

FISCAL YEAR 2021 RECOMMENDED BUDGET SPEECH

WELCOME

Good Morning Chair Dunlap and members of the Board of County Commissioners. It is an honor and privilege to serve as your County Manager and present my Recommended Budget for Fiscal Year 2021.

My remarks will serve as an executive summary and highlight the most important investments and initiatives included in my Recommended Budget. Following my remarks, Michael Bryant, Management and Budget Director, will present a more complete overview.

Before I begin listing my funding recommendations for fiscal year 2021 – please allow me a moment to explain some of the factors that played a significant role in shaping my recommendations.

COVID-19 PANDEMIC

Late last year an invisible enemy surfaced in Wuhan, China becoming one of the biggest health threats in our country's history.

The novel coronavirus – also known as COVID-19 has attacked the respiratory systems of hundreds of thousands of people around the world.

Since its inception, the virus has swept and continues to sweep through the nation – travelling from state to state harming individuals, families, societies and healthcare systems.

But the impact of this invisible enemy reaches far beyond the physical - the virus has not only ravaged the immune systems of people who have become infected – but it has also pillaged our way of life by forcing us to change the way we go about conducting basic daily tasks.

On March 11 – COVID-19 was declared a pandemic by the World Health Organization. Then days later – the first presumptive positive case of COVID-19 was identified in Mecklenburg County.

Since that time – Mecklenburg County has become one of many jurisdictions around the world to implement strategies to mitigate the virus' impact, with hopes of saving lives and making resources at area hospitals readily available.

Mecklenburg County was the first county in North Carolina to implement a Stay at Home Proclamation– restricting non-essential activities to help slow the spread of the virus - and our efforts worked!

Soon after the Stay at Home Proclamation went into effect in Mecklenburg County – we have flattened the curve. Today, there are 1,641 confirmed cases and 50 deaths. We have 12 long-term care facilities in outbreak status.

But while the strategies to extinguish the virus’ contagious flames in Mecklenburg County are working – the effects of the virus rages on impacting our local economy and the economies of communities around the world.

ECONOMIC IMPACT OF COVID-19 IN MECKLENBURG COUNTY

While the Stay at Home Proclamation remains a critical component in managing the virus within the community – the order has led to a reduction of two major streams of revenue the County so heavily relies upon - and that is sales tax and interest on investments.

The revenue generated by local sales, interest on investments, and property taxes are vital to sustain the work we do in Mecklenburg County. It is through these streams of revenue as well as other fees and charges that enables the County to provide services to our community.

The County is anticipating a sharp decline in the economy during the 4th quarter of fiscal year 2020 as a result of retail stores, restaurants, and other businesses closing as a result of the Stay at Home Proclamation.

The temporary closing of local businesses, the reduction in hotel occupancies or the temporary halt of sitting down for a meal at a local restaurant or bar – has had an impact on the dollars that would have circulated through the community.

And the local economy may suffer even further due to the loss of employment so many county residents have sustained in the days since the pandemic began.

PLANNING FOR TODAY AND BEYOND

Our national and local economists agree that this health crisis will evolve to a financial crisis. As a result, several governments across this Country and State will be required to reduce or eliminate critical services.

Fortunately, that is not the case for Mecklenburg County. The Great Recession of 2008 taught us valuable lessons. We were forced to make over \$146.6M in reductions to services. We eliminated 781 positions, which included 579 laid off employees, and we put a halt on our capital projects. The actions we were forced to take during the Great Recession derailed the County's progress. It was not until this current fiscal year, that per capita funding for Park & Recreation was restored to pre-recession levels.

We cannot repeat the funding decisions that set the progress of this County back. As CFO, I was tasked with leading the effort that would ensure that the County would be able to respond much better when the next recession occurred – and the time

is now to apply our lessons learned. Mecklenburg County government is resilient and because of the Board of County Commissioner's commitment to the fiscal discipline strategy, we are in a strong position to manage what lies ahead.

The County's Fund Balance Policy has a provision that allows for this one-time funding source to support recurring expenses during a financial crisis. Our strong reserves have given the County the foundation it needs to weather the impact of revenue losses during this crisis, while allowing us to fund critical programs and services for our residents and avoid impacting our workforce.

The County began fiscal year 2020 with \$259 million in reserves creating a strong fund balance and healthy debt profile. Of this amount, approximately \$102 million is available to offset the anticipated loss in revenue in FY2021 and beyond.

The uncertainty of our current economy serves as a reminder of the importance of fiscal discipline. Our commitment to this strategy has allowed us the necessary funding to create a budget that will allow us to fulfill three main goals.

