

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
September 13, 2021 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in regular session on Monday, September 13, 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 Chairman Jason Chappell, Vice-Chairman Jake Dalton, David Guice, and Teresa McCall. Commissioner Larry Chapman was out of town. Also present were County Manager Jaime Laughter and Clerk to the Board Trisha Hogan. County Attorney Julie Hooten participated remotely via Zoom meeting software.

Media: Dan Dewitt – *Brevard Newsbeat*
Alex Perri – *The Transylvania Times* (participated remotely)

There were approximately 10 people in the audience.

CALL TO ORDER

Chairman Jason Chappell presiding declared a quorum was present and called the meeting to order at 4:01 p.m.

WELCOME

Chairman Chappell welcomed everyone to the meeting. 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.

Brittany Summey: Ms. Summey provided a handout to the Clerk to the Board to disseminate to the Board before her comments. The handout highlighted her complaint about inconsistent data being reported by the Transylvania County Health Department to the North Carolina Department of Health and Human Services versus information being reported to the community.

AGENDA MODIFICATIONS

The Manager requested to add a closed session to consult with the County Attorney.

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

CONSENT AGENDA

Commissioner Guice requested to remove the item regarding the DSS Contract for Guardianship from the Consent Agenda for further discussion.

Commissioner Guice moved to approve the Consent Agenda (Items A-C), seconded by Commissioner Dalton, and unanimously approved.

The following items were approved:

BAD DEBT WRITE OFF IN THE HEALTH DEPARTMENT

Transylvania Public Health's bad debt policy identifies the process for handling aging accounts with no payment activity greater than 180 days. Public Health Director Elaine Russell recommended the Board of Health approve the write-off of bad debts totaling \$182.62 for the period July 1, 2020 - December 31, 2020. The Board of Health approved the write-off on August 10, 2021. Balances greater than \$50 total \$111 and will be sent to the NC Debt Setoff Program for potential collection.

PROCLAMATION – CONSTITUTION WEEK

September 17, 2021 begins the national celebration of Constitution Week and a weeklong commemoration of America's most important document. A resolution petitioning Congress to set aside September 17-23 annually to be dedicated to the observance of Constitution Week was signed into Public Law #915 on August 12, 1956 by President Dwight D. Eisenhower. The celebration aims to emphasize citizens' responsibilities for protecting and defending the Constitution in order to preserve it for posterity, inform people that the Constitution is the basis for America's great heritage and the foundation for our ways of life, and encourage the study of the historical events which led to the framing of the Constitution in September 1787. Commissioner McCall read aloud the proclamation for the benefit of the public.

**PROCLAMATION #25-2021
CONSTITUTION WEEK**

WHEREAS, September 17, 2021 marks the two hundred and thirty-fourth anniversary of the drafting of the Constitution of the United States of America by the Constitutional Convention; and

WHEREAS, it is fitting and proper to officially recognize this magnificent document and the anniversary of its creation; and

WHEREAS, it is fitting and proper to officially recognize the patriotic celebrations which will commemorate the occasion; and

WHEREAS, public law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17 through 23 as Constitution Week;

NOW, THEREFORE, the Board of Commissioners of Transylvania County does hereby proclaim September 17 through 23, 2021 to be CONSTITUTION WEEK and asks our citizens to reaffirm the ideals the Framers of the Constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties, remembering that lost rights may never be regained;

FURTHERMORE, the Board of Commissioners of Transylvania County urges all citizens to study the Constitution and reflect on the privilege of being an American with all the rights and responsibilities which that privilege involves.

This the 13th day of September, 2021.

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

AN ORDINANCE DECLARING A ROAD CLOSURE FOR THE VETERANS DAY CEREMONY

The NC Department of Transportation's (NCDOT) Special Event Guidelines stipulates that counties shall pass an ordinance declaring a road closure for a special event. The purpose is so NCDOT can review for conflicts and concerns but they neither approve nor deny the event. The Clerk will submit the special use permit application to the City of Brevard to close a portion of Main Street on November 11 for the Veterans Day Ceremony at the Courthouse Gazebo. The Board approved "An Ordinance Declaring a Road Closure for the Veterans Day Ceremony" and instructed the Clerk to send the document to the NCDOT Highway Division 14 office.

Ordinance No. 26-2021

An Ordinance Declaring a Road Closure for the Veterans Day Ceremony

WHEREAS, the Transylvania County Board of Commissioners acknowledges a long tradition of honoring our veterans; and

WHEREAS, the Transylvania County Board of Commissioners established a Veterans Day Committee to plan an annual ceremony at the Courthouse Gazebo on Main Street between Broad and Gaston Streets; and

WHEREAS, the Transylvania County Board of Commissioners acknowledges it requires additional time both prior to and following the event for set up and removal of signs and equipment and one hour for the ceremony;

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of Transylvania County pursuant to the authority granted by NCGS 20-169 that they do hereby declare a temporary road closure during the date and times set forth below on the following described portion of a State Highway System route:

Date:	Thursday, November 11, 2021
Times:	10:30 a.m. – 12:30 p.m.
Location Description:	Main Street (E Main St/US 276 N/US-276 S) between Broad and Gaston Streets in downtown Brevard (in front of the Transylvania County Courthouse)

This ordinance is to become effective when signs are erected giving notice of the limits and times of the ceremony and implementation of adequate traffic controls to protect participants and to guide vehicles around the event route.

Adopted this 13th day of September, 2021.

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

ITEM REMOVED FROM CONSENT AGENDA

DSS CONTRACT FOR GUARDIANSHIP

DSS Director Amanda Vanderoef reported that the Department of Social Services currently contracts with Hope for the Future to provide case management for clients under guardianship for 16 individuals for \$265/month per individual for an annual cost of \$50,880.00. Hope for the Future is well equipped to

serve clients with mental health and substance use disorders, and they can place clients all over the State, whereas Transylvania County has limited placement availability.

