

Item Title: FY 2016 Budget Revisions

Specific Action Requested:

That the Board of Commissioners approves budget revisions to the FY 2016 General Fund; Major Facilities Special Revenue Funds; Solid Waste Enterprise Fund; South Wake Landfill Partnership; County Capital Projects Fund; Fire Tax District Fund; and Fire Rescue Capital Fund; as described below.

Item Summary:

GENERAL FUND

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

	Revenues	Expenditures
General Fund Amended as of June 16, 2016	\$1,146,738,034	\$1,146,738,034
Adjustments		
Revenue Department	92,000	0
Medical Examiner / WC-7 Transport	0	210,000
Office of the Sheriff	0	2,500,000
Non Departmental - Universal Breakfast Contract	0	65,000
Non Departmental - Health Insurance	0	3,000,000
Non Departmental - Risk Management	0	1,000,000
Property Tax Revenue Estimate Above FY 2016 Adopte	6,683,000	0
Total Adjustments	\$6,775,000	\$6,775,000
General Fund Final Amended Budget	\$1,153,513,034	\$1,153,513,034

A. Revenue Department:

The Major Facilities Fund is used for the collection, management, and distribution of the Occupancy and Prepared Food Taxes. The County's Revenue Department receives 3% of the taxes as commission for the collection of the taxes. The increased revenue outlook will result in a higher transfer to the General Fund for these services.

B. Medical Examiner:

The Medical Examiner budget includes contractual services with the State Medical Examiner, and WC-7 for collection and transport of deceased persons. The FY 2016 expenses are projected to exceed the current budget because of increased rates per SB 395 for autopsies and additional fees for medical examiners. Additional funding is included in the FY 2017 budget to address these increased rates.

C. Office of the Sheriff:

The Wake County Sheriff's Office is projected to exceed the current budget by \$2,500,000 primarily from overages in detention overtime spending, inmate medical costs and risk management charges. A change in statute now requires the Wake County Detention Center to treat inmate's pre-existing conditions, which led to the increase in medical contract spending. Overtime hours for detention officers exceeded budget because of FTE shortages. An additional 22.00 FTEs for Detention Officers is included in the FY 2017 budget to address this issue.

D. Universal School Breakfast:

The Universal Breakfast program is administered through a contract with the Wake County Public School System (WCPSS) to provide breakfast for all students at 13 elementary schools. Wake County Human Services and WCPSS selected schools with a higher than average level of children who qualify for free and reduced lunch to participate in the program. Breakfast is available to all students at either a free, reduced or paid rate based on the family's adjusted gross income. Costs for Universal School Breakfast exceeded the FY 2016 budget of \$90,000 because of increased participation. The FY 2017 budget increases funding for Universal Breakfast to address projected expenditures from growing participation and an increase in the meal price from \$1.00 to \$1.25 in the 2016-2017 school year.

E. Health Insurance:

Wake County has experienced an unusual number of high claims in the first part of the year, which is approximately one-third of the need for increased funding (\$1 million). Drug costs are exceeding projections (\$1 million). Costs for retiree health care are exceeding projections (\$1 million). The County is in the process of evaluating the health plan for 2017 and expects to make plan design changes and/or increases in employee contributions to mitigate potential impacts for FY 2017.

F. Risk Management:

County operating departments have experienced several significant, high-dollar worker's compensation claims in FY16 and several prior-year claims have been closed, which has resulted in an estimated \$1,000,000 additional in risk management claims charges.

G. Property Tax Revenue Estimate Above FY16 Adopted Budget:

Property tax estimates for FY 2016 have been increased by \$6,683,000 to reflect updated estimates and appropriate funding.

H. Human Services has identified two projects which could not be encumbered in the fiscal year. A total of \$265,000 will be transferred to the County Capital Projects Fund (\$140,000) and the Human Services Transportation Fund (\$125,000).

GENERAL FUND FUND BALANCE

A. That the Board of Commissioners commits:

- i. Approximately \$7,000,000 of 2016 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 2016 fiscal year, and
- ii. Approximately \$4,000,000 of North Carolina Alcoholic Beverage Control Commission funding set aside for future appropriation.

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 ended June 30, 2016 to indicate these funds are not generally available and that authority to spend these funds requires additional Board action.

MAJOR FACILITIES OPERATING FUND

Revenues generated by Occupancy and Prepared Food and Beverage Taxes are projected to exceed the FY 2016 Adopted Budget. The distribution of additional tax revenues is outlined by the enabling legislation and a series of amendments associated with the original Interlocal Agreement. The wrap-up ordinance represents the second adjustment to the Major Facilities Fund during FY 2016. On January 11, 2016 the Board of Commissioners appropriated \$500,000 for facility repair and improvement funds for PNC Arena, and this additional funding is part of the \$26 million multi-year funding agreement for facility improvements. The Centennial Authority will receive a total of \$1,500,000 in FY 2016 for PNC facility improvement funds.

A portion of expenditures are based on a fixed annual distribution such as the Raleigh Holdback; debt service payments for the PNC Arena; and Debt Service for Five County Stadium. These projects remain unchanged in the revised ordinance. Meanwhile, other expenditures are based on a percent of actual revenues and distributions to various organizations include the Raleigh Convention Center, the Greater Raleigh Convention and Visitors' Bureau, Centennial Authority (management of PNC Arena), Town of Cary Holdback, and transfers to the General Fund for administration and collection costs. These expenditures are recommended for revision based on revised projected revenues and in accordance with the enabling legislation and Interlocal Agreement and corresponding amendments. Due to the revenues exceeding expenditures the amount contributed to Fund Balance will increase from \$418,000 in the Adopted Budget to \$762,000 in the Year-End Wrap-Up Ordinance.

	2016 Adopted Budget	2016 Amended Budget	Revised Budget	Change From Amended
Occupancy Tax	21,774,000	21,774,000	23,487,000	1,713,000
Prepared Food Tax	25,008,000	25,008,000	26,369,000	1,361,000
Municipal Reimbursement	0	500,000	500,000	0
TOTAL REVENUES	\$46,782,000	\$47,282,000	\$50,356,000	\$3,074,000
Greater Raleigh Convention & Visitors Bureau	5,527,000	5,527,000	5,943,000	416,000
Town of Cary Hold Harmless	1,056,000	1,056,000	1,139,000	83,000
Centennial Authority	2,716,000	2,716,000	2,888,000	172,000
Convention Center	23,894,000	23,894,000	25,861,000	1,967,000
Transfer to General Fund	1,403,000	1,403,000	1,495,000	92,000
All Other Projects	11,768,000	12,268,000	12,268,000	0
Contribution to Fund Balance	418,000	418,000	762,000	344,000
TOTAL EXPENDITURES	\$46,782,000	\$47,282,000	\$50,356,000	\$3,074,000

SOUTH WAKE LANDFILL PARTNERSHIP FUND

The Partnership Fund is projected to exceed the original budget of 415,000 tons; the Solid Waste Division and Budget and Management Services estimate that there will be approximately 430,000 tons collected by the end of FY 2016. The majority of the increase in tons is occurring at the South Wake Landfill with the increase primarily due to growth from the municipal partners. The increased tonnage results in increased tipping fee revenues of about \$718,000 and is offset by expenditure increases for operating vendor costs, rebates to municipal partners and post-closure costs.

	2016 Adopted Budget	2016 Amended Budget	Revised Budget	Change from Amended
Landfill & Transfer Station Operations	12,842,362	12,842,362	12,969,023	126,661
Partnership Rebates	2,489,638	2,489,638	3,262,977	773,339
TOTAL EXPENDITURES	\$15,332,000	\$15,332,000	\$16,232,000	\$900,000
Interest and Miscellaneous	0	0	181,211	181,211
Tipping Fees (due to increased tons)	15,332,000	15,332,000	16,050,789	718,789
TOTAL REVENUES	\$15,332,000	\$15,332,000	\$16,232,000	\$900,000

SOLID WASTE ENTERPRISE FUND

The Solid Waste Management Fund is used to provide solid waste collection, recycling, and educational services for Wake County residents. Because of significant growth in volume of certain collected materials, there is a corresponding increase in the cost to properly dispose of materials. Most of the growth is occurring from increased volume of paint collection and older televisions that are currently banned from the landfill. This increase is partially offset by savings in the Convenience Center and Waste Reduction programs.

	2016 Adopted Budget	2016 Amended Budget	Revised Budget	Change from Amended
Convenience Centers	5,864,795	5,864,795	5,400,000	(464,795)
Household Hazardous Waste	662,586	662,586	835,670	173,084
Multi-Material Facilities	2,489,638	2,489,638	3,402,129	912,491
All Other Programs	4,897,981	4,897,981	4,752,201	(145,780)
TOTAL EXPENDITURES	\$13,915,000	\$13,915,000	\$14,390,000	\$475,000
Landfill to Gas Energy	651,909	651,909	864,394	212,485
State Revenue	1,562,513	1,562,513	1,829,368	266,855
Sale of Recyclable Materials	1,123,951	1,123,951	985,454	(138,497)
\$20 Household Fee	8,011,610	8,011,610	8,011,610	0
All Other Revenues	2,565,017	2,565,017	2,699,174	134,157
TOTAL REVENUES	\$13,915,000	\$13,915,000	\$14,390,000	\$475,000

SOLID WASTE CAPITAL PROJECTS FUND

Element(s): Solid Waste

Within Solid Waste CIP a project has been started renovating the Household Hazardous Waste and Multi-Material Facility at South Wake Landfill campus. Early project planning has determined there are unplanned costs associated with sewer and water connections with the Town of Holly Springs. Those connections are not compatible and this project will need additional funds to expand the scope of this project.

Also, Solid Waste CIP has historically utilized a general account to perform general projects associated with the Convenience Centers. It is requested that additional funding be added to this project in order to facilitate it being closed. A different policy and process is being implemented within Solid Waste CIP to provide additional oversight and control.

Each of these adjustments will appropriate unbudgeted revenues to projects.

FROM:				
Element	Program	Current Appropriation	Reallocation/ Appropriation	Revised Appropriation
Solid Waste Capital	Solid Waste Capital Uncommitted Fund Balance/Reserve For Future	\$6,601,878	(\$675,000)	\$5,926,878
TO:				
Element	Program	Current Revenue Balance	Reallocation	Revised Revenue Balance
Solid Waste Capital	South Wake Household Hazardous Waste / Multi-Material Recycling Facility	\$965,000	\$450,000	\$1,415,000
	General Convenience Centers Projects	\$972,596	\$225,000	\$1,197,596

COUNTY CAPITAL PROJECTS FUND

Element(s): Community Capital Grants and Program-wide

Funding for two projects for which Community Capital Grant awards were already appropriated will be redirected to Uncommitted Funds. Interfaith Food Shuttle was awarded \$140,000, however the organization later withdrew participation. Additionally, the Southlight Healthcare project has been delayed until FY 2018, therefore funds appropriated in FY 2015 and 2016 totaling \$200,000 are available to move to Uncommitted Funds. The Southlight funding is planned to begin in FY 2018 through FY 2020 and will total the original amount of \$750,000.

Element(s): County Buildings

Human Services is transferring \$140,000 of FY 2016 appropriation to the County Capital Fund for a Western Wake Human Services project.

Community Capital Projects

FROM:				
Element	Program	Current Appropriation	Reallocation/ Appropriation	Revised Appropriation
Community Capital Projects	Inter-faith Food Shuttle Urban Agricultural Training Center	\$140,000	(\$140,000)	\$0
	Southlight Healthcare - Integrated Care/Medical Respite	\$200,000	(\$200,000)	\$0
TO:				
Element	Program	Current Revenue Balance	Reallocation/ Appropriation	Revised Revenue Balance
Program Wide Projects	County Capital Uncommitted Fund Balance/Reserve For Future	\$8,982,723	\$340,000	\$9,322,723

County Buildings

Element	Program	Current Revenue Balance	Reallocation/ Appropriation*	Revised Revenue Balance
County Buildings	Major Projects	\$0	\$140,000	\$140,000

*Source: Transfer from Human Services General Fund

FIRE TAX DISTRICT OPERATING FUND TRANSFER TO FIRE-RESCUE CAPITAL FUND

During the current fiscal year, County staff significantly revised the financial model, which informs budgeting for the Fire Tax District Operating and Capital Funds. The updates included establishment of a new fund balance approach and transfers additional capacity for one-time purposes to Fire Rescue Capital to address high priority capital needs. This action will appropriate fund balance in the Operating Fund in the amount of \$2,500,000 and budget a transfer to Fire Rescue Capital.

Element	Program	Current Appropriation	Reallocation/ Appropriation	Revised Appropriation
Fire Rescue	Fire Capital Uncommitted Fund Balance/Reserve for Future Appropriation	\$0	\$2,500,000	\$2,500,000

Source: Transfer from Fire Tax District Operating Fund

WAKE COUNTY PUBLIC SCHOOL SYSTEM AND WAKE TECHNICAL COLLEGE CAPITAL PROJECTS FUND ORDINANCE CORRECTION

The FY 2016 Capital Improvement Fund Projects Ordinance inadvertently excluded the Transfers from the General Fund source and associated expenditure appropriation for the Wake County Public School System and Wake Technical College Capital Projects. The attached revised ordinance reflects adjustments to Sections 4 and 5.

Attachments:

1. Budget Memo: Revenue Department
2. Budget Memo: Medical Examiner/WC-7 Contract
3. Budget Memo: Sheriff's Office
4. Budget Memo: Non-Departmental
5. Budget Memo: Major Facilities Fund
6. Budget Memo: South Wake Landfill Partnership Fund
7. Budget Memo: Solid Waste Enterprise Fund
8. Budget Memo: Solid Waste Capital Fund Reallocation
9. Budget Memo: County Capital Fund Reallocation
10. Budget Memo: County Capital Appropriation
11. Budget Memo: Fire Tax District Operating Fund
12. Budget Memo: Fire-Rescue Capital Appropriation
13. Capital Improvement Fund Project Ordinance for FY 2016