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WILKES COUNTY BOARD OF COMMISSIONERS
RECONVENED BUDGET WORK SESSION
May 17, 2016

The Wilkes County Board of Commissioners reconvened on Tuesday, May 17, 2016 at 5:05 P.M., with the following members present: Chairman Eddie Settle, Vice Chairman Greg Minton, Commissioner Keith Elmore, Commissioner Gary D. Blevins, and Commissioner David Gambill.

Also present for the meeting were John Yates, County Manager; Jerry Shepherd, Finance Officer, and Sarah Call, Clerk to the Board.

Chairman Eddie Settle welcomed everyone to the meeting.

VICTOR VARELA – RONDA – Chairman Eddie Settle recognized Victor Varela, Mayor of Ronda. Mayor Varela said the county collects taxes on their behalf for a cost of \$500, which is a bargain for them. He said they have had some administrative issues in Ronda and they are in the process of being cleaned up and streamlined. Mayor Varela said it would be helpful if the county would collect the fire tax inside the City limits. He added the rate is currently 10¢. He said they are paying to the Fire Department close to 13¢ because adjustments were not made a few years ago. Their consultant caught this error, he noted. Mayor Verela is asking for this administrative burden to be taken off of the Town of Ronda. He added they could offset this tax by decreasing the in-Town tax rate which is currently 40¢ per 100, they can raise them later if needed.

Chairman Settle stated of the 40¢ collected in-Town they take 10¢ and send to the Fire Department. Mayor Varela replied yes they did this based on the previous evaluation so it is more than 10¢. Commissioner Blevins said it is not 10¢, it is a set amount set in their budget was his understanding. Mayor Verela replied it was supposed to be 10% but they messed up and have overpaid the Fire Department the past few years. Chairman Settle asked if he wanted the County to collect 40¢ and send 10¢ to the Fire Department and the remaining 30¢ to the Town of Ronda. Mayor Varela replied correct. Commissioner Gambill stated Ronda tax rate will still be at 40¢. Mayor Varela replied this has not been set they are still in the budget process. Commissioner Gambill asked if the property tax would be reduced to 30¢. Mayor Varela replied they can decrease the property tax. Chairman Settle asked if it will go down to 30¢. Mayor Verela replied he did not know at this time he can guarantee it will not be 40¢.

Mayor Varela said they have the support of the full Ronda Board and they can pass a Resolution in support of this action. He added the Fire Department is also in favor of this. Mayor Varela said he thinks the rate will be between 30 - 35¢. He said they are not asking for a tax increase only and administrative change. Chairman Settle stated it will be a tax increase. Mayor Varela replied he understands how the Board could see this as a tax increase, but the Town of Ronda is

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willing to take the heat for it. Commissioner Blevins said as elected officials they can raise the tax rate within their Town. He added if the Town of Ronda raised the tax rate to 45¢ and then the County sends 10¢ to the Fire Department, this is administrative. Commissioner Blevins said if the rate is set at 35¢ and they send 10¢ to the Fire Department they are being complicit with him on raising taxes. He added they need to decide what their tax rate is going to be and then they can work on removing the administrative part. Commissioner Blevins added it is Ronda Boards responsibility to raise the taxes if that is what they need to do.

Mayor Varela asked if the Board is asking him to cut his tax rate so this is an even wash in order to do this administrative process. Chairman Settle replied no they are saying for Ronda to set their rate any amount they want to. Commissioner Blevins added then this Board will do their part. Mayor Varela stated they want them to increase it to 45¢ and then they will do their part. Commissioner Gambill replied no. Vice Chairman Gambill asked when they expected to pass their budget. Mayor Varela said at the next Board meeting, which is June 11th. Vice Chairman Minton asked if this is when he will know the final numbers for their budget. Mayor Varela replied they should have the final budget in a week or so, and he is meeting with the Fire Department Board Thursday night. He added the members he spoke with are good with this and he has not heard anything bad from the community. Mayor Varela said the consultants highly suggest they do this.