DSS currently has 23 individuals under guardianship who were appointed by the Clerk of Superior Court. Oftentimes, the agency is named guardian of individuals of whom it has no prior knowledge; this situation presents unique challenges with younger individuals presenting mental illness diagnoses and substance use disorders. In addition, DSS staff have had difficulty locating the clients making it impossible for DSS to ensure their safety and well-being. DSS staff is required to make face-to-face visits with these clients at a minimum of once every 90 days. Ms. Vanderoef noted that many of these individuals have no source of income which puts the cost of care and other needs on the agency. Sometimes, the only placement for individuals has been a hotel, which is inappropriate, and some of those clients have caused damage to the hotel rooms. When there is no oversight, DSS is unable to ensure the safety and well-being of these clients.

The position (Social Worker III) that typically provides this service has been vacant since early August. This position currently has a budgetary impact on the County of \$74,086.67 annually, which includes salary, retirement, insurance, and FICA.

Ms. Vanderoef proposed that DSS contract all its guardianship clients through Hope for the Future at a rate of \$275/month per individual. For 38 clients, the annual cost would be \$125,400. The amount would increase if the Clerk of Superior Court names DSS as the guardian for additional clients.

DSS currently has \$20,000 budgeted in an "Adult Care Supplement" line item, but the amount could be reduced to \$15,000 annually by contracting all DSS guardianship clients to Hope for the Future. DSS has averaged 19-21 clients per year.

DSS receives reimbursement for case management services for these clients through the Social Services Block Grant (SSBG). These monies are limited and thus depleted quickly during the year. The monies are used for most adult service programs so there would be no loss of reimbursement. DSS would still receive guardianship referrals as mandated and file petitions for adjudication of incompetency on any of their clients if appropriate, but DSS would no longer provide case management services. The DSS Board met on August 25, 2021, and unanimously agreed to contract out all its guardianship services.

Below is a breakdown of the current budget versus the proposed budget for the contract services:

Current Budget	Proposed Budget
\$50,880 contract	\$125,400 contract
\$74,086,67 Social Worker III	Eliminate vacant position
\$20,000 supply	\$15,0000 supply
Total: \$144,966.67	\$140,400

Commissioner Guice asked if Transylvania County remains responsible for the client particularly with the Clerk of Superior Court making the appointment of guardianship. Ms. Vanderoef informed that, if approved, the Clerk of Superior Court would appoint Hope for the Future as legal guardian. Hope for the Future would be responsible for those individuals, but DSS would oversee the contract with Hope for the Future and would therefore address any issues that might arise. The State would also monitor their performance to ensure oversight of their work.

Commissioner Guice stated that an agency taking over these types of cases is faced with serious responsibilities. He inquired further about their performance history. Ms. Vanderoef stated that Hope for

the Future has been in the business of providing guardianship services for communities for many years and, in her experience, they have always met the requirements of the standards.

The Manager pointed out the DSS Board has approved the recommendation based on their due diligence.

Commissioners asked staff to update them regularly on the status of the contract. Citizens must understand how guardianship cases are being managed in Transylvania County, especially for those with mental illness and substance use disorders.

Commissioner Guice moved to approve the DSS contract for guardianship services, seconded by Commissioner Dalton, and unanimously approved.

APPOINTMENTS

TRANSYLVANIA COUNTY TOURISM DEVELOPMENT AUTHORITY CHAIR

Session Law 2008-88, House Bill 470, that created the Transylvania County Tourism Development Authority (TCTDA) states that the Board of Commissioners shall designate one member of the Authority as Chair. TCTDA Executive Director Clark Lovelace submitted a letter of recommendation asking the Board of Commissioners to appoint Layton Parker as chair for two years.

Commissioner Guice moved to appoint Layton Parker as chair of the Transylvania County Tourism Development Authority for two years, seconded by Commissioner Dalton and unanimously approved.

NEW BUSINESS

CONTRACT STAFF THROUGH NC PUBLIC HEALTH ALLIANCE

The Manager presented this item on behalf of Public Health Director Elaine Russell. Ms. Russell was unable to attend the meeting in person, but she joined via Zoom meeting software to answer any questions the Board might have.

The North Carolina Public Health Alliance was developed in 1995 to meet the need for a staffing agency to serve local health departments specifically and exclusively. Funding streams for local health departments are often time-limited, contributing to the complexity and caution for creating full-time equivalent (FTE) employees. The North Carolina Public Health Alliance allows a proven pathway to address health department staffing needs with time-limited funding without the creation of FTEs.

Health departments across North Carolina have received significant time-limited funding to address the data, education, testing, and vaccination duties related to COVID-19. Transylvania Public Health has been judicious in the use of these funds. To date, the agency has directed most staff (minus Environmental Health) to the work of COVID-19. However, the North Carolina Department of Health and Human Services (NCDHHS) has indicated an expectation that local health departments should move to re-start program services normally provided by health departments.

For the agency to fully restart agency clinical programs by current staff, meet the COVID-19 Agreement Addendum deliverables, and address the growing staff fatigue, the Manager asked the Board to contract with the North Carolina Public Health Alliance for additional staff to address COVID-19 work. The estimated number of staff contracted through the Alliance would be six nurses and one health educator. One of the nurse positions would work part-time to cover on-call and weekends and provide relief to current nursing staff who have worked on-call and on weekends for the last 18 months. The nurse

positions will be spread across the department to respond in numerous ways to the pandemic, including a liaison nurse to help with the school nursing program.

All contract costs for staffing coverage will be covered by Agreement Addendum funding allocated to the Health Department by the Division of Public Health. Using the Alliance for staffing coverage protects the County from the obligations that arise with the creation of FTEs.

Commissioner McCall inquired about which agency was responsible for supervising the school nurses. The reason for her question was that there appears to be confusion in the schools related to COVID-19 protocols. She suggested an education effort on the part of the Health Department to explain responsibilities and ensure consistency with the protocols. Ms. Russell explained that all school nurses in Transylvania County are paid by the Health Department. Their scope of work is outlined in a contract between the Health Department and Transylvania County Schools. She stated the new nurse liaison is ideally suited to provide the necessary training and coordination.

Commissioners also asked for feedback later about the information shared with them during the public comment period.

