

## **COUNTY OF HAYWOOD BUDGET MESSAGE FISCAL YEAR 2014-2015**

Commissioners,

For the first time, it is my privilege to present to you and the citizens of Haywood County with the recommended Budget for Fiscal Year (FY) 2014-15. This Budget was prepared in accordance with North Carolina General Statute §159.7, and the North Carolina Local Government Budget and Fiscal Control Act. All funds within the Budget are balanced, and all revenues and expenditures are identified for Fiscal Year 2014-15.

Although there is need for continued caution and prudence as we continue to recover from the economic downturn that began in 2008, there is reason for hope as we move forward and monitor economic conditions, many of which seem to be improving. This budget reflects the competing themes of prudence and hope, yet lands squarely on the side of prudence.

Beginning in 2009, our Budget Message has essentially been variations on the theme of accomplishing more with less. These messages have corresponded with the delivery of government services in a tough economic environment, which led to several practices. First and foremost, departments implemented strategies to become more efficient. Our number of full time permanent positions was 557 in the early spring of 2009, and is 504.57 today. Although we have supplemented heavily with part-time workers in several areas to meet increased demands, the average full-time worker in those areas handles an increased workload. For example, workloads in Food Assistance, a Social Services program under Income Maintenance, increased substantially between 2009, when the average caseload per worker was 324, and 2014, when the average caseload per worker is 461. This is proven that through it all, our people have been our greatest asset.

But the downturn led to some opportunities as well. The Paragon Parkway building that houses the Health and Human Services Agency, Planning, Inspections and Erosion Control was a project made possible by the reduction of real estate and construction prices and a low interest USDA loan that was part of the stimulus package. This allowed for meeting the needs of thousands of our citizens who get the services provided by these agencies, in a more centralized location in the county. Also, the County was able to consolidate some debt and save enough in the difference in payments to pay for the renovations of the Haywood County Auxiliary Services Facility, which now houses the Recreation Department and the Maple Leaf Adult Daycare and Day Health Programs. The Elections Office is slated

to move in over the summer. The Health Department and Social Services Department integrated into a new Agency, guided by a local study that had at its heart the drive for better customer service and efficiency. All of these things were goals set by the Board of Commissioners in recent years, and their accomplishment is a testament to the ability of this County, and the Board of Commissioners, to make good use of resources in difficult economic times.

During this time, the Board of Commissioners had some clear priorities that included funding for Senior Services; increasing funding for the education system through the funding formula; and not increasing the property tax rate. The priorities announced in the past are carried forward in this recommended budget and message. The current tax rate of 54.13 cents (0.5413) per \$100 valuation was used to balance the budget. The tax rate is proposed to remain at 54.13 (.5413) per \$100 valuation. This was accomplished with predicted revenues being up a scant 0.5% from last year. For the fifth year in a row, the total recommended budget comes in below the 2008-2009 mark. The recommended budget is \$69,068,359.

This budget message looks at the average citizen and some demographics; some key economic trends; the goals of the budget; the overall recommended budget; revenues; expenditures, overall and broken down by topic ; and a summary recommendation.

## **DEMOGRAPHICS AND ECONOMIC INDICATORS**

In recent years we've focused a lot on Haywood County's aging population. But the profile of an "average" Haywood County citizen isn't as "aging" as you might think. Though folks spending their post-retirement years in Haywood County will continue to grow, statistics also show steady increases in the number of children born in Haywood County and reaching school age for the next several years.

According to Thrive in North Carolina, an economic development database established by the NC Dept. of Commerce, the median age for Haywood County in 2013 was 46.5, up from 42.3 in 2000. By 2018, the median age will be 48. The average family size will remain steady at 2.3-2.8.

There's no question that the biggest demographic increases will continue to be people reaching retirement age (65-69) and beyond, but the number of children ages 0-4 and 5-9 will remain relatively steady through 2018. In 2013, we had 2,899 children ages 0-4, and 3,141 ages 5-9. Those numbers will average 2,931 (ages 0-4) and 3,121 (ages 5-9) by 2018. In 2013, we had 4,224 citizens ages 65-69 and 2,478 citizens ages 75-79. Those numbers will rise to 4,731 (ages 65-69) and 2,858 (ages 75-79) by 2018.

