

Surry County Board of Commissioners
Budget Work Session of May 14, 2020

The Surry County Board of Commissioners met at 9:30 a.m., May 14, 2020. The meeting was held in the Board Room, Historic Courthouse, Dobson, N.C., virtually via Zoom.

Board members present for the meeting were Chairman Larry Johnson, Vice-Chairman Mark Marion, Commissioner Eddie Harris, Commissioner Van Tucker and Commissioner Bill Goins.

Others present in-person for the meeting, at various times, were:
Chris Knopf, County Manager
Sandy Snow, Assistant County Manager
Rhonda Nixon, Finance Officer
Ed Woltz, County Attorney
Nathan Walls, Assistant to the County Manager
News Media

Others present via Zoom, at various times, were:
Frank Beals, Dr. Myra Cox and staff, Elkin City Schools
Dr. Kim Morrison and staff, Mount Airy City Schools
Dr. Travis Reeves and staff, Surry County Schools
Doug Carter and Andrew Carter, DEC Associates

Chairman Johnson called the meeting to order. Commissioner Harris delivered the invocation and led the Pledge of Allegiance.

Chairman Johnson requested the Board review and approve the agenda. Upon motion of Commissioner Goins, seconded by Commissioner Marion, the Board voted unanimously to approve the May 14, 2020 agenda.

Chris Knopf, County Manager, reviewed the day's agenda and discussed details regarding the revenue and valuation forecast for FY 20-21, supplemental taxing district requests and an update on the recommended budget.

Mr. Knopf discussed Tax Department collections and tax collection projections from across the state. Sales tax revenues, due to COVID-19, are problematic for FY 20-21. Caution will be required until actual figures can be reviewed in October.

Mr. Knopf said he will have the proposed budget to the Board by May 28. He said he might have to offset some of the losses with the fund balance.

Mr. Knopf stated that a record amount of budget requests, totaling \$87 million, were received by the County.

Mr. Knopf discussed CARES Act funding, vocational funding for school systems, 10 percent cuts to outside agencies, public safety budgeting, a proposed \$3 increase in the household solid waste fee and increases in the various Sheriff's Office budgets.

The Board entered a Zoom session with Elkin City Schools.

Dr. Cox reviewed the Elkin City Schools' requested budget. She said there will be an increase in retirement and hospitalization, as well as unfunded mandates on health and wellness items such as masks, gloves and thermometers.

The Board asked Dr. Cox specific budget questions and discussed capital outlay requests.

Chairman Johnson asked about the gym project bid opening, to which Dr. Cox responded a meeting is upcoming. She said she would let Chairman Johnson know the date of the bid opening.

Chairman Johnson told Dr. Cox that Surry County has a record number of budget requests this year.

Dr. Cox said she sent Mr. Knopf a letter about the school vocational funding request, to which the Board voiced their support of the program.

Dr. Cox made a closing statement.

The Board entered a Zoom session with Mount Airy City Schools.

Dr. Morrison and Dr. Phillip Brown made opening remarks. Dr. Morrison reviewed Mount Airy City Schools' response to COVID-19 in a PowerPoint. She also presented slides about 2019-2020 completed projects and news to celebrate.

Dr. Morrison discussed budget challenges, projecting salaries, hospitalization and retirement contributions, capital outlay project requests, special capital requests and debt issuance requests.

Commissioner Harris asked Dr. Morrison about ADA compliance and out-of-district student fees. Commissioner Tucker asked what the out-of-district student fee is, to which Dr. Brown responded it is equal to the County's ADM allocation per pupil.

Dr. Morrison discussed the vocational funding, which Mount Airy City Schools also supports.

The Board entered a Zoom session with Surry County Schools.

Dr. Reeves gave an opening statement and presented a budget request in PowerPoint. He said Surry County Schools is lowering their ADM request and \$325,000 less for special capital projects.

Dr. Reeves said that Surry County Schools ranks 17th in the State in performance and has a graduation rate in the top 10 percent.

At the request of Commissioner Marion, Dr. Reeves gave an update on the school construction projects.

Dr. Reeves also discussed the vocational program that he supports.

Commissioner Harris and Commissioner Tucker asked if the County or businesses would pay students who work in the student employment program. Dr. Reeves said a 3-year grant from the Golden LEAF Foundation pays the students, but businesses can also pay the students if they choose. Dr. Reeves said they try to match the students with jobs that are a good fit.

Chairman Johnson thanked Dr. Reeves for his request.

The Board recessed for lunch.

The Board reconvened and entered a Zoom session with Doug Carter and Andrew Carter of DEC Associates.

