

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
MAY 22, 2023 – REGULAR MEETING

The Board of Commissioners of Transylvania County held a regular meeting and budget workshop on Monday, May 22, 2023 at 6:00 p.m. in the Multipurpose Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

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

Media: Dan DeWitt – *The Brevard Newsbeat*
Jonathan Rich – *The Transylvania Times*

There were approximately 40 people in the audience.

CALL TO ORDER

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

WELCOME

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

PUBLIC HEARING

PROPOSED INCENTIVE GRANT VIA THE NORTH CAROLINA BIOTECHNOLOGY CENTER FOR RAYBOW USA

The Manager presented the information for the public hearing. She reported that Raybow USA is a company that is contemplating investments in Transylvania County in real estate and equipment. Under the project as proposed, the public benefits to be derived from the expansion include the creation of 30 new jobs between March 1, 2024 and March 1, 2027. The contemplated incentives would entail the County stewarding a grant from the NC Biotechnology Center in the amount of \$40,000 to fund two Society of Chemical Manufacturers & Affiliates annual training licenses to provide opportunities for 25 trainees with 10 seats for Raybow and 15 seats for community members each year. The grant will also fund two eight-week internships at Raybow for local students interested in chemical manufacturing. The Board of Commissioners is required to hold a public hearing per statute.

In addition to holding the public hearing, at this meeting, the Board may approve the making of the grants as described above, or as amended, and may approve and enter into, or authorize the County to enter into, one or more economic development agreements with respect to the project. If approved the grants would be funded through the NC Biotechnology Center with no local funds required.

Transylvania Economic Development Executive Director Burton Hodges shared additional information about the project. Mr. Hodges stated that Transylvania County is known for many things, including being a life sciences and biotechnology manufacturing hub. Raybow USA is at the center of that and is a critical

component of the County's new economic identity and dynamic future. This grant will help raise Raybow's visibility as an employer of choice in Transylvania County and will support its ongoing expansion and investment in our community. The partnership between Raybow, the NC Biotechnology Center, and the County is an indicator of the competitive biotechnology ecosystem in North Carolina and Transylvania County and illustrates the importance of public-private collaboration and partnership to support long-term job creation. On behalf of the Transylvania Economic Alliance, Mr. Burton thanked the Board for supporting the partnership development grant between the NC Biotechnology Center and Raybow USA and for their continued commitment and investment in Transylvania County's biotechnology growth.

Prior to opening the public hearing, Chairman Chappell invited the Commissioners to comment or ask questions.

Commissioner Chapman inquired about the projected timeline for the completion of the expansion. Mr. Hodges called upon Pete Newsome, President of Raybow USA, to respond. Mr. Newsome informed the Commissioners that the exterior shell of the building is complete. They are working on the interior which will be completed in two phases. They hope at least one of the two bays will be operational in 10 weeks. Mr. Newsome noted that expansion is occurring during a challenging time. They have had issues with getting equipment in a timely manner along with finding qualified installers. He noted this is Raybow's 20th year in Transylvania County and he was very appreciative of the Board's support.

Chairman Chappell declared the public hearing open at 6:08 p.m.

There were no comments from the public.

Chairman Chappell declared the public hearing closed at 6:09 p.m.

The Board will consider approval of the grant under New Business.

PUBLIC COMMENT

Jeff Brewer: Mr. Brewer thanked the Commissioners for the job they do representing the entire County. He stated the elections system in this County is well-run and he commended the staff for the job they do. However, he stated that elections are Brevard-centric, and decisions are based on Brevard first, which he viewed as an inside-out look at voting. Mr. Brewer felt the strength of the system is measured outside-in in terms of how convenient and accessible voting is to people who live in the rural parts of the County. Brevard has historically had four voting precincts as well as an early voting site. Mr. Brewer shared that the precincts of Cathey's Creek, Rosman, TC1 (Balsam Grove), and TC7 (Sapphire/Toxaway) used to have eight voting locations; now they have only four. The people within those precincts would have to travel to Brevard to vote early. With the early voting period likely being reduced and the prospect of 13,000 people voting early in the 2024 Presidential Election, it may be necessary to have three early voting locations. While Transylvania County had one early voting location in 2022, many other counties had multiple locations. Mr. Brewer asked the Board to consider increasing the number of voting locations for the 2024 election cycle.

AGENDA MODIFICATIONS

The Manager requested to add a resolution under the Consent Agenda commemorating Memorial Day and closed sessions 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 (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.

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

CONSENT AGENDA

Commissioner Casciato moved to amend the Resolution Commemorating Memorial Day to include the Merchant Marines, seconded by Commissioner Dalton and unanimously approved.

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

The following items were approved:

APPROVAL OF MINUTES

The Board met in a regular session on May 8, 2023, and following met in a closed session in which the minutes were sealed. The Board approved the minutes as submitted.

APRIL 2023 DISCOVERY RELEASE & MONTHLY SETTLEMENT REPORT

Per N.C.G.S. § 105-312 (b), the Tax Administrator must see that all property not properly listed during the regular listing period be listed, assessed, and taxed. The Tax Administrator shall file such reports of discoveries with the Board of Commissioners. Per N.C.G.S. § 105-381 (b), the Tax Administrator shall provide a monthly report to the Board of Commissioners of the actions taken by the Tax Administrator on requests for release or refund, which shall be recorded in the minutes. For April 2023, tax dollars released totaled \$1,402.02 and refunds issued amounted to \$1,761.10. The Board approved the April 2023 Discovery Release and Monthly Settlement Report as submitted.

APPROVAL OF PYROTECHNIC FIREWORKS APPLICATIONS

The following have made applications to conduct aerial fireworks displays and have submitted the proper documentation for such as defined in the 2010 North Carolina Pyrotechnics Act and related North Carolina General Statutes. Fire Marshal Scott Justus reviewed all the applications and found them to be in order.

1. Burlingame Country Club – July 3
2. Camp Illahee – July 4
3. City of Brevard – July 4
4. Keystone Camp – July 4
5. Lake Toxaway Country Club – July 3
6. Ridgehaven, Inc. – July 4
7. Rockbrook Camp for Girls – July 4
8. Jacquelyn Rogow (Old Bishop Farm) – July 4
9. Camp High Rocks, Inc. – July 4 and September 3
10. Camp Carolina – July 4

The Board approved the permit applications to conduct aerial fireworks displays as submitted.

REQUEST FOR CLOSURE OF SOCIAL SERVICES FOR DEPARTMENTAL RETREAT

The Department of Social Services (DSS) requested permission to close its offices from 1:00 p.m. to 5:00 p.m. on Friday, June 23 for an employee retreat which will include staff development and team building. DSS

staff will be on call to respond to any emergencies. Staff will publish and post public notice of the office closure. The Board approved the closure of DSS for the department retreat as requested.

REVIEW OF TCTDA'S FUNDING OF SOUTHERN HIGHLANDS RESERVE'S GREENHOUSE PROJECT

The Transylvania County Tourism Development Authority (TCTDA) has a goal to create a sustainable tourism industry by funding projects that enhance, preserve, or support the tourism destination. The TCTDA created a funding application covering key objectives and criteria for funding opportunities. Southern Highlands Reserve applied for funds to construct a state-of-the-art greenhouse. On April 27, the TCTDA approved \$100,000 in funding for the project (50% from Destination Infrastructure and 50% from Transylvania Always) to be paid out in FY 23 and FY 24. County Resolution #35-2021 requires the Commissioners to conduct a review of the TCTDA's spending to ensure the expenditure complies with fiscal control laws, County policy, and other expenditure limitations imposed on the TCTDA. The Board approved the expenditure as having met the review requirement.

GREAT GRANT AGREEMENTS

The Growing Rural Economies with Access to Technology (GREAT) Grant is a competitive grant program that provides funding to private sector broadband providers to deploy last-mile broadband infrastructure to unserved areas of North Carolina. The original GREAT Grant program was launched in 2019 and subsequently became a recurring State-funded grant program with the NCDIT Broadband Infrastructure Office. NC Session Law 2021-180 appropriated \$350 million from the American Rescue Plan Act for the GREAT Grant program. The application required a commitment on behalf of the provider to offer broadband services in unserved areas with minimum speed requirements.

Applicants receiving funding from the local government received one point on their application. However, applicants received three points if the funding from the local government came from ARPA funds. In May 2022, the County Commissioners approved \$1.00 in ARPA funding for Zitel's GREAT grant application. In August, Zitel was notified it had been awarded GREAT grant funding. Zitel was awarded \$4 million with a match requirement from the company of approximately \$1.4 million. Due to the County's award of \$1 in ARPA funding, the NCDIT Broadband Infrastructure Office requires the County to complete certain documents and agreements. The Board approved an agreement with the NCDIT Broadband Infrastructure Office to provide the matching funds for Zitel's GREAT Grant.

LETTER IN SUPPORT OF COMPENSATION STUDY FOR STATE EMPLOYEES

Recently, the Juvenile Crime Prevention Councils across the State have been seeking support from the local Boards of Commissioners to send a resolution to the State government requesting stronger support for Juvenile Justice workers. In a letter, they cited the Department of Juvenile Justice and Delinquency Prevention as seeing unprecedented needs in terms of noncompetitive salaries, retention and recruitment challenges, and compression issues.

While the Board of Commissioners shares their concerns, the Commissioners felt it would be more appropriate to support increases and equitable pay for all State employees and for the State Legislature to address these issues across the board for all State agencies. Transylvania County views all State agencies and their employees as being equally important to providing much-needed services to the citizens of North Carolina. The Board approved a letter to our state legislators in support of equitable pay for State employees.

RESOLUTION COMMEMORATING MEMORIAL DAY

The Board approved Resolution #25-2023 Commemorating Memorial Day 2023. Commissioner Dalton read aloud the resolution for the benefit of the public.

**RESOLUTION #25-2023
COMMEMORATING MEMORIAL DAY 2023**

WHEREAS, Americans have observed Memorial Day since May 1868 to honor the sacrifices of the brave men and women who gave their lives in defense of our great nation; and

WHEREAS, since that time, brave men and women have answered our nation's call to duty and defended freedom at home and abroad; and

WHEREAS, these men and women have served in the Army, Navy, Marine Corps, Coast Guard, Air Force and Merchant Marines with heroism, determination and valor; and

WHEREAS, many of those who faced enemy fire on the battlefields the world over were from Transylvania County; and

WHEREAS, Memorial Day is a special day when Americans rededicate themselves to the principles upon which our nation was founded, and men and women in the Armed Forces have died defending; and

WHEREAS, Memorial Day offers each of us the opportunity to honor loved ones and remind ourselves of the ideals that are the foundation of the freedoms we enjoy and endure because of the dedication and sacrifice of those who answered the nation's call;

NOW, THEREFORE, the Board of Commissioners of Transylvania County does hereby urge all citizens to join us in honoring the men and women who died at service to our nation in war to preserve our freedom and honor those families who endured the sorrow of a loved one making the ultimate sacrifice on behalf of the United States of America.

This the 22nd day of May 2023.

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

APPOINTMENTS

NURSING AND ADULT CARE HOME ADVISORY COMMITTEE

Ben Lamm's term expires at the end of May. He is eligible and willing to serve another term. There are several vacancies on the Nursing and Adult Care Home Advisory Committee. The Nursing and Adult Care Home Advisory Committee's activities were suspended due to the pandemic. They were recently cleared to restart their activities, including visits to facilities. In addition, the State and federal government require applicants to undergo training and State-approval prior to a local government being able to make an appointment to this committee. Both factors have contributed to a lack of applications or interest. The Clerk to the Board will continue working with the Land of Sky's Regional Ombudsman to recruit applicants.

Commissioner McCall moved to reappoint Ben Lamm to the Nursing and Adult Care Home Advisory Committee and seconded by Commissioner Dalton. Commissioner McCall stated that our senior citizens living in nursing and adult care homes deserve representation and she encouraged citizens to apply. **The motion was unanimously approved.**

BLUE RIDGE COMMUNITY COLLEGE BOARD OF TRUSTEES

Brian Weaver's term on the Blue Ridge Community College Board of Trustees expires at the end of June. Dr. Leatherwood, President of Blue Ridge Community College, recommended his reappointment.

Commissioner McCall moved to reappoint Brian Weaver to the Blue Ridge Community College Board of Trustees, seconded by Commissioner Dalton and unanimously approved.

BLUE RIDGE COMMUNITY COLLEGE STRATEGIC CAPITAL PLANNING COMMITTEE

Duke Woodhull was appointed by the Board of Commissioners as a member-at-large to the Blue Ridge Community College Strategic Capital Planning Committee. Unexpected circumstances have caused Mr. Woodhull to resign. The Board has additional applications on file to consider for filling the vacancy.

Chairman Chappell suggested the Board not fill the vacancy since the committee has already met twice. He did not want to slow the work of the committee.

Commissioner Casciato moved to not fill the vacant seat on the Blue Ridge Community College Strategic Capital Planning Committee at this time, seconded by Commissioner Dalton and unanimously approved.

NEW BUSINESS

PROPOSED INCENTIVE GRANT VIA THE NORTH CAROLINA BIOTECHNOLOGY CENTER FOR RAYBOW USA

The Manager recapped the information she presented during the public hearing. The grant from the NC Biotechnology Center in the amount of \$40,000 would fund two Society of Chemical Manufacturers & Affiliates annual training licenses to provide opportunities for 25 trainees with 10 seats for Raybow and 15 seats for community members each year. The grant will also fund two eight-week internships at Raybow for local students interested in chemical manufacturing. No local funds are required. Both the County and Raybow must enter into a performance agreement with the NC Biotechnology Center.

Commissioner McCall moved to approve the grant as presented and seconded by Commissioner Dalton. Chairman Chappell was appreciative of all our workforce partners for making this grant opportunity possible. He was excited about the generational impact the biotech industry will have on Transylvania County. **The motion was unanimously approved.**

MANAGER'S REPORT

The Manager reported the following:

- Last week Transylvania County hosted the NC Association of County Commissioners for filming as part of an upcoming documentary about veterans in NC.
- Blue Ridge Community College Strategic Capital Planning Committee held its second meeting. Dr. Abraham Pallas was elected chair and Burton Hodges was elected as vice-chair. The committee will meet again in June.
- Greg Isley CPA Firm will be supporting the County's Finance Office through interim between directors. Pam Wortham with the firm will be here this week to get oriented to our system. Ms. Wortham retired from the State Treasurer's Office as Deputy Treasurer of Finance, worked as a consultant, and was the Finance Director in the Town of Garner before retiring from local government.
- Upcoming RFQ/RFP
 - Countywide Housing Plan
 - Courthouse Design

- Sylvan Valley Industrial Building Phase 2
- Employee Mental Health
- Awarding for School Maintenance Reserve Study
- Awarding for Wellness Clinic Operation

BUDGET WORKSHOP

FY 2024 BUDGET DISCUSSION

The Manager presented the FY 2024 Recommended Budget on May 8. The Commissioners provided directions in the budget presentation on the information they wanted to discuss during a budget workshop setting.

Workshop Introduction

- FY 24 Recommended Budget presented on May 8. After the presentation, the Commissioners provided directions for the workshop to take place on May 22.
- At least most of the Board expressed that they do not want to raise taxes for the coming year and requested the Manager present a proposal to revise capital to fund the recommended budget.
- Staff received the Transylvania County School's budget request electronically on May 8. The Board directed the Manager to use the request to provide a more detailed school capital funding recommendation.
- The Personnel Board recommended the Commissioners consider a 401K contribution and increase longevity pay along with the pay plan implementation. The Commissioners requested additional information as these were not included in the recommended budget.
- The workshop format will entail the Manager briefly reviewing the budget and then providing the additional details previously requested by the Commissioners.

