



**GILROY UNIFIED SCHOOL DISTRICT**

## **SCHOOL FACILITY NEEDS ANALYSIS**

PURSUANT TO GOVERNMENT CODE § 65995.5 ET SEQ.

NOVEMBER 2011

FINAL REPORT V2

PREPARED FOR:

**BOARD OF EDUCATION**

**GILROY UNIFIED SCHOOL DISTRICT**

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## **GILROY UNIFIED SCHOOL DISTRICT**

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## **ACKNOWLEDGMENTS**

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## EXECUTIVE SUMMARY

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### INTRODUCTION

This School Facility Needs Analysis ("Needs Analysis") was prepared pursuant to the requirements of Senate Bill 50, Chapter 407 Statutes 1998, (hereinafter "SB 50") which became effective on November 4, 1998 after voters in California supported Proposition 1A. The purpose of this Needs Analysis is to evaluate the need for and amount of an alternative "Level 2" school facilities fee for new residential construction for the Gilroy Unified School District ("District").

Chapter 407/98 essentially authorizes qualifying school districts to levy three different levels of developer fees. These three levels of fees are from Government Code Sections 65995, 65995.5 and 65995.7. Developer fees levied pursuant to Govt. Code § 65995 are typically called "Statutory fees", "Stirling fees", or "Level 1 fees" and the maximum statutory fee amounts for K-12 facilities are \$2.97 per square foot of residential construction and \$0.47 per square foot of commercial/industrial construction. These amounts are adjusted in every two years in an amount equal to the statewide cost index for Class B construction, as determined by the State Allocation Board ("SAB"). However this January, the SAB approved continuing the 2008 Level 1 fees because of a slight decline in the Class B construction cost index over the two year period.

SB 50 established two new sections, Section 65995.5 and 65995.7 that allow school districts to impose higher fees on residential construction. Specifically, Government Code § 65995.5 provides for an alternative fee (hereinafter "Level 2 fee") that was established to provide approximately 50 percent of the cost of school construction and site costs.<sup>1</sup>

Government Code § 65995.7 provides for developer fees that would be approximately twice the amounts authorized for Level 2 fees. This "Level 3 fee" may be levied by school districts if state funding becomes unavailable from the State Allocation Board. In essence, Section 65995.7 allows a school district to effectively double the Level 2 fee; however, if the school district later receives any state funding, any amounts collected in excess of Level 2 or 3 fees would have to be reimbursed to the developers from whom it was collected.

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<sup>1</sup> Using statewide average costs, the more correct share of actual cost is 35 percent to 40 percent.

In order to impose such fees, this Needs Analysis must make the following determinations:

1. Determine if the District has been submitted a timely application with the State Allocation Board ("SAB") for new construction grant funds under the School Facility Program ("SFP");
2. Determine if the District has satisfied two of the four requirements set forth in Government Code § 65995.5(b)(3);
3. Determine the District's maximum allowable Level 2 fee and Level 3 fee as authorized by Government Code Sections 65995.5 and 65995.7 respectively.

In addition to making these determinations, this Needs Analysis must establish that a reasonable relationship or "nexus" exists between new development that occurs within the District and the need for additional school facilities as a result of new development. More specifically, this Needs Analysis will present findings in order to meet the procedural requirements of the Mitigation Fee Act, also known as AB 1600, which are as follows:

1. Identify the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed;
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed;
5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

#### **SUMMARY OF KEY FINDINGS**

1. The District has submitted a timely application to participate in the School Facility Program ("SFP") for new construction state funding and satisfies 2 of the 4 statutory requirements necessary to levy Level 2 fees pursuant to Government Code § 65995.5(b)(3). Therefore, the District is eligible to levy a Level 2 fee.
2. Existing school building capacity pursuant to SB50 is calculated on a teaching station basis whereby all permanent classrooms are counted. Portable classrooms are also counted, but only up to the amount that equals 25 percent of the number of permanent classrooms. Using this measure of school capacity, the District has existing school building capacity for 11,845 students.
3. The District's total enrollment, as of October 2010, was 11,080 students.



