



SCHOOL FEE JUSTIFICATION STUDY

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EXECUTIVE SUMMARY

Education Code Section 17620 authorizes the governing board of a school district to levy school fees to offset the impacts to school facilities from new residential and commercial/industrial construction and reconstruction. In order to levy Level I fees (statutory fees), a school district must prepare and adopt a school fee justification study pursuant to the provisions of Education Code Section 17620 and Sections 65995 and 66001 of the Government Code. The school fee justification study serves as the basis for justifying the levy of Level I fees and presents and documents the nexus findings required by State law.

This School Fee Justification Study (“Study”) has been prepared for the Solana Beach School District (“School District”) to demonstrate the relationship between new residential and commercial/industrial development and the School District’s need for the construction of school facilities, the cost of the school facilities, modernization of existing school facilities, and the per square foot amount of Level I fees (“School Fees”) that may be levied by the School District on residential and commercial/industrial development in accordance with applicable law.

The State Allocation Board (“SAB”) reviews and may adjust the maximum authorized School Fees every January in even-numbered years. The SAB increased the Level I fee on January 22, 2020 and the maximum School Fees authorized by Education Code Section 17620 are currently \$4.08 per square foot for residential construction/reconstruction and \$0.66 per square foot for commercial/industrial construction.

The School District provides education for grades kindergarten (K) through six (6). Pursuant to Education Code Section 17623(a), the School District, as a nonunified school district sharing common jurisdiction with other nonunified school district(s), entered into a school facilities fee allocation agreement with San Dieguito Union High School District (“SDUHSD”). The agreement specifies the allocation of the maximum School Fees that may be levied and collected by each school district. According to the agreement, forty-seven and fifty hundredths percent (47.50%) of the maximum School Fees may be charged and collected by the School District for areas shared by SDUHSD, or \$1.94 and \$0.31 per square foot for new residential and commercial/industrial development, respectively (“Applicable School Fees”). The School District currently collects Level I school fees in the amount of \$1.60 per square foot for residential construction/reconstruction and up to \$0.26 per square foot for commercial/industrial construction. The levy of such Level I school fees were justified by the findings presented in the Residential Development and Commercial/Industrial Development School Fee Justification Studies prepared for the School District and dated April 2014 (“2014 Fee Study”).

Based on the findings presented in this Study, the School District is justified in collecting its portion of the maximum residential and commercial/industrial School Fees. The findings are summarized as follows:

RESIDENTIAL DEVELOPMENT

New residential development in the School District is projected over the next ten (10) years. Based on School District-wide student generation rates and the projected development of residential dwelling units within the School District, such development could generate an estimated 156 new students over the next ten (10) years. The projected student enrollment supports construction, reconstruction and/or expansion of school facilities. The school facilities cost impact per residential square foot attributable to students generated from new residential construction as determined in this Study is shown in the following table.

The cost impact per square foot shown in Table E-1 exceeds the School District's share of the current maximum authorized residential School Fee, which is \$1.94, therefore, the School District is reasonably justified in levying the Level I school fees in an amount up to but not exceeding \$1.94 per square foot for residential development ("Applicable Residential School Fee").

TABLE E-1

RESIDENTIAL SCHOOL FACILITIES COST IMPACTS/APPLICABLE SCHOOL FEE

DESCRIPTION	IMPACT PER SQUARE FOOT	MAXIMUM APPLICABLE SCHOOL FEE PER SQUARE FOOT
Residential Construction	\$4.89	\$1.94

COMMERCIAL/INDUSTRIAL DEVELOPMENT

As commercial/industrial properties develop new jobs are created. Many of the employees working at the new jobs will move into the School District boundaries, thereby increasing the need for new residential development and further impacting the School District's facilities. School Fees may be imposed on commercial/industrial development if the school fees collected on residential development are insufficient to provide adequate school facilities for students generated as a result of new development and nexus findings are presented that justify the imposition of the commercial/industrial school fee.

Section 17621(e)(1)(B) of the Education Code requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. This code section further adds that employee generation estimates shall be based on the applicable employee generation estimates set forth in the January 1990 edition of "San Diego Traffic Generator Study" ("Traffic Study"), a report by San Diego Association of Governments ("SANDAG"). The school facilities cost impacts per commercial/industrial square foot as determined in this Study are shown in Table E-2 by commercial/industrial land use type (each commercial/industrial category is further described in Appendix "A"). The cost impacts per square foot for each category of commercial/industrial development are equal to or exceed the maximum authorized School Fee of \$0.31 per square foot, except for Rental Self-Storage development. Therefore, the School District is justified in levying commercial/industrial School Fees on new commercial/industrial development in an amount up to but not exceeding the maximum authorized School Fee of \$0.31

per square foot (“Applicable Com/Ind. School Fees”). The Applicable Com/Ind. School Fees may be imposed on new commercial/industrial construction or reconstruction classified as Rental Self-Storage the respective net cost impacts per square foot determined herein.

