

Capital Improvement Program FY2025 - FY2031

Special Work Session for Board of Commissioners

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Agenda

- **Capital Overview**
- **Capital Economic Outlook**
- **County Capital Fund**
- **Other Capital Funds**
- **Education Capital Funds**

A stylized, light blue map of Wake County is centered in the background of the slide. The map shows the county's irregular shape with various indentations and protrusions.

Capital Overview

Capital Improvement Programs (CIP) plan for the County's capital asset needs

- **Capital improvement programs fund capital investments**
- **Establish a long-term (7-year) funding plan and identify future financing needs**
- **Include high cost/complex projects that require planning and a multi-year schedule**
- **Consider changing conditions and new needs**
- **Support responsible stewardship of existing facilities**

Capital planning framework considers multiple factors

Funding

Wake fully funds CIP plans

For a project to be included in the CIP, it requires an identified, planned revenue source(s)

Cost and Timing

Projects are typically more than \$100,000 and require more than 1 year to complete

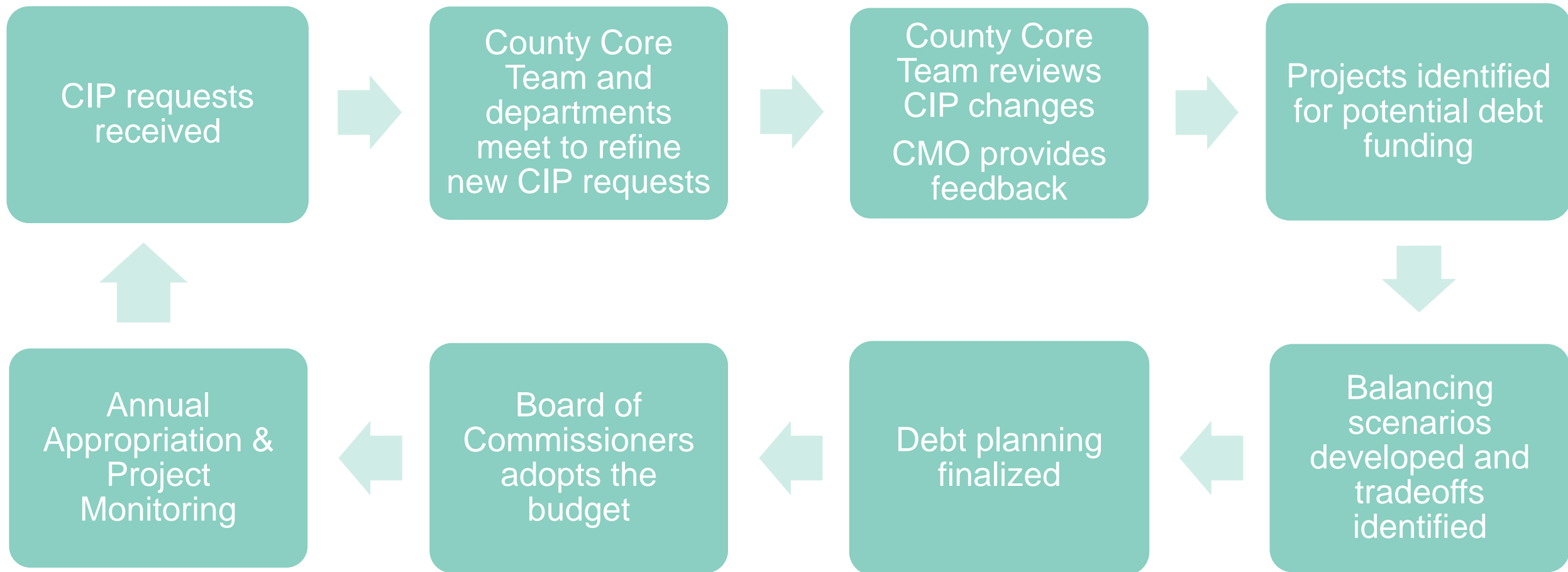
Long Term Planning

Projects are often a result of master planning processes and facility condition assessments to ensure facilities meet service needs

Capacity Constraints

Cost escalations, internal capacity, market availability, and ongoing operating and maintenance costs considered for each project

County Capital Process Cycle



Capital Improvement Plan Timelines

FY25 Funded Projects

Projects will be appropriated as part of the budget:

- Typically adopted by BOC in Capital Projects Ordinance

FY26 to FY31 Planned

Projects are planned and included in CIP:

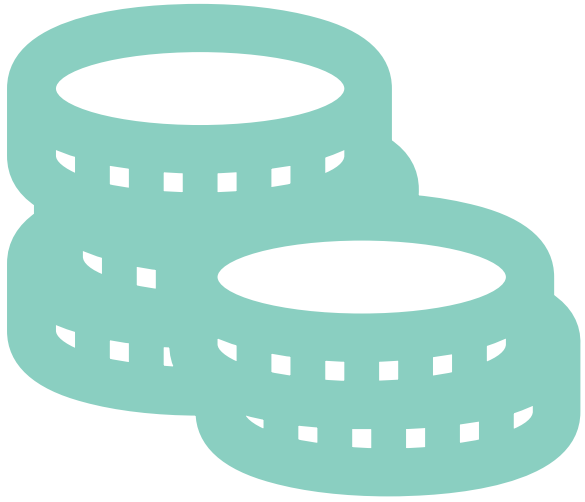
- Revenues are assigned to projects
- Updated annually – scope and costs may change, or ultimately may not be funded

Horizon

Projects are not included in CIP:

- Project timing, priority, business case, or funding source are still being determined

Debt and Capital programs funded by dedicated revenue sources



- **30% of Article 40 and 60% of Article 42 sales tax dedicated to WCPSS debt**
- **13.98 cents of revenue neutral property tax rate dedicated to debt and capital**
 - Roughly 80% is dedicated to paying off existing debt
 - Remaining 20% is allocated to “pay-go” cash for County Capital, Wake County Public Schools, and Wake Tech
- **Municipal reimbursements (for shared projects)**
- **Sale of fixed assets and land**

County responsible for multiple capital programs across multiple funds

County Capital Program

Automation
Community Capital
County Buildings
Criminal Justice
Economic Development
Libraries
Public Safety
PROS

