

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 21, 2017

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, March 21, 2017, at 10:00 am with the following members present:

Chairman Jimmy Walker
Vice Chairman Ernest Lankford
Commissioner James D. Booth
Commissioner Ronda Jones
Commissioner Ronnie Mendenhall

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

Chairman Jimmy Walker called the Goals/Budget Work Session to order.

INVOCATION

Chairman Walker asked Commissioner Jones to deliver the invocation.

Commissioner Jones delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

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

GENERAL GOVERNMENT – GOVERNING BODY – APPROVAL OF AGENDA

Chairman Walker entertained a motion to approve or amend the March 21, 2017 Agenda.

Commissioner Jones moved to approve the March 21st Agenda as presented.

Commissioner Booth seconded and the motion carried unanimously.

Open Discussion

Chairman Walker noted that this was a Goals/Budget Work Session and would like to start today's discussion with goals.

Chairman Walker opened the floor for discussion regarding Goals.

Commissioner Mendenhall commented:

- Confirmed with Manager Morris there was no new information regarding the classroom size issue

County Manager Morris responded:

- Dr. Brad Rice, Superintendent, spoke at the Men's Club Meeting Saturday about the current issue
- Dr. Rice noted that there was no change with funding and the only way to take care of the issue would be to have more combination classrooms
- The need for 24 teachers and 12 classrooms has not changed according to Dr. Rice
- Dr. Rice also noted that he had spoken to Representative Kyle Hall who was going to look into the issue
- Reiterated that Senator Randleman had not changed her position regarding the funding

Chairman Walker noted that this was the first time Senator Randleman had a different position from Representative Hall.

Chairman Walker commented:

- It is the first time that Senator Randleman has taken a position somewhat in opposition to the position of Stokes County
- From County Manager Morris' conversation with Senator Randleman, she seems pretty locked in on how she is going to deal with this issue

Commissioner Jones commented:

- Do not remember being made aware of this before this year even though it is the last year of the three-year period before the mandate goes into effect
- Seems like it just popped up this year

Chairman Walker commented:

- This was discussed at the NCACC Legislative Goals Conference that I attended
- It was noted at that Conference to lobby the legislature regarding the passing of the exception which would allow school systems to continue as usual

Commissioner Booth commented:

- My understanding from Senator Randleman is that the funding has been there, but used for other things
- Questioned Commissioner Mendenhall if Senator Randleman was correct about funding being used in other places

Commissioner Mendenhall responded:

- Certain allotments can be used for teaching positions such as Title I
- Have received several phone calls from school personnel about this issue
- Several believe that a survey required by DPI has been misinterpreted
- Director of Finance Moore has stated that she has followed the letter of law regarding funding and funding has not been taken from allocations that can't be moved
- Director Moore stated that she is not sure what funding Senator Randleman is talking about
- DPI can be very confusing at times

Chairman Walker commented:

- Maybe by the next work session, we will have more information

Commissioner Booth commented:

- Will be meeting with Senator Randleman and Representative Hall on March 31st
- Maybe our representatives will have more information at the 31st meeting

Chairman Walker asked if any commissioner would like to speak regarding what their particular goals are?

Commissioner Jones commented:

- Want to see the County be more competitive with other counties when it comes to positions and salaries
- Would like give employees a COLA this year
- Would like to not have to discuss having a tax increase, but will do whatever it takes to be fiscally secure and responsible for the County
- Feel a little better about the budget this year
- Want to continue with education – do some needed repairs/renovations
- Hope to have a resolution about the former Francisco Elementary School
- Just a few of things

Commissioner Booth commented:

- Think I stated in the very first work session about trying, if possible, to give the employees a COLA – employees did not get a COLA last year
- We need to give a COLA to keep salaries competitive
- Confirmed with Finance Director Julia Edwards that Fiscal Year 2017-18 will be the last year for debt service for GO Bonds for West Stokes High School and Piney Grove Middle School (payment this year will be less than \$1 million)

