

Orange County Public Schools **MEMO**

April 12, 2005

TO: Ronald Blocker, Superintendent

FROM: Henry R. Boekhoff, Chief Financial Officer

SUBJECT: AGENDA ITEM: Request Approval of the Interpretation of Capacity Enhancement Agreements to Reflect the School Impact Fees Update Adopted on March 8, 2005 and to Require Pre-Payment of Impact Fees on Unvested Units Prior to Final Plats/Final Site Plans

BACKGROUND:

Capacity enhancement agreements (CEAs) were established to mitigate impacts of developments seeking increases of residential density where school capacity was not available. An important consideration in this process is that any new units so created ("unvested" units) pay the full cost per student station.

In analyzing the cost of student station related to these new units, it became clear that available revenues received through impact fees were not sufficient to address student station cost and the "additional contribution" was required to ensure that these new units paid their full student station cost. This condition was exacerbated by the fact that, since impact fees were not sufficient, the impact fee paid by currently approved units ("vested" units) was adding units that were not paying their way.

The "additional contribution" included in CEAs was originally identified as \$1,500 per unit but as the analysis model was refined it was more in most cases. In any event, it was due at the approval of final plat or final site plan (for multi-family projects).

With the passage of the updated impact fees by the Board of County Commissioners on March 8, 2005 the impact fees will be countywide and will apply to all "vested" and "unvested" units. This will go in to effect on May 1, 2005. Consequently, the full cost of student station *will* be addressed countywide.

To date, the School Board has approved some 86 CEAs. Except for a very few early ones in which the action required of the developer's was to build a school or donate land, all of them included provision for additional or "voluntary" contributions of funds. The requirement in the CEA is for prepayment of additional contributions and impact fees on unvested units at the time of final plat approval. As noted, with the approval of the updated impact fees, all "vested" and "unvested" units will be assessed, assuring that student station costs are met.

Thus, for simplicity and consistency, staff is requesting that the School Board authorize an interpretation and application that provides:

- Effective May 1, 2005, the updated School Impact Fee of \$7,000 per single-family unit, \$3,807 per multi-family unit and \$4,160 per mobile home unit be considered to be the financial contribution to be paid to fulfill the financial obligations of CEA agreements.
- The pre-payment for unvested units at the time of final platting/final site plan will remain.

For those projects with executed CEAs that have already completed a part of their platting and paid the impact fees and voluntary contributions due at that time, the interpretation of this resolution will only apply to the remaining portions of their CEA.

In addition, it is recommended that all *new* CEAs include a provision for pre-payment of impact fees *prior* to the approval of the final plats/final site plans. This will facilitate knowledge and assurance by local governments that CEA conditions have been met in order for them to approve final plats/final site plans.

With this change the crucial element in the capacity enhancement process will be the determination of timing of when capacity will become available.

FISCAL IMPACT STATEMENT:

This action will assist staff in implementing the CEA process and continue to assure that revenues from these projects address the cost of student station in a timely manner.

RECOMMENDED RESOLUTION:

Approval of the Interpretation of Capacity Enhancement Agreements to Reflect the School Impact Fees Update Adopted on March 8, 2005 and to Require Pre-Payment of Impact Fees on Unvested Units Prior to the Approval of Final Plats/Final Site Plans

SUBMITTED AND PREPARED BY:

Henry R. Boekhoff, Chief Financial Officer
Dennis R. Foltz, AICP, Senior Director, Planning and Governmental Relations