

2019 Board of Commissioner Financial Planning Retreat



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Retreat Objectives

- Board understands the FY 2020 budget outlook and multi-year operating forecast.
- Board understands County operating program needs and priorities
- Board gains additional understanding related to future capital and capital funding decisions.

Today, we plan to focus in two areas.....

Operating Budget

Staff to present:

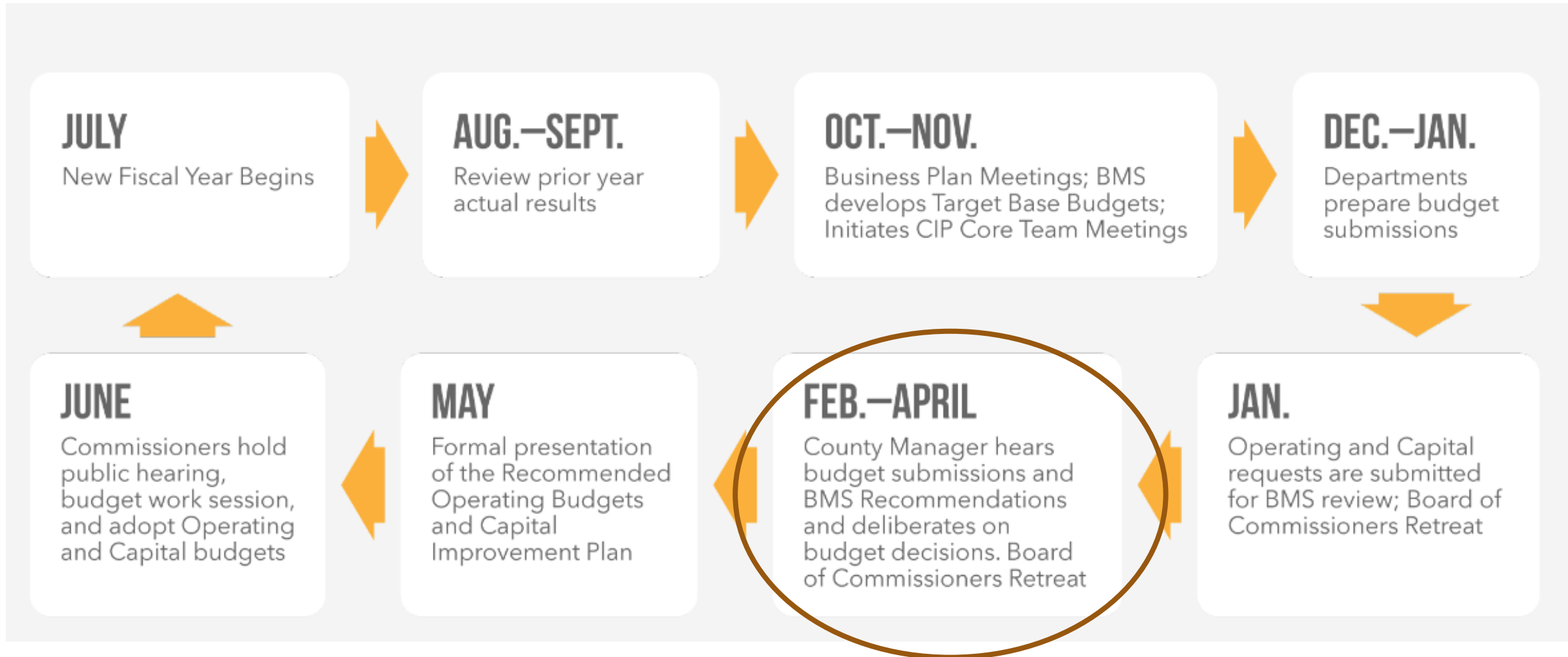
- FY19 General Fund Review
- FY20 General Fund Preview
- County Operations
- Education Funding
- Multi-year Forecast

Debt and Capital

Staff to present:

- Debt capacity
- Education CIP
- County CIP

Budget Process



FY 2020 Operating Budget

Understanding Current Fiscal Outlook &
Impacts for the Future



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In this section we will review:

- **General Fund Base Budget**
- **County Department Expenditures Drivers and Operational Needs**
- **Education Funding Projections**
- **Multi-year Operating Forecast**

Why are we here today?

- Share a recap of the multi-year forecast shared at last year's retreat and build the forecast based on updated assumptions for FY20
- Present revenue assumptions that support available funding estimates
- Consider County Operation and Education expenditure drivers

The future is difficult to predict, but we try

Time	1 - 2 Years	3 - 5 Years	6 – 7 Years
Revenues & Expenditures	Realistic Predictable Data	Conservative	More Conservative & Cautious
Economic Uncertainty	Low	Moderate	High
Need for Margin of Error	Low	Moderate	High

Revenue and expenditure assumptions shared at last year's retreat

	FY19	FY20	FY21	FY22	FY23
Revenue Projections					
Property Tax	2.30%	2.20%	2.00%		
Sales Tax*	6.5%	5.5%	5.5%	5.0%	5.0%
Other Revenue	Current Estimate	2.0%			
Expenditure Projections					
County Operations	Preliminary Recommendations	FY19 Per Capita			
Housing	Proposal Estimates			Plus \$1M	Plus \$1M
WCPSS	Inflation Formula Scenario				
Wake Tech	Request	FY19 Per Capita			
Debt & Capital Transfers	Debt Model				

*FY19 Based on Current Year Projection

The 2018 multi-year forecast predicted a 1.41 cent property tax increase in FY 20 to maintain per capita and per pupil spending levels

		Projections			
	2019 Prelim Rec	2020	2021	2022	2023
Revenue Forecast	\$1,277	\$1,299	\$1,333	\$1,367	\$1,401
Expenditure Forecast					
County Operating	\$489	\$499	\$510	\$520	\$530
Increase in Transfer to Housing	\$7	\$10	\$10	\$11	\$12
Wake Tech - Operating	\$26	\$26	\$27	\$27	\$28
WCPSS - Operating	\$460	\$481	\$502	\$523	\$551
<i>Debt & Capital - County, WCPSS, Wake Tech</i>	\$322	\$331	\$339	\$348	\$356
Total Expenditure Forecast	\$1,304	\$1,347	\$1,388	\$1,429	\$1,477
Surplus (Gap)	-\$27	-\$48	-\$55	-\$63	-\$76
Property Tax Revenue Per Penny	\$14.6	\$15.0	\$16.9	\$17.3	\$17.7
Cumulative Tax Rates to Close Gap (cents)	1.83	3.20	3.23	3.62	4.31
Tax Increase Over Prior Year	1.83	1.41	0.39	0.47	0.77

The FY 2019 budget resulted in a 3.94 cent property tax increase to support WCPSS operations and housing

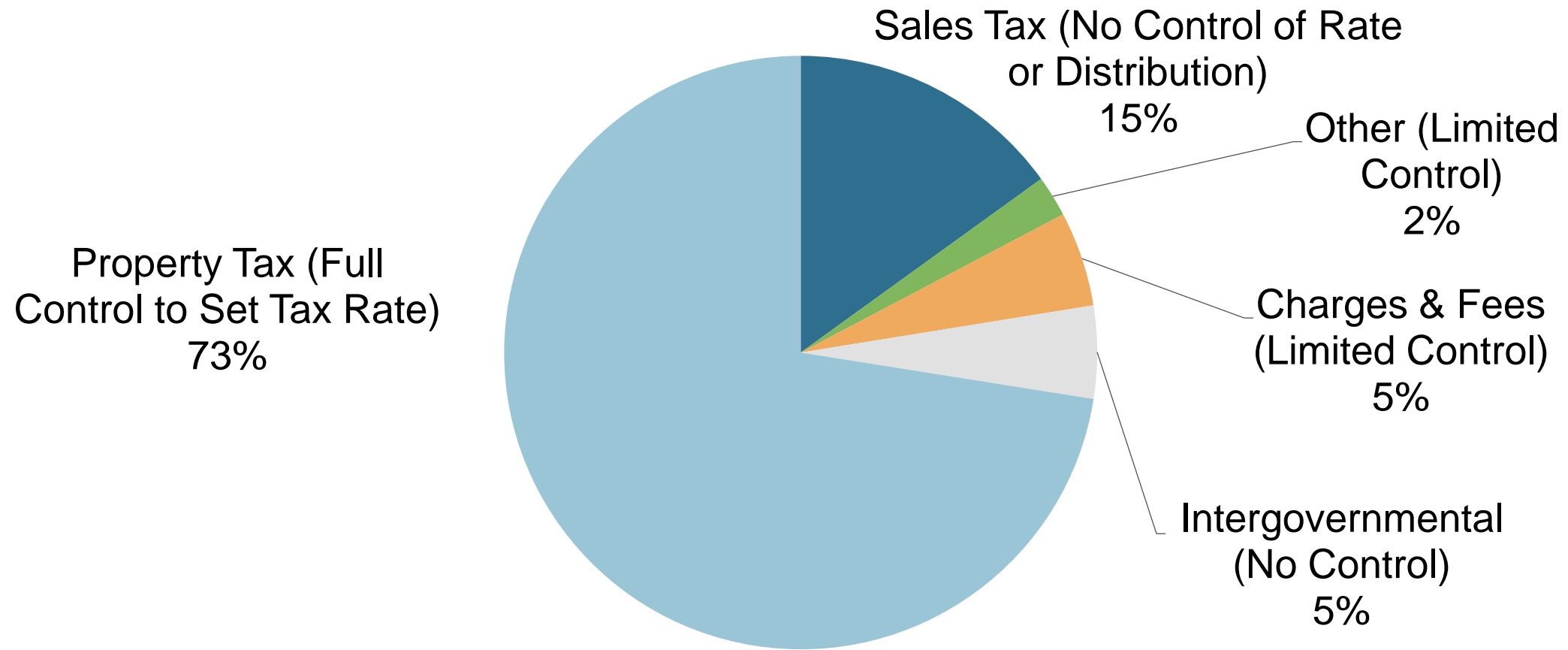
	2019 Prelim Rec	2019 Adopted Budget	Variance
Revenue Forecast	\$1,277	\$1,331	\$54
Expenditure Forecast			
County Operating	\$489	\$491	\$2
Housing	\$7	\$15	\$9
Wake Tech - Operating	\$26	\$25	\$0
WCPSS - Operating	\$460	\$476	\$16
<i>Debt & Capital - County, WCPSS, Wake Tech</i>	\$322	\$324	\$1
Total Expenditure Forecast	\$1,304	\$1,331	\$27
Surplus (Gap)	-\$27	\$0	\$27
Property Tax Revenue Per Penny	\$14.6	\$14.6	\$0.0
Increase in Tax Rate to Close Gap (cents)	1.83	3.94	2.11

FY20 General Fund Preview

In this section we will review:

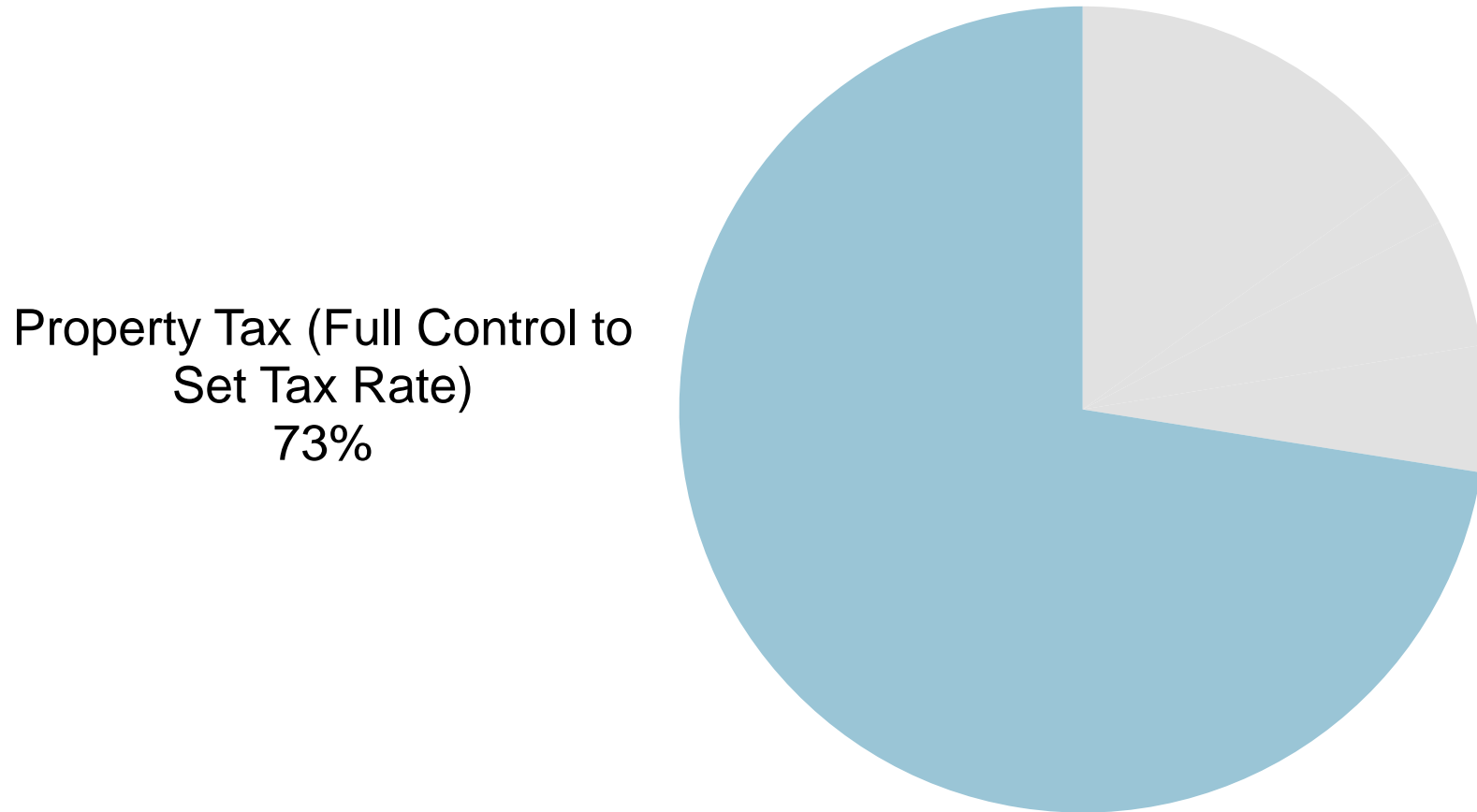
- Key revenue assumptions used to develop estimates for FY 2020 and beyond;
- Resulting “normal” revenue growth; and
- Base expenditure budget.

Property tax represents 73% of General Fund; only revenue within full control of Board



FY19 Adopted Budget : \$1,331,034,000

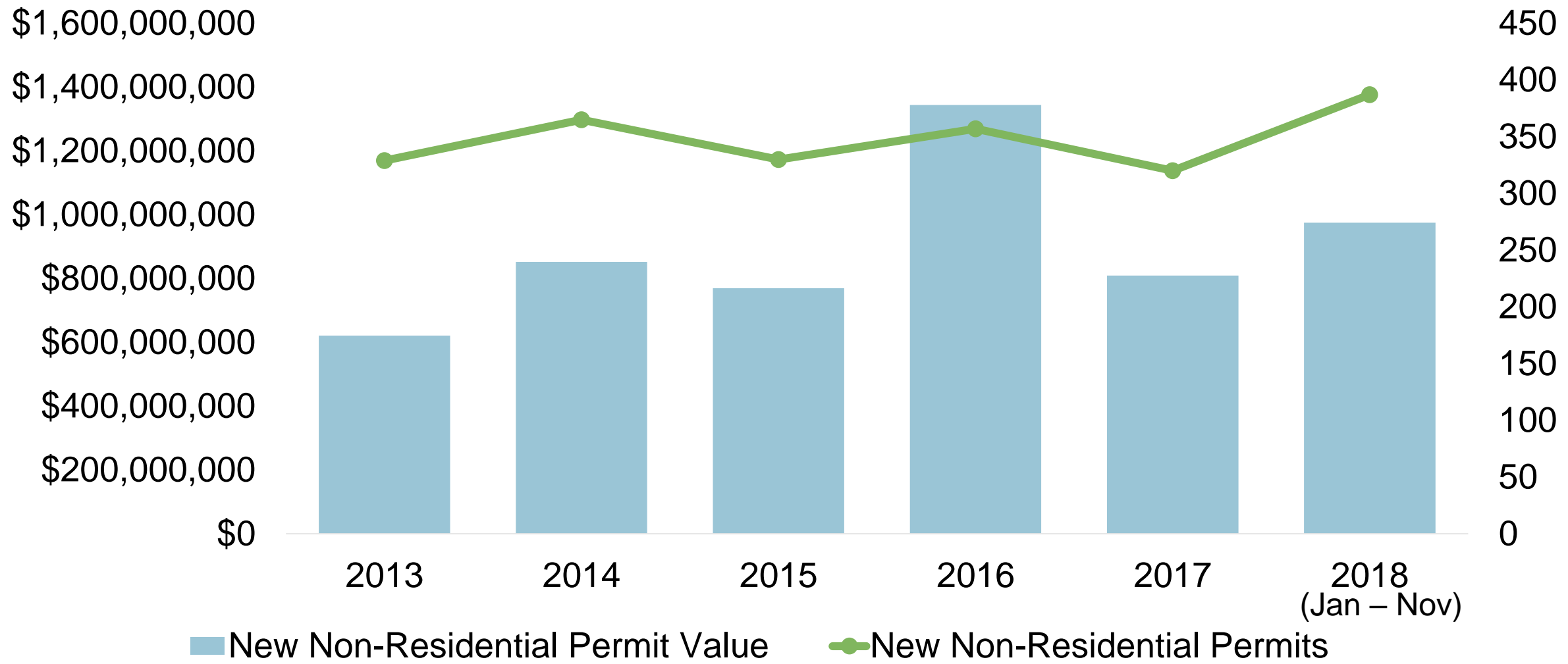
First, we will focus on property tax drivers and projections...



New residential permits continue to reflect County growth

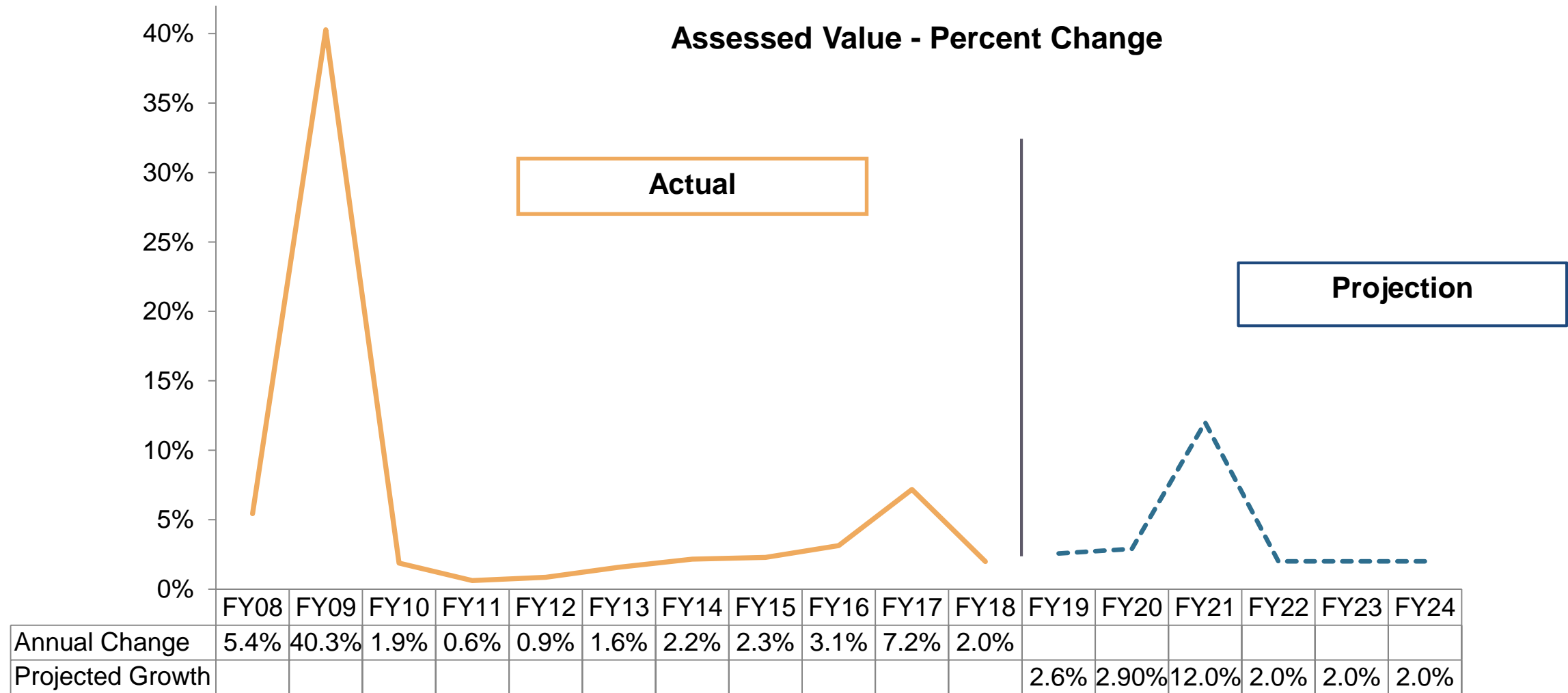


New commercial permits reflect consistent growth in economic development



Assessed value projection is consistent with recent experience

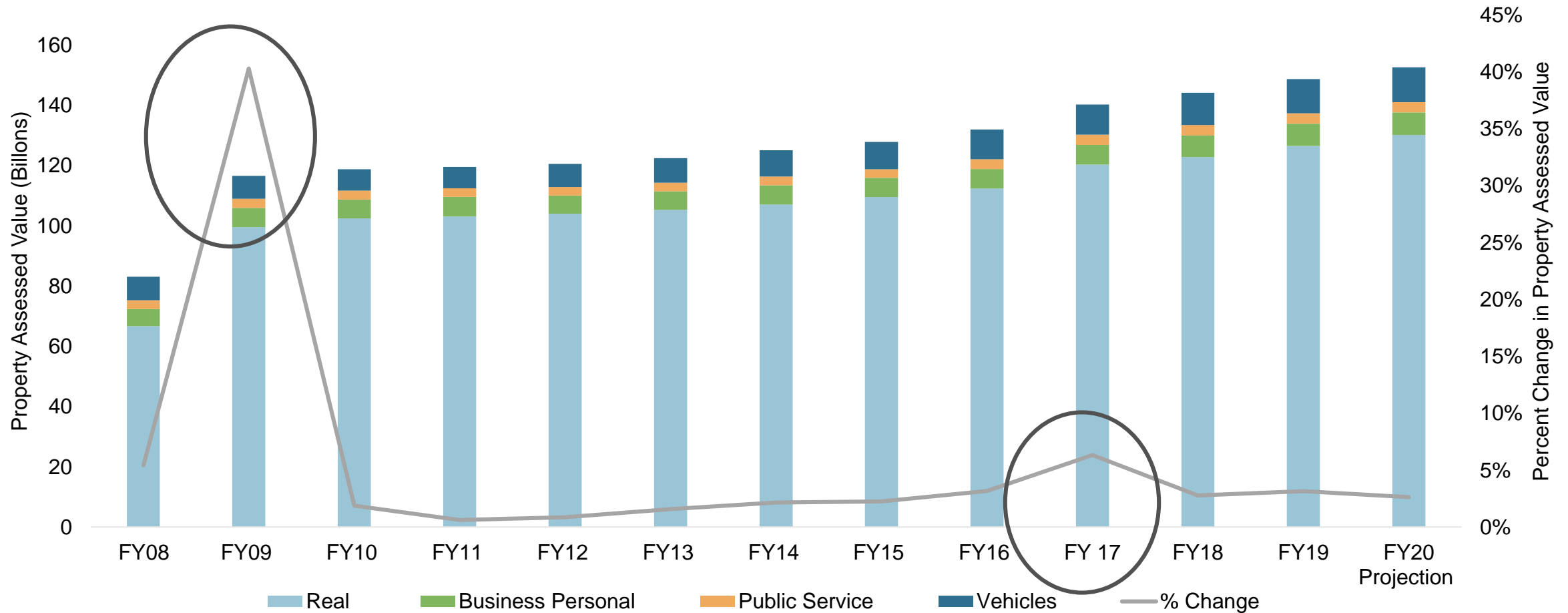
Assessed Value - Percent Change



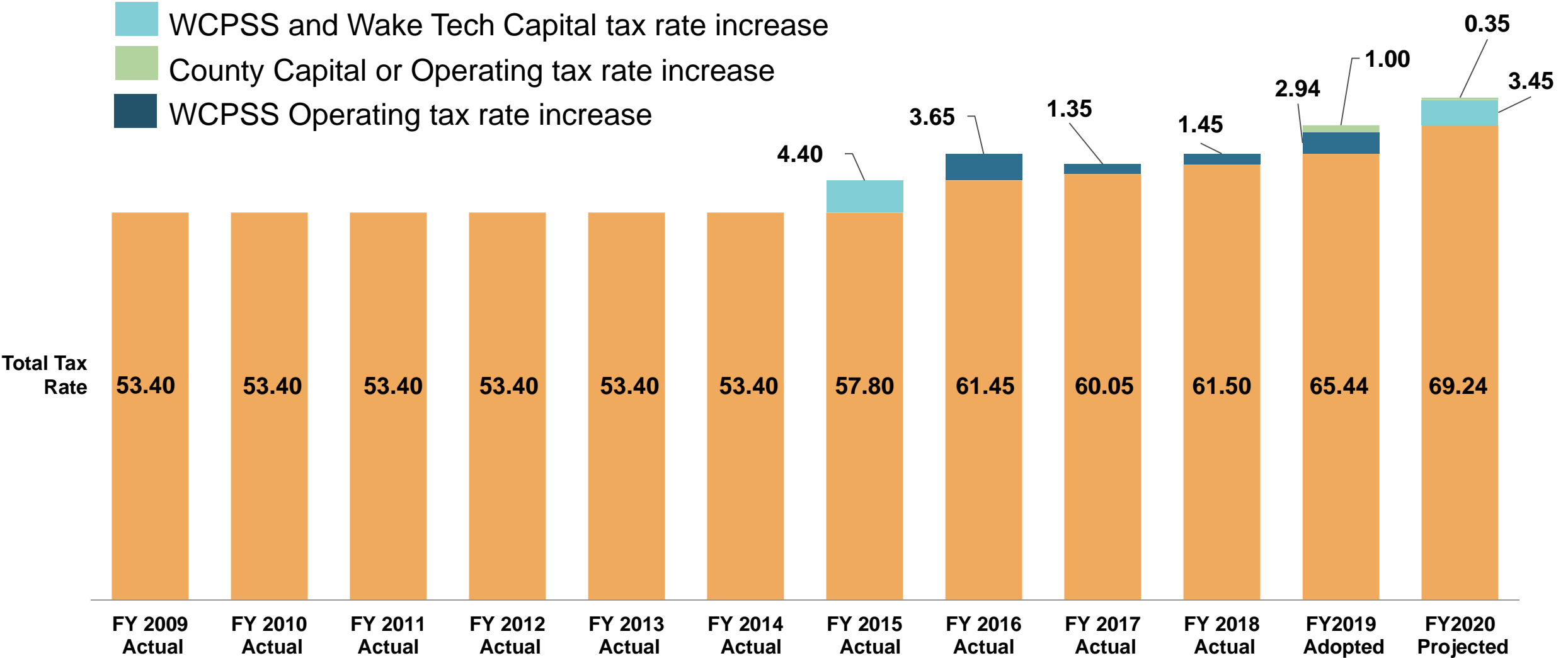
Reappraisal captures changes in market value on real property

Real property is 85% of assessed value

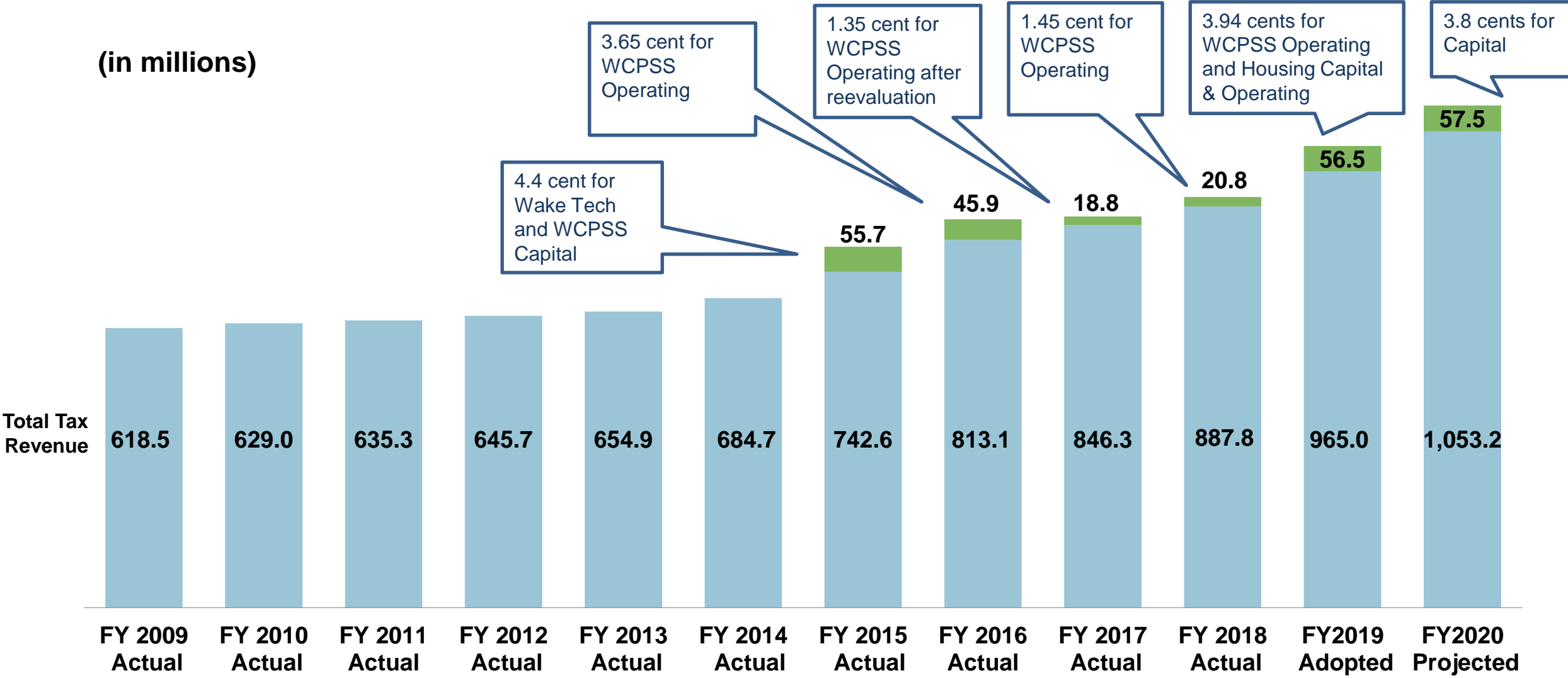
Next real property reappraisal in FY 2021



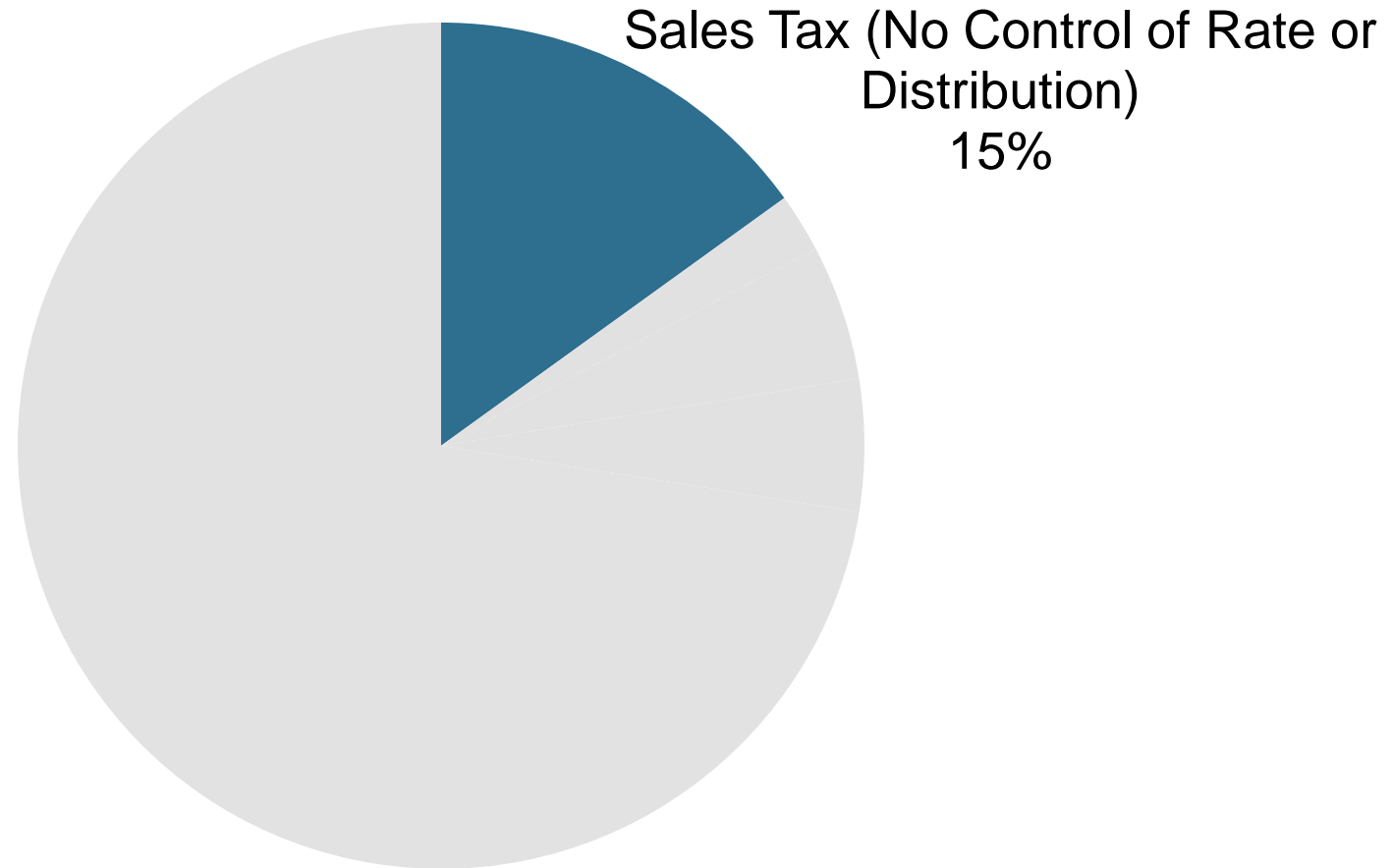
With the approval of the 2018 bonds, FY 2020 starts with a 3.8 cent tax increase for Education and PGROS Capital



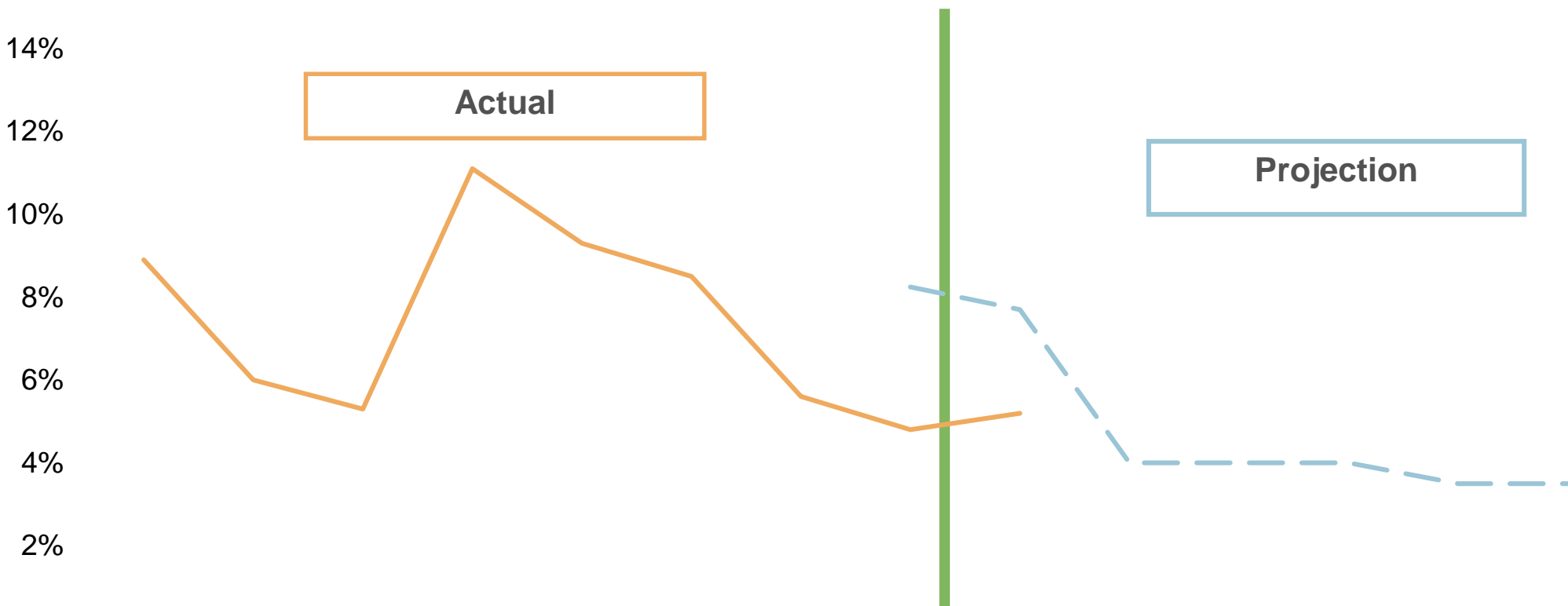
With the approval of the 2018 bonds, FY 2020 starts with a 3.8 cent tax increase which will generate \$57.5 million



Next, we will discuss the components and drivers of sales tax revenue...

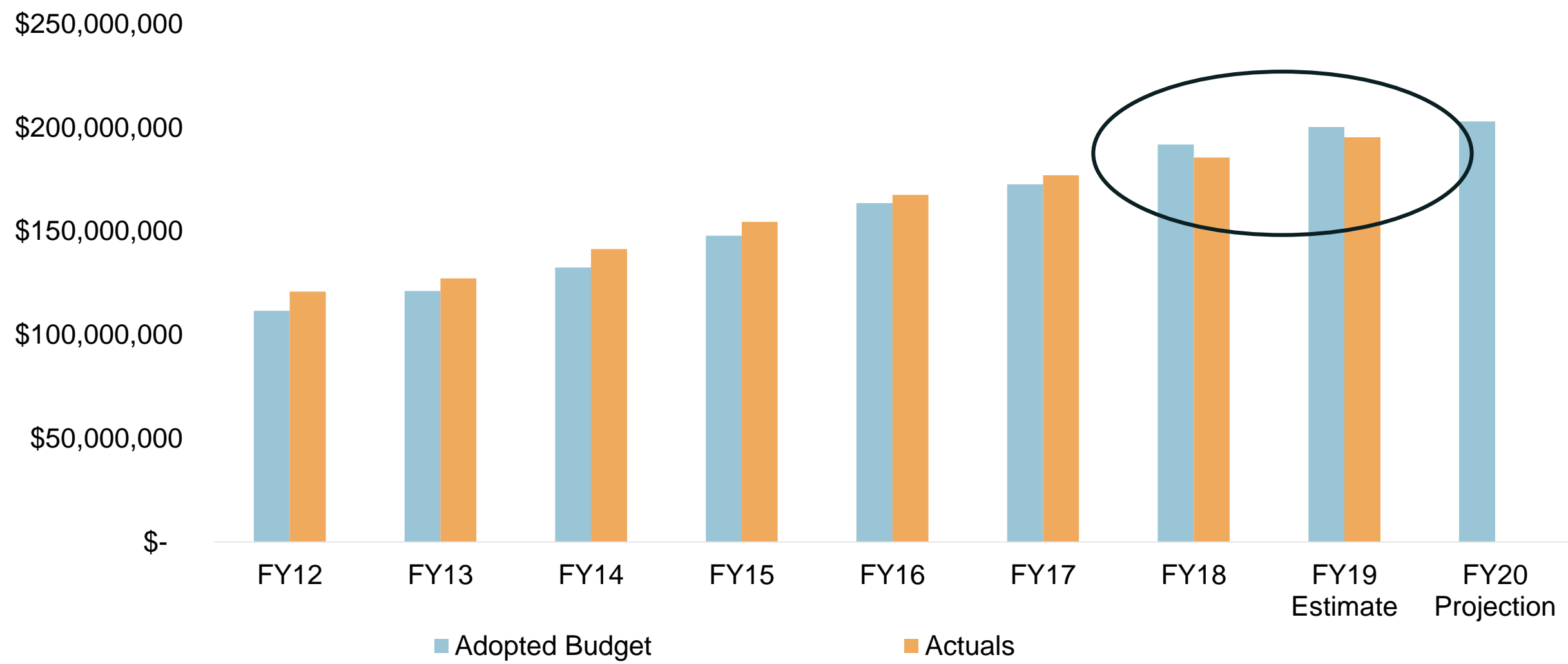


Sales tax projection lowered to account for changing economic conditions

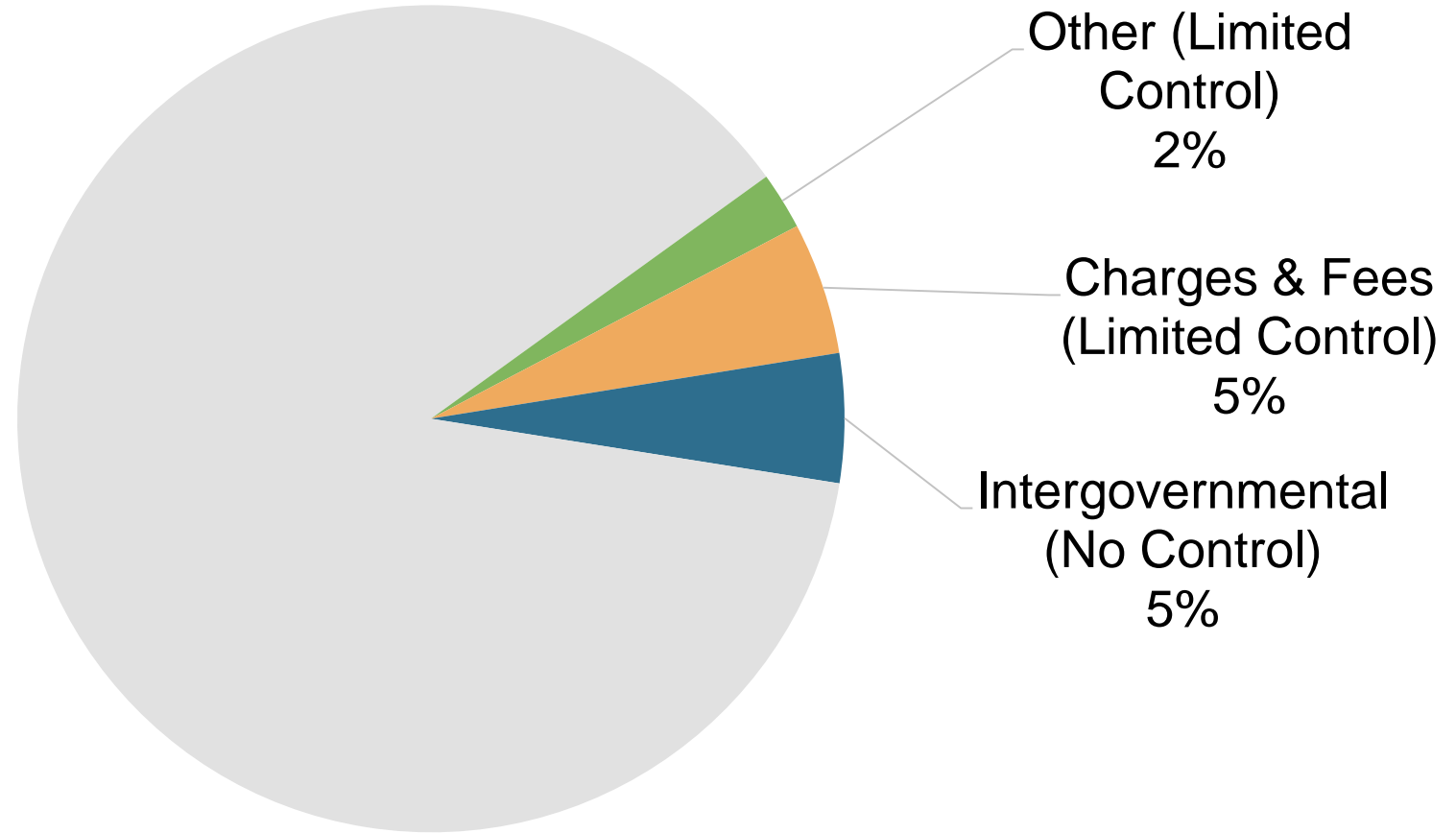


	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
— Sales Tax Annual Change	8.9%	6.0%	5.3%	11.1%	9.3%	8.5%	5.6%	4.8%	5.2%					
— Sales Tax Projected Growth								8.2%	7.7%	4.0%	4.0%	4.0%	3.5%	3.5%

Sales tax revenue projections reflect slower growth



Last, we will discuss drivers and changes related to other County revenues...



Intergovernmental revenues driven by State reimbursements and mandated activities

Human Services funding represents 88% of total intergovernmental

Revenue Item (in millions)	FY19 Adopted	FY20 Base Projection	\$ Change	% Change
Federal	12.6	12.3	(0.3)	2.7%
State	50.5	52.8	2.3	(4.6%)
Local	4.1	4.1	0.0	(0.8%)
Total	\$67.2	\$69.2	\$2.0	3.0%

Limited ability to increase charges and fees

Departments conduct annual fee review for cost recovery

Revenue Item (in millions)	FY19 Adopted	FY 20 Base Projection	\$ Change	% Change
EMS Billing	26.5	27.1	0.6	2.3%
Medicaid / Medicare / Client Fees	12.4	11.4	(1.0)	(7.4%)
Planning & Permitting	6.6	6.7	0.1	1.0%
Recording/ROD	5.3	5.3	0.0	1.2%
Sheriff Fees	4.1	4.6	0.5	11.8%
Public Safety Communications Reimbursements	1.7	1.8	0.1	1.2%
Other Fees and Charges	12.1	10.8	(1.3)	(11.2%)
Total	\$68.7	\$67.7	(\$1.0)	(1.5%)

Growth in other revenues is limited

Real Property Transfer Taxes Increasing

Real property transfer taxes increasing 2.0%, driven by real estate market

Appropriation of Fund Balance

Reduction in one-time use of fund balance for Housing and Behavioral Health

Revenue Item (in millions)	FY19 Adopted	FY20 Base Projection	\$ Change	% Change
Real Property Transfer Tax	13.0	13.3	0.3	2.0%
Misc. and Other Taxes	4.1	4.2	0.0	0.6%
Transfers	3.8	3.8	0.0	0.0%
Fund Balance	8.9	3.1	(5.8)	(65.2%)
Total	\$29.8	\$24.3	(\$5.5)	(18.6%)

Normal revenue growth estimated at 2.2%

Revenue Item (in millions)	FY19 Adopted	FY20 Base Projection	\$ Change	% Change
Property Taxes	965.0	995.6	30.6	3.2%
Sales Taxes	200.3	203.0	2.7	1.4%
Intergovernmental	67.2	69.2	2.0	3.0%
Charges, Permits and Fees	68.7	67.7	(1.0)	(1.5%)
All Other Revenues	29.8	24.3	(5.5)	(18.6%)
Total	\$1,331.0	\$1,359.8	\$28.8	2.2%

Property tax rate for bonds generates additional \$57.5 million

Revenue Item (in millions)	FY19 Adopted	FY20 Base Projection	\$ Change	% Change
Property Taxes	965.0	995.6	30.6	3.2%
3.8 Cent Property Tax Increase	0.0	57.5	57.5	0.0%
Sales Taxes	200.3	203.0	2.7	1.4%
Intergovernmental	67.2	69.2	2.0	3.0%
Charges, Permits and Fees	68.7	67.7	(1.0)	(1.5%)
All Other Revenues	29.8	24.3	(5.5)	(18.6%)
Total	\$1,331.0	\$1,417.4	\$86.3	6.5%

Revenues are the first building block of the multi-year forecast

(in millions)	Projections				
	2020	2021	2022	2023	2024
Revenue Forecast					
Property Tax	\$1,053	\$1,074	\$1,096	\$1,118	\$1,140
Sales Tax	\$203	\$211	\$220	\$227	\$235
Other Revenues	\$161	\$164	\$168	\$171	\$174
Total Revenue	\$1,417	\$1,450	\$1,483	\$1,516	\$1,550
<i>Increase over prior year</i>	<i>\$86</i>	<i>\$32</i>	<i>\$33</i>	<i>\$33</i>	<i>\$34</i>

Revenue Forecast Assumptions

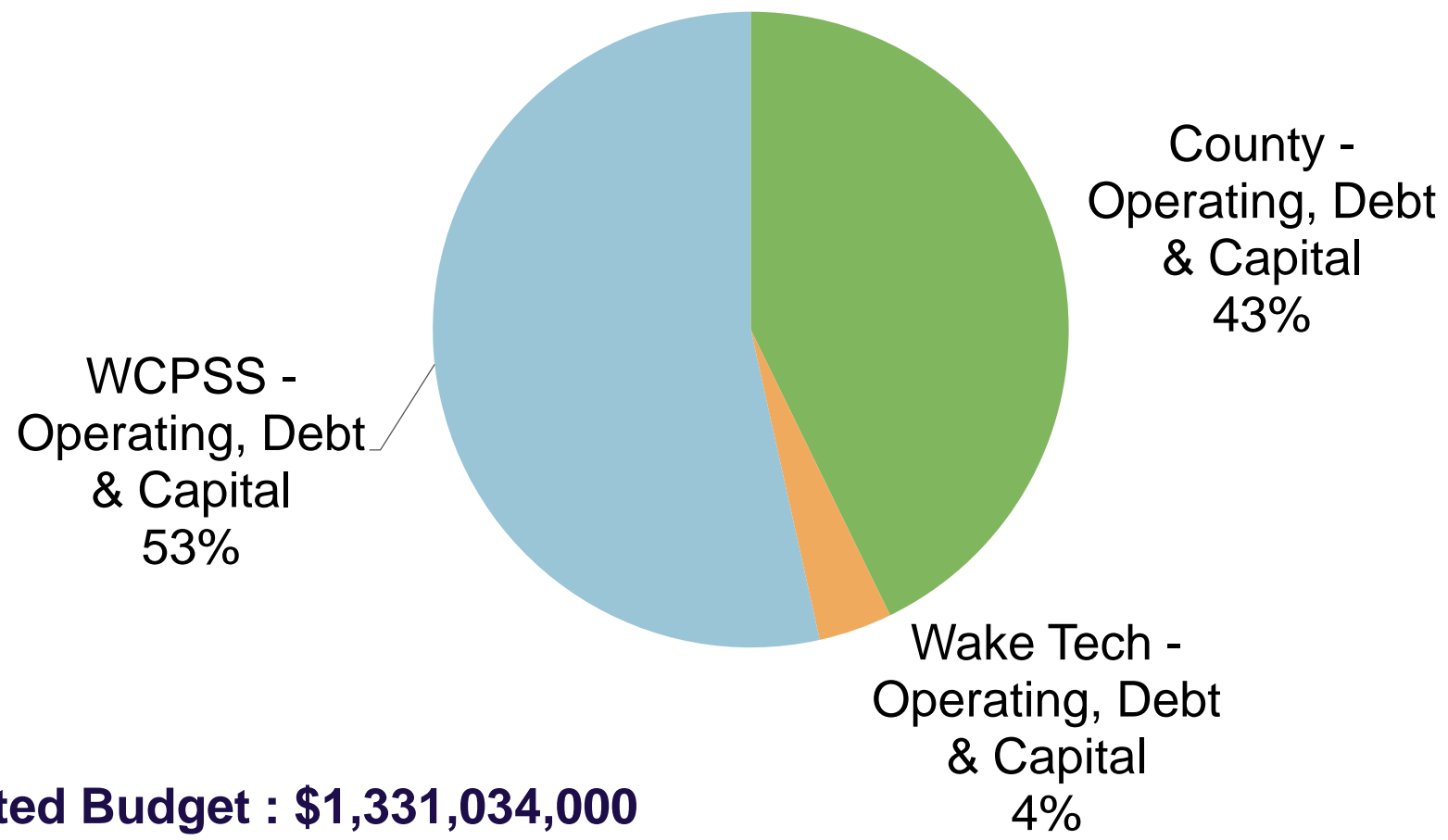
Property Tax	2.90%	*12.00%	2.00%	2.00%	2.00%
Sales Tax	5.20%	4.00%	4.00%	3.50%	3.50%
Other Revenue	Current Est.	2.00%	2.00%	2.00%	2.00%

*12% growth in tax base includes reappraisal estimate; 2% is the projected growth after setting of revenue neutral tax rate

Expenditure Drivers

Now that we have the revenue picture, in this section, we will be discussing funding needs and requests by major groupings of County Operations.

Education comprised 57% of the FY19 General Fund Adopted budget



FY19 Adopted Budget : \$1,331,034,000

FY20 County base is down \$1 million from FY 19 Adopted

Spending Area	FY 2019 Adopted	FY20 Base Projection	Change from FY 19 Adopted
General Government	69.5	68.9	(0.6)
Behavioral Health	30.6	27.7	(2.9)
Community Services	37.9	39.5	1.7
Environmental Services	13.3	13.2	(0.0)
General Services	29.7	30.2	0.5
Housing	22.9	20.8	(2.1)
Human Services	151.6	153.1	1.5
Public Safety	150.6	151.2	0.6
Total	\$506.0	\$504.6	(\$1.4)

County Operational Needs

In this section, staff will:

- Overview the approach of evaluating County department expansion request analysis, presentation and County Manager's Office review and
- Share department requests within the context of operations drivers to meet citizen expectation.

How are operational needs requests evaluated?

Expansion requests are additional funding beyond the Target Base Budget to maintain, improve or expand services to advance service delivery goals

County Department requests are expected to align with Business Plans, demonstrate progress toward outcomes, and be based in data

Departments provide details on program structure, new positions, equipment, and objectives

Alignment with Board Goals is evaluated

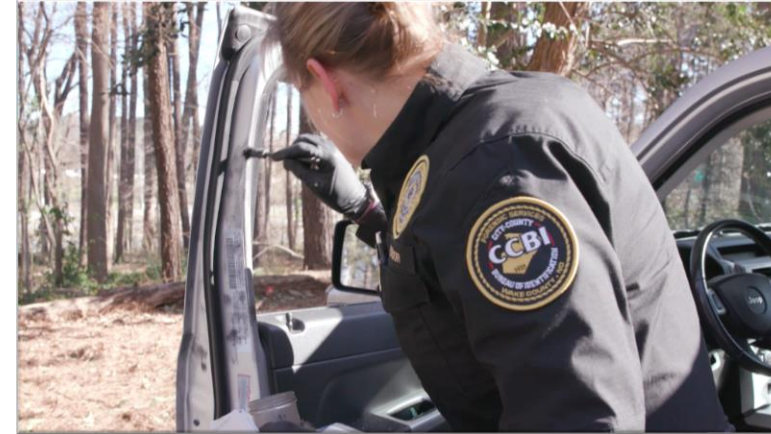
Departments justify requests through answering business case questions

1. What **problem** does the department aim to **solve**?
2. How does this request relate to the department's business plan and **targeted outcomes**/metrics?
3. Who will this expansion serve and how will it **improve services**?
4. Which **Board Goals** does this expansion relate to and how will the proposal achieve the goal?
5. How does the County currently address this problem and/or provide this service?
6. What is the **solution proposed** and estimated in this expansion request?
7. How is this expansion related to the **projected demand for future services**?
8. How would the **outcomes** be measured?
9. What **alternatives** were considered?

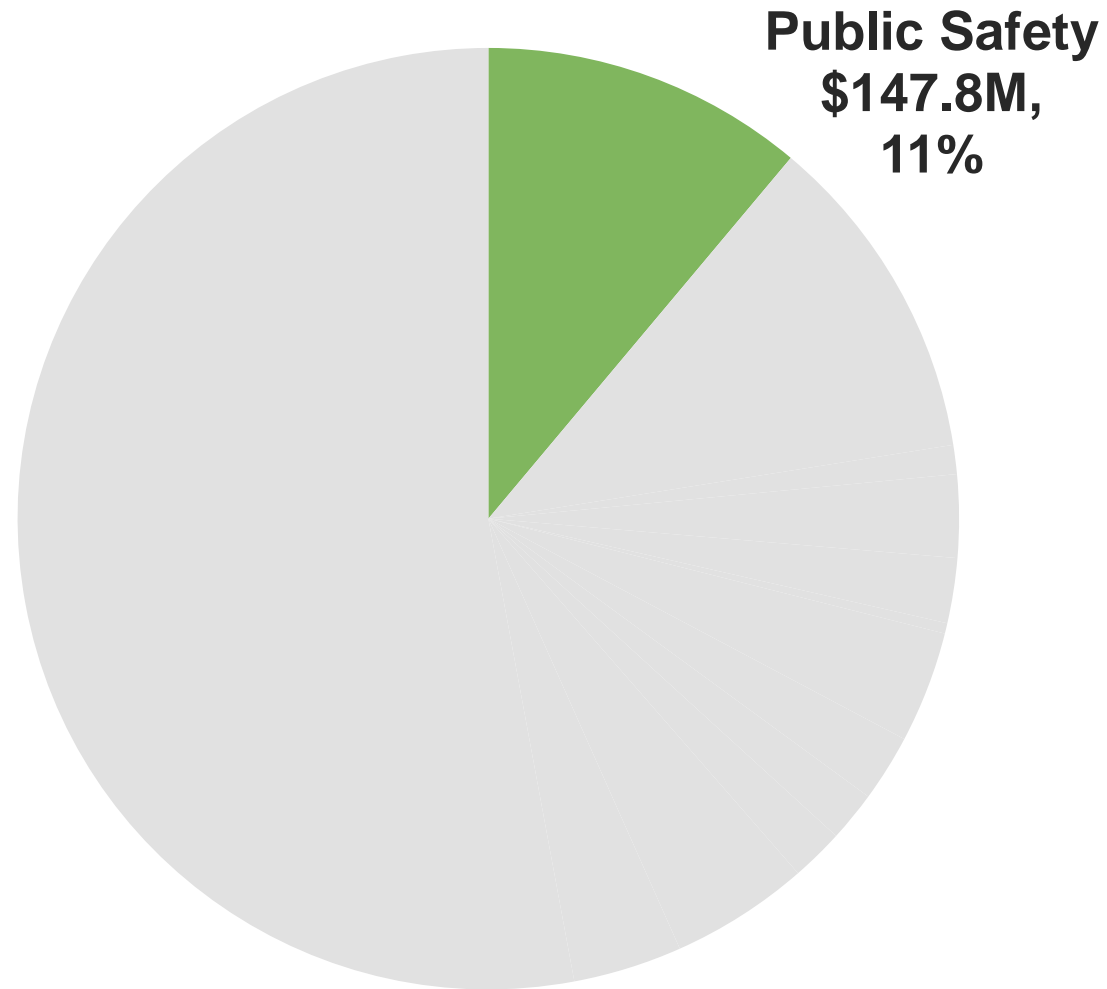
ALL County expansion requests total \$39.6M

Function	FTE	One-time	Ongoing	Total
County Operations	165.25	8,987,000	17,891,000	26,878,000
Pay and Compensation	-	-	8,650,000	8,650,000
Behavioral Health	-	2,515,000	278,000	2,793,000
Public Agencies	-	-	1,320,000	1,320,000
Total	165.25	\$11,502,000	\$28,139,000	\$39,641,000
Corresponding Revenues				\$5,148,000

Public Safety



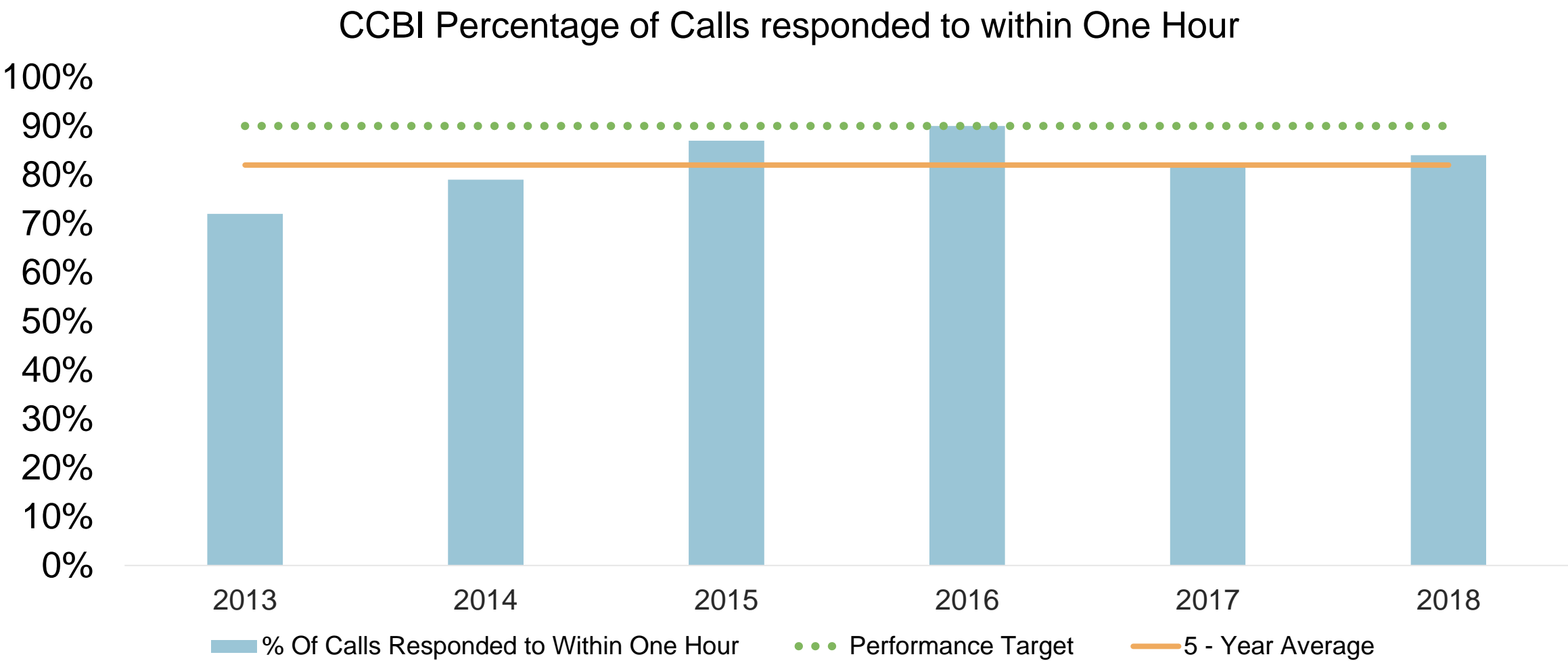
Public Safety Expenditures



Expansions Requested – Public Safety

Department	FTE	One-time	Ongoing	Total	% Change from FY2019 Adopted
EMS	24.00	1,592,000	2,358,000	3,950,000	8.72%
Sheriff	6.00	2,803,000	1,041,000	3,844,000	4.09%
CCBI	2.00	116,000	137,000	253,000	3.75%
Total	32.00	\$4,511,000	\$3,536,000	\$8,047,000	5.51%
Corresponding Revenues				-	

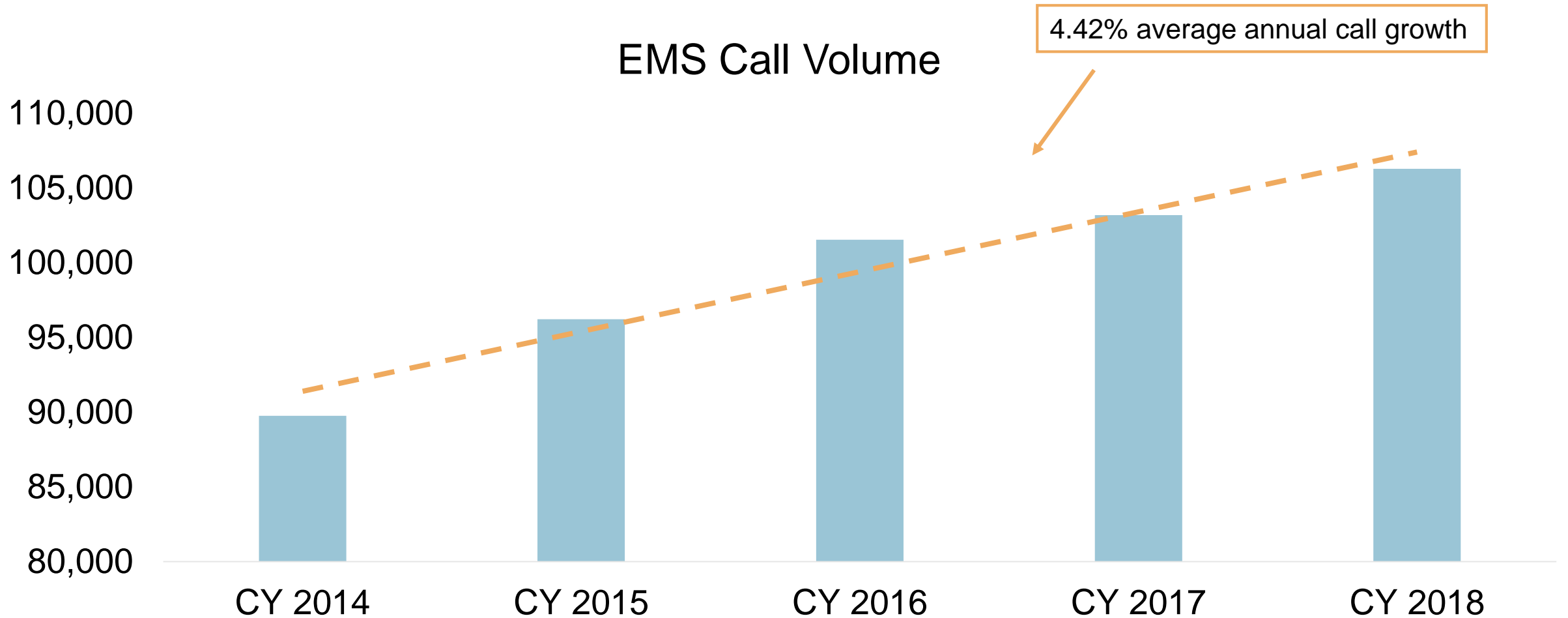
CCBI expected to respond to 90% of calls within one hour, per service level agreements with law enforcement



CCBI Requests Under Consideration

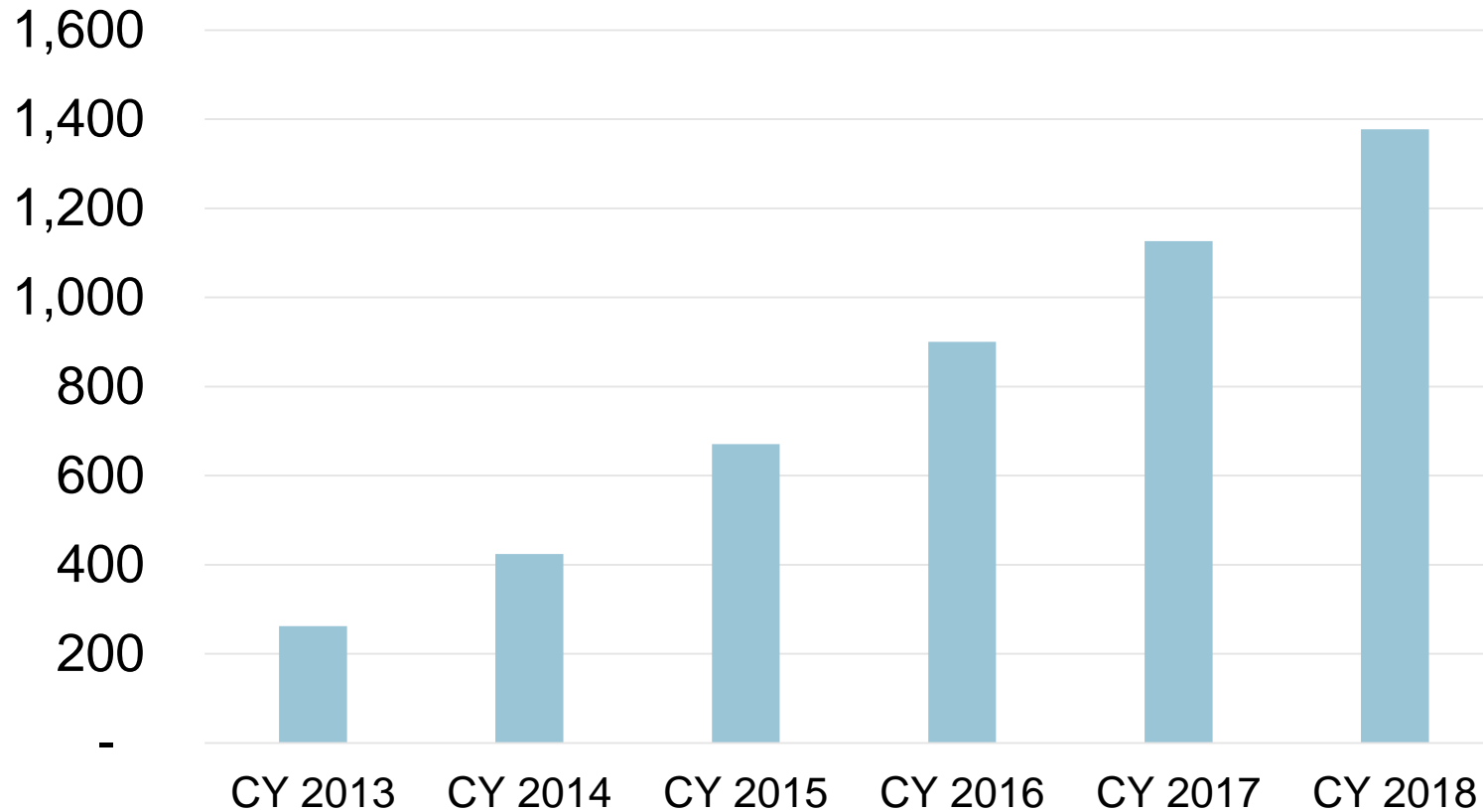
Requests	FTE	One-time	Ongoing	Total
Meet response time requirements per service level agreements with law enforcement	2.00	116,000	137,000	253,000
Corresponding Revenues				-

EMS calls have increased by 18% since 2014



Call growth results in ESTAT growth

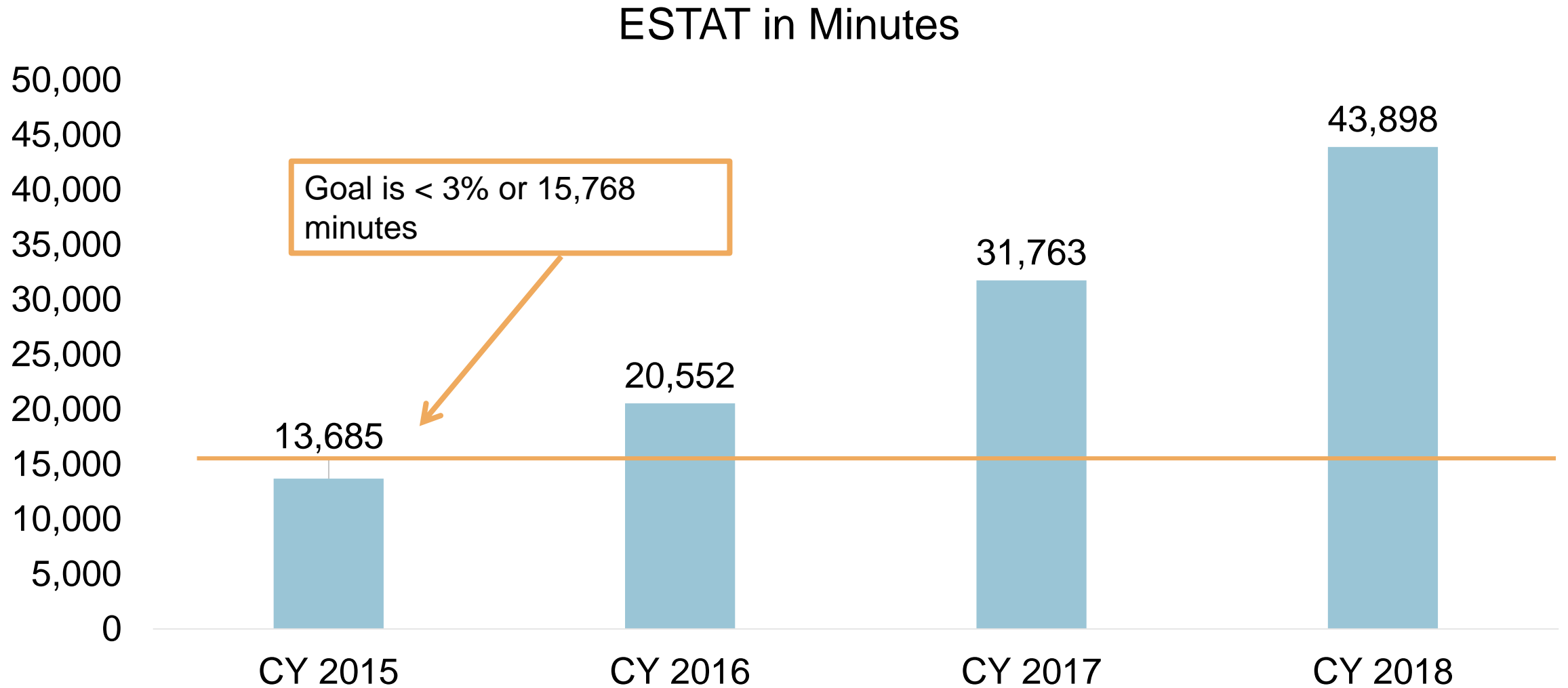
ESTAT Events



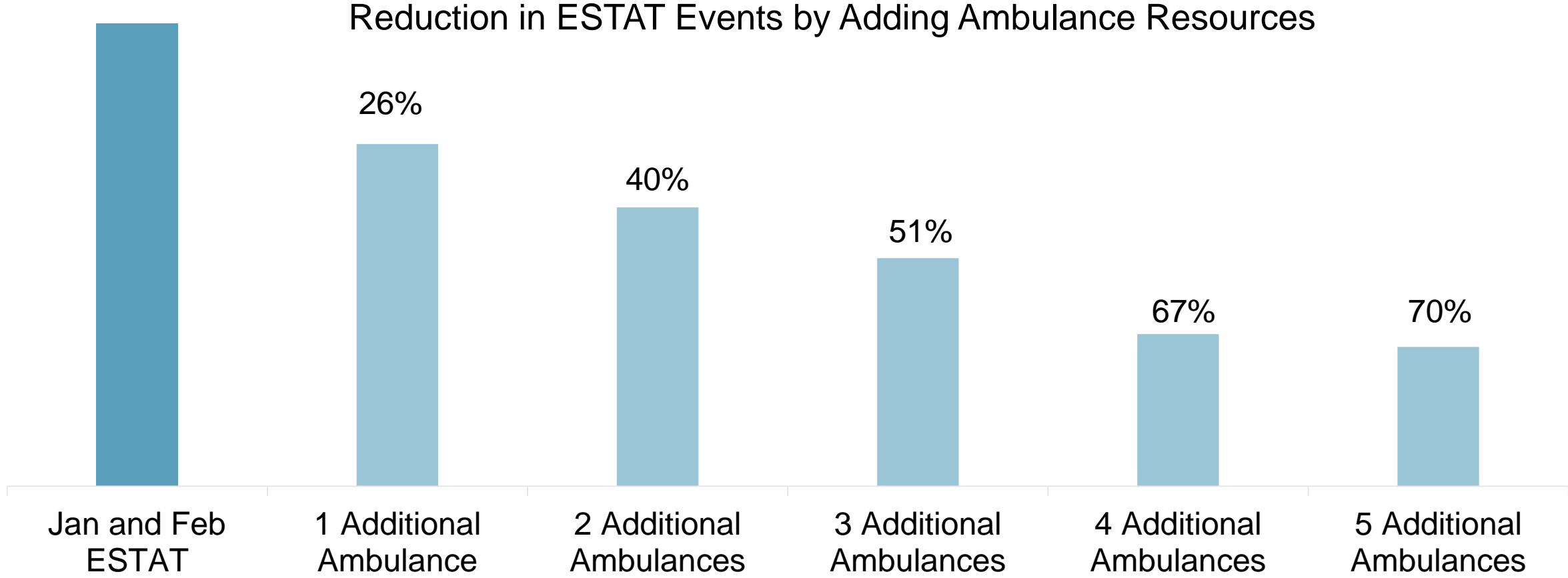
What is ESTAT?

- ESTAT is short for “Emergency status”
- ESTAT is when less than 10 ambulance units available
- 10 units needed for geographic coverage

Time in ESTAT has increased as call volume increases

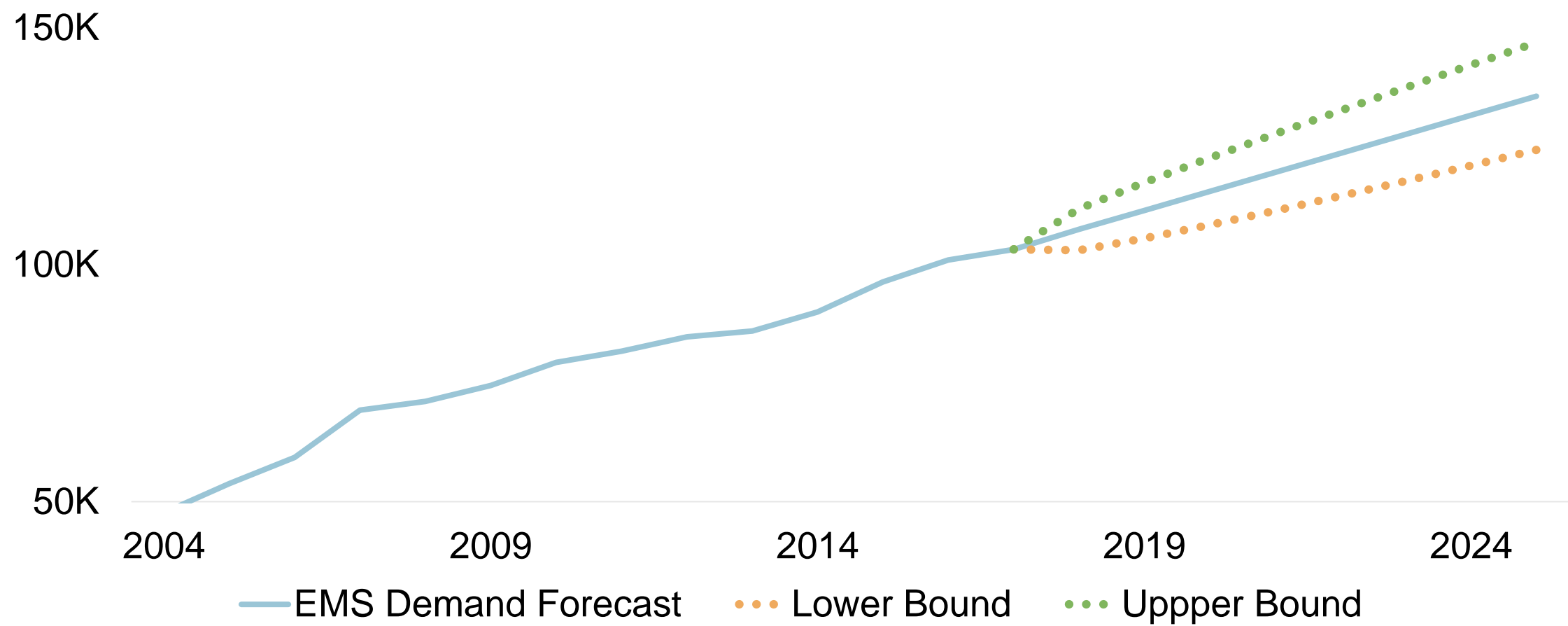


ESTAT events would have been reduced by 70% with 5 additional ambulance units



EMS projects demand for services will increase by 25% in next seven years

EMS Demand Forecast to Year 2025



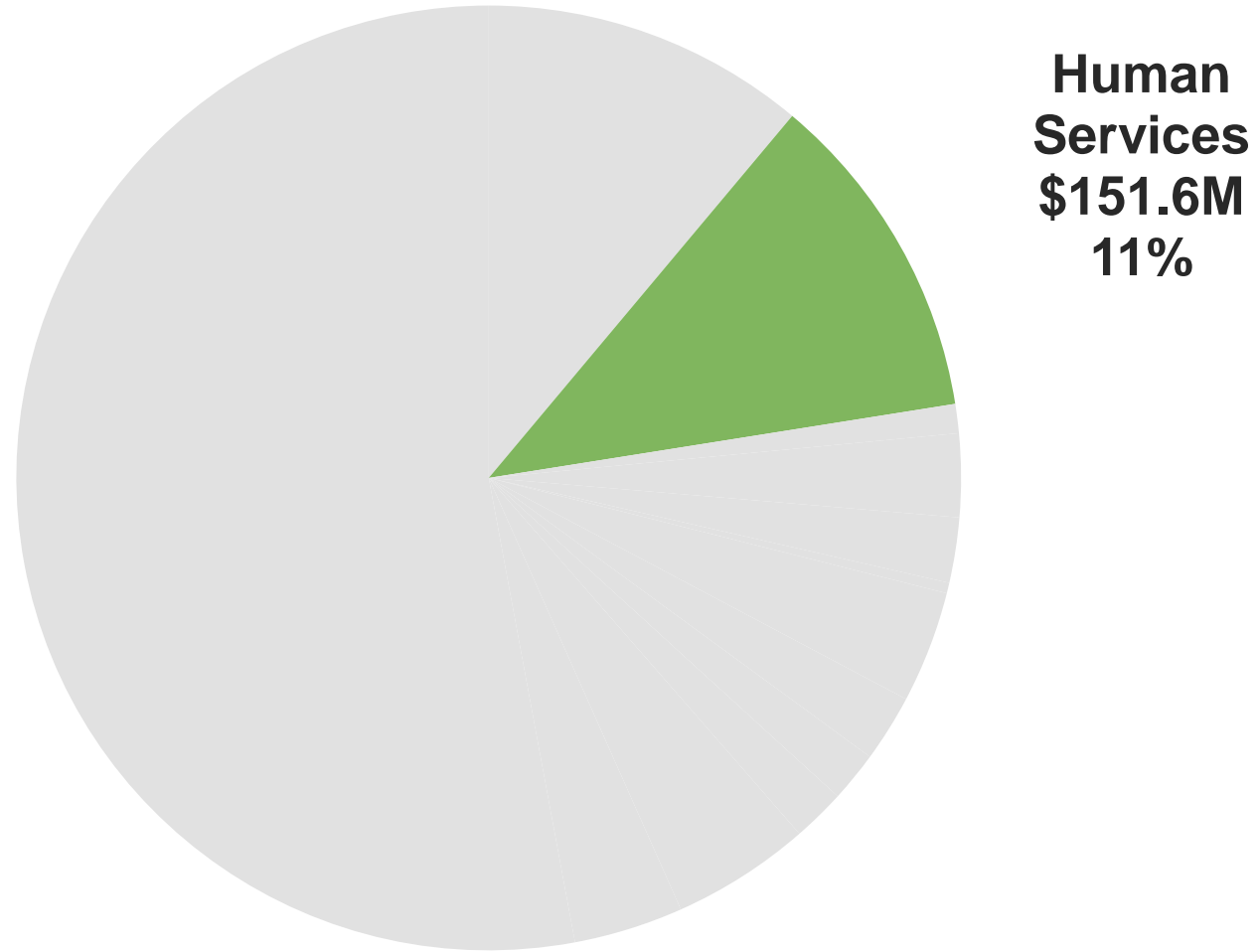
EMS Requests Under Consideration

Request	FTE	One-time	Ongoing	Total
Increase call and response capacity to reduce ESTAT throughout the system and address increasing call volumes by adding 3 units and corresponding staffing	20.00	1,378,000	1,351,000	2,729,000
Augment 911 dispatch services to enhance quality and timeliness specifically around EMS calls	-	-	517,000	517,000
Provide enhanced oversight of compliance in this highly regulated field for quality control purposes and ensure EMS providers are stocked with appropriate supply levels	3.00	95,000	206,000	301,000
Bring EMT to Paramedic training in-house to ensure ability to meet demand for certified personnel	-	99,000	146,000	245,000
Meet demand for maintaining increasing numbers of devices with greater complexities and capacity	1.00	20,000	138,000	158,000
Total	24.00	\$1,592,000	\$2,358,000	\$3,950,000
Corresponding Revenues				48 -

Human Services



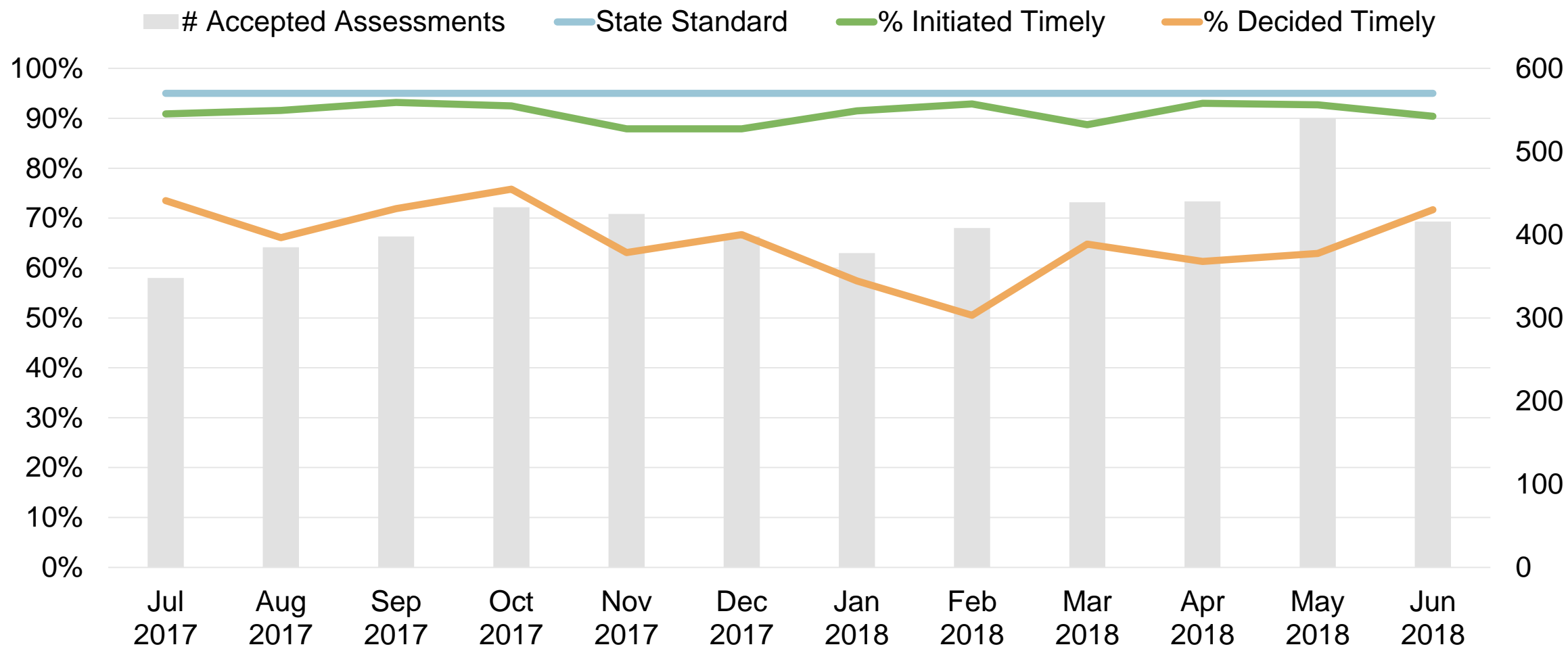
Human Services Expenditures



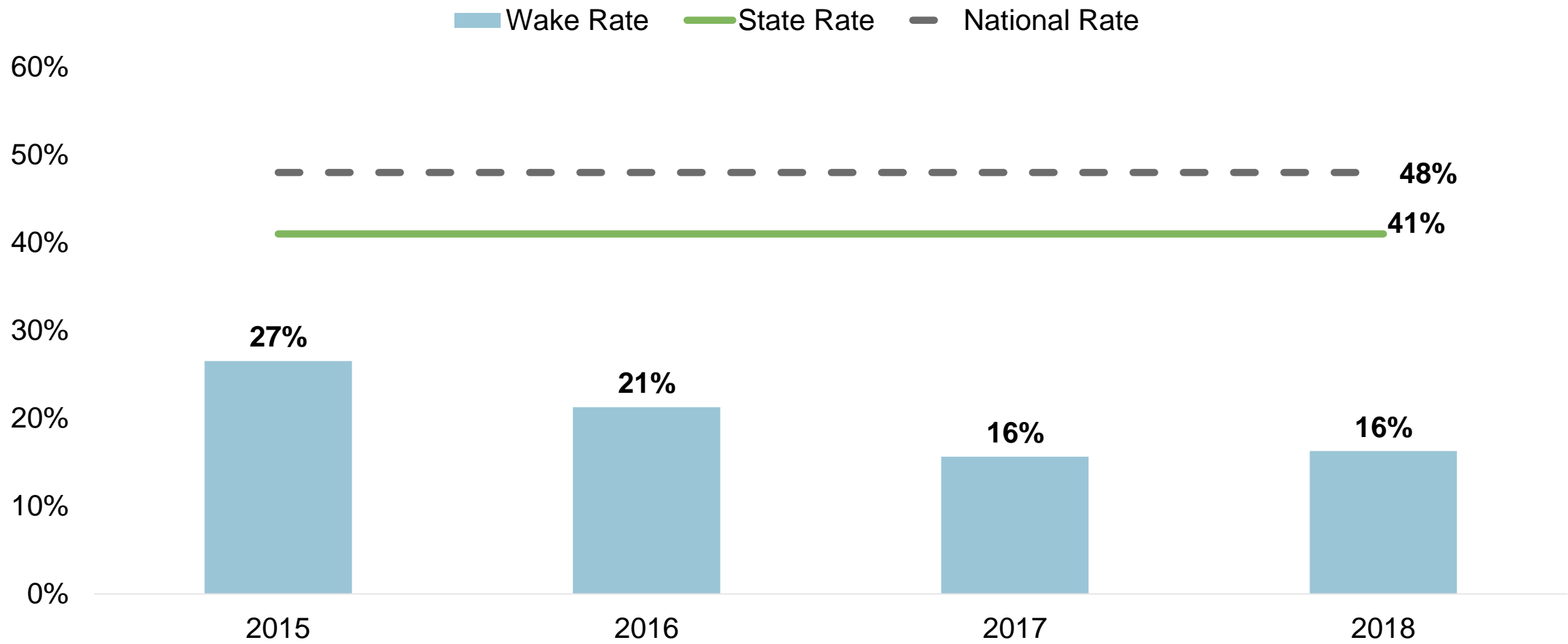
Expansions Requested – Human Services

Division	FTE	One-time	Ongoing	Total	% Change from FY 2019 Adopted
Child Welfare	24.00	165,000	1,719,000	1,884,000	5.87%
Economic Self Sufficiency	16.50	101,000	970,000	1,071,000	2.13%
Public Health	8.25	20,000	641,000	661,000	2.21%
Administration & Operations	7.00	15,000	420,000	435,000	2.28%
Total	55.75	\$301,000	\$3,750,000	\$4,051,000	2.67%
Corresponding Revenues				\$563,000	

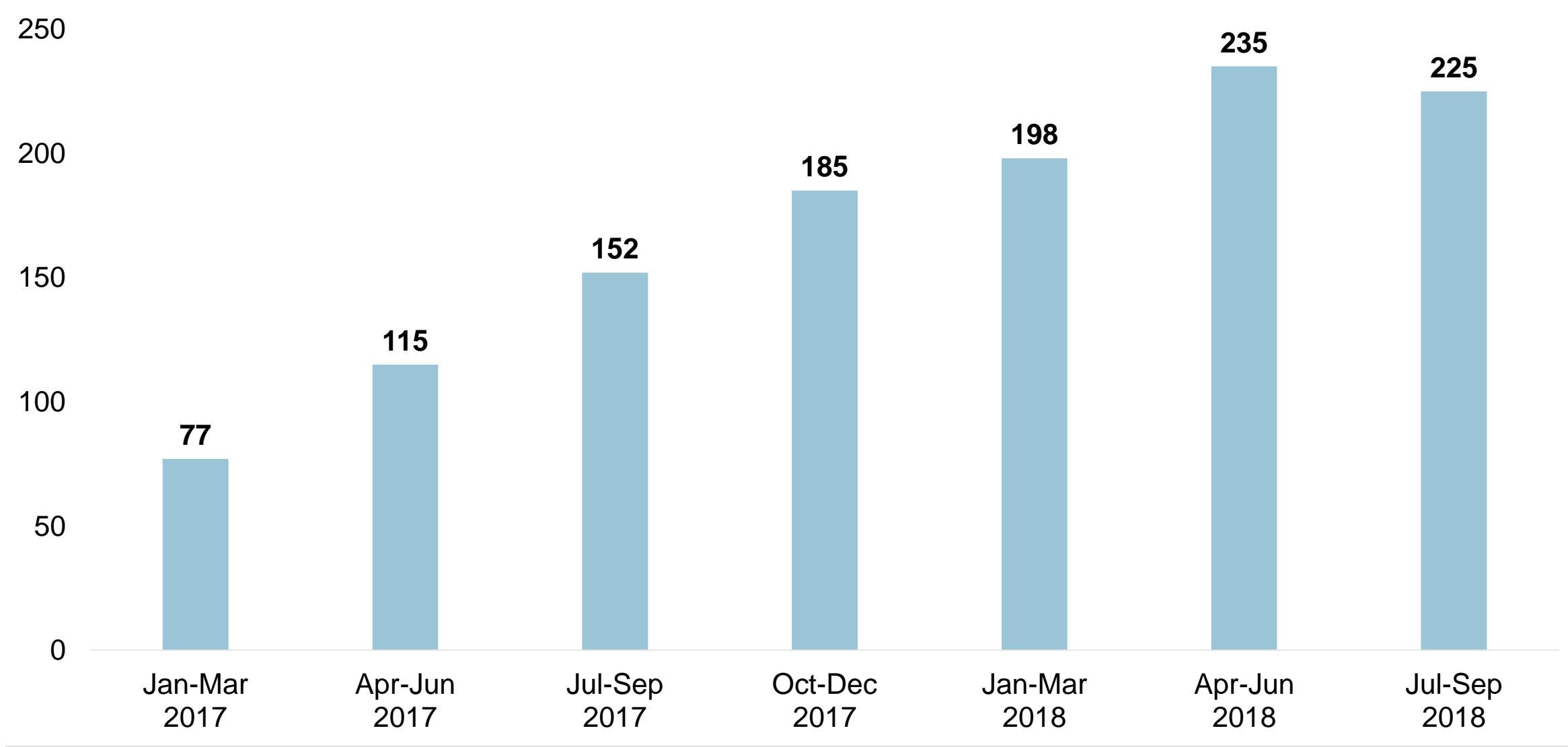
Child Protective Services initiations and decisions should meet State's monthly 95% timeliness standard



Foster child reunification rates for Wake at 16% within 12 months



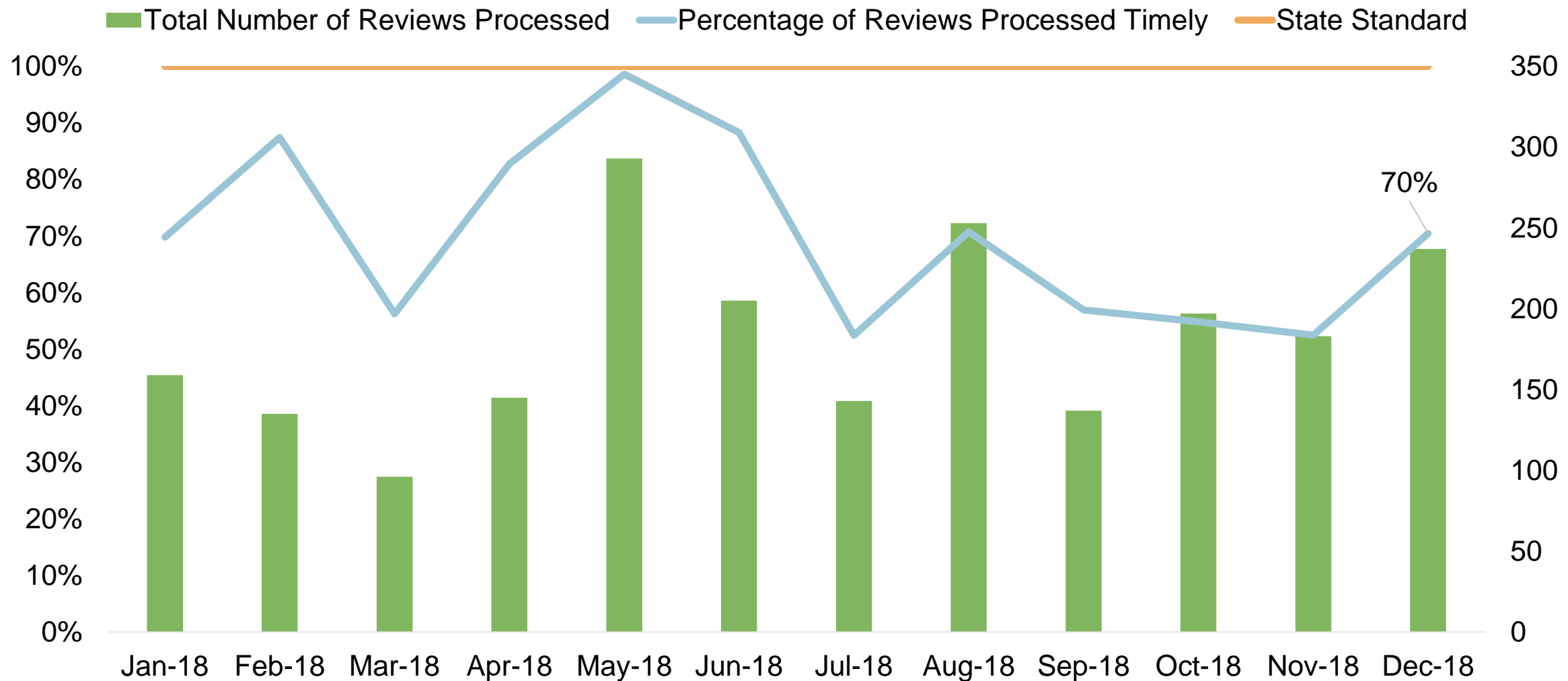
Foster eligible 18-21 year olds have nearly tripled in the past 18 months



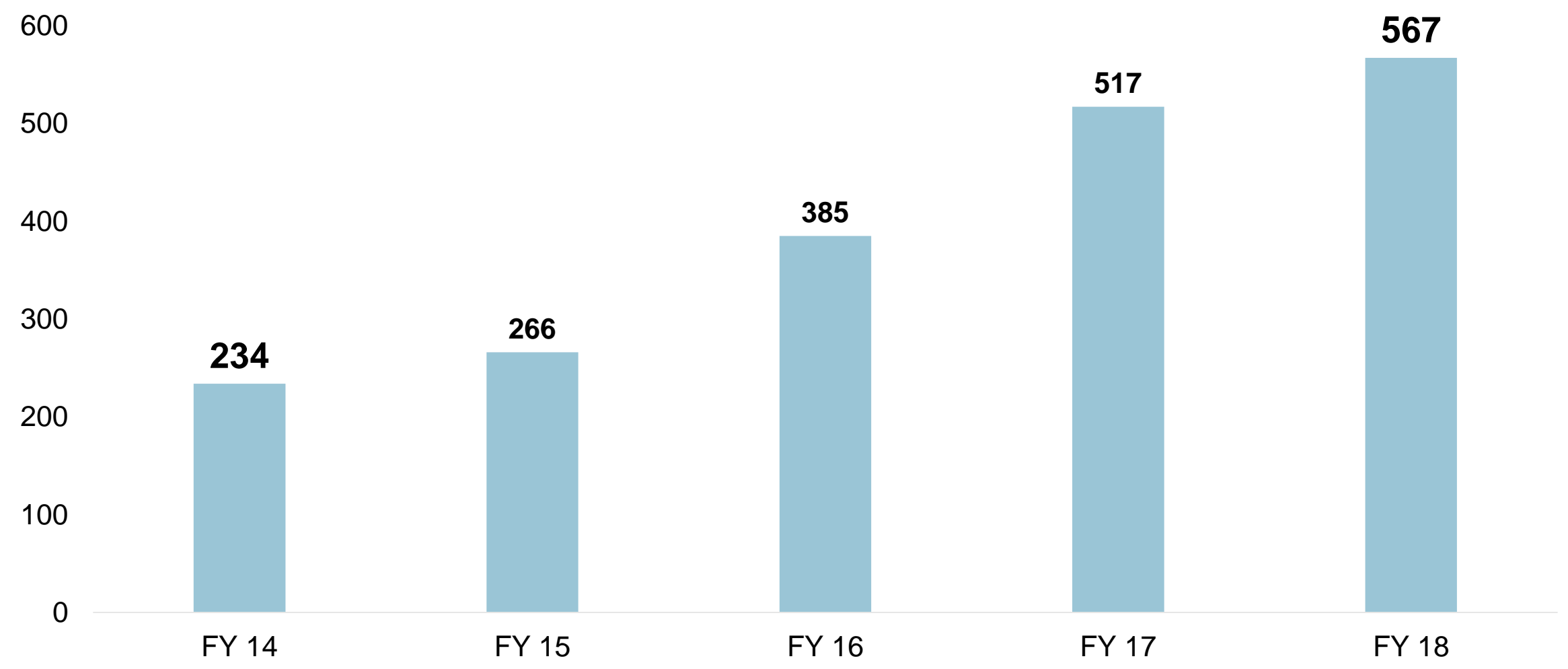
HS Child Welfare Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Reduce caseloads to improve timeliness for a child's safety and achieve a permanent home for ages birth to 21	9.00	121,000	658,000	779,000
Monitor and improve customer service, efficiency and work satisfaction in the child welfare division	3.00	30,000	235,000	265,000
Total	12.00	\$151,000	\$893,000	\$1,044,000
Corresponding Revenues				\$64,000

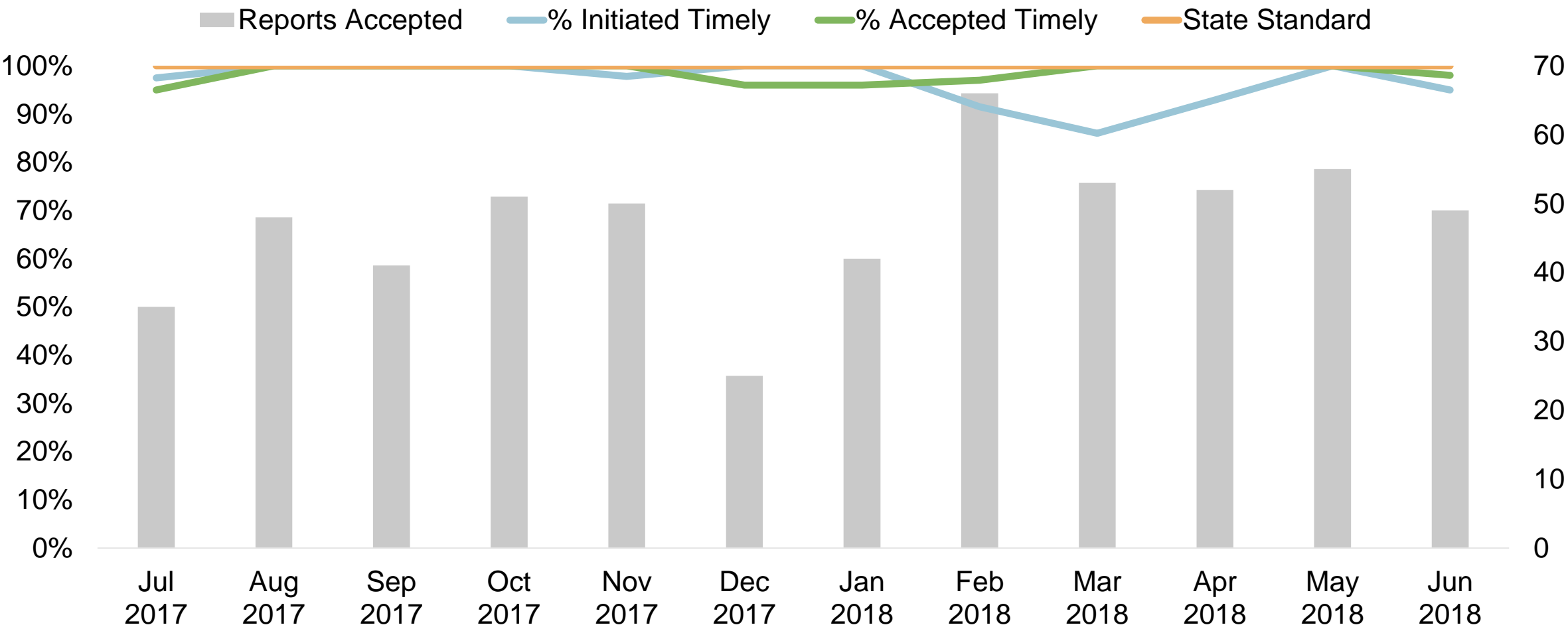
Medicaid Supplemental Security Income reviews below monthly 100% timeliness standard



Adult Protective Services accepted reports have doubled from FY14 to FY18



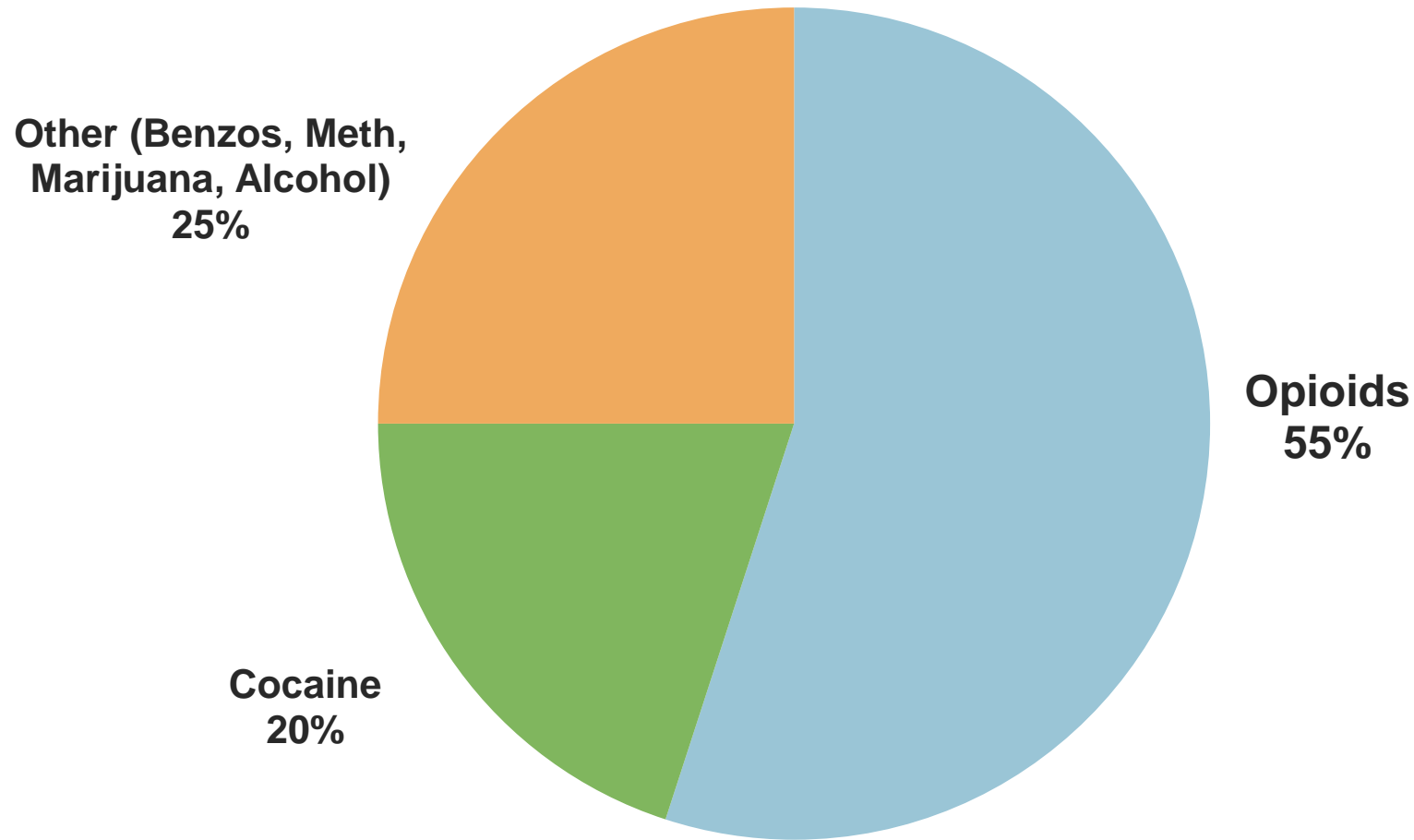
Adult Protective Services targeting State mandated 100% timeliness rate in accepting and evaluating reports



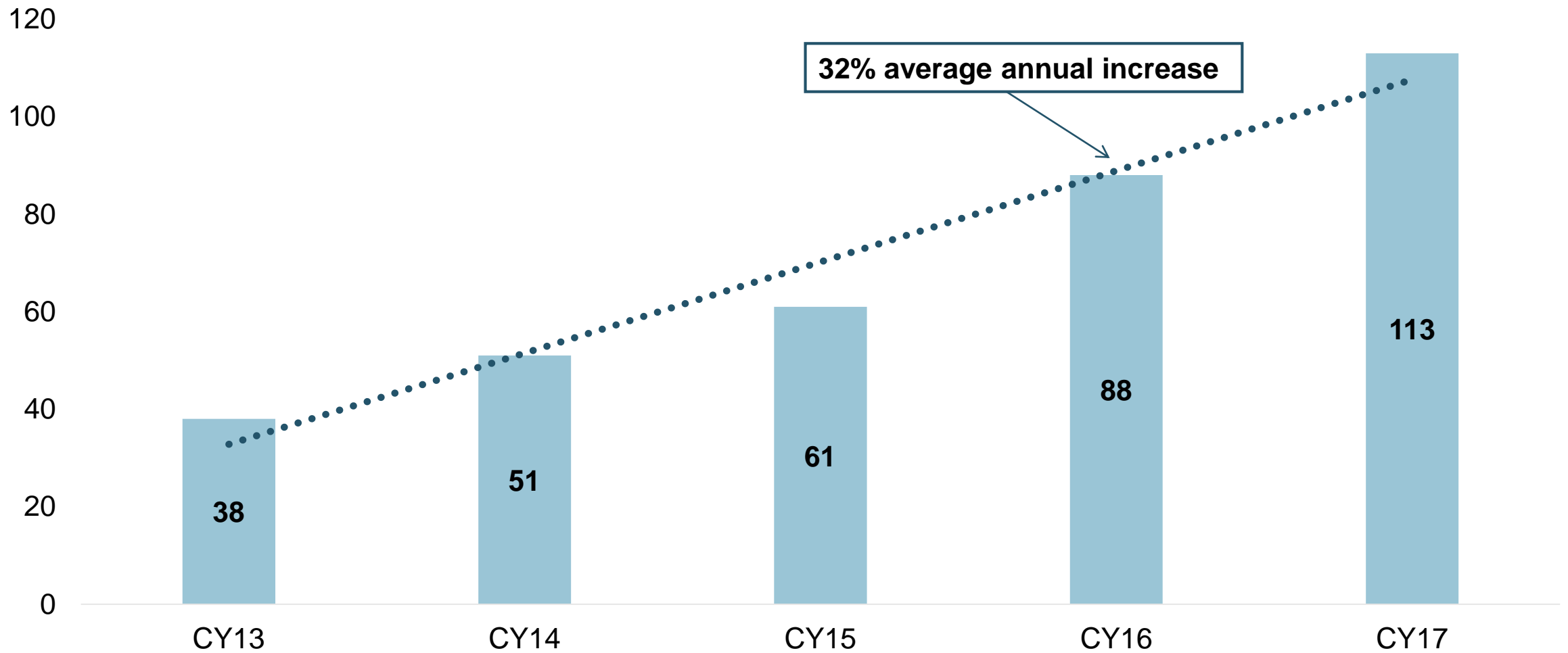
HS Economic Self Sufficiency Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Respond to increasing volume of Medicaid, Adult Protective Services and Food and Nutrition Services applications and reports to maintain timeliness	9.50	-	437,000	437,000
Increase the earning ability of Food and Nutrition clients and promote self-sufficiency through workforce development	1.00	5,000	22,000	27,000
Total	10.50	5,000	\$459,000	\$464,000
Corresponding Revenues				\$233,000

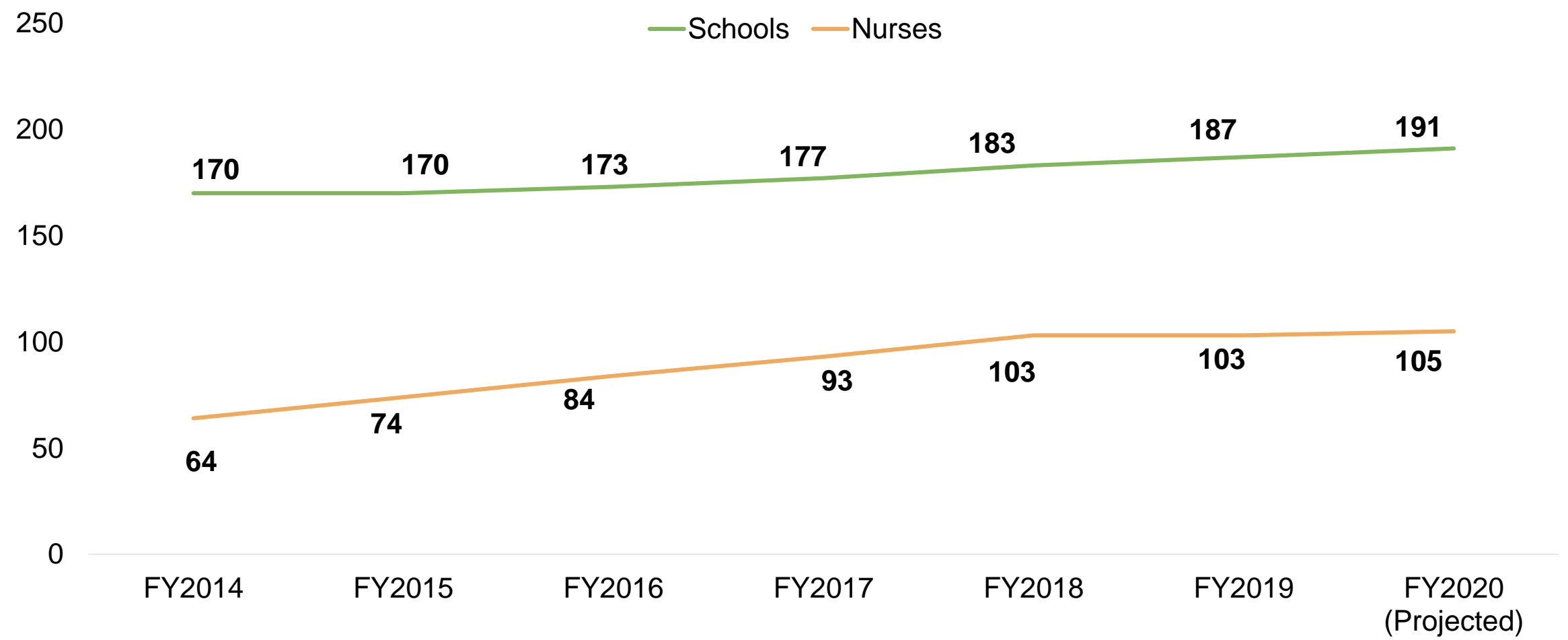
55% of Recovery Court participants are opioid dependent, compared to 30% four years ago