As with all grant-funded positions, Chairman Chappell reminded staff there is no guarantee the positions will continue when the grant funding period ends.

Commissioner Guice moved to approve contracting with the North Carolina Public Health Alliance to meet staffing needs related to COVID-19, seconded by Commissioner Dalton. Commissioner Guice stated this proposal is an effective and efficient way to address the staffing needs as quickly as possible. He was appreciative of the availability of funds to meet this need. He thanked Ms. Russell and her staff for their dedication to providing critical services to the community. Commissioner McCall stated that she was in favor of the proposal because some of the monies and staff time will be devoted to clearing up the misrepresentation of COVID-19 protocols. **The motion was approved unanimously.**

OSHA'S EMERGENCY TEMPORARY STANDARD PLAN IMPLEMENTATION

Budget and Management Analyst Kate Hayes presented this item. OSHA's Emergency Temporary Standard (ETS) became effective on June 21, but many local governments did not create policies of their own as it was publicized as applying to employees in healthcare. However, the policy does extend to local government employees who provide healthcare services such as those in the Health Department clinics and EMS. It also extends to employees who work in those settings, including Maintenance and Housekeeping personnel, when they are working within those two settings. While OSHA does not list health department clinics directly in the policy, it is the staff's understanding that the ETS does not extend to the remainder of the Health Department located within the same building.

The ETS requires that Transylvania County create a plan specific to the emergency responders and Health Department employees covered under the standard that includes procedures to minimize the risk of transmission of COVID-19. The County's Operations Director, Health Director, EMS Director, and additional staff are coordinating the creation of this plan and will bring it to the Board for adoption once complete.

The ETS makes it mandatory for all employees in the referenced healthcare settings to wear a facemask when indoors or in a vehicle with another person. The masks must be FDA-approved and be provided by Transylvania County. If aerosol-generating procedures are taking place, employees must be equipped with respirators. The ETS also requires employees to be screened before beginning their workday or shift. For employees within ETS areas, infection protocols follow the CDC guidelines. The standard requires that covered employees be compensated if they test positive or are placed in quarantine. Sick

and vacation leave can be used to satisfy this requirement, but Transylvania County will have to provide leave to covered employees who do not have their own.

The final piece of the Emergency Temporary Standard involves reporting procedures and additional record-keeping requirements in the form of a COVID-19 log for all positive cases regardless of if work-related. Work-related positive cases will be recordable on the OSHA form 300.

The purpose of this item is informational and for discussion purposes. Staff will bring forth a recommendation to the Board at a future meeting.

Chairman Chappell requested staff to bring back further detail on how they intend to manage the leave time component to ensure fairness to all employees.

The Manager pointed out that leading up to the announcement staff was under the impression that the directive applied to private employers only. However, when the directive was released, it indicated it would apply to Medicare and Medicaid recipient organizations. Staff continues to seek clarification on whether the County will have to implement those procedures.

Commissioner McCall asked if staff were delaying full implementation of the policy until they receive further clarification. The Manager explained that staff is moving forward with implementation understanding that the federal directive continues to change. Staff intends to look at the leave issue because they are uncomfortable about incentivizing people to burn their leave and penalizing others who are more diligent in making sure they have leave available. Staff may propose different options for the Board to consider.

Commissioner Guice asked how staff can balance the workload when many staff are on leave and whether they can fill vacancies. He was particularly concerned about EMS and law enforcement. The Manager stated that many departments are experiencing staffing shortages due to COVID-19 illness and quarantines. County government is oriented to providing public safety and health and human services, so any time departments are operating with less, that means a lower level of services for citizens. This is concerning for her as County Manager. Additionally, she is concerned about how these policies could impact employees' employment decisions so there are several factors that the Board and staff will need to address thoughtfully. The other issue is that the OSHA rules only apply to certain employees, so there are many elements for the Board to consider ensuring the policy is fair to all employees.

Ms. Hayes added that the new guidance on applying the policy to Medicare and Medicaid recipient agencies is unclear. She pointed out that OSHA provided a template plan to assist local governments in implementation, but it is likely the Board will need to consider separate policies. The Board will need to give staff guidance on what they want to see in the policy.

Commissioner Guice asked how this policy would impact those organizations that operate with mostly volunteers, like fire departments. The Manager stated that based on the OSHA guidance, those organizations would need to implement their policies; however, if they provide healthcare or first responder services, the policy applies.

Chairman Chappell inquired about a timeframe for approval. He did not support rushing the decision since the guidance continues to change.

Commissioner McCall agreed. She also wanted to ensure that the policy this Board approves is fair to all employees, especially with providing leave to employees.

Staff will continue to work on policies based on the federal guidance and ones that are fair across the board.

4TH QUARTER FINANCIAL UPDATE

Finance Director Jonathan Griffin presented the 4th quarter financial update to the Board.

General Fund Revenues by Functional Area

Ad valorem property tax collections through the end of June were healthy and within budget on both fronts – real and personal property and motor vehicles. Local option sales taxes distributions ended the year at \$2.2 million over budget, including the amount passed from the Department of Revenue during July, August, and September. The County received a significant boost in overall sales taxes. Overall, sales taxes were 14% over the prior year which is attributable to significant changes and a statewide trend in consumer habits around online retail.

Occupancy taxes, levied by the County at a rate of 5% of gross sales, ended the year at the final estimated budget within \$10,000, at \$1.8 million total. This is a 123% increase over the prior year. While these are strictly pass-through for the County, passed onto the Transylvania Tourism Development Authority, they are important to understanding sales and use tax activity.

The Register of Deeds continued to generate significant revenues driven by real estate transactions, up 72% over the prior year, or \$673,000.

The Sheriff's Office generates revenues from issuing concealed carry permits and documents on behalf of the courts or other law enforcement agencies and housing inmates for other jurisdictions. Revenues are significantly below the prior year and the long-term trend, driven by a low average daily population at the jail.

The EMS Department generates revenue on a fee-by-fee basis for each ambulance trip provided. The Board's decision in FY 2020 to outsource EMS billing to a third party kept up positive trends and generated additional revenues.