4. Based on a study of historical residential construction, new housing projects and market absorption rates for new homes, approximately 860 new single family homes ("SFR") and 0 new multi-family units ("MFR") are forecast to be constructed within the District over the next five years.
5. A student generation rate analysis of newly constructed residential units and the District's enrollments find that each new single family home generates an average of 0.56 K-12 students while each new multi-family unit generates an average of 0.20 K-12 students.
6. An additional 493 students are projected from the forecasted 860 new single-family homes and 0 new multi-family units expected to be built over the next five years.
7. Of the students 493 students to be generated by new development, 258 elementary students, 121 high school students and 1 severe special day student are considered "unhoused."
8. Effective January 1, 2011, the allowable costs for school construction pursuant to SB50 are \$9,347 per elementary student, \$9,893 per middle school student, \$12,551 per high school student, \$26,132 per severe special day student and \$17,477 per non-serve special day student.
9. In addition to school construction costs, SB50 states that 50 percent of site acquisition, site development, and off-site development costs can be included. The allowable site acquisition and site development costs per student for the District are \$2,586 per elementary student, \$0 per middle school student and \$9,671 per high school student.
10. The total allowable costs per student for Level 2 fees are \$11,933 per elementary student and \$22,222 per high school student.
11. Based on an average new single family residential home size of 2,079 square feet and a multi-family residential unit size of 1,043 square feet, the total projected new residential area is 1.7 million square feet.
12. The District has no surplus school sites, surplus facilities and other local funding for capital improvements that can be used to offset the cost of facilities needed for students from new residential development.
13. Based on costs allowable by Government Code § 65995, this Needs Analysis determines that the maximum amount chargeable to residential development as a alternative "Level 2" fee is \$3.61 per square foot of new residential area. Additionally, In the event that new construction state funding becomes unavailable, the District is authorized to charge a Level 3 fee in the amount of \$7.22 per square foot of new residential area.

#### SUMMARY OF RECOMMENDATIONS

1. The District should levy a Level 2 fee at the rate of \$3.61 per square foot for all new residential development, with the exception of any residential development that is paying in-lieu mitigation through a developer mitigation agreement, Mello-Roos Community Facilities District special tax or other special tax.
2. The District should continue to levy the maximum allowable commercial/industrial fee of \$0.47 per square foot.
3. The Level 2 fee should be adopted and implemented pursuant to Government Code § 65995.5.



## LEVEL 2 FEE ELIGIBILITY DETERMINATION

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This section frames the District's eligibility to levy alternative school facility fees ("Level 2 fees"), in terms of the statutory requirements pursuant to Government Code §§ 65995.5(1) and 65995.5(3). In general, the District must make a "timely" application to the State Facilities Program and satisfy a certain number of statutory requirements in order to levy Level 2 fees. The specific requirements and findings for both fees are discussed below.

### **The school district must make a timely application for state funding for new construction under the State Facilities Program**

*This statutory requirement has been met. On November 16, 1999, the District submitted eligibility documents to the State to participate in the State Facilities Program. SAB forms 50-01, 50-02 and 50-03 were approved by the State Allocation Board on July 5, 2000. The District is currently updating its eligibility to reflect October 2010 enrollment.*

### **Until January 1, 2000, satisfy one of the following conditions and, on or after January 1, 2000, meeting two of the following conditions:**

1. At least 30 percent of K-5 enrollment on multi-track year-round education; or at least 40 percent of public school students in grades K-12 are on multi-track year round education schedules within the high school attendance area for which the district is applying for funding.

*This statutory condition has not been met. The District does not provide a multi-track year round education schedule at any school in the District.*

2. Attempt to pass a local bond at least once within the past four years and get approval of 50 percent plus one of the voters.

*This statutory condition has been met. On November 4, 2008 the District pass Measure P, a \$150 million local bond measure, and received 66.72 percent support.*

3. Issued debt or incurred obligations for capital outlay in an amount equivalent to 15 percent of the district's local bonding capacity (30 percent if post-November 1998 landowner-approved Mello-Roos bonds are included).

*This statutory condition has been met. The District's current debt level is 82.7 percent of the District's bonding capacity as detailed in Appendix A to the Needs Analysis.*

4. At least 20 percent of the teaching stations in the district are relocatable classrooms.

*This statutory condition has not been met. The District's total classroom inventory is less than 20 percent relocatable classrooms.*

The District has made a timely application for new construction state funding; has attempted to pass a local bond measure within the last four years and received more than 50 percent support; and has a bonded indebtedness greater than 15 percent of the District's bonding capacity. Therefore, the District meets the statutory prerequisites for levying a Level 2 fee.



