

CASWELL COUNTY BOARD OF COMMISSIONERS
MEMBERS PRESENT

March 4, 2022
OTHERS PRESENT

Rick McVey, Chairman
David Owen, Vice Chairman
John D. Dickerson
Jeremiah Jefferies
Steve Oestreicher
William Carter (Remote)

Bryan Miller, County Manager
Carla Smith, Clerk to the Board
Jennifer Hammock, Finance Director
Melissa Miller, Deputy Finance Officer

The Board of Commissioners for the County of Caswell, North Carolina, met in special session on Friday, March 4, 2022 at 9:00 am in the Gunn Memorial Library.

WELCOME:

Chairman McVey called the meeting to order and paused for a moment of Silent Prayer. Mr. McVey asked that everybody keep the people of Ukraine in your prayers. Then the Board of Commissioners and all the guest in attendance recited the Pledge of Allegiance.

DISCUSSION ITEMS:

PAYROLL CLASSIFICATION STUDY:

County Manager Miller thanked the Board for agreeing to meet this morning. Then he shared a short slideshow presentation to give the Board a general overview of why we go through pay and grade studies. This will be overall information but not too detailed. That will be our next session. Some of this may look familiar because it was data that's been presented to the Board in the last budget season. It's been updated.



WHAT IS A PAY AND GRADE STUDY?

- A PAY AND GRADE STUDY IS A METHOD OF COMPENSATING EMPLOYEES FOR THEIR WORK BASED ON THEIR JOB, QUALIFICATIONS, YEARS OF EXPERIENCE, AND OTHER PREDETERMINED FACTORS.
- EACH JOB WITHIN THE ORGANIZATION IS PLACED AT A SPECIFIC PAY GRADE SO THAT BOTH INTERNAL AND EXTERNAL EQUITY ARE BALANCED.
- AUTHORIZES PAYMENT BASED ON A STRATEGIC AND MATHEMATICAL ANALYSIS, NOT ON AN INDIVIDUAL EMPLOYEE OR DEPARTMENTAL BASIS.
- WHEN AN APPROVAL IS GIVEN FOR THIS TYPE OF PLAN, THE APPROVAL IS FOR THE PLAN AND THE VARIABLE COMPONENTS OF THE PLAN. THE PLAN RESULTS IN THE SALARIES OF THE INDIVIDUAL EMPLOYEES.

- THE COUNTY IS EXPERIENCING DIFFICULTY ATTRACTING QUALIFIED CANDIDATES AND RETAINING SKILLED EMPLOYEES IN CRITICAL POSITIONS DUE TO A PAY PLAN THAT HAS NOT KEPT PACE WITH CHANGING ECONOMIC AND EMPLOYMENT CONDITIONS. PAY FOR SOME EMPLOYEES IS FALLING BEHIND THAT OF NEW HIRES DUE TO COMPETITIVE PRESSURES ON HIRING SALARIES.

- THE COUNTY BELIEVES THAT ITS SALARIES HAVE FALLEN BEHIND THE COMPETITIVE MARKET, AS CASWELL HAS LOST EMPLOYEES TO SURROUNDING ORGANIZATIONS FOR MORE MONEY. NO PAY INCREASES HAVE BEEN GIVEN IN THE FIVE YEARS LEADING UP TO THE STUDY (THE COUNTY DID GIVE A COST-OF-LIVING ADJUSTMENT (COLA) IN 2017, 2019, AND 2020 OF 2% AND 2.25%)—THE COUNTY RECOGNIZES THE NEED TO POSITION ITSELF COMPETITIVELY AS COMPETITION FOR SKILLED EMPLOYEES INCREASES.

- THE COUNTY IS EXPERIENCING PROBLEMS WITH SALARY COMPRESSION. THERE ARE INEQUITIES IN THE CURRENT PAY PLAN, WITH CERTAIN POSITIONS BEING UNDERVALUED IN COMPARISON WITH OTHERS BASED ON EDUCATION, EXPERIENCE, AND LEVEL OF RESPONSIBILITY.

WHAT IS A COLA?

- COST OF LIVING ADJUSTMENT (COLA) I.E. 2%
- IS NOT A RAISE.
- IS HELPFUL TO ALLOW EMPLOYEES TO MAINTAIN THEIR CURRENT LIFESTYLE.
- DOES NOT IMPROVE AN EMPLOYEES FINANCIAL POSITION.
- ADJUSTS FOR INFLATION.
- USUALLY TIED TO AN ECONOMIC INDICATOR SUCH AS THE CONSUMER PRICE INDEX (CPI).
- 1 LOAF OF BREAD, 1 GALLON OF MILK, 1 GALLON OF GAS

If inflation raises 2%, that employee can no longer afford to buy a loaf of bread, a gallon of milk, and a gallon of gas unless a 2% cost of living adjustment is issued.

CPI – CONSUMER PRICE INDEX

- THE CONSUMER PRICE INDEX (CPI) MEASURES THE CHANGE IN PRICES PAID BY CONSUMERS FOR GOODS AND SERVICES. THE CPI REFLECTS SPENDING PATTERNS FOR EACH OF TWO POPULATION GROUPS: ALL URBAN CONSUMERS AND URBAN WAGE EARNERS AND CLERICAL WORKERS. THE CPI'S ARE BASED ON PRICES OF FOOD, CLOTHING, SHELTER, FUELS, TRANSPORTATION, DOCTORS' AND DENTISTS' SERVICES, DRUGS, AND OTHER GOODS AND SERVICES THAT PEOPLE BUY FOR DAY-TO-DAY LIVING.



