



Proposed Franklin County 2020-2021 Budget

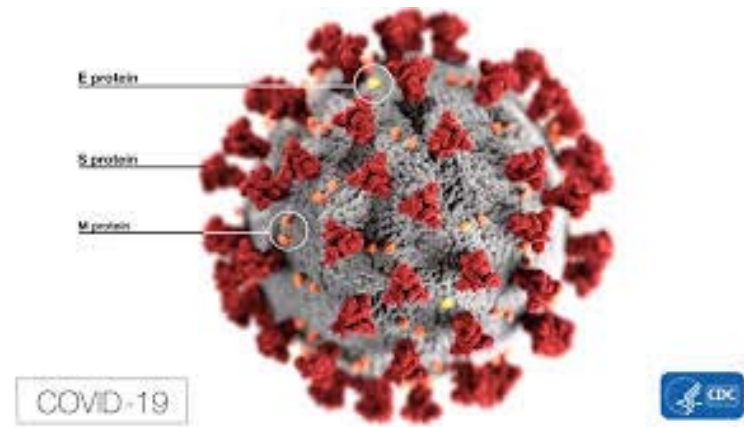
March 17, 2020



Living through History

“History never looks like history when you are living through it..”

— John W. Gardner





History 100 Years ago ... 1920

- ❑ The decade of 1920s started with great promise and ended with vast, unforeseen challenges.
- ❑ Returning from WWI, Americans began a decade of balancing innovation and growth.
- ❑ The Eighteenth & Nineteenth Amendments to the U.S. Constitution were passed.
- ❑ New economic growth began to occur in Franklin County with tobacco, textiles, and furniture.
- ❑ Many Americans began to own cars, radios, and telephones for the first time. New decade brought need for public roads, utilities, schools, and other services.



Balancing a Century ago

Mr. <u>Hoster, B. H.</u>		Nº <u>295</u>				
TO TREASURER FRANKLIN COUNTY, VA., DR.		ROCKY MOUNT DISTRICT				
TAX FOR YEAR 1920	ASSESSED VALUATION	RATE STATE TAX	AMOUNT OF STATE TAX	RATE COUNTY AND DISTRICT	AMOUNT COUNTY AND DISTRICT TAX	TOTAL TAX
Capitation Tax			\$1 50		\$1 00	\$2 50
Personal Property, Tangible		.25		2.20		
Money		.20				
Bonds	County, City and Town	.35		.30		
Bonds	Debts and Shares Stock	.80		.30		
Capital	Firms and Corporations	.85		.30		
Stocks of Merchandise				2.20		
/ Acres Land	20	.25	05	2.20	44	49
Acres Land		.25		2.20		
Acres Land		.25		2.20		
Town Lots		.25		2.20		
Town Lots		.25		2.20		
Fiduciaries		.80		.30		
Income	On \$3,000, 1% Over \$3,000, 2%					
Total Tax			1 55		1 44	2 99
COUNTY AND DISTRICT RATES						
County Levy	.45					
R. R. Levy	.15					
Bridge	.20					
County School	.40					
District School	.35					
County Roads	.25					
District Roads	.40					
	\$2.20					
Received Payment				Credit		
				5% Penalty		
				\$		
Treasurer						
11-22				19		



Balancing a Century Later: Today...

3. Franklin County's population decline is accelerating. This is a turnaround of historic proportions. From the 1950s onward, Franklin has been gaining population. In the 1970s, after the creation of Smith Mountain Lake, it was one of the fastest-growing localities in the state — with its population growing by 33%. The 2010 census showed the county still growing by nearly 19%. Now that population growth has stopped — and the county is losing population for the first time since the 1940s, when World War II and its industrial demands transformed the nation. As recently as the 2017 estimates, Franklin County was still growing, just more slowly. Last year, for the first time, the estimates showed the county losing population — down 32 people from 2010. This year's estimates say the county's population is down by 377. Percentage-wise, that's not a lot



— 0.7% — but it's a trend that ought to get the attention of every public official in Franklin County. Why is Franklin losing population? Easy. It's aging out, a consequence of all those retirees at the lake (and an older rural population, in general). More people are moving into the county than moving out — a net gain of 258 that way. But deaths outnumbered births by 635. Given the actuarial tables, that number is only going to grow, which means Franklin's population will shrink at an even faster rate unless either of two things happen — a lot more people move into the county, or there's a sudden baby boom. The latter is not likely to happen unless there's an influx of young adults — a trend that tends to solve two problems at once. Attracting those young adults is a more difficult problem because Franklin County is a net exporter of workers

Editorial

Our destiny, our present

First of three parts.

