



FRANKLIN COUNTY

FY 2024-2025
BUDGET WORK SESSION
FEBRUARY 22, 2024

FY 23-24 Last Year Budget Review



- ❑ Balanced Budget
- ❑ No Property Tax Rate Increases
- ❑ Budget narrowly sustains any market inflationary costs
- ❑ Current FY 23-24 Budget is approximately \$183,813,817 (minimal 1.01 % increase)
- ❑ Stop Gap Maintenance Budget
 - ❑ Expenses were balanced with good fortune of interest earnings of approximately \$2 million.
 - ❑ Capital Budget was balanced with \$1.5 million from reserves
 - ❑ Interest earnings are projected to decrease over time and therefore will need to be replenished with any new, ongoing revenue .

FY 23-24 Post Budget Adoption Adds

Additional Fire/EMS Staffing Coverage	\$200,000
School Resource Officers – 8 New Full Time positions	*\$350,000
Commonwealth Attorney Office Supplemental Funding	\$30,000
Additional ACO (Animal Control Officer) ½ Year	\$75,000
TOTAL	\$655,000

Additional SRO Funding required as Local Match. Total ongoing SRO Local Funding of **\$1.2 million will be required to be phased in over the next 3 years should the SRO program continue. This amount will increase due to the LCI recalculation. This cost does not include any capital expenditures (i.e. uniforms, vehicles, radios, etc.)



FY 24-25 Budget Pressures

Operational Environment – Additional \$7.2 million in Operating Requests

Additional \$2 million in Position Requests

- ❑ Inflation – fuel, utilities, vehicles, equipment, maintenance contracts, capital
- ❑ CSA – complex high-dollar cases
- ❑ Additional Staffing for 24x7 EMS Coverage
 - ❑ Positions
 - ❑ Span of Control
- ❑ Decline in School Enrollment – State Funding Reduction (LCI) Approximately **-\$3.7 million**
- ❑ Increased Adult Inmate and Juvenile Detention Jail Populations (Per Diem Operations - Debt Service)
- ❑ Phase-in SROs Budgetary costs. Additional loss for FY 25 of approximately **\$-200K** due to LCI reset

Labor

- ❑ Competitive Labor Market with Private Sector / Adequate Staffing
- ❑ COLA
- ❑ Probable Minimum Wage Increase effective January 1, 2025
- ❑ Market compensation adjustments
- ❑ Health Insurance Renewal increase
- ❑ VRS – Retirement and Health Credit Rate Increase approximately **\$75,000**



Compensation & Benefits

- ❑ Continual recruitment & retention challenges with current labor market
- ❑ 22 Open positions currently advertised
- ❑ Each 1% COLA is approximately \$275,000



FY 24-25 Health Renewal

Anthem Health Insurance Renewal

- ❑ Several high dollar claims
- ❑ Overall increase 7.6% in renewal rates;
\$412,000
- ❑ Plan Design and approval of rates
brought to BOS at the March 19th
meeting



Capital Improvements & Maintenance Significant Pressures



5-Year Capital Improvement Plan

FY 2025

- ❑ Annual Recurring Local Funding \$2.4 million
- ❑ \$15.4 million in total FY 2024-25 Department CIP requests
- ❑ Volunteer Fire & Rescue requests total approximately \$12.2 million
- ❑ \$24.3 million requests currently unfunded with recurring revenue

FY 2025-2029

- ❑ 5-Year CIP total requests \$61.4 million
 - ❑ \$49.4 million unfunded without new recurring revenue
-

Public Safety 5 Year CIP Look

- Fire/EMS Apparatus Replacement \$8.1 million
 - Radio Communications- end of life radio models and solving critical infrastructure support of approximately \$5.7 million
 - Fire/EMS Equipment \$1.2 million
-

General Properties 5 Year CIP Look

- HVAC Replacements \$1 million
 - Roof Replacements \$500,000
 - Courthouse Interior/Exterior Maintenance \$1 million
 - Fleet Replacement \$\$
 - YMCA Roof, HVAC and Pavement \$1.6 million
 - Jail Repairs and Modernization \$850,000
-

