

ORANGE COUNTY

Policy on Planning and Funding School Capital Projects

(This document is intended to clarify the expectations of the Orange County Board of Commissioners in collaborating with the Boards of Education in planning for and implementing school capital projects)

1. Background

The County's ten year capital investment plan is a planning document that is updated annually. Before the beginning of each fiscal year, the Board of County Commissioners approves the funding plan in concept. However, funding of individual projects is contingent upon the scope of work required to complete the project.

- **Level 1 Projects:** Level one projects are those projects that have a relatively small scope of work and can be accomplished using a single prime contractor, in-house staff or entail purchasing equipment and vehicles. Specific examples of Level 1 projects include roofing projects, parking lot paving and re-wiring of existing buildings. The Board approves the entire project ordinance at one time.
- **Level 2 Projects:** Level two projects are major projects that require several phases to complete. For these projects, the Board of County Commissioners approves a four-phase appropriation process to include:
 - *Concept/Pre-Planning Phase* (includes preliminary programming and design work that would result in conceptual drawings and preliminary cost estimates.
 - *Planning Phase* (including siting & infrastructure)
 - *Design and Construction Approval Phase* (including final design, equipment, furnishings, non-recurring start up, technology, contingency)
 - Schools have the latitude to shift funds between major components without prior BOCC approval, providing that the actual cost of the project does not exceed budget.
 - Superintendents will provide the County Manager with written project updates at their regular monthly meetings. In turn, the County Manager will provide the Board of County Commissioners with written progress reports related to the project.
 - *Final Accounting Phase*
 - Upon completion of the project, School and County staff will reconcile actual project expenditures with approved budget and provide the BOCC with a "final accounting" of project.

2. Site Standards

In accordance with North Carolina State Statutes, a local board of education cannot execute a contract nor expend funds to purchase a facility site without the consent of the local board of county commissioners. As each school system in Orange County plans for future school-related facilities, it is important that they adhere to the following guidelines related to the potential acquisition, either by purchase or donation, of a site, in addition to any siting criteria they may have established internally:

Potential Sites - The Board of Education is to notify the Orange County Board of Commissioners, in writing, whenever they have tentatively identified a potential school site for purchase, or if a potential donor indicates interest in donating a site to the system. The written correspondence should provide the following information for Commissioner consideration:

- Location, including tax map numbers, of the potential site;
- Opportunities for additional facilities to be co-located as a park site, as outlined in the “Memorandum of Agreement for Providing Coordinated Site and Facility Planning”;
- The availability of public utilities within the urban services boundaries of the County;
- If a donated site:
 - Any knowledge of a donor’s plans for adjacent development;
 - Special considerations or expectations the donor may have referenced in initial discussions pertaining to the donation;

Upon receipt of the Board of Education’s notification, the Commissioners will appoint, by a majority vote of the Board, a representative to work directly with the Board of Education. As a partner with the school system, the Commissioner representative will receive information and provide input regarding talks and negotiations related to the potential site. The Commissioner representative will share information regarding the progress of talks and negotiations of the potential site with other members of the Board of Commissioners.

Environmental Factors – A school system is to pay particular attention to the physical environment surrounding the site and new facility.

- In order to avoid future flood hazards, a facility should not be located in close proximity to wetlands, stream buffers, or in a flood plain. Facility siting should also avoid other physical factors that create either additional construction or longer-term maintenance problems, or other unfavorable environmental impacts.

- Once a system acquires a site and before grading begins, each school system receives State approval of its erosion control plan and additional County review to ensure that unnecessary cutting of trees or clearing of land does not occur. Adequate natural buffers are to be left intact with existing trees, or replanted if the areas are disturbed during construction. Special attention should be paid to “specimen” trees as outlined in the County land development code.

Road and Utility Requirements – Major elements for a system to consider in siting a new facility relate to infrastructure requirements by a Town or other public utility. In some recent instances, the systems have been required to provide costly infrastructure such as sidewalks and road improvements. These elements greatly inflate construction costs of new facilities. As a system begins initial planning, there should be a joint meeting between elected Town, County and Education officials to discuss particular requirements that all parties expect of other project partners.

3. Building Design Standards

As a school system selects a particular facility design, it is important that the most cost-effective design alternative be pursued. Historically in Orange County, new school buildings have been designed uniquely for each particular project. The Board of Commissioners encourages systems to pursue non-traditional, or prototype, designs that can be replicated for use on more than one project. Should a system choose a unique design, it is to provide a detailed cost comparison analysis and justification in writing of why that particular approach was chosen over a prototype design.

4. Construction Standards

Over the past few years, the County has given special attention to defining construction standards for each school level – elementary, middle and high schools. The standards provide a minimum and maximum square footage and student capacity for each level. As a system undertakes construction of a new facility, it is critical that the system adheres to the most recent school construction standards (estimated project cost should include a reasonable allowance for inflation).

The Commissioners agree to provide funding for new school facilities that are designed within the adopted standards. They do not agree to fund projects that go beyond the adopted standards unless there is sufficient justification provided in writing by the Board of Education. One justification for going beyond the standards relates to co-location of facilities, in particular recreational facilities. In this case, the system must provide detailed explanations outlining the benefits to be offered to the community and citizens, in the context of the intergovernmental “Memorandum of Agreement for Providing Coordinated Site and Facility Planning” and the “Orange County Parklands Acquisition and Evaluation Criteria” adopted by the Board of Commissioners on December 7, 1999.

5. Project Approval

A project's inclusion in the ten-year plan does not give the Schools or the County legal authority to expend funds. The legal authority to expend funds lies in County Commissioner approved capital project ordinances. Therefore, the schools should not incur any expenses for any capital project until the Board of County Commissioners approves the capital project ordinance.

In order to provide timely flow of the approval process and ensure that all elements are addressed, the following steps should be followed:

- Details included in each system's ten-year Capital Investment Plans regarding the scope and timing of various phases of individual capital projects is limited. To that end, as individual Boards of Education begin discussions related to new capital projects (new construction, site acquisitions, major renovations, etc), they will be expected, in writing, to notify the Board of County Commissioners of the substance of those discussions. The memorandum from the School Board will:
 - Provide the Commissioners with an overview of the project concept along with other project specifics that the Board of Education has defined to that point;
 - Justify the need based on current school capacities and projected student enrollments consistent with the School Adequate Public Facility Ordinance (if the Ordinance is in effect at this time);
 - Provide a preliminary cost projection of the project based upon the adopted school construction standards and provisions of the Cost Effective Facilities Initiative (CEFI), which has derived from earlier discussions about "value engineering" (if this policy is in effect at this time);
 - Request that the Board of Commissioners approve a capital project ordinance to provide funding for the initial planning phase of the project;
 - Instruct the Superintendent to update the County Manager, in writing, of the project's progress at his/her monthly meetings with the County Manager.
- Upon receipt of the memorandum from the Board of Education, the Board of Commissioners will:
 - Act upon the project concept by either approving it or asking the Board of Education to amend the concept plan;
 - Instruct County staff to confirm the project's cost estimate and student capacity in accordance with the County's adopted School Construction Standards Reports along with student enrollment projections;

- If the Board of Commissioners approves the project concept, the County Budget Director will prepare an agenda abstract and related capital project ordinance that provides funding for the concept and pre-planning phase of the project;
- Appoint, by majority vote of the Board, either a Commissioner representative (preferably the same representative that participated in the siting phase of the project) and one staff representative, or two staff representatives, to partner with the school system as the plans develop;
- Instruct the County Manager to update the Commissioners on a regular basis regarding the written information shared by the School Superintendent.

6. Expenditure of Project Funds

Funding for Project Planning - School systems will not expend or encumber for planning of any project until the Board of County Commissioners has approved the plan concept.

Background - For several years, the Board of Commissioners has approved a capital project ordinance entitled *Planning for Future Projects* for each school system. The creation of these ordinances enabled a system to expend a portion of their pay-as-you-go funds for planning during a project's conceptual stages. Once a project grew beyond the concept stages, systems requested the Commissioners to approve a "project specific" capital project ordinance allocating all funds anticipated to carry out the planned project. In turn, each district expended their monies up-front for planning, design, architect, construction, furniture and equipment. In return, the County reimbursed each District with all of the project-related expenditures up to the total project budget.

With the changes implemented by the County Commissioners in June 1999, this process has changed. It is important to note that unless a County approved capital project ordinance is in place (i.e. adopted by the County Commissioners), that the County is not legally or otherwise obligated to reimburse the school system for their expenditures. If the Board of County Commissioners approve the project concept and capital project ordinance as outlined in Item 5 above, the following steps occur:

- Following Board of Commissioner approval of final plans for the project, the school system advertises for construction bids;
- Once the system receives the bids, the School Superintendent notifies the County Manager, in writing, of the result of all bids received.
- The County Manager informs the Board of Commissioners, in writing, of the construction bid results.

7. Submission Timelines

- While the Board of Education may receive the bids, it should not execute any contract until the Board of County Commissioners receives bid information and approves a capital project ordinance for the construction phase of the project;

- Generally, the Board of Commissioners conducts regular meetings on the first and third Tuesday of each month. To allow for timely preparation of the meeting agenda, the following timelines should be followed by staff:
- Twenty-one days prior to the Board of Commissioners meeting, the School Finance or Budget Director or the Director of Facilities provides the County Budget Director with:
 - Bid Tabulation of School Construction or Major Renovation Project (example included as Attachment 1 of this Memorandum)
 - Any other pertinent information regarding the project.
- Fourteen days prior to the meeting, the County Budget Director submits a draft agenda abstract including the bid tabulation and capital project ordinance to the County Manager's office for review. The Budget Director forwards (via e-mail or fax) a copy of the abstract and attachments to the School Finance or Budget Director and the Director of Facilities for review and comments.
- Ten days prior to the meeting, the School Finance or Budget Director and the Director of Facilities provide abstract revisions and comments to the County Budget Director.
- Seven days prior to the meeting the County Budget Director submits final agenda abstract and attachments to the County Manager's Office. A copy of the abstract and attachments are forwarded (via e-mail or fax) to the school system.

Upon adoption by the Board of Commissioners, the County Budget Director informs the School Finance and Budget Director and the County Finance Director of the abstract approval and the assigned account number(s). This is done via a standard memorandum that indicates purpose and account codes.

- All requests for payment from the School Finance Directors are forwarded to the County Finance Department for payment. The County Finance Department ensures that the requisition for payment falls within the purposes approved by the Board of Education.

8. Change Orders

The School Superintendent submits, in writing, to the County Manager all contract change orders for the project. Upon receipt of the information, the County Budget Director prepares an agenda abstract and an amended capital project ordinance for approval by the Board of Commissioners at their next scheduled meeting. If there are change orders that cause project expenditures to be over budget, the School district must receive approval from the Board of Commissioners prior to approving the change order.