## DISTRICT PROFILE

### DISTRICT PROFILE

The Gilroy Unified School District currently serves K-12 students in an area encompassing portions of the City of Gilroy and some unincorporated areas of Santa Clara County. The District operates 8 elementary schools, 3 middle schools, two high schools, a continuation high school and a community day school.

### EXISTING SCHOOL BUILDING CAPACITY

Pursuant to Government Code § 65995.6, existing school building capacity is determined by a teaching station methodology whereby each permanent teaching station is counted and loaded at the rate of 25 students per classroom for grades K-6 and 27 students per classroom for grades 7-12. Pursuant to Education Code § 17071.30(b), the maximum number of portable classrooms included within the capacity calculation shall not exceed 25 percent of the number of permanent classrooms.

Figure 2 below presents the existing school building capacity from the District's SAB 50-02 form and updated to reflect changes since October 2010. As shown, the District has an existing school building capacity of 11,845 students.

**FIGURE 1 – EXISTING SCHOOL BUILDING CAPACITY**

Grade Level	SAB 50-02 <sup>1</sup> Baseline	Capacity <sup>2</sup> Adjustments	2010-11 SB 50 Capacity
Grades K-6	4,750	729	5,479
Grades 7-8	1,971	837	2,808
Grades 9-12	2,187	1,167	3,354
Non-Severe	195	0	195
Severe	0	9	9
<b>Total District</b>	<b>9,103</b>	<b>2,742</b>	<b>11,845</b>

Source: School Facilities Consultants

Notes:

<sup>1</sup> Pursuant to Education Code Section 17071.10 et. seq. The baseline was established on July 5, 2000.

<sup>2</sup> Capacity adjustments, prior to October 2010, includes a 150-student expansion of Eliot Elementary; construction of Las Animas Elementary for 854 students; demolition of an estimated 25 teaching stations at the old Las Animas Elementary; and construction of Solarsano Middle School and Christopher High School.

**EXISTING SCHOOL BUILDING CAPACITY VS. ENROLLMENT**

Figure 2 compares the District's enrollment with existing school building capacity. As shown, excess capacity exists except for elementary and severe students. Therefore, the District will need new elementary facilities to house enrollment generated from new housing development.

**FIGURE 2 – EXISTING SCHOOL BUILDING CAPACITY VS. ENROLLMENT**

	2010-11 SB 50 Capacity	October 2010 Enrollment <sup>1</sup>	Excess (Deficit) Capacity
Grades K-6	5,479	5,918	(439)
Grades 7-8	2,808	1,614	1,194
Grades 9-12	3,354	3,326	28
Non-Severe	195	187	8
Severe	9	35	(26)
<b>Total District</b>	<b>11,845</b>	<b>11,080</b>	<b>765</b>

## PROJECTIONS AND DEMOGRAPHICS

### PROJECTED DEVELOPMENT

The City of Gilroy ("City") has experienced a steady growth since over the last 13 years as indicated in Figure 3. Between 1996 and 2007, the City issued an annual average of about 400 residential building permits. However, new residential construction building permits fell dramatically in 2008 to only 12 and only in the last 18 months has started to pick back up.

**FIGURE 3 – HISTORICAL RESIDENTIAL BUILDING ACTIVITY, CITY OF GILROY**

Year	SFR	MFR	TOTAL
1996	403	134	537
1997	546	20	566
1998	357	31	388
1999	335	13	348
2000	278	15	293
2001	299	59	358
2002	268	85	353
2003	247	0	247
2004	416	14	430
2005	262	400	662
2006	187	51	238
2007	175	41	216
2008	12	0	12
2009	17	0	17
2010	84	0	84
2011 YTD	150	0	150
<b>TOTAL</b>	<b>4,036</b>	<b>863</b>	<b>4,899</b>

Source: U.S. Census Bureau and the City of Gilroy

Notes:

\* Building permits totals for 2011 are calendar year-to-date through October 2011.

