

LEVEL 1 DEVELOPER FEE JUSTIFICATION STUDY



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DEVELOPER FEE JUSTIFICATION STUDY

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SECTION 1: EXECUTIVE SUMMARY

This study is intended to update the developer fee imposed by the Salida Union School District (the "District"). This report summarizes an analysis of the need for construction and reconstruction of school facilities to accommodate students from new development within the District's boundaries and documents a reasonable relationship between new development, the fee, and the facilities to be funded.

Education Code section 17620 authorizes school districts to levy a fee against any development project for the construction or reconstruction of school facilities as long as the district can show justification for levying of fees.

In February 2022, the State Allocation Board adjusted the maximum statutory fee to \$4.79 per square foot of residential construction and \$0.78 per square foot of commercial/industrial construction. This study supports the adoption of a developer fee by the District up to the statutory fees established by the State Allocation Board. As the District shares its boundaries with the Modesto City Schools, it must also share its developer fees. Therefore, ***the District can levy developer fees up to 60% of the maximum statutory fee, or \$2.87 per square foot of residential construction.*** However, the District collects 100% of commercial/industrial fees.

Upon the submittal of this study to the District, it is incumbent upon the District's Governing Board (the "Board"), assisted by staff, to review and evaluate the report for accuracy and agreement with the conclusions presented. Once the Board is satisfied that the fee adjustment recommendations are valid, the Board shall accept and consider public input. After accepting this input, the Board shall vote to approve findings and a resolution to set the appropriate fees.

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SECTION 2: PURPOSE OF THIS STUDY

The purpose of this Developer Fee Justification Study is to comply with the provisions of Education Code section 17620 in relation to the levy and collection of developer fees. This study will substantiate that there is a “reasonable relationship”, or nexus, between residential, commercial, and industrial development projects and the cost to provide adequate school facilities for the students generated from those developments. It will identify the expected revenue derived from fees from those developments; identify other potential sources of revenue for facilities (and their viability); and identify the additional students projected to enroll in district schools as a result of these development projects. As required by Government Code sections 66000 through 66003, this report will also:

- ◆ Identify the purpose of the fee;
- ◆ Identify how the fee is to be used;
- ◆ Determine how a reasonable relationship exists between the fee’s use and the type of development project on which the fee is imposed; and
- ◆ Determine a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.
- ◆ A fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand for public facilities reasonably related to the development project 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 the general plan.

Additionally, as required by Government Code section 66016.5(a), effective January 1, 2022, this report (i) identifies the existing level of service for each school facility, (ii) identifies the proposed new level of service, and (iii) explains why the new level of service is appropriate.

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SECTION 3: HISTORY OF DEVELOPER FEE LAW

Education Code section 17620 (AB 2926, Chapter 887/Statutes 1986), stipulates that “the Governing Board of any school district is authorized to levy a fee, charge, dedication, or other forms 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.

Developer fees were originally established in 1987 with a maximum fee of \$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) based on the statewide Class B Construction Cost Index. The SAB raised the maximum fee at its February 2022 meeting to \$4.79 per square foot of residential and \$0.78 per square foot of commercial/industrial development.

Developer fees may be used to finance new schools and equipment, and to reconstruct existing facilities in order to maintain adequate housing for all of the District’s students. Other legitimate uses of developer fees include, but are not limited to: interim housing, site acquisition, replacement of aged or inadequate portable classrooms, and housing for class-size reduction. Up to three percent of the fees collected may be used to defray the administrative costs incurred by the District in collecting these fees. Uses of the fees which are specifically prohibited by law are: regular or routine maintenance of facilities, asbestos abatement incidental to construction or reconstruction, and deferred maintenance programs.

Additionally, Government Code section 66008 (SB 1693, Chapter 569/Statutes 1996, effective January 1, 1997) mandates that school districts be specific on the intended use of the fees 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 for and availability of State School Facility Program (“SFP”) funds and availability of local funding.

In August 1998, the Governor signed into law Senate Bill 50 (“SB 50”), also known as the Leroy Greene School Facilities Act of 1998. This bill made major changes in the State Facilities Program as well as developer fee mitigation for school districts in California. The passage of SB 50 repealed all locally imposed fees authorized by local ordinances and instituted the collection of three levels of developer fees.

- ◆ Level 1 fees are the current statutory fees (also referred to as “Stirling Fees”) allowed under Education Code section 17620.
- ◆ Level 2 fees are outlined in Government Code section 65995.5, and allow school districts to impose higher fees on residential construction if certain conditions are met. This level of developer fees is subject to a School Facility Needs Analysis based on Government Code section 65995.6.
- ◆ Level 3 developer fees are outlined in Government Code section 65995.7, and may be implemented by a district if the State certifies that there is no money available for facilities.

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SECTION 4: CURRENT LEGAL AUTHORITY FOR DEVELOPER FEES

There are several legal code sections that deal with the levy and management of developer fees. A summary of some of the important code sections is included below.

- ◆ Education Code section 17620 explains several facets of developer fee law, including, but not limited to the following:
 - Exempts from fees residential additions of less than 500 square feet.
 - Allows a portion of the fees to be used to pay for the completion of developer fee justification studies.
 - Exempts from fees development projects that are used exclusively for government-owned facilities, private schools, and buildings that are tax-free based upon their use for religious purposes.
 - Limits the collection of fees for senior housing to the amount of commercial/industrial fees and requires any conversion from that use to be approved by the applicable local government agency after the school district has been notified.

