



COUNTY of ROCKINGHAM

April 3, 2020

The Honorable Board of Supervisors
Rockingham County, Virginia

I am pleased to submit to the Board and County citizens the Rockingham County Fiscal Year 2021 (FY21) Budget which reflects the County's long-range vision set forth in the Comprehensive Plan, addresses the strategic direction and issues identified in the Capital Improvement Plan, and provides a sound financial plan to support the mission of Rockingham County. Development and approval of the annual Budget is seen as the most important action taken by the Board of Supervisors. The Budget serves as a financial roadmap for programs and services offered in Rockingham County.

The FY21 Budget includes funds required for the operation of County services in the aggregate amount of \$376,241,112. The General Operating Fund Budget is proposed for funding in the amount of \$139,876,912, representing an increase of \$2,150,397 or 1.56% more than the current fiscal year. It should be noted, due to the COVID-19 pandemic, the budget presented varies greatly from the original budget discussed during the budget work session and as advertised.

The Budget is balanced in accordance with State code and is proposed to reflect accurate revenue and expenditure projections with the best information that is available at the time of presentation. The revenue estimates are projected taking into consideration the current economic state since the COVID-19 pandemic. Necessary reductions are proposed in order to respond to the projected loss in revenue.

The proposed FY21 budget includes the following projects and operational initiatives:

Education

Funding for Schools - The proposed budget recommends local funding to the school level in FY20, with the exception of debt service which will increase \$716,580. It is expected that Schools will delay the purchase of capital items such as buses, building maintenance and vehicles in order to meet the lower revenue expected.

Phase 2 of the school building program provides funding for Fulks Run Elementary and John C. Myers Elementary schools. The construction on Fulks Run Elementary is complete and John C. Myers Elementary will be complete around mid-summer. Debt was issued in the fall of 2019; the first debt service payment is due in July of 2020 and requires an increase of \$716,580 to school debt service in the FY21 budget. Currently, Phase 1 of the school building program is complete. That was funded through a debt issuance in the amount of \$22,540,000, and provided

for the renovation of John Wayland and Pleasant Valley, and construction of Rockingham Academy. Debt service payments are projected to be \$10,129,088 for FY21.

Employee Benefits

Funding is provided in the FY21 budget for a 2% health insurance increase. The County and Schools are self-insured with a contracted claims administrator (currently Anthem). County and School staff are currently preparing the health insurance offerings for the next fiscal year. Based on the current projections related to COVID-19 the County is expecting an increase in claims.

Public Safety

Fire & Rescue - Included in the Fire and Rescue budget are nine additional Fire and Rescue employees; a Lieutenant, two Master Firefighters, three Firefighters which will make up a team to run calls with the Ladder Truck placed at the Port Road Emergency Services Station. Three floaters are included in the budget to help reduce the use of overtime and wear on the full-time staff. Staff is researching possible staffing grants provided by the federal and state government. Currently, no grant funds are budgeted.

The Port Road Emergency Services Station will open this spring. Funding for the operation of the station is included in the Fire and Rescue budget.

Also included is the replacement of nine cardiac monitors in the amount of \$315,000. The County is applying for a grant from the state that will supply 50% of the funds needed for the replacement of the monitors, with a 50% local match.

Sheriff – Included in the Sheriff's budget is six Road Deputy positions: four Road Deputies for the McGaheysville Area to start in September of 2020, and two Road Deputies to support increased demand across the County to begin in January of 2021.

The Sheriff has a vehicle replacement plan that typically replaces 10-12 vehicles per year. This year the plan called for replacement of ten vehicles. Due to the current economic crisis, the budget proposes the replacement of five vehicles, with a plan to re-review in January of 2021.

The costs for **Middle River Regional Jail (MRRJ)** in this budget are Rockingham County's share only. The City of Harrisonburg is billed directly for its costs. The annual operating and existing debt costs are split among the jurisdictions based on a rolling three-year average of the inmate population. MRRJ has been at capacity in the last several months and funding is provided to rent beds at another facility until an expansion study can be completed and developed for the next phase of the MRRJ build-out, if the need should arise. Additional funding for the bed rentals, in the amount of \$348,738, is proposed. The recent early-release of 72 inmates to mitigate the potential for COVID-19 impact will provide short-term relief with regards to crowding.

