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**Orange County Board of Commissioners**  
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March 21, 2018

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Town of Chapel Hill  
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Chapel Hill, NC 27514

Dr. Stephen H. Halkiotis, Chair  
Orange County Board of Education  
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Hillsborough, NC 27278

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Town of Carrboro  
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Carrboro, NC 27510

Rani Dasi, Chair  
Chapel Hill-Carrboro Board of Education  
750 Merritt Mill Road  
Chapel Hill, NC 27516

Tom Stevens, Mayor  
Town of Hillsborough  
P.O. Box 429  
Hillsborough, NC 27278

Subject: Schools Adequate Public Facilities Ordinance Technical Advisory Committee  
(SAPFOTAC) Annual Report

Dear Sir or Madam:

This letter is to update you on the status of the 2018 Annual SAPFOTAC Report. In accordance with the SAPFO Memoranda of Understanding (MOU), the Board of County Commissioners (BOCC) approved the November 15, 2017 actual membership and capacity numbers for Orange County Schools and Chapel Hill – Carrboro City Schools at its meeting on December 12, 2017.

The SAPFOTAC, comprised of representatives of both school systems and the Planning Directors of the County and Towns has produced the 2018 Annual Report. As per the SAPFO MOU, the annual technical report contains information on Level of Service, Building Capacity, Membership Data, Capital Investment Plan, Student Membership Projection Methodology, Student Membership Projections, Student Membership Growth Rate, Student/Housing Generation Rate, and the SAPFO Process. Enclosed for your use are copies of the 2018 Executive Summary and the March 20, 2018 BOCC meeting agenda item abstract when the BOCC received the draft report.

[WWW.ORANGECOUNTYNC.GOV](http://WWW.ORANGECOUNTYNC.GOV)

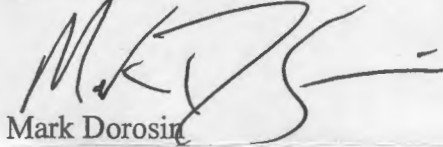
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The full draft SAPFOTAC report is available on the Orange County Planning Department website in the Current Interest Projects section at the following link: <http://www.co.orange.nc.us/planning/SpecialProjects.asp>

The 2018 Annual SAPFOTAC Report is scheduled to be certified by the BOCC at a regular meeting in May 2018. Therefore, if you have any comments pertaining to the report, please forward them to Craig N. Benedict, Planning Director, no later than 5:00 p.m. on **April 23, 2018**. Mr. Benedict can be reached by phone at (919) 245-2592 or by e-mail at [cbenedict@orangecountync.gov](mailto:cbenedict@orangecountync.gov). Any comments received will be part of our agenda package in May.

Please share this information and the 2018 SAPFOTAC report with your respective boards.

Sincerely,



Mark Dorosin  
Chair

Enclosures

cc: Board of County Commissioners

Bonnie Hammersley, Orange County Manager

Travis Myren, Deputy Orange County Manager

Roger L. Stancil, Manager, Town of Chapel Hill

David Andrews, Manager, Town of Carrboro

Eric Peterson, Manager, Town of Hillsborough

Pamela Baldwin, Superintendent, Chapel Hill-Carrboro City Schools

Todd Wirt, Superintendent, Orange County Schools

Todd LoFrese, Assistant Superintendent for Support Services, Chapel Hill-Carrboro City Schools

Catherine Mau, Coordinator for Student Enrollment, Chapel Hill-Carrboro City Schools

Patrick Abele, Chief Operations Officer, Orange County Schools

Craig Benedict, Planning Director, Orange County

Ben Hitchings, Planning and Development Services Director, Town of Chapel Hill

Margaret Hauth, Planning Director, Town of Hillsborough

Trish McGuire, Planning Director, Town of Carrboro

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**ORANGE COUNTY  
BOARD OF COMMISSIONERS  
ACTION AGENDA ITEM ABSTRACT  
Meeting Date: March 20, 2018**