This data points to an ongoing need to provide not only the services we're required by law to provide, like human services, public safety and solid waste, but the supplemental services that are such important parts of our quality of life, like senior services, libraries and recreation. These programs remain popular and well-utilized by our citizens.

In the midst of this long national recession, Haywood County has mirrored the economic difficulties our nation has faced. Our unemployment rate peaked in February 2010 at 12.1 %. By FY 2012, our total annual building permits had reached their lowest annual level at 377, another sign that our economy

had stalled. The number of citizens seeking assistance through our human services programs showed a steady increase. In 2008, there were 6,479 individuals receiving food assistance and 9,753 on Medicaid. So far for 2014, that number is 10,778 receiving food assistance and 11,354 on Medicaid.

It appears that Haywood County may have weathered the worst of the economic downturn but economic signals continue to be mixed. Our unemployment rate has declined steadily since 2010 to a present level of 5.9% (March 2014). Our building permits for this fiscal year through April 2014 were 378, which is already higher than where we bottomed out in FY 2012. However, we may not end the year as high as FY 2013, when our total building permits reached 453.

Real estate sales seem to be improving across the board. According to Multiple Listing Services data, our real estate sales for the first four months of 2014 are the same as the first four months of 2013, but well ahead of where they were in 2011 and 2012. In the first four months of 2011, we had 93 real estate sales above \$100,000. That rose to 127 sales above \$100,000 in the first four months of 2012. We managed 140 sales of at least \$100,000 in the first four months of both 2013 and 2014. So far, the biggest difference between this year and last year is we're seeing a sizeable increase in sales above \$200,000. Last year the dominant category for the first four months was sales between \$100,000 and \$199,000. This year, we've had 17 more sales of \$200,000-\$299,000 than we had for the same time period last year. Real estate sales valued at less than \$100,000 were also better in the first four months of 2013 and 2014, compared to the previous two years.

Not all of the signs are good, though. As noted above, the number of people receiving aid through food assistance and Medicaid continues to go up, even though the unemployment rate is going down, which may be an indication that more employees are working less than full-time hours. Who we are as a County and where we are economically has an important influence on the goals of the budget and providing guidance on how we spend tax dollars.

