

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  
APRIL 26, 2016

The Board of Commissioners of the County of Stokes, State of North Carolina, met for Goals/Budget Work Session in the Third Floor Conference Room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday, April 26, 2016 at 1:00 pm with the following members present:

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

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

Chairman Inman called the meeting to order and welcomed those in attendance today.

#### **INVOCATION**

Chairman Inman invited those who wished to join in the invocation to please do so.

Chairman Inman delivered the invocation.

#### **GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE**

Chairman Inman invited the citizens in attendance to join the Board in the Pledge of Allegiance.

#### **GENERAL GOVERNMENT – GOVERNING BODY – APPROVAL OF AGENDA**

Chairman Inman entertained a motion to approve or amend the April 26<sup>th</sup> Agenda.

Chairman Inman requested to add Emergency Medical Staffing Issues to today's

Goals/Budget Work Session for continued discussion.

Chairman Inman noted the item was on the April 25<sup>th</sup> Discussion Agenda.

The Board had no issues with placing Chairman Inman's request on today's Discussion Agenda.

Commissioner Jones moved to approve the April 26<sup>th</sup> Agenda as amended.

Commissioner Walker seconded and the motion carried unanimously.

Chairman Inman turned the meeting over to County Manager Rick Morris.

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

- Have completed budget work sessions with all department heads and outside agencies
- Will start budget analysis tomorrow with staff
- Will be working on the budget between now and May 23<sup>rd</sup>
- Finance Director Edwards has just done a quarterly review with very little to pull back into Fund Balance, will do one more quarterly review before the end of the fiscal year
- Budgeting has been very lean over the past years, nothing much to pull back
- Researching the new sales tax, trying to determine how much to budget for the FY 2016-17
  - Would be happy to hear BOCC's comments regarding the new sales tax revenue for the upcoming FY 2016-17
- Have a lot of uncertainty in the budget
- New items for this upcoming budget – Riverstreet
  - Believe this will have the biggest return than anything this County has ever done
- Have several important issues to deal with in this upcoming budget – one in particular EMS
- Have the County's updated Five -Year Capital Plan
- Have not received the schools' Five-Year Capital Plan
- Would like to hear how the BOCC feels about budgeting revenue from the new Walmart in King
- Would like for the Board to validate no lower than 20% Fund Balance
- Any suggestions regarding increasing or new fees to try to increase revenues such as a new fee for fire inspections
- Would be happy to hear any other items the Board would like to express regarding the upcoming FY 2016-17 Budget

Chairman Inman opened the floor for discussion regarding the Fund Balance.

Chairman Inman commented:

- Would like to stay at 20% Fund Balance
- Would like to hear the other members' thoughts regarding the Fund Balance

Commissioner Jones responded:

- Agree with Chairman Inman staying at 20% Fund Balance

Commissioner Walker responded:

- Confirmed with Finance Director Edwards, the County is currently at around 25%
- Twenty-five percent is a good place to be – compatible with like size counties
- Have one questions that needs to be answered: “how much are we comfortable taking out of the Fund Balance to balance the budget?”
- My view is – 20% is the bottom limit unless there is something very compelling that would force us to go below 20%
- I am not saying budget for a 20% Fund Balance, I am saying to take the least amount of the Fund Balance out, definitely not going below 20%

Commissioner Lankford responded:

- My thoughts are to stay at 25% Fund Balance even if we have to cut a lot of capital
- We will need to look at all services
- Do not feel there should be an additional employees added
- Don't want to take money out of Fund Balance to purchase capital or add new employees

Vice Chairman Booth responded:

- Good with 20% Fund Balance being the target
- Have a lot of things to deal with in this upcoming budget

Chairman Inman commented:

- Have to also consider what will happen with a 20% Fund Balance and an emergency occurs taking the Fund Balance below 20%
- Continuing to take funding from the Fund Balance for operating is not a sustainable budget, it will not work

Chairman Inman opened the floor for discussion regarding the new sales tax.

Chairman Inman commented:

- Very cautious budgeting the entire \$1.5 million new sales tax
- My thoughts are budgeting about \$1 million of the new sales tax

Commissioner Lankford responded:

- Agree not to budget the entire \$1.5 million from the new sales tax
- Do not believe in budgeting any revenue from the new Walmart coming to King due to not knowing when the store will open

Commissioner Walker responded:

- If it opens the first of October (estimating \$300,000 in sales) could produce \$150,000 in sales tax figuring three months
- If it is late October, could be as low as \$100,000
- Don't know how you budget something that is so uncertain – weather conditions could cause a delay in construction
- Per Senator Randleman, the figures provided to the County from the State regarding the new sales tax is very conservative

Vice Chairman Booth responded:

- Feel you have to budget some revenue from the new Walmart in King
- A budget is a projection
- If the store opens October 1<sup>st</sup>, could be 7 months of sales tax revenue in FY 2016-17

Commissioner Jones responded:

- Believe Walmart will want to catch the holiday season and will be open in October
- It is all a projection
- Could budget revenue from Walmart very conservative
- Should stick with \$1,250,000 in budgeting new sales tax revenue

Chairman Inman commented:

- My concern with the new sales taxes is that they are all based on services
- Not sure there is enough services in Stokes County for the \$1.5 million projection
- Very concerned about that \$1.5 million projection
- Built the Fund Balance by budgeting revenues conservative

Vice Chairman Booth confirmed with Finance Director Edwards that this quarterly review would not be putting any funds back into the Fund Balance.

