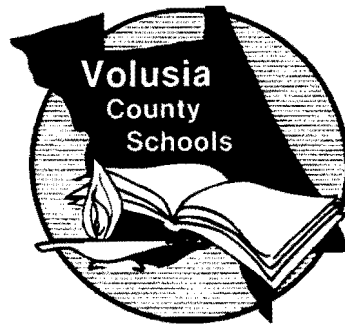


School District of Volusia County
Project Oversight Committee Report

Fiscal Year Ending June 30, 2002



School Board of Volusia County

Ms. Judy L. Andersen, Chairman
Mrs. Vicki Bumpus, Vice Chairman

Ms. Judy Conte
Mr. Earl C. McCrary
Dr. Jeff Timko

Superintendent of Schools

Mr. William E. Hall

Through the individual commitment of all, our students will graduate with the knowledge, skills, and values necessary to be successful contributors to our democratic society.

The School Board of Volusia County, Florida

Project Oversight Committee Members

June 30, 2002

Ms. Garrette Covington, Management Consultant
Covington & Associates, Inc., Daytona Beach, Florida
Term ends: December 31, 2004

Mr. Thomas Ewart, Retired Architect
Retired School Administrator, Deltona, Florida
Term ends: December 31, 2004

Mr. Jeffrey Malmberg, President
Jeff Malmberg Construction Co., Inc., DeLand, Florida
Term ends: December 31, 2006

Mr. Leonard Marinaccio III, Chief Financial Officer
Bomar Construction, Inc., Ormond Beach, Florida
Term ends: December 31, 2006

Mr. Kenneth Parker, City Manager
City of Port Orange, Port Orange, Florida
Term ends: December 31, 2004

Mr. Adelson Ramos, President
Architectural Animation and Design, Inc., Ormond Beach, Florida
Term ends: December 31, 2006

Mr. William C. Kelly, Jr., Assistant Superintendent for Financial Services
Volusia County School District, DeLand, Florida
Term ends: At Will

Project Oversight Committee's Meeting Schedule

- March 27, 2002, DeLand Administration Complex, 4:00 PM
- May 15, 2002, Seabreeze High School, 4:00 PM
- June 26, 2002, Freedom Elementary School, 4:00 PM
- July 24, 2002, Facilities Services Building, 3:00 PM
- August 22, 2002, Facilities Services Building, 3:00 PM

Table of Contents

<u>Description</u>	<u>Page No.</u>
Introduction	4
Revenues and Bond Issuance	4
Expenditures	5
Schedule Revisions	6
Progress/Status	7
Recommendations	7
Conclusion	9
Report of Sales Tax Collections – Actual to Projected	10
Report of Sales Tax Sources and Uses	11
Ten Year Construction Schedule	12
Project Progress Report	16
Project Status Report	20

INTRODUCTION

On October 9, 2001, the voters of Volusia County approved a referendum adopting a half-cent sales tax (the Referendum) for fifteen years, effective January 1, 2002, to fund the Volusia School District Board (the School Board) approved ten-year plan to construct certain identified educational facilities. The Referendum placed before the voters established a Project Oversight Committee (the Committee). The Committee was charged with the responsibility of reporting on the implementation, progress, status and completion of the sales tax construction projects listed within 90 days of the end of each fiscal year. The Committee was established in the Referendum to provide additional assurance to the citizens that the School Board is meeting its commitments and obligations related to improvements promised during the 2001 election.

This is the first annual report of the Committee and is being filed consistent with the requirements of the Referendum. Because of the requirement to submit a report within 90 days after the end of the fiscal year of the School District of Volusia County (The School District), this report covers the first fiscal year of activity ending June 30, 2002.

REVENUES AND BOND ISSUANCE

(See Report of Sales Tax Collections – Actual to Projected, page 10)

The School District staff working with the State of Florida estimated sales tax collections for the first fiscal year to be \$8,052,702. The actual sales

taxes collected during this period were \$10,206,493. The excess of actual over projected collections was \$2,153,791. There are no assurances that collections will continue to exceed projections. Any collections that exceed projections will be added to the amounts set aside for contingencies, which will be used for unforeseen costs on existing projects. Once all commitments are met, the Board may choose to use any remaining funds for additional projects or they may choose to reduce property tax levies. The School District's financial statements for the fiscal year ended June 30, 2002, report \$14,264,042 in sales tax revenues; the difference is attributable to accruals for May and June 2002 revenues. Investment earnings on sales tax collections through June 30, 2002 were \$18,382.

In order to provide immediate capital to fund projects as scheduled, the School Board issued \$146,845,000 (par value) in Sales Tax Revenue Bonds on February 1, 2002, which mature through October 1, 2016. The net interest cost of the bonds is 4.38% after considering all costs of issuance, premiums, discounts, and scheduled interest payments. The bond proceeds of \$150,344,068 were deposited into the construction account. Investment earnings on the bond proceeds through June 30, 2002 were \$961,414. Investment earnings will be available to offset bond interest costs and the cost of sales tax projects.

EXPENDITURES

(See Report of Sales Tax Sources and Uses, page 11)

During the period ending June 30, 2002, the School District expended \$5,904,005 of Sales Tax funds. In order to maximize cost effectiveness and

efficiency in its construction program, the School District has consistently reused construction plans. The reuse of construction plans reduces the cost of design fees but perhaps more importantly, provides several advantages in the construction process. The District has continued to improve the plans based on the prior experience of both those involved in the construction process and the school staff. By re-using plans, the District also has a proven timeline for construction, thereby reducing the time required to plan and build a school. The School Board is to be commended for its strategy of reusing plans whenever possible.

