SCHOOL FACILITY FEE JUSTIFICATION REPORT FOR RESIDENTIAL, COMMERCIAL & INDUSTRIAL DEVELOPMENT PROJECTS

for the

LODI UNIFIED SCHOOL DISTRICT

May 2025

Prepared by School Facility Consultants

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Categories of Commercial/Industrial Development

EXECUTIVE SUMMARY

The Lodi Unified School District (District) is justified to collect the legal maximum fee as authorized by Education Code Section 17620 and Government Code Section 65995 (Level I fees) currently \$5.17 per square foot of residential development as future residential development creates a school facility cost of \$23.84 per square foot. The District is also justified to collect the legal maximum fee of \$0.84 per square foot of development on all categories of commercial/industrial development as those categories of development create school facility costs ranging from \$0.97 to \$76.57 per square foot of future development, even when fees from linked residential units are accounted for.

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

- 1. The District's current enrollment is larger than its pupil capacity at all grade groupings. The District, therefore, does not have sufficient capacity to house students generated by future development. These students will require the District to construct new school facilities.
- 2. Each square foot of future residential development creates an estimated school facilities cost of \$23.84. All categories of commercial/industrial development create an estimated school facilities cost ranging from \$0.97 to \$76.57 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for.
- 3. If the District collects the current maximum fee on residential development authorized by Government Code Section 65995 of \$5.17 per square foot, fee revenue will offset 21.7 percent of the school facility cost attributable to residential development. If the District collects the current maximum fee on commercial/industrial development authorized by Government Code Section 65995 of \$0.84 per square foot, fee revenue will offset from 1.1 percent to 86.6 percent of the school facility cost attributable to commercial/industrial development. For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.
- 4. The collection of school impact fees is essential to provide necessary public school facilities to serve residential and commercial/industrial development projects, and is necessary to avoid, substantially lessen, or otherwise mitigate impacts of such projects on school facilities under the California Environmental Quality Act (Public Resource Code, §§21000 et seq.)

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

End of Summary

INTRODUCTION

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

A. Purpose and Scope

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

State law gives school districts the authority to charge fees on new residential and commercial/industrial developments if those developments generate additional students and cause a need for additional school facilities. Government Code Section 65995 currently authorizes school districts to collect fees on future development of no more than \$5.17 per square foot for residential construction and \$0.84 for commercial/industrial construction (Level I fees). Pursuant to Government Code Section 65995(b)(3), the maximum Level I fees are adjusted every two years according to the inflation rate for Class B construction as determined by the State Allocation Board. Government Code Section 66001 requires that a reasonable relationship exist between the amount and use of the fees and the development on which the fees are to be charged.

This Report:

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

B. Brief Description of the Lodi Unified School District

The Lodi Unified School District is located in San Joaquin County and serves the City of Stockton, City of Lodi and unincorporated areas of the County of San Joaquin. The District's boundaries may be seen in greater detail on maps available at the District Office.

The District currently serves 29,952 students and operates twenty-nine elementary schools, five middle schools, four comprehensive high schools, two continuation high school and numerous specialized schools.

This Report estimates that 2,610 housing units will be built in the District within the next five years based on data obtained from local planning jurisdictions.

To accommodate this future residential development, the District plans to construct school facilities as outlined in the next section.

C. Data Sources

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

Data Type	Data Source
Residential development rates	The City of Stockton, The City of Lodi, the County of San Joaquin
Enrollment history	CBEDS
Pupil capacity of District schools	Lodi Unified School District (LUSD),
Student generation rates for housing units	United States Census Bureau, American Community Survey
Employees per square foot of commercial/industrial development	San Diego Association of Governments
Number of workers per household	United States Census Bureau, American Community Survey

Data Sources

D. Outline of the Report

The Report is divided into six sections. The sections:

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

I. DISTRICT FACILITY NEEDS

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

- A) Identify the District's current enrollment and enrollment history
- B) Identify the District's current capacity,
- C) Subtract the District's enrollment from the District's capacity to calculate the District's facility needs, and
- D) Describe the District's plan to fulfill its facility needs.

