

# **SCHOOL FACILITIES NEEDS ANALYSIS**

**Required for Level 2 & Level 3 Alternative Fees  
With Level 1 Fee Justification**

*Prepared for*

**BONSALL UNIFIED SCHOOL DISTRICT**

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# Chapter 1

## LEGISLATIVE BACKGROUND

### **Level 1 Fees**

California school districts have for almost 30 years had legal authorization to levy fees on residential and commercial/industrial development. As set forth in Education Code Section 17620(a)(1), “The governing board of any school district is authorized to levy a fee ... against any construction project ... for the purpose of funding the construction or reconstruction of school facilities ....” Even more critically, the section states “A city or county ... shall not issue a building permit for any construction absent certification by the appropriate school district that any fee ... levied by the governing board of that school district has been complied with, ....” Whatever fee is levied must be justified by a document, such as this report, that sets forth information required by Sections 66000 *et seq.* of the Government Code.

The imposition of these fees, now usually referred to as Level 1 fees, is subject to statutorily prescribed rules. One of these limits the fees to maximum amounts. These amounts are currently \$3.48 per square foot for residential development and \$0.56 per square foot for commercial/industrial (usually referred to C/I), including almost all private non-residential development. The limits are adjusted for inflation every two years by the State Allocation Board (SAB) based on a statewide index for Class B construction. They were last adjusted at the SAB meeting on January 27, 2016.

### **Level 2 and Level 3 Fees**

In many districts Level 1 fees are inadequate to mitigate the cost of the impacts from new development. In 1998 the California legislature passed Senate Bill 50, the provisions of which became effective upon passage of Proposition 1A in November 1998. The bill enacted into law alternative fees, usually referred to as Level 2 and Level 3 fees, which under certain conditions may be levied by school districts in California. Set forth in Government Code Sections 65995.5 *et seq.*, the fees apply only to residential development. Unlike Level 1 fees, the amount that can be levied is not constrained by a limit, though specific rules govern how the amount of the fee is determined.

Level 2 fees are purported to cover about one-half of the school cost impacts, in effect assuming that State grant funding is available to pay for the other half. Level 3 fees are supposed to cover the full cost impact of new development. Level 3 fees can be levied only if the SAB makes a determination that State funding for new construction is not available.

The amounts of the fees are determined through a legislated set of analyses known as a School Facilities Needs Analysis (SFNA); these regulations are used as the framework for much of this report. The SFNA documents the enrollment growth associated with new development, the capacity available to house that enrollment, the facility cost impacts of unhoused students, and the resulting fee per square foot for a district seeking to levy alternative fees.

**Bonsall District Fees**

In past years the Bonsall Union Elementary School District levied Level 1 fees on residential development. Its doing so was last justified in a fee justification report entitled “Justification Report for the Bonsall Union School District.” The report, prepared by Caldwell Flores Winters, Inc., was made available in May of 2012.

The Bonsall Unified School District (the District) is the result of Bonsall Union Elementary School District becoming a unified district as of July 1, 2014. The District enrolled ninth grade students in the fall of 2014 who had been eighth grade students at Sullivan Middle School and would otherwise have enrolled in the Fallbrook Union High School District. Continuing to do so in the following years, by the 2017-18 school year the District will have students in kindergarten through the twelfth grades.

The new Unified District has recognized that the addition of high school students from existing homes will require a significant amount of additional enrollment capacity. It is apparent that there will no excess space available for students from new development. Anticipating that Level 1 fees would be insufficient to fund the cost of the new school facilities necessary to house students from new development, the District desires to levy an alternative fee on new homes. It has had this documentation prepared to show it meets the prerequisites required by the legislation for the District to levy alternative fees, as well as Level 1 fees, and setting forth the calculations necessary to determine the amounts of the fees.

The District’s existing justification document similarly provides information regarding the impacts of new development. However, Senate Bill #50, which established the alternative housing fee, requires additional information and is significantly more specific as to the information and analysis required, necessitating the preparation of this document. Nevertheless, some information from the earlier report is unchanged and used here.

This SFNA constitutes the basis for the adoption of Level 2 fees as required by California law. As explained above, the District at this time cannot levy Level 3 fees. If the SAB announces that it is no longer has funds to approve new construction grants, Level 3 fees may be levied. This report would serve as the documentation necessary should the District levy Level 3 fees.

The Bonsall Unified School District also intends to levy Level 1 fees on residential development, though on a standby basis. It will not duplicate Level 2 fees levied by the District; Level 1 fees will be collected only if, for some reason, Level 2 (or 3) fees in excess of the Level 1 fee amount are not being collected. In other words, as long as the District is levying Level 2 or 3 fees greater than the Level 1 fee amount, the levy of the Level 1 fees is held in abeyance. The District will levy and *collect* Level 1 fees on commercial/industrial development, for which there is no Level 2 alternative.

## Chapter 2

### PREREQUISITES

#### **State New Construction Funding Eligibility and Application**

The first prerequisite for levying Level 2 (and Level 3) fees is that the District must have demonstrated eligibility for new construction grants and have sought such funding. It submitted an Eligibility Application in 2014 immediately following unification.

#### **Need and Funding Effort Requirements**

The second prerequisite is set forth in Government Code Section 65995.5(b)(3) involves meeting criteria specified in the law intended to measure the level of the District's need and local funding efforts to meet this need. Any district levying Level 2 or Level 3 fees must meet at least two of the four requirements. These criteria, and Bonsall Unified School District's eligibility status, are summarized as follows.

##### **1. Multi-track Year-Round Enrollment (MTYR)**

*This requirement is met if an elementary school district has at least 30% of its K-6 students in multi-track year-round schools in one or more high school attendance areas where substantial growth is occurring.*

The District does not have any schools on a multi-track year-round schedule. Therefore, the District **does not** meet this criterion.

##### **2. General Obligation Bond Vote**

*A second criterion is that the District has placed a bond issue before the voters within the past four years and received at least 50% plus one approval (not the supermajority required for school facilities bonds).*

The voters of the District approved two bond issues, Measures Y and Z, in November 2006. Both bond issues were approved by more than 55% of the voters. However, more than four years have passed since these measures were approved. The District therefore **does not** at this time fulfill this criterion. It is current planning for a bond issue to fund the additional capacity that will be necessary to house increased enrollment.

##### **3. Indebtedness**

*To meet this criterion the District must have incurred debt for capital outlay equal to 15% of its local bonding capacity. The debt includes all obligations with debt service paid from the general fund, all types of voter approved special taxes, redevelopment pass-through, and land owner Mello-Roos taxes approved before November 4, 1998. (The requirement can also be met with debt equal to 30 percent of its local bonding capacity including land owner Mello-Roos taxes approved after November 4, 1998.)*

The District has a total assessed valuation of \$3.10 billion. The District’s bonding capacity, at the Education Code Section 15102 limit for a unified school district of 2.5% of its total assessed valuation, is \$77.5 million. Fifteen percent of this bonding capacity is \$11.6 million. Outstanding bonded indebtedness is \$23.8 million, or 30.7% of bonding capacity. As the District’s debt (\$23.8 million) is greater than 15% of its bonding capacity (\$11.6 million), it **does** fulfill this third criterion.

**4. Relocatables**

*The last criterion is that at least 20% of the teaching stations are relocatable classrooms.*

Per the District’s count, including four additional classrooms added this year, 27 of its 116 classrooms (23%) are relocatables. The District therefore **does** fulfill this last need and funding criterion.

***Summary of Need and Funding Effort Requirements Met by the District***

Not having any schools on MYTRE schedules and with the last bond election more than four years in the past, the District currently does not meet two of the four need and funding requirements. It will continue to meet the requirements for eligibility to levy alternative (Level 2 and Level 3) fees as long as it has debt equal to 15% of its bonding capacity and relocatables comprise more than 20% of its teaching stations, thus meeting two of the four requirements.

**School Facilities Needs Analysis**

The remaining requirement is that the District prepares and adopts a school facilities needs analysis. (Government Code Section 65995.5(b)(2)). This requirement is met by the information in the remaining sections of this report and the adoption of the report by the District.

## Chapter 3

### UNHOUSED PUPILS: CAPACITY AND ENROLLMENT

Under the procedure outlined in Government Code Section 65995.6, the School Facilities Needs Analysis must identify the number of unhoused pupils from new development for which the District must provide capacity. The number of unhoused students depends on both District enrollment and the capacity of the District's schools. These topics are analyzed in this chapter.

