

Budget Transmittal Letter

Board of County Commissioners and Union County Residents:

I am pleased to provide my FY20 Recommended Budget. This is my first budget as County Manager and I am extremely proud of this recommendation. This recommendation is based on three core values:

- ❖ maintaining fiscal discipline
- ❖ investing in our core services
- ❖ implementing a strategic framework for internal business processes

Maintaining Fiscal Discipline

This budget recommendation maintains our total county-wide current tax rate at 73.09¢ (not including Fire Tax Districts). Balancing revenues and expenses in the General County Fund at \$169,717,293.

Countywide Tax Rates	FY 2018	FY 2019	Proposed FY 2020	FY19-20 Change
Schools Tax Rate	44.50	44.50	44.50	-
General County Tax Rate	26.84	21.84	21.63	(0.21)
Voter Approved Debt Rate	3.09	3.09	3.30	0.21
Emergency Medical Service Tax Rate	2.63	2.63	2.33	(0.30)
Countywide Fire Tax Rate	1.04	1.03	1.33	0.30
Total Countywide Tax Rates	78.10	73.09	73.09	-

Budget by Fund	FY 2018	FY 2019	Proposed FY 2020	FY19-20 \$ Change	FY19-20 % Change
Schools Fund	112,772,647	119,728,200	123,896,201	4,168,001	3.5%
General County Fund	171,793,162	175,698,669	169,717,293	(5,981,376)	-3.4%
Voter Approved Debt Fund	7,620,852	8,210,580	9,309,827	1,099,247	13.4%
Emergency Medical Service Fund	7,259,052	7,566,187	7,326,654	(239,533)	-3.2%
Countywide Fire Fund	3,599,759	3,094,488	4,506,711	1,412,223	45.6%

Fund Balance Usage

The FY 2020 Proposed budget includes the strategic use of unassigned fund balance. The Government Finance Officers Association (GFOA) best practices recommend fund balance use be restricted to one-time or non-reoccurring expenses, to avoid creating long-term liabilities with short term funding sources. Applying this principle I recommend the limited use of fund balance for three specific purposes:

1. Offset Economic Development Grant payments (\$1,069,500)
2. Purchase one-half of the Sheriff's Office vehicle replacement request (\$750,000)
3. One time apparatus and equipment purchases for Volunteer Fire Departments (\$769,199)

This deliberate use of fund balance allows the County to fully support our vital public safety network and provide the needed resources for the safety of County residents and our important first responders.

The FY 2019 adopted budget included a fund balance appropriation of \$8,554,478, as compared to the FY 2020 recommendation of \$2,665,965. This reduction of fund balance usage, decreases the County dependency on fund balance by 68.8%. The long-term goal is to continue this practice of limiting fund balance usage to important strategic initiatives.

Fire Funding

In line with our value of maintaining fiscal discipline, the Board of Commissioners has been in the process of accessing the funding strategy for fire services over many years. After the Stantec Consultant's report was received this past year and several sessions were held with municipalities and Volunteer Fire Departments (VFD), the Board took action to direct staff to work toward the implementation of the 80%-20% funding model for the FY2021 budget year.

In order to be best prepared for this transition, my recommended budget includes funding for several one-time expenses for fee funded and tax funded VFD's. The items that are included are critical to the operations of our fire fighters and considered must fund items. It is proposed that funding be made available for this purpose through a two-step strategy:

1. Appropriate existing County General Fund balance to the Fire Service Budgetary Fund (\$769,199)
2. Tax Rate Swap from the EMS tax rate to the Fire Service Budgetary Fund (.30¢ or \$811,810)

There will be no negative impact to EMS, their needs will be met by a combination of increasing revenues and the strategic use of their accumulated fund balance.

Staff has been working with the fire chiefs in an effort to be true partners working in good faith. The product of that work is a budget recommendation that I can support given the needs of the community. I believe my recommendation provides funding to stabilize the provision of volunteer fire services while we transition to a sustainable funding model.

