
**SCHOOL FACILITY FEE JUSTIFICATION REPORT
FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL
DEVELOPMENT PROJECTS**

for the

YUBA CITY UNIFIED SCHOOL DISTRICT

April 2021

Prepared by
School Facility Consultants

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Prepared for
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Executive Summary

The Yuba City Unified School District (the District) is justified to collect the legal maximum fee of \$4.08 per square foot of residential development as authorized by Government Code Section 65995 (Level I fees), as future residential development creates a school facility cost of \$6.08 per square foot. The District is also justified to collect the legal maximum fee of \$0.66 per square foot of development on all categories of commercial/industrial development (except rental self-storage), as those categories of development create school facility costs ranging from \$2.82 to \$11.76 per square foot of future development, even when fees from linked residential units are accounted for. Fees for new rental self-storage should be established on an individual case-by-case basis.

The District's justification for collecting fees on future residential and commercial/industrial development is based on the following facts and projections:

1. The District's current and projected enrollments are larger than its pupil capacity. The District, therefore, has no available existing capacity to house additional students generated by new development.
2. Over a five-year period, future residential development is projected to create 99 additional students in the District. These students will require the District to acquire new school facilities.
3. Each square foot of new residential development in the District creates an estimated school facilities cost of \$6.08. All categories of commercial/industrial development (except rental self-storage) create an estimated school facilities cost ranging from \$2.82 to \$11.76 per square foot of commercial/industrial development.
4. If the District collects the current maximum fee on residential development authorized by Government Code Section 65995 of \$4.08 per square foot, fee revenue will offset 67.1 percent of the school facility cost attributable to residential development. If the District collects the current maximum fee on commercial/industrial development authorized by Government Code Section 65995 of \$0.66 per square foot, fee revenue will offset from 5.6 percent to 23.4 percent of the school facility cost attributable to commercial/industrial development (except rental self-storage). For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.

The fees outlined above all meet the requirements of Government Code Section 66001 (the nexus requirements), that is, a reasonable relationship exists between the amount and use of the fees and the developments on which they are charged.

End of Summary

Introduction

This Report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the Yuba City Unified School District (District). *School Facility Consultants* has been retained by the District to conduct the analysis and prepare this Report.

A. Purpose and Scope

The purpose of this Report is to show that the District meets pertinent requirements of State law regarding the collection of developer fees.

State law gives school districts the authority to charge fees on new residential and commercial/industrial developments if those developments generate additional students and cause a need for additional school facilities. Government Code Section 65995 authorizes school districts to collect fees on new development of no more than \$4.08 per square foot for residential construction and \$0.66 for commercial/industrial construction. These fees are adjusted every two years according to the inflation rate for Class B construction determined by the State Allocation Board. Government Code Section 66001 requires that a reasonable relationship exist between the amount and use of the fees and the development on which the fees are to be charged.

This Report:

- identifies the cost of providing school facilities for students generated by new residential and commercial/industrial development in order to justify the collection of fees on those developments and
- explains the relationship between the fees and the developments on which those fees are to be charged.

B. Brief Description of the Yuba City Unified School District

The Yuba City Unified School District is located in Sutter County. The District's boundaries may be seen in greater detail on maps available at the District Office.

The District currently serves over 13,200 students and operates six K-5 elementary schools, six K-8 schools, one 6-8 middle schools, two comprehensive high schools, one continuation high school and one K-12 alternate education school. Two charter schools also operate in the District.

Opportunities for additional residential development exist within the District, and approximately 209 new residential units are anticipated to be built in the District over the next five years based on historical rate of development.

To accommodate this future residential development, the District plans to build additional elementary, middle, and high school facilities. In addition, the District will purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

C. Data Sources

The data sources for this Report are listed below and referenced throughout the Report.

Data Sources

Data Type	Data Source
Residential development rates	City of Yuba City Development Services Department
Enrollment history	CBEDS, Yuba City Unified School District
Pupil capacity of District schools	Yuba City Unified School District, <i>Classroom Inventory May 2018</i> prepared by School Facility Consultants
Student generation rates for housing units	Sutter County Assessor Records, Yuba City Unified School District Student Address List
Employees per square foot of commercial/industrial development	San Diego Association of Governments
Number of workers per household	2000 U.S. Census Data

D. Outline of the Report

The Report is divided into six sections. The sections:

1. identify the District's school facility needs over the next five years,
2. calculate the financial impact on the District of new residential and commercial/industrial developments,
3. compare the projected revenues from developer fees to the costs of providing facilities to students generated by new developments,
4. show that the District satisfies the requirements of Government Code Section 66001 with respect to the collection of developer fees,
5. summarize other potential funding sources for school facilities and
6. present recommendations regarding the collection of developer fees.

