

**ORANGE COUNTY
BOARD OF EDUCATION**

AGENDA ITEM ABSTRACT

Meeting Date: November 1, 2010

AGENDA ITEM No. 10-11-12

ACTION ITEM: (Y/N) N

SUBJECT: Collaboration Meeting Discussion Topics for November 3, 2010

INFO. CONTACT: Patrick Rhodes **PHONE:** 919-732-8126

ATTACHMENTS:

1. Draft Meeting Plan for the County/Schools Collaboration Work Group.
2. Orange County Board of Commissioners (BOCC) Approved Capital Funding Policy Draft Revised 4/17/2010.

PURPOSE: The purpose of this item is to allow the Board of Education the opportunity to discuss items on the November 3, 2010 Collaboration Work Group Agenda and to provide feedback to the chair and vice chair regarding the attached proposed changes to the BOCC Capital Funding Policy. These proposed policy changes will be added to the collaboration meeting agenda for discussion.

BACKGROUND: The BOCC is in the process of considering changes to their Capital Funding Policy.

FINANCIAL IMPACT: Unknown at this time.

RECOMMENDATION: The Superintendent recommends the Board of Education discuss the collaboration agenda topics and the proposed BOCC Capital Policy revisions and provide feedback to be shared during the November 3 meeting.

Draft Meeting Plan for the County/Schools Collaboration Work Group

Wednesday, November 3, 2010 3:00 PM – 5:00 PM

Government Services Center, Hillsborough

Expected Attendees (16): Work Group Members (9): Jamezetta Bedford, Frank Clifton, Donna Coffey, Valerie Foushee, Mike Kelley, Tony McKnight, Neil Pedersen, Bernadette Pelissier, Patrick Rhodes.
Staff (7): Clarence Grier (Director, OC Financial Services), Paul Laughton (OC Financial Services), Todd LoFrese (CHCCS Assistant Superintendent for Support Services), George McFarley, Jr. (OCS Chief Operating Officer), Michael Talbert (Deputy Director, OC Financial Services), Greg Wilde (Director, OC Management Support), Andy Sachs (facilitator).

Desired Outcomes

- Debrief of the September 2010 Joint Boards meeting
- Clarification of existing policies for the usage of school facilities.
- Update on several matters relevant to schools funding

Agenda

3:00 Convene

- Introductions, as needed.
- Review/revise/adopt today's Meeting Plan (*desired outcomes, agenda, groundrules*).

3:10 Debrief of the September 2010 Joint Boards meeting

- What stands out for each Work Group member about the Joint Boards meeting?
- What if anything should the Work Group do as follow-up to the Joint Boards meeting, or in preparation for Spring 2012 Joint Boards meeting?

3:30 Policies for the Usage of School Facilities

Commissioner Pelissier asked that the Work Group consider the development of policies for the usage of school facilities. The Superintendents will explain their districts' policies and actual experience (e.g., usage information) for consideration by the Work Group.

4:00 Schools Funding Update

- Update on sales tax referendum
- Any new and relevant budget information from the State?
- Update on schools' capital needs
- Other coordination needed for the 2011-2012 budget cycle?

4:45 Wrap Up

Agenda items and date for any next Work Group meeting.

5:00 Adjourn

Work Group Ground Rules (adopted 1/27/04, amended 4/9/07)

- One speaker at a time.
- Stick to task and topic.
- Listen attentively to the speaker.
- Share the floor.
- It is OK to disagree... please do so respectfully.
- Raise and discuss new ideas, doubts and differences with the group before going public.
- Decisions will be made within this group by unanimous consent among group members (although not necessarily with equal levels of enthusiasm).
- Items will appear on Work Group final meeting agenda only by group decision. Each Work Group meeting will begin with a review by the group of the meeting's proposed agenda.

Draft Revised 9/17/10

Orange County Board of Commissioners
Approved
Capital Funding Policy

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Preamble

This capital funding policy is the product of extensive analysis and deliberation. The intent of this policy is to reflect greater priority than there has been historically on providing funding for County projects, with particular emphasis directed at enhanced upkeep of existing County facilities. The policy reflects the implementation of the Board of Commissioners' resolution of November 16, 2004 that the Board "does hereby adopt in principle a policy of allocating a target of 60 percent of capital expenditures for school projects and 40 percent of capital expenditures for county projects over the decade beginning in calendar year 2005". This policy continues the County's principle and historical practice of funding all School and County related debt service obligations before allocating any other School or County capital funds for other purposes.

Long Range Capital Investment Plan

During January of each fiscal year, the County Manager shall present, to the Board, five-year County and School capital needs and funding plans in the form of a Capital Investment Plan. Each year, the Board of Commissioners shall conduct a public hearing on the Manager's Recommended CIP during March and subsequently adopt a five-year Capital Investment Plan (CIP) as part of the annual operating budget in June.

County and School recurring capital needs will be identified and reviewed during each annual operating budget cycle, and recurring capital appropriations will be approved by the Board of Commissioners as an element of each annual Orange County Budget Ordinance.

The five-year plan for long-range capital funding shall include anticipated County and School capital expenditures costing \$100,000 or more.

