



GOODWIN CONSULTING GROUP

**Vallejo City Unified School District
Justification and Expenditure Findings
For School Fees (Monteith Report)
For Fiscal Year 2022-2023**

November 27, 2023

Table of Contents

<u>Section</u>	<u>Page</u>
I. Introduction	1
II. Legislation	4
III. Annual Reporting Requirements	7

Appendix A – Capital Facilities Fund Balance for Fiscal Year 2022-2023

Appendix B – Financial Activity Report for Fiscal Year 2022-2023

Appendix C – VCUSD Financial Master Plan Cost Summary Table

I. Introduction

This report contains certain information required to be filed annually by the Vallejo City Unified School District (the “School District”) in accordance with Senate Bill 1693 (“SB 1693”). SB 1693 amends Sections 66001 and 66006 and adds Section 66008 to the California Government Code. The reporting requirements set forth in SB 1693 are applicable to the school impact fees imposed on new development in the Vallejo City Unified School District. SB 1693 requires that a public agency, on an annual basis, make available within 180 days after the last day of each fiscal year the following information for the past fiscal year:

- 1) The amount of the fee.
- 2) The beginning and ending balance of each account or fund.
- 3) The amount of the fees collected and the interest earned.
- 4) An 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.
- 5) An identification of an approximate date by which the construction of the public improvement(s) will commence if the School District determines that sufficient funds have been collected to complete financing of an incomplete public improvement(s), and the public improvement(s) remains incomplete.
- 6) A description of each interfund transfer or loan made from the account or fund, if any, 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 interest rate that the account or fund will receive on the loan.
- 7) The amount of refunds made pursuant to subdivision (e) of Section 66001 of the Government Code and any allocations pursuant to subdivision (f) of Section 66001.

The School District shall review the information provided in this report at the next regularly scheduled public meeting not less than 15 days after the information is made available to the public. A notice specifying the time and place of the meeting, including the address where this information may be reviewed, shall be mailed at least 15 days prior to the meeting to any

interested party who files a written request with the School District to receive notification of such meeting.

In addition to the annual reporting requirements outlined above, the School District is required, for the fifth fiscal year following the first deposit into the fee account and every five years thereafter, to file a report with respect to that portion of any account or fund for the impact fees that remain unexpended, whether committed or uncommitted, documenting the following:

- 1) The purpose for which the fee is to be put.
- 2) A demonstration of a reasonable relationship between the fee and the purpose for which it is charged.
- 3) The sources and amounts of funding anticipated to complete financing for incomplete improvements.
- 4) The approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

The last five-year report was filed for the fiscal year ending June 30, 2022. The next five-year report will be filed by the school district for the fiscal year ending June 30, 2027.

In addition to the requirements set forth above, Section 66001(e) of the Government Code states that when sufficient funds have been collected to complete financing on incomplete public improvements, and the public improvements remain incomplete, the School District shall identify, within 180 days of the determination that sufficient funds have been collected, an approximate date by which the construction of the public improvement will be commenced, or otherwise shall refund to the then current record owner or owners of the lots or units, as identified on the last equalized assessment roll, of the development project or projects on a prorated basis, the unexpended portion of the fee, and any interest accrued thereon. However, Section 66001(f) states that if the administrative costs of refunding unexpended revenues exceed the amount to be refunded, the School District, after a public hearing, notice of which has been published and posted in three prominent places within the area of the development project, may determine that the revenues shall be allocated for some other purpose for which fees are collected and which serves the project on which the fee was originally imposed.

Facilities to Be Funded by School Fees

Assembly Bill (“AB”) 1600, enacted by the State of California in 1987 and discussed in further detail in Section II below, explicitly dictates how impact fees are to be spent by the jurisdiction imposing the fee. Section 66006 of the California Government Code specifies that the impact fees collected by the School District shall be deposited in a separate capital facilities account or fund so that any commingling of impact fees with other revenues and funds does not occur. Furthermore, Section 66006 specifies that the impact fees can only be used for the purpose for which the fees were collected; specifically, for the purposes identified in the School Fee Study for Vallejo Unified School District, dated May 27, 2004 (the “School Fee Study”).