## **GOALS FIXED BY THE BUDGET**

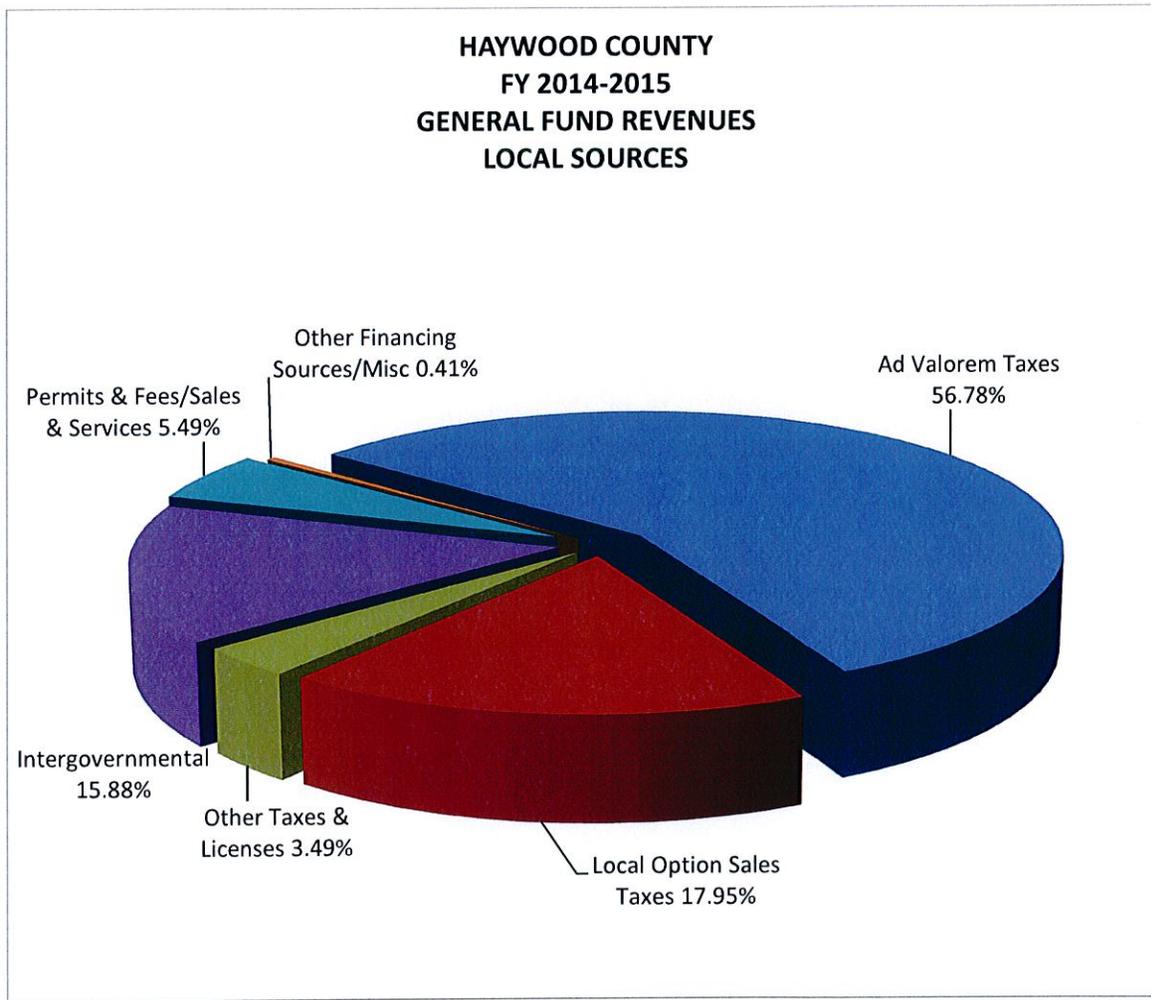
The Board of Commissioners held two work sessions, one on February 17, 2014 and the other on April 17, 2014 concerning the setting of goals for the FY2014-15 budget. From these sessions and the conversation and guidance therein the following are the governmental goals fixed by the recommended budget for the coming budget year:

1. Maintain the tax rate.
2. Assess the Solid Waste Programs and future needs to provide safe, convenient service and comply with all regulations.
3. Continue to make improvements where possible for efficiency.
4. Review the temporary labor force in Public Safety areas and develop a plan.
5. Expand Wellness and Health Programs.
6. Provide adequate funding for the schools through the funding formula.

## **REVENUES AND EXPENDITURES**

The annual budget is controlled by projected revenues. For FY 2014-15, the budget is balanced without the use of fund balance. The following graphs reveal a breakdown of revenues and expenditures by areas.

