Information Sheet – 3/13/18 - Board of Trustees Meeting

TO: Board of Trustees Item 7.5

FROM: Celli Coeville

DATE: March 5, 2018

RE: Resolutions 2018-03-02 and 2018-03-03

On January 24, 2018 the State Allocation Board adjusted the amount of the maximum residential and commercial/industrial school fees authorized by Section 17620 of Education Code.

The required School Fee Justification Studies, completed on February 25, 2016 are included.

Adoption of resolutions 2018-03-02 and 2018-03-03 will adjust the fee structure as follows:

	Current Rate	60 Days after Adoption
Residential	$2.61/sq.ft.	$2.84/sq.ft.
Commercial/Industrial	$.420/sq.ft.	$.458/sq.ft.
Self-Storage	$.033/sq.ft.	*n/a*

Residential fees approved by Resolution 2018-03-02 will serve as back-up fees to level II and level III fees outlined in Resolution 2018-03-01.

RESOLUTION 2018-03-02

BEFORE THE BOARD OF TRUSTEES
OF THE
JEFFERSON ELEMENTARY SCHOOL DISTRICT
OF THE STATE OF CALIFORNIA, COUNTY OF SAN JOAQUIN

ADJUSTMENT OF DEVELOPER FEES ON
NEW RESIDENTIAL CONSTRUCTION

WHEREAS, the Jefferson Elementary School District (hereinafter "District") adopted Resolution 2016-03-02 on March 8, 2016 ("Resolution No. 2016-03-02"), pursuant to authority granted the District through Government Code Section 65995 and Education Code Section 17620, et seq.; and

WHEREAS, Resolution No. 2016-03-02 established a fee of Two Dollars and Sixty-One Cents ($2.61) per square foot of assessable space on any new residential development; and

WHEREAS, Resolution No. 2016-03-02 remains in full force and effect; and

WHEREAS, the terms of Assembly Bill 1600 (hereinafter "AB1600"), Chapter 927 of the Statues of 1988, became effective on January 1, 1989, and are codified at Government Code Section 66000, et seq.; and

WHEREAS, AB 1600 requires that any local agency which establishes, increases or imposes a fee as a condition of approval of a development project on or after January 1, 1989, shall make specified findings relating to the purpose and use of the fee and relating to the reasonable relationship between the fee's use and the type of development, and the need for the public facility and the type of development; and

WHEREAS, any local agency imposing a fee as a condition of approval of a development project after January 1, 1989, must also determine a reasonable relationship between the amount of the fee and cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed; and

WHEREAS, Government Code Section 66018 requires that prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency must hold at least one public hearing at a regularly scheduled meeting, at which time oral or written presentations may be made, and the local agency must publish the time and place of the meeting, as well as a general explanation of the matter to be considered, in accordance with Government Code Section 6062a; and

WHEREAS, the District has undertaken a Study entitled "Residential Development School Fee Justification Study" (the "Study") dated March 1, 2018; and

WHEREAS, the Study was available for public inspection and review ten (10) days before the public hearing held prior to adoption of this Resolution; and

WHEREAS, the Study demonstrates an expected increase in residential housing of over 7,749 units through buildout within the District's boundaries based upon the projections from the City of Tracy and the County of San Joaquin; and

WHEREAS, the District must impose development fees at the maximum amount allowed by law upon new residential development in order to provide sufficient revenues to construct and reconstruct school facilities needed to house students generated by new development within the District; and

WHEREAS, the District does not have available to it other sources of sufficient funds to construct facilities to house students generated by such development.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board hereby finds that notice of the public hearing on adoption of this Resolution No. 2018-03-02 was published in accordance with Government Code Section 6062a, and that the public was given the opportunity to comment at the public hearing held prior to adoption of this Resolution No. 2018-03-02.

2. The Board hereby reaffirms the findings made as part of Resolution No. 2016-03-02, and specifically authorizes continuance of the fees imposed by that Resolution on new residential and commercial/industrial development until this Resolution No. 2018-03-02 becomes effective.

3. The levy of the fees as described below is not subject to the California Environmental Quality Act ("CEQA") pursuant to Education Code Section 17621(a).

4. The Board hereby adopts and levies the following statutory school fees to be levied against all new assessable residential construction and development within the boundaries of the District, to be effective sixty (60) days after adoption of this Resolution 2018-03-02.

    a. Two Dollars and Eighty-Four Cents ($2.84) per square foot of assessable space on all new residential construction (including mobile homes under Education Code Section 17625) and other residential construction which adds more than 500 net square feet of assessable space to an existing residential structure unless exempted under Revenue and Taxation Code Section 74.3.

    b. The fees levied pursuant to Section 4.a above shall only be effective at any time that the Alternative No. 2 and Alternative No. 3 fees levied pursuant to Senate Bill 50, through Resolution No. 2018-03-01 are not in full effect. The fees levied through Resolution No. 2018-03-02 for new residential development are only "back-up fees" to be levied if Resolution No. 2018-03-01 expires without a successor resolution, or if it is determined by a court of competent jurisdiction that Resolution No. 2018-03-01 is unenforceable.

c. The District may expend fees collected under this Resolution to pay for the cost of the Study, and in addition may expend up to three percent (3%) of the fees collected in any fiscal year for reimbursement of the administrative costs incurred in collecting the fees (Education Code Section 17620(a)(5)).

5. The Board hereby adopts the Study, with its findings and conclusions, and incorporates it by reference into this Resolution, and specifically finds:

   a. The purpose of the fees authorized by this Resolution is to finance public school facilities and school sites to house and provide educational services for increased student enrollment caused by new development within District boundaries.

   b. Development fees collected pursuant to this Resolution shall be used to finance new public school facilities and school sites (including additions to existing campuses) to house the additional students to be generated from new development as described in the Study.

   c. Pursuant to Government Code Section 66007(b), development fees shall be charged upon issuance of a building permit, and shall be paid prior to receiving a certificate of compliance from the District.

   d. There is a reasonable relationship between use of the fees imposed by this Resolution and the type of development project upon which the fees are imposed in that the fees will be used to construct school facilities to house additional students generated by residential development projects within the District, as set forth in the Study.

   e. There is reasonable relationship between the need for additional school facilities and the type of project on which the fee is imposed in that new residential development within the District burdens the District's existing facilities and results in additional school-age children who must be educated, creating a need for new school facilities and reconstructed school facilities to house these students and to provide other educational services to them.

6. The District finds that there is a reasonable relationship between the amount of the fee and the cost of the public facilities in that the cost of the necessary educational facilities resulting from each individual development exceeds the amount which would be generated through the development fees on each project, as set forth in the Study. The Study shows that the actual costs of the School facilities needed by buildout on a per dwelling unit basis is approximately four times the amount generated by the fees approved by this Resolution.

7. The District shall comply with the accounting and reporting requirements of Government Code Section 66001 (c) through (f).

8. The District has established an account for school facilities fees, appropriated funds for school facilities, and adopted a proposed plan for the expenditure of these funds.

9. Pursuant to Education Code Section 17624, the District will repay any fee levied after January 1, 1990, against a development project for which the building permit expires without the commencement of construction, less the amount of actual administrative costs incurred in repaying the fee.

10. The Board directs that the Superintendent shall transmit copies of this Resolution to the City of Tracy and to the County of San Joaquin.

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Board of Education of the Jefferson Elementary School District, after a public hearing, at a duly noticed meeting held on the 13th day of March, 2018, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____
James W. Bridges
Secretary, Board of Education

ATTEST:

_____
Debbie Wingo
Clerk, Board of Education

RESOLUTION 2018-03-03

BEFORE THE BOARD OF TRUSTEES
OF THE
JEFFERSON ELEMENTARY SCHOOL DISTRICT
OF THE STATE OF CALIFORNIA, COUNTY OF SAN JOAQUIN

ADJUSTMENT OF DEVELOPER FEES ON
NEW COMMERCIAL/INDUSTRIAL DEVELOPMENT

WHEREAS, the Jefferson Elementary School District (hereinafter "District") adopted Resolution 2016-03-03 on March 8, 2016 ("Resolution No. 2016-03-03"), pursuant to authority granted the District through Government Code Section 65995 and Education Code Section 17620, et seq.; and

WHEREAS, Resolution No. 2016-03-03 established a fee of $.420 per square foot of assessable space on commercial/industrial development as allowed by the Education Code; and

WHEREAS, Resolution No. 2016-03-03 remains in full force and effect; and

WHEREAS, the terms of Assembly Bill 1600 (hereinafter "AB1600"), Chapter 927 of the Statues of 1988, became effective on January 1, 1989, and are codified at Government Code Section 66000, et seq.; and

WHEREAS, AB 1600 requires that any local agency which establishes, increases or imposes a fee as a condition of approval of a development project on or after January 1, 1989, shall make specified findings relating to the purpose and use of the fee and relating to the reasonable relationship between the fee's use and the type of development, and the need for the public facility and the type of development; and

WHEREAS, any local agency imposing a fee as a condition of approval of a development project after January 1, 1989, must also determine a reasonable relationship between the amount of the fee and cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed; and

WHEREAS, Government Code Section 66018 requires that prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency must hold at least one public hearing at a regularly scheduled meeting, at which time oral or written presentations may be made, and the local agency must publish the time and place of the meeting, as well as a general explanation of the matter to be considered, in accordance with Government Code Section 6062a; and

WHEREAS, the District has undertaken a Study entitled "Commercial/Industrial Development School Fee Justification Study" (the "CID Study") dated March 1, 2018, the purpose of which is to determine the impact of the increased number of employees anticipated to

result from commercial and industrial development upon the cost of providing school facilities within the District; and

WHEREAS, pursuant to Education Code Section 17621 (e), the CID Study makes its findings on the basis of categories of commercial or industrial development specified as Retail and Services, Office, Research and Development, Industrial/Warehouse/Manufacturing, Hospital, and Hotel/Motel, and utilizes the number of employees generated per 1,000 square feet of building space based upon data provided by the San Diego Association of Governments ("SANDAG").

WHEREAS, the CID Study was available for public inspection and review ten (10) days before the public hearing held prior to adoption of this Resolution; and

WHEREAS, the District must impose development fees at the maximum amount allowed by law upon new commercial/industrial development in order to provide sufficient revenues to construct and reconstruct school facilities needed to house students generated by new development within the District; and

WHEREAS, the District does not have available to it other sources of sufficient funds to construct facilities to house students generated by such commercial/industrial development.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board hereby finds that notice of the public hearing on adoption of this Resolution No. 2018-03-03 was published in accordance with Government Code Section 6062a and that the public was given the opportunity to comment at the public hearing held prior to adoption of this Resolution No. 2018-03-03.

2. The Board hereby reaffirms the findings made as part of Resolution No. 2016-03-03, and specifically authorizes continuance of the fees imposed by that Resolution on new commercial/industrial development until this Resolution No. 2018-03-03 becomes effective.

3. The levy of the fees as described below is not subject to the California Environmental Quality Act ("CEQA") pursuant to Education Code Section 17621(a).

4. The Board hereby adopts and levies the following statutory school fees to be levied against all new assessable commercial/residential development within the boundaries of the District, to be effective sixty (60) days after adoption of this Resolution 2018-03-03.

    a. Forty-Five Cents ($0.458) per square foot of assessable space for commercial/industrial development of commercial/industrial development.

    b. The District may expend fees collected under this Resolution to pay for the cost of the CID Study, and in addition may expend up to three percent (3%) of the fees collected in any fiscal year for reimbursement of the administrative costs incurred in collecting the fees (Education Code Section 17620(a)(5)).

