

Chairperson Rogers noted that Member David Smith had a prior obligation and would not be attending today's meeting.

Chairperson Rogers delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

Chairman Lankford opened the meeting by inviting the citizens in attendance to join the Board in the Pledge of Allegiance.

Joint Meeting - Discussion

Chairman Lankford expressed the Board of Commissioners' appreciation to the Board of Education for attending today's joint meeting.

Dr. Stewart Hobbs presented the following information regarding the proposed school construction projects: (new elementary school and renovation/new construction at Southeastern Middle School)

New Elementary School (new construction)

- Estimate in July 2010 for a new elementary school was \$13.5 million
- In November 2010, requested if there were savings on the new elementary school, those savings be reverted to the Southeastern Middle School Project
- In November 2010, estimated there could possibly be close to \$1 million in savings
- Original plan only had 2 EC classrooms
- There has been several discussions regarding having 4 EC classrooms
- There has been several discussions and some planning to rearrange the current EC classrooms in order to have only 2 EC classrooms at the new elementary school
- Had meetings with architect/CM@Risk and changed several things to reduce the cost of the project while still maintaining a high quality, very functional school
- Proposed school has 550 classroom capacity and 750 core capacity
- Board of Education is considering four cost estimates from the CM@Risk:
 - Option "A"
 - \$13,117,939 – Total Global Budget
 - (\$463,632) – Value of all contingencies
 - \$12,654,307 – Total without contingencies
 - Building = 74,218 sq. ft
 - Option "A" has 4 EC classrooms
 - Option "B"
 - \$12,999,239 – Total Global Budget
 - (\$463,632) – Value of all contingencies

- \$12,535,607 – Total without contingencies
 - Building = 74,218 sq. ft
 - Reduced the FF&E, technology, furniture, media books, etc.
- Option “C”
 - \$12,645,490 – Total Global Budget
 - (\$444,416) – Value of all contingencies
 - \$12,201,074 – Total without contingencies
 - Building = 70,600 sq. ft
 - Has only two EC classrooms which reduced the square footage
- Option “D”
 - \$12,526,790 – Total Global Budget
 - (\$444,416) – Value of all contingencies
 - \$12,082,374 – Total without contingencies
 - Building = 70,600 sq. ft
 - Has only two EC classrooms which reduced the square footage
 - Reduced the FF&E, technology, furniture, media books, etc.
- CM@Risk is ready to sign a Guaranteed Maximum Price (GMP)
- No matter which option the Board of Education chooses, the new elementary school will be completely built at the Guaranteed Maximum Price
- Each option includes contingencies which are required
- Using a CM@Risk eliminates a lot of change/work orders
- New Atlantic is ready to sign a GMP once the Board of Education approves an option
- Once the GMP is sign, the CM@Risk assumes all the risks, the school will be built for the GMP
- Requested again that all savings from the new elementary school project be transferred directly to the Southeast Middle School Project
- Four options were provided by the CM@Risk
- Based on Option D, the square footage cost per student is \$21,190 with a maximum capacity of 572
- If the Board of Education chooses Option D, with contingencies, there could possibly be \$1 million available to transfer to the Southeastern Middle School Project
- Need to move in at the beginning of a school year, not mid year
- Board of Education is going to have to redistrict, move teachers, etc.
- Would like to move in August 2012
- To make August 2012 a reality, the school system would have to get a early site package in order to get all the permits, go to Local Government Commission (LGC) and put a shovel in the ground by the middle of April
- Hope the Board of Education will approve a plan for the new elementary school this Monday night
- When using a CM@Risk, everyone can sit down and discuss ways to reduce costs in the design phase

Southeastern Middle School (renovation/new construction)

- Estimates for the project are from the architect not from the CM@Risk which are not as firm
- Hope to have the estimates from New Atlantic within the next few weeks
- Project will include demolition, new construction, and renovation
- Board of Education requested the architect and the CM@Risk see what had to be done in order to stabilize the school
- Estimated new construction cost = \$4,491,050
- Estimated renovations cost = \$932,703
- Estimated total construction cost = \$5,423,753
- Estimated 10% contingency = \$542,375
- Total estimated cost = \$5,966,128
- Priority Items if Budget Allows:
 - Kitchen = \$60,500
 - Dishwash = \$18,700
 - Building A&C flooring = \$125,335
 - Home EC = 6,641
- Architect and CM@Risk also provided the Board of Education with cost estimates for things that did not have to be done to stabilize the school, but would be good and cost effective to do during the project
- Looking at \$19 million to do two projects and what is the best the Board of Education can get for the \$19 million
- Additional work (deferred list) not to be completed at this time
 - New entrance (building “A” to “C” connection) = \$609,400
 - Site Improvements = \$346,500
 - Renovations to “A” building = \$381,293
 - Kitchen = \$389,576
 - Locker Room Renovations = \$252,573
 - Building “C” West Corridor Alteration – Option 1 = \$24,811
 - Building “C” west Corridor Alteration – Option 2 = \$7,700
 - Math Class = \$2,200
 - Main Office = \$4,964
- If construction starts when school is out this year, no students will have to be relocated

