School Impact Fee Study for Lee County, Florida

prepared by

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Table of Contents

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List of Tables

EXECUTIVE SUMMARY

This study was commissioned by Lee County to update the school impact fee calculations. The County's school impact fee 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 pursuant to an interlocal agreement.

The Lee County Board of County Commissioners first adopted an ordinance imposing school impact fees in November 2001. The current fee schedule was adopted on March 3, 2015 (and became effective 90 days later). On the same day, the Commission adopted Ordinance 15-02, which increased the collection rate from 20% (which had been in effect since March 13, 2013) to 45%. The 45% collection rate commenced on March 16, 2015, and will end on March 16, 2018 without further action by the Board.

This update was performed using the same methodology employed in the previous 2015 study on which the current fees are based.[1] 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.

The updated school impact fees are compared with the current fees at the full adopted amounts (i.e., without the current temporary 55% reduction) in Table 1. The comparisons are illustrated in Figure 1 on the following page. Except for mobile home parks, the updated fees are higher than current fees.

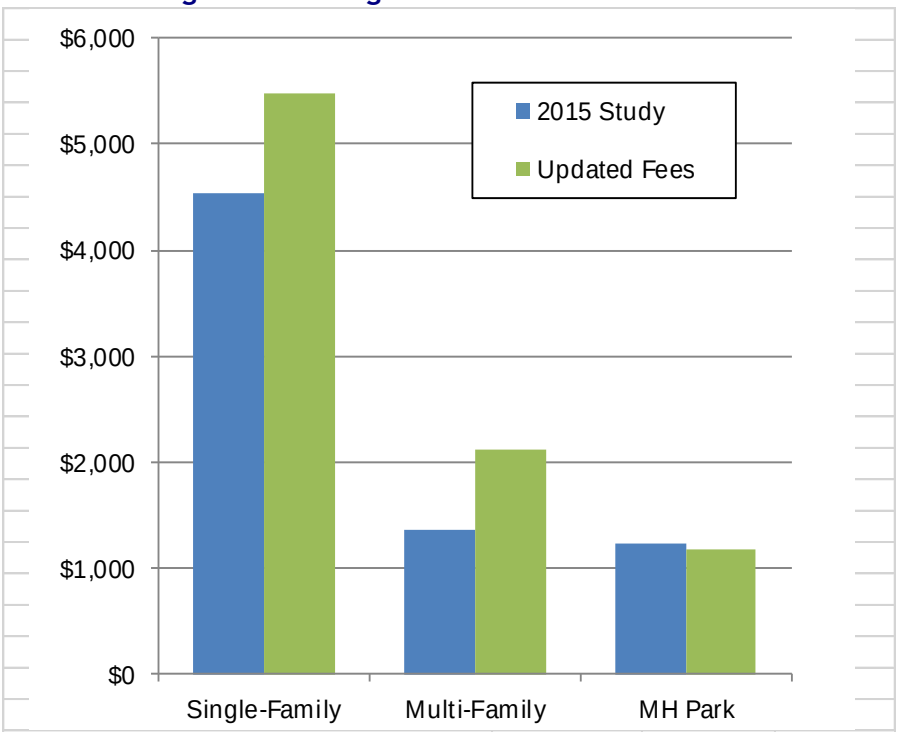
Table 1. Comparison of Current and Updated School Fees

Housing Type	Unit	2015 Study	Updated Fee	Change	Percent Change
Single-Family Detached	Dwelling	$4,540	$5,484	$944	20.8%
Multi-Family	Dwelling	$1,354	$2,123	$769	56.8%
Mobile Home Park	Space	$1,231	$1,182	-$49	-4.0%

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

[1] Duncan Associates, *School Impact Fee Study for Lee County, Florida,* January 2015

Figure 1. Change in Maximum School Fees



The reasons for the changes in the fees can be seen by comparing the major calculation components from this study with those from the 2015 study. This is presented in Table 2.

The updated capital cost per student is 8.3% higher than in the previous study. The revenue credit is 9.6% lower. These changes result in the net cost per student going up 20%.

The lower revenue credit for the school capital millage is primarily attributable to the increased need to use capital millage property taxes to fund maintenance, 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. To smooth out cyclical swings in 5-year capital plans, the percentage of property taxes available to fund capacity improvements is based on the average of the current work plan and the FY 2015 work plan analyzed in the previous study. This adjustment was also made in the previous study, and it results in a more modest decline in the property tax credit than would have been the case based strictly on the current work plan.

The variation in fee changes by housing type is attributable to updated student generation rates. The student generation rates stayed about the same for single-family units, increased for multi-family, and declined for mobile home units. The updated maximum single-family fee is 20.8% higher than in the 2015 study.

Table 2. Comparison of Current and Updated School Fee Components

School Fee Calculation Component	2015 Study	2018 Study	Percent Change
Construction Cost per Student	$20,527	$22,708	10.6%
Off-Site and Drainage Cost per Student	$1,909	$954	-50.0%
Land Cost per Student	$1,210	$1,941	60.4%
Ancillary Facility/Bus Fleet Cost per Student	$1,746	$1,898	8.7%
Total Capital Cost per Student	$25,392	$27,501	8.3%
Future Property Tax Credit per Student	$9,913	$8,943	-9.8%
State Funding Credit per Student	$88	$93	5.7%
Total Revenue Credit per Student	$10,001	$9,036	-9.6%
Total Capital Cost per Student	$25,392	$27,501	8.3%
– Total Revenue Credit per Student	-$10,001	-$9,036	-9.6%
Net Capital Cost per Student	$15,391	$18,465	20.0%
Single-Family Student Generation Rate	0.295	0.297	0.7%
Multi-Family Student Generation Rate	0.088	0.115	30.7%
Mobile Home Student Generation Rate	0.080	0.064	-20.0%
Single-Family Fee per Unit	$4,540	$5,484	20.8%
Multi-Family Fee per Unit	$1,354	$2,123	56.8%
Mobile Home Park Fee per Space	$1,231	$1,182	-4.0%

