SCHOOL FACILITY FEE JUSTIFICATION REPORT

FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL

DEVELOPMENT PROJECTS

for the

SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT

March 2018

Prepared by
School Facility Consultants

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Prepared for
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EXECUTIVE SUMMARY

The San Ramon Valley Unified School District (District) is justified to collect the legal maximum fee of $3.79 per square foot of residential development as authorized by Government Code Section 65995 (Level I fees), as future residential development creates a school facility cost of $8.16 per square foot. The District is also justified to collect the legal maximum fee of $0.61 per square foot of development on all categories of commercial/industrial development (except rental self-storage), as those categories of development create school facility costs ranging from $1.39 to $5.94 per square foot of future development, even when fees from linked residential units are accounted for. Fees for new rental self-storage should be established on an individual case-by-case basis.

The District's justification for collecting fees on future residential and commercial/industrial development is based on the following facts and projections:

1. The District's current and projected K-8 enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient capacity to house students generated by future development.
2. Over a five-year period, future residential development is projected to create 1,336 additional students in the District. These students will require the District to acquire new school facilities.
3. Each square foot of future residential development creates an estimated school facilities cost of $8.16. All categories of commercial/industrial development (except rental self-storage) create an estimated school facilities cost ranging from $1.39 to $5.94 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for.
4. If the District collects the current maximum fee on residential development authorized by Government Code Section 65995 of $3.79 per square foot, fee revenue will offset 46.4 percent of the school facility cost attributable to residential development. If the District collects the current maximum fee on commercial/industrial development authorized by Government Code Section 65995 of $0.61 per square foot, fee revenue will offset from 10.3 percent to 43.9 percent of the school facility cost attributable to commercial/industrial development (except rental self-storage). For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.

The fees outlined above all meet the requirements of Government Code Section 66001 (the nexus requirements), that is, a reasonable relationship exists between the amount and use of the fees and the developments on which they are charged.

INTRODUCTION

This Report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the San Ramon Valley Unified School District (District). *School Facility Consultants* has been retained by the District to conduct the analysis and prepare this Report.

A. Purpose and Scope

The purpose of this Report is to show that the District meets pertinent requirements of State law regarding the collection of developer fees.

State law gives school districts the authority to charge fees on new residential and commercial/industrial developments if those developments generate additional students and cause a need for additional school facilities. Government Code Section 65995 authorizes school districts to collect fees on future development of no more than $3.79 per square foot for residential construction and $0.61 for commercial/industrial construction (Level I fees). Level I fees are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board. Government Code Section 66001 requires that a reasonable relationship exist between the amount and use of the fees and the development on which the fees are to be charged.

This Report:

- identifies the cost of providing school facilities for students generated by future residential and commercial/industrial development in order to justify the collection of fees on those developments and
- explains the relationship between the fees and the developments on which those fees are to be charged.

B. Brief Description of the San Ramon Valley Unified School District

The San Ramon Valley Unified School District is located in Contra Costa County. District boundaries may be seen in greater detail on maps available at the District Office.

The District currently serves over 32,500 students in grades K-12 and operates twenty-one elementary schools, eight middle schools, four comprehensive high schools, one continuation high school, and one alternative high school.

Opportunities for new residential development exist in the District and approximately 2,398 new residential units are anticipated to be built in the District over the next five years (1,791 new non-mitigated residential units and 607 new mitigated residential units).

To accommodate this future residential development, the District plans to build additional facilities at the elementary and middle school campuses. In addition, the District will purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

C. Data Sources

The data sources for this Report are listed in the table below and referenced throughout the Report.

Data Sources

Data Type	Data Source
Residential development rates	City of San Ramon; County of Contra Costa; San Ramon Valley Unified School District (SRVUSD); Local development project information
Enrollment history	SRVUSD; California Department of Education DataQuest
Pupil capacity of District schools	SRVUSD
Student generation rates for housing units	SRVUSD
Employees per square foot of commercial/industrial development	San Diego Association of Governments
Number of workers per household	United State Census

D. Outline of the Report

The Report is divided into six sections. The sections:

1. Identify the District's school facility needs over the next five years,
2. Calculate the financial impact on the District of future residential and commercial/industrial developments,
3. Compare the projected revenues from developer fees to the costs of providing facilities for students generated by future developments,
4. Show that the District satisfies the requirements of Government Code Section 66001 with respect to the collection of developer fees,
5. Summarize other potential funding sources for school facilities and
6. Present recommendations regarding the collection of developer fees.

