
DEVELOPMENT FEE JUSTIFICATION STUDY

Prepared for

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SECTION A

INTRODUCTION AND FINDINGS

INTRODUCTION

In accordance with Education Code Section 17620 and Government Code Section 65995, school districts are authorized to collect fees on new residential and commercial/industrial development for the purpose of constructing or reconstructing school facilities. The traditional development fees (referred to as “Level 1” fees) are currently capped at \$4.79 per square foot for residential development¹ and \$0.78 per square foot for commercial/industrial development.

In non-unified school districts, such as the Armona Union Elementary School District (AUESD), Hanford Elementary School District (HESD) and Hanford Joint Union High School District (HJUHS), the Level 1 fees must be split between the districts in a manner agreed to by the districts. In accordance with the existing agreement, AUESD and HESD would receive 60 percent of the Level 1 fees (\$2.87 per square foot for residential development and \$0.47 per square foot for commercial/industrial development) and HJUHS would receive 40 percent of the fees (\$1.92 per square foot for residential development and \$0.31 per square foot for commercial/industrial development).

The purpose of this study is to provide the information and analysis necessary to demonstrate that AUESD, HESD and HJUHS are justified in collecting school facilities fees in accordance with the provisions of state law.

This study is organized into three sections:

- Section A sets forth the purpose of the study and the findings necessary to charge development fees;
- Section B determines the justifiable residential development fee for each district; and
- Section C determines the justifiable commercial/industrial development fee by category of development.

FINDINGS

This study presents the information and analysis necessary to demonstrate that the AUESD, HESD, and HJUHS are justified in collecting school facilities fees for new development in accordance with Education Code Section 17620 and Government Code Sections 65995 and 66001. As required by law, this study demonstrates the following:

- a. New residential and commercial/industrial development relates directly to the need for school facilities in the districts.**

¹ The maximum residential fee is \$4.79 per square foot unless the District can justify higher alternative (Level 2 or Level 3) fees through the procedures specified in Government Code Sections 65995.5, 65995.6 and 65995.7. This study is not intended to justify alternative fees as specified in these code sections.

- Based upon past development activity and reasonable future projections, an additional 1,090 single family residential units and 190 multiple family residential units are projected to be constructed in HJUHSD and its feeder elementary school districts in the next ten years (see Section B, Step 1, Table B-2). Within the elementary districts, an additional 190 single family and no multiple family residential units are projected to be constructed in the next ten years in AUESD; and an additional 850 single family and 190 multiple family residential units are projected to be constructed in the next ten years in HESD.
- Students will be generated by new residential development. Single family residential development generates an average of 0.406 grades TK-8 students per unit in AUESD; 0.397 grades TK-8 students per unit in HESD; and 0.180 grades 9-12 students per unit in HJUHSD. Multiple family residential development generates an average of 0.530 grades TK-8 students per unit in AUESD; 0.177 grades TK-8 students per unit in HESD; and 0.059 grades 9-12 students per unit in HJUHSD (see Section B, Step 2, Table B-3).
- Commercial and industrial development generates between 0.039 and 0.320 grades TK-8 students per 1,000 square feet, depending on district and category of development (see Section C, Tables C-1 and C-2). Commercial and industrial development also generates between 0.019 and 0.127 grades 9-12 students per 1,000 square feet, depending on category of development (see Section C, Table C-3)
- In the next ten years, new development is expected to generate approximately 77 grades TK-8 students in AUESD; 371 grades TK-8 students in HESD, and 207 grades 9-12 students in HJUHSD (see Section B, Step 2, Table B-4).

b. The districts will need additional school facilities to accommodate students from new development

- AUESD will need facilities to accommodate 59 grades TK-6 and 18 grades 7-8 students projected from new development. HESD will need facilities to accommodate 288 grades TK-6 and 72 grades 7-8 students from projected new development. HJUHSD will need facilities to accommodate 207 grades 9-12 students from projected new development. (see Section B, Steps 3 and 4).

c. The amount of fees charged is reasonably related to the amount of need attributable to new development projects

- The residential fee per square foot justified for each district to fully fund the cost of providing school facilities to students from new development is shown below in Table A-1 (see Section B, Step 8).

**TABLE A-1
MAXIMUM JUSTIFIABLE RESIDENTIAL FEE
(Per Square Foot)**

| District | Fee |
|--|--------|
| Armona Union Elementary (TK-8) | \$9.20 |
| Hanford Elementary (TK-8) | \$6.16 |
| Hanford Joint Union High School (9-12) | \$3.71 |

- The maximum residential fee that can currently be charged under Government Code Section 65995(b) is \$4.79 per square foot. In non-unified districts, the fee must be split between the elementary and high school districts. The existing fee split agreement provides for 60% (or \$2.87) to be allocated to the elementary districts and 40% (or \$1.92) to be allocated to HJUHSD for grades 9-12. Both AUESD and HESD, at \$9.20 and \$6.16 per square foot, respectively, would justify the maximum fee of \$2.87 per square foot. HJUHSD at \$3.71 would justify the maximum fee of \$1.92 per square foot.
- A fee on commercial and industrial development may be charged as a supplement to the residential fee if the residential fee does not cover the cost of providing school facilities to students from new development. The justifiable fees for commercial and industrial development by category are presented in Tables C-1, C-2 and C-3. Tables C-1 and C-2 show that AUESD and HESD, respectively, can justify a fee greater than their \$0.47 share (60%) of the maximum total allowable fee of \$0.78 per square foot in all categories of development. Table C-3 shows that HJUHSD can justify a fee greater than its maximum allowable \$0.31 share (40%) of the maximum allowable fee of \$0.78 per square foot in all categories of development.