- Believe this payoff will free up some money that can be used to do needed repairs and renovations to our schools
- Not talking about borrowing money
- Looks like in the near future, we will have additional funding that can be used for repairs/renovations
- Just look at what we have done with the building of new schools in Stokes County, new roofs at some of the schools along with renovations at Lawsonville Elementary
- Just a few comments
- This upcoming year - no tax increase

Vice Chairman Lankford comments:

- Believe I have already shared my goals with Board members, but will be glad to cover them again
 - No tax increase
 - Hope to hold down the insurance premiums
 - Want to continue to pay the full premiums for health, dental, and term life for full-time employees
 - May have to make some benefit adjustments
 - Support a COLA for employees
 - Been looking at debt payments
 - Try to do something to help Animal Control
 - Look at an ordinance to help get control of the animal population in the County
 - Look at a spay/neuter program – look at this very objective
 - Want to have a good animal control program
 - Got to get some type of control with the number of stray dogs across the county

Chairman Walker noted:

- My main objective continues to be responsiveness to the needs and wants of our citizens
- When Commissioner Mendenhall and I campaigned last year, the topics were economic development, jobs, opioid issue, schools, animal control, and EMS
- Referred to the newly formed Citizens Group who is concerned about the opioid issue in Stokes County; in a very short time, the group has over 500 people involved
- Want to see our departments continue to offer quality service
- Very blessed to have a very dedicated staff
- Want to look at revenues and expenditures as usual
- When you talk about no tax increase, you have to look at how that will impact our Fund Balance
- Right now we have a healthy Fund Balance
- Have to decide how much will we dip into the Fund Balance to balance the budget
- Want to be as fair as possible to the schools
- Have been asked several times about how much is the schools going to get
- My answer is always the same – give them as much as we can afford

- In the meantime, we have to be fair to other county needs- have to look at the balance point
- Look at what is reasonable and appropriate for the schools versus what is reasonable and appropriate for the rest of the county

Commissioner Mendenhall commented:

- Many of my comments are the same as other commissioners
- We have to look closely this year at expenditures and revenues
- This may be the best year we have in the next four years
- You never know what is coming your way each year
- Want to echo my fellow commissioners – a COLA for county employees – very important for morale
- Believe when you increase morale, you increase productivity
- Believe the County financially can adopt a budget without raising taxes this upcoming year
- I want to make it clear that I do not want to raise taxes
- I have been asked numerous times during the last month how am I going to treat the school system after serving as a superintendent, a principal, and a teacher
- I came out in the paper last fall before I won this seat and stated that I would be fair and consistent with all departments
- I am no longer a superintendent for the school system, I am a county commissioner
- I will certainly treat the Department of Education fairly
- I have stated that I will not give the school system all the funding and leave other departments out that need funding
- I will never be accused of doing that
- I talked to Dr. Rice on Saturday and I feel he understands that I will be fair to all departments
- Rumors are going around the County about funding to the schools
- Talked to several people at the South Stokes ticket drawing this past weekend
- Went back and reviewed my 5-year priority list for the schools which was prepared during the last year of being superintendent
- Have looked at what has been done since I left the school system
- There is a group coming up to request air conditioning for North and South Stokes High Schools
- Heard they might even ask for Chestnut Grove Middle School, too
- Have to look at priorities
- Have got to take care of the facilities
- I listened to the comments
- County has a great Fund Balance
- Believe we can make good progress without hurting the integrity of our departments
- Believe we can keep our departments in good shape along with moving our County forward
- Believe we can look at economic development without hurting the Fund Balance
- Have to look at new revenues such as Walmart
- Not saying we should go crazy and spend all of our money

- Be careful with spending and know where every penny is going
- Don't want to be in a situation where someone comes up to me about spending and I am not aware of it
- I don't think we will have to raise taxes
- Always have to keep in mind that something crazy could happen between now and the next few months
- I believe we can do a good job this year balancing the budget for the people of Stokes County

Commissioner Jones commented:

- I agree with what Commissioner Mendenhall is saying
- Have to remember that unfunded mandate that we knew nothing about with the school classroom sizes
- Have to remember that interest rates are going up
- Even though with the old debt going off, we still have things that need to be done
- May want to look at borrowing money before the interest rate goes up, think that should be looked at
- I didn't mention economic development
- I can name three major things that have happened this year
 - Opening of The Arts Place
 - Opening of the Community College
 - Opening of the Walmart
- Very concerned about getting too euphoric right now about the high percentage that is in the fund balance (29%) with not knowing what can happen with the classroom sizes
- Potential for 24 new teachers and 12 classrooms – that is very concerning
- Don't want to get too excited about the 29% Fund Balance
- Questioned Manager Morris, “with all things set aside, how he felt about the upcoming budget year?”
- Are we as bad as the train wreck he had used in his presentation a couple of years ago
- I want to be realistic – no tax increase – that is all good but you have to look at everything involved

County Manager Morris responded:

- Did get additional revenue this year that we know we won't get this fiscal year
- Not too confident when you look at the school system who used over \$700,000 to balance their budget and looking at the county allocating \$250,000 to increase their Fund Balance
- The county had to appropriate over a million dollars from our Fund Balance this past year to balance the budget
- I cannot give the funding to the school, but things can start happening
- The school system has a certain set of infrastructure that is in place – it is the same as it was last year

- By reducing their allocation last year, I think it gave us a true baseline of where they are at; this is the best I can tell without trying to manage their budget line item by line item which is not allowable
- It is going to be a pretty big hit for the schools
- The County has needs -- using EMS stretchers that are 12-13 years old
- I am going to give you a realistic budget that I think it takes to run the County efficiently
- It is your choice of whether you fund it or not
- I am not going to play the game of not telling you what you need to hear
- When I was hired, I remember telling the Board that I am going to tell you what you need to hear, not what you want to hear
- I am still in that same mode
- Will be meeting with individual department heads starting next week to discuss their needs
- I am going to give you an honest opinion
- Been doing this about nine (9) years and have a pretty good idea of what it takes to run the county

Commissioner Mendenhall commented:

- My comments about the 29% Fund Balance was pointing out that we did not have to deal with a very low Fund Balance such as 20%
- A 29% Fund Balance is very good, but you still have to be conservative
- When I came up here as Superintendent asking for funding, I remember the Boards talking about wanting to keep a 20% Fund Balance
- There is a big difference between a 20% Fund Balance and a 29% Fund Balance
- Everyone can't get everything they want
- Have to look at how much the budget has increased over last year
- There is a difference between wants, wishes, and needs
- I had something happen at the dinner on Saturday that really bothered me
- One person told me, and this is a rumor, that "we should be in really good shape at the end of this year with the schools because the word is out that Dr. Rice is making comments that he feels he will get all the money he wants from the County"
- I don't know if it is a rumor
- I want everyone to know that education does need to be treated fairly, like all other departments - like law enforcement, DSS, health, etc.
- At this time, we don't know what is going to happen with those potential 24 teaching positions -- that number could go down and it could go up

County Manager Morris commented:

- We have to build in 1% growth in the budget every year before you even get started
- We lost \$2.2 million in Hold Harmless revenue and have done nothing to replace that
- You can't ignore those structural increases

Commissioner Mendenhall commented:

- As County Manager Morris noted, you can't ignore those structural increases

Vice Chairman Lankford commented:

- That is why I support a 25% Fund Balance
- The state average of counties is running about 28% to 29%
- Trying to get the county out of having to use so much Fund Balance to balance the budget each year
- If we don't start making some exceptions and making some things happen in that direction, we will always have to go to the Fund Balance to balance the budget each year
- It has to be considered

Commissioner Jones responded:

- I can't reconcile that thought unless you are going to raise taxes
- We are running lean
- Costs continue to go up
- The revenue is not going to increase unless we get a big business
- I don't want to use the Fund Balance either to balance the budget

Vice Chairman Lankford responded:

- Received additional revenue of \$2,590,000 this year
- We take that plus the norm and we have some extra funding to spend this year
- If we keep a high Fund Balance, you will start not having to go into it
- You will start being in a position that you don't have to go into the Fund Balance at some point in time
- The Hold Harmless revenue has been gone for two (2) years
- It does not fit into the analogy of this budget
- We have to focus on the \$2,590,000 additional revenue
- You have to look at a budget based on your revenue, not based on wants

Commissioner Jones responded:

- I don't recall basing a budget on wants

Vice Chairman Lankford responded:

- We have based a lot on wants

Commissioner Jones responded:

- Like what?

Vice Chairman Lankford responded:

- Not going into details

Commissioner Jones responded:

- Would just like to know

- Have always thought we looked at things as needs, not wants

Vice Chairman Lankford responded:

- We have done wants
- That is not my style
- Can be everybody's style
- I am not going to base my decision on wants
- You stated you wanted to be in a reality world
- You are not in a reality world
- Your responses are not in a reality world

Commissioner Jones responded:

- I think our realities may be different

Chairman Walker asked members to try to stay on topic.

County Manager Morris commented:

- To speak to Commissioner Mendenhall's comments regarding the rumor that the school system would be getting everything they wanted, not sure who told them that, but can assure the Board that it was not me

Commissioner Booth commented:

- Not sure that the school system did not get as much last year as they did the year before
- Understand that we do have additional revenue this year, but we can't budget recurring expenses with that additional revenue
- We have to remember that particular revenue will not be additional revenue next year
- That is why you have to budget more conservative
- Understand where Vice Chairman Lankford is coming from
- You got additional revenue this year, but you automatically have to add a 1% increase each year to the budget
- You have to work without thinking of this additional \$2.5 million – it is not going to be there next year
- You can't allocate more recurrence items unless you know you will have revenue to cover the recurrence items the next year
- You have to work with what you got
- Allocated approximately \$2 million from the Fund Balance last year to balance the budget
- You could possibly take this \$2.5 million to balance the budget without taking all that from Fund Balance each year

Commissioner Jones commented:

- Understand what you are saying
- My point is that you might not have any additional revenue next year, especially not \$2.5 million

Chairman Walker requested Vice Chairman Lankford to share where the additional \$2.5 million revenue came from.

Vice Chairman Lankford noted that Finance Director Edwards had provided the Board with that information at the last meeting.

Commissioner Booth commented:

- Manager Morris was talking about the school system using \$750,000 from their Fund Balance last year
- If we give the school system an additional \$750,000 this year, that is a recurring allocation from now
- If you do it this year, you will have to do it the next year and the next year and the next year and ongoing
- If we don't have the revenues, we have to cut expenses

Chairman Walker commented:

- Have to remember that the school's ADM has dropped over the years
- It is now about 6,100 and falling
- Would like to know what Commissioner Mendenhall, with his educational expertise, thinks about the continuous decrease in the ADM numbers

Commissioner Mendenhall commented:

- It is a big impact
- ADM stands for "average daily membership"
- It is usually based on the first three months of the school year
- When I first became superintendent (2009), we had about 7,500 students
- It has continued to drop each year
- Raleigh projects that it will continue to drop until 2021
- Each student equates to approximately \$8,000
- So you can do the math, every time we lose a student, we lose approximately \$8,000 in funding
- According to Raleigh's projection, we will not start rebounding until 2021 which means we have another three (3) years

County Manager Morris commented:

- Would like to follow up with Commissioner Mendenhall's comments
- The question that I have been trying to get answered for years is how does the ADM drop effect the fixed costs of the school system?

Commissioner Mendenhall responded:

- It is a formula
- We have 19 schools in the county
- For example – each school loses 20 students – total of 380 students being lost

- It may not be enough students lost at each school to impact the loss of teachers at all the schools
- When you lose 380 student, you have to figure the loss of \$8,000 times 380 which is quite a bit of funding
- At the same time, you are not losing enough students to lose teachers
- At times, positions do have to be cut
- There are some positions that are increasing such as health occupations and agriculture which are a very big thing at North Stokes
- At West Stokes, it is technology
- Some years, principals are told that they are losing a position; the principal then has to look at what courses might have to be cut

County Manager Morris responded:

- When Francisco School was closed, that was a clear cut of expenditures
- When you take a school off line, there is definitely a reduction in expenditures

Commissioner Mendenhall responded:

- When Francisco School was closed, the projected enrollment for the upcoming year was 48 students: there was only going to be two teachers – one teaching K-2 and one teaching 3-5
- Each teacher was going to be responsible for three different grade levels
- Understand when you lose students within a particular school, all the fixed costs such as utilities remain the same

Vice Chairman Lankford responded:

- There was an \$800,000 reduction in expenditures when Francisco was closed

Commissioner Booth commented:

- As Dr. Rice has stated, combination classes will take care of some of the discrepancies
- Without the new teachers, there would definitely be more combination classes
- Using combination classes is one way out, it is not that the county has got to jump in there and fund everything – more teachers and more classrooms
- You have to use some common sense and weigh things out

Vice Chairman Lankford commented:

- I think Dr. Rice made a statement Saturday that depending on how things go, there could only be a need for one teacher

Commissioner Booth responded:

- We don't know the outcome of this situation
- We need to wait and see what happens

Chairman Walker commented:

- Would like to know if anyone has any information regarding the tone of the Board of Education going into the budget; are they going to be hard line and push for

everything they can get or is this going to be a year that they are willing to say some things can wait

Commissioner Mendenhall commented:

- Understand the Board of Education had a board meeting last night

County Manager Morris commented;

- Only information that I have received is that the school system has spent \$700,000 from their Fund Balance to balance the budget
- Have been asked if I knew how much the Board of Commissioners would probably allow the school system to keep in their Fund Balance
- That is why I brought the question about the school's Fund Balance up so that I could get some guidance from the Board of Commissioners
- Have not heard any major issues other than the air conditioning at North and South Stokes High Schools

Chairman Walker commented:

- Feel the school system impacted our Fund Balance by \$1.2 million more than it should have been over trying to get high speed internet access in the County
- We do not have the funds to work within our Fund Balance that we would have had if things had worked out differently

Vice Chairman Lankford responded:

- Agree with Chairman Walker, it was a bad decision

Chairman Walker continued:

- Don't really know how the Board of Education's budget will be this year

Commissioner Booth commented:

- One example I can think of is the air conditioning at North and South Stokes High Schools
- Have heard they want to include some more schools other than North and South Stokes High Schools

Chairman Walker commented:

- Confirmed with Manager Morris that the Board of Education would be turning in an updated capital projects needs with their budget this year

Vice Chairman Lankford commented:

- My understanding, I could be wrong, with Francisco Elementary School closing, it reduced the county's expenditures by \$700,000 – all expenditures for that school
- The school system was fortunate to receive approximately \$1.5 million from the federal government under the Obama administration
- Before that additional allocation, the school system's Fund Balance never had a balance of more than \$200,000 to \$300,000 (not during the 20 years I served on that Board)

- Heard a Board of Education member say last year that was their money, it is not
- Every bit of money that is in this county, regardless of where it is, is taxpayers' money – doesn't belong to a certain group of people
- In addressing the school's needs, we are going to have to go on a priority need just like we have done each year

Chairman Walker responded:

- Have had the benefit of having two (2) former superintendents serve on the Board of County Commissioners
- Didn't see from the first one, a really overzealous attempt to get more for the schools
- That commissioner took the same approach as Commissioner Mendenhall has taken – be reasonable and fair
- Encouraged to see Commissioner Mendenhall with a vast amount of experience taking the same direction – not being too tight – being fair
- Know Manager Morris has been meeting with Dr. Rice, would ask the manager to let the Board know if any new information is available about the schools' budget

County Manager Morris commented:

- Would like to know if the air conditioning for the high schools is a safety issue or just a want
- Don't quite understand why some high schools got air conditioning and some did not

Vice Chairman Lankford responded:

- I can answer that
- When North and South Stokes High Schools were built in 1964, there wasn't such a thing as air conditioning in schools
- When West Stokes High School and Piney Grove Middle School were built, along with the renovations to Southeastern Middle Schools, air conditioning was put in the design for the gyms
- Have went 52 years without air conditioning in the schools' gyms
- Now, just because a few people are saying we need air conditioning in the gyms, I don't know that it is a priority

Commissioner Jones commented:

- Constructions of schools are totally different now
- There is no air ventilation in the new schools being built

Commissioner Mendenhall commented:

- Surry County Schools did not have air conditioning in their gyms until about four (4) years ago
- Surry County did a bond referendum and the high schools in Surry County (did not include city schools such as Mount Airy) got air conditioning in their gyms
- People are asking why one high school has air and the other high schools do not have air - there is still school rivalry within the County
- Parents question why there is no air especially when having just watched a game in the gym and it is 95 degrees in the gym

Vice Chairman Lankford commented:

- Feel strongly, was part of the decision making at that time, that it would have been questionable whether West Stokes and Piney Grove got air if the state bond referendum had not passed; Stokes County got \$9 million from the bond referendum that was passed
- If we had not gotten the \$9 million from the bond referendum, I can just about assure you that neither West Stokes or Piney Grove would have gotten air conditioning
- That is my opinion

Chairman Walker commented:

- Confirmed with Commissioner Mendenhall that the school has estimated approximately \$400,000 to put air conditioning in both gyms

Vice Chairman Lankford commented:

- Wonder if the school system has looked at putting in a cooling system in the gyms instead of air conditioning
- Know that has been done in factories
- People now do not look at other options, they concentrate on one particular thing

Commissioner Booth commented:

- Need to look at priorities – have to look at school roofs
- Better get leaking roofs repaired before starting other projects
- Both schools have done without air conditioning in the gyms for 52 years

Commissioner Mendenhall commented:

- Noted priorities that were listed in the Board of Education's Capital Project Five-Year Plan (year 3 out of 5):
 1. Emergencies = \$50,000
 2. Replace 1978 roof at Mount Olive Elementary School = \$710,000
 3. Replace and repair awning at Mount Olive = \$10,000
 4. New construction renovation at Sandy Ridge = \$3,696,000
 5. Air conditioning the gyms at North and South High Schools = \$400,000

Chairman Walker received concurrence from the Board of Commissioners for a joint meeting with the Board of Education during the budget work sessions.

Chairman Walker opened the floor for any item that the Board would like to discuss.

Chairman Walker commented:

- Still a few things to discuss such as the fire tax increase for Fiscal Year 2017-18

Clerk to the Board Darlene Bullins responded:

- As requested, pulled the motion from the minutes when the first ½ cent fire tax increase was approved
- The motion approved ½ cent fire tax increase for Fiscal Year 2015-16 and ½ cent fire tax increase for the next two (2) budget years

Chairman Walker responded:

- Appreciate the information, Board can have further discussion if needed on the fire tax increase for this upcoming year
- One thought that came to mind when Manager Morris brought up the loss of Hold Harmless revenue - we have been planning for years for the time those funds were not available any more
- Long term, will there always be a Fund Balance to draw from – probably not
- Have to keep in mind what impacts could other revenue sources have on next year's budget and future budgets
- Might have to deal with the tax rate in the future

Commissioner Booth commented:

- We know that we lost Hold Harmless Revenue more than two (2) years ago
- Blessed with the new sales distribution
- Confirmed with Finance Director Edwards that the County budgeted \$1.2 million this year for the new sales tax allocation; however, the new sales tax distribution is coming in at about \$1.5 million
- Have to also consider the revenue from the new Walmart in King that just recently opened

Chairman Walker continued:

- Another issue to consider is a Cost of Living Adjustment (COLA) for the employees for Fiscal Year 2017-18
- Will have to decide at some point if that can be incorporated into the budget

Commissioner Booth commented:

- Normal cost for a 2% COLA is approximately \$350,000
- Employees that I talk to appreciate the longevity they receive on their anniversary date – it is something that they look forward to
- Employees did not receive a COLA last year

Chairman Walker opened the floor for discussion regarding the COLA.

