

Orange Unified School District
Combined Annual and Five-year Developer Fees Report
November 2, 2022



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<https://www.orangeusd.org/departments/facilities-planning/developer-fees>

Orange Unified School District

Combined Annual and Five-year Developer Fees Report Fiscal Year 2021/2022

Background

Education Code Section 17620, et seq., and Government Code Section 65995, et seq., authorize school districts to impose fees on residential, commercial, and industrial developments to mitigate the impact of the development on a school district's facilities. On January 24, 2018, the State Allocation Board (SAB) acted to increase the Level I Developer Fees for both residential and commercial/industrial construction pursuant to Education Code Section 17620 and Government Code Section 65995.

The Level I fee for residential construction was increased from \$3.48 to \$3.79 per square foot of new residential construction. The Level I fee for commercial/industrial construction was increased in 2018 from \$0.56 to \$0.61 per square foot of new commercial/industrial construction. These fees are collected by the District at the maximum allowable rates. The District will perform its next Developer Fee Justification Study in 2022 concurrently with the SAB adjusting rates at its January 2022 meeting.

For the period July 1, 2021, through April 15, 2022, the Level I Developer Fee amounts were \$3.79 for residential \$0.61 for commercial/industrial. For the period April 16, 2022, through June 30, 2022, the Level I Developer Fee amounts assessed remained unchanged at \$3.79 for residential \$0.61 for commercial/industrial.

Staff is currently working with consultants on a justification study for the increase of level I developer fees in school year 2022-23 and will be submitting information to the Board of Education on fee adjustments in an upcoming meeting.

Reporting Requirements

Government Code Section 66001 and Section 66006 require districts to be accountable for the fees that are collected and expended on both an annual and five-year basis.

Annual Report - The annual report focuses on the amount of developer fees collected and expended throughout the fiscal year and must include the following:

- Type of fees collected
- Amounts collected
- Beginning and ending balances of accounts
- Total amounts collected and interest earned
- Information regarding each project on which fees were expended
- Identification of any interfund transfers or loans, if applicable
- Amounts of any refunds

Five-year Report – The five-year report requires a more detailed analysis of a district’s overall use of developer fees. The purpose of the five-year report is to illustrate to what extent the fees collected for development are necessary in meeting the district’s facility program needs with respect to housing students and mitigating the impact of growth associated with the development. The five-year plan should include findings that:

- Identify the purposes to which the fees will be put
- Demonstrate the nexus between the fees and the purposes for which they are charged
- Identify the sources and amounts of funding anticipated to complete the financing of incomplete projects
- Identify the approximate date(s) when the funding referred in bullet point 3 above is expected to be deposited into the respective district account(s)

Findings – Although not required by a resolution, these findings are often made in the form of a resolution that is adopted by the governing board to facilitate compliance with the requisite codes and regulations. Resolution 15-22-23, Findings Pertaining to Developers Fees, is available under separate cover.

Timeline – The annual report must be made within 180 days from the last day of the fiscal year. The five-year findings must be presented for approval by the governing board in conjunction with an annual report. It is more convenient for districts to prepare a comprehensive report each fiscal year that includes both the annual and five-year collection and expenditure information. By combining these two reports, it guards against the potential penalty of refunding unexpended developer fees for failure to timely report expenditures in the appropriate year.

Report Availability and Notification –The completed reports and applicable findings must be available for public review at least 15 days prior to approval by the governing board. Although a public hearing is not required, notices must be mailed to any interested party who files a written request for a mailed notification. A notice was posted on the District’s Web site and the information has been available since Wednesday, November 2, 2022. The District did not receive any requests for mailed notification in the previous reporting period.

Government Code Sections 66006(b) Annual Reporting Requirements

- A. Brief description of the type of fee in the account or fund.

Fund 25 - Capital Facilities Fund is used to segregate fees collected pursuant to Education Code Section 17620, et seq., and Government Code Section 65995, et seq., from other District funds.

B. Amount of the fee.

Residential Fee per Square foot

- July 1, 2021 – April 15, 2022 \$3.79
- April 16, 2022– June 30, 2022 \$3.79

Commercial Fee per Square Foot

- July 1, 2021 – April 15, 2022 \$0.61
- April 16, 2022 – June 30, 2022 \$0.61

C. The beginning and ending balance of the account or fund.

Beginning Balance	\$3,166,765.81
Ending Balance	\$3,933,136.00

D. The amount of the fees collected and the interest earned.

Fees Collected	\$970,620.73
Interest Earned	\$18,643.60

E. Identify each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

1. Fred Kelly Stadium Improvements

Fred Kelly Stadium Improvements – Architectural Design and Consulting Services

Design and Consulting Services 2017/18	\$ 16,894.98
Design and Consulting Services 2018/19	\$ 191,419.32
Design and Consulting Services 2019/20	\$ 788,369.91
Design and Consulting Services 2020/21	\$ 177,122.90
<u>Design and Consulting Services 2021/22</u>	<u>\$ 0.00</u>
Amount Expended Through June 30, 2022	\$1,173,807.11

Fred Kelly Stadium Improvements – Main Building Contractor

Construction 2017/18	\$ 0.00
Construction 2018/19	\$3,251,754.57
Construction 2019/20	\$5,902,942.65
Construction 2020/21	\$ 119,903.94
<u>Construction 2021/22</u>	<u>\$ 0.00</u>
Amount Expended Through June 30, 2022	\$9,274,601.16

Fred Kelly Stadium Improvements – New Permanent Fixtures and Equipment

FF&E 2017/18	\$ 0.00
FF&E 2018/19	\$ 0.00

FF&E 2019/20	\$ 75,795.11
FF&E 2020/21	\$ 171,116.71
<u>FF&E 2021/22</u>	<u>\$ 122,165.61</u>
Amount Expended through June 30, 2022	\$ 369,077.43

TOTAL Project Amount Expended Through June 30, 2022: \$23,525,981.87

Percentage of project design Funded with Developer Fees:	100%
Percentage of total project with Developer Fees:	49.6%

2. Fletcher Elementary School Expansion

Fletcher Elementary School Expansion – Main Building Contractor

<u>Construction 2020/21</u>	<u>\$420,899.05</u>
Amount Expended through June 30, 2022	\$420,899.05

Fletcher Elementary School Expansion – New Permanent Fixtures and Equipment

FF&E 2020/21	\$ 55,866.11
<u>FF&E 2021/22</u>	<u>\$350.00</u>
Amount Expended through June 30, 2022	\$ 56,216.11

TOTAL Amount Expended Through June 30, 2022 \$477,115.16

Percentage of project design Funded with Developer Fees:	0%
Percentage of total project with Developer Fees:	100%

- F. Identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.

Fred Kelly Stadium Reconstruction/Improvements – Commenced January 7, 2019

Fletcher Elementary School Expansion – Commenced June 26, 2020

- G. Description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an inter-fund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

Inter-fund Transfers: No Inter-fund transfers in 2021-22

- H. The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

Refunds: \$4478.72 (two cancelled projects- residential)

Government Code Sections 66001(d)(1) Five-Year Reporting Requirements

- A. Identify the purpose to which the fee is to be put.
1. Fred Kelly Stadium Reconstruction
 2. Fletcher Elementary School Expansion
- B. Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
1. Fred Kelly Stadium Reconstruction- Provide upgraded and expanded facilities at Fred Kelly Stadium to support additional capacity.
 2. Fletcher Elementary School Expansion- Provide two new DSA approved modular classrooms and one ADA restroom modular building for the expansion of student enrollment (due to growing Mandarin Emersion program).
- C. Identify all sources and amounts of funding anticipated to complete projects:

Fred Kelly Stadium Improvements

Developer Fees	\$11.67 million
<u>Special Reserve for Capital Projects</u>	<u>\$11.85 million</u>
Total	\$23.52 million

Fletcher Elementary School Expansion

Developer Fees	\$477,115.16
<u>Special Reserve for Capital Projects</u>	<u>\$ 280.00</u>
Total	\$477,395.16

- D. Designate the approximate dates on which the funding referred to in subparagraph (C) is expected to be deposited into the appropriate account or fund.

All funds identified in C above are on deposit and available