

Gaston County, NC



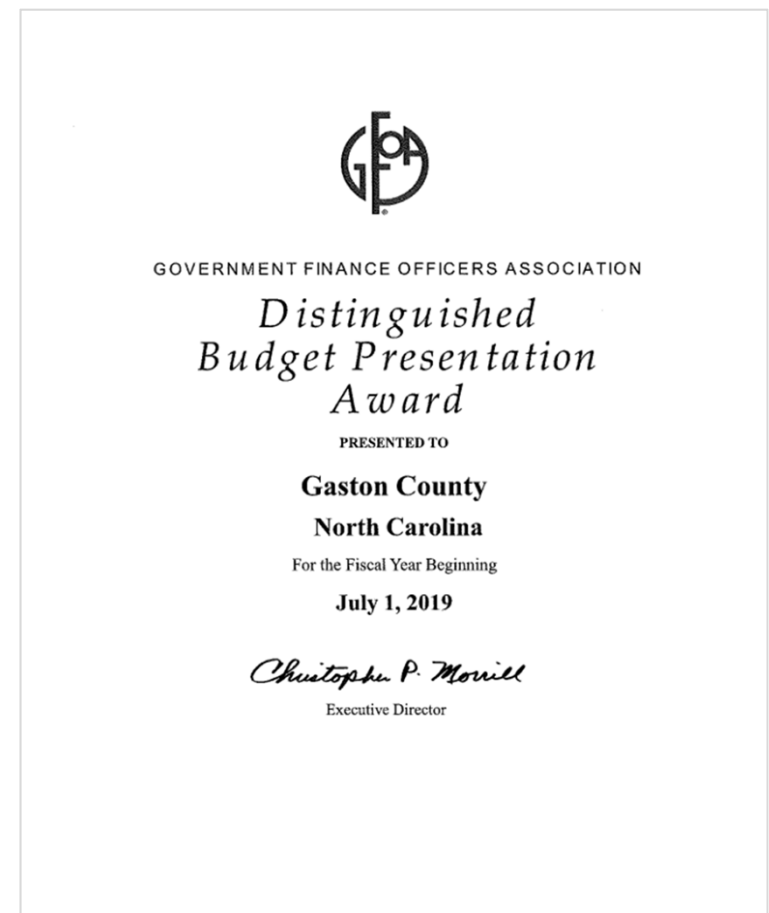
FY 2021

Manager's Recommended Budget

Outline



- Budget Overview
 - ***Respond, Reimagine and Revitalize***
- Budget Context
- Projected Revenue
- Recommended Expenditures
- Looking Forward



FY21 Budget Overview

Manager's Initiatives



Long-Term
Financial
Stability



Employee &
Community
Engagement



Culture of
Innovation &
Performance

FY21 Budget Overview

Board Philosophies



Guiding Philosophies from November Retreat:

- Long-term vision
- Progressively conservative approach
- Leverage regional position
- Smart growth
- Transparency
- Accountability
- Effectiveness
- Efficiency

FY21 Budget Overview

Guiding Principles



- Maintain commitment to fiscal discipline and lean operations
- Preserve fund balance to offset the anticipated revenue shortfall in the 4th quarter of FY20 and beyond
- Maintain AA+ bond rating
- Mitigate the anticipated fiscal impact of COVID-19
- Apply lessons learned from the Great Recession
- Continue to invest in the Board priorities
- Avoid using employee compensation to balance the Budget
- Continue County and community-wide collaboration that has strengthened in the wake of the crisis

FY21 Budget Overview

RESPOND: The Effects of COVID-19



Gaston Before COVID-19 (July 2019 to March 2020)

- Strong economy reflected in property tax and sales tax revenue
- Successful 2019 revaluation with fewer appeals than anticipated
- First full year receiving Art. 46 sales tax revenue
- Successful bond issuance in April 2019

Gaston During COVID-19 (March 2020 to Current)