CPI INDICATOR HISTORICAL PERSPECTIVE

- CPI INDICATOR

| • YEAR | % | CC COLA GRADE SCALE (2.25%) | SOCIAL SECURITY |
|-----------|------|--------------------------------|-----------------|
| • FY17-18 | 2.1% | 2% | 2.8% |
| • FY18-19 | 2.4% | 0% | 2.8% |
| • FY19-20 | 1.8% | 2.25% | 1.6% |
| • FY20-21 | 1.2% | 2% | 1.3% |
| • FY21-22 | 7.5% | 0% | 5.9% |
| • | 15% | 6.5% | 13.6% |

- DIFFERENCE CPI -8.5%

- DIFFERENCE SS -7.1%

- OUR EMPLOYEES ARE 8.5% BEHIND THE CPI AND 7.1% BEHIND SOCIAL SECURITY SIMPLY TO MAINTAIN THE SAME FINANCIAL POSITION THEY HAD 5 YEARS PRIOR.

So in essence our employees are able to buy less today than they were five years ago.

WHAT IS A RAISE?

- A RAISE IS:
- IS A SALARY INCREASE.
- MOVES AN EMPLOYEE THROUGH THE SALARY RANGE. (MIN- MED- MAX)
- IMPROVES AN EMPLOYEES FINANCIAL POSITION.
- USUALLY TIED TO LONGEVITY OR PERFORMANCE (OR BOTH).

A raise allows employees to be able to buy more, do more, go a few more places, send their kids to college, and put braces on their child.

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WHAT IS A SALARY GRADE ADJUSTMENT?

- CREATES THE STRATEGIC CONNECTION OF HOW WE COMPETE AND DRIVE VALUE THROUGH OUR EMPLOYEES.
- ESTABLISHES APPROPRIATE PAY GRADES WITH REQUIRED SKILLS.
- COMPENSATES EMPLOYEES FAIRLY AND EQUITABLY FOR THE JOBS THEY PERFORM AS COMPARED TO OTHERS IN THEIR FIELD AND THOSE IN OTHER DEPARTMENTS.

For example, an administrative assistant in the Administration Department would make the same wage as an administrative assistant in the Health Department or in Building Inspections. They are equal in pay.

EMPLOYEE DISTRIBUTION

| | | |
|-----------|-----------|-----|
| 20-60,000 | 1,174,592 | 94% |
| 60-70,000 | 18,159 | 1% |
| 70,000 + | 61,864 | 5% |
| | 1,253,469 | |

The bulk of the money goes to those making less than \$60,000 a year.

WEIGHTED AVERAGE?

- EMPLOYEE AVERAGE COMPARED TO AVERAGE 98%
- DEPARTMENT HEAD AVERAGE COMPARED TO AVERAGE 84%
- IN SHRA THE DISPARITY IS EVEN GREATER 96% VS. 80% (16% DIFF)

Department Head pay has been devalued as compared to employee averages in the study by an average of 14% (some as much as 34%). This means that Department Heads are scheduled to receive on average a 14% lower increase (as compared to comparable positions in other counties) as compared to employee increases.

Commissioner Oestreicher asked if that was current, and the County Manager said no as a result of the pay study.

Then the County Manager went over some handouts given to the Board of proprietary information that could not be share publicly at this time. The PDF versions will be made available but the spreadsheets cannot be shared.

When talking about the Department head valuation and the employee valuation, let's take a look at the county manager position. All of the recommended salaries are the minimum or the hiring amounts. So we're never going to be looking at the column that's the maximum or actual. Then they looked at the highlighted areas of the handout showing the average Caswell County manager pay and the Caswell County recommended managers pay, which is 71%. So what they are recommending is that the County Manager's salary be set at 71% of what the average county manager makes in the counties that were studied. The other counties are Alamance, Durham, Chatham, Granville, Guilford, Orange, Person and Rockingham Counties. The County Manager reminded the Board of an email sent out regarding the counties included in the study where he asked for objections, additions, or deletions. We received no changes so these are the counties we moved forward with. These are the counties we lose employees to. The Clerk to the Board is set at 88%, and the administrative specialist is 99%. Other positions percentages were looked at. Department heads are being devalued and percentages are lower than front line employees. So the average salary in other counties for department heads still remain much higher than it does for department heads in Caswell County. Employees within the departments salaries are being brought up almost to the same level as employees in other counties.

Commissioner Oestreicher said on these spreadsheets, there were 3 options plus the County Manager's recommendations. What numbers do these represent? Those numbers tie back into the salary grade. Commissioner Oestreicher said is this from the salary study unaltered with those options and recommendations. The County Manger said correct except for his recommendations. Options 1, 2, and 3 are unaltered. Commissioner Oestreicher asked about the Caswell County Allocation List and how these salaries correlate to the salaries on this sheet. The County Manager said they work in the minimum salary and that salary is used as the recommendation for the starting point of these salaries. It is the basis for the option and where they begin. So if we were using a finance employee, let's just use the first finance employee on this sheet. You see a salary of \$22,176. The job was reclassified as a Finance Technician. The grades don't match, but the consultants used the grading scale that the State Human Resources uses. Then the County Manager shared the minimum, median, and maximum salaries. So the information from the survey ties in to the recommended salary schedule. It drives the grade list, which drives the class list. That drives the employee distribution, which results in the allocation. When you look at the salary schedule it starts off at grade 50 with a hiring rate of \$20,500. There is 4.2% between the minimum and the next grade, 4.2% between the midpoint and the next grade, and 4.2% between the maximum and the next grade. So mathematically 4.2% between every grade and a mathematical formula that comes up with the grade that employees are assigned to.