As of June 30, 2002, the School District has \$153,466,690 available in uncommitted sales tax funds for construction projects.

SCHEDULE REVISIONS

(See Ten Year Construction Schedule, page 12)

New Smyrna Beach High School – completion date has been revised to three months earlier (August 2005 instead of November 2005).

DeLand High School – Phase III construction start date has been revised to a six-month later date due to planning changes (June 2002). This will also affect the completion date. The contract for construction for the first portion of Phase III has been awarded and construction on the auditorium should start in August 2002.

Southwestern Middle School – construction of the site work and wastewater project is underway ahead of schedule. The award of a federal grant for \$2.4 million necessitated a revision in order to coordinate it with the sales tax project for planning and construction purposes.

Elementary "X" in Orange City – completion date moved forward to open in August 2004.

Volusia Pines Elementary Addition – construction is set to begin in January 2003, three months earlier resulting in an earlier completion date.

High School "DDD" in Southwest Volusia – the site search has been rescheduled to begin in August 2002, with the planning and construction to follow consecutively. Student populations in the area have necessitated moving this project forward two years.

The balance of the schedule remains essentially as first presented to the School Board. As reported above, the committee anticipates an earlier completion date for several projects and only one project delay.

PROGRESS/STATUS

(See Project Progress Report, page 16 and Project Status Report, page 20)

As stated above, it is very early in the ten-year building program, however, the committee has seen evidence of substantial progress made in planning and construction of the program as presented. The accompanying report on project status (see page 20) will demonstrate the progress made on a number of projects as well as provide information on the current status of portables.

RECOMMENDATIONS

The committee recommends that the School District develop appropriate performance measures against which to benchmark the quality, effectiveness, and efficiency of its construction program.

The Oversight Committee recommends the School District implement a public information program. The purpose of the program is to report on progress of the sales tax construction program. Elements of the program could include the following elements:

- A speaker's bureau. This speaker's bureau could be composed of members of the Oversight Committee, Community Volunteers, and members of the School District staff.
- Web page. The District's Web pages could include an update on construction progress.
- Meetings with Editorial Boards. On an annual basis, School District representatives should meet with the editorial boards of various newspapers to discuss the construction progress.
- Television. On an annual basis, the Oversight Committee members should be invited to report to the public on WCEU. There may be opportunities to work with commercial television stations that service our market to produce annual construction report.
- Radio. There are a number of opportunities to use radio, whether appearing on one of the talk radio programs or pre-record a program that can be used by the local stations in meeting their public service program requirement.
- District Publication. It may be beneficial to include progress information in publications already produced by the School District and sent to parents.

The Committee believes it is important to keep the public informed on progress as well as building confidence that the money is being wisely spent on school construction priorities.

CONCLUSION

The Project Oversight Committee was established to provide additional assurance to the citizens that the School Board is meeting its commitments and obligations related to improvements promised during the 2001 election. The Referendum charges the Committee with the responsibility of reporting on the implementation, progress, status and completion of the sales tax construction projects listed. The Project Oversight Committee has held five public meetings through August 22, 2002. The meetings were designed to introduce the committee members to the District's policies and procedures, develop an effective monitoring process, as well as complete an annual report on the District's implementation, progress, status and completion of sales tax projects. Notes were kept of each meeting. The meetings were held at various locations, including recently completed project sites to provide committee members with first hand experience of the District's construction product.

The Committee believes that the School District of Volusia County has met the commitments made to the citizens of Volusia County during the initial stages of the construction program funded by the Referendum. The Committee commends the District staff for their responsiveness and the clarity and quality of materials presented to the Committee. It appears that the District is making the progress necessary to meet the ten-year construction schedule approved by the Board and the Committee has confidence in the ability of the District staff to complete the construction program in front of them.

SCHOOL DISTRICT OF VOLUSIA COUNTY

Project Oversight Report

Sales Tax Collections - Actual to Projected

June 30, 2002

	Actual Collections	Projected Collections	Difference	Date Received
January	\$ 2,414,115.67	\$ 2,034,989.93	\$ 379,125.74	April 2002
February	2,508,746.13	1,702,991.94	805,754.19	April 2002
March	3,199,653.67	2,152,945.79	1,046,707.88	May 2002
April	2,083,977.75	2,161,774.08	(77,796.33)	June 2002
Total	<u>\$ 10,206,493.22</u> ⁽¹⁾	<u>\$ 8,052,701.74</u>	<u>\$ 2,153,791.48</u>	

(1) The District's financial statements report \$14,264,042 in sales tax revenues; the difference is attributable to accruals for May and June 2002 revenues

SCHOOL DISTRICT OF VOLUSIA COUNTY

Project Oversight Report Sales Tax Sources and Uses June 30, 2002

Sources

Sales Tax Collections	\$ 10,206,493
Bond Proceeds	150,344,068
Unrestricted Interest	979,796
Restricted Interest	20,041
<i>Total Sources</i>	<u>161,550,398</u>

Less: Uses

Land Acquisition and Site Improvements	3,324,077
Design Services	877,920
Construction Services	1,188,001
Facilities Management	514,007
<i>Total Uses</i>	<u>5,904,005</u>

Fund Balances

Reserved for Debt Service	2,179,703
Unreserved	153,466,690
<i>Total Fund Balances</i>	<u>\$ 155,646,393</u>