

**Minutes
Transylvania County Board of Education &
Transylvania County Board of Commissioners
February 25, 2014**

JOINT MEETING

1. Call to Order
2. Welcome
3. Introduction of Board Members and Staff
4. Update on Final FY2013 Current Expense and Capital Budgets
5. Update on FY2014 Expenditures and Capital Projects
6. First Look at Potential Items for FY2015 Budget
7. Discussion on Possible 2015 Bond Issue
8. Improvements to Brevard High School Stadium
9. Closing Comments
10. Public Comment
11. Adjournment

The Transylvania County Board of Education and the Transylvania County Board of Commissioners met in joint session at 7:00 p.m. on February 25, 2014 in the Rogow Room of the Transylvania County Library. In addition to approximately 50 guests, the following board members and staff were in attendance:

Board of Education

Tawny McCoy, Chair
Cindy Petit, Vice Chair
Sue Fox
Ron Kiviniemi
Mike Rogers
Dr. Jeff McDaris, Superintendent
Norris Barger, Director of Business Services
Jenny Hunter, Administrative Assistant

Board of Commissioners

Mike Hawkins, Chair
Larry Chapman, Vice Chair
Jason Chappell
Daryle Hogsed
Page Lemel
Artie Wilson, County Manager
Gay Poor, County Finance Officer
Trisha Hogan, Clerk to the Board
Tony Dalton, County Attorney

CALL TO ORDER / WELCOME/ INTRODUCTIONS

Chairman Hawkins and Chairman McCoy welcomed everyone to the meeting and introduced their respective boards and staff. Mr. Chappell gave the invocation, and Mrs. Fox led in the Pledge of Allegiance. Chairman Hawkins and Chairman McCoy called the meeting to order.

UPDATE ON FINAL FY13 CURRENT EXPENSE AND CAPITAL BUDGETS

Norris Barger gave an update on the status of FY13 capital projects. All projects except for one, the upper parking lot sidewalk at RHS, have been finished. He estimated that the sidewalk would be finished as soon as the weather allows concrete to be poured.

Commissioner Lemel requested an explanation of capital versus non-capital items. She questioned why furniture is listed under capital outlay and not under expenses. She stated that the auditors' report defines capital as equipment costing over \$5,000 and lasting more than two years. Mr. Barger explained that the definition in the audit report refers to fixed assets, not capital outlay. He gave examples of capital outlay items, which can also include capital repairs—items that need to be fixed but don't show up on fixed assets because they do not increase the

value of the building. Capital outlay can also include items costing less than \$5,000 such as lab equipment and computers. These items are not fixed assets, but they are capital outlay.

Mrs. Lemel asked how much money the county would need to provide to address all of the school system's capital needs. She stated that the current report format is confusing and hard to do a line by line comparison. Mr. Barger reported that a couple of years ago he was asked to provide this type of format, but could provide a different format if that would help.

Mrs. Lemel asked what would be a reasonable allotment for furniture. Mr. Barger stated that the Board hopes to be able to shift a portion of its capital outlay money toward furniture if some of its bigger needs could be addressed through other means, such as a bond.

Mrs. Lemel asked what mechanism is used if a project goes over budget. Mr. Barger explained that on large projects, bids that come in over budget are brought to the Board for approval, and the Board must identify the funds to cover the overage. If a project goes over budget after bids are received and approved, the Superintendent has the authority to approve change orders up to a certain limit, assuming that resources can be identified to pay for the overage.

Mr. Barger noted that the figures shown for athletic equipment and supplies do not begin to cover all of the expenses of running the athletic programs at the schools. The schools themselves pay for referees and related expenses using revenue generated from gate receipts and other means.

Mr. Chapman asked how the new bus turnaround and athletic field at BMS were funded. Dr. McDaris explained that each school has its own individual checking and savings accounts—the larger the school, the more robust the accounts. Mr. Barger stated that Brevard Middle has been saving money in its school investment account for more than 20 years. Those school-level funds were the funds used to build the athletic field. The timing of the athletic field construction coincided with the bus turnaround project (which was funded separately by the Board) due to the fact that the contractor already had his equipment on site and agreed to do the work at cost. Dr. McDaris reported that due to the concerns expressed about the athletic field project, a new policy is being implemented that will require Board approval for any construction project over \$10,000 regardless of the funding source.

