

STATE OF NORTH CAROLINA)
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COUNTY OF STOKES)
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OFFICE OF THE COMMISSIONERS
STOKES COUNTY GOVERNMENT
DANBURY, NORTH CAROLINA
THURSDAY FEBRUARY 29, 2024

The Board of Commissioners of the County of Stokes, State of North Carolina, met
for a Financial Planning and Capital Needs at the Camp Hanes Retreat Center located in King,
North Carolina on Thursday, February 29, 2024 at 9:00 am with the following members present:

Chairman Brad Chandler
Vice Chairman Keith Wood
Commissioner Sonya Cox
Commissioner Ronnie Mendenhall
Commissioner Rick Morris

County Personnel in Attendance:
Interim County Manager/Clerk to the Board Amber Brown
Finance Director Lisa Lankford
Assistant Finance Director Tracy Aaron

Other Attendees:
North Carolina Association of County Commissioners (NCACC)
• Amy Cannon, NCACC Outreach Associate
• Johnna Sharpe, Government Operations Expert, Consultant
• Denise Canada, NCACC Fiscal Policy and Research
Director

DEC Associates, Inc:
• Doug Carter, President
• Andrew Carter, President

Chairman Chandler called the workshop to order.

Interim County Manager/Clerk Amber Brown presented the opening comments:

- Welcome everyone
- Thank all those for participating in today's Financial Planning and Capital Needs Workshop
- Would also like to thank the YMCA for allowing us to hold our workshop here
- Thank the Commissioners for focusing on the Financial Planning and Capital Needs for Stokes County

- Appreciate the opportunity to work with North Carolina Association of County Commissioners (NCACC) and DEC Associates (DEC) – looking forward to continuing working with both groups for the betterment of Stokes County

Introductions and Agenda Overview

Amy Cannon, NCACC Outreach Associate, presented the opening comments:

- Thank you for allowing NCACC to participate in the Financial Planning and Capital Needs Workshop and the County Manager Recruitment Process
- This is your session, and we want you to be able to get some good feedback
- Want this session to be interactive, so please stop us if you have questions or comments during the workshop
- This session will be very important as the staff begins to prepare the Fiscal Year 2024-25 County Budget
- Have Johnna Sharpe, Government Operations Expert, NCACC Consultant, and Denise Canada, NCACC Fiscal Policy and Research Director here today

Director Denise Canada presented the opening comments:

- Glad to be here
- Been with NCACC about two years doing demographics, tax issues, and economic factors presentations

Stokes County Demographics

Director Canada presented the Stokes County Demographics power point presentation: (a copy of the presentation can be obtained from the Clerk to the Board)

Population

- Graph using a 10-year census data (rapidly increasing around 1980 – 2020)
- County population has declined slightly from a 2010 peak
- 11,400 new residents between 1980 and 2020 – little over 43,000 residents currently
- 71% has moved into unincorporated areas
- Municipal residents account for a slightly larger share of population in 2020 than 1980

Chairman Chandler confirmed with Director Canada that she could provide the Board with the number of King residents that reside in Forsyth County compared to the number residing in Stokes County at a later date.

Commissioner Cox noted that she believes those living in King that are in Forsyth County incorporate about two neighborhoods – the majority are in Stokes County.

Director Canada continued with the presentation:

- Stokes County 2023:
 - More 50+ than younger
 - Largest group of men are ages 50 & 58 (tied)
 - Largest group of women is age 57
 - Notable low point in 40s
 - Must look at the need for services for the older population such as medical

- Demographics
 - Presented graphs regarding Men and Women in Stokes County compared to Men and Women in North Carolina
- The median age in Stokes County is 45.9 years, higher than 77 other counties in North Carolina

Commissioner Morris noted the need to know how the current age of residents in Stokes County effects the school.

Chairman Chandler noted that there are a lot of retirees moving into Stokes County from out of state.

Commissioner Cox noted the number of nursing homes and retirement villages in Stokes County that contributes to the age demographics with a lot of the new homes that are targeted toward the retirement age group.

Economy

- 51% of county residents compared to North Carolina:

	NC	Stokes
Advanced Degree	12%	6%
Bachelors	21%	11%
Associates	10%	11%
Some College	20%	23%
Diploma/GED	25%	38%
No Diploma	11%	13%

Chairman Chandler confirmed with Director Canada that the data comparing Stokes County to North Carolina as it relates to educational degrees is from the latest census.

Director Canada continued:

- Place of Work (estimate)
 - Work in bordering NC Counties = 58% (Forsyth, Surry, Rockingham Guilford, Yadkin)
 - Work in Stokes 14%
 - Work in Mecklenburg 6%
 - 3% work out of state
- Data shows a lot of those from Stokes County works in Forsyth and Guilford Counties
- There are pros and cons regarding people working outside their county, but in general most counties want their people to work in the county they live as most people spend money where they work which increases the sales tax
- On the other hand, working in larger counties can increase the median income average

Vice Chairman Wood noted this is hard to track accurately as he has worked the past 20 years at home for a company based in Gastonia whose home office is in Texas.

Director Canada continued her presentation:

- Unemployment has steadily declined since the height of the pandemic
 - The rate in Stokes follows the State's overall trend

Chairman Chandler requested additional information regarding the County's workforce which Director Canada stated she could provide later.

Director Canada continued her presentation:

- Stokes County saw a 3% increase in Gross Domestic Product from 2017-2022
 - Statewide change – 11%
 - Believe this is a very good number – County is holding its own
- The 2022 drop suggest that inflation rose more than income (per capita income – adjusted for inflation)
 - Stokes tracks closely with the statewide trend

Commissioner Morris commented:

- Would like two topics to be included in today's discussion: (how we should be thinking about these items)
 - Duke Energy located in Belews Creek will most likely be converting the existing coal plant to a nuclear plant which will definitely increase the County's tax base by 2035 – along with an increase of employees
 - Destination Event Center and Equestrian Center – an individual is investing several million dollars – will include a winery, restaurant, overnight lodging, etc.
 - Would be interested in how we can maximize these two items

Director Canada responded:

- Will be glad to discuss that later

Sales Taxes

- Second largest revenue source for the County with property tax being number #1
- Graph shows that February 2021 was 27% higher than February 2020
- Stokes County tax collections are trending up slightly
 - Some counties have begun to see slight declines or leveling out
- There have been some significant changes over the past few years
- Optional Quarter Cent Tax
 - 47 Counties have levied the Article 46 tax
 - 31 Counties have failed to pass a referendum (includes Stokes County -attempted twice)
 - 22 Counties have never held a referendum
- Taking Article 46 to referendum
 - Voter approval – voters must approve additional taxes under Article 46
 - Not Binding – the referendum is advisory only – final decision is up to the Board of County Commissioners
 - Only 1 annually – only one referendum allowed per 12-month period
 - Persuasion – Counties may use public \$ to educate votes but not to sway or persuade

Commissioner Mendenhall commented:

- Spoke about an organized group of ladies who made phone calls regarding a referendum to build a new high school in Davie County (bond referendum passed 51% to 49%) – bond had previously failed

Director Canada continued her presentation:

- Discussed specific language must be on the ballot
- Persistent NCACC Legislative Goal – Seek legislation allowing counties to include specific language on the sales tax referendum ballot designating how the proposed proceeds will be spent

Questions

Director Canada noted she would be happy to answer questions.

Chairman Chandler commented:

- One pressing issue is our school system – number of facilities with declining enrollment
- We have lots of housing developing in the western part of the county
- Seeing a lot of people moving into Stokes County – retired with no kids
- How do we plan for future enrollment

Director Canada responded:

- As enrollment declines, it is important to look at the amount of funding being appropriated to the school system

Commissioner Cox commented:

- Previously spent 15 years on the Board of Education
- Served on the bond referendum committee to build West Stokes High School and Piney Grove Middle School
- We were given advice from a consultant on how to get the bond referendum to pass; we did what was advised and it passed
- Believe that also holds true with passing a sales tax referendum, you do have to have a private group who can spend their funds or raise funds to get a referendum passed
- Rockingham County solicited a private group to promote a sales tax referendum
- We need to move quickly if we are going to get a private group together to promote a sales tax referendum this November

Chairman Chandler noted the possibility of talking about the appointment of a committee on a future agenda but would need to check with County Attorney Browder regarding the limitations of the discussion since no county funds can be spent on promoting a sales tax referendum.

