

**HAYWOOD COUNTY COMMISSIONERS
SPECIAL MEETING
BUDGET WORK SESSION – MAY 4, 2020**

CALL TO ORDER

Chairman L. Kevin Ensley convened the special meeting of the budget work session of the Haywood County Board of Commissioners at 1:20 p.m. in the Historic Courtroom at the Haywood County Historic Courthouse, Waynesville, North Carolina, with Chairman L. Kevin Ensley, Vice-Chairman Brandon C. Rogers, Commissioners J.W. "Kirk" Kirkpatrick, Tommy Long and Mark Pless present. Staff members present were County Manager Bryant Morehead, County Attorney Frank Queen, Finance Director Julie Davis, and Clerk to the Board Tracy Wells, County staff members, members of the media and public.

Power points and handouts: Haywood Community College, Haywood County Schools and County Manager's Updated Budget

Haywood Community College

Chairman Ensley recognized HCC President Dr. Shelley White. Business Operations Vice-President Karen Denney was also present. Dr. White presented a power point to the Board highlighting the following:

- Total current Operating expense has a proposed increase of \$87,832.86. Total Capital Outlay expense has a proposed decrease of \$387,000. The total County appropriation has a decrease of \$299,167.
- Salaries/Fringe Benefits have a total increase of \$24,420. The increase represents 18 employees in their grounds, maintenance and security and safety departments, medical insurance increase and retirement state increase.
- Costs for other materials, supplies, service agreements, fuel, legal, etc. for a total increase of \$6,412 (pest control contract increase and elevators/waste removal service agreement increase).
- Professional Development/Travel is projected to stay the same at \$2,450.
- Contracted Services have a total increase of \$10,000 for armed school resource officer contract increase and miscellaneous custodial supplies.
- Utilities has an increase of \$47,000 due to a projected 10% increase in electricity and water/sewer usage.
- Insurance costs is projected to stay the same at \$242,620.
- Current Operating Budget is an increase of 3% overall from the prior year.
- There is a Capital Outlay request of \$30,000. This is for a campus development ventrac multipurpose machine to replace the decommissioned Steiner multipurpose machine. This area of the budget is reduced over last year due to the removal of any project requests. Any individual project requests will be presented to the Board at a later time.

Dr. White thanked the Board for their help and support given to the college. She stated 80% of their employees are currently working remotely due to the COVID-19 pandemic. They are still working through the challenges of on-line classes and are currently looking at how to phase-in regular classes at the college. She further stated they are currently enrolling students for the summer and fall semesters. The summer semester enrollment is already at 70% of last year's enrollment. Most of the summer classes will be on-line and the size of each class will be within the required safety parameters.

County Manager Bryant Morehead stated the budget Dr. White presented was not the original budget request she submitted. He thanked Dr. White for revising the budget request and making the necessary cuts.

Haywood County Schools

Chairman Ensley recognized School Superintendent Dr. Bill Nolte. Associate Superintendent Dr. Trevor Putnam and Finance Officer Leanna Moody was also present. A power point was presented highlighting the following:

- Budget assumptions - 2% pay increase for all staff; 21.50% increased retirement rate and \$6,647 increased hospitalization.
- Total budget allocations - 52% to instructional services, 43% to system-wide support services, 5% to non-programmed charges and less than 1% to ancillary services. Charter Schools are a cost of \$810,000.

- Total expenses for all functions are \$17,085,847.80 for a total increase of \$270,666.98.
- The requested County appropriation is \$16,675,847.80. The total revenue budget is \$17,085,847.80.

Dr. Nolte informed the Board there is a School Resource Officer at each middle and high school. The School Resource Officers are no longer being shared between the schools.

The proposed capital budget remains the same at \$900,000 to dissolve capital that can no longer be repaired or is no longer fiscally responsible to maintain. The lottery fund balance will be used to replace the turf at both Pisgah and Tuscola high schools.

The Nutrition Program operates independently and is USDA reimbursed. Total revenues show a decrease of \$7,501. Meal prices will remain the same this year. Free and reduced lunches increase each year; last year it was between 49%-51%.

Commissioner Pless requested the contribution amount being collected to provide every student with a meal.

