

PERSON COUNTY BOARD OF COMMISSIONERS
MEMBERS PRESENT

FEBRUARY 3, 2020
OTHERS PRESENT

B. Ray Jeffers
David B. Newell, Sr. (absent)
Gordon Powell
Jimmy B. Clayton
Kyle W. Puryear

Heidi York, County Manager

The Board of Commissioners for the County of Person, North Carolina, met in regular session on Monday, February 3, 2020 at 9:00am in the Transit and Development Building located at 303 S. Morgan Street, Roxboro. This meeting designated for the Board Retreat focused on Fiscal Year 2020-2021 Budget.

Chairman Jeffers called the meeting to order. Vice Chairman Newell was absent.

DISCUSSION/ADJUSTMENT/APPROVAL OF AGENDA:

A **motion** was made by Commissioner Puryear and **carried 4-0** to approve the agenda, as presented.

DISCUSSION/ADJUSTMENT/APPROVAL OF CONSENT AGENDA:

A **motion** was made by Commissioner Puryear and **carried 4-0** to approve the Consent Agenda with the following items:

- A. Report of Unpaid Taxes, and
- B. Advertisement of Unpaid Real Estate Taxes

STRATEGIC PLAN PRIORITIES:

County Manager, Heidi York led the Board in discussion related to its Fiscal Year 2021 budgeting priorities as well as facilitated the Board's discussion in the development of an updated Strategic Plan and/or an Action Plan.

Ms. York shared the following slides to guide the discussion:



FY20-FY24 Strategic Plan

Adopted by the Board of
Commissioners May 2019



Mission

To create opportunities for families and businesses to
prosper and compete in a global economy

Objectives

1. Improve School Facilities
2. Implement a Pre-K through 14 Workforce Development Plan
3. Support Economic Development's Strategic Plan
4. Implement Quality of Life Programs

Strategies:

1. Improve school facilities
 - Implement policies and strategies for funding school infrastructure, per debt consultant
 - Implement deferred maintenance projects each year
 - Include school expenditures on annual tax flier
 - Others?

Strategies

2. Implement a preK-14 workforce development program
 - Receive a report from PCS/PCC on workforce development feasibility study
 - Fund PCC's STEM/advanced manufacturing facility feasibility study (FY20, \$54K)

Strategies:

3. Support Economic Development's Strategic Plan
 - Implement economic development opportunities and target sectors analysis (FY20, \$23K)
 - Address industrial development and transportation in the new land use plan

Ms. York stated the PCC STEM/advanced facility feasibility study costed \$25K versus the budgeted \$54K noting those results are forthcoming. In addition, the economic development opportunities and target sectors analysis budgeted at \$23K was not completed as the EDC redirected those funds be used for associated costs for a Shell Building.

Strategies:

4. Implement Quality of Life Programs

- Conduct a YMCA feasibility study in partnership with the Danville YMCA (FY20, \$24K)
- Research afterschool program providers
- Improve VFD ISO ratings- continue to fund VFDs with Fire Tax (FY20, \$1M)
- Research options for implementing a litter collection program

Updates Needed?

- Are the objectives still relevant?
- What changes need to be made to the strategies?
- Alignment of the FY21 Budget to the Strategic Plan?

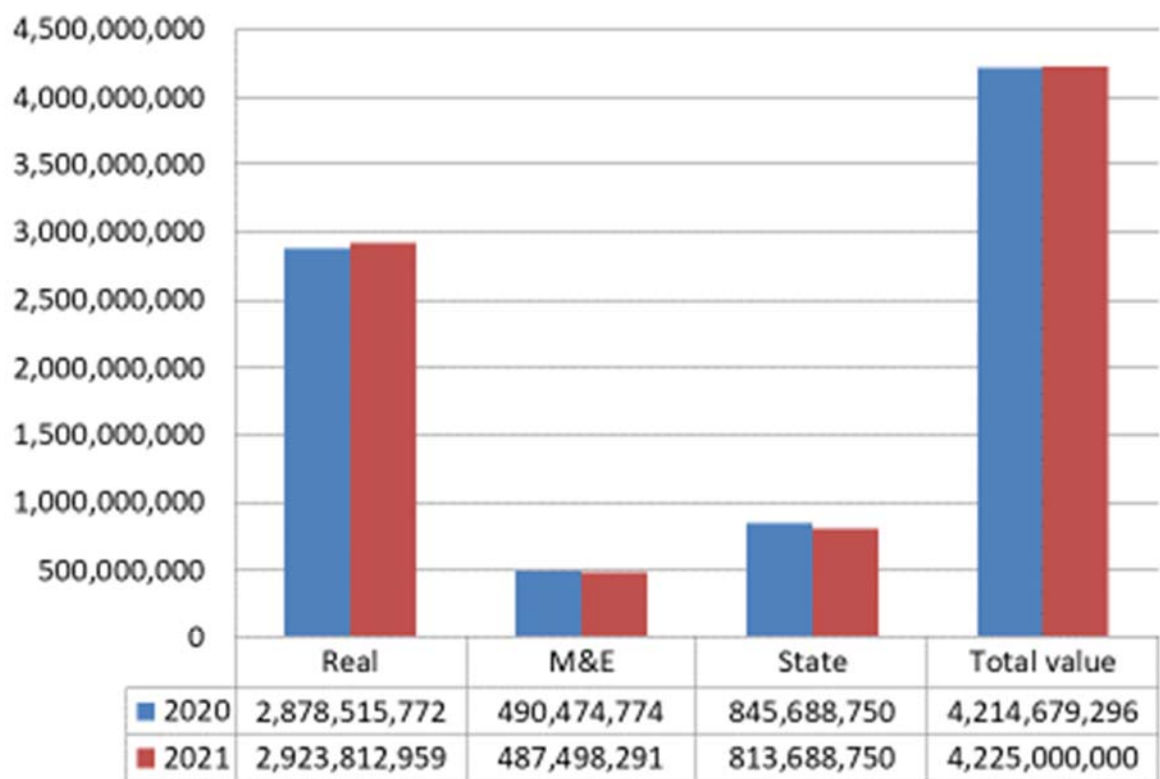
It was the consensus of the Board to further discuss the Strategic Plan objectives following the retreat presentations.

Chairman Jeffers announced a break at 9:17am. At 9:29am, Chairman Jeffers asked the Tax Administrator to talk to the group about Revenues as they waited for the Auditors to arrive.

