



FULLERTON
SCHOOL
DISTRICT



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2022 SCHOOL FEE JUSTIFICATION STUDY

APRIL 20, 2022

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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 Fullerton School District (“School District”) to demonstrate the relationship between new residential and commercial/industrial development and the School District’s need for the construction and/or reconstruction of school facilities, the cost of the 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 maximum School Fees authorized by Education Code Section 17620 are currently \$4.79 per square foot for residential construction/reconstruction and \$0.78 per square foot for commercial/industrial construction for unified school districts. The State Allocation Board (“SAB”) reviews and may adjust the maximum authorized School Fees every January in even-numbered years.

The School District provides education for grades transitional kindergarten (TK) through 8. 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 the Fullerton Joint High School District. The agreement specifies the percentage of the maximum School Fees that may be levied and collected by each school district. According to the agreement, sixty-six and sixty-seven hundredths percent (66.67%) of the maximum School Fees may be charged and collected by the School District, or \$3.19 and \$0.52 for residential and commercial/industrial development, respectively (“Applicable School Fees”). 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 Fees¹. The findings are summarized as follows:

RESIDENTIAL DEVELOPMENT

New residential development in the School District is projected over the next ten (10) years and beyond. Based on student generation rates determined for the School District, such development could generate an estimated 415 new students over the next ten (10) years. The school facilities cost impact per residential square foot as determined in this Study are shown in Table E-1.

The cost impacts per square foot of residential construction/reconstruction shown in Table E-1 are greater than the School District’s share of the current maximum authorized

¹ With the exception of new commercial/industrial development categorized as Rental Self-storage facilities, as further described in this Study.

residential School Fee, which is \$3.19 per square foot; therefore, the School District is reasonably justified in levying Applicable School Fees on new residential development.

**TABLE E-1
RESIDENTIAL SCHOOL FACILITIES COST IMPACTS/
APPLICABLE SCHOOL FEE PER SQUARE FOOT**

IMPACT PER SQUARE FOOT	APPLICABLE RESIDENTIAL SCHOOL FEE PER SQUARE FOOT
\$7.52	\$3.19

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”). With the exception of the cost impact applicable to commercial/industrial development classified as Rental Self-Storage, the cost impacts per square foot of commercial/industrial development are greater than or equal to the Applicable School Fees for commercial/industrial development of \$0.52 per square foot. Therefore, the School District is reasonably justified in levying the Applicable School Fees on new commercial/industrial development. The Applicable School Fees that may be imposed on the Rental Self-Storage commercial/industrial category is the net cost impact per square foot as determined herein.

**TABLE E-2
COMMERCIAL/INDUSTRIAL SCHOOL FACILITIES COST IMPACTS/
APPLICABLE SCHOOL FEE PER SQUARE FOOT**

COMMERCIAL/INDUSTRIAL CATEGORY	IMPACT PER SQUARE FOOT	MAXIMUM APPLICABLE SCHOOL FEE PER SQUARE FOOT
Banks	\$2.32	\$0.52
Community Shopping Center	\$1.26	\$0.52
Neighborhood Shopping Center	\$2.30	\$0.52
Industrial Business Parks	\$2.89	\$0.52
Industrial Parks/Warehousing/Manufacturing	\$1.11	\$0.52
Rental Self-Storage	\$0.05	\$0.05
Research & Development	\$2.50	\$0.52
Hospitality (Lodging)	\$0.93	\$0.52
Commercial Offices (Standard)	\$3.93	\$0.52
Commercial Offices (Large High Rise)	\$3.73	\$0.52
Corporate Offices	\$2.20	\$0.52
Medical Offices	\$3.50	\$0.52

SECTION I. LEGISLATION AND LEGAL REQUIREMENTS

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

A. LEGISLATIVE HISTORY

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 requirements as further discussed in Section VII herein when establishing, increasing or imposing a fee as a condition of approval for a development project.

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.

Furthermore, Proposition 55 was approved on March 2, 2004, which authorized the sale of \$12.3 billion in State bonds. In addition, 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 II. PROJECTED UNHOUSED STUDENTS AND ESTIMATED FACILITY AND PER-STUDENT COSTS

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 IV. 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 excess capacity to house students generated by new residential and commercial/industrial development.

