Berryessa Union School District
Developer Fee Justification Study

March 3, 2023

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TABLE OF CONTENTS

Exhibits

INDEX OF TABLES

EXECUTIVE SUMMARY

Education Code §17620 authorizes school districts to levy a fee, charge, dedication or other form of requirement against any development project, within their district, for the construction or reconstruction of school facilities as long as the District can demonstrate justification for the levying of fees.

On February 23, 2022, the State Allocation Board's (SAB) biennial inflation adjustment increased the maximum residential School Fee authorized by §17620 of the Education Code from $4.08 to $4.79 per residential building square foot for school districts. Based on the square footage of the average residential unit being constructed within the school district, the school fees would provide less than 100 percent of the school facilities cost impacts. Therefore, this study concludes that school districts in which these residential units are located are fully justified in levying the maximum residential School Fee of $4.79 per square foot for all new future residential development within their boundaries. At the same time, the SAB also approved an increase in the commercial/industrial development (CID) rate from $0.66 to $0.78 per square foot. As is presented in this report, the Berryessa Union School District is limited in its ability to levy the maximum rate allowable by statute in the various CID categories.

The Developer Fee Justification Study ("DFJS") is intended to determine the extent to which a nexus exists in the Berryessa Union School District ("District") between both residential and commercial/ industrial development and (i) the need for school facilities, (ii) the cost of those school facilities, and (iii) the amount of statutory school fees ("School Fees") that may be levied upon both residential and/or commercial/industrial development on a square foot basis pursuant to the provisions of §17620 of the Education Code, as well as §65995 and §66001 of the Government Code. The developer fee can also be described as an “impact” fee – that is, the fee levied is in recognition of the impact that new development, residential and/or commercial/industrial has upon the District’s ability to provide adequate facilities for all its students.

This report:

- Identifies the cost of providing school facilities for students generated by future residential and commercial/industrial development in the Berryessa Union School District 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.

PRORATED SHARE OF DEVELOPMENT FEE

Pursuant to the fee-sharing agreement with the East Side Union High School District, the Berryessa Union School District's prorated share of the residential development fee is 65% of the maximum allowable School Fee of $4.79. This equates to $3.11 per square foot of residential covered and enclosed space. For CID, the BUSD's pro-rated share would be $0.51 (65% of $0.78).

Based on the both the data and rationale provided in this Study, as indicated by the **Table 1** below, the Berryessa Union School District is justified in levying the maximum allowable fee of $3.11 (65% times $4.79) as their portion of the School Fee per square foot of residential covered and enclosed space since future residential development creates a school facility cost impact of between $10.52 per square foot.

Table 1: School Facilities Cost Impact per Residential Square Foot

School Facilities Cost Impact per Residential Unit	Average Square Footage per Residential Unit	School Facilities Cost Impact per Square Foot
$11,286.76	1,073	$10.52

The District is able to levy the rates for new commercial/ industrial development at the maximum allowable fee of $0.51 (65% of $0.78) per square foot. Because the fee rates identified in Table 2 are all above the maximum allowable fees for any of the categories of commercial/industrial development, with the exception of Rental Self Storage at $0.10 which may be established on an individual, case-by-case basis.

Table 2: Net School Facilities Cost Impacts Per Sq. Ft. for Com/Ind. Development

Net School Impact Per Square Foot	
Category	**Net School Impact per Square Foot**
Banks	$4.41
Community Shopping Center	$2.40
Neighborhood Shopping Center	$4.37
Industrial Business Parks	$5.49
Industrial Parks/Warehousing	$2.10
Rental Self-Storage	$0.10
Research & Development	$4.75
Hospitality(Lodging)	$1.77
Commercial Offices (Standard)	$7.48
Commercial Offices (Large High Rise)	$7.10
Corporate Offices	$4.19
Medical Offices	$6.66

JUSTIFICATION

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

1. Over the next twenty years , future residential development is projected to generate approximately 805 additional students for the District based on the construction of 6,413 new dwelling units. These students will require the District to provide ongoing capital facility improvements to continue to offer and maintain the existing level of service for these students and their families.

2. Each square foot of future residential development creates an average estimated school facilities cost impact of $10.52 per square foot. All categories of commercial/industrial development create an estimated school facilities cost impact ranging between $0.10 and $7.10 per square foot of CID, even when fees from linked residential units are accounted for.

3. If the District collects its prorated share of the current maximum fee on residential development authorized by Government Code §65995 of $3.11 (65% of $4.79) per square foot, fee revenue will only offset approximately 29.6% of the school facility cost impacts attributable to that development.

4. For residential development, the fees as authorized by Government Code §65995 are fully justified that is BUSD is entitled to collect its pro-rated share (65%) of the maximum allowable fee of $4.79. With CID, the District is authorized to collect the developer fees at the maximum allowable fee of $0.51 (65% of $0.78) per square foot with the exception of Rental Self Storage ($0.10 per square foot). The fees outlined above all meet the requirements of Government Code §66001 (the nexus requirements); that is, a reasonable relationship exists between the amount and use of the fees and the developments upon which they are levied.

To establish a nexus and a justifiable residential school fee level, the DFJS evaluated the number and cost of new facilities required to house students generated from future residential development. Based upon data provided by the Planning Department of the Cities of San Jose and Milpitas , a total of 6,413 additional residential units are projected to be constructed within the District's boundaries over the next 20 years. These 6,413 residential units will consist of 379 Single-Family Attached dwelling units; 5,014 Multi-Family attached units ("MFA"); and 1,020 Affordable Multi-Family dwelling units

The District's current capacity to house students is based on an inventory of 293 permanent classrooms. These classrooms were "loaded" using the District's standards for classroom loading factors noted previously.

To determine the impact on the school district from future residential units, the DFJS first multiplied the number of future residential units by a student generation factor ("SGF") developed by researching the historical relationship between housing units and student s enrollment over the past nine years to determine the likely number of students that would be generated by future residential development. The result of using these Student Generation Factors ("SGF") was that 629 elementary school students and 172 middle school students are anticipated to be generated from future residential units as depicted in **Table 5**.

While the elementary schools have existing capacity to accommodate the additional students created by residential development, the District would need to construct or expand its existing middle school facilities to accommodate new students at those grade level. Based on the current District loading factors, approximately 7 additional permanent middle school classrooms would need to be constructed to meet new enrollment needs.

Based upon data that EH&A acquired from both real estate as well as school construction professionals, a (state) standard 600-student elementary school is projected to cost $51,352,848

(2021 dollars). Using the 600-student standard, the cost per student would be $85,588. For a middle school of 1,000 students, the total cost is estimated at $105,608,752 which equates to a cost per student of $105,609 – all as detailed in Exhibits C1-C2.

DESCRIPTION OF THE BERRYESSA UNION SCHOOL DISTRICT

The Berryessa Union School District is located near the northern edge of Santa Clara County and is considered a "district" within the City of San Jose California

District boundaries may be seen in greater detail on the maps available in this Study (Exhibit B1-B2). The District currently serves 6,258 students in grades TK-8 and operates ten (10) elementary schools and three (3) middle schools. Most of its pupils reside within the broader Berryessa "community". Opportunities for new residential development exist within the District and are incorporated as part of the Berryessa BART Urban Village Are Plan 637731963216130000 (sanjoseca.gov) Based on data available to EH&A by the City of San Jose as well as the City of Milpitas, projects totaling 6,413 dwelling units are projected to be constructed over the next 20 years.

