



CABRILLO UNIFIED SCHOOL DISTRICT

LEVEL 1 DEVELOPER FEES JUSTIFICATION REPORT

APRIL 2023

PREPARED FOR:

**GOVERNING BOARD
CABRILLO UNIFIED SCHOOL DISTRICT**

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CABRILLO UNIFIED SCHOOL DISTRICT

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EXECUTIVE SUMMARY

INTRODUCTION

This Level 1 Developer Fees Justification Report (“Report”) determines the cost of new school facilities attributable to new housing development within the Cabrillo Unified School District (“District”). It serves to justify the adoption of the Level 1 developer fees pursuant to Section 17620 of the Education Code and Sections 65995 and 66001 of the Government Code. These fees are subject to a biennial inflationary adjustment in an amount equal to the change in the statewide cost index for class b construction.

In February 2022, the State Allocation Board (“SAB”) increased the statutory limit on “Level 1” developer fees to \$4.79 per square foot of residential construction and \$0.78 per square foot of commercial or industrial construction. The District’s current developer fees are \$3.20 per square foot for new residential construction, \$0.51 per square foot for new commercial and industrial construction, and \$0.06 per square foot for new retail self-storage construction.

Education Code § 17620 states that “the governing board of any school district is authorized to levy a fee, charge, dedication, or other forms of requirement against any development project for the construction or reconstruction of school facilities.” In order to impose such fees, this Report must demonstrate that a reasonable relationship or “nexus” exists between new development that occurs within the District and the need for new or reconstructed school facilities attributable to new development. More specifically, this Report will present findings in order to meet the procedural requirements of the Mitigation Fee Act, also known as AB 1600, which are as follows:

1. Identify the purpose of the fee.
2. Identify the use to which the fee is to be put.
3. Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.
5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

SUMMARY OF KEY FINDINGS

1. The District's total enrollment, as of October 2022, was 2,707 students. According to the District, the District has a school building capacity of 3,582 students.
2. Based on residential buildout projections from the City of Half Moon Bay Local Coastal Land Use Plan, approximately 5,433 housing units are projected to be constructed thru buildout of the District.
3. A student generation rate analysis finds that an occupied housing unit within the District yields an average of 0.336 K-12 students.
4. At buildout of the District, 729 elementary, 397 middle, and 701 high school students are expected to be generated from the forecasted 5,433 new housing units.
5. The District has insufficient permanent capacity to house all the additional students generated by new development.
6. The cost of providing adequate K-12 school facilities for students generated by new development is estimated to be at least \$9,706 per new housing unit or \$5.46 per square foot.
7. The District's Measures S and Measure G General Obligation Bond measures do not include funding for the construction of additional classrooms to serve new development.
8. Given that the maximum Level 1 residential developer fee is \$4.79 per square foot, the fee provides an average of \$8,520 per new housing unit, covering only 87.8 percent of the need. Therefore, the Level 1 residential developer fee is justified at the maximum rate for the District.
9. The unfunded impact of commercial and industrial development, after residential developer fee revenue, exceeds \$0.78 per square foot for every commercial/industrial land use except the "Retail self-storage" category. Therefore, the Level 1 commercial/industrial developer fees are justified at the maximum rate for every commercial and industrial land use except the "retail self-storage" category.

SUMMARY OF GENERAL RECOMMENDATIONS

1. Based upon the findings presented in this Report, it is recommended that the District adopt a resolution to levying Level 1 developer fees at the maximum level as authorized by Government Code § 65995 et al. The maximum developer fees are as follows:

New Residential Construction:	\$4.79 per sq. ft.
New Commercial Construction:	\$0.78 per sq. ft.
New Industrial Construction:	\$0.78 per sq. ft.
New Retail Self-Storage Construction:	\$0.02 per sq. ft.

2. The fees should be adopted and implemented in accordance with Government Code § 65995 and Education Code § 17620 and as generally described in the appendices to this Report.

DISTRICT CAPACITY AND ENROLLMENT

DISTRICT PROFILE

The District serves 2,707 K-12 students in an area encompassing the City of Half Moon Bay and the unincorporated communities of Montara, Moss Beach, and El Granada in San Mateo County. The District operates four elementary schools, one intermediate school, one high school, as well as a continuation high school and an adult education program.

