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Developer Fee Justification Study Update

ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT

Background



Developer Fee Law

Education Code section 17620 authorizes a school district to:

- "levy a fee, charge, dedication or other requirement against any development project for the construction or reconstruction of school facilities"
- Provided that the district can show justification for levying such fees

Government Code section 65995 limits the fee to be collected to the statutory fee

- As of January 2026:
  - $5.38 per square foot of residential construction
  - $0.87 per square foot of commercial/industrial construction

Legal Requirements

- Identify the purpose of the fee
- Identify how the fee is to be used
- Determine the benefit relationship
- Determine the burden relationship
- Determine the proportionality of the fee

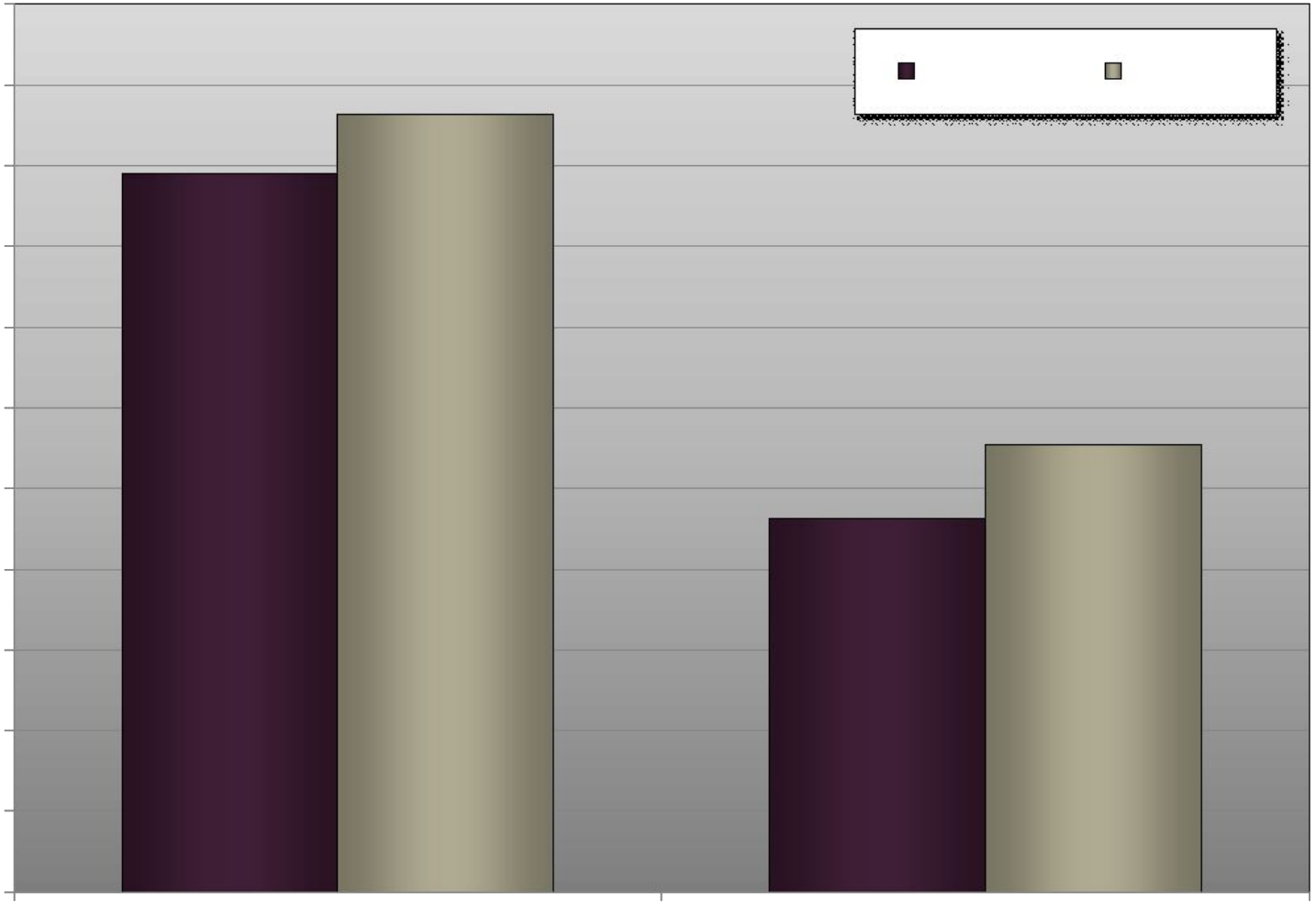
Current Fees

- The District previously adopted a developer fee study which justified a fee of $2.24 per square foot of residential construction and $0.32 per square foot of commercial/ industrial construction.
- The District shares its boundaries with East Side Union High School District, it must also share its developer fees.
  - The District can levy up to 60% of the statutory maximum fee.

