



**PLEASANTON UNIFIED SCHOOL DISTRICT**

**Resolution No. 2024-2025.04**

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE PLEASANTON UNIFIED SCHOOL DISTRICT TO ADOPT SCHOOL FACILITY FEE JUSTIFICATION REPORT FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL DEVELOPMENT PROJECTS, AND INCREASE STATUTORY LEVEL 1 RESIDENTIAL & COMMERCIAL/INDUSTRIAL SCHOOL IMPACT FEES FOR SCHOOL FACILITIES PURSUANT TO EDUCATION CODE SECTION 17620, AND GOVERNMENT CODE SECTION 65995**

**WHEREAS**, the Board of Trustees ("Board") of the Pleasanton Unified School District ("District") provides for the educational needs for TK-12<sup>th</sup> grade students within the District's boundaries, which includes the City of Pleasanton ("City") and certain unincorporated areas located within the County of Alameda ("County");

**WHEREAS**, new residential and commercial/industrial development continues to generate additional students for the District's schools and the District is required to provide school facilities to accommodate those students;

**WHEREAS**, overcrowded schools within the District have an impact on the District's ability to provide an adequate quality education and negatively impacts the educational opportunities for the District's students;

**WHEREAS**, under the provisions of Education Code Section 17620, *et. seq.*, and Government Code Section 65995, *et seq.*, a school district's governing board may levy fees against new residential, commercial and industrial development to offset the cost of construction and reconstruction of school facilities made necessary by such development;

**WHEREAS**, the District's Board has previously adopted resolutions to impose, and currently imposes, statutory school impact fees for new residential, commercial and industrial development pursuant to Education Code section 17620. More specifically, the Board last took such action through the adoption of Resolution No. 2022-2023.14 on December 8, 2022, which adopted statutory school impact fees, also known as "Level 1 Fees", at a rate of \$4.79 per square foot of assessable space of residential construction, and at a rate of \$0.78 per square foot of chargeable covered and enclosed space of commercial/industrial construction within the boundaries of the District, except for rental self-storage construction, which was adopted at a rate of \$0.15 per square foot of chargeable covered and enclosed space;

**WHEREAS**, pursuant to Government Code Section 65995(b)(3), the State Allocation Board ("SAB"), at its January 2024 meeting, authorized school districts to increase the maximum amount of statutory school impact fees that may be imposed to \$5.17 per square foot for assessable space of residential development, including, without limitation, new residential construction, additions/remodels to existing homes, ADUs, residential reconstruction, and manufactured homes and mobile homes as authorized by applicable law (collectively, "residential development"), and \$0.78 per square foot of chargeable covered and enclosed space for all categories of commercial/industrial development;

**WHEREAS**, future residential, commercial and industrial development is anticipated to result in an increase in enrollment beyond the capacity of the District's existing facilities, which requires the construction and/or reconstruction of school facilities as the District is required to provide school facilities to accommodate those unhoused students generated by such development;

**WHEREAS**, the District does not have sufficient funds available for the construction or reconstruction of school facilities to accommodate students from new development, including construction of permanent school facilities, refurbishment of school facilities to maintain existing levels of service, potential acquisition of sites, acquisition of interim school facilities, lease or acquisition and installation of portable classrooms to meet temporary needs, supplemental central administrative support, and acquisition and installation of related facilities in accordance with Education Code section 17620, *et seq.*;

**WHEREAS**, the Board received, reviewed, and considered the report entitled, "School Facility Fee Justification Report for Residential, Commercial & Industrial Development Projects", dated June 2024 ("Fee Report", attached hereto as **Exhibit "1"** and incorporated herein by reference), which Fee Report includes information, documentation, and analysis of the District's school facilities needs, including: (a) the purpose of the statutory school impact fees, (b) the use to which the statutory school impact fees are to be put, (c) the nexus (roughly proportional and reasonable relationship) between the residential and commercial/industrial development and (1) the use for statutory school impact fees, (2) the need for school facilities, (3) the cost of school facilities and the amount of statutory school impact fees from new residential and commercial/industrial development, (d) a determination of the impact of the increased number of employees anticipated to result from the commercial/industrial development (by category) upon the cost of providing school facilities within the District, (e) an evaluation and projection of the number of students that will be generated by new residential development, (f) the new school facilities that will be required to serve such students, and (g) the cost of such school facilities. The Fee Report is inclusive of all data and other documents relied upon and referenced therein, which, together with the Fee Study, are incorporated herein;

**WHEREAS**, the Fee Report justifies the District's imposition of school impact fees on residential construction as set forth in this Resolution by analyzing student generation data for residential development projects and by demonstrating that the construction and reconstruction of new school facilities are necessary to accommodate increased enrollment resulting from such development;

**WHEREAS**, the Fee Report further justifies the District's imposition of school impact fees on new commercial and industrial construction as set forth in this Resolution by analyzing specific categories of commercial and industrial development which were determined to impact the District's school facilities based upon the anticipated number of employees per average square feet of each category of development, the percent of employees in the District that also live in the District, houses per employee, the number of new TK-12 grade students generated from each housing unit for the employees, and school facility cost per student;

**WHEREAS**, the findings in the Fee Report demonstrate that the estimated costs of providing school facilities for students generated by new development will exceed the maximum amount of revenue which will be collected from school impact fees levied pursuant to Education Code section 17620, *et seq.* and Government Code section 65995, *et seq.*;

**WHEREAS**, the findings in the Fee Report justify an increase of the statutory school impact fees amount authorized by Education Code section 17620 *et seq.* and Government

Code section 65995 *et seq.* to **Five-Dollars-and-Seventeen-Cents (\$5.17)** per square foot of new residential development and to **Eighty-Four Cents (\$0.84)** per square foot of new commercial/industrial development, except for rental self-storage, which is adjusted to **Twenty-Two Cents (\$0.22)** per square foot of development;

**WHEREAS**, on August 8, 2024, a duly noticed public hearing was held at a regularly scheduled meeting of the Board of the District relating to the proposed statutory school impact fees, at which oral and written presentation was received regarding the Fee Report and the proposed increase in school impact fees;

**WHEREAS**, the District has made the proposed Fee Report available to the public as required by law at least ten (10) days prior to the public hearing, including all data indicating the amount of the cost, or estimated cost, required to provide the school facilities and services for which the increased school impact fees are to be imposed, and the revenue sources anticipated to provide the school facilities and services, as demonstrated in the Fee Report;

**WHEREAS**, the District has provided notice of the time and place (including virtual public access, to the extent applicable) of the public hearing, which notice also included a general explanation of the matter to be considered, and a statement that the data required by Government Code sections 66004 and 66018 was available. More specifically, the District: (a) posted the notice of the meeting and mailed the notice to those who requested notice on the District's intent to initiate a nexus study at least thirty (30) days prior to the meeting; (b) at least fourteen (14) days prior to this meeting, mailed to all interested parties who have, within the time specified by law, requested in writing notice of the meeting on new or increased fees; and (d) published the notice of public hearing twice with five (5) days intervening between publications in a newspaper of general circulation in the District in accordance with Government Code Sections 66004, 66018, and 6062(a);

**WHEREAS**, all required notices of the public hearing and proposed statutory school impact fees have been given, and the Fee Report and supporting data has been made available to the public in accordance with applicable law;

**WHEREAS**, the school impact fees levied against new residential, commercial and industrial development will be used to finance or fund the construction and/or reconstruction of school facilities necessary to accommodate students generated from new development, including but not limited to, the construction of permanent school facilities, refurbishment of school facilities to maintain existing levels of service, potential acquisition of sites, acquisition of interim school facilities, lease or acquisition and installation of portable classrooms to meet temporary needs, supplemental central administrative support, and acquisition and installation of related facilities in accordance with Education Code section 17620, *et seq.*;

**WHEREAS**, Education Code section 17621 provides that the adoption, increase or imposition of any fee, charge, dedication, or other requirement, pursuant to Education Code section 17620 shall not be subject to Division 13 (commencing with Section 21000) of the Public Resources Code;

**WHEREAS**, no city or county may issue a building permit for any new residential, commercial or industrial development within the District absent a certification by the District of compliance by the owner/developer with the requirements regarding school facilities fees as set forth in Education Code section 17620, *et seq.* and Government Code section 65995, *et seq.*; and

**WHEREAS**, the appropriate land use jurisdictions will be notified of the adoption of

the school impact fees levied by the District and will be requested to continue to work with the District to assure that the school facilities fee program benefits the residents and students of the community.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the Pleasanton Unified School District, as follows:

**1. Recitals and Exhibits.** The Board hereby finds and determines the foregoing recitals to be true and correct, and such recitals are incorporated herein by reference. All exhibits attached hereto are incorporated herein by reference.

**2. Procedure.** The Board hereby further finds and determines that prior to the adoption of this Resolution, the Board conducted a duly noticed public hearing at a regularly scheduled meeting of the Board. All required notices of the public hearing and proposed statutory school impact fees were given, and the Fee Report and supporting data was made available to the public in accordance with applicable law.

