

Fiscal Year 2019–2020 Manager Recommended Budget

Board of Commissioners Chambers
Wentworth, NC
May 20, 2019

Budget Team Members

- Lance L. Metzler – County Manager
- Paul Murray – Strategic Management Director
- Patricia Galloway – Financial Services Director
- Kelly Burton – Deputy Finance Director
- Justin Thacker – Accounting Specialist



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Rockingham County Strategic Planning

- **Vision:** Provide the best quality of life educationally, economically, and environmentally.
- **Mission:** Rockingham County Government will strive to provide the highest quality of life and the opportunities to achieve it.
- **Strategic Focus Areas:**
 - Economic Development
 - Organizational Efficiency and Effectiveness
 - Public Safety
 - Citizen Engagement / Communication
 - County Appearance / Environmental Enhancement
 - Quality of Life
 - Education



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Budget Process

- Guiding Principles
 - No property tax rate increase.
 - Preserve high quality services.
 - Reward high performing employees.
- The budget process formally began in February, however preparations and forecasting began in late 2018.
- After requests were submitted to the budget team, we arrived at a General Fund budget deficit of **\$6.3 million** or the equivalent of **8.5 cents** of the property tax rate.



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Recommended Budget Overview

- Recommend slight property tax rate **decrease**.
 - Reduces rate from **\$0.696 to \$0.695** per \$100 valuation.
 - **10th consecutive year** with no County property tax increase.
- Total General Fund Budget – **\$91,376,150**
 - Represents a \$1,344,839 or 1.5% increase from the current General Fund budget.
- Total Budget (All Funds) – **\$129,285,758**
- One Penny = **\$741,022** (FY 2018/19 Adopted - \$721,696)



Rockingham
County **NC**

YOU'RE IN A GOOD PLACE

FY 19-20

Revenues – Ad Valorem

- **Current Year Ad Valorem** – \$51.6 million (increase of \$1,345,062 or 2.3%)
- Represents the largest source of discretionary revenue.
- Comprised primarily of four parts:
 - Real property value is projected to **increase 3.3 percent or \$163 million** next year, driven by the 2019 revaluation as well as normal growth.
 - Personal property value is projected to increase **0.8 percent or \$5.4 million** based on current year collections, historic trends, and conservative budgeting in past years.
 - This increase is from budget to budget. Comparing projected actuals this year to budget next year, this is a **\$30 million or 3.6 percent decrease**.
 - Public Utilities value is projected to **increase 3.8 percent or \$32.3 million** based on historic growth trends and current year actual experience.
 - Motor vehicles value is projected to increase **2.5 percent increase or \$19.6 million** based on actual experience in the current year.



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Revenues – Ad Valorem Revenue Neutral

- The County conducted a revaluation of property this year.
- In these revaluation years, General Statutes require the County to publish a revenue neutral tax rate. This *“is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.”*
- The Revenue Neutral rate for next year is \$0.6912, which is a \$0.0048 reduction from the current \$0.696 tax rate.
- I do not recommend lowering the tax rate to this revenue neutral rate, and using the additional revenue for several needed projects described later.



Revenues – Sales Tax

- **Total General Fund Sales Tax** – \$10,282,040 (8.5% increase from current year budget, 2% increase from projected year-end actuals)
- Above number does not include ¼ cent sales tax
- Second largest of source of discretionary revenue.
- Collections in the current year have been strong, with July through March collections **growing 5.6 percent** when compared to the same time period the year before.
 - Full projected revenue from ¼ cent sales tax (\$1.94 million) transferred to Rockingham Community college.



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Revenues – Other Key Changes

- **PEG Channel (new revenue of \$25,000)**
 - State revenue if the County decides to pursue adding a PEG channel.
- **EMS Fees (increase of \$555,000)**
 - \$200,000 from growth in call volume and slight increase in fees.
 - \$355,000 related to Medicaid transformation. Has matching expense.
- **Integrated Health KBR Funding (decrease of \$389,564)**
 - KBR asked us to expend grant dollars collected in past years but not used for Integrated Health.
 - These dollars are held in designated fund balance.
 - We will still get final payments, and this serves to extend the life of the grant.
- **DSS Revenue (increase of \$240,392)**
 - State/Federal revenue driven by 9 positions and 6 vehicles recommended.



