

Rockingham County Fiscal Year 2016-2017 Budget



MAY 16, 2016
LANCE L. METZLER, COUNTY MANAGER

FY 2016-2017 Budget



Budget Team Members

Lance L. Metzler, County Manager

Paul Murray, Strategic Management Director

Patricia Galloway, Financial Services Director

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Guiding Principles

- Hold departmental budgets flat if possible.
- Fund the recommendations of the Springsted Classification and Compensation Study completed in November 2015.
- Look for opportunities to increase efficiencies to reallocate dollars towards Commissioner Strategic Focus Areas.

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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

- 1) Economic Development
- 2) Organizational Efficiency and Effectiveness
- 3) Public Safety
- 4) Citizen Engagement/Communication
- 5) County Appearance/Environmental Protection
- 6) Quality of Life

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Budget Process

- The budget process formally began in February, at which time I requested each department to carefully scrutinize each line-item in their budget and submit requests flat or less than their current year budget if possible.
- After budget requests were submitted to the budget team, we arrived at a General Fund budget deficit of **\$4.7 million** or the equivalent of **6.7 cents** of the property tax rate.
- There are many legitimate needs that we simply cannot afford.

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Recommended Budget Overview

- Recommend **2 cent** property tax rate increase
 - Increases County property tax rate from **69.6** cents to **71.6** cents per \$100 valuation.
 - **First tax increase since FY 2009/10.**
 - 1.77 cents of the increase is for the General Fund, 0.23 cents is for the County's CIP and transferred to the General Capital Reserve Fund.
- Total General Fund Budget - **\$92,934,873**
 - Represents a 4.9 percent increase from the current General Fund budget
- Total Budget (All Funds) - **\$129,107,739**
- One penny = **\$699,798**

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Revenues (1 of 4)

- **Ad Valorem (increase of \$2.34 million or 4.84%)** - Growth due to the proposed tax increase, increased collection rate percentage, and minimal tax base growth.
- **County Sales Tax (increase of \$43,000 or 0.5%)** – Based on minimal growth in the current year (not including the State’s new Local Sales Tax Distribution Plan).
- **New Local Sales Tax Distribution Plan (\$1.05 million)** – New revenue dedicated to assisting with the County’s economic development efforts.

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Revenues (2 of 4)

- **Election Fees (Decrease of \$47,584)** – Municipalities reimburse the County for the cost of conducting their elections. With no municipal elections next fiscal year, this revenue is eliminated.
- **EMS Fees (increase of \$100,000)** – Increased based on EMS Management projections and actual experience in the current year.
- **Jail Bed Space Rental Fee (increase of \$75,000)** – To maximize County revenue, the Jail rents available bed space to the State Misdemeanant Confinement Program and other law enforcement agencies at a daily rate. This revenue is increased based current year collections.

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Revenues (3 of 4)

- **DSS Child Care Subsidy (increase of \$228,109)** – Intergovernmental funding for this program is projected to increase next year and is fully offset with a matching related expense.
- **Methane to Electricity Transfer (decrease of \$73,207)** – This operation is projected to have matching revenues and expenses next year so no transfer is recommended to the General Fund. Landfill staff will work with an engineering firm during next fiscal year to ensure this program is operating at peak efficiency.

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Revenues (4 of 4)

- **General Fund Balance** – Appropriates \$3,584,532, an increase of \$347,054 from the current year. Comprised primarily of:
 - **\$2.8 million** in expected unspent funds (surplus) due to the nature of budgeting.
 - **\$601,380** in Kate B. Reynolds Charitable Trust grant dollars for the Integrated Health Program that were received in previous years but will not be needed until next fiscal year.
 - **\$190,486** in anticipated unearned Duke Energy incentive dollars that are budgeted but not expected to be paid out.
- The County's revenue toolbox is all but empty, with the County already receiving Property Tax, Sales Tax, Lottery Proceeds, State and Federal Funds, and Liquor by the Drink revenue. The only new revenue tool left is a ¼ cent local option sales tax, which will be on the November 2016 ballot.

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New Positions (1 of 2)

- **EMS EMT Basics (2)**
 - Along with consolidation of the Huntsville and Bethany bases this allows entire EMS system to move to 12-hour shifts.

