

PERSON COUNTY BOARD OF COMMISSIONERS
MEMBERS PRESENT

MARCH 1, 2021
OTHERS PRESENT

Gordon Powell
Kyle W. Puryear
C. Derrick Sims
Charlie Palmer
Patricia Gentry

Heidi York, County Manager
Brenda B. Reaves, Clerk to the Board

The Board of Commissioners for the County of Person, North Carolina, met in regular session on Monday, March 1, 2021 at 9:00am in the Person County Office Building Auditorium. This meeting was set as the Board's annual retreat focusing primarily on the Fiscal Year 2021-2022 Budget and/or any other topics as deemed appropriate.

Chairman Powell called the meeting to order.

DISCUSSION/ADJUSTMENT/APPROVAL OF AGENDA:

Vice Chairman Puryear requested to add two items to the agenda: 1) an update for county debris removal, and 2) the Board to encourage Spectrum and others to improve infrastructure in rural areas of the county.

A **motion** was made by Commissioner Sims and **carried 5-0** to add two items to the agenda as noted above and to approve the agenda as adjusted.

Commissioner Gentry asked if there was a Zoom link for the public to which County Manager, Heidi York said the meeting was being live streamed via You Tube as usual practice. Persons could click the Live link on the Commissioners' web page to view the board meeting in progress.

GETTING US STARTED:

County Manager, Heidi York stated the budget retreat kicks off the budget preparation for upcoming fiscal year. She noted it is an informal setting for staff to share information and the Board to discuss its goals and priorities. Ms. York introduced Human Resources Director, Lisa Alston to lead the group in a team building activity.

Ms. Alston led the group in a goal-setting activity using the five days of budget season for each commissioner to state a priority goal without repeating the same goals.

Commissioner Gentry's goal was to streamline the economic development process.
Chairman Powell's goal was to have better broadband connectivity.
Vice Chairman Puryear's goal was to keep the property tax rate flat.
Commissioner Sims' goal was to improve Person County school facilities.
Commissioner Palmer's goal was the airport.

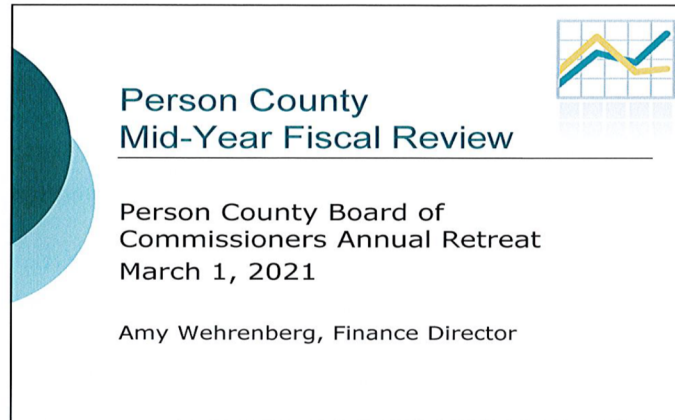
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Ms. Alston presented the illustration of each commissioner's goal listed on individual bricks all together represented a foundation for the next budget year. She noted the county's shared vision served as the mortar to hold together the goals on the bricks and that staff of Person County also called Team Person County would do all it could to make the goals a reality.

MID-YEAR FISCAL REVIEW AND MAJOR HIGHLIGHTS:

Finance Director, Amy Wehrenberg introduced to the group her newly hired Assistant Finance Director, Melissa Jones. Ms. Wehrenberg proceeded to share the following presentation for a mid-year fiscal review:

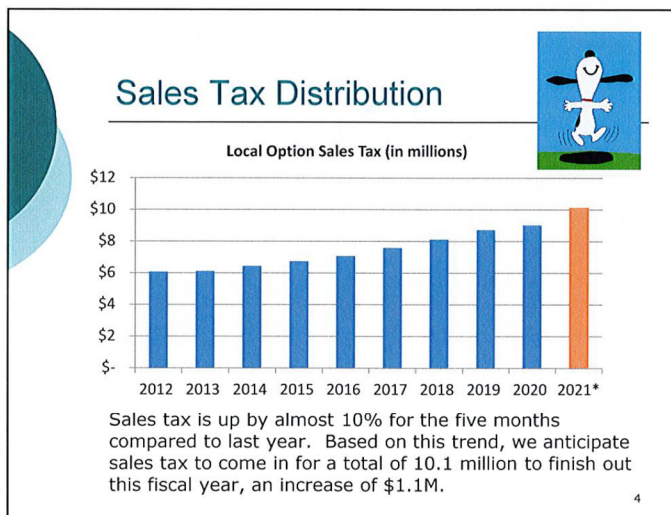
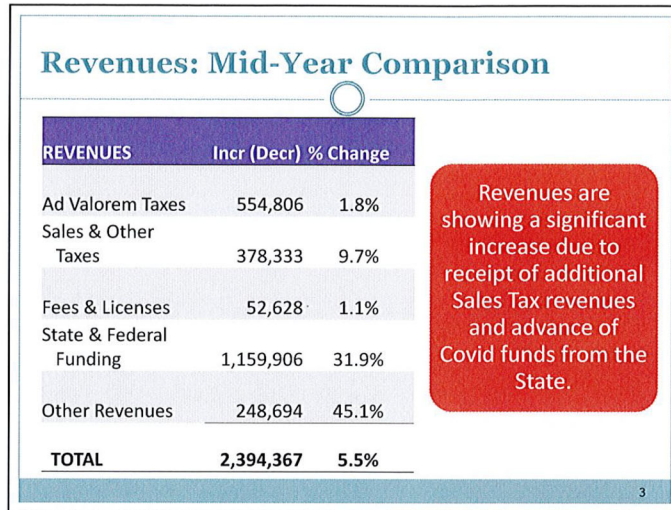
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Expenditures: Mid-Year Comparison- by expense type		
EXPENDITURES	Incr (Decr)	% Change
Personnel	1,129,589	7.5%
Operating	2,141,511	14.5%
Capital	48,806	11.5%
Debt Service	(1,310,106)	-100.0%
Transfers to Other Funds	856,990	27.6%
TOTAL	2,866,790	8.3%
NET CHANGE (Deficit)	(472,424)	-5.1%

Expenditures are up by \$2.9M, mostly due to significant increase in Operating category.