End of Section

I. District Facility Needs

This Section describes the District’s requirements for school facilities over the next five years. Specifically, the following subsections:

- A) project the District’s future enrollment over the next five year period (through 2025/26),
- B) identify the District’s current capacity,
- C) subtract the projected enrollment from the District’s capacity to calculate the District’s facility needs over the five year period and
- D) describe the District’s plan to fulfill its facility needs.

A. Five-Year Enrollment Projection

1) Enrollment History

The Report uses the California Basic Educational Data Systems (CBEDS) to track the District’s total enrollment over the last five years (see Table 1-1). Total District enrollment has decreased by 1,451 students (10.9%) from 2016/17 to 2020/21.

**Table 1-1
District Enrollment History**

Grade	2016/17	2017/18	2018/19	2019/20	2020/21
K-8	9,391	9,276	9,166	9,023	7,945
9-12	3,888	3,953	3,945	4,027	3,883
Total	13,279	13,229	13,111	13,050	11,828

2) Enrollment Projection

This Report uses the enrollment projection found in the May 2018 *Demographic Study* prepared by School Facility Consultants to estimate the District’s enrollment in five years. Table 1-2 summarizes the 2025/26 enrollment projection for the Yuba City Unified School District.

**Table 1-2
Five-Year Enrollment Projection**

Grade	Current Year 2020/21	Fifth Year 2025/26	Percent Increase/Decrease
K-8	7,945	9,121	14.8%
9-12	3,883	3,662	(5.7%)
Total	11,828	12,783	(8.1%)

(continued on next page)

B. Pupil Capacity of District Facilities

1) Classroom Loading Standards

The District’s classroom loading standards are listed in Table 1-3.

**Table 1-3
State Classroom Loading Standards**

Grade Level	Number of Students Per Classroom
K-3	24
4-12	29
Special Day Class	13

2) Classroom Capacity and Percent Utilization

For purposes of the report, the District’s capacity is based on the May 2019 report titled *Classroom Inventory* prepared by School Facility Consultants.

Table 1-4 lists the classroom capacity of the District by grade group.

**Table 1-4
Pupil Capacity By Grade Level**

Grade Group	Pupil Capacity
K-8	7,214
9-12	3,538
Total K-12	10,752

Table 1-5 shows the percentage of classroom capacity the District is currently utilizing by dividing the capacity outlined above (Table 1-4) by the District’s current enrollment.

**Table 1-5
2020/21 School Classroom Utilization**

Grade Group	Pupil Capacity	2020/21 Enrollment	Existing Unhoused Students	Percent Utilization
K-8	7,214	7,945	731	110.1%
9-12	3,538	3,883	345	109.7%
Total	10,752	11,828	1,076	110.0%

As Table 1-5 shows, the District is currently operating over capacity and there are 1,076 existing unhoused students for whom additional permanent facilities are required.

(continued on next page)

C. District Facility Requirements Over Five-Year Planning Period

Table 1-6 calculates the District’s requirements for school facilities over the next five years by subtracting its current capacity from its projected 2025/26 enrollment.

**Table 1-6
District Facility Needs/Unhoused Students**

Grade Group	Pupil Capacity	2025/26 Projected Enrollment	Total Unhoused Students
K-8	7,214	9,121	1,907
9-12	3,538	3,662	124
Total	10,752	12,783	2,031

As Table 1-6 shows, in the 2025/26 school year, the District will need additional facilities for 2,031 students (1,907 K-8 students and 124 9-12 students).

D. Plan for Fulfilling School Facility Needs

In order to provide facilities for the 2,031 unhoused students listed in Table 1-6, the District plans to build new K-8 Elementary and 9-12 High School facilities. The District will also need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

**Table 1-7
Temporary and Permanent Facility Plans**

Projects	Pupil Capacity	Time Frame
New K-8 Elementary School	1,300	Within the next 5 years
New K-8 Elementary School*	607	Within the next 5 years
High School Additions	124	Within the next 5 years
Interim Housing	N/A	Throughout the next 5 years
Total	2,031	N/A

*Total school site capacity is 1,300 pupils for each K-8 Elementary School.