### **WHERE DOES THE MONEY COME FROM?**

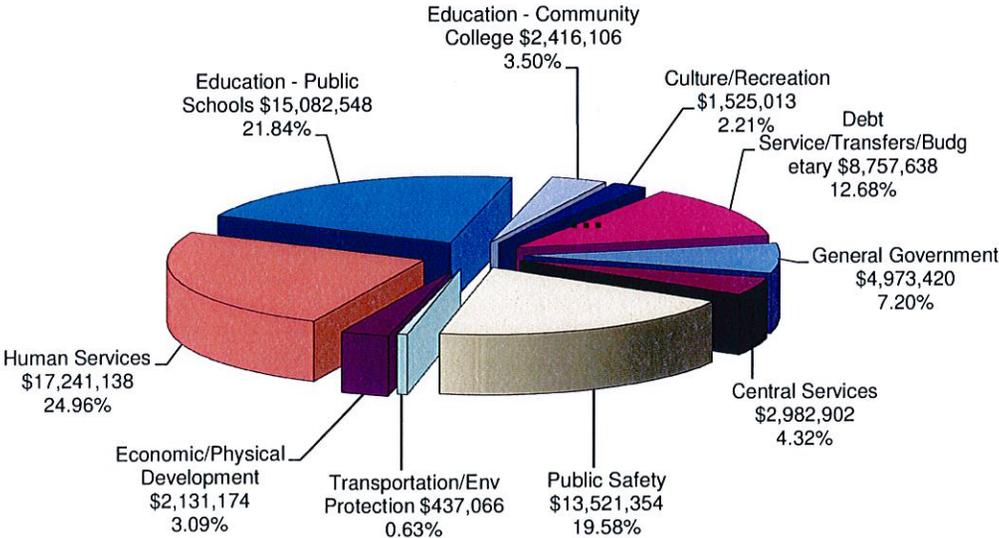


Ad Valorem tax is the main revenue source for the county at 57% of total budgeted revenues. The apparent reduction in property tax revenues from the prior year is due to last year's one-time compression of motor vehicle tax collections that included four additional months' collections in one year as the new Department of Motor Vehicles and Department of Revenue Tax & Tag program was implemented. Property tax values increased slightly (1.2%), though 2014-15 revenues reflect 12 months, vs. 16 months, of collections of the motor vehicle taxes. Revenues for the 2014-15 fiscal years are expected to increase only slightly over the current 2013-14 fiscal year, particularly related to sales taxes, reflecting a slight Consumer Price Index (CPI) increase and additional revenue potential as new business

locates in the county. As all counties across the state continue to struggle to meet service demands, a substantial source of revenue has been discontinued. In other areas, while general fees for services, particularly in the health area, have been tracking slightly below budget this fiscal year, permits and fees are trending up. These trends are reflected in the 2014-15 budget.

**WHERE DOES THE MONEY GO?**

**HAYWOOD COUNTY  
FY 2014-2015  
GENERAL FUND EXPENDITURES**



It's also worthy to note what the changes are between the fiscal year 2014 and the fiscal year 2015 budget. Between these years, several areas have decreased in their budgets. The primary reasons for the decreases are minimal increases in revenue. Most of the reductions demonstrated in the chart below were made by deferring vehicle and other capital purchases. Some equipment purchases have also been deferred for another day.

**HAYWOOD COUNTY GENERAL FUND**

SOURCE/ FUNCTION	FY 2013-2014 REVISED BUDG 3/31/2014	FY 2013-2014 ORIGINAL BUDGET	FY 2014-2015 DEPARTMENT REQUEST	FY 2014-2015 ADMIN RECOMMENDED	amount change frm PY	percent change frm PY
<b><u>REVENUES</u></b>						
<b><u>Ad Valorem Taxes</u></b>	39,624,925	39,624,925	39,475,988	39,219,314	(405,611)	-1.02%
<b><u>Local Option Sales Taxes</u></b>	11,748,956	11,748,956	12,272,670	12,397,670	648,714	5.52%
<b><u>Other Taxes &amp; Licenses</u></b>	2,335,040	2,335,040	2,398,908	2,412,908	77,868	3.33%
<b><u>Unrestricted Intergovernmental</u></b>	180,500	180,500	-	-	(180,500)	-100.00%
<b><u>Restricted Intergovernmental</u></b>	11,634,125	10,556,645	11,086,112	10,969,103	412,458	3.91%
<b><u>Permits &amp; Fees</u></b>	366,000	366,000	379,000	398,500	32,500	8.88%
<b><u>Sales &amp; Services</u></b>	3,556,961	3,482,934	3,390,150	3,390,150	(92,784)	-2.66%
<b><u>Investment Earnings</u></b>	40,000	40,000	25,000	25,000	(15,000)	-37.50%
<b><u>Miscellaneous</u></b>	287,449	153,290	253,714	253,714	100,424	65.51%
<b><u>Other Financing Sources</u></b>	<u>358,737</u>	<u>225,000</u>	<u>2,000</u>	<u>2,000</u>	<u>(223,000)</u>	<u>-99.11%</u>
<b>TOTAL</b>	<b><u>70,132,693</u></b>	<b><u>68,713,290</u></b>	<b><u>69,283,542</u></b>	<b><u>69,068,359</u></b>	<b><u>355,069</u></b>	<b>0.52%</b>
<b><u>EXPENDITURES</u></b>						
<b><u>General Government</u></b>	5,130,402	5,103,031	5,248,177	4,973,420	(129,611)	-2.54%
<b><u>Central Services</u></b>	2,955,611	2,963,725	3,604,367	2,982,902	19,177	0.65%
<b><u>Public Safety</u></b>	13,736,378	13,348,439	14,547,017	13,521,354	172,915	1.30%
<b><u>Transportation and Environmental Pr</u></b>	395,449	395,449	447,109	437,066	41,617	10.52%
<b><u>Economic and Physical Development</u></b>	2,593,321	2,127,664	2,281,616	2,131,174	3,510	0.16%
<b><u>Health &amp; Human Services</u></b>	17,790,670	17,541,361	18,035,210	17,241,138	(300,223)	-1.71%
<b><u>Education</u></b>	17,138,667	17,100,686	18,732,866	17,498,654	397,968	2.33%
<b><u>Cultural and Recreation</u></b>	1,856,712	1,593,056	1,918,348	1,525,013	(68,043)	-4.27%
<b><u>Debt Service, Transfers and Budgetar</u></b>	<u>8,535,483</u>	<u>8,539,879</u>	<u>9,172,915</u>	<u>8,757,638</u>	<u>217,759</u>	<u>2.55%</u>
<b>TOTAL</b>	<b><u>70,132,693</u></b>	<b><u>68,713,290</u></b>	<b><u>73,987,625</u></b>	<b><u>69,068,359</u></b>	<b><u>355,069</u></b>	<b>0.52%</b>
Revenues	70,132,693	68,713,290	69,283,542	69,068,359	355,069	0.52%
Expenditures	<u>70,132,693</u>	<u>68,713,290</u>	<u>73,987,625</u>	<u>69,068,359</u>	355,069	0.52%

