

# **Half-Cent Sales Surtax Citizen Advisory Committee**

## **Meeting Minutes**

Monday, June 17, 2019

### **Opening**

The regular meeting of the Half-Cent Sales Surtax Citizen Advisory Committee was called to order at 4:00p.m. on Monday, June 17, 2019 at the United Way Agency, 117 Bridge Street, St. Augustine, FL 32084 by Mr. Hardman, Chairman.

### **Present**

Ed Albanesi, Susan Connor, Jack Hardman, Barbara Little, Dr. Bill McCormick, Grant Misterly, and John Quattrochi. Alternates: Jason Lewis. Absent: Joseph Adiutori, Derek Barrs, Thomas Cave, Christine Chapman, Damian Cook, Fred Danner, Melissa Nelson and Norvie Veracruz. School District staff present: Nicole Cubbedge, Mike Degutis, Cathy Mittelstadt, Paul Rose, Colin Kirkland, Elizabeth Moore, and Judith Harvey.

### **Approval of Minutes**

Minutes from the March 25, 2019 regular meeting were then approved with a motion by Mr. Albanesi and seconded by Mr. Lewis. A vote was taken, and the motion was approved.

### **Financial Reporting**

Mr. Degutis gave the Financial Reporting update. He began with the 2018-19 Sales Tax Receipts handout. He stated that the numbers in bold are actual receipts which have been received through March of 2019. He stated that March 2019 was the largest monthly receipt since the inception of the sales surtax. He stated that the remaining projected amount was \$5 million. The 18/19 projection for the budget was \$19 million so the increase over the projected budget would be \$1,849,651.53. At the bottom of that handout, he noted the area in goldenrod showing the total interest earned from Bond Proceeds and Sales Tax Revenue of \$489,808.66. Next, Mr. Degutis reviewed the handouts with the graphs for the monthly/quarterly sales tax revenue. He noted that the lines follow similar paths and that typically December and March are the highest. He stated that the quarterly showed December as a little higher with a little decrease in March, but it was larger than the previous year. Mr. Hardman asked if car sales and buying things in different counties made up these funds. Mr. Degutis stated in the affirmative. Mr. Hardman then asked if car sales were a significant portion of these funds. Mr. Degutis stated yes

but it also included durable goods. He said the half cent sales surtax is limited to the first \$5,000 of these items. Mr. Rose said it equates to 6%. Mr. Degutis said individually that the sales tax is not a big impact. Mr. Degutis then stated that the benefit is tremendous as it can be seen in the project reporting. Mr. Hardman stated that the sales surtax in Duval County has been a fiasco. He asked if Duval County School District had asked to meet with St. Johns County School District (SJCS D) to discuss the tax. Mrs. Cubbedge stated that there is not a lot of communication between Duval County Schools and SJCS D. Mrs. Cubbedge stated that the two school districts are very different. Mr. Hardman stated that the Times Union newspaper had pointed out the differences between the two districts especially the economic differences. Mr. Degutis stated that counties south of SJCS D have asked questions of SJCS D but not Duval. Mr. Hardman asked if the half-cent sales surtax can be a part of the general election. Mrs. Cubbedge stated that the half-cent sales surtax in St. Johns County was on the ballot in a special referendum, but it was not the only item on the ballot.

Next, Mr. Degutis reviewed the Summary of Funds handouts for Capital Projects and Debt Service as well as the breakout handout for Capital Projects and the breakout handout for Debt Service. Mr. Degutis stated that Mr. Hardman had asked for this information in this format and that it was broken down by source. He stated that the information was pulled as of May 31, 2019. Dr. McCormick asked about the miscellaneous income/rebates which were listed. Mr. Hardman then asked about the origination of the rebates. Mr. Degutis explained that an example of the rebates would be JEA. He stated that there are also rebates from state agencies and that these funds always come back to the original fund source. Mrs. Cubbedge stated that there will be more of these rebates. She stated that the technology improvements will generate rebates and that the rebates are not just a part of the construction piece. Mr. Degutis stated that under the debt service information, the admin fees should probably be retitled. He stated that \$410,000 of those funds were paid in order to issue the bond. Dr. McCormick asked if that was a one-time fee and Mr. Degutis stated yes. Mr. Degutis stated that there are four major categories and these are Meet The Needs of an Increasing Student Population, Maintain High Quality Educational Facilities, New Technology and Continue to Keep Children Safe. Mr. Hardman asked if these items had been closed out. Mrs. Cubbedge stated that they had not been closed out yet. She stated that the numbers should go down and that the funds will remain encumbered until the projects are finished. Mr. Hardman asked if the funds show as spent if they have been encumbered and Mr. Degutis stated yes.

