

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: June 8, 2010

**Action Agenda
Item No. 1**

SUBJECT: FY 2010-11 Fire Districts' Tax Rates

DEPARTMENT: County Manager and Financial Services

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

1. Fire Districts' Tax Rate Recommendations for FY 2010-11

INFORMATION CONTACT:

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PURPOSE: For the Board to have an opportunity to review and discuss the FY 2010-11 Manager Recommended Budget related to fire districts' tax rates.

BACKGROUND: During tonight's work session, Commissioners will have the opportunity to dialogue with four (4) fire districts who requested tax rate increases that are included in the FY 2010-11 Manager Recommended Budget. Attachment 1 provides information regarding tax rate recommendations for all twelve (12) fire districts in Orange County, as well as information detailing the reasons for recommended tax rate increases in the four districts.

Staff has invited representatives from the four districts to tonight's work session to answer any questions and/or provide additional information to the Board regarding the increases. Information regarding all fire districts is located in the Fire District section of the FY 2010-11 Manager Recommended Budget document beginning on page 19-1.

The fire districts present at tonight's work session are the following:

- **Cedar Grove Fire District** – 1 cent increase, going from 6.36 cents per \$100 assessed valuation to 7.36 cents. This increase will generate an additional \$27,152 in revenue for the district.
- **Chapel Hill Fire District** – 5.34 cents increase, going from 2.16 cents per \$100 assessed valuation to 7.50 cents. This increase will generate an additional \$1,228 in revenue for the district.

- **New Hope Fire District** – 1.25 cents increase, going from 5.70 cents per \$100 assessed valuation to 6.95 cents. This increase will generate an additional \$ 69,147 in revenue for the district.
- **Orange Rural Fire District** – 1 cent increase, going from 5.36 cents per \$100 assessed valuation to 6.36 cents. This increase will generate an additional \$120,395 for the district.

FINANCIAL IMPACT: Included in the Background Section above.

RECOMMENDATION(S): The Manager recommends that the Board discuss the topics noted and provide direction to staff, as appropriate.

Fire Districts' Tax Rate Recommendations for FY 2010-11

District	Current 2009-10 Tax Rate (in cents)	Manager Recommended Tax Rate for 2010-11	Recommended Tax Rate Change for 2010-11	1 Cent Equals	1/10 Cent Equals	Recommended Fund Balance Allocation for 2010-11	Fund Balance Amount as of June 30, 2009	Reason for Increase
Cedar Grove	6.36	7.36	1.00	\$ 27,152	\$ 2,715	\$ -	\$ 6,930	The increase is to cover the cost of installing more dry hydrants, along with all access roads in order to gain access to these hydrants. They will also be installing all weather access roads to their water points so they can get these water points certified. This will allow them to lower their ISO rating which will lower the residents' homeowners insurance premiums.
Chapel Hill	2.16	7.50	5.34	\$ 230	\$ 23	\$ -	\$ 2,427	This district serves six (6) properties. The Town of Chapel Hill Fire Department provides comparable municipal service as the Town of Carboro Fire Department provides for the South Orange fire district, but the tax rates for these districts are substantially different. The Chapel Hill district rate is currently 2.16 cents, while the South Orange district is currently 7.85 cents. In order to create a fair and balanced fire district tax rate, the tax rate would increase by 5.34 cents to 7.50 cents for FY 2010-11.
Damascus	5.00	5.00	0.00	\$ 9,026	\$ 903	\$ -	\$ 1,724	
Efland	4.660	4.660	0.00	\$ 65,402	\$ 6,540	\$ -	\$ 18,676	
Eno	5.99	5.99	0.00	\$ 68,264	\$ 6,826	\$ -	\$ 38,210	
Little River	4.06	4.06	0.00	\$ 40,800	\$ 4,080	\$ -	\$ 13,054	
New Hope ⁽¹⁾	5.70	6.95	1.25	\$ 55,318	\$ 5,532	\$ -	\$ 17,586	The increase is due to the following reasons: (1) Salary and health insurance increases for their three full-time firefighters and increases in hourly rate for part-time firefighters that are currently paid less than other departments in the area; (2) Purchase additional radios to comply with the mandated conversion to the new 800 MHz radio system; (3) Due to past budget constraints, the department has delayed necessary repairs and improvements to Station 2, but these can no longer be delayed without compromising the operability of this station; (4) Due to past budget constraints, the department has also delayed the replacement of hoses, appliances, tools, and other fire suppression equipment, but these can no longer be delayed without adversely affecting operations and firefighter safety; (5) Historically, the department has relied on volunteer bookkeeping, accounting, and other professional services, but these services are no longer sustainable on a volunteer basis, so increases in professional services costs will result in FY 2010-11.

Attachment 1

Fire Districts' Tax Rate Recommendations for FY 2010-11

District	Current 2009-10 Tax Rate (in cents)	Manager Recommended Tax Rate for 2010-11	Recommended Tax Rate Change for 2010-11	1 Cent Equals	1/10 Cent Equals	Recommended Fund Balance Allocation for 2010-11	Fund Balance Amount as of June 30, 2009	Reason for Increase	
Orange Grove	3.58	3.58	0.00	\$ 74,692	\$ 7,469	\$ -	\$ 12,109		
Orange Rural	5.36	6.36	1.00	\$ 120,395	\$ 12,040	\$ -	\$ 42,458	This is a temporary tax rate increase for one year in order to fund construction of a new fire station (Station #3). The tax rate would return to the current rate of 5.36 cents in FY 2011-12. The need for this station has become more apparent as insurance companies have started to question homeowners about the distance to the nearest fire station. When homes are further than six miles from the nearest fire station, insurance companies consider these as unprotected property and either choose not to insure them or charge exceptionally high rates. The department has purchased the land that will house the new station through savings as not to further burden the taxpayers, and the new station will be located in an area that will help to better serve the Central Orange fire district.	
South Orange	7.85	7.85	0.00	\$ 53,591	\$ 5,359	\$ -	\$ 23,387		
Southern Triangle	5.00	5.00	0.00	\$ 33,206	\$ 3,321	\$ -	\$ 57,674		
White Cross	6.00	6.00	0.00	\$ 36,298	\$ 3,630	\$ -	\$ 3,645		
							\$	237,880	

(1) After FY 2010-11, the New Hope fire district will lose approximately \$40,000/year in fire tax revenue over a 3 year period from Chapel Hill, Carboro, and Durham related to previous annexation payment commitments expiring.