End of Section

II. Financial Impact of New Residential Development

This Section quantifies how new residential development financially affects the District.

New residential development will generate additional students in the District. As shown in the previous Section, adequate school facilities do not exist for these students. New residential development, therefore, financially affects the District by generating a need for additional school facilities that the District must acquire at some cost. This Section describes this cost in three ways: (1) dollars per K-12 student generated from new development, (2) dollars per new housing unit and (3) dollars per square foot of new development.

In order to calculate the financial effects described above, the Report must first calculate the estimated number of students that will live in a new housing unit and the per pupil cost of providing school facilities for K-12 students.

A. Number of Students per New Housing Unit

This Report estimates the number of students that each future residential housing unit will generate by analyzing the rate at which previously built housing units have generated current District pupils.

This Report estimates the number of students that will be generated by a new single- and multi-family housing unit by (1) counting the number of students in the District who live in housing units that were built between 2015 and 2019, and (2) dividing that number by the total number of housing units that were built over the same time period. This Report uses Sutter County assessor data accessed through a third party provider to derive the housing counts and a District-provided 2020/21 student address list to derive the student counts.

Table 1-8 identifies the K-12 student generation rate for new housing units in the District.

**Table 1-8
Student Generation Rate**

Grade Group	Students per Residential Housing Unit
K-8	0.349
9-12	0.126
Total	0.475

B. Cost of Providing School Facilities

The per pupil cost of providing school facilities for unhoused students is outlined in Table 1-9. The costs are based on the 2021 School Facility Program allowances for construction of new school facilities and include amounts for site acquisition and development. The District will experience interim housing costs while permanent facilities are being constructed. Interim housing costs, however, are not quantified in this Report.

**Table 1-9
Per Pupil Facility Costs for K-12 Students**

Grade Group	Project	Facility Cost	Pupil Capacity	Per Pupil Cost
K-8	New K-8 Elementary School	\$45,954,350	1,300	\$35,350
9-12	High School Additions	\$4,681,000	124	\$37,750
K-12	Interim Housing Costs	N/A	N/A	N/A

C. Cost of Providing School Facilities per New K-12 Student Generated by Future Development

The Report determines the facility cost of a K-12 student generated by future development by calculating a weighted average of the facility costs for K-8 and high school students.

The relative size of the grade group student generation rates for residential housing units tells us that 73.5 percent of students from new units will be K-8 students and 26.5 percent will be high school students. Table 1-10 weighs each per pupil facility cost by the appropriate percentage and provides a weighted average facility cost for K-12 students from future residential development.

**Table 1-10
Weighted Average School Facility Cost for a K-12 Student
from Future Residential Development**

Grade Group	Cost Per Pupil	Weighting Based on Student Generation Rate	Weighted Cost Per Pupil
K-8	\$35,350	73.5%	\$25,982
9-12	\$37,750	26.5%	\$10,004
K-12	N/A	100%	\$35,986

D. Cost of Providing School Facilities per New Residential Housing Unit

Table 1-11 multiplies the total number of students per housing unit by the facility cost of a K-12 student to calculate a facility cost attributable to new residential housing units.

**Table 1-11
K-12 School Facility Cost per New Housing Unit**

Number of K-12 Pupils per New Housing Unit	K-12 Per Pupil Facility Cost	K-12 Cost Per New Housing Unit
0.475	\$35,986	\$17,093

E. Cost of Providing School Facilities per Square Foot of New Residential Development

This Report calculates the school facility cost per square foot of future development by dividing the cost per housing unit by the average square footage of housing units.

Based on historical development information available from the Sutter County Assessor, this Report estimates that new housing units in the District will have an average square footage of 2,813 square feet.

Table 1-12 shows the K-12 school facility cost per square foot of new residential housing units.

Table 1-12
K-12 School Facility Cost Per Square Foot of Residential Development

Facility Cost Per Unit	Average Square Footage	Facility Cost Per Square Foot of Development
\$17,093	2,813	\$6.08

End of Section

III. Revenues from Fees on Residential Development Versus Costs of School Facilities

This Section compares the projected revenues from fees levied on future residential development to the school facility costs attributable to that development.

State law currently caps Level I Fees at \$4.08 per square foot. As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of \$6.08. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., for every \$1.00 in fee revenue generated by future development, \$1.49 in school facility costs are generated).

