

**MINUTES OF A
SPECIAL CALLED
BUDGET WORK SESSION
OF THE JACKSON COUNTY
BOARD OF COMMISSIONERS
HELD ON
JUNE 06, 2022**

The Jackson County Board of Commissioners met in a Special Called Budget Work Session on June 06, 2022, 6:00 p.m., Justice and Administration Building, Room A201, 401 Grindstaff Cove Road, Sylva, North Carolina.

Present: Brian McMahan, Chairman
Boyce Deitz, Vice Chair
Mark Jones, Commissioner
Tom Stribling, Commissioner
Gayle Woody, Commissioner

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

Chairman McMahan called the meeting to order.

(1) SYLVA FIRE DEPARTMENT: Mr. Adams presented a letter he wrote to the Town of Sylva. The letter stated that the Jackson County Board of Commissioners agreed, by consensus, to fund \$1,074,290 to the Town of Sylva to operate a fire department 24-hours a day, seven days a week, with a minimum of eight full-time fire personnel. The Sylva Fire Department would cover the existing Sylva Fire District and to provide mutual aid assistance as needed. This funding also covered other items such as the building debt service payment, pay per call and other operational needs.

Future conversations with the Town of Sylva needed to be about what they were funding them to move forward to provide fire protection, not necessarily the amount of people. As an individual entity, the Town of Sylva had the ability to make the final decision. The county's funding would state that they were asking the town to employ a minimum of eight full-time employees.

He provided a letter he received from Paige Dowling, Sylva Town Manager, that stated the Sylva Town Board unanimously voted to accept the offer of \$1,074,290 and agreed to provide 24-hour, seven-day a week service with all of the above elements.

Assuming the County Board of Commissioners moved forward with a vote on the budget, this would be a great service to the citizens of the Town of Sylva and the service district. This was a positive conversation for the community moving forward with improving services for the citizens.

Commissioner Jones inquired what percent of the fire budget the county would be paying?

Mr. Adams stated it was approximately 81% of the \$1,321,516 total budget for the fire. The proposed budget from the county was \$1,074,290.

Commissioner Woody stated that this covered the entire fire district, which was a larger area that included Dillsboro and Webster.

Informational item.

(2) GLENVILLE-CASHIERS RESCUE SQUAD: Mr. Adams stated that the interest rate had been finalized and the revised amount requested would not to exceed \$4,600,000. The original amount was for \$4,500,000. Since the interest rate decreased, this would still allow for the debt service payment they had budgeted for. This was the request and the recommendation from the County Manager’s office.

Commissioner Jones noted that with all of the traffic, especially in the summer, this was a strategically great location for the new rescue squad in Cashiers.

Informational item.

(3) SOLID WASTE: Chad Parker, Public Works Director, was present for this item.

Mr. Adams presented to the Board the potential anticipated increased costs going into the next fiscal year.

(a) Solid Waste Contract Expenses:

FY 2022-2023 Proposed Estimates	Estimated % Increase	Increase
Transportation Costs	40%-60%	\$440,000
SRC Operation Costs	7%-10%	\$88,500
Equipment Costs	7%-10%	\$9,800
Tipping Fee Costs	11.41%	\$94,100
35,000 tons @ \$25.01 = \$875,350 (July-Dec)		
35,000 tons @ \$27.51 = \$962,850 (Jan-June)		
		\$632,400

(b) Solid Waste Fees for FY2022-2023:

County	Household Availability Fee	MSW Tipping Fee
Haywood	\$159	\$55/Ton - Transfer Station
		\$22.71/Ton plus \$2 per ton - Landfill
		\$9,800
Jackson	\$72 - 1 BR	\$64/Ton MSW and Construction
		\$97 - 2-3 BR
		\$121 - 4 BR
		\$144 - 5+ BR
		\$97 Mobile Home
		\$97 Apartment Unit
		\$5 Per Campsite
		\$5 Hotel/Motel per room
Macon	\$108	\$66/Ton Main Landfill
		\$74/Ton Highlands
Swain	\$75	\$2/Ton Household/Commercial
		\$80/Ton Construction

Mr. Parker stated that Haywood and Macon offered services for bagged garbage and recycling for bottles, cans and paper. Jackson collected more items at its sites. Swain had one convenience site.

Mr. Adams stated that when they looked at fees, they also had to look at services. He would consider Jackson County comparable, especially considering the services they offered to the citizens. Since they were projecting potential losses or increased costs of up to \$632,400, they looked at the fee schedule to potentially increase certain fees.