- **Youth Services Administrative Assistant**
 - Expands existing part-time position to full-time
 - Funded by savings from a larger restructuring and vacant position elimination.

- **Cooperative Extension/Soil & Water Conservation Receptionist**
 - Eliminates existing 30 hour/week and 15 hour/week positions and creates one new 40 hour/week position and classification to ensure full-time coverage of both offices

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New Positions (2 of 2)

- **Central Services Temporary Part-Time**
 - 16 hours/week temporary position assists with delivering supplies, mail, print shop orders, and other items
 - Ensures services continue when the one full-time employee is out of the office.

- **Integrated Health Program Manager and (2) EMT Community Paramedics**
 - Part of new Integrated Health Program.
 - Fully offset with outside revenue next year.

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Integrated Health Care Program

- Partnership between County EMS, the Division of Social Services, CenterPoint Human Services/Cardinal Innovations, and other community agencies and organizations.
- Provides multi-disciplinary treatment to high utilizers of EMS
 - In-home personalized care and hands-on intensive case management.
 - Goal is to improve patient well-being and reduce burden on EMS system.
- First year expense for this program is \$724,480, fully offset through grants, donations, and contributions.
- County funding will likely be needed in future years.

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EMS Staffing and Reorganization (1 of 2)

- Rockingham County currently has 2 EMS bases where staff works 12-hour shifts (Reidsville and Eden) and 3 EMS bases where staff works 24-hour shifts (Mayodan, Huntsville, and Bethany)

- These varying shifts create significant problems, including:
 - increased fatigue for employees working the longer shifts (safety hazard)
 - scheduling challenges
 - overlapping supervisors
 - perceived inequality among shifts
 - employee morale

- Bethany base currently staffed with only one Paramedic per shift and cannot transport patients unless another EMT arrives on-scene.
 - Of the 828 patient care calls the Bethany unit responded to in 2015, 77 percent required additional resources to allow for transport of the patient.

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EMS Staffing and Reorganization (2 of 2)

- Recommended Budget includes consolidating the Huntsville and Bethany bases into one Bethany EMS base and hiring 2 additional EMT-Basics.
- This would allow for all bases to move to 12-hour shifts (excluding dedicated 40 hour/week convalescent truck in Eden)
- Benefits of this changeover include:
 - Allowing for rotation of all personnel to other bases as needed
 - Increasing flexibility in ambulance placement based on call volume
 - Consistency for Human Resources and Finance with processing pay and overtime
 - Potentially reducing instances of convalescent trucks being called for ALS coverage
 - Addressing employee concerns of fatigue, having multiple supervisors, perceived inequality of different shift schedules, etc.

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Employee Benefits and Compensation (1 of 3)

- One of the biggest barriers to retaining quality employees is salary compression.
- Due to the lack of performance-based raises for over 7 years, new employees are often hired making the same or nearly the same as longer serving, high-performing employees.
- The County contracted with Springsted, Inc. in March 2015 to examine all positions to ensure they are classified properly and provide recommendations for salary adjustments that effectively address the compression.

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Employee Benefits and Compensation (2 of 3)

- Springsted's findings revealed:
 - The organization's salary levels are lower than the average salary rates paid in comparable regional organizations.
 - Internal pay relationship inequities exist within the County.
 - The County's pay plan has not been properly maintained.
 - 2.31 percent below the average minimum salaries
 - 6.89 percent below the average mid-point salaries
 - 10.04 percent below the average maximum salaries

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Employee Benefits and Compensation (3 of 3)

- Springsted presented 3 options for bringing the County's pay plan up to market standards and addressing salary compression.
- The Recommended Budget includes \$2.8 million to implement Springsted's recommended option (option 3)
 - This option includes adjustments to bring employees to new salary grades as well as a 0.5 percent increase per year of service to place employees within the grade.
 - DSS can expense approximately 50 percent (\$300,118) of their adjustments to non-County sources.
- To follow another of Springsted's recommendations and not allow the new pay plan to again become compressed, the Recommended Budget also includes \$200,000 for performance-based increases.

