

W. DAVID MCNEILL, JR.
County Manager



GUILFORD COUNTY

ADMINISTRATIVE OFFICES

May 22, 2008

Guilford County Board of Commissioners

The Honorable Kirk Perkins, Chairman
The Honorable Katie S. (Kay) Cashion, Vice Chairman
The Honorable Melvin (Skip) Alston
The Honorable Steve Arnold
The Honorable Carolyn Q. Coleman
The Honorable Bruce E. Davis
The Honorable Paul Gibson
The Honorable John Parks
The Honorable Linda O. Shaw
The Honorable Mike Winstead, Jr.
The Honorable Billy Yow

Mr. Chairman and Members of the Board:

In accordance with the General Statutes of North Carolina, I hereby submit for your consideration the proposed FY 2009 Budget for Guilford County Government. A copy of this recommended budget has been filed with the Clerk to the Board and is available for public inspection. The budget is balanced and prepared under the guidelines of the North Carolina Local Government Budget and Fiscal Control Act.

Guilford County is faced with economic challenges, including population growth and increasing demand for services that outpaces revenue. This year, even more than in recent years, Guilford County faces uncertain economic times. Taking these factors into account and based upon



direction from the Board of Commissioners, the proposed budget maintains and enhances the County's existing services while preparing for the future. It is imperative that the County continues to move forward with efficiencies, while building an infrastructure in accordance with the needs expressed by residents and the goals and priorities established by the Board of Commissioners through the strategic planning process.

Although this budget does not fully fund the many agency requests for next year, I believe that the plan is responsible and includes funds to implement several new initiatives undertaken by the Board and approved by voters in the recent bond referendum. It includes total appropriations of \$587.9 million dollars for the General Fund, an increase of \$38.7 million or 7 percent over FY 2008. This recommended budget moves Guilford County toward accomplishing the mission:

To provide **Efficient, Effective, Responsive** government that meets the public's needs and improves our community.

And it moves the County forward in fulfilling the vision adopted by the Board in September 2007:

Guilford County will be a place that...

Creates **Prosperity** and **Educational Opportunity** for all its citizens;

Views **Diversity** as a strength and strives for equality;

Provides freedom through **Safe** and **Healthy** communities; and

Values **Economic Growth**, producing a rich quality of life.

Enhancing County Infrastructure

With Board approval, the County began renovations to the Greensboro Courts Facility in order to provide additional space for the crowded court system. The 2005 Criminal Justice Master Plan recommended an additional 43,000 square feet to meet the future need for court space in Greensboro. Renovations to the plaza level are expected to be completed later this year. This budget includes the first year of operating costs and debt payment for the BB&T building, which should defer additions to the Greensboro Courts Facility for a number of years. In 2007, the Board of Commissioners opened the Chandler Dental Clinic and an Emergency Services base in High Point. The Board will officially open the Guilford County Substance Abuse Treatment Center on June 9th. Additionally, the Board identified funding for the new Department of Social Services building in High Point and new EMS bases in northwest and eastern Guilford County. With these improvements, coupled with the new detention center, Guilford County has made significant progress toward meeting its facility needs.



Promoting Economic Growth

The Board works closely with economic development officials at every level to increase job opportunities for citizens. As a result of support and policy decisions made jointly with the cities of Greensboro and High Point, a number of business locations and expansions were announced: HondaJet, Zink Imaging, Lenovo, Proctor and Gamble, Trans Tech Pharma and O'Reilly Auto Parts.



Planning Strategically for the Future

At the Board's direction, progress continues on the first comprehensive strategic plan for Guilford County Government. In addition to the adopted vision and mission statements, six strategic goals were identified for the County: Creating Prosperity, Providing Educational Opportunity, Promoting Diversity, Providing Safe and Healthy Communities, Promoting Economic Growth and Fulfilling our Mission of Providing Efficient, Effective, Responsive Government.

Department Directors and key staff will soon meet to develop objectives, strategies and initiatives to meet these goals and continue their work toward performance-based budgeting. I want to commend the members of the Strategic Alliance Committee for their dedicated efforts in making this process successful.

Through these and other initiatives, the budget will continue to enhance the quality of life in Guilford County.