For FY 2014-15, revenues are predicted to be only 0.52% above the current year. Although the departments' total request of \$73,987,625 were reasonable, it was necessary to severely trim the requests to balance the budget. Still we maintained our goals and priorities. The anticipated increase in revenues is less than what was needed to cover the Funding Formula for the schools. This recommended budget protects the Funding Formula.

## EXPENDITURES BY AREA

### EDUCATION

In 2003, the Board of Commissioners and Board of Education developed and approved a funding formula that considers annual student enrollment and potential changes in state appropriation averages. The County funds generated by the formula can be applied to any school funding needs, with the exception of Capital Outlay expenses covered by other County revenues, based on priorities determined by the School Board and School System.

This method has been the funding tool used since that time and has had impressive results. Haywood County currently ranks in county per pupil appropriation 21<sup>st</sup> out of 115 school districts in the state. Due to the hard work of our School Board and School System, our academic rank is 17th.

The amount of County tax revenues devoted to education also ranks well above state average, based on a state ranking of adjusted property values per student. In an annual study for 2013 conducted by the Public School Forum of North Carolina, Haywood County ranked 24<sup>th</sup> in the total adjusted property value, divided by the number of students. The study ranked Haywood County even higher – 21<sup>st</sup> – when property values were taken out of the equation and measured strictly on the actual dollar effort to fund schools.

Based on the school funding formula, the FY2014-15 appropriation to Haywood County Schools is \$14,645,044 (\$1,943.34 per pupil, up from \$1,899.09 in FY2013-14). The appropriation for Capital Outlay is \$385,504. This represents an overall increase of \$280,318 (2.33%) in school funding recommended for the FY2014-15 budget.

This budget also recommends funding Haywood Community College (HCC) at \$2,141,106 in County funds for current expense and capital improvements, which is a 1.94% increase from last year. This will allow HCC to fund a new position of Projects Manager to oversee and coordinate several types of small projects on campus. This increase of \$397,968 makes the public schools the largest increase of any department. One could say Education is the number one priority. Carrying out the Funding Formula will take all of the surplus projected revenues plus some.

Here is a breakdown in terms of dollars and percentages of revenues and expenditures and how they compare to the prior year.

