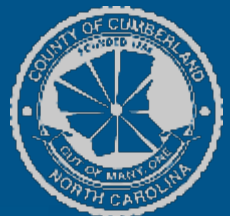


Cumberland County FY2021

# Recommended Budget

*June 1, 2020*

**Amy H. Cannon**  
County Manager



# Overview

## FY2021 Recommended Budget

Total expenditures across all funds **\$467,667,572**

General fund total **\$325,269,845**

Tax rate **79.9 cents per \$100 valuation**

1 penny on tax rate equals **\$2,323,807** in revenue

# Overview

**Economic Uncertainty**

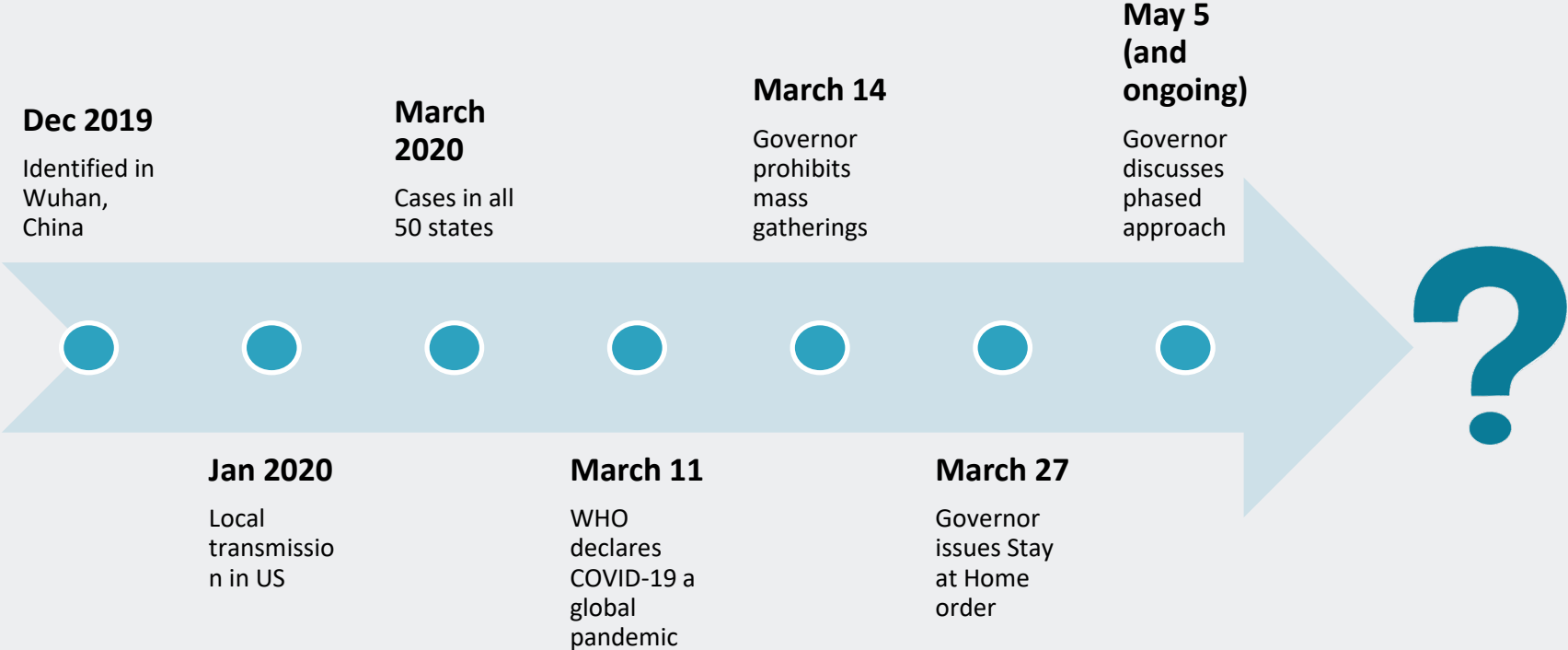
**General Fund - Developing the Budget**