SECTION B

RESIDENTIAL FEE JUSTIFICATION

INTRODUCTION

This section presents a step-by-step calculation of the residential development fees for the Hanford Joint Union High School District (HJUHS), the Hanford Elementary School District (HESD), and the Armona Union Elementary School District (AUESD). HESD and AUESD are two of the six elementary feeder districts to HJUHS. The levying of development fees by school districts is authorized by Education Code Section 17620 and Government Code Section 65995. The maximum residential fee that can currently be charged under Section 65995(b) was increased in February 2022 to \$4.79 per square foot.¹ In non-unified school districts, the fee must be split between the elementary and high school districts in a manner agreed to by the districts.

Hanford Joint Union High School District (HJUHS) is located almost entirely within Kings County, and is centered around the City of Hanford. Most of the population of HJUHS resides in the City of Hanford. There are secondary areas of suburban housing in the Armona Community Plan Area west of the City of Hanford and the Home Garden Community Plan Area east of the City of Hanford. The remainder of HJUHS is rural and the primary land use is agriculture.

AUESD includes a small portion of the western edge of the City of Hanford and extends west within the unincorporated portion of Kings County to Avenue 16. Most of AUESD is south of Lacey Boulevard. In addition to the portion of the City of Hanford in the District, the other primary residential area is in the Armona Community Plan Area, an unincorporated development area in Kings County. The Armona Community Plan Area has significant areas of suburban type development, including both single and multi-family housing. The southern portions of AUESD are primarily rural.

HESD is mostly within the City of Hanford, but the western portion of HESD extends to Avenue 13, which is beyond the western boundary of the City of Hanford. There are portions of the City of Hanford that are not in HESD. Housing development in HESD is primarily suburban and urban in character.

STEP 1: PROJECT NUMBER OF NEW RESIDENTIAL UNITS

The first step in the analysis is to project the number of residential units to be constructed in the districts in the future. This can be estimated by evaluating development activity and potential in the districts, as well as public agency plans and projections for future development activity. Table B-1 identifies for each of the districts in this study the number of single family and multi-family housing units that have received building permits for the ten most recent years.

¹ This fee is also known as the “Level 1” fee. Higher “alternative” fees (Level 2 and 3 fees) can only be justified by meeting the requirements of Government Code Sections 65995.5, 65995.6 and 65995.7. This study is not intended to justify alternative fees.

TABLE B-1
AUESD, HESD, and HJUHS
RESIDENTIAL PERMITS 2012-2021
Single Family (SF) and Multi-Family (MF) Units

| Year | AUESD | | HESD | | HJUHS | |
|-------------|-------|----|------|-----|-------|-----|
| | SF | MF | SF | MF | SF | MF |
| 2012 | 3 | 0 | 56 | 0 | 122 | 0 |
| 2013 | 5 | 0 | 82 | 0 | 157 | 0 |
| 2014 | 46 | 0 | 88 | 64 | 146 | 64 |
| 2015 | 63 | 0 | 117 | 112 | 255 | 112 |
| 2016 | 5 | 0 | 182 | 0 | 193 | 0 |
| 2017 | 3 | 0 | 97 | 0 | 104 | 0 |
| 2018 | 0 | 0 | 92 | 16 | 100 | 16 |
| 2019 | 17 | 0 | 57 | 0 | 76 | 0 |
| 2020 | 10 | 0 | 16 | 0 | 32 | 0 |
| 2021 | 42 | 0 | 63 | 0 | 109 | 0 |
| Total | 194 | 0 | 850 | 192 | 1,294 | 192 |
| 10 Year Avg | 19 | 0 | 85 | 19 | 129 | 19 |

Source: AUESD, HESD, HJUHS Development Fee Records 2012-2021.

Table B-1 indicates differing single and multi-family housing development patterns for the elementary districts over the ten year span. Comparing the sum of the AUESD and HESD unit numbers in any year to the HJUHS unit numbers indicates that the vast majority of HJUHS units in each year are in the AUESD and HJHSD with very few units in other areas.

AUESD has had years with significant single family building permit activity interspersed with years of very little single family building permit activity. Most of the permits in 2014 and 2015 were issued for a subdivision in the portion of AUESD that is in the western area of the City of Hanford. More recently, the permits have been for units in the Summer Pointe development in the northwest corner of the Armona area. In the AUESD portion of the City of Hanford there are remaining undeveloped parcels of land zoned for single family residential units that would allow for the future construction of several hundred additional single family units. Also, the Armona Community Plan land use map identifies many undeveloped parcels of land that are designated for single family units. More specifically, the Kings County Planning Commission in November 2021 approved an additional phase of 109 single family units for the Summer Pointe development directly north of the existing Summer Pointe development. It is reasonable to expect that single family residential development will continue at a pace that at least matches the ten year average indicated in Table B-1, and the average of 19 units per year will be used to project the next ten years for a total of 190 projected single family units.

