

MINUTES
WILKES COUNTY BOARD OF COMMISSIONERS
BUDGET RETREAT
March 14, 2017

The Wilkes County Board of Commissioners met on Tuesday, March 14, 2017 for Dinner beginning at 5:30 P.M., Budget Retreat followed at the Wilkes County Agricultural Center located at 416 Executive Drive, with the following members present: Chairman Greg Minton, Vice Chairman Gary D. Blevins, Commissioner Keith Elmore, Commissioner David Gambill, and Commissioner Eddie Settle.

Also present for the meeting were Tony Triplett, County Attorney; John Yates, County Manager; Jerry Shepherd, Finance Officer; Chris Huffman, Assistant Finance Officer; and Sarah Call, Clerk to the Board.

Chairman Greg Minton welcomed everyone to the Budget Retreat.

INVOCATION – Commissioner Eddie Settle led the Invocation.

OPENING COMMENTS – Chairman Greg Minton thanked everyone for attending.

INTRODUCTION OF MEETING FACILITATOR – County Manager John Yates introduced David Nicholson, Outreach Associate, N.C. Association of County Commissioners. Mr. Nicholson made opening comments and provided an outline for the Budget Retreat.

PAST ACCOMPLISHMENTS – Mr. Nicholson stated the County has completed a lot of Capital outlay projects in the past few years. He reminded the Board of the budget work session exercise from last year, in which they placed colored dots on their priorities. He mentioned this is very early in the budget process, the staff and outside agencies have not turned in the budget requests at this time. Mr. Nicholson stated there is no budget picture to present tonight.

DEBT SERVICE – Finance Director Jerry Shepherd provided a handout on long term debt (attached). He briefly explained the debts are for High Schools, to be paid off in 2036; Middle Schools, to be paid off in 2021; Jail-Detention Center, to be paid off in 2028; and the Reservoir (current contract) to be paid off in 2020. He said from the refinance of school debts last year the savings in payments will be \$59,258. This would be higher except the principal for the reservoir doubled this year from \$15K to \$30K, he noted. Mr. Nicholson stated this is a relatively low amount of debt compared to similar counties. He added this is because Wilkes has been a pay as they go for capital outlays partially from fund balance. Most of which were not financed, therefore no interest was paid on many projects in the recent past, he said.

Kent Brandon, Landfill Director and Anderia Byrd, Solid Waste joined the retreat at this time.

ROADSIDE TRASH ISSUES – Mrs. Byrd provided updates on the Department of Transportation and hand outs (attached) with detailed instructions on how to report roadside trash to the DOT. She also stated on March 8, 2017 the Department of Corrections had an inmate crew picking up roadsides. Mrs. Byrd also provided a handout with the number to call DOC and schedule an inmate litter pickup (attached). Mr. Yates provided a hand out of 6 suggestions from the Litter Committee to combat the litter in Wilkes (attached). The Board discussed roadside trash and landfill fees and decided the County Attorney, along with Mr. Brandon and Mrs. Byrd will look into increasing tipping fees, reduction and/or tiers for fines, adding surcharges for unsecured and uncovered loads, and specific definitions and explanations of these. The Board discussed amending the Solid Waste Ordinance to include an updated fee schedule, specific definitions for uncovered and unsecured loads, and the enforcement of the same. The County Attorney will research and see what other counties are doing about these issues and all the information will be brought back to the Board for consideration. The Board also discussed ways to deal with abandoned and dilapidated structures, enforcement and cleanup of these which are located throughout the county. Mr. Yates stated he has ask the Planning Department to include funds in their budget for abandoned and dilapidated structures.

Mr. Brandon and Mrs. Byrd left the retreat at this time.

UPDATE AND REVENUE PROJECTIONS – Finance Director Jerry Shepherd provided a 2017-2018 Tax Levy Summary (attached). He stated the County has collected 1.79% more in real and personal property taxes than 2016-2017; and 12.99% more in motor vehicle taxes, which will generate \$1,256,621 more tax revenue than expected. Mr. Shepherd provided a Sales Tax Distribution current fiscal year comparison to last fiscal year (attached). He said at this time the county has received \$800,000 more in sales tax than budgeted and received at this time last year. Mr. Shepherd told the Board that the sales tax revenue is still \$2 million less annually than was received in 2008. He provided a projected revenue growth handout (attached) and said the net projected growth in revenues is \$973,492.

ESTIMATED FUND BALANCE – Mr. Shepherd provided a Fund Balance position – General Fund handout (attached). He stated the estimated fund balance that will be available at the end of this fiscal year will be \$21,972,468 which is 30%. Mr. Nicholson provided an analysis of available Fund Balance/General Fund (attached). He stated Wilkes has used some of its fund balance for capital outlay projects as indicated earlier. He added according to the LGC 30% is average for Wilkes based on comparisons to like counties, which is a good fund balance. At this time Mr. Nicholson gave out several handouts for comparison of Wilkes to all other counties across the state. He briefly went over each and noted that some of the slides are a few years old. He said the data has not changed a great deal and these are the most recent available from the state. The handouts (attached) were titled: 2013 Population Estimate; Median Age (2013); Population Over 65 (2013); Percent in Poverty (2012); Population 19-64 Uninsured (2011); Active Primary Care Physicians (2012); Farm Acreage (2012); County Per Pupil Expenditures Current Expenses (2013); Four-Year Cohort Graduation Rate (2013); Community College Enrollment (2013); Children Under DSS Placement (2012); Crime Index (2012); and Number of Opiate Death, 2014.

