



## Agenda Item Details

Meeting	Oct 19, 2023 - REGULAR MEETING
Category	5. CONSENT AGENDA
Subject	5.5 Developer Fee Annual 2022-2023 and Five-Year 2018-2023 Report
Type	Consent Item

**REPORTED BY/PERSON RESPONSIBLE:** Mark E. Evans, Associate Superintendent, Business Services Division

**BACKGROUND:** Education Code Sections 17620-17621 and Government Code Sections 65995-65995.7 authorized local school districts to levy Level 1, 2 or 3 developer fees on residential, commercial, and industrial construction to mitigate the impact of increased enrollment on school facilities. The law also requires local government agencies establishing, levying, and collecting developer fees, subject to restrictions specified by law, to deposit the funds received into a separate capital facilities account and to prepare an annual report and a five year report following first deposit into the capital facilities fund.

**DISCUSSION:** The Oak Grove School District Board of Trustees has conducted the update of fee justification studies over the years. Staff is presenting to the Board for the review of the District Annual 2022-2023 and Five-Year 2018-2023 Report in compliance with the law. The District Annual and the Five-Year Report of Developer Fees must include the following required information:

The annual report must contain the following information:

- A brief description of the type
- The amount of fee per distribution proceeds agreement
- The beginning and ending balances
- The amount of fee collected and interest earned
- Identification of 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
- Identification of an approximate date by which the construction of the public improvement will commence IF the District determines that sufficient funds have been collected to complete financing the incomplete improvement
- Description of each interfund transfer (or loan made from the fund), including the public improvement on which the transferred or loaned fees will be expended. IF - in case of the interfund loan, the date on which the loan will be repaid and the rate of interest that the fund will receive on the loan
- The amount of refunds made pursuant to subdivisions (e) and (f) of Government Code 66001.

The five-year report must:

- Identify of the purpose to which the fee is to be put
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements
- Designate the approximate dates on which this funding is expected to be deposited into the appropriate account

**FISCAL IMPACT:** The District Annual 2022-2023 and Five-Year 2018-2023 Developer Fee Report reflect the financial activities of the District's Capital Fund 25 for the period ending June 30, 2023. All the required information is outlined in the attached report as presented.

**OUTCOME:** Following Board approval, the District Annual 2022-2023 and Five-Year 2018-2023 Developer Fee Report will be immediately posted on the District's website to be in compliance with the government regulations.



[OGSD Developer Fee Annual 2022-2023 and Five-Year 2018-2023 Report\\_2023Oct19.pdf \(141 KB\)](#)

*Our adopted rules of Parliamentary Procedure, Robert's Rules, provide for a consent agenda listing several items for approval of the Board by a single motion. Documentation concerning these items has been provided to all board members and the public in advance to assure an extensive and thorough review. Items may be removed from the consent agenda at the request of any board member.*

**Motion & Voting**

The Board of Trustees approve the Consent Agenda, as presented.

Motion by Taunya Jaco, second by Beija Gonzalez.

Final Resolution: Motion Carries

Yea: Diego Martinez, Taunya Jaco, Jorge Pacheco Jr, Beija Gonzalez, Carla Hernandez

**OAK GROVE SCHOOL DISTRICT  
ANNUAL 2022-2023 AND FIVE-YEAR 2018-2023  
DEVELOPER FEE REPORT  
District Board Meeting, October 19, 2023**

Education Code Sections 17620-17621 and Government Code Sections 65995-65995.7 authorized local school districts to levy Level 1, 2 or 3 of developer fees on residential, commercial, and industrial construction to mitigate the impact of increased enrollment on school facilities. The law also requires local government agencies establishing, levying, and collecting developer fees, subject to restrictions specified by law, to deposit the funds received into a separate capital facilities account and to prepare the annual report and the fifth-year report following first deposit, and every five years thereafter.

The Oak Grove School District Board of Trustees has conducted the update of fee justification studies over the years. The Board has adopted the resolutions for levying of the Level 1 fees (the basic mitigation fee) and the rate increases for inflation adjusted by the State Allocation Board. Staff is presenting to the Board the District Annual 2022-2023 and Five-Year 2018-2023 Report for review in compliance with the law.

**I. ANNUAL REPORT 2022-2023**

- A. Introduction:** Education Code Section 17620(a)(1) states that "The governing board of any school district is authorized to levy a fee, charge, dedication, or other requirement against any construction within the boundaries of the district, for the purpose of funding the construction or reconstruction of school facilities, subject to any limitations set forth in Chapter 4.9 (commencing with Section 65995) of Division 1 of Title 7 of the Government Code." Therefore, the Oak Grove School District is allowed to impose fees, known as Level 1 Developer Fees, for development projects that are within the District's boundaries. The maximum allowable amount of developer fees is adjusted per Government Code Section 65995(b)(3) biennially (every even year beginning in Year 2000 since) based on the change in the statewide cost index for class B construction. The Oak Grove School District Board of Trustees has established Fund 25 for this purpose.

On February 23, 2022, the State Allocation Board approved the increase of Level 1 Developer Fees, the lowest level, by 17.45 percent based on the change in the statewide cost index for Class B construction, to \$4.79 per square foot for residential development and \$0.78 per square foot for commercial and/or industrial development, effective beginning January 2022. Pursuant to Government Code Sections 66001 and 66016, before increasing the Level 1 Developer Fees, the Board of Trustees conducted the update of District Fee Justification Study and satisfied the notice and hearing requirements. The District Trustees unanimously approved Resolution 1432-04/23 to adopt the 2022 SAB-Approved increased rates; and the updated fees became effective as of June 19, 2023, sixty (60) days following District Board's adoption of the resolution.

- B. Description of the Type of Fee:** The East Side Union High School District (ESUHSD) and the Oak Grove School District (OGSD or District) serve students in the same area; and per the existing developer fee sharing agreement to the amount allowed under State law, the proceeds of the Level 1 Developer Fees (the basic mitigation fees) are divided at the ratio of one-third to ESUHSD and two-thirds to the District. Per the Agreement for Division of Developer Fees, the District is entitled of two-thirds or 66.67 percent of the SAB-Approved rates and the ESUHSD one-third or 33.33 percent.
  
- C. Amount per Distribution Proceeds Agreement:** The OGSD and ESUHSD have the same territorial jurisdiction over the same development within the District boundary. Per the SAB-Approved rates effective January 2022, the District is entitled to receive \$3.19 per square foot for residential development and \$0.52 per square foot for commercial/industrial development. The 2022 SAB-Approved Fees are split as follow (Table 1):

**Table 1**

	<b>Residential Rate \$4.79 per square foot</b>	<b>Commercial/Industrial Rate \$0.78 per square foot</b>
Two-thirds or 66.67 percent to OGSD	\$3.19	\$0.52
One-third or 33.33 percent to ESUHSD	\$1.60	\$0.26

**D. District Developer Fees Fund Balances, Revenues, and Interests**

**Earned:** Funds collected and any interests earned have been deposited to the District Capital Facilities Fund (Fund 25). Following is an unaudited summary of Fund 25’s revenues, expenditures, and fund balances for the Fiscal Year 2022-2023 for the period ending June 30, 2023 (Table 2).

**Table 2**

<b>FUND 25 – BEGINNING BALANCE</b>	<b>221,770.98</b>
Interest (8660)	5,842.90
Gains/Losses on Investment (8662)	(920.40)
Developer Fees (8681)	35,820.92
<b>Total Revenues</b>	<b>40,743.42</b>
<b>Total Expenditures</b>	<b>9,476.60</b>
<b>FUND 25 – ENDING BALANCE</b>	<b>253,037.80</b>

**E. Projects Funded, Expenditures and Total Percentage of Each Project’s**

**Cost:** No public improvement projects were funded by Fund 25 in Fiscal Year 2022-2023.

**F. Identification of an Approximate Date by Which the Construction of the Public Improvement (Projects) Will Commence If the District**

**Determines That Sufficient Funds Have Been Collected to Complete**

**Financing on an Incomplete Public Improvement (Projects):** The District

proposes to determine that for Fiscal Year 2022-2023, the Developer Fees

Fund collected were not sufficient to complete financing of the District

Facilities Construction Projects.