BUDGET OVERVIEW

The total FY 2009 general fund budget for Guilford County Government recommends an outlay of \$587,925,442, a \$38.7 million (or 7%) increase over the budget adopted for FY 2008.

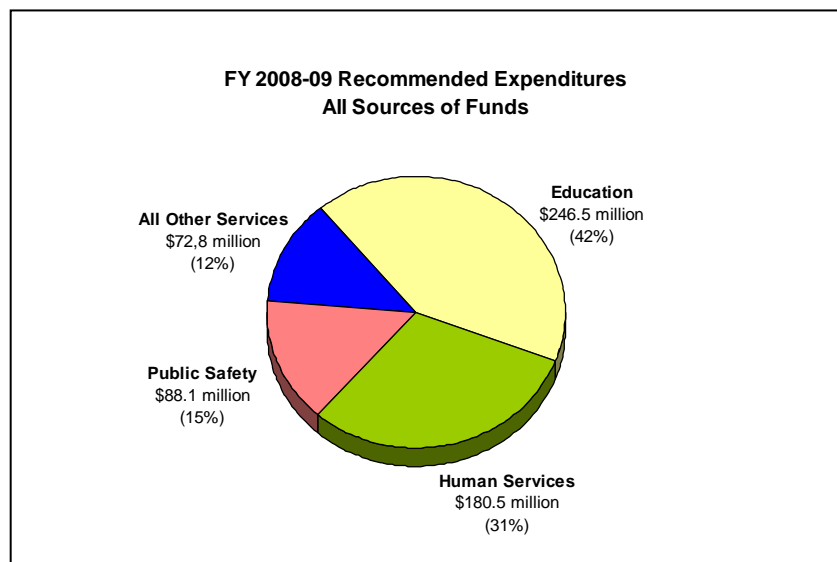
The highlights of the recommended budget for FY 2009:

- Increases for Education and Debt Service, including the new bonds, accounts for 81 percent of the change in recommended expenditures.
- Provides additional funding for Human Services, Public Safety and Community Services agencies.
- Decreases funding for the remaining Guilford County service areas (Administration and Support Services).
- Includes full-year funding of the new Substance Abuse Treatment Center and for acquisition and operation of the BB&T Building.
- Maintains the three percent performance based merit system for County employees.
- Adds 26 new positions and eliminates 20 positions through attrition, in addition to another \$1 million in vacancy savings.
- Continues the upgrade of computer technology to increase the efficiency of County departments.
- Increases the county property tax rate from 69.14 cents to 74.6 cents, an increase of 5.46 cents per \$100 of assessed valuation, of which 3.43 cents will fund the first year on the May 6th voter-approved bond debt service for education and law enforcement.

I would like to thank the staff in the Office of Budget and Management for their commitment in the preparation of this document. I would also like to thank the Guilford County Department and Agency Directors for their assistance in the formulation of this budget.

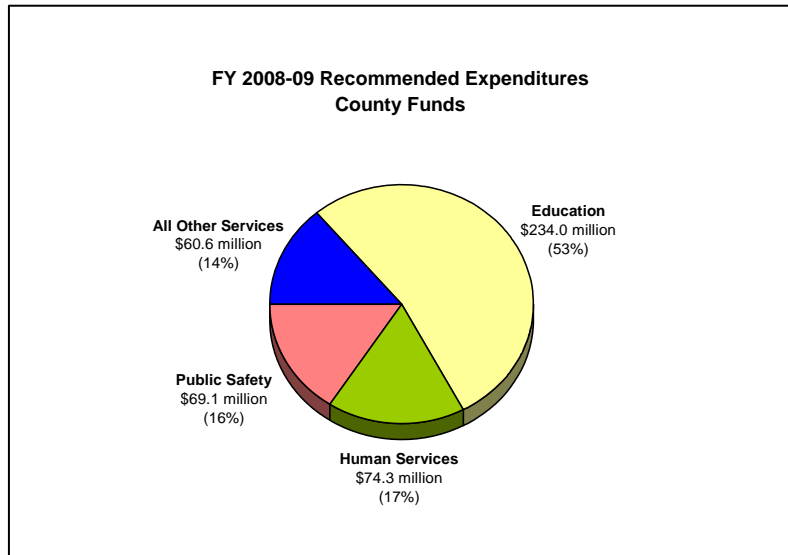
Considering all sources of revenue available to the County, which include federal and state funds and department-generated

revenues, the appropriation for Education and school-related debt is 42 percent of the total recommended budget. This 42 percent appropriation for Education is funded primarily from locally generated funds, such as the property tax and sales tax. The next largest expenditures are



for Human Services (31%) and Public Safety (15%). Together, services in these three program areas comprise 88 percent of the entire Guilford County budget. The remaining 12 percent of budgeted funds is divided among all other County services and programs.