Harrisonburg-Rockingham Emergency Communications Center – Upgrades to the Radio and E-911 system are planned for FY21. The County shares the services with the City; the County portion is \$910,000.

Alternative Programs for Justice System - Included in this category is continued funding for a Drug Court Coordinator and a Criminal Justice Planner reporting to the Court Services Unit, and funding for a Community Services Board Case Manager. Funding is split between the County and City.

Improved data is critical to help develop a long-range plan to reduce the rate of increase in the inmate population, and put in place programs to address recidivism and the mental health concerns in the criminal justice system, understanding that the local community is limited in its solutions by state and federal laws and regulations.

Other Areas:

Reassessment of Property – The County has issued a request for proposals to outsource the assessment of real property. Projected is an expense of \$750,000. The first quarter of the projected amount, \$187,500, is proposed in the FY21 budget

Rockingham Park at the Crossroads – As the County prepares for a full year of the park in operation, the addition of two staff is necessary to perform field maintenance. One position is offset by a reduction in outsourced services expense.

Children’s Services Act – The re-organization of the Children’s Services Act department will place the employees under the direct report and supervision of the Department of Social Services, allowing the County to leverage state and federal funding for the positions required to run the program. A savings of \$132,674 is expected.

Facilities Upgrades and Maintenance – The County owns several buildings that have HVAC equipment and roof replacement needs. The FY21 budget includes funding in the amount of \$157,000 to address these needs in the Administration Building. Security initiatives in the Administration Building and Courts building will also be a point of focus for FY21.

A maintenance building requested in the budget process for the last five plus years was proposed in the amount of \$650,000, but has been removed from the proposed budget. The building would have housed facilities staff, provided a workspace for performing general repairs, and provided storage for files that cannot be stored digitally. Staff acknowledges that this is an area of concern and would like the ability to add this back into the budget after January of 2021, if revenues show more favorable than expected.

In summary, the major focus of the proposed FY21 Budget is to:

- * Add positions in the Fire and Rescue department in order to achieve the maximum benefits from the proper management of the staff to provide timely fire and emergency medical response;
- * Fund the operation and maintenance of the new Port Road Emergency Services Station;
- * Support the Sheriff's department by adding needed personnel in essential areas of the County;
- * Continue the Sheriff's vehicle replacement program, on a smaller scale;
- * Continue to fund the increased operating needs of the Middle River Regional Jail;
- * Support the capital infrastructure upgrades in the Harrisonburg-Rockingham Emergency Communications Center;
- * Continue to support employees by paying an estimated 2% health insurance increase;
- * Add two positions in the Clerk of the Circuit Court office, funded 100% through passport and excess revenue;
- * Continue to implement programs which reduce the level of incarceration and provide substance abuse and mental health services. Some of the programs and actions in recent years include: Crisis Intervention Team (CIT) program, establishment of a Mental Health pod at Rockingham-Harrisonburg Regional Jail (RHRJ), establishment of a Special Needs pod (Alternative to Segregation) at RHRJ, CITAC Coordinator & program at Sentara RMH, Mobile Crisis Action & Response Team – RCSO & CSB, CSB full time position at RHRJ and 24/7 on-call availability, Future Generations/Strength in Peers re-entry program, Day reporting at Gemeinschaft Center, Work Release program at MRRJ, Drug Court/diversion program, Re-entry workshops held weekly at RHRJ, Addiction (drug/alcohol) classes held weekly at RHRJ, Pre-Trial Services/expanded GPS monitoring program and Chaplain support/re-entry program expanded at RHRJ (3 times per week).

Major changes to the budget are discussed in further detail below:

General Government

p. 5 **Commissioner of Revenue** - The budget includes funding for a new financial software package to hold personal property assessment data. \$96,000

