

APPROVED 6/2/2020

**MINUTES
BOARD OF COMMISSIONERS
VIRTUAL BUDGET WORK SESSION
May 14, 2020
7:00 p.m.**

The Orange County Board of Commissioners met for a Virtual Budget Work Session on Thursday, May 14, 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:

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 conducted a Virtual Budget Work Session on May 14, 2020 utilizing Zoom. Members of the Board of Commissioners participated in the meeting remotely. As in prior meetings, members of the public were able to view and listen to the meeting via live streaming video at orangecountync.gov/967/Meeting-Videos and on Orange County Gov-TV on channels 1301 or 97.6 (Spectrum Cable).

1. FY 2020-21 Operating and CIP Budget Discussions, with:

- Durham Technical Community College, Pg. 151 and Pgs. 195 – 199
- Chapel Hill-Carrboro City Schools, Pg. 151 and Pgs. 155 - 175
- Orange County Schools, Pg. 151 and Pgs. 176 – 194

BACKGROUND: The County Manager presented the FY 2020-21 recommended budget on May 5, 2020. Since that time, the Board has conducted one public hearing to receive residents' comments regarding the proposed funding plan. Tonight's work session is the first opportunity the Board has had to discuss next years recommended funding plan related to Education funding.

County Support of Local Boards of Education

The recommended funding level represents a total appropriation for both school districts of \$113.9 million, which is 49.4 percent of General Fund revenues, 1.3 percent above the target of 48.1 percent established by the Board of County Commissioners. This includes funding for current expense, school related debt service, school health and safety service contracts, and schools deferred maintenance funds.

Student Enrollment Projections for the Chapel Hill-Carrboro City Schools:

Based on DPI projections, the Chapel Hill-Carrboro City School District enrollment for fiscal year 2020-21 totals 12,312, reflecting a decrease of 43 students when compared to the March 2019 projections. The district has a current enrollment, as of March 2020, of 166 charter students, which represents a decrease of 3 students from March 2019. Out of district students are budgeted at 251, 1 more than budgeted in the current fiscal year. This brings the total district enrollment to 12,227 for FY 2020-21.

Student Enrollment Projections for the Orange County Schools:

Based on DPI projections, the Orange County School district enrollment for fiscal year 2020-21 totals 7,381, a decrease of 7 students from the March 2019 projections. The district continues to experience a growing number of charter students, with a current enrollment, as of March 2020, of 885 students, which represents an increase of 42 students from March 2019. Out of district students are budgeted at 110 students; 13 more than budgeted in the current fiscal year. This brings the total district enrollment to 8,156 for FY 2020-21.

The General Assembly requires school systems to pay a per pupil allotment to support charter students within their district.

Current Expense

The recommended appropriations for Chapel Hill-Carrboro City and Orange County Schools increases the current expense funding by \$8,394 in FY 2020-21. This includes an increase in per pupil funding from \$4,352.25 to \$4,358, a \$5.75 increase for each of the 20,383 students in the two school systems. Local Current Expense funding supplements State and Federal funds received by each district for the day-to-day operation of schools. Examples of expenses paid from these funds include salaries and benefits for locally paid teachers and utilities. North Carolina statutes mandate boards of county commissioners to provide local current expense monies to school districts. Counties having more than one school administrative unit, as is the case in Orange County, are required to provide equal per pupil appropriations to each system.

Recurring Capital

Recurring capital for both School districts remains the same as the prior year appropriation of \$3 million dollars. The recommended budget for FY 2020-21 includes \$1,799,700 for Chapel Hill-Carrboro City Schools and \$1,200,300 for Orange County Schools. For FY 2020-21, as was the case in FY 2019-20, debt financing will be utilized, instead of pay-as-you-go funding for Recurring capital. Recurring capital pays for facility improvements, equipment, furnishings, and vehicle and bus purchases. State statutes mandate counties to fund recurring capital. However, the amount of money counties allocate to this function is discretionary and varies from county to county.

Long Range Capital

The County plans and programs long-range school capital funding through the County's Capital Investment Plan (CIP). The recommended budget for FY 2020-21 includes \$2,455,016 for Chapel Hill-Carrboro City Schools and \$1,637,359 for Orange County Schools, for a total of \$4,092,375, which represents an increase of \$80,243 from FY 2019-20. A 2% annual growth rate is included throughout the years of the CIP related to Long Range Capital. For FY 2020-21, as was the case in FY 2019-20, debt financing will be utilized, instead of pay-as-you-go funds for Long Range Capital projects. Similar to Local Current Expense funding, the amount of money counties allocate to long-range capital expenditures is discretionary and varies from county to county.

School Debt Service

The recommended budget provides for \$18,507,336 in School Related Debt Service, which represents repayment of principal and interest on School related debt, including general obligation bonds and private placement loans. North Carolina statutes require counties to pay for school related capital items, such as acquisition and construction of facilities. In instances where counties borrow funds to pay for such items, the State mandates counties to repay the debt. The amount of money counties borrow for school related projects is discretionary and varies from county to county.

Health and Safety Service Contracts

The recommended budget includes \$3,629,597 for the Health and Safety Service Contracts for both school districts to cover the costs of School Resource Officers in every middle and high school, and a School Health Nurse in every elementary, middle, and high school in both school systems.

Deferred Maintenance Funds for School Capital Projects

The recommended budget includes \$3,000,000 allocated by ADM towards deferred maintenance needs as addressed in both school districts' assessment of older facilities in the following amounts: Chapel Hill-Carrboro City Schools appropriation of \$1,799,700, and Orange County Schools appropriation of \$1,200,300.

Supplemental Deferred Maintenance Program

The FY2020-21 CIP introduces a supplemental funding program for deferred maintenance and life and safety improvements in schools. The program would involve an expenditure of \$30 million over the next three years to expedite each School District's backlog of deferred maintenance projects in anticipation of a potential general obligation bond referendum in future years.