Mr. Misterly asked if St. Johns County has impact fees. He further asked if the impact fees are assessed when the developer builds the homes and if the fee goes to the schools and is the fee insufficient. Mrs. Cubbedge answered yes and that also some developments are exempt from impact fees because they were started prior to impact fees. She stated that St. Johns County is transitioning to a new way of doing impact fees. Mr. Misterly asked if the numbers would diminish. Mrs. Cubbedge stated that new developments pay impact fees, but it also depends on construction costs. If construction skyrockets, then it could perpetuate. She stated that, with school concurrency, the developments pay earlier, and it is easier to get ahead of skyrocketing costs. She said there is also a backlog and some improvements from sales tax are helping to fix the backlog. She stated that it is a timing issue and that the District needs to save. She further

stated that the impact fees are not taken until the kids are ready to start and so the impact of the students starting is quicker than the money coming in. Dr. McCormick asked if new developments can't be asked to pay for old issues and also with infrastructure. Mrs. Cubbedge stated that it is not a perfect scenario. Mr. Misterly asked that if the District has the sales tax then hopefully it would not perpetuate. Mr. Lewis stated that schools age so it will still perpetuate. Dr. McCormick stated that the Planning and Zoning Agency (PZA) is asking the permitting office and Mrs. Cubbedge in advance so everyone knows what is going on. He also noted that information comes to the PZA, but the schools are not always mentioned. Ms. Connor said that 55+ neighborhoods don't pay impact fees and that she had heard that land was donated for the new high school. Mrs. Cubbedge said there were no donations. Ms Connor asked if there had ever been donations and Mr. Degutis stated that developers often call it a donation. Mrs. Cubbedge explained that it is part of the mitigation and the land can offset the mitigation amount, but it is not a donation. Mrs. Cubbedge said there are several 55+ communities in Rivertown, Nocatee, etc and the District is fine with them. She said they can't have children living there for 30 years because they have an irrevocable covenant for 30 years.

Mr. Hardman said he drove by Palm Valley Academy (PVA) and there were portables. Mrs. Cubbedge stated that there were 8 new relocatables there and the school only has Kindergarten through 7<sup>th</sup> grade this year. Mr. Hardman asked if the District owns or leases the relocatables. Mrs. Cubbedge stated that the District leases them. Dr. McCormick asked if leasing would not be more expensive. Mrs. Cubbedge stated that leasing is more expensive, but it is not permanent capacity. She stated that if the District owns the relocatables then the developer can count them as permanent capacity and that other districts were denied new seats because of relocatables. Mr. Misterly asked if other counties were experiencing the same situations. Mrs. Cubbedge stated that some were and that some counties were also closing schools. Mr. Hardman stated that Duval County was doing that by trying to close schools and consolidate.

## **Project Reporting**

Mr. Rose gave the project reporting update. He stated there were six roofing projects of which three were from sales tax. These three were Rawlings Elementary, Gamble Rogers Middle School and Switzerland Point Middle School. He stated that Liberty Pines Academy (LPA) will be getting an expansion and it will be funded through sales tax. He said they would have bids in late July and award it in September. He said the new expansion will open in the 2020-2021 school year. Mr. Hardman asked about an example of where that would be in the budget. Mrs. Cubbedge explained that it would fall under saving for new construction. She said the District knew that items would be coming so they set aside funds for those items. Mr. Hardman stated that these funds then were already in the budget but had not been spent yet. Mrs. Cubbedge stated in the affirmative and funds would be moved towards the LPA expansion. She also stated that in the next budget, there would be funds saved for the next school. Mr. Rose then discussed the wireless bus technology. He also stated there would be several cameras on the buses. He said the buses would be locked and secured and that the buses would go to the Crookshank bus

depot and upload there and then upload to high school sites for safety and security. He stated that transportation resources are a challenge so this technology will help.

Mr. Rose then discussed the security cameras districtwide. Ms. Mittelstadt stated the District is moving towards all schools having security cameras with real time access by the Sheriff's office. Mr. Rose then discussed electric fencing and gate access controls and they are also working on efficiency for example in letting delivery trucks into the schools. He said they are also working on entry system buzzers at all schools. Dr. McCormick stated that the Sheriff's office came out to his HOA and that the Sheriff's office has an upgraded approach to the Ring system. Mr. Hardman stated that the camera responsibility lies with the homeowner. Mr. Hardman asked if the Sheriff's Department told them what cameras to purchase. Dr. McCormick said no but that the Ring was discussed. Ms. Connor asked when all the schools would have the buzzer system. Mr. Rose stated by the start of the school year and that they were working on it. He stated that the District Information Technology department (IT) would integrate with the Sheriff's office and it would be comprehensive school-wide. Mr. Rose also stated that the District does not use the Ring because there are weaknesses there with certain flaws and they are using a more tried and true system. Mr. Rose stated that all the front doors of the school will be locked as the single point of entry. All visitors will be buzzed in through a speakerphone that provides a video to the receptionist. The receptionist can then see who is trying to enter and can screen accordingly. Dr. McCormick asked if there was an individual in the Tech Department that one could contact if they wanted to know more. Mr. Rose stated that much of the information regarding security is protected and that the District cannot let everything out to the public. He said they would try to answer any questions, but they have to be careful to ensure that students' rights are protected as well.

