Recommended FY18-19 Budget

The Board of Commissioner’s Strategic Plan in Action

County Manager’s Office
New Hanover County

May 7, 2018
Recommended Budget Framework

1. Priorities set by the board
   • New policy investments
   • Maintenance of prior policy choices

2. Revenue parameters set by the board
   • Minimize taxes and fees
   • Structurally balanced in future fiscal years

3. Advances the 5 year strategic plan
NEW HANOVER COUNTY STRATEGIC PLAN 2018-2023

INTELLIGENT GROWTH & ECONOMIC DEVELOPMENT

- Leverage public infrastructure to encourage private investment
- Increase the diversity and number of higher-wage jobs
- Encourage development of complete communities in the unincorporated county

SUPERIOR EDUCATION & WORKFORCE

- Promote early learning that ensures life-long resiliency
- Support the private sector's need for talent to fill higher-wage jobs

SUPERIOR PUBLIC HEALTH & SAFETY

- Prevent and reduce opioid abuse
- Increase access to programs to prevent and reduce obesity
- Sustain the community capacity to prepare for and respond to public safety demands

GOOD GOVERNANCE

EFFECTIVE COUNTY MANAGEMENT

- Continuous focus on the customer experience
- Increase transparency and awareness about county actions
- Deliver quality service at the right time

STRONG FINANCIAL PERFORMANCE

- Minimize taxes and fees
- Proactively manage the county budget
- Plan for the long-term financial health of the county

Internal Business Processes

- Provide better, faster, leaner customer-driven practices
- Align services and programs with strategic priorities
- Communicate what the county does and why
- Develop and nurture partnerships to deliver strategic objectives

Organizational Capacity

- Hire and retain people committed to public service
- Foster a culture of agility and flexibility to create innovative solutions
- Build capacity for data-driven decision making
- Engage in continuous learning

MISSION

New Hanover County is committed to progressive public policy, superior service, courteous contact, judicious exercise of authority, and sound fiscal management to meet the needs and concerns of our citizens today and tomorrow.

VISION

A vibrant, prosperous, diverse coastal community committed to building a sustainable future for future generations.

PROFESSIONALISM • INTEGRITY • INNOVATION • STEWARDSHIP • ACCOUNTABILITY
### INTELLIGENT GROWTH & ECONOMIC DEVELOPMENT

**STRATEGIC OBJECTIVE**
- Leverage public infrastructure to encourage private investment
- Increase the diversity and number of higher-wage jobs
- Encourage development of complete communities in the unincorporated county

**DESIRED OUTCOME**
- Current public assets and future investments increase the tax base
- More advanced manufacturing, knowledge sector, and skilled trade jobs available locally
- Align policies and business practices to support the development of complete communities

**TARGET**
- $3 billion increase in tax base
- 100% return on investment within 3 miles of new public investments
- Increase jobs that pay $6.5% above the living wage
- 6,500 new, traded-sector jobs in advanced manufacturing, knowledge sector, and skilled trades
- Increase elements of complete communities across New Hanover County

### SUPERIOR EDUCATION & WORKFORCE

**STRATEGIC OBJECTIVE**
- Promote early learning that ensures life-long resiliency
- Support the private sector’s need for talent to fill higher-wage jobs

**DESIRED OUTCOME**
- Every child entering kindergarten in NHC has the emotional, social, and physical opportunity to succeed and to, ultimately, perform at grade level
- Businesses stay, start, or expand because the talent exists here or is developed quickly

**TARGET**
- 75% of children are ready for kindergarten on the Kindergarten Entry Assessment
- 90% of 3rd graders read at least at grade level on the Read to Achieve Test
- Increase digital access and digital literacy to enhance workforce skills
- Decrease the amount of time to fill positions in target sectors locally

### SUPERIOR PUBLIC HEALTH & SAFETY

**STRATEGIC OBJECTIVE**
- Prevent and reduce opioid abuse
- Increase access to programs to prevent and reduce obesity
- Sustain the community capacity to prepare for and respond to public safety demands

**DESIRED OUTCOME**
- Fewer people misusing opiates
- Community knows risks of obesity and individuals can equitably pursue a life that mitigates risks
- Preparation that results in the appropriate response and ensures resiliency

**TARGET**
- Decrease opioid-related deaths by 100%
- Decrease opioid-related overdoses by 50%
- Increase access to nutritious foods, physical activity and education about healthy behaviors within a half mile of 100% of populations at risk for obesity
- 100% of emergency response calls at 90th percentile of Fiscal Year 2019 data
- Reduction in calls per capita

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*Complete communities provide a range of housing sizes and price points, employment opportunities, convenience needs, community facilities, and support services to provide access and opportunity for all NHC citizens.*
Major Funds Spending Recommendations

- General fund: $332.5 million
- Environmental fund: $23.5 million
- Fire District: $15.4 million
- All funds: $392.1 million
General Fund Revenues

• Tax Base: $34.217 billion
  - Ad valorem rate of 55.5 cents per $100 of value
    - 1.5 cents reduction
  - Debt service fund: 6.47 cents per $100 of value
  - General fund 49.03 cents per $100 of value

• Sales Tax Assumptions
  - 6.5 percent topline growth
Historical Tax Base

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Base (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 13-14</td>
<td>29.71</td>
</tr>
<tr>
<td>FY 14-15</td>
<td>29.75</td>
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<tr>
<td>FY 15-16</td>
<td>30.20</td>
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<tr>
<td>FY 16-17</td>
<td>30.82</td>
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<tr>
<td>FY 17-18*</td>
<td>33.37</td>
</tr>
<tr>
<td>FY 18-19</td>
<td>34.22</td>
</tr>
</tbody>
</table>

* Revaluation Year
### Historical Tax Rates

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Fund Tax Rate</th>
<th>Debt Service Fund Tax Rate</th>
<th>Revenue Neutral Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 13-14</td>
<td>55.40</td>
<td></td>
<td></td>
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<tr>
<td>FY 14-15</td>
<td>55.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 15-16</td>
<td>55.40</td>
<td>2.00</td>
<td>58.38</td>
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<tr>
<td>FY 16-17</td>
<td>55.40</td>
<td>6.90</td>
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<tr>
<td>FY 17-18 Reval Year</td>
<td>50.53</td>
<td>6.47</td>
<td></td>
</tr>
<tr>
<td>Recommended FY 18-19</td>
<td>49.03</td>
<td>6.47</td>
<td></td>
</tr>
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</table>

- **Total**
  - FY 13-14: 55.40
  - FY 14-15: 55.40
  - FY 15-16: 57.40
  - FY 16-17: 62.30
  - FY 17-18: 57.00
  - Recommended FY 18-19: 55.50
General Fund Revenues (continued)

- $7.3 million Appropriated Fund Balance
  - One time money for one time expenses
  - $4.3 million pre-funded via capital reserve
  - Leaves unassigned fund balance of 20 percent
New Hanover County Schools

• Current Expense: $2,800 per student (shared with charter schools) = $78.3 million
• Capital: $3.696 million
• Pre-K: $487,422 (year 2 of 3)
• Debt service: $26.2 million
• Total direct: $108.2 million
Historical School Funding Comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 13-14</td>
<td>86.7</td>
</tr>
<tr>
<td>FY 14-15</td>
<td>91.5</td>
</tr>
<tr>
<td>FY 15-16</td>
<td>93.1</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>96.8</td>
</tr>
<tr>
<td>Budgeted FY 17-18</td>
<td>100.3</td>
</tr>
<tr>
<td>Recommended FY 18-19</td>
<td>108.2</td>
</tr>
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</table>

Total School Funding (including operating, capital and debt service in millions)
New Hanover County

Historical School ADM Comparison

<table>
<thead>
<tr>
<th></th>
<th>FY 13-14</th>
<th>FY 14-15</th>
<th>FY 15-16</th>
<th>FY 16-17</th>
<th>Budgeted FY 17-18</th>
<th>Recommended FY 18-19</th>
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<tbody>
<tr>
<td>New Hanover County Schools</td>
<td>26,051</td>
<td>26,784</td>
<td>26,986</td>
<td>27,402</td>
<td>27,571</td>
<td>27,966</td>
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<tr>
<td>Charter &amp; Virtual Charter Schools</td>
<td>26,400</td>
<td>26,000</td>
<td>26,300</td>
<td>26,600</td>
<td>26,600</td>
<td>26,600</td>
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</tbody>
</table>

Legend:
- New Hanover County Schools
- Charter & Virtual Charter Schools
Cape Fear Community College

- Operating: $10.9 million
- Capital: none recommended
- Debt service: $15.5 million
- Total direct: $26.4 million
Public Health and Safety

School safety and health

- 5 additional school resource officers (SROs)
- 1 additional school detective
- 3 additional school-based mental health therapists
- 2 additional school-based health nurses
Public Health and Safety (continued)

• Funding to address opioid crisis
  o Continues $265,000 for LINC treatment and diversion program (men and women)
  o Recommends $315,360 for TIDES (evidence based program to treat pregnant women addicted to substances)
  o Debt service payment for construction of Healing Place facility
Public Health and Safety (continued)

- Quality assurance/quality control specialist in Emergency 911
- Licensed clinical supervisor in Community Justice Services
- Public health dietician focused on obesity and diabetes prevention and reduction
- $100,000 for a federal prosecutor in the District Attorney’s Office (year 1 of 2)
- Includes $1.4 million for renovation or rebuild design of the juvenile justice building on 4th Street
Economic Development

- $255,000 toward Project Grace phase 2
- $100,000 toward Blue Clay Road phase 2
- $430,000 (WBD, WDI, SEDC, Film Commission, Battleship, Fort Fisher, Cucalorus, Arts Council, Southeastern Partnership, FTZ)
- $100,000 in performance-based incentive payments
- 50/50 cost share for a workforce housing position within the City of Wilmington
- Capital investments
  - $250,000 toward Wrightsville Beach pier area improvements
  - $100,000 CFPTA (WAVE) match for compressed natural gas buses
  - $675,373 toward multi-use path along Market Street
Other

Outside Agency Committee
- $618,754 available for appropriation
- 23 programs representing 19 agencies

Storm Water Management
- $140,000 for identified drainage projects
- $130,000 for phase 2 storm water utility study
- $20,000 for best management practices
Capital Planning

1. Five year Capital Improvement Plan
   • $16.6 million for general fund and environmental management projects
   • $2.1 million funded via general fund revenues

2. Capital Outlay and Information Technology
   • $9.6 million for capital outlay and other technology
   • $3.2 million funded via loan proceeds
   • $2.5 million funded via general fund revenues
Environmental Management

• $48 per ton tip fee

• Tip fee meets the following:
  o funds operating obligations
  o funds closure and post closure reserves
  o funds $11.4 million of CIP and $1.9 million of capital outlay
Environmental Management Tipping Fee

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Tip Fee Per Ton</th>
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<tbody>
<tr>
<td>FY 13-14</td>
<td>$59</td>
</tr>
<tr>
<td>FY 14-15</td>
<td>$55</td>
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<tr>
<td>FY 15-16</td>
<td>$52</td>
</tr>
<tr>
<td>FY 16-17</td>
<td>$50</td>
</tr>
<tr>
<td>FY 17-18</td>
<td>$48</td>
</tr>
<tr>
<td>Recommended FY 18-19</td>
<td>$48</td>
</tr>
</tbody>
</table>
Fire Service District

- 7.75 cents per $100 of value
- $525,000 to CFPUA for US 421 fire suppression
- Capital enhancements
  - $625,000 engine replacement funded by loan proceeds
  - $118,125 for fire hydrant installation
Personnel

Strategic Positions Recommended

• School health and safety
  o 6 Sheriff’s Office (5 SROs, 1 School Detective)
  o 5 Health (2 School Nurses, 3 School Mental Health LCSW)
  o 1 Community Justice Services (Clinical Supervisor)

• General health and safety
  o 1 QA/QC specialist in E-911
  o 1 obesity and diabetes dietician in health

• Education and workforce
  o 4 library positions
   • Adequate staffing at the Pine Valley branch
   • Equal hours of service at the Pleasure Island branch
Personnel (continued)

• 2 percent market adjustment
• 1.5 percent merit pool based on prior year performance
• $2.5 million salary lag
• Medical plan
  o No increase in medical expenses to employees or county
  o Addition of high deductible health plan (HDHP) as an option
  o Introduction of health savings accounts for HDHP subscribers
FY 2018-2019 Recommended Budget in Summary

- Meets the board’s stated strategic priorities of health and safety, economic development, and public education
- Fully funds prior obligations and policy commitments
- Minimizes taxes and fees by lowering the property tax and maintaining the tip fee and fire tax at current rates
- Invests in our workforce
- Plans for the long term financial health of the county
NEW HANOVER COUNTY STRATEGIC PLAN 2018-2023

**INTelligent GROWTH & Economic Development**
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**Superior Education & Workforce**
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**Effective County Management**
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**Strong Financial Performance**
- Minimize taxes and fees
- Proactively manage the county budget
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**Vision**
A vibrant, prosperous, diverse coastal community committed to building a sustainable future for future generations.

**Professionalism - Integrity - Innovation - Stewardship - Accountability**
How we got here

• Clear and consistent board direction
• Departments informed and committed to the board’s strategic plan
• Really good, smart, dedicated public staff that are committed to public service
Outside Agency Recommendation
What’s next? (staff recommendations)

- Public hearing Monday, June 4
- Budget adoption Monday, June 18