Deficit is result of larger increase in expenditures compared to revenues.

Expenditures: Mid-Year Comparison- by function		
Increases: \$5,003,817		Decreases: (\$2,137,026)
Self-Funded Health Insurance Fund	1,877,505	Culture & Recreation (162,382)
General Government	1,085,339	Education (562,512)
Transfers to Other Funds	856,990	Debt Service (1,310,106)
Human Services	821,534	
Public Safety	362,448	
Environmental Protection	(827)	
Economic Development	(9,525)	
Transportation	(91,676)	

Largest expenditure increases are reported in Self-Funded Health Insurance Fund and General Government. Human Services and Public Safety departments reflect significant impacts as well.

Debt Service



TOTAL OUTSTANDING DEBT:	\$10,543,686
County (66%)	6,967,335
Schools (34%)	3,576,351
BUDGET:	
FY21 Debt Service Budget	2,069,717
FY22 Debt Service Budget	1,843,564
Decrease in budget from FY21 to FY22	(226,153)

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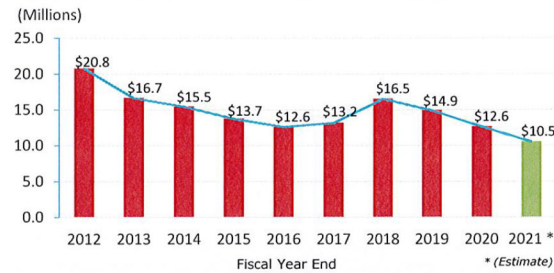
Outstanding Debt Service by Project

Fiscal Year Ending June 30	2012 School Roofing Projects for S&M & PHS (QSCB)	2015 PCRC & Various Roofing Projects	2016 Rooplex & Various Roofing Projects	2017 Senior Center & Various Roofing Projects	2018 Towers & Other Building Improvements Project	2019 EMS Ambulances Capital Lease	Total Current Debt Service	Year to Year Change in Current Debt Service
2022	260,131	430,800	275,323	195,733	526,360	155,217	1,843,564	(252,633)
2023	251,924	221,000	310,457	191,787	512,320	155,217	1,642,705	(200,859)
2024	243,717	116,100	259,158	187,842	498,280	-	1,305,096	(337,609)
2025	235,509	113,300	154,163	183,897	484,240	-	1,171,108	(133,988)
2026	227,302	110,500	76,249	179,951	470,200	-	1,064,202	(106,906)
2027	219,095	107,700	-	176,006	381,816	-	884,619	(179,583)
2028	106,470	104,900	-	172,060	370,411	-	753,841	(130,778)
2029	-	102,100	-	168,115	359,003	-	629,218	(124,623)
2030	-	-	-	164,169	347,556	-	511,765	(117,453)
2031	-	-	-	160,224	212,285	-	372,509	(139,256)
2032	-	-	-	156,284	106,143	-	262,426	(110,083)
2033	-	-	-	-	102,633	-	102,633	(159,794)
2034	-	-	-	-	-	-	-	(102,633)
2035	-	-	-	-	-	-	-	-
Totals	\$ 1,644,148	\$ 1,306,400	\$ 1,075,349	\$ 1,936,067	\$ 4,371,288	\$ 310,434	\$ 10,543,686	\$ (2,096,197)

Person County's last scheduled debt payment for the current list of debt-funded projects above is for the Public Safety Towers Project in 2033.

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Outstanding Debt Service Ten Year Comparison



Graph above represents County's outstanding debt service over 10 year period. Projection of \$10.5M at end of FY21 is a 17% reduction from the prior year.

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Fund Balance for FY19 (Audited)

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%

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

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Fund Balance Estimates FY20 & FY21

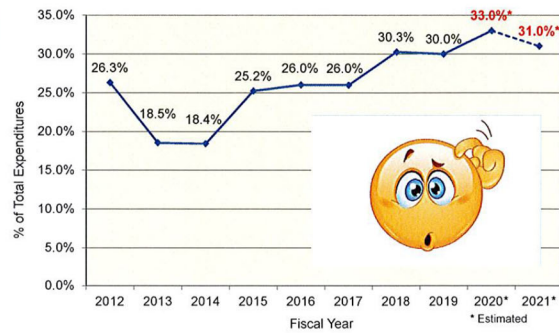


	Estimates		Audit
	2021	2020	2019
General Fund expenditures	52,054,857	49,188,067	50,903,915
Months	12	12	12
Estimated monthly expenditures	4,337,905	4,099,006	4,241,993
Unassigned FB-GF	16,046,077	16,301,186	15,491,651
Estimated monthly expenditures	4,337,905	4,099,006	4,241,993
Estimated months of available GF-FB	3.70	3.98	3.65
FB as a % of GF Expenditures	31%	33%	30%
18% minimum level	9,369,874	8,853,852	9,162,705
Excess UFB over 18% minimum	6,676,203	7,447,334	6,328,946


If assumptions hold based on current trends, the amount of discretionary fund balance available at current fiscal year-end will range between the amount reported in FY19 and estimates for FY20. In FY21, incoming revenues are helping to cushion the significant increase in expenditures, preventing a larger fund balance decline.

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Unassigned Fund Balance as a % of Expenditures



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Cybersecurity Recovery

	FY20	FY21 (to date)	TOTAL
REVENUES			
Insurance proceeds	-	159,725	159,725
EXPENDITURES			
Incident response team	58,676	319,234	377,910
911 system restoration	20,750	-	20,750
Hard drive data recovery	41,500	-	41,500
Backup storage appliance	-	57,810	57,810
Office 365 Plans	-	25,309	25,309
Anti-virus software	-	25,578	25,578
Financial software re-implementation	-	17,020	17,020
Finance-temp employee assistance	-	38,913	38,913
CPA contract for payroll services	4,500	4,762	9,262
Other cyber-related supplies/equip	8,708	13,717	22,425
TOTAL EXPENDITURES	134,134	502,343	636,477
NET DEFICIT	(134,134)	(342,618)	(476,752)

Claim expenses have been filed and Person County's application for reimbursement is pending. It is unlikely that 100% of costs will be covered.

