

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 18, 2015

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Work Session for the proposed Fiscal Year 2015-16 Budget in the third floor conference room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Thursday, June 18, 2015 at 10:00 am with the following members present:

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

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

Chairman Ronda Jones called the work session to order and welcomed those in attendance.

Chairman Jones delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

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

Budget Work Session

Chairman Jones turned the work session over to County Manager Rick Morris.

County Manager Rick Morris provided the Board with the following information:

- Regarding the need for funding for research for a case management system for DSS, there has been a lot more discussion about the state doing a system
- DSS Director does not wish to place the funding in capital reserve, but would like to use the funding to continue contract work and overtime

- Turnover for this year is now 105 – lost another deputy

Finance Director Julia Edwards provided the Board with information regarding the refinancing of loans with an approximate savings of \$2 million over the life of the loans which will average approximately \$200,000 savings each year.

Commissioner Booth confirmed with Finance Director Edwards that the loans being refinanced are in the 4 cent tax School Fund.

The Board discussed what could and could not be done with any Fund Balance in the 4 cent School Fund.

Finance Director Edwards noted that final savings could be calculated once the closings are done in August.

Vice Chairman Walker confirmed with Finance Director Edwards that once these loans are refinanced, everything that could be refinanced has been refinanced.

Vice Chairman Walker confirmed with Finance Director Edwards that the refinancing is a fixed rate.

Chairman Jones opened the floor for further discussion regarding the budget.

Chairman Jones commented:

- I have gone through all the fire department budgets
- Confirmed with Manager Morris that he had no issues with the Fire Commissioner's recommended budget

County Manager Morris commented:

- Understand the Fire Commission primarily addressed personnel issues – having someone at the station during the day and increasing the communication equipment
- Need someone to get the trucks and equipment to the scene

The Board discussed Fire Departments hiring part time personnel.

Vice Chairman Walker commented:

- Seems like we have created the impression with the Fire Commission and subsequently, the fire departments, that if they could hold off last year without a tax increase, then we would be willing to consider a 1.5 cent increase this year

- They are probably acting under the assumption that they are going to get the 1.5 cent increase
- If we pulled the rug out from under them and did not give them the tax increase, feel they would think we had misled them

Commissioner Inman commented:

- Speaking for myself, I don't think I have given the Fire Commission or any fire department the impression that I was ready to do a 1.5 cent tax increase this year

Commissioner Booth commented:

- I would ditto Commissioner Inman's comments
- I don't think I have given anyone that impression
- Recently had a fireman tell me about a month ago that the monies were going to work out this year

Vice Chairman Walker commented:

- What Commissioner Booth stated about the fireman referencing funding was what I was talking about
- Heard the comment first from a representative from the Rural Hall Fire Department during a recent budget session

County Manager Morris stated that he may have spoken to the Rural Hall Town Manager regarding a possible recommendation for the fire tax.

Commissioner Inman commented:

- In reality, the manager recommended the 1.5 cent tax increase for the fire departments that was submitted by the Fire Commission
- After dissecting these fire department budgets, I won't support a 1.5 cent tax increase

Chairman Jones commented:

- I know comments have been made about postponing a fire tax
- They could have easily gotten their hopes up after the manager recommended the tax increase
- Do not know right know what is really needed
- Recognized the Fund Balances that most of the fire departments have after reviewing the fire departments' budgets

Commissioner Lankford commented:

- Have been associated with the fire departments for many years
- The fire departments are run like a business
- They make all their decisions
- The County contracts with the fire departments for services
- Don't know why they assume that anything they ask for, the financial people will support it
- It is just so much you can do and it is all based on revenue

- Don't know why they have assumed the increase recommended will be approved

Commissioner Inman commented:

- Just want to one point out that the fire departments are non-profit

Vice Chairman Walker commented:

- Strong supporter of our boards and commissions
- We have, to the best of my knowledge, a group of people on our Fire Commission who are very responsible – people who would not just recommend a fire tax increase without justification
- I would like to think they have done their job in making their recommendation for a tax increase
- The Fire Commission told this Board last year that a 1.5 cent fire tax increase would most likely have to be recommended this year
- The Fire Commission's job is to analyze and assess the needs of each fire department in the Service District and make a recommendation
- Have no problem with the recommendation by the Fire Commission, I feel they have done their job before making the recommendation

County Manager Morris suggested reviewing the Fire Commission's Rules/Guidelines.