Commissioner Jones commented:

- All for it – they did not get a COLA last year
- Thinking 2% like Commissioner Booth mentioned

Chairman Walker commented:

- Sounds like the manager has some direction from this Board regarding a cost of living increase for employees

Chairman Walker opened the floor for discussion regarding the upcoming budget.

Vice Chairman Lankford commented:

- Understand that the state has funding in their budget for broadband
- Confirmed with Manager Morris that he was unaware of state funding and the county had not filed any application to date

Commissioner Booth commented:

- Received \$250,000 last year from the state for broadband expansion
- Need any available monies we can secure

Vice Chairman Lankford noted that he would like to see the County pursue any grant funding for expansion of broadband from the Legislature.

Commissioner Booth commented:

- Would like an update regarding where RiverStreet currently is

County Manager Morris responded:

- RiverStreet is currently in the process of finishing up the backbone
- Have been trying to get all the approvals, paperwork done so that they can start serving the public
- Will be connecting people very soon

Commissioner Booth commented:

- Confirmed with Manager Morris that once the backbone is turned on, RiverStreet will be working to sign up new customers along the backbone route
- Confirmed with Manager Morris that RiverStreet hopes to turn the system on around June 1, 2017
- Confirmed with Manager Morris that if RiverStreet had gotten the schools' bid, it would have been a totally different project – more investment – faster installation
- Confirmed with Manager Morris that the County has allocated \$1.8 million which is still only 20% of the project
- Confirmed with Manager Morris that RiverStreet has already invested \$3 million in this project
- Definitely want to see the project moving forward

County Manager Morris commented:

- Understand that once the system is turned on, there will be a crew in Stokes County daily for issues, signing people up, and installation

Commissioner Mendenhall commented:

- Confirmed with Manager Morris that all the department heads have turned in their budget and that he will be meeting with department heads during the next two (2) weeks

Commissioner Booth commented:

- Confirmed with Manager Morris that he passes on the Board's direction to department heads

County Manager Morris responded:

- I don't put a budget constraint on them, I just want to know what their needs are
- I will constrain their requests based on direction from the Board
- I want department heads to tell me what they need not tell me what they think I want to hear

Chairman Walker commented:

- Questioned County Manager Morris what was his understanding where he was regarding direction received from this Board

County Manager Morris responded:

- Believe all my questions have been answered and I understand the direction from the Board regarding certain items

Chairman Walker commented:

- Confirmed with Manager Morris that he had not found any expenditures that could be cut this year so far, but just really getting started with the budget process

County Manager Morris commented:

- Budgets are lean
- Not getting back many dollars during the quarterly reviews

Commissioner Booth commented:

- When I came on the Board which was about the same time as Manager Morris came on, the County went through two (2) hiring freezes
- Confirmed with Manager Morris that there is no longer a hiring freeze and that those went away with the adoption of the budget each year

Commissioner Jones commented:

- Would like to know what services beyond statutory could be cut

County Manager Morris commented:

- Not much at all
- Greenbox sites, economic development, arts council just to mention a few
- The core issue or the root cause of 90% of our problems is personnel turnover
- Told the Board in 2006, my first budget, that turnover was the number one problem
- Currently have about 20% turnover rate
- The most inefficient way to run anything that I have ever seen
- Need to google the cost of turnover – very costly
- Been doing this for the last 7-8 years and turnover is constantly a problem

Vice Chairman Lankford responded:

- Been doing this for the past thirty (30) years and turnover in the county is always an issue
- We live in a realistic world – it happens
- You have approximately 46,000 citizens (have lost about 1,000 people) and only about half of those people are paying the taxes with the rest living off whatever they can (some services from the county)
- We can't compare with the surrounding counties other than maybe a little with Yadkin
- We can't even begin to compete with Forsyth County
- Tell me how we can compete with Forsyth County if someone thinks we can

County Manager Morris responded:

- We are all about cost and reducing cost around here
- Turnover costs a lot of money
- If you don't do things to prevent it, you spend extra money and you lose more in the long run
- People have different ideas on how to prevent turnover

