



School Impact Fee Study for Lee County, Florida

prepared by

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EXECUTIVE SUMMARY

This study was commissioned by Lee County to update the school impact fee calculations. The Lee County Board of County Commissioners adopted an ordinance imposing school impact fees in November 2001. The current fee schedule was adopted in September 2008. The county-wide ordinance requires all new residential development within Lee County to pay applicable impact fees prior to the issuance of a building permit. Municipalities within the county collect the fees and turn them over to the County, which in turn transmits them to the School Board to be spent on growth-related improvements.

The update was performed using the same methodology employed in the previous 2008 study on which the current fees are based. The updated school impact fees are compared with the current fees in Table 1. The updated fees are lower than current fees for all housing types.

Table 1. Comparison of Current and Updated School Fees

Type of Unit	Current Fee	Updated Fee	Change	Percent Change
Single-Family Detached	\$4,116	\$3,924	-\$192	-4.7%
Multi-Family	\$1,624	\$1,223	-\$401	-24.7%
Mobile Home	\$936	\$699	-\$237	-25.3%

Source: Current fee from Lee County Land Development Code Sec. 2-266; updated fees from Table 28.

The reason for the changes in the fees can be determined by comparing the updated fee calculation components from this study with those from the 2008 study, as presented in Table 2. The updated capital cost per student is down \$3,167 from the previous study. The reduced capital costs, however, are almost completely offset by the reduced revenue credits, which are \$2,842 per student less than in the 2008 study. The reduced revenue credits reflect the decline in State funding for school capital improvements. State funding was higher in the last study period due to a temporary influx of funding to assist school boards in complying with classroom size reduction mandates. The reduced revenue credits also reflect the decline in property tax revenue, which has been driven by the decline in property values as well as the mandated reduction in the school Capital Improvement Tax millage rate from 1.75 to 1.50 mills. The result is that the net capital cost decreased by \$325 per student.

The differences in fee changes by housing type are due to changes in student generation rates. While the student generation rate for single-family units remained almost unchanged, the student generation rates for multi-family and mobile home units declined significantly, resulting in significant fee decreases for those housing types.

Table 2. Comparison of Current and Updated Fee Components

Fee Calculation Component	2008 Study	2011 Study	Change	Percent Change
Construction Cost per Student	\$21,092	\$20,495	-\$597	-2.8%
Off-Site and Drainage Cost per Student	\$3,501	\$1,906	-\$1,595	-45.6%
Land Cost per Student	\$1,709	\$900	-\$809	-47.3%
Ancillary Facility/Bus Fleet Cost per Student	\$2,049	\$1,883	-\$166	-8.1%
Total Capital Cost per Student	\$28,351	\$25,184	-\$3,167	-11.2%
- State Funding Credit per Student	-\$2,170	-\$302	\$1,868	-86.1%
- Future Property Tax Credit per Student	-\$12,416	-\$11,442	\$974	-7.8%
Net Capital Cost per Student	\$13,765	\$13,440	-\$325	-2.4%
Single-Family Student Generation Rate	0.299	0.292	-0.007	-2.3%
Multi-Family Student Generation Rate	0.118	0.091	-0.027	-22.9%
Mobile Home Student Generation Rate	0.068	0.052	-0.016	-23.5%
Single-Family Fee per Unit	\$4,116	\$3,924	-\$192	-4.7%
Multi-Family Fee per Unit	\$1,624	\$1,223	-\$401	-24.7%
Mobile Home Fee per Unit	\$936	\$699	-\$237	-25.3%

Source: 2008 study from Duncan Associates, *Lee County School Impact Fee Study*, August 2008; 2011 study from Table 20 (costs), Table 27 (credits) and Table 6 (student generation rates).

LEGAL FRAMEWORK

Impact fees are a way for local governments to require new developments to pay a proportionate share of the infrastructure costs those developments impose on the community. In contrast to traditional “negotiated” developer exactions, impact fees are charges that are assessed on new development using a standard formula based on objective characteristics, such as the number and type of dwelling units constructed. The fees are one-time, up-front charges, with the payment usually made at the time of building permit issuance. Impact fees require that each new development project pay its pro-rata share of the cost of new capital facilities required to serve that development.

Since impact fees were pioneered in states like Florida that lacked specific enabling legislation, such fees have been defended as a legal exercise of local government’s broad “police power” to regulate land development in order to protect the health, safety and welfare of the community. The courts have developed guidelines for constitutionally valid impact fees, based on “rational nexus” standards.¹ The standards set by court cases generally require that an impact fee meet a two-part test:

- 1) The fees must be proportional to the need for new facilities created by new development, and
- 2) The expenditure of impact fee revenues must provide benefit to the fee-paying development.

In 1983, a Florida district court of appeals described the dual rational nexus test as follows, and this language was later quoted and followed by the Florida Supreme Court in its 1991 St. Johns County decision:

In order to satisfy these requirements, the local government must demonstrate a reasonable connection, or rational nexus, between the need for additional capital facilities and the growth in population generated by the subdivision. In addition, the government must show a reasonable connection, or rational nexus, between the expenditures of the funds collected and the benefits accruing to the subdivision. In order to satisfy this latter requirement, the ordinance must specifically earmark the funds collected for use in acquiring capital facilities to benefit the new residents.²

The Need Test

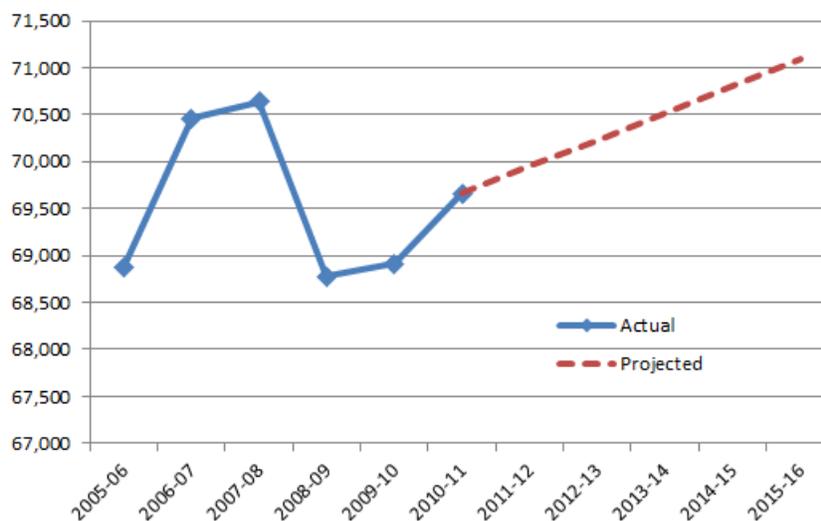
To meet the first prong of the dual rational nexus test, it is necessary to demonstrate that new development creates the need for additional educational facilities. The County commits to “assist the Lee County School Board in the orderly and rational expansion of educational facilities that

¹ There are six major Florida cases that have guided the development of impact fees in the state: *Contractors and Builders Association of Pinellas County v. City of Dunedin*, 329 So.2d 314 (Fla. 1976); *Hollywood, Inc. v. Broward County*, 431 So.2d 606 (Fla. 1976); *Home Builders and Contractors Association of Palm Beach County, Inc. v. Board of County Commissioners of Palm Beach County*, 446 So.2d 140 (Fla. 4th DCA 1983); *Seminole County v. City of Casselberry*, 541 So.2d 666 (Fla. 5th DCA 1989); *City of Ormond Beach v. County of Volusia*, 535 So.2d 302 (Fla. 5th DCA 1988); and *St. Johns County v. Northeast Florida Builders Association*, 583 So. 2d 635, 637 (Fla. 1991).

