

## FY 23 Recommended Budget

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## How do we budget?

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Budget team approach, each department meets with the team
- Look at trends for revenue and look at resources that help suggest what to expect with those trends
  - Projecting revenue and economic trends up to 18 months in advance
- Gather information from various sources on price changes and projections including gas, utility rates, goods and services, economic predictions, etc
- Make, but document, assumptions and layer review so that staff feels comfortable those projections are reasonable
- Seek to understand Board of Commissioner's priorities, community needs, and funding partner needs while balancing the mandated services counties are required to provide
- Estimate service demands by examining existing demands- what is growing, decreasing?
- Understand mandated services and non-mandated services (~86% or more)
- Review fees charged
- Consider local economy and economic outlook
- Factor in long term fiscal health and long term planning in addition to annual

*Budgets are math and statistics problems, but also establish policy and reflect priorities, including those that are required through mandate*

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## Fiscal Policy Goals

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Develop a long term capital improvement plan (est \$270 million in addition to the education bond)
  - Education Beyond the \$68 million Bond- Another \$10 million on School's list (does not include renovations not complete with the bond)
  - Courthouse \$45-\$50 million
  - Existing Courthouse Renovation \$2 million
  - BRCC Campus \$32 million
  - Infrastructure \$52 million
  - Landfill Expansion \$8.5 million, \$5 million closure
  - EMS Station- 276 \$4.5 million
  - Communication Towers- \$3 million
  - Parks and Recreation \$30 million
  - Fire Department Infrastructure- (?)
- Identify revenue to fund capital needs
  - Economic Development and Infrastructure Support- Ecusta Road Project Lease Payments
  - Education Facilities Bond
- Work towards multi-year budget planning in General Fund
  - Vehicle prioritization, computer replacement schedule, long range maintenance evaluation, maintain service levels
- Consensus on this year's county needs from commissioners for recommended budget

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## Process with Changes Implemented this Year

- Internal Departments turned in budget requests with justification in Feb
- Panel review of all budgets- commissioners included for elected office leaders
- Nonprofit Funding Open call for applications in March, review by subcommittee and scored in April
- School Funding
  - Requests submitted before deadline
- Outside Agencies- Fire Departments, Rescue Squad, etc
  - Budget requests due in April, *new subcommittee of staff and two commissioners to review and opportunity for each department to discuss included this year*
- Priorities and Preliminary Discussion
  - Commissioner meetings in April/May to clarify priorities, discuss justifications

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## Key Trends for FY 23

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Property Tax is the only way commissioners can meaningfully raise funds. This makes tax base very important!
  - Our current mix skews heavily residential meaning that residential bears the burden of any increase and differentiates Transylvania from other counties in the area
  - Half of Transylvania County is nontaxable (Federal and State Parks/Forests) but requires county services
  - Residential costs the most in services over other types
  - Some of that residential is second homes, air B&B, etc. State constitution does not allow charging a differential tax rate so legislative action would be required

	Transylvania (33,130)		Henderson County (121,151)		Dare County (38,537)	
Residential Property	5,040,167,342.00	79%	10,467,439,798.00	63%	14,154,651,775.00	85%
Commercial/Industrial Real Property	654,111,462.00	10%	3,094,688,800.00	18%	1,552,167,500.00	9%
Present-use value	35,135,730.00	1%	170,197,216.00	1%	13,500.00	0%
Personal Property	501,220,379.00	8%	2,671,648,195.00	16%	1,026,345,520.00	6%
Public Service Companies	116,731,987.00	2%	326,671,538.00	2%	144,451,838.00	1%
	6,347,366,900.00		16,730,645,547.00		16,877,630,133.00	
	Macon (38,575)		Rutherford (64,482)			
Residential Property	\$ 6,448,116,725	78%	\$ 4,412,408.00	74%		
Commercial/Industrial	\$ 1,071,450,830	13%	\$ 495,788.00	8%		
Present-use value	\$ -		\$ -			
Personal Property	\$ 561,673,699	7%	\$ 657,378.00	11%		
Public Service Companies	\$ 173,065,385	2%	\$ 417,796.00	7%		
	8,254,306,639		5,983,370			

