

ORANGE COUNTY BOARD OF COMMISSIONERS

AGENDA

Budget Work Session
April 10, 2014
Meeting – 7:00 p.m. - 10:00 p.m.
Southern Human Services Center
2501 Homestead Road
Chapel Hill, NC

- | | | |
|--------------|----|---|
| 7:00 – 7:30 | 1. | Board of County Commissioners External Advisory Board Appointees |
| 7:30 – 9:15 | 2. | To continue review and discussion of the Manager’s Recommended FY 2014-19 Capital Investment Plan (CIP) |
| 9:15 – 10:00 | 3. | Budget Goals for Fiscal 2014/2015 |

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 10, 2014

Action Agenda

Item No. 1

SUBJECT: Board of County Commissioners External Advisory Board Appointees

DEPARTMENT: Board of Commissioners

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

A. Listing of Appointees

INFORMATION CONTACT:

Clerk's Office, 245-2130

PURPOSE: To encourage communication between the Board of County Commissioners and its representatives to various external advisory boards.

BACKGROUND: The Board of County Commissioners has invited appointed advisory board representatives to external boards to this work session in order to give appointees an opportunity to provide updates/concerns on issues they think should be brought to the Board's attention related to their advisory board service. It is in everyone's best interest to improve communication with these Orange County representatives, and to better coordinate their work for the benefit of the county. These appointees have been solicited to submit updates, concerns, and suggestions if they wish. They have also been invited to address the Board at the meeting. The invitation's purpose is to improve the line of communication between the Board and its appointees to external advisory boards.

FINANCIAL IMPACT: None.

RECOMMENDATION(S): The Manager recommends that the Board receive any presentations, discuss and provide direction as needed to staff.

BOCC Appointed Seats On External Boards

- 1. Carrboro Board of Adjustments – 2 positions**
Position 1 – Vacant
Position 2 – Mr. John Grant

- 2. Carrboro Northern Transition – 3 positions**
Position 1 – Miss Amy Jeroloman
Position 2 – Mr. Noah Moore
Position 3 – Mr. Brian Decker

- 3. Carrboro Planning Board - 2 positions**
Position 1 – Mr. David H. Clinton
Position 2 – Ms. Susan Poulton

- 4. Carrboro Recreation and Parks Commission – 2 positions**
Position 1 – Vacant
Position 2 – Vacant

- 5. Chapel Hill Board of Adjustment – 3 positions**
Position 1 – Dr. Timothy Peppers, Sr.
Position 2 – Vacant
Position 3 – Ms. Jennifer Amster

- 6. Chapel Hill Parks and Recreation Commission – 1 position**
Position 1 – Ms. Mary Musacchia

- 7. Chapel Hill Planning Board – 2 positions**
Position 1 – Ms. Deboroah Fulghieri
Position 2 – Mrs. Suzanne Haff

- 8. Chapel Hill Library Board of Trustees – 1 position**
Position 1 – Mr. James R. Stroud

- 9. Hillsborough Board of Adjustment – 3 positions**
Position 1 – Mr. Carl Edward Sain
Position 2 – Mrs. Cannie Lloyd
Position 3 – Mr. David L. Remington

10. Hillsborough Planning Board – 3 positions

Position 1 – Ms. Erin Eckert

Position 2 – Mr. John Bemis

Position 3 – Ms. Janie Morris

11. Mebane Board of Adjustment – 1 position

Position 1 – Vacant

12. Mebane Planning Board – 1 position

Position 1 – Mr. Thomas Fenske

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 10, 2014

**Action Agenda
Item No. 2**

SUBJECT: To Continue Review and Discussion of the Manager's Recommended FY 2014-19 Capital Investment Plan (CIP)

DEPARTMENT: Financial Services

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- Attachment A. Year 1 (FY 2014-15)
Recommended Projects

- Attachment B. Budget Comparisons by
Function of Prior Capital
Investment Plans

INFORMATION CONTACT:

Michael Talbert, Interim County
Manager, (919) 245-2308
Clarence Grier, Financial Services,
(919) 245-2453
Paul Laughton, Financial Services,
(919) 245-2152

PURPOSE: To continue review and discussion of the Manager's Recommended FY 2014-19 Capital Investment Plan (CIP).

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. Approval of the CIP commits the County to the first year funding only of the capital projects; all other years are used as a planning tool and serves as a financial plan. Attachment A includes the Year 1 (FY 2014-15) Recommended Projects.

The Manager's Recommended FY 2014-19 Capital Investment Plan was presented to the Board of County Commissioners at their March 11, 2014 Work Session.

Capital Investment Plan – Overview

The FY 2014-19 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.

Attachment B reflects a comparison by Function of the Manager's Recommended FY 2014-19 CIP with the FY 2013-18 and FY 2012-17 Capital Investment Plans.

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 five (5) new projects in Years 1-5 that were not part of the FY 2013-18 CIP. These projects include the following:

Cedar Grove Community Center Library Kiosk – includes \$180,000 in Year 2 (FY 2015-16) to provide patrons an automated material kiosk at the Cedar Grove Community Center providing 24 hour electronic access for checking in and out materials.

Parking Lot Improvements – includes repair, resurfacing, and/or replacement of asphalt and concrete parking areas, including necessary curb and gutter systems at the following locations: \$120,000 in Year 2 (FY 2016-15) at 501/503 W. Franklin Street; \$510,000 in Year 4 (FY 2017-18) at Link Government Services Center/Annex and the District Attorney building; and 3 additional properties (\$2,750,000 in Years 6-10).

Life Safety – ADA – provides \$25,000 in Year 1 (FY 2014-15) for the installation of automated access doors at West Campus and the Seymour Senior Center; \$25,000 in Year 2 (FY 2015-16) for fire alarm system improvements/replacement at the Historic Courthouse; \$60,000 in Year 5 (FY 2018-19) for elevator improvements at the Historic Courthouse; and additional fire alarm system design and installation at 4 locations (\$65,000 in Years 6-10)

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. For Year 2 (FY 2015-16), \$3,025,000 is recommended, which represents the County's 43% share of the Sewer Concept Plan costs to serve 86 parcels.

Park and Recreation Facility Renovations and Repairs – provides funding each of Years 1-5 for the scheduling of planned renovations and repairs to facilities; a total of \$900,000 is included over these five years.

The County Capital section also includes two (2) new projects in Years 6-10 that were not part of the FY 2013-18 CIP. These projects include the following:

Main Branch Library Remodel – the need for an upfit and re-design of the Main Branch Library was identified both in the County Space Needs Study and the 2012 Community Needs Assessment portion of the Library's strategic plan. To accommodate current and future users, the library must make better use of the existing space by focusing on maximizing its flexibility and adaptability. Includes a total of \$1,200,000 in Years 6-10 for design, construction, and equipment/furnishings.

Court Street Annex – includes \$100,000 in Years 6-10 for the replacement of the main distribution panel and electrical circuits throughout the building to meet modern standards.

Other Major County projects include the following:

Cedar Grove Community Center – includes \$2,000,000 in Year 1 (FY 2014-15) for construction and adaptive reuse of the former Northern Human Services Center. Final Board decisions regarding use or disposition of the classroom wings will determine the finalized design and cost estimates for the project.

Southern Orange Campus (Future Planning) – Design services of \$400,000 are included in Year 1 (FY 2014-15), with site development infrastructure work of \$3,600,000 in Year 2 (FY 2015-16) 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 included in Year 3 (FY 2016-17) for this expansion, which includes a Dental Clinic.

Southern Branch Library – funding of \$600,000 was approved in FY 2013-14 for possible land purchase; Design and engineering work of \$525,000 is included in Year 2 (FY 2015-16), and construction costs of \$7,000,000 and \$755,000 in equipment and furnishings are included in Year 3 (FY 2016-17). Note: this project moves up one year from the current CIP.

Proposed Jail – total project costs of \$30,000,000, with site related planning costs of \$500,000 recommended in Year 2 (FY 2015-16), architectural/engineering costs of \$500,000 in Year 3 (FY 2016-17), with the construction of a new 250 bed jail recommended in Year 4 (FY 2017-18) at an estimated cost of \$29,000,000.

Emergency Services Substations - funding for this project will enable the construction of 4 new co-built EMS stations and 2 stand-alone substations in geographical areas across the County that will help reduce response times, which averaged 9:45 at the end of 2013. Year 2 (FY 2015-16) includes \$1.2 million for 2 co-builds, one with the Town of Chapel Hill in the Glen Lennox area, and one with the Town of Hillsborough in the Waterstone development area. Year 3 (FY 2016-17) includes \$1.2 million for 2 additional co-builds, one with the Town of Chapel Hill in the Weaver Dairy/MLK area or Franklin Street/Elliott Road area, and one with the Town of Hillsborough in a northern location yet to be identified. Also, includes \$1.5 million in Year 5 (FY 2018-19) and in Years 6-10 for stand-alone substations. Note: there is a map of the current and proposed substations included in the CIP document.

Blackwood Farm Park – includes \$147,400 in Year 1 (FY 2014-15) for amenities such as trail construction, parking, restrooms, dock, signage, disc golf, and security cameras. Park construction is included in Year 4 (FY 2017-18), with \$5.6 million for the construction of an Agricultural, Environment, and Parks Center, including a permanent parks operations base, included in Years 6-10, pending final decisions from the Board regarding the Space Needs Analysis Study. **(NOTE: As per direction from the BOCC at their March 11, 2014 work session related to the Space Needs Study, staff will remove funding for a new Agricultural, Environment, and Parks Center at Blackwood Farm Park, currently in Years**

6-10 of the Recommended CIP, and will continue the use of the Environment and Agricultural Center (EAC) on Revere Road, either in its current state, an adaptive re-use of the facility, or deconstruction/new facility construction. Staff will provide additional information, including cost estimates, related to these potential options at the April 10th meeting. Funding of \$1,432,508 for replacement of the roof, HVAC equipment, and parking lot improvements to the EAC is currently included in FY 2017-18).

Revised CIP project pages for these two projects, as well as any other project changes directed by the BOCC at this meeting, will be provided in preparation for the May 15, 2014 CIP work session.

Eurosport Soccer Center (Phase II) – This represents an investment in the current facility, with \$141,000 included in Year 1 (FY 2014-15) for restrooms and other current facility improvements; \$425,000 in Year 3 (FY 2016-17) for possible land acquisition for future expansion; and \$4.6 million in Years 6-10 for the construction of new artificial turf fields, parking, restrooms/equipment building, equipment, and stormwater controls.

Lands Legacy Program – includes \$2.4 million over a two-year period (\$400,000 in Year 1 and \$2,000,000 in Year 2) for continued conservation and protection of the County's most critical natural and cultural resources. Note: Prior 2001 Bond authorization of \$2.4 million lapsed in 2010, so new financing is recommended in Years 1 and 2.

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 3 (FY 2016-17), with Park construction funds of \$6,400,000, including a soccer field complex, walking trails, and other amenities, in Year 4 (FY 2017-18). Note: this project has been pushed back two years from the current CIP to be consistent with the Town's Parks and Recreation Master Plan.

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 2013-14, proceeds are estimated at \$2,732,000, 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:

Buckhorn EDD – Phase 2 Extension (Elford Sewer to Mebane) - reflects funds of \$4,300,000 in Year 1 (FY 2014-15) for construction of this project; this represents an increase in previous anticipated costs due to revised estimates for design and construction; this continues to fit into the long range strategy to ultimately turn over the operation of the Elford sewer system to the Town of Mebane.

Hillsborough EDD - reflects funds of \$150,000 in Year 1 for design and easement purchase, and \$1,000,000 in year 2 (FY 2015-16) for construction of water and sewer infrastructure in this EDD. Note: this project has moved up several years due to projected growth and economic activity in the Hillsborough EDD area.

Eno EDD - includes \$1,750,000 in Year 5 (FY 2018-19) for the construction work in this EDD. Note: based on recent feasibility studies to provide sewer service to this area, this project has been pushed back several years from the current CIP.

Buckhorn-Mebane EDD Phases 3 and 4 - includes \$2,500,000 in Year 3 (FY 2016-17) for the Buckhorn-Mebane Phases 3 and 4 construction projects. Note: this project has been moved back one year from the current CIP to allow for the completion of Phase 2 prior to starting Phases 3 and 4.

The Water & Sewer section also includes two (2) new projects in Years 1 and 2 that were not part of the FY 2013-18 CIP. These projects include the following:

Economic Development Infrastructure – this project reflects the FY 2013-14 funding of infrastructure for the Morinaga Company, which consists of design for the extension of water, sewer and roadway infrastructure to the site from surrounding existing utility system and construction of the water and sewer extension. This project is funded by \$250,000 from Article 46 Sales Tax proceeds, and \$750,000 in CDBG funds. This new project also includes \$50,000 in Year 1 for EDD zones right-of-way-accesses, and \$50,000 in Year 1 for public-private participation in EDD zones and rural broadband related access.

Economic Development Utility Extension Project(s) – provides funds of \$250,000 in Years 1 and 2 for future economic development projects that are currently being considered, but have not been finalized. If no project develops in the coming year, which requires utility extension, the funds would be available for future years as needed.

Solid Waste:

Sanitation - includes funds of \$2,428,283 in Year 1 (FY 2014-15) for Solid Waste Convenience Center (SWCC) improvements at the Eubanks Road site (the cost has increased by approximately \$1.1 million from the current FY 2013-18 CIP due to the movement of the scale house operations and associated site improvements, extending water and sewer to the site, additional stormwater structures, purchase of two additional stationary compactors, and a larger household hazardous waste building). Year 1 also includes \$206,944 for the replacement of a Hook Lift truck; Year 2 includes \$495,000 for SWCC improvements at the High Rock Road site; and Year 3 includes \$340,000 for SWCC improvements at the Ferguson Road site. Years 6-10 includes \$212,028 for SWCC improvements at the Bradshaw Quarry site.

Recycling Operations – the current FY 2013-14 includes the purchase of 2 rural curbside trucks and the purchase of 19,500 urban recycling carts, at a total cost of \$1,602,139. Year 1 (FY 2014-15) provides for the purchase of 7,000 rural carts, as well as the replacement of two trucks. Year 2 (FY 2015-16) provides for the purchase of 2,000 additional rural carts.

Note: the Solid Waste Management Department has instituted a re-build program for its heavy pieces of equipment (not trucks) rather than being replaced. Re-building, or overhauling, is significantly less expensive than replacing with new equipment, thereby extending its life and reducing costs. Results of this re-build program are reflected in reduced equipment costs shown in the CIP, when compared to the current CIP.

Sportsplex – includes funding in Year 1 (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. Year 2 (FY 2015-16) includes funding of \$1,900,000 for a new building addition that would house an indoor turfed field for soccer, lacrosse, senior walking, running, Kidsplex functions, and youth/adult flag football leagues. A second new building addition includes funding of \$900,000 also in Year 2 for a second new building addition that would house a regulation sized high school/college basketball court, including bleacher seating, for youth and adult basketball leagues, court based fitness programs, volleyball, and Kidsplex activities. Projected revenue 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, 2013 projections, the following new schools/additions would be needed: *Middle School #5* to open in FY 2020-21; *Elementary #12* to open in FY 2020-21; and *Carrboro High School Additions* to open in FY 2023-24, and these funding impacts are reflected mostly in Years 6-10. Pay-As-You-Go (PAYG) funds are estimated 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 – Based on the SAPFO's recent November 15, 2013 projections, the following new schools/additions would be needed: *Elementary #8* to open in FY 2023-24; and *Cedar Ridge High School Classroom Addition* to open in FY 2022-23. 1.5% annual growth in PAYG funds and constant Lottery Proceeds are assumed throughout the 5-year CIP period.

Note: Funds to address both school systems' Facilities Assessment Report needs are not included in the Recommended CIP. The Reports reflected needs totaling approximately \$330 million for both school systems. The size and timeframe of a future Bond Referendum and/or Alternative Financing that could possibly address facility needs has not yet been decided by the Board of Commissioners.

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 the 15% Debt Service Policy throughout the 5-year CIP period, but given the funding scenarios currently in the CIP for Years 6-10, it would reach 15.44% in Year 6 (FY 2018-19) and rise to a high of 19.15% in Year 8 (FY 2021-22).

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 26, 2014.

FINANCIAL IMPACT: There is no immediate financial impact associated with the FY 2014-19 Capital Investment Plan. It is a long-range financial planning tool with a financial impact in FY 2014-15, 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 continue their review and discussion of the Manager's Recommended FY 2014-19 Capital Investment Plan and provide direction to staff in preparation of the May 15, 2014 Budget work session.

**Orange County CIP - Year 1 (FY 2014-15) Recommended Projects
Fiscal Years 2014-19**

	Fiscal Year 2014-15
Appropriations	
County Capital Projects:	
Cedar Grove Community Center	2,000,000
Southern Orange Campus (Future Planning)	400,000
HVAC Projects - Geothermal	202,500
Roofing Projects	179,010
Information Technology	500,000
Register of Deeds Automation	80,000
Life Safety - ADA	25,000
Viper Radio System	500,000
Communication System Improvements	122,000
Blackwood Farm Park	147,400
Conservation Easements	250,000
Eurosport Soccer Center Phase II	141,000
Lands Legacy	400,000
New Hope Preserve/Hollow Rock Public Access	125,000
Facility Renovations and Repairs	256,500
Total County Projects	\$ 5,328,410
Special Revenue Fund (Article 46 Sales Tax)	
Economic Development:	
Debt Service on Infrastructure	836,490
* Buckhorn EDD Phase 2	
* Buckhorn-Mebane EDD Phase 3 & 4	
* Efland Sewer Flow to Mebane	
Infrastructure (Utility Service Agreement w/ Mebane)	50,000
Collaborative Outreach	20,000
Small Business Loan Pool	200,000
Collateral Materials	20,000
Innovation Centers	100,000
**"Launch Chapel Hill" Incubator	
Agricultural Economic Development	60,000
Business Investment Grants	100,000
Total Economic Development - Article 46 Sales Tax	\$ 1,386,490
Chapel Hill Carrboro City Schools:	
Technology - Student Access Computing Devices	426,345
Facility Improvements at Older Schools	426,345
Total Chapel Hill-Carrboro City Schools	\$ 852,690
Orange County Schools:	
Technology - 1:1 Initiative (District-wide)	533,800
Total Orange County Schools	\$ 533,800
Total Article 46 Sales Tax	\$ 2,772,980

Proprietary Capital Projects**Water & Sewer Utilities:**

Economic Development Infrastructure	100,000
Economic Development Utility Extension Projects	250,000
Efland Sewer Flow to Mebane	4,530,000
Hillsborough EDD	150,000
Total Water & Sewer	\$ 5,030,000

Solid Waste:

Sanitation - SWCC Improvements (Eubanks Rd); Truck replacement	2,635,227
Recycling Operation - Purchase of Rural carts; 2 Truck replacements	814,059
Total Solid Waste	\$ 3,449,286

Sportsplex:**New Facilities Projects:**

Major Expansion - Phase 1 (Pool Mezzanine)	950,000
Pool wall reglaze	125,000
Tilt up Panel (exterior wall system)	100,000
Total Sportsplex	\$ 1,175,000

Schools Capital Projects**Chapel Hill Carrboro City Schools:****Long Range Capital:**

Pay-As-You-Go Funds	2,290,782
Lottery Proceeds	828,944
Total	\$ 3,119,726

Orange County Schools:**Long Range Capital:**

Pay-As-You-Go Funds	1,434,067
Lottery Proceeds	507,336
Total	\$ 1,941,403

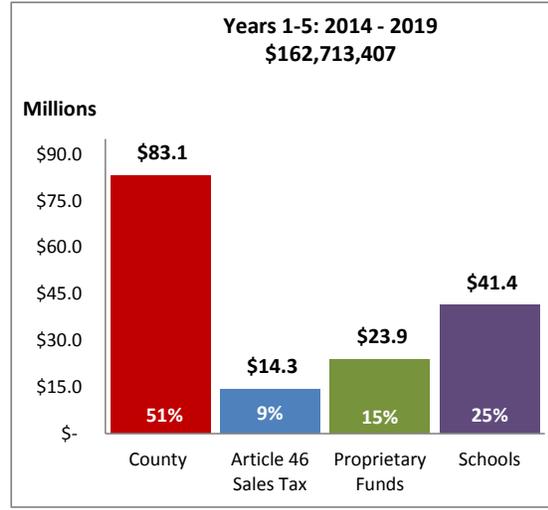
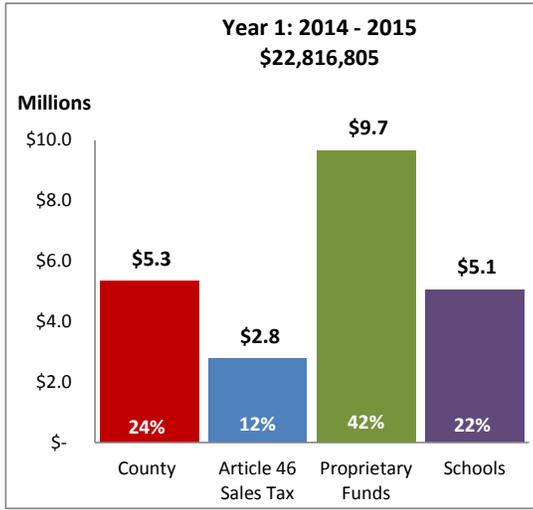
Total School Projects**\$ 5,061,129****Total Appropriations****\$ 22,816,805****Revenues/Funding Source**

Transfer from General Fund - County	1,218,810
Transfer from General Fund - W & S Utilities	
Transfer from General Fund - Schools	3,724,849
Transfer from Other Capital Projects	207,600
Solid Waste Fund Balance	643,003
Sportsplex Fund Balance	225,000
Lottery Proceeds	1,336,280
Register of Deeds Fees	80,000
Grants & Contributions	250,000
Grants - Solid Waste Fund	75,000
Article 46 Sales Tax Proceeds	2,772,980
Article 46 Sales Tax Proceeds - Water & Sewer	500,000
Financing:	
Debt Financing - County Capital	3,572,000
Debt Financing - W & S Utilities	4,530,000
Debt Financing - Solid Waste	2,731,283
Debt Financing - Sportsplex	950,000

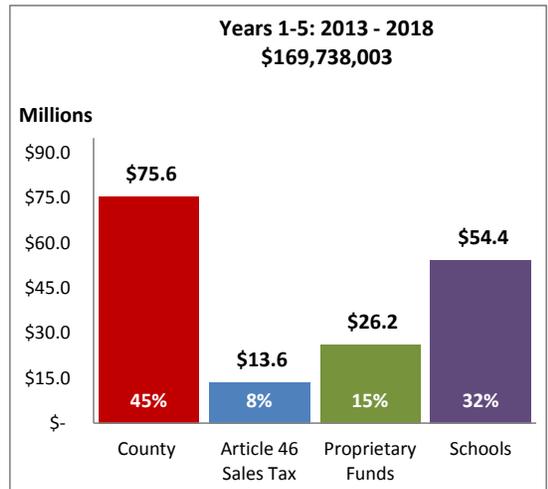
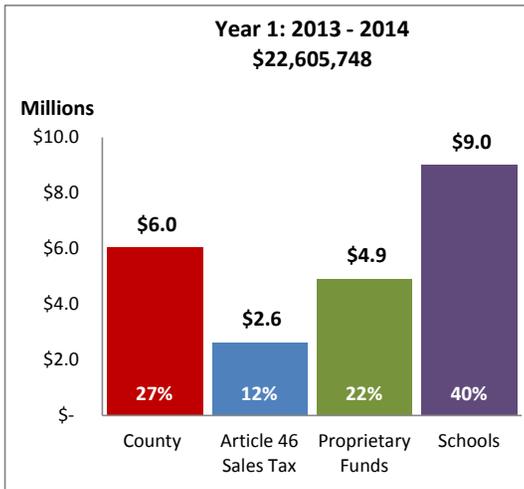
Total Revenues**\$ 22,816,805**

Orange County Capital Investment Plan Projects Budget Comparisons by Function of Prior Capital Investment Plans

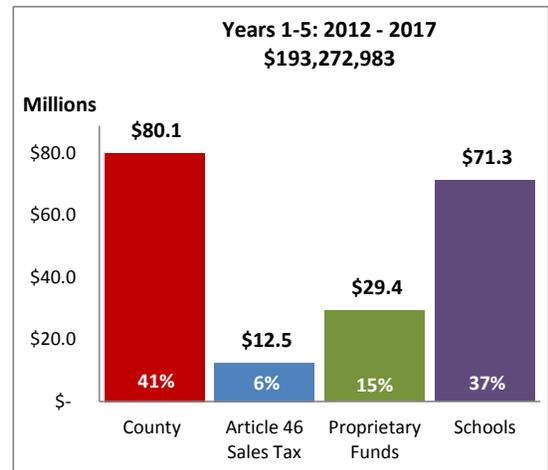
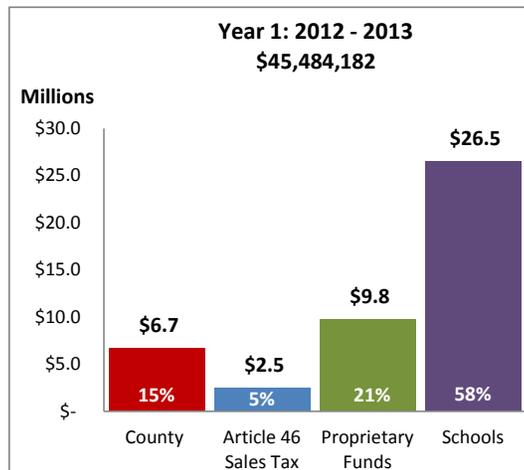
1. 2014 - 19 Manager Recommended CIP



2. 2013 - 18 Approved CIP



3. 2012 - 17 Approved CIP



**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 10, 2014

**Action Agenda
Item No. 3**

SUBJECT: Budget Goals for Fiscal 2014/2015

DEPARTMENT: County Manager

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- A. Orange County Board of County
Commissioners Budget Goals Fiscal
2014/2015

INFORMATION CONTACT:

Michael Talbert, 245-2308

PURPOSE: To review and discuss Board of Commissioners Budget Goals for Fiscal 2014/2015.

BACKGROUND: On January 31, 2014 the Board held a Retreat and discussed Budget Goals for Fiscal 2014/2015. Attachment 1 list the Board Goals in the priority order established at the retreat. The Board requested that the Manager provide an update on the Goals and provide the Board the opportunity to discuss the Budget Goal, for Fiscal 2014/2015.

Budget Goals for Fiscal 2014/2015

1. *Defending the quality of public education*

The Board of County Commissioners has always ranked Education as the County's #1 priority, with an established target of 48.1 percent of the County General Fund Revenues for total education funding. This includes Current Expense, Recurring Capital, Long-Range Capital, School Debt Service and Fair Funding. The Fiscal 2013/2014 Budget included a total of \$89,424,651 for Local School Systems Expenses or 48.99 % of the County's General Fund Revenues.