The School District currently operates fifteen (15) elementary school sites serving grades transitional kindergarten through 6, three (3) junior high school sites serving grades 7 and 8, and two (2) school sites serving grades transitional kindergarten through 8. Per Education Code Section 17071.10, these facilities have a capacity to accommodate 14,714 students. Pursuant to Education Code Section 17071.30 and SAB Regulation 1859.51, portable classrooms were not included in the calculation to the extent they are (i) leased through the State Relocatable Classroom Program, (ii) leased for a period of less than five (5) years, (iii) leased when needed as interim housing (project basis), or (iv) represent the number of portables that exceed 25% of the School District's permanent classrooms. Appendix "B" provides a calculation of the updated facility capacity.

Based on October 2021 California Longitudinal Pupil Achievement Data System (CALPADS) data, the student enrollment of the School District is 11,684 students, of which 8,950 students are at the elementary school level (grades transitional kindergarten through 6) and 2,734 students are at the junior high school level (grades 7 and 8). Current available capacity is calculated by subtracting current student enrollment from existing school facilities capacity for each school level. This operation results in available capacity at the elementary and junior high school levels. The capacity calculation is shown in Table 1. It should be noted these capacities are driven by State loading standards and do not necessarily reflect the School District's program goals, or the ability to shift classroom uses at the TK-8 sites to accommodate students enrolled at the separate school levels.

**TABLE 1
FACILITIES CAPACITY AND STUDENT ENROLLMENT**

SCHOOL LEVEL	EXISTING FACILITIES CAPACITY	STUDENT ENROLLMENT (OCTOBER 2021)	AVAILABLE/ (DEFICIT) CAPACITY
Elementary School (TK-6)	11,486	8,950	2,536
Junior High School (7-8)	3,228	2,734	494
TOTAL	14,714	11,684	3,030

B. PROJECTED UNHOUSED STUDENTS

1. Projected Residential Units

Areas within the School District are largely developed and built-out; however, opportunities exist for new development through infill and redevelopment projects. A projection of the number of new residential construction within the School District boundaries was derived from information obtained from the Planning Department of the City of Fullerton (“City”). Based on the information, it is estimated the School District could experience the development of 1,620 residential units over the next ten (10) years (“Projected Units”).

The Projected Units are summarized by residential category in Table 2 below. single-family detached units (“SFD”) are those units with no common walls; multi-family attached units (“MFA”) are those units sharing a common wall and include townhouses, condominiums, apartments, triplexes, duplexes, etc. Currently, none of the Projected Units have mitigated their impact to the School District through participation in a Community Facilities District or through execution of a mitigation agreement.

**TABLE 2
PROJECTED UNITS BY RESIDENTIAL CATEGORY**

RESIDENTIAL CATEGORY	PROJECTED UNITS
Single-Family Detached (SFD)	605
Multi-Family Attached (MFA)	1,015
TOTAL	1,620

2. Student Generation Rates

In order to calculate student generation rates (“SGRs”), Koppel & Gruber Public Finance (“K&G Public Finance”) first obtained County of Orange Assessor’s roll data from a third-party vendor. The data contained all residential parcels within the School District and provided land use class designations (i.e. condominiums, single family dwellings, etc.), physical address (situs), and number of units for many but not all parcels. Parcels in the database were classified by unit type (SFD and MFA) and the number of units applicable to these properties was researched and inputted as needed.

Since the County property data was missing unit counts for many of the residential parcels contained therein, 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.

K&G Public Finance then obtained a student database from the School District, which contained student identification, 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 2021. 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 school level and residential category. Table 3 below summarizes the SGRs by school level and residential type. The calculation of the SGRs is shown in Appendix “C” of this Study.

**TABLE 3
STUDENT GENERATION RATES**

SCHOOL LEVEL	SFD UNITS	MF UNITS
Elementary School (TK-6)	0.2346	0.1711
Junior High School (7-8)	0.0723	0.0539
TOTAL	0.3069	0.2250

3. Projected Student Enrollment

Projected student enrollment was determined by multiplying the SGRs in Table 3 by the number of Projected Units as shown in Table 2. A total of 415 students are estimated to be generated from Projected Units. The projected student enrollment is summarized by school level in Table 4.

