

# School Impact Fee Study for Lee County, Florida

*prepared by*

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## EXECUTIVE SUMMARY

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This study was commissioned by Lee County to update the school impact fee calculations. The Lee County Board of County Commissioners first adopted an ordinance imposing school impact fees in November 2001. The current fee schedule was adopted in April 2012. 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 2012 study on which the current fees are based. Briefly, the methodology involves (a) determining the current capital cost to provide the facilities (schools, land, buses and ancillary facilities) needed to serve a new student; (b) determining appropriate credits to account for taxes that will be paid by new development and used to finance capacity improvements, as well as for funding provided by the State for capacity improvements, (c) subtracting the credit per student from the cost per student to determine the net cost per student, and (d) multiplying the net cost per student by the student generation rate per unit to determine the maximum school impact fee per unit for different housing types.

In the *Lee Plan*, the County pledges to “assist the Lee County School Board in the orderly and rational expansion of educational facilities that enhance economic growth and a desired quality of life.”<sup>1</sup> The School Board has identified the need for three new schools over the next five years, with a total estimated cost of \$139 million. However, due to lack of funding, no new schools are included in the School District’s current adopted five-year work plan.<sup>2</sup>

The updated school impact fees are compared with the current fees at the full adopted amounts (i.e., without the current temporary 80% reduction that has been in effect since March 2013)<sup>3</sup> in Table 1. With the exception of mobile home parks, the updated fees are about 11-16% higher than current fees.

**Table 1. Comparison of Current and Updated School Fees**

Type of Unit	Unit	Current Fee	Updated Fee	Change	Percent Change
Single-Family Detached	Dwelling	\$3,924	\$4,540	\$616	15.7%
Multi-Family	Dwelling	\$1,223	\$1,354	\$131	10.7%
Mobile Home Park	Space	\$699	\$1,231	\$532	76.1%

Source: Current fee from Lee County Land Development Code Sec. 2-266; updated fees from Table 31.

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<sup>1</sup> *The Lee Plan*, as amended through October 2014, Policy 158.5.1.

<sup>2</sup> Lee County School District, *5-Year District Facilities Work Program, FY 2014/2015 through FY 2018/2019*, adopted September 29, 2014

<sup>3</sup> Ord. No. 13-06, adopted March 12, 2013, specified that the collection rate for the County’s impact fees set forth in Chapter 2 of the Land Development Code is reduced by 80 percent for two years, commencing on March 13, 2013 and ending on March 13, 2015, without further action by the Board.



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 2012 study, as presented in Table 2. The updated capital cost per student is only about 1% higher than in the previous study, but due to a lower revenue credit the net cost per student is about 15% higher than in the previous study.

As noted above, the fee increase is due to the lower revenue credit per student. The lower revenue credit is primarily attributable to the increased need to use capital millage property taxes to fund maintenance costs, leaving less property tax revenue available to fund capacity improvements. The 5-year work plan in effect three years ago devoted more funding to capacity improvements. In order to smooth out cyclical swings in 5-year capital plans, the percentage of property taxes available to fund capacity improvements was based on the average of the current FY 2015 work plan and the FY 2012 work plan used in the previous study, resulting in a more modest decline in the property tax credit than would have been the case based strictly on the FY 2012 work plan. Decreased state funding also played a contributing role in lowering the revenue credit. The net result is a revenue credit that is about 15% lower than in the previous study. This is the primary factor responsible for the 15% increase in the net cost per student.

The variation by housing type is attributable to updated student generation rates. While the student generation rates for single-family and multi-family units remained almost unchanged, the student generation rate for mobile home parks increased significantly from the previous study, reflecting the fact that more Lee County public school students now reside in mobile home parks.

**Table 2. Comparison of Current and Updated School Fee Components**

<b>Fee Calculation Component</b>	<b>2012 Study</b>	<b>Current Study</b>	<b>Change</b>	<b>Percent Change</b>
Construction Cost per Student	\$20,495	\$20,527	\$32	0.2%
Off-Site and Drainage Cost per Student	\$1,906	\$1,909	\$3	0.2%
Land Cost per Student	\$900	\$1,210	\$310	34.4%
Ancillary Facility/Bus Fleet Cost per Student	\$1,883	\$1,746	-\$137	-7.3%
<b>Total Capital Cost per Student</b>	<b>\$25,184</b>	<b>\$25,392</b>	<b>\$208</b>	<b>0.8%</b>
Future Property Tax Credit per Student	\$11,442	\$9,913	-\$1,530	-13.4%
State Funding Credit per Student	\$302	\$88	-\$214	-70.9%
<b>Total Revenue Credit per Student</b>	<b>\$11,744</b>	<b>\$10,001</b>	<b>-\$1,744</b>	<b>-14.8%</b>
<b>Total Capital Cost per Student</b>	<b>\$25,184</b>	<b>\$25,392</b>	<b>\$208</b>	<b>0.8%</b>
<b>– Total Revenue Credit per Student</b>	<b>-\$11,744</b>	<b>-\$10,001</b>	<b>\$1,744</b>	<b>-14.8%</b>
<b>Net Capital Cost per Student</b>	<b>\$13,440</b>	<b>\$15,391</b>	<b>\$1,952</b>	<b>14.5%</b>
Single-Family Student Generation Rate	0.292	0.295	0.003	1.0%
Multi-Family Student Generation Rate	0.091	0.088	-0.003	-3.3%
Mobile Home Student Generation Rate	0.052	0.080	0.028	53.8%
Single-Family Fee per Unit	\$3,924	\$4,540	\$616	15.7%
Multi-Family Fee per Unit	\$1,223	\$1,354	\$131	10.7%
Mobile Home Park Fee per Space	\$699	\$1,231	\$532	76.1%

Source: 2012 study data from Duncan Associates, *School Impact Fee Study for Lee County, Florida*, January 2012; current study data from Table 20 (costs), Table 30 (credits) and Table 6 (student generation rates).

