
updated fees and requirements for the collection and use of developer fees.
Family and Community Empowerment; Operational Excellence

Agenda Item# 13.1j

1. Proposal to Provide Developer Fee Consulting Services

Studies Services

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: _____)

: NA

Chris Ralston, Assistant Superintendent of Facilities

Nathaniel Browning, Director of Facilities

: Lisa Allen, Interim Superintendent



Sacramento City Unified School District Proposal to Provide Developer Fee Consulting Services

February 9, 2024

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- II. Project Understanding

III. Scope of Services

Fee Justification Study

K&G Public Finance will perform the following scope of work in relation to the Fee Justification Study:

1. Prepare an FJS for the levy of a Residential Development School Fee and a Commercial/Industrial Development School Fee for the School District to consider pursuant to the provisions of Section 17620 and subdivision (e) of Section 17621 of the Education Code, Section 65995 and Section 66001 of the Government Code, and Assembly Bill (“AB”) 181. The Residential Development School Fee and Commercial/Industrial Development School Fee Analyses will be included in one report. The FJS will discuss and make determination as to the following:
 - a. Residential Development School Fee
 - i. Project the Number of Unhoused Students: this task involves calculating

- to accommodate projected unhoused students generated by new residential development. Cost estimates are generally based on information provided by the School District such as their facilities master plan and/or cost information provided by OPSC;
- v. Determine the School Facilities Impact for Residential Development: the FJS will calculate the estimated school facilities impact per square foot of new residential development by housing type.
- b. Commercial/Industrial Development School Fee
 - i. Determine Employment Generated from Commercial/Industrial Development: as recommended by statute, employee generation estimates are based on information set forth in the San Diego Traffic Generator Study published by the San Diego Association of Governments (SANDAG).
 - ii. Determine New Residential Impact: this task estimates for each commercial/industrial category the number of new households within the School District impacted by commercial/industrial development that will create necessity for school facilities. The estimates are derived using employment generation information determined in subtask (b)(i) as well as information generally provided by but not limited to the California Employment Development Department, the California Department of Finance, and the U.S. Census Bureau.
 - iii. Student Generation Rates: student generation rates determined in task (a)(i) will be used in conjunction with the new residential impacts calculated in task (b)(ii) above to estimate the student generation impact for each commercial/industrial category by school level.
 - iv. Determine the school facilities impact on Commercial/Industrial Development: the FJS will calculate the estimated net school facilities impact per square foot of commercial/industrial development by development type. The school facilities impacts will be calculated using school facilities cost information derived from task (a)(iv) and student generation rates determined in task (b)(iii) above, and may be adjusted by any residential fee impacts determined based on residential school fees adopted by the School District.
 - c. Government Code Section 66600 Compliance: Discuss and satisfy the requirements specified by Government Code Section 66000 et seq. for the Residential Development School Fee and the Commercial/Industrial Development School Fee. The specific findings required are as follows:
 - i. Identify the purpose of the fee;
 - ii. Identify the use to which the fee is to be put;
 - iii. Determine there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed;

- iv. Determine that there is a relationship between the amount of the fee and the cost, or portion of the costs, of the school facility attributable to the development on which the fee is imposed; and
- v. Provide procedures for depositing, investing, and accounting for the Residential School Fees and the Commercial/Industrial School Fees.

2.

APPENDIX
SAMPLE FEE JUSTIFICATION STUDY



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Education Code Section 17620 authorizes the governing board of a school district to levy school fees to offset the impacts to school facilities from new residential and commercial/industrial construction and reconstruction. In order to levy Level I fees (statutory fees), a school district must prepare and adopt a school fee justification study pursuant to the provisions of Education Code Section 17620 and Sections 65995 and 66001 of the Government Code. The school fee justification study serves as the basis for justifying the levy of Level I fees and presents and documents the nexus findings required by State law.

This School Fee Justification Study (“Study”) has been prepared for the Fremont Unified School District (“School District”) to demonstrate the relationship between new residential and commercial/industrial development and the School District’s need for the construction and/or reconstruction of school facilities, the cost of the school facilities, and the per square foot amount of Level I fees (“School Fees”) that may be levied by the School District on residential and commercial/industrial development.

levying the Level I school fees in an amount up to but not exceeding \$4.79 per square for residential development (“Applicable Residential School Fee”).

