

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
April 12, 2021 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in regular session on Monday, April 12, 2021 at 4:00 p.m. in Commissioners Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

Commissioners present were Larry Chapman, Chairman Jason Chappell, Vice-Chairman Jake Dalton, David Guice and Teresa McCall. Also present were County Manager Jaime Laughter and Clerk to the Board Trisha Hogan. County Attorney John Kubis participated remotely via Zoom meeting software.

Media: *The Transylvania Times* – Derek McKissock participated remotely.

There were approximately 20 people in the audience, including staff presenters. To maintain social distancing and adhere to mass gathering requirements, the conference rooms in the Administration Building were used as overflow space.

CALL TO ORDER

Chairman Jason Chappell presiding declared a quorum was present and called the meeting to order at 4:03 p.m.

WELCOME

Chairman Chappell welcomed everyone to the meeting participating both in person and remotely. He introduced Commissioners and staff in attendance.

PUBLIC COMMENT

The comments made by the public represent the individual speaker's opinion or point of view. No attempt was made to vet their statements for accuracy or modify them based on facts.

Chairman Chappell read the following public comments that were submitted in writing prior to the meeting. The comments have been summarized below by the Clerk to the Board.

Raime Hebb: Ms. Hebb reported that she received a pay raise with the implementation of the compensation and classification study and two cost-of-living adjustments since. Thus, she was disappointed to learn from the Human Resources Director that her salary adjustment was incorrect. She was given a choice to either continue working at the 37.5 hours/week with a pay adjustment or to increase her hours to 40 hours/week to keep the current pay the same. Ms. Hebb did not feel she should have to modify her work schedule or take a pay cut due to a mistake by the County. She asked the Board to reconsider their position.

Lisa Rodke: Ms. Rodke's comments started with a statement about being able to disagree without being disagreeable. She then cited a timeline of events comparing the actions of Democrats and Republicans. She reminded the Board that former County Commissioner Mike Hawkins asked the Board to consider a resolution as a declaration of unity, yet the Board has not acted on it. She accused the Board of giving a green light to the KKK to recruit at Brevard High School by their failure to pass the resolution.

Davis Whitfield-Cargile: Mr. Whitfield-Cargile commented on the short- and mid-term court alternatives and asked whether the County had considered temporarily moving the Elections office to its former location in the house across the street and using the entire Elections Center for court operations. While he understood it would be inconvenient for Elections staff, their previous location was sufficient at a former time and should serve them well again on a temporary basis, particularly in combination with the Rogow Room at the Library or other space identified for polling places. Mr. Whitfield-Cargile felt that the Elections Center could accommodate a temporary relocation of the Clerk's Office, provide courtroom space, and provide those elements requested by the courts, such as bathrooms, jury room, judge's chambers, etc. The Elections Center also has multiple access points to avoid commingling of inmates and judicial staff. In addition, the Elections Center is in proximity to the Administration Building and Library which could be used for a second courtroom if needed. He asked the Board to allow the public to be part of the conversation and consider his request to explore use of the Elections Center for court operations.

The next speaker addressed the Board in-person.

Judith West: Ms. West addressed the Board on behalf of the Living Wage Coalition of Transylvania County which is a small nonprofit group affiliated with Just Economics of WNC. Their purpose is to advocate for low wage workers' needs, provide education on behalf of low wage workers, and grant voluntary certification to employers who pay a living wage. Ms. West reported that the current living wage for Transylvania County is \$13/hour. This is based on what a single person working full-time needs to make to meet basic needs, such as food and housing, without public or private assistance. The rate was calculated based on 200% of the federal poverty guidelines for a single person. She pointed out that a family cannot be supported at this rate, but it is a more realistic minimum wage than the federal and State minimum wage of \$7.25. Ms. West shared that Transylvania County government pays all full-time employees at a living wage rate or above. Ms. West thanked the Board for their commitment to these employees. She pointed out the County does not fare as well with part-time employees working less than 30 hours/week or substitute employees. The County has six employees in part-time positions making as little as \$10.73/hour. In addition, there are 13 substitute employees that make \$11.25/hour. She again thanked the Board for making living wage a priority for most Transylvania County employees and she encouraged the Board to consider ways to bring up the wages of part-time and substitute employees.

AGENDA MODIFICATIONS

There were no agenda modifications.

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

CONSENT AGENDA

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

The following items were approved:

MINUTES

The Board of Commissioners met in regular session on February 22, 2021 and following met in closed session in which the minutes were sealed. The minutes were approved as submitted.

PRESENTATIONS/RECOGNITIONS

COVID-19 VACCINE UPDATE

Public Health Director Elaine Russell provided an update on the COVID-19 vaccine program:

- Percentage fully vaccinated 25.7% (8,830)
- Percentage partially vaccinated 27% (9,285)
- Agency focus on using J&J vaccine in weeks ahead
- Vaccine demand is slowing everywhere
- Agency shifting to small scale targeted vaccine outreach and agency-based appointments
- For groups of 5+, submit outreach request via link on agency website for “COVID-19 Vaccination Events”
- For agency-based appointments contact call center at 884-4007 to schedule

Commissioner McCall asked about the percentage of citizens who are considered having recovered from the virus. Her understanding is that figure coupled with the number vaccinated brings us closer to herd immunity. Ms. Russell agreed the County is closing in on herd immunity, but she did not have the figures available at this time. She pointed out herd immunity is considered in the 60-70% range. She said she would forward the figures to the Board following today’s meeting.

Commissioner Chapman inquired about the negative reports on the Johnson & Johnson vaccine, noting that some areas have discontinued use. Ms. Russell reported that of the 3,000 J&J vaccines administered in Transylvania County, the Health Department has encountered only a couple of issues and each time the person had reported they had not eaten within a few hours prior to getting their vaccine. Her department has since purchased drinks and snacks for the vaccine clinics to help ensure there are no similar issues in the future.

Commissioners thanked Ms. Russell and her staff for all they are doing for Transylvania County citizens.

OLD BUSINESS

2ND COURTROOM UPDATE – SHORT- AND MID-TERM OPTIONS

The Manager presented short- and mid-term options identified for a potential second courtroom. She prefaced the presentation by clarifying there is no solution that does not have some impact to County operations or services and other user groups. However, the ultimate decision resides with the Board of Commissioners.

The Manager explained that court officials continue to express concerns that the courtrooms in the Transylvania County Courthouse are inadequate. They have made periodic requests for additional space for a courtroom and court functions for several years. In response, the County has researched options to provide additional space for these purposes.

In March 2019, Judge Mack Brittain wrote a letter to the Board of Commissioners expressing continued concern with the lack of adequate courtroom space, specifically with the small courtroom, and thus notified the County that he would “to the extent possible, no longer assign District Court Judges to hold court sessions in the small courtroom effective July 1, 2019.”

