

TRACY UNIFIED SCHOOL DISTRICT’S FISCAL YEAR 2023-2024 ANNUAL DEVELOPER FEE REPORT AND FIVE –YEAR DEVELOPER FEE FINDINGS

(Government Code §§ 66001 & 66006)

I. Annual Developer Fee Report

The fee amounts reported were authorized by the District’s Board of Education.² The fees partially mitigate the impact caused by residential and commercial/industrial development and do not adequately fund the school facilities necessary to accommodate student growth.

Each of the capitalized letters A-H, below, correspond to the specific letter and portion of Government Code section 66006(b)(1).

A. FEES COLLECTED IN FUND 25 (CAPITAL FACILITIES FUND):

A brief description of the types of Developer Fees in the Fund:

- (1) Statutory Level 1 Developer Fees
 - Commercial/industrial development
 - Mini-storage category of commercial/industrial development
 - New residential development, including Accessory Dwelling Units (“ADU”)
 - Residential additions, remodels, expansions, reconstruction
 - Senior housing
- (2) Mitigation Payments³ pursuant to voluntary mitigation agreements
 - New residential development
 - Commercial/industrial development

² See Resolution No. 17-24, dated March 13, 2018, and Resolution No. 21-16, dated April 12, 2022.

³ Although mitigation payments collected in lieu of statutory developer fees pursuant to various mitigation agreements entered into between the District and certain developers/owners are exempt from the reporting requirements of Government Code section 66001(d) and 66006(b), such mitigation payments are included in this report to provide a complete picture of collections and expenditures necessitated to accommodate student growth generated by new development for purposes of consistency and transparency. Such amounts vary by mitigation agreement, type of development, time of payment, contractual adjustments, and other factors specific to the particular agreement based on terms mutually agreed upon by the parties.

B. AMOUNT OF FEE – The amount of the Developer Fees for the 2023-2024 fiscal year:

Type of Fee Collected					
<i>Effective Date:</i>	1/1/2019	3/24/2020 (K-12 Boundaries)	03/24/2020 (K-8 Feeder Boundaries)	6/11/22 (K-12 Boundaries)	6/11/22 (K-8 Feeder Boundaries)
Level 1 - Residential	N/A	\$4.08/sf	\$1.02/sf	\$4.79/sf	\$1.1975/sf
Level 1 – Commercial/ Industrial	N/A	\$0.66 /sf	\$0.165/sf	\$0.78/sf	\$0.195/sf
Level 1 – Rental/ Mini-storage	N/A	\$0.066/sf	\$0.012/sf	\$0.066/sf	\$0.012/sf
Level 1 – Senior Housing	N/A	\$0.66/sf	\$0.165/sf	\$0.78/sf	\$0.78/sf
Mitigation Payments	\$7,293.18 / SFD (COC);	N/A	N/A	N/A	N/A

C. BEGINNING & ENDING FUND BALANCE FOR FISCAL YEAR 2023-2024:

July 1, 2023, Beginning Fund Balance:	\$49,890,095 ⁴
June 30, 2024, Ending Fund Balance:	\$36,886,728.80 ⁵

⁴ There is a difference between the Fund 25 FY 2022/2023 ending balance and the FY 2023/2024 beginning balance due to the County accounting finalization occurring after the District's internal budgeting and reconciliation processes, which is completed after June 30th..

⁵ The District's practice is to transfer funds held in Fund 25, which accounts for developer fees, upon full project completion and final payment. Thus, the Ending Balance is not a true reflection of the available Fund 25 balance because it does not account for expenditures made for projects from other accounts, such as Fund 01 and 35, but not yet transferred out of Fund 25, or for planned projects or projects in the preliminary development stages for which amounts have been encumbered / committed by contract or otherwise, but not yet expended.

D. REVENUE:

The amount of the Developer Fees collected and the interest earned, if any, for the 2023-2024 fiscal year:

Amount of fees collected (gross):	\$ 3,783,907.53
Interest earned (N/A):	\$ 0.00
TOTAL REVENUE (GROSS):	\$ 3,783,907.53

E. EXPENDITURES:

Projects on which Developer Fees were expended during Fiscal Year 2023-2024 and the amount of the expenditures on each Project, including the total percentage of the cost of the Project that was funded with Developer Fees:

Project	Amount Expended in Fiscal Year 2023-2024	% Funded with Developer Fees
Professional/Consulting Services – Dannis Woliver Kelley legal fees incurred in connection with fee-related school facility projects, fee adoption, and requisite reporting (Ed. Code, s. 17620(a)(5); Gov. Code, s. 66001(a),(b)&(d); 66016; & 66018).	\$35,579.50	100%
Modular Building Expansion Projects (Phase 1 - BES, JES, HES, PES, McKES, Frieler, & KES)	\$12,565,329.00	100%
Tracy High School Tennis Court Renovation (to maintain existing levels of service due to increased demand on the facilities generated by new development)	\$880,000.00	100%

West High School Agricultural Center Expansion Project Phase 1 (to accommodate student growth generated by new development) and Tennis Court Renovation Project (to maintain existing levels of service due to increased demand on the facilities generated by new development)	\$4,930,308.15	100%
Kimball HS Tennis Court Renovation (to maintain existing levels of service due to increased demand on the facilities generated by new development)	\$ 2,328,000.00	100%
Library Refurbishment Projects to create flexible space for expanded learning to maintain existing levels of service due to increased demand on the facilities generated by new development (North, Monte Vista, South West, Villalovoz)	\$ 137,541.81 (North) \$ 196,041.41 (MonteVista) \$ 72,298.01 (SouthWest) \$ 184,942.34 (Villalovoz) Total: \$590,823.57	100%
Construction management support services for multiple facilities projects due to increased demand on the facilities generated by new development (RGMK)	\$315,523.20	100%

Architectural Services for Modular Building Expansion (Phase 2) at multiple sites, including Poet School outdoor classroom project (to accommodate growth generated by new development)	\$1,089,672.48	100%
Architectural services for Kimball High Expansion of Classroom Facilities (to accommodate student growth generated by new development and to maintain existing levels of service due to the increase demands on the facilities generated by new development).	\$34,805.00 (current design review fees) (also noted in Section F below)	100%
Phase 2 - TK/K Facilities Expansion Projects (Bohn Elementary School, Freiler Elementary, Gladys Poet Christian Elementary, Hirsch Elementary, Jacobson Elementary, and Villalovoz Elementary)	\$4,591,546.00 (also noted in Section F below)	100%
Reimbursement of direct and administrative costs incurred for collecting developer fees for 2023-2024 FY (up to 3% of amount of developer fees collected in same fiscal year)*	\$113,517.23 (3% of revenues 2023-2024 FY developer fee revenues of \$3,783,907.53)	

Inspection and testing support services for multiple facilities projects due to increased demand on the facilities generated by new development (Kimball, West HS and Tracy HS)	\$324,000.00	100%
McKinley Elementary - Kinder Playground Structure & Playground Upgrades Project at McKinley Elementary to maintain existing levels of service due to increased demand on the facilities generated by new development	\$185,000.00	100%
TOTAL	\$27,984,104.13⁶	

*(Ed. Code § 17620(a)(5))

⁶ See footnote 5.

F. INCOMPLETE PROJECTS FUNDED WITH DEVELOPER FEE REVENUES:

Incomplete Projects for which sufficient funds have been collected (as of June 30, 2024) to complete financing of the Project, and the approximate date by which construction of the Project will commence:⁷

Incomplete Projects for Which Sufficient Funds Have Been Collected to Complete Financing of Project	Approximate Date Construction Will Commence	Anticipated Funding Amount	(1) Project Did Not Commence Per Previous Report, (2) Reason, (3) Anticipated Commencement Date
Phase 2 - TK/K Facilities Expansion Projects (Bohn Elementary School, Freiler Elementary, Gladys Poet Christian Elementary, Hirsch Elementary, Jacobson Elementary, and Villalovoz Elementary)	Fall 2024	\$4,591,546.00	N/A
Phase 3 - TK/K Facilities Expansion Projects (Bohn Elementary School, Freiler Elementary, Gladys Poet Christian Elementary, Hirsch Elementary, Jacobson Elementary, George Kelly and Villalovoz Elementary)	Spring 2025	\$9,600,000.00	N/A
Phase 4 - TK/K Facilities Classroom Renovation Projects (Bohn Elementary School, Gladys Poet Christian Elementary, Hirsch Elementary, Jacobson Elementary,)	Summer 2024	\$5,000,000.00	N/A
Architectural Services for TK/K Facilities (to accommodate student growth generated by new development and maintain existing levels of service due to the increased demands on the facilities generated by new development)	Winter 2025-2026	\$900,000.00	N/A

⁷ Due to the COVID-19 pandemic and associated impacts such as labor shortages, etc., the District has been unable to initiate as many projects as anticipated in previous reports.