**TABLE E-1
RESIDENTIAL SCHOOL FACILITIES COST IMPACTS/
APPLICABLE SCHOOL FEE PER SQUARE FOOT**

IMPACT PER SQUARE FOOT	APPLICABLE RESIDENTIAL SCHOOL FEE PER SQUARE FOOT
\$6.82	\$4.79

As commercial/industrial properties develop new jobs are created. Many of the employees working at the new jobs will move into the School District boundaries, thereby increasing the need for new residential development and further impacting the School District’s facilities. School Fees may be imposed on commercial/industrial development if the school fees collected on residential development are insufficient to provide adequate school facilities for students generated as a result of new development and nexus findings are presented that justify the imposition of the commercial/industrial school fee.

Section 17621(e)(1)(B) of the Education Code requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. This code section further recommends that employee generation estimates be based on the applicable employee generation cd ths are

TABLE E-2
COMMERCIAL/INDUSTRIAL SCHOOL FACILITIES COST IMPACTS/
APPLICABLE SCHOOL FEE PER SQUARE FOOT

COMMERCIAL/INDUSTRIAL CATEGORY	IMPACT PER SQUARE FOOT	APPLICABLE SCHOOL FEE PER SQUARE FOOT
Banks	\$2.16	\$0.78
Community Shopping Center Neighborhood	\$1.17	\$0.78

This section discusses the legislative history of the Level I Fee.

Assembly Bill (“AB”) 2926 enacted by the State in 1986, also known as the “1986 School Facilities Legislation” granted school districts the right to levy fees in order to offset the impacts to school facilities from new residential and commercial development. Originally set forth in Sections 53080 and 65995 of the Government Code, AB 2926 authorized statutory school fees to be levied, commencing January 1, 1987, in the amount of \$1.50 per square foot of new residential assessable space and \$0.25 per square foot of enclosed commercial or industrial assessable space. AB 2926 also provided for an annual increase of the statutory fees based on the Statewide cost index for Class B construction, as determined by the SAB. The provisions of AB 2926 have since been amended and expanded.

AB 1600 was enacted by the State legislature in 1987 and created Government Code Sections 66000 et seq. These sections require a public agency to satisfy the requirements as further discussed in Section VII herein when establishing, increasing or imposing a fee as a condition of approval for a development project.

AB 181, enacted in 1989, established new requirements for school districts levying school fees and also re-codified Government Code Section 53080 et seq as Education Code Section 17620 et seq. The additional provisions established by AB 181 imposed more stringent nexus requirements which must be satisfied by school districts prior to levying school fees, especially with respect to commercial/industrial school fees. Additionally, AB 181 provided that the maximum school fees for residential and commercial/industrial development be subject to an increase every two (2) years rather than annually.

In 1998, Governor Wilson signed into law Senate Bill 50 (“SB 50”), the Leroy F. Greene School Facilities Act of 1998, which reformed State’s School Building Program and developer school fee legislation. A significant provision of SB 50 provides school districts the option of adopting alternative school fees (also known as Level II and Level III fees) in excess of the Level I fee upon meeting certain requirements. SB 50 also placed a \$9.2 billion State Bond measure on the November 3, 1998 ballot (Proposition 1A). With the passage of Proposition 1A in November 1998, SB 50 became operative.

SB 50 also limited the power of cities and counties to require mitigation of school facilities impacts specifically as they relate to the capacity of schools as a condition of approving new development. Prior case law permitted school districts to collect mitigation fees greater than the statutory amount in order to address school capacity.

On November 5, 2002, California voters passed Proposition 47, which authorized the issuance of \$13.05 billion in State bonds and also enacted AB 16, which provided for additional reformation of the School Building Program. AB 16, among other items, clarified that if the SAB is no longer approving apportionments for new construction due to the lack of funds available for new school facilities construction, a school district may increase its Level II Fee to the Level III Fee. With the issuance of the State bonds authorized by the passage of Proposition 47, this section of AB 16 became inoperable.

The objective of this Study is to determine if a nexus exists between future residential and commercial/industrial development and the need for school facilities. In addition, the Study aims to identify the costs of such required school facilities and determine the amount of School Fees that can be justifiably levied on residential and commercial/industrial development according to the estimated impacts caused by such development. This section evaluates whether existing school facilities can accommodate students generated from future residential development, projects student enrollment based on anticipated residential growth, and estimates the costs of school facilities required to accommodate new residential growth. The findings determined in this section are used in following sections to evaluate the cost impact per square foot for new residential and commercial/industrial property. Although many of the figures in this section are primarily derived from residential development projections and impacts, they are adjusted in Section IV. to evaluate the impact of commercial/industrial development.

