

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
MARCH 13, 2013

The Board of Commissioners of the County of Stokes, State of North Carolina, met for Goals/ Budget Guidance Work Session in the Third Floor Conference Room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Wednesday, March 13, 2013 at 1:00 pm with the following members present:

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

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

Chairman Ernest Lankford called the Goals/Budget Guidance Work Session to order.

Commissioner Inman 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.

Goals/Budget Guidance Work Session

Chairman Lankford opened the floor for continued discussion.

Finance Director Julia Edwards noted:

- Commissioner Inman forwarded information from Intergovernmental Relations Director Rebecca Troutman, NCACC concerning the projected county retirement contributions for employees for the upcoming fiscal year 2013-14
 - County's share for local employees projected to increase to 7.07% (paid by county)

- County's share for law enforcement employees projected to increase to 7.32% (paid by county)
- This will be approximately \$32,500 additional retirement expense for fiscal year 2013-14

Clerk to the Board Darlene Bullins noted the following regarding the potential sequestration

cuts:

- Currently unsure how it will affect the Senior Services Meal and Transportation Programs
- Piedmont Triad Regional Council's Area Agency on Aging has advised Senior Services to not add any more new clients until the actual cuts are known; the department will continue to add clients to a waiting list
- Senior Services Program Director Vicky East stated that she feels the cuts will be more than anticipated, possibly 10% instead of 5% as previous projected
- Sequestration cuts will definitely affect the Community Development Block Grant funding
- PTRC Housing Director Michael Blair has indicated that the cuts could possibly affect HUD recipients
- Mr. Blair estimates it could affect ten households in Stokes County (rent being paid by HUD)
- Currently, PTRC is not adding on new clients when one goes off the program until the cuts are actually known
- PTRC will try to maintain with current funding until more information is received; if this continues each year as predicted, Stokes County's funding will be cut drastically

Chairman Lankford noted that no cuts have been made yet, all information received is

projections.

Chairman Lankford opened the floor for discussion by the Board members.

Commissioner Inman commented:

- Spoke with Representative Bryan Holloway yesterday
- As a reminder, NCACC adopted as a goal to try to get Hold Harmless revenue for those counties who have previously been receiving the funding
- Representative Holloway is ready to fight for this for Stokes County; he feels good about it in the House, but feels there will be issues in the Senate
- Was notified by Rebecca Troutman that she will be meeting with Representative Holloway on Thursday to request that he introduce a bill to this affect
- Even though Representative Holloway feels good about it passing the House, he stated definitely not to budget the revenue
- Rebecca Troutman stated that there was some pushback from Senator Pete Brunstetter, Forsyth County

- Very surprised since Forsyth County and its municipalities received a large amount of revenue from the Hold Harmless
- Plan on talking to Senator Brunstetter to make sure he knows that this could affect the County possibly getting a Forsyth Technical standalone community college in Stokes County
- Senator Brunstetter told Rebecca Troutman that the Hold Harmless revenue would not happen this year
- Can't imagine Pro Tempore Senator Phil Berger from Rockingham County voting against his own county getting the Hold Harmless revenue
- Plan on making contact with the Forsyth County representatives to make sure they know how important this issue is
- Representative Bryan Holloway is truly working for Stokes County in Raleigh

Manager Morris noted that he would contact the Kernersville Town Manager regarding the Hold Harmless revenue.

The Board discussed the Hold Harmless revenue.

Commissioner Walker confirmed with Manager Morris that the 4 cent tax adopted by the Board also covers the construction of the community college and the Lawsonville renovation project.

Commissioner Inman stated that the 4 cent tax will cover the construction of the community college, but the loss of Hold Harmless revenue could potentially impact the project.

Commissioner Jones commented:

- Agree it could certainly impact the community college project
- The loss of IRS refund with the QSCBs, could cause the County to have to move funding around along with the loss of tax revenue with the recent Revaluation
- These types things could slow up the project

Commissioner Inman commented:

- Plan to make sure that Dr. Gary Greene, Forsyth Tech, knows about the situation
- Make sure he is talking to his Forsyth representatives

Commissioner Inman confirmed with fellow Board members that they had no issue with him contacting Dr. Greene regarding this issue.