## LEGAL FRAMEWORK

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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.<sup>4</sup> 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.*<sup>5</sup>

### 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. In the *Lee Plan*, the County has committed to “assist the Lee County School Board in the orderly and rational expansion of

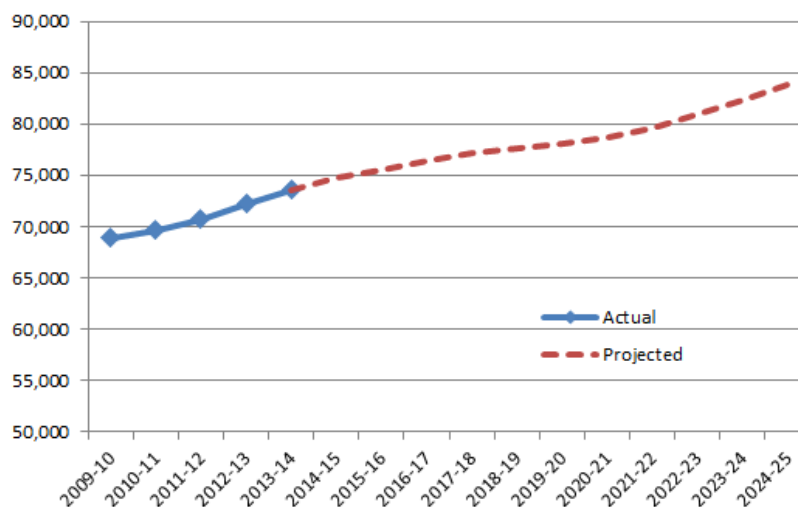
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<sup>4</sup> There are six major Florida cases that have guided the development of impact fees in the state: *Contractors and Builders Association of Pinellas County v. City of Dunedin*, 329 So.2d 314 (Fla. 1976); *Hollywood, Inc. v. Broward County*, 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).

<sup>5</sup> *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).

educational facilities that enhance economic growth and a desired quality of life.”<sup>6</sup> New residential development results in increased population and enrollment growth, creating the need for new school facilities. From 2010-2014, for example, population and enrollment growth appear to have paralleled each other closely (estimated 6.4% increase in population vs. actual 6.7% increase in enrollment).<sup>7</sup> Recent and projected enrollment, expressed in Capital Outlay Full-Time Equivalents (COFTEs, which represent full-time students in District-owned schools) from the Florida Department of Education, are illustrated in Figure 1.

**Figure 1. Enrollment, 2009/10 to 2024/25**



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 2008-2012 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.<sup>8</sup>

## 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 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-

<sup>6</sup> *The Lee Plan*, as amended through October 2014, Policy 158.5.1.

<sup>7</sup> Population growth based on estimates and projections from University of Florida, Bureau of Economic and Business Research, June 2013; enrollment growth in COFTEs from Florida Department of Education.

<sup>8</sup> Lee County Land Development Code, Sec. 2-406



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.”<sup>9</sup> 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.<sup>10</sup> 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.<sup>11</sup>

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.<sup>12</sup> 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.”<sup>13</sup> The County’s impact fee ordinance mandates that the school fees be updated every three years to remain consistent with this requirement.<sup>14</sup> 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 2008-2012 Census data for Lee County, calibrated to actual FY 2015 School District enrollment in non-charter schools. The level of service is based on the current inventory of public school facilities and current student station capacity. Capital costs are based on the most recent land values based on recent sales of comparable 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 all of the substantive requirements of the Florida Impact Fee Act.

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<sup>9</sup> Lee County Land Development Code, Sec. 2-403

<sup>10</sup> *Home Builders Ass’n v. Board of County Commissioners of Palm Beach County*, 446 So. 2d 140 (Fla. Dist. Ct. App. 1983)

<sup>11</sup> Lee County Land Development Code, Sec. 2-410(b)

<sup>12</sup> Lee County Land Development Code, Sec. 2-409(b)

<sup>13</sup> Florida Impact Fee Act, Sec. 163.31801(3)(a), Florida Statutes

<sup>14</sup> Lee County Land Development Code, Sec. 2-405(d)

## BENEFIT DISTRICTS

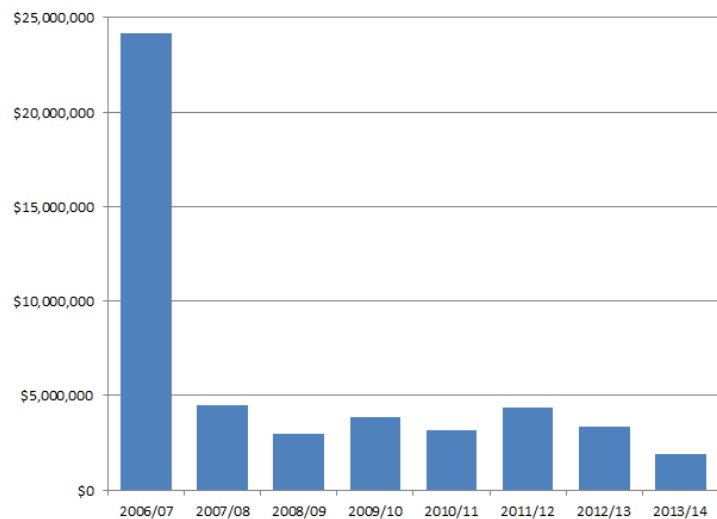
When implementing school impact fees, it is necessary to define the geographic area in which collected funds may be expended so that the expenditures provide benefit to the fee-paying development. This geographic area is the “benefit district.” Fees collected within a benefit district are spent on capital 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 3, 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 fee-payers in the original school choice zone. For example, the construction of magnet schools and administrative facilities that provides 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 and illustrated in Figure 2.

**Figure 2. School Impact Fee Revenue, FY 2007-2014**

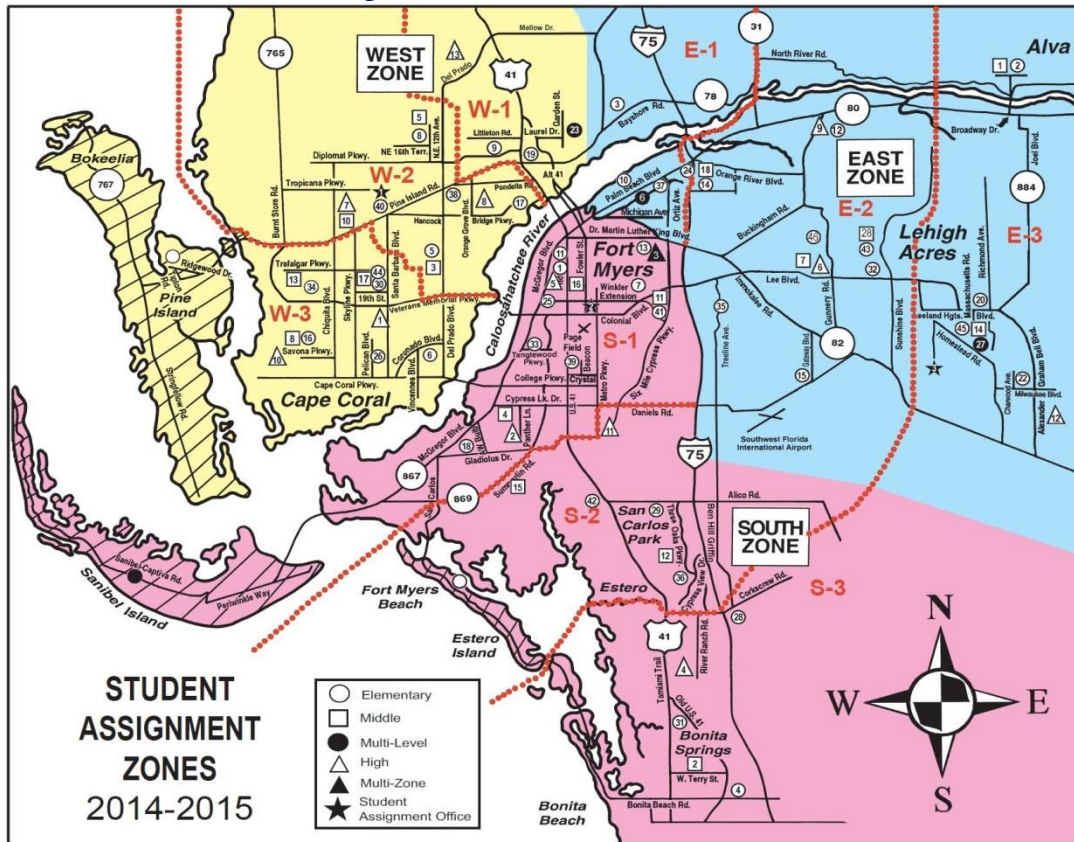


**Table 3. School Impact Fee Revenue, FY 2007-2014**

Choice Zone	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
East	\$12,675,363	\$1,227,035	\$525,951	\$926,596	\$234,067	\$364,395	\$333,830	\$277,780
West	\$5,880,698	\$964,664	\$699,831	\$1,119,223	\$1,023,352	\$1,338,232	\$1,035,053	\$538,980
South	\$5,607,132	\$2,269,240	\$1,725,751	\$1,823,092	\$1,927,939	\$2,627,068	\$1,969,291	\$1,091,897
<b>Total County</b>	<b>\$24,163,193</b>	<b>\$4,460,939</b>	<b>\$2,951,532</b>	<b>\$3,868,911</b>	<b>\$3,185,358</b>	<b>\$4,329,695</b>	<b>\$3,338,174</b>	<b>\$1,908,657</b>

Source: Revenues by fiscal year (October through September) from Lee County Community Development Department, January 12, 2015 (includes both cash payments and credits used in lieu of cash payments).

Figure 3. 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		SOUTH ZONE Student Assignment Office		EAST ZONE Student Assignment Office	
Cape Coral .....1		Fort Myers .....2		Lehigh Acres .....3	
<b>Elementary Schools</b>		<b>Elementary Schools</b>		<b>Elementary Schools</b>	
Caloosa (U) .....5		Allen Park.....1		Alva (K-8).....2	
Cape .....6		Bonita Springs (U) (A) .....4		Bayshore (U).....3	
Diplomat (U) .....8		Colonial (U).....7		Edgewood Academy (A) (U) .....10	
Gulf .....16		Edison Park (A).....11		G. Weaver Hipps.....45	
Hancock Creek .....17		Franklin Park (U).....13		Gateway .....15	
Hector A. Cafferata, Jr. (U).....40		Heights (IB).....18		Harns Marsh .....43	
J. Colin English (U) (IB in progress).....19		Orangewood.....25		James Stephens Academy (U) (K-8) .....6	
Littleton (U) .....9		Pinewoods .....28		Lehigh .....20	
NFM Academy for the Arts (K-8) (A) (U) .....23		Ray V. Pottorf .....41		Manatee (U) .....14	
Patriot .....44		Rayma C. Page (U) .....42		Mirror Lakes (U).....22	
Pelican .....26		San Carlos Park (U) (A) .....29		Orange River.....24	
Skyline .....30		Spring Creek (U) .....31		River Hall (U) .....12	
Trafalgar (U) .....34		Tanglewood.....33		Sunshine.....32	
Tropic Isles .....38		Three Oaks .....36		Tice (FL).....37	
<b>Middle Schools</b>		Villas .....39		Tortuga Preserve (STEM) (U).....46	
Caloosa .....3		<b>Middle Schools</b>		Treeline (U) .....35	
Challenger .....17		Bonita Springs (A) (CA) .....2		Veterans Park (K-8) (A) (U) .....27	
Diplomat.....5		Cypress Lake (A) .....4		<b>Middle Schools</b>	
Gulf .....8		Fort Myers Middle Academy (U) (T).....16		Alva (K-8).....1	
Mariner (IB in progress) .....10		Lexington (IB) .....15		Harns Marsh (STEM) (U) .....28	
NFM Academy for the Arts (K-8) (A) (U) .....23		Paul Laurence Dunbar.....11		James Stephens Academy (U) (K-8) .....6	
Trafalgar .....13		Three Oaks (U) .....12		Lehigh Acres (U).....14	
<b>High Schools</b>		<b>High Schools</b>		Oak Hammock (A) (U) .....18	
Cape Coral (IB) .....1		Cypress Lake (A) .....2		Varsity Lakes (U).....7	
Ida S. Baker (C) .....10		Dunbar Zone Magnet (IB STEM Candidate).....3		Veterans Park (K-8) (A) (U) .....27	
Island Coast .....13		Estero (CA) .....4		<b>High Schools</b>	
Mariner (STEM) .....7		Fort Myers (IB) .....5		Dunbar Zone Magnet (IB STEM Candidate).....3	
North Fort Myers (A) (CA) .....8		South Fort Myers (C).....11		East Lee County (C) .....12	
				Lehigh Senior (A) (CA) .....6	
				Riverdale (IB) .....9	

