

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: June 9, 2009

SUBJECT: FY 2009-10 Budget Work Session

DEPARTMENT: County Manager and Budget

PUBLIC HEARING: (Y/N)

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| No |
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ATTACHMENT(S):

1. [Analysis of Current and Future Debt Capacity](#)
2. [Orange County Library Funding](#)
3. [Employee Pay and Benefits Information](#)
4. [Definitions of Travel and Non-Permanent Line Items](#)
5. [Orange County Capital Projects](#)

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PURPOSE: For the Board to review and discuss the Manager's Recommended FY 2009-10 budget.

BACKGROUND: The County Manager released her FY 2009-10 recommended budget on May 12, 2009. Since that time, the Board has conducted two public hearings to receive residents' comments regarding the proposed funding plan. On May 28, 2009, the Board heard presentations from the Chapel Hill Carrboro City Schools Board of Education, Orange County Schools Board of Education, and Durham Technical Community College regarding the anticipated programmatic impact of proposed State funding reductions. During that same meeting, County staff shared information regarding the Manager's recommendations for county employee pay and benefits for the upcoming fiscal year.

During the June 4, 2009 work session, Commissioners discussed funding and service delivery proposals for approximately one-half of the County's departments. Tonight's work session offers an opportunity for the Board to discuss fire district funding and tax rates, outside agency funding recommendations and recommended funding proposals for the remaining department directors.

Fire District Funding and Tax Rates

During the March 24 budget work session, Commissioners agreed to apply the same principles to special district taxes (such as fire districts and Chapel Hill Carrboro City

Schools) as set forth for the countywide tax rate i.e. maintain those taxes at the revenue neutral tax rate.

There are twelve tax supported fire districts located throughout the County. Ten districts requested revenue neutral tax rates and two requested increases.

- **Eno Fire District** – Requested 1-cent increase in revenue neutral rate going from 4.99 cents per \$100 assessed value to 5.99 cents. Justification for the increase includes:
 - Offset increased operating costs at both stations
 - Purchase new equipment for Station #2
 - Replenish capital equipment replacement fund depleted after purchase of radios compatible with the County's new 800 MHz radio system
- **White Cross Fire District** – Requested .95-cent increase in revenue neutral rate going from 5.05 cents per \$100 assessed value to 6 cents. Additional monies would offset costs associated with a building addition mortgage.

Staff has invited representatives from both districts to tonight's work session to provide additional information to the Board regarding their requested increases. Information regarding all districts is located in the Fire District section of the FY 2009-10 Recommended Budget document beginning on page 19-1.

The Manager's Recommended Budget reflects the revenue neutral tax rates for all twelve districts.

County Department Operating Budgets

The following department directors are scheduled to attend tonight's work session to exchange ideas regarding their departmental budgets.

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| • Animal Services | • Legal Services |
| • Board of Elections | • Library Services |
| • Child Support Enforcement | • Public Works |
| • Emergency Services including E-911 Fund | • Register of Deeds |
| • Health | • Revenue |
| • Information Technology | • Sheriff |

Other topics for discussion this evening are debt service including future debt capacity, Courts, and SportsPlex. During the June 4, 2009 work session staff recommended the Board also consider fire district funding and proposed tax rates and funding for outside agencies during tonight's meeting. Doing so would leave the entire June 11 work session available for the Board to deliberate and finalize the FY 2009-10 budget and tax rates.

Additional Information Requested by Board

Over the last two work sessions, the Board has requested additional information regarding a number of topics.

1. Analysis of Current and Future Debt Capacity – Attachment 1

- a. Assuming County issues no debt for Carrboro High Arts Wing Addition and CHCCS Elementary #11
- b. Assuming County issues additional debt for Carrboro High Arts Wing Addition and CHCCS Elementary #11
 - i. Scenario 1 would assume economic stimulus funds are used for Carrboro High Arts Wing
 - ii. Scenario 2 would assume no economic stimulus funds are used for Carrboro High Arts Wing

2. Orange County Library Funding – Attachment 2

- a. Cost and staffing to leave all branch libraries open at current hours and open new Main Library at 64 hours
- b. Cost and staffing to leave all branch libraries open at current hours and open new Main Library at 54 hours
- c. Cost and staffing to leave all branch libraries open at current hours and open new Main Library at 50 hours

3. Employee Pay and Benefits Information – Attachment 3

Supplemental information regarding longevity pay, voluntary unpaid leave, summary of employee benefits and Retirement Eligibility Information from NC Retirement System.

4. Definitions of Travel, Motor Pool, and Personal Mileage Line Items and Non-Permanent Personnel Categories – Attachment 4

5. Orange County Capital Projects – Attachment 5

On June 2, 2009, the Board approved pay-as-you-go funding appropriations for FY 2009-10 County capital projects. During the Board's discussion that night, Commissioners expressed a desire to re-look at the list of projects during an upcoming budget work session with the intent of possibly postponing funding allocations for projects. Monies freed up by postponing projects would potentially offset annual operating costs to avoid tax rate increases for FY 2009-10. However, it is important to note use of deferred monies in FY 2009-10 would be a one-time appropriation and therefore not available in FY 2010-11 for operating expenses. Attachment 5 is a summary of pay-as-you-go funded County capital projects spreadsheet approved by the Board on June 2, 2009.

FINANCIAL IMPACT: Outlined in the Background section and other agenda materials.

RECOMMENDATION (S): The Manager recommends the Board:

1. Consider requests of Eno and White Cross Fire Districts for tax rate increases
2. Confirm allocations for outside agency funding
3. Review departmental operating budgets
4. Advise staff of proposed items to add or delete to Manager's Recommended FY 2009-10 annual operating budget