A. Enrollment History

The Report uses the California Basic Educational Data Systems (CBEDS) to track the District's total enrollment over the last five years (see Table 1-1) and accounts for all TK-12 pupils enrolled in site based public schools operating within the District's boundaries. Total District enrollment has decreased by 723 students (2.4%) from 2020/21 to 2024/25.

Grade	2020/21	2021/22	2022/23	2023/24	2024/25
TK-6	15,941	15,931	15,761	15,718	15,809
7-8	4,845	4,681	4,691	4,746	4,723
9-12	9,889	10,044	9,746	9,540	9,420
Total	30,675	30,656	30,198	30,004	29,952

Table 1-1District Enrollment History

B. Pupil Capacity of District Facilities

The Report calculates the pupil capacity of the District by (1) taking an inventory of the classrooms that are included in the District's long-term facility plans and (2) applying the State classroom loading standards to that inventory.

1) Classroom Loading Standards

For planning purposes, the District uses the state loading standards of 25:1 for TK-6, 27:1 for 7-8 and 9-12 and 13:1 for Special Day Class (SDC) as listed in Table 1-2.

Grade	Number of Students
Group	Per Classroom
ТК-6	25
7-8	27
9-12	27
Special Day Class	13

Table 1-2State Loading Standards

2) Classroom Capacity

Table 1-3 lists the classroom capacity of the District by grade group. The capacity is determined by multiplying the number of classrooms in the District by the appropriate loading standard identified in Table 1-2.

The classroom count was established by conducting an inventory of the District's school sites based on the existing site maps identified in the District's Long Range Facilities Plan Update to the 2016 Master Plan dated December 2023 ("Facilities Master Plan"), which is incorporated herein. Any facilities that are not part of the District's long-range facility plan are not included in this count. Facilities not present in the classroom count include: (1) portable classrooms (temporary structures, intended to provide interim housing while permanent facilities are planned, designed and constructed), (2) small classrooms (rooms that are not suitable for implementing a standard curriculum), (3) pull-out type classrooms such as computer labs, (4) spaces currently being used as classrooms not originally designed as such, and (5) classrooms not owned by the District.

Grade Group	Number of Classrooms	Number of Pupils Per Classroom	Pupil Capacity
TK-6	501	25	12,525
7-8	143	27	3,861
9-12	326	27	8,802
Special Day Class	117	13	1,521
	1,087	N/A	26,709

Table 1-3Classroom Count and Pupil Capacity Based on
State Loading Standards

3) <u>Classroom Utilization</u>

Table 1-4 shows the percentage of classroom capacity the District is utilizing by dividing the District's current enrollment as indicated in the District's 2024/25 enrollment information (Table 1-1) by the capacity listed above (Table 1-3).

Grade Group	Pupil Capacity	2024/25	Percent Utilization
	Capacity	Emonnent	Ullization
TK-6	13,357	15,809	118.4%
7-8	4,095	4,723	115.3%
9-12	9,257	9,420	101.8%
Total	26,709	29,952	112.1%

Table 1-42024/25 Classroom Utilization

Special Day Class capacity has been distributed throughout its designated grade group.

As Table 1-4 shows, the District is currently operating at over 100 percent of capacity at all grade groupings.

C. District Facility Requirements

Table 1-5 calculates the District's requirements for school facilities by subtracting its current capacity from its enrollment.

Grade Group	2024/25 Enrollment	District Capacity (Pupils)	Unhoused Students
TK-6	15,809	13,357	2,452
7-8	4,723	4,095	628
9-12	9,420	9,257	163
Total	29,952	26,709	3,243

 Table 1-5

 District Facility Needs/Unhoused Students

As Table 1-5 shows, the District needs additional facilities for 2,452 TK-6 students, 628 7-8 students and 163 9-12 students.

D. Plan for Fulfilling School Facility Needs

In order to provide facilities for the unhoused students listed in Table 1-5, as outlined in the District's Facilities Master Plan, the District plans to construct New TK-6 Elementary Schools, New 7-8 Middle School and High School Additions. The Facility Plan outlined in Table 1-6 below includes two elementary schools and one middle school in addition to those detailed in the District's Facilities Master Plan. In addition, the District may lease additional portable classrooms to use for interim housing while permanent school facilities are being constructed.