Options 1, 2, and 3 were provided by the consultant. Now the County Manager talked about the different variables in the spreadsheet. There are several different variables that make up the spreadsheet. There is a minimum Cost of Living (COLA) built in certain options within the spreadsheet. The minimum COLA can be zero, two, five, seven, nine, or whatever the Board deems appropriate. In certain recommendations, there's a 1% difference for every year of service, or in another option there's a 0.75% difference for every year of service an employee has given to the county. If you worked for the county 10 years, you would go to the minimum of that pay and grade range and then you would receive a 7.5% increase at the 0.75% on top of the minimum rate. Commissioner Dickerson asked Mr. Miller to repeat that. So let's say you're a grade 17 and you would be brought up to the minimum of that grade. Say you had worked for the County for 10 years. Commissioner Dickerson asked if an employee has been with the county X number of years and they move into another job, how will that affect their raise? The County Manager said we will get to that in the next option. This is simply the length of time you spent with the County. If you have been with the county for 10 years, you get a 7.5% increase based on the longevity you have with the county on top of whatever was needed to bring you up to the minimum. Another variable in the spreadsheets is what is referred to as the blended years of service option. So we may have an employee that worked in one department and then transferred to another department or an employee that moved up through the ranks. For instance, in the Sheriff's office moving from a sergeant to a captain. Even though the position changed, those years of service leading up to him or her making captain were definitely beneficial, and we

shouldn't just arbitrarily discount those. So what we have is a blended rate of service. If we have an employee that has been employed with the county for 10 years, but has only been in their current position for 2 years. Add those two numbers together and you get 12 total years, which you divide by two to get 6 years total for the blended rate of service. Commissioner Oestreicher asked if you're double counting the last two years. The County Manager said yes. The total years of service and the years of service in the position are used to formulate a blended rate of service. This is so that we don't discount all of those years it has taken to get them to that position, but we are still not rewarding the employee for being in that position for that entire length of time. Mr. Miller said he was going to give some examples. Commissioner Carter said like an officer that advances to sergeant. The County Manager said yes. If we only used years in current position, then he or she would only get credit for when they moved to sergeant. If we use a blended rate of service, it would be like the calculation shown before. Then they looked at an employee that had 6 years of service and 1 year in their current position. That totals 7 years, and when divided by 2 it gives you a blended rate of service of 3.5 years. Commissioner Carter said he didn't understand the calculations. County Manager Miller said you are adding the years in your current position to that and then dividing it by two. If you were hired in the position that you currently have and you've worked for the County for 10 years, your blended years of service would be 10 years. That is because you would add 10 plus 10 to get 20 and divide by 2 to get 10 years.

Then Commissioner Carter asked Mr. Miller to go over what other counties are paying patrol officers and what the salary study recommends on that. Commissioner Carter said in years past we hire somebody, train them, and then they move to another county that pays more. Of course you can't fault them for that. County Manager Miller asked the Sheriff what would that ranking be, and the Sheriff replied Deputy I. The Caswell current hiring rate is \$33,948. The average as of the date of the study was \$38,537, and the recommended is \$36,962, which is 96% of the average. Other counties are paying \$40,523, \$36,485, \$42,316, \$36,286, \$37,200, \$39,978, \$36,884, and \$38,620 which averages \$38,537. The salary study would get them up to about \$37,000. Commissioner Carter said maybe we'd be able to keep some of them with that salary.

County Manager Miller said back to his original point, the goal of the salary study is to help to attract and retain employees. It is also to give an equal distribution across the salaries for their experience, job, and the amount of their responsibilities. We are currently seeing disparities in the Sheriff's Office and in other emergency services departments too, but we are seeing a lot of larger disparities in other departments in the County. We need to make sure that when we are taking care of emergency services, which we definitely need to do, that we also take care of our other employees equitably across the salary scale. Commissioner Carter said he understands, but we have the most turnover in the Sheriff's office and EMS. Over the years, we hire in EMS and the Sheriff's department and they work maybe 6 months before moving on to a county that pays more. The County Manager said yes we do see that quite often. Commissioner Carter said all departments are important, but those two departments are where we have the high turnover. The

County Manager said we have seen similar turnover rates recently in I.T., DSS, Health Department, and the Library has 3 senior employees. We do see a lot of turnover. Our Finance Department has about 60% of its employees that have been here less than 5 years. So we see that in a lot of departments other than emergency services. It is really prevalent in emergency services because there is always a demand for those employees within other counties. Everybody's always looking to fill Sheriff's office positions and EMS EMT, paramedic, and telecommunicator positions. Commissioner Carter said it cost a lot of money for the County to equip a Deputy Sheriff. It is about \$5,000 when you buy the uniform and equipment. Then they leave and we're stuck with that. Mr. Miller said there is definitely a cost to the county being a training ground for other jurisdictions. Commissioner Carter said we are a small county and can't pay as much as the others. We have to take that into consideration, along with the tax base and everything. It seems like this is a good range, so maybe we will be able to keep those employees now.