End of Section

I. DISTRICT FACILITY NEEDS

This Section describes the District's requirements for school facilities over the next five years. Specifically, the following subsections:

A) Project the District's future enrollment over the next five-year period (through 2022/23),
B) Identify the District's current capacity,
C) Subtract the projected enrollment from the District's capacity to calculate the District's facility needs over the five year period, and
D) Describe the District's plan to fulfill its facility needs.

A. Five-Year Enrollment Projection

1) Enrollment History

The Report uses the California Basic Educational Data Systems (CBEDS) and District enrollment reports to track the District's total enrollment over the last five years (see Table 1-1). Total District enrollment has grown by 1,160 students (3.7 percent) from 2013/14 to 2017/18.

Table 1-1
District Enrollment History

Grade	2013/14	2014/15	2015/16	2016/17	2017/18
K-5	14,225	14,230	14,283	14,081	16,473
6-8	7,496	7,753	7,889	7,921	8,039
9-12	9,623	9,918	10,072	10,423	7,992
Total	**31,344**	**31,901**	**32,244**	**32,425**	**32,504**

2) Enrollment Projection

This Report uses a State School Facility Program (SFP) Cohort Survival enrollment projection model to estimate future enrollment.

Table 1-2 summarizes the 2022/23 enrollment projections for the District.

Table 1-2
Five-Year Enrollment Projections

Grade	Current Year 2017/18	Fifth Year 2022/23	Percent Increase (Decrease)
K-5	16,473	16,364	(0.7%)
6-8	8,039	11,650	44.9%
9-12	7,992	8,551	7.0%
Total	**32,504**	**36,565**	**12.5%**

B. Pupil Capacity of District Facilities

This report uses the State School Facility Program classroom loading standards and a District provided inventory of the number of classrooms in the District to derive the pupil capacity of the District's facilities.

1) Classroom Loading Standards

The State School Facility Program classroom loading standards are listed in Table 1-3.

Table 1-3
Loading Standards

Grade Group	Loading Standard
K-5	25
6-8	27
9-12	27
Special Day Class (SDC)	11

2) Classroom Capacity

Table 1-4 lists the classroom capacity of the District by grade group. The capacity is determined by multiplying the number of classrooms in the District by the appropriate District loading standard identified in Table 1-3.

Table 1-4
Classroom Count and Pupil Capacity Based on District Loading Standards

Grade Group	Pupil Capacity
K-5	15,244
6-8	6,528
9-12	9,166
Total	**30,938**

3) Percent Utilization

Table 1-5 shows the percentage of classroom capacity the District is utilizing by dividing the capacity listed above (Table 1-4) by the District's current enrollment.

Table 1-5
2017/18 Classroom Utilization

Grade Group	Pupil Capacity	2017/18 Enrollment	Percent Utilization
K-5	15,244	16,473	108.1%
6-8	6,528	8,039	123.1%
9-12	9,166	7,992	87.2%
Total	**30,938**	**32,504**	**105.1%**

As Table 1-5 shows, the District is currently operating over capacity at the K-5 and 6-8 grade levels and does not have available existing facilities to house students generated by future residential development.

C. District Facility Requirements

Table 1-6 calculates the District's requirements for school facilities over the next five years by subtracting its current capacity from its projected 2022/23 enrollment.

Table 1-6
District Facility Needs/Unhoused Students

Grade Group	2022/23 Projected Enrollment	Pupil Capacity	Unhoused Students
K-5	16,364	15,244	1,120
6-8	11,650	6,528	5,122
9-12	8,551	9,166	0
Total	**36,565**	**30,938**	**6,242**

As Table 1-6 shows, in 2022/23, the District will need additional facilities for 1,120 K-5 students and 5,122 6-8 students.

D. Plan for Fulfilling School Facility Needs

In order to provide facilities for the unhoused students listed in Table 1-6, the District plans to construct new elementary and middle school facilities. In addition, the District will purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Table 1-7
District Facility Plan

Projects	Pupil Capacity	Time Frame
Elementary School Additions	1,120	5 years
Middle School Additions	5,122	5 years
Interim Housing	N/A	throughout next 5 years
Total	**6,242**	**N/A**

End of Section

II. FINANCIAL IMPACT ON THE DISTRICT OF FUTURE RESIDENTIAL DEVELOPMENT

This Section quantifies how future residential development financially affects the District.

