

Upper Lake Unified School District Developer Fee Justification Study

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Executive Summary

Education Code §17620 authorizes school districts to levy a fee, charge, dedication or other form of requirement against any development project, within their district, for the construction or reconstruction of school facilities as long as the District can demonstrate justification for the levying of fees.

The Upper Lake Unified School District provides education to students in grades Transitional Kindergarten (TK) through 12th residing in a portion of Lake County, California. Collectively, the District's school facilities in the 22/23 school year have the capacity for 935 students based on information provided by District representatives. The District's enrollment for the 22/23 school year was 891 students, which represents a 1.6% increase over the 21/22 school year.

On January 24, 2024, the State Allocation Board's (SAB) biennial inflation adjustment increased the maximum residential School Fee authorized by §17620 of the Education Code from \$4.79 to \$5.17 per residential building square foot for K-12 school districts. Based on the square footage of the average residential unit being constructed within the school district, the school fees would provide less than 100 percent of the school facilities cost impacts. As is supported with the information in this document, the study concludes that the school district in which these residential units are located is fully justified in levying the maximum residential School Fee of \$5.17 per square foot for all new future residential development within its boundaries. At the same time the SAB also approved an increase in the commercial/industrial rate from \$0.78 to \$0.84 per square foot. As is presented in this report, the district is also justified in collecting developer fees on new commercial/industrial development in certain situations.

Justification

In justifying the results of this study, a number of factors were considered in addition to the relationship between capacity and current enrollment. Those are primarily centered around the overall facilities modernization needs of the District as well as the challenges faced by the District in providing service levels appropriate to today's learning modalities and practices.

1. The District's current classroom facilities require substantial capital investment. The Board of Education has a plan of high priority projects designed to both maintain its current service level to students as well as address the educational needs placed upon the District as it prepares all students for College and Career Readiness and learning in a 21st Century environment.
2. Because of the District's relative size with respect to both its student population and its tax base, the District is seriously hampered in being able to provide sufficient resources to modernize or upgrade its existing facilities to meet increasing educational demands. At this time the assessed valuation within the District boundaries is such that it is unlikely a General Obligation is a viable source of additional funding for facilities needs. Should this change, funds derived from any future GO Bond would be used in conjunction with any funding eligibility the District may have through the State's School Facilities



Program (SFP) and District contributions through SFP fund matching requirements in addition to the developer fees collected.

3. Future residential development creates an estimated school facility cost of \$36.81 per square foot for elementary school students, an estimated cost of \$9.19 per square foot for middle school students, and \$10.89 per square foot for high school students. The District may levy and collect the maximum developer fee of \$0.84 per square foot of Commercial/Industrial space with the exception of Community Shopping Centers (\$0.72); Industrial Parks/Warehousing (\$0.63); Rental Self-Storage (\$0.03); and Hospitality [Lodging] (\$0.53) even when fees from linked residential units are accounted for.
4. If the District collects the current maximum fee on residential development authorized by Government Code Section 65995 of \$5.17 per square foot, the fee revenue will offset approximately 1.9% of the classroom modernization for school age children. 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 approximately 1% of a typical classroom modernization for school age students(except Community Shopping Center, Industrial Parks /Warehouse; the Rental Self-Storage and Hospitality). For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.
5. The District has completed a Master Plan and has identified District needs. The priority list includes the following: Renovate Existing Metal Shop, Metal Shop Covered Area, ADA & Site Improvements/Bus Dropoff and Parking. Other items identified include the following: Roofing repairs, HVAC Repairs, Playground and safety measures across campuses, Classroom/Staff Room/Staff Restrooms, Portable Classroom/Library Repairs, Parking and site, Site repainting, three portable/classroom repairs, and Outdoor activity platform. Perform Deferred Maintenance items (HVAC, Roofs, Systems, Paint), Next Generation Classrooms (Flexible, Daylighting, Furniture), Replace Aging Portables, Improve Fields and Playgrounds (Creative Play Apparatus), Improve and Add Classrooms, Conference areas, Workroom, Staff Restrooms and Drinking Fountains. Improve Food Service at the Middle School (Cafeteria/Food Truck), College-to-Career CTE/Vocational ED (AG/Culinary/Robotics/Construction), and Improve Fields (Track, Bleachers, Scoreboards, Restrooms).

Capacity Considerations

The District has made a commitment to its community to make every effort to house all its students in permanent rather than portable classrooms. The District's current capacity to house students in permanent structures is predicated with an inventory of 37 permanent classrooms being "loaded" at the state standard of 25 students per classroom for K-6 students; 27 students per classroom for its Grades 7-12 students; 13 students per classroom for its Special Education non-severe students; and 9 students per classroom for Special



Education severe students. This equates to a total capacity of 935 students. The 2022-2023 District preliminary enrollment data reflects a total student population of 891. This results in the District having an excess in permanent capacity of 44 students.

The reasoning and rationale for only considering permanent classrooms in the calculation of District capacity focuses the District's interest in ensuring that an existing level of service is being maintained for all students, both existing, or new (as the result of development); and that the District continues to offer the same level of service. While the District has had to provide portable classroom structures to house some students, the underlying District premise and philosophy has been that portable classroom housing was always intended as "interim" housing until such time as sufficient resources were available, both locally and at the state level, to construct permanent classrooms.

Because developer fees are levied based on the square footage of new residential and commercial/industrial space, it is necessary to determine the Student Generation Factor (SGF) on a per square foot basis. While there is very little growth in Upper Lake, the long-term result of adding additional students will create the need for new facilities or the modernization and expansion of existing facilities to accommodate this population.

New facilities are appropriate in districts with population growth and aging school facilities require updates and repairs to ensure the health and safety of students as well as to address new classroom technologies, reconfiguring and modernizing existing education spaces to align with new teaching standards and educational methodologies. Even in districts without population growth, schools could be required to consider building and/or maintaining Career Technical Educational (CTE) facilities to provide students alternative pathways to future careers. CTE helps satisfy the California Education Code (Ed Code) language encouraging districts to provide all pupils with a rigorous academic curriculum that integrates academic and career skills, incorporates applied learning in all disciplines, and prepares all pupils for high school graduation and career entry.