Other Public Safety relates primarily to fees at the Animal Shelter, grant revenues to Emergency Management, and the new dispatch agreement with the City of Brevard. The primary driver of growth over the prior year was the \$117,000 received from the City for the first months of the new agreement.

Public Health and the Department of Social Services are both higher than the prior year at the equivalent time. This is attributable to intergovernmental revenue grants from the State of North Carolina, both of which are allocating revenues to and from the various CARES Act sources to reimburse the County for various expenditures. Public Health's actual revenues are below budget estimates primarily due to timing related to spending down its CARES Act resources.

Public Transportation's revenues are lower across the year primarily because of the State of North Carolina's suspending of the Rural Operating grant program for FY 2021. Given the changes in gas tax collections during the pandemic, the State suspended these payments out of the Highway Trust Fund. However, there is an equivalent decrease in expenditures in Public Transportation because the staff was able to leverage CARES Act dollars through the Disaster Response Fund to reduce the general fund's expenditures on transit.

Expenditures by Function

County Administration, which consolidates the Board of Commissioners, Administration, Human Resources, Information Technology, Finance, and Central Services, ended the year on budget and within all expected parameters.

The Board of Elections' expenditures were significantly below budget, primarily due to a planned \$70,000 equipment purchase that has been held up due to pending court action that has frozen the procurement of equipment.

The Register of Deeds' expense budget is 29% above the equivalent prior-year period, driven mostly by remittances of real estate taxes. These expenditures are set by statute and not under the Register of Deeds' direct control.

Public Facilities (Maintenance and Housekeeping) ended the year 22% under budget (\$427,000) primarily due to several maintenance and repair capital projects that are currently held up due to staging and material delays, the largest being the replacement of the roof of the Community Services Building, a \$325,000 project.

The Sheriff's Office's expenditures were 3% over the prior year, mostly driven by increased compensation following the cost of living adjustments, payouts due to retirements that occurred in the fall of the calendar year 2020, and less turnover. While the detention center's population was lower overall during that period, there are significant fixed costs from a personnel and insurance perspective necessary to operate the facility.

Emergency Management (a consolidation of Emergency Management, Fire Marshal, Emergency Medical Services, the Animal Shelter, and 911 Communications) was \$218,000 below budget due to various lower costs related to equipment purchases and delayed capital projects. Overall, expenditures were 4% higher than the prior-year due to increased costs related to rolling out the consolidated dispatch with the City of Brevard in the Communications department.

Volunteer Fire Departments and Rescue Squad expenditures were exactly on budget, as expected since this functional area of the County budget is entirely quarterly payments calculated at the beginning of the year to be paid to the various fire and rescue agencies.

Agriculture and Economic Development (a consolidation of Planning and Community Development, Cooperative Extension, Soil and Water Conservation and remittances to the Tourism Development Authority) is significantly above prior year driven entirely by the payments made from the County general fund to the Tourism Development Authority's (TDA) accounts to record the distribution of occupancy taxes to the TDA.

Public Health's expenditures were slightly higher than the prior year, mostly due to the incremental cost of living adjustment to personnel costs, but significantly below budget. The primary drivers were \$234,000 unspent from COVID-19 prevention resources from NCDHHS, \$45,000 in delayed travel and training, and other smaller supply purchases ultimately unnecessary.

Social Services (DSS) expenditures were higher due to a full year of the Office of Special Counsel included in the DSS section of the budget and sustained high levels of foster care expenditures. This fell short of the total authorized budget due to continuing staff turnover. Salaries and fringe expenses were \$150,000 below budgeted levels.

New Adventure Learning Center, Public Transportation, Parks and Recreation, and the Transylvania County Library all saw lower operating expenditures related to lapsed salaries, closures, and restricted grants moving expenditures elsewhere in the County budget.

Juvenile Crime Prevention Council is up over the prior year because of an expanded level of base funding from the NC Department of Public Safety and timing from the prior year.

Debt Service and Education's variances are also related to the timing of payments made and different classifications of payments. Debt service included the first year of the long-term lease of ambulance cots leading to an increase overall in debt service payments.

In Education, increases in current expense appropriations to Transylvania County Schools are being balanced against a lower capital appropriation. The Board-imposed method of tracking their major capital projects through a reimbursement process has led to the lower amount paid out annually over the last two years, with \$672,000 of expenses set aside for projects that Transylvania County Schools never requested for reimbursement.

Expenditures by Type

Personnel costs, contracted services, and operating expenses are all less than their budget, sometimes significantly below budget and the prior year. While personnel and contracted services are within 96-97% of the budget, operating expenditures were significantly lower primarily due to grant-related expenditures being delayed to a future year in Public Health (\$234,000), overall operating supply purchases being \$84,000 below budget across all departments and inmate food supplies being \$45,000 below budget. Similarly, employee development was \$186,000 under the authorized budget due to widespread delay of typical workshops.

Education expenses ended the year up over the prior year (increased current expense payments to Transylvania County Schools and Blue Ridge Community College), but lower than budget due to Transylvania County Schools not requesting these payments. The issue with Transylvania County Schools not being able to complete and request reimbursement for projects over \$50,000 within the budgeted year is a significant complicating factor. In future years, it may make sense to transition the reimbursement process to the Education Capital Fund to keep the accounting clean and transparent for all parties.

That said, capital projects were also significantly below budget as well due to material and labor shortages delaying projects into FY 2022, with nearly \$830,000 of expenditures not occurring according to the planned schedule.

Remittances were significantly higher and were one of two functional areas over budget for FY 2021 (over budget by 3%), again due to unpredictably high excise tax and occupancy tax collections. The second area that went over budget was insurance which was over budget by 1.6%, mostly attributable to a slightly higher annual premium of workers' compensation due to audit results and several unanticipated deductible payments related to ongoing claims against the County.