DEC President Doug Carter responds:

- A lot of counties appoint the Chamber of Commerce to be the spokesperson
- Chamber of Commerce organizes and raises the funding – they define what is needed such as a private group

The Board briefly discussed the school system's sales tax that comes to the County and must be appropriated by the Board of County Commissioners.

Commissioner Cox commented:

- Just received an answer to a previous question – how many residents of King live in Forsyth County versus those living in Stokes County
- Out of the 7,739 residents 625 (8%) live in Forsyth County
- Do not believe there are any businesses in Forsyth County

Director Canada concluded:

- Appreciate the opportunity of being here today
- Will be happy to further discuss issues at a later date if needed
- Provided additional information regarding NCACC Legislative Goals Procedures for this year

Chairman Chandler recessed the work session for a five-minute break.

Chairman Chandler called the recessed work session back to order.

Financial Planning and Capital Needs

NCACC Outreach Associate Amy Cannon presented the following information:

- Commended the Board for completing the Planning Survey and for being so thorough
- Wanted to share the data from the survey- data shows that there was a tremendous amount of overlap in the responses – Board members are really together as what they see are the challenges and opportunities in the foreseeable future
- This information is good for staff to have when starting the budget process as far as operational and capital needs
- Question #2 – How do you envision the county evolving over the next 5 to 10 years?
 - Increasing growth opportunities from tourism
 - Growth will vary across the county
 - Broadband will support growth
- Question #3 – What do you foresee as the top three (3) major challenges near term in: Public Safety (Sheriff, Fire, EMS)?
 - Competitive salaries (also across the board)
 - Attracting and retaining well-trained staff (same issue across the state)
 - Updated technology and equipment
 - Fire – need for paid firefighters as volunteers insufficient (also a challenge across the state – many counties have raised fire tax in order to hire staff)
- Question #3 – What do you foresee as the top three (3) major challenges near term in: (Education)?
 - Build relationship with School Board
 - School capital planning: aging schools and declining enrollment
 - Take Forsyth Tech-Stokes to next level
- Question #3 – What do you foresee as the top three (3) major challenges near term in: (Human Services)?

- Employee retention: size of caseloads (major issue across the state especially with social workers who are burned out)
 - Increase interest in foster parenting
 - Unfunded mandates such as Medicaid Expansion
 - Health Board's strategic plan/Opioid Crisis
 - Select hospital/urgent care provider and location (including EMR)
- Question #3 – What do you foresee as the top three (3) major challenges near term in: (Community Planning and Economic Development)?
 - Carrying out 2035 Comprehensive Plan
 - Economic Development in transition – need to decide on organizational structure (director or public/private partnership)
- Question #3 – What do you foresee as the top three (3) major challenges near term in: (General County Administration)?
 - January 2025 Reappraisal
 - Restart Financial Planning
 - Technology Needs (complicated and very expensive)
 - Cross-training; staff capacity
 - Add staffing to County Manager's Office and Finance Department as well
- Question 4 – What are the biggest concerns or issues raised by residents/stakeholders?
 - No tax increases
 - Health care/Critical access hospital
 - School facilities
 - Animal Control
- Question 5 – On-going or planned projects
 - County Buildings
 - Board of Elections Renovation
 - Criminal Justice
 - Courthouse Addition
 - Public Safety
 - New Animal Shelter
 - Critical Access Hospital
 - Education
 - Public Schools – aging facilities and number of facilities
 - Community College
 - Other
 - Broadband
 - Moratock Park
 - Technology
- Question 6 – What do you consider the County's current top priorities?
 - Healthcare availability (hospital decision); mental health treatments
 - Financial and capital planning (schools and county); increasing fund balance
 - Broadband and Updating infrastructure
 - Public Safety
 - Salaries – attracting and retaining staff (also across the state)
 - Animal Shelter
 - Maximizing tourism

Outreach Associate Cannon turned the session over to Consultant Johnna Sharpe.

NCACC Consultant Johnna Sharpe presented and discussed the following Financial Planning and Capital Improvement Plan (CIP) power point presentation: (a copy of the presentation can be obtained from the Clerk to the Board)

Capital Improvement Planning:

- Today's Session Goals
 - Gain a common understanding of what a CIP is and why it is important
 - Understand the steps involved in creating a CIP and discuss how the steps can best be accomplished in Stokes County
 - Develop an outline of key tasks and timeframes for building the CIP – create “a Plan for the Plan”
- County Responsibilities:
 - Steps in Developing a Comprehensive CIP
 - Assessing Current Needs
 - Setting Goals and Objectives
 - Identifying and Prioritizing Projects
 - Financial Planning and Budget Allocation (presentation by DEC Associates)
 - Implementing and Monitoring
 - Bringing it all Together – Building the CIP
- Lot of mini plans go into developing a CIP
- Capital Improvement Plan (CIP)
 - A strategic document that outlines the County's facility and infrastructure needs and the projects necessary to address them
 - A comprehensive approach to managing capital assets over an extended period, typically to 5 to 7 years
 - A roadmap for allocating resources efficiently, prioritizing projects and ensuring timely delivery of essential improvements
- Benefits of a CIP
 - Provides a systematic approach to infrastructure management & planning
 - Helps prioritize projects based on community needs and available resources
 - Enhances transparency and accountability in decision-making processes
 - Facilitates long-term planning and budgeting
 - Improves coordination among various departments involved in key projects
 - Provides direction for the delivery of services to the residents of Stokes County
- Schools are a huge component of the CIP
- A CIP keeps everyone on the same page – Board of County Commissioners, Staff, Stokes County residents, stakeholders – a public document that anyone can see
- Can serve as a core fundamental planning document – you have an operating budget and capital budget
 - What makes something a CIP versus an operating budget item?
 - Cost – common threshold \$100,000; for a single project or where phased amounts exceed \$100,000

- Length of project – longer than a year or recurring program
- CIP is a rolling, funded plan
 - For a project that will occur over multiple years, all funding is appropriated at the time of contract award to eliminate any project risks associated with funding
 - Only the first year of a CIP is appropriated as part of the budget process
 - The plan is update annually to:
 - Add the next year – becomes an integral part of the budget
 - Revise or change existing projects based on new conditions or priorities
 - The CIP is not a “static” document, it requires regular attention and monitoring
- County responsibilities – CIP Major Categories
 - Public Schools
 - Land acquisition
 - Design
 - Construction
 - Major renovations
 - Criminal Justice
 - Court facilities
 - Detention facilities
 - Fire Tax District
 - Fire Stations
 - Apparatus
 - County Buildings
 - New facilities
 - Renovations
 - Roofs and Building Systems
 - Public Safety
 - EMS Facilities
 - Radio Systems
 - Animal Control
 - Other Areas
 - Technology – long range planning to know what is coming up, what and when updates are needed

Chairman Chandler commented:

- Had a recent conversation regarding Stokes County not having a landfill and all trash has to be taken to Forsyth County
- The question came up – What happens if Forsyth County suddenly stops allowing us to bring our trash there?

Interim County Manager/Clerk Brown responded:

- Director of Public Works has been looking at other possible options in case that does occur one day

Consultant Sharpe continued with her presentation:

- Land fields are very complicated, expensive and no one wants a land field near their house – having a plan is very important and looking ahead is very important

- Will be providing some examples of CIPs and their fundamental principles in other counties such as Wake County – actually was responsible for Wake County’s CIP for over 12 years
- CIP Summary
 - Will have broad major categories (sometimes called elements) broken into subcategories (call programs) that are then broken down into projects (replacement of roofs, paving, technology, etc.)
 - You will always have projects such as replacement of roofs which you need to know about for each county owned facility – the estimated cost, the timeframe, etc.
 - Every CIP is different from county to county because the CIP is defined for that particular county – your CIP will detail the needs of Stokes County
 - It will become the umbrella on multiple plans for various responsibilities and initiatives for the County

DEC President Carter confirmed Interim County Manager/Clerk Brown that that the last county facility study was done in 2020 and the last school facility study was done in 2022. (done by Peterson and Gordon Architects)

Commissioner Morris added:

- If all the existing schools were completely renovated, the cost would be approximately \$90 million (estimated by Peterson and Gordon)
- Some immediate renovations needs would be approximately \$50 million (estimated by Peterson and Gordon)
- Just remember with all those plans – you have got to have money

Consultant Sharpe continued with her presentation:

- Until you have a CIP – you don’t know how much money you actually need
- The CIP is a reference to what the County needs – it details the needs and prioritizes the needs
- Do not think a full CIP can be developed within the next two months for this year’s budget, realistically thinking about a CIP for Fiscal Year 2025-26
- Unless you start, you will never have a CIP

Commissioner Mendenhall commented:

- Spoke about the mandate from the Court System regarding security needs at the existing courthouse and the renovations
- Remember Commissioner Morris confirming with the Judge that if the renovation is not done, it will be mandated

Commissioner Morris noted the mandate regarding the jail expansion that was done several, several years ago.