Recent new home construction has been constrained by a softening in the housing market and by a tightening of the credit market. Therefore, levels of residential development in the near future should be somewhat lower than historical levels. Therefore, development projections were formulated under a market absorption methodology whereby the demand for new housing stock was assumed to decrease over the levels for the last five years. This level of development is based on the assumption that economic conditions in the



District will become more positive and that the buildout of the approved projects will proceed in line with current projections.

Figure 4 below lists the 5-year projected residential development within the District. Based on historical development, current building projects, and the remaining number of units to be built, this Needs Analysis projects 860 single-family residential units ("SFR") and 0 multi-family residential units ("MFR") will be constructed within the next five years.

**FIGURE 4 – FIVE-YEAR PROJECTED RESIDENTIAL DEVELOPMENT**

Housing Type	Total Projected Housing Units <sup>1</sup>
Single Family Residential (SFR)	860
Multi-Family Residential (MFR)	0
<b>Total Projected Residential Units</b>	<b>860</b>

Notes:

<sup>1</sup> Unmitigated housing units.

#### **NEW RESIDENTIAL BUILDING AREA**

Based on information from the City of Gilroy and the District, the projected new residential housing, the following table calculates over 1.7 million square feet of new residential area over the next 5 years.

**FIGURE 5 – NEW RESIDENTIAL SQUARE FOOTAGE**

	SFR	MFR	TOTAL
Average Dwelling Size (Assessable Sq. Ft.)	2,079	1,043	
Total Residential Units (5 years)	860	0	860
Total Residential Square Footage	1,787,940	0	1,787,940



## STUDENT GENERATION RATES

Student generation rates, otherwise known as “yield factors”, are the average number of students that are generated by each housing unit. Student generation rates for new housing units were determined by SCI Consulting Group using an address match methodology whereby enrollment data was address-matched with new homes for which building permits were issued within the District between over the prior five years. The analysis found that a new single family home will generate an average of 0.56 K-12 students while a multi-family residential unit will generate an average 0.20 K-12 students. The District’s student generation rates for new housing are shown in the table below.

**FIGURE 6 – STUDENT GENERATION RATES FROM NEW HOUSING**

Housing Type	K-5	6 - 8	9-12	K - 12
New Single Family Home	0.30	0.12	0.14	0.56
New Multi-Family Unit	0.14	0.02	0.04	0.20

## ENROLLMENTS FROM NEW HOUSING

Figure 7 below lists the number of students projected by grade level from the forecasted new homes. If 860 new housing units are constructed as projected, and each new single family home and multi-family unit are expected to yield 0.56 and 0.20 students respectively, then the District enrollments will add 493 K-12 students from new development.

**FIGURE 7 – ENROLLMENTS GENERATED FROM NEW HOUSING**

Period	Projected Homes		Students Generated				
	SFR	MFR	K-5	6-8	9-12	Non-Severe	Severe
2011-2015	860	0	258	104	121	8	2

### DETERMINATION OF UNHOUSED STUDENTS

Given that enrollment exceed the District's available school building capacity for elementary school and high school; no existing capacity will be available for elementary and high enrollments generated by new residential development. Therefore, elementary and high school students generated by new residential development are considered "unhoused."

**FIGURE 8 – UNHOUSED STUDENTS**

	Students from New Development	Available Excess Capacity	Unhoused Students
Elementary	258	0	258
Middle	104	1,194	0
High *	121	28	121
Non-Severe	8	8	0
Severe	2	0	2

It is important to note that the opening of Christopher High School (Phase 1) officially added 924 9-12 capacity (based on State standards) for the District. This additional capacity will be able to accommodate future high school students generated by new development for many years. However, actual land acquisition, site development and construction costs for phase 1 of the Christopher High School will continue to be included in the Level 2 fee determination as long as the District has outstanding debt obligations for the initial construction of the school. In other words, all high school students generated by new development will be considered "unhoused" as there is a need for development fees to pay their share of the outstanding debt obligation for Christopher High School. Also important to note that the capacity added by Christopher High School (Phase 2) has been excluded as it became available after the 2010-11 school year.



## ALLOWABLE COSTS AND FEE DETERMINATION

Education Code § 17072.10 establishes allowable cost factors for school construction that are used to determine the appropriate alternative "Level 2" fee for new residential development. These cost factors are developed on a per pupil basis and represent approximately 50 percent of statewide school construction costs.