Nonprofit Agencies appear unusual (with negative expenditures) because of the small business loan program from FY 2020. The Board authorized a contract with Mountain BizWorks to loan out \$150,000 for economic development purposes to distressed businesses, but ultimately very little of it was spent and thus was credited back to the County in FY 2021, as the loans never occurred and generated any revenue for the County. For accounting reasons, staff recorded it as a credit against the expense from the prior year.

Below is a comparison of revenues and expenditures from the last two fiscal years:

2020 Revenues through 6/30/2020	\$60,734,338
2021 Revenues through 6/30/2021	\$64,267,813
2020 Expenditures through 6/30/2020	\$60,607,712
2021 Expenditures through 6/30/2021	\$63,188,100
2020 Surplus/(Deficit) through 6/30/2020	\$126,626
2021 Surplus/(Deficit) through 6/30/2021	\$1,079,713

In many ways, these surpluses are to be expected in the General Fund because of how various aspects of governmental accounting rules and the Fiscal Control Act impact the County's finances. Even though it is reasonable to expect that certain high-turnover positions will be vacant during the year, such as in Social Services or the Sheriff's Office, staff must still budget the full salary and benefits and collect appropriate revenues to offset that cost even if it does not occur (property tax and occupancy tax decisions can be made only once per year, sales tax decisions based on referendum results, etc.).

Similarly, certain revenues collected for long-term capital planning purposes appear as revenues on the financial statements but do not have an equivalent expense because the County has not adopted a formal capital improvement plan and that restricts staffs' accounting for how those expenditures will eventually occur.

Other Major Financial Items Solid Waste Fund

Revenues from the Solid Waste Fund, which levies fees exclusively through the use of Solid Waste Facilities, exceeded the prior year's revenues by approximately \$85,000 in actual realized revenue.

Solid Waste expenditures were slightly lower than the prior year, mostly due to ongoing capital project delays with slight increases in personnel costs and operating expenditures. Key pressure points in operating expenditures are the cost of disposing of leachate and engineering services to monitor the landfill for legal and environmental compliance.

Overall, as in prior reports, the operating revenues of Solid Waste, both by function (landfill facility versus convenience sites) and in the aggregate, are not covering the annual operating costs of the department. Staff currently expect the proposed tax increase to provide operating transfers to the Solid Waste Fund to offset this cost, but due to unpredictability around changing behaviors, staff are not able to precisely know the result.

Fire District Special Revenue Fund(s)

The County operates eight distinct fire service districts to meet the need for fire protection services across both the incorporated and unincorporated areas of Transylvania County. For the current fiscal year and the prior fiscal year, at the Board's direction, County staff built a single tax rate across the eight districts. For FY 2021, this rate was set at \$0.06 per \$100 valuation, and the expenditures were set at levels that most departments' funding streams were split between the Fire District Funds and the General Fund.

The one primary factor driving the difference between revenues and expenditures in the Fire District Funds is that the rates are set in Sylvan Valley II and Lake Toxaway to build fund balance with revenues higher than expenditures.

Self Insurance Fund

The County pays Blue Cross Blue Shield (BCBS) directly for health insurance claims filed on behalf of employees and their families under the self-insurance model. Medical and pharmaceutical claims paid represent over 70% of the annual budget for the self-insurance plan. Compared to FY 2021, staff saw the sustained better performance hold until year's end. Claims expenses in FY 2021 were \$3.4 million compared to \$3.7 million in FY 2020, a sustained 7% decrease.

Retiree Health Fund

The primary driver of expenditures in the Retiree Health Fund is similar to the Self Insurance Fund where claims paid to BCBS by the County are on behalf of a very small pool of retirees. Last fiscal year, the resources of this fund were significantly stretched, but this year it is significantly lower, by 500%.

Additional Notes and Commentaries

Based on current trends, it appears that the fund balance for the General Fund is likely to end the fiscal year at approximately \$35.4 million, assuming that the remaining distributions of State-collected sales taxes remain on track.

Fund balances for other funds are on track as follows:

- Education Capital Fund: \$8.3 million
- Disaster Response Fund: \$3.3 million
- Emergency Telephone System

This concluded Mr. Griffin's formal presentation of the financial report. Chairman Chappell called for comments and questions from Commissioners.

Commissioner McCall asked for clarification that there was not an actual decrease in education spending and that Transylvania County Schools had not requested reimbursement for capital work because those projects have not been completed. Mr. Griffin confirmed. He stated that the County has appropriated money for certain projects. The Board's policy requires the School System to provide certain documentation to the County Finance Office before the release of funds for reimbursement. The School System may push some of its capital projects to the next fiscal year, resulting in the expenditures being lower in the current fiscal year. However, the monies remain set aside for the capital projects.

Commissioner McCall asked for a further explanation of the occupancy tax revenues because there is a misconception that Commissioners have control over the use of these funds. Mr. Griffin explained that as allowed per statutes, the Board of Commissioners levied a tax on accommodations that equates to 5% of gross sales. State law requires the County to create a separate entity with members appointed by the Board of Commissioners who then drive how the occupancy tax funds are spent. In Transylvania County, those funds are remitted to the Tourism Development Authority which then allocates the funds based on a statutory formula divided among marketing, promotions, and discretionary tourism-related projects. The Transylvania County Tax Administration collects the occupancy tax and the funds are remitted to the Tourism Development Authority for their use according to statutes.

Commissioner Guice commented on the inmate medical expenses and his belief that the costs would come down if the State of North Carolina committed to Medicaid expansion. He hoped the Board would have further conversations about Medicaid expansion in the future. Mr. Griffin shared that inmate medical expenses cost the County upwards of \$240,000 on average per year. Those incarcerated under the State Misdemeanant Confinement Program are covered by the State of North Carolina.

There were no further comments or questions and the financial report was accepted as presented.

LAW ENFORCEMENT SPECIAL SEPARATION INVESTMENT OPTION

Finance Director Jonathan Griffin presented this item. He reported that while researching other finance-related issues, staff came across an alternative method for overseeing the County's liability for required payments to the retired law enforcement officers' special separation allowance (LEOSSA).

