

# Manager's Recommended Budget Fiscal Year 2006-07

*Orange County, NC  
May 30, 2006  
Public Hearing*

# Achievements

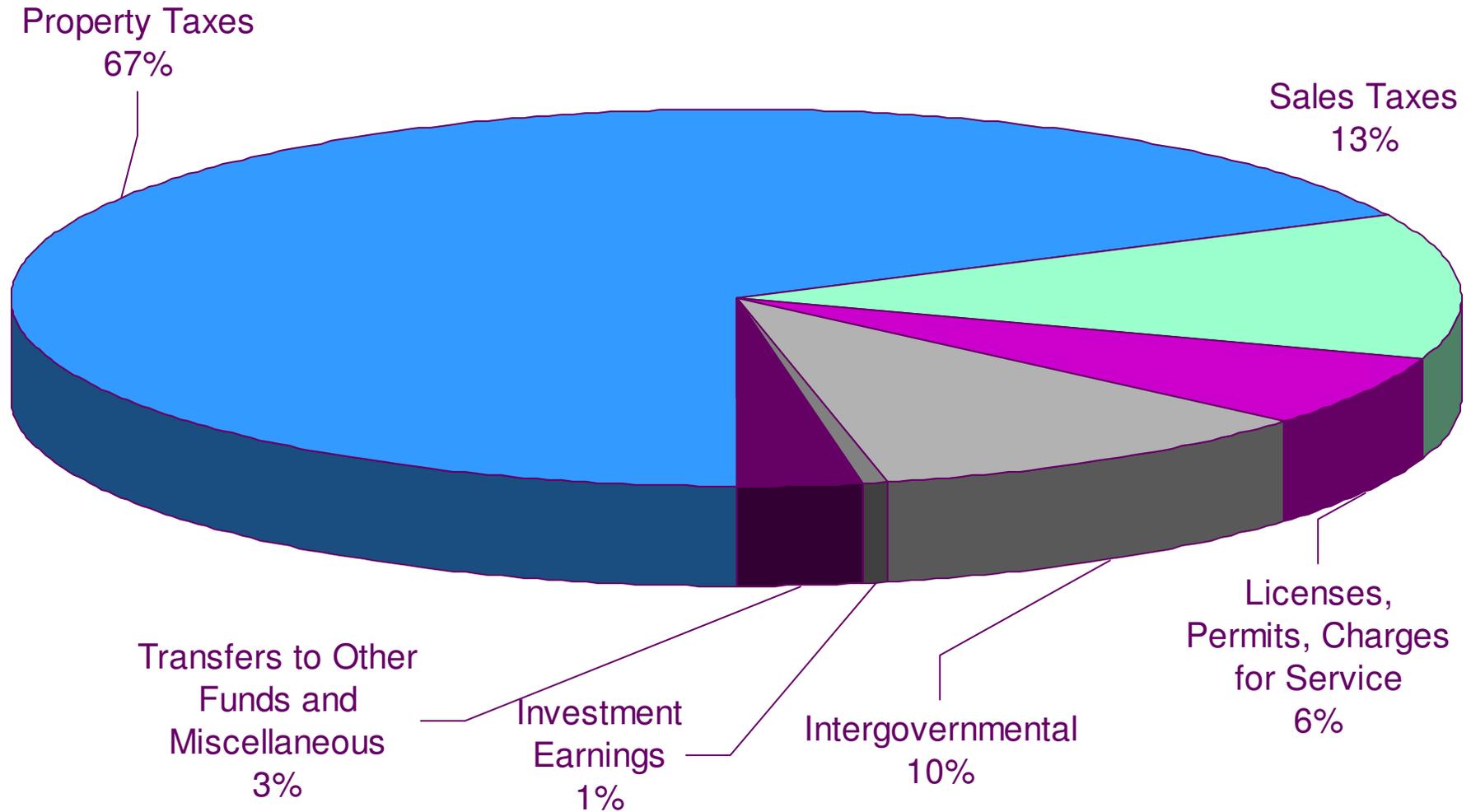
- Long-term commitment to enhancing quality of life for citizens
  - One of the highest per pupil expenditures in the State
  - Almost one-third of a billion dollars dedicated to construction and renovation of schools since 1988
  - Master Aging Plan that provides a long-term strategic plan for offering services to our senior population
  - Construction of state of the art senior centers
  - Affordable Housing opportunities for families and individuals who otherwise could not afford to live in Orange County
- Lands Legacy program has protected just over 1700 acres
- Progressive partnerships with Towns and neighboring Counties to provide park, recreational and library services to citizens in all areas of the County

# Fiscal Year 2006-07

## Budget Briefs

- General Fund Budget totals \$164.7 million
  - Original fiscal year 2005-06 budget totaled \$149.9 million
  - Recommendation represents a 9.9 percent increase over 2005-06 original budget
- Countywide ad valorem tax rate of 91.3 cents per \$100 of assessed valuation
  - Increase of 7 cents over the 2005-06 rate of 84.3 cents
  - One cent on the property tax rate should generate \$1,207,023 in upcoming fiscal year

# General Fund Revenues



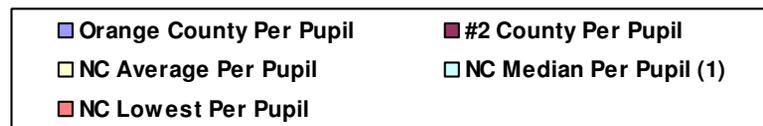
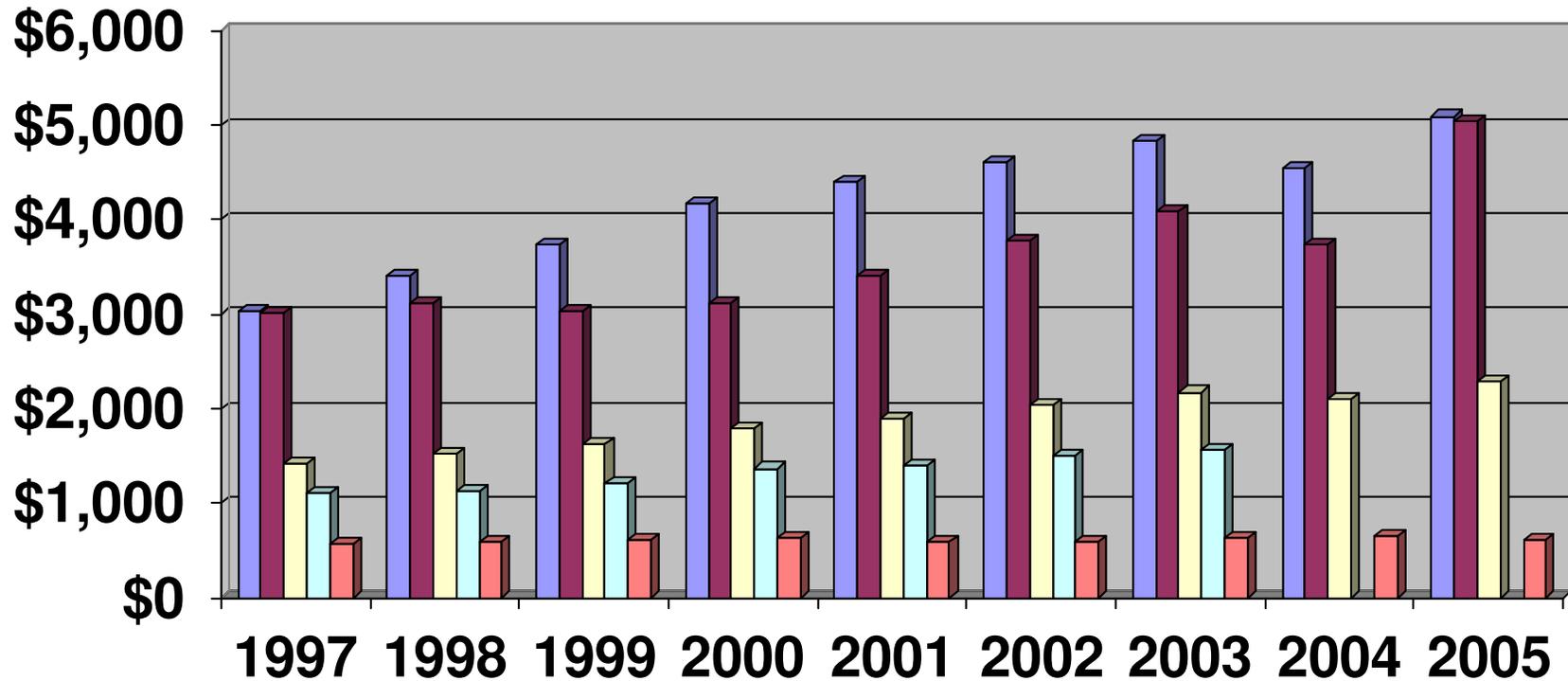
# Revenue Highlights

## Lottery Proceeds

- Change in environment regarding the likelihood that counties will receive lottery proceeds next year
- Recommended budget anticipates receipt of \$2.4 million in Lottery Proceeds
- Earmarked for school construction and school-related debt service
- As lottery revenue stream becomes more established and predictable Board may wish to update its May 2005 capital funding policy

# Orange County Has Historically Led The State in Education Funding

Source: Annual Public School Forum Report



(1) Data from 2004 forward presented in a manner that makes median figure not readily apparent

# Education Funding Overview

- Overall recommended funding for both School districts totals \$79.8 million
  - 48.4 percent of total General Fund appropriations
  - **Increase** of \$7.6 million from fiscal year 2005-06 approved budget for operations, debt service and capital

# Education Funding

## Current Expense

- Total current expense funding equals \$53.8 million
  - Chapel Hill-Carrboro Schools - \$33.1 million
    - Increase of \$2,748,390
  - Orange County Schools - \$20.7 million
    - Increase of \$ \$1,064,058
- Per pupil appropriation totals \$2,957
  - Reflects an increase of \$161 for each of the 18,192 students projected for next year
- Increase is sufficient to cover cost of Governor's most recent pay plan that provides an 8 percent pay increase for teachers and certified staff

# Per Pupil Allocations to Each District

## State Mandated Funding Formula

	CHCCS	OCS	Total
# of Students Budgeted in Fiscal Year 2005-06	10,863	7,013	17,876
Projected Increase/(Decrease) in Students for Fiscal Year 2006-07	338	(22)	316
<b>Total Projected Students (including charter students) for Fiscal Year 2006-07</b>	<b>11,201</b>	<b>6,991</b>	<b>18,192</b>
Recommended County Per Pupil Allocation	2,957	2,957	2,957
<b>Total Recommended Current Expense Funding from Ad Valorem for Fiscal Year 2006-07</b>	<b>\$33,121,357</b>	<b>\$20,672,387</b>	<b>\$53,793,744</b>
<b>Recommended Increase in Funding for FY 2006-07</b>	<b>\$2,748,390</b>	<b>\$1,064,058</b>	<b>\$3,812,448</b>
<b>Total Recommended Funding from District Tax</b>	<b>\$14,469,300</b>	<b>\$0</b>	
<b>Total Recommended Funding From Ad Valorem and District Tax</b>	<b>\$47,590,657</b>	<b>\$20,672,387</b>	
<b>Total Requested Funding from Ad Valorem and District Tax</b>	<b>\$49,763,578</b>	<b>\$24,757,408</b>	<b>\$74,520,986</b>
<b>Difference Between Recommended and Request</b>	<b>\$2,172,921</b>	<b>\$4,085,021</b>	

# Education Funding Observation

- Based on higher per pupil increase request by OCS of \$746, full funding of both school system requests equates to another 8 to 9 cents on tax rate beyond the 7 cents recommended by the County Manager

# Fair Funding for Schools

## Reserve \$800,000

- Reserve provides Commissioners with some flexibility to consider providing additional resources to both school districts
  - E.g. should County pick up costs for school resource officers now paid by schools
- Consistent with Manager's suggestion during last year's budget process that the Boards consider a new paradigm for funding
  - Boards of Education and Commissioners agreed to consider funding outside the per pupil formula on health and safety related functions
  - Fair Funding Work Group established jointly by Commissioners and Boards of Education in April 2006
    - Group meeting in May and June, possible recommendations pending
- In light of continuing Fair Funding discussions, recommending that Chapel Hill Carrboro City Schools District Tax remain at current rate of 18.34 cents per \$100 valuation

# Debt Service

- Net increase amounts to \$3.7 million
  - Equivalent of 3 cents on the countywide property tax rate
- Between last year at this time and next year at this time, County will have issued \$92.6 million in new debt for school and County projects

# Debt Funded Projects

Issuance/Components		Debt Issued
		Total
<b>1. 2001 Bond (Installment #3)</b>		
	CHCCS Carrboro High School Construction	\$12,800,000
	OCS Gravelly Hill Middle School Construction	\$12,885,000
	Seymour Senior Center Construction	\$1,600,000
	Northern/Central Orange Senior Center	\$1,900,000
<b>Total 2001 Bond (Installment #3)</b>		<b>\$29,185,000</b>
<b>2. Alternative Financing Issued During FY 2005-06</b> <i>(Debt related to SportsPlex is not reflected in County Debt Service appropriation; it is accounted for in the General Fund transfer to the SportsPlex)</i>		
	Animal Services Facility (planning)	\$700,000
	CHCCS Renovations	\$5,150,000
	Conservation Easements	\$2,000,000
	County Equipment and Vehicles	\$1,209,000
	Meadow lands Annex	\$1,685,000
	OCS Gravelly Hill Middle School (construction cost overruns)	\$3,500,000
	OCS Gravelly Hill Middle School (County share of water and sewer infrastructure)	\$500,000
	Seymour Senior Center (construction)	\$4,150,000
	Sportsplex	\$6,000,000
<b>Total Alternative Financing Issued During FY 2005-06</b>		<b>\$24,894,000</b>
<b>3. Anticipated Alternative Financing in Fiscal Year 2006-07</b> <sup>(1)</sup>		
	CHCCS Carrboro High School <i>(includes \$4.3 million for cost overruns)</i>	\$9,000,000
	CHCCS Elementary #10	\$12,800,000
	CHCCS Renovations	\$3,500,000
	Justice Facility Construction and New Courthouse Renovations	\$10,200,000
	Orange County Satellite Campus of Durham Technical Community College (Orange County share of construction)	\$3,000,000
<b>Total Anticipated Alternative Financing in Fiscal Year 2006-07</b>		<b>\$38,500,000</b>
<b>Debt Issues in FY 2005-06 and Planned for FY 2006-07</b> <sup>(2)</sup>		<b>\$92,579,000</b>

# Human Services

- Mental Health

- Statewide reform remains troubling and complex
- Recommendation includes \$1.294 million in base funding
- Commissioners may choose to use safety net funds to ensure that local programs remain viable

- Medicaid

- Recommended funding level remains at fiscal year 2005-06 level of \$4,024,800
- Outlook for State offering Medicaid relief for counties in fiscal year 2006-07 still unclear

# Employee Pay and Benefits

- 2.5 percent Cost of Living Increase for all permanent County employees
  - Effective July 1, 2006
- 2.5 percent In-Range Salary Increase linked to employee performance
- Increase in Living Wage from \$9.34 per hour to \$9.67

# New Staff Proposals

- Environmental Health Inspectors to inspect public eating establishments and privately owned alternative wastewater treatment systems and ensure they meet public health requirements
- Paramedics and 911 Telecommunicators to answer the increased number of critical calls
- Assistant Fire Marshal to investigate fire origins and review fire plans for high risk facilities such as child and adult care facilities
- Administrative Assistant position in Purchasing to free up time for Purchasing and Central Services Director to spend expediting County capital projects
- Social Worker to provide case management for increasing number of frail, elderly or disabled adults who choose to remain in their homes instead of being placed in adult care facilities
- Additional changes, such as increases in hours or changes in funding sources, recommended for other existing positions

# Reserve Funding

- Court Operations Relocation - \$400,000
- Critical Needs/Safety Net - \$275,000
  - To be combined with \$225,000 anticipated carry forward from current fiscal year
- Downtown Campus Parking - \$150,000
- Fair Funding for Schools - \$800,000
- Fire and Rescue Study Outcome - \$100,000
- Public Works Custodial Strategic Plan - \$50,000
- Senior Center Openings - \$66,050
- SportsPlex - \$700,000
- Water Resources Initiative - \$75,000

# Solid Waste Enterprise Fund

- New C&D landfill opens this week
- Planning for shift from landfilling to transfer station when capacity reached in 2010
- Tipping fees continue to underwrite \$900,000 in annual recycling program costs
- 3R fee implemented in 2004-05 has stabilized Solid Waste Fund financials
  - Recommend modest increases in 3R fee for 2006-07 to reduce that subsidy to about \$400,000

# Document Availability

- Orange County Budget Office
  - 208 South Cameron Street, Hillsborough
- Clerk to the Board
  - 200 South Cameron Street, Hillsborough
- Public Libraries in Hillsborough, Chapel Hill, Carrboro and Cedar Grove
- County's website
  - [www.co.orange.nc.us](http://www.co.orange.nc.us)

# Budget Schedule

- Public Hearings
  - May 30, Southern Human Services Center, Homestead Road, Chapel Hill
  - June 1, F. Gordon Battle Courtroom, 106 Margaret Lane, Hillsborough
- Budget Work Sessions
  - (all meetings, except for June 19, at Southern Human Services Center in Chapel Hill)
    - June 5
    - June 8
    - June 15
    - June 19 (Government Services Center, Hillsborough)
    - June 22
    - June 27 (adoption)