The ST. LUCIE COUNTY SCHOOL BOARD

Special Meeting - June 13, 2003

**MINUTES**

The School Board of St. Lucie County held a special meeting in the School Board Room on June 13, 2003 that began at approximately 9:05 a.m.

 PRESENT: DR. JOHN CARVELLI, Chairman

 Member Residing in District No. 3

 MS. CAROL A. HILSON, Vice Chairman

 Member Residing in District No. 2

 MRS. KATHRYN HENSLEY

 Member Residing in District No. 4

 DR. JUDI MILLER

 Member Residing in District No. 1

ABSENT: DR. SAMUEL S. GAINES

 Member Residing in District No. 5

ALSO PRESENT: MRS. SANDRA WOLFE, (Designee for

Dr. William Vogel, Superintendent

 MR. DANIEL B. HARRELL

 Attorney to the School Board

**SPECIAL MEETING ON CAPITAL FINANCIAL**

**PLAN INCLUDING IMPACT FEES**

A) Educational Impact Fee Update

Chairman Carvelli called the meeting to order and Mr. Marty Sanders, Executive Director of Facilities and Maintenance, explained that Dr. James C. Nicholas, at the request of the St. Lucie County Board of County Commissioners, had determined that the “net” student station cost of a single family home was $2,380 for educational costs that are not paid for by other sources. The methodology used was to calculate the cost per student station and backs in credits whether it be the 2 mil money, sales tax revenue associated with a new home, as well as other sources of revenue that is prorated back to each home. Staff recommended implementation of the full impact fee, without a discount, of $2,380 as calculated by the County’s consultant; provide a phasing in of the impact fee of approximately 50% in the amount of $1,600 on January 1, 2004, and then implement the remaining 50% on October 1, 2004. The rationale behind the phasing, in working with the Treasure Coast Builders’ Association, was due to the direct economic impact it would have on homebuilders that already have existing contracts. They were already bound to provide a home for a fixed price but they may not get a building permit by the County’s proposed adoption date of October 1, 2004. Mr. Sanders explained in 2000, the original recommendation for the educational impact fee was $2,223 and that was not raised at that time. Providing this large jump at this time was still a hard burden on builders and home buyers in the county. It was a very good compromise to have a phasing. Staff would continue to work with the Treasure Coast Builders’ Association, Chamber of Commerce, and other business/trade groups to look at and support alternative fund sources that would allow for a roll back of that fee and/or maybe keep it at $1,600, if, as calculated by Dr. Nicholas, for every million dollars of a bond issue, the impact fee could be reduced by about $7.00 (a hundred million bond issue could amount to a $700 credit to the new resident in the home over time).

Dr. Miller suggested that staff also work with TCBA, the Chamber, and groups to build support for the school district as it moves forward with its campaign for a bond issue or half penny sales tax. Their support could make a big difference in the job that needs to be done. Mr. Sanders concurred and that was the intent of working with them to find alternative solutions.

Dr. Carvelli introduced Mr. Don Santos from Treasure Coast Builders’ Association and invited him to say a few words. Dr. Carvelli had met with Mr. Santos, Mr. Sanders, and Mrs. Gail Kavanagh to discuss the impact fees. Some larger builders have contracts that have provisions that allow for adjustments to be made for items like governmental fees but some of the smaller builders, by the time the fees are voted on by the County Commission and implemented, may have contracts that directly effect the smaller builders and that was a concern.

Mr. Santos, representing the Treasure Coast Builders Association, homebuilder in St. Lucie County and past president of the Association, stated the association has had a great relationship with the School Board and they want to have that continue. The Association has 1200 plus member firms and is the third largest association in the state due to the great job being done on the Treasure Coast. Half of the association’s builders typically hate impact fees regardless of their worth. The other half understands the reason behind impact fees and generally supports them. When we get an impact fee increase, especially if it is 200% as it is today, we go to some experts to go through the numbers to come up with a rationale why it should be smaller than what it is. Then the association would get into an adversarial relationship with the School Board or with the County Commission and we would come up with some compromise. This is a different scenario. One of the things we realize is if we don’t have good education or good schools, it is in our self interest to make sure that we do because after they find out the price of the home and they like it, the next question is where do our children go to school and what kind of level of education do they get? This phasing in of the fee is very important. We see that the $2,380 will actually create an additional revenue source of $4 - $5 million dollars a year at the rate of building today. It doesn’t go very far for building a $45 million high school or a $25 million middle school. We understand that. We are willing to support this and to back the Board on a sales tax increase, on general obligation bonds increase and be active in doing that, is it is in our self interest to do it and it is in the self interest and benefit of this community to do it. We would like to go forward, we the would like to help you. We understand that this number of $2,380, whether it should be a little bit less or a little more, really is not so important to us as the long term goal of getting new schools and getting the district the financing it needs. Mr. Santos stated he hoped the impact fees could be worked out and sent through the County Commission and the School Board. It was acceptable to “us” (TCBA) and they wanted to move forward. Mr. Santo indicated that the Board had a political challenge ahead and he thought the St. Lucie County that was here five years ago was not the St. Lucie County that was here today. The Board has a lot of support today and the community understands that education is totally under funded and he thought people were willing to step up to the plate during this window of opportunity. Mr. Santos confirmed that the TCBA membership had already talked about this subject at the executive level and though not everyone in the association supported the increase, it was palatable to some, which meant it probably was a good compromise.

 Action: The superintendent’s designee, Mrs. Sandra Wolfe,

 recommended that the Board approve the

 educational fee as discussed by Mr. Sanders

 (see above) items 1, 2, 3, with the modification

 to include “support” alternative fund sources

 (bond issue, half penny tax) (Hensley/Miller/Carried 4-0).

B) Treasure Coast Regional Planning Council

Mr. Sanders explained that the Treasure Coast Regional Planning Council wanted to know what the Board’s general rule was for education facilities impact fee credit for donated school sites. The proposed formula from staff was as follows:

 Sites accepted for donation (upon consideration of such factors as location,

 configuration, and size) would be eligible for a credit equal to the total of:

(1) 120 percent of the greater of either (a) the assessed value of the land on January 1

 of the year prior to the year in which the development order for the project is

entered, or (b) the actual cost of the donated site as reflected in the documentary

stamps affixed to the deed by which the developer/donor acquired the site in a

bona fide arm’s length transaction,

plus

(2) either (a) the actual and reasonable cost of all infrastructure improvements

specially benefiting the donated site or (b) that portion of the principal amount

of any special assessment levied to finance construction of infrastructure improve-

ments that is properly allocable to the donated site,

plus

(3) the value, determined as provided in (1) above, of those portions of all off-site

storm water retention and upland habitat preservation areas required to accommodate development of the donated site as a public school,

plus

(4) the reasonable cost of any survey, title information, or other closing expense

 incurred by the developer/donor at the request of, or as otherwise necessary to

 accomplish transfer of title to, the School Board.

In exceptional cases, and in particular when the developer/donor is making a substantial contribution to or otherwise facilitating the construction of a public school on the donated site, the School Board will consider valuing the property based upon an independent appraisal.

Mr. Sanders explained that the district was in a situation where it was asking for the number of schools to meet their student station needs and the district is paying full market value. Staff was looking for other alternatives that might be palatable and fair to prevent the district from putting schools in the most expensive locations. As higher end projects are being developed, land cost is very expensive and it forces the district to put schools in places where the land costs may be higher.

Attorney Harrell stated the district looks at four areas: 1) underlying cost basis of the property; 2) infrastructure to improve it; 3) the need for net usable acreage, and 4) soft costs associated with transfer (survey, title work,).

With current development guidelines, there are upland habitat preservation areas and storm water retention areas that are required. The district’s needs are always net of those so it is appropriate for the district to absorb 10% through impact fee credits of the cost of that retention area when it uses 10% of a storm water retention area.

 Action: The superintendent recommended that the Board

 approve the proposed formula for educational

 facilities impact fee credit for donated school sites

 as discussed (see above) to be forwarded to the

Treasure Coast Regional Planning Council (Miller/

Hilson/Carried 4-0).