Solid Waste 5 Year CIP Look

- Engineering/Compliance & Equipment Lease \$1.3 million
 - Rolloff Truck (2) Replacement \$400,000
 - Rebuild/Replace Equipment \$2 million
 - Cell 4 Construction and Closure of cell 2 (in years 6-10) \$7 million plus
-

Parks and Recreation 5 Year CIP Look

- Capital Maintenance for Repairs/Renovations and Playground Replacement/Construction \$1.5 million
- Vehicle & Equipment Replacement \$840,000
- Athletic Field Lighting and Improvements \$1 million
- Parks Expansion/Improvements \$1.1 million

Information Technology 5 Year Look

- Information Technology Licensing \$1 million
- PC Replacement & 911 Storage \$1 million
- Network and Server Refresh \$816,445



5-Year Capital Improvement Plan

FY 2025

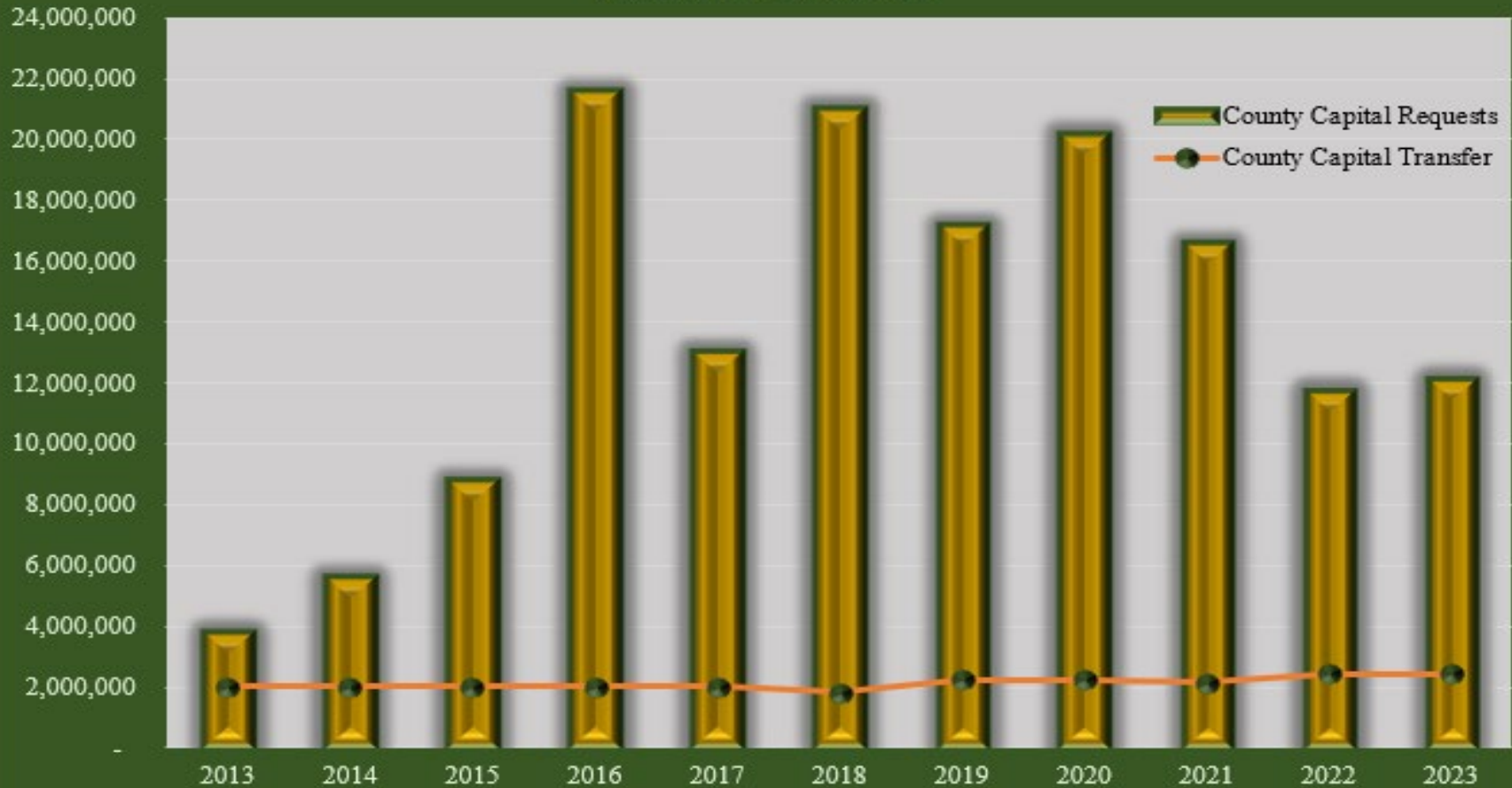
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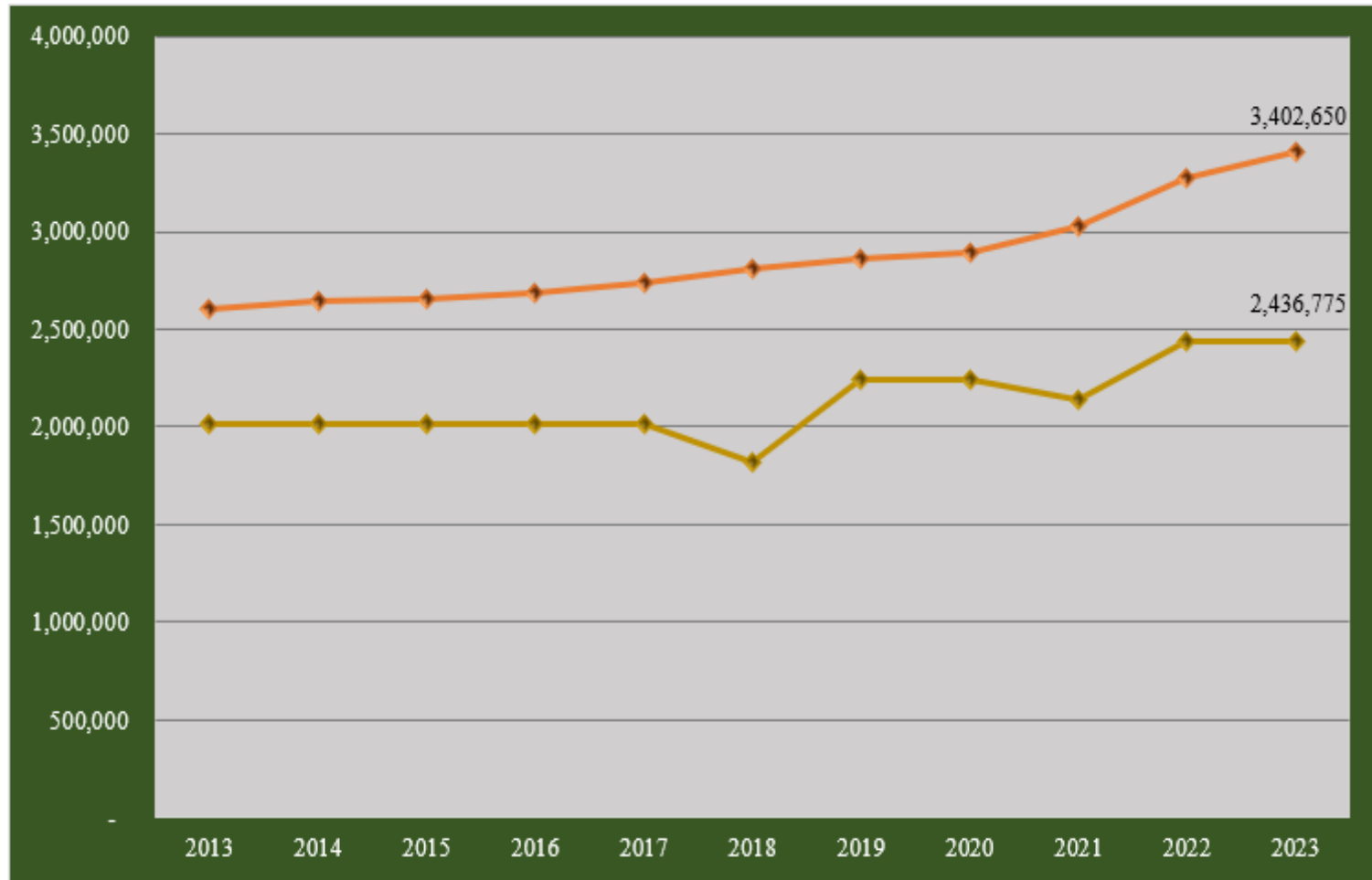
Capital Requests vs Local Funding

