

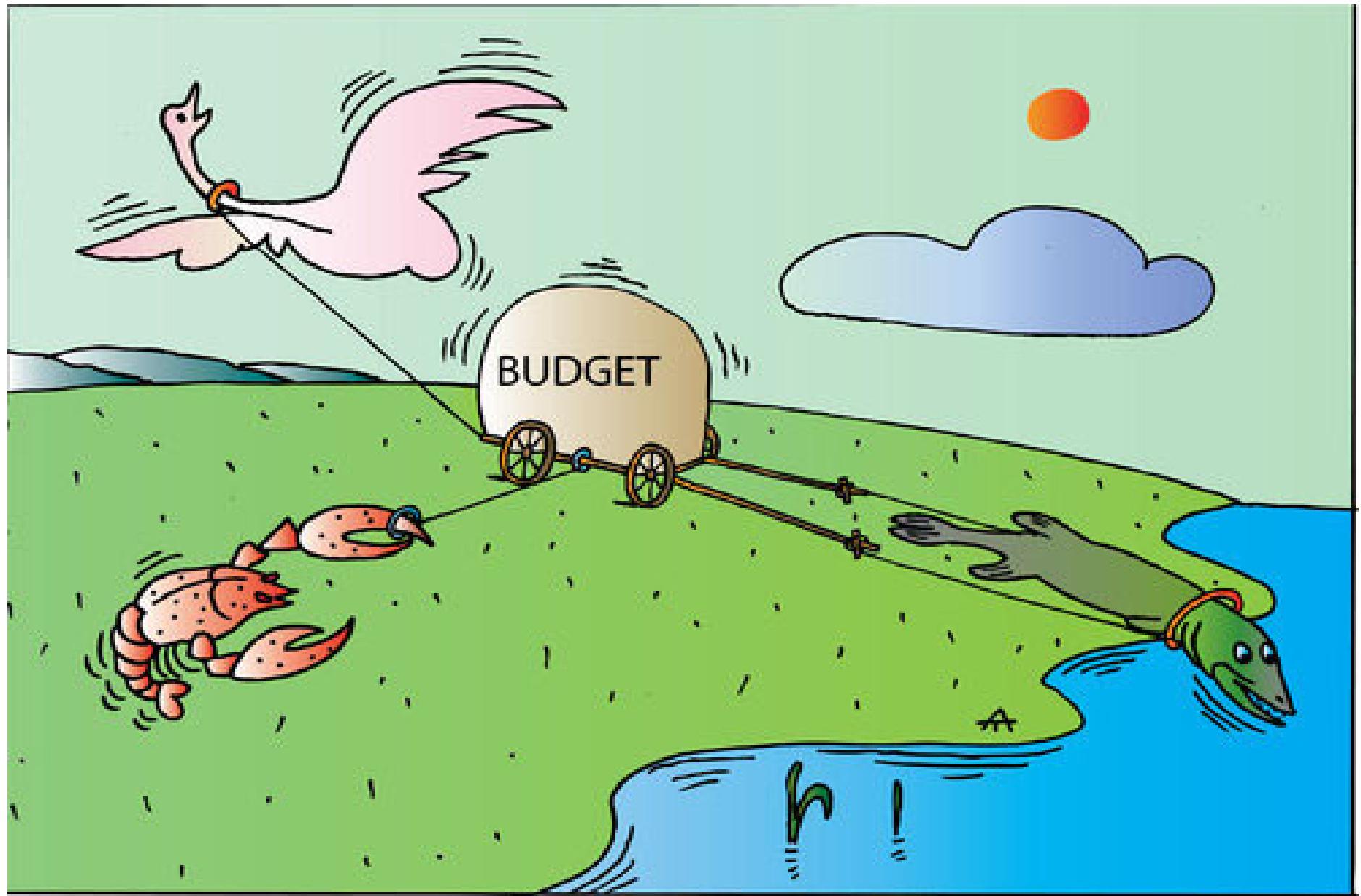


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Proposed  
Franklin County  
2022-2023 Budget