REVENUES:

Tax Administrator, Russell Jones provided the following information to the group related to the County's Revenues:

County value changes from 2020 to 2021



Mr. Jones stated the 2020 budget was \$4.210b, actual \$4,214,679,296 or over by .11%. He noted some growth, up \$15M from budget, or \$10M from actual. Mr. Jones further noted that real estate growth was just over \$45 million, same as last year; M&E went down by \$16M but adding \$13M as a placeholder for Polywood and the OBX Hemp.

Mr. Jones stated the State dropped by \$11,461,224 two years ago, \$32M last year and he was holding \$32M for potential losses for next year.

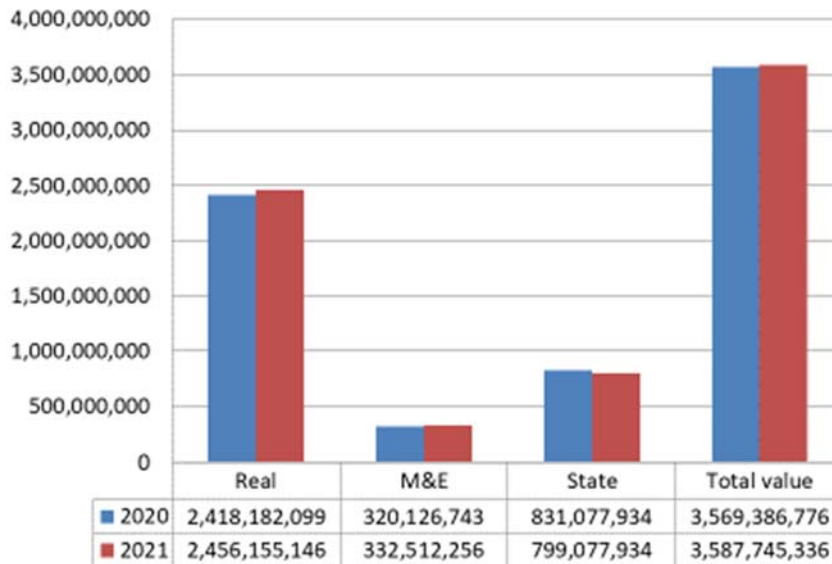
Changes in State Appraised Values

Fiscal Year	All State Appraised	Coal Plants	Change from previous
2021-estimated	813,688,750	750,184,826	-32,000,00
2020	845,688,750	782,184,826	-31,901,120
2019	877,589,870	813,546,061	-10,681,099
2018	888,270,969	821,241,443	-780,125
2017	889,051,094	824,174,611	+23,627,431
2016	865,423,663	738,942,889	+16,591,851
2015	848,831,812	739,221,531	+38,538,301
2014	810,293,511	706,909,585	-12,367,325

The Net Tax Base is up from last year at \$4.210b, now \$4.225b, growth of 15M, plus \$385M (up from 375M DMV and revenues \$2,809,095 (growth by 72,964 in revenue) @ 99.95%.

When asked by the Board about the state appraised values in 2030 when and if the power coal plants close, Mr. Jones stated the values following closure had many variables and was unknown at this time however, he planned to continue to plan for potential losses until new information was known.

Fire District value changes from 2020 to 2021



Mr. Jones illustrated the Fire District Value Changes noting the 2020 budget was \$3.569b, actual \$3,569,386,776 or over by .01% (No net growth). He noted Real Estate growth was just under \$37M, compared to last year at \$41 million; M&E went down slightly but further noted he added \$13M as a placeholder for Polywood and OBX Hemp. Mr. Jones said Business Machinery would be listed by April 15th.

Mr. Jones stated the Net Tax Base = slight growth= \$3.587b compared to \$3.569b (growth of \$18 Million) plus \$310 million in DMV and revenues at \$85,207 @ 99.95% (up from \$75,000).

For next year, what will one penny generate?

Collection Rate	County	Fire
97.50 %	\$ 450,418	\$ 380,717

Mr. Jones noted that last year one-penny equaled \$447,570 and next year the value will be \$450,418.

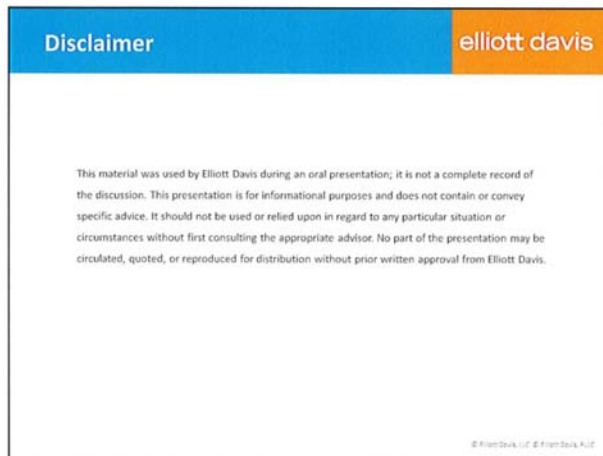
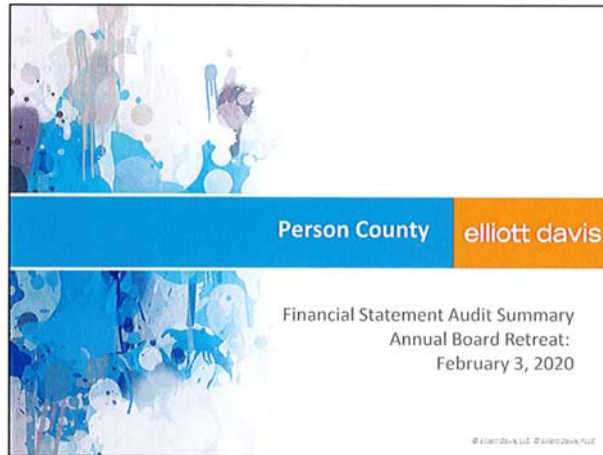
Last year one-penny on the fire tax was \$373,192 and next year the value will be \$380,717.