Commissioner Dickerson said he didn't want to take up a lot of time, but maybe at a later time we can discuss the reason that entry level pay for the Sheriff's Deputies is \$36,962 versus Rockingham's starting salary of \$38,620. He just thinks we're getting put too much at a competitive disadvantage. With the money that has to be paid out, as you've already stated \$5,000 and you lose it for the vest, which are custom made for the officer. So if you hire someone else, they can't use that. So we need to figure into the equation the unrelated costs besides what we actually pay them in salary. We need to work with that and in Mr. Dickerson's opinion do better than what we're doing.

County Manager Miller said he would agree. But when you look at the salary and grade plan, if you adjust one grade within the Sheriff's office the other grades automatically adjust too. If you don't adjust the other grades, what you see is salary compression. So you lessen that gap between deputy sheriff and corporal. The gap decreases if you raise one and not the other one. That creates less of an incentive for your deputy to want to move to corporal. But you see a higher hiring rate will bring more quality candidates to Caswell County by bringing that up. There are a lot of pros and cons both ways, but Mr. Dickerson wants to talk about it at a later time. The County Manager said he believes that we should pay emergency services everything that we can pay them and can afford to pay them. They do a great job and protect us every day.

The County Manager said we were talking about the variables in the spreadsheets, and he had just explained the blended rate of service. That same 1%, 0.75% or 0.5% can be added to that same equation for the blended rate of service. It doesn't matter if you get 1% for every year that the blended rate of service says you have or 0.75% or 0.5%. The last variable Mr. Miller wanted to talk about is the percent applied to the salary study as a whole. If you look at your salary schedule, you see over to the right \$20,500. 99% of \$20,500 is \$20,295. That calculation has been done all the way down to 90%. If Mr. Miller goes into that minimum rate, and adjust that to 98%, which is \$20,090, watch how that affects the entire range. It changed everything. That is

another variable in the system that can be used that results in the overall cost of the implementation. Commissioner Carter asked the County Manager to go to the Sheriff's Department and apply it. The County Manager said this applies to every county employee. Here again it's equitable across the scale according to the job they do, the qualifications, their years of experience, and other predetermined factors. Commissioner Carter said you asked a couple years ago when we were doing the budget for \$250,000, and we approved it. If we do this salary study, Mr. Carter doesn't want to see it come back before the Board in another year or two. The County Manager said on average salary studies should be completed every 4-5 years, and a reset or at least a check-in on your pay and grade system should be done. Commissioner Carter said that is okay but not every year or two. The County Manager said on a yearly basis what the Board should be concerned about is the inflation rate and that's the consumer price index. So you can tie your COLA increases to the CPI and that COLA affects your grade scale as a whole. So if the Board says they are going to apply a 2% COLA, that 2% COLA is not applied to each employee, but it is applied to the grade scale, which is applied to the employees paid. So it brings employees up 2%, but it's applied to the scale not to the employee.

Then Commissioner Carter said you got to figure out how we are going to pay for it.

Commissioner Dickerson asked what was the cost of this salary study. County Manager Miller said \$20,000. The MAPS Group is designed to provide counties with salary studies and salary information on a lower cost basis. They want the counties that are small rural counties like us to be able to afford to do these salary studies every 4-5 years just like the larger counties do, so we don't fall behind the way we have in the past. A comparable study performed in Guilford County or Rockingham County could cost \$50-100,000 easily. The last salary study that we did, which excluded emergency services cost close to \$30,000. The Sheriff's Office had done a salary study a year earlier and had paid \$15,000 for it. That included 911 also. EMS had done a salary study a year earlier than that. All of those totaled, we probably paid \$65,000 for those studies. Then Commissioner Dickerson said he see Guilford, Orange and others listed and their cost of living is a whole lot higher than it is in Caswell County. Is any kind of formulation figured in to take that into account? The County Manager said the cost of living is a really interesting point, especially in rural counties. The reason it is especially interesting in Caswell County is because of the lack of available housing stock. When you look at the cost of living really the only differentiating factor is housing. With a lack of available housing stock for professionals, you don't see that. Most new professionals moving to this area end up building rather than purchasing a home. They purchase land and build a home because there is no available housing stock. So even though you hear the cost of living is lower in rural communities, that usually equates to housing, but that's not necessarily transferable to Caswell because of the lack of housing stock. If you look at gas, we pay the same price for gas that most other urban consumers paid, and we have to drive further to get to work than most other urban consumers do. Commissioner Dickerson said you haven't traveled to Raleigh lately. Have you? The County Manager said he hasn't traveled through Raleigh. If you live in an urban community, you might not have to travel as far. The travel

distance for rural commuters is greater than those of urban commuters in most cases. That's not just for work, but if you want to shop, eat, or do anything outside of your normal daily routine. The other factors that play into that are land and available resources. So most urban communities have public water, public septic and sewer. In rural communities you don't, so you have to maintain a well, and if the water is not great, you have to buy filters and purifiers, which a lot of our employees do. There is also a cost to maintaining the land. You do usually wind up with more acreage in a rural community than you would in an urban community, but you have to maintain that acreage. When you look at the reports, you see that living in rural communities is supposed to be cheaper, and many times it's not because of the differentiating factor, which is housing. Commissioner Dickerson said he has definite thoughts on the County Manager's comments and he has some replies that they can talk about at a later time.

One of the things the salary study did was total up the amount of increase that we would see in employees' pay, but it did not total up employee pay with benefits. So the number at the bottom of each option represents the total expenditure for the county with those benefits being FICA and retirement. Then the County Manager showed how adjusting the percentage to 97% would adjust the overall average.