Other Programs

Fire Tax District
Housing
Major Facilities
Solid Waste

Education Programs

Wake Tech
WCPSS



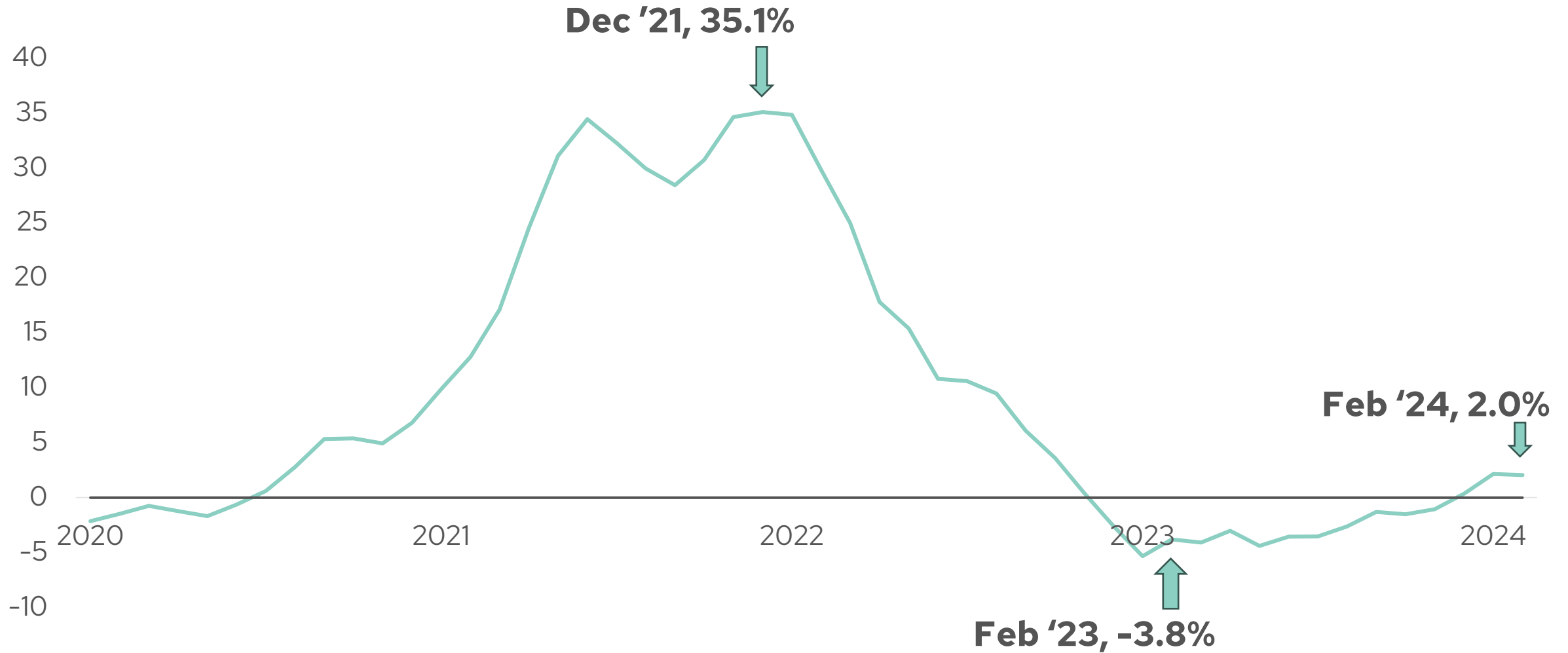
Capital Economic Outlook

**National and local construction trends
impacting capital project estimates**

Construction trends and limited market capacity increasing capital timelines and costs

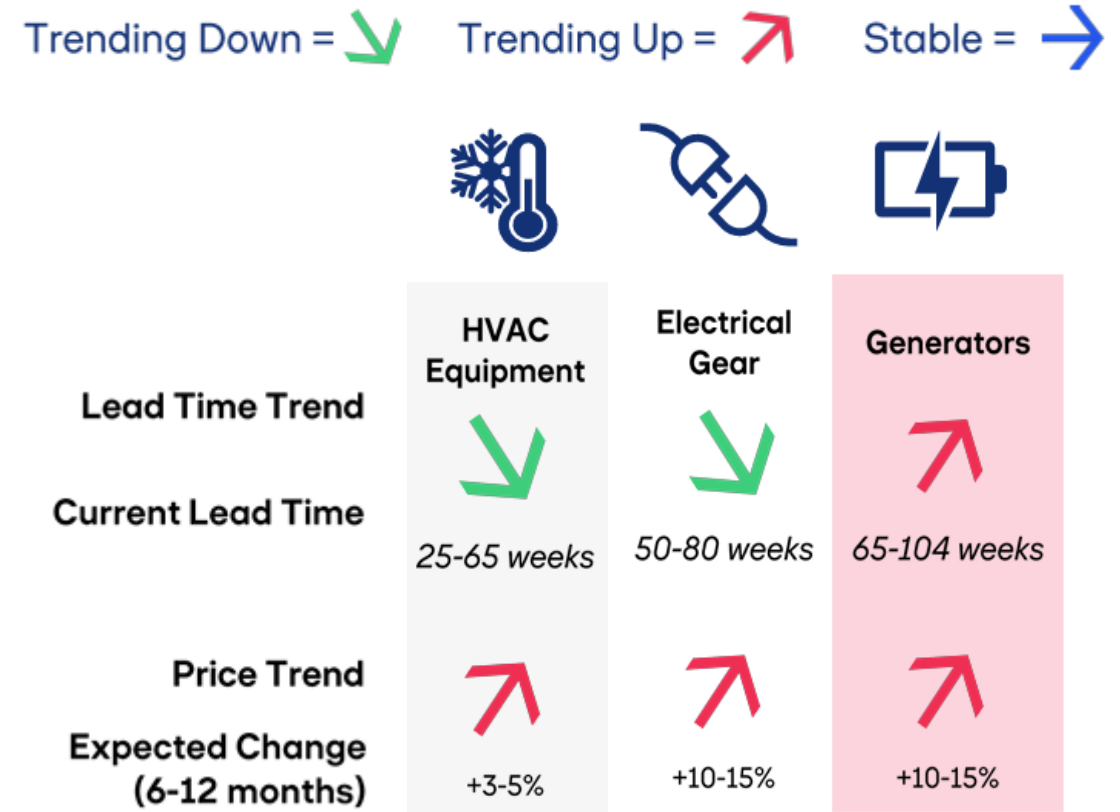
- **Do not anticipate costs returning to pre-pandemic levels**
- **Mechanical and electrical projects may continue to see cost increases**
- **Construction sector continues to experience labor challenges**
- **Project timelines dependent on industry availability, permitting, and material lead times**

Construction material inflation lower than 2022 peak nationally but increasing over prior year



Mechanical & electrical equipment prices forecasted to increase

- Construction industry anticipates 3-5% inflation overall, with higher increases for mechanical and electrical equipment
- Demand for HVAC equipment, electrical gear, & generators continues to be very strong and prices expected to increase
- Lead times anticipated to increase for generators



Construction sector continues to experience workforce shortage

- NC had 265,000 construction workers in January 2024
- Industry anticipates adding a million jobs nationwide over 2024 and 2025
- 377,000 construction jobs remain unfilled nationwide
- Roughly 1 in 4 construction workers are over age 55 and nearing retirement
- Anticipate continued increase in construction wages and cost of construction