The total amount is divided between the Districts on the basis of average daily membership for this fiscal year. As a result, Chapel Hill-Carrboro City Schools is allocated 59.99% or \$17,997,000 of the \$30 million total while Orange County Schools is allocated 40.01% or \$12,003,000 of the total amount.

Given this allocation, each District was asked to provide a three year plan for these expenditures. Chapel Hill-Carrboro City Schools requested \$1,800,000 in year 1, to upgrade security cameras radios and intercom systems in schools; and design and engineering services for large capital projects scheduled in years 2 and 3, \$10,000,000 in year 2 and \$6,197,000 in year 3. Orange County Schools requested \$4,150,000 in year 1, primarily for continuation of their district-wide Safety and Security Plan, and upgrades/renovations to restrooms and the main hall at Orange High School, \$3,600,000 in year 2, and \$4,253,000 in year 3.

School Districts Budget Requests

Both School Districts requested increases in per pupil funding for FY 2020-21.

Chapel Hill-Carrboro City Schools requested an increase of \$500.73. This requested increase in the local per pupil allocation for current expenses would increase the per pupil allocation to \$4,852.98. This funding level would represent an increase of \$6,165,000 in the current expense for Chapel Hill-Carrboro City Schools.

Orange County Schools requested an increase of \$321. This requested increase in the local per pupil allocation for current expenses would increase the per pupil allocation to \$4,673.25. This funding level would represent an increase in the current expense for Orange County Schools of \$2,398,150. Orange County Schools also requested one-time funding of \$1,027,000 for staff bonuses, outside of the current expense funding.

County Support of Orange County Campus of Durham Technical Community College (DTCC)

The recommended funding for the Orange County Campus of Durham Technical Community College, located at the Waterstone Development in Hillsborough, provides current expense funding of \$723,256, recurring capital of \$75,000, and debt service payments of \$233,634. In addition, the recommended budget includes \$200,000 for 200 scholarships (student tuition for Orange County Residents), which will be paid from Article 46 Sales Tax proceeds instead of through Current Expenses.

As with local school districts, counties in North Carolina are responsible for supplementing state and federal appropriations to community colleges. For the most part, counties are responsible for day-to-day operating costs such as utilities, security and custodial services. The Counties are not responsible for funding of teaching staff.

Capital Investment Plan

The FY 2020-21 Manager Recommended Capital Investment Plan included funding of \$10,460,944 in FY 2020-21, and a 5-Year total of \$54,611,404, for Chapel Hill-Carrboro City Schools; and funding of \$9,926,369 in FY 2020-21, and a 5-Year total of \$46,526,909 for Orange County Schools. **Note:** these amounts have been revised from the Original Recommended Capital Investment Plan to reflect the revised ADM%, as included in the FY 2020-21 Manager Recommended Operating Budget.

The Manager Recommended Capital Investment Plan includes funding of \$26,547,911 for a new Academic Building and parking in Years 6-10 for Durham Technical Community College – Orange County Campus. Details regarding recommended funding levels for local school districts and Durham Technical Community College are located in the Education section of the budget document, beginning on Page 151.

During tonight's work session, Commissioners will have the opportunity to dialogue with the Durham Technical Community College, Chapel Hill-Carrboro City Schools, and Orange County Schools about county funding and anticipated State funding for schools next year.

Travis Myren made the following PowerPoint presentation:

Budget Work Session #1
Education and Outside Agencies
May 14, 2020
Virtual Meeting

Durham Technical Community College (chart)

- Operating Costs (non-instructional) – page 151

Durham Technical Community College (chart)

- Durham Tech Promise – page 65
 - \$200,000 Recommended Appropriation for FY2020-21

- Funded by Article 46 sales tax
- Annual scholarship of \$1,000 per student
- Open to recent high school graduates and GED recipients

Durham Technical Community College (pie chart)

- Durham Tech Promise – page 65
 - Orange County Durham Tech Promise Students by Ethnicity

Durham Technical Community College (pie chart)

- Durham Tech Promise – page 65
 - Orange County Durham Tech Promise Students by Gender

Durham Technical Community College (pie chart)

- Durham Tech Promise – page 65
 - Orange County Durham Tech Promise Students by School

Durham Technical Community College

- Capital Investment Plan – page 135 of CIP
 - New Academic Building Moved to Years 6-10
 - \$26.6 million total estimated project costs
 - Estimated at 40,000 – 45,000 square feet
 - Additional 250 parking spaces
 - Project Phasing
 - Year One: Planning and Design - \$1 million
 - Year Two: Site Preparation and Construction - \$14 million
 - Year Three: Project Completion - \$11.6 million
 - Current Debt Service Satisfied in FY2027

Debt Service Projections - Projected Debt Service Schedule

Debt Service to General Fund Revenue Projection

Commissioner Dorosin said he wanted clarification about the capital project, and he would like to move this project out of years 6-10, and into years 1-5. He asked if the BOCC were to bring this project forward, would it need to find offsetting funds, and how would that look.

Travis Myren said this can be looked at on a yearly basis, but the cumulative effect on debt service would be for the total 5 years.

Commissioner Dorosin asked Dr. Ingram if the BOCC did move this project up, so year 1 was next year, does Durham Tech have the capacity to execute that in that timeframe.

Dr. Ingram said yes, and the timeframe would include some planning.

Commissioner Price asked if capital costs would be included in the first year, versus planning being in the first year.

Travis Myren said the first year would be \$1 million for planning and design, with construction costs in years 2 and 3.

Commissioner Price asked if the County can borrow funds for the planning process.

Travis Myren said yes, as long as the funds are connected to a fairly certain capital project.

Commissioner Price asked if this is the best time to start this project given that DTCC is in search of a new President, and will be in a time of transition and a pandemic.

Dr. Ingram said DTCC has a high-level land use concept plan. He said the first year would involve meeting with interested parties about what the programs would be. He said his Board is interested in moving this project forward, and most of the expected growth is in Orange County.

Commissioner Bedford asked Dr. Ingram if currently enrolled students are doing real time online learning, or posted assignments.

Dr. Ingram said DTCC's online instruction is mostly asynchronous in nature, with posted assignments. He said he is not aware of any synchronous instruction.

Commissioner Bedford asked if, with this pandemic, will the instruction model shift in greater ways to more and more asynchronous learning. She wondered if it would be wise to wait some period of time, and then reassess brick and mortar needs. She said next year might be too soon, and asked if 18 months would be better.

Dr. Ingram said DTCC is ready to move forward when the Orange County Board of Commissioners is ready. He said DTCC is restarting some face-to-face instruction in Orange County next week, mostly due to the nature of the programs that are offered in Orange County.

Commissioner McKee asked Commissioner Dorosin if he is supporting the start of planning in 2020-21.

Commissioner Dorosin said yes, potentially.

Commissioner McKee said given what the County is facing right now, he is reluctant to move this forward. He said once this ball gets rolling the County would be looking at \$26 million for this project.

Commissioner Dorosin said he would try to find offsetting funds in the CIP, for the entire \$26 million.

Commissioner McKee said if that were possible, he would be open to further discussion. He said his concern about starting a project of this cost is the many unknowns ahead.

Dr. Ingram said the project would have to be approved by the State Board of Community Colleges, who would not so without a commitment from the County for the full price tag.

Commissioner Greene said she is not questioning the need for this project, but she is wondering about the planning. She asked if stage would be \$1 million.

Travis Myren said yes.

Commissioner Greene said \$1 million seems low to properly accomplish the planning stage.

Travis Myren said the total planning bill is about \$2 million, with \$1 million being the County's part.

Dr. Ingram said the total price of the project is \$26 million, which includes planning.

Commissioner Price said, in response to Commissioner McKee, the reason she is in agreement of moving up this project is that it needs to at least start, and not wait another 5 years. She said this is a piece of economic development in her opinion.

Travis Myren resumed the PowerPoint presentation:

FY2020-21 Budget Recommendations

Chapel Hill-Carrboro City Schools

Orange County Schools

Total Funded Students (chart)

Chapel Hill-Carrboro Funded Students (chart)

Chapel Hill-Carrboro Funded Student History (chart)

Orange County Funded Students (chart)**Orange County Funded Student History (chart)**

Commissioner Marcoplos asked if there is any information about the charter school freeze.

Travis Myren said he does not know why the freeze started, but the reality is that even though these students are not in the districts' buildings, the districts are required to pay the per pupil for the students. He said that is a cost that is being incurred by the Districts, as the County funding stayed the same, but the Charter fees increased.

Bonnie Hammersley said in the 2015-16 budget, she phased in an increase of the frozen number, plus half of the overage, and the next year they fully funded the overage. She said this helped the schools to keep the funds they have, and be reimbursed by the County. She said this has continued since that time.

Commissioner Marcoplos said the County is easing the burden the schools have to incur for funding charter students.

Bonnie Hammersley said that is correct.

Travis Myren resumed the PowerPoint presentation:

Recommended School Funding

- Operating Budget School Funding – page 151
 - Current Expense \$88,829,114
 - Total Projected Students 20,383
 - **Total Per Pupil Allocation \$4,358**

Recommended School Funding

- Operating Budget Funding Target
 - Operating Budget Funding as a Percentage of General Fund Revenue

Recommended School Funding (chart)

- Capital Budget School Funding – page 101 CIP slide 16

Recommended School Funding (bar graph)

- Total Recommended School Funding History

Recommended School Funding (bar graph)

- Per Pupil Allocation History

Recommended School Funding (bar graph)

- CHCCS Per Pupil Allocation History with District Tax slide 19

Recommended School Funding (bar graph)

- Annual Changes in Per Pupil Allocation
 - \$108 average annual increase since FY2008-09

Recommended School Funding

- Why a \$5.75 Per Pupil Increase slide 21
 - Number of Students Decreased by 25

- Per Pupil Rounded up by \$0.42
- FY2020-21 Rounded Per Pupil \$4,358.00
- FY2020-21 Students 20,383
- FY2020-21 Current Expense \$88,829,114

Commissioner Dorosin said the requested continuation budget form CHCCS was an additional \$3.7 million, and he is unsure of OCS.

Travis Myren said the Superintendents can clarify this information, and compare requested budgets to the Manager's recommended budget.

Commissioner Price referred to page 151, under other school related programs, and asked if there will be social workers as well, or if this is covered by the schools separately.

Travis Myren said that is included in the local school district budgets, and he does not know which proportion is County funded versus school funded.

Commissioner Price said Orange County takes care of the SROs and nurses, but social workers are a different part of the budget.

Travis Myren said yes.

Commissioner Price said they have school equity training as zero, and there is an indication of a footnote, but she does not see the footnote.

Bonnie Hammersley said that training was a one time cost requested by both school districts last year, which is likely what the footnote should have said.

Superintendent Felder reminded the BOCC that education is the foundation of their community.

Rhonda Rath, OCS Chief Financial Officer, made the following PowerPoint presentation:

2020/2021 Orange County Schools Budget Request

Orange County Schools FY2021 Budget Request Updates since April 28, 2020

- We remain committed to our 3 FOCl: (1) Literacy (2) Culture/Climate and (3) Stakeholder Engagement
- Manager's Recommended Budget will not fund our Continuation budget request particularly our known benefit increases (Slide 3)
- The OCS Board of Education has reviewed the requested per pupil funding and stands behind the requested \$4,673 per pupil.
- We will share the State and Federal emergency allocation planned spending. These additional funds cover basic needs of remote learning (Slides 4-5)
- Post COVID-19 information we feel underscores our per pupil request (Slides 6-8)

2020/2021 Recommended County Appropriation Shortfall (chart)

COVID-19 State and Federal Emergency Allocation	
Orange County Schools LEA 680	
State – Governor Cooper's Emergency Funding	\$226,956
Federal CARES Act	\$940,689
Total One Time Emergency Funds	\$1,167,645

