



Wake County

301 South McDowell Street
Raleigh, NC

Meeting Minutes Board of Commissioners

Monday, April 12, 2021

2:00 PM

Wake County Justice Center

Work Session - Meeting Held Remotely

Work Session Meeting Materials

Meeting Called to Order: Chair Matt Calabria

Chair Calabria called the meeting to order at 2:00 pm.

Present: 7 - Chair Matt Calabria, Vice-Chair Vickie Adamson, Commissioner Susan Evans, Commissioner Maria Cervania, Commissioner Sig Hutchinson, Commissioner James West, and Commissioner Shinica Thomas

Staff present: David Ellis, County Manager; Scott Warren, Attorney; Yvonne Gilyard, Deputy Clerk to the Board, Ben Canada, Assistant to County Manager; Johnna Sharpe, Chief Operating Officer; Emily Lucas, Chief Financial Officer; Chris Dillon, Assistant County Manager; Michael James, Budget and Management Services; Lorena McDowell, Director of Affordable Housing and Community Revitalization and Alicia Arnold, Equitable Housing and Community Development Division Director.

Others present: Gayle Headen, Executive Director, Smart Start; Gary Carr, Finance Director, Smart Start; and Joan Crutchfield, Pre-K Manager, Smart Start.

1. Agenda

Attachments: [4-12-21 Work Session Agenda.pdf](#)

Chair Calabria shared today's agenda.

Today's agenda

1. Follow-Up Discussion on Pre-K Funding
2. Wake County Housing Preservation Fund
3. American Rescue Plan Act of 2021

2. Follow-up Discussion on Pre-K Funding

Attachments: [April 12 Pre-K Work Session Presentation Final .pdf](#)

Mr. Michael James, Budget and Management Services, shared the pre-k follow up. He thanked the Wake County Public Schools team as well as the Smart Start staff.

He shared the agenda which included the childcare subsidy as well as the 3-year old pre-k.

Childcare Subsidy

Can Wake County subsidize the parent/guardian fees?

If so, what would it cost?

3-year-old Pre-K

What is the estimated unmet need among income-eligible 3-year-olds in Wake County?

What would be required for Wake County Smart Start to expand service to income-eligible three-year-olds?

He shared the current childcare subsidies.

Current Childcare Subsidies

- Administered by WCHS using combination of state/federal funds
- Eligibility:
 - Household income at or below 200 percent federal poverty rate
 - Parent(s) working or attempting to find work
 - Parent(s) in school or job training
 - Child(ren) with developmental needs
 - Child(ren) in protective/welfare services
- Most families required to pay 10 percent of cost

He shared can Wake County subsidize the parents fees.

Can Wake County subsidize the parent fees?

- Wake County can subsidize the parent/guardian fees
- Estimated cost would be **\$2.2 million** annually
- This would NOT result in additional slots or children served by the program

Wake County Childcare Subsidy Parent/Guardian Fees

3 and 4-year-olds

February 2021

Enrollment - 1,488, Monthly Fees - \$187,000, Annualized Fees - ~\$2.2 million

He shared the administrative considerations.

Administrative Considerations

Timing of payments

- Under the standard process, parents/guardians pay fees directly to providers **at the beginning of each month**
- During the pandemic, as the state has covered some of the fees, their process is to pay providers the fees on the **20th of the following month**
- The County relies on state data to pay the remainder to providers, which is not available to counties until **AFTER the 20th of the following month**

The County would not be able to pay providers until more than 45 days after they typically receive them from parents, creating cash flow challenges for providers

- June 7: FY 22 Budget Adoption

FY 2022: Pending BOC feedback, continue working with Smart Start to refine 3-year-old Pre-k Program parameters and cost estimates **Wake**

County Human Services Capacity

- HS would need additional staffing/system resources to permanently administer County coverage of the parent/guardian fees

Vice-Chair Adamson shared comments on the childcare subsidies.

Ms. Emily Lucas shared additional comments on childcare subsidies.

Chair Calabria shared comments on federal and state funding for the childcare subsidies and the reconciliation process.

Ms. Gayle Headen, Smart Start Director, shared that she doesn't have the data that supports Chair Calabria's question. She shared that Human Services has the same issue as it relates to recruiting and the lack of available funding.

Ms. Lucas shared that she would get additional information for Chair Calabria on childcare subsidies for three-year olds.

Commissioner Cervania shared comments on the use of past data.

Commissioner West shared comments about additional staffing.

Mr. James shared that it's additional cost on top of the \$2.2 million allocated.

Ms. Lucas shared that there is not a specific ask from Human Services. These questions are ask from the board specifically. She shared the pre-k issues are a part of the board's goals.

Vice-Chair Adamson asked the amount that parents would pay for childcare. Mr. James shared that he would provide follow up at a later date.

Commissioner Evans shared comments on the monthly fees and how to arrive at the cost that parents could possibly pay on monthly basis based on enrollment.

Ms. Lucas shared that cost are based on parents income and the facility in which they would attend. She shared that the slots could be full-time and or part-time.

Chair Calabria asked if parents have been turned off by having to pay 10 percent of the cost of childcare.

Mr. James shared that Human Services does not track this particular data.

Ms. Headen shared that there are 120 families that receive funding from wrap around services pre-COVID. She shared that subsidies have not been an issue for families per conversations with partnering agencies.

Vice-Chair Adamson shared comments on five-star programs and subsidies to support the star ratings.

Mr. James shared the estimated unmet need among income-eligible three-year-olds in Wake County.

Three-Year-Old Pre-K

4,060 estimated income-eligible three-year-olds

1,699 or **42 percent** estimated to be currently served by a program

An additional **1,752** slots would be needed to cover 85 percent of income eligible three-year-olds

He shared what a three-year old pre-k.

What is 3-year-old Pre-k?

Smart Start's vision would include:

- Academic programming provided to income-eligible three-year-olds

- High quality centers
 - 4 and 5-star providers
 - Goal: work exclusively with 5-star providers
- 6.5 hours (instruction) with wraparound childcare services to support families

He shared year 1 (FY22): program development.

Year 1 (FY22): Program Development

No children served in first year, focus on program development activities including:

- Community assessment
- Staff and site/provider recruitment
- Curriculum design

Initial Staffing ~\$300K for 4 positions and contractual services

- Program Manager (1)
- Implementation Specialist (1)
- Eligibility Determination/Enrollment (1)
- Programmatic Support (1)
- Contracted support for program monitoring and behavioral specialists

Other Startup Costs - TBD

- Family support database enhancement/expansion
- Other technology/startup materials (supplies, curriculum, assessments, tech devices, etc.)

He shared years 2-4 (FY23-25): pilot classrooms.

Years 2-4 (FY23-25): Pilot Classrooms

- Pilot program with 4-5 classrooms serving 72-100 students starting in fall 2022
- Estimated annual cost is **\$1.1million - \$1.4 million** including:
 - Smart Start Staffing ~\$330K
 - Provider payments ~ \$791K - \$1.1million (\$10,990/slot for 72 -100 slots)
 - Other technology/administrative costs for Smart Start
- Review program demand and results to inform decisions about program expansion
- Continue staffing levels from development year and evaluate need for staffing expansion along with program expansion

He shared the post-pilot: FY26 and beyond.

Post-Pilot: FY 26 and beyond

- Pending outcome of pilot classrooms, plan expansion of slots to serve 85 percent of income-eligible three-year-olds
- Sync expansion of Smart Start staff with program expansion
- Develop County funding formula based on cost per slot to support ongoing staffing, administrative costs and provider payments
- Preliminary estimates from Smart Start
 - Total staffing of 10 (increase of 6 from the initial 4)
 - \$11,255/slot (\$10,990 provider payments + \$265 Smart Start program cost)

He shared the 3-year-old pre-k: preliminary plan summary.

Commissioner Thomas shared comments on program development and community assessment. She asked if the \$2.2 subsidy funds encompassed the \$300,000 for staff.

Ms. Headen shared that community assessment is a tool that prioritizes the needs of the students and where they are placed academically.

Commissioner Hutchinson asked about the structure of the facility. He asked about the development of three year olds versus four year old curriculums.

Ms. Headen shared that the 3 and 4 year olds would be in their own classrooms. She shared this is the importance of the additional staff and the curriculum. She shared additional information on the milestones on the continuum.

Commissioner West asked for clarity on staff, staff providers and staffing.

Ms. Headen shared clarifying comments.

There was board discussion on the following topics: advocacy, expansion of head start and the three year old programs, other counties that support pre-k programs, conversations with Wake County Public Schools, structure and design of the pre-k programs, landscape of the program. marketing, community outreach, community assessments enrollment percentages and partnerships.

Mr. James shared next steps.

Next Steps

- Today: Gather board interest and priority for staff to continue developing cost estimates for:
 - 3-year-old Pre-K

- Childcare subsidy
- May 3: Manager's Recommended FY22 Budget

Chair Calabria shared that the board has given the ok to support the pre-k program in this year's budget.

Ms. Headen thanked the board for their great questions and commended Mr. James for his detailed presentation on the subjects. She reassured the board that they plan to use the same methods that they have already established with other partners so they expect a very smooth implementation of the programs.

3. Wake County Housing Preservation Fund

Attachments: [Wake County Acquisition & Preservation Fund Updated - BOC Worksession 4.12.21 Final.pdf](#)

Ms. Lorena McDowell, Housing Affordability and Community Revitalization, shared the agenda for today's meeting.

She shared the agenda.

The Need for Preservation

Recap Fund "Products"

Funding Efficiency & Next steps

She shared the acquisition/preservation funds.

Acquisition/preservation funds, paired with a preservation warning system, are tools to prioritize location and preserve existing stock.

Highest-Priority Tools Identified in Wake County's Affordable Housing Plan

Land Use Policy - County and Municipal Land Use Policy,

Encourage/Guide Development (ongoing)

Leveraged Programs - Enhanced county Rental Production (AHDP),

Acquisition and Preservation Fund + Warning System, Increase

Production, Prioritize Location, Preserve Existing (complete)

Additional Public Resources - New local funding sources for affordable housing, Public land disposition requirements, provide funding to support development (complete)

She shared the need for preservation: Subsidized housing units in Wake County market are at risk of losing affordability.

The Need for Preservation

Subsidized housing units in the Wake County market are at risk of losing

affordability.

The Wake County market is rapidly losing market rate units rented at affordable prices.

Since 2010 Wake County has **lost 59 percent** of it's stock of rental units priced below \$750 a month and **lost 40 percent** of units priced below \$1,000.

COVID-19 has exacerbated the problem.

- There are approximately 140,000 renter households in Wake County.
- 60,000 - 80,000 total Wake households were likely to have at least one unemployed worker by end of 2020
- 17,000 - 22,000 or 67 percent of renter households with at least one unemployed worker as of Fall 2020 are below 80 percent AMI.

Displacement occurs when prices rapidly increase.

Forest Hills in Garner, NC

- Units: 136
- 2020 Rent: **\$920** for 1-bedroom; **\$1,057** for 2-bedroom.
- Property is 10.67 acres.
- Seller: Eller Capital Partners (for-profit).
- In 2017, previous owner gave all residents 30-days to vacate and stopped accepting housing-assistance payments. Over three years, this owner doubled their investment.

Recap Fund "Products"

- Wake County is primed for a preservation fund.
- Wake County continues to lose existing affordable housing units
- Local developer capacity has increased
- City of Raleigh has \$4M earmarked for property acquisition
- Fund administrator interest is high

Ms. Alicia Arnold, Equitable Housing and Community Development Division Director, shared that Wake County is primed for preservation fund. She shared information on fund capitalization.

Fund Capitalization| The capital is managed by the Fund

Administrator, criteria for lending is established in partnership with County

1. Wake County provides initial grant capital to Fund Administrator
The capital is managed by the Fund Administrator, criteria for lending is established in partnership with County

2. Admin Leverage Wake's capital to increase capital from Partners

NOAH - Naturally Occurring Affordable Housing

LIHTC - Low-Income Housing Tax Credits

3. Mission based partners contribute low interest funding at 3 to 1 ratio

She shared the fund products.

Housing funds are designed to leverage philanthropic and private financing to maximize impact.

Different fund partners fit in different places in the capital stack for a housing fund. The primary considerations when evaluating different funding sources are - 1) repayment requirements; 2) interest rates; 3) term; 4) regulatory requirements.

Funder Types

- **Municipalities:** grants for fund and takeout financing
- **Foundations:** grants and Program Related Investments (PRI)
- **Large Employers and Institutions:** grants and PRI
- **CDFIs:** below market debt
- **Banks & financial institutions:** CRA, or regulatory, motivated debt

Fund Products | Two Fund Structures

Bridge to LIHTC Preservation

Purchase subsidized housing and use LIHTC financing to protect affordability

NOAH Preservation

Purchase and preserve affordability in non-subsidized housing

She shared information on the bridge to LIHTC preservation.

Bridge to LIHTC Preservation | The funds revolve - repayment allows new loans from the same fund.

1. Developer identifies preservation opportunity
2. Developer purchases building with loan from new Fund
3. Developer secures first mortgage, receives LIHTC and additional permanent subsidy.

She shared the NOAH preservation.

NOAH Preservation | In contrast to the LIHTC bridge product, NOAH Preservation does not require several layers of other financing and does not revolve. **Building held by developer and remains affordable for 10-15 years**

1. Developer identifies preservation opportunity
2. Developer purchases building with funds from NOAH Preservation Fund and First Mortgage

Commissioner Hutchinson asked the percentage of the NOAH funds and the first mortgage.

Ms. Arnold shared comments.

Commissioner West shared comments on the HOPE VI projects. He asked if the board needed to do anything as it relates the Housing Urban Development (HUD) legislatively.

Ms. McDowell shared that advocating for housing would be a push in the right direction.

Commissioner Cervania shared comments on the communication with developers on preservation.

Ms. Arnold shared the public funding efficiency.

Funding Efficiency & Next Steps

Public Funding Efficiency | Both preservation products support affordability at a relatively low cost to Wake County.

She shared the Wake County's leaking affordable housing bucket and the timeline.

4. American Rescue Plan Act of 2021

Attachments: [ARPAWorkSessionV3.pdf](#)

Mr. Chris Dillon, Assistant County Manager, shared the background.

Background

- March 11, 2021 - President Biden signs American Rescue Plan Act (ARPA) of 2021
- The Bill Provides \$1.9 Trillion in Funding, Program Changes, and Tax Provisions to Aid the Nation's Response and Recovery from the Coronavirus Pandemic
- Most notably: Additional Direct Payments: \$1,400 Per Person

He shared a slide showing who the American Rescue Plan helps

He shared the \$89 billion in small business and economic revitalization and the \$84 billion in assistance to individuals and families.

Programmatic Funding**\$89 Billion in Small Business & Economic Revitalization****\$84 Billion in Assistance to Individuals & Families**

- Child & Dependent Care Tax Credit will be expanded in 2021, making it refundable and increasing the maximum rate by 50 percent, and expands EBT through Summer 2021.

He shared the \$178 billion to safely re-open schools and improve learning.

\$178 Billion to Safely Re-Open Schools & Improve Learning

- Education Stabilization Fund: \$130 Billion
 - Funding will go towards activities such as addressing learning loss, repairing ventilation systems, purchasing technology, implementing social distancing guidelines, purchasing PPE, and hiring staff
- Funding to Make Up Lost Revenue for Institutions of Higher Education: \$40 Billion
- Head Start Emergency Funding: \$1 Billion
- Expanding Internet Connectivity to Students and Communities: \$7.1 Billion
 - Funds will reimburse schools and libraries to purchase equipment such as hotspots, internet service, and computers on behalf of students and patrons

He shared the \$122 billion to continue COVID-19 response and prepare for future emergencies and the state and local funding parameters.

\$122 Billion to Continue COVID-19 Response & Prepare for Future Emergencies**State and Local Funding****State and Local Funding Parameters**

- Coronavirus Relief Fund (CRF)
 - New funding for states, municipalities, counties, U.S. territories, and tribal governments
 - Distributed in two tranches, with 50 percent being delivered no later than May 11, and remainder delivered no later than one year later
- General Purposes for This Funding:
 - COVID-19 response and addressing its economic effects
 - Providing government services affected by a revenue

- reduction from the pandemic
 - Water, sewer, and broadband infrastructure
 - Premium pay up to \$13 per hour in additional wages for workers performing essential work during the pandemic
- Cannot be used to reduce taxes
- Deadline to Spend CRF Dollars: December 31, 2024

He shared that Wake County will receive \$217 million.

Wake County to Receive \$217 Million

- Outside of any federal programmatic funds previously mentioned
- Does not include funds to educational purposes
 - WCPSS will receive direct allocations from the state/federal government
- Does not include funds to state government
 - State to receive \$5.4 billion in CRF (outside of programmatic and educational funds)
 - State may distribute some additional funds to local governments
- Municipalities will receive direct allocations

He shared that \$177 million in direct funding will be distributed to Wake municipalities.

\$177 Million in Direct Funding to Wake Municipalities

- Apex \$17.35 mil
- Cary \$17.32 mil
- Fuquay-Varina \$8.87 mil
- Garner \$9.19 mil
- Holly Springs \$11.07 mil
- Knightdale \$5.22 mil
- Morrisville \$8.44 mil
- Raleigh \$79.58 mil
- Rolesville \$2.49 mil
- Wake Forest \$13.35 mil
- Wendell \$2.51 mil
- Zebulon \$1.73 mil

He shared that the county priority is county functions.