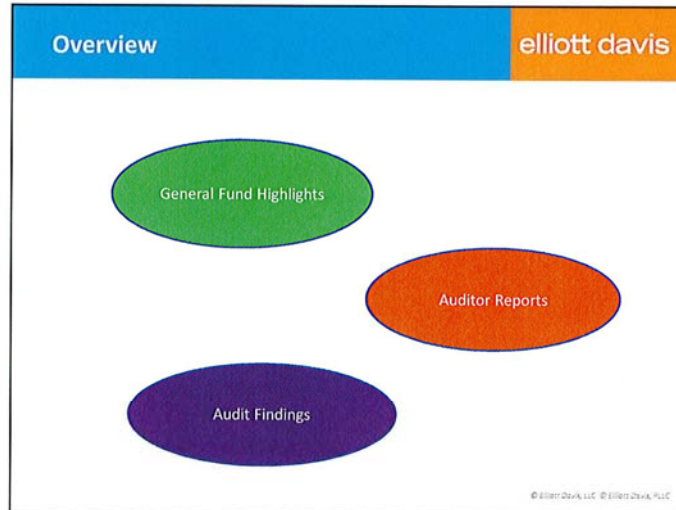
Mr. Jones said 2.75 cents (Fire Tax) will generate \$1,046,971.75.

ELLIOTT DAVIS, PLLC, AUDITOR'S PRESENTATION:

Mr. Tom McNeish, Government Specialty Group Leader with Elliott Davis, PLLC provided the following information related to the Financial Statement Audit Summary:

2/3/2020





General Fund Highlights elliott davis

- Revenues of \$56.7 million
 - exceeded budget by \$1.2 million, and
 - exceeded the prior year by \$993,000 or about 1.8%.
- Expenditures of \$50.9 million
 - were less than budget by \$5.1 million, and
 - exceeded the prior year by \$822,500 or 1.6%.
- Fund balance of \$28.7 million
 - increased by \$2.8 million compared to \$2.2 million in the prior year
 - increase was *after* transfers out of \$3.87 million.

© Elliott Davis, LLC © Elliott Davis, PLLC

General Fund Highlights

elliott davis

Unassigned Fund Balance		
	2019	2018
General fund expenditures	\$ 50,903,915	\$ 50,081,434
Months	12	12
Estimated monthly expenditures	4,241,993	4,173,453
Unassigned FB-GF	15,491,651	16,223,464
Estimated monthly expenditures	4,241,993	4,173,453
Estimated months of available GF FB	3.65	3.89
FB as a % of GF expenditures	30%	32%

- *GFOA* - recommends an available fund balance of no less than 2 months of general fund operating expenditures
- *LGC* - recommends an available fund balance of at least 8% of general fund expenditures.
- *Person County FB policy* - requires an available fund balance equal to or greater than 18% of general fund expenditures

© Elliott Davis, LLC © Elliott Davis, PLLC

Auditor's Reports

elliott davis

Independent Auditor's Report
(Opinion on the Financial Statements)

- *Auditor's responsibility* - to express an opinion on the County's financial statements
- *Managements responsibility* -
 - To prepare and present the financial statements in accordance with US GAAP
 - To maintain internal controls relevant to the preparation and presentation over financial statements that are free from material misstatement
- We have expressed an *unmodified* opinion on the County's financial statements

© Elliott Davis, LLC © Elliott Davis, PLLC

Auditor's Reports	elliott davis
<u>Report on Internal Control over Financial Reporting and on Compliance</u>	
<ul style="list-style-type: none"> ○ We consider the County's internal control over financial reporting to determine appropriate audit procedures. ○ We do not express an opinion on the effectiveness of the County's internal controls ○ We are required to report internal control deficiencies that are considered to be <i>significant deficiencies or material weaknesses</i>. 	
<small>© Elliott Davis, LLC © Elliott Davis, PLLC</small>	

Auditor's Reports	elliott davis
<u>Independent Auditor's for Each Major Federal (and State) Program and Report on Internal Control over Compliance</u>	
<ul style="list-style-type: none"> ○ <i>Auditor's responsibility</i> - to express an opinion on the County's compliance with the requirements of its major federal and state programs ○ <i>Managements responsibility</i> - <ul style="list-style-type: none"> ▪ For compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs. ▪ To maintain internal controls over compliance with compliance requirements applicable to its federal and state programs ○ We have expressed an <i>unmodified</i> opinion on the County's compliance with the requirements applicable to its major federal and state grants 	
<small>© Elliott Davis, LLC © Elliott Davis, PLLC</small>	

Audit Findings	elliott davis
<ul style="list-style-type: none"> ○ Financial Statement Findings <ul style="list-style-type: none"> ▪ None ○ Federal Award Findings <ul style="list-style-type: none"> ▪ 2019-001 Documentation of Medicaid Eligibility ▪ 2019-002 Medicaid Disbursements to Ineligible Individuals (Income Limits Exceeded) ▪ 2019-003 Medicaid Disbursements to Ineligible Individuals (Timely Review) ▪ 2019-004 Documentation of Required Notifications - Low Income Home Energy Assistance (LIEAP) 	
© Elliott Davis, LLC © Elliott Davis, P.C.	

Contact	elliott davis		
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Tom McNeish Email: Tom.McNeish@elliottdavis.com Phone: 919.334.6180 </td> <td style="width: 50%; vertical-align: top;"> Jami Crampton Email: Jami.Crampton@elliottdavis.com Phone: 919.987.2766 </td> </tr> </table>		Tom McNeish Email: Tom.McNeish@elliottdavis.com Phone: 919.334.6180	Jami Crampton Email: Jami.Crampton@elliottdavis.com Phone: 919.987.2766
Tom McNeish Email: Tom.McNeish@elliottdavis.com Phone: 919.334.6180	Jami Crampton Email: Jami.Crampton@elliottdavis.com Phone: 919.987.2766		
Website: www.elliottdavis.com			
<p>With nearly 750 professionals across the Southeast, Elliott Davis ranks among the top forty accounting firms in the United States. We provide comprehensive assurance, tax, and consulting solutions to diverse businesses, organizations, and individuals. For more information, please visit elliottdavis.com.</p>			
© Elliott Davis, LLC © Elliott Davis, P.C.			

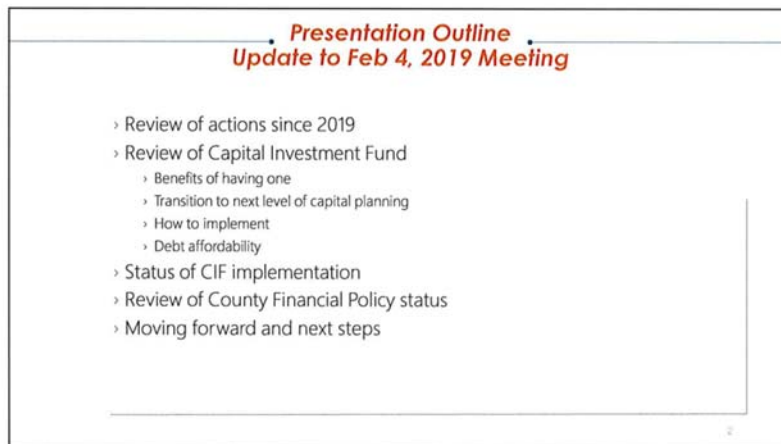
Commissioner Clayton commented that the Fund Balance reserve for the County was set 10% over the recommended to be able to take care of emergencies.

