

APPROVED 5/19/2020

**MINUTES
BOARD OF COMMISSIONERS
VIRTUAL WORK SESSION
April 23, 2020
7:00 p.m.**

The Orange County Board of Commissioners met for a Virtual Work Session on Thursday, April, 23, 2020 at 7:00 p.m.

COUNTY COMMISSIONERS PRESENT: Chair Rich and Commissioners Jamezetta Bedford, Mark Dorosin, Sally Greene, Earl McKee, Mark Marcoplos, and Renee Price

COUNTY COMMISSIONERS ABSENT:

COUNTY ATTORNEYS PRESENT: John Roberts

COUNTY STAFF PRESENT: County Manager Bonnie Hammersley, Deputy County Manager Travis Myren and Clerk to the Board Donna Baker (All other staff members will be identified appropriately below)

Chair Rich called the meeting to order at 7:00 p.m.

Due to current public health concerns, the Board of Commissioners is conducting a Virtual Work Session on April 23, 2020. Members of the Board of Commissioners will be participating in the meeting remotely. As in prior meetings, members of the public will be able to view and listen to the meeting via live streaming video orangecountync.gov/967/Meeting-Videos and on Orange County Gov-TV on channels 1301 or 97.6 (Spectrum Cable).

1. COVID-19 Pandemic Economic Impact on the FY2020-21 Orange County Manager's Recommended Budget

Bonnie Hammersley presented the following item:

BACKGROUND:

The COVID-19 pandemic has caused an unprecedented human and health crisis. The measures necessary to contain the virus have caused an economic recession. At the present, there is great uncertainty about its severity and duration due to the lack of a vaccine and the public health measures which include social distancing, limited business activity and uncertainty if a second wave occurs following after achieving an apex in the number of reported cases.

On March 23, 2020, the County Manager directed the Orange County Department Directors to comply with the FY2019-20 Economic Contingency Plan (Attachment A). The implementation of the contingency plan began to address the economic impact of the COVID-19 pandemic to Orange County government/residents. The strict monitoring of expenditures in the 4th quarter helps address the immediate financial challenges and will assist in preserving County services as well as jobs to allow the County to continue to serve Orange County residents. In addition, future measures will be included in the County Manager's Recommended FY2020-21 Budget.

Due to the timing of the FY2020-21 budget process and the COVID-19 pandemic, the revenue projections Pre-COVID and Post-COVID differ significantly. In an effort to manage expectations

prior to the release of the FY2020-21 County Manager's Recommended Budget, the County Manager will share detailed information on the revenue projections for the BOCC at the April 23, 2020 work session. The revenue sources projected to be impacted include property tax, sales tax, charges for services including Planning Permits and Sportsplex user fees and occupancy taxes.

Bonnie Hammersley made the following PowerPoint presentation:

**FY2020-21 BUDGET PROJECTIONS
PRE-COVID VS POST-COVID
BOCC Virtual Work Session
April 23, 2020**

Pre-Covid versus Post-Covid Projections

	Pre-Covid Projections	Post-Covid Projections	\$ Difference
PROPERTY & PERSONAL PROPERTY TAX			
Tax Rate Increase	1.63	0	\$(3,123,224)
Collection Rate Adjustment - Property Tax (Real/Personal)	99.2%	98.7%	\$ (781,147)
Collection Rate Adjustment - Motor Vehicles	99.9%	99.4%	\$ (142,485)
SALES TAX			
*Sales Tax Growth	+5%	-4.5% -9%	\$(2,814,151)
TOTAL			\$(6,861,007)

*Sales Tax projections includes Articles 39, 40 and 42

Bonnie Hammersley said Covid-19 has challenged staff's assumptions, and this is a brief presentation to update the Board of County Commissioners (BOCC).

Bonnie Hammersley said the majority of the County's revenue is made up by sales and property taxes. She said the County is in the midst of a phased in tax increase, but staff will not be recommending one this year (it was intended to be a 1.63 cents increase).

Bonnie Hammersley said the County's collection rates are number one in the state, and she is doing a modest ½ percent reduction because of the uncertainty, due to Covid-19. She said staff would normally assume it would collect 99% of property tax, and this will be projected at half a percentage point lower. She said the state was projecting a 4-6% increase in sales tax pre-Covid, and she was going to project a 5% increase; and post covid-19 projections are down. She said these numbers refer to the general fund, but all funds are having these measures put in place. She said post covid-19 Sales Tax Growth is projected between -4.5 to -9%. She said the County's two primary sources of revenue are anticipating a 6.8 million loss.

Pre-Covid versus Post-Covid Projections

	FY19-20 Adopted Budget	Pre-Covid Projections	Post-Covid Projections	\$ Difference	% Difference
REVENUE					
Real/Personal Property	\$ 152,142,471	\$ 157,890,346	\$ 154,198,531	\$(3,691,815)	-2.34%
Motor Vehicles	\$ 10,770,627	\$ 11,530,157	\$ 11,175,116	\$(355,041)	-3.08%
*Other	\$ 2,240,833	\$ 2,323,992	\$ 2,323,992	\$ -	0.00%
Sales Tax	\$ 25,372,861	\$ 26,641,504	\$ 23,827,353	\$(2,814,151)	-10.56%
Licenses and Permits	\$ 313,260	\$ 289,000	\$ 274,550	\$(14,450)	-5.00%
Investment Earnings	\$ 415,000	\$ 1,158,576	\$ 515,000	\$(643,576)	-55.55%
**Miscellaneous	\$ 3,040,769	\$ 2,892,817	\$ 2,642,817	\$(250,000)	-8.64%
Charges for Services	\$ 12,704,833	\$ 13,275,581	\$ 12,724,996	\$(550,585)	-4.15%
Intergovernmental	\$ 18,278,612	\$ 17,977,289	\$ 17,977,289	\$ -	0.00%
TOTAL	\$ 225,279,266	\$ 233,979,262	\$ 225,659,644	\$(8,319,618)	-3.56%

* Other = Delinquent Taxes, Interest on Delinquent, Beer & Wine Excise Taxes, Animal Taxes etc.

**Miscellaneous = Hold Harmless Article 44, Donations, Rent Income, Sale of Surplus Assets etc.

Bonnie Hammersley said pre-Covid projections expected \$8 million coming in, and post-covid projections show an \$8 million decrease.

Bonnie Hammersley said there are unknowns with delinquent taxes. She said she has aimed to keep intergovernmental spending flat. She said these funds are state and federal, and my increase, but more than likely will be designated for actual uses.

Bonnie Hammersley said she will bring a balanced budget to the BOCC on May 5th. She said some tough decisions have been made.

Commissioner Dorosin said the "difference" column is based on pre-Covid projections, but if it is compared to the County's 19-20 budget, the difference is not that great. He said it looks much like a continuation budget.

Bonnie Hammersley said the \$8 million increase from pre-Covid is fairly moderate. She said this is showing status quo, and there are no additional funds for anything more than what existed in 19-20. She said maintaining status quo may also be a challenge. She said the fund balance was \$6 million pre-Covid, and more will be needed. She said funds will have to be transferred from other reserves, as well.

Commissioner Dorosin referred the intergovernmental funds, and asked if the slide would look mostly the same, even after the County receives these funds.

Bonnie Hammersley said not really. She said operations still has an \$8 million gap. She said the County may receive an award from the State, but it would be pass-through money, and would not impact the gap. She said these funds would help residents, which is crucial, but would not close the gap.

Bonnie Hammersley said the purpose is to not fix the issue, but just to give the BOCC a heads up before she presents her budget on May 5th. She said this situation is unprecedented.

Commissioner Dorosin asked if the federal government puts \$5 million into the County, why is it not counted in the pot.

Bonnie Hammersley said it does count for specific items, and must be spent on designated items. She said it does not help with wage adjustments, the schools, etc.

Commissioner Price referred to the line “investment earnings”, and asked if this could be clarified. She said it looks as if staff was expecting a 100% increase. She asked if staff knows how this will factor in to the year ahead, should a recession occur.