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March 8, 2022



“Carpe per diem – seize the check.” – Robin Williams



# FY 23 Budget Resources

- ❑ Revenue faring some better than initial projections
  - ❑ Real Estate continues with solid, nominal growth
    - Building Permits YTD growth of over 20%; Value growth of 119%
    - Approximately 140 new single- family housing starts
  - ❑ Personal Property very strong with healthy growth
    - Proposed FY 23 Budget accounts for modest growth while allowing room for potential relief this coming fall (SB 12)
  - ❑ Sales Tax moderating
  - ❑ Significant Increase in School State & Federal Funding
  - ❑ Despite revenue growth, both inflation and critical needs (specifically the CIP) are often outpacing current / projected, recurring funding



# FY 23 Budget Challenges

- ❑ The consumer price index for all items rose 0.6% in January, driving up Annual Inflation by 7.5%.
- ❑ That marked the biggest gain since February 1982.





# FY 23 Operations Challenges

## Local Governments NOT Immune from Inflation

- Sustained addition of inmates with a per diem increase resulting in WVRJ and RVJDC Per Diem & Debt Service increase of \$614,395
- Health insurance increase of 12% or \$475,000
- Social Services & CSA budget requirement of \$337,858
- Vehicle Fuel increase of \$242,474
- Maintenance Service Contracts Increase of \$141,194
- Minimum Wage and VRS Rate Increases of \$100,000