5. The Board hereby adopts the CID Study, with its findings and conclusions, and incorporates it by reference into this Resolution, and specifically finds:

   a. The purpose of the fees authorized by this Resolution is to finance public school facilities and school sites to house and provide educational services for increased student enrollment caused by new commercial/industrial development within District boundaries.

   b. Development fees collected pursuant to this Resolution shall be used to finance new public school facilities and school sites (including additions to existing campuses) to house the additional students to be generated from new commercial/industrial development as described in the CID Study.

   c. Pursuant to Government Code Section 66007(b), development fees shall be charged upon issuance of a building permit, and shall be paid prior to receiving a certificate of compliance from the District. The District designates the Superintendent as the official responsible for collection and determination of the fee.

   d. There is a reasonable relationship between use of the fees imposed by this Resolution and the type of commercial/industrial development project upon which the fees are imposed in that the fees will be used to construct school facilities to house additional students generated by commercial/industrial development projects within the District, as set forth in the above mentioned CID Study.

   e. There is reasonable relationship between the need for additional school facilities and the type of project on which the fee is imposed in that new commercial/industrial development within the District provides employment opportunities for individuals with school age children who may move into older homes within the District not subject to the residential fee or, pursuant to Education Code Section 48206(f), may request that the District educate their school age children as a solution to transportation and childcare problems, although they may not reside within the boundaries of the District. Either situation will create a need for additional new school facilities or reconstructed school facilities to house students and provide other educational services to them. The District finds that the CID Study meets the requirements of Education Code Section 17621(e) with regard to the levy of fees on a commercial/industrial property.

6. The District finds that there is a reasonable relationship between the amount of the fee and the cost of the public facilities in that the cost of the necessary educational facilities resulting from each individual development equals or exceeds the amount which would be generated through the commercial/industrial development fees on each project, as set forth in the CID Study. The District shall comply with the accounting and reporting requirements of Government Code Section 66001 (c) through (f).

7. The District shall comply with the accounting and reporting requirements of Government Code Section 66001 (c) through (f).

8. The District has established an account for school facilities fees, appropriated funds for school facilities, and adopted a proposed plan for the expenditure of these funds.

9. Pursuant to Education Code Section 17624, the District will repay any fee levied after January 1, 1990, against a development project for which the building permit expires without the commencement of construction, less the amount of actual administrative costs incurred in repaying the fee.

10. Pursuant of Education Code Section 17621(e)(2) the governing board hereby delegates authority to the Business Manager to hear appeals regarding the levying of developer fees on a commercial or industrial development. The party appealing imposition of the fee shall bear the burden of establishing that the fee is improper.

11. The Board directs that the Superintendent shall transmit copies of this Resolution to the City of Tracy and to the County of San Joaquin.

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Board of Education of the Jefferson Elementary School District, after a public hearing, at a duly noticed meeting held on the 13th day of March, 2018, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____
James W. Bridges
Secretary, Board of Education

ATTEST:

_____
Debbie Wingo
Clerk, Board of Education

COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

JEFFERSON SCHOOL DISTRICT

RESIDENTIAL DEVELOPMENT SCHOOL FEE JUSTIFICATION STUDY

MARCH 1, 2018

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TOC

SECTION PAGE

EXECUTIVE SUMMARY ---------- ES-1
I. INTRODUCTION ---------- 1
II. LEGISLATION ---------- 2
A. AB 2926 ---------- 2
B. AB 1600 ---------- 3
III. METHODOLOGY OF STUDY ---------- 4
A. Overview of Methodology ---------- 4
B. Residential Unit Projections ---------- 5
C. Student Generation Factors ---------- 5
D. School Facilities Cost Impacts ---------- 5
E. Maximum School Fee Revenues ---------- 5
F. Comparison of School Facilities Cost Impacts and Maximum School Fee Revenues ---------- 6
IV. FACILITIES CAPACITY AND STUDENT ENROLLMENT ---------- 7
V. IMPACT OF RESIDENTIAL DEVELOPMENT ON SCHOOL FACILITIES NEEDS ---------- 8
A. Projected Residential Development within the School District ---------- 8
B. Reconstruction ---------- 8
C. Student Generation Factors per Residential Unit ---------- 10
D. School District Facilities Requirements ---------- 11
E. School District Facilities Costs ---------- 13
F. Total School Facilities Cost Impacts ---------- 13
G. School Facilities Cost Impacts per Residential Unit ---------- 14
H. School Facilities Cost Impacts per Square Foot ---------- 15
I. Comparison of School Facilities Cost Impacts and School Fee Revenues per Residential Square Foot ---------- 15

EXHIBITS

EXHIBIT A: Current SAB Form 50-02
EXHIBIT B: Updated School Facilities Capacity Calculation
EXHIBIT C: Updated School Facilities Cost Estimates

EXECUTIVE SUMMARY

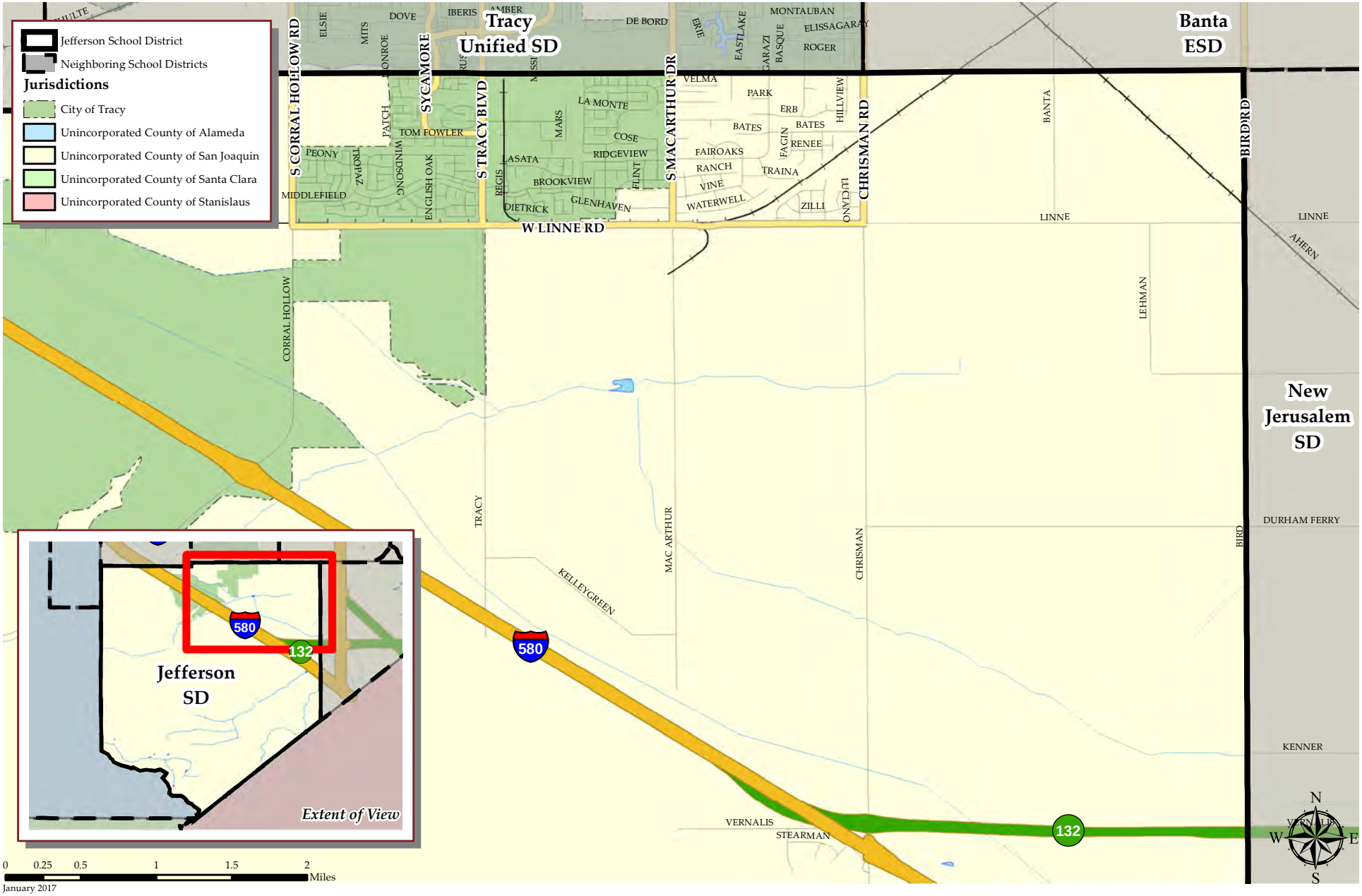
This Residential Development School Fee Justification Study ("Study") is intended to determine the extent to which a nexus can be established in the Jefferson School District ("School District") between residential development and (i) the need for school facilities, (ii) the cost of school facilities, and (iii) the amount of statutory school fees ("School Fees") per residential building square foot that may be levied for schools pursuant to the provisions of Section 17620 of the Education Code, as well as Sections 65995 and 66001 of the Government Code.

The School District provides education to students in grades kindergarten through 8 residing within a portion of the City of Tracy ("City") and a portion of the unincorporated County of San Joaquin ("County") (please see map on following page for a geographic profile of the School District). Collectively, the School District's school facilities in school year 2017/2018 have a capacity of 2,629 students per Section 17071.10(a) of the Education Code. Of these 2,629 seats, 1,969 are at the elementary school level (i.e., grades kindergarten through 6) and 710 are at the middle school level (i.e., grades 7 and 8). These capacities include seats from all new school facility construction projects funded by the State of California ("State"), and teaching stations purchased by the School District without State funding (see Exhibit A for SAB Form 50-02 and Exhibit B for an updated school facilities capacity calculation). Based on data provided by the School District, student enrollment is 2,330 in school year 2017/2018. Comparing student enrollment to facilities capacity reveals that facilities capacity exceeds student enrollment at both school levels in school year 2017/2018 (please see Section IV for more information on student enrollment and facilities capacity).

To establish a nexus and a justifiable residential School Fee level, the Study evaluated the number and cost of new facilities required to house students generated from future residential development within the School District. Based on data provided by the San Joaquin Council of Governments ("SJCOG") approximately 6,936 additional residential units could be constructed within the School District's boundaries through calendar year 2035 ("Future Units"). Of these 6,936 Future Units, 5,594 single family detached ("SFD") units and 1,012 multi-family attached ("MFA") units have mitigated their impact on the School District through the execution of a mitigation agreement wherein units pay fees separate of School Fees or alternative school facility fees ("Alternative Fees"). Of the remaining 330 Future Units that have not mitigated their impacts on the School District, 300 are expected to be SFD units while 30 are expected to be MFA units.

JEFFERSON SCHOOL DISTRICT

GEOGRAPHIC PROFILE



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

To determine the impact on the School District from non-mitigated Future Units, the Study first multiplied the number of non-mitigated Future Units by the student generation factors ("SGFs") calculated by Cooperative Strategies, to determine the projected student enrollment from non-mitigated Future Units. The results were that 99 unhoused elementary school students and 34 unhoused middle school students are anticipated to be generated from non-mitigated Future Units. These numbers include a reduction of the number of students projected to be housed by existing excess seats ("Projected Unhoused Students").

To adequately house the Projected Unhoused Students, the School District will need to construct new facilities serving grades kindergarten through 8 ("K-8" School"). Using design capacities of 800 students at the K-8 School, the School District will need to construct at least one (1) new K-8 School to accommodate the Projected Unhoused Students from the non-mitigated Future Units projected to be constructed at this time. Based on school facility cost estimates prepared by Cooperative Strategies, a K-8 School is projected to cost $29,777,693.

In addition to the school facilities cost impacts, the School District will experience Central Administrative and Support Facilities cost impacts. In January 1994, the State Allocation Board ("SAB") approved a policy of four (4) square feet of Central Administrative and Support Facilities per student, which based on School District cost estimates equates to a per-student cost of $800. Multiplying these costs by the facilities needed and the students generated yielded the total school facilities cost impacts shown in Table ES-1.

Table ES-1
Total School Facilities Cost Impacts (2018$)

School Level	Cost per Facility /Student	Facilities Needed/ Students Generated	Total School Facilities Cost Impacts
K-8 School	$29,777,693	0.1663	$4,952,030
Central Admin. Impacts	$800	133	$106,400
Total	**N/A**	**N/A**	**$5,058,430**

The amounts listed in Table ES-1 were apportioned to each land use class based on the number of students generated from such residential land use. Thereafter, the school facilities cost impacts for each land use class were divided by the number of non-mitigated Future Units to calculate the school facilities cost impacts per residential unit. Table ES-2 below lists the school facilities cost impacts per residential unit.

