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Time Posted: \_\_\_\_\_  
Posted By: Evelyn Baker  
Witnessed by: \_\_\_\_\_

**MINUTES OF A  
SPECIAL MEETING/BUDGET WORK SESSION  
OF THE  
JACKSON COUNTY  
BOARD OF COMMISSIONERS  
HELD ON  
MARCH 9, 2006**

The Jackson County Board of Commissioners met in a Special Meeting/Budget Work Session on March 9, 2006 at 4:00 pm, Room A227, Justice & Administration Building, 401 Grindstaff Cove Road, Sylva, North Carolina.

Present: Brian T. McMahan, Chairman  
Roberta Crawford, Vice Chair  
Joe Cowan, Commissioner  
Eddie Madden, Commissioner  
Conrad Burrell, Commissioner  
Kenneth L. Westmoreland, County Manager  
Darlene Fox, Finance Director  
Evelyn B. Baker, Clerk to the Board

Chairman McMahan called the meeting to order and stated the purpose was to authorize contracts for construction of biodiesel and blacksmithing refineries, and a lease for warehouse space at the Jackson County Green Energy Park, and a budget work session to discuss the FY06-07 Capital Improvements Budget.

**(1) JACKSON COUNTY GREEN ENERGY PARK:** Timm Muth, Project Manager, gave an update of improvements at the park. He stated the gas leveling operations are complete and the wells will produce approximately 1.2 million BTU's per hour. The donated greenhouses have been disassembled and moved to the park. Consultant agreements are pending for glass blowing and pottery studios. Mr. Westmoreland stated that the county attorney had reviewed and approved the blacksmithing and biofuels contracts.

(a) **Matthew Shirey Contract -Blacksmithing Studio:** Mr. Shirey expressed his appreciation to the county for permitting him to construct a blacksmithing studio at the park. His plans include three forges and artists can start producing as soon as the space is ready.

Commissioner Crawford moved to approve a contract for the plan, design, construction and equipping of a blacksmithing studio. Commissioner Burrell seconded the Motion. Motion carried by unanimous vote.

(b) **Smoky Mountain Biofuels, Inc. Contract:** Sam Gray stated the company will take a site that was once undesirable and turn it into something that will make the county proud and is a "one-of-a-kind" project in the state. The company will recycle methane and waste vegetable oil to produce a renewable fuel which will be sulfur free and any diesel motor can use this fuel. The cost will be less than diesel fuel. Future plans

include operating three shifts and spin-off jobs which will aid the local economy. Alan Begley, co-owner, stated the plans meet all environmental requirements. One of the benefits will be grease collection from local restaurants. The company will also be working with Environmental Inc., a local wastewater treatment firm. Thus, the overall plan is to collect, produce and sell locally. Biodiesel can also be used for home heating in lieu of oil and/or kerosene. The biodiesel will be top grade and meet all required specifications.

Commissioner Burrell moved to approve a contract with Smoky Mountain Biofuels, Inc. for the planning and construction of blacksmithing studio space and a biodiesel refinery. Commissioner Madden seconded the Motion. Commissioner Cowan requested and was granted permission to abstain because of a possible conflict of interest. Motion carried.

(c) **Smoky Mountain Biofuels, Inc. Lease:** Commissioner Madden moved to approve a three-year lease with Smoky Mountain Biofuels, Inc. for warehouse space at the park. Commissioner Crawford seconded the Motion. Commissioner Cowan requested and was granted permission to abstain because of a possible conflict of interest. Motion carried.

(2) **CAPITAL IMPROVEMENTS PROJECTS:** Mr. Westmoreland submitted a capital improvement program as follows:

<b>Calendar Year 2005 (approved)</b>	
Cashiers Library Expansion	\$ 3,960,200
Smoky Mtn High School Phase III	\$ 5,547,186
<b>Calendar Year 2006 (approved)</b>	
Cullowhee Rec Center Expansion	\$ 1,100,000
Cashiers Recreation Center	\$ 4,500,000
Webster Complex (site work & infrastructure)	\$ 1,200,000
Fairview School Kindergarten	\$ 1,500,000

(3) **CAPITAL PROJECTS UNDER CONSIDERATION:** Mr. Westmoreland stated the county has self-imposed constraints: (a) \$10 million per annum indebtedness; (b) state restriction that the county hold to a maximum of 15% of general fund operating expenditures in terms of debt level (this means that some of the proposed projects will need to be rearranged or spread out over a longer time frame); (c) internal requirement of staying within the \$0.36 mil overall tax levy. In order to stay within those constraints, he presented “Capital Improvement Planning, Option 3” (see Attachment A). However, it is subject to modification. Mr. Westmoreland presented Six-Year and Ten-Year Projections of General Fund Obligated Debt Service. Darlene Fox, Finance Director, stated that in FY2009 the indebtedness would be at 15%; however, she discussed the figures with the Local Government Commission and they feel comfortable with the projections.

