

**Wake County Board of Commissioners**  
**Work Session**  
**May 30, 2018**  
**2:00 P.M.**  
**Wake County Justice Center Room 2800**

**Commissioners Present:**

Jessica Holmes, Chair  
Sig Hutchinson, Vice-Chair  
John Burns  
Matt Calabria  
Greg Ford  
Erv Portman  
James West

**Wake County Staff Present:**

David Ellis, County Manager; Johnna Rogers, Chief Operating Officer; Denise Foreman, Assistant County Manager; Chris Dillon, Assistant County Manager; Nicole Kreiser, Assistant County Manager; Ben Canada, Assistant to the County Manager; Bill Greeves, Chief Information and Innovation Officer; Denise Hogan, Clerk to the Board; Yvonne Gilyard, Deputy Clerk to the Board; Portia Johnson, Executive Assistant to the Board; Michelle Cerett, Executive Assistant to the Board; Scott Warren, County Attorney; Dara Demi, Communications Director; Kerry McComber, Communications Manager; Anne Marie Maiorano, Deputy Human Services Director; Alicia Arnold, Human Services Division Director; Michelle Venditto, Budget and Management Services Director; Heather Drennan, Budget and Management Services Assistant Director; Margaret Murphy, Budget & Management Analyst; Frank Cope, Community Services Director; Emily Lucas, Deputy Finance Director; Michael James, Senior Budget and Management Analyst; Tammy DePhillip, Budget and Management Analyst; Todd Taylor, Financial Services Manager; Aaron Brown, Budget Intern; Paarth Mehta, Budget and Management Analyst; Michael Gammon, Senior Budget and Management Analyst; Michelle Burgess, Budget and Management Analyst; Sara Warren, Business Officer; Allison Cooper, Senior Assistant County Attorney; Dave Goodwin, General Services Director; and Kelli Braunbach, Deputy General Services Director.

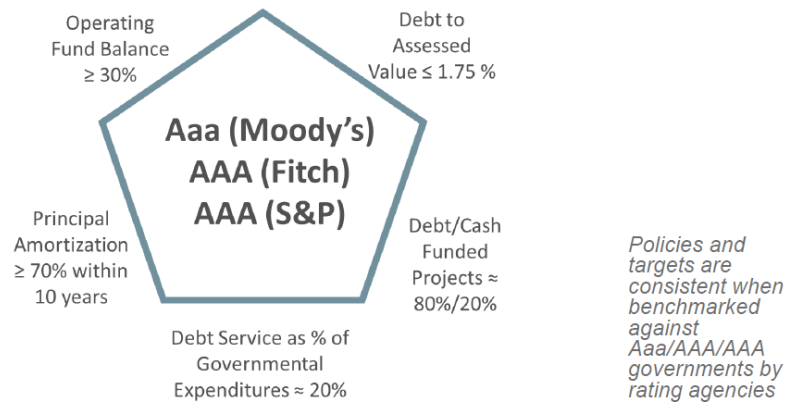
Chair Holmes called the meeting to order at 2:00 p.m. and welcomed everyone to the meeting.

Ms. Emily Lucas, Deputy Finance Director, provided an update on the November referendum question. She shared the referendum calendar. She said action by the board is not required until June 18<sup>th</sup>.

Referendum Calendar November 2018	
Date	Event
May 15, 2018 BOE Meeting	Board of Education (BOE) "approved" Resolution requesting Board of Commissioners (BOC) to take steps to fund capital program
June 18, 2018 BOC Meeting	BOC adopts preliminary findings resolution
June 22, 2018	Publication of notice of intent to file an application with the Local Government Commission (LGC)
July 6, 2018	Application to the LGC due
July 23, 2018 BOC Meeting	Introduction of bond order by the BOC; file Sworn Statement of Debt with Clerk; set referendum date
July 27, 2018	Publication of bond order as introduced and notice of public hearing
August 6, 2018 BOC Meeting	BOC conducts public hearing regarding bond order, adopts bond order; adopts resolution calling for referendum
By August 9, 2018	Deliver certified copy of resolution calling for referendum to BOE
November 6, 2018	Referendum
December 3, 2018 BOC Meeting	Certification of results of referendum by the BOC

She shared how the county policies are consistent with the requirements of the rating agencies.

### Debt and Capital Model Developed Around Context of Policies and Targets



Ms. Lucas shared the action items from the May 14<sup>th</sup> work session.

### Action Items Coming Out of May 14 Work Session

1. 2013 bond referenda accomplishments
2. Clarify if ballot questions can be shortened
3. History of debt/capital tax increases
4. Show effect of "Referendum Adjusted" CIP Proposal on County policies and guidelines

She shared the projects that were completed with the 2013 bond. She said 13 of the 15 new schools are completed and the other two will be completed in 2019.

## Action Item #1 – 2013 Bond Accomplishments

New Schools			Major Renovations		
School Name	Level	Location	School Name	Level	Location
Abbots Creek	Elementary	Raleigh	Green	Elementary	Raleigh
Bryan Road	Elementary	Garner	Lincoln Heights	Elementary	Lincoln Heights
Scotts Ridge	Elementary	Apex	Brooks	Elementary	Raleigh
Horton's Creek	Elementary	Cary	Rolesville	Elementary	Rolesville
Beaverdam	Elementary	Raleigh	Garner	High	Garner
White Oak	Elementary	Apex	<ul style="list-style-type: none"> <li>CIP 2013 provided for construction of 15 new schools, 5 major renovations, start-up costs at 5 schools, life cycle replacements, educational equipment replacement, technology and security</li> <li>13 new schools and 2 major renovations have been completed; remaining 2 new schools and 3 major renovations will be completed by 2018-19 school year</li> </ul>		
Pleasant Grove	Elementary	Morrisville			
Rogers Lane	Elementary	Raleigh			
Oakview	Elementary	Holly Springs			
Buckhorn Creek	Elementary	Holly Springs			
Pine Hollow	Middle	Raleigh			
Apex Friendship	Middle	Apex			
River Bend	Middle	Raleigh			
Green Level	High	Cary			
South Garner	High	Garner			

Ms. Lucas shared the proposed ballot language for the Wake County Public School System (WCPSS) bond question. She said revisions were made with the assistance of the bond council.

## Action Item #2 – Ballot Language WCPSS

*\*red text indicates language changed or altogether omitted in revised proposed version*

### Schools – Prior Language:

Shall the order adopted on August 6, 2018, authorizing SCHOOL BONDS of the County of Wake, North Carolina in an amount not to exceed \$\_\_\_\_\_ plus interest, for the purpose of providing funds, **together with any other available funds**, to construct, renovate, expand, improve and equip school buildings and other school facilities **in said County**, including **the acquisition of land, easements and rights-of-way in connection therewith**, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

### Schools – Revised Proposed Language:

Shall the order adopted on August 6, 2018, authorizing SCHOOL BONDS of the County of Wake, North Carolina in an amount not to exceed \$\_\_\_\_\_ plus interest, for the purpose of providing funds to construct, renovate, expand, improve and equip school buildings and other school facilities, including **associated real estate costs**, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

6

She shared the proposed ballot language for the Wake Tech Community College (WTCC) bond question.

## Action Item #2 – Ballot Language WTCC

*\*red text indicates language changed or altogether omitted in revised proposed version*

### Wake Tech – Prior Language:

Shall the order adopted on August 6, 2018, authorizing COMMUNITY COLLEGE BONDS of the County of Wake, North Carolina in an amount not to exceed \$\_\_\_\_\_ plus interest, for the purpose of providing funds, **together with any other available funds**, to construct, renovate, expand, improve and equip community college facilities for Wake Technical Community College, including **the acquisition of land, easements and rights-of-way in connection therewith**, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

### Wake Tech – Revised Proposed Language:

Shall the order adopted on August 6, 2018, authorizing COMMUNITY COLLEGE BONDS of the County of Wake, North Carolina in an amount not to exceed \$\_\_\_\_\_ plus interest, for the purpose of providing funds to construct, renovate, expand, improve and equip community college facilities for Wake Technical Community College, including **associated real estate costs**, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

She shared the proposed ballot language for the Parks, Recreation & Open Space (PROS) bond question. She said there were minimal revisions to this question.

## Action Item #2 – Ballot Language PROS

*\*red text indicates language changed or altogether omitted in revised proposed version*

### PROS – Prior Language:

Shall the order adopted on August 6, 2018, authorizing PARKS, RECREATION AND OPEN SPACE BONDS of the County of Wake, North Carolina in an amount not to exceed \$\_\_\_\_\_ plus interest, for the purpose of providing funds, **together with any other available funds**, for improving and expanding the existing parks and recreational facilities of said County and acquiring and constructing new parks and recreational facilities **of said County**, including facilities developed jointly with other governmental entities, and including the acquisition of open space land and other land for recreational use, the acquisition of rights of way and the furnishing of incidental facilities and equipment in connection therewith, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

### PROS – Revised Proposed Language:

Shall the order adopted on August 6, 2018, authorizing PARKS, RECREATION AND OPEN SPACE BONDS of the County of Wake, North Carolina in an amount not to exceed \$\_\_\_\_\_ plus interest, for the purpose of providing funds for improving and expanding existing parks and recreational facilities and acquiring and constructing new parks and recreational facilities, including facilities developed jointly with other governmental entities, and including the acquisition of open space land and other land for recreational use, the acquisition of rights of way and the furnishing of incidental facilities and equipment in connection therewith, and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the Bonds be approved?

Ms. Lucas shared a history of tax increases and their purpose.

### Action Item #3 – History of Tax Increases by Purpose

Referendum	Purpose	Program Amount (in millions)	Bond Amount (in millions)	Tax for Capital and Debt Service (in cents)	% Voter Approval	Voter Turnout	% Voter Turnout
June 1993	Libraries	\$ 10	\$ 10	0.00	55.7%	46,319	18.5%
	Parks	\$ 10	\$ 10	0.00	50.5%		
	Wake Tech	\$ 30	\$ 30	0.00	51.3%		
	WCPSS	\$ 300	\$ 200	0.00	56.3%		
June 1996	WCPSS	\$ 400	\$ 250	0.00	79.0%	40,773	13.5%
June 1999	WCPSS	\$ 940	\$ 650	13.00	35.0%	90,741	24.5%
November 2000	Open Space	\$ 15	\$ 15	0.00	76.6%	275,112	68.8%
	Public Safety	\$ 20	\$ 20	0.00	57.8%		
	WCPSS	\$ 550	\$ 500	0.00	77.9%		
October 2003	Libraries	\$ 35	\$ 35	0.00	67.5%	87,724	20.9%
	WCPSS	\$ 550	\$ 450	0.00	64.2%		
November 2004	Open Space	\$ 26	\$ 26	0.00	73.8%	359,429	78.0%
	Wake Tech	\$ 40	\$ 40	0.00	74.8%		
	WCPSS	\$ 1,056	\$ 970	2.70	53.2%		
November 2006	WCPSS	\$ 1,056	\$ 970	2.70	53.2%	207,800	40.5%
October 2007	Libraries	\$ 45	\$ 45	0.30	70.0%	56,032	10.9%
	Open Space	\$ 50	\$ 50	0.30	71.4%		
	Wake Tech	\$ 115	\$ 92	0.75	67.5%		
November 2012	Wake Tech	\$ 210	\$ 200	0.00	72.9%	488,599	74.6%
October 2013	WCPSS	\$ 940	\$ 810	4.40	57.7%	98,889	15.4%

She shared how the adjusted referendum language affects county policies. She said WCPSS made minor changes to their request after it was presented at the May 14<sup>th</sup> joint meeting.

### Action Item #4 – Referendum Adjusted affect on Policies

#### First a catch up on Board of Education (BOE) activity

- April 26<sup>th</sup> Core Team Meeting - consensus reached on funding Schools via Referendum Adjusted CIP
- May 14<sup>th</sup> Wake County Board Work Session - staff recommends funding Schools via Referendum Adjusted CIP
- May 15<sup>th</sup> BOE meeting - three School CIP versions presented for consideration (Revised Baseline; Referendum Adjusted; Option 3)
  - BOE adopted a resolution to request County funding based on Option 3
    - Option 3 was provided to County subsequent to BOE adoption on May 15<sup>th</sup>
    - Overall 7 year program total slightly less than Referendum Adjusted version
    - However, \$44 million was accelerated into the FY20 - FY21 two year bond program
- County reran its financial model based on newest Referendum Adjusted and Option 3 versions

10

Ms. Johnna Rogers, Chief Operating Officer, said the Board of Education wanted to see how their numbers would look if they changed the timing of some projects. She said they asked Board of Education staff to develop an option 3, which resulted in a \$44 million change to Fiscal Year 19. Ms. Rogers said option 3 accelerated the renovation of two elementary schools. She said county staff was not notified of the plan to look into a third option.

Chair Holmes asked if the Board of Education should have notified the county of the third option prior to it being presented to their board. Ms. Rogers replied yes, they should have notified the county.

Ms. Lucas shared the adjusted WCPSS referendum plan. She said the change equates to \$7.4 million over seven years.

## WCPSS Referendum Adjusted

Program Area	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total FY20- FY25
(in millions)							
<b>New Schools</b>	<b>17.9</b>	<b>121.8</b>	<b>200.3</b>	<b>116.6</b>	<b>297.6</b>	<b>140.1</b>	<b>894.3</b>
<b>Renovations</b>	<b>177.9</b>	<b>105.3</b>	<b>92.2</b>	<b>72.4</b>	<b>50.4</b>	<b>7.4</b>	<b>505.6</b>
<b>Other:</b>							
Life Cycle	30.0	30.9	31.8	32.8	33.8	34.8	194.1
Environmental/ADA	4.1	4.2	4.4	4.5	4.6	4.8	26.6
Technology	29.1	29.9	30.8	31.7	32.7	33.7	187.9
Security	4.3	4.5	4.6	4.8	4.9	5.0	28.1
Mobiles	1.3	1.3	1.4	1.4	1.5	1.5	8.4
Property Acquisition	10.6	10.9	11.3	11.6	11.9	12.3	68.6
SNAP	15.0	16.0	15.0	16.0	16.0	16.5	94.5
Prgm. Management	9.5	9.0	10.7	9.0	12.4	8.2	58.8
Contingency	8.8	9.9	11.8	8.5	13.6	7.7	60.3
<b>Total Other</b>	<b>112.7</b>	<b>116.6</b>	<b>121.8</b>	<b>120.3</b>	<b>131.4</b>	<b>124.5</b>	<b>727.3</b>
<b>Referendum Adjusted Totals</b>	<b>\$ 308.5</b>	<b>\$ 343.7</b>	<b>\$ 414.3</b>	<b>\$ 309.3</b>	<b>\$ 479.4</b>	<b>\$ 272.0</b>	<b>\$ 2,127.2</b>
<b>BOC Work Session Totals</b>	<b>\$ 307.7</b>	<b>\$ 343.1</b>	<b>\$ 408.7</b>	<b>\$ 313.2</b>	<b>\$ 473.6</b>	<b>\$ 273.5</b>	<b>\$ 2,119.8</b>
<b>Variance from Ref Adjusted</b>	<b>\$ 0.8</b>	<b>\$ 0.6</b>	<b>\$ 5.6</b>	<b>\$ (3.9)</b>	<b>\$ 5.8</b>	<b>\$ (1.5)</b>	<b>\$ 7.4</b>

She shared the debt and cash allocations with the adjusted referendum.

## WCPSS Referendum Adjusted - Debt/Cash Allocations

	2020	2021	2022	2023	2024	2025
(in millions)						
<b>DEBT</b>						
WCPSS	265.8	281.8	352.0	244.6	413.2	203.9
Wake Tech	86.5	90.5	76.9	95.1	99.7	78.9
PROS	20.0	20.0	20.0	20.0	20.0	20.0
Human Services (LOBs)	0.0	15.0	0.0	55.0	0.0	0.0
<b>Debt Capacity</b>	<b>\$ 372.3</b>	<b>\$ 407.3</b>	<b>\$ 448.9</b>	<b>\$ 414.7</b>	<b>\$ 532.9</b>	<b>\$ 302.8</b>
<b>CASH</b>						
WCPSS	42.7	61.9	62.2	64.6	66.1	68.1
Wake Tech	10.0	10.0	7.5	7.5	7.5	7.5
Human Services	5.8	0.5	1.5	5.0	1.5	2.6
County Capital	34.5	31.0	36.1	29.8	50.8	22.9
<b>Cash Capacity</b>	<b>\$ 93.0</b>	<b>\$ 103.4</b>	<b>\$ 107.3</b>	<b>\$ 106.9</b>	<b>\$ 125.9</b>	<b>\$ 101.1</b>
<b>Total Program</b>	<b>\$ 465.3</b>	<b>\$ 510.7</b>	<b>\$ 556.2</b>	<b>\$ 521.6</b>	<b>\$ 658.8</b>	<b>\$ 403.9</b>

Ms. Lucas said the WCPSS adjusted referendum would require a 3.7 cent tax increase in Fiscal Year 20.

## WCPSS Referendum Adjusted Requires 3.7¢ Tax Increase in FY20

- Reflective of changes since May 14<sup>th</sup> work session
- The 3.7 cents in FY20 still supports the 2 year bond program

CALENDAR YEARS	2019			2020		2021		2022		2023		2024		2025			
FISCAL YEARS	FY 19			FY 20		FY 21		FY 22		FY 23		FY 24		FY 25			
BALLOT QUESTIONS																	
WCPSS GO Bonds; Vote Every 2 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail		Vote Nov	New Tax Rate Set June	G.O Debt Avail		Vote Nov	New Tax Rate Set June	G.O Debt Avail						
WCPSS Tax Increases		2.20				0.85				1.50							
WCPSS Ballot Amounts				\$548 million				\$597 million				\$617 million					
WTCC GO Bonds; Vote Every 4 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail						Vote Nov	New Tax Rate Set June	G.O Debt Avail						
WTCC Tax Increases		1.15								0.35							
WTCC Ballot Amounts							\$349 million					\$179 million +					
PROS GO Bonds; Vote Every 6 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail														
PROS Tax Increases		0.35															
PROS Ballot Amounts								\$120 million									
Total Estimated Tax Increase		3.70				0.85				1.85							

She shared staff concerns with the adjusted referendum. She said the fund balance policy guidelines state the balance should not to fall below 30 percent. Ms. Lucas said the only solution with the referendum adjusted would be to spend less cash or raise taxes.

### WCPSS Referendum Adjusted – Policy Coverages Pushed to Limit With Little Margin for Error

- Fund Balance coverage ratio falls to 30.1% (minimum of 30% to maintain AAA)
- Debt to Assessed coverage ratio climbs to 1.72% (maximum of 1.75% to maintain AAA)

	2020	2021	2022	2023	2024	2025
(in millions)						
Debt Capacity	\$ 372.3	\$ 407.3	\$ 448.9	\$ 414.7	\$ 532.9	\$ 302.8
Cash Capacity	\$ 93.0	\$ 103.4	\$ 107.3	\$ 106.9	\$ 125.9	\$ 101.1
Total Program	\$ 465.3	\$ 510.7	\$ 556.2	\$ 521.6	\$ 658.8	\$ 403.9
<b>KEY RATIOS</b>						
Fund Balance Ratio	30.1%	31.4%	31.8%	31.3%	30.1%	30.2%
% Debt Paid in 10 Years	73%	72%	71%	70%	70%	70%
Debt/Capital Ratio	80%	79%	80%	79%	81%	75%
Debt/Assessed Value Ratio	1.59%	1.54%	1.57%	1.66%	1.72%	1.60%
Debt Service as a % Total Expenditures	19%	19%	20%	21%	21%	23%

Ms. Lucas shared the variation from the adjusted referendum with WCPSS option 3. She said the program is reduced by \$8.9 million by Fiscal Year 25, which is related to renovations.

### WCPSS Adopted Option 3

Program Area	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total FY20- FY25
(in millions)							
New Schools	17.9	121.8	200.3	116.6	297.6	140.1	894.3
Renovations	207.9	117.1	44.3	72.4	50.4	7.4	499.5
Other:							
Life Cycle	30.0	30.9	31.8	32.8	33.8	34.8	194.1
Environmental/ADA	4.1	4.2	4.4	4.5	4.6	4.8	26.6
Technology	29.1	29.9	30.8	31.7	32.7	33.7	187.9
Security	4.3	4.5	4.6	4.8	4.9	5.0	28.1
Mobiles	1.3	1.3	1.4	1.4	1.5	1.5	8.4
Property Acquisition	10.6	10.9	11.3	11.6	11.9	12.3	68.6
SNAP	15.0	16.0	15.0	16.0	16.0	16.5	94.5
Prgm. Management	10.1	9.3	9.5	7.9	12.4	7.2	56.4
Contingency	9.7	10.2	10.3	8.5	13.6	7.6	59.9
<b>Total Other</b>	<b>114.2</b>	<b>117.2</b>	<b>119.1</b>	<b>119.2</b>	<b>131.4</b>	<b>123.4</b>	<b>724.5</b>
<b>Option 3 Totals</b>	<b>\$ 340.0</b>	<b>\$ 356.1</b>	<b>\$ 363.7</b>	<b>\$ 308.2</b>	<b>\$ 479.4</b>	<b>\$ 270.9</b>	<b>\$ 2,118.3</b>
<b>Ref Adjusted Totals</b>	<b>\$ 308.5</b>	<b>\$ 343.7</b>	<b>\$ 414.3</b>	<b>\$ 309.3</b>	<b>\$ 479.4</b>	<b>\$ 272.0</b>	<b>\$ 2,127.2</b>
<b>Variance from Ref Adjusted</b>	<b>\$ 31.5</b>	<b>\$ 12.4</b>	<b>\$ (50.6)</b>	<b>\$ (1.1)</b>	<b>\$ -</b>	<b>\$ (1.1)</b>	<b>\$ (8.9)</b>

She shared the debt and cash allocations with WCPSS option 3.



## WCPSS Adopted Option 3 - Debt/Cash Allocations

	2020	2021	2022	2023	2024	2025
(in millions)						
<b>DEBT</b>						
WCPSS	291.1	294.2	301.4	243.5	413.2	202.9
Wake Tech	86.5	90.5	76.9	95.1	99.7	78.9
PROS	20.0	20.0	20.0	20.0	20.0	20.0
Human Services (LOBs)	0.0	15.0	0.0	55.0	0.0	0.0
Debt Capacity	\$ 397.6	\$ 419.7	\$ 398.3	\$ 413.6	\$ 532.9	\$ 301.8
<b>CASH</b>						
WCPSS	48.9	61.9	62.2	64.6	66.1	68.1
Wake Tech	10.0	10.0	7.5	7.5	7.5	7.5
Human Services	5.8	0.5	1.5	5.0	1.5	2.6
County Capital	34.5	31.0	36.1	29.8	50.8	22.9
Cash Capacity	\$ 99.2	\$ 103.4	\$ 107.3	\$ 106.9	\$ 125.9	\$ 101.1
<b>Total Program</b>	<b>\$ 496.8</b>	<b>\$ 523.1</b>	<b>\$ 505.6</b>	<b>\$ 520.5</b>	<b>\$ 658.8</b>	<b>\$ 402.9</b>

She said if option 3 is adopted, it will require a 4.15 cent tax increase in Fiscal Year 20. She said the change is contributed to WCPSS accelerating two renovation projects.

### WCPSS Adopted Option 3 Requires 4.15¢ Tax Increase in FY20

- FY20 - FY21 bond program increased by total of \$44 million (\$37 million Debt; \$7 million PAYGO)
- Requires .45 cent addition to planned FY20 tax increase; from 3.7 cents to 4.15 cents (all Schools)

CALENDAR YEARS		2019	2020	2021	2022	2023	2024	2025	
FISCAL YEARS		FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	
BALLOT QUESTIONS									
WCPSS GO Bonds; Vote Every 2 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail	Vote Nov	New Tax Rate Set June	G.O Debt Avail	Vote Nov	New Tax Rate Set June	G.O Debt Avail
WCPSS Tax Increases		2.65		0.85		0.85			
WCPSS Ballot Amounts			\$585 million		\$545 million		\$616 million		
WTCC GO Bonds; Vote Every 4 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail			Vote Nov	New Tax Rate Set June	G.O Debt Avail	
WTCC Tax Increases		1.15				0.20			
WTCC Ballot Amounts			\$349 million				\$179 million +		
PROS GO Bonds; Vote Every 6 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail						
PROS Tax Increases		0.35							
PROS Ballot Amounts			\$120 million						
Total Estimated Tax Increase		4.15		0.85		1.05			

She shared a summary of the outcome of adopting WCPSS option 3. She said there is no room for variation in Fiscal Year 20 without going below 30 percent.



## WCPSS Adopted Option 3 – Policy Coverages Pushed to Limit & Requires a Higher Initial Tax Increase to Stay Within Policy

- Fund Balance coverage ratio falls to 30.0% (minimum of 30% to maintain AAA)
- Debt to Assessed coverage ratio climbs to 1.71% (maximum of 1.75% to maintain AAA)

	2020	2021	2022	2023	2024	2025
(in millions)						
Debt Capacity	\$ 397.6	\$ 419.7	\$ 398.3	\$ 413.6	\$ 532.9	\$ 301.8
Cash Capacity	\$ 99.2	\$ 103.4	\$ 107.3	\$ 106.9	\$ 125.9	\$ 101.1
Total Program	\$ 496.8	\$ 523.1	\$ 505.6	\$ 520.5	\$ 658.8	\$ 402.9
<b>KEY RATIOS</b>						
Fund Balance Ratio	30.0%	31.8%	32.5%	32.4%	31.0%	30.6%
% Debt Paid in 10 Years	73%	72%	71%	70%	70%	70%
Debt/Capital Ratio	80%	80%	78%	79%	81%	75%
Debt/Assessed Value Ratio	1.59%	1.55%	1.59%	1.67%	1.71%	1.59%
Debt Service as a % Total Expenditures	19%	19%	20%	21%	21%	23%

She shared suggested changes that can be made to WCPSS Capital Improvement Program (CIP) that will allow the county to fund their request while protecting county policies. She said the funding level remains the same, but the timing is different.

## What Changes Can be Made to WCPSS CIP to Fund Their Request While Protecting County Policies?

County developed a “Hybrid” option which:

- Started with Referendum Adjusted as Baseline
- Adjusted debt/cash funding annually to better protect debt policies and guidelines
- Adjusted tax rate increases to better protect fund balance
- Adjusted annual School funding as necessary
  - Funding delayed year to year
- Total School funding remains at Referendum Adjusted level

Ms. Lucas said county staff created a hybrid model that will coincide with county fund balance policies. She shared an overview of the referendum adjusted hybrid. She said the referendum adjusted hybrid option will better protect the debt-to-asset value ratios.

## WCPSS Referendum Adjusted Hybrid

Program Area	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total FY20- FY25
(in millions)							
New Schools	17.9	121.8	200.3	116.6	297.6	140.1	894.3
Renovations	177.9	105.3	92.2	72.4	50.4	7.4	505.6
School Adjustments	-	-	(65.0)	30.0	(65.0)	100.0	0.0
Other:							
Life Cycle	30.0	30.9	31.8	32.8	33.8	34.8	194.1
Environmental/ADA	4.1	4.2	4.4	4.5	4.6	4.8	26.6
Technology	29.1	29.9	30.8	31.7	32.7	33.7	187.9
Security	4.3	4.5	4.6	4.8	4.9	5.0	28.1
Mobiles	1.3	1.3	1.4	1.4	1.5	1.5	8.4
Property Acquisition	10.6	10.9	11.3	11.6	11.9	12.3	68.6
SNAP	15.0	16.0	15.0	16.0	16.0	16.5	94.5
Prgm. Management	9.5	9.0	10.7	9.0	12.4	8.2	58.8
Contingency	8.8	9.9	11.8	8.5	13.6	7.7	60.3
Other Adjustments	(4.0)	4.0	-	-	-	-	0.0
Total Other	108.7	120.6	121.8	120.3	131.4	124.5	727.3
Hybrid Totals	\$ 304.5	\$ 347.7	\$ 349.3	\$ 339.3	\$ 414.4	\$ 372.0	\$ 2,127.2
Ref Adjusted Totals	\$ 308.5	\$ 343.7	\$ 414.3	\$ 309.3	\$ 479.4	\$ 272.0	\$ 2,127.2
Variance from Ref Adjusted	\$ (4.0)	\$ 4.0	\$ (65.0)	\$ 30.0	\$ (65.0)	\$ 100.0	\$ -

She shared the debt and cash allocations with the adjusted hybrid. She said the outcome of the hybrid plan is the same, but the timing is different.

## WCPSS Referendum Adjusted Hybrid - Debt/Cash Allocations

	2020	2021	2022	2023	2024	2025
(in millions)						
<b>DEBT</b>						
WCPSS	265.8	281.8	287.0	274.6	348.2	303.9
Wake Tech	86.5	90.5	76.9	95.1	99.7	78.9
PROS	20.0	20.0	20.0	20.0	20.0	20.0
Human Services (LOBs)	0.0	15.0	0.0	55.0	0.0	0.0
Debt Capacity	\$ 372.3	\$ 407.3	\$ 383.9	\$ 444.7	\$ 467.9	\$ 402.8
<b>CASH</b>						
WCPSS	38.7	65.9	62.2	64.6	66.1	68.1
Wake Tech	10.0	10.0	7.5	7.5	7.5	7.5
Human Services	5.8	0.5	1.5	5.0	1.5	2.6
County Capital	34.5	31.0	36.1	29.8	50.8	22.9
Cash Capacity	\$ 89.0	\$ 107.4	\$ 107.3	\$ 106.9	\$ 125.9	\$ 101.1
Total Program	\$ 461.3	\$ 514.7	\$ 491.2	\$ 551.6	\$ 593.8	\$ 503.9

She shared an overview of the adjusted hybrid referendum.

## WCPSS Referendum Adjusted Hybrid

- 3.7 cents in FY20 adjusted to 3.8 cents to support the 2 year bond program
- Policy coverages and guidelines are maintained with some future flexibility

CALENDAR YEARS	2019			2020		2021		2022		2023		2024	2025	
FISCAL YEARS	FY 19		FY 20	FY 21		FY 22		FY 23		FY 24		FY 25		
BALLOT QUESTIONS														
WCPSS GO Bonds; Vote Every 2 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail		Vote Nov	New Tax Rate Set June	G.O Debt Avail		Vote Nov	New Tax Rate Set	G.O Debt Avail			
WCPSS Tax Increases		2.30				0.85				1.40				
WCPSS Ballot Amounts			\$548 million					\$562 million			\$652 million			
WTCC GO Bonds; Vote Every 4 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail						Vote Nov	New Tax Rate Set	G.O Debt Avail			
WTCC Tax Increases		1.15								0.35				
WTCC Ballot Amounts			\$349 million									\$179 million +		
PROS GO Bonds; Vote Every 6 Years	Vote Nov	New Tax Rate Set June	G.O Debt Avail											
PROS Tax Increases		0.35												
PROS Ballot Amounts			\$120 million											
Total Estimated Tax Increase		3.80				0.85				1.75				

She said the hybrid option offers more flexibility for future boards of commissioners.

## WCPSS Referendum Adjusted Hybrid – Better Aligns with County Policies & Allows for Future Flexibility

- Fund Balance coverage ratio protected (minimum of 30% to maintain AAA)
- Debt to Assessed coverage ratio protected (maximum of 1.75% to maintain AAA)

	2020	2021	2022	2023	2024	2025
(in millions)						
Debt Capacity	\$ 372.3	\$ 407.3	\$ 383.9	\$ 444.7	\$ 467.9	\$ 402.8
Cash Capacity	\$ 89.0	\$ 107.4	\$ 107.3	\$ 106.9	\$ 125.9	\$ 101.1
Total Program	\$ 461.3	\$ 514.7	\$ 491.2	\$ 551.6	\$ 593.8	\$ 503.9
<b>KEY RATIOS</b>						
Fund Balance Ratio	30.5%	31.6%	32.0%	31.7%	30.7%	31.0%
% Debt Paid in 10 Years	73%	72%	71%	70%	70%	70%
Debt/Capital Ratio	80%	79%	78%	80%	79%	80%
Debt/Assessed Value Ratio	1.59%	1.54%	1.57%	1.65%	1.69%	1.58%
Debt Service as a % Total Expenditures	20%	19%	20%	21%	21%	22%

She said staff feels the hybrid option is best to protect the county.

Commissioner Calabria asked why the hybrid tax rate is slightly higher. Ms. Lucas said it was adjusted slightly to provide a cushion and ensure the county retains their fund balance policy.

Chair Holmes asked how much cushion would be provided by raising the tax increase from 3.7 cents to 3.8 cents. Ms. Lucas said that would provide approximately an additional \$2.5 million.

## Decision Matrix

	Referendum Adjusted	Option 3	Referendum Adjusted Hybrid
<u>Schools 7 yr CIP Funding</u>			
Schools Funding - FY19	\$328 million	\$328 million	\$328 million
Schools Funding - FY20 thru FY25	\$2.117 billion	\$2.109 billion	\$2.117 billion
Total Schools Funding - FY19 thru FY25	\$2.445 billion	\$2.437 billion	\$2.445 billion
<u>Total Referenda - Fall 2018</u>			
Schools Referendum (2 yr)	\$548 million	\$586 million	\$548 million
Wake Tech Referendum (4 yr)	\$349 million	\$349 million	\$349 million
PROS Referendum (6 yr)	\$120 million	\$120 million	\$120 million
Total Referenda - Fall 2018 Ballot	\$1.017 billion	\$1.055 billion	\$1.017 billion
<u>Tax Impact</u>			
Projected Tax Increase - FY20	3.70¢	4.15¢	3.80¢
<u>Further Considerations</u>			
Core Team Consensus (April 26)	X		
BOE Adopted (May 15)		X	
Policy Coverages to Maintain AAA - Low	X	X	
Policy Coverages to Maintain AAA - Adequate			X

Commissioner Ford asked about the Board of Education submitting option 3 and asked why it wasn't funneled through the core team. Ms. Rogers said when the school staff presented the original proposal, the board of education didn't like the timing of some schools and asked their staff to create another option. He asked if something could be put in place to ensure the core team reviews it in the future. Ms. Rogers said the county can only suggest they do that in the future, but they can't mandate them to do it.

Commissioner West expressed concern with the lack of communication. He said the flow of communication is important. Ms. Rogers said part of the issue was the short amount of time the Board of Education had to make revisions. She said county staff was aware that the Board of Education may submit another option, but was not aware that it would require additional county funding.

Chair Holmes said there is a consensus that there was a lack of communication, and she will communicate that to the Board of Education.

Ms. Lucas shared the staff recommendation.

## Staff Recommendation

- **Approve School's total funding request, including Referendum Adjusted Hybrid CIP plan**
  - FY20 tax increase at 3.8 cents
  - County policies are protected
- **Fulfills County's Statutory Responsibility to Fund Schools at a reasonable level sufficient to meet their needs**
  - Year to year funding adjustments to be made by Schools
  - Overall requested level of support is met

Ms. Rogers said staff needs feedback from the Board so agenda items can be created timely. Chair Holmes asked for Board feedback. All members of the board agreed to fully support staff's recommendation of the hybrid option.

Chair Holmes conveyed a request from the Board of Education. They asked that the Board of Commissioners delay voting on the budget until the second meeting in June. The Board of Education said they will have better numbers by then in terms of funding from the state. Commissioner Calabria asked what impact that will have to the staff process. Mr. David Ellis, County Manager, said it has already been advertised for voting on June 4<sup>th</sup>, and the public will be present. Commissioner Calabria suggested delaying a decision on when to vote on the budget until later in the work session after all information is received.

Ms. Michelle Venditto, Director, Budget and Management Services, provided an update on the Fiscal Year 19 recommended budget. She said this is the final work session prior to budget adoption.

- Technical Corrections
- May 14 Budget Work Session Follow-up
- Public Hearing Feedback and Other Funding Requests
- Budget Ordinances
- Next Steps

She shared the technical corrections. She said EMS will be using a contract agency, which resulted in a decrease of 4 positions. She said Apex EMS is being combined with Wake EMS, which will result in an additional 16 positions and a need has been identified for an additional security communications analyst.

## Personnel Authorization

<b>Personnel - Recommended</b>	<b>FTE 4,208.084</b>
Transfer of Peak Load Ambulance Unit to Eastern Wake EMS Contracted Unit	(4.000)
Addition of personnel from Apex EMS	16.000
Addition of Information Security Communications Analyst	1.000
<b>Personnel - Revised</b>	<b>4,221.084</b>

- One Peak Load Ambulance Unit will be placed at Wendell Falls EMS station and staffed by contracted Eastern Wake EMS unit, not County FTE
- Effective June 30, 2018, Apex residents will be served by Wake County EMS
  - Prior to this change Wake County funded two Apex EMS ambulance units and staff
  - Apex EMS's FY 2019 projected contract amount of \$1.6 million will be realigned within Wake County EMS resulting in no net change to the General Fund
- Information Security Communications Analyst to research and investigate the increasing number of security incidents

WAKE COUNTY

4

She shared the revised general fund recommendation. She said the revision is due to the \$2.5 million that was approved in Fiscal Year 18 for the Beacon Ridge housing project. It was originally in the budget for Fiscal Year 19.

## General Fund Budget

	Revenues	Expenditures
<b>General Fund - Recommended</b>	<b>\$1,318,600,000</b>	<b>\$1,318,600,000</b>
Transfer to Housing Capital Fund/Use of ABC Fund Balance	(\$2,477,000)	(\$2,477,000)
Information Services		\$107,000
EMS		(\$107,000)
<b>General Fund - Adopted</b>	<b>\$1,316,123,000</b>	<b>\$1,316,123,000</b>

- Transfer to the Housing Capital Fund was reduced, as was the use of ABC Fund Balance
  - Funds were appropriated in FY18 toward Multi-Family Affordable Housing Development Loans at the 5/9/18 Board of Commissioner regular meeting
- Increase in Information Services for addition of Security IT Analyst
- EMS ambulance will be purchased out of Fleet Fund Balance reserves

She shared the fleet fund revision.

## Fleet Fund

	Revenues	Expenditures
<b>Fleet Fund - Recommended</b>	<b>\$9,930,000</b>	<b>\$9,930,000</b>
Realigning Apex EMS ambulance and vehicle costs to mirror budget practice for County vehicles	\$121,000	\$121,000
Realigning Eastern Wake EMS ambulance and vehicle costs to mirror budget practice for County vehicles	\$241,000	\$241,000
Increase in use of fund balance to partially fund new ambulance	\$107,000	\$107,000
<b>Fleet Fund - Adopted</b>	<b>\$10,399,000</b>	<b>\$10,399,000</b>

- Fleet Fund is established as an internal services fund, funded by charges to operating departments across the County

She shared the housing special revenue fund revision. She said HUD recently provided the approved amounts for Fiscal Year 19 and they are slightly higher than projected.

## Housing Special Revenue Fund

	Recommended	Revised	Changes
Community Development Block Grant	\$2,431,692	\$2,679,470	\$247,778
County Match	\$395,997	\$395,997	-
Emergency Solutions Grant	\$200,846	\$208,435	\$7,589
Community Housing Development Organization Grant	-	\$135,610	\$135,610
HOME Investment Partnerships Program Grant	\$1,016,436	\$1,173,137	\$156,701
Housing Opportunities for Persons With AIDS Grant	\$671,084	\$768,406	\$97,322
Shelter Plus Care	\$2,164,945	\$2,164,945	-
<b>Total</b>	<b>\$6,881,000</b>	<b>\$7,526,000</b>	<b>\$645,000</b>

FY 2019: \$645,000 increase in funds from U.S. Department of Housing and Urban Development

She shared the housing capital fund revision.

## Housing Capital Fund

	2019	2020	2021	2022	2023	2024	2025	Total
Recommended	\$17.70	\$12.27	\$12.16	\$12.16	\$12.16	\$12.16	\$12.16	\$90.75
Revised	\$15.22	\$12.67	\$12.60	\$12.60	\$12.60	\$12.60	\$12.60	\$90.88
Changes	\$(2.48)	\$0.41	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.13

- FY 2019: \$2.5 million reduction in transfer of ABC Fund Balance due to appropriation in current year toward Multi-Family Affordable Housing Development Loans, \$24,000 calculation correction for planning programming
- FY 2020-25: Calculation correction based on planned programming

She shared the county capital sources.

## County Capital Sources

Recommended FY 2019-25 County Capital 7-Year CIP Sources								
Revenue Type	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	Total
Appropriated Fund Balance	\$0.8M	-	-	-	-	\$3.4M	-	\$4.1M
GO Bonds Authorized and Issued	\$3.7M	-	-	-	-	-	-	\$3.7M
Reimbursements	\$1.1M	\$0.6M	\$0.9M	\$0.9M	\$0.7M	\$0.6M	\$0.6M	\$5.5M
Public Health Attestation	\$0.1M	-	-	-	-	-	-	\$0.1M
Transfer From General Fund	\$31.3M	\$31.6M	\$32.4M	\$33.2M	\$34.0M	\$34.9M	\$35.7M	\$232.9M
Total County Capital Sources	\$36.9M	\$32.2M	\$33.3M	\$34.0M	\$34.7M	\$38.8M	\$36.3M	\$246.3M

Revised FY 2019-25 County Capital 7-Year CIP Sources								
Revenue Type	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	Total
Appropriated Fund Balance	\$1.0M	-	-	-	-	\$3.4M	-	\$4.4M
GO Bonds Authorized and Issued	\$3.7M	-	-	-	-	-	-	\$3.7M
Reimbursements	\$1.2M	\$0.6M	\$0.9M	\$0.9M	\$0.7M	\$0.6M	\$0.6M	\$5.5M
Public Health Attestation	\$0.1M	-	-	-	-	-	-	\$0.1M
Transfer From General Fund	\$31.3M	\$31.6M	\$32.4M	\$33.2M	\$34.0M	\$34.9M	\$35.7M	\$232.9M
Total County Capital Sources	\$37.2M	\$32.2M	\$33.3M	\$34.0M	\$34.7M	\$38.8M	\$36.3M	\$246.6M

- Corrected revenue source for Water, Sewer and Orphan Road anticipated studies (\$50,000) from funded by the County to reimbursements/payments by HOAs and communities.
- Corrected Economic Development element with increase of \$263,000 for future Orphan Road projects.

She shared the Wake Tech capital.

## Wake Tech Capital

FY 2019 – 2025 Wake Tech 7-Year CIP								
Budget Period	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
Recommended Budget	\$79.5M	\$91.4M	\$100.7M	\$86.9M	\$99.0M	\$103.4M	\$99.6M	\$660.5M
Revised Budget	\$74.9M	\$96.6M	\$100.5M	\$84.4M	\$102.6M	\$107.2M	\$86.4M	\$652.6M
Change	\$(4.6M)	\$5.2M	\$(0.2M)	\$(2.5M)	\$3.6M	\$3.8M	\$(13.2)	\$(7.9M)

- Wake Tech refined their project schedule to adjust the timing of their requested projects.



She shared the follow up topics that were comprised from the May 14<sup>th</sup> budget work session.

## Follow-up Topics

- Property Tax Relief
- Landfill Tipping Fees
- 287(g) Program
- County and WCPSS Facility Maintenance
- Affordable Housing
- Wake Smiles
- Boys & Girls Club

She shared information on property tax relief statutes. She said the revenue department does allow residents to make payment arrangements if needed.

## Property Tax Relief Statutes

- Property taxes are required to be administered “uniformly” under Article 5, Section 2 of the North Carolina Constitution. A County cannot administer a tax relief program beyond what is authorized by General Statutes.
- The County does not have the authority to reduce or abate taxes.
- The Revenue Department works with homeowners and creates payment arrangements, but all the property taxes still have to be paid.

Ms. Venditto shared relief programs available for elderly or disabled citizens and disabled veterans. Commissioner West commented that few citizens qualify for the tax relief.

## Property Tax Relief Programs

- **Elderly or Disabled Exclusion:** Applicants must be 65 years of age or totally and permanently disabled. In addition, the total income for 2017 for both an applicant and spouse cannot exceed \$29,600. For unmarried joint property owners, each owner must apply separately and benefit limitations may apply based on the percent of ownership.
- **Circuit Breaker Tax Deferment Program:** Applicants must be 65 years of age or totally and permanently disabled. The total income for 2017 for both an applicant and spouse cannot exceed \$44,400. For unmarried joint property owners, each owner must apply and qualify separately. In addition, all owners must have owned and occupied the residence for the previous five years.
- **Disabled Veteran Exclusion:** Veterans discharged under honorable conditions or their unmarried surviving spouse may be eligible for a reduction in property tax. There is no age or income limitation on this program.

Category	Elderly or Disabled Exclusion	Circuit Breaker Tax Deferment Program
Taxes are	Excluded up to first \$25,000	Deferred past income limit percentage
Application frequency	1 time unless address, income, disability changes	Every year, even if no changes
In case of death	Reapplication by surviving spouse or joint property owner	Deferred taxes must be paid by new owner

She shared the landfill and transfer station tip fee information. She said Wake County ranks among the lowest in the state in terms of landfill fees.

## Landfill and Transfer Station Tip Fees

### ***South Wake Landfill***

- In 2016-17, tip fees for Municipal Solid Waste (MSW) were the 4<sup>th</sup> lowest in the state out of 42 active MSW landfills.
- Tip fee at South Wake is \$30/ton
- MSW tip fees ranged from \$20.45/ton to \$73.89/ton
- The average tip fee was \$40/ton

### ***East Wake Transfer Station***

- In 2016-17, MSW tip fees at the East Wake transfer station were the 15<sup>th</sup> lowest out of 82 active MSW transfer stations
- East Wake Transfer station tip fee is \$39/ton
- Average MSW transfer station tip fee is \$48/ton

She shared a breakdown of how the affordable housing money will be spent.

## Affordable Housing

<u>Program Initiative</u>	<u>5 Year Cost</u>
Assist 100 families in accessing homeownership opportunities by 2023	\$1,250,000
Effectively end veteran's homelessness through increased resources and permanent supportive housing by 2021	\$975,000
Support the development of a new Women's Shelter, increasing the emergency shelter capacity by 37 beds, bringing the total shelter beds for women to 83 by 2019	\$3,054,500
Enhance and develop Permanent Supportive Housing by developing one additional supportive housing development and adding at least 20 new units to the inventory by 2021	\$6,520,000
Create a community engagement campaign and report accomplishments annually	\$670,000
Increase production and preservation from 100 units annually to 500 units annually, generating 2,500 units by 2023	\$62,530,500

She shared the goals of the increased affordable housing funding.

## Aim to generate 2,500 units by 2023

Seek to increase production and preservation from 100 units annually to 500 units annually, generating 2,500 units by 2023

	Current Annual	Planned Annual
Units Funded	100	500
County Investment	\$1.5 M	\$11.0 M

She shared the projected return on investment over the next five years. She said for every \$1 the county has spent on affordable housing, \$11 is leveraged from other sources.

## Return on investment based on past 5 years of data

For every \$1 that the County has spent to develop affordable housing, \$11 dollars has been leveraged from other sources

- Estimated annual return on investment - \$95 million

1 in 4 homes developed using a county investment serve families earning less than 40% of the Area Median Income (AMI) which is currently \$23,640 for an individual or \$33,720 for a family of four

### Example:

For a one bedroom, investments to lower rents to 40% AMI would result in a rent \$614 less than current market rent levels

Wake County Rental Cost						
	40% AMI	60% AMI	Fair Market Rent	Zillow data through 3/31/18	Zillow vs 40% AMI	Zillow vs 60% AMI
1 Bedroom	\$515	\$800	\$893	\$1,129	\$614	\$329
2 Bedroom	\$605	\$950	\$1,026	\$1,226	\$621	\$276
3 Bedroom	\$760	\$1,100	\$1,327	\$1,422	\$662	\$322

Commissioner Portman asked how the housing would be subsidized. Ms. Alicia Arnold, Human Services Division Director, said it will primarily be through a county subsidy. She said after 30 years, the restriction will be removed from the properties.

Commissioner Portman asked for a breakdown of the \$3,054,500 for the 27 additional shelter beds. Ms. Arnold said \$2 million is capital costs, and the remainder is operating cost over the five years.

Ms. Venditto shared information on the county and WCPSS facility maintenance costs.

## County and WCPSS Facility Maintenance

Description	County		WCPSS	
# County SF constructed before 2000	2.7 M	55%	14.0 M	58%
# County SF constructed after 2000	2.2 M	45%	10.0 M	42%
<b>Total SF <sup>(1)</sup></b>	<b>4.9 M</b>		<b>24.0 M</b>	
# 24*7 SF	2.0 M	42%		
# Extended Hours SF (6 or 7 day per week)	1.1 M	21%	24.0 M	100%
# Normal Hours SF (M - F; 7am - 6pm)	1.8 M	37%		
<b>Total SF</b>	<b>4.9 M</b>	<b>100%</b>	<b>24.0 M</b>	<b>100%</b>
Average Age of Facilities (Years) <sup>(2)</sup>	21.3		15.0	
<b>Operating</b>				
Facility Management Cost/Gross SF <sup>(3)</sup>				
Facility Maintenance <sup>(4)</sup>	\$1.59		\$0.89	
Housekeeping <sup>(5) (6)</sup>	\$1.03		\$1.33	
Utility Management	\$1.80		\$1.31	
<b>Total Cost/Gross SF</b>	<b>\$4.42</b>		<b>\$3.53</b>	
Grounds Maintenance (Cost per Acre)	\$2,590		\$863	
<b>Capital <sup>(7)</sup></b>				
Total Estimated Cost				
Major Renovations	\$42.8 M		\$673.4 M	
Lifecycle Maintenance	\$40.1 M		\$174.6 M	
<b>Total</b>	<b>\$82.9 M</b>		<b>\$848.0 M</b>	
Average Annual Estimated Cost				
Major Renovations	\$6.1 M		\$96.2 M	
Lifecycle Maintenance	\$5.7 M		\$24.9 M	
<b>Total</b>	<b>\$11.8 M</b>		<b>\$121.1 M</b>	

Notes:

(1) WCPSS do not include the Central Office

(2) Average based on adjusted new dates after major renovations

(3) All costs including chargebacks

(4) Reduced 10% to account for non-facility services

(5) Cost to Gross SF not industry standard.

(6) Removes 3 free-standing parking decks from SF calculation due to low housekeeping intensity

(7) County includes major facility renovations, building system replacements, roofing replacements; WCPSS includes school major renovations, lifecycle building component replacements

Commissioner Portman commented on the cost of facility maintenance. He expressed concern with the WCPSS facility cost compared to the county costs. Ms. Rogers said the county has no control over how the Board of Education spends their operating dollars.

Commissioner Calabria commented on WCPSS operating cost versus the capital cost.

Mr. Ellis said the first step is to get the Board of Education to see that there is a problem.

Commissioner Ford said he feels the maintenance issue is situational and varies by school.

Ms. Rogers commented on how the WCPSS maintenance cost per square foot has changed over the last several years.

Commissioner John Burns joined the meeting at 3:36 p.m.

Ms. Venditto shared information regarding the Wake Smiles Program and what the additional funding will cover.

### Wake Smiles: Permanent dentist to work 24 hours/week (\$75,000)

Wake Smiles is the volunteer arm of The Raleigh/Wake County Dental Society

**Issue:**

- Currently, volunteer dentists serve mostly in the evening and when able during day time
- Hard to provide consistent and continuous care if the dentist is less than 20 hours

**Proposed solution:**

- Provide more comprehensive and continuous care
- About 10-12 additional patients would be seen per day or 120 additional patients per month, nearly doubling the 2017 capacity
- 3 days a week is the minimum to bring a permanent dentist on board

**Funding strategies: Packaging the program differently this year to better leverage grant dollars**

- Received smaller grants in the \$2,000 - \$5,000 range
- Aiming for larger ones from BCBS and Duke after receiving feedback from previous applications where funding was not awarded
- Difficult to say whether one-time funding would work as a catalyst to get the organization more competitive for other funds or more donations

Ms. Dianne Keyser, Executive Director, Wake Smiles, said their organization has grown and their needs have increased. She said they receive referrals from several agencies, and they also provide service to many of the shelters.

Commissioner Calabria thanked Ms. Keyser for the services of Wake Smiles to county residents. He asked if they would be able to sustain services next year if the county provided funding this year. Ms. Keyser said there are plans in place to leverage additional funding for future years.

Ms. Venditto shared information on the Boys & Girls Clubs. She said the Clubs lost United Way funding for Fiscal Year 19 of \$200,000. She said this is a one-time request and they will seek private contributions in future years. She said staff is not recommending this funding. It is staff's belief that funding can be raised with a slight fee increase. Commissioner Burns asked if that was communicated to their staff. Mr. Daniel Pietrzak, Vice President, Resource Development and Marketing, Boys & Girls Club, said they have discussed increasing the fees, but decided against it. They feel it will cause a barrier for children being able to access their services.

Commissioner Calabria asked what the impact would be on the club if they did not receive county funding. Mr. Pietrzak said they may need to reduce staff and operating hours but, they have a large volunteer base.

Chair Holmes asked if any efforts have been made to increase revenue. Mr. Pietrzak said they will increase campaigning and private contributions.

Vice-Chair Hutchinson asked what the total budget is for the Boys & Girls club. Mr. Pietrzak said their total budget is \$3 million, but a large portion of that comes from private sources.

Commissioner West asked why the United Way stopped their funding. Mr. Pietrzak said the United Way changed their priorities. He said many non-profits have lost funding from the United Way in recent years. Commissioner West asked if there is any way to find county funding for them. Mr. Ellis said staff could consider it but it is not their recommendation. Ms. Rogers said once feedback is received from the entire board, staff will make revisions if requested. Chair Holmes said she would like to see options for providing the funding they have requested.

Commissioner Calabria thanked the Boys & Girls Club for all they do for the children and said he would like to look for funding options.

Commissioner Burns noted all the Boys & Girls Club does for the community and said he would also like to see options for providing the requested funding.

## Boys & Girls Club: \$200,000 to fill loss of United Way funding

### Background:

- Boys & Girls Club offers after-school and summer programs focused on academics, health, and character
- Seven locations serve a daily average of 1,000 youth
- 70-73% are free and reduced lunch eligible, 41% from single parent families

### FY 2019 Request:

- Offset May 2017 loss of annual United Way funding
- One-time request, would look to increase private contributions in future years

### Alternate funding considerations discussed:

- Child Care Subsidy Vouchers: Eligible parents can use child care subsidy vouchers at any NCDEE licensed facility. Boys & Girls Club is not licensed. Based on conversations with other Clubs, have not pursued because it would require more intensive application, increased facility maintenance requirements.
- Currents fees: Annual membership fee is \$7.50 and has not been adjusted in 40 years. Additional fees charged for sports and summer camp attendance. Fee adjustments have been considered, but the Club's priority is to prevent barriers to attendance.
- County staff does not recommend providing this funding. A monthly fee of \$3 per month (\$40 / year) would substantially close this gap in funding.

Chair Holmes called a five-minute recess.

Ms. Venditto shared information on the Sheriff's office cost for the 287 (g) program. Commissioner Burns asked if the deputies are detention officers or deputy sheriffs. Ms. Sarah Warren, Business Officer, Sheriff's Office, said they are all detention officers in the jail. Ms. Warren said if a detainee is identified as being an Immigration & Customs Enforcement (ICE) concern, the officer notifies ICE.

Chair Holmes asked if the Sheriff Office is required to participate with ICE compliance. Ms. Warren said it is not required and it is up to the Sheriff if they chose to participate. Commissioner Burns commented on the need for additional officers to investigate human trafficking. He asked if it was appropriate for him to reach out to the Sheriff to discuss it further. The board agreed that would be appropriate

Commissioner Portman asked if those 12 officers only do ICE work. Ms. Warren said compliance with ICE is their only duty. Ms. Rogers said the officers strictly do interviewing of detainees, they do not perform guard duties. Ms. Rogers said the program started in 2008 and was funded by a grant. She said the board at the time knew it would eventually become county funded positions. Ms. Warren said if the county decides not to fund the positions, the Sheriff still has the right to provide the service. She said the elimination of funding could result in 12 officers being laid off.

## Sheriff's Costs for 287(g) program

- The Wake County Sheriff's Office has 12 Detention Officers assigned to the 287(g) program
- Detention officers have received specialized training to carry out the 287(g) program and the 287(g) program is their only assignment within the detention unit.

Salaries	\$550,369
Benefits	\$268,636
<b>Total</b>	<b>\$819,005</b>

Ms. Rogers said county staff presented the Board of Commissioners questions to the Board of Education for clarification. Commissioner Portman asked for clarification on question #1. (listed below) He asked for a solid answer on what their goal is for teacher pay.

*What is the Board of Education's goal for teacher pay? Is there a gap between current pay and the Board's goal? If so, what is the gap and what progress would this budget request make towards closing the gap? (Portman)*

**See pages 114-115 of the Board of Education's proposed budget. The proposed budget does not request additional local funding to increase the teacher salary schedules. Rather, it requests local funding required to maintain our current teacher allotment formulas and our existing salary supplement schedule with an estimate the state would legislate a 2% increase.**

- **The school system has locally funded certified employees. The budget requests additional local funding for these employees based upon our estimate of the state legislated increase will be.**
- **WCPSS has a locally funded supplementary pay scale. The supplementary pay scale for certified employees is calculated as a percent of base pay. As base pay is projected to increase, the supplementary pay will also increase. This is a local cost for both state and locally funded employees.**

**Here is an example of part of the entry level teacher pay schedule.**

WAKE COUNTY PUBLIC SCHOOL SYSTEM								
2017-2018 Salary Schedule								
CLASSROOM TEACHERS - VOCATIONAL TEACHERS								
Bachelor's Degree ("A" License), Not National Board Certified								
Years on License	Traditional Calendar Schools			Year-Round Schools			Annual	Local Percent
	State Base	Local Supplement	Total Salary	State Base	Local Supplement	Total Salary	10 Month Salary	
0	3,500	603.75	4,103.75	2,916.67	503.13	3,419.80	41,037.50	17.25%
1	3,600	621.00	4,221.00	3,000.00	517.50	3,517.50	42,210.00	
2	3,630	626.18	4,256.18	3,025.00	521.82	3,546.82	42,561.80	
3-4	3,730	652.75	4,382.75	3,108.33	543.96	3,652.29	43,827.50	17.50%
5-6	3,830	670.25	4,500.25	3,191.67	558.55	3,750.22	45,002.50	
7	3,930	687.75	4,617.75	3,275.00	573.13	3,848.13	46,177.50	
8	3,930	697.58	4,627.58	3,275.00	581.32	3,856.32	46,275.80	17.75%
9-10	4,055	719.77	4,774.77	3,379.17	599.81	3,978.98	47,747.70	
11-12	4,205	746.39	4,951.39	3,504.17	622.00	4,126.17	49,513.90	

**Base and supplementary pay are paid by grant and fee-drive programs for positions in self- supporting revenues. See the chart below. Employer matching benefits are prorated based on the funding source.**



	Base Pay	Supplementary Pay	Employer Matching Social Security	Employer Matching Retirement	Employer Matching Hospitalization	Employer Matching Dental
State Position						
Local Position						
Grant Position						
Fee Driven Program Position						
State Cost						
Local Cost						
Grant or Fee Driven Program Cost						

Ms. Rogers said teachers are state employees and the state sets their salaries. She said no additional money was requested of the county for teacher increases.