LEOSSA is a benefit payment required by State statute to law enforcement officers who retired before reaching the age of 62. It is a defined benefit pension, which means that payments owed to officers are defined by a specific formula, rather than based on amounts contributed during the length of employment. The current statutory formula is 0.0085 times the employee's most recent base salary times years of creditable service. It is paid out in equal monthly payments.

Any law enforcement officer who has met the following criteria is eligible by law:

- A. Has more than 30 years of creditable service or has reached 55 years of age with five or more years of service
- B. Not 62 years old
- C. Served at least five years continuously immediately before retiring from the County

The primary purpose of this program is to bridge the gap for law enforcement officers who started their law enforcement careers early in life and retire before reaching the social security benefits age of 62. The program gives law enforcement officers a benefit option if they have reached the length of service eligible for a service retirement but have not reached the age at which they would be eligible to receive federal retirement benefits.

The North Carolina Department of State Treasurer has opened an investment program for State agencies and local governments, boards, and commissions called AGPIP, the Ancillary Government Participant Investment Program.

Under this program, local governments with LEOSSA or OPEB programs can voluntarily deposit funds with the NC Department of State Treasurer. The purpose is to provide a method by which local governments can invest to meet their long-term liabilities.

This is a three-year trend of the fund balance committed for LEOSSA versus the County's liability:

	FY 2020	FY 2019	FY 2018
LEOSSA Liability	\$2,172,953	\$1,975,412	\$2,066,762
Committed Fund Balance for LEOSSA	\$2,054,891	\$2,096,277	\$2,066,762
Difference between liability & fund balance	\$118,062	\$ (120,865)	\$ 0

Our LEOSSA program is a statutorily mandated pension program meaning local governments will have this liability for as long as the General Assembly continues to mandate it. The County is currently in a period where the resources set aside for this program are in line with the liability. Seeking long-term investment returns would benefit the County because it would provide the opportunity to get ahead of any future increases in liability.

The State Treasurer's office has disclosed the investment strategy and expected returns for two of their long-term options offered to AGPIP members.

The bond index fund is designed to produce a return consistent with Barclay's U.S. Aggregate Bond Index benchmark. The performance of this benchmark is as follows:

5 Yr.	3 Yr.	1 Yr.	6 Mos
2.1%	2.94%	-4.14%	3.11%

The equity index fund is designed to produce a return consistent with the Morgan Stanley Capital International All Country World Index benchmark. The performance of this benchmark is as follows:

5 Yr.	3 Yr.	1 Yr.	6 Mos
12.98%	11.37%	22.93%	15.09%

These indexes have outperformed the relevant indexes for money market accounts, which the County currently uses to hold these resources. Similarly, even the State Treasurer's Short Term Investment Program (the STIF) is outperforming the primary money market for local governments in North Carolina, called the NC Capital Management Trust.

Realistically, it is unlikely that the County would be able to invest in a way that could generate equivalent returns because part of the advantage of the State Treasurer's program is that they operate at a larger scale representing both the State government and many local governments.

If the County were to adopt this alternative method of accumulating resources for its long-term liability, it would require two primary policy changes:

1. This program's resources would be held in an account with the State Treasurer instead of one held by the Finance Officer.
2. The County would be committing to take the available resources and set them aside permanently for the benefit of law enforcement officers (a lockbox approach).

To participate in this voluntary program, the County would need to take the following steps:

1. Pass a resolution binding itself to place monies for LEO benefits in an irrevocable trust.
2. Execute a deposit agreement with the North Carolina Department of State Treasurer to jointly participate in an investment account.
3. Complete the applications to open the necessary accounts with the NC Department of State Treasurer.

The action necessary by the Board to participate would be to authorize the County Manager and Finance Director to execute a deposit agreement with NCDST and open the necessary accounts and to authorize the County Manager and Finance Director to bring a resolution back before the Board at its next meeting to establish an irrevocable trust for LEO benefits. If the Board does not wish to adopt the alternative approach, it would be sufficient to table this item or take no further action. Mr. Griffin sought feedback from the Board about their interest, noting there are advantages and disadvantages.

Commissioner Guice stated he was committed to funding the law enforcement special separation allowance and eager to ensure the funding is stable. He was hesitant about taking the control of these funds from the Finance Director and giving it to the State Treasurer's Office. He understood the State Treasurer had a larger pool in which to invest the funds, but he was concerned about binding future boards of commissioners. He cautioned the Board not to make decisions in haste.

Chairman Chappell asked if the Board decides to move forward with the alternative investment method, how the funds would be recorded on the County's financial books, particularly for audit purposes. Mr. Griffin reported that the funds would be shown as a special revenue fund, like the Emergency Telephone System Fund. This would clean up the accounting because it would completely segregate these revenues from other financial resources.

Chairman Chappell asked if the General Assembly changed the retirement age for this program whether the irrevocable trust would become revocable since the irrevocable trust was established under the current mandate. Mr. Griffin advised that the irrevocable trust would be established under the current mandate and thus the trust must be amended toward the new mandate. He pointed out that while the Board has control over the decision on how to invest the County's funds, the Board has no control over the General Assembly's decisions. He added that the County must have an actuarial study completed annually to determine the County's liabilities which allows the Board to make decisions based on those liabilities.

Commissioner Guice was appreciative of Mr. Griffin bringing this forth for the Board to consider. He wanted more time to digest the information and then consider it at a future time.

Commissioner McCall wanted to know about what this action would look like for Transylvania County and asked at what point the Board would want to continue the discussion and have a recommendation from the staff. Should the Board act to make the longer-term investment with the State Treasurer, she asked if the County would be tied to the agreement for a specific timeframe and whether the Board's decision could be reversed. Mr. Griffin explained he is not asking the Board to encumber all the funds that are set aside in this special fund. He referred to Currituck County as an example and shared that they only invested \$1 million into the long-term investment option while their actual liability is significantly higher. The Board of Commissioners thus would control how much to invest with the State Treasurer, and those funds could not be spent on anything else.

Commissioner Guice stated it is important to note that the Board does not have to invest the full amount of the liability.

