

**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 JUNE 22, 2018**

The Board of Commissioners of the County of Stokes, State of North Carolina, met for Budget Work Session in the Third Floor Conference of the Ronald Wilson Reagan Building (Administration Building) located in Danbury, North Carolina on Friday, June 22, 2018 at 3:00 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
Finance Director Julia Edwards

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

INVOCATION

Commissioner Booth 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 June 22th Agenda.

Commissioner Jones moved to approve the June 22th Agenda as presented.

Commissioner Lankford seconded.

Chairman Mendenhall opened the floor for discussion.

With no discussion, the motion carried unanimously.

FISCAL YEAR 2018-19 BUDGET

Chairman Mendenhall noted that the Board would have a chance for discussion on any of the items before the vote.

Tax Increase

Chairman Mendenhall opened the floor for any discussion/questions/comments.

With no further discussion, and full consensus of the Board, the Board unanimously voted against a tax increase in the 2018-19 Budget.

New Tax Rate

Chairman Mendenhall noted that this new tax rate proposed by Interim County Manager Oakley would divide the tax rate of .62 into a 31/31 split between School Current Expense and General County Fund from the Ad Valorem taxes.

Chairman Mendenhall opened the floor for any discussion/questions/comments.

Vice Chairman Walker commented:

- We are spending just shy of 70 million on schools.
- Our ADM has been reduced by around 25% over the last couple of years.
- We have let it go the last couple of years.
- We cannot continue to give the school this kind of increase every year.

Commissioner Booth commented:

- I don't know if this is a good thing or not.
- If it stays like this is fine.
- I am afraid it will eventually get raised on the school side.
- It would leave the other at 31 and raise the school side up and it could get out of proportion.
- Right now we have control over the .62 cent tax.
- Once it is split the School Board will think this is theirs.
- I am afraid the County Commissioners will lose control of this.

Commissioner Lankford commented:

- I think the idea from the County Manager is that this number will be put on the tax bills.
- It will create a transparent situation where the taxpayers will see that the schools are getting 50% of the Ad Valorem taxes.

- The general public will like to see where the money is going.
- People do not realize the amount that is going into the school system.
- I understand what Commissioner Booth is saying but the Commissioners still decide how the rate is split.
- That is why for this year in this budget, I can support this.

Vice Chairman Walker commented:

- I agree with Commissioner Lankford.
- I understand what Commissioner Booth is saying.
- We retain the authority.
- The funds are under the control of the Board of Commissioners.
- I hope whatever Board is here in the future can make the right decision for the future situations.

Commissioner Jones commented:

- The public needs to be educated.
- The only thing they look at is their tax bill.
- I believe the 31/31 is a great idea.
- It is transparent as it can get.
- We have historically given them 50%.
- It is not a new revelation.
- I see it as a fluid mechanism that will change from year to year if needed.
- It is just saying that this year, this is what has occurred.
- Maybe next year will be 50/50 again.
- We will also tack on that 4 cent for the capital.
- They will know that they are getting the lion's share of the money when it comes to this county.
- I'd like people to understand the school has a 70 million dollar budget while the county has a 38 million dollar budget.
- We are not locked in to anything.
- We are in good shape.

Chairman Mendenhall commented:

- I am in agreement with Commissioner Lankford, Jones, and Walker.
- It will make everything more transparent.
- Will hold the School Board more accountable.
- It can be a year to year thing that we can change.

Commissioner Booth commented:

- This is just something on the tax rate.
- The statement was made that we usually give 50%.
- I do not believe that we did that until the last couple of years.

Commissioner Jones responded:

- It has always been close.

- Back 7 or 8 years ago when I was doing presentations in the schools, I did the math on it, and we were pretty close to 50% back then.
- We actually give more per capita than the state.

Commissioner Booth continued:

- As long as it is just on there for transparency.
- I am just not sure it is worded that way.

Finance Director Julia Edwards responded:

- In the ordinance it will be worded that our tax rate is .62, with .31 going to School Capital, and .31 going to General County.
- This is set up as just a sub fund of general fund.
- There is no voted school district tax.
- This is not voted by the people.
- It can be changed back.

With no further discussion and full consensus of the Board, the Board unanimously voted to approve the new tax rate.

4 Cent Fund

Chairman Mendenhall noted that Interim County Manager made a recommendation that the 4 cent fund be changed to a dedicated fund.