Mr. Chapman asked who makes the decisions as to how school-level funds are spent. Mr. Barger reported that the decision resides at the school level. Individual school accounts derived from gate receipts, clubs, fundraisers, yearbooks, soda machines, etc., are decided by the principal in consultation with club sponsors, faculty and staff, etc.

UPDATE ON FY14 EXPENDITURES AND CAPITAL PROJECTS

Mr. Barger reviewed the status of capital projects for FY14. He explained the color coding in the report indicates timing of the projects as summer (yellow), fall (orange), winter (blue), spring (green) and the coming fall (purple). Commissioner Lemel asked why she could not get information about completed costs. Mr. Barger stated that he wanted to have the auditors' completed report before giving out incomplete information. He offered to add a column to the document for the future showing completed costs. Mrs. Lemel agreed this would be helpful. Chairman McCoy explained that the Board of Education receives periodic updates as projects are completed.

Commissioner Chapman asked about any significant changes that might be pending. Mr. Barger noted some overages at BES that were covered under other line items and also some chiller repairs. He gave a reminder that the advanced age of much of the schools' facilities and

equipment means a major repair could come up at any time, which is one reason he has advocated for a decent fund balance in order to be prepared for unexpected items.

Chairman Hawkins asked whether the BHS baseball/softball concession stand and restroom project was part of the original FY14 budget. Mr. Barger reported that it was not; the project was originally planned for half funding in FY14 and half funding in FY15.

Chairman Hawkins asked if any new items had been added to the list. Mr. Barger reported that he was able to add some additional doors, security cameras and buzzers since some bids came in under budget. Mr. Chappell asked whether the administration feels the security improvements are sufficient. Dr. McDaris stated that they feel much better about BES security now that the main office has been relocated to the front of the school, but there is still much to do systemwide. Mrs. Lemel commended and encouraged everyone to see the new improvements at BES.

Commissioner Hogsed asked if the Board would incur any expenses from joining in the NCSBA lawsuit challenging the constitutionality of the state's voucher law. Mr. Barger reported that there would be no costs to the Board.

Mr. Barger reviewed the FY14 current expense year-to-date summary. Mr. Chapman stated that one of his biggest concerns is the school supply list that students bring home at the beginning of the school year. He feels this is a big expense for families and asked what could be done to get more money for pencils, pens, and other classroom supplies. Mr. Barger explained that classroom supplies are funded from state, federal and some local sources. As the state continues to make cuts to instructional supplies and other items year after year, the difference that has to be made up from local funds grows ever larger. He reported that the state would be making another round of funding cuts to textbooks, instructional supplies, teachers, teacher assistants, technology, and many other categories for the coming year.

Chairman Hawkins asked what can be done locally to combat state cuts that are threatening the quality of instruction. Dr. McDaris reported that he and other superintendents met recently with Representative Chris Whitmire and Senator Tom Apodaca to discuss state textbook allocations. Textbooks funds have been slashed over recent years. Dr. McDaris stated that thanks to funding assistance from the Board of Commissioners, Transylvania County Schools has not had to cut teacher assistant positions or hours as many neighboring counties have had to do.

Commissioner Chappell asked about low wealth and small school funding. Dr. McDaris reported that despite efforts by Representative Whitmire to get these funding formulas adjusted, nothing has changed. Transylvania County does not qualify for these supplemental state funding resources due to its property tax rates and relative wealth.

Chairman Hawkins asked if teachers have to purchase their own classroom supplies out of pocket. Mr. Barger reported that many teachers do supplement their classroom supplies using personal funds. Dr. McDaris reported that the retired teachers' organization and other groups collect donations throughout the year to help stock school supply closets, but it is never enough to fill all of the needs.

