

To: Richland County Board — Marty Brewer, Chair
Finance and Personnel Committee — Shaun Murphy-Lopez, Chair

Subject: Report — Proposed Amendments to Preliminary 2021 Budget

Report Content:

August 28, 2020

- Budget Objectives
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Budget Objectives:

The Finance and Personnel Committee is tasked to, “*Annually prepare a budget for the County for submission to the County Board for its approval at the annual meeting*” under authority defined through the Richland County Board’s Committee Structure Document, Paragraph D. The County Administrator is tasked to, “annually, and otherwise as necessary, communicate to the board the condition of the county, and recommend such matters to the board for its consideration as the county administrator considers expedient. Notwithstanding any other provision of the law, the county administrator shall be responsible for the submission of the annual budget to the board,” under authority defined by Wisconsin State Statute §59.18(5)(5). Under this partnership, the Finance and Personnel Committee took action to approve the following Budget Goals proposed by the County Administrator:

Levy:

- Meet the operating levy limit as imposed by the State of Wisconsin.

Services:

- Within operating levy limit, protect the effective delivery of essential services and protections.
- To the greatest extent possible, maintain current discretionary services provided directly by the county and/or through partnerships.

Response to COVID-19 Impacts:

- Absorb 2020 revenue and expenditure impacts resulting from the pandemic.
- Account for 2021 revenue and expenditure impacts resulting from the pandemic.

Wages and Benefits:

- Meet projected increases and adjustments in health insurance premium costs and fringe benefits.
- Evaluate and consider incremental adjustments in employee wages to progress towards the goal of obtaining market value as determined through 2018 study, Resolution 19 – 89.

New Equipment:

RICHLAND COUNTY

Office of Clinton Langreck, County Administrator

221 West Seminary Street • Richland Center, WI • 53581

Phone: (608) 649-5960 • Fax: (608) 647-6611

E-Mail: clint.langreck@co.richland.wi.us

- Reintroduce new equipment expenditures to department budgets that were absorbed by loan funding in the 2021 budget for new equipment under \$5,000.

Capital Improvements and Capital Outlays:

- Within the operating levy limit, maintain the county's infrastructure to ensure that future boards do not have to react to aging and broken systems causing frequent sharp rises in property tax levy and rate.
- Investigate annual short-term loan financing for a capital improvements and capital outlay program that identifies and prioritizes projects and equipment over \$5,000.

Preservation of Undesignated General Fund:

- Strive to build and maintain an appropriate minimum undesignated general fund balance according to Resolution 15 – 98.

2021 Preliminary Budget:

Department Heads were instructed to draft preliminary budgets with a 0% increase in levy use, from salaries, fringes, contracts, and operations without consideration for capital outlays. With considerations for obligated expenditure increases and decreased revenue projections, the preliminary budget.

	A	B	C	D	E	F	G
1	BUDGET SUMMARY - RICHLAND COUNTY						
2							
3		ACTUAL	ACTUAL	ACTUAL &	CURRENT	RECOMMENDED	ADOPTED
4		EXPENSES	EXPENSES	ESTIMATED*	BUDGET	BUDGET	BUDGET
5		2019	6/30/2020	2020	2020	2021	2021
6							
7	Expenditures for Operation and Maintenance						
8							
9	General Government	-	43,114.04	5,000.00	2,263,636.95	2,301,643.76	-
10	Public Safety	-	-	-	4,141,385.39	4,353,006.56	-
11	Health and Social Services	-	-	-	17,712,364.47	17,583,440.59	-
12	Transportation	-	-	-	20,199.00	20,199.00	-
13	Highways	-	-	-	3,879,143.65	3,879,143.65	-
14	Culture	-	-	-	313,323.90	342,859.96	-
15	Public Areas	-	-	-	569,212.12	561,675.45	-
16	Special Education	-	-	-	391,518.95	342,445.25	-
17	Natural Resources	-	-	-	507,210.63	523,506.29	-
18	County Planning	-	-	-	160,330.34	249,917.46	-
19	County Development	-	-	-	141,500.00	132,393.46	-
20	Debt Service	-	-	-	2,266,239.14	2,588,662.69	-
21	Capital Projects	-	-	-	189,249.70	189,249.70	-
22							
23							
24	Total Expenditures	-	43,114.04	5,000.00	32,555,314.24	33,068,143.82	-
25							
26	Less: All Revenues	-	1,294,451.25	-	23,701,356.27	23,113,115.85	-
27							
28	Proposed 2019 Tax Levy For 2020 Budget				8,853,957.97	9,955,027.97	-
29					2266239.14	-2,588,662.69	Debt
30					190,695.85	-204,363.97	Libraries
31	County Sales Tax Applied	1,250,000.00			25428.8	-25,428.80	Bridge Aid
32					6,371,594.18	7,136,572.51	Allowable
33	Undesignated General Fund Bal. - 12/31/18						
34	Outstanding Debt as of 12/31/19	24,247,143.52					
35							
36	2019 Equalized Value(TID out)		Mill Rate	#DIV/0!			
37	2019 Equalized Value(TID in)		Mill Rate	#DIV/0!			
38							
39	*xx months estimated						
40	AR = Anticipated Revenue - No Levy						
41							