- 10% (\$3.4M) decrease in motor vehicle tax base and lower property tax collection rate
- 12.5% (\$6.2M) decrease in projected sales tax revenue
- 33% (\$500K) decrease in projected investment revenue
- Hotel performance down 48%
- Double digit unemployment rate

FY21 Budget Overview

REIMAGINE: Meeting Challenges Head-on



- Common departmental challenges:
 - County growth → increase in service demand
 - Employee recruitment and retention
 - Lack of alternate sources of capital funding, such as deferred maintenance
- COVID-19:
 - Drastically reduced projected revenues
 - Created unfunded needs
 - Strained current and future resources
 - Highlighted employee commitment and dedication to public service

FY21 Budget Overview

REVITALIZE: Doing the Most With Less



- Decrease in overall budget and General Fund budget
- **Removed equivalent of 31 positions' salaries from budget to account for vacancies**
- No elimination or reduction in services to County residents
- No staff elimination or furlough
- No new positions in the General Fund
- No delay or freeze on planned capital
- No increase in property tax rate
- Maintain fiscal discipline and bond rating
- **Nearly \$25 less per capita spending than FY16 when adjusted for inflation**

FY21 Budget Overview

REVITALIZE: Summary of Key Reductions



FY21 General Fund Reductions from Current Year Budget

- \$ 2,000,000 Budgeted Significant Vacancy Rate
- \$ 1,000,000 Gaston County Schools Capital
- \$ 500,000 Gaston County Schools Operating
 - Mostly one-time money for Chromebooks in FY20
 - Working with new purchasing strategies
- \$ 250,000 Travel and Training
- \$ 100,000 Gaston College Operating
 - Increase offset by \$94K for Increased Operating Costs associated with new Vet Tech facility

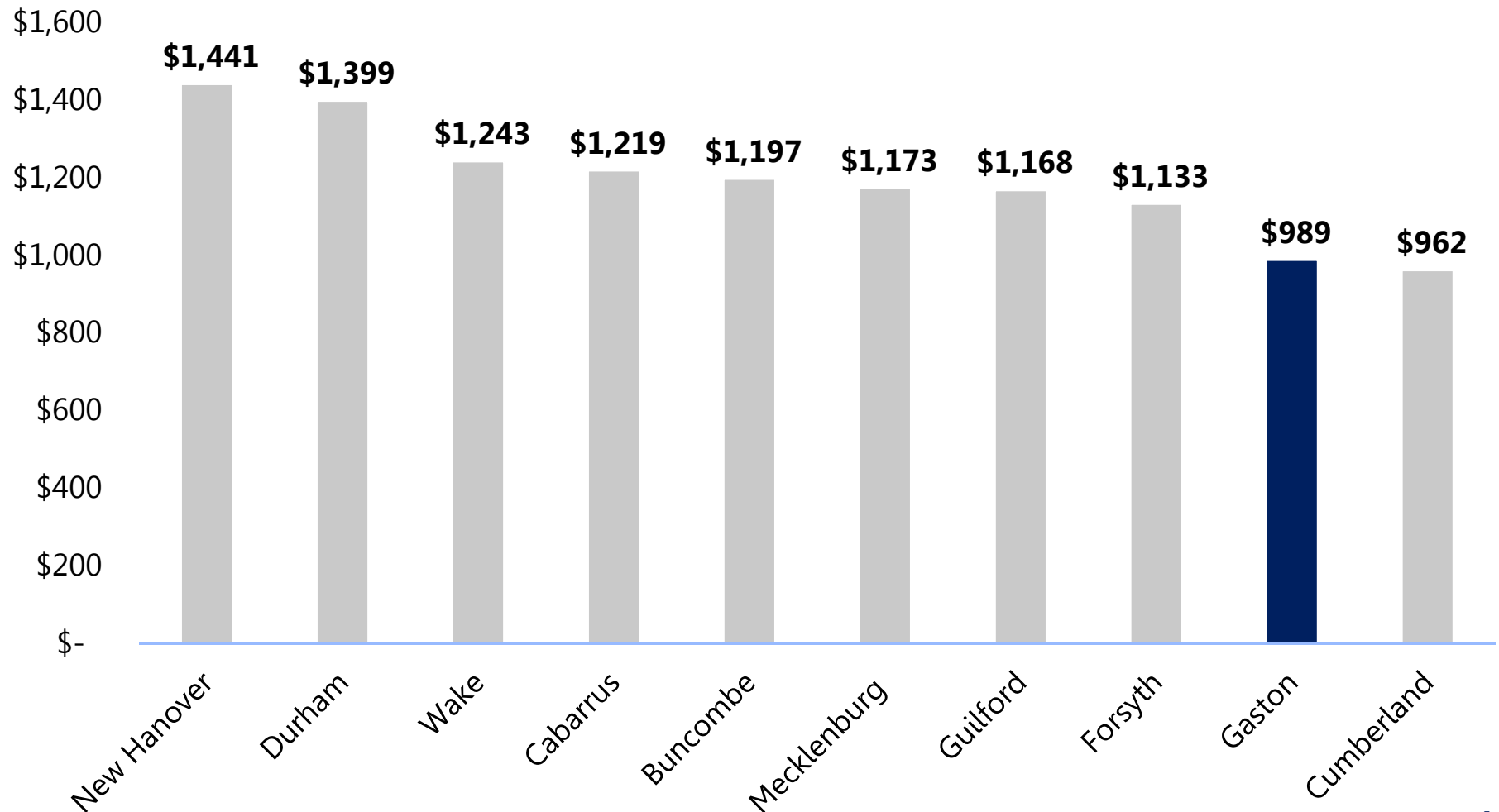
The total recommended General Fund budget is \$224M, a \$4.4M (2%) decrease from the FY20 budget.