Now, we get to the point of how we are going to pay for it. As you know, we're scheduled to receive an additional \$2.2 million in American Rescue Plan Funds. We can apply for those funds in July according to the Finance Director, Jennifer Hammock. We received the last funds pretty quickly. The final guidance says you can take up to \$10 million of your ARPA money and count it as lost revenue without having to provide a calculation. You do still have to do some reporting. When you apply that money as lost revenue, you can put it into your general fund and use it for any approved governmental purpose. Salaries is one of those governmental purposes. If the Board is willing to approve the salary study, we would like to put that in place as of March 5th. If we use that date, we would need approximately \$250,977 for the remainder of this year. Last year we went through the process and refinanced the detention center, and that saved us \$120,000 total over the remaining balance of that loan. That resulted roughly to \$20,000 a year in savings. The Health Department Home Health sale resulted in approximately a \$250,000 savings per year for the county. The Health Department has a fund balance, and out of that fund balance they could pay the salaries for 3 years for their employees. That money would have to be applied to their employees and their programs.

Commissioner Dickerson said that is just a crutch because after three years the taxpayers of the county are going to have to pick that up. So Mr. Dickerson doesn't know how the County Manager figured that in. The County Manager said he will get to that and how we pay for it overall.

Commissioner Carter said you can figure in the nine cars that are in the impound lot. You can't buy new cars and used cars are so high. Once we get those 9 cars down there with those 12 used

cars you will be able to sell them. When you sell those 21 cars that will generate around \$25,000 for the county.

The County Manager said then we have a budget reduction of \$200,000. Mr. Miller spoke with the big four departments: Sheriff's Office, Health Department, DSS and Emergency Services, because realistically most of the county's money is allocated to those departments. This is because of the number of employees they have due to the number of services they provide, and because they interact with the public on a daily basis more than other departments. The Sheriff's Department has been very good about letting the County Manager know that they believe there are some budget reductions that they can make, as well as EMS. The Health Department is already putting in \$250,000 from the sale of Home Health and may be able to contribute a little bit more. In the other county departments, the County Manager thinks we can get \$200,000 worth of budget reductions. Commissioner Owen asked what are these budget reductions. The County Manager said it will come out of several different line items. You have to look at this on a departmental basis. It will not be a specific percentage out of a designated line item such as 10% out of travel and training. Commissioner Owen said the cost of gas is increasing so the cost of travel and training will increase. Mr. Owen just doesn't want us to be counting on \$200,000 and all of a sudden it's not there. The County Manager said he understands, and Commissioner Owen said these are variables we are looking at in budget reductions. In training, we don't want to sacrifice the service our citizens get by not training our employees properly.

Then you look at the ARPA funds that are needed for that specific year. We do not see a revenue increase until 2025, and we will get to that in a minute. Then we have the Enterprise funds. We have CATS and Solid Waste, which are self-sustaining departments. They will have to share the burden of paying their increases in salaries. The County Manager said he had spoken with both the Solid Waste director and the CATS director, and they both believe they will be able to do that without an increase in fees for services. Commissioner Dickerson said he is skeptical on that. How much money did we spend on additional equipment and extra hauling fees for Solid Waste? Are you sure they're going to be able to come up with a savings after we put \$300,000 extra hauling fees and right at a quarter of a million on equipment. Now they're going to be able to produce a savings that's going to figure into this that we can rely on. The County Manager said the savings for both departments is \$50,000. The total increase for Solid Waste would be \$27,004.

Commissioner Carter asked have we taken any money out of fund balance this year. The County Manager said we're actually doing pretty well on fund balance. I asked the Finance Director yesterday to tally our accounts. We took into account what we have outstanding for the school, and it looks like we're at about 23% in fund balance. Commissioner Owen asked is that total fund balance, and Mr. Miller said yes, we haven't worked it down that far. Our available fund balance usually runs somewhere in the range of 12 to 13%. Then Commissioner Owen said so

here's my question, this calculation that we just looked at, is that based on option one of this study. County Manager Miller said no, option four the manager's recommendation.

Transit is roughly \$22,189, and to total roughly it's \$50,000.

Commissioner Owen asked about the lapsed salaries. Is this based on the average of what we have? Mr. Miller said no, it's not. It's actually a very, very low conservative figure. Looking at the spreadsheet that we're looking at now, the gray and the red are DSS employees. The red indicates a vacant position, and in DSS right now we have eight vacancies. The Sheriff Department has six. The Health Department has five. We've got one in I.T., one in Finance, and there's two in Maintenance. So currently we have about 22 vacancies. An average salary is \$28,000 times the 22 vacancies gives us \$616,000 a year. Mr. Miller hopes we're not going to have all of those vacancies for a complete year, but two months of those vacancies would result in \$100,000 in lapsed salaries. Then the County Manager asked the Sheriff, how long does it usually take from the time you have an open position to fill it. The Sheriff said it usually takes a year, and Jennifer Eastwood said about a year for the Health Department also. So Mr. Miller thinks \$100,000 is a very conservative fee. Commissioner Carter said if you got six or seven positions like in DSS, and they've been vacant for six or seven months, I don't think we need those positions if they're six or seven months old. The County Manager said well what we just heard the Sheriff and the Health Director say is that it takes about a year to fill those positions. Commissioner Carter reiterated his opinion that if you had vacant positions for over 6-7 months, then he doesn't think we need to fill them. Commissioner Owen said I'll speak to DSS a little bit. Just because they've been vacant, doesn't mean they haven't tried to fill them. They're not getting the applications like everybody else. Mr. Owen said Rockingham has about 14 DSS vacancies. Mr. Owen said he understands what Commissioner Carter is saying, but if those positions are necessary for that department and you cut them or do away with them completely, then they have no chance to hire those people. If you cut the positions at the Sheriff's office, then the Sheriff has to come back to us and ask for us to reinstate those positions. The County Manager said regardless if you cut the positions or they remain vacant, the money still remains unspent. That's why we're saying lapsed salaries. The County Manager said he's not advocating to cut any positions, but what I'm saying is every year we're going to see a minimum of \$100,000 in lapsed salaries. Commissioner Dickerson said he thinks what Mr. Carter is getting at is, if the position has not been filled for a prolonged period of time and the department has run fine without that position being filled, isn't it evidence in itself that that position may need to be looked at as a survival opportunity to do away with the position. You can take the savings you would reap from that and put it toward the races where you can better compensate the people that are doing all the work in the county. Commissioner Jefferies said DSS is paying overtime to compensate their employees. Commissioner Dickerson said well maybe not in that particular one, but in other areas where it's taking place. The County Manager said here again I'm not advocating for us to cut any positions at all. What I would say is DSS is a department that doesn't report to me. They report to the DSS board, and we have two commissioners that serve on that board. They could

