

**GUILFORD COUNTY BOARD OF COMMISSIONERS
JOINT CAPITAL AND FACILITIES PLANNING COMMITTEE
201 W. Market Street, BB&T 3rd Floor Conference Room
December 19, 2019
9:00AM**

PRESENT: Committee Co-Chairs Deena Hayes and Alan Branson; Commissioners Jeff Phillips and Carolyn Q. Coleman; County Manager Marty Lawing; Board of Education Members H. Winston McGregor and Anita Sharpe; Guilford County Schools Superintendent Dr. Sharon Contreras.

ABSENT: None.

ALSO PRESENT: Guilford County Board of Education Attorney Jill Wilson; Guilford County Attorney Mark Payne; Guilford County Schools Chief Operations Officer Scott McCully; Guilford County Facilities Director Daniel Durham; Guilford County Schools Chief Financial Officer Angie Henry; Guilford County Budget Director Michael Halford, Guilford County Clerk to Board Robin Keller; Guilford County Board of Education Clerk Lisa Nolen; members of the Guilford County Board of Commissioners and Board of Education; members of the community and media.

1. Welcome and Call to Order

Guilford County Board of Education Chair and Committee Co-Chair Deena Hayes called the meeting to order at 9:13AM. She referenced the agenda and draft meeting minutes available in their packets for review.

Guilford County Commissioner and Committee Co-Chair Alan Branson welcomed those in attendance.

2. Approval of November 26, 2019 Meeting Minutes

By general consensus of the committee the November 26, 2019 meeting minutes were approved as submitted.

3. Prioritization of Guilford County Schools Facilities Master Plan Recommendations

David Sturtz with Cooperative Strategies introduced the item and reviewed the facilities master plan recommendations. He discussed their approach to prioritization was to identify the worst buildings first, based on condition or need, followed by identifying an appropriate sequence for renovations and rebuilding.

Sturtz discussed the phasing recommendations and noted Phase 1 would cost approximately \$1.3 billion with 61% dedicated to rebuilding and renovation while Phase 2 dedicated more time to priority repairs, in addition to renovations and rebuild. He spoke to the need to prioritize which projects should be accomplished during the phases.

Guilford County Schools (GCS) Superintendent Dr. Sharon Contreras stated the recommendations could be extended into three (3) phases. She discussed the motivation behind completing the plan in two (3) phases resulted from potential state legislation that would allow a ½ cent sales tax which could provide additional funds for school capital. Dr. Contreras recommended the committee speak to the Guilford County state delegation regarding this tax.

Guilford County Board of Commissioners Chairman Jeff Phillips shared his recent discussions with state delegates regarding the sales tax and noted the legislation stalled during the last session. He stated a ¼ cent sales tax could be placed on the local ballot with a potential to generate \$19.5 million in annual revenue, but historically this legislation has failed at the voter level. Commissioner Phillips noted the new state legislation requires generated funds be designated for school capital expenses.

Commissioner Branson questioned the County's options to promote the legislation.

Guilford County Attorney Mark Payne stated the current ¼ cent sales tax ballot language prohibits promoting or designating the funding. He shared House Bill 667 allows for revenues generated by the sales tax to be designated for school expenditures and discussed a similar local bill that was allowed for Cabarrus County.

Dr. Contreras introduced the GCS 2019 Facilities Master Plan documents sorted by name, phase and FCA building score. She reviewed which projects would be accomplished in the identified phases and noted every school with an unsatisfactory FCA score and MGT score would be renovated in Phase 1, with the exception of Weaver Education Center.

Commissioner Phillips expressed his interest in working with the committee to develop a plan for the three (3) phases. He requested a draft of the Phase 1 plan developed that could be accomplished within a \$700 - \$750 million budget to address critical facility needs while minimizing the impact upon property taxes. Commissioner Phillips spoke to the importance of evaluating how we absorb and pay for additional bond capacity without significant impact upon property taxes.

Guilford County Budget Director Michael Halford discussed bond issuance options and noted an issuance of \$700 million to \$1 billion would require a property tax increase, even if the ½ cent sales tax legislation was approved at the state level.

GCS Board of Education (BOE) member H. Winston McGregor questioned if the Board of Commissioners had agreed to the amount of \$750 million.

Commissioner Phillips shared his interest in keeping current debt obligations under consideration and felt \$750 million would be an agreeable amount for a majority of Board members. He confirmed there is still a large amount of work to accomplish with regards to the plan.

GCS BOE member McGregor spoke to concerns with addressing the facilities plan in two phases and noted the need to understand all identified facilities issues. She shared concerns with critical issues being addressed in Phase 2 and questioned the total amount of time it would take to accomplish the facilities plan.

Dr. Contreras stated adding all schools in immediate need of repair to Phase 1 of the plan would increase costs for this portion to \$1.5 billion.

Mr. Sturtz discussed potential changes to the plan's phasing recommendations if a three (3) phase, 15-year model was adopted.

GCS BOE member Anita Sharpe questioned the timeframes for each phase.

Mr. Sturtz stated each phase would take approximately five (5) years to complete.

BOE member Sharpe spoke to capital needs for Northwest High School.

Mr. Sturtz discussed phasing plan recommendations for Northwest Middle and High schools.

BOE member McGregor expressed her concerns with the phasing recommendations for the schools. She expressed concerns with the current condition of Northwest Middle and questioned if it could be used as overflow space while the high school is repaired.

Mr. Sturtz stated portions of the school in better condition could be shored up for use as an overflow during high school repairs.

BOE member Sharpe questioned if the plans for Northwest Middle and High schools resembled the construction strategies used for Jamestown Middle and Ragsdale High schools.

John Simmons, consultant, discussed the similarities and differences between the rebuild and renovation at Jamestown Middle and Ragsdale High schools and the proposed facilities plan for Northwest Middle and High schools.

Commissioner Branson spoke to the need to prioritize projects and expressed concerns with finding sufficient contractors to manage this level of construction required in Phase 1. He questioned the decisions that must be made prior to presenting the plan to each Board and questioned how school facility issues are managed throughout the country.

Mr. Sturtz discussed the formula used across the country when managing facility issues. He shared school systems will identify priority projects, fit these within a budget, develop a phasing plan and determine which projects must be accomplished first.

Commissioner Branson expressed concerns with utilizing bond funding for repairs resulting from vandalism issues versus deferred maintenance. He requested information on facility work orders and pending inspections.

BOE member McGregor spoke to social media messaging and questioned if the report provided by the consultant was not sufficient enough to speak to the state of school facilities.

Commissioner Branson stated the addition of maintenance and transportation facilities not included in the initial assessment have added \$500 million to plan costs.

GCS BOE member McGregor questioned how to create the construction capacity needed to accomplish the plan within the recommended timeframe and spoke to the steps utilized by the Greenville, South Carolina school system.

Mr. Sturtz confirmed an accelerated construction schedule could not be completed with in-house resources and they would need to look at innovative solutions. He confirmed the program management fee included in the plan costs would assist with identifying these solutions.

BOE member McGregor spoke to the potential economic impact these projects could have on the community.

Dr. Contreras stated approximately \$44 million would be allocated towards building maintenance and requested Mr. Sturtz discuss the \$500 million increase.

Mr. Sturtz noted the initial study conducted by MGT only corrected deferred maintenance issues while the current study identifies issues with capacity, maintenance and technological needs that allow the system to prevent these types of deficiencies in the future.

Halford stated 90% of Phase 1 and 50% of Phase 2 will address full rebuilds or new construction and spoke to opportunities for multi-use buildings that could off-set the costs. He noted when school buildings are identified as public assets, they are able to achieve facility goals and needs for multiple entities.

Commissioner Branson spoke to the need to prioritize school building safety and security.

Mr. Sturtz noted approximately \$100 million would be dedicated to improving school security during the rebuilds, renovations and repairs by “hardening” the buildings through the addition of vestibules, cameras and spaces to separate car and pedestrian traffic.

GCS BOE member Deena Barnes spoke to the need to review prior bond issuances. She indicated new approaches in addressing facility construction could allow the system to address all schools with \$2 billion in funding versus a combination of the 2000, 2003 and 2003 bond issues that totaled \$1 billion but failed to address facility needs in all schools. Barnes noted the need to identify standard costs and industry standards to address ongoing maintenance needs.