Future residential development will generate additional students in the District. As shown in the previous section, adequate school facilities do not exist for these students. Future residential development, therefore, financially affects the District by generating a need for additional school facilities that the District must acquire at some cost. This section describes this cost in three ways: (1) dollars per K-12 student generated from future development, (2) dollars per housing unit and (3) dollars per square foot of future development.

In order to calculate the financial effects described above, the Report needs first to calculate the number of students that will live in new housing units in the District and the per pupil cost of providing school facilities for elementary, middle, and high school students.

A. Number of Students per New Housing Unit

Table 1-8 lists the student generation rates for the District. The rates reflect District calculated student yields used for planning purposes for single-family detached, single-family attached and multi-family units. The rates have been blended in the table below based on the projected mix of new residential unit types anticipated to be constructed in the District over the next five years.

Table 1-8
Student Generation Rates

Grade Group	Students per Residential Housing Unit
K-5	0.328
6-8	0.216
9-12	0.202
Total	**0.746**

B. Cost of Providing School Facilities

The per pupil cost of providing school facilities for unhoused students is outlined in Table 1-9. The costs are based on the 2018 School Facility Program allowances for construction of new school facilities and include amounts for site development. The District will experience interim housing costs while permanent facilities are being constructed. Interim housing costs, however, are not quantified in this Report.

Table 1-9
Per Pupil Facility Costs for K-12 Students

Grade Group	Project	Facility Cost	Pupil Capacity	Per Pupil Cost
K-5	Elementary School Additions	$29,765,120	1,120	$26,576
6-8	Middle School Additions	$139,641,086	5,122	$27,263
9-12	High School	$0	0	$0
K-12	Interim Housing Costs	N/A	N/A	N/A

C. Cost of Providing School Facilities per New K-12 Student Generated by Future Development

The Report determines the facility cost of a K-12 student generated by future development by calculating a weighted average of the facility costs for elementary, middle, and high school students.

The relative size of the three student generation rates for residential housing units tells us that 44.0 percent of students from new units will be elementary students, 28.9 percent will be middle school students, and 27.1 percent will be high school students.

Table 1-10 weights each per pupil facility cost by the appropriate percentage and provides a weighted average facility cost for K-12 students from future residential development.

Table 1-10
Weighted Average School Facility Cost for a K-12 Student from Future Residential Development

Grade Group	Cost Per Pupil	Weighting Based on Student Generation Rate	Weighted Cost Per Pupil
K-5	$26,576	44.0%	$11,693
6-8	$27,263	28.9%	$7,879
9-12	$0	27.1%	$0
K-12	**N/A**	**100%**	**$19,572**

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

Table 1-11 multiplies the total number of students per housing unit by the facility costs of K-12 students to calculate a $19,572 facility cost attributable to future residential housing units.

Table 1-11
School Facility Cost per New Housing Unit

Student Generation Rate	K-12 Per Pupil Facility Cost	Cost Per New Housing Unit
0.746	$19,572	$14,601

E. Cost of Providing School Facilities per Square Foot of Future Residential Development

This Report calculates the school facility cost per square foot of future development by dividing the cost per housing unit by the average square footage of housing units.

Based on planned residential development projects, this Report estimates that new housing units in the District will have an average square footage of 1,790 square feet. This is derived from a weighting of the averages of all single-family detached (2,806 sf), single-family attached (1,505 sf) and multi-family (847 sf) units anticipated to be constructed within the District.

Table 1-12 shows the school facility cost per square foot of new residential housing units.

Table 1-12
School Facility Cost Per Square Foot of Residential Development

Facility Cost Per Unit	Average Square Footage	Facility Cost Per Square Foot of Development
$14,601	1,790	$8.16

End of Section

III. REVENUE FROM FEES ON RESIDENTIAL DEVELOPMENT VERSUS COSTS OF SCHOOL FACILITIES

This Section compares the projected revenues from fees levied on future residential development to the school facility costs attributable to that development.

State law currently caps Level I Fees at $3.79 per square foot. As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of $8.16. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., for every $1.00 in fee revenue generated by future development, $2.15 in school facility costs are generated).