- ◆ Education Code section 17625 authorizes the collection of fees on manufactured or mobile homes, but limits the imposition of the fees to the initial installation of the unit in the school district.

- ◆ Government Code sections 66000 through 66003 specify a variety of requirements regarding the collection and use of developer fees, some of which are stated in previous sections of this report, and include:
 - The identification of the purpose of the fee.
 - The identification of the use of the fee.
 - The determination of a reasonable relationship between the fee's use and the type of development project being assessed.
 - The determination of a reasonable relationship between the need for the public facility and the type of development project being assessed.
 - The accounting for any funds remaining unexpended in the fifth year after the first deposit into the fund, and every five years thereafter.
 - The identification of funding anticipated needed to finish any identified by incomplete projects, and the establishment of an approximate date for the anticipated completion of such projects.
 - The refunding, at specific times, of funds available that are not committed to specific projects.
 - A fee may not include the costs to existing deficiencies in public facilities, but may include costs attributable to the increased demand for public facilities reasonably related to a development project.

- ◆ Government Code section 66006 specifies the requirements for depositing and managing any fees that are collected and the restrictions for their use, including, but not limited to:
 - The establishment of a separate fund for the deposit of developer fees and any interest generated by them.
 - The use of such funds only for the purpose for which they were collected.

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- Reporting the use of such funds on an annual basis within 180 days of the end of each fiscal year.
- ◆ Government Code section 66016 requires that district hold a public hearing regarding the imposition of developer fees as part of a regularly scheduled governing board meeting prior to adopting or increasing such fees. A notice of the meeting wherein a fee justification study is adopted must be posted at least 30 days prior to the meeting and published in a newspaper of general circulation within the District, with the first publication at least ten days prior to the meeting and the second published at least 5 days thereafter.

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SECTION 5: DISTRICT DEMOGRAPHIC INFORMATION

The District is located within Stanislaus County and serves kindergarten through 8th grade students. More specifically, the District serves the un-incorporated community of Salida which is north of the City of Modesto. The District's location allows easy access to both winter and summer recreational areas and within reasonable driving distance are Yosemite National Park, Sacramento, San Francisco, Los Angeles and Lake Tahoe. Post-Secondary educational institutions are present throughout the region. Several colleges and universities are located in or nearby including California State University Stanislaus, San Joaquin Valley College, Modesto Junior College, Heald College Modesto among others.

Community Demographics

Demography describes various population characteristics of the area's people. Primarily collected by local, state, and/or federal agencies such as the Census Bureau and local public health departments, demographic information covers a range of topics including population size, sex, age composition, ethnic backgrounds, household characteristics, geographic distribution, part-time versus full-time residents and other vital statistics. With regard to the master planning process, demographic data will assist the district in prioritizing projects, resource allocation, and facilities needs.

The most recent demographic survey performed by the Census Bureau was the American Community Survey, a discussion of which is provided below for the District.

Salida Union School District Demographic Facts

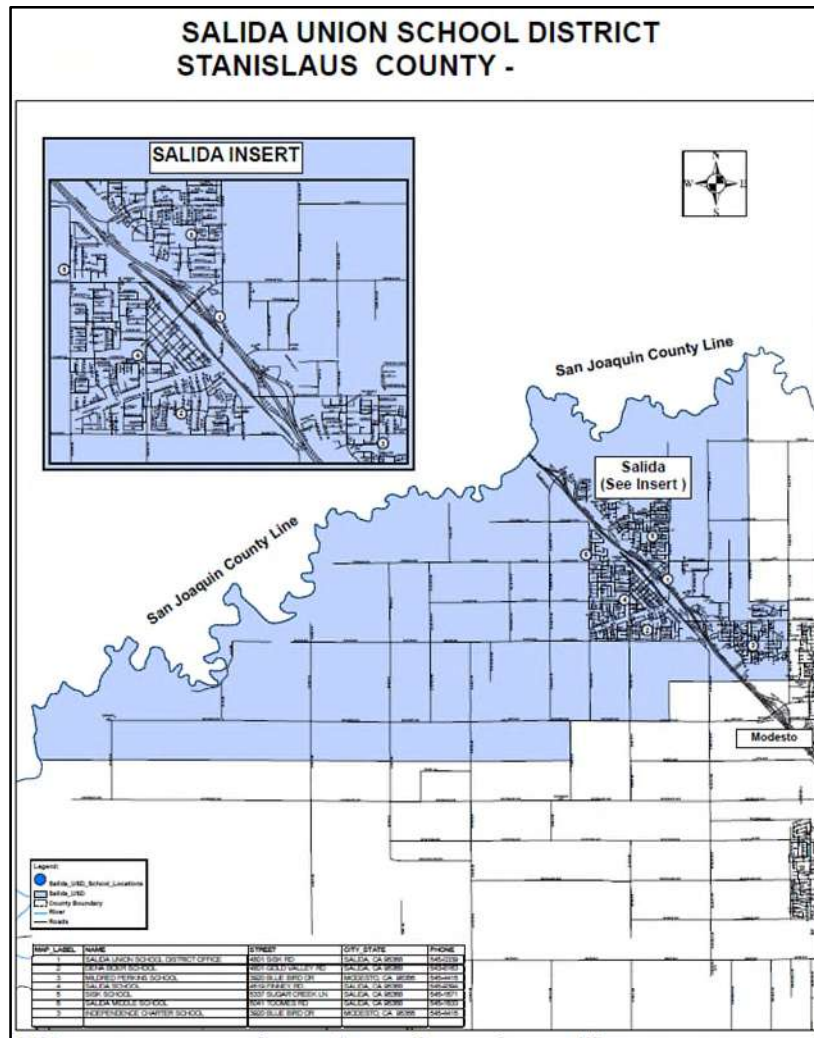
- ◆ 20,056 residents
- ◆ 6,369 total housing units and 6,246 households
- ◆ 43.2% of households had children under the age of 18
- ◆ 58.1% of households were married couples living together
- ◆ \$76,157 median income
- ◆ 4.4% of families and 8.5% of the population below the poverty line

