

Item Title: FY2024 End of Year Budget Revisions

Specific Action Requested:

That the Board of Commissioners approves budget revisions to the FY 2024 General Fund, Grants and Donations Fund, Major Facilities Fund, County Capital Improvement Fund, and Major Facilities Capital Improvement Fund as described below.

Item Summary:

Purpose: In compliance with the *North Carolina Local Government Budget and Fiscal Control Act* (G.S. 159, Article 3), Wake County is required to maintain a balanced budget covering the fiscal year beginning July 1 and ending June 30 for all governmental and proprietary funds except funds authorized by project ordinances.

Background: At the end of each fiscal year, certain budgetary actions are needed to keep the County in compliance with State statutes and County policy, as well as adhere to sound budget practices. Staff recommends a number of budget amendments and transfer of fund balance, outlined in detail below, to conclude fiscal year 2024. These budget adjustments will affect the County's General Fund, Grants and Donations Fund, Major Facilities Fund, County Capital Improvement Fund, and Major Facilities Capital Improvement Fund.

Strategic Plan: This action supports routine County operations.

Fiscal Impact: The fiscal impact of the requested amendments for each of the funds listed below are described in detail in this item summary and the attached budget memos.

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FY 2024 Budget Revisions:

GENERAL FUND

The following items require amendments in revenue and expenditure appropriation in the General Fund.

| Amended as of 6.4.2024 | Revenues | Expenditures |
|---|---------------------------|---------------------------|
| | \$1,913,484,907.03 | \$1,913,484,907.03 |
| Adjustments | | |
| A. WakeBrook Renovations to County Capital Fund | \$ - | \$ - |
| B. Familiar Faces System to County Capital Fund | \$ - | \$ - |
| C. Transfer of Lapse Salary from HHS to WCSO | \$ - | \$ - |
| Total Adjustments | \$ - | \$ - |
| Final Amended Budget | \$1,913,484,907.03 | \$1,913,484,907.03 |

A. Authorize a transfer of Behavioral Health Operating Funds to the County Capital Fund for WakeBrook Behavioral Health Facility Renovations and Familiar Faces System Development

- a. Transfer \$1,900,000.00 of FY 2024 Behavioral Health operating funds from the General Fund to the County Buildings element of the County Capital Fund. These funds will be used for multi-year capital projects associated with the WakeBrook Behavioral Health Facility, specifically for design and construction administration services to complete WakeBrook renovations for the current tenant, RI International. The renovations at WakeBrook are better categorized as capital projects due to their nature as long-term investments in the facility's infrastructure. Previous contracts and contract amendments date back to 2013 with a current maximum amount payable of just over \$1,500,000.00.
- b. Transfer \$2,000,000.00 of FY 2024 Behavioral Health operating funds from the General Fund to the Automation element of the County Capital Fund. These funds will be used for the development of the multi-year Familiar Faces System project. After the request for proposals process is complete, these funds will be allocated to a selected vendor to develop a system that enables Wake County's Behavioral Health services to share data and integrate care options between health and justice systems. This project is more appropriately classified as a capital project due to its nature as a long-term investment in technology infrastructure that will provide lasting benefits to Wake County's Behavioral Health services.

B. Authorize a transfer of Health and Human Services salary budget capacity to cover WCSO operating overages for a food services vendor contract. Transfer \$280,000 of FY 2024 Salaries and Benefits budget from HHS to the Wake County Sheriff's Office to provide for unavoidable cost escalations.

GENERAL FUND FUND BALANCE

That the Board of Commissioners commits for these purposes with the final specific amounts determined after financial records are closed for the 2024 fiscal year:

- i. Approximately \$7,000,000 of FY 2024 behavioral health funding for use in subsequent fiscal years for behavioral health purposes with the final specific amount determined after financial records are closed for the 2024 fiscal year.

GASB Statement 54 defines “Committed” fund balance as amounts that are subject to an internally enforceable spending constraint placed on it by the governing board before the end of the fiscal year. This requires that any commitment of fund balance be approved by formal action of the County’s Board of Commissioners. Amendments or modifications of this committed fund balance must also be approved by formal action of the Board of Commissioners. Staff recommends formally adopting the funds identified above as committed fund balance within the County’s General Fund for the fiscal year ending June 30, 2024 to indicate these funds are not generally available and that authority to spend these funds requires additional Board action.