A. Fee Revenue from Future Residential Development

Based on residential development project build out estimates, this Report estimates that 1,791 housing units, subject to Level I Developer Fees, will be built in the District within the next five years. For *any* given amount of residential development, however, school facility costs will be greater than fee revenue by a ratio of $2.15 to $1.00.

As stated in the previous section, the Report estimates that new residential units will average 1,790 square feet over the next five years.

If the District were to collect the maximum allowable Level I fee ($3.79) on residential development, the District would collect $12,150,323 in residential developer fees over a five-year projection period.

Table 1-13
Revenue from Residential Developer Fees

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
1,791	1,790	$3.79	$12,150,323

B. Fee Revenue from Additions to Existing Residences

Fees will also be generated by additions to existing residences. There is no firm basis for estimating the amount of additions to existing homes that may occur in any given year. This Report does not account for the total fee revenue collected from additions to existing residences. However, the fee revenue calculation for additions is the same as for new units. For example, additions totaling 40,000 square feet would generate $151,600 in fee revenue (40,000 multiplied by $3.79).

C. Fee Revenue from Reconstruction and Redevelopment

Fees will also be generated by single- and multi-family units in redevelopment projects and single- and multi-family units that replace demolished units (to the extent that the new units are larger than the demolished units). There is no firm basis for estimating the amount of reconstruction and/or redevelopment of existing homes that may occur in any given year, so this Report does not account for the total fee revenue collected for reconstruction and redevelopment. However, the fee revenue calculation for reconstruction and/or redevelopment is the same as for new units. For example, reconstruction and/or redevelopment totaling 50,000 square feet would generate $189,500 in fee revenue (50,000 multiplied by $3.79).

D. School Facility Costs Generated by Future Residential Development

The total school facility cost attributable to future development is calculated by multiplying the following two factors: (1) the number of new housing units and (2) the facility cost per new housing unit. Table 1-14 shows that the total school facility cost attributable to future development is $26,150,391.

Table 1-14
School Facility Cost Generated by Students from Future Development

New Units	Cost Per New Housing Unit	Total Cost
1,791	$14,601	$26,150,391

E. School Facility Costs Generated by Additions to Existing Residences

Additions to existing residences will have the same financial effect on the District as new residential units. For example, residential additions of 40,000 square feet will generate an additional 17 students (assuming the student generation rate for additions is the same as for new residential units) and a school facilities cost to the District of $332,724 (17 students times a per pupil facilities cost of $19,572). However, as with fee revenues generated by residential additions, this Report does not account for school facility costs generated by additions to existing residences.

F. School Facility Costs Generated by Reconstruction and Redevelopment

Reconstruction and redevelopment of existing homes will have the same financial effect on the District as new residential development. For example, reconstruction and/or redevelopment of 50,000 square feet will generate an additional 21 students (assuming the student generation rate for additions is the same as for new residential homes) and a school facilities cost to the District of $411,012 (21 students times a per pupil facilities cost of $19,572). As with fee revenues generated by reconstruction and/or redevelopment, this Report does not account for school facility costs generated by this type of work.

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

Table 1-15 shows that $12,150,323 in total residential Level I fee revenue will cover only 46.5 percent of the $26,150,391 in total school facility costs attributable to residential development. Some of this shortfall may be recovered from fees on commercial development.

Table 1-15
Facility Cost of Residential Development Versus Fee Revenue

Total School Facility Costs	Total Revenues From Fees	Net Facility Cost to the District
$26,150,391	$12,150,323	$14,000,068

H. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of $0.61 per square foot, is established for certain types of residences that are restricted in occupancy to senior citizens. Housing of this type generates employees and has an indirect impact on the school district similar to that from commercial/industrial development projects.

End of Section

IV. FINANCIAL EFFECT ON THE DISTRICT OF NEW COMMERCIAL/INDUSTRIAL DEVELOPMENT

This Section analyzes the costs of providing school facilities for the students generated by new commercial/industrial development.

Commercial/industrial development will attract additional workers to the District and, because some of those workers will have school-age children, will generate additional students in the District. As shown in Section I, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a fiscal impact on the District by generating a need for new school facilities.

The Report multiplies the following five factors together to calculate the school facility cost incurred by the District per square foot of new commercial/industrial development:

A. Employees per square foot of new commercial/industrial development,
B. Percent of employees in the District that also live in the District,
C. Houses per employee,
D. Students per house, and
E. School facility cost per student.