District Description

The District provides education to TK – 8 students within the boundaries that include Salida and the North Modesto Area. The District educates approximately 2,013 students at five school sites. High school students attend schools operated by Modesto City Schools.

For reference, a map of the District boundaries is provided on the following page:

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District School Sites

The District operates four TK-5 schools, one 6-8 middle school and one TK-8 charter school. District office facilities are located at 4801 Sisk Road, Salida CA. The following table includes a listing of all the District’s school sites and their locations.

Salida Union School District School Sites		
Site	Location	Grade Levels
Dena Boer Elementary	4801 Gold Valley Road, Salida	TK-5
Mildred Perkins Elementary	3920 Bluebird Drive, Modesto	TK-5
Salida Elementary	4519 Finney Road, Salida	TK-5
Salida Middle	5041 Toomes Road, Salida	6-8
Sisk Elementary	5337 Sugar Creek Lane, Salida	TK-5

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SECTION 6: DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS

The District shares Level I residential developer fee revenue with the Modesto City Schools (the "High School District"). The District retains 60 percent of Level I fee revenue, and the High School District retains 40 percent. The District collects 100 percent of commercial/industrial fee revenue. This arrangement is expected to continue and all future developer fee revenues will be split accordingly.

In 2020, the District adopted a Level 1 developer fee of \$2.45 per square foot of residential construction and \$0.66 per square foot of commercial/industrial construction.

As this study will demonstrate, the fees currently being collected are far short of the amounts needed to modernize school facilities and add space to accommodate any new students generated through new construction. The table below shows the District's total developer fee collections since 2016-17.

5 Year Historical Developer Fee Collections			
Year	Residential	Commercial	Total
2020-21	\$462,361.55	\$576.84	\$462,938.39
2019-20	\$705,984.98	\$15,625.15	\$721,610.13
2018-19	\$38,889.64	\$4,578.05	\$43,467.69
2017-18	\$7,400.69	\$5,600.00	\$13,000.69
2016-17	\$8,811.44	\$5,160.40	\$13,971.84
Total	\$1,223,448.30	\$31,540.44	\$1,254,988.74

Source: Modesto City Schools and Salida Union School District

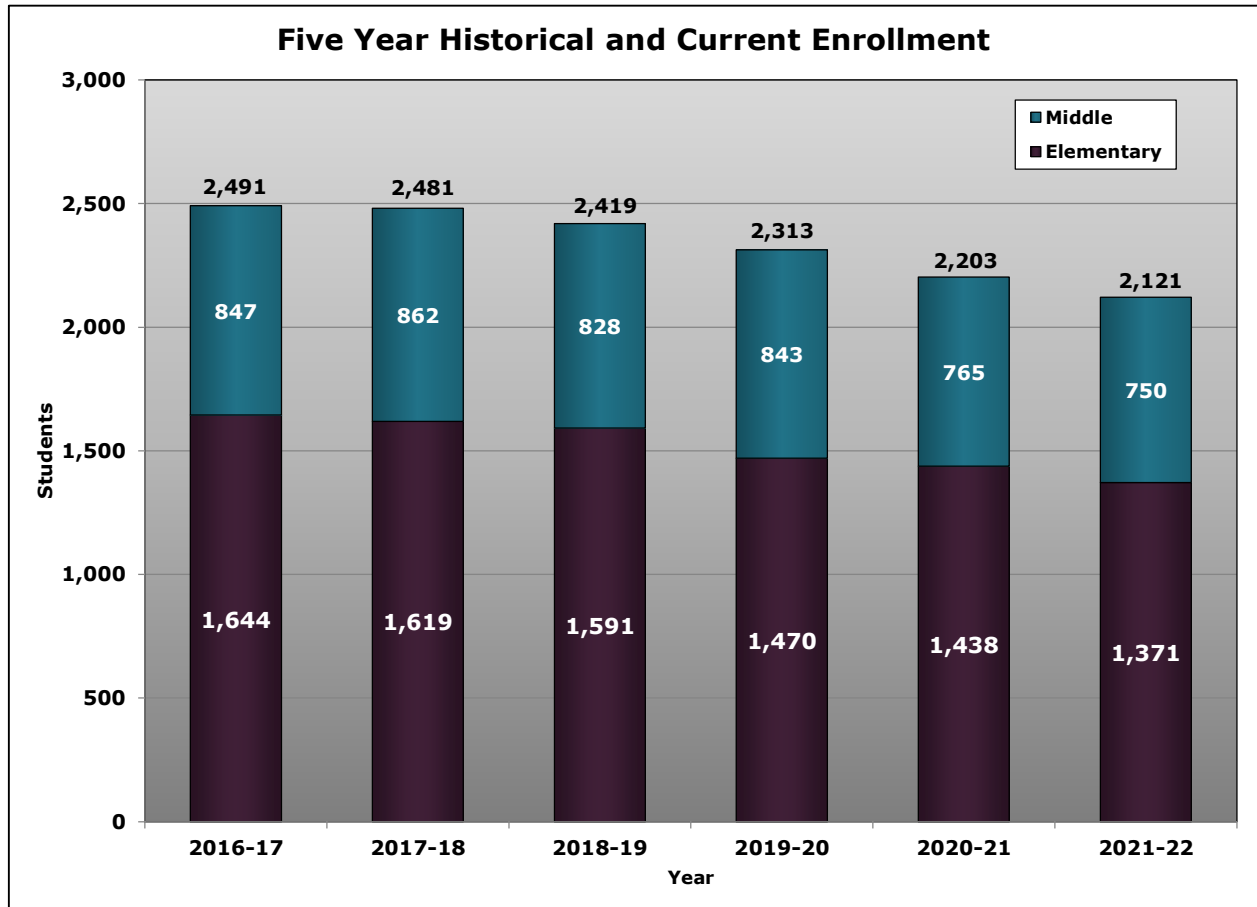
Capitol Public Finance Group, LLC was contracted by the District to provide an updated Level I Developer Fee Justification Study. This study is intended to establish the legal and policy basis for the calculation and imposition of impact fee on new development activity within the District.