In many cases, new developments are constructed within the District but outside the existing practical District service area, thus creating a need for a new school or modernization and/or expansion of the nearest existing school. In addition, when new schools are built, the District will need to modernize or upgrade older schools to ensure equity in service levels to students in existing facilities. These projects may include updates to meet current building standards, along with upgrades to meet current fire, safety, and ADA compliance standards.

The construction cost in the Upper Lake Unified School District has been estimated at approximately \$82,228 per student for an elementary school; \$102,691 per student for a middle school; and \$121,652 per student for a high school (Exhibit C). When considered on a per square foot basis of residential development planned in the area, this equates to \$36.81/sq. ft. for elementary, \$9.19 for middle, and \$10.89 for high school based on the number of students generated per square foot. In the absence of a fee sharing agreement, Upper Lake Unified School District can levy residential developer fees at the maximum allowable levy of \$5.17 per square foot.

The facilities cost impact for new commercial/industrial development has been calculated to range from \$0.03 to \$2.25 per square foot (Table 10). Because these are in excess of the



statutory limit of \$0.84 per square foot, the District is justified in levying the maximum of \$0.84 per square foot for commercial/industrial development. Because the Community Shopping Center category's impact is \$0.72, the Industrial Parks/Warehouse category's impact is \$0.63, the Rental Self-Storage category's impact is \$0.03, and the Hospitality category's impact is \$0.53, the District is limited in levying no more than these rates per square foot of development for this category of construction.

A reasonable relationship and therefore a nexus exist between proposed residential and commercial /industrial development in the District and the need for new or modernized school facilities.

Developer Fee Background

Education Code §17620 grants authority to governing boards of school districts to impose developer fees, stating in part "...the governing board of any school district is authorized to levy a fee, charge, dedication, or other form of requirement against any development project for the construction or reconstruction of school facilities." To levy and collect developer fees, a school district must show the correlation (or "nexus") between new residential, commercial, and industrial development and the need for new school facilities.

In 1986, the state legislature approved AB 2926 (Chap. 887), which authorized school districts to levy development fees and at the same time placed a cap on the total amount of fees that could be levied. It established the maximum fees (adjustable for inflation) that may be collected, at \$1.50 per square foot of new residential construction and \$0.25 per square foot of new commercial/industrial construction. This maximum amount is reviewed and adjusted every two years by the State Allocation Board (SAB) and corresponds to the statewide Class B construction index. On January 24, 2024, the SAB increased the Level 1 fee to \$5.17 per square foot for residential development and \$0.84 per square foot for commercial/industrial development (Exhibit A).

Government Code §66000 through §66003 were added under Assembly Bill 1600, which became law in January 1989. The provisions require that any school district which establishes, increases, or imposes a fee as a condition of approval of development shall make specific findings as follows:

1. **A cost nexus must be established.** A cost nexus means that the amount of the fee cannot exceed the cost of providing adequate school facilities for students generated by development. Essentially, it prohibits a school district from charging a fee greater than the cost necessary to construct or reconstruct facilities for use by students generated by development.
2. **A benefit nexus must be established.** A benefit nexus is established if the fee is used to construct or reconstruct school facilities benefiting students generated from development projects.
3. **A burden nexus must be established.** A burden nexus is established if a project, by the generation of students, creates a need for additional facilities or a need to reconstruct existing facilities.



to be collected in their fee justification documents and include the general locations of new school facilities and estimated construction timelines in the report. These timelines, however, are influenced by many factors including actual (as opposed to projected) phasing of new development, eligibility, and availability of state school construction funds and availability of local funding.

In August 1998, the Governor signed into law Senate Bill 50, also known as the Leroy Greene School Facilities Act of 1998. This bill made significant changes in the State Facilities Program as well as the rules and regulations surrounding the use of “developer fees” as mitigation for school districts in California. Education Code §17620 was amended to create the provisions of Government Code §65995.

The State School Facilities Program (SFP) replaced the State Lease-Purchase Program. Except in the case where a district can establish economic "hardship" status, all new state construction projects require a district contribution of 50% of the project cost. Modernization projects require a local (District) contribution of 40% of the cost pursuant to AB 16 (Chaptered 4/29/02).

The passage of SB 50 also repealed all locally imposed fees authorized by local ordinances and instituted the collection of three levels of developer fees:

Level 1 Fees:

Level 1 fees are the current statutory fees allowed under Education Code §17620. On January 24, 2024, the State Allocation Board's biennial inflation adjustment increased the Statutory Level 1 Fees from \$4.79 to \$5.17 per square foot for residential construction and from \$0.78 to \$0.84 per square foot for commercial/industrial development.

Level 2 Fees:

Level 2 developer fees are outlined in Government Code §65995.5. This code section allows a school district to impose a higher fee on residential construction if certain conditions are met. This level of developer fees is subject to the completion of a School Facility Needs Analysis based on Government Code §65995.6.

Level 3 Fees:

Authorized by SB 50 in 1998, Level 3 fees have never been implemented. They would be approximately twice the Level 2 fee. Level 3 fees require a condition in which state school construction funds have been exhausted; therefore, no state matching funds would exist leaving the District responsible for providing 100 % of funding for any new school construction. The SAB is then required to provide written determination that state funds are not available prior to any district considering the levying Level 3 developer fees (Government Code §65995.7). Levying Level 3 fees also requires that the district have a current School Facility Needs Analysis (SFNA) in place; and is currently levying Level 2 fees. SFNAs for Level 2 fees commonly include a calculation of the Level 3 fee as well, even though the Level 3 fee cannot be imposed at that time. Both AB 1903 and the education trailer bill (SB 1016) proposed to temporarily limit the ability of school districts to levy Level 3 developer fees.