It should be noted however, that the actual cost of new school construction may be significantly higher than the cost factors (two times the per pupil grant) indicate. Any shortfall in funding from the state school construction bond program (recently funded by Proposition 1D) and the Level 2 fee will need to be addressed by local school districts.

### ALLOWABLE COSTS

Effective January 1, 2011, the allowable cost factors for new school construction are \$9,347 per elementary student, \$9,893 per middle school student and \$12,551 per high school student. These allowable cost factors include the base per pupil grant pursuant Education Code § 17072.10, the auto alarm/detection grant, the sprinkler grant required by Education Code § 17074.56(a) and labor compliance program grant pursuant Labor Code § 1771.7(e). These allowable costs are summarized in the table below.

**FIGURE 9 – SUMMARY OF ALLOWABLE COSTS FOR NEW SCHOOL CONSTRUCTION**

Adjusted Grants Per Pupil	K-5	6-8	9-12	Severe	Non-Severe
Per Pupil Base Grants <sup>1</sup>	\$9,112	\$9,637	\$12,260	\$25,601	\$17,121
Automatic Fire Detection/Alarm System Grants ("AFDG") <sup>1</sup>	\$11	\$15	\$24	\$47	\$32
Automatic Sprinkler System Grants ("ASSG") <sup>1</sup>	\$153	\$182	\$189	\$484	\$324
Labor Compliance Program Grants <sup>2</sup>	\$71	\$59	\$78	NA	NA
<b>Total Per Pupil</b>	<b>\$9,347</b>	<b>\$9,893</b>	<b>\$12,551</b>	<b>\$26,132</b>	<b>\$17,477</b>

Source: State Allocation Board

Notes:

<sup>1</sup> Approved by the State Allocation Board on January 26, 2011 to be effective January 1, 2011.

<sup>2</sup> The calculation of the District's labor compliance program grant is presented in Appendix B.

In addition, the District can include 50 percent of the cost of site acquisition, offsite improvements, and site development. Allowable site acreage for the District's elementary, middle and high school models are based on acreage amounts that are consistent with the in the "School Site Analysis and Development Handbook" published by the California State Department of Education ("CDE").

It is important to note that Christopher High School was funded by a combination of G.O. Bond proceeds, the District 2008 Certificate of Participation and future developer fees. However, since the Level 2 fee is designed to represent 50 percent of site acquisition, site development and construction costs, actual grants amounts for Christopher High School are used in calculating the high school facility cost component of the Level 2 fee. Moreover, these actual costs will continue to be included in the Level 2 fee determination as long as the District has outstanding debt obligations for the construction of the school that need to be repaid with developer fee proceeds.

As further detailed in Figure 10 on the following page, the site acquisition and development costs equate to \$2,586 per elementary student, \$0 per middle school student and \$9,671 per high school student, bringing total SB50 new school construction costs per student to \$11,933 per elementary student, \$0 per middle school student and \$22,222 per high school student.

#### **LEVEL 2 FEE DETERMINATION**

The determination of allowable costs and the Level 2 fee is presented in Figure 10 on the following page. The table calculates a composite single family/multi-family fee based on aggregate SB 50 new school facility construction costs. This fee is the amount that is justified and should be adopted and levied for new residential construction. As shown, the District can justify an alternative "Level 2" fee in the amount of \$3.61 per square foot of new residential area.



**FIGURE 10 – LEVEL 2 FEE DETERMINATION**

	Grade Level				Total
	K-5	6-8	9-12	Severe	Non-Severe
Unhoused Students from New Development	258	-	121	2	-
Master Plan New School Capacity	700	837	1,800		
Schools Needed	0.4	-	0.1		
Allowable Site Acreage <sup>1</sup>	10.2	15.5	39.7		
Total Acreage Required	4.1	-	4.0		
Land Acquisition Cost per Acre <sup>2</sup>	\$4,902	\$0	\$519,000		
Site Development Cost per Acre <sup>3</sup>	\$350,000	\$0	\$358,000		
Total Site Acquisition/Development Cost/Acre	\$354,902	\$0	\$877,000		
Allowable SB50 Site Acq./Devel. Costs per Acre <sup>4</sup>	\$177,451	\$0	\$438,500		
SB50 Unhoused Pupil Grants <sup>5</sup>	\$9,347	\$0	\$12,551	\$26,132	\$17,477
Allowable SB50 Site Acq./Devel. Cost per Student <sup>6</sup>	\$2,586	\$0	\$9,671	NA	NA
Total Allowable Cost per Student	\$11,933	\$0	\$22,222	\$26,132	\$17,477
Total SB50 School Facilities Cost for New Students	\$2,411,526	\$0	\$1,518,671	\$52,264	\$0
Total SB50 Site Acquisition & Development Costs	\$724,000	\$0	\$1,740,845	NA	NA
Total Allowable SB50 Costs	\$3,135,526	\$0	\$3,259,516	\$52,264	\$0
Total New Residential Area (Sq. Ft.)					1,787,940
Alternate ("Level 2") Fee per Square Foot					\$3.61

## Notes:

<sup>1</sup> Based on the 1998 edition of "School Site Analysis and Development" published by the CDE pursuant to Govt. Code § 65995.5(h).

<sup>2</sup> Elementary school facilities only include \$50,000 for appraisal, survey and escrow costs per SAB Regulation 1859.74©. High school land acquisition cost was the actual cost per acre for the Christopher High School site.

<sup>3</sup> Based on the \$350,000 estimated cost per acre for site development, grading, and public infrastructure improvements and actual site development costs for phase 1 of new high school.

<sup>4</sup> Pursuant to SB50, 50% of total site acquisition and development costs are allowable in calculating the Level 2 fee.

<sup>5</sup> The unhoused pupil grant is the sum of the base grant, the auto-detection grant, the fire sprinkler grant and the labor compliance program grant as adjusted by the State Allocation Board on January 26, 2011.

<sup>6</sup> The allowable SB50 site acquisition and development costs calculated per student utilizing master plan new school capacities and allowable site acreage.

## **SCHOOL SITES, FACILITIES AND LOCAL FUNDING SURPLUSES**

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This section evaluates and considers surplus school sites, surplus facilities and other local funding for capital improvements that can be used to offset the cost of facilities needed for students from new residential development. More specifically, pursuant to Government Code § 65995.6(b), the District must “identify and consider (a) any surplus property owned by the school district that can be used as a school site or that is available for sale to finance school facilities, (b) the extent to which projected enrollment growth can be accommodated at existing surplus school facilities, and (c) local sources of revenue that are available or dedicated to finance the construction or reconstruction of school facilities need to accommodate any growth in enrollments attributable to new residential development.”

### **SURPLUS SCHOOL SITES**

As listed in Appendix C, the District currently owns four parcels of undeveloped land. Two of these parcels (the 10-acre “Old Las Animas” site and the 15-acre “Grove” site) are available for future elementary schools. On the Brownell Middle School Campus, 2.06-acre had been previously designated at “surplus”, however based on current enrollment trends, this area will be needed to accommodate future enrollment growth at the school. The remaining parcel is 5.60 acres, located southeast of Tatum Avenue & Kern Avenue, is the site of the District’s High School Ag Farm. The District owns no other property that might be available for sale to finance school facilities.

*(Appendix C provides a list of the District’s undeveloped property.)*

### **SURPLUS SCHOOL FACILITIES**

The District has no existing surplus school facilities to accommodate projected enrollment growth.

### **SURPLUS LOCAL FUNDS**

The following is an evaluation of other local funding sources that might be available or could be dedicated to finance the construction or reconstruction of school facilities needed to accommodate enrollment growth attributable to new residential development.

#### **GENERAL OBLIGATION BONDS**

On November 4, 2008, voters in the District approved the issuance of \$150 million in general obligation bonds (Measure P). These bond funds will be used for some Christopher High School Phase 2 construction costs and modernization projects for 15



schools and 6 District facilities. The District also has a voter-approved general obligation bond authorization totaling \$69 million from 2002 (Measure I). These funds have been fully expended or dedicated. The bond funds were used to help fund rebuild two elementary schools and modernize other existing schools. These bond funds are unavailable as a funding source for school facilities needed for enrollment growth from development subject to the Level 2 fee.