The Comprehensive Annual Financial Report for the Year Ended June 30, 2019 was handed out to the group.

DEBT MODEL PRESENTATION:

Mr. Douglas Carter, President and Mr. Andrew Carter Vice President of DEC Associates Inc. of Charlotte provided the following presentation to the Board related to their services for County Financial Planning for advice for Capital Needs and Debt Affordability alternatives:

2/3/2020



1

Update From 2019 Meeting

Purpose of this conversation – Update on progress – review planning

Decisions made 2019	Importance of financial planning
<div style="background-color: #D95319; color: white; padding: 5px; transform: rotate(-90deg); transform-origin: left top; position: absolute; left: -40px; top: 50%;">Introduce, define, review</div> <p>Multiple decisions:</p> <ul style="list-style-type: none"> › County Commission hired DEC Associates <ul style="list-style-type: none"> › DEC made presentation › Role of advisor › Why to engage advisor › Expand long-term financial planning › Implement Capital Investment Fund (CIF) › Develop County financial policies › Move toward implementation – fy 20/21 budget › Find methods to manage capital needs/improve credit <p>Strong decision making to improve planning</p>	<p>Planning provides:</p> <ul style="list-style-type: none"> › Roadmap/evaluate current plans and policies › Achievement objectives › Issuance of debt only as necessary › Measuring – capital plan <ul style="list-style-type: none"> › Plan affordability – debt and other sources › Greater financing alternatives › Tool to match needs with priorities › Annual review – can change as needed › Drives stronger financial standing <p>Sound planning essential to lowest cost of services</p>

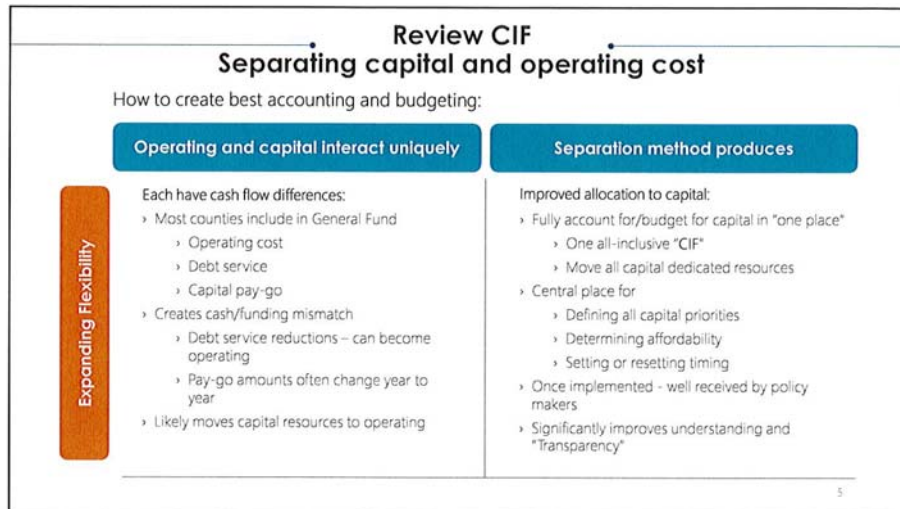
3

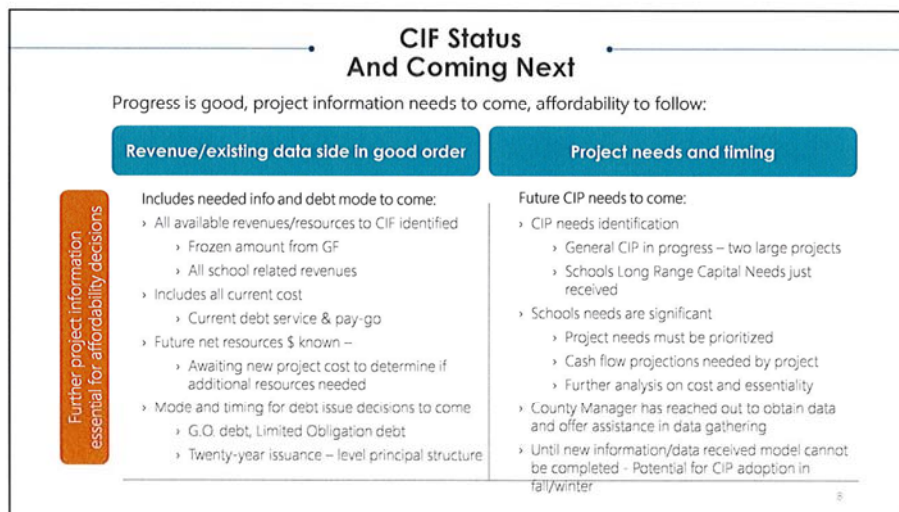
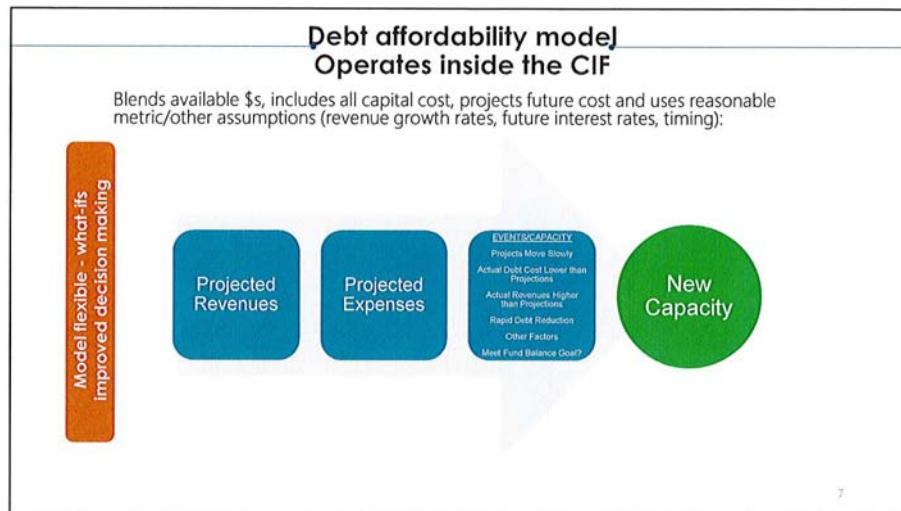
Review CIF Benefits of having one