BUDGET PRIORITIES – Mr. Nicholson told the Board the staff would like to know the goals of the Board. He added the first on the list and the top budget priority at this time is increased funding to Schools K-12 based on earlier decisions. After discussion the Board said the goal is to increase the ADM from \$1,503 to \$1,650 per child. Which is estimated to take \$1.8 million. The Board asked if the supplement from the county was included in the current expense ADM number. Mr. Yates replied yes. Mr. Nicholson added he will get a comparison of how the County compares to others across the state on supplements, but he thinks Wilkes does well in this area.

The Board next discussed how to increase the ADM to this level. The Board mentioned they hope to get the ADM to this level potentially within 3-years. Mr. Nicholson said the staff will work on a plan to get the ADM to \$1,650 over the next few years as requested by the Board. The Board also stated they would like to know from the school system where the additional funding they have been requesting is going, specifically. The Board said they very much want these funds to go towards an investment per student and instructional needs for teachers in the classroom, as well as classroom supplies. The Board stated the school system has a good elected board that they work well with and have a good relationship with. They added the school system also has a very good and reasonable Superintendent, Mark Byrd.

Mr. Nicholson said the Board can put a plan in place to get to the \$1,650 ADM over a period of years. He added they can request these funds go to instructional needs, teachers in the classroom and ask for a commitment from the School Board on this. The Board discussed lottery funds and the presentation from Kevin Leonard with NCACC on December 8, 2016 and the fact that many counties issued debt for school facilities based on the lottery funds they expected to receive. These funds have now been reduced a great deal.

Mr. Nicholson mentioned next on the list for discussion is Wilkes Community College. Mr. Yates said WCC approached Chairman Minton with potential Bond/Capital Projects which is in the packet (attached). The Board discussed they would like to wait for the budget request from WCC. They discussed possibly requesting a list of priorities for existing facilities only that need repairs the most. At the Board's request Mr. Yates listed what was given to WCC last year for salary supplements, capital outlay, and current expenses. He added Wilkes ranks 10th out of 62 in funding of their community college. The Board discussed they would like to see how giving up the workforce development program at WCC in which they did not bid on this year, will affect their revenues and expenses.

Mr. Nicholson stated next is the Library funding. The Board discussed Wilkes has a great Library, with a great Director, and also a very good Regional Library which serves 3 counties. They stated they would like to know specifically what the additional funds they anticipate will be used for. The Board said they understand the Library would like to pay employees more, as would the County. They have openings currently at DSS that are vacant after two ads due to pay, stress of the job, and work load. Mr. Yates said the Library was given an increase of 3% last year, which is the same percent increase that education received. He added the county has spent an additional \$90K so far this fiscal year for updates to the Library.

Mr. Nicholson said he is still hearing from the Board that the highest priority for the upcoming budget is K-12 and from the information presented up to this point. He added from the finance side once this is funded there may not be much left for the other agencies. The Board agreed.

Mr. Nicholson stated the next to last item is COLA of 1%. The Board asked if this is what is being recommended. Mr. Yates replied he had expected the Board's top priority to be the funding increase for K-12 and there will not be much left over, as mentioned earlier. Although everyone would like more this was a good starting point. Mr. Shepherd added the employee's salary increases since 2005-2006 are in the packets (attached) for the Board. The Board discussed the Governor's proposed budget which has a large raise, up to 10%, for teachers over the next 2-years, which in turn will increase the general appropriation to the schools. The Board discussed once the budget numbers are actually received this could be revisited, but they don't want this to be less than 1%. Mr. Nicholson stated some counties have given very little COLA increased since 2008-2009, while others are giving 2%-3% annually. He added this is improving now in most areas and increasing but, counties do what they have to and as they can for their employees.

Mr. Nicholson reminded the Board this is very early in the process and this is the initial discussion about these potential budget items. He added the last items for discussion is capital outlay needs requested from Fund Balance. Specifically are the Sheriff's Building HVAC; Courthouse Roof; and Tabulators/Voting Machines. After discussion from the Board they said that both the HVAC and roof need formal bids as both estimates seem high, especially the HVAC for the Sheriff's building. The Board discussed possibly budgeting for the tabulators over the next 2-years.

ADDITIONAL DISCUSSION – Mr. Nicholson opened the floor for discussion. The Budget Retreat concluded with Commissioners' comments on Economic Development, hiring, new jobs, increase revenue from sales tax, and the raw water intake project to include partnerships with North Wilkesboro and Wilkesboro.

ADJOURN – The Budget Retreat ended at 8:40 P. M.

Sarah D. Call, Clerk

Gregory A. Minton, Chairman

WILKES COUNTY BOARD OF COMMISSIONERS

Approved: