

ORANGE COUNTY BOARD OF COMMISSIONERS

AGENDA

BOCC Regular Work Session
October 13, 2015
Meeting – 7:00 p.m.
Richard Whitted Meeting Room
300 West Tryon Street
Hillsborough, NC

- | | | |
|---------------|----|--|
| (7:00 – 8:00) | 1. | Report on Article 46 Funds (One-Quarter Cent Sales Tax) to Support Education and Economic Development Programs in Orange County |
| (8:00 – 9:00) | 2. | Discussion on Using a County Water and Sewer District as a Mechanism to Provide a Tool to Finance Expenditures in the Rogers Road Area |
| (9:00 – 9:45) | 3. | Waste Diversion at Special Events and Other Waste Management Related Outreach Efforts |

Orange County Board of Commissioners' regular meetings and work sessions are available via live streaming video at http://www.orangecountync.gov/departments/board_of_county_commissioners/videos.php and Orange County Gov-TV on channels 1301 or 97.6 (Time Warner Cable).

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: October 13, 2015

**Action Agenda
Item No. 1**

SUBJECT: Report on Article 46 Funds (One-Quarter Cent Sales Tax) to Support Education and Economic Development Programs in Orange County

DEPARTMENT: Economic Development,
Finance & Administrative,
Planning & Inspections

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- (A) June 21, 2011 Resolution Regarding Uses of Potential Revenues from a One-Quarter (¼) Cent County Sales & Use Tax
- (B) Article 46 Sales Tax Budgeted and Use (Since Inception on April 1, 2012)
- (C) Article 46 PowerPoint Presentation

INFORMATION CONTACT:

Paul Laughton, (919) 245-2152,
Acting Chief Financial Officer
Steve Brantley, (919) 245-2326,
Director, Economic Development
Craig Benedict, (919) 245-2592,
Director, Planning & Inspections

PURPOSE: To receive a report on Orange County's education and economic development programs paid from "Article 46" proceeds.

BACKGROUND: Orange County voters approved a referendum in November 2011 to levy a supplemental one-quarter (1/4) cent sales tax that generates approximately \$2.5 million in additional annual funding for education and economic development purposes. Called "Article 46" funds, the program collects and shares these funds between education and economic development, with each receiving half, or \$1.25 million annually. The 50/50 share of Article 46 funds for economic development is initially set for 10 years. (See Attachment A – June 21, 2011 Adopted Resolution.) The Orange County Board of Commissioners adopted a Resolution in December 2011 authorizing the new one-quarter cent sales tax, and actual proceeds began to accrue April 1, 2012.

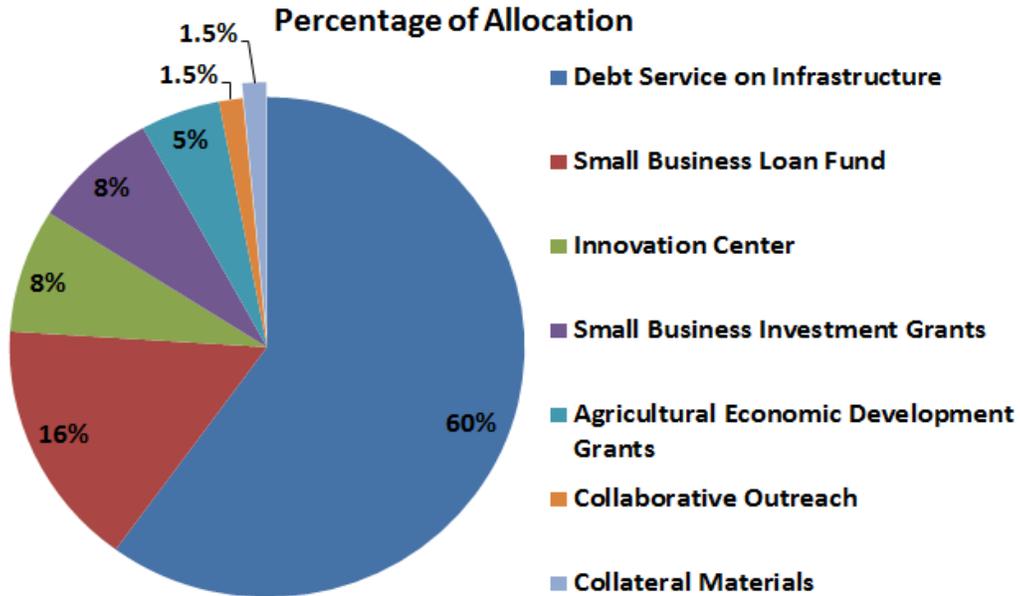
Attachment A reflects a summary of the Article 46 Sales Tax Budgeted and Use amounts, since its inception on April 1, 2012. The attachment includes a summary table for both education and economic development, and is followed by detailed information related to economic development. The summary tables also include Actual Article 46 Collections information since inception, which reflect collections exceeding prior years' budgets.

The following summary table and pie chart identify 7 core programs where Article 46 funds are used for economic development throughout Orange County for an initial 10 year period, as specified in the BOCC Resolution. Based on an average of \$1.25 million in

sales tax collections, these seven 7 programs provide the following support for economic development programs:

Economic Development Programs in Orange County Funded by "Article 46"

(One Quarter Cent Sales Tax for Economic Development)



ECONOMIC DEVELOPMENT PROGRAMS IN ORANGE COUNTY FUNDED BY "ARTICLE 46" (ONE QUARTER CENT SALES TAX FOR ECONOMIC DEVELOPMENT)		
Key Sectors		
Economic Development Use of Funds	Annual Funds	Percentage of Allocation
Debt Service on Water & Sewer Infrastructure in Orange County's 3 Economic Development Districts	\$750,000	60.0%
Small Business Loan Fund	\$200,000	16.0%
Innovation/Incubator Center for Entrepreneurial Development ("LaUNCh Chapel Hill")	\$100,000	8.0%
Small Business Investment Grants	\$100,000	8.0%
Agricultural Economic Development Grants	\$60,000	5.0%
Marketing & Collaborative Outreach	\$20,000	1.5%
Collateral Materials, Advertising, Publishing	\$20,000	1.5%
ANNUAL TOTAL	\$1,250,000	100.0%

(1) Debt Service on Utilities 60% of funds (\$750,000)

Article 46 funds for economic development support infrastructure projects - primarily public water and sewer within land use designated economic development zones. Interlocal agreements with utility providers for eventual maintenance are necessary as the County has accomplished with Mebane and Durham. A ten-year program is underway to install 'backbone' or primary collector utilities in 3 economic development zones – Efland/Buckhorn/Mebane, Hillsborough and Eno (I-85/U.S. 70) and was planned within the Capital Investment Plan. In total, these areas cover over 3,000 acres. However, these primary systems do not provide adjacency to every lot, but provide the major collector back to the existing utility. Funding for infrastructure is mainly in three financial lines:

- **Debt service** - When the construction phase of the project is bid and awarded, the cost can be part of a loan package with other County capital and paid by Article 46.

Economic Development Account (PROCEEDS, NOT DEBT)

- **Infrastructure Services/Addendums** - The design and easement acquisition phase and later construction oversight (also known as soft costs) have been paid with existing Article 46 proceeds. They were therefore not subject to the higher cost of interest laden debt service, and due to the time-frame, would be more difficult to include in a more finite capital loan package. This could also be used for site certification; geo-technical & environmental testing, etc.

- **Economic Development Utility Extensions** - This budget item is for specific industry projects that come forward through the Economic Development Department that are not adjacent to the to the primary collector infrastructure. This may be a project such as Morinaga where \$250,000 was used for an extension for water, sewer and design services that permitted Orange County to obtain Community Development Block Grants (CDBG) and construction work by the North Carolina Department of Transportation (NCDOT).

Buckhorn Economic Development District

For example, during 2012 and 2013, the County made an initial \$4 million expenditure to create a “backbone” water and sewer network stretching from the Cheeks and Efland areas westward through the Buckhorn Economic Development District. At that same time, the Japanese candy company Morinaga & Co., Ltd., which was considering sites across a dozen North Carolina counties and in other states, was able to find a preferred Orange County site now served by utilities. In September 2013 the company selected Orange County and announced nearly 100 new manufacturing jobs and an initial investment of up to \$48 million. Morinaga America Foods became Orange County’s largest manufacturing facility, and is expected to make an expansion of equal size in three to five years.

Town of Carrboro

Another example of Article 46 funding for utility infrastructure is the Carrboro/County Interlocal Agreement used to repair a failing sewer line on Roberson Street. This privately owned sewer line, which serves over 20 downtown businesses employing more than 100 people, has now been repaired. Carrboro received State funding from a Community Development Block Grant that paid for up to 75% of the repair cost, and the County participated financially with Carrboro by sharing in the cost of the CDBG’s required 25% co-pay.

(2) Small Business Loan Fund 16% of funds (\$200,000)

The Orange County Economic Development office manages a loan program to financially assist small and start-up businesses, including agriculture and food processing firms, to grow and remain in operation in the County. The loan program provides necessary growth capital to firms which are typically unable to receive normal bank financing due to having short operating experience or credit issues that would preclude the firm from receiving a bank loan. Article 46 funds are available, when needed, to replenish the loan program’s lending capabilities. Typical loans can be made for as much as \$100,000 with up to a 10-year repayment term.

Borrowers:

- Ceremony Salon
- Tin Can Ventures
- Phd
- Skram Furniture
- The Depot
- Mystery Brewing
- Accidental Baker
- MasterPeace Barber Shop
- Santosha

Location:

Carrboro
Cedar Grove
Hillsborough
Hillsborough
Hillsborough
Hillsborough
Hillsborough
Hillsborough
Chapel Hill

- Isis I.T. Chapel Hill
- Orange County Gymnastics Chapel Hill
- Flawless Day Spa Chapel Hill

To date, a total of twelve (12) loans have been made to eleven (11) small businesses, and there are 10 current loans outstanding totaling \$214,099. The loan program has experienced no delinquent history or negative write-offs.

(3) Entrepreneurial & Incubator Support 8% of funds (\$100,000)

The retention of promising entrepreneurial start-up talent originating here in the County, such as UNC Chapel Hill students, has been difficult due to a lack of affordable office space in an attractive incubator environment. Article 46 allows the County to participate in a program that provides an affordable and creative work environment that can better retain innovation talent that had historically been leaving the community. The current Interlocal Agreement between Orange County and the Town of Chapel Hill supports the monthly lease requirements for the **“LaUNCH Chapel Hill”** innovation center, located on Rosemary Street.

Over the initial 3 ½ year period established in the Interlocal Agreement, the County will have provided \$140,000 in economic development funding to support entrepreneurial growth through incubator funding. “LaUNCH Chapel Hill” has over 20-plus full-time promising start-up firms, and receives additional financial backing and student mentoring from the University of North Carolina and from private donors. At the request of LaUNCH, the Town of Chapel Hill and UNC, Orange County staff will soon present to the BOCC a proposal for a 3-year extension of the Interlocal Agreement, at the same annual cost, to continue the County’s financial commitment to LaUNCH.

(4) Business Investment Grants 8% of annual funds (\$100,000)

The new small business grant program became active in early 2015 following the Board of Commissioners’ approval of an application, grant scoring sheet and set of guidelines, patterned after the Small Business Loan Program, which had been drafted by the Orange County Economic Development Advisory Board in 2014. This grant program assists in the retention and expansion of small businesses and start-ups in Orange County. A subcommittee of the advisory board is now conducting quarterly reviews of submitted applications, and recently approved 8 initial small business grants totaling \$61,712. To date, there are 34 new and/or deferred grant applications up for review on Oct. 22nd. Grant recipients represent small businesses located in all municipalities and rural areas of Orange County, and provide another example of Article 46 funding benefitting the community.

(5) Agriculture Investment Grants 5% of funds (\$60,000)

The new agriculture grant program also became active in early 2015 following the Board of Commissioners’ approval of an application, grant scoring sheet and set of guidelines, patterned after the Small Business Loan Program, which had been drafted by the Orange County Economic Development Advisory Board in 2014. This grant program assists in the retention and expansion of local farming operations, food processing firms and start-ups, and related agricultural and food systems businesses here in Orange County. A subcommittee comprised of agriculture-based economic developers is also conducting quarterly reviews of submitted applications, and recently approved seven initial small

business grants totaling \$57,987. Grant recipients and a dozen new applications represent farms and food processing businesses located in all municipalities and rural areas of Orange County, and provide another example of Article 46 funding benefitting the community.

(6) Marketing & Collaborative Outreach 1.5% of funds (\$20,000)

The final two categories allow Orange County Economic Development the ability to fund marketing efforts and promote Orange County's economic development advantages. Applications have included the following examples:

- Develop marketing materials to promote business retention & expansion efforts, agriculture ventures & local food systems businesses throughout the County.
- Sponsor specific requests the County receives from the County's economic development partners (towns' economic developers, & chambers of commerce) to participate in consultant studies, ad campaigns, tourism events & business networking venues.

(7) Advertising, Publishing & Collateral 1.5% of funds (\$20,000)

- Maintain the Orange County Economic Development department's web page, and create a new searchable web guide of small, locally owned businesses.
- Buxton software to assist in retail marketing.
- Radio ad campaign (with the Orange County Visitors Bureau) on WCHL 1360.
- Funding for local newspaper ads & marketing collateral development.

FINANCIAL IMPACT: There is no direct financial impact associated with discussion of Article 46's One-Quarter Cent Sales Tax program. There are no action items requiring formal decisions.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goals are applicable to this agenda item:

- **GOAL: ENSURE ECONOMIC SELF-SUFFICIENCY**
The creation and preservation of infrastructure, policies, programs and funding necessary for residents to provide shelter, food, clothing and medical care for themselves and their dependents.
- **GOAL: ESTABLISH SUSTAINABLE AND EQUITABLE LAND-USE AND ENVIRONMENTAL POLICIES** The fair treatment and meaningful involvement of people of all races, cultures, incomes and educational levels with respect to the development and enforcement of environmental laws, regulations, policies, and decisions. Fair treatment means that no group of people should bear a disproportionate share of the negative environmental cons

RECOMMENDATION(S): The Manager recommends that the Board receive the Article 46 report and provide any comments or questions.

ORANGE COUNTY BOARD OF COMMISSIONERS**A Resolution Regarding Uses of Potential Revenues
from a One-Quarter Cent (1/4¢) County Sales and Use Tax**

WHEREAS, there are significant pressing infrastructure, economic development, school, and other County capital needs that are precipitated by growth pressures and the new economic reality facing Orange County; and

WHEREAS, it is important to provide Orange County taxpayers with alternatives to the pressure to raise property taxes to address these and other County needs; and

WHEREAS, the levy of a Article 46 one-quarter cent (1/4¢) County sales and use tax would provide a new County revenue source and would generate approximately \$2,500,000 annually for the County; and

WHEREAS, it is important for Orange County to plan for future economic development that will enable the County to recruit, retain, grow, and generate businesses and jobs that are desirable; and

WHEREAS, it is important that Orange County expand collaboration and cooperation of economic development efforts and decisions between Orange County and the towns of Chapel Hill, Carrboro and Hillsborough and the cities of Mebane and Durham; and

WHEREAS, it is important for Orange County to meet public school needs; and

WHEREAS, the Board of Commissioners establishes a ten-year commitment to allocate Article 46 one-quarter cent (1/4¢) County sales and use tax proceeds as follows:

- a. 50% of the funding will be allocated in an equitable manner between the County's two school systems, based on the Average Daily Membership of each school system, for the dedicated purpose of funding capital projects, including but not limited to facility improvements at 'older' schools and the procurement of technology. The Board requests that each school system furnish the Board of Commissioners with a detailed list of prioritized projects that could be completed with anticipated funding over the next ten years. The Board will evaluate the projects and approve a ten-year plan which will be incorporated into the County's Capital Investment Plan. As part of the Capital Investment Plan annual review, progress will be evaluated annually and adjustments made according to needs agreed upon by the School Boards and Board of County Commissioners;
- b. 50% of the funding will be allocated to Economic Development initiatives generally as shown on the attached chart and the Board of Commissioners will approve a ten-year Economic Development Plan as part of the County's Capital Investment Plan; and

WHEREAS, if additional funding does not come from the one-quarter cent (1/4¢) County sales and use tax, the property tax will be the primary funding source available for schools and economic development initiatives; and

WHEREAS, to distinguish and separate the revenues produced through this ¼ cent sales tax, if approved by Orange County voters, a Special Revenue Fund will be established to receive and account for the sales tax revenue. These funds will not supplant funding for the Board's endorsed funding target of 48.1% for annual spending on both school systems. The funds will remain separate from the County's general fund to allow for more accurate tracking of revenues and expenditures in accordance with initial ten-year allocation plan established as part of this resolution;

NOW, THEREFORE, BE IT RESOLVED THAT the Orange County Board of Commissioners hereby states its intent to use the revenues from the Article 46 one-quarter cent (1/4¢) County sales and use tax, if approved by the voters of Orange County, for currently unfunded or underfunded economic development and public school capital needs for a period of ten years, with a scheduled implementation date of April 1, 2012.

BE IT FURTHER RESOLVED THAT proceeds from the one-quarter cent (1/4¢) County sales and use tax in later years will be used to address priorities as established by the Board of Commissioners in the County's Capital Investment Plan.

This the 21st day of June, 2011.



Bernadette Pelissier, Chair
Orange County Board of Commissioners

PROPOSED ECONOMIC DEVELOPMENT USES OF SALES TAX PROCEEDS

Focus Area	Percentage of Funds ¹	Estimated Annual Expenditures	Example Activities	Frequency
Debt Service on Infrastructure	60%	\$750,000	<ul style="list-style-type: none"> Installation of water and sewer infrastructure in EDDs 	Annually for 10 years
Collaborative Outreach	1.5%	\$15,000 - \$20,000	<ul style="list-style-type: none"> Trade shows targeted to specific industry clusters Industry Appreciation events businesses Local "Economic Health" Summit 	Annually for 10 years; amount of funding will vary
Collateral Materials	1.5%	\$20,000	<ul style="list-style-type: none"> Updated Internet interface Utilization of appropriate social media tools Development of informative brochures 	Funding only required every 2 to 3 years
Innovation Space	5 – 10%	\$75,000 - \$125,000	<ul style="list-style-type: none"> Up fit of a county-owned innovation space Rent subsidies and/or leasehold improvements on privately owned leasable space 	Funding will vary with site improvement requirements
Agricultural Economic Development	2 – 20%	\$25,000 - \$250,000	<ul style="list-style-type: none"> Focused counseling for food-based businesses graduating from PFAP Creation of a 'culinary kitchen' facility to provide facilities for PFAP graduates 	10 years, but funding will vary with program requirements
Business Investment Grants	8%	\$100,000	<ul style="list-style-type: none"> Advanced site preparation Relocation assistance 	10 years, but funding will vary with project
Small Business Loan Program	0% - 16%	Up to \$200,000 for next few years	<ul style="list-style-type: none"> Start-up capital and expansion funds for Orange County small businesses 	After several years, program will be self sufficient
Establishment of 501c (4) entity	12 – 16%	Up to \$200,000 for several years	<ul style="list-style-type: none"> Develop public-private stand alone economic develop entity 	Expenditures in Years 2 – 5 for start up funding

¹ Reflects the percentage of economic development funds, rather than overall funds

Article 46 Sales Tax Proceeds Budgeted and Use (since Inception on April 1, 2012)

	Current Budget	Actuals (thru 9/30/15)	Committed*	Balance
Education Summary				
Chapel Hill-Carrboro City Schools:				
Classroom/Academic Improvements	380,000	275,731	104,269	0
Renovations and Site Improvements	1,335,306	930,675	404,631	0
Technology	1,764,982	1,332,239	432,743	0
Subtotal	3,480,288	2,538,645	941,643	0
Orange County Schools:				
Technology	2,195,490	1,493,152	702,338	0
Subtotal	2,195,490	1,493,152	702,338	0
Total	5,675,778	4,031,797	1,643,981	0
Revenues: Actual Collections in excess of prior years' budgets (since inception) - Note: A Budget Amendment would be required	382,806			382,806
Grand Total - Education	6,058,584			382,806

	Current Budget	Actuals (thru 9/30/15)	Committed	Balance
Economic Development Summary				
Economic Development Account (includes FY 11-12 and FY 12-13 - prior to budgeting by Initiatives)	1,562,500	1,108,741	973,635	(519,876)
Debt Service on Infrastructure	2,463,278	1,271,083	706,996	485,199
Infrastructure - Utility Service Agreement with Mebane	150,000	150,000	50,000	(50,000)
Collaborative Outreach	60,000	16,583	0	43,417
Small Business Loan	600,000	0	0	600,000
Collateral Materials	60,000	15,000	0	45,000
Innovation Centers	300,000	120,000	20,000	160,000
Agricultural Economic Development Grants	180,000	59,724	0	120,276
Business Investment Grants	300,000	61,712	0	238,288
Total	5,675,778	2,802,843	1,750,631	1,122,304
Revenues: Actual Collections in excess of prior years' budgets (since inception) - Note: A Budget Amendment would be required	382,806			382,806
Grand Total - Economic Development	6,058,584			1,505,110

Economic Development Detail	Current Budget	Actuals (thru 9/30/15)	Committed	Balance
Economic Development Account:	1,062,500			1,062,500
<i>Designated:</i>				
<i>Economic Development Infrastructure Project (Morinaga) - BOA #9-D on 6/17/14</i>		253,341	71,659	(325,000)
<i>Buckhorn EDD Phase 2 - Rock Contingency - BOA #3-B on 12/2/13 and BOA #1-C on 10/7/14</i>		421,500	56,016	(477,516)
<i>McGowan Creek Outfall - BOA #2-D on 11/5/13</i>		15,498	42,316	(57,814)
<i>AKG North American - County Incentive</i>		80,000		(80,000)
<i>Emil Malizia - Economic Development Consultant</i>		2,730		(2,730)
<i>Buxton Company - Retail Recruitment and Business Retention Analysis</i>		71,000		(71,000)
<i>Town of Carrboro - Roberson Street Sewer Project</i>		38,244		(38,244)
<i>JF Wilkerson - Morinaga Infrastructure Support</i>		12,784		(12,784)
<i>Morinaga - 1st County Incentive Payment - August 2015</i>		213,644		(213,644)
<i>Morinaga - 2nd County Incentive Payment - January 2016</i>			213,644	(213,644)
<i>Economic Development Infrastructure Project (FY 14-15 CIP)</i>			100,000	(100,000)
<i>Hillsborough EDD Project (FY 14-15 CIP)</i>			150,000	(150,000)
<i>Efland Sewer to Mebane Project (FY 15-16 CIP)</i>			240,000	(240,000)
<i>Economic Development Infrastructure Project (FY 15-16 CIP)</i>			50,000	(50,000)
<i>Eno EDD Project (FY 15-16 CIP)</i>			50,000	(50,000)
Designated SubTotal	1,062,500	1,108,741	973,635	(1,019,876)
<i>Undesignated:</i>				
<i>Economic Development Utility Extension Projects (FY 14-15 CIP)**</i>	250,000			250,000
<i>Economic Development Utility Extension Projects (FY 15-16 CIP)**</i>	250,000			250,000
Undesignated SubTotal	500,000			500,000
Total	1,562,500	1,108,741	973,635	(519,876)
Debt Service:	2,463,278	1,271,083	706,996	485,199
Infrastructure:	150,000			150,000
<i>Utility Service Agreement with Mebane</i>		150,000	50,000	(200,000)
Total	150,000	150,000	50,000	(50,000)
Collaborative Outreach:	60,000			60,000
<i>Chapel Hill Chamber - Study</i>		4,000		(4,000)
<i>Site To Do Business, Inc. - Online Software providing demographic info on the region and County</i>		1,595		(1,595)
<i>Motivators, Inc. - Promotional Materials</i>		388		(388)
<i>Chapel Hill Magazine - Advertising/Breakfast Series (partner with Town of Chapel Hill)</i>		10,000		(10,000)
<i>Hillsborough/Orange County Chamber - Sponsored Event</i>		600		(600)
Total	60,000	16,583	0	43,417

	Current Budget	Actuals (thru 9/30/15)	Committed	Balance
Small Business Loan:***	600,000	0		600,000
Collateral Materials:				
<i>WCHL - Advertising</i>	60,000			60,000
		15,000		(15,000)
Total	60,000	15,000		45,000
Innovation Centers:	300,000			300,000
<i>"LaUNCh Chapel Hill"</i>		120,000	20,000	(140,000)
Total	300,000	120,000	20,000	160,000
Agricultural Economic Development Grants:	180,000			180,000
<i>Ag Summit - Sponsorship</i>		1,736		(1,736)
<i>Grant Program - Awards</i>		57,988		(57,988)
Total	180,000	59,724		120,276
Business Investment Grants:	300,000			300,000
<i>Grants Awarded</i>		61,712		(61,712)
Total	300,000	61,712		238,288
Grand Total	5,675,778	2,802,843	1,750,631	1,122,304

*Committed - includes Budget Amendments approved by the Board of Commissioners and Approved CIP allocations

**No specific projects have been currently identified for utility extensions

***To date, all Small Business Loans have been allocated from available funds within the Revolving Loan Fund; no allocations have been made from the Small Business Loan within the Article 46 Sales Tax Fund

ATTACHMENT C



Orange County Economic Development

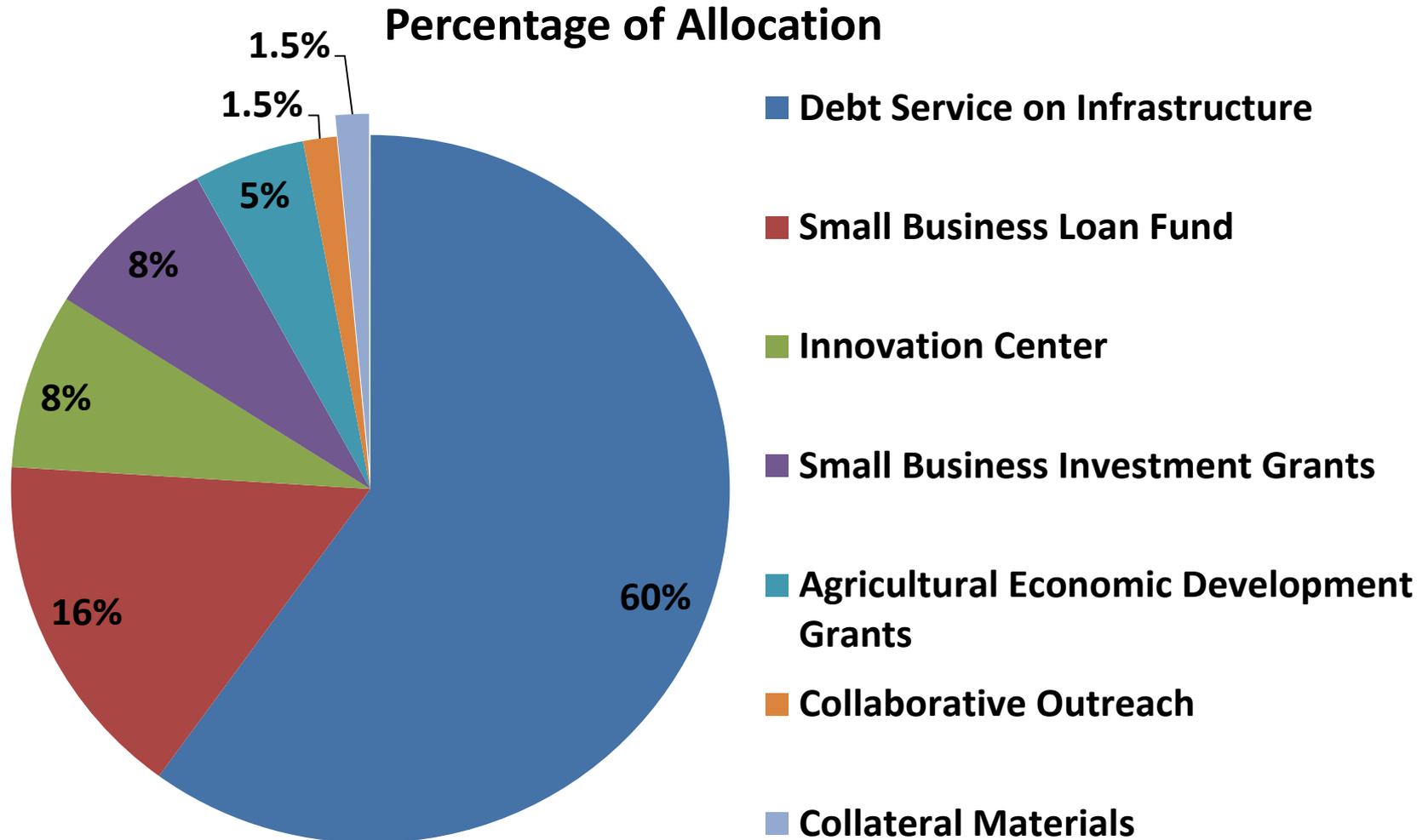
Discussion of Article 46

(One Quarter Cent Sales Tax for Economic Development)

October 13, 2015

Economic Development Programs in Orange County¹⁴ Funded by “Article 46”

(One Quarter Cent Sales Tax for Economic Development)



**ECONOMIC DEVELOPMENT PROGRAMS IN ORANGE COUNTY FUNDED BY
“ARTICLE 46” (ONE QUARTER CENT SALES TAX FOR ECONOMIC DEVELOPMENT)**

KEY SECTORS

ECONOMIC DEVELOPMENT USES OF FUNDS	ANNUAL FUNDS	PERCENT OF ALLOCATION
Debt Service on Water & Sewer Infrastructure in Orange County’s 3 Economic Development Districts	\$750,000	60.0%
Small Business Loan Fund	\$200,000	16.0%
Innovation/Incubator Center for Entrepreneurial Development (“LaUNCh Chapel Hill”)	\$100,000	8.0%
Small Business Investment Grants	\$100,000	8.0%
Agricultural Economic Development Grants	\$60,000	5.0%
Marketing & Collaborative Outreach	\$20,000	1.5%
Collateral Materials, Advertising, Publishing	\$20,000	1.5%
TOTAL ALLOCATION PER YEAR	\$1,250,000	100.0%



Debt Service on Utilities & Infrastructure to 3 Economic Development Districts

Article 46 annual funding: \$750,000 or 60% of total

Examples of Use:

Town of Carrboro

- County's 50/50 financial participation with the Town of Carrboro to share in the co-pay requirement for the Community Development Block Grant (CDBG) that funded the repair of a failing sewer line on Roberson Street. The utility line has now been repaired.

Buckhorn Economic Development District

- Over \$4 million spent or committed to fund a backbone water & sewer utility line in the Buckhorn Economic Development District to help recruit prospective industries & business considering sites.



Debt Service on Utilities & Infrastructure to 3 Economic Development Districts

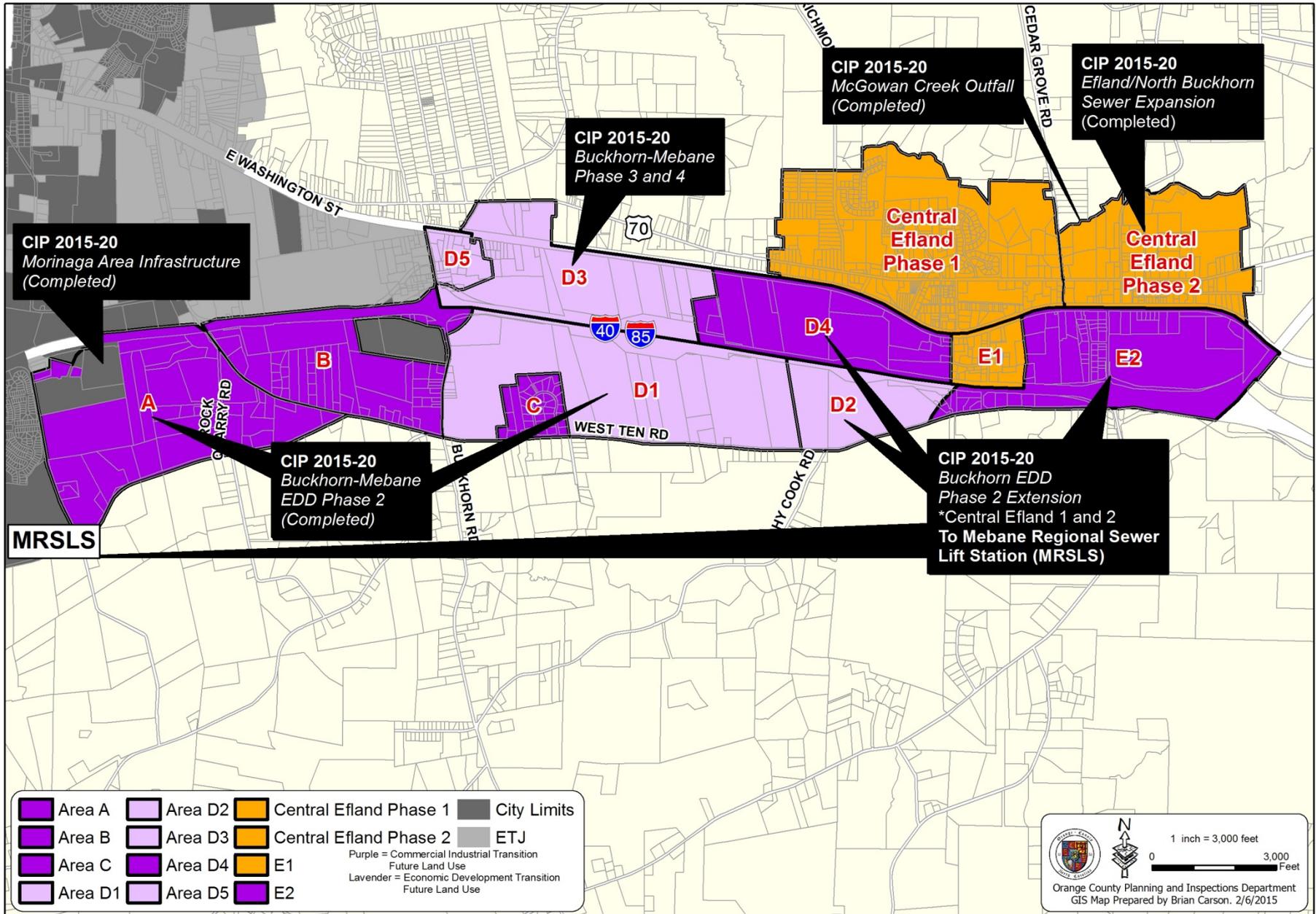
Article 46 annual funding: \$750,000 or 60% of total

Projects

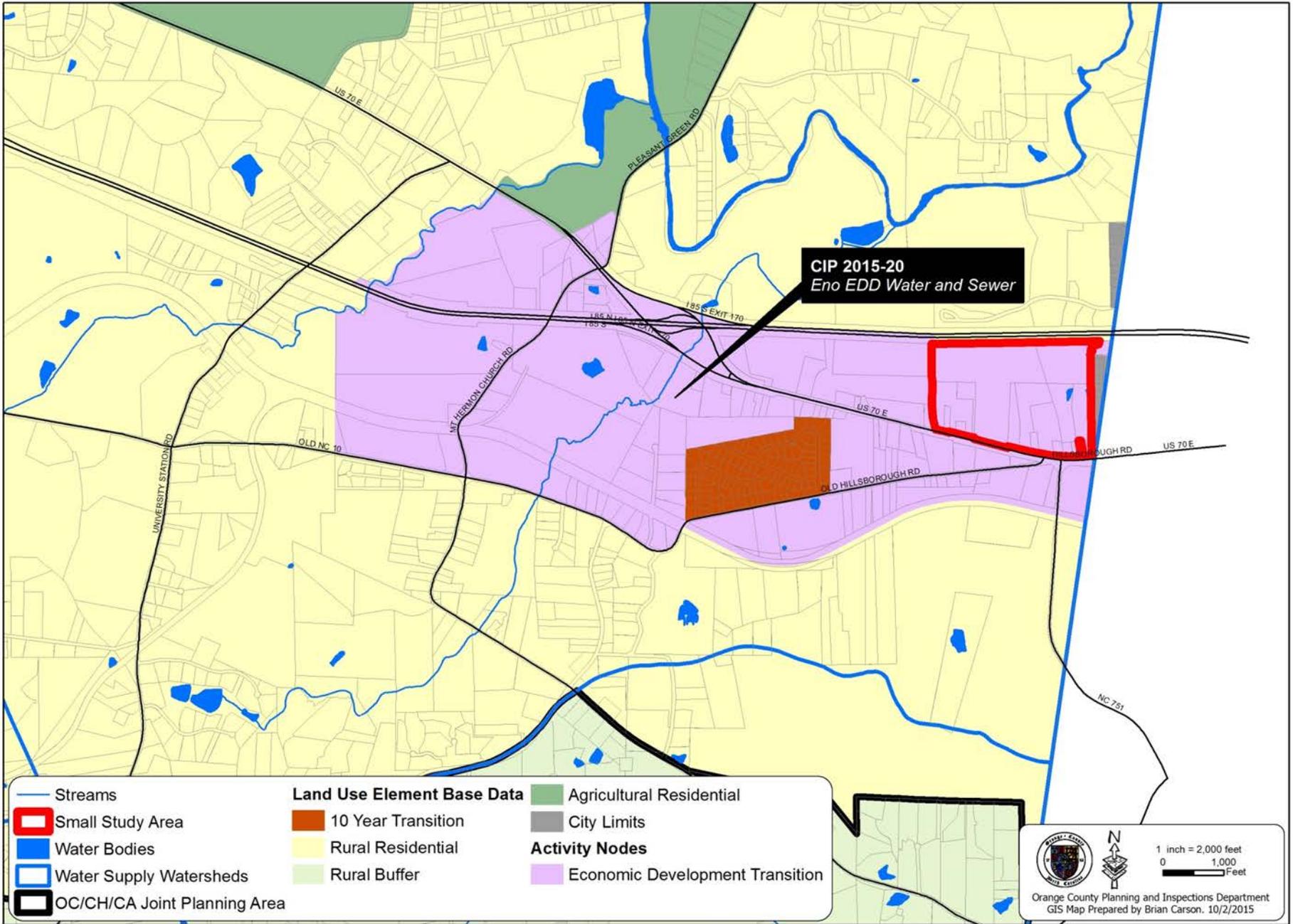
- Buckhorn-Mebane Phase 2 - Completed
- Buckhorn EDD Phase 2 Extension - Design 99%
- Eno EDD Utilities – Feasibility
- Hillsborough EDD Utilities – Conceptual
- Buckhorn-Mebane Phase 3 and 4 – Conceptual

Economic Development Account (Undesignated Proceeds, Not Debt)

- Morinaga Area Infrastructure – Completed
- ED Utility Extension Projects – Prospective industry, project specific infrastructure



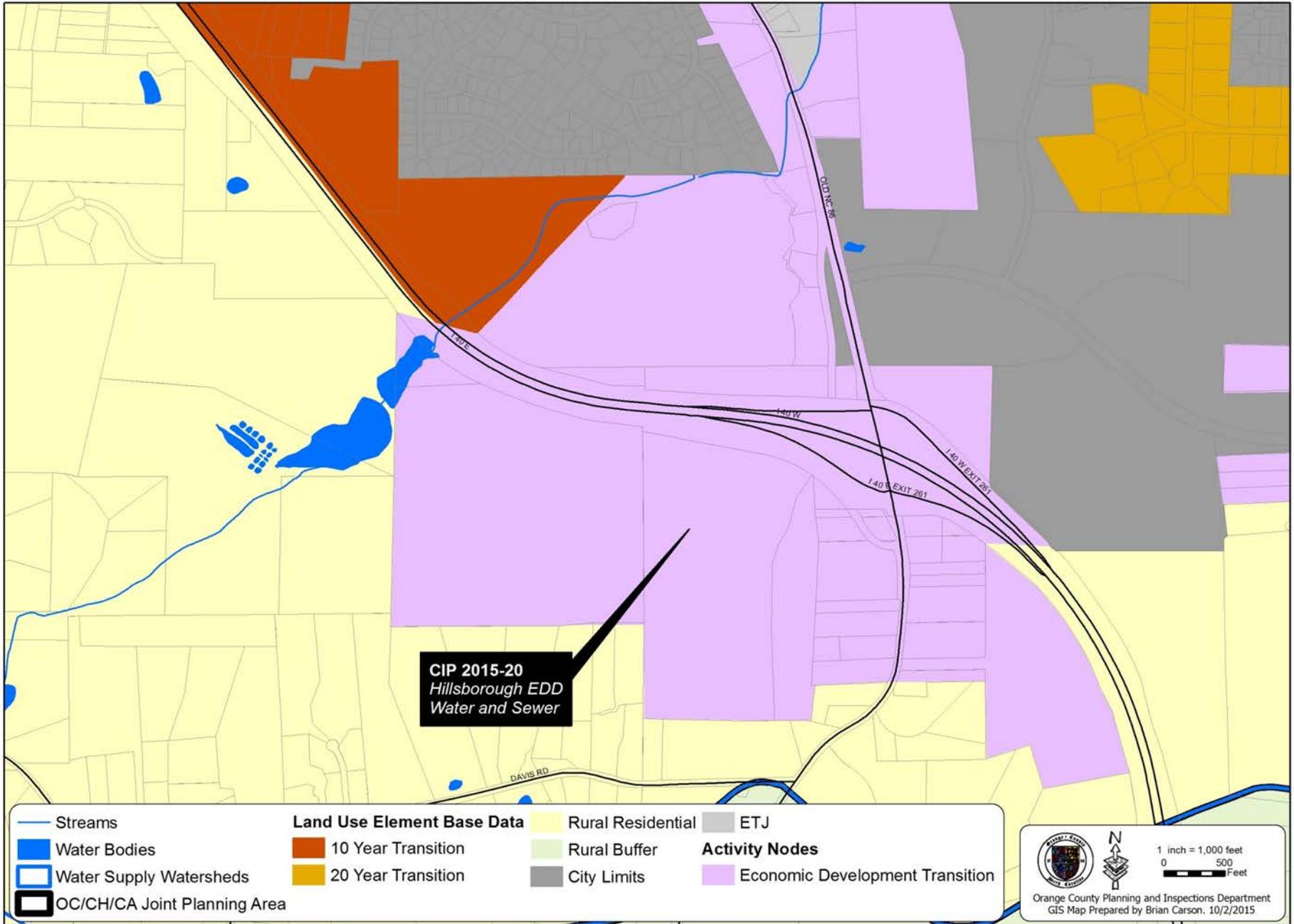
Eno EDD CIP Project Area



1 inch = 2,000 feet
0 1,000 Feet

Orange County Planning and Inspections Department
GIS Map Prepared by Brian Carson, 10/2/2015

Hillsborough EDD CIP Project Area





Small Business Loan Fund

Article 46 annual funding: \$200,000 or 16% of total

- Article 46 includes a provision to provide up to \$200,000.00 annually in additional lending flexibility to Orange County's existing Small Business Loan Program.
- The Program's current loan portfolio is supported by a separate source of revolving funds previously authorized by the BOCC, and no Article 46 monies have been required, to date, to supplement the Program.
- There are no loan delinquencies in the Program's activity.



Entrepreneurial & Incubator Support

Article 46 funding: \$100,000 or 8% of total

Examples of Use:

- **“LaUNCh Chapel Hill”** innovation center is funded 50/50 through an Interlocal Agreement between Orange County & Town of Chapel Hill. The Interlocal Agreement expires on 12/31/15.
- Orange County will contribute \$140,000.00 for 3 ½ year through the initial Interlocal Agreement. UNC & private sponsors also contribute.
- At the request of LaUNCh, the Town of Chapel Hill and UNC, staff will soon present to the BOCC a recommended proposal for a 3-year extension of the Interlocal Agreement, at the same annual cost, to continue the County’s financial commitment to LaUNCh.



Small Business Investment Grant

Article 46 annual funding: \$100,000 or 8% of total

Summary of Grant Awards to date:

- Grant program was approved by the BOCC in March 2015.
- Subcommittee comprised of Orange County Economic Development advisory board members meet quarterly to review grant applications.
- 8 initial grants totaling \$61,712.00 were recently awarded in the program's first round of application reviews during the 2nd Q 2015.
- 5 applications were deferred until the second review period
- 34 new and/or deferred grant applications requesting a total of \$243,541.67 in grant awards have been submitted for the second subcommittee review meeting on Oct. 20, 2015.



Small Business Investment Grant

Article 46 annual funding: \$100,000 or 8% of total

Approved Grants:

- ***Carrboro Community Acupuncture*** (Kim Calandra – business expansion)
- ***Tempeh Girl*** (Beth May – sales expansion)
- ***Woman Craft*** (Katherine Palomba – promotional activities)
- ***Trill Financial*** (Simon Jung – computer testing equipment)
- ***MasterPeace Barber*** (Mark Holt – repairs to business location)
- ***Regulator Brewing*** (Anna McDonald Dobbs – marketing)
- ***Seal The Seasons*** (Patrick Mateer & Will Collins – machinery)
- ***The Accidental Baker*** (Kevin Mason – new bakery equipment)



Agricultural Investment Grant

Article 46 annual funding: \$60,000 or 5% of total

Summary of Awards to date:

- Grant program was approved by the BOCC in March 2015.
- 7 initial agriculture grants totaling \$57,987.00 were recently approved in the program's first quarterly round of applicant reviews.
- Grant program is funded by up to \$60,000.00 annually from Article 46 proceeds.



Agricultural Investment Grant

Article 46 annual funding: \$60,000 or 5% of total

Approved Grants (first quarterly review):

- ***Taylor Fish Farm*** (Valee Taylor – tilapia fish farming)
- ***BoxCarr Farm*** (Austin Genke – fencing for milk goats)
- ***ColorFields Farm*** (Kelly Morrison – greenhouses)
- ***Four Leaf Farm*** (Tim McCallar – greenhouses)
- ***Smith Family Farm*** (Dawn Denson – well for irrigation)
- ***Dawn Breaker Farms*** (Ben Grimes – poultry processing equipment)
- ***Sweet Retreat Orchards*** (Aniko Redmon – irrigation system)



Agricultural Investment Grant

Article 46 annual funding: \$60,000 or 5% of total

New Proposed Agriculture Grants:

(scheduled for second quarterly review on Nov. 18, 2015):

- 3 new applications have been received.
- 6 additional applications are anticipated to be submitted.
- \$60,000 in total awards is forecast for the upcoming second quarterly review of new applications.
- Initial marketing round included radio and newspaper ads; most recent marketing effort had 800 post cards mailed out in Sept. 2015 to County-wide farms & agricultural-related small firms



Marketing & Collaborative Outreach

Article 46 annual funding: \$20,000 or 1.5% of total

Examples of Use:

- Co-sponsor of the Chapel Hill/Carrboro Chamber of Commerce 's Partnership for a Sustainable Community & Town of Chapel Hill to jointly fund a public-private consultant study by the firm "Urban3 LLC". The study created a 3-D mapping of property tax values per acre throughout the Orange County, and the economic development impact of increasing commercial and retail density in an urban area.
- Hillsborough Chamber's "Riverwalk Movie Series" sponsor in 2015.
- Carrboro Film Festival sponsor.
- Hillsborough Chamber of Commerce's "General Member Breakfast" guest speaker series sponsor in 2015.
- Orange County Agriculture Summit sponsor in 2015 to provide free attendance & meal for all participants.



Advertising, Publishing & Collateral Materials

Article 46 annual funding: \$20,000 or 1.5% of total

Examples of Use:

- Participation in the Chapel Hill/Carrboro Chamber of Commerce's annual PRIMETIME Business Expo.
- New ad campaign & series of 3 business networking breakfast presentations with the Town of Chapel Hill, assisted by Chapel Hill Magazine, will begin in early 2016.
- Ad campaign with WCHL 1360 AM radio highlighting activity by Orange County's Visitors Bureau & Economic Development.
- Subscription to Buxton Company's "Scout" software to support retail retention & recruitment efforts.

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: October 13, 2015

**Action Agenda
Item No. 2**

SUBJECT: Discussion on Using a County Water and Sewer District as a Mechanism to Provide a Tool to Finance Expenditures in the Rogers Road Area

DEPARTMENT: County Manager

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- A. Memo Regarding Rogers Road Water and Sewer District Proposal
- B. Procedure for Creating a County Water and Sewer District

INFORMATION CONTACT:

Bonnie Hammersley, 919-245-2300

PURPOSE: To discuss creating a county water and sewer district as a mechanism to provide a tool to finance expenditures in the Rogers Road area.

BACKGROUND: The final report of the Historic Rogers Road Neighborhood Task Force dated September 17, 2013 contemplated the creation of a water and sewer district and directed the managers to explore the creation of such a district using a collaborative approach. As part of this process, the managers from each jurisdiction developed a recommendation to provide service through a County water and sewer district. (Attachment A)

A “county water and sewer district” is a type of governmental entity authorized by North Carolina law. Many counties across the State form these districts as a tool to provide utility service in areas that cannot be conveniently served by existing utility providers. Some counties have had more than five districts within their boundaries. These districts are often created to serve isolated or more sparsely-settled areas, but the vehicle provides flexibility to serve any defined area within a single county.

Differences

Creating a county water and sewer district offers certain flexibilities compared to extending service using current policies and procedures.

1. The District would be able to implement a schedule of rates, fees, and charges independent of Orange Water and Sewer Authority’s (OWASA) schedule, which can therefore be tailored to the special characteristics of the District. For example, a District could establish a fee to recover primary infrastructure costs as properties are developed or redeveloped in the future. Similarly, the District

could make use of unique technologies and design features that OWASA might not choose to use on a system-wide basis, but might be appropriate for a smaller area.

2. The District may be able to obtain loans and grants for which Chapel Hill, Carrboro, and Orange County are not eligible. This would include loans and grants from traditional water and sewer funders, but also from funders more interested in the social justice aspects of the project.
3. Although the District would not have its own planning authority, having the District defined as a separate entity may facilitate coordinated planning and other land use discussions among the relevant governments.

Governance, Management and Construction

By law, the Board of County Commissioners serves as the District's governing body. Existing law allows for no alternatives to this governing structure.

Although the District could bid and supervise the system's construction itself, staff has contemplated that the District would contract with OWASA to supervise and manage the construction of the system. The District could also contract with OWASA to manage the provision of utility service where OWASA would be responsible for monitoring and maintaining the system and for billing and collecting from customers.

Procedure to Create the District

Creating the District is not procedurally complex. The District could be fully established within 60 days of the Board's determination of the geographic boundaries of the District. Attachment B outlines the procedure for creating the District.

Carrboro would need to consent to including within the District any property that is within Carrboro town limits.

Financing

There are a variety of options for financing the construction of the system and for recovering any loans made to the District. This discussion sets aside the possibility of external grant funding and does not address the on-going fee structure that would be used to pay for regular operations and maintenance. These available tools can be used in combination.

Initial Financing

1. The governmental partners could lend or grant money to the District to fund construction.
 - a. The terms of loan repayment, if any, could include provisions for the District to pay interest or for portions of the loan to be forgiven upon defined conditions.
 - b. There are ways that a local government partner could borrow money to be loaned or granted to the District if a partner wanted to explore that option.

- c. Funds could be either paid to the District up front, or on an as-needed basis over the project construction period.
2. The District could borrow money from a third-party lender.
 - a. The District could use most of the tools regularly available to North Carolina local governments, including general obligation bonds, (subject to a vote of the residents of the District) non-voted installment financing (which uses the financed assets as collateral for the loan), or revenue bonds (which pledges net operating revenues of the system as security for the loan).
 - b. Because the District will be a new operating entity with a small scope, a private lender might well ask one or more of the governmental partners to provide “moral obligation” backing to a District loan which is a promise to consider funding a loan payment that the District could not otherwise pay. This would be an annual, “subject to appropriation” promise similar to the County’s commitment to its installment financings and limited obligation bonds.

Cost Recovery

The District would have most of the same tools to raise revenue as other general purpose local governments.