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## Key Trends for FY 23

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Population Changes
  - 2010 to 2020 Census saw population slightly decline from 33,090 to 32,956
  - However, housing units went from 19,163 to 19,818 and owner occupied units went from 77.5% to 75.6%
    - Households went from 13,735 to 14,648
  - Data indicates that the population figure may be artificially low (second homes, tourism)
    - Impact of population on funding formulas
    - Indications that the population is changing with more racial diversity reflected and shifts in age groups
      - 2% decrease overall in responses indicating white, non-Hispanic to 90.4%
      - Ages 18 and under shifted from 17.6% to 15.4% Also seen in School (ADM) Student Decrease
      - Ages 65 and over 25.8% to 31.4%
- Real Estate pressures continue with high volume of property transfers and building permits
- Economic Development interest is high
- This budget does not cover all requested or stated needs across county responsibilities by leadership
  - Every year indicates \$4 million gap average, or 8 cents of tax addition. Some of those are repeat requests year to year
  - Service demands are high across the board

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## Highlights for FY 23

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Property tax base increased by 2%
- Total budget of \$74,346,480 with the same tax rate as FY 22 of \$.6033/\$100 valuation (Total requested: \$76,239,346 million)
  - \$.187 Transylvania County Schools Annual General Operations
  - \$.089 School Bond Collections
  - \$.028 Fire and Rescue Agency Supplement to District tax collections
  - \$.016 Solid Waste Supplement to fees collected
  - \$.034 \$2.4 million annual capital planning (Courthouse and Pay as you go for Emergency Services, Economic Development, Parks and Recreation)
  - \$.113 for the Office of the Elected Sheriff
  - \$.132 for all remaining county services and operations (Sheriff's Office, Tax, ROD, EMS, 911, DSS, New Adventure, Public Health, Animal Services, Library, Parks and Recreation, Building, Planning, Transit, Elections, Buildings and Administration/Operations)
- Total Expenditures reflect 2.4% growth for general fund as a whole
- Full year of service for three new initiatives started in FY 22
  - Passport Agency
  - NC Vehicle Tag Office
  - Housing Federal Inmates in Jail Facility

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## Highlights for FY 23

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Budget prioritizes maintaining staff levels/existing benefits and trying to combat economic inflationary impacts such as fuel without increasing the property tax rate
- Baseline annual capital proposed
  - Includes 5 patrol car equivalent with equipment for Sheriff's Office
  - Computer replacements on five year cycle- evaluating system security
- Focus is on existing personnel
  - No new personnel
  - Reclassification of a Parks and Recreation position, Cooperative Extension and Library Assistant
  - Overlap of PT hours for retirement in Environmental Health
- \$1.2 million for courthouse planning assigned fund balance fund
- \$1.2 million for pay as you go funds for economic development, emergency services and parks and recreation
- \$6.2 million for bond payments in Education Capital Fund

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# Highlights for FY 23

Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest

- ❑ Explore operational efficiency and best practices throughout county services- look at ways to maximize staffing
- ❑ Continue work on affordable/workforce housing including a county wide Housing Study, economic development
- ❑ Continue facilitating the work of Get Set Transylvania in partnership with Sesame Street in Communities
- ❑ Major Capital Planning
- ❑ Compensation Study Range Review (\$30k)
- ❑ Community Center Wifi and Capital Improvement Program (\$80k)
- ❑ Includes Rosman pool support (\$50k)
- ❑ Continues leachate agreement with the Town of Rosman
- ❑ Grant funding to Administer (Water/Sewer line, Sylvan Valley Industrial Building, Opioid Work in Community and Jail, Affordable Housing)