**TABLE 4
PROJECTED STUDENT ENROLLMENT BY SCHOOL LEVEL**

SCHOOL LEVEL	TOTAL PROJECTED STUDENTS
Elementary School (TK-6)	316
Junior High School (7-8)	99
TOTAL	415

4. Projected Unhoused Students

As shown in Table 1, there are available seats at both the elementary and junior high school levels based on current student enrollment and existing capacity. The capacity analysis is driven by State classroom loading standards and does not consider the educational program goals and priorities of the School District, nor do the results of the capacity analysis reveal the condition and adequacy of the existing facilities to house student enrollment. As further described in this Study, capital improvements are necessary for the long-term use to adequately house the existing student population and

¹ 2020 American Community Survey 5-Year Estimates; DP04 – Selected Housing.

future enrollment growth at all school levels. The facilities needs exist regardless of the availability of capacity to house student enrollment, inclusive of student enrollment generated from new development. Therefore, there are zero (0) seats available to accommodate Projected Student Enrollment from Projected Units. Table 5 shows the number of Projected Unhoused Students at each school level.

**TABLE 5
PROJECTED UNHOUSED STUDENTS**

SCHOOL LEVEL	PROJECTED STUDENT ENROLLMENT	AVAILABLE SEAT ADJUSTMENT	PROJECTED UNHOUSED STUDENTS
Elementary School (TK-6)	316	0	316
Junior High School (7-8)	99	0	99
TOTAL	415	0	415

C. FACILITY NEEDS AND ESTIMATED PER-STUDENT COST

1. Facilities Needs

In 2015, the School District conducted a Facilities Master Plan (“2015 Plan”). The 2015 Plan identifies both the short-range and long-range facility needs of the School District and focuses on repairs, upgrades, technology enhancements, modernization and construction of new facilities that are necessary for the continued use of the School District’s existing facilities and to meet education program needs. The costs of the short-range and long-range capital improvement projects are estimated at approximately \$233,000,000.

The 2015 Plan demonstrates capital improvement projects are necessary for the long-term use and adequate housing of student enrollment at the School District’s existing facilities. While the findings in Table 1 show overall available capacity, the 2015 Plan outlined plans to modernize or replace aging classrooms with the construction of new classroom buildings. Therefore, without implementation of the capital improvement projects adequate facilities do not exist within the School District to house student enrollment as a result of new development.

2. Estimated Cost per Student

Utilizing the estimated costs outlined in the 2015 Plan, the average estimated cost for the construction of new classrooms and/or the replacement of existing portables with permanent classrooms is \$607,491 per classroom in 2015 dollars. Adjusting such estimate to current 2022 dollars¹, plus ten percent (10%) for estimated soft and site development costs, yields an estimated cost per classroom of \$944,559, which is deemed appropriate for all school levels. This determination of the new construction cost estimated per classroom is further detailed in Appendix “D” of this Study. The new construction cost estimate per classroom is then divided by the estimated student capacity

¹ Adjusted by the State of California SAB Approved Construction Cost Index.

per classroom, which results in the estimated Total Facilities Cost Impact per Seat/Student by school level as shown in Table 6.

TABLE 6
FACILITIES COST IMPACT PER SEAT/STUDENT

SCHOOL LEVEL	NEW CONSTRUCTION COST ESTIMATE PER CLASSROOM	STUDENT CAPACITY PER CLASSROOM ¹	FACILITIES COST IMPACT PER SEAT/STUDENT
Elementary School (TK-6)	\$944,559	25	\$37,782
Junior High School (7-8)	\$944,559	27	\$34,984

¹ School capacities are determined based on State loading standards of 25 students per classroom for grades kindergarten through 6 and 27 students per classroom for grades 7 and 8.

SECTION III. PROJECTED IMPACT OF RESIDENTIAL DEVELOPMENT

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

Government Code Section 66001 (g) allows School Fees to include the costs attributable to the increased demand for public facilities reasonably related to the development project(s) in which the fee is imposed 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. The proposed capital improvement projects outlined in the 2015 Plan are recommended because the existing facilities require upgrade or replacement for their continued long-term use, and such upgrades will benefit both existing student enrollment and student enrollment generated as a result of new residential construction; thus it is deemed reasonable and appropriate to include estimated costs as described in Section II.B when evaluating the impact per square foot as a result of Projected Unhoused Students. To determine the school facilities cost impact per square foot of residential development, first the Facilities Cost Impact per Seat/Student determined in Table 6 is multiplied by the Projected Unhoused Students as shown in Table 5 for each school level. The result of this computation is shown in Table 7 and reflects the estimated school facilities cost impact to house Projected Unhoused Students.