Highlights for FY 24

- Property tax base increased by 2%
- Total budget of \$78,063,791, a 2% increase from the current budget (4% from original adopted FY 23)
 - 0.224 per \$100 to support the general operating expenditures of Transylvania County Schools and provides funds in preparation for the \$68 million bond-financed school projects
 - 0.09 per \$100 to finance the general operating expenditures of the Sheriff's Office, including the mandated jail
 - 0.24 per \$100 for all remaining County departments, most of which are mandated
 - 0.031 per \$100 to support the County's \$2.4 million annual capital improvement plan
 - 0.03 per \$100 to support the County's network of partner fire and rescue agencies in addition to the service district rates
 - 0.017 per \$100 to support the County's Solid Waste Fund which cannot support its operations through user fees
- Budget prioritizes maintaining staff levels and existing benefits, and tries to combat economic inflationary impacts on commodities such as fuel
- Baseline annual capital proposed
 - Includes five patrol car equivalents with equipment for Sheriff's Office
 - Computer replacements on a five-year cycle; evaluating system security
 - Planned IT infrastructure upgrades
 - Communication tower replacement
 - Ambulance replacement
- Focus is on existing personnel and maintaining existing service levels, especially in Public Safety

- No new personnel
- Reclassifications:
 - To allow front desk staff in the Department of Social Services to assist in updating information in NCFAST
 - Sheriff's Office Narcotics Deputy to Investigator
- Several planned retirement overlaps
- Maintains benefits at existing levels
- Funds pay plan implementation
- Exploring contract for embedded mental health for staff which would be an expansion of wellness for employees; County already funds contract for Sheriff's Office
- \$1.2 million for courthouse planning assigned fund balance fund
- \$1.2 million for pay-as-you-go funds for Economic Development, Emergency Services, and Parks and Recreation
- \$6.2 million for bond payments in the Education Capital Fund
- Continue work on affordable/workforce housing, including a countywide housing study
- Major capital planning
- Keep current with compensation trend changes
- Community Center Wi-Fi and Capital Improvement Program
- Town of Rosman pool support (\$55,000 for one year; a 10% increase)
- Continues leachate agreement with the Town of Rosman (\$50,000 annual fee + 2.5 cents per gallon/leachate)
- Nonprofit funding requests were up, but the committee recommended changes while staying within the same budget levels from the prior year
- Grant funding to administer; pursuing grant funding to assist in unforeseen radio needs and communication upgrades

The following projects will have separate capital funds, but will impact the workload this fiscal year:

- Completion of the US 64 water and sewer line
- EMS Base construction completion
- Sylvan Valley Industrial Building Phase 2 construction
- Kick-off of the Courthouse design process

Revenue Projections

- Property tax is the primary revenue source for counties
- Little change in revenue distribution
- Sales tax earmarked for education

Expenditures

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

Education Funding Considerations

- K-12 Education recommended for same increase as recommended budget at 2% for operations and a 50% increase for capital funding. There is also \$6.2 million in property tax showing a transfer to the Education capital fund.
- Blue Ridge Community College recommended for local operational funding at \$655,321 and capital funding at \$161,200

Fire Department Budgets

- Recommendation is to set the district rates at 5.5 cents/\$100 valuation and supplement the remainder of the budgets from the general fund property tax. This will require an increase in the portion of the tax rate that is dedicated to fire departments of approximately 0.43 cents. This is not a typical inclusion in the general fund tax rate for counties.
- The second year of subcommittee review of requests and making recommendations
- Major requests included in the recommendation:
 - Rosman and Connestee: Funded daytime staff person for coverage
 - Sylvan Valley II: No additional staff or general fund transfer for the City of Brevard; increased revenue to coverage from North Transylvania and Little River by \$30,000 each
 - Rescue Squad: Included paid bookkeeper and two apparatus replacements
 - Throughout the fire departments made recommendations for some modifications to submitted budgets and/or moving some expenses to request from district reserves
- The committee heard requests totaling \$7.8 million for fire and rescue agencies and recommended funding \$6.14 million with a net increase to the budgets of \$310,000 and a 5% increase overall

Solid Waste Enterprise Fund Summary

- Balanced budget of \$3,948,851, a decrease from FY 23 of \$662,000
 - Fee Revenue: \$2,651,741
 - Sticker fees are down 70%; staff have identified two cases of fraud that have now been processed through the judicial system
 - Balance is from property tax collections from the general fund and is not a typical county practice
- Existing revenue mix of fee adjustments from last year and the operational supplement from the general fund should be sufficient for a few more years, but there is not currently enough funding to save for expansions
- Next year's expansion will require cash from the general fund balance (ARPA revenue replacement with other savings) totaling \$5.8 million

General Fund Summary

- Balanced budget of \$78,179,791
- Maintain current service levels
- No new personnel, two reclassifications
- Funds pay study implementation and increases fire department supplements
 - Does not include benefit recommendations for 401K and longevity

Modifications from the Recommended Budget

- Worker's compensation premiums were received reflecting an increase of approximately \$88,000
- The Sheriff's Office budget was modified to shift between line items to better meet the needs of the Sheriff's Office within the recommended appropriation after a discussion with Sheriff Owenby
- An update on the EMS financing timeline indicated that a payment may become due in June of FY 24 instead of the first months of FY 25

- Should that be the case, the revenue scheduled for emergency services capital can be utilized to make that payment; the exact payment date will not be firm until closing on the financing
- The revenues for property tax collections were revised to reflect the same tax rate as FY 23 at \$0.6033
- Capital planning revisions to offset operational pressure in the budget and avoid a tax increase
 - Education Capital Fund cash distribution changed from \$6.2 million for FY 24 to \$6 million. This fund is used to account for revenue to meet the long-term education capital planning and to fund education capital projects funded over \$50,000 that are requested by the School Board and approved by the Commissioners
 - Delay in the timeline for original projected bond projects moving forward due to COVID and cost escalation has allowed the accumulation of cash in the Education Capital Fund. Some funds have already been appropriated for requested projects beyond annual capital, but FY 23 will end with approximately \$24 million in cash in the fund or the equivalent of three payments once the bond financing proceeds. Collaborative work is currently underway to regroup on the projects to be financed by the bond as well as other capital needs to be incorporated into capital planning.
 - Articles 40 and 42 of the sales tax are partially restricted for education capital and are projected to be \$3.1 million collected next year. \$1.2 million would go directly into the Education Capital Fund
 - Courthouse distribution to \$900,000 for FY 24; current balance is \$5.8 million
 - Parks and Recreation to \$100,00 for FY 24; current balance is \$1.4 million
 - Emergency Services and Economic Development remain at \$400,000 each
 - This is separate from Sylvan Valley lease payments and Transylvania Economic Alliance funding
- Any additional appropriations approved before budget adoption will require additional adjustments to the capital plan

Workshop Format

- County Manager will serve as the facilitator
- Present prior information and any known options for each item of discussion
- Open floor for Commissioner discussion/questions
- Once there are three in agreement or when 15 minutes is reached, the Manager will poll the Commissioners for consensus unless Commissioners express interest in continuing the discussion
- When consensus is reached, the Manager will move to the next item
- The Board should determine if a second workshop is needed and if so, schedule it before adjournment
- A public hearing on the budget will be held at both June meetings (June 5 and June 26)

Workshop Agenda/Items for Discussion

- Proposal on School Capital Funding
- Compensation Plan Benefits Comparison

Proposal on School Capital Funding

Proposal for School Funding

- Capital request received from Transylvania Schools after recommended budget reflected a total FY 24 appropriation consideration of funding at \$4,856,046 with projects unprioritized
- Recommendation for School System funding:

- \$780,936 as requested for FFE (furniture, fixtures, and equipment) including listed items of ADM allotment by school for furniture and equipment, \$500,000 in computers, cameras, band equipment, etc.
- \$192,000 in requested County appropriation for vehicles
- Projects were submitted unprioritized, so for the initial budget, the recommendation is to fund two projects by project and offer the School System the opportunity to reallocate those dollars by project to whatever their priorities are within that total with a requested amendment to the Board of Commissioners; same process as outstanding by project funds still pending from prior years. These projects require only a copy of the bid, contract, quote, or other documentation to issue funds:
 - \$220,000 for capital repairs and replacement systemwide
 - \$750,000 to replace air handlers at Rosman High School
- \$6 million funds into Education Capital Reserve
- Total County funding dedicated for education capital in FY 24 is \$7,942,936, an increase over FY 23

The Manager reported there has been discussion at the State level to change the distribution of operational funds. Transylvania County could see an increase in distribution pending the State's final decision. She stated that Small School Funding has provided Transylvania County School with an additional \$1.5 million in operational funding for two years in a row. Prior to receiving the additional funding, Transylvania County ranked 9th overall in the State for school spending. With the addition of the Small School Funding, Transylvania County is likely ranked better.

Commissioner McCall was satisfied with the recommendation, but she was interested in seeing the School System's prioritized list of capital. She felt that the budget recommendation should be sufficient until the maintenance reserve study is completed and presented to the Board. The study will give the Commissioners an understanding of the school's capital needs and rate them as to how critical each need is and ultimately gives both Boards the information they need to develop a plan moving forward.

Commissioner Casciato asked the Manager to explain to the public how teachers are paid. The Manager informed the public that teachers are state employees, so their pay rates are determined at the state level. The Board of Education may use local funds appropriated by the Board of Commissioners to provide supplemental pay. The FY 24 budget recommendation includes funds to cover the existing supplement level.

Commissioner Chapman asked about the timeline for completion of the study. The Manager said the School System did not want the study to interfere with instructional time, so she anticipated the study would commence during the summer so the consultants can have access to the buildings without interrupting instruction. The consultant anticipated six months in total to complete the study. The study will give the County information to help the Commissioners plan financially for capital improvements.

Commissioner Chapman requested regular updates on the status of the study. He assumed the monies the County is collecting currently can be used to fix some of the major issues that are not directly related to the bond projects. The Manager stated that the County's bond attorney has confirmed the referendum does allow the County to use the bond funds for financing any improvements in K-12.

Chairman Chappell stated the recommendation is not perfect, but it shows continued support and prioritization for education in Transylvania County.

The Manager confirmed there was consensus on the recommended budget for Transylvania County Schools.

Compensation Plan Benefits Comparison

Human Resources Director Sheila Cozart presented the following information prior to the Board discussing the recommendations.

Personnel Board Additional Recommendations

The Personnel Board did not have the full comparison of benefits at the time of the meeting, but there were two items already known to be areas where Transylvania County does not compare well in the benefits package to peers.

Additional recommendations of the Personnel Board are:

- The Board to consider providing a 2% 401K match for non-law enforcement employees (LEO by state law receive a 5% 401k distribution already)
- The Board to review the County's longevity policy and the established cap (currently capped at \$1,250)

Commissioners requested additional information about:

- How the County compares with peers on benefits and the cost to implement the Personnel Board recommendations, including wellness clinic provision
- Information on the current 457b plan contribution the County provides after five years of service of \$1,500 annually with background and how that compares to other counties
- Whether peers are providing paid parental leave

Benefit Comparison

In addition to the compensation, Evergreen Solutions (consultant) surveyed an array of peer benefits. The consultant found that Transylvania County's benefits are close to the average, but still below overall. Staff also reviewed the 2022 School of Government Benefits Survey which provides a review of counties in North Carolina for comparable information.

Transylvania County ranks:

- At or close to average:
 - Medical and dental coverage
 - Sick leave
 - Employee Assistance Programs
- Areas below average:
 - Tuition reimbursement - no countywide plan
 - Contribution to a deferred retirement plan - 401K, 457b, etc.
 - Longevity – maximum
 - Insurance for retirees – not offered – 457b contribution offered instead
 - Annual leave – minimum accrual rate

Retiree Health Insurance/457 Contribution

- Prior to 2006, Transylvania County was one of a small number of counties in NC that did not provide retiree health insurance
- Commissioners wanted to provide a benefit to be comparable to other counties but were concerned about cost constraints and the GASB requirement for funding the future obligation
- The Board reviewed proposals and approved a hybrid option:
 - Employees with 10 or more years of service to Transylvania County at that time (in 2006) had a choice of:
 - Retiree Health Insurance (all service in Transylvania County) up to age 65
 - 30 years: 100% employer paid

- 20 years/age 55: 80% employer/20% employee paid
 - 15 years/age 60: 60% employer/40% employee paid
 - Contribution to a 457b plan of \$57.69 per payroll, equal to \$1,500 per year
- Employees with less than 10 years of service and newly hired employees receive a contribution to the 457b Plan of \$57.69 per payroll equal to \$1,500 per year
- In 2010, the Board modified the waiting period to five years for new employees
- For Retiree Insurance:
 - Staff reviewed the 2022 UNC School of Government Survey of Salary and Benefits which indicates:
 - 68 counties provide some form of retiree insurance coverage as a benefit
 - 38 counties indicate they provide some type of supplement for retirees at age 65
 - The survey does not indicate if the benefit is currently being offered to new employees or has sunset provisions
 - Staff contacted the respondents to Evergreen's Compensation Benefit Study:
 - Of the 10 respondents, seven currently provide some level of retiree insurance coverage to new hires, and three do not; one has not historically provided retiree health insurance
 - Three indicated a recent change to sunset retiree coverage similar to the State of North Carolina

Employee Health Clinic

Transylvania County, like many counties and larger municipalities, has a self-funded health insurance plan for employees. This means that, while BCBS negotiates rates that our plan uses, the insurance payment for any visit is paid in full by Transylvania County.

Seven of the 10 surveyed respondent peers provide a wellness clinic to their employees. As a self-funded plan, encouraging employees to be proactive about health ensures that the County has a stable workforce and helps to keep costs down. Prior to 1991, Transylvania County provided an annual employee health screening program to help manage the costs of the health plan. The screening included bloodwork with a review by health professionals to interpret the results. This was intended to help identify health concerns and empower employees to address them preventatively and proactively. For instance, diabetes can be managed, but being left uncontrolled can lead to serious and costly health incidents.

In 2013, Transylvania County established an Employee Wellness Clinic with the goals to provide ongoing health screenings, early diagnosis of issues, counseling for chronic conditions, a lower cost option, faster and easier access to care for episodic care and blood work and encouraging employee health. The clinic saves employees from having to make copay but also saves the County on the charges associated with filing insurance for a visit, lab tests, and other charges.

The return on investment (ROI) of employee health/wellness clinics varies drastically due to the type of services offered and employee engagement, but studies have shown they benefit self-funded plans by keeping employees healthier and generating savings by not having to file insurance. For instance, labs are directly billed and reflect significant savings to the self-funded plan.

According to the Rand Corporation's analysis, it is estimated an overall ROI of an employer sponsored health clinic can conservatively be \$1.50 for every \$1.00 invested. The real impact in ROI at a level of \$3.80 to \$1.00 is related to employer-sponsored disease management programs, such as diabetes, hypertension, and obesity. The Rand Corporation calls this "the Employee Positivity Factor."

Benefit brokers indicate the largest value to the County is for employees to have quick, easy, and cost-effective access to healthcare, and cost avoidance for routine type episodic visits, specifically in a world where it takes weeks to get an appointment with a provider.

Other Benefits Identified Below Average

- Tuition Reimbursement Program
 - Currently, there is no countywide tuition reimbursement program
 - 80% of the Evergreen respondents have a program with an average annual benefit to users of \$1,833.33
 - Transylvania County has funds set aside from the inmate commissary annually to allow for tuition reimbursement in the Sheriff's Office
- Annual Leave
 - Based on the School of Government survey, many counties have increased their minimum accrual rate from the standard 10 days, same as Transylvania County, to 12 days
 - 44 respondents indicate >10 with the most common being 12 days
 - 34 indicate=10 days
 - 3 indicate <10

Parental Leave

Based on the Commissioners' request, staff surveyed surrounding peer counties and cities:

- The City of Hendersonville and the Town of Fletcher offer paid family leave
- Buncombe County is the only county to provide parental leave as of now, but the State of North Carolina has approved six weeks of paternity leave as more jurisdictions are considering it as well
- The budgetary impact would be difficult to calculate but would require budgeting some funds to cover the absences, especially for roles that require part-time coverage during that absence

401K Information

Recommendation for 401K benefit (not included in the budget):

- Transylvania County is not competitive with peers in providing a 401K contribution or match for non-law enforcement positions
- NC Local Government Employers are required to provide a 5% 401K contribution for Law Enforcement Officers (LEO)
- There are 66 counties and over 300 towns/cities in NC that provide a 401K contribution to general employees, including market peers in our region:
 - Henderson County
 - Haywood County
 - Buncombe County
 - Macon County
 - City of Brevard - 2% with a 1% addition per year to 5% in FY 26)
 - Town of Fletcher
 - Contributions vary between a match up to 3% or a contribution of 1% - 8%
- Staff contacted respondents to the Evergreen study:
 - Of the 10 local government respondents, seven provide a 401K contribution to non-LEO employees
 - One respondent provides the 5% LEO benefit, plus a match
 - The City of Brevard started in FY 22 with a 1% match and plans to increase by 1% annually until 5% for non-LEO by FY 2026
- The Personnel Board recommended the Board consider a 2% 401K match for non-LEO employees
- Based on the proposed rates, a 2% match to non-LEO would cost \$325,000

- Based on information from the County’s 401K representative, approximately 90% of employees take advantage of a matching program; using that data, staff anticipated a budgetary impact of \$293,000

Longevity

- Current policy provides for an annual longevity payment in recognition of the long-term service of permanent full-time employees who have served at least five continuous years with Transylvania County
- Annual longevity payments are based on the length of continuous county service and a percentage of the employee’s annual rate of base pay on the date of eligibility as of July 1 of each year, with the payment being made the week before Thanksgiving
- Longevity pay amounts are computed by multiplying the employee’s base pay rate by the appropriate percentage from the following table:

Years of Service	Longevity Pay Rate
5-10 years	2%
11-15 years	3%
16-20 years	4%
21+	5%

There is a \$1,250 ceiling for any annual longevity payment. In 2022, there were 167 employees eligible for longevity and 101 of those were at the maximum amount of \$1,250. The cap has not been evaluated for at least 15 years and likely longer. It is usual for counties to provide longevity, but unusual for counties to include a maximum amount/cap. Most counties provide longevity as a percentage of salary, but some provide a flat amount for service. Longevity is often paid as a bonus and not added to salary, so it is a separate practice from step programs.

Jackson County provides a flat amount, while Buncombe, Henderson, Haywood, and Macon Counties provide a percentage with no cap. The School of Government Survey reflects the percentages being used are comparable to other counties.

If the Board desires to revise the \$1,250 cap, based on current eligibility numbers, the cost for a 20% increase would be \$25,250.

This concluded Ms. Cozart’s presentation on employee benefits. The Manager facilitated the discussion to reach a consensus on these items.

Consideration and Consensus for Budget Workshop

- The Personnel Board recommended implementing a 2% 401k match option for employees.
 - Budget impact of \$293,000
 - May establish a waiting period before offering the benefit
- Personnel Board recommended an increase in longevity
 - Would be difficult budgetarily to eliminate the cap at once
 - Increasing the cap by 20% would have a budget impact of \$25,250
 - Could consider an annual increase of the cap tied to CPI to move the benefit toward peers that do not impose a cap

The Manager confirmed that neither of these items – the 401K or the increase to longevity – are currently included in the recommended budget. The recommended budget includes the cost of implementing the pay plan, but the additional recommendations were not ready for inclusion in the budget.

Discussion on 401K Match

Commissioner McCall stated that given the difficulty in retaining and recruiting certain positions, she supported adding the 401K match as an employee benefit. She felt it was important for employee pay and benefits to be comparable to our neighbors and peers.

Commissioner Chapman asked where the money would come from to cover the 401K match since the Board has already taken the stance of no tax increase this year. The Manager stated that staff would make a further adjustment to the capital plan to recoup the budgetary number of \$293,000.

Chairman Chappell was concerned about adding the 401K match at this time since the Board is making such a significant investment in the pay classification study implementation. He said he may consider it in future years, but for this year he was concerned about stretching the capital dollars too far and not being able to pay for much-needed capital projects in the future.

Commissioner Casciato asked if the 401K could be added without too much of a strain on capital. The Manager stated she had recommended a tax increase to protect the capital and operational pressures the County is experiencing. She stood behind that recommendation but understood it is the Board's decision if and when to raise revenue. She said the Board may modify the capital plan by an additional amount, but she stressed to the Board that their capital needs are not going away. At the same time, the cost of providing services continues to rise.