HESD had significant single family residential development activity for most of the ten year span identified in Table B-1 with the highest yearly total occurring in 2016 and the lowest in 2020. There are several yet to be developed parcels of land in the City of Hanford zoned for single family residential units within HESD, with the potential for several hundred additional units. Much of the recent residential development in the City of Hanford has been by housing

developers that are well established in the Central Valley. There are four single family developments that have received approval recently or are in the approval process (Tracts 934, 937, 930, and 938), and these total a potential for 791 units. The pace of development for these projects will vary depending on future project approvals and market conditions. The 791 single family units should not be regarded as an absolute number of units to be built, but the number is an indication of continued interest by builders in building single family units in Hanford. It is probable that some planned projects will be altered or dropped while other projects not yet known will develop during the ten year projection period. While the number of building permit approvals in each of the next ten years will vary from year-to-year, the past ten year average of 85 single family units is a reasonable estimate for the total projection, and this equates to 850 for the ten year projection period.

HJUHS D's pattern of single family residential development for many of the years in the ten-year span identified in Table B-1 reflects the sum of the permit approvals for AUESD and HESD as the number of permits for other areas has been few in most years. In 2015 there was significant permit activity in the portion of Pioneer Union Elementary School District (PUESD) in the northwest area of the City of Hanford. In the five most recent years, an average of approximately five units per year not in AUESD and HESD have received permits. There is potential for residential development in the Home Garden Community Plan Area, but there are no known projects at the time of this study. Using the sum of AUESD and HESD ten year average increased by five to reflect other areas yields an estimated average for the next 10 years of 109 single family units per year or 1,090 for the ten year projection period.

The multi-family development included in Table B-1 has all been within HESD, and the multiple family development has been very sporadic with most years indicating no building permits. There are some areas in HESD in the City of Hanford with land use designations for multi-family housing. It is reasonable to believe that the next ten years of multiple family development will continue to be sporadic with many years of no permit activity. The ten year average of 19 units per year for HESD will be used in this study as a conservative estimate of future multiple family permit activity.

AUESD has had no multiple family development during the past ten years. The Armona Community Plan land use map indicates no parcels designated for future high density residential development. The portion of AUESD that is in the southwest area of the City of Hanford also has no high density residential land indicated on the 2035 General Plan Update land use map. Therefore, for this study no multiple family units will be projected.

In 2017, the City of Hanford updated its General Plan to reflect potential growth through 2035. The growth boundary includes substantial potential for single family residential development in the northeast, northwest, and southwest areas of the growth boundary. There are relatively few parcels designated for high density residential, and that will limit multiple family development potential.

Projections for future residential units in each district for the next ten years are shown in Table B-2.

**TABLE B-2
AUESD, HESD, and HJUHS
PROJECTED SINGLE AND MULTI-FAMILY UNITS
FOR THE NEXT TEN YEARS**

| District | Single Family Units | Multi-Family Units |
|----------|---------------------|--------------------|
| AUESD | 190 | 0 |
| HESD | 850 | 190 |
| HJUHS | 1,090 | 190 |

Source: Odell Planning & Research, Inc., 2022

**STEP 2: PROJECT NUMBER OF STUDENTS GENERATED BY
NEW RESIDENTIAL UNITS**

The student generation rates for single family and multiple family residential units in AUESD, HESD and HJUHS are identified in Table B-3. The generation rates are based on U.S. Census Bureau American Community Survey 2020 single family and multiple family residential unit counts for the districts and the number of current students in each district that live in single and multiple family housing units. As an example, HESD had an estimated 12,575 single family housing units in 2020, and there are 3,860 grades TK-6 students residing in single family units in the District. The ratio of 3,860 to 12,575 is 0.307, and this is the single family grades TK-6 student generation rate for HESD in Table B-3.

**TABLE B-3
AUESD, HESD, and HJUHS
RESIDENTIAL STUDENT GENERATION RATES**

| Grade | AUESD | | HESD | | HJUHS | |
|------------|----------|----------|----------|----------|----------|----------|
| | SF Units | MF Units | SF Units | MF Units | SF Units | MF Units |
| TK-6 | 0.310 | 0.415 | 0.307 | 0.143 | n/a | n/a |
| 7/8 | 0.096 | 0.115 | 0.090 | 0.034 | n/a | n/a |
| TK-8 Total | 0.406 | 0.530 | 0.397 | 0.177 | n/a | n/a |
| 9-12 | n/a | n/a | n/a | n/a | 0.180 | 0.059 |

Source: U.S. Census Bureau American Community Survey, 2020; AUESD, HESD, and HJUHS student address lists, April 2022.

As indicated in Table B-3, the AUESD and HESD single family and multi-family generation rates for grades TK-6 and 7-8 are similar. However, the multi-family generation rates for AUESD are greater than for HESD, and this is the result of relatively few multi-family units in AUESD. The HJUHS generation rates for single and multi-family are approximately equal to state averages for high school districts.

Table B-4 indicates the projected number of students generated by new development for each of the school districts over the next ten years. As indicated by the table, the following number of students would be generated: 77 grades TK-8 students in AUESD; 371 grades TK-8 students in HESD; and 207 grades 9-12 students in HJUHS.

