



# FY2026 Budget Work Session

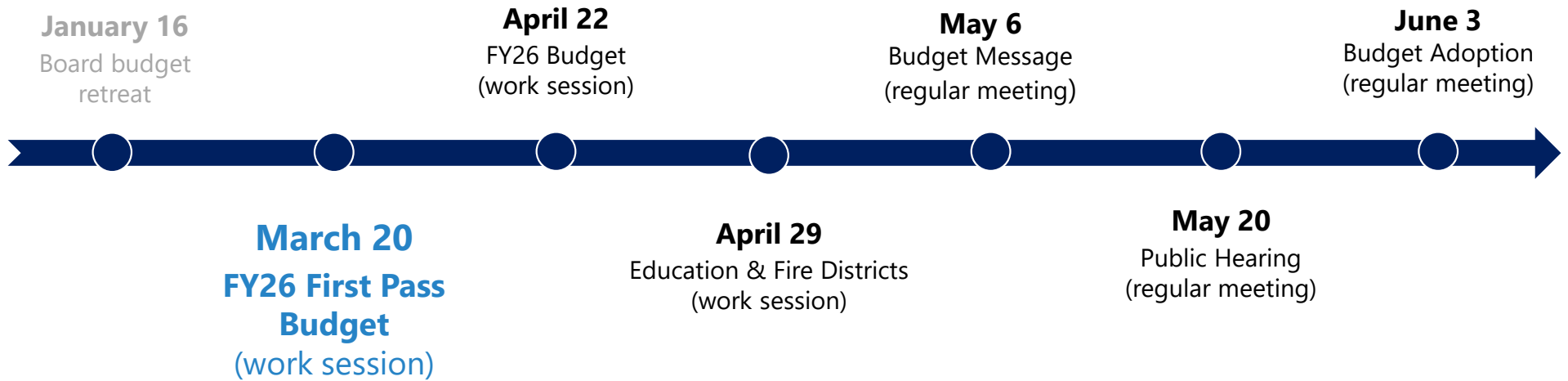
*Presented by*

John Hudson, Budget Director

**March 20, 2025**



# Budget Meetings



# Agenda

- Recovery
- Federal Funding
- Revenue Discussion
- Other Funding Options
- Looking Ahead



# Recovery



# Helene Recovery Timeline

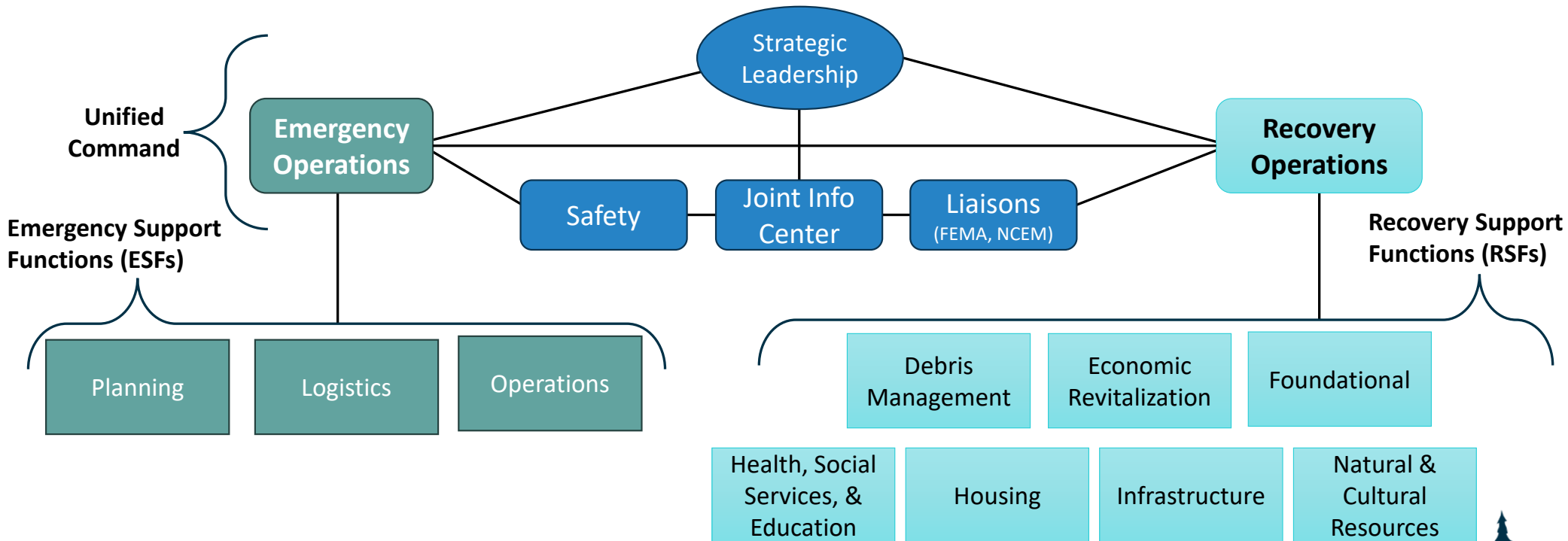
Tropical storm entered  
Western North Carolina  
9/27/24

