

**ORANGE COUNTY BOARD OF COMMISSIONERS
BUDGET PUBLIC HEARING
AGENDA**

BOCC Budget Public Hearing
Capital Investment Plan Budget Work Session
May 23, 2013
7:00 pm (DOORS OPEN AT 6:00 PM)
Department of Social Services
Hillsborough Commons
113 Mayo Street, Hillsborough, NC 27278

1. Opening Remarks

PUBLIC CHARGE

The Board of Commissioners pledges to the citizens of Orange County its respect. The Board asks its residents to conduct themselves in a respectful, courteous manner, both with the Board and with fellow residents. At any time should any member of the Board or any resident fail to observe this public charge, the Chair will ask the offending person to leave the meeting until that individual regains personal control. Should decorum fail to be restored, the Chair will recess the meeting until such time that a genuine commitment to this public charge is observed. All electronic devices such as cell phones, pagers, and computers should please be turned off or set to silent/vibrate.

2. Presentation of County Manager's Recommended FY 2013-14 Budget (PowerPoint Presentation)

A copy of the County Manager' Recommended FY 2013-14 Budget can be found at the following website: <http://www.orangecountync.gov/finance/index.asp>

3. Public Comment

4. Adjournment of Public Hearing

PROCEDURES FOR PUBLIC HEARING:

We are glad to have this opportunity to hear from the residents of Orange County on the Manager's Recommended FY 2013-14 Budget and we hope that as many as possible will be able to speak within the time allotted.

- The meeting room will not be available to the general public until **6:00 p.m.**
- Public comment sign up will begin at **6:00 p.m.**
- A table near or at the back of the room will have numbered sign-up sheets (please print legibly).
- Speakers will be called in sign-up order.
- At Public Hearings, Commissioners traditionally do not comment in order to allow citizens to have the maximum time to express opinions.
- Speakers may only sign-up for themselves, to insure speakers are present.
- The maximum speaking time allotted will be **3-minutes/per speaker.**

Capital Investment Plan Budget Work Session – No Public Comment

1. Continuation of review and discussion of the Manager's Recommended FY 2013-18 Capital Investment Plan (CIP)

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: May 23, 2013

**Action Agenda
Item No. 1**

SUBJECT: Continuation of 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. HVAC Project
(Revised CIP page 21)
- Attachment B. Emergency Services
Substations Project
(Revised CIP page 36)
- Attachment C. Overall Capital Investment
Plan Summary (Revised
CIP pages 1-2); County
Capital Projects Summary
(Revised CIP pages 9-
10); County Capital
Operating Impact
Summary (Revised CIP
pages 11-12)
- Attachment D. County Debt Service and
Debt Capacity 10-year
Schedule (*To be provided
under separate cover at
the May 21 regular
meeting*)
- Attachment E. Master Plan for
Blackwood Farm Park (*To
be provided under
separate cover at the May
21 regular meeting*)

INFORMATION CONTACT:

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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 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 voters in the November 2011 election, and became effective April 1, 2012.

The CIP has been prepared anticipating 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.

The Manager's Recommended FY 2013-18 Capital Investment Plan was presented to the Board of County Commissioners on March 12, 2013, and follow-up discussion occurred as part of the April 11, 2013 work session and May 9, 2013 budget work session. At tonight's meeting, staff is prepared to review and discuss Sections of the document (Special Revenue Fund - Article 46 Sales Tax), and the Proprietary Funds (Water & Sewer, Solid Waste, and Sportsplex) that were not discussed at the May 9th work session, and continue discussion of other projects, as needed. The following projects were flagged at the May 9th meeting for possible changes from the Manager's Recommended project funding, and the revised scenarios are provided for review and further discussion at tonight's meeting.

- *Attachment A* reflects a revised HVAC Project by moving \$20,000 from FY 2015-16 (Year 3) to FY 2013-14 (Year 1) for HVAC replacement at Efland Community Center.
- *Attachment B* reflects a revised Emergency Services Substations Project by eliminating the \$875,000 in FY 2013-14 (Year 1).
- *Attachment C* reflects updated CIP Summaries based on the above project scenario changes.
- *Attachment D* reflects updated County Debt Service and Debt Capacity tables, based on the above project scenario changes, and reflect Debt Service payment projections over a 10 year period. Past versions of the tables only reflected Debt Service payments over a 5 year period. (Note: to be provided under separate cover at the May 21st regular meeting)
- *Attachment E* is the Master Plan for Blackwood Farm Park. (Note: to be provided under separate cover at the May 21st regular meeting)

The following projects were flagged and discussed further at the May 9th meeting, but no funding changes were made:

- Blackwood Farm Park – Year 1 funding of \$100,000 remains in the project, but will be used, if needed, for additional analysis of the Blackwood Farm Park project and the Environment and Agriculture Building, instead of design work at Blackwood Farm Park.
- Southern Library – Year 1 funding of \$600,000 remains in the project and funding remains the same as revised for the May 9th meeting.
- Lands Legacy – Year 2 funding of \$2,400,000 remains in the project.
- Culbreth Middle School Science Wing – funding remains the same as revised for the May 9th meeting
- Cedar Ridge Auxiliary Gym – funding in Year 2 remains in the project.
- Environment and Agriculture Building – funding in Year 5 remains in the project, but this project will be part of additional analysis along with the Blackwood Farm Park project.

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 Operating 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.

County Capital Projects - REVISED (5/16/13)
Fiscal Years 2013-18

Attachment A

Project Name Functional Service Area Department	HVAC Projects Governing and Management Asset Management Services						Project Status Starting Date Completion Date	Approved 7/1/2000 Ongoing	
	Prior Years Funding	Current Fiscal Year 2012-13	Year 1 Fiscal Year 2013-14	Year 2 Fiscal Year 2014-15	Year 3 Fiscal Year 2015-16	Year 4 Fiscal Year 2016-17	Year 5 Fiscal Year 2017-18	Five Year Total	Year 6 to Year 10
Project Budget									
<i>Appropriation</i>									
Construction/Repairs/Renovations	617,223								
Community Geothermal (DA Bld, Jail (wells only), Historic Courthouse, CSA)	1,709,200							-	
Jail (distribution equipment/system only)								-	752,400
Efland CC HVAC Replacement			20,000		-			20,000	
Battle Courtroom geo-thermal HVAC		50,000						-	
SHSC - proposed for geo-thermal replacement								-	858,360
Hillsborough Commons - equipment replacement			45,000	30,000				75,000	
503 W Franklin (SDC) - equipment replacement			30,000	22,500				52,500	
WCOB - backup for cooling system for IT room,c/w notification system			35,000					35,000	
<i>Total Project Budget Geothermal</i>	617,223	1,759,200	130,000	52,500	-	-	-	182,500	1,610,760
<i>General Fund Related Operating Costs</i>									
Personnel Services									
Operations									
New Debt Service			168,883	168,883	168,883	168,883	168,883	844,416	1,617,580
<i>Total Operating Costs</i>			168,883	168,883	168,883	168,883	168,883	844,416	1,617,580
<i>Revenues/Funding Source</i>									
Transfer from General Fund	617,223		130,000	52,500	-			182,500	
General Fund - Debt Service			168,883	168,883	168,883	168,883	168,883	844,416	1,617,580
Available Funds Within the Project									
Grant Funding ECCBG									
Debt Financing		1,759,200							1,610,760
<i>Total</i>	617,223	1,759,200	298,883	221,383	168,883	168,883	168,883	1,026,916	3,228,340

Project Description/Justification

In the absence of compelling reasons to the contrary, geothermal is projected for all HVAC replacement projects recommended in this Plan. While initial costs come at a slight premium over conventional systems, the on-going operational cost savings (30-35% annually) and the speed at which the premium capital cost is recovered, outweigh the initially more expensive installation. For example, the Justice Facility, whose system has been in use since 2008, is on track to recoup the premium cost by 2016 and is experiencing a 30% savings in annual heating and cooling costs. The Link Government Services Center geothermal project was completed in 2012 and is realizing energy reductions similar to the Justice Center. The Link Center project was partially funded by ARRA grant funds. The system was sized in a manner that will accommodate any future development of the north end of the first floor. The remaining components of the Community Geothermal Project, approved for funding in 2012/13, and currently in the design phase, will serve the remaining facilities on the "East Campus", including the Jail, District Attorney's office, Historic Courthouse, and the Court Street Annex. Staff will continue to investigate opportunities for grant funding for geo-thermal projects. If grant funds become available, project timelines may move up. UPDATE: The timing of work for remaining east campus buildings has been revised as follows: 1) the well field required to serve the Historic Courthouse, Jail, Court Street Annex and DA Building will be constructed in its entirety; 2) interior work will be completed for all facilities excluding the Jail, for which interior work will be completed following occupancy of the proposed new Jail (2016/17). This will allow interior work at the Jail to be completed at lower occupancy levels; All pricing has been updated to reflect actual costs from Link Center construction. 11/14/2012 update: Geo-thermal to serve the Southern Human Services Center may be included as part of the Southern Campus development project.

County Capital Projects (REVISED 05/16/13)
Fiscal Years 2013-18

Attachment B

Project Name	<i>Emergency Services Substations (3 locations TBD)</i>						Project Status	<i>Proposed</i>	
Functional Service Area	<i>Governing and Management</i>						Starting Date	<i>7/1/2012</i>	
Department	<i>Asset Management Services</i>						Completion Date	<i>6/30/2020</i>	
Project Budget	Prior Years Funding	Current Fiscal Year 2012-13	Year 1 Fiscal Year 2013-14	Year 2 Fiscal Year 2014-15	Year 3 Fiscal Year 2015-16	Year 4 Fiscal Year 2016-17	Year 5 Fiscal Year 2017-18	Five Year Total	Year 6 to Year 10
<i>Appropriation</i>									
<i>Land/Building</i>			-	-	-				
<i>Construction/Repairs/Renovations</i>		50,000	-		875,000		875,000	1,750,000	875,000
<i>Total Project Budget:</i>		50,000	-	-	875,000	-	875,000	1,750,000	875,000
<i>General Fund Related Operating Costs</i>									
<i>Personnel Services</i>									
<i>Operations</i>									
<i>New Debt Service</i>				-	-	84,000	84,000	168,000	1,260,000
<i>Total Operating Costs</i>			-	-	-	84,000	84,000	168,000	1,260,000
<i>Revenues/Funding Source</i>									
<i>Transfer from General Fund</i>		50,000						-	
<i>General Fund - Debt Service</i>				-	-	84,000	84,000	168,000	1,260,000
<i>Debt Financing</i>			-		875,000		875,000	1,750,000	875,000
<i>Total</i>		50,000	-	-	875,000	84,000	959,000	1,918,000	2,135,000

Project Description/Justification

Funding for this project would allow construction of three (3) stand-alone new substations for Emergency Services, in response to identified service needs. Cost is for facility and infrastructure and assumes construction on County-owned property. Design will allow for fully enclosing ambulances within conditioned space to increase the longevity of vehicles and on-board equipment and supplies. One facility would be constructed every two years through FY 19-20, beginning with FY 2015-16. Locations will be identified as part of the process for facility siting, and may include co-location with cell towers or other County operations in some instances, which could reduce the costs. Funding amounts could change on a site-by-site basis.

Orange County Capital Investment Plan- Plan Summary - (REVISED 05/16/13)