#### **Existing Capacity**

The capacity available in existing facilities is determined by the procedures in Education Code Section 17071.10 *et sec.* Because the California Education Code does not appear to reflect the extent to which districts need classrooms for support functions such as Resource Specialists Programs (RSP), computer labs, arts, etc., the capacity rules in the code generally result in a higher capacity allowance than most districts consider educationally appropriate. However, districts with an excess number of portable classrooms are allowed to exclude some portable classrooms from their capacity calculation. The exclusions are for either (1) all State lease program portables and all portables leased for less than five years or (2) the number of portables (except "Interim Housing Portables") in excess of 25% of the number of permanent classrooms. (Education Code Section 17071.30)

The District's current classroom count shows 116 classrooms (teaching stations), including four being added this year, 89 of them of permanent construction and 27 relocatables. The second of the options described above counts relocatables equal to 25% of the permanent classrooms, 22 of 89 permanent classrooms. The District therefore only includes 22 relocatables along with the 89 permanent classrooms in its determination of capacity, for a total of 111 classrooms. The enrollment capacity of the 111 classrooms is determined as follows.

Per the SAB 50-02 form, Special Day Class (SDC) classrooms are loaded at nine students per room for severely disabled students and 13 students per room for non-severely disabled students per California Department of Education regulations. As in most California districts, the number of SDC students has been increasing. The District currently has 84 SDC students enrolled, 40 in elementary, 41 in middle, and three in high schools. With an average of 11 students per room in SDC classrooms, State standards require at least eight rooms for SDC students, four in grades K-5 and in grades 6-8, assuming a room does not have to be set aside for the three high school students.

The remaining 103 (111-8) classrooms consist of 65 elementary school and 38 middle (and now high school) classrooms. (In this count all of Bonsall West's classrooms are included in elementary and thus Sullivan is the only middle school.) California Department of Education (CDE) regulations for non-SDC rooms require that calculations use loading standards of 25 students per elementary classroom and 27 students per secondary classroom. (The precise SAB

criteria are 25 and 27 students for grades K-5 and grades 6-12 respectively. However, the District is undertaking its facility planning in terms of K-5, 6-8 and 9-12 grade levels. Using these grade levels results in a slightly higher capacity.) The capacity for these rooms is thus 1,669 students in grades K-6 and 1,070 students in grades 6-12.

The State Allocation Board forms implementing Education Code Section 17071 rules also require a six percent upward adjustment in capacity for K-6 enrollment (including SDC students in elementary schools) in the calculations of capacity. The calculation of enrollment capacities for the District's classrooms, including 101 elementary students for the 6% upward adjustment, is shown in Table 3-1 below. Including this six percent adjustment of K-6 enrollment, the District has a total enrollment capacity of 2,839 students.

**Table 3-1  
District Enrollment Capacity**

<i>Classrooms</i>	<i>Number of Classrooms*</i>	<i>Loading Factor**</i>	<i>Enrollment Capacity</i>
<i>Grades K-5</i>	65	25	<b>1,625</b>
<i>K-5 SDC</i>	4	11	<b>44</b>
<i>K-5 Total</i>	69		1,669
<i>K-5 with Adjustment***</i>			<b>1,769</b>
<i>Grades 6-12</i>	38	27	<b>1,026</b>
<i>6-12 SDC</i>	4	11	<b>44</b>
<i>6-12 Total</i>	42		<b>1,070</b>
<i>K-12 Total</i>	111		<b>2,839</b>

\* Excluding excess relocatable classrooms.

\*\* Education Code Section 17071.25 (a)(2) specifies a K-6 loading of 25 and grades 7-12 loading of 27.

\*\*\* SDC loading per Department of Education standards.

Consisting of 98 additional non-SDC and 2 additional SDC students in elementary school facilities.

Sources: Bonsall Unified School District and Schoolhouse Services

### **Enrollment from Already Existing Housing**

The SAB forms call for the comparison of this capacity with enrollment from already existing housing five years in the future in order to determine if there will be capacity available for enrollment from new housing units. The procedure calls for projecting current enrollment forward using what is called the cohort survival approach. The enrollment in each grade (the



cohort) is projected into the next grade in the following year (surviving). If there is a pattern of change up or down in recent years, that pattern is used to adjust the number of students proceeding into the next grade. Kindergarten students are projected based on kindergarten enrollment in the last two years. The approach also provides for the inclusion of enrollment from already subdivided lots and approved multi-family structures along with existing homes.

The District contracted with G. Wayne Oetken & Associates to prepare projections of future enrollment from existing housing. (The information generated was included in “Growth Analysis and Enrollment Projection” made available June 9, 2014.) The report used the latest enrollment data available at the time (January 2014) and projected it forward. The report conservatively assumes only one year’s change in kindergarten enrollment (which happens to lower all future kindergarten enrollment) and projects cohort survival (without adjustment for trending). Its projection not including any enrollment from new homes constructed on existing lots or approved projects calculates the progress of the larger early grades over five years to result in an increase in enrollment in grades K-8 from 2,267 students to 2,752 students. Broken down by grades levels, elementary enrollment is projected to increase from 1,652 to 1,833 students and middle school enrollment to increase from 615 to 819 students.

The estimation of high school enrollment is much more challenging, however, as another factor becomes involved. The transition of the District into a unified district will lead to students from the District’s middle school enrolling at the District’s high school. The District’s plan is to make the ninth grade available to students graduating from Sullivan Middle School in 2014 and then adding a grade each year. However, students still have the option of enrolling in the ninth grade at Fallbrook High School and many will choose to do so. The question is the pace at which students will choose to continue in the Bonsall District and the Oetkin report did not have the advantage of even one year of ninth grade enrollment. In fact, only 64 ninth grade students enrolled in the ninth grade in the District in the first year (September 2014). High school enrollment increased moderately in the fall of 2015. The new ninth grade class was up nine students, though only one additional student was added to the first high school class as it moved into its sophomore year. There are obvious reasons. With only a few students the new Bonsall high school program cannot provide the much broader educational and extra-curricular program available at Fallbrook. Also, many ninth grade students will have older friends and siblings already attending Fallbrook.

Though we now have the advantage of two years ninth grade enrollment, it is still impossible to make a precise projection of enrollment in the Bonsall high school grades over the next five years. It is estimated here that enrollment of each incoming ninth grade will increase by 10 students above that of the year before (the second year increased by nine over the first) and that each class will increase by five students per year as it progresses through the three remaining years. This results in an enrollment in the high school grades of 426 students. In contrast, the earlier report, lacking the advantage of the 2014-15 and 2015-16 school year ninth grade enrollment data, projected about 774 students in 2019. At the extreme, the continuation of all Bonsall middle school enrollment into the high schools would result in high school enrollment of

over 1,000 students. That is the possible eventual enrollment in the future even without enrollment from new homes.

**Comparison of Enrollment from Existing Housing with District Capacity**

Table 3-2 shows the enrollment projections described in the preceding section (not including any enrollment from new homes) compared with the current capacity of the District’s schools using the roles specified in Education Code Section 17071.10 *et sec.*

**Table 3-2  
Projected Enrollment Compared with District Capacity  
Existing Housing**

<i>Projected Enrollment</i>				
	<i>January 2014</i>	<i>October 2015</i>	<i>October 2019</i>	<i>Capacity</i>
<i>Grades K-5</i>	1,652	1,579	1,833	1,769
<i>Middle (6-8)</i>	615	666	819	
<i>High (9-12)</i>	0	137	426	
<i>Secondary (6-12)</i>	615	803	1,245	1,070

*Sources: “Growth Analysis and Enrollment Projection”, G.Wayne Oetken and Associates and Enrollment Capacity, Schoolhouse Services*

Capacity calculated per the regulations for the elementary classrooms are currently below enrollment; the projected increase in students will create the need for some additional capacity, even without students from new homes. This is the case even with the relatively severe criteria of the state regulations. The situation in the secondary classrooms (at Sullivan School) is significantly different. The increase in middle school students (who are already enrolled in the elementary grades) is projected to use up roughly half of the capacity that was available in January 2014 and only half of the room needed for enrollment in the new high school program would be available. Thus, capacity is not available even according to the standards of Education Code Section 17071. Accommodating new development will require that the District expand capacity by the full amount of unhoused students resulting from new development.