Mr. Griffin pointed out that the monies being invested in-house are yielding the least possible return. The State Treasurer's investment is likely to grow based on historical data.

Commissioner Guice asked staff for more information about the State Treasurer's record with investments.

Commissioner Dalton shared that he deals with revocable and irrevocable trusts in his private business, so he was supportive of studying further and potentially seeing a higher return on the County's investment.

Chairman Chappell asked staff to review the information provided by staff and email the Manager and Mr. Griffin their questions, comments, and concerns. He thanked staff for bringing forth alternatives for investing County dollars and researching how peer counties are investing their funds.

The Manager stated that staff will run scenarios and re-present the option to the Board at a future date.

OFFER TO PURCHASE UNSOLD FORECLOSED PROPERTY IN CONNESTEE FALLS

The County received an offer from Michael Whitaker to purchase an unsold foreclosed lot in Conneestee Falls. At the time of sale/foreclosure, there were no bidders and Transylvania County acquired ownership of the lot. Mr. Whitaker has offered to purchase the lot for \$15,000. The current tax value is \$20,000. By State law, any offer to purchase county-owned property must follow the upset bid process, if accepted. If Commissioners accept the offer, staff requested approval of a resolution that describes the property, the

amount, and terms of the offer, sets the terms of the deposit requirements (at least 5% from offeror by statute), details the upset bid procedures, and sets the deadline for accepting or rejecting the final bid. Commissioners also have the option of rejecting the bid or authorizing staff to negotiate further with the offeror and bring back another offer if the current one is unsuitable. There is no County use for the property.

Staff asked the Board to consider the offer and approve the resolution as described. Once the upset bid process is complete, staff will bring back the information to the Commissioners for final approval to sell the property.

Commissioner McCall moved to accept the offer from Michael Whitaker to purchase County-owned property in Connestee Falls and for staff to proceed with the upset bid process, seconded by Commissioner Dalton and unanimously approved.

RESOLUTION #27-2021
AUTHORIZING INTENT TO SELL

WHEREAS, Transylvania County is the owner of a parcel of real property containing 0.508 acres of land located at U11 L012 Tlvdatsi Dr in unincorporated Transylvania County, North Carolina (the “Subject Property”), as shown on the attached map marked as Exhibit A and incorporated herein by reference; and

WHEREAS, pursuant to N.C.G.S. §160A-269, Transylvania County is authorized to dispose of real property by upset bid after receipt of an offer for the property; and

WHEREAS, Transylvania County has received an offer to purchase the Subject Property in the amount of \$15,000 submitted by Michael Whitaker; and

WHEREAS, Michael Whitaker has agreed to pay the required five percent (5%) deposit on his offer.

NOW, THEREFORE, BE IT RESOLVED by the Transylvania County Board of Commissioners (the “Board”) as follows:

1. The Subject Property is hereby declared surplus.
2. The Board proposes to accept the offer of Michael Whitaker and authorizes sale of the Subject Property through the upset bid procedure of N.C.G.S. §160A-269; provided that final acceptance of the final high offer shall be subject to approval by the Board. The Board reserves the right to withdraw the Subject Property from sale at any time before the final high bid is accepted and further reserves the right to reject at any time all bids.
3. After the bid deposit is received, the Clerk to the Board shall cause a notice of the proposed sale to be published. Such notice shall include a general description of the Subject Property, the amount and the terms of the offer, and a statement that within ten (10) days any person may raise the bid in accordance with the procedure outlined in this Resolution. The notice shall indicate the time and place of the bid opening.
4. Michael Whitaker shall deposit 5% of the offer to the Transylvania County Clerk to the Board within 5 business days to be held pending the upset bid process.
5. Persons desiring to upset the offer that has been received shall submit a sealed bid with their offer to the office of the Clerk to the Board within ten (10) days after the notice of sale is published.

Bids shall be submitted no later than 5:00 p.m. on the last day of the 10-day period, and the Clerk shall date-stamp bids upon receipt. The mailing and physical address of the Clerk to the Board is as follows:

Ms. Trisha Hogan, Clerk to Board
101 S. Broad Street
Brevard, NC 28712

The envelope containing the bid shall be marked "Sealed Bid for Property Located on Ross Road." It shall be the specific responsibility of the bidder to deliver his bid to the Clerk to the Board at the appointed place before the announced time for the opening of bids. Late delivery of a bid for any reason, including delivery by United States mail or other carriers, will disqualify the bid.

6. A qualifying higher bid raises the existing offer by not less than ten percent (10%) of the first one thousand dollars (\$1,000) and five percent (5%) of the remainder. A qualifying higher bid must also be accompanied by a deposit in the amount of five percent (5%) of the bid. The deposit may be made in cash, cashier's check, or certified check. The County will return the deposit on any bid not accepted and will return the deposit on an offer subject to upset if a qualifying higher bid is received. If the Board agrees to sell the Subject Property, the County will return the deposit of the final high bidder at closing. If, after acceptance by the Board of the final high bid, the final high bidder fails to close the sale in accordance with the terms of this Resolution and any purchase agreement, then in such event the bid deposit of the high bidder shall be forfeited.
7. After the 10 days, the Clerk to the Board shall open the bids, if any, and the highest such qualifying bid will become the new offer. If there is more than one bid in the highest amount, the first such bid received will become the new offer. If a qualifying higher bid is received, the Clerk to the Board shall cause a new notice of upset bid to be published and shall continue to do so until a 10-day period has passed without any qualifying upset bid having been received. At that time, the amount of the final high bid shall be reported to the Board of Commissioners. The board shall determine whether to accept the final high bid no later than ninety (90) days after the final upset bid period has passed.
8. Bidders shall not attach any conditions to their bids. Any conditions attached to bids received or purchase of the Subject Property shall render the bid non-responsive, and such bid shall not be considered by the Board.
9. The buyer must pay with cash at the time of closing.
10. Title to the Subject Property shall be transferred to the buyer by Special Warranty Deed.

Adopted this 13th day of September 2021.

