

Impact Fees & Half Cent Sales Tax

April 5, 2022

**HENDRY COUNTY SCHOOL DISTRICT
FIVE YEAR CAPITAL PLAN (DRAFT)
2023 - 2027**

	2023	2024	2025	2026	2027
REVENUE					
Property Tax	4,426,145	4,647,452	4,879,825	5,123,816	5,380,007
Tax Redemptions	150,000	150,000	150,000	150,000	150,000
CO&DS	268,000	268,000	268,000	268,000	268,000
School Hardening Grant	-	-	-	-	-
Interest Income	12,550	13,175	13,830	14,525	15,250
Total New Revenue	4,856,695	5,078,627	5,311,655	5,556,341	5,813,257
Fund Balance	1,610,846	3,154,772	4,959,272	6,094,362	6,032,561
Total Estimated Revenue	6,467,541	8,233,399	10,270,927	11,650,703	11,845,817
APPROPRIATIONS					
Construction	-	-	-	-	-
Maintenance	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000
Safety	155,000	105,000	105,000	105,000	105,000
Technology	868,221	868,221	868,221	1,443,221	1,268,221
Other	815,000	815,000	715,000	715,000	715,000
Debt Service	474,548	485,906	488,344	1,354,921	411,886
Total Est Appropriations	3,312,769	3,274,127	4,176,565	5,618,142	4,500,107
Carryforward/Reserve	3,154,772	4,959,272	6,094,362	6,032,561	7,345,710
Total Appropriations/Reserve	6,467,541	8,233,399	10,270,927	11,650,703	11,845,817

Impact Fees - Pros & Cons

Pros	Cons
Revenue derived from new residents	
Based on 2021 housing permit data & old fee structure, could have generated up to \$3+ million	Dependent on housing market which creates more risk when obligating them to long term, large capital projects
Provides funds to accommodate infrastructure needed due to new development (construction, reconstruction, and improvements)	Cannot be used for repairs and maintenance
Exempt from costs per student station when using impact fees to repay COPs	Could not help alleviate general fund from capital expenditures
	Could not help supplement capital millage fund if awarded Special Facilities Construction funds (for new elementary in Labelle)

Half Cent Sales Tax – Pros & Cons

Pros	Cons
Revenue derived from residents & non-residents	
Based on 2021 BOCC collection data and FL EDR forecast, could generate up to \$2+ million per year	Depending on length of sales tax, can be risky to obligate to long term, large capital projects
Most flexible when referendum language is broad. Can be used for any capital purpose. New legislation allows busses	Not enough revenue to fully fund, or make annual debt payments, for a new school
More stable compared to other additional capital revenue options	
Could help alleviate capital expenses from the general fund	
Could help supplement capital millage fund	
Exempt from costs per student station when using to repay COPs	

Current Large Capital Project Needs

- Reroof Labelle High School – est. \$6+ million
- New elementary school in Labelle – est. \$50+ million
- New addition at Labelle High school (currently 25 portables) – est. \$8+ million

\$74 million (at least) need for large capital projects!

SCENARIO – Reroof LHS

Estimated \$6
million

Current Funding	Considerations
Capital Millage Funds	<ol style="list-style-type: none"> 1. Would take up to 2 years to cover cost (assuming phased project) 2. Would eliminate capital millage funding for most other projects 3. Would diminish fund balance
Finance	Not an ideal option, but is an option if we absolutely had to
CO&DS	Not enough funds generated to cover costs up front
Race Track Revenue	Already obligated to debt service
Combination sources	To fully fund or pay debt service
What If	Considerations
Impact Fees	Could not be used?
Sales Tax	Would not generate enough revenue to fully fund project. Could combine with other sources or use to repay debt.

SCENARIO – New Elementary in Labelle

Estimated \$50
million

Current Funding	Considerations
Capital Millage Funds	Not an option. Even to finance and repay debt through this source would violate the statutorily required 75% debt service limit
CO&DS	Not enough funds generated
Race Track Revenue	Not enough funds generated & already obligated to debt service
Combination sources	To pay debt service

SCENARIO –
New
Elementary in
Labelle

Estimated \$50
million

What If	Considerations
Specialist Facilities Construction Funds	<ol style="list-style-type: none"> 1. Most viable option; dependent on DOE approval 2. Would require <u>up to</u> 1 mill (\$2.8 million) per year be repaid over 3 – 5 years 3. Would greatly reduce capital millage funding for other projects 4. Potentially diminish fund balance 5. Costs per student station must be adhered to
Impact Fees	<ol style="list-style-type: none"> 1. Could use, but may not fully cover annual debt service payments. 2. Riskier, compared to other sources, due to reliability of funding 3. Costs per students station do not apply when using impact fees to repay COPs
Sales Tax	<ol style="list-style-type: none"> 1. Could use, but may not fully cover annual debt service payments 2. Would need to ensure sales tax revenue was approved for 30 years 3. Would prevent sales tax revenue being used for any other purpose, unless revenue exceeded payments 4. Costs per student station do not apply when using sales tax to repay COPs.

Costs per Student Station

- Florida Statute 1013.64
- A District may not use funds for any new construction that exceeds the total cost per student station, with some exceptions. These exceptions include when debt service is repaid with impact fees and/or sales tax.
- Elementary = \$23,301
- Middle = \$25,163
- High = \$32,684
- Amounts are adjusted annually for inflation
- Must document costs throughout project to report to DOE

Costs per Student Station

Include	Exclude
Construction Contract Costs	Site Purchase
Architect Fees	Site Improvements
Engineer Fees	Security Upgrades such as securing entries, security cameras, security systems, fencing, etc.
Furniture & Equipment	Legal & Administrative Costs
	Shelter Hardening
	Public Utilities Cost

In general! Funding source utilized, may vary.

Costs Per Student Station

- New Labelle Elementary
 - 1000 student stations @ \$23,301 per student station = \$23,301,000
- Addition at Labelle High School
 - 300 student stations @ \$32,684 per student station = \$9,805,200

Other Considerations

- Careful and intentional planning is crucial.
- Must maintain a healthy fund balance in capital millage for emergency purposes – roofs, HVAC, hurricane, etc.
- Overall economy – has an effect on almost every capital funding source.

Actions for Impact Fees

- Now - School Board votes whether to implement an impact fee.
- Immediately Thereafter - An Impact Fee Study is conducted to determine what would be reasonable fee(s). The BOCC currently has an RFP for this that we are participating in.
- BOCC adopts an ordinance imposing impact fees. Must provide public at least 90 day notice before effective date of the ordinance.
- The District and BOCC enter into inter local agreement for the collection, disbursement, and expenditure of impact fees.

Actions for Sales Tax

- Now:
 - Board decision whether to pursue additional funding source.
 - District create plan for use of funds and develop resolution to be placed on November 8th ballot.
- By May 3, 2022 – Board adopts resolution to levy half cent sales tax
 - Subsequently, the District must request the BOCC direct the Supervisor of Elections to place referendum on the November 8, 2022 ballot.
- By May 8, 2022 – The District must provide a copy of final resolution to OPPAGA.
- By September 8, 2022 – OPPAGA completes performance audit and audit report must be made available on the District's web site.
- By October 1, 2022 – The District must notify the Department of Revenue of potential surtax
- By October 8, 2022 – The District must place a notice of the referendum in a newspaper of general circulation
- By October 22, 2022 – Again, the District must place a notice of the referendum in a newspaper of general circulation