

ORANGE COUNTY BOARD OF COMMISSIONERS

AGENDA

Budget Work Session
April 11, 2013
Meeting – 7:00 p.m. - 10:00 p.m.
Southern Human Services Center
2501 Homestead Road
Chapel Hill, NC

- | | | |
|----------------|----|--|
| (7:00 – 7:30) | 1. | Durham Technical Community College Presentation |
| (7:30 – 8:00) | 2. | Employee Benefits Update, Preliminary Renewal Estimates Regarding Calendar Year 2014 Health Insurance, and Anticipated Health Care Reform Components |
| (8:00 – 9:30) | 3. | To continue review and discussion of the Manager’s Recommended FY 2013-18 Capital Investment Plan |
| (9:30 – 10:00) | 4. | Fiscal Year 2013-2014 Budget Process |

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 11, 2013

**Action Agenda
Item No. 1**

SUBJECT: Durham Technical Community College Presentation

DEPARTMENT: Finance and Administrative
Services

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

INFORMATION CONTACT:

Clarence G. Grier, Assistant County
Manager and CFO, 245-2453
Paul K. Laughton, Deputy Finance
and Administrative Services
Director, 245-2152

PURPOSE: To receive an update from representatives of Durham Technical Community College (DTCC) on various issues related to the Orange County satellite campus.

BACKGROUND: Representatives from DTCC will be at the work session to make a presentation and provide information to the Board.

FINANCIAL IMPACT: There is no financial impact associated with receiving this presentation.

RECOMMENDATION(S): The Manager recommends the Board receive the presentation by Durham Technical Community College representatives and provide any feedback as necessary.

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 11, 2013

**Action Agenda
Item No.** 2

SUBJECT: Employee Benefits Updates, Preliminary Renewal Estimates Regarding Calendar Year 2014 Health Insurance, and Anticipated Health Care Reform Components

DEPARTMENT: Human Resources

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- A. Plan Year Enrollment Highlights and UnitedHealthcare Activity
- B. Proposed Timeline for Competitive Bid Process
- C. Powerpoint-Health Insurance Update

INFORMATION CONTACT:

Nicole Clark, Human Resources Director, 245-2552
Diane Shepherd, Benefits Manager, 245-2558

PURPOSE: To provide an update on health insurance initiatives, preliminary health insurance cost estimates for calendar year 2014, and the impact of Health Care Reform.

BACKGROUND: The County is in the second year of a contract with UnitedHealthcare (UHC), which offers a traditional POS and high deductible plan. Although there was a considerable amount of dissatisfaction immediately following the transition to UHC, staff recommended that the County remain with UHC's fully insured plan for the 2013 plan year.

While the overall enrollment numbers remained constant when comparing 2012 and 2013, there are 5 less enrollees in the Traditional Plan and 10 new enrollees in the High Deductible Plan. New enrollments in our optional benefits decreased, as 2013 is the third year for these offerings.

We have partnered with UHC to offer monthly programs geared to increase employees' awareness of their health insurance benefits by hosting monthly programs. This was launched in December with a Town Hall style meeting. Since then, UHC has hosted monthly seminars on topics such as estimating health care costs and health and wellness online tools. For the second year, Orange County and UHC have partnered for health screenings, which occurred in February. Monthly activities are planned through the remainder of the 2013 Plan Year. Attachment A provides an enrollment summary and lists the activities sponsored by UHC.

A competitive bid process will be conducted for the 2014 plan year and will include pricing for fully insured and self-funded plans. Based on current trends, staff is projecting an 8% increase in health care premiums. Due to the competitive process and the potential change in funding, recommendations for a vendor and funding will be provided at the June 11, 2013 Work Session

with anticipated approval through the budget process at the June 18, 2013 Regular Meeting. Attachment B outlines the timeline for the RFP process and vendor selection.

FINANCIAL IMPACT: More definitive costs will be provided at the June 11, 2013 Work Session.

RECOMMENDATION(S): The Manager recommends that the Board:

- 1) discuss employee insurance benefits for calendar year 2014; and
- 2) provide direction to staff at the June 11, 2013 Work Session regarding the recommended policy coverage and benefits in preparation for approval through the budget process at the June 18, 2014 Regular Meeting.

Plan Year Enrollment Highlights and UnitedHealthcare Activity

Open Enrollment Highlights Health Insurance Enrollment (at start of Plan Year)

	2011	2012	2013
Traditional Plan	n/a	610	605
High Deductible Plan	n/a	187	197
Total Health Plan Participation	n/a	797	802
Health Savings Account (employee contribution)	n/a	81	89
Waived Health Insurance	20	22	21

Annual Optional Benefits New Enrollment

Benefit	2011	2012	2013
Medical Flexible Spending Account	159	165	132
Dependent Care Spending Account	12	11	16
Community Eye Care	n/a	369	42
Accident Insurance	54	114	36
Critical Illness	103	79	23
Disability	145	97	18
Whole Life	64	55	18

Annual Employee Flu Shot Clinic Participants

2010	2011	2012
204	169	225

UnitedHealthcare Activities and Programs

Date(s)	Event
12/13/12	Town Hall Meeting
1/24/13	Health and Wellness Website Demonstration
2/12-2/14/13	Know Your Numbers Biometric Screenings
3/28/13	Health Care Cost Estimator
4/25/13	Demystifying Your Pharmacy Benefits
5/23/13	Fitting Fitness Into a Busy Day & Sportsplex Tour
6/27/13	Sun Protection and Skin Damage

Health Assessment Participants

2012	2013
334	356

Proposed Timeline for Competitive Bid Process

4/15/13	RFP solicitation is published
5/10/13	Response deadline
5/31/13	Evaluations complete
6/11/13	Recommendations presented during work session
6/18/13	Vendor and plan funding approved with the FY 13-14 budget process*

*With the possibility of a new vendor and funding source, approval is needed to ensure proper and timely implementation in preparation for Open Enrollment in October 2013.



Attachment C

HEALTH INSURANCE UPDATE

2013 Enrollment Highlights and 2012 Plan
Performance/2014 Plan Year Preliminary
Recommendations

April 11, 2013 Work Session

2012 Summary

- Year one with UnitedHealthcare
- Initial dissatisfaction with change in provider and plan structure
- 2013 Plan design recommendations addressed concerns
- Renewal cost less than projections
- Enrollment process successful, no significant complaints

Health Insurance Enrollment Comparison

	2012	2013
Traditional Plan	610	605
High Deductible Plan	187	197
Total Participation	797	802
Employee Health Savings Account	81	89
Waived Health Insurance	22	21

Optional Benefits New Enrollment Comparison

	2012	2013
Medical Flexible Spending Account	165	132
Dependent Flexible Spending Account	11	16
Community Eye Care	369	42
Accident Insurance	114	36
Critical Illness	79	23
Disability	97	18
Whole Life	55	18

Benefits Activities and Programs

- ERC Meeting updates
- Town Hall Meeting (December)
- Health and Wellness website demonstration (January)
- Know Your Numbers (February)
- Health Care Cost Estimator (March)

Health Insurance RFP Timeline

- April 15th RFP solicitation published
- May 10th Response deadline
- May 31st Evaluations complete
- June 11th Recommendations presented during the Work Session
- June 18th Vendor and plan funding approved with the FY 13-14 budget process*

*With the possibility of a new vendor and funding source, approval is needed to ensure timely implementation in preparation for Open Enrollment in October 2013.



MEDICAL PLAN UPDATE

2012 Plan Performance/2014 Renewal Expectation



2012 Plan Experience

HSA Plan

Date	Subs	Mbrs	Premium	Medical	Pharmacy	Capitation	Combined Claims	Claims Per Sub Per Month	Loss Ratio
January-12	195	375	\$142,356.71	\$12,037.78	\$2	\$3,845.63	\$15,884.91	\$81.46	11.16%
February-12	196	373	\$141,405.73	\$21,599.49	\$699	\$3,814.70	\$26,113.07	\$133.23	18.47%
March-12	191	362	\$139,684.00	\$30,321.00	\$1,091.00	\$3,732.00	\$35,144.00	\$184.00	25.16%
April-12	191	364	\$140,868.00	\$43,011.00	\$1,695.00	\$3,753.00	\$48,459.00	\$253.71	34.40%
May-12	192	364	\$140,688.00	\$35,127.00	\$2,641.00	\$3,753.00	\$41,521.00	\$216.26	29.51%
June-12	196	371	\$143,540.68	\$24,769.27	\$2,544.50	\$3,825	\$31,138.78	\$158.87	21.69%
July-12	205	380	\$148,181.47	\$25,229.21	\$5,333.99	\$3,918	\$34,481.00	\$168.20	23.27%
August-12	207	385	\$150,507.00	\$127,044.00	\$4,992.00	\$3,969.00	\$136,005.00	\$657.03	90.36%
September-12	206	385	\$150,145.00	\$54,506.00	\$5,373.00	\$3,969.00	\$63,848.00	\$309.94	42.52%
October-12	208	384	\$149,798.00	\$25,270.00	\$7,335.00	\$3,959.00	\$36,564.00	\$175.79	24.41%
November-12	217	397	\$154,425.00	\$69,224.00	\$8,584.00	\$4,083.00	\$81,891.00	\$377.38	53.03%
December-12	220	401	\$155,851.00	\$80,748.00	\$11,558.00	\$4,103.00	\$96,409.00	\$438.22	61.86%
Total	2,424	4,541	\$1,757,450.59	\$548,886.74	\$51,847.89	\$46,724.14	\$647,458.76	\$267.10	36.84%

PPO Plan

Date	Subs	Mbrs	Premium	Medical	Pharmacy	Capitation	Combined Claims	Claims Per Sub Per Month	Loss Ratio
January-12	755	1,258	\$601,086.67	\$503,372.10	\$72,164.17	\$12,887.50	\$588,423.77	\$779.37	97.89%
February-12	750	1,254	\$602,793.53	\$443,530.37	\$86,572.58	\$12,928.74	\$543,031.69	\$724.04	90.09%
March-12	746	1,246	\$599,131.00	\$424,785.00	\$105,977.00	\$12,867.00	\$543,629.00	\$728.73	90.74%
April-12	745	1,245	\$593,015.00	\$573,611.00	\$102,468.00	\$12,763.78	\$688,842.78	\$924.62	116.16%
May-12	753	1,252	\$596,579.00	\$417,265.00	\$112,812.00	\$12,867.00	\$542,944.00	\$721.04	91.01%
June-12	752	1,246	\$592,685.50	\$335,871.46	\$82,049.64	\$12,784.40	\$430,705.50	\$572.75	72.67%
July-12	790	1,286	\$615,389.38	\$376,251.09	\$115,307.99	\$13,268.97	\$504,828.05	\$639.02	82.03%
August-12	784	1,272	\$610,263.00	\$408,789.00	\$107,816.00	\$13,125.00	\$529,730.00	\$675.68	86.80%
September-12	777	1,264	\$604,558.00	\$451,349.00	\$100,731.00	\$12,991.00	\$565,071.00	\$727.25	93.47%
October-12	779	1,260	\$603,476.00	\$363,443.00	\$109,365.00	\$12,980.00	\$485,788.00	\$623.60	80.50%
November-12	777	1,259	\$604,066.00	\$409,725.00	\$119,655.00	\$13,001.00	\$542,381.00	\$698.05	89.79%
December-12	775	1,252	\$601,173.00	\$426,124.00	\$103,265.00	\$12,918.00	\$542,307.00	\$699.75	90.21%
Total	9,183	15,094	\$7,224,216.08	\$5,134,116.02	\$1,218,183.38	\$155,382.39	\$6,507,681.79	\$708.67	90.08%

Combined Plans

Date	Subs	Mbrs	Premium	Medical	Pharmacy	Capitation	Combined Claims	Claims Per Sub Per Month	Loss Ratio
January-12	950	1,633	\$743,443.38	\$515,409.87	\$72,165.67	\$16,733.13	\$604,308.68	\$636.11	81.29%
February-12	946	1,627	\$744,199.26	\$465,129.86	\$87,271.47	\$16,743.44	\$569,144.77	\$601.63	76.48%
March-12	937	1,608	\$738,815.00	\$455,106.00	\$107,068.00	\$16,599.00	\$578,773.00	\$617.69	78.34%
April-12	936	1,609	\$733,883.00	\$616,622.00	\$104,163.00	\$16,516.78	\$737,301.78	\$787.72	100.47%
May-12	945	1,616	\$737,267.00	\$452,392.00	\$115,453.00	\$16,620.00	\$567,845.00	\$600.89	77.02%
June-12	948	1,617	\$736,226.18	\$360,640.73	\$84,594.14	\$16,609.41	\$445,234.87	\$469.66	60.48%
July-12	995	1,666	\$763,570.85	\$401,480.30	\$120,641.98	\$17,186.77	\$522,122.29	\$524.75	68.38%
August-12	991	1,657	\$760,770.00	\$535,833.00	\$112,808.00	\$17,094.00	\$648,641.00	\$654.53	85.26%
September-12	983	1,649	\$754,703.00	\$505,855.00	\$106,104.00	\$16,960.00	\$611,959.00	\$622.54	81.09%
October-12	987	1,644	\$753,274.00	\$388,713.00	\$116,700.00	\$16,939.00	\$505,413.00	\$512.07	67.10%
November-12	994	1,656	\$758,491.00	\$478,949.00	\$128,239.00	\$17,084.00	\$607,188.00	\$610.85	80.05%
December-12	995	1,653	\$757,024.00	\$506,872.00	\$114,823.00	\$17,021.00	\$621,695.00	\$624.82	82.12%
Total	11,607	19,635	\$8,981,666.67	\$5,683,002.76	\$1,270,031.27	\$202,106.53	\$7,019,626.38	\$604.78	78.16%
							Trend	69.44%	

Current Plans United Healthcare						Option 1 2013 Fully Insured Renewal United Healthcare - Both Plans \$4 Copay for Generic - POS Office Surgery Subject to Copay - POS In-Network Simple Labs at 100% - POS				
	POS: S5E-P-M5 2012			HSA: C3Z-PM 2012			POS: S5E-P-M5 2013		HSA: C3Z-PM 2013	
	In-Network			In-Network			In-Network		In-Network	
Primary Care Physician Visits		\$20			80% after Ded.		\$20		80% after Ded.	
Specialist Physician Visits		\$40			80% after Ded.		\$40		80% after Ded.	
Preventive Care		100%			100%		100%		100%	
Deductible		\$500			\$1,500		\$500		\$1,500	
Deductible - Family Maximum		\$1,500			\$3,000		\$1,500		\$3,000	
Coinsurance Limit		\$1,000			\$2,000		\$1,000		\$2,000	
Coinsurance Limit - Family Max		\$3,000			\$2,000		\$3,000		\$2,000	
In-patient Hospital Services		80% after Ded.			80% after Ded.		80% after Ded.		80% after Ded.	
Out-patient Hospital Services		80% after Ded.			80% after Ded.		80% after Ded.		80% after Ded.	
Emergency Room		\$150			80% after Ded.		\$150		80% after Ded.	
Pharmacy		\$8/\$25/\$45			80% after Ded.		\$4/\$25/\$45		80% after Ded.	
Lifetime Maximum		Unlimited			Unlimited		Unlimited		Unlimited	
Rates	Subs	Monthly	Premium	Subs	Monthly	Premium	Monthly	Premium	Monthly	Premium
Employee Only	464	\$578.59	\$268,465.76	104	\$475.49	\$49,450.96	\$631.18	\$292,867.52	\$510.15	\$53,055.60
Employee and Spouse	72	\$1,220.83	\$87,899.76	18	\$1,003.28	\$18,059.04	\$1,331.80	\$95,889.60	\$1,076.41	\$19,375.38
Employee and Children	163	\$937.32	\$152,783.16	45	\$770.29	\$34,663.05	\$1,022.52	\$166,670.76	\$826.44	\$37,189.80
Employee and Family	49	\$1,735.77	\$85,052.73	29	\$1,426.47	\$41,367.63	\$1,893.54	\$92,783.46	\$1,530.45	\$44,383.05
Monthly Cost	748		\$594,201.41	196		\$143,540.68		\$648,211.34		\$154,003.83
					HSA Contribution \$1,237.20	\$242,491.20			HSA Contribution \$1,237.20	\$242,491.20
Annual			\$7,130,416.92			\$1,964,979.36		\$7,778,536.08		\$2,090,537.16
				Total	\$9,095,396.28			109.09%	\$9,869,073.24	106.39%
Increase over current									108.51%	

Option 1 Rates

				Monthly Costs		Calendar Year Costs	
	Type of Plan	Tier	# of Participants	County Contribution	Employee Contribution	Annual County Cost	Employee Contribution
Current Plans	POS (Point of Service)	Individual	464	\$579	\$0.00	\$3,221,589	\$0
		Ind/Children	163	\$731.89	\$205.43	\$1,431,569.02	\$401,828.90
		Ind/Spouse	72	\$853.04	\$367.79	\$737,027.25	\$317,769.87
		Family	49	\$1,073.10	\$662.67	\$630,982.56	\$389,650.20
		Total	748			\$6,021,167.95	\$1,109,248.97
	High Deductible Plan	Individual	104	\$578.59	\$0.00	\$722,080.32	\$0.00
		Ind/Children	45	\$731.89	\$141.50	\$395,218.44	\$76,412.16
		Ind/Spouse	18	\$853.04	\$253.34	\$184,256.81	\$54,721.27
		Family	29	\$1,073.10	\$456.47	\$373,438.66	\$158,851.70
		Total	196			\$1,674,994.23	\$289,985.13
			Renewal Totals		\$7,696,162	\$1,399,234	
	Type of Plan	Tier	# of Participants	County Contribution	Employee Contribution	Annual County Cost	Employee Contribution
United Health Care Option 1 with Enhancements	POS (Point of Service)	Individual	464	\$631	\$0	\$3,514,410	\$0
		Ind/Children	163	\$778	\$245	\$1,521,222	\$478,827
		Ind/Spouse	72	\$908	\$424	\$784,257	\$366,418
		Family	49	\$1,144	\$750	\$672,558	\$440,844
		Total	748			\$6,492,447	\$1,286,089
	High Deductible Plan	Individual	104	\$613	\$0	\$765,336	\$0
		Ind/Children	45	\$778	\$152	\$419,969	\$81,982
		Ind/Spouse	18	\$908	\$272	\$196,064	\$58,710
		Family	29	\$1,144	\$490	\$398,044	\$170,431
		Total	196			\$1,779,414	\$311,123
			Option 1 Totals		\$8,271,861	\$1,597,212	

2013 Renewal Estimate

Orange County Government	Subscribers	Premium	Total Claims	Loss Ratio	Stop-Loss Credit	Net Claims
January-12	950	\$743,443.38	\$604,308.68	81.29%	\$0.00	\$604,308.68
February-12	946	\$744,199.26	\$569,144.77	76.48%	\$0.00	\$569,144.77
March-12	937	\$738,815.00	\$578,773.00	78.34%	\$0.00	\$578,773.00
April-12	936	\$733,883.00	\$737,301.78	100.47%	\$0.00	\$737,301.78
May-12	945	\$737,267.00	\$567,845.00	77.02%	\$0.00	\$567,845.00
June-12	948	\$736,226.18	\$445,234.87	60.48%	\$0.00	\$445,234.87
July-12	995	\$763,570.85	\$522,122.29	68.38%	\$0.00	\$522,122.29
August-12	991	\$760,770.00	\$648,641.00	85.26%	\$0.00	\$648,641.00
September-12	983	\$754,703.00	\$611,959.00	81.09%	\$0.00	\$611,959.00
October-12	987	\$753,274.00	\$505,413.00	67.10%	\$0.00	\$505,413.00
November-12	994	\$758,491.00	\$607,188.00	80.05%	\$0.00	\$607,188.00
December-12	995	\$757,024.00	\$621,695.00	82.12%	\$0.00	\$621,695.00
Total	11,607	\$8,981,666.67	\$7,019,626.38	78.16%	\$0.00	\$6,397,931.38

Fully Insured Calculation

Current PPO Plan Design	2014 Renewal
Premium - 1/13 - 12/13	\$9,729,197
Claims	\$6,397,931
Claims - With Benefit Change	\$6,397,931
Trend 2014 - 8% -24 Months	116.00%
Trended 2014 Claims	\$7,421,600
PPACA - Fee for Comparative Effectiveness Research Agency	\$1,649.00
PPACA - Transitional Reinsurance Fee - 2014 - 2016	\$103,887.00
PPACA - Health Insurance Industry Fee	\$243,229.93
2014 Expected Cost	\$7,770,366
Premium - 1/13 - 12/13	\$9,729,197
Loss Ratio	79.87%
Target Loss Ratio	85.00%
Rate Action	93.96%
Self-funded Calculation	
Current PPO Plan Design	2014 Renewal
Claims - Without Benefit Change	\$6,397,931
Trend 2014 - 8% -25 Months	116.67%
Trended 2014 Claims	\$7,464,467
Administration	\$1,448,321
PPACA - Fee for Comparative Effectiveness Research Agency	\$1,649.00
PPACA - Transitional Reinsurance Fee - 2014 - 2016	\$103,887.00
Total Cost	\$9,018,324
Current Contribution	\$9,729,197
Percentage Change over 2014	92.69%



Mark III
Employee Benefits

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 11, 2013

**Action Agenda
Item No. 3**

SUBJECT: To continue review and discussion of the Manager's Recommended FY 2013-18 Capital Investment Plan (CIP)

DEPARTMENT: Finance and Administrative Services

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- Attachment A. Budget Comparisons of Prior Capital Investment Plans
- Attachment B. Proposed Environment and Agricultural Center at Blackwood Farm Park
- Attachment C. Presentation of Proposed Sportsplex Projects

INFORMATION CONTACT:

Frank Clifton, County Manager,
(919) 245-2305
Clarence Grier, Finance and Administrative Services,
(919) 245-2453
Paul Laughton, Finance and Administrative Services,
(919) 245-2152

PURPOSE: To continue review and discussion of the Manager's Recommended FY 2013-18 Capital Investment Plan.

BACKGROUND: For over 20 years, the County has produced a Capital Investment Plan (CIP) that establishes a budget planning guide related to capital needs for the County as well as Schools. The current CIP consists of a 5-year plan that is evaluated annually to include year-to-year changes in priorities, needs, and available resources.

The Manager's Recommended FY 2013-18 Capital Investment Plan was presented to the Board of County Commissioners at their March 12, 2013 Work Session. The following were items discussed that staff was directed to bring back as informational items to the meeting tonight:

- Attachment A reflects a comparison by Function of the Manager's Recommended FY 2013-18 CIP with the FY 2012-17 and FY 2011-16 Capital Investment Plans.
- Attachment B provides a summary of a proposed Environment and Agricultural Center at Blackwood Farm Park, including a permanent Parks Operations Base, to be phased in

over a three year period (FY 2015-16 through FY 2017-18). See page 37 in the CIP document for a complete funding scenario for this building and park facilities.

- Chapel Hill-Carrboro City Schools submitted as part of their unfunded new facilities projects a Science Wing Addition at Culbreth Middle School totaling \$4,971,676. The majority of construction costs would occur in FY 2014-15, with an anticipated opening date of August 2015. Currently, this project is not included in the Manager's Recommended FY 2013-18 CIP. The impact of including this project in the CIP would increase annual debt payments by a total of \$477,281 (\$57,600 in FY 14-15, \$427,588 in FY 15-16, and \$477,281 starting in FY 16-17 and future years). To pay for this, one or several other projects would need to be deferred to Years 6-10 or removed entirely in order to accommodate this increased debt.

Also, at the meeting tonight, John Stock, CEO of Recreation Factory Partners, the operator of the Sportsplex, will provide a short presentation of the planned lobby renovations, as well as the proposed new building additions that are proposed in the CIP for the Sportsplex. (See Attachment C).

Capital Investment Plan – Overview

The FY 2013-18 CIP includes County Projects, School Projects, Proprietary Projects, and Special Revenue Projects. The Proprietary Projects include Water and Sewer, Solid Waste Enterprise Fund, and Sportsplex projects. The Special Revenue Projects include Economic Development and School related projects funded from the Article 46 (1/4 cent) Sales Tax proceeds. The Article 46 Sales Tax was approved by the voters in the November 2011 election, and became effective April 1, 2012.

The CIP has been prepared anticipating continued slow economic growth of between 1-2% annually over the next five years. Many of the projects in the CIP will rely on debt financing to fund the projects.

County Capital – Highlights

The County Capital section includes four (4) new projects that were not part of the FY 2012-17 Approved CIP. These projects include the following:

Environment and Agriculture Center – The age and condition of the current facility require significant investment for on-going use, including replacement of the roof, HVAC equipment, and asphalt repair/improvements. Year 5 (FY 2017-18) reflects funding of \$1,353,508 for these repairs/replacement. This is one of several facilities that was discussed with the Board of Commissioners at their February 12, 2013 work session.

Government Services Center Annex – includes \$350,000 in Year 5 (FY 2017-18) for HVAC replacement. This is one of several facilities that was discussed with the Board of Commissioners at their February 12, 2013 work session.

Historic Rogers Road Neighborhood Community Center – During FY 2012-13, the Board of Commissioners approved the establishment of a capital project for the construction of a Historic Rogers Road Neighborhood Community Center with funds of \$650,000. The project is

contingent on both an Interlocal Agreement with the Towns of Chapel Hill and Carrboro, and the approval of a contract with Habitat for Humanity for the construction and operation of the Community Center. No additional funding is included in the Manager's Recommended FY 2013-18 CIP.

Little River Park (Phase II) – based on the Little River Park master plan, and infrastructure improvements needed, this project would pave the road and expand parking, repave the ADA loop trail with funds of \$175,000 in Year 3 (FY 2015-16), and add a new maintenance shed and new playground in Years 6-7. Funding is shared 50% with Durham County for this project.

Other Major County projects include the following:

Southern Orange Campus (Future Planning) – Design services of \$400,000 are recommended in Year 2 (FY 14-15, with site development infrastructure work of \$3,600,000 recommended in Year 3 (FY 15-16) for campus buildings not associated with the existing Southern Human Services Center (SHSC). Expansion of the existing SHSC is included in a separate CIP project.

Southern Human Services Center Expansion – includes expansion of the existing SHSC, contingent upon approval of the Special Use Permit (SUP) modification that will guide use of this site. Funding of \$6,650,000 is recommended in Year 4 (FY 2016-17) for this expansion, which includes a Dental Clinic.

Southern Library – includes \$600,000 in Year 1 (FY 2013-14) for possible land purchase and design costs, \$525,000 in Year 3 (FY 2015-16) for site work/engineering, and construction costs of \$7,000,000 to be spread over two fiscal years (\$3,500,000 in Year 4 and \$3,500,000 in Year 5).

Proposed Jail – total project costs of \$30,000,000, with site related planning costs of \$500,000 recommended in Year 3 (FY 2015-16), architectural/engineering costs of \$500,000 in Year 4 (FY 2016-17), with the construction of a new 250 bed jail recommended in FY 2017-18 at an estimated cost of \$29,000,000.

Blackwood Farm Park – Funds for construction of an Agricultural, Environment, and Parks Center, including a permanent parks operations base, are planned for two phases (\$3,000,000 in Year 3 and \$2,000,000 in Year 5), with design, engineering, and preconstruction funds totaling \$600,000 in Years 1 and 2. The bulk of Park construction is recommended in Year 4 (FY 2016-17) with funds of \$1,300,000.

Eurosport Soccer Center (Phase II) – This represents an investment in the current facility, with additional restrooms and parking in Year 2 (FY 2014-15), as well as conversion of one field to artificial turf with funds of \$800,000 in Year 3 (FY 2015-16). Possible land acquisition and design are recommended for Year 5 (FY 2017-18) with funds of \$675,000, with the expansion of the facility projected in Years 6-7.

Millhouse Road Park – The recommended budget for this project reflects a possible Town of Chapel Hill/County partnership concept for this project. Funds of \$100,000 for design, engineering, and preconstruction costs are recommended in Year 2 (FY 2014-15), with park construction funds of \$6,400,000, including a soccer field complex, walking trails, and other amenities, recommended in Year 3 (FY 2015-16).

Future EMS Stations – Funds of \$875,000 each in Years 1, 3, and 5 of the CIP are included for the construction of three (3) stand-alone new substations for Emergency Services, with a fourth substation planned in Year 7. The cost is for the facility and infrastructure, and assumes construction on County-owned property. Locations will be identified as part of the process for facility siting, and may include co-locating with cell towers or with other County operations, which could possibly reduce the costs. Funding amounts could change on a site-by-site basis.

Communication System Improvements – includes continued phasing in of Emergency Services 800 Mhz radios in Years 1-4 of the CIP, with replacement of Sheriff radios of \$920,000 in Year 5 (FY 2017-18). Year 1 (FY 2013-14) also includes financing of P25 Compliant Radio System Consoles totaling \$832,268 and replacement of the main 9-1-1 switch - NextGen Phone System of \$402,000 (debt service to be paid with E-9-1-1 funds on both of these), and the financing of P25 compliant portable radios for the rural fire districts (debt service to be paid by the General Fund). The purchase of the P25 compliant consoles and radios ensures integration to the new platform that the North Carolina State Highway Patrol/VIPER is scheduled to place in service during the second half of 2013. **(NOTE: At the March 19, 2013 BOCC meeting, the BOCC approved Budget Amendment #8-A for the purchase of twenty-seven portable radios at a discounted price of \$89,077. With this purchase, the \$143,000 currently in FY 2013-14 for 800 Mhz Radios can be removed from this project. Also, at the same meeting, the BOCC approved Budget Amendment #8-B to purchase eleven P25 Compliant radio consoles in the 9-1-1 Center with a 30% down payment in the current fiscal year towards this purchase. With this down payment, \$231,026 can be removed from this project in FY 2013-14).**

Special Revenue Projects (Article 46 Sales Tax Proceeds) – Highlights

The Special Revenue section includes anticipated revenue from the Article 46 (1/4 cent) Sales Tax, with 50% of the proceeds for Economic Development initiatives and 50% for Education (allocated by the ADM count of the two school districts). In FY 2012-13, proceeds are estimated at \$2,600,000, with 1.5% growth assumed in subsequent years. A summary is provided within the Special Revenue Projects section of the document listing the recommended uses of these proceeds.

Proprietary Projects – Highlights

Water & Sewer Utilities – Year 1 (FY 2013-14) reflects continuation (work began in FY 2012-13) of the McGowan Creek Pump Station rehabilitation project costs (\$621,250) in the Central Efland/North Buckhorn Sewer Expansion project, in order to take advantage of remaining State Revolving Loan funds. Year 2 (FY 2014-15) reflects funds of \$3,426,000 of the Buckhorn EDD – Phase 2 Extension (Efland Sewer Flow to Mebane) for construction of this project. This project has been moved up one year from the previously approved CIP. Funds of \$1,750,000 are recommended in Year 2 (FY 2014-15) for the construction work on the Eno EDD project, and funds of \$2,500,000 are recommended in Year 3 (FY 2015-16) for the Buckhorn-Mebane Phase 3 and 4 construction projects. Both of these projects have been moved back one year from the previously approved CIP.

Solid Waste – includes recommended funds of \$3.16 million in Year 1 (FY 2013-14) for construction closure costs associated with the Municipal Solid Waste (MSW) Landfill. The Landfill closes on June 30, 2013, but the construction closure costs will occur during FY 2013-14 due to the delay by the State on approval of the closure plan. Recommended funding for Recycling Operations has changed significantly from the previously approved CIP, with funding based on a plan to move to franchising/privatization of curbside services.

Sportsplex – includes funding in Year 2 (FY 2014-15) for a Mezzanine addition at the pool area to include dedicated member change areas and lockers, workout rooms, and a senior/adult cardio strength center. The operator of the facility has proposed two new projects, which are included in Years 3 and 4. A new building addition is proposed in Year 3 (FY 2015-16) at a cost of \$1,900,000 that would house an indoor turfed field for soccer, lacrosse, senior walking, running, kidsplex functions, and kickball. A second new building addition is proposed in Year 4 (FY 2016-17) at a cost of \$900,000 that would house a regulation sized high school/college basketball court, including bleacher seating. The operator's revenue projections from these new projects would generate enough funds to cover the additional annual debt service needed for these projects.

School Projects – Highlights

Chapel Hill-Carrboro City Schools – Based on the Schools Adequate Public Facilities Ordinance (SAPFO) most recent November 15, 2012 projections, a new Middle School #5 would be needed in FY 2017-18, so funds are recommended in Years 2-5, with most of the construction funds in Year 4 (FY 2016-17) to accomplish this target opening date. Pay-As-You-Go (PAYG) funds are estimated at a 1.5% annual growth rate and the Lottery Proceeds are held constant throughout the 5-year CIP period.

Orange County Schools – Consistent with the current approved CIP, funds of \$3,328,750 are recommended in Year 2 (FY 2014-15) for the construction of an auxiliary gym at Cedar Ridge High School, as well as recommended funds of \$12,282,960 in Year 3 (FY 2015-16) for the construction of a 20 classroom addition wing to address over capacity issues at Cedar Ridge High School. 1.5% annual growth in PAYG funds and constant Lottery Proceeds are assumed throughout the 5-year CIP period.

Note: Within the School Capital Projects section, there are three summaries provided that reflect: (1) the Recommended projects, (2) the Requested, but Unfunded projects, and (3) the total amount of the Recommended and Unfunded projects.

Appendices – Highlights

County Debt Service and Debt Capacity – Based on the Manager's recommended funding, the County's annual debt service as a percent of the General Fund budget would remain under 15% until FY 2017-18, when it would reach 15.65%.

Note: An additional summary is provided in the Appendices section, which reflects the debt service percent if all the Recommended and the Requested, but Unfunded projects were included during the FY 2013-18 CIP period. This would increase the percentage to 16.75% in FY 2016-17, and to 18.04% in FY 2017-18.

Water and Sewer Projects Debt Service (to be paid with Article 46 Sales Tax proceeds) – based on the current allocation for debt service for Economic Development initiatives, the accumulated amount of revenue earmarked for debt service is adequate to cover debt service payments through the 5-year CIP period.

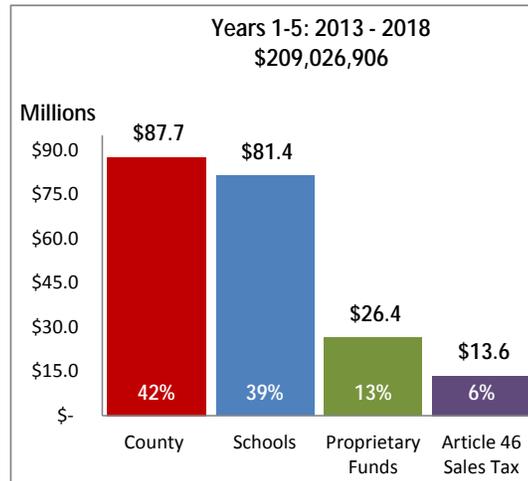
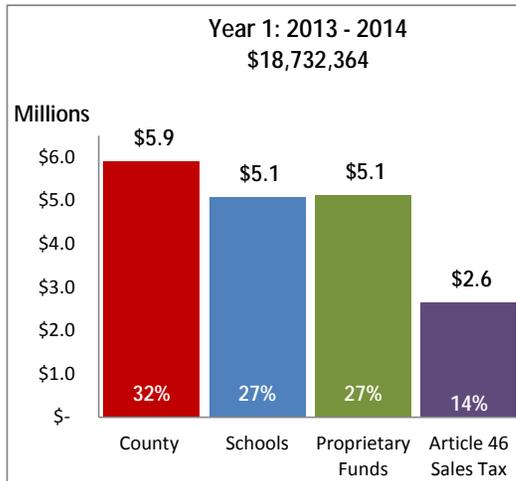
Active County Capital Projects – also included in the Appendices section is a list of all currently active County Capital projects reflecting available balances as of February 28, 2013.

FINANCIAL IMPACT: There is no immediate financial impact associated with the FY 2013-18 Capital Investment Plan. It is a long-range financial planning tool with a financial impact in FY 2013-14, if the first year of the CIP is approved by the Board of County Commissioners with the adoption of the Annual Budget.

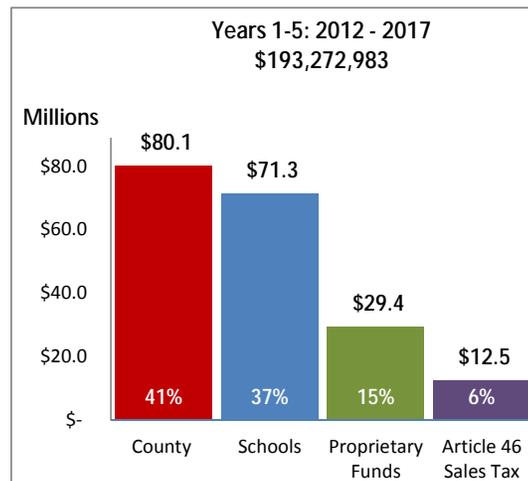
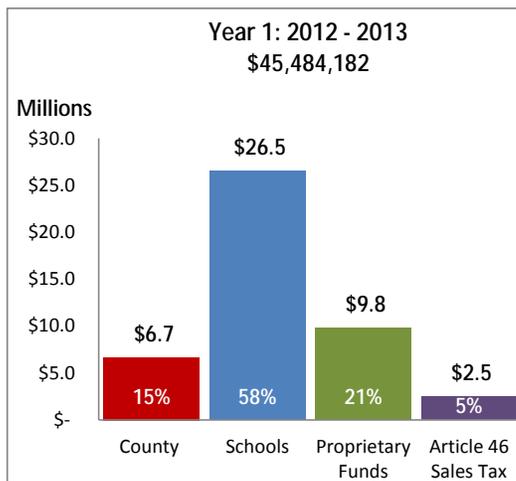
RECOMMENDATION(S): The Manager recommends the Board of County Commissioners continue their review and discussion of the Manager's Recommended FY 2013-18 Capital Investment Plan and provide direction to staff in preparation of the May 9, 2013 Budget work session.

Orange County Capital Investment Plan Projects Historical Comparison of County-wide Appropriations

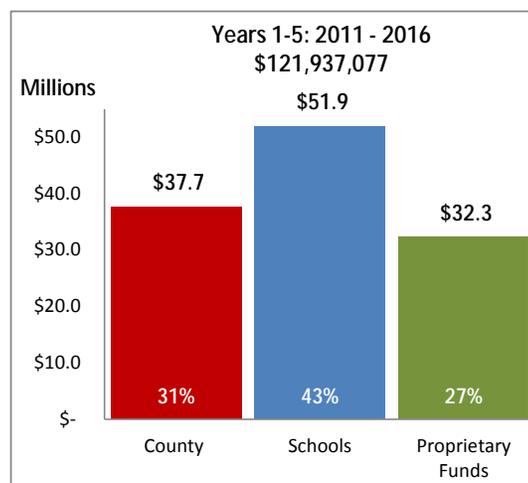
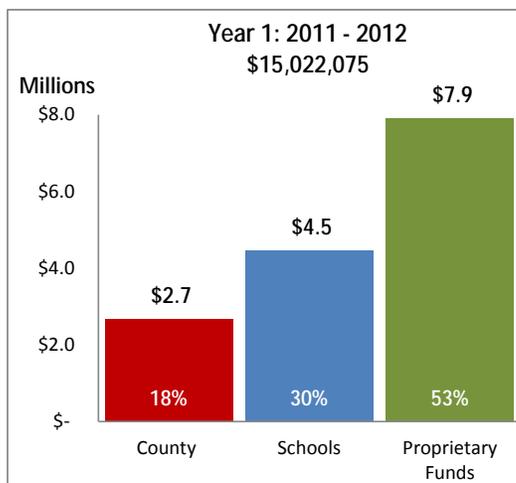
1. 2013 - 18 Manager Recommended CIP



2. 2012-17 Approved CIP



3. 2011 - 16 Approved CIP



Proposed
Environment, Agriculture & Parks Center¹ at Blackwood Farm

Projected Cost (Rough Estimate): \$5,300,000

Proposed Timeframe: July 2015- June 2018 (Two phases)

Location: Northeast corner of Blackwood Farm Park

Projected Uses:

Phase I (2015-16)

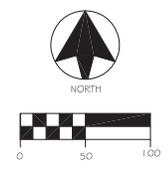
- Offices for all agricultural agencies (Cooperative Extension, USDA Farm Services Agency, USDA NRCS, USDA RD) and the Department of Environment, Agriculture, Parks and Recreation (including Soil and Water Conservation District office, excluding until Phase II Parks Division staff)
- Foods Lab / Meeting Room (capacity = 75 persons)
- Conference Room (capacity = 25 persons)
- Environmental Education Kiosk and Exhibit Area
- Environmental Education classroom

Phase II (2017-18)

- Parks Maintenance Shop and Parks staff offices (indoor)
- Parks maintenance Shed (outdoor/covered)
- Parks Equipment Area (outdoor/fenced)
- Outdoor classroom (in park located adjacent)

¹ Would ultimately include all staff from current Environment & Ag Center (Revere Road), Parks Operations Base (Millhouse Road), and some staff from Central Recreation Center.

Enlarged Northeast Area of: "Future" Blackwood Farm Park



Option 1 Location

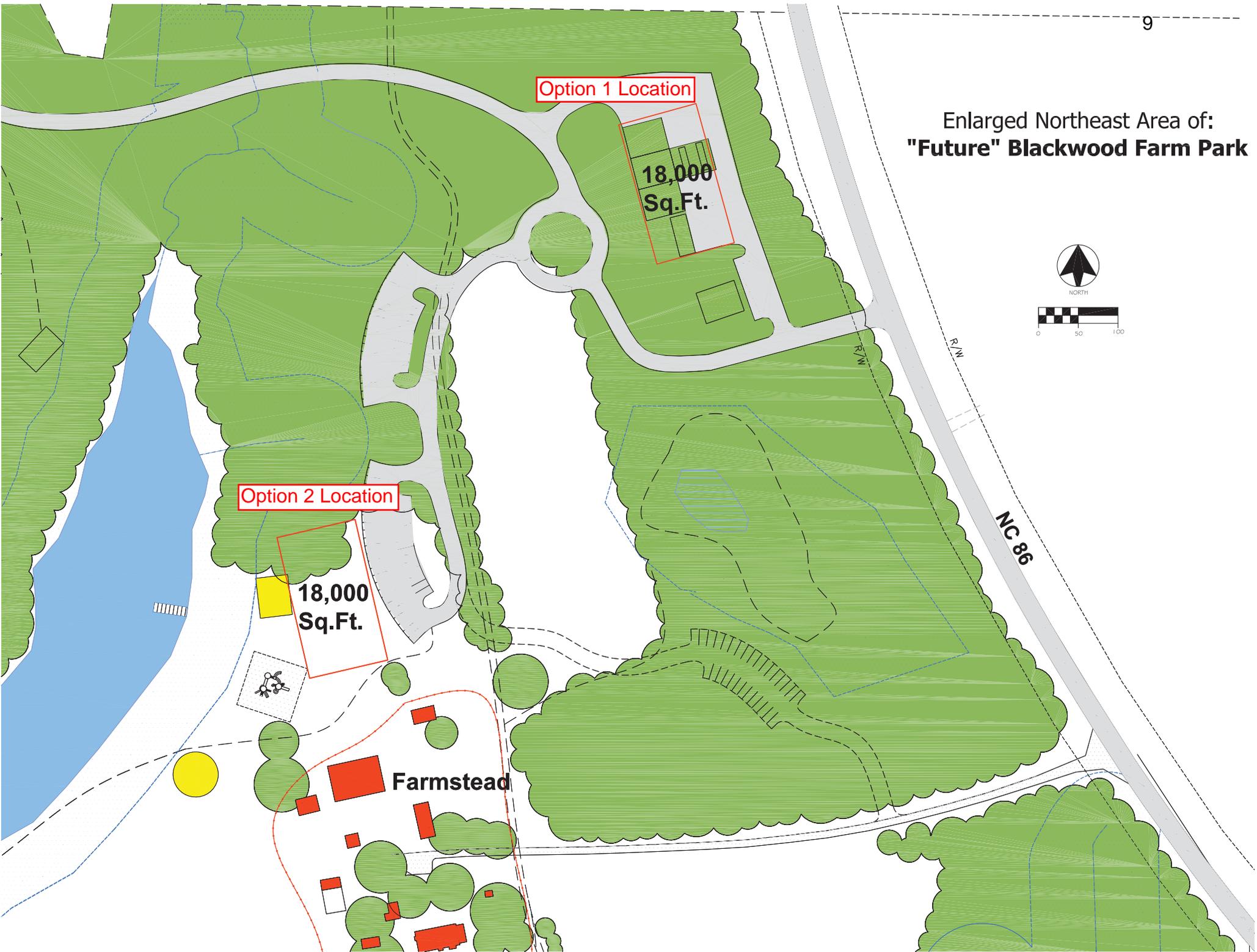
18,000
Sq.Ft.

Option 2 Location

18,000
Sq.Ft.

Farmstead

NC 86





Orange County

Attachment C

Sportsplex: Situation Analysis

- Under RFP management, the Sportsplex has grown revenues 75% over 6.5 years.....sustainable annual growth of 10%.
- Annual operating costs have been controlled at the same levels they were at the contract inception in 2005. RFP has a proven record of leveraging its staff and management to support significant growth.
- Over the contract term Sportsplex financial performance has improved from annual losses of (\$800,000) prior to RFP, to consistent annual net operating results of \$400,000. A \$1,200,000 improvement!
- Sportsplex currently has a \$1,100,000 Fund Balance
- But.....Because of growth we lack space for rapidly growing programs for children, adults and senior.
- RFP can meet growth needs and achieve similar incremental financial results through a four stage physical expansion of the existing Sportsplex facility.



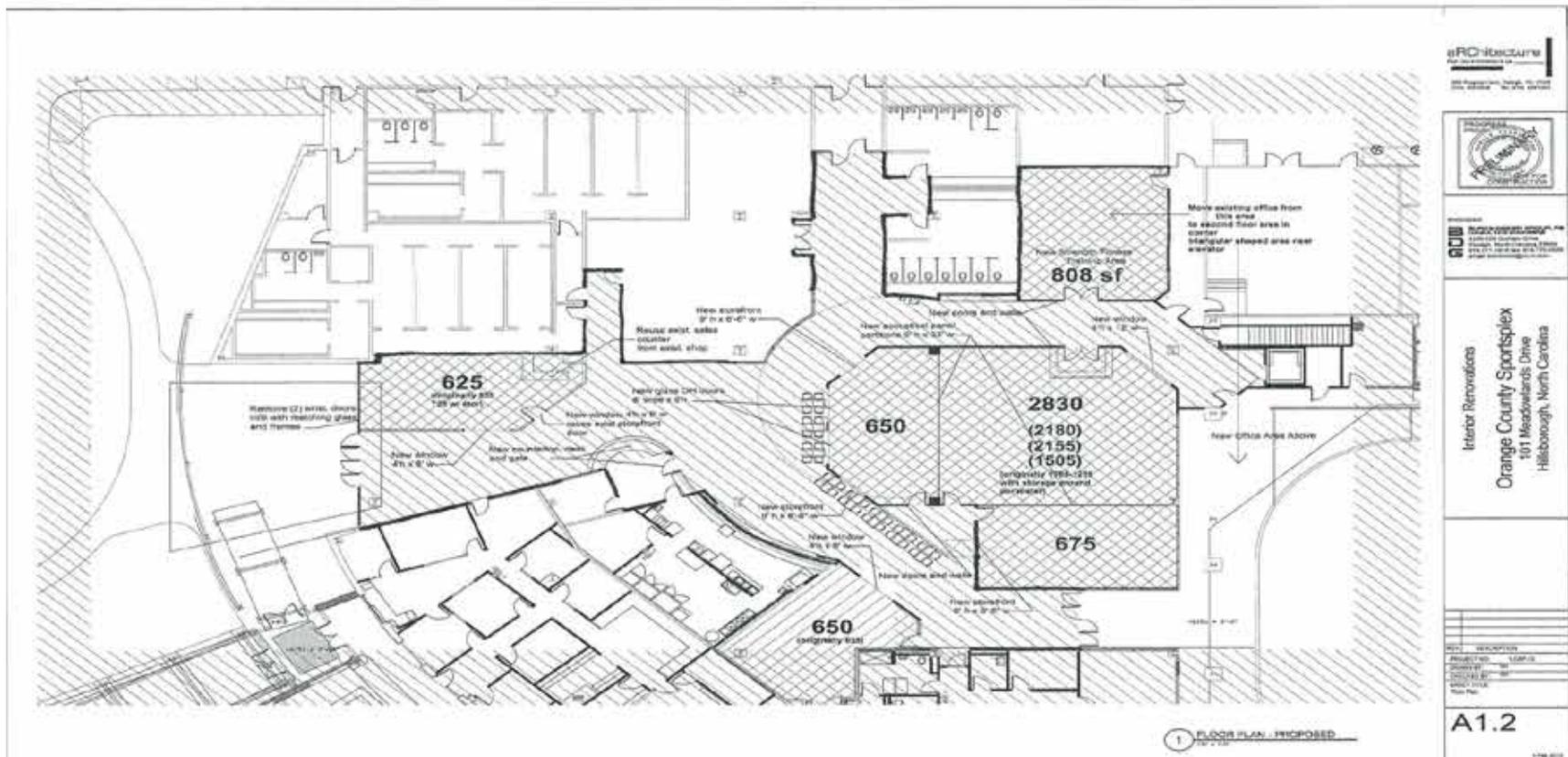
What is needed to make Vision a Reality

- q Four Phase Renovation/Expansion
 - Lobby (+ \$110,000)
 - Fitness Mezzanine over Pool (\$950,000)
 - Multi-use Turf (\$1,900,000)
 - Versatile Court (\$900,000)



Lobby Renovation

- Addition of 1,843 sq. ft. of Group X and Specialty training space. Modest cost and 18 month year payback.
- Movable wall design divides the main GroupX room into 5 distinct venues – significant program flexibility and Kidsplex space.





Lobby Renovation

- FY12/13 CIP includes \$165,000 for Lobby cosmetic facelift. (Flooring, Paint, Lighting).
- Design review revealed opportunity to add 1,843 sq. ft. of programmable Group X and Specialty training space at an modest incremental cost of \$110,000
- A movable wall design can divide the main Group X room into 5 distinct venues – facilitates significant program flexibility, lobby events and Kidsplex space.
- This investment results in incremental programming and membership revenue growth of \$312,000 in the first year after completion.
- Leveraging staff and overhead, results in \$200K annual contributions to the Fund Balance - (18 month payback)



Pool Fitness Mezzanine (overlooking pool)

- Highly cost effective mezzanine construction process resulting in high return on investment.
- 5,400 sq. ft.
- Cardio for Adults
- Senior Programs
- Member lockers
- Weight loss room
- Therapeutic Massage





Fitness Mezzanine

- 5,400 additional sq. ft. connected to existing ice rink mezzanine)
- Private member change area compatible with Fitness Club projected to grow to 6,000 Members
- Dedicated rooms for Spin/Row/Therapeutic Massage plus 1,800 sq. ft. for recumbent equipment, low intensity/impact strength area for older adults and seniors
- No Change in CIP Funds for FY14/15 (\$950,000)
- 670 additional members annually
- Five year revenue generation of \$1,694,00 and \$1,250,000 contribution to Fund Balance
- (3.5 year payback)



Revenue/Income Generation from Turf Addition

Annual member growth	\$184,250
Five Year membership growth	\$921,250
Programming Revenue Growth over 5 years	<u>\$ 3,600,000</u>
Total Five Year Revenue Growth	<u>\$4,521,250</u>
Five Year Contribution to Fund Balance <u>Approx. 5 ½ Year Payback</u>	\$1,750,000



Revenue/Income Generation from Court Addition

Annual member growth	\$184,250	
5 Year membership growth		\$921,250
Programming Revenue Growth over 5 years		\$836,000
		<hr/>
5 Year Incremental Revenue		\$1,757,250
		<hr/>
Five Year Contribution to Fund Balance		\$900,000
<u>Five Year Payback</u>		



Summary

- ✦ By leveraging RFP resources, the combined net contribution to the Funds Balance over the 5 year CIP period is \$3,130,000, however including FY18/19, the total contribution to the Funds Balance is \$4,100,000, which fully pays back the \$3,860,000 CIP costs within a true five year fiscal horizon.
- ✦ Sportsplex membership will grow from 4,000 to 5,740 (43.5%). Combined with significant new programming revenue, these projects will generate \$6,100,000 in incremental revenues over the 5 year CIP planning period.
- ✦ Together with existing programming annual Sportsplex revenues will be \$5,000,000 and *Annual contributions to the Fund Balance of \$1,400,000* can be re-invested in Orange County recreation and wellness.
- ✦ State of the Art Recreation, Sport and Fitness Venue featuring Ice, Pools, Turf, Court, Fitness and Child Development/Care.
- ✦ Multigenerational community meeting and gathering facility for kids, families and specialized resources for aging adults and seniors, with 60,000 monthly customer visits stimulating health, wellness and activity.
- ✦ Creation of a world class private/public partnership model for multi-generational and diverse programming all under one roof.



Business Case Summary

	<u>Add Lobby FY13/14</u>	<u>Add Mezzanine FY14/15</u>	<u>Add Turf FY15/16</u>	<u>Add Court FY16/17</u>	<u>FY17/18</u>
Revenues					
Lobby	312,000	390,000	415,000	420,000	425,000
Mezzanine		220,000	368,500	368,500	368,500
Turf			629,250	713,000	777,250
Court				324,250	358,250
Total Income	312,000	610,000	1,412,750	1,826,000	1,929,000
All Expenses					
	112,300	234,580	776,200	887,500	949,000
Contribution to Fund Balance	<u>199,700</u>	<u>375,420</u>	<u>636,550</u>	<u>938,500</u>	<u>(*)980,000</u>

(*) Source: (Lobby \$200,000); (Mezz \$250,000); (Turf \$350,000); (Court \$180,000)
Results Over 5 Years (Lobby \$1Mil); (Mezz \$1.25Mil); (Turf \$1.75Mil); (Court \$900K)

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date:

**Action Agenda
Item No. 4**

SUBJECT: Fiscal Year 2013-2014 Budget Process

DEPARTMENT: Finance and Administrative
Services

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

A. FY2013-14 Budget Calendar

INFORMATION CONTACT:

Frank Clifton, 245-2305
Clarence Grier, 245-2453

PURPOSE: To provide the Board of County Commissioners an overview of the fiscal year 2013-2014 budget process.

BACKGROUND: Each year starting in December, we plan the current year's budget process to complete the capital and operating budget for the upcoming fiscal year. We have meetings with departments that are scheduled during the months of January through April that involve both capital and operating funding, respectively.

The Capital Investment Plan is formulated and presented by mid-March of each year. The Manager's Recommended Operating Budget is formulated during the months of February through April of each year.

Budget Work Sessions are held with the Board of County Commissioners during the months of March and April to discuss the capital and budget drivers for the Manager's Recommended Capital Investment Plan and the Manager's Recommended Operating Budget. This year we would have held or will have the following work sessions:

March 12, 2013 - formal presentation of the Managers Recommended Capital Investment Plan

April 11, 2013 - Continued discussions on the Managers Recommended Capital Investment Plan and discussion of operating budget drivers for the following:

- Fringe Benefit Budget Operating Budget drivers including a discussion on health benefits contract renewal and retirees health insurance

April 25, 2013 - Presentation of the Chapel Hill Carrboro City Schools and Orange County Schools Operating Budget presentation and funding requests from the County.

May 9, 2013 - Presentation of budget drivers for the FY2013-14 the Managers Recommended Operating Budget and continued discussions of the Managers Recommended Capital Investment Plan, if necessary.

May 21, 2013 - Presentation of the Manager's Recommended FY2013-14 Operating Budget

May 23, 2013 - Budget Public Hearing – Hillsborough Commons, Hillsborough, NC

May 30, 2013 - Budget Public Hearing – Southern Human Services Center, Chapel Hill, NC

June 6, 2013 – Manager's Operating Budget discussions with both Schools Districts and County Departments

June 11, 2013 – Manager's Operating Budget discussions with County Departments, Fire Districts, Non Departmental Allocations, Outside Agency Allocations, and Pay and Benefits Presentation

June 13, 2013 – Manager's Recommended Operating Budget discussions including the following:

- FY 2013-14 Annual Operation Budget Decision Items
 - Mark Up/Mark Down Items for the County's Annual Operating Budget and Outside Agencies
 - Funding for Chapel Hill Carrboro City Schools and Orange County Schools
 - Tax Rate Decisions
 1. Ad Valorem Tax
 2. Chapel Hill Carrboro City Schools Special District Tax
 3. Fire District Tax Rates
- Resolution of the intent to Adopt FY 2013-14 Annual Operating Budget and Resolution of Intent to Adopt FY 2013-18 Capital Investment Plan at the Board of County Commissioners Regular Meeting on June 18, 2013

June 18, 2013 - Adoption of the Commissioners Approved 2013-14 Annual Operating Budget and 2013-18 Capital Investment Plan.

FINANCIAL IMPACT: There is no financial impact with receiving this information.

RECOMMENDATION(S): The Manager recommends that the Board receive the above information and provide feedback to staff.

Annual Operating and Capital Budget Calendar
Fiscal Year 2013-14

	Due Dates
Operating Budget Kick-Off	January 2013
Capital Investment Plan – Project Requests Due	December 14, 2012
Capital Investment Plan – Projects summarized and presented to CIP Review Committee	Mid-January, 2013
Capital Investment Plan – Committee recommendations sent to the Manager	Mid-February, 2013
Revenues - Final date to enter year end estimates for current year and revenue projections for fiscal year 2013-14 into MUNIS	February 20, 2013
Expenditures - Final date to enter year end estimates for current year and expenditure requests for fiscal year 2013-14 into MUNIS	March 6, 2013
Expenditure Supporting Documentation - Final date to submit forms to Financial Services (Including Budget Request Excel spreadsheets, and applicable personnel related detail)	March 6, 2013
Manager Presents 2013-18 Capital Investment Plan to Board of County Commissioners – <i>Regular Work Session</i>	March 12, 2013
Manager Meetings With Department Heads to Discuss Budget Requests	March, April and May 2013
CIP follow-up with BOCC – <i>Budget Work Session.</i>	April 11, 2013
Budget Work Session	May 9, 2013
Manager Presents Fiscal Year 2013-14 Annual Operating Budget to Board of County Commissioners	May 21, 2013
Budget and Capital Investment Plan Public Hearings	May 23, 2013 May 30, 2013
Budget Work Sessions	June 6, 2013 June 11, 2013 June 13, 2013
Commissioners Adopt Fiscal Year 2013-14 Annual Operating Budget and 2013-18 Capital Investment Plan	June 18, 2013