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Coronavirus Relief Fund (CRF)

REVENUES	
CRF from State	1,658,935
EXPENDITURES	
Allocation to City of Roxboro	414,734
Emg Mgt-web inventory software	12,500
Emg Mgt, EM & 911 Supplies & OT	341,616
EMS-respond vehicles & ambulance remount	217,000
Gen Svcs-spray guns/cleaning supplies	32,000
IT-teleworking equipment	21,469
Covid leave expense	200,000
Library-personal protective equip	952
Health-temporary personnel	60,000
Health-vaccine sign-up software app	11,200
Health-respirator fitting equipment	20,000
Health-vaccine drive-thru tent	10,650
PATS-air filter machines for vans	16,000
PI-plexiglass dividers	4,949
PI-temperature kiosk	1,300
TOTAL EXPENDITURES	1,364,370
REMAINING FUNDS	294,565

Expenditures are still ongoing (ie. Vaccine deployment, Health & Public Safety overtime, Covid leave payouts). Therefore, a final accounting will not be possible until these efforts are completed. Currently, Person County reports remaining unallocated CRF funds of \$294,565.


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Audit Report Status

- Audit process typically takes place from September through December, and audit report is often presented to Board at Retreat.
- Cyber event in May 2020 caused the need to restore information back to March 2019.
- Restoration of data took 7 months to complete, delaying the kickoff of the audit process until mid-February 2021.
- State approved Person County's extension request to submit audit report by **May 31, 2021**.
- Challenges exist due to recent staff turnover, training efforts, and concurrent Budget and CIP processes.
- Communicating with various state agencies regarding our situation, and attempting to prevent any delayed revenues that may occur as a result.

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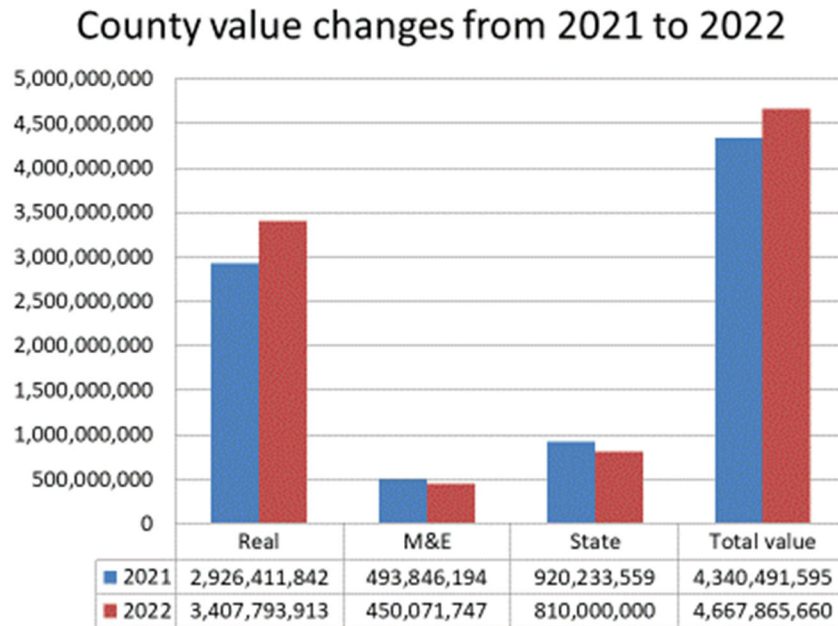
Summary and Trends

- Revenues show a large increase of \$2.4M resulting from additional Sales Tax revenues and advance of Covid funds from the State.
- Expenditures report a significant increase at mid-year for \$2.9M primarily due to high health insurance claims, along with elevated operational costs associated with Cyber restoration and Covid expenditures.
- Sales tax is estimated to increase by 10.1%, or \$1.1M by FYE.
- Outstanding debt is \$10.5M. Payoff of debt service in FY21 allows for FY22 budget reduction of approximately \$226K.
- Fund balance projections indicate a slight reduction for FY21.
- Cyber recovery is almost complete and expenditures total \$636K. Reimbursement from insurance proceeds are pending.
- Remaining balance of CRF to allocate to ongoing Covid-related expenses is approximately \$295K.
- Audit process for FY20's report has begun and is due to be completed by May 31, 2021.

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PROPERTY TAX REVENUE PREVIEW:

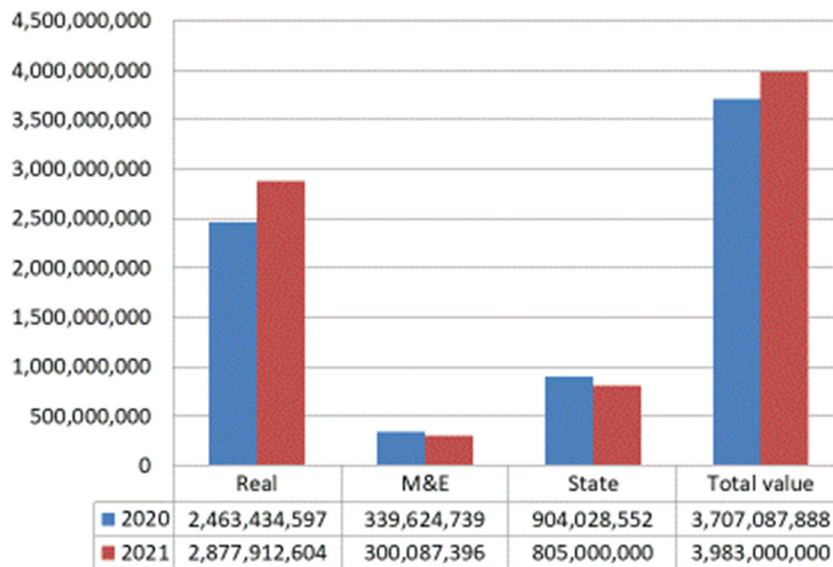
Tax Administrator, Russell Jones shared the following presentation for property tax revenue preview:



Mr. Jones explained that the State appraised was at an all time, but temporary high for current year, at \$920,233,559 due to upgrades of substations and lines. He said he was advised by the State to go down from last year's valuation of \$845,688,750. Using valuation of \$810m, or down \$35m. County Manager, Heidi York added that Mr. Jones estimates conservatively as the State appraised values are received after the budget process and the county had no control over the state appraised values.