**Other Funds – Funding Priorities**

**Other FY2021 Initiatives**


# Global COVID-19 Pandemic

## Timeline of the pandemic



# Economic Outlook

## Significant impact to local revenues

- ❖ Prior to COVID-19, revenues projected to surpass budget
  - ❖ Since COVID-19, revenues projected to continue to decline
    - Sales tax
    - Motor vehicles
    - Property tax
- 72% of the total revenue budget
- 

# Budget Considerations

## Lessons learned

### ❖ Prior economic events

- 2008 financial crisis
- FY2014 federal budget actions
- FY2018 property revaluation loss

# Budget Considerations

## County has achieved long-term financial sustainability

- Focused on core, mandated services
- Invested in technology
- Implemented Business Intelligence strategy
- Created Capital Investment Fund
- Merged decentralized functions
- Invested in our workforce

# **General Fund - Developing the Budget**



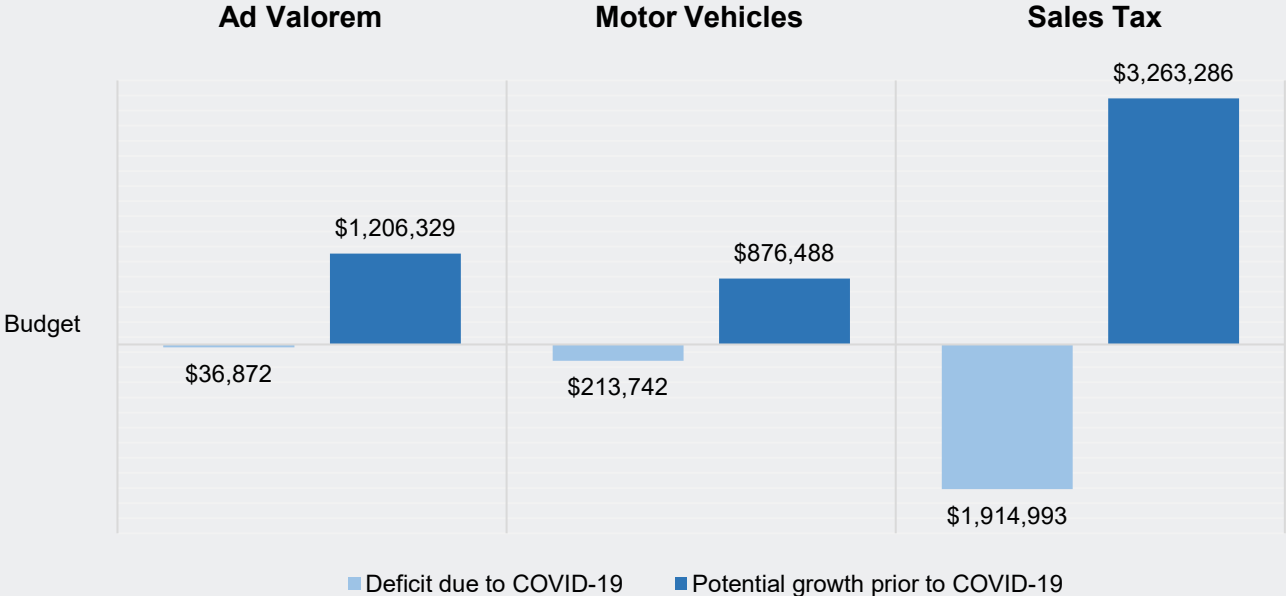
# FY2021 Budget Development Goals

- Provide core, mandated services to citizens
- Maintain current workforce levels
- Implement Phase II Recruitment and Retention Plan
- Utilize available fund balance to offset revenue shortfalls
- Continue Board priorities in the Capital Investment Fund
- Maintain current property tax rate