Commissioner Lankford commented:

- Agree, there needs to be a review of the guidelines to let the Fire Commission know what the Board's expectations are
- I have looked at every fire department budget and analyzed them
- Somewhere the Fire Association has come up with recommendation that equipment needs to be replaced every twenty years, that needs to be addressed
- The fires they are running today amounts to about 7% of their total calls, most are rescue calls – very glad it has decreased
- Have to look at the total picture

Chairman Jones commented:

- What is measurement is used for replacement of a fire truck?

Commissioner Lankford responded:

- If a pumper truck passes the inspection, that is the only thing it has to do to be a useful tool

Commissioner Inman commented:

- It is the same definition when selling your home
- When the inspector inspected your roof, is it performing the function for which it was intended to perform?

Vice Chairman Walker commented:

- Last year, the perception was “hold on fellows, we are not going to give you any increase this year”

- This year, it seems like everything was focusing on being able to use an additional 1.5 cents
- Looks like the 1.5 cent increase is equal to two fire trucks, maybe only one
- Have something looming very large today that we have discussed some, not a lot
- We have a paradigm shift with our fire departments going from all volunteers to volunteers with pay
- Those salaries have to be come from somewhere
- Going to see momentum building
- When the Fire Commission puts their numbers in this year, numbers had to be included to cover salaries for some departments who have never had paid staff along with fixed costs continuing to increase

Commissioner Lankford commented:

- Some have large increases that are not directly related to personnel

Vice Chairman Walker stated that he was willing to support the 1.5 cent increase based on the departments structuring their budgets on a possible 1.5 cent increase.

Commissioner Booth commented:

- Rural Hall wanted more last year and did not get it, but they made it without the requested increase

Chairman Jones commented:

- In looking at the paperwork provided to the Board regarding the 1.5 cent increase, have not seen anything that justifies the increase
- I want to be able to justify the increase to the public

Vice Chairman Walker commented:

- Questioned Manager Morris what was his reasoning for recommending the 1.5 cent tax increase submitted by the Fire Commission

County Manager Morris responded:

- Feel the Fire Commission was put in place for a purpose – to analyze the fire departments' needs
- Know that there are three departments now on probation and that the inspections were not perfect on the others
- Have a model that is out of date when you think about volunteers being able at all times to respond to calls
- Communication equipment was no way near what they had before
- Feel the Fire Commission did their job with the budget process
- If you are not going to let the Fire Commission do their job, then why do you need them
- Have to also look at the regulations and requirements they have to meet

Commissioner Inman commented:

- Confirmed with Manager Morris that contracting out EMS convalescent care will not have any impact on the call volume for the fire departments

The Board briefly discussed contracting out EMS convalescent care and its impact to the county revenue with Manager Morris.

Commissioner Lankford stated that he would not support the Fire Commission's recommendation for a 1.5 cent tax increase.

Commissioner Booth stated that he would not support the Fire Commission's recommendation for a 1.5 cent tax increase.

Commissioner Inman noted that he could not determine a tax rate for the fire departments until the entire budget is done.

Commissioner Booth and Commissioner Lankford agreed with Commissioner Inman regarding not determining a tax increase for the fire departments until the entire budget is done.

Chairman Jones stated she was not ready to determine a tax rate at this time.

Chairman Jones requested Board members to put out what they would like to discuss regarding the recommended budget – for example: things that they can't accept in the manager's recommended budget.

Vice Chairman Walker commented:

- As mentioned before, I have changed my philosophy this year regarding the adoption of a budget
- We have not changed benefits for employees
- Do not believe we are overstaffed in any departments
- Know we have employees doing two jobs
- We have dedicated employees
- After looking at this budget, I feel the manager and staff did a good job with the recommended budget with everything concerned
- Willing to go with the manager's recommendation with two exceptions – like to see a five cent tax increase instead of six cent tax increase and an additional \$100,000 allocation to the schools for capital equipment

- Want to support the Fire Commission's recommendation for the 1.5 cent tax increase, but willing to discuss that further

Commissioner Inman commented:

- Want to note the manager did what was requested – a recommended budget
- That doesn't mean that I have to agree with everything that he puts in his recommendation
- Looking at a two-year budget
- The game changer is the Sales Tax Distribution Bill
- Lot of things to consider right now
- Don't see cutting funding for education
- Good discussion with the Board of Education
- Looking at phasing in the manager's salary recommendation regarding the three-grade increase for EMS, Communications, Sheriff's Department and Jail
- Looking at all options

County Manager Morris noted that a phase in approach regarding the three-grade salary increase would not work.