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Proposed Amendments:

Preliminary budget gap:	<u>\$764,978.33</u>	<u>Notes:</u>
Health ins. premium Increase	\$110,000	Initial renewal = 6.46% increase = \$181,000 total Negotiated rate = 4.99% increase = \$160,000 total Offset by revenues, other funds = - (\$50,000)
Total 2021 budget levy gap:	\$874,978.33	
MGMT Info Systems	\$20,000	Reduce "New equipment over \$5,000" and add project to short-term borrowing.
Register of Deeds	\$20,000	Initial consideration to reduce deputy to 20hrs. Propose utilization of \$20,000 against Redaction Fund #22 to offset wages and benefits in 2021.
Pine Valley	\$200,000	Contribute/transfer from net operation.
Health and Humans Services	\$120,000	Reduce operating levy.
Child Support	\$30,000	Reduce levy, eliminate 1 FTE Clerical Assistant II effective 1 Jan 2021.
Highway	\$150,000	Reduce operating levy, add project funding from short-term borrowing.
Fair	\$15,000	Reduce operating levy.
Symons	\$20,000	Reduce operating levy.
UW-Extension	\$42,000	Reduce levy, eliminate 1.0 FTE (35 hrs.) support staff position.
UW-Food Services	\$70,000	Reduce operating levy, close operation effective 1 January 2021 unless funding is identified.
Land Conservation	\$40,000	Reduce levy, eliminate 1.0 FTE Planner/Technician.
Zoning	\$80,000	Utilization against \$80,000 Land Grant fund to offset wages and benefits in 2021.
Courthouse Repair	\$20,000	Reduce operating levy, add projects to borrowing.
UW-Richland Outlay	\$20,000	Reduce operating levy.
Health Ins. Premium Share Increase to levy limit est.	\$60,000 \$60,000	Increase General Employees FT from 12% to 14%. Net new construction 0.83% increase, awaiting audit and state SL-202C form.
Total amended offset:	\$967,000	
Difference of:	\$92,021.67	Estimated fill beyond current identified gap

Unmet Goals and Commitments:

With the current positive offset resulting from the proposed amendments, and assumed estimates, these budgetary issues and goals remain unaddressed:

Tri-County Airport Ops.	Proposed increase in appropriation of 25.5% share to 33.3% with Iowa County withdrawal in 2021. This equals \$1,887.23 increase to levy gap in operational expenses.
Tri-CTY Drainage Solution	\$13,811.51 proposed taxiway improvement for 2021. Recommend delaying project to 2022 with runway.
CDBG revolving loan return	We are obligated to return the \$1.2 million in the CDBG revolving loan fund with the approximate \$56,900 in current loaned out amount. We may defer returning the current loan and allow the State to assume the principal and interest, or return in full and keep the principal and continue to collect the interest.
Res. 19-89 wage study	Estimated step increase \$242,000.
Res. 15-98 25% undesignated fund	Pending 2019 audit (Goal of 25% reserve of total expenditures set forth in in the County's budget for the year).
Southwest Regional Development	EDA Grant for Strategic Economic Development (\$400,000+) study with \$12,500 local match for 2021 and \$12,500 match in 2022. Grant has been secured and these contributions from Richland County are expected in moving forward with partners on the project.
2020 shortfalls and COVID-19 Impacts	Estimating possible \$391,238 shortfall (but sales revenues holding and some stimulus funds were obtained) total impact likely unknown until 2020 audit.

Service Impacts and Concerns:

Departments report the following impacts in services resulting from the proposed amendments:

Pine Valley — Directive was given by the County Administrator to the Pine Valley Administrator to prepare the Pine Valley budget with this transfer. This transfer thins the anticipated positive net position of Pine Valley and assumes a higher risk of not meeting budget. To accomplish this projection, census and revenue were calculated with a lessened conservative outlook.

Health and Humans Services — Service impacts as identified in amended reductions:

Explanation of Reductions/Savings to Tax Levy in HHS Budget		Tax Levy Reductions or Savings
<i>Reduction of maintenance position from 40 hours to 35 hours per week</i>	\$	5,000.00
<i>Reduction in building operations and supplies budget</i>	\$	5,000.00
<i>Reassigned a portion of electronic health record expense from tax levy to Comprehensive Community Services funding</i>	\$	5,000.00
<i>Shift AMSO from ADRC Budget to offset tax levy reduction in ADMIN Budget</i>	\$	5,000.00
<i>Add enhanced IM/Economic Support funding in 2021 budget (this annual payment has been variable and therefore has not been included in previous budgets)</i>	\$	25,000.00
<i>Reduce tax levy funding for court-ordered Chapter 51 evaluations to align more with expense history</i>	\$	10,000.00
<i>Move expenses of emergency detox placements to Fund 54</i>	\$	5,000.00
<i>Eliminate tax levy-funded Residential Treatment for Substance-use Disorders (eliminates funding for 1 -2 individuals)</i>	\$	20,000.00
<i>ONE TIME carryover of 2020 balance in fund 34 (revolving grant funding) to 2021 in order to reduce tax levy for funding of Public Health staff expense</i>	\$	20,000.00
<i>ONE TIME carryover of unutilized 2020 state nutrition funding to reduce tax levy in 2021; this carry over is only allowed in 2020 to 2021 due to COVID pandemic</i>	\$	20,000.00
Total Reduction in HHS Tax Levy	\$	120,000.00

Fair — The reduction impacts to the budget will cause reduced personnel service hours, compensations and benefits, and general office and advertising materials.

UW-Extension — The reduction in 35 hours of staff support significantly impacts the department's ability to provide education and support initiatives like 4-H. With reduction in staff, instructors will have to devote more time to administrative functions and will have less time teaching and consulting. Public accessibility to instructors and access to the department will also be reduced.

UW-Food Services — The reduction and proposed closing of county operations at the cafeteria has significant impacts on our UW partner and Public Health-Senior Nutrition Program operations. Several concerns from members of the public attest to the importance of the continued operation of these services, as well as the hospitality and culture the campus provides to its students. In discussion with the Campus Dean, there is no current backup plan to staff the

cafeteria if the county closes operations. The Senior Nutrition Program through HHS-Public Health contracts with UW-Food Services to prepare meals.

Land Conservation — The reduction in one full-time Planner/Technician will have significant impacts on cost-sharing, the Farmland Preservation Program, reductions in the Land Conservation Grant, supporting nutrition management plans, etc.

UW-Richland Outlay — Further reductions in building maintenance and improvements leads to further deterioration of county property, increased liabilities, and likely increased future costs in more elaborate maintenance efforts.

Symons Center — The reductions cut \$20,000 of operations levy from a preliminary \$35,000 in operations levy. If the City matches this \$20,000 reduction, this leads to a total \$40,000 reduction in operating revenues for Symons. Increased personnel difficulties with filling the Assistant Director position.

Child Support — The reduction of one full-time Clerical Assistant II will leave increased financial reporting and administrative duties on other staff, impacting case management time.

Condition and Recommendation:

The overall financial condition is one of maintaining a course to solvency and planning for future impacts. With unfavorable economic projects in the future, increasing expenditures and degrading infrastructure, prioritizations in future services will be necessary to achieve financial solvency and financial goals. The 2021 reviewed budget fails to achieve several goals, including 25% reserve in undesignated funds and having employees reach market value on the Carlson Dettmann wage study. The implementation of strategic planning and capital planning should help establish future priorities in services and future capital infrastructure investing.

I recommend that the amendments to the preliminary budget be approved by the Finance and Personnel Committee, and the reviewed budget be solicited to departments and committees for review and feedback, in efforts to present a finalized 2021 budget to the Richland County Board.

Additional dialogue with the Finance and Personnel Committee may result in changes to the budget and these proposals prior to finalization.

Clinton Langreck
Richland County — Administrator

Cc: Departments