With only one courtroom in use and the impact of the pandemic delaying scheduling of jury trials, Clerk of Superior Court Kristi Brown reported to the County an immediate need for a second courtroom to address the backlog of cases. In response, Commissioners instructed the Manager to identify short-term

options and to revise the mid-term options previously presented in 2019 for a second courtroom space. Again, the Manager stressed that she did not find any solution that does not have some impact to County operations.

Short-Term Options/Solution

The courts expressed a need for space during the following weeks: May 17, August 2, August 30, October 4, October 25, November 1, November 29, and December 13. Ms. Brown intends to request additional dates if a second courtroom is identified. This need is driven by superior court which would displace district court (mixture of civil and criminal court) to another facility.

The County has three large meeting rooms that could function as a second courtroom to meet immediate needs while a second space is renovated to provide a midterm solution. The length of the short-term solution will be dependent on the location and timeline necessary to renovate space for a mid-term solution.

The three spaces the Manager referenced are:

- County Commissioners Chambers
 - Increased use by the County's citizen advisory committees
 - Brevard City Council currently using space to livestream their meetings
- Elections Center Conference Room
 - Calendar currently open
 - Requires relocation of early voting to Rogow Room or Community Services Building
 - Relocation of early voting to Rogow Room interrupts book sale and other Library programming
- Rogow Room in the Library
 - Proximity to New Adventure Learning Center
 - Library frequented by children
 - Scheduling would interrupt annual book sale

Parking will be an issue with each of these options.

Mid-Term Options/Solution

A new courthouse will take approximately three years from a decision to completion thus necessitating a mid-term solution for a second courtroom.

In 2019, County staff met with court officials to explore options that meet the needs for a courtroom and court functions. At the same time, County staff asked court officials to review court scheduling options. Court officials shared some of their baseline space needs and parameters that County staff utilized when exploring space options. These included:

- Courtroom seating space for approximately 100
- A jury room with restroom
- Staff restroom
- Inmate holding with restroom
- Small space for attorneys to meet with each other and clients
- Two separate entrances for court officials and public
- Proximity to current Courthouse

County Administration worked with Architect Rich Worley to identify minimum space needs and explore options to meet those needs. Utilizing the baseline needs expressed by court officials, Mr. Worley estimated a space need of approximately 5,000 sq. ft. based on selected building layout and structural constraints. County staff researched downtown locations that may be available for lease, rent or sale that would meet the minimum space needs. This involved looking at multiple buildings and inquiring about their potential availability. In some cases, the building owners were not interested in leasing, renting, or selling their property for this use. For the building spaces that were available, they were evaluated based on space needs, estimated construction cost, and acquisition cost. Options that were suggested in the past including the former K-mart, Masonic Lodge, and the Legion Building were eliminated as potential candidates. Ultimately, the owners must be receptive to court functions being provided in those spaces.

Mr. Worley provided an opinion of probable cost for upfit to courtroom space for those locations deemed feasible for this function. The current market rate for leasing space in downtown is \$10-12/sq. ft. annually. This equates to an annual lease cost between \$50,000 and \$60,000. A rough estimate for renovation costs is approximately \$1 million but could vary by site. There is one property for sale for an estimated cash purchase of \$550,000. The preliminary estimate for renovation is \$975,000 for a total cost of approximately \$1.5 million.

County staff also reevaluated utilizing the old administration building. Mr. Worley updated these drawings to include a 70-seat courtroom and an 88-seat courtroom. He provided an opinion of probable cost of \$1.5 million. This site is more desirable from an operational impact perspective due to its proximity to the Courthouse and utility connection; however, it would require relocation of the Veterans History Museum. Comparable lease space for the museum with the same square footage would cost \$40,000 per year.

The expansion of the second courtroom space in the existing Courthouse would require extensive structural changes and relocation of the judge's office. This option would provide only a limited increase in capacity and would not come close to meeting the 90-person capacity target.

The former Elections building that currently houses the Transylvania Family Resource Center is not suitable for renovation for a second courtroom. The building is not currently being used as intended, however.

The Manager sought guidance on the short-term and mid-term second courtroom spaces so that staff can prepare those resources to be available for court use. She pointed out that if Commissioners were inclined to decide on a new Courthouse site, then she felt staff could make the Elections Center work and deal with the displacement it would create for the period it would take to design and build a new facility. She realized there was no easy decision, and that staff would work to minimize the impact to all County services and user groups with the understanding that court functions must take priority.

Chairman Chappell opened the floor for discussion, noting that no matter their decision, there will be an impact to County services, user groups and taxpayers.

Commissioner Chapman was in favor of converting the Board of Elections into court space for a period of three years to give the Board time to decide upon a new Courthouse location. He felt this would be the least costly option and provide professional space for conducting court. He was not in favor of spending \$1.5 million to renovate the former administration building that currently houses the Veterans History Museum. The Manager shared that staff would do what is necessary to minimize costs to use this facility, noting that this option prioritizes the Board making a permanent decision about a Courthouse during that timeframe.

Commissioner Guice felt the short-term solution should be very short because it does not address many of the concerns expressed by court officials over the last several years. Many of the concerns will exist with the short-term solution, such as inadequate parking, security, transporting and moving inmates, jury rooms, attorney meetings rooms, separate bathrooms, etc. He said there needs to be something more adequate to address the mid-term solution, as well as the long-term solution. He reminded everyone that years ago staff presented an option to connect the former administration building to the Courthouse which addresses many of the needs expressed by court officials. Commissioner Guice did not feel this would be a long-term solution, but rather a viable mid-term solution, especially since the County owns the former administration building. He pointed out that the County currently leases space for Probation/Parole according to their statutory responsibility, while at the same time leasing space to another organization at roughly no cost. Commissioner Guice suggested, since the Family Resource Center (former Elections building) is not being used as intended, that those offices could be transitioned out and space made available for the museum. This would free up the old administration building to serve as a mid-term solution. He supported the current Elections Center as being only a short-term solution.

Commissioner Chapman again stated his opposition to spending \$1.5 million+ on a short-term solution. If the Board was committed to using the current Courthouse site for court functions, then he supported demolishing the former administration building and constructing a facility that meets the court's needs. Otherwise, he felt the solution should be a three-year period while the County builds a new Courthouse should that be the decision of the Board. He was concerned that while the Board continues to delay their decision on a new Courthouse the price tag continues to rise.

Commissioner Guice stressed that the need for a new Courthouse is not under question but pointed out this Board has yet to discuss all the elements that will be required in a new facility. He agreed that the Board needs to make a decision and recognized that the costs continue to rise. He noted that previous Boards have taken action that has prolonged the life of the Courthouse for more than 15 years. He was concerned that court officials feel they are at an impasse, and they need the Board to act.

Commissioner Dalton preferred the use of the Elections Center as a short-term solution and possible mid-term solution. He supported exploring the use of the former administration building as a mid-term option as well. He also wanted the Board to schedule a discussion to decide where to build a new Courthouse and how it should be funded. In the interim, due to the backlog of cases, he agreed that the use of the Elections Center was a viable option.