The following schools are located in the District:

ELEMENTARY SCHOOLS

Brooktree	Cherrywood	Laneview	Majestic Way
Noble	Northwood	Ruskin	Summerdale
Toyon	Vinci Park		

MIDDLE SCHOOLS

Morrill	Piedmont	Sierramont

INTRODUCTION

The purpose of this DFJS is to determine whether the District meets the 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 §66001 requires that a reasonable relationship exists between the amount and use of the fees and the development on which the fees are to be levied.

On February 23, 2022, the State Allocation Board's biennial inflation adjustment increased the maximum residential School Fee authorized by §17620 of the Education Code from $4.08 to $4.79 per residential building square foot for all districts. Based on the square footage of the average residential unit constructed within the school district, the school fees provide approximately 29.6% of the school facilities cost impacts. At the same time, the SAB also approved an increase in the commercial/industrial rate to $0.78 per square foot. This study concludes that the Berryessa Union School District is fully justified in levying and collecting its proportionate share the maximum residential school fee of $4.79 per square foot for all future residential development within its boundaries; and is also justified in collecting its share of developer fees for new commercial/industrial development on a square foot basis as indicated in ES Table 2.

The Study is divided into a number of sections including:

a) Identifying the school facility needs over the next 20 years;

b) Calculating the financial impact to the District of future residential and commercial/ industrial developments;

c) Comparing the projected revenues from developer fees to the costs of providing facilities for students generated by future developments;

d) Showing that the District satisfies the requirements of Government Code §66001 with respect to the collection of developer fees; and

e) Summarizing other potential funding sources for school facilities.

DEVELOPER FEE BACKGROUND

Education Code §17620 grants authority to governing boards of school districts to impose developer fees, stating in part "...the governing board of any school district is authorized to levy a fee, charge, dedication or other form of requirement against any development project for the construction or reconstruction of school facilities." To levy and collect developer fees, a school district must show the correlation (or "nexus") between new residential, commercial and industrial development and the need for new school facilities.

In 1986, the state legislature approved AB 2926 (Chapter 887), which authorized school districts to levy development fees and at the same time placed a cap on the total amount of fees that could be levied. It established the maximum fees (adjustable for inflation) that may be collected, at $1.50 per square foot of new residential construction and $0.25 per square foot of new commercial/industrial construction. This maximum amount is reviewed and adjusted every two

years by the State Allocation Board (SAB) and corresponds to the statewide Class B construction index. On February 23, 2022, the SAB increased the Level 1 fee to $4.79 per square foot for residential construction and $0.78 per square foot for commercial/industrial construction (Exhibit A).

Government Code §66000 through §66003 were added under Assembly Bill 1600, which became law in January 1989. The provisions require that any school district which establishes, increases or imposes a fee as a condition of approval of development shall make specific findings as follows:

1. **A cost nexus must be established**. A cost nexus means that the amount of the fee cannot exceed the cost of providing adequate school facilities for students generated by development. Essentially, it prohibits a school district from charging a fee greater than the cost necessary to construct or reconstruct facilities for use by students generated by development.

2. **A benefit nexus must be established**. A benefit nexus is established if the fee is used to construct or reconstruct school facilities benefiting students generated from development projects.

3. **A burden nexus must be established**. A burden nexus is established if a project, by the generation of students, creates a need for additional facilities or a need to reconstruct existing facilities.

In 1997, Government Code §66008 (SB 1983), Chapter 569/Statutes 1996, (effective January 1, 1997) mandated that school districts be specific on the intended use of the fees to be collected in their fee justification documents and include the general locations of new school facilities and estimated construction timelines in the report. These timelines, however, are influenced by many factors including actual (as opposed to projected) phasing of new development, eligibility and availability of state school construction funds and availability of local funding.

In August 1998, the Governor signed into law Senate Bill 50, also known as the Leroy Greene School Facilities Act of 1998. This bill made major changes in the State Facilities Program as well as the rules and regulations surrounding the use of “developer fees” as mitigation for school districts in California. Education Code §17620 was amended to create the provisions of Government Code §65995.

The State School Facilities Program (SFP) replaced the State Lease-Purchase Program. Except in the case where a district can establish economic "hardship" status, all new state construction

projects require a district contribution of 50% of the project cost. Modernization projects require a local (district) contribution of 40% of the cost pursuant to AB 16 (Chaptered 4/29/02).

The passage of SB 50 also repealed all locally-imposed fees authorized by local ordinances and instituted the collection of three levels of developer fees:

LEVEL 1 FEES:

Level 1 fees are the current statutory fees allowed under Education Code §17620. On January 22, 2020, the State Allocation Board's biennial inflation adjustment increased the Statutory Level 1 Fees to $4.08 per square foot for residential construction and $0.66 per square foot for commercial/industrial construction.

LEVEL 2 FEES:

Level 2 developer fees are outlined in Government Code §65995.5. This code section allows a school district to impose a higher fee on residential construction if certain conditions are met. This level of developer fees is subject to the completion of a School Facility Needs Analysis based on Government Code §65995.6.

LEVEL 3 FEES:

Authorized by SB 50 in 1998, Level 3 fees have never been implemented. They would be approximately twice the Level 2 fee. Level 3 fees require a condition in which state school construction funds have been exhausted; therefore, no state matching funds would exist with the District then being responsible for providing 100 % of funding for any new school construction. The SAB is then required to provide written determination that state funds are not available prior to any district considering the levying Level 3 developer fees (Government Code §65995.7). Levying Level 3 fees also requires that the district have a current School Facility Needs Analysis (SFNA) in place; and is currently levying Level 2 fees.

SFNAs for Level 2 fees commonly include a calculation of the Level 3 fee as well, even though the Level 3 fee cannot be imposed at that time. Both AB 1903 and the education trailer bill (SB 1016) proposed to temporarily limit the ability of school districts to levy Level 3 developer fees.

PUBLIC NOTICE

With the passage of AB 602, some of the noticing requirements have changed. AB 602 amends Government Code §65940.1 as well as adding §66016.5 that imposes new requirements for development impact fees. There are now two separate actions required under AB 602 to adopt a fee increase. The first action the District must take is the action to **adopt the fee study**. This action requires that a ***30-day*** notice be published. In a second, *separate action*, the District then adopts the resolution regarding the fee increase. The noticing for the fee increase remains the same, with two notices no less than 5 days apart with the first notice no later than 14 days prior to the public hearing and a second notice no later than 4 days before the public hearing. Both of these actions may be taken during the same meeting.

It is worth noting that effective with fee increases voted upon after December 31, 2022, the current law, as embodied in AB602, will revert back to the pre-2022 statute which allowed Districts to both adopt the fee study AND impose the fee increases with only one action rather than two and the noticing process being the same with both a 14 and 4 day notices published (per Government Code §66016)

USE OF FEES

Developer Fees may be used for:

a) Construction or reconstruction of school facilities; (Ed. Code § 17620, subd. (a).)

b) Costs associated with conducting any study, finding, needs analysis or determination required as part of the process for adopting the fee; (Ed. Code § 17620, subd. (a)(5); Gov. Code § 65995.5, subd. (f).)

c) Administering the fee, for which 3% of the fees collected may be expended; (Ed. Code § 17620, subd. (a)(5); Gov. Code § 65995.5. subd. (f).)

d) Costs associated with conducting the meeting(s) required for levying a new fee or increasing an existing fee may be recovered by the district from the fee charged; (Gov. Code § 66016, subd. (c).)

e) Costs attributable to the increased demand for public facilities reasonably related to the development in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with a general plan

(this appears to include compliance with a Facilities Master Plan or similar document). (Gov. Code § 66001, subd. (g).)

Government Code §66006 requires school facilities fees that are collected be placed into a separate capital facilities account or fund and specifies that those fees, and the interest earned on those fees, only be expended for the purposes for which they were collected.

IMPERMISSIBLE USES OF FEES

Developer fees generally may not be used for the following:

a) The regular maintenance or routine repair of school buildings and facilities;

b) The inspection, sampling, analysis, encapsulation or removal of asbestos-containing materials, except where incidental to a construction or reconstruction project; or;

c) The purposes of deferred maintenance described in Ed. Code § 17582.

(Ed. Code § 17620, subd. (a)(3).)

According to Education Code §17625, a school district can charge a fee on manufactured or mobile homes only if all of the following conditions are met:

1. The fee may be imposed only as to the initial installation of the manufactured or mobile home in the school district.

2. A manufactured or mobile home must not have been located previously on the pad where the manufactured or mobile home is to be installed.

3. The construction of the pad where the manufactured or mobile home is to be located must have commenced after September 1, 1986.

According to Education Code §17622, no school fee may be imposed and collected on a greenhouse or other space covered or enclosed for agricultural purposes unless the school district has made findings supported by substantial evidence as follows:

1. The amount of the fees bears a reasonable relationship, and is limited to, the needs for school facilities created by the greenhouse or other space covered or enclosed for agricultural purposes.

2. The amount of the fee does not exceed the estimated reasonable costs of the school facilities necessitated by the structures for which the fees are to be collected.

3. In determining the amount of the fees, the school district shall consider the relationship between the proposed increase in the number of employees, if any, the size and specific use of the structure, as well as the cost of construction.

In October 1989, Assembly Bill 181 was enacted to clarify several areas of developer fee law. The provisions include the following:

1. Exempts from fees residential expansion remodels of less than 500 square feet

2. Prohibits the use of developer fee revenue for routine maintenance and repair, most asbestos work, and deferred maintenance expenditures

3. Allows the fees to be used to pay for the cost of performing developer fee justification studies

4. States that fees are to be collected at the time of occupancy, unless the district can justify earlier collection. The fees can be collected at the time the building permit is issued if the district has established a developer fee account and funds have been appropriated for which the district has adopted a proposed construction schedule or plan prior to the issuance of the certificate of occupancy

5. Clarifies that the establishment or increase of fees is not subject to the California Environmental Quality Act

6. Clarifies that the impact of commercial and industrial development may be analyzed by categories of development as well as on an individual project-by-project basis. An appeals process for individual projects is required if an analysis is to be done by category.

7. Changes the frequency of the annual inflation adjustment on the maximum fee to every two years.

8. Exempts from fees development used exclusively for religious purposes, private schools, and government-owned development.

9. Expands the definition of senior housing, which is limited to the commercial/industrial fee “cap”; and requires the conversion from senior housing to be approved by the city/county after notification of the school district.

10. Extends the commercial/industrial fee "cap" to mobile-home parks limited to older persons.

IMPACT OF RESIDENTIAL DEVELOPMENT ON SCHOOL FACILITIES NEEDS

METHODOLOGY

In order to assess the existence of a nexus, the DFJS identifies the connection between residential and/or commercial/industrial development and 1) the need for school facilities; 2) the cost of those facilities; and 3) the amount of school fees that can justifiably be levied.

The elements that create these connections include:

1. Residential and/or Commercial/Industrial development reasonably expected to be constructed within the school district's boundaries within the next five years. This data was collected by contacting the respective cities' planning department, identifying both the number of residential units to be constructed as well as the square footage of those projected residential units;

2. Student Generation Factor ("SGF") – The number of new students likely to be generated by new residential development. This data was generated by EH&A based on historical data and trends and relationships between housing units and student enrollment;

3. Facility Requirements – the extent of school facilities necessary to house new students generated based on an analysis of the District's current permanent classroom inventory compared to the District's current population by grade span level;

4. School Facility Cost Impacts – The costs associated with the construction of additional school facilities necessary to adequately house the students generated from new development;

5. The School Fee requirements – the school district needs to levy a fee to cover a portion of the costs of the additional facilities required

School facilities costs estimates were developed by EH&A in conjunction with a well-established construction contractor as well as a professional real estate firm both knowledgeable as to costs of construction as well as real property costs throughout the greater Berryessa area.

EXISTING FACILITIES & RELATED CAPACITY

The State's School Facility Program permits districts to apply for modernization funding for portables that are over 20 years old; and for permanent buildings that are over 25 years old. This suggests that the State sees the useful life of a portable or permanent facility at 20 or 25 years, respectively.

While on its face, the BUSD appears to have the capacity to house new students generated from projected residential development, we must recognize that the capacity of school facilities including their infrastructure, will degrade and erode over time, creating potential health and safety concerns if left to age without specific intervention in the form of modernization, reconstruction or refurbishment. This will also likely result in some of the District's older facilities not being able to deliver the instructional programs and related support at the currently existing service levels.

Had there been no future residential development, the District could choose to close some of its facilities rather than modernize or reconstruct those same facilities. But, because of the residential development projected in the area over the next 20 years, reconstruction or modernization will be necessary to both accommodate the additional students generated and, at the same time maintain existing service levels. The District has indicated its plans to modernize or replace some of its schools with new buildings to address the challenges of their aging facilities and infrastructure that might, among other considerations pose health or safety concerns.

PROJECTED RESIDENTIAL DEVELOPMENT

The initial step in developing a nexus as required by AB 2926 and AB 1600 is determining the number of future residential units to be constructed within the school district's boundaries. Existing law requires that a reasonable relationship be established between residential development and the need to collect fees to mitigate new school construction for students generated from these new developments. Based on information provided by both the City of San Jose and the City of Milpitas , it is projected that 6,413 residential dwelling units will be constructed within the District's boundaries over the next twenty years. The composition of these residential units is displayed in **Table 3** below.

Table 3: Future Residential Dwelling Units and Square Footage

Land Use Type	New Residential Dwelling Units	Total Proposed Square Footage	Average Sq. Ft. per Dwelling Unit
City of Milpitas			
Single-Family Attached	379	629,140	1,660
Multi-Family Attached	934	806,976	864
Affordable Multi-Family	N/A	N/A	N/A
City of San Jose			
Single-Family Attached	0	N/A	N/A
Multi-Family Attached	4080	4,357,440	1,068
Affordable Multi-Family	1020	1,089,360	1,068
Total Dwelling Units	**6,413**	**6,882,916**	**1,073**

STUDENT GENERATION

The next step in this process involves calculating the number of students to be generated by future residential development. School enrollment forecasters establish a relationship between annual residential development and student enrollment growth. The method favored by the State Allocation Board (as referenced on SAB Form 50-01) for establishing this relationship is the "pupil per dwelling unit ratio multiplier" model. If an average number of pupils per dwelling unit is established over a period of time, multiplying new residential units by this "pupil per dwelling unit" ratio will yield the forecasted number of students generated. Enrollment forecasters often use the term student generation factor (SGF) to refer to the pupil per dwelling unit ratio.

