

BOARD OF ALDERMEN

ITEM NO. C(3)

AGENDA ITEM ABSTRACT MEETING DATE: December 8, 2009

TITLE: A Request to Approve Addendum to Existing Interlocal Agreement between Orange County and Towns on Taxation Collection

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: A. Resolution B. Addendum to Agreement for Tax Collections	FOR INFORMATION CONTACT: L. Bingham Roenigk, Management Services, 918-7439

PURPOSE:

The Board is requested to consider approving an addendum to the Interlocal Agreement between Orange County and the Towns of Chapel Hill, Carrboro, and Hillsborough with regard to tax and revenue collection endeavors. The addendum sets forth the terms and conditions for the shared costs between the County and the Towns for the purchase and yearly maintenance costs of a centralized billing and collection software system.

INFORMATION:

The Board, on June 6, 2006, approved a revised Interlocal Agreement for Tax Collections. At that time, the Board was notified that the County was in the process of pursuing a new overall taxing system encompassing the Land Records, Assessor, and Revenue Collection Offices. The approved Interlocal Agreement provided that the Towns would pay a surcharge to be credited toward the purchase and yearly maintenance of comprehensive software package to support and maintain the collection of revenues due. The surcharge will be calculated based on an agreed formula. The surcharge will be determined by staff from all jurisdictions no later than November 30th of each year and approved by the managers of each jurisdiction.

The addendum clarifies the formula that represents the percentage that each Town will pay for the debt service associated with the purchase of the billing and collection modules. The formula will also apply to the yearly maintenance costs. The agreed upon formula, based on number of bills sent in 2008, splits the Town bills in half, crediting the County and the Town for ½ of each bill to recognize the fact that Town tax bills are combined with County tax bills. Carrboro's share is 6.1%.

The addendum also provides for a maximum expenditure on the billing and collection system to be purchased by Orange County, general timelines for the system purchases, and payment cycles for the associated debt service associated with the system purchase. The addendum speaks to the yearly maintenance surcharge costs as well.

FISCAL IMPACT:

The exact impact of this Interlocal Agreement is not currently known. The FY10-11 budget will need to accommodate these costs. At this time, the County has borrowed \$1.5 million and the Town's share of the

debt service cost is approximately \$13,750. The software support cost in FY10-11 is anticipated to be \$36,480 for Orange County, of which Carrboro will pay \$2,226 (6.1% share). These costs are in addition to the annual property tax collection cost.

STAFF RECOMMENDATION:

The Town Manager recommends that the Board of Aldermen accept the addendum for adoption and authorize the Mayor to sign accordingly.