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talk to their board about that issue, and see what their board's recommendation is. Then they can bring it back to the Board of Commissioners. Commissioner Dickerson said his thoughts were just simply that if you have extra openings that are not being filled and the department is able to get the job done without them, obviously people in that department are taking on a greater workload and getting the work done. If we compensated them better for working hard, showing initiative, and being able to do their job under an adverse set of situations, you can cut this other position and save that salary and the benefits associated with it. So it's an overall win for any department that can do that because their employees make more money while saving money. The County Manager said he understands the theory behind that. Commissioner Owen said I would say that in some departments money is not necessarily the main reason employees leave, and DSS is a prime example. Those people are overworked because they don't have these other positions filled and Mr. Owen is sure Sheriff Durden could speak to the same issue. Commissioner Dickerson said he understands, when I got done that's the same thing I told Mr. Jefferies. Maybe not in that department but other departments if it's working, we could better compensate people and save money in the process. It's a win-win for everybody involved. Commissioner Owen said but what I'm trying to say is just because they're getting stuff done doesn't necessarily mean that they're able to run efficiently and effectively. Even with an increased salary, it would depend on how much they're getting increased. That's the reason that DSS is paying overtime for these people. They have no choice because if they don't work overtime and get this done, it's not going to happen. They just don't have enough time during the day to do their job and the extra work because they don't have those positions. Commissioner Dickerson said well maybe that's something that has to be looked at on an individual basis within each department. Mr. Owen said that's the board that would have to look at each of those positions and determine whether they're needed or not. Commissioner Owen said so we put this salary study in effect and hire 12 additional people, how does that affect this lapsed salary. County Manager Miller said it doesn't affect it because we still have 10 positions that are unfilled. It takes three positions per year on average to build up to the \$100,000 average. Mr. Miller can't remember a year in the seven years that I've been here that we haven't had at least three full-time positions vacant for an entire year. Can any of you? The department heads said no.

Commissioner Dickerson said we got sidetracked with so many other questions after I asked mine, but you never replied to me on the half million dollar overrun for the solid waste department. How does that figure into the \$200,000 for equipment and \$300,000 in hauling fees? I'm not picking on that particular department, but what I'm trying to say is you're doing a lot of projection about what's going to happen and how this will get us savings. The Register of Deeds was flooded recently, and that's going to cost us thirty or forty thousand dollars. The County Manager said no \$5,000, but I had told you I would be surprised if \$30,000 would fix it. I understand where you're coming from, but they chose a different tact to go in and fix that. Our Interim Maintenance Director, B.J. Powell, did an excellent job in working with Tar Heel

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Basement. They came up with an alternative solution that probably saved us \$25,000 or \$30,000. Commissioner Dickerson said he love to hear that, but back to the other issue. My point in the whole thing is unexpected expenses come up. If some calamity happens and we have to come up with the money to take care of it, we need to have a nice cushion to absorb things like that as well. The County Manager said the LGC requires us to have an 8% fund balance. Just so everybody understands 8% fund balance is equivalent to about three months of operating expenses. We currently have about 23.3% in fund balance, and that's usually about what we average on a yearly basis. So we're well above our fund balance, and these projections allow us not to touch our fund balance. As a matter of fact, these projections allow us to put \$1.2 million in our fund balance.

Commissioner Carter said the commissioners have done really well getting the fund balance up because 16 years ago when I came on the board we were getting letters because we were at 8%. Gradual over the years, the board has done a fine job in getting our fund balance up. Over the last four years we've improved the fund balance, and the commissioners have done an excellent job on that.

So if you remember Mr. Miller talked about the county getting \$2.2 million in American Rescue Plan funding that we will be able to apply as lost revenue. Any of those funds that are not used as part of the salary study will be available for any governmental purpose so those will go to increase our fund balance. So we're not using the cushion we've got for the calamity that you're speaking about.