Mr. Jones noted the machinery depreciation lowered equipment by \$44 million and reporting for new equipment would not be filed until April 15, 2021.

Fire District value changes from 2021 to 2022



Mr. Jones that the fire district values were similar to the previous slide noting that the fire tax valuations do not include the City of Roxboro.

Changes in State Appraised Values

Fiscal Year	All State Appraised	Coal Plants	Change from previous
2022-estimated	810,000,000	746,496,076	-32,000,00
2021	920,233,559	856,874,916	+74,544,809
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

Mr. Jones stated the state appraised revenues represented 20% to 22% of the county's budget.

County revenue based on tax rate changes

Tax Rate	Tax Office	DMV	Total	Per Penny
.72	32,768,417	2,878,560	35,646,977	495,097
.71			-485,102	
.70			-970,204	
.69			-1,455,306	
.68			-1,940,408	

Mr. Jones illustrated the loss of revenue with a tax rate change.

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Fire revenue based on tax rate changes

Tax Rate	Tax Office	DMV	Total	Per Penny
.0275	1,067,942	89,330	1,157,272	420,826
.0270			-20,635	
.0265			-41,270	
.0260			-61,906	

Mr. Jones stated a change in the fire tax rate affects revenues.

What is “revenue neutral”?

Purpose of Revenue Neutral
The purpose of the Neutral Property Tax Rate is to show what tax rate next year will produce revenue equal to the prior year, if reappraisal had not occurred, adjusted for average growth.
What is our average growth?
Based on the final levy for the last 8 years, our average growth is 1.14%.

Mr. Jones said the tax office will mail notices with the reappraisal changes to property owners this week. He noted the residential values have increased; commercial values were hit harder in large urban area and not so much in rural areas

March 1, 2021

APPOINTMENTS TO THE BOARD OF EQUALIZATION & REVIEW:

Tax Administrator, Russell Jones requested the Board to appoint members of the Board of Equalization & Review to continue with its special Board of Equalization and Review.

A **motion** was made by Commissioner Sims and **carried 5-0** to nominate and appoint the following individuals to the Board of equalization & Review for a four-year term:

Curtis Bradsher, Margaret Bradsher, David Newell, Sr., Jay Poindexter and Vice Chairman Puryear. Alternates: Commissioner Gentry and Commissioner Sims.

Mr. Jones reminded the group of the 2-hour training session held by the NC Department of Revenue, which will be held virtually on either March 11 or March 18.

Chairman Powell announced a brief break at 10:24am. The meeting was reconvened at 10:40am.

PREVIEW OF FISCAL YEAR 2022 NEEDS:

County Manager, Heidi York shared the following presentation to preview Fiscal Year 2022 Needs. Ms. York said the budget is one of the most important tasks the Board is faced with annually and is a great communication tool reflecting the Board's priorities. She added she wanted to build a budget based on the Board's priorities.

Ms. York stated she and her budget team would be meeting individually with all county departments to review its capital and personnel needs. She will present her recommended budget in May with a balanced budget and hand off to the Board to make changes as deemed appropriate for adoption in June.

Preview of Needs FY 2022


Capital Improvement Plan Requests

- ▶ PCC: \$1,327,143 (Advanced Technology Center, chillers, roof, covered walkways)
- ▶ Schools: \$1,592,298 (chillers, HVAC, bleachers, roofing)
- ▶ IT: \$129,800 Construction of a new server room
- ▶ General Services: \$55,500 Replace water valves/upgrade actuators – LEC
- ▶ Roofing: \$253,287 Helena (old) Gymnasium
- ▶ Recreation: \$646,051 (7 projects, including lighting, ADA improvements, and playground equipment)

Total Project Costs = \$4,004,079


Annual Target for CIP spending = ~\$2M

PCC



▶ Telephone System Replacement:	\$9,600
▶ Early College – POD Building:	\$79,000
▶ Advanced Technology Center:	\$500,000
▶ Repair HVAC Roof Water Lines:	\$78,000
▶ Chiller Units:	\$250,000
▶ Environmental controls for buildings:	\$150,000
▶ New roof – Building L and covered walkways:	\$260,543
Total	\$1,327,143

Schools

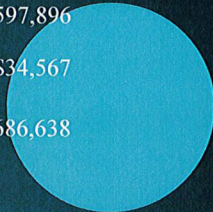


▶ Southern Middle – Bleachers Replacement:	\$145,000
▶ Earl Bradsher – HVAC unit replacement:	\$115,000
▶ North Elementary – chiller replacement:	\$150,000
▶ Oak Lane Elementary – new roof:	\$778,868
▶ South Elementary – new roof (metal):	\$51,430
▶ South Elementary – tile floor replacement:	\$87,000
▶ North End Elementary – chiller replacement:	\$125,000
▶ Stories Creek Elementary – heat pump replacement:	\$140,000
Total	\$1,592,298

***Also \$36,706,910 identified priorities related to safety and security, ADA compliance, and deferred maintenance from previous Needs Assessment**

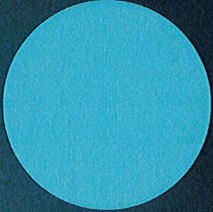
Ms. York explained the County has roofing and window assessment for all county buildings as well as school facilities; from this assessment, staff will know and recommend the critical needs. Ms. York said Dr. Peterson, Person County Schools' Superintendent asked how the Board would fund the \$36M of identified priorities. Ms. York noted options included setting aside funding to chip away, i.e. \$1M each year, or a larger amount for a financing, i.e. \$7M, \$10M, or the school preferred option for a Bond Referendum that requires voter approval for an even larger amount, i.e., \$20M. Chairman Powell reminded the Board that the Board was tasked with maintaining the needs however the amount of the funding appropriated was at the discretion of the Board.