Commissioner Pless asked Dr. Nolte if they would need additional funding if school does not begin in September due to the COVID-19 pandemic. Dr. Nolte stated he does not believe additional funding will be needed as long as the State continues to fund and allows them to transfer within their line items.

Commissioner Kirkpatrick inquired about the number of certified teachers we currently have. Dr. Nolte stated it has not changed from the past and this is a concern of his. The supplement increase has helped a little to retain these teachers and they are still sending representatives to recruitment fairs. Dr. Nolte further stated the retention of teachers is better and the loss of teachers to neighboring districts is less due to the supplements provided to them.

Commissioner Kirkpatrick stated he would like a resolution sent to the Governor and State Legislators regarding the need for certified teachers.

Updated County Budget

Chairman Ensley recognized County Manager Bryant Morehead. Mr. Morehead gave a power point presentation for the 2020-2021 updated budget. Mr. Morehead stated due to the COVID-19 pandemic, significant changes has been made to the initial budget he discussed with the Board in February. Mr. Morehead highlighted the following:

- Revenue - Property Tax - He noted there is still a slight increase in the collection rate compared to FY 2019-2020. We have had significant growth but for FY 2020-2021 he lowered the collection rate to the 2009 rate. This was the lowest collection rate during the recession and the motor vehicle tag renewals is projected to drop, as well.
- Revenue - Sales Tax - He stated this is the major revenue which will be impacted by the COVID-19 pandemic. March retail sales were down 9% and April is expected to be down by 20%. We receive a disproportionate amount of sales tax based on tourism. With tourism down, he projected a more conservative figure of 25% lower sales tax revenue. Sales tax is received 90 days after it is earned.
- All Other General Fund Revenue - is a decrease of \$252,092. This is largely contributed to the \$200,000 received last year from the Friends of the Animal Shelter for a donation towards the Animal Shelter building.
- Expenditures - General Fund has an increase of \$1,545,893.
- Expenditures - Salaries & Benefits - increase of \$365,234 due to the State raising the retirement rate.
- Major Operating Drivers (Increases): School Operating - \$211,577; College Operating - \$87,865, Funds for 2021 Revaluation - \$96,500; Network & Storage Leases - \$426,672 and State Foster Care Charges - \$831,070.
- New Positions - received five (5) requests for new positions totaling a cost of \$856,416 which is not included in this budget.
- Employee Compensation - Mr. Morehead stated there will be no merit, COLA or Christmas bonuses for FY 2020-2021 and the Classification Study is postponed indefinitely. There are no changes in the funding of longevity, 401K and health insurance costs. Medical claims have significantly dropped with the new insurance provider.
- Shortfall - \$7.0 million in fund balance is needed to currently balance the budget. In comparison, we used \$3.6 this year in the adopted budget.

Mr. Morehead acknowledged the IT department and all of their hard work the past few months during the COVID-19 pandemic.

Chairman Ensley asked if the Board needs to look at cuts. Mr. Morehead stated he believes the economy can bounce back. The citizens of Haywood County rely on the services the County provides. He is not sure what could be cut when so many of the provided services are required.

The Board discussed the benefit of having a healthy fund balance that we can fall back on.

Commissioner Long asked if the withdrawal of the \$7 million to balance the budget would affect the required percentage rating by the State. Mr. Morehead stated as of June 30, 2019, we were at 37%. However, we have withdrawn funds for the purchase of new voting machines in addition to the renovation cost(s) of the school administration office. At this point, it is very hard to predict.

Chairman Ensley asked Finance Director Julie Davis her thoughts on the 2020-2021 budget. Ms. Davis stated due to the COVID-19 pandemic, the future is uncertain and hard to predict. She feels Mr. Morehead's budget proposal is very conservative. Even though \$7 million is a large amount to withdraw from fund balance, we have the potential to draw it down to 20% over the next two (2) years.

Next is the May 18th presentation of the budget; May 26th public hearing; June 1st budget adoption with June 15th as a fallback date.

ADJOURNMENT

With no further business, Commissioner Kirkpatrick made a motion to adjourn the Special Meeting. Commissioner Long seconded; the motion carried unanimously.

The time of adjournment was 3:30 p.m.


CLERK


CHAIRMAN