

FY 2023 PROPOSED BUDGET OVERVIEW

Presented by
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May 12, 2022



AGENDA

- Economic landscape/workforce and property tax pressures
- Board priorities and community survey
- Budget summary & multi-year financial projections
- Request for additional resources
- Performance Measures
- Capital Improvement Program
- Strategic Priorities Progress/Upcoming Challenges
- Conclusion/Schedule

Economic Landscape/Workforce and Property Tax Pressures



Coming out of the Pandemic - Cautious Optimism

- Economy after the shutdown
 - Housing market boom
 - Sales and use tax growth
 - Investment interest up
- Possible downturn in the future
 - Inflation
 - Interest rates
 - War in Ukraine

1.000 Mill Levy Reduction for FY 2023

- County taxing district - 0.82 mill reduction
- Library taxing district - 0.10 mill reduction
- Park and Recreation taxing district - 0.08 mill reduction

- Fifth mill levy reduction in six years

Addressing Workforce Market Pressures

- Low unemployment rate
- Great Resignation
 - Employees voluntarily leaving jobs
 - COVID-19
 - Change in jobs
 - Retiring or leaving workforce entirely
 - Employee requests
 - Better pay
 - Better and new benefits
 - A new sense of purpose and meaningful interactions

Compensation Strategy

- Pay compression in 2022
- 2023 market adjustment of 2%
- 2023 merit pool of 3%
- Increase in supplemental retirement match from 3% to 4%
- Maintain flexibility in order to stay competitive

Board Priorities and Community Survey



Board priorities

1. Complete/advance existing projects with efficiency and effectiveness
2. Finance appropriate level of service to meet needs of our vulnerable populations
3. Develop vision for a transit plan that is financially sustainable
4. Focus on innovative initiatives that enhance operational effectiveness and efficiency

2022 Community Priorities (Community Survey)

- **Public safety services:** Crucial to invest to maintain high resident satisfaction levels
 - 94% reported feeling of safety in the county
- **Most important services for the county to provide:**
 - Emergency Medical/Ambulance Services
 - Public Health
 - Election Office
 - Johnson County Park and Recreation District
- **Most critical roles for the government:**
 - Health and Human Services
 - Public safety/law enforcement
 - Maintaining quality leadership
- **Highest priority services - satisfaction and investment**
 - Aging and Human Services
 - Mental Health
 - Public Health

2023 Proposed Budget - Key Points

- Property tax pressures
- Workforce Pressure/Compensation
- Maintains Service Levels with Select Enhancements
- Highest Level Needs Addressed with Additional Resources
- Prudent Use of Reserves

Budget Summary & Multi-Year Financial Projections



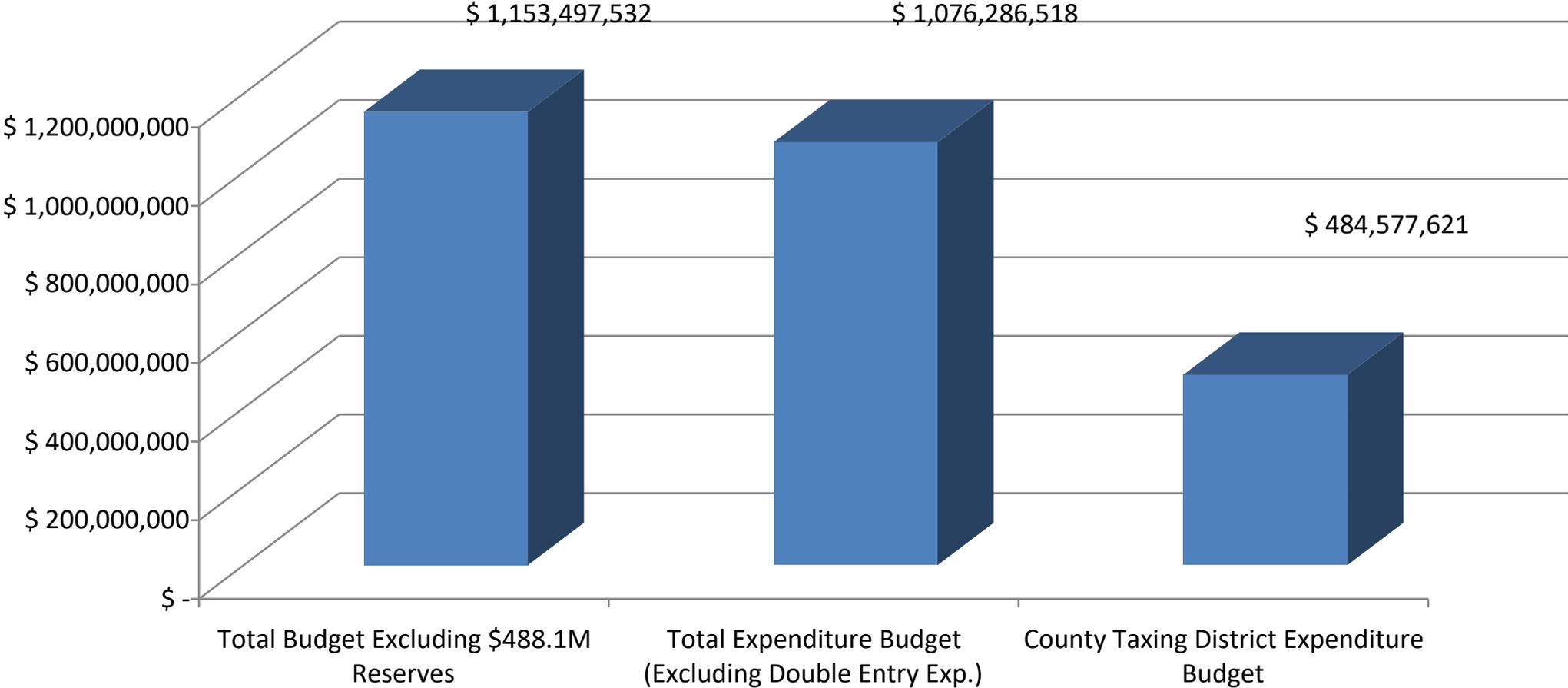
Budget Principles

- Fund on-going operating expenditures with on-going revenue sources
- Maintain a sufficient General Fund reserve for Triple AAA bond rating, unknown, and unusual circumstances
- Prudent financial management to avoid budget shortfalls during the fiscal year

FY2023 Budget Summary

- \$1.64 Billion - Total Budget
 - \$1.15 Billion - Expenditures
 - \$488.1 Million - Reserves
- 24.568 mills (1.000 Mill Levy Reduction)
 - 17.744 County Taxing District
 - 3.808 Library
 - 3.016 Park & Recreation
- 4,173.74 FTEs (37.26 FTEs more than FY 2022)

County Expenditure Budget



County Budget Expenditure Breakdown (in millions)

- FY 2023 Total Proposed Budget (excluding Reserves) \$1,153.5
- Less:
- Wastewater Operations & Maintenance and
Sewer Repair and Construction Finance Plan (\$265.2)
- Library General & Special Use (\$47.9)
- Park & Recreation Government Funds (\$53.9)
- Park & Recreation Enterprise Fund (\$30.7)
- Grant Funded Expenditures (\$138.8)
- Outside Funds with Dedicated Revenue Sources (\$43.5)
- Fee Supported Expenditures (\$11.7)
- Transfers Between Depts. (Double Entry Exp.)* (\$59.9)
- Cost Allocation/VEU/Risk Mgmt. (Double Entry Exp.)* (\$17.3)
- TOTAL COUNTY TAX SUPPORTED EXPENDITURES \$484.6**

County Budgeted Reserves Breakdown (in millions)

FY 2023 Total Proposed Budget Reserves	\$488.1
Less:	
Wastewater O&M and SRCFP Funds	\$200.9
Library General & Special Use Funds	\$15.1
Park & Recreation Government Funds	\$15.4
Park & Recreation Enterprise Funds	\$14.1
Public Health	\$9.9
Developmental Supports	\$7.0
911 Fund	\$4.2
Airport Funds	\$4.7
Mental Health	\$5.1
Transportation	\$3.3
Stormwater	\$3.3
Public Works	\$2.0
<u>Other Outside Funds</u>	<u>\$6.0</u>
TOTAL GENERAL FUND RESERVES	\$197.1
FY 2023 GENERAL FUND %	42.4%

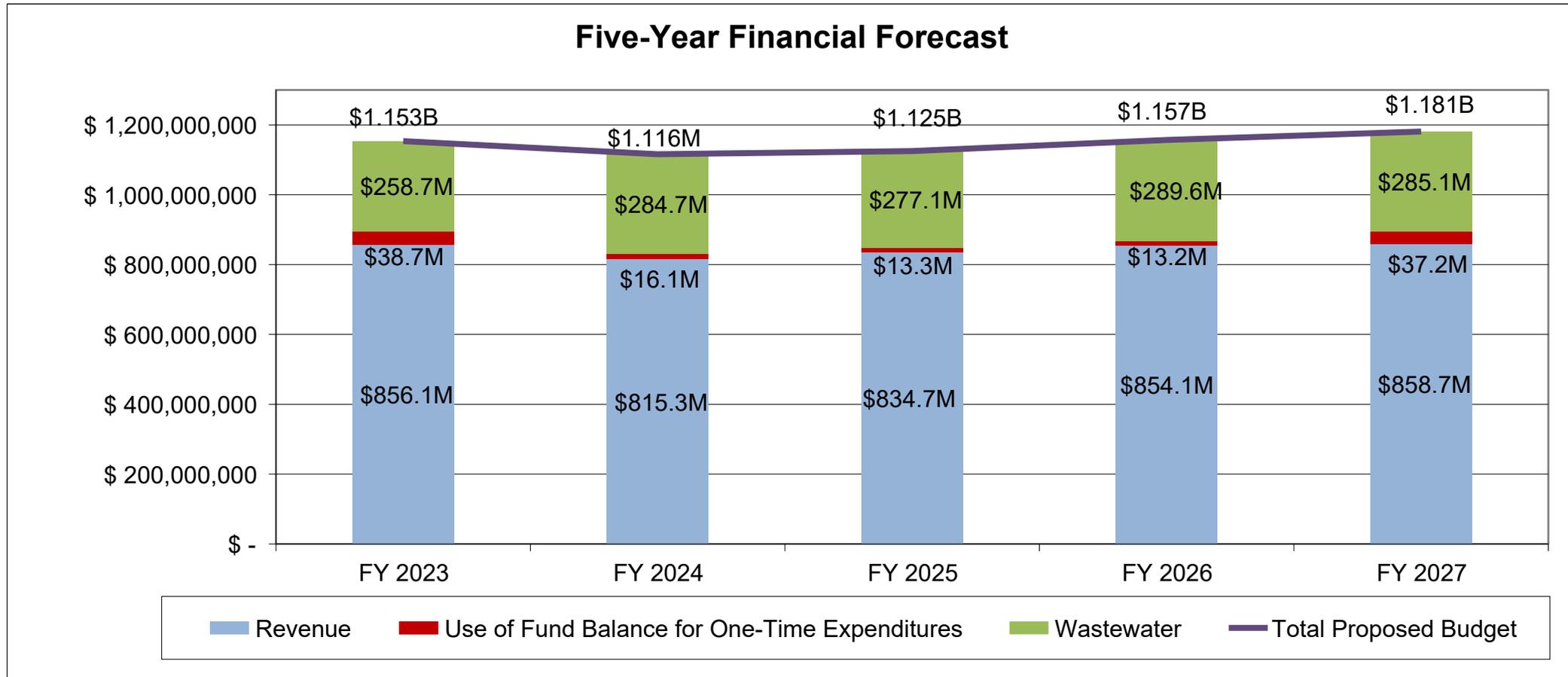
Five Year Forecast: Revenue Assumptions

Revenue Assumptions	2022	2023	2024	2025	2026	2027
Local/Public Safety Sales Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Local/Public Safety Use Tax	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Motor Vehicle Tax	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Recording Fee	\$6.0M	\$6.0M	\$6.0M	\$6.0M	\$6.0M	\$6.0M
Special Highway Fund	\$12.7M	\$12.7M	\$12.7M	\$12.7M	\$12.7M	\$12.7M
Assessed Valuation Change	4.49%	9.70%	4.53%	4.03%	4.07%	4.11%
Ad Valorem Tax Revenue (2022 - .229 mill levy rollback, 2023 - 1.000 mill levy rollback, 2024-2027 - constant mill levy)	\$298.3M	\$314.5	\$328.9	\$342.2	\$356.2	\$370.9

Five Year Forecast: Expenditure Assumptions

	2023	2024	2025	2026	2027
Merit Pool	3.0%	3.0-4.0%	3.0-4.0%	3.0-4.0%	3.0%-4.0%
Market Adjustment	2.0%	1-2%	1-2%	1-2%	1-2%
Personal Services Slippage (vacancy factor)	(3.0%)	(3.0%)	(3.0%)	(3.0%)	(3.0%)
Health Insurance Increase	0.0%	5.0%	6.0%	6.0%	6.0%
On-Going Tax Supported Expenditure Requests (RAR)	\$4.6M	\$2.0-\$3.0M	\$2.0-\$3.0M	\$5.0 - \$6.5M	\$7.0-\$9.0M
One-Time Expenditure Requests (General Fund RAR or CIP)	\$10.6M	\$9.0M	\$9.0M	\$9.0M	\$9.0M

FY 2023 - 2027 County Revenue Forecast



**Includes FY 2023 - 1.000 mill levy rollback, FY 2024-2027 - constant mill levy*

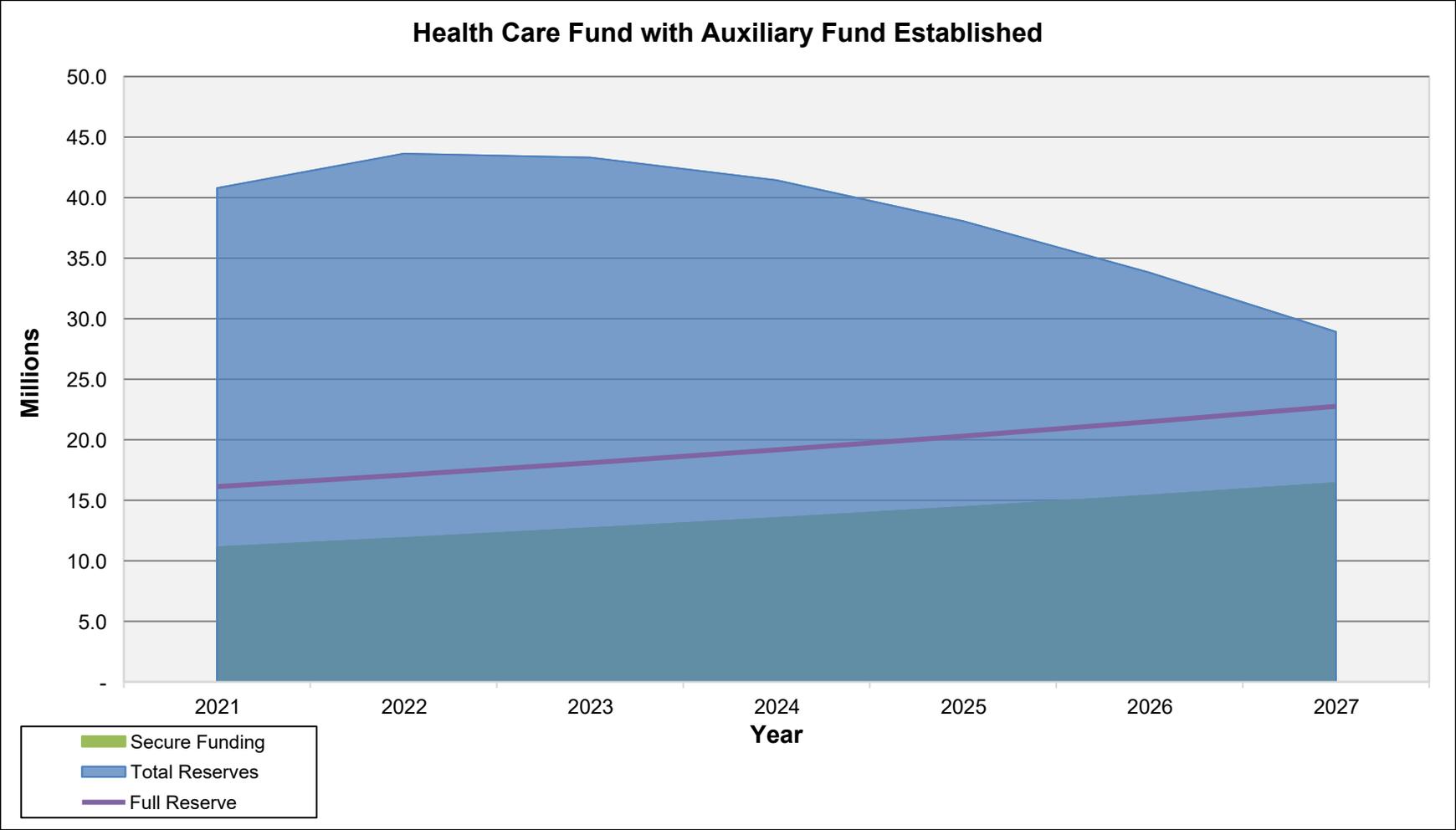
FY 2023 - FY 2027 General Fund Five Year Forecast - 1.000 Mill Levy Rollback 2023 (in millions)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beg. Fund Balance	\$218.00	\$197.10	\$188.10	\$179.10	\$170.10
	46.90%	46.97%	43.73%	40.33%	39.19%
Use of Reserves					
Est. One-time Exp. (RARs and CIPs)	(\$20.90)	(\$9.00)	(\$9.00)	(\$9.00)	(\$26.60)
Est. Ending Fund Balance	\$197.10	\$188.10	\$179.10	\$170.10	\$143.50
	42.41%	44.83%	41.64%	38.30%	33.06%
Less: Auxiliary Fund/PSST III	(\$61.35)	(\$61.35)	(\$61.35)	(\$61.35)	(\$43.75)
Revised Est. Ending Fund Balance	\$135.75	\$126.75	\$117.75	\$108.75	\$99.75
	29.21%	30.21%	27.38%	24.49%	22.98%
Estimated \$22M ARPA Funding	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
Est. Ending Fund Balance with estimated CRF2	\$157.75	\$148.75	\$139.75	\$130.75	\$121.75
	33.94%	35.45%	32.49%	29.44%	28.05%

Multi-Fund Use of Reserves

Fund Bal. - %/Use	Beg	2023	2024	2025	2026	2027	End
Public Works (5-10% Target)	7.6%	\$500k	\$0	\$0	\$0	\$0	6.4%
Developmental Supports (8-12% Target)	24.6%	\$0	\$0	\$0	\$0	\$0	20.6%
Mental Health (8-12% Target)	13.7%	\$1.0M	\$0	\$0	\$0	\$0	9.3%
Library Operating (5-10% Target)	35.8%	\$1.0M	\$0	\$0	\$0	\$0	25.7%
Transportation (5-10% Target)	18.5%	\$0	\$0	\$500k	\$1.2M	\$200k	8.5%
Public Health (5-10% Target)	44.7%	\$350k	\$0	\$0	\$0	\$0	36.4%

Health Care Fund



Health Care - Auxiliary Fund

- Revised Funding Policy Adopted August 2020
 - Adjusts for extreme volatility in health care expenses and historical inflationary rates
 - Funds in excess of the secure level kept in the General Fund as designated reserves
 - \$29.7 million as of the end of 2021
 - Allows the County to better manage the balance and outcomes of the Health Care Fund, to be prepared for extreme outcomes and to optimize the use of General Fund reserves

Request for Additional Resources



2023 Request for Additional Resources

County Taxing District	On-Going	One-Time
Personnel Requests	\$3.4 million	\$0
Non-Personnel Requests	\$6.4 million	\$9.5 million
TOTAL Requested	\$9.8 million	\$9.5 million
Funded <i>(includes fee, grant, and tax support)</i>	\$8.0 million	\$8.3 million
Library Taxing District		
Personnel Requests (3.0 FTE)	\$110k	n/a
Parks & Recreation Taxing District		
Personnel Requests (1.0 FTE)	\$79k	n/a

2023 Funded Request for Additional Resources - Personnel/Non-Personnel

Strategic Program Area	Request	On-Going	FTE
Public Safety, Judicial, and Emer. Svcs.	Personnel	\$1,276,000	9.0 FTE new, 1.0 FTE fee to county funding, DA equity funding
	Non-Personnel	\$1,200,000	Contractual increases/equipment replacement
Health & Human Services	Personnel	\$519,000	6.87 FTE new
	Non-Personnel	\$304,000	Contractual Increases
Support Services	Personnel	\$340,000	3.78 FTE new
	Non-Personnel	\$935,000	Contractual increases/IT exp.
Infrastructure	Personnel	\$0	1.0 FTE
	Non-Personnel	\$0	(\$1.4M Wastewater)
Culture & Recreation	Personnel	\$0	4.0 FTE (\$187k - Library and Park & Recreation mill levy)
TOTAL		4,574,000	24.65 New FTE

Additional Requests for One-Time Funding (unfunded)

Small New Century Building Renovation for AHS and MNH	\$7.7M
Elections Office and Parking Improvements	\$6.5M
Nursing Center	\$15.0M
Airport (\$2.5M for 5 years)	\$12.5M
Presidential Election	\$2.5M
Home-Delivered Meals Options	\$7.0 - \$17.0M
<u>New Crisis Intervention Center Partnership</u>	<u>TBD</u>
Total	\$51.2 - \$61.2M

Resources Supporting Board and Community Priorities

Public Safety and Criminal Justice:

- Sheriff: 7.0 FTE for added safety and security
- DES: 2.0 FTE for 9-1-1 calls and dispatch first responders
- DES: Funding for a new Med-Act station in Olathe
- DAT: 1.0 FTE Victim Advocate to address backlog of cases

Resources Supporting Board and Community Priorities

Health and Human Services:

- 1.0 Housing Coordinator to address housing insecurity and affordability
- Mental Health: 3.0 FTE
- Public Health: 1.0 Program Manager for population health and health equity
- Medical Examiner's Office: 1.0 Medicolegal Death Investigator

Resources Supporting Board and Community Priorities

Parks and Libraries

- Library: Two additional clerks to increase services
- Park and Recreation: 1.0 Natural Resources

Other Important Services

- Election Management System upgrade and ballot on-demand printers
- Update to zoning regulations
- Wastewater 1.0 Project Engineer

Performance Measures

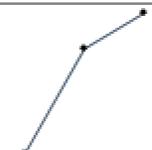


FY 2023 Performance Measures Information and Highlights

- 100% participation in the new format this year
- BOCC Strategic Goal/Priority has been linked to each measure
- Future year estimate provided to give insight on performance for budget year being discussed
- Small graph to show performance trend added to dashboard
- New items highlighted with arrow on following slide

Performance Measures Dashboard

The Key Performance Indicator Dashboard represents a select set of performance indicators that, when looked at together, provide a snapshot of the overall health and well-being of Johnson County Health & Environment. The measures selected contain a mix of key indicators from various department outcome measures. Prior year trend information is provided.

#	BOCC Goal/Priority	Department Goal	Measure	2019 Actual	2020 Actual	2021 Actual	2022 Target	2023 Estimate	Trend
1	SG1	Assure effective stewardship of diverse and sustainable funding sources to support public health needs and community priorities	Fee for Service Revenue	\$1,372,782	\$1,031,203	\$1,081,490	\$1,092,305	\$1,103,228	
2	SG2	Assure effective stewardship of diverse and sustainable funding sources to support public health needs and community priorities	Grant and Other External Revenue (excluding COVID-19 funds)	\$5,380,877	\$4,769,839	\$5,041,052	\$5,091,463	\$5,142,378	
3	SG1	Assure effective stewardship of diverse and sustainable funding sources to support public health needs and community priorities	% AR over 90 days	66.80%	78.80%	70.70%	70%	70%	
4	SG1	Assure effective stewardship of diverse and sustainable funding sources to support public health needs and community priorities	% of Fund Balance to Budgeted Expenditures	14.80%	43.90%	53.80%	10%	10%	
5	SG3	Mobilize, strengthen and empower the community through enhanced engagement, partnerships and provision of services	Formal Partnerships (Shared Personnel/Resources)	25	35	35	36	37	
6	SG3	Mobilize, strengthen and empower the community through enhanced engagement, partnerships and provision of services	Clients Served (Number of Encounters)	56,937	61,389	203,921	58,662	59,249	

CAPITAL IMPROVEMENT PROGRAM



2023 Capital Improvement Program Sources Summary

Funding Source	Amount
Dedicated	\$221,431,758
On-Going Ad Valorem	\$6,794,350
Other Funding	\$11,048,619
Debt Service	\$9,892,008
General Fund Balance	\$14,976,894
TOTAL	\$264,143,629

Projects with Dedicated Funding

Project	2023 Capital	Source
Wastewater Projects	\$130,887,000	User Fees
Parks and Recreation Capital Projects	\$20,031,670	Parks Mill Levy
Public Works CARS Program	\$17,248,644	Special Highway Tax & Ad Valorem of .343 mills
Stormwater Capital Projects	\$23,391,821	Stormwater Sales and Use Tax
Library Projects	\$5,497,634	Library Mill Levy/Fund Balance
Airport Projects	\$24,169,989	Airport Funds/General Obligation Bonds
Department of Emergency Services - Countywide Radio System Infrastructure	\$205,000	911 Funds
TOTAL	\$221,431,758	

Projects with Other Funding

Project	2023 Capital	Source
Mental Health TRP Building Modifications	\$992,010	Mental Health Fund Balance
New Human Services Building - Studies	\$350,000	Public Health Fund Balance
Public Works Bridge, Culvert and Roads	\$2,400,000	Local Ad Valorem (\$1.9m)/PWK Fund Balance (\$500,000)
Public Works Lackman 159 th - 167 th Construction (\$4.1m project)	\$2,100,000	General Fund Balance (\$2.0m)/CARS Reserves (\$2.1m)
Transit Projects	\$5,206,609	Federal 80% & Local 20%/Transportation fund balance
TOTAL	\$11,048,619	

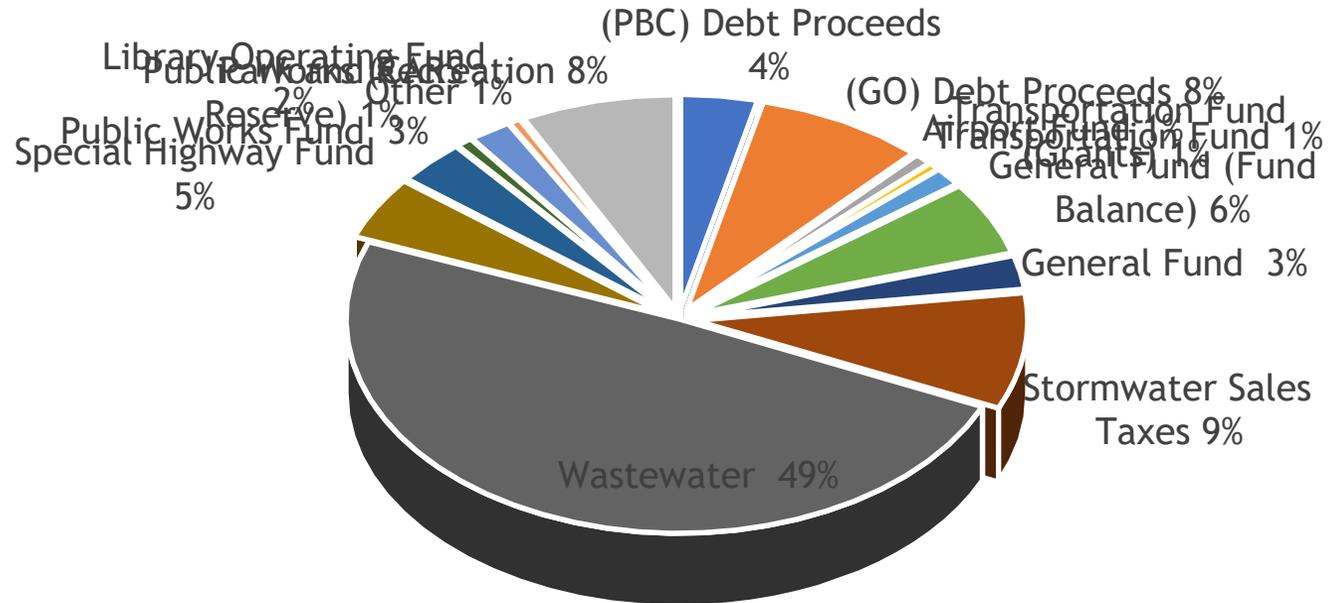
Projects with General Fund Balance Funding

Project	2023 Capital
ELC - Elections Management System	\$260,000
ELC - Ballot-On-Demand Printers	\$219,600
FAC - Major Asset Replacement Projects (MARPs)	\$1,590,800
FAC - Energy Efficiencies Measures	\$1,154,400
FAC - Med-Act 34 Improvements	\$720,000
FAC - Fleet Maintenance Building Expansion	\$3,160,000
FAC - Crime Lab HVAC Modifications	\$849,000
FAC - ADA Compliance	\$817,000
SHR - Physical Security Improvements	\$416,000
SHR - Cameras and Security Systems	\$1,890,094
SHR - Command Post Replacement	\$1,400,000
PLN - Zoning and Subdivisions Regulations Update	\$500,000
PWK - Lackman 159 th - 167 th Construction (\$4.1m project)	\$2,000,000
TOTAL	\$14,976,894

Projects with Ad Valorem/Debt Funding

Project	2023 Capital
Debt	
FAC - Med-Act New Olathe Facility	\$9,892,008
Ad Valorem	
DTI - Infrastructure Maintenance	\$830,750
DTI - Fiber Expansion	\$200,000
DTI - Voice Systems Strategy and Migration	\$250,000
FAC - Capital Replacement Program (CRP)	\$4,956,100
JIMS - Infrastructure Maintenance	\$557,500
TOTAL	\$6,976,350

Source of Funds for FY 2023 CIP (in %)



PROJECTS NOT INCLUDED IN THE FIVE-YEAR FORECAST

- New Century Lab Data Renovation
- Mental Health Shawnee Campus Renovations
- Detention Center Improvements
- Adult Residential Campus Projects
- Crisis Intervention Center

Strategic Priorities Progress/ Upcoming Challenges



Strategic Priorities

- Completed major capital projects (on time and on budget)
 - Johnson County Courthouse
 - Park and Library projects in strategic plans
 - Tomahawk Creek Wastewater Treatment Facility
 - Johnson County Square
- Innovation/Collaborative Culture
 - Wastewater saved \$250 million with auxiliary treatment for wet weather flow instead of building large storage tanks
 - Nelson Wastewater Treatment Facility - county will save \$80 million with participation in the EPA's Water Infrastructure Finance and Innovation Act (WIFIA)
 - New Century Commerce Center
 - Diversity and Inclusion

Strategic Priorities

- Serving Vulnerable Populations
 - \$500,000 added in 2021 and 2022 allows more Johnson County older adults to remain in their homes
 - 30 new Mental Health FTEs (BOCC and grant funding) allows people to be served by Mental Health professionals (2021)
- Transportation
 - BOCC authorizing day-to-day management of transit back in-house to implement and manage new transit pilot program funded with Federal Transit Administration (FTE) COVID relief grants

Upcoming Challenges

- Long-term solutions for those who are housing insecure and homeless
- How best to utilize county buildings
- On-going workforce market pressures
- Potential recession
- Construction inflation
- Continued pressure on the mill levy

Conclusion

- Budget considers the needs of community and organization to quality service
- Reflects a plan to:
 - Serve our residents
 - Be good stewards
 - Position our organization for the future
- Mill levy reduction is achievable while addressing compensation and service delivery needs
- Upcoming budget process

FY 2023 Budget Calendar

- Proposed budget overview May 12
- Department Budget Presentation May 19, 26, June 2, 9
- BOCC budget deliberations June 16, 17
- BOCC set max. exp. for publication June 23
- *Public Hearing/Revenue Neutral Rate Hearing August 22*
- *BOCC budget adoption September 1*

Detail Budget Schedule

- May 19 (1:00 pm - 5:00 pm)
 - Health & Human Services
 - Aging and Human Services
 - Dept. of Health & Environment
 - Developmental Supports
 - Mental Health
 - Culture & Recreation
 - Library
 - Park & Recreation/Museum

Detail Budget Schedule

- May 26 (1:00 pm - 5:00 pm)
 - Records & Taxation
 - Appraiser
 - Elections
 - Treasury, Taxation and Vehicles
 - Support Services
 - BOCC/Audit, Budget, County Manager's Office, Dept. of Technology & Innovation, Facilities, Financial Mgmt. & Administration, Fleet, Human Resources, Legal

Detail Budget Schedule

- June 2 (1:00 pm - 5:00 pm)
 - Public Safety, Judicial & Emergency Services
 - District Attorney
 - Sheriff
 - District Courts
 - Corrections
 - Dept. of Emergency Services
 - Outside Agencies
 - Arts Council
 - United Community Services
 - County Economic Research Institute (CERI)
 - Enterprise Center
 - Fair

Detail Budget Schedule

- June 9 (1:00 pm - 5:00 pm)
 - Infrastructure
 - Wastewater
 - Planning
 - Airport
 - Public Works
 - Stormwater
 - Transportation
- June 16, 17 (11:00 am - 3:00 pm)
 - BOCC budget deliberations