

Calculation of Capital Costs Due to School Growth

The Board of Commissioners employed Tischler & Associates in 1996 to determine the approximate capital costs for various residential and non-residential uses. The capital costs that were examined included all of those public facilities necessary to support a growing community including schools. Tischler & Associates studied three types of residential growth and estimated the school construction costs for each type. The following were their estimates of school capital costs by growth area: Transitional Area - \$8067, Rural Area - \$3161, Urban Area - \$3332. These numbers should be considered in light of the following assumptions made by Tischler:

- The majority of new housing units, by value and number, are in the transition area. This is still true today.
- The rural areas were being served by schools that were not over capacity and therefore the new construction needed for these homes was not as great. This fact would no longer hold true as almost all of the schools throughout the Cabarrus district have grown to capacity or above.
- The urban area calculations were based on student generation rates from multi-family housing which are lower. There is a much lower rate of growth in areas defined as urban, and what growth has occurred is more of a mix of single family and multi-family residential which produces a higher student per dwelling ratio.

Based on the factors discussed above it is still most accurate to use the transition areas to determine the true costs of school capital needs due to growth. In addition those costs have gone up since the Tischler study in 1996.

- The capital cost of \$8067 in 1996 had a value of \$9320 based on a straight consumer price index.
- Re-calculation of the construction costs used to determine the capital costs in the Tischler study also indicates the cost experienced today is higher. The Turner Building Cost Index and ENR Building Cost Index both estimate building costs have increased by 23% since the study was performed. Based on that increase the capital cost for schools would be \$9922 per unit.

Resolution to Create a Policy for the Advancement of School Adequacy

WHEREAS, the Cabarrus County Board of Commissioners has demonstrated that education is its top priority through the funding of construction of nine elementary schools, four middle schools, one high school and numerous additions and improvements to existing schools over the last fifteen years; and

WHEREAS, the development and homebuilding industries are an important part of the local economy; and

WHEREAS, a study by Tischler and Associates for Cabarrus County in 1996 found that the direct school capital cost incurred by the County is \$8067 per unit for houses in transitional areas; and

WHEREAS, new homes constructed in these developments will be subject to property taxes which in part will offset the incurred capital cost; and

WHEREAS, new development continues to be approved within the unincorporated areas of Cabarrus County after a review of the adequacy of services based on the Cabarrus County Subdivision Regulations Chapter 4, Section 17 "Adequate Public Facilities Standards"; and

WHEREAS, the Board of Commissioners is interested in approving new development that participates in the advancement of school adequacy; and

WHEREAS, the Board of Commissioners would like for all new residential development in both the incorporated and unincorporated areas of Cabarrus County to be reviewed for school adequacy.

NOW THEREFORE BE IT RESOLVED, by the Board of Commissioners of Cabarrus County that the following policy is established to address school adequacy when reviewing new residential development:

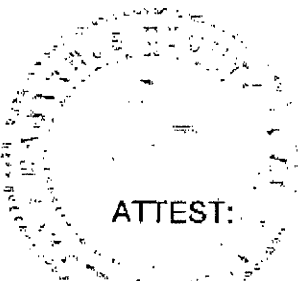
- ◆ All new residential developments that require plan approval by the Cabarrus County Planning & Zoning Commission shall be reviewed for the adequacy of public services and facilities including school facilities. This review shall include existing school capacity as well as the additional capacity of schools under construction or for which funding of construction has been approved. In addition, the review shall include the existing enrollment and estimated enrollment based on previously approved development. School adequacy shall be defined as that

estimated enrollment not exceeding 110% of capacity as determined by the Kannapolis and Cabarrus School Systems.

- ◆ Where school facilities will not be adequate based on existing and projected enrollment, new development will be expected to address this inadequacy based on the cost incurred by Cabarrus County for school capital facilities. The Board of Commissioners may consider direct or indirect contributions to the adequacy of schools in the form of cash contributions, dedication of land in a suitable area based on the Cabarrus County Schools 15 Year Plan, or infrastructure improvements that will directly benefit school sites. A combination of these methods may also be considered. In no case shall the value of the contribution be less than 12.5% of the incurred capital cost of \$8067 which is \$1008.
- ◆ New development within the corporate limits of any of the cities and towns located in Cabarrus County shall also be subject to the adequacy review through the Cabarrus County Subdivision Regulations Chapter 4, Section 17 "Adequate Public Facilities Standards," as provided for by Session Law 2004-39, House Bill 224, which became effective June 30, 2004. All new residential shall be reviewed for the adequacy of school facilities. This review shall include existing school capacity as well as the additional capacity of schools under construction or for which funding of construction has been approved. In addition, the review shall include the existing enrollment and estimated enrollment based on previously approved development. School adequacy shall be defined as that estimated enrollment not exceeding 110% of capacity as determined by the Kannapolis and Cabarrus School Systems.