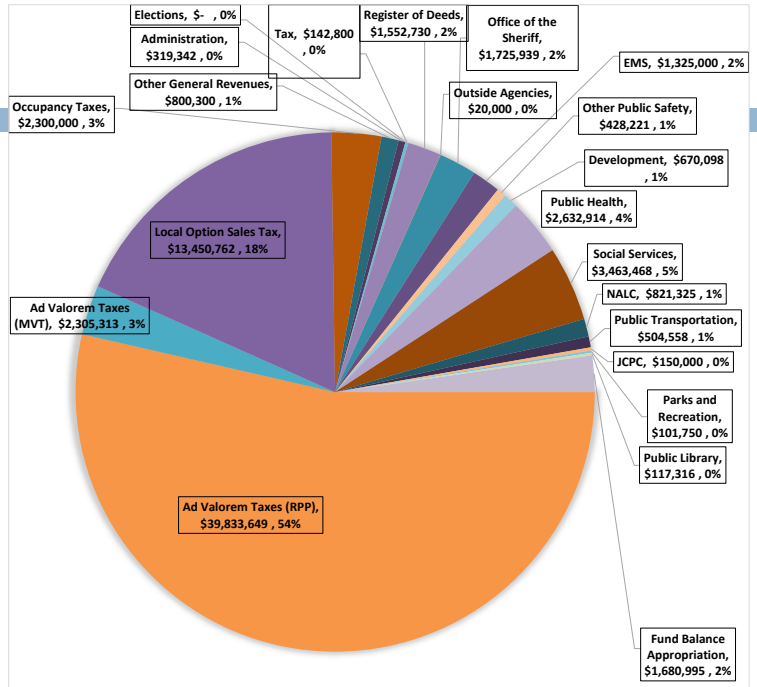
The Following Projects will have separate capital funds, but will impact work load this fiscal year:

- ❑ Manage the construction of a sewer line that will provide expansion support to Gaia Herbs and extend service by the Town of Rosman along the US 64 Corridor. The county will hire and manage the contracts for design and construction in addition to the grant funding responsibilities and then turn over the line for ongoing maintenance and operation to the Town of Rosman.
- ❑ EMS Base construction and temporary housing with Rescue Squad
- ❑ Sylvan Valley Industrial Building Phase 2 construction

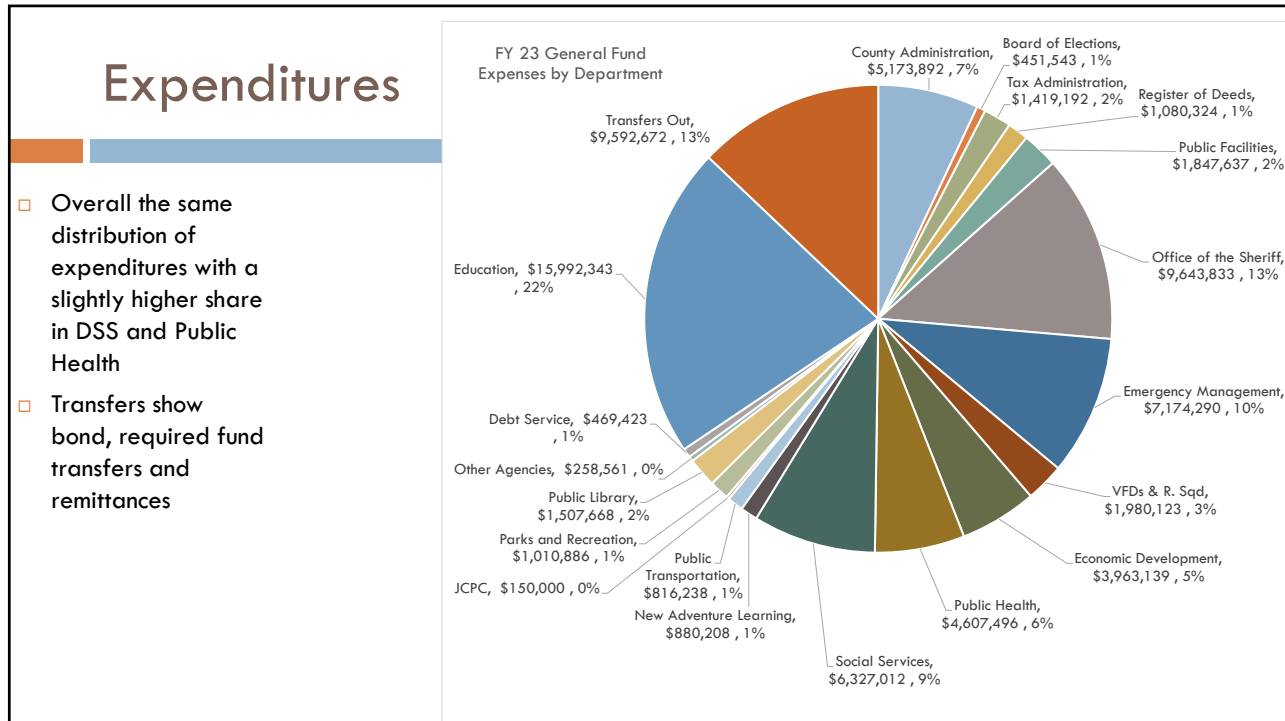
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# Revenue Projections