General Information Regarding Both Projects

- Looking at \$12 million for the new elementary school and \$7 million for the Southeastern Middle School Project = \$19 million total
- Need to start construction as soon as possible
- Moving along with the two projects, unless otherwise directed
- Although the projects and dollar amounts were approved in November, must have funding approved in order to move forward with construction
- Even with using a CM@Risk, you still must go out for bids, but you still have the maximum guaranteed price for the project
- New Atlantic, who did the Nancy Reynolds Project, used contractors in and around Stokes County with great success and will do so with these two projects

- Will request the Board of Education approve a plan design for the new elementary school at Monday's meeting

Chairperson Rogers wanted to make sure the Board of Commissioners knows that the previous Board of Education was given \$19 million for school construction; but the existing Board of Education is making every effort to try to reduce costs in order to save taxpayers' dollars.

Operations Director David Burge noted that just last week, engineers met to review the proposed plans once more and actually found more cost reductions without affecting the quality of the facilities.

Chairman Lankford noted that the Board of Education had done a good job bringing both of these projects along at the same time.

Commissioner Walker noted the following comments:

- Confirmed with Dr. Hobbs that his recommendation would be Option "D" which has two EC classrooms
- Confirmed with Dr. Hobbs that two EC classrooms would be adequate
- Need to do whatever is needed to do the projects right
- Ready to move forward with these two projects

Dr. Hobbs noted that EC classrooms are not traditional classrooms, EC classrooms are at certain schools: West District – currently all EC classrooms are located at King Elementary except one at Mount Olive which will be able to be eliminated once the new elementary school is completed; North District – all EC classrooms are located at Lawsonville Elementary School; South District – all EC classrooms are located at Walnut Cove Elementary School.

Commissioner Walker confirmed with Dr. Hobbs that there were checks and balances in place to make sure that using a CM@Risk is the best option.

Dr. Hobbs noted the following:

- The Board of Education is very fortunate to have Vice Chairperson Yontz, who is in construction, on the Board
- The CM@Risk must do their homework to make sure that they can build the structure for the price quoted

- Architect checks up on the CM@Risk and the CM@Risk checks up on the architect
- Jim Moorefield, who is an engineer hired by the school system and on the project every day, is making sure that everything is done right
- Mr. Moorefield did the same at Nancy Reynolds and probably saved the school system approximately \$250,000 to \$300,000

Chairperson Rogers reiterated the importance of having someone like Jim Moorefield, who is working for Stokes County, to make sure everything that is done is in the best interest of Stokes County.

Dr. Hobbs noted that the Board of Education is waiting for the Board of Commissioners to confirm that the funding is there and then things can start moving very fast.

Chairman Lankford noted that the Board of Commissioners must be given the complete project in order to acquire the funding.

Finance Director Julia Edwards noted that all permitting and bids must be done before an application can be taken to Local Government Commission.

Commissioner Jones, after reviewing the drawings submitted by Dr. Hobbs, expressed concerns that the second drawing of the new elementary school appears to have a larger gym and entrance with less classrooms and one less storage room. Commissioner Jones stated that the new elementary school project was to provide adequate classroom space and also space for growth.

Member Cox stated that the original gym (multi-purpose room) was not big enough to be used by the community for youth basketball and classrooms were not sacrificed.

Commissioner Jones reiterated that there were less classrooms in the second drawing.

Commissioner Booth confirmed with Dr. Hobbs that items listed on pages 3 and 4 of the pre-design project budget analysis for Southeastern, which were done by the architect, were things that did not have to be done; but would be nice if there were unused contingencies, once the new elementary school project is completed, that could be used for some of the items.

Chairperson Rogers stated that the Board of Education wanted to make sure to do whatever is needed to make sure that Southeastern has a safe, learning environment that is conducive to learning when the project is completed.

Commissioner Booth stated that he wanted to make sure that Southeastern is a “top-notch” school when the project is completed.

Vice Chairman Yontz noted that some things on the list have already been done and some things such as the fire pump, generator, water storage tank, etc. (approximately \$250,000) may not have to be done once the pressure tests are completed.

Chairperson Rogers noted that there was another water leak in “B” building at Southeastern and the water can only be turned on from 7:00 am to 3:00 pm until the floor can be busted up again.