II. Legislation

State legislation, specifically Assembly Bills 2926 and 1600, provides guidelines, procedures, and restrictions on the levy of fees for school facilities. Certain provisions of this legislation are summarized below:

AB 2926

AB 2926 was enacted by the State of California in 1986. Among other things, AB 2926 added various sections to the Government Code, which authorized school districts to levy school fees on new residential and commercial/industrial development in order to pay for school facilities required by such development. In addition, AB 2926 provides for the following:

1. No city or county can issue a building permit for a development project unless such school fees have been paid.
2. School fees for commercial/industrial development must be supported by the finding that such fees “are reasonably related and limited to the needs for schools caused by the development.”
3. School fees in 1987 were limited to a maximum of \$1.50 per square foot of enclosed residential floor space, and \$0.25 per square foot of enclosed commercial/industrial floor space.
4. Every other year, school fees are subject to annual increases based on the statewide cost index for Class B construction, as determined by the State Allocation Board at its January meeting.

The provisions in AB 2926 have since been supplemented by AB 1600.

AB 1600

AB 1600, which was enacted by the State of California in 1987, created Section 66000 et seq., of the Government Code. AB 1600, also referred to as the Mitigation Fee Act, requires that all public agencies satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval for a development project:

1. Identify the purpose of the fee.
2. Identify the use to which the fee will be put.
3. Determine how there is a reasonable relationship between:
 - a. the fee's use and the type of development project on which the fee is imposed.
 - b. the need for the public facility and the type of development project on which the fee is imposed.
 - c. the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.
4. Provide an annual accounting of the fee revenues for that fiscal year. Also, provide further findings for the fifth fiscal year following the first deposit into the fund, and for every fifth year thereafter, for any unexpended fee revenue, which confirms, among other things, that the relationship or nexus stated previously still exists.
5. The School District shall expend a fee for public improvements, as accounted for pursuant to annual reporting requirements specified in Section I of this report, solely and exclusively for the purpose or purposes for which the fee was collected. The fee shall not be levied, collected, or imposed for general revenue purposes.

This report provides the necessary annual information required pursuant SB 1693, as outlined in Section I of this report.

Assembly Bill 181

AB 181, approved in 1989, established new requirements for school districts levying school fees. These requirements:

1. Clarified that school districts may assess fees on categories of commercial/industrial development projects rather than assessing fees on a project-by-project basis.
2. Required school facility fees not to be used for the purposes of deferred maintenance, for routine maintenance, or for removal of asbestos, except as part of an otherwise eligible project.
3. Provided that school districts must provide a construction schedule or plan, in the form of a capital improvement plan, or alternatively, the submittal of a five-year plan for construction or reconstruction of school facilities.

III. Annual Reporting Requirements

The annual reporting requirements required by the School District pursuant to SB 1693 for the fiscal year ending June 30, 2023 are as follows:

- 1) **Description of the type of fee in the account** – the school impact fee will fund the school facilities described in the School Fee Study. Specifically, this includes elementary, middle, and high school facilities.

- 2) **The amount of the fee** for new residential construction is \$2.24 per square foot of living space. For new commercial/industrial development, the fee is \$0.36 per square foot of building space.

- 3) **The balance in the school fee fund** at the beginning of fiscal year 2022-2023 was \$1,335,256. At the end of fiscal year 2022-2023, the balance in the school fee fund was \$2,123,289. Table 1 below illustrates these amounts.

- 4) **The amount of the fees collected** during fiscal year 2022-2023 was \$788,033.

Table 1
School Fee Cash Flow Summary
For Fiscal Year 2022-2023

Beginning Balance, July 1, 2022*	\$1,335,256
School Fee Revenue Collected (Net)	\$788,033
Interest on Account (net of fees)	\$0
<u>Expenditures</u>	<u>(\$0)</u>
Ending Balance, June 30, 2023	\$2,123,289

*The budget detail worksheet attached as Appendix B does not include a starting balance. We have assumed the ending balance from June 30, 2022, is the beginning balance for the fiscal year 2022-2023 report.

- 5) **An identification of each public improvement** on which fees were expended and the amount of the expenditures on each improvement for fiscal year 2022-2023 is shown in Appendix B of this report. The financial activity report in Appendix B shows that for fiscal year 2022-23 there was no expenditures paid with school fee revenue.

- 6) **The approximate date by which the construction of the public improvement(s) will commence if the School District determines that sufficient funds have been collected to complete financing of an incomplete public improvement(s).** As of June 30, 2023, sufficient funds have not been collected to complete public improvements for which the fees have been established. Appendix C shows the facilities cost summary presented in the District's Facilities Master Plan. A total of \$70.2 million in future school capital facilities is identified for the schools in the District. The District, however, does not have a timeline as to when these facilities will be constructed.

- 7) **A description of each interfund transfer or loan made from the account or fund, if any, 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 interest rate that the account or fund will receive on the loan.** For fiscal year 2022-2023, no interfund transfers or loans were made from fee accounts or funds.

- 8) **The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001 of the Government Code.** During this past fiscal year, no refunds were made pursuant to Government Code Section 66001.

APPENDIX A

Capital Facilities Fund Balance for Fiscal Year 2022-2023

Balances through June						Fiscal Year 2022/23
Object	Description	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
Fund 25 - CAP FACILITIES						
5800	INDEPENDENT CONTRACT AGREEMTS	10,000.00	10,000.00			10,000.00
	Total for Expense accounts	10,000.00	10,000.00	.00	.00	10,000.00
	Total for Org 003, Fund 25 and Expense accounts	10,000.00	10,000.00	.00	.00	10,000.00

Balances through June				Fiscal Year 2022/23
Object	Description	Debit	Credit	Account Balance
Fund 25 - CAP FACILITIES				
9110	CASH IN COUNTY TREASURY	2,307,939.77	3,727.33	2,304,212.44
9111	Fair Market Value Adj to CIT		28,114.00	28,114.00-
9120	CASH IN BANK(S)	590,646.94	590,646.94	.00
9229	ACCOUNTS RECEIVABLE SET-UP	199,972.61		199,972.61
9310	DUE FROM OTHER FUNDS	2,586.98		2,586.98
	Total for Asset accounts	3,101,146.30	622,488.27	2,478,658.03
	Total for Org 003, Fund 25 and Asset accounts	3,101,146.30	622,488.27	2,478,658.03

APPENDIX B

Financial Activity Report for Fiscal Year 2022-2023

Detail for Dates 07/01/2022 through 06/30/2023 **Fiscal Year 2022/23**

Ref#	Pay To Name	Check #	Journal #	Description	Trans Date	Revised Budget	Encumbered	Expenditure	Account Balance
Fund 25 - CAP FACILITIES, Object 5800 - INDEPENDENT CON, School 158 - FACILITIES MGMT, Function 8500 - FAC ACQ& CONSTR									
25-9029-0-0000-8500-5800-158-0005 DEVELOPER FEES,INDEPENDEN									
			BA23-00010	Approve Budget,OB23-05,Fund 25	07/01/22	10,000.00			10,000.00
PO23-01098	GOODWIN CONSULTIN		EN23-00511	Annual & 5 Year Monteith Report F	07/21/22		8,900.00		1,100.00
PO23-01098	GOODWIN CONSULTIN		EN23-13067	Year End Closing	06/30/23		8,900.00-		10,000.00
				Account Total	06/30/23	10,000.00	.00	.00	
Total for Object 5800, School 158, Function 8500, Expense accounts and Object 5800						10,000.00	.00	.00	10,000.00