(continued on the next page)

Projects	Pupils	Time Frame
New TK-6 Elementary School #1	600	5 years
New TK-6 Elementary School #2	800	5 years
Additional TK-6 Elementary School #3	800	TBD
Additional TK-6 Elementary School #4	252*	TBD
New Middle School #1	600	5 years
New Middle School #2	28**	TBD
High School Additions	163***	5 years
Interim Housing	NI/A	throughout
	1N/A	next 5 years
Total	3,243	N/A

Table 1-6 **Facility Plan**

*Total capacity of New TK-6 Elementary School #4 is 800. **Total capacity of New Middle School #2 is 600. ***Total capacity of High School Additions is 1,095.

II. FINANCIAL IMPACT ON THE DISTRICT OF FUTURE RESIDENTIAL DEVELOPMENT

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

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

In order to calculate the financial effects described above, the Report needs to first calculate the number of students that will live in new housing units in the District and the per-pupil cost of providing school facilities for TK-6, 7-8 and 9-12 students.

A. Number of Students per New Housing Unit

This Report estimates the number of students that each future residential housing unit will generate by analyzing the rate at which previously built housing units have generated current District pupils.

The Report calculates this student generation rate by dividing the number of TK-12 students enrolled in the District in 2022/23 by the total number of housing units in the District in the year 2022 according to the United States Census Bureau.

Table 1-7 identifies the TK-12 student generation rate for housing units in the District.

Grade Group	Students per Residential Housing Unit
TK-6	0.259
7-8	0.077
9-12	0.160
Total	0.496

Table 1-7Student Generation Rates

B. Cost of Providing School Facilities

The per-pupil cost of providing school facilities for unhoused students is outlined in Table 1-8. The cost of the District's housing plan is based on anticipated costs for the cost model projects as outlined in the District's Facilities Master Plan. The District may experience interim housing costs while permanent facilities are being constructed. Interim housing costs, however, are not quantified in this Report.

Grade Group	Project	Project Cost	Project Capacity	Per-Pupil Facility Cost
TK-6	New Elementary School #1	\$87,016,500	600	N/A
TK-6	New Elementary School #2	\$114,577,000	800	N/A
TK-6	Total TK-6	\$201,593,500	1,400	\$143,995
7-8	New Middle School	\$87,016,500	600	N/A
7-8	Total 7-8	\$87,016,500	600	\$145,028
9-12	Lodi High Additions	\$12,589,000	403	N/A
9-12	Tokay High Additions	\$48,065,000	692	N/A
9-12	Total 9-12	\$60,654,000	1,095	\$55,392
TK-12	Interim Housing	N/A	N/A	N/A

Table 1-8 **Per-Pupil Facility Costs for TK-12 Students**

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

This Report determines the facility cost of a TK-12 student generated by future development by calculating a weighted average of the facility costs for TK-6, 7-8 and 9-12 students.

The relative size of the TK-6, 7-8 and 9-12 student generation rates tell us that 52.22 percent of students from new units will be TK-6 students and 15.52 percent will be 7-8 students and 32.26 percent will be 9-12 students. Table 1-9 weights each per-pupil facility cost by the appropriate percentage and provides a weighted average facility cost for TK-12 students from future residential development.

From Future Residential Development				
Grade Group	Cost Per-Pupil	Weighting Based on Student Generation Rate	Weighted Cost Per- Pupil	
TK-6	\$143 995	52 22%	\$75 194	

Table 1-9 Weighted Average School Facility Cost for a TK-12 Student

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

\$145,028

\$55,392

N/A

7-8

9-12

TK-12

Table 1-10 multiplies the total number of students per housing unit by the facility costs of a TK-12 student to calculate a facility cost attributable to future residential housing units.