A. Fee Revenue from Future Residential Development

Based on residential development anticipated project build out, this Report estimates that 209 housing units, subject to Level I Developer Fees, will be built in the District within the next five years. For any given amount of residential development, however, school facility costs will be greater than fee revenue by a ratio of \$1.49 to \$1.00.

As stated in the previous section, the Report estimates that new residential units will average 2,813 square feet over the next five years.

If the District were to collect the maximum allowable Level I fee (\$4.08) on residential development, the District would collect \$2,398,701 in residential developer fees over a five-year projection period.

**Table 1-13
Revenue from Residential Developer Fees**

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
209	2,813	\$4.08	\$2,398,701

B. Fee Revenue from Additions to Existing Residences

Revenue will be collected from fees assessed on additions to existing residences, to the extent that these additions exceed the exclusionary threshold outlined in the Education Code. Pursuant to Education Code Section 17620(a)(1)(C)(i), developer fees may be charged on residential additions “only if the resulting increase in assessable space exceeds 500 square feet.” The fee revenue calculation for additions is the same as for new units. For example, additions totaling 40,000 square feet would generate \$163,200 in fee revenue (40,000 times \$4.08).

C. Fee Revenue from Reconstruction and Redevelopment

Revenue will be collected from fees assessed on projects that reconstruct or redevelop existing housing, but only to the extent that the square footage of the new construction exceeds the square footage of the reconstructed or redeveloped housing. The fee revenue calculation for reconstruction and/or redevelopment is the same as for new units. For example, reconstruction and/or redevelopment totaling 50,000 square feet would generate \$204,000 in fee revenue (50,000 times \$4.08).

D. School Facility Costs Generated by Future Residential Development

The total school facility cost attributable to future development quantified in this Report is calculated by multiplying the following two factors: (1) the number of new housing units projected to be built in the next five years and (2) the facility cost per new housing unit. Table 1-14 shows that the total school facility cost attributable to future development is \$3,572,437.

**Table 1-14
School Facility Cost Generated by Students from Future Development**

New Units	Cost Per Unit	Total Cost
209	\$17,093	\$3,572,437

E. School Facility Costs Generated by Additions to Existing Residences

Additions to existing residences will have the same financial effect on the District as new residential units. For example, residential additions of 40,000 square feet will generate an additional seven students, when applying the student generation rate calculated in this Report, and a school facilities cost to the District of \$251,902 (7 students times a per pupil facilities cost of \$35,986).

F. School Facility Costs Generated by Reconstruction and Redevelopment

Reconstruction and redevelopment of existing homes will have the same financial effect on the District as new residential development. For example, reconstruction and/or redevelopment of 50,000 square feet will generate an additional nine students when applying the student generation rate calculated in this Report and a school facilities cost to the District of \$323,874 (9 students times a per pupil facilities cost of \$35,986).

G. Extent of Mitigation of School Facility Costs Provided by Level I Residential Fees

Table 1-15 shows that \$2,398,701 in total residential Level I fee revenue will cover only 67.1 percent of the \$3,572,437 in total school facility costs attributable to residential development. Some of this shortfall may be recovered from fees on commercial/industrial development.

**Table 1-15
Facility Cost of Residential Development Versus Fee Revenue**

Total School Facility Costs	Total Revenues From Fees	Net Facility Cost to the District
\$3,572,437	\$2,398,701	\$633,736

H. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of \$0.66 per square foot, is established for certain types of residences that are restricted in occupancy to senior citizens. Housing of this type generates employees and has an indirect impact on the school district similar to that of commercial/industrial development projects.

End of Section

IV. Financial Effect of New Commercial/Industrial Development

This Section analyzes the costs of providing school facilities for the students generated by new commercial/industrial development.

Commercial/industrial development will attract additional workers to the District and, because some of those workers will have school age children, it will generate additional students in the District. Additionally, the District will likely experience additional students from new workers who do not live in the District, but whose school-age children attend the District as transfer students. As shown in Section I, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a fiscal impact on the District by generating a need for new school facilities.

The Report multiplies the following five factors together to calculate the school facility cost incurred by the District per square foot of new commercial/industrial development:

- A. Employees per square foot of new commercial/industrial development,
- B. Percent of employees in the District that also live in the District,
- C. Houses per employee,
- D. Students per house, and
- E. School facility cost per student.