**TABLE 7
TOTAL FACILITIES COST IMPACT**

SCHOOL LEVEL	PROJECTED UNHOUSED STUDENTS	FACILITIES COST IMPACT PER SEAT/STUDENT	TOTAL FACILITIES COST IMPACT
Elementary School (TK-6)	316	\$37,782	\$11,939,112
Junior High School (7-8)	99	\$34,984	3,463,416
TOTAL			\$15,402,528

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

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

TOTAL FACILITIES COST IMPACT	PROJECTED UNITS	FACILITIES COST IMPACT PER RESIDENTIAL UNIT
\$15,402,528	1,620	\$9,508

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 each residential unit type. This calculation is shown in Table 9 below. The weighted average square

footage of the Projected Units is estimated based on information obtained through the City and project plan information found from other sources.

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
\$9,508	1,265	\$7.52

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 \$3.19 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 IV. 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 impacts.

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. The land use categories listed are based on those categories described in the Traffic Study and include all 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 U.S. Census Bureau¹, there are approximately 1.44 employed persons per household on average for households located within the School District. Dividing the employee generation estimates listed in Table 10 by 1.44 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 will therefore 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 data², it is estimated that approximately 21.6 percent (21.6%) of employees both live and work within the School District. Multiplying the Total Household Impact by 21.6% 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.

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	0.4238
Community Shopping Center	0.2302
Neighborhood Shopping Center	0.4198
Industrial Business Parks	0.5273
Industrial Parks/Warehousing/Manufacturing	0.2021
Rental Self-Storage	0.0097
Research & Development	0.4561
Hospitality(Lodging)	0.1699
Commercial Offices (Standard)	0.7185
Commercial Offices (Large High Rise)	0.6816
Corporate Offices	0.4027
Medical Offices	0.6398

¹ 2020 American Community Survey 5-Year Estimates; DP04 – Selected Housing (total number of households); DP03 – Selected Economic Characteristics (total civilian labor force/employed)

² 2020 American Community Survey 5-Year Estimates; S0801 – Commuting Characteristics (worked in place of residence)

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 Facilities Cost Impact per Residential Unit determined in Table 8 is multiplied by the household impacts calculated in Table 11 (\$9,508), resulting in the total school facilities cost impact per 1,000 square feet of commercial/industrial development. The total school facilities cost impacts are shown in Table 12 by commercial/industrial development category.

TABLE 12
SCHOOL FACILITIES COSTS PER 1,000 SQUARE FEET OF
COMMERCIAL/INDUSTRIAL DEVELOPMENT

COMMERCIAL/INDUSTRIAL CATEGORY	SCHOOL DISTRICT HOUSEHOLDS PER 1,000 SQUARE FEET COM./IND.	TOTAL COST IMPACT
Banks	0.4238	\$4,029
Community Shopping Center	0.2302	\$2,189
Neighborhood Shopping Center	0.4198	\$3,991
Industrial Business Parks	0.5273	\$5,014
Industrial Parks/Warehousing/Manufacturing	0.2021	\$1,922
Rental Self-Storage	0.0097	\$92
Research & Development	0.4561	\$4,337
Hospitality(Lodging)	0.1699	\$1,615
Commercial Offices (Standard)	0.7185	\$6,831
Commercial Offices (Large High Rise)	0.6816	\$6,481
Corporate Offices	0.4027	\$3,829
Medical Offices	0.6398	\$6,083

2. Residential Fee Offsets

The total cost impacts determined in Table 12 represent the amounts required to fully mitigate the impact on school facilities, as a result of new commercial/industrial development within the School District. Many employees as result of new commercial/industrial development will commute from areas outside of the School District boundaries or will reside in existing homes, from which no mitigation will be received from the housing in which they reside. However, new commercial/industrial development, and thereby new employee generation, will also increase 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 12.