— nearly 61% of the county's workers go to jobs outside the county. That's one of the reasons Franklin County has invested in the 550-acre Summit View business park — to try to create more jobs in the county. Strangely, it's still controversial. Some people have more trouble connecting the dots than others.



Balancing a Decade Later: Today...

- ❑ Discretionary revenue limited compared to previous decade.
- ❑ Average new, budget discretionary revenue during the last decade has been approximately 1.8% or \$1 million per year compared with the previous decade where new annual revenues averaged 7% with annual new revenue growth averaging \$2.5 - \$4 million per year
- ❑ Since the recession, when one factors in population stagnation and natural inflation, then the result has been County budgets have been far more challenging in the 2010s than the 2000s.



Balancing a Decade Later: FY 21

- ❑ Projected Discretionary Revenue increase of \$3.1 million or 4.43%
 - ❑ Estimated 5% growth from reassessment
 - ❑ Limited growth of new real estate of approximately 0.50% annually in new construction; reassessments only equate to 1.25% per year
 - ❑ Modest growth in personal property with an average of 3-4%
 - ❑ Softening sales tax revenue from 20% increase in FY 19; more modest growth of 5% is projected
 - ❑ Flattening interest income; interest income is anticipated to drop significantly if the Fed Funds rate stays at 0% - 0.25%



Funding Today's Capital Needs

- ❑ Capital Funding has remained relatively flat since 2003
- ❑ Approx. \$2.2 million (County) and \$1.2 million (Schools).
Funding has not significantly increased over last decade (+)
- ❑ Annual Capital Funding would be approximately \$2.9 million when adjusting for inflation
- ❑ School Capital Funding would be approximately \$1.6 million annually
- ❑ Need to begin phasing in additional funding to County and School Capital budgets going forward



Maintaining Aging Infrastructure

Numerous School Buildings & Vehicles

- ❑ 15 School Campuses
- ❑ 174 Buses
- ❑ Current Annual Capital \$880K
- ❑ Current Annual Bus Replacement \$340K





