

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

## **Meeting Minutes**

Monday, September 17, 2018

### **Opening**

The regular meeting of the Sales Surtax Citizen Advisory Committee was called to order at 4:04 p.m. on Monday, September 17, 2018 at St. Johns County School District Office, 40 Orange Street, St. Augustine, Florida by Mr. Hardman, Chairman.

### **Present**

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

### **Approval of Minutes**

Minutes from the June 18, 2018 regular meeting were then approved with a motion by Mr. Danner and seconded by Ms. Connor. A vote was taken and the motion was approved.

### **Financial Reporting**

Mr. Degutis reviewed the Sales Tax Receipts. He stated that the receipts for the time period 7/1/17 to 6/30/18 were in the amount of \$19.8 million. He also explained the \$5.6 million for debt service and that the amounts reflect principal and interest payments. He stated that the \$795,812.50 is the principal payment and the \$153,312.50 is the interest payment. He also discussed the \$14.1 million capital column. He stated that the receipts show a \$1.2 million increase over the Projected Budget amount. Towards the bottom of the page, he reviewed the interest earned through 6/30/18 from bond proceeds and sales tax revenue for a total of \$556,151.45. He also reviewed the Recap of the monthly and quarterly proceeds. Mr. Misterly asked if Mr. Degutis would explain the quarterly receipts. He explained that the quarterly receipts are from sales outside of St. Johns County and that those receipts come in quarterly. Mr. Danner asked if internet sales were being captured yet and Mr. Degutis stated that yes, internet

sales are being captured. Mr. Hardman asked about the interest earned. Mr. Degutis stated that at the end of the year, any additional funds left from projects or interest is put back in the bucket and then reallocated and can be used for projects for the following year. Mr. Degutis then went over two pages of graphs. The first graph page was for Monthly Sales Tax Revenue and the other was for Quarterly Sales Tax Revenue. These line graphs showed a comparison of the years 15-16, 16-17 and 17-18. He stated that other than July on the monthly, the sales tax revenue was up every month. He said the amounts would ramp up in October, November and December due to the Night of Lights. He also stated that the Quarterly Sales Tax Revenue was ramped up with the month of March being the highest.

Next, Mr. Degutis reviewed the Financial Report as of August 31, 2018. He stated that Picolata Crossing Elementary (PCES) was entering its second year with \$1.6 million remaining. He noted that Freedom Crossing Academy (FCA) had just opened this year with approximately \$2 million remaining and that FCA was fully funded from sales tax revenue. He stated that Palm Valley Academy (PVA) was partially funded from sales tax revenue and just opened this year as well with about \$3.1 million remaining. He said there are still items to be paid on these schools. Mr. Hardman asked if PCES had been opened over a year, why was there still a big balance left. Mr. Degutis explained that PCES is going through the closeout process and finishing up the punch list. He said at some point, these items will be closed. When Mrs. Cubbedge and Mr. Rose state that everything is complete, then any remaining funds will be reallocated into the budget. Mr. Cook asked if all three still were in the punch list phase. Mrs. Cubbedge stated that yes, there are still items on the punch list and it is a large punch list. She stated that it was pretty much complete at PCES but that the other two schools would not be closed out until some time next year. Mr. Degutis then reviewed other items on the Financial Report. The Motorola Radio Enhancement project is complete. He said the Hartley and Ketterlinus Elementary roofing projects are finishing up as well as the dining expansions at Switzerland Point Middle and Patriot Oaks Academy. He also noted that \$1.8 million has been reserved for future school construction. He stated that Phase 2 of the roof replacement at Mill Creek Academy is now complete and that the Rawlings Elementary Phase 1 roof replacement is finishing up. He noted that the RB Hunt covered PE area and restrooms has begun and that it is a large project. He noted that the Webster School bus loop, parking and fencing has not yet begun and the Murray Middle improvements are almost complete. He stated that the last two areas: Provide New Technology to Prepare Children for 21<sup>st</sup> Century Learning and Continue to Keep Children Safe are ongoing projects. Mr. Hardman asked if this report was as of 6/30/18 although the date listed is 8/31/18 and Mr. Degutis stated that yes, the numbers are as of 6/30/18. Mr. Hardman asked if this list was all of the projects and Mr. Degutis said yes. Mr. Hardman asked if a list was being kept of all the projects and Mr. Degutis stated in the affirmative. Mr. Cook asked if it was possible to put budget performance on this report. Ms. Mittlestadt stated that most projects are under budget. Mr. Degutis stated that the amounts on this report are the budgeted amounts. Mr. Degutis noted that FCA and PVA were extended out a year because of higher bids. He stated that the economy and other big projects led to higher bids. He also stated that whenever the bid comes in, the budget is notated and then the contractor is held to that bid amount. Mr. Cook asked if radios were closed out and Mrs. Cubbedge stated that less was spent than what was budgeted. Mr. Cook asked if that could be captured so that everyone understands the economy now and put