Attachment C

Fiscal Years 2013-18

	Current Fiscal Year 2012-13	Year 1 Fiscal Year 2013-14	Year 2 Fiscal Year 2014-15	Year 3 Fiscal Year 2015-16	Year 4 Fiscal Year 2016-17	Year 5 Fiscal Year 2017-18	Five Year Total	Year 6 to Year 10
Appropriations								
County Capital Projects	7,708,351	6,036,242	7,478,510	18,109,569	11,068,500	40,191,308	82,884,129	47,329,760
Special Revenue Fund (Article 46 Sales Tax)								
Economic Development	1,300,000	1,319,500	1,339,293	1,359,382	1,379,773	1,400,469	6,798,417	7,215,590
Chapel Hill Carrboro City Schools	790,500	801,900	813,471	825,216	837,136	849,236	4,126,959	4,441,123
Orange County Schools	509,500	516,850	524,310	531,882	539,568	547,369	2,659,979	2,862,494
Proprietary Capital Projects ⁽¹⁾								
Water & Sewer Utilities	4,811,146	896,250	5,536,000	2,500,000	185,000	150,000	9,267,250	1,000,000
Solid Waste	931,208	3,513,936	2,623,992	1,796,554	2,225,730	1,308,072	11,468,284	9,263,952
Sportsplex	660,000	710,000	1,175,000	2,150,000	1,210,000	375,000	5,620,000	
Schools Capital Projects								
Chapel Hill Carrboro City Schools	24,605,782	3,730,742	7,019,146	3,717,815	4,403,855	9,956,579	28,828,137	104,130,625
Orange County Schools	1,940,417	1,947,918	5,298,179	14,274,223	2,013,424	2,035,917	25,569,661	32,007,177
Total	43,256,904	19,473,338	31,807,901	45,264,641	23,862,986	56,813,950	177,222,816	208,250,721
Revenues/Funding Source								
Available Project Balances	450,000	164,000					164,000	
Transfer from Capital Reserve	50,000							
Transfer from General Fund - County	1,254,397	1,315,000	1,176,510	887,000	907,000	712,800	4,998,310	5,207,500
Transfer from General Fund - W & S Utilities	420,900	275,000	350,000			150,000	775,000	
Transfer from General Fund - Schools	3,724,849	3,724,849	3,780,722	3,837,433	3,894,994	3,953,419	19,191,417	20,674,606
Transfer from other Capital Projects	623,000					425,000	425,000	
County Capital Fund Balance								
Visitors Bureau Fund Balance								
Solid Waste Fund Balance	585,387	3,363,936	722,069	754,119	1,124,726	785,756	6,750,606	4,221,038
Sportsplex Fund Balance	660,000	710,000	225,000	250,000	310,000	375,000	1,870,000	
Recycling - 3R Fee	345,821		214,055	753,918	1,101,004	522,316	2,591,293	5,042,914
Lottery Proceeds	1,321,350	1,353,811	1,353,811	1,353,811	1,353,811	1,353,811	6,769,055	6,769,055
QSCBs								
Register of Deeds Fees	75,000	75,000	80,000	80,000	80,000	80,000	395,000	400,000
9-1-1 Funds	716,504	198,000		30,000			228,000	
Grants & Contributions	10,000	225,000	300,000	3,412,500	242,500	125,000	4,305,000	3,082,500
User Fees/Donations							-	125,000
Article 46 Sales Tax Proceeds	2,600,000	2,638,250	2,677,074	2,716,480	2,756,477	2,797,074	13,585,355	14,519,207
Article 46 Sales Tax Reserve Funds					185,000		185,000	

	Current Fiscal Year 2012-13	Year 1 Fiscal Year 2013-14	Year 2 Fiscal Year 2014-15	Year 3 Fiscal Year 2015-16	Year 4 Fiscal Year 2016-17	Year 5 Fiscal Year 2017-18	Five Year Total	Year 6 to Year 10
<i>State Revolving Loan Funds</i>	134,200	621,250					621,250	
<i>Financing:</i>								
<i>Debt Financing - County Capital</i>	4,529,450	3,056,000	5,922,000	13,700,069	9,839,000	38,848,508	71,365,577	38,514,760
<i>Debt Financing - W & S Utilities</i>	4,256,046		5,186,000	2,500,000			7,686,000	1,000,000
<i>Debt Financing - Solid Waste</i>		150,000	1,687,868	288,517			2,126,385	
<i>Debt Financing - Sportsplex</i>			950,000	1,900,000	900,000		3,750,000	
<i>Debt Financing - E-9-1-1</i>		1,003,242					1,003,242	
<i>Debt Financing - Schools Capital</i>	21,500,000	600,000	7,182,792	12,800,794	1,168,474	6,685,266	28,437,326	108,694,141
Total	43,256,904	19,473,338	31,807,901	45,264,641	23,862,986	56,813,950	177,222,816	208,250,721

⁽¹⁾ Orange County has established three Proprietary Funds used to account for services provided to customers. All three Funds are established as enterprise funds and fees are imposed on customers to pay for the full cost of providing the services. The Water & Sewer Utilities Fund accounts for revenues and expenses related to the provision of sewer service. The Solid Waste Fund accounts for the revenues and expenses related to the provision of solid waste disposal and recycling activities. The Sportsplex Fund accounts for the revenues and expenses related to the services provided at the Triangle Sportsplex. All three funds are included as supplemental information and are not funded by the General Fund.

Revised CIP pages 1-2, 9-10, 11-12