GRANTS AND DONATIONS FUND

The following items require amendments in revenue and expenditure appropriation in the Grants and Donations Fund.

| | Revenues | Expenditures |
|--|-------------------------|-------------------------|
| Amended as of 6.4.2024 | \$208,279,889.98 | \$208,279,889.98 |
| Adjustments | | |
| A. Smart Start Grant | \$582,892.00 | \$582,892.00 |
| B. Health and Human Services Delta Dental/Healthy Smiles Grant | \$1,000.00 | \$1,000.00 |
| C. 2022 Harris Grant | \$1,482.00 | \$1,482.00 |
| Total Adjustments | \$585,374.00 | \$585,374.00 |

A. Accept and Appropriate \$582,892 in state funding to the Grants and Donations Fund from Wake County Smart Start. The Smart Start grant supports the Wake County Health and Human Services Health, Safety and Nutrition Technical Assistance program by enabling childcare health consultants to provide health, safety, and nutrition consultations to one-star to three-star rated childcare centers and homes.

B. Appropriate a \$1,000 incentive payment to the Grants and Donations Fund from Delta Dental/Healthy Smiles.

Actual revenue received from Delta Dental/Healthy Smiles for FY 2024 is \$108,000, which is \$1,000 higher than the original budgeted amount. This increase is due to the Dental Clinic receiving an incentive payment of \$1,000 for reporting data as part of the Community Oral Health Transformation (COrHT) Initiative. To

reflect this increase, both the budgeted revenue and expenditures were amended in the FY 2024 Budget.

C. Appropriate \$1,482 in local revenue to the Grants and Donations Fund for the 2022 Harris Grant.

Actual revenue received from Duke Energy for the 2022 Harris Grant is \$239,989, which is \$1,482 higher than the original budgeted amount. Duke Energy funds two positions and operating costs to plan and prepare for potential emergencies involving the Harris Nuclear Power Plant.

MAJOR FACILITIES FUND

The Major Facilities fund includes Occupancy Tax and Prepared Food and Beverage Tax revenues, and the expenditures are governed through an interlocal agreement between the County and the City of Raleigh. Revenues generated by Occupancy and Prepared Food and Beverage Taxes are projected to exceed the FY 2024 Amended Budget.

The distribution of additional tax revenues is outlined by the enabling legislation and a series of amendments associated with the original Interlocal Agreement. This action adjusts the budgeted revenues and expenditures in line with the projected end of year collections. These expenditures are based on a percent of actual revenues collected, including the distribution to the Raleigh Convention Center, Greater Raleigh Convention and Visitors Bureau, Centennial Authority (management of PNC Arena), and Town of Cary Hold Harmless.

A portion of the expenditures are based on a fixed annual distribution such as the Raleigh Holdback and competitive project allocation. These projects remain unchanged in the revised budget.

| | Revenues | Expenditures |
|--|------------------------|------------------------|
| Amended as of 6.4.2024 | \$86,910,000.00 | \$86,910,000.00 |
| Adjustments | | |
| Occupancy Taxes | 2,500,000.00 | |
| Prepared Food and Beverage Taxes | 1,000,000.00 | |
| Appropriated Fund Balance | (383,000.00) | |
| Greater Raleigh Convention and Visitors Bureau for Operating Support | | 625,000.00 |
| Town of Cary Holdback from Occupancy Tax Proceeds | | 125,000.00 |
| Centennial Authority for Operating Support | | 193,000.00 |
| Raleigh Convention Center | | 2,174,000.00 |
| Total Adjustments | \$3,117,000.00 | \$3,117,000.00 |
| Final Amended Budget | \$90,027,000.00 | \$90,027,000.00 |