**3. Findings.** The Board has reviewed and considered the Fee Report and supporting data, and its findings as it relates to: (i) the District's current school facilities, (ii) proposed and potential development, (iii) the estimated number of students which will be generated by new residential and commercial/industrial development projected within the District, (iv) the estimated number of students who may be unhoused based on the District's current facilities and estimated numbers of students generated by new development, (v) the resulting school facilities needs, (vi) the cost thereof, and (vii) the available source of revenue, including the fees provided by this Resolution. Based thereon, and upon all other material facts and statements of opinion made available to the Board, including written and oral presentations made to the Board, the Board hereby makes the following findings:

a. That the present enrollment of students in all the District's existing facilities, when combined with enrollment from projected development in the District, will exceed the current capacity of the District's facilities;

b. That additional development projects within the District, whether new residential construction; other residential construction; additions, remodels and residential reconstruction involving increases in assessable space greater than 500 square feet; ADUs; or new commercial or industrial construction, will increase the need for school facilities and/or the need for reconstruction of school facilities;

c. That new residential, commercial or industrial development will result in an increase in student enrollment, which will require the District to provide additional school facilities to accommodate new growth and/or refurbish existing facilities necessary to maintain existing levels of service as a result of increased demand on such facilities due to growth generated by development, and therefore a reasonable relationship exists between the District's need for new, reconstructed and refurbished school facilities, and the types of development on which the school impact fees will be imposed;

d. That the fees imposed on new residential, commercial or industrial development will be used to finance school facilities necessary to serve students generated from such development as described in the Fee Study and above;

e. That the amount of the school impact fees imposed on new residential or commercial/industrial development by type or category as set forth in the Fee Study and this Resolution is roughly proportional and reasonably related to, and does not exceed, the

cost of providing the school facilities required to serve the students generated by such new development within the District; and

f. That the increase in student enrollment resulting from residential, commercial and/or industrial development necessitates the construction or reconstruction of new or existing facilities to accommodate such growth and/or the refurbishment of existing facilities as is necessary for the District to maintain existing levels of service due to increased demand on such facilities as a result of development, and therefore a roughly proportional, reasonable relationship exists between the use of the school impact fees (construction and reconstruction of school facilities to accommodate such new growth, including refurbishment of existing facilities) and the residential, commercial or industrial development on which the school impact fees will be imposed.

**4. Fee Study.** The Board hereby adopts and incorporates herein the Fee Study, attached hereto as **Exhibit "1"**.

**5. Fees.** Based on the findings in the Fee Report, the Board hereby:

a. Deems it to be necessary, justified, and in the best interest of the students, teachers, parents and electorate of the District to increase the statutory school impact fees amount authorized by Education Code section 17620 *et seq.* and Government Code section 65995 *et seq.* to the rates specified herein.

b. Adopts and authorizes the imposition of statutory school impact fees in the amount of **Five-Dollars-and-Seventeen-Cents** (\$5.17) per square foot of assessable space for new residential construction (including, without limitation, single-family and multi-family residential construction, and ADUs), residential reconstruction where authorized by law, manufactured homes and mobile homes as authorized under Education Code Section 17625, and for other residential construction or reconstruction, including additions and remodels, resulting in an increase of assessable space in excess of 500 square feet pursuant to Education Code section 17620 *et seq.* and Government Code section 65995(b)(1). However, these amounts shall not be imposed on any development project that is dedicated solely for senior citizen housing development, as defined in Civil Code Section 51.3, or a residential care facility for the elderly as defined in Health and Safety Code section 1569.2, or migrant worker housing that is owned by the State of California and is financed by Health & Safety Code section 50710, *et seq.*

c. Adopts and authorizes the imposition of statutory school impact fees in the amount of **Eighty-Four Cents** (\$0.84) per square foot of chargeable covered and enclosed space for new commercial or industrial construction, except for self-storage which shall be assessed in the amount of **Twenty-Two Cents** (\$0.22) per square foot pursuant to Education Code section 17620, *et seq.* and Government Code section 65995(b)(2). Residential development that is dedicated solely for senior citizen housing development, as defined in Civil Code section 51.3 or a residential care facility for the elderly as defined in Health & Safety Code section 1569.2 may only be charged the commercial/industrial fee.

d. Finds that, in the event the District is now or in the future authorized to impose alternative fees (also known as Level 2 and Level 3 Fees) upon residential development pursuant to Government Code section 65995.5 ("Alternative Fees"), the Level 1 school impact fees adopted herein shall remain effective at any time the Alternative Fees are not effective. If Alternative Fees are held to be invalid, Level 1 school impact fees are intended to be, and shall remain, in full force and effect.

**6. Additional Mitigation Methods.** The policies set forth in this Resolution are not exclusive and the Board hereby reserves the authority to undertake other or additional methods to finance school facilities including but not limited to Level 2 or Level 3 fees (Government Code Sections 65995, 65995.5 and 65995.7 et. seq.), the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 et. seq.), voluntary mitigation agreements, and other available funding mechanisms as authorized by statute or other applicable law.

**7. Implementation.**

a. The Board finds that a separate account has been established for the deposit of school impact fees imposed on residential and commercial/industrial development, and that said accounts have at all times since been separately maintained, except for temporary investments, from other funds of the District. The Board hereby directs District staff to ensure that the school impact fees collected by the District pursuant to this Resolution are deposited in said separate account and that said account shall continue to be separately maintained, except for temporary investments, from other funds of the District.

b. The Board hereby finds that the funds of the account, described above, consisting of the proceeds of school impact fees, have been imposed for the purposes of construction and reconstruction of those school facilities necessitated by new residential and commercial/industrial development, and that these funds may be expended for those purposes. The fees may also be expended by the District for the costs of performing any study, preparing any report, or otherwise making the findings and determinations required under Government Code section 66001, subdivisions (a), (b), and (d). In addition, the District may also retain, as appropriate, an amount not to exceed in any fiscal year, three percent (3%) of the school impact fees collected in that fiscal year pursuant to Education Code section 17620(a)(5) for reimbursement of the administrative costs incurred by the District in collecting the fees.

c. District staff is hereby instructed to work with the appropriate land use jurisdictions to ensure compliance with Education Code section 17620(c), which provides that no city or county may issue a building permit for any development project within the District without certification by the District of compliance by that development project with the school facilities fee requirements of this Resolution. The Board determines that the school impact fees are not subject to Government Code section 66007 and that a certificate of compliance is required prior to the issuance of any building permit under the authority of this Resolution.

d. No statement or provision set forth in this Resolution, or referred to herein, shall be construed to repeal any pre-existing fee previously imposed by the District on any residential or commercial/industrial development, or any additional or alternative means of mitigation imposed pursuant to contract, or otherwise.

**8. Appeal Process for Commercial/Industrial School Impact Fees.** The Board hereby establishes a process that provides the party against whom the commercial/industrial school impact fees are imposed an opportunity for a hearing to appeal the imposition of fees on a commercial/industrial development project as required by Education Code section 17621(e)(2). The appeal process is as follows:

a. Within ten (10) calendar days of being notified, in writing, by personal delivery or deposit in the U.S. Mail or electronic mail, of the commercial/industrial school impact fees to be imposed on a particular commercial/industrial project, or within ten (10) calendar days of the commercial/industrial fees pursuant to Education Code section

17620(a)(1)(A), a party shall file a written request with the District's Superintendent for a hearing regarding the imposition of commercial/industrial school impact fees. The party shall state in the written appeal the grounds for the appeal, which shall be served by personal delivery to the Superintendent, or certified or registered mail addressed to the Superintendent at the District office: located 5758 W. Las Positas Blvd. Pleasanton, CA 94588. Payment of the commercial/industrial fee imposed must be tendered in full prior to or at the time the written protest is served. Protests received without payment will be deemed as untimely and automatically rejected on those grounds without notice.

b. The written protest shall contain all of the following in accordance with Education Code section 17621(e)(2) and Government Code section 66020(a)(1) & (2):

- (i) The protestor's name, mailing address, phone number, and email;
- (ii) The name and address (or APN if no address is available) of the project;
- (iii) A statement that the required payment is tendered;
- (iv) A statement informing the District of the factual elements of the dispute and the legal theory forming the basis of the protest; and
- (v) The grounds for the protest, which may include, but are not limited to, the inaccuracy of including the project within the category pursuant to which the commercial/industrial school impact fees are to be imposed, or that the employee generation or student generation factors utilized under the applicable category are inaccurate as applied to the project.

c. The Superintendent, or designee, shall render a written decision within thirty (30) calendar days following receipt of the written appeal and deliver it to the appealing party by certified or registered mail to the last known address of the party.

d. The party against whom the commercial/industrial school impact fees are imposed may appeal the Superintendent's decision to the Board. Any appeal to the Board must be filed in writing within ten (10) calendar days of the Superintendent's written decision.

e. The party appealing the Superintendent's decision to the Board shall state in the written appeal to the Board the grounds for opposing the decision, and shall include a copy of the original protest and the Superintendent's written decision thereon. The written appeal shall be served by personal delivery or certified or registered mail addressed to the President of the Board at the District office: located 4665 Bernal Avenue, Pleasanton, CA 94566.

f. The possible grounds for an appeal of the Superintendent's decision to the Board include, but are not limited to, the inaccuracy of including the project within the category pursuant to which the commercial/industrial school impact fees are to be imposed, or that the employee generation or student generation factors utilized under the applicable category are inaccurate as applied to the project.

g. Within ten (10) calendar days of receipt of the written appeal of the Superintendent's decision to the Board regarding the imposition of commercial/industrial fees, the Board Secretary or designee shall give notice in writing of the date, place and time

of the hearing before the Board, to the appealing party. The Board shall notice and conduct said hearing at the next available regular or special meeting of the Board, provided that the appealing party is given notice at least five (5) calendar days prior to the meeting of the Board. The Board shall render a written decision on the appeal within ten (10) calendar days following the Board's hearing on the party's appeal, and serve the Board's decision by certified or registered mail to the last known address of the appealing party.

h. The party appealing the imposition of the commercial/industrial school impact fees shall bear the burden of establishing that the commercial/industrial school impact fees are improper.

i. Timely completion of this protest and appeal process is required to exhaust a party's administrative remedies. A party who has timely filed a written protest and appeal has one-hundred-eighty (180) days from the date of imposition of the commercial/industrial fees on the project to commence a legal action.

**9. California Environmental Quality Act.** That the Board hereby finds the implementation of fees provided by this Resolution is exempt from the California Environmental Quality Act ("CEQA"), pursuant to Education Code section 17621(a).

**10. Commencement Date.** That pursuant to Education Code section 17621(a), the school impact fees designed pursuant to this Resolution shall take effect **60 days** following its adoption of this Resolution by the Board, unless a separate resolution increasing the fees immediately, on an urgency basis, is adopted by the Board.

**11. Notification to Local Agencies & HCAI.** The Superintendent, or designee, is directed to cause a copy of this Resolution to be delivered to the building official of the Cities and County (and all other appropriate land use jurisdictions) issuing building permits within the District's boundaries, and to the Department of Healthcare Access and Information ("HCAI"), along with a copy of all the supporting documentation referenced herein and a map of the District clearly indicating the boundaries thereof, advising the Cities, County, and HCAI that new residential and commercial/industrial development is subject to the School Fees adopted pursuant to this Resolution, and requesting that no building permit or approval for occupancy be issued by any of these entities for any residential development project (including, without limitation, ADUs), mobile home or manufactured home project, commercial or industrial development project, or any other residential or non-residential development project absent a certification from this District of compliance of such project with the requirements of the school impact fees or statutory exemption therefrom. The District shall provide such certification via a completed Certificate of Compliance upon satisfaction of the requirements set forth herein, as further provided below.

**12. Certificate of Compliance.** The Superintendent, or designee, is authorized to cause a Certificate of Compliance to be issued for each development project for which there is compliance with the requirement for payment of the school impact fees in the amount specified by this Resolution. In the event a Certificate of Compliance is issued for the payment of school impact fees for a development project and it is later determined that the statement or other representation made by an authorized party concerning the development project as to square footage, development category or type, or other relevant information is untrue, then such certificate shall automatically terminate, and the appropriate land use jurisdiction shall be so notified.

**13. Severability.** If any portion of this Resolution is found by a Court of competent jurisdiction to be invalid, such finding shall not affect the validity of the remaining portions of



this Resolution.

**THE FOREGOING RESOLUTION WAS APPROVED, PASSED AND ADOPTED** at a regular Meeting of the Board of Trustees of Pleasanton Unified School District on the 8th day of August 2024 by the following vote:

	<b>AYES</b>	<b>NOES</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
Dmitriev	_____	_____	_____	_____
Brown	_____	_____	_____	_____
Carreon	_____	_____	_____	_____
Maher	_____	_____	_____	_____
Mokashi	_____	_____	_____	_____
Walker	_____	_____	_____	_____

Signed: \_\_\_\_\_  
President, Board of Trustees

Attest: \_\_\_\_\_  
Secretary, Board of Trustees

**Exhibit "1"**

**School Facility Fee Justification Report  
for Residential, Commercial & Industrial Development Projects for the  
Pleasanton Unified School District, dated June 2024**

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**SCHOOL FACILITY FEE JUSTIFICATION REPORT  
FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL  
DEVELOPMENT PROJECTS**

for the  
**PLEASANTON UNIFIED SCHOOL DISTRICT**

June 2024

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*Prepared by*  
School Facility Consultants

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**SCHOOL FACILITY FEE JUSTIFICATION REPORT  
FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL  
DEVELOPMENT PROJECTS**

for the  
**PLEASANTON UNIFIED SCHOOL DISTRICT**

June 2024

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# TABLE OF CONTENTS

Executive Summary.....	1
Introduction.....	2
A. Purpose and Scope.....	2
B. Brief Description of the Pleasanton Unified School District.....	2
C. Data Sources.....	3
D. Outline of the Report.....	3
I. District Facility Needs.....	4
A. Enrollment History.....	4
B. Pupil Capacity of District Facilities.....	4
1) Classroom Loading Standards.....	4
2) Classroom Capacity.....	5
3) Classroom Utilization.....	6
C. District Facility Requirements.....	6
D. Plan for Fulfilling School Facility Needs.....	6
II. Financial Impact on the District of Future Residential Development.....	8
A. Number of Students per New Housing Unit.....	8
B. Cost of Providing School Facilities.....	8
C. Cost of Providing School Facilities per New TK-12 Students Generated by Future Development.....	9
D. Cost of Providing School Facilities per New Residential Housing Unit. ....	9
E. Cost of Providing School Facilities per Square Foot of Future Residential Development.....	10
III. Revenues from Fees on Residential Development Versus Costs of School Facilities.....	11
A. Fee Revenue from Residential Development Over the Next Five Years.....	11
B. Fee Revenue from Additions to Existing Residences.....	11
C. Fee Revenue from Reconstruction and Redevelopment.....	12
D. School Facility Costs Generated by Residential Development Over the Next Five Years.....	12
E. School Facility Costs Generated by Additions to Existing Residences.....	12
F. School Facility Costs Generated by Reconstruction and Redevelopment.....	12
G. Extent of Mitigation of School Facility Costs Provided by Level I Residential Fees .....	13
H. Senior Citizen Restricted Housing.....	13
IV. Financial Effect on the District of New Commercial/Industrial Development.....	14
A. Employees per Square Foot of Development.....	14
B. Percentage of Employees Residing Within the District.....	15
C. Number of Households per Employee.....	15
D. Number of Students per Dwelling Unit.....	15
E. School Facility Cost Per-Pupil.....	15
F. School Facility Cost per Square Foot of Commercial/Industrial Development.....	15
G. Calculating School Facility Cost of Commercial/Industrial Development with	

Residential Fee Offset.....	16
V. Findings.....	19
A. Government Code Section 66001(a)(1) - Purpose of the Fee.....	19
B. Government Code Section 66001(a)(2) - Use of the Fee.....	19
C. Government Code Section 66001(a)(3) - Relationship Between the Fee’s Use and the Type of Project Upon Which Fee is Imposed.....	19
D. Government Code Section 66001(a)(4) - Relationship Between the Need for the Public Facility and the Type of Project Upon Which the Fee is Imposed.....	20
E. Government Code Section 66001(b) - Relationship Between the Fee and the Cost of The Public Facility Attributable to the Development on Which the Fee is Imposed.....	20
F. Other Funding Sources.....	22
1) General Fund.....	22
2) State Programs.....	22
3) General Obligation Bonds.....	22
4) Parcel Taxes.....	22
5) Mello-Roos Community Facilities Districts (CFDs).....	22
6) Surplus Property.....	22
7) Alternatives for Reducing Facility Costs.....	22
VI. Recommendations.....	23
Appendix: Employee Statistics From the San Diego Association of Governments by Various Categories of Commercial/Industrial Development	

## **EXECUTIVE SUMMARY**

The Pleasanton Unified School District (District) is justified to collect the legal maximum fee as authorized by Education Code Section 17620 and Government Code Section 65995 (Level I fees), which is currently \$5.17 per square foot of residential development (new residential construction and ADUs, other residential construction such as remodels and additions, mobile and manufactured homes and reconstruction) and \$0.84 per square foot of senior citizen housing, as future residential development creates a school facility cost of \$13.76 per square foot. The District is also justified to collect the legal maximum fee of \$0.84 per square foot of development on all categories of commercial/industrial development (except rental self-storage), as those categories of development create school facility costs ranging from \$4.50 to \$19.14 per square foot of future development, even when fees from linked residential units are accounted for. The school facility cost attributable to rental self-storage units is only \$0.22 per square foot when fees from linked residential units are accounted for. Rental self-storage creates a school facility cost of \$0.22 per square foot.

The District's justification for collecting fees on future residential and commercial/industrial development is based on the following facts and projections:

1. The District's current enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient capacity to house students generated by future development. These students will require the District to acquire new school facilities.
2. Each square foot of future residential development creates an estimated school facilities cost of \$13.76. All categories of commercial/industrial development (except rental self-storage) create an estimated school facilities cost ranging from \$4.50 to \$19.14 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for. Rental self-storage creates an estimated school facilities impact of \$0.22 per square foot of development.
3. If the District collects the current maximum fee on residential development authorized by Government Code Section 65995 of \$5.17 per square foot, fee revenue will offset 37.6 percent of the school facility cost attributable to residential development. If the District collects the current maximum fee on commercial/industrial development authorized by Government Code Section 65995 of \$0.84 per square foot, fee revenue will offset from 4.4 percent to 18.7 percent of the school facility cost attributable to commercial/industrial development (except rental self-storage). For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.

The fees outlined above all meet the requirements of Government Code Section 66001 (the nexus requirements), that is, a reasonable relationship exists between the amount and use of the fees and the developments on which they are charged.

**End of Summary**

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## INTRODUCTION

This Report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the Pleasanton Unified School District. *School Facility Consultants* has been retained by the District to conduct the analysis and prepare this Report.

### A. Purpose and Scope

The purpose of this Report is to show that the District meets pertinent requirements of State law regarding the collection of developer fees.

State law gives school districts the authority to charge fees on new residential and commercial/industrial developments if those developments generate additional students and cause a need for additional school facilities and/or the refurbishment of school facilities to maintain existing levels of service. Government Code Section 65995 currently authorizes school districts to collect fees on future development of no more than \$5.17 per square foot for residential construction and \$0.84 for commercial/industrial construction (Level I fees). The maximum Level I fees are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board, which last occurred in January 2024. Government Code Section 66001 requires that a reasonable relationship exist between the amount and use of the fees and the type of development on which the fees are to be charged.

This Report:

- identifies the cost of providing school facilities for students generated by future residential and commercial/industrial development in order to justify the collection of fees on those developments; and
- explains the relationship between the need for school facilities, the cost of school facilities, the amount of school impact fees, and the developments on which those fees are to be imposed.

### B. Brief Description of the Pleasanton Unified School District

The Pleasanton Unified School District is located in Alameda County and the City of Pleasanton. The District's boundaries may be seen in greater detail on maps available at the District Office or by viewing online (<https://portal.schoolsitelocator.com/apps/ssl/?districtcode=17274>, Accessed June 2024).

The District currently serves 13,668 TK-12 students and operates nine elementary schools, three middle schools, two comprehensive high schools, one preschool and one adult and community education facility.

Identified plans for new residential development exist in the District. Based on the District's adopted *Student Population Forecast by Residence* (dated February 1, 2024) prepared by Davis Demographics and Planning, Inc. which includes estimates of planned residential development in the District based on information provided by the City of Pleasanton Planning Division and



information provided by the County of Alameda in December of 2023, the Report estimates 2,477 new residential units will be built in the District over the next five years.

To accommodate enrollment growth resulting in part from this new residential development, the District plans to build classroom additions at existing TK-5, 6-8 and 9-12 campuses. In addition, the District may need to refurbish facilities, (classroom, central administration and/or support facilities) to maintain existing levels of service as a result of increasing demand. Finally, the District may purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

**C. Data Sources**

The data sources for this Report are listed in the table below and referenced throughout the Report.

**Data Sources**

Data Type	Data Source
Residential development rates	Pleasanton Unified School District (PUSD), City of Pleasanton, County of Alameda, local developers, <i>Student Population Projections by Residence</i> (2024) prepared by Davis Demographics and Planning, Inc. ( <a href="https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030382&amp;AID=709971&amp;MID=27818">https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030382&amp;AID=709971&amp;MID=27818</a> )
Enrollment history	CBEDS (California Department of Education’s <i>DataQuest</i> web-portal)
Pupil capacity of District schools	Pleasanton Unified School District (PUSD), <i>2022 Facilities Master Plan</i> prepared by LPA Architects ( <a href="https://lpamasterplans.com/pleasanton-usd-fmp/">https://lpamasterplans.com/pleasanton-usd-fmp/</a> , Accessed June 2024)
Student generation rates for housing units	<i>Student Population Projections by Residence</i> (2024) prepared by Davis Demographics and Planning, Inc.
Employees per square foot of commercial/industrial development	<i>San Diego Traffic Generators</i> (January 1990), San Diego Association of Governments
Number of workers per household	United State Census Bureau (2021)

**D. Outline of the Report**

The Report is divided into six sections. The sections:

1. Identify the District’s school facility needs,
2. Calculate the financial impact on the District of future residential and commercial/industrial developments,
3. Compare the projected revenues from developer fees to the costs of providing facilities to students generated by future developments,
4. Show that the District satisfies the requirements of Government Code Section 66001 with respect to the collection of developer fees,
5. Summarize other potential funding sources for school facilities, and present recommendations regarding the imposition and collection of developer fees.

**End of Section**

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# I. DISTRICT FACILITY NEEDS

This Section describes the District’s requirements for school facilities. Specifically, the following subsections:

- A) Identify the District’s current enrollment and enrollment history,
- B) Identify the District’s current capacity,
- C) Subtract the District’s enrollment from the District’s capacity to calculate the District’s facility needs, and
- D) Describe the District’s plan to fulfill its facility needs.

## A. Enrollment History

The Report uses the California Basic Educational Data Systems (CBEDS) to track the District’s total enrollment over the last five years (see Table 1-1). Total District enrollment has decreased by 1,188 students (8.0%) from 2019/20 to 2023/24.

**Table 1-1  
District Enrollment History**

<b>Grade</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>TK-5</b>	6,182	5,943	5,675	5,572	5,467
<b>6-8</b>	3,541	3,412	3,386	3,351	3,261
<b>9-12</b>	5,133	5,087	5,003	4,931	4,940
<b>Total</b>	<b>14,856</b>	<b>14,442</b>	<b>14,064</b>	<b>13,854</b>	<b>13,668</b>

## B. Pupil Capacity of District Facilities

The Report calculates the pupil capacity of the District by (1) taking an inventory of the classrooms that are included in the District’s long-term facility plans, and (2) applying the District’s desired classroom loading standards to that inventory.

### 1) Classroom Loading Standards

The District’s classroom loading standards are listed in Table 1-2. These standards reflect the District’s desired classroom loading to achieve optimal student achievement and are based on the State Facility Program loading standards, except at TK-3 where the District has elected to load at a lower standard as is its prerogative.

**Table 1-2  
Loading Standards**

<b>Grade Group</b>	<b>Number of Students Per Classroom</b>
<b>TK-3</b>	24
<b>4-5</b>	25
<b>6-8</b>	27
<b>9-12</b>	27
<b>Special Day Class Mild</b>	13
<b>Special Day Class Mod / Severe</b>	9

Source: Pleasanton Unified School District

2) Classroom Capacity

Table 1-3 lists the classroom capacity of the District by grade group. The capacity is determined by multiplying the number of classrooms in the District by the appropriate District loading standard identified in Table 1-2.

The classroom count reflects an inventory of the District’s school sites as outlined in the District’s current 2022 *II Facilities Master Plan* prepared by LPA Architects. Any facilities that are not part of the District’s long-range facility plan are not included in this count. Facilities not present in the classroom count include: (1) temporary portable classrooms owned or leased by the District, (2) classrooms that are inadequate in size, (3) pull-out type classrooms such as computer and science labs, (4) spaces being used as classrooms not originally designed as such and (5) classrooms not owned by the District.

**Table 1-3  
Classroom Count and Pupil Capacity Based on  
District Loading Standards**

<b>Grade Group</b>	<b>Number of Classrooms</b>	<b>Number of Pupils Per Classroom</b>	<b>Pupil Capacity</b>
<b>TK-3</b>	157	24	3,768
<b>4-5</b>	61	25	1,525
<b>6-8</b>	90	27	2,430
<b>9-12</b>	139	27	3,753
<b>Special Day Class Mild</b>	35	13	455
<b>Special Day Class Mod / Severe</b>	9	9	81
<b>Total</b>	<b>491</b>	<b>N/A</b>	<b>12,012</b>

3) Classroom Utilization

Table 1-4 shows the percentage of classroom capacity the District is utilizing by dividing the District’s current enrollment as indicated in the District’s 2023/24 enrollment information by the capacity listed above (Table 1-3).