TABLE 1

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As shown in Table 1, facilities capacity exceeds enrollment at the elementary school, junior high and high school levels based on current student enrollment and existing facilities capacity on a School District-wide basis. The available seats exist at facilities that will house projected student enrollment from Mitigated Units and projected student enrollment from Unmitigated Units within the projection timeframe of this Study (10 years) and beyond.

In November 2021, a 2021/22 Demographics and Enrollment Projections was completed by SchoolWorks, Inc., and presents historical EI/ Tw ()Tj0.(n)2 (e)1 (pll2 (t)5 (im)5 (e)2 (n

sources, and (b) the remaining estimated costs of the capital improvement projects outlined in the 2014 Facilities Plan and (ii) other project costs not specified in the 2014 Facilities Plan.

The estimated cost per student to provide adequate school facilities to house Projected Student Enrollment was derived from the estimated costs of projects at specific school sites as outlined in the 2014 Facilities Plan in addition to other planned expenditures. The total eligible cost per student to provide adequate school facilities is \$1,500.00.

TABLE 9
SCHOOL FACILITIES COST PER RESIDENTIAL SQUARE FOOT

FACILITIES COST IMPACT PER RESIDENTIAL UNIT	WEIGHTED AVERAGE SQUARE FOOTAGE	FACILITIES COST PER RESIDENTIAL SQUARE FOOT
\$7,120	1,044	\$6.82

The school facilities impact per residential square foot determined in Table 9 is greater than the current authorized residential School Fees of \$4.79 per square foot; therefore, the School District is justified in levying up to but not exceeding the authorized amount for residential construction and reconstruction.

The following section presents the school Bng

The student generation impacts per 1,000 square feet of commercial/industrial development were calculated by multiplying the household impacts shown in Table 11 by blended student generation rates determined for each school level. The result of this calculation is shown in Table 12. The blended student generation rates are based on the SGRs summarized in Table 3 and were combined into a single rate per school level based on the proportionate number of each type of residential unit anticipated to be constructed in the School District as shown in Table 2. The determination of the blended student generation rates is shown and described in Appendix “D” of this Study.

**TABLE 12
STUDENT GENERATION PER 1,000 SQUARE FEET OF
COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL STUDENT GENERATION

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To estimate the school facilities costs required to house new students as a result of additional commercial/industrial development, the total school facilities cost impact per 1,000 square feet of commercial/industrial development

The Net School Facilities Costs determined in Table 17 were then divided by 1,000¹ to provide the cost impact on a square foot basis. These cost impacts are listed in Table 18.

TABLE 18
NET COST IMPACTS
PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT NNNNN

COMMERCIAL/INDUSTRIAL CATEGORY	NET IMPACTS
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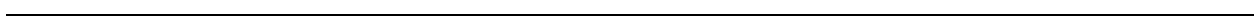
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Government Code Section 66001, subdivision (a)(3) and (4) requires that a school district, in imposing school-impact fees, establish a reasonable relationship between the fee's use, the need for the public facility and the type of development project on which the fee is imposed. This section addresses and sets forth general policy when considering the levy of school fees on new construction units resulting from redevelopment projects within the School District.

Redevelopment means voluntarily demolishing existing residential, commercial, and/or industrial structures and subsequently replacing them with new construction (“Redevelopment”). The School District is aware of Redevelopment projects completed within the School District boundaries and anticipates similar Redevelopment projects may be completed in the next five (5) years and beyond. School fees authorized pursuant to Education Code Section 17620 and Government Code Sections 65995 et seq. shall be levied by the School District on new construction resulting from Redevelopment projects, if there is a nexus between the School Fees being imposed and the impact of new construction on school facilities, after the impact of pre-existing development has been taken into consideration. In determining such nexus, the School District shall review, evaluate and determine on a case-by-case basis, the additional impact of the proposed new development by comparing the projected square footage, student generation and cost impacts of the proposed new construction and the pre-existing residential, commercial and/or industrial development. In conducting this review and analysis, the School District will take into consideration the type of unit being constructed in comparison with unit type being replaced (e.g., the impact of an existing single family detached home being demolished and replaced with a tri-plex). Such analysis shall utilize the student generation rates identified in Table 3 of this Study, as applicable.³

Identify the Use of the School Fee

The School District has determined that revenues collected from Applicable School Fees imposed on residential and commercial/industrial developments will be used for the following purposes:

1. Construction or reconstruction of school facilities required to accommodate students generated by new residential and commercial/industrial development in areas of the School District where existing school facilities are needed;
2. Construction or reconstruction of administrative and operations facilities required in response to new student growth from new development;
3. Acquisition or lease of property for unhoused students generated from new development, including the repayment of debt issued for the acquisition of such property;
4. Purchase or lease of interim and/or temporary school facilities in order to accommodate student capacity demands;
5. Costs associated with the administration, collection, and justification for the Applicable School Fees;
6. Provide local funding that may be required if the School District applies for State funding through SB 50.