TABLE E-2
COMMERCIAL/INDUSTRIAL SCHOOL FACILITIES COST IMPACTS/APPLICABLE SCHOOL FEES

COMMERCIAL/INDUSTRIAL CATEGORY	IMPACT PER SQUARE FOOT	MAXIMUM APPLICABLE SCHOOL FEE PER SQUARE FOOT
Banks	\$3.93	\$0.31
Community Shopping Center	\$2.13	\$0.31
Neighborhood Shopping Center	\$3.89	\$0.31
Industrial Business Parks	\$4.89	\$0.31
Industrial Parks/Warehousing/ Manufacturing	\$1.88	\$0.31
Rental Self-Storage	\$0.09	\$0.09
Research & Development	\$4.23	\$0.31
Hospitality (Lodging)	\$1.58	\$0.31
Commercial Offices (Standard)	\$6.66	\$0.31
Commercial Offices (Large High Rise)	\$6.32	\$0.31
Corporate Offices	\$3.73	\$0.31
Medical Offices	\$5.94	\$0.31

SECTION I. INTRODUCTION

A. PURPOSE OF THE STUDY

The purpose of this Study is to determine if a reasonable relationship exists between new residential and commercial/industrial development and the School District's need for the construction and/or reconstruction of school facilities. The findings presented in this Study have been made pursuant to and in compliance with Education Code Section 17620 and Government Code Section 66001 *et seq.* and serve as a basis for determining such a relationship.

B. GENERAL DESCRIPTION OF THE SCHOOL DISTRICT

The School District serves the Cities of Solana Beach, in addition to portions of the City of San Diego, the City of Del Mar, and unincorporated San Diego County. The School District educates a total student population of approximately 2,958 kindergarten through 6th grade students at seven (7) elementary schools.

SECTION II. LEGISLATION AND LEGAL REQUIREMENTS

This section discusses the legislative history of the Level I Fee.

Assembly Bill (“AB”) 2926 enacted by the State in 1986, also known as the “1986 School Facilities Legislation” granted school districts the right to levy fees in order to offset the impacts to school facilities from new residential and commercial development. Originally set forth in Sections 53080 and 65995 of the Government Code, AB 2926 authorized statutory school fees to be levied, commencing January 1, 1987, in the amount of \$1.50 per square foot of new residential assessable space and \$0.25 per square foot of enclosed commercial or industrial assessable space. AB 2926 also provided for an annual increase of the statutory fees based on the Statewide cost index for Class B construction, as determined by the SAB. The provisions of AB 2926 have since been amended and expanded.

AB 1600 was enacted by the State legislature in 1987 and created Government Code Sections 66000 *et seq.* These sections require a public agency to satisfy the following requirements when establishing, increasing or imposing a fee as a condition of approval for a development project:

1. Determine the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed;
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed;
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed; and
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

AB 181, enacted in 1989, established new requirements for school districts levying school fees and also re-codified Government Code Section 53080 *et seq.* as Education Code Section 17620 *et seq.* The additional provisions established by AB 181 imposed more stringent nexus requirements which must be satisfied by school districts prior to levying school fees, especially with respect to commercial/industrial school fees. Additionally, AB 181 provided that the maximum school fees for residential and commercial/industrial development be subject to an increase every two (2) years rather than annually.

In 1998, Governor Wilson signed into law Senate Bill 50 (“SB 50”), the Leroy F. Greene School Facilities Act of 1998, which reformed State’s School Building Program and developer school fee legislation. A significant provision of SB 50 provides school districts the option of adopting alternative school fees (also known as Level II and Level III fees) in excess of the Level I fee

upon meeting certain requirements. SB 50 also placed a \$9.2 billion State Bond measure on the November 3, 1998 ballot (Proposition 1A). With the passage of Proposition 1A in November 1998, SB 50 became operative.

SB 50 also limited the power of cities and counties to require mitigation of school facilities impacts as a condition of approving new development and suspended the court cases known as Mira-Hart-Murrieta. The Mira-Hart-Murrieta cases previously permitted school districts to collect mitigation fees in excess of school fees under certain circumstances.

On November 5, 2002, California voters passed Proposition 47, which authorized the issuance of \$13.05 billion in State bonds and also enacted AB 16, which provided for additional reformation of the School Building Program. AB 16, among other items, clarified that if the SAB is no longer approving apportionments for new construction due to the lack of funds available for new school facilities construction, a school district may increase its Level II Fee to the Level III Fee. With the issuance of the State bonds authorized by the passage of Proposition 47, this section of AB 16 became inoperable.

In addition, Proposition 55 was approved on March 2, 2004, which authorized the sale of \$12.3 billion in State bonds. Furthermore, California voters approved Proposition 1D in the general election held on November 7, 2006. Proposition 1D authorized the issuance of \$10.4 billion in State bonds.

Most recently, California voters approved Proposition 51 (the California Public School Facility Bonds Initiative) in the general election held on November 8, 2016, authorizing the issuance of \$9 billion in bonds to fund the improvement and construction of school facilities for K-12 schools and community colleges.

SECTION III. PROJECTED UNHOUSED STUDENTS AND FACILITY REQUIREMENTS

The objective of this Study is to determine if a nexus exists between future residential and commercial/industrial development and the need for school facilities. In addition, the Study aims to identify the costs of such required school facilities and determine the amount of School Fees that can be justifiably levied on residential and commercial/industrial development according to the estimated impacts caused by such development. This section evaluates whether existing school facilities can accommodate students generated from future residential development, projects student enrollment based on anticipated residential growth, and estimates the costs of school facilities required to accommodate new residential growth. The findings determined in this section are used in following sections to evaluate the cost impact per square foot for new residential and commercial/industrial property. Although many of the figures in this section are primarily derived from residential development projections and impacts, they are adjusted in Section V. to evaluate the impact of commercial/industrial development.

A. SCHOOL DISTRICT CAPACITY AND CURRENT STUDENT ENROLLMENT

The School District's existing school facilities capacity and student enrollment were evaluated in order to determine if there is available capacity to house students generated by new residential and commercial/industrial development.