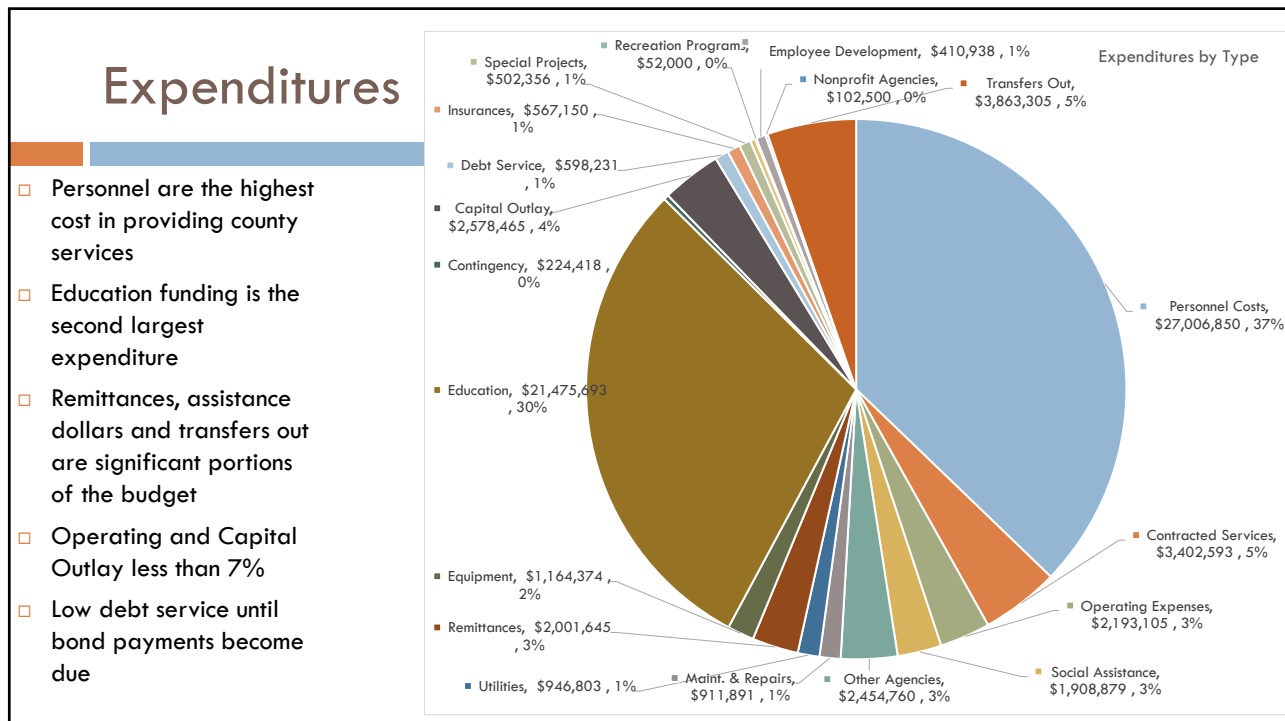
- ❑ Property Tax is primary revenue
- ❑ Sales tax remains at 18%
- ❑ New revenue reflected from federal inmate housing, passport office and tag office revenue that supports those new services