Commissioner Walker commented:

- Concerned there will be a challenge getting Hold Harmless in fiscal year 2013-14

- There have been times in the past that Forsyth Tech has used grant funding earmarked specifically for Stokes County in other places due to Stokes County not having adequate facilities

Chairman Lankford noted:

- Communications project will be completed in this fiscal year
- Baptist Hospital has been resolved

County Manager Morris noted the following unknowns:

- Insurance premiums for upcoming fiscal year
- Uncertainty of the sequestration and its effects

Clerk Bullins noted the following regarding insurance:

- Working with League of Municipalities for possible insurance in their pool; counties were invited to join this year
- Renewals from United Health Care due the end of March
- One thing to remember is that claims drive the cost of premiums
- Have used approximately \$50,000 of the HRA
- HRA could be used more in the last six months, with employees meeting their \$1,500 deductible in the first six months
- HRA pays up to \$3,500 once the employee meets his/her \$1,500 deductible

Commissioner Walker questioned if the County had ever considered self insured?

Clerk Bullins responded:

- In the past, the county has been advised that the membership is too small to be self insured
- Currently, there are so many unknowns with the Health Care Reform which is effecting premiums, mandates that insurance providers have to provide

Commissioner Inman noted that he had spoken with Dr. Lori Coe who has grave concerns for a critical care access hospital and the levels of reimbursement.

Commissioner Walker noted that he has spoken to several who have concerns with the upcoming Health Care Reform.

Commissioner Walker noted the unexpected amount (\$1.2 million) that had to be paid back to Medicare and Medicaid that affected the current budget.

Commissioner Walker noted that he had received several complaints regarding the recent tax revaluation; people are unhappy that the value of their homes have decreased.

Vice Chairman Booth noted an incident where the property owner's house decreased \$12,000 in value; the property owner wants their tax value the same as last year.

Chairman Lankford reviewed last year's goals:

- Grants
 - Done an excellent job this year
 - Golden LEAF Foundation - \$2 million
 - Other grants have been submitted
 - EDA Grant being submitted today
- Economic Development
 - New jobs have been created
 - Moving ahead some
- Danbury Water System Renovation Project
 - Manager Morris responded:
 - Project completed this fiscal year
 - Used the entire amount
 - New equipment has been installed to notify county staff of emergency situations
 - Cleaner water
 - New meters
 - Lots of improvements to the Danbury Water System
- Revenues drive expenditures to offset the impact of Revaluation
 - Ongoing – quarterly reviews being done
 - Finance Director Edwards responded:
 - Have recouped approximately \$700,000
 - Mostly came from the unused funding for hospital, and some from Juvenile Services, Superior Court, lapsed salaries in Health Department
- No property tax increase
 - None for fiscal year 2012-13
- Evaluation of appointed boards for efficiency and value
 - Currently working on
- Continue to provide essential services to the citizens of Stokes County
 - Ongoing
- COLA or bonus if feasible
 - \$400 given to full time employees in fiscal year 2012-13
 - Confirmed with fellow board members that they had received positive comments regarding the bonus
- Continue open, transparent government
 - Ongoing
- Continue to improve “user friendly”
 - Ongoing with all departments
- Continue to improve employee utilization
 - Manager Morris still doing employee utilization, putting employees where they are needed if possible

- Continue to evaluate cutting expenditures
 - Ongoing
- Space evaluation of county facilities
 - Manager Morris will be doing a space evaluation during the budget process
- High speed internet
 - Ongoing
 - Trying to obtain grants for un-served and underserved areas in the county
- More cooperation between county and municipalities
 - Ongoing
- Buy Local
 - Ongoing
- Support the Animal Control Advisory Council goals of improving the Animal Shelter and its operation
 - Ongoing
 - Just approved to provide land for additional facilities
- Support necessary changes to improve the operation and efficiency of the Stokes County 911 Communication Center
 - Working out of the New Communication Center today for the first time

Chairman Lankford opened the floor for Commissioners' goals/comments.

Vice Chairman Booth:

- Continue Lawsonville Elementary School and community college projects that have already been approved
- Keep tax rate at 60 cents for general fund and 4 cents for school/community college projects
- Have the most conservative budget possible for unforeseen expenditures and loss of revenues

Commissioner Inman:

- Appreciate Chairman reviewing last year's goals
- County continuing to make progress
- This board has been a very good fiscally conservative board
- Continues to look very closely at the taxpayer's dollars
- Have budgeted revenues conservatively and expenditures accordingly
- Built up the Fund Balance
- Blessed with taxpayers paying their property taxes
- Need to reduce the county's dependency on ad valorem taxes as revenue
- Taxpayers are footing over 50% of the county expenditures
- Continue to work on Economic Development – recruitment and retention of businesses
- Continue with getting a standalone community college – dealing with Workforce Development – train and retraining workers, transitioning our economy from a rural economy to one that brings in entrepreneurs
- Need to continue to support tourism and small businesses