The School District currently operates seven (7) elementary schools. These facilities have an estimated capacity of 3,345 general education seats. However, as further described in this Study, many of the classrooms at the School District's sites require modernization, renovation, or replacement for their continued use and to meet the educational goals of the School District. The School District facilities capacity is determined based on loading standards provided by the School District and set uniformly across schools within the School District. The School District applies a loading standard of 20 students per teaching station for school sites serving grades Kindergarten to 3rd, a loading standard of 27 students per teaching station for school sites serving grades 4th to 6th, and a loading standard of 23 students per teaching station for school sites serving grades K to 6th grade classrooms. Appendix "B" provides a more detailed breakout of facilities capacity.

Based on October 2019 California Basic Educational Data System (CBEDS) data, the student enrollment of the School District is 2,958 students. The School District's enrollment as of October 2019 is summarized in Appendix "C". Current available capacity is calculated by subtracting current student enrollment from existing school facilities capacity for each school level. This operation results in 387 available seats. The existing school facilities available capacity determination is shown in Table 1.

**TABLE 1
FACILITIES CAPACITY AND STUDENT ENROLLMENT**

EXISTING FACILITIES CAPACITY^[1]	STUDENT ENROLLMENT (OCTOBER 2019)	AVAILABLE / (DEFICIT) CAPACITY
3,345	2,958	387

[1] Appendix “B” provides a detailed breakout of the facility capacity determination.

B. PROJECTED UNHOUSED STUDENTS

1. Projected Residential Units

In order to estimate the development of projected residential units over the next ten (10) years, Koppel & Gruber Public Finance (“K&G Public Finance”) tracks planned and current building activity within the School District. Detailed information on ongoing and proposed residential projects occurring in the School District were obtained from the Planning Departments of the Cities of San Diego and Solana Beach, as well as the County of San Diego. As applicable, redevelopment projects were reduced by the number of units planned for demolition. It was then extrapolated that residential projects currently under review or permitted for construction could be reasonably expected to reach completion in the next ten years.

Based on the information collected, it is estimated the School District could experience the development of 1,195 residential units over the next ten (10) years (“Projected Units”). Projected residential units having mitigated their impact through an alternative to paying School Fees, such as participation in a Community Facilities District or through execution of a mitigation agreement are, for the purposes of this study, deemed “Mitigated” and are not evaluated in determining cost impacts in subsequent sections of this Study. The projected total units, projected mitigated units, and projected unmitigated units are summarized by residential category in Table 2 below. Units classified as single family detached (“SFD”) are those units with no common walls; single family attached (“SFA”) are those units sharing a common wall each on a separate and unique assessor’s parcel (e.g. townhouses, condominiums, etc.); and multi-family units (“MF”) are those units which share a single assessor’s parcel and share a common wall (e.g. apartments, duplexes, etc.).

**TABLE 2
PROJECTED UNITS**

RESIDENTIAL CATEGORY	PROJECTED UNMITIGATED UNITS	PROJECTED MITIGATED UNITS	PROJECTED TOTAL UNITS
SFD	0	557	557
SFA	0	0	0
MF	638	0	638
TOTAL	638	557	1,195

2. Student Generation Rates

In order to calculate student generation rates (“SGRs”), K&G Public Finance obtained property characteristic data from the County Assessor’s Office. Parcels in the data file were classified by unit type (SFD, SFA and MF) and residential parcels were extracted.

K&G Public Finance then obtained a student database from the School District, which contained the school attended, grade level and physical address information for each student enrolled in the School District. The student database is reflective of student enrollment information as of October 2019. The student enrollment address information was matched to the address (situs address) information of parcels in the County property characteristic database. The number of students matched was then queried by residential category. Table 3 provides a summary of the SGRs by residential category. K&G Public Finance relied on housing information from the U.S. Census Bureau¹ to estimate the total number of residential units located within the School District by residential category. A more detailed analysis of the SGR determinations is contained within Appendix “D”.

TABLE 3
SCHOOL DISTRICT-WIDE
STUDENT GENERATION RATES SUMMARY

SFD UNITS	SFA UNITS	MF UNITS
0.1966	0.2039	0.0719

3. Projected Student Enrollment

Projected student enrollment was determined by multiplying the SGRs in Table 3 by the number of Projected Unmitigated Units and Projected Mitigated Units shown in Table 2. A total of 46 students are estimated to be generated from Projected Unmitigated Units. The projected student enrollment is summarized in Table 4.

TABLE 4
PROJECTED STUDENT ENROLLMENT

MITIGATION TYPE	PROJECTED STUDENT ENROLLMENT
Mitigated Students (CFD)	110
Unmitigated Students	46
TOTAL	156

¹ 2014-2018 American Communities Survey 5-Year Estimates S2502 – Occupied Housing Units.

4. Projected Unhoused Students

As shown in Table 1, there are a combined 387 seats available at the seven (7) school sites operated by the School District. As further described in this Study, capital improvements are necessary for the long-term use to adequately house the existing student population and future enrollment growth. The facilities needs exist regardless of the availability of capacity to house student enrollment, inclusive of student enrollment generated from new development. Therefore, for the purpose of this analysis, Projected Student Enrollment is not adjusted by available capacity and student enrollment attributable to new unmitigated housing that requires a seat (facilities), including new facilities and/or facilities to be modernized or replaced for their continued useful life (“Projected Unhoused Students”) is equal to Projected Student Enrollment. Additionally, the School District anticipates undertaking projects related to the reconstruction of existing campuses and the expansion of existing campus sites serving areas where enrollment growth is expected to exceed site capacities. Table 5 shows the number of Projected Unhoused Students over the next ten-year enrollment period. The School District’s facilities needs and the adequacy of existing facilities to provide for Projected Unhoused Students is further discussed in Section II.C.1 of this Study.