- p. 6 **Reassessment & Equalization** - The budget includes funding for a contractor to perform the real estate assessment that is due December 31, 2021. \$187,500
- p. 7 **Treasurer** - The budget includes funding for new financial software that records payments collected in the Treasurer's office. This software directly communicates with the County general ledger software and provides efficiencies across the Treasurer and Finance departments. \$87,000
- p. 8 **Finance** – The department shows a reduction in salaries due to the elimination of one position in the Payroll area during FY20. (28,928)
- p. 8 **Finance** - The department shows a reduction in maintenance service contracts due to charging the Commissioner, Treasurer, and Human Resources modules to the correct departments. (\$125,000)
- p. 9 **Human Resources** – Additional funding is provided for the Human Resources module associated with the financial software package. \$45,000
- p. 10 **Technology** – Funding provided in FY21 is captured in the Capital Projects Fund as many of the items are County-wide and will be charged out to the appropriate departments at the time of purchase or implementation. (\$165,100)
- p. 13 **Electoral Board** – An increase in the department is proposed in order to account for the additional expense related to the Presidential election and no excuse absentee voting. \$22,134

Judicial Administration

- p. 19 **Clerk of the Circuit Court** – Two new positions are proposed for the Clerk of the Circuit Court. One position is to cover passport applications and has a direct revenue stream to cover 100% of the salary and benefits. The second position is to add a Deputy Clerk in order to help with the volume of cases that are handled on an annual basis. Funding is also provided by Clerk of the Circuit Court excess fees to cover the salary and benefits. \$94,443
- p. 20 **Court Services** – Court Services is increasing because of a transfer of \$130,000 from the Jail department for Day Reporting. This is an administrative transfer. \$130,000
- p. 23 **Commonwealth's Attorney** – The County has worked with the Commonwealth's Attorney for the past few years to increase compensation to a competitive rate for the Attorney's assigned to County and City cases. The increase is shared 50/50 with the City. \$156,162

Public Safety

- p. 25 **Sheriff** – The Sheriff's department has an increase in salaries due to the addition of six new positions. Four assigned to the McGaheysville area and two assigned for coverage in other areas of need. Also included is the purchase of five replacement vehicles. \$43,448

p. 30 **Fire & Rescue** – Funding is provided for nine new positions ; a Lieutenant, two Master Firefighters, three Firefighters which will make up a team to run calls with the Ladder Truck placed at Port Road Emergency Services Station. Three floaters are included in the budget to help reduce the use of overtime and wear on the full-time staff. Staff is researching possible staffing grants provided by the federal and state government. Currently, no grant funds are budgeted. \$534,543

p. 33 **Ambulance & Rescue Squads** – Funding is provided for the replacement of nine cardiac monitors. An application for a state funded 50/50 grant is currently in progress. \$322,296

p. 35 **Middle River Regional Jail (MRRJ)** – Funding is provided for the potential rental of beds from another facility as the MRRJ is approaching full capacity at 925 inmates. An expansion study is underway and funding is provided to cover the cost for Rockingham County inmates. \$348,738

p. 36 **Jail** – A reduction is shown partly due to the transfer of \$100,000 to the Court Services Department and also to the Site Improvements planned for FY21. (\$215,975)

p. 38 **Inspection Services** – Reduction is due to the replacement of a vehicle in FY20 that is not planned in FY21 due to budget constraints. (22,500)

p. 39 **Animal Control** – An increase to the Rockingham/Harrisonburg SPCA in the amount of \$57,922 is provided due to an increase in the number of felines being seen at the facility and an increase in the amount of animals in general. \$57,922

p. 40 **911 Operations and Maintenance** – Upgrades to the Emergency Communications Center 911 System are happening in FY21 as planned. Harrisonburg is the fiscal agent and has reviewed the use of fund balance and other funds to assist with this project; Rockingham County's share is \$910,000. \$910,000

Public Works

p. 41 **Public Works Administration** – The department is going to close into the County Maintenance of Properties department. (\$92,855)

p. 42 **County Property Maintenance** – Salaries and benefits were reallocated during FY20 to more accurately reflect the positions they represent. This caused a shift in the expenditure from the County Property Maintenance to Shared Property Maintenance, the Department of Social Services, Water and Sewer and the Landfill. Less maintenance is planned due to decrease in funding availability. (\$272,085)

p. 43 **Shared Maintenance of Buildings** - The increase in the Shared Maintenance facilities is due to the restructuring of payroll allocations from the County Maintenance Department and site improvements that are needed in the shared buildings. \$24,826

p. 44 **Human Services Maintenance** – Increase associated with re-allocated positions in the County Property Maintenance Department that more accurately reflects the time associated with performing the building maintenance. \$82,567