Consultant Sharpe continued with her presentation:

- Would like to start with developing a comprehensive CIP
 - Step One – Collecting and analyzing data on current conditions and performance

- What is the condition of facilities and infrastructure - possible considerations
 - Are there health and safety issues to address
 - Do facilities provide adequate capacity for the future
 - Can needs be accommodated by renovation or expansion or is a new facility needed
 - When do roofs, HVAC, security systems, etc. require replacement – how do we know
- Who knows the answer to the above questions- someone who can identify the needs

Interim County Manager/Clerk Brown commented:

- Have made a few comments about the facilities:
 - As far as health and safety issues - have two facilities in Danbury – the old Courthouse and the old Danbury School which currently both house county staff
 - Old Courthouse:
 - Old Courthouse houses the School System Administration and a county department (Soil/Water)
 - Old Courthouse was built 1904 which has historic character and value to the County
 - Old Courthouse does have ADA accessibility issues that were grandfathered in
 - Old Courthouse needs - new roof, brick/mortar-joint issues, new windows, new interior finishes, new HVAC, new plumbing, new electrical, etc.
 - In 2021 estimated cost was between \$2-\$4 million
 - Old Danbury School
 - Built in 1925 and does have similar needs
 - Houses three county departments
 - Old part of jail needs some renovations - plumbing

Vice Chairman Wood noted that there are people out there that has plans for the Old Courthouse.

Commissioner Cox mentioned:

- Added that the estimates given by Architects Peterson and Gordon regarding the schools also provided advice about what was the best option – renovation or new facility – there were recommendations that some of the facilities because of age and cost – better to build a new facility
- Confirmed with Ms. Sharpe that the County's Public Works Director, who is responsible for county facilities, would play a key role in the developing the facilities needs

Consultant Sharpe commented:

- Schools are a different category – there are some requirements that have to be met when it comes to renovation versus new facility
- When a new building replaces one of these older facilities, the Board then has to have a plan as to what happens with the older facility – that has to be in the plan
- Those things mentioned by Amber have to be listed and given a projection of time and cost

- CIP Team includes the county manager, finance director, facility manager, IT – that is the core group with each county adding integral staff that are needed to accomplish the goals of the CIP

Chairman Chandler commented:

- Have one director that is over facility needs who also has other county duties
- Some of the departments have limited staff such as the finance department
- With adding this CIP, the county has departments that don't have adequate staff to follow up on issues

Consultant Sharpe added:

- County may have to deal with internal capacity issues that you may have to be addressed for the CIP to be a success – that can be addressed with additional staff or a consultant
- There may be needed investments for a CIP to be successful in Stokes County

Consultant Sharpe continued her presentation:

- Step 2 - Establishing criteria to use evaluating capital projects
 - What objectives should the CIP accomplish – possible considerations:
 - Ensure buildings are safe for workers and visitors
 - Are buildings operating efficiently – can energy savings be attained to reduce long-term operating costs
 - By investing in facilities/infrastructure/technology, can services levels or quality of live be improved
- Questioned the Board - What are the goals and objectives that are a priority for this Board?

Vice Chairman Wood commented:

- Once developed, would want future Boards to use the CIP – something ongoing that can be used, adapted, amended, etc. – not just put on a shelf

Chairman Chandler commented:

- Believe a five to seven (5-7) year CIP is needed especially when there can be change in the Board every two years
- Spoke briefly about the CIP that he dealt with in his prior employment

Consultant Sharpe added:

- Another important thing to consider is efficient energy systems that need replacement that could save funding over time
- Must also remember that with renovations can also increase spending – such as adding more space – increase in utility costs

Consultant Sharpe continued her presentation

- Step 3 – Planning for the long-term needs of the County (seven-year horizon)
 - How are projects identified, and by whom? – Possible considerations
 - Data driven master plans/consultant assistance

- Stakeholder input – county departments and the community – extremely important
- Critical needs assessment
- County vision
- Who are the critical stakeholders to engage in capital planning and how best can they be engaged?
 - County department heads know what is needed for their facility and their department
 - School system is a critical player in the CIP
 - Need to determine who else needs to be a stakeholder

Commissioner Morris noted that grants could be applied for renovating the old Courthouse.

Consultant Sharpe continued her presentation:

- Capital needs identified from the Board of Commissioners' surveys:
 - County Buildings
 - Board of Elections Renovation
 - Criminal Justice
 - Courthouse Addition
 - Public Safety
 - New Animal Shelter
 - Critical Access Hospital
 - Education
 - Public Schools (aging, number of facilities)
 - Community College
 - Other
 - Broadband
 - Moratock Park
 - Technology

Commissioner Mendenhall commented:

- Things can change within the CIP
 - Spoke briefly about the Board of Elections Renovation – current renovations at the old bank building and the savings

Consultant Sharpe continued her presentation:

- The uniqueness of School Funding (NCGS 115C-521)
- Responsibilities:
 - Local Board of Education:
 - Provide **adequate** school buildings equipped with suitable school furniture and apparatus
 - Present the **needs and costs** of buildings, equipment, and apparatus each year when the school budget is submitted to the tax-levying authority (the County)
 - County Commissioners:

- Have a **reasonable time** to provide the funds which they **upon investigation** shall find to be necessary for providing for buildings suitable equipment
 - The challenge is designing a process to reach an agreement on what the bolded terms mean
- Believe there are three critical components:
 - Jointly approved school facilities planning guidelines, include enrolment projections
 - School Capacity and Enrollment (increasing or declining enrollment)
 - Building Guidelines – renovation, lifecycle replacements, new school sizes and standards
 - Safety and Security
 - Support Facilities
 - Energy and Environment Issues
 - A data-driven, long term school CIP plan that follows the planning guideline
 - County Population Projections
 - School-age Population Projections
 - Municipal Development Plans
 - Enrollment by School and Teacher/Public Ratios
 - Facility Operating Costs Per Pupil
 - Regular communication between both Boards
 - Board Leadership Meetings
 - Regular frequency, on-going dialogue
 - Attendees: Chairs and Vice Chairs, Superintendent, County Manager, Finance Officers when appropriate
 - Plan agendas for joint meetings to include objectives and content to be presented
 - Regular Full Board Joint Meetings to include Topics
 - County Financial Planning Updates – Capital and Operating
 - School Budget Requests (Operating & Capital)
 - School Capital Planning
 - Enrollment Updates
 - Major Initiatives Updates

Commissioner Morris commented:

- Communication between both Boards is the worst it has ever been since my association with the County as a manager and commissioner
- The Board of Education first came to the Board and asked how much funding was available and then they would give us a plan according to the funding
- First time I was ever asked to fund something without a plan

Commissioner Cox commented:

- The Board of Education did have a population study looking at enrollment in 2022 which is on their website
- Believe their question was what was our funding capacity for the schools

- Believe they were asking us for a funding amount – something that we couldn't just give them without knowing what it is for

Consultant Sharpe added:

- A lot of complex issues that have to be laid out – understanding the long-term issues
 - One critical point regarding schools in Stokes County – student population projections are declining, but county population is going up – that means you are probably attracting people who do not have school age children
 - How does this change the service of delivery and how should that change the funding for the school system from an operating basis as well

Commissioner Cox commented:

- One of the issues regarding school age population particularly in King – years ago there were a lot of moderately priced homes (starter homes) that were built in King that attracted families with children – some of these the kids are already out of school but these developments are still full
- A lot of the houses currently being built are not starter homes attracting those families with school age children
- There are several planned developments going up in the King area
- There are a lot of people wanting to move into the King area – just not enough houses right now
- One thing that could tip that situation would be the availability of homes for buyers with kids
- Now that 74 is connected to Guilford County – you have that big corridor – you can be in Kernersville in 10-12 minutes

Consultant Sharpe stressed that Municipal Development Plans are key when it comes to student population – are they building homes that will attract families with school age enrollment.

Commissioner Mendenhall noted that some of the homes he has seen going up in the King area are starting out in the \$400,000s which could be hard for a lot of families starting out with small kids unless they both have great jobs – to be able to a \$400,000+ home especially with the increasing of interest rates.