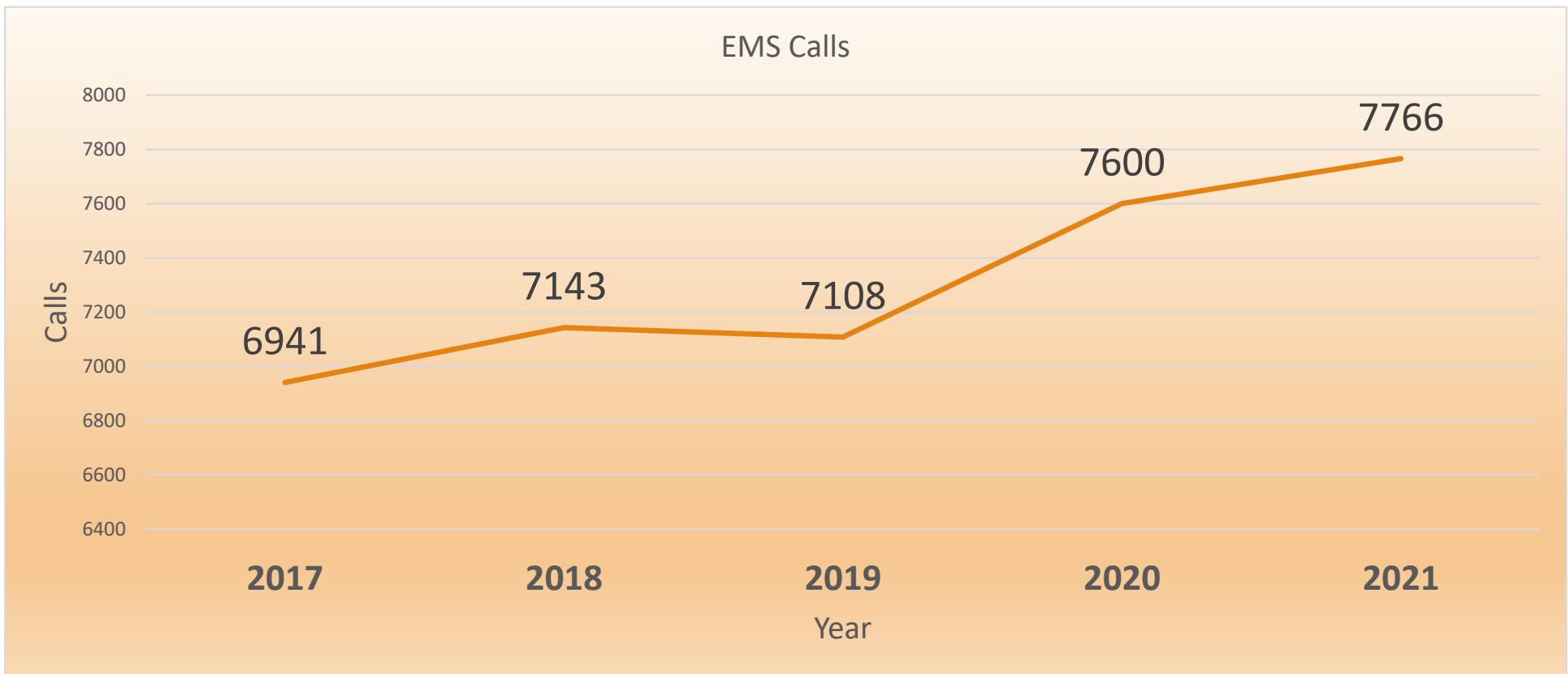
# FY 23 Operations Challenges

- ❑ Labor market continues to constrict
- ❑ 34 Open positions currently advertised
  - ❑ Approximately 11 are seasonal
  - ❑ Very few applications
- ❑ Competitive Market / Adequate Staffing
- ❑ Compensation rising at faster pace than can be calculated in compensation study for certain positions
