SCHOOL FACILITY FEE JUSTIFICATION REPORT

FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL

DEVELOPMENT PROJECTS

for the

OCEAN VIEW SCHOOL DISTRICT

April 2026

Prepared for
Ocean View School District
17200 Pinehurst Lane
Huntington Beach, CA 92647
(714) 847-2551

Prepared by
School Facility Consultants
1303 J Street, Suite 500
Sacramento, CA 95814
(916) 441-5063

.

TABLE OF CONTENTS

Executive Summary 1

Introduction 2
- A. Purpose and Scope 2
- B. Brief Description of the Ocean View School District 2
- C. Data Sources 3
- D. Outline of the Report 3

I. District Facility Needs 4

II. Financial Impact on the District of Future Residential Development 5
- A. Number of Students per New Housing Unit 5
- B. Cost of Providing School Facilities 5
- C. Cost of Providing School Facilities per New Residential Housing Unit 6
- D. Cost of Providing School Facilities per Square Foot of Future Residential Development 6

III. Revenue from Fees on Residential Development Versus Costs of School Facilities 8
- A. Fee Revenue from Future Residential Development 8
- B. Fee Revenue from Additions to Existing Residences 8
- C. Fee Revenue from Reconstruction and Redevelopment 9
- D. School Facility Costs Generated by Residential Development Over the Next Five Years 9
- E. School Facility Costs Generated by Additions to Existing Residences 9
- F. School Facility Costs Generated by Reconstruction and Redevelopment 9
- G. School Facility Costs Generated by Reconstruction and Redevelopment that Increase Unit Density 9
- H. Extent of Mitigation of School Facility Costs Provided by Level I Residential Fees 10
- I. Senior Citizen Restricted Housing 10

IV. Financial Effect on the District of New Commercial/Industrial Development 11
- A. Employees per Square Foot of Development 11
- B. Percentage of Employees Residing Within the District 12
- C. Number of Households per Employee 12
- D. Number of Students per Dwelling Unit 12
- E. School Facility Cost per Pupil 12
- F. School Facility Cost per Square Foot of Commercial/Industrial Development 12
- G. Calculating School Facility Cost of Commercial/Industrial Development with Residential Fee Offset 13

V. Findings 16
- A. Government Code Section 66001(a)(1) - Purpose of the Fee 16
- B. Government Code Section 66001(a)(2) - Use of the Fee 16
- C. Government Code Section 66001(a)(3) - Relationship Between the Fee's Use and the Type of Project Upon Which the Fee is Imposed 16

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 17
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 17
F. Other Funding Sources 18
1) General Fund 18
2) State Programs 18
3) General Obligation Bonds 18
4) Parcel Taxes 19
5) Mello-Roos Community Facilities Districts 19
6) Surplus Property 19

VI. Recommendations 20

Appendix: Employee Statistics From the San Diego Association of Governments by Various Categories of Commercial/Industrial Development

EXECUTIVE SUMMARY

The Ocean View School District (District) is justified to collect the legal maximum fee as authorized by Government Code Section 65995 (Level I fees), currently $5.38 per square foot of residential development as future residential development creates a school facility cost of $7.03 per square foot. The District is also justified to collect the legal maximum fee of $0.87 per square foot of development on all listed categories of commercial/industrial development, as those categories of development create school facility costs ranging from $1.12 to $4.79 per square foot of future development, even when fees from linked residential units are accounted for. The District currently shares fee revenue with Huntington Beach Union High School District with 61 percent of the total $5.38 per square foot fee ($3.28 per square foot) going to the District and the remaining 39 percent ($2.10 per square foot) going to Huntington Beach Union High School District.

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 school facilities require substantial capital investments in order to provide adequate learning environments for pupils. 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 $7.03. All listed categories of commercial/industrial development create an estimated school facilities cost ranging from $1.12 to $4.79 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for.
3. The District currently shares developer fee revenue with Huntington Beach Union High School District. For example, if the District were to collect a $3.28 share of the total $5.38 charged on new development, fee revenue will offset 46.7 percent of the school facility cost attributable to residential development. Likewise, if the District were to collect a $0.53 share of the total $0.87 charged on new commercial/industrial development, fee revenue will offset from 11.1 percent to 47.3 percent of the school facility cost attributable to commercial/industrial development, even when fees from linked residential units are accounted for. For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified up to $7.03 for residential and $0.87 for commercial/industrial development.

The fees outlined above all meet the requirements of law. An essential nexus exists between the fees and the need for school facilities. Since the fees are capped by statute, the fees are substantially less than what would roughly be proportionate to the projected impact of development.

End of Summary

INTRODUCTION

This Report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the Ocean View School District (District).

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 the construction and/or reconstruction of school facilities. Government Code Section 65995 authorizes school districts to collect fees on future development of no more than $5.38 per square foot for residential construction and $0.87 for commercial/industrial construction (Level I fees). Level I fees are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board. Applicable law requires 1) that an essential nexus exist between the fees and their use, and 2) that the fees be roughly proportional to the impacts of proposed development.

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 fees and the developments on which those fees are to be charged.

B. Brief Description of the Ocean View School District

The Ocean View School District is located in Orange County. District boundaries may be seen in greater detail on maps available at the District Office.

The Ocean View School District currently serves approximately 6,522 students in grades TK-8 and operates ten elementary schools and three middle schools.

Opportunities for new residential development exist in the District and this report estimates 1,105 new residential units may be constructed within the District boundaries based on data from local planning jurisdictions.

To accommodate this future residential development, the District plans to reconstruct school facilities as outlined in the next section.

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	City of Huntington Beach, City of Westminster, City of Fountain Valley, District
Commercial/industrial development rates	District Developer Fee Collection Data
Enrollment history	CBEDS
Pupil capacity of District schools	District
Student generation rates for housing units	United States Census Bureau, CBEDS
Employees per square foot of commercial/industrial development	San Diego Association of Governments
Number of workers per household	United State Census Bureau, American Community Survey

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 and applicable law with respect to the collection of developer fees,
5. Summarize other potential funding sources for school facilities, and
6. Present recommendations regarding the collection of developer fees.

End of Section

I. DISTRICT FACILITY NEEDS

The District has outlined its current and future facility needs in the 2016 *Facility Master Plan* which demonstrate that the District's current school facilities require substantial capital investments in order to provide an adequate learning environment for pupils.

In order to provide facilities for students from future development, the District plans to implement comprehensive facility modernizations, upgrades and expansions throughout the District.

The District has identified that adequate facilities do not exist within the district and, therefore, there is insufficient capacity available to house students generated by future development.

This condition exists regardless of the availability of classrooms to house students (including new development students), as substantial capital investment is required in the classroom facilities.

The following types of construction activities are contemplated by the District to be implemented through execution of the Districts facility plan:

- Parking & Drop Off
- Fencing & Gates
- Kindergarten Classrooms & Play Areas
- Classroom Modernizations
- Technology Upgrades
- Portable Classroom Replacement
- Kitchen & Food Service Upgrades

The District has identified that investment in these areas is necessary in order to meet the needs of students.

End of Section

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 the reconstruction of school facilities that the District must complete at some cost. This section describes this cost in three ways: (1) dollars per TK-8 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 elementary and middle school students.

A. Number of Students per New Housing Unit

This Report estimates the number of students that each future residential housing unit will generate by analyzing the rate at which previously built housing units have generated current District pupils.

The Report calculates this student generation rate by dividing the number of TK-8 students enrolled in the District in 2022/23 by the total number of housing units in the District in the year 2022 according to the United States Census Bureau.

Table 1-1 identifies the TK-8 student generation rate for housing units in the District.

Table 1-1
Student Generation Rates

Grade Group	2022/23 District Enrollment	Total Housing Units	Students per Residential Housing Unit
TK-8	6,801	38,695	0.176
Total	**6,801**	**38,695**	**0.176**

B. Cost of Providing School Facilities

As noted in Section I, the District's facilities are in need of significant upgrade and renovation to provide adequate learning environment for pupils. The per-pupil cost of providing school facilities for unhoused students is outlined in Table 1-2. The per-pupil facility cost models for the District's planned school facilities are based on estimated costs of TK-8 facility projects of outlined in the District's 2016 Facility Master Plan less the funds expended through Measure R and indexed to 2026 costs of $276.1 million and the total District capacity.

Table 1-2
Per-Pupil Facility Costs for TK-8 Students

Grade Group	Per-Pupil Facility Cost
TK-8	$37,766

C. Cost of Providing School Facilities per New Residential Housing Unit

Table 1-3 multiplies the total number of students per housing unit by the facility costs of TK-8 students to calculate an average $6,647 facility cost attributable to future residential housing units.

Table 1-3
School Facility Cost per New Housing Unit

Student Generation Rate	TK-8 Per-Pupil Facility Cost	Cost per New Housing Unit
0.176	$37,766	$6,647

D. 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.

Information provided by the City of Huntington Beach, the City of Fountain Valley and the City of Westminster indicates that that new residential units will average 945 square feet over the next five years.

Table 1-4 shows the school facility cost per square foot of new residential housing units.

Table 1-4
School Facility Cost per Square Foot of Residential Development

Facility Cost per Unit	Average Square Footage	Facility Cost per Square Foot of Development
$6,647	945	$7.03

As demonstrated above, each square foot of future residential development will generate a school facility cost of $7.03. This is true regardless of the amount of square footage (i.e., units) constructed in the next five years.

The facility cost per square foot of development of $7.03 is likewise fully justified when calculating the impact based on total anticipated units, total anticipated pupils generated from new development, and the total anticipated cost to house those pupils:

- Total new housing units expected to be built in the next five years is 1,105
- Total anticipated pupils from new development is 194.5
- Total cost to house pupils generated from new development is $7,345,487

Table 1-5
Alternative Calculation of K-8 School Facility Cost per Square Foot of Residential Development

Future Units	Pupils from New Development	Cost to House Pupils from New Development	Total Anticipated SQFT	Facility Cost Per Square Foot of Development
1,105†	194.5††	$7,345,487*	1,044,225**	$7.03

†1,105 units expected to be constructed in five years. Page 2

††1,105 units with an SGR of 0.176 equals 194.5 pupils. Table 1-1

*194.5 pupils with a per-pupil facility cost of $37,766 equals $7,345,487 total cost. Table 1-2

**1,105 units with an average square footage of 945 per unit equals 1,044,225 total square foot. Table 1-4

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 $5.38 per square foot. The District currently shares developer fee revenue with Huntington Beach Union High School District, with 61 percent of fee revenue going to the Ocean View School District. If the District continues to collect 61 percent of the fees charged on residential development, it will collect $3.28 of total $5.38 charged on new development.

As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of $7.03. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., at $3.28 per square foot, for every $1.00 in fee revenue generated by future development, $2.14 in school facility costs are generated).

A. Fee Revenue from Residential Development over the Next Five Years

Information from the City of Huntington Beach, the City of Westminster and the City of Fountain Valley indicate that approximately 1,105 residential units may be built in the District over 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 $2.14 to $1.00.

Based on the average square footage from the previous section, 1,105 residential units will generate 1,044,225 square feet of residential development over the next five years.

If the District collects $3.28 of the total $5.38 charged on new development, the District would collect $3,425,058 in residential developer fees over a five-year projection period.

Table 1-6
Revenue from Residential Developer Fees

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
1,105	945	$3.28	$3,425,058

B. Fee Revenue from Additions to Existing Residences

Revenue will be collected from fees assessed on additions to 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 $131,200 in fee revenue (40,000 multiplied by $3.28).

C. Fee Revenue from Reconstruction and Redevelopment

Revenue will be collected from fees assessed on projects that reconstruct or redevelop existing housing when there is a net increase in student generated. The District will analyze reconstruction and redevelopment projects on a case-by-case basis to determine the facilities impact.

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 1-7 shows that the total school facility cost attributable to future development is $7,344,935.

Table 1-7
School Facility Cost Generated by Students from Future Development

New Units	Cost per New Housing Unit	Total Cost
1,105	$6,647	$7,344,935

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 seven students (assuming the student generation rate for additions is the same as for new residential units) and a school facilities cost to the District of $264,362 (seven students times a per-pupil facilities cost of $37,766).

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 but only to the extent that the square footage of the new construction exceeds the square footage of the reconstructed or redeveloped housing. For example, reconstruction and/or redevelopment of 50,000 square feet will generate an additional nine students (assuming the student generation rate for reconstruction and redevelopment is the same as for new residential homes) and a school facilities cost to the District of $339,894 (nine students times a per-pupil facilities cost of $37,766).

G. School Facility Costs Generated by Reconstruction and Redevelopment that Increase Unit Density

Reconstruction and redevelopment of existing homes will have the same financial effect on the District as new residential development for the entirety of the square footage, but only on projects that increase the total number of units of the reconstructed or redeveloped housing. For example, reconstruction and/or redevelopment of 50,000 square feet of single dwelling unit projects into two dwelling unit projects will generate an additional 4.66 students (assuming the student generation rate for reconstruction and redevelopment is the same as for new residential homes)

and a school facilities cost to the District of $175,990 (4.66 students times per pupils facilities cost of $37,766).

The District is justified to collect on the full amount of the reconstructed or redeveloped square footage because the school facilities cost to the district ($175,990) exceeds the District's revenue ($164,000).

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

Table 1-8 shows that $3,425,058 in total residential Level I fee revenue will cover only 46.6 percent of the $7,344,935 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 1-8
Facility Cost of Residential Development Versus Fee Revenue

Total School Facility Costs	Total Revenues From Fees	Net Facility Cost to the District
$7,344,935	$3,425,058	$3,919,877

I. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of $0.87 per square foot, is established for certain types of residences that are restricted in occupancy to senior citizens. Housing of this type generates employees and has an indirect impact on the school district similar to that from commercial/industrial development projects.

End of Section

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. 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 1-9
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
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.

At its discretion, the District may alternatively make findings on an individual project basis.

B. Percentage of Employees Residing Within the District

United States Census Bureau data from the American Community Survey for 2022 (Table B080008 – *Sex of Workers By Place of Work – Place Level*), indicates that approximately 30 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 2022 (Table B25001 – *Housing Units* and Table B080008 – *Sex of Workers By Place of Work – Place Level*), indicates that there are approximately 1.31 workers per household. Likewise, this data indicates that there are 0.76 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 0.76 housing units.

D. Number of Students per Dwelling Unit

As outlined in Section II.A., the Report assumes that 0.176 TK-8 pupils will reside in each housing unit.

E. School Facility Cost Per-Pupil

As outlined in Section II.C., the Report estimates that the school facility cost per TK-8 pupil is $37,766.

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

Table 1-10 calculates the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial projects listed in Table 1-9.

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 next page)

Table 1-10
Facility Cost per Square Foot of Commercial/Industrial Development, by Category

Category	Employees per Square Foot	% Employees Residing in District	Dwelling Units per Employee	TK-8 Students per Dwelling Unit	Cost per TK-8 Student	Cost per Square Foot
Banks	0.00283	0.30	0.76	0.176	$37,766	$4.29
Community Shopping Centers	0.00153	0.30	0.76	0.176	$37,766	$2.32
Neighborhood Shopping Centers	0.00271	0.30	0.76	0.176	$37,766	$4.11
Industrial Business Parks	0.00352	0.30	0.76	0.176	$37,766	$5.33
Industrial Parks	0.00135	0.30	0.76	0.176	$37,766	$2.05
Scientific R&D	0.00304	0.30	0.76	0.176	$37,766	$4.61
Lodging	0.00113	0.30	0.76	0.176	$37,766	$1.71
Standard Com. Offices	0.00480	0.30	0.76	0.176	$37,766	$7.27
Large High Rise Com. Offices	0.00432	0.30	0.76	0.176	$37,766	$6.55
Corporate Offices	0.00269	0.30	0.76	0.176	$37,766	$4.08
Medical Offices	0.00427	0.30	0.76	0.176	$37,766	$6.47

The District generates a school facility cost greater than the Government Code maximum of $0.87 per square foot for all listed categories of commercial/industrial development.

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. Based on the average vacancy rate from the previous three US Census and projected new development rates, this report assumes that even if all new homes are available to house new workers, these units would only represent 44.72 percent of available housing. Therefore, this report estimates that only 44.72 percent of employees generated by new commercial/industrial development will reside in new homes. However, even if 63 percent of available homes were new homes, the District would still be fully justified to collect commercial/industrial fees on all types of development (except rental self-storage).

For purposes of calculating the residential fee offset, this Report estimates that the District will collect $5.38 per square foot of future 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.

The number of Dwelling Units Per Square Foot of Commercial/Industrial Development is determined by multiplying the following factors from Table 1-10 (above): (1) the Number of Employees Per Square Foot of Commercial/Industrial Development; by (2) the Percentage of Employees that Reside within the District; by (3) the Number of Dwelling Units Per Employee. To illustrate, 0.00153 employees are generated for each Square Foot of Community Shopping

Center constructed, 30 percent of these employees are anticipated to live within the District and each of these employees living in the District will require 0.76 dwelling units. Multiplying these factors demonstrates that 0.00035 dwelling units are required for each square foot of Community Shopping Center constructed within the District.

Table 1-11 calculates the facility cost of new commercial/industrial development while taking into account the revenues from linked residential units.

Table 1-11
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.	Percentage of Employees Living in New 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	0.00065	945	$5.38	44.72%	$1.48	$4.29	$2.81
Community Shopping Centers	0.00035	945	$5.38	44.72%	$0.80	$2.32	$1.52
Neighborhood Shopping Centers	0.00062	945	$5.38	44.72%	$1.41	$4.11	$2.70
Industrial Business Parks	0.00080	945	$5.38	44.72%	$1.82	$5.33	$3.51
Industrial Parks	0.00031	945	$5.38	44.72%	$0.70	$2.05	$1.35
Scientific R&D	0.00069	945	$5.38	44.72%	$1.57	$4.61	$3.04
Lodging	0.00026	945	$5.38	44.72%	$0.59	$1.71	$1.12
Standard Com Offices	0.00109	945	$5.38	44.72%	$2.48	$7.27	$4.79
Large High Rise Com Offices	0.00098	945	$5.38	44.72%	$2.23	$6.55	$4.32
Corporate Offices	0.00061	945	$5.38	44.72%	$1.39	$4.08	$2.69
Medical Offices	0.00097	945	$5.38	44.72%	$2.21	$6.47	$4.26

As the table shows, the school facility cost of all listed categories is greater than the Government Code maximum of $0.87 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 $0.87 per square foot for all listed categories of commercial/industrial.

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

If the District charges $0.53 (District 61 percent share of the $0.87 fee) per square foot of commercial/industrial development, it will collect $74,200 from the 140,000 square feet of community shopping center development. The District will collect 100 percent of the $5.38 per square foot fee on new residential development, the District will also collect $111,038 in revenue from residential developer fees (140,000 square feet x 0.00153 employees per square foot x 30% employees that live in District x 0.76 housing units per employee x 945 square feet per housing unit x $5.38 revenue from developer fees x 44.72 percent available new housing). The 140,000 square feet of community shopping center development will create a school facilities cost of $324,800 (140,000 square feet x $2.32 school facility cost per square foot of community shopping center).

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

Table 1-12
Comparison of Facility Cost and Fee Revenue Generated by New Community Shopping Center Development

	Fee Revenues	Facility Costs	Total Revenues (Costs)
140,000 square feet of community shopping center development	$74,200	$324,800	($250,600)
New housing units associated with the development	$111,038	N/A	$111,038
Total	**$185,238**	**$324,800**	($139,562)

As the table shows, fee revenue from community shopping center development will cover only 57.0 percent of the school facility cost it generates, even when that cost is discounted by the maximum revenue allowed by statute from linked new housing units.

All listed categories of commercial/industrial development will generate more facility cost than fee revenue, because they all generate a facility cost greater than $0.87 per square foot, even when fees from linked residential units are considered.

End of Section

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's use of the fee will involve constructing new school facilities. In addition, the fee may be used to construct new permanent facilities, additional permanent facilities on existing school campuses, and/or constructing and/or reconstructing school campuses. The District will also need to 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,
(5) Testing and inspection of school sites and school buildings,
(6) Furniture 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
(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 On 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 the construction and/or reconstruction of school facilities. The fee's

use (acquiring school facilities) has, therefore, an essential nexus to the type of project (future residential development) on which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Because some of these workers will have school-age children, commercial/industrial development will also generate new students in the District. 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 the construction and/or reconstruction of school facilities. The fee's use (acquiring school facilities) has, therefore, an essential nexus 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 On Which the Fee is Imposed

As described in Section I of this Report, the District's current classroom facilities require substantial capital investments in order to provide adequate educational environment for pupils. The District, therefore, does not have sufficient existing TK-8 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 the construction and/or reconstruction of school facilities. There is rough proportionality, therefore, between the District's need to construct and/or reconstruct school facilities and the impact of new residential and commercial/industrial development projects. Indeed, since the fees are capped by statute, the fees are substantially less than what would be roughly proportionate to the projected impact of development.

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 $7.03 per square foot. Fees on residential development of up to $7.03 are, therefore, fully justified, as it is less than roughly proportionate to the associated school facilities cost.

This Report also demonstrates that the school facility costs attributable to all listed categories of commercial/industrial development, even when fees from linked residential units are accounted for. Level I fees of $0.87 on these types of development are, therefore, fully justified. The District shares fees with the Huntington Beach Union High School District, of $0.53 (District 61 percent share of the $0.87 fee) per square foot of commercial/industrial development,

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 1-13
Projected Five-Year District Revenue

	Revenues
1. Capital Assets:	
Current Capital Facility Fund Balance (Fund 25)	$998,160
Current Capital Facility Fund Balance (Fund 35)	$1,011
Current Capital Facility Fund Balance (Fund 45)	$2,169,938
Total Capital Assets	**$3,169,109**
2. Projected Revenue from Developer Fees:	
Residential Development*	$3,425,058
Commercial/Industrial Development**	$3,477
Total Projected Revenue from New Development	**$3,428,535**
Total Projected Five-Year District Revenue	**$6,597,644**

* Estimate based on 1,105 homes averaging 945 square feet times the District's anticipated revenue of $3.28 per square foot.
** Estimate based on the previous 5-years of developer fee collections totaling 3,477 square feet of commercial and industrial development times the District's anticipated revenue of $0.53 per square foot.

The total cost for providing school facilities for the District's current unhoused students, as outlined in this District's current facility plan is $276,108,046. As demonstrated in Table 1-13 above, the District's projected five-year revenue is $6,597,644. Comparing all of the District's funds available for new construction in five years ($6,597,644) to the cost of meeting the District's current facility needs ($276,108,046), demonstrates that these funds will not be sufficient to meet the District's facility needs.

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 for capital outlay uses, as funds are needed solely to meet the District's non-facility needs.

2) State Programs

The District has been approved for eligibility and has received State funding for the 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, 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.

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 does not own any surplus property that could be used to finance additional school facilities.

End of Section

VI. RECOMMENDATIONS

As described in Section II.D, the District's cost per square foot of residential development is $7.03. Therefore, this Report recommends that the District levy a fee, as authorized by Government Code Section 65995, of $3.28 per square foot of residential development, not to exceed $7.03 per square foot.

As described in Section IV.G, the District's cost per square foot of commercial/industrial development ranges from $1.12 to $4.79. The Report also recommends that the District levy its share of the maximum fee as authorized by Government Code Section 65995, currently $0.53 per square foot of the statutory maximum of $0.87 per square foot, on all categories of commercial/industrial development.

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

End of Report

Appendix

Employee Statistics From the San Diego Association Of Governments By Various Categories of Commercial/Industrial Development

(from Traffic Generators Report January 1990)

Appendix

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
Banks				
Calif. First	57	13,400		
Southwest	11	3,128		
Mitsubishi	14	6,032		
Security Pacific	22	14,250		
Total	104	36,810		
Average	26	9,203	354	0.00283
Community Shopping Centers				
Rancho Bernardo Towne Center	273	139,545		
Plaza De Las Cuatro Banderas	227	186,222		
Rancho San Diego Village	N/A	N/A		
Total	500	325,767		
Average	250	162,884	652	0.00153
Neighborhood Shopping Centers				
Town and Country	217	70,390		
Tierrasanta II	87	49,080		
Palm Plaza	143	47,850		
Westwood Center	173	61,285		
Total	620	228,605		
Average	155	57,151	369	0.00271
Industrial Business Parks				
Convoy Ct / St. Parks	955	224,363		
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	284	0.00352

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Industrial Parks				
Sorrento West	725	614,922		
Roselle Street	761	500,346		
Stromesa Street	200	136,124		
Total	1,686	1,251,392		
Average	562	417,131	742	0.00135
Scientific Research and Development				
Johnson & Johnson Biotechnology Center	39	22,031		
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	329	0.00304
Lodging				
San Diego Hilton	139	223,689		
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	882	0.00113

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Standard Commercial Office				
Industrial Indemnity Bldg.	170	34,300		
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	208	0.00480
Large High Rise Com. Office				
Mission Valley Financial Center (Security Pacific)	900	185,600		
Lion Plaza Building	462	109,000		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	433,500		
Average	625	144,500	232	0.00432
Corporate Offices				
Equitable Life	200	53,900		
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	372	0.00269
Medical Offices				
Chula Vista Doctors' Park	108	24,000		
Parkway Medical Group	65	17,620		
Campus Medical-Dental Center	115	25,900		
Total	288	67,520		
Average	96	22,507	234	0.00427