**TABLE B-4
AUESD, HESD, and HJUHS
STUDENTS GENERATED BY NEW RESIDENTIAL UNITS**

| Grade Level | Number & Type of Units | Student Generation Rate | New Development Students |
|---|------------------------|-------------------------|--------------------------|
| <i>Armona Union Elementary School District</i> | | | |
| TK-6 | 190 SF | 0.310 | 59 |
| | 0 MF | 0.415 | 0 |
| 7-8 | 190 SF | 0.096 | 18 |
| | 0 MF | 0.115 | 0 |
| Total TK-6 | | | 59 |
| Total 7-8 | | | 18 |
| <i>Hanford Elementary School District</i> | | | |
| TK-6 | 850 SF | 0.307 | 261 |
| | 190 MF | 0.143 | 27 |
| 7-8 | 850 SF | 0.090 | 77 |
| | 190 MF | 0.034 | 6 |
| Total TK-6 | | | 288 |
| Total 7-8 | | | 83 |
| <i>Hanford Joint Union High School District</i> | | | |
| 9-12 | 1,090 SF | 0.180 | 196 |
| | 190 MF | 0.059 | 11 |
| Total 9-12 | | | 207 |

Source: Tables B-2 and B-3; Odell Planning & Research, Inc., 2022.

STEP 3: EVALUATE FACILITIES CAPACITIES FOR NEW DEVELOPMENT STUDENTS

To determine if there is any current available capacity to house students from projected new development, the enrollment of each district, by grade level grouping, must be compared to the existing facilities capacities, by grade level grouping. For each of the districts in this study, the enrollment is based on the CALPADS student counts from October 2021 with adjustments noted in Table B-5 and detailed in the following paragraphs.

AUESD operates three schools that serve District residents. Armona Elementary is a grades TK-4 school, Parkview Middle is a grades 5-8 school, and Crossroads Charter Academy is a grades TK-12 school. Because AUESD is an elementary school district, it has no obligation to provide grades 9-12 education services. Therefore, all of the grades 9-12 students enrolled at Crossroads Charter Academy have been excluded in the enrollment count. Of the students attending Crossroads Charter Academy, 23 grades TK-6 and 17 grades 7-8 live in Armona or Hanford locations that might access the Crossroads facility, and these are included in the existing enrollment counts. In addition, AUESD will be implementing the transitional kindergarten (TK) program over the next four years, and this will require additional classroom capacity. The California Department of Education has provided the District with a TK enrollment projection for

the four years of expansion, and the average projection for the 2025-26 school year is a 59 student increase from current TK enrollment. The TK expansion impact is indicated in Table B-5 and is component of the adjustment enrollment.

HESD operates eight grades TK-6 schools, two grades 7-8 schools, one K-8 school, and one community day school. In addition to the currently enrolled students, HESD will be expanding the transitional kindergarten (TK) program over the next four years. For the 2021-22 school year, there are 107 students enrolled in TK, and this represents three months of birth date eligibility for TK. By the 2025-26 school year, twelve months of birth dates will be eligible for TK, and using the base year of 107, this extrapolates to a projected TK enrollment of 428 in 2025-26. This is an increase of 321 students, and these are included in the TK expansion enrollment in Table B-5 and are a component of the adjusted enrollment.

HJUHSD operates three traditional high schools, a continuation high school, an online charter high school, and a small community day school. Although the online charter program does not require traditional classroom facilities, the student address list for the District indicates that the vast majority of the students are eligible by residence location to attend one of the schools that does have traditional classroom space.

**TABLE B-5
AUESD, HESD, and HJUHSD
ADJUSTED 2021-22 ENROLLMENTS**

| Grade Level | CBEDS Enrollment | TK Expansion | Adjusted Enrollment |
|---|------------------|--------------|---------------------|
| <i>Armona Union Elementary School District</i> | | | |
| TK-6 | 764 | 59 | 823 |
| 7-8 | 222 | | 222 |
| <i>Hanford Elementary School District</i> | | | |
| TK-6 | 4,306 | 321 | 4,627 |
| 7-8 | 1,240 | | 1,240 |
| <i>Hanford Joint Union High School District</i> | | | |
| 9-12 | 4,142 | | 4,142 |

Source: CALPADS Enrollment Data from AUESD, HESD, and HJUHSD, October 2021; Student Lists from AUESD, HESD and HJUHSD; California Department of Education TK Projections for AUESD; Odell Planning & Research, Inc., April 2022.

To determine whether there will be any capacity available to house new development students, Table B-6 compares the 2021-22 adjusted enrollment of the districts from Table B-5 to the respective school building student capacities. Each of the districts provided current classroom count information by grade level. The capacities in Table B-6 are based on the state classroom loading standards of 25 students per grades TK-6 classroom, 13 students per SDC classroom, and 27 students per grades 7-12 classroom. Classrooms used for pullout programs and other non-instructional uses are not counted. Portable classrooms that are over twenty years old and have not been modernized with state funds are not counted as they are considered beyond their useful life span. For HJUHSD, a classroom utilization factor of 85 percent has been used to reflect the reality that it is impossible to utilize all classrooms in a high school for every period of the

instructional day because of the classroom special nature, daily classroom scheduling constraints, and students attending less than a full day.

For AUESD, the facilities capacity for grades TK-6 includes four classrooms that are currently being added to accommodate expansion of the TK program. Table B-6 indicates that there is no available capacity to house students from future development.

For HESD, Table B-6 indicates that there is no capacity in grades TK-6 to house students from future development, but there is capacity to house 11 students in grades 7-8.

For HJUHSD, Table B-6 indicates that there is no available capacity to house students from future development.

**TABLE B-6
AUESD, HESD, and HJUHSD
COMPARISON OF 2021-22 ADJUSTED ENROLLMENTS
AND FACILITIES CAPACITIES**

| Grade Level | Adjusted Enrollment | Facilities Capacity | Above or (Below) Capacity |
|---|---------------------|---------------------|---------------------------|
| <i>Armona Union Elementary School District</i> | | | |
| TK-6 | 823 | 675 | 148 |
| 7-8 | 222 | 202 | 20 |
| <i>Hanford Elementary School District</i> | | | |
| TK-6 | 4,627 | 4,448 | 179 |
| 7-8 | 1,240 | 1,251 | (11) |
| <i>Hanford Joint Union High School District</i> | | | |
| 9-12 | 4,142 | 3,739 | 403 |

Source: AUESD, HESD, and HJUHSD classroom utilization provided by each district, April, 2022; Odell Planning & Research, Inc., 2022.

**STEP 4: DETERMINE NUMBER OF NEW DEVELOPMENT STUDENTS
NEEDING FACILITIES**

The number of new development students needing facilities is determined in Table B-7 by subtracting available capacity (Table B-6) from the number of students generated by new development (Table B-4).

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**TABLE B-7
 AUESD, HESD, and HJUHS
 PROJECTED NEW DEVELOPMENT STUDENTS NEEDING FACILITIES**

| District and Grade Level | New Development Students | Available Capacity | Students Needing Facilities |
|---|--------------------------|--------------------|-----------------------------|
| <i>Armona Union Elementary School District</i> | | | |
| TK-6 | 59 | None | 59 |
| 7-8 | 18 | None | 18 |
| <i>Hanford Elementary School District</i> | | | |
| TK-6 | 288 | None | 288 |
| 7-8 | 83 | 11 | 72 |
| <i>Hanford Joint Union High School District</i> | | | |
| 9-12 | 207 | None | 207 |

Source: Tables B-4 and B-6; Odell Planning & Research, Inc., 2022

Table B-7 indicates that the following number of projected new development students will need facilities: 77 in the AUESD; 360 in the HESD; and 207 in HJUHS.

STEP 5: DETERMINE SCHOOL FACILITIES COST FOR NEW DEVELOPMENT STUDENTS

School facilities costs are broken down into three categories: building construction, site acquisition and site development. School building construction costs are based upon current state allowances for new school building construction under the Leroy F. Greene School Facilities Act of 1998. The 100 percent construction grant amounts currently are: \$29,770 per TK-6 student; \$31,562 per grades 7-8 student; and \$40,042 per grades 9-12 student, including grants for new fire protection/alarm and fire sprinkler systems. The state program also has a separate funding level for SDC students, but for purposes of this study they have not been separately identified, and the relevant grade level grant amounts are used.

For this study, no site acquisition costs have been included. AUESD unhoused students would be housed by classroom additions and replacing old portable classrooms at existing schools. HESD owns an existing 24 acre site in the southwest area of Hanford that could be used for a new school. HESD can also expand capacity at several sites by replacing existing portable classrooms with permanent classrooms and adding additional classrooms. HJUHS can add classrooms at the existing Sierra Pacific High School. For all of the districts, it is important to note that the projected students from new development will need new facilities in incremental units over the ten-year span used for the projections, and this implies periodic classroom additions to existing school sites.

Site development costs include the following items: service site costs (site clearance, grading, soil compaction, on-site drainage), off-site development costs (street improvements, sidewalks, lighting, storm drains, county/special district fees), and utility service costs (water, sewer, gas, electric, communications). Since any additional permanent facilities would likely be constructed on existing sites, off-site development costs would not be applicable. Since additions of only a few classrooms to an existing site may not require additional utility costs, utility costs will not be

used in this study. The service site costs will vary by the specific needs of each site, but reasonable estimates can be made by using similar projects.

AUESD and HESD have no recent cost data for classroom additions to existing school sites. To estimate the service site costs for these Districts, a two classroom addition to Temperance-Kutner Elementary School in Clovis Unified provides reasonable data as the site characteristics are similar to those of the AUESD and HESD sites and it is a small addition to an existing school site. In 2006 the State Allocation Board (SAB) approved service site grant for the Temperance-Kutner Elementary School addition was \$33,715 for an addition that accommodates 50 students, and this is \$674 per student. Since the SAB approved site grant represents 50 percent of the total cost, the total site development cost per student was \$1,348 per student in 2006. Since 2006, the construction cost index has increased by 82.1 percent resulting in a current estimated cost of \$2,455 per student and this will be used for both AUESD and HESD in this study.

HJUHSD does have recent cost data for the construction of Sierra Pacific High School. However, the per student service site costs for an addition to the existing site will probably be less than the per student service site costs for the original construction of the school. There have been only a few new high school addition projects in the Central Valley in the recent past. Of the possible projects, the six classroom addition to Liberty High School in Golden Valley Unified in Madera County has characteristics that are somewhat similar to a future addition to the Sierra Pacific High School site. The Liberty High School addition was approved by the SAB in 2006, and the site grant amount was \$89,894 for an addition to house 162 students. This equates to \$555 per student, and this must be doubled to \$1,110 per student to get the full cost. Since the construction cost index has increased by 82.1 percent since 2006, the site per student cost estimate should be increased to \$2,021 per student, and this will be used to estimate the site development cost for HJUHSD in this study.

Table B-8 summarizes the total per student cost per grade level to provide classroom facilities for students from the projected new residential development.

**TABLE B-8
AUESD, HESD, and HJUHSD
CONSTRUCTION COST PER STUDENT FOR
STUDENTS FROM PROJECTED NEW DEVELOPMENT**

| Grades | Construction Cost per Student | Site Development Cost per Student | Total Cost per Student |
|--------|-------------------------------|-----------------------------------|------------------------|
| TK-6 | \$29,770 | \$2,455 | \$32,225 |
| 7-8 | \$31,562 | \$2,455 | \$34,017 |
| 9-12 | \$40,042 | \$2,021 | \$42,063 |

Sources: Office of Public School Construction Project Tracker, April 2022; SAB Grant Increase, February 2022; Odell Planning & Research, Inc. 2022.

The cost of needed school facilities for students from new development is determined in Table B-9 by multiplying the number of new development students needing facilities shown in Table B-7 by the total cost per student determined in Table B-8.

TABLE B-9
AUESD, HESD, and HJUHS
SCHOOL FACILITIES COST FOR NEW DEVELOPMENT STUDENTS

| Grade Level | Students | Cost Per Student | Total Cost |
|---|----------|------------------|--------------|
| <i>Armona Union Elementary School District</i> | | | |
| TK-6 | 59 | \$32,225 | \$1,901,275 |
| 7-8 | 18 | \$34,017 | \$612,306 |
| Total | | | \$2,513,581 |
| <i>Hanford Elementary School District</i> | | | |
| TK-6 | 288 | \$32,225 | \$9,280,800 |
| 7-8 | 72 | \$34,017 | \$2,449,224 |
| Total | | | \$11,730,024 |
| <i>Hanford Joint Union High School District</i> | | | |
| 9-12 | 207 | \$42,063 | \$8,707,041 |

Source: Tables B-7 and B-8; State Allocation Board, February 2022; Odell Planning & Research, Inc., 2022

Potential projects for which development fees may be expended include construction of new school facilities, modernization of school facilities, improvements and additions to existing facilities, purchase and installation of portable classrooms, and site development and infrastructure improvements.

STEP 6: REVIEW DISTRICT FUNDING AVAILABILITY

The districts have reviewed their potential funding sources for school facilities in Funds 21, 25, 35 and 40. The respective districts are discussed in the following paragraphs.

AUESD has identified estimated fund balances for Funds 21, 25, 35 and 40 that total \$1,804,309. In addition, the District expects to receive a grant for additional classrooms for TK expansion in the amount of \$1,954,851, and since the estimated project cost is \$4,195,944, the District portion of the estimated project cost is \$2,191,094. The District also expects to receive a grant of \$2,954,683 to modernize the permanent classrooms at Armona Elementary; and the total project cost estimate is \$4 million. Therefore, the District portion of the cost is estimated to be \$1,045,317. The modernization project will not increase classroom capacity. The sum of the District estimated project costs for the additional classrooms and Armona Elementary modernization is \$3,236,411, and this is greater than the estimated fund balances total. Also, in Table B-6, the District has identified as having 148 grades TK-6 and 20 grades 7-8 existing unhoused students, and using the per student cost amounts in Table B-8 implies a cost to house the existing unhoused of \$5,449,640. Since either the District cost for the modernization and TK expansion projects or the cost to provide classrooms for the existing unhoused is greater than the total available funds, there will be no existing funds available to provide classrooms for students from new development.

HESD has identified estimated fund balances as April 5, 2022, for Funds 21, 25, 35, and 40 that total \$6,225,173. The District has estimated expenses for modernization projects that will not increase classroom capacities of \$2,367,036. The District also has potential expenditures for several projects identified in the Facilities Master Plan, but specific timing and amounts have not

been identified. The difference between the identified fund total and estimated modernization project cost is \$3,858,137, and this is potentially available to house students from new development. Table B-6 indicates that the District currently has 179 TK-6 students that are unhoused, and using the cost per student of \$32,225 in Table B-8 this equates to a cost to house the existing unhoused of \$5,768,275. Since the cost to house the existing unhoused is greater than the \$3,858,137, there will be no existing funds to provide classrooms for students from new development.

HJUHS D has identified estimated fund balances for Funds 21, 25, 35, and 40 that total \$23,123,055 as of the end of the 2021-22 fiscal year. In addition, the District has identified reservation of funds beyond the current fiscal year for projects that do not increase classroom capacities, and the reservations total \$9,789,438. Reducing the end of year balance total by the reservation total yields a potential amount of funds to house students from new development of \$13,336,617. However, Table B-6 indicates that the District has 403 currently unhoused students, and using the cost to house a student identified in Table B-9 (\$42,063), the total cost to house the existing unhoused students is \$16,951,389. Since the cost to house the existing unhoused students exceeds the funds potentially available to house students from new development, there will be no existing funds to provide classrooms for students from new development.

STEP 7: PROJECT RESIDENTIAL SQUARE FOOTAGE

Table B-10 presents the projected residential building square footage projected to be constructed in AUESD, HESD, and HJUHS D. This was determined by multiplying the respective average square footage of residential units in the districts by projected number of units determined in Step 1, Table B-2. The average single family unit size is based on the units for the years 2016 through August 2020 identified in Table B-1 for each District. The multi-family unit size is based on units identified in Table B-1 in HESD as there has been no recent multi-family housing construction in AUESD. The HJUHS D average unit sizes are the weighted average of units in AUESD, HESD, and portions of HJUHS D not in AUESD and HESD.

**TABLE B-10
AUESD, HESD, and HJUHS D
PROJECTED RESIDENTIAL SQUARE FOOTAGE**

| District and Type of Units | Number of Residential Units | Average Sq. Ft. Per Unit | Square Footage to be Constructed |
|---|-----------------------------|--------------------------|----------------------------------|
| <i>Armona Union Elementary School District</i> | | | |
| Single Family | 190 | 1,438 | 273,220 |
| <i>Hanford Elementary School District</i> | | | |
| Single Family | 850 | 2,031 | 1,726,350 |
| Multi-Family | 190 | 940 | 178,600 |
| Total | | | 1,904,950 |
| <i>Hanford Joint Union High School District</i> | | | |
| Single Family | 1,090 | 1,992 | 2,171,280 |
| Multi-Family | 190 | 940 | 178,600 |
| Total | | | 2,349,880 |

Source: Developer fee collection records for AUESD, HESD, and HJUHS D for 2016-2020; Odell Planning & Research, Inc., 2022

STEP 8: CALCULATE LEVEL 1 FEE

Table B-11 identifies the cost per square foot of providing school facilities for each district by dividing the total cost of school facilities for projected new development students, less any existing funds noted in Step 6, by the projected residential square footage to be constructed in each district.

**TABLE B-11
AUESD, HESD, and HJUUSD
SCHOOL FACILITIES COST PER RESIDENTIAL SQUARE FOOT**

| District | Facilities Cost For New Development Students | Projected Residential Square Footage | Cost Per Square Foot (Fee Justified) |
|----------|--|--------------------------------------|--------------------------------------|
| AUESD | \$2,513,581 | 273,220 | \$9.20 |
| HESD | \$11,730,024 | 1,904,950 | \$6.16 |
| HJUUSD | \$8,707,041 | 2,349,880 | \$3.71 |

Sources: Tables B-9 and B-10; Odell Planning & Research, Inc., 2022.

The maximum residential fee that can currently be charged under Government Code Section 65995(b) is \$4.79 per square foot. In non-unified districts, the fee must be split between the elementary and high school districts, and the existing fee split agreement provides for 60 percent (or \$2.87) to be allocated to AUESD and HESD and 40 percent (or \$1.92) to be allocated to HJUUSD. Since the justified fees in Table B-11 for AUESD and HESD are each greater than \$2.87, both districts are justified in levying the Level 1 fee of \$2.87 per square foot of new residential construction. The justified fee of \$3.71 for HJUUSD is greater than \$1.92, so the HJUUSD is also justified in levying the Level 1 fee of \$1.92 per square foot for new residential construction.

In addition to collecting Level 1 fees for new residential development, the statutes also allow the Districts to collect Level 1 fees on residential additions of greater than 500 square feet.²

² A fee can be charged on residential additions of greater than 500 square feet. Although definitive student generation information for residential additions is not available, an addition of more than 500 square feet maybe reasonably expected to increase the potential for the unit to accommodate a greater number of persons, including school-age children.

SECTION C

COMMERCIAL/INDUSTRIAL FEE JUSTIFICATION

INTRODUCTION

This section presents a step-by-step calculation of the commercial/industrial development fees as authorized by Education Code Section 17620 and Government Code Section 65995. School districts are authorized to charge a fee of up to \$0.78 per square foot for commercial/industrial development. In non-unified districts, the fee must be split in a manner mutually agreed to by the districts. The Armona Union Elementary (AUESD) and Hanford Elementary School Districts (HESD) each collect 60 percent of the commercial/industrial fee (\$0.47) and the Hanford Joint Union High School District (HJUHS) collects 40 percent of the fee (\$0.31).

STEP 1: DETERMINE SQUARE FOOTAGE PER EMPLOYEE

Commercial and industrial development generates employees, and the children of employees living in the Districts will need to be housed in District schools. The number of employees per 1,000 square feet generated by various types of commercial and industrial development are shown in Tables C-1, C-2, and C-3.¹

STEP 2: DETERMINE NUMBER OF STUDENTS PER EMPLOYEE

The average number of students per employee was determined by using 2020 U.S. Census Bureau American Community Survey (ACS) data for AUESD, HESD, and HJUHS.