- ❑ Compensation Study \$1.5 - \$2 million in market compensation adjustment needs
- ❑ Minimum Wage Increase \$105K & Resulting Compression



# FY 23 Operations Challenges

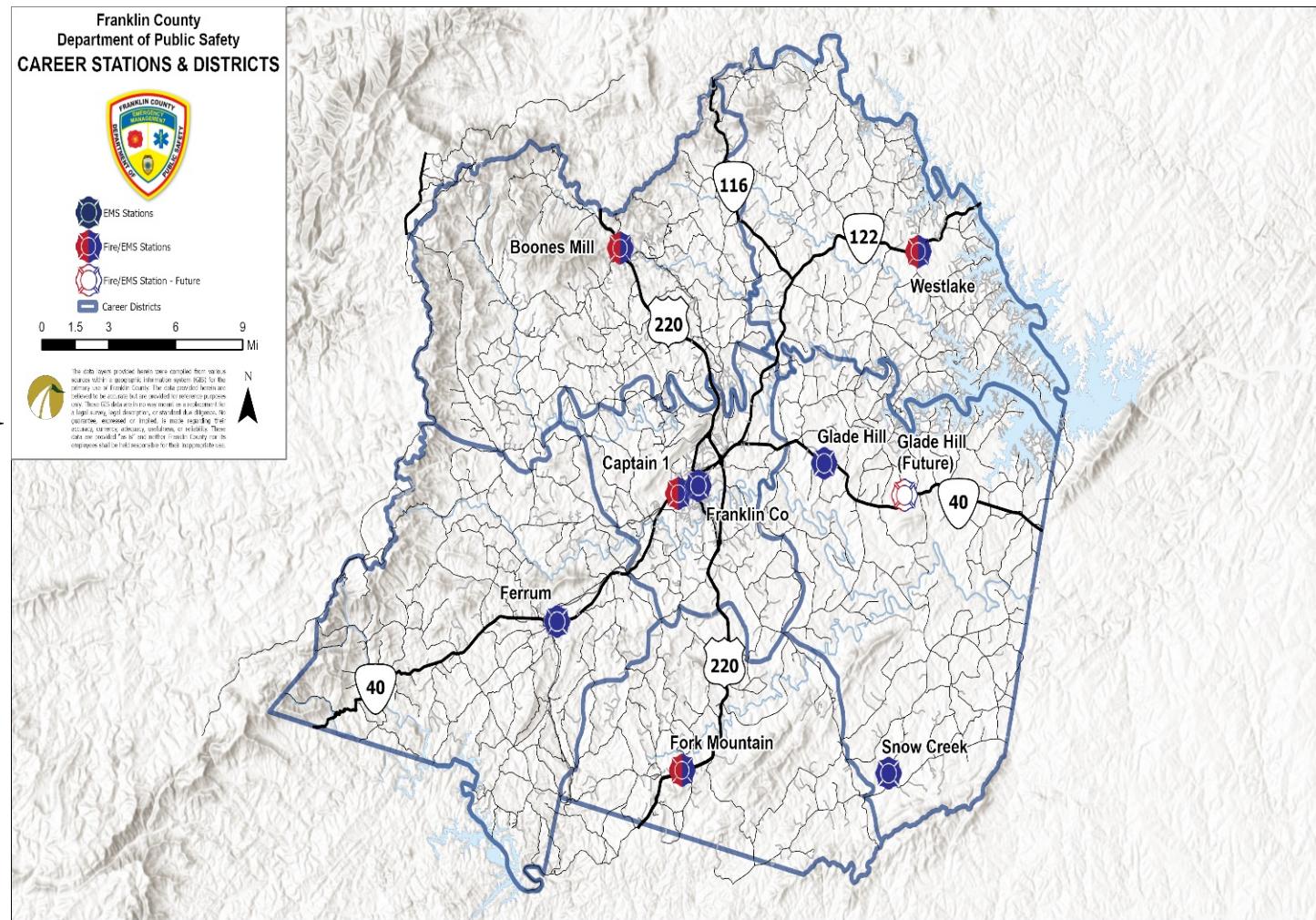
- 24/7 EMS Coverage Demands
- 11.8% Increase of EMS Calls (sustained increase over last five years)