**Action Agenda  
Item No. 8-c**

**SUBJECT:** Schools Adequate Public Facilities Ordinance (SAPFO) – Receipt and Transmittal of 2018 Annual Technical Advisory Committee Report

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**DEPARTMENT:** Planning and Inspections

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**ATTACHMENT(S):**

1. SAPFO Partners Transmittal Letter
2. Draft 2018 SAPFOTAC Annual Report and Larger Scale Projection Worksheets

**INFORMATION CONTACT:**

Ashley Moncado, Planner II, 919-245-2589  
 Craig Benedict, Director, 919-245-2575

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**PURPOSE:** To receive the 2018 Annual Report of the SAPFO Technical Advisory Committee (SAPFOTAC) and transmit it to the SAPFO partners for comments before certification in May.

**NOTE:** The School Capacity Capital Investment Plan (CIP) Needs Analysis projects no new school capacity needs in the next 10 years for elementary, middle and high school levels for both Orange County Schools (OCS) and Chapel Hill-Carrboro City Schools (CHCCS).

**ADDITIONAL NOTE:** The State of North Carolina passed legislation in 2017 resulting in a decrease in class size averages from 1:21 to 1:20 for kindergarten to third grade for the 2017-2018 school year. As a result, both school districts experienced a decrease in capacity at the elementary school level this school year.

This legislation also proposed an additional decrease in class size averages from 1:20 to 1:17 for kindergarten to third grade for the 2018-19 school year. Due to significant statewide ramifications as a result of the reduced class size averages, the North Carolina General Assembly unveiled House Bill 90 which allows for a phasing-in process to address the decrease in class size averages over the next four years. Based on House Bill 90, average class sizes for kindergarten to third grade will be phased-in as provided below:

- 2019 – 2020 1:19
- 2020 – 2021 1:18
- 2021 – 2022 1:17

Over time the phasing-in of the 1:17 class size averages will result in a decrease in capacity of approximately 660 students for CHCCS. Due to a waiver from the state, CHCCS will have an additional year to plan for impacts resulting from changes in class size. OCS has begun the process of adjusting average class sizes this school year in order to prepare for future reductions. The SAPFO Technical Advisory Committee will continue to monitor this issue and determine the need for the reconvening of the Schools Joint Action Committee (SJAC), which is comprised of elected officials, in the future. The SJAC is rarely used, but can suggest how to implement legislation as it relates to SAPFO. The Board of Commissioners should at some point consider whether or not to move forward on this implementation, and this issue is proposed as a topic for an upcoming County/Schools Collaboration Meeting.



ADDITIONAL NOTE: Charter and private schools are not included as part of the SAPFO Annual Report and, as a result, their membership and capacity numbers are not monitored or included in future projections. SAPFO projections are used for projecting only public school capacity needs. However, the SAPFO Technical Advisory Committee does monitor charter and private schools and their effect on student enrollment in both school districts. Charter and private schools numbers are not collected for SAPFO purposes; however, impacts due to enrollment at these schools are accounted for in SAPFO process with the annual reporting of student membership and growth rates contained in the 10-year student projections.

## **BACKGROUND:**

### **1. Annual Report**

Each year, since 2004, the SAPFOTAC Report is updated to reflect actual changing conditions of student membership and school capacity. This information is analyzed and used to project future school construction needs based on adopted level of service standards. There are two steps to the full report. The first part (Student Membership and Capacity) is certified in the fall and then this full report, in the following spring, is to keep the SAPFO system calibrated. At the December 12, 2017 Board of County Commissioners meeting, the Board approved the November 15, 2017 actual membership and capacity numbers (i.e. first part) for both Orange County Schools (OCS) and Chapel Hill-Carrboro City Schools (CHCCS). A draft of the full annual SAPFOTAC Report is complete and has been reviewed by the SAPFOTAC members.

### **2. SAPFOTAC**

The SAPFOTAC, comprised of representatives of both school systems, the Planning Directors of the County and Towns, and County Finance staff, is tasked to produce an annual report for the governing boards of each SAPFO partner outlining changes in actual membership, capacity, student projections, and their collective impacts on the Capital Investment Plan (CIP) and the future issuance of Certificates of Adequate Public Schools (CAPS). Orange County's Planning Staff compiles the report, holds a meeting discussing the various aspects, and then prepares a draft report, which is reviewed by the SAPFO Technical Advisory Committee.

### **3. Membership Data**

CHCCS total increased from the previous year: 124 students

(45) Elementary School

4 Middle School

165 High School

OCS total decreased from the previous year: 105 students

(110) Elementary School

6 Middle School

(1) High School

( ) denotes decrease

### **4. Capacity Data**

The State of North Carolina passed legislation in 2017 resulting in a decrease in class size averages from 1:21 to 1:20 for kindergarten to third grade for the 2017-2018 school year. As a result, both school districts experienced a decrease in capacity at the elementary school level this school year. Changes in class size averages resulted in a loss of 165 seats for CHCCS and 333 seats for OCS. OCS experienced a greater loss in capacity due to the adjusting of average class sizes this school year in order to prepare



for future reductions. The 10-year projection worksheets illustrate capacity changes at the elementary school level.

## 5. Capacity Information

### SAPFO vs. DPI

The SAPFO is a local ordinance, independent of State Department of Public Instruction (DPI) projections and rules regarding class size. The SAPFO, for instance, does not count temporary modular classrooms as fulfilling the capacity level of service outlined in the SAPFO interlocal Memorandum of Understanding (MOU). The MOU requires 'bricks and mortar' instead of temporary facilities and also requires its own set of future student projections to identify long-term capital school construction needs. However, the County did phase in the smaller class size mandates in previous years that decreased capacity. Decisions will have to be made if new discussions at the state level create any class size changes that should or should not be reflected in the County's SAPFO. Future decisions would reflect the timing and impact of new state legislation.

This year, CHCCS and OCS did not exceed the adopted level of service standards established in the SAPFO, nor do projections show a potential need for additional capacity at the elementary, middle, and high school levels within the 10-year planning period.

## 6. Student Projection Analysis

### CHCCS

Student membership projections show a mix of increases and decreases at all levels within the 10-year planning period. Projections are shown on page 37 of the report.

### OCS

Student membership projections show a mix of increases and decreases at all levels within the 10-year planning period. Projections are shown on page 36 of the report.

The City of Mebane lies partially within Orange County and students within the Orange County portion of Mebane attend Orange County schools. However, Mebane does not party to the SAPFO agreement and does not require that CAPS be issued prior to development approvals. Although the SAPFO system is not formally regulated in Mebane, students residing within the Orange County portion of Mebane are accounted for in the SAPFO process with the annual reporting of student membership and growth rates contained in the 10-year student projections.

## 7. School Capacity CIP Needs Analysis

### CHCCS

Projected needs:

Elementary School	Projections show no needs in the next 10 years
Middle School	Projections show no needs in the next 10 years
High School	Projections show no needs in the next 10 years

### OCS

Projected needs:

Elementary School	Projections show no needs in the next 10 years
Middle School	Projections show no needs in the next 10 years
High School	Projections show no needs in the next 10 years

NOTE: School capacity changes as part of a school renovation/upgrade project will be reviewed as necessary by the BOCC and school districts.



## **8. Student Generation Rates**

The updated student generation rates were approved on May 19, 2015 and are shown in Attachment II.E.1 on page 43 of the report. Updated rates began to be used for CAPS issuances in the fall of 2015 and are based on an inventory of recently built units from January 1, 2004 to December 31, 2013.

## **9. Access to Full Report**

The draft SAPFOTAC report will be posted on the Orange County Planning Department's web site. A letter and the Executive Summary of the report will be sent to all SAPFO partners after this BOCC meeting advising them of the availability of the draft report and inviting comment. It is anticipated the draft 2018 SAPFOTAC report will be brought back to the BOCC for certification at the May 15, 2018 regular meeting.

## **10. Additional Information**

There are two primary parts to the SAPFO system. The first part, Certificate of Adequate Public Schools (CAPS), is the testing and gaging of the student generation rate (SGR) from development projects against available capacity within the schools. The second part, student projections and capacity needs assessment, is the tracking of historical enrollment and the projection of future student enrollment against existing capacity at a certain school level. This part is not directly related to a development project, but a current year outcome of how many children actually 'show up' in a school year. This includes new students that also come from existing housing stock.

The purpose of explaining these two parts of the SAPFO system is to illustrate how projects can be approved as part of the CAPS system when capacity is available yet aberration in actual enrollment can cause future year projections to accelerate capital needs dramatically. The 10-year student projections developed for the SAPFO Annual Report forecast future school needs based on current student membership numbers and historic growth rates derived by the five projection models.

The process accounting for students once they are actually enrolled in the school system emphasizes a delay that exists from the time a residential development is approved and developed to when students begin to enter the system. For example, the proposed residential growth that has occurred in the recent past within Mebane's jurisdiction has yet to be seen with OCS student membership numbers and fully entered into the historically based projection methods. Orange County staff will continue to work with the SAPFO Technical Advisory Committee and our planning partners to monitor future residential development throughout Orange County.

In summary, although the SAPFO Technical Advisory Committee report does not show immediate capital needs, the development approvals in both school districts will, after a normal lag, accelerate capital school needs and renovations based on localized student increases at specific schools. These local impacts will have to be analyzed by the school district to determine the best method to resolve new demands (i.e. redistricting, renovation, new school construction, etc.).

**FINANCIAL IMPACT:** Current student growth projections do not show capacity needs for additional schools in either the CHCCS District or OCS District during the 10-year projection period.

**SOCIAL JUSTICE IMPACT:** The following Orange County Social Justice Goal is applicable to this agenda 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.

**RECOMMENDATION(S):** The Manager recommends the Board:

1. Receive the 2018 SAPFOTAC Annual Report; and
2. Authorize the Chair to sign the transmittal letter to SAPFO partners contained in Attachment 1.



## 2018 SAPFOTAC Executive Summary

**I. Base Memorandum of Understanding**

**A. Level of Service .....(No Change) .....Pg. 1**

	<i>Chapel Hill/Carrboro School District</i>	<i>Orange County School District</i>
<i>Elementary</i>	105%	105%
<i>Middle</i>	107%	107%
<i>High</i>	110%	110%

**B. Building Capacity and Membership .....(Change) .....Pg. 2**

	<i>Chapel Hill/Carrboro School District</i>			<i>Orange County School District</i>		
	Capacity	Membership	Increase from Prior Year	Capacity	Membership	Increase from Prior Year
<i>Elementary</i>	5664	5522	(45)	3361	3183	(110)
<i>Middle</i>	2944	2833	4	2166	1730	6
<i>High</i>	3875	3927	165	2439	2445	(1)

**C. Membership Date – November 15.....(No Change) .....Pg.17**

**II. Annual Update to SAPFO System**

**A. Capital Investment Plan (CIP) .....(No Change) .....Pg. 18**

**B. Student Membership Projection Methodology .....(No Change) .....Pg. 19**  
*The average of 3, 5, and 10 year history/cohort survival, linear and arithmetic projection models.*

**C. Student Membership Projections .....(Change) .....Pg. 29**

**Analysis of 5 Years of Projections for 2017-18 School Year – Chapel Hill/Carrboro City Schools**

(The first column for each year includes the student membership projection made for 2017-18 in that given year. The second column for each year includes the number of students the projection was off compared to actual membership. An “L” indicates the projection was low compared to the actual, whereas an “H” indicates the projection was high compared to the actual.)

	Actual 2017 Membership	Year Projection Made for 2017-18 Membership									
		2012-2013		2013-2014		2014-2015		2015-2016		2016-2017	
<b>Elementary</b>	5522	5875	H353	5927	H405	5730	H208	5584	H62	5605	H83
<b>Middle</b>	2833	3072	H239	2999	H166	2966	H133	2854	H21	2847	H14
<b>High</b>	3927	4108	H181	3982	H55	3858	L69	3820	L107	3832	L95



**Analysis of 5 Years of Projections for 2017-18 School Year – Orange County Schools**

(The first column for each year includes the student membership projection made for 2017-2018 in that given year. The second column for each year includes the number of students the projection was off compared to actual membership. An “L” indicates the projection was low compared to the actual, whereas an “H” indicates the projection was high compared to the actual.)

		Year Projection Made for 2017-18 Membership									
	Actual 2017 Membership	2012-13		2013-14		2014-15		2015-16		2016-17	
Elementary	3183	3654	H471	3627	H444	3234	H51	3308	H125	3253	H70
Middle	1730	1824	H94	1862	H132	1782	H52	1776	H46	1751	H21
High	2445	2472	H27	2533	H88	2581	H136	2539	H94	2480	H35

**D. Student Membership Growth Rate .....(Change).....Pg. 39**

Projected Average Annual Growth Rate over Next 10 Years										
	Chapel Hill/Carrboro School District					Orange County School District				
Year Projection Made:	2013-14	2014-15	2015-16	2016-17	2017-18	2013-14	2014-15	2015-16	2016-17	2016-17
Elementary	1.44%	1.11%	0.92%	0.91%	0.36%	1.30%	0.55%	0.80%	0.51%	0.58%
Middle	1.58%	1.15%	0.82%	0.95%	0.21%	1.42%	0.09%	0.67%	0.36%	0.13%
High	1.27%	1.22%	0.93%	0.72%	0%	1.35%	0.39%	0.56%	0.22%	-0.10%

**E. Student / Housing Generation Rate .....(No Change).....Pg. 42**

**SCHOOL ADEQUATE PUBLIC FACILITIES ORDINANCE STATUS**

(based on future year Student Membership Projections)

**CHAPEL HILL/CARRBORO SCHOOL DISTRICT**

**Elementary School Level**

- A. Does not currently exceed 105% LOS standard (current LOS is 97.5%).
- B. The projected growth rate at this level is expected to decrease over the next 10 years, but remain positive (average ~0.36% per year compared to 1.15% over the past 10 years).
- C. Similar to last year, projections are not showing a need for an additional Elementary School in the 10-year projection period.

**Middle School Level**

- A. Does not currently exceed 107% LOS standard (current LOS is 96.2%).
- B. The projected growth rate at this level is expected to decrease over the next 10 years, but remain positive (average ~0.21% compared to an average of 1.15% over the past 10 years).
- C. Similar to last year, projections are not showing a need for an additional Middle School in the 10-year projection period.

**High School Level**

- A. Does not currently exceed the 110% LOS standard (current LOS is 101.3%).
- B. The projected growth rate at this level is expected to decrease over the next 10 years (average ~0.0% compared to 0.59% over the past 10 years).



- C. Similar to last year, projections are not showing a need to expand Carrboro High School from the initial capacity of 800 students to the ultimate capacity of 1,200 students in the 10-year projection period.

### **ORANGE COUNTY SCHOOL DISTRICT**

#### **Elementary School Level**

- A. Does not currently exceed 105% LOS standard (current LOS is 94.7%).
- B. The projected growth rate at this level is expected to decrease, but remain positive over the next 10 years (average ~0.58% compared to 0.72% over the past 10 years).
- C. Similar to last year, projections are not showing a need for an additional Elementary School in the 10-year projection period.

#### **Middle School Level**

- A. Does not currently exceed 107% LOS standard (current LOS is 79.9%).
- B. The projected growth rate at this level is expected to decrease, but remain positive over the next 10 years (average ~0.13% compared to 0.90% over the past 10 years).
- C. Similar to last year, projections are not showing a need for an additional Middle School in the 10-year projection period.