**G. Identification of Each Interfund Transfer or Loan Made from the Fund, Including the Public Improvement (Projects) on Which the Transferred**

**or Loan 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:** The District had a transfer of

Fund 25 to reimburse the \$1,074 facilities administrative cost expense, a 3%

appropriation of the total fees collected (\$35,820.92) in Fiscal Year 2022-

2023 as permitted per Education Code Section 17620.

**H. The Amount of Refunds Made Pursuant to Subdivision (e) of Government Code Section 66001 and any allocations pursuant to Subdivision (f) of Government Code Section 66001:** Neither development projects were qualified for the refund in Fiscal Year 2022-2023 pursuant Government Code Sections 66001(e) nor allocations were made pursuant to Government Code Section 66001(f).

**II. FIVE-YEAR REPORT 2018-2023**

In accordance with Government Code Section 66001(d)(1), for the fifth fiscal year following the first deposit to the account or fund, and every five years thereafter, local government agencies shall provide the following information with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted. The District Five Year report for the period of 2018 through 2023 in Table 3 below demonstrates the District’s facilities activities and expenditures on Fund 25.

**Table 3**

OAK GROVE SCHOOL DISTRICT	DEVELOPER FEES FIVE-YEAR REPORT				
	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
<b>Audit Adjustments (9793)</b>					<b>2,108.24</b>
<b>BEGINNING BALANCE</b>	<b>444,463.12</b>	<b>516,162.38</b>	<b>533,599.91</b>	<b>225,057.67</b>	<b>221,770.98</b>
<b>Revenues &amp; Other Resources</b>					
Interest (8660)	9,526.04	10,294.24	5,489.16	2,234.00	5,842.90
Gains/Loses on Investment (8662)				(8,301.32)	(920.40)
Developer Fees (8681)	64,096.22	17,054.29	34,235.82	36,939.39	35,820.92
<b>Total Revenues</b>	<b>73,622.26</b>	<b>27,348.53</b>	<b>39,724.98</b>	<b>30,872.07</b>	<b>40,743.42</b>
<b>Expenditures - Other Services</b>					
Direct Interfund Services (5750)	1,923.00	511.00	1,027.00	1,108.00	1,074.00
Advertising (5809)					127.60
Consultant Services (5825)		9,400.00	9,400.00	17,110.00	8,275.00
Other Operating Expenses (5891)			337,840.22	18,049.00	
<b>Total Expenditures</b>	<b>1,923.00</b>	<b>9,911.00</b>	<b>348,267.22</b>	<b>36,267.00</b>	<b>9,476.60</b>
<b>FUND 25 - ENDING BALANCE</b>	<b>516,162.38</b>	<b>533,599.91</b>	<b>225,057.67</b>	<b>219,662.74</b>	<b>253,037.80</b>

- A. Identify the Purpose to Which the Fee Is to be Put:** The purpose of the fees imposed and collected on new (and/or addition to) residential and commercial/industrial development within the District during Fiscal Year 2022-2023 was to provide adequate school facilities for District students generated by the developments within the District. The fees are used to fund construction and reconstruction of school facilities projects.
- B. Demonstration of a Reasonable Relationship between the Fees and the Purpose for Which They Are Charged:** There is a reasonable relationship between the need for the fees and the use of the fees, and the new residential, commercial/industrial development projects. The District needs to maintain and provide adequate facilities at the required level of services in order to house student enrollments. New students generated from new developments create a burden on existing facilities. The fees are needed to fund portions of these facilities – the construction of property for additional school facilities, additional classrooms, and/or renovation of school facilities.
- C. Identification of All Sources and Amounts of Funding Anticipated to Complete Financing in Incomplete Improvements:** On December 15, 2022, the District Board of Trustees authorized the issuance and sale of \$67,650,000 Measure-P General Obligation Bonds (GOBs), Election 2022, to fund improvement projects for classroom facilities modernizations with student and teacher access to computers and modern technology, science labs, visual/performing arts, STEAM (science, technology, engineering, arts, and math) education, and school safety enhancements (Table 4).

**Table 4**

Project Names	Sources	Funding Status
2022 Measure-P Bond Programs	Measure-P GOBs, 2022 Election, Series A-1 and A-2	Committed

- D. Identification of the Approximation Dates on Which This Funding Is Expected to Be Deposited into the Appropriate Account or Fund:** Bond proceeds were scheduled to be deposited into the District’s Building Fund on February 15, 2023.