Bonnie Hammersley said the County makes earnings on cash on hand, through short-term investments, which have been improving in recent years. She said the interest rates have plummeted, and the County is not longer making any interest.

Bonnie Hammersley said everything she is putting in the recommended budget for 2020-21 is looking out a full year, and she said there is a hiring freeze in place, which will continue throughout 2020-21. She said staff is also putting together a contingency plan as well, in case things get worse, and she wants to preserve the current workforce.

Bonnie Hammersley said staff is working everyday thinking through worse case scenarios, and thus the need for a contingency plan. She said staff is doing everything it can to preserve the services in Orange County.

Commissioner Price asked if the \$100,000 increase is based on earnings already received.

Bonnie Hammersley said the pre-Covid numbers were the expected earnings for this year.

Commissioner Dorosin referred to the federal funds, and asked if Bonnie Hammersley presents a budget with \$5 million for the Department of Social Services (DSS), and then the federal government gives an additional \$5 million (totaling \$10 million), can staff move monies to other projects.

Bonnie Hammersley said the intergovernmental monies are pass-through funds, and when it comes in it goes to dedicated uses. She said it helps the residents, but the County cannot use these funds liberally for other projects. She said all of these funds come with strings.

Travis Myren said the County could not use it to supplant monies in DSS, and it would be an expectation that spending would increase for whatever designated use for which the federal monies were designated.

Bonnie Hammersley said staff included the intergovernmental line because it is a revenue source, and it is for services.

Chair Rich referred to the \$8.3 million, and asked if staff is trying to make this figure zero.

Bonnie Hammersley said that is the number that staff has reduced to zero, as will be shown by the balanced budget presented on May 5th.

Commissioner Price asked if there will be a revaluation.

Bonnie Hammersley said that is next year.

2. Discussion of Manager’s Recommended FY 2020-25 Capital Investment Plan (CIP) for Schools and Durham Tech

BACKGROUND: Each year, the County produces a Capital Investment Plan (CIP) that establishes a budget planning guide related to capital needs for the County as well as Schools. The current CIP consists of a 5-year plan that is evaluated annually to include year-to-year changes in priorities, needs, and available resources. Approval of the CIP commits the County to the first year funding only of the capital projects; all other years are used as a planning tool and serves as a financial plan.

Capital Investment Plan – Overview

The FY 2020-25 CIP includes County Projects, School Projects, and Proprietary Projects. The

School Projects include Chapel Hill-Carrboro City Schools, Orange County Schools, and Durham Technical Community College – Orange County Campus projects. The Proprietary Projects include Water and Sewer, Solid Waste Enterprise Fund, and Sportsplex projects.

The CIP has been prepared anticipating moderate economic growth of approximately 2% in property tax growth over the next five years, and 4% sales tax growth in Years 2-5. Sales Tax proceeds for Year 1 (FY 2020-21) are estimated to decline by 4.5% due to the current coronavirus pandemic. Many of the projects in the CIP will rely on debt financing to fund the projects.

This discussion focuses on Schools CIP projects and the Durham Technical Community College – Orange County Campus new academic building project. Note: The page numbers referenced are as they appear in the CIP document. See Attachment A for the Overall CIP Summary (page 19), and School CIP Projects Summary (pages 24 and 101).

FINANCIAL IMPACT: There is no immediate financial impact associated with discussion of the FY 2020-25 Capital Investment Plan. It is a long-range financial planning tool with a financial impact in FY 2020-21, if the first year of the CIP is approved by the Board of County Commissioners with the adoption of the Annual Budget.

Travis Myren and Paul Laughton, Finance and Administrative Services, made the following PowerPoint presentation:

ORANGE COUNTY
CAPITAL INVESTMENT PLAN
School Districts and Durham Tech
FY2020-25

Board of Orange County Commissioners

FY 2020-21 CIP (pie chart)

FY2020-25 Recommended Capital Investment Plan Funding and Expenditure Categories-graph

Funding Source(s)	Expenditures Funded	
Debt Financing – School Improvements Debt Financing – Older Schools Lottery Proceeds Article 46 Sales Tax \$8.4 million in FY20-21	<ul style="list-style-type: none"> •Abatement Projects •ADA Requirements •Athletic Facilities •Classroom and Building Improvements •Doors/Hardware/Canopies •Electrical Systems •Energy Efficiency 	<ul style="list-style-type: none"> •Safety & Security •Indoor Air Quality Improvements •Mechanical Systems •Parking Lot Improvements •Roofing and Waterproofing •Storm water Management •Technology
Recurring Capital \$3 million in FY20-21	<ul style="list-style-type: none"> •Furniture and Equipment •Drainage Improvements •Carpet/Tile Installation •Roof Repairs •Mechanical Repairs 	
Deferred Maintenance – Bond Premium Supplemental Deferred Maintenance \$8.95 million in FY20-21	<ul style="list-style-type: none"> •Deferred Maintenance – Repair and Replacement Projects that do not add capacity •Project List for Supplemental Deferred Maintenance Funds (p.138 & p. 160) •Unfunded Deferred Maintenance Project List <ul style="list-style-type: none"> •\$49.2 million CHCCH •\$44.3 million OCS 	
General Obligation Bond Funding \$13.3 million in FY2021-22	<ul style="list-style-type: none"> • Major Facility Construction and Renovations •\$11.3 million Orange County Schools •\$1.9 million Chapel Hill Carrboro City Schools 	

FY2020-25 Recommended Capital Investment Plan Assumptions

FY2020-25 Recommended CIP Funding Assumptions

Article 46 Sales Tax	4.5% Reduction in FY2020-21; Growth Rebounds to 4% Annually in Future Years
Older School Improvements	FY2020-21 Last Year of a Five Year Commitment
Debt Financed School Improvements	2% Annual Growth
Lottery Proceeds	\$1,402,354 Annually
Recurring Capital	\$3,000,000 Annually
Deferred Maintenance - Bond Premium	\$3,000,000 Using Bond Premium in FY2019-20 and FY2020-21 Future Bond Premium Uncertain – Eliminated in FY2021-22 and Future Years
Supplemental Deferred Maintenance	\$30 million over three (3) years. Annual Expenditures Based on Draw Down Schedule from Schools
General Obligation Bond	Last Draw on 2016 General Obligation Bond in FY2021-22

FY2020-21 Recommended CIP Funding by Funding Source

Article 46 Sales Tax	\$ 1,168,270	\$ 774,314	\$ 1,942,584
Older School Improvements	\$ 601,400	\$ 398,600	\$ 1,000,000
Debt Financed School Improvements	\$ 2,461,154	\$1,631,221	\$ 4,092,375
Lottery Proceeds	\$ 843,376	\$ 558,978	\$ 1,402,354
Recurring Capital	\$ 1,804,200	\$1,195,800	\$ 3,000,000
Deferred Maintenance - Bond Premium	\$ 1,804,200	\$1,195,800	\$ 3,000,000
Supplemental Deferred Maintenance	\$ 1,800,000	\$4,150,000	\$ 5,950,000

TOTAL	\$10,482,600	\$9,904,713	\$20,387,313
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FY2020-25 Recommended Capital Investment Plan

	FY2020-21 Recommended	FY2021-22 CIP	FY2022-23 CIP	FY2023-24 CIP	FY2024-25 CIP
Article 46 Sales Tax	\$ 1,942,584	\$ 2,020,288	\$ 2,101,099	\$ 2,185,143	\$ 2,272,549
Older School Improvements	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -
Debt Financed School Improvements	\$ 4,092,375	\$ 4,174,222	\$ 4,257,706	\$ 4,342,860	\$ 4,429,717
Lottery Proceeds	\$ 1,402,354	\$ 1,402,354	\$ 1,402,354	\$ 1,402,354	\$ 1,402,354
Recurring Capital	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Deferred Maintenance - Bond Premium	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
Supplemental Deferred Maintenance	\$ 5,950,000	\$ 13,600,000	\$ 10,450,000	\$ -	\$ -
TOTAL	\$ 20,387,313	\$ 24,196,864	\$ 21,211,159	\$ 10,930,357	\$ 11,104,620
General Obligation Bond		\$ 13,308,000			
GRAND TOTAL	\$20,387,313	\$37,504,864	\$21,211,159	\$10,930,357	\$11,104,620

FY2020-25 Recommended Capital Investment Plan-Graph- slide 7

FY2020-25 Recommended Capital Investment Plan

- School Supplemental Deferred Maintenance Program
 - \$30 million over three (3) years
 - Apply to Deferred Maintenance and Life & Safety Improvements
 - Allocated by Average Daily Membership
 - CHCCS 60.14%
 - OCS 39.86%

FY2020-25 Recommended Capital Investment Plan

CHCCS	Upgrade security cameras, radios and intercom systems in schools	\$500,000
CHCCS	HVAC Projects <ul style="list-style-type: none"> • Phillips Middle School HVAC Replacement-gym (\$291,258) • Phillips Middle School HVAC/Heat pumps-band room (\$290,000) • Ephesus Elementary School HVAC controls (\$100,000) 	\$681,258
CHCCS	Architectural & Engineering Feasibility& Design Services for large capital projects to be completed in Year 2 & Year 3	\$1,300,000
OCS	Continuation of Districtwide Safety/Security Plan	\$3,500,000
OCS	Orange High School Main Hall, Restroom Addition and Renovations	\$650,000
	TOTAL	\$6,631,258

Chair Rich referred to the architectural and engineering feasibility item, and asked if CHCCS has outlined how it would spend the \$1.3 million, as it seems a very high number.

Travis Myren said CHCCS would do a deep dive into 3 options, and get some clear ideas or possibly bid documents. He said staff will follow up for this deliverable.

Commissioner Price asked if CHCCS indicated the need to build new schools.

Travis Myren said one option would add some capacity, and the other options would be for renovations.

Commissioner Dorosin asked if there is a reason why CHCCS' first year request has increased.

Travis Myren said the total is the same, but some funds shifted from year 3 to year 1.

Chair Rich asked if all of the funds are being borrowed at one time.

Travis Myren said no, they would borrow what is required for year one in year one, etc. He said all the money will not be borrowed up front, as there would be interest payments incurred, and the work cannot all be completed in one year, but will take time.

Commissioner McKee said this was originally spread out over three years, and asked, if the County will have an austerity budget, would it make sense to spread the austerity across all segments of the financing.

Commissioner Dorosin asked if there was an unexpected HVAC crisis to warrant the money in the first year.

Travis Myren said he is not aware of any crisis.

Commissioner Dorosin asked if there is a reason that CHCCS is front-loading costs, and not spreading them out. He said if these projects were expected in their CIP why move them up. He said now is the wrong time to spend more money.

Travis Myren said in absence of this program, these projects would remain on CHCCS' unfunded list.

Commissioner Dorosin asked if these projects would be funded eventually, regardless.

Travis Myren that is possible.

Commissioner Marcoplos referred to page 107 in the CIP, and said there is \$255,000 listed under capital and building improvements, to include water infiltration at Phillips and Ephesus, playground improvements, and mobile classroom repairs.

Commissioner Marcoplos said the issues at Phillips Middle School baffle him. He said this school was the poster child for neglect, and money was allocated last year, but the problem is still there. He would like to know more about what happened there.

Commissioner Marcoplos said the BOCC got an email today from a Chapel Hill resident, expressing concerns that he has heard from others about needing clarity on the financial issues that are swirling around CHCCS. He said the BOCC needs to be able to justify the monies being given to CHCCS, and over the next few weeks, the BOCC needs to come to grips with questions that have been asked and get accountability on these issues.

Bonnie Hammersley said this was a pre-Covid program, and it is up to the BOCC as to whether it wants to start this program now or later. She said no capital monies will be spent in the first quarter of 20-21, so staff can monitor the pandemic. She said the needs still exist, of course, but it may not be the right time to borrow, and it will depend on the economy.

Bonnie Hammersley said staff presented this program to the schools and asked them what they would be spending over the next three years. She said the schools have been working on this for some time, and staff did not get most of the information until today.

Commissioner Price referred to page 108, and said there is \$1.3 million for supplemental deferred maintenance. She asked if this was the same program.

Travis Myren said it is the same program, and has been included in the recommended CIP. He said the only change is CHCCS shifting funds from year 3 to year 1, in order to fund these HVAC projects. He resumed the PowerPoint presentation:

FY2020-25 Recommended Capital Investment Plan

CHCCS	HVAC Projects <ul style="list-style-type: none"> Glenwood Elementary HVAC controls (\$54,662) Estes Hills HVAC replacements (\$375,000) Transportation Department HVAC (\$75,000) 	\$504,662
CHCCS	Specific request would follow Year 1 facility feasibility assessment.	\$9,495,338
OCS	SUD HVAC Upgrade as outlined in 2014 Assessment	\$2,500,000
OCS	Middle School Athletic Field Regrade	\$100,000
OCS	Efland Cheeks Restroom and Plumbing Line Upgrade	\$1,000,000
	TOTAL	\$13,600,000

FY2020-25 Recommended Capital Investment Plan 9m

CHCCS	Continuation of prioritized capital recommendations from Year 1 facility assessment	\$5,518,742
OCS	CW Stanford Media Center Renovations	\$250,000

OCS	Structural Analysis and Building Stabilization <ul style="list-style-type: none"> • AL Stanback Media Center • New Hope Elementary 300 Wing • Orange High School Cultural Arts 	\$3,000,000
OCS	Fire Doors and Damper Repairs	\$500,000
OCS	Supplemental Funding for Roof Replacements <ul style="list-style-type: none"> • New Hope Elementary • Gravelly Hill 	\$500,000
	TOTAL	\$9,768,742

FY2020-25 Recommended Capital Investment Plan

- Future Considerations for School Facilities
 - Supplemental Deferred Maintenance Plan Starts in FY2020-21 and is Programmed for FY2021-22 and FY2022-23
 - Continued Investments in Current Facilities
 - Planning for New School Facilities for Capacity
 - Potential General Obligation Bond Referendum

Commissioner Dorosin said in the future it would be good if staff could email the BOCC these PowerPoint presentations in advance of the meetings.

Travis Myren resumed the PowerPoint presentation:

FY2020-25 Recommended Capital Investment Plan

Durham Technical Community College

- Durham Tech Academic Building
 - Requested to Begin in FY2021-22
 - Recommended in Years 6-10 Pending Long Term Funding Strategy
 - Current Cost Estimate - \$26.5 million

Commissioner Price asked if Durham Tech has said how much money it would put in this project.

Travis Myren said Durham Tech has \$1 million from State connect funds, but facilities are the County's responsibility.

FY 2020-25 Recommended Capital Investment Plan

- Next Steps
 - Document Review

- Clerk to the Board's Office
 - County Manager's Office
 - Orange County Website – orangecountync.gov
- Upcoming Budget Meetings
 - April 14 Work Session for Capital Investment Plan
 - **April 23** **Work Session for School and Durham Tech CIP**
 - May 5 Presentation of FY2020-21 Recommended Operating Budget
 - May 12 & June 4 Public Hearings on Operating Budget and CIP
 - May 14 Work Session for Schools and Outside Agencies
 - May 21 Work Session for Fire Dist., Public Safety, Support, Gen. Govt.
 - May 28 Work Session for Human Services and Comm. Services
 - June 9 Amendments and Intent to Adopt
 - June 16 Adoption of Operating Budget and CIP

Chair Rich referred to page 121, sustainability for CHCCS, and said CHCCS got \$450,000 for sustainability projects over the next 5 years. She said she did not see similar funding for OCS, and asked if OCS is getting funding.

Paul Laughton said OCS did not identify that as a specific request.

Chair Rich said she would like to ask OCS if it is spending any money for sustainability.

Chair Rich asked if there is a process in place to track the schools' spending and CIP spending.

Paul Laughton said the County meets with the schools twice a year, and they run summary reports on completed projects. He said some of the challenges that the schools are having is the timing of when some of these projects can be completed. He said if projects cannot be completed in the summer, they may get pushed to the next year, which may be a reason there is sometimes a lag.

Paul Laughton said staff will bring closed out projects to the Orange County Board of Commissioners in an abstract.

Commissioner Dorosin referred to the Durham Tech (DT) request, and said the funding is in year 6. He said there is a real sense that DT wants to do more in Orange County, but cannot do so without the new building. He said this crisis may put a lot of pressure on community colleges, and putting this out for 6 years is bad planning.

Commissioner Dorosin said it is critical to move these monies up in the CIP, and if the County can put funds in this year it would be good.

Commissioner Marcoplos said the BOCC needs to institutionalize a reporting schedule process, perhaps quarterly.

Commissioner Price echoed Commissioner Dorosin's comments for the Durham Tech new facility, but said it may be worth waiting until the new president comes on board to have this conversation. She said Durham Tech also has the middle college, with growing numbers. She said more capacity is needed in Orange County.

Commissioner Greene agreed with these comments about Durham Tech.

Chair Rich said putting funding into DT requires it to be taken from other projects. She said the County is in a tight situation, and money will not be as available.

Commissioner Dorosin said he appreciates the current times, but he would like to look through the CIP to try and find some funding. He said DT has been deferential, to the two school districts, in its requests.

Commissioner Dorosin said the presence of DT is vital to the County's educational system, and the Board should think holistically about education, and embrace this opportunity.

Chair Rich asked if there have ever been any architectural plans for the new facility.

Travis Myren said there are conceptual plans, but planning and architectural monies would be needed to move into the next phase.

Commissioner Price said concept plans were presented to the Orange County Board of Commissioners in the past. She said parking needs are a large question.

Commissioner Price said education helps level the playing field for many people, and DT is one of the best community colleges in the nation. She said the on-going demand for community colleges will likely increase, especially given the current crisis.

Bonnie Hammersley said the Orange County Board of Commissioners can submit amendments to the CIP now and to the operating budget after May 5th.

Bonnie Hammersley said this year it will be a shell game with the amendments.

Commissioner Dorosin asked if the BOCC wanted to move up DT, would it be moved up in its entirety or in pieces, e.g. \$3 million this year, and a different amount next year.

Bonnie Hammersley said staff will check on that.

Commissioner Bedford said she had previously asked about reducing the costs of the new morgue, which may free up some funding for the DT project.

3. Next Steps on the Inclusion of Pre-K Students in School Capacity Calculations

PURPOSE: To discuss the treatment of Pre-K students in light of the existing Schools Adequate Public Facilities Memorandum of Understanding and Ordinance. Options for next steps may include:

1. Directing staff to prepare a formal amendment to the Schools Adequate Public Facilities Memorandum of Understanding including direction on whether to proceed with capacity determinations (Certification of Adequate Public Facilities or CAPS) related to residential development;
2. Directing staff to create an informal capacity tracking tool unrelated to the Schools Adequate Public Facilities MOU and Ordinance;
3. Deferring action on this item to a later date.

BACKGROUND:

During the February 25 joint meeting between the Board of Orange County Commissioners and the Boards of Education from Chapel Hill Carrboro City Schools and Orange County Schools, the group discussed amending the Memorandum of Understanding between the County and the School Districts to explicitly include Pre-K students in school capacity calculations under the Schools Adequate Public Facilities (SAPFO) Memorandum of Understanding. Because the Pre-K students are not counted in the current formula, that classroom space is counted as available capacity for other students and does not represent the total number of students using school space. An example of the proposed amendment is provided as Attachment C.

Including Pre-K students in the school capacity calculation would impact two parts of the SAPFO MOU (Attachment D). First, the SAPFO MOU requires each district to review proposed residential developments and determine if sufficient school capacity exists to accommodate the students generated by that development. If sufficient capacity does not exist, the Board of Education informs the planning jurisdiction in which the development is proposed. In turn, that planning jurisdiction must provide a development proposal that fits within existing school capacity or deny the development. Including Pre-K students in the SAPFO capacity calculation would hasten determinations of insufficient school capacity.

SAPFO is also used guide to initiate the construction of new school facilities. If Pre-K students were included in the school capacity calculation, the projected need for new school facilities would accelerate. When the impact of including Pre-K students is combined with the impact of elementary class size reductions mandated under State law, additional capacity is suggested for

Chapel Hill Carrboro City Schools in the 2021-22 school year and in Orange County Schools in the 2024-25 school year.

As a way to avoid development limitations, the Boards also discussed a more informal process to reflect Pre-K students that would not result in determinations of insufficient capacity. This could be accomplished without a formal amendment to the Schools Adequate Public Facilities Memorandum of Understanding or the Schools Adequate Public Facilities Ordinance.
CHCCS:

Pre-Kindergarten Programming

The mission of the Chapel Hill-Carrboro City Schools (CHCCS) Pre-K/Head Start Program, in partnership with families and the community, is to provide high quality, developmentally appropriate early childhood education, which will meet the diverse needs of all children and prepare them for a positive educational experience. The district currently serves over 260 students in traditional, blended and adaptive prekindergarten classrooms. Younger students being served under the Exceptional Children's program are eligible to enroll in pre-kindergarten classrooms as early as age three.

The purpose of the CHCCS Pre-K/Head Start is to support students, families and the Local Education Agency (LEA) in preparing students for success in education and in life. Our program presents a heavy focus on social emotional learning along with playbased pre-literacy and math skills. Many of our students come from low socioeconomic backgrounds, have disabilities, or other factors that could impede learning. Given this demographic, we serve to identify and build strengths to support learning for the whole child.

Pre-K serves children age three to five years of age, not yet eligible for kindergarten, in the areas of Education, Family Partnerships, Mental Health, Disabilities, Health, Safety, Nutrition, and Dental Care.

Pre-K operates 180 school days from 8:00-2:30 and extended care is available (7:30-8 and 2:30-5:30). Pre-K is funded through Head Start, North Carolina state funded Pre- K Program/Smart Start (NC Pre-K) and local tuition dollars.

Applications for Pre-K/Head Start programs are accepted on a year-round basis. Children who are three or four years old by August 31st are eligible to apply. Interested families must complete an application and provide supporting documentation.

Applications are reviewed and screened and eligibility for Head Start, Smart Start/NCPK, Exceptional Children's Program (EC), Subsidy or Tuition is determined based on income and risk factors. Tuition and Subsidy placements are lottery-based.

Children who are not selected through the lottery process will be placed on a waiting list. Head Start and Smart Start/NC Pre-K placements are need-based. If enrollment at all sites is full, accepted applications will be placed on the waiting list. Once the selection process is completed, families will be notified of their child's application status. In efforts to reach families in Chapel Hill and Carrboro, flyers are created and distributed in 4 different languages: Karen, Burmese, Spanish, and English. Outreach takes place through churches, shelters, apartment

complexes, mobile home parks, and supermarkets in efforts to reach diverse populations in the community.

The district pre-kindergarten program currently operates on an annual budget of approximately \$4 million dollars for 267 students. Funding sources are:

- \$1,300,000 from Head Start
- \$700,000 from NC-PK
- \$500,000 from Local Tuition Students
- \$1,500,000 from Local Funds for EC Support

The district estimates that a Universal Pre-K program would cost approximately \$15 million dollars to serve approximately 750 students. This estimated cost does not include additional capital funding that would be needed for additional classrooms to serve 500 more students in a Universal Pre-K program.

The 267 students in Pre-K are from the following funding sources:

- 116 PK Federal Head Start
- 20 Smart Start/NC Pre-K
- 131 PK Paid
 - 30-paid fully by parents
 - 60-paid through Exceptional Children's Program
 - 40+ paid through DSS childcare subsidies

Of the 20 PK classrooms in the district, 14 classrooms are housed inside an elementary school building and six classrooms are housed in a mobile unit on an elementary school campus. All classrooms have 5-star (highest) quality ratings from the NC Division of Child Development. There are currently 4 students on the Head Start waiting list and 71 students on the tuition list for PK.

Kindergarten statistics:

- 2019-2020 Kindergarten enrollment 837 students
- 509 (61%) families indicated their children attended some type of Pre-K
- 129 Pre-K students exited a CHCCS Pre-K at the end of the 2018-2019 school year.

The Orange County Schools' Pre-Kindergarten (Pre-K) Programs

There are three types of Pre-K classrooms in Orange County Schools:

1. Title 1 Blended Pre-K
2. Exceptional Children (EC) Pre-K; and,
3. Head Start

Title 1 Blended Pre-K Classrooms

The OCS Title I Blended Pre-Kindergarten Program provides a child-centered, developmentally appropriate educational experience for four-year-old children in need of developmental, academic and emotional/social support. The program stresses an environment that motivates learning through exploration and discovery. The goal of the program is to prepare children to enter kindergarten ready and excited to learn and succeed. The design of our program is to support children with the greatest need, so that they will be emotionally and socially ready to be active participants in their own learning. An application process is used to determine which

children will benefit most from the kinds of developmental experiences we offer in our preschool classrooms.

Our program is grounded in the National Association for the Education of Young Children's philosophy of developmentally appropriate practices (NAEYC). Classrooms are child centered and designed to promote the development of the whole child, including all developmental domains described in Foundations, North Carolina's early learning standards (approaches to learning, emotional and social development, health and physical development, language development and communication, and cognitive development). Learning experiences are meaningful and relevant for every child and reflect his or her developmental, cultural, and individual circumstances. Our curricula also emphasize the areas of self-regulation and emotional awareness, early literacy and math skill building.

Every effort is to ensure that each child feels welcome at school and is helped to develop a strong sense of self as a successful learner. The indoor and outdoor classroom experiences include many opportunities for hands-on active learning with real materials and nature. The students spend time each day working in several learning centers, including science, math, writing center, reading corner, block play, manipulatives, dramatic play, sensory play, the safe place, where they make choices and use materials in creative and thought-provoking ways.

Our Title 1 Blended Pre-K classrooms are inclusive, serving children, ages 3-5 years, who receive special education services. Placement is determined by need of services indicated on the Individualized Education Plan (IEP) by the OCS IEP Team. Our classrooms offer opportunities for children of all abilities to play and learn together. We believe that adaptations that make an experience accessible for children with learning barriers can enhance other children's experiences, as well as developing respect, understanding, appreciation and empathy in all children.

The Title 1 Blended Pre-K program believes that children learn best when families and schools form a respectful, trusting partnership and work together. Families are encouraged to get involved from the beginning with our DIAL 4 assessment clusters, home visits, visiting the school and classroom, on-going, daily communication, volunteering, parent conferences, Children as Teachers Family Days, field trips, newsletters, all with the goal of keeping the parent as a partner to help the child be successful. Open and honest communication between teachers and families is important in making sure we are working together to support the child at home and at school.

The Title 1 Blended Pre-K program is for children who are four or who will be turning four by August 31st of each school calendar year. It is a requirement that families and their children live within the attendance areas served by the Orange County School district and meet income and developmental eligibility requirements.

Our Title 1 Blended Pre-K classes are funded with a blend of federal Title 1 funding, state North Carolina (NC) Pre-K funds (Smart Start), the Exceptional Children's Program and Orange County Schools funds. There are limited tuition placements available at each school site for families whose income does not qualify for NC Pre-K placement.

Applications are accepted throughout the school year, for the current school year. Completed applications are processed, screened ranked for Title 1 and NC Pre-K by the Pre- K Team. Eligible children must be at risk of failing to meet North Carolina's academic achievement

standards as determined by multiple, educationally related, objective criteria. Family income, family size and need are also verified. All families are notified of their child's application status. Applications of children not placed will be maintained on a waiting list for a matching placement that becomes available.

The Title 1 Blended Pre-K program follows the OCS K-12 calendar, operating at a minimum of 180 days, and adheres to the K-5 schedule, from 7:30am to 2:50pm. Currently, there is no before or after school extended care available for Pre-K children.

Title 1 Blended Pre-K applications, along with program information are available in English and Spanish for download on the district's website. Hard copies are available at each OCS elementary school, the OCS Central Office, the OCS Welcome Center, the OC Department of Social Services, the OC Health Department, and the OC Public Library.

The Title 1 Blended Pre-K program currently operates on an annual budget of \$980,000 for 68 children.

Funding sources are:

- NC Pre-K: \$230,000
- Federal Title 1: \$200,000
- Federal, State and Local Exceptional Children (EC): \$504,104
- 2019-2020: we have no tuition families for the 2019-2020 school year. Current tuition is \$1,000.
- Local Tuition payments, carried over from previous years when tuition was approximately \$600: \$47,500

OCS currently has 4 Title 1 Blended Pre-K classrooms: 68 children: 52 NC Pre-K and/or Title 1, 16 EC placements:

1. Central Elementary: 1 classroom: 18 children: 14 are NC Pre-K and/or Title 1, 4 EC placements
2. Efland Cheeks Global: 1 classroom: 16 children: 12 are NC Pre-K and/or Title 1, 4 EC placements
3. New Hope Elementary: 1 classroom: 18 children: 14 are NC Pre-K and/or Title 1, 4 EC placements
4. Pathways Elementary (PES): 1 classroom: 16 children: 12 are NC Pre-K and/or Title 1, 4 EC placements, 2 EC push-in placements (from PES EC Pre-K classrooms and don't count in our reimbursement)

All licensed Title 1 Blended Pre-K classrooms have 5-star (highest) quality ratings from the NC Division of Child Development and Early Learning.

There are currently 79 age eligible children on the Title 1 Blended Pre-K waiting list for the 2019-2020 school year.

EC Pre-K Classrooms

OCS also serves two additional EC Pre-K classrooms at PES; each serving up to 10 children, for a total of 20 EC Pre-K placements.

Head Start

Head Start is a program of the United States Department of Health and Human Services that provides comprehensive early childhood education, health, nutrition, and parent involvement services to low income children and families. The program's services and resources are

designed to foster stable family relationships, enhance children's physical and emotional well-being, and establish an environment to develop strong cognitive skills (Wikipedia).

There are three Head Start classrooms, one is housed at Central ES, one at Efland Cheeks Global ES and one at Pathways ES; all are operated by the OC Head Start program. Each of the Head Start classrooms serves 18 children each, for a total of 54 Head Start placements, housed in OCS classrooms.

Travis Myren made the following PowerPoint presentation:

Next Steps for Including Pre-K Students in SAPFO Student Membership
Board of Orange County Commissioners
Work Session
April 23, 2020

Purpose

- To Discuss the Treatment of Pre-K students in Light of the Existing Schools Adequate Public Facilities Memorandum of Understanding and Ordinance (SAPFO)
 - Direct staff to prepare a formal amendment to SAPFO to include Pre-K students in student membership calculations with direction on the treatment of capacity determinations
 - Direct staff to create an informal capacity tracking tool unrelated to SAPFO
 - Defer action to a later date

Background

- February 25 Joint Schools Meeting
 - Proposed amendment to the SAPFO Memoranda of Understanding to include Pre-K students in student membership calculations (Attachment C)

Impacts

- Including Pre-K students in the student membership would impact two parts of the SAPFO MOU
 1. Certificate of Adequate Public Schools (CAPS)
 - Review of Adequate School Capacity Related to New Residential Development
 - Forward Determination to the Relevant Planning Jurisdiction
 - Including Additional Students in SAPFO Student Membership **Accelerate Determinations of Inadequate School Capacity**
 2. New School Construction Recommendations as Indicated by SAPFO
 - SAPFO Used as a Facility Planning Tool
 - Guides Recommendations on New School Construction
 - However, SAPFO does not Require New School Construction

Impact Illustration for CHCCS

Impact Illustration for OCS

Other Items for Consideration

- SAPFO Amendment Requires Adoption by the School Boards, Town of Chapel Hill, Town of Carrboro, Town of Hillsborough, and Orange County Board of Commissioners.

- Clarify Elementary School Capacity to Ensure Pre-K Classroom Space is also Included in the SAPFO Calculations
- Revise the 2007 School Construction Standards Establish Facility Standards for Pre-K Classrooms
 - Requires Action by the Schools Boards and Orange County Board of Commissioners

Recommendation

- The Manager recommends the Board discuss next steps for addressing the treatment of Pre-K student membership in light of the existing SAPFO regulations.
 - Direct staff to prepare a formal amendment to SAPFO to include Pre-K students in student membership calculations with direction on the treatment of capacity determinations
 - Direct staff to create an informal capacity tracking tool unrelated to SAPFO
 - Defer action to a later date

Commissioner Marcoplos asked if the Pre-K numbers are firm and accurate, compared to the SAPFO numbers.

Travis Myren said the numbers in the previous slides are solid, as they represent existing students. He said the policy question arises as to how to accommodate numbers in the existing regulations and framework.

Commissioner Marcoplos said the numbers are firm.

Travis Myren said these pre-K numbers are not projections at all, but rather existing students.

Commissioner Dorosin read an excerpt from the agenda item abstract, and said he had thought SAPFO did not contain specific language that the planning board has to deny a development if there is not enough capacity.

Travis Myren said it is not discretionary.

John Roberts said the ordinance is in the agenda packet and he would look at it.

Commissioner Dorosin referred to page 12 of attachment A (page 4 in the book), which said a CHCCS universal pre-K program will cost approximately \$15 million and serve 750 students. He asked if this estimate includes private pay students. He said the Orange County Schools program does not include private pay students.

Travis Myren said that is correct.

Commissioner Dorosin said he views universal pre-K as being for anyone who cannot afford it, and would not include private pay students. He asked if this is how everyone else would define universal pre-K. He asked if any means testing will be done, and if the 750 number includes the private pay people.

Commissioner Dorosin said he would like the universal pre-K slots to be used for those that need it the most, and not for those who are able to pay.

Commissioner Dorosin said OCS does not have any private pay students included in its numbers.

Chair Rich asked if there is a state definition of pre-K.

Commissioner Bedford said traditionally those who pay for pre-K are teachers and staff members.

Commissioner Dorosin asked if that is true because of policy.

Commissioner Bedford said traditionally pre-K has been so expensive that other families select other programs, and most families need year round coverage and not just 180 days.

Commissioner Greene said it had been her understanding that SAPFO was mandatory, but has never pulled the gun on developers. She said it is her understanding that CHCCS wants to have a broader range of incomes represented in the pre-K.

Commissioner Bedford said Headstart requires slots for the kids with the greater needs.

John Roberts said the State does not define universal pre-K. He said the ordinance is in line with what he has previously advised the Board to do, and that is if the Board does include pre-K students, then it should amend the ordinance. He read the following from page 19 of the abstract item: Certificate of Adequacy of Public School Facilities

a.) Subject to the remaining provisions of this [article], no approval under this ordinance of a subdivision preliminary plat, minor subdivision final plat, site plan, or conditional or special use permit for residential development shall become effective unless and until a Certificate of Adequacy of Public Schools Facilities (CAPS) for the project has been issued by the School District.

Commissioner McKee said it his understanding that universal pre-K would be open to any child in Orange County, just like K-12.

Commissioner Marcoplos said he agreed, and drawing a line based on means seems to go against the spirit of public education.

Commissioner Price said there are different funding streams for various pre-K programs. She said there are some slots for people who have means to pay, and there are other slots for those with lesser income, or those children with specific needs. She said Durham uses a sliding scale. She said many families who can pay for private pre-K do so, and thus do not use the public pre-K.

Commissioner Dorosin said if the BOCC adds pre-K to the numbers, given the issues raised by Travis Myren in the presentation, the BOCC could raise the percentage capacity in the statute for elementary schools.

Chair Rich asked if this would buy the County many years.

Travis Myren said the 267 pre-K students are 5% of total capacity, and they would need to add the 5% to the total capacity, which is certainly an option to explore. He referred back to the recommendations, and whether the BOCC wants to pursue an amendment or create a different tracking tool.

Commissioner Greene asked if there is a suggested amendment for the BOCC to consider, and would it incorporate pre-K and make it mandatory. She said she thought the desire was to avoid that.

John Roberts said that is correct. He said if pre-K numbers are included, he would recommend that the Board amend the ordinance so that CAPS no longer determines if a developer can build. He said the ordinance can remain as a planning tool.

Commissioner McKee asked if the Board is talking about pre-K at the mandated level, the existing level, the waiting list level, or the universal level. He said he is confused.

Chair Rich said the agenda item is not addressing whether or not the BOCC wants to create universal pre-K. She said this item is addressing the issue, which the schools brought to the BOCC, that pre-K students have never been included, and it is a flaw in SAPFO. She said the unfunded K-3 mandate from the State will require more classrooms, and if pre-K students are filling up the classrooms that are needed to meet the K-3 mandates, what will be done with the pre-K students. She said the question is whether to include the pre-K students in the SAPFO numbers.

Commissioner McKee from his perspective the existing pre-K numbers should be included now.

Chair Rich said universal pre-K does not have to all be housed in public schools.

Commissioner Marcoplos referred to the slide with 3 choices, and the second option intrigues him. He said if that was done for a year, the County could learn a lot and then see pre-K through the tracking tool. He said it could be like a rehearsal.

Commissioner McKee asked if Travis Myren could review option 1 again.

Travis Myren said option 1 would have the BOCC would formally amend the Student Membership section of the SAPFO memorandum of understanding (MOU), to include pre-K students, and also delete the section that has to do with issuing CAPS.

Chair Rich asked if that would include all pre-K students or just the ones the County is mandated to accommodate.

Travis Myren said the request was to include all of the existing pre-K students, and there was some disagreement regarding the waiting list. He said he imagines all would want to clear the waiting list.

Commissioner McKee agreed.

Commissioner Price asked if option 1 would eliminate the CAPS, and if so, is that something the schools wanted, or would the schools still want to still limit construction. She said she liked option 2.

Commissioner Dorosin said the schools know the number of kids in the pre-K seats, and to him, the issue is how many kids are in the seats now and how much room exists to accommodate the new class room size mandate. He said he favored option 1, and then figure out how to change the ordinance regarding CAPS, capacity, etc.

Commissioner Dorosin said if the BOCC is going to keep SAPFO, then every child that is present should be counted.

Commissioner Greene said would choose option 1, counting the existing children. She said she would like to keep the language of the SAPFO, but to the extent practical, they need to get away from the threat of the "shall" word.

Commissioner Bedford said she supports counting the existing pre-K students, but her concern is if the BOCC tried to get all of the jurisdictions to agree, they will not agree with it. She said she supported Commissioner Greene's suggestion to keep the SAPFO language, but to get away from shall. She said she does not favor increasing the capacity percentages. She asked if all jurisdictions have to agree in order to amend the ordinance.

Chair Rich said OCS and CHCCS and Orange County Board of Commissioners would have to all agree.

John Roberts said the MOU is between all parties, so all would have to agree.

Commissioner Bedford said she is not sure it is worth the effort, as she would predict that the towns would not agree. She said to just leave it alone, and track the numbers.

Commissioner Marcoplos said if the BOCC pursues option 1 there will be a lot of disagreement in the first year, and so it looks like they are leaning toward a hybrid of options 1 and 2. He said it seems wise to have a time to try it out and have discussions.

Commissioner Price said she was uncertain as to whether there was a deadline for all of this, and that is why she was leaning toward option 2. She said the BOCC does not have enough information on option 1, and time would help with that. She said she supports counting the pre-K students, but is unsure how the other entities feel. She said 5 entities would have to come to an agreement on this proposal, and that would take time. She said she is unsure where people stand about CAPS.

Chair Rich said Craig Benedict, Planning Director, went before each of the entities and all are up to date. She said OCS has been before Town of Hillsborough asking the Town to move forward. She said she does not think Chapel Hill and Carrboro are as far along in discussions.

Commissioner Dorosin said the entire BOCC seems to favor counting the pre-K students, so he would favor moving forward with option one and start drafting the amendment.

Chair Rich asked if it is clear which number of students are being counted: the existing students, the mandated students, the waiting list, etc.

Commissioner Dorosin said SAPFO currently counts kids that are in the building, and he would support continuing that.

Chair Rich asked if the numbers ever change, can CHCCS enroll more than 267 kids.

Commissioner Dorosin said the numbers would change based on enrollment, and if the districts can afford to accommodate more students, they should do so.

Chair Rich said that practice could trigger the building of a new school.

Commissioner Dorosin said that is what SAPFO is for now, and K-12 numbers can trigger the building of a new school.

Travis Myren said the difference is that pre-K is discretionary, with the exception of mandated students.

Chair Rich said the Board supports pre-K and knows every child deserves it. She said including pre-K could trigger the need for a new school sooner than otherwise would have been needed.

Commissioner McKee said option 1 makes the most sense, as it counts the kids that are already there. He said universal pre-K is a different conversation.

Commissioner Greene said the kids in pre-K are not all mandated to be there, and the number of non-mandated kids could be high or low. She said the BOCC does not want to be in a position of going against the case from Cabarrus County.

Commissioner Marcoplos asked if all the parties involved have the same understanding of option 1. He said, if not, the County would come up with an amendment for all to review, all the while counting the kids informally. He said if the BOCC is going to take option 1, it will take elements of option 2 to get them there. He said both options will come to pass with time.

Commissioner Price asked if there is a timeline, and if students are counted what happens next. She asked if the County will end up out of compliance if pre-K students are counted.

Travis Myren said the school districts requested the amendment to the membership language. He said in terms of adoption there is not a hard and fast deadline.

Commissioner Price said if the BOCC passes this next month, hypothetically, are the schools requesting to eliminate CAPS or to keep it.

Travis Myren said the schools did not address CAPS.

Commissioner Price said the BOCC continues to use as a planning tool, and the district may be out of compliance with the new state classroom mandates.

Travis Myren said this is a local creation, and it depends how the Board wants to treat the CAPS.

Chair Rich said the BOCC needs to have more conversations with Chapel Hill and Carrboro about this.

Commissioner Bedford said she looked back at previous documents, and the school districts were discussing including the existing pre-K students and the wait list, but with a maximum of 10%. She said because funding is an unknown, she said the amendment would need to include a maximum. She said if the BOCC went forward with the amendment, she would like to keep the CAPS language, moving away from its mandatory nature, and put a maximum on the number of pre-K children.

Travis Myren asked John Roberts if the BOCC made the CAPS an advisory, then the towns would not have to agree to this.

John Roberts said yes. He said everyone would have to be a part of the removal of CAPS to keep things equitable; it cannot exist in one district and not another.

Chair Rich said all jurisdictions need to be treated equally. She said there seems to be some next steps needed, along with more conversations with the towns.

Commissioner Greene said if the mandatory language is removed, but the CAPS are still present, she would still want the towns to be a party to it, and to be expected to consult the SAPFO when dealing with a new development to understand the practical import of any new development.

Commissioner Dorosin referred to the “must” language and spoke of a hypothetical development that would bring 100 new students, pushing the CHCCS over capacity, and CHCCS denies the development, and the developer sues to the district, and gets permit to build the school. He asked if anyone has the authority to force the County to build a school.

John Roberts said this has never unfolded before, but a scenario would be that a developer needs a SAPFO from the school district in order to build a subdivision, and if that is not obtained, the subdivision will not be approved by the local planning department. He said, from there, it will end up in litigation and may include the school systems, but the denial is coming from the Towns or County. He said the County would not have to build a school, but someone would get sued.

Commissioner Dorosin said many counties have crowded schools, and are not required to build schools. He suggested moving forward with option 1 and drafting something to look at existing kids and those on waiting list; and while this is being drafted they reach out to the towns and start the conversation. He said it would be helpful to have something to show the other parties with a couple of options.

Commissioner Greene said the weight is with the County.

4. School Funding Equity between School Districts in Orange County

BACKGROUND:

This agenda item is in response to a petition by a Board member. In North Carolina, each county is responsible for supplementing state and federal appropriations to public education. State law requires the County to allocate current expense or operating funding to each school system based on an equal per pupil amount. In addition to current expense funding, counties provide funds to each system for recurring and long range capital projects.

These capital expenses are not required to be allocated on a per pupil basis.

The FY2019-20 budget provides \$4,352.25 per student for each of the 20,408 students in the two school systems. The Chapel Hill Carrboro City Schools District was allocated approximately \$53.4 million in current expense funding based on an enrollment of 12,274 students. The Orange County Schools District was allocated approximately \$35.4 million in current expense funding based on an enrollment of 8,134 students.

State law also allows Local Education Agencies (LEA) to levy special district taxes. District taxes must be approved by referendum. Once the tax is approved, the Board of County Commissioners formally approves the special district tax rate each year. Attachment A shows the counties in the state that levy taxes for more than one school district and the special district tax rates, if any, authorized in each of those Districts. The most recent data available from the Department of Public Instruction is from 2017-18.

The Special District Taxes are only levied within the District’s boundary. In FY2019-20, Chapel Hill Carrboro City Schools maintained a special district tax rate of 20.18 cents per \$100 assessed value. For this fiscal year, the special district tax is estimated to generate an additional \$1,977 per student or a total of \$24,267,972. This additional per pupil funding

increases per pupil resources in the Chapel Hill Carrboro City Schools District to a total of \$6,329.25.

Based on the requirements of State law, the County cannot equalize the total per pupil amount since it must provide the same per pupil funding for current expenses to each district. At this time, the County does not have a way to equalize the total per pupil funding unless each district authorizes the same special district tax or the existing special district tax is eliminated.

Chair Rich said Commissioner Dorosin has brought this up repeatedly over the past seven years, and she asked him to elaborate this evening.

Commissioner Dorosin said the County has per pupil funding based on enrollment: 60/40 between CHCCS and OCS. He said CHCCS also has the special district tax, which results in about an extra \$2000/more per student. He said there is something that is inequitable about this process, and he wonders how the Board can justify this disparity within the County. He said his proposal in the past has been to do general fund increases, with decreases in the special district tax. He said he is aware OCS rejected a district tax years ago. He said he is open to creative ways of how to address this inequity.

Commissioner Dorosin said the BOCC should reach out to its legislative delegation for a local bill to reduce disparity without cutting education.

Chair Rich said the General Assembly component is crucial, and of all the districts with a special tax, CHCCS is the highest.

Commissioner Price said if it comes through the general fund it will raise taxes for everyone.

Commissioner Dorosin said if the BOCC wanted to lower the district tax, then it would be offsetting.

Commissioner Price said the residents in OCS would see it as a tax increase for schools.

Commissioner Dorosin said the tax would be for all schools.

Commissioner Price said opinions may have changed, but OCS residents have historically said no to raising taxes to pay for schools.

Commissioner Dorosin said it would be part of their property tax. He said the difference would be that the amount of monies to OCS in the annual budget would go up, and the amount going to CHCCS would remain the same.

Commissioner Greene said Commissioner Dorosin is technically correct, and Commissioner Price is correct in what the perception would be among the OCS voters. She said OCS residents do not see this as evening things up, but rather as an increase in taxes, and there is no other reason than to re-appropriate the taxes.

Commissioner Greene said it would be nice to know what the voters in the OCS district thought, and maybe there needs to be another referendum.

Commissioner Dorosin said this idea is only one proposal, and he is open to all ideas. He said if his proposal were to pass, they would see a regular increase in money going to the OCS.

Commissioner Marcoplos said this tax solution is the only solution has been identified. He said he has lived here a long time, and generally, in rural Orange County people are happy with their schools, with good reason. He said people would rather not have their taxes raised, and still have good schools.

Commissioner Marcoplos said in CHCCS, there are people who want their taxes raised for their schools, as they can afford it. He recommended hiring a polling company to see what people think in both school districts.

Commissioner Dorosin asked if there is any way to compel school districts to consolidate some of the things that they both do, such as transportation, to ameliorate disparities. He said it is good to hear what people think, but right is right.

Commissioner Marcoplos said, over the years, rural Orange County has felt that the schools were one thing over which they had control. He said if a poll were conducted, the residents could be asked about collaborative efforts.

Commissioner Dorosin said if they are going toward universal pre-K, and building new facilities, there should be more effective collaboration.

Chair Rich asked if the Board is interested in polling about a district tax, and if a referendum is desired, which would provide some supporting data.

Commissioner Marcoplos said polling residents would provide information and seed conversations around the County.

Chair Rich said if the public is involved from the beginning it backs up what Commissioner Dorosin is trying to do. She said the public has misunderstood Commissioner Dorosin's intent in the past.

Commissioner Dorosin said if it is the will to have two school districts, then the question remains as to whether the current funding model is equitable.

Commissioner Dorosin said the sheet that was attached, with district tax data, has some missing information.

Commissioner McKee said his position has not changed. He said there is no way to get around the fact that the residents in CHCCS will come up neutral on taxes paid, but the OCS residents will get a tax increase. He said there are 20,408 students in Orange County, and if you get rid of the district tax then both districts are equal at \$4352 per pupil. He said to bring the districts back to the current CHCCS allocation, the County would have to generate \$1977 per pupil for the OCS students, which is a \$40 million increase in tax revenue, and translates to 20.8 cent tax increase district wide.

Commissioner McKee said a poll would be useless because both sides of the conversation would mobilize residents to come out in opposition. He said to put a referendum on the November ballot for an OCS district tax, and that would serve as the poll.

Chair Rich said is it that the County needs to bring all up to 1977, or bring it down to a more reasonable amount to allow for equity.

Commissioner McKee said the numbers he is using is bringing every student up to what CHCCS currently spends per pupil.

Chair Rich said the question remains of does it cost \$2000 more per student to educate students in CHCCS, as opposed to OCS.

Commissioner McKee said that is the true question: what does it cost to educate a student in Orange County. He said it will be as hard to sell a reduction in the special district tax to CHCCS parents, as it would to sell an increase in taxes to the OCS parents. He said there is no doubt that inequity exists, but there is also the perception of it. He said the bottom line is that the people in Chapel Hill implemented a tax for themselves, and OCS did not. He said there would be a huge tax increase if the Board tries to balance this by going to the CHCCS funding level.

Commissioner Bedford said there should be federal funding for all children to receive an education. She said in 2006 both school districts agreed on issues about taxes not forcing people to move, and serving children fairly. She said in 2005 Davenport did a study on ways to share costs between the school districts, and some changes were made to the tune of significant savings. She said some recommendations were not implemented such as teacher training being done collaboratively with teachers from both districts, as well as allowing high school students to go between the two districts. She said there was a recommendation to raise taxes to go exclusively to schools, but the 2007-2008 recession occurred. She said the

republican majority in the GA has consistently cut funding to schools, and one option would be to change to percentage of the County budget that is allocated to schools, but with Covid-19 there are going to be great basic needs in the County.

Commissioner Bedford said when people move to Chapel Hill they move there a lot of those times because of the school district. She said she chose a very small home in order to have her daughter in CHCCS schools, due to her special needs.

Commissioner Bedford said the group in 2006 cautioned against a special district tax as it is focused on the residents in a particular area, as opposed to the entire County, and areas in rural Orange County do not have the same tax base as CHCCS. She said economic development may change this.

Commissioner Bedford said a survey is a good idea, and the school boards could also be asked for input. She said if residents favor a tax raise, it is easy to do through incremental changes in the ad valorem tax.

Commissioner Dorosin said there would not be cuts if you raise the ad valorem, and cut the district tax.

Commissioner Bedford said CHCCS has many more children with special needs, and is using more of its special district tax to fund pre-K students.

Commissioner Dorosin said it is a chicken and egg situation, and people want to live in CHCCS because there are good schools, but there are good schools because there is more money.

Commissioner Bedford said she hopes EC education is strong in both districts. She said people move to CHCCS for the schools, but also the university and the medical centers.

Chair Rich said the district tax was rooted in a racial inequity to insure that African Americans could not move into the school system. She said that may not exist now, but it was true at one time years ago.

Commissioner McKee said the education from both school systems is good. He said there is a perception that CHCCS provides a better education for their students, but he disagrees with this.

Commissioner Dorosin said he did not mean to imply that CHCCS provides a better education than OCS. He said there is a perception that more money equals a better education. He said both districts provide a good education, but the funding is inequitable.

Commissioner Bedford said there is an impression that Orange County is a wealthy County. She said Orange County may be doing better than some counties, but nationally it is not. She said it is worth changing the 48.1% budget target.

Commissioner Marcoplos said Orange County actually funds their schools similarly to counties that are 20 slots higher in wealth in North Carolina. He said much more of Orange County wealth is going to education per capita.

Commissioner Marcoplos said CHCCS is second in the nation in the achievement gap, and there are many ways to address equity in the schools systems and they are not all connected the money.

Commissioner Price said in recent years both school systems have been in the top 5 in the State. She said the perception is with the wealth, and many people think CHCCS has all the money, but many people in CHCCS are forgotten, and have very little income. She said the schools were segregated in 1909 when the district tax was established, and she thinks the tax had more to do with wealth than race. She said the perceived difference between the two districts has always struck her as strange. She agreed it would be good to find out what the CHCCS spends the extra district funding on and what are their priorities.

Chair Price said the 48.1% is just a target, and it is not a mandated percentage.

Chair Rich said yes, 48.1% is a target and it helps staff with planning. She said it is a starting point.

Chair Rich said the BOCC can either do a survey or a poll to understand if OCS wants to be part of a referendum,

Commissioner Dorosin suggested sharing this discussion with both school boards. He said everyone has concerns and questions about the different levels of funding, and would like to learn more about how the additional \$2000/student manifests itself in CHCCS.

Chair Rich said it would be good to find out what OCS is offering that CHCCS is not, and vice versa.

Commissioner Dorosin said it may be a good idea for students to be able to take classes in the other district, and all options should be explored.

Commissioner Dorosin said there should be a conversation with their legislative delegation to get their perspective on this disparity in funding between the two school districts. He said maybe the outcomes could help the BOCC with questions to put on a poll or survey.

Commissioner Bedford said she thinks the BOCC can do whatever it wants to do with the district tax, and does not have to bring the OCS up to the CHCCS level. She asked if John Roberts would research this.

Bonnie Hammersley asked if staff should put this on the agenda for the joint meeting with the schools on the 28th.

Commissioner Dorosin said the BOCC may need more information first, and he asked if the next collaboration meeting is scheduled.

Chair Rich said there is not a date scheduled yet, as a mutually agreeable date has not been found.

Commissioner Dorosin said not to have the item on the 28th agenda, but to have Chair Rich draft letter to school chairs with this meeting's transcript. He said the meeting next week may be too soon, and he does not want to spring it on the schools.

Chair Rich said she supports doing some type of survey.

Commissioner Dorosin said more information is needed prior to doing a poll.

Chair Rich thanked Commissioner Dorosin for his ongoing commitment to this issue.

5. Arts Commission – Appointments Discussion

BACKGROUND:

The following appointment information is for Board consideration. As the Designated County Partner with the NC Arts Council, the Arts Commission is required to conduct its annual grants cycle during the summer of 2020. Potential board members are recruited to ensure all areas of the arts are properly represented during grants review panels. Brad Porter and Krista Bremer represent the performing and literary arts, respectively, and their perspective and knowledge is needed for the upcoming grants panels.

A motion was made by Commissioner Greene, seconded by Commissioner McKee to appoint the following to the Arts Commission:

Position 4 Daniel Mayer	At-Large	Second Full Term	Expiring 03/31/2023
Position 5 Tinka Jordy	At-Large	One Year Term Extension	Expiring 03/31/2021
Position 9 Krista Bremer	At-Large	First Full Term	Expiring 03/31/2023
Position 10 Marlon Torres	At-Large	Second Full Term	Expiring 03/31/2023
Position 11 Brad Porter	At-Large	First Full Term	Expiring 03/31/2023

VOTE: UNANIMOUS

A motion was made by Commissioner Price, seconded by Commissioner Marcoplos to adjourn the meeting at 10:24 p.m.

Penny Rich, Chair

Donna S. Baker
Clerk to the Board