

Blue Ribbon Committee on the Future of Wake County

Meeting Summary

Wednesday, May 2, 2007
Exploris, 8:00 – 10:00 am

Goals/Objectives

1. Update committee on status of recommendations made in July 2006 report.
2. Discussion and feedback regarding progress report and infrastructure funding options.
3. Continue to build connections among committee members.

Welcome and Overview

Fred Day and Frank Holding Jr., Committee Co-Chairmen, welcomed the committee and provided a brief update and overview of what has happened since the group made its recommendations to the Board of Commissioners on July 17, 2006. Much progress has been made since then, including these highlights:

1. Wake County's success is causing even more rapid growth than we had projected last year. Instead of growing by 25,000 people/year or 68/day, Census numbers show that Wake County is growing at a rate of nearly 35,700 people/year, or 98/day.
2. Since the committee met last summer, Wake County has:
 - Added 30,000 more people and 7,500 new students.
 - Opened five elementary schools and two high schools (another seven new schools will open in coming months).
 - Preserved 870 more acres of open space.
 - Opened new regional libraries in Cary and North Raleigh, and the Holly Springs Library and Cultural Arts Center.
 - Seen the opening of I-540 from Triangle Town Center to US 64/264, and the US 1/64 freeway widening open to traffic between Tryon Road and I-40/Walnut Street.
 - Added nearly 3,300 jobs and \$423.5 million in investment, including the Novartis flu vaccine facility in Holly Springs and the expansion of Fidelity Investments to create another 2,000 jobs.
 - Moved up to #1 on the list of *Forbes Magazine*. In April, Forbes named Raleigh as the best place in the country to do business and advance a career.

Commissioners' Chairman Tony Gurley congratulated the Committee for its work in 2006, noting that the County had received an Outstanding County Program Award from the North Carolina Association of County Commissioners for the work of the Blue Ribbon Committee. He reported on progress on several fronts, and turned the program over to County Manager David Cooke for more details. In a nutshell, the County:

- Is moving forward with plans for bonds on the October 2007 ballot for Wake Tech, open space, libraries;
- Held a Board work session in February on the cost of a four-year property revaluation cycle vs. eight-year;
- Is moving forward with plans to build a new Courthouse and other County office space and parking downtown;
- Is awaiting recommendations from the Citizens' Facilities Advisory Committee on school construction, which should be delivered in the summer. The committee was jointly appointed by the Commissioners and School Board to examine the cost of building schools in Wake County.
- Is moving forward with an interlocal agreement with the City of Raleigh to develop the Little River Reservoir as a future source of drinking water.

- Is monitoring several pieces of legislation that have been introduced in the General Assembly to provide local governments with revenue options in addition to property taxes.

If property taxes are used to meet the long-term infrastructure needs identified by the Committee last year, now totaling \$18 billion (including transportation needs), they would need to increase in the range of 20-30 cents per \$100 of valuation, depending on whether other options are available, such as local sales tax or a real estate transfer tax.

Legislative Update

Rep. Jennifer Weiss, co-chair of the Wake County Delegation, provided an overview of the legislation that has been introduced in the General Assembly. To date, 46 bills have been introduced to provide local governments with revenue options for various infrastructure purposes, such as public school and community college construction or transportation needs. Wake Delegation members have sponsored two bills that would authorize sales tax, impact fees and/or land transfer taxes: SB 610 and HB1142. Most of the local revenue option bills have been referred to committees for action.

Rep. Weiss delivered these key messages to the committee:

1. The Governor's Office has let it be known that "there's not a great appetite at the state level to share the sales tax" with local governments.
2. On whole, the General Assembly is hearing clearly from urban or fast-growing counties about the need for additional revenue sources, but is also hearing from the high-Medicaid population counties (typically, more rural and experiencing slower growth) of the need for relief from Medicaid reimbursements. Those needs will have to be balanced, she said.
3. Wake County's property taxes tend to be lower than other similar counties, so the perception in the General Assembly is that Wake County still has room to raise taxes to pay for infrastructure needs, rather than turning to other sources of revenue.

Modernization Commission Update

Committee member Mike Walden gave an update on the work of the local taxation subcommittee of the North Carolina State and Local Fiscal Modernization Study Commission, noting that it endorsed the proposal to have the NC General Assembly approve a "menu" of local tax options, including a local sales tax, local impact fee, and local transfer fee, for local governments to have the power to enact. Dr. Walden, who is not on the commission but is serving on its staff, said the subcommittee also endorsed expansion of the sales tax to include services, and endorsed annual indexing of the real property tax base.

The full Commission has not taken a vote on any of these items, so they are not endorsements from the Commission. The Commission's work is suspended pending legislative approval to extend the Commission until May 2008.

Group Engagement

The committee worked at tables to talk about next steps and provide the chairs with feedback on this question: "What would the Committee recommend to the Board of Commissioners to continue progress and ensure infrastructure is in place to support a high-quality community?" Suggestions included:

- Raise the current property tax so that Wake County is closer to the state average. (One group also suggested a system of age/income deferrals to protect the elderly or those living on fixed incomes.)
- Change the lottery proceeds funding by switching to average daily membership (ADM) criteria.
- Create the issue of a broadening of the tax base with the next gubernatorial race. (Get involved in the gubernatorial races now to ensure they are paying attention to local government funding needs.)

- Meet with the Wake County Delegation to make sure our elected officials are aware of our concerns and priorities.
- Support local revenue bills in the General Assembly; push for giving counties authority for other revenue options without requiring approval by referendum.
- Need stronger alignment between our federal, state and local leaders regarding our priorities.
- Focus on the big-ticket items: Toll roads and transportation funding distribution (support changing the distribution formula).
- On transportation, support securing funding to close the gap without supplanting other funds. Also, support increasing state funding for transportation only if funds are distributed by means other than the current formula (i.e., merit-based or technically objective criteria such as vehicle miles traveled, congestion, etc.)
- Support and promote the Dix park/open space movement.
- Look at infrastructure needs regionally.
- Devote a higher percentage of the budget to greater health care access and mental health, particularly with regard to human services' facility (infrastructure) needs.
- Because Wake County is growing faster than anticipated, pay attention to issues like water supply and perhaps partner with other fast-growing counties.
- Pay close attention to the Citizen Facilities Advisory Committee's recommendations on school construction costs.
- Public education: Produce a laminated card on the points for the fall bond issues and mail to all citizens; also, educate the community about the funding gap and about future needs and costs.

Next Meeting

The committee will meet again on **Tuesday, September 11, 2007, from 8 – 10:30 a.m. at Brier Creek Country Club** to receive another progress report and information about the bonds that will be on the October ballot for Wake Tech, libraries and open space.

One committee member asked the chairmen to consider whether this group would continue to operate as a “think tank” or whether the committee would be moved toward more advocacy of the report’s recommendations. Co-Chairman Fred Day indicated that would be up to the Board of Commissioners and Greater Raleigh Chamber of Commerce, because it would require a change in the group’s mission. The committee, he said, met its charge as outlined last year, which was to examine infrastructure plans in place to meet growth over the next 25 years, and recommend ways to fund those needs.

Next Meeting: Tuesday, September 11, 8 – 10:30 a.m., Brier Creek Country Club