those amounts in the budget and show funds being reallocated and that prudence was being used with these funds. Mr. Quattrochi also asked if interest could be put on this report as well. Mr. Hardman asked if the budget could show more as an accounting and show these reallocations and changes in the budget. Mr. Degutis said yes. Mr. Degutis stated that these projects can go for 2, 3, 4 years and this is a 1 year snapshot so he can put in the annual amounts. He could also show these items on the expenditure side as well. Ms. Connor asked where the technology funds are being spent. Mrs. Cubbedge explained that they currently do a teacher refresh and each teacher is getting a new computer. These computers will have a sticker on it showing that it was paid for with sales tax revenue. Their older computers are recycled. She also stated that upgrades are being made in the classroom for technology and that they had asked each school what technology upgrades they needed and some needed projectors or screens, etc. Mrs. Cubbedge also stated that they had worked on infrastructure such as access points and the wireless network and updating schools. Ms. Connor asked if the new schools got new computers as well. Mrs. Cubbedge stated that the teachers did and the older computers were recycled to students. Mrs. Cubbedge explained that the old teacher computers were reimaged for students or computer labs, but that teachers got new computers. Mr. Lewis asked about digital textbooks. Mrs. Cubbedge said that the District is using a combination now of hardback and digital textbooks and that typically you cannot buy one without the other. She said the printed textbook manufacturers will not allow the purchase of just digital textbooks yet. She stated that schools also still use workbooks for younger students. Ms. Little asked if all safety improvements were being accomplished totally with sales tax revenue. Mr. Degutis said no. He referred to the last legislative session and that the District had to dip into their coffers to get enough Youth Resource Deputies (YRD) or other security officers and that funds for these projects did not come out of sales tax revenue. Mr. Hardman asked where did the District stand on getting safety officers. Ms. Mittelstadt stated that they have been hired but not from sales tax revenues. Mr. Hardman asked if she could update the committee on the security officer situation. Ms. Mittelstadt reported that based upon the legislation, the District would need to hire 16 more YRD's. The District and the Board of County Commissioners (BCC) formulated an agreement for the District to pay the salaries and the BCC pay for the assets of those YRD's (car, weapons, etc). She said 4 YRD's are working and there should be another 12 on board by January. In order to fill all the schools with a YRD, the District is filling those positions with assets from the US Security Guard until the deputies are ready. She concluded that this year was a hybrid model due to the amount of time needed to get everything in place.

Mr. Lewis asked if the interest on the sales tax revenue can be used for capital items or just regular budget. Mr. Degutis said that the sales tax revenue can only be used for capital. Mr. Hardman asked if there was another source of cash for the District and Mr. Degutis answered yes. Mr. Degutis said that on Tuesday morning, the financial condition of St. Johns County School District was given and it should be on the website by Wednesday. He stated there was a section for MD&A, Management Discussion Analysis, with footnotes. He stated that the District finished in the black and was up about \$7 million. He stated that about \$55 million was assigned to schools and departments. He stated that these funds were restricted and committed. He said the unassigned was about 14.1% which was up from 12.9%. He said that sounds high but in 13-14 School Year (SY), it was at 27% so it is half of what it used to be. He said \$7 million was a

lot in one year but the security guards were \$1 million and then 2 new schools and growth. He stated that the District also settled with the Teacher's Union. He said tomorrow night at 5:30pm is the Board adoption of the 18-19 budget. Mr. Danner asked how the District compared to other districts. Mr. Degutis said he can't use numbers but could use percentages. Mr. Degutis stated that we are down to 16<sup>th</sup> or 17<sup>th</sup> in the state out of 67 school districts based on 17-18SY. He stated we have a healthy fund balance. Mr. Danner asked if this was considering the growth St. Johns County has had and Mr. Degutis answered it was.

### **Project Reporting**

Ms. Mittelstadt stated that Mr. Rose was unable to be at the meeting so she would be doing the Project Reporting. She stated that she has a power point of all the things the sales tax revenue has funded. The first was PVA. She said it opened as a K-6 and has 3 stories. Next was FCA which was the same prototype as PVA. Ms. Little asked where FCA was located and Mrs. Cubbedge stated that it was in Aberdeen. She also noted that the school will share space with the St. Johns County Parks and Recreation department for fields and parking through an interlocal agreement. Next, Ms. Mittelstadt showed the roofing project at Mill Creek Academy (MCA). Following that was the Rawlings Phase 1 roofing project and then she showed St. Augustine High School with the single point of entry. She also showed Creekside High School with the single point of entry as well as Hickory Creek Elementary and Wards Creek Elementary. Next, she showed pictures of the dining expansion at Patriot Oaks Academy and Switzerland Point Middle School. Then she showed pictures of the PE areas and restrooms at RB Hunt Elementary School.

Ms. Connor asked about the District's vision on single point of entry and buzzing visitors in. Ms. Mittelstadt stated that they talked to principals in conjunction with the Sheriff's office to establish a District-wide standard. She said they were reviewing contracts for a District-wide system for buzzing in visitors and are moving forward. Mr. Misterly asked if they used local vendors/companies/contractors or a certain percentage of contracts was from local companies. Ms. Mittelstadt stated the District did not do that. Mr. Misterly said that Duval County has something in place to use local companies. Mr. Cook stated that Duval County does have local preference for procurement. Mr. Degutis and Ms. Mittelstadt both stated that the District did not have that. Mr. Degutis stated that there was some legislative movement towards that years ago but it is not a state law. Mr. Misterly said that it is a large pot of locally generated funds and it would be nice to pump it back into the local economy. Mr. Cook stated that unfortunately, contractors try to find a way to be local so it is not a perfect system. He further stated that there are ways around it and some companies will just open an office here.

### **Capital Outlay Revenue Budget**

Mrs. Cubbedge then passed out the multi-colored sheet with the proposed budget that will go to the School Board tomorrow for review. The sheet has the proposed budget broken down into

the categories by color. The first area is the debt service. The second category is regarding growth: Meet the Needs of an Increasing Student Population. The School Expansions lists Liberty Pines Academy for a dining expansion. In that area, there is a section for Savings For Future School Construction/Expansion. The savings goal is \$6.5 million. The next area is Maintain High Quality Educational Facilities. There are three roofing projects listed under this category: Rawlings Phase 2 Roof Replacement, Gamble Rogers Middle School Phase 1 Roof Replacement and Switzerland Point Middle School Phase 1 Roof Replacement. The next category is Provide New Technology to Prepare Children for 21<sup>st</sup> Century Learning. The first area is to provide Infrastructure Improvements – Districtwide. This area includes adding bandwidth with a triage approach of adding it to the worst group first and then increase some each year. The second area in this category is Wireless School Bus Video Management and Diagnostics. This area will allow the cameras on buses to have more accessibility and be more current. Currently, the data is difficult to retrieve from the cameras on the buses. The last category is Continue to Keep Children Safe. This area included Security Cameras & Monitoring Systems. These security cameras will work in conjunction with the Sheriff's office. The security camera monitoring will be able to send footage to the Sheriff's office. Fencing & Electronic Gate Access Controls – Districtwide will help secure areas. Security Doors & Entrances is also included in this area with the Districtwide School Entry System (Buzzer & Camera) and School Security Improvements - Districtwide. For example, when the bread man comes to make deliveries, there will be security measures in place so he cannot access other areas. Mr. Adiutori noted when he was helping with some work at Palm Valley Academy that he was able to get into the main building through central receiving. He asked if these areas would be covered by security cameras. Mrs. Cubbedge stated that they would certainly check on this situation. The GPS Systems for School Buses is also included with 2 years remaining on the Zonar School Bus GPS Technology. Mrs. Cubbedge stated that the District has more data from last year and they have tightened things down. She also stated that the District does not always broadcast security updates so that weaknesses are not broadcast. She stated that the Sheriff's office and the District knows where these weaknesses are located and the District and Sheriff's office are working in conjunction on them.

Mr. Hardman stated that he was confused about the carry forward. He asked if they budgeted higher than they spent. Mrs. Cubbedge explained that any overages or interest collected would be reallocated. Mr. Hardman then asked about the yellow item (Savings for Future School Construction/Expansion) and if all goes well, the District would have about \$7 million. Mrs. Cubbedge said they expected it to be closer to \$10 million but they have the expansion at LPA and SouthWoods and funding of two schools through their initial critical projects. Mr. Hardman asked when would they have enough to start. Mrs. Cubbedge said it would depend on the type of facility they start. Ms. Connor asked if they had a timeframe of when the money would need to be spent or can they save as long as they want. Ms. Connor also stated that there are unforeseen things that come up such as the safety and security issues to be funded. Mrs. Cubbedge said that it would need to be done in 10 years so that the District can keep the commitment they made.

Ms. Connor stated that there is a shortage of teachers and that there are 60 unfilled positions. She asked about raising the sales tax another ½ penny for teacher salaries. Mrs. Cubbedge said

that the District can't go to a penny. The state statute only allows ½ penny for School Districts. She also stated that the capital needs are greater than the operational needs. She said if they teamed up with the County then they could have the penny but would have to split the penny. Ms. Connor stated that the District would have beautiful schools but no teachers. Ms. Mittlestadt stated that nationwide there is a teacher shortage. Mr. Degutis then stated that there would need to be a special election for the District to have additional millage for teacher salaries. He stated that his personal opinion was that the push from Tallahassee was for this to be done locally and not by Tallahassee. Mr. Cook asked about the diagnostic piece on the cameras. Mrs. Cubbedge explained that it is a wireless system for the buses. She said it reads the cameras and extractions on video.

Mrs. Cubbedge then noted that Constitutional Amendment #8 was struck down by the Courts. She said it would have provided term limits for School Board members. It also allowed the State to approve charter schools and the School District felt that only they should have the right to approve. The Courts said the amendment was misleading.

Mrs. Cubbedge also noted that they had been working on the website and that in the center of the front page there is a link to take a visitor to the Sales Tax website. She stated they will continue to keep it updated. The Committee said it looked good and Mr. Hardman expressed his thanks.

Mr. Lewis asked if the next meeting could be at one of the new schools that sales tax revenue helped to build. He said that he would like to take a tour. The Committee echoed his request and said either Freedom Crossing Academy or Picolata Crossing Elementary. Mr. Hardman stated that he thought the K-8 would be better than the elementary. Mrs. Cubbedge stated yes and the location will be determined.

### **Public Comment**

None.

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

The next meeting will be held on Monday, December 17, 2018 at Palm Valley Academy, 700 Bobcat Lane, Ponte Vedra, FL 32081 at 4:00pm.

### **Adjournment**

Mr. Albanesi made a motion to adjourn and Mr. Lewis seconded the motion. The meeting was adjourned at 5:11pm.

Minutes submitted by: Judith Harvey