Funding Today's Capital Needs

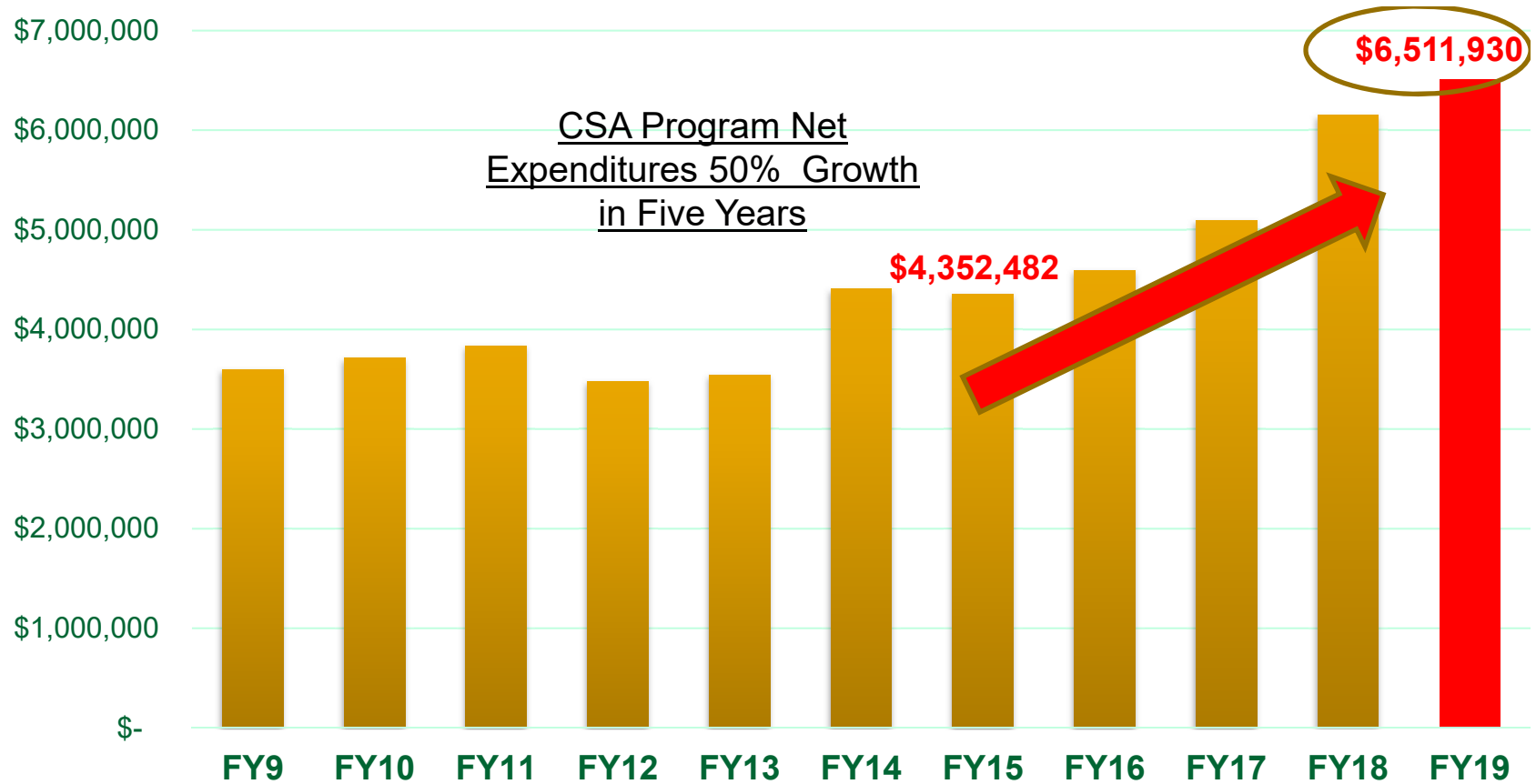
Increasing costs of Fire & EMS Apparatus

- ❑ Rescue Ambulance cost **\$125K** in 2006 vs. **\$250K** today
- ❑ Fire Engine cost **\$219K** in 2006 vs. **\$550K** today
- ❑ Quint – Ladder - **\$1.2 Million**
- ❑ Tanker - **\$415K**
- ❑ Urban Interface - **\$400K**
- ❑ Brush Truck - **\$70K**