Considering County revenue only, the recommended appropriation for Education consumes 53 percent of available local funds.



EXPENDITURES

Education

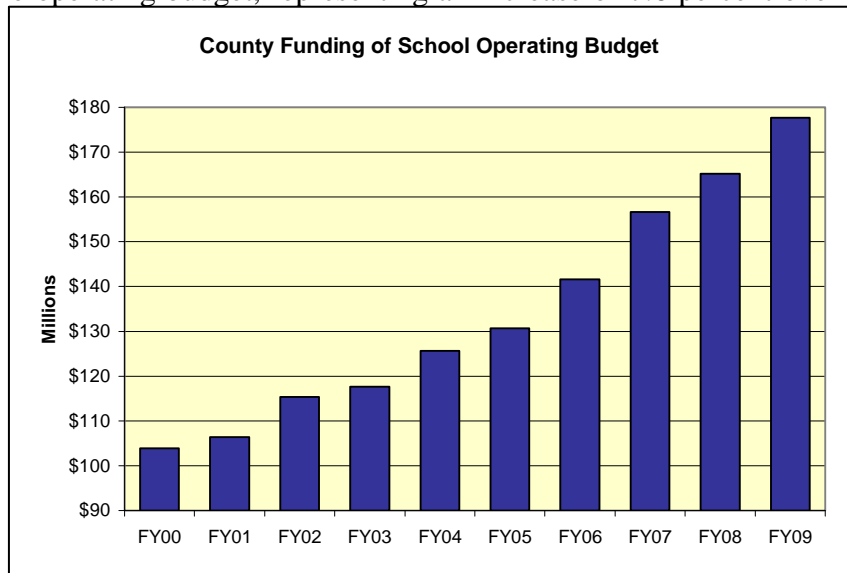
Providing lifelong educational opportunity for Guilford County’s children and workforce remains a high priority for the Board of Commissioners.

Guilford County Schools

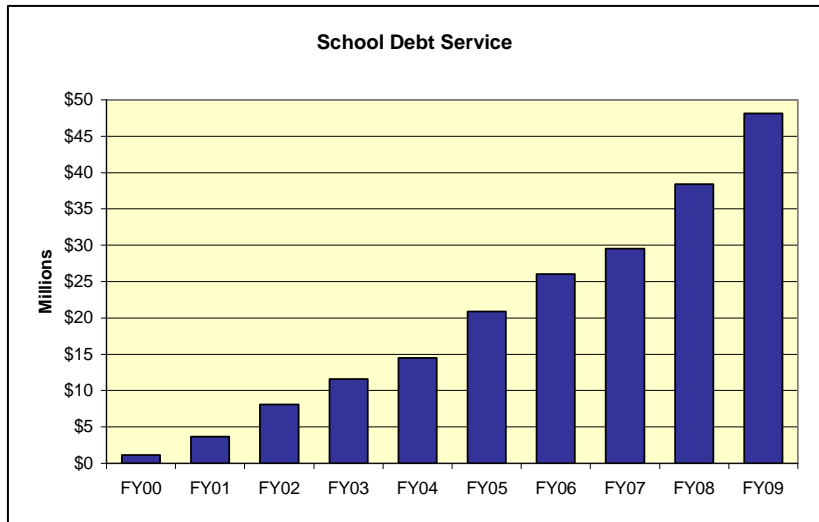
One of the primary factors in maintaining a high quality of life and attracting new business and industry is an outstanding public school system.

The Guilford County Board of Education has requested \$181.2 million in operating funds next year – an increase of \$16 million over the current budget. The recommended budget appropriates an additional \$12.5 million to the operating budget, representing an increase of 7.6 percent over the current budget, bringing the total amount appropriated to the Guilford County School System to \$177.7 million.