Consultant Sharpe commented:

- Have to look at teacher/pupil ratio and whether that is cost effective especially in schools with declining enrollment – determine if that is a good use of taxpayer dollars
- Would need to look at facility cost per pupil

Chairman Chandler commented:

- Briefly discussed annexation and housing developments (subdivisions) that impact the County when they are built just outside the city limits – not part of the city but close enough to enjoy the added amenities of the city such as shops, restaurants, fast food, grocery stores, etc.

- These not being in the city fall into services provided by the County such as law enforcement, EMS, garbage, etc.
- It is difficult to forecast – how do you deal with that
- Due to the recent decision about applying for a school grant for King Elementary- I am taking the hits of being anti-King

Associate Amy Cannon noted that the Board (possibly manager, chair, and vice chair) meet with city officials on an ongoing basis – just as suggested for the Board of Education – there has to be communication.

Consultant Sharpe agreed that communication and meeting with city officials as well as the Board of Education and school officials are key to being able to address issues (good agendas, good dialogue, and getting things out on the table).

DEC President Doug Carter commented:

- The one thing now that is overwhelming is the cost in building a new school
- 15-20 years ago, we worked on a project in Sampson County to build three (3) new high schools which cost approximately \$100,000 million – nice high schools
- Right now, to build a new high school will cost approximately \$100,000 million
- The School of Arts High School being planned in Durham is estimated over \$200 million because of the uniqueness of its facility
- The County needs to know from the Board of Education where the needs are, where the declining student population is, the urgency of the needs, etc.
- At some point in time, the County has to decide how much funding can the County afford

Vice Chairman Wood commented:

- I am in construction, I have asked the question to the folks in Raleigh and can't get an answer, how can a private or charter school build a new school for the fraction of the cost of building a public school

Associate Cannon responded:

- They don't have amenities

Vice Chairman Wood continued:

- Some of these charter schools, it seems, can go up overnight – they are safe
- Counties are being made to build public schools like a Ta Mahal
- Think some of this needs to start at the state level

Commissioner Cox added:

- State does determine and mandate the size of classrooms, class size, etc.
- Should be some flexibility

DEC President Carter noted one going up in Apex has a parking deck.

Consultant Sharpe continued her presentation:

- Turned the floor over to DEC Associate Doug Carter for Step 4: Funding the Plan – to be addressed by DEC Associates

Financial Presentation - DEC Associates, Inc.

President Doug Carter, DEC Associates, Inc. presented a power point presentation: (a copy of the presentation can be obtained from the Clerk to the Board)

- Key work – accountability
- Explained the recent building of school construction in Mecklenburg County based on per capita
- Will be talking:
 - About the partnership between the County and DEC Associates
 - Status of Current Capital Improvements Fund
 - Transactions that have been Issued since 2008
 - Potential Current Financial Planning and Capital Needs
 - Capital Improvement Fund Planning and Calendar

Partnership Between the County and DEC Associates

- History of the County and DEC Associates
 - Engaged by the County in the summer of 2008 – Reengaged 2024
 - Goal to create a capital funding plan for school building projects
 - Some needs were becoming urgent and costly especially for schools
 - Prioritize and plan to create least amount of impact to county budget and taxpayers
 - Cities are different from counties when it comes to planning
 - Most counties plan everything thru the General Fund which funding for debt gets eat up from the operating cost
 - To eliminate this issue, the Capital Improvement Fund (CIF) was created
 - None of the funding the CIP ever goes back to the General Fund
 - Creation of the Dedicated Capital Improvement Fund (CIF)
 - Separate revenue stream and fund dedicated solely for capital formation and debt service
 - Reduces the “peaks and valleys” of revenue needed – consistent sources
 - Goal to place the county in sound financial policy position
 - Provided a debt affordability model – ran 34 models thus far
 - Stokes County was one of the first in NC to create this fund which is highly perceived by Local Government Commission (LGC) and rating agencies
 - Lot of counties are now deciding what they want their fund balance to be such as 16%, 18%, 20%, etc. and then when their audit is completed and if there is extra funding beyond their desired goal, that extra funding goes into the CIF
 - This eliminates creating huge fund balances that most of the public doesn’t like to see and adds to the CIP
 - May want to look at doing something like this in Stokes County
 - General Capital Improvements were not added – Current Need
 - Today we begin the process to more comprehensively define the need

- There will some decisions that the Board will have to make before a final CIP is developed (possibly by this fall for the next year's budget – FY 2025-26)
- Need to also decide how the current projects such as the courthouse expansion and the new animal shelter are going to be paid for

Commissioner Morris requested to add comments/discussion regarding the need to include matching funds for internet grants.

DEC President Doug Carter responded:

- A CIF includes all major projects, how they will be funded, dates of completion, etc. so matching funds would be included in the CIF – anything related to capital
- The CIF would show how each project is being funded which would include matching funds
- Discussed how the CIF was created in 2008 with dedicated funding going into the CIF at that time versus what is now going into the CIF from the General Fund (not the 4-cent property designated)
- Originally there was \$2.2 million going into that CIF, now it is approximately \$900,000 – (short in that fund in what we could have had)
- The 4-cent property tax was designated for schools
- Sales tax collection designated for schools and education lottery fundings are separated from the CIF – they should go into the CIF
- Looks like sales tax designated for schools is paying largely for pay-go projects
- Need to look to see whether the school sales tax funding is getting us where we need to or could be used to secure bonds to get a good amount of money up
- A good CIF includes debt and pay as you go – Stokes County's CIF does not have pay as you go
- Want to complete the CIF with all revenues that need to be in it, will then be able to plan and determine how much funding is needed
- Timing in an affordability model has more impact than the interest rate in the CIF
- Discussed how transferring excessive funding in the General Fund (beyond the County's desired goal) can increase the funding in the CIF with leaving a healthy Fund Balance

Chairman Chandler commented:

- In Stokes County, we don't have the confidence to know how much fund balance an appropriate amount is and how much is a surplus

DEC President Doug Carter responded:

- The completed CIF will help that issue

DEC President Doug Carter continued:

- Capital Investment Fund (in and out flow)
 - In Flow to the CIF
 - General Fund Contribution
 - School Sales Tax Collections
 - Education Lottery \$s

- Miscellaneous Revenue
- Out Flow of the CIF
 - Debt Service (pay existing and future debt)
 - General Government M&R pay-go and CIP pay-go
 - Future School Capital Fund
 - School capital Pay-go Projects
 - Community College Pay-go Projects
 - Technology Capital, Maintenance & Repairs
 - New capacity
- Creation of Debt Capacity
 - Projected Revenues
 - Projected Expenses
 - Projects move slowly
 - Actual debt cost lower projections
 - Actual revenues higher than projections
 - Rapid debt reduction
 - Other factors
 - Meet Fund Balance Goal for the CIF

DEC President Andrew Carter continued the presentation:

- Briefly discussed examples of Prior Presentation of Alternatives on the plan shown on 07-28-08, 11-24-08, 01-12-09 – actually have had several, several other alternatives that were shown to the Board

DEC President Doug Carter continued the presentation:

- Financial Plan Issuances to Date
 - Several privately placed transactions have occurred including several refinancing transactions
 - Transactions in 2009, 2010, 2011, 2013, 2014, 2015, 2016, 2017, and 2020
 - Have done financing with USDA which gives good interest rate with long terms (did USDA funding for the jail)
 - Transaction financed several functions/purposes
 - Public Schools
 - Jail
 - Land Acquisition
 - Community College
 - EMS
 - Rate Modifications for Savings
 - Others
 - Numerous other Financings have been Reviewed/Studied
 - Debt Affordability Model has 73 Alternatives
 - County has been Active in Reviewing Debt Affordability
- One thing I want to speak about – County does not issue GO Bonds, County issues Limited Obligation Bonds which do not require a vote

- Question comes into play whether bonds should be voted on
- New legislation as to what has to be placed on the ballot
- If you have a GO Bond that fails on the ballot, LGC will not let you issue bonds for 2-3 years unless for something that is mandate by the court
- Current CIF and Affordability Model Condition
 - Not included in the CIF – Should Be:
 - All Capital Needs – More than Schools
 - Include all revenue sources – school dedicated sales taxes in separate fund – appears to be used for Pay-go Only
 - Debt Service payments and Pay-go Expenditures
 - Current Sources to CIF
 - 4 cents of Ad Valorem – instituted in Fiscal Year 2012 for schools
 - \$910,000 from General Fund – Frozen amount of Prior D/S
 - Original amount reduced by approximately \$1,300,000
 - No funding in Fiscal year 2020
 - Education Lottery
 - Must decide - Should CIF Current Capacity be Available to any Capital Need or Be Used Only for Schools