In order to project the number of students likely to be generated by future residential development, three factors are considered:

- the number of residential dwelling units projected to be built;
- the land-use type (i.e., single family, multi-family, affordable housing); and,
- the student generation factor ("yield") for each type of land use

A review of historical data provided to EH&A by the District indicates the following:

To determine the number of students to be generated by new residential development, the number of new residential units is multiplied by the student generation factor developed for each school level. Once the number and type of residential units have been determined, "students generated" can be calculated. A detailed list of future projected residential developments can be found in **Exhibit D**. The SGFs indicated below were provided to EH&A by the District

Table 4: Berryessa Union School District – Student Generation Factors

	Student Generation Factor (students per dwelling unit)			
Grade Levels	Single-Family Attached	Multi-Family	Affordable Multi-Family	Weighted Average
K-6	0.056	0.048	0.360	0.0981
7-8	0.002	0.003	0.153	0.0268
TOTAL	**0.058**	**0.051**	**0.513**	**0.1249**

Using the student generation factors listed above and multiplying them by the projected number of dwelling units (by land use type) yields the projected enrollment from new residential development as presented in **Table 5**.

Table 5: Projected Enrollment from New Development

School Level	Projected New Student Generation from 379 Future SFA Dwelling Units	Projected New Student Generation from 5,014 Future MF Dwelling Units	Projected New Student Generation from 1,020 Future AFF Dwelling Units	Total Projected New Student Generation from All Residential Development
K-6	22	241	368	631
7-8	1	16	157	174
Total	**23**	**257**	**525**	**805**

SCHOOL FACILITY CONSTRUCTION COSTS

The next step in the DFJS process is to determine the school facilities construction cost impact of these new students. A reasonable relationship (nexus) can be shown to exist between the construction and occupancy of new housing units and the need for additional school facilities.

School facilities cost estimates were prepared by EH&A in conjunction with a well-known and established construction contractor involved in the construction of school facilities throughout the greater Southern California area. In addition, EH&A consulted with a real estate firm that is familiar with land acquisition costs throughout the same region. These costs took into consideration CDE recommendations regarding both acreage as well as number of students per school site. Costs included in the table below have considered site acquisition and development costs; both hard and soft construction costs as well as furniture & equipment costs as illustrated in **Exhibits C1-C2**.

Because developer fees are levied on a "per square foot" basis, the DFJS approaches the calculation of school facilities impact through a four-step process:

1. Using the construction cost estimates for each type of school (elementary, and middle), the facilities cost impact for the total number of students to be generated by future development were calculated
2. Identifying the school facilities cost impact by land use (i.e. single-family attached; single-family detached and multifamily attached, multi-family affordable); then,
3. Identifying the school facilities cost impact per future residential unit; and,
4. Calculating the school facilities cost impact per square foot of residential construction

During this first step in the process, EH&A used the cost of construction for a given school type to determine the cost per grade span. A cost per student, per grade span was then generated. Once this was developed, the facilities cost impact of the additional students was determined as reflected in the **Table 6**.

Table 6: Total School Facilities Cost Impacts by Grade Span

School Level	Standard # of Students per Facility	Cost per Facility[1]	Cost per Student[1]	# of Additional Students	Projected Cost Impact of Additional Students
Elementary	600	$51,352,848	$85,588	631	$54,006,028
Middle	1000	$105,608,752	$105,609	174	$18,375,966
Total	**N/A**	**N/A**	**N/A**	**805**	**$72,381,994**

[1]Includes site acquisition, site development, "soft costs" as well as FF&E in addition to hard construction costs (Exhibits C1-C2)

Table 7 uses the data collected in **Table 6** and calculates the total facilities cost impacts by land use type. Taking the student generation data (by land use) from **Table 5** and the cost per student data from **Table 6** generates the "Total School Facilities Impact" in **Table 7** below.

Table 7: School Facilities Cost Impact by Land Use

School Level	Single-Family Detached	Multi-family Attached	Multi-family Affordable	Total School Facilities Impact
Elementary	$1,882,936	$20,626,708	$31,496,384	$54,006,028
Middle	$105,609	$1,689,744	$16,580,613	$18,375,966
TOTAL	**$1,988,545**	**$22,316,452**	**$48,076,997**	**$72,381,994**

Using the school facilities cost impacts for each land use, in conjunction with the projected units by land use, EH&A was able to calculate the facilities costs impact on a per-residential unit basis.

Table 8: School Facilities Cost Impacts per Projected Residential Unit

Land Use	Total School Facilities Cost Impacts	Projected Residential Units	School Facilities Cost Impact/Residential Unit
Single-Family Detached	$1,988,545	379	**$5,246.82**
Multi-Family Attached	$22,316,452	5,014	**$4,450.82**
Affordable Multi-Family	$48,076,997	1020	**$47,134.31**
TOTAL	**$72,381,994**	**6,413**	**$11,286.76**

FACILITIES COST IMPACT PER SQUARE FOOT OF RESIDENTIAL DEVELOPMENT

To fulfill the statutory requirements imposed by AB 2926 and AB 1600, both of which added sections to the Government Code, the school facilities cost impacts must be calculated on a "per square foot" basis. EH&A collected information on the specific number of future residential dwelling units as well as their square footage. EH&A then calculated the average weighted square footage for each land use category. Using the calculations developed in **Table 8** the facilities cost impact per-square foot is reflected below.

Table 9: School Facilities Cost Impacts per Residential Square Foot

Land Use	School Facilities Cost Impact per Residential Unit	Average Square Footage per Residential Unit	School Facilities Cost Impact per Square Foot
Single-Family Attached	$5,246.82	1,660	**$3.16**
Multi-Family Attached	$4,450.82	1,030	**$4.32**
Affordable Multi-Family	$47,133.34	1,068	**$44.13**
Weighted Average	**$11,286.76**	**1,073**	**$10.52**

Based on the District's total modernization need of $72,381,994 generated by students from new residential construction in the future combined with and the total projected residential square footage of 6,882,916, residential construction will create a weighted average facilities cost impact of $10.52 per square foot as is illustrated in **Table 9.**

With the Berryessa Union School District having a fee-sharing agreement with East Side Union High School District which splits the fees 65%/35% with BUSD getting 65%, which is in excess of the statutory maximum allowable fee, the District is justified in levy and collecting the maximum pro-rated share of $3.11 (65% of $4.79) per square foot of newly constructed residential development.

COMMERCIAL/INDUSTRIAL DEVELOPMENT(CID) COST IMPACT

Commercial/industrial development typically attracts additional workers to the District; and, because some of those workers will have school-age children, additional students will be generated for the District. New commercial/industrial development creates both a facilities as well as a fiscal impact to the District – generating a need for additional school facilities.

If a school district is to levy developer fees on commercial/industrial development, Assembly Bill 181 states that a district "... must determine the impact of the increased number of employees anticipated to result from commercial and industrial development upon the cost of providing school facilities within the district. For the purposes of making this determination, the [developer fee justification] study shall utilize employee generation estimates that are based on

commercial and industrial factors within the district, as calculated on either an individual project or categorical basis".

AB 181 was modified by the passage of Assembly Bill [AB] 530 (Chapter 633/Statutes of 1990), which allows the use of a set of statewide employee generation factors. Furthermore, AB 530 allows the use of the employee generation factors as identified in the **San Diego Association of Governments** (SANDAG) report titled, ***San Diego Traffic Generators***. This study identifies the number of employees generated per 1,000 square feet of floor area for several categories of commercial/industrial development.