- Property tax – a rate would be established annually by the Board of Commissioners. There is no obligation to levy a separate property tax within the District.
- Water and sewer rates, fees and charges – including usage fees and availability fees, as well as capital charges for new service
- Special assessments against benefitted properties – allows the District to collect funds over a ten-year period. Please note that special assessments can be assessed to recover less than all of the costs of a project, and that installments can, but are not required to, include a component of interest over time.
- Sales taxes – the District would not share in sales tax distributions

FINANCIAL IMPACT: There is no immediate financial impact related to this discussion.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goal is applicable to this agenda item:

GOAL: ENABLE FULL CIVIC PARTICIPATION

Ensure that Orange County residents are able to engage government through voting and volunteering by eliminating disparities in participation and barriers to participation.

RECOMMENDATION(S): The Manager recommends that the Board receive this information and provide direction to Staff as appropriate, especially as to whether the Board wants staff to pursue the approach of a water and sewer district.

Attachment A – Memo Regarding Rogers Road Water and Sewer District Proposal

TO: Town of Carrboro Alderman
Town of Chapel Hill Council
Board of Orange County Commissioners

FROM: David Andrews, Town of Carrboro Manager
Bonnie Hammersley, Orange County Manager
Roger Stancil, Town of Chapel Hill Manager

RE: Rogers Road Water and Sewer District Proposal

The final report of the Historic Rogers Road Neighborhood Task Force, September 17, 2013 included recommendations to proceed with the Rogers Road Sewer project. The task force also contemplated the creation of a water and sewer district and directed the managers to explore the creation of such a district using a collaborative approach. The purpose of this memorandum is to inform our Boards of a joint recommendation for the creation, financing and development of a Rogers Road Water and Sewer District (District) which is further explained below.

The Managers have discussed this recommendation with Ed Kerwin, OWASA Executive Director for technical support, Bob Jessup, Bond Counsel for legal procedural issues, and the Rogers Road Eubanks Neighborhood Association (RENA) representatives David Caldwell and Reverend Campbell for the community perspective. The conversations have been well received and we anticipate working closely with these stakeholders as the recommendation matures.

The commitment to extend the sewer system to the 86 owners of properties within the Historic Rogers Road neighborhood has been and will remain the priority throughout the consideration of a proposed Rogers Road Water and Sewer District.

Objective

The objective of creating a Water and Sewer District is to provide a tool to finance expenditures in the District. To accomplish this goal, staff recommends that Orange County create the Rogers Road Water and Sewer District. The Managers' are recommending this course because a) the District would be able to implement a schedule of rates, fees, and charges independent of OWASA's schedule, which can therefore be tailored to the special characteristics of the District, and b) the District may be able to obtain loans and grants that Chapel Hill, Carrboro, and Orange County are not eligible for (such as funds from social justice agencies or funds from water and sewer infrastructure grant programs). In addition, the District will not have its own planning authority and can serve as a focus for joint planning of the area by the three jurisdictions.

Procedure

The creation of the District is not procedurally complex—all that is needed is a) a public hearing (preceded by published and posted notice) and b) a simple resolution enacted by the Board of County Commissioners stating that the District's residents will benefit from the District's

establishment. The entire process of creating the District can be completed as quickly as 60 days from publishing the notice of public hearing. By law, the Board of County Commissioners serves as the District's governing body. The District would contract with OWASA to manage the provision of water and sewer services within the District. The Town of Carrboro would need to consent through resolution to including any portion of the District lying within Carrboro town limits as part of the District.

Financing

Debt financing would be used to extend service to the District's residents. District construction costs would be funded by either a) the District borrowing from private sources or b) the three governments advancing funds to the District from borrowed funds or cash on hand.

- Legally available methods for the District to borrow money on its own would include general obligation bonds (after approval by voters within the District), revenue bonds and installment financing. Because of the limited asset base and cash-flow of the District, however, Chapel Hill, Carrboro, and Orange County (in some combination) would likely be asked to commit to a "moral obligation" to provide funds to bridge any gaps in debt service payments.
- If the three governments and/or OWASA advance funds to the District, the funding partners would either a) pay cash into a central fund upfront for construction costs, b) pay OWASA as requested, or c) a combination of the two. Any partner could borrow its contribution, and the District's repayment obligation to the partner could bear interest.

The District would use some combination of several available revenue streams to repay the debt, whether to a third-party lender or back to the funding partners. The District could use its net operating revenues as the primary source of repayment. The capital charges could be levied, such as development fees for currently open space. The District would have its own taxing authority (via a separate rate set by the County Commissioners should they choose to levy an additional tax) and could levy special assessments.

The Managers' will present this recommendation to their respective Boards independently for feedback and consideration in October at a regularly scheduled meeting. If you have any questions in the meantime, please do not hesitate to contact us.

Attachment B – Procedure for Creating a Water and Sewer District

- 1 **County Board determines the proposed boundaries of the District**, and directs staff to proceed with the subsequent steps. As the process develops the Board can delete properties from the District (the District need not be completely contiguous), but cannot add parcels without restarting the process. The boundaries can include territory within Carrboro, subject to Carrboro's consent (which would have to occur before Step 4). The boundaries have to be sufficiently defined to allow the later assessment of taxes within the District if that taxation comes to pass.
- 2 **County provides notice of public hearing.** The notice must be published once a week for three consecutive weeks within the District, and posted at three or more public places within the District. The hearing must be at least 20 days after the first posting or publishing.
- 3 **County Board conducts public hearing.**
- 4 **County Board adopts resolution creating the District.** This action can immediately follow the hearing, or come later. In the resolution, the Board must find that (a) the proposed district needs the service, (b) the residents of the proposed district will benefit from the district's creation, and (c) it is economically feasible to provide service within the district without unreasonable or burdensome tax levies.
- 5 **County publishes notice of the District's creation.** This is only published notice, not posted notice. The notice must be published in two successive weeks in the same newspaper as carried the hearing notices. The statutes set out a form for this notice. The publication triggers a 30-day period during which any procedural challenges to the District's formation must be started. This is only published notice, not posted notice.

The District boundaries may later be extended by a similar notice and hearing process.

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: October 13, 2015

**Action Agenda
Item No. 3**

SUBJECT: Waste Diversion at Special Events and Other Waste Management Related Outreach Efforts

DEPARTMENT: Solid Waste Management

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

INFORMATION CONTACT:

Gayle Wilson, 968-2885

Muriel Williman, 968-2788

PURPOSE: To provide information regarding the types of services available from Solid Waste staff with regard to recycling and waste reduction at special events held throughout Orange County, and also provide information on other waste reduction and programmatic outreach and education efforts.

BACKGROUND: The Solid Waste Management Department has been offering technical and operational waste reduction assistance services at County events for over a decade. This assistance varies from event planning guidance to provision of staff, containers, and collection services, etc. Events vary in size from modest recognition, workplace, picnic or celebration type events to large Hog Day or Festival of the Eno type public events.

The presentation will introduce the variety and approach of waste reduction and recycling outreach assistance available from the department, note accomplishments/successes, illustrate the multi-jurisdictional nature of the services and point out the contribution of volunteers and staff resources necessary to offer this assistance.

This presentation will also provide an overview of various other valuable education and outreach activities performed by the department and available to the community.

FINANCIAL IMPACT: Costs for special event recycling and waste reduction services can vary from less than \$100 up to \$1,000 depending on the type of event and the level of department involvement. Funds are appropriated annually in the Solid Waste Management Department budget to provide this function.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goal is applicable to this agenda item:

- **GOAL: Enable Full Civic Participation**

Ensure that Orange County residents are able to engage government through voting and volunteering by eliminating disparities in participation and barriers to participation.

This item ensures that event recycling and waste reduction services, including education and outreach activities are developed for and available to all county residents. It also provides service learning and volunteer opportunities for County youth.

RECOMMENDATION(S): The Manager recommends that the Board receive information regarding Waste Diversion at Special Events and Other Waste Related Outreach Efforts and ask questions or provide feedback to staff as necessary.