The Report calculates each of these factors in the next sections.

A. Employees per Square Foot of Development

As permitted by State law, the Report uses results from a survey published by the San Diego Association of Governments (SanDAG) (see the Appendix) to establish the number of employees per square foot of new commercial/industrial development projects.

Table 1-16
Employees per Square Foot of Commercial/Industrial Development, By Category

Commercial/Industrial Category	Average Square Foot per Employee	Employees per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	17,096	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	208	0.00480
Large High Rise Com. Office	232	0.00432
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators Report.

B. Percentage of Employees Residing Within the District

U.S. Census 2019 American Community Survey data indicates that approximately 46 percent of people working in the District also live in the District.

C. Number of Households per Employee

U.S. Census 2019 American Community Survey data indicates that there are approximately 1.06 workers per household. Likewise, this data indicates that there are 0.95 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 0.95 housing units.

D. Number of Students per Dwelling Unit

As outlined in Section II.A., the Report assumes that 0.475 K-12 pupils will reside in each new housing unit in the District.

E. School Facility Cost per Pupil

As outlined in Section II.B., the Report estimates that the school facility cost per K-12 pupil in the District is \$35,986.

F. School Facility Cost per Square Foot of Commercial/Industrial Development

Table 1-17 calculates the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial projects listed in Table 1-17.

School facility costs for development projects not included on this list may be estimated by using the closest employee-per-square foot ratio available for the proposed development or by following the District's administrative procedures for appeals of school facility fee imposition.

(continued on the next page)

Table 1-17
Facility Cost Per Square Foot of Commercial/Industrial Development, By Category

Category	Employee per Square Foot	% Employees Residing in District	Dwelling Units per Employee	K-12 Students per Dwelling Unit	Cost per K-12 Student	Cost per Square Foot
Banks	0.00283	0.46	0.95	0.475	\$35,986	\$21.14
Community Shopping Centers	0.00153	0.46	0.95	0.475	\$35,986	\$11.43
Neighborhood Shopping Centers	0.00271	0.46	0.95	0.475	\$35,986	\$20.24
Industrial Business Parks	0.00352	0.46	0.95	0.475	\$35,986	\$26.29
Industrial Parks	0.00135	0.46	0.95	0.475	\$35,986	\$10.08
Rental Self-storage	0.00006	0.46	0.95	0.475	\$35,986	\$0.45
Scientific R&D	0.00304	0.46	0.95	0.475	\$35,986	\$22.71
Lodging	0.00113	0.46	0.95	0.475	\$35,986	\$8.44
Standard Com. Offices	0.00480	0.46	0.95	0.475	\$35,986	\$35.86
Large High Rise Com. Offices	0.00432	0.46	0.95	0.475	\$35,986	\$32.27
Corporate Offices	0.00269	0.46	0.95	0.475	\$35,986	\$20.09
Medical Offices	0.00427	0.46	0.95	0.475	\$35,986	\$31.90

The District is justified in collecting the Government Code maximum of \$0.66 per square foot for all categories (except rental self-storage) of commercial/industrial development because these categories, on a per square foot basis, generate a school facility cost greater than the Government Code maximum of \$0.66. The fee for the Rental Self-Storage category is \$0.45 per square foot, before accounting for any “linked” residential units.

G. Calculating School Facility Cost of Commercial/Industrial Development with Residential Fee Offset

A “residential fee offset” is calculated by (1) determining the number of homes that are associated with the employees generated by new commercial/industrial development and (2) calculating the residential fee revenues the District will collect from those homes (*note: the residential fee offset calculation assumes that all the homes associated with new employees are new homes; in reality, some new employees will live in existing homes*).

For purposes of calculating the residential fee offset, this Report estimates that the District will collect \$4.08 per square foot of future residential development.

Subtracting the residential fee offset from the total school facility cost generated by commercial/industrial development produces a discounted school facility cost that takes into account revenues from “linked” residential units.

(continued on the next page)

Table 1-18 calculates the facility cost of new commercial/industrial development while taking into account the revenues from linked residential units.

**Table 1-18
School Facility Cost of New Commercial/Industrial Development
Discounted by Residential Fee Offset**

Category	Dwelling Unit per Sq.Ft. Com/Ind	Average Sq.Ft. per Unit	District's Revenue per Sq.Ft. Res. Dev.	Residential Offset per Com/Ind Sq.Ft.	School Facility Cost per Sq.Ft. Com/Ind Development	Cost per Sq. Ft. Less Offset
Banks	0.00124	2,813	\$4.08	\$14.23	\$21.14	\$6.91
Community Shopping Centers	0.00067	2,813	\$4.08	\$7.69	\$11.43	\$3.74
Neighborhood Shopping Centers	0.00118	2,813	\$4.08	\$13.54	\$20.24	\$6.70
Industrial Business Parks	0.00154	2,813	\$4.08	\$17.67	\$26.29	\$8.62
Industrial Parks	0.00059	2,813	\$4.08	\$6.77	\$10.08	\$3.31
Rental Self-storage	0.00003	2,813	\$4.08	\$0.34	\$0.45	\$0.11
Scientific R&D	0.00133	2,813	\$4.08	\$15.26	\$22.71	\$7.45
Lodging	0.00049	2,813	\$4.08	\$5.62	\$8.44	\$2.82
Standard Com. Offices	0.00210	2,813	\$4.08	\$24.10	\$35.86	\$11.76
Large High Rise Com. Offices	0.00189	2,813	\$4.08	\$21.69	\$32.27	\$10.58
Corporate Offices	0.00118	2,813	\$4.08	\$13.54	\$20.09	\$6.55
Medical Offices	0.00187	2,813	\$4.08	\$21.46	\$31.90	\$10.44

As the table shows, the school facility cost of all categories (except rental self-storage) is greater than the Government Code maximum of \$0.66 per-square-foot even when that cost is discounted by revenues from linked residential units. Therefore, the District is justified in collection the Government Code maximum of \$0.66 per square foot for all categories of commercial/industrial development (except rental self-storage). The fee amount for rental self-storage is \$0.11 per square foot.

For illustrative purposes, the Report will compare the school facility cost generated by 140,000 square feet of new community shopping center development to the fee revenue it will provide to the District. This analysis is valid, however, for all types of commercial/industrial development except rental self-storage.

If the District charges \$0.66 per square foot of commercial/industrial development, it will collect \$92,400 from the 140,000 square feet of community shopping center development. Assuming that all employees of the community shopping center development live in new homes, the District will also collect \$1,074,313 in revenue from residential developer fees (140,000 square feet x 0.00153 employees per square foot x 46% employees that live in District x 0.95 housing units per employee x 2,813 square feet per housing unit x \$4.08 revenue from developer fees). The 140,000 square feet of community shopping center development will create a school facilities cost of \$1,600,200 (140,000 square feet x \$11.43 school facility cost per square foot of community shopping center).

Table 1-19 compares the school facility costs generated by 140,000 square feet of community shopping center development to the fee revenues it provides to the District.

Table 1-19
Comparison of Facility Cost and Fee Revenue Generated by
New Community Shopping Center Development

	Fee Revenues	Facility Costs	Total Revenues (Costs)
140,000 square feet of community shopping center development	\$92,400	\$1,600,200	(\$1,507,800)
New housing units associated with the development	\$1,074,313	N/A	\$1,074,313
Total	\$1,166,713	\$1,600,200	(\$4433,487)

As the table shows, fee revenue from community shopping center development will cover only 72.9 percent of the school facility cost it generates, even when that cost is discounted by the revenues from linked new housing units.

All categories of commercial/industrial development (except self-storage) will generate more facility cost than fee revenue, because they all generate a facility cost greater than \$0.66 per square foot even when fees from linked residential units are considered. The fee amount for self-storage is \$0.11 per square foot.

End of Section

V. Findings

This Section shows that the District meets the requirements of Government Code Section 66001 regarding the collection of developer fees and summarizes other potential funding sources for the District's capital projects.

A. Government Code Section 66001(a)(1)—Purpose of the Fee

The purpose of collecting fees on residential and commercial/industrial development is to acquire funds to construct or reconstruct school facilities for the students generated by new residential and commercial/industrial developments.

B. Government Code Section 66001(a)(2)—Use of the Fee

The District's use of the fee will involve constructing and/or reconstructing new elementary and high school campuses and/or additional permanent facilities on existing elementary and high school campuses. In addition, 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:

- (1) Land (purchased or leased) for school facilities,
- (2) Design of school facilities,
- (3) Permit and plan checking fees,
- (4) Construction or reconstruction of school facilities,
- (5) Testing and inspection of school sites and school buildings,
- (6) Furniture for use in new school facilities,
- (7) Interim school facilities (purchased or leased) to house students generated by new development while permanent facilities are being constructed,
- (8) Legal and administrative costs associated with providing facilities to students generated by new development,
- (9) Administration of the collection of developer fees (including the costs of justifying the fees) and
- (10) Miscellaneous purposes resulting from student enrollment growth caused by new residential development.

C. Government Code Section 66001(a)(3)—Relationship Between Fee's Use and the Type of Project Upon Which Fee is Imposed

Future residential development will cause new families to move into the District and, consequently, will generate additional students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. Future residential development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is therefore reasonably related to the type of project (future residential development) upon which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Because some of these workers will have school-age children, commercial/industrial development will also generate new students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is therefore reasonably related to the type of project (new commercial/industrial development) upon which it is imposed.

D. Government Code Section 66001(a)(4)—Relationship Between the Need for the Public Facility and the Type of Project Upon Which the Fee is Imposed

The District's current and projected enrollments are larger than its pupil capacity. The District, therefore, does not have sufficient existing capacity to house students generated by future development. Future residential and commercial/industrial development in the District will generate additional students and, consequently, will generate a need for additional school facilities. A relationship exists, therefore, between the District's need to build additional school facilities and new residential and commercial/industrial development projects.

E. Government Code Section 66001(b)—Relationship Between the Fee and the Cost of the Public Facility Attributable to the Development on Which the Fee is Imposed

This Report demonstrated that the school facility cost attributable to each square foot of new residential housing units is \$6.08. Fees on residential development of up to \$6.08 are therefore fully justified.

This Report also demonstrates that the school facility costs attributable to all categories of commercial/industrial development except rental self-storage range from \$2.82 per square foot to \$11.76 per square foot, even when fees from linked residential units are accounted for. Level I fees of \$0.66 on these types of development are, therefore, fully justified. The school facility cost attributable to rental self-storage units is \$0.11 per square foot when fees from linked residential units are accounted.

All school facility costs and fees in this Report are calculated on a per-student basis to ensure that new developments only pay for impacts they cause.

The total cost of providing school facilities for all existing unhoused students documented in Table 1-5 and Table 1-9 is \$38,864,234.50 (1,076 existing unhoused students times the District's per pupil facility cost). The District currently has approximately \$14,122,797 in capital facility funds on balance available for new construction projects. Comparing the District's facility cost for existing unhoused students over the next five years (\$38,864,234.50) to District funds available for new construction projects over the next five years (\$14,122,797) indicates that the District's total new construction facility costs exceed the funds available for acquiring new school facilities.

F. Other Funding Sources

The following is a review of potential alternate funding sources for constructing school facilities:

1) General Fund

The District's General Fund budget is typically committed to instructional and day-to-day operating expenses and not used to construct school buildings, as funds are needed solely to meet the District's non-facility needs.

2) State Programs

The District has applied for and received State funding apportionments for construction of new school facilities under the 1998 Leroy F. Greene School Facility Program. Even projects funded at 100 percent of the State allowance, however, often experience a shortfall between State funding and the District's actual facility needs. State funds for deferred maintenance may not be used to pay for new facilities. State law prohibits use of lottery funds for facilities.

3) General Obligation Bonds

School districts can, with the approval of two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for out of property taxes.

4) Parcel Taxes

Approval by two-thirds of the voters is required to impose taxes that are not based on the assessed value of individual parcels. While these taxes have been occasionally used in school districts, the revenues are typically minor and are used to supplement operating budgets.

5) Mello-Roos Community Facilities Districts

This alternative uses a tax on property owners within a defined area to pay long-term bonds issued for specific public improvements. Mello-Roos taxes require approval from two-thirds of the voters (or land owners if fewer than 12) in an election.

6) Surplus Property

The District does not own any surplus property that could be used to finance additional school facilities.

End of Section

VI. Recommendations

As described in Section II.E, the District's cost per square foot of residential development is \$6.08. This Report recommends that the District levy the maximum statutory fee authorized by Government Code Section 65995, currently \$4.08 per square foot of residential development.

As described in Section IV.G, the District's cost per square foot of commercial/industrial development ranges from \$2.82 to \$11.76 (except for rental self-storage). The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, up to \$0.66 per square foot on all categories of commercial/industrial development except rental self-storage. The fees for rental self-storage is \$0.11 per square foot.