Emergency  
Operations Center  
planned closure  
6/3/25

Recovery Plan  
planned  
adoption  
9/16/25



# Recovery Framework



# Buncombe County's Recovery Support Functions



# Helene Recovery Plan



- Recovery Support Functions are currently operating within 30-60-90 day planning cycles
- County to launch a long term recovery plan in September 2025
- Recovery Plan will be **project-based** & align to:
  - Authority, jurisdiction & scope of county government
  - Vision & policy from Comprehensive Plan
  - Priorities, objectives & goals from Strategic Plan
  - Departmental business plans
  - Organizational processes (e.g. capital improvement, grant governance)





# Example Potential Recovery Projects

Previously envisioned projects connected to Helene recovery

- Creation of a Small Area Plan for unincorporated Swannanoa to guide land use, zoning, infrastructure, transportation, design, and community development
- Construction of a housing development on County-owned property to create rental housing units affordable to households at or below 80% of Area Median Income

New projects planned in response to Helene

- Redevelopment of a County park that was extensively damaged by the storm
- Activating property acquired through the hazard mitigation buyout program for greenways or other passive recreation



# Helene Staffing

as of 3/12/25

Employee Reassignments	Vacancies
<p><b>Recovery coordination:</b> 3 positions (2 Department Directors &amp; 1 Management Analyst)</p> <p><b>Emergency Operations Center &amp; Recovery Support Functions:</b> 59 active employees (charged State of Emergency to timecards for most recent pay period) and additional support staff</p>	<p><b>Total vacancies:</b> 179 positions</p> <p><b>County vacancies (non-Sheriff's Office):</b> 116 positions</p> <p><b>Sheriff's Office vacancies:</b> 63 positions</p>



# Helene **Expenditure** Approach



- Establish a Helene budget in multi-year fund
- Charge direct Helene-related costs to this fund
- Utilize no-cost options as much as possible
  - e.g. mutual aid, mission assignments, County employee reassignments
- Incur costs associated with known reimbursement sources
  - e.g. FEMA Public Assistance
- Minimize Helene-related costs with no known funding source, yet still charge to the Helene budget while seeking revenue
  - e.g. community navigation, watershed damage assessments
- Publish Helene spend tracking on a public, interactive dashboard at:  
[buncombecounty.org/transparency](https://buncombecounty.org/transparency)



# Helene Revenue Approach



- Centralize coordination of all Helene revenue activity through a Grants & Funding workgroup (subset of Foundational recovery support function)
- Track activities in accordance with anticipated future revenue compliance requirements
- Build in project management & administration as much as possible
- Collect **project ideas** for vetting, prioritization & matching to potential funding sources
  - **28** as of 3/12/25
- Collect **potential funding sources** for vetting, prioritization & matching to project ideas
  - **53** as of 3/12/25



