

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: June 8, 2010

Action Agenda
Item No. 2c

SUBJECT: Approve the first year of Capital Investment Plan and instruct staff as to changes in the 2010-15 CIP process.

DEPARTMENT: Financial Services

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

Attachment 1: Recommended Projects
CIP FY 2010-11

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PURPOSE: To approve the first year of the County Capital Investment Plan (CIP) and review recommended changes to the content and format of CIP.

BACKGROUND: The Board of County Commissioners has historically approved a 10 year CIP in the fall of the year after the adoption of the Annual Budget. Changes were made to the current year's County Capital Budget, as part of the 2009/2010 Annual Budget preparation. A 2009-19 CIP was not prepared in the fall of 2009.

CURRENT SITUATION: The economic conditions in North Carolina have made the preparation of the fiscal year 2010/2011 annual budget challenging at best. Uncertainty concerning the State Budget, Sales Tax Revenues that are down 30% over the past 3 years, and the reality that the County can not endure another property tax increase, makes long-range capital planning particularly difficult.

The 2008/18 CIP provided for an optimistic look into the next ten years, unfortunately many of those funding assumptions are no longer realistic. The experts say that the economy will not recover quickly and there is significant uncertainty in trying to plan for a multiple year capital improvement plan.

Orange County promotes sustainability in all aspects of life in Orange County. It is important that the CIP also promote the concept of sustainability. Attached are the funding and project recommendations to be included in the fiscal 2010-2011 Annual Budget. Four projects totaling \$1,600,000 are recommended:

1. Information Technology improvements incorporate a number of system upgrades and hardware replacements. A detail list of technology needs will be presented with the CIP.
2. 800 MHz radios for the Sheriff's department to replace an analog system that is not compatible with other law enforcement in Orange County. The Communication Center already is using the 800 MHz systems.
3. The Funding for the Loan Pool Reserve that establishes a small business loan pool to encourage entrepreneurial business activity in the County.

4. Funding for the Mebane Economic Development District Phase 2, concept plan and design approved in concept by BOCC on 11/21/10

A CIP will be presented to the BOCC in the Fall of 2010. Several changes recommended making the plan sustainable and a true Capital Investment Plan without routine maintenance and repair projects.

1. Adopt a Five Year Capital Investment Plan.

This gives the BOCC greater flexibility to change long-term strategies when funding sources or capital priorities change.

2. Change the minimum amount for a CIP project from \$30,000 to \$100,000.

3. Eliminate Maintenance and Repair items from the CIP.

These items should be budgeted in an operating budget on an annual basis to keep all County Facilities in excellent condition.

4. Eliminate Reserve projects from the CIP.

These funds should be accumulated the County Capital Reserve Fund.

FINANCIAL IMPACT: There is \$300,000 transferred from the General Fund to the County Capital Fund. A total of \$400,000 is being appropriated from the County Capital Fund Balance from projects closed out in June 2010.

RECOMMENDATION(S): The Manager recommends the approval of the first year of the County Capital Investment Plan (CIP), and requests you provide direction to staff regarding any changes to the content and format of CIP.

Orange County Recommended Projects Capital Investment Plan FY 2010-11

The following Orange County capital projects are recommended for fiscal year 2010-11 only. The Board will consider approval of the 2010-15 Capital Investment Plan in fall 2010.

Funding Sources	Recommended Funding FY 2010-11
Transfer from General Fund	\$ 300,000
Transfer from County Capital Reserve	\$ 400,000
Transfer from Visitors Bureau	\$ 200,000
Alternative Equipment Financing	\$ 700,000
Total Funding Sources	\$ 1,600,000

Projects	Recommended Projects FY 2010-11
Information Technology	\$ 500,000
800 MHz Radios for Sheriff Department	\$ 700,000
EDC Loan Pool Reserve	\$ 200,000
Buckhorn-Mebane Phase 2 Utility Design	\$ 200,000
Total Projects	\$1,600,000