Commissioner Lankford commented:

- You can't prevent it
- You have to realize it would cost a lot of money, that is just how it is
- We live in a realistic world

Chairman Walker commented:

- Forsyth County is having a turnover problem with people leaving Forsyth County to go to work in Rockingham County
- Bidding war between Guilford and Forsyth Counties for certain positions
- Confirmed with Clerk Bullins she had seen 6 new employees within the past two week
- Would like to know where the most turnover is occurring – can be brought back to the next meeting

County Manager Morris commented:

- Everyone wants the government to be run like a business
- See how long it stays in business with a 20% turnover rate

Chairman Walker opened the floor for further discussion.

Vice Chairman Lankford commented:

- For some unknown reason, I have not got what the County Manager said about the hiring freeze
- We have done nothing to remove the hiring freeze

County Manager Morris responded:

- We have had two (2) hiring freezes since I have been back

- Both hiring freezes expired when the budgets were approved each year

Vice Chairman Lankford responded:

- I have not heard that

Chairman Walker requested Clerk Bullins to research the minutes to determine if there was any documentation about the hiring freeze for the next meeting.

Commissioner Mendenhall commented:

- Anxious to see, as we move forward, where we will wind up
- Very interested in keeping the Fund Balance high
- Know for a fact, if you keep using your Fund Balance, eventually it will get you in trouble

Chairman Walker commented:

- Spending more than what is coming in always gets you in trouble

Commissioner Booth commented:

- I can't remember since I have been on this Board that we did not have to use the Fund Balance to balance the budget
- Have to remember we have some new revenues – sales taxes, Walmart
- Seems even when the Fund Balance got a little down, it came back up

Commissioner Mendenhall commented:

- Talked in a positive form earlier in the meeting and was told not to be too euphoric
- Bringing myself down a little, agree with Commissioner Booth regarding the new revenues – sales taxes, Walmart

Commissioner Booth commented:

- One thing to keep in mind, even though we may appropriate \$1.5 million from Fund Balance to balance the budget, we have not used all that

Chairman Walker requested more explanation about the additional revenue this year from the reimbursement of the Qualified Zoned Academy Bonds (QZAB).

County Manager Morris commented:

- The federal government held the payment owed to the county – this is not extra revenue, this is the amount of funding owed to the County
- One thing to keep in mind – it could be reversed, if they don't pay on time, it could impact our Fund Balance

Chairman Walker requested County Manager Morris to reflect on last year's budget (FY 2016-17) – expectations that were met and those not met – recap of the fiscal year budget.

County Manager Morris responded:

- Would be hard to answer without researching the question
- Will be happy to have this at the next budget work session

Chairman Walker requested that commissioners come prepared for the following:

- Where, if any, we need to do better
- Where you think we are doing fine
- What we need to do different for the upcoming year, if anything

Commissioner Booth commented:

- Confirmed with Finance Director Edwards that the SRO Officers were reimbursed from the Board of Education
- Confirmed with Finance Director Edwards that there is only one SRO Officer for the elementary schools
- Thought there was an issue where the Board of Commissioners was asked to pay for an SRO Officer
- Would like to know exactly who pays for the SRO Officers and where they are stationed

Chairman Walker commented:

- Would like to know how surrounding counties pay the commissioners for outside meetings
- Vice Chairman Lankford had suggested possibly going to a flat rate for outside meetings instead of keeping up with them separately
- Requested the Clerk to provide the Board that information at the next work session

Finance Director Edwards commented:

- Just to clear up the question brought up by Commissioner Booth
- There is a grant of \$84,000 that the school system gets for SRO Officers
- Sheriff's Department uses part time officers for this grant for the middle schools
- Grant will continue next year
- This is separate from the other full time SRO Officers that are reimbursed by the school system
- It was mentioned last year that the school system may not get the grant, but did finally get confirmation that they would get the \$84,000 grant

Adjournment

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

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

Darlene M. Bullins
Clerk to the Board

Jimmy Walker
Chairman