# FY 23 Operations Challenges

- ❑ 24/7 EMS
- ❑ 712 Square Miles
- ❑ 7 Career Stations
  - ❑ 60% of the time, stations are staffed with PT / OT for coverage
  - ❑ EMS system often down staffed trucks / coverage resulting in slower response times



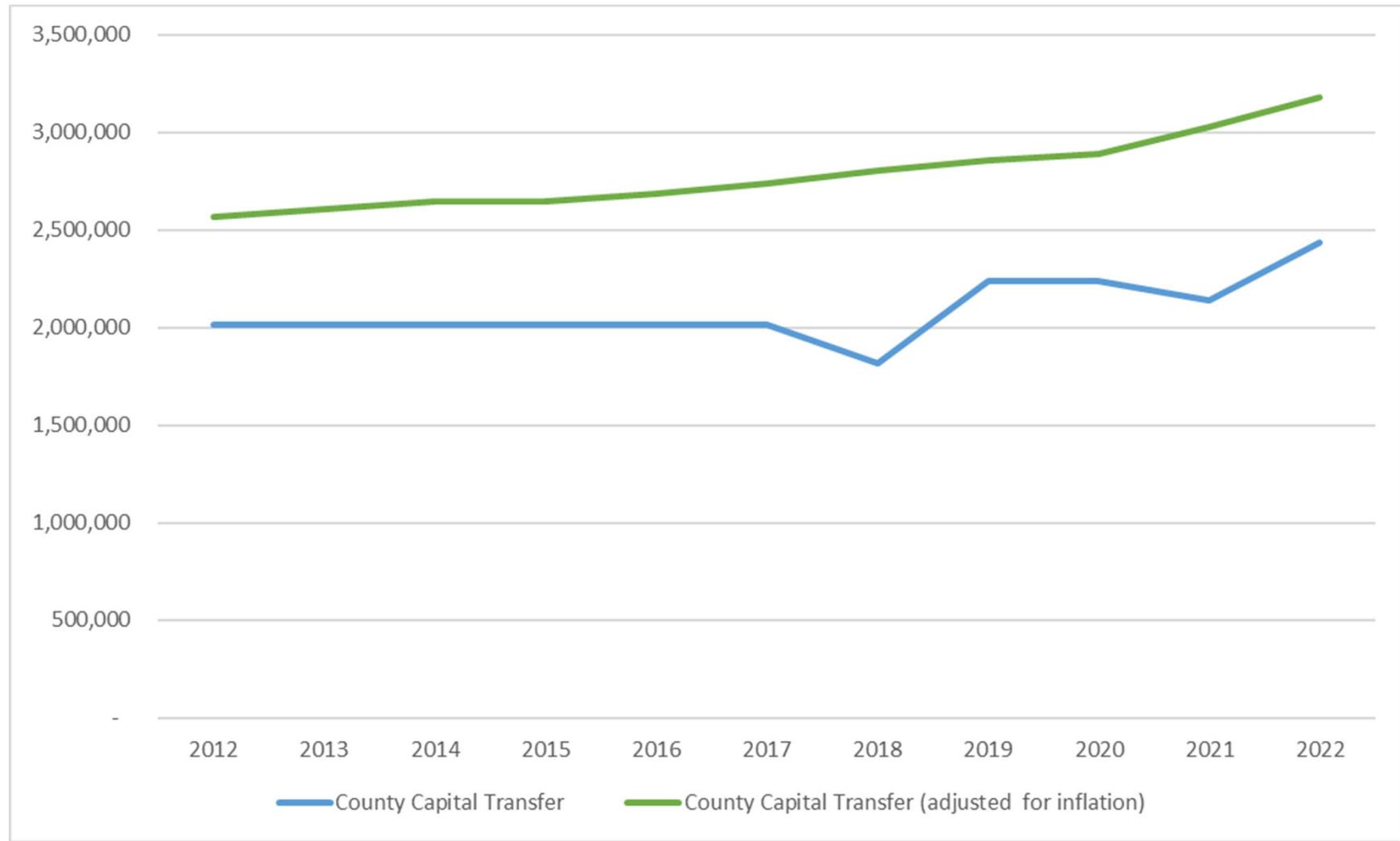


# FY 23 Capital Challenges

- ❑ Capital Funding has remained relatively flat since 2003
- ❑ Annual Recurring Local Funding \$2.4 million
- ❑ \$12.2 million in total FY 23 CIP  
County Department requests
- ❑ 5-Year CIP totals \$35 million
- ❑ Structural Imbalance Deficits
- ❑ Need to consider phasing in more funding from possible, new revenue sources to Capital budgets going forward to address Fire, Emergency, and other rising apparatus costs



# County Capital Funding History



# Equipment – Apparatus Inflationary Costs

## Increasing costs of Fire & EMS Apparatus

- Rescue Ambulance cost \$125K in 2006 vs. \$275K today
- Fire Engine cost \$219K in 2006 vs. \$550K today
- Quint – Ladder - **\$1.2 - \$1.5 Million**
- Tanker - **\$515K**
- Urban Interface - **\$415K**
- Brush Truck - **\$90-\$120K**

## Cost of Delayed Apparatus Funding

- As Fire Apparatus costs continue to increase with CIP funding remaining flat, then County gets further behind.



# Upcoming CIP Structure Challenge



County Expenditures											
Department/Project	Order of Priority	FY22-23 Requested	FY22-23 Proposed	Local	Grant	Debt	Fund Balance/Carryover	Unfunded	FY23-24 Requested	FY24-25 Requested	FY25-26 Requested
<b>Public Safety</b>											
Fire Apparatus Replacement: Scruggs Quint Lease Purchase	**	112,504	112,504		112,504			-	112,504	112,504	112,504
Fire Apparatus Replacement: Fork Mtn & Boones Mill Fire	**	175,044	175,044	82,548	92,496			-	175,044	175,044	175,044
EMS Vehicle Replacement	**	268,000	268,000	268,000				-	183,000	472,020	297,000
Fire Apparatus Replacement	1	515,000	515,000	515,000				-	519,044	599,500	546,250
Replacement Communications Vehicle	2	50,000	35,000	35,000				15,000			
Fire/EMS Equipment	3	398,000	245,000	45,000			200,000	153,000	200,000	138,402	198,302

- ❑ Fire Apparatus and EMS Truck funding rotation review important going forward
- ❑ Need to consider phasing in more funding from possible, new revenue sources to Capital budgets going forward, such as meals tax adjustment as a recurring funding stream shared by all users.