These recommendations are based on the findings that residential and commercial/industrial development (except for rental self-storage) creates a school facility cost for the District that is equal to or larger than the revenue generated by charging these fees.

End of Report

Appendix

Employee Statistics From the San Diego Association Of Governments By Various Categories of Commercial/Industrial Development (from Traffic Generators Report January 1990)

Appendix
Employee Statistics From the San Diego Association Of
Governments By Various Categories of Commercial/Industrial Development
 (from Traffic Generators Report January 1990)

		Employees	Total Sq. Ft	Sq. Ft / Employee	Employee Per Sq. Ft
Banks					
Calif. First		57	13,400		
Southwest		11	3,128		
Mitsubishi		14	6,032		
Security Pacific		22	14,250		
	Total	104	36,810		
	Average	26	9,203	354	0.00283
Community Shopping Centers					
Rancho Bernardo Towne Center		273	139,545		
Plaza De Las Cuatro Banderas		227	186,222		
Rancho San Diego Village		N/A	N/A		
	Total	500	325,767		
	Average	250	162,884	652	0.00153
Neighborhood Shopping Centers					
Town and Country		217	70,390		
Tierrasanta II		87	49,080		
Palm Plaza		143	47,850		
Westwood Center		173	61,285		
	Total	620	228,605		
	Average	155	57,151	369	0.00271
Industrial Business Parks					
Convoy Ct / St. Parks		955	224,363		
Sorrento Valley Blvd. / Ct. Complexes		2,220	610,994		
Ronson Court		848	206,688		
Pioneer Industrial Project		N/A	N/A		
Sorrento Valley		N/A	N/A		
Torrey Business & Research		739	243,829		
Ridgehaven Court		823	213,449		
Ponderosa Avenue Industrial		245	158,983		
	Total	5,830	1,658,306		
	Average	972	276,384	284	0.00352
Industrial Parks					
Sorrento West		725	614,922		
Roselle Street		761	500,346		
Stromesa Street		200	136,124		
	Total	1,686	1,251,392		
	Average	562	417,131	742	0.00135

		Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Rental Self-Storage					
Poway Storage		2	32,000		
Lively Center		2	20,000		
Brandon Street Mini-Storage		2	31,348		
Melrose Mini-Storage		2	28,280		
Lock-It Lockers Storage		3	59,325		
	Total	11	170,953		
	Average	2	34,191	17,096	0.00006
Scientific Research and Development					
Johnson & Johnson Biotechnology Center		39	22,031		
IVAC Corporation		1,300	315,906		
TRW/LSI Products		350	145,192		
Nissan Design International		26	40,184		
Salk Institute		500	318,473		
S-Cubed Corporation		160	56,866		
Torrey Pines Science Park		2,333	649,614		
	Total	4,708	1,548,266		
	Average	673	221,181	329	0.00304
Lodging					
San Diego Hilton		139	223,689		
Hyatt Islandia		320	250,000		
La Jolla Village Inn		180	129,300		
Hanalei Hotel		310	267,000		
Vagabond Inn		12	22,548		
Fabulous Inn & E-Z8 Motel		92	92,731		
Vacation Village		234	151,134		
	Total	1,287	1,136,402		
	Average	184	162,343	882	0.00113
Standard Commercial Office					
Industrial Indemnity Bldg.		170	34,300		
Beta Bldg.		110	29,400		
Park Camino Bldg.		299	55,500		
2181 E.C.R. Bldg.		47	10,000		
Camino Real Financial Center		23	6,300		
	Total	649	135,500		
	Average	130	27,100	208	0.00480

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Large High Rise Com. Office				
Mission Valley Financial Center (Security Pacific)	900	185,600	232	0.00432
Lion Plaza Building	462	109,000		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	433,500		
Average	625	144,500		
Corporate Offices				
Equitable Life	200	53,900	372	0.00269
Bank of America Processing Center	300	110,000		
Home Federal Processing Center	1,150	450,000		
Trade Services Publications	270	82,000		
IRT Corporation	210	89,500		
Earl Walls & Assoc.	43	15,000		
Four Winds International Headquarters	220	90,914		
Total	2,393	891,314		
Average	342	127,331		
Medical Offices				
Chula Vista Doctors' Park	108	24,000	234	0.00427
Parkway Medical Group	65	17,620		
Campus Medical-Dental Center	115	25,900		
Total	288	67,520		
Average	96	22,507		