Inspection and testing support services for multiple facilities projects due to increased demand on the facilities generated by new development (Kimball, West HS and Tracy HS)	2026-2027	\$70,000.00	N/A
West High School Agricultural Center Expansion Project Phase 2 -construction costs (AG Shop and Training Facility) (to accommodate student growth generated by new development)	Winter 2025	\$12,000,000.00 plus \$2,400,000 (20% non-design related soft costs)	N/A
Architectural services for Kimball High Expansion of Classroom Facilities (to accommodate student growth generated by new development and to maintain existing levels of service due to the increase demands on the facilities generated by new development)	Winter 2024-2025	\$655,000.00	N/A
Library Refurbishment Projects to create flexible space for expanded learning to maintain existing levels of service due to increased demand on the facilities generated by new development (Kimball, Williams, Hirsch)	2024-2025	\$650,000.00	N/A
Justification Study and Level 2 SFNA (Woolpert)	Winter 2024-2025	\$ 12,000.00	Revision to scope of work and engagement of multiple contractors led to delay in anticipated commencement noted in prior report as Winter 2023-2024. Now anticipated to commence in Winter 2024-2025.
Professional services for developing Master Plan (K12 Partners) and Commissioned Safety Plan (Knowledge by Design)	2024-2025	\$ 85,000.00	Revision to scope of work and engagement of multiple contractors led to delay in anticipated commencement noted in prior report as Winter 2023-

			2024. Now anticipated to commence in Winter 2024-2025.
Total:		\$35,963,546.00 (estimated)	

During the 2024-25 fiscal year, the District is currently under contract with a consultant in order to prepare an updated Developer Fee Justification Study to reflect the State Allocation Board's ("SAB") 2024 biennial adjustment to the amount of Level 1 residential and commercial/industrial Developer Fees, which typically occurs every other year at the SAB's January meeting. The District has also engaged a consultant to prepare a Level 2 fee School Facilities Needs Analysis.

Additionally, the District intends to expand its classroom counts to accommodate for the additional student growth and construct new classrooms or retrofit existing school facilities for the purpose of providing facilities to house student enrollment growth. Additional projects not yet funded, but in planning to address additional District facility demands due to development include:

- Tracy High School Gym and Aquatic Center Expansion of Facilities - \$ 1,575,000⁸
 - Kimball High Expansion of Classroom Facilities - \$10,800,000
 - West High School Theater and Auditorium Expansion - \$ 1,215,000⁹
- TOTAL: \$13,590,000 (estimated)**

⁸ This amount accounts only for professional services not total project cost amounts.

⁹ This amount accounts only for professional services not total project cost amounts.

G. INTERFUND TRANSFERS & LOANS:

Description of each interfund transfer or loan made to and/or from the Fund for the 2023-2024 fiscal year:

Amount of Interfund Transfer or Loan	Project that Transferred or Loaned Fees Expended on	Date Loan to be Repaid (Loans Only)	Rate of Interest on Loan (Loans Only)
\$0			

Table G reflects amounts not yet transferred from the developer fee account, but that have been encumbered and/or spent from other accounts, and will be transferred out of the developer fee account in the FY 2024-25. These include:

- o \$35,579.50 in professional service fees (legal expenses) in connection with the adoption of developer fees and requisite reporting for Fiscal Year 2023-24 inadvertently not previously transferred.

H. REFUNDS & ALLOCATIONS:

The amount of refunds made pursuant to Government Code section 66001(e), the number of persons or entities identified to receive such refunds (zero), and allocations made pursuant to Government Code section 66001(f) for the 2022-23 fiscal year:

Refunds Made:	\$0
Allocations Made:	N/A

II. Five-Year Developer Fee Findings

The following findings are made in connection with the public information set forth in Tracy Unified School District's 2023-2024 Annual Developer Fee Report. The District hereby further incorporates its Findings set forth in its School Facility Fee Resolutions and the District's Justification Study as though fully set forth herein.

Each of the capitalized letters A-D, below, correspond to the specific letter and portion of Government Code section 66001(d)(1).

A. PURPOSE TO WHICH DEVELOPER FEE IS TO BE PUT (Gov. Code § 66001(d)(1)(A)):

With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2023-24 fiscal year, the purpose of the Developer Fees is to finance the construction or reconstruction, including refurbishment, of School Facilities necessary to accommodate

student population growth resulting from development, cover costs attributable to the increased demand for School Facilities reasonably related to new development and necessary to maintain existing levels of service, and reduce overcrowding caused by the development on which the fees were levied. As necessary, the fees will be used to provide interim housing for children generated by new development and for other school-related considerations relating to the District's ability to accommodate enrollment growth generated from new development as permitted by law. Likewise, fees will also be used for other indirect and support services related to construction and reconstruction of School Facilities necessitated by growth resulting from new development, including administrative costs in connection with the collection of fees, and legal fees and other costs connected with the establishment of the fee and the required reportings. Projects (and other school-related considerations) include, without limitation, the projects listed above under Section F of the Annual Developer Fee Report, along with those projects identified in the District's Facilities Master Plan (currently under revision with anticipated finalization occurring in Winter 2024), which identify additional school facilities needed in our around communities most greatly affected by large development projects including, without limitation, schools serving the Tracy Hills Specific Plan attendance area.