The Report calculates each of these factors in the next sections.

A. Employees per Square Foot of Development

As permitted by State law, the Report uses results from a survey published by the San Diego Association of Governments (SanDAG) (see the Appendix) to establish the number of employees per square foot of new commercial/industrial development projects.

Table 1-16
Employees Per Square Foot of Commercial/Industrial Development, by Category

Commercial/Industrial Category	Average Square Foot per Employee	Employees per Average Square Foot
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	17,096	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	208	0.00480
Large High Rise Com. Office	232	0.00432
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

Source: 1990 SanDAG Traffic Generators report.

B. Percentage of Employees Residing Within the District

U.S. Census data indicates that approximately 22 percent of people working in the District also live in the District.

C. Number of Households per Employee

U.S. Census data indicates that there are approximately 1.39 workers per household. Likewise, this data indicates that there are 0.72 housing units for every one worker. The Report therefore assumes that each new resident worker in the District will demand 0.72 housing units.

D. Number of Students per Dwelling Unit

As outlined in Section II.A., the Report assumes that 0.746 K-12 pupils will reside in each housing unit.

E. School Facility Cost per Pupil

As outlined in Section II.C., the Report estimates that the school facility cost per K-12 pupil is $19,572.

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

Table 1-17 calculates the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/ industrial projects listed in Table 1-16.

School facility costs for development projects not included on this list may be estimated by using the closest employee-per-square foot ratio available for the proposed development or by following the District's administrative procedures for appeals of school facility fee imposition.

(continued on next page)

Table 1-17
Facility Cost Per Square Foot of Commercial/Industrial Development, by Category

Category	Employees per Square Foot	% Employees Residing in District	Dwelling Units per Employee	K-12 Students per Dwelling Unit	Cost per K-12 Student	Cost per Square Foot
Banks	0.00283	0.22	0.72	0.746	$19,572	$6.55
Community Shopping Centers	0.00153	0.22	0.72	0.746	$19,572	$3.54
Neighborhood Shopping Centers	0.00271	0.22	0.72	0.746	$19,572	$6.27
Industrial Business Parks	0.00352	0.22	0.72	0.746	$19,572	$8.14
Industrial Parks	0.00135	0.22	0.72	0.746	$19,572	$3.12
Rental Self-storage	0.00006	0.22	0.72	0.746	$19,572	$0.14
Scientific R&D	0.00304	0.22	0.72	0.746	$19,572	$7.03
Lodging	0.00113	0.22	0.72	0.746	$19,572	$2.61
Standard Com. Offices	0.00480	0.22	0.72	0.746	$19,572	$11.10
Large High Rise Com. Offices	0.00432	0.22	0.72	0.746	$19,572	$9.99
Corporate Offices	0.00269	0.22	0.72	0.746	$19,572	$6.22
Medical Offices	0.00427	0.22	0.72	0.746	$19,572	$9.88

The District is justified in collecting the Government Code maximum of $0.61 per square foot for all categories (except rental self-storage) of commercial/industrial development because these categories, on a per square foot basis, generate a school facility cost greater than the Government Code maximum of $0.61. Fee amounts for self-storage and other low-employee-generating businesses should be examined on a case-by-case basis.

G. Calculating School Facility Cost of Commercial/Industrial Development with Residential Fee Offset

A "residential fee offset" is calculated by (1) determining the number of homes that are associated with the employees generated by new commercial/industrial development and (2) calculating the residential fee revenues the District will collect from those homes (*note: the residential fee offset calculation assumes that all the homes associated with new employees are new homes; in reality, some new employees will live in existing homes*).

For purposes of calculating the residential fee offset, this Report estimates that the District will collect $3.79 per square foot of future residential development.

Subtracting the residential fee offset from the total school facility cost generated by commercial/industrial development produces a discounted school facility cost that takes into account revenues from "linked" residential units.

Table 1-18 calculates the facility cost of new commercial/industrial development while taking into account the revenues from linked residential units.