**Projection of New Development**

The law calls for the analysis of enrollment impacts from new development to be calculated for a five year period. This can be seen as development being completed in the years 2016 through 2020. This is development that will generate students for the fall 2021 CALPADS count.

Preparing for the accommodation of students was an important component of the process of evaluating and approving the conversion of the Bonsall Union Elementary School District into the Bonsall Unified School District. The District's contract with Oetken & Associates included preparation of forecasts of the amount of future residential construction in the area served by the District.

The District has had a small amount of new development over the last decade. The strong housing market in nearby areas was leading to planning for large projects as long as a decade ago, but the recession put these plans on hold. The return of a strong market, even stronger as opportunities for development are becoming fewer in nearby areas, is reflected in the current large number of projects in the pipeline.

The Oetken study identified eight major development at various stages of the San Diego County approval process. These developments are listed in Table 3-3.

**Table 3-3**  
**Developments in the Approval Pipeline**

<i>Project</i>	<i>Single-family</i>	<i>Multi-family</i>	<i>Total</i>
Lilac Hills Ranch	894	0	894
Meadowwood (Pardee Homes)	722	164	886
Yaun	40	0	40
Old River Road - 2	24	0	24
Golf Green Estates	95	0	95
West Lilac Estates	35	0	35
Polo Club	95	0	95
Vessels Ranch	400	0	400
<i>Total of Projects</i>	2,305	164	2,469
<b><i>Total (2016-2020)*</i></b>	1,153	82	1,235

*Sources: "Growth Analysis and Enrollment Projection", G.Wayne Oetken and Associates.*

*\*Total (2016-2020) set equal to one-half of Total of Projects by Schoolhouse Services.*

The report mentions two other projects from which enrollment could impact the District: Merriam Mountain and Werner Ranch. However, there are enough uncertainties regarding the projects that they were not included in the forecasts.

The timing of residential construction on these projects is difficult to predict. The Oetken report generally reflects the plans of the developers; this makes sense because the District is responsible for accommodating the students as they move in. However, there are many uncertainties in progress through a pipeline to housing construction and occupancy. (This can be seen in the slow progress of the projects listed over the two years since the Oetken report was prepared.) This report therefore analyzes the impact of new development assuming that only one-half of the units are built in the next five years. This assumption was made after discussions with two people well informed about the situation. Nevertheless, given the uncertainties involved, this forecast should not be regarded as precise. And the large amounts of growth over recent decades in the Escondido and Poway areas to the south and the Lake Elsinore area to the north suggest that after development gets underway it could become rapid.

It should be understood that the exact timing of the new growth projections is not important when calculating the per square foot cost impact of new development. The above projections could take place in three or 10 years instead of five, with the analysis below being unchanged. From another perspective, any shift in the amount of housing constructed in a given time frame will change the projected enrollment and thus the fiscal impact from new housing. However, it will also change the assessable square footage projected to be constructed over that same time period by the same proportion, leaving the cost per square foot of new development essentially unchanged. In other words, using a moderately lower (or higher) growth estimate would not, by itself, affect the per home cost impact.

### **Student Generation Rates**

The student generation rates (SGRs) used in an SFNA are to be calculated "...based on the historical generation rates of new residential units constructed during the previous five years that are of a similar type of unit to those anticipated to be constructed either in the school district or the city or county in which the school district is located..." (Government Code Section 65995.5(a)) (This SGR information is used to project the enrollment impacts of housing to be constructed within the next five years.) (Government Code Section 65995.5(a))

Student generation usually varies among different types of housing. For example, single-family detached units more often than not generate more students than market rate multi-family housing, or single-family attached homes. The legal requirement is therefore that the following types of housing need to be considered:

- Single family detached (SFD)
- Single family attached (primarily condominiums) (SFA)
- Multi-family (apartments) (MF)

Single family detached homes are units with no common walls and a unique Assessor's parcel number. Condominiums are units with common walls, but a separate Assessor's parcel number for each unit. Condominiums are units with common walls, but a separate Assessor's parcel number for each unit. And apartments are units with common walls and a single Assessor's parcel number for the entire building (or group of buildings).

Table 3-3 shows that single family detached housing is the dominant housing type in the projects in the pipeline in the Bonsall District. Only 164 of the 2,469 units (less than seven percent) planned by developers are expected to be multi-family (apartments). Apartment and condominium buildings both contain multiple housing units in a building and often the type of ownership is not finalized until late in the planning process. Also, it is increasingly common for buildings to be approved as condominiums but first marketed and occupied as rental units, thus retaining the possibility of being converted to condominiums at a later date. That is not a problem in forecasting enrollment for the multi-family units planned for the Bonsall District, however, as the student generation rates in the District for apartments and condominiums are expected to be very similar and the number of such units is very small.

The Bonsall District has been a rural area and the few homes developed in the last five years are not of a type similar to those anticipated to be constructed in the District in the next five years. (They are also too few in number to be an adequate sample.) We therefore looked elsewhere in San Diego County for data regarding relevant historical student generation rates. We contacted the larger school districts near Bonsall to find out whether any had useful data on SGRs in their districts. Only one, the Poway Unified School District, did. At the time of preparation of this report, its latest School Facilities Needs Analysis (SFNA), dated September 11, 2014, included SGRs based on matching the addresses of recently constructed homes with the district student file addresses. As required, the SGRs are calculated separately for single family detached homes, multi-family homes (apartments), and single family attached homes (condominiums).

The Poway District is fairly close to the Bonsall District. It has been a growing district with new homes similar to those planned for the large developments in the Bonsall District. The Poway SGRs are typical of rates we see in growing suburban neighborhoods. They thus are appropriate SGRs (and the most accurate data available) to use in planning for school facilities to accommodate students from new development in the Bonsall Unified School District. After SGR information from the first significant developments in the Bonsall District becomes available it can be used in subsequent Bonsall SFNAs.

The student generation numbers from the Poway District are shown in Table 3-4. It can be seen that the student generation per grade is greatest for the elementary grades, indicating the predominance of young families and the expectation of increased SGRs as younger currently pre-school siblings enter kindergarten. This same pattern of more students in the younger grades is shown in greater current enrollment in the younger grades in Bonsall District schools.

**Table 3-4**  
**Student Generation Rates (SGRs) of New Homes**  
**Poway Unified School District**

	<i>Units</i>	<i>K-5</i>		<i>Grades 6-8</i>		<i>Grades 9-12</i>		<i>Total</i>	
		<i>Students</i>	<i>SGR</i>	<i>Students</i>	<i>SGR</i>	<i>Students</i>	<i>SGR</i>	<i>Students</i>	<i>SGR</i>
<i>Single-family Detached</i>	1,839	698	0.380	253	0.138	269	0.146	1,220	0.664
<i>Apartment Units</i>	497	138	0.278	54	0.109	68	0.137	260	0.523
<i>Condo Units</i>	211	60	0.284	22	0.104	23	0.109	105	0.450

*Sources: "School Facilities Needs Analysis, Poway Unified School District.*

It can be noted that the SGR used in the previous justification document for single family units is lower than those used here, being 0.369 students per unit for K-8 students, compared to 0.518 (0.380 + 0.138) shown in Table 3-4. (The multi-family figures are almost identical.) The reason is that the lower figure is for all single family homes, rather than just newer homes. New homes have a higher percentage of young families, which is why the law requires that SGR data used in SFNA documents be for new homes. (There is no specification for the justification of Level 1 fees.) The higher number presumably also reflects the higher generation rates to be expected in the larger sub-divisions planned for the District.

**Table 3-5**  
**Projected Enrollment from New Housing**

	<i>Number of Units</i>	<i>Grades K-5</i>		<i>Grades 6-8</i>		<i>Grades 9-12</i>		<i>Total Students</i>
		<i>SGR</i>	<i>Number of Students</i>	<i>SGR</i>	<i>Number of Students</i>	<i>SGR</i>	<i>Number of Students</i>	
<i>Single-family Detached</i>	1,153	0.380	438	0.138	159	0.146	168	765
<i>Apartment/Condo Units*</i>	82	0.281	23	0.107	9	0.123	10	42
<i>Total</i>	1,235		461		168		178	807

*\*The SGRs for Apartment/Condo Units are an average of those for the Poway District.*

*Source: Schoolhouse Services.*

### **Enrollment from New Development**

Student generation rates are then applied to the projected new housing units to arrive at projected enrollment from the new housing. Enrollment from the projected 1,235 housing units is shown in Table 3-5. As shown in the table, new development completed in the years 2016 through 2020 is projected to result in 807 additional students.