Chairman Mendenhall turned the floor over to Interim County Manager Oakley.

Interim County Manager Oakley commented:

- My recommendation to the Board is that the name be changed.
- This way it does not look like two separate education funds.
- It would be called the Dedicated Fund/Capital Debt Service which is what it actually is.
- By changing this it could be appropriated for capital projects with the schools, and the county.

Commissioner Lankford commented:

- This is a great idea.
- I support it fully.
- It will provide clarification on what the fund can be used for.
- There is no misunderstanding.

Vice Chairman Walker commented:

- How is this different from what is in place now?

Interim County Manager Oakley responded:

- Currently you have debt service and some operating expense.
- This includes the early college and Poplar Springs.

- The Board does have the authority to utilize this fund for any schools in the county.
- This is for capital projects only.
- It opens it up to the County.
- Utilizing this fund as a capital project fund.

Vice Chairman Walker continued:

- Not ready to push the button on this one yet.
- I would like to speak with Andrew and maybe even Doug Carter.
- I would like to see the exact wording of the fund and how it reads.
- I do remember that there didn't seem to be anything to keep the Board from utilizing this fund for other projects.
- Not sure I want to participate in a conversation regarding this fund and anything other than to do with schools.
- Would actually be more comfortable with the operating expenses for Poplar Springs and the early college not being in this fund.
- We do not treat other schools this way.
- Always want to be able to look the public in the eye.
- Will never use any funds for anything other than what we told the people of the county we would do.

Finance Director Julia Edwards responded:

- When I spoke to Andrew recently he did not see any problem with this.
- It seemed like a good thing to him.

Commissioner Jones commented:

- The initial purpose was for that.
- It does not mean that it is written in stone that we have to treat that fund like that forever.
- The exception is the part with the lottery money.
- We had to do this to cover the model and the debauchery with the lottery.

Commissioner Booth commented:

- A grand total of 40 million dollars' worth of schools that we did.
- The reason this fund is built up some is because of the delay of some of the projects.
- It sounds like we want to change this to use it for county and school.
- We have 19 more years left to pay on the college.
- I don't know if now the time to do this is.
- We have a fund balance that will be at around 25% even after the budget.

Interim County Manager Oakley responded:

- It is adding the counties capital projects and reducing the debt.
- The Board would have to approve it.

Commissioner Lankford commented:

- I am ok with leaving it with the schools.

- Want the interpretation to go back to what our county manager said earlier with capital projects and reducing the debt.

Chairman Mendenhall noted that 3 members are not on Board with changing the 4 cent fund. The fund will remain the New School/F-Tech Fund.

New Positions

Jailers – 2 added July 1, 2018
2 added October 1, 2018
2 added December 1, 2018

Chairman Mendenhall opened the floor for any discussion/comments/questions.

With no discussion and full consensus of the Board, the Board unanimously voted to approve the new jailer positions to accommodate the jail expansion.

Equipment

6 vehicles – Sheriff's Department

Chairman Mendenhall opened the floor for any discussion/comments/questions.

Vice Chairman Walker commented:

- Had a brief conversation with the Sheriff.
- Asked what would be optimum for him at this time.
- He stated he would really like to have 4 cars and 2 SUV's.
- The reasoning for the SUV's is to get more experience with them to see if they are a viable option for our county.

Commissioner Lankford commented:

- Spoke with the Sheriff also.
- Stated he was ok with the cars.
- That is where I am staying on this.
- I am not going with any mixture of things.

Vice Chairman Walker continued:

- He did say that.
- Stated he could go with whatever we went with.
- Just that for the reasoning I mentioned before, he would like to have the SUV's.
- I have and continue to put a high value on what the Sheriff asks for.
- If he says he needs something, I tend to go with what he says.

Commissioner Booth commented:

- Can go with the 6 cars.

- They cost less and are better on gas.
- I have not spoken with him.
- I am hearing it is ok with him.
- They may change their mind on the cruisers and we may be able to get them again.
- May decide to go with a different car.
- The Sheriff's Department has SUV's now.

Commissioner Jones commented:

- Spoke with him and he was ok with whatever we decided.
- It may cost us in the end when these are discontinued.
- Will say there are not many small cars on the road anymore.
- These larger vehicles do give them a larger presence, than a small sedan.
- He is compromising by saying 4 cruisers and 2 SUV's.

