

Special Joint Meeting
Monday, April 13, 2015
9:30 am
Shepard Pruden Memorial Library
106 West Water St.
Edenton, NC

The Chowan County Board of Commissioners held a joint meeting with the Edenton-Chowan Board of Education.

County Commissioners present were Jeff Smith, Keith Nixon, Ellis Lawrence, John Mitchener, Emmett Winborne, Alex Kehayes and Greg Bonner.

Board of Education Members present were John Guard, Jean Bunch, Gil Burroughs, Kay Wright and Gene Jordan.

County Staff present: County Manager Kevin Howard, Finance Office Willie Carawan and Board Clerk Susanne Stallings.

School Staff present: Superintendent Rob Jackson, Clerk Sarah Hare and Finance Officer Emma Berry. Additional School Principals, Administrative Staff and Department Heads were also present.

Call to Order

Chairman Jeff Smith called the Board of Commissioners meeting to order.

Chairman John Guard called the Board of Education meeting to order.

Mr. Gene Jordan led with the invocation.

Commissioner Kehayes led with the pledge.

Approval of Agenda

Chairman Jeff Smith asked the Board of Commissioner for any additions or corrections to the meeting agenda. HE noted the Board of Commissioners would need to meet in closed session after the joint meeting for contract negotiations in accordance with NCGS 143-318.11.a.5 Contract Negotiations.

Commissioner Mitchener moved to approve the agenda as amended. Chairman Smith asked for all in favor, the motion passed unanimously (7-0).

Chairman Guard stated there would be no amendments to the Board of Education's part of the agenda.

Mr. Burroughs moved to approve the agenda. Ms. Wright seconded the motion. Chairman Guard asked for all in favor, the motion passed unanimously (5-0).

Welcome

Chairman Guard welcomed all in attendance and thanked the Board of Commissioners for meeting with the Board of Education.

Chairman Smith welcomed all in attendance and stated he hoped for good dialogue between the two Boards.

School PowerPoint Presentation

School Superintendent Rob Jackson provided the Board with a PowerPoint presentation that reviewed School System Finances. A copy of the PowerPoint is in the meeting file labeled April 13, 2015. In the PowerPoint Mr. Jackson highlighted Sources of revenue for the Schools noting that 16.6% of total revenues for the school are funded by the County. Finance Officer Emma Berry reviewed the school's historical funding noting a decrease in total school revenue. She also reviewed revenues for capital outlay appropriations. In the PowerPoint she reviewed the School's fund balance by year. She noted that the School has \$224,596 in unassigned fund balance. Mr. Jackson provided PowerPoint slides that reviewed upcoming Financial Challenges for recruiting and retaining teachers and staff. He reviewed the local salary for classified staff as well as supplement for Certified Staff. Mr. Jackson also discussed the location for the offices of Central Services noting it would be optimal to relocate these offices to reduce the expense for rent. Mr. Jackson discussed the past discussions of the renovation of John A. Holmes High School.

The Board discussed the PowerPoint presentation.

Commissioner Nixon discussed that some of the loss of State revenue may be attributed to the loss of students. He asked how much was lost because of student loss.

Mr. Jackson stated he would provide this information to the Board.

Commissioner Nixon asked what the balance in the current year capital outlay line was.

Ms. Berry stated she forwards all invoices to the County and all funds remain with the County.

Commissioner Nixon discussed the County's ability to control supplements in the funding.

The board discussed methods for making certain current expense funds 'objective' and designating monies for salary and/or supplements.

Both Board Chairman called for a 5 minute recess.

Chairman Guard called the meeting back to order.

Director of Maintenance and Transportation, Brad Bass provided the Board with a Three Year Mechanical Systems Capital Outlay Plan PowerPoint. A copy of the PowerPoint is in the meeting file labeled April 13, 2015. The School system provided the Board with information on a total of approximately \$2,000,000. Mr. Jackson provided a proposal phased over three years with the first year total of capital outlay being \$625,000. He stated that capital for the second year would be \$564,000 and the third year would be \$898,000.

The Boards discussed a study that was initiated by the School Board for energy cost savings. It was explained that the program was discontinued because the school system is smaller in Chowan as compared to larger counties who have found the program to be more effective. School Board members expressed their concerns with the conditions of the heating and air units at the school systems.

Mr. Jackson provided the Board with a PowerPoint showing the 2015-16 Current Expense needs for the School system. He shared the items which were classified as Tier 1 projects in the request which included a salary increase for locally paid certified staff, a return of 1% salary reduction for certified staff, health insurance increase for locally paid certified staff, maintaining 12 teaching and classified staff, restoring elementary school principal position, maintaining two district positions, drivers education program and the building lease for central offices. The total for the priority one funding totaled \$1,003,590. Mr. Jackson explained the difference between certified (must have certifications to perform their job) and classified (all other) positions. He shared the tier two (\$497,960) and tier three (\$279,326) current expense requests. He noted the schools are not able to budget fund balance this upcoming fiscal year to balance its budget as has been done in previous years.

