



Wake County

301 South McDowell Street
Raleigh, NC

Meeting Minutes Board of Commissioners

Monday, June 8, 2020

2:00 PM

Wake County Justice Center

Budget Work Session - Meeting Held Remotely

Budget Work Session Meeting Materials

This agenda item was approved.

Meeting Called to Order: Chair Greg Ford

Chairman Ford said this is the final Work Session as the board votes on the Fiscal Year 2021 budget on June 15, 2020.

He shared the topics for today's agenda. He encouraged commissioners to provide feedback ahead of next week's budget adoption.

Rollcall

Present: 7 - Chairman Greg Ford, Vice-Chair Vickie Adamson, Commissioner Matt Calabria, Commissioner Susan Evans, Commissioner Jessica Holmes, Commissioner Sig Hutchinson, and Commissioner James West

Staff Present: David Ellis, County Manager; Scott Warren, County Attorney; Denise Hogan, Clerk to the Board; Yvonne Gilyard, Deputy Clerk to the Board; Emily Lucas, Chief Financial Officer; Denise Foreman, Assistant County Manager; Michelle Venditto, Budget and Management Services Director; and Ben Canada, Assistant to the County Manager

Others Present: Denny Edwards, Greater Raleigh Convention and Visitor's Bureau, CEO; Jeff Merritt, Centennial Authority; and James Green, City of Raleigh Assistant City Manager

1. Agenda

Attachments: [Final Agenda BOC Budget Work Session 06-08-20 v2.pdf](#)

2. Hospitality Tax Updates and 22nd Amendment Recommendations

Attachments: [June 8 Hospitality Tax Financial Update final.pdf](#)

Ms. Denise Foreman, Assistant County Manager, shared the hospitality tax information.

She shared the presentation objectives.

- Provide overview of COVID crisis impact on hospitality community in Wake County
- Share revised revenue picture for hospitality taxes given projected impacts of COVID crisis
- Discuss 22nd Amendment Recommendations for Board and City Council consideration on June 15/16

She shared the impacts on tourism in Wake County as a result of COVID-19.

- 164 conventions, meetings and group sporting events cancelled
 - 189,750 attendees
 - 129,240 room nights
 - \$80.8M lost in direct economic impact
- Hotel occupancy down 64.2% from prior year; average daily rate down 40.2% from prior year; 20 hotels temporarily closed
- RDU Airport down 97%; non-stop service down from 62 cities to 25

She shared a chart of room occupancy rates that are improving from April. She said the rates are down 48 percent from last year. She shared the hotel average daily rates that are down 28 percent.

Ms. Foreman shared information on Wake County hospitality taxes.

- State legislation approved in 1991 and amended in 1995 levies 6% on occupancy stays and 1% on prepared food and beverage countywide
- Revenues must be used for projects supporting arts, cultural, sports or convention
- Revenues in FY1995 = ~ \$12 million; FY2019 = ~ \$60 million
- Wake County and City of Raleigh are responsible for oversight and approval for uses of revenues
 - 21 Amendments to the Revised Interlocal Agreement
- For more information, visit www.wakegov.com/roomfoodtax
<<http://www.wakegov.com/roomfoodtax>>

She shared that the hospitality tax review team assisted with the development of updated revenue projections.

Staff Projection team

- Review Team members include:

City of Raleigh	GRCVB
Town of Cary	Centennial Authority
Town of Knightdale	Wake County Hospitality Alliance
Town of Morrisville	Wake County

- To develop the revised revenue estimates, the team reviewed data including recent trends, historical trends, prior economic recessions and recoveries and industry data from economists and professional hospitality organizations

She shared a chart of the revenues by month compared with the prior year for the occupancy tax and prepared food and beverage distributions. She shared a chart of the year end projections for Fiscal Year 2020 and 2021. She said in two years there are \$32 million less in revenues. She said the projection over six years is a \$97 million loss in revenues. She shared information about the partners receiving the percentage of distributions significantly impacted by revenue losses.

Partners receiving distributions from the collection of these taxes are:

- Greater Raleigh Convention and Visitors Bureau primarily funded through percentage of occupancy collections
 - FY20 - down 25% (\$1.9M)
 - FY21 - down 26% (\$2M)
- Centennial Authority operating funds are percentage of collections
 - FY20 - down 23% (\$850k)
 - FY21 - down 28% (\$1M)
- Raleigh Convention Center Complex debt, maintenance and operating are percentage of collections
 - FY20 - down 28% (\$9.6M)
 - FY21 - down 28% (\$7.5M)
- Town of Cary receives hold harmless percentage
 - FY20 - down 25% (\$379k)
 - FY21 - down 26% (\$400k)

Chairman Ford said it is challenging to predict the future. He asked for a description of the assumptions.

Ms. Foreman said as restrictions are lifted because of the pandemic, many citizens are delaying travel. She said priorities may have been shifted due to virtual opportunities in the tourism, conferences, sporting type events. She said it is unknown how the economy will recover. She said prior year recoveries were taken into consideration when the predictions were developed.

Chairman Ford said the models are based on an assumption that Wake County's growth is on an incline but did not include the peaks and waves.

Ms. Foreman said that the recovery is slow moving forward, but another dip is not expected. She noted that Mr. Denny Edwards, President and CEO for Greater Raleigh Convention and Visitors Bureau and Mr. Jeff Merritt, Executive Director, Centennial Authority, were present on the virtual meeting.

Commissioner Evans asked about the Town of Cary percentages and their funding.

Ms. Foreman said the Town of Cary and City of Raleigh had a tax in place to be held harmless. A percentage designated by legislation has been made limiting the use of revenues.

Ms. Foreman shared charts of the recommendations.

Commissioner Holmes expressed her concern in the shift of funds for the PNC Arena and the position of the Centennial Authority toward the future of the arena.

Ms. Foreman said the arena's age is of concern and there is still open commitments to determine the funding long-term.

Commissioners Hutchinson and West echoed Commissioner Holmes comments about the Centennial Authority members' feedback for the future of the arena.

Mr. Merritt said it is the desire of the Centennial Authority that the public will have a chance to weigh in on the future of the PNC arena long-term. The five in five method was used before to determine the vision of other projects in the area.

Ms. Foreman shared the 22nd Amendment recommendations. She said there is not a long-time sustainable model moving forward given the recommendations. She said that staff will continue to work on the models based on the market. She shared that a model review will be conducted no

later than July 1, 2023.

Chairman Ford noted that Vice-Chair Adamson is the commissioner liaison to the Greater Raleigh Convention and Visitor's Bureau.

Vice-Chair Adamson asked how often the revenue reviews would be evaluated.

Ms. Foreman said that the reviews would be given at the end of the calendar year.

Mr. Edwards said the impact reports from the US Travel Association indicates it may be an eight year recovery. He said not only occupancy but average daily rate is of larger concern. He said that recession plays a role. Businesses allowing employees to travel, mass gatherings, weddings, and festivals and concerts impact the numbers. He said that the market presents a challenge. He said that he appreciated the board's support.

Commissioner Holmes expressed her gratitude for a forward thinking proposal and the budget recommendations that have been placed forward. She asked if the appropriate balance is being made toward the recommendations that are being requested.

Ms. Foreman said there is \$46 million around the medium projects in cash. She said reductions for regional projects did not seem to be the best recommendation. She said there are other funding sources that will be impacted and are not yet known.

Commissioner Holmes asked that the small and medium projects be considered again when the models change.

Ms. Foreman said that staff will continue to monitor the models.

Commissioner Hutchinson asked about the plan for the convention center to handle the changes since the pandemic.

Mr. Edwards said convention center staff is devoting time assisting businesses in moving dates of events and maintaining customer relations.

She shared the next steps.

- June 5 - Stakeholders Presentation
- June 8 - County Commissioner Presentation
- June 9 - Raleigh City Council Presentation
- June 15 - County Commission consideration of 22nd Amendment

- June 16 - Raleigh City Council consideration of 22nd Amendment
- Hospitality Tax Review Team continue regular revenue oversight

Mr. James Green, Assistant City Manager, City of Raleigh, said the county is fortunate to have outstanding partners in Wake County. He commended Ms. Foreman on her work in partnership with the city. He said the recommendations are difficult and it is the hope that tourism revenue will bounce back quickly.

Commissioner Evans commended the county and city staff for their work and said a thoughtful approach has been given toward these recommendations.

Vice-Chair Adamson said that the data given indicates it will be five years before the growth level can be obtained, but the full impact will not be realized until later. She asked for additional details of the recommendation at a future meeting.

Ms. Foreman said she would provide this information to the board.

Chairman Ford commended Ms. Foreman for her presentation.

3. FY 2021 Recommended Budget

Attachments: [Budget Presentation.pdf](#)
[Attachment Commissioner Questions and Responses.docx](#)
[Attachment FY 2021 Community Organization Funding Update Memo.docx](#)

Ms. Michelle Venditto, Budget and Management Services Director and Ms. Emily Lucas, Chief Financial Officer presented the agenda for today's meeting. Ms. Michelle Venditto, said the board is one week away from adopting the Fiscal Year 2021 budget.

- Technical Adjustments
- Public Hearing Summary
- Commissioner Question Follow-up
 - Debt and Capital
 - General Fund
 - WCPSS Funding
 - Fund Balance
- Board Discussion

She said there is also an attachment on questions from the commissioners that have been answered.

Ms. Venditto shared a chart of the General Fund technical adjustments including a technical change to financial entries to improve ability to conduct projections, reporting, and analysis. No impact on programming, benefits or actual cost experience.

She shared a slide on Capital Area Workforce Development fund technical adjustments which included some additional funds.

- Received supplemental funding from NC Department of Commerce for Dislocated Workers Program
- Received \$100,090 in new funding from Wake County Housing and Community Revitalization to support Rapid Rehousing program

She showed a slide with all of the ordinances included in the budget the board will be approving for FY21 recommended budget.

- General Fund Operating Ordinance
- Debt Service Fund Ordinance
- Fire Tax District Fund Ordinance
- Major Facilities Fund Ordinance
- Solid Waste Operating Ordinance
- South Wake Landfill Partnership Fund Ordinance
- Corporate Fleet Fund Ordinance
- Capital Improvement Projects Fund Ordinance
- Grants and Donations Fund Project Ordinance
- Personnel Authorization Ordinance

Commissioner Holmes asked if due to the COVID-19 impacts on job and the rising unemployment rate if it would be appropriate to use some of the CARES Act funding for job training initiatives.

Ms. Lucas said there is funding to support economic recovery that includes the small business loan fund. She said job loss due to COVID-19 could benefit from the program. She said funding opportunities that have been planned for are not eligible, but additional job training efforts may be eligible.

Commissioner Holmes said that being proactive with Wake Technical Community College and Capital Area Workforce Development Programs would be helpful. She noted that southeast Raleigh area would benefit from the programs.

Commissioner West said that the citizens with the problem know more

about it in general. He said that there are citizens that are not aware on how to access the resources. He said that Wake Works would be beneficial to the southeast Raleigh area. He quoted Dr. Martin Luther King, Jr. "today is the day, and now is the time" people need to have these opportunities.

Commissioner Holmes added there is a deadline on when the funds need to be used. She said now might be a good time to look for opportunities for some new small businesses to help.

Chairman Ford said now is the time for civic engagement. He said this may be the opportunity for being creative. He noted the previous mention of Commissioner West regarding Civic Saturdays.

Commissioner West said the school system and other partners meet on Saturdays about the Civic Saturday programs. He made reference to reforms, law enforcement, and housing of other metropolitan areas to provide partnerships and great government.

Ms. Venditto shared a snapshot of the citizen public comment summary through the online portal on the budget.

Commissioner West said that Marbles Kids Museum serves individuals from across the state and asked if the comments were from Wake County residents.

Ms. Venditto indicated that the majority of the comments were from Wake County.

Ms. Venditto shared the response: refund debt information.

Question: Are there any existing opportunities to refinance existing debt at lower rates that haven't yet been explored?"

- County staff continually monitors bond market to refund eligible debt at lower rates.
- Because of a 10-year call feature in all of County's existing debt and regulatory restrictions on when refinancing may be pursued, we only can consider refunding debt that has aged 10 years.
- The County's next opportunity to consider a refunding will be when 2011 Bonds will be deemed eligible for refunding in early 2021.
- The viability of pursuing that refunding opportunity will be subject to interest rate fluctuations.
- All other viable refunding opportunities have been completed to date.

She shared information about the county capital program reductions and adjustments.

FY21

- Move design funding for Public Health and Swinburne to FY22
- Decreased infrastructure pavement and eliminated innovation level funding
- Removed Whitaker Mill land purchase from EMS Master Plan

FY22

- Decreased infrastructure pavement level funding
- Moved South Wilmington St. Center upgrades, Commons Center upgrades, and User Behavior Analytics Platform to FY24

FY23

- Moved Radio Tower Replacement to FY25
- Moved Sky Bridge, Elevator Modernization, and Exterior Window Replacement to FY24
- Moved portion of Annex design funding to FY24

Commissioner Holmes asked about the design funding for Public Health and Swinburne to Fiscal Year 2022. She asked whether services will be impacted.

Ms. Venditto said the current services will be continued and the funding will only delay the improvements.

Chairman Ford asked about the safety procedures of the project renovations.

Ms. Venditto said that safety is of concern and has been considered with the planned renovations.

Ms. Venditto shared information on the Wake County Sheriff's Simunition Training study.

Question: What was the result of the FY 2020 study for the need for an additional Sheriff Training Facility?

- FY 2020 Adopted County Capital budget included \$100,000 to study the creation of a Simunition Training Center for the Wake County Sheriff's Office
- The County has engaged Mossley to consult on the study; the scope of the study will focus on:
 - Who would use the facility
 - Space Programming
 - Location, Size, and Construction

- Cost and Partnership Opportunities.
- The County and the Sheriff's Office had completed introductory discussions for the project when COVID-19 halted work on the study.

She shared information on the Wake County Sheriff's Office Electronic Health records.

Question: What is the timeline for the new Electronic Health Records system?

- The FY 2018 and FY 2020 Adopted County Capital Budgets included a total of \$1.4 million for the implementation of an Electronic Health Records system for the Wake County Detention Centers.
- The Wake County Sheriff's Office has selected Fusion-EHR to provide the Electronic Health Records system.
- The Wake County Sheriff's Office anticipates the electronic health records implementation to be completed in Fall of 2021

She shared information about the Emergency Operations Center renovations.

Question: Can CARES Act funds be used towards the planned renovation of the Emergency Operations Center?

- Funding must be spent by December 30th, the renovation of the EOC and ground floor of WCOB could not meet that timeline
- The Recommended FY 2021-27 County Capital plan currently includes a total of \$6.05 million for the renovation of the Emergency Operations Center in the Wake County Office Building
 - FY 2021 includes \$645,000 for design and preliminary work; FY 2022 includes the remaining \$5.4 million for the renovation

She shared information about Five County Stadium.

Question: What is the process for divesting the county from Five County Stadium? Also, who/what else funds the budget for the stadium, beyond ticket and concession sales? Local municipalities? The franchise owner? What is the current lifespan of this building?

- Wake County has a lease with the Milwaukee Brewers Affiliate, which owns the Carolina Mudcats, through 2023
- County staff will begin negotiations in 2021
- Ownership of the stadium is 85% Wake County and 15% Town of

Zebulon

Vice-Chair Adamson said that in light of recent events the Sheriff's training facility is needed more than ever. She asked if there is funding provided from any of the other four counties at the Five County Stadium?

Chairman Ford indicated that the materials provided go back to 1991. He said what was originally planned for Five County Stadium has changed. He noted that Wake County as well as the Town of Zebulon provides funding. He asked is the operating cost split between the county and town. He asked whether the contract can be reviewed so that the county is getting the most from this property.

Ms. Venditto said she could provide this information to the board.

County Manager Ellis indicated that formerly the counties Wake, Franklin, Johnson, Nash and Wilson were participants in the contract, naming the stadium Five County Stadium.

Commissioner West said that he is supportive of staff looking at the data as it relates to collective impacts including policing of the entire county.

Ms. Venditto shared information about the sales tax redistribution.

Question: Assistance describing how the General Assembly redistribute sales tax. What do we see coming with redistribute of Sales Tax?

- N.C. § 105-524 redistributes sales tax revenue across the state.
- Statute establishes that a portion of sales taxes are collected by the state from all counties and then redistributed to some counties.
- No changes are anticipated with this state legislation.

Ms. Venditto shared information regarding state and federal grants.

Question: Given the impact of the pandemic on the federal and state budgets, are there any anticipated reductions in state or federal grants programs that would impact our budget? Are these grants considered part of our annual revenue? Are they excluded from the current rule that CARES Act money can't be used to fill budget shortfalls should those grants be reduced or cut?

- The County does not currently have information regarding State or Federal funding reductions. If such reductions occur, County budget adjustments may have to be made accordingly.
- State and Federal revenues are mostly in Human Services and are

budgeted annually for related programming and cannot be budgeted for other purposes.

- The funds are unrelated to CARES Act rules.
- CARES Act funding cannot be used to replace loss of annual State and Federal revenues.

She shared information about the Cares Act funding.

- CARES Act funding may only be used for eligible expenses associated with the County's COVID-19 response
 - General County activities, services, and functions are not eligible
 - Per pupil funding or any portion of County's operating appropriation to WCPSS is not eligible
- County presented CARES Act funding plan May 18
 - Await additional guidance from US Treasury of certain, specified uses contemplated by Board
 - Staff will present specific program initiatives and plans as guidance becomes available

She shared information about EMS reductions.

Question: Is the termination of service contracts with the EMS contract agencies still part of the budget? How will the cuts effect service to our citizens?

- The FY21 budget includes partial year savings from discontinuing contracts with nonprofit EMS agencies. EMS will begin the fiscal year with non-profit contracts in place.
- Recommendations for realignment of services to be presented to Board in August.
- The FY21 reductions should not have significant impacts on service delivery at the 4% level. Further reductions would have an impact.
 - Budget removes the least utilized in-service ambulance in EMS' fleet.
 - Budget removes one 12-hour ambulance budgeted in FY20 but not yet in service.

She shared information about elections precinct officials.

Question: How much would increasing the Precinct Official stipend cost?

- The Board of Elections requested a funding increase to raise the Election Day Precinct Official stipend to a rough equivalent of \$11 per hour. The cost for this expansion request was \$144,670.

- Raising the stipend hourly equivalent to \$15 per hour would require an additional \$206,280, for a total budget increase of \$350,950.

Question: Are we having problems recruiting Precinct Officials? If so, do we believe raising the hourly rate from 8.67 to 15.00 an hour would help with the recruitment?

- The Board of Election experiences a high attrition rate for its Precinct Officials. The majority of current Precinct Officials are retired individuals who are considered a vulnerable population for COVID-19. Staff has observed and heard that the low amount of the current stipend is not an adequate incentive for many individuals that would otherwise volunteer to serve.
- Staff have also been following State level developments around election funding. At this time, it looks like Wake County may receive some state funding but not at the level expected.

Ms. Venditto shared information about library program reductions.

Questions: What it would cost to restore each one of the items described by the library commission? What library programs will be eliminated?

- COVID-19 will impact the number of programs offered in FY20 and FY21 regardless of budget decisions.
- In FY19, the library system offered 1,066 adult programs and 10,660 youth programs.
- In FY20, the library system is on track to offer 998 adult programs and 8,909 youth programs.
- Retaining the same level of library services would cost \$1,929,053

Libraries developed a plan to allow placement of Riffed employees through attrition such that no employees will be terminated.

Commissioner Calabria asked whether staff could provide a breakdown of the reductions of the \$1,929,053 for the libraries.

Ms. Venditto said the reduction is related to the hours of operation for the libraries.

Chairman Ford said there is a robust library department. He said that he is proud of the investments made in the construction and programming of the libraries. He said that there were cuts to staffing and programming and there were difficult choices to be made. He noted that many of the library employees staffed the Emergency Operations Center during the pandemic.

County Manager Ellis said that all of the libraries have returned to Sunday hours. He said COVID-19 will change library services until there is a vaccine. He said there will be a natural impact of services.

Commissioner Holmes said there are citizens that utilize the libraries for other services such as a resume to submit applications. She asked if there was an alternative solution to provide library services that would not impact the vulnerable population.

County Manager Ellis said that staff could look at that option.

Vice-Chair Adamson asked for additional EMS merger information for the board.

County Manager Ellis said there would be information on the merger provided to the board at the August Work Session.

Commissioner West said the 27610 zip code has had great impacts, and he said it is important that the library services are evaluated thoroughly.

Commissioner Calabria reiterated that the decisions being made by the Board of Commissioners in the budget would come back to the board later this year.

Commissioner Hutchinson echoed Commissioner Calabria's comments about the EMS merger and welcomed future conversations by the board.

Commissioner Evans expressed her reservations over sending the wrong message to citizens about the merger before it has been fully discussed by the board.

Meeting went into Recess

Meeting Reconvened

Ms. Venditto shared the grant application staff information.

Question: Do we have a staff person or department responsible for finding and applying for grants?

Departments individually find and apply for grants

- After award, generally, program managers manage the programmatic grant activities
- Human Services has two dedicated grant administration staff
- Workforce Development has one dedicated grant administration

staff

She shared the Oak City and Cornerstone information.

Question: With Oak City Cares do we still need the Cornerstone Building? What different services do they provide?

Oak City Cares

Public Computers

Coffee Café

Primary Urgent Care

Public Health

Youth and Children Assessments, Screenings

Both

Coordinated Entry Intake

Shower

Public Telephone

Laundry

Mental Health

Cornerstone

18-19 efficiency units for Bridge Housing

Housing for Persons with AIDS program

Substance Abuse Programming

Temporary Mailing Address

Traveler's Aid

- Familiar Faces experience chronic homelessness and co-occurring disabling conditions like mental health and substance use diagnoses
- Many of these clients have tried to utilize services at Oak City Cares, but are not able to properly function in that busy environment and require specialized attention if they are to be housed
- Cornerstone creates a safe space in a less congested area to reach out, build trust, and stabilize in housing
- Both buildings provide some overlapping services, but moving forward, through building up-fits and program revamp, Cornerstone will be set up as the space to take on a more focused attention to specifically support the familiar faces population through a best-practice permanent supportive housing model

She shared the use of ABC funds information.

Question: Traditionally these funds are used for recovery and related education programs. Is this practice based on an adopted policy (by BOC or internally by staff) or is it simply our custom? If

the latter, what restrictions, if any, exist on those funds?

- Recently, these dollars have been used to support one-time initiatives related to Housing and Human Services to acknowledge the ABC Board's desire to give back to the community.
- No Board or staff policy dictates the use of ABC funds.

Ms. Lucas said there was inquiry around the general statutes related toward the distribution of revenue as it relates to ABC funds. She discussed the statute and commented that the portions of the distributions are to be used only for alcohol and substance abuse programs, the remainder goes into the general fund.

County Attorney Scott Warren said that Ms. Lucas covered the content.

Commissioner West said the uses of the ABC funding is clear and should be used for what the statute states.

Commissioner Holmes said that she opposes the use of the ABC funds for anything other than what the statute indicates. She said the Opioid crisis exists along with depression and these funds could assist with these issues.

Chairman Ford agreed and said that he supports that the ABC funds be used according to statute. He said that the administration of grants is important and named all the counties that are looking for grant administrators. He asked County Manager Ellis if he could provide research on a model for a grant department for Wake County.

County Manager Ellis said the Ferguson Group provides a list of departments that are eligible for grants in Wake County. He said he would look at this idea. He mentioned that Capital Area Workforce Development has a grant writer and was an effective position.

Vice-Chair Adamson said she serves on the ABC Drug Task Force. She said the ABC funds could help many individuals and "grant" was one of her favorite subjects.

Ms. Venditto shared a chart of the recommended budget that includes the use of ABC funds for the Overdose Prevention program. She shared a chart of information about community organizations and the potential reductions.

Commissioner Holmes recommended if there are any leftover funds from ABC funding, an appropriate use of funding may be used for training for officers and racism. She said it would need to be discussed with the

Sheriff about this training. She noted there were organizations that should not be included on the slide as they were already approved for the funds and are not "potential" recipients.

Chairman Ford asked about a position that was designated in a previous budget for the de-escalation of officers. He said it was his understanding that the position was utilized for trauma and support of deputies.

County Manager Ellis said he would be speaking with the Sheriff soon, and the position was being used to support the trauma of deputies in dealing with their every day duties.

Chairman Ford said the community grants process has been reviewed for over a year and staff was asked to re-evaluate the process. He said there was a ranking of the community organization process. He reminded commissioners that the intent behind the process and why it was changed. He asked board members to honor the process.

Commissioner Evans said it is projected that the county will receive \$5 million in ABC funding and asked about previous year funding.

Ms. Lucas said that last year, the county received \$4 million and it has been consistent as in past years.

Commissioner Evans asked if staff can provide calculation of the portion of the \$5 million that will be used for the alcohol and substance abuse programs.

Ms. Lucas said that staff can reach out to the ABC board about previous years. She said that the county receives the funds directly from the ABC board without a breakdown, but will look into it.

Commissioner Evans commented in regard to the community funding that she is aware of the board discussing the new process, but is concerned about the board considering the same organizations as in the past.

Chairman Ford reminded the board that the County Manager's budget has been supportive of funding in each area of the budget.

County Manager Ellis responded that the position that was recommended in the Sheriff's budget was for crisis intervention counselor position at the sergeant level focusing on de-escalation training and assisting officers to manage day to day stress from their jobs, so it was a dual position. He said the community organization budget was developed based on the board's last discussion.

Commissioner Hutchinson said he understands the use for ABC funding. He he had family members that suffered with addictions. He said he understands, the budget that has been presented by the county manager and understands the value of looking at other areas for community organization funding. He said COVID-19 has affected the county and like the legacy organizations, and they depend on funds and provide great benefit to the community.

Commissioner Holmes said there seems to be consensus for the use of ABC funding. She said that she recalls giving the County Manager direction at a recent meeting about considering agencies and set aside the \$500,000 post COVID-19 based on conversations that were had by all.

Vice-Chair Adamson said each community organization was sent a letter informing them of the current budget situation. She asked if additional funding is desired for community organizations, where would the funding come from.

County Manager Ellis said he was unsure where the funding would come from.

Commissioner Calabria reiterated the previous comments about ABC funding. He said regarding the community organizations, he understands the board was moving in a particular direction and then COVID-19 occurred. He said that he understands the frustration that has occurred due to funding shortages and the challenges the board faces.

Chairman Ford stated that hearing the discussion reminds him that there is passion in these discussions about the budget.

Commissioner West said that "complex questions require divergent solutions." He said needs and gaps can be identified. He said that he has supported the legacy organizations over the years but the budget comes down to who needs the funding the most. Being creative with the funding is good but this is affecting quality of life so we have to keep that at the forefront in these unusual times.

Commissioner Holmes said that in relation to her previous comments on the Sheriff's office and if there is additional funding it would be beneficial to use toward training. She also said restricting funding to legacy organizations would eliminate opportunities for some organizations. She said that using the term legacy makes her uncomfortable. She offered a proposal to ask staff to provide the former excel spreadsheet and re-rank the organizations for funds for the \$500,000.

Vice-Chair Adamson amended the proposal recommended by

Commissioner Holmes and asked whether the food organizations could be funded now and the others be decided at a later date.

County Manager Ellis said he could provide the board an amount that is agreeable to board members for the community funding amount over the \$500,000 and the board rank the organizations again.

Commissioner West echoed Commissioners Holmes and Vice-Chair Adamson's proposal for commissioners to look at the needs.

Commissioner Evans said she is not opposed to identifying the \$500,000 for food organizations, but had earlier expressed her confusion over the previous discussion. She agreed with the proposal on the table about needing additional time for considering funds for the organizations of each commissioners choice.

Commissioner Calabria echoed that the proposal is a starting point, but expressed his concern about commissioners being reluctant to expressing their opinions. He said in the new process, preliminary decisions are being made with limited information.

Commissioner Hutchinson said he supports that the \$500,000 be given to food organizations. He offered that the board resort back to the \$1.5 million for funding other organizations.

Vice-Chair Adamson suggested that once quarterly sales tax data revenues are received, it may be necessary to revisit the community organization funding.

Commissioner West said re-visiting the criteria may be necessary.

Commissioner Hutchinson said a number, process, and a timeline may be necessary to come to a final decision.

County Manager Ellis said he needs an amount to work with to bring this information back to the board.

Commissioner Holmes said that she would like the board to re-visit the same process that each board member participated in the past to honor the past year recommendations. She suggested looking at the 7 percent reduction number and subtract which brings the amount to \$1.2 million.

Commissioner Hutchinson said the \$1.5 million allows for funding previous organizations and allows for funding of other organizations.

Commissioner Holmes said she offered her suggestions and the county

manager has a number range to work with.

County Manager Ellis said staff would make it work.

Vice-Chair Adamson said she supports the \$1.2 million for community organizations.

Commissioner West suggested looking at struggling organizations to receive funding especially the vulnerable citizens.

Commissioner Evans said she supports the direction of the board toward the community organizations. She said there will need to be a process of where the board ends with their decision. She said there can be further decisions made after the board's budget is approved.

Meeting went into Recess

Meeting Reconvened

Ms. Lucas shared a chart the per pupil information.

- Enrollment Projections - Pre-COVID
 - Anticipating 6-8 new charter schools
 - Anticipating total membership growth of 4,076
 - Do public health concerns impact parent decisions around homeschooling or other school choices?

Based on projected increases, the cost would be \$11.95 million.

She shared enrollment considerations.

- Enrollment Considerations due to COVID
 - Now projecting only one new charter school - how does this impact WCPSS enrollment?
 - Did economic downturn impact in-migration to County, reducing total new membership (as seen in last recession)?
 - Do public health concerns impact parent decisions around homeschooling or other school choices?

She shared the Wake County Public Schools per pupil funding options.

1. Delay Funding Decision

- Keep funding at FY 2020 levels and gather data on the following:
 - Actual sales tax data for March - June
 - Actual enrollment data systemwide (WCPSS and charters)

- Use data gathered in summer/fall to decide if:
 - Funding is available
 - How much is needed based on systemwide enrollment
- Short-term solution - recurring revenue source would need to be identified for future years

2. Reduce WCPSS Capital

- Reduce County's cash allocation to WCPSS capital program in FY 2021
- Short-term solution - recurring revenue source would need to be identified for future years
- Requires amendments to the WCPSS FY 2021 CIP
- Could potentially restore CIP funding mid-year if actual sales tax better than projections

3. Appropriate Fund Balance

- Current calculation of available fund balance does not support appropriation equal to full per pupil
- Short-term solution - recurring revenue source would need to be identified for future years
- Creates structural imbalance
- Leaves no operating cushion should actual revenues be less than projections

4. Raise Taxes

- Funding per pupil calculation would require tax increase of approximately .66 cents
- Resolves structural imbalance - recurring revenue source to match recurring expenditure
- Does not impact County operations, capital programs, or fund balance
- Increases tax burden for residents and businesses

5. Cut County Operations

- Recommended budget already includes County operational cuts of 4%
- Further operational cuts would consider reductions in non-statutorily mandated services (libraries, parks, housing) and position eliminations

Chairman Ford said that he was not in favor of cuts in county staff or a tax increase. He asked about option number one. What consequences are a

result of delaying appropriations until the fall.

Ms. Lucas said that if commissioners add appropriations later in the year it would be added to the school's budget and then the appropriate funds would be disbursed to the charter schools in increments.

Chairman Ford asked if some funds came from fund balance does that excuse the requirements of the statutes.

Ms. Lucas said it would not have impacts.

Chairman Ford asked about CARES Act Funding and whether the funding would have to be shared with charter schools.

Ms. Lucas said she would provide that information to the board next week.

Commissioner Evans said the schools need to pass their budget by the end of June. She asked if the schools receive funding from the county later in the year, how would that work.

Ms. Lucas said the schools are in the process of passing an interim budget because of the delay in approval of the state budget. She said the budget could be amended later on.

Commissioner Calabria asked if there is a preference of one of the five options offered additionally. He asked about the \$25 million WCPSS is getting directly from Federal government and how does that effect the numbers in our budget plans.

County Manager Ellis said his preference was to use the capital funds, and after that delay funding. He pointed out that they are not mutually exclusive.

Ms. Lucas said that the school received \$24.4 million in CARES Act funding. She said the schools are waiting on county and state funding.

Vice-Chair Adamson suggested moving the capital budget and re-evaluate quarterly.

Commissioner Calabria said he wanted to remind the public that the board is looking at this in the context of other decisions regarding the county's federal money.

Commissioner West referenced unintended consequences related to moving funding in the capital budget.

Ms. Lucas said during the recession there were delays in projects due to a

lack in revenue. She said the options given were related to previous downturns in the economy.

Vice-Chair Adamson asked if the fund balance discussion can be shared before further discussion occurs.

County Manager Ellis said that was possible.

Ms. Lucas said that capital project reductions due to COVID-19 and shifting of funds, the school is looking for whatever savings they can.

Chairman Ford said that the board is considering every option possible and is part of the process of determining the budget.

Commissioner Evans said that she prefers an option be chosen that the schools are aware of so they will know their funding up front. She said fund balance is a favorable option.

Chairman Ford said delaying funding may not offer the schools opportunity for staffing or programs to offer for students. He said these are unique circumstances, but he supports not delaying the budget.

Ms. Lucas shared information about fund balance based on consolidation of the questions received. She shared a chart of projected fund balance. She shared a chart of scenarios of how fund balance could deviate from Fiscal Year 2020 projections. Ms. Lucas shared the fund balance appropriations.

- Maintaining fund balance above the policy threshold provides cushion to continue operations as budgeted, should the depth and duration of the economic downturn be greater than expected (i.e., revenues do not meet budget).
- If all of the projected “available” fund balance is appropriated and actual revenues do not meet budget, the County would have to consider deeper cuts, including:
 - Capital program reductions (all programs)
 - Additional position eliminations and reductions in force
 - Operating reductions, likely in non-statutorily mandated services

She shared the fund balance policy for catastrophic events.

Policy Excerpt: "If a *catastrophic economic event* occurs that *results in a deviation of 5% or more from total budgeted* revenue or expenditures, that

amount committed for working capital can be reduced by board action.”

Considerations:

- Current event has resulted in projected FY 2020 revenue loss of 1.5-2.0%
 - FY 2020 adjustments already made (1.5% identified savings) to resolve projected loss
- Policy is designed to allow board to make adjustments mid-year when reductions to working capital are only viable solution
 - Future FY 2021 recommended budget balanced within projected revenue constraints

She shared the fund balance and bond ratings information.

- Rating Agencies expect a disciplined response to economic downturns by controlling expenditures in face of reduced revenues.
- The County would be intentionally creating a “structural imbalance” by drawing down reserves to fund ongoing expenses.
- Rating agencies do not have a “hard stop” value related to fund balance.
- Each agency has own measurement of reserves and consideration of other economic factors outside County control.
 - Based on County’s recent GO bond transaction, if fund balance fell below 30% policy, staff’s analysis is that initial aggregate scoring from Moody’s would place County in AA range (i.e., downgrade) before final review by rating committee.

Commissioner Calabria asked about the percentage of reallocation of the capital funding in the past as it relates to option two.

Ms. Lucas said the capital fund as a whole does not have a contingency. She said the schools capital program does include a program-wide contingency. She said that the amount was between 5-10 percent. She said that she believes that has been reduced. She said the larger building projects may have individual contingencies.

Ms. Venditto said this information is correct.

Commissioner Holmes asked if the worst possible scenario occurred would there would only be \$2 million above the 30 percent threshold.

Ms. Lucas said that was correct.

Commissioner Hutchinson said the AAA bond rating should not be placed in jeopardy. He said he is supportive of the method that provides the

county the best protection of the county's rating.

Vice-Chair Adamson agreed with Commissioner Hutchinson's comment and suggested moving a portion of the fund balance to support the schools building plan and move the \$10 million if economy improves quickly just replace the funds.

Commissioner West echoed Commissioner Hutchinson and Vice-Chair Adamson's comments.

Commissioner Calabria echoed his colleagues comments. He said maintaining support for the school system, the county's bond rating, and providing the most fiscally responsible options is key.

Commissioner Evans said she supports \$12 million to fund the per pupil funding. She supports the approach that has been shared by other commissioners.

Vice-Chair Adamson said providing a stable environment for the students is of importance. She said that she is supportive in moving the \$12 million for projects and maintaining per pupil funding.

Commissioner Holmes said she would like to see a plan on how the schools plan to meet the guidelines for sanitary conditions for students and staff.

Commissioner Calabria said he is in favor of the per-pupil funding for students. He said because of the federal funds he is in support of what has been discussed because of the unknown of future funding for the schools from the state.

Chairman Ford noted that funding for the schools is priority to all commissioners and for the opportunities and needs for students. He echoed the importance of keeping the AAA bond rating. He quoted Benjamin Franklin "It takes many good deeds to build a reputation and only one bad one to lose it."

County Manager Ellis noted he would provide an update on COVID-19 at the board meeting on Monday. He said the number of COVID-19 cases are increasing. He said there will be a rise in cases as more tests are conducted, but the numbers bring about a need for concern.

Chairman Ford noted that as a county we cannot let our guard down.

Commissioner Calabria said as Chair of the Public Safety Committee, the county has a duty to fund the public safety area of the county. He said the

rise of data for crime statistics and impacts brings about broadening perspectives on what is measured. He suggested the Public Safety Committee look at a holistic effort on how law enforcement statistics are measured in partnership with the Wake County Sheriff.

Vice-Chair Adamson asked about the EMS merger and whether that will be a part of the budget.

County Manager Ellis said he would bring forward information to the commissioners in August.

Ms. Lucas reminded commissioners that a majority of the funding for the schools capital programs is through the bonds approved in 2018. She said that on Friday the schools staff discussed the CARES Act funding and as many funding options as possible. She said that the public health emergency is of concern with budgets being considered.

Chairman Ford thanked staff for answering their questions.

There being no further business, the meeting was adjourned.

Adjourn

Respectfully submitted,

Denise M. Hogan, NCMCC
Clerk to the Board
Wake County Board of Commissioners



Legislation Details (With Text)

File #: 16-2869

Type: Regular Item **Status:** Agenda Ready

On agenda: 6/8/2020 **In control:** Board of Commissioners

Title: Agenda **Final action:**

Sponsors:

Indexes:

Code sections:

Attachments: [Final Agenda BOC Budget Work Session 06-08-20 v2.pdf](#)

Date	Ver.	Action By	Action	Result
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Agenda



Legislation Details (With Text)

File #: 16-2870

Type: Regular Item **Status:** Agenda Ready

In control: Board of Commissioners

On agenda: 6/8/2020 **Final action:**

Title: Hospitality Tax Updates and 22nd Amendment Recommendations

Sponsors:

Indexes:

Code sections:

Attachments: [June 8 Hospitality Tax Financial Update final.pdf](#)

Date	Ver.	Action By	Action	Result
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Hospitality Tax Updates and 22nd Amendment Recommendations



Legislation Details (With Text)

File #: 16-2871

Type: Regular Item **Status:** Agenda Ready

In control: Board of Commissioners

On agenda: 6/8/2020 **Final action:**

Title: FY 2021 Recommended Budget

Sponsors:

Indexes:

Code sections:

Attachments: [Budget Presentation.pdf](#)
[Attachment Commissioner Questions and Responses.pdf](#)
[Attachment FY 2021 Community Organization Funding Update Memo.pdf](#)

Date	Ver.	Action By	Action	Result
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FY 2021 Recommended Budget

June 8 Budget Work Session Commissioner Questions and Responses

1. Chair Ford - COVID-19 will continue to have a significant impact on programs and services. Aside from CARES Act funds, please identify areas of the budget where additional cuts and/or additional increases in services may be necessary should revenues fall further than projected for the model used? In other words, since revenue shortfalls projected in this budget were modeled after the revenue losses from the Great Recession, and the actual shortfalls in the year ahead are even sharper than anticipated, what is our plan to adjust? What is our contingency plan for this scenario, should additional cuts be necessary (or program enhancements beyond what currently qualify for CARES Act reimbursement)?

Response: The revenue projections used in connection with the development of the FY 2021 recommended budget replicate the Great Recession to the extent of initial, sharp declines; however, we currently anticipate the length of this economic downturn to be of shorter duration (seeing recovery by the 4th quarter of FY 2021). Should revenue losses be deeper or longer than projected, staff would consider completing another budget reduction exercise that would likely include cuts to capital programs, hiring freezes, position eliminations, and reductions in non-mandated services.

The scenario described above is an example of why the Board should consider not appropriating all available fund balance. The fund balance would allow the County to maintain operations at the recommended levels without additional cuts should actual revenues deviate from projections.

The only items eligible to be applied to CARES Act funding are those associated with the County's response to COVID-19. General County activities, services, and functions are not eligible to be applied against these funds.

2. Chair Ford - Per Pupil Funding - Is it possible to include any CARES Act appropriation from WakeGov to WCPSS in the Per Pupil Funding formula? If so, does a portion of any CARES Act appropriation to WCPSS have to go to charter schools? Same goes with any conversions from within their capital to operating. While not recurring, they are part of the appropriation nonetheless and should be included in overall operating fund allotments.

Response: The CARES Act appropriation cannot go toward the County's per pupil funding of WCPSS. We are researching if any CARES Act appropriation made to WCPSS by the County for COVID-19 related expenditures would be required to be shared with charter schools.

The operating appropriation the County makes to WCPSS is budgeted in WCPSS's Local Current Expense Fund. Regardless of the County's intent of the appropriation, WCPSS must allocate funding to charter schools, in accordance with NCGS 115C-218.105.

3. Chair Ford - I anticipate that fund balance will be considered as an option as a one-time revenue source for the Board's adopted budget. Fund balance exists for a variety of reasons, one of them being emergency situations like we find ourselves in. How much leeway (in dollars, approximately) exists between what is currently anticipated in our fund balance and the "hard stop" of what is needed to maintain our triple triple-A bond ratings?

Response: Fund balance is one of many factors used by bond rating agencies to determine a local government's rating. Many factors, including growth in the tax base, personal income, retail sales, and

federal/state legislation, are outside of the County's control. Rating agencies closely monitor factors within the County's control, such as development of and adherence to fiscal policies, setting the property tax rate, monitoring and controlling expenditures, and ensuring adequate fund balance to meet obligations. Rating agencies do not have "hard stop" values related to fund balance, and each rating agency weighs fund balance differently. Rating agencies have an expectation that fund balance is not used for recurring operations and expansions of budgets.

4. Chair Ford - ABC funds - Traditionally these funds are used for recovery and related education programs. Is this practice based on an adopted policy (by BOC or internally by staff) or is it simply our custom? If the latter, what restrictions, if any, exist on those funds?

Response: Historically these dollars have been used to support one-time initiatives related to Housing and Human Services to acknowledge the ABC Board's desire to give back to the community.

Related: Has the ABC Board adjusted their revenues based on current and adjusted sales trend projections? If so, what are those updated numbers for Wake County?

Response: Wake ABC Board has communicated an intent to distribute \$5 million in excess revenues in July 2020.

5. Chair Ford - Given the impact of the pandemic on the federal and state budgets, are there any anticipated reductions in state or federal grants programs that would impact our budget? Are these grants considered part of our annual revenue? Are they excluded from the current rule that CARES Act money can't be used to fill budget shortfalls should those grants be reduced or cut?

Response: The County does not currently have information regarding State or Federal funding reductions. State and Federal revenues are mostly in Human Services and are budgeted annually for related programming and cannot be budgeted for other purposes. The funds are unrelated to CARES Act rules. CARES Act funding cannot be used to replace loss of annual State and Federal revenues.

6. Chair Ford - Debt Service - Are there any existing opportunities to refinance existing debt at lower rates that haven't yet been explored?

Response: County staff continually monitors the bond market to refund eligible debt at lower bond rates. Because of a 10-year call feature in all of County's existing debt and regulatory restrictions on when refinancing may be pursued, we only can consider refunding debt that has aged 10 years. The County's next opportunity to consider a refunding will be when 2011 Bonds will be deemed eligible for refunding in early 2021. The viability of pursuing that refunding opportunity will be subject to interest rate fluctuations. All other viable refunding opportunities have been completed to date.

7. Chair Ford - What impact does the proposed budget have on specific existing capital projects, or are those projects "protected?" What are the plans for reviewing our 7-year county building CIP based on the models assumed in the proposal?

Response: The capital program is evaluated and re-forecasted based on revised revenue estimates on an annual basis. Currently, the program reflects impacts of lower property and sales tax revenue projections and shift of .21 cent property tax to the General Fund over the seven years. Specific project impacts follow.

FY21	FY22	FY23
<ul style="list-style-type: none"> • Move design funding for Public Health and Swinburne to FY22 • Decreased infrastructure pavement and eliminated innovation level funding • Removed Whitaker Mill land purchase from EMS Master Plan 	<ul style="list-style-type: none"> • Decreased infrastructure pavement level funding • Moved South Wilmington St. Center upgrades, Commons Center upgrades, and User Behavior Analytics Platform to FY24 	<ul style="list-style-type: none"> • Moved Radio Tower Replacement to FY25 • Moved Sky Bridge, Elevator Modernization, and Exterior Window Replacement to FY24 • Moved portion of Annex design funding to FY24

8. Chair Ford - What is the process for divesting the county from Five County Stadium? Also, who/what else funds the budget for the stadium, beyond ticket and concession sales? Local municipalities? The franchise owner? What is the current lifespan of this building?

Response: Five County Stadium has been the home of the Carolina Mudcats baseball team since 1991. Wake County ('County') and the Town of Zebulon ('Town') own Five County Stadium as tenants in common (County 85% / Town 15%) as the result of an Inter Local Agreement (ILA) entered in 2002 and ensuing conveyance of interest in the Stadium from Town to County. Therefore, the joinder of County and Town are required for transactions involving Five County Stadium and its use.

A lease was entered January 1, 2003 between Town as Lessor and Carolina Mudcats Professional Baseball Club Inc. as Lessee for use of the Five County Stadium. The lease specifically defines responsibilities between the parties as follows: The Lessee is responsible for all ballpark operations; the Lessor is responsible for capital improvements, facility management and water utility. Rent payments through this lease have also served as a source of capital funding, in accordance with the lease.

An Amended and Restated Management Agreement was also entered January 1, 2003 between Town as Owner and Bait Shop, Inc. as Stadium Manager. The Management Agreement sets forth the rights to manage and operate the Stadium.

Five County Stadium was constructed in multiple phases, beginning in the early 1990's and continuing into 2000 and there is not a forecasted 'lifespan' for the building. Our building systems and building elements have a lifecycle and are evaluated periodically as described below. Our ongoing maintenance program coupled with the county's design guidelines and standards is intended to preserve county assets in perpetuity. It is our practice to professionally maintain our facilities through preventative maintenance schedules and address corrective maintenance needs in a timely manner. We plan lifecycle replacements for major facility systems and components through the County's Capital Improvement Program.

Five County Stadium capital costs are funded by Occupancy and Prepared Food/Beverage Taxes.

9. Commissioner Evans – What would be the result for existing Community Organizations if we reduced the FY20 appropriation by 7%?

Response: FY21 Recommended Budget includes \$500,000 for Community Organizations. Board of Commissioners to identify which organizations receive funding.

Organization	FY20 Budget	7% Reduction	50% Reduction
Food Bank of Central & Eastern NC	12,000	11,160	6,000
Interfaith Food Shuttle	25,000	23,250	12,500
East Wake Education Foundation	50,000	46,500	25,000
Communities in Schools	100,000	93,000	50,000
InterAct	100,000	93,000	50,000
NC Symphony	100,000	93,000	50,000
Universal School Breakfast Program	258,000	239,940	129,000
United Arts Council of Wake County	511,000	475,230	255,500
Marbles Kids Museum	650,000	604,500	325,000
Total Organization Funding	\$1,806,000	\$1,679,580	\$903,000

10. Commissioner Calabria - What it would cost to restore each one of the items described by the library commission?

“The proposed FY21 budget reductions for Wake County Public Libraries will have a severe impact on services and programs, including those geared to young children and vulnerable populations. The library system will lose:

- **The 9am to 10am opening hour which accounts for almost one-quarter million visits annually and more than 200,000 circulated items.**
- **50% of preschool and toddler programs – these promote school readiness and success.**
- **Every Family Ready to Achieve (EFRA) initiative at five libraries serving our most vulnerable communities – these promote literacy, social skills, life skills and leadership.**
- **Adult program hours for job readiness services like “Get That Job” and WCPL’s “Job Lab” as well as counseling for disadvantaged and first-generation college applicants.**
- **The 8pm to 9pm closing hour, which in addition to thousands of visits and more than 100,000 circulated materials, will also reduce study/tutoring time and WIFI accessibility.”**

Response: The items are not independently costed, retaining the same level of library services would mean restoring the full reduction to the library hours - \$1,929,053.

11. Vice Chair Adamson - The \$10.8 million Fund Balance we used for COVID-19, could we move this to keep Per Pupil spending level?

Response: Not necessarily. Staff’s recommendations related to the \$10.8 million appropriation of fund balance in March and April for the COVID-19 response was done under the assumption that the County would receive federal and/or state revenues (or be able to record a future reimbursement) to offset this appropriation prior to June 30. If the County had not received the federal funding, the use of \$10.8 million would have dropped combined fund balance ratios to exactly 30%.

12. Vice Chair Adamson - I am reviewing our Fund Balance Policy and am looking at the page titled Fund Balance: "If a catastrophic economic event occurs that results in a deviation of five percent (5%) or more from total budgeted revenue or expenditures, that amount committed for working capital can be reduced by board action. At that time, the Board will also adopt a plan on how to return committed for working capital back to the required level for fiscal health". I think a pandemic counts as a catastrophic economic event. If a pandemic does not qualify as a catastrophic what would be a catastrophic event? This was adopted May 16, 2014.

Response: While a pandemic may be considered a "catastrophic event," the policy reads that the "if a catastrophic event...**results in** a deviation of 5% of budgeted revenues or expenditures..." While this COVID-19 event has been impactful, the resulting revenue loss is projected to only be between 1.5-2.0%, and therefore does not trigger the actions referenced in this portion of the policy.

Further, this portion of the policy is designed to allow the board to make adjustments when events occur mid-year ("deviation...**from budgeted** revenue or expenditures..."), and reducing working capital is the only viable solution that exists to complete that fiscal year's operations. In the current case, the County is projecting to meet FY 2020 operating needs within the guidelines, and therefore does not trigger the actions referenced in this portion of the policy. The consideration of fund balance to balance the FY 2021 budget would not fall under this criterion.

13. Vice Chair Adamson - I am reviewing the S&P Global Ratings report dated April 2, 2020. Note: On Page 2 is a "Credit Profile" LOB's have a AA+ so this is why the rate is higher. FitchRatings Issue Report April 6, 2020 page 3 middle section Operating Performance - "Fitch believes the county would maintain a reserve cushion well above the level needed for a 'aaa' financial resilience assessment in a moderate economic decline given the county's superior revenue and spending control and solid reserves." "Finally, the county maintains accessible reserves in the debt service and county capital projects fund that totaled over \$189 million, which we consider substantial." FitchRatings Issue Report April 6, 2020 page 4 blue box in upper right "Fitch believes the county would maintain a reserve cushion well about the level needed for a "aaa' financial resilience assessment in a moderate economic decline".

Response: The County's overall credit ratings and ratings on its **General Obligation** ("GO") debt is triple-A from all three Rating Agencies. Each agency's respective rating of the County's Limited Obligation Bonds ("**LOBs**") debt is one grade below County's General Obligation ratings. In case of S&P this means County LOBs are rated AA+. In terms of risk assessment, LOBs *always* are viewed by rating agencies and investors as a slightly higher risk compared to General Obligation debt. This is because GO debt is collateralized by the full taxing authority of the County, while LOBs are collateralized by the asset(s) being financed and annual budget appropriation.

In event of economic downturn, the Rating Agencies expect the County to react like its response to the 2008 economic crash – disciplined and calculated response by controlling expenditures in face of reduced revenues.

Each agency has own measurement of reserves:

- Fitch is most flexible on fund balance measurement.
- S&P measurement is slightly more restrictive than Fitch.
- Moody's has highest and most stringent measurement for fund balance.

If the County loses the AAA rating from Fitch, then likely the other ratings already would be downgraded.

Based on Moody's quantitative scoring of County's recent General Obligation Bond transaction, if fund balance were below stated 30% policy threshold, staff's analysis is that initial aggregate scoring would place County in double-A range (i.e., downgrade from triple-A) before final review by Moody's rating committee.

A portion of the \$189 million referenced above is not included in the County's own 30% fund balance measurement. Capital project fund balances may be due to contract(s) which are in process but not yet been spent, and we would not consider that funding available for operating or ongoing purposes.

The County would be intentionally creating a "structural imbalance" by drawing down reserves to fund ongoing operations. The rating agencies will note the disparity.

14. Vice Chair Adamson – Recommended Budget Presentation Slide 4 CARES Act - I understand time is of the essence with these funds but we need a Work Session on how best to spend these funds.

Response: Staff provided a general framework on how these dollars may be spent at the May 18 board meeting, placing highest priority on the County's emergency response, community response, and continuity of local government services. The County awaits further guidance from the US Treasury on allowable uses. As guidance is released from the US Treasury, County staff consults with state experts to ensure these eligible uses comply with statutory and constitutional provisions granted to local governments. County staff only will propose additional specific programs and initiatives as deemed allowable by federal and state guidance.

15. Vice Chair Adamson - Recommended Budget Presentation Slide 43 Aligns all EMTs and paramedics under County Management - Postpone/separate from Budget process and bring to Work Session/Public Safety Committee meeting. Recommended Budget Book Page 47: Emergency Medical Services - Last paragraph "the budget includes transition of contract agency staff to Wake EMS county employees for a fully consolidated EMS agency." Is this still part of the budget? Page 60: Emergency Medical Services - "Realign Cary and EWWMS contract agencies and transition to County positions (88.00 EFTs) - Is this still part of the budget?

Response: The FY21 budget includes partial year savings from discontinuing contracts with nonprofit EMS agencies. EMS will begin the fiscal year with non-profit contracts in place. Recommendations for realignment of services to be presented to Board in August.

16. Vice Chair Adamson - Recommended Budget Presentation Slide 45 - What is the timeline for the new Electronic Health Records?

Response: The FY 2018 and FY 2020 Adopted County Capital Budgets included a total of \$1.4 million for the implementation of an Electronic Health Records system for the Wake County Detention Centers. The Wake County Sheriff's Office has selected Fusion-EHR to provide the Electronic Health Records system. The Wake County Sheriff's Office anticipates the electronic health records implementation to be completed in Fall of 2021.

17. Vice Chair Adamson - Recommended Budget Book Page 35: I am not sure I completely understand how the GA redistribute Sales Tax. What do we see coming with redistribute of Sales Tax?

Response: N.C. § 105-524 redistributes sales tax revenue across the state. Statute establishes that a portion of sales taxes are collected by the state from all counties and then redistributed to some counties. No changes are anticipated with this state legislation.

18. Vice Chair Adamson - Recommended Budget Book Page 55: With Oak City Cares do we still need the Cornerstone Building? What different services do they provide?

Response: Familiar Faces experience chronic homelessness and co-occurring disabling conditions like mental health and substance use diagnoses. Many of these clients have tried to utilize services at Oak City Cares but are not able to properly function in that busy environment and require specialized attention if they are to be housed. Cornerstone creates a safe space in a less congested area to reach out, build trust, and stabilize in housing. Both buildings provide some overlapping services, but moving forward, through building upfits and program revamp, Cornerstone will be set up as the space to take on a more focused attention to specifically support the familiar faces population through a best-practice permanent supportive housing model.

Oak City Cares	Both	Cornerstone
Public Computers	Coordinated Entry Intake	18-19 efficiency units for Bridge Housing
Coffee Café	Shower	Housing for Persons with AIDS program
Primary Urgent Care	Public Telephone	Substance Abuse Programming
Public Health	Laundry	Temporary Mailing Address
Youth and Children Assessments, Screenings	Mental Health	Traveler's Aid

19. Vice Chair Adamson - Recommended Budget Book Page 60: Emergency Medical Services - How will the cuts effect service to our citizens?

Response: The FY21 reductions should not have significant impacts on service delivery at the 4% level. Further reductions would have an impact. The budget removes the least utilized in-service ambulance in EMS' fleet. The budget also removes one 12-hour ambulance budgeted for FY20 but not yet put into service.

20. Vice Chair Adamson - Recommended Budget Book Page 140: Service Area: Provide Outdoor Recreation Resources - Number of group camp users Actual 2,567 Target 2,700 - What type of camps do we offer? Where? Who camps with us?

Response: Three types of camping are available for Wake County campers – PROS Camps, Outside Group Day Camps, and Outside Group Overnight Camps. PROS Camps are open to all citizens and vary in length from 3 to 5 days in summer months and are offered at six Park facilities (Harris Lake, Lake Crabtree, Yates Mill Park, Blue Jay Point Park, Crowder Park and Oak View Park). Outside Group Day Camps are mainly YMCA camps at Lake Crabtree County Park tracked by facility reservations. Outside

Group Overnight Camps are limited to scouting groups of 50 or less at Harris Lake County Park's primitive campsite. The statistics noted in the budget book are the combined results for Outside Group Day Camping and Outside Group Overnight Camping. Statistics for PROS Camps are included in overall program participation on page 141 of the budget book. Please note that all camps are currently cancelled through July due to COVID 19.

Outside Group Day Camps: In FY19, there were 45 reservations resulting in 2435 users. In addition to our regular day camps, Lake Crabtree County Park serves as the site for a YMCA day camp that reserves park shelters, receives programs from staff, and rental of boats.

Outside Group Overnight Camps: In FY 19, there were 41 reservations resulting in 132 users. Harris Lake County Park exclusively operates a primitive group camp site that can be reserved by guides, scouts and like groups for overnight use. This type of primitive camp site provides a unique outdoor experience that enhances and develops those camping skills you learn through scouts. The goal is to leave those comforts of home behind and practice the "Leave No Trace" principles, while using the bare necessities already provided at this camp site. No vehicles are allowed back at the camp site and all equipment is typically carried in by backpack. Overnight camping groups have a maximum of 50 scouts. (<http://www.wakegov.com/parks/harrislake/Pages/information.aspx>)

PROS Camps: Statistics for PROS Camps are included overall program participation (Budget Book Page 141). PROS staff offer camps mostly in the summer months to members of the public. These camps typically have 10-15 participants and are focused on school age children. Each park provides up to 40 hours of camp per year, running from three to five days as either full or half day camps. They cover a variety of cultural, environmental, and recreational themes with titles like Farm History Camp (Oak View), Discovery Day Camp (Harris Lake), or Polligwogs: Animals (Crowder).

21. Vice Chair Adamson - Recommended Budget Book Page 150 - I would like to make our Veterans Services more robust. Let's explore this as soon as the recovery has started.

Response: Noted.

22. Vice Chair Adamson - Recommended Budget Book Page 187: FY21 Discussion - The Budget includes a \$50,000 reduction to the maintenance contract for electronic security devices. Will this reduction cause citizens to stay in jail longer that might be released with an "ankle bracelet"?

Response: This item is not related to jail/detention, but instead a maintenance contract for all of the cameras, card access readers, duress buttons, etc in all county buildings; managed by General Services.

23. Vice Chair Adamson - Recommended Budget Book Page 274 to 276: Grants and Donations: Do we have a staff person/Department responsible for finding/applying for grants?

Response: Departments individually find and apply for grants. After award, generally, program managers manage the programmatic grant activities. Human Services has two dedicated grant administration staff. Workforce Development has one dedicated grant administration staff.

24. Vice Chair Adamson - Elections: Are we having problems recruiting poll workers? If so, do we believe raising the hourly rate from 8.67 to 15.00 an hour would help with the recruitment? How much would it cost and where would we find the funding?

Response: The Board of Elections requested a funding increase to raise the Election Day Precinct Official stipend to a rough equivalent of \$11 per hour. The cost for this expansion request was \$144,670. Raising the stipend hourly equivalent to \$15 per hour would require an additional \$206,280, for a total budget increase of \$350,950. The Board of Election experiences a high attrition rate for its Precinct Officials. The majority of current Precinct Officials are retired individuals who are considered a vulnerable population for COVID-19. Staff has observed and heard that the low amount of the current stipend is not an adequate incentive for many individuals that would otherwise volunteer to serve. Staff have also been following State level developments around election funding. At this time, it looks like Wake County may receive some state funding but not at the level expected.

24. Vice Chair Adamson - What library programs will be eliminated?

Response: COVID-19 will impact the number of programs offered in FY20 and FY21 regardless of budget decisions. In FY19, the library system offered 1,066 adult programs and 10,660 youth programs. In FY20, the library system is on track to offer 998 adult programs and 8,909 youth programs. Libraries developed a plan to allow placement of Rived employees through attrition such that no employees will be terminated.

25. Vice Chair Adamson - Can you provide us with the letters that were sent to the Community Funding Nonprofits?

Response: Work session attachment.

26. Vice Chair Adamson - Recommended Budget Book Page 357: Element Summary: Public Safety - What was the result of the FY2020 study for the need for an additional Sheriff Training Facility?

Response: The FY 2020 Adopted County Capital Budget included \$100,000 to study the creation of a Simunition Training Center for the Wake County Sheriff's Office. The County has engaged Mossley to consult on the study; the scope of the study will focus on:

- Who would use the facility
- Space Programming
- Location, Size, and Construction
- Cost and Partnership Opportunities.

The County and the Sheriff's Office had completed introductory discussions for the project when COVID-19 halted work on the study.

27. Vice Chair Adamson - Recommended Budget Book Page 359: Emergency Operations Center - Can we use CARES Act funds for this upgrade?

Response: Funding must be spent by December 30, 2020, the renovation of the EOC and ground floor of WCOB could not meet that timeline. The Recommended FY 2021-27 County Capital plan currently includes a total of \$6.05 million for the renovation of the Emergency Operations Center in the Wake County Office Building. FY 2021 includes \$645,000 for design and preliminary work; FY 2022 includes the remaining \$5.4 million for the renovation.



County Manager's Office

DATE: May 5, 2020

TO: Wake County Community Organization Funding Applicants

FROM: David Ellis, County Manager

SUBJECT: FY 2021 Community Organization Funding Update

The COVID-19 outbreak continues to impact County operations, increasing demands on public health, human services, housing services, emergency management, and public safety.

As the community and businesses complied with Stay-at-Home orders, economic activity declined significantly. This most directly impacts the County through decreased revenues from property taxes, sales taxes and a subset of development-related charges. Wake County is projecting revenues for Fiscal Years 2020 and 2021 to be much lower than previously estimated, resulting in a budget shortfall for FY 2021.

To help bridge the funding gap resulting from this drastic change in our revenue picture for FY 2021, the County identified multiple strategies, including reductions to County department operating budgets, reductions and delays in capital programs, and use of County reserves to offset one-time costs.

Our funding shortfall has delayed the Community Organization evaluation process. Additionally, my recommended budget includes a decrease in Community Organization funding to help address the FY 2021 budget gap. No additional information is requested from you at this time. We will continue to keep you apprised of the process and outcomes as the Board deliberates our budgetary options.

We find ourselves in extraordinary and unprecedented times. Thank you for your ongoing efforts. I acknowledge the difficulty of the situation and appreciate your understanding as we all work together to continue to serve those in our community.