➤ FY23 Budget Needs \$1.6 million Fund Balance – Carry Over or Other Source



## FY 23 Budget Capacities

“Capacity-building is defined as the process of developing and strengthening the abilities and resources that organizations and communities need to survive, adapt, and thrive in a fast-changing world.”

# FY 23 Budget: Capacity Planning



## Board Strategic Priorities

Dynamic Community Safety

Responsible Government Operations

Enhanced Educational Opportunities

Strategic Economic Development

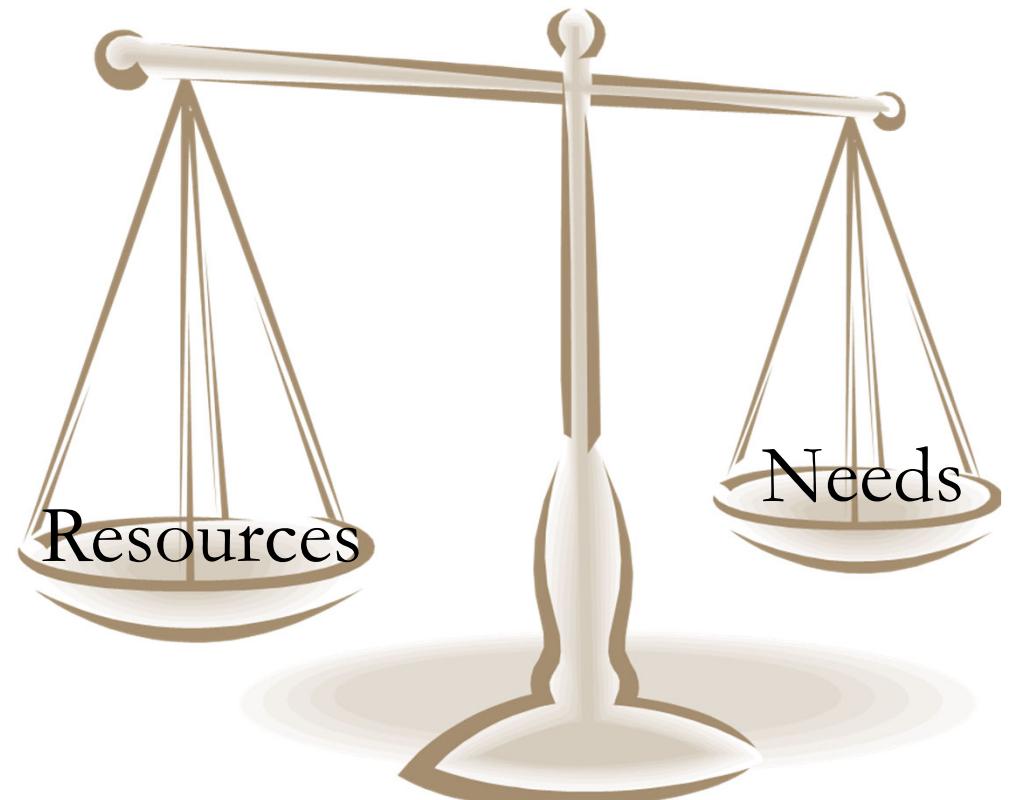
Conserving & Promoting  
Natural Assets

Well Planned Growth



# FY 23 Budget Capacity Planning

- Strategic Capacity Planning is a process that seeks to balance the use of available resources so that they are used to best effect while resulting in the optimum level of output.