Commissioner McCall pointed out the courts have conveyed the need for a new courthouse or court space as an emergency for at least the past 16 years and the County's not doing so has seen the costs rise tremendously. While she understood the need for a new courthouse facility, she reminded Commissioners that the cost of a new facility will be shouldered by taxpayers. At this time, she felt the Elections Center would make the most sense to provide court space in the interim. She felt it would be easier to relocate early voting than court functions. In the meantime, she was eager for the Board to have discussions about a new courthouse and make a decision.

Chairman Chappell confirmed that Commissioners were supportive of using the Elections Center for courtroom space in the immediate term. The next question would be for how long and whether the Board would be making strides in the interim to find other solutions for mid- to long-term. He pointed out that this is not simply a three-year solution because other decisions have not been made regarding a new facility. The three-year clock would begin once the Board decides on a location and is ready to contract with an architect for design purposes. Chairman Chappell stated that he felt strongly about considering the former administration building that currently houses the museum as a mid-term solution to buy additional time on building a new facility. He noted that the pandemic has caused communities to rethink how they operate which may impact current programming needs for a new facility.

Commissioner Chapman asked if the Elections Center could serve the court's purpose for a longer term and what would it take to reconfigure the site for their use during that time. The Manager was clear that the Elections Center space could not be renovated to meet the court's list of needs. The facility must undergo a complete remodel to meet the court's identified needs and the Board would have to find new space for Elections' operations. The County does not own identical or similar space to relocate Elections. The Manager stated the court system is willing to work with the County if a long-term solution is being sought in the interim.

Commissioner Guice added that the Elections Center is not big enough to add a jury room, a jury box, etc. and all the other needs the courts have identified, but it would accommodate them for the short-term. He also noted it does not provide the appropriate space on a typical district court day where hundreds of people would be trying to access the facility. He stressed this should be a very short-term solution because it is not adequate to meet their long-term needs and it will disrupt many other County services.

Chairman Chappell agreed that the Elections Center should be considered as the short-term option. He expressed concern that the space could become a mid-term solution until the ultimate decision is made on a new courthouse, thus he reiterated his support to consider the former administration building as an option and to relocate the museum to the former Elections Center. While he understood that the space is not ideal for the museum, it would show that the County remains supportive of the museum. He asked staff to seek revised costs on renovating the old administration building.

Commissioner Guice emphasized he was fully supportive of the museum but stated strongly that the County must move forward with a plan for a long-term court solution, otherwise the County would be served with a court order to take action.

Commissioner McCall wanted to see all options with associated costs and the pros and cons of each. She suggested the Clerk of Court be involved in those discussions. She also strongly supported the museum and noted they are heavily supported by the community. She again stressed that the emergency with court operations was not first presented today; it has been an emergency for 16 years. She did not want this Board to be seen as ignoring an emergency.

Chairman Chappell reminded the Board the next item on the agenda is to consider approval of a contract extension with the museum which includes a longer termination clause. These two decisions are interrelated.

Commissioner Chapman wanted to know the details of what would be involved (renovation needs, costs, etc.) to make the Elections Center a longer-term solution before it is ruled out as an option. The Manager clarified that the entire cost of this option includes relocating Elections and the Employee Wellness Clinic.

Commissioner Guice was concerned about the idea of moving the Board of Elections because the Elections Center was renovated specifically for them. He pointed out that using a conference room temporarily as a court room is an entirely different matter than suggesting that the whole department be relocated. He estimated this option to cost millions and impact the funds needed for a new courthouse. It would also split court functions into two different locations which he did not think was viable. He did support this idea, especially when the County owns a building adjacent to the Courthouse that could be remodeled for court use.

Chairman Chappell felt it would be appropriate for the Board to see the total cost of the Board's potential decisions even if the options are not feasible.

Commissioner McCall felt it would be a good idea to arrange a visit by the museum representatives at the former Elections Center to determine if it might serve as a suitable location for them. Commissioner Guice added that it would be appropriate for the Manager to begin having conversations with the Family Resources Center about the potential for another function being housed there.

Commissioner Chapman spoke on behalf of the museum. He reminded the Board that the old administration building was empty for a couple of years before it was occupied and improved by the museum. He shared that the museum has had over 17,000 visitors since its opening. He assured Commissioners that the museum has been searching for property because they understood the space would be temporary. Other counties would love to have a museum like this one and they do not want to relocate due to not having a location in Transylvania County.

At their request, Chairman Chappell called upon Ms. Brown and Judge Brittain to offer input.

Ms. Brown anticipated the use of the Elections Center as being for the short-term and she agreed that court officials would coordinate usage with County staff. She stated they would not need a jury room during this time because they would continue using the large courtroom in the Courthouse for jury trials. She stressed that they are not asking the County to perform extensive renovations, nor do they want to interrupt County services. Ms. Brown shared her concerns about the use of the old administration building. Should it be renovated, during the construction phase they would not be able to hold court in the Courthouse due to the noise it would create, thus court functions would have to be relocated in the interim. They already must cease court operations when emergency vehicles go through downtown because it is too loud to hold court. She was also concerned that the renovation of this space still does not address many of the issues they have with providing court and judicial functions.

Commissioner Guice asked for clarification that if the Board can get to a decision on the long-term solution, meaning building a new courthouse, that they could live with using with the Elections Center in that interim when the large courtroom is not in use. He asked because he was concerned about the safety and security of managing the large groups of people that are typically seen on district court days. He wanted to find a workable way to move forward.

Judge Brittain said he envisioned using the Elections Center on Tuesdays and Thursdays (typical district court days) when the large courtroom is in use for another purpose (superior court, for example). There will be no district court during the next three out of four weeks because of the large courtroom being in use. However, he does not anticipate more than 30-40 defendants at a time. Having another location to hold district court would help to address the backlog of cases as best they can for the time being.

Commissioner Guice understood the small courtroom in the Courthouse is not adequate for criminal court. However, he asked if it would be appropriate to use it for juvenile hearings, DSS cases, or civil cases that do not require a jury. Judge Brittain responded that it does not eliminate his primary concern and his directive from two years ago that he would no longer assign judges to oversee court hearings in the small courtroom for safety purposes. To him, safety was the biggest concern with the Courthouse in general, particularly with the commingling of populations.

Next, Commissioner Guice asked Court Security Officer, Sergeant Benny Frady if anything had been missed during this discussion. Sergeant Frady shared that the Sheriff Office's is statutorily responsible for the safety and security of all court officials, but also the public and all users of the Courthouse. He stated that no matter where court is held, the same security standards apply which will take additional personnel and equipment. It would take additional personnel equipment for both the old administration building and the Elections Center. He agreed with Ms. Brown that court could not be held during renovation of the old administration because of the noise.

This concluded further discussion on this item.

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

Commissioner Chapman moved to table the discussions on the agreement with the Veterans History Museum to another meeting after the Board receives input from the County Manager regarding other options and costs, seconded by Commissioner Guice and unanimously approved.