<i>Recommended Fire Department Funding for FY 2020</i>										
Fire Department	Countywide Fire Tax	Local Fire Tax/Fee	Operating Budget	1x Capital GF Transfer*	FD Rev	Countywide Fire Tax Revenue	Localized Fire Tax/Fee Revenue	Sales Tax	Fund Balance	GF Fund Balance
Allens Crossroads	0.0133	100.00	\$ 272,590	16,000	-	(166,722)	(105,868)	-	-	(16,000)
Bakers	0.0133	100.00	891,786	297,000	-	(258,451)	(633,335)	-	-	(297,000)
Beaver Lane	0.0133	100.00	734,061	400,000	(51,800)	(434,196)	(248,065)	-	-	(400,000)
Fairview	0.0133	100.00	426,556	50,000	-	(249,423)	(177,133)	-	-	(50,000)
Griffith Road	0.0133	100.00	133,095	-	(33,634)	(28,487)	(70,974)	-	-	-
Hemby Bridge	0.0133	0.0598	1,950,667	192,000	-	-	(1,674,613)	(272,167)	(3,887)	(192,000)
Jackson	0.0133	100.00	209,420	-	(1,000)	(65,764)	(142,656)	-	-	-
Lanes Creek	0.0133	100.00	303,120	129,000	-	(187,082)	(116,038)	-	-	(129,000)
New Salem	0.0133	100.00	501,438	10,800	(24,180)	(220,224)	(257,034)	-	-	(10,800)
Providence	0.0133	100.00	39,275	-	-	(29,375)	(9,900)	-	-	-
Sandy Ridge	0.0133	100.00	317,175	20,000	(300)	(157,357)	(159,518)	-	-	(20,000)
Springs	0.0133	0.0552	834,473	59,668	(15,500)	(698,157)	-	(120,816)	-	(59,668)
Stack Road	0.0133	100.00	319,728	52,000	(7,300)	(182,597)	(129,831)	-	-	(52,000)
Stallings	0.0133	0.0631	1,869,811	-	-	-	(1,596,401)	(214,026)	(59,384)	-
Unionville	0.0133	100.00	663,620	-	(115)	(299,358)	(364,147)	-	-	-
Waxhaw	0.0133	0.0650	1,860,039	145,811	-	-	(1,665,842)	(180,918)	(13,279)	(145,811)
Wesley Chapel	0.0133	0.0462	2,974,808	191,732	(33,000)	-	(2,601,571)	(316,977)	(23,260)	(191,732)
Wingate	0.0133	100.00	698,893	-	-	(515,315)	(183,578)	-	-	-
Countywide Costs	0.0133	-	248,607	-	-	(137,318)	-	-	(111,289)	-
Total			\$ 15,249,162	\$ 1,564,011	\$ (166,829)	\$ (3,629,826)	\$ (10,136,504)	\$ (1,104,904)	\$ (211,099)	\$ (1,564,011)

**Note: 1x Capital Funding will be provided on actual basis for specifically approved items.*

Investing in Core Services

A primary component of this recommended budget is to sustain our current operations. Investment in our core services is fundamental to establishing a sustainable approach to providing services. Some of the key areas that you will see investment are:

❖ Human Services

- An additional Veteran Services Officer is included in the recommendation. This is an important investment in a valuable services to our veterans in the community.
- We are continuing to transition contract positions to County positions in a commitment to being fair and transparent in how our services are provided. There are 20 positions included in the recommended budget for conversion from contract to County.
- Additional support for the UCPS Behavioral Health Collaborative. The Manager is proposing carrying forward unspent current year program budget into FY 2020 to fund five Behavioral Health Therapists (full year), one Behavioral Health Supervisor and five School Social Workers (1/2 year). This amendment will happen at the end of the FY 2019 fiscal year.

❖ Development Services

- Two additional staff for Environmental Health. One in the Children's Environmental Health Program and one in the Food, Lodging and Institutions Program. These areas have seen tremendous growth over the past ten years – 24% increase in restaurant facilities, 30% increase in food stands, 69% increase in residential care facilities and a 47% increase in licensed child care facilities.
- Two additional staff for Building Code Enforcement. One Electrical Inspector and one Building Inspector. These positions will allow us to get closer to the 24-hour turnaround for inspections (currently we are at a two-day average).
- A Planner position is included to provide additional support as we are seeing more requests for rezonings.

❖ Financial and Tax Administration Services

- Two additional staff to allow better alignment of our finance and budget functions. One Budget Analyst and one Accountant position.
- Two additional positions to provide needed support as we move into the work for our January 2021 revaluation.

❖ Human Resources

- A Human Services Generalist position to provide support for our workforce.
- Funding to allow for follow-up training anticipated after our January 2020 Employee Climate Survey.

❖ **Public Safety**

- Emergency Management Coordinator to provide needed support for the Emergency Management Director.
- Two additional Student Resource Officers (SRO's) to be utilized in additional elementary schools.
- A Lieutenant to provide oversight for the SERT Team and manage the Sheriff's municipal contracts.
- One part-time Deputy to manage the evidence room.

❖ **General Services**

- Three additional positions in Solid Waste to provide for the needs in that area.
- Facilities Management is adding an HVAC Technician and two General Services Technicians to provide the needed support for the square footage they are responsible for.

❖ **Public Works**

- 14.5 positions are being provided for Public Works operations. Six of these positions are tied directly to the acquisition of the Marshville Water & Sewer system.
- One CIP Engineer, One GIS Technician and One Systems Analyst to enhance long range strategic planning and building efforts.
- One Process Control and Automation Manager to increase system efficiency.
- One Industrial Pretreatment Manager, One Water Treatment Superintendent, one part time Meter Technician and one Utility Technician to increase quality within the system.
- One Customer Service Specialist to better increase service levels to residents.