Mayor Varela said it looks like the Commissioners are raising taxes, but this is not the case, they are helping with an administrative issue. Commissioner Blevins stated the Commissioners can't raise taxes in Ronda. Mayor Varela agreed. Commissioner Elmore said they would like to have a Resolution from the Ronda Board and also a Public Hearing about this. He added he does not believe everyone in their City limits understands that if Ronda does not reduce their tax rate, this is an increase. Commissioner Elmore stated he spoke with a Ronda town citizen and they did not understand this. Chairman Settle said Ronda needs a Resolution, and they need to get their budget set.

Commissioner Blevins asked if this has to be a part of the County budget. Mayor Varela replied no. Commissioner Gambill stated they will not consider taking any action until Ronda sets their tax rate, a Resolution is received, and a letter of support from the Fire Department is received.

Consensus of the Board is to take no action on this request until Ronda completes their budget, sets their tax rate, a Resolution is received from the Ronda Board, and a letter of support from the Ronda Fire Department.

Finance Director Jerry Shepherd asked if this is approved if Ronda is asking the County to collect the 10¢ fire rate on the property within the City limits and add this to the portion collected outside the City limits. Mayor Varela replied yes. County Manager John Yates stated if Ronda leaves their tax rate at 40¢ when the County is collecting the taxes, Ronda wants the County to forward 10¢ of that to the fire department. Mayor Varela replied correct. Mr. Yates said Ronda is not asking the County to pass the fire tax within their City limits. Mayor Varela replied this is a line item in their budget and they want it taken out, they want the fire tax collected to go straight to the fire department and them to do nothing with it. Commissioner Gambill asked

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what the fire tax rate outside the City limits is. Mayor Varela replied 10¢, it's the same. Commissioner Blevins added currently for the folks outside the City limits it is a separate item on the property tax bills and is collected this way. Mr. Shepherd stated the Tax Department needs to be involved because this will be an extra 10¢ that is billed to the Town residents that is on their County tax bill. Commissioner Blevins added the County bill goes up for these folks. Mr. Yates said a Fire Tax would have to be levied. Mr. Shepherd agreed and said the citizen in the Ronda City limits will get a bill from the County for their property taxes and also have this 10¢ added to it for fire tax. Commissioner Blevins said the Ronda Citizens inside the Town Limits will get this bill for what they think is their County Taxes and it has gone up. Mayor Varela said he sees, so if the City tax goes down by a proportionate amount it is a wash. Commissioner Blevins stated if Ronda leaves their tax rate the same or reduce it anything less than 10¢, and the County sends the tax bill with this 10¢ it will be perceived as a tax increase by the County. Mayor Varela agreed and said he will get the items and information the Board has requested.

Chairman Settle thanked Mayor Varela. At this time Mayor Victor Varela left the meeting.

PAY INCREASE – Vice Chairman Minton said through due-diligence Mr. Shepherd has located approximately \$185+ to justify the 3% increase. Mr. Shepherd added it is coming from the existing proposed budget mostly from fuel cost cuts. Vice Chairman Minton asked the average fuel per gallon last year. Mr. Shepherd replied they calculated the average per month rather than per gallon. He added a cushion was left for increases during the year. Mr. Yates noted if the gas price goes to \$4.50 there is not that much of a cushion included. Mr. Shepherd said last year's average plus a cushion was used to help find the savings. Commissioner Blevins stated the price of gas is the more important factor. He asked what if gas goes up in early 2017 to \$3.00 per gallon. Mr. Shepherd said there are funds built in for increases. Vice Chairman Minton asked if Mr. Shepherd felt good with this amount. He replied yes so long as gas does not go back to \$4.00, but there is no way to know this. Vice Chairman Minton added no-one prepared a budget for gas to be \$4.00 per gallon.