The residential fee offsets are first calculated by using the Applicable Residential School Fee of \$3.19 per square foot and multiplying that amount by the weighted average square footage of a residential unit in the School District, which is 1,265 square feet. This calculation provides the average residential revenues from a residential unit of \$4,035 ($\$3.19 \times 1,265$). The average residential revenues from a residential unit 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 13.

**TABLE 13
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	0.4238	\$1,710
Community Shopping Center	0.2302	\$929
Neighborhood Shopping Center	0.4198	\$1,694
Industrial Business Parks	0.5273	\$2,128
Industrial Parks/Warehousing/Manufacturing	0.2021	\$816
Rental Self-Storage	0.0097	\$39
Research & Development	0.4561	\$1,841
Hospitality (Lodging)	0.1699	\$686
Commercial Offices (Standard)	0.7185	\$2,899
Commercial Offices (Large High Rise)	0.6816	\$2,750
Corporate Offices	0.4027	\$1,625
Medical Offices	0.6398	\$2,582

3. Net School Facilities Costs

Subtracting the Residential Fee Offset determined in Table 13 from the total school facilities costs listed in Table 12 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 14.

TABLE 14
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	\$4,029	\$1,710	\$2,319
Community Shopping Center	\$2,189	\$929	\$1,260
Neighborhood Shopping Center	\$3,991	\$1,694	\$2,297
Industrial Business Parks	\$5,014	\$2,128	\$2,886
Industrial Parks/Warehousing/Manufacturing	\$1,922	\$816	\$1,106
Rental Self-Storage	\$92	\$39	\$53
Research & Development	\$4,337	\$1,841	\$2,496
Hospitality (Lodging)	\$1,615	\$686	\$929
Commercial Offices (Standard)	\$6,831	\$2,899	\$3,932
Commercial Offices (Large High Rise)	\$6,481	\$2,750	\$3,731
Corporate Offices	\$3,829	\$1,625	\$2,204
Medical Offices	\$6,083	\$2,582	\$3,501

The Net School Facilities Costs determined in Table 14 were then divided by 1,000¹ to provide the cost impact on a square foot basis. These cost impacts are listed in Table 15.

TABLE 15
NET COST IMPACTS
PER SQUARE FOOT OF COMMERCIAL/INDUSTRIAL DEVELOPMENT

COMMERCIAL/INDUSTRIAL CATEGORY	NET IMPACTS
Banks	\$2.32
Community Shopping Center	\$1.26
Neighborhood Shopping Center	\$2.30
Industrial Business Parks	\$2.89
Industrial Parks/Warehousing/Manufacturing	\$1.11
Rental Self-Storage	\$0.05
Research & Development	\$2.50
Hospitality(Lodging)	\$0.93
Commercial Offices (Standard)	\$3.93
Commercial Offices (Large High Rise)	\$3.73
Corporate Offices	\$2.20
Medical Offices	\$3.50

The net cost impacts shown in Table 15 are greater than the School District's share of the current maximum authorized commercial/industrial School Fees of \$0.52 per square foot, except for the category of Rental Self-Storage. Therefore, the School District is justified in levying commercial/industrial school fees in amount up to but not exceeding

¹ The Employee Generation rates derived from the SANDAG study are estimated per 1,000 square feet of development.

the School District's share of the maximum authorized statutory fee. For the Rental Self-Storage Commercial/Industrial category, the School District is justified in collecting an amount equal to \$0.05 per square foot.

SECTION V. OTHER CONSIDERATIONS

A. COMMERCIAL/INDUSTRIAL DEVELOPMENT NOT IN PRESCRIBED CATEGORIES

In cases where new commercial/industrial development does not fit within the prescribed categories shown in Table 10, 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.