Use of Fees

Permissible Uses of Fees

Developer Fees may be used for:

- a) Construction or reconstruction of school facilities, (Ed. Code § 17620, subd. (a).)
- b) Costs associated with conducting any study, finding, needs analysis or determination required as part of the process for adopting the fee; (Ed. Code § 17620, subd. (a)(5); Gov. Code § 65995.5, subd. (f).)
- c) Administering the fee, for which 3% of the fees collected may be expended; (Ed. Code § 17620, subd. (a)(5); Gov. Code § 65995.5, subd. (f).)
- d) Costs associated with conducting the meeting(s) required for levying a new fee or increasing an existing fee may be recovered by the district from the fee charged (Gov. Code § 66016, subd. (c).)
- e) Costs attributable to the increased demand for public facilities reasonably related to the development in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with a general plan (this appears to include compliance with a Facilities Master Plan or similar document). (Gov. Code § 66001, subd. (g).)

Impermissible Uses of Fees

Developer fees generally may not be used for the following:

- a) The regular maintenance or routine repair of school buildings and facilities;
- b) The inspection, sampling, analysis, encapsulation, or removal of asbestos-containing materials, except where incidental to a construction or reconstruction project; or,
- c) The purposes of deferred maintenance described in Ed. Code § 17582.

(Ed. Code § 17620, subd. (a)(3).)

Purpose of Study

Government Code §66000 requires that for a district to levy developer fees, a nexus must be established between the impact of new residential and commercial/industrial development and the need for the construction and/or reconstruction of school facilities. Finding that such fees are justifiable, the Upper Lake Unified School District is authorized, after notice and a public hearing, to levy such fees.

Description of the District

The Upper Lake Unified School District is located in Lake County, California and provides TK-12 education for 891 students. (Exhibit B). Upper Lake is a census-designated place (CDP) in Lake County, California, United States. Upper Lake is located 8 miles (13 km)



north of Lakeport, at an elevation of 1345 feet (410 m). The population was 1,095 at the 2020 census, up from 1,052 at the 2010 census.

The following schools are located in the District:

- Upper Lake Elementary School
- Upper Lake Middle School
- Upper Lake High School
- Clover Valley High (Continuation)
- Upper Lake Community Day

Residential Development Cost Impact

Enrollment Projections Based on Historic Data

To assess the ability of the District to house students in future years, projections of enrollment are necessary. One method of projecting enrollment is the grade progression, cohort survival method provided by the California Department of Education (CDE) and used by the Office of Public School Construction to determine eligibility under the State School Building Program. The cohort survival methodology of student projection is based on using four years of historical California Longitudinal Pupil Achievement Data System (CALPADS) enrollments. This method of projecting enrollments identifies the probability that a student will "survive" from one school year to the next in the successive grade level. The state methodology places greater weight on the mathematical relationships in this data in more recent years than in the past.

Existing Facility Capacity

To determine the need for additional school facilities, the capacity of the District's existing facilities must be identified and compared to current and anticipated enrollments.

The loading standards in the California Code of Regulations, Title II, §1859.35, set capacity on a district-wide basis rather than a school-level basis for the purposes of levying developer fees. For the purposes of this study, classrooms were loaded [students per teacher] with the state loading standards of 25:1 (Grades K-6); 27:1 (Grades 7-12); 13:1 (Special Education – Non-Severe); and 9:1 (Special Education – Severe). Using the State's loading standards, the District's 37 permanent classrooms yield a capacity of 935 students.

Also, as indicated previously, only permanent classroom structures were considered in the calculation of capacity (See **Capacity Considerations**).

The 2022-2023 official enrollment as certified by CDE is 891 students, resulting in the District having an excess 44 seats for house students in permanent classrooms. (Table 1).

**Table 1: Current Excess/(Shortage) of Capacity as of 2022-2023**

Table 1: Capacity and Enrollment			
School Level	Facilities Capacity¹	CALPADS Enrollment	Excess/ (Shortage) Capacity
Elementary School	463	378	85
Middle School	108	178	(70)
High School	<u>364</u>	<u>335</u>	29
TOTAL	935	891	44

¹Based on permanent classrooms multiplied by state loading standards

Student Generation

Existing law requires that a reasonable relationship be established between residential development and the need to collect fees to mitigate school construction for students generated from these new developments. School enrollment forecasters establish a relationship between annual residential development and student enrollment growth. The method favored by the SAB (as referenced on Form SAB 50-01) for establishing this relationship is the pupil per dwelling unit ratio multiplier model. If an average number of pupils per dwelling unit is established over time, multiplying new residential units by this pupil per dwelling unit ratio will yield the forecasted number of students generated. Enrollment forecasters often use the term Student Generation Rate (SGR), or student yield factor to refer to the pupil per dwelling unit ratio.

This study uses the state standard for the SGR. For an elementary school district, the SGR is 0.5 students per dwelling unit. For a middle school, the SGR is 0.1 students per dwelling unit. For a high school, the SGR is 0.1 students per dwelling unit.

School Facility Construction Cost

A reasonable relationship (nexus) can be shown to exist between the construction and occupancy of new housing units and the need for additional school facilities. School facility costs were developed based on local construction costs and utilize the CDE recommendation of 11.7 acres per elementary school site for an elementary school housing 600 students, 21.9 acres per middle school site for a middle school housing 1000 students, and 44.5 acres per high school site for a high school housing 1800 students.

EH&A enlists the expertise of a local general contractor to provide detailed construction cost information as well as a real estate professional to provide information regarding land acquisition costs. Erickson-Hall Construction has estimated the cost to construct an elementary school in the Upper Lake area at approximately \$49,336,692, the cost of a middle school at approximately \$102,691,500, and the cost of a high school at approximately \$218,973,820 (Exhibit C). This includes land acquisition cost of \$19,000 per acre which was calculated by an average cost of land over 10 acres sold between 2021-2024. Based on a State standard of 600 pupils per elementary school, the total cost of construction of an



elementary school equates to a cost of \$82,228 per student. Based on a State standard of 1000 pupils per middle school, the total cost of construction of a middle school equates to a cost of \$102,691 per student. Based on a State standard of 1800 pupils per high school, the total cost of construction of a high school equates to a cost of \$121,652 per student.