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

MARKETING UNSOLD FORECLOSED PROPERTY

Over the last few years, several properties that were foreclosed upon due to unpaid taxes were sold on the steps of the courthouse. However, some of those did not sell and thus came under the ownership of the County. Staff is seeking permission to market those properties for sale so that they can potentially be returned to the County's tax rolls. There are several ways to market the property, either using a website

that specializes in the sale of government personal and real property or simply posting information in the local newspaper. Either way, the County must follow statutes that govern the disposal of real property.

Commissioners may give guidance to the parameters for which they would like staff to proceed with marketing these properties for sale if the statutes are followed. During the marketing process, staff will also determine whether there is a county use for the property.

Commissioner McCall moved to permit staff to market properties for potential sale and return to the County's tax rolls, seconded by Commissioner Guice, and unanimously approved.

MANAGER'S REPORT

The Manager reported the following:

- Last weekend Governor Roy Cooper toured the area with staff to see damage from Tropical Storm Fred. He discussed during the visit that they are discussing issuing State funding in Raleigh to assist with private road damage due to the number of private roads in the County that sustained damage. FEMA does not typically cover this. Separately, the staff is working to submit those cases for consideration of Emergency Watershed Protection Funding, but it is not yet known if any of those submitted will result in funding assistance at this time.
- President Joe Biden declared Transylvania County as a federal disaster area with provisions for both Individual Assistance and Public Assistance. Those who sustained damage need to register as soon as possible at <http://www.DisasterAssistance.gov> or by calling 1-800-621-FEMA(3362) or 1-800-462-7585 (TTY) for the hearing and speech impaired. The toll-free telephone numbers will operate from 7:00 a.m. to 9:00 p.m. (local time) seven days a week. At some point, FEMA will cease taking applications, so anyone needing assistance should apply ASAP. Staff is working with State and federal agencies to ensure materials are also issued in Spanish so that no family in our community goes unserved.
- The U.S. Small Business Administration announced that low-interest disaster loans are available to businesses, nonprofits, and residents in North Carolina following the announcement of a presidential disaster declaration due to the remnants of Tropical Storm Fred on August 16-18, 2021. Homeowners, renters, businesses of all sizes, and certain private nonprofit organizations in the declared counties are eligible. Applicants may apply online using the Electronic Loan Application (ELA) via SBA's secure website at <https://disasterloanassistance.sba.gov/ela/s/> and should apply under SBA declaration # 17157, not for the COVID-19 incident. Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing or sending an email to DisasterCustomerService@sba.gov. The filing deadline to return applications for physical property damage is November 8, 2021. The deadline to return economic injury applications is June 8, 2022.
- The Office of State Emergency Management, SBA, and FEMA are starting to assess individual assistance cases and they are expected to set up an office this week to begin accepting paperwork. The Manager encouraged anyone impacted to register themselves on the FEMA website.
- Staff continues to communicate with State Emergency Management information on those families who have been displaced and will require ongoing housing assistance.
- All the information the County receives from the State and federal government on disaster relief will be posted to the County website.

Chairman Chappell added that individuals may also be eligible for disaster unemployment assistance. Individuals can find more information at irs.nc.gov. He noted that these unemployment benefits are different than normal unemployment benefits. Individuals have 30 days to apply and must provide

documentation showing that their unemployment is related to Tropical Storm Fred. The Manager will add this information to the County's website and social media.

Commissioner McCall expressed concern about information for assistance only being available through the internet, noting that many in Transylvania County do not have access to the internet or have a home computer. The Manager reported that staff is posting information to the website as well as pushing out the toll-free numbers as broadly as possible – through the local hotline, reaching out to individuals known to the County to have been impacted, word of mouth, etc. She has received feedback from the community that the wait times through the FEMA call lines can be significant, but the staff is encouraging citizens to be patient. She was also concerned that the FEMA-registered cases are far below the actual number of citizens that need assistance.

The Manager reported that the families who sought temporary shelter at the Recreation Center have been placed in safe housing for now. Some of them remain in temporary housing. The challenge is the lack of affordable rental units. Staff continues to work with State Emergency Management to provide aid, and staff has provided them with a list of displaced families and individuals. The State can cover the cost of temporary housing through a contract for 30 days. The temporary housing unit must accept the State rate which is substantially lower than the market rate.

Chairman Chappell reminded citizens that the Library and the NCWorks Career Center have public computers they can use to apply for assistance. The Manager added that all nine community centers in the County have Wi-Fi access.

PUBLIC COMMENT

There were no comments from the public.

COMMISSIONERS' COMMENTS

Chairman Chappell commended the County Manager, Emergency Management, and other staff for their service to the citizens of Transylvania County following the devastating impacts of Tropical Storm Fred. He commended them for their advocacy on behalf of the citizens to seek aid from local, State, and federal resources. He thanked the Board as well for using their contacts and connections to seek aid for our citizens and community.

Chairman Chappell moved to enter into closed session per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, and N.C.G.S. § 143-318.11 (a) (5) To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease, after a 5-minute recess, seconded by Commissioner Dalton and unanimously carried.

CLOSED SESSION

Pursuant to N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, and N.C.G.S. § 143-318.11 (a) (5) To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating the price and other material terms of a contract or proposed contract for the

acquisition of real property by purchase, option, exchange, or lease, a closed session was entered into at 6:05 p.m. Present were Chairman Chappell, Commissioners Chapman, Dalton, Guice and McCall, County Manager Jaime Laughter, Assistance County Manager David McNeill, County Attorney Julie Hooten (via Zoom meeting software), and Clerk to the Board Trisha Hogan.

Commissioners consulted with the County Attorney on matters protected by the attorney-client privilege.

Commissioners also received information on the negotiation efforts for the potential acquisition of real property and directed staff on how to proceed.

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

OPEN SESSION

Chairman Chappell moved to seal the minutes of the closed sessions until such time that opening the minutes for the closed sessions does not frustrate the purpose of the closed sessions, seconded by Commissioner Guice, and unanimously approved.

ADJOURNMENT

There being no further business to come before the Board, **Chairman Chappell moved to adjourn the meeting at 6:59 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