So let me get to the revenue increase because that's the exciting part, which is seeing increased revenues within the county. These increased revenues are being done the correct way in Mr. Miller's opinion. This is the way we need to increase our revenues. So I've been in consultation with the tax director, and he's done a lot of research on revaluations. He's done a lot of research in neighboring counties and looked at how their recent revaluations have occurred and projected how ours may occur next year. We're going through the revaluation process this coming year right? Thomas Bernard said we've got to do a resolution to do the revaluations to be effective in 2024. We will have to bring it to the board. Those revenues will come in during the tax year of 2024. The County Manager said we'll see those revenues in our fiscal year 24-25. That's when the revenue increases again in that tax year 24-25. The tax director has indicated to me that he expects to see a 10 plus percent increase in revenue in the 24-25 fiscal year due to the revaluation. Commissioner Owen asked when was our last revaluation. Mr. Bernard said 2016. Mr. Miller said we're required to do a revaluation every 8 years. Mr. Bernard said Caswell is on a 4-year cycle because our sales ratio has been up. We've saved that money and not had to do one, but our sales ratio right now is at 94.9. Mr. Bernard sees it dropping, so when 2024 comes in we want to be effective. According to other counties like our next door neighbor, who's revaluation went into effect last year, it went up 16%. In the last year it's jumped another 10 to 20% just in a year's time because of the influx of what's happening in Durham County.

People are buying property. So they've seen roughly a 30-some percent increase. So Thomas Bernard has said he's pretty confident that we will receive at least a 10% increase in our revaluation in revenues. Commissioner Carter said plus we got that new place over there on 700, Frito-Lay. That new distribution center, where we should get a tax base off that. Then we got the place up there on Highway 87 that's going to make furniture that used to be the Williamsburg plant.

RECESS

The Board took a brief recess.

Chairman McVey brought the meeting back to order. Mr. Miller continued.

County Manager Miller said Commissioners, I was explaining that the tax director has told me that he expects a 10 plus percent increase in revenues in the fiscal year 24-25. That equates to \$1,078,036 at 10%. The budgeted amount is \$637,260. Commissioner Oestreicher asked what was the total again. \$1,078,036, and the budgeted amount is \$646,821, which is 6%. So I've pretty conservatively applied the revenue increase into this funding formula. Like the tax director said our neighboring counties have seen upwards of 30% increases in the last couple years between their revaluations and recent activity.

Commissioner Dickerson said revenue increase 10%, which translates into a 10% tax increase for everybody in the county based upon the property values going up. The County Manager said it is, but as I started off the conversation, it's doing it the right way. Because the wrong way is simply to increase the tax rate. That's not the right way in every situation. It's necessary in certain situations, but what you're actually doing by doing this is increasing landowners' wealth. So you're taxing people equitably on the amount of property they have, but at the same time, their amount of wealth has increased because of some of the things that this board has done within the county such as additional services. This board has worked hard to encourage broadband internet providers to come in and we're seeing that occur now, which will help drive property values up in Caswell County. A lot of people were hesitant to buy property in Caswell County because there was no high-speed internet available. Mr. Miller thinks this board has done a good job of driving home the point to internet service providers. Commissioner Dickerson said we have. We've been reaching out trying to get all the state funding we can, but at the end of the day you're still talking about people's taxes going up by 10% if this increased revenue you're projecting is 10%. That's true, Mr. Miller said, but people's bottom line, the amount a person is worth or the person's property is worth will increase by 10% on average. Mr. Dickerson said it will, but whether we raise their tax or not, the value of the property is the same. So it's not dependent on us putting it down on paper and charging another 10%. Mr. Dickerson said he's not comfortable with doing that. That's a heck of a lot of money to ask these people in the county to cough up. A lot of these people are under the same problems that we're talking about compensating the county employees for. They've got a 7% inflation rate, and a lot of these elderly people are on a fixed income. These people are strained. Mr. Miller said when I say the

property values will increase by more than 10% or 10%, which is what the tax director and I have discussed, it's what we've just seen in neighboring counties. That's not something that we set. We don't make that determination. Commissioner Dickerson said but it's not automatically set in stone that just because the property value goes up we've got to pass on to the residents a formula that's going to equate into them paying another 10% on top of what they paid last year. Mr. Miller said you're exactly right. That's why I only budgeted this at 6%, but the whole 6% isn't needed. The board may very well at that point in time decide that they want to drop the tax rate by 4%, four cents per hundred dollar valuation or whatever the board deems.

Then Mr. Miller paused for any questions that the board may have had about any of these things. Commissioner Carter said the main thing is you found the money to pay for it. County Manager Miller said he thinks he has provided the board with a plan to pay for it without a tax increase. Commissioner Dickerson said no, that's the most ludicrous thing I've heard. The County Manager said without a tax rate increase. Commissioner Dickerson said but you're still bringing in more money out of the taxpayers' pockets in the county. You can put lipstick on a pig any way you want to they are still paying more to that tune of \$637,000 per year. The County Manager said that's correct.

Commissioner Carter said this is off subject a little bit. We got another year, when Cori Lindsay, Brian Miller, and I worked on that airport study. I think we had two years if I'm correct. I think down the road the board might want to consider that for economic development, because that can bring in a lot of money for the county, and it will be 92-95% funded by the FAA. I think we've got another year out on it that we can do something. Isn't that correct. Mr. Miller said yes.