Commissioner Blevins asked if it is possible to give the remaining 1% at the end of the fiscal year as a bonus if the numbers come in. Mr. Shepherd replied yes if that is what the Board wishes. He said this money would have to be set aside now or he would have to come before the Board to amend the budget if it is not set aside upon approval of the budget. Mr. Shepherd said the 1% needs to be calculated into the salaries now, and the Board can decide when it takes effect, if this is the route the Board wants to go. Chairman Settle asked each member their decision. Commissioner Gambill replied 3%. Vice Chairman Minton replied 3%. Commissioner Elmore replied he would like to error on caution and he is good with the 2% that is already in the proposed budget. Commissioner Blevins replied if the County can realize this savings and they were sure gas prices would not go up that he could go along with this. He added at some point taking money from capital improvements and letting stuff go will have to be caught up. Chairman Settle stated a good point was made by waiting to the end of the year. Commissioner Blevins said if the criteria can be met he is willing to give the extra 1% and it motivates everyone to make the savings occur. Commissioner Gambill asked what about half-way through the budget if the savings are there. Commissioner Elmore added this is similar to

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what the State is doing, which is 2% plus a bonus at year end. Commissioner Blevins added if the cuts are met. Commissioner Elmore said this is an incentive. Commissioner Blevins agreed and noted it creates motivation to save money and if they save money, they should be rewarded. Chairman Settle stated 2% plus a 1% bonus.

Mr. Shepherd asked if he is to bring a budget amendment to the Board with a savings from all departments to cover this. Commissioner Blevins said that is fine or he could go ahead and budget that money, it seems a budget amendment will be needed either way. Mr. Shepherd said if the board is good with this he can go ahead and budget it. Commissioner Blevins stated if any of the departments come up short Mr. Shepherd can come to the Board and let them know at that time. Commissioner Blevins said that Mr. Shepherd can do this either way that it will work best based on the criteria the Board has set.

Vice Chairman Minton asked in the last two budget clean outs what was left over in the fuel line item. Mr. Shepherd replied over \$200K last year and stated the prior year more was spent on fuel, he estimated maybe \$250K total. Chairman Settle asked if the budget was on the fuel for last year. Mr. Shepherd replied yes. Mr. Shepherd said the prior year gas prices were higher so more money was spent on fuel. Vice Chairman Minton agreed and added this is why they used an average of the last two. Commissioner Blevins said it was budgeted using that and then the price went down, but next year it could go opposite and the gas prices could go up and it would be upside down. Mr. Shepherd said he did not think that would happen, but anything is possible. Commissioner Blevins said they have been creeping up lately.

Commissioner Elmore asked if 1½% growth was budgeted. Mr. Shepherd replied not in real property only in motor vehicle tax. Commissioner Elmore asked the increase in expenditures in the budget. Mr. Shepherd replied 0.11% higher. Commissioner Blevins ask how much for sales tax. Mr. Shepherd replied it increased about 4% and this includes the additional amount the County is expected to get next year.

Chairman Settle asked what the Board would like to do. Commissioner Blevins said he would like to see a savings from every department to save their portion to make up the 1% while still providing the same level of services. Chairman Settle added this is capitalism at work. Vice Chairman Minton stated he thinks the Board can do 3%. Chairman Settle said in the private sector if a company makes money they give extra to the employees. Commissioner Elmore said he would like to talk with other counties during the trip to Raleigh tomorrow and see what they are doing. He added he wants to treat the employees fair, but also wants to be fair to the people paying the bills.

Commissioner Blevins ask how much the total projected revenue has increased for next year. Mr. Shepherd replied 1%. Commissioner Blevins asked how the Board can give a 3% raise when the projected revenues is going up 1%. Mr. Shepherd said keep in mind the expenses from last year are not the same as the expenses for this year, there are some expenses last year that they will not have this year. He added this is not comparing apples to apples. Commissioner Gambill stated the Board can do 2% now, ½% in 6 months if the numbers justify, and the other ½% at the end of the year. Commissioner Blevins said that would be a lot of work.

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Commissioner Elmore said they can do 2% this year and see what it looks like next year and maybe do another 2% or 3% next year. Commissioner Blevins said he likes the 2% now and 1% at the end of the season if the cuts happen. Commissioner Elmore said he agrees, but it should be a county wide savings. Mr. Shepherd asked if the 1% is to be given in July, 2017. Vice Chairman Minton said it does not to be considered a bonus, a bonus is not factored into retirement or gross earnings it is only a one-time payment. He added the 1% needs to be reflective in the employees' salary. Commissioner Blevins said it would be paid in the June, 2017 paycheck.