<b>Education</b>			
<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>17,138,667</b>	<b>17,100,686</b>	<b>18,732,866</b>	<b>17,498,654</b>

**GENERAL GOVERNMENT**

Overall, there is a decrease of \$129,611 (-2.54%) in budget funds for General Government. Notably, Administration will see a decrease of 0.22%. Some individual departments are recommended to be increased because of outside factors. The Elections Office always increases in election years due to the actual and increasing costs of elections. Human Resources has seen tremendous budget growth in recent years due to Retiree Health Insurance Benefits. The original budget in FY 2013-14 for Human Resources was \$365,774. Today the Human Resource budget is recommended at \$645,399. This is not just a Haywood County issue, but one with which the state and nation wrestles. In Haywood County, employees over 65 are given a more generous insurance package than current employees. To ensure adequate funds to cover the cost of these benefits, it is recommended that we look at options related to the Medicare Supplement Plan, including the plan now offered to State employee retirees who reach the age of 65 and are eligible for Medicare. In Haywood County, if we do not make changes, there will be several thousand dollars in additional recurring costs per year within 3 years, assuming current health care costs, just to cover employees and retirees. If costs increase, that figure will be higher. It is also recommended that we review the employee benefits package with our employees and determine which benefits are most meaningful. Finally, we need to expand our commitment to wellness programs to contain our insurance costs.

<b>General Government</b>			
<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>5,130,402</b>	<b>5,103,031</b>	<b>5,248,177</b>	<b>4,973,420</b>

**CENTRAL SERVICES**

Central Services, which includes Facilities and Maintenance, the County Garage, and Information Technology, is recommended to remain relatively flat with an increase of 0.65%. Most of this increase will continue our current virtualization project.

<b>Central Services</b>			
<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>2,955,611</b>	<b>2,963,725</b>	<b>3,604,367</b>	<b>2,982,902</b>

## **PUBLIC SAFETY**

Overall, there is an increase of 1.30% in Public Safety. Within this recommended budget, a few goals from the past and present will be accomplished. There is an increase in the sworn law enforcement officer supplement from 2% to 3%. The most significant recommendations in Public Safety involve re-evaluating the use of temporary employees to meet community needs.

In order to meet appropriate levels of supervision for detainees, the Detention Center has relied heavily on a part time temporary labor force. This budget recommends reducing the temporary labor shifts by half and hiring four permanent Detention Officers. To properly run the detention center and the Jail Annex, each 12 hour shift has a Sergeant, a Corporal and six Detention Officers scheduled. Presently two of the Detention Officers on each shift are temporary workers. There are four assigned shifts with each shift working every other day, which means a need of approximately 17,520 hours of temporary labor per year at a minimum. For those who work for at least 1,000 hours, there are associated benefits including health insurance and state retirement for those who work for at least 1,000 hours. In addition, temporary workers should complete 225 hours of training, just as each Detention Officer must undergo, and we are experiencing an extremely high turnover rates with the temporary workforce. The cost of hiring these permanent full-time officers is roughly the same as continuing to fill those slots with temporary workers, and we anticipate this will cut down on the turnover rate, which will gain a more stable workforce. In addition, managers at the Detention facility will not have to spend as much of their time in hiring and training.

The Sheriff has requested better fleet rotation as many of the vehicles are near or over 100,000 miles. Although the fleet is safe and maintained, this can lead to higher repair and replacement costs. The budget recommendation is to purchase two vehicles at the beginning of FY 2014-15. Throughout the year we will monitor revenues. Four additional vehicles should be purchased if funds are available.

Similarly, Emergency Medical Services (EMS) has a significant number of temporary employees in order to meet the needs of the community. The EMS Director, HR Director, Finance Director and County Manager reviewed the data regarding the situation and have determined that if one permanent position could be added it would allow EMS to schedule in a different way and essentially gain almost an entire extra position worth of labor and efficiencies. This should allow for a substantial reduction in the amount of hours of temporary labor needed and help avoid a situation where multiple temporary laborers will have to be paid health benefits and state retirement.

Although safe, half of the ambulance fleet has more than 140,000 miles and some of the equipment may need to be replaced by the end of FY 2014-15. One ambulance is in this budget for replacement. Expect higher than normal repair cost during the year and additional replacement costs in FY 2015-16. The Emergency Operation Center is in the process of being combined with the Sheriff's Office. Although these dispatch units also rely on temporary labor, further study after the consolidation should be conducted to see what changes need to be made.

