



County Manager's Budget Message:

FY2019-2020

Compliance:

Please find attached the Montgomery County Budget Ordinance and Fee Schedule prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act and General Statute 153A-82. The proposed budget is balanced with a property tax rate of sixty-two (62) cents per one hundred (100) dollars of property value, which reflects the same property tax rate as the current year budget.

Mission:

The Board of Commissioners has challenged the County with a mission of revitalization, development, and growth. The framework for that prosperity is focused on three complementary pillars: improvements in education, infrastructure, and transportation. Improvements in those areas will enhance the lives of current residents and support existing businesses. They will also aid the effort to capitalize on the most promising short term prospect for new growth in our County: residential development. While the long range goal is for business development and job creation to happen here, within the borders of the County, the first steps toward that loftier goal is to make Montgomery County attractive as a residential bedroom community for one of the fastest growing metropolitan areas in the country.

Looking westward, the 485 outer loop for Charlotte is 36 miles from Montgomery County and the population around the Country's 23rd largest metropolitan area continues to expand at a rapid rate. The Charlotte metro area has grown 16 percent in the last eight years. The growth is certainly heading our way! Indicative of that movement, Stanly County's population has grown 3 percent in the last two years. Our County Commissioners are working to accelerate the pace of the eastward growth progression by supporting improvements in education, infrastructure, and transportation within the County.

Montgomery County currently has a relatively restricted labor pool, and workforce is the single most important factor for businesses looking to relocate or expand. With a current population of approximately 27,000 residents and a workforce currently around 10,000, the likelihood of attracting new businesses to the County is relatively slim. Given these limitations, the County's job is to try and build a better, more populous and more qualified, workforce. Once

established, businesses will certainly look to our County as a place to expand or relocate in order to capture that workforce.

To get the workforce numbers desired, the County must capitalize on its proximity to the Charlotte metro area. Rising home costs, increased further by impact fees, and the limited availability of product has pushed the Charlotte commuter population outward. Montgomery County must make itself attractive to this workforce population. In order to do so, the Board of Commissioners has prioritized the three factors which promote residential growth and capture the interest of commuter buyers: education, transportation, and infrastructure.

Education:

Over thirty percent of the County budget is expended on education. Montgomery County schools and Montgomery Community College have partnered well on the most ambitious project in the history of the County. The upcoming fiscal year will see the completion of the new central high school and the innovative grades 9-14 Career and Technical Education facility. The central campus concept is aimed at streamlining education, maximizing existing College facilities, and creating educational pathways for all students to succeed. In particular, the campus and the collaboration is aimed at allowing students to receive state-of-the-art and industry standard training, so our best and brightest students will compete on-par with the strongest school systems in the State.

The cost of the project is \$78 million and remains within budget. In addition, due to prioritization of capital projects and sound fiscal management, the County's loan amount for the new facilities will be considerably less than the construction costs, at approximately \$68 million. The revenue streams are secure to handle the new debt service beginning in fiscal year 2021. Expectations are high for our educators to use the new facilities to challenge student potential and prepare them for the workforce or higher education opportunities.

In addition to the new high school/college facilities, the County has increased funding over the last seven years to maintain our other school properties. Approximately \$4.3 million additional dollars have been made available to Montgomery County Schools and Montgomery Community College since 2012 to repair and renovate buildings. This was accomplished by dedicating the proceeds of 1 cent of the County's ad valorem tax to that purpose, as well as the entirety of the Article 46 sales tax collections.

Transportation:

Coinciding with the completion of the new central education campus, the 4-lane bypass which will be utilized to access the facilities will be completed and opened during the upcoming fiscal year. This initiative was championed by the Board of Commissioners and triggered the larger transportation project of a new 4-lane superstreet from Troy to Albemarle. Progress on this connectivity corridor with the Charlotte metro area has already generated interest with residential developers, and County staff from Planning/Zoning and Public Utilities are working with engineers and County officials to address the utility and permitting needs to harmoniously accommodate growth and development.

Infrastructure:

In addition to the water and sewer infrastructure that is needed for residential development, the County has, for many years, championed the broadband initiative on a state level in order to bring high quality, high speed broadband access to the County. Broadband access is critical for business and residential development. County officials have repeatedly discussed improvements with existing internet providers, but the economics of their business models restrict investment in small, widely dispersed markets like Montgomery County. As this is a common problem state-wide for rural counties, the focus of our efforts has been at a state-level. Fortunately, the Governor and the Secretary of Commerce have both prioritized this initiative, and the expectation is for changes to the communications delivery model to entice providers to make the necessary infrastructure improvements.

FY2020 Budget Highlights:

The upcoming fiscal year budget continues a strong commitment to the priorities laid out by the Board of Commissioners. The County will fund supplements for public school teachers and will also provide the funds to cover the upfront personnel costs associated with hiring of College employees needed to provide instruction in the new Career and Technical Education campus. In total, the additional expenses for education for the upcoming year will be approximately \$450,000.

The County will also continue its investment in County facilities, economic development projects, and community improvement projects. The budget includes approximately \$280,000 for the construction of a central food pantry and \$450,000 allocation for facility and development improvement projects.

The allocation for fire protection services has also increased for the upcoming year. Montgomery County is fortunate to have a cadre of dedicated individuals who serve as volunteers in our ten fire department districts. Volunteers responded to over 1700 calls last year, including 354 first responder calls, 184 mutual aid support calls, and 88 residential fire calls. The County has funded nine new fire trucks over as many years. The allocation for the upcoming year is \$650,000. These funds will be used for the purchase of trucks and equipment.

County employees will receive a cost of living pay increase equivalent to \$1000 or 2%. Montgomery County government salaries are among the lowest in the State, but the Board of Commissioners has steadily worked in an effort to close the gap to retain and recruit qualified employees. Additional adjustments have been made for social worker positions, continuing a multi-year plan to fill critical positions in adult and child welfare protection services. Overtime compensation is allocated for positions in the 911 center, detention center, and for water plant operators. These positions require state-level certified employees in departments mandated for around-the-clock staffing. The County wishes to fully compensate employees who volunteer for shifts above and beyond working their regularly scheduled hours. No additional staff positions are being requested in this year's budget.

Economic Outlook:

Montgomery County is experiencing moderate growth. New development and business investment, coupled with strong sales tax receipts, equates to a two percent gain in ad valorem and tax receipt collections. Diminishing debt service and increases in intergovernmental revenue have also aided the economic outlook for the upcoming fiscal year. Overall, the budget (revenue and expenditures) will increase by two percent. The economic forecast is for continued small gains while our investments in education, transportation, and infrastructure come to fruition. With continued advancements in these areas, and the continued progression of urban repopulation, the long range forecast is positive for population growth and business development.

Conclusion:

The Board of Commissioners is optimistic for the future prosperity of the County and feel that the emphasis on education, transportation, and infrastructure will pay dividends worthy of the investment. Commissioners encourage residents to support these efforts and to contact our State legislators with expressions of support for initiatives aimed to assist rural counties. Of particular importance in the current legislative session is broadband access, water/sewer capital grants, and funds for school capital projects.

Two public hearings will be conducted to receive public input on the FY2020 budget. The final hearing on June 18, 2019 will be followed by a vote to adopt the upcoming fiscal year budget ordinance.

Signed,

Matthew M. Woodard
County Manager