The Carters presented an interactive spreadsheet and discussed County revenue projections. The Carters said they believe it will take until June 2022 to return to where the County was in 2019 for sales tax revenue collections.

Chairman Johnson asked the Carters to run figures for borrowing \$40 million to cover the new jail and Elkin gym projects. The Carters reviewed various models and the Board discussed possibilities. Doug Carter discussed project planning taking at least 14 months. Andrew Carter showed various times the projects could occur. Doug Carter said he would hold the interest rate in the projections at 3.5 percent, but the interest rate might go lower.

Commissioner Harris said his concern is our inability to predict the future right now and a lot of caution is warranted, so he is leery about borrowing \$40 million during a pandemic.

Doug Carter said Surry County needs to give this more time to see what happens based on revenues, state funds for schools, federal and state funds to the County and the construction industry.

Commissioner Harris said he needs to see more economic promise before he commits to doing anything.

Commissioner Tucker said there are a lot of unknowns right now.

Doug Carter said counties like Surry that have the capacity can time future projects and are in a better place than several other counties.

Chairman Johnson said he wanted to wait until we have more financial data before the Board votes on these projects.

The Board discussed the current jail population and asked Mr. Knopf budget questions about the new jail.

Commissioner Goins said he thinks we are going in the right direction and might be bidding these projects at the right time with construction costs being lower due to COVID-19.

The Board and the Carters discussed the speed of construction prices going back up as more people go back to work following COVID-19. Andrew Carter said he believes prices will go back up slower than how quickly they fell during COVID-19.

Commissioner Tucker said he thinks we should continue to plan the projects, but don't need to make a quick decision.

Upon motion of Commissioner Goins, seconded by Commissioner Harris, the Board voted unanimously to go into closed session at 2:15 p.m.

Upon motion of Commissioner Goins, seconded by Commissioner Harris, the Board voted unanimously to go into closed session for legal matters pursuant to G.S. 143-318.11 (a) (3) and personnel matters pursuant to G.S. 143-318.11 (a) (6).

The Board came out of closed session and resumed regular business.

Upon motion of Commissioner Goins, seconded by Commissioner Marion, the Board voted unanimously to reclassify position #431086 to Major/Assistant Chief Deputy and add to the Position Classification Plan.

Upon motion of Commissioner Goins, seconded by Commissioner Harris, the Board voted unanimously to approve but not release the February 3, 2020 closed session minutes.

Upon motion of Commissioner Goins, seconded by Commissioner Tucker, the Board voted unanimously to approve staffing plans for FY 2019-2020 and for FY 2020-2021.

Upon motion of Commissioner Goins, seconded by Commissioner Tucker, the Board voted unanimously to reappoint Penny Harrison as Tax Administrator for a two-year term, expiring June 30, 2022.

Upon motion of Commissioner Goins, seconded by Commissioner Marion, the Board voted unanimously to amend the Retiree Insurance Policy to add the following: "In the event employment ends due to a County reduction in force, credit will be given for sick leave in determining the twenty years service. Each 20 days sick leave will add one-month service credit."

Upon motion of Commissioner Goins, seconded by Chairman Johnson, the Board voted unanimously to approve a revised usage policy for the County's fitness facility, to be available to County employees within hours of operation from 6 a.m. to 9 p.m., once usage approvals have been issued.

The Board discussed possible construction of the Detention Center, including decreased construction costs, the current state of the economy and the liability concerns for the County. Commissioner Harris discussed his concerns of the pandemic fallout on the County's economy. He stated he was not prepared to vote on the project at the current time.

Chairman Johnson discussed the decreased cost estimates received from Moseley Architects and the desire to benefit from decreases in construction costs and interest rates.

Commissioner Harris commended Chairman Johnson on his efforts in working with Moseley, the Board and the Sheriff's Office in obtaining acceptable options for the Board's consideration.

Commissioner Tucker discussed the hard-financial times COVID-19 has caused and the unknown length of recovery. He believes the County should pause a debt issuance but explore projected costs and possibly housing females at the old jail.

Commissioner Goins agreed with possibly housing females at the old jail and a 299-inmate jail capacity with Communications included.

Commissioner Marion agreed with obtaining prices for a jail with capacity for 299 inmates, including Communications.

Commissioner Harris agreed with obtaining price estimates from Moseley for 299-bed capacity jail.

Upon motion of Commissioner Goins, seconded by Commissioner Tucker, the Board voted unanimously to adjourn. The meeting ended at 5:50 p.m.

Nathan Walls
Clerk to the Board