

**MINUTES OF A  
WORK SESSION  
OF THE JACKSON COUNTY  
BOARD OF COMMISSIONERS  
HELD ON  
JUNE 11, 2020**

The Jackson County Board of Commissioners met in a Special Budget Work Session on June 11, 2020, 8:30 a.m., Justice and Administration Building, Room A201, 401 Grindstaff Cove Road, Sylva, North Carolina.

Present: Brian McMahan, Chairman  
Mickey Luker, Commissioner (via Zoom video conferencing)  
Ron Mau, Commissioner (via Zoom video conferencing)  
Gayle Woody, Commissioner  
Absent: Boyce Deitz, Vice Chair

Don Adams, County Manager  
Heather C. Baker, County Attorney  
Angela M. Winchester, Clerk to Board

Chairman McMahan called the meeting to order and stated that Mr. Adams and Darlene Fox, Finance Director, were present to lead them through any changes and/or updates that had occurred since the last meeting. Also, they would discuss any questions that Mr. Adams had for the Board and any questions, clarifications or additional items that Commissioners had.

**(1) CHANGES AND UPDATES TO THE BUDGET:**

**(a) Sales Tax Update:** Mr. Adams stated that he had an update on sales tax for the Board. They received March sales tax, which came in 12% above last year's March revenues. If they referred back to the Budget Message, it projected that if March sales tax came in level to last year, they could absorb a 14% decrease in sales tax for April, May and June. Now that they had received March and it was an increase, the revised projection would be 18%. In essence, March came in higher than they anticipated. That followed along with the recommendation on a lot of the items in the budget to be delayed until January, 2020, so they could truly see the impact of the sales tax.

- (b) Budget Changes:** Ms. Fox stated she had a few items they needed to make adjustments to:
- When HERE submitted their budget, it was only for ten months last year. They requested the same for the upcoming year. They would need to add \$20,825 to make it a 12-month budget.
  - The Green Energy transfer from the General Fund was \$215,000. In the Green Energy Fund, it was \$222,000, so they needed to reduce that to make it equal. That would not have an impact on the General Fund.
  - They had the estimate from the state for the 911 PSAP revenues and they needed to reduce those by \$1,000.
  - Veteran Service supplies had a mistake on their request. They listed the current actual to-date number instead of the budget number, so they needed to add \$950.
  - The ABC Board submitted their budget and their board approved it. They did increase the allotment to the county by \$60,000, but it was already in the request.

Mr. Adams stated that on the HERE budget, last year they were a newly formed organization and anticipated it would take a few months to get fully staffed. When they submitted the budget last year, it was relatively a 10-month budget versus a 12-month budget. In order for them to operate for 12 months they would need the additional funds.

Commissioner Woody stated that when Mr. Adams was out on sick leave, she received a concern expressed and reached out to Ms. Baker about a situation with HERE. She was going to look into that, did she feel good about that situation being resolved?

Ms. Baker stated that she had spoken with Bob Cochran and he was going to make a call to the individual that had expressed a concern that day. As far as she knew, they had talked and worked through that.

(2) **NEXT STEPS:** Mr. Adams stated that he was dependent upon the Board to provide any feedback that they deemed necessary. The two items he would recommend they focus on initially would be the Budget Message, which was to summarize personnel, capital and some operational recommendations. and he would refer them back to the nonprofit details list. Also, they did have a day of presentation from the Library, Sheriff's Office, the Community College and the School system. They also had a day of presentations from nonprofits. He would recommend potentially using that as an agenda to help lead the discussions.

(3) **COMMISSIONER RECOMMENDATIONS AND QUESTIONS:**

(a) Commissioner Luker stated that he wanted to wait on the Budget Message until they actually went through the budget for any changes that they would recommend and then come back to that. In his opinion, that would make more sense to summarize the message they were sending out to the citizens and staff. He would prefer they come back to that message and summary when they were finished with discussions and changes.

Chairman McMahan stated that the Budget Message was just a summary of the budget. Did he have recommended changes that he wanted to work through.

Commissioner Luker stated that he did have changes, but he had a couple of questions first. The vehicles that had been asked to be appropriated in that year's budget, had all of those been anticipated in the budget or did they go with last year's numbers?

Ms. Fox stated that they took the requests they received from the departments and worked from that. They did not recommend all that was requested. Code Enforcement requested two and they funded one. The Health Department requested two and they funded one.