Chairperson Rogers noted the Board of Education has reviewed and discussed the current arrangement of EC classrooms and feels that two EC classrooms will be enough for the new elementary school. With the addition of two new EC classrooms and some changes within the other two schools (King Elementary and Mount Olive), EC classrooms on the West district will be adequate.

Vice Chairperson Yontz requested both Boards consider applying for Qualified Zone Academy Bonds (QZAB) which are available and are interest free from the State.

Dr. Hobbs noted the following regarding Qualified Zone Academy Bonds (QZAB):

- State has approximately \$65-\$70 million in QZAB funding which is available and interest free
- Projects must be renovations/rehabilitations of existing conditions
- Possibility of qualifying for most of the cost at Southeastern, maybe even all of it if the new construction somehow could be tied into the renovations
- Need a letter from the Board of Commissioners approving the Board of Education to apply for the bonds
- QZAB must have a 10% matching private partner which can be handled by the Board of Education

- Qualified School Construction Bonds (QSCB) with certain amounts designated to each school system each year are also interest free for new construction, but are no longer available
- Once the QZAB funding is provided, the funding must be used within three years of the specific project (10% of the funding must be used within the first six months)
- QZAB is available every year

Commissioner Booth noted that there would be a huge amount of interest savings with QZAB.

The Boards discussed applying for the QZAB.

Chairman Lankford requested the interim county manager and the superintendent work together to get both Boards more detailed information about QZAB.

Dr. Hobbs noted that with a letter from the Board of Commissioners, the County could get what is needed for the renovations (new construction is not applicable) for the Southeastern Middle School.

Dr. Hobbs reiterated that QZAB can't be used for new construction unless it is tied into the existing building, which is then considered rehabilitation. Dr. Hobbs stated that he could possibly get all the funding for the Southeastern Middle School Project at zero percent interest for 20 years.

Commissioner Walker stated that the County wanted to do, if possible, other needed and cost effective items regarding the Southeastern Project.

Dr. Hobbs noted that the school system is currently under contract with Johnson Controls for a Guaranteed Performance Energy Contract in the amount of \$4.5 million which does not cost the county a dime and provides upgrades to lighting, HVAC, controls, etc.

Commissioner Walker noted that the County has worked very hard to get the county in place to build schools.

Commissioner Jones noted the following:

- Economy has changed tremendously since commitment was made for these two projects

- Really don't want to see a tax increase, both Boards must be frugal with spending
- Upcoming budget is going to be very difficult with possible painful cuts
- The Board must keep in mind the loss of Hold Harmless in the 2012-13 fiscal year
- Request the Board of Education be cautious with spending, but build a quality school, one that Stokes County can be proud of

Commissioner Booth added to the comments of Commissioner Jones:

- Uncertain current hospital situation
- Approximately \$1.5 - \$2 million FCC mandated communications upgrade in fiscal year 2012-2013
- County sales tax revenue is \$380,000 less than last year at the current time
- Reiterated Hold Harmless (approximately \$2.1 million) sunsets in fiscal year 2012-13
- Lottery funding may be cut
- Just added debt service with the Nancy Reynolds Project
- Will be adding additional debt service with the two new school projects

Chairperson Rogers stated the Board of Education realizes the difficult economy, revenue shortfalls, uncertainty of state revenues, etc. and will try to do everything possible to get the most out of every dollar allocated for schools.

Dr. Hobbs noted the Board of Education has worked very hard over the past two years to not send anyone who wanted to work home and will continue to try doing that this year; but do have concerns with students in unsafe facilities.

Dr. Hobbs stated Stokes County Schools rank ninth in the State in academics, but desperately need facilities.

Member Cox requested the Board of Commissioners try to stay with the current timeline in order for these projects to be done on time.

Chairman Lankford noted that both Boards serve the same population in Stokes County and urged all members to continue to work together and communication together. Chairman Lankford requested all members continue to focus on the main objection that being providing the best facilities possible and not blaming anyone when tough decisions have to be made

due to shortfalls in county revenues.

Interim County Manager Rick Morris reiterated that he would be looking at a two year budget due to the loss of Hold Harmless next year and federal mandates.

Member Becky Boles expressed appreciate to the Board of Commissioners for having the joint meeting and being good stewards of the county's tax dollars.

Commissioner Walker stated that currently one third of the urgent school projects are done and everything needs to continue in order to complete the other two thirds and that there needs to be no reasons not to get the projects done; but creative reasons to get the projects done.

Chairman Lankford expressed appreciation to the Board of Education for participating in the joint meeting.

Commissioner Booth confirmed that the interim county manager and superintendent would be working together to provide both Boards with more detailed information regarding QZAB.

Adjournment

There being no further business to come before the Board, Chairman Lankford adjourned the joint meeting.

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman