
**SCHOOL FACILITY FEE JUSTIFICATION REPORT
FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL
DEVELOPMENT PROJECTS**

for the

PLEASANTON UNIFIED SCHOOL DISTRICT

June 2020

Prepared by
School Facility Consultants

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Prepared for
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EXECUTIVE SUMMARY

The Pleasanton Unified School District (District) is justified to collect the legal maximum fee as authorized by Education Code Section 17620 and Government Code Section 65995 (Level I fees) currently \$4.08 per square foot of residential development and \$0.66 per square foot of senior citizen housing, as future residential development creates a school facility cost of \$11.47 per square foot. The District is also justified to collect the legal maximum fee of \$0.66 per square foot of development on all categories of commercial/industrial development (except rental self-storage), as those categories of development create school facility costs ranging from \$3.72 to \$15.77 per square foot of future development, even when fees from linked residential units are accounted for. The school facility cost attributable to rental self-storage units is only \$0.23 per square foot when fees from linked residential units are accounted for. Fee amounts for other low-employee-generating commercial/industrial category types should be examined on a case-by-case basis.

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

1. The District's current and projected enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient capacity to house students generated by future development. These students will require the District to acquire new school facilities.
2. Each square foot of future residential development creates an estimated school facilities cost of \$11.47. All categories of commercial/industrial development (except rental self-storage) create an estimated school facilities cost ranging from \$3.72 to \$15.77 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for.
3. If the District collects the current maximum fee on residential development authorized by Government Code Section 65995 of \$4.08 per square foot, fee revenue will offset 35.6 percent of the school facility cost attributable to residential development. If the District collects the current maximum fee on commercial/industrial development authorized by Government Code Section 65995 of \$0.66 per square foot, fee revenue will offset from 4.2 percent to 17.7 percent of the school facility cost attributable to commercial/industrial development (except rental self-storage). For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.

The fees outlined above all meet the requirements of Government Code Section 66001 (the nexus requirements), that is, a reasonable relationship exists between the amount and use of the fees and the developments on which they are charged.

End of Summary

INTRODUCTION

This Report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the Pleasanton Unified School District. *School Facility Consultants* has been retained by the District to conduct the analysis and prepare this Report.

A. Purpose and Scope

The purpose of this Report is to show that the District meets 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 Section 65995 currently authorizes school districts to collect fees on future development of no more than \$4.08 per square foot for residential construction and \$0.66 for commercial/industrial construction (Level I fees). The maximum Level I fees are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board. Government Code Section 66001 requires that a reasonable relationship exist between the amount and use of the fees and the type of development on which the fees are to be charged.

This Report:

- identifies the cost of providing school facilities for students generated by future residential and commercial/industrial development 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.

B. Brief Description of the Pleasanton Unified School District

The Pleasanton Unified School District is located in Alameda County. The District's boundaries may be seen in greater detail on maps available at the District Office.

The District currently serves over 14,800 students and operates nine elementary schools, three middle schools, three comprehensive high schools, one preschool and one adult and community education facility.

Identified plans for new residential development exist in the District. Based on the District's adopted *7-Year Demographic Study Using Student Population Projections by Residence* (dated February 24, 2020) prepared by Davis Demographics and Planning, Inc. which includes estimates of planned residential development in the District based on information provided by the City of Pleasanton Planning Division and information

provided by the County of Alameda in May of 2020, the Report estimates 1,316 new residential units will be built in the District over the next five years.

To accommodate projected enrollment growth resulting in part from this new residential development, the District plans to build new K-5 Elementary Schools and classroom additions at existing 6-8 and 9-12 campuses. In addition, the District may purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

C. Data Sources

The data sources for this Report are listed in the table below and referenced throughout the Report.

Data Sources

Data Type	Data Source
Residential development rates	Pleasanton Unified School District (PUSD), City of Pleasanton, County of Alameda, local developers, <i>7-Year Demographic Study Using Student Population Projections by Residence (2020)</i> prepared by Davis Demographics and Planning, Inc.
Enrollment history	CBEDS (accessed via California Department of Education’s <i>DataQuest</i> web-portal)
Pupil capacity of District schools	Pleasanton Unified School District (PUSD), <i>Measure II Facilities Master Plan</i> prepared by HKIT Architects (June 2018)
Student generation rates for housing units	<i>7-Year Demographic Study Using Student Population Projections by Residence (2020)</i> prepared by Davis Demographics and Planning, Inc.
Employees per square foot of commercial/industrial development	<i>San Diego Traffic Generators</i> (January 1990), San Diego Association of Governments
Number of workers per household	United State Census (2000)

D. Outline of the Report

The Report is divided into six sections. The sections:

1. Identify the District’s school facility needs,
2. Calculate the financial impact on the District of future residential and commercial/industrial developments,
3. Compare the projected revenues from developer fees to the costs of providing facilities to students generated by future developments,
4. Show that the District satisfies the requirements of Government Code Section 66001 with respect to the collection of developer fees,
5. Summarize other potential funding sources for school facilities, and Present recommendations regarding the collection of developer fees.

End of Section

I. DISTRICT FACILITY NEEDS

This Section describes the District’s requirements for school facilities. Specifically, the following subsections:

- A) Project the District’s future enrollment over the next five-year period (through 2024/25),
- B) Identify the District’s current capacity,
- C) Subtract the District’s enrollment from the District’s capacity to calculate the District’s facility needs, and
- D) Describe the District’s plan to fulfill its facility needs.

A. Five-Year Enrollment Projection

1) Enrollment History

The Report uses the California Basic Educational Data Systems (CBEDS) to track the District’s total enrollment over the last five years (see Table 1-1). Total District enrollment has increased by 115 students (0.8%) from 2015/16 to 2019/20.

**Table 1-1
District Enrollment History**

Grade	2015/16	2016/17	2017/18	2018/19	2019/20
K-5	6,262	6,117	6,160	6,252	6,182
6-8	3,632	3,715	3,677	3,639	3,541
9-12	4,847	4,936	5,009	5,067	5,133
Total	14,741	14,768	14,846	14,958	14,856

2) Enrollment Projection

The enrollment projection below reflects the District’s anticipated 2024/25 enrollment from the projection included in the District’s *7-Year Demographic Study Using Student Population Projections by Residence* prepared by Davis Demographics and Planning, Inc.

Table 1-2 summarizes the 2024/25 enrollment projections for the District.

(continued on the next page)

**Table 1-2
Five-Year Enrollment Projections**

Grade	Current Year 2019/20	Fifth Year 2024/25	Percent Increase (Decrease)
K-5	6,182	6,617	7.0%
6-8	3,541	3,626	2.4%
9-12	5,133	5,130	(0.1%)
Total	14,856	15,373	3.5%

B. Pupil Capacity of District Facilities

The Report calculates the pupil capacity of the District by (1) taking an inventory of the classrooms that are included in the District’s long-term facility plans and (2) applying the District’s desired classroom loading standards to that inventory.

1) Classroom Loading Standards

The District’s classroom loading standards are listed in Table 1-3. These standards reflect the District’s desired classroom loading to achieve optimal student achievement.

**Table 1-3
Loading Standards**

Grade Group	Number of Students Per Classroom
K-5	21
6-8	25
9-12	23
Special Day Class	10

Source: Pleasanton Unified School District

The K-5 loading standard of 21:1 represents an average of the K-3 loading standard of 19:1 (State Class Size Reduction) and the 4th and 5th grade loading standard of 25:1. The District’s actual desired K-5 loading standard is slightly lower than 21:1 as there are a larger proportion of K-3 classes due to the lower loading.

The 6-8 loading standard of 25:1 contemplates the District’s ability to house students through required Physical Education (PE) classes as well as the capacity loss due to teacher preparation periods when classrooms cannot be used for student instruction. Each period approximately one sixth of the middle school students are attending a PE class and approximately one sixths of middle school classrooms are being used for teacher preparation. As a result, the lack of classroom space during teacher preparation periods is offset by the capacity gain of student PE class attendance.

The 9-12 loading standard of 23:1 contemplates an average of 9th grade CSR at 20:1 and other classes loaded at or above 25:1. Additionally, the District experiences a capacity loss due to teacher preparation periods. High school students are only required to take PE for two years. Unlike at middle school, high school PE attendance does not offset the capacity loss of teacher preparation periods. As a result, the effective 9-12 loading standard is 23:1.

2) Classroom Capacity

Table 1-4 lists the classroom capacity of the District by grade group. The capacity is determined by multiplying the number of classrooms in the District by the appropriate District loading standard identified in Table 1-3.

The classroom count reflects an inventory of the District’s school sites as outlined in the District’s current June 2018 *Measure II Facilities Master Plan* prepared by HKIT Architects. Any facilities that are not part of the District’s long-range facility plan are not included in this count. Facilities not present in the classroom count include: (1) temporary portable classrooms owned or leased by the District, (2) classrooms that are inadequate in size, (3) two pull out classrooms at each elementary school campus for “Exploration” and “Enhancement” programs such as Language and Computer Labs, (4) classrooms used for Childcare and Pre-School programs and (5) classrooms not owned by the District.

**Table 1-4
Classroom Count and Pupil Capacity Based on
District Loading Standards**

Grade Group	Number of Classrooms	Number of Pupils Per Classroom	Pupil Capacity
K-5	228	21	4,788
6-8	115	25	2,875
9-12	214	23	4,922
Special Day Class	16	10	160
Total	573	N/A	12,745

3) Classroom Utilization

Table 1-5 shows the percentage of classroom capacity the District is utilizing by dividing the District’s current enrollment as indicated in the District’s 2019/20 enrollment information by the capacity listed above (Table 1-4).

(continued on the next page)

**Table 1-5
2019/20 Classroom Utilization**

Grade Group	Pupil Capacity	2019/20 Enrollment	Percent Utilization
K-5	4,888	6,182	126.5%
6-8	2,895	3,541	122.3%
9-12	4,962	5,133	103.4%
Total	12,745	14,856	116.6%

As Table 1-5 shows, the District is currently operating at over 100 percent of capacity at all grade groupings.

C. District Facility Requirements

Table 1-6 calculates the District’s requirements for school facilities by subtracting its current capacity from its projected residential enrollment.

**Table 1-6
District Facility Needs/Unhoused Students**

Grade Group	2024/25 Projected Enrollment	District Capacity (Pupils)	Unhoused Students
K-5	6,617	4,888	1,729
6-8	3,626	2,895	731
9-12	5,130	4,962	168
Total	15,373	12,745	2,628

As Table 1-6 shows, the District will need additional facilities for 1,729 K-5 students, 731 6-8 students and 168 9-12 students.

D. Plan for Fulfilling School Facility Needs

In order to provide facilities for the unhoused students listed in Table 1-6, the District plans to construct new K-5 Elementary Schools and classroom additions at existing 6-8 and 9-12 campuses. In addition, the District may lease additional portable classrooms to use for interim housing while permanent facilities are being constructed.

(continued on the next page)

**Table 1-7
District Facility Plan**

Projects	Pupil Capacity	Time Frame
New K-5 Elementary School	700	5 years
New K-5 Elementary School #2	700	5 years
New K-5 Elementary School #3	329*	5 years
6-8 Middle School Additions	731	5 years
9-12 High School Additions	168	5 years
Interim Housing	N/A	throughout next 5 years
Total	2,628	N/A

*Total capacity of New K-5 Elementary School #3 is 700 pupils.

End of Section

II. FINANCIAL IMPACT ON THE DISTRICT OF FUTURE RESIDENTIAL DEVELOPMENT

This Section quantifies how future residential development financially affects the District.

Future residential development will generate additional students in the District. As shown in the previous section, adequate school facilities do not exist for these students. Future residential development, therefore, financially affects the District by generating a need for additional school facilities that the District must acquire at some cost. This section describes this cost in three ways: (1) dollars per K-12 student generated from future development, (2) dollars per housing unit and (3) dollars per square foot of future development.

In order to calculate the financial effects described above, the Report needs to first calculate the number of students that will live in new housing units in the District and the per-pupil cost of providing school facilities for K-5, 6-8 and 9-12 students.

A. Number of Students per New Housing Unit

This Report uses the student generation rate from the District’s Board adopted *7-Year Demographic Study Using Student Population Projections by Residence* prepared by Davis Demographics and Planning, Inc.

Table 1-8 lists the student generation rates used in this Report.

**Table 1-8
Student Generation Rates**

Grade Group	Students per Residential Housing Unit*
K-5	0.242
6-8	0.102
9-12	0.105
Total	0.449

*Weighted based on the number of Single Family Detached (SFD) Units, Multi-Family Attached (MFA) units, Transit Oriented Development (TOD) units and apartment (APT) units estimated to be built in the District over the next five years (542 SFD, 83 MFA, 591 TOD and 100 APT).

B. Cost of Providing School Facilities

The per-pupil cost of providing school facilities for unhoused students is outlined in Table 1-9. This Report uses the District’s June 2018 *Measure II Facilities Master Plan* prepared by HKIT Architects to determine the costs of (1) the District’s new elementary school cost model project and (2) cost model projects for additions at the District’s existing middle and high school campuses.

The District may also experience interim housing costs while permanent facilities are being constructed. Interim housing costs, however, are not quantified in this Report.

**Table 1-9
Per-Pupil Facility Costs for K-12 Students**

Grade Group	Project	Per-Pupil Facility Cost
K-5	K-5 New Elementary School Cost Model	\$48,571
6-8	6-8 Middle School Addition Cost Model	\$46,946
9-12	9-12 High School Addition Cost Model	\$53,553
K-12	Interim Housing	N/A

C. Cost of Providing School Facilities per New K-12 Student Generated by Future Development

This Report determines the facility cost of a K-12 student generated by future development by calculating a weighted average of the facility costs for K-5, 6-8 and 9-12 students.

The relative size of the K-5, 6-8 and 9-12 student generation rates tell us that 53.90 percent of students from new units will be K-5 students and 22.72 percent will be 6-8 students and 23.39 percent will be 9-12 students. Table 1-8 weights each per-pupil facility cost by the appropriate percentage and provides a weighted average facility cost for K-12 students from future residential development.

**Table 1-10
Weighted Average School Facility Cost for a K-12 Student
From Future Residential Development**

Grade Group	Cost Per-Pupil	Weighting Based on Student Generation Rate	Weighted Cost Per-Pupil
K-5	\$48,571	53.90%	\$26,180
6-8	\$46,946	22.72%	\$10,666
9-12	\$53,553	23.39%	\$12,526
K-12	N/A	100%	\$49,372

D. Cost of Providing School Facilities per New Residential Housing Unit

Table 1-11 multiplies the total number of students per housing unit by the facility costs of a K-12 student to calculate a facility cost attributable to future residential housing units.

**Table 1-11
K-12 School Facility Cost per New Housing Unit**

Student Generation Rate	K-12 Per-pupil Facility Cost	Cost Per New Housing Unit
0.449	\$49,372	\$22,168

E. Cost of Providing School Facilities per Square Foot of Future Residential Development

This Report calculates the school facility cost per square foot of future development by dividing the cost per housing unit by the average square footage of housing units.

Based on a review of the most current Alameda County Assessor data available for Single-Family Detached (SFD) units constructed between 2014 and 2018, this Report estimates that SFD units in the District will have an average square footage of approximately 3,229 square feet.

Based on a review of the most current Alameda County Assessor data available for Multi-Family Units constructed between 2014 and 2018, this Report estimates that MFA units in the District will have an average square footage of approximately 1,517 square feet.

Based on a review of the most current Alameda County Assessor data available for Multi-Family Units (Apartment Units) constructed between 2014 and 2018 and within one mile of the BART station, this Report estimates that TOD units in the District will have an average square footage of approximately 863 square feet.

Based on a review of the most current Alameda County Assessor data available for Multi-Family Units (Apartment Units) constructed between 2014 and 2018 and *not* within one mile of the BART station, this Report estimates that APT units in the District will have an average square footage of approximately 1,578 square feet.

The weighted average of these estimates is 1,933 square feet based on the number of SFD units, MFA units, TOD units and Apartments projected to be built in the District over the next five years.

Table 1-12 shows the K-12 school facility costs per square foot of new residential housing units, but not the amount which would actually be charged (which is limited to \$4.08 per square foot of residential development).

**Table 1-12
K-12 School Facility Cost per Square Foot of Residential Development**

Facility Cost Per New Housing Unit	Average Square Footage	Facility Cost Per Square Foot of Development
\$22,168	1,933	\$11.47

End of Section

III. REVENUE FROM FEES ON RESIDENTIAL DEVELOPMENT VERSUS COSTS OF SCHOOL FACILITIES

This Section compares the projected revenues from fees levied on future residential development to the school facility costs attributable to that development.

State law currently caps Level I Fees at \$4.08 per square foot of assessable space of residential construction. As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of \$11.47. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., for every \$1.00 in fee revenue generated by future development, \$2.81 in school facility costs are generated).

Based on an evaluation of the *7-Year Demographic Study Using Student Population Projections by Residence (2020)* prepared by Davis Demographics and Planning, Inc. (derived from data provided by the City of Pleasanton) and information provided by Alameda County in May of 2020, this Report estimates that 542 SFD units, 83 MFA units, 591 TOD units and 100 APT units (total of 1,316 units) are anticipated to be built in the District within the next five years. For *any* given amount of residential development, however, school facility costs will be greater than fee revenue by a ratio of \$2.81 to \$1.00.

A. Fee Revenue from Residential Development Over the Next Five Years

As stated in the previous section, the Report estimates that new residential units will average 1,933 square feet over the next five years.

As Table 1-13 shows, if the District collects the current Level I Fee of \$4.08 per square foot, the District will collect \$10,378,818 in residential developer fees over a five year projection period.

**Table 1-13
Revenue from Residential Developer Fees**

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
1,316	1,933	\$4.08	\$10,378,818

B. Fee Revenue from Additions to Existing Residences

Revenue will be collected from fees assessed on additions and remodels of existing residences, including, without limitation, Accessory Dwelling Units (ADUs), to the extent that these additions exceed the exclusionary threshold outlined in the Education Code. Pursuant to Education Code Section 17620(a)(1)(C)(i), developer fees may be

charged on residential additions “only if the resulting increase in assessable space exceeds 500 square feet.” The fee revenue calculation for additions is the same as for new units. For example, additions totaling 40,000 square feet would generate \$163,200 in fee revenue (40,000 multiplied by \$4.08).

C. Fee Revenue from Reconstruction and Redevelopment

Revenue will be collected from fees assessed on projects that reconstruct or redevelop existing housing, but only to the extent that the square footage of the new construction exceeds the square footage of the reconstructed or redeveloped housing. The fee revenue calculation for reconstruction and/or redevelopment is the same as for new units. For example, reconstruction and/or redevelopment totaling 50,000 square feet would generate \$204,000 in fee revenue (50,000 times \$4.08).

D. School Facility Costs Generated by Residential Development Over the Next Five Years

The total school facility cost attributable to future residential development over the next five years is calculated by multiplying the following two factors: (1) the number of new housing units and (2) the facility cost per new housing unit. Table 1-14 shows that the total school facility cost attributable to future development is \$29,173,088.

**Table 1-14
School Facility Cost Generated by Students from Future Development**

New Units	Cost Per New Housing Unit	Total Cost
1,316	\$22,168	\$29,173,088

E. School Facility Costs Generated by Additions to Existing Residences

Additions to existing residences will have the same financial effect on the District as new residential units. For example, residential additions of 40,000 square feet will generate an additional ten students, when applying the student generation rate calculated in this Report, and a school facilities cost to the District of \$493,720 (ten students times a per-pupil facilities cost of \$49,372).

F. School Facility Costs Generated by Reconstruction and Redevelopment

Reconstruction and redevelopment of existing homes will have the same financial effect on the District as new residential development. For example, reconstruction and/or redevelopment of 50,000 square feet will generate an additional twelve students when applying the student generation rate calculated in this Report and a school facilities cost to the District of \$592,464 (twelve students times a per-pupil facilities cost of \$49,372).

G. Extent of Mitigation of School Facility Costs Provided by Level I Residential Fees

Table 1-15 shows that \$10,378,818 in total residential Level I fee revenue will cover only 35.6 percent of the \$29,173,088 in total school facility costs attributable to residential

development over the next five years. Some of this shortfall may be recovered from fees on commercial development.

**Table 1-15
Facility Cost of Residential Development versus Fee Revenue**

Total School Facility Costs	Total Revenues From Fees	Net Facility Cost to the District
\$29,173,088	\$10,378,818	\$18,794,270

H. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of \$0.66 per square foot, is established for certain types of residences that are restricted in occupancy as a senior citizen housing development, as defined in California Civil Code Section 51.3, or a residential care facility for the elderly as defined in California Health and Safety Code Section 1569.2. Housing of this type generates employees and has an indirect impact on the school district similar to that from commercial/industrial development projects.

End of Section

IV. FINANCIAL EFFECT ON THE DISTRICT OF NEW COMMERCIAL/INDUSTRIAL DEVELOPMENT

This Section analyzes the costs of providing school facilities for students generated by new commercial/industrial development.

Commercial/industrial development will attract additional workers to the District, and, because some of those workers will have school-age children, will generate additional students in the District. Additionally, the District will likely experience additional students from new workers who do not live in the District, but whose school-age children attend the District as transfer students. As shown in Section I, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a fiscal impact on the District by generating a need for new school facilities.

The Report multiplies the following five factors together to calculate the school facility cost incurred by the District per square foot of new commercial/industrial development:

- A. Employees per square foot of new commercial/industrial development,
- B. Percent of employees in the District that also live in the District,
- C. Houses per employee,
- D. Students per house, and
- E. School facility cost per student.

The Report calculates each of these factors in the next sections.

A. Employees per Square Foot of Development

As permitted by State law, the Report uses results from a survey published by the San Diego Association of Governments (SanDAG) (see Appendix) to establish the number of employees per square foot of new commercial/industrial development projects.

**Table 1-16
Employees per Square Foot of Commercial/Industrial
Development, by Category**

Commercial/Industrial Category	Average Square Foot per Employee	Employees per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	17,096	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	208	0.00480
Large High Rise Com. Office	232	0.00432
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators Report.

B. Percentage of Employees Residing Within the District

U.S. Census data from the year 2000 (School District Tabulation (STP2) Data, Table P27: *Place of Work for Workers 16 Years and Over - Place Level*), indicates that approximately 32 percent of people working in the District also live in the District.

C. Number of Households per Employee

U.S. Census data from the year 2000 (School District Tabulation (STP2) Data, Table H6: *Occupancy Status* and Table P27: *Place of Work for Workers 16 Years and Over - Place Level*), indicates that there are approximately 1.38 workers per household. Likewise, this data indicates that there are 0.72 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 0.72 housing units.

D. Number of Students per Dwelling Unit

As outlined in Section II.A., the Report assumes that 0.449 K-12 pupils will reside in each housing unit in the District.

E. School Facility Cost Per-Pupil

As outlined in Section II.C., the Report estimates that the school facility cost per K-12 pupil is \$49,372. It should be noted that these facility costs are conservative and the District's actual facility costs will likely be higher.

F. School Facility Cost per Square Foot of Commercial/Industrial Development

Table 1-17 calculates the school facility cost generated by a square foot of chargeable covered and enclosed space of new commercial/industrial development for each of the categories of commercial/industrial projects listed in Table 1-16.

School facility costs for development projects not included on this list may be estimated by using the closest employee per square foot ratio available for the proposed development or by following the District's administrative procedures for appeals of school facility fee imposition.

(continued on the next page)

**Table 1-17
Facility Cost per Square Foot of Commercial/Industrial
Development, by Category**

Category	Employees per Square Foot	% Employees Residing in District	Dwelling Units per Employee	K-8 Students per Dwelling Unit	Cost per K-8 Student	Cost per Square Foot
Banks	0.00283	0.32	0.72	0.449	\$49,372	\$14.45
Community Shopping Centers	0.00153	0.32	0.72	0.449	\$49,372	\$7.81
Neighborhood Shopping Centers	0.00271	0.32	0.72	0.449	\$49,372	\$13.84
Industrial/business Parks	0.00352	0.32	0.72	0.449	\$49,372	\$17.98
Industrial Parks	0.00135	0.32	0.72	0.449	\$49,372	\$6.90
Rental Self-Storage	0.00006	0.32	0.72	0.449	\$49,372	\$0.31
Scientific R&D	0.00304	0.32	0.72	0.449	\$49,372	\$15.53
Lodging	0.00113	0.32	0.72	0.449	\$49,372	\$5.77
Standard Commercial Offices	0.00480	0.32	0.72	0.449	\$49,372	\$24.52
Large High Rise Com. Offices	0.00432	0.32	0.72	0.449	\$49,372	\$22.06
Corporate Offices	0.00269	0.32	0.72	0.449	\$49,372	\$13.74
Medical Offices	0.00427	0.32	0.72	0.449	\$49,372	\$21.81

The District is justified in collecting the Government Code maximum of \$0.66 per square foot for all categories (except rental self-storage) of commercial/industrial development because these categories, on a per square foot basis, generate a school facility cost greater than the Government Code maximum of \$0.66.

The fee amount for self-storage is \$0.31, before accounting for any offset for linked residential construction. Fee amounts for other low-employee-generating commercial/industrial categories should be examined on a case-by-case basis.

G. Calculating School Facility Cost of Commercial/Industrial Development with Residential Fee Offset

A “residential fee offset” is calculated by (1) determining the number of homes that are associated with the employees generated by new commercial/industrial development and (2) calculating the residential fee revenues the District will collect from those homes (*note: the residential fee offset calculation assumes that all the homes associated with new employees are new homes; in reality, some new employees will live in existing homes*). This report assumes the District will collect \$4.08 per square foot of new residential development.

Subtracting the residential fee offset from the total school facility cost generated by commercial/industrial development produces a discounted school facility cost that takes into account revenues from “linked” residential units.

Table 1-18 calculates the facility cost of new commercial/industrial development, while taking into account the revenues from linked residential units.

**Table 1-18
School Facility Cost of New Commercial/Industrial Development Discounted by
Residential Fee Offset**

Category	Dwelling Unit per Square Foot Com/Ind	Average Square Foot per Unit	District's Revenue per Square Foot Res. Dev.	Residential Offset per Com/Ind Square Foot	School Facility Cost per Square Foot Comm/Ind Development	Cost per Square Foot Less Offset
Banks	0.00065	1,933	\$4.08	\$5.13	\$14.45	\$9.32
Community Shopping Centers	0.00035	1,933	\$4.08	\$2.76	\$7.81	\$5.05
Neighborhood Shopping Centers	0.00062	1,933	\$4.08	\$4.89	\$13.84	\$8.95
Industrial Business Parks	0.00081	1,933	\$4.08	\$6.39	\$17.98	\$11.59
Industrial Parks	0.00031	1,933	\$4.08	\$2.44	\$6.90	\$4.46
Rental Self-storage	0.00001	1,933	\$4.08	\$0.08	\$0.31	\$0.23
Scientific R&D	0.00070	1,933	\$4.08	\$5.52	\$15.53	\$10.01
Lodging	0.00026	1,933	\$4.08	\$2.05	\$5.77	\$3.72
Standard Com.Offices	0.00111	1,933	\$4.08	\$8.75	\$24.52	\$15.77
Large High Rise Commercial Offices	0.00100	1,933	\$4.08	\$7.89	\$22.06	\$14.17
Corporate Offices	0.00062	1,933	\$4.08	\$4.89	\$13.74	\$8.85
Medical Offices	0.00098	1,933	\$4.08	\$7.73	\$21.81	\$14.08

As the table shows, the school facility cost of all categories of commercial/industrial development (except rental self-storage) are greater than the current Government Code maximum of \$0.66 per square foot, even when that cost is discounted by revenues from linked residential units. Therefore, the District is justified in collecting the Government Code maximum of \$0.66 per square foot for all categories of commercial/industrial development (except rental self-storage). This discounting most likely understates the true facility cost of commercial/industrial development, because not all new workers will live in new homes.

For illustrative purposes, the Report will compare the school facility cost generated by 140,000 square feet of a new community shopping center development to the fee revenue it will provide to the District. This analysis is valid, however, for all types of commercial/industrial development except rental self-storage.

If the District were to charge \$0.66 per square foot of commercial/industrial development, it would collect \$92,400 from the 140,000 square feet of the community shopping center development. Assuming that all employees of the community shopping center development live in new homes, the District will also collect \$389,219 in revenue from developer fees (140,000 square feet x 0.00153 employees per square foot x 32% employees that live in District x 0.72 housing units per employee x 1,933 square feet per housing unit x \$4.08 revenue from Level I Residential developer fees). The 140,000 square feet of the community shopping center development will create a school facilities cost of \$1,093,400 (140,000 square feet x \$7.81 school facility cost per square foot of community shopping center).

Table 1-19 compares the school facility costs generated by 140,000 square feet of the community shopping center development in the District's K-12 service area to the fee revenues it provides to the District.

**Table 1-19
Comparison of Facility Cost and Fee Revenue Generated by
New Community Shopping Center Development**

	Fee Revenues	Facility Costs	Total Revenues (Costs)
140,000 square feet of community shopping center development	\$92,400	\$1,093,400	(\$1,001,000)
New housing units associated with the development	\$389,219	N/A	\$389,219
Total	\$481,619	\$1,093,400	(\$611,781)

As the table shows, fee revenue from community shopping center development will cover only 44.0 percent of the school facility cost it generates, even when that cost is discounted by the revenues from linked new housing units.

All categories of commercial/industrial development (except self-storage) will generate more facility cost than fee revenue, because they all generate a facility cost greater than \$0.66 per square foot even when fees from linked residential units are considered. The fee amount for self-storage is only \$0.23, after accounting for fees generated by linked residential units. Fee amounts for other low-employee-generating commercial/industrial categories should be examined on a case-by-case basis.

End of Section

V. FINDINGS

This Section shows that the District meets the requirements of Government Code Section 66001 regarding the collection of developer fees and summarizes other potential funding sources for the District's capital projects.

A. Government Code Section 66001(a)(1)—Purpose of the Fee

The purpose of collecting fees on residential and commercial/industrial development is to acquire funds to construct or reconstruct school facilities for the students generated by new residential and commercial/industrial developments.

B. Government Code Section 66001(a)(2)—Use of the Fee

The District use of the fee is expected to involve constructing and/or reconstructing new elementary, middle and high school campuses and/or additional permanent facilities on existing elementary and middle school campuses. The District is looking for alternatives to provide adequate housing and program options to all students including construction of new K-5 elementary schools and additions to existing middle and high schools. In addition, the District may build other school related facilities, or purchase, or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

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

- (1) Land (purchased or leased) for school facilities,
- (2) Design of school facilities,
- (3) Permit and plan checking fees,
- (4) Construction or reconstruction of school facilities,
- (5) Testing and inspection of school sites and school buildings,
- (6) Furniture for use in new school facilities,
- (7) Interim school facilities (purchased or leased) to house students generated by new development while permanent facilities are being constructed,
- (8) Legal and administrative costs associated with providing facilities to students generated by new development,
- (9) Administration of the collection of developer fees (including the costs of justifying the fees), and
- (10) Miscellaneous purposes resulting from student enrollment growth caused by new residential development.

C. Government Code Section 66001(a)(3)—Relationship Between Fee's Use and the Type of Project Upon Which the Fee is Imposed

Future residential development will cause new families to move into the District and, consequently, will generate additional students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. Future residential

development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is, therefore, reasonably related to the type of project (future residential development) upon which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Commercial/industrial will also generate new students in the District, since some of these workers will have school-age children. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is, therefore, reasonably related to the type of project (new commercial/industrial development) upon which it is imposed.

D. Government Code Section 66001(a)(4)—Relationship Between the Need for the Public Facility and the Type of Project Upon Which the Fee is Imposed

The District's current and projected enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient existing capacity to house students generated by future development. Future residential and commercial/industrial development in the District will generate additional students and, consequently, a need for additional school facilities. A relationship exists, therefore, between the District's need to build additional school facilities and the construction of new residential and commercial/industrial development projects.

E. Government Code Section 66001(b)—Relationship Between the Fee and the Cost of the Public Facility Attributable to the Development on Which the Fee is Imposed

This Report demonstrates that the school facility cost attributable to future residential development is \$11.47 per square foot. The maximum Level I fee of \$4.08 per square foot on residential development is, therefore, fully justified.

This Report also demonstrates that the school facility costs attributable to all categories of commercial/industrial development except rental self-storage range from \$3.72 per square foot to \$15.77 per square foot, even when fees from linked residential units are accounted for. The maximum Level I fee of \$0.66 on these types of development is, therefore, fully justified. The school facility cost attributable to rental self-storage units is only \$0.23 per square foot when fees from linked residential units are accounted for. Fee amounts other low-employee-generating commercial/industrial categories should be examined on a case-by-case basis.

All school facility costs and fees in this Report are calculated on a per-student basis to ensure that future developments only pay for impacts they cause.

(Continued on the Next Page)

**Table 1-20
Projected Five-Year District Revenue**

	Revenues
1. Capital Assets:	
Current Capital Facility Fund Balance	\$9,681,503
Measure II	\$270,000,000
Total Capital Assets	\$279,681,503
2. Projected Revenue from Developer Fees:	
Residential Development*	\$10,378,818
Commercial/Industrial Development**	\$247,297
Total Projected Revenue from New Development	\$10,626,115
Total Projected Five-Year District Revenue	\$290,307,618

* Estimate based on 1,316 homes averaging 1,933 square feet times the District's anticipated revenue of \$4.08 per square foot.

** Estimate based on the previous 5-years of commercial/industrial development totaling 374,693 square feet times the District's anticipated revenue of \$0.66 per square foot.

Information in Table 1-20 outlines the District's projected revenue for capital outlay for the next five years and includes the current balance of the District's Capital Facility Funds, the current and anticipated amounts from the passage of the District's Measure II Obligation Bond Measure in November of 2016 and the projected revenue from new residential and commercial/industrial development. After accounting for these current and estimated amounts, the District has projected capital facility revenue of \$290,307,618 over the next five years.

The District's 2018 Facilities Master Plan identifies projects necessary to provide adequate student facilities, with construction costs totaling an estimated \$1,108,500,000. Comparing the District's projected revenue over the next five years, to the estimated cost of implementing the District's facility needs, indicates that projected facility costs will exceed revenues by \$818,192,382.

F. Other Funding Sources

The following is a review of other potential funding sources for constructing school facilities.

(1) General Fund

The District's General Fund budget is typically committed to instructional and day-to-day operating expenses and not used to construct school buildings, as funds are needed solely to meet the District's non-facility needs.

(2) State Programs

The District has applied for and received State funding apportionments for construction of new school facilities under the 1998 Leroy F. Greene School Facility Program. Even projects funded at 100 percent of the State allowance, however, often experience a shortfall between State funding and the District's actual facility needs.

State funds for deferred maintenance may not be used to pay for new facilities. State law prohibits use of lottery funds for facilities.

(3) General Obligation Bonds

School districts can, with the approval of two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for out of property taxes. In November 2016, the District's voters passed General Obligation Bond II authorizing a total of \$270 million in bond sales.

(4) Parcel Taxes

Approval by two-thirds of the voters is required to impose taxes that are not based on the assessed value of individual parcels. While these taxes have been occasionally used in school districts, the revenues are typically minor and are used to supplement operating budgets.

(5) Mello-Roos Community Facilities Districts

This alternative uses a tax on property owners within a defined area to pay long-term bonds issued for specific public improvements. Mello-Roos taxes require approval from two-thirds of the voters (or land owners if fewer than 12) in an election.