**(4) SOUTHWESTERN COMMUNITY COLLEGE:** Mr. Westmoreland stated he had just learned from SCC officials that if the transaction with the NC Forest Service is finalized, that space will be adequate to meet SCC's expansion needs for the immediate future. Thus, the immediate relocation of the school bus garage is not necessary. However, the Forest Service will not move until it has a new facility and has requested \$2 million from the state for that purpose. The state has not, as of this date, made an appropriation.

The county must contribute the balance of the bond funds, \$3,288,000, by the end of 2008. The cost of the SCC site in Cashiers was not applied to the bond match. However, if necessary, the property could be deeded to SCC and the fair market value applied to the balance of the bond match.

**(5) SYLVA BRANCH LIBRARY:** Mr. Westmoreland stated that the Library Board will be requesting the county to allocate \$4.2 million for a new 25,000 sq. ft. library. Furnishings and fixtures will cost approximately \$1.2 - \$2.0 million which the library committees plan to raise with donations through the private sector.

**(6) HEALTH DEPT:** Mr. Westmoreland stated that the health department can remain in its present location for at least five more years.

**(7) TRANSIT/DMV/HP:** Mr. Westmoreland stated that transit, DMV and highway patrol could move into the Community Services Bldg. when the health department is relocated.

**(8) DEPT. ON AGING/SENIOR CENTER:** Mr. Westmoreland stated that office space for the Dept. on Aging is essential together with a replacement for the Golden Age Center and a commercial kitchen. He stated that the Golden Age Center is a private non-profit corporation, to which the county renders ancillary support, but the county has no legal or statutory obligation other than it renders a community service through the private sector.

**(9) SCHOOLS:** Mr. Westmoreland stated that "Option 3" (Attachment "A") includes all known school needs (Buildings "A" and "D" at Smoky Mountain High and Fairview Kindergarten). He was not aware of any other major capital needs other than routine ADM-type improvements. A joint meeting with the Board of Education is scheduled for March 13, 2006, 6:00 p.m. at the Justice Center.

**(10) WHITTIER SANITARY DISTRICT:** Chairman McMahan stated that the project was funded through numerous grants and contributions. The \$3 million project has been delayed because of various permitting as well as archeological issues at an additional cost of \$700,000. Smokey Mountain Elementary School is scheduled to be connected to the system which is of critical importance because of the history of failed septic systems at the school and lack of space for a replacement system. The anticipated cost to provide the school connection is \$250,000. The alternative, if the school's system fails, would be to allocate funds for a pump and haul system. Hopefully individuals and

the Tribe can make contributions. He requested the Board to consider a contribution to the project.

(11) **MEDICAID**: Chairman McMahan stated that at the Region A meeting scheduled for March 27<sup>th</sup> he will discuss how the region wants him to vote on the Medicaid issue. He stated permanent Medicaid relief is the number one issue for the NC Association of County Commissioners and there is the potential for a compromise concerning Medicaid relief. North Carolina is the only state in which the counties bear the burden of Medicaid funding. The impact to Jackson County is not as severe as some of the other counties, but Medicaid costs will increase over the next few years. He was informed that the Senate wants to trade Article 39 sales tax (\$0.01) in exchange for the state assuming responsibility for Medicaid and counties being given the option of levying an additional one cent sales tax. He urged the Board to be considering the option. Mr. Westmoreland stated that \$1.7 million has been budgeted this year; however, the actual expense is estimated at \$1.25 - \$1.7 million.

Mr. Westmoreland stated he and Ms. Fox are still meeting with department heads, but plans on having the proposed budget available by mid-April.

There being no further business, Commissioner Crawford moved to adjourn the meeting. Commissioner Burrell seconded the Motion. Motion carried and the meeting adjourned at 6:40 p.m.

Attested By:

Approved:

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Evelyn B. Baker, Clerk to the Board

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Brian Thomas McMahan, Chairman