Highest level capital and debt affordability planning:

Why move up	Who cares?
<div style="background-color: #D95319; color: white; padding: 5px; transform: rotate(-90deg); transform-origin: left top; position: absolute; left: -40px; top: 50%;">Move to best practices</div> <p>Drivers:</p> <ul style="list-style-type: none"> › Capital asset needs <ul style="list-style-type: none"> › Growth › Maintenance of existing assets › Aids economic development › Need to plan for the longer term <ul style="list-style-type: none"> › Especially capital investments › Operating cost they often bring › Greater ability to meet unforeseen events › Sets the stage for improving financial standing 	<p>Stakeholders:</p> <ul style="list-style-type: none"> › Community at large › Local Government Commission (LGC) <ul style="list-style-type: none"> › Debt planning and affordability modeling highly perceived › Issuing only what your need › Rating agencies <ul style="list-style-type: none"> › Understand comprehensive debt planning › Debt policies › Holders/purchasers of County debt › Citizens

4





Draft Financial Policies	
Update on current status of policies:	
Included in Policies	Significant benchmarks
<div>Introduce, Define, Review</div> <p>Comprehensive in nature:</p> <ul style="list-style-type: none"> Elements of policies <ul style="list-style-type: none"> Budget Process & Policies Accounting Policies DEC assisted with development <ul style="list-style-type: none"> Refined County version to be precise and inclusive of needed elements County staff actively involved and offered unique Person perspectives Current draft ready for Commissioner review Adoption during 20/21 budget <p>Policies compare well to others and meet Person needs</p>	<p>Selected components:</p> <ul style="list-style-type: none"> Budget and CIP process defined Budget Policies – Revenue, expenditure and debt Specific policy fund balance targets <ul style="list-style-type: none"> GF – Unassigned balance 18 to 25% range - amount over 25% transferred to CIF CIF – Unassigned balance of 33% of annual debt service Overall policy benchmarks and components of policies consistent with strong double-A rating <p>Benchmarks sound/not excessive – provide future flexibility</p>

Next Steps and Final Questions
<ol style="list-style-type: none"> Review, change if necessary, County Financial Policies - adopt during 20/21 budget Staff creates process to obtain needed information from Schools Long Term capital submission As soon as possible, obtain updated, fully included, school capital request and prioritization - for staff and County Commission review Staff presents Capital Investment Fund and accompanying CIP, during budget time Full debt affordability available only after receipt of needed School Board capital information and Commissioners approval of project priorities and timing Could move affordability, school CIP decisions to fall/winter

While discussing the project needs and the timing schedule, County Manager, Heidi York said the Schools' needs are significant, approximately \$35M; she said she would be meeting with the Schools' Superintendent, Dr. Rodney Peterson to discuss prioritizing the needs noting it was not reasonable that the County could fund \$35M in one year nor the school's staff to implement such spending amount in one year. Ms. York reminded the group that Piedmont Community College will have a significant request also noting the plan for an Advanced Manufacturing Facility, as well as, Economic Development Commission's request for a Shell Building. Until the data is received for the prioritization, the model cannot be completed for recommendations.

Chairman Jeffers asked the Finance Director what percentage of debt did the County have currently to which she noted it was at 4%. The not to exceed percentage of debt, per the Local Government Commission is 15%.

Draft Budget, Accounting and Fund Reserve Policies were introduced and a brief overview was provided to the Board. Ms. York stated the policies would be coming before the Board at a future meeting for approval. Included in the draft policies were budget process and policies, accounting policies for Fund Reserves.

When reviewing the next steps and given everyone is learning the new process for the model, Mr. Carter stated the full debt affordability available only after receipt of the capital information and the Board's approval of project priorities, the timing will align in the fall/winter of 2020.

Commissioner Puryear asked about improving the bond rating. Mr. Carter stated once the financial plan was in place, Person County could invite the rating agency to review the rating noting the goal for a solid AA desired rating.

Chairman Jeffers recognized, Dr. Peterson, Dr. Allen and Mr. King, present in the audience representing Person County Schools. Dr. Peterson stated the requirement to comply with House Bill 90 noting Person County elementary schools were at 97% capacity.

Chairman Jeffers announced a brief break at 11:19am. The meeting reconvened at 11:28am.

FINDINGS FROM THE YMCA FEASIBILITY STUDY:

County Manager, Heidi York introduced Ms. Li Li, of FourSquare Research, Inc. to present the findings from the YMCA Feasibility Study on opportunities for a new Person County YMCA branch of the Danville Family YMCA to the Board of Commissioners. Ms. Li Li is the Managing Partner for FourSquare Research, Inc. and she is responsible for project direction, client relations, and business development. Also present was Ms. Sarah Folmar, CEO and Mr. Dustin Whittle, Assistant Executive Director for the Danville Family YMCA.

The report that was shared with the Board is hereby incorporated into the minutes by reference. The report provided forecasts for new membership units for a new Person County Family YMCA at the proposed locations with detailed information on demographics, psychographics, and program interest of prospective members.

Following below is the Executive Summary of Market Study referenced above.

Executive Summary

In order to determine potential for a new Person County Family YMCA in collaboration between the Danville Family YMCA and Person County Government, FourSquare Research conducted both qualitative and quantitative research. This included in-depth telephone interviews with over 600 randomly-selected households that live in the targeted survey area but do not belong to any YMCA. Based on the findings of the study, the Consultant offers the following key conclusions and recommendations:

1. The study revealed significant interest exists for a new Person County Family YMCA. A total of 5.9% of all households that currently do not belong to a YMCA expressed *a great deal of interest* in joining a new YMCA with all location, pricing and facility options. This is compared to the national average of 4.5% for a full-facility YMCA.
2. However, due to the small population base in the community, the level of interest still does not yield the significant number of membership units needed for a full-service YMCA membership facility with an indoor swimming pool.
3. Of the three possible locations, the location near the Rock Athletic Complex was most preferred by prospective members, as 89% of all prospective members chose it either as the first or second choice, compared to 65% for the location on Highway 65 and 24% for the location in the southern part of Person County.
4. Strong price-sensitivity was revealed. Only 42% of prospective members expressed interest at the current rates of the Danville Family YMCA, and the remaining 58% at the 15%-lower, branch-only rates. Implementing the lower, branch-only rates at a new Person County Family YMCA is recommended.
5. Findings revealed the community characteristics include an inactive population, a very crowded marketplace, slow population growth, and low awareness of the YMCA name. These characteristics would create opportunities and challenges for the new YMCA.
6. Profiles of prospective members include families with children (30%) and adult couples/empty nesters (35%). Many are health-seekers (63%) and desire a "Third Place" in the community (72%).
7. Based on the findings, if the decision is made to establish a new Person County Family YMCA at the preferred location, a Phase I indoor facility of approximately 14,063 square feet without an indoor pool is recommended. An indoor family pool should only be considered when additional funding for operational expenses is secured.