## STUDENT GENERATION RATES

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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 most current available data on student generation rates by type of dwelling unit is the 2008-2012 American Community Survey sample data 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 2008-2012. It consists of census enumerations for 14,015 occupied and vacant housing units in Lee County. The public school student generation rates by housing type derived from the 2008-2012 data for Lee County are shown in Table 4.

**Table 4. Student Generation Rates, 2008-2012**

Housing Type	Sample Units	Public School Students	Total Units	2008-2012 Students/Unit
Single-Family Detached	7,817	53,670	155,848	0.344
Multi-Family	4,693	10,928	106,485	0.103
Mobile Home	1,505	2,975	31,905	0.093

*Source:* U.S. Census Bureau, weighted 2008-2012 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.

### Calibration 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 2008-2012 census sample data is compared to the actual public school enrollment for 2014. As Table 5 shows, the actual number of students enrolled in the School District is only 85.9% 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. 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-funded capital improvements.



**Table 5. Expected and Actual Students, 2014**

Housing Type	2014 Housing Units	2008-2012 Students/ Unit	2008-2012 Expected Students
Single-Family Detached	213,112	0.344	73,311
Multi-Family	132,283	0.103	13,625
Mobile Home	24,792	0.093	2,306
Total Expected Students, 2014			89,242
Actual Cycle 1 Enrollment, Sept. 2014			76,663
Ratio of Actual to Expected Students			0.859

*Source:* 2014 units from Lee County Community Development Department, October 9, 2014; 2008-2012 students per unit from Table 4; actual 2014 enrollment from Table 7 (excludes charter school, juvenile detention, virtual, adult, 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 14.1% percent (shown in Table 6). The updated student generation rates for single-family detached and multi-family are very similar to those calculated in the 2012 update (0.292 and 0.091 respectively). The updated rate for mobile home parks is significantly higher than the one calculated in the previous study (0.052).

**Table 6. Student Generation Rates, 2014**

Housing Type	2008-2012 Students/ Unit	Adjustment Factor	2014 Students/ Unit
Single-Family Detached	0.344	0.859	0.295
Multi-Family	0.103	0.859	0.088
Mobile Home	0.093	0.859	0.080

*Source:* 2008-2012 students per unit from Table 4; adjustment factor from Table 5.



## **LEVEL OF SERVICE**

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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**

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.

The Florida Department of Education (DOE) maintains an inventory of student stations in schools, known as the Florida Inventory of School Houses (FISH). 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. 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**

In order to determine the current level of service for educational facilities in Lee County, an inventory was prepared of existing schools completed and in service for the 2014/2015 school year. Table 7 shows the existing school inventory, including the name of each school, site area, FISH Capacity and current enrollment (September 2014). Charter school students as well as students confined in juvenile detention or enrolled in 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			2014-15 Enrollment
		Perm.	Port.	Total	
Allen Park Elementary	14.00	1,028	0	1,028	937
Alva Elementary	5.00	397	0	397	381
Bayshore Elementary	20.00	693	0	693	616
Bonita Springs Elementary	5.00	396	54	450	463
Caloosa Elementary	20.00	1,085	0	1,085	905
Cape Coral Elementary	14.00	898	0	898	748
Colonial Elementary	19.00	922	18	940	754
Diplomat Elementary	14.00	1,086	0	1,086	929
Edgewood Academy	13.00	741	0	741	525
Edison Park Creative Arts	7.00	455	0	455	366
Ft Myers Beach Elementary	11.00	220	0	220	116
Franklin Park Elementary	20.00	579	0	579	414
G. Weaver Hipps Elementary	11.00	758	36	794	783
Gateway Elementary	16.00	736	18	754	729
Gulf Elementary	30.00	1,293	0	1,275	1,008
Hancock Creek Elementary	20.00	1,044	0	1,044	799
Harns Marsh Elementary	20.00	912	36	948	981
Hector A. Cafferata Jr. Elem	20.00	883	0	883	695
Heights Elementary	25.00	1,306	0	1,306	1,169
J. Colin English Elementary	15.00	601	72	673	444
James Stephens Intl Acad (K-8)	38.00	986	0	986	512
Lehigh Elementary	15.00	1,056	54	1,110	1,193
Littleton Elementary	20.00	738	18	756	521
Manatee Elementary	12.00	1,042	0	1,042	861
Mirror Lakes Elementary	25.00	1,075	36	1,111	1,075
N Ft Myers Academy (K-8)	71.00	1,268	0	1,268	1,100
Orange River Elementary	14.00	817	54	871	792
Orangewood Elementary	13.00	614	18	632	603
Patriot Elementary	12.00	1,046	0	1,046	628
Pelican Elementary	22.00	1,388	0	1,388	899
Pine Island Elementary	26.00	391	0	391	235
Pinewoods Elementary	37.00	1,060	18	1,078	1,012
Ray V. Pottorf Elementary	28.54	864	0	864	678
Rayma C. Page Elementary	17.80	846	0	846	843
River Hall Elementary	20.00	1,046	18	1,064	898
San Carlos Park Elementary	23.00	1,026	0	1,026	866
Skyline Elementary	20.00	1,412	0	1,412	857
Spring Creek Elementary	21.00	735	72	807	749
Sunshine Elementary	18.00	1,108	36	1,144	1,208
Tanglewood Elementary	20.00	786	0	786	755
The Sanibel School (K-8)	25.00	381	13	394	327
Three Oaks Elementary	19.00	731	108	839	885
Tice Elementary	21.00	625	90	715	498
Tortuga Preserve Elementary	16.26	1,056	0	1,056	951
Trafalgar Elementary	25.00	998	0	998	808
Treeline Elementary	13.09	1,029	36	1,065	1,012
Tropic Isles Elementary	20.00	1,051	0	1,051	947
Veterans Park Academy (K-8)	20.00	1,751	0	1,751	1,537
Villas Elementary	22.00	881	0	881	800
Elementary School Subtotal	973.69	43,840	805	44,627	37,812

Table 7. Continued

School	Acres	FISH Capacity			2014-15 Enrollment
		Perm.	Port.	Total	
Alva Middle	13.00	583	0	583	595
Bonita Springs Middle	16.00	891	0	891	826
Caloosa Middle	20.00	1,043	0	1,043	902
Challenger Middle	14.00	1,229	0	1,229	1,086
Cypress Lake Middle	29.00	847	0	847	838
Diplomat Middle	18.00	985	0	985	849
Ft Myers Middle Academy	20.00	857	0	857	448
Gulf Middle	30.00	922	0	922	801
Harns Marsh Middle	27.50	1,193	0	1,193	1,133
Lehigh Acres Middle	35.00	1,059	238	1,297	1,076
Lexington Middle	15.00	1,031	0	1,031	1,016
Mariner Middle	16.00	1,165	0	1,165	877
Oak Hammock Middle	23.64	1,224	119	1,343	1,196
Paul Laurence Dunbar Middle	22.00	1,012	0	1,012	899
Three Oaks Middle	25.00	986	0	986	975
Trafalgar Middle	29.80	983	79	1,062	885
Varsity Lakes Middle	14.00	1,088	99	1,187	1,054
Middle School Subtotal	367.94	17,098	535	17,633	15,456
Cape Coral Sr High School	40.00	1,751	0	1,751	1,665
Cypress Lake Sr High School	30.00	1,615	0	1,615	1,552
Dunbar High School	52.00	1,697	0	1,697	1,347
East Lee County High School	46.00	1,954	0	1,954	1,845
Estero Sr High School	64.00	1,636	0	1,636	1,748
Ft Myers Sr High School	38.00	1,865	0	1,865	1,930
Ida S. Baker High	40.00	1,891	0	1,891	1,807
Island Coast High School	46.00	1,956	0	1,956	1,555
Lehigh Sr High School	82.00	1,733	190	1,923	1,902
Mariner Sr High School	104.00	1,639	0	1,639	1,551
North Ft Myers Sr High School	35.00	1,714	0	1,714	1,682
Riverdale High School	40.00	1,938	190	2,128	2,053
South Ft. Myers High	38.49	1,973	0	1,973	1,953
High School Subtotal	655.49	23,362	380	23,742	22,590
Regular Facility Subtotal	1,997.12	84,300	1,720	86,002	75,858
Alternative Learning Center West	4.20	0	265	265	64
Buckingham Exceptional Ctr	10.00	100	15	115	82
Lee County High Tech Central*	30.00	75	0	75	75
New Directions School	15.00	636	44	680	432
North Vo-Tech*	14.00	31	0	31	31
Royal Palm Exceptional	7.00	230	0	230	121
Special Facility Subtotal	80.20	1,072	324	1,396	805
Total of all Schools	2,077.32	85,372	2,044	87,398	76,663

Source: Florida Department of Education, *Florida Inventory of School Houses (FISH)*, *School Land Inventory*, 2014 and Lee County School District, *2014-15 Cycle 1 Enrollment & Capacity Report*, October 15, 2014 (Cycle 1 enrollment is for September 2014).

## Student-Capacity Ratio

The existing level of service is 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. The impact fees will be based on the cost of providing one permanent student station per student. In addition, there is some excess capacity.<sup>15</sup> Outstanding debt on this excess capacity is eligible to be repaid with school impact fees.

**Table 8. Existing Level of Service**

FISH Capacity in Permanent Buildings	85,372
– Enrollment in District-Owned Facilities	76,663
FISH Capacity in Permanent Space per Student	1.11
FISH Capacity in Permanent Buildings	85,372
– Enrollment in District-Owned Facilities	-76,663
Excess Capacity	8,709

Source: FISH capacity and enrollment from Table 7.

<sup>15</sup> The total FISH Capacity in permanent buildings includes 1,072 seats that are located in special centers. Due to the nature of the programs supported in these facilities, these seats are not available for assignment to the general population.

## CAPITAL COSTS

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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. In addition, expansion projects often include extensive remodeling work, which makes it difficult to identify the project costs that are attributable to adding 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 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
Tortuga Preserve Elementary	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
Marsh Middle	2011	\$26,093,876	1,224	\$21,319
Average Middle School				\$23,529
East Lee County High	2005	\$41,277,035	1,954	\$21,124
Island Coast High School	2006	\$52,992,217	1,956	\$27,092
Average High School				\$24,108

Source: Contract year and construction cost from Lee County School District; 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 2014, then further adjusted for middle and high schools to reflect the utilization rates used in determining Actual FISH Capacity. 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. 2014)		Local Cost per FISH Cap.	Percent of Cap
	Jan. 2006		per Stud. Sta.	per FISH Cap.		
Elementary	\$17,952	1.1796	\$21,176	\$21,176	\$18,061	85.3%
Middle	\$19,386	1.1796	\$22,868	\$25,409	\$21,319	83.9%
High	\$25,181	1.1796	\$29,704	\$31,267	\$24,108	77.1%

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. 2014 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 \$20,527 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	37,812	49.80%	\$18,061	\$8,994
Middle	15,456	20.40%	\$21,319	\$4,349
High	22,590	29.80%	\$24,108	\$7,184
<b>Total*</b>	<b>75,858</b>	<b>100.00%</b>		<b>\$20,527</b>

Source: Number of students in regular facilities from Table 7 (excludes special facilities, which are more difficult to classify by grade level); 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%
Tortuga Elementary*	\$1,200,000	\$675,000	\$1,875,000	\$21,156,280	8.9%
Harns Marsh Middle*	\$750,000	\$1,040,380	\$1,790,380	\$26,093,876	6.9%
Island Coast High*	\$2,182,298	\$3,448,275	\$5,630,573	\$52,992,217	10.6%
<b>Total</b>	<b>\$16,006,575</b>	<b>\$29,515,049</b>	<b>\$45,521,624</b>	<b>\$298,709,751</b>	<b>15.2%</b>
<b>Total, Most Recent E/M/H*</b>	<b>\$4,132,298</b>	<b>\$5,163,655</b>	<b>\$9,295,953</b>	<b>\$100,242,373</b>	<b>9.3%</b>

\* 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	Acres	Land Cost/		Due	Due Dil./
	Acquired		Land Cost	Acre	Diligence	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
<b>Total</b>		<b>167.97</b>	<b>\$16,360,664</b>	<b>\$97,402</b>	<b>\$173,968</b>	<b>\$1,036</b>

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. In the appraiser's opinion, the 2008 School Board land acquisition costs would not 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 24 recent sales throughout Lee County that were comparable to new school sites in size, location and suitability for development. The appraiser interviewed 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. The recent sales included seven in 2014, seven in 2013, seven in 2012 and three in 2011. The sales prices were adjusted to current dollars using a 10% per year upward adjustment to reflect the rebounding of the local real estate market. 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 \$50,000 per acre, as shown in Table 14. The updated land cost is higher than the \$36,000 per acre using in the 2012 study, but lower than the \$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	\$58,000	18%	\$10,400
East Zone	\$38,000	46%	\$17,500
South Zone	\$62,000	36%	\$22,300
<b>Total</b>			<b>\$50,000</b>

Source: Maxwell & Hendry Valuation Services, Inc., *Lee County School Impact Fee Study (Land Component)*, November 3, 2014.

The total land cost per acre includes both the raw land acquisition cost based on the appraisal report and due diligence costs. The combined cost is \$51,036 per acre, as shown in Table 15.

**Table 15. Total Land Cost per Acre**

Land Acquisition Cost per Acre	\$50,000
Legal/Admin. Cost per Acre	\$1,036
<b>Total Land Cost per Acre</b>	<b>\$51,036</b>

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 School Acres in Regular Schools	1,997.12
÷ Current Permanent Capacity in Regular Schools	84,300
Acres per Student	0.0237
x Land Cost Per Acre	\$51,036
Land Cost Per Student	\$1,210

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. The table excludes 8.4% of the Lee Public Education Center's total square feet and acreage, which represents 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*	283,573	27.48
Maintenance Department	62,762	10.00
Supply Department	18,417	1.00
Transportation Central Annex	7,045	10.00
Transportation East (Buckingham)	13,681	10.00
Transportation East (Leonard)	24,699	11.88
Transportation Mid-South (Six Mile)	40,689	23.00
Transportation South (Estero)	1,920	5.00
Transportation West	32,525	20.00
Total Area	485,311	118.36
x Cost Per Sq. Foot/Acre	\$102	\$51,036
Total Ancillary Facility Cost	\$49,501,722	\$6,040,621

\* includes 91.6% of total 309,577 square feet and 30 acres to reflect 8.4% unused portion of facility per Lee County Schools, October 29, 2014.

Source: Square feet of permanent buildings and acres of land from Florida Department of Education, *School Land Inventory*, 2014; 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 897 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 w/Lift	26	\$100,739	\$2,619,214
Type C, 47 Passenger w/Lift	147	\$101,832	\$14,969,304
Type C, 65 Passenger w/Lift	33	\$104,345	\$3,443,385
Type C, 65 Passenger w/o Lift	169	\$99,167	\$16,759,223
Type C, 77 Passenger w/o Lift	22	\$99,712	\$2,193,664
Type D, 71-77 Passenger w/o Lift	500	\$107,126	\$53,563,000
<b>Total Fleet</b>	<b>897</b>		<b>\$93,547,790</b>

Source: Number of buses in fleet and unit costs from Lee County School District, October 15, 2014

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 to determine the ancillary capital cost per student.

**Table 19. Ancillary Cost per Student**

Ancillary Building Cost	\$49,501,722
Ancillary Land Cost	\$6,040,621
Bus Fleet Cost	\$93,547,790
<b>Total Ancillary Cost</b>	<b>\$149,090,133</b>
÷ Current Permanent Capacity	85,372
<b>Ancillary Capital Cost Per Student</b>	<b>\$1,746</b>

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

While interest costs are not included in calculating the fee, paying interest on the portion of the outstanding debt attributable to existing excess capacity available to serve new development is an eligible expenditure of impact fee funds.



## 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	\$20,527
Off-Site and Drainage Cost per Student	\$1,909
Land Cost per Student	\$1,210
Ancillary Facility/Bus Fleet Cost per Student	\$1,746
<b>Total Capital Cost per Student</b>	<b>\$25,392</b>

*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 \$513 million in CIT revenues out of a total non-earmarked recurring capital budget of \$522 million. The addition of impact fees, other earmarked revenue (PECO maintenance funds) and non-recurring revenue (fund balance) brings the total capital funds anticipated to be available to \$567 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 2015-2019**

Capital Improvement Tax (CIT)	\$512,662,076
CO&DS Distributed plus Interest on Undistributed	\$5,781,235
Interest Earned, Excluding Impact Fee Interest	\$2,117,734
Miscellaneous	\$1,820,000
<b>Total Non-Earmarked Recurring Revenue</b>	<b>\$522,381,045</b>
Impact Fee Revenue	\$7,461,000
Interest Earned on Impact Fee Funds	\$237,266
Allocated Impact Fee Fund Balance	\$33,957,993
Allocated Non-Impact Fee Fund Balance	\$1,083,224
PECO Maintenance	\$1,527,590
<b>Total Revenue Available</b>	<b>\$566,648,118</b>

*Source:* Lee County School District, *5-Year District Facilities Work Program*, FY 2014/2015 through FY 2018/2019, adopted September 29, 2014; impact fee revenue, impact fee interest and allocated impact fee fund balance from Lee County Schools, October 28, 2014.

The capital expenditures in the current 5-year work plan are summarized in Table 22. Debt service payments account for 37% of planned expenditures. While not all outstanding debt service is attributable to capacity that can accommodate future new students (see following discussion and Table 24), virtually all of the debt service has been classified as capacity because it was used for past capacity improvements. Most of the rest of the capital funds are allocated for capital maintenance projects and other non-capacity needs. The only new student stations funded in the work plan are remaining costs on the Dunbar High addition. Three new schools, a new elementary and high school in the east zone and a new high school in the south zone, are identified as needed over the

next five years, with a total estimated cost of \$139 million, but are not included in the capital plan for lack of funding.

**Table 22. Planned Capital Expenditures, FY 2015-2019**

	Total	Capacity	Non-Capacity
Dunbar High Addition	\$6,463,898	\$6,463,898	\$0
Tice Elementary Repairs and Renovation	\$150,488	\$0	\$150,488
Maintenance and Repair	\$119,275,264	\$0	\$119,275,264
School Bus Purchases	\$12,000,000	\$456,000	\$11,544,000
Capital Outlay Equipment	\$16,094,246	\$16,094,246	\$0
Debt Service for Qualified School Const. Bonds	\$10,218,005	\$10,218,005	\$0
Debt Service for COPs	\$196,831,613	\$193,026,392	\$3,805,221
School Improvements/Construction	\$110,000	\$0	\$110,000
Safety and Inspections	\$2,773,420	\$0	\$2,773,420
Capitalized Personnel	\$4,384,284	\$0	\$4,384,284
Property Casualty Insurance Premiums	\$33,905,325	\$0	\$33,905,325
Rent/Lease Relocatables (Portables)	\$1,005,487	\$0	\$1,005,487
Other Rent/Lease Payments	\$6,230,024	\$0	\$6,230,024
Maintenance Personnel Salaries	\$66,094,675	\$0	\$66,094,675
Technology Equipment and Software	\$78,447,999	\$0	\$78,447,999
School Technology Upgrades	\$12,663,390	\$0	\$12,663,390
<b>Total Expenditures</b>	<b>\$566,648,118</b>	<b>\$226,258,541</b>	<b>\$340,389,577</b>

Source: Lee County School District, 5-Year District Facilities Work Program (FY 2014/2015 through FY 2018/2019), adopted September 29, 2014; capacity share of buses is based on 37% projected COFTE enrollment growth over the work program period from Florida Department of Education – remainder is replacement buses; non-capacity COPs debt service reflects the percentage of outstanding COPs debt attributable to the remodel of the Lee County Public Education Center, per Lee County Schools, October 29, 2014.

Revenue credits are provided for the percentage of capital funds generated by new development that will be used to fund capacity improvements. Credit is provided for recurring annual capital funding that is not earmarked for special purposes and that is not needed for non-capacity purposes. This type of funding consists of 1.50-mill Capital Improvement Tax (CIT) revenue collected by the School District and Capital Outlay and Debt Service (CO&DS) funding from the State. Taking total expenditures and subtracting earmarked (impact fees and Public Education Capital Outlay maintenance funds) and non-recurring (expenditure of fund balance) revenues results in the portion of planned expenditures that will be funded with CIT and CO&DS revenues. As shown in Table 23, 35.4% of recurring, non-earmarked capital revenue will be used for capacity expenditures over the next five years.

**Table 23. Percentage of Funding for Capacity, FY 2015-2019**

	Total	Capacity	Non-Capacity
Total Expenditures	\$566,648,118	\$226,258,541	\$340,389,577
– Impact Fee Expenditures on Debt Service	-\$35,689,725	-\$35,689,725	\$0
– Impact Fee Expenditures on Dunbar High Addition	-\$5,649,740	-\$5,649,740	\$0
– PECO Maintenance	-\$1,527,590	\$0	-\$1,527,590
– Allocated Non-Impact Fee Fund Balance	-\$1,083,224	\$0	-\$1,083,224
Paid with Non-Earmarked Recurring Revenue	\$522,697,839	\$184,919,076	\$337,778,763
Percent	100.0%	35.4%	64.6%

Source: Lee County School District, 5-Year District Facilities Work Program (FY 2014/2015 through FY 2018/2019), adopted September 29, 2014; planned impact fee expenditures from Lee County Schools, October 28, 2014.

Using the same methodology, the previous 2012 study determined the percentage of recurring funding estimated to be available for capacity expenditures to be 53.8%, based on the 5-year work

plan in effect three years ago. This is significantly higher than the 35.4% calculated in this update based on the current work plan. In order to account for cyclical changes in capital plans, the average percentage of 44.6% from the two work plans will be used, as shown in Table 24. This percentage will be used in developing the local property tax credit and the State funding credit in the remainder of this section.

**Table 24. Recommended Percentage of Funding for Capacity**

Capacity Percentage from FY 2015-2019 Work Plan (Current Study)	35.4%
Capacity Percentage from FY 2012-2016 Work Plan (2012 Study)	53.8%
<b>Average Capacity Percentage</b>	<b>44.6%</b>

*Source:* Current study percentage from Table 23, 2011 study percentage from Duncan Associates, *School Impact Fee Study for Lee County*, January 2012, Table 22.

As shown earlier, the School District plans to spend accumulated impact fee reserves and some anticipated impact fee revenues to retire about \$35.7 million in outstanding debt over the next five years. This amounts to about 17% of all COPs and QSCB debt service payments over the next five years. Based on the current capital cost per student, outstanding debt principal equates to FISH capacity sufficient to accommodate 17,776 students. Current excess capacity amounts to 8,709 students. Consequently, about 49% of future debt service payments can be attributed to excess capacity to accommodate future growth and could be paid with impact fees. The District plans to pay about one-third of that eligible debt service with impact fees over the next five years, as summarized in Table 25.

**Table 25. Impact Fee Debt Service Payments, FY 2015-2019**

Total Outstanding COPs & QSCB Debt Principal as of 6/30/2014	\$451,377,981
÷ Cost per Student	\$25,392
Outstanding Debt in Equivalent FISH Capacity	17,776
Current Excess Capacity	8,709
÷ Outstanding Debt in Equivalent FISH Capacity	17,776
Maximum Impact Fee Eligible % of COPs & QSCB Debt Service	48.99%
Impact Fee Funds to be Spent on Debt Service, FY 2015-2019	\$35,689,725
Total COPs & QSCB Debt Service Due, FY 2015-2019	\$207,049,618
<b>Percent of Debt Service Planned to be Paid from Impact Fees</b>	<b>17.24%</b>

*Source:* Outstanding debt principal from Lee County Schools, *Annual Financial Report for the Fiscal Year Ended June 30, 2014*; cost per student from Table 20; current excess capacity from Table 8; impact fees planned to be spent on debt service and total 5-year COPs and QSCB debt service from Table 22.

## Capital Improvement Tax Credit

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 is 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 Capital Improvement Tax 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 (\$562), as shown in Table 26.

**Table 26. Annual Capital Improvement Tax per Student**

Total Lee County School Taxable Value, 2014	\$64,429,903,676
÷ Lee County Public School Enrollment, 2014	76,663
Average Taxable Value per Student	\$840,430
x Capital Millage Rate (\$ per \$1,000)	1.50
Average Annual Tax Payment Per Student	\$1,261
x Percent of Capital Funding Available for Capacity Expansion	44.6%
Annual CIT Payments for Capacity per Student	\$562

*Source:* Total school taxable value in Lee County in 2014 from Lee County Public Schools, October 15, 2014; non-charter public school enrollment for September 2014 from Table 7; percent of capital funding available for capacity expansion from Table 24.

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 is 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 27, a credit of \$9,913 per student is appropriate to account for future property tax payments.



**Table 27. School Property Tax Credit**

<b>Year</b>	<b>Tax/Student</b>
Year 1	\$562
Year 2	\$579
Year 3	\$596
Year 4	\$614
Year 5	\$632
Year 6	\$651
Year 7	\$671
Year 8	\$691
Year 9	\$712
Year 10	\$733
Year 11	\$755
Year 12	\$778
Year 13	\$801
Year 14	\$825
Year 15	\$850
Year 16	\$876
Year 17	\$902
Year 18	\$929
Year 19	\$957
Year 20	\$986
<b>Total</b>	<b>\$15,100</b>
<b>Net Present Value</b>	<b>\$9,913</b>

*Source:* Year 1 Capital Improvement Tax capacity payment per student from Table 26; succeeding years inflated by 3% annually; net present value based on discount rate of 3.96% (see notes to Table 29).

## State Funding Credit

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 28.

**Table 28. Planned State Capital Funding, FY 2015-2019**

	<b>FY 2014/15</b>	<b>FY 2015/16</b>	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>5-Year Avg.</b>
PECO New Construction	\$0	\$0	\$0	\$0	\$0	\$0
CO&DS Distribution	\$1,141,731	\$1,141,731	\$1,141,731	\$1,141,731	\$1,141,731	\$1,141,731
CO&DS Interest	\$14,516	\$14,516	\$14,516	\$14,516	\$14,516	\$14,516
<b>Total State Funding</b>	<b>\$1,156,247</b>	<b>\$1,156,247</b>	<b>\$1,156,247</b>	<b>\$1,156,247</b>	<b>\$1,156,247</b>	<b>\$1,156,247</b>
Lee County Enrollment	76,663	77,423	78,375	79,138	79,541	n/a
<b>CO&amp;DS Funding per Student</b>	<b>\$14.89</b>	<b>\$14.75</b>	<b>\$14.57</b>	<b>\$14.43</b>	<b>\$14.35</b>	<b>\$14.53</b>

*Source:* Lee County School District, *5-Year District Facilities Work Program* (FY 2014/2015 through FY 2018/2019), adopted September 29, 2014; enrollment based on current enrollment for 2014/15 and projected annual increase in Capital Outlay Full-Time Equivalents (COFTEs) from the Florida Department of Education.

The State funding credit is based on the present value of the CO&DS capital funding per student that are utilized for capacity expansion. 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 \$88 per student, as shown in Table 29. This amount will be deducted from the total cost per student.

**Table 29. State Funding Credit**

Average Annual State Funding per Student, FY 2014/15-2018/19	\$14.53
x Present Value Factor	13.64
Net Present Value of Future CO&DS Funding per Student	\$198
x Percent of Capital Funding Available for Capacity Expansion	44.6%
<b>CO&amp;DS Funding Credit per Student</b>	<b>\$88</b>

*Source:* Average annual PECO and CO&DS capital funding per student from Table 28; net present value factor based on 20 years and a discount rate of 3.96%, which is the average interest rate on state and local bonds for September 2014 from the Federal Reserve at <http://www.federalreserve.gov/datadownload/Build.aspx?rel=H15>; percent of capital funding available for capacity expansion from Table 24.

## Net Cost Summary

Reducing the capital cost per student by the property tax and State funding credits results in a net cost of \$15,391 per student, as shown in Table 30.

**Table 30. School Net Cost per Student**

Total Capital Cost per Student	\$25,392
– Future Property Tax Credit per Student	-\$9,913
– State Funding Credit per Student	-\$88
<b>Net Capital Cost per Student</b>	<b>\$15,391</b>

*Source:* Total capital cost from Table 20; state funding credit from Table 29; future property tax credit from Table 26.

## FEE SCHEDULE

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The net cost per dwelling unit (or mobile home park space) 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 31 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 31. Updated School Impact Fees**

Housing Type	Unit	Students/ Unit	Net Cost/ Student	Net Cost/ Unit
Single-Family Detached	Dwelling	0.295	\$15,391	\$4,540
Multi-Family	Dwelling	0.088	\$15,391	\$1,354
Mobile Home Park	Space	0.080	\$15,391	\$1,231

*Source:* Students per unit from Table 6; net cost per student from Table 30.

# ORDINANCES