Pursuant to a provision in SB 50, the regulations now recognize the substantially larger per student cost of classrooms built for Special Day Classes (SDC). The District has 59 SDC students. This equals 2.6% of students.

This percentage is multiplied by the projected number of students from new development to estimate the number of SDC students among them. The results of these calculations are shown in the Table 3-6. Enrollment from new development is projected to include 14 SDC students.

**Table 3-6**  
**SDC and non-SDC Enrollment from New Housing**

<i>Students</i>	<i>Total Enrollment</i>	<i>SDC Enrollment</i>		<i>Non-SDC Enrollment</i>
		<i>%</i>	<i>Number</i>	
<i>Elementary</i>	461	2.53%	<b>12</b>	<b>449</b>
<i>Middle</i>	168	6.16%	<b>10</b>	<b>158</b>
<i>High</i>	178	2.19%	<b>4</b>	<b>174</b>
<i>Total</i>	807		<b>26</b>	<b>781</b>

*Source: Schoolhouse Services*

## Chapter 4

### COST OF FACILITIES

Determination of the cost of facilities accounts separately for construction and for land. The construction cost component is specified in the guidelines and the same amount applies statewide. Land costs vary dramatically throughout the state; local values are therefore to be used in the calculations.

#### Construction Costs

The calculation of level 2 fees is based on the principle of the cost impact being shared equally between new development and the state in the form of construction grants. The law specifies that construction grant amounts per student (one-half of the total cost) are to be adjusted annually by the SAB, presumably in January of each year. However, the construction cost index used by the SAB for several years became unavailable and this year's adjustment was not made until a new index was selected. The new index determined the new cost figures adopted by the SAB at its meeting on April 15, 015.

The new grant amounts are: elementary: \$10,558, middle school: \$11,196, and high school: \$14,204. These are the costs included in Level 2 fee calculations. In addition, the law calls for regulations that would reflect the higher per student cost of Special Day Class (SDC) rooms that accommodate fewer students. The 2015 amounts for students qualifying for these rooms for Level 2 fees at all grade levels are \$19,899 for non-severely disabled and \$29,750 for severely disabled. All of the above costs purportedly reflect one-half of the construction costs for facilities for students from new development, i.e. equal to both the half projected as provided by state grants and the half expected to be provided through Level 2 fees. They include the amounts for automatic fire alarm and sprinkler systems in new construction grants.

If and when the state announces that it no longer has funds available for new construction grants, the construction costs used in the calculation of fees would double. The resulting Level 3 fee construction costs per student are thus \$21,116, \$22,392 and \$28,408 for elementary, middle and high school students respectively and \$39,798 for the District's non-severe SDC students and \$59,500 for severely disabled students, based on the current cost levels.

#### Land Costs

The Legislation specifies inclusion of land costs in determining facilities cost. Since costs vary dramatically among districts, this component is determined locally. Land costs include site acquisition and site development costs.

#### Site Acquisition Costs

Site acquisition costs include

- Site purchase cost
- Relocation costs



Appraisal, escrow, survey, site testing, review, and environmental assessment costs and Toxic plan and implementation (if necessary).

The unification of the District included the transfer of a high school site from the Fallbrook School District. The District has not designated it as the site for the new high school, but it is assumed here that either it would be or that it would be sold to pay for the purchase of another site. Thus only the cost of land for elementary and middle school facilities is included here as the impact of new development.

The current justification report estimates the cost of land at \$100,000 per acre and that cost is assumed here. This may be an unrealistically low number, as there is already awareness of escalating land costs reflecting the strong market and the decreasing availability of developable land in the previously fast growing areas north and south of the District. Also, a school district has severe restrictions as to suitable sites and the purchase must utilize a cumbersome process that requires the seller to commit without knowing whether the state will approve the site.

#### Per Student Site Acquisition Costs

The land area needed for a future school depends on the enrollment expected at the campus. The enrollment capacity of a future elementary school is assumed here to be 880 students, somewhere between the sizes of the District's current schools; a smaller school would require more land per student. (It should be understood that it is unlikely that any school will be exactly the size assumed here.) Senate Bill 50 calls for the site size to be determined per the requirements per the edition of the *School Site Analysis and Development Handbook* existing in 1998. (This edition was actually adopted in 1966 and predates Title 9 and class size reduction). The site requirement for an 880 student elementary school per this handbook is 12.8 acres. Table 4-1 below shows the calculation of per-student land purchase costs.

The enrollment capacity of a future middle school is assumed here to be 1,100 students. This is a typical size for a middle school in California, but would be a large school for the Bonsall District. Again, assuming a smaller school would require more land per student per the state's guidelines. The site requirement for a 1,100 student middle school per the handbook is 19.6 acres. Table 4-2 shows the calculation of per-student land purchase costs.

#### Site Development Costs

Site development costs include on-site and off-site costs:

**On-site** development costs, as listed in the state regulations, include:

- Site clearance
- Demolition
- Grading
- Soil preparation
- Drainage
- Erosion control

Embankments  
 Retaining walls  
 Outside stairways and ramps etc.  
 Relocation of portable buildings and  
 Non-building fire code requirements.

**Off-site** development costs include:

Curbs, gutters and paving  
 Sidewalks  
 Street lighting  
 Special district fees  
 Storm drains  
 Safety paths and Water, sewage, gas, electric and phone utilities.

Given the relatively modest land purchase costs and the widespread components of land development costs, the latter are significantly more than the former. The District sought estimates from some of the contractors working on it in planning a new high school in another district in San Diego County. Using the site development costs of other schools, they suggested costs ranging from \$10 to \$14 per square foot. Using the lower figure, the development cost is \$43,560 per acre, the cost for a 12.8 acre campus is \$5,576,000, and the cost per student is \$6,336. These calculations were summarized in Table 4-1 below. Similarly, the development cost of a 19.6 acre campus is \$8,856,000 and the cost per student is \$7,762.

The resulting total land costs for an elementary school is \$7,791 per student. The amounts used for the calculation of Level 2 fees are one-half of these costs, or \$3,895 per student.

**Table 4-1**  
**Per Elementary Student Land Purchase Costs**

	<i>Purchase</i>	<i>Development</i>	<i>Total</i>
<i>Cost per Acre</i>	\$100,000	\$435,600	
<i>Number of Acres per School</i>	12.8	12.8	
<i>Cost per School</i>	\$1,280,000	\$5,576,000	\$6,856,000
<i>Average Number of Students per School</i>	880	880	
<b><i>Total Land Cost per Student (Level 3)</i></b>	\$1,455	\$6,336	<b>\$7,791</b>
<b><i>One-Half of Land Cost (Level 2)</i></b>			<b>\$3,895</b>

Sources: *Bonsall Unified School District; Schoolhouse Services.*

The resulting total land costs for a middle school is \$9,544 per student. The amounts used for the calculation of Level 2 fees are one-half of these costs, or \$4,772.

**Table 4-2**  
**Per Middle Student Land Purchase Costs**

	<i>Purchase</i>	<i>Development</i>	<i>Total</i>
<i>Cost per Acre</i>	\$100,000	\$435,600	
<i>Number of Acres per School</i>	19.6	19.6	
<i>Cost per School</i>	\$1,960,000	\$8,538,000	\$10,498,000
<i>Average Number of Students per School</i>	1,100	1,100	
<b><i>Total Land Cost per Student (Level 3)</i></b>	\$1,782	\$7,762	<b>\$9,544</b>
<b><i>One-Half of Land Cost (Level 2)</i></b>			<b>\$4,772</b>

Sources: *Bonsall Unified School District; Schoolhouse Services.*

### **Total Facilities Costs**

The total facilities cost to serve new development are shown in Table 4-3 for both Level 2 and Level 3 fees. New development is forecast to generate 807 students over the next five years. As long as state funding is available for new construction, the Level 2 costs of \$12.478 million apply. If state funding becomes unavailable, Level 3 costs of \$24.957 million apply.