BUDGET GOALS:

The FY2021 recommended budget achieves three goals:

- 1) It funds the County's core, **critical services and programs** that provide support to our residents who need it the

most

- 2) It maintains a fund balance that will be available to mitigate the impact of the impending revenue shortfall as a result of the COVID-19 pandemic and,
- 3) It funds services and initiatives that align with the **Board of County Commissioners top 5 priorities**

RECOMMENDED BUDGET FOR FISCAL YEAR 2021

My Fiscal Year 2021 recommended operating budget totals **\$1.9 billion dollars**, an increase of **\$5.6 million** or **.3%** over Fiscal Year 2020. The Recommend Budget maintains the current tax rate at 61.69 cents.

This first area I will cover is the revenue that supports the recommended budget.

REVENUE

At the Annual Board Retreat in January, our projected growth revenue for FY2021 was \$46 million. However, given the economic impact of COVID 19 the revised revenue growth is expected to be \$19 million. Sales Tax is expected to be \$7.5 million (4%) lower than the FY2020 budget, and interest on investments is expected to decline by \$6.2 million (52% lower) in the upcoming year.

The recommended budget includes a total of \$52 million in fund balance. Of this amount, \$33 million will address one-time

expenses and \$19 million will be appropriated to offset the anticipated decline in revenue in FY2021.

While determining the amount of Fund Balance to be used to offset the revenue shortfall, it is imperative to maintain fiscal discipline. Our policy stipulates that we replenish fund balance within two years “if” we fall below 28% of revenue. The amount of Fund Balance in my recommended budget results in having \$50 million available above the 28% threshold. It is important that we have sufficient fund balance available should it take longer for revenues to return to normal levels. Also, we must be mindful that the \$19 million in fund balance will eventually have to be replaced with recurring revenue to support those ongoing expenses.

In short, the \$19 million we spend today will impact our growth revenue in future fiscal years.

Also, the budget includes repurposing \$14 million or 3-quarters of one cent of the property tax rate from the debt service fund to the general fund. This revision will still allow sufficient funding to service our current debt and provide funding for future debt.

Over the last five years, the County has invested \$30 million annually to address deferred maintenance. The Recommended Budget provides \$25 million, allowing \$5 million to be invested in County Services.

These adjustments in addition to the growth revenue will provide \$52 million in revenue for the General Fund.

COUNTY SERVICES

PUBLIC HEALTH DEPARTMENT

If there was ever a defining event that reiterates the importance of the County's Public Health Department – it would be COVID-19. The pandemic has illustrated the department's primary goal – in real time for our residents to witness - and that is to *promote* and *protect* the public's health.

During this crisis – the County's Public Health Department has served as the nucleus for our emergency response to the pandemic. The Public Health Department quickly evolved into the department residents and the media turned to for guidance, information, data and coordination of the services and resources needed to meet the current demands of COVID-19 patients – while preparing for new cases.

I want to personally thank Gibbie Harris for her hard work and leadership throughout the course of the pandemic! I would also like to thank the Public Health staff for their continued commitment and dedication to the community.

But just as protecting the public's health is a function of the department – Public Health also bears the responsibility of finding innovative ways to *promote* healthy habits within the community. It is through the creation and promotion of programs and services that allows our residents opportunities

to improve their health and reduce the risk of developing chronic health conditions – and possibly assist in closing the gap where health disparities exist.

So, to support the department's effort, I am recommending a total investment of \$86.3 million for Fiscal Year 2021. The funding will give the department the support it needs to provide quality services to County residents.

I am recommending an additional **\$104,000** for the **Children's Developmental Services Agency** to maintain service levels following a 13% increase in enrollment. The agency provides early intervention and support for children from birth to age three who have developmental delays.

I am also recommending an additional **\$80,000** in funding for interpreter services to accommodate the needs of the non-English speaking families.

I am also recommending **\$150,000** dollars for advanced **Tuberculosis testing**. The evidence-based screening method is considered a best practice for Tuberculosis screening tests and will replace the Tuberculin Skin Test.

In addition, I am recommending **\$43,000** for the **Tuberculosis Clinic** due to a decline in state funding and an increase in active tuberculosis cases and investigations. The funds will be used to purchase supplies and maintain service levels.

I am recommending **\$160,000** for the increased costs associated with LabCorp's annual contract.

I am recommending **\$60,000** to increase **Prep funding**. The additional investment will bring total funding for the program to \$250,000 for FY2021.

The recommended budget also includes **\$66,000** for one full-time school health nurse to stay within the policy of one public health nurse per school.