# FY 23 Budget Capacity Planning

- Proposed FY23 Budget Reassures Operational Capacity
  - Addresses Inflationary Increases
    - Fuel, Maintenance Contracts, etc.
    - Employee Health Insurance
  - Meets Minimum State Compensation Budget Requirements of 5% COLA & Minimum Wage Increases
  - Balances additional Position Needs / Requests while also addressing some of the Market Pay Compensation Plan
    - Prioritizes existing positions
    - Addresses recruitment & retention
    - Allocates for law enforcement, public safety, parks & recreation, general properties, solid waste, and other County Departments front-line staff with competitive compensation



# FY 23 Budget Capacity Planning

- Proposed FY23 Budget Provides Community Safety Capacities
  - Continues to address Sheriff's Department competitive pay
  - Funds Sheriff's Vehicles, E-911 Center Recording System
  - Addresses Public Safety EMS Coverage Structure
    - Provides a Lieutenant-Paramedic for each shift, thereby delivering enhanced coverage care and EMS system support while supplying an additional EMT for each shift to backfill vacation, sick, holiday, and training absences (six total positions)
      - Assists to keep Stations staffed 24/7 while improving response times
      - Reduces OT / PT expenditures
    - Begins to address recurring funding capital needs, including Fire & EMS apparatus rotations
    - Provides continued and enhanced funding support to Volunteers



# FY 23 Budget Capacity Planning

- Proposed FY23 Budget Enhances Educational Efforts
  - Significant State & Federal School Funding Increases
  - Meets Modest Local Funding Increase Request of \$900K
  - Maintains Capital Funding of \$1,420,000
  - Continues to phase out / reduces CSA Private Education Day Placement Local Subsidy Costs of **-\$150K**



Enhanced Educational Opportunities - Strategic Priority



# FY 23 Budget Capacity Planning

- Proposed FY23 Budget Supports Economic Opportunities
  - Continued support of Job Creation and Infrastructure Development funds (if needed) for incentives of major private capital investment projects to new and expanding businesses
  - Funding support to Small Business Development Center to strengthen small business growth and assistance
  - Increase of Marketing efforts
  - Enables greater capacity to perform duties to attract new jobs and investment, as well as provide greater business retention and expansion services



# FY 23 Budget Capacity Planning

- Proposed FY23 Budget Promotes Community Assets
  - Funding for SML Community Park Beach Renovation and Trails/Blueways (these investments continue to strengthen the County's outdoor recreation brand and opportunities which increases attractiveness for visitors and new residents).
  - Part-time and seasonal position competitive pay adjustments to recruit and maintain front line workers, thereby maintaining our beautiful parks and continuing with abundant program offerings
  - Funding provided to bring back the Franklin County Agricultural Fair in 2022.



# FY 23 Budget Capacity Planning

- Proposed FY23 Budget Builds Infrastructure Capacities
  - Supports expansion of new Landfill Cell & facility improvements
  - Furthers Village Planning & supports Housing growth
  - Utility Expansion Projects
    - New Union Hall / Southlake Water Tank & System Connectivity
    - Addresses needed Westlake Sewer capacities
  - Broadband Expansion with new Fiber to the Home connections



# FY 23 Budget Revenue Capacity

- FY 23 Modest Local Revenue Increase Anticipated
  - General Property Tax Growth 6.93% or \$4.1 million
  - Other Local Taxes (i.e. Sales, Meals, T/O) Growth of 10.1% or \$1.3 million
  - County State Revenue Nominal Growth of 2.9% or \$447K



# School Budget FY 23 Revenue Capacity

- State & Federal Revenue Increases
  - State Funding increase of \$900K
    - Projected Loss of additional 210 in FY 23 (ADM Hold Harmless)
  - Federal Funding increase of \$14.9 million (ESSR Funding)
- Revenue Increase Request from County
  - Local increase of \$900K
  - Maintains Local Capital Funding of \$1,420,000
  - Continues to phase out / reduces CSA Private Education Day Placement Local Subsidy Costs of -\$150K