#### **High School Level**

- A. Does not currently exceed 110% LOS standard (current LOS is 100.2%).
- B. The projected growth rate at this level is expected to decrease the next 10 years (average ~ -0.10% compared to 1.16% over the past 10 years).
- C. Similar to last year, projections are not showing a need to expand Cedar Ridge High School from the initial capacity of 1,000 students to 1,500 students in the 10-year projection period.

### **ADDITIONAL INFORMATION**

The Schools Adequate Public Facilities Ordinance (SAPFO) student projections illustrate when the adopted level of service capacities are forecasted to be met and/or exceeded in anticipation of CIP planning and the construction of a new school. Both school districts continue planning efforts to renovate and expand existing facilities to address school capacity needs in a more feasible way. Additional capacity resulting from school renovations and expansions will be added to the projection models in stages, once funding is approved, versus the addition of greater capacity when a new school is constructed and completed. The renovation and expansion to existing facilities may delay construction of new schools further into the future. This process will pose some challenges to SAPFO compared to the existing process which indicates in advance when a completely new school is needed. Decisions on the timing of reconstruction (i.e. capacity additions) funding would be directly linked to the SAPFO model at the appropriate time.

SAPFO student projections for this year are not showing a need for new school construction or expansion in the 10-year projection period for both school districts due to slowing student growth rates. However, planned residential development in the near future may increase student membership and accelerate school construction and expansion needs into the 10-year projection period. Although capacity and construction needs are not identified this year, both school districts face a large backlog of school capital maintenance and renovation projects that need to



be addressed. Given that student projections are not showing an immediate need for school construction in the 10-year period, this may provide the time for both school districts to commence and/or complete these projects in order to address ongoing needs.

#### **Changes in Average Class Size**

The State of North Carolina passed legislation in 2017 resulting in a decrease in class size averages from 1:21 to 1:20 for kindergarten to third grade for the 2017-2018 school year. As a result, both school districts experienced a decrease in capacity at the elementary school level this school year. This legislation also proposed an additional decrease in class size averages from 1:20 to 1:17 for kindergarten to third grade for the 2018-19 school year. Due to significant statewide ramifications as a result of the reduced class size averages, the North Carolina General Assembly unveiled House Bill 90 which allows for a phasing-in process to address the decrease in class size averages over the next four years. Based on House Bill 90, average class sizes for kindergarten to third grade will face a decrease from 1:20 to 1:19 for the 2019-2020 school year, 1:19 to 1:18 for the 2020-21 school year, and 1:18 to 1:17 for the 2021-2022 school year. Overtime the phasing-in of the 1:17 class size averages will result in a decrease in capacity of approximately 660 students for CHCCS. Due to a waiver from the state, CHCCS will have an additional year to plan for impacts resulting from changes in class size. OCS has begun the process of adjusting average class sizes this school year in order to prepare for future reductions. The SAPFO Technical Advisory Committee will continue to monitor this issue and determine the need for the reconvening of the Joint Action Committee in the future.

#### **Charter Schools**

Currently, there are two Charter Schools located in the Town of Hillsborough. Eno River Academy (K-12) serves 326 students and The Expedition School (K-8) serves 542 students. Charter and private schools are not included as part of the SAPFO Annual Report and, as a result, their membership and capacity numbers are not monitored or included in future projections. SAPFO projections are used for projecting only public school construction needs. However, the SAPFO Technical Advisory Committee does monitor charter and private schools and their effect on student enrollment in both school districts. If a charter or private school were to close and a spike were to be realized in school enrollment, the student projections would likely accelerate the need for additional capacity in future years, but likely still within an appropriate time for CIP planning. Charter Schools are also monitored by the Department of Public Institution (DPI) which provides pupil information, based on data received from Charter Schools located in Orange County, to the County for funding purposes. Although charter and private schools numbers are not collected for SAPFO purposes, impacts due to enrollment at these schools are accounted for in SAPFO process with the annual reporting of student membership and growth rates contained in the 10-year student projections.