County projects are increasing in complexity and competing with other regional projects

- **Project costs and timing dependent on firm availability, expertise, and capacity**
- **Addressing more complex programmatic needs**
- **Collaborating with jurisdictions on joint project management**
- **Less sites available; those sites require much more work**
- **Regional competition from education partners and private sector development**



County Capital Fund

**FY2025 – FY2031 County Capital requests,
funding sources, and next steps**

County Capital includes a wide variety of projects and funding types

- **County capital projects range from**
 - Major renovations and new buildings
 - Maintenance of existing facility roofs, mechanical equipment, etc.
 - Computer/digital infrastructure replacement cycles and purchase of software
- **County capital projects are funded through:**
 - Limited Obligation Bonds & dedicated Paygo (cash) – for large construction or renovation projects
 - General Obligation Bonds – referenda-specified purposes
 - Partnership reimbursements – tied to specific projects
 - Paygo (cash) calculated in the debt model – used for shorter term projects such as technology, equipment, life cycle replacements not eligible for debt funding

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County CIP Elements focus on maintaining and enhancing service delivery

Automation

Computer equipment, software, and IT infrastructure to support County's 4,000+ employees and modernize how customers interact with the County

Libraries

Project plan for new libraries and library renovations is anticipated through a 2024 bond referendum

County Buildings

Construction of new facilities and maintenance of 5 million square feet of existing facilities that allow for effective service delivery

PGROS

Project plan for parks, greenways, recreation and open space supported by 2018 bond referendum and master plans

Criminal Justice

County support for the Sheriff's office, courthouse facilities, and the Detention Center Expansion

Public Safety

Equipment and facilities to support Fire & EMS including 911 Communications console equipment replacement and training facility

New facilities and significant renovations may be identified in a few ways

- **State-mandated services or facilities**
- **Changes to service demand**
- **Master planning processes help to plan changes to services across facilities that impact the service**
- **Facilities condition assessments**

Debt funding supports nearly half of County Capital projects

Sources	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total
County Limited Obligation Bonds	3.0	99.0	157.7	23.9	12.4	15.7	-	311.7
Parks & Recreation 2018 General Obligation Bond	10.0	20.6	4.4	-	-	-	-	35.0
Transfer from General Fund	70.4	89.0	71.2	54.8	56.6	65.2	56.7	463.9
Reimbursements	1.3	0.5	1.3	0.5	0.5	0.5	0.5	5.1
Total Sources (in millions)	84.7	209.1	234.6	79.2	69.5	81.4	57.2	815.7

- **Debt funding can support large-scale projects for County-owned facilities**
- **Cash supports the rest of the capital program (automation projects, leased facilities, maintenance of existing facilities)**

Large-scale new and replacement facilities meet changing County needs

Animal Center (\$45.0M)

- Relocate existing facility to meet increased space and service needs
- Land has been identified
- Process underway to choose a designer

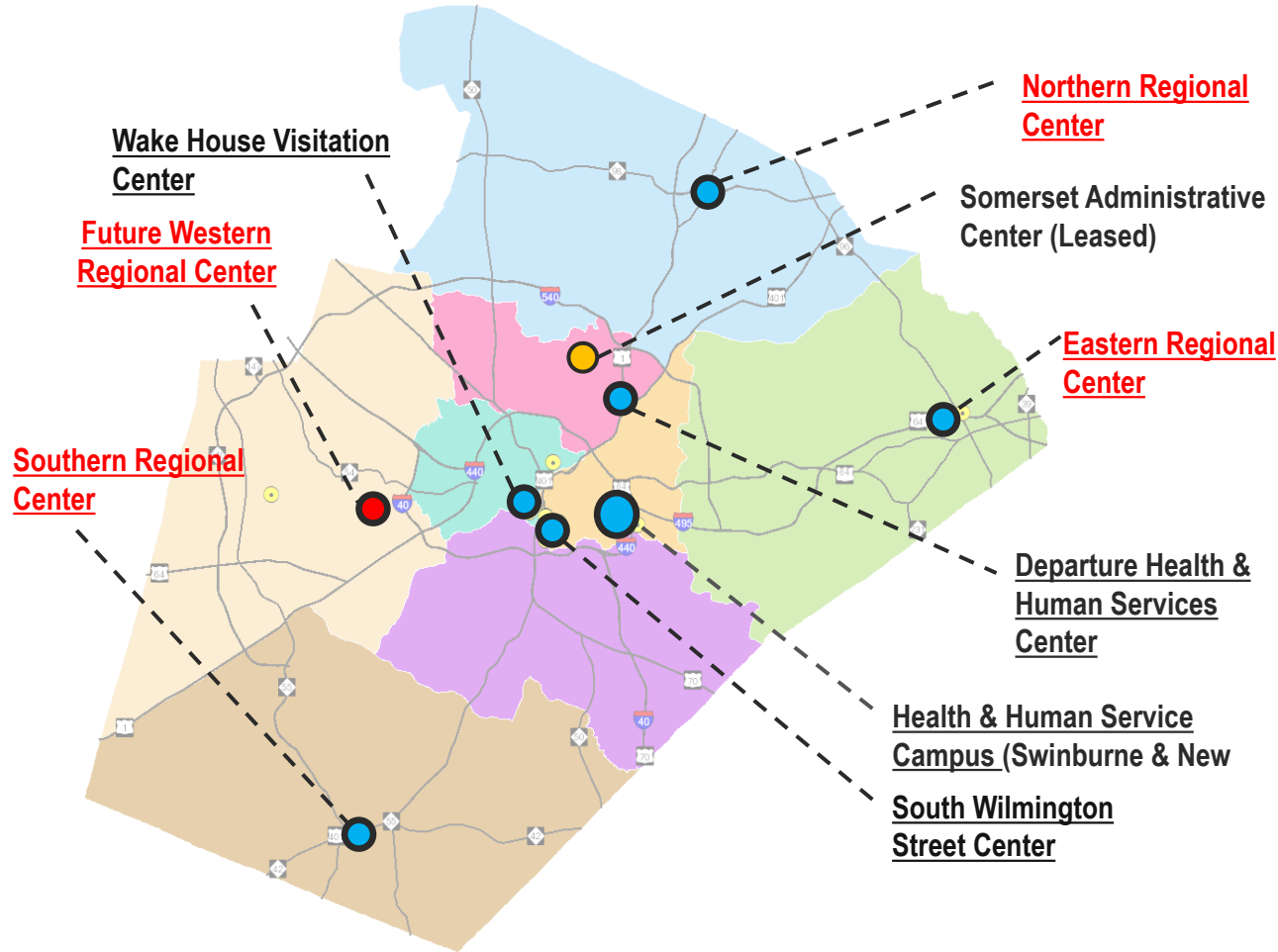
GSA/County Admin Facility (\$75.0M)

- Relocate General Services facility out of downtown Raleigh
- Enables sale of current GSA facility land
- Identify other administrative needs that should also move out of downtown Raleigh

Decedent Storage (\$29.5M)

- State-required permanent body storage and autopsy/examination space for State Medical Examiner
- Short-term solution put in place, funding supports a permanent facility

Health and Human Services Facilities Master Plan supports public health and social service delivery



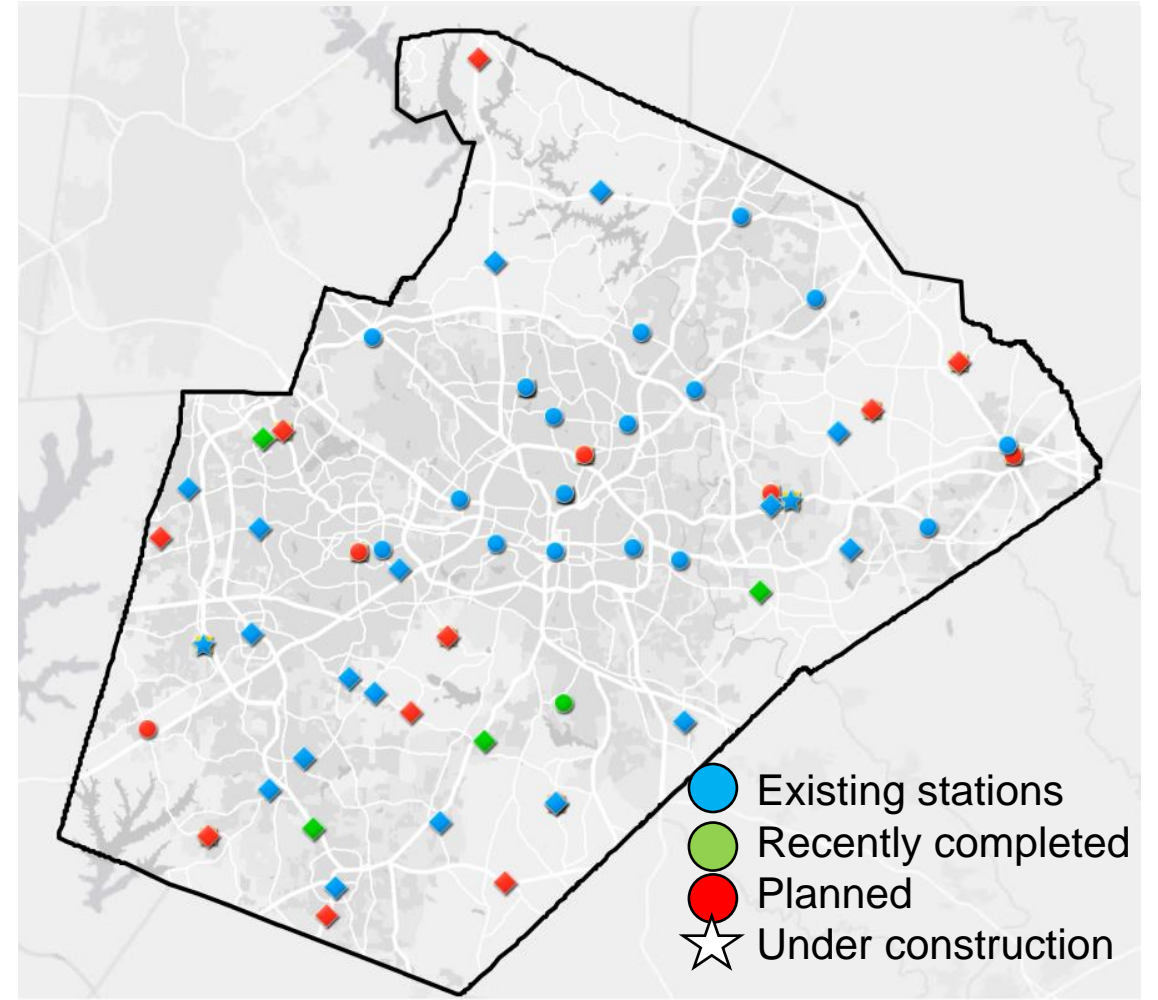
Service Delivery Vision

- Treat the whole client by grouping services together
- Support customer service and future changes with appropriate facility design
- Improve accessibility and ensure sites are near population being served
- Utilize partnerships to strengthen service offerings
- Provide safe and secure environment

Current plan calls for investing an additional \$34.8 million over next seven years

EMS Master Plan supports increasing call volume and improves geographic coverage

- Project plan consists of:
 - EMS co-locations with Fire Houses - ◇
 - EMS substations & district stations - ○
- Current plan invests \$82.6 million over seven years



Population projections anticipate a need for an expanded detention center ~ \$150M

- **CGL study recommends reopening detention center annex by 2026 as bridge towards permanent inmate housing solution**
- **New beds projected to be needed in 2024-2027 based on county population, average daily jail population, average length of stay, and increase in maximum-security inmates**
- **Planning for phase 3 expansion of the detention center FY2025 – 2027 (option 1 as presented on February 26, 2024)**

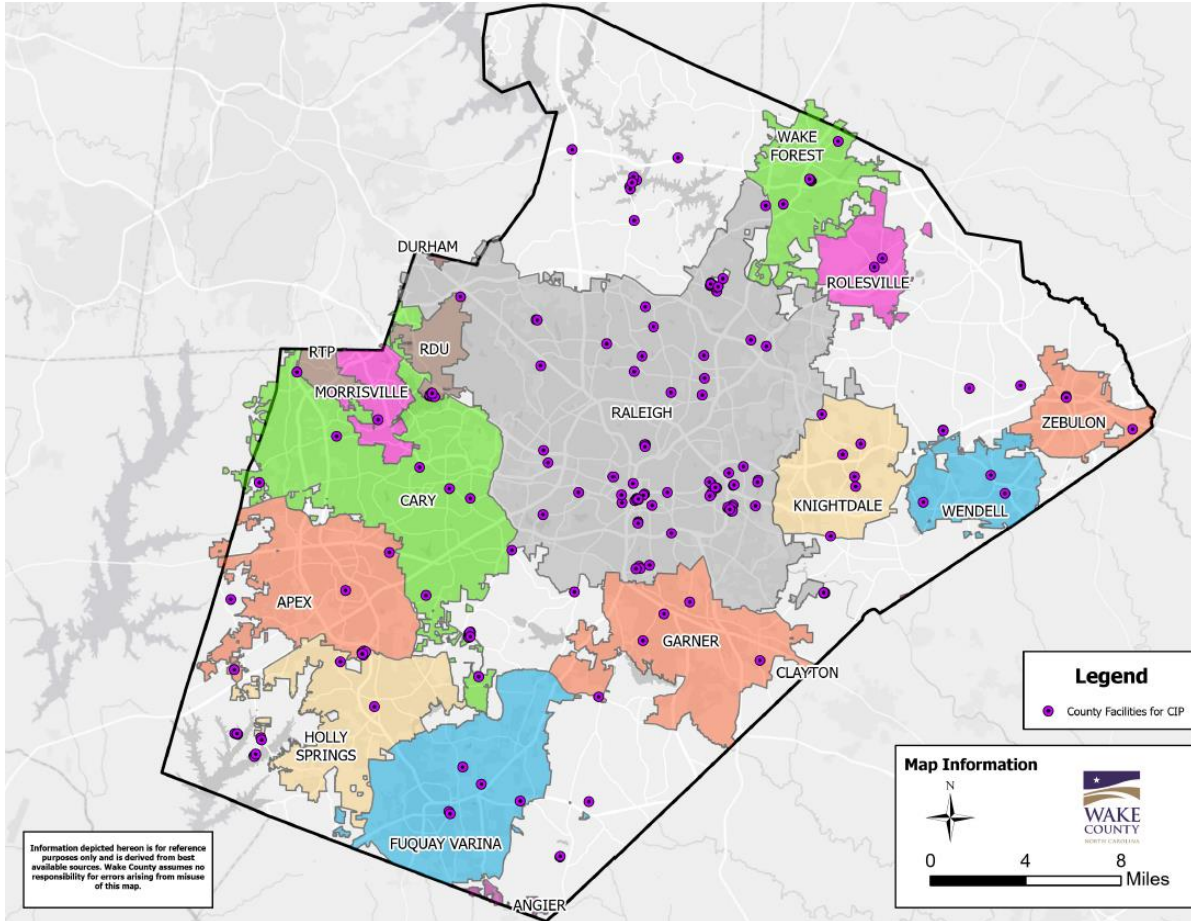
\$142M of projects identified for 2024 Libraries Bond

- **Project list & bond amount determined during March 11, 2024 Board Work Session**
- **Next steps:**
 - May 2024: Board approve bond amount and wording of bond questions
 - Summer 2024: Develop and implement communication plan
 - November 2024: bond referendum on ballot

2018 Parks, Greenways, Recreation, & Open Space bond projects underway

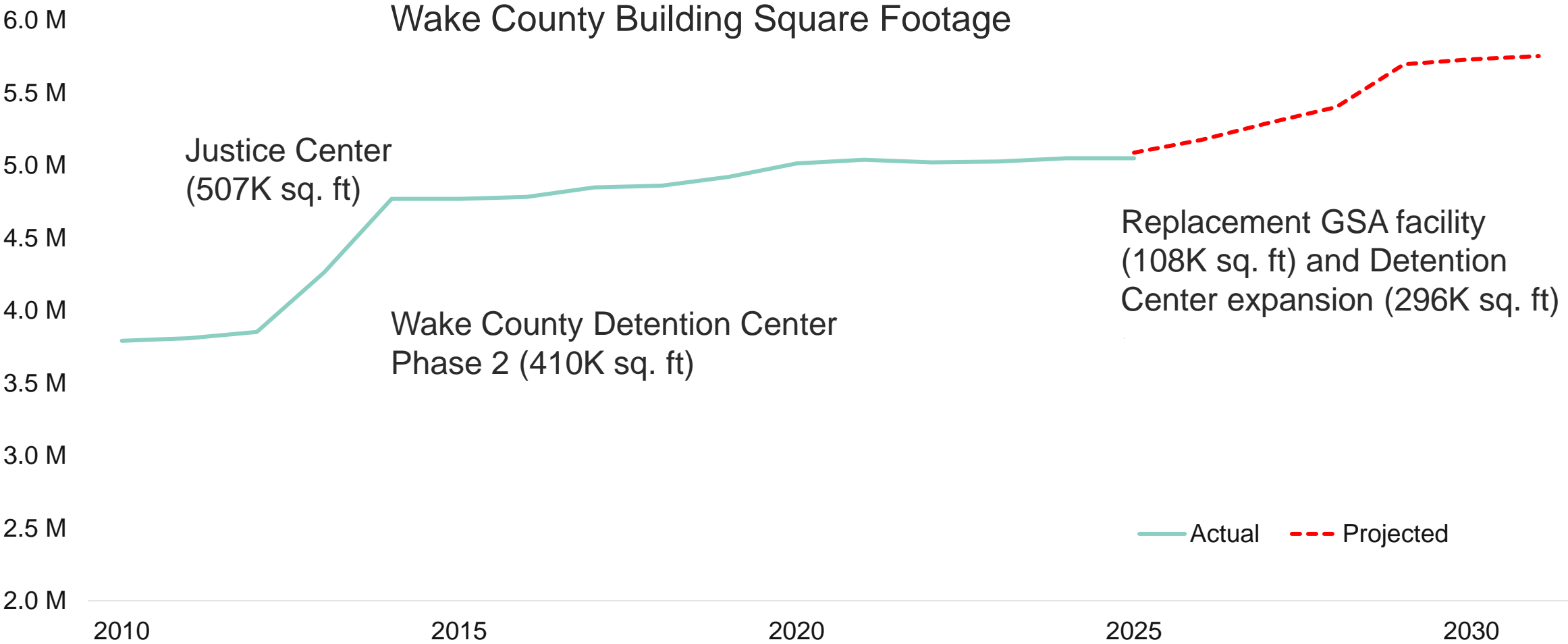
- **Funding programmed for open space acquisition, greenways, and parks construction projects**
- **Most recent bond issuance in spring 2022**
- **Final bond issuance is expected in calendar year 2025**
- **Community Services presented an update on the 2018 bond programming in January 2024 and March 2024**

Current county facilities require operating support and capital maintenance



- County responsible for maintaining 191 buildings spread throughout the County
- Building purposes and uses vary widely, including detention facilities, EMS stations, office space, libraries, parks, animal center, clinical spaces, etc.

As new buildings are added to the portfolio, operating impacts and capital maintenance costs will grow



Routine maintenance needs are reviewed annually and projected in the 7-year plan

- **Capital maintenance planning relies on a variety of data sources:**
 - Maintenance projects tracked against age of asset, date of last renovation, and industry standard life cycle
 - Work orders and facility condition assessments used to identify additional areas needing attention
- **Goal is for all building systems to function for their full life cycles and function at peak efficiency**

Maintenance, facility repair, and some renovation projects funded with County cash

Ongoing maintenance and repair of facilities - \$185.5 million

- Facility security improvements
- Roofing and paving replacements
- Energy conservation measures
- Mechanical, electrical, and plumbing
- Minor building projects
- Stormwater control responsibilities

Existing facilities renovations and facility condition upgrades - \$64.2 million

- Wake County Office Building renovations
- Facility condition upgrades to existing and older buildings such as Cornerstone, Courthouse, South Wilmington Street Center

Automation capital impacts every County service

- **Computer Equipment Replacements**
 - Replacements for hardware devices like computers, printers, scanners
- **Enterprise Infrastructure Maintenance**
 - Upkeep of technical infrastructure, including network equipment, storage, and security platforms
- **Major Projects Implementation**
 - Integrating or replacing large-scale software systems used by whole departments or entire agency

Automation faces cost pressures

Inflation

Increasing costs affect the price of buying systems and equipment and future replacement cycle costs

County Growth

With County population and service growth comes increased need for technology systems and infrastructure to support staff

Aging Equipment and Systems

Several major software systems and equipment are reaching the end of their scheduled use and are planned for replacement in the FY25-31 capital plan

Ineligible for Debt Funding

Automation projects are not eligible for debt funding, they may only be funded with Paygo cash

Expenditure choices are interconnected causing impacts to both operating and capital funds

- **New capital projects often have operating budget impacts**
 - Expanding facilities requires staff and equipment to maintain them
 - New technologies often require annual subscriptions or licenses
 - Adding new capital projects requires staff to design and manage them
- **Some operating projects also create capital budget impacts**
 - Addition of new staff for County operations and services requires adding, maintaining, and replacing new equipment, licenses, and workspaces

New requested capital projects seek to improve service efficiency and meet service needs

- Software system replacements and upgrades to improve functionality
 - I.e., Board agenda management software replacement; Library Integrated System replacement
- Stormwater control measure and wastewater improvements
- New EMS stations & Emergency Services Education Center expansion
- Detention Center expansion
- County building improvements, renovations, and expansions:
 - Reimagining space at Board of Elections to comply with new statutory requirements
 - Security upfits at Swinburne
 - Shifting some County offices to account for growth
- WCSO new equipment & replacements

Requested County Capital plan costs \$901 million across seven years

Element	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total
Automation	10.6	14.7	10.0	10.7	12.2	9.6	10.3	78.1
County Buildings	50.9	156.0	53.3	61.7	32.3	58.2	39.3	451.7
Criminal Justice	9.8	22.8	147.8	1.7	2.4	2.3	2.9	189.7
Libraries	-	-	-	-	-	-	-	-
PGROS	11.9	22.1	5.9	1.6	1.6	1.6	1.6	46.3
Public Safety	24.4	19.9	21.9	13.3	15.3	25.3	11.1	131.2
Economic Development	0.7	0.7	0.7	0.7	0.7	0.7	0.7	4.9
Total Uses (in millions)	108.3	236.2	239.6	89.7	64.5	97.7	65.9	901.9

- **Cost escalations, scope refinements, and maintenance increases for current infrastructure total \$130.5 million**
- **New project requests total \$229.8 million**

Next Steps

- **Staff will continue to evaluate the business cases and timing of submitted capital requests**
- **Finalize revenue available for capital projects**
 - Update revenue projections
 - Finalize debt and capital model
- **County Manager's FY2025 Recommended Budget will include balanced Capital Improvement Programs**



Other Capital Funds

Fire Tax
Housing
Major Facilities
Solid Waste

County responsible for multiple capital programs across multiple funds

County Capital Program

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WCPSS

Other capital funds reflect dedicated revenue sources and purposes

Capital Fund	Revenue Source	Governance
Fire Tax District	Special property tax levied on the unincorporated areas of Wake County and the Town of Wendell	Multi-year modeling to ensure availability of appropriate equipment, apparatus, and facilities for fire protection services
Housing	Dedicated transfer of revenue from the General Fund to support housing initiatives	Established in FY19 as part of County commitment to housing investment. Goal to make homelessness rare, brief, and non-recurring by increasing affordable housing stock and responding to shelter needs
Major Facilities	Allocation from occupancy and prepared food & beverage tax revenue	Governed by Inter-Local Agreement with City of Raleigh
Solid Waste	Solid Waste fees and landfill gas revenue	Multi-year modeling to ensure long term functionality of landfill, transfer station, and convenience centers