Facilities Cost Impact per Square Foot of Residential Development

In determining the cost impact per square foot of new residential construction, the SGR is used to calculate the number of students per square foot of residential development anticipated to be built within the District's boundaries.

According to County of Lake's data, the average square footage of new residential units was determined to be 1,117 square feet. With each new dwelling unit generating an average of a 0.7 TK-12 students for the District to house, each new dwelling unit will generate .0006267 students per square foot. The calculation is as follows:

- $0.5 \text{ students/dwelling unit} \div 1117 \text{ sq. ft.} = 0.0004476 \text{ students/sq. ft. (Elementary)}$
- $0.1 \text{ students/dwelling unit} \div 1117 \text{ sq. ft.} = 0.00008953 \text{ students/sq. ft. (Middle)}$
- $0.1 \text{ students/dwelling unit} \div 1117 \text{ sq. ft.} = 0.00008953 \text{ students/sq. ft. (High school)}$

The school construction cost attributed to each square foot of new residential development is the construction cost per student multiplied by the number of students per square foot of development.

- $\$82,228/\text{student} \times .0004476 \text{ students/sq. ft.} = \$36.81/\text{sq. ft. (Elementary)}$
- $\$102,691/\text{student} \times 0.00008953 \text{ students/sq. ft.} = \$9.19/\text{sq. ft. (Middle)}$
- $\$121,652/\text{student} \times 0.00008953 \text{ students/sq. ft.} = \$10.89/\text{sq. ft. (High School)}$

Prorated Share of Development Fee

Since the \$36.81/sq. ft. noted above (for elementary school); the \$9.19/sq. ft. noted above (for middle school); and the \$10.89/sq. ft. noted above (for high school) are greater than the maximum school fee for residential development as authorized by the SAB (\$5.17/sq. ft.), the Upper Lake Unified School District is justified in levying the maximum allowable fee for residential covered and enclosed space.

Commercial/Industrial Development Cost Impact

Commercial/industrial development typically attracts additional workers to the District; and, because some of those workers will have school-age children, additional students will be generated for the District. New commercial/industrial development creates a facilities/fiscal impact to the District – generating a need for new school facilities.



If a school district is to levy developer fees on commercial/industrial development, Assembly Bill 181 states that a district "... must determine the impact of the increased number of employees anticipated to result from commercial and industrial development upon the cost of providing school facilities within the district. For the purposes of making this determination, the [developer fee justification] study shall utilize employee generation estimates that are based on commercial and industrial factors within the district, as calculated on either an individual project or categorical basis."

AB 181 was modified by the passage of Assembly Bill [AB] 530 (Chapter 633/Statutes of 1990), which allows the use of a set of statewide employee generation factors. Furthermore, AB 530 allows the use of the employee generation factors as identified in the San Diego Association of Governments (SANDAG) report titled, San Diego Traffic Generators. This study identifies the number of employees generated per 1,000 square feet of floor area for several categories of commercial/industrial development.

This report uses the following factors to calculate the school facilities costs incurred by the District per square foot of new commercial/industrial development:

- Employees generated per 1,000 square feet of new commercial/industrial development
- Percentage of employees that also live in the District
- Employees per household
- Percent of houses sold in the District that are new vs. existing
- Ratio of inter-district transfers to the estimated number of employees in the District
- Residential development cost factors calculated above:
 - ✓ Students per dwelling unit (Student Generation Rate)
 - ✓ Average new dwelling unit size as measured in square feet
 - ✓ School facilities cost per student
 - ✓ Current residential Level 1 fees

New Commercial/Industrial Impact

New commercial/industrial development typically generates additional employees that will be living in the District which will create demand for additional school facilities.

The number of new and existing households generated from new commercial/industrial development is calculated for each category of development (Table 2).



Table 2: Number of New and Existing Households Generated

Number of Households within the School District Generated per 1,000 Square Feet Commercial/Industrial (Includes New & Existing Households)				
Category	Employees Generated Per 1,000 Square Feet	% Employees Living & Working in School District	Employees in the District per Household	No. of School District Households per 1,000 Sq Ft Commercial/Industrial
Banks	2.8253	42.369%	1.085	1.1035
Community Shopping Center	1.5348	42.369%	1.085	0.5995
Neighborhood Shopping Center	2.7985	42.369%	1.085	1.0930
Industrial Business Parks	3.5156	42.369%	1.085	1.3731
Industrial Parks/Warehousing	1.3473	42.369%	1.085	0.5262
Rental Self-Storage	0.0643	42.369%	1.085	0.0251
Research & Development	3.0408	42.369%	1.085	1.1876
Hospitality(Lodging)	1.1325	42.369%	1.085	0.4423
Commercial Offices (Standard)	4.7897	42.369%	1.085	1.8707
Commercial Offices (Large High Rise)	4.5442	42.369%	1.085	1.7748
Corporate Offices	2.6848	42.369%	1.085	1.0486
Medical Offices	4.2654	42.369%	1.085	1.6659

The number of new households generated is a subset of the total households. The new household impact is calculated by multiplying the total households in the previous table by 1.38%, the historical percentage of new homes sold in the District over the past five years (Table 3).

**Table 3: Number of New Households Generated (Column D above multiplied by 1.38 %)**

New Household Impact	
Category	No. of School District <u>New</u> Households per 1000 sq ft Com/Ind
Banks	0.0153
Community Shopping Center	0.0083
Neighborhood Shopping Center	0.0151
Industrial Business Parks	0.0190
Industrial Parks/Warehousing	0.0073
Rental Self-Storage	0.0003
Research & Development	0.0164
Hospitality(Lodging)	0.0061
Commercial Offices (Standard)	0.0259
Commercial Offices (Large High Rise)	0.0245
Corporate Offices	0.0145
Medical Offices	0.0230

Student Generation

The student generation impact for each commercial/industrial category is the number of students generated by employees (per square foot of commercial/industrial development) that are living in new households located within the District. This is calculated by multiplying the New Household Impact by the District's student Generation Rate (Table 4).

**Table 4: Student Generation by Commercial Category (Table 6 multiplied by .5 SGR for Elementary; .1 SGR for Middle School and .1 SGR for High School)**

Student Generation by Commercial Category			
Category	Elementary School	Middle School	High School
Banks	0.0076	0.0015	0.0015
Community Shopping Center	0.0041	0.0008	0.0008
Neighborhood Shopping Center	0.0076	0.0015	0.0015
Industrial Business Parks	0.0095	0.0019	0.0019
Industrial Parks/Warehousing	0.0036	0.0007	0.0007
Rental Self-Storage	0.0002	0.0000	0.0000
Research & Development	0.0082	0.0016	0.0016
Hospitality(Lodging)	0.0031	0.0006	0.0006
Commercial Offices (Standard)	0.0129	0.0026	0.0026
Commercial Offices (Large High Rise)	0.0123	0.0025	0.0025
Corporate Offices	0.0072	0.0014	0.0014
Medical Offices	0.0115	0.0023	0.0023

Table 5: Inter-District Transfer Generation Impact (Inter-district transfers ÷ estimated number of people employed within the District's boundary)

Inter-District Transfer Student Generation			
Category	Elementary School	Middle School	High School
Banks	0.0096	0.0115	0.0000
Community Shopping Center	0.0052	0.0063	0.0000
Neighborhood Shopping Center	0.0095	0.0114	0.0000
Industrial Business Parks	0.0120	0.0143	0.0000
Industrial Parks/Warehousing	0.0046	0.0055	0.0000
Rental Self-Storage	0.0002	0.0003	0.0000
Research & Development	0.0103	0.0124	0.0000
Hospitality(Lodging)	0.0039	0.0046	0.0000
Commercial Offices (Standard)	0.0163	0.0195	0.0000
Commercial Offices (Large High Rise)	0.0155	0.0185	0.0000
Corporate Offices	0.0091	0.0110	0.0000
Medical Offices	0.0145	0.0174	0.0000



The total student generation impact is the sum of the two student generation impact factors (Table 6).

Table 6: Total Student Generation Impact (Total of Table 4 & Table 5)

Total Student Generation Impact (Student Generation plus Inter-District Student Generation)			
Category	Elementary School	Middle School	High School
Banks	0.0172	0.0131	0.0015
Community Shopping Center	0.0094	0.0071	0.0008
Neighborhood Shopping Center	0.0171	0.0129	0.0015
Industrial Business Parks	0.0214	0.0162	0.0019
Industrial Parks/Warehousing	0.0082	0.0062	0.0007
Rental Self-Storage	0.0004	0.0003	0.0000
Research & Development	0.0185	0.0141	0.0016
Hospitality(Lodging)	0.0069	0.0052	0.0006
Commercial Offices (Standard)	0.0292	0.0221	0.0026
Commercial Offices (Large High Rise)	0.0277	0.0210	0.0025
Corporate Offices	0.0164	0.0124	0.0014
Medical Offices	0.0260	0.0197	0.0023

School Facility Cost

The total school facility cost generated by commercial/industrial development is the total student generation impact multiplied by the facility cost per student as illustrated in Table 7a and Table 7b.

Table 7a: Cost per Student Impact

Cost per Student Impact	
School Level	Cost Impact per Student
Elementary School	\$82,228
Middle School	\$102,692
High School	\$121,652



Table 7b: School Facility Cost Impact (Table 6 multiplied by Table 7a)

Dollar Impact per Commercial Category			
Category	Elementary	Middle School	High School
Banks	\$1,417	\$1,341	\$186
Community Shopping Center	\$770	\$728	\$101
Neighborhood Shopping Center	\$1,404	\$1,328	\$184
Industrial Business Parks	\$1,764	\$1,668	\$231
Industrial Parks/Warehousing	\$676	\$639	\$88
Rental Self-Storage	\$32	\$31	\$4
Research & Development	\$1,525	\$1,443	\$200
Hospitality(Lodging)	\$568	\$537	\$74
Commercial Offices (Standard)	\$2,403	\$2,273	\$315
Commercial Offices (Large High Rise)	\$2,279	\$2,156	\$298
Corporate Offices	\$1,347	\$1,274	\$176
Medical Offices	\$2,140	\$2,024	\$280

A “residential fee offset” is calculated to ensure that revenues from "linked" residential units are not counted twice. The "residential fee offset" is the New Household Impact multiplied by the current statutory fee generated from the average square footage home (Table 8).

**Table 8: Residential Fee Offset (Table 3 data multiplied by \$5.17 /sq. ft. multiplied by 1,117 sq. ft.)**

Residential Fee Offset (\$ per 1000 sq ft Com/Ind development)		
Category	School District Households Impact	Residential Revenue Generated
Banks	0.0153	\$88
Community Shopping Center	0.0083	\$48
Neighborhood Shopping Center	0.0151	\$87
Industrial Business Parks	0.0190	\$110
Industrial Parks/Warehousing	0.0073	\$42
Rental Self-Storage	0.0003	\$2
Research & Development	0.0164	\$95
Hospitality(Lodging)	0.0061	\$35
Commercial Offices (Standard)	0.0259	\$149
Commercial Offices (Large High Rise)	0.0245	\$142
Corporate Offices	0.0145	\$84
Medical Offices	0.0230	\$133

The Net School Facilities Cost is the total school impact less the residential fee offset (Table 8).

