

LAKE COUNTY
CAPITAL FACILITIES ADVISORY COMMITTEE
MEETING MINUTES – November 8, 2012

County Commission Liaison:

Commissioner Sean Parks, District 2

Members Present:

Bill Benham, Agricultural Industry Representative
Linda Nagle, Home Builders Association of Lake County
Kyleen Fischer, Lake County Schools
Tim Sennett, Chamber of Commerce
Alan Winslow, Citizen at Large
Jeffrey Banker, Citizen at Large
Nancy Hurlbert, Citizen at Large
Ralph Smith, Citizen at Large

Members Absent:

Peter Tarby, League of Cities
Peggy Cox, Environmental Representative
Davis Talmage, Banking and Finance
Dr. Tod Howard, Lake County Schools

Staff Present:

Melanie Marsh, Deputy County Attorney
Amye King, Director, Department of Growth Management
Mary Harris, Program Associate, Department of Growth Management
Debbie Stivender, School District
John Davis, School District Chief Operating Officer
Harry Fix, School District Director of Planning

Guest:

Bill Mathias

Chairman Bill Benham called the meeting to order at 9:40 a.m. and asked the Committee to address the first order of business, which was the approval of the October 25, 2012 minutes.

MOTION was made by Tim Sennett and SECONDED by Linda Nagle to approve the October 25, 2012 minutes of the Lake County Capital Facilities Advisory Committee. Motion carried 7-0.

Old Business: There was no old business.

New Business: Chairman Bill Benham informed the members that the meeting is a Skype-teleconference meeting with Randy Young of Henderson, Young and Company.

Mr. Young introduced himself and gave a briefing of his role regarding the impact fee study.

Mr. Young began by presenting the overview of the Impact Fees for Educational Facilities (attached as Exhibit 1) as presented in the agenda package dated June 7, 2011. He discussed the benefits of educational facilities as referenced in the agenda package, beginning with Page 6, *Table 1: Current Enrollment Compared to Current Capacity*. He noted that this part of the study addresses how much enrollment the school district has and how much school space it has to handle the enrollment. He explained that *Table 1* is the current situation, with *current* meaning now. He explained the definition of *capacity*, which is the same for school currency (consistent with what State law and local agreements calls for). In explaining the Table and the figures for Elementary, Middle and High schools, he stated that the "Added Funded Concurrency Capacity" of 1,879 includes the schools that were being built and funded, but was not completed. Mr. Young explained that the table "*Enrollment Growth and Student Capacity Needed Next Five Years*" on page 7 is a projected enrollment for Lake County's Schools to the year 2015. He presented an overview of this table and concluded the review of the two chapters for the growth and capacity of the schools. He reviewed Chapter 3, Page 11, The Cost of Educational Facilities and discussed the different types of costs components (school buildings, borrowing costs, land, off-site improvements, ancillary facilities and transportation).. He continued with Table 3: School Building Cost per Student, which is the total cost for a specific school based on the number of students. He finished by discussing *Table 4: Borrowing Cost per Student* as outlined on page 13 in the material provided. He explained that this table calculates the interest cost per student. The total interest for all debt for each year, 2011 through

2031, is divided by the forecast of enrollment for that year (based on student enrollment for 2011 through 2020). The discount interest rate per student is 5%, as explained by Mr. Young. Mr. Benham questioned whether the discount interest rate was a fair interest rate to charge. Mr. Young responded that it is a common rate.

Linda Nagle asked a question about the finance table referring to the year 2031 (total enrollment 52,889). Mr. Young clarified that the figures shown are the total enrollment of all the schools. There was discussion concerning whether or not the financing rate could be lower than 5%. Mr. Fix gave an explanation, addressing the issue.

Mr. Young presented and discussed *Table 5: Land Cost per Student, Table 6: Off-site Cost per Student, Table 7: Ancillary Facility Costs per Student, Table 9: Revenue Credit per Student, Table 10: Total Educational Facility Cost per Student, Table 11: Public School Students per Dwelling Unit and Table 12: Public School Impact Fee per Dwelling Unit*. Mr. Young then presented the Comparison School Impact Fees, Exhibit 1 of the agenda.

Mr. Benham asked Mr. Young how many impact fee studies he has completed. Mr. Young replied that he has conducted about 200 impact fee studies in the last 25 years, which includes Marion, Sumter, Hernando, Polk, Osceola, Orange, Seminole, Volusia and Flagler Counties, as well as some in south Florida. Mr. Benham clarified that he was referring to the different governmental entities and what percentage of those curtailed or got rid of their impact fees. Mr. Young responded that in Florida about one-half of the counties elected to either suspend or reduce their impact fees.

Mr. Benham asked if there were any questions of Mr. Young. There being none, this concluded Mr. Young's presentation.

The committee continued with its discussion on the presentation presented by Mr. Young.

Ms. Nagle questioned staff regarding *Comparison Study, #10 "School Bus Costs per Student"* (attached as Exhibit 2), specifically the 48.8% increase for the 2011 school year. Mr. Fix replied that he couldn't answer the question without reviewing the data. Ms. Nagle noted that #8 of the *Comparison Study "Offsite Costs per Student"* was not included in 2007 and asked if it was a policy decision to include it in 2011, or was it the consultant's discretion. Mr. Fix explained that no one was tracking it when the last study was done; but, because the question arose from the previous study, they started tracking it. He indicated that he didn't think all of the offsite costs were noted.

Discussion occurred regarding #7 "*Land Costs per Student*". Alan Winslow asked if the land cost was based on a particular school. Mr. Fix explained that the land cost reflects one million that the school district paid the County for the property where Sorrento Elementary is located.. Mr. Winslow stated that an elementary school takes less land per student than a high school; he questioned the justification of a higher land cost per student in an elementary school, versus a high school. Mr. Fix responded that a great number of those acres used for the last high school were donated. Mr. Fix explained that because the land cost was quite low, the consultant used the figures that were actually paid. Mr. Fix stated that in terms of the multipliers and the use of students for tracking and development, the figures are as good as it gets.

Mr. Fix noted the discussion concerning the impact fee study is needed because of the capital need shown and the different capital funding available that Carol MacLeod discussed. Mr. Fix stated that the impact fee study was complete and he thought the School Board should have that study presented.

Mr. Benham asked Amye King what they are supposed to do today. Ms. King stated that there is only one more meeting scheduled for the end of the year. She informed the committee that the Board of County Commissioners (BCC) will be discussing the impact fee ordinance and deciding on whether or not to reinstate the impact fees as they were before. Mr. Benham asked if that (reinstatement date) would be March of 2013. Ms. King stated she believes so, but the meeting would have to be held before that date. Ms. King mentioned that for advertising purposes, if this committee thinks they need another meeting besides the one scheduled in November, she would need to know so that it could be advertised. She explained that the question is whether this committee is going to recommend to the BCC to reinstate the impact fee and at what level, if they chose to; recommend that the suspension continue, or, look at other funding mechanisms. Mr. Benham stated that the funding mechanisms are included in Carol's MacLeod booklet.

Ms. King informed the committee that the BCC is scheduled to discuss impact fees alternatives on November 20th, which is scheduled before this committee's next meeting. Ms. Nagle asked if the BCC meeting was going to entail both transportation and school. Ms. King replied that November 20th BCC meeting will include the committee's transportation recommendation. This committee's school impact fee recommendation will be presented to the BCC on January 8th.

Melanie Marsh, Deputy County Attorney informed the committee that the School Board has a meeting scheduled for December 10th and that the committee may want to present its recommendation to the School Board for them to review before it goes to the BCC. Ms. Marsh asked Mr. Parks' opinion. Mr. Parks replied that it was a good idea. Mr. Benham stated that the need to provide options before the next meeting (November 29th), for presentation to the School Board.

Discussion from the committee occurred regarding Carol MacLeod's report of October 25, 2012 – *Capital Funding Options Presentation*, which was displayed on the monitor.

Ms. Nagle asked Mr. Benham to give a brief summary of what happened in Seminole County regarding school funding. Mr. Benham stated that the Legislation is giving all school systems in the State the ability to adopt a mill, which is an option of funding. He asked Ms. Marsh for clarification if it is one mill levied or a time-limit (5 years to 30 years). Ms. Marsh replied that the longest you can have it for is four years and then you would have to submit a referendum.