Table ES-2
School Facilities Cost Impacts per Residential Unit (2018$)

Land Use	Total School Facilities Cost Impacts	Non-Mitigated Future Units	School Facilities Cost Impacts per Residential Unit
Single Family Detached	$4,868,263	300	$16,228
Multi-family Attached	$190,167	30	$6,339

To determine the school facilities cost impacts per square foot of residential construction, the school facilities cost impacts per unit were divided by the average square footage of a residential unit in each land use class. Table ES-3 lists the school facilities cost impacts per average residential square foot.

Table ES-3
School Facilities Cost Impacts per Residential Square Foot (2018$)

Land Use	School Facilities Cost Impacts per Non-Mitigated Future Unit	Average Square Footage	School Facilities Cost Impacts per Residential Square Foot
Single Family Detached	$16,228	1,850	$8.77
Multi-family Attached	$6,339	1,200	$5.28

On January 24, 2018, the SAB increased the maximum residential School Fee authorized by Section 17620 of the Education Code from $3.48 to $3.79 per residential building square foot for unified school districts. Based on the School District's fee sharing agreement with the Tracy Unified School District ("TUSD"), the School District can collect 75 percent, or $2.84 per square foot, for all new non-mitigated Future Units built within its boundaries. Since the School District's share of the current maximum School Fee is less than the school facilities cost impacts per square foot, the School District is fully justified in levying $2.84 per square foot for all new non-mitigated residential development within its boundaries, which represents its portion of the maximum residential School Fee.

I. INTRODUCTION

Senate Bill ("SB") 50, which Governor Wilson signed on August 27, 1998, was enacted on November 4, 1998, following the approval of Proposition 1A by the voters of the State in the general election on November 3, 1998. SB 50 includes provisions for the following:

1. Issuance of State general obligation bonds in an amount not to exceed $9.2 billion;

2. Reformation of the State School Building Program; and

3. Reformation of the School Fee mitigation payment collection procedure.

Additionally, Assembly Bill ("AB") 16, which Governor Davis signed on April 26, 2002, was enacted following the approval of Proposition 47 ("Prop 47") by the voters of the State in the general election on November 5, 2002. Prop 47 includes the authorization for issuance of State general obligation bonds in the amount of $13.05 billion, and AB 16 provides for additional reformation of the State School Building Program into the School Facilities Program. On March 2, 2004, the voters of the State approved Proposition 55 ("Prop 55"). Prop 55 includes the authorization for the additional issuance of State general obligation bonds in the amount of $12.3 billion. Finally AB 127, which Governor Schwarzenegger signed on May 20, 2006, was enacted following the approval of Proposition 1D ("Prop 1D") by the voters of the State in the general election of November 7, 2006. Prop 1D includes the authorization for the issuance of State general obligation bonds in the amount of $10.4 billion.

The Mira-Hart-Murrieta Decisions, which formerly permitted school districts to collect mitigation payments in excess of School Fees under certain circumstances, are suspended by AB 127. In lieu of the powers granted by the Mira-Hart-Murrieta Decisions, SB 50 and subsequent legislation provide school districts with a reformed School Fee collection procedure that, subject to certain conditions, authorizes school districts to collect Alternative Fees on residential developments. However, not all school districts will qualify to charge Alternative Fees, and Alternative Fees are generally not imposed upon residential units that have existing agreements with a school district.

Therefore, school districts must still rely on School Fees as a funding source for school facilities required by new development. However, before a school district can levy School Fees on new development, State law requires that certain nexus findings must be made and documented. The objective of this Study is to provide a rigorous basis for such findings.

II. LEGISLATION

State legislation, specifically AB 2926 and AB 1600, provides guidelines, procedures, and restrictions on the levy of School Fees for school facilities. Certain provisions of this legislation are summarized below:

A. AB 2926

AB 2926 was enacted by the State in 1986. Among other things, AB 2926 added various sections to the Government Code which authorize school districts to levy School Fees on new residential and commercial/industrial developments in order to pay for school facilities. In addition, AB 2926 provides for the following:

1. No city or county can issue a building permit for a development project unless such School Fees have been paid.

2. School Fees for commercial/industrial development must be supported by the finding that such School Fees "are reasonably related and limited to the needs for schools caused by the development."

3. School Fees for 1987 were limited to $1.50 per square foot on new residential construction and $0.25 per square foot for new commercial/industrial construction.

4. Every year, School Fees are subject to annual increases based on the Statewide cost index for Class B construction, as determined by the SAB at its January meeting (This provision was changed to every other year by AB181).

The provisions of AB 2926 have since been expanded and revised by AB 1600.

B. AB 1600

AB 1600, which created Sections 66000 et seq. of the Government Code, was enacted by the State in 1987. AB 1600 requires that all public agencies satisfy the following requirements when establishing, increasing or imposing a fee as a condition of approval for a development project.

1. Determine the purpose of the fee.

2. Identify the facilities to which the fee will be put.

3. Determine that there is a reasonable relationship between the need for public facilities and the type of development on which a fee is imposed.

4. Determine that there is a reasonable relationship between the amount of the fee and the public facility or portion of the public facility attributable to the development on which the fee is imposed.

5. Provide an annual accounting of any portion of the fee remaining unexpended, whether committed or uncommitted, in the School District's accounts five or more years after it was collected.

In other words, AB 1600 limits the ability of a school district to levy School Fees unless (i) there is a need for the School Fee revenues generated and (ii) there is a nexus or relationship between the need for School Fee revenues and the type of development project on which the School Fee is imposed. (The requirements of AB 1600 were clarified with the passage in 2006 of AB 2751, which codifies the findings of *Shapell Industries vs. Milpitas Unified School District*.) The Study will provide information necessary to establish such a nexus between School Fees and residential development.

III. METHODOLOGY OF STUDY

The School District is projecting an increase in student enrollment attributable to new residential development in future years. This projected growth will create a demand for new school facilities to be constructed within the School District and the need to incur significant school facilities costs to meet that demand. As a result, the School District has determined that School Fees should be levied on new development projects. In particular, the School District has determined that School Fees must be levied on new residential projects, if findings can be made that such projects will lead to higher student enrollment and increased facilities costs. The objective of the Study is to provide a basis for such findings consistent with the requirements of AB 2926, AB 1600, and the provisions of Section 66001 of the Government Code.

A. Overview of Methodology

In order to evaluate the existence of a nexus, the Study identifies and analyzes the various connections or linkages between residential development and (i) the need for school facilities, (ii) the cost of school facilities, and (iii) the amount of School Fees that can justifiably be levied. The primary linkages identified include the following:

1. Housing projections (i.e., the projected number of residential units to be constructed within the School District);

2. Student generation (i.e., the number of students generated from a residential unit within the School District);

3. Facility requirements (i.e., the number of new school facilities required to house students generated from new residential units);

4. School facilities cost impacts (i.e., the costs to the School District associated with the construction of new school facilities); and

5. School Fee requirements (i.e., the School District's need to levy School Fees to cover the cost of new school facilities).

The above linkages result in a series of impacts which (i) connect new residential development with increased school facilities costs and (ii) connect School Fees per residential building square foot with increased facilities costs. These impacts are identified for two (2) residential land uses; SFD units and MFA units (e.g., condominiums, apartments, townhomes, duplexes, etc.). These "linkage impacts" include four (4) major types:

1. Residential Unit Projections
2. Student Generation Factors
3. School Facilities Cost Impacts
4. Maximum School Fee Revenues

B. Residential Unit Projections

The number of Future Units to be constructed within the boundaries of the School District was determined based on information provided by SJCOG.

C. Student Generation Factors

SGFs by school level (e.g., elementary school and middle school) for each of the residential land use categories were calculated by Cooperative Strategies. Cooperative Strategies calculated SGFs for the School District through an analysis which consisted of cross-referencing the School District's actual enrollment data against residential data from the Office of the Assessor for the County ("County Assessor").

D. School Facilities Cost Impacts

School facilities cost impacts were calculated by determining the additional elementary school and middle school facilities needed to adequately house students generated from Future Units and the total cost for those school facilities. School facilities costs are based on estimates prepared by Cooperative Strategies and are attached and incorporated herein as Exhibit C.

E. Maximum School Fee Revenues

Maximum School Fee revenues for residential development were based on the current maximum residential School Fee authorized by the SAB (currently $3.79 per square foot) under AB 2926. Based on the current fee sharing arrangement of the School District with TUSD, the School District may collect up to 75 percent of the current maximum School Fee or $2.84 per square foot of new residential construction.

F. Comparison of School Facilities Cost Impacts and Maximum School Fee Revenues

If school facilities cost impacts per residential square foot are greater than maximum School Fee revenues, then the levy of the maximum residential School Fee is justified to cover as much of school facilities cost impacts per residential square foot as possible. Should school facilities cost impacts per residential square foot be less than maximum School Fee revenues, then only a School Fee equivalent to the school facilities cost impacts per residential square foot can be justified to cover facilities needs generated by future residential development. Under this latter circumstance, the School District would not be justified in imposing the maximum residential School Fee per square foot.

IV. FACILITIES CAPACITY AND STUDENT ENROLLMENT

In order to determine whether the School District's existing school facilities contain excess capacity to house students generated by new residential development, school year 2017/2018 student enrollment and school facilities capacity of the School District were evaluated.

Collectively, the School District's school facilities in school year 2017/2018 have a capacity of 2,679 students per Section 17071.10(a) of the Education Code. This capacity includes seats from all new school facility construction projects funded by the State and teaching stations purchased by the School District without State funding (see Exhibit A for SAB Form 50-02 and Exhibit B for an updated school facilities capacity calculation). Of these 2,679 existing seats, 1,969 are at the elementary school level and 710 are at the middle school level. (The school level configuration of the School District has been altered to be consistent with the SAB Form 50-02.) The enrollment of the School District in school year 2017/2018 is 2,330 students. As shown in Table 1 below, the School District's facilities capacity exceeds student enrollment at all school levels in school year 2017/2018.

Table 1
Existing School Facilities Capacity and Student Enrollment

School Level[1]	2017/2018 Facilities Capacity[2]	2017/2018 Student Enrollment[3]	Excess/ (Shortage) Capacity
Elementary School (Grades K-6)	1,969	1,711	258
Middle School (Grades 7-8)	710	619	91
Total	**2,679**	**2,330**	**349**

[1] The School District's school level configuration has been altered to be consistent with SAB Form 50-02.
[2] SAB Form 50-02 (Exhibit A) plus additional State funded capacity and teaching stations purchased by the School District (Exhibit B).
[3] 2017/2018 student enrollment provided by the School District.

As indicated in Table 1, 258 elementary school seats and 91 middle school seats are available to house students generated from Future Units.

V. IMPACT OF RESIDENTIAL DEVELOPMENT ON SCHOOL FACILITIES NEEDS

As discussed in Section III, the objective of the Study is to determine the appropriateness of the imposition of a School Fee on residential property to finance school facilities necessitated by students to be generated from new residential development. Section III outlined the methodology which was employed in the Study to meet that objective. Section V is a step-by-step presentation of the results of the analysis.

A. Projected Residential Development within the School District

The initial step in developing a nexus as required by AB 2926 and AB 1600 is to determine the number of Future Units to be constructed within the School District's boundaries. Based on information provided by SJCOG, Cooperative Strategies has estimated that the School District could experience the construction of approximately 6,936 Future Units through calendar year 2035. Of these 6,936 Future Units, 5,594 SFD units and 1,012 MFA units have already mitigated their impacts on the School District through the execution of a mitigation agreement wherein such units pay fees separate from School Fees and Alternative Fees. Of the remaining 330 Future Units that have not mitigated their impacts on the School District, 300 are expected to be SFD units while 30 are expected to be MFA units. Table 2 distinguishes between mitigated and non-mitigated Future Units by land use.

Table 2
Future Units

Land Use	Mitigated Future Units	Non-Mitigated Future Units	Total Future Units
Single Family Detached	5,594	300	5,894
Multi-family Attached	1,012	30	1,042
Total Units	**6,606**	**330**	**6,936**

B. Reconstruction

Reconstruction is the act of replacing existing structures with new construction, which may have an alternative land use (i.e., commercial/industrial versus residential) or may consist of different residential unit types (i.e., SFD versus MFA, etc.).

