SCHOOL FACILITY FEE JUSTIFICATION REPORT

FOR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL DEVELOPMENT PROJECTS

for the

STOCKTON UNIFIED SCHOOL DISTRICT

May 2022

Prepared by
School Facility Consultants

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Executive Summary

The Stockton Unified School District (District) is justified to collect the legal maximum of $4.79 per square foot of new residential development as authorized by Government Code Section 65995 (Level I fees), as future residential development creates a school facility cost of $21.35 per square foot. A single-family unit fee has been analyzed pursuant to Government Code Sections 65995.5 and 65995.7 (Level II/III fees) in a separate document titled *School Facility Needs Analysis and Justification Study for the Stockton Unified School District (April 2022)*. The District is also justified to collect the legal maximum fee of $0.78 per square foot on all categories of commercial/industrial development (except rental self-storage), as those categories of development create school facility cost ranging from $10.59 to $45.06 per square foot of future development, even when fees from linked residential units are accounted for. Rental self-storage creates a school facility cost of $0.61.

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

1. Student enrollment at public schools within the District is larger than the District's pupil capacity. The District, therefore, does not have sufficient capacity to house all students generated by future development.
2. Future residential development is projected to create additional students in the District. These students will require the District to acquire new school facilities.
3. Each square foot of future residential development creates an estimated school facilities cost of $21.35. All categories of commercial/industrial development (except rental self-storage) create an estimated school facilities cost ranging from $10.59 to $45.06 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for.
4. If the District collects the current maximum fee on residential development authorized by Government Code Section 65995 of $4.79 per square foot, fee revenue will offset 22.4 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 $0.78 per square foot, fee revenue will offset from 1.7 percent to 7.4 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 fee outlined above meets 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 new residential development projects in the Stockton 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 specifically for new residential development projects.

State law gives school districts the authority to charge fees on new residential 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 $4.79 per square foot for residential construction. These fees are adjusted every two years according to the inflation rate for Class B construction, determined by the State Allocation Board (SAB). 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 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 Stockton Unified School District

The Stockton Unified School District is located in San Joaquin County. The District's boundaries may be seen in greater detail on maps available at the District office.

The District currently serves over 43,000 students and operates 42 K-8 schools, four comprehensive high schools, two continuation/alternative high schools and numerous specialized schools.

Opportunities for additional residential development exist within the District and approximately 1,359 new residential units are projected to be built in the District over the next five years.

To accommodate new students from future residential development, the District plans to build new K-8 and 9-12 schools. In addition, the District may also need to 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
Enrollment history	Stockton Unified School District (SUSD)
Pupil capacity of District schools	SUSD; State School Facility Program
Housing Plan	Stockton Unified School District
Student generation rates for housing units	District developer fee collection data and a District student address listing
Average square footage	District developer fee collection data, San Joaquin County Assessor data
Number of new units	2022 *School Facility Needs Analysis*
District available funds	Stockton Unified School District

D. Outline of the Report

This Report is divided into five sections. These sections:

I. identify the District's school facility needs,
II. calculate the financial impact on the District of new residential developments,
III. compare the projected revenues from developer fees to the costs of providing facilities to students generated by new residential developments,
IV. show that the District satisfies the requirements of Government Code Section 66001 with respect to the collection of developer fees and summarize other potential funding sources for school facilities, and
V. 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. Specifically, the following subsections:

A. Identify the District's current capacity,
B. Subtract the 2021/22 enrollment from the District's capacity to calculate the District's facility needs and
C. Describe the District's plan to fulfill its facility needs.

A. Pupil Capacity and Utilization of District Facilities

The District's classroom capacity is calculated pursuant to Education Code Section 17071.10, consistent with the School Facility Program.

In determining how many of the students in Table 1-2 are unhoused, the District must consider any existing excess capacity. State law requires districts to calculate their total pupil capacity according to the method described in Section 17071.10 of the Education Code. As stated on the District's current Office of Public School Construction Form SAB 50-02, submitted to the SAB on October 9, 2001, the District's current pupil capacity, as calculated pursuant to Education Code Section 17071.10, is 23,456 in grades K-8 and 7,509 in grades 9-12. These capacities are inclusive of the Special Day Class capacity identified on the District's Office of Public School Construction Form SAB 50-02. In addition to the capacity reflected on the District's Form SAB 50-02, the District has added K-8 capacity through the State School Facility Program funding and construction of the (1) Dolores Huerta Elementary School (475 seats), (2) George W. Bush Elementary School (613 seats), (3) Kohl Elementary School (250 seats), (4) Wilhelmina Henry Elementary School (970 seats), (5) Richard A. Pittman Elementary School (755 seats), (6) Peyton Elementary School (811 seats) (7) Spanos Elementary (471 seats), (8) Maxine Hong Kingston Middle School (976 seats), (9) Walton Special Center (75 seats), (10) Nightingale Elementary (233 seats), (11) King Elementary School (150 seats), El Dorado Elementary (34 seats), Kennedy Elementary School (408 seats), Rio Calaveras Elementary School (100 seats) and Flora Arca Mata Elementary School (604 seats). The District has added 9-12 capacity through the State School Facility Program funding and construction of Cesar Chavez High School (2,356 seats) and Walton Special Center (33 seats) and the construction of Science Classrooms at Edison, Franklin and Stagg High Schools (162 seats).

There are 30,470 K-8 pupils and 12,577 9-12 pupils attending public schools within the District's boundaries for the 2021/22 school year. Table 1-1 shows the percentage of classroom capacity the District is currently utilizing by dividing the capacity outlined above by the 2021/22 enrollment.

(Continued on the next page)

Table 1-1
2021/22 Classroom Capacity and Utilization

Grade Group	2021/22 Enrollment	Pupil Capacity	Percent Utilization
K-8	30,470	30,381	100.3%
9-12	12,577	10,066	124.9%
Total	**43,047**	**40,447**	**106.4%**

As Table 1-1 shows, the District is currently operating at over 100 percent of capacity.

B. District Facility Requirements

Table 1-2 calculates the District's requirements for school facilities by subtracting its current capacity from the 2021/22 enrollment.

Table 1-2
District Facility Needs/Unhoused Students

Grade Group	2021/22 Enrollment	Pupil Capacity	Existing Available Seats	Existing Unhoused Pupils
K-8	30,470	30,381	0	89
9-12	12,577	10,066	0	2,511
Total	**43,047**	**40,447**	**0**	**2,600**

As Table 1-2 shows, the District has no existing excess capacity, therefore all students from new development would be considered unhoused.

C. Plan for Fulfilling School Facility Needs

In order to provide facilities for students from new development the District plans to build two new K-8 Elementary Schools and a new 9-12 High School. The District may also need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Table 1-3
Temporary and Permanent Facility Plans

District Projects	Capacity	Timeframe for Delivery
New K-8 Elementary School	579	Five Years
New K-8 Elementary School	1,063	Five Years
New 9-12 High School	2,200	Five Years
Interim Housing	-,---	N/A

End of Section

II. Financial Impact on the District of Future 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 all of these students. Therefore, new residential development financially affects the District by generating a need for additional school facilities that the District must acquire at some cost. The section describes this cost in three ways: (1) dollars per K-12 student generated from new residential development, (2) dollars per new housing unit, and (3) dollars per square foot of new residential 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 calculates the Student Generation Rate (SGR) by comparing (1) the number of students who live in residential units that paid fees to the District between January 2016 and December 2020 that are of a similar type of unit to those anticipated to be constructed in the future, and (2) dividing that number by the total number of residential units that paid fees over the same time period.

Table 1-4 identifies the K-12 student generation rate for new housing units in the District.

Table 1-4
Student Generation Rate

Grade Group	SGR
K-8	0.270
9-12	0.114
Total	**0.384**

B. Cost of Providing School Facilities

The per-pupil cost of providing school facilities for unhoused students is outlined in Table 1-5. The cost of the District's housing plan is based on the District's current cost estimates for new elementary and high school projects. The District may experience interim housing costs while permanent facilities are being constructed. Interim housing costs, however, are not quantified in this Report.

As outlined in Table 1-5, the District is projected to have zero seats of excess capacity available for students from new residential development in the next five years (43,047 pupils minus 40,447 seats equals 2,600 unhoused students). As a result the District has zero seats of existing

capacity available for students generated by future residential development and, therefore, all students generated by future residential development are considered unhoused.

Table 1-5
Per-Pupil Facility Costs for K-12 Students

Grade Group	Project	Facility Cost	Pupil Capacity	Per-Pupil Facility Cost
K-8	New Elementary School	$58,740,258	579	$101,451
K-8	New Elementary School Additions	$3,910,450	100	$39,105
K-8	**Total**	**$62,650,708**	**679**	**$92,269**
9-12	New High School	$121,908,360	2,200	$55,413
9-12	**Total**	**$121,908,360**	**2,200**	**$55,413**

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 9-12 students.

The relative size of the student generation rates for residential housing units tells us that 70.3 percent of students from new units will be K-8 students and 29.7 percent will be 9-12 students. Table 1-6 weights 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 1-6
K-12 School Facility Cost per New Housing Unit

Grade Level	Percentage of K-12 Pupils per New Housing Unit	K-12 Per-Pupil Facility Cost	K-12 Weighted Average Per-Pupil Cost
K-8	70.3%	$92,269	$64,865
9-12	29.7%	$55,413	$16,458
K-12	**N/A**	**N/A**	**$81,323**

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

Table 1-7 multiplies the total number of students per housing unit by the facility costs of K-12 students to calculate a $31,228 facility cost attributable to future residential housing units.

Table 1-7
School Facility Cost per New Housing Unit

Student Generation Rate	K-12 Per Pupil Facility Cost	Cost Per New Housing Unit
0.384	$81,323	$31,228

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

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

This report estimates that 572 multi-family units and 787 single-family units will be constructed in the District over the next five years based on the number of units that paid developer fees over the last five years (2021 data includes units that paid fees through June 30, 2021). This report estimates that new single-family units built in the District will have an average square footage of 1,802 and multi-family units built in the District will have an average square footage of 995 square feet. The combined weighted average square footage of new residential units to be built in the District is calculated to reflect the proportion of single-family and multi-family units and is 1,463 square feet.

Table 1-8 shows the K-12 school facility cost per square foot of new residential housing units.

Table 1-8
K-12 School Facility Cost Per-Square Foot of New Residential Development

Facility Cost Per Unit	Average Square Footage	Facility Cost Per Square Foot of Development
$31,228	1,463	$21.35

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.

As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of $21.35. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., at $4.79, every $1.00 in fee revenue generated by future development will generate $4.46 in school facility costs).

A. Fee Revenue from Future Residential Development

This report estimates that a total of 1,359 new residential units will be built in the District over 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 $4.46 to $1.00 at $4.79 per square foot.

Based on the average square footage from the previous section, 1,359 residential units will generate 1,988,217 square feet of residential development over the next five years.

As Table 1-9 shows, if the District were to collect the maximum allowable Level I fee ($4.79) on residential development, the District would collect $9,523,559 in residential developer fees over a five-year period.

Table 1-9
Revenue from Level I Residential Developer Fees

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
1,359	1,463	$4.79	$9,523,559

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 $191,600 in fee revenue (40,000 multiplied by $4.79).

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 $239,500 in fee revenue (50,000 times $4.79).

D. School Facility Costs Generated by Future Residential Development

The total school facility cost attributable to future residential development quantified in this Report is calculated by multiplying the following two factors: (1) the number of new residential housing units projected to be built in the next five years, and (2) the facility cost per new residential housing unit. Table 1-10 shows that the total school facility cost attributable to future development is $42,438,852.

Table 1-10
School Facility Cost Generated by Students
from Future Residential Development

New Units	Cost Per Unit	Total Cost
1,359	$31,228	$42,438,852

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 eleven students, when applying the student generation rate calculated in this Report, and a school facilities cost to the District of $894,553 (11 students times a per-pupil facilities cost of $81,323).

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 thirteen students when applying the student generation rate calculated in this Report and a school facilities cost to the District of $1,057,199 (13 students times a per-pupil facilities cost of $81,323).

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

Table 1-11 shows that $9,523,559 in total residential Level I fee revenue will cover only 22.4 percent of the $42,438,852 in total school facility costs attributable to residential development. Some of this shortfall may be recovered from fees on commercial development.

Table 1-11
Facility Cost of Residential Development Versus Fee Revenue

Total School Facility Costs	Total Revenues From Fees	Net Facility Cost to the District
$42,438,852	$9,523,559	$32,915,293

H. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of $0.78 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 ON THE DISTRICT OF NEW COMMERCIAL/INDUSTRIAL DEVELOPMENT

This Section analyzes the costs of providing school facilities for 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, 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 Appendix A) to establish the number of employees per square foot of new commercial/industrial development projects.