# General Fund Revenues

# Current Year Revenue Considerations

## Current Year Revenue Shortfall



### ❖ Impact due to COVID-19:

- Total loss of growth - \$5.3M
- Total budgetary shortfall - \$2.2M

# FY2021 Revenue Assumptions

## COVID-19 impact to FY2021: \$9.2M projected loss

FY2021 Revenue	<u>COVID-19 Impact</u>	<u>Without COVID-19</u>	
	Recommended Budget	Projected FY2021	Shortfall
Ad Valorem	\$165.9M	\$167.2M	\$1.2M
Motor Vehicles	19.8M	21.6M	1.8M
Sales Tax	41.5M	47.7M	6.2M
<b>Total</b>	<b>\$227.2M</b>	<b>\$236.5M</b>	<b>\$9.2M</b>

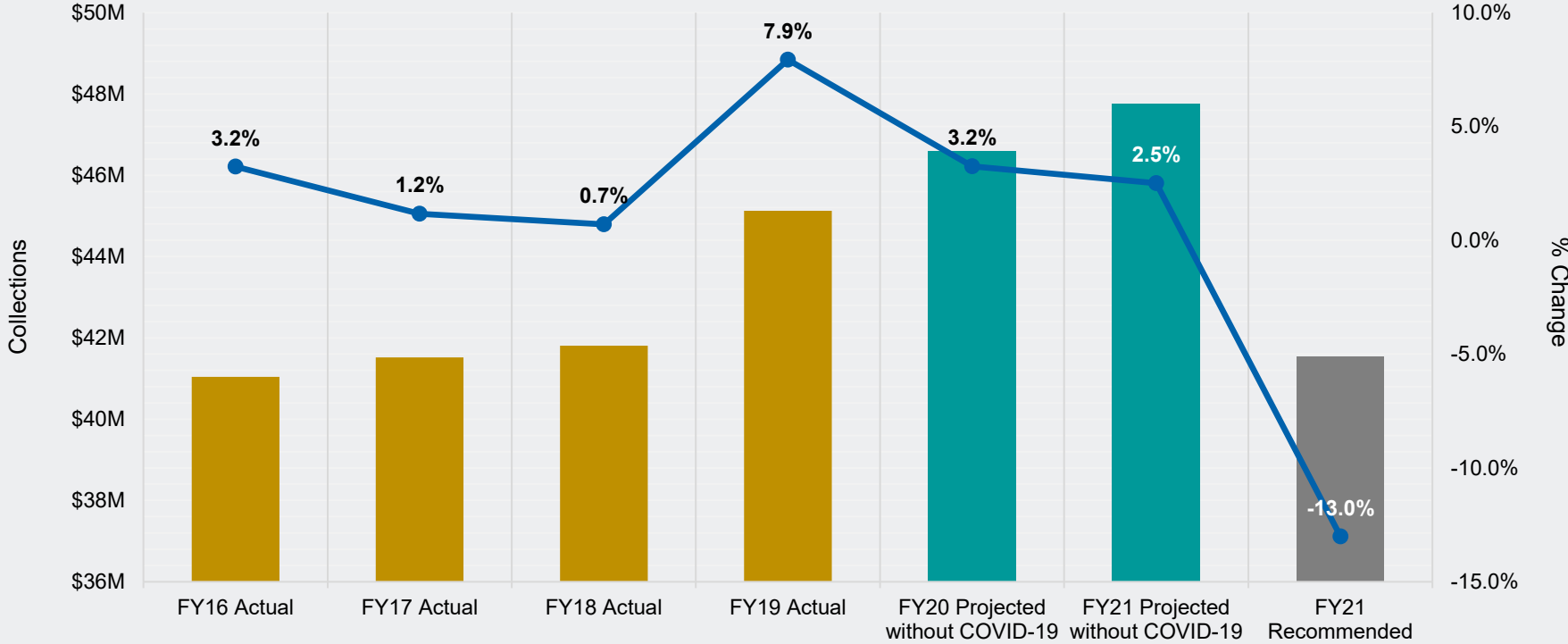
**Ad Valorem** – collection rate drops from 98.74% to 98%

