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March 20, 2019

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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 2019 Annual SAPFOTAC Report. In accordance with the SAPFO Memoranda of Understanding (MOU), the Board of County Commissioners (BOCC) approved the November 15, 2018 actual membership and capacity numbers for Orange County Schools and Chapel Hill – Carrboro City Schools at its meeting on December 11, 2018.

The SAPFOTAC, comprised of representatives of both school systems and the Planning Directors of the County and Towns has produced the 2019 Annual Report. As per the SAPFO MOU, the annual technical report contains information on Level of Service, Building Capacity, Membership Date, 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 2019 Executive Summary and the March 19, 2019 BOCC meeting agenda item abstract when the BOCC received the draft report.

The full draft SAPFOTAC report is available on the Orange County Planning Department website in the Current Interest Projects section at the following link: <https://www.orangecountync.gov/1722/Current-Interest-Projects>.

www.orangecountync.gov
Orange County, North Carolina
(919) 245-2130

The 2019 Annual SAPFOTAC Report is scheduled to be certified by the BOCC at a regular meeting in May 2019. 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 22, 2019**. Mr. Benedict can be reached by phone at (919) 245-2592 or by e-mail at cbenedict@orangecountync.gov. Any comments received will be part of our agenda package in May.

Please share this information and the 2019 SAPFOTAC report with your respective boards.

Sincerely,



Penny Rich
Chair

Enclosures

cc: Board of County Commissioners

Bonnie Hammersley, Orange County Manager
Travis Myren, Deputy Orange County Manager
Maurice Jones, 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
Patrick Abele, Assistant Superintendent for Support Services, Chapel Hill-Carrboro City Schools
Catherine Mau, Coordinator for Student Enrollment, Chapel Hill-Carrboro City Schools
Michelle Dodson, Student Assignment and Student Transfers, 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

**ORANGE COUNTY
BOARD OF COMMISSIONERS
ACTION AGENDA ITEM ABSTRACT
Meeting Date: March 19, 2019**

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

SUBJECT: Schools Adequate Public Facilities Ordinance (SAPFO) – Receipt and Transmittal of 2019 Annual Technical Advisory Committee Report

DEPARTMENT: Planning and Inspections

ATTACHMENT(S):

1. SAPFO Partners Transmittal Letter
2. Draft 2019 SAPFOTAC Annual Report and Larger Scale Projection Worksheets

INFORMATION CONTACT:

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

PURPOSE: To receive the 2019 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: In 2018, 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 three school 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

Reductions in class size averages are expected to create elementary school capacity issues for the 2021-2022 school year. In order to address these impacts in time, the Schools Joint Action Committee (SJAC) continues to meet order to review impacts to both school districts, discuss options, and determine how to implement the school capacity changes into the SAPFO annual report and 10-year student membership and building capacity projections sheets.

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 11, 2018 Board of County Commissioners meeting, the Board approved the November 15, 2018 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: 54 students

(51) Elementary School

100 Middle School

5 High School

OCS total decreased from the previous year: 25 students

22 Elementary School

49 Middle School

(96) High School

() denotes decrease

4. Capacity Data

There were no changes to school capacities this year in either school district. Mandated class size changes, discussed in a "Note" on the previous page, are expected to create capacity issues in the 2021-22 school year. Orange County Schools began a capacity reduction process last year in advance. It is suggested that both school districts implement in step to create consistency and timing protocol.

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 is not a 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 actual student membership and ensuing 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 2019 SAPFOTAC report will be brought back to the BOCC for certification at the May 21, 2019 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 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. The outcome of the School Joint Action Committee related to state legislation may project more immediate capital needs.

SOCIAL JUSTICE IMPACT: The following Orange County Social Justice Goal is 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.

RECOMMENDATION(S): The Manager recommends the Board:

1. Receive the 2019 SAPFOTAC Annual Report; and
2. Authorize the Chair to sign the transmittal letter to SAPFO partners contained in Attachment 1.

2019 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	5471	(51)	3361	3205	22
<i>Middle</i>	2944	2933	100	2166	1779	49
<i>High</i>	3875	3932	5	2439	2349	(96)

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 2018-19 School Year – Chapel Hill/Carrboro City Schools

(The first column for each year includes the student membership projection made for 2018-19 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 2018-19 Membership									
	Actual 2018 Membership	2013-2014		2014-2015		2015-2016		2016-2017		2017-2018	
Elementary	5471	6021	H550	5795	H324	5622	H151	5655	H184	5509	H38
Middle	2933	3063	H130	3009	H76	2915	L18	2898	L35	2889	L44
High	3932	4011	H79	3920	L12	3842	L90	3846	L86	3915	L17

Analysis of 5 Years of Projections for 2018-19 School Year – Orange County Schools

(The first column for each year includes the student membership projection made for 2018-2019 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 2018-19 Membership									
	Actual 2018 Membership	2013-14		2014-15		2015-16		2016-17		2017-18	
Elementary	3205	3668	H463	3226	H21	3319	H114	3235	H30	3161	L44
Middle	1779	1933	H154	1837	H58	1830	H51	1811	H32	1785	H6
High	2349	2534	H185	2547	H198	2517	H168	2439	H90	2396	H47

D. Student Membership Growth Rate(Change).....Pg. 38

Projected Average Annual Growth Rate Over Next 10 Years										
Year Projection Made:	Chapel Hill/Carrboro School District					Orange County School District				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Elementary	1.11%	0.92%	0.91%	0.36%	0.56%	0.55%	0.80%	0.51%	0.58%	0.91%
Middle	1.15%	0.82%	0.95%	0.21%	0.19%	0.09%	0.67%	0.36%	0.13%	0.28%
High	1.22%	0.93%	0.72%	0%	0.16%	0.39%	0.56%	0.22%	-0.10%	0.21%

E. Student / Housing Generation Rate(No Change).....Pg. 41

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 96.6%).
- B. The projected growth rate at this level is expected to decrease over the next 10 years, but remain positive (average ~0.56% per year compared to 0.67% 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 99.6%).
- B. The projected growth rate at this level is expected to decrease over the next 10 years, but remain positive (average ~0.19% compared to an average of 0.78% 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 101.5%).
- B. The projected growth rate at this level is expected to decrease over the next 10 years (average ~0.16% compared to 0.79% 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 95.4%).
- B. The projected growth rate at this level is expected to increase and remain positive over the next 10 years (average ~0.91% compared to 0.11% 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 82.1%).
- B. The projected growth rate at this level is expected to decrease, but remain positive over the next 10 years (average ~0.28% compared to 0.57% 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 96.3%).
- B. The projected growth rate at this level is expected to decrease, but remain positive over the next 10 years (average ~0.21% compared to 1.08% 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

In 2018, 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 three school 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 2020-2021 school year, and 1:18 to 1:17 for the 2021-2022 school year. Reductions in class size averages may create elementary school capacity issues for the 2021-2022 school year. In order to address these impacts in time, the Schools Joint Action Committee (SJAC) continues to meet order to review impacts to both school districts, discuss options, and determine how to implement the school capacity changes into the SAPFO annual report and 10-year student membership and building capacity projections sheets.

Charter and Private Schools

Currently, there are two Charter Schools located in the Town of Hillsborough. Charter student membership for these two schools is as follows:

	Eno River Academy	The Expedition School
School Year	Number of Students	Number of Students
2017-18	542	326
2018-19	655 (+113)	355 (+29)

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. The County budgeted for charter schools as follows:

	Chapel Hill-Carrboro City Schools	Orange County Schools
Fiscal Year	Number of Students	Number of Students
2017-18	162	617
2018-19	155 (-7)	769 (+152)

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.

Future Residential Development

Following the economic downturn, there has been an increase in approved and undeveloped residential projects in Orange County. Currently, there are over four thousand proposed single family and multifamily housing units approved, but undeveloped in the CHCCS district. In addition, there are over a thousand proposed residential units approved, but undeveloped in the OCS district. Proposed growth is not included in the SAPFO projection system until actual students begin enrollment. The Certificate of Adequate Public Schools (CAPS) test is conducted during the approval process at a certain stage. Once students are enrolled in a school year, through annual reporting of student membership numbers, 10-year student projections can be updated to display future capacity needs in time to efficiently plan for future school construction requests. Staff and the SAPFO Technical Advisory Committee continue to monitor and evaluate the demand and growth of residential development throughout Orange County as well as its effect on student membership rates.

Below is a list of larger residential projects and the potential number of students from these projects which may have impact to the schools in the short term. Please note, a CAPS has not been issued for The Meadows or Villas at Havenstone due to their location in the City of Mebane. The City of Mebane is not a party to the SAPFO agreement and therefore does not require that CAPS (Certificate of Adequate Public Schools) be issued prior to development approvals. As a result, the potential number of students is based on unit type and bedroom count estimates.

Residential Project	Jurisdiction	Proposed Total Units	Potential Number of Students
Collins Ridge Phase 1	Hillsborough	672	Elementary: 84 Middle: 45 High: 57
Carraway Village	Chapel Hill	400	Elementary: 28 Middle: 10 High: 14
The Meadows	Mebane	279	Elementary: 67 Middle: 35 High: 37
Villas at Havenstone	Mebane	68	Elementary: 4 Middle: 3 High: 4