**Table 1-4  
2023/24 Classroom Utilization**

Grade Group	Pupil Capacity	2023/24 Enrollment	Percent Utilization
TK-5	5,433	5,467	100.6%
6-8	2,526	3,261	129.1%
9-12	4,053	4,940	121.9%
<b>Total</b>	<b>12,012</b>	<b>13,668</b>	<b>113.8%</b>

As Table 1-4 shows, the District is currently operating at over 100 percent of capacity at all grade groupings.

**C. District Facility Requirements**

Table 1-5 calculates the District’s requirements for school facilities by subtracting its current capacity from its current student enrollment.

**Table 1-5  
District Facility Needs/Unhoused Students**

Grade Group	2023/24 Enrollment	District Capacity (Pupils)	Unhoused Students
TK-5	5,467	5,433	34
6-8	3,261	2,526	735
9-12	4,940	4,053	887
<b>Total</b>	<b>13,668</b>	<b>12,012</b>	<b>1,656</b>

As Table 1-5 shows, the District will need school additional facilities to accommodate student growth generated by new development in the following grade levels: 34 TK-5 students, 735 6-8 students, and 887 9-12 students.

**D. Plan for Fulfilling School Facility Needs**

In order to provide facilities for the unhoused students listed in Table 1-5, the District plans to construct new classroom additions at existing TK-5, 6-8 and 9-12 campuses. In addition, the District may need to refurbish facilities, (classroom, central administration and/or support facilities) to maintain existing levels of service as a result of increasing demand. Finally, the District may purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

**Table 1-6  
District Facility Plan**

<b>Projects</b>	<b>Pupil Capacity</b>	<b>Time Frame</b>
<b>TK-5 Elementary School Additions</b>	34	5 years
<b>6-8 Middle School Additions</b>	735	5 years
<b>9-12 High School Additions</b>	887	5 years
<b>Interim Housing</b>	N/A	throughout next 5 years
<b>Total</b>	<b>1,656</b>	<b>N/A</b>

**End of Section**

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## II. FINANCIAL IMPACT ON THE DISTRICT OF FUTURE RESIDENTIAL DEVELOPMENT

This Section quantifies how future residential development financially affects the District.

Future residential development will generate additional students in the District. As shown in the previous section, adequate school facilities do not exist for these students. Future residential development, therefore, financially affects the District by generating a need for additional school facilities and/or refurbished school facilities that the District must acquire at some cost. This section describes this cost in three ways: (1) dollars per TK-12 student generated from future development, (2) dollars per housing unit and (3) dollars per square foot of future development.

In order to calculate the financial effects described above, the Report needs to first calculate the number of students that will live in new housing units in the District and the per-pupil cost of providing school facilities for TK-5, 6-8 and 9-12 students.

### A. Number of Students per New Housing Unit

This Report uses the student generation rate from the District’s Board adopted *Student Population Projections by Residence* prepared by Davis Demographics and Planning, Inc.

Table 1-7 lists the student generation rates used in this Report.

**Table 1-7  
Student Generation Rates**

<b>Grade Group</b>	<b>Students per Residential Housing Unit*</b>
<b>TK-5</b>	0.203
<b>6-8</b>	0.086
<b>9-12</b>	0.085
<b>Total</b>	<b>0.374</b>

\*Weighted based on the number of Single Family Detached (SFD) Units, Multi-Family Attached (MFA) units, Transit Oriented Development (TOD) units and apartment (APT) units estimated to be built in the District over the next five years (568 SFD, 234 MFA, 1,325 TOD and 350 APT).

### B. Cost of Providing School Facilities

The per-pupil cost of providing school facilities for unhoused students is outlined in Table 1-8. This Report uses the District’s 2022 *Facilities Master Plan* prepared by LPA Architects to determine the costs of the cost model projects for additions at the District’s existing elementary, middle and high school campuses.

Although this report has quantified the cost of providing school facilities by detailing the cost to build additional capacity on existing school campuses, the District has identified substantial modernization and refurbishing need. Even if this report quantified the costs associated with the reconstruction need, the calculated cost per pupil for reconstruction would be in addition to those costs identified in Table 1-8.

The District may also experience interim housing costs while permanent facilities are being constructed. Interim housing costs, however, are not quantified in this Report.

**Table 1-8  
Per-Pupil Facility Costs for TK-12 Students**

Grade Group	Project	Project Costs	Project Capacity	Per-Pupil Facility Cost
TK-5	TK-5 Elementary School Addition Cost Model	\$113,636,153	1,946	\$58,395
6-8	6-8 Middle School Addition Cost Model	\$6,666,209	135	\$49,379
9-12	9-12 High School Addition Cost Model	\$21,757,659	377	\$61,988
TK-12	Modernization	N/A	N/A	N/A
TK-12	Interim Housing	N/A	N/A	N/A

**C. Cost of Providing School Facilities per New TK-12 Student Generated by Future Residential Development**

This Report determines the facility cost of a TK-12 student generated by future residential development by calculating a weighted average of the facility costs for TK-5, 6-8 and 9-12 students.

The relative size of the TK-5, 6-8 and 9-12 student generation rates tell us that 54.28 percent of students from new units will be TK-5 students and 22.99 percent will be 6-8 students and 22.73 percent will be 9-12 students. Table 1-9 weights each per-pupil facility cost by the appropriate percentage and provides a weighted average facility cost for TK-12 students from future residential development.

**Table 1-9  
Weighted Average School Facility Cost for a K-12 Student  
From Future Residential Development**

Grade Group	Cost Per-Pupil	Weighting Based on Student Generation Rate	Weighted Cost Per-Pupil
TK-5	\$58,395	54.28%	\$31,697
6-8	\$49,379	22.99%	\$11,352
9-12	\$61,988	22.73%	\$14,090
TK-12	N/A	100%	\$57,139

**D. Cost of Providing School Facilities per New Residential Housing Unit**

Table 1-10 multiplies the total number of students per housing unit by the facility costs of a TK-12 student to calculate a facility cost attributable to future residential housing units.

**Table 1-10  
TK-12 School Facility Cost per New Housing Unit**

<b>Student Generation Rate</b>	<b>TK-12 Per-pupil Facility Cost</b>	<b>Cost Per New Housing Unit</b>
0.374	\$57,139	\$21,370

**E. Cost of Providing School Facilities per Square Foot of Future Residential Development**

This Report calculates the school facility cost per square foot of future development by dividing the cost per housing unit by the average square footage of housing units.

Based on a review of Alameda County Assessor data, this Report estimates that SFD units in the District will have an average square footage of approximately 3,106 square feet.

Based on a review of Alameda County Assessor data, this Report estimates that MFA units in the District will have an average square footage of approximately 1,812 square feet.

Based on a review of Alameda County Assessor data, within one mile of the BART and ACE stations, this Report estimates that TOD units in the District will have an average square footage of approximately 863 square feet.

Based on a review of Alameda County Assessor data, *not* within one mile of the BART station, this Report estimates that APT units in the District will have an average square footage of approximately 1,474 square feet.

The weighted average of these estimates is 1,553 square feet based on the number of SFD units, MFA units, TOD units and Apartments projected to be built in the District over the next five years.

Table 1-11 shows the TK-12 school facility costs per square foot of new residential housing units, but not the amount which would actually be charged (which is limited to \$5.17 per square foot of residential development).

**Table 1-11  
TK-12 School Facility Cost per Square Foot of Residential Development**

<b>Facility Cost Per New Housing Unit</b>	<b>Average Square Footage</b>	<b>Facility Cost Per Square Foot of Development</b>
\$21,370	1,553	\$13.76

**End of Section**



### III. REVENUE FROM FEES ON RESIDENTIAL DEVELOPMENT VERSUS COSTS OF SCHOOL FACILITIES

This Section compares the projected revenues from fees levied on future residential development to the school facility costs attributable to that development.

State law currently caps Level I Fees at \$5.17 per square foot of assessable space of residential construction. As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of \$13.76. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., for every \$1.00 in fee revenue generated by future development, \$2.66 in school facility costs are generated).

Based on an evaluation of the *Student Population Projections by Residence (2024)* prepared by Davis Demographics and Planning, Inc. (derived from data provided by the City of Pleasanton) and information provided by Alameda County in December of 2023, this Report estimates that 568 SFD units, 234 MFA units, 1,325 TOD units and 350 APT units (total of 2,477 units) are anticipated to be built in the District within the next five years. For *any* given amount of residential development, however, school facility costs will be greater than fee revenue by a ratio of \$2.66 to \$1.00.

#### A. Fee Revenue from Residential Development Over the Next Five Years

As stated in the previous section, the Report estimates that new residential units will average 1,553 square feet over the next five years.

As Table 1-12 shows, if the District collects the current Level I Fee of \$5.17 per square foot, the District will collect \$19,887,858 in residential developer fees over a five year projection period.

**Table 1-12  
Revenue from Residential Developer Fees**

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
2,477	1,553	\$5.17	\$19,887,858

#### B. Fee Revenue from Additions to Existing Residences

Revenue will be collected from fees assessed on additions and remodels of existing residences, to the extent that these additions exceed the exclusionary threshold outlined in the Education Code. Pursuant to Education Code Section 17620(a)(1)(C)(i), developer fees may be charged on residential additions “only if the resulting increase in assessable space exceeds 500 square feet.” The fee revenue calculation for additions is the same as

for new units. For example, additions totaling 40,000 square feet would generate \$206,800 in fee revenue (40,000 multiplied by \$5.17).

**C. Fee Revenue from Reconstruction and Redevelopment**

Revenue will be collected from fees assessed on projects that reconstruct or redevelop existing housing, but only to the extent that the square footage of the new construction exceeds the square footage of the reconstructed or redeveloped housing. The fee revenue calculation for reconstruction and/or redevelopment is the same as for new units. For example, reconstruction and/or redevelopment totaling 50,000 square feet would generate \$258,500 in fee revenue (50,000 times \$5.17).

**D. School Facility Costs Generated by Residential Development Over the Next Five Years**

The total school facility cost attributable to future residential development over the next five years is calculated by multiplying the following two factors: (1) the number of new housing units and (2) the facility cost per new housing unit. Table 1-13 shows that the total school facility cost attributable to future development is \$52,933,490.

**Table 1-13  
School Facility Cost Generated by Students from Future Development**

New Units	Cost Per New Housing Unit	Total Cost
2,477	\$21,370	\$52,933,490

**E. School Facility Costs Generated by Additions to Existing Residences**

Additions to existing residences will have the same financial effect on the District as new residential units. For example, residential additions of 40,000 square feet will generate an additional 10 students, when applying the student generation rate calculated in this Report, and a school facilities cost to the District of \$571,390 (10 students times a per-pupil facilities cost of \$57,139).

**F. School Facility Costs Generated by Reconstruction and Redevelopment**

Reconstruction and redevelopment of existing homes will have the same financial effect on the District as new residential development. For example, reconstruction and/or redevelopment of 50,000 square feet will generate an additional 12 students when applying the student generation rate calculated in this Report and a school facilities cost to the District of \$685,668 (12 students times a per-pupil facilities cost of \$57,139).

**G. Extent of Mitigation of School Facility Costs Provided by Level I Residential Fees**

Table 1-14 shows that \$19,887,858 in total residential Level I fee revenue will cover only 37.6 percent of the \$52,933,490 in total school facility costs attributable to residential development over the next five years. Some of this shortfall may be recovered from fees on commercial development.

**Table 1-14**  
**Facility Cost of Residential Development versus Fee Revenue**

<b>Total School Facility Costs</b>	<b>Total Revenues From Fees</b>	<b>Net Facility Cost to the District</b>
\$52,933,490	\$19,887,858	\$33,045,632

#### **H. Senior Citizen Restricted Housing**

As required by law, a lower fee, currently the commercial/industrial maximum of \$0.84 per square foot, is established for certain types of residences that are restricted in occupancy as a senior citizen housing development, as defined in California Civil Code Section 51.3, or a residential care facility for the elderly as defined in California Health and Safety Code Section 1569.2. Housing of this type generates employees and has an indirect impact on the school district similar to that from commercial/industrial development projects.

The District must exercise discretion in determining whether a particular project qualifies as “senior citizen housing” for the purpose of imposing developer fees. (See California Ranch Homes Development Co. v. San Jacinto Unified School Dist. (1993) 17 Cal.App.4th 573, 580–581.) The District also acknowledges that students typically do not reside in senior citizen housing units unless the CC&Rs permit such living arrangements. However, the development of such housing generally generates jobs for facilities maintenance and administration, and in the case of assisted care living situations, health professionals. These jobs may be filled by persons living either within the boundaries of the District or outside the boundaries of the District. In either case, the employees may enroll their students in the District. As a result, some students may be generated as a result of the development of new senior citizen housing.

The District acknowledges Section 65995.1 and will levy its share of developer fees on any senior citizen housing projects at the current commercial/industrial rate. The District will require proof that such senior units are indeed restricted to seniors (i.e. a copy of the recorded CC&Rs or deed(s)) and reserves the right to revoke a Certificate of Compliance and/or require payment of difference of the amount per square foot paid to the then current amount of developer fees being levied on residential development per square foot should such CC&Rs or deed(s) be modified to allow students to reside such the housing units. If there is any uncertainty as to whether a project qualifies as senior citizen housing or will, in fact, remain senior citizen housing beyond initial approval, the District may wish to seek cooperation from the developer as a condition of levying the commercial/industrial rate. Such cooperation could take the form of an agreement by the developer to record a condition upon the property that then current residential fees would be due to be paid should the residency requirements change so as to allow students to reside on the property.

**End of Section**

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## IV. FINANCIAL EFFECT ON THE DISTRICT OF NEW COMMERCIAL/INDUSTRIAL DEVELOPMENT

This Section analyzes the costs of providing school facilities for students generated by new commercial/industrial development.

Commercial/industrial development will attract additional workers to the District, and, because some of those workers will have school-age children, will generate additional students in the District. Additionally, the District will likely experience additional students from new workers who do not live in the District, but whose school-age children attend the District as transfer students. As shown in Section I, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a fiscal impact on the District by generating a need for new school facilities.

The Report multiplies the following five factors together to calculate the school facility cost incurred by the District per square foot of new commercial/industrial development:

- A. Employees per square foot of new commercial/industrial development,
- B. Percent of employees in the District that also live in the District,
- C. Houses per employee,
- D. Students per house, and
- E. School facility cost per student.

The Report calculates each of these factors in the next sections.

### A. Employees per Square Foot of Development

As permitted by State law, the Report uses results from a survey published by the San Diego Association of Governments (SanDAG) (see Appendix) to establish the number of employees per square foot of new commercial/industrial development projects.

**Table 1-15  
Employees per Square Foot of Commercial/Industrial  
Development, by Category**

Commercial/Industrial Category	Average Square Foot per Employee	Employees per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	17,096	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	208	0.00480
Large High Rise Com. Office	232	0.00432
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators Report.

**B. Percentage of Employees Residing Within the District**

United States Census Bureau data from the American Community Survey for 2019 (Table B080008 – *Sex of Workers By Place of Work – Place Level*), indicates that approximately 41 percent of people working in the District also live in the District.

**C. Number of Households per Employee**

United States Census Bureau data from the American Community Survey for 2019 (Table B25001 – *Housing Units* and Table B080008 – *Sex of Workers By Place of Work – Place Level*), indicates that there are approximately 1.37 workers per household. Likewise, this data indicates that there are 0.73 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 0.73 housing units.

**D. Number of Students per Dwelling Unit**

As outlined in Section II.A., the Report assumes that 0.374 TK-12 pupils will reside in each housing unit in the District.

**E. School Facility Cost Per-Pupil**

As outlined in Section II.C., the Report estimates that the school facility cost per TK-12 pupil is \$57,139. It should be noted that these facility costs are conservative and the District’s actual facility costs will likely be higher.

**F. School Facility Cost per Square Foot of Commercial/Industrial Development**

Table 1-16 calculates the school facility cost generated by a square foot of chargeable covered and enclosed space of new commercial/industrial development for each of the categories of commercial/industrial projects listed in Table 1-15.

School facility costs for development projects not included on this list may be estimated by using the closest employee per square foot ratio available for the proposed development or by following the District's administrative procedures for appeals of school facility fee imposition.

*(continued on the next page)*

**Table 1-16  
Facility Cost per Square Foot of Commercial/Industrial  
Development, by Category**

Category	Employee per Square Foot	% Employees Residing in District	Dwelling Units per Employee	TK-12 Students per Dwelling Unit	Cost per TK-12 Student	Cost per Square Foot
Banks	0.00283	0.41	0.73	0.374	\$57,139	\$18.10
Community Shopping Centers	0.00153	0.41	0.73	0.374	\$57,139	\$9.79
Neighborhood Shopping Centers	0.00271	0.41	0.73	0.374	\$57,139	\$17.33
Industrial Business Parks	0.00352	0.41	0.73	0.374	\$57,139	\$22.51
Industrial Parks	0.00135	0.41	0.73	0.374	\$57,139	\$8.63
Rental Self-storage	0.00006	0.41	0.73	0.374	\$57,139	\$0.38
Scientific R&D	0.00304	0.41	0.73	0.374	\$57,139	\$19.44
Lodging	0.00113	0.41	0.73	0.374	\$57,139	\$7.23
Standard Com. Offices	0.00480	0.41	0.73	0.374	\$57,139	\$30.70
Large High Rise Com. Offices	0.00432	0.41	0.73	0.374	\$57,139	\$27.63
Corporate Offices	0.00269	0.41	0.73	0.374	\$57,139	\$17.21
Medical Offices	0.00427	0.41	0.73	0.374	\$57,139	\$27.31

The District is justified in collecting the Government Code maximum of \$0.84 per square foot for all categories (except rental self-storage) of commercial/industrial development because these categories, on a per square foot basis, generate a school facility cost greater than the Government Code maximum of \$0.84.