Commissioner Chapman reminded the Board as they move forward with their decision on a Courthouse, they should also be thinking about future uses of the current facility because the building is very important to the citizens of this County.

Chairman Chappell called for a 10-minute recess at 5:43 p.m. The Board reconvened the meeting at 5:53 p.m.

BALSAM GROVE AND ROSMAN VOLUNTEER FIRE DEPARTMENTS' TAX-EXEMPT STATUS

This item was presented by Assistant County Manager David McNeill. In September 2020, the Board of Commissioners approved a loan to Balsam Grove and Rosman Fire Departments for operational expenses while the departments worked with accountants and the IRS to get their tax-exempt status reinstated.

Rosman Fire

Rosman Fire Department signed the promissory note and has received the approved loan funds from the County. The department worked with Carland & Anderson to submit the necessary forms and information to obtain tax exempt status. The forms have been submitted and they are waiting for confirmation from the IRS for reinstatement. The department is requesting a 90-day extension of the promissory note and an additional loan payment equivalent to their 4th quarter payment of \$163,726.

Balsam Grove

Balsam Grove Fire Department has not signed the promissory note to date and has not received the approved loan funds from the County totaling \$97,208. The department worked with Carland & Anderson to submit the necessary forms and information to obtain their tax-exempt status. The forms have been submitted and they are waiting for confirmation from the IRS for reinstatement. Balsam Grove Fire Department requested the Board of Commissioners revise the promissory note to remove the paragraph pledging their equipment as security. They have not received funds from the County since its regular quarterly disbursement in July 2020. They are using their savings for equipment purchases to fund operations at this time.

For budgetary purposes, Mr. McNeill felt it was important to note that the County-funded budget for Balsam Grove increased in FY 2021 to provide for paid staffing at this department, but they did not proceed with adding the paid positions. If Balsam Grove does not enter the forgivable loan agreement with the County, the approved appropriations will lapse on June 30, 2021. Since they have not received three out of the four quarterly appropriation payments this year, there is a balance of \$104,931.75 in the General Fund and \$40,611 in the Fire District Fund. These unspent resources will roll into fund balance at fiscal year end and would require an additional agenda action item in FY 2022 to authorize and appropriate back payments to Balsam Grove.

Commissioner McCall moved to approve the extension for 90 days with 4th quarter payment to Rosman Volunteer Fire Department, seconded by Commissioner Guice and unanimously approved.

Commissioner Guice stated that if Balsam Grove does not sign the promissory note they could be headed toward additional financial stress, especially if they are using funds-on-hand designated for equipment for operations. He questioned why they have not signed the note. Mr. McNeill said the department is

concerned about a section in the promissory note that puts their building and equipment up as collateral. He made it clear to them that Commissioners have no intent to obtain their equipment, and other departments, including the Rescue Squad, have agreed to the same conditions.

Commissioner Guice felt it was important that all departments are treated the same and did not support removing the collateral clause.

Commissioner McCall agreed and added that this is the type of language generally seen in a loan agreement. Thus, she was in favor of it remaining in the note. She wanted to know what would reassure them that the Board of Commissioners only wants to assure they achieve their nonprofit status. Mr. McNeill hoped that any action taken by the Board during this meeting would provide that reassurance, particularly the action taken with Rosman Fire Rescue which shows a good faith effort by the County to work with the fire departments. He noted that if Balsam Grove does not sign the agreement by the 31st, they will have to come back before the Board to seek funding for the next quarter.

Chairman Chappell moved to approve an extension to Balsam Grove Fire Department for 90 days with the 4th quarter payment if the department is willing to sign the promissory loan agreement with no changes, seconded by Commissioner Guice and unanimously approved.

Commissioner McCall inquired if Balsam Grove still intended to hire the position that was approved and funded in this budget. She felt that if the position is not hired, then the money should return to the County. Mr. McNeill said they intend to hire a position, but they are trying to reobtain their nonprofit status. He would inform the department if the position were not hired, that the Board would not include those funds in their budget in FY 2022.

ROOF REPLACEMENT FOR COMMUNITY SERVICES BUILDING

This item was presented by Assistant County Manager David McNeill. He reported that the roof on the Community Services Building is more than 25 years old. The roof is in poor shape with a long history of leaks resulting in damage to the interior of the building.

The Board of Commissioners approved \$275,000 in the budget for the roof replacement. The upper roof is the priority and most critical due to its history of leaks, poor condition, and temporary patches resulting from the HVAC project. In addition, the lower roof is in poor condition, has far exceeded its useful life, and needs replacement.

The cost to replace the upper roof including all supplemental work and contingency is \$253,050. The cost to replace the lower roof including all supplemental work and contingency is \$131,250. Mr. McNeill sought approval to utilize the \$275,000 in the current year budget for replacement of the upper roof section and requested an appropriation of an additional \$109,300 to replace the lower roof section.

In response to Commissioner McCall, Mr. McNeill reported that the figures are based on actual bids, not cost estimates. A 5% contingency has been built into the cost.

Commissioner Chapman inquired about the available fund balance. The Manager informed that there is approximately \$250,000 in fund balance for emergency maintenance repairs. Finance staff plans to refund the fund balance at the end of the year once the actual final financials are determined.

Commissioner McCall asked if any of this work qualifies for American Rescue Plan Act funding. The Manager reported that the roof replacement does not qualify; however, staff has discussed whether HVAC replacements that improve air flow may qualify. Staff is waiting for additional guidance on the use of these funds from the Treasury.

Commissioner Guice moved to approve the use of current budgeted funds of \$275,000 for the replacement of the upper roof section of the Community Services Building and to approve the use of an additional \$109,300 for replacement of the lower roof section of the Community Services Building, with additional funds to come from assigned fund balance, seconded by Commissioner McCall and unanimously approved.

NEW BUSINESS

AMERICAN RESCUE PLAN FUNDING ALLOCATION FOR ROSMAN INFRASTRUCTURE

The Manager co-presented with Assistant County Manager David McNeill on this item. The County is currently in the design and survey phase of a force main sewer line project to connect the Town of Rosman's sewer line system to Gaia Herbs. This request is to include the addition of a water line extension that will connect to the Town of Rosman's water system near the intersection of Old Rosman Highway and Highway 64 and extend to the intersection of Clement Road and Old County Home Road (across from Harmony Corner).

The waterline extension will provide access to customers along the Highway 64 corridor, provide for future expansion for residential, commercial, and industrial connections, and provide opportunity for future cooperation between Town of Rosman and City of Brevard systems.

The Town of Rosman requested that the engineer include an extension of the 12-inch waterline an additional 2,350 feet on Highway 64 to Israel Road. This extension provides future connection to an additional 8-inch water line for loop feed. The project adds \$191,800 to the total project cost.

High Country Engineering provided an opinion of probable cost for adding the waterline to the sanitary sewer project with an 18-inch vertical placement in the same ditch.

