

April 12, 2004

Merrett R. Stierheim, Superintendent of Schools

**SUBJECT: REQUEST FOR AUTHORIZATION TO CONSIDER THE POSSIBLE CREATION OF AN EDUCATIONAL FACILITIES BENEFIT DISTRICT OR AN ALTERNATE STRATEGY IN ORDER TO PROVIDE PUBLIC EDUCATIONAL FACILITIES IN THE CITY OF HOMESTEAD**

The Board at its Special Meeting of February 24, 2004 considered the attached Replacement SP-1 agenda item, regarding a proposed Educational Facilities Benefit District in the City of Homestead, and voted to table the item until its April 14, 2004 meeting. At the Facilities Management School Board Committee Meeting of April 8, 2004, staff presented an update of actions undertaken since the special meeting.

It was the sentiment of the Board members attending the Committee meeting that the Board would require detailed demographic and other information in order to adequately address this issue and that a workshop should take place. Given the importance of the policy issues involved, this agenda item supports that sentiment.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida:

1. defer consideration of the creation of an Educational Facilities Benefit District as previously set forth in agenda item Replacement SP-1; and
2. direct the Superintendent to schedule a workshop to be held within the next 30 days.

**REPLACEMENT  
A-6 (formerly E-11)**

Office of Superintendent of Schools  
Special Board Meeting of February 25, 2004

February 24, 2004

Merrett R. Stierheim, Superintendent of Schools

**SUBJECT:           REQUEST FOR AUTHORIZATION TO CONSIDER THE  
                      POSSIBLE CREATION OF AN EDUCATIONAL FACILITIES  
                      BENEFIT DISTRICT OR AN ALTERNATE STRATEGY IN ORDER  
                      TO PROVIDE PUBLIC EDUCATIONAL FACILITIES IN THE CITY  
                      OF HOMESTEAD**

Introduction

At its meeting of February 11, 2004, the School Board directed staff to schedule a special meeting to discuss the possible creation of an Educational Facilities Benefit District (EFBD) or alternate strategy to provide public educational facilities in the City of Homestead. Since then, staff has had numerous discussions with representatives of M&H Homestead, LTD, a/k/a Keys Gate III Land Trust (Developer), which have culminated in the proposal letter received Friday evening, February 20, 2004 forwarded to the Board under separate cover. Briefly, the Developer's proposal can be described as follows:

1.     Creation of an EFBD, which would include approximately 9,200 residential units on two non-contiguous areas located within the Keys Gate and Renaissance Planned Unit Developments for the purpose of building and financing the construction of three (3) K-8 charter schools. The EFBD would be in force for a period of 30+ years;
2.     Funding for the construction of the three K-8 schools would be provided by annual assessments on individual properties within the EFBD (\$180/property), a payment of \$350 per student by the prospective charter school operator, a presently unfunded School Board contribution of \$250/student station for the 30+ year financing period (\$1,203,000/year) and all educational facility impact fees paid to the county in connection with permitting the 9,200 units;
3.     The Developer would donate three parcels to the EFBD, two adjacent 11-acre sites and one 7-acre site. The proposed K-8 charter schools would each have a total of 1,604 student stations, with a total combined projected occupancy of 4,330, taking into consideration small class size amendment requirements. (Note: The adjacency of the two parcels would create challenges as it relates to establishment of attendance boundaries);
4.     The proposed charter schools would be built in accordance with the District's prototype facilities list for K-8 schools, and would come on line in a phased fashion, with the first one proposed to be on line in the Fall of 2005, the second one in 2006 and the third one in 2008;

**REPLACEMENT  
SP-1**

and to make and execute contracts and other instruments necessary or convenient to the exercise of its powers;

3. To contract for the services of consultants to perform planning, engineering, legal, or other appropriate services of a professional nature. Such contracts shall be subject to the public bidding or competitive negotiations required of local general purpose governments;
4. To borrow money and accept gifts; to apply for unused grants or loans of money or other property from the United States, the state, a unit of local government, or any person for any district purposes and enter into agreements required in connection therewith; and to hold, use, and dispose of such moneys or property for any district purposes in accordance with the terms of the gift, grant, loan, or agreement relating thereto;
5. To adopt resolutions and policies prescribing the powers, duties, and functions of the officers of the district, the conduct of the business of the district, and the maintenance of records and documents of the district;
6. To maintain an office at such place or places as it may designate within the district or within the boundaries of the local general purpose government that created the district;
7. To lease as lessor or lessee to or from any person, firm, corporation, association, or body, public or private, any projects of the type that the district is authorized to undertake and facilities or property of any nature for use of the district to carry out any of the purposes authorized by this act;
8. To borrow money and issue bonds, certificates, warrants, notes, or other evidence of indebtedness pursuant to this act for periods not longer than 30 years, provided such bonds, certificates, warrants, notes, or other indebtedness shall only be guaranteed by non-ad valorem assessments legally imposed by the district and other available sources of funds provided in this act and shall not pledge the full faith and credit of any local general purpose government or the district school board;
9. To cooperate with or contract with other governmental agencies as may be necessary, convenient, incidental, or proper in connection with any of the powers, duties, or purposes authorized by this act to accept funding from local and state agencies as provided in this act;
10. To levy, impose, collect, and enforce non-ad valorem assessments, as defined by s. 197.3632(1)(d), pursuant to this act, chapters 125 and 166, and ss. 197.3631, 197.3632, and 197.3635;
11. To exercise all powers necessary, convenient, incidental, or proper in connection with any of the powers, duties, or purposes authorized by this act;

Miami-Dade and more specifically within ACCESS Center VI, which encompasses unincorporated Miami-Dade as well as the incorporated areas of Homestead and Florida City. This notwithstanding, it is important to realize that this *projected growth* is largely predicated on continued sustained residential development over time and unchanging market conditions, and discounts the possibility of any economic slowdown. According to the District's financial consultant, even a small increase in interest rates could have a sizable impact on new housing starts. This is a particularly important consideration since the shifting of all resources to the subject area could result in overbuilding to the detriment of other needs elsewhere in the District.

**Financial and Other Considerations:**

The proposal requests that the School Board, at its meeting of February 25, 2004, agree to the creation of the Homestead EFBD and agree to execute an interlocal agreement with Miami-Dade County and the City of Homestead which would "set out the general parameters of the School Board's participation in the Homestead EFBD." Given the 'governmental-type' powers that State law permits to EFBDs, the School Board should not agree to the execution of an interlocal agreement until all of its terms are reviewed and understood.

The cash flows associated with the proposed Homestead EFBD are visually depicted on the attached flowchart (see Attachment I). The schedule below summarizes the cash flows suggested by the proposal. 'Negatives' within the chart imply MDCPS cost items and 'positives' conversely, benefits to the District.

		<u>Over life of EFBD</u>	<u>Net Present Value</u>
<b><u>Annual Contribution sought by Proposal from the District</u></b>			
Number of Student Stations in EFBD Charter Schools	4,812	(\$38,095,000)	(\$19,551,182)
times EFBD Proposed \$\$ per student	\$250		
	<u>\$1,203,000</u>		
		(\$18,400,000)	(\$15,615,579)
<b><u>Resources provided through Proposal not otherwise available to District</u></b>			
<b>a) Charter School Lease Payment</b>			
Number of Students in EFBD Charter Schools	3,365	\$37,859,500	\$19,638,583
times Lease payment per student	\$350		
	<u>\$1,177,750</u>		
<b>b) Non-Ad valorem Assessments paid by Homeowners</b>		\$66,310,892	\$35,765,171
Number of Housing Units Proposed	9,200		
times Assessment per unit	\$180		
	<u>\$1,656,000</u>		
<b>c) Donation of Land</b>			
Acres of Land	29	\$7,250,000	\$7,250,000
times cost per acre	\$250,000		
	<u>\$7,250,000</u>		
<b>Total</b>		<u>\$54,925,392</u>	<u>\$27,486,993</u>

the five-year work plan be amended to fund in FY 03-04 a K-8 facility, to be built by the Developer as a turnkey project on land donated by the Developer. The school would be run as a traditional public school. Concurrently, District staff would do the following:

1. Cooperate with Miami-Dade County staff to complete a build-out study jointly;
2. Determine which areas in south/southwest Miami-Dade, are projected to generate new homeowners and students, as well as how attendance boundaries and school capacity would be impacted;
3. More fully analyze other growth areas in the District to determine how the District can cope with that growth as well.

**RECOMMENDED:**

That The School Board of Miami-Dade County, Florida, authorize the Superintendent to:

1. hold in abeyance final action on the EFBD proposal and in lieu thereof, authorize staff to proceed with a COP to finance in FY 03-04 the construction of a K-8 facility as a turnkey facility, built by the Developer and on land donated by the Developer in the City of Homestead; and
2. cooperate with Miami-Dade County staff to complete a build-out study jointly; and
3. determine, more specifically, the areas in south/southwest Miami-Dade which are projected to generate new homeowners and students, and when, as well as how attendance boundaries and school capacity would be impacted as a result; and
4. more fully analyze other growth areas in the District to determine how the District can cope with that growth as well.

**Net Economic Impact to District of Homestead EFBD Proposal**

	Net Present Value of Alternatives					
	Over life of EFBD	EFBD Proposal	MDPS Schools & EFBD in place	MDPS Schools thru Interlocal	MDPS Schools thru Interlocal	MDPS Schools thru Interlocal
	(\$173,194,556)	(\$79,587,364)	\$0	\$0	\$0	\$0
	(\$38,095,000)	(\$19,551,182)	\$0	\$0	\$0	\$0
	(\$18,400,000)	(\$15,615,579)	(\$47,655,578)	(\$47,655,579)	(\$15,885,193)	(\$15,885,193)
	\$37,859,500	\$19,638,583	\$0	\$0	\$0	\$0
	\$66,310,892	\$35,765,171	\$35,765,171	\$0	\$0	\$0
<b>Total</b>		(\$52,100,371)	(\$4,640,407)	(\$40,405,579)	(\$8,635,193)	(\$8,635,193)

**L - Net Operational Income Loss due to Increase in Charter School Students**

Number of Students in EFBD Charter Schools	3,365
Average Revenue per FTE (Keys Gate)	\$4,984
Percentage	20.00% <sup>(a)</sup>
5% on first 500 students	\$124,600
	<u>\$3,229,632</u>

(a) 80% of an FTE is expensed for School direct/indirect costs, 10% is used to ensure that 90% Districtwide is spent for School direct/indirect costs, and 10% covers the administrative cost and overhead (includes ACCESS centers, SBAB, etc)

**This impacts the General Fund.**

**II - Annual Contribution sought by Proposal from the District**

Number of Students Stations in EFBD Charter Schools	4,812
times EFBD Proposed \$\$ per student	\$250
	<u>\$1,203,000</u>

**This impacts the LOML Capital Outlay Fund**

**III - Net Debt Service on School to be paid by MDPS**

**IV - Use of Impact Fees Generated by the New Construction (\$18.4M) for EFBD**

**V - Resources provided through Proposal not otherwise available to District**

<b>a) Charter School Lease Payment</b>	
Number of Students in EFBD Charter Schools	3,365
times Lease payment per student	\$350
	<u>\$1,177,750</u>
<b>b) Non-Ad valorem Assessments paid by Homeowners</b>	
Number of Housing Units Proposed	9,200
times Assessment per unit	\$180
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