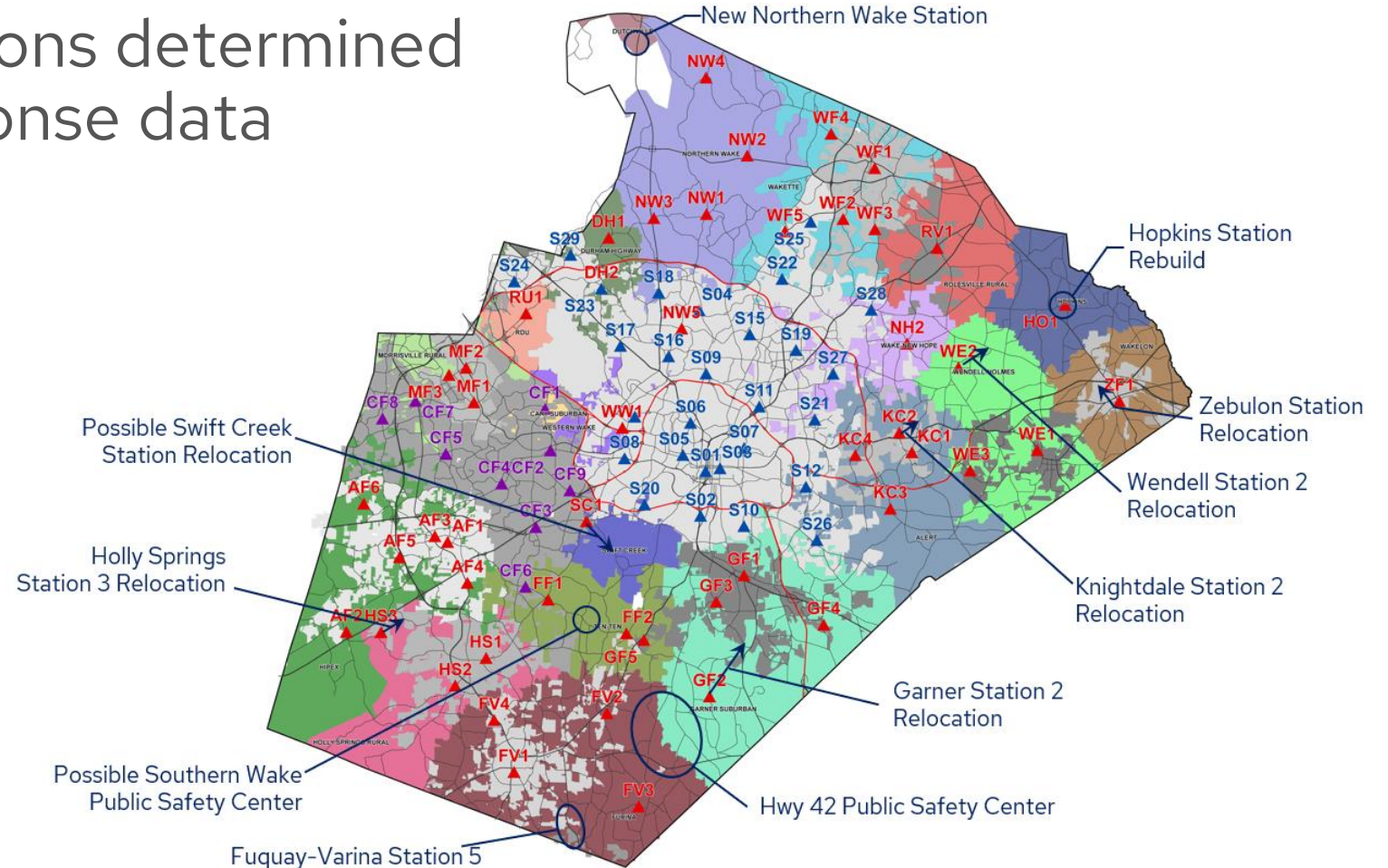
Fire Tax District Capital Projects

Project	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total
Apparatus	1.4	10.1	1.5	5.7	3.5	5.1	4.7	32.0
Equipment	1.6	1.3	1.9	1.4	2.6	2.9	2.7	14.4
Facilities	5.0	6.2	8.2	4.7	4.7	4.2	6.7	39.7
Total (in millions)	8.0	17.6	11.6	11.8	10.8	12.2	14.1	86.1

- Includes funding for the apparatus, equipment, and facilities of municipal and non-profit fire departments providing fire protection to unincorporated areas of the County and the Town of Wendell
- Staff meet with fire departments during budget development to determine timing for fire apparatus and equipment needed through the capital plan
- Costs for municipal departments are shared with municipalities using a funding methodology outlined in Fire Protection Agreements between the County and municipalities

Fire Tax District planned facilities meet needs of growing community

- New fire facility locations determined by analyzing fire response data
 - Recommendations presented to the Fire Commission through the Fire Tax District Long-Range Plan
 - Fire Commission will review and approve proposed Fire Tax budget on April 11
-
- The map displays various fire service areas, including Microville Rural, Holly Springs, and Southern Wake. It highlights three key proposed changes: the relocation of Swift Creek Station, the relocation of Holly Springs Station 3, and the establishment of a new Public Safety Center in Southern Wake. The map uses different colors to delineate these areas and red triangles to mark specific station locations.
- Possible Swift Creek Station Relocation
- Holly Springs Station 3 Relocation
- Possible Southern Wake Public Safety Center
- Fuquay-Varina Station



Housing capital projects help develop affordable units and support those at risk of or experiencing homelessness

	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Rental and Homeownership Development	6.3	6.3	6.3	6.3	6.3	6.3	6.3	44.1
Preservation Support	3.5	3.5	3.5	3.5	3.5	3.5	3.5	24.5
Homeownership Program	0.5	0.5	0.5	0.5	0.5	0.5	0.5	3.5
Major Home Repair	1.4	1.4	1.4	1.4	1.4	1.4	1.4	9.8
Landlord Partnership	0.3	0.3	0.3	0.3	0.3	0.3	0.3	2.1
Acquisition Support	-	5.0	-	-	-	-	-	5.0
Medical Respite	-	-	1.0	-	-	-	-	1.0
Total (in millions \$)	12.0	17.0	13.0	12.0	12.0	12.0	12.0	90.0

- Leverage gap funding to help develop or preserve affordable rental or homeownership housing
- Support second mortgage / foreclosure prevention loans and major home repair assistance for eligible low-income households
- Medical respite facility planned with partners to provide short-term space for homeless persons recovering from physical illness/injury

Housing new project requests seek to increase affordable units and respond to shelter needs

Increase Affordable Rental Units

Expand gap funding to develop and preserve affordable rental units

Expand Pathways to Homeownership

Expand subsidies for homeownership opportunities for low-income buyers

Crosby Garfield Building Renovation

Renovate existing building to provide non-congregate family shelter

- Requested projects exceed 7-year planned allocation by up to \$62.5 million
- Exploring use of reserve and alternate funding sources
- Evaluating projects based on new Board goals and Strategic Plan

Major Facilities capital program continues investment in Five County Stadium, Marbles, and competitive projects

Project	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total
Five County Stadium	-	1.0	0.8	0.5	0.6	0.4	-	3.3
Marbles/IMAX	0.8	0.1	1.5	-	-	1.4	-	3.8
Competitive Projects	6.3	5.5	7.8	2.0	2.0	2.0	2.0	27.6
Reserved for Future Projects	-	-	-	-	-	-	-	-
Total (in millions \$)	7.1	6.6	10.1	2.5	2.6	3.8	2.0	34.7

- Inter-Local Agreement (ILA) allocates \$1 million per year which the County uses to maintain Five County Stadium and Marbles Museum
 - Needs exceed \$1 million allocation – some replacements are now funded with County cash
- ILA allocates \$2 million per year for competitive projects process
 - 23rd ILA was adopted in fall 2023 – included additional funding for competitive projects in FY25-27
 - Most recent competitive projects process was conducted in spring 2023

Solid Waste capital program addresses landfill needs and begins planning for the next waste solution

Project	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total
Landfill Gas Development	1.3	1.0	0.7	0.6	0.9	0.9	0.9	6.3
Multi-material and Convenience Centers	4.2	0.5	5.6	0.1	0.3	0.1	0.1	10.9
South Wake Landfill	1.0	0.2	-	4.6	2.3	0.2	0.7	9.0
Beyond the South Wake Landfill	0.2	0.4	-	-	-	-	-	0.6
Total (in millions)	6.7	2.1	6.3	5.3	3.5	1.2	1.7	26.8

Planned projects include:

- Planning for Beyond the South Wake Landfill
- Interim closure of a phase at the South Wake Landfill
- East Wake Transfer station maintenance projects
- Landfill gas system expansion
- Convenience center improvements
- Soil purchase for phase of landfill construction



Education

Wake Tech Community College
Wake County Public School System

County responsible for multiple capital programs across multiple funds

County Capital Program	Other Programs	Education Programs
Automation	Fire Tax District	Wake Tech
Community Capital	Housing	WCPSS
County Buildings	Major Facilities	
Criminal Justice	Solid Waste	
Economic Development		
Libraries		
Public Safety		
PROS		

Capital Responsibilities: Wake Tech

NCGS 115D-32

- The **tax-levying authority of each institution** shall be responsible for providing, in accordance with the provisions of G.S. 115D-33 or 115D-34, as appropriate, adequate funds to meet the financial needs of the institutions for the following budget items:
- (1) Plant Fund: Acquisition of land; **erection of all buildings; alterations and additions to buildings; purchase of automobiles, buses, trucks, and other motor vehicles; purchase or rental of all equipment necessary for the maintenance of buildings and grounds and operation of plants**; and purchase of all furniture and equipment not provided for administrative and instructional purposes.