Debbie Stivender left the room.

Mr. Benham discussed the one-half and full penny tax suggestion.

Ms. Stivender stepped back into the room and distributed copies of the Capital Funding Options (attached as Exhibit 3).

The committee discussed the funding options as noted in *Summary of Potential Funds (pages 18 & 19)*. Mr. Benham asked to have a poll on who would be leaning toward the school having their own one-half penny tax, versus using the full penny and splitting it between the cities, county and school system. The discussion on the funding options continued.

A question was asked about the restrictions on the use of the millage. Ms. Marsh replied she would have to look into and get back with the committee. Tim Bennett asked if she can find out, before the next meeting, what each of the "*Funding Options*" can be used for as it would help in making a final decision.

Ms. Nagle questioned if the School Board prioritized what they would like and what is maintenance.

Discussion occurred regarding whether millage can be used for maintenance and if sales tax can be used for maintenance. Ms. Marsh responded that sales tax has to be used for Capital. Ms. Nagle asked what besides millage can go toward maintenance, other than what is provided by the state. Mr. Fix responded that it depends on what you are talking about when referring to maintenance. He further stated that in the school district realm some things that you may think of as "capital" can be used for maintenance. He explained that maintenance would be replacement of roofs, replacement of floors, tiles and the like and would be a capital expenditure. But maintenance like mopping, cleaning and dusting would not be considered a capital expenditure.

Concerns regarding impact fees and what they have been used for were addressed by Mr. Fix.

Mr. Benham discussed the list of "Summary of Potential Funds" and questioned if there were any other sources of revenues that can be tapped into. He stated that the Documentary Stamp would be approachable and viable. Mr. Benham asked about the logic behind the 2 mil Capital Millage (*referred to on page 19*). Mr. Fix explained that the state has taken .5 of the 2 mil and moved it over to the operating budget. Presently all districts in the state are only allowed to levy a 1.5 mil for capital.

Discussion occurred regarding the penny sales tax. Mr. Benham stated that the full penny sales tax would be the easiest; for them (*referring to the School Board*) to get their own ½ cent sales tax would be tough.

Mr. Parks stated that there is a need and the study may be valuable in determining the best strategy for it.

Alan Winslow spoke of his past experience from another state; he explained that millage was done every two years in the school system. He stated how it involved the Chamber of Commerce and the school system. He stated that if this committee is going to recommend this, they cannot just recommend it and walk away from it.

Ms. Stivender and Mr. Fix left the room.

Kyleen Fischer announced that she asked Ms. Stivender to leave the room so that she can make a statement about her vote as a committee member. She discussed what happened in the past between the BCC and the School Board. She further stated that she cannot support it and wanted this committee to know that. Ms. Nagle stated that she would like the report to start by saying the state legislature has more of a responsibility to adequately fund the schools.

Ms. Stivender and Mr. Fix both returned to the room.

Mr. Benham stated that he didn't know whether or not this board will be constructive enough to go in depth into the revenue sources today. He suggested continuing discussion on the six options at the November 29th meeting. Mr. Sennett gave suggestions on prioritizing the options and the recommendations and suggested using document stamps to make up for the loss of the impact fees.

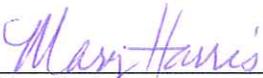
Mr. Benham asked if there are any fees that are charged or paid to raise revenues; he also asked if a book fee could be charge. Ms. Marsh replied that she didn't think so, because the concept is that the public school system is supposed to be a free system. Mr. Fix responded that he did not think they were allowed to charge for field trips either. Ms. Marsh stated that she can talk to the School Board's attorney to verify this, but she did not think they have that ability.

Mr. Benham stated that he did not want to spend a tremendous amount of time on the revenue sources, he thinks that the structure of the transmittal letter is going to be key in explaining what this committee came up with and why.

MOTION was made by Ralph Smith to adjourn the Lake County Capital Facilities Advisory Committee.

The meeting was adjourned at 11:50 a.m.

Respectfully submitted,


Mary Harris
Associate Planner


Bill Benham
CFAC Chairman