Mr. Barger gave an update on the school system's lottery balance, current expense and capital outlay fund balances. He pointed out that the district's fund balance continues to decline as it tries to stem the tide from state cuts. Chairman McCoy reported great worry that the point is rapidly approaching when the Board will not have enough in fund balance to cover operating expenses. Mr. Chapman stated that the county carries a large fund balance in part to support whatever may be needed for the schools. Mr. Barger stated that the Local Government

Commission recommends an 8% fund balance for counties, which would be a safe goal for the school system as well.

FIRST LOOK AT POTENTIAL ITEMS FOR FY15 BUDGET

Mr. Barger presented the preliminary figures for anticipated budget changes for FY15. At this time, there is very little information available regarding state or federal funding allotments. What is known is that the state will increase the contributions for health insurance and the retirement rate. A 3% cost of living increase for state employees has been projected; it is unknown if this will materialize. Earlier in the year the Board raised the local teacher supplement from 7.44% to 8.0% after a multi-year freeze and would like to raise the supplement for next year to 8.5%. The Board would also like to reduce the amount of fund balance that is being used and build these funds back up to safe levels.

Commissioner Chappell asked about Child Nutrition funding. Dr. McDaris reported that the TCS Child Nutrition (CN) program is losing money as are most CN programs across the state. Currently, the federal government reimburses school lunch programs at \$3.01 per plate while the actual cost per plate is \$3.36, resulting in a loss of 35 cents for every meal. The costs of food, gas, employee benefits, etc., have increased significantly since 2007, particularly in the western region. At the same time, a depressed local economy has resulted in very high free and reduced lunch numbers, and less disposable income for families means fewer supplemental sales to help make up the difference. Even districts that have experimented with privatization of CN programs have not fared any better financially as they must adhere to the same federal requirements as all others. The county commissioners provide \$100,000 in recurring local funding to help cover operational costs for the program. Universal Breakfast and Summer Feeding help bring in some revenue, and Director Carolyn Barton is looking into a possible regional purchasing alliance to help defray some food costs. Mrs. Lemel commended Mrs. Barton's creativity and resourcefulness in finding ways to keep costs down.

Commissioner Lemel asked if the CN program operates as a contained cost center. Dr. McDaris stated that is correct, with the exception of the director's position. He reported that school systems are encouraged to charge their CN programs a certain percentage in indirect costs. TCS does not charge indirect costs because the CN program can no longer afford it. Commissioner Lemel suggested the Boards work toward some type of structured funding supplement for the CN program. Dr. McDaris thanked the commissioners for the assistance they have provided for this program.

Mr. Wilson returned the discussion back to fund balance and emphasized what is going to happen in a couple of years. Unless a change is made, the Board of Education will have to draw down \$1.1 million this year and another \$800,000 next year from its current expense fund balance, leaving a balance of only \$462,368 for FY16. Chairman McCoy emphasized that the Board is not at all comfortable with fund balance levels that low and stressed the need for serious discussion.

Chairman Hawkins asked how the Board was able to raise the teacher supplement from 7.44% to 8.0%. Dr. McDaris reported that the increase was funded with existing funds through personnel retirements and attrition. No additional funds were appropriated.

Mr. Chapman asked about ADM projections for next year and any trends other than economics that would affect enrollment. Dr. McDaris reported that enrollment numbers had leveled off last year, then dipped again this year. More will be known about enrollment numbers for 2014-2015 after kindergarten registration in April. He reported there are some interesting trends in the numbers of out-of-district students coming to TCS. TCS has a number of students who transfer

in from charter schools, home schools, and other counties throughout the school year. Its dual enrollment policy attracts home schoolers who want to attend half days in order to participate in sports or other extra-curricular activities. Mrs. Lemel stated that her daughter's class has gone from 195 to 167. Dr. McDaris explained that some students graduate early, some leave to pursue GEDs, some leave temporarily due to court situations, and some simply move away as their families leave to find work. Mrs. Lemel commended the Davidson River School programs for their impressive success rate with at-risk students.

DISCUSSION ON POSSIBLE 2015 BOND ISSUE

Mr. Barger presented the draft capital plan for FY15. Chairman McCoy reported that the draft represents a first look estimate of what needs might be addressed with a bond based on the current master facilities plan and recent facilities tours. She noted that some of the items may be accomplished through the regular capital outlay process. Mr. Barger reported that the county used to have a bond issue every 10 years. The last bond referendum was in 1998.