(c) Proposed Solid Waste Fees for FY2022-2023:

<u>Availability Fees</u>	<u>Current</u>	<u>Proposed</u>	<u>% of Increase</u>	<u>Current</u>	<u>Number Units</u>	<u>Proposed</u>
Household- 1BR	\$72	\$80	11.11%	\$96,840	1,345	107,600
2-3 BR	\$97	\$125	28.87%	\$1,633,577	16,841	\$2,105,125
4 BR	\$121	\$140	15.70%	\$284,955	2,355	\$329,700
5+ BR	\$144	\$160	11.11%	\$102,960	715	\$114,400
Mobile Homes	\$97	\$125	28.87%	\$52,865	545	\$68,125
Apartment Units	\$97	\$125	28.87%	\$100,492	1,036	\$129,500
Campsites	\$5	\$5	0.00%	\$1,050	210	\$1,050
Hotels/Motels per room	\$5	\$5	0.00%	\$9,833	1,967	\$9,833
Businesses	\$61	\$61	0.00%	<u>\$43,127</u>	707	<u>\$43,127</u>
				\$2,325,699		\$2,908,460
						\$582,761
<u>Availability Fees</u>	<u>Current</u>	<u>Proposed</u>	<u>% of Increase</u>	<u>Current</u>	<u>Number Units</u>	<u>Proposed</u>
*MSW Commercial	\$64	\$66	3.13%	\$588,756	9,199	\$607,154
Sylva C&D	\$64	\$66	3.13%	\$765,135	11,955	\$789,045
Cashiers C&D	\$64	\$66	3.13%	\$91,790	1,434	\$94,628
Brush and Yard Waste	\$31	\$33	6.45%	\$44,446	1,434	\$47,314
Mixed Loads	\$87	\$90	3.45%	<u>\$24,457</u>	<u>281</u>	<u>\$25,301</u>
Pallets	\$64	\$66	3.13%			
Mulch 2.5 Yd.	\$10	\$10	0.00%			
Out of County/State Tires	\$152	\$152	0.00%			
Small Excavator Rubber Tracks	\$70	\$70	0.00%			
Large Excavator Rubber Tracks	\$100	\$100	0.00%			
Small Cover Material Load	\$75	\$75	0.00%			
Commercial/Out of County TV	\$600	\$600	0.00%			
				\$1,514,554	24,303	\$1,563,442
						<u>\$48,887</u>
						\$631,648
*Residential MSW=16,087 tons, not included in numbers						

Mr. Adams stated that in the last week, Ms. Fox let him know that they were stabilized for that year and the fund balance for this account would be maintained. This fund had a fund balance of \$1,500,000, which was good for this operation. He also noted that they could have major expenses in these operations that were hundreds of thousands of dollars.

He and Ms. Fox discussed this item and there were two approaches the Board could take. One was to utilize what they were considering estimates. They would not know those numbers until the new contracts were set in January. They would also see what fuel had done at that time. By January or February, they would have a much better idea of what existing and future costs would be. If the Board wished to delay the conversation, this would be a planned spend down of the fund balance.

If they did a planned spend down, they would know by next budget year what the rates should actually be. When they went into next year, if the projections were correct, they would need to look at increasing fees. There were unknowns and they could survive a year of a spend down of \$600,000-\$700,000, but they would have to look at fee increases in the next year. The safest route would be to implement the fee changes at that time. If fuel went down, it would be very difficult to adjust these fees after July 1st.

Chairman McMahan stated that the way the current contract read, they could have a fuel escalation charge. This could change no matter what the fuel did. There was always going to be an unknown. They knew fuel rates were high at that time and he did not think they had a choice but to adjust the rates. He felt more comfortable adjusting the rates at that time as opposed to spending the fund balance down. He would be in favor of incrementally adjusting the rates as presented to offset the potential increases.

Commissioner Jones stated he understood the logic, but he wondered if there could be a compromise. The \$28 increase was significant for 2-3 bedroom homeowners. Could they cut it to 14% from 28% and use utilize the fund balance so it was not such a high increase?

Ms. Fox stated that this amount was per year.

Commissioner Woody stated that she felt it would be better to do the rate increase. People's understanding of the cost to transport was in everyone's forefront at that time. It would not appear arbitrary. They were trying to protect the community and offer the service. The increase would allow them to continue the services they had.

Mr. Adams stated that it was such an unknown number, which was why it was difficult to predict. Next year, they would deal with renewing the contract, which could have cost increases and they would still have a possible fuel escalation. These were all the unknowns.

Commissioner Deitz stated that he agreed with Commissioner Jones.