B1. Residential Reconstruction

Residential Reconstruction consists of voluntarily demolishing existing residential units and replacing them with new residential development. To the extent Reconstruction increases the residential square footage beyond what was demolished ("New Square Footage"), the increase in square footage is subject to the applicable School Fee as such construction is considered new residential development. As for the amount of square footage constructed that replaces only the previously constructed square footage ("Replacement Square Footage"), the determination of the applicable fee, if any, is subject to a showing that the Replacement Square Footage results in an increase in student enrollment and, therefore, an additional impact being placed on the School District to provide school facilities for new student enrollment.

Prior to the imposition of fees on Replacement Square Footage, the School District shall undertake an analysis on any future proposed projects(s) to examine the extent to which an increase in enrollment can be expected from Replacement Square Footage due to any differential in SGFs as identified in the Study for the applicable unit types between existing square footage and Replacement Square Footage. Any such fee that is calculated for the Replacement Square Footage shall not exceed the School Fee that is in effect at such time.

B2. Reconstruction of Commercial/Industrial Construction into Residential Construction

The voluntary demolition of existing commercial/industrial buildings and replacement of them with new residential development is a different category of Reconstruction. Cooperative Strategies is aware that such types of Reconstruction may occur within the School District in the future, however, Cooperative Strategies was unable to find information (i) about the amount planned within the School District in the future or (ii) historical levels, which might indicate the amount to be expected in the future. Due to the lack of information, the School District has decided to evaluate the impacts of Commercial/Industrial Reconstruction projects on a case-by-case basis and will make a determination of whether a fee credit is justified based on the nature of the project.

C. Student Generation Factors per Residential Unit

In order to analyze the impact on the School District's student enrollment from non-mitigated Future Units, Cooperative Strategies calculated SGFs for SFD and MFA units. The process of determining SGFs involved cross-referencing the School District's enrollment data against the County Assessor residential data.

Sorting and extracting the County Assessor records by land use, Cooperative Strategies developed a database of 4,111 SFD units. This database was then compared with the School District's student enrollment database to identify address matches. Upon comparison of the two (2) databases, 1,902 student matches were found, resulting in the SGFs shown in Table 3.

Table 3
Student Generation Factors for Single Family Detached Units

School Level	Students Matched	Single Family Detached Units	Student Generation Factors
Elementary School	1,373	4,111	0.3340
Middle School	529	4,111	0.1287
Total	**1,902**	**N/A**	**0.4627**

A procedure identical to the one used in calculating the SGFs for SFD units was used to determine SGFs for MFA units. A total of 28 students matched to the MFA database which consisted of 167 units. The resulting SGFs for MFA units are shown in Table 4 below.

Table 4
Student Generation Factors for Multi-family Attached Units

School Level	Students Matched	Multi-family Attached Units	Student Generation Factors
Elementary School	25	167	0.1497
Middle School	3	167	0.0180
Total	**28**	**N/A**	**0.1677**

However, due to incomplete and incorrect address information in both the student enrollment and residential databases, Cooperative Strategies was unable to match all of the School District's students. The results are SGFs that understate the number of students generated by SFD and MFA units. After accounting for incoming interdistrict students that reside outside of the School District's boundaries as well as students matching to uncoded parcels, there were 61 unmatched students. Therefore, Cooperative Strategies adjusted the SGFs listed in Tables 3 and 4 based on a rate which considers the number of students successfully matched to a school level and land use. The adjusted SGFs for each land use by school level are shown in Table 5.

Table 5
Adjusted Student Generation Factors

School Level	Single Family Detached Units	Multi-family Attached Units
Elementary School	0.3527	0.1557
Middle School	0.1245	0.0180
Total	**0.4772**	**0.1737**

D. School District Facilities Requirements

By multiplying the non-mitigated Future Units as listed in Table 2 by the SGFs identified in Table 5, the Study determined the projected number of new students to be generated from non-mitigated Future Units. The Projected Student Enrollment by school level is shown in Table 6.

Table 6
Projected Student Enrollment from Future Units

School Level	Projected Student Enrollment from Mitigated Future Units	Projected Student Enrollment from Non-Mitigated Future Units	Projected Student Enrollment from Future Units
Elementary School	2,131	111	2,242
Middle School	714	38	752
Total	**2,845**	**149**	**2,994**

As indicated in Section IV, 258 surplus elementary school seats and 91 surplus middle school seats are available to accommodate the Projected Student Enrollment. Additionally, these surplus seats must be apportioned between the mitigated and non-mitigated Future Units (Table 2). Of the surplus seats identified, it was determined that 12 surplus elementary school seats and four (4) surplus middle school seats are available to house students generated from non-mitigated Future Units. Therefore, the Projected Unhoused Students are less than the Projected Student Enrollment at both school levels. Table 7 shows Projected Unhoused Students for the School District.

Table 7
Projected Unhoused Students from Non-Mitigated Future Units

School Level	Projected Students from Future Units	Surplus Seats	Projected Unhoused Students
Elementary School	111	12	99
Middle School	38	4	34
Total	**149**	**16**	**133**

To determine the number of K-8 school facilities necessary to adequately house the Projected Unhoused Students, Cooperative Strategies divided the Projected Unhoused Students by the estimated school facilities capacity as provided by the School District. The additional school facilities requirements are identified in Table 8.

Table 8
Additional School Facilities for Projected Unhoused Students from Non-Mitigated Future Units

School Level	Projected Unhoused Students	Estimated Facilities Capacity	Additional Facilities Needed
K-8 School	133	800	0.1663

E. School District Facilities Costs

School facilities cost estimates for the K-8 School were prepared by Cooperative Strategies. The school facilities costs represent the full cost of site acquisition, site development, construction, furniture and equipment, as well as technology. It must be noted that the facilities costs are in 2018 dollars and do not include interest costs associated with debt incurred to finance the construction of facilities. The estimated site acquisition and facility construction costs by school level are shown in Table 9 while the costs for each component of the school facilities construction are listed in Exhibit C.

Table 9
Estimated School Facilities Costs (2018$)

School Level	Site Acquisition Costs	Facility Construction Costs	Estimated Total Cost per Facility
K-8 School	$1,435,377	$28,342,316	$29,777,693

The costs in Table 9 do not include costs associated with Central Administrative and Support Facilities. As indicated in Table 7, non-mitigated Future Units will cause the enrollment of the School District to increase by approximately 133 students. In accordance with the Provisions of Chapter 341, Statutes of 1992, SB 1612, the SAB adopted a report on January 26, 1994, requiring approximately four (4) square feet of central administrative and support facilities for every student. Based on this report and the estimated cost per square foot to construct and furnish these types of facilities, the Study incorporates a Central Administrative and Support Facilities cost impact of $800 per student.

F. Total School Facilities Cost Impacts

To determine the total school facilities cost impacts caused by non-mitigated Future Units, Cooperative Strategies (i) multiplied the school facilities costs (Table 9) by the additional school facilities needed (Table 8) and (ii) multiplied the central administrative and support facilities costs per student (above paragraph) by the Projected Unhoused Students (Table 7). Table 10 illustrates the total school facilities cost impacts from non-mitigated future residential development.

Table 10
Total School Facilities Cost Impacts from Non-Mitigated Future Units (2018$)

Item	Cost per Facility /Student	Facilities Required/Students Generated	Total School Facilities Cost Impacts
K-8 School	$29,777,693	0.1663	$4,952,030
Central Admin. Impacts	$800	133	$106,400
Total	**N/A**	**N/A**	**$5,058,430**

G. School Facilities Cost Impacts per Residential Unit

To determine the total school facilities cost impacts per non-mitigated future residential unit, the total school facilities cost impacts listed above need to first be apportioned by land use based on the number of students to be generated from such land use. Table 11 shows total school facilities cost impacts by land use.

Table 11
Total School Facilities Cost Impacts by Land Use (2018$)

School Level	Single Family Detached Units	Multi-family Attached Units	Total School Facilities Cost Impacts
K-8 School	$4,868,263	$190,167	$5,058,430

Total school facilities cost impacts for each land use were then divided by the number of non-mitigated Future Units in such land use to determine school facilities cost impacts per SFD unit and MFA unit. These impacts are shown in Table 12.

Table 12
School Facilities Cost Impacts per Non-Mitigated Future Unit (2018$)

Land Use	Total School Facilities Cost Impacts	Non-Mitigated Future Units	School Facilities Cost Impacts per Residential Unit
Single Family Detached	$4,868,263	300	$16,228
Multi-family Attached	$190,167	30	$6,339

H. School Facilities Cost Impacts per Square Foot

To determine the school facilities cost impacts per square foot of residential construction for each land use, the school facilities cost impacts per unit listed in Table 12 were divided by the average square footage of such type of residential unit. Using information obtained from the city, Cooperative Strategies estimates that the average square footage of an SFD unit in the School District is projected to be 1,850 square feet while the average square footage of an MFA unit is projected to be 1,200 square feet. Table 13 shows the school facilities cost impacts per square foot of residential construction in the School District.

Table 13
School Facilities Cost Impacts per Residential Square Foot (2018$)

Land Use	School Facilities Cost Impacts per Non-Mitigated Residential Unit	Average Square Footage	School Facilities Cost Impacts per Square Foot
Single Family Detached	$16,228	1,850	$8.77
Multi-family Attached	$6,339	1,200	$5.28

I. Comparison of School Facilities Cost Impacts and School Fee Revenues per Residential Square Foot

On January 24, 2018, the SAB increased the maximum residential School Fee authorized by Section 17620 of the Education Code from $3.48 to $3.79 per residential building square foot for unified school districts. Based on the School District's fee sharing agreement with TUSD, the School District can collect 75 percent, or $2.84 per square foot, for all new non-mitigated Future Units built within its boundaries. Since the School District's share of the current maximum School Fee is less than the school facilities cost impacts per square foot, the School District is fully justified in levying $2.84 per square foot for all new non-mitigated residential development within its boundaries, which represents its portion of the maximum residential School Fee.

S:\Clients\Jefferson SD\Demographics\Fee Studies\SY1718\Reports\Final\FSRes_JeffersonSD_2018_Fn.docx

EXHIBIT A

Current SAB Form 50-02

STATE ALLOCATION BOARD
OFFICE OF PUBLIC SCHOOL CONSTRUCTION

STATE OF CALIFORNIA

EXISTING SCHOOL BUILDING CAPACITY

SAB 50-02 (Rev. 08/02) Excel (Rev. 11/21/2002)

SCHOOL DISTRICT: JEFFERSON ELEMENTARY

FIVE DIGIT DISTRICT CODE NUMBER (see California Public School Directory): 68544

COUNTY: SAN JOAQUIN

HIGH SCHOOL ATTENDANCE AREA (HSAA) OR SUPER HSAA (if applicable):

PART I - Classroom Inventory ☐ NEW ☐ ADJUSTED

	K-6	7-8	9-12	Non Severe	Severe	Total
Line 1. Leased State Relocatable Classrooms						
Line 2. Portable Classrooms leased less than 5 years	2	1				3
Line 3. Interim Housing Portables leased less than 5 years						
Line 4. Interim Housing Portables leased at least 5 years						
Line 5. Portable Classrooms leased at least 5 years	2					2
Line 6. Portable Classrooms owned by district	19	2				21
Line 7. Permanent Classrooms	14	6				20
Line 8. Total (Lines 1 through 7)	37	9				46

PART II - Available Classrooms

Option A	K-6	7-8	9-12	Non Severe	Severe	Total
a. Part I, line 4						
b. Part I, line 5	2					2
c. Part I, line 6	19	2				21
d. Part I, line 7	14	6				20
e. Total (a, b, c, & d)	35	8				43

Option B	K-6	7-8	9-12	Non Severe	Severe	Total
a. Part I, line 8	37	9				46
b. Part I, lines 1,2,5 and 6 (total only)						26
c. 25 percent of Part I, line 7 (total only)						5
d. Subtract c from b (enter 0 if negative)	19	2				21
e. Total (a minus d)	18	7				25

PART III - Determination of Existing School Building Capacity

	K-6	7-8	9-12	Non Severe	Severe
Line 1. Classroom capacity	450	189			
Line 2. SER adjustment	19	8			
Line 3. Operational Grants					
Line 4. Greater of line 2 or 3	19	8			
Line 5. Total of lines 1 and 4	469	197			

I certify, as the District Representative, that the information reported on this form is true and correct and that:
I am designated as an authorized district representative by the governing board of the district; and,
This form is an exact duplicate (verbatim) of the form provided by the Office of Public School Construction (OPSC).
In the event a conflict should exist, then the language in the OPSC form will prevail.

