

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
JUNE 9, 2011

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Joint Meeting with the Board of Education and a Budget Work Session in the Conference Room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Thursday, June 9, 2011 at 10:00 am with the following members present:

Chairman Ernest Lankford
Vice Chairman J. Leon Inman
Commissioner Jimmy Walker
Commissioner Ronda Jones
Commissioner James D. Booth

County Personnel in Attendance:
Interim County Manager Richard D. Morris
Clerk to the Board Darlene Bullins
Finance Director Julia Edwards

Stokes County Board of Education:
Chairman Michael Rogers
Vice Chairman Jamie Yontz
Member Becky Boles
Member Sonya Cox
Member David Smith

Stokes County School Administration:
Dr. Stewart Hobbs, Superintendent
Ms. Donna Boyles, Assistant Superintendent
Executive Director of Operations David Burge
Executive Director of Finance Lanette Moore
Administrative Assistant Ann Robertson

Chairman Ernest Lankford called the Joint Meeting and Budget Work Session to order.

Board of Education Member David Smith 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 with Board of Education

Chairman Lankford opened the floor for discussion.

Dr. Stewart Hobbs discussed the following information:

- Proposed School Budget (current expenses) includes an increase of \$538,692 which includes the following:
 - Salaries for Child Nutrition - \$45,000
 - Workers Compensation - \$35,000
 - Utilities - \$383,500
 - SRO Officers - \$156,900
 - Charter Schools - \$13,871
 - Random Drug Testing in schools - \$12,000
- Tried to reduce expenditures before submitting the budget
- Stokes County School System must return (discretionary cut) approximately \$2,007,671 to the State this year
- Stokes County School System will have a discretionary cut of approximately \$2.6 million that must be returned back to the State next year
- School System received federal funding (approximately \$1 million) last year that is available to be used for the discretionary cut
- School System has approximately \$1.8 million that can be used for the discretionary cut, but must keep in mind that the School Board does not have anywhere else to cut funding except personnel
- Current budget contains 85% personnel costs
- Board of Education will be looking at a \$2.6 million discretionary cut next year without having any funds to offset the discretionary cut
- Going to be tough this year, but going to be more difficult next year

Chairman Rogers reiterated the need for the random drug testing for anyone driving on campus in effort to keep drugs off school property. Chairman Rogers also noted that the Board unanimously agreed that the random drug testing should reduce drugs being brought on school campuses and is an effort to identify students that need help and get those students the help they need, not to put them in jail.

Chairman Rogers noted the following regarding the capital budget:

- BOE went through each request carefully with Executive Operations Director David Burge to try to find out what was really needed or mandated
- Items are mandated by the State such as replacement of an activity bus or the need for a chiller at North Stokes
- Put in only items that had to be done, if it didn't have to be done, it wasn't put in the budget

Chairman Lankford noted that ADM Funds have been taken out of the proposed State budget.

Vice Chairman Inman noted the loss of Hold Harmless Funding next year.

Chairman Lankford noted that the Interim County Manager looked at a two year process for the current proposed budget.

Commissioner Walker confirmed with Dr. Hobbs that the difference in the operating budget this year is the increases previously listed (approximately \$646,000).

Chairman Rogers noted that all the items mentioned in the \$646,000 increase are mandated except for the SRO funding (\$156,900) and the funding for Random Drug Testing (\$12,000).

Chairman Rogers also noted that the Board of Education would be using at risk funding (\$142,000) for SROs which will keep SRO staffing at the current level.

Commissioner Walker confirmed with Finance Director Julia Edwards that the expected lottery funding for this year is estimated at \$500,000.

Dr. Hobbs noted that federal (stimulus) funding must be spent this year and doesn't expect to see any further federal funding available.

Dr. Hobbs noted that the State is increasing the class size and Stokes County has no room to put students and is also considering increasing the length of the school year by five days.