FY21 Budget Overview

Per Capita Expenditures



GASTON V. PEER COUNTIES



*Amounts from 2019, latest year available from NC Association of County Commissioners

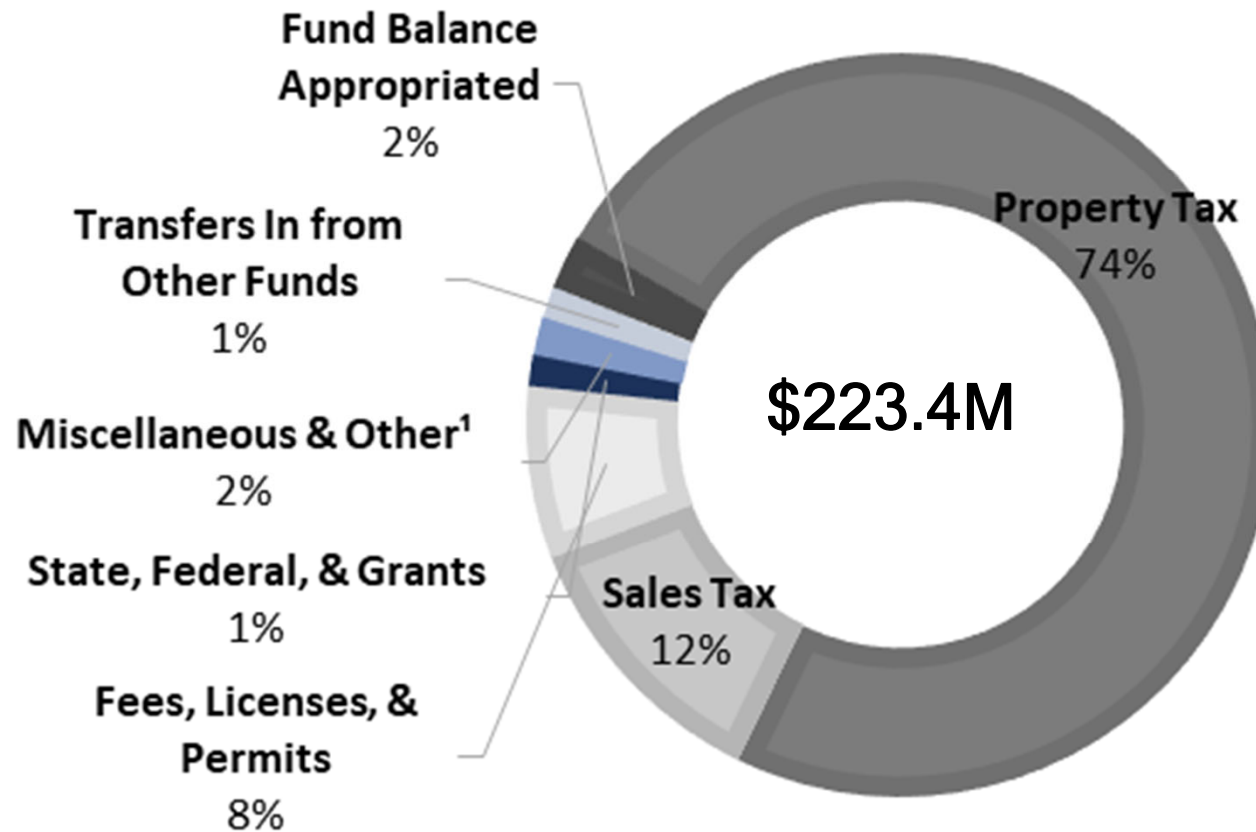
Where Does Your Property Tax Money Go?