15.52%

32.26%

100%

\$22,508

\$17,869

\$115,571

Student Generation	TK-12 Per-pupil	Cost Per
Rate	Facility Cost	New Housing Unit
0.496	\$115,571	\$57,323

Table 1-10TK-12 School Facility Cost per New Housing Unit

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

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

Based on information provided by the County of San Joaquin, City of Stockton, and City of Lodi and an analysis of County assessor parcel records, this report estimates that new housing units projected to be built in the District over the next five years will have an average square footage of 2,404 square feet.

Table 1-11 shows the TK-12 school facility costs per square foot of new residential housing units.

 Table 1-11

 TK-12 School Facility Cost per Square Foot of Residential Development

Facility Cost Per New Housing Unit	Average Square Footage	Facility Cost Per Square Foot of Development	
\$57,323	2,404	\$23.84	

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

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

State law currently caps Level I Fees at \$5.17 per square foot. As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of \$23.84. Any given amount of future development will, therefore, generate more school facility costs than Level I Fee revenue (i.e., for every \$1.00 in fee revenue generated by future development, \$4.61 in school facility costs are generated).

A. Fee Revenue from Residential Development Over the Next Five Years

Based on information provided by the County of San Joaquin, City of Stockton, and City of Lodi and an analysis of County assessor parcel records, this Report estimates that 2,610 housing units will be built in the District within the next five years. For *any* given amount of residential development, however, school facility costs will be greater than fee revenue by a ratio of \$4.61 to \$1.00 at a fee rate of \$5.17 per square foot.

Based on the average square footage from the previous section, 2,610 residential units will generate 6,274,440 square feet of residential development over the next five years.

As Table 1-13 shows, if the District collects the current Level I Fee of \$5.17 per square foot, the District will collect \$32,438,855 in residential developer fees over a five year projection period.

New Housing Units	Average Square Footage	Fee Amount	Revenues From Fees on New Housing Units
2,610	2,404	\$5.17	\$32,438,855

Table 1-13Revenue from Residential Developer Fees

B. Fee Revenue from Additions to Existing Residences

Revenue will be collected from fees assessed on additions to existing residences, to the extent that these additions exceed the exclusionary threshold outlined in the Education Code. Pursuant to Education Code Section 17620(a)(1)(C)(i), developer fees may be charged on residential additions "only if the resulting increase in assessable space exceeds 500 square feet." The fee revenue calculation for additions is the same as for new units. For example, additions totaling 40,000 square feet would generate \$206,800 in fee revenue (40,000 multiplied by \$5.17).

The 500 square feet exclusionary threshold for remodel projects does not apply to Accessory Dwelling Units (ADUs) or Junior ADUs. A court has distinguished a remodel/addition of an existing residential home (to which the 500 square foot threshold would apply) from the construction of new and distinct residential structures (to which the 500 square foot threshold would not apply). (See Warmington Old Town Associates, L.P. v. Tustin Unified School District (2002) 101 Cal.App.4th 840, 854.) ADU structures are independent, separate residential dwelling units located on the same parcel as an existing or proposed primary residential dwelling. (Gov. Code, § 66313.) ADUs may be detached, attached, or located within the primary dwelling, including within garages, storage space, and other previously non-assessable space. ADUs are generally considered new construction because they are living areas that did not previously exist on the parcel or as a part of the primary and existing home. Whether ADUs are called casitas, granny flats, inlaw units, generational units, or converted living space, these areas are intended to provide a new area for living and sleeping - essentially a new residential unit which did not previously exist. The District recognizes that students are projected to be generated from ADUs and will charge the appropriate fee rate for these types of new construction projects.

C. Fee Revenue from Reconstruction and Redevelopment

Reconstruction or redevelopment is the act of demolishing existing structures and subsequently replacing them with new construction. Revenue will be collected from fees assessed on "like for like" projects that reconstruct or redevelop existing housing (e.g., an existing single family home demolished and reconstructed as a new single family home), but only to the extent that the square footage of the new construction exceeds the square footage of the demolished existing housing. To the extent reconstruction or redevelopment increases the square footage beyond what was demolished, the increase in square footage is subject to the fees as it is considered new construction.