The tables on the following pages illustrate the summary of forecasts for new membership projections, a program matrix, and space allocation for a new Person County Family YMCA.

Summary of Forecasts

The table below summarizes the forecasts for new membership units for a new Person County Family YMCA with all facility and pricing options by location. Please note the Consultant bases forecasts typically only on households with a *great deal of interest*, which are illustrated in the following table.

A New Person County Family YMCA by Location				
Forecasts	Current Danville Rates & Initial Facility Features	Plus an Indoor Gymnasium	Lower Branch-Only Rates	Total*
On Highway 57				
New units	231	130	491	852
New revenue	\$133,327	\$75,114	\$239,918	\$416,281
Revenue per unit	\$578	\$578	\$489	\$489
Near Rock Athletic Complex				
New units	316	178	672	1,166
New revenue	\$182,556	\$102,848	\$328,503	\$569,985
Revenue per unit	\$578	\$578	\$489	\$489
On the Southern Part of Person County				
New units	85	48	181	314
New revenue	\$49,229	\$27,734	\$88,585	\$153,704
Revenue per unit	\$578	\$578	\$489	\$489

*Revenue calculated at the lowest rates.

Figure 1.01 Summary of Forecasts for New Membership Units with All Facility and Pricing Options by Location

Opportunities for the New Person County Family YMCA

The following table provides forecasts of new membership units by location with different pricing strategy scenarios.

Forecasts of A New Person County Family YMCA by Pricing Strategy and Location			
Forecasts	Implement Current Danville Rates	Implement Branch-Only Rates	Variance
On Highway 57			
Total new units	361	852	491
Total new revenue	\$208,441	\$416,281	\$207,840
Revenue per unit	\$578	\$489	-\$89
Near Rock Athletic Complex			
Total new units	494	1,166	672
Total new revenue	\$285,404	\$569,985	\$284,581
Revenue per unit	\$578	\$489	-\$89
On the Southern Part of Person County			
Total new units	133	314	181
Total new revenue	\$76,963	\$153,704	\$76,741
Revenue per unit	\$578	\$489	-\$89

Figure 1.02 Scenario Forecasts for New Membership Units by Location and Pricing Strategy

Program Usage of Major Features

The following table shows the level of usage of facility features by program among prospective members.

Features of a New Person County Family YMCA								
Programs	Wellness/ Fitness Center	Group Exercise Studios	Multipurpose Classrooms	Indoor Multipurpose Gymnasium	Indoor Warm Water Family Pool	Indoor Walking and Running Track	Child Watch Babysitting	Youth/ Teen Center
Adult Fitness	Very High	Very High			Moderate	Very High		
Adult Aquatics					High			
Adult Adventure								
Adult Sports				Low				
Adult Recreation								
Nutrition and Weight Management			Moderate					
Stress and Relaxation		Very High						
Rehab/Health Programs								
Women's Programs	Very High							
Family Activities		Moderate	Moderate		Moderate			
Programs for Children Ages 0-2			Low		Low		Low	
Programs for Children Ages 3-5		Low	Moderate	Low	Low		Low	
Programs for Children Ages 6-9		Low	High	Low	Low		Moderate	
Programs for Children Ages 10-13	Moderate	Moderate	Low	Low	High			Moderate
Programs for Children Ages 14-17	Moderate	Moderate	Low	Low	Moderate			Low
Adult Rating Scale	Low	<15%		Children's Rating Scale		Low	<5%	
	Moderate	15%-29%				Moderate	5%-9%	
	High	30%-44%				High	10%-14%	
	Very High	≥45%				Very High	≥15%	

Figure 1.03 Summary of Usage among Prospective Members of the New Person County Family YMCA

Recommended Space Allocation for the New Person County Family YMCA

The following table shows the recommended square footage of facility features for the new Person County Family YMCA.

Phase I Indoor Features Critical in Attracting New Membership Units for a New Person County Family YMCA	Approximate Square Footage	Program Interest Findings
First-class wellness center that includes <ul style="list-style-type: none"> a cardiovascular area of 1,500 sq. ft. a free weights and strength-training equipment area of 1,000 sq. ft., including a 30-minute circuit training area a designated workout area of 750 sq. ft. with more staff supervision for teens, beginners, and women consulting areas/rooms of 250 sq. ft. 	3,500	Figure 7.05, Figure 7.08, Figure 7.09, & Figure 7.15
Indoor walking and running track surrounding the perimeter of the fitness center or the whole building	2,000	Figure 7.08
Two group exercise studios, one of 1,000 square feet for aerobics and group fitness classes, and the other of 1,000 square feet for relaxation, dance, yoga, and tai chi	2,000	Figure 7.05, Figure 7.06, & Figure 7.08
Multipurpose classrooms with dividers and a sink/wet area for children's creative arts programs and community meetings	250	Figure 7.02
Child watch/baby-sitting area	1,000	Figure 7.01
Youth and teen center with TV, pool tables, Exergame, and seating for social activities (which can also be used for other programs when needed)	1,000	Figure 7.06
Members' lounge/snack bar/social area/community program area	1,500	Figure 7.16
Subtotal	11,250	
Minimal planning factor, H/V/AC, bathrooms, halls, and offices (25%)	2,813	
Total Phase I Indoor	14,063	
Phase II Indoor Features When Additional Funding for Operational Expenses is Secured		
An indoor warm-water family pool with <ul style="list-style-type: none"> zero degree/beach entry for recreational swimming, lessons, and water aerobics aquatic playground features such as splash pads and sprays three lanes for lap swimming, and aqua walking and running showers, lockers, and changing areas for men, women, and families 	10,000	Figure 7.02, Figure 7.03, Figure 7.07, & Figure 7.11
An indoor multipurpose activity center/gymnasium with half courts, dividers, retractable hoops, versatile flooring, and ample storage space for a variety of activities such as basketball, volleyball, gymnastics, summer day camps, and family night	7,000	Figure 7.01, Figure 7.04, Figure 7.08, & Figure 7.15
Subtotal	17,000	
Minimal planning factor, H/V/AC, bathrooms, halls, and offices (25%)	4,250	
Total Phase II Indoor	21,250	

Figure 1.04 Features Critical to the Success of the New Person County Family YMCA

Chairman Jeffers expressed his justification for funding the feasibility study for the data to confirm the community cannot support an indoor pool but would like to see expanded recreational opportunities. Chairman Jeffers stated his appreciation to finally answer the people that voted in the 2008's general election for a senior and recreational center with the results provided by the study. He added he would be taking the report to share with the Recreation Board and felt it relevant to the economic development of future recruitment of industry workforce and the offerings for the workforce and the families, especially for the teenagers of the county.