- Funds restricted and expire

- State funds only expended for school nutrition, school and community based child care, cleaning and sanitizing schools and buses, protective equipment and remote learning.
 - Expire June 30, 2020
- Federal funds released after local education agencies (LEA) apply.
- A little more flexibility in spending. (e.g. mental health services and supports, planning and implementing summer learning, training and professional development pertaining to sanitation and minimizing spread of virus)
 - Expire September 21, 2020

**OCS COVID-19 State and Federal
Emergency Allocation Draft Spending Plan**

- **200,000** - 500 Hotspots to be distributed to families without internet
- 825,000 – K-2 ipad devices for students to take home for remote learning
- **100,000** - Telework stipends for teachers and teacher assistants utilizing personal cell phones, personal data plans and personal technology equipment to support student learning (~\$100K)
- **43,000** – Printing and postage associated with remote learning packets

OCS Superintendent Felder presented this portion of the PowerPoint:

Unfunded COVID-19 Expected Expenditures

- Remote summer instruction
- Remote learning accessory equipment (i.e. headphones)
- Increased maintenance staff to address maximum cleaning, sanitizing and disinfecting of school buildings and buses
- Staffing cost for potential increase in instruction hours to address learning loss (i.e. before school, after school, Saturday)
- Temperature checking stations at every facility
- Personal Protection Equipment for students' in-person learning. Approx. \$81,000/month
- Remote learning Curriculum and necessary Staff professional development
- Transportation impacts for physical distancing
- Hot water in every school to promote proper hand washing

Chair Rich asked if the OCS continuation and expansion budgets could be identified. Rhonda Rath said the OCS continuation budget is \$984,050 and the OCS expansion budget is \$1,414,100. She said the per pupil allotment to fund the continuation budget would be \$148.

Chair Rich asked if the OCS fund balance amount could be identified.

Rhonda Rath said there is \$2.6 million in unassigned funds.

Commissioner Dorosin said he wants to see if the County can fund the continuation budget, and said the budget increase proposed by the Manager is \$142,646

Commissioner Dorosin said the difference between the continuation budget and the Manager's recommendation is \$842,000.

Rhonda Rath said yes, and \$96,000 goes directly to the ADM growth

Commissioner Dorosin said OCS would need ~ \$842,000 to cover the continuation request.

Commissioner Dorosin referred to the fund balance amount, and asked if all of that is available to be reallocated.

Rhonda Rath said \$2.7 million is available, and has already factored in for any state requirements, as well as any that has already been committed or assigned.

Commissioner Dorosin clarified that none of the money coming from the state and federal government can go toward the continuation budget.

Rhonda Rath said that is correct.

Commissioner McKee asked Rhonda Rath if the fund balance would cover the OCS continuation budget for 2.5 years.

Rhonda Rath said yes, if everything stays the same.

Commissioner McKee said if OCS were to use fund balance for this year only, it would have \$1.7 million remaining in unassigned fund balance.

Rhonda Rath said yes.

CHCCS Superintendent Pam Baldwin made the following PowerPoint presentation:

Chapel Hill – Carrboro City Schools
Board of Education’s Local County Appropriation
Funding Request Update
Presented to the Board of County Commissioners
5/14/2021

Strategic Plan Areas

- Student Success
- Employee Experience
- Family and Community Engagement
- Organizational Effectiveness

2020 – 2021 Fiscal Year 2020-21 Budget Request
Updates since April 28, 2020

- CHCCS remains committed to our 4 Strategic Plan Areas: Student Success, Employee Experience, Family and Community Engagement, and Organizational Effectiveness.
- CHCCS stands unwavering in our commitment to EQUITY and ensuring success for EVERY child.
- Manager’s Recommended Budget will not fund our State mandated benefit increases in our Continuation budget request.
- The CHCCS Board of Education reiterates the ongoing need for the original 2020-2021 budget request to support the strategic mission of the District.
- State and Federal emergency allocation planned spending. These additional funds have already been spent or earmarked on emergency response.
- Post COVID-19 Re-entry and Recovery information that further illustrates the need for increased funding.

Jonathan Scott, Interim CHCCS Chief Financial Officer, continued the PowerPoint presentation:

Summary Fiscal Year 2020-21 Budget Request (pie chart)

- \$3,716,000 Continuation Funds
- \$2,674,000 Expansion Funds
- \$1,968,500 One-time Expenditures

- \$8,358,500 Total Local Operating Budget
- \$ 225,000 Increases in Other Revenues
- \$1,968,500 Fund Balance Appropriation
- \$6,165,000 Total Continuation, Expansion Budget, and One-time Request.
- Increase of \$501 per pupil
- Correlates to \$5.37 cents on the tax rate.

Local Appropriation Budget Deficit:

FY 2020 Appropriation	\$ 53,419,518
FY 2021 Recommended Appropriation	53,285,266
Net Budget Decrease	(134,252)
CHCCS BOE Budget Request	6,165,000
CHCCS BOE Budget Request Deficit	\$ (6,299,252)
Per Pupil Funding Deficit	\$ (512)

Continuation Budget Living Wage and State Mandated Benefit Increases

OC Living Wage Compliance	\$ 230,000
Matching Social Security and Medicare (7.65%)	17,595
Matching State Retirement (21.44%) (Fixed)	465,802
Premium Increase in Health Insurance Cost from \$6,306 to \$6,647 (Fixed)	279,500
Total Living Wage and State Mandated Increases	\$ 992,897

COVID-19 State and Federal Emergency Allocation

State – Gov. Cooper’s Emergency Funding	\$ 379,530
Federal CARES Act	862,621
Total One Time Emergency Funds	<u>\$ 1,242,151</u>

- \$226,000 of State Emergency Funds has been earmarked for Telework Stipends
- The remaining \$153,500 will be used to partially cover local expenditures for emergency supplies, materials, food, and remote learning technology. CHCCS has identified over \$250,000 of Local funds already spent or encumbered since March.
- CHCCS is incurring estimated additional costs of \$270,000 a month to offer hazard pay to Bus Drivers and Food Service workers while continuing to operate our emergency feeding program.

Examples of COVID-19 Unfunded Anticipated Costs

- Remote summer instruction
- Remote learning supplies, materials, software, and equipment
- Staff development costs to enhance remote learning instructional methodologies
- Personal Protection Equipment for students and staff supporting in person learning
- Increased costs of cleaning, sanitizing, and disinfecting school buildings and buses
- Social distancing requirements affecting instruction, transportation, and nutrition
- Lost revenues generated from enterprise related activities (Facility Rental and After School Tuition)
- Additional costs to prepare for an immediate school re-closure

Chair Rich asked if CHCCS could identify its unassigned fund balance.
Jonathan Scott said \$11.1million, which is \$14.4%.

Chair Rich asked if the per pupil amount for the continuation budget is \$81.29, and \$501 for the expansion budget.

Jonathan Scott said the continuation, as presented, was \$80 per student, which only covers state mandated increases to cover personnel costs.

Commissioner McKee said the CHCCS unassigned fund balance is \$11.1 million, and the continuation request is \$3.7 million. He said based on these numbers CHCCS could operate out of its fund balance for 2 ½ years.

Jonathan Scott said yes but CHCCS would probably run into some cash flow issues.

Commissioner McKee said he does not anticipate the schools having to burn all of its fund balance, but it can cover its continuation budget, as Orange County does out of its own fund balance.

Jonathan Scott said yes, and was present in the 2008 financial crisis, when this was done.

Superintendent Felder said while OCS has a fund balance of \$2.2 million, OCS's monthly payroll is roughly \$2.2 million. She said if there was any other crisis or incident, OCS would not be able to make payroll.

Commissioner McKee said he understood that, but Orange County is the ultimate backstop for the schools. He said he and the County are not going to let the schools run out of money. He said there is a state requirement for fund balances, but using these funds for one year does not burn out the fund balance, as there is excess above the required state mandate. He said the salaries are covered through the per pupil appropriation, not fund balance.

Commissioner Price referred to the hazard pay to bus drivers, and said she thought transportation was shared between the two schools. She asked if the pay for bus drivers could be explained.

Jonathan Scott said the transportation allotment is split between the two districts, but there is also local funding. He said the drivers are currently delivering meals to 30 sites, and the CHCCS Board of Education (BOE) increased the drivers' rate of pay for hazard pay, as they put themselves at risk during COVID-19. He said these funds are mutually exclusive to OCS transportation funds.

Commissioner Price asked if there is a timeline for how long hazard pay will go on.

Jonathan Scott said the BOE committed to this pay through June 30.

Commissioner Dorosin asked if the actual dollar difference, between the continuation budget and the Manager's recommended budget, could be identified.

Jonathan Scott said to fund the continuation budget would require \$3.8 million more than what was allocated. He said CHCCS budgeted 2% and 5% increases.

Commissioner Dorosin said the CHCCS continuation request was \$3.6 million, but the Manager has allotted \$135,000 less than last year. He said in order to fund the continuation budget, it would take \$3.6 million plus \$135,000, which is not \$3.8 million.

Commissioner Dorosin referred to fund balances, and said this money is like a savings account for emergencies. He said this is an emergency, and this is the time to dip into these accounts. He asked if the schools agreed with this assessment.

CHCCS Superintendent Baldwin said the current situation is an emergency, but no one knows how long it will last. She said it may be premature to use emergency funds immediately, if it is possible to fund the continuation budget.

OCS Superintendent Felder agreed completely.

Commissioner Dorosin said he appreciates those comments, but he believes that this is a critical time.

Rhonda Rath said it is important to keep in mind that the schools' federal budget is on a different schedule, and is not typically approved until December or later. She said this can lead

to cash flow issues, as federal funds are not available at the start of the year. She said federal employees have to continue to be paid without the funds.

Commissioner Marcoplos said it is confusing who is supposed to fund various positions within the school systems, and asked if a list could of positions, and who is responsible for their funding, could be provided to the BOCC.

Commissioner Marcoplos referred to CHCCS page 4, and said a \$5.37 tax increase seems to be needed for both the continuation and expansion budgets. He said OCS needs a \$2.90 tax increase. He said combined, these would amount to an \$8.33 tax increase.

Bonnie Hammersley said this is ADM allocation, and 59.99% goes to CHCCS and the rest goes to OCS.

Commissioner Bedford said she asked for the fund balance policy to be included in the BOCC agenda packet, and it does say schools can use fund balance for operating expenses in emergencies. She said \$2 million was spent every year in 2008/09/10, and the schools should plan to use the fund balance again over the next few years. She said there can be cash flow issues, but the County has helped with this in the past. She said state cuts occurred back then and everyone did less with less. She said she is very thankful for the federal dollars for some of the COVID-19 related needs. She said having to address curriculum needs across the board will be very expensive, and special needs children will face the most hardship. She said the County is in the same boat as the schools, and there needs to be a one year plan that dips into the fund balances, and have frequent communication between the schools and the County. She said this is a hard time, and there will be much hardship ahead. She said the County cannot raise taxes right now.

Commissioner McKee complimented both school boards and superintendents for their dedication, but respectfully disagreed with the superintendents about the use of fund balance monies. He said the fund balance is for emergencies, and Orange County is not going to let schools fail. He said everyone is in this together and must work together.

Commissioner McKee said there is enough fund balance in both school districts to fund their continuation budgets for this year. He said he is not going to ask taxpayers for a tax increase knowing these fund balances are there. He said people are without employment and losing their homes, and he will ask nothing of the residents.

Chair Rich thanked the schools for coming back for this discussion, and said the BOCC has to have conversations about County's fund balance every year themselves.

Chair Rich said the Orange County Board of Commissioners has always supported education, and when the public reports otherwise, it is simply untrue.

2. Discussion of Outside Agencies Funding for FY 2020-21, Pgs. 298-309

BACKGROUND:

Each fiscal year, non-profit organizations that deliver community services have the ability to apply for program funding from Orange County. In December 2016, the Orange County Board of Commissioners adopted a funding target of 1.2 percent of the county's general fund expenditures, less the appropriation for education expenses, for the purpose of funding outside agency operations. Historically, the county had a funding target of 1.0 percent.

Applications are reviewed by staff members for completeness and eligibility. The applications are then presented to a specific advisory board, depending on the subject matter. Each advisory board is responsible for scoring each application based on an application scorecard. The application scorecard is comprised of three weighted categories with a total possible score of 100. The three categories and the total possible points are: Customer Impact/Value (20 points), Results (40 points), and Plan for Implementation (40 points). A few of the application

questions and sections changed from the previous year. To accommodate changes to the application, the point distribution was altered in each section. The County Manager presents recommendations to the Board of County Commissioners, which approves the final allocations.

Recipients are required to submit written program reports that include: goals, description of activities/challenges, revisions of timelines/budgets, and other relevant information. Funded projects are monitored for progress and performance, financial and administrative management, and compliance with the terms of Performance/Development Agreement(s). Monitoring may involve site and/or office visit(s).

For fiscal year 2020-21, Orange County received applications from 54 agencies. The requests totaled \$1,923,289, an increase of \$433,108 above fiscal year 2019-20. The FY 2020-21 County Manager's Recommended budget includes funding awards for 49 agencies with a total of \$1,541,974; an increase of \$51,793 from FY 2019-20 Commissioner Approved Budget.

Based on the theme of this year's budget, most outside agencies are recommended to receive the same funding as they did last year. The Budget recommends approving the additional funding requests for six agencies that will likely be involved in the response to or impact by COVID-19. Agencies that are recommended for an increase are:

- Compass Center for Women and Families – increase of \$12,751
- Community Home Trust – increase of \$3,108 based on an interlocal agreement formula
- Meals on Wheels of Orange County – increase of \$27,488 reallocated due to merger with Orange County Rural Alliance
- Interfaith Council – increase of \$69,397
- Orange Congregations in Missions – increase of \$13,965
- Pathways to Change – a new domestic violence program – increase of \$4,351

Please refer to the Outside Agency section (Pages 298-309) of the FY 2020-21 Manager's Recommended budget for discussion of Outside Agency funding.

The Board has historically received an *Outside Agencies Funding Request* booklet. Due to the current COVID19 restrictions on businesses, the production of this document did not occur in time for this budget work session discussion. The *Outside Agencies Funding Request* booklet will be provided to the Board in September 2020, along with the FY 2020-21 Commissioner Approved Annual Operating Budget and Capital Investment Plan.

FINANCIAL IMPACT: There is no financial impact associated with the discussion of Outside Agencies. Decisions that the Board makes on Outside Agency funding, as part of its discussion of the Manager's Recommended FY 2020-21 Annual Operating Budget, will have financial impacts.

Bonnie Hammersley made the following PowerPoint presentation:

FY2020-20 Budget Recommendations
Outside agencies

- ❑ Base Budget (FY2019-20) with the following exceptions that received increased funding:

- Community Home Trust: \$3108 based on Interlocal Agreement
- ✓ Compass Center for Women and Families: \$12,751

- ✓ Interfaith Council: \$69,937
- ✓ Meals on Wheels Chapel Hill: \$27,488
- ✓ OCIM: \$13,965
- ✓ Pathways to Change: \$4,351

(new Domestic Violence program for Orange County)

\$1,541,974 is consistent with the target established by the BOCC to allocate 1.2% of general fund expenses, not including education, to outside agencies

Schedule For Budget Consideration

Budget Timeline	Date
Recommended Budget Presentation	May 5
Budget Public Hearing	Date
Budget and Capital Investment Plan (CIP)	May 12 & June 4
Budget Work Session Schedule	Date
Schools and Outside Agencies	May 14
Fire district, Public Safety, Support Services and General Government	May 21
Human Services and Community Services	May 28
Budget Amendments and Resolution of Intent to Adopt	June 9
BOCC Regular Meeting	Date
FY 2020-21 Operating and CIP Budget Adoption	June 16

Bonnie Hammersley reviewed the new meeting process for this year, due to the pandemic.

Commissioner Price said there was one request that could not be fully funded, and asked if staff could clarify.

Bonnie Hammersley said Meals on Wheels requested a significant increase, which the County could not fully fund. She said took OCRA’s previously requested funds and moved them into Meals on Wheel, as these two organizations recently merged into one.

Commissioner Price asked if combining the two amounts brought the monies up to the requested amount.

Bonnie Hammersley said no, they requested an additional \$80,000, which would have allowed them to expand services fully, at one time. She said phasing in was another option, and the recommended amount will allow for this to occur. She said services have not been cut, but rather will expand at a slower rate than originally hoped for.

Bonnie Hammersley said all outside agencies are being impacted by COVID-19, and staff will continue to work with its agencies to help them succeed. She said agencies receive funding on a quarterly basis, after submitting some documentation. She said in March, she approved the pay to be distributed in advance of the required reporting, which is one way staff can pivot to keep things moving.

Commissioner Marcoplos said he had one question about the schools, which he forgot to mention previously. He said there is \$270,000/month in hazard pay, and he would like to know more about this, such as projections for the future and details on what it is for.

3. Adult Care Home Community Advisory Committee – Appointment Discussion

The Board considered discussing appointments to the Adult Care Home Community Advisory Committee.

Chair Rich said the Board can discuss if it wants to formally approve these tonight, or wait until the June 2 Business meeting. She said the Clerk has asked if the BOCC would

approve these appointments tonight. She said there is also a question of whether the BOCC wants to change its advisory policy to allow electronic meetings. She said currently the BOCC meets electronically, but advisory boards are not meeting, unless they have a statutory requirement to do so.

Commissioner Bedford said she is in favor of approving all of these appointments tonight with one motion, unless a commissioner needs more information.

Commissioner Greene said she advocated for voting tonight, but would be fine with waiting until June 2nd.

Commissioner Dorosin said since it is only two weeks until June 2nd he is happy to wait, and as long as the Board preserves the conversation he is fine. He said he is willing to be flexible and vote as needed, when needed.

Commissioner Marcoplos supported voting tonight, and the desire was to be able to have conversations, which the Board has accomplished. He said voting the same night as the discussions seems efficient and speeds things up. He said he would support always doing this.

Commissioner McKee said the Orange County Board of Commissioners can do what it wants to do with its own procedures. He said he is happy either way.

Commissioner Price said as long as there are no controversies, she is fine to vote at a work session. She said voting at a regular meeting is only a formality.

Chair Rich said the desire seems to be to leave the procedure in place for the future, so discussions can take place, but to vote on these appointments tonight.

Commissioner Dorosin referred to the electronic meeting policy, and said he fully supports changing it to allow advisory boards to meet electronically.

John Roberts said, at the time the policy was created, the Board was concerned that appointees would not show up, but just call in. He said this could be addressed by allowing electronic meetings to occur only during declared states of emergency.

Commissioner Dorosin said it has become apparent in recent weeks that a lot can be done without face-to-face participation. He said he would encourage people to meet in person, but if not, other means should be acceptable.

Chair Rich asked if this policy were to change, on whom would the responsibility fall to set up the electronic meetings.

Donna Baker said the staff liaison and the advisory board chair would work together. She said some standardized guidelines might help to insure that open meeting laws are being met.

John Roberts said the meeting being open is the most important element.

Thom Freeman said meeting electronically may broaden the pool of willing volunteers, as those who cannot physically attend meetings, may now be willing to serve.

Commissioner Greene said it may also get younger people, with children, to be willing to serve.

Commissioner Bedford said when the policy was created it is likely that video capabilities were not what they are now. She said these are different times, and virtual meetings allow real participation. She said the only issue may be access to stable/reliable Internet.

Commissioner Dorosin said there are 2 questions: 1.) whether the entire board meets virtually during an emergency, and 2.) post crisis, does virtual attendance continue to be permissible. He said he would say yes to both questions, for the valid reasons already outlined. He said face-to-face meetings are preferred, but virtual participation is effective, and this should be maximized.

Chair Rich said this sounds like two policies: one for a state of emergency, where all meetings would be virtual, with staff helping with technology needs. She said the second policy

would allow for members to be able to meet virtually, while encouraging in person meetings as a preference. She asked if the public would be able to attend in only person and also virtually.

John Roberts said he could create some proposed rules for the BOCC to consider.

Chair Rich asked if staff could accomplish that before the summer break.

John Roberts said yes.

Commissioner Price said virtual meetings work, and once the crisis is over, allow board members to attend virtually, but mandate a physical meeting for the public to be able to attend. She said the policy should also cover whether board members can vote electronically.

John Roberts said the advisory board policy does not apply to some statutory boards (Board of Health, Social Services, etc.), and this potential policy would only apply to advisory boards.

Commissioner Marcoplos moved to allow advisory boards to meet virtually during this, and any future crisis, and come up with a policy thereafter.

Chair Rich said the policy is needed, and voting now would be too broad and without guidelines on how to meet.

Donna Baker said the BOCC is meeting virtually through June, and the policy could take effect from July 1 onwards, which would allow guidance and help to those who have not done these types of meetings before.

Thom Freeman said the boards really want to meet, and it would be good to allow them to do so in the near future.

Commissioner McKee said none of these boards need the BOCC to act on anything right now, and it can be discussed as an agenda item in an upcoming meeting. He said this should be handled properly.

Bonnie Hammersley agreed with Commissioner McKee, and said staff could bring this back on June 2nd.

Commissioner McKee said a lot of people might have problems accessing virtual meetings, like he has.

Commissioner Price said she is in favor of giving the go ahead to staff to draft some language.

Commissioner Dorosin asked if the BOCC has a post-COVID policy, as to whether Commissioners can participate remotely.

John Roberts said he believed so, but will research.

Commissioner McKee asked staff to please double check on that because he could not do that 6 years ago, per state law.

A motion was made by Commissioner Price, seconded by Commissioner Bedford to appoint the following to the Adult Care Home Community Advisory Committee:

- Position 2 Jack Ramsey At-Large - One Year Preliminary Term Expiring 03/24/2021

VOTE: UNANIMOUS

Commissioner Greene asked if she could be provided some information about this committee and the BOCC's roles and responsibilities regarding oversight of these homes.

Chair Rich said this committee has asked for more help, and it is important to continue conversations, especially given the impact of COVID-19.

Commissioner Price said this committee is seeing inadequacies in adult care homes, but are unsure how to address them. She said she would also like more information on how follow up can occur.

4. Alcoholic Beverage Control Board – Appointment Discussion

The Board considered discussing appointments to the ABC Board.

A motion was made Commissioner Bedford, seconded by Commissioner McKee to appoint the following to the ABC Board:

- Position 3 Mike Zito - At-Large - First Full Term Expiring 06/30/2023
- Position 4 Alice Mahood - At-Large - First Full Term Expiring 06/30/2023

VOTE: UNANIMOUS

A motion was made by Commissioner Dorosin, seconded by Commissioner McKee to appoint Patrick Burns as Chair of ABC Board.

VOTE: UNANIMOUS

5. Board of Health – Appointment Discussion

The Board considered discussing appointments to the Board of Health:

A motion was made by Commissioner McKee, seconded by Commissioner Bedford to appoint the following to the Board of Health.

- Position 1 Dr. Lee Pickett - Veterinarian - First Full Term Expiring 06/30/2023
- Position 2 Jessica Frega - Citizen BOCC Appointment - Second Full Term Expiring 06/30/2023
- Position 4 Dr. Sheilda Rodgers - At-Large Nurse - First Full Term Expiring 06/30/2020

VOTE: UNANIMOUS

6. Carrboro Northern Transition Area Advisory Committee – Appointment Discussion

The Board considered discussing appointments to the Carrboro Northern Transition Area Advisory Committee.