Mr. Wilson reported that the county's current debt service is \$2.2 million per year. That will be paid off in 2017-2018, and he feels the time is right to look at a new bond issue for school improvements. He reported that the last bond issue was \$23.4 million. Preliminary discussions for a new bond issue have focused on a figure of \$18.5 million to \$20 million.

Mrs. Lemel requested that the capital plan be revised to include one figure per school for an "at a glance" presentation.

Mr. Chapman noted that some of the schools are very old and asked at what point it would make sense to build a new school rather than maintain the old ones. He stated that the county may need to look at consolidation.

Chairman Hawkins asked what assumptions were used in developing the figures. Mr. Barger reported that the estimates reflect a flat enrollment; a basic gut and replacement of systems such as plumbing, electrical, and HVAC; and other items such as new roofs and bathroom renovations that would create more pleasant learning environments. He reported that the school structures are basically sound; the majority of problems that are occurring are due to outdated systems. The figures reflect what it would take to keep the school buildings in good service for the next 10 years.

Mr. Hawkins asked what technological advancements might occur over the next ten years and their possible impact on instruction and facility needs. Mr. Barger explained that it is difficult to predict with any certainty due to the rapidly changing world in which we live. For example, who would have predicted 10 years ago the rash of school shootings and the need for radically altered campus security measures?

Mr. Hawkins asked about the future of distance learning and the impact on space needs. Dr. McDaris reported that trends go back and forth. Some students are self-motivated and disciplined enough to do well with online learning, while others do better with traditional classroom instruction. He predicted that we may see a day when students bring their own devices to school, which would change the budget for technology, for example. Other ramifications could be the addition of new programs such as Junior ROTC. Dr. McDaris predicted that schools would always require classrooms and face to face instruction.

Mr. Hawkins asked about next steps. Dr. McDaris reported that the Board would need to identify and define the projects to be included in a bond. Mr. Wilson noted that bond monies have to target capital improvements and could include furniture and equipment. Chairman McCoy

stated that both boards must be in agreement to pursue a bond, and have an agreed-upon list of defined projects in place by the fall.

Mrs. Lemel stated that she would like to see a comprehensive, professionally-produced study done that addresses enrollment trends, staffing, and space needs for the schools. Chairman Hawkins stated that the chances of getting a bond approved would be greater with the additional data and rationale that a professional study could provide. Both boards would then have all the facts and figures at hand to help make the case to the community.

Mr. Kiviniemi pointed out that few would have predicted 15 years ago the total collapse of the manufacturing industry in this county. He stated that he would hope our local elected officials believe the economic situation will improve, as that will be the key to the continued progress and development of the county and the school system. He stated that investing in and maintaining the excellence of our school system is vital to attracting economic development and preparing an educated and skilled work force. He stated that the Board would like a general agreement from the county commission to go forward with planning for a bond. Chairman Hawkins stated that he feels the answer is yes and that the Boards can direct staff to begin working together on a plan.

Mr. Wilson presented a draft timeline for a possible 2015 bond referendum:

- March 2014 - begin work on identifying bond needs
- September 2014 - review of bond needs; joint meeting
- January 2015 - finalization of projects; joint meeting
- March 2015 - notice of intent for bond issue
- November 2015 - bond referendum
- March 2016 - sell bonds
- April-May 2016 - start project(s)

Mr. Rogers asked whether the county would support the cost of professional study should the Board of Education decide to have one done. Mr. Hawkins stated that the commissioners had looked at an impressive study that was done for Davie County two years ago, and that it would make sense to consider using the same firm. He stated that the commissioners have not discussed who would pay for the study, however. Mr. Chapman stated that he envisions having a joint study for the county and the school system. Mrs. Lemel reported that the firm in question was named Evergreen, out of Florida, and they had saved Davie County a lot of money.

Chairman McCoy stated that the Board of Education is interested in hearing from the community regarding what they want. She pointed out that the education of children is impossible to measure strictly in terms of dollars and cents. She observed that the boards seem to be in agreement to move forward with a bond and have further discussion with staff regarding the next steps.