Revenues – Other Key Changes

- **Head Start Revenue (elimination of \$1,915,652)**
 - The County will no longer be the grantee for Head Start after this year.
- **Interest Earned (increase of approximately of \$160,000)**
 - This is based on current year collections and multiple increases in the federal funds rate approved by the Federal Reserve over the last year.
- **General Fund Balance (decrease of \$138,847 or 4.6 percent)**
 - Composed of 3 items:
 - \$2,500,000 annual fund balance plug (not expected to be spent).
 - \$120,891 in expected unearned Duke Energy incentive dollars.
 - \$291,515 in previously earned KBR revenue for Integrated Health.



Expenditures – New Positions (16 FTE)

- **4 EMT Paramedics (\$250,040)** – Creates new prime time EMS crew to address growing call volume.
- **9 Social Services Positions (approx. \$220,000 net County cost)** – Recommended for programs such as Food and Nutritional Services, Foster Care, and Child Protective Services.
 - Needed to help address growing caseloads, reduce overtime, and ensure compliance with State/Federal requirements.
- **1 New Building Inspector (\$79,032 including \$30,000 vehicle expense)** – Needed to address recent growth in land development and provide good customer service.
- **1 Information Technology Business Intelligence Report Developer (\$64,312)** – With the implementation of OneSolution, this position will provide critical reports to areas such as Social Services, Finance/HR, and Public Health. It will also oversee the planned website overhaul.
 - **1 Finance Accounting Technician (\$6,939 net County cost)** – Needed to ensure accurate and timely payroll in the new OneSolution system and to provide capacity in this critical area. Most of the funding for this comes from a position that Finance voluntarily eliminated several years ago.



Expenditures – Employee Pay

- In FY 2016/17, the County implemented the Springsted Study to right the County's compensation levels and fix salary compression.
- One of the recommendations of the study was to *“implement the performance evaluation system currently being developed and provide adequate funding for performance based merit increases awarded on the anniversary date of the employees hire or promotion.”*
- Budget therefore includes a **2 percent performance increase** for permanent employees who score an overall average of 3.25 or above on their annual performance evaluation, to be awarded on their anniversary date
 - FY 2019/20 County net cost is **\$290,000**, with the full annualized cost of **\$580,000** recognized in FY 2020/21.



Expenditures – Retirement Rate Increase

- The State LGERs board voted on January 31st to increase percentage of an employee's salary the County must contribute for retirement.
 - General employees increased from 7.75% to 8.95%.
 - Sworn Law enforcement increased from 8.5% to 9.7%.
- Net budget impact is **\$235,000** next fiscal year.
 - LGERs Board plans to continue significantly increasing rates over the coming years, reaching as high as 12.45% for general employees in FY 2022/23.



Expenditures – Significant Capital (General Fund)

- **Internet Failover (\$27,900)** – Installs a second internet line at the main County data center for redundancy. This setup is needed to reduce downtime for critical services in the event one line is down.
- **IT Core Infrastructure Replacement (\$220,000)** – Recommended to be a continual set-aside each year to replace key components of the County’s network infrastructure (servers, switches, power backups, etc). For next year, this set aside will be used to replace power backups and core network switches.
- **Maintenance Boom Lift (\$40,000)** - County maintenance services many things that require this type of lift, including gutters, windows, fiber lines, and several hundred parking lot lights. Having this equipment in house will reduce significant rental costs and save time.
- **Replace Boiler at Justice Center (\$45,000)** - The Justice Center has four boilers, one of which has not worked for over a year. The existing boilers are enough to provide heat for both the courthouse and jail, however if one additional boiler were to go down it could be weeks before heat is restored.



Expenditures – Vehicles (General Fund)

- **2 EMS Ambulances (\$409,833)** – Replaces 2 high mileage ambulances (one new 4X4).
- **Countywide Pool Kia Rio (\$14,500)** – Additional pool vehicle to help reduce mileage reimbursements.
- **Building Maintenance Ford F-350 (\$44,821 net budget impact)** – Allows a vehicle to be rotated to replace existing aging vehicle – funding includes purchase of a service body.
- **Sheriff’s Office Vehicles (\$262,752)** – Replaces 8 front line patrol vehicles.
- **Animal Control Ford F-150 (\$30,591)** – Replaces aging existing vehicle.
- **Building Inspections Toyota Tacoma (\$30,000)** – For recommended new inspector.
 - **Environmental Health Chevrolet Colorado (\$31,909)** – Replaces existing aging vehicle in poor mechanical condition.
 - **Social Services 6 Vehicles (\$60,091 net county expense)** – Replaces aging vehicles ranging from 174,000 to 265,000 in projected year-end mileage.
 - **Library E-150 Cargo Van (\$8,300 net budget impact)** – Replaces 1998 model with an estimated 250,000 miles at year-end.



