

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
FRIDAY MARCH 16, 2018**

The Board of Commissioners of the County of Stokes, State of North Carolina, met For Budget/Goals Work Session in the Third Floor Conference of the Ronald Wilson Reagan Building (Administration Building) located in Danbury, North Carolina on Friday, March 16, 2018 at 4:00 pm with the following members present:

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

County Personnel in Attendance:
County Manager Jake M. Oakley
Clerk to the Board Shannon Shaver
Finance Director Julia Edwards

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

INVOCATION

Commissioner Jones delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

Chairman Mendenhall invited those in attendance to join the Board in the Pledge of Allegiance.

GENERAL GOVERNMENT – GOVERNING BODY – APPROVAL OF AGENDA

Chairman Mendenhall entertained a motion to approve or amend the March 16th Agenda.

Commissioner Booth moved to approve the March 16th Agenda as presented.

Commissioner Jones seconded the motion.

Chairman Mendenhall opened the floor for discussion.

With no discussion, the motion carried unanimously.

Goals/Budget Work Session – Open Discussion

Chairman Mendenhall asked Interim County Manager Oakley for a recap from the last meeting and to continue with any Budget questions.

Interim County Manager Oakley commented:

- I would like to hit a few of the key points from the last meeting
- We talked a lot at the last meeting about Economic Growth
- Fund Balance
- COLA
- Maintenance and Repair of County Buildings
- School System Funding
- Animal Shelter
- Recreation Facility
- Capital Projects
- LifeBrite and maintaining Emergency Room
- Possibility of Urgent Care Center at the Pine Hall site
- School Security
- We left off at the last meeting discussing EMS. I would rather not spend a lot of time on this today and use this time to get some guidance on other issues.
- We can provide what it would cost to go to 24/72 shifts and true time and a half.
- I would like to have a clear idea what you want the fund balance to stay at.
- COLA for employees and the percentage?
- Capital projects and debt service.
- This is the last year of payments to RiverStreet.
- If you do not want to make any changes I can probably provide a balanced budget.
- The fund balance is at 33.50%
- How many like size counties would like to be in that situation?
- I commend this Board for this.

Finance Director Julia Edwards commented:

- We will pay the interim loan for the jail expansion once a year.
- We talked about the debt service at the last meeting and I was asked to get an estimate of the payment.
- It will be about a \$150,000.00 per year.
- That is not on the handout for debt service.

- I didn't have it at the time I was doing this.
- This is the amount until the jail is finished.
- Once it is finished the payment will be around \$350,000.00 for 40 years.
- We can pay it off earlier without any penalty.
- It is just like the loan for the schools.
- Our total debt is over 48 million dollars not including the jail expansion loan of 6 million dollars.

Interim County Manager Oakley commented:

- After speaking with the school, they are going to be requesting the \$800,000.00 from sales tax that had previously been assigned to payments, to build their fund balance back up.

Vice Chairman Walker commented:

- When we were informed that their fund balance was gone and we funded all their projects at the full amount, we left it at if they had other projects to come up they could come back to the Board.
- I believe we had discussed this previously.
- This would be in there for projects as needed for schools.
- We have a pretty good amount coming off with the schools this year.

Commissioner Booth commented:

- The \$800,000.00 does not have to go in their fund balance along with the \$1.5 million they requested last year.
- You never want to pull the balance to \$5,000.00.
- There could be an emergency.
- If we as a County allocated money for a project before we had a quote that would not work.
- We always get 3 bids and go with the lowest one.
- If you have a fund balance in the school, what can it be used for?

Chairman Mendenhall responded:

- It can be used for any school projects.
- In the past some projects have been traded for other more pressing matters.
- For instance they decided to put the A/C in at North Stokes and South Stokes in place of the roof at Mt. Olive.
- Statutorily they can use the money as they see fit for capital improvements.
- They are going to spend the money they are given to improve the schools.

Vice Chairman Walker commented:

- Can we put a certain amount in and then ask for a bid for projects?
- There is no money being wasted.
- It is being used on good projects.

Commissioner Lankford commented:

- They prioritize the things that need to be done, like asphalt, roofs, etc..
- Then they get a list from all the principals.

Commissioner Ronda Jones commented:

- I believe we had a conversation that once this debt service was paid off we could do more capital projects.
- We gave them the impression that this is how that would work.

Commissioner Booth commented:

- We said when this comes off we can give more.
- It is up to the Board on what we give.
- We never have their Budget until after we have the joint meeting.
- We gave a 26% increase to their budget which is unheard of.
- We gave our county departments 5 to 6%.
- It cannot keep going up.
- We have the capital fund and are in control of the amount designated.

Vice Chairman Walker commented:

- I would like to ask Julia for her recommendation on an amount to put in the fund balance if they have an emergency.
- Whatever they ask for has to be in balance with the county.
- We do not have enough money to fund all the capital needs for the county so we cannot fund all of the capital needs for the schools.

Chairman Mendenhall commented:

- We came up with the five year plan with Mt. Olive roof as the primary project.
- If you can remember I questioned Dr. Rice about why this was pushed out for the A/C at North and South.
- He stated that the roof could wait another year.
- The A/C really needed to be taken care of.
- They will be asking for some major things in this budget.
- Do not underestimate this; there are some schools that need some work.
- I have walked the halls at Sandy Ridge and Pine Hall and those are two of the schools I am sure we will see on the list.

Commissioner Lankford commented:

- One of the things they are going to have to consider is if they keep losing enrollment they may have to consider closing schools.
- I do not want this to happen.

Commissioner Booth commented:

- Just seven years ago, the enrollment was way up.
- They were overcrowded and using mobile units.
- It seems as soon as we build the enrollment has dropped.

