

COUNTY OF BERKS 2025 BUDGET PRESSURES

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BERKS COUNTY

ECONOMIC PRESSURE

- **High interest rates and impact on**
 - Borrowing costs and tax base growth
 - Investment performance – Pension Assets – Pension cost

- **Continued Personnel challenges –Inflation and Labor Shortages**
 - Wage increases – to attract and retain talent
 - Impacting collective bargain labor wage increase awards
 - Higher wages = higher pension costs (required by state law)
 - Healthcare provider labor shortages – higher medical costs
 - New State legislative staffing ratio requirements – Berks Heim

- **Contracted professional service provider inflation**
 - Same wage and benefit challenges county faces
 - Human services, technology, architects/engineers, legal, etc.
 - Facility and technology maintenance contracts

- **Food, supplies, building material, energy inflation**
 - Higher wages, benefits and energy costs
 - Increases raw material and processing costs of manufactured goods, food, supplies
 - Higher delivery costs

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FACILITY & SERVICE EXPANSION

- **Space Allocation & Downtown Campus Renovations**
 - Court House and Service Center first time in 30+ years
 - Mechanicals, Electric, Plumbing
 - Estimated spend 2025-2028 \$25M

- **Facility Expansion & Renovation**
 - New South Campus facility
 - Annual rent \$550K annually
 - Depletion of reserves – leasehold improvements \$11M
 - Increase in Facility staff to support infrastructure assets
 - Ag Center Renovations Phase II thru 2025 \$3.6M –Depletion of reserves

- **New Youth Shelter Care program -2024**
 - State funding requires a new 20% county contribution
 - Addition of new staff wages, healthcare and pensions costs

- **Potential New Regional Youth Detention Center (YDC) 2025-2026**
 - New facility renovation costs – estimate \$8 to \$10M
 - Requires new staff – higher wages, benefits, worker comp
 - New facility operating and programming costs
 - State funding requires a new 50% county contribution

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NEW REQUESTS & BUDGET PRESSURES

Requests:

- Increase Reading Area Community College support - $\$0.8\text{M} = 0.46\%$
- Property tax rebates to volunteer first responders - $\$1.2\text{M} = 0.74\%$
- Municipal 911 radio replacement subsidy/loan - $\$18\text{M} = 2.86\%$
- Adult Probation day reporting center - $\$0.8\text{M} = 0.46\%$
- Public Health Study recommendations personnel & other costs - TBD

Budget Pressures:

- Facility renovation cost new debt service $\$25\text{M} - \$1.5\text{M} = 0.93\%$
- Real estate tax appeals – 2024 tax reduction - $\$1\text{M} = 0.62\%$

Notes:

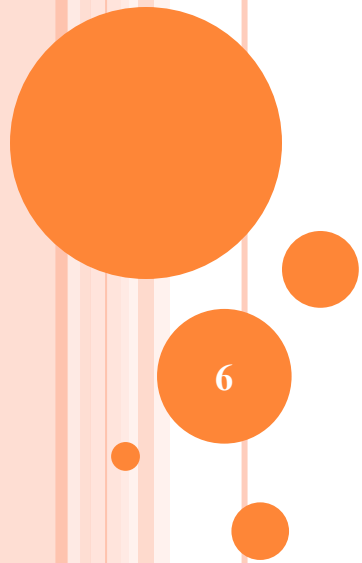
- Percentages are estimated incremental tax increase
- TBD – To be determined

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AS OF TODAY

- **2025 budget forecast has operating deficit**
 - Revenues not growing as fast as operating costs
 - High interest rates slowing real estate development
- **Forecast shows it is growing**
 - Tax base growth not keeping pace with inflation and addition of new programming
- **GF reserve requirement falls below 60-day requirement in 2026**
- **To comply with our fiscal policy will require**
 - Tax rate increase to balance deficit 9.03%
 - Cuts to discretionary spending
 - Or a combination of both
 - Addition of new debt for facilities improvements
- **Does not include new requests and pressure items. These will require additional tax revenue and/or discretionary programming cuts**

QUESTIONS AND COMMENTS



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