



**JACKSON COUNTY TOURISM  
DEVELOPMENT AUTHORITY**

July 31, 2019

Jackson County Board of Commissioners  
401 Grindstaff Cove Road  
Sylva, NC 28779

Jackson County Commissioners,

As part of our ongoing discussion following Commissioners' July 9 work session at which the transition of Employees and Human Resources from the County to TDA was discussed; at the JCTDA's July 31 Full Board Meeting, the TDA unanimously approved two motions, as follows:

**Motion 1:**

Motion to approve, contingent on County Commissioner approval, the transition of all TDA employee positions including, the Executive Director position and the future hire of Sales and Marketing Manager to be employees hired and managed by the TDA and to no longer be County Employee positions with an effective date of Sept. 1.

**Motion 2:**

Motion to allow Executive Committee and Finance Officer approval to setup all necessary structures of benefits, human resources, payroll and associated items necessary for the transition, and to allow the TDA Chairman to sign these initial contracts with approval of the Executive Committee and Finance Officer and without full Board approval, due to time constraints, so long as the full board is updated at the next meeting or by email with the information for each contract.

Board Members Andrew Harlfinger and Jackson County Commissioner Ron Mau could not attend the July 31 meeting in person but expressed their support via e-mail for the above motions, and their support was entered into the official meeting minutes.

Commissioner Ron Mau has been your appointee to our board for the last two years and has overseen this process of the TDA aligning itself with industry best practices and continuing to improve the work it does to benefit Jackson County Citizens.

The transfer of these functions to the TDA are in line with the TDA's recently approved three-year strategic plan. One of the primary objectives is to recruit and retain the highest skilled and most dynamic sales and marketing team. We have appreciated the opportunity to have JCTDA employees under the auspices of the county and are grateful for the county providing HR services for the JCTDA. We are now requesting that the role and responsibilities of HR be returned to the JCTDA.



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In line with our Strategic Plan, we must:

- Be able to be flexible to respond to industry opportunities and threats
- Be competitive in compensation to retain and recruit the highest-level employees
- Be able to respond to change in a nimble and expedient manner, especially as it relates to accomplishing the goals and objectives of the strategic plan

In alignment with fulfilling these roles within the TDA, we have proposals to accomplish the entire framework for human resource management, policies and procedures, insurance, benefits, and payroll.

Should commissioners approve the request, we are ready to move forward with all proposals. The JCTDA adheres to best practices throughout the industry and have consulted with Magellan Strategy Group on the proposals, along with Jackson County's Legal and Finance Departments and provided copies of contracts for the proposals to them for their review.

Detailed below are the proposals to establish the framework for the JCTDA:

### **Human Resources**

Firm: Craft HR. They are based in Asheville and will help develop our HR policies and employee manual. They do contract HR for Explore Asheville, our counterpart there, so they have familiarity with Destination Marketing Organizations. Cost: \$7,105 for first year; \$4,320 ongoing. The first year's cost includes development of our HR handbook for employees, ongoing compliance, and 2 hours of HR-related support each month.

### **Payroll**

Firm: Platinum Group. Also based in Asheville, they would handle all payroll and related filings for our retirement. Cost: \$2,152.36. We sought a Jackson County firm, but the local firm was almost double the cost for the same services.

### **Retirement**

Continue our existing participation in the N.C. Local Governmental Employees' Retirement System (LGERS). Our payroll vendor can handle the filings associated with this. The JCTDA was approved to participate in LGERS in a resolution passed by their board on Feb. 15, 2017.

### **Health Insurance**

Blue Cross Blue Shield plan through Stanberry Insurance. Final rates dependent on age band of employee hired for Sales and Marketing Position. Initial estimates show an approximate savings of roughly \$12,000 in insurance from county insurance rates, dependent on age band of hired employee.



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### **Other Benefits**

Dental, Vision, Disability, Life Insurance and any other benefits less fiscally impactful will be discussed and finalized at the JCTDA's Aug. 14 Executive Meeting for final approval at the Aug. 21 Full Board Meeting, pending Commissioners approval of the JCTDA's proposal to transfer HR and framework to the TDA's responsibility.

### **Accounts Payable, Cash Flow, Financials and Occupancy Tax**

#### **Background**

During the discussion held July 31, The JCTDA Board recognized the need to discuss the budget for the next fiscal year, FY 20-21, given consideration of High Hampton Resort's extended closure for renovation.

In preparation for the current fiscal year, we held discussions in December 2018, to plan and forecast for revenue control during High Hampton's closure. At that time, we considered several options, which consisted of expenditure cuts, an occupancy tax increase, and using fund balance. Our Finance Officer recommended to our Executive Committee, that in addition to expenditure cuts that we should fund balance as opposed to seeking an occupancy tax increase at that time.

Mid-June this year we learned that High Hampton Resort's plans had changed. Their timeline was modified, and they would not open at all during 2020, which means loss of an additional least six months of occupancy tax revenue. This change in plans will impact our next fiscal year, FY 20-21.

We have been asked by the County Manager to consider the transfer of Accounts Payable out of the County Finance Office to a vendor.

While we have obtained recommendations for CPAs that could perform this work from our Auditing Firm and others, at this time, we would prefer to keep Accounts Payable housed within Jackson County's governmental framework, which has served us well. Because the County Finance Officer is required to pre-audit all documents and serve as our Finance Officer overseeing our finances and providing oversight of our operations, we believe the Finance Office is agreeable with this relationship. We are open to future discussions about whatever solution is amenable to all. Per our legislation with the state the County Finance officer is the TDA's finance officer. If we were to move accounts payable away from the county, then additional paperwork and reconciliation could be necessary, adding to Finance's workload.

We currently receive monthly remittances of Occupancy Tax, as we have since the TDA was formed in 2012. We understand that if we shift to an accounts payable vendor that we would only receive four quarterly payouts of occupancy tax a year. Such a move would be detrimental to our operations, create cash flow issues, and do harm our programs to promote the County.



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We are in favor of establishing a more formal Memorandum of Understanding with the Finance Office. An MOU would ensure that they are being compensated appropriately for the services they perform for the TDA documented the services they perform on our behalf. We have greatly benefited from and continually recognize Mrs. Darlene Fox's financial acumen as the longest-serving Finance Officer in the state. Mrs. Fox has been invaluable to the work we do as an organization.

We as a board are committed to fiscal responsibility and are considering the impact already that High Hampton's closure next fiscal year will have on us. We have already begun to revert over \$30,000 from planned programs back into fund balance to soften the impact.

Over the past several months, we have been researching best practices and collecting policies from other destinations related to fund balance reserves. We will propose a policy to the full TDA board for consideration in September. Our goal is to rebuild our fund balance, and once High Hampton reopens, we will do just that.

As it relates to our two motions and requests regarding HR and the associated framework, tourism is a critical industry in Jackson County. The work we do supports more than 1,850 jobs and generates more than a half-million dollars a day in visitor spending. Bringing HR and associated framework in-house will place us in a position to be responsive to our needs going forward.

We would ask Commissioners to support our request Aug. 6 to move HR and related framework from the County to the JCTDA. Thank you for your continued support for all we do.

Sincerely,

A handwritten signature in black ink that reads 'Ann Self'.

Ann Self  
Chair, Jackson County TDA