



Dr. Margaret A. Smith
Superintendent of Schools

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

December 7, 2007

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

Re: Update to Volusia County Educational Impact Fee – 2007 Indexing Update-
Amended

Dear Mr. Dineen:

In accordance with Article V, Section 70-175 of the Volusia County code of Ordinances, my office forwarded the required indexing component to you on November 30, 2007.

Subsequent to that, we have received an amended indexing update from our consultant, Tindale-Oliver & Associates, Inc. on December 5, 2007. Based on that amended information, we are submitting the following to supersede the November correspondence.

Attached is an amended 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 two schools including Cypress Creek Elementary and Osteen Elementary.

Several factors during the replacement of Mainland High School make the project an anomaly for indexing cost purposes. First, was the contribution of \$2.5 million by Vince Carter to expand the gymnasium by a second floor housing three courts. The second factor affecting the costs was the construction of a temporary campus, renovation of spaces for students during construction and demolition of the old campus, all in a multi-phase contract that required one year longer due to the phasing. Lastly, the contract was for a Construction Manager at Risk which is a negotiated contract with a fee. The truer measure of market price is a hard bid contract as used in the other projects used for indexing.

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Amended Update to Volusia County Educational Impact Fee
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Based on a review of the costs for the new school completed within the last twelve months, a weighted average cost of 44.7% 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 6.6%. The resulting percentage increase in the impact fee is 40.9%. The dollar amount of the increase is calculated to be \$2,408.71, and the amount of the new fee is \$8,297.97. Adding the County's three percent administration fee to the indexed fee would result in a total fee of \$8,546.91.

Please feel free to contact me if we can provide any further information or assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Moll', with a stylized flourish at the end.

Robert Moll, Ed. D.
Deputy Superintendent
Financial and Business Services

RM/ehs

Attachment

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



Tindale-Oliver & Associates, Inc.

Planning and Engineering

December 5, 2007

Mr. Robert Moll
Deputy Superintendent for Financial & Business Services
Volusia County School District
200 North Clara Avenue
DeLand, FL 32720

Re: Volusia County School District Impact Fee – 2007 Indexing Update - Amended

Dear Dr. Moll:

The Volusia County School Board retained Tindale-Oliver & Associates, Inc. (TOA) to calculate the 2007 index for the Volusia County School 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 recommended index is to be submitted to Volusia County by December 1, 2007. In accordance with the Ordinance, TOA completed the indexing analysis and submitted a letter summarizing the results of the indexing analysis to you on November 30, 2007.

Last year, when calculating the 2006 index, TOA prepared two indexing scenarios. The first scenario included the construction costs for Mainland High School, which was one of the schools completed within the prior twelve month period. However, since Mainland High School was constructed to both replace and expand the existing school facility and included additional costs not typically 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. The decision to exclude the costs for Mainland High School was based on several discussions with School District staff. Therefore, the second scenario reflected a weighted average construction cost per square foot that excluded Mainland High School. It was this second scenario, which excluded Mainland High School, which was used in the 2006 indexing recommendation submitted to Volusia County.

Shortly after sending you this letter, TOA realized that the indexing analysis for 2007 based the percent increase in the construction cost from 2006 to 2007 on the 2006 cost per square foot scenario that included Mainland High School. This is incorrect since the decision was previously made to exclude Mainland High School from the indexing calculation last year. Therefore, we are submitting this amended letter, which corrects the indexing analysis to reflect the actual weighted average cost per square foot used to calculate the 2006 index. We apologize for any inconvenience this may have caused both the School District and Volusia County. The remainder of this letter summarizes the results of the amended indexing analysis.

As previously mentioned, TOA has updated the indexing component of the Volusia County School Impact Fee pursuant to the above referenced Ordinance. The Ordinance allows the indexing of both construction and land costs based on the distribution specified in the Ordinance. 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 past twelve months (since December 2006). As confirmed with Pat Drago, construction of two schools has been completed in the past year, including Cypress Creek and Osteen elementary schools. A third school, Taylor Middle-High School, also was completed this past year; however, similar to Mainland High School, this was a replacement school that included costs not typically associated with the construction of a new school. Therefore, Taylor Middle-High School was not included in the indexing analysis.

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Based on a review of the costs for these two elementary schools, a weighted average cost per square foot was developed. This figure includes construction costs; architect and engineering costs; administration costs; site improvements, 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 44.7 percent.

Table 1
Volusia County School District Construction Costs (2006-2007)

Year	Weighted Average Cost per Square Foot ⁽¹⁾	Percent Increase
2006	\$152.75	
2007	\$220.99	44.7%

(1) Source for the 2006 weighted average cost per square foot is the 2006 indexing analysis completed for the Volusia County School District. The weighted average cost per square foot for 2007 is based on cost information provided by the Volusia County School District Facilities Department for Cypress Creek Elementary and Osteen Elementary, which were bid in May 2005 and June 2005, respectively.

Per the County Ordinance, the land component of the index is based on the percent change in just property values over the past twelve months, as reported by the Volusia County Property Appraiser. To determine this percent change, the countywide just property value from the 2006 tax roll is compared to the countywide just land value from the recently certified 2007 tax roll. Table 2 presents the percent increase in the countywide just land value for Volusia County over the past 12 months, which is 6.6 percent.

Table 2
Volusia County Just Values (2006-2007)

Year	Just Value	Percent Increase
2006	\$55,873,967,198	
2007	\$59,551,507,024	6.6%

Source: Volusia County Property Appraiser

As specified in Article V, Section 70-175 of the Ordinance, 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 44.7 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, or 6.6 percent.

As presented in Table 3, applying these percentages would provide a combined index of 40.9 percent. This index is then applied to the currently adopted weighted average residential school impact fee.

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Table 3
Indexing Application

Construction Cost	44.7%	90%	40.2%
Land Cost	6.6%	10%	0.7%
Weighted Average			40.9%

- (1) Source: Table 1 for annual increase in construction costs and Table 2 for annual increase in 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, less the three percent administration fee, is \$5,889.26. Applying this index results in an increase of the impact fee from \$5,889.26 to \$8,297.97 ($\$5,889.26 \times [1+0.409] = \$8,297.97$). Adding the County's three percent administration fee to the indexed fee would result in a total fee of \$8,546.91.

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