Mr. Adams stated that the Sheriff requested nine and there were seven in the recommended budget.

Commissioner Luker stated that regarding the schools, he knew they approved the tax to be collected for security needs in the schools and they did not have push back from the citizens. The tax they had been collecting, where did they stand on what they had collected and what they had actually spent to date on school safety? Also, was that money in a separate line item or was it in the General Fund?

Ms. Fox stated that money was in the General Fund. The expenditures funded between the schools and public safety. Those were the only two departments they used that money for and it was in their regular budget.

Mr. Adams stated that they could come back and get the details, but all of the expenses associated with that tax, such as the guidance counselors, were part of the current budget. If they looked at the school budget, they would see the counselors separated in a different line item, so they could directly relate that to the tax. The other areas of the safety issues had the SRO officers and they also funded the ambulance service for Glenville-Cashiers. They increased coverage in that area with those funds. All of those funds had been budgeted for expenses to be expended that year and it was an ongoing cost, so none of those expenses had been removed from the budget.

Commissioner Luker stated that he may be a little confused. He was thinking that they increased the tax based on safety issues and that once that was accomplished, they could reduce that rate back.

Chairman McMahan stated that those were ongoing expenses. Those salaries, payments on the Rescue Squad building – all of those were ongoing expenses that occurred each year, so the tax would have to be maintained after that.

Commissioner Luker stated that he was talking about when they just funded the one cent based on the school safety issues they were hit with after all the shootings. He knew they could not primarily dedicate to that, but that was the intent.

Ms. Fox stated that all of the one cent was dedicated to public safety. They were recommending a 2% increase for the School Resource Officers, so they had the ongoing, plus the increase and the same for ambulance, rescue squad and the six counselors, they recommended a 2% increase. They had it funded at the same level as last year.

Chairman McMahan stated that as far as the capital enhancements for school safety, it was funded out of a separate part of revenue.

Mr. Adams stated that the \$2.5 million for construction was going for the courtyards was coming out of Articles 40 and 42 Sales Tax, which were mandated to go to school capital.

Commissioner Mau stated that he had some questions about that also, he was confused. He thought part of that tax increase was for the capital as well. In fact, he knew there were lots of people that believed that as well.

Chairman McMahan stated that there were some capital components such as payments for the Rescue Squad building, which was well in excess of \$200,000. Once they got to a certain point in time, that would pay off.

Commissioner Luker stated that he did not recall that payment being a part of that tax increase.

Ms. Fox stated that she could provide a summary of all of the expenses with the revenues that were not actually coming in from the one cent increase.

Mr. Adam stated they would have to come back and give a true breakdown of the revenue from the sales tax and the expenditures.

**(b)** Commissioner Luker stated that his main concern, especially hearing the nonprofits and different folks from families in communities and calls that he got that as a whole, they were taking into a full realization. Renee Coward had stated that families were stressed and worried and others spoke about the same and it was repeated. Looking at the unemployment rates in the county and many different facets, he knew what they said about the March sales tax, but if they really thought about it, March was just beginning. April was what seemed to shock the world and the county. He thought people in the county were worried, stressed and were financially burdened.

He thought instead of looking at ways they could keep the budget at status quo and no tax increases, he thought there were ways they could decrease taxes. He thought they needed to be focused more on how they could give a break to every citizen of the county, as a whole. Any type of relief and help, even if it was short term, he thought that would build the hope in the community and send a clear message to each family in the county that they realized they were hurting and were looking at ways they could help relieve some of that.

**(c)** Commissioner Mau stated that he would email his information to everyone. He had spent more time on this budget than other they had looked at, mainly because of everything related to COVID, the economy and what was going to happen.

“For discussion sake, let’s say I have planned to spend \$11 dollars this week but I only spent \$10. The following week if I spent \$11 my spending has increased 10 percent.”

He went back and looked at the audited statements and looked at what they actually spent, not actually budgeted:

- 2017-2018 JC actual expenses (from audited financial statements): \$56,488,631
- 2018-2019 JC actual expenses (from audited financial statements): \$58,690,405
- 2019-2020 JC estimated actual expenses: \$61,000,000 (estimated)

The proposed budget was for about 66.5 million dollars and represented a spending increase of about 9.1 percent over the estimated current fiscal year spending (ex COVID – 19 spending). The dollar amount was about \$5.5 million. As stated in the 5/26/2020 budget message, the proposed budget was 1.34 percent less than the prior year’s proposed budget. The question was how to allocate the \$5.5 million dollars that represented an increase in spending of 9 percent.

