

Developer Fee Annual and Five Year Report

December 12, 2023

Background

In 1986 the California Legislature authorized school districts and other agencies to levy school impact or developer fees to fund school facilities. Developer fees are subject to an inflationary increase, authorized by the State Allocation Board in every even year.

Recent fee amounts are:

Year	Residential (per Sq. Ft)	Commercial (per Sq. Ft)
2014	\$3.36	\$0.54
2016	\$3.48	\$0.56
2018	\$3.79	\$0.61

A justification study is required in order for a district charge or increase developer fees. Los Gatos-Saratoga Union High School District's (LGSUHSD) last justification study was in the 18-19 School year. At that time the study justified fees at the current rates of \$3.79 and \$0.61.

The district has contracted for a new justification study which will be presented to the board in 2024 along with information to increase the developer fee rates.

The fees are collected by the elementary feeder districts and are split with them based on the grades served.

Proceeds from Developer Fees must be maintained in a separate account. Fund 25 has been established for this purpose.

Annual Reporting Requirements

Description of the type of fee in the account: Fund 25 contains proceeds of all developer fees and interest received by the district. Developer fees are also charged by three of the four feeder districts to LGSUHSD. The maximum fee that can be charged to a developer is the amount contained in the relevant justification studies for the school district(s) in which the development is located. This leads to revenue sharing arrangements between the elementary districts and the high school district. The fee split is based on the 13 grades from kindergarten to twelfth grade. The fee that is collected is therefore 9/13 to the elementary district and 4/13 to the high school district. Developers pay their fees at the elementary districts and LGSUHSD's fees are then remitted to us from the elementary districts. The one exception is Lakeside School District, which is declining in enrollment and therefore has not undertaken a justification study. Any developer fees coming from the Lakeside attendance area are paid at the high school district and the fee does not have to be shared.

The Amount of the Fee: Fees collected are \$3.79 per square foot for residential and \$0.61 for commercial, prorated.

The Beginning and ending Balances in the Account:

	2018-19	2019-20	2020-21	2021-22	2022-23
Beginning Balance	\$ 841,839	\$ 596,664	\$ 331,867	\$ 463,569	\$ 423,315
Ending Balance	\$ 596,664	\$ 331,867	\$ 463,569	\$ 423,315	\$ 453,053

The Amount of Fees Collected and Interest Earned:

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Revenue					
Interest	\$ 14,640	\$ 9,300	\$ 2,844	\$ 2,844	\$ 7,824
Developer Fees	\$ 197,148	\$ 186,977	\$ 497,271	\$ 324,990	\$ 264,265
	\$ 211,788	\$ 196,277	\$ 500,115	\$ 327,834	\$ 272,089

An identification of each public improvement on which fees were expended, including the cost of the improvement that was funded with fees:

The district issued certificates of participation (COPs) that were issued in 2001 and 2008 in part to help fund a new science wing at Los Gatos High school (2001) as well as facilities improvements for the MAP program at Saratoga High School and facilities for the NOVA program (2008). Debt was issued because the district had unmet facility needs and prior bond funding was fully expended. The district is using developer fees to service the debt on the COPs, with approximately 1/3 of the cost coming from developer fees and 2/3 coming from the General Fund in 2016-17 and the Reserve for Capital Outlay fund since 2017-18. During construction of the new classroom/music building at Los Gatos High School, two relocatable buildings were leased. Those relocatable buildings continued to be leased until summer of 2023.

A Description of each inter-fund transfer of loan: No inter-fund transfers or loans have been made from the Developer Fee Fund.

The Amount of any Refunds made for fees Unexpended and Uncommitted after Five Years: There were no refunds and no uncommitted funds.

Five Year Summary of Developer Fees

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	
Revenue						
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Expenditures						
Facility Rentals	28,870	35,340	37,496	37,212	37,212	Modular Classroom Rental
Advertising-Legal	1,380	-	-	-	-	Notice of Public Hearing
Consultant	-	-	-	-	-	Justification Report
Debt Service	426,713	425,734	330,917	330,876	205,139	Certificates of Participation
	\$ 456,963	\$ 461,074	\$ 368,413	\$ 368,088	\$ 242,351	
Revenue - Expenditures	(245,175)	(264,797)	131,702	(40,254)	29,738	
Beginning Balance	\$ 841,839	\$ 596,664	\$ 331,867	\$ 463,569	\$ 423,315	
Ending Balance	\$ 596,664	\$ 331,867	\$ 463,569	\$ 423,315	\$ 453,053	