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SECTION 7: DISTRICT ENROLLMENT AND CAPACITY

Historical Enrollment of the District

The chart below shows the District's current enrollment, along with the District's five year historical enrollment:



Source: CALPADS and Salida Union School District

A breakdown of the District's historical CBEDS enrollment, by grade level, is included as Appendix A.

District Capacity

The District's capacity was determined using loading standards of 25 students per regular education classroom for elementary school sites and 27 students per regular education classroom for middle school sites. Many of the District's school sites have portables that have exceeded their useful life and are in need of replacement in order to house students from new development. For the purposes of this study, all portables over 20 years old have been removed from the allowable capacity. Based on these loading standards, the District has an elementary capacity for 1,275 students and a middle school capacity for 1,006 students.

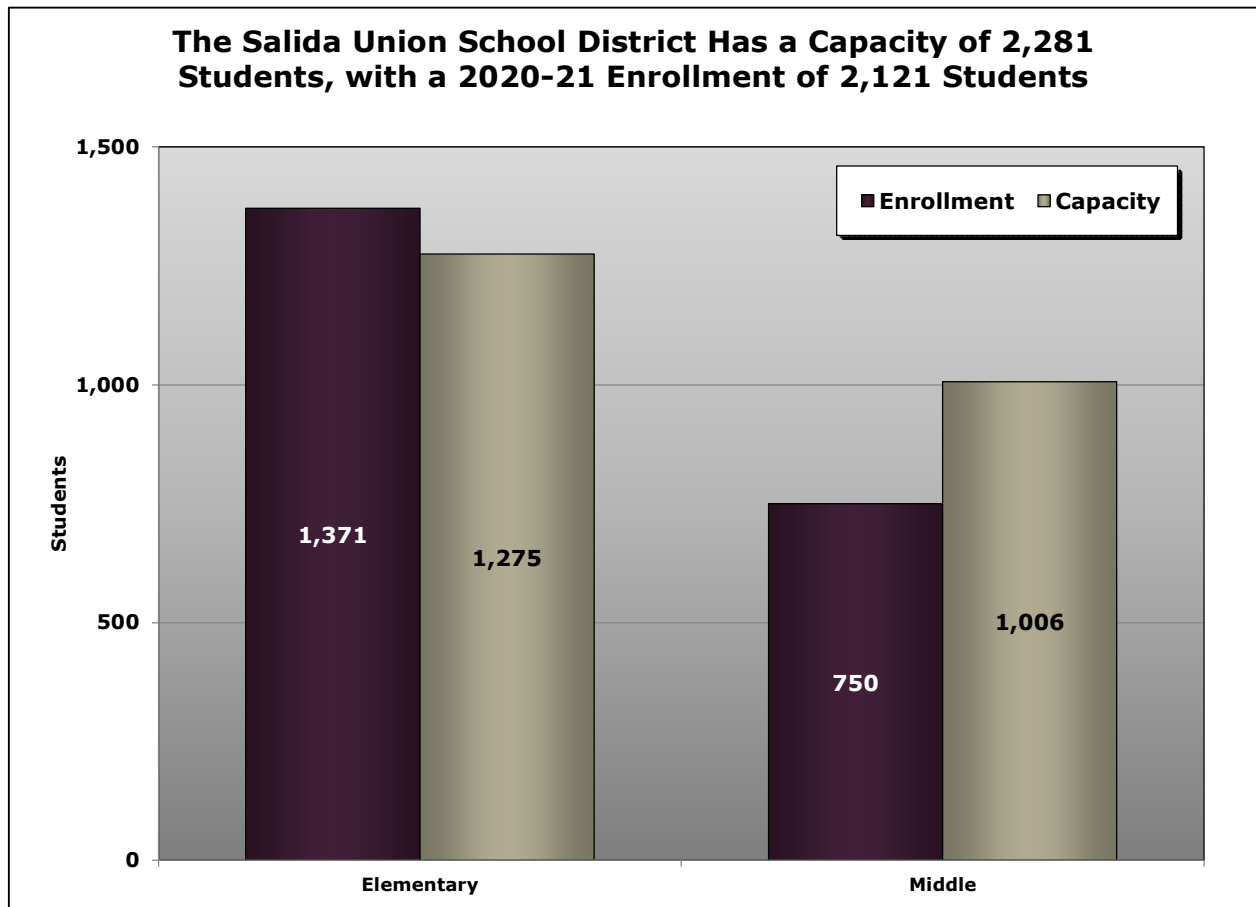
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Salida Union School District Allowable Capacity			
School Site	Classroom Capacity	Portable Classrooms Over 20 Years	Total Capacity Less Portables
Elementary			
Dena Boer Elementary	475	6	325
Mildred Perkins Elementary	425	3	350
Salida Elementary	350	-	350
Sisk Elementary	350	4	250
Elementary Total	1,600	13	1,275
Middle			
Salida Middle	1,006	-	1,006
Total District	2,606	16	2,281

Source: Salida Union School District

Based on current enrollment the District's present middle schools have capacity to house an additional 256 students being generated by new construction within the District. However, the District is currently operating over capacity by 96 students at its elementary schools.

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Source: Salida Union School District

New Development

New residential development typically results in new students for the District to accommodate. Therefore, it is important for the District to monitor the development plans of the local land use agencies. There are two land use agencies within the District's boundaries – the City of Modesto and the County of Stanislaus.

The District must plan for facilities assuming maximum potential student capacity. Based on information provided by the City of Modesto there is currently one planned development project within the District's boundaries, Trails at Vintage, located on 8.76 acres on Vintage Drive west of Dale Road in Modesto. The development plans for a total of 73 single-family residential units to be constructed. These 73 residential units are expected to be built within the District over the next five years.

Student Generation Rate

A total of 73 units are projected to be constructed within the District's boundaries over the next five years. In terms of facilities planning, it is important that the District project the potential facilities impact to the District. A key component of the planning process is the student generation factor. A student generation factor is the ratio of students produced per home within a new construction project. This serves as a tool for District's to use in the

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planning process and will allow the District to predict the impact new development will have on the student population. This ultimately will facilitate decision making about the provision of facilities and resources throughout the District.

The District has not performed a student generation rate study for this Level 1 report; rather it will use the student generation rate utilized by the Office of Public School Construction, 0.5. A breakdown of the student generation rate for grade level is provided in the table below:

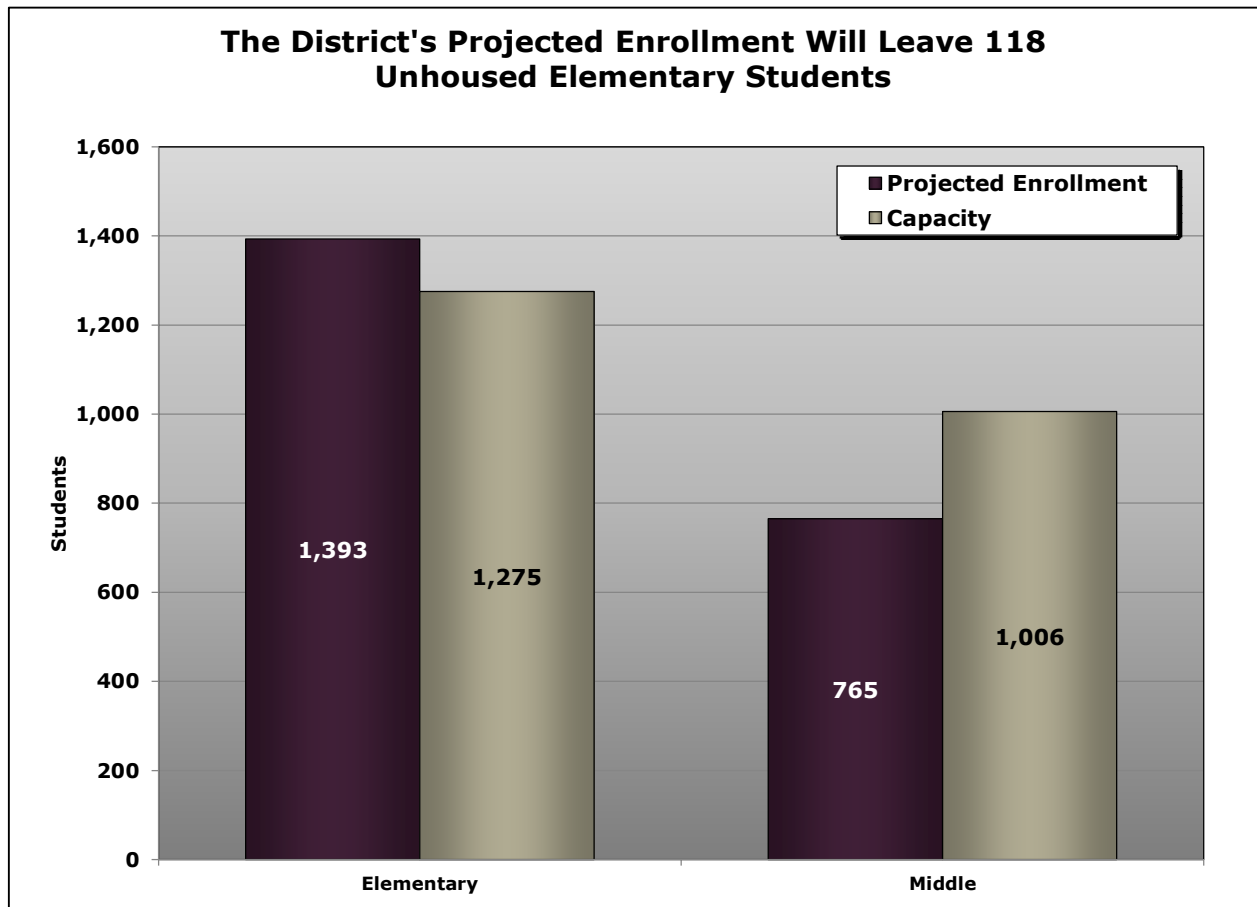
Student Generation Rates by Grade		
K-5	6-8	Total
0.3	0.2	0.5