SIGNATURE OF DISTRICT REPRESENTATIVE: Ed Rivas

DATE: 6/28/05

EXHIBIT B

Updated School Facilities Capacity Calculation

Jefferson School District

School Facilities Capacity Calculation

Application	Item	Elementary School	Middle School
N/A	SAB Form 50-02	469	197
N/A	Non-Severe/Severe Capacity	0	0
50/66464-00-003	Tom Hawkins Elementary	600	243
50/66464-00-004	Anthony Traina	250	108
50/66464-00-005	Anthony Traina	650	162
Total Capacity	**N/A**	**1,969**	**710**

EXHIBIT C

Updated School Facilities Cost Estimates

Jefferson School District
Summary of Estimated Costs
K-8 School
February 2018

A. Site				**$1,435,377**
	Purchase Price of Property		$1,395,377	
	Acres [1]:	17.1		
	Cost/Acre:	$81,601		
	EIR		$20,000	
	Appraisals		$10,000	
	Surveys		$5,000	
	Escrow/Title		$5,000	
	[1] Assumes Net Usable Acres			
B. Plans				**$1,549,500**
	Architect's Fee		$1,387,500	
	Preliminary Tests		$20,000	
	DSA/SDE Plan Check		$122,000	
	Energy Fee Analysis		$15,000	
	Other		$5,000	
C. Construction				**$24,000,000**
	(Includes Construction, Site Development, General Site Development, and Technology)			
	Square Feet / Student	80		
	Cost / Square Feet	$375		
D. Tests				**$50,000**
E. Inspection				**$144,000**
	($12,000 per month for 12 months)			
F. Furniture and Equipment				**$531,200**
	($5 per Square Foot, includes Cost Index Adjustment of 66%)			
G. Contingency				**$417,651**
	($2000 + 1.5% of items A-F)			
H. Items Not Funded by the State				**$1,649,965**
	Technology (5% of Construction)		$1,200,000	
	Library Books (8 books/student @ $15)		$96,000	
	Landscaping ($0.44/sq. ft x 17.1 acres)		$327,745	
	Landscape Architect Fees (8% of Landscaping)		$26,220	
I. Total Estimated Cost				**$29,777,693**

Summary	
School Facilities Capacity - Traditional Calendar	**800**
School Facilities Cost per Student - Traditional Calendar	**$37,222**

COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

JEFFERSON SCHOOL DISTRICT

COMMERCIAL/INDUSTRIAL DEVELOPMENT SCHOOL FEE JUSTIFICATION STUDY

MARCH 1, 2018

PREPARED FOR:
Jefferson School District
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COOPERATIVE STRATEGIES
COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

TOC

SECTION PAGE

EXECUTIVE SUMMARY ---------- ES-1

I. INTRODUCTION ---------- 1

II. LEGISLATION ---------- 2
- A. AB 2926 ---------- 2
- B. AB 1600 ---------- 3
- C. AB 181 ---------- 4

III. OBJECTIVE AND METHODOLOGY OF STUDY ---------- 5
- A. Overview of Methodology ---------- 5
- B. CID Land Use Categories ---------- 6
- C. Linkage Impacts ---------- 9

IV. FACILITIES CAPACITY AND COST ESTIMATES ---------- 13
- A. School Facilities Capacity ---------- 13
- B. School Facilities Costs per Student ---------- 14

V. NEW RESIDENTIAL HOUSING OPPORTUNITIES WITHIN THE SCHOOL DISTRICT ---------- 15

VI. FINDINGS OF COMMERCIAL/INDUSTRIAL IMPACT ANALYSIS- 16
- A. Employment Impacts ---------- 16
- B. Household Impacts ---------- 17
- C. Student Generation Impacts ---------- 20
- D. Gross School Facilities Cost Impacts ---------- 24
- E. Fee Revenues ---------- 24
- F. Justification of Commercial/Industrial School Fees ---------- 26

EXECUTIVE SUMMARY

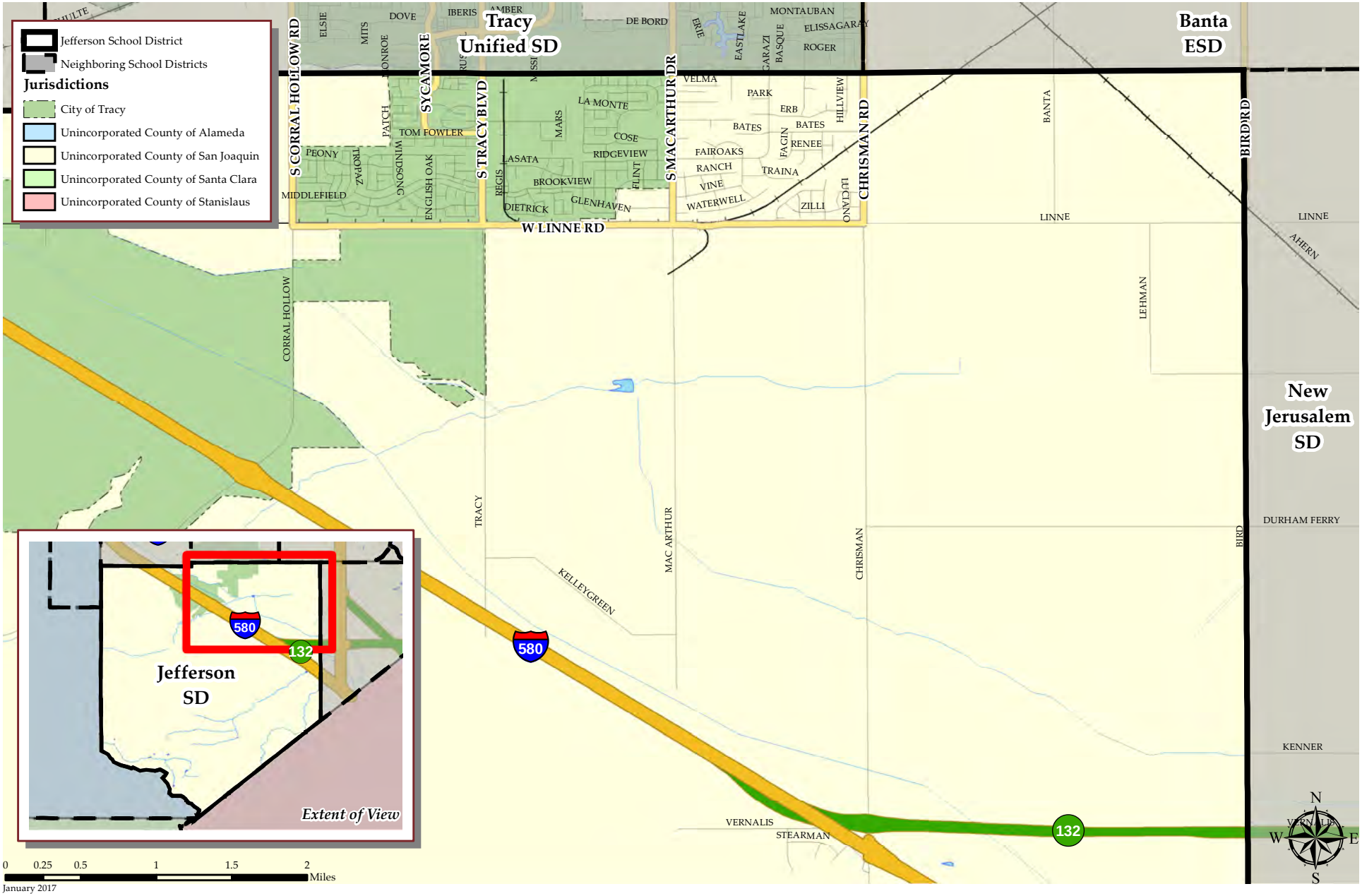
This Commercial/Industrial Development School Fee Justification Study ("Study") analyzes the extent to which a nexus can be established in the Jefferson School District ("School District") between categories of commercial/industrial development ("CID") and (i) the need for school facilities, (ii) the cost of school facilities, and (iii) the amount of statutory school fees ("School Fees") per square foot that may be levied for schools pursuant to the provisions of Assembly Bill ("AB") 181, Section 66001 of the Government Code, and subdivision (e) of Section 17621 of the Education Code.

The School District provides education to students in grades kindergarten through 8 residing within a portion of the City of Tracy ("City") and a portion of the unincorporated County of San Joaquin ("County") (please see map on following page for a geographic profile of the School District). Collectively, the School District's school facilities in school year 2017/2018 have a capacity of 2,629 students per section 17071.10(a) of the Education Code. Of these 2,629 seats, 1,969 are at the elementary school level (i.e., grades kindergarten through 6) and 710 are at the middle school level (i.e., grades 7 and 8). These capacities include seats from all new school facility construction projects funded by the State of California ("State"), and teaching stations purchased by the School District without State funding. Based on data provided by the School District, student enrollment is 2,330 in school year 2017/2018. Comparing student enrollment to facilities capacity reveals that facilities capacity exceeds student enrollment at all school levels in school year 2017/2018.

New residential housing opportunities within the School District were also evaluated to confirm the availability of new homes for those who may relocate into the School District due to employment opportunities generated by new CID. Projections of the number of future residential units to be built within the School District's boundaries are based on information provided by the San Joaquin Council of Governments ("SJCOG"). Based on this information, approximately 6,936 new residential units could be developed within the School District through calendar year 2035 ("Future Units"). Of these 6,936 Future Units, 5,594 single family detached ("SFD") units and 1,012 multi-family attached ("MFA") units have mitigated their impact on the School District through the execution of a mitigation agreement wherein units pay fees separate of School Fees or alternative school facility fees ("Alternative Fees"). Of the remaining 330 Future Units that have not mitigated their impacts on the School District, 300 are expected to be SFD units while 30 are expected to be MFA units. These units thereby provide room for new employees without the displacement of existing residents.

JEFFERSON SCHOOL DISTRICT

GEOGRAPHIC PROFILE



COOPERATIVE STRATEGIES

COMPLETE FINANCIAL & DEMOGRAPHIC PLANNING FOR EDUCATION

To determine the commercial/industrial School Fee levels that satisfy the rigorous nexus requirements of AB 181, the Study divides CID into seven (7) land use categories: retail and services, office, research and development, industrial/warehouse/manufacturing, hospital, hotel/motel, and self-storage. The employment impacts of each of these land uses, in terms of the number of employees per 1,000 square feet of building space, are based on information from the San Diego Association of Governments ("SANDAG") pursuant to Section 17621 (e)(1)(B) of the Education Code. These employee impacts are shown in Table ES-1.

Table ES-1
Employment Impacts per 1,000 Square Feet CID

CID Land Use Category	Employees per 1,000 Square Feet
Retail and Services	2.2371
Office	3.4965
Research and Development	3.0395
Industrial/Warehouse/Manufacturing	2.6954
Hospital	2.7778
Hotel/Motel	1.1325
Self-Storage	0.0643

Additional data from SJCOG, the U.S. Bureau of Census ("Census") and CoreLogic provide a basis for estimating net school district household impacts (i.e., the number of households which locate within the School District per 1,000 square feet of CID floor space) for each category. This number includes only those households occupying new housing units within the School District, as opposed to existing units whose previous occupants may have included school-aged children. Multiplying net school district households by (i) the number of students per household and (ii) total school facilities costs per student, results in estimates of school facilities cost impacts. Collectively, this calculation represents the total school facilities cost impacts per 1,000 square feet of commercial/industrial floor space, resulting from each of the seven (7) CID categories within the School District, expressed in 2018 dollars. These results are summarized in Table ES-2.