² *Hollywood, Inc. v. Broward County*, 431 So. 2d 606, 611-12 (Fla. 4th DCA), review denied, 440 So. 2d 352 (Fla. 1983), quoted and followed in *St. Johns County v. Northeast Florida Builders Ass'n*, 583 So. 2d 635, 637 (Fla. 1991).

enhance economic growth and a desired quality of life” in *The Lee Plan* Policy 158.5.1. The county’s growing population creates demands for new school facilities in order to maintain acceptable levels of service. Population and enrollment growth have slowed, and the School District actually lost students from 2008 to 2009. Recently, however, enrollment has begun to grow and is projected to continue to increase, as illustrated in Figure 1.

Figure 1. Enrollment, 2005/06 to 2015/16



Source: Capital Outlay Full-Time Equivalent (COFTE) enrollment from Lee County Schools, October 12, 2011.

Enrollment is not growing as fast as it had in the past largely because growth has slowed and fewer housing units are being built. Nevertheless, it is clear that growth is still occurring, and that growth in residential dwelling units leads to increases in public school enrollment. Enrollment growth has lagged somewhat behind housing growth over the last several years, due to an overbuilt residential market and a greater number of vacant units. This lag, however, will be temporary, and the impact on enrollment will be felt when these units are occupied.

The County’s school impact fees are proportional to the number of students expected to enroll in public school for each type of dwelling unit constructed. Student generation rates derived from 2006-2010 U.S. Census data for Lee County have been calibrated against actual current non-charter school public school enrollment. This methodology ensures that the school impact fees assessed are proportional to the impacts of the development. In addition, the impact fees are reduced to take into account future local school taxes and State funding that will be generated by new residential development and used for capacity-expanding capital improvements. Finally, the school impact fee ordinance contains a provision allowing an applicant who believes that his development will have less impact than indicated by the fee schedules to submit an independent fee calculation study.³

The Benefit Test

To meet the second prong of the dual rational nexus test, it is necessary to demonstrate that development subject to the fee will benefit from the expenditure of the impact fee funds. One

³ Lee County Land Development Code, Sec. 2-406

requirement is that the fees be used to fill the need that serves as the justification for the fees under the first part of the test. The school impact fee ordinance contains provisions requiring that impact fee revenues be spent only on growth-related educational capital improvements. The ordinance defines “capital improvement” as:

*... land acquisition, equipment purchase, site improvements, off-site improvements and construction associated with new or expanded public elementary or secondary schools and support facilities. Capital improvements do not include maintenance and operations.*⁴

These provisions ensure that school impact fee revenues are spent on improvements that expand the capacity of the public educational system to accommodate new students, rather than on the maintenance or rehabilitation of existing school facilities or other purposes.

Another way to ensure that the fees are spent for their intended purpose is to require that the fees be refunded if they have not been used within a reasonable period of time. The Florida District Court of Appeals upheld Palm Beach County’s road impact fee in 1983, in part because the ordinance included refund provisions for unused fees.⁵ Lee County’s school impact fee ordinance contains provisions requiring that the fees be returned to the fee payer if they have not been spent or encumbered within a fixed period of time from the date of fee payment.⁶

A final method of ensuring benefit is to restrict the funds to be spent in the geographic area in which they are collected. Currently, the county is divided into three “School Choice Zones.” Since students generally are required to attend a school inside the Choice Zone in which they reside, the ordinance provides that as long as the Choice Zones are in effect, the fees collected within each Choice Zone will be spent within that same Zone.⁷ Additional discussion of this issue is presented in the “Benefit Districts” section of this report.

In sum, ordinance provisions requiring the earmarking of funds, refunding of unexpended funds to fee-payers, and restriction of impact fee revenues to be spent within the school choice zone in which they were collected ensure that the fees are spent to benefit the fee-paying development.

Florida Statutes

Florida law requires that impact fees must “be based on the most recent and localized data.”⁸ The County’s impact fee ordinance mandates that the school fees be updated every three years to remain consistent with this requirement.⁹ A variety of recent, local data have been gathered for use in the impact fee calculations. The major inputs into the formula are student generation rates, level of service per unit of residential development, capital cost and revenue credits. Student generation rates are based on 2006-2010 Census data for Lee County, calibrated to actual 2011 School District enrollment in non-charter schools. The level of service is based on the 2011 inventory of public school facilities and current student station capacity. Capital costs are based on the most recent land

⁴ Lee County Land Development Code, Sec. 2-403

⁵ *Home Builders Ass'n v. Board of County Commissioners of Palm Beach County*, 446 So. 2d 140 (Fla. Dist. Ct. App. 1983)

⁶ Lee County Land Development Code, Sec. 2-410(b)

⁷ Lee County Land Development Code, Sec. 2-409(b)

⁸ Florida Impact Fee Act, Sec. 163.31801(3)(a), Florida Statutes

⁹ Lee County Land Development Code, Sec. 2-405(d)

values based on current appraised values for suitable school sites, recent school construction costs per student station and ancillary facility costs per student. The revenue credits are based on the current five-year capital funding plan, state capital funding and property tax funds available for capacity expansion. This report complies with the substantive requirements of the Florida Impact Fee Act.

BENEFIT DISTRICTS

When implementing school impact fees, it is necessary to define the geographic area in which collected funds may be expended so that the expenditures provide benefit to the fee-paying development. This geographic area is the “benefit district.” Fees collected within a benefit district are spent on capital improvements within that district.

Lee County is divided into three “School Choice Zones.” Students’ parents may request that their children be assigned to any school of their choice within the School Choice Zone in which they live. Assignments are based on the parental ranking of school preference as well as a number of other factors. The current School Choice Zone boundaries, shown in Figure 2, have not changed significantly since originally adopted for the 2005-06 school year.

Under the County’s school impact fee ordinance, the School Choice Zones essentially serve as informal benefit districts. Section 2-409 of the Land Development Code states: “For example, so long as the school board maintains a school choice system where students must attend a school within the zone where they reside, then all funds must be spent within the zones where they are collected. Fees collected from one school choice zone may be spent on a capital improvement in another school choice zone only if it can be demonstrated that the improvement will benefit the feepayers in the original school choice zone. For example, the construction of magnet schools and administrative facilities that provide benefits across school choice zones.”

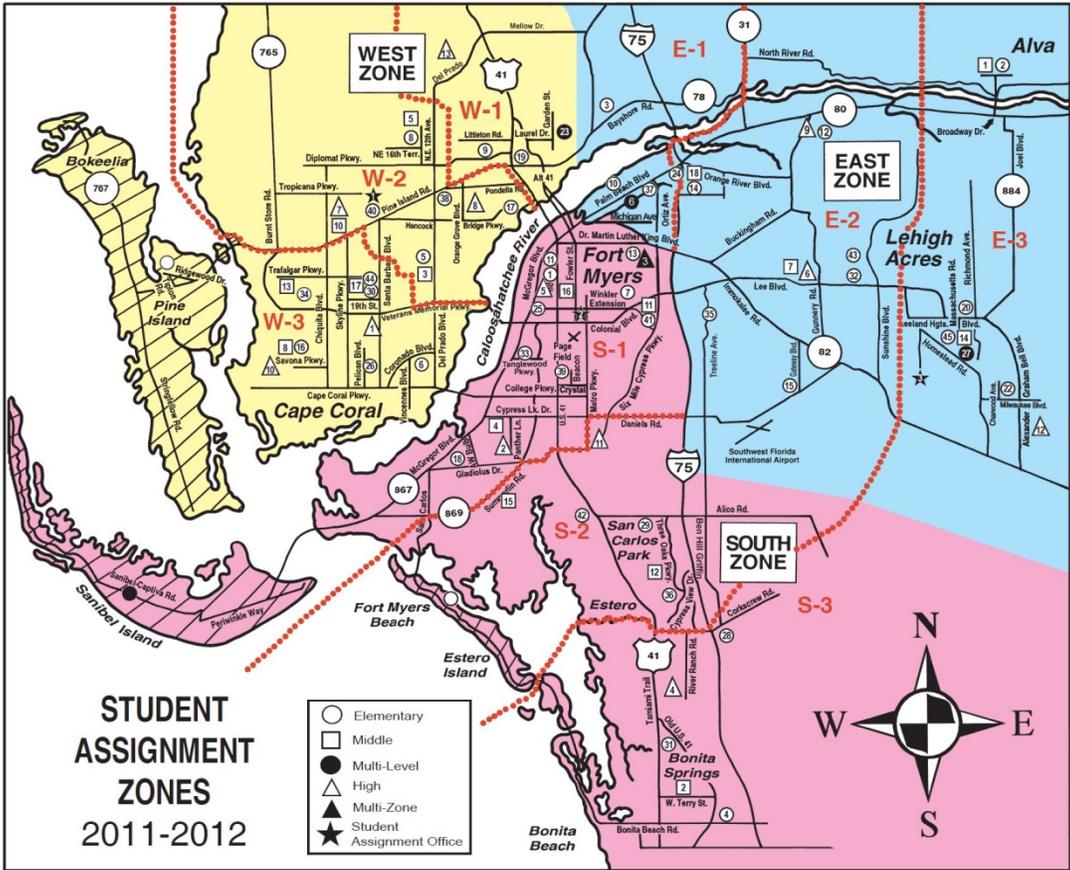
The school impact fee revenues collected since fiscal year 2007 in each of the Choice Zones are summarized in Table 3. Significant amounts of revenue were collected in each zone in FY 2007, but revenues have declined significantly since the housing market crisis began the following year.

Table 3. School Impact Fee Revenue, FY 2006/07 to FY 2010/11

Zone	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
East	\$12,675,363	\$1,227,035	\$525,951	\$926,596	\$857,112
West	\$5,880,698	\$964,664	\$699,831	\$1,119,223	\$1,023,352
South	\$5,607,132	\$2,269,240	\$1,725,751	\$1,823,092	\$2,021,739
Total	\$24,163,193	\$4,460,939	\$2,951,532	\$3,868,911	\$3,902,203

Source: Revenues by fiscal year (October through September) from Lee County Community Development Department, November 8, 2011.

Figure 2. School Choice Zones



Free school bus transportation is provided for students who live beyond two miles from their assigned school. Students residing in barrier island boundary areas of Fort Myers Beach, and Pine Island will attend their barrier island elementary school. Students residing in barrier island boundary area of Sanibel Island will attend their barrier island elementary and middle school.

WEST ZONE Student Assignment Office	
Cape Coral	1
Elementary Schools	
Caloosa (U)	5
Cape	6
Diplomat (U)	8
Gulf	16
Hancock Creek	17
Hector A. Cafferata, Jr. (U)	40
J. Colin English (U) (IB in progress)	19
Littleton (U)	9
NFM Academy for the Arts (K-8) (A) (U)	23
Patriot	44
Pelican	26
Skyline	30
Trafalgar (U)	34
Tropic Isles	38
Middle Schools	
Caloosa	3
Challenger	17
Diplomat	5
Gulf	8
Mariner (IB in progress)	10
NFM Academy for the Arts (K-8) (A) (U)	23
Trafalgar	13
High Schools	
Cape Coral (IB)	1
Ida S. Baker (C)	10
Island Coast	13
Mariner	7
North Fort Myers (A)	8

SOUTH ZONE Student Assignment Office	
Fort Myers	2
Elementary Schools	
Allen Park	1
Bonita Springs (U) (A)	4
Colonial (U)	7
Edison Park (A)	11
Franklin Park (T)(U)	13
Heights (IB)	18
Orangewood	25
Pinewoods	28
Ray V. Pottorf	41
Rayma C. Page (U)	42
San Carlos Park (U) (A)	29
Spring Creek (U)	31
Tanglewood Riverside	33
Three Oaks	36
Villas	39
Middle Schools	
Bonita Springs (A)	2
Cypress Lake (A)	4
Fort Myers Middle Academy (U) (T)	16
Lexington (IB)	15
Paul Laurence Dunbar	11
Three Oaks (U)	12
High Schools	
Cypress Lake (A)	2
Dunbar Zone Magnet (T)	3
Estero	4
Fort Myers (IB)	5
South Fort Myers (C)	11

EAST ZONE Student Assignment Office	
Lehigh Acres	3
Elementary Schools	
Alva	2
Bayshore (U)	3
Edgewood Academy (U)	10
G. Weaver Hipps	45
Gateway	15
Harns Marsh	43
James Stephens Academy (U) (IB in progress) (K-8)	6
Lehigh	20
Manatee	14
Mirror Lakes (U)	22
Orange River	24
River Hall (U)	12
Sunshine	32
Tice	37
Treeline (U)	35
Veterans Park (K-8) (A) (U)	27
Middle Schools	
Alva	1
James Stephens Academy (U) (IB in progress) (K-8)	6
Lehigh Acres (U)	14
Oak Hammock (U)	18
Varsity Lakes (U)	7
Veterans Park (K-8) (A) (U)	27
High Schools	
Dunbar (T)	3
East Lee County (C)	12
Lehigh Senior (A)	6
Riverdale (IB)	9

(A) Arts Program; (C) Comprehensive Program; (IB) International Baccalaureate; (T) Technology Program; (U) this school has a uniform clothing policy

In the event the School District modifies the current student assignment plan in the future, a countywide benefit district could be evaluated. The construction of a school in the county could increase capacity to serve new development, regardless of location. As new schools are constructed, attendance zones are also modified to ensure that the capacity is efficiently utilized. A new residential development subject to a school impact fee is not guaranteed that its students will attend a new school paid for with those impact fees, just as a new development paying road impact fees is not guaranteed the ability to drive exclusively on new roads funded with those road impact fees. Instead, the benefit to an impact fee paying development is that the impact fees are spent to expand the overall capacity of the public school system, so that the students living in new developments have student stations available for them, regardless of whether those stations are in new or existing schools.

The Lee County School District strives to locate new schools as close as possible to new residential development in order to minimize pupil transportation costs. To provide an assurance that impact fees will be spent in a manner that provides benefit to fee payers, the School Board adopted a policy to spend impact fee funds largely on new schools located as close as possible to new residential development. The cost of new schools makes it impossible to construct a new school in close proximity to every growth area in the county each year. Nevertheless, it is possible to show a reasonable correlation between where new schools funded by impact fees are located and where new residential growth is occurring in the School Board's five-year capital improvements plan, which is updated on an annual basis.

STUDENT GENERATION RATES

The impact of new residential development on the demand for school facilities is based on the average number of public school students generated per dwelling unit. The student generation rates are not calculated as the ratio of students to occupied units, since not all units are occupied at all times. To take into account less than full occupancy, the student generation rates are calculated as the ratio of students to total dwelling units.

U.S. Census Data

Public school districts in Florida are responsible for providing educational services to pre-kindergarten children eligible for Exceptional Student Education (ESE) programs as well as kindergarten through twelfth grade (K-12) students. The best and most current data source on student generation rates by type of dwelling unit is the 2006-2010 American Community Survey sample data available from the U.S. Census. This data set is a compilation of annual 1% survey samples compiled by the Census Bureau for the five-year period from 2006-2010. It consists of census enumerations for 17,220 occupied and vacant housing units in Lee County. The public school student generation rates by housing type derived from the 2006-2010 data for Lee County are shown in Table 4.

Table 4. Student Generation Rates, 2006-2010

	Sample Units	Total Units	Public School Students	2006-2010 Students/ Unit
Single-Family Detached	9,638	191,702	67,951	0.354
Multi-Family	5,754	131,833	14,472	0.110
Mobile Home	1,828	39,726	2,503	0.063

Source: U.S. Census Bureau, weighted 2006-2010 American Community Survey data (5% sample based on annual 1% samples) for Lee County; public school students are defined as persons attending preschool through 12th grade in public school.

Calibrating to Actual Enrollment

To ensure that the student generation rates derived from the Census sample data are representative of actual current conditions, the total number of expected public school students, based on the number of current dwelling units and the student generation rates derived from the 2006-2010 census sample data is compared to the actual public school enrollment for 2011. As Table 5 shows, the actual number of students enrolled in the School District is only 82.5% percent of the expected number of students. This discrepancy is due to the fact that the census data includes charter school students and other students not housed in School District facilities. The District currently has 11,064 charter school students. Charter school and other students not housed in District facilities are excluded from the enrollment data because they do not create a need for District capital improvements.

Table 5. Expected and Actual Students, 2011

Housing Type	2011 Housing Units	2006-2010 Students/ Unit	2011 Expected Students
Single-Family Detached	199,710	0.354	70,697
Multi-Family	127,426	0.110	14,017
Mobile Home	33,438	0.063	2,107
Total Expected Students, 2011			86,821
Actual Cycle 1 Enrollment, Sept. 2011			71,612
Ratio of Actual to Expected Students			0.825

Source: 2011 units from Lee County Community Development Department, August 2011; 2006-2010 students per unit from Table 4; actual 2011 enrollment from Table 7 (excludes charter school, juvenile detention, pre-kindergarten, and adult students and other students not housed by the School District).

Calibrating for the current actual number of non-charter public school students and actual dwelling units in Lee County, the student generation rates derived from the 2006-2010 census data for Lee County have been adjusted downward by 17.5% percent (shown in Table 6). The updated student generation rate for single-family is virtually identical to the one calculated in the 2008 update (0.299). The updated rates are significantly lower than those calculated in the previous study for multi-family (0.118) and mobile home (0.068).

Table 6. Student Generation Rates, 2011

Housing Type	2006-2010 Students/ Unit	Adjustment Factor	2011 Students/ Unit
Single-Family Detached	0.354	0.825	0.292
Multi-Family	0.110	0.825	0.091
Mobile Home	0.063	0.825	0.052

Source: 2006-2010 students per unit from Table 4; adjustment factor from Table 5.

LEVEL OF SERVICE

A fundamental principle of impact fees is that new development should not be held to a higher standard than existing development. If the impact fees are based on a higher level of service standard than currently exists, the impact fees must be reduced to account for taxes that will be paid by new development and used to help pay to remedy the deficiency.

In the arena of school impact fees, the level of service can be measured in terms of the overall ratio of students to school capacity. School capacity is determined in accordance with standards developed by the State, as described below.

Student Station Capacity

The Florida Department of Education (DOE) maintains an inventory of student stations in schools. This inventory is referred to as the Florida Inventory of School Houses (FISH).

Florida voters approved the Classroom Size Reduction Amendment (Amendment 9) to the Florida Constitution in 2002. Section 1 of Article IX of the State Constitution establishes, by the beginning of the 2010-2011 school year, the following maximum number of students in core-curricula courses assigned to a teacher: (1) Pre-kindergarten through grade 3: 18 students; (2) grades 4 through 8: 22 students; and (3) grades 9 through 12: 25 students.

There are two related measures of school capacity: Satisfactory Student Stations and FISH Capacity. Satisfactory Student Stations are computed by multiplying the core-curriculum classrooms by the maximum students per class by grade level as provided in Section 1003.03, Florida Statutes (different capacities are specified for specialized classrooms). FISH Capacity takes into account utilization rates adopted by DOE in the State Requirements for Educational Facilities (SREF). The utilization rates are: 100 percent of Satisfactory Student Stations for elementary schools, 90 percent for middle schools and high schools with up to 1,500 Satisfactory Student Stations, and 95 percent for high schools with more than 1,500 Satisfactory Student Stations. Utilization rates give districts flexibility at middle and high school levels to accommodate inefficiencies created with multiple class changes, electives and other activities. Schools that have a combination of grade levels (e.g., K-8s and 6-12s) have a utilization rate of 90 percent.

Existing School Inventory

An inventory was prepared of existing schools completed and in service for the 2011/2012 school year to determine the current level of service for educational facilities in Lee County. Table 7 shows the existing school inventory, including the name of each school, site area, FISH Capacity and current enrollment (September 2011). Charter school students as well as students confined in juvenile detention and other non-district facilities were excluded from the inventory, because the District is not responsible for funding the capital costs of serving these students.

Table 7. Existing School Inventory

School	Acres	FISH Capacity			2011-12 Enrollment
		Perm.	Port.	Total	
Allen Park Elementary	14.00	1,028	18	1,046	944
Alva Elementary	5.00	391	18	409	378
Bayshore Elementary	20.00	693	0	693	616
Bonita Springs Elementary	5.00	396	76	472	450
Caloosa Elementary	20.00	1,085	18	1,103	918
Cape Coral Elementary	14.00	898	0	898	703
Colonial Elementary	19.00	922	72	994	757
Diplomat Elementary	32.00	1,086	0	1,086	911
Edgewood Academy	13.00	741	36	777	508
Edison Park Creative Arts	7.00	455	0	455	359
Ft Myers Beach Elementary	11.00	220	0	220	136
Franklin Park Elementary	20.00	579	36	615	512
G. Weaver Hipps Elementary	11.00	758	36	794	704
Gateway Elementary	16.00	758	18	776	663
Gulf Elementary	30.00	1,293	0	1,293	1,098
Hancock Creek Elementary	20.00	1,044	18	1,062	850
Harns Marsh Elementary	47.54	912	72	984	915
Hector A. Cafferata Jr. Elem	20.00	883	0	883	736
Heights Elementary	25.00	1,306	0	1,306	999
J. Colin English Elementary	15.00	601	36	637	373
James Stephens Intl Acad (K-8)	20.00	965	36	1,001	726
Lehigh Elementary	15.00	1,056	36	1,092	990
Littleton Elementary	20.00	738	36	774	518
Manatee Elementary	12.00	1,042	0	1,042	894
Mirror Lakes Elementary	25.00	1,061	108	1,169	1,064
N Ft Myers Academy (K-8)	71.00	1,268	32	1,300	996
Orange River Elementary	14.00	817	97	914	810
Orangewood Elementary	13.00	614	130	744	573
Patriot Elementary	12.00	1,046	0	1,046	690
Pelican Elementary	22.00	1,362	0	1,362	961
Pine Island Elementary	26.00	391	0	391	253
Pinewoods Elementary	37.00	1,060	36	1,096	916
Ray V. Pottorf Elementary	28.54	864	0	864	645
Rayma C. Page Elementary	13.60	846	0	846	761
River Hall Elementary	20.00	1,046	18	1,064	882
San Carlos Park Elementary	23.00	1,026	0	1,026	831
Skyline Elementary	20.00	1,380	18	1,398	818
Spring Creek Elementary	21.00	753	90	843	698
Sunshine Elementary	18.00	1,191	62	1,253	1,142
Tanglewood Elementary	20.00	786	0	786	706
The Sanibel School (K-8)	25.00	394	14	408	322
Three Oaks Elementary	19.00	731	18	749	792
Tice Elementary	21.00	587	238	825	450
Trafalgar Elementary	25.00	998	0	998	835
Treeline Elementary	13.09	1,029	36	1,065	926
Tropic Isles Elementary	20.00	1,051	36	1,087	927
Veterans Park Academy (K-8)	20.00	1,770	0	1,770	1,476
Villas Elementary	22.00	881	54	935	775
Elementary School Subtotal	980.77	42,802	1,549	44,351	35,907

Table 7. Continued

School	Acres	FISH Capacity			2011-12 Enrollment
		Perm.	Port.	Total	
Alva Middle	13.00	500	119	619	525
Bonita Springs Middle	16.00	883	0	883	709
Caloosa Middle	20.00	1,023	0	1,023	896
Challenger Middle	14.00	1,229	0	1,229	1,082
Cypress Lake Middle	29.00	846	0	846	739
Diplomat Middle	14.00	964	0	964	848
Ft Myers Middle Academy	20.00	856	0	856	597
Gulf Middle	30.00	941	0	941	793
Lehigh Acres Middle	35.00	1,059	238	1,297	1,107
Lexington Middle	15.00	1,031	0	1,031	913
Mariner Middle (6-9)	16.00	1,143	0	1,143	801
Oak Hammock Middle	23.64	1,224	119	1,343	1,263
Paul Laurence Dunbar Middle	22.00	1,011	0	1,011	854
Three Oaks Middle	25.00	986	0	986	854
Trafalgar Middle	32.00	983	79	1,062	827
Varsity Lakes Middle	14.00	1,088	99	1,187	1,099
Middle School Subtotal	338.64	15,767	654	16,421	13,907
Cape Coral Sr High School	40.00	1,760	214	1,974	1,538
Cypress Lake Sr High School	30.00	1,615	0	1,615	1,545
Dunbar High School	52.00	1,128	0	1,128	947
East Lee County High School	46.00	1,955	0	1,955	1,736
Estero Sr High School	64.00	1,618	0	1,618	1,557
Ft Myers Sr High School	42.00	1,864	0	1,864	1,857
Ida S. Baker High	40.00	1,891	0	1,891	1,757
Island Coast High School	46.00	1,956	0	1,956	1,710
Lehigh Sr High School	82.00	1,732	0	1,732	1,647
Mariner Sr High School	104.00	1,638	0	1,638	1,465
North Ft Myers Sr High School	35.00	1,765	0	1,765	1,633
Riverdale High School (6-12)	40.00	1,926	0	1,926	1,844
South Ft. Myers High	38.49	1,954	0	1,954	1,836
High School Subtotal	659.49	22,802	214	23,016	21,072
Regular Facility Subtotal	1,978.90	81,371	2,417	83,788	70,886
Alternative Learning Center West	10.00	0	265	265	100
Buckingham Exceptional Ctr	10.00	100	15	115	98
Lee County High Tech Central*	30.00	75	0	75	75
New Directions School	15.00	614	44	658	266
North Vo-Tech*	14.00	31	0	31	31
Royal Palm Exceptional	7.00	230	0	230	156
Special Facility Subtotal	86.00	1,050	324	1,374	726
Total of all Schools	2,064.90	82,421	2,741	85,162	71,612

Source: Acres and FISH capacity from Florida Department of Education, *Florida Inventory of School Houses (FISH)*, *School Land Inventory*, September 22, 2011 and Lee County School District, *5-Year District Facilities Work Program* (FY 2011/2012 through FY 2015/2016), adopted September 27, 2011; enrollment as of September 2, 2011 from Lee County School District cycle 1 enrollment report.

Student-Capacity Ratio

The existing level of service will be measured as the ratio of students to FISH Capacity in permanent buildings. Since the costs per student are calculated for permanent buildings, the FISH capacity will be reduced to reflect only the capacity in permanent buildings. The existing level of service for educational facilities in Lee County is summarized in Table 8. District-wide, the School District provides enough classrooms to meet the Classroom Size Reduction Amendment standards of maximum students per classroom. Consequently, there are no existing deficiencies, and the impact fees will be based on the cost of providing one permanent student station per student.

Table 8. Existing Level of Service

FISH Capacity in Permanent Buildings, 2011/2012	82,421
Enrollment in District-Owned Facilities, 2011/2012	71,612
FISH Capacity in Permanent Space per Student	1.15

Source: FISH capacity and enrollment from Table 7.

CAPITAL COSTS

The capital cost of providing school facilities includes the cost of school construction, land acquisition and ancillary facilities, including administrative offices, fleet maintenance facilities and buses.

Construction Cost

There are two ways to add student stations: build new schools or expand existing schools. In most school impact fee analysis, the cost to add student capacity is based on the cost of building new schools. This is true for several reasons. The cost of an expansion that adds classrooms without expanding core facilities, such as cafeteria, gymnasium, library and administrative offices, generally does not include the full cost. This is because the core facilities already had excess capacity that was constructed earlier, or else the core facilities are over-utilized and will need to be expanded in the future. Secondly, expansion projects often include extensive remodeling work, which makes it difficult to sort out project costs are attributable to the added capacity.

State law establishes maximum school construction costs per student station. State construction cost standards were updated in 2006 and are based on Amendment 9 enrollment standards. Section 1013.64(6)(b)1 reads as follows:

(b)1. A district school board must not use funds from the following sources: Public Education Capital Outlay and Debt Service Trust Fund; Classrooms First Program funds provided in s. 1013.68; effort index grant funds provided in s. 1013.73; nonvoted 1.5-mill levy of ad valorem property taxes provided in s. 1011.71(2); Classrooms for Kids Program funds provided in s. 1013.735; District Effort Recognition Program funds provided in s. 1013.736; or High Growth District Capital Outlay Assistance Grant Program funds provided in s. 1013.738 for any new construction of educational plant space with a total cost per student station, including change orders, that equals more than:

a. \$17,952 for an elementary school,

b. \$19,386 for a middle school, or

c. \$25,181 for a high school,

(January 2006) as adjusted annually to reflect increases or decreases in the Consumer Price Index.

Not all costs incurred by the School District are counted in the construction cost caps set by the State. These include off-site costs, such as road improvements, that are not located on the school site but are necessitated by the construction of the school; items such as retention areas required by water management permits; land costs; costs for hardening the facility against hurricanes, for which the District is reimbursed by Lee County Emergency Operations Center; and other costs for which the District is reimbursed by other government agencies. These costs are excluded from the construction costs discussed in this section.

Table 9 below presents construction costs for elementary, middle and high schools constructed since 2005 or currently under construction in Lee County. In order to calculate the average construction cost per student, the construction costs are divided by the FISH Capacity to determine the cost per student.

Table 9. New School Construction Cost per Student

School Facility	Contract Year	Construction Cost	FISH Capacity	Cost per Student
River Hall Elementary	2005	\$16,929,559	1,046	\$16,185
Manatee Elementary	2006	\$15,597,350	1,042	\$14,969
Patriot Elementary	2006	\$18,758,491	1,046	\$17,934
Treeline Elementary	2007	\$20,508,370	1,029	\$19,930
Heights Elementary Replacement	2007	\$24,972,340	1,306	\$19,121
Elementary G*	2011	\$21,156,280	1,046	\$20,226
Average Elementary				\$18,061
Oak Hammock Middle	2006	\$31,311,511	1,224	\$25,581
Challenger Middle	2006	\$29,112,722	1,229	\$23,688
Middle LL*	2011	\$26,093,876	1,224	\$21,319
Average Middle School				\$23,529
East Lee County High	2005	\$41,277,035	1,955	\$21,114
Island Coast High School	2006	\$52,992,217	1,956	\$27,092
Average High School				\$24,103

* school under construction, costs are construction contract prices and student capacity based on planned FISH capacities.

Source: Contract year, construction cost and capacity from Lee County School District; student capacity for existing schools based on permanent FISH Capacity from Table 7.

The average construction costs per student calculated above are compared with the State-imposed maximum construction costs per student for the current year. In the case of middle schools, the most recent cost per student is used because it is lower than average historical cost. As previously mentioned, the State cap is based on FISH Satisfactory Student Stations, while the local cost is based on FISH Capacity. In order to compare the State cap to the local cost used in this study, the State cap is adjusted by multiplying the State cap figure by an inflation factor to determine the applicable cap for 2011, then further adjusted for middle and high schools to reflect the official utilization rates. These adjustments determine the State construction spending cap per student for FISH Capacity. The District's recent school construction costs per student station are lower than the State caps, as illustrated in Table 10.

Table 10. State Construction Cost Caps and Local Costs per Student

Grade Level	State Cap	CPI Factor	Current Cap (Jan. 2008)		Local Cost per FISH Cap.	Percent of Cap
	Jan. 2006		per Stud. Sta.	per FISH Cap.		
Elementary	\$17,952	1.1106	\$19,937	\$19,937	\$18,061	90.6%
Middle	\$19,386	1.1106	\$21,530	\$23,922	\$21,319	89.1%
High	\$25,181	1.1106	\$27,966	\$29,438	\$24,103	81.9%

Source: State cap is maximum construction cost per student station from Sec. 1013.64, Florida Statutes for January 2006; CPI factor is ratio of Consumer Price Index, U.S. City Average, All Urban Consumers, All Items, 1982-84 = 100 for Jan. 2011 to Jan. 2006; adjusted cap per student provides adjustment to FISH Satisfactory Student Station used in state caps by dividing adjusted cap for middle schools by utilization rate of 90 percent and high school by utilization rate of 95 percent; local cost from Table 9 (middle school is most recent rather than average cost).

The cost per student for each grade level used in the impact fee calculations is the lower of the average recent local cost or the current State cap. The overall cost per student is weighted by current enrollment to produce a weighted average construction cost per student capacity in permanent classrooms. This figure is \$20,495 per student, as shown in Table 11.

Table 11. Weighted Construction Cost per Student

Grade Level	No. of Students	% of Students	Avg. Cost/ Student	Wtd. Cost/ Student
Elementary	35,907	50.70%	\$18,061	\$9,157
Middle	13,907	19.60%	\$21,319	\$4,179
High	21,072	29.70%	\$24,103	\$7,159
Total*	70,886	100.00%		\$20,495

Source: Number of students in regular facilities from Table 7 (excludes special facilities); average construction cost per student based on local cost per FISH Capacity from Table 10.

Off-Site/Drainage Cost

In addition to on-site construction costs, many new school projects require off-site improvements, such as improvements to adjoining streets and sidewalks, water and sewer infrastructure improvements and drainage improvements. A major expense that is not counted in the State construction caps is on-site retention and other on-site costs necessary to secure water management permits. Based on the School District’s experience with the last 11 schools built, the cost of these improvements has averaged 15.2% percent of construction cost, as reflected in Table 12. However, off-site and drainage improvements have averaged only 9.3% for the most recent elementary, middle and high school constructed. This lower percentage will be used in the fee calculations.

Table 12. Off-Site and Drainage Costs

School	Off-Site Cost	Drainage Cost	Total, Off-Site & Drainage	Construction Cost	% Const. Cost
River Hall Elementary	\$415,677	\$1,799,253	\$2,214,930	\$16,929,559	13.1%
Manatee Elementary	\$1,382,395	\$2,407,140	\$3,789,535	\$15,597,350	24.3%
Patriot Elementary	\$1,408,395	\$1,759,742	\$3,168,137	\$18,758,491	16.9%
Treeline Elementary	\$2,007,187	\$2,114,443	\$4,121,630	\$20,508,370	20.1%
Heights Elementary	\$2,500,000	\$2,862,000	\$5,362,000	\$24,972,340	21.5%
Oak Hammock Middle	\$1,498,799	\$4,230,200	\$5,728,999	\$31,311,511	18.3%
Challenger Middle	\$1,548,697	\$2,648,939	\$4,197,636	\$29,112,722	14.4%
East Lee County High	\$1,113,127	\$6,529,677	\$7,642,804	\$41,277,035	18.5%
Island Coast High*	\$2,182,298	\$3,448,275	\$5,630,573	\$52,992,217	10.6%
Elementary G*	\$1,200,000	\$675,000	\$1,875,000	\$21,156,280	8.9%
Middle LL*	\$750,000	\$1,040,380	\$1,790,380	\$26,093,876	6.9%
Total	\$16,006,575	\$29,515,049	\$45,521,624	\$298,709,751	15.2%
Total, Most Recent E/M/H*	\$4,132,298	\$5,163,655	\$9,295,953	\$100,242,373	9.3%

* most recently-constructed elementary, middle and high school

Source: Lee County School District, February 18, 2008 and October 31, 2011.

Land Cost

The cost of land for new school sites must be added to construction costs. All of the School Board’s recent land purchases took place in 2008. These recent school land purchases are summarized in Table 13. Land costs consist of both land acquisition and professional fees related to due diligence work such as appraisals and title searches. On average, these 2008 land purchases cost \$97,402 per acre for the land and \$1,036 per acre for due diligence.

Table 13. Recent School Board Land Purchases

Property	Date		Land Cost/		Due Diligence	Due Dil./
	Acquired	Acres	Land Cost	Acre		
214 David Ave, Lehigh Acres	1/14/2008	20.00	\$2,200,000	\$110,000	\$29,390	\$1,470
2227 Trafalgar Pkwy, Cape Coral	1/18/2008	13.21	\$1,769,875	\$133,980	\$27,923	\$2,114
Sunrise Boulevard	3/19/2008	36.80	\$2,453,440	\$66,670	\$27,745	\$754
1101 NW 11th Place, Cape Coral	7/7/2008	26.36	\$2,767,273	\$104,980	\$20,986	\$796
NW 15th Terrace, Cape Coral	7/7/2008	25.41	\$2,556,856	\$100,624	\$24,100	\$948
NE 27th Terrace, Cape Coral	7/7/2008	27.29	\$3,778,220	\$138,447	\$21,800	\$799
3851 Buckingham Road, Ft Myers	9/25/2008	18.90	\$835,000	\$44,180	\$22,024	\$1,165
Total		167.97	\$16,360,664	\$97,402	\$173,968	\$1,036

Source: Lee County School Board, September 20, 2011.

As part of this impact fee update, the County retained a local real estate appraiser to determine an appropriate land cost for future school sites. The appraiser did not think the 2008 School Board land acquisition costs would be indicative of future land costs. Consequently, the appraiser used non-School District land purchases as the basis for determining the appropriate land cost.

The appraiser identified 14 recent sales throughout Lee County that were comparable to new school sites in size, location and suitability for development. The appraiser interviewed either the buyer, seller or agent involved in each transaction to verify the selling price, financing, motivation to purchase and sell and any lease or income expense information. Two of the sales were in 2009, eleven were in 2010 and one was in 2011. The sales prices were adjusted to current dollars (September 2011) using a 1% per month downward adjustment to reflect the real estate slow down. The average cost per acre in each of the three choice zones was then weighted by the anticipated percent of new schools to be built in each zone to determine a county-wide weighted average cost per acre. The current county-wide value is estimated at \$36,000 per acre, as shown in Table 14. This is a 43% reduction from the average land cost of \$63,000 used in the 2008 study.

Table 14. Land Acquisition Cost per Acre

Choice Zone	Unweighted Cost/Acre	Weighting Factor	Weighted Cost/Acre
West Zone	\$27,000	40%	\$10,800
East Zone	\$38,000	40%	\$15,200
South Zone	\$50,000	20%	\$10,000
Total			\$36,000

Source: Maxwell & Hendry Valuation Services, Inc., *Lee County School Impact Fee Study (Land Component)*, September 5, 2011.

The total land cost per acre includes both the raw land acquisition cost based on the appraisal report and due diligence costs. The combined costs are \$37,036 per acre, as shown in Table 15.

Table 15. Total Land Cost per Acre

Land Acquisition Cost per Acre	\$36,000
Legal/Admin. Fee per Acre	\$1,036
Total Land Cost per Acre	\$37,036

Source: Acquisition cost from Table 14; due diligence cost from Table 13.

The acreage occupied by existing regular schools (i.e., excluding special facilities) is divided by permanent school capacity to determine the acres of land required per student. The resulting acres-per-student factor is multiplied by the average cost per acre to derive the land cost per student, as shown in Table 16.

Table 16. Land Cost per Student

Total Acres in Regular Schools	1,978.90
÷ Current Permanent Capacity in Regular Schools	81,371
Acres per Student	0.0243
x Land Cost Per Acre	\$37,036
Land Cost Per Student	\$900

Source: Total acres and permanent capacity in regular schools from Table 7; land cost per acre from Table 15.

Ancillary Facility Cost

In addition to schools themselves, the District provides ancillary facilities that must also be expanded as enrollment grows. These ancillary facilities include administration buildings, buses and fleet maintenance facilities. Table 17 shows the building and land costs for the District’s ancillary facilities. The construction costs are calculated by multiplying the sum of the permanent square footage of all ancillary facilities by the current estimated cost per square foot for Lee County. The land cost is based on the same cost per acre as school sites. This study includes only 90.4 percent of the Lee Public Education Center’s total square feet and acreage to reflect excess capacity associated with the un-used portion of the facility.

Table 17. Ancillary Facility Costs

Ancillary Facility	Sq. Feet	Acres
Lee County Public Education Center*	270,015	27.18
Maintenance Department	65,419	10.00
Supply Department	18,417	1.00
Support Services Annex	62,762	10.00
Transportation Central	21,864	10.00
Transportation East (Buckingham)	6,351	10.00
Transportation East (Leonard)	25,125	11.88
Transportation Mid-South (Six Mile)	25,540	23.00
Transportation South (Estero)	0	5.00
Transportation West	22,602	20.00
Total Area	518,095	128.06
x Cost Per Sq. Foot/Acre	\$102	\$37,036
Total Ancillary Facility Cost	\$52,845,690	\$4,742,830

* includes 90.4% of total 298,030 square feet and 30.2 acres to reflect un-used portion of facility and excess capacity.

Source: Square feet of permanent buildings and acres of land from Florida Department of Education, *School Land Inventory*, September 22, 2011; cost per square foot from Lee County School District, School Support Division, November 27, 2007, based on 2005 cost of Public Education Center; cost per acre from Table 15.

Currently, the District has 864 buses in active service. These include buses on daily routes and spare buses. The spare buses are used for field trips and as substitute buses when the route buses are in for service. The current unit costs of new school buses are multiplied by the number of buses of each type to determine the total cost of the current bus fleet, as shown in Table 18.

Table 18. Existing Bus Fleet Cost

Bus Type	Vehicles	Unit Cost	Total Cost
Type C, 29-Passenger	27	\$111,614	\$3,013,578
Type C, 47-Passenger	125	\$113,469	\$14,183,625
Type C, 65-Passenger, No Lift	177	\$101,993	\$18,052,761
Type D, 71-77-Passenger, No Lift	535	\$112,902	\$60,402,570
Total Fleet	864		\$95,652,534

Source: Number of buses in fleet and unit costs from Lee County School District, October 31, 2011

The total ancillary cost is the sum of all ancillary facility building, land and bus fleet costs, as shown in Table 19. The total cost is divided by the current permanent capacity in regular schools to determine the ancillary capital cost per student.

Table 19. Ancillary Cost per Student

Ancillary Building Cost	\$52,845,690
Ancillary Land Cost	\$4,742,830
Bus Fleet Cost	\$95,652,534
Total Ancillary Cost	\$153,241,054
÷ Current Permanent Capacity in Regular Schools	81,371
Ancillary Capital Cost Per Student	\$1,883

Source: Ancillary building and land costs from Table 17; bus fleet cost from Table 18; permanent capacity in regular schools from Table 7.

Interest Cost

Interest costs are often an unavoidable expense of making growth-related capital improvements under conditions where (1) rapid growth necessitates improvement costs that cannot be funded out of current revenues or (2) capacity must be added in very large increments. Many impact fee ordinances in Florida explicitly authorize the use of impact fees to pay interest costs. Lee County’s school impact fee ordinance states that the impact fee funds “may be used or pledged in the course of bonding or other lawful financing techniques, so long as the proceeds raised thereby are used for the purpose of capital improvements for educational facilities.” (Section 2-409(a))

Since impact fee revenue may be spent on interest costs of debt instruments used to construct capital facilities, it is also appropriate to include interest costs in calculating the impact fee. However, relatively few communities in Florida have included interest costs in impact fee calculations. Lee County has historically excluded interest costs from both cost and revenue credit calculations, and this approach is continued in this study.

Capital Cost Summary

The sum of school construction costs, off-site/drainage costs, land costs and ancillary facility costs yields the total capital cost per student necessary to accommodate growing enrollment. The total capital cost per student is presented in Table 20 below.

Table 20. Total Capital Cost per Student

Construction Cost per Student	\$20,495
Off-Site and Drainage Cost per Student	\$1,906
Land Cost per Student	\$900
Ancillary Facility/Bus Fleet Cost per Student	\$1,883
Total Capital Cost per Student	\$25,184

Source: Construction cost from Table 11; off-site/drainage costs based on percent of construction cost from Table 12; land cost from Table 16; ancillary facility cost from Table 19.

REVENUE CREDITS

In addition to paying school impact fees, new development will pay for school facilities through future contributions to other capital funding sources that are used to pay for expanding school capacity. The impact fees will be reduced by the present value of those future contributions anticipated over the next 20 years. This adjustment ensures that new development is not charged twice for the same facilities.

Credit for future revenues only needs to be given for funds that will be available for capacity-expanding improvements. The impact fee credit is based on the District's official five-year Work Program submitted to the Florida Department of Education. The Work Program is used to estimate the percent of future capital funding likely to be received by the District that will be available to pay for capacity-expanding improvements over the next five years.

The capital funding that the Lee County School Board expects to receive over the next five years, as set forth in the District's five-year Work Program, is summarized in Table 21. The District's major source of capital funding is the local Capital Improvement Tax (CIT). According to the adopted five-year capital plan, the District will raise \$424 million in CIT revenues out of a total non-earmarked recurring capital budget of \$434 million. The addition of impact fees, other earmarked revenue and non-recurring revenue (fund balance) brings the total capital funds anticipated to be available to \$679 million. The District does not plan to issue new debt or utilize proceeds from prior debt authorizations during this period.

Table 21. Planned Capital Funding, FY 2012-2016

Capital Improvement Tax (CIT)	\$423,992,459
CO&DS Bonds	\$5,004,565
Interest and Miscellaneous	\$4,684,000
Total Non-Earmarked Recurring Revenue	\$433,681,024
Impact Fees	\$14,225,000
Allocated Fund Balance	\$214,270,720
PECO New Construction Revenue	\$4,099,454
PECO Maintenance	\$12,832,611
Total Revenue Available	\$679,108,809

Source: Lee County School District, 5-Year District Facilities Work Program (FY 2011/2012 through FY 2015/2016), adopted September 27, 2011.

School impact fees must be used solely for capacity-expanding improvements. Maintenance and rehabilitation of existing facilities are funded from recurring annual revenue sources, such as the CIT property tax. Recurring funding not needed for non-capacity purposes is available for expenditure on capacity improvements.

Over the next five years, debt service for outstanding Certificates of Participation (COPs), which function much like bonds, will account for about 30% of planned capital expenditures. Payment of the principal on this debt service, virtually all of which was used for capacity-expanding improvements, will be treated as a capacity-expanding improvement. Interest costs, which were not included on the cost side of the fee calculations, are also excluded from the definition of capacity improvements on the credit side to maintain consistency (see earlier discussion).

According to the District’s five-year plan, 53.8% percent of non-recurring, non-earmarked capital revenue will be used for capacity-expanding capital improvements, as shown in Table 22. This percentage will be used in developing the State funding and Capital Improvement Tax revenue credits in the remainder of this section.

Table 22. Planned Capital Expenditures, FY 2012-2016

	Total	Capacity	Non-Capacity
New Schools	\$81,070,454	\$81,070,454	\$0
Major Renovations	\$21,442,109	\$0	\$21,442,109
Maintenance and Repair	\$137,363,054	\$0	\$137,363,054
School Bus Purchases	\$15,500,000	\$317,280	\$15,182,720
Capital Outlay Equipment	\$16,242,803	\$16,242,803	\$0
Debt Service for Qualified School Const. Bonds	\$9,622,825	\$6,832,206	\$2,790,619
Debt Service for COPs	\$204,104,321	\$144,914,068	\$59,190,253
School Improvements/Construction	\$3,678,298	\$0	\$3,678,298
Safety and Inspections	\$1,344,995	\$0	\$1,344,995
Capitalized Personnel	\$5,155,568	\$0	\$5,155,568
Construction Technology	\$2,165,000	\$2,165,000	\$0
Property Casualty Insurance Premiums	\$40,388,500	\$0	\$40,388,500
Survey Recommendations	\$275,526	\$0	\$275,526
Rent/Lease Relocatables (Portables)	\$1,257,342	\$0	\$1,257,342
Other Rent/Lease Payments	\$6,031,106	\$0	\$6,031,106
Transfer to Operating	\$57,611,500	\$0	\$57,611,500
Technology Equipment and Software	\$67,680,119	\$0	\$67,680,119
School Technology Upgrades	\$8,195,289	\$0	\$8,195,289
Total Expenditures	\$679,128,809	\$251,541,811	\$427,586,998
– Impact Fees	\$14,225,000	\$14,225,000	\$0
– Allocated Fund Balance	\$214,270,720	\$0	\$214,270,720
– PECO New Construction	\$4,099,454	\$4,099,454	\$0
– PECO Maintenance	\$12,832,611	\$0	\$12,832,611
Paid with Non-Earmarked Recurring Revenue	\$433,701,024	\$233,217,357	\$200,483,667
Percent	100.0%	53.8%	46.2%

Source: Lee County School District, 5-Year District Facilities Work Program (FY 2011/2012 through FY 2015/2016), adopted September 27, 2011; capacity share of buses is based on projected enrollment growth over work program period from 69,664 to 71,090 COFTEs, non-capacity share are replacement buses; non-capacity debt service estimated at 29% of debt service to interest per Lee County School District, October 12, 2011.

State Capital Funding

The State of Florida provides limited funding for capital improvements. The two sources of regular annual State capital funding, Public Education Capital Outlay (PECO) and Capital Outlay and Debt Service (CO&DS), have diminished in recent years and are no longer significant sources of capital funding. PECO new construction revenues to school boards are the proceeds of bonds that are retired with revenue from a State surtax on telephone lines. PECO funding is in decline, due to a decrease in phone lines caused by increased usage of cell phones and alternatives to dial-up internet access, among other trends. State capital funding anticipated in the School Board’s current five-year work program is summarized in Table 23.

Table 23. Planned State Capital Funding, FY 2012-2016

	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	5-Year Avg.
PECO New Construction	\$0	\$0	\$1,974,581	\$1,426,381	\$698,492	\$1,024,864
Lee County Enrollment	69,949	70,234	70,519	70,804	71,090	n/a
PECO New Constr. per Student	\$0.00	\$0.00	\$28.00	\$20.15	\$9.83	\$14.50
CO&DS Bond Proceeds	\$1,000,913	\$1,000,913	\$1,000,913	\$1,000,913	\$1,000,913	\$1,000,913
Lee County Enrollment	69,949	70,234	70,519	70,804	71,090	n/a
CO&DS Funding per Student	\$14.31	\$14.25	\$14.19	\$14.14	\$14.08	\$14.17

Source: Lee County School District, *5-Year District Facilities Work Program* (FY 2011/2012 through FY 2015/2016), adopted September 27, 2011; enrollment estimates based on Capital Outlay Full-Time Equivalents from the Work Program.

The State funding credit is based on the present value of the PECO New Construction and CO&DS capital funding per student that are utilized for capacity expansion. Since all PECO New Construction funding must be used for capacity expansion, no adjustment is necessary. However, an adjustment is necessary for CO&DS funding, because its use is not restricted to capacity expansion. The total State capital funding available for capacity expansion over the next 20 years is the equivalent to a current payment of \$302 per student, as shown in Table 24. This amount will be deducted from the total cost per student.

Table 24. State Funding Credit

Average Annual PECO per Student, FY 2011/12-2015/16	\$14.50
x Present Value Factor	13.65
Net Present Value of Future PECO New Constr. Funding per Student	\$198
Average Annual CO&DS per Student, FY 2011/12-2015/16	\$14.17
x Present Value Factor	13.65
Net Present Value of Future CO&DS Funding per Student	\$193
x Percent of Capital Funding Available for Capacity Expansion	53.8%
CO&DS Funding Credit per Student	\$104
Total State Funding Credit per Student	\$302

Source: Average annual PECO and CO&DS capital funding per student from Table 23; net present value factor based on 20 years and a discount rate of 3.95%, which is the average interest rate on state and local bonds for December 2011 from the Federal Reserve at <http://www.federalreserve.gov/datadownload/Build.aspx?rel=H15>; percent of capital funding available for capacity expansion from Table 22.

Capital Improvement Tax

School boards in Florida are authorized to impose a maximum 1.50-mill property tax for capital improvements known as the Capital Improvement Tax (CIT). The maximum CIT property tax rate was reduced from 2.00 to 1.75 mills in 2008 as a result of a change in Florida State law. It was further reduced in 2009, from 1.75 to 1.50 mills. New residential developments that will send children to public schools will also pay the CIT. A credit will be calculated to reflect what new developments will pay toward school capital needs through annual CIT payments.

The Lee County School District currently assesses the maximum 1.50-mill CIT rate. Applying this tax rate to the taxable value per student yields an annual payment per new student. Applying the

percentage of capital funding available for capacity expansion yields the annual CIT capacity payment per student that can be expected from new development, as shown in Table 25.

Table 25. Annual Capital Improvement Tax per Student

Total Lee County Taxable Value, 2011	\$57,489,601,742
÷ Lee County Public School Enrollment, 2011	71,612
Average Taxable Value per Student	\$802,793
x Capital Millage Rate (per \$1,000)	\$1.50
Average Annual Tax Payment Per Student	\$1,204
x Percent of Capital Funding Available for Capacity Expansion	53.8%
Annual CIT Payments for Capacity per Student	\$648

Source: Total school taxable value in Lee County in 2011 from Lee County Public Schools, September 30, 2011; non-charter public school enrollment for September 2011 from Table 7; percent of capital funding available for capacity expansion from Table 22.

State law caps increases in taxable value on homesteads at the Consumer Price Index (CPI) or 3 percent, whichever is lower. In recent years the CPI has been increasing at less than 3 percent annually. To take into account that residential development will pay more in CIT capacity payments in future years due to appreciation of property value, the annual contribution per student will be inflated at 3 percent annually. The anticipated stream of future tax revenues over the next 20 years is discounted to determine the net present value. As shown in Table 26, a credit of \$11,442 per student is appropriate to account for future property tax payments.

Table 26. Capital Improvement Tax Credit

Year	CIT/Student
Year 1	\$648
Year 2	\$667
Year 3	\$687
Year 4	\$708
Year 5	\$729
Year 6	\$751
Year 7	\$774
Year 8	\$797
Year 9	\$821
Year 10	\$846
Year 11	\$871
Year 12	\$897
Year 13	\$924
Year 14	\$952
Year 15	\$981
Year 16	\$1,010
Year 17	\$1,040
Year 18	\$1,071
Year 19	\$1,103
Year 20	\$1,136
Total	\$17,413
Net Present Value	\$11,442

Source: Year 1 CIT capacity payment from Table 25; succeeding years inflated by 3% annually, net present value based on discount rate of 3.95% from Table 24.

Net Cost Summary

Reducing the capital cost per student station by the amount of the credits for anticipated State funding and the present value of future property taxes paid by new residential development and available to fund capital improvements results in the net cost per student of \$13,440, as shown in Table 27.

Table 27. Net Capital Cost per Student

Total Capital Cost per Student	\$25,184
- State Funding Credit per Student	-\$302
- Future Property Tax Credit per Student	-\$11,442
Net Capital Cost per Student	\$13,440

Source: Total capital cost from Table 20; state funding credit from Table 24; future property tax credit from Table 25.

FEE SCHEDULE

The net cost per dwelling unit is the product of the number of public school students that, on average, can be expected to be generated from the type of unit and the net cost per student calculated in this report. The resulting net costs shown in Table 28 represent the maximum school impact fees that can be justified based on the analysis contained in this study. The comparison of the updated fees with current fees is presented in the Executive Summary.

Table 28. Updated School Impact Fees

Type of Unit	Students/ Unit	Net Cost/ Student	Net Cost/ Unit
Single-Family Detached	0.292	\$13,440	\$3,924
Multi-Family	0.091	\$13,440	\$1,223
Mobile Home	0.052	\$13,440	\$699

Source: Students per unit from Table 6; net cost per student from Table 27.