Table 1-18
School Facility Cost of New Commercial/Industrial Development
Discounted By Residential Fee Offset

Category	Dwelling Unit per Square Foot Com/Ind	Average Square Foot per Unit	District's Revenue per Square Foot Res. Dev.	Residential Offset per Com/Ind Square Foot	School Facility Cost per Square Foot Comm/Ind Development	Cost per Square Foot Less Offset
Banks	0.00045	1,790	$3.79	$3.05	$6.55	$3.50
Community Shopping Centers	0.00024	1,790	$3.79	$1.63	$3.54	$1.91
Neighborhood Shopping Centers	0.00043	1,790	$3.79	$2.92	$6.27	$3.35
Industrial Business Parks	0.00056	1,790	$3.79	$3.80	$8.14	$4.34
Industrial Parks	0.00021	1,790	$3.79	$1.42	$3.12	$1.70
Rental Self-storage	0.00001	1,790	$3.79	$0.07	$0.14	$0.07
Scientific R&D	0.00048	1,790	$3.79	$3.26	$7.03	$3.77
Lodging	0.00018	1,790	$3.79	$1.22	$2.61	$1.39
Standard Commercial Offices	0.00076	1,790	$3.79	$5.16	$11.10	$5.94
Large High Rise Commercial Offices	0.00068	1,790	$3.79	$4.61	$9.99	$5.38
Corporate Offices	0.00043	1,790	$3.79	$2.92	$6.22	$3.30
Medical Offices	0.00068	1,790	$3.79	$4.61	$9.88	$5.27

As the table shows, the school facility cost of all categories (except rental self-storage) is greater than the Government Code maximum of $0.61 per square foot even when that cost is discounted by revenues from linked residential units. This discounting most likely understates the true facility cost of commercial/industrial development, because 100% of new workers will not live in new homes.

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

If the District charges $0.61 per square foot of commercial/industrial development, it will collect $85,400 from the 140,000 square feet of community shopping center development. Assuming that all employees of the community shopping center development live in new homes, the District will also collect $230,180 in revenue from

residential developer fees (140,000 square feet x 0.00153 employees per square foot x 22% employees that live in District x 0.72 housing units per employee x 1,790 square feet per housing unit x $3.79 revenue from developer fees). The 140,000 square feet of community shopping center development will create a school facilities cost of $495,600 (140,000 square feet x $3.54 school facility cost per square foot of community shopping center).

Table 1-19 compares the school facility costs generated by 140,000 square feet of community shopping center development to the fee revenues it provides to the District.

Table 1-19
Comparison of Facility Cost and Fee Revenue Generated by New Community Shopping Center Development

	Fee Revenues	Facility Costs	Total Revenues (Costs)
140,000 square feet of community shopping center development	$85,400	$495,600	($410,200)
New housing units associated with the development	$230,180	N/A	$230,180
Total	**$315,580**	**$495,600**	**($180,020)**

As the table shows, fee revenue from community shopping center development will cover only 63.7 percent of the school facility cost it generates, even when that cost is discounted by the revenues from linked new housing units.

All categories of commercial/industrial development (except self-storage) will generate more facility cost than fee revenue, because they all generate a facility cost greater than $0.61 per square foot even when fees from linked residential units are considered. Fee amounts for self-storage and other low employee generating businesses should be examined on a case-by-case basis.

End of Section

V. FINDINGS

This Section shows that the District meets the requirements of Government Code Section 66001 regarding the collection of developer fees and summarizes other potential funding sources for the District's capital projects.

A. Government Code Section 66001(a)(1)—Purpose of the Fee

The purpose of collecting fees on residential and commercial/industrial development is to acquire funds to construct or reconstruct school facilities for the students generated by new residential and commercial/industrial developments.

B. Government Code Section 66001(a)(2)—Use of the Fee

The District's use of the fee will involve constructing new school facilities. In addition, the fee may be used to construct additional permanent facilities on existing school campuses, and/or constructing and/or reconstructing school campuses. The District will also need to purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

Revenue from fees collected on residential and commercial/industrial development may be used to pay for any of the following:

(1) Land (purchased or leased) for school facilities,
(2) Design of school facilities,
(3) Permit and plan checking fees,
(4) Construction or reconstruction of school facilities,
(5) Testing and inspection of school sites and school buildings,
(6) Furniture for use in new school facilities,
(7) Interim school facilities (purchased or leased) to house students generated by new development while permanent facilities are being constructed,
(8) Legal and administrative costs associated with providing facilities to students generated by new development,
(9) Administration of the collection of developer fees (including the costs of justifying the fees) and
(10) Miscellaneous purposes resulting from student enrollment growth caused by new residential development.

