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Pasco School District Bracing for 'Perfect Storm'

A consultant says the county's school impact fees should not be cut - they're already nearly 50 percent too low.

By [Sherri Lonon \(/users/sherri-lonon\)](#) | [Email the author \(#\)](#) | March 22, 2011

Financial consultant Carson Bise told Pasco County School Board members a proposal by the county commission to reduce or eliminate school impact fees isn't a good idea.

"The county has been subsidizing new development for the last six years," said Bise, the president of TischlerBise, which is a financial, economic and planning consultancy firm based in Bethesda, Md. The current fee is "47 percent of what it could be."

Bise was hired by the school board to look into the proposal by the Pasco County Commission to cut or do away with school impact fees to encourage development and growth. He gave a presentation to school board members during a March 21 workshop on the topic of impact fees.

School board members are scheduled to meet with county commissioners April 4 to discuss the matter. The county commission ultimately has the say so in whether the school district can continue to receive nearly \$5,000 for each new single family home built in Pasco. This money is charged to developers to offset the cost of services new construction will demand, such as schools.

Impact fees are critical for helping the school district pay its debt on schools that were built to meet the demands of recent growth, said Summer Romagnoli, the school district's spokeswoman.

In an email on the topic, Romagnoli wrote, "\$276.6 million was bonded specifically for the purpose of building 11 new schools necessitated by growth since the impact fee has been established. The annual debt service payment for these new schools is \$16.8 million. The total capital cost for these 11 new schools is \$301,284,186 (including land and construction)."

If the district cannot fund debt payments out of its capital budget, which includes impact fees, it must dip into its general revenue. This money is used to pay for teachers and programs.

"This will lead to more lay-offs, salary cuts or program cuts in our operating budget," Romagnoli wrote.

In 2007, Bise's firm recommended that Pasco County's school impact fees be raised to \$8,600 per single family home to more accurately cover the costs of building schools to meet the demands of growth. The school board approved the idea, but the county commission did not.

The notion that an elimination of these fees will encourage new development is one that Bise did not support either. He said in other areas of the country where impact fees have been lowered there was no real evidence of new growth.

Bise was also concerned with the negative impact new growth might have in a county where it is estimated 17,000 residential units are vacant due to the economy. New growth might drive property values even lower, he said, complicating the county's economic woes more. In addition, if those 17,000 units were to become occupied, the school district would run the risk of becoming over capacity.

School board members stressed a need to make sure the county commission had a full understanding of the district's financial woes prior to the April 4 meeting.

The district is facing more than a \$60 million budget shortfall next fiscal year. The impact fee loss would be on top of that figure. Right now, the district is in a position where it cannot afford to build new schools. A plan to build a new elementary school in Wesley Chapel that is deemed necessary by growth has already been put on the back burner.

Board members worry the district won't have the financial ability to keep up with growth-related demands if the fees are cut.

"When this economy improves, we're going to be back behind the eight-ball," said school board chairwoman Joanne Hurley. "I hope that we can get that point across. We've already had our 50 percent reduction."

The district has a total of \$474.8 million in bond debt. Given this current amount, it would be unable to sell bonds to pay for new construction if it were necessitated by growth, officials said.

"We're past our limit," said Superintendent Heather Fiorentino. She said bonds were taken out to cover construction on the 11 impact-free related schools and other facilities that were built in recent years, as well.

Unlike other government bodies, the school board cannot devise new ways to fund operations and has little control over its property tax millage rate, officials said.

"The county has the ability to raise additional funds," said board member Cynthia Armstrong. "We do not."

The district's financial position even made board member Steve Luikart float the proposal to look into a [four-day school week](http://landolakes.patch.com/articles/is-a-4-day-school-week-on-tap-for-pasco) (<http://landolakes.patch.com/articles/is-a-4-day-school-week-on-tap-for-pasco>) to save money without sacrificing teaching positions or programs, such as art and music.

Hurley summed up her feelings about the impact fee proposal with these words: "This is just one part of the perfect storm."

The two boards are expected to meet April 4 at 9 a.m. at the West Pasco Government Center, 7530 Little Rd., in New Port Richey.



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