DISTRICT CAPACITY AND ENROLLMENT (2022-23)

Figure 1 compares the District's October 2022 student enrollment with the District's total school-building capacity provided by the District. For the 2022-23 school year, the District has a capacity for 1,681 elementary students, 747 middle school students, and 1,154 high school students for a total student capacity of 3,582. Additionally, the District's October 2022 total K-12 enrollment was 2,707.

FIGURE 1 – DISTRICT CAPACITY AND ENROLLMENT (2022-23)

Grade Level	Existing School	October 2022	
	Building Capacity	Regular Enrollment	Excess (Deficit) Capacity
Elementary School (K - 5)	1,681	1,081	600
Middle School (6 - 8)	747	585	162
High School (9-12)	1,154	1,041	113
Total District	3,582	2,707	875

Source: Cabrillo Unified School District

NEW RESIDENTIAL DEVELOPMENT

PROJECTED RESIDENTIAL DEVELOPMENT THRU BUILDOUT OF THE DISTRICT

Residential buildout is the planned endpoint in a community’s growth if all land zoned for residential development has been developed to its maximum density. The District includes the City of Half Moon Bay and the unincorporated communities of Montara, Moss Beach, and El Granada, represented by the Midcoast Local Coastal Program area (“Midcoast LCP”) of the County of San Mateo. This Report projects residential development thru buildout of the District by estimating 1) existing housing units and 2) total housing units at buildout of the City of Half Moon Bay and the Midcoast LCP.

Total existing housing units within the District were estimated using lien roll data from the County of San Mateo Assessor. As of February 2023, there are approximately 8,573 housing units within the boundaries of the District. Based on figures from the City of Half Moon Bay Local Coastal Land Use Plan dated October 20, 2020, maximum theoretical buildout is 14,006 housing units. Therefore, the City and unincorporated area of the District will grow by approximately 5,433 new housing units to reach full residential buildout.

FIGURE 2 – PROJECTED RESIDENTIAL DEVELOPMENT

City of Half Moon Bay ¹	7,051
Unincorporated Area of the District ¹	6,955
Total Housing Units at Buildout	14,006
Existing Housing Units ²	8,573
New Housing Units thru Buildout	5,433

Source: County of San Mateo; City of Half Moon Bay

Notes:

¹ Figures are from the Half Moon Bay Local Coastal Land Use Plan dated October 20, 2020.

² Existing housing units within the District are estimated based on data from the San Mateo County Assessor as of February 2023.

STUDENT GENERATION RATES

Student generation rates, otherwise known as “yield factors,” are the average number of students generated by an occupied housing unit. The District’s student generation rates from existing housing are shown below.

FIGURE 3 – STUDENT GENERATION RATES FOR NEW HOUSING

Grade Levels	2022-23 District Enrollment ¹	Occupied Housing Units ²	Students Per Occupied Housing Unit
Elementary School (K - 5)	1,081	8,059	0.134
Middle School (6 - 8)	585	8,059	0.073
High School (9-12)	1,041	8,059	0.129
Total District	2,707	8,059	0.336

Notes:

¹ Excluded continuation and alternative education.

² Estimate based on data from the San Mateo County Assessor's as of February 2023 with an estimated vacancy rate of 6.0 percent from the California Department of Finance for the City of Half Moon Bay.

PROJECTED STUDENTS FROM NEW HOUSING UNITS

Figure 4 below lists the number of students from the forecasted new housing units from Figure 2. If 5,433 new housing units are constructed as projected thru buildout of the District, and each new housing unit is expected to generate 0.336 K-12 students, then District enrollment will add approximately 1,827 new students from new development.

FIGURE 4 – PROJECTED STUDENTS FROM NEW DEVELOPMENT

Period	New Housing Units	Additional Students from New Development			
		K - 5	6 - 8	9-12	K - 12
Buildout	5,433	729	397	701	1,827

UNHOUSED STUDENTS FROM NEW RESIDENTIAL DEVELOPMENT

Given that the District’s school building capacity exceeds the District’s 2022-23 enrollment, excess capacity exist to house some students generated by new development. Excess capacity exists to house 600 elementary school students, 162 middle school students, and 113 high school students. The remaining 952 K-12 students are considered “unhoused.”