This report uses the following factors to calculate the school facilities costs incurred by the District per square foot of new commercial/industrial development:

- Employees generated per 1000 square feet of new commercial/industrial development
- Percentage of employees that also live in the District
- Employees within the District's boundaries per household
- Percent of houses sold in the District that are new vs. existing
- Ratio of inter-district student transfers to the estimated number of employees in the District
- Residential development cost factors calculated above:
  - ✓ Students per dwelling unit (Student Generation Factor)
  - ✓ Average new dwelling unit size as measured in square feet
  - ✓ School facilities cost per student
  - ✓ Current residential Level 1 fees

NEW COMMERCIAL/INDUSTRIAL IMPACT

This portion of the DFJS analyzes the extent to which a nexus can be established in the Berryessa Union School District between categories of commercial/industrial development ("CID") and (i) the need for school facilities; (ii) the cost of school facilities; and, (iii) the amount of statutory school fees ("School Fees") per square foot that may be levied for schools pursuant to the provisions of Assembly Bill ("AB") 181, §66001 of the Government Code, and subdivision (e) of §17621 of the Education Code.

New commercial/industrial development typically generates additional employees that will be living in the District which will create demand for additional school facilities. The number of new and existing households generated from new commercial/industrial development is calculated for each category of development.

Using information from SANDAG's ***San Diego Traffic Generators*** report combined with data from the U.S. Census Bureau, EH&A was able to calculate the number of households generated by the commercial/industrial categories as identified in **Table 10**.

Employment Impacts

Employment impacts for each land use category are represented by the estimated number of employees generated per 1,000 square feet of CID floor space. These impacts include potential on-site employees only.

Household Impacts

Household impacts are represented by the estimated number of households associated with each category of employment impacts per 1,000 square feet of CID floor space. Household impacts include:

- ✓ The total estimated number of households based on on-site employees, wherever these households may be located, per 1,000 square feet of CID floor space);
- ✓ the estimated number of total households that will be located within the School District per 1,000 square feet of CID floor space); and,
- ✓ the estimated **net** number of school district households that will occupy **new** housing within the School District per 1,000 square feet of CID floor space).

Net school district household impacts are assumed to be only those that are created based on new housing units which may create a net demand for new school facilities as compared to existing housing units which would generate no additional fee revenue.

Assumptions and Data Sources

Total household impact estimates are based on the average number of employed persons per household calculated from data provided by the U.S. Census.

School district household impact estimates are based on the percentage of employed persons that both live and work within the School District. This information was derived from the US Census.

Net school district household impacts represent the ratio of new home sales to total home sales within the School District's boundaries. This ratio was sourced from home sales data provided by ***CoreLogic DQNews.***

Student Generation Impacts

Student generation impacts are calculated based on the estimated number of the school district's students associated with each category of net school district household impacts per 1,000 square feet of CID floor space. Separate student generation impacts are estimated for each school level (i.e., elementary school and middle school).
Inter-district transfer impacts are also calculated based on current employment within the School District and the current number of inter-district transfer students.

Assumptions and Data Sources
Student generation impacts are based on estimates of Student Generation Factors ("SGFs") as provided by the District. Inter-district data was provided by the School District while employment estimates are based on data provided by the U.S. Census.

School Facilities Costs Impacts
School facilities cost impacts are represented by the estimated gross school facilities cost impacts associated with each category of CID. Impacts are estimated for school facilities at each school level. These facilities cost impacts are based on facility construction costs at all school levels, including both site acquisition costs at the elementary and middle school levels.

Assumptions and Data Sources
School facilities cost impacts were calculated by multiplying the additional school facilities needed to adequately house students generated from future residential units by estimated school facilities costs. School facilities costs are based on estimates prepared by EH&A at both the elementary and middle school levels.

While there is some anecdotal evidence (only) that for every 20 square feet of residential development, there is 1 foot of commercial/industrial development, EH&A was unable to determine

Description of Data

Column A – CID Land Use Category as identified in Assembly Bill [AB] 530 (Chapter 633/Statutes of 1990

Column B – Employees Generated by per 1000 square feet of CID as codified in AB 530 (Chapter 633/Statutes of 1990) permitting the use of the **San Diego Association of Governments** (SANDAG) report titled, ***San Diego Traffic Generators***.

Column C – Percent of employees both living and working within the BUSD boundary

Column D – Employees per household within BUSD boundary

Column E – Number of households in BUSD per 1000 square feet of CID

Table 10: Number of New and Existing Households Generated

Number of Households within the School District Generated per 1,000 Square Feet Commercial/Industrial (Includes New & Existing Households)				
Category	Employees Generated Per 1,000 Square Feet	% Employees Living & Working in School District	Employees in the District per Household	No. of School District Households per 1,000 sq. ft. CID A x B ÷ C
Banks	2.8253	56.147%	1.830	0.8670
Community Shopping Center	1.5348	56.147%	1.830	0.4710
Neighborhood Shopping Center	2.7985	56.147%	1.830	0.8588
Industrial Business Parks	3.5156	56.147%	1.830	1.0788
Industrial Parks/Warehousing	1.3473	56.147%	1.830	0.4134
Rental Self-Storage	0.0643	56.147%	1.830	0.0197
Research & Development	3.0408	56.147%	1.830	0.9331
Hospitality(Lodging)	1.1325	56.147%	1.830	0.3475
Commercial Offices (Standard)	4.7897	56.147%	1.830	1.4698
Commercial Offices (Lg. High Rise)	4.5442	56.147%	1.830	1.3945
Corporate Offices	2.6848	56.147%	1.830	0.8239
Medical Offices	4.2654	56.147%	1.830	1.3089

In order to determine the number of <u>new</u> households generated by new commercial/ industrial development, EH&A's research reviewed Bureau of Labor Statistics Census data to determine the homes sold and/or new rental property constructed within the Berryessa area over the past five years. We found that there was an increase in owner/renter occupied housing by 7.91%. This

percentage is then applied to Column D in **Table 10** to arrive at the new household impact of commercial/ industrial development represented in **Table 11**.

Table 11: Number of New Households Generated

New Household Impact	
Category	**No. of School District New Households per 1000 sq ft Com/Ind**
Banks	0.0686
Community Shopping Center	0.0372
Neighborhood Shopping Center	0.0679
Industrial Business Parks	0.0853
Industrial Parks/Warehousing	0.0327
Rental Self-Storage	0.0016
Research & Development	0.0738
Hospitality(Lodging)	0.0275
Commercial Offices (Standard)	0.1162
Commercial Offices (Lg. High Rise)	0.1103
Corporate Offices	0.0651
Medical Offices	0.1035

STUDENT GENERATION

The student generation impact for each commercial/industrial category is the number of students generated by employees (per square foot of commercial/industrial development) that are living in new households located within the District. This was calculated by multiplying the New Household Impact by the District's Weighted Student Generation Factors. (**Table 11**). **Table 12** presents the student generation impact for the various CID categories.

Table 12: Student Generation Factors

	Student Generation Factor (students per dwelling unit)			
Grade Levels	**Single-Family Attached**	**Multi-Family**	**Affordable Multi-Family**	**Weighted Average**
K-6	0.056	0.048	0.360	0.0981
7-8	0.002	0.003	0.153	0.0268
TOTAL	**0.058**	**0.051**	**0.513**	**0.1249**

Table 13: Student Generation by Commercial/Industrial Category
(Table 11 times SGF by Land Use Type)

Student Generation by Commercial Category			
Category	Elementary School	Middle School	**Total Student Generation Impact**
Banks	0.0343	0.0069	**0.0411**
Community Shopping Center	0.0186	0.0037	**0.0223**
Neighborhood Shopping Center	0.0340	0.0068	**0.0407**
Industrial Business Parks	0.0427	0.0085	**0.0512**
Industrial Parks/Warehousing	0.0163	0.0033	**0.0196**
Rental Self-Storage	0.0008	0.0002	**0.0009**
Research & Development	0.0369	0.0074	**0.0443**
Hospitality(Lodging)	0.0137	0.0027	**0.0165**
Commercial Offices (Standard)	0.0581	0.0116	**0.0697**
Commercial Offices (Large High Rise)	0.0551	0.0110	**0.0662**
Corporate Offices	0.0326	0.0065	**0.0391**
Medical Offices	0.0518	0.0104	**0.0621**

INTER-DISTRICT TRANSFER IMPACTS

There were 235 net inter-district transfers throughout the grade levels which is reflected in Table 14 below.