**TABLE 5
PROJECTED UNHOUSED STUDENTS**

PROJECTED UNMITIGATED STUDENT ENROLLMENT (10-YEAR)	AVAILABLE SEATS ADJUSTMENT	PROJECTED UNHOUSED STUDENTS
46	0	46

C. FACILITIES NEEDS

1. Facilities Needs

The capacity availability determination shown in Table 1 confirms total seats are available on a School District-wide basis. However, in May 2013, the School District completed its 2013 Long Range Facilities Master Plan (“2013 FMP”) which identified capital improvement projects at the School District’s school sites. Projects recommended included the renovation, modernization, and repair existing schools and facilities, the reconstruction of the Skyline and Solana Vista school campuses, and, as necessitated by enrollment growth, the potential acquisition and construction of an eighth comprehensive elementary school campus.

Based on projects identified in the 2013 FMP and various updates presented to the School District’s Board of Education, the School District placed a general obligation bond measure on the ballot for the November 2016 election. The Measure, JJ, was passed by the voters and authorized to provide \$105,000,000 in funding for school construction and modernization. While the School District has additionally identified

eligible funding from its Community Facilities Districts and pursued state funding and reimbursements, planned expenditures for projects authorized under the Measure JJ are anticipated to exceed available bond proceeds.

Additionally, in lieu of constructing an eighth school campus to accommodate enrollment growth from the Pacific Highlands Ranch planning area, the Board has opted to explore strategies to utilize and/or expand available capacity at existing sites; any such expenditures would not be eligible for funding from the Measure JJ proceeds. At a special board meeting held in November 2018, facilities expansion projects considered for the Solana Ranch, Solana Santa Fe, Carmel Creek and Solana Pacific campuses were estimated to cost \$15.85 million.

Revenues from the imposition of the applicable school fees are intended to pay for a portion of the unfunded estimated costs of the capital improvement and expansion projects outlined in the 2013 FMP and subsequent updates.

2. Estimated Facilities Cost per Seat/Student

As noted in the previous subsection, capital improvements are required to provide for adequate housing for the existing student population and Projected Unhoused Students, including (i) expansion and/or reconstruction of existing facilities, and (ii) modernization of existing facilities. Based on estimated costs recently experienced by the School District, it is estimated the cost to provide for new facilities is \$100,000 per student/seat. The determination is based on the maximum planned design capacity of 400 seats for the reconstructed Solana Vista school site, which is anticipated to cost the district \$40 million in combined hard and soft costs.

TABLE 6
ESTIMATED FACILITIES
COST PER STUDENT/SEAT

ESTIMATED COST PER STUDENT/SEAT
\$100,000

Source: School District: based on the estimated design capacity of 360 to 400 seats, and total construction costs of the Solana Vista Elementary reconstruction. For the purposes of the analysis, a design capacity of 400 seats was used to obtain the most conservative estimated cost per student/seat. The estimated capital improvement costs and design capacities for other existing school sites and potential future school sites may vary and this computation merely serves as a basis for estimating cost impacts attributable to Projected Unhoused Students.

SECTION IV. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT

The following section presents the school facility impact analysis for new residential development and provides a step-by-step calculation of the estimated per residential square foot cost impact.

To determine the school facilities cost impact per square foot of residential development, first Estimated Facilities Cost per Student/Seat was multiplied by the Projected Unhoused Students as determined in Table 5. The computation shown in Table 7 and reflects the proportionate share of estimated school facilities cost impact to house Projected Unhoused Students.

**TABLE 7
FACILITIES COST IMPACT
PROJECTED UNHOUSED STUDENTS**

PROJECTED UNHOUSED STUDENTS	COST PER STUDENT/SEAT	TOTAL FACILITIES COST IMPACT
46	\$100,000	\$4,600,000

The total school facilities impact shown in Table 7 above was then divided by the number of Projected Unmitigated Units shown in Table 2 to determine the school facilities cost per residential unit. The costs per residential unit is shown in Table 8.

**TABLE 8
SCHOOL FACILITIES COST PER RESIDENTIAL UNIT**

TOTAL FACILITIES COST IMPACT	PROJECTED UNMITIGATED UNITS	FACILITIES COST IMPACT PER RESIDENTIAL UNIT
\$4,600,000	638	\$7,210

The school facilities cost impact per residential square foot is calculated by dividing the school facilities cost per residential unit determined in Table 8 by the weighted average square footage of a residential unit. This calculation is shown in Table 9.

TABLE 9
SCHOOL FACILITIES COST PER RESIDENTIAL SQUARE FOOT

FACILITIES COST IMPACT PER RESIDENTIAL UNIT	WEIGHTED AVERAGE SQUARE FOOTAGE	FACILITIES COST PER RESIDENTIAL SQUARE FOOT
\$7,210	1,473	\$4.89

The school facilities impact per residential square foot determined in Table 9 is greater than the School District’s share of the current maximum authorized residential School Fees of \$1.94 per square foot; therefore, the School District is justified in levying up to but not exceeding the maximum authorized amount for residential construction and reconstruction.

SECTION V. COMMERCIAL/INDUSTRIAL SCHOOL IMPACT ANALYSIS

The following section presents the school facilities impact analysis for new commercial/industrial development and provides a step-by-step calculation of the estimated per commercial/industrial square foot cost impact.