**Public Safety**

<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>13,736,378</b>	<b>13,348,439</b>	<b>14,547,017</b>	<b>13,521,354</b>

**TRANSPORTATION AND ENVIRONMENTAL PROTECTION**

Costs for the public transit system, Haywood Transit, are up for the coming fiscal year due primarily to estimated amounts expected to be received from the North Carolina Rural Operating Assistance Program. Additional funding that may flow through the County for this program would be out of that in and when such funding becomes available. The budget for Erosion Control has increased by 2.16% for the upcoming year, for a total increase of \$41,617 (10.52%).

**Transportation and Environmental Protection**

<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>395,449</b>	<b>395,449</b>	<b>447,109</b>	<b>437,066</b>

**ECONOMIC AND PHYSICAL DEVELOPMENT**

On March 3, 2014, Haywood County entered into an agreement with the Greater Haywood County Chamber of Commerce whereby the Chamber will take over the Economic Development Commission with the support of the County. The fiscal policy change is to turn Economic Development over to the private sector. The goals are to create new energy and enthusiasm around Economic Development, create more jobs, and create an environment that is conducive to growth for all. Overall the Soil and Erosion, Extension and Planning budgets are relatively flat.

The combined effect is that the budget for Economic Development in FY 2014-15 is \$2,131,174 which represents an increase of .16%.

**Economic and Physical Development**

<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>2,593,321</b>	<b>2,127,664</b>	<b>2,281,616</b>	<b>2,131,174</b>

**CULTURAL AND RECREATION**

Although requests have been received from the towns for Recreation, there is no funding for these purposes in this budget. Both the Library and Recreation budgets are lower than the previous year and there is an overall decrease of \$68,043 in their budget. After review, the recommended cuts will have a minor impact on library program materials, however should not impact the basic service of these departments. Since Recreation just moved into a new facility next to the Senior Resource Center, and already offers programming with Senior Services, there may be a chance to increase Recreation services with seniors, due to proximity.

<b>Cultural and Recreation</b>			
<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>1,856,712</b>	<b>1,593,056</b>	<b>1,918,348</b>	<b>1,525,013</b>

**TRANSFERS AND BUDGETARY ACCOUNTS**

The increase in the Transfers and Budgetary Accounts line reflects the new debt service for the school building renovation project at Pisgah High School and an increase of the Law Enforcement Officer (LEO) Supplementary retirement transfer.

<b>Transfers and Budgetary Accounts</b>			
<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>8,535,483</b>	<b>8,539,879</b>	<b>9,172,915</b>	<b>8,757,638</b>

**HEALTH AND HUMAN SERVICES AGENCY**

As a result of the consolidation of the Department of Social Services and Health Department into the Haywood County Health and Human Services Agency (HHS), the budgets for FY 2014-2015 were integrated. The recommended FY 2014-15 budget for HHS is \$16,462,649, which is an overall decrease of \$207,672 from the original FY 2013-2014 budget.

Many expenses for Social Services programs, including salaries and fringe benefits and Foster Care costs, are reimbursed by Federal and State funds. Programs such as Energy Assistance, Medicaid

Transportation and Links are 100% reimbursed for expenses. Public Health receives some reimbursements from Federal and State funds and also obtains revenue from grants and program fees. The Community Alternative Program (CAP), Meals on Wheels and Maple Leaf Adult Respite are included in the HHSA budget. These programs generate revenue through sources such as consumer contributions, donations, private payments, and grant funding and limited Federal and State reimbursements.

NCFAST continues to be a cost driver. In Fiscal Year 2014, staff accumulated 5176 hours of compensation time (\$75,056 just to assist with implementation); \$25,537 paid over time and a temporary workforce was needed at a cost of \$60,142. One position has been reclassified to this area and costs will be ongoing.

<b>Health and Human Services Agency</b>			
<b>FY 2013-2014</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2014-2015</b>
<b>REVISED BUDGET</b>	<b>ORIGINAL</b>	<b>DEPARTMENT</b>	<b>ADMIN.</b>
<b>03/31/2014</b>	<b>BUDGET</b>	<b>REQUEST</b>	<b>RECOMMENDED</b>
<b>17,790,670</b>	<b>17,541,361</b>	<b>18,035,210</b>	<b>17,241,138</b>

## **SOLID WASTE**

In 2008, the County formed a Solid Waste Committee to study our solid waste services and recommend areas where we could improve efficiencies and realize short-term and long-term cost effectiveness for delivering solid waste services.