DEPARTMENT OF SOCIAL SERVICES

While the pandemic is a world-wide crisis, there are many within the community who are faced with individual crises and struggles each day.

The Department of Social Services continues to work to support these families and individuals in their time of need. And those needs may increase due to the pandemic.

To sustain the level of services the department provides, and respond to increases in demand, I am recommending that \$165.5 million be appropriated for Fiscal Year 2021.

The recommended amount includes the following:

1. **\$258,000** to meet the increase funding for Foster Care placements
2. **\$86,000** to expand Senior Nutrition Meal Services to support increases to both homebound and congregate meal programs
3. **\$206,000** to add 70 Wards to private guardianship.

I am also recommending investing **\$350,000** to fund the County's portion of the Raise the Age Funding Grant Match. This funding will provide therapeutic services to juveniles that have come in contact with the criminal justice system.

As we continue our efforts to improve operational efficiencies in the department, my Recommended Budget includes an additional **\$886,000** for Youth and Family Services employee retention strategies, as well as **\$250,000** for an efficiency analysis of the Economic Services Division.

Finally, **\$151,000** will be appropriated to fund the first phase of the new Family Justice Center. The funding will cover operating expenses for the center to better serve victims of domestic violence.

ASSET AND FACILITY MANAGEMENT

This budget continues our efforts to keep our employees and customers safe when doing business with the County. For Fiscal Year 2021, I am recommending an additional **\$1.6 million** for security staffing as part of our weapons screening initiative at

major facilities, as well as **\$413,000** for enhanced security at park locations.

The Budget also includes **\$881,000** to fund increases in the County's facility maintenance contracts.

INFORMATION TECHNOLOGY

The County's Information Technology team was an integral component of developing our "virtual county government" in response to COVID-19. I cannot thank Keith Gregg and his team enough for their efforts in deploying equipment, training employees to work at home, and to do so safely and securely. The previous investments we have made and the efficiencies we have implemented made this possible. My recommended budget for Fiscal Year 2021 continues these investments. The budget includes **\$1.7 million** in additional funding for hardware and software upgrades and enhancements.

COUNTY ASSESSOR'S OFFICE

And as we plan for today – we must also look ahead to the future. As part of the County Assessor's Office's effort to prepare for the 2023 revaluation – I am recommending **\$1.1 million** for **technology security enhancements** needed for the North Carolina Property Tax System and AssessPro Software, and **\$1.3 million** to fund the Revaluation Reserve.

BOARD OF COUNTY COMMISSIONER PRIORITIES

REDUCING RACIAL DISPARITIES

In FY2020, the Board identified five priority areas to address critical needs in Mecklenburg County.

In Fiscal Year 2020, the County invested **\$65.1** million to support **Early Childhood Education, Mental Health, Parks and Greenways, Affordable Housing** and **Reducing Racial Disparities**.

The COVID-19 Pandemic has reminded the world of the importance of addressing these issues – specifically when it comes to disparities within communities.

According to hospital data released by the Centers for Disease Control from the first month of the U.S. Pandemic – one in three patients who became sick enough to require hospitalization for the virus was African American.

The COVID-19 pandemic has been exceptionally devastating because of the number of lives that have been lost to the virus. But what has been equally devastating is what the data reveals about the *disproportionality* in the demographics of those impacted by the virus.

Mecklenburg County is committed to doing its part in helping to reduce racial disparities within the community, by providing support to programs and initiatives that help to close gaps where they exist, whether it is education, economic opportunity or in education and health care.

I am recommending new investments of **\$2.5 million** for the Board priority **Reducing Racial Disparities** for FY 2021 to fund the following areas:

\$1.3 million in funding for the United Way's "**Unite Charlotte**" initiative. Unite Charlotte, which launched in 2016, provides grant funding for grassroots organizations and programs geared towards improving economic mobility through initiatives that address racial equity, poverty, civil rights, and access and inclusion.

The County's funding will support 25 Tier 1 grants of **\$25,000** each. In addition, Tier 1 grant recipients will participate in Duke University's Certificate in Nonprofit Management training program. The funding will also support 10, Tier 2 grants of **\$40,000**. Tier 2 grant recipients will participate in executive leadership training.

The budget includes **\$775,000** to address **Food Insecurity in the County**. The proposal includes **\$125,000** to support the initial phase of the Three Sisters Food Market Co-Op located on West Boulevard, and **\$600,000** reserved for the development of

additional initiatives to address the issue of food deserts within the community.

The remaining **\$50,000** funds the Loaves & Fishes agency to provide groceries to family experiencing short term crisis through a network of food pantries.

I am also recommending **\$77,000** for one full-time **Project Compliance Coordinator** for the Minority, Women, Small Business Enterprises Program. The coordinator will be responsible for tracking data and analysis of construction projects to ensure equity and access for minority contractors.

In addition to these investments, I am recommending **\$150,000** to fund a Community Service Grant to the Young Black Leadership Alliance, and **\$50,000** for Prospera North Carolina.

EARLY CHILDHOOD EDUCATION

In order to effectively address the underlying issues around disparities within our society – you must look at education. Research shows that education is the gateway for future success, but not everyone has been afforded that opportunity.

Since FY19, Mecklenburg County has created a pathway through MECK Pre-K to allow 4-year-olds access to a quality pre-k education. More than 1,200 children have been enrolled in the program since it began, and we want to increase the number of children served for FY2021.

I am recommending a total investment of **\$21.3 million** for **MECK Pre-K** for FY2021. That is an increase of **\$5.5 million** over FY2020. The investment will allow the County to add 20 classrooms – allowing for an additional 365 students to be served during the upcoming school year. The increase will allow for an enrollment capacity of 1,602.

MENTAL HEALTH

Just as it is important to provide opportunities to care for the physical and educational wellbeing of the community – we must also continue to provide programs and services to address the mental health needs in our community. The Board priority of Mental Health Support allows the County to keep that goal in focus.

For Fiscal Year 2021 – I am recommending new investments of **\$6.2 million** for the following:

\$1.3 million for **additional services in our Detention Centers** to increase efficiencies and reduce wait times for those in need of help. Additional funding will provide an Assistant Nursing Director, Licensed Practical Nurse, a Mental Health Clinician, a Physician, a Psychiatrist, a Psychiatric Registered Nurse and a Recreational Therapist.

I am also recommending **\$945,000** for **Charlotte Mecklenburg Schools Exceptional Children Staffing and Special Education**

Support. This will fund 5 Teachers, 5 Teacher Assts, 4 Itinerant Pre-K Teachers and 2 Occupational Therapists.

My budget also continues our commitment to expand supportive services in our schools. I have included **\$3.4 million** to fund an additional 15 social workers, 15 counselors, 5 psychiatrists, and 2 behavioral health specialists.

AFFORDABLE HOUSING

In Fiscal Year 2020 the County embarked on a journey to create more affordable housing options within the community.

The County invested **\$15.2** million dollars in various programs and initiatives to begin the process of helping residents obtain and maintain housing they could afford.

One of the programs the County invested in, was Habitat for Humanity's Critical Home Repair. The program addresses major safety concerns in homes by making necessary repairs to keep homes in good condition.

In FY2020, the County invested **\$1 million** for **Critical Home Repair Projects**. To date, 39 projects have been completed, and the County anticipates another 31 homes in need of repair during FY21.

I am recommending an additional **\$1 million** to help fund the program for a second year.

In addition, the Recommended Budget includes an additional **\$3 million** to expand our rental subsidy programs.

PARKS & GREENWAYS

The County's Parks and Greenways continue to be an essential component in the livelihood of our residents. The County's parks and greenways have been a tremendous resource during the pandemic – as many relied on these areas as an outlet for exercise.

For FY2021 I am recommending **\$2.8 million** to support 59 part-time and limited part time positions to support operations at the new Eastway Regional Recreation Center expected to open later this year.

The funding will also provide two 15 passenger wheelchair accessible buses for the center, and computers for the computer lab.

I am recommending **\$100,000** to allow for 2 maintenance and operation full-time positions at American Legion Memorial Stadium. In total, I am allocating **\$5.2 million** in operating costs and maintenance for new and existing Park and Recreation facilities.

I am also recommending **\$37,000** for additional programming and related expenses for Steven's Nature Creek and the McDowell Nature Center.

EMPLOYEE INVESTMENTS

The current public health crisis has impacted almost every aspect of our lives – including the way we work. Mecklenburg County like many other service agencies, is still responsible for providing the best possible service to our residents.

I would like to thank our County employees for their support and hard work during this pandemic. Our workforce continued to provide all critical county services and made the transition to a virtual government a seamless one! The talent and dedication that exists in our County is like none other! I am grateful and proud to be the leader of such a talented, dedicated and passionate workforce.

Just as the Country is bracing for what lies ahead in the days following the Coronavirus – I'm sure – so are many of our employees. But there is one thing that our employees can be sure of, and that is the County values their hard work and commitment and recognizes their effort.