Mr. Rose then stated that the Zonar technology which uses GPS will allow the Transportation department to see where the buses are in real time. He stated that this technology is very helpful especially with substitute drivers navigating through routes. Mr. Hardman asked about the bus driver recruitment. Ms. Connor asked how many new buses are needed in the new schools. Mr. Rose stated that it depends upon the school because some of the new schools are community schools so they can have bikers and walkers. Ms. Connor asked about the middle schools starting ten minutes earlier. She asked if it was because of transportation and the buses being consistently late. Mr. Rose stated that as the County grows, there is more traffic, so they are continually adjusting times. He also stated that the economy is very good, so the District is also competing with other jobs, so they have had to become very creative in recruiting bus drivers. He stated that they have placed signs on the buses to recruit and that the Director of Transportation, Mr. Al Pantano, is always thinking of new ways to recruit. Ms. Little stated that she commends the District on safety and transportation. She asked about the new part of 2209 opening prior to school starting. She said she was also concerned about the buses in the Johns Creek area, so she wanted to know Mr. Rose's thoughts on that situation. Mr. Rose said it depends on routing and when the road opens. He said they will evaluate and then make decisions. He stated that the bus planning software helps with designing the best route. Ms. Little stated that they seem to be impressive systems.

Ms. Connor asked about the capacity for LPA after the expansion. Mrs. Cubbedge stated that LPA has 1500 students. She said that Palm Valley Academy (PVA) and Freedom Crossing Academy (FCA) were built for 1500. She stated that the zoning for PVA and FCA helped Valley Ridge Academy (VRA) and Patriot Oaks Academy (POA) but it did not help LPA, but the expansion would help. Ms. Connor asked if the schools must take the kids. Mrs. Cubbedge stated that some districts do “caps and bus” but that SJCS D does not. She said that would be more costly and disruptive. She stated that SJCS D adds relocatables and rezones often. Mr. Hardman asked if there is any rezoning for the fall. Mrs. Cubbedge said yes and probably in the spring. Mr. Rose stated that the PE pavilion at RB Hunt is opening. Mr. Rose stated that, on the surface, the project seemed simple, but it involved some major utility work. Ms. Connor said it was impressive and seemed bigger than anticipated and that it looks great.

Mr. Hardman asked if there will be any new school construction next year. Mrs. Cubbedge stated a new high school is needed. She stated at this time that the District is working on a high school site in the World Golf Village area, but she can’t reveal any details at this time. She said it would not be funded with sales tax dollars. She said that Bartram Trail High School (BT HS) and Pedro Menendez High School (PMHS) were built in 2000. She also stated that the last two high schools that were built in 2008 were Ponte Vedra High School (PVHS) and Creekside High School (CHS). She further stated that the District is behind on building high schools. She noted that the District has built several K-8’s and an elementary but the next need is relief for BT HS and Nease High School (NHS). She said the LPA expansion will begin in the fall and that Mill Creek Academy (MCA) will finish up this fall. Ms. Little asked where the new high school would be. Mrs. Cubbedge stated that it would be in the World Golf Village area. Mr. Hardman asked, that since cash was accumulating through the sales tax, would there be enough committed for one school or to split with other funds. Mrs. Cubbedge stated that it would not be for a high school and the District is staying committed to the critically needed list. She said as far as school construction, the District has the LPA expansion starting and then there will be an expansion to South Woods Elementary and a K-8 in Nocatee and then an elementary school in the southern part of the county. She said the District must finish the critically needed projects. She said that costs for some were higher, but they needed to build the K-8’s for 1500 students instead of 1100 and that they are saving for South Woods, the Nocatee K-8 and an elementary school in the southern part of the county. She said the high school will not be funded from sales tax but is on the priority list. Ms. Connor asked if the elementary schools in the southern part of the county were overcrowded. Mrs. Cubbedge stated that Otis Mason Elementary is not overcrowded but is approaching that threshold. She stated that there is a lot of development on 207 so it will also impact Osceola Elementary and The Webster school. Ms. Connor asked if the elementary school for the southern end of the county was fourth on the list. Mrs. Cubbedge stated in the affirmative. Mr. Hardman stated that the commitment to the county should always be at the forefront. Mrs. Cubbedge noted that they are working down the list. Mr. Hardman said some areas are getting more than others. Mrs. Cubbedge stated that they were careful that the list covers the entire District and not just the northern part. Dr. McCormick asked if there were complaints in the southern part of the County. Mrs. Cubbedge stated that projects for the southern part of the county are coming but they will be at the end of the ten-year period rather than the beginning.

## **Legislative Update**

Mr. Kirkland gave the legislative update. Mr. Kirkland stated that the budget for education for the State was \$22 billion. He stated there was an \$800 increase in FEFP across the districts. He stated that translates to \$242 per student statewide. He stated that flexible operational dollars increased \$75 per student whereas last year it was 47 cents. He said much of this was driven by the Senate. He said security was still a big funding issue. He also stated there were some policy issues and one was the sales tax issue. He said it would need to be put on the ballot in a general election. Ms. Connor asked if that was typically bad for passing a sales tax. Mr. Kirkland stated that it could be. Mr. Hardman said he would be afraid it would get caught up in politics. Mr. Kirkland then discussed referendums on the legislative tax package which will require all future millage referendum dollars to be shared with charters. He said it would depend on the perspective and would generate a lot of discussion. He said some other policies centered around teacher certification and school safety.

## **Cumulative Perspective Spreadsheet Handout**

Mrs. Cubbedge then reviewed the cumulative perspective spreadsheet. She stated that Mr. Quattrochi had asked for this perspective. Mrs. Cubbedge stated that she strictly used the budget so it may not match up perfectly with the projections. She stated that she set up the spreadsheet from 2016-2017 with the number of schools, students, the sales tax generated and the budget. She stated that it would be a good way of keeping track of where everything started and then how it ended up at the end of the ten years. Dr. McCormick asked about funding to keep the security firm. Ms. Mittelstadt stated that it was not sales tax dollars. She said they were still going to use the hybrid model with some enhanced training. Dr. McCormick asked if the security firm was providing officers again. Ms. Mittelstadt stated yes with some enhanced training from the Sheriff's office. Dr. McCormick asked about arming teachers. Ms. Mittelstadt stated that no employees of SJCS D would be armed. Mr. Quattrochi asked about the size of the high school and would it be 1500 students. Mrs. Cubbedge said they had moved to the model with 2100 students. Ms. Connor asked if there was not enough money for new schools. Mrs. Cubbedge stated that the CAC only sees the sales tax dollars. She also stated that costs have skyrocketed. Mr. Hardman stated that he liked the spreadsheet and would like to see the June 30<sup>th</sup> numbers. Mrs. Cubbedge stated that they would continue with the spreadsheet and this was just a snapshot. Ms. Connor said the enrollment numbers were also helpful. Mrs. Cubbedge noted that the numbers look a little funny because the elementary was up and then went down but that was attributed to the transition of Mill Creek Elementary into Mill Creek Academy, a K-8 school. Mr. Misterly asked from an outside purview how the funding for a school system is broken out. Mrs. Cubbedge asked if he was referring to funds from a capital standpoint. Mr. Misterly said he was not sure. Mrs. Cubbedge stated that St. Johns County has changed the structure of the impact fees. The fees are no longer flat but can be up or down depending on the size of the home. Mr. Misterly stated that the sales tax is a hefty piece, and would it be a

perpetual thing. Mr. Lewis stated that the full budget was in the \$600-\$700 million range. Mr. Degutis stated that Mr. Misterly's question was a good one. He said the budget is over \$700 million and that there are 4-5 major parts such as operations, capital budget, debt service budget, special project budget and the internal budget which is self-funded. He also stated that the sales tax is just a piece of the overall budget. Dr. McCormick asked about overseeing the capital funding and sales tax and if looking at all funding did not fall under the responsibilities of the CAC. Mr. Hardman stated that he would like to keep the group educated so they can tell the community what is going on so he would be interested in a brief schedule of the capital budget with the understanding that the sales tax is just a portion of the overall budget. Mr. Misterly stated that looking at impact fees and the deficit between what is needed, and inflow would be helpful. He said he would like to see the numbers and how the capital plan is working. Ms. Connor felt that it should be reiterated to the community that the tourists are paying the bulk of the tax and that these funds should not be left on the table. Mr. Misterly stated that other groups are looking for ways to offset funding issues so the next time the sales tax comes up, it could be a different landscape. Ms. Mittelstadt stated that this is year 8 for the District. Mr. Hardman asked for the staff to work on this for the next meeting. Mrs. Cubbedge stated that they would.

### **Public Comment**

None

### **Next Meeting Date/Time**

The next meeting will be held on Monday, September 16, 2019 at St. Johns County School District, 40 Orange Street, St. Augustine, FL at 4:00pm.

### **Adjournment**

Mr. Albanesi made a motion to adjourn and Dr. McCormick seconded the motion. The meeting was adjourned at 5:29pm.

Minutes submitted by: Judith Harvey