

***Impact Fee Technical Report Update
Clay County School District***

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*Prepared for the
Clay County School Board
Green Cove Springs, Florida*

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1.0 Background and Scope

1.1 General Purpose and Methodology

Approximately \$1 billion will be required to finance improvements to existing schools, construction of new schools, and related capital expenditures from 2005 to 2025 according to a 20-year analysis of capital needs and costs completed by the Clay County School Board (CCSB) in May 2005. New schools and associated costs of land and transportation equipment accounted for half of total the estimated total. Costs of new school costs were based on Florida Department of Education (FDOE) student station cost factors for June 2005.

Since that time, FDOE cost factors have been revised substantially upward, such that average costs per student station for December 2007 have risen by 37 percent for elementary schools and between 27 and 30 percent for middle and high schools. The same capital needs based on 2007 dollars would be approximately \$1.3 billion, or approximately \$62 million per year averaged over 20 years. Existing local and state revenue sources, excluding impact fees, average only \$32 million per year in 2007 dollars, based on amounts expected in FY07-08.

It is easy to understand and appreciate that the magnitude of capital needs in the future is well beyond the capabilities of traditional local and state funding sources. Development impact fees provide a much needed additional source of revenues to help meet future financial needs, but these too fall well short of meeting total revenue needs.

School impact fees were established in Clay County in 2002 and updated in 2005, and are found in over 30 Florida counties. The ordinance establishing these fees require that fee determinations be revisited and updated periodically to reflect changing and up-to-date financial and other data. Cost analyses, credit calculations, and fee determinations are all updated herein to reflect the latest available information. School impact fees are determined by methodologies that take into account several factors:

- Type and characteristics of land use. *Note:* School impact fees apply only to residential uses, but may vary by type of housing (e.g., single family and multifamily) based on household size and number of school age children by type of unit.
- Cost of new and expanded facilities needed to serve new development. *Note:* Costs to improve and replace existing facilities are eligible only where capacity is increased.

- The extent to which these costs are funded by other local and state sources. *Note:* To the extent that other sources of funding are available to expand school capacity, impact fees are based on the difference between total costs and credits determined for other funding sources. These other capital funding sources include the local two-mill ad valorem tax and various state sources profiled in this report.

Calculation of school impact fees involves the following three basic steps:

- Determination of total costs -- capital cost of facilities and equipment per student and household (details are presented in Section 3).
- Determination of capital funding credits -- local and state sources of funding which reduce these costs (details are presented in Section 4).
- Determination of net costs and potential impact fees -- residual capital cost by type of housing unit (details are presented in Section 5).

Impact fees and revenues derived therefrom cannot be used to fund improvement, repair, replacement, and renovation of existing facilities and equipment unless such improvements increase capacity to accommodate additional students. Likewise, impact fees cannot be used to remedy existing deficiencies, such as replacing aging portable classroom units with new permanent classroom space.

1.2 Florida Impact Fee Act, 2006

The Florida Impact Fee Act is the name for Section 9 of Florida Senate Bill 1194, signed into law in 2006 as Section 163.31801, FS. The Act requires that calculation of local impact fees adopted by ordinance “be based on the most recent and localized data.” To the extent possible, this report utilizes local data and estimates through or as of 2007 and FY07/08, much of which is provided by the CCSB. Certain assumptions and estimates were, however, based on or extrapolated from 2000 Census data for Clay County in the absence of more up-to-date localized data.

School facility capital costs in this update are based on both state FDOE student station cost factors and local cost data for schools constructed from 2000 to 2007. Analyses in 2002 and 2005 were based only on the FDOE factors. Nine new schools have been constructed since 2000, providing a sufficient number on which to base a localized analysis of facility costs for purposes of comparison to state cost factors.

1.3 Existing Public School System

There are 36 schools in the Clay County system, including 23 elementary schools (PK-6), five junior high schools (7-8), five high schools (9-12), one K-8 school, one combined junior/senior high school (7-12), and a alternative education facility. For the FY07-08 school year, enrollments are expected to be at 91.2 percent of capacity, with high schools operating at 98.6 percent of capacity (see Table 1).

Table 1. Utilization of Existing Schools, FY07-08

School Type	Number of Schools	FISH/Core Capacity (1)	Estimated Enrollment	Percent Utilization	No. Over 90% Util
Elementary (PK-6)	23	20,312	18,489	91.0	10
Junior High (7-8)	5	5,542	4,397	79.3	0
High (9-12)	5	10,376	10,234	98.6	4
Combination (Note 2)	3	3,622	3,257	89.9	1
TOTAL	36	39,852	36,377	91.2	15

(1) Lesser of FISH or Core (cafeteria) capacity

(2) Includes K-8 and 7-12 schools and special ed facility

Source: Clay County School Board; URBANOMICS, Inc.

Based on an average annual enrollment growth since 2000, existing schools would be over 100 percent of capacity in less than three years. In addition, relocatable units account for nearly half (45.9 percent) of all classrooms in the existing system, and many of these units are 30 years old and older. The May 2005 capital facilities analysis showed that 19 percent of then existing relocatable units were 30 or more years old, with a total of 57 percent reaching or exceeding this age by 2020. These older and aging units are inefficient and costly to operate and are generally beyond productive renovation. FDOE recommends replacement of relocatable units 20 year old and older, and the CCSB has a policy to replace older relocatable units with permanent classrooms depending on the availability of funding.

Current capacity utilization rates and the high proportion of relocatable units in existing schools combine with enrollment growth trends and expectations to put significant financial pressure on the CCSB to improve existing facilities and expand the system to accommodate continued growth in the County.

2.0 School Needs Analysis

2.1 Population and Enrollment Trends, 1990-2000

Population and Households. Clay County added an average 3,483 new residents and 1,358 new households per year in the 1990s (Table 1). Average household size declined from 2.86 persons in 1990 to 2.77 in 2000. The number of school age children (ages 5-17) per household also declined from 0.614 in 1990 to 0.600 in 2000, commensurate with the decline in household size.

Table 2. Population, Households, and School Enrollment, 1990 and 2000

Parameter	1990	2000	Average Annual Growth, 1990-2000
County Totals (1)			
Population	105,986	140,814	3,483
Households	36,663	50,243	1,358
Population per Household	2.86	2.77	----
School Age Population (1)			
Total Ages 5-17	22,515	30,156	764
Number per Household	0.614	0.600	----
Public School Enrollment (2)			
Number of Students	20,945	27,415	647
Percent of Total Pop.	19.76	19.47	----
Percent of School Age Pop.	93.03	90.91	----
Number per Household	0.571	0.546	----

(1) US Census, 1990 and 2000

(2) US Census and Clay County School Board

Public School Enrollment. Enrollment in Clay County schools increased from 20,945 in 1990 to 27,415 in 2000, according to School Board data for March of each year, averaging 647 new students per year. As a percentage of the total population, enrollment declined slightly from 1990 to 2000, from 19.8 percent to 19.5 percent. The average number of public school students per household also declined slightly from 0.571 to 0.546. It is also interesting to note that enrollment as a percentage of the school age population also declined, from 93 to 90 percent.

These trends indicate that one or more conditions were at work in the past decade, and may continue beyond 2000:

- Multifamily housing has become more prominent in the housing mix, resulting in lowering the average household size.
- Household demographics are changing, such that the number of school age children and public school enrollees per household are declining slightly.
- Enrollments have increased in alternative schools, including private and parochial schools, as indicated by a declining share of school age population in public schools..

2.2 Population and Enrollment Growth, 2000-2025

Population Estimates and Projections. The previous Impact Fee Technical Report Update (June 2005) showed a projected County population of 311,232 for 2025. The County Planning and Zoning Division updated projections in 2006 for its Evaluation and Appraisal Report (EAR), including an increased projection of 330,703 for 2025. New household and school enrollment projections to 2025 reflect this new population projection (Table 3).

Table 3. Population and Enrollment Projections, 2000-2025

Parameter	2000	Estimated 2007	Projected 2025	Avg Annual Growth	
				2000-2007	2007-2025
Total Population (1)	140,814	182,449	330,703	5,948	8,236
Household Pop (2)	139,173	180,314	326,834	5,877	8,140
Persons/Household	2.77	2.75	2.70	----	----
No. Households	50,243	65,569	121,050	2,189	3,082
School Enrollment (3)	27,415	35,487	64,157	1,153	1,593
Students/Household	0.546	0.541	0.530	----	----
Enrollment/Pop (%)	19.47	19.45	19.40	----	----

(1) 2000 data from Census

(2) Rest of population is in institutional or group quarters

(3) 2007 enrollment in for April-May period of 2006-07 school year

The County population estimate for 2007 is based on the relationship between estimated population growth from 2000 to 2006 and the number of new residential units permitted from 2000 through 2005, an equivalent six year period. The resulting ratio was applied to the 2006

permit total to determine the increment of growth from 2006 to 2007, which was then added to the 2006 BEBR population estimate of 176,901. The resulting 2007 estimate (182,449) is lower than others by the Office of Economic and Demographic Research (OEDR) of the Florida Legislature (186,248) and the Florida Trend "Economic Yearbook 2007" (183,504), but is considered by URBANOMICS to be more reasonable based on housing permit data.

The major implication of these estimates and projections is that County population growth is projected to continue to accelerate from an average of 3,483 new residents per year in the 1990s, to 5,948 per year from 2000 to 2007, and to 8,236 per year over the next 18 years. This amount of growth would create demand for up to 3,600 new housing units per year compared to an annual average of 2,643 new single family and multifamily units permitted from 2000 through 2006. It remains to be seen if the County can achieve and maintain this level of future growth.

Public School Enrollment Projections. Accelerating population growth, if achieved and maintained, portends accelerating school enrollment growth from an average of 647 new students per year in the 1990s, to 1,153 per year from 2000 to 2007, and to 1,593 per year from 2007 to 2025 (see Table 3). Annual enrollment growth over the next 18 years is a 38 percent increase over the average since 2000. This amount of growth will pose a great challenge to the School Board, which has found it difficult to keep up with substantial but less growth in recent years.

2.3 New School Needs, 2007-2025

Up to 28 new schools will be needed to accommodate projected enrollment growth from 2007 to 2025 (Table 4), including 18 elementary, five junior high, and five high schools.

Table 4. Clay County New School Needs, 2007-2025

School Type	Percent of Enrollments	Enrollment Growth, 2007-2025	No. Students Per School (1)	Number of Schools Needed
Elementary (PK-6)	54.0	15,482	862	18.0
Junior High (7-8)	16.5	4,731	1,005	4.7
High (9-12)	29.5	8,457	1,600	5.3
TOTALS	100.0	28,670	NA	28.0

(1) Clay County School Board school capacity standards

Average numbers of students by school type are based on school planning standards currently used by the CCSB per its FY07-08 Educational Facilities Plan (page 12). Percent distribution of enrollment by school type is based on analysis of enrollment patterns for the past five school years (Table 5). An average enrollment mix of 54.0 percent for elementary schools, 16.5 percent for junior high schools, and 29.5 percent for high schools.

Table 5. Percent Distribution of School Enrollments (1)

Grade Level	FY02/03	FY03/04	FY04/05	FY05/06	FY06/07
PK-6	54.5	54.1	54.2	53.8	53.9
7-8	16.3	16.6	16.6	16.7	16.2
9-12	29.2	29.2	29.2	29.5	29.9

(1) Based on school enrollments in the ninth reporting period of the school year
 Source: Clay County School Board; URBANOMICS, Inc.

3.0 School Cost Analysis

3.1 Facility Costs

Impact Fee Technical Reports prepared in 2002 and 2005 used statewide student station cost factors generated by the Florida Department of Education (FDOE). Facility costs using both state cost factors and local cost experience are estimated in this update. The School Board will determine which cost basis they choose to select for impact fee calculations, as both are valid and defensible. Local costs reflect analysis of costs of nine new Clay County schools built since 2000, including four from 2005 to 2007. These nine schools are Argyle, Coppergate, Rideout, and Swimming Pen Creek Elementary Schools, new Elementary Schools “W” and “X”, the Oakleaf School (K-8), Lake Asbury Junior High School, and Fleming Island High School.

A cost analysis for these new schools is presented in Appendix A, in which original costs are adjusted to 2007 dollars based two national/regional construction cost indices. One is McGraw-Hill’s Engineering News Record Construction Cost Index (CCI), which is produced for 20 cities in the U.S. As the closest city, the Atlanta index is used. The US Bureau of Labor Statistics Producer Price Index for new school construction, introduced in December 2005, is the other.

Inflation adjusted local cost factors in 2007 dollars are only 2.4 percent higher than FDOE cost factors, based on a weighted average for all three school types (Table 6). Local elementary school costs are 14 percent higher, based on analysis of seven local schools, including one K-8 school. Four of the seven schools were built from 2005 to 2007. Inflation adjusted local cost factors for junior high and high schools actually are lower than FDOE cost factors. Only one of each type was available to analyze, and both are older (2001 and 2004). Local cost indices used in the analysis may not adequately reflect post-Hurricane Katrina materials and construction cost increases.

Only new elementary schools “W” and “X”, both built in 2007, truly reflect post-Katrina costs. Local cost factors are also minimized by comparatively high percentages of student stations in relocatable classrooms in many schools. For example, 53-54 percent of the student station capacity of Argyle ES and the Oakleaf School (K-8) is in relocatable classrooms. Relocatables account for 35 percent of Rideout ES student stations and 23 percent at Coppergate ES. Fourteen percent of student stations in Lake Asbury JHS and Fleming Island HS are in relocatable classrooms.

Table 6. Student Station Cost Factors, 2007

Type of School	FDOE \$(1)	Inflation Adjusted Local Costs (\$) (2)	Ratio of Local to FDOE Costs
Elementary (PK-6)	19,098	21,725	1.138
Junior High (7-8)	20,623	18,825	0.913
High (9-12)	26,788	24,716	0.923
Weighted Average (3)	21,618	22,129	1.024

(1) FDOE cost factors promulgated in 3/08 for December 2007

(2) Based on local cost analysis (see Appendix A for details)

(3) Weighted average based on enrollment distribution of 0.540 for ES, 0.165 for JHS, and 0.295 for HS

Source: URBANOMICS, Inc.

3.2 Land Costs

The CCSB retained a locally-based real property appraisal firm in 2005 to determine the current cost/value of school sites in the County, either purchased directly or acquired through donation. This study reported a supportable cost/value of \$45,000 per acre for bulk unimproved land near development. It is assumed that during the two years since that work was completed, that land costs/values have increased by five percent per year, such that current 2007 cost/values would be in the order of \$50,000.

The weighted average land cost/value per student is \$1,862 (Table 7), based on current CCSB site planning and school enrollment standards and an assumed current land cost/value of \$50,000 per acre.

Table 7. School Site Cost Factors, 2007

Type of School	Site Size (ac)(1)	Site Cost \$(2)	No. Students (3)	Cost /Student (\$)
Elementary (PK-6)	30	1,500,000	862	1,740
Junior High (7-8)	45	2,250,000	1,005	2,239
High (9-12)	60	3,000,000	1,600	1,875
Weighted Average (4)	----	----	----	1,862

(1) Clay County School Board site planning standards

(2) Based on \$50,000 per acre

(3) Clay County School Board school capacity standards

(4) Weighted average based on enrollment distribution of 0.540 for ES, 0.165 for JHS, and 0.295 for HS

Source: URBANOMICS, Inc.

3.3 *Transportation Costs*

Another cost associated with expansion of school capacity to accommodate additional enrollments is expansion of the fleet of school buses. The CCSB has a fleet of 258 buses as of FY07-08, including 185 (72%) for regular education use and 73 (28%) for special education use. FY07-08 costs of new buses are \$79,205 for regular education buses and \$92,211 for special education buses.

The weighted average cost is \$82,847 based on the proportion of each in the fleet. Use of these vehicles is apportioned approximately as follows: elementary schools (PK-6): 45%; middle schools (7-8): 28%; and high schools (9-12): 27%. These are the same proportionate shares used in the initial 2002 technical report. The estimated weighted average cost factor per student is \$609 (Table 8).

Table 8. School Bus Cost Factors, 2007

Type of School	No. Students, 2007(1)	No. Buses Allocated (2)	No. Buses/ Student	Cost Per Student (\$)(3)
Elementary (PK-6)	19,130	116	0.0061	505
Junior (7-8)	5,757	72	0.0125	1,036
High (9-12)	10,600	70	0.0066	560
Totals	35,487	258	0.0073	609

(1) Enrollment in the April-May period of 2007

(2) Based on 0.45 share fleet utilization for ES, 0.28 for JHS, and 0.27 for HS

(3) Based on a weighted average cost of \$82,847 per new bus in FY07/08

Source: Clay County School Board; URBANOMICS, Inc.

3.4 *Summary of Costs Per Student and Per Household.*

The weighted average total cost of schools and equipment per student based on both FDOE student station cost factors and local cost experience are very close -- \$24,079 (FDOE cost factors) and \$24,600 (local costs) (see Table 9, next page). Weighting is based on a 54.0/16.5/29.5 percent distribution mix of elementary, middle (junior high), and high school students.

Average cost per household is **\$13,027** based FDOE student station cost factors and **\$13,309** using local cost experience. These costs per household reflect an average of 0.541 public school students per household, as determined for 2007 (see Table 3, above).

Table 9. Summary of Costs Per Student, 2007

Type of School	Total Costs Based on FDOE Cost Factors	Total Costs Based on Local Cost Analysis
Elem (PK-6)	21,343	23,970
Junior (7-8)	23,898	22,100
High (9-12)	29,223	27,151
Weighted Average (1)	24,079	24,600

(1) Weighted average based on enrollment distribution of 0.540 for ES, 0.165 for JHS, and 0.295 for HS
 Source: URBANOMICS, Inc.

3.5 Projected New School Costs, 2007-2025

This subsection is presented for information only. Projected costs to 2025 are not a factor in determining impact fees, except to illustrate the magnitude of future funding needs. Estimated costs of new school facilities, school sites, and associated transportation equipment needed to accommodate projected enrollment growth from 2007 to 2025 using FDOE student station cost factors total \$690.6 million, including \$619.8 million for facilities, \$53.4 million for land, and \$17.5 million for school buses in 2007 dollars (Table 10A). Projected costs based on local cost experience total are only \$14.7 million higher than those based on FDOE cost factors and total \$705.3 million in 2007 dollars (Table 10B). Projected costs are higher than those estimated in the 20-year capital needs assessment produced by the CCSB in May 2005, and indicate a much wider funding gap between future capital costs and traditional state and local revenue sources.

Table 10A. Projected New School Costs, 2007-2025 (based on FDOE cost factors)

Type of School	Enrollment Growth	Facility Costs \$(1)	Land Costs \$(2)	Cost of Buses \$(3)	Total Cost (\$)
Elem (PK-6)	15,482	295,675,236	26,938,680	7,818,410	330,432,326
Junior (7-8)	4,731	97,567,413	10,592,709	4,901,316	113,061,438
High (9-12)	8,457	226,546,116	15,856,875	4,735,920	247,138,911
Total	28,670	619,788,765	53,388,264	17,455,646	690,632,675

(1) Based on FDOE cost factors in Table 6
 (2) Based on land cost factors in Table 7
 (3) Based on transportation cost factors in Table 8
 Source: URBANOMICS, Inc.

Table 10B. Projected New School Costs, 2007-2025 (based on local cost experience)

Type of School	Enrollment Growth	Facility Costs (\$)(1)	Land Costs (\$)(2)	Cost of Buses (\$)(3)	Total Cost (\$)
Elem (PK-6)	15,482	336,346,450	26,938,680	7,818,410	371,103,540
Junior (7-8)	4,731	89,061,075	10,592,709	4,901,316	104,555,100
High (9-12)	8,457	209,023,212	15,856,875	4,735,920	229,616,007
Total	28,670	634,430,737	53,388,264	17,455,646	705,274,647

- (1) Based on local facility cost factors in Table 6
(2) Based on land cost factors in Table 7
(3) Based on transportation cost factors in Table 8
Source: URBANOMICS, Inc.

4.0 Credit Analysis

4.1 Determination of Credits

Total costs per household determined above (i.e., \$13,027 and \$13,309 based on FDOE and local cost factors) must be reduced by amounts reflecting the presence of other revenue sources available to help fund new schools and equipment needed to serve growth. In this regard, various existing local and state sources of capital funds are analyzed in this section.

Credits are determined by evaluating the recent history of the amounts of these funds available for and allocated to growth-related facilities and equipment, projecting potential revenues over a period of years, and estimating the net present value of these future revenues. Typically, credits are based on the discounted present value of revenues over some period of years. A modest discount rate of five percent is generally used inasmuch as neither costs nor revenues are inflated and projected future revenues are more uncertain and less valuable than current revenues.

For this analysis, both five-year and 20-year credit periods are used. Newly mandated local school concurrency includes the requirement of five-year cost-feasible plans showing that there is adequate funding for improvements needed in the five-year planning period. Recent school impact fee litigation in Osceola County upheld the concept of a five-year credit period, whereas longer term credit periods in the range of 20-25 years have been the norm. Results of the Osceola County litigation suggest that only revenues available or applicable within the five-year planning time frame can be considered credit eligible.

4.2 Local Ad Valorem Taxes

The CCSB has two local capital funding sources. The largest is a two mill ad valorem tax that is projected to generate revenues of approximately \$20.3 million in FY07/08. Proceeds from the two mill tax are used for a variety of purposes including new construction, repair, remodeling, debt service, and equipment purchases. Analysis of how these two mill revenues were used for the five most recent fiscal years indicates that an average of 32.9 percent was used for capital maintenance, improvement and renovation of existing schools, and equipment replacement (Table 11). This portion of two mill revenues is not credit eligible. The remaining 67.1 percent used to fund debt service and projects that increase school system capacity (i.e., growth-related expenditures) is credit eligible.

Table 11. Use of Two Mill Tax Revenues, FY03/04 to FY07/08

Use	FY03/04	FY04/05	FY05/06	FY06/07	FY07/08 (1)
Two Mill Revs (\$000)	10,990.1	12,407.4	14,410.2	17,749.8	20,260.4
Non-Capacity Expenditures (\$000)	3,099.9	2,899.9	3,731.8	6,034.6	10,740.1
Percent of Revenues	28.2	23.4	25.9	34.0	53.0

(1) Budgeted for FY07/08

Source: Clay county School Board; URBANOMICS, Inc.

Significant shares of future annual two mill tax revenues will continue to have to be allocated for purposes other than providing facilities to serve new growth, including replacement of aging relocatable classrooms and improvement of existing schools. Thus, it is reasonable to assume that the allocation history of two mill revenues in recent years is likely to continue in the future.

4.2.1 Credits for New Residential Development

The credit amount attributed to the two mill tax on a unit of new residential development is a function of the cash flow generated by the average taxable value of a new single family home capitalized over five or 20 years. The average sales price of a new home in 2006 was \$282,609, based on analysis of 2,343 closed sales. Average taxable value is assumed to be 85 percent of sales price, less the \$25,000 standard homestead exemption. The Clay County Property Appraiser typically bases assessed value determinations for new homes on 85 percent of the sales price. This results in an average taxable value of \$215,218 for new single family homes purchased in 2006. These are sales that would be added to the local tax roll for 2007.

Based on this estimated taxable value, the two mill tax would generate annual revenues per unit of \$430.44. This amount is reduced by 32.9 percent to determine the share of revenues allocated for growth-related uses, or \$288.82. When capitalized over five-year and 20-year credit periods at a five percent discount rate, the following present value credits per housing unit result:

- 5-year credit period: \$1,313
- 20-year credit period: \$3,779

These credits reflects the value over time of two mill tax contributions from an average new single family home. Although average taxable values of multifamily units and mobile homes and corresponding credits would be lower, impact fee determinations for the various types of

residential development are indexed to single family housing. Reasons for so doing are that single family housing is the dominant form of residential development in the County and indexing to single family housing simplifies data requirements and analysis.

4.2.2 Credits for Other Taxable Property

Two mill tax revenues generated by all other taxable property in the County toward the cost of new school facilities and equipment is determined by assessing revenues generated per student, converting to an amount per household (housing unit), and projecting a capitalized future revenue stream per household. An estimated \$20,260,376 in two mill revenues are budgeted by the School Board for FY07-08. This amount divided by a projected enrollment of 36,377 for FY07-08, yields an average of \$556.96 per student, or \$301.31 per household (housing unit), based on an average student/household factor of 0.541 as determined in 2007.

This amount (\$301.31) is reduced by 32.9 percent, reflecting the portion of two mill revenues not used to expand school capacity, to \$202.18 per household (housing unit). This amount capitalized over five-year and 20-year credit periods at an assumed five percent discount rate yields the following present value credits per household (housing unit):

- 5-year credit period: \$919
- 20-year credit period: \$2,646

4.3 Local Option Sales Tax Sharing

The CCSB receives a ten percent share of Clay County's one percent local option sales tax. Proceeds are used to fund technology equipment and improvements for existing and new schools. Revenues of \$1.8 million are budgeted for FY07/08, averaging \$49.48 per student based on projected FY07-08 enrollment of 36,377. Analysis of how these revenues were used in the past three fiscal years indicates that only 20 percent was expended for growth-related purposes. Most is spent on replacing and upgrading existing equipment. Thus, approximately \$360,000 of FY07-08 revenues is available for new schools. This represents an average of \$9.90 per student, or \$5.35 per household (housing unit), based on a 2007 student/household factor of 0.541. This amount capitalized over the five-year and 20-year credit periods at an assumed five percent discount rate yields the following present value credits per household (housing unit):

- 5-year credit period: \$24
- 20-year credit period: \$70

4.4 State Capital Funds

State capital funding support to the Clay County school system is of two general types: recurring and non-recurring. Recurring funds are those provided in all or most years over a number of years. Non-recurring funds are those provided very infrequently and at irregular intervals.

4.4.1 Recurring Funding Sources

The State of Florida helps fund capital needs of local school districts through two ongoing annual funding sources: Public Education Capital Outlay (PECO) and Capital Outlay & Debt Service (CO&DS). PECO Fixed Capital Outlay Project funds are used almost entirely to fund new construction and related capital expenditures.

PECO Fixed Capital Outlay Funds. This funding source from FY02/03 to FY05/06 varied from zero in FY04/05 to \$2.2 million in FY02/03 (Table 12). Excluding zero funding in FY04/05, funds averaged \$61.31 per student in the other three years. Funding increased substantially in FY06/07 to \$7,744,075 and another \$13,190,520 is budgeted in FY07/08. These amounts, however, are considered extraordinary and unlikely to be repeated annually in the future. In fact, the CCSB anticipates annual funding in the \$2-\$3 million range after FY07/08. Thus, PECO funds for FY06/07 and FY07/08 are divided into a recurring amount, based on a factor of \$61.31 per student, and a non-recurring balance of \$16,528,613.

Table 12. PECO Fixed Capital Outlay Funding, FY02/03-FY07/08

Fiscal Year	Enrollment	Recurring Funds (\$)		Non-Recurring Funds (\$)	
		Total	Per Student	Total	Per Student
02-03	29,757	2,190,891	73.63	0	0.00
03-04	31,182	1,621,719	52.01	0	0.00
04-05	32,317	0	0.00	0	0.00
05-06	34,118	1,988,602	58.29	0	0.00
06-07	35,487	2,175,708 (2)	61.31 (1)	5,568,367	156.91
07-08	36,377	2,230,274 (2)	61.31 (1)	10,960,246	301.30
Total	-----	-----	-----	16,528,613	-----

(1) Funding per student is average for FY02/03, 03/04, and 05/06

(2) Funding per student applied to enrollment for fiscal year

Source: Clay County School Board; URBANOMICS, Inc.

Credits for the recurring portion of PECO funds reflect average revenues of \$61.31 per student, or \$33.17 per household (housing unit), based on a student/household factor of 0.541 as determined for 2007. This amount capitalized over five-year and 20-year credit periods at a five percent discount rate yield the following present value credits per household (housing unit):

- 5-year credit period: \$151
- 20-year credit period: \$434

Capital Outlay & Debt Service Funds. Funding from this source ranged from to \$192,978 in FY02/03 to a budgeted \$350,000 in FY07/08 (Table 13). The CCSB project annual funding beyond FY07/08 at around \$384,000.

Table 13. CO&DS Funding, FY02/03-FY07/08

Fiscal Year	Enrollment	Total Funding (\$)	Per Student (\$)
02-03	29,757	192,978	6.49
03-04	31,182	199,295	6.39
04-05	32,317	257,583	7.97
05-06	34,118	335,768	9.84
06-07	35,487	300,000	8.45
07-08	36,377	350,000	9.62

Source: Clay County School Board; URBANOMICS, Inc.

Credits for CO&DS funds reflect the latest average revenues per student of \$9.62, or \$5.20 per household (housing unit), based on a student/household factor of 0.541 as determined for 2007. This amount capitalized over five-year and 20-year credit periods at a five percent discount rate yield the following present value credits per household (housing unit):

- 5-year credit period: \$24
- 20-year credit period: \$68

4.4.2 Non-Recurring Funding Sources

The School District has three non-recurring sources of state funds, including extraordinary PECO Fixed Capital Outlay funding received in FY06/07 and FY07/08, Classrooms for Kids funding from FY03/04 through FY07/08, and a High Growth County Grant in FY05-06. These

three sources totaled \$95.8 million in the current and past four fiscal years (Table 14). This level of funding provides significant and much needed relief to the fast-growing, under-funded school system, but is considered an extraordinary non-recurring event, not likely to be repeated for many years, if ever.

Table 14. Non-Recurring State Capital Funding, FY03/04-FY07/08

Fiscal Year	Extraordinary PECO Funding (\$)	Classrooms for Kids Funding \$(1)	High Growth County Grant (\$)
03-04	0	3,194,813	0
04-05	0	1,266,423	0
05-06	0	1,792,727	3,184,671
06-07	5,568,367	38,315,599	0
07-08	10,960,246	31,556,356	0
Total	16,528,613	76,125,918	3,184,671

(1) Portions of total funding in FY03/04 through 05/06 used for growth-related purposes (see also Table 15)
Source: Clay County School Board; URBANOMICS, Inc.

Classrooms for Kids Funds. This program was established to help local school districts meet new class size reduction standards, generally by spreading students over more classrooms, as opposed to creating new school capacity to serve growth. As such, funding from this program ordinarily would not be eligible for impact fee credits. The CCSB used approximately half of the \$12.4 million received in the first three years (FY03/04-FY05/06) to meet class size reduction standards. The remaining half of these funds plus those received in FY06/07 and expected in FY07/08 were and are being used to help finance new growth-related facilities (Table 15). No additional funding is anticipated beyond FY07/08.

Table 15. Classrooms for Kids Funding, FY03/04 to FY07/08

	FY03/04	FY04/05	FY05/06	FY06/07	FY07/08
Total Funding (\$)	8,275,859	2,352,146	1,792,727	38,315,599	31,556,356
Class Size Reduction (\$)	5,081,046	1,085,723	0	0	0
Growth-Related Funds (\$)	3,194,813	1,266,423	1,792,727	38,315,599	31,556,356

Source: Clay County School Board; URBANOMICS, Inc.

Non-Recurring Funding Credits. The three non-recurring funding sources total \$95,839,202, representing approximately 11.5 percent of total growth-related capital costs projected (in 2007 dollars) from 2007 to 2025. These non-recurring funds average \$2,634.61 per student, based on an estimated FY07/08 enrollment of 36,377, and \$1,425 per household (housing unit), based on a student/household factor of 0.541 as determined for 2007. These non-recurring revenues, having been already received by the CCSB or expected in the current fiscal year (FY07/08), represent current income. As such, credits are the same for both the five-year and 20-year credit periods, unlike recurring sources of revenues where credits are based on future revenues.

4.5 Summary of Credits

The total amount of all credits per household for the five-year credit period is \$3,856, including \$2,256 from local sources and \$1,600 from state sources (Table 16). For the 20-year credit period, credits total \$8,422, including \$6,495 from local sources and \$1,927 from state sources.

Table 16. Summary of Impact Fee Credits

Credit Source	Credit Per Household (Housing Unit)	
	5-Year Credit Period	20-Year Credit Period
Local Funding Sources		
Two Mill Ad Valorem Tax - Per New Unit	1,313	3,779
Two Mill Ad Valorem Tax - All Property	919	2,646
Ten Percent Share of Local Sales Tax	24	70
State Funding Sources		
PECO Funding -- Recurring	151	434
CO&DS Funding	24	68
Non-Recurring Sources	1,425	1,425
TOTAL -- All Sources	3,856	8,422

Source: URBANOMICS, Inc.

5.0 *Impact Fee Determinations*

5.1 *Net Costs (Costs less Credits)*

Total costs of new facilities and equipment per household, as determined in Section 3, less total credits per household, as determined in Section 4, represents the theoretical maximum impact fee which can be assigned to a new single family residential unit. Total costs vary widely based on use of FDOE or local facility cost factors, but credits are the same for both. The cost differences result in wide differences in net costs (i.e., potential impact fees). Net costs using both state and local cost factors and five-year and 20-year credit periods are summarized below in Table 17.

Table 17. Comparison of Net Costs Per Household

Costs Per Household	Net Based on FDOE Cost Factors (\$)		Net Based on Local Costs (\$)	
	Five Year Credit Period	Twenty Year Credit Period	Five Year Credit Period	Twenty Year Credit Period
Total Cost (\$)	13,027	13,027	13,309	13,309
Credits (\$)	3,856	8,422	3,856	8,422
Net Cost (\$)	9,171	4,605	9,453	4,887

Source: URBANOMICS, Inc.

5.2 *Housing Characteristics*

Differential impact fees can be determined for and assigned to specific types of housing based on their household sizes and age composition. Individual fees are most often determined for single family homes, multifamily units, and mobile homes to reflect their different characteristics.