Unintentional opioid deaths in Wake County increased 197% since 2013



County strives to maintain two schools to one nurse ratio as new schools added



HS Public Health Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Increase the health of vulnerable populations in Recovery Court and STD prevention through additional contract funds	-	-	156,000	156,000
Improve the health outcomes of children through school-based nurses and Care Coordination	2.16	7,000	149,000	156,000
Implement action plans for multiple health initiatives	1.00	-	14,000	14,000
Total	3.16	\$7,000	\$319,000	\$326,000
Corresponding Revenues				-

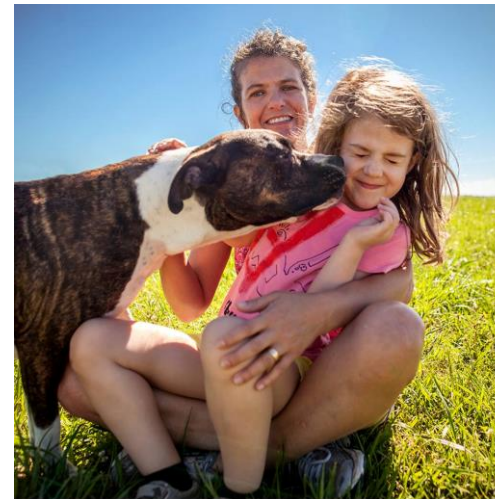
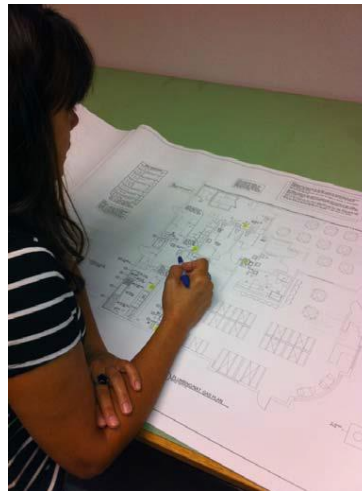
HS Administration & Operations Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Increase access to services for vulnerable populations at Oak City Center through contracting with Catholic Charities	-	-	195,000	195,000
Improve customer service at the growing Western Wake center, as well as augment client assistance department-wide	4.00	4,000	95,000	99,000
Total	4.00	\$4,000	\$290,000	\$294,000
Corresponding Revenues				\$26,000

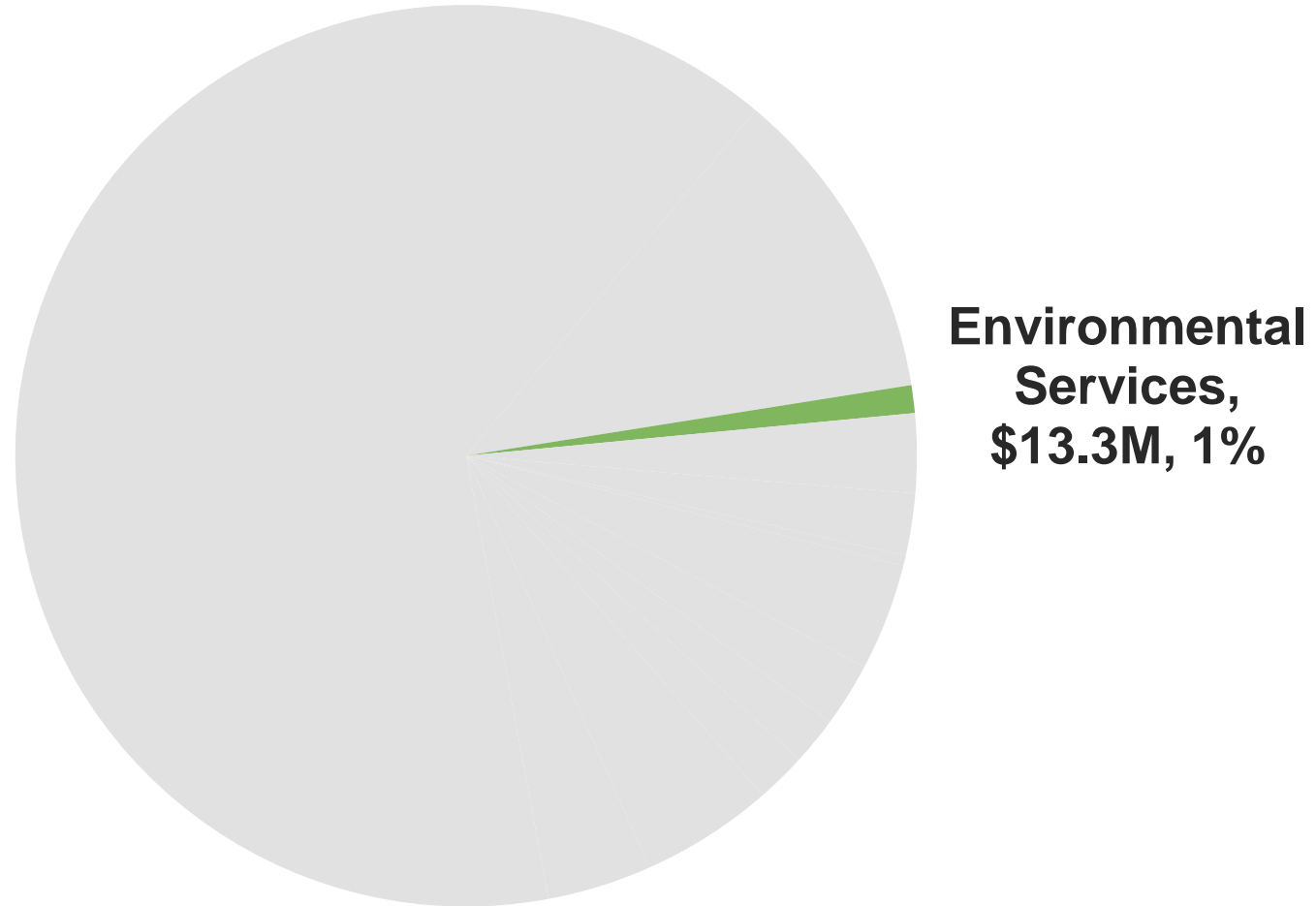
Human Services Requests Under Consideration

Division	FTE	One-time	Ongoing	Total
Child Welfare	12.00	151,000	893,000	1,044,000
Economic Self Sufficiency	10.50	5,000	464,000	469,000
Public Health	3.16	7,000	319,000	326,000
Administration & Operations	4.00	4,000	290,000	294,000
Total	29.66	\$167,000	\$1,966,000	\$2,133,000
Corresponding Revenues				\$423,000

Environmental Services



Environmental Services Expenditures

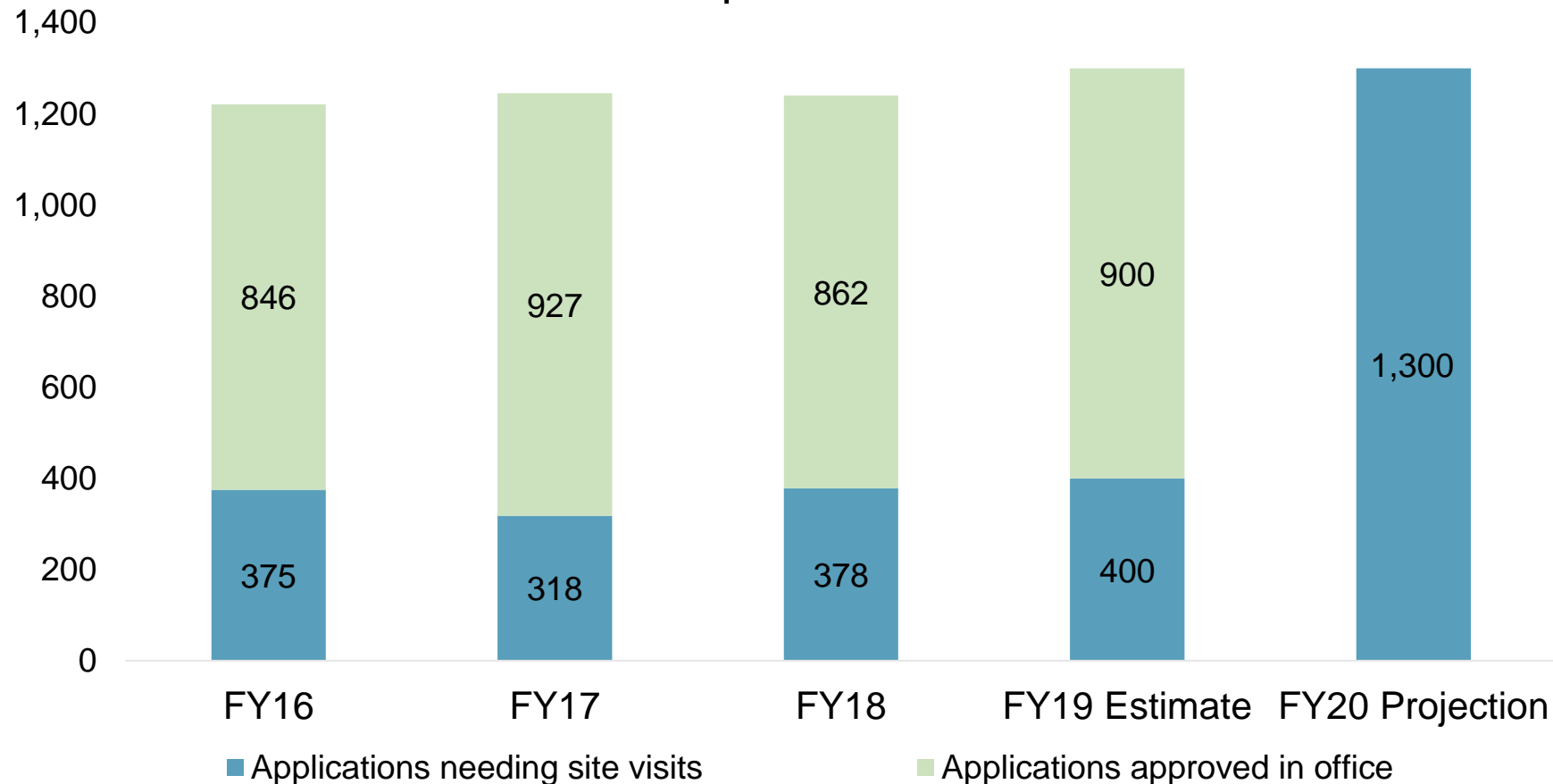


Expansions Requested – Environmental Services

Division	FTE	One-time	Ongoing	Total	% Change from FY 2019 Adopted
Water Quality	5.00	172,000	587,000	759,000	15.57%
Environmental Health & Safety	2.00	27,000	225,000	252,000	6.99%
ES Administration	1.00	24,000	93,000	117,000	11.60%
Animal Services	2.00	-	99,000	99,000	2.63%
Total	10.00	\$223,000	\$1,004,000	\$1,227,000	9.25%
Corresponding Revenues				\$74,000	

Change in State mandate will require 900 additional site inspections

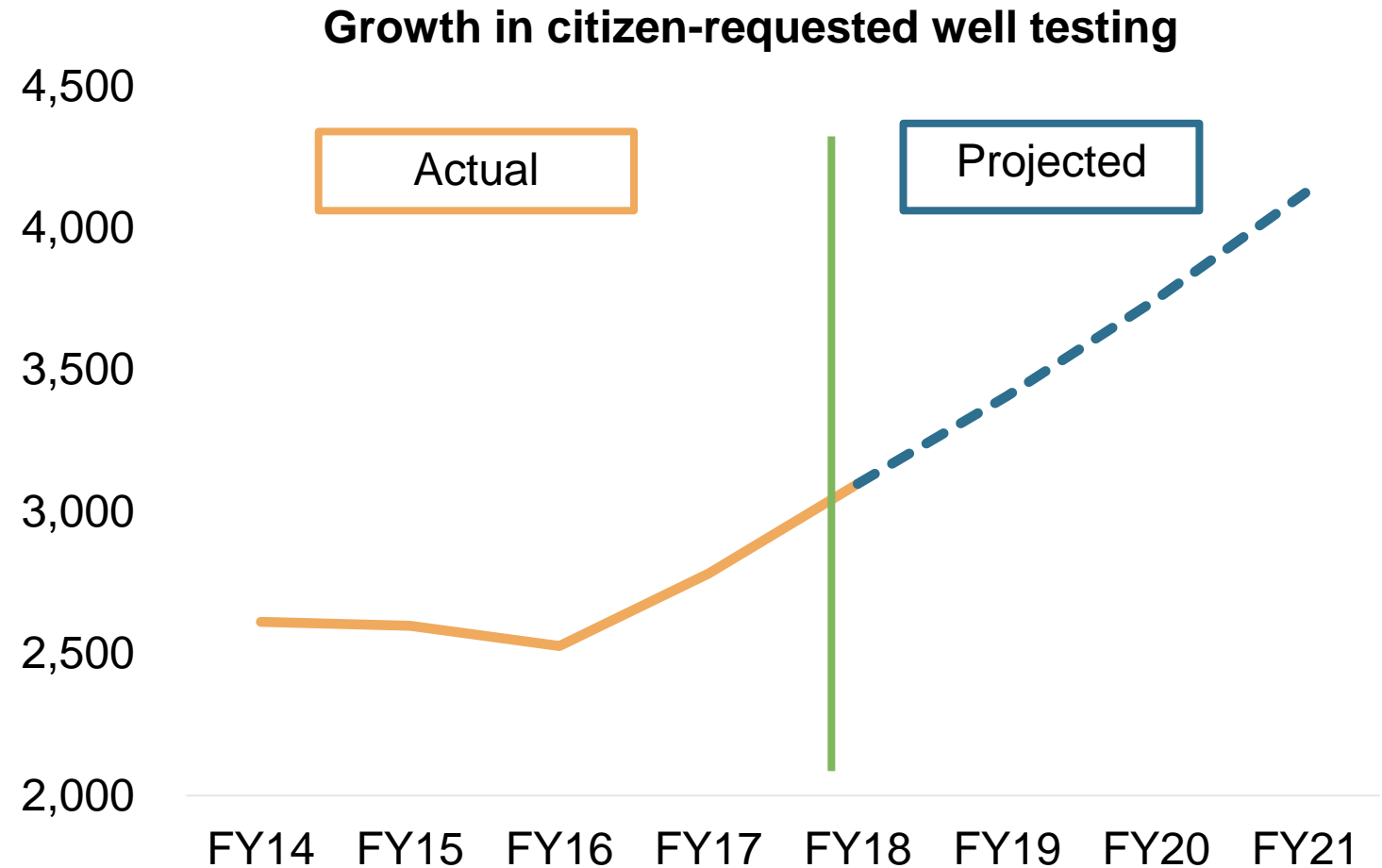
Accessory structure applications for properties with private wells



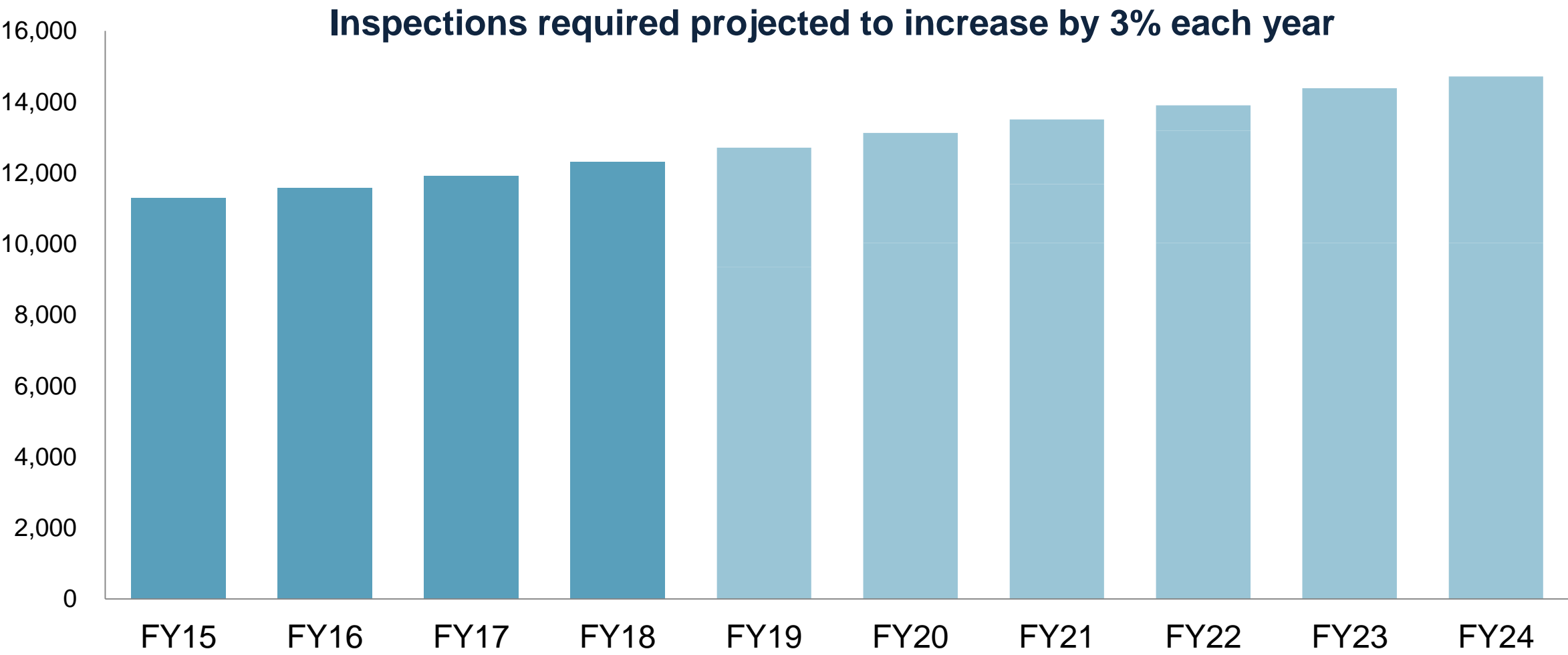
- Effective April 2019, all accessory structure applications on properties with private wells will require a site evaluation
- The change in regulation will significantly increase the time it takes to process each application

Current and projected well testing requests will require additional resources to meet demand

- Additional chemist will maintain turnaround time of 5 days
- Samples currently only collected Monday-Thursday because of time limitations of processing bacteriological samples
- Additional chemist would allow samples to be accepted from public 5 days a week and processed 6 days a week



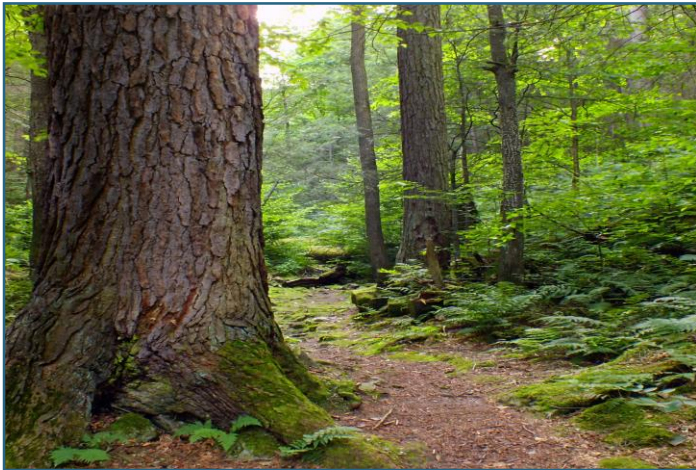
State mandated food, lodging, and institution inspections projected to increase by 400 annually



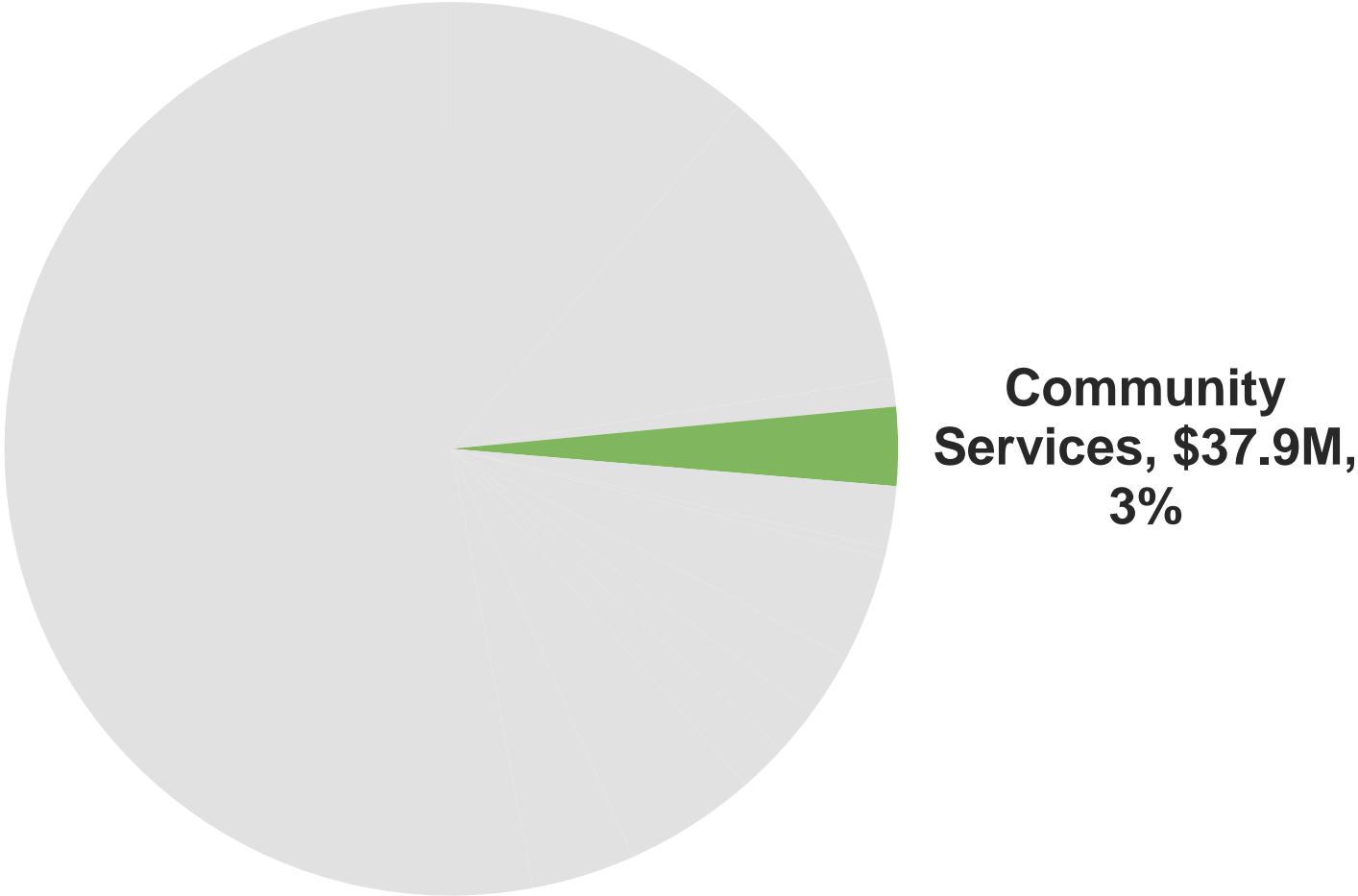
Environmental Services Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Meet water quality inspection requirements under new State mandates	4.00	154,000	410,000	564,000
Increase capacity to conduct groundwater testing of household wells	1.00	18,000	178,000	196,000
Provide enhanced oversight and management of State mandated health inspection programs	1.00	14,000	132,000	146,000
Increase quality assurance of State mandated local health department services	1.00	24,000	93,000	117,000
Ensure Animal Services employee safety while improving animal healthcare and assessment screening times	1.00	-	50,000	50,000
Total	8.00	\$210,000	\$863,000	\$1,073,000
Corresponding Revenues				\$74,000

Community Services



Community Services Expenditures



Expansions Requested – Community Services

Division	FTE	One-time	Ongoing	Total	% Change from FY 2019 Adopted
Libraries	9.50	-	776,000	776,000	2.98%
Parks, Recreation, & Open Space	4.00	86,000	217,000	303,000	9.40%
Planning, Development, & Inspections	2.00	107,000	195,000	302,000	5.54%
GIS	-	-	30,000	30,000	1.44%
Total	15.50	\$193,000	\$1,218,000	\$1,411,000	3.73%
Corresponding Revenues				-	

County opening three new libraries in FY20

- Fuquay Varina, Cary, and Morrisville libraries scheduled to open in FY20
- Funding for Cary and Morrisville libraries are included in the base budget, while funding for Fuquay Varina is included as an expansion



Expanding hours at libraries will provide uniform service level County-wide

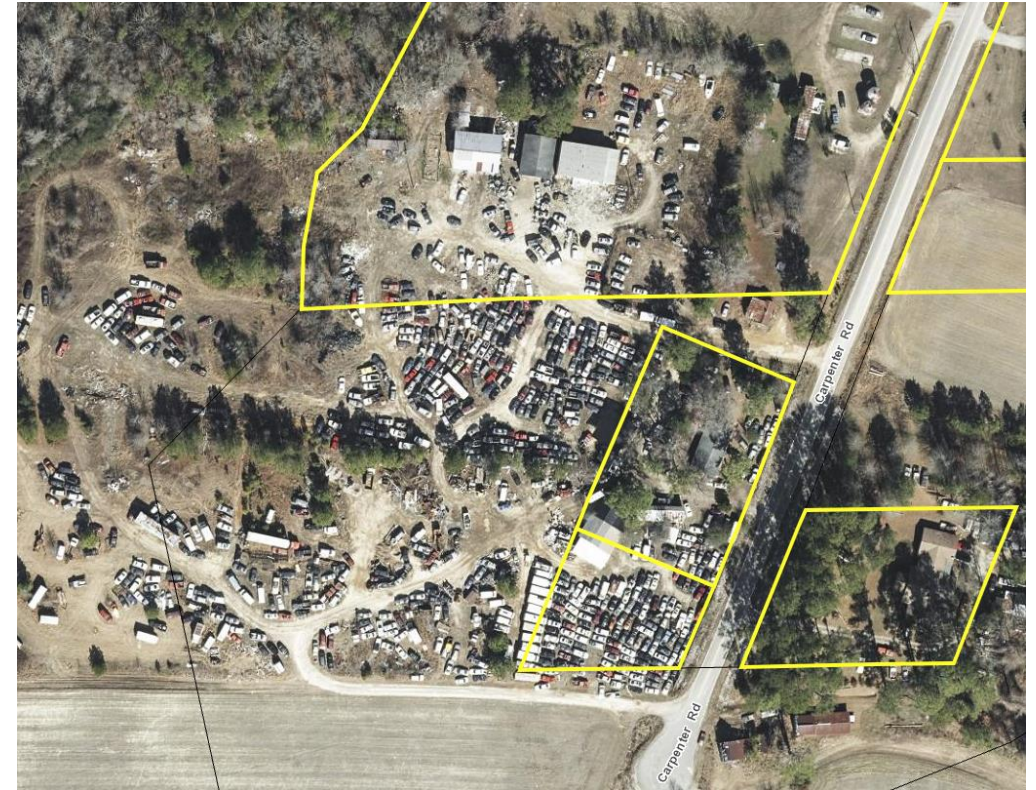
Name	Library Type	Monday-Thursday	Friday-Saturday	Sunday	Proposed Weekly Hours	Current Weekly Hours	# New Weekly Hours
Duraleigh*	Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	60	10
Athens Drive*	Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	60	10
Fuquay-Varina*	Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	60	10
Zebulon*	Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	60	10
Wendell*	Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	60	10
Southgate*	Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	60	10
Cary	Large Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Green Road	Large Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Leesville	Large Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Richard B. Harrison	Large Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Holly Springs	Large Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Middle Creek	Large Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Wake Forest	Large Community	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Cameron Village	Regional	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Eva Perry	Regional	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
North	Regional	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Northeast	Regional	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
West	Regional	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
East	Regional	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Southeast	Regional	9:00-9:00	9:00 - 6:00	1:00-5:00	70	68	2
Totals					1400	1312	88

Red indicates library hour changes associated with the Library Sunday Hours Expansion

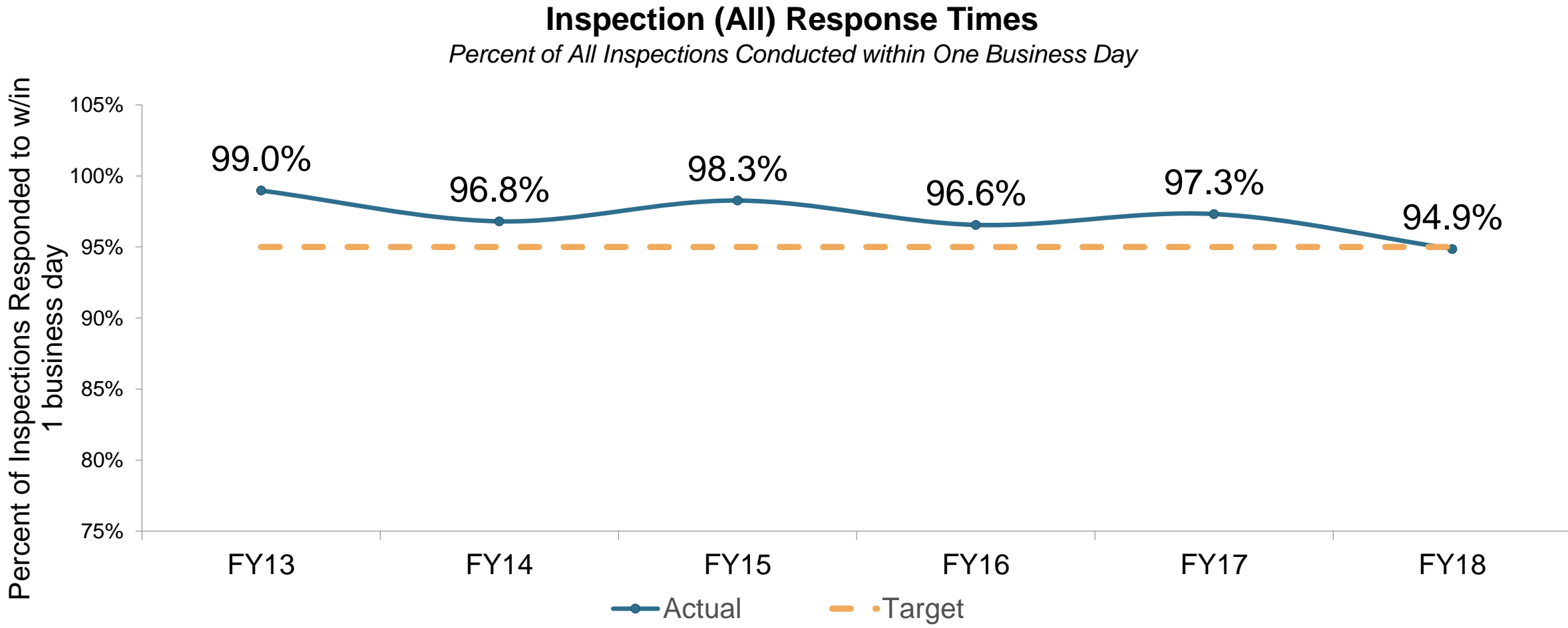
Blue indicates library hour changes not associated with this expansion.

Limited PROS resources leading to illegal and unauthorized use of open space land

- County manages 7,843 acres across 120 open space properties
- Lack of oversight has led to 493 identified illegal/unauthorized uses on open space property



Target response rate for inspections is 95% within one business day



Community Services Requests Under Consideration

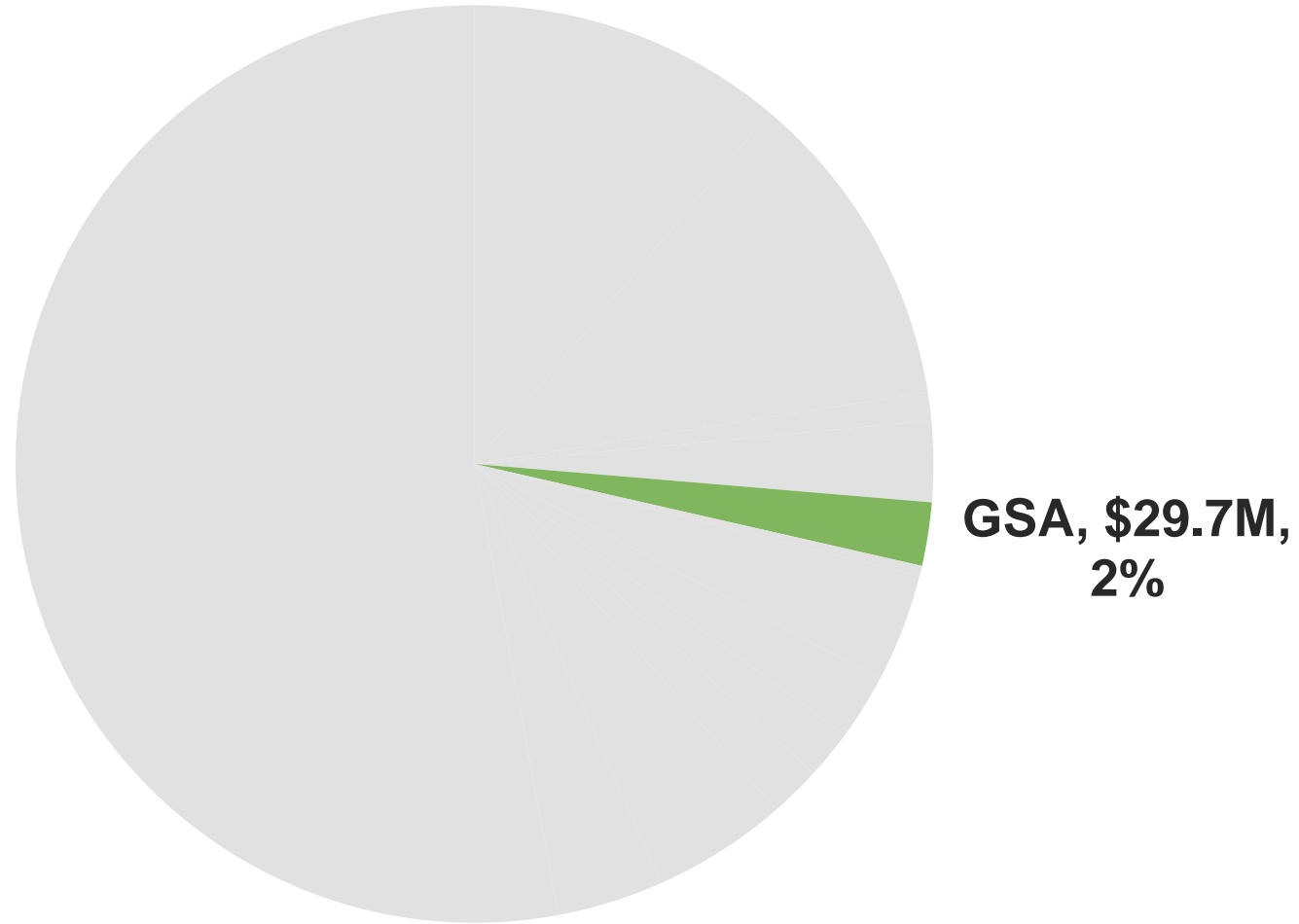
Requests	FTE	One-time	Ongoing	Total
Ensure new libraries opening in FY2020 have adequate staff for operations	4.50	-	466,000	776,000
Expand public access to libraries, including Sunday hours at all facilities	5.00		310,000	310,000
Maintain quality and preservation of 120+ County owned open space properties	4.00	50,000	217,000	267,000
Meet inspection response times and quality expectations for business community and municipal partners	2.00	52,000	195,000	247,000
Census, Next Generation Farming pilot year two, and GIS licenses	-	91,000	30,000	121,000
Total	15.50	\$193,000	\$1,218,000	\$1,411,000
Corresponding Revenues				-

General Services



Ready | **ALERTS**
WAKE!

General Services Expenditures



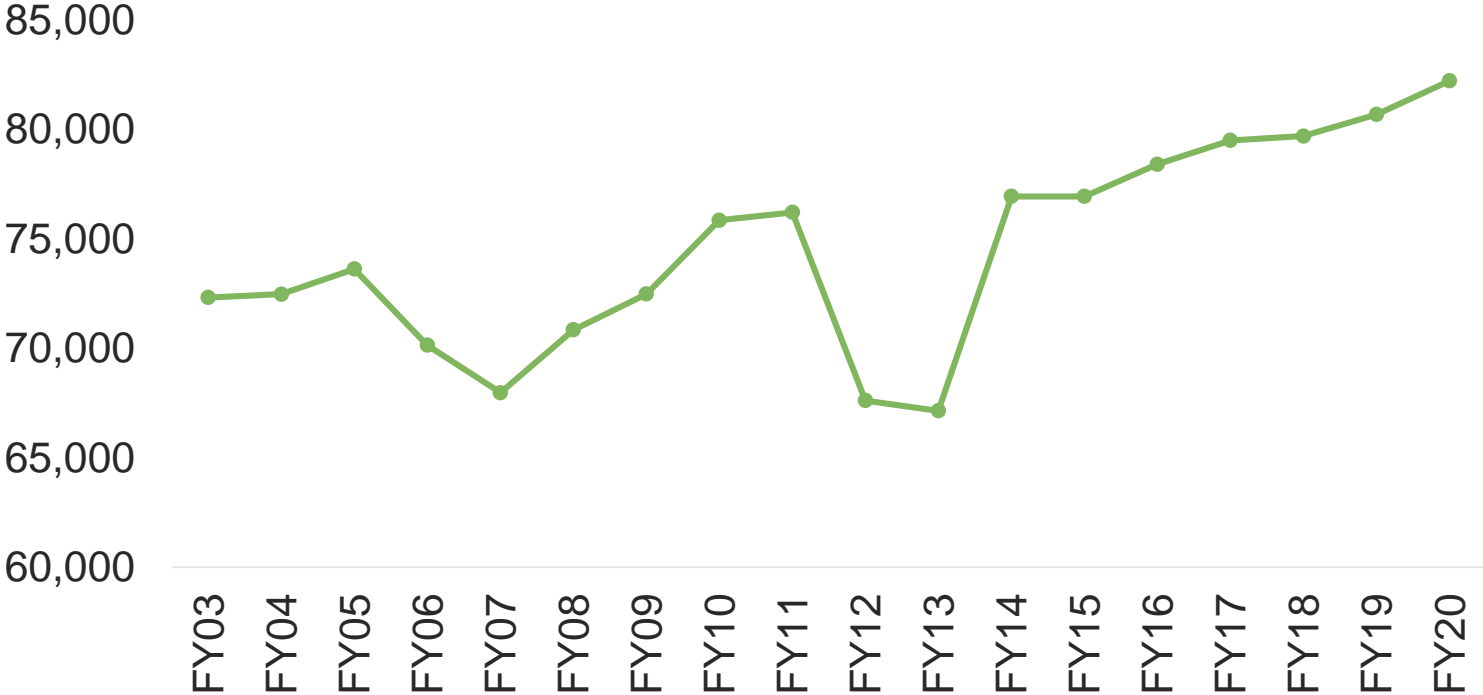
Expansions Requested – GSA

Division	FTE	One-time	Ongoing	Total	% Change from FY 2019 Adopted
Physical Plant	5.00	176,000	419,000	595,000	6.83%
Facility and Field Services	3.00	149,000	379,000	528,000	6.86%
Utilities	-	-	387,000	387,000	6.61%
Safety and Security	-	-	118,000	118,000	3.31%
GSA Administration	-	-	9,000	9,000	0.31%
Total	8.00	\$325,000	\$1,312,000	\$1,637,000	5.51%
Corresponding Revenues				-	

GSA staff needed to maintain increased, complex, and 24-hour facility inventory

- Reduce Work Order Backlog
- Reduce Overtime
- Manage Facility Inventory Efficiently
- Maintain Response Times on First and Night Shifts

Square footage per Maintenance FTE



Total Square Feet (In Millions)																		
FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	
3.18	3.19	3.24	3.44	3.47	3.61	3.70	3.79	3.81	3.85	4.26	4.77	4.77	4.78	4.85	4.86	4.92	5.02	

GSA resources needed to complete new mandated environmental inspections

- GSA is responsible for monitoring and inspecting stormwater control measure devices (SCM) and Underground Storage Tanks (UST) per State requirements
- 50 SCM Devices, 9 UST Devices

Device	Inspection Type	Previous Requirement	New Requirement (2017)	New Inspections
SCM	Annual	X		
SCM	Monthly		X	600
SCM	Post-Event Rainfall exceeding 1"		X	200
UST	Annual	X		
UST	Monthly		X	108

Community Services Center SCM



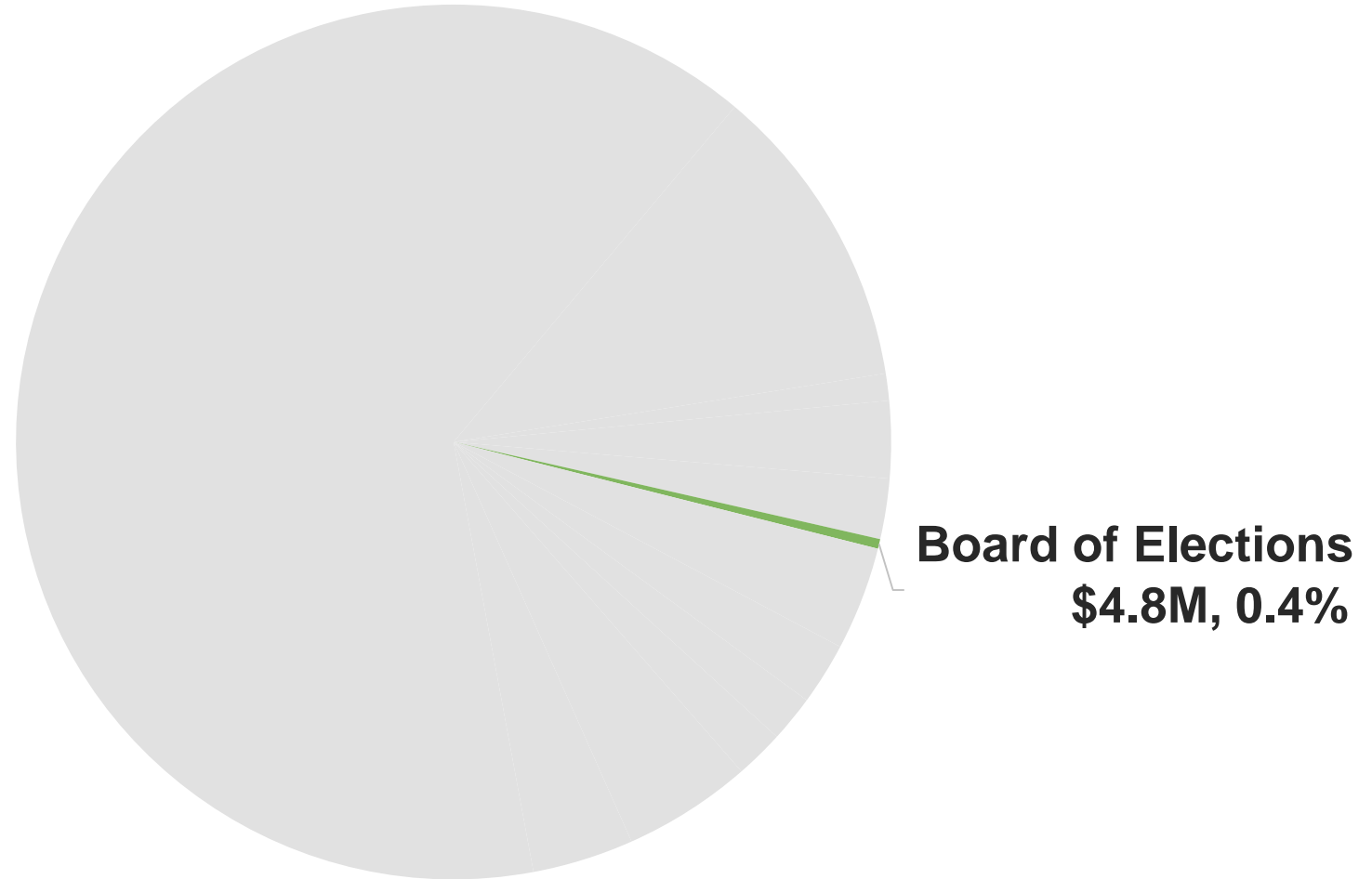
General Services Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Meet maintenance demands of additional and increasingly complex building inventory and State stormwater inspection requirements	8.00	325,000	578,000	903,000
Respond to increased cost of doing business - utility rate and labor market increases	-	-	342,000	342,000
Fund security, maintenance, and utility costs at new libraries and public safety facilities	-	-	262,000	262,000
Implement Board of Commissioners work session video streaming	-	-	15,000	15,000
Total	8.00	\$325,000	\$1,196,000	\$1,522,000
Corresponding Revenues				-

Board of Elections



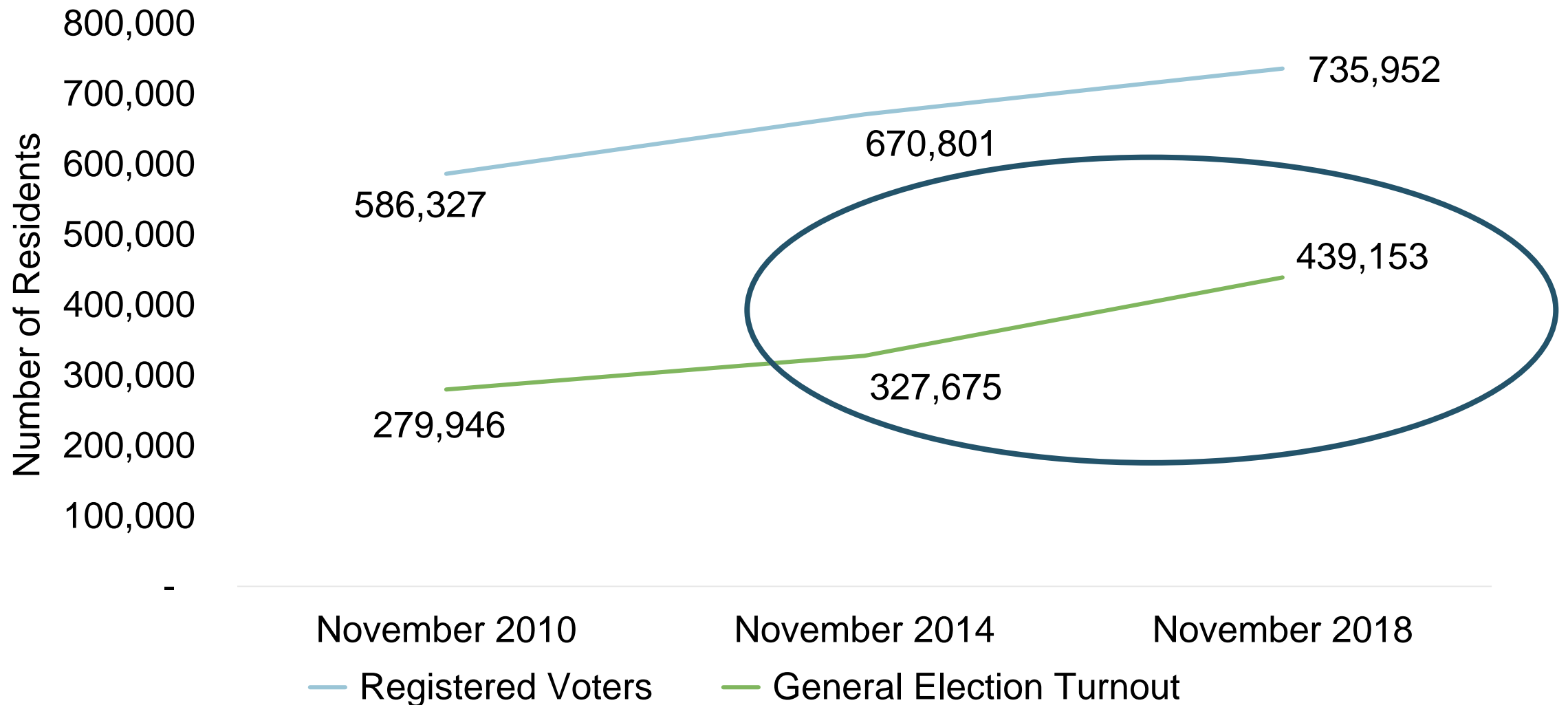
Board of Elections Expenditures



Expansions Requested – Board of Elections

Division	FTE	One-time	Ongoing	Total	% Change from FY 2019 Adopted
Board of Elections	9.00	3,287,000	814,000	4,101,000	86.12%
Corresponding Revenues				\$1,787,000	

Board of Elections saw a 34% volume increase in election turnout over past 4 years



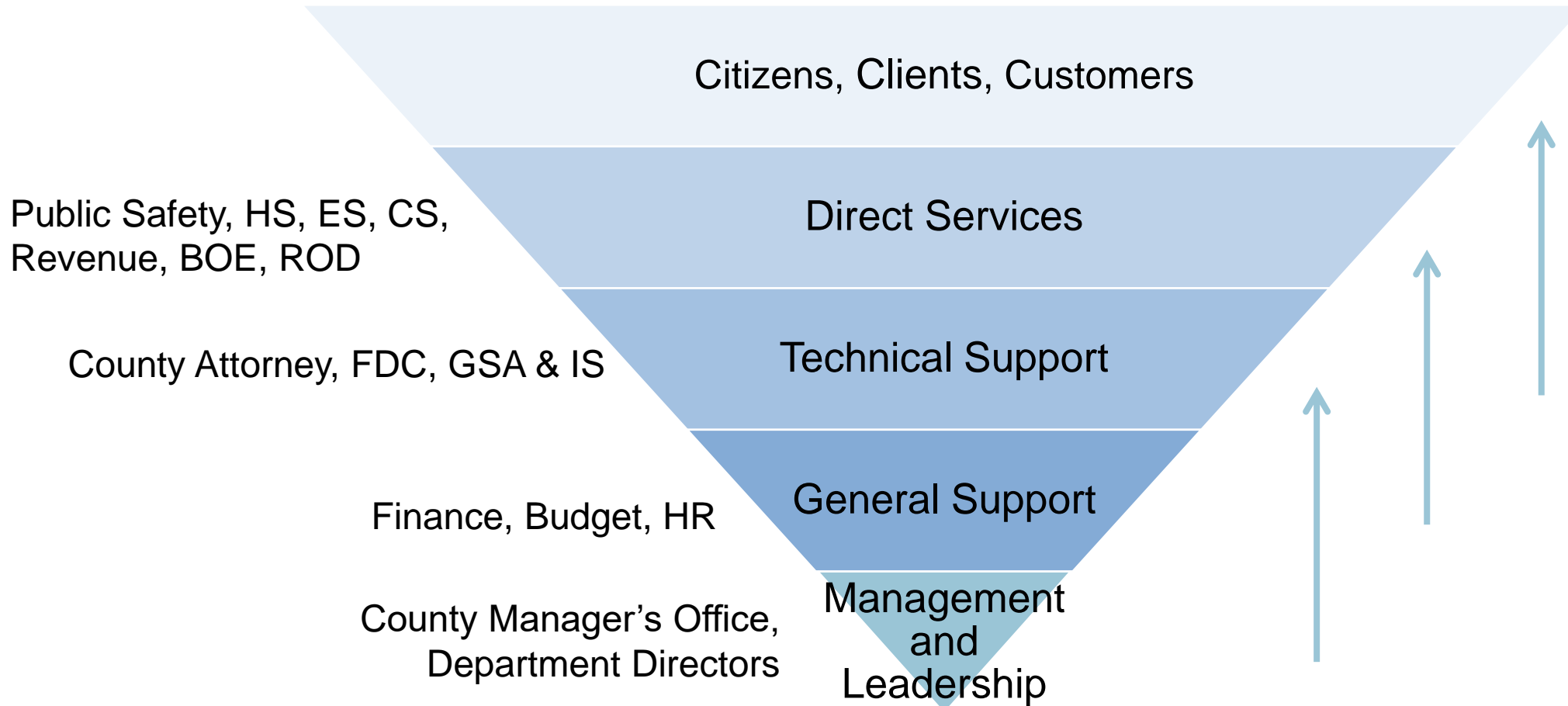
State legislative changes have increased Board of Elections workload

- Recent changes to N.C.G.S. 163A:
 - Mandate that County Board of Elections issue voter photo ID cards upon request to registered voters
 - Change absentee ballot process to include requirement for photocopy of ID
 - Introduce new early voting requirements
 - 7 am – 7 pm weekday early voting hours
 - Standardized early voting schedule across locations
- Reorganization of County Board of Elections added 4th board member in FY18 and 5th board member in FY19

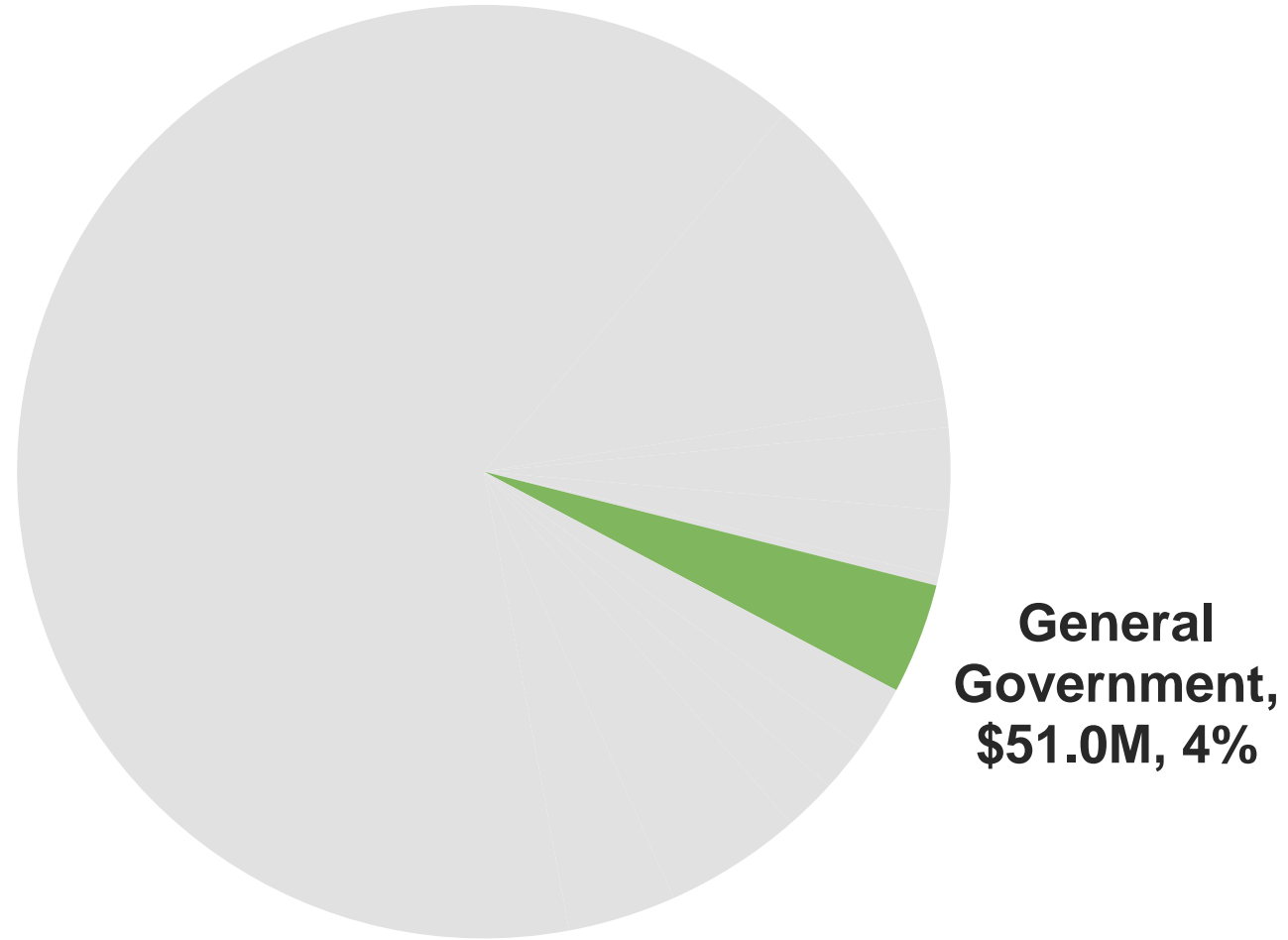
Board of Elections Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Ensure operating resources for the fall municipal and March presidential primary elections	-	3,233,000	-	3,233,000
Support new absentee ballot legislation, early voting hour changes, and polling equipment maintenance improvements	6.00	24,000	638,000	662,000
Implement new State mandate requiring BOEs to issue voter-requested photo IDs	3.00	30,000	176,000	206,000
Total	9.00	\$3,287,000	\$814,000	\$4,101,000
Corresponding Revenues (municipal election reimbursements)		\$1,787,000	-	\$1,787,000

General Government Service Delivery Pyramid



General Government Expenditures



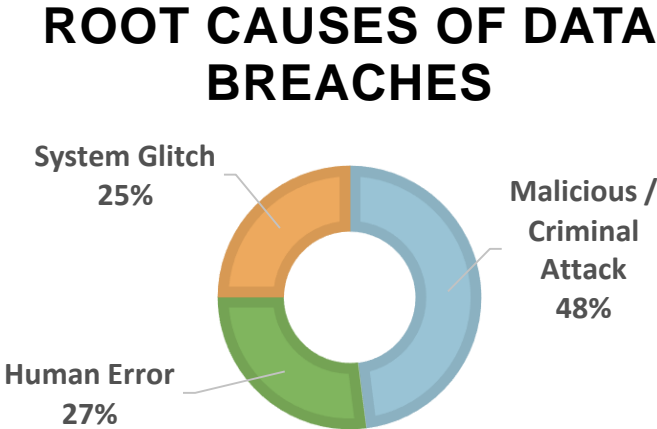
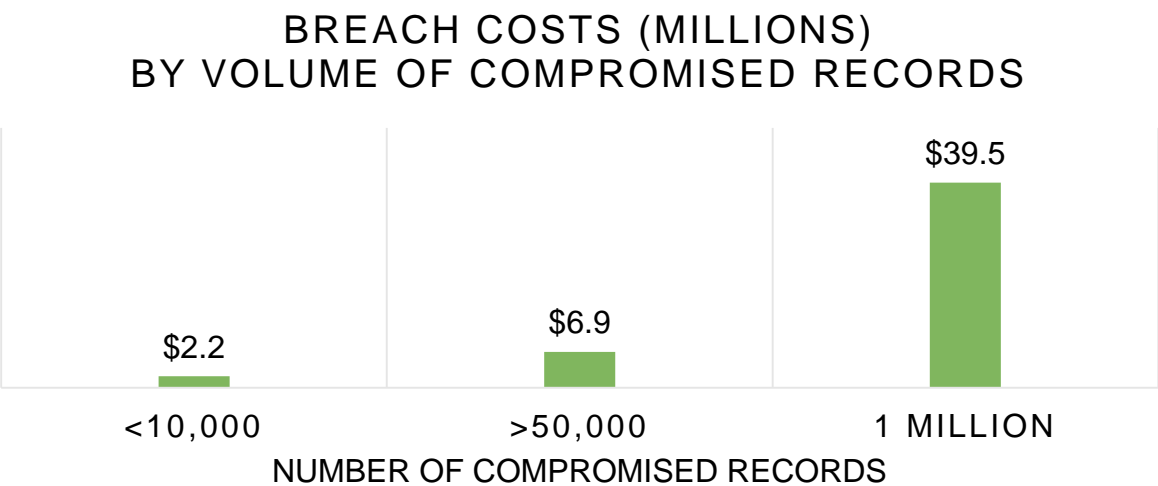
Expansions Requested – General Government

Department	FTE	One-time	Ongoing	Total	% Change from FY 2019 Adopted
Information Services	7.00	103,000	2,440,000	2,543,000	14.26%
Human Resources	13.00	162,000	1,269,000	1,431,000	44.43%
Revenue	3.00	7,000	636,000	643,000	6.28%
Facilities, Design & Construction	3.00	25,000	398,000	423,000	25.39%
County Manager	1.00	2,000	109,000	111,000	5.62%
Budget & Management Services	1.00	5,000	105,000	110,000	10.62%
Board of Commissioners	-	-	50,000	50,000	8.06%
County Attorney	-	-	43,000	43,000	1.46%
Communications Office	-	-	11,000	11,000	1.03%
Quasi-Governmental	-	-	6,000	6,000	0.76%
Total	28.00	\$304,000	\$5,067,000	\$5,371,000	12.98%
Corresponding Revenues				-	

Information Services



Information security challenges



31,465
Average Number of Records
Compromised per Data Breach (US)

Average Cost per Compromised Record	\$148
Incident Response Team	-\$14
Extensive use of Encryption	-\$13.1
Employee Training	-\$9.3
Artificial Intelligence Security Platform	-\$8.2
Use of Security Analytics	-\$6.9
CISO Appointed	-\$6.5
Data Classification Schema	-\$5.1
Estimated cost based on security controls	\$84.9

*Based on 2018 Cost of a Data Breach Study by Ponemon Institute LLC

Information Services seeks to implement methods to increase resiliency and modernize processes

Why is this outcome important?

Customer Satisfaction

Improved Staff Performance

Ready to Evolve

Modern User Interfaces and Experiences

Integration Ready by Default

Foundation to Support Modern Technologies

Measures of Success



Easy Integrations

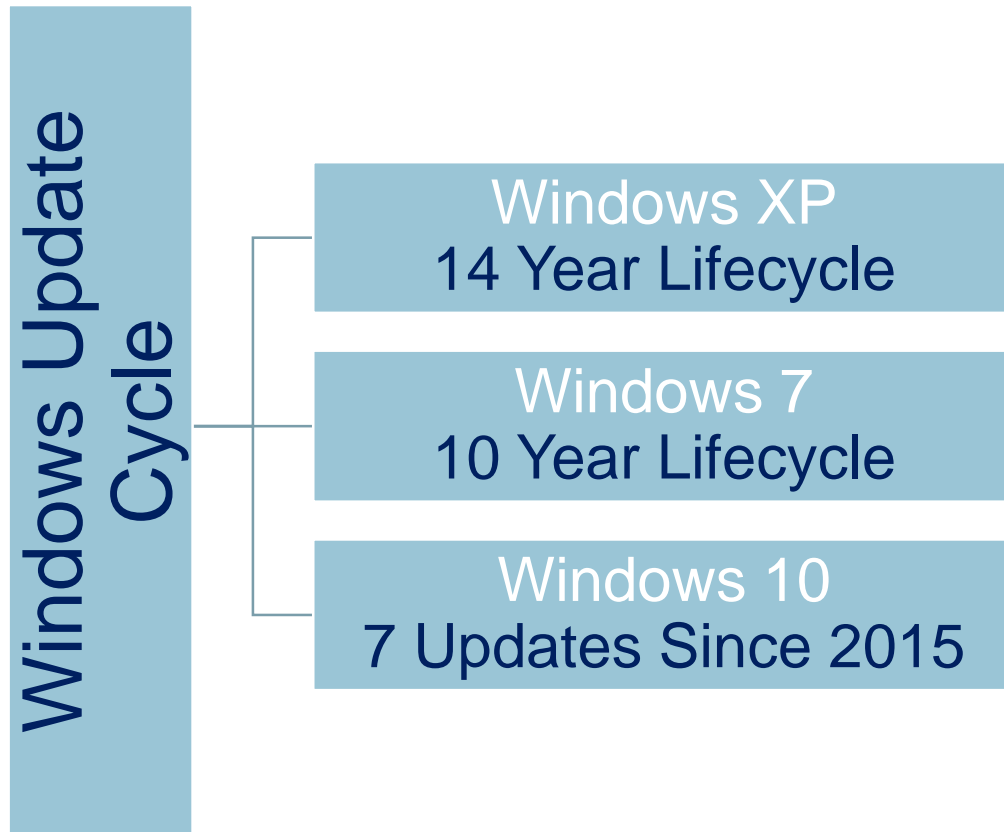
- Unified Communications (voicemail ↔ email)
- The WIRE (O365 profiles)



Resiliency

- Network Redundancy (Fiber Ring)
- Recoverability (AWS)

Largest challenge is the rate of change for enterprise systems



Office 365

- Updates, fixes, and changes
 - 44 during month of October
- New product and application releases

Cloud Services

- Security/Compliance
- Managing Cloud Spend
- Control
- Performance
- Managing Multiple Clouds

Information Services Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Improve IT infrastructure and security to protect County data assets	2.00	7,000	1,112,000	1,119,000
Technology/ Automation CIP commitments	-	36,000	827,000	863,000
Ensure expert support for critical new and expanded systems (i.e. permitting system, document management)	2.00	7,000	230,000	237,000
Keep pace with growth in internal service demands.	2.00	50,000	166,000	216,000
Technology/ Automation CIP staffing	1.00	3,000	105,000	108,000
Total	7.00	\$103,000	\$2,440,000	\$2,543,000
Corresponding Revenues				-

Revenue Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Increased cost from NCDMV for notice and collection of property tax assessments for vehicles	-	-	450,000	450,000
Support 4-year reappraisal cycle	3.00	7,000	186,000	193,000
Total	3.00	\$7,000	\$636,000	\$643,000
Corresponding Revenues				-

- Revaluation planned for 2020, switching the county from an 8-year to a 4-year revaluation cycle
 - Revaluation plan calls for adding 2 real estate residential appraisers and 1 revenue agent in FY20 to help manage shorter revaluation cycle
- State has increased the Tax and Tag DMV fees passed on to local governments

Facilities, Design, & Construction Requests Under Consideration

Request	FTE	One-time	Ongoing	Total
Meet increased workload and project complexity, driven by current and planned CIP projects	3.00	25,000	398,000	423,000
Total	3.00	\$25,000	\$398,000	\$423,000
Corresponding Revenues				-

- Current workload of real estate and project management staff exceeds industry standards
- FD&C staff lead large County capital projects including PGROS Bond, Human Services Master Plan, and monitoring of WCPSS capital plans

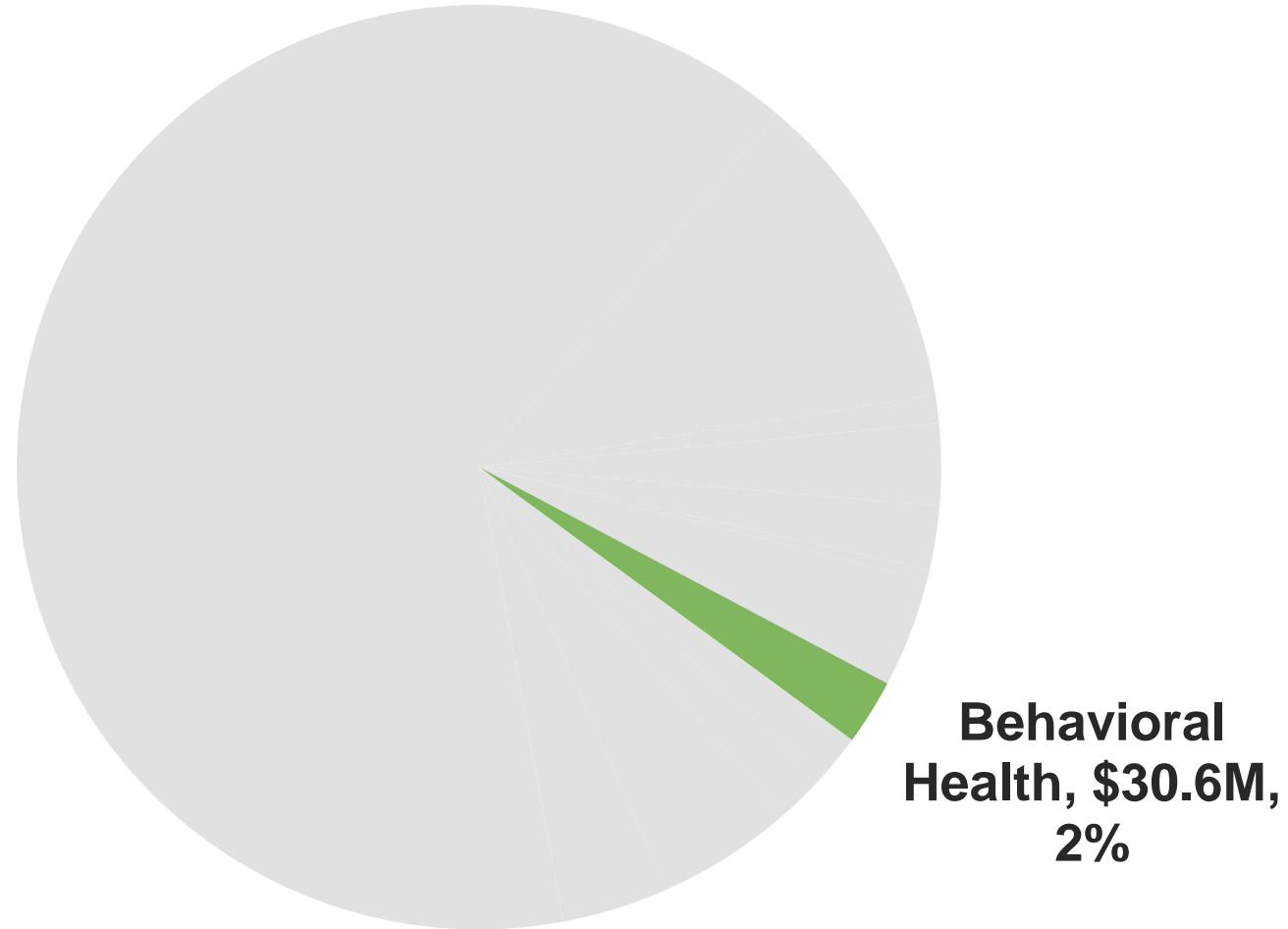
Remaining General Government Requests Under Consideration

Requests	FTE	One-time	Ongoing	Total
Human Resources – Continue to effectively and efficiently manage employee benefits, compensation, and critical HR systems	3.00	22,000	327,000	349,000
County Manager’s Office - Communication Manager to help the Board of Commissioners with speechwriting and social media	1.00	2,000	109,000	111,000
Budget and Management Services - Respond to growth in size and complexity of Wake County budget and coordination and decision making activities	1.00	5,000	105,000	110,000
Board of Commissioners operations	-	-	50,000	50,000
County Attorney – Resources for increased public records requests, real estate and outside legal services	-	-	43,000	43,000
Communications – Implement technologies to enhance project and digital media asset management	-	-	11,000	11,000
Soil & Water Conservation District operations	-	-	6,000	6,000
Total	5.00	\$29,000	\$651,000	\$680,000
Corresponding Revenues				-

General Government Requests Under Consideration

Department	FTE	One-time	Ongoing	Total
Information Services	7.00	104,000	2,440,000	2,544,000
Revenue	3.00	7,000	636,000	643,000
Facilities, Design, and Construction	3.00	25,000	398,000	423,000
Human Resources	3.00	22,000	327,000	349,000
County Manager	1.00	2,000	109,000	111,000
Budget & Management Services	1.00	5,000	105,000	110,000
Board of Commissioners	-	-	50,000	50,000
County Attorney	-	-	43,000	43,000
Communications Office	-	-	11,000	11,000
Quasi-Governmental	-	-	6,000	6,000
Total	18.00	165,000	4,125,000	4,290,000
Corresponding Revenues				

Behavioral Health Expenditures



Behavioral Health Requests Under Consideration

	One-time	Ongoing	Total
Behavioral health pilot programs to expand access	2,125,000	-	2,125,000
Behavioral health treatment	140,000	250,000	390,000
Behavioral health administration with Alliance	250,000	28,000	278,000
Total	\$2,515,000	\$278,000	\$2,793,000
Corresponding Revenues			\$2,793,000

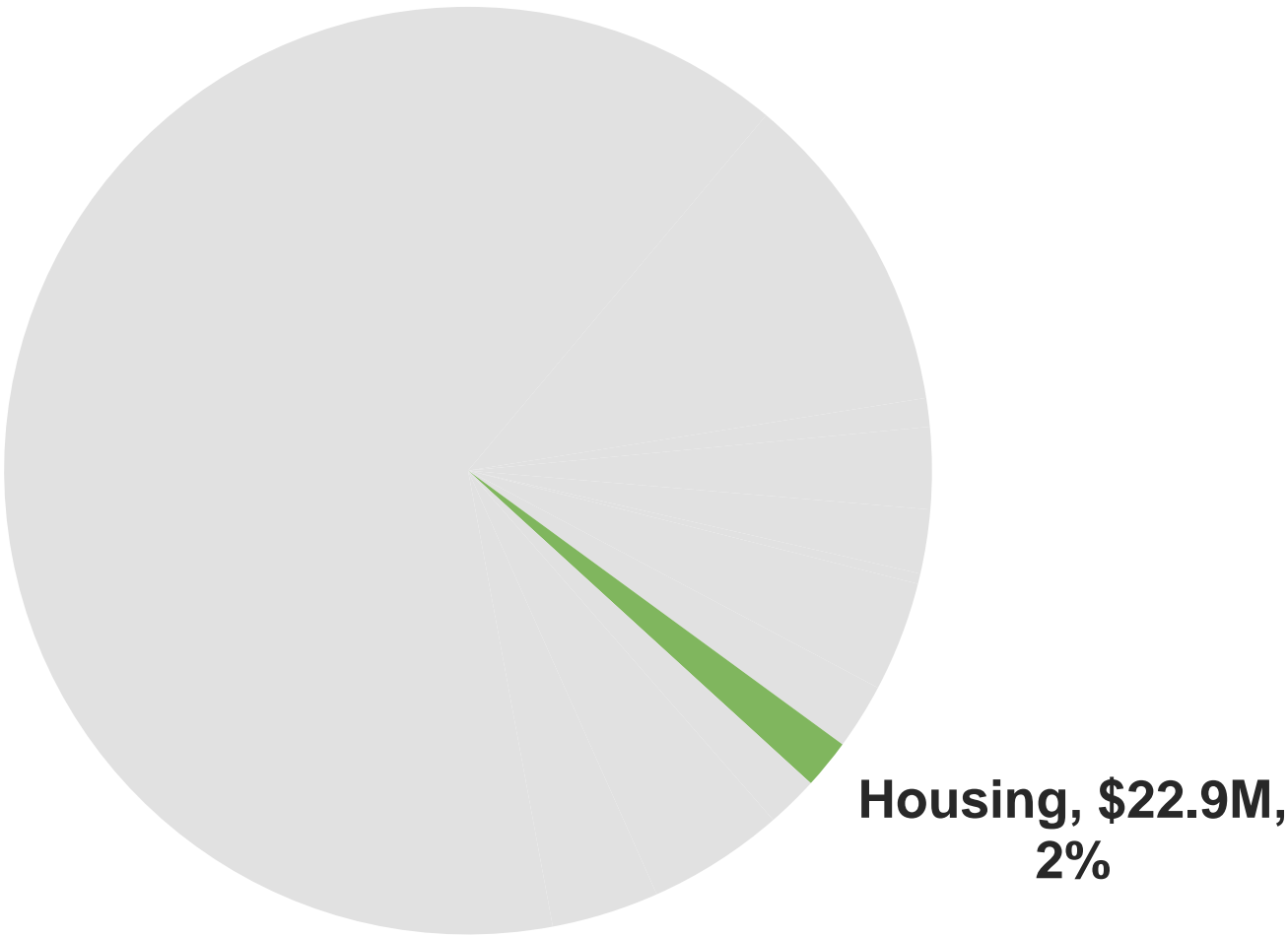
Plan to use \$2.8 million of fund balance to maintain and start new projects for Behavioral Health

- Healing Transitions – 22% increase in unduplicated individuals with substance use disorders and homelessness
- Consultant Contracts - implementation of the Behavioral Health Plan
- Behavioral Health Urgent Care – enhancement of existing Open Access Program to provide triage, referral, and initial treatment to avoid crisis facilities
- Flex Funds - funding for services and individuals not covered under other programs
- Oak City Cares Behavioral Health - onsite professional and telemedicine services
- Mobile Crisis for First Responders – crisis management, de-escalation, and mental health first aid to reduce transport to facility
- Oak City Cares Behavioral Health - onsite professional and telemedicine services
- Independent Living – stabilization of Familiar Faces leaving institutions through 8 efficiency units and 3-5 month stays
- School-based Mental Health – enhancement of existing care coordinators to focus on pre-K, K, and intellectually/developmentally disabled children, family engagement
- Administrative Support - management and monitoring of the new County allocations

Fund balance is the revenue source for Behavioral Health requests

Requested Projects	Planned and Requested Use of Fund Balance	Remaining Fund Balance
FY19 Beginning Fund Balance		\$14,869,835
FY19 Adopted Budget Expansions	(\$3,517,140)	\$11,352,695
Project Uses		
Permanent Supportive Housing	(\$8,000,000)	\$3,352,695
FY20 Budget Expansions		
FY20 Budget Request	(\$2,792,600)	\$560,095

Housing Expenditures



Housing to use \$15 million to maintain and start new projects

Rental Production and Preservation

- Capital for housing units

Home Rehabilitation and Ownership Services

- Preservation Warning System

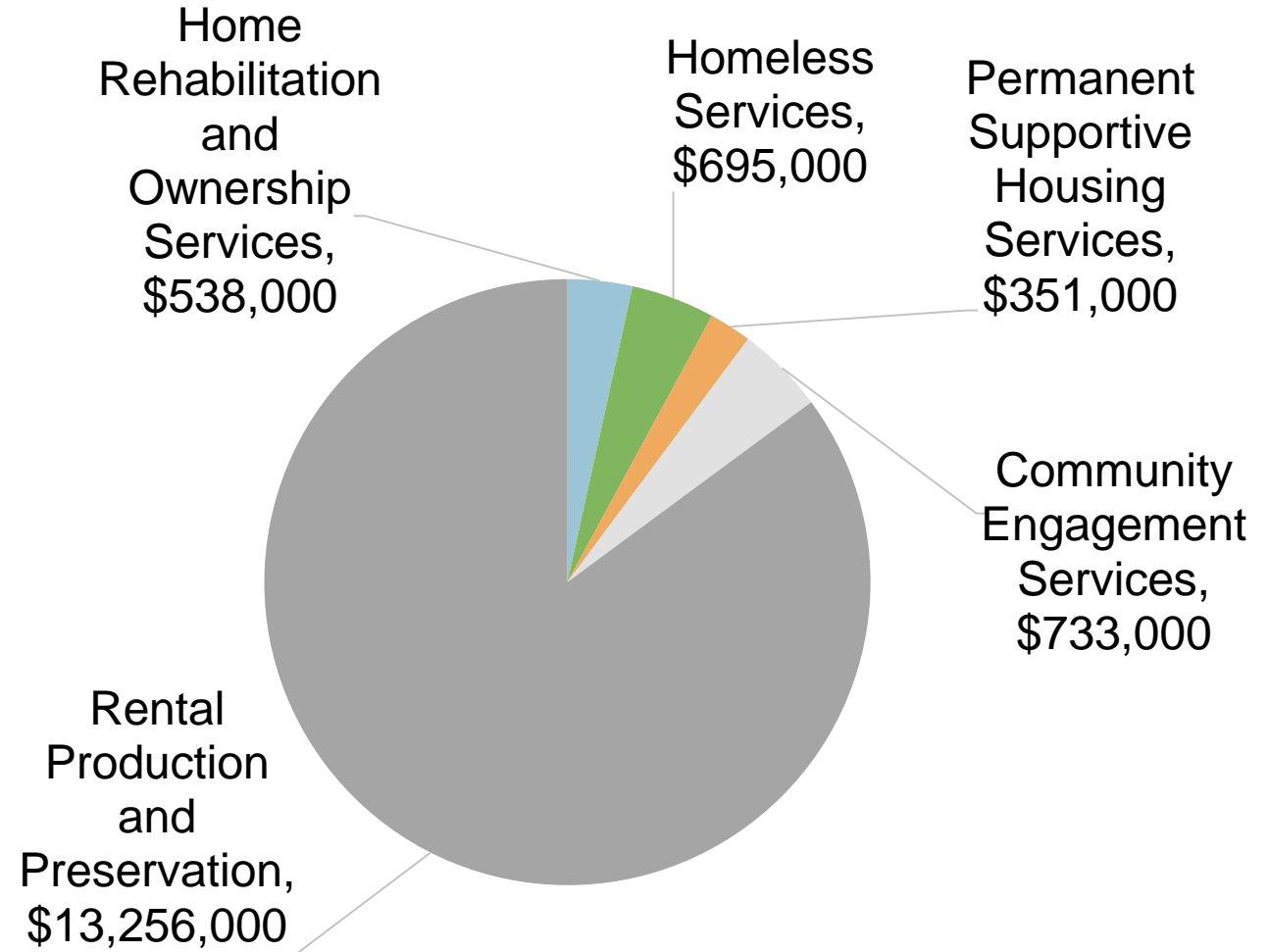
Homeless Services

- Housing Resource Team

Permanent Supportive Housing Services

Community Engagement Services

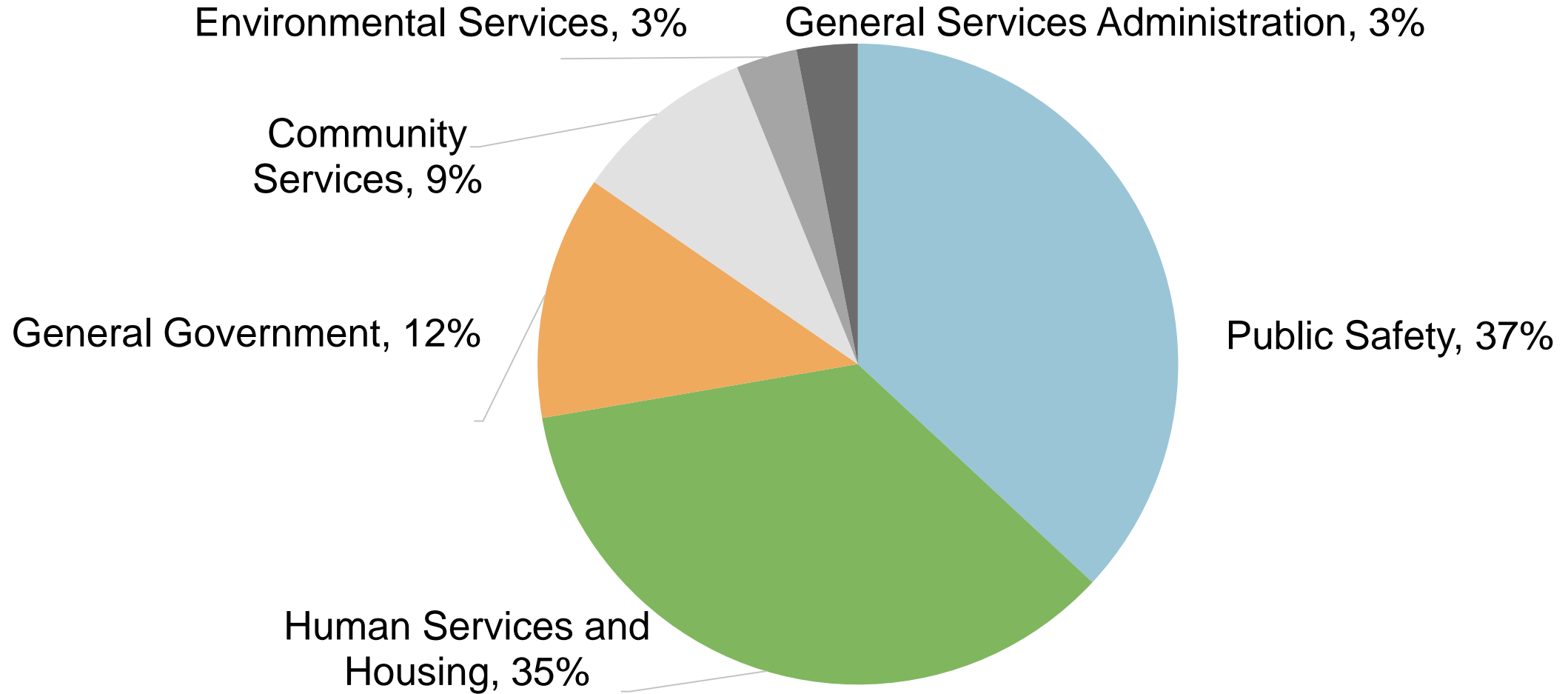
- Deputy Housing Director
- HR Specialist



Pay and Compensation



Cost of 3% performance pay increase allocated by expenditure function totals \$6.65 million for $\frac{3}{4}$ year



Pay & Class Study In Process

Goal: Create a Modern Classification and Compensation Structure

- Analyze and propose changes to job classifications
- Survey and benchmark peer organizations to determine competitiveness of county salaries
- Develop new pay ranges for new classification structure as well as
 - Address how employees progress through pay ranges
 - Develop strategy to address Living Wage increases within new classification schedules

Impacts of study on pay not yet know – current placeholder of \$2 million for costs of implementing

County Department Expansion Requests Under Consideration

FY20 Requests			FY20 Under Consideration	
Function	FTE	Cost	FTE	Cost
County Operations	165.25	26,878,000	132.00	23,020,000
Behavioral Health	-	2,793,000	-	2,793,000
Public Agencies	-	1,320,000	-	1,320,000
Pay and Compensation	-	8,650,000	-	8,650,000
Total	165.25	\$39,641,000	132.00	\$35,783,000
Corresponding Revenues		\$5,148,000		\$4,976,000

Public Agencies request increases of \$1.3 million

Agency	FY19 Budget	FY20 Total Request	FY20 Change	% Change
Wake County SmartStart	1,189,000	2,405,000	1,216,000	50.6%
Marbles	650,000	650,000	-	
Wake County Arts Council	511,000	550,000	39,000	7.1%
Universal Breakfast	221,000	221,000	-	
Communities in Schools	100,000	155,000	55,000	35.5%
North Carolina Symphony	100,000	100,000	-	
InterAct	100,000	100,000	-	
East Wake Education Foundation	50,000	55,000	5,000	9.1%
Interfaith Food Shuttle	25,000	30,000	5,000	16.7%
Food Bank of Eastern & Central NC	12,000	12,000	-	
Total	2,958,000	4,278,000	1,320,000	30.9%

Organizations will present progress and requests at the Board Work Session on March 11

County Operations forecast increases approximately \$10 million per year

(in millions)	Projections				
	2020	2021	2022	2023	2024
Revenue Forecast	\$1,417	\$1,450	\$1,483	\$1,516	\$1,550
Expenditure Forecast					
County Operations	\$526	\$537	\$548	\$559	\$570

Expenditure Forecast Assumptions

County Operations	Under Consideration	FY20 Per Capita - \$471
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Education

Funding for education (Wake Tech and WCPSS) represents more than 50% of the County's General Fund Budget.

In this section, we will:

- **Highlight Wake Tech operating request, and**
- **Consider WCPSS per pupil calculation.**

Wake Tech's recurring operating request includes required and discretionary items

Request	Costs
New Personnel requested to address growth in County funded programming and services	\$486,000
Campus-Wide Custodial, Building Maintenance, and Utility increases	\$409,000
Building Maintenance Service Level Increase	\$287,000
License increases for enterprise software (Office, Cisco VOIP)	\$277,000
Merit Increases for County Funded Personnel	\$180,000
Utility and Maintenance Costs associated with the new Ready Hall addition and Vernon Malone CCA	\$79,000
Total	\$1,718,000

Wake Tech Operating Request

Facilities - \$775,000

College-wide increases in electric utilities

College-wide increases in custodial and building maintenance contracts

Service level increase for college-wide building maintenance contracts

Service and inspection contracts for Uninterrupted Power Supply (UPS) System

Vernon Malone College and Career Academy service contracts for maintenance of specialty career training machinery

Ready Hall utility, custodial, and maintenance costs associated with the building's new addition

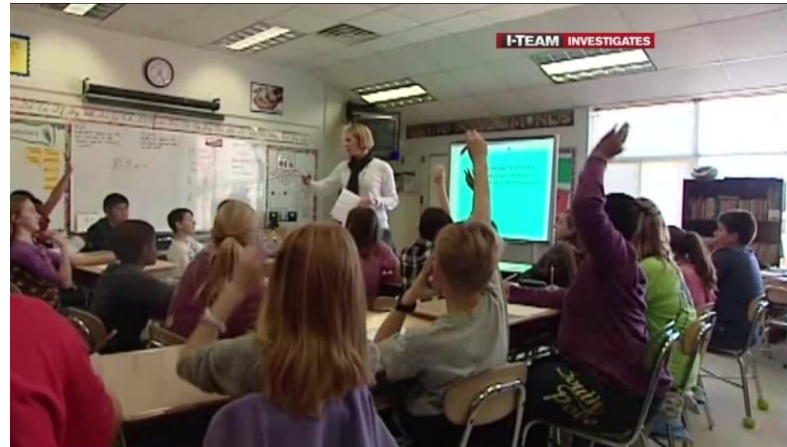
Information Technology Services - \$277,000

College-wide software licenses

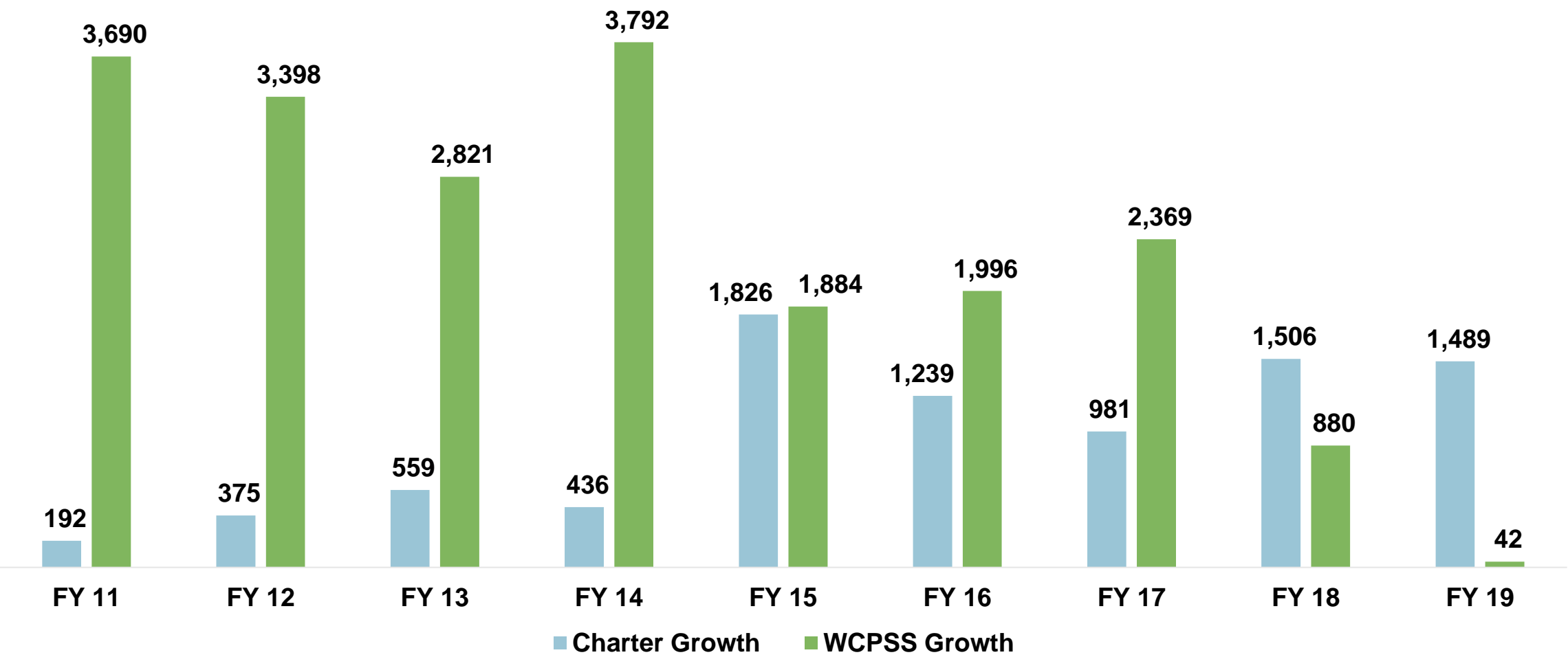
Wake Tech Operating Request

Personnel- \$666,000

- **Five (5.0 FTE) positions requested to address College-wide growth in County funded programming and services - \$486,000**
 - Facilities – Construction Observer
 - ITS – Applications Analyst II
 - ITS – Helpdesk Analyst II
 - ITS – Engineer III
 - ITS – Project Manager
- **2% Compensation Increase for County funded personnel - \$180,000**

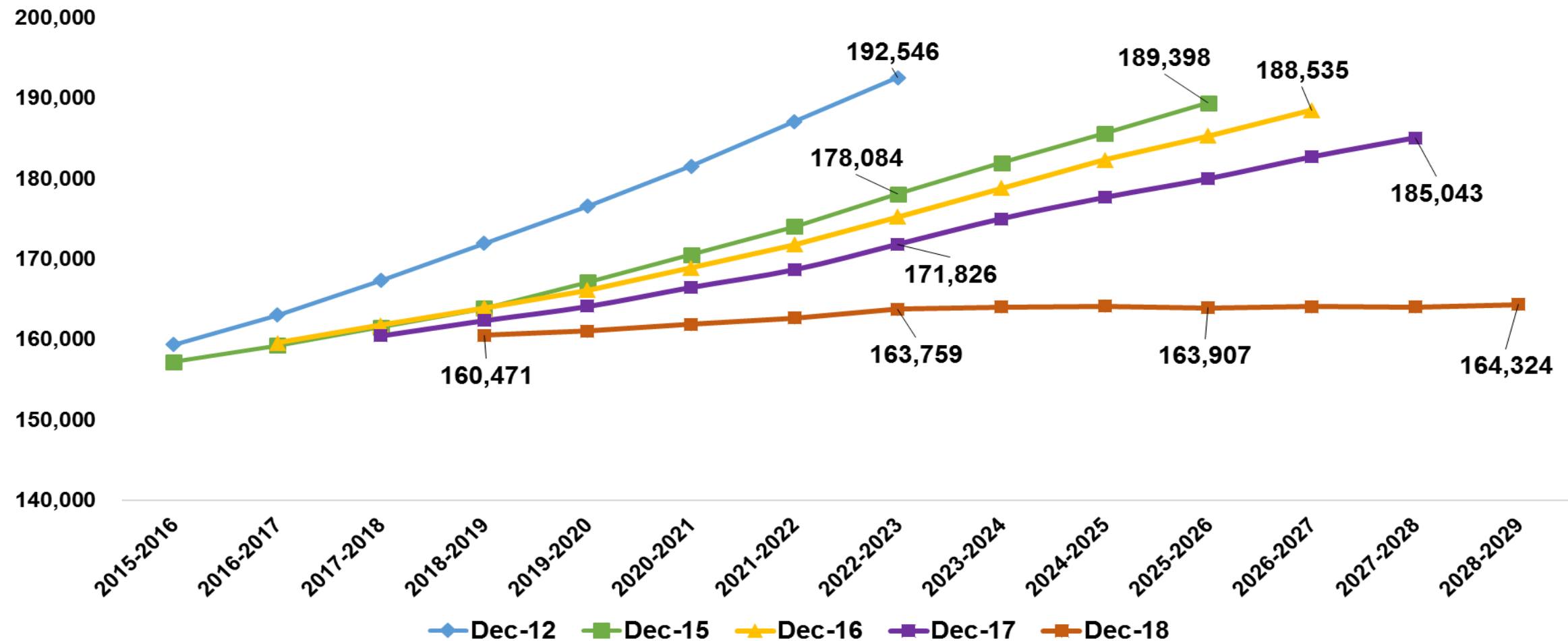


Enrollment growth patterns have changed over time as more charters enter the market

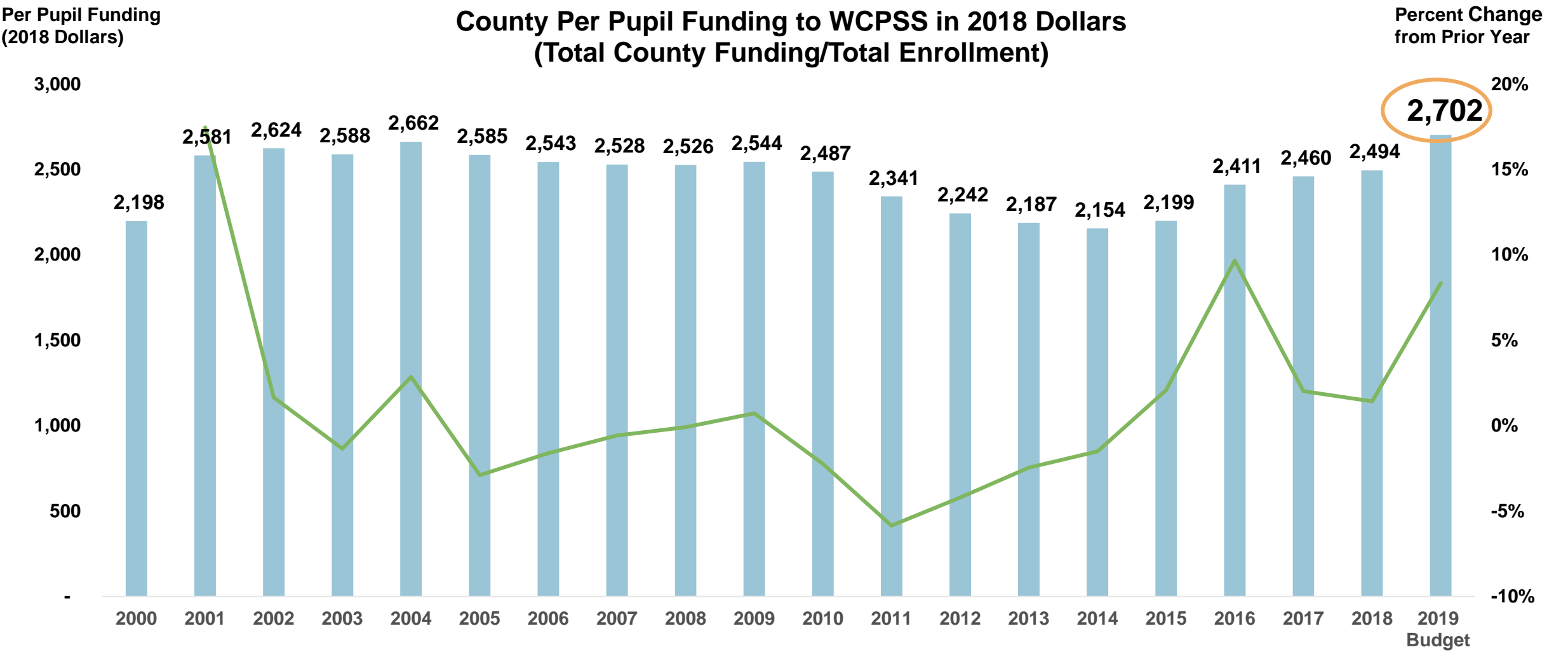


Enrollment growth forecast reflects slower growth in school age population

WCPSS Membership Forecasts



FY 2019 per pupil funding reflects highest level since early 2000's



In establishing a process for WCPSS local budget funding, we strive to ...

- Keep it simple
- Use variables that are easy to agree upon and are known at the time budgets are developed
- Components used to develop a preliminary base budget:
 1. Prior year actual per pupil amounts
 2. Enrollment projection, including an estimate for charters
 3. Inflation
 4. Facility costs for opening new schools

Start with FY 2019 actual per pupil data and appropriation

	FY 19 Budget	FY 19 Actual	Above/(Below) Budget
	July 2018	March 2019	
A. Per Pupil Funding	\$2,702.29	\$2,702.29	-
WCPSS Membership	162,327	160,471	(1,856)
Charter Membership	13,787	13,809	22
B. Total Membership	176,114	174,280	(1,834)
C. Total Funding	\$475,911,000	\$470,955,101	\$(4,955,899)
Enrollment Reserve	\$(5,404,578)	-	
Total Appropriation to WCPSS	\$470,506,422	\$470,955,101	\$448,679

Funding for enrollment projections increases estimated FY 2020 WCPSS funding by \$6.6 million

	FY 19 Actual	FY 20 Projection	Increase from FY 2019
A. Per Pupil Funding	\$2,702.29	\$2,702.29	-
WCPSS Membership	160,471	161,030	559
Charter Membership	13,809	15,701	1,892
B. Total Membership*	174,280	176,731	2,451
C. Total Funding	\$470,955,101	\$477,578,414	\$6,623,313

Accounting for inflation increases estimated FY 2020 WCPSS funding by an additional \$10.6 million

Data Source

U.S. Department of Labor, Annual Consumer Price Index (CPI) for All Urban Consumers

Area: South Urban

Year	2017	2018	Increase	% Change
CPI	237.456	242.737	5.281	2.22%

For FY 2020, 2018 would be the most recent known annual CPI

Inflation used would be **2.22%** for FY 2020

Calculation for FY 2020

FY 2019 Per Pupil	\$2,702.29
Inflation (CPI)	2.22%

Inflation Adjusted Rate **\$2,762.39**

FY 2020 Per Pupil	\$2,762.39
FY 2019 Per Pupil	\$2,702.29

Increase in Per Pupil **\$60.10**

Total Projected Enrollment X	176,731
------------------------------	---------

Cost to Fund Inflation **\$10,621,301**

Several factors are accounted for in the costs of opening new schools

1

Custodial

Standard Square Footage = 121,000

Cost per square foot = \$1.33

Total Custodial = \$160,930

2

Utilities

Standard Square Footage = 121,000

Cost per square foot = \$1.31

Total Utilities = \$158,510

3

Building Maintenance

Standard Square Footage = 121,000

Cost per square foot = \$0.89

Total Maintenance = \$107,690

4

Grounds Maintenance

Standard Acreage = 20 acres

Cost per acre = \$863

Total Grounds = \$17,260

Total **County** Cost for opening a standard elementary school = **\$444,390**

Funding for new schools increases estimated FY 2020 WCPSS allocation by an additional \$2.5 million

1 Elementary School (Parkside)	\$444,390
1 Middle School (Alston Ridge)	\$781,310
1 High School (Green Level)	\$1,304,852
<hr/>	
Additional Funding for New School Facility Costs	\$2,530,552

Cost assumptions provided by WCPSS in July 2018.

The base calculation results in an increase of \$74 per student

Fund Growth

\$6.6 million

Fund Inflation

\$10.6 million

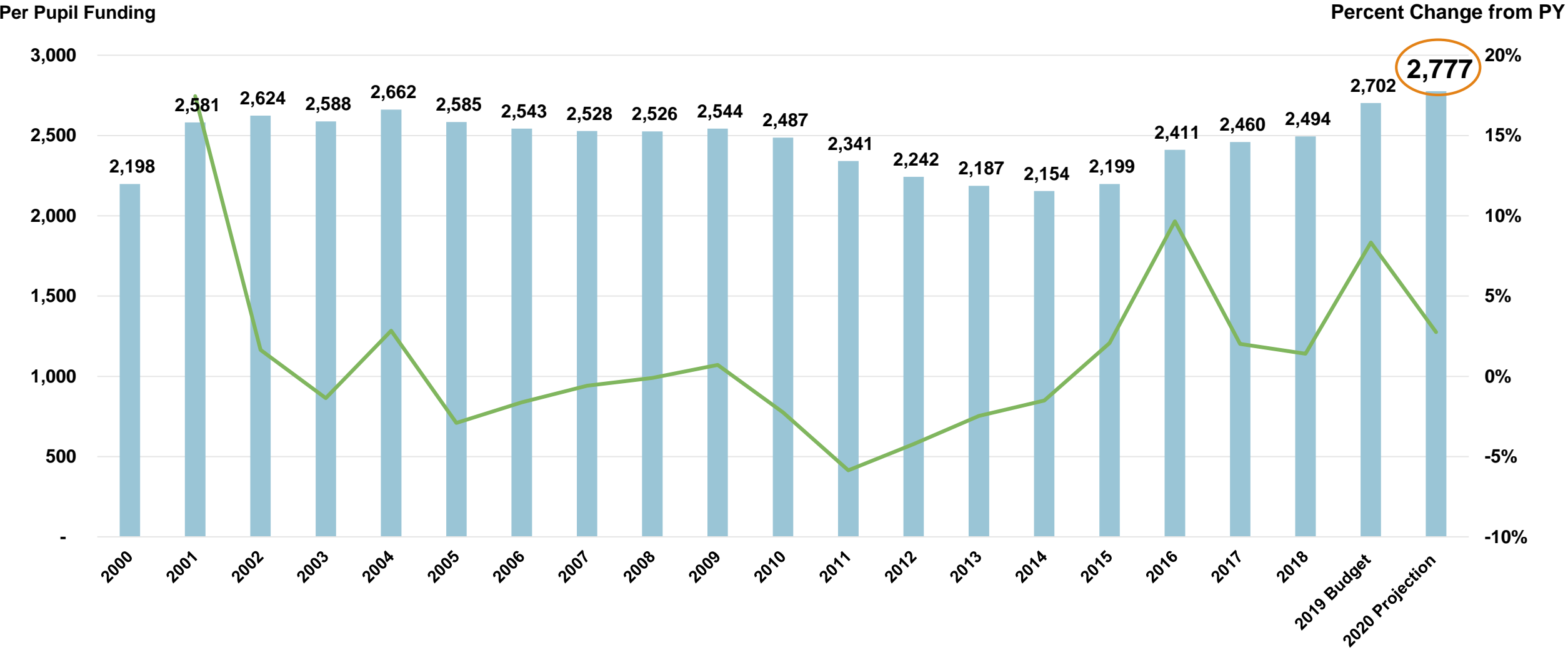
Fund New Schools

\$2.5 million

Combined Total = \$19.7 million

	FY 19 Actual	FY 20 (Growth + Inflation +New Schools)	Increase
A. Per Pupil Funding	\$2,702.29	\$2,776.71	\$74
WCPSS Membership	160,471	161,030	559
Charter Membership	13,809	15,701	1,892
B. Total Membership*	174,280	176,731	2,451
C. Total Funding	\$470,955,101	\$490,730,735	\$19,775,634

Projected FY 2020 per pupil funding is \$2,777



Education forecast increases approximately \$20 million per year

(in millions)	Projections				
	2020	2021	2022	2023	2024
Revenue Forecast	\$1,417	\$1,450	\$1,483	\$1,516	\$1,550
Expenditure Forecast					
County Operations	\$526	\$537	\$548	\$559	\$570
Wake Tech - Operating	\$25	\$25	\$26	\$26	\$27
WCPSS - Operating	\$491	\$508	\$525	\$545	\$565

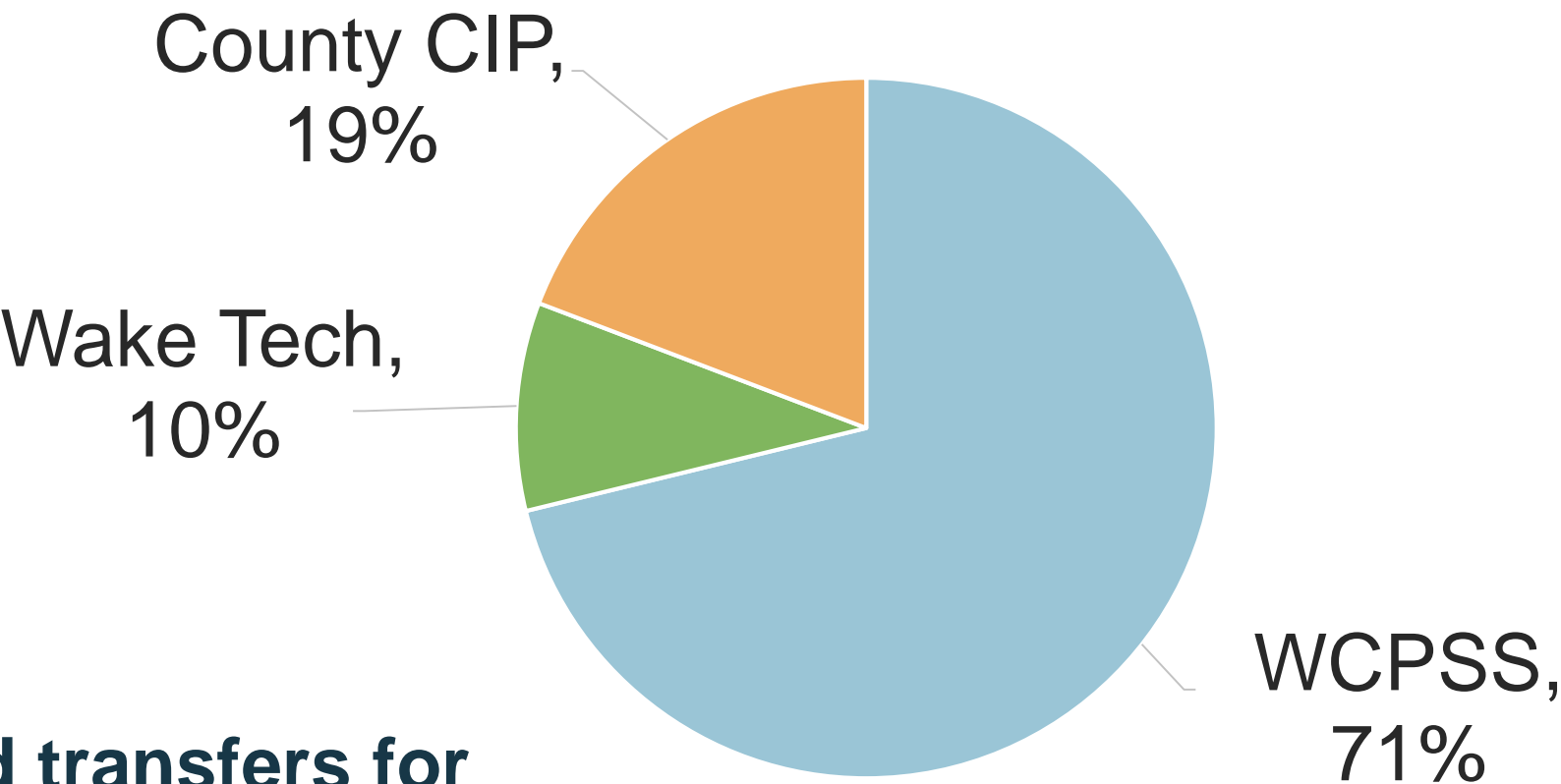
Expenditure Forecast Assumptions

County Operations	Under Consideration	FY20 Per Capita - \$471
Wake Tech - Operating	Request	FY20 Per Capita - \$22
WCPSS - Operating	Per Pupil with Inflation and New Schools	

Debt and Capital Transfers

The County transfers a portion of property and sales tax, on an annual basis, to support debt service payments and PAYGO funding for WCPSS, Wake Tech and County Capital Improvement Programs.

Debt and Capital Transfers allocated to WCPSS, Wake Tech and County CIP



**Projected transfers for
FY20 total \$388.1 million**

Multi-year forecast reflects future debt and capital transfers based on debt model

(in millions)	Projections				
	2020	2021	2022	2023	2024
Revenue Forecast	\$1,417	\$1,450	\$1,483	\$1,516	\$1,550
Expenditure Forecast					
County Operations	\$526	\$537	\$548	\$559	\$570
Wake Tech - Operating	\$25	\$25	\$26	\$26	\$27
WCPSS - Operating	\$491	\$508	\$525	\$545	\$565
Debt & Capital - County, WCPSS, Wake Tech	\$388	\$398	\$406	\$415	\$424

Expenditure Forecast Assumptions

County Operations	Under Consideration	FY20 Per Capita - \$471
Wake Tech - Operating	Request	FY20 Per Capita - \$22
WCPSS - Operating	Per Pupil with Inflation and New Schools	
Debt & Capital	Debt Model	

Multi-year Operating Forecast

In this section we will:

- Discuss the preliminary County Operations recommendations, Wake Tech request, WCPSS per pupil and Debt and Capital transfers within the context of projected revenue.

Revenue and expenditure assumptions drive the five-year projection

	FY20	FY21	FY22	FY23	FY24
Revenue Forecast Assumptions					
Property Tax	2.90%	12.00%*	2.00%		
Sales Tax	4.0%			3.5%	
Other Revenue	Current Estimate	2.0%			
Expenditure Forecast Assumptions					
County Operations	Under Consideration	FY20 Per Capita - \$471			
WCPSS	Per Pupil with Inflation and New Schools				
Wake Tech	Request	FY20 Per Capita - \$22			
Debt & Capital Transfers	Debt Model				

*12% growth in tax base includes reappraisal estimate; 2% is the projected growth after setting of revenue neutral tax rate

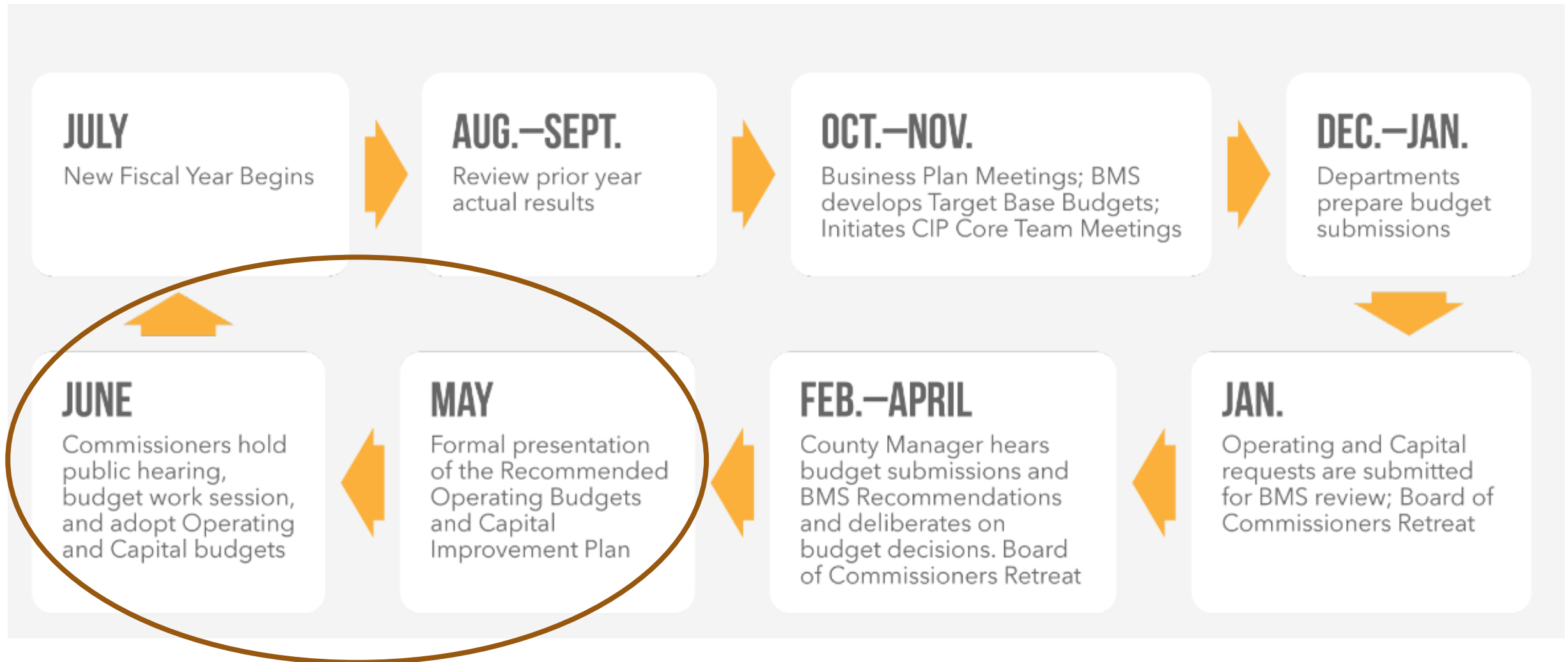
Normal revenue growth is unable to accommodate forecasted scenario

(in millions)	Projections				
	2020	2021	2022	2023	2024
Revenue Forecast	\$1,417	\$1,450	\$1,483	\$1,516	\$1,550
Expenditure Forecast					
County Operations	\$526	\$537	\$548	\$559	\$570
Wake Tech - Operating	\$25	\$25	\$26	\$26	\$27
WCPSS - Operating	\$491	\$508	\$525	\$545	\$565
Debt & Capital - County, WCPSS, Wake Tech	\$388	\$398	\$406	\$415	\$424
Total Expenditure Forecast	\$1,430	\$1,468	\$1,505	\$1,545	\$1,585
Surplus (Gap)	-\$12	-\$18	-\$22	-\$29	-\$36
Property Tax Revenue Per Penny	\$15.0	\$17.0	\$17.3	\$17.7	\$18.0
Cumulative Increase in Tax Rate to Close Gap (cents)	0.83	1.07	1.27	1.65	1.99
<i>Tax Increase Over Prior Year</i>	<i>0.83</i>	<i>0.34</i>	<i>0.22</i>	<i>0.41</i>	<i>0.36</i>

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Next Steps

Next Steps



Board “Takeaways” and Questions