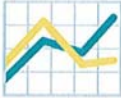
Commissioner Puryear asked Ms. Li Li if she saw government subsidizing the costs of operating such a facility. Ms. Li Li and Ms. Folmar stated the YMCA's are funded through memberships, donations, program fees, fundraising and scholarships. Ms. Li Li added that although governments are independent of the YMCA, where there is a population challenge, she has seen where the local community college, schools, hospital, library, churches and other agencies and private developers will come together for the needed recreational amenities for the community.

Commissioner Powell asked about the projected costs of a YMCA. Ms. Folmar told the group that the YMCA of Danville is a 50,000 sq. ft. facility that cost \$15M of which was all donated by many foundations in Danville. The annual operating costs is \$1.5M, all funded with memberships, program fees and donations.

MID-YEAR FISCAL UPDATE:

Finance Director, Amy Wehrenberg provided the Board with a Mid-Year Fiscal Review as follows:


2/3/2020



Person County Mid-Year Fiscal Review

Person County Board of
Commissioners Annual Retreat
February 3, 2020

Amy Wehrenberg, Finance Director



Discussion Summary

- Mid-Year Comparison: Revenues
- Sales Tax Distribution
- Mid-Year Comparison: Expenditures
- UFB Projection-FYE 2020
- Summary: Trends and Projections

2

Revenues: Mid-Year Comparison

REVENUES	Incr (Decr)	% Change
Ad Valorem Taxes	518,648	2.6%
Sales & Other Taxes	174,263	5.9%
Fees & Licenses	219,904	5.8%
State & Federal Funding	(425,985)	-12.8%
Other Revenues	(851,695)	-64.8%
TOTAL	(364,865)	-1.2%

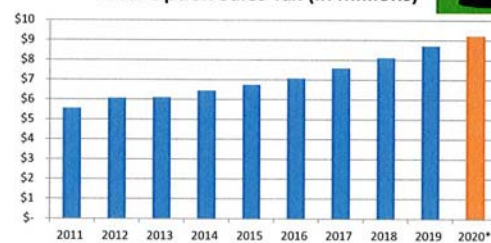
Revenues are showing a minimal reduction due to non-recurring grants and EMS loan proceeds in FY19.

3

Sales Tax & Distribution



Local Option Sales Tax (in millions)



Sales tax is up by 6% for the four months compared to last year. Based on this trend, we anticipate sales tax to come in for a total of \$9.2 million to finish out this fiscal year, an increase of \$522K.

4

Expenditures: Mid-Year Comparison- by expense type

EXPENDITURES	Incr (Decr)	% Change
Personnel	1,019,004	8.4%
Operating	1,099,708	8.6%
Capital	(836,688)	-71.3%
Debt Service	(26,221)	-2.5%
Transfers to Other Funds	1,235,552	66.0%
TOTAL	2,491,355	8.6%
NET CHANGE (Deficit)	(2,856,220)	-104.6%

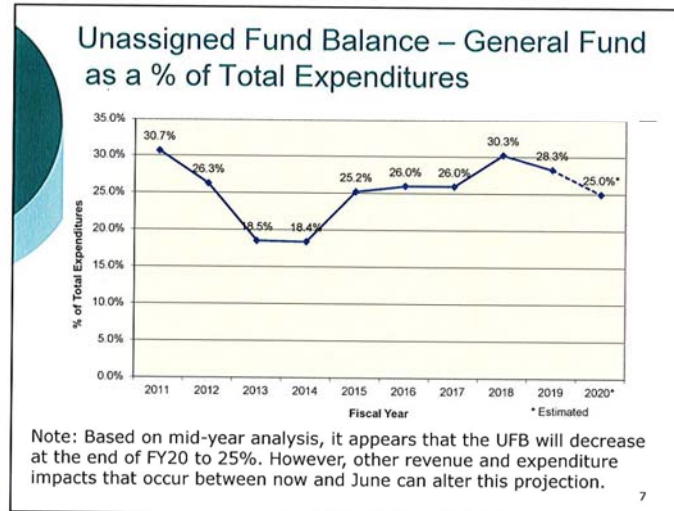
Expenditures are up by \$2.5M, mostly due to large increase in transfers to the CIP and Water & Sewer Fund.

Large deficit as a result of the significant increase in expenditures and decrease in revenues.

Expenditures: Mid-Year Comparison- by function

Increases: \$2,728,548		Decreases: (\$237,193)	
Transfers to Other Funds	1,235,552	Public Safety	(182,815)
Education	562,072	Transportation	(28,157)
Self-Funded Health Ins Fund	410,143	Debt Service	(26,221)
General Government	277,663		
Economic Development	150,412		
Culture & Recreation	79,792		
Environmental Protection	11,907		
Human Services	1,007		

Largest expenditure increases are reported in Transfers to Other Funds. Education and Health Fund costs reflect significant impacts as well.



Trends and Projections

- Revenues show an overall reduction at mid-year for \$365K. Primarily due to non-recurring grants and one-time loan proceeds received in FY19.
- Sales tax estimated to increase by 6%, or \$522K by FYE.
- Expenditures report a significant increase as a result of a large CIP investment and allocation to the Water & Sewer Fund.
- Other elevated costs were reported in current expense for Schools and PCC, lottery expenses, and health insurance claims.
- Current trends suggest decrease in County's UFB at FYE.

Commissioner Puryear asked Ms. Wehrenberg if any debt would come off this fiscal year to which she said no. She said there is debt expected to be retired next fiscal year however the expectation is that debt will added with the capital requests from the Schools and Piedmont Community College.