The Board discussed phasing in the manager's salary recommendation.

Manager Morris noted that even with the three-grade increase, it still may not work for EMS.

The Board discussed the current collection rate and possibly increasing the collection rate.

Commissioner Inman reiterated a lot rides on the Sales Tax Distribution Bill.

The Board discussed the crisis in the emergency services departments with the high turnover, going to other counties for higher wages.

Commissioner Lankford noted to his knowledge there were no vacancies at this time.

County Manager Morris responded:

- 24/7 operations do not have part time staff
- Life One gets parked when there are no part timers to cover the shift, if an employee has to be off then the supervisor as to ride the ambulance
- My budget message clearly stated the issue
- The Sheriff is having to do patrol due to not having part timers to cover the shifts when he has an employee out
- There is a shortage
- My recommended budget is what we need to operate this place
- There was a lot of analysis and thought done before my recommendation was made

- You are the decision makers, if you disagree and don't fund it, that is your prerogative
- I will not back off the fact that we can't get the job done if some changes don't happen

Vice Chairman Walker commented:

- If my memory serves me correct, in the recent Law Enforcement graduation, the Sheriff did not get a single application from the graduating class

Commissioner Lankford commented:

- I heard the same thing, but I think it was one time and came directly from the instructor
- You can't assess that is going to be ongoing

Vice Chairman Walker continued:

- Based on the EMS Director and Sheriff's assessment, we are not getting the caliber of applicants that we typically have in the years past
- When we have to send them for more training, that is a cost to the county
- There is a basic edge in business, turnover cost you money, turnover is expensive
- When deputies are hired, they have a training period they must go through before the Sheriff is comfortable with them being out there alone; if they are right out of BLE training, it takes longer
- Reiterated turnover is expensive
- Do we want to take steps to decrease the turnover rate?

Commissioner Lankford stated it is going to continue regardless of what you do.

County Manager Morris stated that he respectfully disagreed with Commissioner Lankford's comment, it can be changed if you take action.

Commissioner Lankford stated it has not changed in 20 years; we have always had turnover.

County Manager Morris noted that every organization has a little turnover, but when you have an unreasonable amount like we have, it is ridiculous- the cost, the lack of program stability.

Vice Chairman Walker commented:

- Based on the information I received from the Sheriff, the recommendation from the manager is the minimum the Sheriff feels like it would take to address the salary issues
- It is the minimal amount to "stop the bleeding"

Commissioner Booth commented:

- In last year's budget, there was a two percent COLA for all employees
- In this recommended budget, there is no COLA
- We have raises for some, not all in this recommended budget
- The statement was made clear last year, "this recommended budget has a 2% COLA, but get ready for no salary increases for the next two years because it is going to be a tough budget for the next two years"
- It is a tough year, but we are looking at approximately \$700,000 for grade increases
- Have a lot of perks in Stokes County for employees – sick leave, longevity, health benefits, etc.
- Have given over 8% in longevity, bonuses, COLAs in the past four years
- This has been an increase for all employees
- Do not want to leave out anyone
- Need to increase salaries for all employees
- If one group is going to get something, everyone should get something

County Manager Morris commented:

- Definitely agree that all the salaries need to be looked at; they are all low
- The problem this year is staffing the 24/7 operations
- Reiterated that there has been 107 turnovers this fiscal year

Commissioner Booth noted that he would like to know of the 107, how many were full time employees?

County Manager Morris noted it is about 16% full time employees.

Chairman Jones noted that tomorrow's budget work session is the last scheduled work session.

Adjournment

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

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

Darlene M. Bullins
Clerk to the Board

Ronda Jones
Chairman