Chairman Mendenhall commented:

- Spoke with him as well.
- His preference was 4 and 2.
- He would go with 6 or whatever the Board decided.

Chairman Mendenhall polls the Board on the vehicles for the Sheriff's Department.

Chairman Mendenhall – 4 cars, 2 SUV's

Commissioner Jones – 4 cars, 2 SUV's

Vice Chairman Walker – 4 cars, 2 SUV's

Commissioner Booth – 3 cars, 3 SUV's

Commissioner Lankford – 6 cars

With a 3-2 vote the Board votes to purchase 4 cars and 2 SUV's for the Sheriff's Department.

1 Remount – Existing Ambulance

Chairman Mendenhall opened the floor for any discussion/comments/questions.

With no further discussion and full consensus of the Board, the Board unanimously voted to approve the ambulance remount.

2 vehicles – DSS

Chairman Mendenhall opened the floor for any discussion/comments/questions.

With no further discussion and full consensus of the Board, the Board unanimously voted to approve the purchase of 2 vehicles for DSS.

Reclassifications

Chairman Mendenhall opened the floor for any discussion/comments/questions.

Commissioner Jones commented:

- I believe in being pragmatic.
- Anything we can do to close the gap.
- I am all for it.
- I like the 4 percent.
- If we can reclassify and catch up a little bit I am good with that.

Vice Chairman Walker commented:

- I chose not to discuss this at this time.
- I try to be fair across the board to our employees and our citizens.

Chairman Mendenhall commented:

- You do understand that these are included in the final budget.

Vice Chairman Walker continued:

- I realize that.
- I still maintain my original position.

Commissioner Lankford commented:

- I am not for any reclassifications.
- If we do a complete grade increase.
- That is the reclassification.

Commissioner Jones commented:

- I believe that is what we are saying.

Commissioner Booth commented:

- This is different from the COLA.
- This is reclassifications, not the grade increase for all employees.
- Some of them are 4 grades more than now.

Finance Director Julia Edwards commented:

- There is a list in the back of your book.
- One has been removed.
- It will cost 67,000.00.
- This includes doing away with the lowest grades.

Chairman Mendenhall commented:

- It sounds like we have 2 who are voting no.
- Commissioner Walker is refusing to discuss it.
- There is really no reason to discuss it any further.
- 3 and 2 is 5 the best way I can add it up.

Commissioner Booth commented:

- If we are doing a grade increase that is a step up.
- We either do them all or none at all.
- If we do them we maybe even add some.

Chairman Mendenhall commented:

- Understand what you are saying.
- Think we are good to keep moving.

With no further discussion the Board votes 3-2 against the reclassifications.

The removal of grades 53-56 approved by the Board.

COLA/ Grade Increase

Chairman Mendenhall opened the floor for any discussion/comments/questions.

Commissioner Booth commented:

- It is a grade increase which I like a 5 percent increase including the 1 percent longevity.
- My recommendation is 1 grade increase.

Commissioner Lankford commented:

- I am in agreement with a grade increase.

Vice Chairman Walker commented:

- I am not in favor of using this approach.
- I do not agree with doing this across the board.
- When you have some employees who are going above and beyond and some who are not.
- It is not fair to give the same across the board when some are overworked and doing more than their job requires, and others are not.
- Not going to say a lot about it at this time.

Commissioner Jones commented:

- I like it.
- Gives us a little more negotiation tool.
- Closes the gap between us and other counties.
- I agree with what Commissioner Walker is saying but we still have not figured out how to do a merit based approach.

- I am good with the grade increase.

Chairman Mendenhall commented:

- I am good with the grade increase.
- Looked back at our budget message dated May 29th.
- Today is June 22nd which has given us time to get out and talk to people.
- I get out and talk to people and am not hearing anything negative.

Vice Chairman Walker commented:

- I worked for a company for many years that gave merit based raises.
- I received evaluations and my raise was based on this.

Finance Director Julia Edwards commented:

- The new rate will begin on July 14th which is the beginning of the new pay period if approved.

With no further discussion the Board votes 4-1 to approve the COLA/grade increase for all county employees.

Contingency Fund

Chairman Mendenhall opened the floor for any discussion/comments/questions.