In December 2011, the County entered into a public-private partnership with Santek Environmental to manage the White Oak Landfill, guaranteeing the life of the landfill for the next 30 years, and allowing the County to save an estimated \$13.6 million in closure and post-closure expenses.

To date, the partnership with Santek is working out well. According to the statistical section of the County's 2013 Comprehensive Financial Report, 44,857.70 tons of solid waste was buried at White Oak in FY 2011. In FY 2012, the year that Santek took over landfill management, the amount of buried solid waste dropped by 347 tons. In FY 2013, we saw a dramatic drop of 1,651 tons in the amount of solid waste buried at White Oak. On May 1, Santek went to the Expanded Management phase discussed in last year's budget message, which means the tipping fee charged to haulers has dropped from \$55 per ton to \$22.25 per ton, and White Oak will now accept waste from other western North Carolina counties. In addition, the County will receive a host fee of 5% of the revenues collected by Santek.

The County also continues to enjoy a successful public-private partnership with Consolidated Waste Services (CWS) to operate our 10 Convenience Centers, resulting in more efficient use of the centers.

Based on the success of these public-private partnerships, the Solid Waste Committee is recommending that the County explore options for privatizing more solid waste services, including management of the Materials Recovery Facility (MRF) in FY 2014-15 and this budget contains that recommendation.

Beginning in July, the County, in partnership with CWS, will make an important shift to single stream collection of recyclables, something the Solid Waste Committee has been studying for months. Single stream recycling does not require home and business owners to sort recyclables, they can simply place all recyclables in bags or bins and dispose of them in just one container at the convenience centers. This will increase the volume of recyclables and keep these materials out of the landfill. Moving to single stream recycling will also make it more convenient and safer for the citizens, who will no longer have to climb stairs to place materials in the trailers.

While the recommendation to privatize more Solid Waste operations may not bring significant additional cost savings, it is expected to help the County increase the volume of recyclables, and the County should be able to avoid the cost of replacing an aging fleet of trucks and trailers that have caused us multiple problems and considerable expense in recent years due to frequent breakdowns.

As we continue to explore options to privatize more Solid Waste operations, the FY2014-15 budget must assure sufficient funds to carry out current Solid Waste operations and continued methane gas and leachate issues at the former Francis Farm landfill, whether we privatize or not. With that in mind, the recommended budget for Solid Waste is \$4,436,362, which includes a contingency of \$200,000 to address the differences in the various budget scenarios. The Capital Outlay and the balance of debt service would be funded with a \$292,124 appropriation from the Solid Waste fund balance.

The Solid Waste Availability Fee is recommended to stay at \$92 per household for this budget year.

## **RECOMMENDATIONS NOT COVERED ELSEWHERE**

In addition to the recommendations listed above, the following activities are provided for in this budget:

1. Continue to evaluate for efficiencies within County.
2. Develop a strategic Human Resource Plan and continue to evaluate resignations/terminations of positions for replacement by the County Manager.
3. Continuation of 1% 401K employee contribution.
4. Continuation of Christmas Bonus.
5. Continuation of 0-2% merit allocation to employees based on performance appraisal.
6. Maintenance of current operation schedule, longevity pay and holiday pay.
7. Maintain funding to community clubs.
8. Maintain contingency at \$300,000.

## **SUMMARY OF RECOMMENDATIONS BY FUND**

The recommended County of Haywood Fiscal Year 2014-2015 budget is as follows:

General Fund - \$69,068,359

Special Revenue Fund – Emergency Telephone System (E-911) - \$894,652;

Special Revenue Fund – Solid Waste - \$4,436,362;

Special Revenue Fund – Road Districts - \$181,328;

Special Revenue Fund – Fire Districts - \$3,496,500;

Special Revenue Fund – Junaluska Sanitary District - \$205,495;

Special Revenue Fund - Law Enforcement Officer Separation - \$50,000;

Southwestern Child Development Center Fund - \$2,500,000;

Internal Service Funds - \$6,156,500.

Overall, we are looking forward to a great year of service.

Respectfully submitted,

Ira Dove  
County Manager