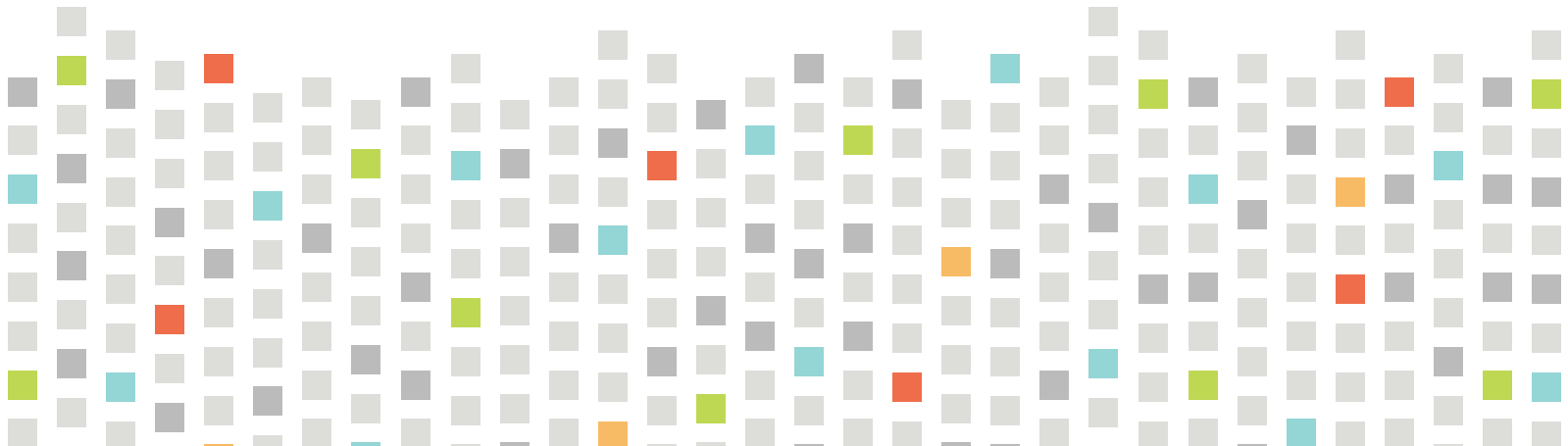




Recommended Budget

July 1, 2020 – June 30, 2021

fy21



Introduction

Good afternoon, commissioners. I'm pleased to be here with you today to present my Fiscal Year 2021 Recommended Budget.

As you all know, this has been a unique year. Our community and our organization continue to rise to the challenge of the COVID-19 pandemic.

As of last week, Wake County had experienced more than 1,100 confirmed COVID-19 cases and 28 COVID-19-related deaths. We mourn with those who have lost loved ones, friends and family.



Given the nature of this emergency and counties' responsibility for public health, locally, Wake County has taken the lead. Our Emergency Operations Center is in the 76th day of the longest and largest activation in our history. Every day, more than 80 county staff are diverted from their normal work to provide critical services toward our COVID-19 response and recovery. We anticipate that this important work will continue into Fiscal Year 2021.

CARES Act

The Federal CARES Act does provide us with funding to defray the costs of our emergency response.

While this helps fund our COVID-19 containment and recovery, it cannot replace lost revenues or fund traditional operations.

Organization Adapted

Our efforts don't stop at the EOC. Thanks to innovative partnerships with our colleagues at the Wake County Public School System and our local business community, we've continued to provide food security for our most vulnerable residents. And earlier this month, you unanimously approved House Wake!, our plan to help residents who are homeless or on the brink of homelessness.



Our response is multi-pronged and fully supported across the organization.

I am very proud of how we have navigated changes to core operations, maintaining county services while transitioning to a more virtual world.

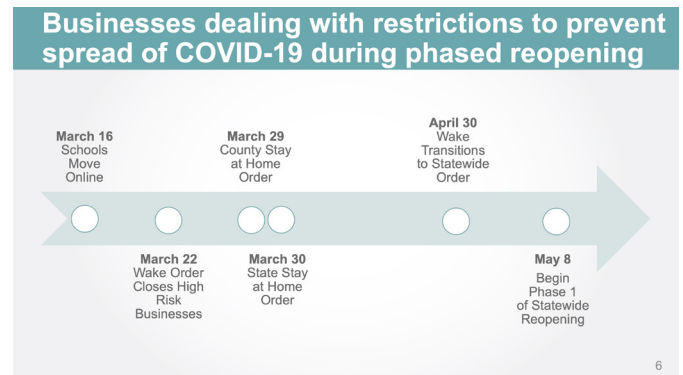
More than half of county employees are now working from home. Despite this challenge, they've managed to find creative ways to remotely serve our community. Our libraries started virtual story time and continue to provide digital books and magazines. Our parks developed virtual tours and educational games to keep our residents exploring nature. Our Register of Deeds now offers video-conferenced marriage ceremonies.

Based on the resiliency I've seen over the past two months, I remain confident in the strength of our organization and community to get through this together.

Community Impact

The businesses in our community have been hit hard.

Our county remains under Gov. Roy Cooper's Executive Order, which – just 10 days ago – allowed the state to enter phase one of the Governor's reopening plan.



Although many businesses are now slowly re-opening, they continue to deal with the restrictions and impact of this disease.

The response to COVID-19 is creating ripple effects that will have significant short- and long-term impacts on our economy.

Nationally, unemployment has reached almost 15%, the highest level since the Great Depression.

In North Carolina alone, more than 1 million have filed for unemployment.

Each of these claims represents a person or family now faced with the challenge of making ends meet. We recognize the vital role county services will play in helping our community get back on its feet and navigate the uncertain months ahead.

County Fiscal Impact

Those financial effects have also created parallel challenges for our budget.

Large portions of county revenue are tied to national economic trends. Yet, those trends are difficult to project in the face of the

pandemic. The implications for our community and our economy are still evolving.

Property Tax

Property tax represents our largest funding source, making up 77% of our total revenue. As a result of changes in our fiscal outlook, we are expecting lower growth – primarily from fewer vehicle-related sales – and lower collections anticipated on property tax bills.

Development-Related Revenues

We've also seen a slowdown in our building and development market. In April, real estate transactions in Wake County were down almost 12% compared to 2019. New permit applications were down almost 14%. Although development will be lower over the next few months, economists predict that the housing market will bounce back faster than other industries.

These trends result in a nearly \$4.5 million reduction in our projections for development-related revenue.

Sales Tax

The biggest impact to our revenue comes from a decline in sales tax.

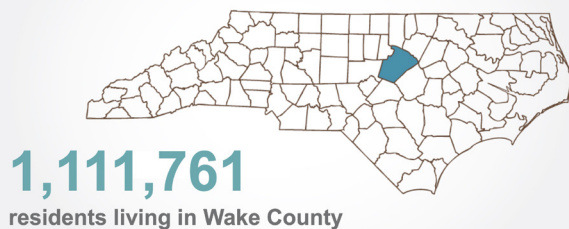
Nationally, consumer spending is down with the retail, restaurant and tourism industries hit particularly hard. April sales were down almost 22% compared with last year.

Fewer sales result in lower sales tax revenue. We anticipate that this decline will continue into the first few quarters of Fiscal Year 2021. We project a sales tax revenue reduction of almost \$42 million from last year's budget – a significant impact.

County Growth

On top of this, our county has grown 23% over the last decade. Wake is the most populated county in North Carolina. We welcome all our new residents, but we know that growth does not pay for itself.

A decade of growth means Wake County is now the largest County in NC



In 2018, 99,000 of our residents lived at or below 100% of the federal poverty rate. That means roughly one in 10 people in Wake County lives in a household making \$26,000 or less a year. Keep in mind, these numbers reflect the pre-COVID-19 reality.

As a county, many of our services are designed specifically to help those in need. We will strive to continue to provide resources for our most vulnerable residents.

Building the Budget: Considerations and Revenue Picture

Declining revenue and increasing needs are not the ideal combination when building a budget. Budget reductions lower our ability to adapt to increased community needs.

As the COVID-19 situation developed, we recognized the risk of a budget shortfall for both our current and upcoming fiscal years.

Since we no longer expect to meet our revenue targets for Fiscal Year 2020, I asked all county departments to proactively tighten current spending by 1.5% and implemented a county-wide hiring freeze.

Declining revenue and increasing needs lead to budget shortfall for current year and FY21

Initial FY21 shortfall before reductions: **-\$28.8 million**

13

For Fiscal Year 2021, our calculations point to a gap of almost \$29 million.

To help bridge that gap, departments identified reductions in their Fiscal Year 2021 budgets.

In evaluating the submitted reductions, I strove to take a reasonable and measured approach. I did not accept or include all the identified reductions in my recommended budget. Some had too great an impact on our residents.

I know that each of our programs benefits our community, and it's vital that we provide the services our residents depend on in a timely, responsible manner.

Although some popular county functions like parks and libraries are optional, the majority are mandated by the state and federal governments. We are statutorily obligated to continue providing these services.

Despite these commitments, I also felt this was not a year to recommend a tax increase.

FY21 budget recommended without tax increase

Balances service demands with a tight fiscal picture

- Cover commitments and key services
- Individual homeowners tax bill depends on property tax rate and the valuation

FY21 property tax rate:
60.00
cents

15

My aim with the recommended budget is to cover commitments and key services, within the revenue-neutral tax rate of 60 cents.

Property values in Wake County were reappraised this year, based on our county's four-year reappraisal cycle. It found that the value of Wake County property has increased 24% since 2016. Using that updated property value, we recalculated the tax rate to provide the county with the same level of property tax revenue.

However, individual homeowners will experience reappraisal differently. The impact of the tax rate on a property owner depends on two things – the tax rate itself and the value of that person's property.

By not raising the tax rate this year, any change in property taxes will only be driven by changes in property value.

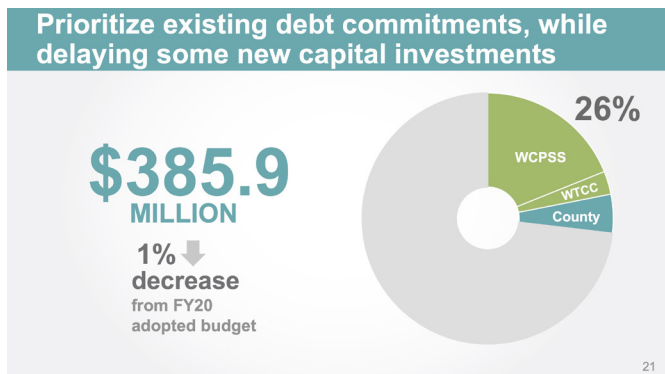
Maslow's hierarchy ranks health and security as foundational. County services play a key role in helping residents achieve those basic needs, and I continued to prioritize that work in the recommended budget.

Our resulting Fiscal Year 2021 budget comes in at \$1,456,796,000.



Debt and Capital Transfers

We start building the budget considering commitments on repaying debt already issued. However, we also need to prioritize our more immediate and pressing operating needs over future long-term capital infrastructure.



The budget shifts a portion of the property tax dedicated to debt and capital to current operations. We will keep .21 cents of the previous capital allocation in the General Fund and shift \$3.8 million to operating needs. This change, plus a one-time use of \$2 million of reserves, redirects capacity to fund resident-facing services. The tradeoff is it delays new investments to all county-funded capital programs, including county building projects, Wake Tech and the Wake County Public School System.

Future bond sales for the Parks, Greenways, Recreation and Open Space program approved in 2018 will be delayed by at least one year, pushing out the completion of Beech Bluff County Park and other park projects. The new Wake County Public Health Center will also be delayed by at least one year.

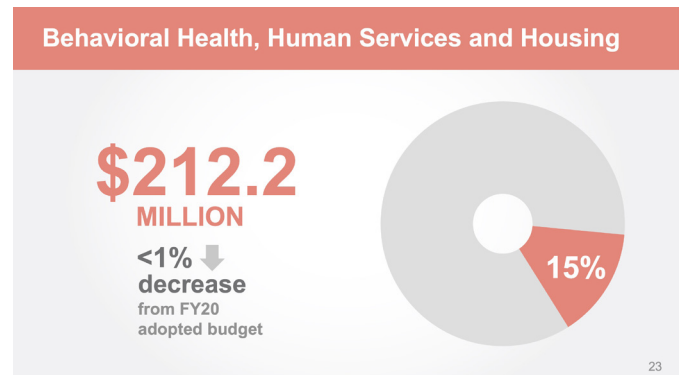
I have discussed this change with the school system, and they are able to accommodate this shift. Staff will continue to work with the school system to sequence new projects within these fiscal constraints. Despite these changes, we still meet debt policy metrics to maintain our AAA financial rating.

Transfers to debt and capital comprise 26% of the Fiscal Year 2021 budget, a reduction of 1% from last year.

Operating Budget

Behavioral Health, Human Services, Housing

As we turn to the segments of the budget that cover operating expenses, I want to start by highlighting our Behavioral Health, Human Services and Housing departments. Our staff in those areas provide health and safety services to some of our most vulnerable residents – helping clients find affordable housing, access to food and nutrition benefits, medical care and behavioral health care.



Combined, these departments have a budget of \$212 million. Their recommended Fiscal Year 2021 funding represents a decrease of less than 1% from the prior year.

Behavioral Health

Maintaining our investments in behavioral health preserves our ability to coordinate access to mental health and substance use addiction services for our county's residents. Studies show one in five adults in the U.S. battles mental health issues. In Wake County, that means we have thousands of people striving for lives of recovery and stability.

In this budget, we recommend continuing Wake Brook's 24/7 crisis stabilization and our 24-bed adult transitional program for adults continuing their addiction recovery journey.

Likewise, this budget maintains our school-based mental health coordination efforts and our collaboration with the court system – including the public defender and district attorney – on behavioral health diversion strategies to get people the help they need instead of sending them to jail.

Preserve our ability to coordinate access to mental health and treatment

WakeBrook Crisis Stabilization



School-based Mental Health



Substance Abuse Transitional Living



Court System Care Coordination



25

Accessing behavioral health services during a time of crisis can be confusing and overwhelming. Last year, we started new initiatives aligned with the board's prioritization of behavioral health crisis service. The new Behavioral Health Urgent Care program opened in May 2019 and has worked with more than 1,000 clients who otherwise would have gone untreated or ended up at a higher cost facility like the emergency room.

A new partnership between Wake County EMS and a Mobile Crisis Team has responded to 560 calls in just nine months, allowing 63% of treated patients to stay in the community rather than going to emergency rooms or a behavioral health facility. With these encouraging results, investments in these pilot programs will continue despite the need to reduce spending elsewhere.

We scaled back a forensic post-release team from four to two contracted case managers. This program connects patients released from jail with intensive case management. We will continue the program, but look for grant money to supplement our county investment.

We also trimmed funding from some behavioral health contracts to match historical spending.

Human Services

Our Human Services Department helps reduce poverty and food insecurity, increase access to medical care, and -- over the long-term -- improve health and economic outcomes for our residents. Wake County is viewed as a large, affluent county, but many of our residents are still vulnerable.

We serve nearly 160,000 Medicaid recipients and help administer Food and Nutrition Services for more than 73,000 people a year. With the impact of COVID-19, that need may grow further. Between March and April of this year, we saw a 48% increase in applications for Food and Nutrition Services. Economic aids like food assistance and Medicaid help those struggling to keep a roof over their heads and healthy meals on the table.

Our Child Welfare staff also work hard to make a difference in people's lives. Each year, they investigate more than 8,000 reports of suspected child abuse or neglect. And they collaborate with families to help children remain safely in their own homes. When a different path is needed, they place children in alternative care until a permanent housing solution -- like reunification or adoption -- can be established. At any given time, there are approximately 450 children in foster care.

Child Welfare staff worked hard to make a difference for children and their families

Child Welfare services include:



8,000

reports of suspected child abuse or neglect



450+

children in alternative care

29

And we cannot forget about our Health Clinic and Public Health teams. COVID-19 has highlighted the importance of the work they do to keep our community healthy. Whether investigating disease outbreaks, supporting our emergency response or providing health education and preventative health services, these staff make Wake County a safer and healthier place to live.

The recommended budget preserves those core services.

COVID-19 highlights the importance of health clinics and public health work

Our teams make Wake County a safer and healthier place to live:

- Investigating disease outbreaks
- Supporting our emergency response
- Providing health education and preventive health services



30

It also continues the Drug Overdose Prevention Program for another two years. This successful program brings together community partners to find ways to expand treatment and recovery for opioid users.

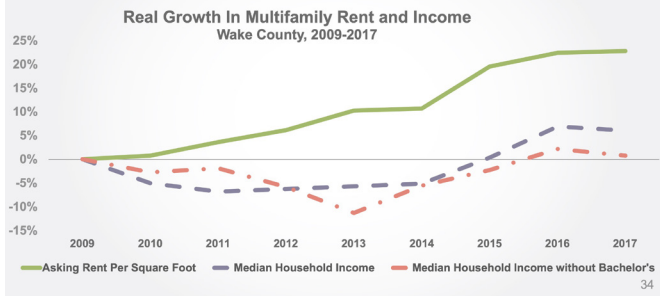
The state's implementation of "Raise the Age" in December 2019 will increase the county's juvenile detention costs in Fiscal Year 2021. The legislation mandates that 16- and 17-year-olds accused of crimes will no longer automatically be charged in the adult criminal justice system. We anticipate that the number of youth ordered to juvenile detention -- instead of adult jail -- will increase, along with the average number of days a child stays in the facility.

The recommended budget tightens funding for contracted services, equipment and medical supplies. It also reduces temporary staffing and removes five positions from across the department. These changes may reduce the department's flexibility in responding to new needs.

Housing

Housing affordability continues to challenge Wake County. Our housing supply has not kept pace with our growth, which puts upward pressure on the costs of renting or owning a home.

Housing affordability challenges Wake; supply has not kept pace with growth



Household incomes are also not keeping pace with the rising cost of rent. With the increase in unemployment and the current economic uncertainty, I am concerned this trend will only continue.

Our Housing Department works every day to address this challenge. They seek to both preserve and increase the number of affordable housing units within Wake County. Staff work with residents to help prevent homelessness and reduce the number of days they are without a home.

The recommended budget enhances the services offered by the Housing Department.

Additional social workers in the Housing Resource Team will expand Wake Prevent! and provide additional emergency assistance to residents on the verge of homelessness.

Streamline and expand access to help residents stay in safe housing conditions

Housing Resource Team
Add social workers and expand Wake Prevent! for additional emergency assistance for those at risk of homelessness



Coordinated Intake Process
Single phone number for residents to access housing services



35

Our new coordinated intake process will streamline access to housing services. Wake County residents can now call a single phone number to find the help they need to stay safely housed.

Additional staff at the South Wilmington Street Shelter will improve and standardize emergency sheltering through case management and more one-on-one assistance.

Expanding our team at the Cornerstone location and upfitting the building will create a front door for permanent supportive housing services in Wake County.

Each year, a portion of our housing investment is reserved for future housing capital projects. This year, we are delaying capital investment to focus on the more immediate needs of keeping families in their homes.

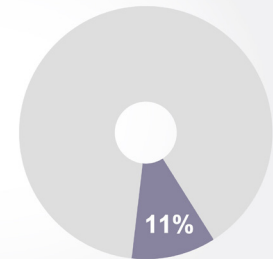
Public Safety

Public Safety is one of the county's top priorities and most important responsibilities. As our population grows, so does the need to protect it.

The recommended budget includes \$157 million for public safety, a reduction of 3% from last year.

Public Safety

\$157.0
million
3% ↓
decrease
from FY20
adopted budget



39

Throughout our public safety departments, the Fiscal Year 2021 budget includes reductions to supplies and professional development. None of these reductions compromises our ability to respond to crisis. We understand the importance of emergency response, especially in the current COVID-19 situation.

EMS

The state tasks counties with providing emergency medical response. Our EMS System fills that role by responding to 9-1-1 medical calls, and they responded to more than 113,000 calls last year.

We anticipate the call volume to increase by another 20% by 2025. It's important that EMS is able to respond quickly to a medical crisis. Our goal with this budget is to ensure EMS has sufficient resources to do so.

Maintaining EMS services to the greatest extent possible

Removes two 12-hour ambulances, with 8 positions

Scales back EMT-to-paramedic training program by 4 positions

- Trains current EMT employees to fill highly skilled and difficult to recruit paramedic positions
- Continue this successful work, but at a slower pace



42

Under periods of fiscal constraint, we make tradeoffs to maintain services to the greatest extent possible. The recommended budget removes two 12-hour ambulances.

We will also need to scale back our successful EMT-to-paramedic education program. The program provides a workforce pipeline by training current EMTs to fill highly skilled and difficult-to-recruit paramedic positions.

During economic downturns, one strategy jurisdictions use is to evaluate contracts and management models to see where costs can be reduced.

Wake County currently operates an integrated EMS system, supplemented by contracts with two non-profits. In evaluating this approach, we found opportunities for cost savings. The costs for the contracted agencies exceed the expense of the county directly providing this service by \$700,000.

Over the next several months, the County Manager's Office will discuss with the two non-profits a transition of services. Our priority will be to maintain call response and medical dispatching.

Sheriff

The Wake County Sheriff's Office provides primary law enforcement in the unincorporated areas of the county and operates two county detention facilities housing approximately 1,200 residents. It supports law enforcement county-wide in partnership with agencies at the local, state and federal levels. Sheriff's deputies also perform vital roles for our court system, such as services of court summons and courtroom security.

Commitment for ongoing operating costs of new Electronic Health Records system

Improving the organization and coordination of medical care for those in the County's detention facilities



45

The recommended budget for the Sheriff's Office includes funding for the new Electronic Health Records System in the Detention Medical Unit. The system will improve the coordination of medical care for those in detention.

It also upgrades our 9-1-1 system by implementing Next Generation 9-1-1. This platform will improve the public's ability to reach emergency services regardless of their location or the communications technology used.

The recommended budget eliminates 46 positions in the Sheriff's Office, most of which are vacant. It maintains all filled positions for sworn deputies, detention officers and detention medical staff at steady levels.

CCBI

The City-County Bureau of Identification provides forensic services to law enforcement in Wake County. They investigate crime scenes, analyze evidence, and fingerprint and photograph people arrested in Wake County.

The recommended budget reduces two positions from CCBI – one Civil ID specialist and one latent print examiner. While the loss of these positions may increase wait times, they are projected to have limited impact on the department's core forensic responsibilities.

Increase fingerprinting fees from \$15 to \$30 to capture higher percentage of costs

Civil Fingerprint Fees not increased in more than 20 years

Recovers additional \$325,000 of program costs

Civil fingerprinting is a non-mandated service provided by the County



49

CCBI will also increase its civil fingerprinting fee from \$15 to \$30. The public uses this service to obtain fingerprints required for background checks, employment or professional licenses. These fees have not been increased in more than 20 years, and this increase allows the county to recover more of the costs of this non-mandated service.

Fire Services and Fire District

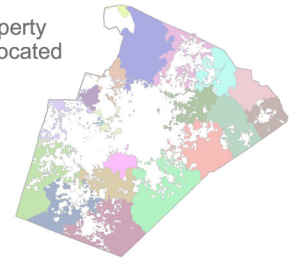
We currently provide firefighting and emergency services to unincorporated areas of the county and the Town of Wendell with a special program called the Fire Tax District. We budget for those services in a separate fund than the one we use for our general operations. We collect revenues through a dedicated property tax levied only on properties located in the district.

County provides firefighting and emergency services through a Fire Tax District

Funded through a special property tax levied only on properties located in the district

Service area shrinking; costs are not

Costs increasing faster than the natural growth in tax base



50

As our population grows, larger areas are being incorporated into municipalities. This means the service area for the Fire Tax District is shrinking; however, the cost of providing fire service to the unincorporated areas is not.

To support fire and emergency services within the Fire Tax District, I recommend a tax rate of 9.10 cents, which is in line with the recommendation of the Fire Commission, the appointed advisory board for the Fire Tax District. That is a .76-cent tax increase over the revenue neutral rate of 8.34 cents.

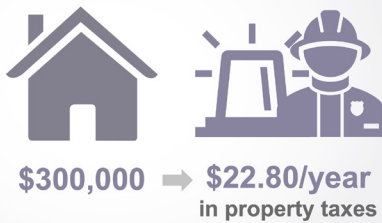
This increase addresses sustainability issues within the district without decreasing service. It will also create a reserve for future fire station construction and continue important capital replacements that keep residents and fire crews safe.

As a result of this recommendation, property owners in the Fire Tax District would pay an extra \$7.60 for every \$100,000 of assessed value.

Fire Tax District budget includes tax increase of .76 cents more than revenue neutral

The breakdown:

For every \$100,000 of assessed value, the property owner will pay \$7.60 more a year



52

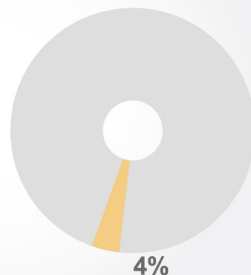
Environmental Services and Community Services

Our Environmental Services and Community Services departments protect the health and safety of our residents by ensuring that our septic systems, drinking water, restaurants and buildings are safe for use. They also improve our quality of life – from animal adoptions to parks and greenways to libraries.

In the recommended budget, their funding equates to \$53 million of the general fund budget, a 5% decrease over last year.

Environmental and Community Services

\$53.3 million
5% ↓ decrease
from FY20 adopted budget



54

Most Environmental Services activities are mandated by the state. For example, staff are responsible every year for more than 13,000 inspections of businesses that offer food and lodging. Although the recommended budget reduces supplies, software and professional development, it maintains staffing for these inspections that protect the health of our community.

Our Environmental Health and Safety Division permits more than 1,200 public swimming pools annually and conducts more than 5,000 inspections to keep them safe for residents to enjoy. These inspections are supported by an annual permit fee paid by the pool operators. The fee has not increased in 17 years, but the costs to execute the program certainly have. I recommend a modest increase of \$25 to continue this essential public health program.

Water Quality staff review plans and issue permits to ensure erosion control and stormwater management for new developments. With new construction decreasing, I recommend eliminating one position and trimming field supplies in this area.

Our Animal Center accepts more than 10,000 abandoned, stray or surrendered pets each year and works tirelessly with community partners to find them new homes. This budget maintains the core animal services we provide.

Prioritize health of more than 10,000 abandoned, stray or surrendered animals

Maintain Core Animal Services

Animal Care
Pet Adoption
Animal Control Response

- Reduce part-time and temporary staffing at the Animal Center
- Eliminate one Animal Control Officer



58

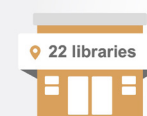
The budget also reduces part-time and temporary staffing at the Animal Center. Public hours may be altered to ensure staff are able to continue a high level of care.

Animal Control protects our public health and investigates animal cruelty cases. In March 2020 alone, they responded to more than 440 requests. Although the budget will continue this response, I recommend eliminating one Animal Control Officer position, with their duties distributed to remaining staff.

In Community Services, our GIS division provides up-to-date geospatial data to our partners and the public. My recommended budget removes two GIS positions. This reduction may delay mapping new properties for our publicly facing iMaps.

Wake County also provides access to information through our public libraries. We operate 22 libraries countywide, and last year, they recorded 3.4-million visits. Those patrons had access to nearly 1.8-million books and online materials and could attend more than 11,000 programs.

Libraries play an important role in individuals' lives



60

Now, more than ever, we recognize the role libraries play in our residents' lives – both virtually and in-person. Libraries provide a community center, job search hub, computer access point and a home for learning.

The recommended budget preserves library access seven days a week. However, when libraries reopen their doors, their schedules and programming will be different than in the past, based on both reduced resources and COVID-19 changes.

In this budget, I recommend opening libraries one hour later and closing them one hour earlier. This change will keep all libraries open on the same schedule across the county. It will eliminate 32 library positions. The budget reduction, coupled with COVID-19 related safeguards, will change library programming for children and adults. However, we will work to minimize the impact as much as possible.

The recommended budget also reduces our funding to buy new books by 15%. For the next year, we will supplement our book purchases with capital savings from the 2008 library bond.

Libraries will supplement book budget funding with capital savings from the 2008 library bond



Short-term, reduce library book budget by 15%

- Supplement book purchases with capital savings from 2008 library bond

Eliminate public Wake County Public Library Book Sale

- Instead selling surplus books through private reseller

62

Additionally, the recommended budget eliminates the public book sale. Instead, we will sell surplus books through private resellers.

Board of Elections

Another important county service is the Board of Elections.

Right now, about two-thirds of Wake County residents are registered to vote. That's more than 750,000 people, and it continues to grow every day.

Voter turnout is also on the rise. During the 2016 Presidential Election, more than 530,000 people went to the polls and cast their ballots – representing a 75% voter turnout.

These data tell us that we must prepare for record-setting numbers again for the upcoming 2020 General Election.

Our Board of Elections is also continuing to work with the State Board of Elections to understand COVID-19's impact on the upcoming election and early voting. The General Assembly will evaluate any changes to the election process and criteria for absentee ballots over the coming months.

The Fiscal Year 2021 recommended budget provides \$7.9 million to the Board of Elections to preserve its ability to conduct open and fair elections. This includes \$2.9 million for an anticipated 20 early voting locations.

Board of Elections budget includes \$2.9 million for 20 early voting locations

\$7.9 million

Funds election operations, early voting, and November election day



66

Given the importance of elections, no reductions were made to the elections budget.

Facilities and Technology Support

Previous budgets have increased county investments in dependable IT networks, effective project management and well-maintained facilities to create a solid foundation for our organization.

Our brick-and-mortar infrastructure includes more than 5 million square feet of county buildings, while our technology infrastructure covers 10,000 connected devices, more than 17,000 user accounts and 430 terabytes of online data.

Facilities, Technology and Infrastructure



Over 5 million square feet of county buildings



10,000+ connected devices



17,000+ user accounts & 430 Terabytes of online data

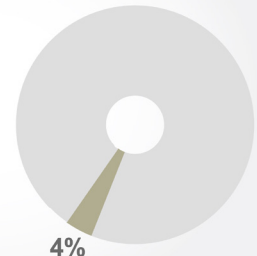
68

The Fiscal Year 2021 budget for the departments managing this infrastructure totals \$53 million, a 2% decrease from last year's budget.

Facilities, Technology and Infrastructure

\$53.4 million

2% ↓ decrease from FY20 adopted budget



69

Information Services

Our Information Services Department works to protect the security of this digital infrastructure and to provide employees with the tools they need to serve our residents. We preserved the Information Services budget as much as possible to minimize disruption to county operations.

The recommended budget shifts resources into our data management and analytics program to bolster data-driven decision-making and enhance the tools that power our public transparency platform.

The budget eliminates four information technology positions and reduces professional development, supplies and contracts. As needs arise, the department will shift resources and timelines and increase workloads to accommodate this change.

General Services Administration / Facilities, Design and Construction

Our General Services Administration and Facilities, Design and Construction departments focus on meeting the county's physical infrastructure needs.

FD&C designs for future county capital needs, GSA protects and maintains existing buildings

Together, these departments maintain physical infrastructure

- Preserves funding for utilities, housekeeping, and maintenance staff

Reductions

- Frequency of landscaping and contracted maintenance
- Purchases of supplies and repair materials
- Project manager position supporting the now delayed parks, greenways and open space projects



72

These departments are already hard at work on the strategies we'll need to reopen facilities. They're looking at ways to keep our buildings disinfected. They're also investigating social distancing options to protect our clients and staff as we consider how we'll transition to working in the office under these new circumstances. This budget preserves funding for utilities, housekeeping, and the staff to maintain and manage our extensive network of buildings, parks and public locations.

Just as residents may be looking to cut household expenses, the county will reduce the frequency of landscaping and contracted maintenance. We will also reduce purchases of supplies and repair materials. These reductions could impact the county's ability to quickly complete unexpected repairs.

Last year, we added a project manager to support parks, greenways and open space projects funded with the bond approved by voters in November 2018.

Since we are delaying these bond-funded projects, this budget eliminates that position.

Organizational Support

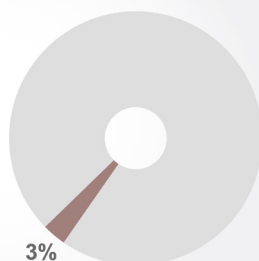
Delivering the services our residents expect is not easy work, and it takes a dedicated team to make it happen. Our general government departments support our staff on the front lines.

The recommended budget allocates \$44.8 million for organizational support, a 7% decrease from last year's budget.

Organizational support

\$44.8

million
7% ↓
decrease
from FY20
adopted budget



75

The budget tightens the operations of general government departments and reduces professional development, software, supplies and temporary staffing. Additionally, 4.5 positions were cut from across these support departments.

Performance Pay

Recruiting, retaining and developing our employees has been a top priority for me as County Manager. Performance-based pay rewards employees for their hard work and has been an important part of our retention strategy. However, given the financial outlook, I am not recommending performance pay increases in this budget.

I recognize that this decision will be especially difficult for our employees. Many will shoulder an increased workload, as we have had to eliminate positions to balance our budget.

Performance pay will need to be reinstated in the future. Otherwise, it will negatively impact our ability to recruit, reward and retain the workforce needed to deliver the high-quality services that our residents expect.

Community Organizations

The recommended budget includes \$500,000 for the Board of Commissioners to support community agencies. This will allow the board to support organizations who work on food security, homelessness prevention and protecting our most vulnerable residents.

Community Organization funding of \$500,000

Allows the Board to directly support organizations who provide housing, food security, and other critical needs



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Education

Our partners at Smart Start, the Wake County Public School System and Wake Tech make our education system one of the strongest in the country. Together, they help prepare our children for the future by teaching them the skills they need to succeed.

Smart Start

The county remains committed to supporting our youngest residents starting their education journey. A key part of preparing kids for success in school – and in life – lies in providing them with a solid foundation. The county will maintain our almost \$1.7 million investment in Wake County Smart Start. The funding will help 1,650 Wake County 4-year-olds learn the skills required to succeed in kindergarten and beyond.

WCPSS

Like the county, the Wake County Public School System is experiencing unprecedented challenges caused by COVID-19. Schools adapted and pivoted to online education for their almost 162,000 students from more than 190 schools. Our community is fortunate to have teachers and school staff dedicated to our youth.

The county's funding for the school system meets our statutory responsibility for facility operations and maintenance. We also provide for additional instructional expenses, including teacher pay supplements.

The Board of Education has requested an increase of \$29.9 million more than last year's appropriation from the county. Given current economic conditions and declining revenues, funding the school system's full request would require increasing taxes or further reducing county services.

This budget maintains the county's prior year appropriation to the school system at a historic high of more than half a billion dollars. Preserving funding for Wake County Public Schools is a high priority in this budget and demonstrates our commitment to education.

Maintain our current operating funding for Wake County Public Schools



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Wake Tech

After high school, many of our graduates continue to Wake Tech as the next step on their career path. With rising unemployment resulting from the COVID-19 pandemic, the college will also play a critical role in retraining our unemployed residents, so they can get back to work.

Wake Technical College budget maintains \$25 million in operating support

- Largest in the state, **20th largest** in the nation
- **74,000 students** annually



\$168,000
for staffing to launch
new WakeWorks

- ✓ Pathways to higher education
- ✓ Practical experience for students
- ✓ Pipeline of skilled workforce for industry

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The recommended budget includes \$25 million for Wake Tech. This maintains the appropriation approved last year.

I'm also recommending funding for the college's new Wake Works apprenticeship program, which establishes scholarships for students to earn a degree while getting practical work experience. It also supports local businesses by creating a pipeline of talent in skilled trades, manufacturing and healthcare.

These operating funding streams are on top of the \$302 million in capital investments we make for the Wake County Public School System and Wake Tech.

Our combined operating and capital investment in education – from pre-K to our public school system to our community college network – equates to \$856 million or 59% of our total budget.

Total operating and capital investment in education is 59% of total FY21 budget



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Conclusion

We were forced to make tradeoffs when building the Fiscal Year 2021 budget. The tightened revenue picture required us to make reductions to achieve a balanced budget without a general fund tax increase. We have sought to limit the impact of these reductions where possible.

The recommended budget reduces spending by almost \$17 million compared to last year. To balance our budget, we will eliminate more than 100 county positions. The direct services we provide to residents depend extensively on our personnel. As such, salaries and benefits make up most of our budget. To achieve the required costs savings while maintaining our funding for education, we had no choice but to reduce the county's workforce.

FY21 budget \$17 million less than prior year

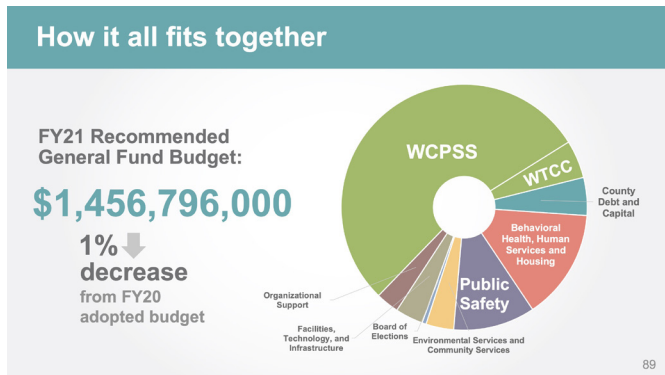
- 1 107.5 positions eliminated
- 2 Capital investments delayed
- 3 Contracts and supplies cut
- 4 Professional development and other supplies reduced

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We also will delay capital investments, cut contracts, reduce professional development, and scale back supply and equipment purchases for county departments.

Overall, reductions lower our ability to adapt. As an organization, we will continue to monitor economic conditions. We will seek to restore budget reductions as our financial picture improves and more resources become available.

The budget I'm recommending for Fiscal Year 2021 establishes a General Fund budget of \$1,456,796,000.



We've navigated the challenge of building the Fiscal Year 2021 recommended budget by prioritizing our state and federally mandated services. We've also preserved essential services that make a difference in the lives of residents, especially those living on the margins.

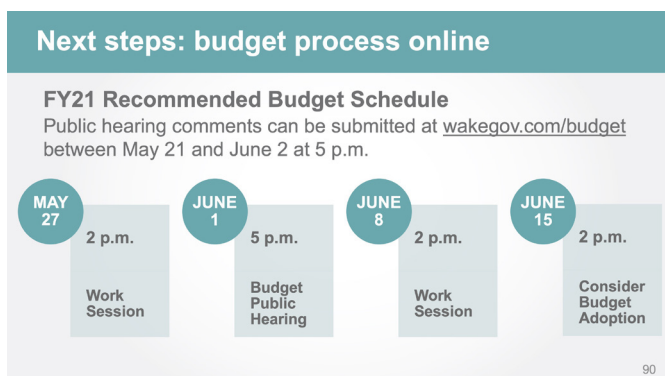
Wake County is resilient, and we've built a thoughtful, sound budget to get us through these trying times.

I want to thank you all for your time and attention today.

I also want to thank county departments and budget staff for putting in countless hours during this challenging budget process. Together, we've created a financially sound budget proposal focused on meeting service demands despite challenging circumstances.

Next Steps

Now, let's take a moment and look at the next steps in this process, which will be different this year as a result of COVID-19.



On Wednesday, May 27, we'll have a work session at 2 p.m. to discuss the budget, if needed.

The next step is a public hearing. We've adjusted the process in line with the state's new guidelines.

Starting May 21, residents can begin submitting comments on this budget through the Wake County website at wakegov.com/budget.

On Monday, June 1, we will hold a public hearing on the budget during the 5 p.m. board meeting. As soon as the meeting starts, all feedback will become publicly available for viewing on the county website. The Clerk to the Board will then provide the commission with a summary of public hearing comments received through that morning.

The public can continue submitting comments until June 2 at 5 p.m. A summary of all comments will be delivered to the board at that point.

On Monday, June 8, we'll have a second work session at 2 p.m. to discuss public hearing comments and identify any changes to the recommended budget for consideration on Monday, June 15. We will bring the proposed budget to the board that day for a vote during the 2 p.m. board meeting.

All the meetings I've mentioned will be virtual, and they will be livestreamed and archived for later viewing at wakegov.com. Additionally, all materials related to the budget are available right now on our website.

I encourage everyone to visit it to get a better understanding of the information I've shared today.

Thank you for your time and thoughtful consideration.

Respectfully submitted,

David Ellis
 County Manager



wakegov.com/budget