Mr. Sturtz noted the industry standard recommends saving 2% of the buildings replacement value annually to address ongoing maintenance, but noted this rarely happens in school systems, which results in deferred maintenance needs.

BOE member Sharpe requested the balance of the outstanding principal on the current bond issuance.

County Manager Marty Lawing stated the current balance is approximately \$600 million.

GCS BOE member Sharpe requested the annual bond payment amount and lottery fund revenue.

Halford stated the annual payment is \$75 million and annual lottery fund revenue is approximately \$5 million.

BOE member McGregor requested information on school debt projections presented during earlier Board of Commissioners budget work sessions.

Commissioner Phillips questioned the opportunity for public/private partnerships with new facility construction. He shared certain partnerships, such as those utilized in South Carolina, are no longer allowed by the NC General Assembly.

Mr. Sturtz spoke to the complicated nature of these partnerships and noted these are typically prevalent in urban areas with mixed use building construction.

BOE member McGregor questioned performance contracting and lease-to-own options for construction.

Mr. Sturtz shared these options are more project-specific versus district-wide and noted he would have to conduct more research on these options.

Commissioner Phillips requested Lawing elaborate on an approach utilized in Hoke County.

Lawing discussed this example and noted the private partner must finance the project. He shared private organizations typically are unable to achieve lower financing than that available through general obligation bonds and confirmed Hoke County is the only entity in North Carolina who has utilized this type of financing. Lawing expressed his intent to consult with officials in Wake County who recently completed a large number of school facility construction projects.

BOE member McGregor questioned the opportunity to resale or reuse closed school properties and recommended developing a group that could plan how to maximize use of these abandoned buildings.

Commissioner Phillips questioned the next steps and if there was consideration of a three (3) phase proposal. He stated any modifications to the plan recommendations would be dependent upon the Board of Education and Board of Commissioners, separately and collectively.

Commissioner Phillips shared there is a desire and will to address critical facility needs, such as school safety, but noted the capacity to pay for the bonds plays a significant role in the project.

GCS BOE member McGregor questioned the timeframe associated with each phase and how costs would change if a 15-year plan is adopted, versus a 10-year plan.

Dr. Contreras recapped the presentation noted staff would be prepared with the following information at the next committee meeting:

- A three (3) phase version of the facilities master plan;
- ½ cent sales tax local bill recommendation to the Guilford legislation; and
- Answers to all follow-up questions from Board of Education members and Board of Commissioners, including:

- Inflation costs association with a 15-year project timeframe versus a 10-year timeframe;
- Athletic buildings and fields;
- Cost analysis comparing the current two-phase plan recommendation versus a three-phase plan; and
- Maintenance expenses for school districts with a similar number of facilities and a range of 65,000 to 85,000 students.

Payne shared the Board of Commissioners has already approved a resolution in support of House Bill 667 and made a request to the Guilford County legislation to pass a local bill.

Commissioner Coleman questioned the ½ cent sales tax recommendation and requested further discussion.

Dr. Contreras requested information regarding the source of sales tax revenue and whether it was driven by out-of-county or in-county taxpayers.

Halford shared a study conducted several years ago identified approximately 40% of sales tax revenue was generated from out-of-county taxpayers.

Lawing shared the need to develop a timeline that will allow the committee to finalize plan and phasing recommendations that will meet bond referendum deadlines and allow time to educate the public on the proposed school bonds.

The committee discussed timelines for the next meeting.

GCS BOE member Sharpe questioned the timeframe for House Bill 667.

By general consensus the committee scheduled its next meeting for January 21, 2020 at 9:00AM.

4. Other New Business

There was no additional new business to discuss.

5. Adjournment

Motion was made by Commissioner Alan Branson, and seconded by Commissioner Jeff Phillips, to adjourn the meeting. There being no further business, the committee adjourned the meeting by unanimous consent at 11:11AM.

Committee Co-Chair

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Recorder, Robin Keller
Guilford County Clerk to Board