Given the 73 projected units and the student generation rate to be used per home, the District can estimate that approximately 37 new students will be generated as a result of the development projects.

Summary of Five Year Enrollment Projections			
Estimated # of Residential Units	Projected Elementary Students	Projected Middle Students	Total Projected Students
73	22	15	37

Current enrollment trends coupled with development data demonstrate a need for new school facilities. It has been shown that the District is operating over capacity at its elementary school sites and does not have sufficient capacity to house new students projected from new residential development and will suffer significant strain from development occurring within District boundaries. The District has a projected enrollment of 1,393 elementary students and 765 middle school students, the District will need to construct additional classrooms to provide facilities for the 22 unhoused elementary school students generated from new construction of residential units.

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SECTION 8: FACILITIES NEEDS

The District has experienced some growth within its boundaries over recent years and will need to plan for the construction of an additional classroom in order to accommodate students generated from projected growth.

Anticipated Facilities Need

Based on the projected student generation, it is anticipated that the District will need to construct additional schools/classrooms. The District will need to fund the design and construction of these facilities.

New Construction Costs

Based on the total construction cost of recently built schools within the state of California, a new elementary school is estimated at a total cost of \$38,000,000. The site acquisition and development costs are allocated based on the portion of the facility that the students from new development would occupy. The following table shows the portion of a school required to accommodate students from new development.

Number of Schools Required for Projected Unhoused Students from New Development		
Projected Unhoused Students from New Development	School Capacity	Number of Schools Required
22	800	0.03

The number of schools required to house the projected unhoused students from new development is multiplied by the site and construction costs, shown above, to determine the total school capacity costs to be funded by future development, less any available funding. The unfunded school construction cost is equal to the estimated total school costs less estimated State Funding. With 800 elementary school students, based on 2022 state grant amounts of \$14,623 per student, an anticipated \$11.6 million of state funding could be applied to each elementary school constructed. The calculation is as follows:

Estimated School Construction Costs			
Grade Level	Total School Construction Costs	Estimated State Grant Funding	Total School Construction Costs
Elementary	\$38,000,000	\$11,698,400	\$26,301,600

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It is estimated the District will have a total unfunded facilities cost of approximately \$789,048, shown in the table below.

Calculation of School Construction		
Unfunded School Construction Cost	Schools Required	Total Costs
\$26,301,600	0.03	\$789,048

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SECTION 9: DEVELOPER FEE JUSTIFICATION

Developer fee law requires that before fees can be levied a district must find that justification exists for the fee. Justification for the fee can be shown if anticipated residential, commercial and industrial development within a district will impact it with additional students and the district either does not have the facility capacity to house these students and/or the students would have to be housed in existing facilities that are not educationally adequate (i.e., antiquated facilities). In addition, it must also be shown that the amount of developer fees to be collected will not exceed the District's cost for housing students generated by new development. This section of the study will show that justification does exist for levying developer fees in the District.

Residential Development and Fee Analysis

To show a reasonable relationship exists between the construction of new housing units and the need for school facilities, it will be shown that residential construction will create a school facility cost impact on the District greater than the amount of developer fees to be collected.

To determine the cost impact of residential construction on the District, the cost to house students in new school facilities must be identified. The facilities cost calculations are included in Section 8. The table below shows the cost impact for new school facilities for each student generated by new residential development. Since the District expects 22 unhoused students to be generated from new development, the per student facilities cost for each student is estimated to be \$35,866.

<p style="text-align: center;"><u>Unfunded Facilities Cost Per Student</u></p>

<p style="text-align: center;">$\\$789,048 / 22 = \\$35,866$ per student</p>

As previously explained, each home generates approximately 0.3 students. Therefore, if the per student facilities cost is \$35,866, we can multiply that by the elementary student generation rate of 0.3 and estimate the impact per unit of \$10,760. The average square footage of new single family residential homes constructed within the District over the last five years is 2,097, this analysis will assume that the average size of new single family residential units to be constructed will remain the same. Therefore, to determine the impact per square foot of residential construction we divide the impact per home by the average square footage of homes within the District. As calculated, the facilities cost per square foot is \$5.13:

<p style="text-align: center;"><u>Facilities Cost Per Square Foot</u></p>
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<p style="text-align: center;">$\\$10,760 / 2,097$ sq. ft. = \$5.13 per sq. ft.</p>
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Therefore, the District's facilities cost per square foot of new development (\$5.13 per square foot) far exceeds the maximum developer fee (\$4.79 per square foot) that can be imposed.

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Residential Developer Fee Justification

It is clear that a reasonable relationship exists between residential development within the District and the need for new school facilities. This relationship is based on the finding that the District exceeds its facility capacity. New students to be generated by new residential development will have to be housed in new school facilities. The cost to provide additional school facilities exceeds the amount of fees to be generated from new residential construction. The District is justified in the levying of residential developer fees of up to the statutory maximum of \$2.87 per square foot of new residential development. This is the District's 60% share of the statutory maximum of \$4.79 per square foot.

Commercial/Industrial Development and Fee Analysis

In order to levy fees on commercial and industrial development, existing law stipulates that the 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." The school facilities costs incurred by the District per square foot of new commercial/industrial construction are determined by multiplying together five factors:

1. Employees per square foot of new commercial/industrial development;
2. Percent of employees in the District that also live in the District;
3. Dwelling Units per employee;
4. Students per Dwelling Unit;
5. School facility cost per student.

Employees Per Square Foot Of New Commercial/Industrial Development

To make this determination, the study shall utilize employee generation estimates that are based on commercial and industrial factors within the District, as calculated on either an individual or categorical basis." The passage of Assembly Bill 530 (Chapter 633/Statutes 1990) allows the use of the employee generation factors set forth in the January 1990 edition of "San Diego Traffic Generators," a report of the San Diego Association of Governments. This study which was completed in January of 1990 identifies the number of employees generated per square foot of floor area for several demographic categories. These generation factors are shown in the table below.

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Employees Per Square Foot of New Commercial/Industrial Development		
Commercial/Industrial Category	Average Square Foot Per Employee	Employees Per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	15,541	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	209	0.00479
Large High Rise Commercial Office	232	0.00431
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators report

Percent of Employees in the District That Also Live in the District

To estimate the percentage of new employees that will reside in the District, this study has utilized a conservative approach, whereby it is assumed that one-third of new employees in the District will also live in the District and two-thirds will live outside of the District.

Dwelling Units per Employee

Data from the American Community Survey indicates that there were 10,649 workers living in 6,369 housing units in the District. Therefore, there are 0.598 housing units for every one worker. This study, thereby assumes that each new resident worker in the District will demand 0.598 housing units.

Students per Dwelling Unit

As stated in Section 5, this study assumes that 0.3 elementary students will reside in each dwelling unit.

The table below shows the calculation of the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial development.

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School Facilities Cost Per Sq. Ft. of Commercial/Industrial Development						
Category	Employees Per Average Square Foot	% Employees Residing in District	Dwelling Units per Employee	K-5 Students per Dwelling Unit	Cost per K-5 Student	Cost per Square Foot
Banks	0.00283	0.333	0.598	0.3	\$10,760	\$1.82
Community Shopping Centers	0.00153	0.333	0.598	0.3	\$10,760	\$0.98
Neighborhood Shopping Centers	0.00271	0.333	0.598	0.3	\$10,760	\$1.74
Industrial Business Parks	0.00352	0.333	0.598	0.3	\$10,760	\$2.26
Industrial Parks	0.00135	0.333	0.598	0.3	\$10,760	\$0.87
Rental Self Storage	0.00006	0.333	0.598	0.3	\$10,760	\$0.04
Scientific Research & Development	0.00304	0.333	0.598	0.3	\$10,760	\$1.95
Lodging	0.00113	0.333	0.598	0.3	\$10,760	\$0.73
Standard Commercial Office	0.00479	0.333	0.598	0.3	\$10,760	\$3.08
Large High Rise Commercial Office	0.00431	0.333	0.598	0.3	\$10,760	\$2.77
Corporate Offices	0.00269	0.333	0.598	0.3	\$10,760	\$1.73
Medical Offices	0.00427	0.333	0.598	0.3	\$10,760	\$2.74

Commercial Developer Fee Justification

As indicated in the per square foot cost provided above, maximum statutory developer fee of \$0.78 per square foot is justified for all categories except rental self-storage. It is then reasonable the District collects \$0.78 per square foot of commercial/industrial construction.

Based on data available for the purpose of determining the impact of rental self-storage construction on the District, it has been determined that rental self-storage construction has significantly less impact than other commercial/industrial construction. Rental self-storage construction generates 0.00006 employees per square foot of school construction. This information was provided by the San Diego Association of Governments, Traffic Generators, January 1990, and is cited for use in Education Code section 17621 (e) (B).

The generation of 0.00006 employees per square foot and the utilization of the student generation rate per household yields an impact of \$0.04 per square foot of rental self-storage construction. Therefore, the District is justified in collecting a fee for rental self-storage not to exceed \$0.04 per square foot.

