

**A RESOLUTION APPROVING THE ADDENDUM TO THE INTERLOCAL TAX
COLLECTION AGREEMENT WITH ORANGE COUNTY AND AUTHORIZING THE
MAYOR TO SIGN THE INTERLOCAL AGREEMENT**

Resolution No. 72/2009-10

WHEREAS, Carrboro, Chapel Hill, Hillsborough, and the County receive property taxes from residents for the purpose of providing local government services; and

WHEREAS, Carrboro, Chapel Hill, Hillsborough, and the County recognize the mutual benefits and economies that are received via centralized collections; and

WHEREAS, the Town of Carrboro agrees to accept the financial share required to support centralized collections by the County; and

NOW, THEREFORE BE IT RESOLVED by the Carrboro Board of Aldermen that the Aldermen approve the addendum and authorize the Mayor to sign the Interlocal Agreement with Orange County.

**ADDENDUM TO THE INTER-LOCAL AGREEMENT
FOR TAX COLLECTIONS**

This is an ADDENDUM to the Inter-local Agreement for Tax Collections entered into on July 3, 2006, by Orange County (referred to as "County"), the Town of Carrboro, the Town of Chapel Hill, and the Town of Hillsborough (individually and collectively referred to as "Town" or "Towns"). This 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 and systemized tax billing and collection software system for the Joint Tax Collection System. The parties to this Addendum, pursuant to the authority contained in Article 20, of Chapter 160A of the North Carolina General Statutes, this the ____ day of October, 2009, do hereby agree as follows:

WHEREAS, on July 3, 2006, the County and the Towns entered into an Inter-local Agreement to provide for centralized and systemized collection of property taxes in Orange County benefiting the units of government contracting both in costs and information services; and

WHEREAS, pursuant to Article VI of the Inter-Local Agreement, the Towns agreed to pay a surcharge to be credited toward the purchase and yearly maintenance of a comprehensive software package to support and maintain the collection of tax revenues due to the Towns; and

WHEREAS, the County has identified and secured funding for the first installment of the acquisition and installation of comprehensive billing and collections software that will support and maintain the collection of tax revenues; and

WHEREAS, it is anticipated that the County will seek and acquire additional financing during fiscal year 2010-11, with repayment to begin in fiscal year 2011-12; and

WHEREAS, the surcharge collected will used for acquisition and installation of the comprehensive tax billing and collection portion of the software acquisition calculated based upon an formula agreed upon by the parties (see attachment A), and a yearly support and maintenance cost which is to be determined by staff from all jurisdictions no later than November 30th of each year and approved by the Manager of each jurisdiction.

NOW THEREFORE, in consideration of the premises and of the following mutual promises, covenants, and conditions, The County of Orange, the Towns of Carrboro, Chapel Hill and Hillsborough agree as follows:

1. The County Responsibility:
 - a. The County will provide the initial funding for the acquisition of the comprehensive tax billing and collection software system and all related requirements; the total cost for the acquisition and installation of the software shall not exceed \$2.5 million. The County will acquire the financing for both the County and the Towns' portion of the cost of the acquisition and installation of the tax billing and collection software and related requirements.
 - b. The County will finance the cost of the tax billing and collection software system in two installments: the first financing installment shall be for \$1.5 million over a 64 month period; and the second financing installment, shall occur during fiscal year 2010-2011, for the balance needed to complete the project not to exceed \$1 million and financed for a period of 54 to 64 months.
 - c. The County will bill the Towns for their portion of the cost of the acquisition and installation of the software in two yearly installments beginning in fiscal year 2010-2011.
 - d. The County will bill the Towns beginning in fiscal year 2010, and every year thereafter. On June 30th the County will bill the Towns for an interest and principal payment. On November 30th of the same year the County will bill the Towns for an interest only payment. The

County will bill the Towns for the cost software system until the Towns' portion of the costs is paid in full.

2. The Towns Responsibilities:

- a. The Towns will pay the County a surcharge toward the purchase and yearly maintenance of the comprehensive software package to support and maintain the collection of tax revenues due to the Towns.
- b. Each Town will repay the County their portion of the cost of the acquisition and installation of the tax billing and collection software based upon a formula agreed upon by the parties (see attachment A).
- c. Each Town will repay the County in two yearly payments: on or by July 31st of each year the Towns will pay the County a principal and interest payment and on or by December 31st of each year, the Town will pay an interest only payment, beginning July 31, 2010;
- d. Each Town will pay a yearly support and maintenance cost which will be determined by staff from all jurisdictions no later than November 30th of each year and approved by the Manager of each jurisdiction. This cost will be in addition to the cost of acquisition and installation of the software.

3. The Parties Responsibilities:

- a. Each party within this ADDENDUM agrees that requested customization of reports or software will be the sole financial responsibility of the requesting entity.
4. Each year the Towns and County will convene prior to November 15th to review prior year expenditures and coming year estimates for expenditures in preparing cost projections for the yearly maintenance costs for the next fiscal. This information will then be brought forward to each jurisdiction's review.

This ADDENDUM shall become effective when properly executed by all parties pursuant to Resolutions adopted by the governing board of each. The parties hereto have caused this ADDENDUM to be executed in accordance with resolutions of their respective governing bodies this the _____ day of _____, 2009.

COUNTY OF ORANGE

BY: _____
Valerie P. Foushee, Chair,
Orange County Board of Commissioners

ATTEST:

Donna Baker, Clerk to the Board of Commissioners

TOWN OF CARRBORO

BY: _____
Mark Chilton, Mayor

ATTEST:

CLERK

TOWN OF CHAPEL HILL

BY: _____
Town Manager, Chapel Hill

ATTEST:

CLERK

TOWN OF HILLSBOROUGH

BY: _____
Tom Stevens, Mayor

ATTEST:

CLERK

This addendum has been pre-audited in the manner required by the Local Government Budget
And Fiscal Control Act:

Gary Humphreys, Orange County Finance Officer

L. Bing Roenigk, Town of Carrboro Finance Officer

Kenneth C. Pennoyer, Town of Chapel Hill Finance Officer

Greg Siler, Town of Hillsborough Finance Officer

ATTACHMENT A (part of the Interlocal Agreement for Tax Collections)

This formula will be used to determine the cost of acquisition for both the billing and collection modules. Staff has additionally agreed the same formula should be followed for the yearly maintenance costs.

- All bills are counted $\frac{1}{2}$ for the County and $\frac{1}{2}$ for the respective Town(s).
- The percents for each Town is depicted as follows

Chapel Hill	14.2%
Carrboro	6.1%
Hillsborough	2.5%
County	77.2%