Finance Officer Jonathan Griffin drafted an amendment to the Disaster Response Fund that recognizes the expected \$3.3 million distribution from the American Rescue Plan's Local Coronavirus Fiscal Recovery Fund and allocates \$2.2 million to cover the cost of the proposed Rosman water expansion (\$1.7m) plus 12.5% contingency for both projects (\$440,000). Overall, the County is currently projected to receive \$6.6 million in multiple installments with a must-spend date by December 31, 2024.

This appropriates these resources in the capital project fund for water and sewer, bringing the total for both projects to a total approved expenditure of \$3.52 million and a contingency amount of \$440,000. These costs are offset by the previously approved appropriation of \$574,238 from the County's General Fund, \$880,750 from the NC Industrial Development Fund, \$300,000 from NC Commerce Rural Economic Development, and a new allocation of \$2,205,938 from the Disaster Response Fund's ARP funding.

Staff sought direction on whether the Board wanted to add the water line to the already approved sewer line.

Commissioners made individual comments that reflected tremendous support for the addition of the water line. They felt it would have a positive impact on the community and contribute to the future growth of that area of the County.

Commissioner McCall moved to approve the recommendation from staff to use American Rescue Plan Act funding for the Rosman infrastructure/water line extension, seconded by Commissioner Dalton and unanimously approved.

VOLUNTEER FIRE AND RESCUE AGENCY AUDIT SERVICES

Finance Director Jonathan Griffin presented this item. He reported that during the development of the FY 2021 budget, the Commissioners considered a proposal to centralize audit services for the fire and rescue departments under the County government umbrella. Currently, each agency is responsible for seeking and procuring these services independently. This has resulted in the eight agencies being served by four to five firms in a given year. Staff determined that it was likely that a single firm would be able to serve all agencies, reduce interruption of services and contribute to each department receiving a consistent and equal level of service.

To that end, the County Finance Office prepared a request for proposals and solicited bids to meet this need for all agencies with one firm in January 2021. The County received three bids from firms of certified public accountants. Two of the firms currently serve some of the agencies in the County and one firm would be new to the County.

On March 24, a subcommittee consisting of County Commissioner and fire department representatives met to review the proposals with the County Manager, Assistant County Manager and Finance Director acting as support to answer or address questions on the material provided. Based on feedback from the group, the proposals were ranked in this order.

1. Carland & Andersen
2. Goldsmith Molis & Grey
3. Sharpe Patel PLLC

A summary of the three-year total cost for these services is presented here:

	C&A	GMG	SP
base audit	\$ 49,200.00	\$ 65,000.00	\$ 50,000.00
990's	\$ 6,300.00	\$ 8,750.00	\$ 7,000.00
y1 total	\$ 55,500.00	\$ 73,750.00	\$ 57,000.00
base audit	\$ 49,200.00	\$ 67,000.00	\$ 51,000.00
990's	\$ 6,300.00	\$ 8,750.00	\$ 7,000.00
y2 total	\$ 55,500.00	\$ 75,750.00	\$ 58,000.00
base audit	\$ 49,200.00	\$ 69,000.00	\$ 51,500.00
990's	\$ 6,300.00	\$ 8,750.00	\$ 7,000.00
y3 total	\$ 55,500.00	\$ 77,750.00	\$ 58,500.00
	\$ 166,500.00	\$ 227,250.00	\$ 173,500.00

The purpose of a three-year proposal is to mitigate cost increases and provide stability for both the audit firm and the agency over time. The first year of this process will be the most cumbersome year, as the auditor will need to verify the prior year's financial statements against figures they have not seen if they did not already prepare the financial statements and audit reports for other agencies.

Mr. Griffin stated that the Board should be aware that some fire and rescue agencies have objected to this process and have indicated they do not wish to participate. The purpose of this process was to ease uncertainty and reduce the need for the County to revisit contracts several times throughout the year, and not to introduce a new cumbersome process on these agencies. Therefore, staff recommended awarding a contract to an audit firm.

Commissioner McCall moved to accept the bid from Carland & Andersen for fire and rescue department audit services and to authorize the Manager to sign the agreement, seconded by Commissioner Dalton and unanimously approved.

CONSIDERATION OF CEDAR MOUNTAIN SMALL AREA PLAN PRIORITIES AND TOOLS

Planning and Community Development Director Allen McNeill presented this item. In accordance with the Transylvania County Small Area Plan Process, the Cedar Mountain Small Area Plan Committee is directed to provide the proposed plan priorities and potential tools/solutions for consideration and approval prior to writing a draft plan.

The proposed priorities and potential tools/solutions were provided to the public for feedback in four different public input sessions as directed in the Small Area Plan Process. Staff estimated that roughly 85 people participated in the public input session.

On April 7, 2021, the Cedar Mountain Small Area Plan Committee met in a special meeting to approve the proposed priorities and potential tools/solutions with community feedback from the public input sessions. At that meeting, based on the feedback from the public, the committee made one change to their draft plan goals.

As previously approved, the second plan goal under the economic development category stated:

“Promote the measured growth of small business in the commercial node as defined in the Cedar Mountain Small Area Plan”

The committee revised this goal to state:

“Promote the measured growth of small business inside the Cedar Mountain Small Area”

The committee made no other changes to their draft plan goals or the identified solutions/applicable planning tools.

The approved planning tools are to be evaluated by the Planning Board prior to the Board of Commissioners’ review and approval. At a special meeting on April 8, the Planning Board evaluated and discussed the applicable solutions/planning tools and considered the results from the public input sessions. The Planning Board unanimously approved the recommendations as presented by the Cedar Mountain Small Area Planning Committee.

Mr. McNeill recommended the Board consider the proposed priorities and potential tools/solution and provide feedback to staff.

Chairman Chappell informed the Board of their options and noted that this item does not require approval at this meeting. He reminded the Board that the ultimate approval resides with them.

Commissioner Chapman asked if zoning or other types of regulations will be required for this planning tool to be effective or whether it is simply a document that shows the wants and desires of the community. Mr. McNeill said the committee has discussed several regulations which have been identified in the plan. The plan itself is a nonregulatory document and thus cannot apply restrictions or ordinances. A plan simply defines a vision for a community and can be very beneficial for a governing board as they make decisions. The committee has discussed regulations they would like to see, but the plan itself does not lend itself to requiring regulations to be an effective governing tool.

Chairman Chappell added that it is up to the Board whether the plan is implemented or used as advisory tool.

Commissioner McCall pointed out the plan indicates the desire for zoning in some places and references amending the Pisgah Forest Zoning Ordinance to include Cedar Mountain. She acknowledged the work that has gone into the process and commended the committee and staff for their work. In her observation, the plan includes some language that is subjective. She was also concerned that only 30% of Cedar Mountain residents were represented in the survey. Commissioner McCall also pointed out that throughout the document, a need for increased staffing and funding was reported as necessary if the plan were to be implemented. She stated that if implementation of the plan increases the burden to the taxpayer, then it should benefit the entire County. At this time, she preferred to see the final draft plan prior to a vote of the Board, and she stressed that she would not be supportive of zoning.

Commissioner Guice saw the plan as a planning tool and an opportunity for a community to participate in a process. He pointed out that two other communities have expressed a desire to participate in the small area planning process as well. He agreed that the Board should see the final plan prior to taking a vote on any elements of the plan.

Chairman Chappell thanked Mr. McNeill for his excellent work and for taking on this task in a compressed timeframe. He stated that any plan that impacts one community will have an impact on all communities.

Commissioners took no action. They will consider the draft plan once completed.

RECLASSIFICATION OF POSITIONS IN THE DEPARTMENT OF SOCIAL SERVICES

The Manager presented this item on behalf of the Department of Social Services.

Income Maintenance Reclassification

The Income Maintenance unit is divided into two sections: Food and Nutrition Services and Medicaid. The Food and Nutrition section administers Food and Nutrition, Crisis Intervention Program (CIP), Low Income Energy Assistance Program (LIEAP), and Subsidized Child Care and Program Integrity. The Medicaid section administers Medicaid (Family and Children and Adult), Work First, Medicaid Transportation, Program Integrity, Cash Assistance, 200% Poverty, and Emergency Assistance. This unit currently has an Income Maintenance Administrator and an Income Maintenance Supervisor II who oversee the Food and Nutrition section and an Income Maintenance Supervisor II who oversees the Medicaid section. The Food and Nutrition Income Maintenance Supervisor directly supervises seven employees, and the Medicaid Income Maintenance Supervisor directly supervises 14 employees which is the highest ratio of supervisor to employees in the agency. In addition to the volume of time that must go into supervising 14 employees, the supervisor must also stay up to date and knowledgeable in the largest number of individual programs in one unit in the agency, review a significant amount of casework that is being completed by the employees to determine that State Report Card numbers are being met and audit findings are kept to a minimum, as well as many additional supervisory responsibilities. This request would upgrade the vacant Income Maintenance Worker II position to a Maintenance Supervisor II.

CPS Unit Reclassification

Currently, the CPS Supervisor supervises one intake social worker, five CPS assessment social workers, and two in home social workers, for a total of eight full time employees. On an average month, the CPS supervisor and Foster Care supervisor screen approximately 60 or more CPS intake reports to determine appropriate screening decision, assign appropriate track and timeframe. The CPS supervisor staffs and oversees approximately 50-60 open assessments as well as 20 open in-home cases each month. The Foster Care/Adoption supervisor currently supervises five social workers and one CSSA. He staffs cases

related to and oversees effective social work practice for approximately 60-70 children in foster care each month as well as 11 or more licensing of foster homes and 40 or more adoption assistance cases.

The number of CPS intakes and CPS assessments has stayed consistent since 2018; however, the number of in-home cases and foster care cases have increased each year because of substantial safety concerns found in the homes.

The In-Home services caseload has doubled over the past few years. In 2018, the in-home caseload consisted of six to 10 cases each month compared to February 2021 where the average caseload monthly is 14-20 requiring two SWIA&Ts to manage the caseload.

The number of foster children has also increased over the past few years. In 2018, the agency averaged four to five young adults in the 18-21 program monthly compared to the current rate of 10. The average number of children in custody in 2018 and 2019 was 40-50 children each month compared to now at 65+. During FY 2019-2020, 19 children entered DSS custody compared to FY 2020-2021 (as of the end of February 2021) where 31 children have entered DSS custody.

Staff proposed upgrading a Social Worker II position to a Social Work Supervisor III position. The position was due to a recent resignation that resulted in the moving around of some social workers to new positions.

All supervisors currently serve on community boards and committees in addition to frontline staff. An additional supervisor would allow for supervisors to be involved with community stakeholders and promote collaboration in the community.

Part-Time Paralegal to Full-Time Paralegal for DSS

The paralegal position has been vacant since last fall. The current Special Counsel to DSS has submitted his resignation and identified the challenges in hiring a part-time position for this purpose. The position is critical to success with the DSS legal department because timely filing and organized paperwork is essential. Unfortunately, there have been instances that resulted in negative outcomes for DSS cases because of errors in managing the paperwork correctly. A full-time position would increase the timeliness and functionality of the office. Human Resources has confirmed the challenges in recruitment of a highly qualified part-time candidate with most candidates looking to work full-time.

Summary of Expenditures for All Recommendations

1. Total approximate gross cost of the income maintenance reclassification is \$10,687 annually with 50% funded by state/federal reimbursement for a County cost of \$5,344.
2. Total approximate gross cost of the CPS reclassification is \$10,331 annually with 50% funded by state/federal reimbursement for a County cost of \$5,166.
3. Total approximate gross cost of the increase to full-time Paralegal would be \$32,688 annually with 50% funded by state/federal reimbursement for a County cost of \$16,300.
4. Total County cost if all three are filled by May 1 is \$4,468.

Commissioner Guice moved to reclassify the recently vacated Food and Nutrition IMC II to IM Supervisor II for the unit, to reclassify the SW II to a full-time SW Supervisor III in the CPS unit, and to increase the part-time DSS paralegal to full-time and to authorize a budget amendment to cover the expenses, seconded by Commissioner Dalton and unanimously approved.

BUDGET AMENDMENTS

This item was presented by Finance Director Jonathan Griffin.

General Fund New Revenues/Expenditures

#40 is a re-recognition of revenue from a grant program originally approved in the FY 2020 budget. The County is a current participant in the Homeland Security Grant Program through the North Carolina Department of Public Safety. Pursuant to the terms of this program, the County would procure and equip two “prime movers” high powered Ford F-550 designed to carry significant equipment loadouts in emergency situations. The vehicles were not delivered to the County until January 2021, and the County was not eligible to be reimbursed until both vehicles were received. Pursuant to the grant terms, one of the vehicles is to be transferred to Madison County, North Carolina.

#41 is the recognition and appropriation of match expenses for supplemental grant revenue for the Health Department’s COVID-19 vaccination program. These are restricted CDC funds being passed through the North Carolina Department of Health and Human Services. The purpose is to assist with the temporary staffing needs required by the Health Department as a part of the pandemic response.

#42 represents an appropriation and recognition of additional revenues and expenditures for the Public Health department related to COVID-19 detection and prevention activities. This agreement is the reallocation of unspent FY 2020 resources in FY 2021.

#44 represents the recognition and appropriation of occupancy tax revenues and payments to the Transylvania County Tourism Development Authority. The County levies a 5% occupancy tax and is responsible for remitting collections to the TDA on an at least quarterly basis. The nature of the collection and remittance process under governmental accounting requires both the TDA to amend its budget, which it did at its December 3, 2020 meeting, but also the County to do so to align the General Fund with the TDA’s general fund. As the County can only temporarily hold occupancy tax revenues, this budget amendment has no real financial impact and is just an on-paper adjustment to comply with the Fiscal Control Act.

#51 represents an appropriation and recognition of additional revenues and expenditures for the Public Health department related to COVID-19 vaccination program. This represents a second dose from this funding stream and builds off the prior \$29,022 allocation reflected in budget amendment #41. Whereas the earlier funding allocation was used primarily on temporary staff for contact tracing, etc., this is primarily on supplies. Only \$100,000 of this has been spent so far, with the primary expenses being test kits and the tents for the drive-through sites.

#54 represents recognition and appropriation of fund balance for matching funds in two DSS programs: LINKS and State Foster Home. The Department of Social Services continues to see higher expenditures in its foster programs, in prior years the AFDC IV-E program, in this year the State Foster program. The state programs have a 50% match requirement, so to increase by \$80,000, \$40,000 is appropriated from general fund unassigned fund balance and an additional \$40,000 is recognized in revenues.

#56 represents recognition and appropriation of revenue to offset expenses incurred during the November 2020 by the Transylvania County Board of Elections. This appropriates an additional \$52,272 received from the State Board to offset locally incurred costs. This budgetary expansion offsets some costs incurred by the Board of Elections that would have otherwise been absorbed locally.

Amendments To the Disaster Response Fund / Re-Allocations Within General Fund

#38 represents earmarking certain resources in the General Fund based on cost-savings achieved by billing employee time and leave to the Disaster Response Fund. During the first six months of FY 2021, the County was able to charge a total of \$661,857 in employee salaries and wages. These came from the Finance, Tax Administration, Sheriff’s Office, Detention Center, Emergency Medical Services, Communications, Inspections and New Adventure Learning Center department cost centers in the County

budget. This accounts for both the salary of staff who were substantially dedicated by the nature of their duties or if the department experienced staffing shortages due to the COVID-19 emergency leave sick leave program. The actual expenditures of CRF funds were approved with prior amendments, so this only concerns the restrictions on the use of appropriated funds in the General Fund.

#45 is similar to budget amendment #38 and represents a CARES Act grant that the Parks and Recreation Department received as a subaward from the YMCA of the Triangle. Pursuant to Local Government Commission rules, all CARES act accounting occurs in a special revenue fund. This amendment adds revenues and expenditures in the Disaster Response Special Revenue Fund and earmarks the savings in the General Fund.

#48 similarly moves revenues and expenses related to the Public Transportation Department's use of CARES Act Public Transportation relief funds to the special revenue fund, and then reducing the budget for these departments and earmarking the savings for other purposes.

Fund Balance Appropriations

#60 – Appropriate vacation leave reserves to cover costs of vacation payouts and cash outs for the first three quarters of the fiscal year. This represents an increase in expenditures, but this is offset by the corresponding reduction in liability. The County's policy has been to keep General Fund assigned fund balance at a level equal to ninety percent of the liability, so funds are already set aside for this purpose. Staff has previously handled this appropriation once per year in the fourth quarter, but the restriction on using leave for the last quarter of FY 2020 and first quarter of FY 2021 and the significant number of retirements in FY 2021 has led to higher expenditures that have stretched salary budgets.

The total amount of leave payouts charged against the General Fund for the period between July 1, 2020, and March 31, 2021, was \$217,902. Approximately 63% of these expenditures were related to an employee leaving Transylvania County Service, and the remaining 37% was related to employees selling a week of their leave back to the County.

Narcotics Task Force Fund (Fund 51)

#59 – The Sheriff's Office has requested an appropriation of fund balance in the Task Force Special Revenue fund to purchase a vehicle. Sheriff's office staff have provided a quote for a vehicle to the Finance Office that appears to comply with all relevant state procurement laws and have requested no other information be shared publicly concerning this purchase since the intent is for the use of law enforcement. As the Task Force Special Revenue Fund contains resources restricted for law enforcement purposes or forfeitures, this is a permitted use of funds.

Total appropriations in the General Fund budget would increase by \$1,174,822 to a total of \$63,865,266. The total appropriations in the Disaster Response Fund would increase from \$866,203 to \$1,080,355. The Narcotics Task Force Special Revenue Fund would increase from its current budget of \$15,000 to \$56,000 for the remainder of FY 2021.

Chairman Chappell moved to approve the budget amendments as recommended, seconded by Commissioner Guice and unanimously approved.

MANAGER'S REPORT

The Manager reported the following:

- Advertising to seek applications for special counsel to serve the Department of Social Services
- Inviting all to wear blue on April 27 in honor of Child Abuse Prevention Month as a show of solidarity for children in our community

Chairman Chappell called for a 10-minute break at 7:03 p.m. The Board reconvened the meeting at 7:13 p.m.

WORKSHOP

CAPITAL FUNDING FINANCIAL MODELING

David Cheatwood, Managing Director of First Tryon Advisors and Chazzo Obliston, Vice-President of First Tryon Advisors, both participating virtually, demonstrated a modeling tool for capital planning. County staff have identified more than \$225 million in capital project needs for Transylvania County.

First Tryon Advisors has been working as the County's financial advisor since 2016. They help the Board think through financial decisions in terms of borrowing, setting appropriate tax rates, etc. They created a capital planning tool which is updated each year when the County receives the final audit of its finances. The model is excel based and is interactive and dynamic. It allows them to turn projects on and off, apply various timeframes, and change the amount, with the goal of determining the financial impact to the County's fund balance, tax rate, etc.

Of the County's current tax rate, 14.5 cents are dedicated for capital projects. Out of the 14.5 cents, 10.5 cents are for the school bond projects. The remaining is for the courthouse, public safety, parks and recreation and economic development.

The County's primary sources of revenue are from property and sales taxes. From a historical perspective, the County's property tax revenues for the last five years have grown 7%. This rate is somewhat misleading due to a tax increase enacted by the Board to pay for the school bond projects. Removing this factor, the natural growth is approximately 2%. For future projections, First Tryon Advisors assumed a 1.5% growth rate in property taxes.

The County brought in just under \$10 million in local option sales tax revenues in FY 2020 which has averaged 7% growth rate over the last five years. The financial advisors have assumed a 3% growth rate as a projected conservative estimate.

The County's largest expenditures fall under education, public safety, and human services. Education expenditures have grown about 2.5% over the last five years. Going forward, they project a higher growth assumption of between 4% and 4.5% over the next five years. This does not include the debt service on the school bond referendum; it is purely for operations, ongoing maintenance, and smaller capital projects. Public Safety expenditures have grown approximately 7% over the last five years. FY 2021 assumes a reduction primarily due to fire department expenditures that were taken out of the general fund. Other than the one reduction, public safety expenditures are expected to grow 3%. Human services expenditures growth rate has averaged 1.5% over the last five years with a projected 1% growth rate thereafter. Overall expenditures are expected to grow by 1.7% largely due to the one-time reduction in public safety expenses, but on a going forward basis for FY 23-26, the projected growth rate is approximately 2.5%.

Mr. Cheatwood also highlighted solid waste expenditures. Over the last four years, transfers out to the solid waste fund have been about \$500,000 to \$600,000. The same is projected for future years. In addition, the transfers out to the capital projects fund for FY 21 is 10.5 cents. It is higher for FY 2022 because it includes the additional two to four cents in order to isolate the capital projects from operating expenses (from assigned fund balance to capital projects fund).