Operating Requests



▶ Health Insurance Estimate:	\$4,733,361
▪ 14.46% increase	+\$597,896
▶ EMS Salary Adjustments:	\$34,567
▶ New Full Time Positions: 10 FTEs, 2.5 PTEs	\$686,638
▶ VFD Funding:	\$1,095,248
	+\$45,877
▪ (Restore amount of Former-WVFD funding for reallocation)	\$24,402
▪ (2% Contractual Increase)	\$21,475

Medical Insurance Renewal

- 
- ▶ Costs are being driven by high claimants
 - ▶ Solicited & Received Bids
 - Aetna
 - BCBSNC
 - CIGNA
 - MedCost
 - ▶ Offering a Health Savings Account (HSA) along with usual PPO
 - ▶ Some structural changes to the plan to level out increases rather than pass them on to the employees

Ms. York noted the health insurance increase was at a 30% increase but reduced to 14.46% due to restructuring the design of the plan and now incorporating a health saving account. The increase in the county's self-insured plan is due to the performance of claims.

Other Expenditures & Opportunities

- ▶ Person Industries: building lease is up in 2025, pursue a merger of facilities
 - \$50K feasibility study: space needs, efficiency improvements, and equipment needs
- ▶ VFD Funding: 2% increase; redistribution of Woodsdale; update maps
- ▶ Broadband next steps study: \$30K
- ▶ Community Projects Fund with Republic: \$100K
 - Develop review process or dedicate for single purpose?
- ▶ Human Services Building: lease is up for renegotiation in 2025
 - Obtain an appraisal?
- ▶ County-owned properties

County-Owned Properties

- County Farm
- Property tracts at Woodsdale Road
- Old Helena School Complex (except gym/Field entrance)
- Bushy Fork Grange Hall
- Critcher Wilkerson property (except tower plot)
- Misc properties around Sportsplex

Commissioner Gentry stated support to transition Person Industries from under county government to a private, non-profit. Chairman Powell asked if the transition to private operations should be included in the proposed Feasibility Study to which Ms. York said the feasibility study could be adjusted. Commissioner Sims noted he supports citizens not having to pay a drop off fee for recycling.

IT Director, Chris Puryear and Assistant County Manager, Katherine Cathey provided a brief update for the current, completed fiber project noting the next steps for broadband accessibility included a study so that coverage maps can be updated and unmet need areas can be identified. This topic will be included on the Board's next meeting agenda for March 15, 2021. Commissioner Gentry asked for the options for satellite access as well as new technologies be added to the survey.

The group discussed the \$100K funded by Republic's solid waste contract for current fiscal year and will be recurring for community projects. Commissioner Gentry stated preference to make an impact for a significant project versus several small projects funding. Chairman Powell mentioned the need for roadside litter cleanup to which Ms. York stated there was also funding by Republic's contract for this purpose as well. Vice Chairman Puryear suggested funding economic broadband and/or economic development with the \$100K noting both were top goals.

Ms. York asked the Board for direction to obtain an appraisal for Human Services building for purchase as the lease would be expiring in 2025. Vice Chairman Puryear advocated to use county owned property and not to renew the lease. Commissioner Gentry suggested to ask the building owner to have an appraisal completed at their expense noting her opinion that commercial property will experience a shift in values in the next six to eight months.

Ms. York stated she listed on the slide county owned properties for which there was no business plan for the immediate future. The group discussed the County Farm that is land-locked that was obtained in an effort to protect future water supply. The parcel includes 281.56 acres with a tax value of \$745,000. Commissioner Gentry stated the need to know if the Board should continue to hold onto this property to protect a water source and if the timber could be harvested. General Services Director, Ray Foushee said the last time timber was harvested, adjacent property owner, Willis Parker allowed the timber harvest to be completed across his property for free however, Mr. Parker indicated he would like to sell the County access through a lease or an easement.

Ms. York provided the following handout explaining mandated versus discretionary services as the Board considers its budget actions.

Mandated vs. Discretionary Services

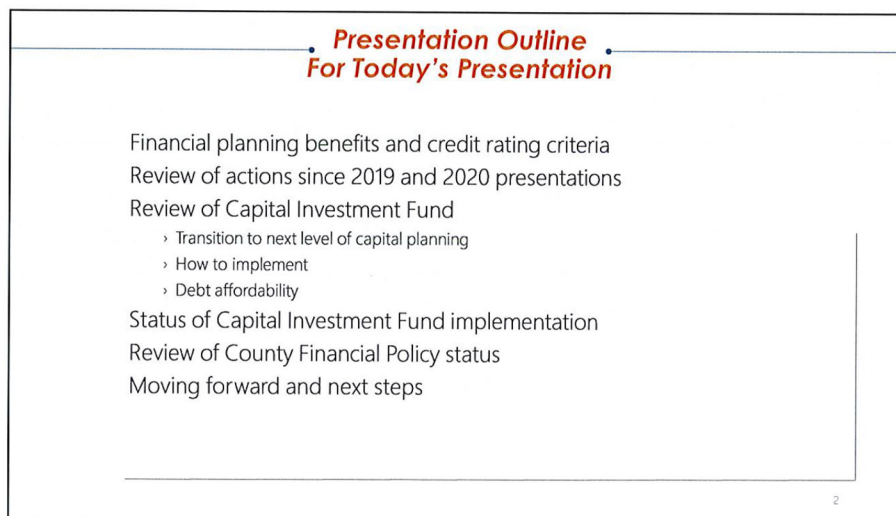
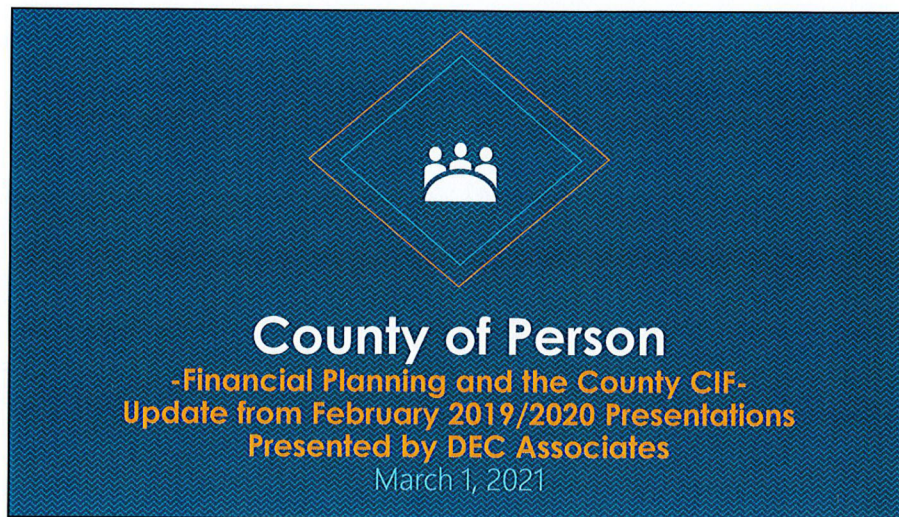
Mandated Services and Funding	Mandated Services, Discretionary Funding	Discretionary Service and Funding
<ul style="list-style-type: none"> • Social Services Programs • Debt Service • Personnel – Federal Income Taxes • Personnel – Law Enforcement Special Separation Allowance • Personnel – Unemployment • Personnel - Retirement 	<ul style="list-style-type: none"> • Board of Commissioners • Elections • Inspections • Community College • Public Health • Courts • Education (capital) • Emergency Management • Emergency Medical Services • 911 Telecommunications • Finance • Jail • Legal • Medical Examiner • Mental Health • Register of Deeds • Sheriff • Social Services • Soil and Water • Tax Administration • Stormwater • JCPC Admin/Programs • Environmental Health • Landfill Maintenance • Personnel - Pay 	<ul style="list-style-type: none"> • Senior Center • Cooperative Extension • Economic Development • Education (current expense, supplements) • Animal Services • Transportation • Administration • General Services • Fleet Management • Forestry • Veterans Services • Information Technology • Public Library • Museum • Planning and Zoning • Recreation, Arts and Parks • Person Industries • Recycling Center • Human Resources • Judicial • Fire Marshal • Fire and Rescue • Airport • GIS • County Capital • Water and Sewer Extensions • Personnel - Benefits