A copy of all the materials provided by the schools is in the meeting file labeled April 13, 2015.

Commissioner Nixon asked for clarification on the number of positions that are paid with local (county) funds.

It was noted that custodial, transportation and maintenance employees are locally paid and no teachers are paid with local monies. She noted that employees that are not 10 month employees but 12 month are paid with local funds also.

Chairman Guard and Chairman Smith called for a 5 minute recess.

During the recess Commissioner Lawrence asked to be excused from the meeting.

Chairman Guard and Chairman Smith called the meeting back to order.

Commissioner Nixon moved to excuse Commissioner Lawrence from the meeting. Chairman Smith asked for all in favor, the motion passed unanimously (6-0).

County Presentation

County Manager Kevin Howard provided the Boards with a PowerPoint on the County's finances. He noted that in presentations previously provided the Superintendent states that the

County has a general fund balance contribution of \$2,806,509 which he notes is the difference of revenues over expenditures in the 2014 fiscal year. Mr. Howard stated that the County's actual contribution to fund balance was \$716,619 after other funding sources and designated monies are identified. He stated that the County does have a fund balance policy and a current fund balance of 29.59% of unrestricted funds which is \$4,686,745. He provided information on area school spending with regards to education. He noted that Chowan also has a community college in which it makes an annual appropriation also. He noted that Chowan is currently spending more in school current expense than Perquimans, Gates, Camden and Bertie counties. He noted that Chowan currently ranks 20th in the state on total education expenditures per capita. HE provided a 10 year history on the County's funding history for education. He provided a comparison of the School's funding request from 14-15 to the 15-16 request. He noted that the total increase is \$1,802,780 more than the previous year. He noted losses of revenue that the County will also realize in 2015. Mr. Howard reviewed the County's current debt service schedule noting that several debts will be paid off starting in 2020 through 2024.

Joint Discussion

Mr. Guard stated he felt it was important for the Boards to develop a plan to address capital needs.

Commissioner Bonner stated he felt the Boards should work together to identify funds to address the needs.

Mr. Jordan asked if the County had been aware of the school's capital needs last fiscal year, would it still have made the decision to not go revenue neutral on the tax rate.

Commissioner Mitchener stated that he felt both the School Board and the Commissioner's would have to make their case to the public to begin addressing the needs of the Schools.

Commissioner Kehayes stated his concern that the Commissioners were not fully informed of the capital needs last fiscal year.

Mr. Jordan stated he felt this was an opportunity to work together.

Commissioner Nixon stated the capital information provided at the meeting would have been beneficial in planning the budget last fiscal year. He stated his greatest concern was with the current expense request. He stated he felt the Boards should work together to develop a plan to bring to the public. He discussed the financial crisis previously experienced by the County and the steps that the Commissioners had to take to bring the budget back in order. He stated that he felt that last year the Board wanted to give back to the citizens who had to pay for the mistakes of previous management.

Mr. Burroughs provided his comments regarding the School's energy performance audit and stated he wished the plan had been more cost effective.

Ms. Bunch stated she felt the School Board has developed a three year plan to address the capital needs.

The Boards discussed the County's tax burden ranking in the state.

Commissioner Nixon discussed the impact of a negative rating. He stated he hoped both Boards could be creative with regards to revenues and expenditures.

Members of the Board of Education discussed their desire to support resolutions introduced by the Commissioners to stimulate economic development or increase sales tax that would ultimately benefit the County and the school system.

Commissioner Winborne stated his concern with increasing the taxes to address the needs. He stated he did not feel the Board could tax its way out of the problem. He stated the Board of Commissioners may have to look into borrowing the money.

Chairman Smith stated that while the tax values decreased, farm equipment values did not and farm values did not decrease.

The Boards discussed home schooling. Mr. Jackson noted that the County has maintained approximately 100 students are currently being home schooled in Chowan County.

Commissioner Nixon asked for additional information regarding ADM figures and the number of students lost to home schooling.

Ms. Bunch stated that she felt the conditions of the schools was of most importance.

Plan for Joint Meetings

The Board's mutually agreed to allow the manager and superintendent a chance to meet and negotiate a plan.

School Board Meeting Adjourned

Mr. Burroughs moved to adjourn the School Board meeting. Ms. Bunch seconded the motion. Chairman Guard asked for all in favor, the motion passed unanimously (5-0).

Chairman Smith called for a 5 minute recess. After 5 minutes Chairman Smith called the Commissioner meeting back to order.

Closed Session

Commissioner Kehayes moved that the Board go into closed session in accordance with NCGS 143-318.11.a.5 contract negotiations. Chairman Smith asked for all in favor, the motion passed unanimously (6-0).

The minutes of the closed session are sealed.

Adjourn

Being no further business, Commissioner Mitchener moved that the meeting be adjourned. Chairman Smith asked for all in favor, the motion passed unanimously (6-0).

Jeffery Smith, Chairman

Susanne Stallings, Clerk