FIGURE 5 – UNHOUSED STUDENTS FROM NEW RESIDENTIAL DEVELOPMENT

Grade Level	Students from New Development	Available Excess Capacity	Unhoused Students from New Development
Elementary School (K - 5)	729	600	129
Middle School (6 - 8)	397	162	235
High School (9-12)	701	113	588
Total District	1,827	875	952

IMPACT OF NEW RESIDENTIAL DEVELOPMENT

This section determines the impact of new residential development on the District's school facilities. New residential development will generate additional students in the District. As previously discussed, adequate school facilities will not exist for all these students. New residential development, therefore, financially affects the District by generating a need for additional school facilities. This section outlines the cost impact to the District based on the cost per student, per housing unit, and per square foot for new residential development within the District.

SCHOOL FACILITIES COSTS ATTRIBUTABLE TO NEW RESIDENTIAL DEVELOPMENT

Figure 6 on the following page estimates the projected cost of K-12 facilities attributable to new housing units thru buildout of the District. The construction costs for K-12 facilities are based on two times the new construction per student grant amounts in the State School Facilities Program. The costs include the base per-student grant pursuant to Education Code § 17072.10, the auto alarm/detection grant, the sprinkler grant required by Education Code § 17074.56(a), and labor compliance program grant pursuant to Labor Code § 1771.7(e). Although these per-student grant amounts are intended to reflect half the cost of building a school, this estimate should be viewed as a conservative estimate because projects funded at 100 percent of the state allowance often experience shortfalls between state funding and the District's actual facilities costs.

Site development costs per student are estimated to equal 20 percent of construction costs, again a conservative estimate based on similar projects approved by the State Allocation Board. No land acquisition costs are reflected since the District plans to expand each school to accommodate future enrollment from new development.

The District may experience interim housing costs while permanent facilities are under construction; however, they are not quantified in this Report. Construction costs are estimated at \$44,830 per elementary student, \$47,516 for middle school students, and \$60,858 per high school student. As shown below, \$52.7 million in new school facility costs are attributable to new residential development thru buildout of the District.

FIGURE 6 – SCHOOL FACILITY COSTS ATTRIBUTABLE TO NEW DEVELOPMENT

	K - 5	6 - 8	9 - 12	K-12
Unhoused Students from New Residential Development	129	235	588	952
New Construction Cost per Student ¹	\$32,486	\$34,432	\$44,100	
Site Development Costs per Student ²	\$6,497	\$6,886	\$8,820	
Site Acquisition Costs per Student ³	\$0	\$0	\$0	
Contingency (15%)	\$5,847	\$6,198	\$7,938	
Total Facility Costs per Student	\$44,830	\$47,516	\$60,858	
Total Costs Attributable to New Residential Development	\$5,783,128	\$11,166,190	\$35,784,504	\$52,733,822

Notes:

¹ Estimated construction costs are based on twice the State new construction grant provided in the School Facilities Program.

² Estimated site development costs are conservatively based on 20 percent of construction costs.

³ No land acquisition costs are reflected, since the District is planning to expand each school accommodate future enrollment from new development.

SCHOOL FACILITIES COSTS PER NEW HOUSING UNIT

Figure 7 calculates the cost of school facilities per new housing unit. Total school facilities costs for new housing units thru buildout from the previous figure are divided by the 5,433 new housing units projected within the same period. As shown, the total cost per new housing unit is \$9,706.

FIGURE 7 – SCHOOL FACILITIES COST PER NEW HOUSING UNIT

Residential Development thru Buildout	K-12
Total Facilities Costs Attributable to New Development	\$52,733,822
Total New Housing Units	5,433
Total School Facility Cost per New Housing Unit	\$9,706

SCHOOL FACILITIES COSTS PER SQUARE FOOT OF NEW RESIDENTIAL AREA

This Report also calculates the school facilities cost per square foot attributable to new residential development. Based on data from the San Mateo County Assessor, it is estimated that the average size of the total housing units in the District is 1,779 square feet. Using this figure as the average of future housing units, over million square feet of new residential area will be constructed from the 5,433 new housing units thru buildout of the District. By dividing the total cost by the projected new residential square footage for the same housing units over the same period, the school facilities cost per square foot of new residential area for new development is \$5.46 per square foot.