Table 14: Inter-District Transfer Generation Impact

(Inter-district transfers ÷ estimated number of people employed within the district's boundary)

Inter-district transfers ES (in-out)	158	0.00164
Inter-district transfers MS	77	0.00164

To determine the total Student Generation Impact, the results of **Tables 13** and **Table 14** are combined.

Table 15: Total Student Generation Impact

Student Generation by Commercial Category			
Category	Elementary School	Middle School	**Total Student Generation Impact**
Banks	0.0343	0.0069	**0.0411**
Community Shopping Center	0.0186	0.0037	**0.0223**
Neighborhood Shopping Center	0.0340	0.0068	**0.0407**
Industrial Business Parks	0.0427	0.0085	**0.0512**
Industrial Parks/Warehousing	0.0163	0.0033	**0.0196**
Rental Self-Storage	0.0008	0.0002	**0.0009**
Research & Development	0.0369	0.0074	**0.0443**
Hospitality(Lodging)	0.0137	0.0027	**0.0165**
Commercial Offices (Standard)	0.0581	0.0116	**0.0697**
Commercial Offices (Large High Rise)	0.0551	0.0110	**0.0662**
Corporate Offices	0.0326	0.0065	**0.0391**
Medical Offices	0.0518	0.0104	**0.0621**

NET SCHOOL FACILITY COSTS & IMPACT

The Total Gross School Facility Cost generated by commercial/industrial development is the total student generation impact multiplied by the facilities cost impact per student at each respective school level.

Table 16: School Facilities Cost Impact per Student (Exhibits C1 – C2)

School Facilities Cost Impact/Student	
School Level	**Cost Impact per Student**
Elementary School	$85,588
Middle School	$105,609

Table 17: Gross School Facility Cost Impact
($ cost per student at each school level [**Table 16**] multiplied by data in **Table 15**)

Dollar Impact per Commercial Category			
Category	**Elementary School Cost Impact**	**Middle School Cost Impact**	**Total Gross Facilities Cost Impact**
Banks	$3,330	$1,213	$4,543
Community Shopping Center	$1,809	$659	$2,468
Neighborhood Shopping Center	$3,298	$1,201	$4,500
Industrial Business Parks	$4,144	$1,509	$5,653
Industrial Parks/Warehousing	$1,588	$578	$2,166
Rental Self-Storage	$76	$28	$103
Research & Development	$3,584	$1,305	$4,889
Hospitality(Lodging)	$1,335	$486	$1,821
Commercial Offices (Standard)	$5,645	$2,056	$7,701
Commercial Offices (Large High Rise)	$5,356	$1,950	$7,306
Corporate Offices	$3,164	$1,152	$4,317
Medical Offices	$5,027	$1,831	$6,858

A “residential fee offset” is calculated to ensure that revenues from "linked" residential units are not counted twice. The residential fee offset is the product of the New Household Impact multiplied by the current statutory fee generated from the average (square footage) home. EH&A calculated the square footage of the “average” new residential unit at 1,073 sq. ft.

Table 18: Residential Fee Offset
(Table 11 data multiplied by [$3.11 per sq. ft. times 1,073 sq. ft.])

Residential Fee Offset ($ per 1000 sq ft Com/Ind development)		
Category	**Households Impact**	**Revenue Generated**
Banks	0.0686	$229
Community Shopping Center	0.0372	$124
Neighborhood Shopping Center	0.0679	$227
Industrial Business Parks	0.0853	$285
Industrial Parks/Warehousing	0.0327	$109
Rental Self-Storage	0.0016	$5
Research & Development	0.0738	$246
Hospitality(Lodging)	0.0275	$92
Commercial Offices (Standard)	0.1162	$388
Commercial Offices (Large High Rise)	0.1103	$368
Corporate Offices	0.0651	$217
Medical Offices	0.1035	$345

The Net School Facilities Cost is calculated by deducting the Residential Fee Offset from the Total Gross Facilities Cost Impact (Table 10 less the Residential Fee Offset).

Table 19: Net School Facilities Cost (Data in Table 17 minus data in Table 18)

Net School Facilities Costs			
Category	**Total Impact to School**	**Less: Residential Revenues**	**per 1,000 Com/Ind Sq Ft.**
Banks	$4,543	$229	$4,314
Community Shopping Center	$2,468	$124	$2,343
Neighborhood Shopping Center	$4,500	$227	$4,273
Industrial Business Parks	$5,653	$285	$5,368
Industrial Parks/Warehousing	$2,166	$109	$2,057
Rental Self-Storage	$103	$5	$98
Research & Development	$4,889	$246	$4,643
Hospitality(Lodging)	$1,821	$92	$1,729
Commercial Offices (Standard)	$7,701	$388	$7,313
Commercial Offices (Large High Rise)	$7,306	$368	$6,938
Corporate Offices	$4,317	$217	$4,099
Medical Offices	$6,858	$345	$6,513

In order to fulfill the statutory requirements imposed by AB 2926 and AB 1600, the school facilities cost impacts must be calculated on a "per square foot" basis. The data in **Table 19** was divided by 1,000 to arrive at the Net Facilities Cost Impact per square foot.

Table 20: Net School Facilities Cost Impact per Square Foot

Net School Impact Per Square Foot	
Category	**Net School Impact per Square Foot**
Banks	$4.31
Community Shopping Center	$2.34
Neighborhood Shopping Center	$4.27
Industrial Business Parks	$5.37
Industrial Parks/Warehousing	$2.06
Rental Self-Storage	$0.10
Research & Development	$4.64
Hospitality(Lodging)	$1.73
Commercial Offices (Standard)	$7.31
Commercial Offices (Large High Rise)	$6.94
Corporate Offices	$4.10
Medical Offices	$6.51

As is indicated in **Table 20**, All CID categories are above the maximum allowable CID developer fee of $0.78 per square foot, as well as higher than BUSD's pro-rated share of $0.51 per square foot (65% of $0.78) with the exception of Rental Self Storage ($0.10). The facilities cost impact for new commercial/industrial development has been calculated to range from $0.10 to $7.31 per square foot. The District is justified in collecting commercial/industrial developer fees at the rate of $0.51/sq. ft. for all categories with the exception of Rental Self Storage. The District will only be allowed to collect $0.10 per square foot of Rental Self Storage construction.

AVAILABLE REVENUE SOURCES FOR SCHOOL FUNDING FACILITIES

In general, two sources of funding facility construction and reconstruction exist – state sources and local sources. The District has considered the following:

STATE SOURCES

STATE SCHOOL FACILITY PROGRAM

Senate Bill 50 (August 1998) established the School Facility Program, providing funding under a "grant" program once a school district establishes eligibility. Funding for new construction is offered as a 50/50 match (State/District) and at a 60/40 match (State/District) for modernization projects. Districts may levy the current statutory developer fee provided the district can justify its collection.

LOCAL SOURCES

Developer Fee Revenue

Pursuant to the statutes enacted under SB 50, districts may levy the current statutory developer fee as long as they can justify collecting that fee. If a district desires to collect a sum greater than the statutory fee (Level 2 or Level 3), the district must meet certain requirements as outlined in the law as well as conducting a School Facilities Needs Analysis to enable the higher fee to be imposed. The Berryessa Union School District currently collects both residential as well commercial and industrial fees at the rates established in 2018.

Mello-Roos Community Facilities Act

The Mello-Roos Community Facilities Act of 1982 allows school districts to establish a Community Facilities District (CFD) in order to impose a special tax to raise funds to finance the construction of school facilities.

General Obligation Bonds

General Obligation (GO) Bonds may be issued by any school district for the purposes of purchasing real property as well as for the purposes of constructing or purchasing buildings or equipment "of a permanent nature."

School District General Funds

The District's general-purpose funds are needed by the District to provide for the operation of its instructional programs. There are no unencumbered funds that could be used to construct new facilities or reconstruct existing facilities.

Expenditure of Lottery Funds

Government Code §880.5 states: "It is the intent of this chapter that all funds allocated from the California State Lottery Education Fund shall be used exclusively for education of pupils and students and no funds shall be spent for acquisition of real property, construction of facilities, financing research, or any other non-instructional purpose."

FACILITY FUNDING ALTERNATIVES

The district currently does not have enough available funding to provide adequate facilities or to satisfy the shortfall to fund projected construction costs. The District is pursuing the following possible funding alternatives.

- Participation in the School Facility Program
- Utilizing interim housing where space will accommodate
- Cooperation with developers in establishing Community Facility Districts
- Exploring voter-approved General Obligation Bond elections, either through a two-thirds voter approval or Proposition 39 bonds (55% voter-approval)

ESTABLISHING THE COST, BENEFIT, AND BURDEN NEXUS

The findings in this study satisfy the three major elements of the legislative requirements for levying developer fees:

ESTABLISHMENT OF A COST NEXUS

The District may need to construct and/or reconstruct school facilities to house additional students generated by new development in the district. The cost to provide new and/or reconstructed facilities exceeds the amount of developer fees to be collected which establishes the cost nexus.

ESTABLISHMENT OF A BENEFIT NEXUS

The students generated by the new residential and commercial/industrial development within the district will be attending schools within the district. The fee imposed on new development will directly benefit the students generated by that development; therefore, a benefit nexus is established.

ESTABLISHMENT OF A BURDEN NEXUS

New students generated by development will create a need for additional and/or reconstructed school facilities. The burden on the district will be to construct new permanent facilities to house the students generated by future developments and the need for such facilities will be, in part, satisfied by the levying of developer fees. Therefore, a burden nexus is established.

ESTABLISHMENT OF A SPECIAL ACCOUNT

Pursuant to Government Code §66006, the district has established a special account in which fees for capital facilities have been deposited. The fees collected in this account will be expended only for the purpose for which they were collected. Any interest income earned on the fees that are deposited in such an account must remain with the principal. The school district must make specific information available to the public within 180 days of the end of each fiscal year pertaining to each developer fee fund. The information required to be made available to the public by §66006 (b)(1) was amended by SB 1693 and includes specific information on fees expended and refunds made during the year.

SOURCES

CALPADS, *Official Berryessa Union School District 2021-22 Enrollment by Grade*

California Department of Education, *School Facilities Fingertip Facts*

California Education Code §17620-17626

California Government Code §65995-65998

City of San Jose, City of Milpitas, Planning & Development Services, *Residential Projects in the Berryessa Area*, May 2020

Jack Schreder & Associates, Inc. *Level 1 Developer Fee Study for Berryessa Union School District*

DQNews/CoreLogic CRED Reports, Becky Beavers, *Bonsall New & Existing Home Sales*

Erickson-Hall Construction, *School Construction Costs.* November 2021

Eric Knowles, Kidder Matthews, *Land Acquisition Costs*. November 2021

Office of Public School Construction, Report of the Executive Officer, SAB Meeting, February 23, 2022, *Index Adjustment on the Assessment for Development*

U.S. Census —2020 Decennial Census, *Population, Households and Employment data*

EXHIBITS

Exhibit A

February 2022 Index Adjustment of Assessment for Development

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, February 23, 2022

INDEX ADJUSTMENT ON THE ASSESSMENT FOR DEVELOPMENT

PURPOSE OF REPORT

To report the index adjustment on the assessment for development, which may be levied pursuant to Education Code Section 17620.

DESCRIPTION

The law requires the maximum assessment for development be adjusted every two years by the change in the Class B construction cost index, as determined by the State Allocation Board (Board) in each calendar year. This item requests that the Board make the adjustment based on the change reflected using the RS Means index.

AUTHORITY

Education Code Section 17620(a)(1) states the following: "The governing board of any school district is authorized to levy a fee, charge, dedication, or other requirement against any construction within the boundaries of the district, for the purpose of funding the construction or reconstruction of school facilities, subject to any limitations set forth in Chapter 4.9 (commencing with Section 65995) of Division 1 of Title 7 of the Government Code."

Government Code Section 65995(b)(3) states the following: "The amount of the limits set forth in paragraphs (1) and (2) shall be increased in 2000, and every two years thereafter, according to the adjustment for inflation set forth in the statewide cost index for class B construction, as determined by the State Allocation Board at its January meeting, which increase shall be effective as of the date of that meeting."

BACKGROUND

There are three levels that may be levied for developer's fees. The fees are levied on a per-square foot basis. The lowest fee, Level I, is assessed if the district conducts a Justification Study that establishes the connection between the development coming into the district and the assessment of fees to pay for the cost of the facilities needed to house future students. The Level II fee is assessed if a district makes a timely application to the Board for new construction funding, conducts a School Facility Needs Analysis pursuant to Government Code Section 65995.6, and satisfies at least two of the requirements listed in Government Code Section 65995.5(b)(3). The Level III fee is assessed when State bond funds are exhausted; the district may impose a developer's fee up to 100 percent of the School Facility Program new construction project cost.

STAFF ANALYSIS/STATEMENTS

A historical comparison of the assessment rates for development fees for 2018 and 2020 are shown below for information. According to the RS Means, the cost index for Class B construction increased by 17.45% percent, during the two-year period from January 2020 to January 2022, requiring the assessment for development fees to be adjusted as follows beginning January 2022:

RS Means Index Maximum Level I Assessment Per Square Foot

	2018	2020	2022
Residential	$3.79	$4.08	$4.79
Commercial/Industrial	$0.61	$0.66	$0.78

RECOMMENDATION

Increase the 2022 maximum Level I assessment for development in the amount of 17.45 percent using the RS Means Index to be effective immediately.

Exhibit B-1

School Attendance Boundaries

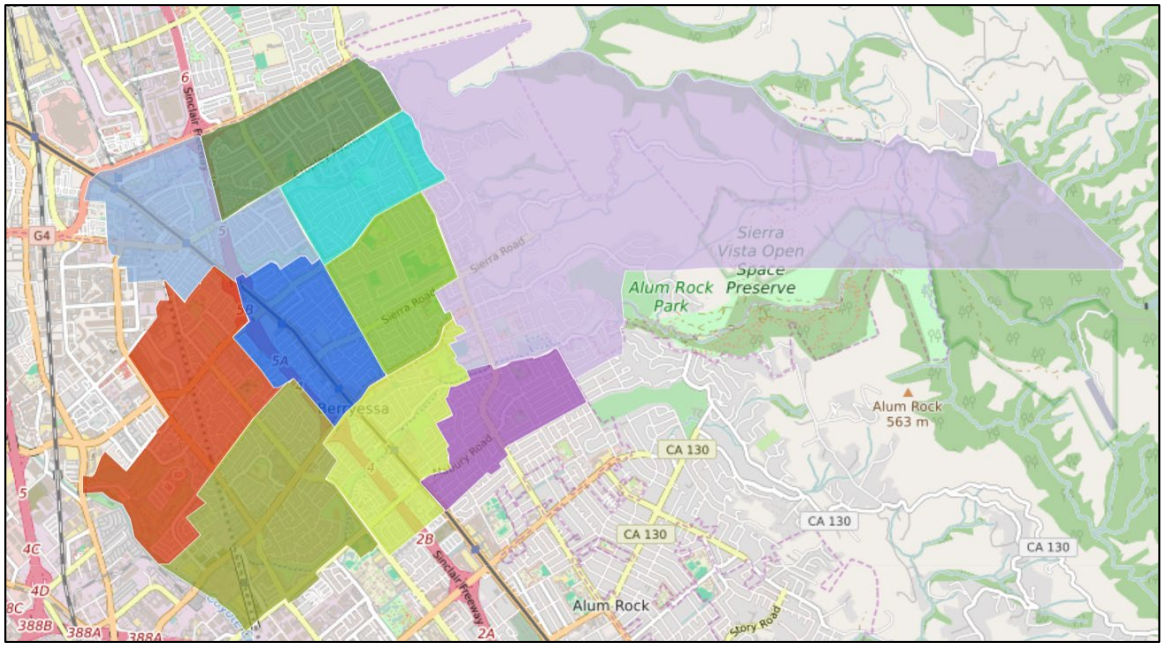

Exhibit B-2

District Boundary – Aerial Map

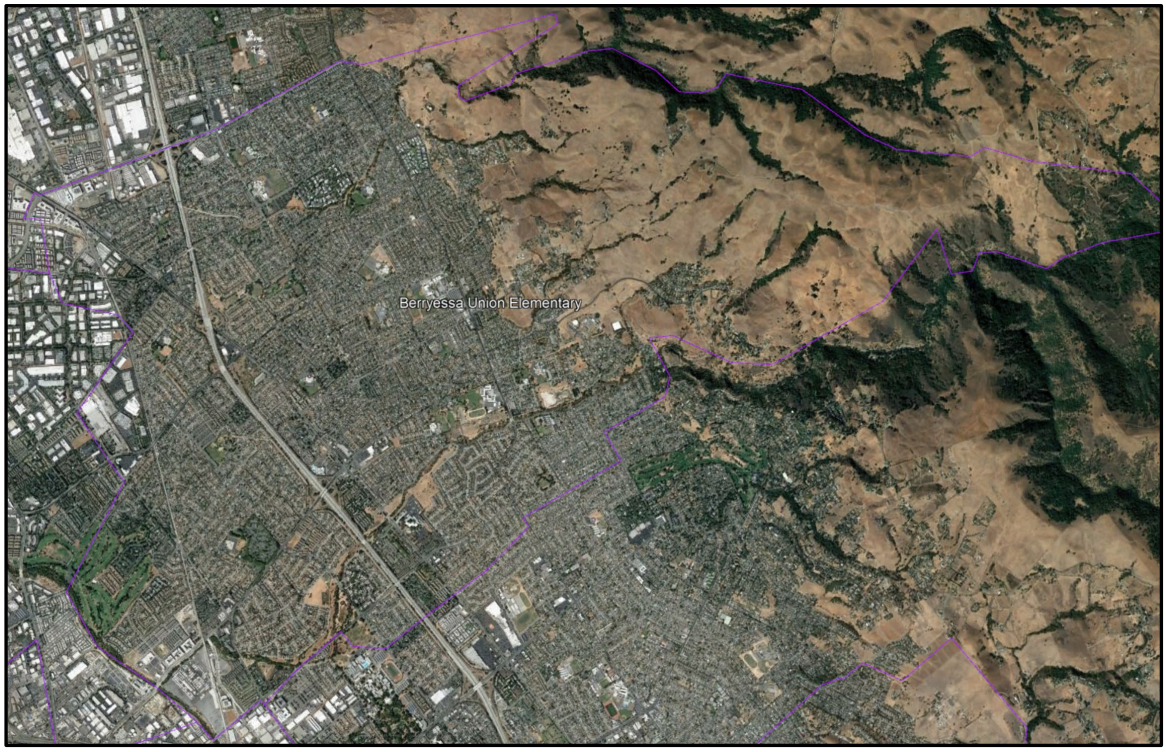

Exhibit C-1

Elementary School Construction Costs

Using a standard of 600 students, an elementary school should ideally reside on 11.7 acres per the State. In addition, building space is calculated based on 71 sq. ft. per elementary school student. It is with these assumptions that the total cost of acquiring the land for, and constructing an elementary school are presented:

ELEMENTARY SCHOOL

ELEMENTARY SCHOOL			**Students**	**600**	**COST**
Site Costs					**$9,173,736**
Land Acquisition Cost				$9,173,736	
Acres (State Std.) -- 11.7 ac			11.7		
Total Cost per Acre[1] (expressed as cost per sq. ft.)	$21	**per square foot**	**$784,080**		
Construction Costs [2]	**Sq. Ft.**	**Cost/Sq. Ft**			**$28,499,400**
Comprised of:					
Building, 71 sq. ft/student X 600 students	42,600	$560		$23,856,000	
Site, 42,600 sq ft @ $109/sq ft	42,600	$109		$4,643,400	
Construction Management		10%			**$2,849,940**
Soft costs		30%			**$8,549,820**
Contingency		3%			**$854,982**
FF&E		5%			**$1,424,970**
TOTAL ESTIMATED COST					**$51,352,848**

[1] Assumes site acquisition cost only; estimate provided by Eric Knowles of Kidder Matthews

[2] Construction Costs including site development provided by Erickson Hall Construction Company, November 2021

Exhibit C-2

Middle School Construction Costs

Using a standard of 1,000 students, a middle school should ideally reside on at least 21.9 acres. In addition, building space is calculated based on 85 sq. ft. per middle school student. It is with these assumptions that the total cost of acquiring the land for, and constructing a middle school are presented:

MIDDLE SCHOOL

MIDDLE SCHOOL			**Students**	**1000**	**COST**
Site Costs					**$17,171,352**
Land Acquisition Cost				$17,171,352	
Acres (State Std.) -- 21.9 ac			21.9		
Total Cost per Acre[1] (expressed as cost per sq. ft.)	$21	**per square foot**	**$784,080**		
Construction Costs [2]	**Sq. Ft.**	**Cost/Sq. Ft**			**$59,755,000**
Comprised of:					
Building, 85 sq. ft/student X 1000 students	85,000	$588		$49,980,000	
Site, 85,000 sq ft. @$115/sq ft	85,000	$115		$9,775,000	
Construction Management	**10%**				**$5,975,500**
Soft costs	**30%**				**$17,926,500**
Contingency	**3%**				**$1,792,650**
FF&E	**5%**				**$2,987,750**
TOTAL ESTIMATED COST					**$105,608,752**

[1] Assumes site acquisition cost only; estimate provided by Eric Knowles of Kidder Matthews, 2021

[2] Construction Costs including site development provided by Erickson Hall Construction Company, November 2021