**Table 4-3  
Total Facilities Cost**

	<i>Elementary School</i>	<i>Middle School</i>	<i>High School</i>	<i>Non-Severely Disabled</i>	<i>Severely Disabled</i>	<i>TOTAL</i>
<b><i>LEVEL 2 COSTS</i></b>						
<i>Construction Cost per Student</i>	\$10,824	\$11,476	\$14,560	\$20,399	\$30,518	
<i>Land Cost per Student*</i>	\$3,895	\$4,772	\$0	\$8,247	\$0	
<b><i>Total Level 2 Cost per Student</i></b>	\$14,719	\$16,248	\$14,560	\$28,646	\$30,518	
<b><i>Students from New Homes</i></b>	<b>449</b>	<b>158</b>	<b>174</b>	<b>13</b>	<b>13</b>	<b>807</b>
<b><i>Level 2 Facilities Cost</i></b>	\$6,609,000	\$2,567,000	\$2,533,000	\$372,000	\$397,000	<b>\$12,478,000</b>
<b><i>LEVEL 3 COSTS</i></b>						
<i>Construction Cost per Student</i>	\$21,648	\$22,952	\$29,120	\$40,798	\$61,036	
<i>Land Cost per Student*</i>	\$7,791	\$9,544	\$0	\$16,494	\$0	
<b><i>Total Level 3 Cost per Student</i></b>	\$29,439	\$32,496	\$29,120	\$57,292	\$61,036	
<b><i>Students from New Homes</i></b>	<b>449</b>	<b>158</b>	<b>174</b>	<b>13</b>	<b>13</b>	<b>807</b>
<b><i>Level 3 Facilities Cost</i></b>	\$13,218,000	\$5,134,000	\$5,067,000	\$745,000	\$793,000	<b>\$24,957,000</b>

*\*Land Costs include site acquisition and development. Land costs for SDC students are calculated as the weighted average of the non-SDC per student land costs for elementary and middle school students.*

## Chapter 5

### DETERMINATION OF LEVEL 2 AND LEVEL 3 FEES

#### Alternative Sources of Funding

The law requires that each district levying Level 2 or Level 3 fees consider the extent to which funds other than fees on residential development could be used to lessen the impact of new development. The following three alternatives are specifically mentioned.

#### Surplus Property

The Bonsall Unified School District does not own any surplus property except for the high school site conveyed by the Fallbrook District. Therefore no funds are available from this source because the board may choose to use it as the site of the new high school.

#### Excess Capacity in Existing Facilities

In Chapter 3 it was shown that District enrollment from already existing homes will significantly exceed the capacity of its facilities as determined by the standards set forth in the law due to the addition of high school students. Thus there is no excess capacity available to accommodate students from new housing.

#### Commercial and Industrial Fee Revenue

The District will presumably levy fees according to Section 17620 of the Education Code (a Level 1 fee) on commercial/industrial (C/I) development. This revenue is available to help fund the school facilities needed to accommodate new development. It therefore needs to be subtracted from the cost impacts identified above. Conceptually, this avoids overlapping fee payments and the possibility for over-funding school facilities.

There will be very little commercial/industrial development in the next few years. Over time the growth in population from new homes will create commensurate demand for retail stores and residential service businesses. Overall, recognizing that government structures generally are exempt from development fees, the square footage of all commercial/industrial structures is less than all residential square footage. The demand for offices and manufacturing space will be small for many years. Including only space for retail and service businesses, and omitting major shopping centers and downtown business centers, it will be more than five years before C/I space permitted will be 20% of residential space permitted. The fee on C/I development is set at one-sixth of the Level 1 residential fee, indicating that C/I fee revenue is likely to be below three percent of the Level 1 residential fees that could be assessed and even further below a Level 2 fee.

#### Other Local Funds

The District has considered whether any other sources of local funds exist available to pay for schools to accommodate new development. Sometimes a district has other revenues or assets that could be liquidated with the proceeds devoted to the cost of new schools. This is not true of the Bonsall Unified School District. The District is not aware of any other sources of local

funding. However, even if other sources of capital funding become available, the need for improvements to existing facilities would be the priority.

### **Assessable Floor Area**

Fees on new development are levied on a per square foot basis. Accordingly, it is necessary to estimate the number of square feet of new development to which the costs must be allocated. The study for the existing fee justification report looked into the average sizes of new homes that would be built in the District, investigating some of the same projects listed in the Oetken report. The research found an average expected size of 2,060 for detached single family units and 1,800 for the Meadowwood multi-family units. We contacted some of the developers and they confirmed the reasonableness of these projections.

The number of units of each housing type is multiplied by this average size of each type of unit to determine the square footage of residential development on which fees will be paid in the next five years. The units projected to be constructed in the District during the 2016 through 2020 period are shown in Table 5-1. The projected average size of these units is shown in the adjacent column.

**Table 5-1**  
**Assessable Floor Area**

<i>Housing Type</i>	<i>Projected Units *</i>	<i>Average Unit Size, Square Feet</i>	<i>Square Ft. of Residential Construction</i>
Single-family Detached	1,153	2,060	2,375,000
Apartments Units	82	1,800	148,000
<b>Total</b>	1,235		<b>2,523,000</b>

*\*From Table 3-2. Does not include units designated for senior occupancy.*

*Source: Schoolhouse Services*

### **Level 2 and Level 3 Fee Amounts**

Table 5-2 shows the calculation of the Level 2 and Level 3 impacts. Assuming that commercial/industrial Level 1 fee revenue averages 3% of total (Level 2 and C/I) fee revenue, \$374,000 in commercial/industrial fee revenue is projected. This amount is subtracted from the cost of facilities. Then the net cost is allocated to the projected square feet of residential construction. The results of the calculations show an impact under Level 2 costs of \$4.80 per square foot of residential construction and an impact under Level 3 costs of \$9.74 per square foot of residential construction.

**Table 5-2**  
**Fee Calculations**

	<i>Level 2 Fee</i>	<i>Level 3 Fee</i>
Facilities Cost	\$12,478,000	\$24,957,000
C/I Fee*	\$374,000	\$374,000
<b>Unfunded Cost</b>	\$12,104,000	\$24,583,000
Residential Square Feet	2,523,000	2,523,000
<b>Cost per Square Foot</b>	<b>\$4.80</b>	<b>\$9.74</b>

\*Assuming C/I fees at 3% of total fee collections (with Level 2 fees).

Source: Schoolhouse Services

### **Alternative Types of Development**

Government Code Sections 66000 *et seq.* refer to “types of development.” The type of development analyzed to this point is residential construction (without demolition of pre-existing structures) of new housing units. Other types of development have, or potentially have, different cost impacts. We here address some types of residential development other than new residential units on vacant land.

#### **Redevelopment Construction**

A lawsuit, *Warmington Old Town Associates v. Tustin Unified School District* (2002, Cal. App. 4<sup>th</sup> 2002 G027494), was decided by the Court on the determination that new construction that replaced pre-existing structures, termed “redevelopment construction” by the Court, constituted a different type of development. This was because it potentially had different student generation characteristics than new construction on vacant land. In other words, the removal of existing structures potentially removed some students, which could offset at least some of the impact of the students residing in the new homes. The court held that the school district’s justification lacked determination of the impacts of redevelopment construction. More recently, another court reached a similar conclusion in the *Cresta Bella vs. Poway Unified* decision (2013, Cal. App. 4<sup>th</sup> 2013 WL 3942961). We therefore address the matter of redevelopment construction.

It should be understood that Bonsall Unified School District provides a credit for structures removed in preparation for new development. In cases where the demolished space and the new space are of the same type, the impact is considered equal to the net increase in square footage. The analysis in this report (of new residential construction on vacant land) would then also apply to that portion of redevelopment construction on which fees are levied.

There will be cases in which the per-square foot fiscal impact of the property demolished will differ from the impact of the new development, meaning that a simple subtraction of the demolished square footage is incorrect. The obvious example is when a commercial building is replaced by a residential building. In this case, the appropriate fee amount is determined as follows. The fee amount the demolished building would have to pay if new is subtracted from the fee otherwise due on the new space, all as determined per the analysis in this report. In all cases, the analysis in this report appropriately covers redevelopment construction.

### Residential Additions

Additions to existing homes represent a permanent increase in the capacity to accommodate population in a community. The increased population may include school-aged children, which will place a corresponding demand on schools. Thus, to maintain the educational level of service, the increase in local residential capacity from additions must be met by a corresponding availability of school facility capacity.

