

Exploring Capital Revenue Streams

March 1, 2022

Operational vs. Capital Funds

- Operational – commonly referred to as the general fund. Used to fund day to day operations, such as salaries, benefits, utilities, supplies, and contracted services. Main revenue source is the Florida Education Finance Program (FEFP) which makes up 94% of the total revenue.
- Capital – Used to build and maintain District facilities and purchase any type of capital asset, such as busses, technology, furniture, portables, and other equipment. Primary funding source is property taxes. Salaries generally cannot be paid from capital funds.

Current Capital Revenue Streams (FY22 Budgeted)

Property Tax 1.5 Mills	4,215,376.00
Tax Redemptions	150,000.00
School Safety Grant	125,303.99
Capital Outlay & Debt Service (CO&&DS)	267,882.00
Interest Income	11,950.00
Total	4,770,511.99

*Beginning fund balance amounts not included

- In 2008-09, the Florida Legislature reduced the allowable capital millage levy from 2 mills to 1.75. In 2009-10, the Legislature again reduced the allowable capital millage to 1.5.

Fiscal Year	Taxable Value	Revenue at 2 Mills	Reduced Millage	Revenue Loss
2022	2,927,344,418	5,620,501	4,215,376	1,405,125
2021	2,565,829,268	4,926,392	3,694,794	1,231,598
2020	2,328,498,712	4,470,718	3,353,038	1,117,680
2019	2,124,141,940	4,078,353	3,058,764	1,019,589
2018	2,019,244,350	3,876,949	2,907,712	969,237
2017	1,953,413,364	3,750,554	2,812,915	937,639
2016	1,911,969,802	3,670,982	2,753,237	917,745
2015	1,861,583,611	3,574,241	2,680,680	893,561
2014	1,772,246,781	3,402,714	2,552,035	850,679
2013	1,755,516,647	3,370,592	2,527,944	842,648
2012	1,793,134,780	3,442,819	2,582,114	860,705
2011	1,892,333,295	3,633,280	2,724,960	908,320
2010	2,213,290,735	4,249,518	3,187,139	1,062,379
2009	2,442,657,068	4,689,902	4,103,664	586,238
2008	2,759,057,255	5,297,390		

Loss of Capital Revenue – Capital Millage

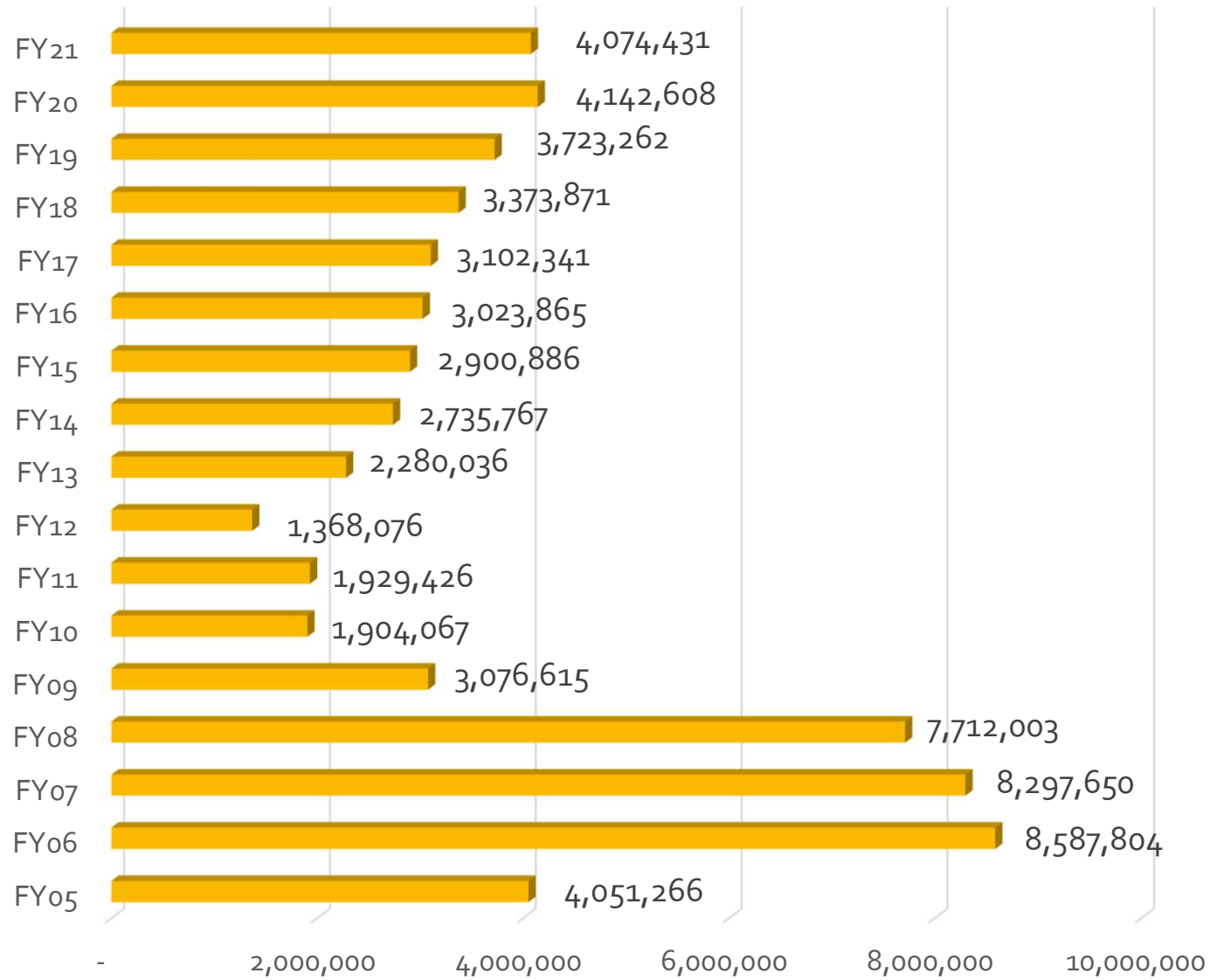
The reduction in millage has equated to \$13.6 million in unrealized revenue.

Loss of Capital
Revenue –
Public
Education
Capital Outlay
(PECO)

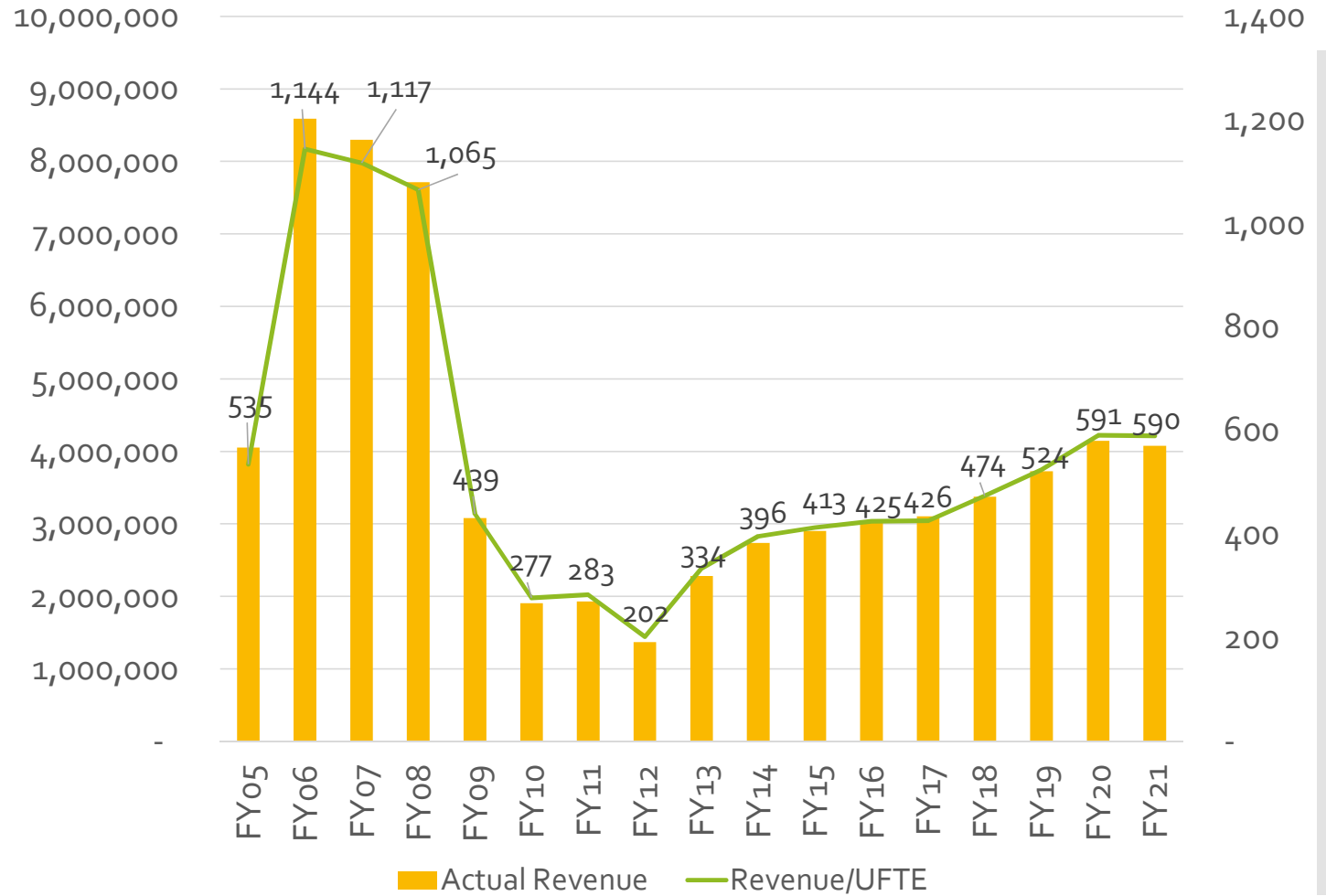
Beginning in FY20, all PECO revenue goes to charter schools only.

Fiscal Year	Revenue Collected
2019	179,382
2018	188,365
2017	283,891
2016	184,052
2015	142,426
2014	-
2013	-
2012	-
2011	443,200
2010	158,204
10 Year Total	1,579,520

Capital Revenue by Fiscal Year

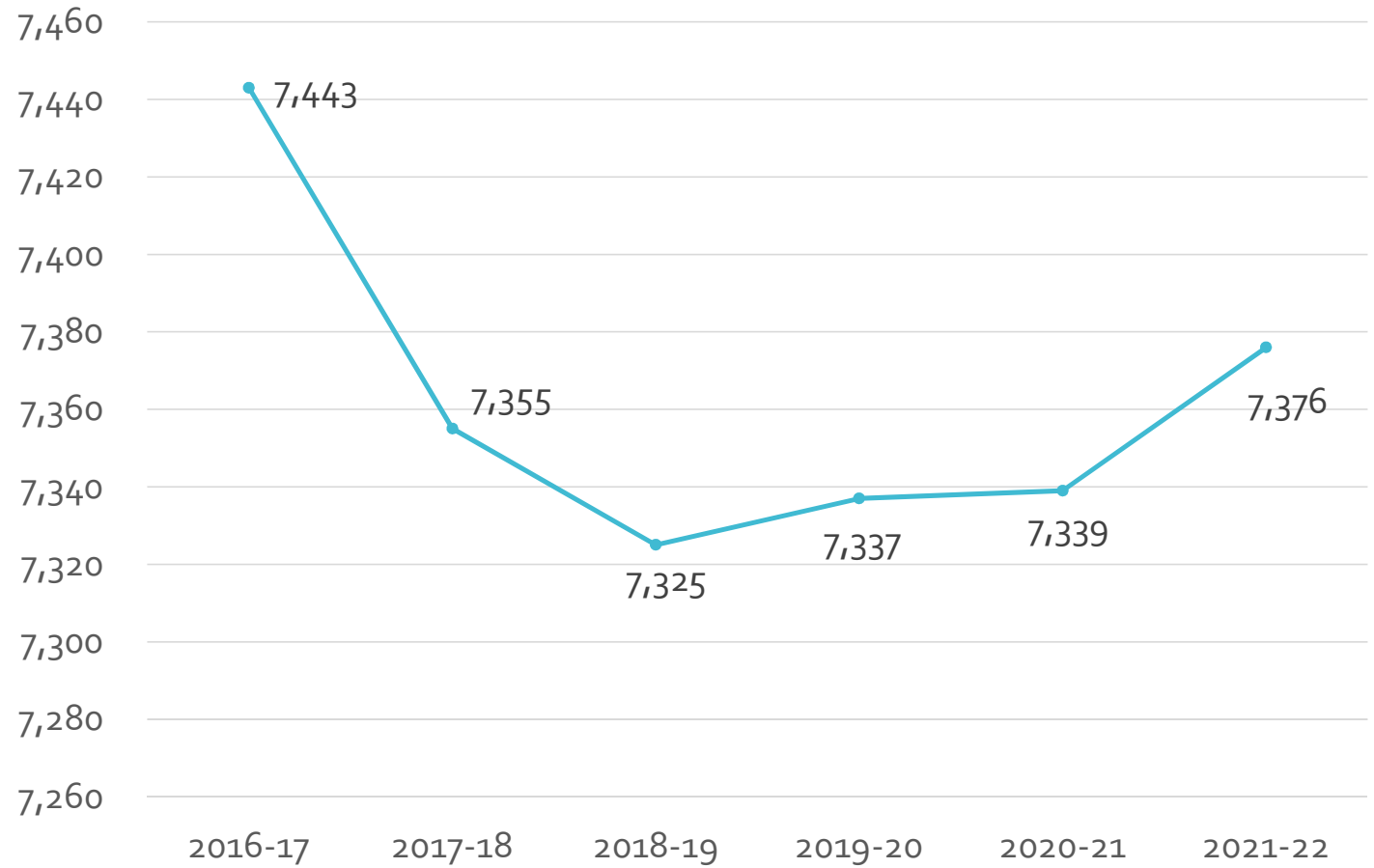


Capital Revenue per UFTE



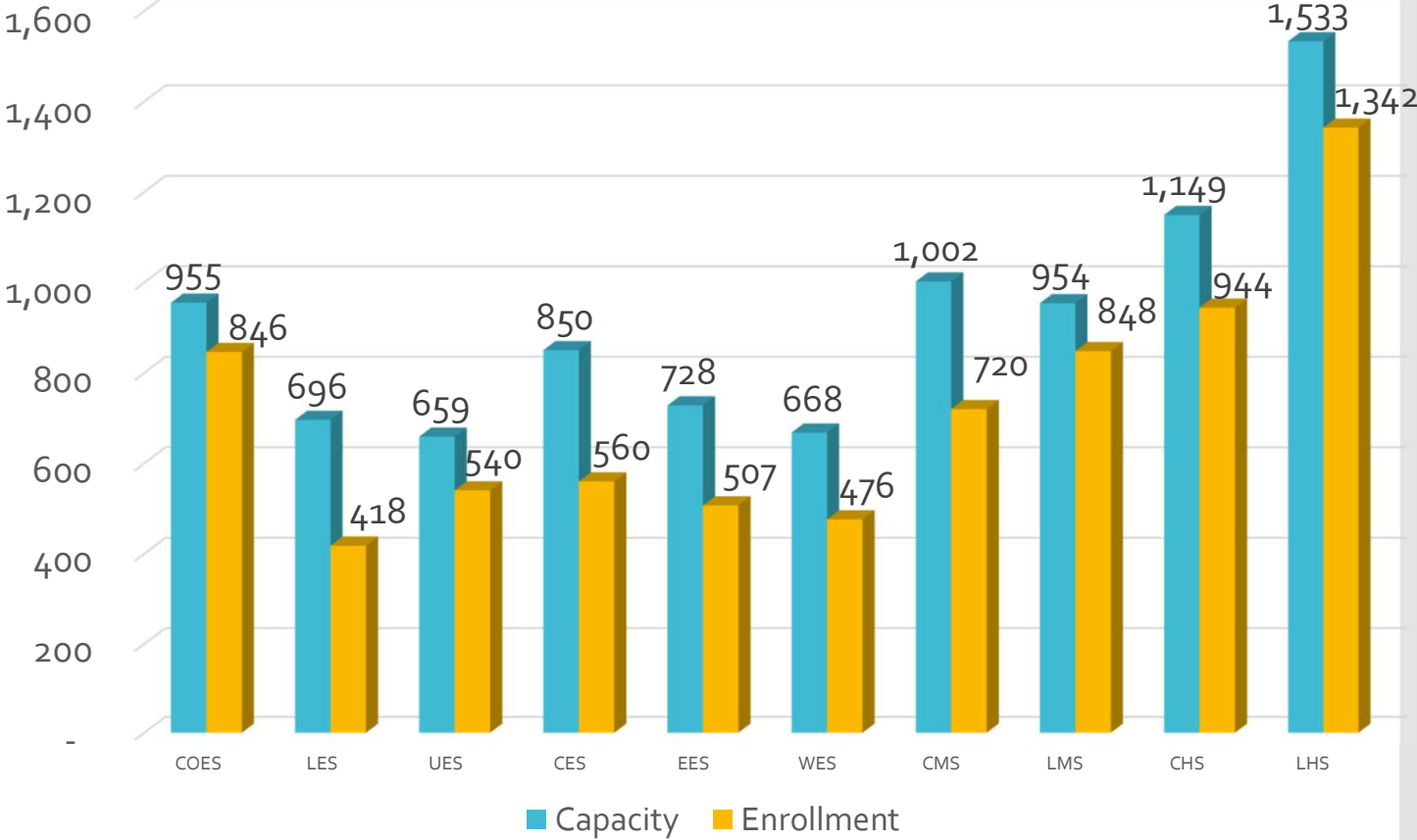
Enrollment, Capacity, & Capital Needs

Enrollment Trends 2016-17 to Current



*Enrollment data as of the last day of school, except 2021-22 is as of 2/17/2022

School Capacity & Enrollment as of February, 2022



Hendry County Growth

- 2021 Growth
 - Hendry Schools net gain of 37 students as of February, 2022 from the 2020-21 school year.
 - 626 Single Family Home permits pulled
 - 74 Mobile Home Permits Pulled
- Potential Future Development
 - FY23 preliminary enrollment projection anticipating an increase of 61 students
 - Florida Economic & Demographic Research Office projecting a 5% (or 1,945) population increase for Hendry County from 2020 to 2025
 - Several planned unit developments (PUD) on City of Labelle zoning map



City of Labelle Zoning Map 7-16-2021.

Source: <https://citylabelle.com/wp-content/uploads/2021/07/LaBelle-Zoning-REVISED-7.16.2021.pdf>

County PUDs & DSAP List

Project	Name	Status	Address	Single-Family	Multi-Family	Mobile Home
RZ17-0005	Paul PUD	Approved	6155 Ft Denaud Rd	1,200		
RZ06-0006	Murphy's Landings	Approved	7402 W SR 80	890		
RZ17-0004	Liberty Shores	Approved	2865 CR 78	145		188
RZ21-0002	Nisbet	Approved	1425 N Bridge St		4	
RZ22-00XX	Tanglewood	Proposed	4005 Tanglewood		256	
ORD98-10	Tanglewood	Approved	Cowboy Way			58
RZ06-0004	HUPA	Approved	6000 S Birchwood Pkwy	312		
RZ19-0011	Karr	Approved	808 S Raintree Blvd		12	
RZ22-0003	Lake LaBelle	Proposed	850 Cedarwood Pwky	744		
RZ20-0003	Bixby Place	Approved	4520 W US HWY 27	165	384	
ORD95-5	Mining/MH PUD	Approved	1603 Hookers Point Rd			39
ORD93-03	Mining/MH PUD	Approved	1 34 43 23 A00 0024.0000			107
RZ06-0002	Bermudez	Approved	CR 835	39		
RZ18-00	82 MUD/Julian Gro	Approved	16250 Calumet Rd	1,800		
DSAP20-0001	Tri-County	Proposed	SR 82	88	618	
Total Units (Categorized)				5,383	1,274	392
Total Units =		7,049				

Source: Hendry County BOCC, Planning & Zoning Department

Needs

Current:

- Maintenance – roofs, HVAC, flooring, furniture, etc
 - Reroof at LHS (\$6 million estimate)
- School Safety Upgrades
- Reduce number of portables serving as classrooms (or reduce all together)
- Information Technology – infrastructure, student devices

Future:

- New school(s) and/or additions to accommodate growth
 - All Labelle Elementary schools 30+ years old. LES being the oldest and in most need.
 - Addition at LHS
- Debt – cannot afford large projects without incurring debt
 - Florida Statute 1011.71(2)(e) provides that annual debt service payments cannot exceed 75% of annual revenue (\$3.16 million based on FY22 revenue estimate)

New Capital Funding Options

New Types of Local Revenue

- Impact Fees
- School Capital Outlay Surtax (half cent sales tax)
- Local Government Infrastructure Surtax
- Voted Capital Improvement Fund Millage
- Other Sources

Impact Fees

- Authorized by Florida Statute 163.31801
- One time fee assessed to new development to offset the infrastructure needed to accommodate new development
- Fee is often segregated by zone as revenue must be spent in zone where the development occurred
- **Can only be used for infrastructure (new construction or reconstruction)**
- 25 school districts receive impact fee revenue (as of Nov. 2019 data)
- HCSD collected impact fees from 2005-06 to 2008-09, that resulted in \$1.426 million in revenue. Subsequently suspended due to economy
- Based on 2021 permit data from the BOCC, the District could have collected \$3.4 million using the 2005-06 impact fee rates
- Revenue is dependent on economy and housing market

2005-06 Hendry County Impact Fee Rates

LAND USE TYPE (UNIT)	Fee
RESIDENTIAL:	
Single Family Detached Unit	\$5,100.63
Multi-Family Unit	\$4,192.73
Mobile Home in a Mobile Home Park	\$2,314.82
NON-RESIDENTIAL	No fee

Public Education Facilities Impact Fee Schedule Comparison

County ⁽¹⁾	Date of Last Update ⁽²⁾	Adoption Percent ⁽²⁾	Size of Home: 2,000 sf		Size of Home: 1,100 sf		Size of Home: 900 sf	
			Single Family (per du)		Multi-Family Apt. (per du)		Mobile Home Park (per pad/space)	
			Adopted Fee ⁽³⁾	Fee @ 100% ⁽³⁾	Adopted Fee ⁽³⁾	Fee @ 100% ⁽³⁾	Adopted Fee ⁽³⁾	Fee @ 100% ⁽³⁾
Miami-Dade County	1995	100%	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448
Citrus County	2014	50%	\$1,261	\$2,522	\$1,295	\$2,590	\$1,307	\$2,613
Nassau County	2011	100%	\$3,268	\$3,268	\$3,268	\$3,268	\$3,268	\$3,268
Hillsborough County	2004	92%	\$4,000	\$4,348	\$2,793	\$2,793	\$2,357	\$2,357
Volusia County	2013	67%	\$3,000	\$4,483	\$3,000	\$4,483	\$3,000	\$4,483
Palm Beach County (Current)	2012	95%	\$1,866	\$1,964	\$1,593	\$1,677	\$1,593	\$1,677
Lee County	2015	45%	\$2,468	\$5,484	\$955	\$2,123	\$532	\$1,182
St. Johns County ⁽⁶⁾	2018	100%	\$4,725	\$4,725	\$2,625	\$2,625	\$2,625	\$2,625
Flagler County	2004	76%	\$3,600	\$4,756	\$931	\$1,231	\$1,066	\$1,409
St. Lucie County ⁽⁴⁾	2009	100%	\$6,426	\$5,447	\$3,286	\$2,787	\$1,854	\$1,572
Martin County	2006	100%	\$5,567	\$5,567	\$5,355	\$5,355	\$5,355	\$5,355
Indian River County	2014	28%	\$1,702	\$6,077	\$668	\$2,387	\$1,026	\$3,665
Manatee County	2017	100%	\$6,127	\$6,127	\$3,502	\$3,502	\$1,971	\$1,971
Palm Beach County (Calculated)⁽⁸⁾	-	N/A	\$1,866	\$6,956	\$1,593	\$4,558	\$1,593	\$4,558
Hernando County	2013	30%	\$2,133	\$7,103	\$1,680	\$5,977	\$955	\$955
Marion County ^{(4)*}	2006	48%	\$3,967	\$7,375	\$2,166	\$4,025	\$3,461	\$6,433
Sarasota County	2015	26%	\$2,032	\$7,835	\$561	\$2,165	\$188	\$722
Orange County	2016	100%	\$8,784	\$8,784	\$5,919	\$5,919	\$6,088	\$6,088
Pasco County	2017	79%	\$7,128	\$9,028	\$4,182	\$5,295	\$4,377	\$5,544
Broward County ⁽⁵⁾	2017	N/A	\$6,756	\$9,049	\$1,131	\$1,967	\$3,044	\$3,688
Clay County	2009	77%	\$7,034	\$9,096	\$3,236	\$4,184	\$5,979	\$7,732
Lake County	2015	100%	\$9,324	\$9,324	\$8,045	\$8,045	\$5,856	\$8,045
Brevard County	2015	50%	\$5,097	\$10,193	\$1,941	\$3,881	\$1,257	\$2,513
Polk County	2015	50%	\$5,242	\$10,484	\$3,348	\$6,697	\$4,243	\$8,487
Collier County ⁽⁴⁾	2015	67%	\$8,790	\$11,164	\$2,844	\$3,612	\$7,238	\$9,194
Osceola County ⁽⁷⁾	2017	100%	\$11,823	\$11,823	\$11,362	\$11,362	\$7,672	\$7,672
Seminole County	2017	73%	\$9,000	\$12,322	\$8,700	\$11,929	\$4,700	\$6,493

- (1) County's tagged with an asterisk (*) have fees that are currently suspended
- (2) Source: Published impact fee schedules and discussions with representatives from each County
- (3) Represents the full calculated fee from each respective technical study
- (4) Fees are indexed annually
- (5) Rates shown under Single Family Impact Fee at 100% (Item 3) reflect most recent on-going technical study
- (6) Impact fee shown was adopted on March 15, 2018 and will go into effect on July 2, 2018
- (7) Rates shown were adopted on March 12, 2018 and will go into effect on June 12, 2018

Source: FSFOA November, 2019
Conference Presentation

Impact Fee – Steps to Implement

- School Board votes to implement impact fee (important that BOCC supports an impact fee).
- An Impact Fee Study must be conducted to determine reasonable fee(s) (there is a cost for this).
- BOCC must adopt an ordinance imposing impact fees.
 - IMPORTANT: Must provide public at least 90 day notice before the effective date of the ordinance
- The District and BOCC enter into an inter local agreement for the collection, disbursement, and expenditure of impact fees.

School Capital Outlay Surtax

- Authorized by Florida Statute 212.055(6)
- Commonly referred to as a half cent sales tax
- 26 school districts currently impose this tax
- Specific ballot language required
- **Can be used for any capital purpose (except busses) including debt service**
- Florida EDR 2022 unrealized revenue estimate for Hendry County School District is \$2.576 million
- BOCC currently collects a half cent sales tax which generated \$1.75 million for them in FY21 (\$1.1 million in 7 months of FY22)
- Funds are distributed by the Department of Revenue monthly (2 month lag between collections and disbursement)
- Resolution can determine length of revenue

School Capital Outlay Surtax – Steps to Implement

- Board adopts a resolution to levy half cent sales tax
- BOCC directs the Supervisor of Elections to place resolution on the ballot
- Send copy of the final resolution to OPPAGA (Office of Program Policy Analysis & Government Accountability) at least 180 days prior to referendum so they can conduct performance audit
- General election to determine outcome

Local Government Infrastructure Surtax

- Authorized by Florida Statute 212.055(2)
- Similar to School Capital Outlay Surtax
- Local governments (county, city, school board) adopt a resolution to levy a 1 cent sales tax
- Inter local agreement is used to determine how the revenue is split
- BOCC places on the ballot
- Also requires an OPPAGA performance audit
- Funds are distributed by the Department of Revenue monthly (2 month lag)

Voted Capital Improvement Fund & Steps to Implement

- Authorized by Florida Statute 1011.73(1)
- If approved by voters, can levy up to 1 mill for capital projects for up to 2 years
- Can be used for any capital purpose
- No known Districts utilize this revenue stream
- However, this same statute also allows Districts to propose/levy an ad valorem tax for 4 years for operational purposes
- Board must adopt a resolution
- BOCC directs the Supervisor of Elections to place on ballot

Other Revenue Sources

- Financing Sources
 - Tax/Revenue Anticipation Notes (TAN/RAN) (short term)
 - General Obligation Bond (long term) - Voter approved millage levy to finance capital transactions. Requires FLDOE approval
 - Certificates of Participation (COPs) – debt incurred for a specific project (or projects)
- Special Facilities Construction Funding
 - Used for a specific project
 - Requires FLDOE to determine there is a critical need
 - Participation Requirement – requires up to 1 mill per year be repaid over a period of 3-5 years. Based on FY22 capital millage budget, this would be \$2.8 million repaid per year until participation requirement is met.

Take-Away

- Every funding sources comes with its own nuances
- Extremely important to recognize the realities of each funding option
 - BOCC support
 - Ability to pass (voter approval)
 - Ability to meet District needs
 - Sustainability
- If any revenue stream is explored, or voted on by the Board, there are costs to general fund
- Potential to relieve the general fund (from capital expenditures)
- The District cannot afford any large projects without incurring debt. A new revenue stream will preserve existing revenue while allowing the District to afford new projects, whether that comes with debt or not.



Questions & Comments