

Cleveland County Manager's Budget Message Fiscal Year 2017-2018



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To the Cleveland County Board of Commissioners:

It is my privilege to present the proposed fiscal year 2017-2018 budget for Cleveland County, North Carolina. The budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act and General Statute 153A-82. The budget was developed under the guidance of the strategic goals and priorities set by the Cleveland County Board of County Commissioners at their worksession on January 30, 2017. The goals provide the foundation upon which the budget is built.

GENERAL FUND BUDGET

This budget is balanced with a flat property tax rate of 57 cents per \$100 of property valuation. In 2016, Cleveland County completed a mandatory revaluation of all real property for the first time in eight years. Cleveland County continues to recover from the 3.6% net decrease in assessed value due to the revaluation. The budget includes a marginal tax base growth in real property which will generate approximately \$725,000. I have budgeted a tax collection rate of 98%.

Cleveland County has experienced substantial growth in sales tax revenue over the past several years primarily due to state legislation changes in what items and services are taxed, continued Economic Development Industry growth, and a continued uptick in retail sales activity. In the proposed 2017-2018 budget, sales tax distributions will be budgeted at a more steady growth rate of 2% (\$200,000).

This year's budget includes a 10% increase in occupancy tax. Cleveland County is continuing to grow its reputation be seen as a destination location with venues such as the Earl Scruggs Center, Don Gibson Theater, Legrand Center and Foothills Public Shooting Complex, and events like the American Legion World Series.

Also, included in this year's budget is a \$100,000 increase in investment income. The Finance Department has developed a team to review the county's investments on a monthly basis. Creation of this Investment Team along with more favorable investment rates has proved to be extremely beneficial to Cleveland County's financial portfolio.



VOLUNTEER FIRE SERVICE DISTRICTS

A top priority for County Commissioners continues to be, **“Maintain Support for County Volunteer Fire Departments and explore additional ways to increase county assistance.”** In FY 15-16, a Cleveland County Fire Strategic Plan was completed, led by the NC Office of State Fire Marshall. Eighteen recommendations were identified. Over the last year, County staff has worked with the County Fire Service District to review and prioritize the recommendations from the Strategic Plan. The following recommendations will be addressed in this year’s budget:

Funding of Fire Protection Services: At \$.05 Cleveland County’s fire tax rate is lower than adjoining counties. This year’s budget includes a 3.75 cent tax increase for County Fire Service Districts which was approved by the board at your May 2nd meeting. The primary impact of this increase will be for all departments to provide paid personnel at the departments during weekdays, when the vast majority of volunteers are away supporting their families.

Consolidated District- Fallston Fire Department has requested join the County Fire Service District. If approved, the County Fire Service District will become a ten member district. The remaining two Fire Districts (Lattimore, Rippy) will remain as their own taxing district. In order to implement the paid staffing model, they are also requesting the 3.75 cent fire tax increase.



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PERMIT FEES

The fiscal year 2017-18 includes revenues of fees and charges in three areas of note:

- (1) Building Inspection** permit fees have not been increased in Cleveland County since 2008. In the annual review of inspection fees, it came to my attention that the permits being issued for Solar Farm Development in Cleveland County were substantially less than the cost incurred by County staff and not in line with current market costs. I am suggesting a modified billing model specific to Solar Farms. The recommendation is as follows:

Commercial: \$50 per trip

PUBLIC SCHOOLS

The County Schools tax rate will remain at 15 cents per \$100 of property valuation. The county allocation to Cleveland County Schools totals \$28,383,000. The per-pupil funding for FY 17-18 includes a minor increase to \$1,923. Capital outlay will remain at \$2,850,000. Included in this year’s budget is a marginal increase in the Local Operational Appropriation. The increase in local operational allocation will be used for the creation of a Machining/Robotics Dual Tract Program at Cleveland County Early College High School.

Property Tax Revenue (15 cent tax rate)	\$ 11,733,000
Sales Tax Revenue	\$ 3,700,000
Local Operational Appropriation	\$ 10,100,000
Local Capital Appropriation	\$ 1,400,000
Sales Tax Capital Appropriation	\$ 1,450,000
Total	\$ 28,383,000



COMMISSIONERS STRATEGIC GOALS

During the budget process, resources were allocated based on the vision of the Board through the County Commissioners Strategic Goals and Focus Areas. The strategic goals are broken down under four focus areas; Economic Development, Public Safety, Community Education & Customer Service Outreach, and Fiscal Sustainability.

FOCUS AREA: COMMUNITY EDUCATION AND CUSTOMER SERVICE OUTREACH

“Work with the Board of Health to determine ways of improving the overall health of our community”. According to the Robert Wood Johnson Foundation, Cleveland County has historically ranked in the bottom 20th percent of all North Carolina counties in overall community health. In 2016, Cleveland County along with Partners Behavioral Health and Cleveland County Schools began an initiative, Partnering for Community Prosperity, to review how social determinants have an effect on community health in Cleveland County. The Partnering for Community Prosperity program focuses on West Shelby and the Graham School community, which is an area of high poverty and unemployment.

As part of the FY 17-18 budget planning the Board identified the community health rankings as a strategic goal priority. During that meeting and a subsequent meeting, Commissioners asked staff to develop some recommendations of how Cleveland County could assist the Partnering for Community Prosperity program to help improve our health ranking. Included in this year’s budget is a three-year pilot program to include: On-site

nutrition counseling and on-site telemedicine at Graham School and a dedicated free transportation route for West Shelby. The total project cost is estimated at \$100,000. Cleveland County has secured \$50,000 in funding and continues to work toward finding an additional \$50,000 in grant funding for this project. This three year program emphasizes community collaboration and partnerships to include our local hospital and Transportation Authority.

“Continue to study availability of youth programs include life coaching, career assistance and lifestyle education to provide opportunities for become successful, productive adults”.

Commissioners are committed to providing youth and recreational opportunities for the children of County. Included in this year’s budget is a \$60,000 for renovations to the Polkville Park, which serves



to healthy youth to programs Cleveland allocation the

citizens of Upper Cleveland County. Also included in the budget are three recreation grants- the Town of Polkville, the Town of Boiling Springs and the City of Shelby. Funding for these grants will be allocated from the Behavioral Health Fund Balance. Grants are to be used to build ADA accessible playgrounds in these communities.

FOCUS AREA: PUBLIC SAFETY

“Encourage Animal Control to find alternative ways of reducing unwanted births of animals”. In 2016, Cleveland County Animal Control worked with Target Zero, a national organization specializing in animal welfare, to review the Animal Shelter policies and provide Best Practice recommendations in an effort work towards a goal of creating a no-kill shelter in Cleveland County. Included in the FY 17-18 recommended budget is a budgeted allocation up to \$175,000 to allow the Cleveland County Public Health Center to partner with a local non-profit organization that would operate the County’s first low cost spay neuter clinic. As part of this project, I am also recommending a 24-month moratorium on the Animal Control Licensing/Registration Fee program, which Commissioners approved last year to begin in July, 2017.

FOCUS AREA: ECONOMIC DEVELOPMENT

Cleveland County continues to see the importance of Economic Development and the recruitment and retention of industry in Cleveland County. Cleveland County will be extremely busy over the next year with the build out of the Washburn Switch Industrial Park in preparation for the \$330 Million expansion of Clearwater Paper.

Workforce Development has become a concern of existing industries throughout Cleveland County over the last two years. Through the Cleveland County Economic Development Partnership, Cleveland County will continue to intensify its focus on workforce development efforts. Included in this years budget is a continued \$225,000 allocation for workforce development as well as \$45,000 in grants for students to attend the Machining/Robotics programs at Cleveland Community College. Staff will continue to emphasize marketing of these career opportunities with creative approached through ongoing discussions with our community college.

FOCUS AREA: FISCAL SUSTAINABILITY

When I began with Cleveland County in 2013, the County's fund balance was 14.6%. It has been a continued goal of the County Commissioners to increase the County's Fund Balance to between 18-20%. Cleveland County's fund balance percentage will continue to show positive growth and is projected to be approximately 18.4% going into the FY 17-18 budget year.

Commissioners continue to make the employees of Cleveland County a high priority. The Strategic Goals for FY 17-18 include, **"Review the Pay and Classification Study to determine the best option to create a sustainable Cleveland County Employee Pay Plan."** Upon completion, expected in the first quarter of the fiscal year, the pay and classification study will be reviewed by Commissioners and a strategy for affordable implementation will be identified.

I am pleased that this budget includes the following pay consideration for all county employees, effective July 1st:

- CPI Inflation Adjustment (1.7%)
- 1.3 % COLA

Employee benefit enhancements include:

- Creation of a voluntary case management program for county employees to assist with control of chronic illness. Approximately 175 employees have signed up for this individualized coaching.
- At your worksession in January, you approved to continue the corporate wellness partnership with the YMCA, which affords employees heavy discounted memberships and also manages the County's Diabetes Prevention Program.

COUNTY DEPARTMENT OPERATIONS HIGHLIGHTS

After three consecutive years of an overall decrease in county funding in the *Department of Social Services*, the

Annual Budget for Fiscal Year 2017-2018

FY 17-18 budget includes a flat operational subsidy. Included in this year's budget is one additional FTE in the Child Protective Services division due to the heavy caseload among social workers in this area. The cost for this position is shared with the State of North Carolina.

The **Public Health Center** budget reflects a total county appropriation of \$3,166,215. Cleveland County has been able to lower the local subsidy, for the second year in a row, to the Public Health Center by the increasing indirect cost reimbursement and by a Medicaid cost settlement fund balance drawdown.

The **Emergency Medical Services (EMS) Department** budget for FY 17-18 is \$6,542,871. In the FY 16-17 budget year, Cleveland County created a Central Collections Division to manage EMS billing internally. The Central Collections division began operating mid-year. In FY 17-18, staff will monitor the success of this program and report back to the Board. The purchase of two ambulances is included in the FY 17-18 budget.

The **Sheriff's Office** budget reflects a total appropriation of \$13,348,918, which represents a 7.3% increase over last year. Included in this budget is the addition of 14 new Sheriff's vehicles to replace current high mileage vehicles. Late in FY 16-17, Cleveland County added four officers in the Detention Center to better align the officer to inmate ratio with peer counties. The first years cost of the addition of these officers will be included in the FY 17-18 budget. Also included in the Sheriff's Office budget is an additional vehicle in the Detention Center to be used for prisoner transport as well as several equipment allocations including: year two of a lease for body camera's and tasers and upgraded security equipment and x-ray machines for the courthouse. Lastly, new AV equipment will be purchased and used for video conferencing between the jail and the courthouse.



The **911 Communications Center** has partnered with the City of Shelby, through a Memorandum of Understanding, for the Shelby Communications Center to be used as a back-up site should the primary 911 location require evacuation or experience an event that disables the call center. Included in this budget is year one of a three year lease for new E-911 equipment (\$113,659). This equipment will be placed in the county's 911 Communications Center as well as used at the backup Primary Service Answering Point (PSAP) location. This project will be paid for with State 911 dollars.

As technology continues to play a vital role in the operations of County Government, Cleveland County is continuing to see the need for additional **Information Technology** support. Included in this year's budget is one

additional position in Information Technology. This position will focus on the technology needs in the area of Public Safety, with a heavy emphasis on officer body camera maintenance and operations.

The **Human Resources Department** continues to work to support an atmosphere that promotes Employee Wellness. Across the country, employers are seeing an average of 11% rate increases for Health Insurance. Included in the budget is a modest 4.8% increase in the County's self-insured health fund. This remarkably low rate increase is due, in part, to the commitment of our employees to wellness through programs such as health coaching, pre-diabetes classes, nutrition counseling and ongoing exercise programs such as the Cleveland Cup.

Capital Projects

This budget addresses several capital projects which are in addition to those included in the Strategic Goals. These projects are summarized as follows:

- Airport Partnership- Cleveland County will continue the successful partnership with the City of Shelby by earmarking \$50,000 in the budget for capital projects needed at the airport.
- In the budget, I have included \$665,000 for future capital projects. This allocation is the third year of a multi-year approach to put the county in a better financial position to complete several capital projects in the near future. Some of the capital projects that will be completed in this year's budget include: wiring for the Law Enforcement Center, the addition of a pavilion at the Foothills Public Shooting Complex and roof upgrades to the Law Enforcement Center and DSS.

Conclusion

I would like to conclude by focusing on three areas that drive our organization's success:

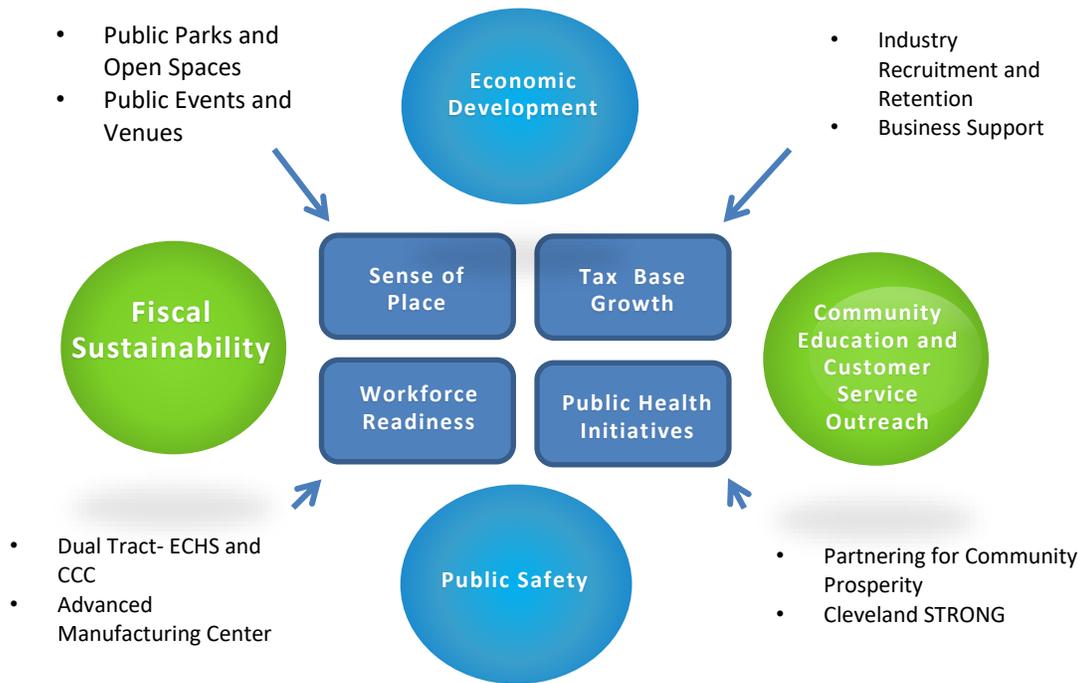
- Emphasis of Strategic Planning
- Commitment to High Performance Organizational (HPO) management principles
- Continued development of our organizational culture, Cleveland **STRONG**.

Strategic Planning:

The Cleveland County Commissioners, with the assistance of senior staff, do an admirable job each January of investing time to jointly identify its most pressing goals for the coming budget year. This past January was no exception. With the help of outside professionals from the Association of County Commissioners, the Board dedicated time to explore key areas of county spending, coupled with peer county performance metrics, in order to identify areas of concern and improvement for the coming year. The Board's key areas of emphasis, under the

focus areas (Fiscal Sustainability, Economic Development, Community Education and Customer Service Outreach and Public Safety) were identified as:

- Continued emphasis of strategic tax base growth with industry and business support.
- Continued collaborative effort in all areas of the County to invest in recreation and public events emphasizing Cleveland County’s sense of place.
- Continued collaborative effort in workforce readiness investment to better prepare our county for today’s available jobs and those jobs of the future.
- Heightened intensity and creativity to improve the health of the county’s citizens through Public Health Initiatives.



High Performance Management:

As I approach the end of my fourth budget, I am extremely satisfied with the organization’s overall progress to date. Dedicated effort and priority from our staff in the Finance Department has yielded significant operational re-engineering savings over the past two budgets, which total \$1,120,000 respectfully. For the third year in a row, as part of the budget balancing strategy, staff has identified re-engineering savings of over one-half million in recurring savings to the County (\$544,000 projected in FY 17-18). Senior staff across all departments has seen our re-engineering practices and realize that continuous improvement is becoming an imbedded part of

our budgetary process. Further, staff understands that without these manufactured savings, there is no way for our organization to financially support the multitude of projects, along with the personnel investment that we have achieved since 2014. These high performance organizational principles are being tied to the Cleveland County Strategic Plan in an effort to maximize return on investment and as result, helping to improving the overall quality of life for all citizens of Cleveland County.

Cleveland *STRONG*

Cleveland ***STRONG*** has continued to evolve from its early days of representing our County's Wellness Initiatives as the Wellness "tag line", to representing our County's Organizational Culture. **Service, Teamwork, Respect, Opportunity, Networking, and Getting healthy.** This journey continues to yield benefits for our organization and the citizens we serve. Our infrastructure and community project investments have helped to raise the community's sense of pride and reignite an energy that makes us all wonder how good we can be. That said, most of what we do and most of what we dream cannot be done without a well-trained and highly motivated work force. Our *STRONG* culture is still a work in progress at every level of the organization; the organizational culture development work is extremely hard but extremely rewarding long-term. We strive to be an employer of choice for the region and I truly appreciate the continued support and commitment of this Board of Commission.

In closing, I would like to personally thank the administrative staff and senior leadership team for their tremendous commitment to our strategic planning, high performance management, and continued commitment to the Cleveland *STRONG* work culture. Our administration is small but nimble and produces consistently high quality work. Our past year's accomplishments would not have been realized without this team's devotion and commitment to excellent public service.

Respectfully Submitted,



Jeffrey B. Richardson
County Manager