Commissioner Calabria said his recollection is that the Board of Education would like their teacher pay at the national average.

Commissioner Portman said knowing their goal for teacher pay is important for future budgeting purposes. He said he needs to know the goal and how much the gap is before a solution can be identified.

Commissioner Ford said his research shows that the Board of Education's goal is to raise teacher pay to the national average by Fiscal Year 21. He said they would need between \$100 million and \$140 million to reach that goal.

Commissioner Calabria asked for clarification on question #31 (listed below). Ms. Rogers said she will seek clarification from WCPSS.

*Why was the \$8 million in needed special education funding not identified sooner to the county in order to facilitate planning for large additional costs? Are there other such funding losses, sunsets, or revenue losses anticipated in the next year or two? (Calabria)*

***This is not a new issue. The carryover balance has been declining for many years. See the following chart. Decreases in carryover in federal funding have been included in the Board of Education's Proposed Budget for each of the years provided below.***

	Carryover	Allotment	Total	Decrease From Prior Year	Decrease From Prior Year
2018-19 Projection submitted for next year	\$ 18,766.00	\$ 24,177,818.00	\$ 24,196,584.00	\$ (4,805,763.53)	-16.57%
2017-18	\$ 4,824,529.53	\$ 24,177,818.00	\$ 29,002,347.53	\$ (565,888.44)	-1.91%
2016-17	\$ 6,032,449.97	\$ 23,535,786.00	\$ 29,568,235.97	\$ (3,178,022.18)	-9.70%
2015-16	\$ 8,760,177.15	\$ 23,986,081.00	\$ 32,746,258.15	\$ (2,299,308.82)	-6.56%
2014-15	\$ 12,191,334.97	\$ 22,854,232.00	\$ 35,045,566.97	\$ (3,145,918.76)	-8.24%
2013-14	\$ 15,425,248.73	\$ 22,766,237.00	\$ 38,191,485.73	\$ (2,017,953.53)	-5.02%
2012-13	\$ 15,611,075.26	\$ 24,598,364.00	\$ 40,209,439.26		

***In 2017-18, there was a similar item in the proposed budget. On page 147 of the Board of Education's Proposed Budget for 2017-18, WCPSS requested \$3.5 million dollars to support recurring special education positions and services. In the fourth quarter of 2016-17, WCPSS was able to use state and local funding balances to alleviate some spending in the IDEA VI B federal grant to allow more carryover for another year. WCPSS removed the \$3.5 million local need when balancing to the approved county appropriation for 2017-18.***

***In 2016-17, there was a business case in the budget showing a decrease in carryover in IDEA VIB Handicapped Funding.***

Commissioner Portman commented on question #4 and the counseling staff to student ratio listed below. He said he is glad to see WCPSS is below the national average.

*I was told at the joint meeting that the state allotment for counselors, social workers and psychologists, media, arts, and nurses is one per 215 students. What does it need to be and is this gap included in the budgets? If not, what is the gap? Is there any school in N.C. is funded to the goal? If not any in the USA? (Portman)*

***See pages 91-93, and 150 of the Board of Education's proposed budget.***

***The state of North Carolina's allotment formula is 1:218.55 (one position to every 218.55 students) collectively for Instructional Support positions. These positions include School Counselors, School Social Workers, School Psychologist and School Media Specialists.***

***The nationally recommended ratio for school counseling is 1:250; School social work 1:250 cases with a goal of one in each school; School Psychology one in each school and school nursing 1:750 with a goal of one in each school. In the initial case to get to the national average we would need \$34.5 million dollars to gain the 4,665 months of employment needed.***

***Virginia has introduced legislation to address school counselor ratios: <https://lis.virginia.gov/cgi-bin/legp604.exe?181+ful+HB252>***

***Vermont and Wyoming are the only two states with ratios at or below the 1:250. [https://www.schoolcounselor.org/asca/media/asca/home/Ratios14-15\\_1.pdf](https://www.schoolcounselor.org/asca/media/asca/home/Ratios14-15_1.pdf)***

***Student-to-School-Counselor Ratio 2014-2015  
[www.schoolcounselor.org](http://www.schoolcounselor.org)***

Commissioner Burns agreed and commented that additional counseling staff will increase school security.

Commissioner Calabria asked for clarification on per pupil funding for charter schools. Ms. Venditto said there is no projection for charter numbers. Ms. Rogers said the per pupil funding remains the same despite where the student is receiving their education.

Commissioner Burns asked how many students are currently enrolled in charter schools. Ms. Venditto said the current enrollment is approximately 12,000 students. Commissioner Burns asked about the increased projection for charter students in Fiscal Year 18/19. Mr. Chris Dillon, Assistant County Manager, said a new charter school will be opening soon, which is the reason for the increase in charter school projections.

Commissioner Calabria asked about the \$58.9 million variance in WCPSS funding. Ms. Rogers said the Board of Education is moving away from using fund balance for recurring expenses. In order for them to do that, they are requesting additional county funding. Ms. Rogers said staff has reconciled the \$58 million and agrees that it does not exceed the county's statutory requirement.

Chair Holmes said many of these questions may be answered by the state budget, which is the reason why the Board of Education asked the Board of Commissioners to delay voting on the county budget.

After discussion, it was decided that the Board of Commissioners would make the following two requests of the Board of Education.

- 1) They provide clarification to the unanswered questions.
- 2) They attend a Special Work Session meeting that will be held on Monday, June 4<sup>th</sup> prior to the Board of Commissioners acting on the budget.

Ms. Rogers said the budget will be on the agenda for Monday, and it will be the decision of the Board of Commissioners to decide if they are ready to vote or if they want to delay it as requested by the Board of Education.

Commissioner Ford feels it is better to delay the vote instead of deliberating in real time and in session.

Mr. Scott Warren, County Attorney, said voting on the budget could be deferred during the agenda approval process at the meeting Monday.

Ms. Rogers said it is important to know if the Board of Education plans to make revisions based on General Assembly's budget. If not, there is no reason to delay voting on the county budget.

Chair Holmes said she will present this information to the Board of Education after this meeting and report back to Board of Commissioners.

Ms. Venditto shared the ordinances that will be enacted upon the adoption of the budget.

# Ordinances for Consideration

## Annual Operating Budget

### Ordinances

- General Fund
- Debt Service Fund
- Fire Tax District Fund
- Major Facilities Fund
- Solid Waste Enterprise Fund
- South Wake Landfill Partnership Fund
- Corporate Fleet Fund
- Human Services Transportation Fund

### Personnel Authorization Ordinance

## Special Revenue Fund Project Ordinances

- Housing and Community Revitalization Fund Projects
- Capital Area Workforce Development Fund Projects
- Grants and Donations Fund Projects

## Capital Improvement Fund Project Ordinance

- County Capital Projects
- Fire Tax District Capital Projects
- Major Facilities Capital Projects
- Housing Capital Projects
- Solid Waste Capital Projects
- Wake Technical Community College Capital Projects
- Wake County Public School System Capital Projects

She shared the NC General Statute ordinance.

## NC General Statute - Ordinance

### Article 3. The Local Government Budget and Fiscal Control Act

#### § 159-8. Annual balanced budget ordinance.

(a) Each local government and public authority shall operate under an annual balanced budget ordinance adopted and administered in accordance with this Article. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. It is the intent of this Article that, except for moneys expended pursuant to a project ordinance or accounted for in an intragovernmental service fund or a trust and agency fund excluded from the budget ordinance under G.S. 159-13(a), all moneys received and expended by a local government or public authority should be included in the budget ordinance. Therefore, notwithstanding any other provision of law, no local government or public authority may expend any moneys, regardless of their source (including moneys derived from bond proceeds, federal, state, or private grants or loans, or special assessments), except in accordance with a budget ordinance or project ordinance adopted under this Article or through an intragovernmental service fund or trust and agency fund properly excluded from the budget ordinance.

(b) The budget ordinance of a unit of local government shall cover a fiscal year beginning July 1 and ending June 30. The budget ordinance of a public authority shall cover a fiscal year beginning July 1 and ending June 30, except that the Local Government Commission, if it determines that a different fiscal year would facilitate the authority's financial operations, may enter an order permitting an authority to operate under a fiscal year other than from July 1 to June 30. If the Commission does permit an authority to operate under an altered fiscal year, the Commission's order shall also modify the budget calendar set forth in G.S. 159-10 through 159-13 so as to provide a new budget calendar for the altered fiscal year that will clearly enable the authority to comply with the intent of this Part. (1971, c. 780, s. 1; 1973, c. 474, s. 5; 1975, c. 514, s. 3; 1979, c. 402, s. 1; 1981, c. 685, s. 2.)

She shared the general fund ordinance.

## General Fund Ordinance

- Establishes the tax rate for the County and the Wake County portion of Research Triangle Park
- Establishes the General Fund revenue sources and expenditure budget by department
- Describes administrative authority, fee changes, and other requirements
- Reflects the WCPSS Purpose and Function allocation

Name	Description	Current Fee	Proposed Fee
Public Programs for Individual Registers	Individual registration fee for parks, recreation, and open space programs	\$1.5	\$0
Group Programs (Basic)	Registration fee for parks, recreation, and open space basic group programs	\$15	\$0
Group Programs (Moderate)	Registration fee for parks, recreation, and open space moderate group programs	\$50	\$0
Group Programs (Intensive)	Registration fee for parks, recreation, and open space intensive group programs	\$80	\$0
Off Duty Vehicle User Fee - Hourly	WCSO fee for use of vehicle during Off Duty mission	\$3	\$5
Administrative Fee - Hourly	WCSO fee for administration and oversight of Off Duty service programs	\$0	\$4
Firing Range Facility Rental - Hourly	Fee for the administration and management of public programs at the Firearms Education Training Center	\$15	\$20
Firing Range League Users - Hourly	Fee for the administration and management of public programs at the Firearms Education Training Center	\$15	\$20
Firing Range Guest Fee	Fee for the administration and management of public programs at the Firearms Education Training Center	\$0	\$3
Firing Range Lane Sharing Fee	Fee for the administration and management of public programs at the Firearms Education Training Center	\$0	\$5
Firing Range Target Sales	Fee for the administration and management of public programs at the Firearms Education Training Center	\$0.25	\$0.50
Firing Range Wake County Resident - Hourly	Fee for the administration and management of public programs at the Firearms Education Training Center	\$10	\$12
Firing Range Non-Wake County Resident - Hourly	Fee for the administration and management of public programs at the Firearms Education Training Center	\$15	\$17

She shared the purpose and function of the instructional services (two slides).

# Purpose and Function

PURPOSE →

FUNCTION {

	FY17 Actual*	FY18 Budget	FY19 Request	FY18 Budget to FY19 Request
<b>Instructional services:</b>				
Regular instruction	156,766,405	103,405,923	125,848,792	22,442,869
Special populations	32,030,409	62,485,688	76,172,913	13,687,225
Alternative programs and services	13,964,560	16,735,498	18,640,812	1,905,314
School leadership	15,553,840	24,630,066	27,927,143	3,297,077
Co-curricular	11,885,896	13,547,779	15,295,384	1,747,605
School-based support services				
Support and development	15,078,847	26,627,534	30,567,035	3,939,501
<b>Systemwide Support Services</b>				
Support and Development	9,029,068	9,702,336	9,848,659	146,323
Special populations support and development	3,941,746	4,901,894	5,071,409	169,515
Alternative programs and services support and development	1,490,102	1,426,296	1,615,830	189,534
Technology support	13,839,947	14,732,297	15,799,697	1,067,400
Operational support - Operating	83,526,452	88,061,430	95,334,315	7,272,885
Operational support - Capital and Lease*	-	2,090,683	1,051,323	(1,039,360)
Financial and human resource	15,065,368	13,797,168	14,015,699	218,531
Accountability	2,570,681	2,709,418	2,787,226	77,808
Systemwide pupil support	4,604,715	5,055,479	5,221,160	165,681
Policy, leadership and public relations	8,124,486	8,784,948	8,932,463	147,515
<b>Ancillary services</b>	4,928	-	-	-
<b>Non-program charges</b>	25,499,820	32,216,563	35,716,563	3,500,000
<b>Total expenditures</b>	<b>412,977,270</b>	<b>430,911,000</b>	<b>489,846,423</b>	<b>58,935,423</b>

\*Data from CAFR does not include actuals for Capital Outlay and Crossroads Lease payment in WCPSS General Fund

## Purpose and Function Statute

§ 115C-429. Approval of budget; submission to county commissioners; commissioners' action on budget.

(a) Upon receiving the budget from the superintendent and following the public hearing authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the budget, make such changes therein as it deems advisable, and submit the entire budget as approved by the board of education to the board of county commissioners not later than May 15, or such later date as may be fixed by the board of county commissioners.

(b) The board of county commissioners shall complete its action on the school budget on or before July 1, or such later date as may be agreeable to the board of education. The commissioners shall determine the amount of county revenues to be appropriated in the county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, function, or project as defined in the uniform budget format.

(c) The board of county commissioners shall have full authority to call for, and the board of education shall have the duty to make available to the board of county commissioners, upon request, all books, records, audit reports, and other information bearing on the financial operation of the local school administrative unit.

(d) Nothing in this Article shall be construed to place a duty on the board of commissioners to fund a deficit incurred by a local school administrative unit through failure of the unit to comply with the provisions of this Article or rules and regulations issued pursuant hereto, or to provide moneys lost through misapplication of moneys by a bonded officer, employee or agent of the local school administrative unit when the amount of the fidelity bond required by the board of education was manifestly insufficient. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

Ms. Venditto shared the Fiscal Year 19 WCPSS Ordinance considerations.

## FY19 WCPSS Ordinance Considerations

Staff composed draft language

- Actual Enrollment Reserve
- Specific Purpose Reserve

She shared the actual enrollment reserve ordinance.

### FY19 WCPSS Ordinance: Actual Enrollment Reserve

**Section X: ACTUAL ENROLLMENT RESERVE.** A reserve is hereby established of \$5,235,245 to hold back an appropriation amount equal to \$2,617.62 per pupil times 2,000 students. The per pupil funding is based upon an estimated appropriation of \$424,910,836 which excludes estimated payments to charter schools of \$36,089,164, divided by projected WCPSS enrollment of 162,327. Upon determination of the actual 40<sup>th</sup> day WCPSS enrollment numbers reported to the state and the Charter enrollment as of the same period, the WCPSS appropriation will be recalculated based on the actual enrollment counts and an item brought forward to the Board of Commissioners for purposes of determining and setting the final FY 2019 appropriation for WCPSS.

Why 2,000 students?

	WCPSS	Charters Schools
Budgeted	161,755	13,349
Actual	160,429	12,275
Over (Under) Budget	(1,326)	(1,074)

She shared the Fiscal Year 19 WCPSS specific purpose reserve ordinance.

### FY19 WCPSS Ordinance: Specific Purpose Reserve

- Ordinance language to reserve appropriation for a specific purpose

**Section Y: [SPECIFIC PURPOSE] RESERVE.** A reserve is hereby established of \$\_\_\_\_\_ for additional appropriation to WCPSS. Appropriation of the reserve is contingent upon the Board of Education (BOE) taking formal action to utilize the \$\_\_\_\_\_ to increase the \_\_\_\_\_. Following the action taken by the Board of Education, the County will appropriate the \$\_\_\_\_\_ as a recurring amount that will increase the funding for WCPSS operating to \_\_\_\_\_.

Commissioner Burns said he would like money set aside for counselors, social workers, psychologist, safety and security. He said if the funds were appropriated on an as needed basis, the public could see the results. Ms. Rogers said this has been done in the past and is permissible by law. Commissioner Ford said this is a way of earmarking money for a certain purpose.

Ms. Venditto shared the personnel ordinance. Ms. Rogers said the living wage will remain the same for Fiscal Year 19. She said it is monitored along with the housing market.



# Personnel Ordinance

Establishes FTE authorization

Establishes Pay Bands and Position Classifications

**Living Wage** - \$15.06 per hour

- Wage Rate Calculation: The Living Wage Rate shall be fifteen dollars and six cents (\$15.06) per hour or the Universal Living Wage Calculation for the Raleigh MSA less \$1.50 an hour credit for employer provided health insurance, whichever is greater.
- The Universal Living Wage Formula Calculation used by the County is based on the average housing cost of a Studio / Efficiency and a One Bedroom according to Housing and Urban Development's (HUD) Fair Market Rents in the Raleigh MSA.
- As of April 1, 2018, the housing costs were \$14.25 for a Studio / Efficiency and \$17.17 for a One Bedroom. The average of these amounts is \$15.71
- Less \$1.50 an hour credit to equal a Universal Living Wage Calculation of \$14.21, which is less than the \$15.06 per hour

She shared the adjusted pay bands based on the labor market study.

## Pay Bands Adjusted based on Labor Market Study

Classification Title	Reason for Change	Current Band	Proposed Band	Band Change %
<b>(Non-Exempt)</b>				
Emergency Management Specialist	Labor Market	Band 8	Band 9	10%
Executive Assistant	Labor Market	Band 5	Band 6	10%
Medical Technologist	Labor Market	Band 6	Band 7	10%
<b>(Exempt)</b>				
Dental Director	Labor Market	Band 55	Band 55	10%
Dentist	Labor Market	Band 54	Band 54	10%
Human Services Asst Division Director	Labor Market	Band 31	Band 32	10%
Psychologist	Labor Market	Band 51	Band 51	10%
Workforce Development Director	Labor Market	Band 32	Band 33	10%

She shared the ABC Board pay rate.

## ABC Board Pay Rate

- The Board of Commissioners authorizes compensation for the Alcoholic Beverage Control Board members and sets the pay rate.
- The rates are paid from ABC funds, not through the County budget.
- Staff recommends \$500 for the chair and \$400 for members per meeting.

Draft Language:

**Section 9: BOARD APPOINTED OFFICIALS COMPENSATION.** The Board of Commissioners authorizes the compensation of \$400 per meeting for Alcoholic Beverage Control Board members and \$500 per meeting for the chair of the Alcohol Control Board, effective July 1, 2018.

ABC Board Compensation HIGHER Than Wake County					
BOARD	CHAIR	MEMBERS	# Stores	Gross Sales	Est. Pop Served
Mecklenburg County	\$600	\$500	24	1st	1,100,000
Dare County	\$400	\$300	5	13th	36,000
Waynesville	\$350	\$200	1	66th	59,000
Asheville	\$300	\$250	9	8th	200,000
Indian Trail	\$300	\$250	1	42nd	200,000
Marion	\$300	\$275	2	67th	45,000
Mooresville	\$300	\$200	3	21st	100,000
New Hanover County	\$300	\$250	8	5th	220,000
Vance County	\$275	\$150	1	43rd	45,000
Wake County	\$250	\$200	24	2nd	1,100,000

ABC Board Compensation SAME To Wake County					
BOARD	CHAIR	MEMBERS	# Stores	Gross Sales	Est. Pop Served
Wake County	\$250	\$200	24	2nd	1,100,000
Cumberland County	\$250	\$200	10	7th	324,000
Durham County	\$250	\$200	8	6th	300,000
Spruce Pine	\$250	\$200	1	117th	15,000
Jackson County	\$250	\$150	2	36th	41,000
Martin County	\$250	\$150	2	84th	24,000

ABC Board Compensation LOWER Than Wake County					
151 Boards					

She shared the next steps.



## Next Steps

- Incorporate any consensus changes from today's work session into the budget
- Place all ordinances on the June 4 Regular Meeting agenda for consideration of adoption

### Adjourn

Chair Holmes adjourned the meeting at 6:09 p.m.

Respectfully submitted,

---

Michelle L. Cerett  
Executive Assistant to the Board