C. Government Code Section 66001(a)(3)—Relationship Between Fee's Use and the Type of Project Upon Which Fee is Imposed

Future residential development will cause new families to move into the District and, consequently, will generate additional students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. Future residential development, therefore, creates a need for additional school facilities. The

fee's use (acquiring school facilities) is therefore reasonably related to the type of project (future residential development) upon which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Because some of these workers will have school-age children, commercial/industrial will also generate new students in the District. As shown in Section I.B. of this Report, adequate school facilities do not exist for these students. New commercial/industrial development, therefore, creates a need for additional school facilities. The fee's use (acquiring school facilities) is therefore reasonably related to the type of project (new commercial/industrial development) upon which it is imposed.

D. Government Code Section 66001(a)(4)—Relationship Between the Need for the Public Facility and the Type of Project Upon Which Fee is Imposed

The District's current and projected K-8 enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient existing capacity to house students generated by future development. Future residential and commercial/ industrial development in the District will generate additional students and, consequently, a need for additional school facilities. A relationship exists, therefore, between the District's need to build additional school facilities and the construction of new residential and commercial/industrial development projects.

E. Government Code Section 66001(b)—Relationship Between the Fee and the Cost of the Public Facility Attributable to the Development on Which the Fee is Imposed

This Report demonstrates that the school facility cost attributable to future residential development is $8.16. Level I fees of $3.79 per square foot on residential development are therefore fully justified.

This Report also demonstrates that the school facility costs attributable to all categories of commercial/industrial development except rental self-storage range from $1.39 per square foot to $5.94 per square foot, even when fees from linked residential units are accounted for. Level I fees of $0.61 on these types of development are therefore fully justified. The school facility cost attributable to rental self-storage units is $0.07 per square foot when fees from linked residential units are accounted for. Fees for this type and other low-employee-generating types of development should be examined on a case-by-case basis.

All school facility costs and fees in this Report are calculated on a per-student basis to ensure that future developments only pay for impacts they cause.

The total cost of providing school facilities for existing unhoused students, as documented in Tables 1-5 and 1-9, is $73,856,297. According to District administrators, the District has no Capital Facility Fund monies available to house pupils from new residential development, as all funds available, including Measure D

funds, are dedicated to providing seats for existing unhoused pupils and those pupils generated by future mitigated residential development.

F. Other Funding Sources

The following is a review of potential other funding sources for constructing school facilities.

1) General Fund

The District's General Fund budget is typically committed to instructional and day- to-day operating expenses and not used for capital outlay uses, as funds are needed solely to meet the District's non-facility needs.

2) State Programs

The District has been approved for eligibility and has received State funding for construction of new school facilities under the 1998 Leroy F. Greene School Facility Program. Even projects funded at 100 percent of the State allowance experience a shortfall between State funding and the District's actual facility needs. State funds for deferred maintenance may not be used to pay for new facilities. State law prohibits use of lottery funds for facilities.

3) General Obligation Bonds

School districts can, with the approval of two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for out of property taxes. On November 6, 2012, voters approved the District's Measure D, which passed with 56.83 percent of the votes cast. The portions of these funds dedicated to building new school facilities over the next five years are included in the report.

4) Parcel Taxes

Approval by two-thirds of the voters is required to impose taxes that are not based on the assessed value of individual parcels. While these taxes have been occasionally used in school districts, the revenues are typically minor and are used to supplement operating budgets.

On May 5, 2009, San Ramon Valley Unified School District Voters passed the Measure C Parcel Tax to supplement existing District operating budgets. Measure C revenues cannot be used for administrator salaries or for capital improvement projects, and are therefore not available to off-set the impacts of new non-mitigated residential development.

5) Mello-Roos Community Facilities Districts

This alternative uses a tax on property owners within a defined area to pay long-term bonds issued for specific public improvements. Mello-Roos taxes require approval from two-thirds of the voters (or land owners if fewer than 12) in an election.

6) Surplus Property

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

End of Section

VI. RECOMMENDATIONS

This Report recommends that the District levy the maximum statutory fee authorized by Government Code Section 65995, up to $8.16 per square foot of residential development. The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, (currently $0.61 per square foot) on all categories of commercial/industrial development, except rental self-storage, as those categories of development create school facility costs ranging from $1.39 to $5.94 per square foot of future development, even when fees from linked residential units are accounted for. Developer fees for rental self-storage and other types of low-employee generating developments should be examined on a case-by-case basis.

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

End of Report

Appendix

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

(from Traffic Generators Report January 1990)

Appendix
Employee Statistics From the San Diego Association Of Governments By Various Categories of Commercial/Industrial Development
(from Traffic Generators Report January 1990)

		Employees	Total Sq. Ft	Sq. Ft / Employee	Employee Per Sq. Ft
Banks					
Calif. First		57	13,400		
Southwest		11	3,128		
Mitsubishi		14	6,032		
Security Pacific		22	14,250		
	Total	104	36,810		
	Average	26	9,203	354	0.00283
Community Shopping Centers					
Rancho Bernardo Towne Center		273	139,545		
Plaza De Las Cuatro Banderas		227	186,222		
Rancho San Diego Village		N/A	N/A		
	Total	500	325,767		
	Average	250	162,884	652	0.00153
Neighborhood Shopping Centers					
Town and Country		217	70,390		
Tierrasanta II		87	49,080		
Palm Plaza		143	47,850		
Westwood Center		173	61,285		
	Total	620	228,605		
	Average	155	57,151	369	0.00271
Industrial Business Parks					
Convoy Ct / St. Parks		955	224,363		
Sorrento Valley Blvd. / Ct. Complexes		2,220	610,994		
Ronson Court		848	206,688		
Pioneer Industrial Project		N/A	N/A		
Sorrento Valley		N/A	N/A		
Torrey Business & Research		739	243,829		
Ridgehaven Court		823	213,449		
Ponderosa Avenue Industrial		245	158,983		
	Total	5,830	1,658,306		
	Average	972	276,384	284	0.00352
Industrial Parks					
Sorrento West		725	614,922		
Roselle Street		761	500,346		
Stromesa Street		200	136,124		
	Total	1,686	1,251,392		
	Average	562	417,131	742	0.00135

		Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Rental Self-Storage					
Poway Storage		2	32,000		
Lively Center		2	20,000		
Brandon Street Mini-Storage		2	31,348		
Melrose Mini-Storage		2	28,280		
Lock-It Lockers Storage		3	59,325		
	Total	11	170,953		
	Average	2	34,191	17,096	0.00006
Scientific Research and Development					
Johnson & Johnson Biotechnology Center		39	22,031		
IVAC Corporation		1,300	315,906		
TRW/LSI Products		350	145,192		
Nissan Design International		26	40,184		
Salk Institute		500	318,473		
S-Cubed Corporation		160	56,866		
Torrey Pines Science Park		2,333	649,614		
	Total	4,708	1,548,266		
	Average	673	221,181	329	0.00304
Lodging					
San Diego Hilton		139	223,689		
Hyatt Islandia		320	250,000		
La Jolla Village Inn		180	129,300		
Hanalei Hotel		310	267,000		
Vagabond Inn		12	22,548		
Fabulous Inn & E-Z8 Motel		92	92,731		
Vacation Village		234	151,134		
	Total	1,287	1,136,402		
	Average	184	162,343	882	0.00113
Standard Commercial Office					
Industrial Indemnity Bldg.		170	34,300		
Beta Bldg.		110	29,400		
Park Camino Bldg.		299	55,500		
2181 E.C.R. Bldg.		47	10,000		
Camino Real Financial Center		23	6,300		
	Total	649	135,500		
	Average	130	27,100	208	0.00480

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Large High Rise Com. Office				
Mission Valley Financial Center (Security Pacific)	900	185,600		
Lion Plaza Building	462	109,000		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	433,500		
Average	625	144,500	232	0.00432
Corporate Offices				
Equitable Life	200	53,900		
Bank of America Processing Center	300	110,000		
Home Federal Processing Center	1,150	450,000		
Trade Services Publications	270	82,000		
IRT Corporation	210	89,500		
Earl Walls & Assoc.	43	15,000		
Four Winds International Headquarters	220	90,914		
Total	2,393	891,314		
Average	342	127,331	372	0.00269
Medical Offices				
Chula Vista Doctors' Park	108	24,000		
Parkway Medical Group	65	17,620		
Campus Medical-Dental Center	115	25,900		
Total	288	67,520		
Average	96	22,507	234	0.00427