5 Year Historical Developer Fee Collections	
Year	**Total**
2024-25	$84,075
2023-24	$533,772
2022-23	$259,721
2021-22	$102,433
2020-21	$303,848
Total	**$1,283,849**



Capacity and Enrollment

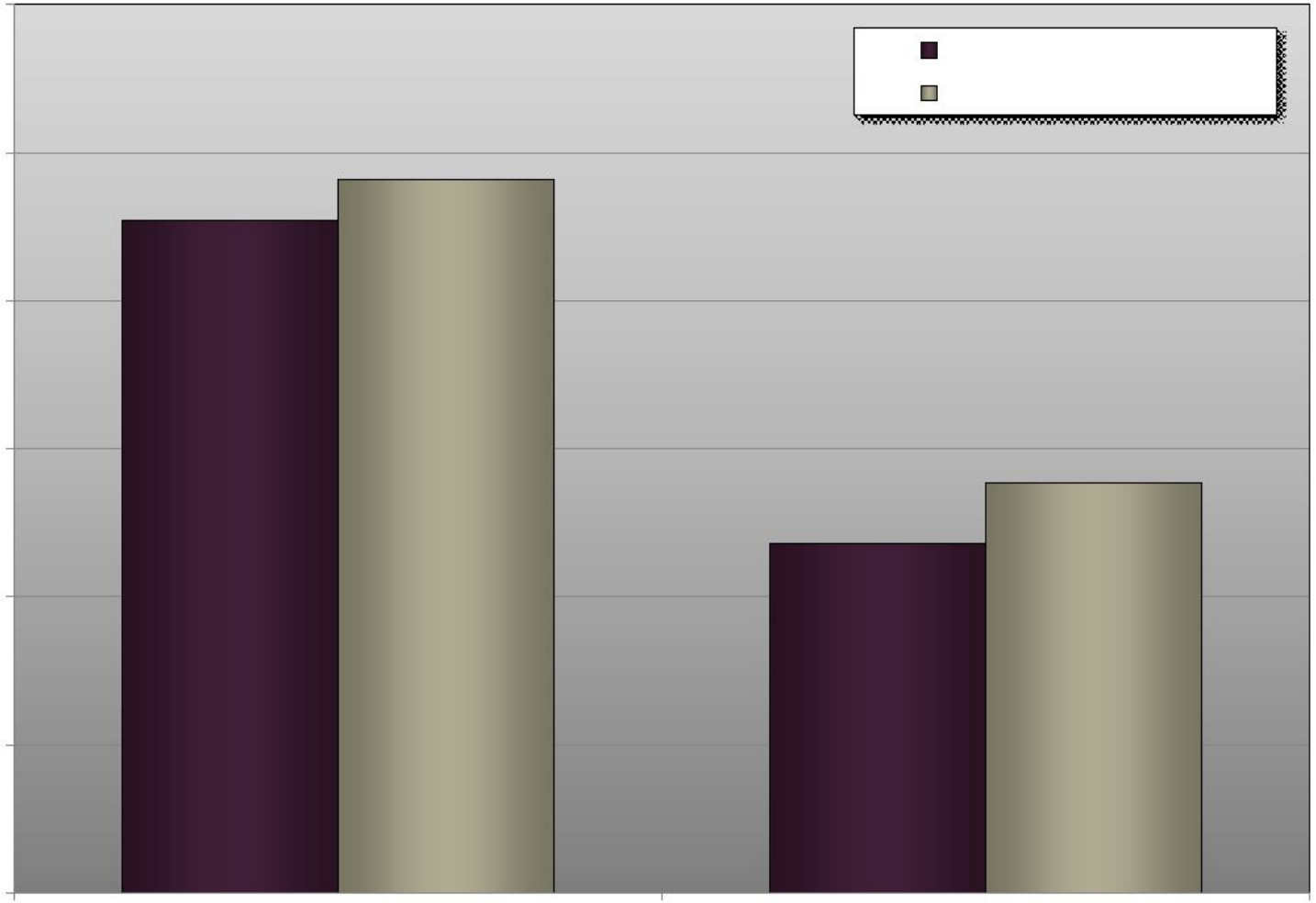


Projected Development and Enrollment

- A total of 623 units are projected to be constructed within the District's boundaries over the next several years.
- Using student generation rates of 0.156 for TK-5 and 0.081 for 6-8 we can project the number of students that will be generated from new construction.

Projected Residential Development	
Project Location	# of Units Remaining
2920 Alum Rock	63
2940 Alum Rock	400
525 N. Capitol Ave	160
Total	623

Summary Enrollment Projections			
Estimated # of Residential Units	Projected TK-5 Students	Projected 6-8 Students	Total Projected Students
623	97	50	147





Facilities Needs & Fee Justification

Facilities Needs

- The District needs to plan for the refurbishment and/or reconstruction of existing classroom facilities, and construction of support facilities to accommodate students generated from projected development and maintain the existing level of service.
  - The District continues to have capital improvement requirements based upon older facilities not meeting District standards.

Estimated Facilities Needs Costs

- To estimate the facilities needs cost, the number of projected students from new development is multiplied by the estimated construction cost per student.
  - The cost per student in this study is based on the new construction grant amount established by the SAB.

Estimated Facilities Needs Cost			
Grade	Projected Students from New Development	Estimated Cost Per Student	Total Estimated Facilities Needs Costs
Elementary	97	$33,410	$3,240,770
Middle	50	$35,424	$1,771,200
Total	**147**		**$5,011,970**

Calculating the Residential Fee

Projected New Development Total Square Footage

1,742 avg. sq. ft. x 623 units = 1,085,266 total sq. ft.

Facilities Cost Per Square Foot

$5,011,970 / 1,085,266 sq. ft. = $4.62 per sq. ft.

The District's facilities cost per square foot of new development ($4.62 per square foot) far exceeds the District's share of the maximum developer fee ($3.23 per square foot) that can be imposed.

Commercial Fee

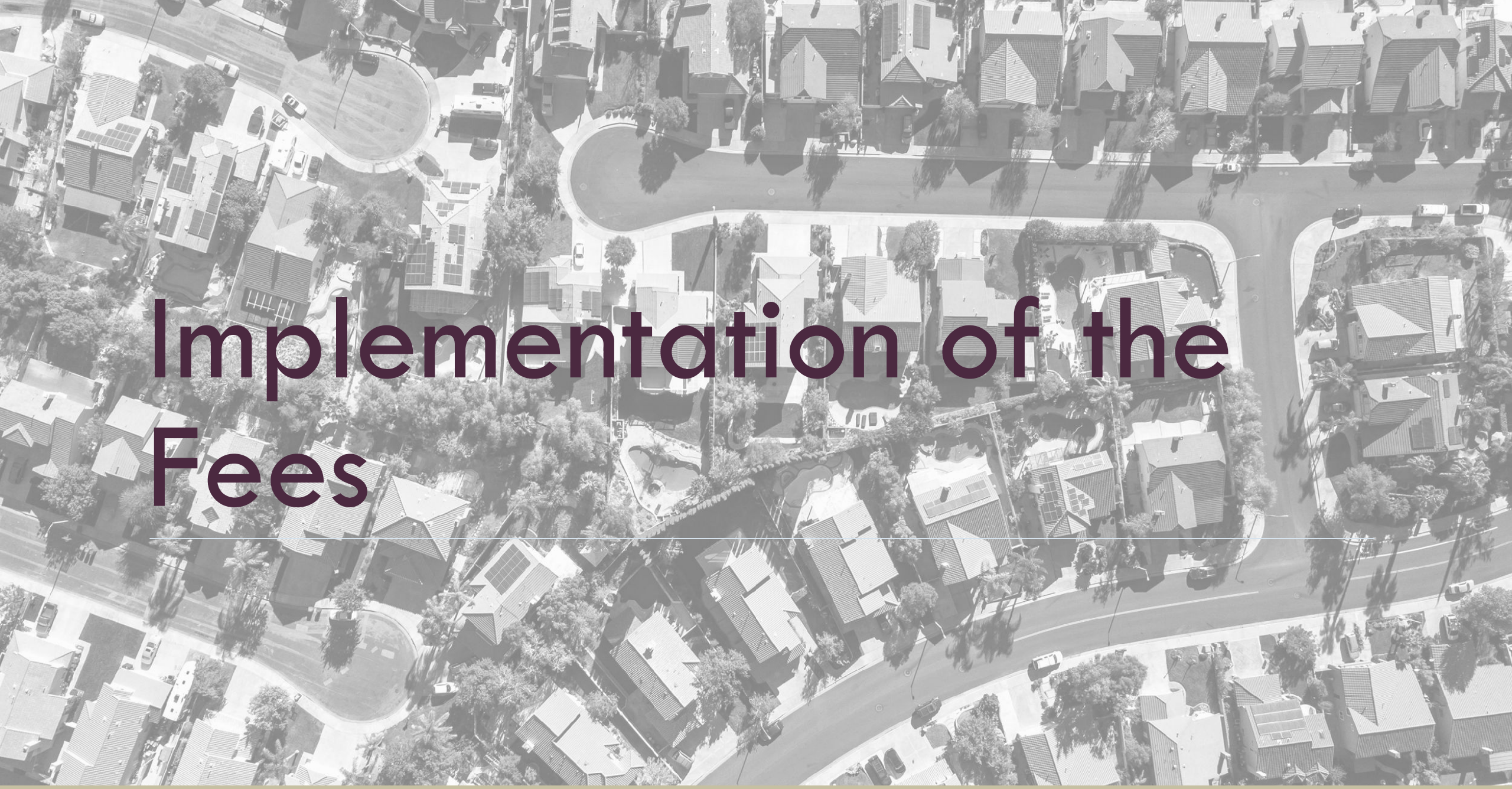
School Facilities Cost Per Sq. Ft. of Commercial/Industrial Development						
Category	Employees Per Average Square Foot	% Employees Residing in District	Dwelling Units per Employee	TK-8 Students per Dwelling Unit	Cost per TK-8 Student	Cost per Square Foot
Banks	0.00283	0.333	0.473	0.237	$34,095	$3.60
Community Shopping Centers	0.00153	0.333	0.473	0.237	$34,095	$1.95
Neighborhood Shopping Centers	0.00271	0.333	0.473	0.237	$34,095	$3.45
Industrial Business Parks	0.00352	0.333	0.473	0.237	$34,095	$4.48
Industrial Parks	0.00135	0.333	0.473	0.237	$34,095	$1.72
Rental Self Storage	0.00006	0.333	0.473	0.237	$34,095	$0.08
Scientific Research & Development	0.00304	0.333	0.473	0.237	$34,095	$3.87
Lodging	0.00113	0.333	0.473	0.237	$34,095	$1.44
Standard Commercial Office	0.00479	0.333	0.473	0.237	$34,095	$6.10
Large High Rise Commercial Office	0.00431	0.333	0.473	0.237	$34,095	$5.49
Corporate Offices	0.00269	0.333	0.473	0.237	$34,095	$3.42
Medical Offices	0.00427	0.333	0.473	0.237	$34,095	$5.43

New Developer Fee

- The cost to provide school facilities exceeds the amount of fees to be generated from new residential construction.
- The District is justified in the levying of developer fees fees of up to 60% of the statutory maximum.

Maximum Developer Fee

Residential	Commercial
• $3.23 per Square Foot	• $0.52 per Square Foot



Implementation of the Fees

Implementation

- District Board Approval
  - Notice of public hearing published
  - Hold the public hearing to consider adoption of the developer fee
  - Adopt a resolution to set the fee
  - Begin collecting the fee no sooner than 60 days following adoption of the resolution.
- Notifications
  - Provide planning and building departments of the City with notice of the current fee rates and other information so that they may coordinate issuance of building permits with the District's fee program
- Fee Accounting
  - All fee revenues should be deposited into a restricted public facility fee account. Interest earned on fund balances should be credited to the fund.
  - On an annual basis, the District must provide a detailed accounting of the developer fee funds. Districts have 180 days from the close of the fiscal year to prepare this detailed annual accounting.

Thank You



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