Table 9: Net School Facilities Cost

Net School Facilities Costs			
Category	Total Impact to School	Less: Residential Revenues	Net School Impact per 1,000 Com/Ind Sq Ft.
Banks	\$1,417	\$88	\$1,329
Community Shopping Center	\$770	\$48	\$722
Neighborhood Shopping Center	\$1,404	\$87	\$1,317
Industrial Business Parks	\$1,764	\$110	\$1,654
Industrial Parks/Warehousing	\$676	\$42	\$634
Rental Self-Storage	\$32	\$2	\$30
Research & Development	\$1,525	\$95	\$1,430
Hospitality(Lodging)	\$568	\$35	\$533
Commercial Offices (Standard)	\$2,403	\$149	\$2,253
Commercial Offices (Large High Rise)	\$2,279	\$142	\$2,138
Corporate Offices	\$1,347	\$84	\$1,263
Medical Offices	\$2,140	\$133	\$2,007

The net school facilities impact per square foot is the net school facilities cost divided by 1,000 sq. ft. As is indicated in the chart below, Net Facilities Cost impacts range from \$0.03



per square foot to \$2.25 per square foot of commercial/industrial development. Because these are in excess of the statutory limit of \$0.84 per square foot, the District is justified in levying the maximum of \$0.84 per square foot for commercial/industrial development. But, because the Community Shopping Center category's impact is \$0.72 the Industrial Parks/Warehouse category's impact is \$0.63; the Rental Self-Storage category's impact is \$0.03; and the Hospitality category's impact is \$0.53, the District is limited in levying no more than those rates per square foot of development for those categories of construction. (Table 10).

Table 10: Net School Impact per Square Foot

Net School Impact Per Square Foot	
Category	Impact per Square Foot
Banks	\$1.33
Community Shopping Center	\$0.72
Neighborhood Shopping Center	\$1.32
Industrial Business Parks	\$1.65
Industrial Parks/Warehousing	\$0.63
Rental Self-Storage	\$0.03
Research & Development	\$1.43
Hospitality(Lodging)	\$0.53
Commercial Offices (Standard)	\$2.25
Commercial Offices (Large High Rise)	\$2.14
Corporate Offices	\$1.26
Corporate Offices	\$2.01

Other Legislation

School districts wanting to adopt or increase fees must hold a public hearing as part of a regularly scheduled meeting and must publish notice of this meeting twice, the first notice at least ten days prior to the meeting (per Government Code §66016).

Government Code §66006 requires school facilities fees that are collected be placed into a separate capital facilities account or fund and specifies that those fees, and the interest earned on those fees, can only be expended for the purposes for which they were collected.

According to Education Code §17625, a school district can charge a fee on manufactured or mobile homes only if all of the following conditions are met:

1. The fee may be imposed only as to the initial installation of the manufactured or mobile home in the school district.
2. A manufactured or mobile home must not have been located previously on the pad where the manufactured or mobile home is to be installed.



3. The construction of the pad where the manufactured or mobile home is to be located must have commenced after September 1, 1986.

According to Education Code §17622, no school fee may be imposed and collected on a greenhouse or other space covered or enclosed for agricultural purposes unless the school district has made findings supported by substantial evidence as follows:

1. The amount of the fees bears a reasonable relationship, and is limited to, the needs for school facilities created by the greenhouse or other space covered or enclosed for agricultural purposes.
2. The amount of the fee does not exceed the estimated reasonable costs of the school facilities necessitated by the structures for which the fees are to be collected.
3. In determining the amount of the fees, the school district shall consider the relationship between the proposed increase in the number of employees, if any, the size and specific use of the structure, as well as the cost of construction.

In October 1989, Assembly Bill 181 was enacted to clarify several areas of developer fee law. The provisions include the following:

1. Exempts from fees residential expansion/remodels of less than 500 square feet.
2. Prohibits the use of developer fee revenue for routine maintenance and repair, most asbestos work, and deferred maintenance expenditures.
3. Allows the fees to be used to pay for the cost of performing developer fee justification studies.
4. States that fees are to be collected at the time of occupancy unless the district can justify earlier collection. The fees can be collected at the time the building permit is issued if the district has established a developer fee account and funds have been appropriated for which the district has adopted a proposed construction schedule or plan prior to the issuance of the certificate of occupancy.
5. Clarifies that the establishment or increase of fees is not subject to the California Environmental Quality Act.
6. Clarifies that the impact of commercial and industrial development may be analyzed by categories of development as well as on an individual project-by-project basis. An appeal process for individual projects is required if an analysis is to be done by category.
7. Changes the frequency of the annual inflation adjustment on the maximum fee to every two years.
8. Exempts from fee development used exclusively for religious purposes, private schools, and government-owned developments.



9. Expands the definition of senior housing, which is limited to the commercial/industrial fee “cap”; and requires the conversion from senior housing to be approved by the city/county after notification of the school district.
10. Extends the commercial/industrial fee “cap” to mobile-home parks limited to older persons.

Available Revenue Sources for School Funding Facilities

In general, two sources of funding facility construction and reconstruction exist – state sources and local sources. The District has considered the following:

State Sources

State School Facility Program

Senate Bill 50 (August 1998) established the School Facility Program, providing funding under a "grant" program once a school district establishes eligibility.

Funding for new construction is offered as a 50/50 match (State/District) and at a 60/40 match (State/District) for modernization projects.

Local Sources

Developer Fee Revenue

Pursuant to the statutes enacted under SB 50, districts may levy the current statutory developer fee as long as they can justify collecting that fee. If a district desires to collect a sum greater than the statutory fee (Level 2 or Level 3), the district must meet certain requirements as outlined in the law as well as conducting a School Facilities Needs Assessment to enable the higher fee to be imposed. The Upper Lake Unified School District currently collects both residential as well commercial/industrial fees at the rates established in 2018.

Mello-Roos Community Facilities Act

The Mello-Roos Community Facilities Act of 1982 allows school districts to establish a Community Facilities District (CFD) to impose a special tax to raise funds to finance the construction of school facilities.

General Obligation Bonds

General Obligation (GO) Bonds may be issued by any school district for the purposes of purchasing real property as well as for the purposes of constructing or purchasing buildings or equipment "of a permanent nature."



School District General Funds

The district's general-purpose funds are needed by the district to provide for the operation of its instructional programs. There are no unencumbered funds that could be used to construct new facilities or reconstruct existing facilities.

