

Half-Cent Sales Surtax Citizen Advisory Committee

Meeting Minutes

Monday, March 25, 2019

Opening

The regular meeting of the Half-Cent Sales Surtax Citizen Advisory Committee was called to order at 4:04p.m. on Monday, March 25, 2019 at St. Johns County School District, 40 Orange Street, St. Augustine, FL 32084 by Mr. Hardman, Chairman.

Present

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

Approval of Minutes

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

Financial Reporting

Mr. Degutis gave the financial report. He presented the Sales Tax Receipts report. He explained that the numbers in bold are the actual receipts. The non-bold numbers are projections. He said the actual receipts for 18/19 are \$10.3 million and projections for 18/19 are \$9.6 million for a total of \$20 million. He stated that at this point, the numbers show that receipts are \$900,000 above projections. He noted that the column entitled Debt was for the debt service that must be paid. Mr. Hardman asked if interest was earned and Mr. Degutis stated that it is earned twice a year and it is highlighted in the yellow box. He noted that the interest earned was less than in previous years, but the projects are pay as we go. Thus, the amount earning interest does fluctuate. He also noted that Mrs. Cubbedge and Mr. Rose spend the money to which everyone laughed. Mr. Hardman asked if funds are being reserved for future construction to which Mr. Degutis answered yes. Mr. Degutis then went through the Recap portion of the Sales Tax Receipts. He stated that monthly receipts were \$18.2 million and quarterly receipts were \$1.8 million. He stated that the monthly average receipt is increasing.

Mr. Degutis then reviewed the Monthly/Quarterly Sales Tax Revenue graph as well as the individual graphs of Monthly and Quarterly Sales Tax Revenue. He stated the trends show that more is being received each month. He noted that December is usually higher because of the Night of Lights and then it increases again in March with the spring festivals. Mr. Hardman noted that there was a dip in November, but Mr. Degutis stated it was of no real concern. Mr. Hardman asked about dips related to the hurricanes in 2016 and 2017. Mr. Degutis said they had a small impact. Mr. Degutis also noted that quarterly revenues are getting higher every year. He stated that this year the average quarterly revenue was \$604,000. Mr. Hardman asked if Mr. Degutis could remind the committee what constituted quarterly revenue. Mr. Degutis stated that quarterly revenue is tax receipts that are received from other counties when items such as a car are purchased. These tax receipts are only received quarterly. Mr. Hardman asked if a significant portion of these quarterly receipts were from auto purchases and Mr. Degutis stated yes. Dr. McCormick stated that he would be interested to know what happens with monthly tax income versus regular sales tax and if more is spent outside the county than in county. Mr. Degutis said he did not know those numbers. Mr. Degutis stated that he could obtain the information and bring it to the next meeting.

Next, Mr. Degutis reviewed the Summary of Funds Sources and Uses thru June 30, 2019 – Capital Projects & Debt Service (As of 2/28/19). He stated that he and Mr. Hardman and Mrs. Moore had worked on this summary. This summary lists the sources of revenue and the uses of the revenue. He stated that this summary is from January 1, 2016 and projecting forward. Mr. Hardman stated receipts have been coming in for 3 ½ years so we are one third of the way through the sales tax since the tax was instituted for 10 years. Mr. Degutis then discussed each portion of the Summary. He stated, that under Sources, he had listed each category and the amount. He noted that the JEA rebate was listed under rebates which included the reimbursement for the enhanced hurricane protection area. Mr. Adiutori asked if these amounts included impact fees. Mrs. Cubbedge stated that if sales tax money was spent on things with rebates then the rebates would come back to the sales tax fund. Mr. Degutis noted, that as far as debt service, that we act as our own trustee. He noted the principal and interest payments and the annual administrative fees. Mr. Danner asked if the fees were pretty standard and Mr. Degutis stated in the affirmative. Mr. Hardman asked if the sum of the principal and interest would change and Mr. Degutis explained that the bonds are amortized at different amounts, but the variances were not large. Mr. Degutis then explained that Picolata Crossing Elementary and Freedom Crossing Academy were paid with sales tax dollars and a portion of Palm Valley Academy was paid with sales tax dollars. He noted that there is also a category for saving for the future with the pay as you go for new schools. He said this amount will rise since interest will increase because there is a larger amount being held in the bank. He stated that the ending fund balance is \$6.6 million. Mr. Hardman said that this summary gives a total picture with fiscal year expenditures and it provides a simple way to explain the sales tax at meetings such as SAC or PTO. Mr. Hardman thanked Mr. Degutis for doing this summary for the committee. Dr. McCormick asked about maintaining high quality facilities. Mrs. Cubbedge stated that the District has been doing roofs, fencing, and exterior renovations for existing buildings. Mrs. Little asked about examples on the critically needed list. Mrs. Cubbedge said the critically needed list included items such as roofs, locker rooms, career academy renovations and school

expansions. Mr. Hardman asked if the roof projects run about \$1 million. Mrs. Cubbedge said the roofs were about \$1.8 million but they were broken into parts.

Mr. Hardman stated that he thought a new elementary school in the southern part of the county and a K-8 somewhere else were planned. Mr. Hardman asked where we are headed with other major items that we are facing in the future. Mr. Degutis stated that Mrs. Cubbedge would give details. Mrs. Cubbedge explained that Palm Valley Academy was not on the list and that the central elementary school had been built which was Picolata Crossing Elementary. She said the elementary school in the southern part of the county had not begun but that there are two new K-8's: Palm Valley Academy and Freedom Crossing Academy. She also stated that Liberty Pines Academy would be undergoing an expansion project. Mrs. Cubbedge stated that we had entered a contract with voters for the sales tax and that the District must do the things that were stated on the list when the referendum was passed. She stated that the District has been very conservative with projects and that these commitments need to be done first. Mr. Hardman stated that some of these projects did cost more. He then asked about the current thinking regarding timing of some of these projects. Mrs. Cubbedge stated that we were jumping ahead on the agenda but that the District was looking ahead at the next 3 ½ years to see what was next. Mr. Hardman stated that there are 6 ½ years to go and the District was trying to be conservative and repay the loan. He asked if \$90 million was a good estimate on the amount left. Mr. Danner asked if the original project was about \$150 million. Mr. Degutis said they would not increase projections because they wanted to remain conservative on revenue. He stated that he was still comfortable with the 3% projection and that 3% was the trend. Mr. Cook asked about the \$113 million in expenditures and why not do another school and use the cushion for other things. Mrs. Cubbedge said we have 2 full schools now and that the District needed to meet all the items that were promised. Mr. Cook stated that those extra funds would go a long way such as with another refresh cycle. Mrs. Cubbedge stated that another logical place to fund was security. Mr. Hardman said we needed to be very committed to the specific things that went to the public since the whole county voted for it. He stated that the tax dollars were not just for certain areas but for the whole county and thus the needs of the whole county need to be met. Mrs. Cubbedge agreed that expenditures were to be made across the whole county.

Safety & Security of School Buildings Grant

Ms. Mittelstadt presented the information regarding the Safety & Security of School Buildings Grant. She stated that the District and other counties applied for a grant for security needs. She said that Mr. Degutis and Mr. Snodgrass from our Purchasing department made the list from a vetted list that was submitted to them. She stated that projects can be pulled from sales tax because the grant can cover them. She stated that these projects would total about \$1.4 million. Ms. Mittelstadt explained that the grant would be audited to honor stewardship. Mr. Hardman asked if the grant was coming from the State Department of Education and would those funds be taken off the CAC books and put on the audit. Ms. Mittelstadt stated in the affirmative. Dr. McCormick asked if this grant was for all capital and not personnel. Ms. Mittelstadt answered in the affirmative. Mrs. Little asked if this grant was for one year and Ms. Mittelstadt stated it was.

Ms. Mittelstadt said that the District can take a couple of years to use these monies. The date was through 2020. Mrs. Little thanked Ms. Mittelstadt for applying. Mr. Hardman asked how the safety officers were working out within the District. Ms. Mittelstadt stated that this year the District had a hybrid model with YRD's (Youth Resource Deputies) and armed security guards. She stated that their experience with the armed guards had been good and they had received positive feedback. She said the legislature will drive this issue and that the District will stay in compliance with the statute. Dr. McCormick stated that the budget was set via Tallahassee and that the District would not arm District personnel. Mr. Kirkland stated that the model was a hybrid and that the language in the statute codifies what the District is doing. He stated that this hybrid model should stay in the bills.

Changes to 2018-2019 Budget

Mrs. Cubbedge explained that there would be some changes to the 2018-2019 budget due to the security grant. She stated that the secured entry and access in sales tax, approximately \$264,000, was identified and approved in the grant. She then explained that these funds were reallocated to security cameras. She said this new system would allow the Sheriff's Department to see what is happening on campus in real time. She further stated that the IT department had taken on the task and they would be standardizing the camera project. Dr. McCormick stated that it was great that we were doing this project, and would the funds be adequate to be on board with the Sheriff's department. Mrs. Cubbedge stated in the affirmative and it would be implemented at all schools. Ms. Mittelstadt explained that the project specifics would be exempt from the public record. She stated the media pushes to get the information but that publicly the District must be careful. She further stated that what each school has will be vetted internally and it is not to hide anything but rather for protection of the schools. Dr. McCormick stated that handling the project in this manner was good advice. Mr. Hardman asked if any schools did not have cameras. Ms. Mittelstadt stated that the District has a standard but with the grant and sales tax, the District can move forward with more projects. Mr. Adiutori asked if there was a target date. Ms. Mittelstadt stated that IT has completed Phase 1 and now they are working on Phases 2 and 3. She said that 18 months was the target time.

Mrs. Cubbedge stated that there was still a lot to do on different projects. She stated that there is an expansion planned for Liberty Pines Academy. She said it was a 20-classroom addition. Mr. Hardman asked the location of Liberty Pines Academy. Mrs. Cubbedge stated that it is off CR 210 and Russell Sampson Road. She further stated that they are in the planning and design phase with construction starting in the summer and through next year. She stated that the plan was to open it in 2021. Mr. Hardman asked what type of school Liberty Pines was. Mrs. Cubbedge stated that Liberty Pines Academy was a K-8. Mr. Hardman asked if this addition of more classrooms was a separate building. Mrs. Cubbedge explained that it would be a separate building and then it would be attached. She further stated that the push would be on getting the classroom addition and then the dining would follow that addition. Mr. Cook asked if it was a fresh design. Mrs. Cubbedge explained that we will reuse a portion of the existing Liberty Pines Academy design. She further explained that if it was a new design then they would not be able

to start in the summer, so they prefer to reuse. Mr. Hardman asked about non-sales tax dollars and schools being built with those funds. Mrs. Cubbedge explained that the District was in the process of converting Mill Creek Elementary to a K-8. She stated that the project is currently under construction. She said they opened as a K-6 this year and next year, they will be a K-7 and the following year, they will be a K-8. She said at this time that nothing else is in store. She stated there was a need for a high school and this is a project that the District is working on.

Project Reporting

Mr. Rose was unable to be at the meeting, so Mrs. Cubbedge presented the report on projects. She stated that Liberty Pines Academy was moving along. She also stated that there were 3 roofing projects: Rawlings Elementary, Switzerland Point Middle and Gamble Rogers Middle that would be started once school was out. Mr. Hardman asked if these items were shown in the expenditures. Mrs. Cubbedge explained that only a few outlays had been made since they are not finished. She said that IT was increasing band width. She stated they were also trying out a wireless system for the school buses so that video can be retrieved with that system. Mrs. Cubbedge also explained that the District is implementing the buzzer system, but it is not yet complete. She stated that this system would be the standard of access at all schools. She stated that security cameras and monitoring are well underway. She said they are also working on buses that needed camera upgrades. She also stated that fencing is underway, and they are continuing to work on the covered PE area at R.B. Hunt Elementary.

Legislative Update

Mr. Kirkland presented the legislative update. He stated that there are many exciting things happening in Tallahassee and they are currently in the 4th week of the 2019 session. He said they are in the process of negotiating on education funding and he has seen proposals of \$1.1 billion with \$5-6 million being flexible. He stated that the House version is lower while the Senate version is more of a “pie in the sky” version. He noted that school safety was a hybrid model similar to what we have implemented here. He stated that he agreed with keeping our model since it has worked for us. He said they have discussed a possibility of teacher raises. He noted they seemed to be moving away from construction or cost per student station funding caps. If these caps are removed, then local dollars can be used. Mrs. Cubbedge stated that school districts have been asking for this scenario. Mr. Hardman asked if there was a movement to restrict the ability to go to tax payers for sales tax. Mr. Kirkland stated that a bill had been filed to limit it to a general election. Mrs. Cubbedge stated that our sales tax was not during a general election. Mr. Hardman asked if other counties have done what we did. Mrs. Cubbedge noted that it is harder to enact additional tax. Mr. Kirkland stated that there had been general discussion on these limitations. Dr. McCormick asked if they wanted to take away home rule. Mr. Kirkland stated that it would not affect as much here except for unfunded mandates. He said it could be they would have to do something and then be funded for it. He also stated that it was a very busy session. Mr. Hardman asked about the discussion regarding vouchers/charter

schools. Mr. Kirkland stated that there was some discussion of vouchers with expansion proposals. He also noted that the House bill was more expansive. He said the counties with charter schools that have failing schools have a good track record. He also noted that there might be more restrictions on charter schools with extra oversight. Mr. Hardman asked about the number of charter schools in St. Johns County. Mr. Kirkland stated that there are three charter schools. Mr. Degutis stated that the three are: Therapeutic Learning Center (TLC/Arc), St. Johns Community Campus (Arc) and the St. Augustine Public Montessori School. He also stated that St. Johns Community Campus and TLC have high-end ESE students that we do not serve. He stated that the Montessori school was a different type of delivery model. He stated that it had been in the paper recently but that they now have a financial plan in place. Mr. Degutis also stated that all three charter schools have a niche that is not provided by the District. Mr. Kirkland stated that our charters are good, and we are fortunate to have good charter schools that fill in the gaps that our schools cannot. Mr. Adiutori asked if the reason we do not have many charters is because of the quality of our schools. Mr. Degutis stated, that in his opinion, that is true. Ms. Mittelstadt also stated that we offer a variety of programs. Mr. Cook stated that St. Johns County also did not have the population that Jacksonville has to deal with regarding lower income economics.

Public Comment

None

Next Meeting Date/Time

The next meeting location and time was discussed. Due to the District's energy cost savings effort during the summer, there will not be air conditioning at 40 Orange Street during the usual time of the meeting. The next meeting will be held on Monday, June 17, 2019 and the location and time will be determined.

Adjournment

Mr. Danner made a motion to adjourn and Ms. Little seconded the motion. The meeting was adjourned at 5:15pm.

Minutes submitted by: Judith Harvey