A. EMPLOYEE GENERATION

In the course of making the nexus findings to justify School Fees levied on commercial/industrial development, Education Code Section 17621(e)(1)(B) requires that the Study determine the impact of the increased number of employees anticipated to result from commercial/industrial development upon the cost of providing school facilities within the School District. As mentioned in the Executive Summary, for purposes of making such determination this code section further sets out that the employee generation estimates be based on the applicable estimates set forth in the Traffic Study published by SANDAG.

The employee generation estimates per 1,000 square feet of development derived from the Traffic Study are listed by commercial/industrial land use category in Table 10 below. The land use categories listed are based on those categories described in the Traffic Study and include land uses recommended by the provisions of Education Code Section 17621(e)(1)(B).

**TABLE 10
EMPLOYEE GENERATION PER 1,000 SQUARE FEET
OF COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	AVERAGE SQUARE FOOTAGE PER EMPLOYEE	EMPLOYEES PER 1,000 SQUARE FEET
Banks	354	2.8253
Community Shopping Center	652	1.5348
Neighborhood Shopping Center	357	2.7985
Industrial Business Parks	284	3.5156
Industrial Parks/Warehousing/Manufacturing	742	1.3473
Rental Self-Storage	15,541	0.0643
Research & Development	329	3.0408
Hospitality (Lodging)	883	1.1325
Commercial Offices (Standard)	209	4.7897
Commercial Offices (Large High Rise)	220	4.5442
Corporate Offices	372	2.6848
Medical Offices	234	4.2654

Source: San Diego Traffic Generator Study, January 1990 Edition; SANDAG.

B. RESIDENTIAL IMPACT

1. Households

To evaluate the impact of commercial/industrial development on School District facilities, the employee generation estimates listed in Table 10 were first used to determine the impact of commercial/industrial development on a per household basis. Based on information obtained from the 2018 American Community Survey², there are approximately 1.21 employed persons per household on average for households located within the School District. Dividing the employee generation estimates listed in Table 10 by 1.21 results in the estimated number of households per 1,000 square feet of commercial/industrial development (“Total Household Impact”).

The Total Household Impact determined in the preceding paragraph takes into consideration all employees generated from commercial/industrial development. Since some of those employees will live outside the School District and therefore will have no impact on the School District, the figures are adjusted to reflect only those households within the School District occupied by employees generated from commercial/industrial development built within the School District. Based on information derived from U.S. Census Bureau data³, it is estimated that approximately 47.50% of employees both live and work within the School District. Multiplying the Total Household Impact by 47.50% results in the households within the School District impacted per 1,000 square feet commercial/industrial development. The results of these computations are shown in Table 11.

² Based on data for the District drawn from the 2018 American Community Survey 5-Year Estimates: S2502-Demographic characteristics for occupied housing units and DP03-Selected economic characteristics.

³ 2018 American Community Survey 5-Year Estimates: S0801-Worked in place of residence.

TABLE 11
IMPACT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT ON
HOUSEHOLDS WITHIN THE SCHOOL DISTRICT

COMMERCIAL/INDUSTRIAL CATEGORY	SCHOOL DISTRICT HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.
Banks	1.1091
Community Shopping Center	0.6025
Neighborhood Shopping Center	1.0986
Industrial Business Parks	1.3801
Industrial/Warehousing/Manufacturing	0.5289
Rental Self-Storage	0.0253
Research & Development	1.1937
Hospitality (Lodging)	0.4446
Commercial Offices (Standard)	1.8802
Commercial Offices (Large High Rise)	1.7839
Corporate Offices	1.0540
Medical Offices	1.6744

2. Household Student Generation

The student generation impacts per 1,000 square feet of commercial/industrial development were calculated by multiplying the household impacts shown in Table 11 by blended student generation rates. The result of this calculation is shown in Table 12. The determination of the student generation rates is shown and described in Appendix “D” of this Study.

TABLE 12
STUDENT GENERATION PER 1,000 SQUARE FEET OF
COMMERCIAL/INDUSTRIAL DEVELOPMENT

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL STUDENT GENERATION
Banks	0.1442
Community Shopping Center	0.0783
Neighborhood Shopping Center	0.1428
Industrial Business Parks	0.1794
Industrial/Warehousing/Manufacturing	0.0688
Rental Self-Storage	0.0033
Research & Development	0.1552
Hospitality (Lodging)	0.0578
Commercial Offices (Standard)	0.2444
Commercial Offices (Large High Rise)	0.2319
Corporate Offices	0.1370
Medical Offices	0.2177

C. NET IMPACT PER COMMERCIAL/INDUSTRIAL SQUARE FOOT

1. Cost Impact

To estimate the school facilities costs required to house new students as a result of additional commercial/industrial development, the total school facilities cost per student was determined by multiplying the estimated cost per student of \$100,000⁴ by the total student generation impacts calculated in Table 12. The school facilities cost impacts are shown in Table 13 by commercial/industrial development category.

⁴ Derived from the Estimated School Facilities Costs equal to \$40,000,000 as shown in Table 7 divided by the Facilities Design capacity equal to 400 seats.

TABLE 13
SCHOOL FACILITIES COSTS PER 1,000 SQUARE FEET OF
COMMERCIAL/INDUSTRIAL DEVELOPMENT

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL COST IMPACT
Banks	\$14,420
Community Shopping Center	\$7,830
Neighborhood Shopping Center	\$14,280
Industrial Business Parks	\$17,940
Industrial/Warehousing/Manufacturing	\$6,880
Rental Self-Storage	\$330
Research & Development	\$15,520
Hospitality (Lodging)	\$5,780
Commercial Offices (Standard)	\$24,440
Commercial Offices (Large High Rise)	\$23,190
Corporate Offices	\$13,700
Medical Offices	\$21,770

2. Residential Fee Offsets

New commercial/industrial development within the School District will generate new employees, thereby increasing the need for new residential development to house those employees living in the School District. Applicable residential school fees adopted by the School District under applicable law will also be imposed by the School District on such new residential development. To prevent new commercial/industrial development from paying the portion of impact that is mitigated by the applicable residential school fees, this amount has been calculated and deducted from the school facilities impact costs calculated in Table 13.

The residential fee offsets were determined using a weighted average of revenues from Projected Mitigated Units and Projected Unmitigated Units. Total revenues from residential units constructed within an unmitigated project area (“Unmitigated Unit Revenues”) were calculated by using the proposed Level I Fee of \$1.94 and multiplying that amount by the weighted average square footage of a residential unit in the School District, which is 1,473 square feet. Total residential revenues for projected mitigated units (“Mitigated Unit Revenues”) were determined by multiplying the number of units by the estimated total special tax obligation determined in the associated Community Facilities District at a weighted average revenue per projected unit. This calculation provides the average residential revenues from a residential unit of \$9,455.

The average residential revenues from a residential unit multiplied by Household Impacts per 1,000 square feet, This result multiplied by the Household Impacts per 1,000 square feet of commercial/industrial development, as shown in Table 11, results in the residential school fee revenues per 1,000 square feet of commercial/industrial development (“Residential Fee Offset”) This computation is shown in Table 14.

**TABLE 14
RESIDENTIAL FEE OFFSET**

COMMERCIAL/INDUSTRIAL CATEGORY	HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.	RESIDENTIAL FEE OFFSET PER 1,000 SQUARE FEET COM./IND.
Banks	1.1091	\$10,487
Community Shopping Center	0.6025	\$5,697
Neighborhood Shopping Center	1.0986	\$10,387
Industrial Business Parks	1.3801	\$13,049
Industrial/Warehousing/Manufacturing	0.5289	\$5,001
Rental Self-Storage	0.0253	\$239
Research & Development	1.1937	\$11,286
Hospitality (Lodging)	0.4446	\$4,204
Commercial Offices (Standard)	1.8802	\$17,777
Commercial Offices (Large High Rise)	1.7839	\$16,867
Corporate Offices	1.0540	\$9,966
Medical Offices	1.6744	\$15,831

3. Net School Facilities Costs

Subtracting the Residential Fee Offset determined in Table 14 from the total school facilities costs listed in Table 13 results in the net school facilities costs per 1,000 square feet of commercial/industrial development (“Net School Facilities Costs”). The Net School Facilities Costs are listed in Table 15.

**TABLE 15
NET SCHOOL FACILITIES COSTS
PER 1,000 SQUARE FEET COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	TOTAL SCHOOL FACILITIES COSTS	RESIDENTIAL FEE OFFSET	NET SCHOOL FACILITIES COSTS
Banks	\$14,420	\$10,487	\$3,933
Community Shopping Center	\$7,830	\$5,697	\$2,133
Neighborhood Shopping Center	\$14,280	\$10,387	\$3,893
Industrial Business Parks	\$17,940	\$13,049	\$4,891
Industrial/Warehousing/Manufacturing	\$6,880	\$5,001	\$1,879
Rental Self-Storage	\$330	\$239	\$91
Research & Development	\$15,520	\$11,286	\$4,234
Hospitality (Lodging)	\$5,780	\$4,204	\$1,576
Commercial Offices (Standard)	\$24,440	\$17,777	\$6,663
Commercial Offices (Large High Rise)	\$23,190	\$16,867	\$6,323
Corporate Offices	\$13,700	\$9,966	\$3,734
Medical Offices	\$21,770	\$15,831	\$5,939

The Net School Facilities Costs determined in Table 15 were then divided by 1,000⁵ to provide the cost impact on a square foot basis. These cost impacts are listed in Table 16.

**TABLE 16
NET COST IMPACTS
PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT**

COMMERCIAL/INDUSTRIAL CATEGORY	NET COST IMPACTS
Banks	\$3.93
Community Shopping Center	\$2.13
Neighborhood Shopping Center	\$3.89
Industrial Business Parks	\$4.89
Industrial/Warehousing/Manufacturing	\$1.88
Rental Self-Storage	\$0.09
Research & Development	\$4.23
Hospitality (Lodging)	\$1.58
Commercial Offices (Standard)	\$6.66
Commercial Offices (Large High Rise)	\$6.32
Corporate Offices	\$3.73
Medical Offices	\$5.94

The net cost impacts shown in Table 16 are equal to or exceed the maximum authorized statutory school fee for commercial/industrial development of \$0.31 per square foot, except for the categories of Rental Self-Storage development. Therefore, the School District is justified in levying school fees on commercial/industrial in amount up to but not exceeding the maximum authorized statutory fee, or the net cost impacts determined for the categories of Rental Self-Storage.

D. COMMERCIAL/INDUSTRIAL DEVELOPMENT NOT IN PRESCRIBED CATEGORIES

In cases where new commercial/industrial development does not fit within the prescribed categories shown in Table 16, the School District shall evaluate such development on a case-by-case basis to determine if the imposition of the School Fees on the development meets the nexus requirements set forth under Government Code Section 66000 et seq. The School District may levy School Fees on such development in an amount up to but not exceeding the cost per square foot impact determined through such evaluation.

⁵ The Employee Generation Rates derived from the SANDAG Traffic Study are estimated per 1,000 square feet of development.