Commissioner Chapman agreed with Chairman Chappell's comments. He said that had the Board agreed to raise taxes, he would have been supportive of adding the benefit. By taking the position of not raising taxes, he suggested the Commissioners consider it in another budget year. He supported the implementation of the pay study because he felt it was much needed.

Commissioner Dalton asked if the Personnel Board had received information showing how not providing this benefit impacts recruitment. Ms. Cozart said many employees in DSS have left Transylvania County to find employment at DSS in Henderson County for not only higher pay, but the opportunity to receive a 2% 401K match.

Commissioner McCall said she would be fine with the Board's decision, but she wanted the Commissioners to reconsider it in another budget year. She asked if the staff had considered an employee's longevity in terms of qualifying for a 401K match. The Manager stated the Board may decide at which time in an employee's employment that they qualify for the match. Currently, the County has a six-month probationary period for all employees. The Board could consider eligibility following the probationary period or another timeframe as long as the rule is consistently applied.

Commissioner Dalton pointed out that 401K contributions are made pre-tax. He asked if the staff has considered any cost savings on tax contributions the County would be making. The Manager stated staff did not consider that factor. When it is revisited, Commissioner Dalton asked staff to provide information on the pre-tax savings to hopefully make implementation more digestible.

Commissioner Dalton stated he was okay with waiting to add the 401K benefit, but he went on record saying he felt it was important because some critical departments are operating with a skeleton crew.

Commissioner Casciato agreed with Commissioner Dalton's statements. He felt strongly about being able to recruit quality employees and retain those trained staff.

There was consensus among the Board to not include the 401K match in the FY 24 recommended budget; however, there was also consensus in reconsidering the benefit for FY 25.

Discussion on Longevity Increase

Chairman Chappell did not support the longevity increase for the same reasons he stated for the 401K match.

Commissioner Dalton conceded but reemphasized that the increase needs to be considered.

Chairman Chappell pointed out that Commissioners are dedicated but cannot absorb all the costs at one time.

Commissioner Chapman agreed. He understood that the pay study does not resolve all the issues, but it makes the County more competitive.

Commissioner Dalton said he was hopeful that the State's budget will include an allocation of dollars to alleviate some budgetary pressures in terms of capital and thus free up monies to revisit adding these benefits.

The Manager had a consensus not to increase the longevity and to reconsider in FY 25.

The Manager stated the Commissioners have made incredible strides on the County's pay plan. On behalf of all County employees, she was appreciative of the Board's commitment and for considering the recommendations from the Personnel Board.

Chairman Chappell thanked the Commissioners for their dedication.

Commissioner McCall thanked the Manager for making sound recommendations to the Board. She reluctantly conceded to the Board on the Personnel Board's recommendations, but she was confident the Board would revisit them. She did not think this year was appropriate for a tax increase.

Next Steps

With the Board's consensus on the FY 24 Budget, staff will prepare to hold a public hearing on June 5 and June 26. The Board will subsequently approve the FY 24 Budget on June 26.

PUBLIC COMMENT

There were no public comments.

COMMISSIONERS' COMMENTS

In response to Mr. Brewer's comments during the public comment period, Commissioner Chapman agreed the Board should consider additional early voting locations and thus suggested the Elections Director give a presentation to the Commissioners on the cost and other logistics.

Commissioner Casciato invited the public to attend the Memorial Day Ceremony at the Courthouse on Monday, May 29 at 11:00 a.m. The VFW, American Legion, and the Veterans History Museum of the Carolinas did a great job planning the ceremony.

Commissioner McCall attended her 50th class reunion last Friday night and she encouraged others to attend theirs because it was worth it. Commissioner McCall and Chairman Chappell attended a mental health town hall a few days ago. She said she understands there is a huge need to address mental health for our citizens. The officials at the town hall meeting shared that the State budget includes \$1 billion for mental health.

Commissioner McCall was concerned that the officials did not share their plan to measure outcomes and success. She was also concerned that much of mental health would be managed from Raleigh, not locally.

Commissioner Casciato announced that 19 reservists were called up to serve in the Middle East. He asked everyone to keep them in their prayers. The Veterans History Museum of the Carolinas and Anchor Baptist Church hosted a going-away party for the reservists last Tuesday and it was well-attended. The parents of those reservists were thankful for the event.

Chairman Chappell thanked the Manager for her professionalism, for how she presents information to the Board, and for making sound recommendations. He thanked her for her service to the Board and the citizens of Transylvania County.

Commissioner Chapman thanked the citizens for paying their taxes so the County can provide much-needed services.

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, (a) (4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, and (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, followed by a 10-minute recess, seconded by Commissioner Dalton and unanimously approved.

CLOSED SESSION

Per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, (a) (4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, and (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 8:05 p.m. Present were Chairman Chappell, Commissioners Casciato, Chapman, Dalton and McCall, County Manager Jaime Laughter, County Attorney Julie Hooten (via Zoom meeting software), Transylvania Economic Alliance Executive Director Burton Hodges (1st & 2nd closed sessions only), and Clerk to the Board Trisha Hogan.

The Commissioners received information on potential economic development projects, followed by a consultation with the County Attorney.

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

OPEN SESSION

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

ADJOURNMENT

There being no further business to come before the Board, **Chairman Chappell moved to adjourn the meeting at 9:14 p.m., seconded by Commissioner Dalton and unanimously carried.**

Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board