

Half-Cent Sales Surtax Citizen Advisory Committee

Meeting Minutes

Monday, December 17, 2018

Opening

The regular meeting of the Sales Surtax Citizen Advisory Committee was called to order at 4:37p.m. on Monday, December 17, 2018 at Palm Valley Academy, 700 Bobcat Lane, Ponte Vedra, Florida by Mr. Hardman, Chairman, after a tour of the school.

Present

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

Approval of Minutes

Minutes from the September 17, 2018 regular meeting were then approved with a motion by Dr. McCormick and seconded by Ms. Little. A vote was taken and the motion was approved.

Introduction

Mrs. Cubbedge introduced Mrs. Kelly Barrera, School Board Member and Mr. Colin Kirkland, the new Director for Government Relations.

Annual Report

Mrs. Cubbedge presented the proposed Annual Report from the CAC. Mr. Hardman will present the proposed Annual Report at the January 8, 2019 School Board Meeting. The meeting will be at 9am and everyone is welcome to attend. Mrs. Cubbedge began with a brief review regarding the history of the sales surtax and the formation of the CAC committee. Resolution 2015-30 was approved by voters on November 3, 2015 and collections began on January 1, 2016. The

resolution included the formation of the CAC. Mrs. Cubbedge reviewed the power point slides with the information regarding the process of selecting the CAC as well as the current membership of the CAC. Each year, the CAC is required to present a proposed Annual Report to the School Board.

She reviewed the expenditures allowed by the Half-Cent Sales Surtax: New Construction, Reconstruction and Improvement of School Facilities which includes Safety & Security Improvements and Technology Upgrades. She then reviewed the Critically Needed Project List which totaled \$150 million or \$13 million each year. In February of 2016, the school district bonded \$50 million for the construction of Picolata Crossing Elementary and Freedom Crossing Academy.

She reviewed the 2017-2018 budget which included \$106 million to Meet the Needs of an Increasing Student Population. This category included Furniture, Fixtures & Equipment for Freedom Crossing Academy, Dining Expansions at Switzerland Point Middle School and Patriot Oaks Academy and Savings for Future School Construction. The total budgeted to date was \$71.8 million with \$34.1 million remaining. Mrs. Cubbedge noted that the cost of construction had gone up. Pictures of these projects were provided in the power point.

The next category was Maintain High Quality Educational Facilities with a budget amount of \$14 million and included roof projects at Mill Creek Academy and PVPV/Rawlings Elementary as well as a covered PE area for RB Hunt Elementary and site improvements at Murray Middle School and The Webster School. The total budgeted to date for this category was \$2.3 million with a remaining balance of \$11.6 million. Pictures of these items were also included in the power point. The RB Hunt covered PE area was an artist rendering. Mrs. Cubbedge explained that the cost of construction has gone up. She noted that bids came in higher and that it is a function of the construction market now. She also stated that this covered PE area is important to the community and the overflow of funds were used to fund this project.

The next category is to Provide New Technology to Prepare Children for 21st Century Learning with a budgeted amount of \$25 million which includes Classroom Technology Tools, Student & Teacher Instructional Devices and Infrastructure Improvements. The total budgeted to date was \$4.2 million with \$21.6 million remaining. All teachers were given new computers with a sticker that noted that the computer was purchased with sales surtax funds. The old teacher computers were refurbished and given to students or put in student computer labs.

The last category is Continue to Keep our Children Safe with a budgeted amount of \$5 million which includes Security Cameras & Monitoring Systems, Fencing, Security Doors & Entrances and the Zonar School Bus GPS Technology. The total budgeted to date for this category was \$1.9 million with a remaining balance of \$3 million. Mrs. Cubbedge illustrated the security door category by noting that the CAC members had to be buzzed in to Palm Valley Academy today for the meeting. Visitors are unable to go anywhere except the front office of Palm Valley Academy. Pictures of these projects were also provided in the power point. It was noted that high schools are more difficult regarding the single point of entry because there are multiple

access points at the high schools. The picture of St. Augustine High School showed the ornamental fencing that was installed to direct visitors to the front.

The next two slides were graphs of the Financial Report of the Monthly and Quarterly Sales Tax Revenue. Mrs. Cubbedge noted, that each year, receipts are higher. The highest points were during the holidays and festivals. She also noted that the Quarterly Sales Tax is from taxes paid outside of St. Johns County and were submitted on a quarterly basis.

The last few slides were for the 2018-2019 budget. The projected Surtax Revenue for 2018-2019 is \$19,183,549 with debt service of \$5,601,875. The projects were then broken down with their budgeted amounts:

Meet the Needs of an Increasing Student Population with a budget of \$7,250,000

Maintain High Quality Educational Facilities with a budget of \$2,700,000

Provide New Technology to Prepare Children for 21st Century Learning with a budget of \$758,612

Continue to Keep Children Safe with a budget of \$2,873,062

Mr. Hardman then opened the floor for any questions. Mr. Albanesi asked about the \$3 million left from Continue to Keep Children Safe and whether it would be used this year. Mrs. Cubbedge explained that the School Board is focused on security and so they are front-loading security. Mr. Albanesi stated that front-loading was good. Mr. Hardman stated that the \$150 million will be split in specific ways but probably spend more on new schools and safety but it is ultimately up to the School Board to make those decisions.

He then asked for any other questions. Mr. Misterly asked if the school expansion and population trends were the same as the sales tax trends. Mrs. Cubbedge explained that not all the school district needs come from the sales tax funds. She also noted that the population is going up. She stated that funds to pay for the district's needs also come from proportionate share mitigation fees and impact fees and the 1.5 mills from property taxes. She said all of these sources help to build schools. She did state that it was good that revenues came in stronger. Mr. Hardman stated that his understanding was that the sales surtax funds were just a portion of what is spent for capital needs. He stated that the CAC is only really looking at a portion of what is going on in the school district. He stated that the CAC is just to ensure the funds are put to good use and only those funds that fall under the CAC's purview. Ms. Connor asked if a high school was on the horizon. Mrs. Cubbedge stated that a high school is in the 5 year plan. Ms. Little asked about the new development that will have 10,000 homes. Mrs. Cubbedge stated that they were putting in the infrastructure for the houses but there are no houses yet. Ms. Little asked if that development would have to pay for schools. Mrs. Cubbedge stated that they would pay with proportionate share mitigation fees and impact fees. Mr. Gray asked if Picolata Crossing Elementary, the school south of Pacetti Bay, was open. Mrs. Cubbedge stated that Picolata Crossing Elementary opened last year. Mr. Hardman said that all 3 new schools were open with no delays. Mrs. Cubbedge explained that Freedom Crossing Academy and Palm Valley Academy opened this year and Picolata Crossing Elementary opened last year. Ms. Veracruz

asked if all the items were complete. Mrs. Cubbedge stated there were still items under completion. Mr. Hardman asked if all schools now had the single point of entry. Mr. Rose said that they did to that standardization. Ms. Connor stated that we now have these beautiful, brand new schools with technology. She stated that she just wanted to make sure there was parity with the students in older schools. Mrs. Cubbedge stated that as far as technology monies that Mr. Patrou, Director of IT, had looked at every classroom in all the schools. She stated that the brand new schools were not on that list. She said every teacher got a new computer in every school and that the district was very careful about parity because it was very important to the School Board. Mrs. Barrera stated that parity was a priority with the School Board.

Financial Reporting

Mr. Degutis then presented the Financial Report. He reviewed the Summary of Funds Sources and Uses thru 11/31/18. He stated that Mr. Hardman had suggested this format. Mr. Hardman stated it was more of a cash in, cash out summary. Mr. Degutis stated, for example, that with Palm Valley Academy, not all the bills are paid yet so the balance will be used to pay for items committed as of 11/30/18. Mr. Misterly asked about savings for future schools and if those funds are in savings. Mr. Degutis stated that those funds are in a savings account earning interest. Mr. Misterly asked if it was preferable to keep it in a savings account versus paying off the bond sooner. Mr. Degutis said it is more practical because they would not have enough in the back end to build schools. Dr. McCormick asked if the interest rate was only about 1.72% on savings. Mr. Degutis said it was actually more like 2.6-2.7% interest rate. Dr. McCormick stated that hopefully the rate would go up. Mr. Degutis said he hoped it would but they are still earning more than paying. Mr. Albanesi asked if the \$8.7 million was the ending balance which was not printed on the sheet. Mr. Degutis stated that it was.

Mr. Degutis then reviewed the 2018-2019 Sales Tax Receipts. He explained that the information is tied directly to the Summary but was just a different format. Mr. Degutis then explained the graph of the Monthly Sales Tax Revenue. He stated that the first 3 months of the year were in the goldenrod color and that revenue was outpacing the previous years. Mr. Cook asked about the line for Increase over Projected Budget and if the monthly projections would be over that amount. Mr. Degutis said it was only the first 3 months of the year. Mr. Cook asked if it would be higher than the \$450,000 over time and Mr. Degutis stated that it should be higher. Mr. Degutis said they are very conservative with their projections.

Dr. McCormick stated that he was the representative for the School Board for the Planning and Zoning Authority (PZA) for St. Johns County. He said he had some questions regarding 11 or 12 agenda items that were from bigger developments and their requests. He stated that he was concerned with these big requests as far as zoning and there were a lot of permits. He said he was concerned about mitigation of these developments and the impact on infrastructure and that several developments were putting in age restricted communities and how this would impact the schools. Mrs. Cubbedge stated that the development in question was probably Twin Creeks between I-95 and US 1. She discussed its history and mitigation commitments.

Mr. Hardman asked Mrs. Barrera if she would like to make any comments. Mrs. Barrera thanked everyone for their commitment to the community. She stated that the goal was to have the sales tax used authentically and she asked that they continue to attend SAC meetings and inform the community about the CAC's use of the funds. She stated that security is very important and that the district was ahead of the curve on that issue. She said she hoped everyone had a wonderful holiday break and she would encourage them to attend the School Board meeting in January.

Mr. Hardman asked for any other comments. Mr. Lewis asked if the security officers in the schools would remain even if a deputy is assigned. Ms. Mittelstadt explained that the contract with the security guards was a year-long school contract and they were reflecting on what this contract would look like next year. She stated that the School Board will make decisions. Mr. Hardman asked how it will work to buy assets. Ms. Mittelstadt explained that they will work with the County through an MOU and in collaboration with the County.

Public Comment

None.

Next Meeting Date/Time

The next meeting will be held on Monday, March 18, 2019 at St. Johns County School District, 40 Orange Street, St. Augustine, FL at 4:00pm.

Adjournment

Mr. Cook made a motion to adjourn and Mr. Lewis seconded the motion. The meeting was adjourned at 5:39pm.

Minutes submitted by: Judith Harvey

Not a part of the Public Minutes:

2 minor children were at the meeting: Jeffrey Gray's son, Michael, and Amy Lasswell's daughter.