State law allows school districts to collect fees on room additions to existing housing units over 500 square feet, indicating the legislature felt there was a significant impact from such additions. From a legislative standpoint, additions are considered a type of new development; in so far as they generate facility impacts they are subject to fees. Within the frame of the enrollment projections in this analysis, however, the students from additions are not included in the number of student from new development. Rather, residential additions represent a form of intensification of the existing housing stock and the resulting enrollment growth is a component of enrollment from existing housing.

Student generation impacts will not necessarily be the same as for the construction of a new home. We have data on the impacts of additions from only one situation, unfortunately from quite a few years ago, an analysis of residential additions in the Santa Cruz City School Districts. Available data there showed that additions averaged 977 square feet in size, and student generation for these homes increased from 0.48 to 0.69 K-12 students, an increase of 0.21 students. A simple calculation illustrates their school facility cost impacts. The cost of facilities to house 807 Bonsall students from new development is \$24.957 million, an average of \$30,926 per student. If each addition results in 0.21 additional students, the impact would be \$6,494 per addition. An average addition of 977 square feet thus produces an impact of \$6.65 per square foot. This amount exceeds the calculated Level 2 fee amount of \$4.80, showing the reasonableness of the Level 2 fee when applied to home additions. On the other hand, Level 3 fees on additions should probably be limited to \$6.65 per square foot.

### Senior Housing

Certain types of housing dedicated for occupancy by senior citizens may not be subject to the full residential fee because it would not house student age residents. Pursuant to state law, it would generally be subject to the maximum fee for commercial development projects, based on its indirect contribution to student generation. Individual projects applying for such special treatment should be evaluated by the District on a case-by-case basis to insure that the units will be permanently dedicated for use by seniors.



## Chapter 6

### NEXUS BETWEEN DEVELOPMENT AND ENROLLMENT IMPACTS

New development can be required to provide mitigation only to the extent of its impacts. For schools, the impacts are students for whom additional capacity must be provided. The mitigation is funds to offset the costs involved in providing facilities to accommodate the increased enrollment. A school district seeking mitigation from developers has the burden of documenting the nexus between development and the facilities that will be needed. This chapter describes this nexus in general terms. Its purpose is to clarify the causal chain between development and its facility impacts, and, in so doing, provide a framework for the quantification of the impacts in the remainder of the report.

This brief chapter begins with a description of the nature of growth in a regional economy and the associated growth in population. It then traces the effect of the construction of workplaces and homes, components of regional growth to increases in enrollment in local schools. It concludes by discussing how the estimated cost of facilities to accommodate the increased enrollment can be allocated among the development that generates this additional enrollment.

#### **Economic Growth**

Commercial/industrial construction and residential development (and hence additional households and children) are related parts of economic growth. An expanding regional economy results from increased demand for the goods and services produced in the region. As economic expansion progresses, more workers are needed, and increasingly they must be attracted from outside the region. Sometimes the process is reversed; the availability of a productive labor force can be a key factor leading to the expansion of business activity in the region, with a resultant increase in employment.

Both the increase in business activity and the addition of new households require new development. The business activity requires new commercial and industrial space; the addition of families requires additional housing units. This is not to imply that the additional employees necessarily work in the new commercial/industrial space or that the new households occupy the new housing units; this is obviously not the case. However, when new space is constructed and existing businesses or households move into it, the space they previously occupied is made available. Whatever the number of shifts in the chain, space is eventually available for occupancy by new employees or residents from outside the region. In contrast, in regions where growth is not occurring, new construction is slow to occur because there is little market for the space made available, which keeps property prices and rents below the level necessary to cover the cost of new construction.

#### **Impacts on Schools**

The interrelated nature of commercial/industrial development and residential development justified the California legislature's adoption of fee legislation that recognized both as contributing to enrollment growth in schools. The higher per square foot fee on residential

development represents the immediacy of the new home's role in generating additional students; when a new home is occupied, most of the children immediately begin attending local schools. Yet it is clear that new homes are developed primarily in response to the need for additional housing to accommodate the growing labor force and their families, making employment growth a major contributor to the need for additional school facilities. The enrollment impacts are therefore the joint effect of local housing development and both local and regional commercial/industrial development.

The most immediate school impact of new homes is, as stated above, additional students enrolling in the local schools. The associated impact is the need for school facilities to accommodate these students. In fact, the school district must usually anticipate this need far in advance in order to plan for the construction of the additional facilities needed. The enrollment projections must include consideration of factors affecting enrollment other than new development. For example, rising birth rates may be resulting in increased enrollment from older homes. However, the enrollment impacts of new development must be separately identified, as mitigation can be sought from new development only for the portion of the facilities that would not have been needed in the absence of that development.

Thus the final step in the demonstration of nexus is the determination of the facilities anticipated to be needed to accommodate the additional enrollment that would not have occurred without the new development. The facilities are often new schools, though they are sometimes wings to be added to existing schools, relocatable classrooms or, occasionally, the reconstruction or replacement of school buildings which would otherwise have reached the end of their useful life. Once the facilities appropriate to provide the needed capacity have been identified, their cost must be estimated. It is the mitigation of this cost, and only this cost, that the district may seek from new development.

### **Determination of Mitigation**

It should be noted that the task of quantifying the impacts of new development on school facility costs involves identifying the relative shares of the cost impacts attributable to each individual development project. To begin with, how much of the cost should be allocated to commercial/industrial (C/I) development and how much to residential. Within these categories, how much, for example, should be allocated to office versus retail space and how much to single-family homes as compared to multi-family. The most common approach is to assume that housing development should bear the cost of mitigation up to the level set by State legislation. If fees at that level are inadequate, fees on C/I development are then appropriate. The amount of the commercial/industrial fee is based on the portion of the cost calculated to be unfunded after the fees on residential development are paid (up to the limits set by the State). This perspective reflects the immediacy with which residential development impacts school enrollment.

In the majority of cases the total of residential and commercial/industrial fees are inadequate to provide the facilities to accommodate the enrollment from new development. The courts earlier upheld city-imposed mitigation supplemental to the statutory developer fees in situations where the new development is a result of changes in public policy, such as annexation or rezoning. Senate Bill 50 of 1998 subsequently shifted responsibility for school financing to the State, and

removed the basis for supplemental mitigation imposed by cities and counties. However, it provided for greater residential mitigation in the form of alternative fees if certain requirements are met.

The impacts of residential development tend to be somewhat proportional to size of unit (i.e. larger homes tend to generate more students). This relationship supports the implicit determination in state legislation for square feet as a measure of relative causality of school impacts.

The school enrollment resulting from commercial/industrial development is proportional to the number of employees. Thus, appropriate mitigation amounts per square foot are determined in proportion to the employment density of each type of building. The approach taken in this report is conservative, in that it assumes that only the proportion of employees residing in the local school district impact that district and ignores the impact on all the other districts in which the employees reside. If all districts use this approach in their analysis, the majority of the impact from employment is never considered, simply because on a regional basis the majority of the labor force commutes to work in districts other than where the employees reside.

## Chapter 7

### EDUCATION SECTION 17620 (Level 1) RESIDENTIAL FEES

The Bonsall Unified School District levies Educational Section 17620 fees (Level 1 fees) on residential development, though they are not collected if higher Level 2 (or Level 3) fees are being collected. Level 1 fees do not require a School Facilities Needs Analysis, but they do require justification of the fees (Government Code Sections 66000 *et seq.*). This chapter demonstrates that the amount justified for a Level 1 residential fee based on fiscal impact is at least equal to that justified for a Level 2 fee, though the Level 1 fee amount levied is constrained by state law.

#### **Fee Justification**

The assumptions on which the justification of Section 17620 (Level 1) fees are based should reflect the standards of the district. “Standards” might be defined as the level of education service to which the district aspires. It can be illustrated by the example of a district having a standard of no more than 24 students in a class for grades one to three. It does not mean that is the district’s current practice. (Many districts fell below some of their standards when the state withheld funds during the recent recession.) However, standards must be reasonable; in other words, a district cannot use arbitrarily high standards in order to collect higher fees. The most efficient way to address the justification of the Level 1 residential fee is to review the factors as used in the SFNA determinations and to consider whether the SFNA factors support at least as high a fee as would the use of District standards.