Prioritizing County Functions County Priority is County Functions Economic Recovery is Happening

- Most businesses and households are no longer in financial crisis
- Eased business restrictions

- Service industry has pivoted to safe dining and service options
- Hotel occupancy is beginning to rebound with sports and travel
- Retail industry supported through consumer shift spending patterns

Marathon Approach

- Understand where we still have immediate needs
- Understand County operational and capital needs
- Understand community needs and how ARPA will address them
- Allocate County funds as long-term investments

He shared the phase now-immediate (April/May) approach.

Phase Now - Immediate (April/May)**Small Business Loans**

Funds to NC Rural Center to re-infuse small business loan program (40 percent of those still in need are minority-owned businesses)

Broadband

RFP for a needs assessment on access to broadband in Wake County (understand equity concerns)

Hospitality Support

Funding to GRCVB and Centennial Authority to support tourism, sports, and leisure (venues still have capacity limits)

Food Security

Continue to address immediate food security needs (low-wage earners continue to struggle)

Public Health

Continue to ensure continued vaccination and pandemic mitigation efforts

Staffing Support

Funding to ensure adequate staffing to support management of CRF and other programmatic funds

He shared the phase 1-assessment (May-September).

Phase 1- Assessment (May - September)

- County operations and capital needs assessment
 - Needs to successfully conclude COVID-19 response operations
 - Plan and prepare for future events
 - Long-term needs (capital and operating) for adequate access to Public Health
 - Needs related to permanent shifts in continuity of County operations (technology, facilities, etc.)
 - Wake 2.0 - how we best serve the community in new ways
- Community needs assessment

- Work with municipal partners to understand what is still needed
- Survey the business community to see what needs are not being met
- Understand collaborative efforts that best benefit individuals and families

He shared phases 2 and 3-respond and review (October forward).

Phases 2 & 3 - Respond & Review (October forward)

- Review and fund County operational and capital needs
- Review and fill funding gaps for community needs *after* understanding how federal/state funding will be allocated to other programs
- Assess how first tranches of CRF funding were utilized
- Understand needs beyond expiration of CRF
- Prepare for the future

He shared a recap.

Recap

- The American Rescue Plan Act is a once in a generation investment package
- All sectors of the economy are being funded through the plan
- County funds should be directed to County operations and statutorily mandated functions
- Recommended funding levels for “Phase Now” in May
- We continue to await guidance on possible uses of the funding

Commissioner Thomas asked about community partners.

Commissioner West shared asked about the 41 percent for minority businesses. He shared comments on disparities.

Vice-Chair Adamson shared comments on funding with concerns on when the rural businesses who have applied through the rural centers might receive their funding.

Mr. Dillon shared that Wake County is in constant communication with the legislators and funding partners in D.C.

Chair Calabria shared comments on broadband development. He shared comments on thinking globally.

Commissioner Hutchinson shared comments on the gathering of information and the four hour rule from staff. He shared that Alliance Behavioral Health would like to build a residential unit for youth. He asked the commissioners to put this on a future agenda and asked Mr. Dillon to share this request with the General Assembly (GA).

Manager Ellis asked for clarity for Mr. Dillon.

Commissioner Hutchinson shared that if Mr. Dillon could share with the GA that this is a high priority with the board. He shared comments about putting a \$40 million Marbles Museum in Dix park.

Commissioner Thomas shared comments on the discovery of the Marbles project and the school that is located on that property.

Commissioner West shared comments about other projects that have been suggested in the past (Race reconciliation project) to be put on the Dix property as well.

Vice-Chair Adamson shared her support and comments on surplus property and the Wake County Public School System's (WCPSS) right of refusal.

Manager Ellis shared that Ms. Johnna Sharpe, has been meeting with MS. Sally Edwards, Marbles Director.

Ms. Sharpe shared that this is an ongoing project with Marbles. She shared that time has to be spent on the details due to a host of issues. She shared that Wake County will review long term needs and there is a process to discuss based on the relationship with Marbles. She shared that updates are forthcoming and when there are additional details, this can be on a Work Session agenda.

Commissioner Hutchinson shared comments on the success of open space bonds. Asked staff to look at the rollback tax and receive a recommendation from staff.

Adjourn

The meeting adjourned at 5:36pm.

Respectfully submitted,

Yvonne C. Gilyard, NCCCC
Deputy Clerk to the Board