E. AGE-RESTRICTED (SENIOR) HOUSING

Government Code Sections 65995.1 and 65995.2 provides school districts may only charge the fees applicable for commercial/industrial development for qualified age-restricted (senior citizen) housing. Qualified age-restricted housing generates employees resulting in school facility impacts similar to those impacts from other commercial/industrial categories specified herein.

SECTION VI. REDEVELOPMENT

Government Code Section 66001, subdivision (a)(3) and (4) requires that a school district, in imposing school-impact fees, establish a reasonable relationship between the fee's use, the need for the public facility and the type of development project on which the fee is imposed. This section addresses and sets forth general policy when considering the levy of school fees on new construction units resulting from redevelopment projects within the School District.

Redevelopment means voluntarily demolishing existing residential, commercial, and/or industrial structures and subsequently replacing them with new construction (“Redevelopment”). The School District is aware of Redevelopment projects completed within the School District boundaries and anticipates similar Redevelopment projects may be completed in the next ten (10) years and beyond. School fees authorized pursuant to Education Code Section 17620 and Government Code Sections 65995 et seq. shall be levied by the School District on new construction resulting from Redevelopment projects, if there is a nexus between the School Fees being imposed and the impact of new construction on school facilities, after the impact of pre-existing development has been taken into consideration. In determining such nexus, the School District shall review, evaluate and determine on a case-by-case basis, the additional impact of the proposed new development by comparing the projected square footage, student generation and cost impacts of the proposed new construction and the pre-existing residential, commercial and/or industrial development. Such analysis shall utilize the student generation rates identified in Table 3 of this Study, as applicable.

The School District may levy school fees, authorized under applicable law, on new residential units resulting from Redevelopment projects in an amount up to the additional impact cost per square foot as determined in accordance with the preceding paragraph, but not exceeding the applicable school fees.

SECTION VII. GOVERNMENT CODE SECTION 66000

Government Code Sections 66000 *et seq.* were enacted by State Legislature in 1987. In any action establishing, increasing, or imposing a fee as a condition of approval of a development project, such as the Applicable Residential School Fee and Applicable Com/Ind. School Fees described herein (collectively referred to as the “Applicable School Fees”), these Government Code sections require the public agency to satisfy the following requirements:

1. Determine the purpose of the fee;
2. Identify the use to which the fee is to be put;
3. Determine how there is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed;
4. Determine that there is a reasonable relationship between the need for the public facilities and the type of development project on which the fee is imposed;
5. Determine that there is a reasonable relationship between the amount of the fee and the cost, or portion of the cost of the public facility attributable to the development on which the fee is imposed; and
6. Provide an annual accounting of any portion of the fee remaining unspent or held for projects for more than five (5) years after collection.

The information set forth herein, including the information contained in the Appendices attached hereto, provide factual evidence establishing a nexus between the type of development projected to be built within the School District and the amount of Applicable School Fees levied upon such development based on the need for such Applicable School Fees. The determinations made in this Study meet the requirements of Government Code Section 66000. The findings are summarized as follows:

PURPOSE OF THE SCHOOL FEE

The Board of the School District will levy and collect school fees on new residential and commercial/industrial development to obtain funds for the construction and/or reconstruction of school facilities to accommodate students generated as a result of such development. In accordance with Education Code Section 17620, “construction or reconstruction of school facilities” **does not** include any item of expenditure for any of the following:

- (i). Regular maintenance or routine repair of school buildings and facilities;
- (ii). Inspection, sampling, analysis, encapsulation or removal of asbestos-containing material, except where incidental to school facilities construction or reconstruction for which the expenditure of fees or other consideration collected pursuant to Education Code Section 17620 is not prohibited; and,
- (iii). Deferred maintenance as described in Education Code Section 17582.

IDENTIFY THE USE OF THE SCHOOL FEE

The School District has determined that revenues collected from Applicable School Fees imposed on residential and commercial/industrial developments will be used for the following purposes:

- (i). Construction or reconstruction of school facilities required to accommodate students generated by new residential and commercial/industrial development in areas of the School District where existing school facilities are needed;
- (ii). Construction or reconstruction of administrative and operations facilities required in response to new student growth from new development;
- (iii). Acquisition or lease of property for unhoused students generated from new development;
- (iv). Purchase or lease of interim and/or temporary school facilities in order to accommodate student capacity demands;
- (v). Furniture for use in new school facilities;
- (vi). Costs associated with the administration, collection, and justification for the Applicable School Fees;
- (vii). Provide local funding that may be required if the School District applies for State funding through SB 50.

As previously noted and described herein, the Level I Fee will be used to provide adequate facilities for student enrollment generated from Projected Units to the extent described in this Study and permitted by applicable law. Such Applicable School Fees may be used to fund, in part, the facilities needs identified in the 2013 FMP and subsequent updates, authorized facilities under Measure JJ, and as allowable by applicable law, inclusive of those school facilities described in this Study.

RELATIONSHIP BETWEEN THE USE OF THE FEE, THE NEED FOR SCHOOL FACILITIES AND THE TYPE OF DEVELOPMENT ON WHICH THE FEE IS IMPOSED

As determined in the preceding sections, existing school facilities are in need of upgrade for their continued long-term use and to provide adequate and safe housing for existing student enrollment and students generated from new residential and commercial/industrial development. The fees imposed on such new development will be used, in part, to finance the construction and/or reconstruction of school facilities required to accommodate student enrollment growth generated by new residential and commercial/industrial development.