Chairman Mendenhall commented:

- I hate to see the enrollment down.
- We have more home schooling and people sending their kids to places like the Charter School in Mt. Airy.
- I do not really see this getting better in the next year.

Commissioner Lankford commented:

- I was in an insurance pool meeting earlier this week.
- They were saying they want the Senate to push a state bond for the schools.
- If that were to happen we would have some more capital outlay.
- He was saying we need to talk with our Senators about the bond referendum to be on this fall's ballot.

Commissioner Booth commented:

- I would love to be able to do every capital project for the schools.
- We pulled \$1.2 million dollars out of our fund to go towards that roof.

Chairman Mendenhall commented:

- Has the school system called and said they have absolutely no money in their fund balance?

Finance Director Julia Edwards responded:

- I called them and asked about the balance.
- You had previously wanted them to keep \$250,000.00 in that account.
- This is different than the capital outlay.

Vice Chairman Walker commented:

- What is the issue that we are really dealing with here?
- What are we trying to get to?

Interim County Manager Oakley commented:

- I am making you aware of what will be asked for concerning the \$800,000.00.

Commissioner Booth commented:

- We cannot do a budget wondering what we are going to spend.
- The school is not figured in on our 2% natural growth.
- Just like with the County Departments there will be things you have to cut.

Chairman Mendenhall asks the Board to answer the BOCC Budget Guidance Questions posed by Interim County Manager Oakley.

1. What is the minimal acceptable fund balance?

Commissioner Jones commented:

- 20% is great 25% is better. You need a buffer there. 25% is a feel good number.

Chairman Mendenhall commented:

- I do not want to see it go below 25%.

Vice Chairman Walker commented:

- I don't want to give a number.
- What would we use it for?
- Just because there is money there does not mean it has to be spent.

Chairman Mendenhall noted that this must be justified by the Board.

2. Tax Increase?

Chairman Mendenhall commented:

- We have 4 that are saying for sure no to a tax increase.

Commissioner Jones commented:

- I certainly do not want a tax increase.
- I just need to see the big picture as we go down the road.

Chairman Mendenhall noted 4 no, 1 if needed voted by the Board.

3. Will a fire tax be considered if recommended by the Fire Commission?

Chairman Mendenhall noted that all Board members voted no to this unanimously.

4. Is the County willing to increase user fees for services provided?

Chairman Mendenhall noted that the Board members voted no this unanimously.

5. What cuts in services to our citizens at the current level of services in our county departments would we be willing to make?

Vice Chairman Walker commented:

- I rely heavily on input from our County Manager and would not want to give an answer until he has reviewed and made a recommendation.

Commissioner Booth commented:

- I do not think we need to cut anything from our current level of services.

Chairman Mendenhall noted that the next question is regarding the Board of Education and this has been thoroughly discussed already.

6. Will the County continue the current benefits for the County employees?

Chairman Mendenhall noted with consensus of the Board 5-0 approval in keeping County benefits at the same level.

7. What level of capital expenditures will be considered by the County from the School Systems 5 year Capital Plan request?

Chairman Mendenhall noted that the Board has requested for County Manager Oakley to make a recommendation on the amount after seeing the balance.

8. Is the County willing to cut or eliminate funding to outside agencies that have been historically funded?

Chairman Mendenhall noted that no Board members are interested in cutting funding to outside agencies.

9. Is the County willing to increase salaries to reduce turnover?

Chairman Mendenhall noted that all Board members are in favor of a salary increase for county employees if it is possible in the budget.

Commissioner Booth commented:

- The one thing the county employees really like is the longevity.
- They get 1% every year.

Vice Chairman Walker commented:

- You can keep your longevity but I am still a fan of merit.
- If one person is doing all their work and part of someone else's and getting nothing for it and that is not fair.
- You get evaluations and pay increases based on that.
- I have heard the schools are looking more on a merit based pay.

Commissioner Lankford commented:

- You could not make it fair.
- Someone might favor someone more than another.

Chairman Mendenhall commented:

- I will have to disagree with you on this one.
- If someone is friends with someone who is not doing the quality of work that they should be doing they could still give this person a merit raise over someone who really deserves it.

Commissioner Booth commented:

- While we are on the salary subject, I say we do not do the salary study and give at least a 2% and possibly more if we are able COLA to all employees.

Commissioner Jones commented:

- I think we need the salary study to get a base line.
- It has been a long time since we had one.
- I am willing to do an increase to reduce the high turnover rate that is costing us a fortune.

Vice Chairman Walker commented:

- A good salary study can be a positive thing.
- It can also get us in a predicament.
- I would like to see us be fair in salaries.
- We cannot compete with other counties around us.
- Would like to create a place that people like to work and feel appreciated.
- I would like to see what our County Manager thinks.
- After he looks at all the parts of the budget.

10. Is the County willing to add additional debt beyond the jail expansion and school system?

Chairman Mendenhall noted that all Board members are willing to consider requests and if justified take on additional debt.

11. Is the County willing to go into capital reserve?

Chairman Mendenhall noted that all Board members are willing to go into capital reserve if necessary.

Commissioner Lankford commented:

- As far as workers comp, property, and limited liability there will not be an increase.
- I found this out at the meeting and wanted to share with the Board.

Finance Director Julia Edwards commented:

- I have provided some answers to questions asked at the last meeting.
- Commissioner Lankford had asked that we do away with grades 53 through 57.
- After looking at it, I am asking that we keep grade 57.
- This prevents having to shift other grades as well.

Adjournment

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

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

Shannon Shaver
Clerk to the Board

Ronnie Mendenhall
Chairman