DEC President Doug Carter added something to think about:

- When the 4 cent was created, it was defined specifically for school projects
- The CIF has never operated around general improvements projects, it has been schools
- You have no capacity currently existing, there is no fund balance to do general improvement projects
- There is some capacity inside the CIF today
- What will have to be decided at a later time, do you use the capacity that you currently have to do the courthouse renovation, then as you plan with the school system, find a way to put that money back
- Since there is no fund balance inside the CIF for general improvements
- If we don't use some of the capacity currently in the CIF, we are going to have to raise taxes a couple of pennies in the early years to pay the debt on the courthouse project – that does not include the new animal shelter
- We will be bringing to you before your budget in June, a discussion to determine how you will pay the debt service for the new animal shelter and the courthouse renovations (immediate projects) and whether the animal shelter can be push off even though it has become a priority project
- You have no capacity for general government improvements facilities, but you have approximately \$7 - \$7.5 million capacity in the fund
- Must decide if you want to make a policy to use the capacity in the fund now to do the courthouse renovations/animal shelter and then find the capacity once the school system determines it needs
- Legally you don't have to put that funding back into the fund since it was a policy decision by a previous board – not a voted tax for schools
- You have capacity but it is inside the 4-cent fund

Commissioner Morris asked if that was being questioned to avoid raising taxes.

DEC President Doug Carter responded:

- What I would say is that the County is going to have to find revenue to pay for these projects – the question is do you want to use the current capacity for a time period until all this planning is done and determined how much is needed and where is that funding coming from

DEC President Andrew Carter reiterated that the model has always been predicated as a school debt.

Commissioner Morris noted that whatever is done, there has to be transparency.

DEC President Doug Carter responded:

- In three or five years, a lot of the debt will be paid down
- We have got to get the CIF completed, find out what the school system's needs are
- All this can't be done by June 30th of this year
- Immediate question is how do you pay for the debt service on the courthouse renovations
- There are some decisions to be made

Commissioner Morris commented:

- I have been associated with county government since 2004 primarily as county manager
- I recommended tax increases which were all ignored
- Have went ten years with no tax increase
- Reduced the tax rate by 2 cents during a reevaluation that we got no credit for doing that
- My point – at some time you have to raise taxes to do these things
- From a philosophical standpoint - what I would like to do say is that taxes are being raised for the courthouse renovations because the judge made me do it

DEC President Doug Carter responded:

- In most all the counties we have worked with, including Stokes - have raised taxes to build schools
- People are willing to pay more taxes if it gets them a school or a specific facility
- You need linkage, if it goes into the CIF, people can see how the taxes are going to be spent – projects in the CIF

Commissioner Cox commented:

- You just can't raise taxes for no good reason, you are going to have to build some schools

Commissioner Mendenhall commented:

- Going back to Nancy Reynolds, going to be upfront, I was actually principal there before the new school was built (2002-2004)
- Nancy Reynolds was 85 years old when the new school was built in 2009
- Department of Instruction had stated that Nancy Reynolds would be shut down – had structural issues (safety and health issues)

Commissioner Morris added that there were no complaints regarding the 4-cent tax because it was put out there that it was going for schools – people understood.

Commissioner Cox questioned DEC President Carter his thoughts/opinion regarding grants (like the one the Board did not approve recently for a new elementary school in King) that we might have another opportunity.

DEC President Carter responded:

- If you think you can get some money, then you apply, but here is the problem that money is primarily going to go to the poorest towns
- Don't know why you would not apply

Commissioner Morris responded:

- We requested a comprehensive plan from the school system which we did not get – that is the main reason

Commissioner Cox noted that that the required match was going to be paid for by the school system, but it was still not approved.

Commissioner Cox continued:

- Some people didn't like where the school was going to be built, but in my opinion, that is the Board of Education's decision, not ours – had been a school board member fifteen years before becoming a county commissioner
- There is no question that we need some new schools whether it is in the northeast part of the county, King, or wherever
- If you can replace a school for a \$2.1 million match, feel financially it makes sense to apply

Commissioner Morris added:

- The problem is that we requested a comprehensive consolidation plan for the schools, and we did not get it
- They gave us a piece of scrap for a plan, that is the reason we turned it down

Chairman Chandler commented:

- The Board of Education was willing to put up the \$700,000 match for the first year (there would be two additional \$700,000 payments) with Chairman of the Board of Education saying that it would be the hope that the Board of Commissioners would take up the remaining two payments of \$700,000
- Plus, the question is if you have the fund balance that can provide the matching amount in a whim, why have you not been maintaining the schools or planning in advance for the grant which they have not done
- Again, it all goes back to operating in crisis mode which this County has done for years and years

- I just want to thank Commissioner Mendenhall again for suggesting the County engage with DEC Associates, this is very good information for the Board
- Also want to thank Commissioner Mendenhall for questioning Dr. Rice about the loan that was still owed for Lawsonville Elementary that was being recommended to be closed by the Board of Education
- Of course, Dr. Rice did not know, but later came back and stated that it does affect the loan – that should have been thought out before any decision was made
- Then they quickly decided to move another school to Lawsonville and Lawsonville students are being sent to 2 different schools – that is what happens when something is not thought out – crisis mode

Commissioner Cox added:

- Agree with Chairman Chandler that this is all very good information, do remember the County engaging with DEC Associates but when this originally took place, I was a member of the Board of Education

Vice Chairman Wood confirmed with DEC President Doug Carter that if they had gotten the grant, but bids and other things needed at the site go over the amount awarded from the grant, the County pays for the additional needed funding.

Vice Chairman Wood added that he knew a lot from surrounding counties regarding the building of new schools and their cost.

DEC President Doug Carter continued:

- Potential Current Financial Planning Needs
 - Board of Commissioners Authorized Update to CID
 - Model – contract approved
 - CIF and Debt Affordability Model Need to be Updated
 - CIF Funding Sources need to be Revisited and Determination of Adequacy of Revenues – Review has begun but not completed
 - Debt Affordability Model Update and Review will indicate potential Future Debt Capacity
 - Affordability Analysis could be completed, and various scenarios reviewed
 - Determination of Borrowed or Pay-go Methods
 - Process to Reevaluate the CIF and Affordability Planning and Analysis
- Process and Timing to Reevaluate CIF Affordability
 - Reiterated the importance of timing with when it come to a Debt Affordability Model
 - Work with DEC to Assess CIF Funding and Current Affordability
 - What Capacity Does the CIF currently have – current capacity can fund approximately \$7 million - no significant additional until 2030 – will show you the actual model
 - Fund Balance and other Data in the CIF not fully Updated
 - Will expand revenues to the CIF - Sales Taxes, Additional Pennies, etc. (will work through all that)
 - Determine Current Capital Needs – General Needs and Schools

- Most importantly, you have to know what your Board of Education wants and needs
- Have Cost and Timing Been Fully Developed and Vetted
- Have Operating Cost Impacts Been Fully Determined
- Determining Priorities and Ranking the Order of Need
- Determining Timing Needs and How they Impact Affordability
- Timing of Capital Needs is Key
 - Drives the Affordability Model More than Interest Rates
 - Key to Getting Greatest Capacity from the Model
- Have met on behalf of Board of Commissioners with school boards multiple times and stated that what you wanted can't be afforded for three or more years
- Once Needs Completed - Determine Debt Affordability and Timing
 - Develop Funding and Affordability Alternatives
 - Demonstrate How Timing and Cost Impact Affordability
 - Are Current CIF Revenues Adequate
- New Capacity from Additional Revenues – Preliminary Thoughts
 - Each Penny added in 2025 Budget Adds New Capacity
 - Timing and Interest Rates Impact Capacity
- Final Decision on Breadth of the CIF
 - Include Both General and School Capital Needs?
 - Determine Capacity Allocation from Current CIF

Commissioner Morris commented:

- Have to keep in mind that this is not just a want/needs list, this now is a consolidation list
- Confirmed with DEC President Doug Carter that the needs for the CIF have to include county needs
- Also have to keep in mind that some of the commissioners have promised to take a look at revenue neutral with the next reevaluation that is scheduled for 2025
- Whether to leave taxes as they are, go revenue neutral or lower taxes regarding the next reevaluation has to be figured in with all this planning

DEC President Doug Carter responded:

- Most counties that I have been associated with, do not go completely revenue neutral, a lot keep the same tax rate with some lowering the tax rate but not completely back to revenue neutral
- No one is never happy with reevaluation – even if you lower the tax rate and the value goes up – most are still paying more taxes

Consultant Sharpe added:

- One thing that has to be dealt with is the current portion of property tax revenue that is directly going to the schools
- My strong recommendation is to look at that – if the schools have enough fund balance to pay the match for the grant –the only way they get a fund balance is that they are not spending your money

- Need to look at the current fund balance of the school system
- Need to look at the current amount being spent per pupil – what is happening with that
- Need to look at how you are funding the operating differently that could give you capacity for county operations as well as school debt

Outreach Associate Amy Cannon requested Consultant Sharpe to explain again about how the school system maintains a fund balance.