FY21 Revenue General Fund



FY21 GENERAL FUND REVENUE



FY21 Revenue General Fund



- Following COVID-19, anticipated FY21 revenue is down approximately \$10M from the original budget projections.
 - -\$6.2M in sales tax revenue (including portion in the CIF)
 - -\$3.4M in property tax revenue (motor vehicle)
 - -\$500K in investment interest

FY21 Revenue Fee Schedule

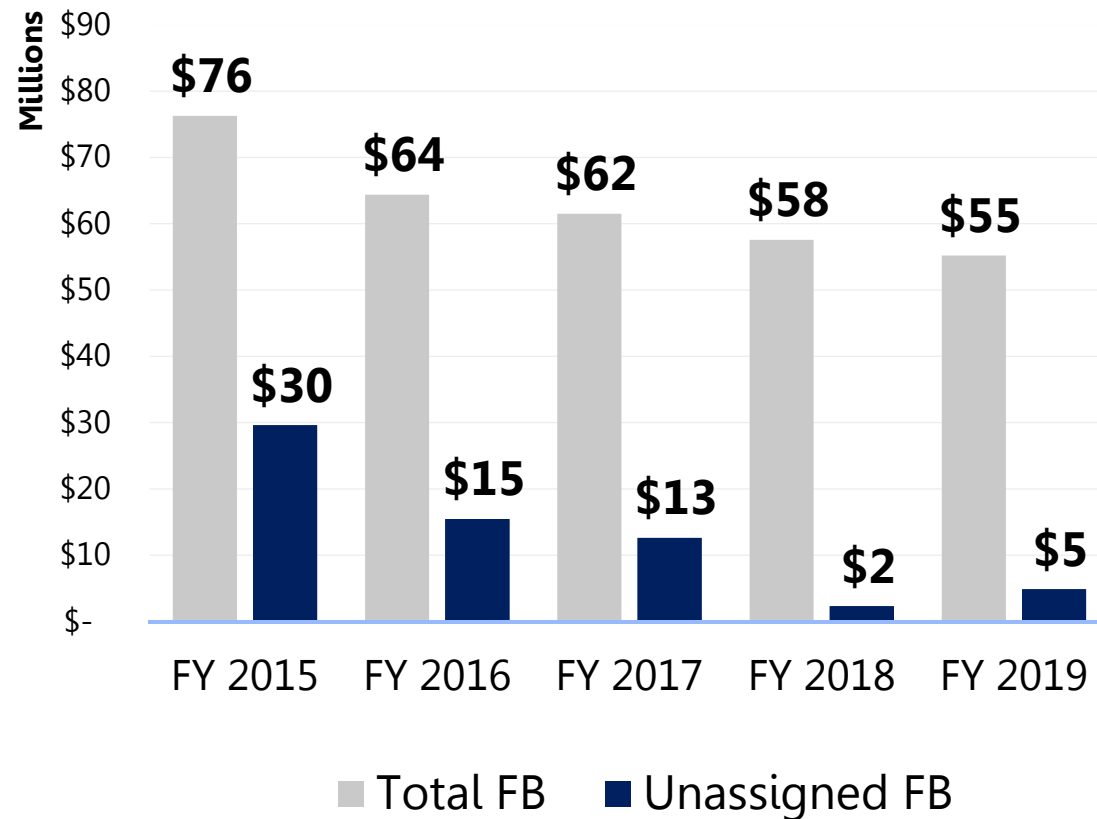


- Recommended fee schedule includes
 - Contractual Increases for Landfill
 - Late Fees for Library eliminated as best practice model
- Many of the fees benefit municipalities and businesses
- Planning a methodology study in FY21 to begin a phased approach that reaches 100% cost recovery over time

FY21 Revenue Fund Balance



**GENERAL FUND
FUND BALANCE TREND**



- The recommended budget includes a \$5.3M fund balance appropriation.
- This is an 28% decrease from FY20 and is a positive first step in correcting the County's structural imbalance.
- Moving forward, the County must commit to not using fund balance to balance the budget.

FY21 Expenditures

Aligning the Budget with BOC Priorities



FY21 Expenditures

Job Creation & Economic Development



FY21 Highlights

- \$1,650,000 Investment Grant Program
- \$100,000 South Fork Sewer Line Extension
- \$35,800 Just Appraised Software
- \$10,000 Love Where You Live Grant
- \$5,000 Manufacturing Week Event

FY21 Unfunded Needs

- \$268,897 Tax Property Appraisers & Auditor
- \$70,727 GIS Specialist
- \$70,127 Land Use Planner
- \$50,000 Land Use Plan Update Mandated by FY22