B. AGE-RESTRICTED (SENIOR) HOUSING

The School District must exercise discretion in determining whether a particular project qualifies as “senior citizen housing” for the purpose of imposing developer fees. (See *California Ranch Homes Development Co. v. San Jacinto Unified School Dist.* (1993) 17 Cal.App.4th 573, 580–581.) The School District acknowledges Section 65995.1 and will levy its share of School Fees on qualifying senior citizen housing projects at the current commercial/industrial rate of \$0.52 per square foot as justified herein. The School District will require proof that such senior units are indeed restricted to seniors (i.e. a copy of the recorded CC&Rs or deed(s)) and reserves the right to revoke a Certificate of Compliance and/or require payment of difference of the amount per square foot paid to the then current amount of School Fees being levied on residential development per square foot should such CC&Rs or deed(s) be modified to allow students to reside in such the housing units. If there is any uncertainty as to whether a project qualifies as senior citizen housing or will, in fact, remain senior citizen housing beyond initial approval, the School District may wish to seek cooperation from the developer as a condition of levying the commercial/industrial School Fee rate. Such cooperation could take the form of an agreement by the developer to include a restriction in the recorded CC&Rs conditioning subsequent changes in residency requirements on the owner’s payment of applicable developer fees, and to notify the School District of changes in residency requirements and/or to provide current residency data upon School District’s request.

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 construction 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 Commercial/Industrial 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:

1. Regular maintenance or routine repair of school buildings and facilities;
2. 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,
3. 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:

1. 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;
2. Construction or reconstruction of administrative and operations facilities required in response to new student growth from new development;
3. Acquisition or lease of property for unhoused students generated from new development;
4. Purchase or lease of interim and/or temporary school facilities in order to accommodate student capacity demands;
5. Furniture for use in new school facilities;
6. Costs associated with the administration, collection, and justification for the Applicable School Fees;
7. Provide local funding that may be required if the School District applies for State funding through SB 50.

The 2015 Plan outlined the proposed capital improvement projects to a number of existing school facilities. As previously noted and described herein, the Applicable School Fees will be used to provide adequate facilities for student enrollment generated 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 2015 Plan 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, adequate school facilities do not exist to accommodate students generated from new residential and commercial/industrial development. The fees imposed on such new development will be used to finance the construction, reconstruction and/or expansion 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 \$3.19 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 Commercial/Industrial School Fees of \$0.52 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.

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

**FULLERTON SCHOOL DISTRICT
FACILITIES CAPACITY UPDATE
APPENDIX B**

CLASSROOM INVENTORY¹

School Level	School Site	Permanent Classrooms	Portable Classrooms	Total Classrooms	Special Education Classrooms	General Education Classrooms
Elementary School	Acacia Elementary School	22	7	29	0	29
	Commonwealth Elementary School	26	2	28	5	23
	Fern Drive Elementary School	23	4	27	2	25
	Golden Hill Elementary School	20	11	31	3	28
	Hermosa Drive Elementary School	17	5	22	1	21
	Laguna Road Elementary School	18	9	27	1	26
	Maple Elementary School	14	13	27	1	26
	Orangethorpe Elementary School	30	12	42	5	37
	Pacific Drive Elementary School	30	7	37	2	35
	Raymond Elementary School	21	3	24	2	22
	Richman Elementary School	32	11	43	4	39
	Rolling Hills Elementary School	22	5	27	3	24
	Sunset Lane Elementary School	18	17	35	2	33
Valencia Park Elementary School	27	12	39	1	38	
Woodcrest Elementary School	22	4	26	4	22	
ELEMENTARY SCHOOL (TK-6) TOTALS		342	122	464	36	428
TK-8	Beechwood TK-8 School	11	24	35	1	34
	Fisler TK-8 School	33	3	36	0	36
TK-8 SCHOOL TOTALS		44	27	71	1	70
Junior High	Ladera Vista Junior High School	32	7	39	6	33
	Nicolas Junior High School	33	6	39	2	37
	Parks Junior High School	29	7	36	1	35
JUNIOR HIGH (7-8) TOTALS		94	20	114	9	105
Total		480	169	649	46	603

¹ Source: School District

STUDENT CAPACITY (In accordance with California Code of Regulation, Title II, Section 1859.35)

Description	General Education ¹		Non Severe ²	Severe	Total
	TK-6	7-8			
I. Total Classroom Inventory	481	122	46	-	649
II. Permanent Classrooms					480
III. Portable Classrooms					169
IV. 25% of Permanent Classrooms					120
V. Adjustment (III. Minus IV.)	39	7	3	-	49
IV. Total (I. minus V.)	442	115	43	-	600
Student Capacity³	11,050	3,105	559	-	14,714

¹ Classrooms located at K-8 school sites were allocated based on October 2021 enrollment figures.