The justified fee amount for self-storage is \$0.38, before accounting for any offset for linked residential construction.

**G. Calculating School Facility Cost of Commercial/Industrial Development with Residential Fee Offset**

A “residential fee offset” is calculated by (1) determining the number of homes that are associated with the employees generated by new commercial/industrial development and (2) calculating the residential fee revenues the District will collect from those homes (*note: the residential fee offset calculation assumes that all the homes associated with new employees are new homes; in reality, some new employees will live in existing homes*). This report assumes the District will collect \$5.17 per square foot of new residential development.

Subtracting the residential fee offset from the total school facility cost generated by commercial/industrial development produces a discounted school facility cost that takes into account revenues from “linked” residential units.

Table 1-17 calculates the facility cost of new commercial/industrial development, while taking into account the revenues from linked residential units.

**Table 1-17**  
**School Facility Cost of New Commercial/Industrial Development Discounted by Residential Fee Offset**

Category	Dwelling Unit Per Square Foot Com/Ind	Average Square Foot per Unit*	District's Revenue per Square Foot Res. Dev.	Residential Offset per Com/Ind Square Foot	School Facility Cost per Square Foot Comm/Ind Development	Cost per Square Foot Less Offset
Banks	0.00085	1,553	\$5.17	\$6.82	\$18.10	\$11.28
Community Shopping Centers	0.00046	1,553	\$5.17	\$3.69	\$9.79	\$6.10
Neighborhood Shopping Centers	0.00081	1,553	\$5.17	\$6.50	\$17.33	\$10.83
Industrial Business Parks	0.00105	1,553	\$5.17	\$8.43	\$22.51	\$14.08
Industrial Parks	0.00040	1,553	\$5.17	\$3.21	\$8.63	\$5.42
Rental Self-storage	0.00002	1,553	\$5.17	\$0.16	\$0.38	\$0.22
Scientific R&D	0.00091	1,553	\$5.17	\$7.31	\$19.44	\$12.13
Lodging	0.00034	1,553	\$5.17	\$2.73	\$7.23	\$4.50
Standard Commercial Offices	0.00144	1,553	\$5.17	\$11.56	\$30.70	\$19.14
Large High Rise Commercial Offices	0.00129	1,553	\$5.17	\$10.36	\$27.63	\$17.27
Corporate Offices	0.00081	1,553	\$5.17	\$6.50	\$17.21	\$10.71
Medical Offices	0.00128	1,553	\$5.17	\$10.28	\$27.31	\$17.03

As the table shows, the school facility cost of all categories of commercial/industrial development (except rental self-storage) are greater than the current Government Code maximum of \$0.84 per square foot, even when that cost is discounted by revenues from linked residential units. Therefore, the District is justified in collecting the Government Code maximum of \$0.84 per square foot for all categories of commercial/industrial development (except rental self-storage). This discounting most likely understates the true facility cost of commercial/industrial development, because not all new workers will live in new homes.

For illustrative purposes, the Report will compare the school facility cost generated by 140,000 square feet of a new community shopping center development to the fee revenue it will provide to the District. This analysis is valid, however, for all types of commercial/industrial development except rental self-storage.

If the District were to charge \$0.84 per square foot of commercial/industrial development, it would collect \$117,600 from the 140,000 square feet of the community shopping center development. Assuming that all employees of the community shopping center development live in new homes, the District will also collect \$514,740 in revenue from developer fees (140,000 square feet x 0.00153 employees per square foot x 41% employees that live in District x 0.73 housing units per employee x 1,553 square feet per housing unit x \$5.17 revenue from Level I Residential developer fees). The 140,000 square feet of the community shopping center development will create a school facilities cost of \$1,370,600 (140,000 square feet x \$9.79 school facility cost per square foot of community shopping center).

Table 1-18 compares the school facility costs generated by 140,000 square feet of the community shopping center development in the District’s TK-12 service area to the fee revenues it provides to the District.

**Table 1-18  
Comparison of Facility Cost and Fee Revenue Generated by  
New Community Shopping Center Development**

	<b>Fee Revenues</b>	<b>Facility Costs</b>	<b>Total Revenues (Costs)</b>
<b>140,000 square feet of community shopping center development</b>	\$117,600	\$1,370,600	(\$1,253,000)
<b>New housing units associated with the development</b>	\$514,740	N/A	\$514,740
<b>Total</b>	<b>\$632,340</b>	<b>\$1,370,600</b>	<b>(\$738,260)</b>

As the table shows, fee revenue from community shopping center development will cover only 46.1 percent of the school facility cost it generates, even when that cost is discounted by the revenues from linked new housing units.

All categories of commercial/industrial development (except self-storage) will generate more facility cost than fee revenue, because they all generate a facility cost greater than \$0.84 per square foot even when fees from linked residential units are considered. The fee amount for self-storage is only \$0.22, after accounting for fees generated by linked residential units.

**End of Section**

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## **V. FINDINGS**

This Section shows that the District meets the requirements of Government Code Section 66001 regarding the collection of developer fees and summarizes other potential funding sources for the District's capital projects.

### **A. Government Code Section 66001(a)(1)—Purpose of the Fee**

The purpose of collecting fees on residential and commercial/industrial development is to acquire funds to construct or reconstruct school facilities for the students generated by new residential and commercial/industrial developments.

### **B. Government Code Section 66001(a)(2)—Use of the Fee**

The District use of the fee is expected to involve constructing and/or reconstructing new elementary, middle and high school campuses and/or additional permanent facilities on existing elementary, middle and high school campuses. The District is looking for alternatives to provide adequate housing and program options to all students including construction of additions to existing elementary, middle and high schools. The District may also refurbish school facilities to maintain existing levels of service to accommodate increased demand on such facilities as a result of student enrollment growth generated by new development. In addition, the District may build other school related facilities such as central administrative and support facilities, or purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Revenue from fees collected on residential and commercial/industrial development may be used to pay for any of the following:

- (1) Land (purchased or leased) for school facilities,
- (2) Design of school facilities,
- (3) Permit and plan checking fees,
- (4) Construction or reconstruction of school facilities including refurbishment to maintain existing levels of service,
- (5) Testing and inspection of school sites and school buildings,
- (6) Fixtures for use in new school facilities,
- (7) Interim school facilities (purchased or leased) to house students generated by new development while permanent facilities are being constructed,
- (8) Legal and administrative costs associated with providing facilities to students generated by new development,
- (9) Administration of the collection of developer fees (including the costs of justifying the fees and making the findings and determinations required), and
- (10) Miscellaneous purposes resulting from student enrollment growth caused by new residential development.

**C. Government Code Section 66001(a)(3)—Relationship Between Fee’s Use and the Type of Project Upon Which the Fee is Imposed**

Future residential development will cause new families to move into the District and, consequently, will generate additional students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. Future residential development, therefore, creates a need for additional school facilities. The fee’s use (acquiring school facilities) is, therefore, reasonably related to the type of project (future residential development) upon which it is imposed.

Recent legislation expounded the parameters of attached and detached living areas, which are attached or detached from the primary single-family or multi-family dwelling unit (generally referred to as Accessory Dwelling Units (ADUs), and Junior Accessory Dwelling Units (JADUs).) Whether these types of dwelling units are called casitas, granny flats, in-law units, accessory units, or converted living space, these constructed areas are intended to provide an area for living and sleeping – whether the facilities and provisions for living, sleeping, eating, cooking, and sanitation are within that living space or within (or adjacent to) the attached single-family or multi-family dwelling unit. The District recognizes that students are generated from these types of living areas and will levy the appropriate residential fee rate for these types of construction projects.

New commercial/industrial development will cause new workers to move into the District. Commercial/industrial will also generate new students in the District, since some of these workers will have school-age children. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a need for additional school facilities. The fee’s use (acquiring school facilities) is, therefore, reasonably related to the type of project (new commercial/industrial development) upon which it is imposed.

**D. Government Code Section 66001(a)(4)—Relationship Between the Need for the Public Facility and the Type of Project Upon Which the Fee is Imposed**

The District’s current enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient existing capacity to house students generated by future development. Future residential and commercial/industrial development in the District will generate additional students and, consequently, a need for additional school facilities. A relationship exists, therefore, between the District’s need to build additional school facilities and the construction of new residential and commercial/industrial development projects.

**E. Government Code Section 66001(b)—Relationship Between the Fee and the Cost of the Public Facility Attributable to the Development on Which the Fee is Imposed**

This Report demonstrates that the school facility cost attributable to future residential development is \$13.76 per square foot. The maximum Level I fee of \$5.17 per square foot on residential development is, therefore, fully justified.