C) Next District School

Mr. Sanders mentioned that he and other staff members had met with FAU and Core Communities to discuss the FAU Lab School. There was some agreement that they would continue to work on a Performa looking at educational impact fee credits to help pay for the school in lieu of using 2 mil money. The operating budget related to the Lab school was also discussed. Mr. Bargeron, the district’s assistant superintendent for business services, and Mr. Glen Thomas with FAU were working together on the operations budget. One main issue was transportation. There are conflicting provisions in state law that says Lab schools are not eligible for transportation funding while another law says charter schools are eligible for transportation funding. This is a lab charter school and the opinion from the Department of Education is that the lab legislation takes precedence and it is not eligible for transportation funding. Dr. Miller asked if that had been confirmed and Mr. Sanders responded there were differing opinions and it should be assumed the funding would not be there so it will be added back into the general operating budget. Transportation will be necessary to give diversity to the school--law mandates diversity.

Mr. Bargeron informed the Board that he and Mr. Thomas had worked on the operating budget for months using the state provided charter school revenue sheet with the exception of the class size reduction funding that a charter school could potentially pull. The expenditure side has additional professional development layer of expenditures over and above what a traditional school district school would include, the appropriation side is really in FAU’s hands. Mr. Bargeron and Mr. Thomas would continue to work on the budget and include the transportation piece and see how everything looked.

Mr. Harrell explained that the district had a number of capital streams to come in to cover debt service, the key one being the 2 mil back fill. The reason the district would want to be involved is the huge inflow of that 2 mil back fill into student stations in the county but that won’t cover debt service for all years. If at certain points in time the charter capital does not come into play, then the differential would be pretty good. How does the district cover that? The initial discussion was the district, looking at incremental growth and 2 mil for the district within the big scheme area, the alternative we believe to be acceptable to the developer, in lieu of that, was the channeling impact fee revenue from that project as needed subject to an annual cap and a total cap.

Mr. Sanders suggested looking at alternatives for transportation--something different could be looked at. The transportation cost was calculated in various ways and the bottom line was around $500,000.

 Mr. Harrell stated the statute is clear that the district may not operate the facility. They will be FAU students and they will choose to go there. FAU is outsourcing certain services to the district (professional administrative services, construction services, maintenance services, food service and transportation). FAU will receive zero funding for the students. The FAU Board will not go forward with the school if they have to put in any money.

Mrs. Hensley pointed out that there was no way of knowing if the funding would be allowed to go towards the second lab school next year. That was a concern that the Board should keep monitoring--knowing there were people set against lab schools and this second schools was an exception this year. Mr. Harrell agreed and that was why it was important that the district’s 2 mil back fill be capped and that the district is optioned to take out for the debt on the property in order to take it over as a district school (without overpaying). As long as the district monitors the cost, construction is appropriate, design is appropriate if the school had to be taken over by the Board, then it should be fairly safe to do so. Student stations could be put in place quickly and at less expense than otherwise.

Ms. Hilson asked if there would be a federal stream of money for special ed students. Mr. Harrell indicated the federal funding would probably be negligible. IDEA funding is a fraction of the amount needed now.

Mr. Bargeron again stated that transportation was the big issue for the operation budget. Staff was not taking any chances and was assuming the worse. The 2 mil incremental value was taken out of the formula that they proposed and now it would be the impact fees that are generated by that development--it was a shifting of risk that had been accomplished since last week. Staff was now waiting to see the pro forma.

Board members commented that this situation with the FAU Lab Charter School should not put the district’s proposed bond referendum in jeopardy and should be assessed as to whether it was in the best interest of the district financially. Dr. Miller asked for a side by side layout of the alternatives with costs in writing.

The Board determined, if there was new information available on the operating budget for the FAU Lab Charter School, that it would schedule another meeting to finish this subject on January 24, 2003 at 3:00 p.m. in the School Board Room. The meeting would be cancelled if no new information was forthcoming.

Ms. Hilson and Mr. Sanders had planned to attend the Planning and Zoning Board Meeting and would carry the Board’s approved formula for educational impact fees.

Dr. Carvelli suggested the district was at a point where it could do a position paper on cost of living to effect the district’s cost differential. Mr. Bargeron informed Dr. Carvelli that the district’s DCD went up a little this year.

Discussion ended and Chairman Carvelli adjourned the special June 13, 2003 meeting at approximately 10:20 a.m.