Relationship Between the Use of the Fee, the Need for School Facilities and the Type of Development on Which the Fee is Imposed

As determined in the preceding sections, existing school facilities are in need of upgrade or replacement so that they can remain available for the students from new residential and commercial/industrial development, and to provide adequate and safe housing for students generated from such new development. The fees imposed on such new development will be used, in part, to finance a portion of the construction and/or reconstruction of school facilities required to accommodate student enrollment growth generated by new residential and commercial/industrial development, and to allow the District to maintain existing levels of service for students generated by that development.

Determination of the Relationship Between the Fee Amount and the School Facilities Costs Attributable to Type of Development on Which the Fee is Imposed

The imposition of the Applicable Residential School Fee of \$4.79 per square foot of residential development is justified, as this fee is below the per square foot cost impact to provide adequate school facilities required as a result of such new residential development.

Similarly, the imposition of the Applicable Commercial/Industrial School Fees of \$0.78 per square foot of commercial/industrial development are justified as the fees are equal to or below the estimated per square foot net cost impact to provide adequate school facilities required as a result

Accounting Procedures for the Fees

The School District will deposit, invest, and expend the school fees imposed and collected on residential and commercial/industrial development in accordance with the provision of Government Code Section 66006.

In accordance with Government Code Sections 66001 and 66006, the School District provides, on an annual basis, an Annual & Five-Year Report, which reports the collection and expenditures of School Fees, and identification of sources and amounts of funding anticipated, inclusive of revenues from School Fees, to complete financing of incomplete facilities projects. In addition to the

Banks	Include small branch offices to regional offices used for banking. Properties under this category allow customers to conduct banking on-site.
Shopping Center	Broadly include regional, community and nene

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	1	37	38	-	-	38
	18	12	30	-	-	30
	29	4	33	-	-	33
	17	6	23	3	1	19
	26	4	30	3	1	26
	25	12	37	-	-	37
	1	34	35	-	1	34
	22	9	31	2	-	29
	17	4	21	-	2	19
	20	14	34	-	-	34
	15	20	35	3	1	31
	32	2	34	4	-	30
	21	9	30	4	2	24
	21	13	34	3	-	31
	23	9	32	3	-	29
	22	10	32	3	-	29
	52	-	52	3	-	49
	16	12	28	1	1	26
	21	12	33	1	3	29
	13	9	22	-	-	22
	14	9	23	1	1	21
	15	22	37	-	3	34
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Student Generation Rates (SGRs) used in this Study are based on information obtained from the County of Alameda Assessor’s Office (the “County”), and student enrollment data from the School District.

In order to calculate student generation rates (“SGRs”), K&G Public Finance first obtained (i) property characteristic/GIS data and residential building permits data from Alameda County as of December 2021 and (ii) building permit data from the City as of December 31, 2021. The property database contains property information for parcels within the School District, including land use class information (i.e. condominiums, single family dwellings, etc.). Parcels in the database were classified by unit type (SFD, SFA, MF) based on the County’s land use class designations, and further research as necessary.

A student enrollment database was obtained from the School District and was reflective of student enrollment information as of October 2021. The student enrollment address information was matched to the address (situs address) information of parcels in the County’s property characteristic database. The number of students matched was then queried by school level and residential category. Students could not be matched if they were inter-district or they did not have a valid physical address (e.g. only P.O. Box was listed). Mobile homes are not considered in the SGR determination, including the students matched to the mobile home land use, and therefore have been omitted⁶. The determination of the SGRs is summarized in Tables D-1 through D-3.

Table D-1
Single Family Detached (SFD)
Student Generation Rates

SCHOOL LEVEL	STUDENTS MATCHED	SFD UNITS	SGR BY SCHOOL
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**Table D-3
Multi-Family (MF)
Student Generation Rates**