The requested amount includes proposed legislated salary increases for locally funded teachers, principals, and classified employees; related personnel costs; increases in energy costs and maintenance associated with the addition of nearly 229,000 square feet of space; and, projected enrollment growth of an additional 1,294 students.



The recommended budget allocates \$7 million in capital outlay funding for the school system and \$48.1 million for school related debt, making the total appropriated amount \$232.8 million for Guilford County Schools. Of this amount, \$12.5 million is allocated from current and projected lottery funds. The two 2008 voter-approved school bonds, totaling \$457.3 million, will fund the rebuilding of Eastern Guilford High School, four new and replacement schools, 27 prioritized renovation and expansion projects, system-wide improvements to athletic facilities, and heating/air systems. Over the past eight years, Guilford County made significant progress in school expansion and renovation projects with the issuance of \$957.3 million in voter-approved bonds.



Guilford Technical Community College

Guilford Technical Community College continues to be a leader among state and national community college systems in providing quality occupational training to students. The recommended budget includes \$1.46 million, an 11.9 percent increase over the current year. Of these funds, \$961,362 is dedicated to operating costs for new facilities, including a Health Technologies Center, central energy plant, the Greensboro Campus classroom building, and acquisition of additional land for the Northwest and High Point campuses. The remaining \$500,000 will go toward capital expenses for two priority projects: infrastructure for the Northwest Campus and renovations to support enrollment growth in the aviation program. With the recent voter-approved \$79.5 million bond, GTCC will begin building the new Northwest Campus and Aviation Classroom Building and furthering improvements to the Jamestown campus.

Providing Educational Opportunities

Administration/Student Services
 Continuing Education Center
 Technical Education Center
 Adult Education Center

GTCC
 Guilford Technical Community College

**AVIATION MANAGEMENT/
 CAREER PILOT
 TECHNOLOGY**

Human Services

The Board of Commissioners values safe and healthy communities for its residents. The budget provides \$180.5 million in County funds for the various Human Services Departments, an increase of \$1.3 million or less than one percent (.7%) over the amount approved for FY 2008.

Mental Health

The State of North Carolina's Mental Health Reform legislation caused tremendous change to The Guilford Center. Policy differences at the state level have impacted The Guilford Center's partnership with two other local management entities: Smoky Mountain Center and Mecklenburg County. At present, there are differing views on the subject of regionalization of the state's 25 existing administrative entities. Subsequently, The Guilford Center is waiting for the regionalization process to be more clearly defined and parameters established. In the interim, The Guilford Center continues to be a planning partner with the State.

Substance Abuse Treatment Center



As part of the Guilford County Substance Abuse System of Excellence, the budget includes a full year's funding, \$1.2 million, for operating the new comprehensive substance abuse program. This program will provide a vastly improved system of care for substance abuse treatment in Guilford County.

Social Services and Public Assistance Mandates

Medicaid Relief legislation passed by the General Assembly included a provision for the state to begin full assumption of the local share of Medicaid expenditures. The phase-out of county contribution began in October 2007 with the state paying 25 percent of the county's costs. The State's share of Medicaid will rise to 50 percent in July 2008 and 100 percent in July 2009. In return for assuming these costs, the state will retain a portion of county sales tax revenues. Historically, Medicaid expenditures have grown faster than sales tax revenues. As a result, the county should experience long-term benefit from the new legislation.

The budget includes 11 additional positions in the children's day care, foster care and family services programs funded by state and federal dollars.

Public Health

Included in this budget are five positions for Public Health – four positions for the Women, Infant and Children (WIC) program and one position for the Public Health Preparedness and Response Program – funded through state and federal dollars. The Guilford County Board of Health identified the need for a health clinic in southeast Greensboro. The budget does not

provide funding for this health clinic. However, the Board of Commissioners may desire to revisit this issue later in the year. Renovations to the Health Clinic on Wendover Avenue will begin this summer.

Child Support Enforcement

The Federal Deficit Reduction Act of 2005 will negatively impact Child Support revenues. Because counties will no longer be able to use federal performance incentive funds as the local match for the program, Guilford County will be required to include an additional \$372,000 in County funds to fill this gap and maintain current service levels.

Transportation

Through funding from the State of North Carolina, Transportation and Mobility Services will purchase five vehicles to establish a county-owned fleet, similar to other counties statewide. The State is expected to provide funding for 90 percent of this cost, thereby reducing the cost per trip for the County's contract provider.

Public Safety

The Board's goal of providing safe communities includes prevention, education and timely responses by our public safety professionals. County funding for departments within this category is increasing \$5.8 million or 7 percent over FY 2008. Guilford County is recognized nationally for having public safety agencies capable of responding to all types of emergencies. Guilford County works closely with our local municipal partners to provide a coordinated response system. In addition, Guilford County relies heavily on both paid employees and volunteers for fire service in the unincorporated areas.



The budget includes the County's share of funding for Guilford Metro 911 for FY 2009. Guilford Metro 911 has been recognized for reducing emergency response times and cited as a model for consolidated emergency communication centers.

Funds are also included for the required replacement of ambulances and law enforcement vehicles in accordance with the County's fleet replacement schedule.

The budget includes second-year funding for Mental Health Courts in Greensboro and High Point as well as contracts with community-based agencies to help reduce the jail's pre-trial population.

A full year of funding is included for the 28 detention officers approved by the Board of Commissioners in February 2008. In addition, four new bailiff positions will be funded to handle increased judicial demands and four deputies have been added to enhance patrols. It is important to note that over the next two years, the County will develop a staffing plan for the new detention facility in Greensboro. Construction on the new detention facility is scheduled to begin in 2009.



As a part of overall efficiency improvements in County government, two logistics technicians will be added at Emergency Services to restock ambulances, thereby getting emergency vehicles back in service and available to answer new calls faster.

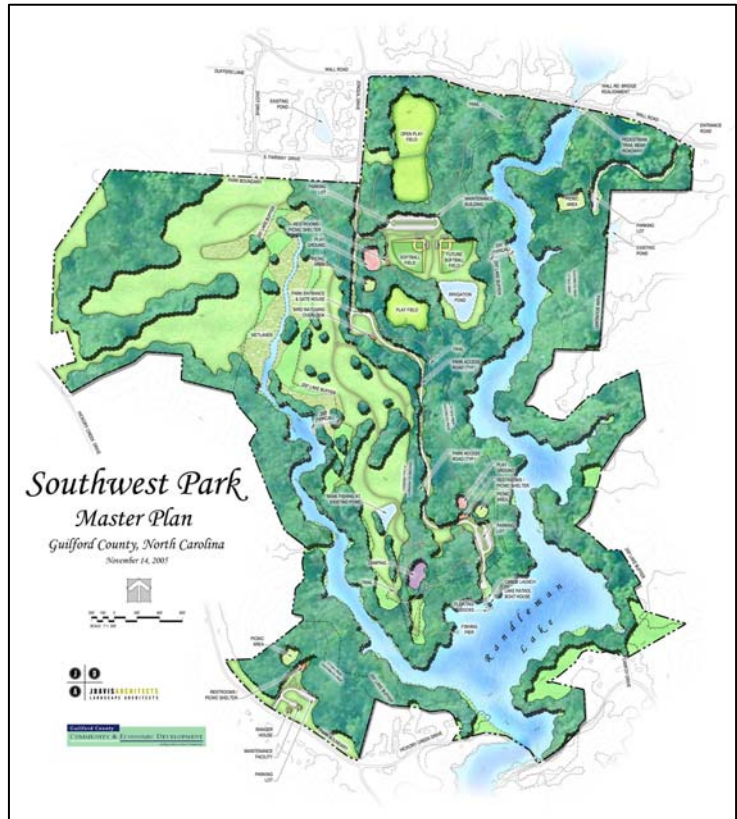
The Governor's FY 2009 budget proposes to restore funding for the Juvenile Crime Prevention Program and the Criminal Justice Partnership Program. Decisions made by the General Assembly this summer will impact prevention and intervention services for both at-risk youth and adults.

The valuation and tax rates for each of the 22 fire service districts are included for your review. Alamance Community Fire Department, Climax Fire Department and Northeast Guilford Fire Department are requesting increases in tax rates. The budget also holds fire districts harmless from the loss of sales tax revenues related to the phase-out of county Medicaid payments.

The budget includes increased funding for the Animal Shelter and Animal Control. In addition, an appropriation of \$15,000 is included for Guilford County's share of a new security system at the Animal Shelter. Animal Services requested an additional \$200,000 for a new adoption center. Given the age of the current facility, the Board of Commissioners should consider a feasibility study to evaluate either replacing or expanding the current Guilford County/Greensboro Animal Shelter.