Commissioner Jefferies said I know we're behind with salaries. I know this because I have lived here all my life but three months. My thing is right now that anybody making \$60,000 a year should not get a raise for this first year. I want to see these people at the bottom come up for the first year. I want to see this thing put in to bring people up to where they're supposed to be using your plan, but at \$60,000 they stop right there. Then next year when we see all these things that you said we're going to get, we can come back and readjust to add these people to get this raise. That's my opinion. Employees making \$60,000 will not get a raise. Can you work up a plan like that? Just for one year to get the lower paid people up. The County Manager said it's up to the board's discretion about how they fund any plan or how they fund anything. Mr. Miller said what I think I have talked about is equitable distribution across the salary scale and about salary compression. What is being described would create inequities across the salary scale, and it would create salary compression in those \$50-70,000 positions. We can put together anything the board wants us to put together. That is not consistent with the grade and salary plan, but we can do anything the board wants us to do. Mr. Jefferies said this is a way for us to help the people at the bottom. Mr. Miller said that's one of the reasons that I showed you this slide that shows that the people between \$20,000 and \$60,000 are already scheduled to get 94% of the money that would be paid out in the salary study. So there's only roughly \$80,000 additional that would be

left unspent. But here again we can do anything the board would like us to do. Commissioner Dickerson said he understands where commissioner Jefferies is coming from. In that plan, what would the lowest salary for the county be? The County Manager said \$30,000. My recommendation would be to move every county employee up to a minimum of \$30,000, even those that weren't scheduled to receive increases. To bring them to \$30,000, the amount that it would take if my recommendation were put in place is \$11,000. It's not a big jump to be able to bring those employees up \$30,000 after the manager's recommendation is put in place. I would recommend that we move everyone up to \$30,000 at a minimum, and then move throughout the salary and grade scale as the consultants have proposed.

Commissioner Jefferies asked the County Manager if he said we would only be saving \$80,000 to go this way. The County Manager said people making more than \$60,000 are only scheduled to receive 6% of the total of the salary study, which is roughly \$80,000. Mr. Jefferies said if we just exclude that for one year. Then we look at what we can afford. The County Manager said I can't speak to this myself personally, but we may have some people in the room that can. I have heard about salary studies that have been put in place in the past that basically did the exact same thing. The board approved the first phase of that salary study, but never did the rest of it. So those employees that did not get the initial increase never received an increase at all. Am I remembering that right asked Mr. Miller. Commissioner Carter said he thinks the county manager asked the board for \$250,000 for increases for a salary study and the board approved that amount. Mr. Carter thinks that's what Mr. Miller is talking about. Mr. Miller said no, that was before I became county manager. Mr. Carter said Mr. Jefferies you may remember. It's been two or three years, but I think you were county manager Mr. Miller. The County Manager said I remember something like that, but the incident that I was talking about happened before I was county manager. Commissioner Owen said so even if we considered what you were speaking about 14 employees roughly made over \$60,000. The County Manager said yes. Mr. Owen said \$80,000 divided between the employees left is going to be very minimal. Commissioner Oestreicher said plus you get the compression, and you kind of throw this whole thing to the wind. Commissioner Owen said don't get me wrong, I'm concerned about some of the variables in this thing, but this is what the board asked for. We wanted a comprehensive pay plan, and if we're not going to do anything with this thing, we'll throw it out. Then we wasted another \$20,000. If we're going to move forward, we're going to have to bite the bullet sometime. We have an opportunity to bite the bullet, and hopefully none of these variables come and bite us in the backside. They could absolutely, but Mr. Owen doesn't think we're going to ever be in a position where that could not happen to us. The County Manager said local governments are not immune from the economic pressures that small businesses and corporations see with downturns in the economy, inflation, and everything else. So I would agree.

Then Commissioner Carter asked when are we going to vote on this. Monday? The County Manager said he thinks that's up to the chairman. Chairman McVey said we will see after this

closed session. Then Commissioner Carter asked if they were going to vote on it today. Chairman McVey said no, everybody needs to be thinking about this. Mull it over for a little while, and after the closed session, we'll see if we want to vote on it on Monday. We might want to hold it just a little bit longer. Commissioner Carter said he asked because he's got to leave by 11:00 am for dialysis. Then Chairman McVey said I'm not planning on having a vote on it today, but we are going into a closed session that you need to be caught up on.

Commissioner Carter said okay, and I just want to say one quick thing. I've had some text messages from different ones. I've enjoyed working with the board. It'll be 16 years when I finish up in November, but I decided not to run again on the count of health issues. I need to get my health straightened out, I've enjoyed working with the board and working with the county. I'll continue to do so to the end of my term in November. The County Manager said we certainly appreciate your support Commissioner Carter. Commissioner Owen said thank you for your service Bill.

CLOSED SESSION:

A **motion** was made at 10:57 am by Commissioner Oestreicher and seconded by Commissioner Owen and **carried unanimously** to consider the qualifications, competence, performance, character, fitness, condition of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee, which privilege is hereby acknowledged NCGS 143-318.11 (a) (6). (Commissioner Dickerson, Jefferies, Owen, Oestreicher, Carter, and McVey voted in favor)

A **motion** was made by Commissioner Owen, seconded by Commissioner Jefferies and **carried unanimously** to return to open session at 11:53 am. (Commissioner Dickerson, Jefferies, Owen, Oestreicher, and McVey voted in favor)

NEW POSITIONS:

County Manager Miller said I have just two more things really quick. I just want to let you know that I've spoken to you before about a Deputy and Assistant County Manager. I want to talk with you more about that Monday at the upcoming Commissioners Meeting. I'm also going to talk to you about adding an additional position in our Finance Department on Monday at the Commissioners meeting.

ADJOURNMENT:

A **motion** was made at 11:55 am by Commissioner Owen and seconded by Commissioner Dickerson and **carried unanimously** to adjourn the meeting. (Commissioners Dickerson, Jefferies, Owen, Oestreicher and McVey voted for the motion)

Carla Smith
Clerk to the Board

Rick McVey
Chairman