FIGURE 8 – SCHOOL FACILITIES COST PER SQUARE FOOT (NEW DEVELOPMENT)

New Development thru Buildout	K-12
Total Facilities Costs Attributable to New Development	\$52,733,822
New Housing Units thru Buildout of District	5,433
Average Square Footage of New Housing Units	1,779
New Residential Area thru Buildout of District	9,663,173
Total Facility Cost per Square Foot	\$5.46

JUSTIFICATION OF LEVEL 1 DEVELOPER FEES

In order to establish or increase developer fees, the District must develop a justification report that demonstrates the nexus between the imposed fee and the need for school facilities created by new development. If the cost of providing new school facilities for new housing units is greater than the amount collected by the maximum Statutory residential developer fee, then the District may levy the fee. The current maximum State authorized K-12 fees are \$4.79 per square foot of residential area and \$0.78 per square foot of commercial and industrial area. The State Allocation Board increased these statutory maximum amounts or “Level 1” fees in February 2022.

RESIDENTIAL DEVELOPER FEE

As previously discussed, the average cost of school facilities per new home is \$9,706. Given that the average square footage of new housing units is 5.46 square feet, the maximum developer fee of \$4.79 per square foot would provide \$8,520 per housing unit. This amount mitigates only provides 87.8 percent of the impact of new residential development on school facilities. Therefore, the Level 1 residential developer fee is justified at the maximum rate for the District.

COMMERCIAL / INDUSTRIAL FEE

As commercial or industrial properties develop, new jobs are created. Many people hired into these new jobs move into the community, increasing the need for additional school facilities to serve their children. Consequently, commercial or industrial development affects the District.

SCI Consulting Group gathered data from the State of California Employment Development Department, the California Department of Finance, the U.S. Census Bureau, the Association of Bay Area Governments (“ABAG”), and the City of Half Moon Bay Planning Department. This data indicated an estimated total of 11,415 people living in the City of Half Moon Bay, including 6,900 residents with employment status. Furthermore, there are 4,845 housing units within the City of Half Moon Bay, yielding a ratio of 1.42 employees/housing unit.¹ Based on

¹ Source: California Department of Finance, January 2022 and the California Employment Development Department, March 2023.

data from the U.S. Census Bureau, it is estimated that 36.8 percent of District residents with employment status work within the District.

Additionally, Education Code § 17621(e)(1)(b) allows for the use of employee generation figures from a traffic generator study produced by the San Diego Association of Governments (“SANDAG”). The SANDAG study determined the average number of employees per square foot of commercial and industrial business space. The SANDAG study shows that on the average there are 2.65 employees for each 1,000 square feet of commercial or industrial building area. The employee generation factors are summarized in the figure below.

FIGURE 9 – EMPLOYEES PER SQUARE FOOT OF COMMERCIAL / INDUSTRIAL FLOOR AREA

Type of Business	Square Feet Per Employee	Employees per 1000 Square Feet
Banks	354	2.83
Commercial Offices	226	4.43
Community Shopping Centers	652	1.53
Corporate Offices	372	2.68
Industrial Business Parks	284	3.52
Industrial Parks	668	1.50
Lodging	883	1.13
Medical Offices	217	4.61
Neighborhood Shopping Centers	360	2.78
Research & Development	329	3.04
Overall Average	377	2.65

Source: SANDAG Traffic Generator Study

Using the SANDAG Study average of 2.65 employees per 1,000 square feet of new commercial or industrial space, assuming that 36.8 percent of these employees reside in the City of Half Moon Bay and an average of 1.42 employees live in each housing unit, this Report finds an average of 0.69 homes will be needed for each new employee per 1,000 square feet of commercial and industrial space. Likewise, on average, 1,459 square feet of new commercial/industrial space would create the need for one additional housing unit in the District for new employees of that business.

The total cost of school facilities needed per 1,459 square feet of commercial or industrial space is the same as the new school facilities cost per new housing unit. However, the Level 1 fee provides an average of \$8,520 per new housing unit (\$4.79 per square foot * 1,779 average square feet.) Therefore, the unfunded cost of school facilities is the difference between the cost of new school facility construction and \$1,187 per new housing unit.

Moreover, the unfunded impact of commercial or industrial development is \$0.81 per square foot ($\$1,187 \div 1,459$). In comparison, the maximum commercial/industrial fee for facilities is \$0.78 per square foot, which covers only 95.9 percent of the unfunded impact. As a result, commercial/industrial fees are justified and are needed to ensure that adequate school facilities can be made available for enrollments generated by new residential development.

This analysis is provided in Figure 10 on the following page for each type of land use. As shown, the commercial/industrial fee is justified at the maximum rate of \$0.78 per square foot in every case except for the “retail self-storage” category. Therefore, the maximum commercial/industrial fee of \$0.78 per square foot is justified for all new commercial/industrial construction except for new “retail self-storage” construction, which is justified at the rate of \$0.02 per square foot.

FIGURE 10 – IMPACT OF COMMERCIAL / INDUSTRIAL DEVELOPMENT

Type of Business	Employees per 1000 Square Feet ¹	Square Feet Creating Need for One Housing Unit ²	Unfunded Impact per Housing Unit ³	Unfunded Impact per Square Feet ⁴
Banks	2.83	1,370	\$1,187	\$0.87
Commercial Offices	4.43	874	\$1,187	\$1.36
Community Shopping Centers	1.53	2,521	\$1,187	\$0.47
Corporate Offices	2.68	1,441	\$1,187	\$0.82
Industrial Business Parks	3.52	1,101	\$1,187	\$1.08
Industrial Parks	1.50	2,586	\$1,187	\$0.46
Lodging	1.13	3,417	\$1,187	\$0.35
Medical Offices	4.61	839	\$1,187	\$1.41
Neighborhood Shopping Centers	2.78	1,393	\$1,187	\$0.85
Retail self-storage	0.06	60,144	\$1,187	\$0.02
Research & Development	3.04	1,273	\$1,187	\$0.93
Overall Average	2.65	1,459	\$1,187	\$0.81

Notes:

¹ Employee generation factors from SANDAG Study.

² This is the square feet of commercial or industrial building area that generates the need for one new housing unit in the District. Calculated: $(1/(2.65 * 36.8\%)) * 1,000 \text{ SF} * 1.42$

³ Unfunded impact equals total impact per housing unit, less Level 1 developer fees of \$4.79 per square foot * average housing unit size of 1,779 square feet.

⁴ Unfunded impact per square foot equals unfunded impact per housing unit divided by square feet of commercial / industrial building area that creates the need for one new housing unit in the District.

SUMMARY OF DEVELOPMENT IMPACT

In summary, the cost of adequate school facilities attributable to new residential development is \$5.46 per square foot. The maximum residential developer fee is \$4.79 per square foot mitigates only 87.8 percent of the impact of residential development. Moreover, the average unfunded impact of commercial or industrial development exceeds the maximum commercial/industrial developer fee at \$0.78 per square foot in every case except for the retail self-storage category. Therefore, residential, commercial, and industrial development creates more impact than is offset by the maximum developer fee, so the fees should be adopted at the maximum rate except for new retail self-storage construction, which should be adopted at the rate of \$0.02 per square foot.

NEXUS FINDINGS

This section frames the findings of the Report in terms of the nexus requirements pursuant to Government Code § 66000 et seq. In general, this Report must demonstrate that a reasonable relationship or “nexus” exists between new development within the District and the need for additional school facilities due to new development. The specific nexus requirements and Report findings are discussed below.

IDENTIFY THE PURPOSE OF FEES

The purpose of the fee is to provide funding for the construction and reconstruction of school facilities for new students generated by residential and commercial/industrial development.

IDENTIFY THE USE OF FEES

As outlined in the Report, the fee will be used to fund the construction of additional school facilities. The District may need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Revenue from fees collected on residential and commercial/industrial development may be used to pay for any of the following:

- Construction or reconstruction of school facilities;
- Acquisition or leasing of land for school facilities;
- Design of school facilities;
- Permit and plan checking fees;
- Testing and inspection of school sites and buildings;
- Furniture for use in new school facilities;
- Purchased or leased interim school facilities;
- Legal and administrative costs associated with providing school facilities to students generated by new development;
- Administration of the collection of developer fees including the costs of justifying the fees; and
- Other appropriate miscellaneous costs resulting from student enrollment growth caused by new development.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE FEE’S USE AND THE TYPE OF DEVELOPMENT PROJECT ON WHICH THE FEE IS IMPOSED

New residential development will cause families to move into the District and will, consequently, generate additional students in the District. As previously discussed, adequate school facilities do not exist for all these students. New residential development, therefore, creates a need for additional school facilities. Therefore, the fee’s use (acquiring new facilities) is reasonably related to the type of project (new residential development) imposed upon it.

As discussed in this Report, the District has insufficient permanent capacity to house the additional students projected to enroll in the District. Therefore, new residential development will generate “unhoused students” and create a need for additional school facilities. Therefore, the fee’s use (acquiring school facilities) is reasonably related to the type of project (new residential development) imposed upon it.

