

**OFFICE OF THE SUPERINTENDENT OF SCHOOLS**

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**School Board Workshop  
June 7, 2010**

**Qualified School Construction Bonds 2010**

In August 2009 the Board approved the Adopted District Educational Facilities Plan and by law the first year of that plan is considered the capital budget for 2009-10. This balanced budget means that revenues equal appropriations and all projects are funded. Funding for capital budget projects includes revenue from millage, (local funding); PECO/ CO&Ds, (State funding); and Qualified School Construction Bonds (QSCBs), (Federal funding.) After the Board adopts the budget, staff assigns funding sources to all projects.

The most restrictive funding sources are assigned first in the Capital Plan, such as: impact & mitigation fees. This is done to meet the funding restrictions of the most restrictive funds, and then utilize the funds with fewer restrictions for the remaining allocations in the budget such as debt service, maintenance and salaries.

Staff clarified for the Board that the QSCBs is funding from the 2009-10 Capital Plan. Staff was waiting for the most opportune time to put the bonds on the market and recommended June through July was the most opportune to do this. There would be more competition in the fall and the School District may not get the bonds purchased at that time.

Qualified School Construction Bond funding has many restrictions. This funding can only be used for construction, rehabilitation, or repair of a public school facility. At least 10% of the proceeds must be spent within six months of issuance. 100% of the proceeds must be spent within three years. This type of work requires title work, certified site survey, phase 1 environmental audit, engineer soil report, and research on potential interlocal agreements.

Before going any further in the discussion, Board Member wanted to make sure that all financial obligations would be met with the addition of the QSCB. Board Member didn't want to incur further debt and be in a position where the District would not be able to pay its obligations. Staff assured the Board that all debt service payments could be made and there was sufficient funding to pay all obligations. Board Member requested this information in writing.

Staff informed the Board that the School District's credit rating was lowered by Fitch from AA-(negative outlook) to A+ (stable outlook). Based on a follow-up discussion with Fitch their rational for lowering the rating was due to the general economic outlook of the State of Florida and on the unpredictable nature of educational funding allocations by the State Legislature. Moody's rating however, has been upgraded from A1 to Aa3.

Staff also informed the Board that the property values in Broward County did not decrease 16%, as the Property Appraiser predicted earlier this year, but rather 12%, which had a positive impact on revenues, increasing the 2010-11 projections by \$8.8 million.

The Board Members had a thorough and detailed discussion regarding the projects that were selected for the QSCB funding. The final two schools selected were: Fort Lauderdale High School and Cooper City High School. They agreed with the Fort Lauderdale High School's project. Several of the Board Members thought Plantation High School's cafeteria project should be done before the Cooper City project. There are safety issues involved at both sites, so it became a difficult decision for the Board.

Staff stated that the Fort Lauderdale and Cooper City High School projects had completed all the planning and design work necessary to meet the expenditure timelines required by QSCBs. If these projects were substituted by other projects at this point, it may delay issuing the QSCBs while the documentation is developed and the projects may not generate the minimum expenses of 10% as required by the QSCBs.

Cooper City High School's administration building walls are deteriorating and the structure is sinking further in the ground each year. Board Members asked if the building was not replaced would the school still meet LOS and class size. Staff responded the school would not make class size or LOS if the building was not replaced.

Plantation High School's cafeteria project has been postponed several times. The cafeteria has antiquated equipment from 1966, poor air conditioning system, and is not sufficient for all the lunches that need to be prepared.

The Board asked the Superintendent if he could find alternative funding to do the cafeteria project or find another way to fix the cafeteria situation. Portable cafeteria, neighboring schools helping with the preparation of meals, catered lunches, were among several suggestions to fix this situation. The Superintendent promised that he would look into this situation and make it the next priority project. Any funding that did become available would be earmarked for the cafeteria project at Plantation High School.

With this promise from the Superintendent, to find other solutions or funding for Plantation High School, the Board Members did agree with the recommended projects to use the QSCB funding.

Material for this presentation can be found on the eAgenda June 7, 2010 workshop.

### **Administrative Site Relocation Options**

At the May 11, 2010 workshop, staff was requested to go back and research other alternatives for the administrative site relocation of staff from HORTT and from Sawgrass Technology Park.

The staff relocation goals were:

- Relocate, staff from HORTT no later than April 27, 2011.
- Relocate all departments and two district area offices from Sawgrass Technology Park by November/December 2010 or execute a new lease at Sawgrass for an additional three years terminating December 2013.

Alternative workplace arrangements, such as telecommuting, hoteling, desk sharing, hot desking, were all looked at to see if another viable solution could be found. Review of schools with excess capacity for administrative positions, alternative building structures, existing properties and buildings were all looked at. Staff determined that there was not

suitable space needed for all staff, or due to limited funding it was not possible to retrofit office spaces.

Staff determined two viable options.

*Option 1*

- Vacate Sawgrass Technology Center by December 2010.
- Facilities Department would relocate to 71 converted portables at New River Circle.
- South Area Office, Central Area Office and CTACE relocate to portables at SW 172 Avenue.

*Option 2*

- Sign a new lease at Sawgrass Technology Park for three years.
- Central Area relocated to TSSC Annex.
- Facilities relocates to Sawgrass Technology Park.

The cost for Option 2 was less expensive than the relocation to portables in Option 1 by \$3,954,428 over a three year period. Moving costs for only Hortt and the Central Area Office, in Option 2, reduced costs significantly. Sawgrass had sufficient capacity to accommodate all relocated staff. The new Sawgrass lease rates are below comparable Class B properties, there are no renovation costs, and relocation deadlines can be met.

Staff stated this is a temporary solution. Board Member asked if needed in the future the property could be subleased. Staff stated that it could and would ask that be placed in the lease.

Board Members agreed with Option 2 and directed staff to go forward with the Sawgrass lease. Also in the works is the fire system replacement at the TSSC Annex.

Material for this presentation can be found on the eAgenda June 7, 2010 workshop.

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