#### **Existing Capacity**

The capacity of existing facilities is important because it determines whether room exists for students from new development without additional facilities. The calculation of the capacity of the District’s existing facilities in the SFNA is per Code Section 17071.10 *et seq.* This code section provides the means to determine when a district is overcrowded to the extent that it should receive some of the state’s limited grant funds. As such, it differs in significant respects from the capacity calculated according to the district’s standards. One difference is the provision of support classrooms. Resource Specialist Programs (RSP), for example, require classroom space. The code section calculations appear to assume that each and every available (non-SDC) elementary classroom will be filled to an average capacity of 25 or 27 students, with no rooms allocated for support purposes. Districts usually provide some rooms in each school for enrichment classes, such as art and music, and for academic assistance, such as RSP and Title 1 programs. The provision of three support rooms at a 20 classroom campus raises the classroom loading to an average of about 30 students in each of the remaining classrooms. Even if no support classrooms are provided, an elementary with grades kindergarten through five would have to load the fourth and fifth grades at almost 40 students per classroom if it is implementing the state class size reduction program standard of 24 students per room for kindergarten through the third grade.

The code section assumption is that only overcrowding beyond the six percent above standard load of 25 students per classroom for grades K-6 should be considered a need for state funding assistance. This differs from the District's standards. It increases the capacity an additional six percent above what the District considers a reasonable (*i.e.* uncrowded) condition.

It can be noted that many portable classrooms are not included in the count of loaded classrooms. However, some of the District's portable classrooms are being used past their intended life and should not be expected to be available in the future, and the District would prefer to have a proportion of portables closer to the State of California standard if it could.

#### Projected Enrollment

There do not appear to be significant differences between the SFNA and Section 17620 justification assumptions with regard to the forecasted enrollment from new development.

#### Cost of School Construction

The actual construction costs the District is incurring with the construction of new school facilities, non-classroom space in particular, are in excess of the amount specified by Section 17071 as a basis for state grant amounts. The SFNA thus understates the fiscal impact.

#### Availability of State Funding

Finally, the SFNA assumes state funding for the calculation of Level 2 fees, but not for Level 3 fees. Given the uncertainty of state funding acknowledged in the legislation, it is reasonable to assume, for the purposes of the Section 66000 justification, that state funding is not available.

#### Summary

The above review determined that each factor affecting the District's capacity or cost per student is actually either equivalent to the assumption in the SFNA or differs so as to decrease available capacity or to result in a significantly higher cost. There are no factors that indicate the District has more capacity or lower facility costs than shown in the SFNA calculations. This leads to the conclusion that the Level 3 fee determination in the SFNA is a conservative determination of the District's needs or the cost impact of new development.

#### Findings

The fee amount calculated for Level 3 fees is \$9.74 per square foot of residential construction. A review of SFNA assumptions, as discussed above, shows that this amount is less than the actual cost impact on the District. The District can thus levy a Level 1 fee of \$3.48 per square foot of new residential development, the maximum amount currently allowed under Education Code Section 17620 or, alternatively, levy Level 2 (or Level 3) fees of \$4.80 (or \$9.74) per square foot. We recommend that the Bonsall District adopt both Level 1 and Level 2 residential fees, but suspend the collection of Level 1 fees as long as higher Level 2 (or 3) fees are being collected.

## Chapter 8

### COMMERCIAL/INDUSTRIAL SECTION 17620 (LEVEL 1) FEES

Commercial or industrial development, along with residential development, has an impact on school enrollment. New jobs require a larger labor force, which in turn causes new housing to be built to increase the housing supply. The families in new houses have their children enrolled in the local school district. This enrollment growth, a joint result of the commercial/industrial and the residential development, in turn impacts the facility capacities of the district. This nexus was explained in detail in Chapter 6.

The District levies fees consistent with Educational Code Section 17620 (formerly Government Code Section 53080) to be applied to the mitigation of these impacts. The previous chapter established that current Section 17620 fees for residential development do not generate enough revenue to cover the costs of additional capacity to accommodate the students from that development. The revenue gained from the maximum allowable such fees on residential projects is not designed to cover all of the cost of housing the students from new homes. Therefore, the District looks to commercial/industrial development also to contribute its fair share of the cost of needed school facilities. The current maximum fee for commercial or industrial development projects is set at \$0.56 per square foot. The District seeks to levy this amount, where justified, to help alleviate the unfunded facilities cost per student.

#### **Calculation of Cost Relationship**

There are several key components in calculating a justifiable commercial or industrial development fee. The following formula is used to determine the school facility cost per square foot of development:

- A. Employees per Square Foot of Development
- B. Percentage of Employees Residing within the District
- C. Average Number of Homes per Resident Employee
- D. Average Number of Students per Home
- E. Cost of School Facilities per Student

**A x B x C x D x E = School Facility Cost per Square Foot of Development**

The number of employees per square feet depends on the type of development. Consequently, the result of the equation will differ for each principal commercial/industrial category. The remaining factors are consistent across development types. If the calculated impact is greater than \$0.56 for a given category of development, then the maximum fee is justified for that type of development. Each factor in this formula is discussed below.

### A. Employees per Square Foot of Development

The estimated number of employees per square foot must reflect the wide variation among the different types of commercial/industrial development. As permitted by state law, results from an employment density survey published by the San Diego Association of Governments (SANDAG) are used to determine numbers of employees per square foot anticipated in future commercial or industrial development. (Warehouses, for which SANDAG lacks data, shows information from the Institute of Transportation Engineers.) SANDAG provides employment densities for a series of categories ranging from retail to research and development. The densities are shown in Table 8-1.

**Table 8-1**  
**Employees per square foot of Building Area**

	Employees/	Sq. Ft./	Employees/
Parking Structures*	0.00002	50,000	0.02
Self-storage	0.00006	15,541	0.06
Lodging	0.0011	883	1.10
Schools	0.0011	878	1.10
Warehouses**	0.0013	769	1.30
Auto Repair	0.0013	741	1.30
Movie Theater	0.0015	667	1.50
Discount Clubs	0.0017	597	1.70
Regional Shopping Centers***	0.0019	539	1.90
Hospital	0.0021	471	2.10
Community Shopping Centers***	0.0023	442	2.30
Neighborhood Retail***	0.0026	388	2.60
Banks	0.0028	354	2.80
Business Offices	0.0034	293	3.40
Medical Offices	0.0043	234	4.30

\* With attendants

\*\* Source: Institute of Traffic Engineering (ITE) Trip Generation 5th ed.

\*\*\* Regional is greater than about 35,000 sq. ft., community 10,000 to about 35,000 sq. ft., and neighborhood less than 10,000 sq. ft.

Source of other data: SANDAG Traffic Generators report, April 2002 (most recent edition).

*For example, suppose an office developer wishes to build a medical office building with an area of 10,000 square feet. To determine the justifiable fee for this category, SANDAG provides a statistic of an average of 0.0043 employees per square foot, or 4.3 employees per 1,000 square feet. With an area of 10,000 square feet, this development would yield approximately 43 employees.*

**B. Percent of Employees Residing in the District**

The impact of employees on the school district in which their job is located is likely to be greatest when the district's area is large and where varied housing opportunities are available. The Bonsall Unified School District does not have a large varied housing supply. A majority of those employed within the District's boundary will not reside in the District. We estimate that perhaps only 25% of employees will find their housing within District boundaries. (This is a conservative approach in that we include no impact from employment outside the District, which contributes to housing within the district, nor from employment in the District that contributes to enrollment in other districts.)

*Continuing our example, the second step in determining total cost of the medical office building is to determine the number of new employees likely to also live within the District. In the last section, we established that there would be approximately 43 employees for the 10,000 square foot office building. The number of employees living in the District, and therefore likely to have an impact on District facility capacity, would be 25% of 43, or 10.75 employees.*

**C. Number of Homes per Employee**

This section addresses how many homes are likely to result from new employees living in the District. A rule of thumb supported by U. S. Census data is that there are typically about 1.5 employed persons per home. This can also be stated as 0.67 homes per employee. This ratio reflects the fact that many homes have more than one worker.

*In our office building example, the 10.75 employees living in the District will require  $2.15 * 0.67$ , or 7.20 additional homes.*

**D. Average Number of Students per Home**

A total of 1,235 new homes are forecast over the next five years. The homes will house 807 students, an average of 0.653 students per home. Level 1 fees from these homes do not fully mitigate the impact of the students residing there and thus generate a remainder per student that drives the need to levy appropriate fees on the new commercial/industrial development.