However, reconstruction or redevelopment may have an alternative land use (e.g., a commercial/industrial structure demolished and reconstructed as a residential structure). Reconstruction and redevelopment may also consist of different residential unit types (e.g., a pre-existing detached single family home demolished and reconstructed as a new triple unit townhome). in these cases, the impact of such conversion projects is no different than the impact of other forms of new construction and such projects are subject to fees whereby the School District may impose a fee for the entire square footage of the new construction.

Reconstruction or redevelopment may require a case-by-case analysis. Fees shall be levied on reconstruction or redevelopment projects if there is a nexus between the fees being imposed and the impact of new construction on school facilities, after the impact of preexisting development has been considered. In determining such a nexus, the District shall review, evaluate and determine, on a case-by-case basis, the impact of the proposed reconstruction by comparing the proposed new construction and the pre-existing structures to be demolished and replaced, including the square footage, student generation, and cost impacts of each. The District may also take into consideration the type of proposed new structures with the type of pre-existing structure demolished and replaced. The fee revenue calculation for reconstruction and/or redevelopment is the same as for new units. For example, reconstruction and/or redevelopment totaling an increase of 50,000 square feet would generate \$258,500 in fee revenue (50,000 times \$5.17).

D. School Facility Costs Generated by Residential Development Over the Next Five Years

The total school facility cost attributable to future residential development over the next five years is calculated by multiplying the following two factors: (1) the number of new housing units and (2) the facility cost per new housing unit. Table 1-14 shows that the total school facility cost attributable to future development is \$149,613,030.

 Table 1-14

 School Facility Cost Generated by Students from Future Development

New Units	Cost Per New Housing Unit	Total Cost		
2,610	\$57,323	\$149,613,030		

E. School Facility Costs Generated by Additions to Existing Residences

Additions to existing residences as home remodel projects will have the same financial effect on the District as new residential units. For example, residential additions of 40,000 square feet will generate an additional eight students, when applying the student generation rate calculated in this Report, and a school facilities cost to the District of \$924,568 (eight students times a per-pupil facilities cost of \$115,571).

F. School Facility Costs Generated by Reconstruction and Redevelopment

Reconstruction and redevelopment of existing homes will have the same financial effect on the District as new residential development. For example, reconstruction and/or redevelopment of 50,000 square feet will generate an additional 10 students when applying the student generation rate calculated in this Report and a school facilities cost to the District of \$1,155,710 (10 students times a per-pupil facilities cost of \$115,571).

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

Table 1-15 shows that \$32,438,855 in total residential Level I fee revenue will cover only 21.7 percent of the \$149,613,030 in total school facility costs attributable to residential development over the next five years. Some of this shortfall may be recovered from fees on commercial development.

Total School Facility Costs	Total Revenues From Fees	Net Facility Cost to the District
\$149,613,030	\$32,438,855	\$117,174,175

 Table 1-15

 Facility Cost of Residential Development versus Fee Revenue

H. Senior Citizen Restricted Housing

As required by law, a lower fee, currently the commercial/industrial maximum of \$0.84 per square foot, is established for certain types of residences that are restricted in occupancy to senior citizens. Housing of this type generates employees and has an indirect impact on the school district similar to that from commercial/industrial development projects.

The District must exercise discretion in determining whether a particular project qualifies as "senior citizen housing" for the purposes of imposing developer fees. (*See California Ranch Homes Development Co. v. San Jacinto Unified School District* (1993) 17 Cal.App.4th 573, 580-851.) The District acknowledges Government Code section 65995.1 and will levy its share of fees on qualifying senior citizen housing projects at the current commercial/industrial rate. Qualified projects include only "senior citizen housing developments" a defined in Civil Code section 51.3, a "multi-level facility for the elderly" as defined in Government Code section 15432(d)(9), or a "residential care facility for the elderly" as defined in Health & Safety Code section 1569.2.

