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Franklin County Board of Commissioners  
113 Market Street  
Louisburg, North Carolina 27549

Dear Commissioners,

The COVID-19 Pandemic has presented major challenges in the workplace over the last several months. In an unprecedented environment, our employees have been nimble and adapted rapidly to a “new norm” in carrying out essential County functions. They have focused on implementing measures with the goal of saving lives and the prevention of the spread of the COVID-19 virus. Almost as if overnight, a different vocabulary emerged. Terms such as *teleworking, social distancing, N95 masks, virtual meetings, essential employees, Executive Orders, pandemic, distance learning, flattening the curve, PPE, mass gatherings, six-foot rule*, etc. soon became our vernacular.

As County Manager, I have witnessed firsthand the very “best” in our staff. There are really no words to adequately describe the level of compassion and concern our employees have exhibited for the public we serve as well as each other. I have observed a workforce that never waived when asked to perform their jobs in a substantially different environment. I am truly honored to work alongside these great men and women daily.

Our employees have also partnered in new and creative ways with members of the faith community, business community and our nonprofits to meet the essential needs of citizens in our County. While I am confident the Pandemic will pass in time, I do believe the strong bonds formed during this critical time in our history will transcend time and will provide a pillar of strength in our working relationships in the future.

#### **FY 2020-2021 Budget**

In accordance with N.C. General Statute 159-9, the County Manager serves as the Budget Officer for the County. We began our “normal” budgeting process with a budget kickoff meeting in January. Budgets were received in my office by March 06, 2020. My budget team and I reviewed the requested budgets, and we began face-to-face meetings with several department heads. Soon, however, we moved to a different platform wherein we held virtual meetings. While this was “out of our norm” for budget deliberations, everything ran very smoothly thanks to the technology the County has in place.

The development of an annual budget during the COVID-19 Pandemic has been a daunting feat especially in terms of forecasting revenues. It has been my practice to propose annual budgets with conservative revenue projections. The revenue projections for the upcoming fiscal year are recommended with minimal increases in most areas and in some cases significant reductions due to market volatility in the current fiscal climate. At the writing of this message unemployment data is available through March (March, data 4.3%). The April unemployment rate is anticipated to increase. Current housing data available on Redfin, Zillow and *Metrostudy* continues to reflect market strength. We will continue to closely monitor the above.

While the strategies instituted during the “Great Recession” beginning back in the year 2008 are not exactly the *play book* for the current state of things, I will say we have employed similar cost saving measures during the COVID-19 Pandemic. For example, over the last three months, staff positions have been frozen unless essential to operations. Capital spending has also been suspended unless deemed essential. Travel and Training expenditures have been minimal during this timeframe. The above measures, while implemented during the last quarter of the fiscal year, will pave the way for the new fiscal year as we will continue to be extremely cautious with both spending and the monitoring of revenues.

At the writing of this message, our Finance Director, Jamie Holtzman is evaluating funding sources to assist the County as we continue to navigate the challenges, costs and impacts associated with the Pandemic. The Office of State Budget & Management has provided information on funding available through the Coronavirus Relief Fund (CRF). NCPRO (the North Carolina Pandemic Recovery Office) has been set up to assist counties as they develop plans for the use of the funds.

### *Fiscal Performance*

The County has a history of positive revenue performance and often the appropriated fund balance is not fully utilized at year end. We are not projecting to use the full amount of the fund balance appropriated in the current fiscal year since revenues are outperforming the budgeted amounts by an estimated \$545,000 and expenditures are projected to come in under budget by over \$1.1 million.

During the current fiscal year, the County had an opportunity to save money on a Bond Refunding (estimated savings over \$1,000,000 during the next ten years). Fitch assigned an AA+ rating to the \$10.2 million general obligation (GO) refunding bonds, series. “In addition, Fitch affirmed the following ratings as AA+: Franklin County’s Issuer Default Ratings (IDR); \$31.93 million outstanding GO bonds”. Source: January 09, 2020 Fitch Ratings.

Standard & Poor's (S & P) upgraded the County's rating to AA and Moody's affirmed the County's AA+ rating. Additionally, Franklin County has received the prestigious Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association again this past year mark *twenty-one years consecutively* the County has been recognized.

### **FY 2020-2021 Budget Highlights**

It is my duty and privilege to present the proposed budget for the 2020-2021 fiscal year. An electronic portal has been set up for the third consecutive year on the County's website ([www.franklincountync.us](http://www.franklincountync.us)) for public comment on the proposed budget for FY 2020-2021.

#### *"Holding the Line" on Spending*

The Board had a "*no tax increase*" goal again this year. My proposed General Fund budget does not propose a tax increase. In fact, my proposed budget is \$88,899,961 a decrease of \$746,192 compared to the 2019-2020 budget of \$89,646,153. Fund Balance in the amount of \$4,486,869 is appropriated to balance the proposed budget. This represents an increase of \$162,404 from fund balance when compared to the current fiscal year's appropriation. It is my recommendation to move away from a significant fund balance appropriation in future budgets. Future meetings should address how to accomplish this objective.

"*Unassigned*" fund balance is projected at 22.16 % effective June 30, 2020. The Board approved a Fund Balance Policy in November 2019 which established an 18% Fund Balance goal. Additionally, a Debt Management Policy was adopted. Both instruments serve as tools in the Board's financial decision making.

The ad valorem tax rate for FY 2020-2021 remains at 80.50 cents per \$100 valuation, as in the current fiscal year. A penny on the tax rate is equivalent to \$602,684.

What makes up the decrease in the proposed budget when compared to the current fiscal year? The following represents the major changes:

- Debt service payments – reduction of \$498,448.
- No Transfer from the General Fund to the Solid Waste Fund planned for FY 2020-2021 year. Approximately, \$412,364 budgeted in 2019-2020. Reductions in the budget coupled with a Solid Waste fee change will eliminate the General Fund contribution. The Solid Waste Fund, as an Enterprise Fund should be self-sustaining as recommended by the County's auditors. In addition, Solid Waste will likely have

additional expenses soon in meeting the regulatory requirements for post-closure of a landfill.

- Substantial investments in Technology/Software were made to protect the County's data in the current year. They were one-time expenses and as such are not included in the proposal for FY 2020-2021. In addition, one-time expenses have been incurred in the current fiscal year for Finance software and Permitting software for the Inspections Department. Collectively, the above represents over \$350,000 in expenditures which are not included in my proposed budget for FY 2020-2021.
- No additional financing of Vehicles/Ambulances.
- No costs associated with the Fleming Forest Subdivision Rd. project in FY 2020-2021, representing a savings of \$229,215.

Property Taxes and Sales Tax are the two key sources of revenues in the budget exclusive of fees and charges. The Tax Administrator has established a fiscal year 2020-2021 assessed tax base at \$6,181,377,673 billion representing a 5.1% *increase* over the current fiscal year's budget. The proposed budget is based on an anticipated 97.5% collection rate which is a more conservative and lower rate than the 98.4% audited rate in the 2018-2019 fiscal year. In years past, we have used the audited tax collection rate when projecting ad valorem tax collections. We are being more conservative due to the current economic environment. Still, ad valorem tax revenue is projected to *increase* by \$1,785,022. Sales Tax is estimated at \$9,947,190, a \$458,873 *reduction* from the current fiscal year's budget; this projection represents a 5.6% reduction from the current year's projection of \$10,508,014.

#### *Public Schools*

Education remains one of the Board of Commissioner's top priorities. Our public schools have *no low performing schools* according to the State's accountability measures. The Cohort Graduation Rate (includes Early College High School) stood at 84.5% in 2019. The Board is requested to provide *full funding* for the *fourth* consecutive year to support the Board of Education's requests for Current Expense and Capital Expense in FY 2020-2021. My recommendation represents the *largest investment in Current Expense for Education on record*. In the fall of 2019, the Franklin County Board of Commissioners were once again recognized by the North Carolina Board of Education for its exemplary commitment to public Education. This is the second award received over the last three years. The award is given annually to a single Board of County Commissioners statewide.

It should be noted funding provided to charter schools has steadily increased over the last several years. The following is lifted directly from the Public School's budget request to the Board of Commissioners "*For the 2020-2021 school year, we anticipate that pass*

*through funding levels for charter from our local budget will increase by \$422,228 for a total pass-through of \$3,742,328 of local funds going directly to charter schools.”*

Additional educational opportunities will be made available for increased enrollment in the Early College High School program beginning in the fall. The Board is expected to enter into an agreement with Vance-Granville Community College to move the current Early College High School program out of the modular units adjacent to the College and onto the campus proper. In exchange, the College will temporarily occupy the modular unit as capital planning is undertaken for additional building space on Franklin County’s satellite campus. This move will afford more students to enroll; currently only fifty percent of those desiring to enter in the ECHS program are considered due to space constraints.

2020-2021 Current Expense requested:       \$21,192,936  
2020-2021 Current Expense recommended:   \$21,192,936

The recommended Current Expense amount is the largest investment on record, representing an *increase of \$843,105* from the current year amount of \$20,349,831.

2020-2021 Capital Outlay requested         \$1,000,000  
2020-2021 Capital Outlay recommended     \$1,000,000

The requested/recommended amount represents a decrease of \$1,000,000 compared to the current year Capital Outlay allocation of \$2,000,000

*Vance-Granville Community College*

VGCC has requested level funding in Operational Expenses for Capital in the upcoming fiscal year. The Manager’s recommendation is to maintain level funding \$369,168 and \$20,000 respectively. As mentioned above, planning for new construction on our VGCC satellite campus will be a focus over the next five years. It is my recommendation for the Board of County Commissioners and Board of Trustees with Vance-Granville Community College to meet at least semi-annually to discuss both capital and program expansion opportunities.

*Health & Human Services*

Health Director, Scott LaVigne and Interim EMS Director, Jeff Bright joined forces to provide leadership for our Emergency Operations Center during the COVID-19 Pandemic. They have been joined by key leaders in the County and staff with additional responsibilities over and above their normal workloads. Gratitude is extended to those mentioned above during this extended public health crisis. I can’t express how humbling

it has been to witness these professionals at work, some working while dealing with the loss of someone near to them due to the corona virus.

Maria Parham Franklin, DLP opened the Emergency Department in October 2018 followed by the opening of the Geriatric Behavioral Health unit, a thirteen-bed facility. In February 2019, a multispecialty clinic opened adjacent to the hospital. During the current fiscal year, Maria Parham Franklin, DLP completed a new 20 bed behavioral health unit serving patients under fifty-five in age. Construction projects associated with Golden Leaf and Commerce grants were also completed. Golden Leaf and the Department of Commerce grant funding provided over \$1,000,000 in support for improvements made at Maria Parham Franklin over the last couple of years. The County has maintained its commitment to apply for grants to support medical care at the hospital.

The County's Community Paramedic Program continues to thrive and the one staff member in the program has served forty-one new clients, fielded two hundred eighty-nine calls and has had two hundred ten successful diversions (individuals did not need to go to the Emergency Department or hospitalization) this fiscal year.

The Stepping Up Initiative continues to prove successful and is recommended for continued County support. Stepping Up serves the mentally ill in our jail with the goal of jail diversion after services are rendered.

#### *Personnel*

The proposed budget does not fully reflect the staff needs as requested and justified by department heads. Department heads presented requests for staffing that could not be recommended due to funding. Of the thirteen new full-time positions requested in the General Fund at an estimated costs \$990,000 and one part-time moving to fulltime, only four positions are being recommended at a cost of approximately \$212,000. They are as follows:

- (1) School Resource Officer (SRO) – no longer covered by the Town of Youngsville; position is recommended to begin July 2020
- (1) Public Health Nurse, PHN-I in the Communicable Disease Clinic (and other clinics as needed) to begin in July 2020
- (1) Community Paramedic – recommended to begin in January 2021
- (1) Fire Marshal – recommended to begin in January 2021

During the current fiscal year, a *Compensation & Classification Study* was completed with options for implementation ranging from \$600,000 to \$1,800,000 – *this amount is without benefits*. Due to the current economic climate, it is my recommendation to delay implementation of any option in the Study until FY 2021-2022 if feasible. A two percent

cost of living (COLA) for employees is proposed beginning in January 2021 at an estimated cost of approximately \$342,000 for staff funded through the General Fund and Enterprise Funds.

Additional funding to meet the *mandated increase* in the County's match in the Local Government Retirement System is included with a net impact of approximately \$323,213. This amount includes the additional positions recommended.

Teleworking has become necessary in county government since the onset of the COVID-19 Pandemic. My administrative team and I will continue to evaluate the effectiveness of this arrangement both in terms of cost and productivity and will adjust as we move in to the "new norm."

### *Capital*

My budget proposal is extremely lean with respect to Capital acquisition. While the County has made progress in capital acquisition over the last several years, funding is insufficient to recommend additional capital in the upcoming year.

Capital requests: \$1,809,569 (vehicles, two ambulances, a tractor)

Capital recommended: \$44,193 for a QRV – Quick Response Vehicle

### **2020-2021 - Major Initiatives**

- Complete the evaluation of existing facilities and develop architectural plans in support of moving forward with a new County Government Complex.
- A Water Study is being conducted by MBD Engineers; the Board is seeking reliable, long-term, options for an additional water supply
- Continue the development of the Master Layout Plan for Triangle North Executive Airport. The Master MLP will provide a blueprint or framework for the future development of the Airport and is necessary to receive additional funding. Completion of the Plan should be in 2021.

*As a reminder, grant funding in the amount of approximately \$410,948 was made available in the FY 2018-2019 for the Master Layout Plan. During this same fiscal year, approximately \$1.5 million was awarded for an Airport Lighting Rehabilitation project and \$275,000 for an Airport Pavement Maintenance Project.*

- Complete the Full Pavement Rehabilitation Design/Bid project utilizing a recently awarded \$513,000 grant.
- Update the Unified Development Ordinance to meet the statutory requirement. The estimated cost of the UDO update is \$125,000. The last full update was completed in

2001; this work will be done coincidental with the County's *Comprehensive Development Plan* which is expected to be adopted prior to the end of the current fiscal year.

- Broadband – Funding is provided in the upcoming budget for the contract with Open Broadband, LLC to deploy services. Reminder: Franklin county is working with Vance and Granville Counties in a regional effort to develop strategic plans for broadband services.
- Implementation of a new Maintenance Work Order System
- PARTF Application (Parks & Recreation Trust Funds) for Phase II of Owens Park
- Reorganization of Emergency Services, to include the addition of a Fire Marshal.
- Countywide Bike/Pedestrian Plan
- Epsom Park Plan – funding is set aside for the initial planning of the Epsom Park design (\$20,000)

Note: major accomplishments/initiatives underway in the current fiscal year will be discussed with the Board during its budget meeting scheduled for May 21, 2020. I believe it is important to reflect on the above as it provides a meaningful transition to the discussions about future planning efforts as outlined in the proposed budget.

#### *Fire Tax*

A fire tax increase has been requested and is recommended for Central, Franklinton, Bunn, White Level and Epsom Fire Departments. Central's current rate is 8.50 and is recommended to increase to 8.75. Franklinton's rate is 6.25 and is recommended to increase to 7.00. Bunn's rate is 6.60 and is recommended to increase to 7.50. White Level's rate is currently 7.50 and is recommended to increase to 8.75. Epsom's rate is 8.25 and is recommended to increase to 9.40. All other departments remain the same as in the current year.

#### *Enterprise Funds*

##### *Public Utilities*

No Water & Sewer rate changes are being recommended. Once the COVID-19 restrictions associated with Executive Order 124 are set to expire, late fee changes are recommended to increase to \$10.00 (\$7.50 current) in the new fiscal year. Fees associated with FOG Program – Fats, Oils, Grease program are recommended to increase to \$12.00 (currently \$10.00). Four additional staff are recommended in this department – a heavy equipment operator, an industrial electrician and two utility maintenance workers.

The key initiative as stated previously in the upcoming fiscal year is the *Water Supply Study*. It is currently underway to identify long-term, sustainable water supply options for the Board's consideration. The final report will serve as a valuable tool for decision making. A long-term, affordable source of water is critical for sustaining the growth pattern Franklin County has experienced in the past several years. It is even more critical if a more enhanced pattern of growth is desired.

Our Public Utilities Director, Chris Doherty reports his customer count increased by 591 accounts during the period July 2019 to the April billing cycle. Mr. Doherty has indicated with this trajectory in growth, he anticipates 709 new accounts by year end.

A detailed listing of successfully completed Public Utility projects, purchases and facility improvements will be provided to the Board during its budget meeting set for May 21, 2020.

### ***Solid Waste***

As recommended by the County's auditors, the Solid Waste Department should generate fees to cover costs and to eliminate the dependency on the General Fund. The Solid Waste Availability fee is recommended to increase from the current level of \$90.00 to \$100.00 per household. No other fee changes are recommended. Recycling costs continue to rise and are reflected in the proposal. It is my recommendation the Board and staff have additional conversation about recycling in the upcoming year. It is also suggested the Board focus on two specific areas in the upcoming fiscal year - the costs associated with the post-closure of the landfill to meet regulatory requirements and the need for updated facilities.

***Note: As pointed out by the County's auditors, once the post-closure costs are calculated (known to the County) the County must reflect this liability on its books.***

### **Summary**

It is truly my honor to present my budget proposal for FY 2020-2021. I appreciate the effort each department head and staff put forth in preparing budgets outlining much needed personnel and capital. Due to the uncertainty of the fiscal climate we are currently in, funding is limited for expansion with regards to personnel and capital. However, if the economic picture improves and sustains in a positive manner, I would respectfully request an opportunity to revisit the topic of unmet personnel and capital needs with the Board.

I sincerely appreciate the assistance of my core budget team and support staff. A special "thank you" is extended to Ms. Kim Denton (Assistant County Manager), Ms. Jamie

Holtzman (Finance Director), Ms. Mattie May (Deputy Finance Director), Ms. Kelly Faulkner (Human Resources Director), Mr. Coy Floyd (IT Director), Ms. Ada Pitt (Assistant to the County Manager) and Ms. Kristen G. King (Clerk to the Board). Despite the challenges associated with COVID-19, our team has maintained a “can do” demeanor throughout the budgetary process.

I would be remiss if I failed to note most of the individuals named above have spent countless hours joining me daily/weekly at the Emergency Operations Center or on conference calls with the EOC team, conference calls with Federal & State officials, the leadership of the North Carolina County Commissioners Association, UNC School of Government professionals, FEMA representatives, etc., while *also* keeping current with COVID-19 blogs, an inordinate number of COVID-19 emails and participating in numerous webinars. Lastly, they continued to perform their daily tasks and managed to take great care of each other. I sincerely enjoyed the many hours spent in financial planning and budget development with my team.

I will point out a note of trivia. The “big book” which includes the detailed departmental requests weighs in at 14.2 lbs. It represents substantial work performed by our department heads and their respective staff. A copy is available for the Board’s review if requested. The summary document is provided for budget discussions.

Another note of interest - this is the thirteenth budget proposal I have presented. Under the guidance of the Board, ten of my proposals have had “*no tax increase*” recommended (see Budget Messages for fiscal years: 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2016-2017, 2017-2018, and 2020-2021). Two included a tax increase (See Budget Messages for FY 2015-2016 and FY 2019-2020) and one recommended a tax rate decrease from current year but was higher than revenue neutral (May 15, 2018 proposal.) We have managed during periods of unprecedented growth, the *Great Recession* and now a global Pandemic, COVID-19. My leadership team has demonstrated a high level of resiliency throughout the hard times, the good times and has worked tirelessly to achieve the Board of Commissioner’s goals each fiscal year.

I look forward to further discussions with the Board on my proposed FY 2020-2021 Budget. I sincerely appreciate the Board’s consideration of my proposal. Thank you.

With warm regards,



Angela L. Harris  
County Manager