Consultant Sharpe responded:

- The only way a school system can maintain a fund balance is that they are not spending all of the allocation that is being provided by the County

Vice Chairman Wood responded that then they come back and say that they are being punished because they are being so frugal.

Consultant Sharpe responded:

- Then you have to look at how they are accumulating that fund balance
 - Are they able to leverage more state dollars which is great and if they can continue to do that – they don't need same level of funding from the County
 - Need to analyze their financial statements (look at the budget versus actuals) if you think the allocated dollars are not being spent to maintain the schools
 - Need to look at their audit – it is public information – should be on their website

Commissioner Mendenhall commented:

- Remember when we had our joint meeting, the question about the amount of their fund balance was never brought up until I directly asked Finance Director Lanette Moore
- They were not going to voluntarily provide that information

Consultant Sharpe responded:

- Going to work with Finance Director Lankford to determine how that fund balance has occurred – actually already have a template in place to start that
- Can calculate how that fund balance has occurred

Commissioner Morris and Commissioner Cox both commented that part of the reason for the large amount in their fund balance can be contributed to American Rescue Plan Act (ARPA).

Consultant Sharpe responded it still needs to be looked at before ARPA funding came into play.

DEC President Carter noted that it is illegal for the school system to refund allocations back to a county but remember that a school system's fund balance has to be local dollars or something extraordinary such as ARPA.

DEC President Doug Carter continued the presentation:

- Calendar to Reevaluate CIF Affordability
 - The Calendar and Timing will be Critical
 - 2023 Audit Completed and CIF Update in Progress
 - Determine Cost and Preferred "Hoped For" Timing

- Meeting with Entires Needing Capital Investment and Determining their Priorities – do believe that the two projects for the County would probably be the best things to work with before this year's budget and bring in the big needs such as schools later when a comprehensive list is provided by the school system
- Determining Operating Cost Impacts
- Meetings with County Management and Board of Commissioners
 - Finalize the Capital Improvement Plan – will get a partial CIF before the budget to include how to pay for the debt service for the courthouse
 - Reviewing Alternates and Resulting Impacts on County Finances
 - County Commission Input will be Crucial and Important to make Final CIP and Debt Affordability Decisions
 - Include Decisions in the Upcoming Budget Cycle
- Potential Calendar
 - Update CIF and Final Decisions on Scope -- To be determined
 - CIP Complete -- to be determined
 - Make Final CIF and Project Decisions -- to be determined
 - Number of Meetings with County Commissioners and Staff during the Calendar

Chairman Chandler commented:

- Is this feasible or recommendable before our budget work sessions start, could no more than two (2) members of the Board and the county manager meet with DEC Associates to start some type of dialogue regarding the CIF

Consultant Sharpe noted that has been done in several counties to get things started especially when there is a complicated CIF at which time commissioners could get good solid information.

DEC Doug Carter responded:

- This has been done in several counties

Chairman Chandler continued:

- Like Consultant Sharpe stated, it has been done in other places, very familiar with this being done during my previous career in Fayetteville
- This gets a lot of questions answered reducing the length of future meetings
- Board members would still have the opportunity in a work session to express their opinions and ideas

Lunch

Chairman Chandler recessed the workshop for a lunch break.

Chairman Chandler called the workshop back to order.

Bringing It All Together

Outreach Associate Amy Cannon presented Bringing It All Together: The Plan for the Plan (CIP) and Wrap up of Financial Planning and Capital Needs Session power point presentation. (a copy of the presentation can be obtained from the Clerk to the Board)

- Step 5: Creating the organizational structure to develop and manage a CIP
- What contributes to a successful CIP process – possible considerations:
 - Master plans and facility condition assessments
 - An internal core team responsible for gathering and reviewing request and recreating preliminary timelines
 - Subject matter experts
 - Engaging the school system

Wrap up of Financial Planning and Capital Needs Session

- **Next Steps in Developing the CIP**
 - Timeframe: Target for having a Draft CIP
 - Project Owner/leader as mentioned by Consultant Sharpe (county manager, finance director, public work/facilities manager, IT Director - those needed to accomplish the CIP)
 - Assistance needed: Subject Matter, Experts, Consultants - think it needs to be included on your survey – staffing capacity is a concern – is it time to look for some outside resources to build this CIP
 - Stakeholders to engage – department heads need to be included in part of this plan especially in the older facilities that have safety and health issues
 - Information needed to make decisions on immediate project financing needs
 - DEC Associate President Carter brought up some very good points regarding the financial aspect of the CIF and some immediate decisions that need to be made
 - To make sure before you complete the Local Government Commission application regarding the courthouse project you need to know how the project is going to be paid for
 - Would like to hear the Board's thoughts on moving forward from here

Chairman Chandler responded:

- To be honest, this feels like we are going into a new galaxy right now, for me, I have always been on the other side -- not the side that has to find and provide the funding
- I think we need to start with a steering committee
- After we engage with them and others, we have got to decide what are our priorities
- We are just about to start the FY 2024-25 budget which is not looking pretty with the increase in expenses plus the fact that we are having a hard time retaining staff especially in public safety
- Fiscal Year 2024-25 budget is not going to be easy – if you want to cut taxes, the quickest way to reduce a budget is cutting personnel and you have to be able to provide services

Outreach Associate Cannon responded:

- The thing to remember is that cutting personnel often causes a reduction in services

- In county government, a lot of the services, just about all of them, are mandated – that is a very difficult process
- When starting that process, you find there are very, very few services that are not mandated
- You are already lean on the staffing side in a lot of areas especially the general government area

Commissioner Morris responded:

- As county manager, that was looked at, and there are only a few departments that are not mandated services
- One thing that I would like to do is possibly have a policy that states that any unfunded mandate that we get like this courthouse renovation, we just passed the cost on to the taxpayers – explaining why we did this – if they think there is a better idea, then they can let us – bottom line, we have got to pay for it someday
- Courthouse project is a mandate, and the animal shelter is not a mandate but very much needed

Outreach Associate Cannon continued:

- The animal shelter could be looked at as a mandate due to the safety and health of the animal population in the county, especially if there is limited space.

Commissioner Morris added that the animal shelter has been put off for several, several years and needs to be replaced – facility is outdated, capacity is limited, and some of the mandated requirements such as the flooring are very expensive.

Outreach Associate Cannon continued:

- Going back to Chairman Chandler's comments, can understand how the Board can be overwhelmed today
- Do think breaking things down into small steps
- Do agree that the development of a CIP team is a very important piece of the CIP
- Believe, if it the desire of the Board, we can assist in facilitating that team
- Bring that group together and look for any resources available
- Next step would be to engaging the department heads, refresh the faciality assessment
- Try then to try to find the resources to develop the CIP

Chairman Chandler, I am just one vote, but I like that plan.

Chairman Chandler conferred with the other Board members that they all agreed with Outreach Associate Cannon suggestions.

Chairman Chandler suggested to Outreach Associate Cannon that they get with Interim County Manager/Clerk Brown to get the process started.