This Report also demonstrates that the school facility costs attributable to all categories of commercial/industrial development (except rental self-storage) range from \$4.50 per square foot to \$19.14 per square foot, even when fees from linked residential units are accounted for. The maximum Level I fee of \$0.84 on these types of development is, therefore, fully justified. The school facility cost attributable to rental self-storage units is only \$0.22 per square foot when fees from linked residential units are accounted for.

All school facility costs and fees in this Report are calculated on a per-student basis to ensure that future developments only pay for impacts they cause.

**Table 1-19  
Projected Five-Year District Revenue**

	<b>Revenues</b>
1. Capital Assets:	
Current Capital Facility Fund Balance	\$2,975,286
Measure II Available for Capacity Additions	\$43,000,000
Measure I Available for Capacity Additions	\$100,000,000
<b>Total Capital Assets</b>	<b>\$145,975,286</b>
2. Projected Revenue from Developer Fees:	
Residential Development*	\$19,887,858
Commercial/Industrial Development**	\$761,399
<b>Total Projected Revenue from New Development</b>	<b>\$20,649,257</b>
<b>Total Projected Five-Year District Revenue</b>	<b>\$166,624,543</b>

\* Estimate based on 2,477 homes averaging 1,553 square feet times the District's anticipated revenue of \$5.17 per square foot.

\*\* Estimate based on the previous 5-years of commercial/industrial development totaling 906,427 square feet times the District's anticipated revenue of \$0.84 per square foot.

Information in Table 1-19 outlines the District's projected revenue for capital outlay for the next five years and includes the current balance of the District's Capital Facility Funds, the current and anticipated amounts from the passage of the District's Measure II General Obligation Bond Measure in November of 2016 and Measure I General Obligation Bond Measure in November 2022 and the projected revenue from new residential and commercial/industrial development. After accounting for these current and estimated amounts, the District has projected capital facility revenue of \$166,624,543 over the next five years.

The District's 2022 Facilities Master Plan identifies projects necessary to provide adequate student facilities, with construction costs totaling an estimated \$929,629,000. Comparing the District's projected revenue over the next five years, to the estimated cost of implementing the District's facility needs, indicates that projected facility costs will exceed revenues by \$763,004,457.

## **F. Other Funding Sources**

The following is a review of other potential funding sources for constructing school facilities.

(1) General Fund

The District's General Fund budget is typically committed to instructional and day-to-day operating expenses and not used to construct school buildings, as funds are needed solely to meet the District's non-facility needs.

(2) State Programs

The District has applied for and received State funding apportionments for construction of new school facilities under the 1998 Leroy F. Greene School Facility Program. Even projects funded at 100 percent of the State allowance, however, often experience a shortfall between State funding and the District's actual facility needs. State funds for deferred maintenance may not be used to pay for new facilities. State law prohibits use of lottery funds for facilities.

(3) General Obligation Bonds

School districts can, with the approval of two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for out of property taxes. In November 2016, the District's voters passed General Obligation Bond II authorizing a total of \$270 million in bond sales.

(4) Parcel Taxes

Approval by two-thirds of the voters is required to impose taxes that are not based on the assessed value of individual parcels. While these taxes have been occasionally used in school districts, the revenues are typically minor and are used to supplement operating budgets.

(5) Mello-Roos Community Facilities Districts

This alternative uses a tax on property owners within a defined area to pay long-term bonds issued for specific public improvements. Mello-Roos taxes require approval from two-thirds of the voters (or land owners if fewer than 12) in an election.

(6) Surplus Property

The District has no surplus properties that could be sold to create a significant source of capital outlay funds.

(7) Alternatives for Reducing Facility Costs

Alternatives to reducing facility costs which have been used and/or explored by the District include additional portable classrooms, joint-use of facilities, Multi-Track Year-Round Education, and other measures. These options remain available to the District in the future.

**End of Section**

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## **VI. RECOMMENDATIONS**

This Report recommends that the District levy the maximum statutory fee authorized by Government Code Section 65995, up to \$13.76 per square foot of residential development. The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, (currently \$0.84 per square foot) on all categories of commercial/industrial development except rental self-storage, as those categories of development create school facility costs ranging from \$4.50 to \$19.14 per square foot of future development, even when fees from linked residential units are accounted for. The fee amount for Rental Self-Storage is \$0.22, after accounting for fees generated by linked residential units.

These recommendations are based on the findings that residential and commercial/industrial development (except for rental self-storage) creates a school facility cost for the District that is larger than the revenue generated by charging these fees.

**End of Report**

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## **Appendix**

### **Employee Statistics From the San Diego Association Of Governments By Various Categories of Commercial/Industrial Development (from Traffic Generators Report January 1990)**

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## Appendix A

### Employee Statistics From the San Diego Association of Governments by Various Categories of Commercial/Industrial Development (from Traffic Generators Report January 1990)

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
<b>Banks</b>				
Calif. First	57	13,400	354	0.00283
Southwest	11	3,128		
Mitsubishi	14	6,032		
Security Pacific	22	14,250		
Total	104	36,810		
Average	26	9,203		
<b>Community Shopping Centers</b>				
Rancho Bernardo Towne Center	273	139,545	652	0.00153
Plaza De Las Cuatro Banderas	227	186,222		
Rancho San Diego Village	N/A	N/A		
Total	500	325,767		
Average	250	162,884		
<b>Neighborhood Shopping Centers</b>				
Town and Country	217	70,390	369	0.00271
Tierrasanta II	87	49,080		
Palm Plaza	143	47,850		
Westwood Center	173	61,285		
Total	620	228,605		
Average	155	57,151		
<b>Industrial Business Parks</b>				
Convoy Ct / St. Parks	955	224,363	284	0.00352
Sorrento Valley Blvd. / Ct. Complexes	2,220	610,994		
Ronson Court	848	206,688		
Pioneer Industrial Project	N/A	N/A		
Sorrento Valley	N/A	N/A		
Torrey Business & Research	739	243,829		
Ridgehaven Court	823	213,449		
Ponderosa Avenue Industrial	245	158,983		
Total	5,830	1,658,306		
Average	972	276,384		

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	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
<b>Industrial Parks</b>				
Sorrento West	725	614,922	742	0.00135
Roselle Street	761	500,346		
Stromesa Street	200	136,124		
Total	1,686	1,251,392		
Average	562	417,131		
<b>Rental Self-Storage</b>				
Poway Storage	2	32,000	17,096	0.00006
Lively Center	2	20,000		
Brandon Street Mini-Storage	2	31,348		
Melrose Mini-Storage	2	28,280		
Lock-It Lockers Storage	3	59,325		
Total	11	170,953		
Average	2	34,191		
<b>Scientific Research and Development</b>				
Johnson & Johnson Biotechnology Center	39	22,031	329	0.00304
IVAC Corporation	1,300	315,906		
TRW/LSI Products	350	145,192		
Nissan Design International	26	40,184		
Salk Institute	500	318,473		
S-Cubed Corporation	160	56,866		
Torrey Pines Science Park	2,333	649,614		
Total	4,708	1,548,266		
Average	673	221,181		
<b>Lodging</b>				
San Diego Hilton	139	223,689	882	0.00113
Hyatt Islandia	320	250,000		
La Jolla Village Inn	180	129,300		
Hanalei Hotel	310	267,000		
Vagabond Inn	12	22,548		
Fabulous Inn & E-Z8 Motel	92	92,731		
Vacation Village	234	151,134		
Total	1,287	1,136,402		
Average	184	162,343		

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	<b>Employees</b>	<b>Total Sq. ft</b>	<b>Sq Ft / Employee</b>	<b>Employee Per Sq. ft</b>
<b>Standard Commercial Office</b>				
Industrial Indemnity Bldg.	170	34,300	208	0.00480
Beta Bldg.	110	29,400		
Park Camino Bldg.	299	55,500		
2181 E.C.R. Bldg.	47	10,000		
Camino Real Financial Center	23	6,300		
Total	649	135,500		
Average	130	27,100		
<b>Large High Rise Com. Office</b>				
Mission Valley Financial Center (Security Pacific)	900	185,600	232	0.00432
Lion Plaza Building	462	109,900		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	434,400		
Average	625	144,800		
<b>Corporate Offices</b>				
Equitable Life	200	53,900	372	0.00269
Bank of America Processing Center	300	110,000		
Home Federal Processing Center	1,150	450,000		
Trade Services Publications	270	82,000		
IRT Corporation	210	89,500		
Earl Walls & Assoc.	43	15,000		
Four Winds International Headquarters	220	90,914		
Total	2,393	891,314		
Average	342	127,331		
<b>Medical Offices</b>				
Chula Vista Doctors' Park	108	24,000	234	0.00427
Parkway Medical Group	65	17,620		
Campus Medical-Dental Center	115	25,900		
Total	288	67,520		
Average	96	22,507		

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