**Motor Vehicles** – 8.4% decline

**Sales Tax** – 13% decline

# FY2021 Revenue Assumptions

## Sales Tax Collections



# FY2021 Revenue Assumptions

## Realignment of Planning and Inspections fee structure

### ❖ Detailed review revealed:

- Fees have not been changed in over a decade
- Costs of providing services not covered

### ❖ Recommendations are based on:

- Analysis of comparable counties and the City of Fayetteville
- Fees remain lower than contiguous counties
- Consolidation of multiple fees

**Delay implementation until January 1, 2021 due to COVID-19**

# FY2021 Revenue Assumptions

## Fund Balance Appropriation

**\$9.7M**

- Exceeds FY2020 Adopted Budget by \$1M
- Remains within policy of 3% of recurring expenditures

# **General Fund Expenditures**



# FY2021 Expenditure Highlights

<b>General Fund expenditures</b>	<b>\$325,269,845</b>
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- Exceeds FY2020 Adopted Budget by \$1.3M (0.4%)

# FY2021 Expenditure Highlights

## ❖ Departments requested \$5.6M:

Requested		Recommended	
(16) Positions	\$948,817	(2) Positions	\$115,101
(66) Vehicles	4,417,000	(18) Vehicles	954,000
Capital Outlay	202,506	Capital Outlay	41,600
<b>Total</b>	<b>\$5,568,323</b>	<b>Total</b>	<b>\$1,110,701</b>

## ❖ Community agency funding

- Remain at FY2020 levels

# FY2021 Expenditure Highlights

## ❖ Local Government Employees' Retirement System (LGERS)

- \$1.2M increase for employer contribution

## ❖ Recruitment and retention strategies

### **Market adjustments**

- \$772,074 increase for Phase II

### **Cost of living adjustment**

- No COLA recommended due to revenue losses
- Recommend midyear review

# FY2021 Expenditure Highlights

## ❖ Fleet management review

### Phase I: Fleet Study Major Findings

- Average age of vehicles = 9.9 years
- Decentralized process

### Phase II: Implementation

- Develop replacement policy
- Centralize all aspects of fleet procurement

## **Funding for fleet enhancements:**

- \$49,380 - fleet management consultant
- \$4,500 - tool allowance
- \$5,400 - training program development

## **Vehicle replacement and utilization study:**

- \$3M assigned fund balance from Capital Investment Fund

# FY2021 Expenditure Highlights

## ❖ Department of Social Services – 15 Adult Guardianship Cases

- Alliance funded group care and developmental services
- Recurring state funding cuts
- All MCOs reducing service levels
- Four-county collaboration to ensure consistent services
- Original request of \$517,000 reduced to \$100,000

## ❖ Crisis Services

- New provider for the crisis center
- No onsite law enforcement presence
- \$355,694 reduction for 5 vacant deputy positions

# FY2021 Expenditure Highlights

## Education

### ❖ **Cumberland County Schools**

- Requested \$84.7M (\$4.2M increase)
- FY2021 Recommendation \$80.7M
- Represents 43.47% of projected ad valorem and motor vehicle revenue
- Continue discussions for a new funding agreement

### ❖ **Fayetteville Technical Community College**

- Requested \$12.9M (\$731,048 increase)
- FY2021 Recommendation \$12.3M

# **Other Funds – Funding Priorities**

# Capital Investment Fund

## ❖ Capital Investment Fund Expenditures = \$24.7M

Expenditure Category	Recommended FY2021
Debt Service	\$12,701,142
Future Projects	6,112,151
Capital Improvement Plan	1,890,000
Information Technology	1,395,025
FTCC Capital	945,000
Maintenance and Repairs	936,000
Preliminary Capital	750,000
<b>Total Expenditures</b>	<b>\$24,729,318</b>