Commissioner Stribling stated he was thinking the way Commissioner Jones was. Why not go with \$110 instead of \$125. The two-three bedroom homes were the largest amount of homes in the county. They were the ones that would get hit the hardest with a 28% increase.

Mr. Adams stated that they did not propose an increase on businesses because it was such a small amount of revenue. They targeted the two-three bedroom homes because that was the largest amount of people. That would reduce the \$631,648 down to \$218,000. It would be \$400,000 less. If they reduced the amount by that much, he would recommend to wait until the next year. It was an unknown, but they knew costs would go up.

Commissioner Jones stated that because of a capital project that citizens voted on, they would be raising the millage rate. Raising the millage rate and some of these fees at the same time, he felt citizens would question why they did both.

Chairman McMahan stated that they could justify it because the Solid Waste Program was set up in an enterprise fund and it had to self-fund. It was not supposed to be supplemented with taxes.

Commissioner Jones stated that if they did the fund balance and it was an enterprise fund, they could let the auditors know this was a planned spend down of fund balance.

Mr. Adams stated if they had a significant loss in the enterprise fund in a year, the Local Government Commissioner would want to know what was going on. If they had two years of this type of fund balance spend down, it could cause problems.

Chairman McMahan stated that for clarification, the fund balance of \$1,500,000 was within the enterprise fund for Solid Waste. This was not the general fund – fund balance.

Mr. Adams stated that he would recommend the rate increases as presented.

Commissioner Jones stated that he preferred the planned spend down.

Commissioner Stribling stated he was unsure.

Commissioner Deitz stated that he hated to raise fees. Fees that everyone was paying at that time were so high. It was the medium houses that were paying the most for everything that had the least to pay. The fuel would get worse and would not be over within a few months. It was going to be difficult for a long time.

Chairman McMahan stated that he wanted to go with the recommendation from staff. He did not want to have to raise rates on users as it was a tough time in the economy. But, for the system to operate, it would be raise the rates now or raise them later. If the contract was good for another couple of years, he may be inclined to agree with what had been suggested. But, with the big unknown, he thought they had no choice but to react and react in a way that would be conservative because they did not know what would happen from a contract standpoint or a fuel standpoint.

Commissioner Woody stated that she could not imagine that the contracts would not have a significant increase because of workforce issues. She leaned toward being proactive.

Commissioner Jones asked Ms. Fox what her recommendation would be.

Ms. Fox stated that she recommended the fee increase. They did not know what the contracts would come in at. They did know the SRC operations, equipment costs and tipping fees would increase, which was over \$200,000. They looked at having one availability fee like other counties, but it would be \$144 in order to fund everything.

General discussions were held.

Chairman McMahan stated this was an increase of \$28 annually for trash disposal for the two-three bedroom homes, which was the largest category. Others would be less. Staff's recommendation was to go with the rate increases.

Commissioner Stribling stated that after they broke it down, he was okay with going with the rate increases.

Consensus: *Move forward with the proposed fee increases.*

(4) AQUATICS CENTER: Mr. Adams stated they opened bids last week for the Aquatics Center and received four bids. Clarknussen provided a Bid Tabulation Sheet that indicated New Atlantic Contracting, Inc. was the apparent low bidder.

(a) Bid Summary:

Base Bid		\$20,657,000.00
Alternate #A-1	South parking lot paving	\$102,000.00
Alternate #A-2	Score board upgrade	\$45,000.00
Alternate #A-3	Pool tile at deck	\$134,000.00
Alternate #A-4	Landscape seat walls	\$58,000.00
Alternate #A-5	Fire Lane Paving	\$63,000.00
Alternate #A-6	Owner preferred hardware	\$0.00
Alternate #M-1	Owner preferred controls by Automated Logic	\$0.00
Alternate #M-2	Fabric duct work in pool areas	(\$25,000.00)
Alternate #E-1	Solar PV system	\$115,000.00
Total Combined BID		\$21,149,000.00

He requested that the Board consider all of the alternates except for the \$25,000.00 deduct for the fabric duct work in the pool areas. He would request the standard steel duct work instead.