The Boards discussed the following issues that come with increasing the length of the

school year by five days:

- Would cost approximately \$50,000 to operate buses for the five additional days
- Current school allotment for operation of buses has already been cut 2.5%
- Allotment is based on diesel fuel being \$2.71 per gallon and diesel fuel has been over \$3.00 per gallon most of this school year
- Must also consider cost of utilities for the additional five days
- Superintendents have been notified that schools can request a waiver if the school system can show the addition of not having five days would be better educationally than having five days

Commissioner Walker confirmed with Finance Director Julia Edwards that debt service for new construction for QZAB and QSCB interest only is estimated at \$148,164 and debt service for the projects already financed is \$251,319 for a total of approximately \$400,000 for this year.

Commissioner Walker confirmed with Operations Director Burge that the Guaranteed Energy Program being done with the schools is about halfway through with expectations of savings. Director Burge reminded the Board that even though utilities would be reduced, the Board of Commissioners could not cut the utilities line item, the savings would be used to pay back the loan for the utility renovations being done.

Interim County Manager Morris noted that the school debt which includes the old debt is approximately \$2.6 million in the upcoming budget.

Commissioner Walker noted that he was receiving very positive comments regarding the new school construction/renovation projects.

Dr. Hobbs reiterated that the current operating budget increased only \$12,000 for drug testing other than mandates.

Dr. Hobbs noted that the capital budget requests from principals started out at \$3.3 million. Administration staff and Board of Education cut the capital budget down to \$1.4 million.

Dr. Hobbs noted that the Board of Education is committed to working together and also very appreciative for funding for the new school and renovation projects.

Commissioner Walker noted the county's mandates for this fiscal year:

- E911 Communications Upgrade by 2013 – estimated at \$1 to \$2 million
- Increased retirement employer contribution
- Increased health and dental premiums – approximately \$200,000
- Uncertainty with hospital operations

Chairman Rogers expressed the following on behalf of the Board of Education:

- Capital expenditures were only put in if they were absolutely needed
- Board of Education was determined to send a budget to the Board of Commissioners that had no extras – only items that were absolutely needed
- Everything in the capital budget directly effects the safety or operation of a school
- Picked up a new school this year and did not increase the maintenance budget
- Plan on doing more with less
- Do not want to lose staff

Commissioner Booth noted the following:

- County is also feeling the pain with losing Hold Harmless, reduction in sales tax revenue, loss of lottery funds, and increases in expenditures
- County proposed budget cuts 17 positions
- Very tight budget this year
- Very glad both Boards can work together
- Very thankful for the bonds which will save the county millions of dollars in interest
- Must keep in mind that even though the bonds maybe interest free, the length of the loan could be decreased up to 5 years which will make the debt payment about the same as borrowing it for 20 years with moderate interest

Commissioner Jones noted the following:

- Confirmed with Dr. Hobbs that the School System will have approximately \$2.6 million to send back to the State next year
- Confirmed with Finance Director Moore that the grant for drug testing in the amount of \$18,000 was not funded this year and there was no obligations

Chairman Lankford noted the following:

- Proposed State budget now includes assistant teaching positions for grades 1-3 along with increases for teaching positions to reduce class size

Finance Director Moore noted that the projections received indicate five additional teaching positions according to class size, but with the change in ADM allotment there will most likely be a loss of four teachers. The School System will have to meet the mandates regarding class size.

Dr. Hobbs noted that the ADM keeps dropping.

Finance Director Moore noted that the current allotment is figured on an ADM of 6997 with next year's allotment based on 6931. County has lost 66 ADMs since last year which equals to the loss of four teaching positions.

Dr. Hobbs noted that 85% of the schools' operating budget is personnel.

Dr. Hobbs noted that this year is bad, but next year will definitely be worse.

Board of Education Member Becky Boles noted the following:

- Very appreciative to the Board of Commissioners for their continued support
- Would like to see the County stay the course regarding the new school construction and renovation projects

Board of Education Member David Smith noted the following:

- Echo the comments made by Member Becky Boles
- Feels the Board of Education has cut all that can be cut
- Do not want to lose personnel

Board of Education Member Sonya Cox noted the following:

- Also echo the comments made by Member Becky Boles
- Feel that both Boards should be commended regarding what has been accomplished in such tough economic conditions
- Students and community very excited and proud of the new Nancy Reynolds School
- Very excited to see the new elementary school project started in the Yadkin Township – getting those students out of the mobile units
- Commend the Board of Commissioners for increasing the Fund Balance and getting the county in a place to build new schools
- Hate to see programs such as Art and Spanish eliminated and do not need to lose teachers
- Feel both Boards are dedicated to work for the children in the county who are the future of this county

