



SARATOGA UNION SCHOOL DISTRICT

**ANNUAL AND FIVE-YEAR
DEVELOPER FEE REPORT**

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TABLE OF CONTENTS

SECTION I. EXECUTIVE SUMMARY	1
SECTION II. ANNUAL REPORTING REQUIREMENTS	3
A. TYPE AND AMOUNT OF FEE (GOVERNMENT CODE SECTION 66006(A) AND (B))	3
B. BEGINNING AND ENDING BALANCE OF ACCOUNT, SCHOOL FEES COLLECTED, INTEREST EARNED AND DISBURSEMENTS (GOVERNMENT CODE SECTION 66006 (C), (D), (E), (G), AND (H))	3
C. IMPROVEMENTS ON WHICH SCHOOL FEES WERE EXPENDED	4
D. ANTICIPATED DATES OF COMMENCEMENT FOR SUFFICIENTLY FUNDED AND INCOMPLETE PUBLIC IMPROVEMENT PROJECTS	4
E. INTERFUND TRANSFERS OR LOANS	4
F. REFUNDS OR ALLOCATIONS OF SCHOOL FEES.....	5
SECTION III. FIVE-YEAR REPORTING REQUIREMENTS	6
A. PURPOSE TO WHICH THE SCHOOL FEE IS TO BE EXPENDED	6
B. REASONABLE RELATIONSHIP BETWEEN THE SCHOOL FEE AND THE PURPOSE FOR WHICH IT IS CHARGED.....	6
C. IDENTIFICATION OF ALL SOURCES AND AMOUNTS OF FUNDING ANTICIPATED TO COMPLETE FINANCING FOR INCOMPLETE PROJECTS	6

SECTION I. EXECUTIVE SUMMARY

Under Education Code 17620 *et seq.*, school districts may levy fees (“School Fees”) in order to offset the impacts to school facilities from new residential and commercial development. Commencing January 1, 1987, statutory school fees were authorized to be levied in the amount of \$1.50 per square foot of new residential assessable space and \$0.25 per square foot of enclosed commercial or industrial assessable space (“Level 1 Fees”) and are subject to an increase of the statutory fees based on the Statewide cost index for Class B construction, as determined by the State Allocation Board every two years. With the passage of Senate Bill 50 (the Leroy F. Greene School Facilities Act) in 1998, the State School Facility Program was established, and provides school districts with the option of adopting alternative school fees (also known as “Level II Fees” and “Level III Fees”) in excess of the Level I Fee upon meeting certain requirements and are valid for a maximum of one (1) year.

In accordance with Government Code Sections 66001 and 66006, the Saratoga Union School District (“School District”) shall, within 180 days after the last day of the fiscal year and at least 15 days prior to a public meeting of the Board of Trustees, make available to the public certain information regarding the collection and expenditure of School Fees collected under the authorization of Education Code Section 17620 *et seq* and Government Code Section 65995 *et seq.*

This information shall consist of the following for the prior fiscal year (the “Annual Report”):

- Beginning balances
- Ending balances
- Amount of School Fees Collected
- Interest earned
- Identification of any inter-fund transfers or loans, if applicable
- Amounts of any refunds and/or allocations
- Identification of the program on which School Fees were expended, including the percentage of the cost of the project funded by School Fees in connection with school facilities to accommodate additional students from new development if funded or partially funded with School Fees
- Identification of an approximate date by which the construction of the public improvement will commence if the School District determines that sufficient funds have been collected to complete financing on an incomplete public improvement.

In addition, the School District must identify the following information with respect to the portion of the School Fee account and/or subaccounts remaining unexpended, whether committed or uncommitted (the “Five-Year Report”):

- Identification of the purpose to which the School Fee is to be expended
- Demonstration of a reasonable relationship between the School Fee and the purpose for which it is charged
- Identification of all sources and amounts of funding anticipated to complete financing for incomplete projects and the approximate date funding is expected to be deposited.

For the purposes of annual and five-year reporting requirements, School Fees do not include letters of credit and bond proceeds secured by payment of School Fees at a future date; revenues from developments under special mitigation agreements; or any other financing instrument used by the School District to fund school facilities construction and improvements.