IMPROVEMENTS TO BREVARD HIGH SCHOOL STADIUM

Dr. McDaris reported that Transylvania County Schools has received a generous gift of stock from a family with a history of strong support for the community and the schools. The benefactor has designated that the gift be used for the improvement of the Brevard High School stadium. The Board of Education believes that the installation of artificial turf represents the best use of the gift and the strongest improvements that can be made. The Superintendent and the County Manager have been meeting to discuss ways to fully fund the turf project, and recommend that the Board of Education and the Board of Commissioners evenly split the remaining cost of the

artificial turf project, not to exceed \$510,000 in total costs, and not including the college hash marks and goal posts. Funding from each board would come from their respective fund balances. It is the understanding that after the proceeds from the donation, the remaining amount of funds required from each Board would be approximately \$130,000 each. Dr. McDaris reported that the school system is working with Brevard College to develop a revised facilities use agreement that would cover the costs of goal posts and college hash marks and also set aside an annual amount into a sinking fund for re-skinning of the field in the future.

Mr. Wilson thanked Dr. McDaris and Brevard College President Dr. David Joyce for their work on this project. He stated that the gift to the school system represents a great opportunity for the community and encouraged the commissioners to move forward with the project.

Mrs. Lemel asked the Brevard High School administrators to address the amount of use that the field receives. Assistant Principal John Hart reported that the field receives above average use throughout the year by groups including BHS varsity football, BHS JV football, BMS football, Brevard Youth League football, BHS varsity soccer (men's and women's), BHS JV soccer (men's and women's), BHS Band, Brevard College football, BHS track and field, and the Brevard High School PE classes. In a standard year (not factoring playoffs) the field hosts an average of 79 games per year. That figure is based on extreme protection by the administration regarding scheduling of events that are not a necessity. He noted that having a turf field would allow the school to host additional events such as district band competitions, soccer tournaments, flag football league, outdoor concerts, pre-season football jamborees, and more.

ON A MOTION BY MRS. MCCOY, SECONDED BY MR. KIVINIEMI, the Board of Education voted unanimously to use the monies from the sale of the donated stock for the installation of an artificial turf field at Brevard High School Memorial Stadium and to pay 50% of the remaining balance for the completion of the project using funds from the Board's fund balance.

MRS. LEMEL MADE A MOTION, SECONDED BY MR. HOGSED, that the Board of Commissioners allocate up to \$130,000 from its fund balance for the purpose of partnering with the Board of Education to install artificial turf at Brevard High School. During discussion, Mr. Chapman asked about Brevard College's level of financial participation. Dr. McDaris reported that the details of the lease agreement are still being developed, Dr. Joyce gave assurance that the College is strongly committed and willing to increase its financial commitment in order to support the turf field.

Mr. Chappell asked how much is spent per year in current field maintenance. Principal Jason Ormsby estimated that the school spends between \$16,000 and \$20,000 a year to keep the field playable, not including man hours. He noted that the field has never fully recovered from the "mud bowl" of 2009. Dr. McDaris predicted that in the next few years, additional sports such as lacrosse and field hockey would be introduced, adding further to the number of competitions taking place on the field.

Chairman Hawkins asked about bids for the project. Mr. Barger reported that one firm bid has been received and a second is expected later in the week. Mr. Chapman asked about a timeline to completion. Dr. McDaris reported that if the project breaks ground this spring, the field could be ready for play in the fall.

Chairman Hawkins requested that a discussion between the Superintendent, County Manager and College President take place to finalize the details of the agreement. Dr. McDaris reported that is already being arranged. Chairman Hawkins stated that the turf field would be a wonderful addition to the community, but urged everyone not to forget the needs for classrooms as the discussion proceeds. The vote was called, and THE MOTION PASSED UNANIMOUSLY.

Chairman McCoy pointed out that by approving the turf project, the Board is not moving the football field ahead of other projects on its list of priorities, but simply taking advantage of an unexpected opportunity as represented by a gift from a generous benefactor.