Expenditure of Lottery Funds

Government Code §880.5 states: "It is the intent of this chapter that all funds allocated from the California State Lottery Education Fund shall be used exclusively for education of pupils and students and no funds shall be spent for acquisition of real property, construction of facilities, financing research, or any other non-instructional purpose."

Facility Funding Alternatives

The District currently does not have enough available funding to provide adequate facilities or to satisfy the shortfall to fund projected construction costs.

The District is pursuing the following possible funding alternatives.

- Participation in the School Facility Program
- Participating in the School Facility Financial Hardship Program

Establishing the Cost, Benefit, and Burden Nexus

Establishment of a Cost Nexus

The District may need to construct and/or reconstruct school facilities to house additional students generated by new development in the district. The cost to provide new and/or reconstructed facilities exceeds the amount of developer fees to be collected which establishes the cost nexus.

Establishment of a Benefit Nexus

The students generated by the new residential and commercial/industrial development within the district will be attending schools within the district. The fee imposed on new development will directly benefit the students generated by that development; therefore, a benefit nexus is established.

Establishment of a Burden Nexus

New students generated by development will create a need for additional and/or reconstructed school facilities. The burden on the district will be to construct new facilities to house the students generated by future developments and the need for such facilities will be, in part, satisfied by the levying of developer fees. Therefore, a burden nexus is established.



Establishment of a Special Account

Pursuant to Government Code §66006, the district has established a special account in which fees for capital facilities have been deposited. The fees collected in this account will be expended only for the purpose for which they were collected. Any interest income earned on the fees that are deposited in such an account must remain with the principal. The school district must make specific information available to the public within 180 days of the end of each fiscal year pertaining to each developer fee fund. The information required to be made available to the public by §66006 (b)(1) was amended by SB 1693 and includes specific information on fees expended and refunds made during the year.



Sources

California Department of Education, California Longitudinal Pupil Achievement Data System (CALPADS), *ULUSD Certified 2022-23 Enrollment*

California Department of Education, School Facilities Fingertip Facts

California Education Code §17620-17626

California Government Code §65995-65998

Erickson-Hall Construction, School Construction Costs, November 2023.

Guide to School Site Analysis and Development, 2000 Edition, California Department of Education

Office of Public School Construction, *Report of the Executive Officer*, SAB Meeting, January 24, 2024. *Index Adjustment on the Assessment for Development*

U.S. Census, American Community Survey, 2022 5-Year Estimate, *Population, Households and Employment*

Upper Lake Unified School District, District Staff, Inter-district Transfers, Campus maps



EXHIBITS



Exhibit A

January 2024

Index Adjustment of Assessment for Development Fees

INDEX ADJUSTMENT ON THE ASSESSMENT FOR DEVELOPMENT

PURPOSE OF REPORT

To report the index adjustment on the assessment for development, which may be levied pursuant to Education Code Section 17620.

DESCRIPTION

The law requires the maximum assessment for development be adjusted every two years by the change in the Class B construction cost index, as determined by the State Allocation Board (Board) in each calendar year. This item requests that the Board make the adjustment based on the change reflected using the RS Means index.

AUTHORITY

Education Code Section 17620(a)(1) states the following: "The governing board of any school district is authorized to levy a fee, charge, dedication, or other requirement against any construction within the boundaries of the district, for the purpose of funding the construction or reconstruction of school facilities, subject to any limitations set forth in Chapter 4.9 (commencing with Section 65995) of Division 1 of Title 7 of the Government Code."

Government Code Section 65995(b)(3) states the following: "The amount of the limits set forth in paragraphs (1) and (2) shall be increased in 2000, and every two years thereafter, according to the adjustment for inflation set forth in the statewide cost index for class B construction, as determined by the State Allocation Board at its January meeting, which increase shall be effective as of the date of that meeting."

BACKGROUND

There are three levels that may be levied for developer's fees. The fees are levied on a per-square foot basis. The lowest fee, Level I, is assessed if the district conducts a Justification Study that establishes the connection between the development coming into the district and the assessment of fees to pay for the cost of the facilities needed to house future students. The Level II fee is assessed if a district makes a timely application to the Board for new construction funding, conducts a School Facility Needs Analysis pursuant to Government Code Section 65995.6, and satisfies at least two of the requirements listed in Government Code Section 65995.5(b)(3). The Level III fee is assessed when State bond funds are exhausted; the district may impose a developer's fee up to 100 percent of the School Facility Program new construction project cost.

STAFF ANALYSIS/STATEMENTS

A historical comparison of the assessment rates for development fees for 2020 and 2022 are shown below for information. According to the RS Means, the cost index for Class B construction increased by 7.84% percent, during the two-year period from January 2022 to January 2024, requiring the assessment for development fees to be adjusted as follows beginning January 2024:

	<u>2020</u>	<u>2022</u>	<u>2024</u>
Residential	\$4.08	\$4.79	\$5.17
Commercial/Industrial	\$0.66	\$0.78	\$0.84

RECOMMENDATION

Increase the 2024 maximum Level I assessment for development in the amount of 7.84 percent using the RS Means Index to be effective immediately.