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## Education Funding Considerations

- K-12 Education recommended for same increase as other county services at 2.4%
  - Funding per ADM has continued to grow with state support such as the Small School funding (\$1.5 million) to take pressure off county property tax payers without compromising confidence in the ability to deliver quality education services (NC School Forum references our county as 9<sup>th</sup> highest funded with small school/low wealth funding added to county funding before Transylvania began receiving this)
    - Transylvania County Citizens have a long history of significant local funding support for education, a point of significant pride
    - County funding remains in the 4<sup>th</sup> in the state behind Orange, Dare and Durham followed by Chatham County
    - Total funding per student has grown 4.5% total over the past three years and is at approximately \$12,946 excluding one time funding from the CARES/ARPA. This is 33% higher than the state average in NC.
  - Local Operational Funding Recommended at \$13,086,152 and Capital Funding at \$2,074,271 (\$1,113,200 major building renovations, \$112,600 smaller building projects, \$698,071 FF&E, and \$150,400 for vehicles) by project as shown in your budget book with project fund disbursement with documentation over \$50k
- Blue Ridge Community College recommended for Local Operational Funding at \$619,680 and Capital Funding at \$212,240 *Note: Education budgets are submitted with detail; however, once operational funding is approved those agencies may adjust how they spend funds without commissioner approval based on their own priorities*

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## Fire Department Budgets

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Last year Fire Departments were funded by assessing each district a rate of 5 cents/\$100 valuation with the balance of any approved funding levels coming from the General Fund Tax Rate. After review of Fire and Rescue Department Budgets, recommendation is to set the district rates at 5.5 cents/\$100 valuation and supplement the remainder of the budgets from the General Fund (2.8 cents/\$100)
- Very positive feedback from fire and rescue agencies on the budget process change to allow them to come present to the committee
- Major Asks Included:
  - Lake Toxaway: 3 Additional Personnel
  - City of Brevard/Sylvan Valley II: 3 Additional Personnel
  - Rescue Squad: 3 Additional Personnel
  - Conestee: New Station \$400k payment annually (~\$10 million construction)
- Committee recommended funding the City of Brevard/Sylvan Valley II staffing request with agreement that the District will begin answering first medical response calls like other districts. This will remove capacity pressure off of the Rescue Squad that was generating the staffing request
- Committee did not recommend Lake Toxaway's request to increase from 3 to 6 full time firefighters
- Committee did not recommend moving forward with the Conestee Base
  - Evaluate other alternatives or value engineering options

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## Fire Department Budgets

*Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest*

- Universal needs expressed included for pay adjustments for paid staff and higher fuel costs
  - Committee recommended a 5% paid staff increase for all department budgets (more than some asked for)
    - Last two years combined slightly exceed % for county staff as benchmark
  - Average operational increase 3.67%

