for review.

Harper General Contractors has been recommended as the contractor for the project. Their bid aligns with the project budget and includes construction, design, and construction management fees. The total recommended project budget stands at \$5,344,710. The project budget has been structured to accommodate a \$1.5 million grant from the GoldenLeaf Foundation. This grant is specifically intended to assist in funding the construction costs of the expansion.

The project budget does not currently include Alternate #1. This aspect of the project involves electrical work related to upfitting the building. Staff have requested Harper General Contractors to extend Alternate #1 for 90 days, allowing a prospective leaser to fund this additional electrical work separately.

Funding breakdown:

- GoldenLeaf Foundation Grant: \$1.5 million
- County funds: \$5,254,194.95 (Assigned Fund Balance)
- Architectural and design funds committed by the Transylvania Economic Alliance: \$150,000
- Total available funding: \$5,404,194.95

The Manager recommended the Board give her authorization to negotiate and sign a contract with Harper General Contractors for the construction of Phase 2 of the Sylvan Valley Industrial Building within the project budget.

Commissioner Chapman inquired about soil issues on the site, similar to those encountered in Phase 1. The Manager confirmed there are known soil issues, and additional contingencies have been included in the budget to address these concerns. The architect has also incorporated construction methods to manage soil drainage issues based on lessons learned from Phase 1.

Chairman Chappell asked about the handling of excess dirt from the construction site. The Manager clarified that the contract covers the removal of excess dirt, with unit costs factored in if conditions deviate from initial assumptions.

Commissioner Chapman moved to authorize the Manager to negotiate and sign a contract with Harper General Contractors for the construction of Phase 2 of the Sylvan Valley Industrial Building, with a recommended project budget of \$5,344,710, seconded by Commissioner McCall. Chairman Chappell expressed gratitude for the opportunity to move forward with Phase 2, highlighting its significance for economic development and job creation in the County. Commissioner Chapman emphasized the project's role in enhancing economic development and job opportunities. **The motion was unanimously approved.**

MANAGER'S REPORT

The Manager reported the following:

- Advocacy in Raleigh:
 - Commissioners Chapman, Dalton, and McCall attended NCACC Steering Committee meetings and County Advocacy Day in Raleigh. Their efforts in advocating for the county's interests were recognized and appreciated.
- Manager's Summer Conference Updates:
 - The school budget is anticipated to be finalized in the fall.
 - Childcare funding and related legislation are included in both Senate and House budgets.
 - Potential referendums on the State Constitution may include voting issues and a proposed income tax cap of 5%. NCACC expresses concerns about the implications of such a cap becoming a constitutional amendment, potentially limiting state flexibility during budget crises.
 - Concerns were raised about the status of the mental health system and the need for improvements statewide.
- Congressman Edwards' Mobile Office:
 - The Carolina Cruiser, Congressman Edwards' mobile office, will be stationed at the Transylvania County Courthouse to assist constituents with casework and meet with them from 1:00 p.m. to 2:30 p.m.
- Appointment of County Commission Seat:
 - On July 8 at 4:00 p.m., the Board of Commissioners will appoint Chase McKelvey as the nominee of the Transylvania County Republican Party to fill a vacant County Commission seat. Mr. McKelvey was selected on June 20, and the meeting agenda will be adjusted to appoint and swear him in.
- Independence Day Message:
 - Wishing everyone a safe and festive Independence Day celebration. The holiday marks the adoption of the Declaration of Independence, celebrating freedom, nationhood, and patriotism.

Commissioner McCall raised concerns about the state budget and its impact, particularly noting that if a new budget were not passed by July 1st, the previous two-year budget would remain in effect, ensuring continuity of operations but potentially delaying expected funding increases and salary adjustments for state employees and teachers. The Manager confirmed this and highlighted the challenges posed by the uncertainty and

differing priorities in Raleigh, which could affect local government planning and advocacy efforts. The lack of clarity and direction from the Legislature was noted as a significant concern for those involved in local governance.

PUBLIC COMMENT

There were no comments from the public.

COMMISSIONERS' COMMENTS

Commissioner Chapman announced two upcoming community events aimed at fostering discussions on issues impacting the community: one at the Library on Thursday, where the County Manager has been invited to share her views on education, and another on July 29 at the Mary C. Jenkins Center involving Superintendent Dr. Fletcher. He encouraged public participation as an opportunity to provide input on education-related matters.

He also highlighted a community event on July 4 at the Courthouse, where various leaders will be reading the Declaration of Independence, inviting the public to attend.

Commissioner McCall extended wishes for a Happy Independence Day to everyone present. Chairman Chappell acknowledged the frustrations caused by the local phone access issues affecting the County today, expressing gratitude to those working to resolve the problem. Despite such challenges, he wished everyone a Happy Independence Day and thanked citizens for their participation in the local government process.

ADJOURNMENT

There being no further business to come before the Board, **Commissioner McCall moved to adjourn the meeting at 7:57 p.m., seconded by Commissioner Chapman and unanimously approved.**

Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board