Strategic Framework

One of the first things I did as manager was identify and put in place a strong management team. The primary driver for this team is to provide more direct oversight and focus to our business units. The Deputy County Manager and Assistant County Managers are engaged in providing strategic direction to our departments and we are working to put into place processes that clearly align the organization in an effective and efficient manner. This budget recommendation includes items that are designed to be more strategic in nature and continue funding in areas that strengthen our organization.

❖ **Capital Planning**

- The Board received two presentations regarding capital planning and our approach to being more strategic facility renewal strategy. This plan was developed with the following outcomes in mind:
 - Reduce deferred maintenance backlog.
 - Reduce or eliminate the rate of growth of deferred maintenance.

- Improve FCI (Facility Condition Index).
 - Support projects required for program improvements.
 - Support growth/space need projects.
 - Identify a consistent and sustainable level of investment in facility renewal.
- Funding Level Included in Manager's Recommended Budget
 - Operating Capital - \$550,000
 - Facilities Replacement and Renewal - \$1,200,000
 - Major Capital Investment
 - I am recommending three projects in the Major Capital Investment area – Board of Elections renovation and expansion (\$4,500,000), replacement of locks at the Sheriff's Office (\$850,000) and a 4-H Pavilion (\$2,000,000).
 - Staff is working to develop a process for identifying major capital investments and will bring that to the Board in the fall.

❖ **Investing in Employees**

- The County has maintained a commitment to pay-for-performance for six years. My recommended budget continues this commitment. The pool is approximately 3% of total payroll (\$1.9 million from the General Fund/\$2.3 million across all funds). Additionally, the recommendation includes a 5% increase (\$802,551) in our contribution to our health insurance with no changes to the employee contribution.

Education Funding

Education funding is an important part of the County's budget. Education funding is an important part of our community. The investment in education is critical for our community to maintain and see progress and because of this I am happy to say that I am including the requested funding for both South Piedmont Community College and Union County Public Schools.

- ❖ South Piedmont Community College is being funded at \$5,854,307
 - \$2,638,883 - direct funding
 - \$3,215,424 - debt service for prior building projects
 - \$5,854,307 Total County Funding
- ❖ Union County Public Schools funding is recommended at their requested level of \$123,896,201
 - \$102,942,093 Operational funding,
 - \$ 20,193,945 Capital funding
 - \$123,896,201 Total County Funding

The recommendation for the Union County Public Schools budget focuses on the following priorities and program enhancements.

- Social and Emotional School-based Support Positions - 9 HS Counselors; Lead MS Counselor School Based Support
- Career & College Planning Counselor Liaison – 1 Position
- ROTC Expansion & Support - Cuthbertson/Parkwood Partnership; Additional Supplies and Equipment
- Salary Increase - Teachers & Certified Staff - 5%; Non-certified - 3%
- Employer Benefit Increases - Retirement 4%; Health Premium - 4%
- Compensation Study - Market Increase for Teacher Assistants
- Facilities (Operating) – Supplies; State Maintenance Licensing Incentive
- Capital - Facilities CIP Projects; Transportation Vehicles/Bus Cameras
- Technology Services - Laptop Lease Payments; Year 1 of 5 Projection Refresh
- Co-curricular Support - Band Uniforms and Equipment

This is an increase in the County appropriation of \$2,668,325.

The recommended UCPS Capital Budget totals \$20,193,945 and includes the following:

- Facilities – ADA, Building Systems, Renovations, Furniture/Equipment, Painting, Roofing, Safety/Security - *\$16,228,874*
- Transportation – Vehicles, Bus Cameras - *\$285,879*
- Technology – Laptop Lease Payment (Teacher/Admin/grades 6-12), 1 of 5 Refresh of Classroom Projectors - *\$3,629,192*
- Co-Curricular Support – Band Uniforms and Equipment - *\$50,000*

This is an increase of \$2,232,689 over the current fiscal year. The total recommendation for County funding is \$4,901,014 over the current fiscal year.

Outside Agency/Community Partner Funding

The County has provided funding to several outside agencies/community partners for several years and that information is found in more detail in your budget book. My recommendation includes minor changes to this funding for FY20. However, we have received several inquiries regarding the ability for new agencies to apply or participate in this funding mechanism and over the next several months I will work with staff to develop a process for additional or new agencies to apply for funding from the County in FY21.

Closing Comments

While I am proud of the work staff did to allow us to maintain our current tax rate and there are important items that I was unable to recommend for funding. There were many difficult decisions to make throughout the budget preparation process, however I want to commend our entire staff for taking the challenge to make reductions to their budgets while maintaining effective services.

I want to thank my Management Team, our Department Directors, Blake Hart and his staff and our community partners for their role in this process. I only expect this process to get better and I look forward to our continued discussion prior to the scheduled budget adoption in June.