Agency	FY 2022 Budget	FY 2023 Budget Req	FY 2023 Budget Rec
Rescue Squad	\$426,450	\$ 639,650	\$ 457,200
City of Brevard/Sylvan	\$413,733	\$ 483,119	\$ 483,119
Rosman	\$676,780	\$ 730,480	\$ 706,818
Little River	\$545,200	\$ 669,050	\$ 553,225
Connestee Falls	\$831,900	\$ 1,273,000	\$ 865,125
Cedar Mountain*	\$310,539	\$ 262,074	\$ 324,534
Lake Toxaway	\$910,539	\$ 1,131,089	\$ 905,577
Balsam Grove	\$216,924	\$ 207,057	\$ 210,577
North Transylvania	\$305,500	\$ 310,105	\$ 311,575
<b>Totals</b>	<b>\$ 4,637,565</b>	<b>\$ 6,438,423</b>	<b>\$ 4,816,275</b>

\* Includes out of county funds for Budget and Recommendation

*Note: Fire and Rescue budgets are submitted with detail; however, once operational funding is approved those agencies may adjust how they spend funds without commissioner approval based on their own priorities*

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## General Fund Summary

- Balanced budget of \$74,346,480
- First full year of new services including passport office and tag office
- No new personnel beyond FY 22 approvals
- Maintaining capital replacements including IT and vehicles
- Balanced increases across all functional service areas, but revenue did not fund full requests
- Tax rate remains stable at \$.6033/\$100 valuation
- Fire District rates recommended at \$.055/\$100 valuation
- Any additional funding considerations to fund requests not included in the recommended budget will require a tax increase. If this is considered for any specific service area, recommend considering similar % increase for other service areas with needs not in the recommended budget.

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## Solid Waste Enterprise Fund Summary

- **Balanced budget of \$4,414,405**
  - ▣ Fee Revenue: \$2,635,250
  - ▣ Balance is from property tax collections and net position appropriation
- Includes scheduled capital equipment replacements and refurbishing a roll off truck
- Existing revenue mix of fee adjustments from last year and the operational supplement from the general fund should be sufficient for a few more years
- Future expansion and cell closures will be significant capital and will require revisiting the revenue structure of the enterprise fund. This could include fee adjustments, supplement adjustment or considerations of operational model to reduce operational expense.

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## Forecasted Needs and Emerging Issues

- **Mental Health**
  - ▣ Service Providers- EMS, Law Enforcement, Social Workers, Animal Control, Dispatchers
    - ▣ Existing infrastructure EAP, First Responder Assistance Program and 1 Day/week Sheriff's office imbedded counselor contract
  - ▣ General Public Services and Mental Health Infrastructure/Availability
  - ▣ Youth Mental Health and Mentorship
- Support Services Staffing – HR, Operations/Maintenance, Possible IT
- Staffing with Community Growth and Aging Population- Building and Environmental Health, EMS
- Staffing with Capital Growth- Courthouse Security, Support Staff
- Technology and Cyber Security
- Solid Waste New Cell and Cell Closures
- Fire Departments struggling to get volunteers that will end up requiring more staffing
- Education Funding
- Public Service Workforce Projections
- Major Capital- Workshop this summer Capital can also drive additional operational costs

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## Discussion- *Be patient, be kind, be courteous and be cordial*

- Identify topics for the workshop June 6 that *do not* have consensus tonight so that we can prepare information for discussion
  - ▣ Do you need additional data?
  - ▣ Do you need more detail on an area?

### Proposed Workshop Format

- Facilitator- Jaime
- Present prior information and any known options for each item of discussion
- Open for commissioner discussion along with questions
  - Start with person who requested item
  - Opportunity for each to speak
- Once it appears there are 3 in agreement or when 15 minutes is reached I will call for a poll for consensus unless commissioners express interest in continuing discussion
- When consensus is reached, move to the next item
- Public Hearing on Budget to be held a least on June 13 and June 20<sup>th</sup> Board of Commissioner meetings
- *Note: For the purposes of compliance with new state conflict of interest laws, nonprofit funding contracts will not immediately be implemented after adoption of the budget ordinance. Staff will schedule a separate vote on a future agenda in FY 2023, after polling the board about potential conflicts of interest as defined in the new statute.*

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## Discussion

- Questions?
- Discussion by BOC

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