The Board of Trustees will review the Annual Report and Five-Year Report (collectively the “Report”) at the next regularly scheduled Board meeting, at least 15 days after the Report was made available to the public. In addition, at least 15 days prior to the meeting, the School District will post a public notice of the time and place of the meeting, including information with respect to where the Report may be reviewed, and will mail the public notice to any interested party who filed a written request with the School District for mailed notice of such meeting.

SECTION II. ANNUAL REPORTING REQUIREMENTS

This report contains certain information regarding the type, amount, collection and expenditure of School Fees for Fiscal Year 2022/2023.

A. TYPE AND AMOUNT OF FEE (GOVERNMENT CODE SECTION 66006(A) AND (B))

The School District collects Level I Fees. Level I Fees are collected pursuant to Sections 17620 et seq. of the Education Code and Sections 66001 and 65995 et seq. of the Government Code. School Fees are deposited into the Capital Facilities Fund, Fund 25. Level I Fees are levied on square footage of assessable space for commercial/industrial construction/reconstruction and residential construction/reconstruction (primarily residential additions).

For collection purposes, all residential construction/reconstruction in the School District was subject to School Fees in the amounts set forth in the table below.

FEE TYPE	EFFECTIVE DATES FOR FISCAL YEAR 2022/2023	SCHOOL FEE PER SQUARE FOOT
Level I Fees (Residential) ¹	July 1, 2022 – June 30, 2023	\$0.63
Level I Fees (Commercial) ¹	July 1, 2022 – June 30, 2023	\$0.01 - Rental Self-Storage \$0.12 - Hospitality (Lodging) \$0.14 - Industrial Parks/Warehousing/Manufacturing \$0.16 - Community Shopping Center \$0.29 - Corporate Offices \$0.30 - Banks & Neighborhood Shopping Centers \$0.33 - Research & Development \$0.38 - Industrial Business Parks \$0.42 - All Remaining Categories

¹ Adopted by the Board of Trustees on December 18, 2018 by Resolution Number No. 467-12-18, effective February 11, 2019.

B. BEGINNING AND ENDING BALANCE OF ACCOUNT, SCHOOL FEES COLLECTED, INTEREST EARNED AND DISBURSEMENTS (GOVERNMENT CODE SECTION 66006 (C), (D), (E), (G), AND (H))

In fiscal year 2022/2023, School Fees were deposited and expended from Fund 25 in amounts as follows:

ITEM	AMOUNT
BEGINNING BALANCE JULY 1, 2022	\$3,549,008.30
REVENUES	
Level I School Fees Collected ¹	\$172,418.60
Interest Earned on Level I Fees	87,217.56
<i>Revenues Subtotal</i>	<i>\$259,636.16</i>
EXPENDITURES	
Transfer to Los Gatos-Saratoga High School District	\$(108,710.94)
Administrative Costs	(5,639.75)
<i>Expenditures Subtotal</i>	<i>\$(114,350.69)</i>
ENDING BALANCE JUNE 30, 2023	\$3,694,293.77

¹ Includes Level I Fees levied by the Los Gatos-Saratoga High School District.

C. IMPROVEMENTS ON WHICH SCHOOL FEES WERE EXPENDED

Government Code Section 66006 (b) (1) (E) requires an identification of public improvements upon which School Fees were expended, along with the amounts and percentage of total project expenditures that were funded by School Fees. No School District projects were funded by School Fees within Fiscal Year 2022/2023.

D. ANTICIPATED DATES OF COMMENCEMENT FOR SUFFICIENTLY FUNDED AND INCOMPLETE PUBLIC IMPROVEMENT PROJECTS

Should the School District determine that sufficient funds are available to complete an incomplete public improvement project, pursuant to Government Code 66006 (b) (1) (F), the School District must identify an approximate date by which construction of the public improvement will commence. No ongoing public improvements were funded by School Fees within Fiscal Year 2022/2023.

E. INTERFUND TRANSFERS OR LOANS

Government Code Section 66006 (b) (1) (G) requires the description of each interfund 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 interfund 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.

Interfund Transfer(s)

The table on the following page summarizes the reportable transfer(s) showing the projects for which the interfund transfer(s) was used, the fund (or description) to which the School Fees were transferred and the amount transferred.

PROJECT	TRANSFER TYPE	FUND	TRANSFER AMOUNT
Indirect Administrative Support	Interfund Transfer Out	General Fund	\$5,639.75

Interfund Loan(s)

No interfund loans were made during the reporting period.

F. REFUNDS OR ALLOCATIONS OF SCHOOL FEES

Government Code Section 66001 (e) stipulates that the School District is required to refund certain unexpended portions of School Fees and interest accrued to property owners, subject to exceptions described under Government Code 66001 (f). No such refunds were issued in Fiscal Year 2022/2023.

Likewise, Government Code Section 66006(b)(1)(H) requires the School District to provide a description of the amount of any allocations made pursuant to Government Code Section 66001(f). No such allocations were made in FY 2022/2023.

SECTION III. FIVE-YEAR REPORTING REQUIREMENTS

Government Code Section 66001 requires the School District to make the findings set forth in this Section III, for the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, with respect to the portion of the account or fund remaining unexpended, whether committed or uncommitted.

A. PURPOSE TO WHICH THE SCHOOL FEE IS TO BE EXPENDED

The purpose of the School Fees collected on new residential and commercial/industrial development is to fund construction and reconstruction of school facilities required to serve students generated by new development within the School District.

B. REASONABLE RELATIONSHIP BETWEEN THE SCHOOL FEE AND THE PURPOSE FOR WHICH IT IS CHARGED

The Fee Justification Study approved on December 13, 2018 demonstrates the roughly proportional, reasonable relationship between the new residential, commercial and industrial development upon which School Fees are charged and the need for additional school facilities in that the students that are generated by development will be accommodated by the school facilities for which the School Fees are expended. The School Fees charged on development projects will be used (1) to fund school facilities needed to serve the students generated from development, and (2) to modernize or refurbish existing facilities to address increased demand on the facility due to development and enrollment and is necessary for the School District to maintain existing levels of service. Additionally, the School Fees do not exceed the cost of providing school facilities for the new students generated from new development. Rather, the School Fees only partially mitigate the impact caused by development and do not adequately fund the school facilities necessary to accommodate the students generated by such development.

C. IDENTIFICATION OF ALL SOURCES AND AMOUNTS OF FUNDING ANTICIPATED TO COMPLETE FINANCING FOR INCOMPLETE PROJECTS

The following table provides the information required by Government Code Section 66001(d)(1) (C) and (D). The information is reported as of the date of this report and is subject to change.

PROJECT NAME	SOURCE OF FUNDS	TIMING OF FUNDS	ANTICIPATED FUNDING AMOUNT	TOTAL ESTIMATED PROJECT COSTS
Argonaut TK Expansion	School Fees	On Hand	\$500,000.00	\$500,000.00
Subtotal			\$500,000.00	\$500,000.00
Foothill TK Expansion	School Fees	On Hand	\$500,000.00	\$500,000.00
Subtotal			\$500,000.00	\$500,000.00
Redwood Gym Building	School Fees	On Hand	\$1,000,000.00	\$5,000,000.00
	Other Sources ¹	TBD	\$4,000,000.00	
Subtotal			\$5,000,000.00	\$5,000,000.00
Redwood Track	School Fees	On Hand	\$1,000,000.00	\$3,500,000.00
	Other Sources ¹	TBD	\$2,500,000.00	
Subtotal			\$3,500,000.00	\$3,500,000.00
Redwood Cafeteria	School Fees	2024/2025	\$500,000.00	\$650,000.00
	State Funds		\$150,000.00	
Subtotal			\$650,000.00	\$650,000.00
Saratoga TK Expansion	School Fees	On Hand	\$500,000.00	\$500,000.00
Subtotal			\$500,000.00	\$500,000.00
TOTAL			\$10,650,000.00	\$10,650,000.00

¹ Other sources include funding anticipated from future School Fee collections.