Expenditures – Significant Capital (Other Funds)

- **Landfill Fund**

- **Excavator (\$261,562)** – Replaces 1993-94 model that is in poor condition. Replaced excavator will move to tire, brush, and metal area.
- **Crawler Dozer with Trash Package (\$361,740)** - Replaces 1993-94 model that is in poor condition. Equipment necessary to push trash in place for compaction.

- **Water and Sewer Funds**

- **2 THM Removal Systems (\$266,348)** – Needed to improve water quality on 220 and 158 lines to stay in compliance with state regulations.
- **New SCADA (control, data, and alert) system (\$53,184)** - Replaces aging existing system that frequently sends false alerts to staff requiring site visits.
- **Lift Station Generators (\$100,000)** – Recommended set aside for beginning to replace / repair generators at the County’s lift stations.



Expenditures – Transfers to Capital Reserve

- Currently the county only transfers the \$0.0477 of the tax rate that is dedicated to capital projects to the Capital Reserve Fund.
- Next year, the budget includes an additional \$550,000 General Fund Transfer to this fund for the following projects:
 - **Governmental Center / DSS Parking Lot Replacement (\$300,000)** - This existing Governmental Center / DSS parking lots are original to the construction of the building (mid 1980s). Parking lot life spans are typically 20 to 30 years, and these lots have had very little maintenance during that time. This represents $\frac{1}{2}$ of the total projected cost of \$600,000.
 - **Future Public Building Renovation / Construction (\$250,000)** - Recommended to serve as a set aside for future public building renovations / construction. There are several projects currently being investigated by staff, including renovations to the Animal Shelter and the possibility of renovating / moving staff in the County Home building and Daymark.
 - Board of Commissioners can repurpose it for other capital projects in the future if it so wishes.



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Expenditures – Rescue Squad Increases

- **Madison-Rockingham Rescue**

- In June 2017, Madison-Rockingham Rescue Squad began to run routine convalescent transport calls when they are dispatched per a new contract agreement with the County.
- This agreement allows the Rescue Squad to bill and keep a portion of the revenue from each of these calls they run.
- Budget increases contribution to Madison-Rockingham from \$150,000 to approximately \$200,000 based on billing company projections.

- **Eden Rescue**

- Eden Rescue will now begin running convalescent dispatches for the County as well.
- \$155,800 increase to this squad included in Recommended Budget based on billing company projections.



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Expenditures – Rockingham County Schools

- The Rockingham County Board of Education requested a 4.7 percent increase **(\$750,000)** in its current expense allocation and a 217 percent increase **(\$1,917,475)** in capital outlay funding.
- The Recommended Budget maintains the current year appropriation for Current Expense **(\$15,834,840)** and Capital Outlay **(\$882,525)**.
- Schools are projected to have approximately \$2.7 million in Schools Capital Fund balance at the end of next year.
 - Staff recently met with the Superintendent to discuss plans for these funds.



Expenditures – Rockingham Community College

- Rockingham Community College (RCC) requested a **9% increase** (\$189,377) in Current Expense and a **33% increase** (\$55,909) increase in Capital Outlay.
- The Recommended budget maintains Current Expense and Capital Outlay funding at the current year's appropriations (**\$2,164,473 and \$169,091 respectively**).
- The full **\$1.94 million** in $\frac{1}{4}$ cent sales tax revenue is transferred to the Community College as well.



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Conclusion

- Department heads and staff were very accommodating in meeting deadlines and sharing information.
- We used all tools at our disposal to present a balanced budget that preserves funding for County services, rewards employees for good performance, and reduces the current tax rate.
- This budget will ensure that County operations continue to meet and exceed performance goals and provide citizens with quality programs and services.



Rockingham
County NC

YOU'RE IN A GOOD PLACE

FY 19-20

Next steps: Budget Worksession

May 24th – 8:15 am
Commissioners Room