Human Services

p. 47 **Local Health Services** - The budget includes an increase of \$32,095 to assist with the operations of the local health department. \$32,095

p. 48 **Harrisonburg-Rockingham Community Services Board (CSB)** - The department includes a decrease due to the budgeting of debt service payments in this account in FY20 in anticipation of the new debt associated with the renovation and construction of a new operations building on the current CSB property. The expenditure is budgeted in County debt service for FY21. (\$177,000)

p. 50 **Institutional Care** - An increase of \$40,427 to this line item will help cover an increase to the County contribution to the Shenandoah Valley Juvenile Detention Center. \$40,427

Parks, Recreation and Cultural

p. 53 **Rockingham Park at the Crossroads** – This department provides funding for the operation and maintenance of the new park in the County. Two full-time employees will be added in order to perform maintenance, cleaning, and upkeep of the facilities. \$123,279

Community Development

p. 62 **Contributions** – A reduction in the contributions for FY21 is due to the one-time contribution in the amount of \$250,000 provided for the Explore More Museum expansion on the third floor. (\$284,410)

p. 65 **Transfers** – The reduction in the amount of transfers include a transfer to Capital Projects and a transfer to Children’s Services Act. (\$667,239)

p. 66 **County Debt Service** – An increase in the amount of \$188,738 is due to the debt issuance for the Harrisonburg-Rockingham Community Services Board. \$188,738

p. 66 **School Debt Service** – An increase in the amount of \$716,580 is due to the debt issuance related to Phase 2 of the School Capital Projects at Fulks Run Elementary School and John C. Myers Elementary School. Both projects are expected to be completed by mid-summer of 2020. \$716,580

Revenue Projections

The County’s economy has been growing at a steady pace over the past few years. Since the COVID-19 pandemic, there is concern over the revenue projections for the next 12-18 months.

The originally-proposed budget showed modest growth in the areas of Real Estate, Personal Property and Machinery & Tools. In the last few weeks, as the economy has turned, new revenue estimates have been generated showing a much different picture. Details on each revenue source are outlined below:

(Follow in the book or online under the General Fund Revenue tab)

p. 1 **Real Estate** - Based on the amount of new construction experienced over the last 12 months, the Commissioner of Revenue is advising that a growth of 1% over FY20 can be expected. The Board advertised March 28th that they will keep the County's current real estate tax the same at \$0.74 per \$100 of assessed value. Adjusting the collection rate downward due to the current economic crisis, the projection is an increase of \$800,000. \$800,000

p. 1 **Personal Property Taxes** - The County's Commissioner of Revenue is projecting a growth in Personal Property assessed values of 2.5%. An increase of \$500,000 is projected by taking into account a reduced collection rate. \$500,000

p. 1 **Machinery & Tools** - This tax is on equipment used primarily in the manufacturing of goods. The tax is based on the value of equipment in service as of January 1st, but it is not levied and due until the following December. Based on information provided from several of the larger business accounts, the County is expecting an increase of \$500,000. \$500,000

p. 2 **Food & Beverage** - This tax is expected to decrease due to the current economic conditions. (\$500,000)

p. 4 **Court Costs** - Two new revenue accounts are added to the total court costs revenue due to the two new positions in the Clerk of the Circuit Court's office. The passport clerk will generate passport fees that will directly cover the expense of the position. The Clerk reimbursement will be to reimburse the County for the costs associated with the new Deputy Clerk that is 100% locally funded to assist the office. \$50,000

p. 4 **EMS Transport Fees** - An increase of \$200,000 is expected in the EMS Transport Fees due to the calculation method used to disperse the funds to the County, Volunteer Rescue Squads, and Fire Companies. The addition of paid staff responding to calls shifts additional funds to the General Fund to help reimburse for the salaries paid. No change to the fees is proposed. \$220,000

p. 5 **Sale of Property** - The County does not have property for sale that is expected to generate a large amount of revenue in the next 12-18 months. (\$105,000)

p. 5 **Recovered Costs** - The County is the fiscal agent for the shared court services of Harrisonburg-Rockingham. The increased cost of the services is shared between the city and county 50/50 after the state pays their portion, resulting in an increase of \$82,654. Also, the Community Services Board portion of the debt service payment is budgeted at \$162,883. \$217,828