- There are some very good things going on in the county
- Loss of revenue due to revaluation is a lot less than projected = estimated \$453,000 per year
- Budget for fiscal year 2013-2014 should be less than last year
- Will keep an open mind, will not consider a tax rate increase unless it is a last resort
- Would consider a small amount being transferred from Fund Balance
- Economy is picking up a little, but the price of gasoline continues to increase
- Willing to stay the course another year without a tax rate increase

Manager Morris responded:

- Some other counties are automatically going revenue equivalent
- Would not recommend a tax rate increase in an election year unless no other choice

Commissioner Walker noted:

- Citizens remember a tax rate increase no matter when it is
- Agreed with Commissioner Inman, will keep an open mind regarding a tax rate increase

Commissioner Jones commented:

- Concur with what fellow commissioners have already stated
- Have made great strides
- Continue any project that is not completed
- Stokes Future Initiative Update
 - Piedmont Local Foods has absorbed the organization – now a non-profit that can receive donations
 - Have spent a large amount of personal funds on this project
 - Farmer's Market starting in April at Pioneer Community Hospital of Stokes
 - There will be a 70/30 split
 - Want to come up with ideas to feed the hungry
 - Farmer's Market will be manned by high school students on Fridays from 2:00 pm to 6:00 pm
- Need for a Land Use Plan – Stokes County's day is coming
 - Development will be happening in the Meadows area once the community college is there; need to be prepared
 - Land Use Plan has been postponed long enough
 - Appalachian College could be a resource for the Land Use Plan
 - Have asked EDC to talk with Planning Board and then make a recommendation to the BOCC regarding the Meadows area
 - Need to make sure buildings, lighting, signage, etc. does not take away from tourism
 - People come to Stokes County to see the stars, not bright lights and signage
 - Don't want a tax rate increase, if something has to happen, then would want revenue equivalent

Commissioner Walker commented:

- Have a partial list

- Economic Development on everyone's list
 - People wondering what the county is doing to create jobs
- Community College
 - Dr. Greene stated at the last Community College Advisory Council meeting that if everything stayed on target, Stokes County could have a new community college in the summer of 2015
 - Along with longevity, would like to see merit included in the county's pay plan; have hard working, good employees who are frozen and don't receive longevity
 - Would like to look at employee compensation and make adjustments if necessary
 - Need to reward the good employees with some type of merit increase
 - Not fair for the good, hard working employees to not be monetarily rewarded
- Land Use Plan
 - Need to further discuss to see what kind of plan that Stokes County really needs
- Maintaining a reasonable Fund Balance
 - Worked hard to achieve a reasonable Fund Balance
 - Set a goal to not go below a certain percentage
- Ways to go with High Speed Internet
 - Northern part of the county deserves attention to try to see if there can be any assistance to un-served and underserved areas
- Farmers
 - Settlement ends 2014
 - Need to start thinking ahead
 - \$40 million comes into Stokes County from this settlement
- Continue to look at Dan River
 - Brings tourism to Stokes County
 - Source of recreation for tubers, canoers, etc.
 - Need to make the best use of the river
- Trails in other parks of the county
 - Could be grants down the road for parks and trails
 - Still concerned about Sauratown Trail
- Commissioner Jones responded:
 - Mountain to Sea Trails is coming down Sheep Rock Road from Hanging Rock State Park to Moratock Park which is maintained by volunteers
- Recreation
 - Continue to work with YMCA
 - Derek Edwards, new director, is taking a fresh look at the needs
 - Still lean to having an in-house person
 - Don't think the YMCA is set up to cover all the needs in Stokes County; good example is the river
 - The river is out of the range of the YMCA's normal activities

- Need to be looking down the road for recreational needs for the county
- Have a blend of county staff (could be part time) and the YMCA
- Use technology to save dollars by spending dollars such as imaging
- Plan for the future
 - Making progress
 - Need to have a plan to see what we need to be doing to plan for the future
 - Can go along with the Land Use Plan
- COLA or bonus
 - Received the letter regarding a COLA
 - Very good points made in the letter
 - Response to the letter is that we will do what we can
 - Will be on board to give a COLA if possible
- No tax rate increase unless we find ourselves in a position that we don't have much of a choice left

Chairman Lankford commented:

- Everyone talks about the river being a tourism resource
- Don't feel there is any county revenue being generated from participants tubing the river

Commissioner Jones responded:

- Need more hotels and restaurants for visitors

Commissioner Walker responded:

- What about a tubal rental fee to be used to help clean up river?

