

**ORANGE COUNTY  
BOARD OF COMMISSIONERS**

**ACTION AGENDA ITEM ABSTRACT**

**Meeting Date:** June 4, 2024

**Action Agenda  
Item No. 6-a**

**SUBJECT:** Establishing a Framework for School Bond Projects and Capital Funding

**DEPARTMENT:** County Manager

**ATTACHMENT(S):**

**INFORMATION CONTACT:**

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**PURPOSE:** To establish a framework for School capital project funding associated with the 2024 Bond Referendum and other high priority capital needs.

**BACKGROUND:** The Board of County Commissioners is in the process of formally adopting a school bond question to be placed on the November 2024 ballot. The Board has established a not to exceed bond amount of \$300 million and intends to pair the bond with a significant increase in pay-go funding with the goal of providing an additional \$100 million in new pay-go funds over the next ten years.

At the May 21, 2024 Business meeting, the Board received presentations from the County and the two Districts on their preferred spending plans for the bond. At the May 23, 2024 budget work session, the Board discussed the plans presented and the framework that will be used for allocating capital funds to each District in the future. Based on that discussion, the Board will proceed with the following framework for allocating capital funding for school projects:

**1. Project Funding**

School capital projects will be funded based on consistency with the principles of the Woolpert Plan that endeavors to replace old facilities with new facilities, improve the educational adequacy of the buildings, and address high priority capital needs throughout each district. During the course of the ten-year capital plan, the County recognizes that circumstances change and priorities and projects may need to be adjusted. As a result, the capital plan will be reviewed at least annually to make any necessary adjustments.

- a. Based on available funding, the Board intends to fund three major projects in the Chapel Hill Carrboro City Schools District: a new middle school to replace existing school capacity, a replacement of Carrboro Elementary, and a replacement of Culbreth Middle School.
- b. Based on available funding, the Board also intends to fund three major projects in the Orange County Schools District: a new elementary school to replace existing

school capacity, a replacement of Orange Middle School, and a rebuild or significant renovation of an additional elementary school that improves educational adequacy.

- c. Specific high priority needs will be formally determined on an annual basis and be consistent with the Woolpert high priority definitions:
  - i. Level 1 – Critical – Failure of components impact the facility’s ability to remain open
  - ii. Level 2 – Essential – Failure of components impact the health of major systems (i.e. leaking roofs)
  - iii. Level 3 – Necessary – Failure of components could impact the facility’s efficiency and usefulness

## **2. Funding Amounts**

- a. If the bond referendum is approved, bond funding will be distributed to the Districts based on Woolpert’s project recommendations. \$174.7 million will be allocated to Chapel Hill Carrboro City Schools and \$125.3 million will be allocated to Orange County Schools.
- b. New pay-go funding will also be distributed based on the Woolpert recommendations with the goal of providing project management to both districts and design funds for new construction starting in FY 2025-26.
- c. High priority needs will be funded using any remaining bond and pay-go funds, annual maintenance funds, lottery proceeds, and existing capital balances.
- d. Combined, the Board’s goal is to provide approximately \$263 million or 59.86% of total funding to Chapel Hill Carrboro City Schools and approximately \$176 million or 40.14% of total funding to Orange County Schools for the ten-year period of FY 2025-26 through FY 2034-35.
- e. Article 46 funds will continue to be distributed to the Districts based on the average daily membership excluding charter students, and recurring capital will be distributed to the Districts based on average daily membership including charter students.

## **3. Project Budgeting**

The County will specifically enumerate major projects and high priority needs in separate project budgets by facility. Staff will draft an updated School Funding Policy that details the project budgeting process and present that revised policy to the Board of Commissioners in the Fall of 2024.

**FINANCIAL IMPACT:** The financial impact of the bond has already been estimated at an 8.88 cent tax increase in FY 2025-26. This estimate will be refined as projects are sequenced over the ten-year plan and could be phased in over several years.

**SOCIAL JUSTICE IMPACT:** The following Orange County Social Justice Goals are applicable to this item:

- **GOAL: ENSURE ECONOMIC SELF-SUFFICIENCY**  
The creation and preservation of infrastructure, policies, programs and funding necessary for residents to provide shelter, food, clothing and medical care for themselves and their dependents.
- **GOAL: CREATE A SAFE COMMUNITY**  
The reduction of risks from vehicle/traffic accidents, childhood and senior injuries, gang activity, substance abuse and domestic violence.

**ENVIRONMENTAL IMPACT:** The following Orange County Environmental Responsibility Goal impacts are applicable to this item:

- **ENERGY EFFICIENCY AND WASTE REDUCTION**  
Initiate policies and programs that: 1) conserve energy; 2) reduce resource consumption; 3) increase the use of recycled and renewable resources; and 4) minimize waste stream impacts on the environment.
- **RESULTANT IMPACT ON NATURAL RESOURCES AND AIR QUALITY**  
Assess and where possible mitigate adverse impacts created to the natural resources of the site and adjoining area. Minimize production of greenhouse gases.

**RECOMMENDATION(S):** The Manager recommends that the Board approve the framework for school capital funding as detailed in this abstract.