



Meeting Minutes Board of Commissioners

Monday, March 29, 2021

9:00 AM

Wake County Justice Center

BOC Budget Retreat - Meeting Held Remotely

Meeting Called to Order: Chair

Chair Calabria called the meeting to order. He shared that today's Budget Retreat is to focus on the operating budget. He shared the retreat goals.

Manager Ellis thanked staff for working diligently on the budget process.

Ms. Emily Lucas, Chief Financial Officer, shared that this time last year, the board was preparing for a robust budget, but due to the pandemic and the economic uncertainties, things had to change. She shared that the pandemic has played a vital role in the economic unprecedented.

Ms. Michelle Venditto, Director of Budget and Management Services, recognized the budget team, department heads and liaisons that have assisted with the budget process this year.

Ms. Lucas shared today's goals.

1. Agenda

Attachments: [01 - 2021 Board Retreat Agenda .pdf](#)

2. FY 2022 Operating Budget

Attachments: [FY22 Operating Retreat Presentation Final.pdf](#)

Ms. Venditto shared the retreat objectives.
She shared the focus on the operating budget.
She shared the budget process.

Ms. Heather Drennan, Deputy Director of Budget and Management Services, shared the financial projection.
She shared the COVID-19 outbreak that continues to impact community, economy and operations.
She shared the outbreak of COVID-19 pandemic, Wake revised downward FY20 and FY21 economic projections.
She shared that the County responded to negative outlook by reducing departments FY21 budgets by 2.2 percent.

She shared the FY21 budget that assumed the declines for Register of Deeds transactions that have not materialized.

She shared the FY21 sales tax revenue actual that are higher than the budget.

She shared the sales tax recovered more rapidly than projected, maintaining growth despite COVID-19 pandemic.

She shared the FY21 sales tax revenues projected to grow a total of 9.6 percent more than FY20 actuals.

She shared that significant COVID-19 federal funding likely boosted NC spending, employment, and production.

She shared that Wake County unemployment significantly recovered; still 2 percent higher than pre-COVID-19 pandemic.

She shared the employment rate in Wake County is recovering quickly for high and middle wage workers, not low wage workers.

Commissioner West shared comments on low wage employment, disparity studies, and minority participation.

Manager Ellis shared that there has been a joint look at the disparities with schools and the City of Raleigh. He shared that there are rules to the stimulus funds. He shared that according to the state rules, Wake County wants to set the example.

Ms. Lucas shared that the schools and the City of Raleigh agreed that the disparity studies should be done separately and then the three agencies will come back and share results. She shared comments about the American Rescue Plan funds. She shared that Wake County should be mindful and not put all of the money in the same bucket. (Listen)
She shared the strong development and sales tax revenues driving 5 percent positive variance in projected revenues.

Vice-Chair Adamson shared her struggles with revenue projections. She shared comments on the fund balance and the excess of the fund balance that could help citizens that need assistance.

Commissioner Cervania shared comments on compensation of income streams.

Ms. Lucas shared comments on sales tax and what it includes. She shared that the American Rescue Plan funds could be used for one-time funding. She shared comments on the hospitality taxes.

Ms. Drennan shared the the strong development and sales tax revenues driving 5 percent positive variance in projected revenues.

She shared the first \$12.3 million of positive variance represents portion of sales tax dedicated to WCPSS debt service.

She shared that the one-time funds can restore FY21 reductions to debt and capita; and fund postponed projects and investments.

Ms. Drennan shared the FY 2022 Operating Budget.

She shared the revenue outlook.

She shared the FY21 adopted budget of \$1.47 billion largely supported by property tax.

She shared the sales tax revenue projection consider moderate growth approach.

She shared the sales tax revenues projected for FY22 with moderate growth of \$5.74 million over FY21 projected.

She shared the multiple factors driving changes in property tax revenue projections for FY22.

She shared the COVID-19 Property Tax Relief Bill that could impact FY21 and FY22 revenues.

She shared the lower assesses value growth projected for FY22.

She shared the property tax collection rate of 99.25 percent based on continued uncertainty in certain economic sectors.

She shared the FY22 projected property tax revenues increase \$17.1 million at current 60.0 cent property tax rate.

Commissioner West shared comments on the Great Depression, sales taxes and fund balance. He asked whether there has been a fund balance change as it relates to the schools.

Ms. Lucas shared that the school system fund balance has increased. She shared that the schools have funds that were rolled into the school's fund balance. She shared that the schools received \$87 million from the CARES Act. The schools decide where the funds will be allocated and share the information with Wake County. She commented on the 6 percent funds.

Commissioner Thomas asked for clarity on vehicle registrations and property taxes. Ms. Venditto shared that her team would follow up with the tax department for a response.

Ms. Lucas shared comments on values of the tax levy and the value on the tax levy. She shared additional information on the garnishment of wages and the DMV's process to date.

Ms. Drennan shared the intergovernmental revenues driven by state reimbursements and mandated activities.

She shared the charges and fees experience limited changes over time; based on cost recovery or statutory limits.

She shared that all other revenues projected at \$34.0 million.

She shared the FY22 projected to increase 6.4 percent.

Ms. Venditto shared the expenditure components.

She shared the FY21 Adopted budget of \$1,466,080,000.

She shared the debt and capital transfers.

She shared the majority of debt and capital transfers allocated to WCPSS.

She shared the portion of property and sales tax revenue transferred to debt and capital funds.

She shared the debt and capital transfers projected to increase 8 percent based on adjusted economic outlook.

She shared the county operational requests.

She shared the general fund county operations represent about 36 percent of FY21 adopted budget.

She shared the FY21 reduction measures reduced County departments expenditure budgets by 2.2 percent.

She shared the county base expenditures increase \$2.7 million from FY21 adopted.

She shared the FY22 budget exercise asked departments to submit mix of strategies to respond to uncertainty.

She shared the given updated economic information, only moving forward with reductions that make business sense.

She shared the departments requested expansions totaling \$24.5M.

She shared expansions request resources to continue to provide high quality services to residents.

She shared expansions request resources to prioritize Board and community goals.

She shared to remain competitive, priority to include pay adjustments, additional compensation for high performers.

She shared living wage and compression adjustments not addressed in FY21.

She shared budget requests under review and will be shared as part of the Manager's Recommended Budget.

She shared COVID-19 response needs not factored into annual FY22 General Fund budget.

She shared information on education.

She shared Smart Start.

She shared Wake County contribution to Smart Start has increased almost \$1.4 million since FY16.

She shared Smart Start: March 8 Work Session.

She shared Wake Tech and WCPSS appropriations equals 58 percent of FY21 adopted budget.

She shared Wake Tech.

She shared FY21 funding for Wake Tech held flat with exception of New WakeWorks positions.

She shared FY22 Wake Tech requests include prior requests from FY21 that were not funded.

She shared WCPSS operating budget.

She shared the WCPSS elementary 2020-21 enrollment impacted by virtual learning environment and lower birth rates.

She shared a decline in elementary enrollment led to a decrease in total student enrollment for 2021-21.

She shared while year over year total enrollment is increasing, it is returning to the 2019-20 school year level.

She shared a projected rebound in elementary enrollment accounts for largest portion of total estimated increase of 2,400 for the 2021-22 year.

Chair Calabria asked if these projections are shared projections from WCPSS. Ms. Venditto shared that the projections are shared by many departments including the Planning Department.

Ms. Venditto shared the FY21 operating allocation of \$527, 904 boosted by WCPSS capital transfer holdback.

She shared the FY22 maintaining base funding of \$515.995 million results in a per pupil of \$2,936.

She shared the Manager's FY22 recommended budget will consider WCPSS operating funding level and strategies.

Chair Calabria shared comments on one-time funding in the general fund. This was related to slide #65 as it relates to the WCPSS capital.

Ms. Venditto shared the summary.

She shared the priorities for developing County Manager's FY22 recommended budget.

She shared the property tax only revenue source within full control of Board, FY21 rate set at revenue neutral.

She shared next steps.

Meeting went into Recess

Meeting Reconvened

3. Fire Tax District Update

Attachments: [FY22 BOC Retreat Fire Tax.pdf](#)

Mr. Darryl Alford, shared the purpose of today's update.

He shared the background.

He shared the future sustainability challenges.

He shared the tax district fire departments.

He shared the cost share formula.

He shared the Wake County Fire Tax District-Cost Share Percentage Updates.

He shared the Tax District Revenue Growth.

He shared the examples of uncontrollable cost increase.

(Listen to Calabria and Gammon)

He shared the operating budget breakdown.

He shared the reserve for future fire station construction.

He shared the FY22 tax district.

He shared the projected tax rate outlook.

He shared the fire tax district currently has long-term sustainability issues.

Mr. Alford shared the description of a donut hole for fire services.

Chair Calabria asked when the vote for the 2021 budget would take place.

Manager Ellis shared that the vote will take place at second meeting in June.

Manager Ellis shared that Wake County has vaccinated 100,000 citizens to date.

Adjourn

The meeting adjourned at 12:08 pm.

Rollcall

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