Exhibit B

School Attendance Boundaries

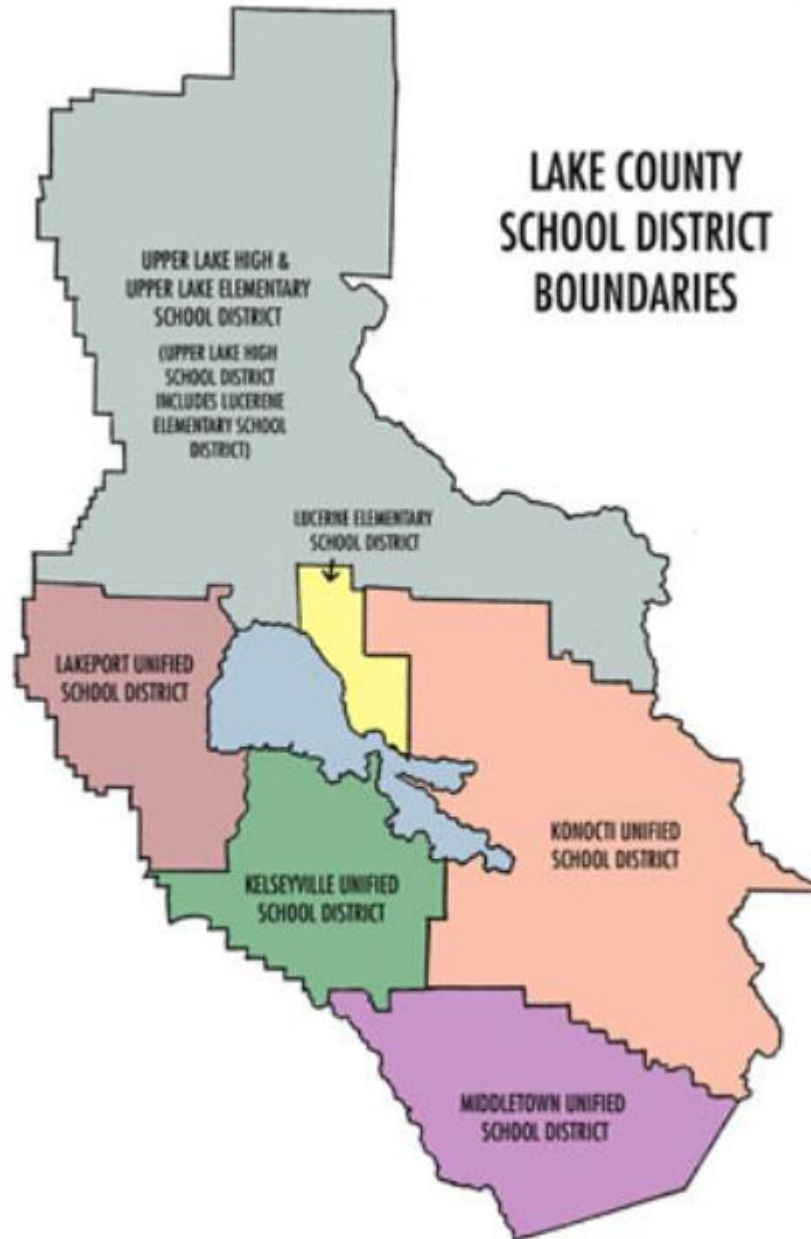




Exhibit C-1

Elementary School Construction Costs

Using a standard of 600 students, an elementary school should ideally reside on 11.7 acres per the State. In addition, building space is calculated based on 71 sq. ft. per elementary school student. It is with these assumptions that the total cost of acquiring the land for, and constructing an elementary school are presented:

Upper Lake Unified School District Estimated School Facilities Costs as provided by Erickson-Hall Construction, November, 2023					
ELEMENTARY SCHOOL			Students	600	COST
Site Costs					\$ 222,300
Land Acquisition Cost				\$ 222,300	
Acres			11.7		
Cost per Acre ¹			\$ 19,000		
Construction Costs	Sq. Ft.	Cost/Sq. Ft			\$ 33,185,400
Building	42,600	\$ 590		\$ 25,134,000	
Site	42,600	\$ 189		\$ 8,051,400	
Construction Management		10%			\$ 3,318,540
Soft costs		30%			\$ 9,955,620
Contingency		3%			\$ 995,562
FF&E		5%			\$ 1,659,270
TOTAL ESTIMATED COST					\$ 49,336,692
¹ Assumes site acquisition cost only; estimate provided by survey of sold properties appropriate for school construction					



Exhibit C-2

Middle School Construction Costs

Using a standard of 1,000 students, a middle school should ideally reside on at least 21.9 acres. In addition, building space is calculated based on 85 sq. ft. per middle school student. It is with these assumptions that the total cost of acquiring the land for, and constructing a middle school are presented:

Upper Lake Unified School District Estimated School Facilities Costs as provided by Erickson-Hall Construction, November, 2023					
<u>MIDDLE SCHOOL</u>			Students	1000	
Site Costs					\$ 416,100
Land Acquisition Cost				\$ 416,100	
Acres			21.9		
Cost per Acre ¹			\$ 19,000		
Construction Costs	Sq. Ft.	Cost/Sq. Ft			\$ 69,105,000
Building	85,000	\$ 615		\$ 52,275,000	
Site	85,000	\$ 198		\$ 16,830,000	
Construction Management	10%				\$ 6,910,500
Soft costs	30%				\$ 20,731,500
Contingency	3%				\$ 2,073,150
FF&E	5%				\$ 3,455,250
TOTAL ESTIMATED COST					\$ 102,691,500
¹ Assumes site acquisition cost only; estimate provided by survey of sold properties appropriate for school construction					



Exhibit C-3

High School Construction Costs

Using a standard of 1,800 students, a high school should ideally reside on at least 44.5 acres. In addition, building space is calculated based on 92 sq. ft. per high school student. It is with these assumptions that the total cost of acquiring the land for, and constructing a high school are presented:

Upper Lake Unified School District Estimated School Facilities Costs as provided by Erickson-Hall Construction, November, 2023					
<u>HIGH SCHOOL</u>			Students	1800	
Site Costs					\$ 845,500
Land Acquisition Cost				\$ 845,500	
Acres			44.5		
Cost per Acre ¹			\$ 19,000		
Construction Costs	Sq. Ft.	Cost/Sq. Ft			\$ 147,384,000
Building	165,600	\$ 670		\$ 110,952,000	
Site	165,600	\$ 220		\$ 36,432,000	
Construction Management	10%				\$ 14,738,400
Soft costs	30%				\$ 44,215,200
Contingency	3%				\$ 4,421,520
FF&E	5%				\$ 7,369,200
TOTAL ESTIMATED COST					\$ 218,973,820
¹ Assumes site acquisition cost only; estimate provided by survey of sold properties appropriate for school construction					