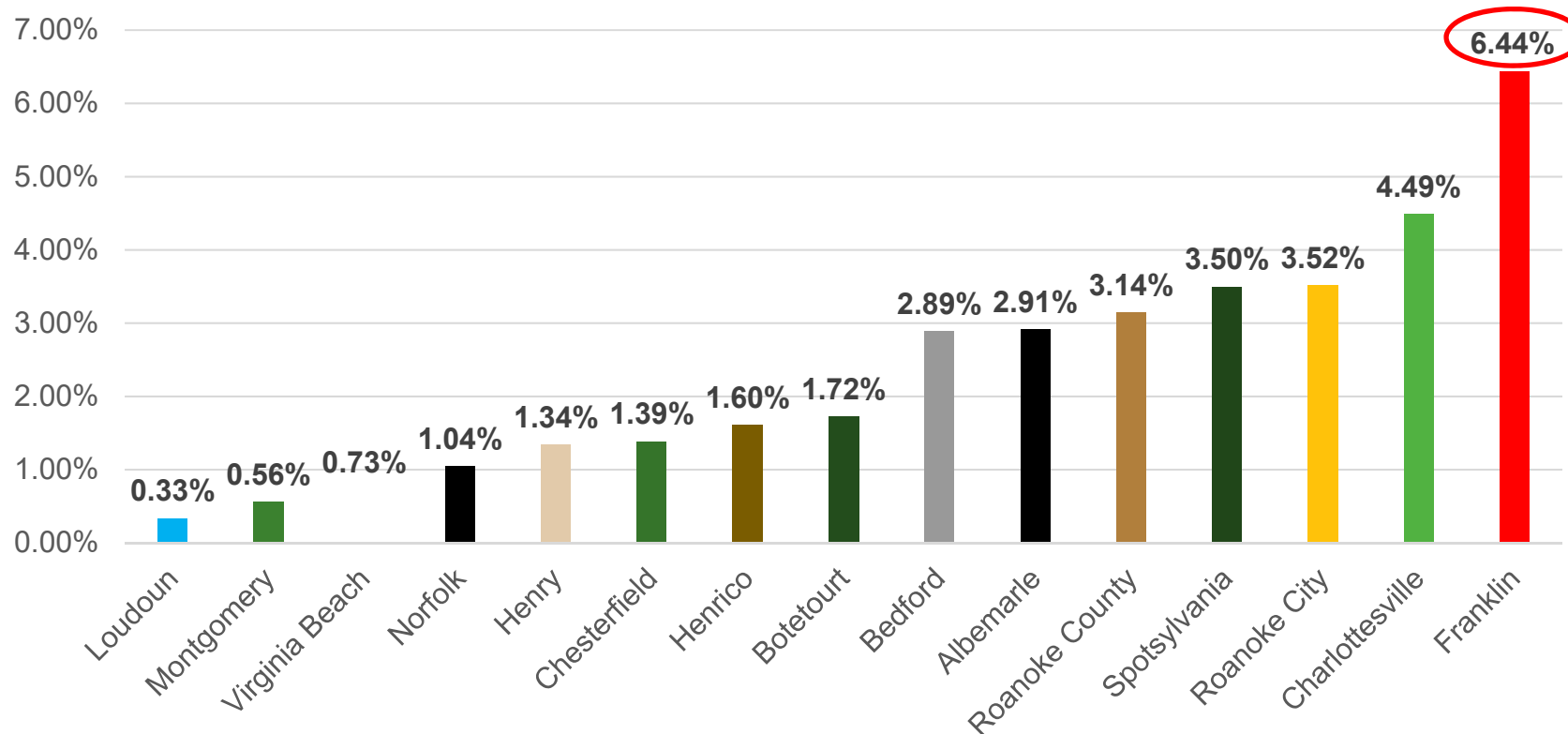
Balancing CSA Challenges



Source: Virginia Office of Children Services



2018 CSA EXPENDITURES PERCENTAGE OF TOTAL EXPENDITURES





CSA – Children Services Act Review

- ❑ Unsustainable Growth Absorbing Surpluses & New Discretionary Revenues for County, School System, & Others
- ❑ FY 19 – CSA Gross Expenditures Increased additional \$432K or additional \$122K in local funds
- ❑ FY 20 CSA Expenditures are currently holding steady and are projected to be comparable to FY 19
- ❑ Previous & Current Action Steps
 - ❑ Shared Approach to Control Growth & Reclaim Revenue
 - ❑ CPMT Appointments & Comprehensive Review of Program
 - ❑ Phased Implementation of CSA Budgetary expenditures for Private Special Education Costs w/ FCPS



Other FY 20-21 Operational Pressures

- ❑ Sustained increase level of inmates / corrections, resulting in \$125,000 cost increase
 - ❑ Health insurance renewal increased County costs by 7.8% or \$187,000
 - ❑ VRS employer rate increased by 1.55%, cost increase approximately \$275,000
 - ❑ Approximately 25 new position requests to cover growing service demands
 - ❑ EMS 24/7 Coverage Gaps
-