DETERMINATION OF THE RELATIONSHIP BETWEEN THE FEE AMOUNT AND THE SCHOOL FACILITIES COSTS ATTRIBUTABLE TO TYPE OF DEVELOPMENT ON WHICH THE FEE IS IMPOSED

The imposition of the Applicable Residential School Fee of \$1.94 per square foot of residential development is justified, as this fee is below the per square foot cost impact to provide adequate school facilities required as a result of such new residential development.

Similarly, the imposition of the Applicable Com/Ind. School Fees of \$0.31 per square foot of commercial/industrial development are justified as the fees are equal to or below the estimated per square foot net cost impact to provide adequate school facilities required as a result of such new commercial/industrial development, except for Rental Self-Storage development. For the listed commercial/industrial categories, the net cost impacts determined herein are below the applicable maximum outlined fee of \$0.31 per square foot. Therefore, the applicable commercial/industrial School Fees imposed on new commercial/industrial development classified under these categories shall not exceed the Net Cost Impacts.

ACCOUNTING PROCEDURES FOR THE FEES

The School District will deposit, invest, and expend the school fees imposed and collected on residential and commercial/industrial development in accordance with the provision of Government Code Section 66006.

APPENDIX A
COMMERCIAL/INDUSTRIAL DEVELOPMENT DESCRIPTIONS

Banks	Include small branch offices to regional offices used for banking. Properties under this category allow customers to conduct banking on-site.
Shopping Center	Broadly include regional, community and neighborhood shopping centers which sell merchandise and services to consumers. Include grocery stores, restaurants, retail centers, automotive sales.
Industrial Business Parks	Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with 15% or more of the total area designated for commercial use.
Industrial Parks/Warehousing/Manufacturing	Include any combination of facilities engaged in manufacturing/assembly, warehousing, and/or storage with limited or no commercial use (less than 15% of the total area designated for commercial use).
Rental Self-Storage	Include warehouse developments which rent small storage vaults and often termed “mini-storage”.
Research & Development	Include scientific research and development laboratories, office and/or their supporting facilities.
Hospitality (Lodging)	Include establishments which provide lodging to the general public. Lodging types include hotels, motels, resort hotels and inns. The maximum term of occupancy for establishment within this category shall not exceed 30 days.
Commercial Offices (Standard) ¹	Include general office space occupying less than 100,000 square feet with multiple tenants.
Commercial Offices (Large High Rise) ¹	Include general office space occupying 100,000 square feet and greater with multiple tenants.
Corporate Offices	An office or office building with a single tenant.
Medical Offices	Include medical offices that serve a wide range of medical needs and may include a pharmacy. Medical offices are generally operated by one or more physicians.

¹ Office space used for activities described under banks, research and development, or medical offices should be classified under those categories.

APPENDIX B - FACILITIES CAPACITY UPDATE

**SOLANA BEACH SCHOOL DISTRICT
FACILITIES CAPACITY UPDATE
APPENDIX B**

School Name	K-3 Classrooms	4-6 Classrooms	K-6 Classrooms	Total General Education Classrooms	General Education Capacity
Carmel Creek	25	0	0	25	500
Skyline [1]	0	0	25	25	639
Solana Highlands	25	0	0	25	500
Solana Pacific	0	24	0	24	648
Solana Ranch	0	0	28	28	644
Solana Santa Fe	0	0	18	18	414
Solana Vista [2]	0	0	0	0	0
TOTAL	50	24	71	145	3,345

*As of June 2020. Excludes special program classrooms.

[1] Includes eight (8) Global program classrooms with a capacity of 180 students.

[2] Solana Vista is currently being reconstructed.

APPENDIX C – STUDENT ENROLLMENT SUMMARY

**SOLANA BEACH SCHOOL DISTRICT
2019/2020 ENROLLMENT
APPENDIX C**

Enrollment								
School Name	Grade Level							Total
	K	1	2	3	4	5	6	
Carmel Creek	92	86	94	105	0	0	0	377
Skyline	27	27	25	27	133	140	135	514
Solana Highlands	65	74	90	76	0	0	0	305
Solana Pacific	0	0	0	0	174	188	172	534
Solana Ranch	73	65	94	70	100	96	91	589
Solana Santa Fe	35	24	34	46	57	47	60	303
Solana Vista	72	83	97	84	0	0	0	336
TOTAL	364	359	434	408	464	471	458	2,958

*Enrollment data up to date as of October 2019.

APPENDIX D – SCHOOL DISTRICT-WIDE STUDENT GENERATION RATES

**SOLANA BEACH SCHOOL DISTRICT
SCHOOL DISTRICT-WIDE STUDENT GENERATION RATES
OLD HOUSING AND RECENT HOUSING ABSORPTION
APPENDIX D**

SCHOOL DISTRICT-WIDE SUMMARY

	SFD	SFA	MF	Blended SGR
TOTAL	0.1966	0.2039	0.0719	0.1300

GENERATION RATE CALCULATIONS BY HOUSING TYPE

Housing Type	No. of Students Matched	Total Housing Units within the School District [1]	Student Generation Rate
Single-family Detached (SFD)	1,935	9,844	0.1966
Single-family Attached (SFA)	486	2,384	0.2039
Multi-Family (MF)	334	4,646	0.0719
TOTAL	2,755	NA	0.4724

[1] 2014-2018 American Community Survey 5-Year Estimates: S2502 - Occupied Housing Units.

ALLOCATION OF PROJECTED UNITS BY HOUSING TYPE

Housing Type	Units	Percentage
Single-family Detached (SFD)	557	47%
Single-family Attached (SFA)	0	0%
Multi-Family (MF)	638	53%
TOTAL	1,195	100%

BLENDED STUDENT GENERATION RATES

School Level	SGR
Elementary School	0.1300
	0.1300