March 1, 2021

FINANCIAL PLANNING FOR CAPITAL & DEBT AFFORDABILITY:

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 Capital Needs and Debt Affordability alternatives:

3/1/2021



Financial Plans Undergird Well Made Decisions

Financial planning in government has varied based upon many influences

- › Size, location and desire of governments to plan for financially positive and sustainable outcomes
- › Planning means many things – short or long-term in duration and nature, are operational needs and capital needs both drivers for plans, what is the desired outcome, where do citizens have a role and on and on
- › N.C. has been a state known for "good government" and planning has been a significant part of that, many firsts for N.C.

Implementing financial plans consistent with policymaker and management goals

- › Establishing methods for financial planning have evolved, more specific planning sessions, citizen input and the like
- › Financial plan goals must be consistent with community needs, cost of delivery and governance methods
- › Service level and capital investment affordability measurements are vital and help guide maintaining efficient delivery cost

Planning is not static and relies on updates and changes to be relevant

- › As with all forms of planning, it must be constantly evaluated and updated to provide relevant guidance
- › Multi-year financial plans guide future decisions and set the need for further decision making to maintain affordability
- › Economic and population growth provide challenges to planning and need for frequent update

3

Long-Term Financial Planning Benefits

Financial planning is a framework for sound budget and other decisions

What are the benefits?

Basics of good planning:

- › Creates ability to plan for the longer term
 - › Especially for capital investments
 - › And the operating cost they often bring
- › Sets the stage for improving financial standing
 - › Gives greater room to meet unforeseen needs
 - › Gives time to make changes with least sudden impacts
- › Creates credit rating positives
- › N.C. Local Government Commission regards long-term planning an essential to sound financial management

What do rating agencies require?

All three agencies review similarly:

- › Four specific areas – Moody's follow:
 - › Economy – 30%
 - › County finances – 30%
 - › General management – 20%
 - › Debt and pensions – 20%
- › Methods to identify funding sources/financing strategies
- › Soundness of the financial plan – needs present and not addressing them a credit negative
- › Retention of sound fund balances increasing as the budget increases
- › Elected official and management "buy in"

Planning as a tool to manage well into the future

4

Update From 2019 And 2020 Meeting

Purpose of this conversation – Update on progress – review planning

Decisions made 2019	Importance of CIP and debt affordability
<div style="background-color: #e69d00; color: white; padding: 5px; transform: rotate(-90deg); transform-origin: left top;">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 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>