Chairman Mendenhall asked Finance Director Julia Edwards for clarification regarding the contingency fund.

Finance Director Julia Edwards commented:

- \$300,000.00 in contingency.
- Includes \$125,000.00 for Emergencies, \$125,000.00 for leave, and \$50,000.00 for the unfunded physician extender for the Health Department.
- Lowered the fuel cost contingency to \$25,000.00.

School Current Expense

Chairman Mendenhall noted the recommendation of our Interim County Manager is \$12,145,559.00 for School Capital Expense.

Chairman Mendenhall opened the floor for any discussion/comments/questions.

Commissioner Lankford commented:

- I am ok with the Interim County Manager's recommendation.

Commissioner Jones commented:

- The recommendation is good.
- Have literally talked this to death.

Vice Chairman Walker commented:

- I am not comfortable with this.
- Not had the time to really research and know what is happening.
- Not sure what to do here besides say I am not comfortable with this and these increases cannot continue.
- It is over a 10% increase.

Commissioner Booth commented:

- We were ok at passing it last year at 12%.
- I agree we cannot continue like this.

Vice Chairman Walker commented:

- I was looking at it last year as a catch up year.
- We had a good year and felt we could give a little more to make up for some times that we could not give as much.

Commissioner Booth continued:

- We have heard about supplements for 8 years.
- With this kind of increase I would like to see that the supplement happens.
- Not sure how we can follow up on that.

Commissioner Lankford commented:

- That is what we asked them to do.

Commissioner Booth continued:

- I can go with the recommendation.

Commissioner Jones commented:

- We have talked about this over and over.
- All we can do is hope they do what they should with the money.
- I am willing to go with it.
- It is slightly less than last year.
- We did have some lean years.
- The message we need to give loud and clear is next year they better be lean.
- They are dealing with unfunded mandates just like us.

Chairman Mendenhall commented:

- This is two years in a row we have been more than generous.
- I can go with the recommendation of the Interim County Manager's.

Vice Chairman Walker commented:

- I believe we said the same things last year.
- We keep saying we cannot continue to do this, yet we do.
- I have a problem with waiting to do the budget at the last minute.
- Most counties are finishing their budgets when we start ours.
- I do not like feeling rushed to push things through.
- I can only take on so much information at one time.
- I am on board with the supplement but that is all.

Chairman Mendenhall commented:

- I will give our Manager credit for making the cuts on this budget.
- He has done his due diligence.
- Myself and everyone in this room expect them to catch the supplements up with this kind of increase.
- Commissioner Lankford has said it more than anyone, but we all know once we give them the money they can do what they want.

Vice Chairman Walker continued:

- To clear the air, I am not being critical of anyone.

With no further discussion the Board votes 4-1 to approve the County Managers recommendation of \$12,145,559.00 for School Current Expense.

School Capital Outlay

Chairman Mendenhall noted the recommendation of our Interim County Manager is \$1,880,000.00 for School Capital Outlay.

Chairman Mendenhall opened the floor for any discussion/comments/questions.

Vice Chairman Walker commented:

- We have been discussing a recreation/wellness center for months.
- Our opioid crisis is growing.
- I would like to see us use \$100,000.00 dollars from the M.O.E. to combat that.
- I would like to put \$50,000.00 towards Economic Development.
- We have a new Director and we are really clipping his wings if we don't give him the tools to work with.
- Would like to set it aside to fund things.

Chairman Mendenhall commented:

- I apologize I did not really clarify that I was speaking about school capital outlay.

Commissioner Jones commented:

- Going with the recommendation.
- We have to maintain these schools.

Commissioner Booth commented:

- Could go with \$100,000.00 less.

Commissioner Lankford commented:

- Good with the \$100,000.00 less.

Commissioner Jones commented:

- I am good with that.

Chairman Mendenhall noted that there are three Board members willing to go with the recommendation minus \$100,000.00.

With no further discussion the majority of the Board votes to approve School Capital Outlay in the amount of \$1,780,000.00.

Paving – Government Center

Chairman Mendenhall opened the floor for discussion/comments/questions.

Commissioner Lankford commented:

- I would like to see us set aside \$500,000.00 for paving in capital reserve.
- Would like to go ahead and get bids.
- Start this summer with the lower parking lot.