# Crown Complex

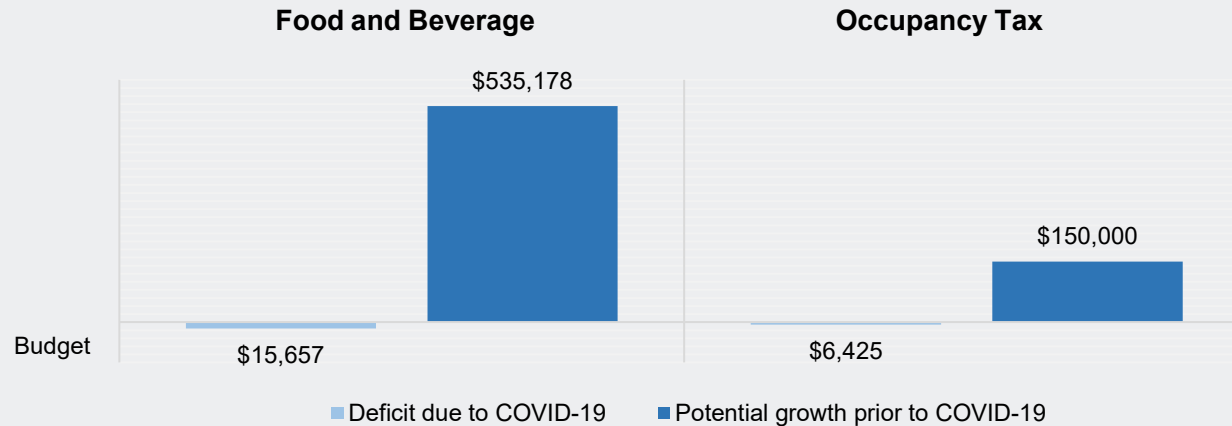
# Crown Complex

## Current Year Revenue Considerations

- Event revenue strong prior to COVID-19
- Events canceled as of March 14, 2020
- Operating costs minimized to lessen budgetary impact of closure

# Crown Complex

## Current Year Revenue Shortfall



### ❖ Average growth since 2015:

- Food and Beverage – 4.5%
- Occupancy – 7.5%

### ❖ Impact due to COVID-19:

- Total loss of growth - \$685,178
- Total budgetary shortfall - \$22,082

# Crown Complex

## FY2021 Considerations

- Events will not resume until after October 1, 2020
- Projected increase in operating deficit of \$168,000
- Spectra re-opening plans include guidelines and best practices
- Projections impacted by re-opening timeframe and restrictions