Outreach Associate Cannon responded:

- Will be happy to work with the County

- Would like to say a new CIP is a very comprehensive document and is going to take time and patience in order to put it together and make sure it is right
- Will keep in contact with DEC Associates to make sure we are going down the same path

Consultant Sharpe added:

- I know the elephant in the room is the schools, but I think it needs to be mentioned and hear thoughts from the Board
- Need to hear what the Board's thoughts are with reengaging with the school system

Chairman Chandler responded:

- Plans are underway trying to schedule a time for myself, Vice Chairman Wood, and Interim County Manager Brown to meet with Superintendent Rice, Board of Education Chair and Chairman

Consultant Sharpe responded:

- Sharing with them what the Board is doing – engaging in the financial planning and the development of the CIP and the importance of having a plan from the school system

Commissioner Mendenhall commented:

- Not wanting to talk about politics in any way, but do believe the upcoming primary election is going to be very important to the Board of Education
- As I did not choose to run back this year, there are two seats open on the Board of Commissioners with Commissioner Cox seeking reelection (November being the last month that I will be serving as a commissioner)
- There are three seats open on the Board of Education (five-member board) could be three new Board of Education members which could change the perspective

Commissioner Cox noted that it will all be decided in the primary next week but not being sworn in until the first of December.

Outreach Associate Cannon responded:

- Believe, the County, by starting this process, can be a leader for the schools
- You are going to start the same process that you need from the Board of Education
- At some point when you start this process and sharing this information with them, they may get a better understanding what you need to develop that long term plan and vision for Stokes County from a capital plan standpoint
- I have heard Doug say earlier today that he has appeared before several Board of Educations and talked about a CIP
- At some point, there might be some value to having your financial advisor share some of the things that are needed for this Board to make an informed, financial decision for this county

DEC President Doug Carter responded:

- A lot of times, we have met with the superintendent and the financial staff first
- Can also meet individually with board members (no more than two)

- Have before showed debt affordability models if so desired by the Board

Outreach Associate Cannon responded:

- One of the first things is about rebuilding that relationship
- It is sharing information and having discussions – transparency
- In my experience as a county manager, Boards of Education believe you have more money than what you say you have
- Board of Education does not understand all the services that counties have to provide, they do not know the strain on the tax dollar, and they do not have to raise property taxes
- This Board understanding what the Board of Education responsibilities are and the Board of Education understanding what the Board of County Commissioners' responsibilities are – that goes a long way in building a trusting relationship

Commissioner Mendenhall commented:

- Believe they do understand, I stood up an hour and five minutes and did comments to address what all we have to do and are responsible for as county commissioners
- They were listening and they knew since I have been a superintendent before becoming a commissioner, I knew both sides
- I told them I knew about education, but needed them to know all about the departments that the county commissioners are responsible for - listed most of them

Chairman Chandler confirmed with Commissioner Mendenhall that each school principal submits a school budget for their school with the top three (3) priority capital projects.

Chairman Chandler confirmed with Commissioner Mendenhall that he could request things from the school system about utility costs, county paid teaching positions, etc.

Commissioner Cox commented:

- Just want to understand that the next step would be for Amber to set up a meeting between the school superintendent, finance director, and county finance director and interim county manager
- Possibly have financial advisor meet with school system staff later down the road to discuss what is needed for the CIP
- Believe if financial staff meets with school staff and the Boards are initially left out of it, it will work better

DEC President Doug Carter responded:

- A CIP is a project-based document by year
- We have to be able to see the cash flow to determine how quickly this can occur
- We would also need a priority list from the school system (example 1-10) to see when they think they can get that project up and going
- Most projects in the CIP do not get done in the first year within that CIP, they are ongoing and some with future dates (can meet with them to develop their needs)
- Just finished a project like this in Person County, met with school system staff, engineers, etc.

- Would be happy to meet with Board of Education regarding school needs
- Just remember that timing is everything

Outreach Associate Cannon noted that ended the CIP presentation, DEC Associates would be leaving the workshop, and the Board would return for the County Manager Recruitment Process after a short break.

Chairman Chandler recessed the workshop for a short break.

Chairman Chandler called the meeting back to order.

County Manager Recruitment Process

NCACC Outreach Associate Amy Cannon presented the County Manager Recruitment Process power point presentation. (a copy of the presentation can be obtained from the Clerk to the Board)

Outreach Associate Cannon noted that she and Consultant Johanna Sharpe had recently met with Chairman Chandler and Vice Chairman Wood about the Board's desire to move forward with a county manager recruitment process.

Outreach Associate Cannon began the presentation:

- Have just recently finished this process for two (2) other counties
- Have put together this power point presentation for the Board's review of what we can do
- Would like feedback from the Board today as to how much the Board would like for us to do
- Want to make sure what we have prepared today are suggestions, but that this is the Board's process and will be happy to help in any way
- Manager recruitment and selection is an important decision
- Success is dependent upon a well-defined and Board approved process
- A 'good' process will:
 - Attract and identify well qualified and experienced candidates
 - Promote transparency and fairness in the hiring process
 - Allow for comprehensive assessment of individual's "fit" for position
 - Mitigate risk of hiring wrong candidate
 - Enhance public trust and confidence in the selection
- Job Description: Experience and Preferences (pulled from your job description)
 - Financial management
 - Budget development – very important process that carries the County from year to year
 - Long-range planning
 - Effective decision making

Outreach Associate Cannon opened the floor for comments regarding desired experience and preferences from the Board

Board members commented:

Vice Chairman Wood - must have common sense

Commissioner Morris - manager also serves as the personnel officer, leadership by example

Commissioner Mendenhall – being able to multitask

Outreach Associate Cannon continued the presentation:

- Job Description:
 - Excellent communicator with exceptional interpersonal skills
 - Dedicated to public service and ethical values
 - Collaborative management style
 - Motivates and mentors staff
- Experience Preferences: (job description did not speak exactly to what kind of experience are you looking for)
 - Type of Experience – Broad/Specialized
 - Education and Background
 - Years of Local Government Experience – Minimum of 5 years or 7-10 years
 - Level of Leadership Experience – manager in smaller unit or assistant in larger unit

Board members commented:

Chairman Chandler – really like specialized; however, being a small rural county, I would rather have someone that has broad experience – someone who knows where to go

Commissioner Morris – would like someone with a strong financial background (very easy to get in trouble in that area) along with a strong background in personnel (personnel issues can be complicated and also very easy to get in trouble in that area)

Outreach Associate Cannon continued:

- Need to talk which is valued more education or experience or are they about the same and the number of years desired for experience (job description did not mention the number of years of experience desired) – this is very important
- Need to have these questions answered in order to start the job vacancy announcement
 - Will provide the Board with a proposed job vacancy announcement for review and can be changed if needed

Board member commented:

Vice Chairman Wood – thinking 7-10 years but what does those numbers do to the pool that is out there

Outreach Associate Cannon responded:

- The last two (2) counties that we have done – one required ten (10) years and the other required (5-7) years of experience
- We received 20 applications each – one thing also depends on far do you want to cast the net which we can talk more about later

Board members commented:

Commissioner Morris - one thing that has to be determined is if the Board is going to require certain components such as experience/education or is it going to be desired

Outreach Associate Cannon responded:

- Your job description requires a 4-year degree in business administration or a related field; does not mention anything about a Masters in Public Administration or MBA
- We always put in “a combination of experience and education” in case you have someone who has a low number of years of experiences but high degrees
- You do not want to unnecessarily take someone out of consideration – this allows you to consider knowledge, skills, abilities, and experience
- Another item to be considered – are you willing to look at a deputy manager who has possibly been in a larger city/county but never been a manager

Outreach Associate Cannon continued:

- Key Components of Recruitment Process:
 - Job Profile
 - The brochure will talk about Stokes County, its amenities, number of employees, etc.
 - Will also talk about what the Board is looking for in a county manager – will use attributes in the job description plus those added today, experience, education, etc.
 - Will inform a candidate how to apply
 - Good opportunity to get someone really excited about Stokes County and the opportunity
 - Application Review Process
 - Recruitment Plan and Timeline
 - Interview and Selection Process
- Job Description – Salary – job description has a salary of about \$105,000.00
- When we bring the Job Profile back to the Board for review – we will bring some salary comparisons back for your review – similar counties, counties with similar demographics, etc.
 - Salary is important but not everything
 - Suggest using a salary range - \$105,000.00 is a little low in my opinion
 - Have worked with a smaller county like Stokes
- Job Profile
 - Ideal candidate
 - Emphasize survey results regarding experience and personal characteristics
 - Community
 - Include location, amenities, history, culture
 - Minimum qualifications
 - Only interested in NC government experience
 - Equivalent combination of education, training, and experience
 - Residency requirement
 - Compensation and Benefits:

- Consider adding a hiring range based upon a salary comparison of similar counties
- Vacancy Announcement: Distribution – need to determine by the Board (Virginia is very close)
 - NCACC
 - North Carolina League of Municipalities (NCLM)
 - North City & County Manager's Association (NCCCMA)
 - National Association of Counties (NACo)
 - Virginia Association of Counties (VACo)
 - Consider International City and County Manager's Association (ICMA)
 - First place professionals go to when seeking positions
 - May be able to eliminate separate postings to NACo, VACo, and SCAC
 - If primary interest is only NC experience, need to know
 - Recommend advertising on ICMA which is International City and County Manager Association
 - This cast the net very wide

Board member commented:

Commissioner Morris – need to decide if the candidate must live in Stokes County

Vice Chairman Wood – yes to living in the County

Chairman Chandler – yes, think the manager needs live in Stokes County – be vested in Stokes County

Commissioner Morris – confirmed with Outreach Associate Cannon that if county residence is going to be required – there should be a timeframe for the candidate to move to Stokes County – negotiated period of time (be included in the brochure if required)

Vice Chairman Wood – confirmed with Outreach Associate Cannon that by requiring the candidate to live in Stokes County most candidates expect for the County to help with moving expenses – what I have seen as a best practice is the candidate gets three (3) bids for the moving and the County pays the amount of the lowest bidder but allows the candidate to choose the moving company and pays the differential

Commissioner Morris – added that he would not require that experience can only be in North Carolina

Vice Chairman Wood - to be honest and frank, if you bring in someone from other states not closely surrounding North Carolina to Stokes County, will start an exit of people – would not work

Commissioner Cox – agree with that

Outreach Associate Cannon responded:

- Remember when you cast the net far, remember you are evaluating someone's education and experience
- A piece of that evaluation is making sure that candidate will fit in Stokes County
- Recommendation is to cast the net through ICMA as earlier mentioned
- You may have someone who is in New York but was raised, educated in Guilford County - maybe moved for personal reasons but wants to move back to NC

Board members commented:

Commissioner Mendenhall – serve on the Forsyth Tech Board of Trustees - Dr. Green (former president) retired in 2019 – served on the recruitment committee (14 members) for a new president – cast the net nationwide – received 63 applications – had two rounds narrowing the candidates down to four with three being from North Carolina

Outreach Associate Cannon responded it usually works itself out.

Outreach Associate Cannon continued:

- Recruitment And Selection Schedule
 - Finalize Recruitment Brochure – March 25th
 - Posting of Vacancy Announcement – April 1st
 - Application Closing Date – April 30th
 - Application Review/Pre-screening – Week of May 13th – have talked with Human Resources about the applications coming to us unless the Board desires something different
 - This process seems to get more candidates – applicants certainly do not want their Boards know they are looking for other employment especially if it is a county close by
 - It is difficult for a Human Resources Director to be process applications for someone that they will be working for
 - Going to somewhere other than HR seems to make candidates feel there will be more confidentiality
 - We will start reviewing the applications as they come in
 - Will prepare a spreadsheet that contains pertinent information for the Board
 - Will make a recommendation as to whether the candidate should move on to the screening phase
 - Remember this is your process so you have input
 - Once the Board selects the candidates to be screened, we will have a virtual screening session with each candidate
 - After the screening phase, we will give the Board another recommendation on the applicants that we feel the Board should consider interviewing

There was consensus of the Board that the applications should be sent to NCACC – Amy/Johanna.

Outreach Associate Cannon continued:

- Board Interview Process – Week of May 28th
- Board Selection, Offer, Reference, Background check, Contract – Week of June 10th
- Plan is to have someone on board by late July – early August
- Our tentative schedule does occur during your budget process – those dates can be changed if needed – this is the Board's discretion

Consultant Johnna Sharpe commented:

- We will forward the complete application packet from each candidate that has been screened in order for the Board to review

Chairman Chandler confirmed with Outreach Associate Cannon that the County's HR Department would do the background check and drug screening once an offer has been made to the candidate; the offer will be subject to the background check and drug screening.

Chairman Chandler confirmed with Outreach Associate Cannon that a 2nd interview could be done if deemed necessary.

Chairman Chandler commented:

- Understand the need for confidentiality
- In my past employment, have seen the County hold like a public forum (meet and greet) for the top candidates (with their permission) so the citizens can meet and talk to them
- But do not want something like this to limit the pool of candidates as previously mentioned

Outreach Associate Cannon responded:

- In my experience, most candidates, even if they are the top candidates, do not like for their name to be out there indicating that they are looking for other employment – not wanting their respective employer to know they are looking

Consultant Sharpe commented:

- Have seen it done both ways, however, ultimately how would you weigh that input and ultimately the bottom line is your decision
- You could end up with a certain group of people wanting one candidate and the Board wanting a different candidate

Outreach Associate Amy commented:

- One thing that you could do on the front end is ask the citizens what they would like to see in the next county manager

Consultant Sharpe commented:

- One thing to remember is that a lot of people actually do not know what a county manager really does

Commissioner Mendenhall commented:

- Agreed that candidates, especially those who are county managers, do not want their Board to know that they are looking for other employment – can get that manager into trouble with their Board

Outreach Associate Cannon continued with the power point information:

- Application Criteria and Considerations
 - Maintain applicant confidentiality throughout process – only successful candidate will be revealed

- Require cover letter and resume in addition to application
- Establish process for application review
- Consider a pre-screening process
 - Provides initial assessment beyond written documents
 - Early identification of red flags or potential issues
 - Assessment of background and alignment with Board's goals
 - Allows Board to spend more time on highly qualified candidates
- Interview and Selection Process
 - Consider additional assessments' written, oral, or situational exercises based upon applications
 - Consider paying "reasonable travel expenses" to those being interviewed – especially those traveling and need to stay overnight
 - Goal is to narrow the field to 3 to 5 applicants to interview with Board (1-2 for second interview if necessary)
 - Develop candidate evaluation criteria
- Candidate Evaluation Criteria
 - Education and qualifications
 - Education background, Master of Public Administration, ICMA Credentialed Manager certification

Chairman Chandler noted the need to be able to verify educational degrees – have known of situations where a candidate would put down false information.

Outreach Associate Cannon continued:

- Experience
 - Local government experience, preferably county
 - NC local government experience
 - Demonstrated success in managing complex budgets, personnel, and projects
- Leadership and management skills
 - Ability to inspire and motivate staff
 - Conflict resolution and negotiation skills
 - A lot of this can come out during the screening process
 - We also check the internet
- Communication Skills – very important
 - Strong written and verbal communication skills
 - Ability to articulate complex issues to different audiences
 - Need a manager than can explain intricate financial data
- Policy and governance understanding
 - Deep understanding of local government structure, policies, and procedures
 - Knowledge of challenges and opportunities facing Stokes County
- Ethical and Legal Compliance
 - Commitment to ethical conduct and legal compliance
 - Experienced in ensuring transparency and accountability in operations
- Problem-solving and decision making especially in critical times

- Effective problem-solving in challenging situations
- Ability to make data-informed decisions
- Community engagement and relationship building
 - Success in building relationships with elected officials, stakeholders
 - Fosters collaboration among departments, community organizations
- Financial management and fiscal responsibility
 - Skilled in developing, managing budgets, financial planning
 - Experience in maximizing efficiency and effective resource allocation

Outreach Associate Cannon concluded:

- Will open the floor for any questions or discussion

Commissioner Morris confirmed with Outreach Associate Cannon that they have an ICMA contract template that the Board and County Attorney can review and make changes.

Vice Chairman Wood questioned what kind of “Golden Parachute” clause (severance pay) is included in the contract template.

Outreach Associate Cannon responded:

- In North Carolina, most counties (the average) include a six-month salary severance pay in their contracts if terminated without clause

There was full consensus of the Board to allow NCACC to move forward with the county manager recruitment process as outlined and discussed today.

Chairman Chandler confirmed with Outreach Associate Cannon that they could work with Commissioner Cox’s request regarding the tentative schedule presented today.

Outreach Associate Cannon responded:

- Will get working on the brochure and be back with the Board hopefully in March
- Has been a pleasure to be here today
- Looking forward to continuing working with Stokes County officials and staff
- Would appreciate any feedback that the Board has – we are here to serve

Chairman Chandler expressed the Board’s appreciation for today’s presentations and discussion.

ADJOURNMENT

With no further business to come before the Board, Chairman Chandler entertained a motion to adjourn the Financial Planning and Capital Needs Workshop.

Vice Chairman Wood moved to adjourn the Financial Planning and Capital Needs Workshop. Commissioner Mendenhall seconded and the motion passed unanimously.



Amber Brown

Clerk to the Board



Brad Chandler

Chairman