Note: The District has commissioned a site facility condition assessments, site master planning, and a district-wide, comprehensive master facilities plan, which will also include a plan for funding the District's long-term facility needs. These documents will include lists of recommended projects, in order of need and priority for future construction.

B. REASONABLE RELATIONSHIP BETWEEN DEVELOPER FEE & PURPOSE
(Gov. Code § 66001(d)(1)(B)):

There is a reasonable relationship between the Developer Fees charged for residential and commercial/industrial development and the purposes for which they will be expended, as described in Paragraph A, in that the students that are generated by residential and commercial/industrial development will be accommodated by the School Facilities for which the Developer Fees are expended. The District does not have adequate facilities to accommodate students from new development and, thus, there is a reasonable relationship between the Developer Fees charged and the need for construction and reconstruction, including refurbishment, of School Facilities. The Developer Fees collected do not exceed the cost of accommodating students generated by development. Rather, the Developer Fees only partially mitigate the impact caused by residential and commercial/industrial development and do not adequately fund the School Facilities necessary to accommodate student growth. Please refer to the District's existing and past Justification Studies and mitigation agreements for further details concerning the reasonable relationship between the fee's use and type of development project on which the fee is imposed, the reasonable relationship between the need for the school facilities and the type of development project on which the fee is imposed, and the reasonable relationship between the amount of the fee and the cost of the school facilities.¹⁰

¹⁰ The District is in the process of conducting an updated Justification Study in connection with the adoption of this Annual and Five-Year Report. The Justification Study is anticipated to be completed and adopted by the Board in 2025. The District's Justification Study and subsequent Board action is incorporated herein by reference.

C. ANTICIPATED SOURCES & AMOUNTS OF FUNDING TO COMPLETE FINANCING OF INCOMPLETE PROJECTS (Gov. Code § 66001(d)(1)(C)):

With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2023-2024 fiscal year, the sources and amounts of Anticipated Funding to complete financing of any incomplete improvements identified in Paragraph A are as follows:

<u>Anticipated Source of Funding</u>	<u>Anticipated Amount of Funding¹¹</u>
Developer Fees	See Section F of Annual Report; See Section A, above
Matching State Funds	See footnote 8.
Total Anticipated Funding:	See Section F of Annual Report; See Section A, above

Note: The District has commissioned site facility condition assessments, site master planning, and a district-wide, comprehensive master facilities plan, which will also include a plan for funding the District's long-term facility needs. These documents will include lists of recommended projects, in order of need and priority. Developer Fees will be included in the funding model, to address construction/renovation (refurbishment) needs resulting from increased student enrollment due to development. Preliminary anticipated costs of unfunded facilities needed is \$13,590,000.

D. APPROXIMATE DATE THAT ANTICIPATED FUNDING IS EXPECTED (Gov. Code § 66001(d)(1)(D)):

With respect to only that portion of the Developer Fees Fund remaining unexpended at the end of the 2023-2024 fiscal year, the following are the approximate dates on which the Anticipated Funding referred to in Paragraph C above is expected to be deposited into the Fund:

<u>Anticipated Source of Funding</u>	<u>Anticipated Date of Funding Expected</u>
Developer Fees (including Mitigation Payments)	End of FY 2026 ¹²
Measure O ¹⁰	\$190,000,000
Total Anticipated Funding:	\$190,000,000

¹¹ If the District receives State of California funding, the payment allocation will be 60% developer fees, 40% State funding. Otherwise, developer fees will account for 100% of project funding. Based on past State funding applications, there is no guarantee the District will receive State funding.

¹² Based on projected current school facility needs.

¹⁰ The District placed Measure O on the ballot for November 5, 2024. Measure O passed and authorizes the District to issue \$190,000,000 in bonds with bond revenue would be used to repair/ upgrade classrooms, science labs, facilities, and technology for quality education in math, science, technology, arts, and engineering; remove hazardous materials like asbestos/lead; fix deteriorating roofs, plumbing, and electrical systems; and improve school safety/security.