Wake Tech 7-year Capital Program: \$419 million

Program Area	FY25	FY26	FY27	FY28	FY29	FY30	FY31	7-Year Total
Western Wake Site	46.5	63.0		-	-	-	-	109.5
Perry Health Sciences Campus	40.1	-	-	-	-	-	-	40.1
Southern Wake Campus	-	13.0	25.0	-	-	-	-	38
RTP Campus	-	6.5	57.4	-	-	-	-	63.9
Campus wide Infrastructure, Repairs, Renovations, Facility Alterations	5.4	6.1	6.5	25.3	26.5	28.3	28.3	126.4
IT Infrastructure	5.5	5.5	5.5	6.0	6.0	6.5	6.5	41.5
Total (in millions)	97.5	94.1	94.4	31.3	32.5	34.8	34.8	419.4

- The Board of Commissioners approved the full updated FY24-30 Capital Improvement Program at a regular Board meeting on August 21, 2023

Capital Responsibilities: WCPSS

§ 115C-408. Funds under control of the State Board of Education.

- (a) It is the policy of the State of North Carolina to create a public school system that graduates good citizens with the skills demanded in the marketplace, and the skills necessary to cope with contemporary society, using State, **local and other funds in the most cost-effective manner**. The Board shall have general supervision and administration of the educational funds provided by the State and federal governments, except those mentioned in Section 7 of Article IX of the State Constitution, **and also excepting such local funds as may be provided by a county, city, or district**. The Superintendent of Public Instruction shall administer any available educational funds through the Department of Public Instruction in accordance with all needed rules and regulations adopted by the State Board of Education.
- (b) To ensure a quality education for every child in North Carolina, and to assure that the necessary resources are provided, it is the policy of the State of North Carolina to provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study.

It is the policy of the State of North Carolina that the facilities requirements for a public education system will be met by county governments.

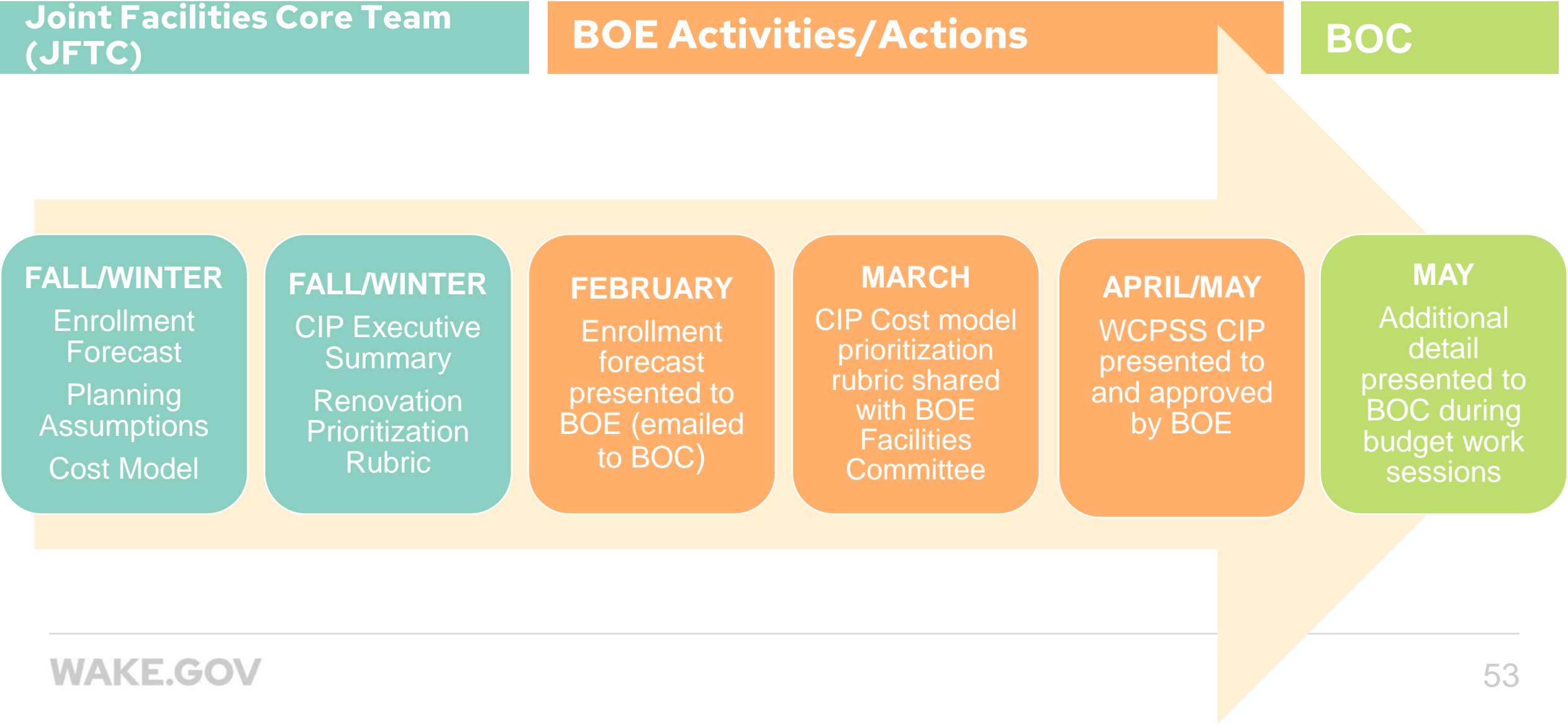
Proposed WCPSS 7-year Capital Program: \$2.8 billion

Program Area	FY25	FY26	FY27	FY28	FY29	FY30	FY31	7-Year Total
New Schools	68.0	93.9	58.7	6.5	72.9	98.1	89.5	487.5
Existing Schools	75.6	150.5	188.9	228.3	158.8	129.3	140.5	1,071.9
Other Program Components	155.5	168.4	170.2	181.3	186.3	192.4	198.1	1,252.2
Total (in millions)	299.1	412.8	417.9	416.0	418.0	419.7	428.1	2,811.7

Other Program Components:

- Land acquisition
- Facility lifecycle replacements of mechanical, plumbing, electrical, furniture, paving
- Environmental and ADA compliance projects
- Temporary Classrooms/Trailers
- Technology devices & infrastructure and building security systems
- Program Management: Staffing & Admin
- Partial renovations and non-traditional educational spaces and support facilities

WCPSS CIP updated through collaborative efforts





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