(6) Surplus Property

The District has no surplus properties that could be sold to create a significant source of capital outlay funds.

(7) Alternatives for Reducing Facility Costs

Alternatives to reducing facility costs which have been used and/or explored by the District include additional portable classrooms, joint-use of facilities, Multi-Track Year-Round Education, and other measures. These options remain available to the District in the future.

End of Section

VI. RECOMMENDATIONS

This Report recommends that the District levy the maximum statutory fee authorized by Government Code Section 65995, up to \$11.47 per square foot of residential development. The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, (currently \$0.66 per square foot) on all categories of commercial/industrial development except rental self-storage, as those categories of development create school facility costs ranging from \$3.72 to \$15.77 per square foot of future development, even when fees from linked residential units are accounted for. The fee amount for Rental Self-Storage is \$0.23, after accounting for fees generated by linked residential units. Fee amounts for other types of low-employee generating commercial/industrial categories should be examined on a case-by-case basis.

These recommendations are based on the findings that residential and commercial/industrial development (except for rental self-storage) creates a school facility cost for the District that is larger than the revenue generated by charging these fees.

End of Report

Appendix

Employee Statistics From the San Diego Association Of Governments By Various Categories of Commercial/Industrial Development (from Traffic Generators Report January 1990)

Appendix A

Employee Statistics From the San Diego Association of Governments by Various Categories of Commercial/Industrial Development (from Traffic Generators Report January 1990)

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Banks				
Calif. First	57	13,400	354	0.00283
Southwest	11	3,128		
Mitsubishi	14	6,032		
Security Pacific	22	14,250		
Total	104	36,810		
Average	26	9,203		
Community Shopping Centers				
Rancho Bernardo Towne Center	273	139,545	652	0.00153
Plaza De Las Cuatro Banderas	227	186,222		
Rancho San Diego Village	N/A	N/A		
Total	500	325,767		
Average	250	162,884		
Neighborhood Shopping Centers				
Town and Country	217	70,390	369	0.00271
Tierrasanta II	87	49,080		
Palm Plaza	143	47,850		
Westwood Center	173	61,285		
Total	620	228,605		
Average	155	57,151		
Industrial Business Parks				
Convoy Ct / St. Parks	955	224,363	284	0.00352
Sorrento Valley Blvd. / Ct. Complexes	2,220	610,994		
Ronson Court	848	206,688		
Pioneer Industrial Project	N/A	N/A		
Sorrento Valley	N/A	N/A		
Torrey Business & Research	739	243,829		
Ridgehaven Court	823	213,449		
Ponderosa Avenue Industrial	245	158,983		
Total	5,830	1,658,306		
Average	972	276,384		

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Industrial Parks				
Sorrento West	725	614,922	742	0.00135
Roselle Street	761	500,346		
Stromesa Street	200	136,124		
Total	1,686	1,251,392		
Average	562	417,131		
Rental Self-Storage				
Poway Storage	2	32,000	17,096	0.00006
Lively Center	2	20,000		
Brandon Street Mini-Storage	2	31,348		
Melrose Mini-Storage	2	28,280		
Lock-It Lockers Storage	3	59,325		
Total	11	170,953		
Average	2	34,191		
Scientific Research and Development				
Johnson & Johnson Biotechnology Center	39	22,031	329	0.00304
IVAC Corporation	1,300	315,906		
TRW/LSI Products	350	145,192		
Nissan Design International	26	40,184		
Salk Institute	500	318,473		
S-Cubed Corporation	160	56,866		
Torrey Pines Science Park	2,333	649,614		
Total	4,708	1,548,266		
Average	673	221,181		
Lodging				
San Diego Hilton	139	223,689	882	0.00113
Hyatt Islandia	320	250,000		
La Jolla Village Inn	180	129,300		
Hanalei Hotel	310	267,000		
Vagabond Inn	12	22,548		
Fabulous Inn & E-Z8 Motel	92	92,731		
Vacation Village	234	151,134		
Total	1,287	1,136,402		
Average	184	162,343		

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Standard Commercial Office				
Industrial Indemnity Bldg.	170	34,300	208	0.00480
Beta Bldg.	110	29,400		
Park Camino Bldg.	299	55,500		
2181 E.C.R. Bldg.	47	10,000		
Camino Real Financial Center	23	6,300		
Total	649	135,500		
Average	130	27,100		
Large High Rise Com. Office				
Mission Valley Financial Center (Security Pacific)	900	185,600	232	0.00432
Lion Plaza Building	462	109,900		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	434,400		
Average	625	144,800		
Corporate Offices				
Equitable Life	200	53,900	372	0.00269
Bank of America Processing Center	300	110,000		
Home Federal Processing Center	1,150	450,000		
Trade Services Publications	270	82,000		
IRT Corporation	210	89,500		
Earl Walls & Assoc.	43	15,000		
Four Winds International Headquarters	220	90,914		
Total	2,393	891,314		
Average	342	127,331		
Medical Offices				
Chula Vista Doctors' Park	108	24,000	234	0.00427
Parkway Medical Group	65	17,620		
Campus Medical-Dental Center	115	25,900		
Total	288	67,520		
Average	96	22,507		