Mr. Shepherd asked if the entire 1% is to be in the June paycheck. Commissioner Blevins asked how much this would be for the average employee. Vice Chairman Minton added for the full 3% it is about \$90.00 per month. Commissioner Elmore asked how he come up with the 3%. Vice Chairman Minton replied when he and Commissioner Gambill worked for the County prior to 2008 and a salary program was implemented, Phase I was completed, then the doom and gloom hit. He said only two 1% and one 2% COLAs have been received by county employees since 2008. Mr. Shepherd said the longevity was increased one time.

Commissioner Elmore said they have to also factor in longevity and insurance premiums. Commissioner Blevins added flat revenue has to be considered. Vice Chairman Minton said there is a tight line between the tax payers who pay the bills and the employees that provide the service. He added through due-diligence the County is in the best financial shape ever and they need to go back and deal with the compression. An employee that has been here 15 year is paid very little more than the new hires, he said. Vice Chairman Minton noted over the past two budget cycles the COLA's which is not a raise, it is a cost of living adjustment has not increased the hiring rate so this has aided in the process. He said there are 16-17 year employees that are only \$1,200 to \$1,500 away from a new hire county wide. The questions is unless a personnel action plan is implemented to address actual longevity this is the only thing the employees have to look forward to, he added. Vice Chairman Minton stated with this 2% or 3% raise he hopes this is not awarded to entry level positions, because more separation and a reward mechanism is needed for the longer term employees. Chairman Settle said this does not fix this.

Vice Chairman Minton asked Mr. Yates if the County is still on the MAPS plan. He replied yes. Vice Chairman Minton added that gives the employee 0.25% for each year they work, which means it takes 20 years to reach a 5% raise from the base pay. This is the only separation from the long term and the new hires, he stated. Vice Chairman Minton added this cost money which he realizes, but there has to be a better way. Commissioner Elmore asked if 3% would fix this. Vice Chairman Minton replied no, but it will help. Vice Chairman Minton stated Mr. Shepherd needs the numbers now so he can finish the budget.

Mr. Shepherd asked if this needs to come back before the Board or is this automatic if the savings are realized in June, 2017. Commissioner Blevins said it has to be specific cuts and genuine savings of \$185K and not carry overs, while maintaining services. Chairman Settle asked if there is more cuts that could be made to find some of this money. Vice Chairman Minton stated one person with medical expenses at the jail can destroy a budget, things come up and cushions have to be in place for this reason and all these line items can't be cut.

After some additional discussion the Board consensus was to give the 2% increase now and give the addition 1% in June, 2017 if the savings are realized. This is to become part of the employees' salary at that time and is not a bonus, the entire 3% is realized as a COLA.

Commissioner Gambill asked if they would have a Manager's Meeting with the Department Heads and let them know about this 1% and the savings needed to earn it. Mr. Shepherd replied yes they will make sure they are all aware of this.

ECONOMIC DEVELOPMENT CORPORATION – Commissioner Blevins asked if this appropriation could be cut since they have a fund balance at EDC. Chairman Settle replied the LEAP fund is from private donations and the EDC also has purchased options on some properties and it is looking very good. Chairman Settle stated EDC has not been in place very long, maybe since only 2006. Commissioner Gambill asked if EDC allocation has ever been lowered. Mr. Shepherd replied no it has been the same amount for several years.

After some discussion the Board consensus was to ask Dan Little, EDC President to attend the next meeting and not make any cuts or changes at this time. They Board stated the EDC has a good President and Board and they are trying to do good things.

AIRPORT - After a brief discussion the Board consensus was to leave this as presented in the proposed budget.

LANDFILL – After some discussion the Board stated more focus is needed on the litter issues and cleanup of trash in Wilkes and possible amendments to the Solid Waste Ordinance. They discussed there is a cost for trash pickup and keeping Wilkes clean, and the Dept. of Corrections do a good job when they pick up trash.

ADJOURN – The Budget Work Session for the Wilkes County Board of Commissioners ended at 6:20 P. M.

Sarah D. Call, Clerk

Eddie Settle, Chairman

WILKES COUNTY BOARD OF COMMISSIONERS

Approved: