



THE SCHOOL DISTRICT OF LEE COUNTY

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February 21, 2013

Commissioner Cecil Pendergrass
Chair, Lee County Board of County Commissioners
PO Box 398
Fort Myers, FL 33902

RE: School Impact Fee

Dear Commissioner Pendergrass:

Numbers from the District's five year capital plan have been mentioned several times in the discussion regarding a suspension of impact fees, but those numbers must be reviewed in context. It is true that the District had \$170 million in capital reserves at the beginning of the 2012-13 school year, however, half of those funds will be used this school year, leaving a reserve of \$74 million by the end of the year. That number continues to decline over the next four years, resulting in an expected reserve of \$39 million at the end of that period (this number includes expected impact fee collections and would be lower if the District is not receiving impact fees). These numbers may seem quite significant, but if the District needed to build a new elementary or middle school during that time period due to unexpected enrollment growth, these funds would disappear quickly. An elementary school costs at least \$22 million, a middle school at least \$35 million. If the District needed to build a high school during that time period, the reserves would not be sufficient. A new high school would cost at least \$60 million.

The number of vacant seats within the District have also been cited as a reason to not continue collection of the impact fee. The reality is the student population in the District continues to grow. The population has also shifted from the West zone to the South and East zones. It is estimated that by the 2017-2018 school year, the District will need middle and high school seats in the East Zone and high school seats in the West Zone. There will be seats available in the West Zone, but to utilize those seats would require a large increase in the District's transportation budget. The seats were built in the West Zone because that zone was growing, but the demographics have shifted, something outside of the District's control.

Another major concern for the District are the upcoming technology mandates. Florida Statutes require that the testing be conducted online and that students be provided with electronic

textbooks and the devices required to read such textbooks. At this time, the total cost for these mandates is unknown, but the funds for these technological upgrades will come from the capital budget. This will further damage the District's ability to provide for construction and maintenance of facilities.

There has been discussion about teachers that have contacted commissioners in fear for their jobs and their salaries. The District has not communicated to anyone that jobs or salaries are in jeopardy as a result of an impact fee suspension. However, the reality is that the District's budget has been severely strained for years. If funds are not received in any one area of the budget, the funds that are received must be stretched to meet the District's needs. Yes, impact fees do not pay teacher salaries. However, if there is a need to provide new seats and the District does not have the funds to provide them in the capital budget, there is a risk that the District would be required to transfer funds from the operating budget to the capital budget in order to meet those needs.

The District currently has \$479.5 million in principal of long term debt, and \$153 million in interest outstanding, for a total of \$632.5 million in outstanding debt. That debt dates back to Certificates of Participation issued beginning in 2004, and was used to add 27 schools and additions in all zones in Lee County over the past ten years. Over the next five years, our debt service payments total \$215.4 million (about \$43 million per year), and impact fees are helping to fund the payment of those debt services obligations.

While the estimated amount of \$8 million in impact fees to be collected over the next two years is a relatively small amount compared to the amount of debt service payments, capital funds are under pressure over the next five years. While our current capital plan shows a \$39 million reserve at the end of five years, pending legislation related to the requirement for additional technology in our classrooms could easily cost tens of millions of dollars **per year**. In addition, the only additional seats we currently have in our capital plan come from the expansion of Dunbar High School. With our anticipated growth, it is very possible that it will be necessary to add additional seats in at least two of our zones, adding millions to our capital appropriations. With those considerations, every dollar that we receive in our capital funds is a critical piece of our funding structure. Every dollar we lose erodes our ability to provide the ideal educational experience for our children.

Realistically, the Board will not default on our debt. Debt service payments will always be priority. In addition, class size is also a priority and we must have seats to accommodate all children that attend Lee County schools. The largest remaining appropriations in the capital plan are maintenance and technology. The loss of impact fees will ultimately impair our ability to provide the maintenance for our buildings and technology at our schools.

The District understands that the Commission is considering alternative funding options to replace the impact fee. We respectfully request that the impact fee remain in place until such alternatives have been properly identified, considered and adopted. A decrease in impact fees has been discussed. It is important to note that the school impact fee was already reduced last year. Any new reduction should be done in accordance with previous practice, an impact fee

study that determines the true cost of new educational seats. Such system has previously been upheld in court and is clearly defensible.

Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, reading "Joseph P. Burke". The signature is fluid and elegant, with a large initial "J" and a prominent "P".

Joseph P. Burke, Ed.D.
Superintendent

cc: Mary Fischer, Chairman
School Board Members
Keith Martin, Esq.
Heather Wallace, Esq.
Ami Desamours, Ed.D.