2. *Insure our safety net services*

The Fiscal 2013/2014 Budget included \$250,000 for a Social Justice Reserve Fund that can be used to offset State cuts to critical human services and other related programs. On December 2, 2014 the Board approved a transfer of \$100,000 to the Social Services Department to cover the cost of crisis services for families served by the Department. A budget of \$150,000 remains

in the Social Justice Reserve Fund and the Reserve Fund is being evaluated as part of the annual budget process.

3. Funding for sewer and hook ups in Rogers Road area(construction)

Funding is included in the Manager Recommended FY 2014-19 Capital Investment Plan.

4. Targeted funding to address child poverty i.e., increase childcare subsidies

7. Address hunger issues with children (additional subsidies)

Poverty and child poverty will be discussed in May, 2014 work sessions and recommended funding levels have not yet been determined.

5. Support broad range of economic development – new and existing businesses (make sure to support infrastructure)

Economic initiatives approved by the Board continue to move forward including the ¼ cent sales tax to support infrastructure.

6. Consider limit to viability of tax increase

This goal will be reviewed and evaluated as part of the annual budget process.

8. Continue improvement in Public Safety

Recommendations from the Emergency Services Workgroup are continuing to be executed.

9. Consider jail alternatives, maintain funding for drug treatment court

The Jail Alternatives Work Group is currently meeting and will present recommendations to the Board by June 30, 2014.

10. Give priority to funding core county services (before discretionary services)

This goal will be reviewed and evaluated as part of the annual budget process.

11. Reducing inequities in funding between two school districts, even if it means raising the general property tax (since one school has a school district tax)

Fair Funding, \$988,000 is the only public revenue source that is distributed equally, with \$494,000 going to each system. This local revenue source is the only revenue distribution not based on student population.

There is also a Special District Tax of 20.84 cents for the Chapel Hill/Carrboro City Schools with one penny equal to \$1,029,085 for a total of \$21,446,131 and is not incorporated into the 48.1 percent target. One penny on the County's property tax is equal to \$1,606,869. For each one penny increase in County's property tax rate, \$1,606,869 of new revenues could be generated for education. With 38.5% (\$618,645) going to the Orange County Schools and 61.5% (\$988,224) going to the Chapel Hill/Carrboro City Schools. In return the County could reduce

the Special District Tax for the Chapel Hill/Carrboro City Schools resulting in a reduction of \$1,029,085.

Net impact:

Chapel Hill/Carrboro City Schools Decrease of \$40,861, (988,224 – 1,029,085)
Orange County Schools Increase of \$618,645

New funding going to Education \$577,784

The 48.1 % target would move toward 50%

FINANCIAL IMPACT: There is no financial impact for the Board to review and discuss Budget Goals for Fiscal 2014/2015.

RECOMMENDATION(S): The Manager recommends that the Board review and discuss Board Budget Goals for Fiscal 2014/2015 and provide direction to staff.

Orange County Board of County Commissioners Budget Goals Fiscal 2014/2015

1. Defending the quality of public education
2. Insure our safety net services
3. Funding for sewer and hook ups in Rogers Road area(construction)
4. Targeted funding to address child poverty i.e., increase childcare subsidies
5. Support broad range of economic development – new and existing businesses (make sure to support infrastructure)
6. Consider limit to viability of tax increase
7. Address hunger issues with children (additional subsidies)
8. Continue improvement in Public Safety
9. Consider jail alternatives, maintain funding for drug treatment court
10. Give priority to funding core county services (before discretionary services)
11. Reducing inequities in funding between two school districts, even if it means raising the general property tax (since once school has a school district tax)

Other Goals discussed at the Retreat

- Resources to download agenda items individually rather than en masse
- Ensure Information Technology approach is state of the art for Board of County Commissioners, citizens, transparency
- Address inequities through long term plan
- Sound land use planning
- Re-visit school funding equity as means of challenging their assumptions
- Consider jail alternatives, maintain funding for drug treatment court
- Address school to prison pipeline