Ref#	Pay To Name	Check #	Journal #	Description	Trans Date	Revised Budget	Revenue	Account Balance
Fund 25 - CAP FACILITIES, Object 8681 - MITIGATION/DEVE, School 100 - ADMIN BLDG, Function 0000 - REV & BAL SHEET								
25-9029-0-0000-0000-8681-100-0001 MITIGATION/DEVE								
			BA23-00010	Approve Budget,OB23-05,Fund 25	07/01/22	100,000.00		100,000.00
			AR23-00103	SCHOOL MIT FEES 040122-0630	09/08/22		24,973.88	75,026.12
			AR23-00208	BP APP B2021-1260/APN0074-25	10/21/22		1,780.80	73,245.32
			AR23-00209	DEVELOPER FEES BP APP B202	10/21/22		1,151.36	72,093.96
			AR23-00318	PERMIT B2022-0728 / 1219 FUL	12/14/22		2,132.48	69,961.48
			AR23-00335	070122-093022	01/17/23		28,109.58	41,851.90
			AR23-00358	PERMIT B2022-0635 / 1065 ORC	01/26/23		2,956.80	38,895.10
			AR23-00408	2N OTR OCT-DEC2022	02/27/23		389,474.72	350,579.62-
			AR23-00433	PERMIT# B2021-1001	03/09/23		43,627.68	394,207.30-
			AR23-00563	QTR3 FY22-23 SCHOOL FEES	06/05/23		91,265.68	485,472.98-
			AR23-00599	B2020-07711-0171 1235	06/28/23		2,586.98	488,059.96-
			AR23-00670	QTR4 FY22-23 SCHOOL FEES	06/30/23		199,972.61	688,032.57-
				Account Total	06/30/23	100,000.00	788,032.57	
Total for Object 8681, School 100, Function 0000, Revenue accounts and Object 8681						100,000.00	788,032.57	688,032.57-

Total for Org 003 and Fund CAP FACILITIES					
	Starting Balance	+ Revenues	- Encumbrances	- Expenditures	= Calculated Ending Balance
Budgeted		100,000.00		10,000.00	90,000.00
Actuals		788,032.57			788,032.57

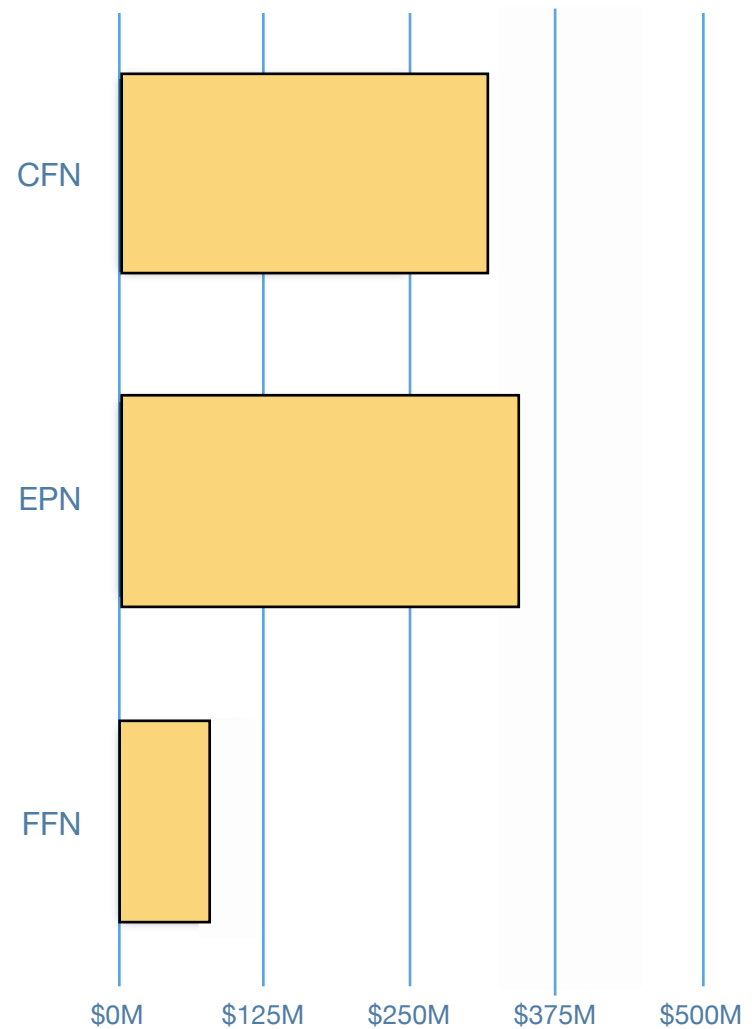
APPENDIX C

VCUSD Facilities Master Plan Cost Summary Table

Facilities Master Plan Summary - Costs by Category

Total estimated cost of all proposed improvements in each of the three Categories. Cost per Student is the Total Master Plan Cost divided by the January 2014 enrollment total for the District.

CATEGORY	COST
Current Facilities Needs (CFN)	\$328,147,816
Educational Program Needs (EPN)	\$330,257,258
Future Facility Needs (FFN)	\$70,227,047
Total	\$728,632,101
Cost Per Student	\$64,721



	CFN	EPN	FFN	FMP Total
Elementary School Sites				
Annie Pennycook	\$ 11,388,921	\$ 12,097,397	\$ 1,176,744	\$ 24,663,061
Beverly Hills	\$ 8,947,496	\$ 6,597,768	\$ 2,392,604	\$ 17,937,868
Dan Mini	\$ 11,790,446	\$ 22,778,870	\$ 463,085	\$ 35,032,401
Elmer Cave Dual Language	\$ 20,316,621	\$ 7,348,754	\$ 1,849,337	\$ 29,514,712
Federal Terrace	\$ 11,397,867	\$ 8,374,622	\$ 3,063,860	\$ 22,836,349
Glen Cove	\$ 9,537,414	\$ 5,568,700	\$ 2,143,734	\$ 17,249,848
Grace Patterson	\$ 6,302,331	\$ 4,984,074	\$ 3,576,473	\$ 14,862,878
Highland	\$ 9,441,495	\$ 26,963,342	\$ 1,614,987	\$ 38,019,824
Johnston Cooper	\$ 12,197,725	\$ 8,354,946	\$ 11,385,160	\$ 31,937,831
Joseph H. Wardlaw	\$ 13,694,759	\$ 14,340,924	\$ 3,403,924	\$ 31,439,607
Lincoln	\$ 10,874,888	\$ 5,627,407	\$ 423,296	\$ 16,925,591
Loma Vista	\$ 7,820,857	\$ 36,239,661	\$ 3,402,313	\$ 47,462,832
Mare Island	\$ 7,821,365	\$ 19,444,003	\$ 349,475	\$ 27,614,843
Steffan Manor	\$ 11,465,661	\$ 3,652,978	\$ 1,603,373	\$ 16,722,012
Vallejo Charter School	\$ 10,754,602	\$ 10,687,692	\$ 915,325	\$ 22,357,619
<i>Elementary School Sub-Total</i>	\$ 163,752,447	\$ 193,061,138	\$ 37,763,689	\$ 394,577,274
<i>(Inc. soft costs on hard construction cost)</i>				
Middle School Sites				
Franklin	\$ 15,445,782	\$ 19,204,440	\$ 3,455,523	\$ 38,105,745
Hogan	\$ 21,815,139	\$ 13,882,622	\$ 15,564,977	\$ 51,262,739
Solano K-8	\$ 27,150,008	\$ 21,527,615	\$ 594,747	\$ 49,272,370
<i>Middle School Sub-Total</i>	\$ 64,410,929	\$ 54,614,677	\$ 19,615,246	\$ 138,640,853
<i>(Inc. soft costs on hard construction cost)</i>				
High School Sites				
Jesse M. Bethel	\$ 21,899,145	\$ 28,950,858	\$ 6,510,886	\$ 57,360,889
Vallejo	\$ 45,629,284	\$ 37,798,191	\$ 4,959,551	\$ 88,387,026
<i>High School Sub-Total</i>	\$ 67,528,429	\$ 66,749,049	\$ 11,470,436	\$ 145,747,915
<i>(Inc. soft costs on hard construction cost)</i>				
Alternative School Sites				
VCUSD Learning Center	\$ 22,118,947	\$ 13,281,376	\$ 614,948	\$ 36,015,270
Vallejo Educational Academy	\$ 10,337,063	\$ 2,550,997	\$ 762,728	\$ 13,650,789
<i>Alternative School Sub-Total</i>	\$ 32,456,010	\$ 15,832,373	\$ 1,377,676	\$ 49,666,059
<i>(Inc. soft costs on hard construction cost)</i>				
Grand Totals				
Grand Totals	\$ 328,147,816	\$ 330,257,238	\$ 70,227,047	\$ 728,632,101