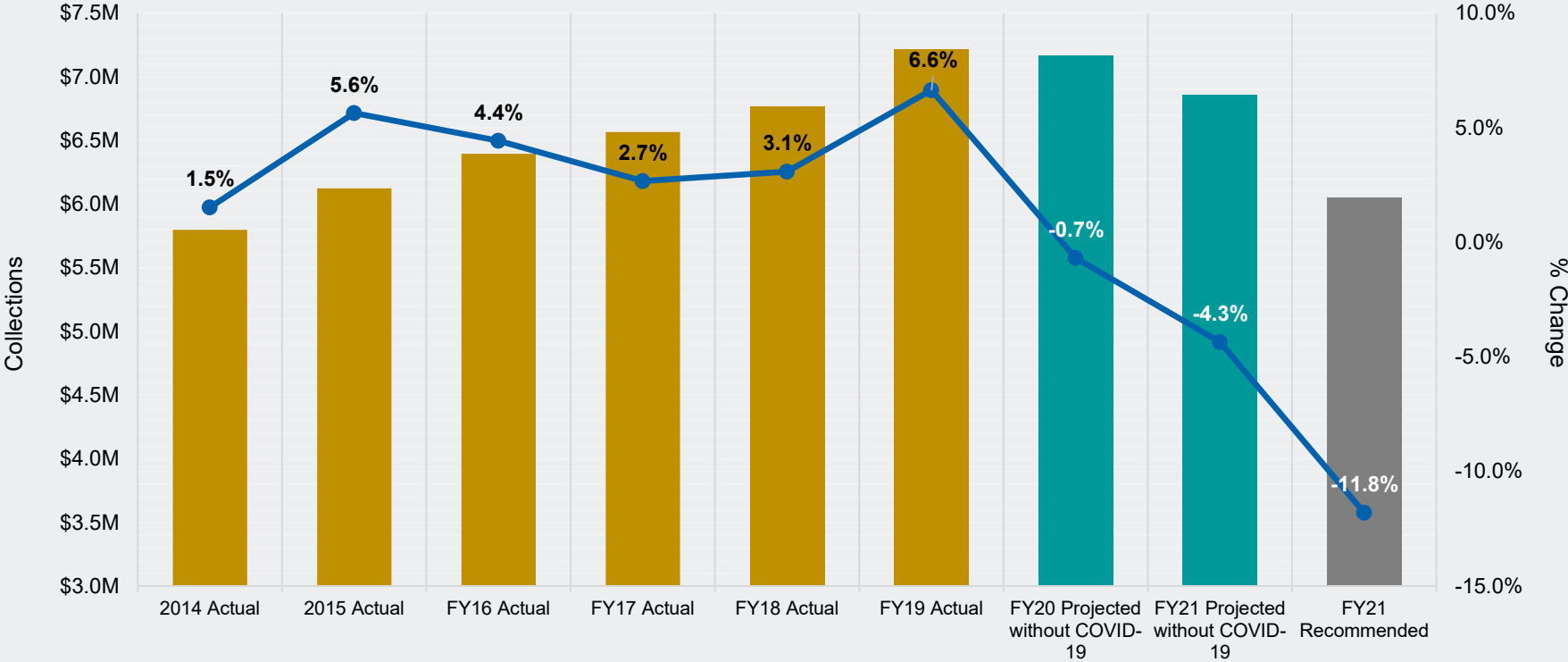
# Crown Complex

## COVID-19 Impact to FY2021

FY2021 Revenue	<u>COVID-19 Impact</u>	<u>Without COVID-19</u>	
	Recommended Budget	Projected FY2021	Shortfall
Food and Beverage	\$6,048,595	\$6,857,385	\$808,790
Occupancy Tax	1,345,281	1,683,983	338,702
<b>Total</b>	<b>\$7,393,876</b>	<b>\$8,541,368</b>	<b>\$1,147,492</b>