Retaining Today's Volunteers

- ❑ County previously had 10 active Volunteer Rescue Squads marked up to answer EMS calls.
- ❑ Following national and state trend, today the County only has 3 or sometimes 4 Volunteer Rescue Squad agencies marked up or answering calls.
- ❑ Volunteer Fire Companies and Rescue Squads are essential to community safety.
- ❑ Continued, targeted funding for Volunteer agency support needed (i.e. apparatus, gear, air packs, volunteer recruitment & retention inventive program, VOLSAP)





FY 20-21 County Department Budget Requests

- ❑ New operational funding requests of \$3.9 million
- ❑ Requests for 25 New Positions - \$1.5+ million
- ❑ New capital funding requests of \$1.2 million more than the annual \$2.2 million allocation
- ❑ Market Competitiveness Pay (Last Study Procured in 2015)
- ❑ Succession Planning with lean staffing. Several department directors and senior staff already at or nearing retirement in the next 5 years





Strategic Visioning for Tomorrow

- ❑ Addition of new jobs in the community that pay \$20+ per hour
 - ❑ Business Park developed, marketed, and new occupants
 - ❑ Students and adults with comprehensive skills that prepare them for today and tomorrow's available jobs
 - ❑ 24/7 Fire/EMS coverage and marked improvement in response times across the entire County
 - ❑ Significant inroads in reducing illicit drug use and addiction
 - ❑ 1% annual population growth across all demographic categories
 - ❑ Equalize the number of workers coming into and leaving Franklin County to work each day
 - ❑ Ensure adequate facilities and services to address the needs of an aging population across the County
-



Addressing Strategic Priorities

- ❑ **Economic Development** - Sites Development; Job Retention and Above Average Salary Jobs Recruitment; Reversing Commute
- ❑ **Managed Growth** – Population Attraction -1%- & Village Planning
- ❑ **Infrastructure** – Utilities, Broadband, Parks, Trails, Solid Waste
- ❑ **Lifelong Learning** – Students & Adults with Comprehensive Skills
- ❑ **Public Safety** – Fire-EMS & Law Enforcement (24-7 Coverage); Marked Improved Reaction & Response times;
- ❑ **Financial Stability** – Fiscal Accountability, Quality Bond Ratings
- ❑ **Operational Effectiveness** – Retention; Succession Planning; Competitive Compensation;



Achieving Strategic Performance

Economic Development

SUMMIT VIEW

BUSINESS PARK

Think Outside.



STIK-PAK
CONTRACT PACKAGING



Empire foods



- ✓ \$62 Million New Private Investment
- ✓ 211 New Jobs - \$23 / hour



Breaking New Ground





Opening New Facilities





Welcoming New Investors





Achieving Strategic Performance

Managed Growth & Population Attraction



County Village Planning



Creating Great Communities for All

- ❑ New Housing Market Studies Underway
- ❑ 250 New Apartment Units Approved in 2019
- ❑ 135 New Single Family Home Starts Since January 2019
(First Quarter 2020 is 14 % increase above First Quarter 2019)



Achieving Strategic Performance

Lifelong Learning



Infrastructure



WESTERN VIRGINIA
WATER AUTHORITY

- ✓ Broadband Plan
- ✓ \$3+ Million Grants
- ✓ Phase One Underway



Achieving Strategic Performance

Financial Stability & Operational Effectiveness



Moody's Investors Service



Virginia Recreation & Park Society

An Affiliate of the National Recreation and Park Association



**STANDARD & POOR'S
RATINGS SERVICES**

McGRAW HILL FINANCIAL

Public Safety





School Budget FY 20-21 Review

□ State Revenue Increases

- State Funding increase of \$1,831,120 or 5.4%
- State Sales Tax increase of \$241,026 or 2.7%

□ Continued Drop in School Student Population

- FY 19-20 ADM Loss of 182 Students
- FY 20-21 ADM Projected Loss of additional **197** Students
- School System has lost approximately 800 Students or **11%** student population drop since 2007. Projected **3%** reduction for FY21 over FY20



School Budget FY 20-21 Requests

❑ Major Initiatives

- ❑ 3.1% Move Up One Step Average Pay Increase - \$1,454,692
 - ❑ Proposed New Teacher Salary Schedule Increase - \$1,485,413
 - ❑ Additional Targeted Compensation Increase - \$1,207,491
 - ❑ VRS Increase - \$400,000
 - ❑ Health Insurance Rates – No Cost Increases
- ❑ Requesting \$5.2 Million from County over FY 19-20