PREVIEW OF NEEDS IN FY2020-2021:

County Manager, Heidi York shared the following presentation with the Board highlighting the Preview of Needs for Fiscal Year 2021 for both Capital and Operating as known at this time. Ms. York stated she has received an amended Capital request from Person County Schools and was anticipating an amended Capital request from Piedmont Community College.


2/3/2020

Preview of Needs FY 2021

CIP Requests


▶ PCC:	\$6,037,026
▶ Schools:	\$1,438,443
▶ IT:	\$65,000 Fiber expansion to 911 Center/PCRC
▶ General Services:	\$279,127 HVAC Control Valve Upgrade – LEC and Helena (old) Gymnasium Roof
▶ Emergency Mgmt:	\$95,750 EOC/EMS Renovations
▶ Economic Dev:	\$6,384,500 EDC Product Development
▶ Recreation:	\$928,326 (10 projects, including lighting, ADA improvements, and playground equipment)
▶ Stormwater:	\$1,122,500 Stormwater BMP

PCC



▶ Telephone System Replacement:	\$57,592
▶ Early College – POD Building:	\$79,000
▶ Advanced Technology Center:	\$5,000,000
▶ Campus Safety and Security Lighting:	\$75,000
▶ External Campus Drainage Issues:	\$75,000
▶ Chiller Units:	\$250,000
▶ Information Technology:	\$80,000
▶ Environmental controls for buildings:	\$165,000
▶ New roof – Building L and covered walkways:	\$255,434
Total	\$6,037,026

Schools



▶ South Elementary – courtyard window replacement:	\$250,000
▶ Earl Bradsher – heat pump replacement:	\$150,000
▶ South Elementary – chiller replacement:	\$125,000
▶ Woodland Elementary – chiller replacement:	\$125,000
▶ Oak Lane Elementary – new roof:	\$725,416
▶ South Elementary – new roof:	\$63,027
Total	\$1,438,443

*Also \$34,940,677 identified “priorities” related to safety and security, ADA compliance, and deferred maintenance

Operating Requests

- ▶ Health Insurance Estimate: 10.59% increase
+\$405,952.08
- ▶ Compression Study Estimate (2nd phase): \$238,000
- ▶ EMS Salary Adjustments: \$67,497
- ▶ New Full Time Positions:

Questions?

Ms. York made the Board aware of the critical need nationwide, and in Person County, of recruiting and retaining talented emergency services personnel. She noted that she would be bringing a discussion to the Board at its upcoming meeting on February 18, 2020 after staff's review of options. Ms. York further noted EMS is struggling with staggering overtime costs as vacancies are being fulfilled through employee's overtime hours.

Related to the new fiscal year's need for full time positions, Ms. York updated the Board that she has received eight requests for full time positions from Environmental Health, PATS, Inspections, GIS, the Jail and DSS. If all eight positions are funded, the costs are projected at \$450,000. In addition, a Fire Marshal position that was recently added appropriating another \$58,000 in the new fiscal year budget.

Ms. York stated an operating cost request for the City of Roxboro's Western Interceptor at \$500,000 could be funded through the County's Water and Sewer Fund that currently has \$1M, if approved by the Board.

Commissioner Clayton asked Ms. York to speak to the request of Piedmont Community College for an Advanced Technology Center; Ms. York stated the County funded a feasibility study for this project noting the request was for new land acquisition with the construction of a new building to support existing industry and as a recruiting tool to train the workforce for advanced technology services. Ms. York anticipated the upcoming budget to include smaller, critical capital needs allowing the Debt Service Model to be developed with time to review financing options to bundle projects for later in the new fiscal year.

BUDGET WRAP-UP:

County Manager, Heidi York stated staffs' intent to develop a budget reflecting the priorities of the Board and align those needs with the strategic plan. She reminded the Board of the Strategic Plan objectives as adopted in May 2019 and asked the group if the objectives are still relevant:

1. Improve School Facilities
2. Implement a Pre-K through 14 Workforce Development Plan
3. Support Economic Development's Strategic Plan
4. Implement Quality of Life Programs

Ms. York stated she would update the Strategic Plan Strategies for those that were accomplished and to add any new strategies the Board desired. She made the assumption that the Board would keep the same property tax rate and fire tax rate as adopted in 2019 to keep the revenues flat.

Chairman Jeffers stated his desire to strategize fire protection in the County, whether the options included paid firefighters or looking what other counties are doing to assure the community of fire services. Ms. York stated the EMS Director, Doug Young was compiling a plan for options to cover the Woodsdale fire district and suggested to engage the Office of State Fire Marshal and the County's forthcoming Fire Marshal to develop a comprehensive plan to support the volunteer fire departments (VFDs) moving forward. Ms. York said the fire tax was generating a little more than the \$1M (current appropriation) to the VFDs noting the extra revenue over the \$1M could be placed in a Fund Balance for such response to emergency needs.

Chairman Jeffers also stated preference to strategize a plan for the power plant impacts for when and if the plants are closed. Commissioner Puryear stated his idea to identify spending for the ten years prior to the projected loss of revenue.

Chairman Jeffers requested to research after school programming and suggested following up with Tanya Evans of Duke Energy related to Boys & Girls' Club advocacy programming for youth that is currently taking place in Granville, Vance and Warren counties at elementary schools.

Chairman Jeffers recommended adding strategies that match the Economic Development Commissions' priorities that were recently updated.

CLOSING REMARKS AND ADJOURNMENT:

Chairman Jeffers remarked that the budget work was definitely cut out for the Board with all the needs that have been noted thus far.

Chairman Jeffers asked the group about allocating \$2,000 to the Healthy Personians advisory group to promote the 20th anniversary; he noted he would place on an upcoming agenda to have more information about the role of the group.

Chairman Jeffers stated the DSS board has noted impact to DSS services and funding due to the NC budget not being passed.

Commissioner Clayton reminded the group of the Upper Neuse meeting on March 12, 2020 that would be informative. Commissioner Clayton stated he attended a recent Kerr Tar Transportation Committee noting the Flat River bridge was now open; he added that the DOT suspended funding was now reinstated which puts the Boulevard project back into the schedule.

County Manager, Heidi York said she would keep the Board updated related to the Financial Advisory Debt Model capacity following the meeting with the Schools' staff.

Chairman Jeffers asked his fellow commissioner to complete the retreat evaluation and return to the Manager.

A **motion** was made by Commissioner Puryear and **carried 4-0** to adjourn the meeting at 1:20pm.

Brenda B. Reaves
Clerk to the Board

B. Ray Jeffers
Chairman

This page was intentionally left blank.