Source: 2015 study data from Duncan Associates, *School Impact Fee Study for Lee County, Florida*, January 2015; current study data from Table 20 (costs), Table 30 (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.[2] 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.*[3]

The Need Test

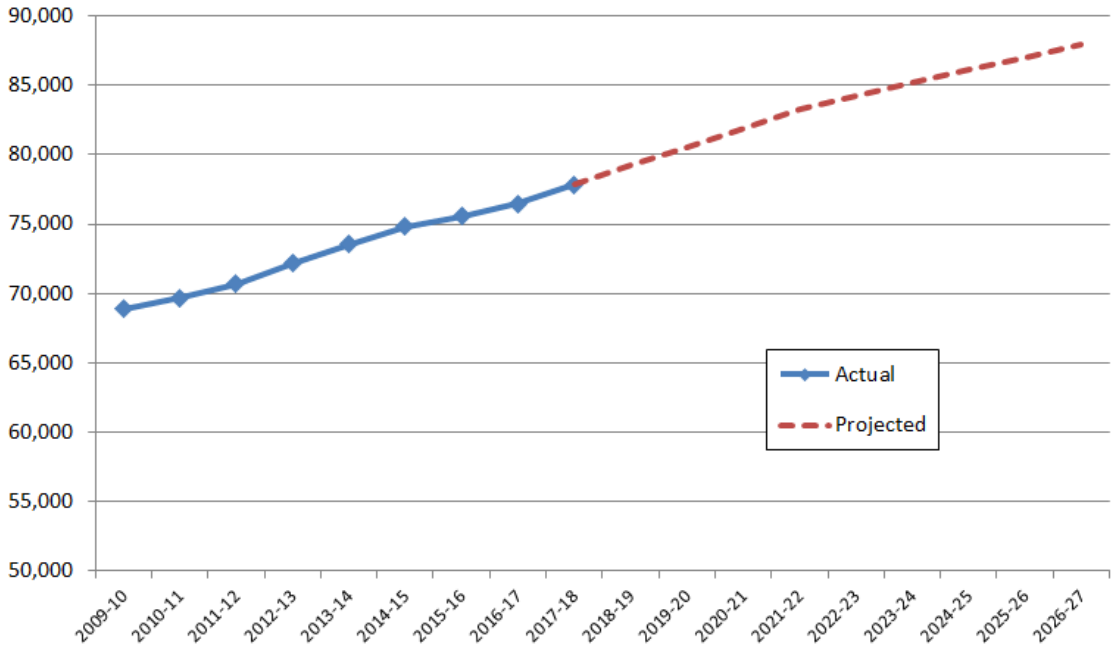
To meet the first prong of the dual rational nexus test, it is necessary to demonstrate that new development creates the need for additional educational facilities. In the *Lee Plan*, the County has

[2] 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).

[3] *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).

committed 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."[4] New residential development results in increased population and enrollment growth, creating the need for new school facilities. From 2010-2016, for example, population and enrollment growth have paralleled each other closely, with an estimated 10.0% increase in population and 9.6% increase in enrollment.[5] Recent and projected enrollment from the Florida Department of Education, expressed in Capital Outlay Full-Time Equivalents (COFTEs, which represent full-time students in District-owned schools), are illustrated in Figure 2.

Figure 2. School Enrollment, FY 2010 to 2027



The County's school impact fees are proportional to the average number of students expected to enroll in public school for each type of dwelling unit. Student generation rates derived from 2011-2015 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.[6]

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

[4] *The Lee Plan*, as amended through October 2017, Policy 158.5.1.
[5] Population growth based on estimates and projections from University of Florida, Bureau of Economic and Business Research, June 2016; enrollment growth in COFTEs from Florida Department of Education.
[6] 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."[7] 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.[8] 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.[9]

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.[10] 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 feepayers, 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."[11] The County's impact fee ordinance mandates that the school fees be updated every three years to remain consistent with this requirement.[12] 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 2011-2015 Census data for Lee County, calibrated to actual 2017 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-

[7] Lee County Land Development Code, Sec. 2-403
[8] *Home Builders Ass'n v. Board of County Commissioners of Palm Beach County*, 446 So. 2d 140 (Fla. Dist. Ct. App. 1983)
[9] Lee County Land Development Code, Sec. 2-410(b)
[10] Lee County Land Development Code, Sec. 2-409(b)
[11] Florida Impact Fee Act, Sec. 163.31801(3)(a), Florida Statutes
[12] Lee County Land Development Code, Sec. 2-405(d)

year capital plan, state capital funding, and property tax funds available for capacity expansion. This report complies with all the substantive requirements of the Florida Impact Fee Act.

ASSESSMENT AND BENEFIT DISTRICTS

There are two types of geographic areas that serve different functions in an impact fee system: assessment districts (also called service areas) and benefit districts. An assessment district is a geographic area that is served by an integrated set of facilities, and is the level at which the fees are calculated. Benefit districts, on the other hand, represent areas within which the collected fees must be spent. Benefit districts ensure that improvements funded by impact fees are constructed within reasonable proximity of the fee-paying developments.

Assessment Districts

In the case of the County's school impact fee, the assessment district is the entire county, which is served by an integrated system of schools and support facilities. In addition, school districts can redraw attendance boundaries to maximize the utilization of existing school capacity.

Benefit Districts

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 feepayers in the original school choice zone. For example, the construction of magnet schools and administrative facilities that provides benefits across school choice zones."

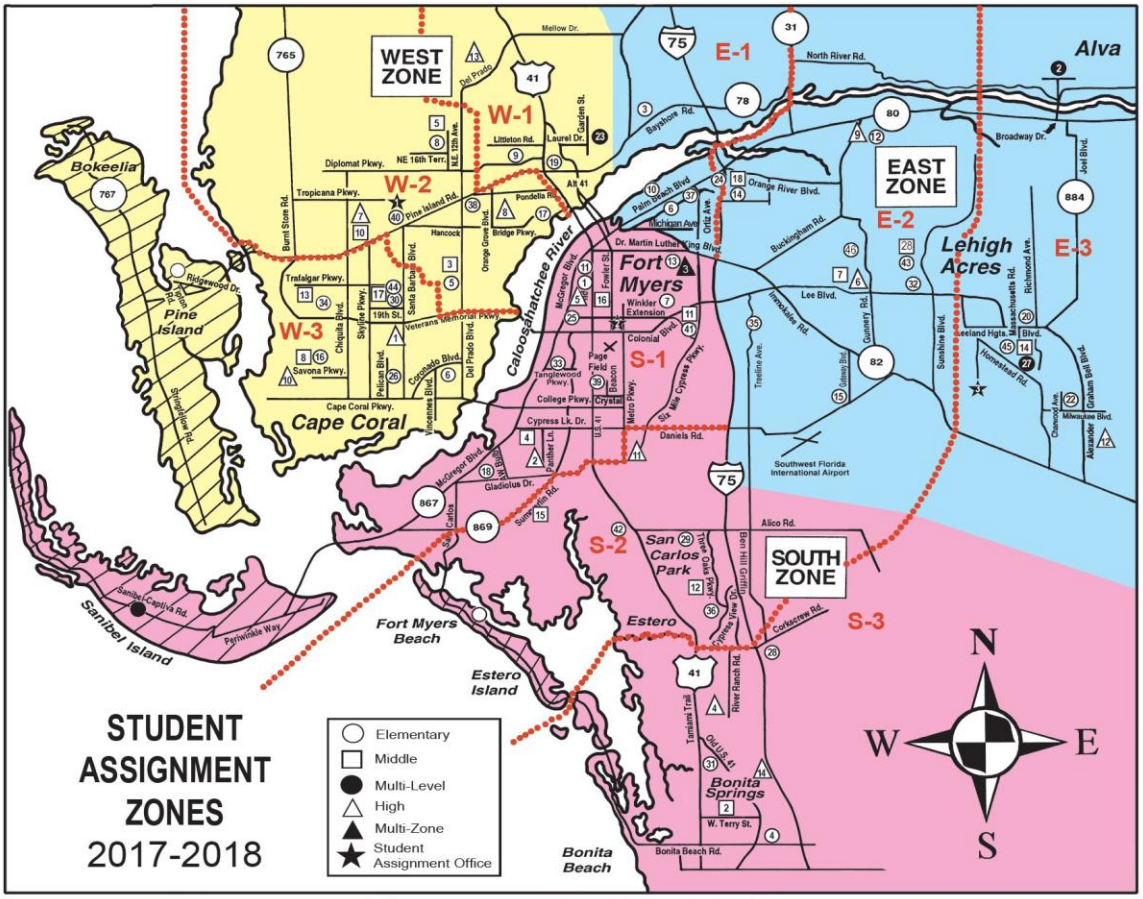
The school impact fee revenues collected over the last five years in each of the Choice Zones are summarized in Table 3. Each Choice Zone is collecting a reasonable amount of revenue.

Table 3. School Impact Fee Revenue, FY 2013-2017

Choice Zone	FY 2013	FY 2014	FY 2015	FY 2016	2016/17	5-Yr Total
East	$333,830	$277,781	$320,328	$1,050,806	$1,390,429	$3,373,174
West	$1,035,053	$538,980	$1,177,861	$2,775,739	$3,706,469	$9,234,102
South	$1,999,398	$1,091,897	$2,103,919	$2,460,593	$2,643,134	$10,298,941
Total	$3,368,281	$1,908,658	$3,602,108	$6,287,138	$7,740,032	$22,906,217

Source: Revenues by fiscal year (October through September) from Lee County Community Development Department, October 24, 2017 (includes both cash payments and credits used in lieu of cash payments).

Figure 3. School Choice Zones



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) 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) 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) (CA) 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 (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 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
Bonita Springs (9th grade only) 14
Cypress Lake (A) 2
Dunbar Zone Magnet (IB STEM) 3
Estero (CA) 4
Fort Myers (IB) 5
South Fort Myers (C) 11

EAST ZONE
Student Assignment Office
Lehigh Acres 3

Elementary Schools
Alva (K-8) 2
Bayshore (U) 3
Edgewood Academy (A) (U) 10
G. Weaver Hipps 45
Gateway 15
Harns Marsh 43
James Stephens Academy (U) 6
Lehigh 20
Manatee (U) 14
Mirror Lakes (U) 22
Orange River (U) 24
River Hall (U) 12
Sunshine 32
Tice (FL) 37
Tortuga Preserve (U) 46
Treeline (U) 35
Veterans Park (K-8) (A) (U) 27

Middle Schools
Alva (K-8) 2
Harns Marsh (STEM) (U) 28
Lehigh Acres (U) 14
Oak Hammock (A) (U) 18
Varsity Lakes (U) 7
Veterans Park (K-8) (A) (U) 27

High Schools
Dunbar (IB STEM) 3
East Lee County (C) (CA) 12
Lehigh Senior (A) (CA) 6
Riverdale (IB) 9

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 most current available data on student generation rates by type of dwelling unit is the 2011-2015 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 2011-2015. It consists of census enumerations for 18,763 occupied and vacant housing units in Lee County. The public-school student generation rates by housing type derived from the 2011-2015 data for Lee County are shown in Table 4.

Table 4. Student Generation Rates, 2011-2015

Housing Type	Sample Units	Public School Students	Total Units	2011-2015 Students/ Unit
Single-Family Detached	10,713	70,997	199,884	0.355
Multi-Family	6,191	18,530	135,015	0.137
Mobile Home	1,859	3,021	39,434	0.077

Source: U.S. Census Bureau, weighted 2011-2015 American Community Survey microdata (5% sample based on annual 1% samples) for Lee County; public school students are defined as persons attending preschool through 12th grade in public schools.

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 2011-2015 census sample data, is compared to the actual public-school enrollment for 2017. As Table 5 shows, the actual number of students enrolled in the School District is only 83.7% percent of the expected number of students. Although the necessity for this adjustment may be in small part attributable to margins of error in the sample data on which the student generation rates are based, the main reason for the adjustment is that the census data include charter school and other students not housed in School District facilities. These students are excluded from the current enrollment data because they do not create a need for District-funded capital improvements.

Table 5. Expected and Actual Students, 2017

Housing Type	2017 Housing Units	2011-2015 Students/ Unit	Expected Students
Single-Family Detached	208,834	0.355	74,136
Multi-Family	137,827	0.137	18,882
Mobile Home	39,636	0.077	3,052
Total Expected Students, 2016/17			96,070
Actual Cycle 1 Enrollment, Sept. 2017			80,446
Ratio of Actual to Expected Students			0.837

Source: 2017 units from Lee County Community Development Department, October 25, 2017; 2011-2015 students per unit from Table 4; actual 2017 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 census sample data for Lee County have been adjusted downward by 16.3%, as shown in Table 6. The updated student generation rates for single-family detached (0.297) and mobile home (0.064) are lower than in the 2015 study (0.295 and 0.080 respectively). The updated rate for multi-family (0.115) is significantly higher than the one calculated in the previous study (0.088).

Table 6. Student Generation Rates, 2017

Housing Type	2011-2015 Students/ Unit	Adjustment Factor	2017 Students/ Unit
Single-Family Detached	0.355	0.837	0.297
Multi-Family	0.137	0.837	0.115
Mobile Home	0.077	0.837	0.064

Source: 2011-2015 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.

Policy 95.1.3.5 of *The Lee Plan* provides a regulatory minimum level-of-service standard for public school facilities of 100% of permanent FISH capacity. This regulatory level-of-service standard is intended to control development permitting in areas where existing schools are over-capacity.

In the arena of school impact fees, however, level of service is 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 2017/2018 school year. Table 7 shows the existing school inventory, including the name of each school, site area, FISH Capacity and current enrollment (September 2017). 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			2017 Enrollment
		Perm.	Port.	Total	
Allen Park Elementary	14.00	1,028	0	1,028	975
The Alva School (K-8)	18.00	980	0	980	1,018
Bayshore Elementary	20.00	693	0	693	625
Bonita Springs Elementary	5.00	396	72	468	515
Caloosa Elementary	20.00	1,085	0	1,085	922
Cape Coral Elementary	14.00	898	0	898	696
Colonial Elementary	19.00	922	18	940	799
Diplomat Elementary	14.00	1,086	0	1,086	972
Edgewood Academy	13.00	741	0	741	576
Edison Park Creative Arts	7.00	455	0	455	361
Ft Myers Beach Elementary	11.00	220	0	220	108
Franklin Park Elementary	20.00	579	0	579	480
G. Weaver Hipps Elementary	11.00	776	54	830	811
Gateway Elementary	16.00	736	18	754	735
Gulf Elementary	30.00	1,275	0	1,275	1,064
Hancock Creek Elementary	20.00	1,044	0	1,044	839
Harns Marsh Elementary	20.00	912	36	948	1,013
Hector A. Cafferata Jr. Elem	20.00	898	0	898	662
Heights Elementary	25.00	1,306	0	1,306	1,183
J. Colin English Elementary	15.00	601	36	637	425
James Stephens Intl Acad (K-5)	38.00	1,095	0	1,095	372
Lehigh Elementary	15.00	1,056	144	1,200	1,218
Littleton Elementary	20.00	738	18	756	528
Manatee Elementary	12.00	1,042	0	1,042	894
Mirror Lakes Elementary	25.00	1,071	72	1,143	1,107
N Ft Myers Academy (K-8)	71.00	1,280	0	1,280	1,121
Orange River Elementary	14.00	817	54	871	855
Orangewood Elementary	13.00	614	18	632	578
Patriot Elementary	12.00	1,046	0	1,046	722
Pelican Elementary	22.00	1,388	0	1,388	940
Pine Island Elementary	26.00	391	0	391	237
Pinewoods Elementary	37.00	1,060	18	1,078	1,117
Ray V. Pottorf Elementary	28.54	864	0	864	710
Rayma C. Page Elementary	17.80	846	0	846	822
River Hall Elementary	20.00	1,046	18	1,064	992
San Carlos Park Elementary	23.00	1,026	0	1,026	955
Skyline Elementary	20.00	1,412	0	1,412	1,016
Spring Creek Elementary	21.00	735	72	807	747
Sunshine Elementary	18.00	1,108	98	1,206	1,151
Tanglewood Elementary	20.00	786	0	786	781
The Sanibel School (K-8)	25.00	381	13	394	286
Three Oaks Elementary	19.00	731	144	875	897
Tice Elementary	21.00	616	0	616	576
Tortuga Preserve Elementary	16.26	1,056	0	1,056	999
Trafalgar Elementary	25.00	998	0	998	780
Treeline Elementary	13.09	1,029	36	1,065	1,070
Tropic Isles Elementary	20.00	1,051	0	1,051	940
Veterans Park Academy (K-8)	20.00	1,764	0	1,764	1,655
Villas Elementary	22.00	881	0	881	860
Elementary School Subtotal	986.69	44,559	939	45,498	39,705

Table 7. Existing School Inventory (continued)

School	Acres	FISH Capacity			2017 Enrollment
		Perm.	Port.	Total	
Bonita Springs Middle	16.00	910	0	910	919
Caloosa Middle	20.00	1,043	0	1,043	817
Challenger Middle	14.00	1,229	0	1,229	1,043
Cypress Lake Middle	29.00	886	0	886	856
Diplomat Middle	18.00	984	0	984	834
Ft Myers Middle Academy	20.00	856	0	856	525
Gulf Middle	30.00	921	0	921	783
Harns Marsh Middle	27.50	1,212	0	1,212	1,226
Lehigh Acres Middle	35.00	1,059	237	1,296	1,322
Lexington Middle	15.00	1,031	0	1,031	1,110
Mariner Middle	16.00	1,164	0	1,164	861
Oak Hammock Middle	23.64	1,224	118	1,342	1,403
Paul Laurence Dunbar Middle	22.00	1,011	0	1,011	978
Three Oaks Middle	25.00	987	19	1,006	1,038
Trafalgar Middle	29.80	983	79	1,062	902
Varsity Lakes Middle	14.00	1,088	119	1,207	1,244
Middle School Subtotal	354.94	16,588	572	17,160	15,861
Cape Coral Sr High School	40.00	1,781	0	1,781	1,617
Cypress Lake Sr High School	30.00	1,615	0	1,615	1,706
Dunbar High School	52.00	1,816	0	1,816	1,921
East Lee County High School	46.00	1,954	0	1,954	2,020
Estero Sr High School	64.00	1,637	0	1,637	1,763
Ft Myers Sr High School	38.00	1,864	0	1,864	2,005
Ida S. Baker High	40.00	1,891	0	1,891	1,824
Island Coast High School	46.00	1,956	0	1,956	1,651
Lehigh Sr High School	82.00	1,732	190	1,922	2,140
Mariner Sr High School	104.00	1,638	0	1,638	1,553
North Ft Myers Sr High School	35.00	1,713	0	1,713	1,880
Riverdale High School	40.00	1,938	285	2,223	2,319
South Ft. Myers High	38.49	2,020	0	2,020	2,049
High School Subtotal	655.49	23,555	475	24,030	24,448
Regular Facility Subtotal	1,997.12	84,702	1,986	86,688	80,014
Buckingham Exceptional Ctr	10.00	100	15	115	88
Success Academy/LAMP	15.00	636	44	680	196
Royal Palm Exceptional	7.00	230	0	230	148
Special Facility Subtotal	32.00	966	59	1,025	432
Total of all Schools	2,029.12	85,668	2,045	87,713	80,446

Source: Florida Department of Education, *Florida Inventory of School Houses (FISH), School Land Inventory*, October 2017, Lee County School District, *2017-18 Work Plan*, enrollment as of September 8, 2017 from Lee County School District, November 2, 2017.

Student-Capacity Ratio

The existing level of service is measured as the ratio of FISH Capacity in permanent buildings to students. Since the costs per student are calculated for permanent buildings, the FISH capacity has been 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. Only enrollment and capacity of regular schools are considered, because capacity in special centers is not available for assignment to the general population.

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 a small amount of excess capacity. 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*	84,702
÷ Enrollment in District-Owned Facilities*	80,014
FISH Capacity in Permanent Space per Student	1.06
FISH Capacity in Permanent Buildings	84,702
– Enrollment in District-Owned Facilities	-80,014
Excess Capacity	4,688

* regular schools only (excludes special centers)

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. 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 may not use funds from the following sources: Public Education Capital Outlay and Debt Service Trust Fund; School District and Community College District Capital Outlay and Debt Service Trust Fund; Classrooms First Program funds provided in s. 1013.68; 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	$19,247,648	1,056	$18,227
Average Elementary				$17,728
Oak Hammock Middle	2006	$31,311,511	1,224	$25,581
Challenger Middle	2006	$29,112,722	1,229	$23,688
Harns Marsh Middle	2011	$29,480,142	1,211	$24,344
Average Middle School				$24,538
East Lee County High	2005	$41,277,035	1,954	$21,124
Island Coast High School	2006	$52,992,217	1,956	$27,092
Bonita Springs High	2016*	$69,202,989	1,690	$40,949
Average High School				$29,722

* under construction

Source: Contract year, construction cost, and FISH capacity from Lee County School District.

The average construction costs per student calculated above are compared with the State-imposed maximum construction costs per student for the current year. 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 2017, 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 Jan. 2006	CPI Factor	Current Cap (Jan. 2017) per: Stud. Sta.	Current Cap (Jan. 2017) per: FISH Cap.	Local Cost/ FISH Cap.	Percent of Cap
Elementary	$17,952	1.2246	$21,984	$21,984	$17,728	80.6%
Middle	$19,386	1.2246	$23,740	$26,378	$24,344	92.3%
High	$25,181	1.2246	$30,837	$32,460	$29,722	91.6%

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. 2017 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 $22,708 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	39,705	49.6%	$17,728	$8,793
Middle	15,861	19.8%	$24,344	$4,820
High	24,448	30.6%	$29,722	$9,095
Total	80,014	100.0%		$22,708

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 12 schools built, the cost of these improvements has averaged 12.7% percent of construction cost, as shown in Table 12. However, as in the last study, the lower average for the newest elementary, middle, and high schools, which is 4.2%, 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%
Tortuga Elementary*	$366,801	$433,603	$800,404	$19,247,648	4.2%
Harns Marsh Middle*	$300,000	$600,000	$900,000	$29,480,142	3.1%
Bonita Springs High*	$1,037,180	$2,169,300	$3,206,480	$69,202,989	4.6%
Total	n/a	n/a	$46,763,128	$369,390,374	12.7%
Total, Most Recent E/M/H*	n/a	n/a	$4,906,884	$117,930,779	4.2%

Source: Lee County School District, February 18, 2008, October 31, 2011, and November 2, 2017.

Land Cost

The cost of land for new school sites must be added to construction costs. Most 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 land purchases cost $112,425 per acre for the land and $2,248 per acre for due diligence.

Table 13. Recent School Board Land Purchases

Property	Date Acquired	Acres	Land Cost	Land Cost/ Acre	Due Diligence	Due Dil./ 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
25592 Imperial Pkwy, Bonita Springs	8/10/2016	75.78	$11,042,987	$145,724	$374,052	$4,936
Total		243.75	$27,403,651	$112,425	$548,020	$2,248

Source: Lee County School Board, September 20, 2011 and November 2, 2017.

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, historical School Board land acquisition costs, all but one of which dates back to 2008, would not be indicative of future land costs. Consequently, the appraiser used recent non-School District land purchases as the basis for determining the current cost per acre. However, the historical due diligence cost per acre from the table above will be used in the fee calculations.

The appraiser identified 29 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 five in 2014, fifteen in 2015, eight in 2016 and one in 2017. The sales prices were adjusted to current dollars using a 5% 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 students in each zone over the next ten years to determine a county-wide weighted average cost per acre. The current county-wide value is estimated at $80,000 per acre, as shown in Table 14. The updated land cost is higher than the $50,000 per acre used in the 2015 study.

Table 14. Land Acquisition Cost per Acre

Choice Zone	Unweighted Cost/Acre	Weighting Factor	Weighted Cost/Acre
West Zone	$75,000	30%	$22,500
East Zone	$73,000	38%	$27,700
South Zone	$95,000	32%	$30,400
Total		100%	$80,600
Rounded to:			$80,000

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

The total land cost per acre includes both the raw land acquisition cost and due diligence costs. The combined cost is $82,248 per acre, as shown in Table 15.

Table 15. Total Land Cost per Acre

Land Acquisition Cost per Acre	$80,000
Legal/Admin. Cost per Acre	$2,248
Total Land Cost per Acre	$82,248

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

The acreage occupied by existing regular schools (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	84,702
Acres per Student	0.0236
x Land Cost Per Acre	$82,248
Land Cost Per Student	$1,941

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 estimated cost per square foot. The land cost is based on the same cost per acre as school sites. The table excludes 2.9% 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*	301,256	29.13
Support Services Annex	62,762	10.00
Supply Department	18,417	1.00
Transportation Central Annex	7,045	10.00
Transportation East (Buckingham)	9,361	10.00
Transportation East (Leonard)	24,699	12.00
Transportation Mid-South (Six Mile)	39,729	23.00
Transportation Services Central	21,864	10.00
Transportation Services West	28,685	20.00
Total Area	513,818	125.13
x Cost Per Sq. Foot/Acre	$102	$82,248
Total Ancillary Facility Cost	$52,409,436	$10,291,692

* includes 97.1% of total 310,253 square feet and 30 acres to reflect 2.9% unused portion of facility per Lee County Schools, October 26, 2017

Source: Square feet of permanent buildings and acres of land from Florida Department of Education, *School Land Inventory*, 2017; 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 943 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

Manufacturer	Vehicles	Unit Cost	Total Cost
Bluebird	74	$98,385	$7,280,490
Navistar	798	$106,751	$85,187,298
Thomas	71	$105,140	$7,464,940
Total Fleet	943		$99,932,728

Source: Number of buses in fleet and unit costs from Lee County School District, October 26, 2017.

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	$52,409,436
Ancillary Land Cost	$10,291,692
Bus Fleet Cost	$99,932,728
Total Ancillary Cost	$162,633,856
÷ Current Permanent Capacity	85,668
Ancillary Capital Cost Per Student	$1,898

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 in this study, 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, off-site/drainage, land, and ancillary 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	$22,708
Off-Site and Drainage Cost per Student	$954
Land Cost per Student	$1,941
Ancillary Cost per Student	$1,898
Total Capital Cost per Student	$27,501

Source: Construction cost from Table 11; off-site/drainage costs based on 4.2% 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 current 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 $640 million in CIT revenues out of a total non-earmarked recurring capital budget of $654 million. The addition of impact fees, other earmarked revenue (PECO maintenance funds) and non-recurring revenue (COPs proceeds and fund balance) brings the total five-year capital funds anticipated to be available to $1.115 billion. The bulk of the planned non-recurring or earmarked funding reflects District plans to issue new debt during this period.

Table 21. Planned Capital Funding, FY 2018-2022

Capital Improvement Tax (CIT)	$640,409,004
Capital Outlay and Debt Service (CO&DS)	$7,866,260
Interest Earned, Excluding Impact Fee Interest	$4,094,000
Miscellaneous	$1,964,000
Subtotal, Non-Earmarked Recurring Revenue	$654,333,264
COPs Proceeds	$330,300,000
Impact Fee Revenue	$36,553,000
Interest Earned on Impact Fee Funds	$145,000
Allocated Impact Fee Fund Balance	$25,631,266
Allocated General Fund Balance	$36,577,196
PECO Maintenance	$9,863,106
Charter School Capital Outlay	$21,891,750
Subtotal, Earmared and Non-Recurring Revenue	$460,961,318
Total Revenue Available	$1,115,294,582

Source: Lee County School District, *5-Year District Facilities Work Program*, FY 2017/2018 through FY 2021/2022, adopted September 1, 2017; impact fee revenue, impact fee interest and allocated impact fee fund balance from Lee County Schools, September 28, 2017.

The capital expenditures in the current 5-year work plan are summarized in Table 22. Debt service payments account for 26% of planned expenditures. While not all outstanding debt service is attributable to excess capacity that can accommodate future new students (see following discussion and Table 25), most of the debt service is attributable to past capacity improvements, according to information provided by the School Board.

While most capacity-expanding expenditures are for new schools and additions, some other types of expenditures may also be capacity expanding. Among these are school bus purchases, which are mostly for replacement buses, but some of these new buses are attributable to fleet expansion to accommodate increased enrollment. For school buses, 6.6% of expenditures are attributable to capacity expansion, based on the share of FY 2017-2022 enrollment growth to projected FY 2022 enrollment. This same percentage allocation is used for similar types of capital expenditures, including capital outlay equipment, technology equipment/software, transportation equipment upgrades, school improvements/construction, and technology upgrades.

Table 22. Planned Capital Expenditures, FY 2018-2022

	Total	Capacity	Non-Capacity
Bonita High School	$63,691,975	$63,691,975	$0
Lehigh Sr. Addition	$12,500,000	$12,500,000	$0
New High School (East Zone)	$70,000,000	$70,000,000	$0
New Middle School (East Zone)	$35,200,000	$35,200,000	$0
New Elementary (East Zone)	$28,000,000	$28,000,000	$0
New Middle School (East Zone)	$37,800,000	$37,800,000	$0
New Elementary (South Zone)	$29,000,000	$29,000,000	$0
New Middle School (South Zone)	$37,800,000	$37,800,000	$0
Franklin Park Elemenatry Remodel	$28,000,000	$0	$28,000,000
Cypress Lake Middle Remodel	$38,000,000	$0	$38,000,000
HVAC	$30,880,122	$0	$30,880,122
Safety to Life	$16,000,000	$0	$16,000,000
District-Wide Maintenance	$117,137,518	$0	$117,137,518
School Bus Purchase*	$55,937,374	$3,691,867	$52,245,507
Capital Outlay Equipment*	$18,935,023	$1,249,712	$17,685,311
Rent/Lease Payments	$2,725,889	$0	$2,725,889
COP Debt Service	$274,550,812	$234,954,887	$39,595,925
Qualified School Construction Bonds	$10,124,095	$10,124,095	$0
Rent/Lease Relocatables	$1,600,000	$0	$1,600,000
Transfer to Operating	$26,043,937	$0	$26,043,937
Technology Equipment/Software*	$92,378,756	$6,096,998	$86,281,758
Transportation Equipment Upgrades*	$470,635	$31,062	$439,573
Capitalized Personnel	$4,903,780	$0	$4,903,780
School Improvements/Construction*	$1,197,718	$79,049	$1,118,669
Safety & Inspections	$3,122,734	$0	$3,122,734
School Technology Upgrades*	$12,533,774	$827,229	$11,706,545
Charter Schools Portion of 1.50 Mills	$44,865,690	$0	$44,865,690
Transfer to Charter Schools for Capital Outlay	$21,891,750	$0	$21,891,750
Bank Fees	$3,000	$0	$3,000
Total Expenditures	$1,115,294,582	$571,046,874	$544,247,708

* capacity share based on 6.6% ratio of FY 2017-2022 COFTE enrollment growth to projected FY 2022 COFTE enrollment from Florida Department of Education

Source: Lee County School District, *5-Year District Facilities Work Program*, FY 2017/2018 through FY 2021/2022, adopted September 1, 2017; non-capacity COPs debt service from Lee County School Board, October 27, 2017.

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 is not needed for non-capacity purposes. This type of funding consists primarily of 1.50-mill Capital Improvement Tax (CIT) revenue collected by the School District, and also includes relatively small amounts of revenue from other sources, including Capital Outlay and Debt Service (CO&DS) funding from the State, interest income, and miscellaneous income. Taking total expenditures and subtracting earmarked (impact fees and Public Education Capital Outlay maintenance funds) and non-recurring (debt proceeds and expenditure of fund balance) revenues results in the portion of planned expenditures that will be funded with these types of revenue. As shown in Table 23, it is anticipated that 26.4% 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 2018-2022

	Capacity	Non-Capacity	Total
Total Expenditures	$571,046,874	$544,247,708	$1,115,294,582
– Impact Fees*	-$62,329,266	$0	-$62,329,266
– PECO Maintenance	$0	-$9,863,106	-$9,863,106
– Debt Proceeds	-$330,300,000	$0	-$330,300,000
– Allocated Non-Impact Fee Fund Balance	$0	-$36,577,196	-$36,577,196
Paid with Non-Earmarked Recurring Revenue	$178,417,608	$497,807,406	$676,225,014
Percent	26.4%	73.6%	100.0%

* includes anticipated 10-year revenue, existing fund balance, and projected interest earned

Source: Lee County School District, *5-Year District Facilities Work Program* (FY 2017/2018 through FY 2021/2022), adopted September 2017.

Using the same methodology, the 2015 study determined the percentage of recurring funding estimated to be available for capacity expenditures from the 5-year work plan in effect three years ago to be 35.4%. This is considerably higher than the 26.4% calculated in this update based on the current work plan. To account for cyclical changes in capital plans, the average percentage 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 (2015 Study)	35.4%
Capacity Percentage from FY 2018-2022 Work Plan (Current Study)	26.4%
Average Capacity Percentage	30.9%

Source: Current study percentage from Table 23, 2015 study percentage from Duncan Associates, *School Impact Fee Study for Lee County*, January 2015, Table 23.

As summarized in Table 25 below, outstanding debt principal and outstanding developer credits (which are like debt in that they represent existing capacity not yet paid for) are the equivalent of 12,749 FISH capacity at the current replacement value of school capacity. The School District currently has 4,688 FISH capacity in excess of current enrollment, indicating that 36.8% of existing debt/credit obligations could be paid for with impact fee revenues (in the case of developer credits,

the fees would not be collected), because this percentage represents the share of outstanding obligations that can be attributed to paying for excess capacity available for future development. If the District were to use all the projected impact fee revenue over the next five years to retire debt or repay developer obligations, that would amount to only 21.8% of five-year obligations. This analysis demonstrates that the District could use projected revenue exclusively to repay debt obligations if it so chooses.

Table 25. Impact Fee Debt Payments, FY 2018-2022

Total Outstanding Debt Principal for Capacity as of 6/30/2017	$348,749,255
Outstanding Developer Credits	$1,862,065
Total Outstanding Debt and Developer Credits	$350,611,320
÷ Cost per Student	$27,501
Outstanding Debt/Credits in Equivalent FISH Capacity	12,749
Current Excess Capacity	4,688
÷ Outstanding Debt/Credits in Equivalent FISH Capacity	12,749
Maximum Impact Fee Eligible % of Debt/Credits	36.8%
Maximum Impact Fee Funds to be Spent on Debt Service, FY 2018-2022	$62,329,266
Total Debt Service and Developer Credits Due, FY 2018-2022	$286,536,972
Maximum % of Debt Service/Credits to be Paid from Impact Fees	21.8%

Source: Outstanding debt principal attributable to capacity from Lee County Schools, October 27, 2017; outstanding developer credits from Lee County Community Development Department, October 24, 2017; cost per student from Table 20; current excess capacity from Table 8; maximum impact fees that could be spent on debt service and developer credits is total impact fee revenue; total 5-year debt service for capacity from Table 22, plus developer credits from second row of this table.

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 by a change in 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 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 of $437 in Table 26.

Table 26. Annual Capital Improvement Tax per Student

Total Lee County School Taxable Value, 2017	$75,824,368,848
÷ Lee County Public School Enrollment, 2017	80,446
Average Taxable Value per Student	$942,550
x Capital Millage Rate ($ per $1,000)	1.50
Average Annual Tax Payment per Student	$1,414
x Percent of Capital Funding Available for Capacity Expansion	30.9%
Annual CIT Payments for Capacity per Student	$437

Source: Total school taxable value from Lee County Public Schools, October 27, 2017; non-charter public school enrollment for September 2017 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 $8,943 per student is appropriate to account for future property tax payments.

Table 27. Property Tax Credit

Year	Tax/Student
Year 1	$437
Year 2	$450
Year 3	$464
Year 4	$478
Year 5	$492
Year 6	$507
Year 7	$522
Year 8	$538
Year 9	$554
Year 10	$571
Year 11	$588
Year 12	$606
Year 13	$624
Year 14	$643
Year 15	$662
Year 16	$682
Year 17	$702
Year 18	$723
Year 19	$745
Year 20	$767
Total	$11,755
Net Present Value	$8,943

Source: Year 1 Capital Improvement Tax capacity payment per student from Table 26; succeeding years inflated by 3% annually; net present value based on 20 years and discount rate of 2.50%, which was the national average yield on 20-year, AAA municipal bonds per fmsbonds.com on October 24, 2017.

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 2018-2022

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	5-Year Avg.
PECO New Construction	$0	$0	$0	$0	$0	$0
CO&DS	$1,573,252	$1,573,252	$1,573,252	$1,573,252	$1,573,252	$1,573,252
Total State Funding	$1,573,252	$1,573,252	$1,573,252	$1,573,252	$1,573,252	$1,573,252
Lee County Enrollment	79,065	80,240	81,118	82,281	83,311	n/a
CO&DS Funding per Student	$19.90	$19.61	$19.39	$19.12	$18.88	$19.25

Source: Lee County School District, *5-Year District Facilities Work Program* (FY 2017/2018 through FY 2021/2022), adopted September 2017; enrollment based on current enrollment for 2017/18 from Table 7 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 is 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 $93 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 2018-2022	$19.25
x Present Value Factor (20 Years)	15.59
Net Present Value of Future CO&DS Funding per Student	$300
x Percent of Capital Funding Available for Capacity Expansion	30.9%
CO&DS Funding Credit per Student	$93

Source: Average annual State capital funding per student from Table 28; net present value factor based on 20 years and a discount rate of 2.50% (see notes to Table 27); percent of capital funding available for capacity expansion from Table 24.

Net Cost Summary

Reducing the capital cost per student by the credits results in the net cost per student, as shown in Table 30. The net cost is $18,465 per student.

Table 30. Net Cost per Student

Total Capital Cost per Student	$27,501
– Future Property Tax Credit per Student	-$8,943
– State Funding Credit per Student	-$93
Net Capital Cost per Student	$18,465

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

NET COST SCHEDULE

The net cost per dwelling unit (or mobile home park space) is the product of the number of non-charter, public school students that, on average, can be expected to be generated per 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	0.297	$18,465	$5,484
Multi-Family	Dwelling	0.115	$18,465	$2,123
Mobile Home Park	Space	0.064	$18,465	$1,182

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