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SECTION 10: FINDINGS

Government Code section 66001 lists the requirements that districts must observe regarding the collection and use of developer fees. The major requirements are listed below:

Establishment of a Cost Nexus

The Board will collect fees on new residential and commercial/industrial development to fund the construction and/or reconstruction of school facilities to serve students generated by such projects. The District has undertaken significant reconstruction and modernization projects to serve existing development and potentially, all capacity that must be provided. Additionally, the cost for providing these facilities exceeds the amount of developer fees to be collected. It is clear that when educational facilities are provided for students generated by new residential, commercial and industrial development that the cost of new facilities exceeds developer fee generation, thereby establishing a cost nexus.

Establishment of a Benefit Nexus

Students generated by new residential, commercial and industrial development will be attending the District's schools. Housing District students in new and/or modernized facilities will directly benefit those students from the new development projects upon which the fee is imposed; therefore, a benefit nexus exists.

Establishment of a Burden Nexus

The generation of new students by development will create a need for additional and/or reconstructed school facilities. The District must carry the burden of constructing new facilities required by the students generated by future developments and the need for facilities will be, in part, satisfied by the levying of developer fees, therefore, a burden nexus exists.

Conclusion

The District has met the nexus requirements described in Government Code section 66001. As demonstrated in this study, the District is justified in charging up to the statutory maximum developer fee of \$4.79 per square foot of residential development and \$0.78 per square foot of commercial/industrial development. As an elementary district sharing boundaries with another district serving grades 9-12, the District must split this statutory maximum fee with the High School District based on each district's agreed upon share of the fee. Therefore, the District can levy developer fees up to 60% of the maximum statutory fee for residential construction, or \$2.87 per square foot of residential construction. The District collects 100% of the fees for commercial/industrial construction and can levy the maximum statutory fee of \$0.78 per square foot of commercial/industrial construction, except for rental self-storage facilities, which are justified up to a fee of \$0.04 per square foot. In accordance with Government Code section 66016.5(a), this study has identified the existing level of service for the Elementary School District's school facilities and the new proposed level of service, and explained why the new level of service is appropriate.

DEVELOPER FEE JUSTIFICATION STUDY

SECTION 11: IMPLEMENTATION OF THE FEES

If the Board accepts the recommendation to accept the developer fee as justified in this study, the following process should be followed for fee implementation.

District Board Approval

The Board should adopt the proposed fee as provided for in this study. To do so, the District must:

- ◆ Post a notice on its website and where it normally posts its Board meeting agenda materials at least 30 days prior to the hearing;
- ◆ Send a notice of a public hearing at least 14 days prior to the hearing to any party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Have this report and all supporting documentation available for review by the public at least 10 days prior to the hearing;
- ◆ Submit a notice of public hearing in the local newspaper at least 10 days prior to the public hearing. This notice should run at least twice in a newspaper of general circulation within the District, with the second notice published at least 5 days after the first notice;
- ◆ 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

The District should provide the planning and building departments of the City of Modesto, the County of Stanislaus and Modesto City Schools, 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. This accounting must include such items as an indication of the specific public improvement or improvements on which fees were expended, the amount of expenditure on each improvement, the estimated date by which construction will begin if sufficient funds are in place and a particular improvement is not yet complete, a description of each transfer or loan made to or from the account, and the amount of refunds made or fees that had remained unexpended and uncommitted for five or more years. The new statute gives school districts 180 days from the close of the fiscal year to prepare this detailed annual accounting.

DEVELOPER FEE JUSTIFICATION STUDY

APPENDIX A: HISTORICAL ENROLLMENT

5 Year Historical and Current Enrollment						
Grade	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
K	320	307	327	297	254	260
1	269	271	227	231	238	212
2	244	272	272	218	237	214
3	260	235	264	250	225	223
4	266	269	228	253	235	201
5	285	265	273	221	249	227
Total Elementary	1,644	1,619	1,591	1,470	1,438	1,337
6	246	296	266	279	231	228
7	309	259	300	267	282	223
8	292	307	262	297	252	225
Total Middle	847	862	828	843	765	676
Total	2,491	2,481	2,419	2,313	2,203	2,013

DEVELOPER FEE JUSTIFICATION STUDY

APPENDIX B: SAMPLE NOTICE OF PUBLIC HEARING

**PUBLIC HEARING ON MAY 17, 2022 AT 6:00 PM
SALIDA MIDDLE SCHOOL LIBRARY**

Regarding

**NOTICE OF PUBLIC HEARING AND OF PROPOSAL FOR CHANGING SCHOOL
FACILITIES FEES AS AUTHORIZED BY GOVERNMENT CODE SECTION 65995**

PLEASE TAKE NOTICE that immediately following a public hearing on the matter, a resolution will be considered by the Governing Board of the Salida Union School District at its regular meeting on May 17, 2022 at 6:00 PM located at the Salida Middle School Library, 5041 Toomes Road, Salida CA 95368, which if adopted by the Board will change development fees established by the District against residential construction and reconstruction to the maximum of \$2.87 per square foot (60% of the established maximum fee); while commercial or industrial construction will also be changed to the maximum of \$0.78 per square foot. The proposed fees are authorized by Government Code Section 65995. Data pertaining to the cost of school facilities is available for inspection during regular business hours at the District Office. The increased fee, if approved by the Governing Board, will become effective on July 16, 2022, which is 60 days after the proposed adoption of the resolution levying such fee by the Governing Board.