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2019 Revaluation of Property

- NC General Statutes mandate counties to conduct a revaluation of property at least once every eight years
- The Budget includes \$138,400 for the County to begin work towards the upcoming 2019 revaluation
- Funds will be used primarily to contract with an outside firm to assist with field visits, consultation for the schedule of values, land and neighborhood pricing, and assistance in the appeals process.

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FLSA Overtime Exemption Changes

- The US Department of Labor is expected to update the salary threshold for when employees can be classified as exempt (ineligible for overtime) from the current \$23,660/year to potentially \$50,440/year
- Unclear when these new rules will be released, when they will go into effect, and the amount of the final salary threshold
- \$250,000 included in budget to ensure we are prepared to address any additional salary/overtime that may result
 - Goal is to not spend this entire amount through management of overtime and workloads.

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Capital

- **Sheriff's Office (\$317,000)** - purchase at least 10 vehicles to maintain replacement schedule.
- **EMS (\$402,210)** - primarily for replacing two ambulances with over 200,000 miles, as well as a new stretcher and cardiac monitor for each ambulance.
- **Public Health (\$53,460)** - purchase new diagnostic systems for treatment rooms, laptop replacements, and new dental imaging software. Majority of funding is from non-County dollars.
- **Integrated Health Program (\$175,000)** – purchase 2 new vehicles with cardiac monitors and laptops, as well as other smaller capital for new Integrated Health Program. Fully offset by non-County revenues.

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Education (1 of 2)

- The Rockingham County Board of Education requested a **9.5** percent increase (**\$1.5 million**) in Current Expense allocation and a **225** percent increase (**\$1.98 million**) in Capital Outlay.
- Budget maintains the current year appropriation for Current Expense and Capital Outlay, despite a consistent decline in school enrollment.
 - School enrollment down 5.2 percent or 716 students between FY12 and FY16.

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Education (2 of 2)

- Rockingham Community College (RCC) requested a **4.8** percent increase (**\$103,059**) in Current Expense and a **448.1** percent increase (**\$747,367**) increase in Capital Outlay.
- Current Expense funding is maintained at the current year's appropriation (\$2,164,473).
- Capital Outlay is increased slightly (\$1,160) to \$167,931 due to the declining debt payment for the RCC Science Labs project.
- The recently passed NC Connect Bond is expected to allocate \$7.5 million towards RCC capital needs.

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Other Notable Items

- The Health Insurance Fund is projected to have a deficit of approximately \$316,000 – covered by Health Insurance Fund Balance.
 - Not sustainable and future increases may require more significant plan design changes and/or increasing charges to employees and departments.

- Contingency funding remains flat at \$250,000.

- The Budget includes the Ruffin Fire Department's requested fire district tax increase of 3 cents
 - Would increase rate from 10 cents to 13 cents per \$100 valuation.
 - Generates approximately \$30,000 in additional revenue for the district.

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Performance Management Program

- While it is critical that we prepare, present, and discuss the fiscal elements of the annual budget, it is just as important that everyone understands what these revenues and expenditures provide.
- We track and measure impacts and outcomes because this is what matters to the citizens, elected officials, and decision makers.
- Fiscal Year 2016/17 prescribes many effective and efficient performance measures across the County, including.....

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Performance Management Program

- Achieve at least 750 business visitations in the industry, retail, entrepreneurial, and hospitality sectors. (Economic Development)
- At least 2,150 youth will gain knowledge of STEM (Science, Technology, Engineering, and Math) through Cooperative Extension classes and programs. (Cooperative Extension)
- Collect at least 44.3 pounds of single-stream recyclables per unincorporated Rockingham County resident (1,200 tons). (Landfill)
- Dispatch at least 90 percent of all emergent calls for service within 90 seconds, with 99 percent dispatched within 120 seconds. (911 Communications)
- Place, adopt, or owner reclaim at least 90 percent of adoptable animals. (Animal Shelter)
- Respond to at least 85 percent of maintenance work orders within 2 business days. (Engineering and Public Utilities)

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Summary

- Departments and Agency Heads were very accommodating in meeting deadlines and sharing information.
- We used all tools at our disposal to present a balanced budget that includes funding for targeted investments.
- This budget will ensure that County operations continue to meet and exceed performance goals and provide citizens with quality programs and services.