



BOARD AGENDA REQUEST FORM

TO: Dr. Rob Pecot, Superintendent
FROM: Jaime Quintana, Director of Facilities & Planning
DATE: August 28, 2023
RE: Accept the Annual Developer Fee Report & Five-Year Findings for 2022-2023 Fiscal Year.

PROPOSED BOARD MEETING DATE: September 12, 2023
TYPE OF ACTION REQUIRED: (a contract and MOU approval form is required for outside services of a consultant or organization.)

Please check:

- Public Hearing
- Recognition
- Consent
- Action
- Information/Discussion/Report
- Closed Session
- Pending Fingerprint Approval

NOTE: All Agenda items must be submitted to the appropriate Associate Superintendent **in accordance with the board meeting deadlines.**

Internal Use: APPROVED BY:	ITEM #
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BUSINESS SERVICES MEMORANDUM

TO: Dr. Rob Pecot, Superintendent
FROM: Jaime Quintana, Director of Facilities & Planning
DATE: August 28, 2023
SUBJECT: Resolution to Accept the Annual Developer Fee Report & Five-Year Findings for 2022-2023 Fiscal Year.

BACKGROUND: Effective January 1, 1997, SB 1693 amended the Government Code to add additional reporting requirements regarding developer fees which are assessed on new development to mitigate the impact of that development on school facilities.

RATIONALE: The attached report reflects the status of Developer Fee funds in accordance with SB 1693.

Mitigation payments are paid in lieu of statutory developer fees (also known as school impact fees) pursuant to voluntary and mutually beneficial contracts, and are exempt from the annual reporting requirements of Government Code sections 66001(d) & 66006(b). However, mitigation payments are included in the report for purposes of transparency and in order to show a complete picture of collections and expenditures to accommodate student growth generated by new development.

FUNDING: Fund 25- Mitigation/Developer Fees

RECOMMENDATIONS: Accept the Annual & Five Year Report on the Collection and Expenditure of Developer Fees for Fiscal Year 2022/2023

Prepared by: Jaime Quintana, Director of Facilities & Planning.



**TRACY UNIFIED SCHOOL DISTRICT
RESOLUTION #XX-XX**

**ACCEPTING THE ACCOUNTING OF DEVELOPER FEES
(ANNUAL DEVELOPER FEE REPORT & FIVE-YEAR FINDINGS)
FOR 2022-2023 FISCAL YEAR
IN THE FOLLOWING FUND OR ACCOUNT:**

Fund 25-Mitigation/Developer
(Government Code sections 66001(d) & 66006(b))

1. Authority and Reasons for Adopting this Resolution.

- A. Tracy Unified School District (“District”) has levied statutory and/or other fees imposed on new development (“Developer Fees”) pursuant to various resolutions including, without limitation, Resolution No. 21-16, dated April 12, 2022, Board Action on March 25, 2020, Resolution No. 17-24, dated March 13, 2018, and Resolution No. 17-03, dated September 12, 2017, which are collectively referred to herein as the “School Facilities Fee Resolutions” and are hereby incorporated by reference into this Resolution. These resolutions were adopted under the authority of Education Code section 17620, *et seq.* and Government Code section 65995, *et seq.*
- B. Such Developer Fees also include mitigation payments imposed pursuant to various voluntary and mutually beneficial mitigation agreements entered into, and paid, in lieu of statutory developer fees. While such mitigation payments are exempt from the annual reporting requirements of Government Code sections 66001(d) & 66006(b), they are included in the report in order to show a complete picture of collections and expenditures to accommodate student growth generated by new development.
- C. The District has received and expended Developer Fees and mitigation payments in fiscal year 2022-2023 in connection with the District’s school facilities (“School Facilities”).
- D. In accordance with California Government Code section 66006(a), the District has established a separate capital facilities account or fund, more specifically identified as **Fund 25, Capital Facilities Fund** (“Fund”), deposited these Developer Fees and mitigation payments in the Fund (including interest income earned thereon), maintained the Fund in a manner to avoid any commingling of the Developer Fees and mitigation payments with other revenues and funds of

the District, except for temporary investments, as applicable, and expended the Developer Fees solely for the purposes for which they were collected.

- D. Government Code section 66006(b)(1) requires the District to make an annual accounting of the Fund (“Annual Developer Fee Report”), which shall contain the following information for the fiscal year:
- (i) A brief description of the type of Developer Fees in the Fund;
 - (ii) The amount(s) of the Developer Fee(s);
 - (iii) The beginning and ending balance of the Fund;
 - (iv) The amount of the Developer Fees collected and the interest earned;
 - (v) An identification of each District public improvement (“Project”) that Developer Fees were expended on, and the amount of the expenditures on each Project, including the total percentage of the cost of the Project that was funded with Developer Fees;
 - (vi) An identification of an approximate date by which the construction of a Project will commence if the District determines that sufficient funds have been collected to complete financing on an incomplete Project, as identified in Government Code section 66001(a)(2), and the Project remains incomplete;
 - (vii) A description of each interfund transfer or loan made from the Fund, including the Project on which the transferred or loaned Developer Fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the Fund will receive on the loan; and
 - (viii) The amount of refunds made pursuant to Government Code section 66001(e) and any allocations made pursuant to Government Code section 66001(f).
- E. Furthermore, Government Code section 66001(d) provides that for the fifth fiscal year following the first deposit of Developer Fees into the Fund, and every five years thereafter, the District shall make all of the following “Findings” with respect to that portion of the Fund remaining unexpended, whether committed or uncommitted, if there are any funds remaining in the Fund at the end of the 2022-2023 fiscal year:
- (i) Identification of the purposes to which the Developer Fees are to be put;
 - (ii) Demonstration of a reasonable relationship between the Developer Fees and the purposes for which they are charged;

- (iii) Identification of all sources and amounts of funding anticipated to complete financing of the District’s incomplete Projects (“Anticipated Funding”); and
- (iv) Designation of the approximate dates on which the Anticipated Funding is expected to be deposited into the Fund.

When the Findings are required by Government Code section 66001(d), they shall be made in connection with the Annual Developer Fee Report required by Government Code section 66006.

- F. Government Code sections 66001(d) and 66006(b)(2) further require that the Annual Developer Fee Report and the proposed Five-Year Developer Fee Findings be made available to the public within 180 days of the end of the fiscal year, that the Annual Developer Fee Report information and proposed Findings be reviewed by this Board at its next regularly scheduled board meeting held no earlier than 15 days after such information becomes available to the public, and that notice of the time and place of this meeting (as well as the address where the Annual Developer Fee Report and proposed Findings may be reviewed) be mailed at least 15 days prior to this meeting to anyone who has requested it.
- G. The Annual Developer Fee Report for the 2022-2023 fiscal year and proposed Five-Year Developer Fee Findings are attached hereto as Exhibit “A” and incorporated herein. The Superintendent has informed this Board that the Annual Developer Fee Report and proposed Findings were made available to the public on August 28, 2023. The Superintendent has further informed this Board that notice of the time and place of this meeting (as well as the address at which this information has been available for review) was mailed at least 15 days prior to this meeting to anyone who had requested it.
- I. The facts and Findings set forth in the School Facility Fee Resolutions and the District’s Justification Study are incorporated herein.
- II. The District has substantially complied with all of the foregoing provisions.
- E. The Superintendent has also informed this Board that there is no new information which would adversely affect the validity of any of the findings made by this Board in its applicable School Facilities Fee Resolutions.
- F. The District’s Annual Independent Auditor’s Report (Audit) for the 2022-2023 fiscal year is still pending completion. Should any modifications to the 2022-2023 Annual Developer Fee Report and Five-Year Developer Fee Findings be necessary upon completion of the audit, such modifications shall be presented to the public at least 15 days before review and approval by the Board at a regularly scheduled meeting, which shall occur no later than 180-days from the end of the 2022-2023 fiscal year.

2. What This Resolution Does.

This Resolution makes various findings and takes various actions regarding the Fund, including the approval and adoption of the 2022-2023 Annual Developer Fee Report and Five-Year Developer Fee Findings, as required by and in accordance with Government Code sections 66001(d) and 66006(b).

NOW, THEREFORE, BASED ON ALL FINDINGS AND EVIDENCE CONTAINED IN, REFERRED TO, OR INCORPORATED INTO THIS RESOLUTION, AS WELL AS THE EVIDENCE PRESENTED TO THIS BOARD AT THIS MEETING, THE TRACY UNIFIED SCHOOL DISTRICT'S BOARD OF EDUCATION HEREBY FINDS, RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

Section 1: That the foregoing recitals are true and incorporated herein by reference.

Section 2: That, pursuant to Government Code sections 66001(d) and 66006(b)(1) and (2), the District has made available to the public the requisite information and proposed findings concerning collection and expenditure of Developer Fees related to School Facilities for students resulting from new development within the District. Although not required by statute, in the interest of transparency and consistency, the District has further included such information on mitigation payments collected and expended in said Report and proposed Findings. Furthermore, pursuant to Government Code sections 66001(d)(2) and 66006(b)(2), the Board has reviewed the Developer Fees Report and proposed Findings at a public meeting not less than 15 days after the Developer Fees Report and proposed Findings were made available to the public and notice was mailed as required.

Section 3: That, in accordance with Government Code section 66006(b)(2), this Board has reviewed the 2022-2023 Annual Developer Fees Report as contained in Exhibit A (attached hereto and incorporated herein) and determined that it meets the requirements set forth in Government Code section 66006(b)(1).

Section 4: That, in accordance with Government Code section 66001(d), the District's proposed Five-Year Developer Fee Findings as set forth in Exhibit A (attached hereto and incorporated herein) contain the requisite findings and are made in connection with the public information set forth in the Annual Developer Fees Report. The District's School Facility Fee Resolutions and the District's Justification Study, and the Findings set forth therein, are incorporated herein.

Section 5: That the Board hereby determines that all Developer Fees, collections, and expenditures have been received, deposited, invested, expended, and reported in compliance with the relevant sections of the Government Code and all other applicable laws.

Section 6: The Board hereby determines that, because all of the findings required by Government Code section 66001(d) have been made with respect to the fees that were levied as more specifically set forth in Exhibit A, the District is not required to refund any moneys in the Fund as provided in Government Code section 66001(e).

Section 7: That the Board hereby determines that the District is in compliance with Government Code section 66000, *et seq.*, relative to receipt, deposit, investment, expenditure, reporting, or refund of Developer Fees received and expended relative to School Facilities for students generated from new development.

Section 8: That the Board hereby approves and adopts the attached 2022-2023 Annual Developer Fees Report and Five-Year Developer Fee Findings.

Section 9: The Board further directs and authorizes the Superintendent to take on its behalf such further action as may be necessary and appropriate to effectuate this Resolution.

PASSED AND ADOPTED, THIS 12th DAY OF SEPTEMBER, 2023, BY THE FOLLOWING VOTE:

AYES: NOES: ABSTAIN: ABSENT:

Attest:

President
Board of Education
Tracy Unified School District

Clerk
Board of Education
Tracy Unified School District

EXHIBIT A

TRACY UNIFIED SCHOOL DISTRICT'S 2022-2023 ANNUAL DEVELOPER FEE REPORT AND FIVE –YEAR DEVELOPER FEE FINDINGS

(Government Code §§ 66001 & 66006)

2022-2023 FISCAL YEAR

I. Annual Developer Fee Report

The fee amounts reported were authorized by the District's Board of Education.¹ The fees partially mitigate the impact caused by residential and commercial/industrial development and do not adequately fund the school facilities necessary to accommodate student growth.

Each of the capitalized letters A-H, below, correspond to the specific letter and portion of Government Code section 66006(b)(1).

A. FEES COLLECTED IN FUND 25 (CAPITAL FACILITIES FUND):

A brief description of the types of Developer Fees in the Fund:

(1) Statutory Level 1 Developer Fees

- Commercial/industrial development
- Mini-storage category of commercial/industrial development
- New residential development, including Accessory Dwelling Units (“ADU”)
- Residential additions, remodels, expansions, reconstruction
- Senior housing

(2) Mitigation Payments² pursuant to voluntary mitigation agreements

- New residential development
- Commercial/industrial development

¹ See Resolution No. 17-24, dated March 13, 2018, and Resolution No. 21-16, dated April 12, 2022.

² Although mitigation payments collected in lieu of statutory developer fees pursuant to various mitigation agreements entered into between the District and certain developers/owners are exempt from the reporting requirements of Government Code section 66001(d) and 66006(b), such mitigation payments are included in this report to provide a complete picture of collections and expenditures necessitated to accommodate student growth generated by new development for purposes of consistency and transparency. Such amounts vary by mitigation agreement, type of development, time of payment, contractual adjustments, and other factors specific to the particular agreement based on terms mutually agreed upon by the parties.

B. AMOUNT OF FEE – The amount of the Developer Fees for the 2022-2023 fiscal year:

Type of Fee Collected					
<i>Effective Date:</i>	1/1/2019	3/24/2020 (K-12 Boundaries)	03/24/2020 (K-8 Feeder Boundaries)	6/11/22 (K-12 Boundaries)	6/11/22 (K-8 Feeder Boundaries)
Level 1 - Residential	N/A	\$4.08/sf	\$1.02/sf	\$4.79/sf	\$1.1975/sf
Level 1 – Commercial/ Industrial	N/A	\$0.66 /sf	\$0.165/sf	\$0.78/sf	\$0.195/sf
Level 1 – Rental/ Mini-storage	N/A	\$0.066/sf	\$0.012/sf	\$0.066/sf	\$0.012/sf
Level 1 – Senior Housing	N/A	\$0.66/sf	\$0.165/sf	\$0.78/sf	\$0.78/sf
Mitigation Payments	\$7,293.18 / SFD (COC);	N/A	N/A	N/A	N/A

C. BEGINNING & ENDING FUND BALANCE FOR FISCAL YEAR 2022-2023:

July 1, 2022 Beginning Fund Balance:	\$52,296,036.33
June 30, 2023 Ending Fund Balance:	\$41,983,980.79 ³⁴

³ The District’s practice is to transfer funds held in Fund 25, which accounts for developer fees, upon full project completion. Thus, the Ending Balance is not a true reflection of the available Fund 25 balance because it does not account for expenditures made for projects from other accounts, but not yet transferred or for planned projects or projects in the preliminary development stages for which amounts have been encumbered / committed by contract or otherwise, but not yet expended.

⁴ The Ending Balance reflects deductions of amounts listed in Tables E, G, and H. As reflected in Table F, the District has incomplete funded projects totaling \$53,482,777 and an additional planned (unfunded) projects exceeding \$48,000,000. These amounts far exceed the Ending Balance.

D. REVENUE:

The amount of the Developer Fees collected and the interest earned for the 2022-2023 fiscal year:

Amount of fees collected (gross):	\$ 3,613,242.73
Interest earned:	\$ 1,308,614.00
TOTAL REVENUE (GROSS):	\$ 4,921,856.73

E. EXPENDITURES:

Projects on which Developer Fees were expended during the 2022-2023 fiscal year and the amount of the expenditures on each Project, including the total percentage of the cost of the Project that was funded with Developer Fees:

Project	Amount Expended in 2022-2023 Fiscal Year	% Funded with Developer Fees
Library Refurbishment Projects to create flexible space for expanded learning to maintain existing levels of service due to increased demand on the facilities generated by new development (North, Monte Vista, South West, Villalovoz)	\$ 337,647.07 (Contract value = \$491,713.45; \$104,075.96 expended FY 2021-22)	100%
Accessibility and access work to maintain existing levels of service due to increased demand on the facilities generated by new development (Villalovoz ES)	\$554,528.00 (Contract value = \$667,528)	100%
Architectural planning and support services for multiple facilities projects due to increased demand on the facilities generated	\$24,881.60 (Contract value = \$222,000; FY 23/24 - \$99,451.40)	100%

by new development (RGMK)		
Inspection and testing support services for multiple facilities projects due to increased demand on the facilities generated by new development (Kimball West HS and Tracy HS)	\$15,000.00 (Contract value = \$78,000; Expended FY 2023/24 - \$15,000)	100%
Professional/Consulting Services – Dannis Woliver Kelley legal fees in connection with the adoption of Developer Fees and requisite reporting	\$ 200,471.46	100%
McKinley Elementary - Kinder Playground Structure & Playground Upgrades Project at McKinley Elementary to maintain existing levels of service due to increased demand on the facilities generated by new development	\$ 155,386.06	100%
Modular Building Expansion at multiple sites to accommodate student growth generated by new development	\$4,059,555.29 (Project value: \$12,276,292.00, also referenced in Table F)	100%
West High School Tennis Court Renovation Project (to maintain existing levels of service due to increased demand on the facilities generated by new development)	\$8,100 (Also referenced in Table F)	100%
Kimball High School Tennis Court Renovation (to	\$1,011,370.00 (Also referenced in Table F)	100%

maintain existing levels of service due to increased demand on the facilities generated by new development)		
Reimbursement of Direct and Administrative Costs Incurred for Collecting Developer Fees for 2022-2023 Fiscal Year (up to 3% of amount of Developer Fees collected in same fiscal year)*	\$108,397.20 (3% of revenues 2022/23 FY developer fee revenues of \$3,613,242.73)	3% of fees collected
Other Set-Aside:	\$7,337,878.42 ⁵	100%
TOTAL	\$13,813.215.10	

*(Ed. Code § 17620(a)(5))

F. INCOMPLETE PROJECTS FUNDED WITH DEVELOPER FEE REVENUES:

Incomplete Projects for which sufficient funds have been collected (as of the end of the 2022-2023 Fiscal Year) to complete financing of the Project, and the approximate date by which construction of the Project will commence:⁶

Incomplete Projects for Which Sufficient Funds Have Been Collected to Complete Financing of Project	Approximate Date Construction Will Commence	Anticipated Funding Amount
West High School Agricultural Center Expansion Project Phase 1 (to accommodate student growth generated by new development) and Tennis Court Renovation Project (to maintain existing levels of service due to increased demand on the facilities generated by new development)	Fall 2023	\$3,628,485 (\$3,023,738.00 plus \$604,747 (20% non-design related soft costs) ⁷

⁵ Reflects \$5,241,341.73 to address potential adverse outcome in litigation involving developer fee dispute plus \$2,096,536.70 interest at 8% per year (\$419,307.34/yr.) multiplied by five years.

⁶ Due to the COVID-19 pandemic and associated impacts such as labor shortages, etc., the District has been unable to initiate as many projects as anticipated in previous reports.

⁷ Soft costs other than design fees include construction manager, IOR, special inspectors, DSA expenses, etc.

West High School Agricultural Center Expansion Project Phase 2 -construction costs (AG Shop and Training Facility) (to accommodate student growth generated by new development)	Winter 2025/26	\$14,400,000 (\$12,000,000.00 plus \$2,400,000 (20% non-design related soft costs))
West High School Agricultural Center Expansion Project Phase 2 -Architectural Services (AG Shop and Training Facility) (to accommodate student growth generated by new development)	Winter 2025/26	\$1,000,000.00
Tracy High School Tennis Court Renovation Project (to maintain existing levels of service due to increased demand on the facilities generated by new development)	Winter 2023/24	\$ 880,000
Kimball High School Tennis Court Renovation (to maintain existing levels of service due to increased demand on the facilities generated by new development)	Winter 2023/24	\$ 2,328,000.00
Modular Building Expansion at multiple sites, including Poet School outdoor classroom project (to accommodate growth generated by new development)	Winter 2023/24	\$12,276,292.00
Expansion of TK/Kindergarten Facilities (to accommodate student growth generated by new development and maintain existing levels of service due to the increase demands on the facilities generated by new development)	Winter 2025-2026	\$14,400,000 (\$12,000,000.00 plus \$2,400,000 (20% non-design related soft costs))
Architectural Services for TK/Kindergarten Facilities (to accommodate student growth generated by new development and maintain existing levels of service due to the increase demands on the facilities generated by new development)	Winter 2025-2026	\$900,000.00
Architectural services for Tracy High School Gym and Aquatic Center Expansion of Facilities (to accommodate growth generated by new development and to maintain existing levels of service due to the increase demands on the facilities generated by new development).	Winter 2025-2026	\$1,575,000.00

Architectural services for Kimball High Expansion of Classroom Facilities (to accommodate student growth generated by new development and to maintain existing levels of service due to the increase demands on the facilities generated by new development).		\$655,000.00
Architectural services for West High School Theater and Auditorium Expansion (to maintain existing levels of service due to the increase demands on the facilities generated by new development).	Winter 2024-2025	\$1,215,000.00
Justification Study	Winter 2023-2024	\$ 100,000.00 (estimated)
Site Facility Condition Assessments, Site Master Planning, And A District-Wide, Comprehensive Master Facilities Plan	Winter 2023-2024	\$ 125,000.00 (estimated)
Total:		\$53,482,777.00 (estimated)

In approximately 2024, the District intends on gathering all relevant data and contracting with a consultant in order to prepare an updated Developer Fee Justification Study that coincides with the State Allocation Board’s (“SAB”) 2024 biennial adjustment to the amount of Level 1 residential and commercial/industrial Developer Fees, which typically occurs every other year at the SAB’s January meeting.

Additionally, the District intends to expand its classroom counts to accommodate for the additional student growth and construct new classrooms or retrofit existing school facilities for the purpose of providing facilities to house student enrollment growth. Additional projects not yet funded, but in planning to address additional District facility demands due to development include:

- Tracy High School Gym and Aquatic Center Expansion of Facilities - \$24,000,000.
 - Kimball High Expansion of Classroom Facilities - \$12,000,000.
 - West High School Theater and Auditorium Expansion - \$12,000,000.
- \$48,000,000**
(estimated)

G. INTERFUND TRANSFERS & LOANS:

Description of each interfund transfer or loan made to and/or from the Fund for the 2022-2023 fiscal year:

Amount of Interfund Transfer or Loan	Project that Transferred or Loaned Fees Expended on	Date Loan to be Repaid on (Loans Only)	Rate of Interest on Loan (Loans Only)
\$1,383,470.77	Interfund transfers to reimburse for projects identified in Table E, above	N/A	N/A

Table G reflects amounts not yet transferred from the developer fee account, but that have been encumbered and/or spent from other accounts, and will be transferred out of the developer fee account in the FY 2023/24. These include:

- \$79,790,17 in professional service fees (legal expenses) in connection with the adoption of developer fees and requisite reporting for Fiscal Years 2017/18 through 2021/22 inadvertently not previously transferred;
- \$1,303,680.60 (\$43,456,001.86 x 0.03) for Fiscal years 2012/13 through 2021/22 inadvertently not previously transferred. (Ed. Code, §17620(a)(5).)⁸

H. REFUNDS & ALLOCATIONS:

The amount of refunds made pursuant to Government Code section 66001(e) and allocations made pursuant to Government Code section 66001(f) for the 2022-23 fiscal year:

Refunds Made:	\$36,465.90 ⁹
Allocations Made:	N/A

II. Five-Year Developer Fee Findings

The following findings are made in connection with the public information set forth in Tracy Unified School District’s 2022-2023 Annual Developer Fee Report. The District hereby further incorporates its Findings set forth in its School Facility Fee Resolutions and the District’s Justification Study as though fully set forth herein.

⁸ Current District practice is to transfer administrative costs from the developer fee fund every 10 years.

⁹ Refund issued on or about February 21, 2023, in connection with an inadvertent duplicate payment previously received on the same five lots.

Each of the capitalized letters A-D, below, correspond to the specific letter and portion of Government Code section 66001(d)(1).

A. PURPOSE TO WHICH DEVELOPER FEE IS TO BE PUT (Gov. Code § 66001(d)(1)(A)):

With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2022-23 fiscal year, the purpose of the Developer Fees is to finance the construction or reconstruction, including refurbishment, of School Facilities necessary to accommodate student population growth resulting from development, cover costs attributable to the increased demand for School Facilities reasonably related to new development and necessary to maintain existing levels of service, and reduce overcrowding caused by the development on which the fees were levied. As necessary, the fees will be used to provide interim housing for children generated by new development and for other school-related considerations relating to the District's ability to accommodate enrollment growth generated from new development as permitted by law. Likewise, fees will also be used for other indirect and support services related to construction and reconstruction of School Facilities necessitated by growth resulting from new development, including administrative costs in connection with the collection of fees, and legal fees and other costs connected with the establishment of the fee and the required reportings. Projects (and other school-related considerations) include, without limitation, the projects listed above under Section F of the Annual Developer Fee Report, along with those projects identified in the District's Facilities Master Plan, board approved May 12th, 2015 (incorporated herein by reference), which identify additional school facilities needed in our around communities most greatly affected by large development projects including, without limitation, schools serving the Tracy Hills Specific Plan attendance area.

Note: In the winter 2023-2024, the District will commission a site facility condition assessments, site master planning, and a district-wide, comprehensive master facilities plan, which will also include a plan for funding the District's long-term facility needs. These documents will include lists of recommended projects, in order of need and priority for future construction.

B. REASONABLE RELATIONSHIP BETWEEN DEVELOPER FEE & PURPOSE (Gov. Code § 66001(d)(1)(B)):

There is a reasonable relationship between the Developer Fees charged for residential and commercial/industrial development and the purposes for which they will be expended, as described in Paragraph A, in that the students that are generated by residential and commercial/industrial development will be accommodated by the School Facilities for which the Developer Fees are expended. The District does not have adequate facilities to accommodate students from new development and, thus, there is a reasonable relationship between the Developer Fees charged and the need for construction and reconstruction, including refurbishment, of School Facilities. The Developer Fees collected do not exceed the cost of accommodating students generated by development. Rather, the Developer Fees only partially mitigate the impact caused by residential and commercial/industrial development and do not adequately fund the School Facilities necessary to accommodate student growth. Please refer to the District's Justification Study and mitigation agreements for further details concerning the reasonable relationship between the fee's use and type of development project

on which the fee is imposed, the reasonable relationship between the need for the school facilities and the type of development project on which the fee is imposed, and the reasonable relationship between the amount of the fee and the cost of the school facilities.¹⁰

C. ANTICIPATED SOURCES & AMOUNTS OF FUNDING TO COMPLETE FINANCING OF INCOMPLETE PROJECTS (Gov. Code § 66001(d)(1)(C)):

With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2022-2023 fiscal year, the sources and amounts of Anticipated Funding to complete financing of any incomplete improvements identified in Paragraph A are as follows:

<u>Anticipated Source of Funding</u>	<u>Anticipated Amount of Funding¹¹</u>
Developer Fees	See Section F of Annual Report; See Section A, above
Matching State Funds	See footnote 11.
Total Anticipated Funding:	See Section F of Annual Report; See Section A, above

Note: The District has commissioned site facility condition assessments, site master planning, and a district-wide, comprehensive master facilities plan, which will also include a plan for funding the District’s long-term facility needs. These documents will include lists of recommended projects, in order of need and priority. Developer Fees will be included in the funding model, to address construction/renovation (refurbishment) needs resulting from increased student enrollment due to development. Preliminary anticipated costs of unfunded facilities needed exceed \$48,000,000.00.

D. APPROXIMATE DATE THAT ANTICIPATED FUNDING IS EXPECTED (Gov. Code § 66001(d)(1)(D)):

With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2022-2023 fiscal year, the following are the approximate dates on which the Anticipated Funding referred to in Paragraph C above is expected to be deposited into the Fund:

<u>Anticipated Source of Funding</u>	<u>Anticipated Date of Funding Expected</u>
Developer Fees (including Mitigation Payments)	End of FY 2026 ¹²
Total Anticipated Funding:	N/A

¹⁰ In connection with the adoption of this Annual and Five-Year Report, the District’s Board reviewed and considered the District’s March 2, 2018, Justification Study, which was originally adopted by the Board on March 13, 2018, and reconsidered by the Board on August 22, 2023. The District’s Justification Study and subsequent Board action is incorporated herein by reference.

¹¹ If the District receives State of California funding, the payment allocation will be 60% developer fees, 40% State funding. Otherwise, developer fees will account for 100% of project funding. Based on past State funding applications, there is no guarantee the District will receive State funding.

¹² Based on projected current school facility needs.