The Board discussed a tubal rental fee.

Chairman Lankford continued:

- Personal opinion is that the County does not make any revenue from the river
- Need to have lodging and restaurants to bring people to the Stokes County
- Need to consider a temporary hiring freeze

Commissioner Walker responded:

- If we need more lodging and restaurants in County, when are we going to start to do something about these things?
- What do we need to do to get started?

Commissioner Jones responded:

- EDC is working on that concept

Chairman Lankford responded:

- County can't provide funding for those type of things
- That has to come from private business

- Need to encourage investors

Commissioner Jones responded:

- One solution would be for homeowners who can afford to leave their homes and rent them to tourists, like the High Point Furniture Market

Chairman Lankford continued:

- Reiterated the need to consider a temporary hiring freeze for April, May, and June
- Maintain a safe environment for employees
- Need to continue to provide in-house safety training to keep insurance premiums as low as possible
- Need to have training for those who drive county cars
- Need to continue to obtain grants for special projects
- Manage current resources to eliminate costs for capital projects
- Review county policies for updates
- Keep county tax rate at 70.5 cents (60 cents for general fund, 4 cents for schools/community college, and 6.5 for Service District Fire Tax)
- Delay capital projects, which have not already been approved – paving, cars, etc., until the economy picks up
- Maintain at least an 18% Fund Balance
- Maintain school funding as last year – no cuts
- Work with CenturyLink to get un-served and underserved areas high speed internet
- Support and promote health care in the County (Pioneer, Forsyth, Baptist)

Clerk Bullins responded:

- Currently have an Accident Review Board to examine each vehicle accident to determine fault and recommendations to manager

Vice Chairman Booth commented:

- Opened to a COLA or bonus if feasible
- Last year's bonus for a \$30,000 employee was equal to 1.3% COLA, \$20,000 employee was equal to a 2% COLA
- Employees, not frozen, get longevity increases each year and truly appreciate those

Finance Director Edwards noted that the last COLA was 1% and was added to the Step and Grade Table in 2007 and a 2% COLA was given in 2005; bonus was given in 2012 and 2008.

Commissioner Jones commented:

- Even though I didn't mention a COLA or bonus, want to continue with something if feasible

The Board discussed a COLA or bonus.

Commissioner Inman commented:

- Want to commend the county employees for tightening their belts to help increase the County's Fund Balance
- Would consider a COLA if feasible
- Not responding to a COLA because the Board received a couple of letters
- As a commissioner, work for all the county employees
- Would like to request the manager to do a departmental assessment to make sure there are no departments that have employees who are not really needed
- Need to make sure that there are no overstaffed departments
- Know that the crime rate is up, but also know that real estate is not doing as much
- Need to run the County like a business
- Not out to get anyone or lay off employees
- Agree with Commissioner Walker to examine merit increases

Commissioner Jones responded:

- Have had similar thoughts about Commissioner's Inman comments regarding overstaffed departments
- Got to look at recurring expenses
- Want employee morale to be up
- We are all in this together

Commissioner Inman continued:

- Not in favor of growing government
- Unfortunately, Stokes County is in that group of counties that has grown government during the last five years by increasing employees
- Not recommending a reduction in force, just want to make sure departments do not have personnel that are not needed
- Just to let everyone know that a 1% COLA equates to approximately \$113,000 cost with a \$400 bonus equates to approximately \$120,000 cost

Commissioner Jones responded:

- Agree with Commissioner Inman's comment regarding growing government

Chairman Lankford responded:

- Agree with Commissioner Inman, that is why a hiring freeze needs to be considered

Commissioner Walker commented:

- Have had a citizen that made the comment that the county should not take any more grants; the money has to come from somewhere
- Confirmed with Manager Morris that he is reallocating staff if needed

Chairman Lankford directed Board members to be ready to prioritize goals at the

March 18th meeting.

March 13, 2013

Commissioner Walker confirmed with Manager Morris that he will be looking at non-profits tighter this year during the budget process.

Hold Harmless

Finance Director Edwards presented the Board a copy of the 2012 Hold Harmless Funding Distribution.

Adjournment

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

Commissioner Jones moved to adjourn the meeting. Vice Chairman Booth seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman