

ANNUAL DEVELOPER FEE REPORT
AND FIVE-YEAR FINDINGS
FISCAL YEAR ENDING JUNE 30, 2024

Background:

The Stockton Unified School District ("District") began providing services to students in 1852 and is the 18th largest school district in California. The District serves approximately 38,000 PK ~ 12th grade students in 54 schools, including 37 Head Start classes, 53 state preschool classes, three First 5 preschool classes, 41 K-8 schools, and four comprehensive high schools.

A school district collecting developer fees is required to make available to the public information on the status of developer fee collections and expenditures and to make periodic findings with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted, in accordance with Sections 66006(b) and 66001(d) of the Government Code. These statutory reporting requirements are referenced as the Annual Developer Fee Report and the Five-Year Findings and collectively referred to as the "Developer Fee Report" or "Report."

The District has combined its reporting obligations into this single report. Due to the complexities of accounting for fees, and in the interest of transparency, the District voluntarily prepares five-year findings annually.

Findings:

In adopting and approving this Developer Fee Report, the Governing Board of the Stockton Unified School District confirms, determines, and finds that:

1. It acknowledges receipt of, and has reviewed, the Developer Fee Report for the fiscal period ending June 30, 2024.
2. It reviewed the information and findings in this Report at its regularly scheduled meeting of January 14, 2025, and which information and findings were prepared in accordance with Government Code sections 66001(d) and 66006(b), and the requisite information and findings concerning collection and expenditure of developer fees related to school facilities for students resulting from new construction and development within the District and as further justified by the following nexus studies adopted by this Board (collectively, the "nexus studies") and authorized by adoption of the corresponding resolutions (collectively, the "fee resolutions"), and which nexus studies and fee resolutions justified the applicable developer fee rates:
 - 2018 "School Facility Fee Justification Report for Residential, Commercial and Industrial Development Projects," dated June 2018, and the 2018 "School Facility Needs Analysis and Justification Study," dated June 2018, together adopted by the Board on June 12, 2018 via Resolution No. 17-55 Adopting the 2018 Fee Justification Report and the 2018 Needs Analysis Study, and Adjusting and Establishing School Facility Fees in Accordance with the Law at the Conclusion of the Public Hearing on this Matter.

- 2019 "School Facility Needs Analysis and Justification Study," dated July 2019, and adopted by the Board on July 30, 2019 via Resolution No. 19-02 Adopting the 2019 School Facility Needs Analysis and Justification Study and Establishing School Facility Fees in Accordance with the Law at the Conclusion of the Public Hearing on this Matter.
 - 2020 "School Facility Fee Justification Report for Residential, Commercial and Industrial Development Projects," dated April 2020, and the 2020 "School Facility Needs Analysis and Justification Study," dated June 2020, together adopted by the Board on June 9, 2020 via Resolution No. 19-64 Adopting the 2020 School Facility Fee Justification Report for Residential, Commercial and Industrial Development Projects and the 2020 School Facility Needs Analysis and Justification Study and Establishing School Facility Fees in Accordance with the Law at the Conclusion of the Public Hearing on this Matter.
 - 2021 "School Facility Needs Analysis and Justification Study," dated June 2021, and adopted by the Board on June 8, 2021 via Resolution No. 20-72 Adopting the 2021 School Facility Needs Analysis and Justification Study and Establishing School Facility Fees in Accordance with the Law at the Conclusion of the Public Hearing on this Matter.
 - 2022 "School Facility Needs Analysis and Justification Study," dated June 2022, and adopted by the Board on June 14, 2022 via Resolution No. 21-55 Approving And Adopting School Facility Needs Analysis And Justification Study and Authorizing Alternative School Facility Fees.
 - 2023 "School Facility Needs Analysis and Justification Study," dated June 2023, and adopted by the Board on June 6, 2023 via Resolution No. 22-96 Approving and Adopting School Facility Needs Analysis and Authorizing Alternative School Facility Fees.
3. This Report was made available to the public not less than 15 days before the Board's meeting date pursuant to Government Code sections 66001(d) and 66006(b)(1) and (2).
 4. Notice of this Board's meeting, including the address where the information in this Report may be reviewed, was mailed at least 15 days prior, to any interested party who filed a written request.
 5. The Board has been informed that staff has substantially complied with all the relevant statutory requirements relating to this Developer Fee Report.
 6. The information and findings set forth in Table 4, hereof, are with respect to that portion of Fund 25 remaining unexpended, whether committed or uncommitted, and are only made for moneys in possession of the District and not with respect to letters of credit, bonds, or other instruments taken to secure payment of the fee at a future date, and are either encumbered for projects and debt service payments already approved by the Board or will be needed for projects already identified in the District's budget or planning documents and as otherwise justified by the nexus studies and fee resolutions.

7. The information in this Report is being made available to the public within 180 days of the close of the 2023-2024 fiscal year, ending June 30, 2024.
8. All developer fees, collections, and expenditures have been received, deposited, invested, expended, and reported in compliance with the relevant sections of the Government Code and all other applicable laws.
9. Because all of the findings required by Government Code section 66001(d) have been made with respect to the developer fees that were levied as more specifically set forth in this Developer Fee Report, the District is not required to refund any moneys in its capital facilities account as provided in Government Code section 66001(e).
10. The District is in compliance with Government Code section 66000, et seq., relative to receipt, deposit, investment, expenditure, reporting, or refund of developer fees received and expended relative to school facilities for students generated from new development and as otherwise justified by the nexus studies and fee resolutions.

ANNUAL DEVELOPER FEE REPORT

As required by Government Code section 66006(b), this portion of the report provides the public with the following information:

A. A brief description of the type of fee in the account or fund:

The District's capital facilities account ("Fund 25") contains the following types of fee:

TABLE 1	
TYPE OF FEE RATE	FEE RATE AMOUNTS
Level 2 – Residential	\$5.04 / sq. ft. ¹ (Eff. 6/6/2023)
Level 1 – Residential	\$4.08 / sq. ft. ² (Eff. 6/6/2024)
Level 1 – Commercial/Industrial	\$0.61 / sq. ft. ³ (Eff. 8/08/2020)
Level 1 – Rental Self-Storage	Case by case (Eff. 8/08/2020)

¹ Authorized via Resolution No. 22-96 Approving and Adopting School Facility Needs Analysis and Authorizing Alternative School Facility Fees, adopted by the Board on June 6, 2023, with fees effective immediately upon adoption. This fee rate expired as of June 5, 2024.

² Authorized via Resolution No. 19-64 Adopting the 2020 School Facility Fee Justification Report for Residential, Commercial and Industrial Development Projects and the 2020 School Facility Needs Analysis and Justification Study and Establishing School Facility Fees in Accordance with the Law at the Conclusion of the Public Hearing on this Matter, adopted by the Board on June 9, 2020. Because the Level 2 fee rate adopted via Resolution No. 22-96 on June 6, 2023 expired as of June 5, 2024, the District was authorized to collect the Level 1 residential fee rate adopted by the Board via Resolution No. 19-64.

³ Authorized via Resolution No. 19-64 Adopting the 2020 School Facility Fee Justification Report for Residential, Commercial and Industrial Development Projects and the 2020 School Facility Needs Analysis and Justification Study and Establishing School Facility Fees in Accordance with the Law at the Conclusion of the Public Hearing on this Matter, adopted by the Board on June 9, 2020, with Level 1 statutory fees being effective as of August 8, 2020 – 60 days after adoption pursuant to Government Code 66017. The School Facility Fee Justification Report, dated April 2020, justified the statutory maximum fee rate of \$0.66 / sq. ft. for commercial and industrial projects; however, the governing board adopted \$0.61 as the fee rate in Resolution No. 19-64 resulting in staff collecting at the lower rate for commercial and industrial projects.

On June 14, 2022, although the Board took action on Resolution No. 21-54 (entitled "Approving and Adopting School Facility Needs Analysis and Justification Study and Authorizing Alternative School Facility Fees"), due to an inadvertent administrative oversight, the fee rates for Commercial/Industrial and Rental Self-Storage approved by the Board by its adoption of Resolution No. 19-64 on June 9, 2020 remained in place as of August 8, 2020 through the end of this relevant fiscal year. Refunds were issued accordingly, as noted in the Fee Refunds chart in the District's FY 22/23 Report.

B. The amount of the fee:

See Table 1, above.

C. The beginning and ending balance of the account:

1. The beginning balance on July 1, 2023 was **\$6,994,367.28**.
2. The ending balance on June 30, 2024 was **\$8,512,189.86**.

D. The amount of the fees collected and the interest earned during the annual reporting period:

TABLE 2	
DESCRIPTION	AMOUNT COLLECTED
Level 2 – Residential	\$720,020.74
Level 1 – Residential	\$136,015.00
Level 1 – Commercial/Industrial	\$977,708.61
Level 1 – Rental Self-Storage	\$0.00
Interest Earnings	\$407,779.00
Annual Contribution from General Fund ⁴	\$2,000,000.00
Fiscal Year 2023-24 GASB 31, Fair Market Value Adjustment	\$27,619.00
TOTAL	<u>\$4,269,142.35</u>

E. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees, during the reporting period:

⁴ Board has authorized an annual contribution from the General Fund towards the payments for the 2018 COP debt services for the Cesar Chavez High School projects. Final payment for this COP is due in 2036.

TABLE 3		
DESCRIPTION	AMOUNT OF FEES EXPENDED	% OF THE PROJECT FUNDED WITH FEES
1. Cesar Chavez High School property lease and facilities (2018 COP debt services) ⁵	\$2,618,000.00	100%
2. Professional, Legal, and Consulting Services performed in connection with the adoption of fees, requisite reporting, and findings and determinations required	\$133,319.77	100%
TOTAL	<u>\$2,751,319.77</u>	

F. Approximate and Actual Construction Commencement Dates:

- (i) **An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete:**

Sufficient funds have yet to be collected for the District's other currently incomplete projects that utilize, or may utilize, the fees in Fund 25. However, the District intends to use the fees in Fund 25 to fund upcoming payments towards the 2018 Certificate of Participation (COP) for which proceeds were used to lease land and construct new school facilities for the Cesar Chavez High School campus needed to accommodate anticipated student growth in the area. Details are provided below in Table 4.

- (ii) **An identification of each public improvement identified in a previous report, pursuant to clause (i) above, and whether construction began on the approximate date noted in the previous report.**

The District's FY 22-23 Report did not determine that sufficient funds were collected to complete financing on an incomplete public improvement and therefore, did not identify any improvements pursuant to (i) above.

- (iii) **For a project identified in a previous report, pursuant to clause (ii) above, for which construction did not commence by the approximate date provided in the previous report, the reason for the delay and a revised approximate date that the local agency will commence construction.**

The District's FY 22-23 Report did not determine that sufficient funds were collected to complete financing on an incomplete public improvement and therefore, did not identify any improvements pursuant to (i) above.

⁵ Proceeds from the COP were used to lease the land and construct new school facilities needed to accommodate anticipated student growth in this attendance area.

- G. A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan:**

There were no interfund borrowings or loans made in this past fiscal year.

- H. The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.**

Government Code section 66001(e) mandates the District to refund unexpended portions of fees and interest accrued to property owners, should the District determine that sufficient funds have become available to complete any incomplete projects (as described under Government Code section 66006(b)(1)(F)) but not identify an approximate date by which construction of the public improvements will commence within 180 days, subject to exceptions described under Government Code section 66001(f). No such refunds pursuant to these specific statutes were issued in the past fiscal year; however, refunds were made to certain permit applicants are listed below.

Further, Government Code section 66006(b)(1)(H) requires the District to provide a description of the amount of any allocations made pursuant to Government Code section 66001(f). No such allocations were made in the past fiscal year.

END OF ANNUAL DEVELOPER FEE REPORT PORTION.

FIVE-YEAR DEVELOPER FEE FINDINGS

As required by Government Code section 66001(d), this portion of the report makes the required five (5)-year findings with respect to developer fees in Fund 25 that remain unexpended, whether committed or uncommitted:

A. Identify the purpose to which the fee is to be put:

The purpose of the fees collected on new residential and commercial/industrial development is to fund construction and reconstruction of school facilities required to serve students generated by new development within the District and to maintain existing levels of service related to increased demand on facilities due to development. (See Ed. Code, § 17620 et seq.) This includes, without limitation, use of fees, as necessary, to provide interim housing for students generated by new construction, and for other school-related considerations relating to the District's ability to accommodate enrollment generated from new construction and costs attributable to the increased demand for school facilities reasonably related to new construction and necessary to maintain existing levels of service, and all other purposes identified in the relevant nexus studies and fee resolutions. Likewise, fees will also be used for other indirect and support services related to construction and reconstruction of school facilities necessary as a result of new construction. See Table 4, Column A, below, for details.

B. Demonstrate a reasonable relationship between the fee and the purpose for which it is charged:

See Table 4, Column B, below.

C. Identify all sources and amounts of funding anticipated to complete financing incomplete planned capital improvements identified in the District's fee justification study, if any:

See Table 4, Columns C1 and C2, below.

D. Designate the approximate dates on which the funding referred to in subparagraph (c) is expected to be deposited into the appropriate account or fund:

See Table 4, Column D, below.

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TABLE 4				
COLUMN A: PROJECTS	COLUMN B: REASONABLE RELATIONSHIP TO FEE	COLUMN C1: SOURCES OF FUNDING	COLUMN C2: AMOUNTS OF FUNDING	COLUMN D: DATE(S) FUNDS WILL BE DEPOSITED
2018 COP payments for Cesar Chavez High School lease and facilities⁶ <i>(Final payment due in 2036)</i>	<p>To accommodate growth generated from construction and development in this attendance area, to address increased demand on facilities, and is necessary to maintain existing levels of service for the District's high school campuses.</p> <p>See relevant nexus studies and fee resolutions for additional findings and information.</p>	<p>50% Developer Fees</p> <p>50% General Fund</p>	<p>\$30,609,250 remaining</p>	<p>Portion of funding sources have been received, and continuing collection of fees will be appropriated to supplement this project; Appropriation of Fund 25 to supplement this project and any other legally authorized project as justified by the nexus studies and fee resolutions will be re-examined each fiscal year in light of the 2036 final payment deadline.</p> <p><i>Deposits appropriated for this project into Fund 25 are expected to be used toward semi-annual debt service payments due on the COPs, and the cumulative deposits (with General Fund contributions) are expected to complete total funding for this project within approximately the next nine (9) to twelve (12) years.</i></p>

END OF FIVE-YEAR FINDINGS PORTION.

END OF REPORT.

⁶ Includes amounts used to pay scheduled debt service on the 2018 COPs. Proceeds from the 2018 COPs were used to lease land and construct facilities for the Cesar Chavez High School campus to accommodate anticipated student growth in this attendance area.