

Capital Outlay & Recalibration Workshop

School Board of Alachua County

January 17, 2017

Summary of Purpose

- To provide the Board with information regarding the Recalibration of FTE and the impact on our District.
- To make the Board aware of the various capital funding options available to them for the purposes of building and maintaining safe, clean and healthy school facilities in Alachua County.

AGENDA

- FTE Recalibration
- Capital Outlay Funding
- Major Sources of Capital Revenue
- Sources of Capital Financing
- Referendum & Local Options
- Debt Capacity
- New School Funding Example

Recalibration to 1.0 FTE

- 1011.61(4), F.S. requires that a student's Full-Time Equivalent (FTE) enrollment be capped at 1.0, except for FTE earned by the Department of Juvenile Justice (DJJ) students beyond the 180-day school year.
- School districts report all FTE enrollment regardless of the 1.0 cap.
- The 1.0 FTE cap includes:
 - All FTE for instruction provided by the district enrollment.
 - All dual enrollment FTE.
 - All FTE for instruction provided by other school districts, including the Florida Virtual School Part-Time Program (FLVS PT).

Recalibration to 1.0 FTE, continued

- The DOE merges all FTE enrollment reported for the student by all districts, including the FLVS PT program.
- **If the sum of all reported FTE for the student exceeds 1.0, the DOE recalibrates all reported FTE enrollment down to 1.0.**
- DJJ FTE enrollment earned beyond the 180-day school year is not included in the recalibration to 1.0 FTE.
- FTE recalibration is annualized (Surveys 1,2,3,4).

Student Schedule Example 1

Delivery Option	Period	Course	Reported FTE	Funded FTE
Brick and Mortar	1	English	0.167	0.167
	2	Algebra	0.167	0.167
	3	Biology	0.167	0.167
	4	History	0.167	0.167
	5	Geometry	0.167	0.167
	6	Art	0.167	0.167
		Total FTE	1.000	1.000

← SBAC Funded FTE

Student Schedule Example 2

Delivery Option	Period	Course	Reported FTE	Funded FTE
Brick and Mortar	1	English	0.167	0.154
	2	Algebra	0.167	0.154
	3	Biology	0.167	0.154
	4	History	0.167	0.154
	5	Geometry	0.167	0.154
	6	Art	0.167	0.154
	FLVS	Spanish	0.083	0.077
		Total FTE	1.084	1.000
		District	1.000	0.923
		Florida Virtual	0.083	0.077
		Total FTE	1.084	1.000

SBAC Funded FTE

FLVS Funded FTE

Student Schedule Example 3

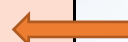
Delivery Option	Period	Course	Reported FTE	Funded FTE
Brick and Mortar	1	Art	0.167	0.154
	2	Algebra	0.167	0.154
	3	Biology	0.167	0.154
	4	History	0.167	0.154
	5	Geometry	0.167	0.154
	FLVS	English	0.083	0.077
	FLVS	World History	0.083	0.077
	FLVS	Spanish	0.083	0.077
		Total FTE	1.083	1.000
		District	0.834	0.770
		Florida Virtual	0.249	0.230
		Total FTE	1.083	1.000

SBAC Funded FTE

FLVS Funded FTE

Student Schedule Example 4

Delivery Option	Period	Course	Reported FTE	Funded FTE
Brick and Mortar	1	Art	0.167	0.154
	2	Algebra	0.167	0.154
	3	Biology	0.167	0.154
	4	History	0.167	0.154
	5	Geometry	0.167	0.154
	eSchool	English	0.083	0.077
	eSchool	Science	0.083	0.077
	eSchool	Spanish	0.083	0.077
		Total FTE	1.083	1.000
		District	0.834	0.770
		eSchool	0.249	0.230
		Total FTE	1.083	1.000

SBAC Funded FTE
 

CALC 3 Recalibration 2016-17

Reported FTE Survey 2	28,714
Recalibrated FTE Funded	28,479
Difference	(235)
Reduction in Funding	\$ (2,188,111)

Action Plan

- Expand eSchool to include summer course offerings.
 - Approximate cost to district per semester course- \$125
 - Approximate FTE to FLVS for summer course- \$435
 - Approximate savings to district- \$310

Action Plan

- Open Enrollment Window
 - Currently, students have enrollment windows at the beginning of each semester.
 - FLVS has open enrollment.
 - District can recapture students who decide to take a course in the middle of a semester.

Future Action Steps

- Expand Course Offerings
 - Continue to develop our own courses through Canvas
- Add Advanced Placement courses
 - FLVS coursework/teachers have strong passing rate
 - Currently, eSchool does not offer AP courses
 - Continue to develop our own courses through Canvas

Capital Outlay

Capital Funding Overview

- Florida school districts are continually faced with significant capital needs.
- State and local revenue sources are not sufficient to meet those needs.
- Various financing methodologies are available for Florida school boards to use in a prudent and fiscally responsible manner.
- Districts need to have available funds in order to award design and construction contracts.
 - Pay as you go
 - Some sort of financing arrangement
 - COPs, GOBs, RANs or STBs
- Districts should make facility investment decisions in conjunction with related financing decisions.

Available funds for Maintenance and New Construction

Discretionary 1.5 Mill Capital Funding



Growth and Trends

- Growth of over 1,700 students in the past 3 years.
- 456 homes permitted in 2016.
- 285 total relocatables district-wide.
- Approximately 5,700 of children in relocatable classrooms.
- 12 of 20 Elementary Schools over 100% Capacity.
- 16 of the 20 elementary schools at or above 95% capacity.
- Average age of buildings District-wide is over 34 years.
- Majority of HVAC units are 20+ years old.
- Majority of Roofing is at or past the expected useful life.

Major Sources of Capital Revenues

- State Sources**

- Public Education Capital Outlay (PECO)
 - Maintenance
 - New construction or Survey recommended
- Capital Outlay & Debt Service (CO & DS)

- Local Sources**

- Capital Outlay Millage (“1.50 mill money”)
 - Legislatively reduced to 1.50 mills in 2008-09
 - Subject to potential further reduction or sharing arrangements
- Impact fees
- Voter approved referendums

Financing Options

Sources of Capital Financing

- **Certificates of Participation (COP)**

- Repayment is funded through the capital outlay millage
- F.S. 1011.71 limits the amount of capital outlay millage to 75%

- **Revenue Anticipation Notes (RAN)**

- Series of short-term notes, typically one year
- May be extended from year to year and cannot exceed five years total
- Repayment is from the capital outlay millage
- Limited to $\frac{1}{4}$ of the ad valorem revenue for operating purposes for the preceding year

Sources of Capital Financing

- **General Obligation Bonds (GOB)**

- Requires voter approval via referendum
- Bonds are backed by full faith and credit of the District
- Low borrowing cost

- **Sales Tax-backed Bonds (STB)**

- Requires voter approval via referendum
- Secured by an additional ½ cent or 1 cent sales tax revenue stream
- Low borrowing cost

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Advantages & Disadvantages

Certificates of Participation

Advantages

- Board does not need to raise property taxes – uses existing revenue
- No additional burden on property owners
- No new taxes
- Not as sensitive to non-financial events
- Stable repayment source
- Short lead time

Disadvantages

- Debt service payments reduce funds available for maintenance
- Limited to 75% of total revenue
- Higher cost of borrowing
- Reduction to 1.5 mills due to action that was taken in 2008 - 2009 legislative sessions means less revenue available to service debt

Advantages & Disadvantages

Revenue Anticipation Notes

Advantages

- Board does not need to raise property tax
- No additional burden on property owners
- No cost for referendum
- Not as sensitive to non-financial events
- Stable repayment source
- Short lead time
- Series of short-term notes
- Lower overall interest

Disadvantages

- Debt service payments reduce funds available for maintenance
- Large impact on capital plan as repayment is only 5 years
- Funding capped at 25% (5 Million)
- Will not generate enough capital to satisfy building requirements
- Reduction to 1.5 mills due to action that was taken in 2008 - 2009 legislative sessions means less revenue available to service debt

Referendum and other Local Options

Additional Local Revenue Options

- General Obligation Bond
 - Estimated Revenues –TBD
- School Capital Outlay Surtax – Half Penny
 - Estimated Revenues – 16.5 Million Annually
- Local Government Infrastructure Surtax – Full Penny
 - Estimated Revenues – 33.0 Million Annually (Shared)
- Impact Fees (non referendum)
 - Estimated Revenues – 2-7 Million

Advantages & Disadvantages

General Obligation Bond Referendum

Advantages

- Voter approved
- Full faith and credit
- Lower investor exposure
- Lower interest rate
- Guaranteed repayment

Disadvantages

- Cost of referendum
- Additional taxes need to be levied
- Burdens property owners
- Lengthy lead time for referendum
- Time and effort impact on staff
- Limited record of utilization in Florida

Advantages & Disadvantages

Sales Tax Referendum

Advantages

- Board does not need to raise property taxes
- Significant annual cash flow (\$33.0 M per annum for 1 cent and \$16.5 M for ½ cent)
- Lowest cost impact on residents since a large portion of the revenue is paid by visitors
- Can do both pay as you go and leverage with bonds
- Voter approved
- Utilized by 17 School Boards state-wide

Disadvantages

- Very sensitive to economic fluctuations
- Cost of referendum
- Lengthy lead time for referendum
- Time and effort impact on staff

Sales Tax Referendum

- All revenue generated will stay in Alachua County.
- Half Penny generates approximately \$16.5 million a year.
- Approximately \$4 million (23%) a year paid by out-of-county visitors.
- Limited to the first \$5,000 for large purchases.
- All surrounding counties have a 7% sales tax.
- Proceeds may be used to fund new school construction, renovation of current schools, safety and security improvements, land acquisition or improvements, servicing debt, and technology upgrades.

Sales Taxes in Surrounding Counties

County	Current Sales Tax Rate
Alachua	6.50%
Union	7.00%
Bradford	7.00%
Clay	7.00%
Putnam	7.00%
Marion	7.00%
Levy	7.00%
Dixie	7.00%
Gilchrist	7.00%
Columbia	7.00%

Advantages & Disadvantages

Impact Fees

Advantages

- Helps fund student growth
- Not a tax
- Fee is proportional to impact
- Can be suspended by the Board
- 1 time fee

Disadvantages

- Very sensitive to economic fluctuations
- Very reactive to non-financial events
- Must be used for **new capacity**
- Must be expended with a specified timeframe
- Requires new home growth
- Will not fully fund student growth
- Cannot be bonded

Impact Fee Process

- Conduct a study to show the need for impact fees
- Select fee amount based on the study
- Board prepares information for County adoption
- Ordinance is adopted by the County
- Fees are collected at building permitting time

Debt Capacity

COP Debt / Asset Portfolio as of 7/1/17

Series	Original Amount	Principal Outstanding (July 1, 2017)	Annual Debt Service	Facility
2010	\$ 18.3 M	\$ 16.2 M	\$ 1.3 M	Meadowbrook
2004	\$ 20.2 M	\$ 20.0 M	\$ 813 K	Student Stations at Hidden Oak, Newberry Elem, Norton, Rawlings, Talbot, Wiles, Lofton, Horizon
2005	\$ 22.8 M	\$ 3.3 M	\$ 3.3 M	District-wide Renovations and Student Stations
2001	\$ 24.2 M	\$ 14.6 M	\$ 1.3 M	District-wide Renovations and Student Stations
Total	\$85.8 M	\$54.1 M	\$ 6.7 M	

Current Debt Service Payment Schedule

Date	Series 2001	Series 2004	Series 2005	Series 2010	Total Debt Service
6/30/17	1,313,363	813,469	3,350,098	1,270,877	6,747,806
6/30/18	1,308,450	817,669	3,358,845	1,270,432	6,755,397
6/30/19	4,891,589	816,769		1,269,974	6,978,332
6/30/20	4,693,642	815,869		1,269,502	6,779,013
6/30/21	4,904,372	814,913		1,269,017	6,988,301
6/30/22		2,913,844		1,268,518	4,182,361
6/30/23		2,911,594		1,268,003	4,179,596
6/30/24		2,914,094		1,267,473	4,181,566
6/30/25		2,915,844		1,266,927	4,182,770
6/30/26		2,916,294		1,266,365	4,182,659
6/30/27		2,916,294		1,265,786	4,182,080
6/30/28		2,915,494		1,229,740	4,145,234
6/30/29		2,913,525			2,913,525

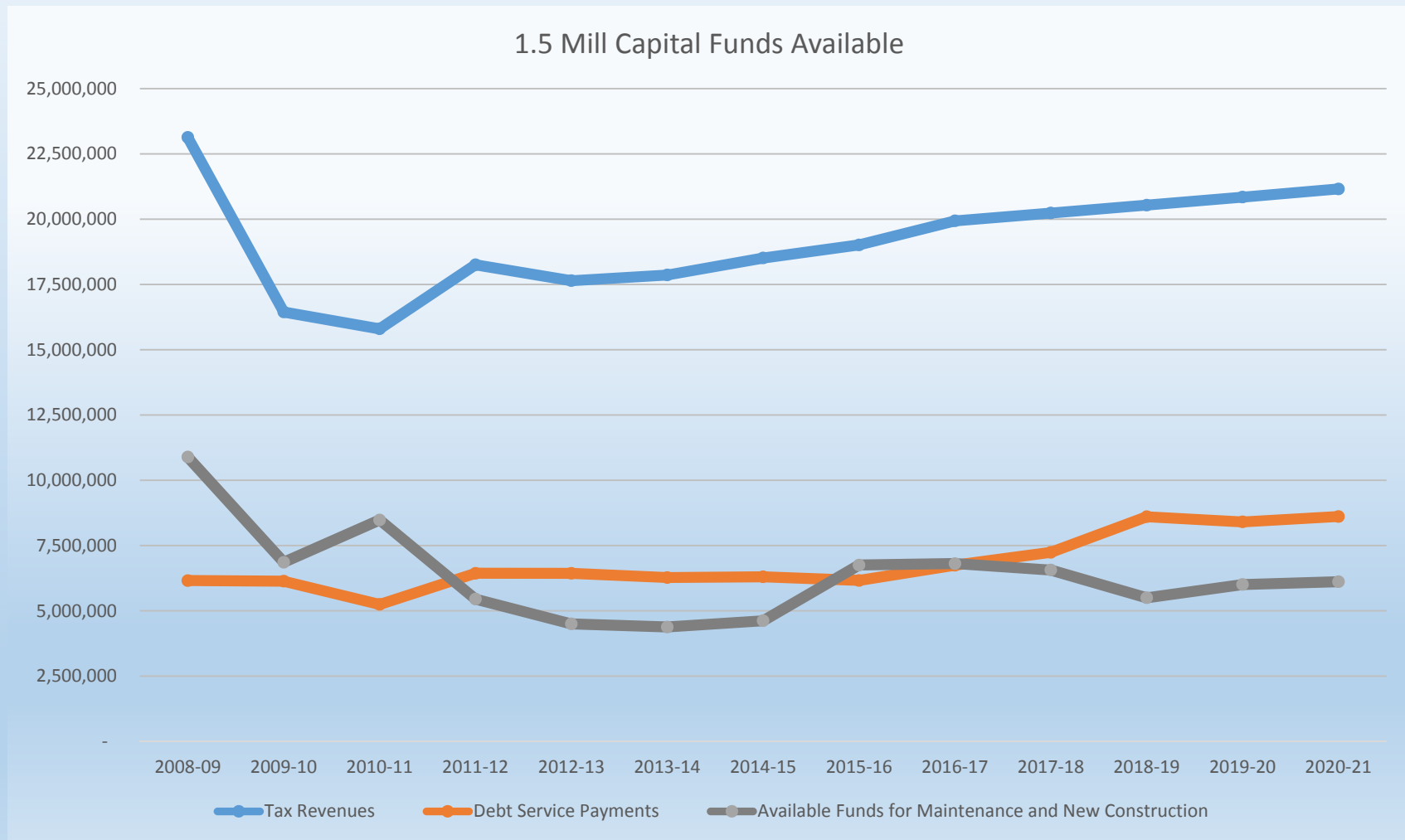
New School Funding Options

New School Financing Example - COPS

- In June 2016 Educational Plant Survey authorities approved construction of a new Elementary School.
- Estimated Cost 22.5 Million (775 Stations)
 - COPS Debt Service Payments 1.6 Million Annually

Date	Current Debt Service	Proposed New Money \$22.5 M 20 years	Revised Debt Service
6/30/17	6,747,806	-	6,747,806
6/30/18	6,755,397	486,325	7,241,722
6/30/19	6,978,332	1,627,675	8,606,007
6/30/20	6,779,013	1,628,900	8,407,913
6/30/21	6,988,301	1,625,800	8,614,101
6/30/22	4,182,361	1,627,750	5,810,111
6/30/23	4,179,596	1,629,250	5,808,846
6/30/24	4,181,566	1,628,750	5,810,316
6/30/25	4,182,770	1,626,250	5,809,020
6/30/26	4,182,659	1,626,625	5,809,284
6/30/27	4,182,080	1,629,625	5,811,705

Available Funds after Debt Issue



Cost Per Student Station

- Statutory Requirements - Section 1013.64 FS:
 - \$21,930 – K-5
 - \$23,682 – 6-8
 - \$30,761 – 9-12
- Meadowbrook Cost Per Student Station - \$24,400
- Going over the statutory per student station cost will result in loss of PECO Maintenance funding (\$1,279,991)
- Cost per student station does not apply to School Capital Surtax

New School Financing Example - STB

Fiscal Year 2019 Issuance
\$50 Million Project Fund
10 - Year Referendum effective 1/1/2019

Date	Estimated Sales Tax Revenues	Debt Service	Pay-Go Funds Available
1/1/2019	\$ 16,500,000	\$ 5,840,000	\$ 10,660,000
1/1/2020	16,500,000	5,840,750	10,659,250
1/1/2021	16,500,000	5,842,750	10,657,250
1/1/2022	16,500,000	5,839,750	10,660,250
1/1/2023	16,500,000	5,842,250	10,657,750
1/1/2024	16,500,000	5,836,250	10,663,750
1/1/2025	16,500,000	5,840,500	10,659,500
1/1/2026	16,500,000	5,840,250	10,659,750
1/1/2027	16,500,000	5,843,000	10,657,000
1/1/2028	16,500,000	5,838,000	10,662,000
Total	\$ 165,000,000	\$ 58,403,500	\$ 106,596,500

Summary of Purpose

- To provide the Board with information regarding the Recalibration of FTE and the impact on our District.
- To make the Board aware of the various capital funding options available to them for the purposes of building and maintaining safe, clean and healthy school facilities in Alachua County.
- Discussions ongoing.