# FY 23 Budget – General Government

## Capacity Planning Budget

- General Fund Increase 6.7%
- Addresses Inflationary Increases (fuel, maintenance contracts, etc.)
- Meets Minimum State Compensation Budget Requirements of 5% COLA & Minimum Wage Increases
- Balances additional Position Needs / Requests while also addressing Market Pay Compensation
  - Prioritizes existing positions
  - Addresses recruitment & retention
  - Allocates for law enforcement and other front-line staff with competitive compensation / compression issues
  - Works to stabilize EMS station coverage and improve response time

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\*\*Expenditure Projections as of March 8, 2022 and subject to change





# FY 23 Budget – General Government

## Capacity Planning Budget

<u>Major Priorities</u>	<u>FY23 Increases</u>	<u>Funded New Capacity Positions</u>
Inflationary Costs (WVRJ, Fuel, CSA-DSS Maintenance Contracts, VRS, Minimum Wage, Leave Payout Reserve)	\$1.5 million	6 EMS-Paramedics (Public Safety Restructure)
Covers Health Insurance 12% Employer and Employee Increases	\$475K	1 PT to FT (Registrar)
5% COLA	\$1.3 million (PT & FT)	1 PT to FT (Clerk of Court)
Market Compensation Adjustments – Phase I	\$1 million	1 PT to FT (Finance)
School Operations	\$900K	1 Part Time (Commissioner of Revenue)
Capital (meals tax 2%)	\$600K	

\*\*Expenditure Projections as of March 8, 2022 and subject to change





# Proposed FY 23 Budget

- Following approximately twelve Budget Work Sessions and Board discussion, staff has prepared a Balanced Budget with No Property Tax Rate adjustments.
- Utilizes \$1 million from unassigned fund balance / carry over for one-time capital expenditures (i.e. frontload garbage truck, E-911 recording system, etc.)
- A couple of years ago, the Virginia General Assembly approved legislation giving Counties additional revenue flexibility previously utilized by Cities and Towns such as meals tax adjustment.
  - The recommended FY23 Fiscal Plan includes a proposed 2% adjustment to the meals tax to address a subsequent structural imbalance within the capital budget.
  - Revenue Projections (approximately \$600K)
  - Revenue can be targeted to the Capital transfer to assist with rising inflationary capital expenditures, such as Fire Apparatus and EMS vehicles
  - Recurring revenue source needed to assist with structural imbalance within these critical areas of the Capital Improvement Plan Budget

\*\*Revenue Projections as of March 8, 2022 and subject to change



# FY 23 Proposed Expenditures



Schools  
62.16%

Judicial  
1.77%

Parks,  
Rec. &  
Cultural  
3.36%

Public  
Works  
2.60%

Gen.  
Admin. &  
Comm.  
Dev.  
3.21%

Law  
Enforcement  
& Public  
Safety  
10.46%

Health  
&  
Welfare  
9.12%

Capital  
Outlay,  
Utilities &  
Debt  
7.32%

# FY 23 Proposed Revenues



County  
Funds  
42.47%

State Funds  
County  
8.63%

State School  
Funds  
26.18%

Federal  
School  
Funds  
16.10%

Fund  
Balance,  
Utilities,  
County  
5.80%

Local  
School  
Funds  
.82%

# FY 23 Proposed Budget Summary



- Twelve Budget Work Sessions
- Balanced Budget
- No Property Tax Rate Increases
- Funds Market Inflationary Costs
- Supports Strategic Priorities
- Includes a Proposed 2% adjustment to the Meals Tax to address rising Capital Inflationary costs and a subsequent structural imbalance within the CIP
- Proposed \$182 million FY23 (primarily from increased federal & state funding to the School System). General Fund Budget increases 6.7%.



# FY 23 Budget Next Steps

## ■ Budget Information

- County Website
- Libraries
- Administration & Finance

## ■ Budget Next Steps

- March 15<sup>th</sup> – Monthly Board Meeting 1:30 p.m.
- Additional Work Sessions (As Needed)
- March 29<sup>th</sup> Budget Public Hearing 6:00 pm
- April 5<sup>th</sup> Budget Adoption 6:00 p.m.



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