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Dr. Margaret A. Smith
Superintendent of Schools

School Board of Volusia County

Dr. Al Williams, Chairman
Ms. Judy Conte, Vice-Chairman
Ms. Candace Lankford
Mr. Stan Schmidt
Mrs. Diane Smith

December 5, 2006

Mr. James Dinneen
County Manager
County of Volusia
Thomas C. Kelly Administration Center
123 W. Indiana Avenue
DeLand, FL 32720

FYI

Dear Mr. Dinneen:

Re: Volusia County School District Impact Fee – Indexing Update

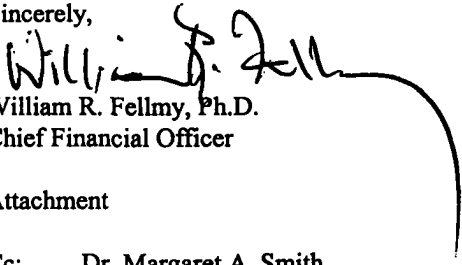
Attached is a copy of a report prepared by Tindale-Oliver and Associates, Inc. updating the indexing component of the impact fee pursuant to Article V, Section 70-175 of the Volusia County Code of Ordinances. The Ordinance requires a new study to be performed every three years and in the intervening years, the amount of the impact fee is to be indexed for the changing costs of school construction and values of land.

In the last twelve months, we have completed the construction of three schools including Manatee Cove Elementary, New Smyrna Beach High School and Mainland High School. Mainland High School was constructed to replace the existing facility and includes additional costs not associated with the construction of a new school. The cost of this school was excluded in the calculation of the weighted average cost per square foot.

Based on a review of the costs for the two new schools completed within the last twelve months, a weighted average cost of 2.2 percent per square foot was developed. The land component of the index is based on the percentage change in Volusia land values and was reported to be 36.4 percent. The increase in construction costs was weighted at 90% and the increase in land costs was weighted at 10%. The resulting percentage increase in the impact fee is 5.6 percent. The dollar amount of the increase is calculated to be \$321.68, and the amount of the new fee is \$6,065.94.

Let me know if we can provide any further information or assistance in this matter.

Sincerely,



William R. Fellmy, Ph.D.
Chief Financial Officer

Attachment

- Cc: Dr. Margaret A. Smith
Dr. Al Williams
Ms. Judy Conte
Ms. Candace Lankford
Mr. Stan Schmidt
Mrs. Diane Smith
Patricia Drago
Tim Huth
Rich Kizma
Ron Yates



December 1, 2006

Mr. Rich Kizma
Chief Counsel
Volusia County School District
200 North Clara Avenue
DeLand, FL 32720

Re: Volusia County School District Impact Fee – Indexing Update

Dear Rich:

Per your request, Tindale-Oliver & Associates, Inc. (TOA) has updated the indexing component of the Volusia County School District Impact Fee pursuant to Article V, Section 70-175 of the Volusia County Code of Ordinances, which is attached as an addendum to this letter. The Ordinance allows the indexing of both construction and land costs. Below is our recommendation concerning the indexing of the Volusia County School District Impact Fee.

Based on the language contained in the County Ordinance, the construction component of the impact fee analysis can only be updated based on schools constructed within the last year (since December 2005). As confirmed with Pat Drago, construction of three schools has been completed in the last twelve months, including Manatee Cove Elementary, New Smyrna Beach High School, and Mainland High School. Since Mainland High School was constructed to replace the existing facility and includes additional costs not associated with the construction of a new school, the cost of this school was excluded in the calculation of the weighted average cost per square foot.

Based on a review of the costs for the two new schools completed within the last twelve months, a weighted average cost per square foot was developed. Costs include construction costs; architect and engineering costs; administration costs; sitework, surveying, and testing costs, and the cost of furniture, fixtures, and equipment. The result is an increase in the weighted average cost per square foot of 2.2 percent. Several schools also are in the process of being constructed, such as Osteen Elementary and Elementary "V". In addition, bid documents have been received for three new schools, including one new elementary school, one new middle school, and one new high school. The bid documents recently received indicates that the construction cost per square foot is significantly higher for these schools than is the costs for the two schools completed this past year. However, given that these schools have not been constructed at this time, they are not included in this indexing update, but may be considered in the future.

**Table 1
Volusia County School District Construction Costs (2005-2006)**

Year	Weighted Average Cost per Square Foot	Percent Increase
2005	\$149.51	
2006	\$152.75	2.2%

Note: The construction cost per square foot was not increased from 2004 to 2005, since construction had not been completed for any schools during this period. Therefore, the 2005 cost per student station is from the technical report titled *The Volusia County School Impact Fee Update*, Tindale-Oliver and Associates, February 2006. The 2006 cost per student station is based on the costs for Manatee Cove Elementary and New Smyrna Beach High School, both constructed within the last twelve months.

Per the County Ordinance, the land component of the index is based on the percentage change in just property values as reported by the Volusia County Property Appraiser based upon the most recent final tax roll for Volusia compared to the final tax roll of the preceding year. Table 2 presents the percent increase for just land values in Volusia County over the past 12 months, which is 36.4 percent.

**Table 2
Volusia County Just Values (2005-2006)**

Year	Just Land Value	Percent Increase
2005	\$40,950,203,731	
2006	\$55,873,967,198	36.4%

Source: Volusia County Property Appraiser

As specified in Article V, Section 70-175, the indexing component shall be “based upon a blended rate of ninety percent of which is based on the percentage change in school constructions costs and ten percent of which is based on the percentage change in property values.” As previously mentioned, the construction cost component of the index should be adjusted by 2.2 percent, based on the cost of schools constructed in the last twelve months, while the land value component of the index should be adjusted to reflect the percent increase over the last 12 months of the countywide just land values contained in the recently certified 2006 tax roll, or 36.4 percent.

As shown in Table 3, applying these percentages would provide a combined index of 5.6 percent. This index is then applied to the currently adopted weighted average residential school impact fee.

**Table 3
Indexing Application**

Component	Annual Increase ⁽¹⁾	Percent of Total ⁽²⁾	Index ⁽³⁾
Construction Cost	2.2%	90%	2.0%
Land Cost	36.4%	10%	3.6%
Weighted Average			5.6%

- (1) Source: Table 1 for annual increase of land
- (2) Source: Volusia County Code of Ordinances, Article V, Section 70-175
- (3) Annual increase (Item 1) multiplied by percent of total (Item 2)

The currently adopted school impact fee, which includes a three percent administration fee, is \$5,744.26. Applying this index, as well as the administration fee, would result in an increase of the impact fee from \$5,744.26 to \$6,065.94 ($\$5,744.26 \times [1+0.056] = \$6,065.94$).

Please let me know if you have any questions.

Sincerely,
Tindale-Oliver and Associates, Inc.



Robert P. Wallace, P.E., AICP
Vice-President

**ADDENDUM
ARTICLE V. SCHOOL IMPACT FEE**

Sec. 70-175. Methodology for calculating the impact fee.

(a) The amount of the impact fee shall be determined by the impact fee calculation set out in the impact fee calculation report. The impact fee calculation shall apply the following formula:
Impact fee (net capital cost) = Total capital cost - External revenues - Local capital revenues apportioned per dwelling based upon the student generation rate.

In performing the impact fee calculation, the same definitions as provided herein shall be used.

(b) On February 1, 2006, and February 1 of every subsequent year thereafter the impact fee shall be adjusted to reflect any inflation or deflation in school construction costs after December 1, 2004, based upon a blended rate of 90 percent of which is based on the percentage changed in school constructions costs and ten percent of which is based on the percentage change in property values. The percentage change in school construction costs will be the average of the percentage changes in the cost per square foot of schools completed in the previous 12-month period compared to the prior year's determination of cost per square foot. If no schools have been completed within the previous 12-month period, then the prior year's percentage change in cost per square foot will be used. The change in property values will be the percentage change in just property values as reported by the Volusia County Property Appraiser based upon the most recent final tax roll for Volusia compared to the final tax roll of the preceding year. The school board shall provide the adjustment rate with the revised impact fee amount to the county by December 1 of the year preceding the effective date for collection of the revised impact fee.

(c) For any revised calculation as provided in this section, the effective date of the new impact fee amount shall be the 1st day of February next following the school board having provided the adjustment rate as described in subsection (b).

Ordinance No. 97-7, § VII, 5-15-97; Ordinance No. 2005-01, § V, 2-24-2005