Community Services, Culture, Parks

In support of the Board's goal to create prosperity by promoting economic, cultural and recreational opportunities, the recommended budget includes the first year of operating costs for Southwest Park, scheduled to open in fall 2008. The budget also includes \$80,276 for the county's share of Hagan-Stone operating costs contingent upon the Board's acceptance of the park from the City of Greensboro. To assist with this transition, the County would assume the operational costs over the next four years. The budget maintains County funding for public libraries in Greensboro, High Point, Jamestown, and Gibsonville.



General Government

The following points will impact County government next year:

- The County's cost for employee health insurance is expected to increase by \$1.5 million, or approximately 6 percent. An additional \$512,000 is included for retiree health insurance costs.
- The budget supports the operation of a fleet of 625 County vehicles significantly affected by rising fuel prices. The County will be required to increase its fuel costs by \$900,000 primarily for vehicles assigned to the Sheriff's Department, Emergency Services and Animal Control.
- The budget includes \$614,000 for additional voting machines for Elections. These machines will be in place for the high voter turnout expected in November.

Efficiencies and Improvements

As directed by the Board of Commissioners and in accordance with our mission, Guilford County government is undertaking initiatives to be more efficient, effective and responsive in our service delivery to citizens. I would like to briefly mention a few of these efficiencies and improvements that will be implemented in the next fiscal year throughout County government.

- The County is in the process of choosing an improved tax software system funded through the FY 2008 Capital Improvement Plan budget.
- Per State requirements, the recommended budget includes \$194,500 to upgrade the phone system for the courts.
- Guilford County Register of Deeds is implementing eRecording, the process of submitting, receiving, and processing documents via a secure Internet site. eRecording efforts will save time and money for customers, accelerate document recordings, improve office productivity, and the security of documents.
- The County is implementing a Capital Investment Board that will review and recommend capital improvement projects and information technology upgrades while seeking ways to take advantage of economies of scale. This Investment Board is based upon recommendations from the Information Technology Assessment.
- Transportation and Mobility Services is implementing an Automated Call Distribution system that will allow department staff to effectively answer the high volume of calls, become more responsive to passenger needs, and improve the effectiveness of workflow.
- With grant funding, Guilford County Internal Audit is completing the County's initial Service Efforts and Accomplishments Report that will be provided to citizens.
- In January 2008, Guilford County Purchasing implemented the e-Procurement Strategic Sourcing System, an Internet-based process for vendors and suppliers to receive notification of and respond to quotes and bid opportunities from Guilford County.
- The County continues to implement new automated technology, including an online Facilities work order system and automated contract processing.

Board of Commissioners Budget Request

As directed by the Board of Commissioners at its March 18, 2008 work session, included in the budget document is a chart listing services, programs and items that the Board may choose to consider to reduce the proposed tax increase.

REVENUES

Proposed General Fund revenues and appropriated fund balance for FY 2009 total \$587,925,442. This is 7 percent, or \$38.7 million, higher than those approved for FY 2008. Property tax revenues will account for 55 percent of the total budget in FY 2009. The next largest sources of funds for general County operations are federal and state funds (17%) and sales tax revenue (13%).

County revenues are estimated to increase \$15.96 million next year, as indicated in this chart. This increase in revenue is offset by decreases in investment earnings and other revenues. The Tax Director estimates the new tax base at \$44.2 billion, an increase of approximately 2.4 percent. This growth will generate an additional \$10 million in property tax revenues. The next countywide revaluation of property will take effect in 2012.

In addition, recent legislation tied to Medicaid relief will result in the State of North Carolina retaining a portion of sales tax revenues previously received by Guilford County. As a result, sales tax revenues are expected to fall by nearly \$7.7 million. Medicaid expenditures will decrease by nearly \$9.2 million for a net benefit to the County of \$1.5 million.

In the coming year, the Consumer Price Index is projected to increase, led by higher gasoline and food costs. Discretionary spending could be limited; therefore, affecting retail sales and lowering sales tax collections.