Sources of Funds

The County will allocate the following sources of funds for County and School debt service and long-range and recurring capital:

- All proceeds from the Article 40 and Article 42 half-cent sales taxes.
(The North Carolina General Statutes require that 30 percent of the Article 40 (NCGS§105-487(a)) and 60 percent of the Article 42 (NCGS§105-502(a)) sales tax revenue be earmarked for public school capital outlay as defined in NCGS§105-426(f) or to retire any indebtedness incurred by the county for these purposes)
- School Construction Impact Fees for each school system.
- Property tax revenue as needed and approved by the Board.

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 Deleted: <#>It is the intent of the Board of County Commissioners to dedicate the equivalent of four cents on the annual ad valorem property tax to funding recurring capital expenditures for schools (three cents) and county (1 cent). However, there will be times when the County will be bound fiscally and unable to achieve full funding. During those times, Commissioners may find it necessary to depart from the Policy. During the 2008-18 Capital Investment Plan development process, the Board will consider a timetable for phasing in the additional two-cents necessary to fully the recurring capital component of this policy.¶
 (This 4-cent rate may, but need not, be adjusted with each quadrennial revaluation to a "revenue neutral" earmark/ing)¶
 <#>Beginning in fiscal year 2007-08, the County will budget NC Education Lottery proceeds "in arrears" - meaning that funds will be budgeted in the year after the State distributes them. For example, lottery proceeds distributed to the County during the upcoming 2007-08 fiscal year would be budgeted the following fiscal year, 2008-09.¶

- The County will budget NC Education Lottery proceeds as the revenues are distributed by the State each quarter, once the revenues are identified for an individual school capital project and requested by each district.

Debt Service

All County and School related debt service obligations would be funded prior to allocation of programmed funding for any other capital purposes.

Orange County Schools' impact fees will be earmarked to pay for debt service on projects that involved the construction of new school space in the Orange County Schools system.
Chapel Hill-Carrboro City Schools' impact fees will be earmarked to pay for debt service on projects that involved the construction of new school space in the Chapel Hill-Carrboro City Schools system. These expenditures will be tracked and verified by each district annually.

NC Education Lottery Proceeds

Each school district will have the option to dedicate its share of the annual NC Education Lottery monies to address school facility renovation needs or as additional revenue to the districts pay-as-you-go funding to address school facility renovation needs. Annually either district can request that the County dedicate Lottery proceeds to repay debt service, and the county will substitute pay-as-you-go-funding to expedite approved capital projects in the schools capital improvement plan.

Allocation

Capital funding for each five-year capital planning period will be allocated between the two school districts based on the student membership planning allotments, provided by the NC Department of Public Instruction each fiscal year.

Capital Project Ordinances – Form and Purpose

All funds allocated to capital projects are to be accounted for in a Capital Project Fund as authorized by a Board of County Commissioner approved Capital Project Ordinance. The Capital Project Ordinance will include a detailed break down of each major cost category related to the project.

In accordance with the Board of County Commissioners November 2000 adopted "Policy on Planning and Funding School Capital Projects", whenever School capital project bids are either higher or lower than originally projected, or any other factor affecting the project budget occurs, the affected school system is expected to work with County Management and Budget staff to present revised capital project ordinances for adoption by the Board of Commissioners. The same expectations shall be applicable for changes to County Capital project budgets.

Community Use of Schools

It is the intent of the Board of County Commissioners to evaluate each new proposed school in both School Districts for joint community use opportunities, including, but not limited to, park and recreation use.

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¶ Beginning in fiscal year 2008-09, during

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¶ Capital funding for each ten-year capital planning period will be allocated between the two school systems based on certified student membership as of November 15 each year. ¶

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Schools Adequate Public Facilities Ordinance

Orange County's Schools Adequate Public Facilities Ordinance (SAPFO) and Memoranda of Understanding (MOUs) between the County and its municipal and school partners establish the machinery to assure that, to the extent possible, new development will take place only when there are adequate public school facilities available, or planned, which will accommodate such new development. The Board of County Commissioners is committed to the principle that new school space documented as needed through the annual SAPFO technical review process will be reflected in the next adopted CIP, and will be funded so as to be constructed to be available before the relevant level of service threshold is exceeded.

Rescission

This policy supersedes any policy in place prior to this date.

Approved _____, 2010.

~~Deleted: Recurring Capital~~
As outlined in the "Sources of Funds" section of this policy, recurring capital funding for the Schools and County will be based on the estimated proceeds of 4 cents on the annual General Fund property tax rate. The proceeds from 3 cents will be earmarked for schools, with funds allocated to each school system for the next fiscal year based on each system's respective share of the student membership as of November 15 immediately preceding the next fiscal year. Proceeds from 1 cent on the tax rate will be earmarked for County recurring capital needs.

With regard to County Equipment and Vehicle acquisitions accomplished using third party financing, the Board of County Commissioners will determine the source of funding to repay the associated debt service at the point that the Board approves the financing arrangement.

Construction Management Function
Beginning with the 2005-06 fiscal year, the Board of Commissioners will appropriate funding to establish a Construction Management function to oversee County and School capital projects. In fiscal years 2005-06 through 2007-08, \$100,000 will be allocated annually to fund this function. The source of funding for the Construction Management function will be split on a 60/40 basis with each school district sharing the schools portion of funding (60%) in accordance with certified student membership as of November 15 each year. Each entity's share of this function will be deducted from its share of long-range capital funding prior to allocating capital funds.

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~~Deleted: This policy rescinds the Orange County Board of Commissioners Capital Funding Policy, as originally approved on December 7, 1996 and as amended on February 3, 1998 and June 23, 2005.~~

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