Historical County Capital Request
FY2013 to FY2024



Annual Recurring Local Funding \$2.4 million

County Capital Funding History





Capital Structural Imbalance

Capital Environment

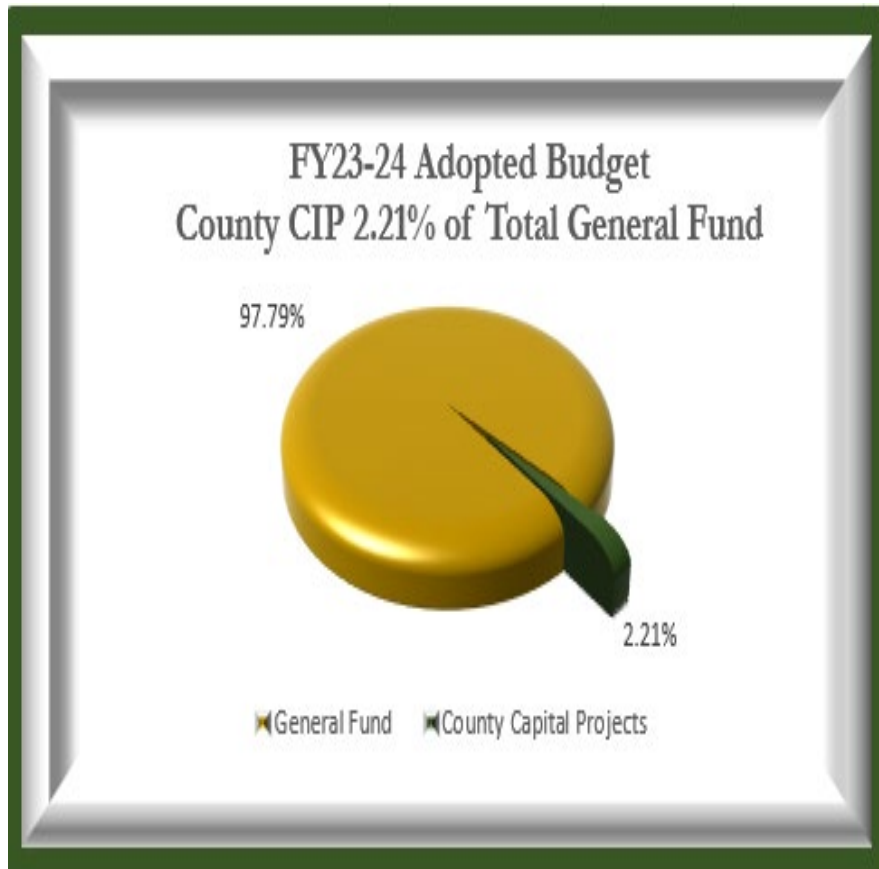
- ❑ **Capital Infrastructure Needs** (i.e. County & School Buildings HVAC / Roofs, Landfill, Broadband, Fire Apparatus, Ambulances)
- ❑ **Significant Capital Inflation**
 - Ambulance
 - Fire Engine
 - Quint-Ladder
 - Shovel Dozer
 - General Fleet Vehicles
 - School Bus Replacements
- ❑ As shared previously, the County and School's Capital Budget Funding / Transfer has remained relatively flat for well over a decade and is not sustainable going forward.