# Potential Recovery Funding

Examples as of 3/12/25

Approved	Applied	Vetting
<ul style="list-style-type: none"> <li>• ARPA repurposed for Helene relief</li> <li>• Community Development Block Grant (CDBG) – Declared Disaster Recovery Fund (DDRF)</li> <li>• NC DHHS Hurricane Helene Disaster Recovery Fund (DRF)</li> </ul>	<ul style="list-style-type: none"> <li>• CDBG – Rural Housing Program</li> <li>• Federal Emergency Management Agency (FEMA) Public Assistance (PA)</li> <li>• MacArthur Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Agriculture Disaster Relief Program</li> <li>• CDBG – Disaster Recovery (DR) via NC, City of Asheville</li> <li>• NC Dept of Environmental Quality (DEQ) Clean Water State Revolving Fund (CWSRF)</li> <li>• Dogwood Health Trust</li> <li>• Emergency Watershed Protection (EWP)</li> <li>• Flood Mitigation Assistance</li> <li>• Hazard Mitigation Grant Program (HMGP)</li> <li>• NC Housing Finance Agency (NCHFA) Urgent Repair Program</li> <li>• State Disaster Recovery Act</li> <li>• US Forest Service (USFS) Wildfire Defense Fund</li> </ul>

Excludes insurance claims & loan programs such as FEMA Community Disaster Loan & NC Cashflow Loan Program



# Recovery Case Studies

## Maui, HI – 2023 Lahaina Fire

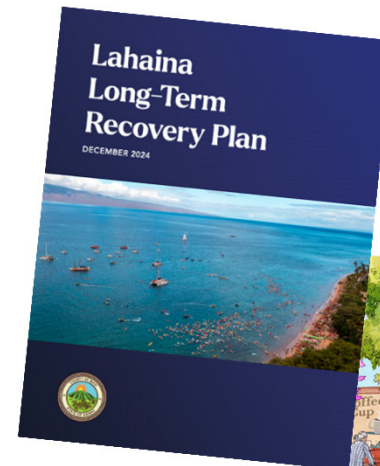
- Raised property taxes
- Implemented a general excise and use tax

## Paradise, CA – 2018 Camp Fire

- State backfilled property tax revenue losses
- Lost tax revenue insurance
- Settlement funding
- Extended a temporary transaction and use tax

## Boulder County, CO – 2013 Flooding

- Implemented a temporary sales and use tax
- Certificates of Participation (Debt)



# Folding Recovery into Operations

- After September 2025, we plan to be carrying out recovery projects in accordance with Helene Recovery Plan
- Recovery project management & implementation will be the responsibility of related departments (Agriculture & Land for watershed restoration, Parks & Recreation/General Services for park redevelopment, Planning for housing, etc.)
- All departments will experience some recovery impact & activity (outside of specific recovery projects) resulting from community wide impacts as needs & service demands return to pre-storm status
- Cross-departmental recovery support functions & workgroups will remain in place for communication
- If feasible, will establish a position for FY2026 focused on overall recovery coordination of recovery projects



# Recovery Discussion

Questions?





# Federal Funding



# Overview

Federal Funding

## Federal funding ...

Represents

**10%**

Of total budget  
(all governmental funds)

Represents

**83%**

Of Intergovernmental  
Revenue

Funds some  
portion of

**24%**

Of budgeted positions  
(non-contracted)



# Summary

## Federal Funding

<b>Total federal funding:</b>	\$188 million
<b>Departments impacted:</b>	13
<b>Funded positions</b>	
Grant-funded County staff:	16
Contracted:	56.4 (FTE equivalent)
HHS County staff (federal programs)	415.7
<b>Supported Grant Contracts:</b>	27



# Summary – by fund

## Federal Funding

Fund	Depts Impacted	Grants/Programs	Funding	Contracts	% Received
Grants	10	40 grants	\$131 million	27	92%
General	4	35 programs	\$38 million		56%
Transportation <sup>^</sup>	1	6 programs	\$3 million		19%
Other	5	7 programs	\$16 million		28%

<sup>^</sup>Mountain Mobility serves as partner agency through Transportation fund



# Highlights – Grants Fund

## Federal Funding

Fund	Depts Impacted	Grants/Programs	Funding	% Received
Grants	10	40 grants	\$131 million	92%

- Total budget: \$172 million
- Federal funding: 76% of total budget
- Traditional grants – “special” projects and programming
- Notable grants –
  - Hurricane Helene/FEMA
  - Local Fiscal Recovery Funds



# Highlights – General Fund

## Federal Funding

Fund	Depts Impacted	Grants/Programs	Funding	% Received
General	4	35 programs	\$38 million	56%

- Total budget: \$444 million
- Federal funding: 9% of total budget, 77% of Intergov revenue
- Operational funding – admin/staffing, program funding
- Operational impact – Social Services, Public Health
- Notable programs: Medicaid, FNS, Child Welfare



# Highlights – Transportation Fund

## Federal Funding

Fund	Depts Impacted	Grants/Programs	Funding	% Received
Transportation	1	5 programs	\$3 million	19%

- Total budget: \$9M million
- Federal funding: 36% of total budget
- Focus: Public transportation
- Operational funding – admin/staffing, program funding
- Operational impact
  - Transport for older adults, individuals with disabilities and the general public



# Highlights – All Other Funds

## Federal Funding

Fund	Depts Impacted	Grants/Programs	Funding	% Received
Other	5	7 programs	\$16 million	28%

- Major Impacts – EPA Air quality grants and Recreation capital projects (greenways)





# Federal Funding Discussion

Questions?



# Revenue Discussion



# Revenue Discussion

- Last Year's Outlook
- Revenue Projections for FY25
- FY26 First Pass Revenue



# Pre-Helene Financial Outlook

Category (millions of \$)	FY2023 Actual	FY2024 Amended	FY2024 Projected	FY2025 Adopted	FY2026 Projected*
<b>Expenditures</b>	<b>\$397.4</b>	<b>\$438.9</b>	<b>\$429.5</b>	<b>\$440.0</b>	<b>\$484.6</b>
Recurring	\$386.3	\$427.2	\$421.7	\$435.8	\$478.9
Salaries and Benefits	\$166.4	\$185.0	\$183.6	\$199.1	\$217.0
Operating Expenditures	\$54.9	\$60.7	\$59.7	\$58.7	\$63.1
Education Support	\$108.6	\$121.5	\$121.5	\$126.5	\$141.7
Other Program Support	\$20.9	\$23.9	\$21.8	\$20.1	\$20.3
Debt Service	\$21.5	\$23.2	\$22.4	\$21.7	\$19.9
Transfers Out	\$14.0	\$12.9	\$12.8	\$9.7	\$12.8
Proposed Capital Reserve	\$0.0	\$0.0	\$0.0	\$0.0	\$4.0
One-time	\$9.3	\$11.7	\$7.7	\$4.2	\$5.8
Capital Fund Transfer Policy <sup>1</sup>	\$1.8	\$0.0	\$0.0	\$0.0	\$0.0
<b>Revenue</b>	<b>(\$400.0)</b>	<b>(\$414.4)</b>	<b>(\$417.9)</b>	<b>(\$428.3)</b>	<b>(\$496.6)</b>
Property tax <sup>2</sup>	(\$244.0)	(\$255.5)	(\$256.6)	(\$278.0)	(\$343.0)
All other revenue	(\$155.9)	(\$158.9)	(\$161.3)	(\$150.3)	(\$153.6)
<b>Fund Balance Change<sup>3</sup></b> (Budgetary Appropriation)	<b>\$2.6</b>	<b>(\$24.5)</b>	<b>(\$11.5)</b>	<b>(\$11.8)</b>	<b>\$12.0</b>

**Included:**

- Capital reserve contribution
- New positions and COLA
- Expanded operating budgets
- Education support
- Community investments

**Included:**

- Property tax growth based on 2025 reappraisal
- 5% growth in sales tax
- Growth in other revenues

\*Note: The Pre-Helene Financial Outlook assumed that property tax revenue would increase by the amount necessary for the County's General Fund to achieve fund balance equaling 15% of FY2026 expenditure projections through a combination of increased property values and tax rate. Please see the County's FY25 Annual Budget Report for further information around assumptions as well as for a description of the chart footnotes.