(b) Aquatics Center Budget Requirements:

Apparent Low Bidder - New Atlantic, Winton-Salem, NC	\$20,657,000
Alt. 1 Pave new parking lot	\$102,000
Alt. 2 Scoreboard	\$45,000
Alt. 3 Pool deck tile	\$134,000
Alt. 4 Outdoor seat walls	\$58,000
Alt. 5 Fire lane paving	\$63,000
Alt. E1 Solar panels	\$115,000
Subtotal Alternates	\$517,000
3% Contingency	\$635,220
Subtotal Requested Construction Budget	\$21,809,220

Other Costs Requested	
Estimated loan closing costs	\$115,000
Architect and initial engineering	\$1,487,477
Geo Tech and special inspections	\$300,000
FFE	\$246,400
Technology	\$223,200
Subtotal of other costs	\$2,372,088
Total Requested Project Budget	\$24,181,308
Revenues available to potentially fund project	
G.O. Bond	\$20,000,000
Architect and engineering costs already funded from general fund	\$1,487,488
Current available funds	\$21,487,488
Additional funds needed to proceed forward with the project	\$2,693,820

He stated that \$1,487,477 had already been funded from the general fund. It was recommended to not reimburse the county for this amount with bond proceeds. The additional funds needed to proceed forward with the project was the amount of \$2,693,820. These additional funds would need to come out of either increased sales tax/property tax revenues or CI/general fund balances.

Initially, when he presented to the Board, he thought with other items such as the Rescue Squad requests and the Salary Study, that there may need to be a tax increase. The only tax increase in the proposed budget was associated with the indoor pool debt. He presented a budget to the Board that did not require a tax increase for any of the other expenses. This was due to increased revenues from property tax, growth and increased revenues from sales tax, which they had seen during that fiscal year. This was why he was proposing to fund this out of sales tax and property tax dollars. If they did not use the funds for this project, it would increase the fund balance.

(c) Capital Project Ordinance: This item was adopted by the Board of Commissioners on January 19, 2021. The following amounts were appropriated for the project:

Architect/Civil Engineering	\$1,460,000
Surveying and Geotechnical	\$22,488
Contingency	\$5,000
Total	\$1,487,488

(d) Budget Ordinance Amendment:

Transfer to Indoor Pool Facility Fund	\$2,693,820.00
Transfer to SCR Fund 19	\$424,112.00
Transfer to SCR Fund 21	\$625,441.00
Transfer to CPR Fund	\$500,000.00
Total	\$4,257,272.88

	Decrease	Increase
Taxes - Ad Valorem		\$2,534,288.00
Sales Tax - Article 39		\$1,492,117.00
Tax Refunds - Schools Article 40 - 40%		\$176,975.00
Tax Refunds - General Article 40 - 60%		\$265,461.00
Tax Refunds - Schools Article 42 - 60%		\$448,466.00
Tax Refunds - General Article 42 - 40%		\$298,977.00
Tax Refunds - General Article 46 Education		<u>\$424,112.00</u>
Fund Balance	<u>\$1,383,123.12</u>	
	\$1,383,123.12	\$5,640,396.00

(e) Project Ordinance:

Legal Closing Costs	\$115,000.00
Architect and Engineering	\$300,000.00
Construction	\$21,174,000.00
Furnishings, Fixtures, Equipment	\$246,400.00
Technology	\$223,200.00
Contingency	<u>\$635,220.00</u>
	\$22,693,820.00
Bond Proceeds	\$20,000,000.00
Transfer from General Fund	<u>\$2,693,820</u>
	\$22,693,820.00

(f) Capital Project Ordinance:

Legal	\$115,000.00
Architect/Civil Engineering	\$1,487,488.00
Surveying and Geotechnical	\$300,000.00
Construction	\$21,174,000.00
Furnishing and Fixtures	\$246,400.00
Technology	\$223,200.00
Contingency	<u>\$635,220.00</u>
Total	\$24,181,308.00

(g) Conservation, Preservation, Recreation Fund 28:

<u>New Parks</u>		<u>PARTF Grant</u>	<u>Total</u>
Whittier-Qualla Park	\$1,963,525.00	\$500,000.00	\$1,463,525.00
Cashiers Splash Pad	\$750,000.00		\$750,000.00

(h) Capital Improvement Project Funding Projections FY2022-2026:

Revenue Type	FY2021-2022	FY2022-2023	FY2023-2024	FY2023-2024	FY2023-2024	Totals
CPR	\$821,128.00	\$380,500.00	\$1,463,525.00	\$1,463,525.00	\$500,000.00	\$2,701,628.00
Capital Reserve	\$780,240.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$4,780,240.00
Totals	\$1,601,368.00	\$1,380,500.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$7,481,868.00
Cumulative Totals		\$2,984,868.00	\$4,481,868.00	\$5,981,868.00	\$7,481,868.00	

(i) Additional Funding Sources:

	Amount
FY 2021 Balance	\$35,221,830.00
Reserved by FBP - 25%	\$17,141,908.00
Reserved by State	\$6,563,806.00
Other Assigned/Committed	<u>\$5,522,716.00</u>
Available for Funding	\$5,993,400.00

Chairman McMahan stated that they knew the Aquatic Facility total cost was \$24,181,308. They were going to borrow \$20,000,000 in bonds. The additional needed would come from the current general fund and did not require any tax increase and did not affect the fund balance. If the Board chose to fund this program, they were not raising taxes any more than what was being projected in the current budget for the debt service, which the citizens voted on. They were not negatively impacting services in the county on any other budgetary item and they were not affecting the 25% for the fund balance. They would be fully funding the program, if they chose to move forward.

Commissioner Deitz stated that they hoped to build the pool for \$20 million or less. Did they know absolutely it would be \$24 million?

Mr. Adams stated that the actual bids were in and the contract amount would be \$21,174,000 as long as he could stay within the contingency.

Commissioner Deitz stated that it was going to cost 20% more to build the pool than what they thought and they were not going to have to raise taxes to do this?

Mr. Adams stated that was correct. Other than the \$1.6 million for the debt.

Commissioner Deitz stated that this was tax money they would be spending.

Commissioner Jones stated that he remembered that the \$20 million bond for the millage rate would be just over two cents?

Mr. Adams stated that the original was 2.2 cents.

Commissioner Jones stated that it was going to come in at almost half a penny less, which was good.

Mr. Adams stated that they would end up utilizing the entire two cents when they had to operate the facility.

Commissioner Woody stated that the citizens knew that when they voted, but it was actually going to be less than what they voted on, so that was positive.

Chairman McMahan asked Mr. Adams if Board wanted to proceed forward, what the timeline would be?

Mr. Adams stated at the June 7th regular board meeting, there would be a resolution for consideration to authorize the sale of the bonds, which was scheduled to occur on June 16th. He would also request the Board to consider a vote to authorize the County Manager to send a letter that the county would also commit the \$4,183,308, because this item was scheduled to appear before the LGC for final approval on June 14th.

Assuming the Board moved forward on June 7th with those two votes, the LGC would then take up this issue on June 14th. The Board was scheduled to have a special called meeting on June 14th to pass the budget, which would contain this debt service. The resolution on June 7th would allow them to close the loan on June 16th. Then, on June 21st, the Project Ordinance would be on the agenda for consideration. Next, he would request that the Board approve the Construction Contract and then everything would move forward.

Chairman McMahan stated that the official vote would take place at the business meeting on June 7th. He was comfortable moving forward. He knew it was more than they what they anticipated, but so was everything they had tried to accommodate and plan for. They had not found anything that came under budget the last few years.

Commissioner Stribling stated that it was not going to get cheaper, it would keep going up. He asked how long this had been in the works?

Chairman McMahan stated that this was the last piece of the Recreation Master Plan.

Commissioner Stribling stated that they already had over \$1 million in it. If they backed out, they would lose that money.

Commissioner Woody stated that they had been blessed as a community to have the sales tax revenue that allowed them to have this cushion as well as the growth. They had those two situations, otherwise, they really would not be able to move forward the way they had hoped. They were very fortunate.

There was still a lot of misinformation in the community that they were raising taxes to pay for the fire district in Sylva. They needed to clearly let people know that the only increase in taxes was a direct result of what was voted on.

Chairman McMahan stated he would call for a consensus vote that was not binding, but would be a show of hands to see how they stood so staff could be prepared for what would take place on June 7th. He was fully comfortable with moving forward with what was being proposed by staff to fund this project.

Commissioner Stribling stated he was comfortable also.

Commissioner Jones stated yes.

Commissioner Woody stated yes.

Commissioner Deitz stated that he wanted to sleep on it.

(5) NONPROFIT REQUEST UPDATE: Ms. Fox stated that she received two additional applications. One was from the Farmer's Market for \$10,000, which was a reduction of \$5,000 from last year. The other was from WATR requesting \$32,400. In the budget, they made arrangements for \$23,000, which was the same funding they received last year. They would need to add the \$10,000 for the Farmer's Market if the Board wished to do that.

Mr. Adams asked if there were any objections to adding \$10,000 for the Farmer's Market?

There were no objections.

There being no further business, Commissioner Woody moved to adjourn the meeting. Commissioner Stribling seconded the Motion. Motion carried and the meeting adjourned at 7:28 p.m.

Attest:

Approved:

Angela M. Winchester, Clerk to Board

Brian Thomas McMahan, Chairman