Capital Structural Imbalance

- ❑ Increased revenue for major equipment replacement (i.e. apparatus, landfill, etc.) needs to be identified and implemented to address this structural imbalance. Not doing so pressures an unsteady climate in the balancing of the County's annual budget (i.e. budget stabilization reserves, etc.).
- ❑ Current FY 23-24 County Capital Budget Balanced with one-time \$1.5 Million from Reserves

CIP Budget Underfunded



- Since 2005 the Cumulative CPI has Increased 56.02%.
- To keep up with Inflation and an ongoing Maintenance Back Log, County CIP should have incrementally increased of a minimum of \$1,218,975 for a total of \$3,402,650.
- In the last three years, the County has managed critical needs through use of Carry-Over, ARPA, etc.
- Such previous opportunities are less and less likely.



5-Year Major Capital Projects

Description	Estimated Cost
<u>Near-Term County Projects</u>	
Radio System Infrastructure	5,700,000
E911 Renovation/Expansion	4,000,000
Social Services New or Renovated Facility	6,000,000
YMCA Facility Maintenance	1,600,000
Total	17,300,000

<u>School Projects</u>	Estimated Cost
Middle School HVAC and Roof Replacement	28,000,000
Career & Technical Education Center	72,000,000
Other Facility Needs / Renovations	23,000,000
Total	123,000,000

*Above Items are Previous Projected Cost Estimates and Do NOT Reflect Actual Bids / Costs



Fund Balance

- Current Fund Balance is only approximately 4 months of operational budget
- Excess unassigned fund balance would be exhausted within 3-5 years with current capital projects without debt management or revenue enhancements
- “Cash is King” – drawing down reserves will likely affect bond rating from S&P, Moody’s, and Fitch causing higher interest rates on future borrowings



Fund Balance

Unassigned Fund Balance 06/30/2023	\$ 43,347,610
FY 2023-24 CIP	-1,500,000
Grants and Donations	-556,688
School Year-End Surplus	-3,588,779
Policy Minimum 20% of GF Revenues	-23,487,246
Remaining Available Fund Balance	<u>\$14,214,897</u>
Generational Capital Reserve	\$20,000,000
Total Fund Balance and Reserves Available	<u>\$34,214,897</u>

- Davenport analysis included using \$10 million for CTE project
- Previous Davenport analysis did not include additional \$23 million in School capital needs – impact on County’s debt capacity will need to be evaluated



Budget Calendar



FY 24-25 Budget Calendar

<u>Date</u>	<u>Task</u>
February 20th, 2024 3:00 p.m.	Regular BOS Meeting, Budget Work Session
February 22nd, 2024 2:00 p.m.	Regular BOS Meeting, Budget Work Session at 3:00 p.m.
February 23rd - March 1st, 2024	Budget Team meeting with Departments and Staff Preparation of Proposed FY24-25 Budget Book
February 26th, 2024	School Board FY24-25 Budget Public Hearing
March 4th, 2024	School Board Adoption of FY24-25 Budget
March 5th, 2024 3:00 p.m.	Proposed FY24-25 County & School Budget Presented to Board of Supervisors
March 7th, 2024 3:00 p.m.	Possible BOS Work Session with Department Reviews
March 12th, 2024 3:00 p.m.	Possible BOS Work Session with Department Reviews
March 14th, 2024 3:00 p.m.	Possible BOS Work Session with Department Reviews
March 15th & 22nd, 2024	Public Hearing FY24-25 County Budget, Tax Rates, & Reassessment Advertisement in Local Paper
March 19th, 2024 3:00 p.m.	Regular BOS Meeting
March 21st, 2024 2:00 p.m.	Regular BOS Meeting, Budget Work Session at 3:00 p.m.
March 25th, 2024 6:00 p.m.	Public Hearing on FY24-25 County Budget and FY24-25 Tax Rates
March 28th, 2024 3:00 p.m.	Additional Budget Work Session if needed
April 9th, 2024 6:00 p.m.	Reassessment Public Hearing, Adoption of FY24-25 Budget, Adoption of Tax Rates
July 8th, 2024	Adopted Budget Book due to GFOA for review



Questions?