COUNTY CAPITAL FUND

| Element | Project | Current Appropriation | Appropriation Adjustment | Revised Appropriation |
|---------------------|---|-----------------------|--------------------------|-----------------------|
| A. Automation | Familiar Faces System | - | 2,000,000.00 | 2,000,000.00 |
| B. County Buildings | WakeBrook Renovations | - | 1,900,000.00 | 1,900,000.00 |
| C. County Buildings | ECM-2021 Multi-Site Solar PV Project | 726,825.00 | 27,300.00 | 754,125.00 |
| D. County Buildings | Swinburne Center Major Renovations | 7,095,000.00 | (6,615,000.00) | 480,000.00 |
| E. County Buildings | Western Regional Center Co-location | 15,826,851.44 | (14,000,000.00) | 1,826,851.44 |
| F. Public Libraries | Library Administration Building Renovations | 16,282,000.00 | (14,742,000.00) | 1,540,000.00 |

- A. Familiar Faces System – Transfer \$2,000,000.00 of FY 2024 Behavioral Health operating funds in the General Fund to the Automation element of the County Capital Fund for the development of the Familiar Faces System. After the request for proposals process is complete, funds will go to a selected vendor to develop a system that enables Wake County's Behavioral Health services to share data and integrate care options between health and justice systems.
- B. WakeBrook Renovations – Transfer \$1,900,000.00 of FY 2024 Behavioral Health funds from the General Fund to the County Buildings element of the County Capital Fund for projects associated with the WakeBrook Behavioral Health Facility. Funds will be used for design and construction administration services to complete WakeBrook renovations for current tenant, RI International.
- C. Multi-Site Solar PV Project – Appropriate \$27,300.00 in solar rebate revenue, which will be used for future energy conservation projects. Ongoing and future projects are not included in the above table and will be identified as project opportunities arise.
- D. Swinburne Center Major Renovations – The Swinburne Renovation project was originally proposed in a prior Capital Improvement Program to be funded through Limited Obligation Bonds. Based on the timing of the project, which aligns with the completion of the new Public Health Center, the project has not been bid. Bids with a final expected total are required before bonds can be issued. Given the timing changes and bond funding constraints, these projects have been transitioned to cash funding as part of the FY2025 Recommended Budget. To change the funding source, the Limited Obligation Bonds budgeted in prior years (\$6,615,000.00) must be reduced so that the correct project total and cash can be appropriated with the FY 2025 budget.
- E. Western Regional Center – Similar to the Swinburne project, the Western Regional Center project timing resulted in the Limited Obligation Bonds not being issued. Given the timing changes and bond funding constraints, the project has been transitioned to cash funding as part of the FY2025 Recommended Budget. To change the funding source, the Limited Obligation Bonds budgeted in prior years

(\$14,000,000.00) must be reduced so that the correct project total and cash can be appropriated with the FY 2025 budget.

F. Library Administration Building Renovations – The Library Administration Renovation project is now included in the planned projects for the Library General Obligation bond which is planned for referendum in November 2024. This action will reduce the prior Limited Obligation Bond funding by \$14,000,000.00. The project is anticipated to be fully funded through the 2024 Library General Obligation Bond, which will be budgeted following the referendum.

MAJOR FACILITIES CAPITAL IMPROVEMENT FUND

| Element | Project | Current Appropriation | Appropriation Adjustment | Revised Appropriation |
|---------|------------------|----------------------------------|--------------------------|-----------------------|
| A. | Major Facilities | Competitive Projects | - | 5,000,000.00 |
| B. | Major Facilities | Five County Stadium Improvements | 247,879.29 | 9,970.18 |

A. Competitive Projects – Appropriate \$5,000,000.00 in transfers from Major Facilities fund per the 23rd Amendment to the Interlocal Agreement between Wake County and the City of Raleigh Regarding Implementation of Countywide Room Occupancy and Prepared Food and Beverage Tax. The funding is allocated to support a competitive project process and the process will be held late 2025.

B. Five County Stadium Improvements – Appropriate additional \$9,970.18 in interest revenue from rent proceeds paid by the Mudcats for their use of Five County Stadium.

Attachments:

1. Budget Memo – FY 2024 Human Services
2. Budget Memo – FY 2024 Public Safety
3. Budget Memo – FY 2024 Grants and Donations Fund
4. Budget Memo – FY 2024 Major Facilities Fund
5. Budget Memo – FY 2024 County Capital Fund – Automation
6. Budget Memo – FY 2024 County Capital Fund – County Buildings
7. Budget Memo – FY 2024 County Capital Fund – Public Libraries
8. Budget Memo – FY 2024 Major Facilities Capital Fund