(Continued on the next page)

Table 1-12
Employees Per Square Foot of Commercial/Industrial Development, by Category

Category	Square Feet 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 Bureau data from the year 2019 B08008 (Workers by Place of Work – Place Level – Universe: Workers 16 years and over – 2019 American Community Survey 1-Year Estimates), 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 Bureau data from the year 2019 B25001 (Housing Units – Place Level – Universe: Housing Units – 2019 American Community Survey 1-Year Estimates) indicates that there are approximately 1.11 workers per household. Likewise, this data indicates that there are 0.90 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 0.90 housing units.

D. Number of Students per Dwelling Unit

As outlined in Section II.A., the Report assumes that 0.384 K-12 pupils will reside in each housing unit.

E. School Facility Cost per Pupil

As outlined in Section II.C., the Report estimates that the school facility cost per K-12 pupil is $81,323.

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

Table 1-13 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 1-12.

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.

Table 1-13
Facility Cost Per Square Foot of Commercial/Industrial Development, by Category

Category	Employees 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	0.90	0.384	$81,323	$36.59
Community Shopping Centers	0.00153	0.46	0.90	0.384	$81,323	$19.78
Neighborhood Shopping Centers	0.00271	0.46	0.90	0.384	$81,323	$35.04
Industrial Business Parks	0.00352	0.46	0.90	0.384	$81,323	$45.51
Industrial Parks	0.00135	0.46	0.90	0.384	$81,323	$17.45
Rental Self-storage	0.00006	0.46	0.90	0.384	$81,323	$0.78
Scientific R&D	0.00304	0.46	0.90	0.384	$81,323	$39.30
Lodging	0.00113	0.46	0.90	0.384	$81,323	$14.61
Standard Com. Offices	0.00480	0.46	0.90	0.384	$81,323	$62.06
Large High Rise Com. Offices	0.00432	0.46	0.90	0.384	$81,323	$55.85
Corporate Offices	0.00269	0.46	0.90	0.384	$81,323	$34.78
Medical Offices	0.00427	0.46	0.90	0.384	$81,323	$55.20

The District generates a school facility cost equal to or greater than the Government Code maximum of $0.78 per square foot for all categories of commercial/industrial development.

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 $5.84 per square foot of future residential development. This figure is equal to the Level II fee amount justified in the District's April 2022 *School Facility Needs Analysis*.

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.

Table 1-14 calculates the facility cost of new commercial/industrial development while taking into account the revenues from linked residential units.

Table 1-14
School Facility Cost of New Commercial/Industrial Development
Discounted By Residential Fee Offset

Category	Dwelling Unit per Square Foot Com/Ind	Average Square Foot per Unit	District's Revenue per Square Foot Res. Dev.	Residential Offset per Com/Ind Square Foot	School Facility Cost per Square Foot Com/Ind Development	Cost per Square Foot Less Offset
Banks	0.00117	1,463	$5.84	$10.00	$36.59	$26.59
Community Shopping Centers	0.00063	1,463	$5.84	$5.38	$19.78	$14.40
Neighborhood Shopping Centers	0.00112	1,463	$5.84	$9.57	$35.04	$25.47
Industrial Business Parks	0.00146	1,463	$5.84	$12.47	$45.51	$33.04
Industrial Parks	0.00056	1,463	$5.84	$4.78	$17.45	$12.67
Rental Self-storage	0.00002	1,463	$5.84	$0.17	$0.78	$0.61
Scientific R&D	0.00126	1,463	$5.84	$10.77	$39.30	$28.53
Lodging	0.00047	1,463	$5.84	$4.02	$14.61	$10.59
Standard Commercial Offices	0.00199	1,463	$5.84	$17.00	$62.06	$45.06
Large High Rise Commercial Offices	0.00179	1,463	$5.84	$15.29	$55.85	$40.56
Corporate Offices	0.00111	1,463	$5.84	$9.48	$34.78	$25.30
Medical Offices	0.00177	1,463	$5.84	$15.12	$55.20	$40.08

As the table shows, the school facility cost of all categories (except rental self-storage) is greater than the Government Code maximum of $0.78 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 $0.78 per square foot for all categories of commercial/industrial development (except rental self-storage).

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 $0.78 per square foot of commercial/industrial development, it would collect $109,200 from the 140,000 square feet of community shopping center development. Assuming that all of the employees of the community shopping center development live in new homes, the District will also collect $757,665 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 0.90 housing units per employee x 1,463 square feet per housing unit x $5.84 revenue from developer fees). The 140,000 square feet

of community shopping center development will create a school facilities cost of $2,769,200 (140,000 square feet x $19.78 school facility cost per square foot of community shopping center).

Table 1-15 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 1-15
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	$109,200	$2,769,200	($2,660,000)
New housing units associated with the development	$757,665	N/A	$757,665
Total	**$866,865**	**$2,769,200**	**($1,902,335)**

As the table shows, fee revenue from community shopping center development will cover only 31.30 percent of the District's portion 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 rental self-storage) will generate more facility cost than fee revenue, because they all generate a facility cost greater than $0.78 per square foot even when fees from linked residential units are considered. The school facility costs attributable to rental self-storage are calculated to be $0.61 per square foot, even after accounting for linked residential units.

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 school campuses and/or additional permanent facilities on existing 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 development 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 the Fee's Use and the Type of Project on Which the Fee is Imposed

New residential development (including but not limited to units in new subdivisions and in "in-fill" lots), residential units in redevelopment projects, residential units that replace demolished units (to the extent that the new units are larger than the demolished units), additions of residential space to existing residential units, manufactured homes, mobile homes, and condominiums, are all projected to cause new families to move into the District and, consequently, generate additional students in the District. As shown earlier in this Report,

sufficient school facilities do not exist for these students. All types of new residential development create a need for additional school facilities. Therefore, the fee's use (for acquiring school facilities) is reasonably related to the type of projects (new residential developments) upon which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Commercial/industrial will also generate new students in the District, since some of these workers will have school-age children. 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 on Which the Fee is Imposed

The current enrollment within the District's boundaries is larger than its pupil capacity. Therefore, the District 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, a need for additional school facilities. A relationship exists, therefore, between the District's need to build additional school facilities and the construction of 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 demonstrates that the school facility cost attributable to each square foot of new residential housing units is $21.35. Fees on residential developments of up to $21.35 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 $10.59 per square foot to $45.06 per square foot, even when fees from linked residential units are accounted for. Level I fees of $0.78 on these types of development are therefore fully justified. The school facility cost attributable to rental self-storage units is $0.61 per square foot when fees from linked residential units are accounted for.

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

The total cost of providing school facilities for the District's existing unhoused pupils is $147,353,894 (See Tables 1-2 and 1-5). The District's current capital facility fund balance is $44,892,603. Comparing the cost of providing school facilities for existing unhoused students ($147,353,894) to the amount of funds available ($44,892,603) demonstrates that the District does not have sufficient 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 either two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for out of property taxes. In November 2005, February 2008 and November 2012, the District's voters passed General Obligation Bonds (Measures C [November 2005] and Measure Q [February 2008] and Measure E [November 2012] and Measure C [June 2018]) authorizing a total of $740.9 million in bond sales. These bond funds are for both modernization and new construction. Currently the District has no bond funds identified for use towards the construction of new facilities to house students from future development. The entire $740.9 million is dedicated to house existing students and cannot be used to offset impacts from new development.

(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. At present, voters in the District have not voted to approve such taxing authority.

(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 has no properties that could be sold to create a significant source of capital outlay funds.

(7) Alternatives for Reducing Facility Costs

Alternatives to reducing facility costs which have been used and/or explored by the District include additional portable classrooms, joint-use of facilities, Multi-Track Year-Round Education, and other measures. These options remain available to the District in the future.

End of Section

VI. Recommendations

As described in Section II.E, the District's cost per square foot of residential development is $21.35. Therefore, this Report recommends that the District levy a fee, as authorized by Government Code Section 65995, not to exceed $21.35 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 $10.59 to $45.06 (except for rental self-storage). The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, currently $0.78 per square foot on all categories of commercial/industrial development (except for rental self-storage). The calculated impact of rental self-storage is $0.61 per square foot, as outlined in Section IV.G of the report.

These recommendations are based on the findings that residential and commercial/industrial development creates a school facility cost for the District that is larger than the revenue generated by charging these fees.

End of Report

Appendix A

Employee Statistics From the San Diego Association Of Governments by Various Categories of Commercial/Industrial Development

(from Traffic Generators Report January 1990)

Appendix A

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

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
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
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

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
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
Large High Rise Com. Office				
Mission Valley Financial Center (Security Pacific)	900	185,600		
Lion Plaza Building	462	109,000		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	433,500		
Average	625	144,500	232	0.00432
Corporate Offices				
Equitable Life	200	53,900		
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	372	0.00269
Medical Offices				
Chula Vista Doctors' Park	108	24,000		
Parkway Medical Group	65	17,620		
Campus Medical-Dental Center	115	25,900		
Total	288	67,520		
Average	96	22,507	234	0.00427