When they build into the model all the County's projected revenues, expenditures, and transfers out, they can then see what factors are driving the County's unassigned fund balance. They want to ensure the

County has the minimum targeted fund balance as well as monies in the capital projects fund. Historically, the County's fund balance has grown well over the last five years. On a going forward basis, there is a mismatch in expenditures versus revenues in that expenditures are outpacing revenue growth. Mr. Cheatwood reminded the Board these are assumptions, but it gives the County a starting point to consider when doing long-term planning.

Next, Mr. Cheatwood took a deeper dive into the capital projects. Again, he recapped that 14.5 cents for FY 22 and beyond are available for capital projects, leaving 49.1 cents for general fund operations. He reviewed another scenario where the County would dial back the 14.5 cents to 12.5 cents for a couple of years, and then go back to 10.5 cents in later years, with the balance going to the general fund. They were focused on unassigned fund balance and whether all the projects can be funded with the unassigned fund balance remaining at a desired level and without depleting funds in the capital projects fund.

In the model, First Tryon Advisors turned on approximately \$173 million of projects, including \$68 million for school bond, \$42 million for the courthouse, funds for various projects in EMS, community college, landfill, etc. Those are mostly debt funded projects (\$150+ million). They have the ability within this model to look at debt versus cash. Included in the model are also some pay-as-you-go school capital projects, as well as projects at Silvermont and other various projects. The \$173 million in projects is spread over five+ years and the model indicates how they are spaced out over time.

In terms of assumptions for debt and the timing, the model allows projects to be turned on and off, change amounts, change the timing of the project, and input certain debt assumptions (loan and interest rates, tax rate, etc.). Many of the project use installment financing as a funding mechanism. The County has two primary funding mechanisms: limited obligations bonds/installment financing and general obligation bonds (school bond).

In scenario one, whereby all the projects are funded with debt and some cash, the debt service is going to increase substantially. The County has very low debt currently which is positive. If all the projects are turned on, the County's debt service in a given year would exceed \$10 million by time of FY 2027-28 and would then be paid down over time.

On the impact to fund balance, with 14.5 cents available to pay for capital projects and \$173 million in projects funded, by FY 2024 general fund unassigned fund balance goes into the negative. This is purely a function of taking out 14.5 cents annually and assuming operating expenditures are growing faster than revenues; therefore, the County is operating at a deficit for the next several years. The unassigned fund balance is going to decline over time and becomes negative in FY 2024. This is how it would look over the next 10 years if no additional property tax is added for operations and only 14.5 cents is assigned for capital projects. The positive news is that the 14.5 cents is enough to cover \$173 million worth of projects. Combining the two – unassigned projects and capital projects fund – and essentially making all those funds available, through FY 2025 on a combined or aggregate basis, the County's finances continue to look healthy. The fund balances combined is greater than 25% of the general fund expenditures. That is a good target for consideration by credit agencies, the Local Government Commission, and other peer agencies across the State. This level can be maintained through FY 2025, but it starts to dip below the 25% mark in FY 2026. This is okay until FY 2029, when the amount become negative. The bad news on the unassigned fund balance in isolation is it is being depleted quickly. On an aggregate basis, the financial picture is positive for a while, but in FY 2026 a downward trend begins.

Scenario two gives an option to extend the life of the aggregate fund balance and maintain ample funds in the general fund and not trend negative in the near term. Scenario two is dialed back to 12.5 cents going into capital projects fund. This leaves the additional two cents being available in the general fund for operations. After a few years, the level is dialed back even more to 10.5 cents going forward.

Unassigned fund balance in the general fund then remains positive through FY 2028 before going negative. However, the capital projects fund will be negatively impacted when funds are drawn down for projects. The capital projects would trend into the negative by FY 2029. In the aggregate, it gets the County's finances to the same point overall, but this scenario extends the life of each by a couple of years.

The Manager pointed out that the model not only shows the transition of funding into the solid waste fund into the general fund on an annual basis, but also the capital projects hitting the general fund. One option staff remain in discussions about is how to have a sustainable fund for solid waste as its own enterprise. Staff would be interested in determining how an enterprise impacts long range capital planning. Mr. Cheatwood stated the model has the County's tax rate remaining static and the 14.5 cents going into the capital projects fund in FY 2022. The inputs can be changed in the model to reflect the Board's desires. If the assumption were that solid waste was self-supported, the model would turn off the landfill projects which are currently turned on as debt, as well as all the pay-as-you-go projects and the annual transfer, which helps both the unassigned and capital projects fund. The capital projects fund would grow because the County would be paying less debt service and pay-as-you-go projects. Unassigned fund balance is extended. In the aggregate, it extends the rate from FY 2025 to FY 2027. This can be fixed by reducing the amount of taxes going into the capital projects fund. This is just an example of how the model works.

The Manager informed Mr. Cheatwood that the Board has been discussing the courthouse project at length. Commissioners suggested increasing the estimate for the courthouse because costs continue to rise. Mr. Cheatwood advised that a \$50 million USDA loan over a 35-year period at 2.25% interest rate on a level payment structure would have an annual debt payment of \$2.1 million annually. The value of a penny on the tax rate is currently \$600,000. A 40-year loan reduces the annual payment to \$1.9 million but the trade-off is the payback is higher over time.

The Board discussed several other scenarios before concluding the workshop. They also discussed how federal dollars might impact these figures, with the Manager noting that the parameters around these funds are intended to be strict and targeted, mostly toward infrastructure projects. The Board also discussed and sought answers for how COVID may have impacted future operations of the court system and public school system and whether these factors will affect the cost.

There was also discussion on the availability of USDA funds. The Manager said the availability is based on federal appropriations. There is no concern at this time about the lack of funds.

The Manager pointed out that economic development projects have not been added to the model. She noted that positive growth in economic development would have a greater impact on the tax base. One of the challenges the County faces in terms of the tax rate, is that 92% of improved properties are residential. Any tax increase enacted by the Board impacts impact them rather than being offset by the commercial base. With affordable and workforce housing being a current topic of discussion, it is a tough balance to strike.

The Board intends to have discussions on their priorities during the upcoming budget consideration. The Manager encouraged the Board to review the information provided by First Tryon Advisors because the model is based on assumptions and the annual budget appropriations impacts these assumptions.

The Manager and the Board thanked Mr. Cheatwood for their presentation and service to the County.

PUBLIC COMMENT

There were no public comments.

COMMISSIONERS' COMMENTS

Commissioner McCall asked the Board to consider a joint meeting with the Board of Education because they will be requesting the Board of Commissioners consider a bond sale in the near future. She has some concerns she would like for them to address prior to getting to the point of the bond sale.

ADJOURNMENT

There being no further business to come before the Board, **Commissioner McCall moved to adjourn the meeting at 8:23 p.m., seconded by Commissioner Guice and unanimously approved.**

Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board