Last year, we kicked off a comprehensive review of our classification and compensation system. This review was initiated as we realized that our County employees lag our competitors as our pay structure has not been adjusted in over a decade. This has presented significant challenges with recruitment and retention.

In Fiscal Year 2020, the Board of County Commissioners approved the first step in helping to elevate employee salaries closer to the salaries of our competitors in the market by approving a 5.5% percent salary increase for all County employees.

However, the estimated revenue loss due to COVID 19, will require us to delay the 2nd step in right sizing our salaries, which is the implementation of the results from the review of our classification and compensation system.

Although, we have to delay the implementation of our revised classification and compensation system, it is imperative that we continue to recognize all of our employees for their hard work. Many of these employees are on the frontlines, risking their own health on a daily basis, as we combat COVID 19.

So, for Fiscal Year 2021, I am recommending the following:

\$9.2 million for a 3% across the board increase for all employees.

I am also recommending, **\$682,000** to include a 3% merit increase for MEDIC employees.

My recommended budget also includes an additional **\$4 million** for required pension contributions and **\$1.3 million** for increased costs associated with medical and dental insurance.

SHERIFF'S OFFICE

In addition to the mental health services highlighted above, I am recommending the following investments for the Sheriff's Office for Fiscal Year 2021:

\$683,000 for Arrest Processing and field operations and the Strategic Response Unit during the Republican National Convention. The funding will support staffing costs, program supplies, equipment maintenance and repairs and metal detector rentals.

\$218,000 to replace a total of 345 **bullet proof vests**. The vests should be replaced every 5 years.

I am also recommending, **\$54,000** to purchase three **patrol narcotic detention canines**.

Juvenile facilities are now required to provide more clothing and supplies for juvenile offenders due to new requirements as a result of the Raise the Age legislation. I am recommending **\$100,000** to provide the supplies needed for **Juvenile Programs and Housing**.

Now I will review my funding recommendations for an area that continues to emerge as a TOP priority for our community:
Charlotte-Mecklenburg Schools.

I am recommending **\$523.5 million** – for FY2021 that’s a **4%** increase over FY2020.

Of that amount I am recommending additional funding of **\$19.4 million** to support Charlotte Mecklenburg Schools operating expenses.

The funding will cover costs for the following:

- Health insurance and retirement rate increase
- Funding to accommodate charter school and enrollment growth for 1,807 new students
- Maintenance and operating costs for 1 new school, Student Support Staffing/social and emotional learning support
- Exceptional children staffing and special education support

I am also recommending **\$5 million** for **building services preventative maintenance staffing** and **\$1.3 million** in one-time funding for CMS’s **Enterprise Resource Planning Systems**.

For Central Piedmont Community College, I am recommending an increase of **\$1.2 million** which is a **3%** increase over FY2020. The funding will cover costs for the following:

- Salaries for maintenance staff
- Costs of maintenance and repairs of buildings and grounds
- Insurance fees for campus buildings, vehicles and

- Workers compensation for institutional employees paid from local funds and other necessary insurance coverages.

LIBRARIES AND ARTS & CULTURE

Opportunities to learn and grow are often found in places outside of a classroom setting. One place learning occurs is our public libraries. The County recognizes the role our partners play in furthering the educational development of our community.

I am recommending **\$350,000** in funding to support a Request for Proposal to develop a libraries **Facilities Master Plan**. The purpose of the plan is to ensure that the community has access to a library in their area.

Another area responsible for fostering growth and development within the community is Arts and Culture. I am recommending a total of **\$900,000 in additional funding** to support three grant programs for the Arts and Science Council.

- **\$200,000** for the **ASC Culture Vision Grant Program**. The funding will provide up to \$10,000 in grants for arts programs
- **\$200,000** for the **ASC's Individual Artist Grant Program** to support the development of up and coming artists and,

- **\$500,000** for **Operating Support Grants Program** that will be used to support emerging, grassroots arts, science and history organizations with annual budgets under \$1 million

My recommended budget also includes **\$1 million** to support the capital campaign for the Town of Cornelius' Cain Center for the Arts which is currently under development.

CLOSING

In closing, I would like to take this opportunity to thank all my staff who worked so hard on this Recommended Budget. This includes the members of my Executive Team, Management and Budget Director Michael Bryant and the Office of Management and Budget staff, Director of Strategic Planning & Evaluation Monica Allen and the Strategic Planning & Evaluation staff, Sarah Cunningham and the Department of Financial Services, Danny Diehl and the Public Information staff, and my entire Cabinet.

I also want to thank the residents of Mecklenburg County AND the Board of County Commissioners for your continued support.

Now, I will turn the podium over to Michael Bryant.

###