CLOSING COMMENTS

Commissioner Lemel addressed the assembly and stated that if she sometimes seems harsh or challenging, it is because asking a lot of questions is how she understands. She stated that she ran on a platform of openness, honesty and transparency. She stated that she wants the public to understand that this is their money and she believes in citizen participation. She believes that education is everyone's responsibility, and her priorities are to provide the best compensation for our teachers and the best resources for our classrooms. She stated that she had received an extraordinary public education at Brevard High School, and that is what she wants for all students.

Commissioner Chapman expressed appreciation for everyone in attendance and to the Board of Education for all their hard work. He encouraged everyone to attend school board meetings and county commissioner meetings in order to learn how it all works. He encouraged everyone to get involved in the schools and expressed appreciation to the teachers who are on the front lines.

Chairman Hawkins thanked board members, staff, and teachers for all their hard work and the citizens who came out to the meeting.

Chairman McCoy expressed thanks for the frank and open discussion and to all of those present for their support. She stated that the Board is passionate about providing a quality education for children and would continue to work for that.

PUBLIC COMMENT

Jackie Hovey, educator, stated that Transylvania County has the best schools, best leadership and best administrators; nevertheless, the last two years have been especially discouraging for teachers. Many are making less now than they were two years ago. Some are looking for jobs in other states. She reported that it would help boost morale to know that the school board and the county were working toward a bond referendum for improvements.

A speaker (name not given) advised the Board of Education to have a professional study done, saying that it could point in new directions not seen right now. He also encouraged the Board to sell the donated stock as soon as possible. (*Dr. McDaris reported that the sale is already underway.*) Noting the projected 3% cost of living increase for state employees, he stated that he has not had a raise in 14 years.

Meredith Licht, educator and TCAE president, thanked both boards for addressing turf for the BHS field. She reported that as a teacher at BHS, she did not at first support the investment. However, knowing how much money would be saved in field maintenance costs each year, she does support it now. Mrs. Licht pointed out that the field is itself a classroom—one where athletes, band members and others gain skills and leadership and learn about teamwork and discipline. She believes that any monies going toward the field would indeed be an investment in the classroom.

Donna Hoover, former BMS teacher, spoke about the Brevard Middle School PTO. She claimed that the principal had used \$8,000 of PTO funds for a school project without first consulting the PTO board, and that when the PTO board members met with the superintendent, the funds were

replaced. She also listed concerns about funds to attend a workshop, funding for textbooks, the age and condition of desks and lunchroom tables, and software that is outdated or not provided.

Frank Patton stated that he and his wife Donna had donated the Sherwin Williams stock to the school system in order to provide something lasting and wonderful for the school and the community. He reported that the stock is currently valued at approximately \$256,000. He thanked the elected officials for approving the project and getting the ball rolling.

Claire Marie Hannen, TCH parent, expressed concerns about the state curriculum and the amount of testing that is being required of students. She believes that the third grade reading curriculum is inappropriate and detrimental to young children. She stated that teachers and principals feel unsupported and stressed out. She warned that if parents have to bring a class action lawsuit against the school board to protect students from excessive testing, they would. She stated that she believes the county needs to create industry from the inside, and not rely on inviting industry in from the outside.

Barbie Harper, TCH parent, stated that she shares Mrs. Hannen's concerns about the common core curriculum and instruction that is driven by assessments. She also expressed concerns that AIG students like her son are not receiving enough challenging educational activities and feels that high ability students are being ignored in order to focus resources on low performing students. She requested that funding be increased for the AIG program.

Marty Griffin, retired coach and educator, recalled a story about a high school football player who had nearly drowned in a puddle during a pileup on a grass playing field. He thanked the Pattons and the boards for providing turf for the Brevard High School field.

ADJOURNMENT

There was no further business, and ON A MOTION BY MR. CHAPMAN, SECONDED BY MRS. LEMEL, the Board of Commissioners were unanimously adjourned at 10:00 p.m. ON A MOTION BY MRS. PETIT, SECONDED BY MRS. FOX, the Board of Education was unanimously adjourned at 10:00 p.m.

Respectfully submitted,

Chairman

Secretary