According to ACS data, there were 2,919 civilian employed persons residing in AUESD, and 898 students were enrolled in public school in grades TK-8 not including students enrolled in CA Virtual Academy Charter and Crossroads Charter. This calculates to a ratio of 0.308 students per employee. This ratio, however, must be adjusted by including only the estimated percentage of employees that would move into the District as a result of employment opportunities (18.1 percent).² The discounted student per employee ratio, therefore, is 0.056 (18.1 percent of 0.308).

According to ACS data, there were 18,227 civilian employed persons residing in HESD, and 5,690 students were enrolled in public school in grades TK-8. However, facilities costs were not generated by 11 students, so this reduces the student total to 5,679. This calculates to a ratio of 0.312 students per employee. This ratio, however, must be adjusted by including only the estimated percentage of employees that would move into the District as a result of employment opportunities (21.7 percent). The discounted student per employee ratio, therefore, is 0.068 (21.7 percent of 0.312).

According to ACS data, there were 30,063 civilian employed persons residing in HJUHS, and 4,056 students were enrolled in public school in grades 9-12. This calculates to a ratio of 0.135 students per employee. This ratio, however, must be adjusted by including only the estimated percentage of employees that would move into the District as a result of employment opportunities (19.7 percent). The discounted student per employee ratio, therefore, is 0.027 (19.7 percent of 0.135).

¹ Employee density data from the San Diego Association of Governments (SANDAG) Traffic Generators Manual is used in Table C-1, as allowed by law.

² Based on 2020 U.S. Census Bureau American Community Survey data.

STEP 3: CALCULATE STUDENT GENERATION RATE PER 1,000 SQUARE FEET

The student generation rate per 1,000 square feet of commercial/industrial development in each category was calculated by multiplying the number of employees per 1,000 square feet by the number of students per employee. (The numbers are presented per 1,000 square feet rather than per square foot for ease of presentation and data manipulation.)

STEP 4: DETERMINE SCHOOL FACILITIES COST PER STUDENT

The average cost of school facilities per student is determined by dividing the total (100%) cost of school facilities for new development students by the projected number of new students from new development. The total cost of facilities to house students from new development for each district and the number of students needing facilities are identified in Table B-9. The resulting cost per student are \$32,644 for AUESD, \$32,583 for HESD, and \$42,063 for HJUHSD; and these values are used, respectively, in Tables C-1, C-2, and C-3.

STEP 5: CALCULATE COST PER SQUARE FOOT

The school facilities cost per square foot for each commercial/industrial category for each district was calculated by multiplying the student generation rate per 1,000 square feet by the average school facilities cost per student, and then dividing the product by 1,000.

STEP 6: CALCULATE RESIDENTIAL OFFSET

When employees are generated in a district as a result of new commercial/industrial development, fees will also be charged on the new residential units occupied by the employees and students generated by commercial/industrial development. To prevent a commercial or industrial development from paying for the portion of the impact that will be covered by the residential fee, this amount has been calculated and deducted from each category. This is referred to as the “residential offset” and is intended to avoid any possibility of overpayment for the same student impact. The residential offset amount is calculated for each district by multiplying the following factors together and dividing the total by 1,000 (to convert from cost per 1,000 square feet to cost per square foot):

- The student generation per 1,000 square feet of commercial/industrial development.
- The average number of dwelling units constructed for each student. To calculate the average number of dwelling units for each student in each district, the weighted average student generation rate for projected single and multiple family projected residential generation in each district are divided into one. The weighted average student generation rates for single and multiple family residential units for AUESD, HESD, and HJUHSD are, respectively, 0.405, 0.357, and 0.162. Dividing these values into one results in an average number of dwelling units per student of 2.47 for AUESD, 2.80 for HESD, and 6.17 for HJUHSD.
- The average square feet per dwelling unit, which is the weighted average square footage of projected single and multiple family units projected to be constructed in each district. The average dwelling unit size for each district is calculated using the data in Table B-10, and the resulting sizes are 1,438 square feet for AUESD, 1,832 square feet for HESD, and 1,836 square feet for HJUHSD.

- The maximum residential fee that could be charged by the districts. AUESD and HESD can charge a Level 1 fee of \$2.87 per square foot, and HJUHSD can charge a Level 1 fee of \$1.92 per square foot.

STEP 7: DETERMINE NET COST PER SQUARE FOOT (JUSTIFIABLE FEE)

After subtracting the residential offset, the net justifiable fee for all categories of commercial/industrial development is shown in Tables C-1, C-2, and C-3. Since the net cost per square foot justified for each category of development in Tables C-1 and C-2 exceed the 60 percent share of \$0.78 (\$0.47), AUESD and HESD can justify charging the maximum fee for all categories. Since the net cost per square foot justified for each category of development in Table C-3 exceeds the 40 percent share of \$0.78 (\$0.31), HJUHSD can also justify charging the maximum fee for all categories.

APPENDIX 1

SOURCES CONSULTED

- AUESD, HESD, and HJUHSD. Developer Fee Collection Records. 2012-2021.
- AUESD, HESD, and HJUHSD. Student CALPADS Enrollment Data. October 2021.
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- Office of Public School Construction. Online Project Tracker. April 2022.
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