#### CERTIFICATES OF PARTICIPATION

The District's 2008 Certificates of Participation ("2008 COP") has been fully expended. Of the \$33,000,000, \$21,303,020 was in project funds for the construction of Phase 1 of Christopher High School. The remainder of these funds was used for debt payments including the refund of the District's 1998 Variable Rate Demand Certificate. Developer fees will be used to make the annual debt service payment on the COP.

#### GENERAL FUND REVENUE

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

#### LOTTERY REVENUE

Government Code § 8880.5(m) states that "all funds 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."

#### COMMERCIAL / INDUSTRIAL STATUTORY FEES

Commercial and Industrial statutory fees levied pursuant to Government Code § 65995 continue to be justified for the District. As determined in the Appendix A of this Needs Analysis, these fees offset only a portion of the cost of new school facilities and will continue to be needed to provide additional school facilities for enrollments generated by employees from new commercial and industrial businesses.

#### OTHER LOCAL FUNDING SOURCES

Any other local funding sources that may become available will be required to provide additional school capacity for current unhoused enrollments.

## LEVEL 3 FEE DETERMINATION

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If state school construction funding becomes unavailable due to a lack of state school construction bonds, the District would be eligible to levy fees pursuant to Government Code § 65995.7 at twice the currently justified amount for Level 2 fees. The amounts of these Level 3 fees for residential construction would be as shown below in Figure 11.

It should be noted that if the District levies Level 3 fees and later receives any state funding, any amounts collected in excess of Level 2 fees would have to be refunded to the property owners from whom it was collected. If such reimbursement were to occur, the District could deduct from the reimbursable amount its expenditures for interim housing for students from new residential development.

**FIGURE 11 – LEVEL 3 FEE DETERMINATION**

<b>Cost and Fee Categories</b>	<b>Amount</b>
Allowable Cost per Elementary Student	\$23,865
Allowable Cost per Middle School Student	\$0
Allowable Cost per High School Student	\$44,445
Allowable Level 3 Fee per Square Foot	\$7.22



## NEXUS FINDINGS

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This section frames the results of the Needs Analysis in terms of the nexus requirements pursuant to Government Code § 66000 et seq. In general, it must be demonstrated that a reasonable relationship or “nexus” exists between new development that occurs within the District and the need for additional school facilities as a result of new development. The specific nexus requirements and findings for the fee are discussed below.

### IDENTIFY THE PURPOSE OF FEES

The purpose of the fees is to provide funding for construction and reconstruction of school facilities for new students generated by residential development.

### IDENTIFY THE USE OF FEES

As outlined in the Needs Analysis, the general purpose of the fees is to fund the construction of additional school facilities. The District may need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Revenue from fees collected on residential development may be used to pay for any of the following:

1. Construction or reconstruction of school facilities.
2. Acquisition or leasing of land for school facilities.
3. Design of school facilities.
4. Permit and plan checking fees.
5. Testing and inspection of school sites and buildings.
6. Furniture and equipment for use in school facilities.
7. Purchased or leased interim school facilities.
8. Legal and administrative costs associated with providing school facilities to students generated by new development.
9. Administration of the collection of developer fees including the costs of justifying the fees.
10. Other miscellaneous costs resulting from student enrollment growth caused by new development.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE FEES' USE AND THE TYPE OF DEVELOPMENT PROJECT ON WHICH THE FEES ARE IMPOSED

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

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE NEED FOR PUBLIC FACILITIES AND THE TYPE OF DEVELOPMENT ON WHICH THE FEES ARE IMPOSED

The District has insufficient permanent capacity to house all additional students projected to enroll in the District. New residential development, therefore, will generate "unhoused students" and consequently, create a need for additional school facilities. A relationship exists, therefore between the District's need to build additional school facilities and new residential development projects.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE AMOUNT OF FEE AND THE COST OF THE PUBLIC FACILITY ATTRIBUTABLE TO THE DEVELOPMENT ON WHICH THE FEE IS IMPOSED

The relationship between the amount of the Level 2 fee and the cost of the school facilities attributable to new residential development is detailed Figure 10. As shown, the cost of school facilities attributable to each square foot of new residential housing units is \$3.61 per square foot.

