Impact fee money still available to school district

By Joe Callahan
Staff writer
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More than $6 million sits in a special Marion County School District trust, collecting a modest amount of interest while officials look for ways to spend it.

The money comes from school impact fees collected from 2006-2011 that can only be used to pay for growth-related capital needs. The problem is that school enrollment growth leveled off several years ago, holding at about 42,000.

For that reason the County Commission, at the school district's request, suspended the impact fee for the third consecutive year.

Due to the lack of growth, the district has found it difficult to find ways to utilize the unspent fees.

And the clock is ticking: The county ordinance governing school impact fees gives the district only six years to spend its annual collections. In 11 months, the district will face the first of five consecutive Sept. 30 use-it-or-lose-it deadlines.

School Board Chairman Ron Crawford says he supports the district's plan to buy land for future schools in the anticipated growth areas: Marion Oaks and Silver Springs Shores. After all, land is currently cheap and it is a buyer's market.

However, finding $1.3 million worth of land and closing on the deals by Sept. 30, 2014, will be challenging. Those funds are from impact fee money collected in 2008-09.

Though Crawford is confident the money will be spent, he believes it may be time to slow the train down a little, considering the district will be faced with a Sept. 30 spending deadline every year through 2018.

"Maybe it is time we consider going to the County Commission and asking for an extension (to spend those dollars)," Crawford said.

Four or five additional years added to the six-year spending deadline would allow officials to have some money in hand when growth returns, he noted.

"I don't think they (county commissioners) would deny us," Crawford said, adding the issue needs to be pushed up higher on the School Board's priority list.

Dealing with growth in Marion County schools is an art as well as a science. It's not like large cities, which have a school every mile or so. Schools are scattered throughout Marion's 1,584 square miles.

A team of school district employees plan for growth, analyzing individual school populations and vacant lots throughout the county. The team has been charged with analyzing growth for decades, guiding the district and the School Board in decisions on where to build.

Taxpayers may scratch their heads when it comes to growth. There already are 51 public schools throughout Marion County, and the thought of adding more multi-million-dollar facilities might seem puzzling.

But Marion County is the size of Rhode Island, and simply shifting students from an overcrowded school to an undercrowded one is not always the best answer.

For instance, growth continues in Marion Oaks, leaving three schools in that area at or above capacity. Meanwhile, several schools in northern Marion County have available seats.

A direct solution — say, transporting students 30 miles north — would be a nightmare for parents, not to mention causing a significant rise in transportation costs.

But even an indirect solution — a reshuffling of attendance areas for a large part of the county — might be impractical.

The state also is a factor. Marginal growth means the district cannot get approval from the state to add classrooms. Though some schools are overcrowded, many others are under enrollment.

The state says the district cannot build new space because it can redraw school boundaries to better balance the current enrollment throughout the county.

During the past five years, before the impact fee was suspended, the district collected $11 million, spending more than $5 million on an Emerald Shores Elementary wing and a few other growth-related items.

Though the balance of the impact fee was collected during growth periods, there is a lag between when the district gets the cash and when spending it is appropriate.

Though currently suspended, the impact fee is $2,166 for multi-family housing units, $3,967 for single-family homes and $3,461 for mobile homes.

Of the remaining $6.2 million, $1.3 million must be spent by Sept. 30, 2014, the end of the county's fiscal year.

Here's the amount, and the time frame, that the rest of the money must be spent:

• $2.5 million by 2015

• $1.2 million by 2016

• $958,000 by 2017

• $221,000 by 2018

• $42,000 by 2019

One may wonder why the funds have to sunset at all. Why can't the money sit in an interest-bearing account until growth picks up again?

The answer is simply the way the county ordinance is written. It can only be changed or altered by the Marion County Commission.

The ordinance states that the district must spend the impact fee by the first Sept. 30 after the sixth anniversary of receiving the funds.

The School Board would have to meet with the County Commission and redraft the ordinance to extend the spending deadlines.

Similar reshuffling is happening elsewhere. Last week, for example, the Brevard County School Board won approval from the County Commission to spend $8.3 million in impact fee funds to pay down construction debt.

David Herlihy, Marion County's planning and governmental relations manager, said Marion has no more eligible growth-related debt that could be paid using impact fees.

The school district's situation — money at hand but no immediate plan for spending it — is partly a function of the swift and sudden economic downturn.

New home construction all but stopped after 2007. "It went off the cliff," Herlihy said. "The board has always done the conscientious thing to build when space is needed."

If the district doesn't spend the money by the deadlines — and if no extensions are arranged — then the ordinance dictates the funds would be returned to the taxpayer.

That would be a complicated mission due to the complex nature of development.

In some cases construction companies pay the impact fee and pass the cost to the homeowner. If the original homeowner no longer owns the home, who gets the refunded impact fee?

What if a previous homeowner was foreclosed upon? Does the construction company, bank or homeowner get the refund?

If that's not bad enough, if only half that year's impact fee revenue has been spent, does every person who paid the impact fee get back only half what he or she paid?

The ordinance only states that the person who paid the impact fee has six months after the spending deadline to request a refund in writing.

Theresa Boston-Ellis, the school district's executive director of business services, said she believes the money would be refunded back to the person or construction company who originally paid it.

"It would be up the construction company to pay it back" if the fee had been passed along to the people who bought the home, she said.

Crawford said he believes if the district does go to the county to extend the spending deadline, the district would need to be prepared.

"I think we need to go in with our five-year work plan and give them good reasons as to why we need the extension," he said. "If we do, I really do believe they will work with us."

In the meantime, Crawford said the district will continue looking for viable pieces of property to buy to address future growth. Of course, the County Commission will need more information before committing to such an extension.

"I do believe we need to explore the idea," Crawford said. An extension would mean "more time to find the best way to spend this money."

Contact Joe Callahan at 867-4113 or joe.callahan@starbanner.com. Follow him Twitter at JoeOcalaNews.