New commercial/industrial development will also generate new workers to move into the District. Because some workers will have school-age children, commercial and industrial development will generate new students in the District. As previously mentioned, adequate school facilities do not exist for all students. Therefore, new commercial/industrial development creates a need for additional school facilities.

DETERMINE HOW THERE IS REASONABLE RELATIONSHIP EXISTS BETWEEN THE NEED FOR SCHOOL FACILITIES AND THE TYPE OF DEVELOPMENT ON WHICH THE FEES ARE IMPOSED

As discussed in this Report, the District has insufficient permanent capacity to house the additional students projected to enroll in the District. Therefore, new residential development will generate “unhoused students” and create a need for additional school facilities. Therefore, the fee’s use (acquiring school facilities) is reasonably related to the type of project (new residential development) imposed upon it.

New commercial and industrial development will also generate new workers to move into the District. Because some workers will have school-age children, commercial and industrial development will generate new students in the District. As previously mentioned, adequate school facilities do not exist for all students. Therefore, new commercial and industrial development creates a need for additional school facilities.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE AMOUNT OF FEES AND THE COST OF THE SCHOOL FACILITY ATTRIBUTABLE TO THE DEVELOPMENT ON WHICH THE FEES ARE IMPOSED

As outlined in this Report, the cost of school facilities attributable to each square foot of new residential housing units is \$5.83 per square foot. The new statutory residential developer fee of \$4.79 per square foot of new residential space only mitigates a small percentage of the impact of new residential construction. Therefore, the residential fee is justified at the new maximum rate.

The Report also demonstrated that the school facilities costs attributable to commercial and industrial development is \$1.27 per square foot. The new statutory commercial/industrial developer fee of \$0.78 per square foot of new commercial space only mitigates a small percentage of the impact of new commercial and industrial development. Therefore, the commercial/industrial fee is justified at the new maximum statutory rate.

APPENDICES

Appendix A – Requirements for Implementation of the Fees

Appendix B – Timeline for Adoption of the Fees

APPENDIX A – REQUIREMENTS FOR THE IMPLEMENTATION OF THE FEES

TO ESTABLISH, INCREASE FEE:

1. To establish or increase Developer Fees, a study is needed which assesses the impact of new growth on school facilities, evaluates sources of revenue for capital facilities, and determines the relationship between the amount of the fee and the unfunded need for school facilities created by the development project. Additionally, a capital improvement plan or facilities component which includes estimates of the cost of school facilities to be financed by Developer Fees may be included. (Ed. Code Section 17620 and Govt. Code Section 65995)
2. Prior to, holding a public hearing: Govt. Code Section 66018
 - a. Written notice shall be sent at least 14 days prior to the meeting to all those requesting notification.
 - b. Notice shall be published twice prior to the meeting - the first notice shall be published at least 10 days before the meeting. Govt. Code Section 66016
 - c. Documentation shall be open for public review 10 days prior to the meeting.
3. Public comment is taken at meeting. Cost of meeting can be paid from fees.
4. Governing Board is required to: Govt. Code Section 66001(a)
 - a. Identify the purpose of the fee.
 - b. Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged.
 - c. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
 - d. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.
5. Governing board must make determination that the fee can be collected at the time of issuance of building permit instead of time of occupancy.

RESOLUTION ESTABLISHING OR INCREASING FEE:

1. Regular resolution takes effect after 60 days. Govt. Code Section 53080.1(a)
2. An urgency resolution, which takes effect immediately and maintains for 30 days, can be extended twice. Govt. Code Section 53080.1(b)

FEE COLLECTION AND COORDINATION WITH CITIES AND COUNTIES:

1. School district must notify city/county with the following before city/county is required to withhold permits:
 - a. Copy of resolution
 - b. All supporting documentation
 - c. Time when collection or increase of fees commences.
2. It is recommended that an informational letter regarding fees be provided to the building department for building permit applicants.
3. City/county is required to withhold permit or final inspection unless the fee has been collected or the school district has certified that the fee has been paid.
4. To collect fees at time of building permit instead of time of occupancy, an account for the fees must be established and fees appropriated for an adopted proposed construction schedule as outlined in a five year facilities plan for State funding or capital improvement plan. Govt. Code Section 66002 (This Report includes a facilities plan component which satisfies this requirement.) Govt. Code Section 66007(f)
5. Fees for mobile homes or manufactured homes are collected at close of escrow or certificate of occupancy.
6. Cost of collecting fees is limited to 3% of the fees collected. If the cost of collection is higher, the amount over 3% must be paid from other District funds.
7. Fees may be used to pay the cost of preparing developer justification studies.
8. The District should develop and use a form letter to certify that fees have been paid.
9. Imposition or increase of fees is exempt from the requirements of the California Environmental Quality Act. Ed. Code Section 17621(a)

FEE SPLITTING WITH OTHER DISTRICTS:

1. A written agreement must be prepared, and a copy must be sent to the State Allocation Board.
2. If the districts cannot agree on the terms of a fee split, an arbitration panel should be used.

CALCULATING DEVELOPER FEES:

The city/county will calculate the space within the perimeter of the new building, and assessable space charged developer fees is defined as follows:

1. New and remodeled residential space subject to Developer Fees includes square footage within the perimeter of a residential structure, but not including carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structures, or similar areas. Govt. Code section 65995(b) and Ed. Code Section 17620
2. Remodeled residential space with a net increase of less than 500 square feet is totally exempt from Developer Fees. That with a net increase of more than 500 square feet must pay on the entire increase. Ed. Code Section 17620(a)(1)(C)
3. New commercial or industrial space subject to Developer Fees is new covered and enclosed space within the perimeter of the structure, but not including storage areas incidental to the development, garages, parking structures, unenclosed walkways, or utility or disposal areas. Govt. Code Section 65995(b)(2)

SPACE THAT IS EXEMPT FROM DEVELOPER FEES IS DEFINED AS FOLLOWS:

1. Facilities that cannot be charged Developer Fees are:
 - a. Structures that are tax exempt and are used exclusively for religious purposes.
 - b. Private full-time day schools
 - c. Facilities owned and operated by a governmental agency.
2. Fees cannot be charged if the new facilities do not impact the need for school facilities.
3. If a manufactured or mobile home was previously located on the pad where a manufactured or mobile home is to be installed, fees are not charged; fees can only be charged if the pad was constructed after 9-1-86.
4. If the development is to replace an existing structure, only the net increase of assessable space should be charged. No fees can be charged for reconstruction due to a natural disaster as declared by the governor. Govt. Code Sections 66020 & 66011

DEVELOPMENT CHARGED COMMERCIAL/INDUSTRIAL FEES:

1. Structures to be used for commercial or industrial purposes.
2. Senior housing as defined. Civil Code Section 51.3, Health and Safety Code Sections 1569.2(j) and 15432(d)(9) (Govt. Code Section 65995.2(a))
3. Adult only mobile homes. Govt. Code Section 65995.2(a)

4. Hotels and motels except residential fees can be charged to residential hotels. Health and Safety Code Section 50519 (Govt. Code 65995(d))

USE OF FEES:

Fees can only be used for the construction and reconstruction of school facilities and may be used to pay bonds, notes, leases, loans or other financial obligations for permanent or temporary school facilities. This does not include regular maintenance or routine work; asbestos work except that which is incidental to regular construction and reconstruction; and deferred maintenance

ACCOUNTING PROCEDURES:

1. A separate account must be established for fees. Govt. Code Sections 66006
2. If any fees remain unexpended or uncommitted five or more years after deposit, annual findings are required which demonstrate that fees are still needed for planned school facilities. Govt. Code Section 66001(d)
3. If the District is unable to justify unexpended or uncommitted fees collected five or more years prior, the District shall provide refunds of the unexpended or uncommitted fees plus any accrued interest to the current owners of record on a prorated basis. Govt. Code 66001(e)

APPENDIX B – TIMELINE FOR ADOPTION OF THE FEES

<u>DATE</u>	<u>TASK</u>
14 Days Before Public Hearing	Notice of hearing mailed to all persons requesting such notice
10 Days Before Public Hearing	First notice of hearing published in a local newspaper. Second publication occurs at least five days after the first publication. Government Code Sections 6062(a) and 60618
10 Days Before Public Hearing	Developer Fee Justification Report is made available for public review
3 Days Before Meeting	Notice of public hearing included in Board agenda
Public Hearing	Board holds public hearing at or near appointed hour. After closing public hearing, Board adopts resolution approving fee
2 Days After Meeting	Staff notifies Cities and County of adoption of Resolution implementing fee and provides these agencies with copies of Resolution and Level 1 Developer Fees Justification Report
60 Days After Public Hearing	Effective date for implementation of fee

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