His suggestions (with rounded numbers) were:

- In an economy where unemployment in the county tripled over the past couple of months, all citizens of the county would benefit from additional money in their pockets. To achieve this and provide all citizens of the county more dollars in their personal account, a 10 percent reduction in the property tax rate was proposed. That would represent about \$3.8 million of the \$5.5 million and provide local economic stimulus.
- Health insurance increase all paid by the county on behalf of the county: \$0.559 million
- Retirement benefit increase for employees: \$0.248 million
- They heard from non-profits. Many indicated they anticipated a greater need for services in the upcoming year based on COVID-19 issues and the suffering economy. A number of non-profits provided vital human services. The county government did not have the staff to provide these services but non-profits did. Additionally, he did not wish to select which non-profits were more important than other non-profits. He recommended they fully fund all non-profits that requested funding in these unusual times. These organizations needed to recognize that this was an unusual year and the same level of support may not be allocated in future years. This would increase non-profit funding year over year by: \$0.062 million. That number had changed based on what Ms. Fox reported earlier and also, he realized that he may not have included the WATR request for their entire budget.
- Special Library Project. He did not know what would be the solution to the Courthouse Hill. He had heard from many who propose additional historical information about the civil war, basically to tell the truth. He had people propose a monument, which made no reference to any particular time period or war, in which Jackson County citizens made the ultimate sacrifice and he had been approached about removing the existing monument. He knew there were petitions being circulated to both remove and keep the existing statue. He did know government could often move too slow with the last step being the question of how would they pay for this? This budget item simply started the funding process for whatever the solution may become. \$0.05 million.
- Increase local teacher supplement by 1.4 percent: \$0.312 million
- Employee COLA based on 30 April CPI of 1.4 percent: \$0.445 million
- Increase fire services/support as recommend in budget: \$0.031 million
- Increase forestry support as recommended in budget: \$0.085 million
- Savings by freezing salaries of county employees who earn over two times the average county employee compensation: \$0.023 million
- Savings by keeping board budget at 300k (was 275k a little as two years ago: \$0.033 million).

(d) Commissioner Mau presented: Operating Summary:

- $5.5 \text{ million} - 3.8 \text{ million} = 1.7 \text{ million}$  for spending
- $0.559 + 0.248 + 0.062 + 0.05 + 0.312 + 0.445 + 0.031 + 0.085 - 0.023 - 0.033 = 1.7 \text{ million}$  (the last two numbers were negative as they were savings based on changes to proposed budget)
- The above would result in a total budget of about \$62.7 million, which was 7 percent below last year’s proposed budget.

(e) Commissioner Mau presented: Capital Spending: Capital would be funded via fund balance. As stated back in a previous meeting this was a time when fund balance should be used to spur economic activity. In some cases, (i.e. school safety) tax payers have paid enough from a previous tax increase to fund those improvements. The reality was those funds were in the fund balance. For the smaller capital projects as identified in the budget, those funds should, in his opinion, come from tax dollars already paid by the citizens.

Those amounts were:

- 2.0 million school safety projects
- 0.63 million equipment
- 0.63 million vehicles
- 0.71 million improvements

A sharper pencil may be able to identify capital projects listed above that could be delayed. For those pursued, the use of local vendors should be encouraged.

Commissioner Luker stated that Commissioner Mau touched on a lot of the things that he was trying to say. He thought this would go far with the citizens of the county.

Commissioner Woody stated that in light of Commissioner Mau's suggested cut in the property tax, they did not know what was going to be happening with the economy. As they knew, a large part of the property taxes came from second homes or vacation homes, if they remembered back to 2008, so many of those second and third homes went into foreclosure and the tax revenue went way down from that time. She did not think they knew what was going to happen with this.

They were so blessed in Jackson County to have a healthy Fund Balance and she did not think they should take that for granted. She thought they should protect that for the citizens ongoing. She personally was not in favor of doing that at that time. In January, if they saw things turn around, which they hoped it would, maybe then they could look at that. At that point, with some of the projections she had heard, people would tend to walk away from second or third homes when there was a recession and money was tight. She thought that was a concern they had to keep in the forefront.