Commissioner Booth commented:

- Little higher than I was thinking.
- Need to do the old school house lot.
- The bid a while back was something like \$49,000.00 for that circle.
- That has been a while back.

Commissioner Jones commented:

- This is the community services building.
- While we are at it if there are other places that need to be done we can take care of those.

Vice Chairman Walker commented:

- The county has capital needs too.
- We could come up with a list comparable to the schools.
- We do emergency repairs.
- How is it the schools get a blank check and we only do emergencies.
- Is take it as it comes the best policy?

- I would like to see a priority list for the county.
- I can go along with what Commissioner Lankford is saying on setting some money aside.
- Would like to put some order and planning to it.

Commissioner Booth commented:

- This is a priority.
- It is for paving this campus and the community services building.
- Not for every project that comes along.

Vice Chairman Walker continued:

- I cannot go along with that.
- The reason being there will be other needs that come up.

Commissioner Jones commented:

- We will fund those as needed.

Finance Director Julia Edwards commented:

- There is \$325,000.00 in the fund already for roofs, HVAC, etc.
- The \$500,000.00 would be added to that.

Vice Chairman Walker continued:

- The parking lot at the school is not a priority.

Commissioner Jones continued:

- Have you been up there lately?
- That parking lot needs to be paved.
- These are things that should have been discussed in goals sessions, not this late in the process.

With no further discussion the majority of the Board votes to approve adding \$500,000.00 to the capital reserve fund for paving at the Government Center, the Community Services Building, and other property as funding allows.

Library

Chairman Mendenhall noted that Interim County Manager Oakley recommended at 4% COLA.

The libraries request was 2.5%.

Chairman Mendenhall opened the floor for discussion/comments/questions.

With no discussion and full consensus of the Board, the Board approved a 2.5% COLA for the library.

Cooperative Extension

Chairman Mendenhall noted that Interim County Manager Oakley recommended a 4% COLA on the counties portion of the salaries. The county pays 50%.

Chairman Mendenhall opened the floor for discussion/comments/questions.

Commissioner Jones commented:

- I think we have to be consistent.
- What have we done in the past?

Finance Director Julia Edwards responded:

- In the past they receive what the county employees receive.

Vice Chairman Walker commented:

- We aren't doing that for the library.

Commissioner Jones commented:

- That is a different situation.
- The library is regional.

Commissioner Booth commented:

- However we have been doing it is fine with me.

Commissioner Lankford commented:

- This is fine with me.

With the majority of the Board and no further discussion, the Board approved the 4% COLA for the county portion of the Cooperative Extension salaries.

Chairman Mendenhall asks for any other items from the Board that need clarification.

Finance Director Julia Edwards asks for clarification regarding the salary of the Fire Marshal position approved with the Town of Walnut Cove paying \$30,000.00.

The Board directed Finance Director Julia Edwards that this would be budgeted minus the part time salary.

Commissioner Booth commented:

- The contract is not approved yet.
- It will come before the Board on Monday night.
- Just want to clarify that.

Commissioner Booth moved to approve the Budget that Interim County Manager Oakley with the amendments that have been made during this work session.

Commissioner Jones seconded.

Chairman Mendenhall opened the floor for any discussion/questions/comments.

Finance Director Julia Edwards noted the amendments to the budget:

- Grade Increase instead of COLA effective July 14, 2018.
- Part time is a 4% increase effective July 14, 2018.
- New jail employees approved.
- Fire Marshal position approved.
- Reclassifications not approved.
- Equipment approved, the only change being the Sheriff's cars to 2 SUV's and 4 cars.
- Dedicated fund will not change, name will stay the same.
- School Current Expense approved as the Manager's recommendation.
- School Capital Outlay approved with \$100,000.00 deducted.
- Libraries – 2.5% COLA
- Cooperative Extension – 4% COLA on the county portion only.
- Remove grades 52-56, moving 5 employees to grade 57.
- Tax Rate is .62 with 31 cent for general fund, 31 cent for school current expense.
- Fire tax is at 8 cent.
- \$500,000.00 added to capital reserve for paving of parking lots.

With no further discussion and a 4-1 vote the recommended budget is approved with the addition of the amendments.

Adjournment

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

Commissioner Jones moved to adjourn the meeting.

Commissioner Booth seconded and the motion carried unanimously.

Shannon Shaver

Clerk to the Board

Ronnie Mendenhall

Chairman