Board of Education Vice Chairman Janie Yontz noted the following:

- Reiterated that even though school administration has some available funding to use to send back to the State (discretionary cuts) this year, there is still going to be a shortfall

- Commend the Board of Commissioners for working with the Board of Education to build schools, but would request the Board of Commissioners review the capital budget submitted for additional funding in order to maintain the current schools

Dr. Hobbs noted the following:

- In this county, enrollment over the last seven years has decreased over 500 students with the majority in the northern part of the county
- There is also a five percent funding cut from the State this year

Dr. Hobbs expressed his appreciation to the Board of Commissioners for their commitment to build schools in Stokes County especially in such a difficult economic time. Dr. Hobbs repeated a comment from Yadkin County that they wanted their schools to be like Stokes County.

Dr. Hobbs noted one of the biggest resources that Stokes County Schools has is its dedicated staff.

Chairman Rogers also expressed appreciation to Board of Commissioners for their commitment to building schools and working with the Board of Education and that the Board of Education is trying to grow the best product (our children in Stokes County) we can for the least amount of money. Chairman Rogers noted that top test scores and good facilities will drive people back to Stokes County. Chairman Rogers stated that the Board of Education will spend the county allotment as smart as possible and as frugal as possible.

Chairman Lankford, on behalf of the Board, expressed appreciation to Dr. Hobbs for his leadership and commitment to Stokes County and wished him much success in Yadkin County.

Chairman Lankford noted that he feels the Board of Education and the Board of Commissioners are serving the same population in Stokes County.

Commissioner Jones suggested looking into a 4 day school week which is currently being done in Alabama which could save approximately \$400,000 not including utilities, meals, etc.

Commissioner Jones noted the need to collectively work together to stop wasteful spending at the State and Federal levels.

Commissioner Walker expressed appreciation to Dr. Hobbs for sharing the comment made by Yadkin County officials wanting their schools to be like Stokes County Schools and noted it was very gratifying to hear positive comments reflecting Stokes County.

Vice Chairman Inman, Commissioners Walker, Jones, and Booth echoed Chairman Lankford's comments regarding Dr. Hobbs' leadership and dedication to Stokes County Schools. All wished Dr. Hobbs good luck in his future endeavors.

Vice Chairman Inman confirmed with Finance Director Moore that losing 66 ADMs equates to losing four teaching positions along with other funding that is calculated with ADMs and further questioned what effect would there be if no additional county funding was added to the Board of Education's budget.

Dr. Hobbs responded to Vice Chairman Inman's question with the following:

- There will have to be some hard decisions made once a final budget is approved
- Will have to decide what will have the least impact on student learning
- Could lose assistant principals positions, could lose central office personnel
- Will have to keep next year's budget in mind when making the tough decisions

Board of Education Member David Smith requested the Board of Commissioners look to see if there was any way to increase the funding for the schools in order to not lose teachers, got to have teachers for the new schools.

Interim County Manager Rick Morris noted the following:

- County is rebase lining the county's budget over the next two years to absorb the two million dollars loss of Hold Harmless, increase in expenditures, and reduction of revenues
- Upcoming E911 Communications Upgrade – approximately \$1-\$2 million
- The need for the school system to look into the 2013 upgrade mandates regarding radios on the school buses – Viper radios are approximately \$3,000 to \$4,000 each

Dr. Hobbs noted that the State is looking at requiring all buses to have cameras which would be another costly mandate.

Dr. Hobbs noted staff is reviewing bus routes for efficiency, looking at the frequency

of stops, dual routes, distance between stops, etc. Director Burge noted that the school system has decreased buses from 105 to 89 (4 of the 89 buses are used for Early College) during the past eight years.

Chairman Rogers reiterated that the capital budget is filled with either structural integrity issues, safety items or state mandates.

Chairman Lankford recessed the meeting in order for the Board of Education to exit.

Chairman Lankford called the meeting back in open session.