Table ES-2
Gross School Facilities Cost Impacts
per 1,000 Square Feet of CID (2018$)

CID Land Use Category	K-8 School Impacts
Retail and Services	$1,738
Office	$2,716
Research and Development	$2,363
Industrial/Warehouse/Manufacturing	$2,095
Hospital	$2,159
Hotel/Motel	$883
Self-Storage	$51

The revenue component of the Study estimates the potential fee revenues generated by CID, including residential fees paid by CID related households, as well as CID School Fees. CID related residential revenues are calculated based on a weighted average of (i) the proposed Alternative No. 2 Fee of $3.36 per square foot, justified in the School District's School Facilities Needs Analysis ("Analysis"), dated February 7, 2018, and (ii) the average mitigation obligation per mitigated Future Unit. The residential revenues per household are then multiplied by the number of net school district households per 1,000 square feet of CID and the product is subtracted from the gross school facilities cost impacts listed above. This results in net school facilities cost impacts by CID category. This impact is summarized in Table ES-3.

Table ES-3
Net School Facilities Cost Impacts per 1,000 Square Feet of CID (2018$)

CID Land Use Category	Gross School Facilities Cost Impacts	Residential Revenues	Net School Facilities Cost Impacts
Retail and Services	$1,738	$643	$1,095
Office	$2,716	$1,006	$1,710
Research and Development	$2,363	$874	$1,489
Industrial/Warehouse/Manufacturing	$2,095	$775	$1,320
Hospital	$2,159	$799	$1,360
Hotel/Motel	$883	$326	$557
Self-Storage	$51	$18	$33

On January 24, 2018, the State Allocation Board ("SAB") increased the maximum CID School Fee authorized by Section 17620 of the Education Code from $0.56 to $0.61 per square foot for unified school districts. Pursuant to the School District's revenue sharing agreement with Tracy Unified School District ("TUSD"), the maximum the School District can receive from new CID is approximately 75 percent of the School Fees, or $0.458 per square foot of CID constructed within its boundaries. Justification of the CID School Fee is based on a comparison of net school facilities cost impacts with the School District's portion of the maximum commercial/industrial School Fee revenues per 1,000 square feet. As net school facilities cost impacts for all CID categories are higher than the School District's portion of the maximum CID School Fee revenues, the levy of the maximum CID School Fee of $0.458 per square foot, or $458 per 1,000 square feet, for all CID land use categories is justified, except for the self-storage category where it is justified in levying a School Fee of $0.033 per square foot, or $33 per 1,000 square feet of CID.

I. INTRODUCTION

Senate Bill ("SB") 50, which Governor Wilson signed on August 27, 1998, was enacted on November 4, 1998, following the approval of Proposition 1A by the voters of the State in the general election on November 3, 1998. SB 50 includes provisions for the following:

1. Issuance of State general obligation bonds in an amount not to exceed $9.2 billion;

2. Reformation of the State School Building Program; and

3. Reformation of the School Fee/mitigation payment collection procedure.

Additionally, AB 16, which Governor Davis signed on April 26, 2002, was enacted following the approval of Proposition 47 ("Prop 47") by the voters of the State in the general election on November 5, 2002. Prop 47 includes the authorization for issuance of State general obligation bonds in the amount of $13.05 billion, and AB 16 provides for additional reformation of the State School Building Program into the School Facilities Program. On March 2, 2004 the voters of the State approved Proposition 55 ("Prop 55"). Prop 55 includes the authorization for the additional issuance of State general obligation bonds in the amount of $12.3 billion. Finally, AB 127, which Governor Schwarzenegger signed on May 20, 2006, was enacted following the approval of Proposition 1D ("Prop 1D") by the voters of the State in the general election of November 7, 2006. Prop 1D includes the authorization for the issuance of State general obligation bonds in the amount of $10.4 billion. On November 8, 2016 the voters of the State approved Proposition 51 (“Prop 51”). Prop 51 includes the authorization for the issuance of State general obligation bonds in the amount of $9 billion.

The Mira-Hart-Murrieta Decisions, which formerly permitted school districts to collect mitigation payments in excess of School Fees under certain circumstances, are suspended by AB 127. In lieu of the powers granted by the Mira-Hart-Murrieta Decisions, SB 50 and subsequent legislation provide school districts with a reformed School Fee collection procedure that, subject to certain conditions, authorizes school districts to collect alternative school facility fees ("Alternative Fees") on residential developments. However, not all school districts will qualify to charge Alternative Fees, and Alternative Fees cannot be imposed upon residential units that have existing agreements with a school district.

Therefore, school districts must still rely on School Fees as collected from CID to cover funding shortfalls created by residential development, as well as to cover impacts created by inter-district transfer students. However, before a school district can levy School Fees on new development, State law requires that certain "nexus" findings must be made and documented. The objective of this Study is to provide a rigorous basis for such findings.

II. LEGISLATION

State legislation, specifically AB 2926, AB 1600, and AB 181, provides guidelines, procedures, and restrictions on the levy of School Fees for school facilities, especially with regard to CID. In order to determine the appropriate School Fees for CID, the Study follows the same nexus requirements as outlined by the ABs listed above. Relevant provisions of this legislation are summarized below:

A. AB 2926

AB 2926 was enacted by the State in 1986. Among other things, AB 2926 added various sections to the Government Code which authorize school districts to levy School Fees on new residential development and CID in order to pay for school facilities required by such development. In addition, AB 2926 provides for the following:

1. No city or county can issue a building permit for a development project unless such School Fees have been paid.

2. School Fees for CID must be supported by the finding that such School Fees "are reasonably related and limited to the needs for schools caused by the development".

3. School Fees for 1987 were limited to $1.50 per square foot on new residential construction and $0.25 per square foot for new commercial/industrial construction.

4. Every year, School Fees shall be subject to annual increases based on the statewide cost index for Class B construction, as determined by the SAB at its January meeting.

The provisions of AB 2926 have since been expanded and revised by AB 1600 and AB 181.

B. AB 1600

AB 1600, which created Sections 66000 *et seq.* of the Government Code, was enacted by the State in 1987. AB 1600 requires that all public agencies satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval for a development project.

1. Determine the purpose of the fee.

2. Identify the facilities to which the fee will be applied.

3. Determine that there is a reasonable relationship between the need for public facilities and the type of development on which a fee is imposed.

4. Determine that there is a reasonable relationship between the amount of the fee and the public facility or portion of the public facility attributable to the development on which the fee is imposed.

5. Provide an annual accounting of all utilization of fee revenues, and provide further finding each year that the relationship stated in the previous paragraph still exists if any portion of the fee remains unexpended, whether committed or uncommitted, in the School District's accounts five (5) or more years after it was collected.

In other words, AB 1600 limits the ability of a school district to levy School Fees unless (i) there is a need for the revenues to be generated by School Fees and (ii) there is a nexus or reasonable causal relationship between the need for School Fee revenues and the type of development project on which the School Fees are imposed. (The requirements of AB 1600 were clarified with the passage in 2006 of AB 2751, which codifies the findings of *Shapell Industries vs. Milpitas Unified School District*.) The Study will provide information necessary to establish such a nexus between School Fees and residential development.

C. AB 181

AB 181, enacted by the State in 1989, made significant changes in several State Codes, including Sections 53080 *et seq.* of the Government Code which was re-codified as Sections 17620 *et seq.* of the Education Code on January 1, 1998. Changes in Section 53080 included additional requirements and procedures for imposing School Fees and other conditions on new development. Specifically, AB 181 imposes more stringent nexus requirements on school districts that wish to levy School Fees on CID, as follows:

1. In order to levy a School Fee on CID, a formal study must be conducted to determine the impact of "the increased number of employees anticipated to result" from new CID on the "cost of providing school facilities within the School District".

2. Only that portion of the School Fee justified by the "nexus findings" contained in this study may be levied. Nexus findings must be made on an individual project basis or on the basis of categories of CID, and must "utilize employee generation estimates that are based on commercial/industrial factors within the school district." Categories to be evaluated may include, but are not limited to, office, retail, transportation, communications and utilities, light industrial, heavy industrial, research and development, and warehouse uses.

3. Starting in 1990, maximum School Fees for residential and CID will be subject to increases every two (2) years rather than annually.

4. An appeals procedure shall be established whereby the levy of School Fees on a commercial/industrial project may be appealed to the governing board of a school district. Grounds for an appeal must include, but are not limited to, improper project classification by commercial/industrial category, or the application of improper or inaccurate employee or student generation factors to the project.

In summary, AB 181 establishes additional requirements which must be satisfied by school districts prior to their levying School Fees on CID.

III. OBJECTIVE AND METHODOLOGY OF STUDY

The School District is projecting an increase in student enrollment attributable to new residential development in future years. This projected growth will create a demand for new school facilities within the School District and the need to incur significant facilities costs to meet that demand. As a result, the School District has determined that School Fees should be levied on development projects that have an impact on the School District. In particular, the School District has determined that School Fees must be levied on new commercial/industrial projects if findings can be made that such projects will lead to higher student enrollment and increased facilities costs. The objective of the Study is to provide a basis for such findings pursuant to the requirements of AB 181, the provisions of Section 66001 of the Government Code, and subdivision (e) of Section 17621 of the Education Code.

A. Overview of Methodology

In order to determine the nexus relationships identified in AB 181, the Study analyzes the various linkages between CID and (i) the need for school facilities, (ii) the cost of school facilities, and (iii) the amount of the School Fee that can justifiably be levied. The primary connections or linkages include the following:

1. Job creation (i.e., new CID within the School District creates new jobs);

2. Household formation (i.e., job creation within the School District leads to the formation of new households in the School District);

3. Student generation (i.e., household formation within the School District generates new students);

4. Facilities requirements (i.e., student generation within the School District leads to the need to incur additional costs for new school facilities); and

5. School Fee requirements (i.e., additional costs for new school facilities within the School District leads to the need to levy School Fees for new development).

The above linkages result in a series of impacts which (i) connect new CID with increased school facilities costs and (ii) connect increased school facilities costs with School Fees on CID buildings. These impacts are identified for different CID land use categories, based on a "prototypical unit" of 1,000 square feet of new commercial or industrial floor space for each category. These "linkage impacts" include five (5) major types:

1. Employment Impacts

2. Household Impacts

3. Student Generation Impacts

4. School Facilities Cost Impacts

5. Fee Revenues

The nature and components of these impacts are summarized in Section III.C, along with the key assumptions and data sources used in estimating their magnitude.

Analysis of the first four (4) linkage impacts provides an estimate of the gross school facilities cost impacts per 1,000 square feet of floor space for each CID category. Analysis and comparison of all five (5) impacts provide an estimate of (i) net school facilities cost impacts (i.e., gross school facilities cost impacts minus residential revenues) per 1,000 square feet of CID floor space and (ii) the maximum commercial/industrial School Fee that can be justified.

B. CID Land Use Categories

Linkage impacts are analyzed for the following CID land use categories:

1. Retail and Services

2. Office

3. Research and Development

4. Industrial/Warehouse/Manufacturing

5. Hospital

6. Hotel/Motel

7. Self-Storage

Retail and Services

The retail and services category includes commercial establishments which sell general merchandise, building materials, hard goods, apparel, and other items and services to consumers. Additional establishments in the retail and services category include nurseries, discount stores, restaurants, entertainment theme parks, new/used car sales facilities, service stations, supermarkets, banks, real estate sales offices, and similar uses.

Office

A general office building houses one (1) or more tenants and is the location where affairs of a business, commercial or industrial organization, professional person or firm are conducted. The building or buildings may be limited to one (1) tenant, either the owner or lessee, or contain a mixture of tenants including professional services, insurance companies, investment brokers, company headquarters, and services for the tenants such as a bank or savings and loan, a restaurant or cafeteria, and service retail and services facilities. There may be large amounts of space used for file storage or data processing.

The office category may also include medical offices that provide diagnoses and outpatient care on a routine basis, but which are unable to provide prolonged in-house medical/surgical care. A medical office is generally operated by either a single private physician or a group of doctors.

Research and Development

Research and development facilities are those primarily associated with the application of scientific research to the development of high technology products. Areas of concentration include materials, science, computer, electronic, and telecommunications products. Facilities may also contain offices and fabrication areas. Activities performed range from pure research to product development, testing, assembly, and distribution.