County Revenue Growth

	Amount
Property Taxes	\$10.02 million
Lottery Funds	6.50 million
Department Revenues	7.48 million
Fund Balance	1.67 million
Interest Earnings	(2.06) million
Sales Tax	(7.65) million
Total	\$15.96 million

SUMMARY

The budget for FY 2009 recommends a property tax rate of 74.6 cents – an increase of 5.46 cents. To fully fund all requests, a tax rate increase of over 12.7 cents would be required.

The following tables illustrate the composition of the recommended tax rate increase of 5.46 cents:

**FY 2008-09 Recommended Budget
General Fund
Changes in County Funds**

		<u>County \$</u>	<u>Tax Rate</u>	<u>Total</u>
Education & School Debt				
Guilford County Schools	Operating Budget	12.50	2.99	
	School Debt Service	<u>9.72</u>	<u>2.32</u>	
		22.22	5.31	
	LESS: Lottery Proceeds	(6.50)	(1.56)	
Guilford Technical CC	Operating Budget	0.96	0.23	
	Capital Budget	<u>0.50</u>	<u>0.12</u>	
		17.18	4.11	4.11
Non-School Debt (excluding BB&T)				
		<u>6.93</u>	<u>1.66</u>	5.77
BB&T Purchase				
	Debt Service	0.76	0.18	
	Operating/Capital (Net of Rent)	<u>0.29</u>	<u>0.07</u>	
		1.05	0.25	6.02
Human Services				
Mental Health	New Substance Abuse Facility	1.20	0.29	
	Jail Liason from County Funds	0.17	0.04	
Child Support	Impact of Deficit Reduction	<u>0.37</u>	<u>0.09</u>	
		1.74	0.42	6.43
Public Safety				
Law Enforcement	28 Detention Officers - Full Year	1.38	0.33	
	8 New Positions	0.66	0.16	
	Jail Elevator Repair - High Point	0.47	0.11	
Emergency Medical Services	2 New Positions	0.12	0.03	
Other Protection	High Point Drug Court - Full Year	0.12	0.03	
	Convert from Inmate Welfare Funds	<u>0.29</u>	<u>0.07</u>	
		3.04	0.73	7.16
Community Services				
Southwest Park opens in Fall		0.23	0.06	
Hagan-Stone Park		0.08	0.02	
Economic Incentive contracts		<u>0.26</u>	<u>0.06</u>	
		0.58	0.14	7.30
General Government & Support Services				
	Elections - Additional Voting Machines	0.61	0.15	
	Courts - Telephone Upgrades	0.19	0.05	
	E-Mail Exchange Server Upgrade	0.20	0.05	
	Retiree Insurance	<u>0.51</u>	<u>0.12</u>	
		1.53	0.36	7.66
Medicaid Relief Legislation				
	Medicaid	(9.16)	(2.19)	
	Sales Tax Reduction	<u>7.65</u>	<u>1.83</u>	
		(1.51)	(0.36)	7.30
Net Change for All Other County Departments				
		2.13	0.51	7.81
LESS: Elimination of 20 positions				
		(0.90)	(0.22)	7.60
LESS: Increase in General County Revenues				
		(8.91)	(2.13)	5.46

In summary, whether in times of economic slowdown or economic growth, Guilford County government's purpose is to serve the people. High quality schools, work force training for new and existing workers, timely law enforcement and emergency services response, access to health clinics, accurate and fair elections, clean and safe restaurants, parks for leisure activities, and assistance with family, financial or transportation issues are examples of these basic services provided by Guilford County government. The recommended budget for Fiscal Year 2009 will provide funding to continue the mission of County Government in the most efficient, effective and responsive manner possible.

The following schedule is provided for your consideration of the budget document:

Proposed Budget Meetings Schedule		
Date	Topic	Departments
May 29 (Thursday) 1:00 p.m.	Education Public Safety	Guilford County School GTCC Law Enforcement Emergency Services
June 2 (Monday) 1:00 p.m.	Human Services	Social Services Public Health Mental Health Transportation
June 5 (Thursday) 5:30 p.m.	Public Hearing	
June 9 (Monday) 1:00 p.m.	Budget Work Session (if needed)	
June 19 (Thursday) 5:30 p.m.	Adoption of Budget	

I thank each of you for your consideration of the proposal and welcome any changes the Board deems appropriate.

Respectfully submitted,

W. David McNeill, Jr.
 County Manager