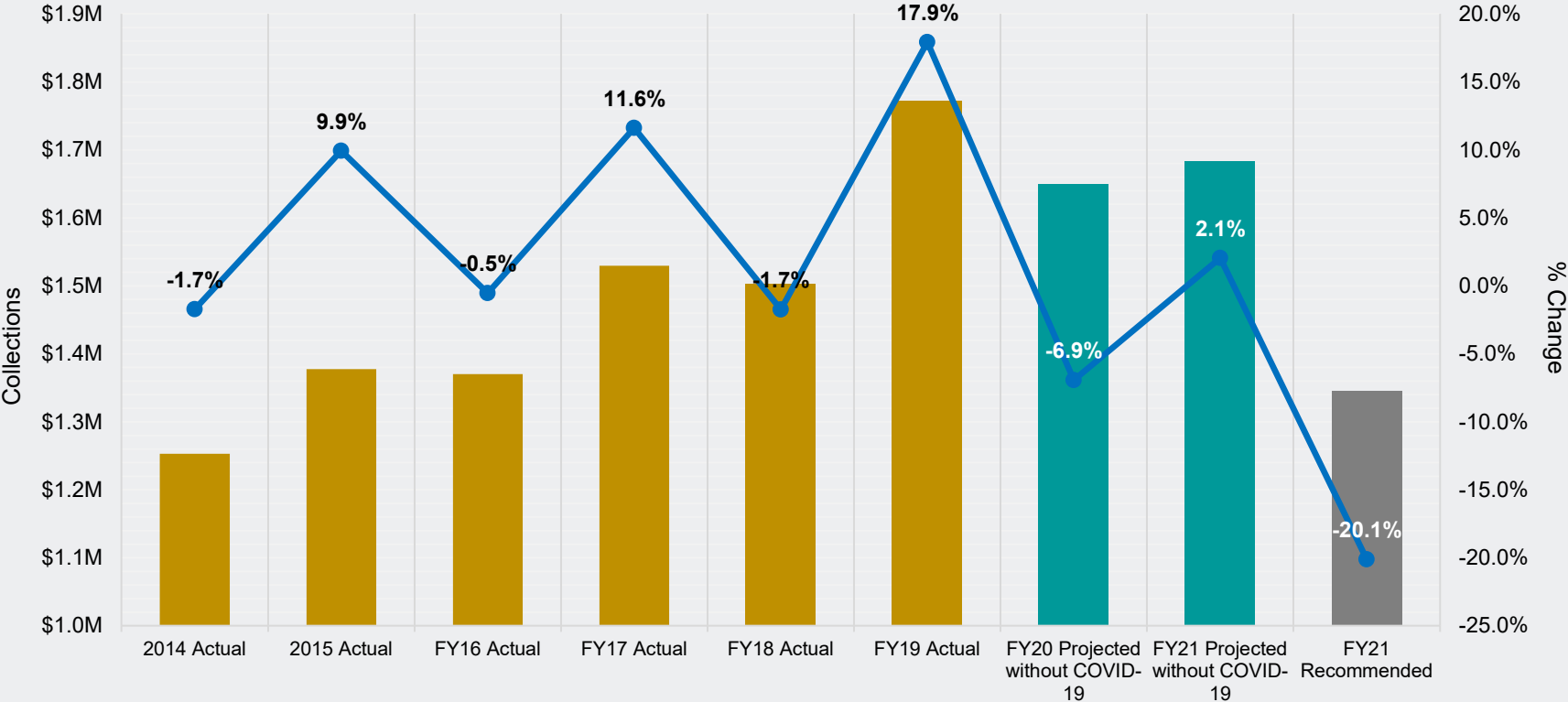
# Crown Complex

## Food & Beverage Collections



# Crown Complex

## Occupancy Tax Collections



# **Solid Waste**



# Solid Waste

## **FY2021 Solid Waste Budget = \$14,219,233**

- 1.7% increase from FY2020
- \$1.9M capital outlay – Hurricane Florence FEMA reimbursements
- \$292,000 increase in operating costs

# Solid Waste

## Recommended Changes in FY2021

- ❖ **Cliffdale Convenience Site Closure: \$100,000 savings**
  - Annexed by the City of Fayetteville
  - Recommended closure date October 1, 2020
- ❖ **Fee Change: Construction and Demolition (C&D) mixed loads**
  - Increase fee from \$100 to \$300 (per load)
  - Encourage customers to reroute C&D containing PFAS/PFOA to a lined landfill
  - Proactively reduce environmental contamination

# **Other FY2021 Initiatives**

# Other FY2021 Initiatives

## ❖ **Merger of County Functions**

- Library Information Technology merges with County Information Services

## ❖ **Application Modernization**

- EnerGov – permitting software
- Centralized system for permits, inspections, code enforcement and land use management
- Customers can access online appointments and payments
- Scheduled completion by spring of FY2021

## ❖ **Bradford Avenue Facility**

- Explore relocation due to environmental issues and extensive maintenance and repairs

# Other FY2021 Initiatives

## ❖ **Centralizing Criminal Justice Services**

- Achieves coordinated oversight with county as lead
- Creates efficiency in service delivery
- Improves citizen outcomes
- Create interagency work group to improve structure

# Conclusion

# Budget Meeting Schedule

<b>Monday June 1</b>	9:00 a.m.	FY2021 Recommended Budget Presentation
<b>Wednesday June 3</b>	5:30 p.m.	Budget Work Session
<b>Monday June 8</b>	7:00 p.m.	Public Hearing
<b>Tuesday June 9</b>	5:30 p.m.	Budget Work Session
<b>Thursday June 11</b>	1:00 p.m.	(Optional) Budget Work Session
<b>Wednesday June 17</b>	5:30 p.m.	Budget Work Session

# FY2021 Recommended Budget

Available on the County's website

[co.cumberland.nc.us](http://co.cumberland.nc.us)