- \$50,000 Mobility Plan Update

FY21 Expenditures

Education



Gaston County Schools

- \$49.8M Operating
- \$1.2M Capital

Gaston College

- \$5.6M Operating
- \$97K Capital

- In addition to operating and capital allocations, the County fulfills its debt service requirements for school-related bond issuances.
- In FY21, the County is taking on the burden of sales tax supported bonds due to anticipated decreases in sales tax revenue.

FY21 Expenditures

Healthy Communities



FY21 Highlights

- \$70,000 Parks & Recreation Wifi & Improvements
- \$43,000 Park Lighting & Security Cameras

FY21 Unfunded Needs

- \$319,530 Paramedics for Kings Mountain
- \$537,270 Paramedics to Upstaff 121Q
- \$82,511 Rescue Squads Trainer
- \$50,189 Grounds Maintenance Aid
- \$42,950 Veterans Services Staff
- \$15,000 Senior Center Assistant

FY21 Expenditures

Public Safety



FY21 Highlights

- \$38,800 Ballistic Equipment for Police & Jail
- \$37,500 Drive Cams for GEMS & Squads
- \$37,020 Jail Round Automation System
- \$28,318 Jail Telephone Recording Software

FY21 Unfunded Needs

- \$861,958 County Police Staff
- \$685,941 Animal Care Staff
- \$413,834 AXON In-Car Cameras For Sheriff's Office
- \$144,242 Kings Mountain First Responder Program
- \$328,000 Lifepak 35s for GEMS
- \$64,200 Lucas 3 CPR Devices

FY21 Expenditures

Quality of Life



FY21 Highlights

- \$96,585 Housing Rehab Program Expansion

FY21 Unfunded Needs

- \$31,806 Part Time Museum Guide Coordinator
- \$31,316 Loray Mill Library Branch Staff
- \$12,800 Loray Mill Library Branch

FY21 Expenditures

Personnel



FY21 Highlights

- \$1,001,148 1.5% Merit-Based Salary Adjustments
 - Some Offset from Indirect Cost Reimbursement
- \$488,398 Mandated Retirement Increase
- \$0 Vacation Days in lieu of Hazard Pay

FY21 Unfunded Needs

- \$2,861,642 56 Requested Full Time Positions
- \$2,000,000 Estimated Hazard Pay for Critical Service Staff
- \$1,001,148 1.5% July-Dec. Merit-Based Salary Adjustments
- \$650,000 401K Contribution (3% match at mid-year)

FY21 Expenditures

Personnel



- Gaston County has approximately **20% fewer employees** per resident than the average county in NC
- Gaston: 1 employee per 143 residents
- State Avg: 1 employee per 130 residents
- Turnover rate increased from 12% to 13% in FY20.
- Annually, turnover costs an estimated \$200K on training, \$50K in onboarding, and \$1.6M on overtime.
- There are other immeasurable costs associated with burnout:
 - Absenteeism
 - Unsatisfactory performance (i.e. Fraud/waste)
 - Workers Compensation
 - Health insurance
 - Mental health services

FY21 Expenditures

Personnel



Gaston & Competitors	FY21 Salary Adjustment	FY21 401K Contribution
Gaston County	1.5%	0%
City of Gastonia	3%	5%
City of Charlotte	3%	3%
Mecklenburg County	3%	6%
Cabarrus County	6%	5%
Union County	3%	5%
CaroMont Health	10%	5%
Competitor Average	5%	5%

FY21 Expenditures Personnel



Vacancy Rates

- 94% of our vacancies are in Public Safety or Human Services
- These two areas are among the most directly impacted by COVID-19

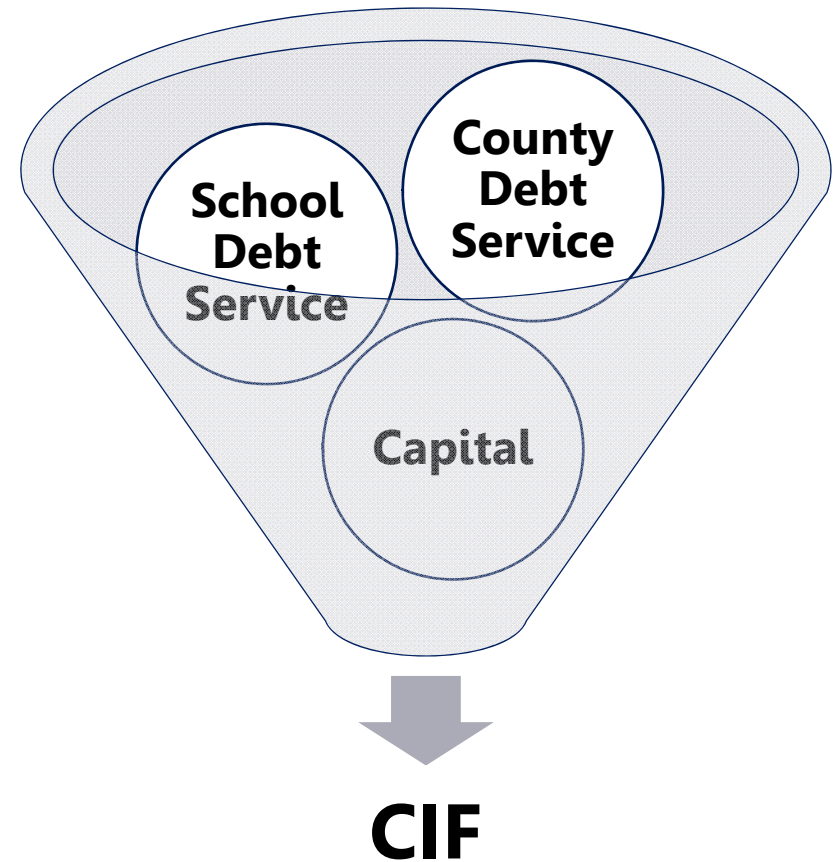
# Vacancies @ 5-13-20		% of
Function	Department	Total Total
<input type="checkbox"/> Human Services	ACCESS	1
	ACCESS OPERATIONS	3
	HEALTH	25
	SOCIAL SERVICES	16
Human Services Total		45 51%
<input type="checkbox"/> Public Safety	ANIMAL CONTROL	2
	COUNTY POLICE	11
	GEMS	7
	SHERIFF	15
	TELECOMMUNICATIONS	3
Public Safety Total		38 43%
<input type="checkbox"/> Gen Govt	BUILDING SERVICES	1
	FINANCE	1
	INFORMATION TECHNOLOGY	1
	TAX	1
Gen Govt Total		4 4%
<input type="checkbox"/> Community Svcs	LANDFILL	1
	PLANNING	1
Community Svcs Total		2 2%
Grand Total		89 100%

FY21 Expenditures

Community Investment Fund (CIF)



- Guiding principles:
 - Long-Term Vision
 - Progressively Conservative Approach
 - Leverage Regional Position
 - Smart Growth
 - Transparency
 - Accountability
 - Effectiveness
 - Efficiency



FY21 Expenditures

Community Investment Fund (CIF)



Purpose

- More formalized way to save for future capital expenditures
- Board adopts resolution describing capital projects and funding mechanisms
- Only projects included in the resolution can be funded with CIF
- Once established, becomes part of annual budget planning

Process

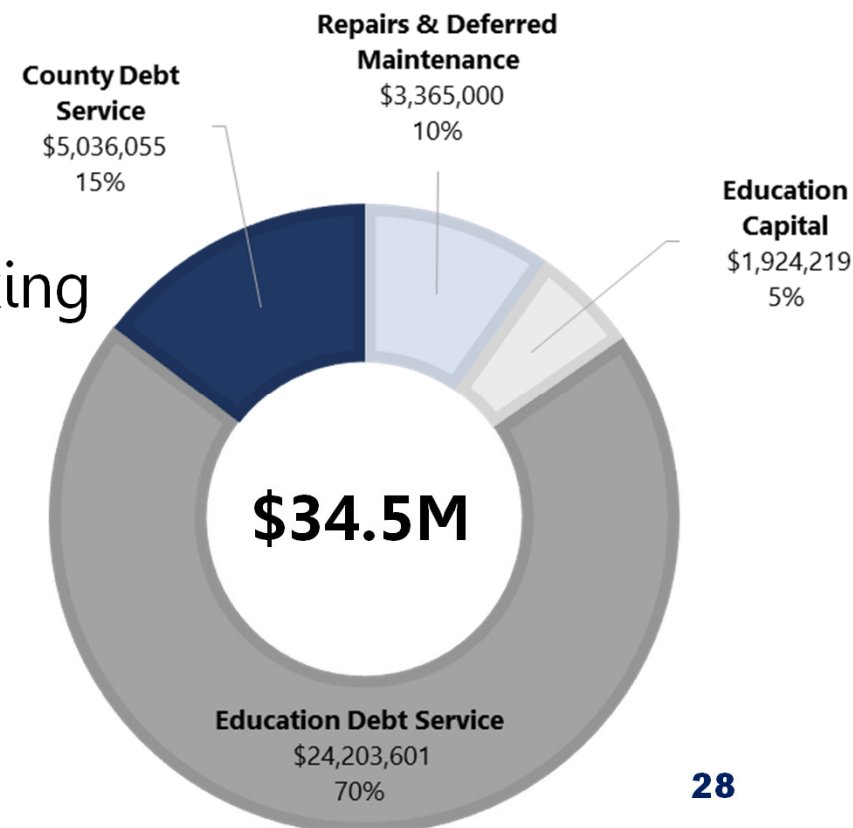
- Develop CIF financial policies
- Rank capital project priorities and set preferred schedule for each
- Develop final CIF, reflecting BOC priorities within model capacity
- Adopt CIF as part of the annual budget and review annually

FY21 Expenditures

CIF Capital Projects and Debt Service



- \$1.2M Gaston County Schools
- \$1.2M Courthouse/DSS Carpets, Courthouse Windows & Elevator
- \$750K Jail Annex Generator/Air Handler
- \$697K Gaston College
- \$400K Admin. Building Cooling Tower
- \$250K Camp Sertoma ADA
- \$235K County Police Seized Vehicle Parking
- \$580K Other (<\$200K per project)
- \$29.2M Debt Service Payment



FY21 Expenditures

Update on CARE Capital Initiatives



Immediate Projects

- \$2.7M ADA Compliance Updates
- \$2.0M Parking Lot Improvements
- \$2.0M Child Advocacy Center

Long Term Projects

- \$28.50M Emergency Management/Fire/GEMS Facility
- \$11.25M Fleet Maintenance Facility
- The County will need to evaluate FY20 revenue loss and debt capacity prior to issuing debt for these long-term projects.

Looking Forward – FY21 Workplan



- Services provided to municipalities
- Population growth and service demand
- Analyze the need for additional personnel in Animal Care & Enforcement
- Improve operations and efficiency
- Evaluate fee structure methodology
- Structural imbalance
- Low capital and debt costs

Function	Counties		
	May	Must	Gaston
Law Enforcement		x	x
Jails		x	x
Medical Examiner		x	x
Courts		x	x
Fire Protection	x		x
Streets			
Water	x		x
Sewer	x		x
Solid Waste Collection	x		
Solid Waste Disposal	x		x
Land Use Regulation	x		x
Building Code Enforcing		x	x
Public Schools		x	x
Community Colleges	x		x
Libraries	x		x
Social Services		x	x
Public Health		x	x
Mental Health		x	x
Hospitals	x		
Deed Registration		x	x
Election Administration		x	x
Parks and Recreation	x		x
Tax Assessment		x	x
Tax Collection	x		x

The Gaston County Budget ? What does it buy you?



Education



Gaston County Schools

31,200 students
1,950 teachers
55 schools

Gaston College

10,000 students
170+ programs

GCS's student population places it in the largest 2% of districts nationwide.



GCS Class of 2019
2,245 graduates
1,200 scholarships worth \$45 million



Public Safety

133,000
calls to 911



96% in 10 seconds or less answered

16,600
Animal care calls



2,500
Adoptions

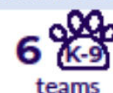


36,000
building inspections

Co POLICE

67,000
calls for service

93%
violent crime clearance rate



6 teams

GEMS

48,000
dispatches

364
square miles served

13,000
transports

SHERIFF

71,000
calls for service

housed/supervised
660
county inmates

security for
181,000
court cases

Human Services

1,900



Food & Lodging
Health Inspections

50,000

Public Health
patient visits



70,000

Meals provided to
Seniors and people
in group settings

68,000



Trips provided to
Human Services
clients & others

That's
539,000
miles

390

Domestic violence victims
safely housed in the
Cathy Mabry Cloninger Shelter

68,000

Medicaid

34,000

Food & Nutrition



clients in an
average month

350 kids

in county's
care each month



General Govt

AA+

S&P bond rating
✓ Good stewards
✓ Lower costs



1.6 Million
square feet of
space maintained

141,600
registered voters



1,500
passports

27,400

birth certificates,
marriage licenses,
death certificates



& 32,000
recorded real
estate documents



Other Services



18 Parks
Acres **780**

422,000 Annual visitors

1 Million

Library books, e-books,
audiovisuals circulated

100 miles of



cleaned of litter

275,000



tons

of total
waste @
Landfill

Provided by **1,600** world-class team members at your service

Data notes: Represents selected service level measures (rounded) from 2019 Annual Reports, the 2019-20 Annual Budget, and national-level education statistics.

Next Steps



- Individual meetings with Commissioners for questions
- Budget now available for public review
- Budget retreat on June 4th
- Final budget adoption at regular BOC meeting on June 9th

Gaston County, NC



FY 2021

Manager's Recommended Budget