Adopted this the 16th day of August, 2004

Cabarrus County Board of Commissioners



ATTEST:

Frankie F. Bonds
Frankie F. Bonds, Clerk to the Board

Robert M. Freeman
Robert M. Freeman, Chairman

Revised Resolution No. 2003-26 adopted August 25, 2003.

1. Pay-as-you Go through Adequate Facility Fee of \$ 5,000

Projects Listed for School Renovations/Construction
Revelation Year

	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Cabarrus County Schools	-	1,900,000.00	8,766,193.00	31,291,601.00	32,505,188.00	24,611,210.00	37,369,137.00	31,024,145.00	40,260,343.00	7,212,424.00	-	214,940,238.00
Kannapolis City Schools	-	-	-	4,024,313.00	-	-	11,696,617.00	9,713,695.00	3,109,206.88	-	-	28,745,831.88
RCCC	-	-	-	4,679,434.24	5,528,470.61	-	-	-	5,474,276.20	5,620,977.14	-	21,603,158.19
Total Cost for Projects	-	1,900,000.00	8,766,193.00	39,985,348.24	38,033,658.61	24,611,210.00	49,267,754.00	40,737,840.00	48,843,826.08	13,133,401.14	-	214,940,238.00
Adequate Facility Funds (2000 units at \$5,000)	5,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	100,000,000.00
Excess(Shortage of Funds)	5,000,000.00	13,100,000.00	14,333,807.00	(15,661,541.24)	(43,685,187.85)	(58,306,407.85)	(97,574,161.85)	(128,312,001.85)	(167,155,827.88)	(170,289,229.07)	(160,289,229.07)	\$160,289,229.07
Tax Rate Equivalent after Reval	1,343,520.00	1,383,825.60	1,425,340.37	1,468,100.58	1,761,720.69	1,814,572.32	1,669,008.48	1,625,079.77	2,310,065.72	2,379,388.60	2,450,760.55	2,450,760.55
One Cent Generates in Revenues	55.82	108.40	105.24	102.17	85.14	82.66	80.26	77.92	64.88	63.04	61.20	61.20
On \$150,000, the tax savings each year would equal	55.82	108.40	105.24	102.17	85.14	82.66	80.26	77.92	64.88	63.04	61.20	61.20

2. Pay-as-you Go through Adequate Facility Fee of \$ 8,690

Projects Listed for School Renovations/Construction
Revelation Year

	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Cabarrus County Schools	-	1,900,000.00	8,766,193.00	31,291,601.00	32,505,188.00	24,611,210.00	37,369,137.00	31,024,145.00	40,260,343.00	7,212,424.00	-	214,940,238.00
Kannapolis City Schools	-	-	-	4,024,313.00	-	-	11,696,617.00	9,713,695.00	3,109,206.88	-	-	28,745,831.88
RCCC	-	-	-	4,679,434.24	5,528,470.61	-	-	-	5,474,276.20	5,620,977.14	-	21,603,158.19
Total Cost for Projects	-	1,900,000.00	8,766,193.00	39,985,348.24	38,033,658.61	24,611,210.00	49,267,754.00	40,737,840.00	48,843,826.08	13,133,401.14	-	214,940,238.00
Adequate Facility Funds (2000 units at \$8,000)	8,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00	160,000,000.00
Excess(Shortage of Funds)	8,000,000.00	22,100,000.00	29,333,807.00	5,338,458.76	(16,685,187.85)	(25,306,407.85)	(58,574,161.85)	(83,312,001.85)	(116,155,827.88)	(113,289,229.07)	(87,289,229.07)	\$87,289,229.07
Tax Rate Equivalent after Reval	1,343,520.00	1,383,825.60	1,425,340.37	1,468,100.58	1,761,720.69	1,814,572.32	1,669,008.48	1,625,079.77	2,310,065.72	2,379,388.60	2,450,760.55	2,450,760.55
One Cent Generates in Revenues	89.82	173.43	168.38	163.48	136.23	132.26	128.41	124.67	103.89	100.87	97.83	97.83
On \$150,000, the tax savings each year would equal	89.82	173.43	168.38	163.48	136.23	132.26	128.41	124.67	103.89	100.87	97.83	97.83

3. Pay-as-you Go through Adequate Facility Fee of \$ 10,000

Projects Listed for School Renovations/Construction
Revelation Year

	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Cabarrus County Schools	-	1,900,000.00	8,766,193.00	31,291,601.00	32,505,188.00	24,611,210.00	37,369,137.00	31,024,145.00	40,260,343.00	7,212,424.00	-	214,940,238.00
Kannapolis City Schools	-	-	-	4,024,313.00	-	-	11,696,617.00	9,713,695.00	3,109,206.88	-	-	28,745,831.88
RCCC	-	-	-	4,679,434.24	5,528,470.61	-	-	-	5,474,276.20	5,620,977.14	-	21,603,158.19
Total Cost for Projects	-	1,900,000.00	8,766,193.00	39,985,348.24	38,033,658.61	24,611,210.00	49,267,754.00	40,737,840.00	48,843,826.08	13,133,401.14	-	214,940,238.00
Adequate Facility Funds (2000 units at \$10,000)	10,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00	200,000,000.00
Excess(Shortage of Funds)	10,000,000.00	18,100,000.00	11,233,807.00	(11,685,187.85)	(17,985,187.85)	(25,306,407.85)	(58,574,161.85)	(83,312,001.85)	(116,155,827.88)	(113,289,229.07)	(87,289,229.07)	\$87,289,229.07
Tax Rate Equivalent after Reval	1,343,520.00	1,383,825.60	1,425,340.37	1,468,100.58	1,761,720.69	1,814,572.32	1,669,008.48	1,625,079.77	2,310,065.72	2,379,388.60	2,450,760.55	2,450,760.55
One Cent Generates in Revenues	99.82	193.43	188.38	183.48	156.23	152.26	148.41	144.67	123.89	120.87	117.83	117.83
On \$150,000, the tax savings each year would equal	99.82	193.43	188.38	183.48	156.23	152.26	148.41	144.67	123.89	120.87	117.83	117.83

3. Pay-as-you Go through Adequate Facility Fee of \$ 8,000 indexed by 3.5% increase annually

Projects Listed for School Renovation/Construction Revolutions Year	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Cabernus County Schools	-	1,900,000.00	1,900,000.00	8,766,183.00	31,291,801.00	32,505,186.00	24,611,210.00	37,369,137.00	31,024,145.00	40,260,343.00	7,212,424.00	214,940,238.00
Kannapolis City Schools	-	-	-	-	4,024,313.00	-	-	11,898,817.90	9,713,685.00	3,109,209.88	-	28,745,831.88
RCCO	-	-	-	-	4,679,434.24	5,528,470.81	-	-	-	5,474,276.20	5,920,977.14	21,603,158.19
Total Cost for Projects	-	-	1,900,000.00	8,766,183.00	39,995,348.24	38,033,656.81	24,611,210.00	49,267,954.00	40,737,840.00	48,843,826.08	13,133,401.14	276,583,228.01
Annual Index Increase of 3.5%	8,000.00	8,260.00	8,569.80	8,869.74	9,180.18	9,501.49	9,834.04	10,176.23	10,534.47	10,903.18	11,284.79	112,852.67
Adequate Facility Funds (2000 units at \$8,000)	8,000,000.00	16,660,000.00	17,139,600.00	17,799,496.00	18,360,368.01	19,002,960.89	19,668,085.22	20,358,466.20	21,088,944.56	21,868,357.65	22,689,560.17	218,253,817.74
Excess/(Shortage of Funds)	8,000,000.00	24,560,000.00	39,799,600.00	48,772,983.00	27,137,912.77	8,107,237.05	3,164,112.27	(25,747,173.52)	(45,416,068.93)	(72,463,637.36)	(63,917,859.33)	933,917,358.33

Tax Rate Equivalent after Rental
One Cent Generates in Revenues

(Growth rate of 3% Annually except in Revolutions Year when the growth is 20%)

1,343,520.00	1,343,520.00	1,425,340.37	1,468,110.58	1,761,720.69	1,814,572.32	1,869,009.49	1,925,079.77	2,310,085.72	2,379,398.60	2,450,780.55
89.32	179.50	190.37	181.25	159.33	157.09	157.85	158.62	136.81	137.47	138.14

On \$150,000, the tax savings each year would equal