Industrial/Warehouse/Manufacturing

Warehouses are facilities that are primarily devoted to the storage of materials. They may also include office and maintenance areas. This category also includes buildings in which a storage unit or vault is rented for the storage of goods.

Manufacturing facilities are building structures where the primary activity is the conversion of raw materials or parts into finished products. Size and type of activity may vary substantially from one facility to another. In addition to actual production of goods, manufacturing facilities generally have office, warehouse, research and associated functions. This category includes light industrial facilities such as printing plants, material testing laboratories, assemblers of data processing equipment, and power stations.

Hospital

Hospital refers to any institution where medical or surgical care is given to non-ambulatory and ambulatory patients. The term does not however, refer to medical clinics (facilities that provide diagnoses and outpatient care only) or to nursing homes (facilities devoted to the care of persons unable to care for themselves).

Hotel/Motel

Hotels and motels are commercial establishments primarily engaged in providing lodging, or lodging and meals, for the general public. As defined by Government Code Section 65995(d), the hotel/motel category includes, but is not limited to, any hotel, motel, inn, tourist home, or other lodging for which the maximum term of occupancy does not exceed 30 days. It does not, however, include any residential hotel as defined by Section 50519(b)(1) of the Health and Safety Code.

Self-Storage

This category includes buildings in which a storage unit or vault is rented for the storage of goods and/or personal materials. This category may also include office areas associated with storage.

Note that CID land use categories may include different industry types. For example, firms in the transportation, communications, or utilities industries may be classified in up to six (6) of the seven (7) land use categories shown above. Similarly, retail firms may also occupy office or industrial space (e.g., for corporate headquarters or warehousing) and manufacturing firms may occupy retail space (e.g., factory retail outlets). In evaluating any given project, the School District should assign the project to whichever CID category is the predominant use within the project.

C. Linkage Impacts

Linkage impacts are estimated for "prototypical units" of 1,000 square feet of new commercial or industrial floor space. Separate impact estimates are made for each of the CID categories shown above, based primarily on differences in employment generation among these commercial/industrial uses.

As noted above, major linkage impacts include employment impacts, household formation impacts, student generation impacts, school facilities cost impacts, and residential revenues. The nature and components of these impacts are summarized below, along with the key assumptions and data sources used in their estimation.

C.1 Employment Impacts

Employment impacts for each land use category are represented by the estimated number of employees generated per 1,000 square feet of CID floor space. These impacts include potential on-site employees only.

Assumptions and Data Sources

Employment impact estimates are based on employment generation factors which indicate occupied building square footage per employee. Pursuant to Section 17621(e)(1)(B) of the Education Code, employment generation factors were derived from the report entitled "San Diego Traffic Generators" prepared by SANDAG.

C.2 Household Impacts

Household impacts are represented by the estimated number of households associated with each category of employment impacts per 1,000 square feet of CID floor space. Household impacts include the following components.

- Total household impacts (i.e., the estimated number of households established by on-site employees, wherever these households may be located, per 1,000 square feet of CID floor space);

- School district household impacts (i.e., the estimated number of total households that will be located within the School District per 1,000 square feet of CID floor space); and

- Net school district household impacts (i.e., the estimated number of school district households that will occupy new housing within the School District per 1,000 square feet of CID floor space).

Please note that net school district household impacts are a component of school district household impacts, which are in turn a component of total household impacts. Also note that only net school district households are assumed to generate potential new students, thereby increasing school facilities costs for the School District. This is the case because only net school district households reside in new housing units--which may create a net demand for new school facilities and generate potential fee revenues--compared to existing housing units, whose previous occupants may have already had school-age children and which generate no potential fee revenues.

Assumptions and Data Sources

Total household impact estimates are based on the average number of employed persons per household calculated from data provided by the Census.

School district household impact estimates are based on the propensity of employed persons to live and work within the School District. Information gathered by the Census and SJCOG was used in this calculation.

Net school district household impacts are based on the propensity to occupy new housing units (i.e., the ratio of new home sales to total home sales in the School District's region). This ratio is estimated based on home sales data provided by CoreLogic.

C.3 Student Generation Impacts

Student generation impacts are calculated based on the estimated number of the School District's students associated with each category of net school district household impacts per 1,000 square feet of CID floor space. Separate student generation impacts are estimated for each school level (i.e., elementary school and middle school).

Inter-district transfer impacts are also calculated based on current employment within the School District and the current number of inter-district transfer students.

Assumptions and Data Sources

Student generation impacts are based on estimates of students per residential unit calculated by Cooperative Strategies. Student generation factors ("SGFs") are discussed in greater detail in Section VI. Inter-district data was provided by the School District while employment estimates are based on data provided by the Census.

C.4 School Facilities Costs Impacts

School facilities cost impacts are represented by the estimated gross school facilities cost impacts associated with each category of CID. Impacts are estimated for school facilities at each school level. These facilities cost impacts are based on site acquisition costs and facility construction costs at the K-8 School level.

Assumptions and Data Sources

School facilities cost impacts were calculated by multiplying the additional school facilities needed to adequately house students generated from Future Units by estimated school facilities costs. School facilities costs are based on estimates prepared by Cooperative Strategies. For more information on school facilities costs, see the Residential Development School Fee Justification Study ("Residential Study") dated March 1, 2018.

C.5 Fee Revenues

Fee revenues for each land use category include the following components:

- Residential revenues associated with CID (i.e., residential revenues associated with each category of net school district household impacts per 1,000 square feet of commercial/industrial floor space); and

- Potential CID School Fee revenues (i.e., maximum CID School Fee revenues per 1,000 square feet of floor space).

Subtracting residential revenues from gross school facilities cost impacts for each CID category results in net school facilities cost impacts per 1,000 square feet of commercial/industrial floor space. These are the net school facilities costs that may have to be funded by CID School Fees.

Dividing net school facilities cost impacts by potential CID School Fee revenues for each CID category results in the percentage of the maximum CID School Fee that may be justifiably levied.

Assumptions and Data Sources

Residential revenue estimates of $4,936 per unit are based on a weighted average of (i) the School District's proposed Alternative No. 2 Fee of $3.36 per square foot, justified in the Analysis, multiplied by the School District's weighted average square footage of 1,791 square feet and (ii) the average mitigation amount of $16,624 per mitigated residential unit.

IV. FACILITIES CAPACITY AND COST ESTIMATES

In order to determine whether the School District's existing school facilities contain excess capacity to house students generated by future CID, Cooperative Strategies evaluated school facilities capacity and student enrollment for school year 2017/2018. In addition, Cooperative Strategies utilized information contained in the Residential Study to estimate the school facilities costs per student.

A. School Facilities Capacity

Collectively, the School District's school facilities in school year 2017/2018 have a capacity of 2,679 students per section 17071.10(a) of the Education Code. Of these 2,679 seats, 1,969 are at the elementary school level and 710 are at the middle school level. These capacities include seats from all new school facility construction projects funded by the State and teaching stations purchased by the School District without State funding. Furthermore, the school level configuration of the School District has been altered to be consistent with the SAB Form 50-02. The enrollment of the School District in school year 2017/2018 is 2,330 students. As shown in Table 1 below, the School District's facilities capacity exceeds student enrollment at both school levels in school year 2017/2018.

Table 1
Existing School Facilities Capacity and Student Enrollment

School Level[1]	2017/2018 Facilities Capacity[2]	2017/2018 Student Enrollment[3]	Excess / (Shortage) Capacity
Elementary School (Grades K-6)	1,969	1,711	258
Middle School (Grades 7-8)	710	619	91
Total	**2,679**	**2,330**	**349**

[1] The School District's school level configuration has been altered to be consistent with the SAB Form 50-02.
[2] SAB Form 50-02 plus State funded capacity and teaching stations purchased by the School District.
[3] 2017/2018 student enrollment provided by the School District.

As indicated in Table 1, 258 surplus elementary school seats and 91 surplus middle school seats are available to accommodate the students anticipated to be generated from Future Units. For more information on how these surplus seats are addressed, please reference the Residential Study.

B. School Facilities Costs per Student

In order to calculate the total school facilities cost impacts per student generated by non-mitigated Future Units, Cooperative Strategies first determined the School District's school facilities needs required by Future Units. The school facilities needs for Future Units were determined by projecting student enrollment and analyzing existing school facilities. Based on the calculations included in the Residential Study, the School District will need to construct new K-8 Schools and construct central administrative and support facilities. Cooperative Strategies then utilized the estimated cost for the aforementioned facilities contained in the Residential Study.

As shown in Table 11 of the Residential Study, the total school facilities cost impacts are $5,058,430 at the K-8 School level. Table 2 shows the total school facilities cost impacts for future residential development, the projected number of students to be generated from Future Units, and the school facilities costs per student by school level.

Table 2
Estimated School Facilities Cost Impacts per Student (2018$)

School Level	Total School Facilities Cost Impacts	Projected Students Generated from Future Units	School Facilities Costs per Student
K-8 School	$5,058,430	149	$33,949

V. NEW RESIDENTIAL HOUSING OPPORTUNITIES WITHIN THE SCHOOL DISTRICT

To satisfy the nexus requirements, the Study must examine the extent to which new residential development can house a net increase in students generated by employment opportunities within the School District. This is because families of new employees within the School District who move into existing homes are assumed to be displacing families with identical numbers of students, thereby resulting in no net change in the School District's student enrollment. Only families moving into new homes, or families moving into existing homes where the displaced families are moving into new homes, can lead to an increase in the School District enrollment.

Projections of the number of Future Units to be built within the School District's boundaries were obtained from information provided by SJCOG. Based on this data, 6,936 Future Units are projected to be developed within the School District through calendar year 2035. Table 3 below shows the number of mitigated and non-mitigated Future Units by land use.

Table 3
Future Units

Land Use	Mitigated Future Units	Non-Mitigated Future Units	Total Future Units
Single Family Detached	5,594	300	5,894
Multi-family Attached	1,012	30	1,042
Total	**6,606**	**330**	**6,936**

Furthermore, for more information on Future Units constructed in place of demolished residential units ("Reconstruction"), please reference the Residential Study.

VI. FINDINGS OF COMMERCIAL/INDUSTRIAL IMPACT ANALYSIS

This section presents the quantitative findings of the commercial/industrial nexus analysis summarized in Section III. In particular, this section presents estimates of the following:

- All "linkage impacts" discussed in Section III, by CID land use category.
- Gross school facilities cost impacts per 1,000 square feet of commercial/ industrial floor space.
- Net school facilities cost impacts (i.e., gross school facility cost impacts minus residential revenues) per 1,000 square feet of commercial/industrial floor space.
- The percentage of the maximum CID School Fee per square foot allowed by law that can be justified to pay for new school facilities.

A. Employment Impacts

As indicated in Section III, employment impacts for different CID categories equal the estimated number of on-site employees generated per 1,000 square feet of commercial/industrial floor space. Consistent with the provisions of Section 17621(e)(1)(B) of the Education Code, employment impacts for each category are based on data from SANDAG. Employment factors utilized in the analysis are shown below

- Retail and Services--447 square feet per employee
- Office--286 square feet per employee
- Research and Development--329 square feet per employee
- Industrial/Warehouse/Manufacturing--371 square feet per employee
- Hospital--360 square feet per employee
- Hotel/Motel--883 square feet per employee
- Self-Storage—15,552 square feet per employee

The reciprocals of these factors indicate numbers of employees per square foot. Multiplying the reciprocals by 1,000 square feet results in employees per 1,000 square feet, or the employment impacts shown in Table 4.

Table 4
Employment Impacts per 1,000 Square Feet

CID Land Use Category	Employees per 1,000 Square Feet
Retail and Services	2.2371
Office	3.4965
Research and Development	3.0395
Industrial/Warehouse/Manufacturing	2.6954
Hospital	2.7778
Hotel/Motel	1.1325
Self-Storage	0.0643
Source: SANDAG	

B. Household Impacts

As noted in Section III, household impacts equal the estimated number of households associated with each category of employment impacts, per 1,000 square feet of commercial/industrial floor space. Household impacts include the following components:

- Total Household Impacts
- School District Household Impacts
- Net School District Household Impacts

B.1 Total Household Impacts

Total household impacts equal the number of households per 1,000 square feet of commercial/industrial floor space established by on-site employees, wherever these households may be located, and include households residing outside of the School District. These impacts are estimated based on an average of 1.7094 employed persons per household.

This estimate was calculated by dividing the total number of employed people in the School District by the total number of households in the School District as provided by the Census. Dividing employment impacts listed in Table 4 by this 1.7094 factor results in the total household impacts per 1,000 square feet of commercial/industrial floor space shown in Table 5.

Table 5
Total Household Impacts per 1,000 Square Feet CID

CID Land Use Category	Total Household Impacts
Retail and Services	1.3087
Office	2.0455
Research and Development	1.7781
Industrial/Warehouse/Manufacturing	1.5768
Hospital	1.6250
Hotel/Motel	0.6625
Self-Storage	0.0376

B.2 School District Household Impacts

School district household impacts equal the number of total households that locate within the School District per 1,000 square feet of CID floor space. To determine these impacts, Cooperative Strategies utilized data from the Census and SJCOG. Based on this data, approximately 14.96 percent of the employed persons within the School District are estimated to live within the School District. This trend is expected to increase as new residential and CID projects are approved and additional homes and jobs are created within the School District.

Multiplying total household impacts shown in Table 5 by the estimated propensity to live and work within the School District factor of 14.96 percent results in the school district household impacts per 1,000 square feet of CID. These are shown in Table 6.

Table 6
School District Household Impacts per 1,000 Square Feet CID

CID Land Use Category	School District Household Impacts
Retail and Services	0.1958
Office	0.3060
Research and Development	0.2660
Industrial/Warehouse/Manufacturing	0.2359
Hospital	0.2431
Hotel/Motel	0.0991
Self-Storage	0.0056

B.3 Net School District Household Impacts

Net school district household impacts equal the number of school district household impacts by CID category per 1,000 square feet of commercial/industrial floor space that will occupy new housing units within the School District. These impacts are based on the propensity to occupy new housing within the general area of the School District.

Data on recent resales and new home sales was obtained from CoreLogic. Based on this data, new home sales in the School District were estimated to equal 20.45 percent of the total housing units which will experience occupant turnover during the period considered in the Study.

Multiplying school district household impacts shown in Table 6 by 20.45 percent results in the net school district household impacts per 1,000 square feet of CID shown in Table 7. As noted in Section III, only net school district households are assumed to generate potential new students, thereby increasing school facilities costs to the School District.

Table 7
Net School District Household Impacts per 1,000 Square Feet CID

CID Land Use Category	Net School District Household Impacts
Retail and Services	0.0400
Office	0.0626
Research and Development	0.0544
Industrial/Warehouse/Manufacturing	0.0482
Hospital	0.0497
Hotel/Motel	0.0203
Self-Storage	0.0011

C. Student Generation Impacts

As noted in Section III, student generation impacts equal the number of the School District's students associated with each category of CID space. Separate student generation impacts are estimated for each CID category and school level.

C.1 Residential Student Generation Impacts

In order to analyze the impact on the School District's student enrollment from Future Units, Cooperative Strategies calculated SGFs for SFD units and MFA units which include condominiums, townhomes, duplexes, triplexes, and apartments. The process of determining SGFs involved cross-referencing the School District's enrollment data against residential data from the County Assessor (see the Residential Study for more information). The resulting SGFs are shown in Table 8.

Table 8
Student Generation Factors

School Level	Single Family Detached Units	Multi-family Attached Units
Elementary School	0.3527	0.1557
Middle School	0.1245	0.0180
Total	**0.4772**	**0.1737**

To blend the SGFs of the two (2) land uses into a single SGF for each school level, the land uses were weighted in proportion to each type's percentage of the Future Units to be constructed within the School District. Applying these weighting factors yields the following blended SGFs.

Table 9
Blended Student Generation Factors

School Level	Student Generation Factors
Elementary School	0.3231
Middle School	0.1085
Total	**0.4316**

C.2 Total Student Generation Impacts

Multiplying net school district household impacts shown in Table 7 by the blended SGFs shown in Table 9 results in the average student generation impacts per 1,000 square feet of CID. These average student generation impacts are shown by school level in Table 10.

Table 10
Average Student Generation Impacts per 1,000 Square Feet CID

CID Land Use Category	Elementary School Impacts	Middle School Impacts	Total Student Generation Impacts
Retail and Services	0.0129	0.0043	0.0172
Office	0.0202	0.0068	0.0270
Research and Development	0.0176	0.0059	0.0235
Industrial/Warehouse/Manufacturing	0.0156	0.0052	0.0208
Hospital	0.0161	0.0054	0.0215
Hotel/Motel	0.0066	0.0022	0.0088
Self-Storage	0.0004	0.0001	0.0005

C.3 Inter-District Transfer Impacts

The inter-district transfer rate is determined by calculating the ratio of student transfers into the School District's schools by the number of persons employed within its boundaries. Based on information provided by the School District, total student transfers into the School District's schools for school year 2017/2018 total 202 at the elementary school level and 103 at the middle school level. Employment within the School District's area is estimated at 11,808 persons based on employment estimates provided by SJCOG. Table 11 shows the inter-district transfer rate by school level.

Table 11
Inter-District Transfer Rates

School Level	Inter-District Transfer Rate
Elementary School	0.0171
Middle School	0.0087
Total	**0.0258**

In order to calculate total inter-district transfer impacts per 1,000 square feet of CID space, the inter-district transfer rate by school level in Table 11 must first be multiplied by the employment impact factors by CID land use category in Table 4. The resulting inter-district transfer impacts are displayed in Table 12.

Table 12
Inter-District Transfer Impacts per 1,000 Square Feet CID

CID Land Use Category	Elementary School Inter-District Impacts	Middle School Inter-District Impacts	Total Inter-District Impacts
Retail and Services	0.0383	0.0195	0.0578
Office	0.0598	0.0304	0.0902
Research and Development	0.0520	0.0264	0.0784
Industrial/Warehouse/Manufacturing	0.0461	0.0234	0.0695
Hospital	0.0475	0.0242	0.0717
Hotel/Motel	0.0194	0.0099	0.0293
Self-Storage	0.0011	0.0006	0.0017

C.4 Total Student Generation Impacts

To determine the total student generation impacts of CID on the School District, the average student generation impacts from Table 10 are added to the inter-district transfer impacts from Table 12. The resulting total student generation impacts are displayed in Table 13.

Table 13
Total Student Generation Impacts per 1,000 Square Feet CID

CID Land Use Category	Total Elementary School Impacts	Total Middle School Impacts	Total Student Generation Impacts
Retail and Services	0.0512	0.0238	0.0750
Office	0.0800	0.0372	0.1172
Research and Development	0.0696	0.0323	0.1019
Industrial/Warehouse/Manufacturing	0.0617	0.0286	0.0903
Hospital	0.0636	0.0296	0.0932
Hotel/Motel	0.0260	0.0121	0.0381
Self-Storage	0.0015	0.0007	0.0022

D. Gross School Facilities Cost Impacts

As noted in Section III, school facilities cost impacts equal the gross school facilities cost impacts (exclusive of residential revenues) associated with the total student generation impact of each CID category. These impact estimates are derived from the school facilities costs per student shown in Table 2 and the total student generation impacts shown in Table 13. Multiplying the total student generation impacts by the costs per student results in the gross school facilities cost impacts per 1,000 square feet shown in Table 14.

Table 14
Gross School Facilities Cost Impacts
per 1,000 Square Feet CID (2018$)

CID Land Use Category	K-8 School Impacts
Retail and Services	$1,738
Office	$2,716
Research and Development	$2,363
Industrial/Warehouse/Manufacturing	$2,095
Hospital	$2,159
Hotel/Motel	$883
Self-Storage	$51

E. Fee Revenues

As noted in Section III, fee revenues include two (2) components: residential revenues and potential CID School Fee revenues.

E.1 Residential Revenues and Net School Facility Costs

Residential revenues equal the maximum revenues from residential development associated with each category of net school district households per 1,000 square feet of CID floor space. These revenues are derived from a weighted average of (i) the School District's proposed Alternative No. 2 Fee of $3.36 per square foot multiplied by the School District's weighted average square footage for residential units of 1,738 square feet and (ii) the School District's average mitigation obligation of $16,624 per mitigated unit. Based on this calculation, the residential revenues per unit in the School District are estimated to be $16,075.

Multiplying net school district household impacts shown in Table 7 by residential revenues results in the residential revenues per 1,000 square feet of CID floor space shown in Table 15.

Table 15
Residential Revenues per 1,000 Square Feet CID (2018$)

CID Land Use Category	Net School District Household Impacts	Average Residential Revenues	Residential Revenues
Retail and Services	0.0400	$16,075	$643
Office	0.0626	$16,075	$1,006
Research and Development	0.0544	$16,075	$874
Industrial/Warehouse/Manufacturing	0.0482	$16,075	$775
Hospital	0.0497	$16,075	$799
Hotel/Motel	0.0203	$16,075	$326
Self-Storage	0.0011	$16,075	$18

E.2 Net School Facilities Cost Impacts

In order to calculate the net school facilities cost impacts per 1,000 square feet of CID, the residential revenues shown in Table 15 were subtracted from the gross school facilities cost impacts shown in Table 14. The results are the net school facilities cost impacts that must be funded by CID School Fees. The net school facilities cost impacts are shown in Table 16.

Table 16
Net School Facilities Cost Impacts per 1,000 Square Feet of CID (2018$)

CID Land Use Category	Gross School Facilities Cost Impacts	Residential Revenues	Net School Facilities Cost Impacts[1]
Retail and Services	$1,738	$643	$1,095
Office	$2,716	$1,006	$1,710
Research and Development	$2,363	$874	$1,489
Industrial/Warehouse/Manufacturing	$2,095	$775	$1,320
Hospital	$2,159	$799	$1,360
Hotel/Motel	$883	$326	$557
Self-Storage	$51	$18	$33

[1] Numbers may not sum due to rounding.

E.3 Potential Commercial/Industrial School Fee Revenues

Pursuant to the School District's revenue sharing agreement with TUSD, the maximum potential CID School Fee revenues equal 75 percent of the School Fee, or up to $0.458 per square foot of CID. Justification of the CID School Fee is based on a comparison of net school facilities cost impacts with the School District's share of the maximum CID School Fee revenues of $458 per 1,000 square feet.

F. Justification of Commercial/Industrial School Fees

Dividing net school facilities cost impacts shown in Table 16 by $458 for each land use category results in the cost-revenue ratios shown in Table 17. The cost-revenue ratios determine whether the maximum CID School Fee can be justified. In calculating the ratios, only net school facilities cost impacts are considered in comparison to the CID School Fee revenues.

Table 17
Cost Revenue Ratios

CID Land Use Category	Cost-Revenue Ratio	Maximum CID School Fee per Square Foot
Retail and Services	2.3908	$0.458
Office	3.7336	$0.458
Research and Development	3.2511	$0.458
Industrial/Warehouse/Manufacturing	2.8821	$0.458
Hospital	2.9694	$0.458
Hotel/Motel	1.2162	$0.458
Self-Storage	0.0721	$0.033

On January 24, 2018, the SAB increased the maximum CID School Fee authorized by Section 17620 of the Education Code from $0.56 to $0.61 per square foot for unified school districts. Pursuant to the School District's revenue sharing agreement with TUSD, the maximum the School District can receive from new CID is approximately 75 percent of the School fees, or $0.458 per square foot of CID constructed within its boundaries. Justification of the CID School Fee is based on a comparison of net school facilities cost impacts with the School District's portion of the maximum commercial/industrial School Fee revenues per 1,000 square feet. As net school facilities cost impacts for all CID categories are higher than the School District's portion of the maximum CID School Fee revenues, the levy of the maximum CID School Fee of $0.458 per square foot, or $458 per 1,000 square feet, for all CID land use categories is justified, except for the self-storage category where it is justified in levying a School Fee of $0.033 per square foot, or $33 per 1,000 square feet of CID.

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