*Continuing with the medical office building example, we can now determine how many students will impact facility capacity as a result of new employees residing in the District. The approximately 7.20 homes, (occupied by the 10.75 employees) will in turn yield  $7.20 * 0.653$ , or about 4.70 students.*

**E. Unfunded Cost per Student**

Level 2 fees are based on one-half of new development's cost impact. The cost of facilities for new students assigned to commercial/industrial development must not include the portion funded by residential fee revenue. As calculated in Table 8-2, the unfunded facility cost, after revenue from residential fees, is \$4,582 per student. It is this unfunded remainder per student that drives the need to levy appropriate fees on the new commercial/industrial development.



**Table 8-2**  
**Unfunded Cost per Student**

Total Residential Square Feet	2,523,000
Fee per Square Foot	\$3.48
Revenue	\$8,780,000
Half of Facility Cost	\$12,478,000
Unfunded Cost	\$3,698,000
Number of Students	807
<b>Unfunded Cost per Student</b>	<b>\$4,582</b>

*We can now finish calculating the large medical office building example. Multiplying the unfunded facility cost for each student of \$4,582 times 4.70 students results in a total impact of \$21,535. At 10,000 square feet, this commercial development costs the District approximately \$2.16 per square foot. This is far beyond the maximum of \$0.56 per square foot fee, which is the maximum fee allowable by state law. This example illustrates the significant impact of commercial/industrial development, and especially medical office space, on District capacity and facility costs.*

Similar calculations for other categories of commercial/industrial development are shown in Table 7-3. The District is able to levy the maximum fee of \$0.56 per square foot on almost all other categories of commercial/industrial development. However, it can only levy \$0.01 per square foot for parking structures and \$0.03 per square foot for self-storage space, the calculated amounts shown in gray in the table.

**Table 8-3**  
**Cost per Square Foot with Residential Offset**

<b>Building Type</b>	<b>Employees per Sq. ft.</b>	<b>Employees in District</b>	<b>Homes per Employee</b>	<b>Students per Home</b>	<b>Cost per Student</b>	<b>Cost per Sq. ft.</b>
Parking Structures*	0.00002	0.25	0.67	0.653	\$4,582	<b>\$0.01</b>
Self-storage	0.00006	0.25	0.67	0.653	\$4,582	<b>\$0.03</b>
Lodging	0.0011	0.25	0.67	0.653	\$4,582	<b>\$0.55</b>
Schools	0.0011	0.25	0.67	0.653	\$4,582	<b>\$0.55</b>
Warehouses	0.0013	0.25	0.67	0.653	\$4,582	<b>\$0.65</b>
Auto Repair	0.0013	0.25	0.67	0.653	\$4,582	<b>\$0.65</b>
Movie Theater	0.0015	0.25	0.67	0.653	\$4,582	<b>\$0.75</b>
Discount Clubs	0.0017	0.25	0.67	0.653	\$4,582	<b>\$0.85</b>
Regional Shopping	0.0019	0.25	0.67	0.653	\$4,582	<b>\$0.95</b>
Hospital	0.0021	0.25	0.67	0.653	\$4,582	<b>\$1.05</b>
Community Shopping Ctrs**	0.0023	0.25	0.67	0.653	\$4,582	<b>\$1.15</b>
Neighborhood Retail**	0.0026	0.25	0.67	0.653	\$4,582	<b>\$1.30</b>
Banks	0.0028	0.25	0.67	0.653	\$4,582	<b>\$1.40</b>
Business Offices	0.0034	0.25	0.67	0.653	\$4,582	<b>\$1.71</b>
Medical Offices	0.0043	0.25	0.67	0.653	\$4,582	<b>\$2.16</b>

\* With attendants

\*\* Regional is greater than about 35,000 sq. ft., community 10,000 to about 35,000 sq. ft., and neighborhood less than 10,000 sq. ft.

Source: Table 7-1 and Schoolhouse Services

**Development Not In Prescribed Categories**

There may be situations, however, in which a building does not fit any of the types of development in Table 8-3. In that case, one can use the following analysis to determine the justifiable fee. First, determine the employment density (employees per square foot) for the project. Next, determine if the employment density is high enough to justify levying the maximum fee (the greater the number of square feet per employee the lower the density and the lower the impact). In this case, it is helpful to know the minimum number of square feet per worker needed to justify such a fee. A “break-even point” can be calculated using the formula for Cost per Square Foot of Development, setting the result equal to \$0.56 and solving for A, the number of square feet per employee. Again, the factors are:

- A. Employees per Square Foot of Development
- B. Percentage of Employees Residing within the District (0.25)
- C. Number of Homes per Resident Employee (0.67)
- D. Number of Students per Home (0.653)
- E. Cost of School Facilities per Student (\$4,582)

**Break Even Point:**

$$\text{Employees/Sq. ft.} = 0.56 / (B * C * D * E)$$

$$\text{Employees/Sq. ft.} = 0.56 / (0.25 * 0.67 * 0.653 * \$4,582)$$

$$\text{Employees/Sq. ft.} = 0.00094$$

$$\text{Sq. ft./Employee} = 1,067 \text{ square feet per Employee}$$

Therefore, any commercial or industrial development that does not fit into one of the SANDAG categories but is projected over its lifetime to have less than 1,067 square feet per employee should still be levied the maximum \$0.56/sq. ft. However, if the type of development in question typically has an employment density of more than 1,067 square feet per employee, the maximum fee should not be levied. Instead, a justifiable amount can be calculated using the formula outlined early in this chapter, substituting the relevant number of employees per square feet.

**Example:**

Suppose a developer wishes to build a 10,000 square foot storage facility that, by its nature, is expected typically to have about one employee. The employment density for this development is 1/10,000 or 0.0001 employees per square foot. This number inverted converts to 10,000 square feet per employee. However, the break-even point for justifying a maximum fee is a per employee density of 1,067 square feet. It is therefore necessary to calculate a lower fee for this development. Using the formula for School Facility Cost per Square Foot of Development, we yield the following result:

$$0.0001 * 0.25 * 0.67 * 0.653 * \$4,582 = \$0.05 \text{ per square foot.}$$

## Chapter 9

### STATEMENT OF FEE JUSTIFICATION

#### Use of Developer Fee Revenues

California Government Code Section 66008 and 66006(f) requires that “at the time the local agency imposes fees for public improvements on a specific development project, it shall identify the public improvements that the fee revenue will be used to finance.” The District’s developer fee fund will be used to fund classrooms and educational support facility needs impacted by new development. The largest projects planned are a new high school, eventually a new middle school, and new elementary school capacity.

In addition to expenditures for new schools, the District may use developer fee revenue to fund improvements to, modernization of, or replacement of existing facilities intended to achieve or maintain their usefulness if it contributes to enrollment capacity needed to accommodate students from new development. At times, the District may also need to allocate funding for purchase or lease of relocatable classrooms in response to facilities needed to accommodate increased enrollment when the increase is caused by new development. Fee revenue will not be used to correct existing deficiencies or deferred maintenance. As stated in Government Code Section 66001(g), **“A fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand of public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan.” (Emphasis Added)**

#### Requirements Met

The ability to levy Alternative fees requires that a district meet several prerequisites.

1. Be eligible for state new construction funding.
2. Satisfy certain requirements for local need and funding effort.
3. Conduct a *School Facility Needs Analysis*.

As discussed above, Bonsall Unified School District has established eligibility and applied for state funding. It also meets at least two of the four requirements for need and local funding effort. By completing this report, it has conducted a *School Facility Needs Analysis*.

#### Justified Fee Amounts

In the large majority of the District, the Bonsall Unified School District is justified in levying a Level 2 fee, the fee appropriate under present conditions, of \$4.80 per square foot on residential development. If funding for new schools from the State Allocation Board is not available, the District is justified in levying a Level 3 fee of \$9.74 per square foot.

If for any reason the District is not levying Level 2 (or 3) fees on residential development, it is justified in levying Level 1 fees in accordance with Educational Section 17620. The current maximum is \$3.48 per square foot and the District is justified in levying this amount. It is also justified in levying in levying Level 1 fees on commercial/industrial development, on which the law does not provide for Level 2 fees. It can levy the maximum amount, \$0.56 per square foot on all categories of buildings except Parking and Self-Storage structures; the amounts that can be levied on these categories are shown in Table 8-3.