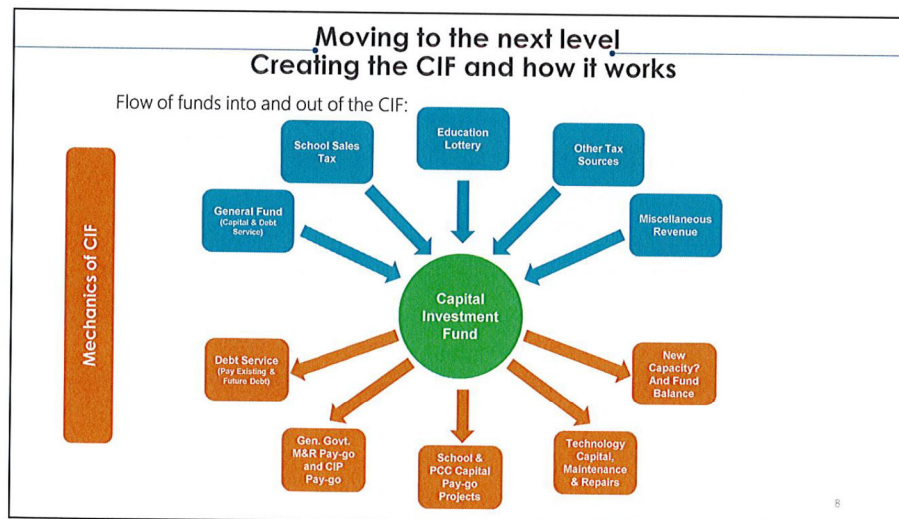
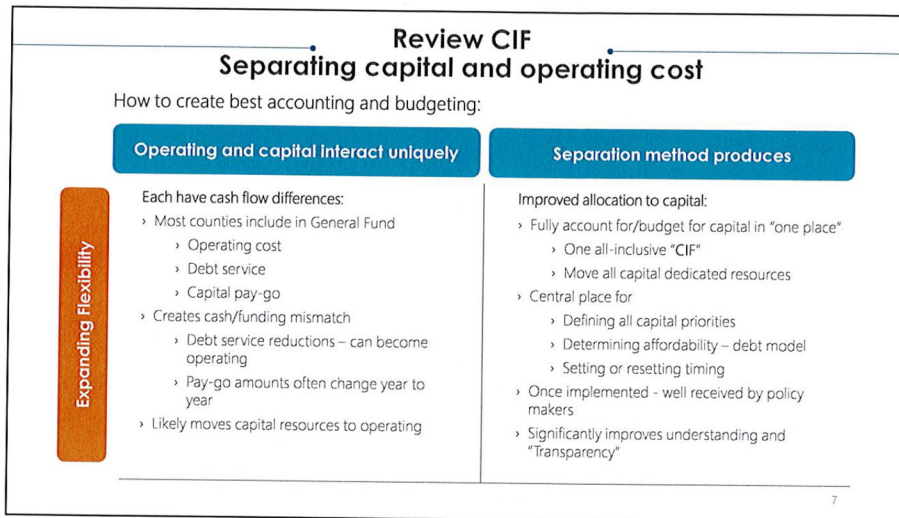
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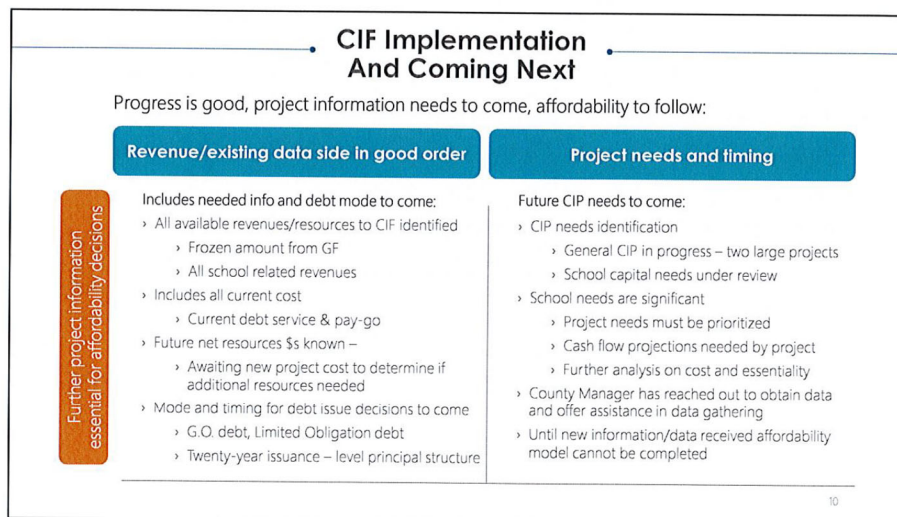
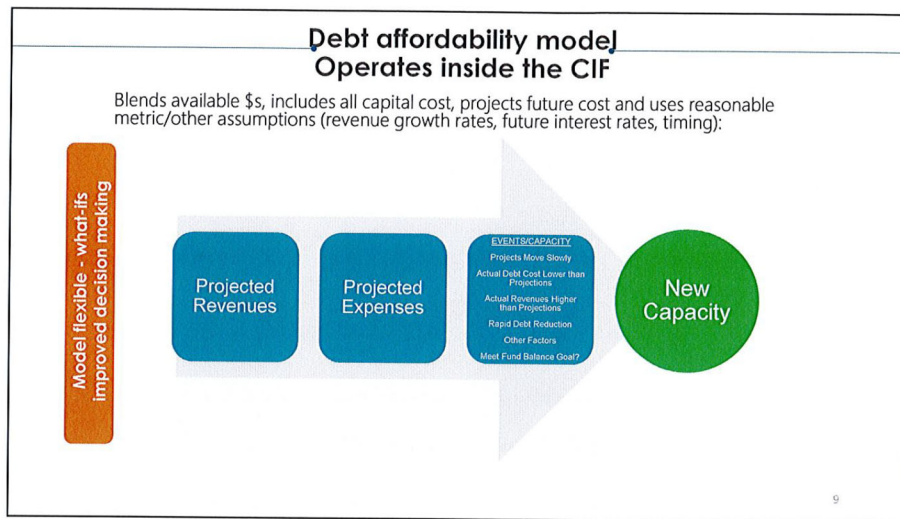
Review CIF Benefits of having one

Highest level capital and debt affordability planning:

Why move up	Who cares?
<div style="background-color: #e69d00; color: white; padding: 5px; transform: rotate(-90deg); transform-origin: left top;">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

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Draft Financial Policies	
Update on current status of policies:	
<div style="background-color: #f4a460; padding: 5px; writing-mode: vertical-rl; transform: rotate(180deg);">Introduce, Define, Review</div> <div style="background-color: #0072bc; color: white; padding: 5px; text-align: center;">Included in Policies</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 for Commissioner review › Adoption during 21/22 budget <p>Policies compare well to others and meet Person needs</p>	<div style="background-color: #0072bc; color: white; padding: 5px; text-align: center;">Significant benchmarks</div> <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>

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Next Steps and Final Questions
<ol style="list-style-type: none"> 1. Review, change if necessary, County Financial Policies - adopt during 21/22 budget 2. As soon as possible, obtain updated, fully included, school capital request and prioritization - for staff and County Commission review 3. Staff presents Capital Investment Fund and accompanying CIP, during budget time 4. Full debt affordability available only after receipt of needed School Board capital information and Commissioners approval of project priorities and timing 5. Could move affordability, school CIP decisions to fall/winter depending on receipt of capital needs and prioritization process

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County Manager, Heidi York said by moving the schools' CIP decisions to fall/winter, the Board could better plan for the following budget. Mr. Doug Carter said it takes time to put a system into place. He added by having a threshold of the County's Unassigned Fund Balance diverted to the CIF, the CIF will grow to appropriate during budget time.

March 1, 2021

Ms. York noted with \$40M of school facilities' deferred maintenance needs, the model will take into account priorities, the tax rate, debt, bond size, the value of a penny and timing. She further noted the financial policies would come before the Board for approval at an upcoming meeting.