Interim County Manager Rick Morris presented the following emerging budget issues since the F/Y 2011/12 proposed budget was submitted for the Board's discussion at the next budget session:

- Personnel Impacted Layoffs
 - Working plan for those impacted by the decision to not fund positions
- EMS Rate Increase
 - Based on a question from Commissioner Booth, EMS Director has researched and made recommendation for possible mileage rate increase for EMS
 - Raise current mileage rate from \$6.00 to \$8.00
 - Raise ALS rate from \$475.00 to \$575.00
 - These increases would not penalize the citizens but would help county revenues and would also help on out the Medicaid Settlement Report
- Feedback on not funding EMS positions
 - Medical Director, Dr. Darrell Nelson, has some concerns with recommendation to not fund positions and redefine duties of the supervisors
 - Has suspended one program until final budget decisions are complete
- Charging for Fire Inspections
 - Would like BOCC's thoughts on charging for fire inspections
 - Forsyth, Surry and maybe Yadkin are charging for fire inspections
 - Possible \$14,000 increased in revenues
 - \$20 per inspection
- Medicaid Settlement for current year
 - Stokes County Medicaid Settlement for this year just came in higher than budgeted by approximately \$95,000
- Prisoner Reimbursement Program Participation
 - State is now considering a prisoner reimbursement program for keeping misdemeanor inmates similar to the program where we are reimbursed for federal prisoners

- Would the BOCC be interested in participating in this program if feasible
- Defibrillator Change
 - Recommended the purchase of two new defibrillators in the F/Y 2011-12 budget
 - EMS Director has now determined that we can shift to a lower priced defibrillator that will allow us to purchase the required defibrillators in the 2011-12 budget year
 - Plan was to finance the other defibrillators along with the ambulance remounts
- Furlough Requests
 - Veteran Service Officer has requested a voluntary furlough for six days in July
 - Interim County Manager would also like a voluntary furlough for one week in July
- Florescent Light Exchange Program
 - BOCC might want to consider participation in the light bulb switchover program
 - Must switch light bulbs by July 2013
 - Duke Power offering a rebate to switch over by July 2012
- County Cell Phone Overview
 - Work in process
- County Vehicle Overview
 - Work in process

Commissioner Jones expressed concerns with charging a fee for fire inspections and suggested that if a fee was charged, an appointment could be made with the business owner for the inspection.

Vice Chairman Inman noted that he would not be interested in charging a fee for fire inspections.

Commissioner Jones noted that she had heard recently that there is program being discussed to allow prisoners to return to their counties and finish serving their sentence which could be a potential cost to the County.

The Board discussed the possible Prisoner Reimbursement Program Participation which could provide reimburse the County.

The Board discussed Solid Waste possibly using a sticker program at the Greenbox Sites to make sure citizens who are disposing garbage are from Stokes County.

Chairman Lankford noted the information received from the Interim County Manager indicates that the Solid Waste contract with the City of Winston Salem terminates in 2013 with a 20 year option to renew.

Commissioner Walker questioned the Board regarding citizen priorities.

Commissioner Walker noted the following:

- Keep taxes as low as possible in the current circumstances
- School construction
- Economic Development – particularly when it relates to jobs
- Transparency and openness in Government
- Creditability
- Connectivity to government
- Hospital – only in the northern part, some want it fixed and some want the county out of the hospital business
- Smoking mirrors budget – schools are not causing the tax increase

Commissioner Booth noted the following:

- Hospital
- Schools
- Improvement of health care in Stokes County

Chairman Lankford noted the following:

- Hearing positive comments
- Hearing very few negative comments

Commissioner Jones noted the following:

- Hearing that schools are causing the tax increase

Commissioner Walker noted that he had figured the following new expenditures as they relate to a tax increase:

- 5.3 cents for hospital (Baptist debt not included in last year's budget)
- 1 cent for increases in employee benefits (retirement, health and dental)

Interim Manager Morris stated that he would be glad to meet with anyone to explain the workings of the proposed budget.

Vice Chairman Inman noted that everything impacts the budget, new expenditures, hospital, schools, loss of revenues, etc.

Adjournment

There being no further business to come before the Board, Chairman Lankford entertained a motion to adjourn the Budget Work Session.

Vice Chairman Inman moved to adjourn the Budget Work Session. Commissioner Booth seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman