



FY 21-22 Recommended Budget

Advancing the
Board of Commissioners'
priorities through strategic
investments and fiscal
discipline





Recommended Budget Framework

1. Priorities set by the Board through its adopted strategic plan
 - Superior Education & Workforce
 - Superior Public Health & Safety
 - Intelligent Growth & Economic Development
 - Effective County Management
 - Strong Financial Performance
2. Revenue parameters set by the Board through plan and policy
 - Minimize impact of taxes and fees
 - Maintain fund balance position within policy goal of 18-21%



Spending Recommendations for Major Funds

- All funds: \$457 million
- General Fund: \$382 million
- Environmental Management Fund: \$23.3 million
- Fire Services District Fund: \$19.1 million
- Stormwater Services Fund: \$665,164
- Other funds represent balance of the total \$457 million



New Hanover County Property Revaluation

- Adopted county policy of every 4 years
- Revaluation was effective January 1, 2021
- Prior revaluation was effective January 1, 2017
- On average 33 percent increase in the taxable base
- Property value appeals are underway
- Taxable base of \$47.9 billion assumes successful appeals by property owners



Revenue Neutral Tax Rate

- Calculation of tax rate that would generate the same revenue accounting for growth
- Provides comparison of tax rate before and after revaluation
- Rate published with the Budget document per NC General Statute

Revenue Neutral Rate: 42.50

Proposed Rate: 47.5

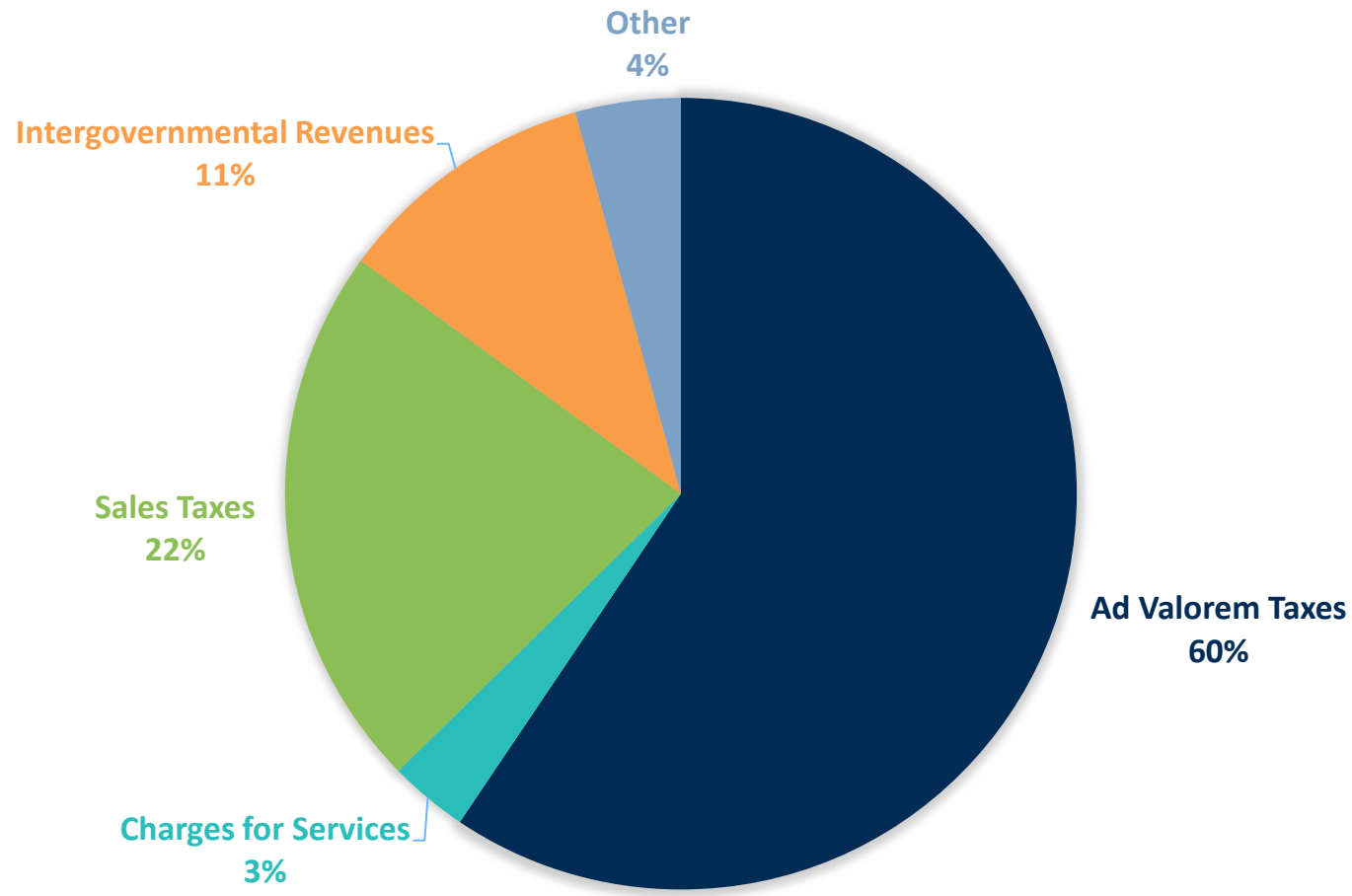


General Fund Revenues

- Ad valorem: \$227 million
 - Tax base: \$47.9 billion (33.4% increase)
 - Ad valorem rate of 47.5 cents (\$0.4220 General Fund, \$0.0530 Debt Service Fund)
- Sales taxes: \$85.4 million
 - Assumes 6% growth, compared to 4% for FY20-21



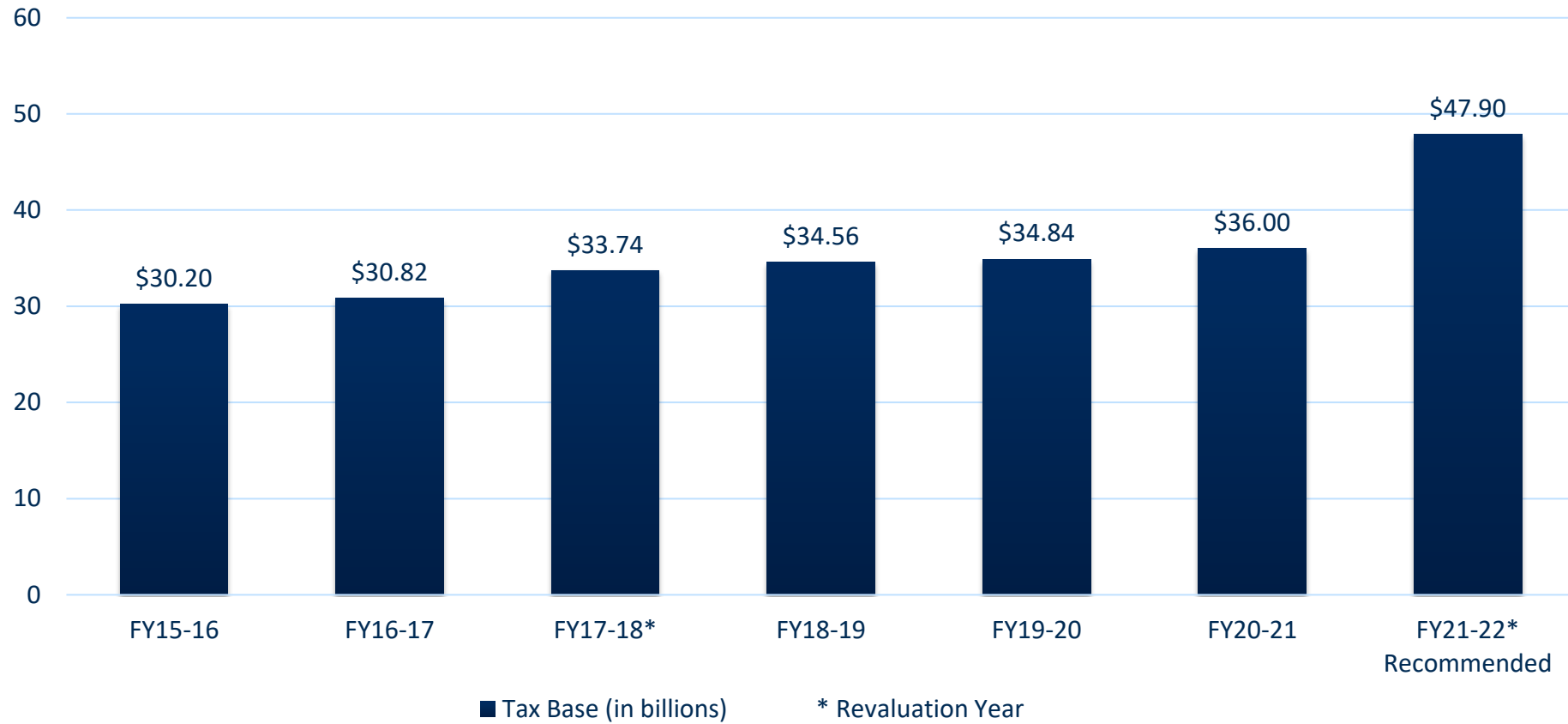
General Fund Revenues





General Fund Revenues

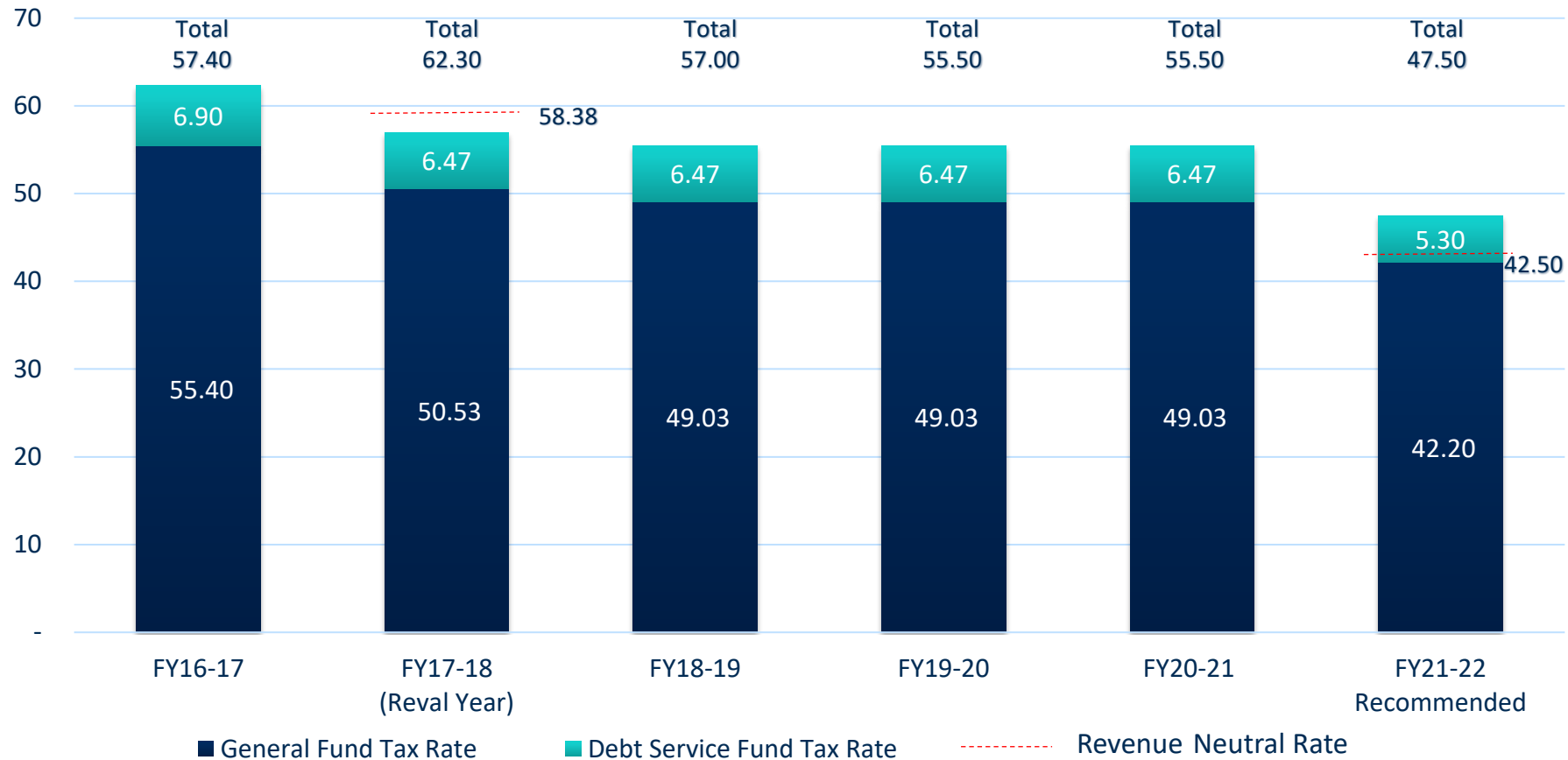
Historical Tax Base





General Fund Revenues

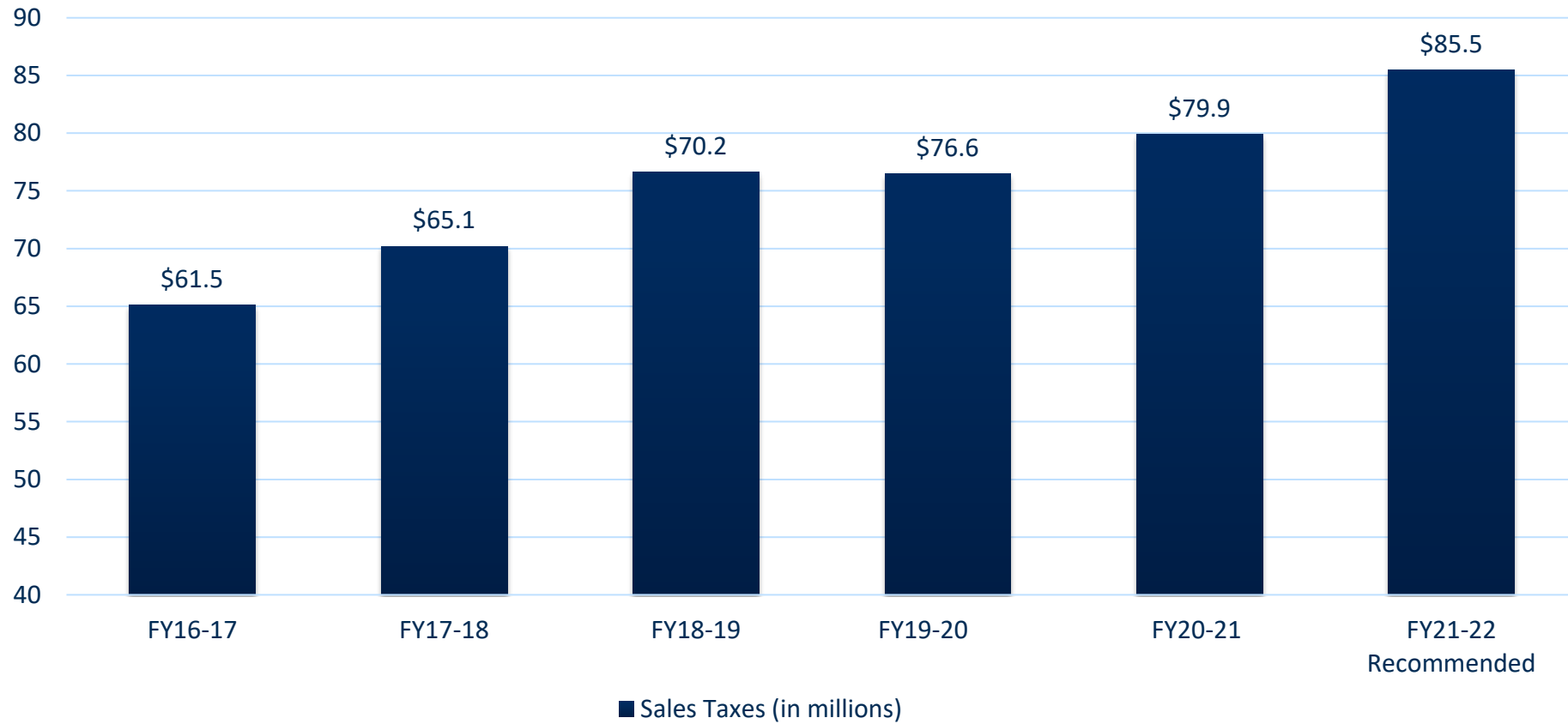
Historical Tax Rates





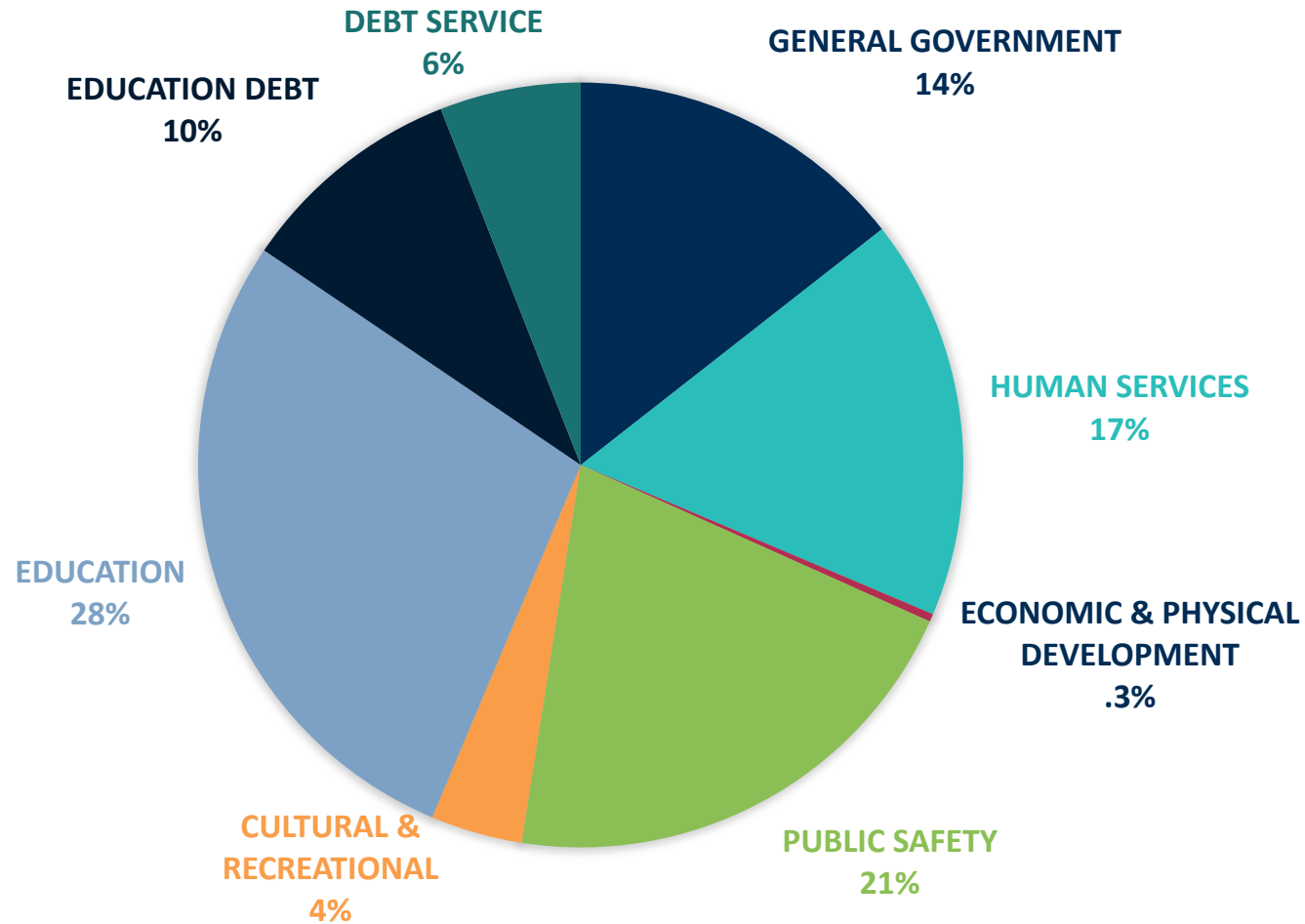
General Fund Revenues

General Fund Sales Taxes





General Fund Expenditures





New Hanover County Schools

- Current expense: \$3,434 per pupil
 - Increases ADM rate to reach #1 in teacher salary supplements: \$9,000 average
 - \$91.9 million total (14.68% increase)
- Capital: \$3.7 million
- Transfers between Purpose/Function of 10% or greater will require Board approval



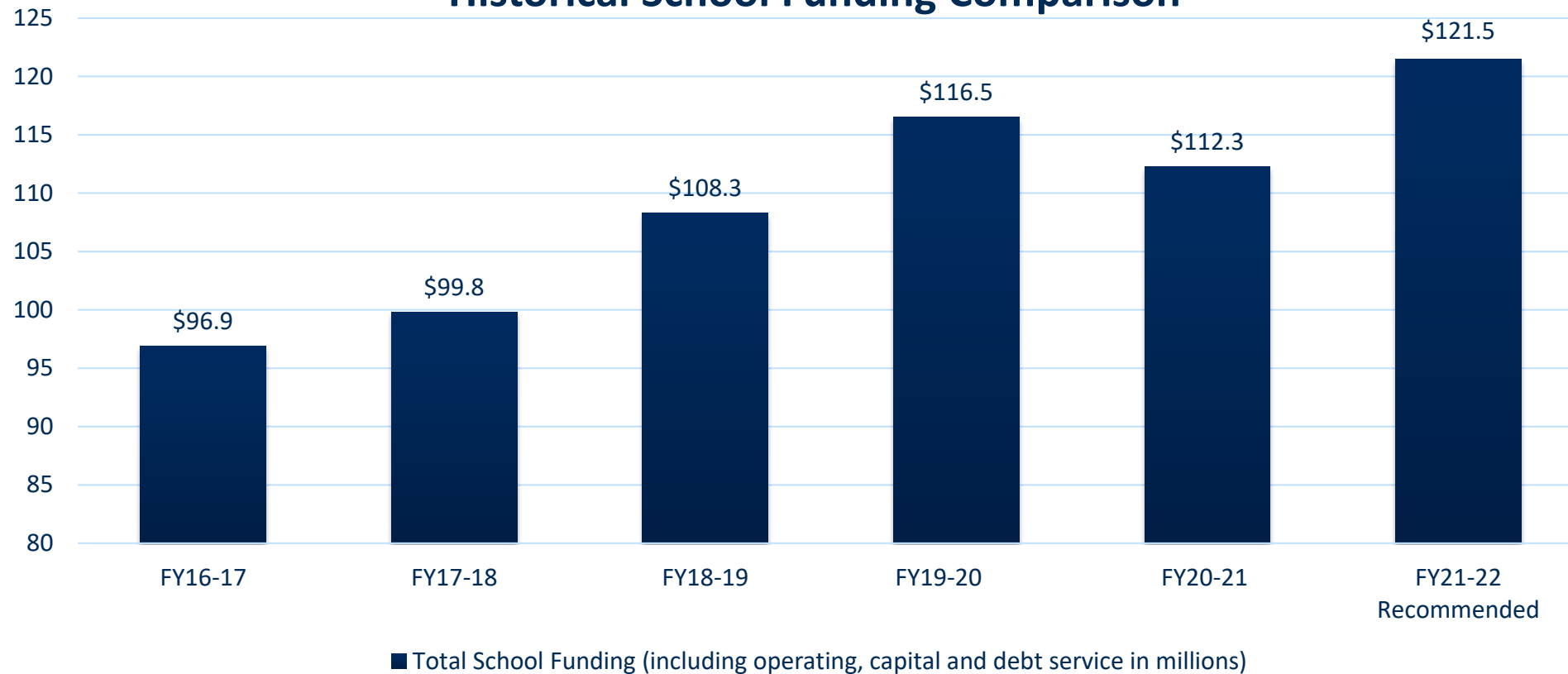
New Hanover County Schools

- Assumes 26,796 students across the traditional k-12 system and charter schools
- Debt service: \$25 million
- Total appropriation: \$121.5 million
- Nearly one-third of General Fund budget



New Hanover County Schools

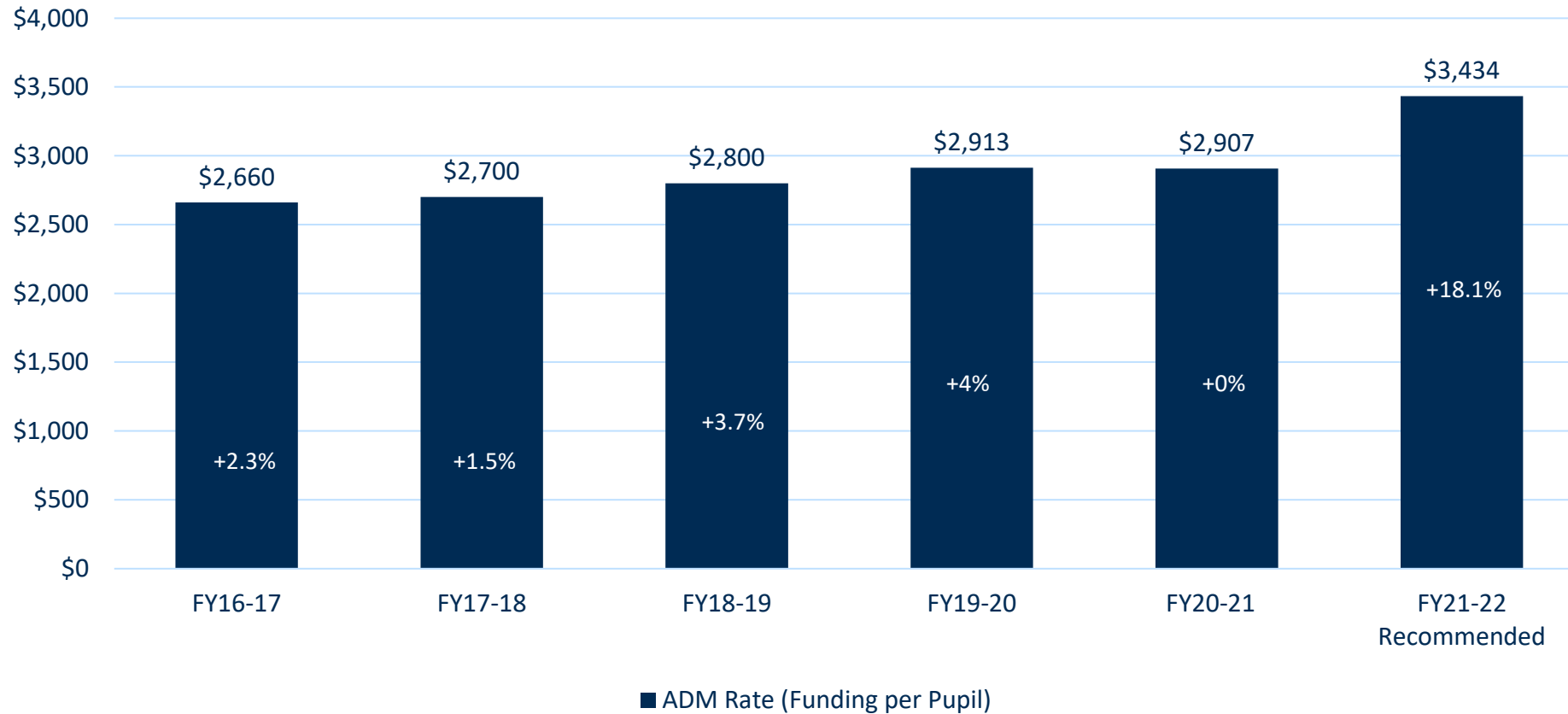
Historical School Funding Comparison





New Hanover County Schools

Historical Funding per Pupil (ADM Rate)





Cape Fear Community College

- Operating: \$10.95 million
- Capital: \$0 requested/recommended
- Debt service: \$11.5 million
- Total: \$22.5 million



General Fund Strategic Enhancements

Superior Education and Workforce

- Teacher Support Incentives - \$166,200
- Four New Teaching Fellow Scholarships - \$28,000
- Three Additional Pre-K Classrooms - \$487,422
- Teacher Salary Supplements - \$22.6M

Effective County Management

- Capital Repair Plan - \$1M
- Pay & Classification Study - \$125,000
- Government Center Digitization - \$280,000



General Fund Strategic Enhancements

Superior Public Health and Safety

- EOC/911 Communications Tower - \$280,000
- Emergency Logistics Center - \$7.4M
- EOP Revision Project - \$100,000
- POD Ready Meals MRE Stock - \$105,083
- Detective/Vice Facility Replacement Design - \$121,000
- 13 New Sheriff's Office Positions - \$1M
- Seven Additional Health and Human Services Positions - \$360,000
- Human Services Customer Experience - \$787,065



Non-County Agencies

- Non-County Agencies – Human Services
 - Non-County Agency Funding Committee Recommendation: \$930,774 for 31 agencies and 34 programs
 - \$278,231 for year 2 of 3 of the Social Impact Fund pilot program
 - Additional \$126,500 for 4 programs that transitioned to vendor status in the current year



General Fund Strategic Enhancements

Intelligent Growth and Economic Development

- Digital Inclusion Access Technology - \$70,000
- Economic Outlook Study - \$60,000
- Northern Regional Park Trail, Phase 2 - \$620,000
- Hanover Pines Nature Park - \$2.3M
- North and South College Road Trail Designs - \$1.14M



Economic Development Agencies

- \$181,000 for year one of a three-year plan with the Chamber of Commerce for business retention, expansion and recruitment
- \$208,600 for Wilmington Business Development
- \$75,000 for Wilmington Downtown Inc.
- \$133,692 for the Wilmington Regional Film Commission
- \$70,000 for an incentive payment for National Gypsum
- \$25,000 for the Cucalorus Film Foundation



Capital Planning

- Five-year Capital Improvement Plan for General Fund
 - \$12.4 million for FY21-22
- Capital Outlay for General Fund
 - \$5.2 million
 - Additional capital contribution to public schools - \$3.7 million
- Leverages historic interest rates and AAA bond ratings



Environmental Management Fund

- \$48 per ton tip fee (no change for 5 fiscal years)
- Capital projects: \$10.7 million
- Capital outlay: \$1 million (vehicle and equipment replacement)



Fire Services District Fund

Revenues

- Revenue Neutral Tax Rate - 6.11 cents
- Recommended Tax Rate
 - 7.25 cents per \$100 of value (.50 decrease)

Expenses

- Capital projects: \$835,000
- Capital outlay: \$1.7 million (improvements, vehicle and equipment replacement)



Stormwater Services

- Second year of the stormwater program in the unincorporated county
- Annual \$12 ERU Stormwater Services fee to cover debt and repayment to the General Fund (not ARP eligible)
- ARP Eligible Expenses
 - Cost to maintain and treat stormwater
 - Defers bulk of residential fee of \$67.80 (\$5.65 per month) to FY22-23



Personnel

- 32 new full-time positions recommended for the General Fund
- 1 new part-time position recommended for the Environmental Management Fund
- 1 new full-time position recommended for the Fire Services District Fund
- Market: 2.9% or \$1,583
- 1% Merit Pool
- 2.5% 401(k) contribution
- \$1.5 million salary lag



American Rescue Plan (ARP)

- \$800,000 FY21-22 requests absorbed by ARP funds
 - Workforce Renter Assistance Pilot Program
 - Apprenticeship Program
 - 4 positions supporting Superior Public Health and Safety (3) and Strong Financial Performance (1) functions



FY 21-22 Recommended Budget in Summary

- Minimizes the tax burden while sustaining and enhancing the board's adopted strategic priorities
- Currently achieves #1 in the state for teacher salary supplements: \$9,000 average
- Uses ARP funds first
- Maintains tipping fee at \$48 per ton for 5th fiscal year
- Levies a \$12 annual (\$1 per month) stormwater services fee on developed, unincorporated parcels



Next Steps

- Public hearings scheduled for Monday, June 7
- Board debate and direction to staff
- Budget adoption between Monday, June 7 and Monday, June 21



Questions?