Finance Director Edwards noted:

- Able to pull back some small amounts, but the big issue is having to put funds into some departments' accounts (overspent)

Commissioner Jones confirmed with Manager Morris that this year's budget could possibly go a lot higher than last year's budget.

Commissioner Lankford noted that about a million had already been spent - \$600,000 for internet and \$232,500 for increased health insurance premiums for FY 2016-17.

Chairman Inman confirmed with Manager Morris that the new sales tax dollars can only be spent for economic development, schools, and community colleges.

The Board discussed the new sales tax revenue.

Chairman Inman confirmed with Manager Morris that the new sales tax revenue could be used for current and capital expenditures for the school system.

County Manager Morris also noted that there was no definition for economic development.

Commissioner Walker noted the internet grant for RiverStreet could be economic development.

Chairman Inman confirmed with Finance Director Edwards that the County is currently running a little above budget regarding sales tax revenue.

County Manager Morris questioned the BOCC thoughts on cutting services?

Chairman Inman responded:

- Feel that would be a last resort

Commissioner Walker responded:

- Actually could be considering a reduction of services at this meeting – EMS
- Fire Departments could see a reduction of services if funding is not available for operations
- What about the greenbox sites?
- If the budget gets tight, will have to look at all options
- May have to look at staffing

Commissioner Lankford commented:

- Will have to look at all services

Chairman Inman opened the floor regarding new fees or increasing fees.

County Manager Morris commented:

- Only received a proposal from Fire Marshal Brian Booe for fire inspection fees
- The fire inspection fee will not raise a large amount of revenue

Chairman Inman noted that he would not look at a fire inspection fee since the revenue would be very low and cause a lot of controversy.

Chairman Inman noted he hears comments from people who have no kids in the school system, complaining about their taxes going to the school system.

Commissioner Jones confirmed with County Manager Morris that this budget would not see any revenue from the proposed jail expansion project, if approved by the Board.

County Manager Morris noted that retirement contributions are also increasing this year.

The Board discussed available funds for the schools that will be available in FY 2018-19 when debt is retired.

County Manager Morris commented:

- Information from Local Government Commission showed that Stokes County's budget for FY 2014-15 ran approximately \$5 million less than counties our size
- Probably a lot of the increase is probably salary and benefits for employees

Vice Chairman Booth commented:

- Need to remember the grade increases only covered 9 months last year
- Will be approximately \$150,000 more added to the FY 2016-17 budget
- A recurring cost this fiscal year

Chairman Inman commented:

- Noted a recent call from School Operations Director David Burge inquiring about capital funding for this upcoming budget year
- Told Director Burge that would have to be looked at during the budget process
- Noted the \$1.2 million already budgeted for Chestnut Grove Middle School's Roofing Project

Vice Chairman Booth noted that the \$1.2 million recently approved for the roof at Chestnut Grove was approximately \$300,000 more than last year's capital allocation.

County Manager Morris noted the recurring expense for the Francisco property.

Chairman Inman noted the recent article in the Stokes News regarding the schools' budget not looking very good.

Chairman Inman noted that Department of Environmental Quality is now involved with the retention pond at Piney Grove Middle School, could be some costly expenditures before this project is done.

County Manager Morris noted that he would be open to any comments regarding the

upcoming budget for FY 2016-17.

Chairman Inman opened the floor concerning the Emergency Medical Services Staffing Issues introduced at yesterday's regular Board meeting.

Chairman Inman commented:

- Confirmed with Manager Morris that this is a "stop gap" measure with no guarantee that it will work

County Manager Morris noted that staff could provide updates regarding costs to the Board if so desired.

Vice Chairman Booth confirmed with Manager Morris that supervisors don't ride the ambulances unless there are no employees available to work.

Commissioner Lankford commented:

- Long term for EMS would be to discuss privatization
- Would like to hear from at least two different companies during a budget work session

Chairman Inman commented:

- Do believe we need to look at privatization
- Have tried to look at both sides
- If you have previously provided the services and then you have to pull services and something happens or someone dies, there is a huge liability

Vice Chairman Booth commented:

- Agree with Commissioner Lankford to have companies come to a budget work session
- Believe LifeStar is doing well

Chairman Inman noted that LifeStar uses Basic EMTs.

Commissioner Lankford continued:

- Can't support the dollar amounts being requested
- Need information about how many calls are being received
- Seems to be working well with LifeStar
- Using a full time paramedic will cost \$720 a shift
- Using a full time intermediate will cost \$540 per shift
- Using a full time basic will cost \$468 per shift
- This service started out with three units
- Population has gained approximately a third over the years

- Just can't justify those dollar amounts – paying \$720 for one shift
- Have too many people who don't have jobs
- Have a lot of things that need help with

Commissioner Jones commented:

- Understand what Commissioner Lankford is saying
- My feelings are that \$720 is small compared to the liability when you don't have service when someone needs it
- County has more elderly people now
- The uncertainty of the hospital makes me more nervous
- EMS is our first line of defense in the County
- If you want to take care of anything, you need to take care of this
- Look at the difference in the starting salaries
- It is a competitive market
- You get what you pay for
- This is temporary measure
- Can revisit it at any time

Commissioner Walker commented:

- Willing to go with it for now
- See where Commissioner Lankford is coming from
- The numbers are big
- Listened to the manager and director at last night's meeting regarding the need
- Strictly a temporary basis
- Confirmed with Manager Morris that the projected cost is a worst case scenario
- Will be looking at this long term during the budget work sessions

Vice Chairman Booth commented:

- Believe we are in this position because of the worker's compensation, family medical, etc.
- Believe this is just the beginning, when the budget comes, it will be more
- This is not the end
- That is why I want to see what privatization can offer the county
- Agree with Commissioner Lankford regarding the \$30 per hour

Commissioner Walker commented:

- Agree with a lot of what Vice Chairman Booth stated
- Agree this is not going to end
- Look at other counties salaries, work schedules, benefits, etc.
- Don't like paying \$720 for a 24-hour shift
- We are talking about market driven jobs
- This is something that we will have to deal with, it is not going away
- Had some indication that this was coming from last year's budget – having to increase grades for certain departments



Commissioner Lankford commented:

- This situation did not happen yesterday

County Manager Morris commented:

- Actually it did happen overnight, it was a combination of things that all came together, worker's compensation, family medical leave, resignations, and lack of part time help

Chairman Inman entertained a motion to approve the manager's recommendation of increased pay rates effective April 27, 2016 and Budget Amendment #69.

**Budget Amendment #69**

<b>Account Number</b>	<b>Account Description</b>	<b>Current Budgeted Amount</b>	<b>Increase (Decrease)</b>	<b>As Amended</b>
	<b>Emergency Medical Services</b>			
100.4370.010	Salaries & Wages Overtime	\$185,000.00	\$42,000.00	\$227,000.00
100.4370.020	Salaries & Wages Part Time	<u>\$165,000.00</u>	<u>\$24,000.00</u>	<u>\$189,000.00</u>
	<b>Totals</b>	<b>\$350,000.00</b>	<b>\$66,000.00</b>	<b>\$416,000.00</b>

This budget amendment is justified as follows:  
To appropriate fees for emergency staffing.

This will result in a **net increase** of **\$66,000.00** in the expenditures and other financial use to the County's annual budget. To provide the additional revenue for the above, the following revenues will increase. These revenues have already been received or are verified they will be received this fiscal year.

<b>Account Number</b>	<b>Account Description</b>	<b>Current Budgeted Amount</b>	<b>Increase (Decrease)</b>	<b>As Amended</b>
	<b>General Fund</b>			
100.3437.410	Ambulance Fees	<u>\$1,300,000.00</u>	<u>\$66,000.00</u>	<u>\$1,366,000.00</u>
	<b>Totals</b>	<b>\$1,300,000.00</b>	<b>\$66,000.00</b>	<b>\$1,366,000.00</b>

Commissioner Jones moved to approve the manager's recommendation for a temporary pay increase through June 30, 2016 not to exceed \$66,000 with an effective date of April 27, 2016 and Budget Amendment #69. Commissioner Walker seconded the motion.

Commissioner Walker commented:

- On board with approving this temporary request along with looking at other options as we go through the budget process

Vice Chairman Booth commented:

- Definitely want to see what privatization can offer

Chairman Inman commented:

- Not an easy decision
- Sought legal advice on this issue which says if you have a service that has been provided to the citizens and it does not run and something happens such as a death, the county commissioners could be held liable
- This is a “stop gap” measure
- Will look at other options during the budget process

The motion carried (3-2) with Vice Chairman Booth and Commissioner Lankford voting against the motion.

### **Adjournment**

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

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

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**Darlene M. Bullins**  
Clerk to the Board

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**J. Leon Inman**  
Chairman