- p. 5 **Communication Sales & Use Tax** - A decrease of \$200,000 is projected in this line item. The budget was increased to \$1.6M in FY20; however, collections are not coming in-line with the expectations. (\$200,000)

- p. 6 **ATV and Moped Sales Tax** - A new revenue stream in FY20. \$25,000

- p. 6 **State Revenue** - The County is applying for a 50/50 grant to purchase Cardiac Monitors. \$123,500

- p. 7 **Transfer from Insurance Fund** - The General Fund provided funds for the Self-Funded Health Insurance Fund at its inception. The Fund has been successfully operating for 10 years and is now in a place to pay back the General Fund. \$990,426

- p. 6 **Fund Reserve** - Allocates \$857,600 in fund balance reserves for one-time purchases, a decrease of \$711,829 from FY20. The uncertainty of the economic times has caused the County to more conservatively use the fund reserve. (\$711,829)

The budget as currently proposed requires \$857,600 to be taken from the County’s general fund reserve to balance, which is offset by one-time items proposed to be funded. Good financial practices recommend that one-time unassigned balances in the General Fund continue to be used to fund capital investments that can help build the economy and provide pay-as-you-go funding for important capital replacements that are limited in size and are not funded by bonds.

When preparing the FY21 proposed budget, as revised, the County Administrator, working with the Superintendent of Schools, recommended that given the uncertainty of revenues, Schools work to operate with level funding from FY20. As the COVID-19 crisis continues, the County will re-evaluate the revenue stream and adjust the local funding level, as needed and downward if the economic conditions dictate.

In addition to the operating transfer, the County pays an additional \$716,580 in Schools debt service for Phase 2 of the school building program for Fulks Run Elementary and John C. Myers Elementary school renovations. The renovations are projected to be complete by mid-summer of 2020.

Management recommended that the Board hold all tax rates steady for the coming year in order to maintain the integrity of the operating budget and fully fund on-going expenses with on-going revenues. Although the Virginia General Assembly worked hard for equal taxing authority for Counties, Towns and Cities, no changes to other revenue are recommended at this time.

Rockingham County is recognized by Standard & Poor’s with the gold standard of financial ratings, a AAA rating. That rating goes to localities that manage the assets entrusted to them by the public with the highest level of care. That care includes having a long-range vision of the actions that are critical for the County to continue to be a place that people can live, work and raise a family in a safe community, with an economy that is thriving and provides opportunities for our youth to be successful. This recommended budget does not meet all of the needs of the

County; as the five-year financial plan indicates it will take at least five years, and likely more, to address these priorities which are in a constant state of flux. The Board's direction is to meet those priorities with a minimal impact to the local taxpayer. The proposed budget strives to meet that objective. Cost reductions and efficiencies, the demand and necessity of each request, and the benefit to the community were all considered.

Capital Projects (County and Schools)

County

The projects currently included in the proposed budget for the coming year are the continued technology upgrades required so County employees are able to perform their duties, and to also safeguard data housed on the County's servers. Also provided is \$130,000 for the Commonwealth's Attorney Software Replacement. (\$1,626,500)

Enterprise Operations

The County has two functions that are operated as self-sustaining enterprise funds – Solid Waste and Utilities.

Solid Waste

For the coming year, staff is recommending no increase in the tipping fee for trash brought by private haulers and City waste trucks. The fee will remain at \$52 per ton. The tire fee will increase from \$125 to \$165 per ton. These fees cover the long-term operation and maintenance of the County landfill and all container sites.

Utilities

For the coming year, staff is recommending no change in the fee structure for the water and sewer enterprise fund. However, staff recommended that the Smith Creek Water and Waste Authority increase the price per gallon above 1,000 gallons from \$3.75 to \$4.00.

As we continue to look ahead and beyond COVID-19, budget adjustments may need to be made during the fiscal year, as this proposed budget is based on projections utilizing the best information available at this time. On behalf of the County's management team, we extend our sincerest appreciation to the members of County staff that assisted and contributed in the preparation of this budget, and to the Board of Supervisors for the confidence expressed and resources entrusted to us throughout this process. We look forward to continuing to work with you to provide high quality, efficient and effective services for our community.

Respectfully submitted,


Stephen G. King
County Administrator