Differences in impacts on schools by housing type can be defined, for example, by differences in school-age population (ages 5 through 17). According to the 2000 Census, single family detached homes had an average of 0.67 school age children (Table 18). Multifamily units, defined herein as two or more attached units, had an average 0.31 school age children. Mobile homes averaged 0.57 children of school age. The multifamily average is 46 percent of the single family average, and the mobile home average is 85 percent of the single family average.

Table 18. School Age Population by Housing Type, 2000

	Occupied Units	Population in Units	Total Pop. per Unit	Pop. 5-17 per Unit
Single Family Detached	35,087	101,170	2.88	0.67
Multifamily (1)	6,623	14,296	2.16	0.31
Mobile Home	8,441	23,597	2.80	0.57
Total/Average	50,151	139,063	2.77	0.60

(1) Multifamily defined as two or more attached units
 Source: 2000 Census; URBANOMICS, Inc.

Note: Numbers of school age children per housing unit as determined for this impact fee analysis may be similar to but are not identical to student generation rates used for school concurrency planning and evaluation. For example, enrollments in 2000 were only 91 percent of the defined school age population (i.e., ages 5-17), according to the U.S. Census. School age population data from the 2000 Census was used herein as an indicator of proportional relationships among housing types, and is not intended to represent current public school student generation rates. These rates, which typically are determined separately for elementary, middle, and high schools, can best be determined by surveying new developments by housing type to correlate housing counts with student counts based on analysis of home addresses.

5.3 Potential Impact Fees

Based on these different age characteristics, impact fee levels by type of housing can be indexed to the maximum potential single family fee, as shown below (Table 19). The table shows the theoretical maximum fees associated with five-year and twenty-year credit periods and FDOE and local facility costs. The CCSB will determine the cost basis and credit period most appropriate to the needs of the Clay County public school system.

Table 19. Potential School Impact Fees by Cost Basis and Type of Housing

Type of Housing	Ratio to Single Family	FDOE Cost Basis (\$)		Local Cost Basis (\$)	
		Five-Year Credit Period	Twenty-Year Credit Period	Five-Year Credit Period	Twenty-Year Credit Period
Single Family Dtchd	1.00	9,171	4,605	9,453	4,887
Attached/Multifamily	0.46	4,219	2,118	4,348	2,248
Mobile Home	0.85	7,795	3,914	8,035	4,154

Source: URBANOMICS, Inc.

5.4 Implementation Considerations

5.4.1 School Site Land Value Limitations

It is desirable to implement a two-tier impact fee that separates land and other capital costs, and which recognizes that land cost is a small part of the total cost of delivering new school capacity. Under this two-tier system, credits for contributions of school sites would be applied to only a portion of the total fee. The rationale for this procedure is that schools located in or immediately adjacent to a residential development are conveniences to that development and help promote sales of residential property. Moreover, contribution of land does comparatively little to ease the burden to the CCSB in having to build and equip new schools to serve new residential development. Tables 9 and 10, above, indicate that land represents approximately six percent of the total cost of new school capacity per student, based on an assumed land value of \$50,000 per acre. URBANOMICS recommends that the Clay County continue with its adopted two-tier impact fee approach, where credits for land contributions account for not more than 15 percent of total impact fees.

Appendix A. Clay County School Cost Analysis

School	Year Built	Number of Student Stations (1)	Total Costs, Original and Inflation Adjusted to 2007 (\$) (2)	Cost Per Student Station, 2007 (\$)
Elementary "W"	2007	862 (0)	24,968,949	28,966
Elementary "X"	2007	922 (60)	26,555,131	28,802
Coppergate ES	2005	852 (198)	16,875,448 (2007) 20,132,409	23,630
Oakleaf School (K-8)	2005	1,841 (968)	25,204,340 (2007) 30,068,777	16,333
Argyle ES	2003	892 (480)	13,154,525 (2007) 17,324,509	19,422
Swimming Pen Crk ES	2002	512 (100)	10,965,675 (2007) 15,077,803	29,449
Rideout ES	2000	1,005 (355)	11,025,036 (2007) 15,468,125	15,391
Lake Asbury JHS	2004	1,236 (175)	18,629,527 (2007) 23,268,279	18,825
Fleming Island HS	2001	1,556 (225)	27,006,799 (2007) 38,457,681	24,716

(1) Numbers in parentheses are in relocatable classrooms

(2) Costs include building construction, site work, design fees, and furnishings & equipment

Source: Clay County School Board; URBANOMICS, Inc.

Inflation Adjustment Factors:

00-07:	1.403
01-07:	1.424
02-07:	1.375
03-07:	1.317
04-07:	1.249
05-07:	1.193
06-07:	1.017

Weighted Average 2007 Costs/Student Station:

Elementary Schools (7):	\$21,725
Junior High Schools (1):	\$18,825
High Schools (1):	\$24,716

Note: Oakleaf School included with Elementary Schools