A motion was made by Commissioner McKee, seconded by Commissioner Dorosin to appoint the following to the Carrboro Northern Transition Area Advisory Committee:

- Position 1 Edward Witkin - N. Transition Area BOCC Appointee - First Full Term Expiring 01/31/2023
- Position 3 Deborah Eaker-Rich - N. Transition Area BOCC Appointee- Second Full Term Expiring 01/31/2021

VOTE: UNANIMOUS

7. Chapel Hill Orange County Visitors Bureau – Appointment Discussion

The Board considered discussing appointments to the Chapel Hill Visitors Bureau.

A motion was made by Commissioner Bedford, seconded by Commissioner Greene to appoint the following to the Chapel Hill Visitors Bureau:

- Position 14 Elizabeth (Betsy) Bertram Interim – Ex- Officio-Economic Development Staff – Town of Carrboro- First Full Term Expiring 06/30/2023

VOTE: UNANIMOUS

8. Historic Preservation Commission – Appointment Discussion

The Board considered discussing appointments to the Historic Preservation Commission.

A motion was made by Commissioner Price, seconded by Commissioner Bedford to appoint the following to the Historic Preservation Commission:

- Position 4 Stephen Peck - At-Large - Second Full Term Expiring 05/19/2020

VOTE: UNANIMOUS

9. Nursing Home Community Advisory Committee – Appointment Discussion

The Board considered discussing appointments to the Nursing Home Community Advisory Committee.

A motion was made by Commissioner Greene, seconded by Commissioner Dorosin to appoint the following to the Nursing Home Community Advisory Committee:

- Position 2 Diane Stoy - At-Large – One-Year Preliminary Term Expiring 03/24/2021

VOTE: UNANIMOUS

10. Orange County Parks and Recreation Council – Appointment Discussion

The Board considered discussing appointments to the Orange County Parks and Recreation Council.

A motion was made by Commissioner Bedford, seconded by Commissioner McKee to appoint the following to the Orange County Parks and Recreation Council:

- Position 3 Bruce Chinery Cedar Grove Township (this applicant lives in Hillsborough see recommendation information) Partial Term Expiring 03/31/2021
- Position 4 Xilong Zhao Chapel Hill City Limits First Full Term Expiring 03/31/2023
- Position 6 Mikki Fleming Cheeks Township Partial Term Expiring 03/31/2021
- Position 7 Cecily Kritz Chapel Hill Township (reappointment) First Full Term Expiring 03/31/2023
- Position 9 Tim Tippin Bingham Township (reappointment) Second Full Term Expiring 03/31/2023
- Position 10 Andrew Landstrom Hillsborough Town Limits First Full Term Expiring 09/30/2022

VOTE: UNANIMOUS

11. Orange Water & Sewer Authority Board of Directors – Appointment Discussion

The Board considered discussing an appointment to the OWASA Board of Directors.

A motion was made by Commissioner Dorosin, seconded by Commissioner Price to appoint Quintin Harper.

Commissioner Bedford said Quintin Harper previously served on the OWASA board, but had to step down.

Commissioner Greene said if one is a good member, and is up for a second term, one would have to have done something very wrong not to get reappointed. She asked if it is not expected to be able to serve a second term.

Chair Rich said she served on the OWASA Board for two terms, and expected the second term to automatically follow the first, but Commissioner Dorosin is allowed to nominate anyone he wants.

Commissioner Dorosin said OWASA has not made a candidate recommendation to the BOCC.

Commissioner Greene said when she has served on boards previously, any member in good standing expected to be able to serve a second term.

Commissioner Dorosin asked if this would be different if there is a better candidate. He said it is no offense to the person who has previously served.

Commissioner Greene said not appointing someone for a second term, for willy-nilly reasons, may deter people from serving.

Commissioner Dorosin said willy-nilly is a mischaracterization, and Quintin Harper has served on this board before, is African American, and would bring diversity. He said Quintin Harper is very active in the community.

Commissioner Greene said he does have qualifications.

Commissioner Price said the BOCC is having these discussions, and going through these applications, specifically to look for more diversity. She said the current appointee has demonstrated excellent service

Commissioner McKee said he would endorse Commissioner Greene's concerns. He said if he served faithfully on any board and was not reappointed, without due cause, he would consider it a slap in the face. He said Commissioners can certainly put forth other candidates for consideration, but the BOCC should respect Raymond DuBose's service with a second term.

Commissioner Greene apologized for her willy-nilly comment.

Commissioner Marcoplos said he met Ray Dubose in the early 2000s when they were working on droughts, and he is a dedicated appointee. He said he deserves another term.

Commissioner Bedford said she would like to know how many of the OWASA board members have the expertise that Ray DuBose has.

Commissioner Dorosin said he read the OWASA website, which says the board is made up of people "just like yourself." He said it is a mischaracterization for his nomination, who he deems to be the best candidate, to be considered a diss to Ray Dubose.

Commissioner Dorosin said the OWASA board is a clique that needs to be broken open.

VOTE: Ayes, 2 (Commissioner Price and Commissioner Dorosin); Nays, 5 (Commissioner McKee, Commissioner Greene, Commissioner Bedford, Commissioner Marcoplos, Chair Rich)

A motion was made by Commissioner McKee, seconded by Commissioner Bedford to appoint the following to the OWASA Board of Directors:

- Position 2 Raymond (Ray) DuBose County BOCC Appointment Second Full Term Expiring 06/30/2023

VOTE: Ayes, 6; Nays, 1 (Commissioner Dorosin)

A motion was made by Commissioner Dorosin, seconded by Commissioner Marcoplos to adjourn the meeting at 9:47 p.m.

VOTE: UNANIMOUS

Penny Rich, Chair

Donna S. Baker
Clerk to the Board