Local Funding FY 20-21 Budget - FCPS



❑ Operations Increase	\$900,000
❑ Special Education (Private Day)	\$525,122
❑ Capital Increase	<u>\$200,000</u>
TOTAL	\$1,625,122
❑ Local Capital Funding of \$1,420,000	
❑ \$1,080,000 Capital	
❑ \$340,000 Bus Replacement	



FY 20-21 Budget – General Government

- ❑ No New Programs
- ❑ Six New FT positions from 25 requested (3 of which are EMS paramedics funded through insurance billing)
- ❑ \$3.9 Million cut from new Operational funding requests
- ❑ \$3.2 Million cut from new Capital funding requests



FY 20-21 Budget Summary

- ❑ Operational Budget increase of 5.68%
 - ❑ Addresses Expenditure Pressures and Needs (3% COLA, Health Insurance, VRS, WVRJ, Solid Waste, Fire/EMS Volunteer Recruitment/Retention)
 - ❑ EMS Coverage Gaps (Adds 3 First Responders via Insurance Billing)
 - ❑ Identifies service demand workload and funds a position in Public Works (project manager); Parks and Recreation (maintenance); Human Resources (personnel support); Commonwealth Attorney & Clerk of Circuit Court (PT)
- ❑ Capital Budget Increase Local Funding of \$200K



Proposed FY 20-21 Budget

- ❑ Following various Budget Work Sessions and Board discussion, staff has prepared a balanced budget with No Tax Rate adjustments.
- ❑ The recommended FY 20-21 Fiscal Plan is a maintenance budget that funds expenditure pressures and market inflationary costs, while continuing to support community strategic priorities.
- ❑ Overall, the proposed \$149,850,258 FY 20-21 Budget increases 4.2% from last year.

FY 20-21 Proposed Expenditures



FY 20-21 Proposed Revenues





Budgeting over a Century.....

ROCKY MOUNT DISTRICT

Land Page Line
Personal Property .. Page Line
Income Page Line **295**

M Foster B. H.
1921 To TREASURER of Franklin County, Va., Dr.

SUBJECTS OF TAXATION	Valuation	Rate State Tax Per \$100	Amount of State Tax	COUNTY AND DIST. LEVIES		TOTAL
				Real Estate and Tang. Property	Intang. Property Cls. 1, 2, 3, 4, 5, 7 & 8	
Real Estate 1 Acres	25	25	7	59		6.6
Real Estate Acres		25				
Real Estate Acres		25				
Merchant's Capital						
Personal Property— Tangible (Schedule B)	80	25	20	1	88	2.08
Personal Property— Intangible (Classes 1, 3 and 5)		80				
Personal Property— Intangible (Class 2)		85				
Personal Property— Intangible (Class 6)		35				
Personal Property— Intangible (Class 4) Money		20				
Income— 1% up to \$3,000.00 2% on excess of \$3,000.00						
Capitation			\$1 50	1	00	2.50
TOTAL			1.77	3	47	5.24
Five Per Cent. Penalty						
TOTAL						

Paid 11/29, 1921 J. J. Lunder, Treasurer

Virginia Stationery Co., Richmond.



FY 20-21 Budget Next Steps

■ Budget Information

- ❑ County Website
- ❑ Libraries
- ❑ Administration & Finance

■ Budget Work Sessions

- ❑ Since last November, held 9 Previous Work Sessions
- ❑ Additional Work Sessions (as needed March 19th – April 2nd)
- ❑ April 21st Budget Public Hearing 6:00 pm (tentative)
- ❑ April 28th Budget Adoption (tentative)

A large, stylized leaf graphic in shades of beige and tan, positioned behind the text. The leaf has a curved, pointed shape with a central vein and a smaller, darker leaflet on the right side.

**Appreciation to County Staff for Assistance in the
Development of This Budget**

One more thing

this Virus Thing Has Got To GO!!