GOAL SETTING & PERFORMANCE MEASURES:

County Manager, Heidi York provided the following handouts to aid a discussion of goal setting and performance measures.

FY20-FY24 Strategic Plan

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

Objectives

1. Improve school facilities
2. Implement a K-14 workforce development program
3. Support Economic Development's strategic plan
4. Implement quality of life programs

Strategies

1. Improve school facilities
 - a. Implement policies and strategies for funding school infrastructure, per debt consultant- FY20, (\$35K paid in FY19)
 - b. Implement deferred maintenance projects each year- FY20-FY24, \$31M
 - c. Include school expenditures on the tax flier- FY20, \$0
2. Implement a K-14 workforce development program
 - a. Receive report from Superintendent and PCC President on workforce development feasibility study- FY20, \$0k
 - b. Fund PCC's STEM facility feasibility study - FY20, \$54k
3. Support Economic Development's strategic plan
 - a. Implement economic development opportunities and target sectors analysis- FY20, \$23k
 - b. Address industrial development and transportation in the new land use plan- FY20, \$125k
4. Implement quality of life programs
 - a. Conduct a YMCA feasibility study in partnership with the Danville YMCA – FY20, \$24k
 - b. Research afterschool program providers- FY20, \$0
 - c. Improve VFD ISO ratings- continue to fund VFDs with Fire Tax- FY20, \$1M
 - d. Research options for implementing a litter collection program- FY20, \$0

Goal Setting & Performance Measures

Goals/Results- not about programs, or government departments. These are conditions of well-being that voters and taxpayers can understand.

Indicators- measures that quantify the achievement of results. How would we recognize these results in measurable terms if we fell over them?

Strategies- actions that will improve our goals. Must include contributions of partners. No single action by any one department can meet our goals.

Performance measures- measures of how well our programs are working; customer and client results.

The principal distinction here is between ends and means:

- Goals and indicators are about the end results we want
- Strategies and performance measures are about the means to get there

Goal Setting:

1. What do we want?
2. What does success look like?
3. What will it take to get there? (strategy, action plan, budget)

Ms. York returned to the goals that each commissioners stated during the team-building exercise and asked them to consider if they would like a larger population goal or smaller goals on a program level. The most important distinction is who would be accountable. She noted population goals cannot be assigned to one person, one department, one organization or one level of government. She further noted that for a prosperous economy, a large community-wide goal requires partnerships.

- Streamline the County's Economic Development Process – proposed task force to recommend public private partnerships to fund economic development and eliminate barriers
- Better broadband connectivity – The Board would like accessibility to every county resident at affordable rates. Strategies to reach this goal would be to get service providers to expand infrastructure and the county could consider building more towers. The Board consented better broadband connectivity was attainable with significant progress over the three years. IT Director, Chris Puryear suggested to define high-speed internet and set a minimum speed requirement.
- Keep the property tax flat – The Board consented to keep the tax rate flat as a priority for the upcoming budget.
- Improve school facilities- The Board said addressing deferred maintenance needs was challenging to identify the full costs of all the needs. A bond referendum would be the best way to address this goals but a bond referendum would require voter support and would restrict future boards.
- Airport – The Board noted goals for the airport included land acquisition, runway extension as well as strengthening, a hangar; an idea to lease or sell space for individuals (companies) to build their own hangars.

TYING IT ALL TOGETHER:

Assistant County Manager, Katherine Cathey summarized items discussed by the Board requiring follow-up:

- Board would like an itemized financial details for the period of time last year and current year
- Review services in general for Person Industries impending merger
- Volunteer Fire Departments district maps on March 15, 2021
- Broadband study, Star Link opportunity and fee constraints
- One or two significant projects using the Republic community funding
- Landfill roadside cleanup
- Gathering information to renew or defer obtaining an appraisal on the Human Services Building - the consensus was to defer the appraisal but would like to know the owner's asking price
- Review original intent of the County Farm property to determine what is useable and what easement conditions look like
- Create strategic goals to achieve in the short-terms through the budget process
- Bullet proposed budget changes

March 1, 2021

UPDATE FOR COUNTY DEBRIS REMOVAL:

Vice Chairman Puryear added this item to the agenda for an update for county debris removal to see what options were available to assist residents.

County Manager, Heidi York stated Person County was not eligible to receive any state assistance for debris removal. She offered to send a letter to the Governor requesting NC DOT's assistance for debris removal on the state right of way noting it would be likely several months before the NCDOT can pick up the debris. Ms. York estimated a turnkey operator to haul and chip debris at the old landfill would cost \$500,000.

Emergency Management Director, Doug Young via telephone conference call said a couple of local service providers had reached out to him with interest noting the call range was \$400,000 to \$500,000.

Vice Chairman Puryear said he would like to get the minimum costs in the next couple of days from local providers to haul to a central location; he said the Board could have a Special Called Meeting, if needed.

General Services Director, Ray Foushee asked for clarification on the scope of work for the local providers to which the Board's response was for local providers to pick up only already cut up debris on the roadside.

BOARD TO ENCOURAGE SPECTRUM AND OTHERS TO IMPROVE INFRASTRUCTURE IN RURAL AREAS OF THE COUNTY:

Vice Chairman Puryear requested staff to contact representatives of both Spectrum and Century Link to attend an upcoming board meeting, preferably in-person, to update the Board on future plans to improve infrastructure in rural areas of the county that was still unserved or underdeveloped.

Assistant County Manager, Katherine Cathey said she has spoken with Spectrum recently and would request an update at a Board meeting noting the maps needs to be updated for the forthcoming survey.

Vice Chairman Puryear stated he would like to have a resolution on the March 15, 2021 meeting agenda to encourage Spectrum and Century Link to improve infrastructure in rural areas of the county.

CLOSING REMARKS:

Chairman Powell and Vice Chairman Puryear commended staff for a well-executed retreat that was informative setting the tone for the budget process.

ADJOURNMENT:

A **motion** was made by Commissioner Sims and **carried 5-0** to adjourn the meeting at 1:52pm.

Brenda B. Reaves
Clerk to the Board

Gordon Powell
Chairman