² All Special Use Classrooms have been categorized as Non-Severe.

³ School capacities are determined based on loading factors of 25 pupils per classroom for grades kindergarten through 6, 27 pupils per classroom for grades 7 and 8, 9 pupils per classroom for severe pupils and 13 pupils per classroom for non-severe pupils as set forth in the California Code of Regulation, Title II, Section 1859.35.

ESTIMATED STUDENT CAPACITY BY SCHOOL LEVEL

Description	TK-6	7-8	Total
General Education	11,050	3,105	14,155
Proration of Non Severe Capacity	436	123	559
Proration of Severe Capacity	-	-	-
Total	11,486	3,228	14,714

APPENDIX C

STUDENT GENERATION RATES

Student Generation Rates (SGRs) used in this Study are based on information obtained from the County of Orange Assessor’s Office, student enrollment data from the School District and U.S. Census Bureau data.

A property database reflective of the County of Orange 2021/22 Assessors’ roll was obtained via a third-party vendor. The property database contains property information for parcels within the School District, including land use class information (i.e. condominiums, single family dwellings, etc.). Parcels in the database were classified by unit type (SFD, MFA) based on the County’s land use class designations, and further research as necessary. Since the property data information obtained from the County was missing unit counts for many of the residential parcels contained therein, K&G Public Finance relied on housing information derived from U.S. Census Bureau data¹ to estimate the total number of residential units located within the School District. The residential units identified in the U.S. Census Bureau data were also classified by property type (SFD and MFA).

A student enrollment database was obtained from the School District and was reflective of student enrollment information as of October 2021. The student enrollment address information was matched to the address (situs address) information of parcels in the County’s property characteristic database. The number of students matched was then queried by school level and residential category. Students could not be matched if they were inter-district or they did not have a valid physical address (e.g. only P.O. Box was listed). Mobile homes are not considered in the SGR determination, including the students matched to the mobile home land use, and therefore have been omitted². The determination of the SGRs is summarized in Tables C-1 and C-2.

Table C-1
Single Family Detached (SFD)
Student Generation Rates

SCHOOL LEVEL	STUDENTS MATCHED	SFD UNITS	SGR BY SCHOOL LEVEL
Elementary School (TK-6)	5,525	23,552	0.2346
Junior High School (7-8)	1,702	23,552	0.0723
TOTAL	7,227	NA	0.3069

¹ 2020 American Community Survey 5-Year Estimates; DP04 – Selected Housing.

² Education Code Section 17625 sets forth the prerequisites that must be met before school districts may levy school fees on mobile homes. Since it is often difficult to determine and make projections relating to mobile homes that meet those requirements, the mobile home category is omitted from this analysis.

**Table C-2
Multi-Family (MFA)
Student Generation Rates**

SCHOOL LEVEL	STUDENTS MATCHED	MFA UNITS	SGR BY SCHOOL LEVEL
Elementary School (TK-6)	2,841	16,601	0.1711
Junior High School (7-8)	894	16,601	0.0539
TOTAL	3,735	NA	0.2250

In order to evaluate students generated from future households by school level, the student generation rates determined in Table C-1 and C-2 above (also summarized in Table 3 of this Study) were used. These student generation rates are listed by residential category and by school level.

**Table C-3
Student Generation Rates**

SCHOOL LEVEL	SFD UNITS	MFA UNITS
Elementary School (TK-6)	0.2346	0.1711
Junior High School (7-8)	0.0723	0.0539
TOTAL	0.3069	0.2250

APPENDIX D
ESTIMATED FACILITIES COSTS

**FULLERTON SCHOOL DISTRICT
ESTIMATED FACILITIES COSTS
APPENDIX D**

ESTIMATED FACILITIES COSTS¹

School Level	School Site	New Construction/ Replacement Cost	Number of Replacement Classrooms
Elementary School	Acacia Elementary School	\$0	0
	Commonwealth Elementary School	\$0	0
	Fern Drive Elementary School	\$0	0
	Golden Hill Elementary School	\$8,796,800	9
	Hermosa Drive Elementary School	\$0	0
	Laguna Road Elementary School	\$0	0
	Maple Elementary School	\$0	0
	Orangethorpe Elementary School	\$0	0
	Pacific Drive Elementary School	\$0	0
	Raymond Elementary School	\$0	0
	Richman Elementary School	\$4,980,000	8
	Rolling Hills Elementary School	\$4,357,500	7
	Sunset Lane Elementary School	\$7,900,000	11
	Valencia Park Elementary School	\$5,955,000	10
	Woodcrest Elementary School	\$0	0
TK-8	Beechwood TK-8 School	\$11,200,000	25
	Fisler TK-8 School	\$0	0
Junior High	Ladera Vista Junior High School	\$2,980,000	6
	Nicolas Junior High School	\$0	0
	Parks Junior High School	\$0	0
Administration Center/Nutrition Services		\$0	0
Total		\$46,169,300	76

¹ Source: 2015 Facilities Master Plan.

Description	Amount
Total New Construction/Replacement Costs	\$46,169,300
No. of Classrooms	76
Average Cost Per Classroom	\$607,491
Inflation Adjustment (2015 to 2022) ²	141.35%
Estimated Cost per Classroom (2022 Dollars)	\$858,690
Estimated Soft Costs	10%
Total Cost per Classroom	\$944,559

² Based on the percentage change in the State of California SAB Approved Construction Cost Index.

APPENDIX E
NOTICE OF PUBLIC HEARING

FULLERTON SCHOOL DISTRICT

NOTICE OF PUBLIC HEARING

**NOTICE OF CONSIDERATION OF APPROVING AN INCREASE
IN STATUTORY (LEVEL 1) SCHOOL FEES IMPOSED ON NEW
RESIDENTIAL AND COMMERCIAL/INDUSTRIAL
CONSTRUCTION PURSUANT TO GOVERNMENT CODE
SECTION 65995 AND EDUCATION CODE SECTION 17620**

NOTICE IS HEREBY GIVEN that the Board of Trustees (“Board”) of the Fullerton School District (“School District”) at its regular board meeting to be held in the Board Room at the District Administration Building, 1401 West Valencia Drive, on Tuesday, May 10, 2022 at approximately 6:00 p.m. or soon thereafter, will consider approving an increase in statutory school fees (“Level I School Fees”) that may be imposed on new residential and commercial/industrial construction located within the boundaries of the School District pursuant to Government Code Section 65995 and Education Code Section 17620. Specifically, the Board will consider approving maximum Level I School Fees of (i) \$3.19 per square foot for assessable space of new residential construction and (ii) up to \$0.52 per square foot of chargeable covered and enclosed space for categories of new commercial/industrial construction.

A report entitled “School Fee Justification Study” was prepared pursuant to and in accordance with applicable law, which includes information and analysis demonstrating the relationship between new residential and commercial/industrial development and the School District’s need for the construction of school facilities, the estimated cost of the school facilities, and justification for the levy of Level I School Fees on new residential and commercial/industrial development.

The School Fee Justification Study and any related documents regarding the proposed adoption of the Level I School Fees are available for public review during normal business hours at the School District’s administrative office, located at 1401 West Valencia Drive, Fullerton, CA 92833.

Questions and/or comments should be directed to Robert R. Coghlan, Ph.D., Assistant Superintendent, Business Services at (714) 447-7412.

APPENDIX F
EXCERPT FROM STATE ALLOCATION BOARD AGENDA –
2022 LEVEL I FEES

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, February 23, 2022

INDEX ADJUSTMENT ON THE ASSESSMENT FOR DEVELOPMENT

PURPOSE OF REPORT

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

DESCRIPTION

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

AUTHORITY

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

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

BACKGROUND

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

STAFF ANALYSIS/STATEMENTS

A historical comparison of the assessment rates for development fees for 2018 and 2020 are shown below for information. According to the RS Means, the cost index for Class B construction increased by 17.45% percent, during the two-year period from January 2020 to January 2022, requiring the assessment for development fees to be adjusted as follows beginning January 2022:

RS Means Index Maximum Level I Assessment Per Square Foot

	<u>2018</u>	<u>2020</u>	<u>2022</u>
Residential	\$3.79	\$4.08	\$4.79
Commercial/Industrial	\$0.61	\$0.66	\$0.78

RECOMMENDATION

Increase the 2022 maximum Level I assessment for development in the amount of 17.45 percent using the RS Means Index to be effective immediately.