## Updated FY2025 Revenue Projection

Revenue Source (millions of \$)	FY2025 Amended	FY2025 Projections		Updated Projection	Updated Proj. to Amended
		Jan. Budget Retreat Projection Range			
Property Tax	278.0	271.5	273.2	272.8	(5.1)
Intergovernmental	49.4	46.2	48.3	47.0	(2.4)
Local Option Sales Tax	46.6	39.1	43.2	44.2	(2.5)
Sales & Services	24.9	20.3	21.2	21.4	(3.5)
Other Revenues*	30.0	26.0	28.0	27.8	(2.2)
<b>Total</b>	<b>428.9</b>	<b>403.2</b>	<b>413.8</b>	<b>413.3</b>	<b>(15.6)</b>

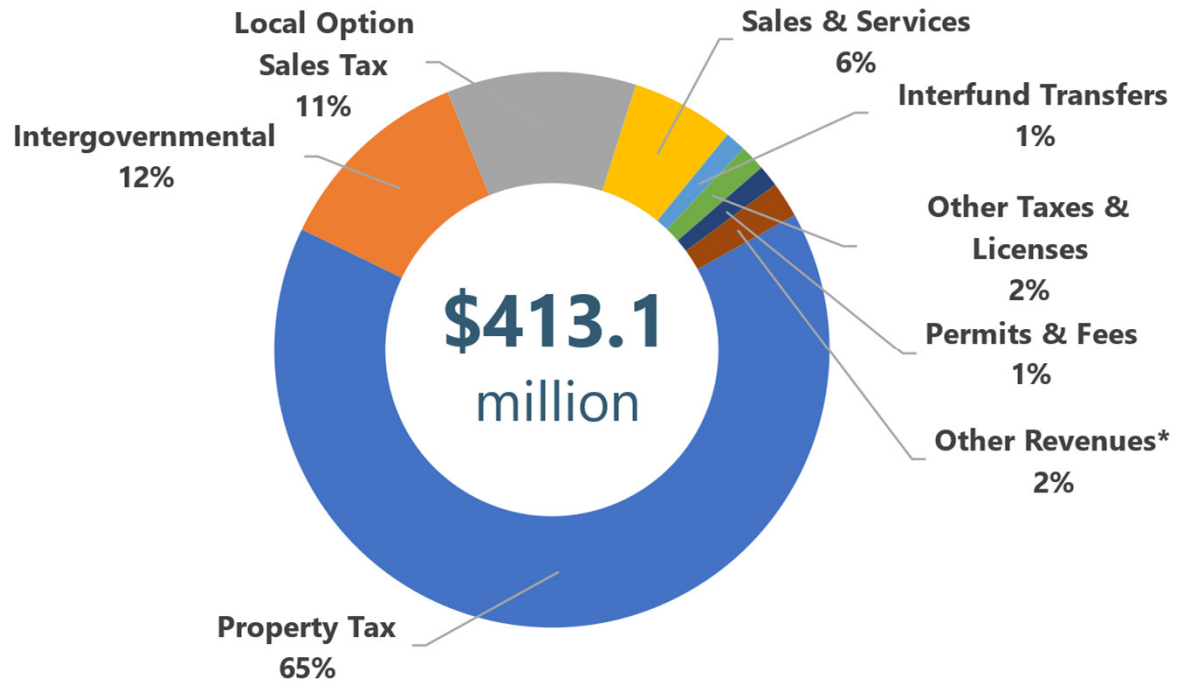
Note: \$14.8M of appropriated fund balance is budgeted to balance the FY25 budget



\*Note: Other Revenue includes other taxes and licenses, permits and fees, interfund transfers, bond proceeds, investment earnings, program revenue, and sale of assets. FY2025 amended budget as of March 10, 2025.

# FY2026 First Pass: Revenue

Revenue Source (millions of \$)	FY2026 First Pass
Property Tax	269.3
Intergovernmental	48.5
Local Option Sales Tax	45.5
Sales & Services	24.8
Interfund Transfers	5.0
Other Taxes & Licenses	6.2
Permits & Fees	5.2
Other Revenues*	8.5
<b>Total</b>	<b>413.1</b>



\*Note: Other Revenue includes investment earnings, indirect cost recovery, and sale of assets.



## FY2026 First Pass: Revenue Comparison

Revenue Source (millions of \$)	FY2025 Amended	FY2026 Projections		First Pass to Amended
		Pre-Helene Financial Outlook*	FY2026 First Pass	
Property Tax	278.0	343.0	269.3	(8.7)
Intergovernmental	49.4	50.5	48.5	(1.0)
Local Option Sales Tax	46.6	49.0	45.5	(1.1)
Sales & Services	24.9	26.9	24.8	(.1)
Other Revenues**	30.0	27.3	25.0	(5.0)
<b>Total</b>	<b>428.9</b>	<b>496.6</b>	<b>413.1</b>	<b>(15.8)</b>

\$14.8M of appropriated fund balance is budgeted to balance the FY25 budget

**\*Note:** The Pre-Helene Financial Outlook assumed that property tax revenue would increase by the amount necessary for the County's General Fund to achieve fund balance equaling 15% of FY2026 expenditure projections through a combination of increased property values and tax rate

**\*\*Note:** Other Revenue includes other taxes and licenses, permits and fees, interfund transfers, bond proceeds, investment earnings, program revenue, and sale of assets. FY2025 amended budget as of March 10, 2025.



# Ad Valorem Tax Value

(billions of \$)

Property Type	FY2024 Property Value	FY2025 Property Value	FY2026 Est. Property Value
Real Property	44.1	45.2	45.6
Motor Vehicle	3.2	3.4	3.2
Personal Property	3.0	3.1	3.0
Public Service	1.0	1.0	.6
<b>TOTAL</b>	<b>51.3</b>	<b>52.8</b>	<b>52.4</b>

	FY2024 Amended	FY2025 Amended	FY2026 First Pass
Collection Percentage	99.75%	99.75%	98.25%
Tax Rate	49.80	51.76	51.76

**Note:** Ad valorem revenue includes current year, prior first year, interest, and property audit discoveries





# Sales Tax Revenue

(millions of \$)

Article	Distribution Method	County Share	FY2024 Actuals	FY2025 Amended	FY2025 Projected	FY2026 First Pass
39	Point of Sale	50%	20.2	20.8	19.1	19.6
40	Per Capita	70%	14.6	15.0	15.0	15.6
42	Point of Sale	40%	10.6	10.9	10.1	10.4
<b>Total</b>			<b>45.4</b>	<b>46.6</b>	<b>44.2</b>	<b>45.5</b>



# Other Revenue Drivers

- Slight decrease in Intergovernmental Revenue (down 2%)
- Sales and Services relatively flat
- Expecting decreased Excise Tax revenue compared to prior years
- Building permit revenue down (fewer expected home starts)
- Market is not as strong as prior years for investments
- Less bond proceeds revenue (related to vehicle purchases)



# Revenue Discussion

Questions?



# Other Funding Options



# Other Funding Options

- State Cash Flow Loan Program
- Community Disaster Loans
- Property Tax Rate



# State Cash-Flow Loan Program

- First disbursement of \$8.45M
- For use on expenditures made for disaster related activities
- Pending guidance for distribution to schools
  - Based on damage assessment submitted by 2/14/2025



# Community Disaster Loans

- Federal funded
- Maximum of \$5M
- Must have 5% or more revenue loss
- Forgivable if local gov't operates on deficit for multiple years



# Property Tax Rate

- 51.76 cents per \$100 of assessed value (FY25 Budget)
- Estimated \$5M per penny

County	Last Reval	FY25 Tax Rate
New Hanover County	2021	45.00¢
Mecklenburg County	2023	48.31¢
Wake County	2024	51.35¢
<b>Buncombe County</b>	<b>2021</b>	<b>51.76¢</b>
Cabarrus County	2024	57.60¢
Union County	2021	58.80¢
Forsyth County	2021	67.78¢
Guilford County	2022	73.05¢
Durham County	2019	79.87¢
Cumberland County	2017	79.90¢
Orange County	2021	86.29¢





# Discussion

Questions?



# Look Ahead



# Next Work Session

- Expenditures
- Drivers of costs
- Strategies to balance a budget