## APPENDICES

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APPENDIX A – BONDING CAPACITY AND DEBT OBLIGATION ANALYSIS

APPENDIX B – LABOR COMPLIANCE PROGRAM GRANT CALCULATION

APPENDIX C – INVENTORY OF UNDEVELOPED DISTRICT PROPERTY



## APPENDIX A – BONDING CAPACITY AND DEBT OBLIGATION ANALYSIS

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### Maximum Bonding Capacity Calculation

District Assessed Value	\$7,742,139,589
Maximum Bonding Percentage	2.5%
District Maximum Bonding Capacity	\$193,553,490

### Incurred Debt Obligation for Capital Outlay<sup>1</sup>

General Obligation Bond (Measure I and P)	\$115,023,506
2010 Bond Anticipation Notes	\$44,996,556
Total Debt Obligation (June 30, 2010)	\$160,020,062

<b>Percentage of Bonding Capacity</b>	<b>82.7%</b>
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Notes:

<sup>1</sup> Remaining principal amount only.

<sup>2</sup> Excludes 2011 QSCB Bond Anticipation Notes because issuance as after the 2010-11 school year.

## APPENDIX B – LABOR COMPLIANCE PROGRAM GRANT CALCULATION

### Calculation of Construction Costs

School Level	Facility Capacity	Per Pupil Grants (Base Grant, AFDG & ASSG)	Total Per Pupil Grants	Total Site Development Grant	Total Facility Costs
K-6	700	\$9,276	\$6,493,200	\$1,785,000	\$8,278,200
7-8	837	\$9,834	\$8,231,058	\$0	\$8,231,058
9-12	1,800	\$12,473	\$22,451,400	\$7,106,300	\$29,557,700

### Labor Compliance Program Per Pupil Grant

Step	Construction Amount	Rate	K-6		7-8		9-12	
			Allocation of Construction Amount	LCP Grant Amount per Step	Allocation of Construction Amount	LCP Grant Amount per Step	Allocation of Construction Amount	LCP Grant Amount per Step
1	First \$1,000,000	Flat \$16,000	\$1,000,000	\$16,000	\$1,000,000	\$16,000	\$1,000,000	\$16,000
2	Next \$1,000,000	1.60%	\$1,000,000	\$16,000	\$1,000,000	\$16,000	\$1,000,000	\$16,000
3	Next \$1,000,000	0.25%	\$1,000,000	\$2,500	\$1,000,000	\$2,500	\$1,000,000	\$2,500
4	Next \$1,000,000	0.15%	\$1,000,000	\$1,500	\$1,000,000	\$1,500	\$1,000,000	\$1,500
5	Next \$2,000,000	0.32%	\$2,000,000	\$6,400	\$2,000,000	\$6,400	\$2,000,000	\$6,400
6	Next \$2,000,000	0.31%	\$2,000,000	\$6,200	\$2,000,000	\$6,200	\$2,000,000	\$6,200
7	Next \$5,000,000	0.46%	\$278,200	\$1,280	\$231,058	\$1,063	\$5,000,000	\$23,000
8	Next \$5,000,000	0.44%	\$0	\$0	\$0	\$0	\$5,000,000	\$22,000
9	Next \$30,000,000	0.42%	\$0	\$0	\$0	\$0	\$11,557,700	\$48,542
10	Remaining	0.40%	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>			<b>\$8,278,200</b>	<b>\$49,880</b>	<b>\$8,231,058</b>	<b>\$49,663</b>	<b>\$29,557,700</b>	<b>\$142,142</b>
<b>Facility Capacity</b>				<b>700</b>		<b>837</b>		<b>1,800</b>
<b>Labor Compliance Program Per Pupil Grant <sup>1</sup></b>				<b>\$71</b>		<b>\$59</b>		<b>\$78</b>

Notes:

<sup>1</sup> Labor compliance program per pupil grant is rounded down to the nearest dollar.

## APPENDIX C – INVENTORY OF UNDEVELOPED DISTRICT PROPERTY

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Site Name	Site Location	Acreage	Status
Old Las Animas School Site	8450 Wren Ave.	10.00	Future elementary school site
High School Ag Farm Site	S/E Tatum Ave. & Kern Ave.	5.60	Used as District's school farm
Brownell Campus	First St.	2.06	Future expansion of the campus
Grove Site	Santa Teresa Blvd. & Miller Ave.	15.00	Future elementary school site

Source: Gilroy Unified School District



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