Commissioner Mau stated that he agreed with what she was saying partially, however, he would remind her that the County Manager and Finance Director did say they thought the budget they presented to them was fairly conservative. So, instead of \$66.5 million, he was cutting it to \$62.7 million, so they did have room to cut taxes if they started from a conservative start, which was what they indicated.

Commissioner Woody stated that it still did not address the issue that they did not know what was going to happen in the next few months.

Commissioner Mau stated that he knew that and he was trying to get money into people's pockets so they could spend it and help the local economy.

Commissioner Woody stated that she thought there was a bigger issue for herself as a Commissioner, she felt a great responsibility to the future of the county and long-term. She knew people were hurting and she knew that the nonprofits were doing a great job, they were stepping up, but she felt they were going to get more and more requests for some of that money.

(f) Commissioner Woody stated that one thing she wanted to make a comment about the school's request and the 1% sales tax that went to Student Support Specialists. She had personally heard several comments and she had talked at length with Mr. Buchanan about the benefits of those. Since they had those counselors in the schools, they had no bomb threats. Those counselors were really reaching out to those students at that time. It was amazing how many students they were seeing on a weekly basis and these were students that would not have access to mental health services at all if they did not provide that. One counselor stated that in her 15 years, that was the first time they felt they were actually meeting the students' needs. She wanted to make sure they were aware of how beneficial that money was.

Also, Dr. Elliott mentioned to her about the concern she had about the Curriculum Specialists and the cost of that last year. They moved that position over to federal funds so the county funds were not funding that position anymore, although, they still felt it was a good position.

Chairman McMahan stated he wanted to offer an idea. Commissioner Luker and Commissioner Mau had offered some suggestions. Given the breadth of what had been suggested, which were not just simple changes and the fact that Commissioner Deitz was not with them, he did not think they were in a position to make those kinds of substantive changes. He knew that staff had not even been able to identify all of the information that they had asked for to review. He thought they would have to come back and look at this at a later date, potentially recess the meeting and reconvene as early as the next day to give them a chance to review some of the potential changes and then maybe they could move forward. At that point, he did not know how they could make much of a change and move forward without looking at the numbers that Commissioner Mau was talking about as well as hear potential changes from Commissioner Deitz. His recommendation would be to recess until June 12<sup>th</sup>.

Commissioner Luker stated that he was okay with that. He wanted to make a clarification, he was not sure if Commissioner Woody was implying that his remarks were in regards to the counselors. He thought there was no doubt – anything that impacted the children, he would not be in favor of. He thought everyone that had been on the Board had always been in favor of whatever was for the children.

He thought Ms. Coward spoke about what they were going to see moving forward in her line of work, DSS and the Health Department was as times got harder and things got tougher, the impact on the children was going to be greater. He agreed whole-heartily about funding the nonprofits, as long as they were aware that this was not the norm moving forward. Just because they funded them that amount this year due to circumstances, do not let that become the expected. As long as they were sending that message out loud and clear.

Also, he worked in the resort business for many years not only as on-site, but across the nation in the consulting path in the last several years as well. He was looking out for the citizens of the county that were there 365 days that were registered voters in the county. He was looking out for the citizens that lived and made a living in the county, that were there spending their hard earned dollars every day to make sure they survived, not the ones that were just there a few months out of the year. Whatever they had to do to relieve some burden and put some faith and hope back into those people's lives was what they needed more than anything. It was still in the back of everyone's mind 2008 – no one wanted to see that again. They were a healthy county and he thought it was a great opportunity to send a clear message that they were right there with them and they understood.

Commissioner Mau stated to Commissioner Woody that in no way would he talk about cutting the funding for the counselors because he heard the same thing she did. It started from what they spent last year and it was spent last year on those positions, so that was there.

Chairman McMahan requested for the meeting to be recessed to June 12<sup>th</sup> at 1:30 p.m.

**Consensus:** *Recess the meeting until June 12<sup>th</sup> at 1:30 p.m.*

There being no further business, Chairman McMahan recessed the meeting at 9:17 a.m. to be reconvened on Friday, June 12, 2020 at 1:30 p.m.

Attest:

Approved:

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Angela M. Winchester, Clerk to Board

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Brian Thomas McMahan, Chairman