The District will require proof that such senior units are restricted to seniors (i.e., a copy of the recorded CC&Rs or deed(s)) and reserves the right to revoke a Certificate of Compliance and/or require payment of the difference of the amount of commercial/industrial fees paid per square foot to the then-current amount of residential fees per square foot should such CC&Rs or deed(s) be modified to allow students/families to reside in such the housing units. If there is any uncertainty as to whether a project qualifies as senior citizen housing or will, in fact, remain senior citizen housing beyond the initial approval, the District may wish to seek cooperation from the developer as a condition of levying the commercial/industrial fee rate. Such cooperation could take the form of an agreement by the developer to include a restriction in the recorded CC&Rs conditioning subsequent changes in residency requirements on the owner's payment of applicable fees, and to notify the District of any changes in residency requirements and/or to provide current residency data upon the District's request.

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

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

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

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

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

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

A. Employees per Square Foot of Development

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

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

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

Source: 1990 SanDAG Traffic Generators Report.

B. Percentage of Employees Residing Within the District

United States Census Bureau data from the American Community Survey for 2022 (Table B080008 – *Sex of Workers By Place of Work - Place Level*), indicates that approximately 45 percent of people working in the District also live in the District.

C. Number of Households per Employee

United States Census Bureau data from the American Community Survey for 2022 (Table B25001 – *Housing* Units and Table B080008 – *Sex of Workers By Place of Work – Place Level*), indicates that there are approximately 1.26 workers per household. Likewise, this data indicates that there are 0.79 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 0.79 housing units.

D. Number of Students per Dwelling Unit

As outlined in Section II.A., the Report assumes that 0.496 TK-12 pupils will reside in each housing unit in the District.

E. School Facility Cost Per-Pupil

As outlined in Section II.C., the Report estimates that the school facility cost per TK-12 pupil is \$115,571. It should be noted that these facility costs are conservative and the District's actual facility costs will likely be higher.

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

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

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

(continued on the next page)

Category	Employees per Square Foot	% Employees Residing in District	Dwelling Units per Employee	TK-12 Students per Dwelling Unit	Cost per TK-12 Student	Cost per Square Foot
Banks	0.00283	0.45	0.79	0.496	\$115,571	\$57.67
Community Shopping Centers	0.00153	0.45	0.79	0.496	\$115,571	\$31.18
Neighborhood Shopping Centers	0.00271	0.45	0.79	0.496	\$115,571	\$55.23
Industrial/business Parks	0.00352	0.45	0.79	0.496	\$115,571	\$71.73
Industrial Parks	0.00135	0.45	0.79	0.496	\$115,571	\$27.51
Rental Self-Storage	0.00006	0.45	0.79	0.496	\$115,571	\$1.22
Scientific R&D	0.00304	0.45	0.79	0.496	\$115,571	\$61.95
Lodging	0.00113	0.45	0.79	0.496	\$115,571	\$23.03
Standard Commercial Offices	0.00480	0.45	0.79	0.496	\$115,571	\$97.82
Large High Rise Com. Offices	0.00432	0.45	0.79	0.496	\$115,571	\$88.03
Corporate Offices	0.00269	0.45	0.79	0.496	\$115,571	\$54.82
Medical Offices	0.00427	0.45	0.79	0.496	\$115,571	\$87.02

Table 1-17Facility Cost per Square Foot of Commercial/IndustrialDevelopment, by Category

The District is justified in collecting the Government Code maximum of \$0.84 per square foot for all categories of commercial/industrial development because these categories, on a per square foot basis, generate a school facility cost greater than the Government Code maximum of \$0.84.

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

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

For purposes of calculating the residential fee offset, this Report estimates that the District will collect \$5.17 per square foot of future residential development.

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

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

Category	Dwelling Unit per Square Foot Com/Ind	Average Square Foot per Unit	District's Revenue per Square Foot Res. Dev.	Residential Offset per Com/Ind Square Foot	School Facility Cost per Square Foot Comm/Ind Development	Cost per Square Foot Less Offset
Banks	0.00101	2,404	\$5.17	\$12.55	\$57.67	\$45.12
Community Shopping Centers	0.00054	2,404	\$5.17	\$6.71	\$31.18	\$24.47
Neighborhood Shopping Centers	0.00096	2,404	\$5.17	\$11.93	\$55.23	\$43.30
Industrial Business Parks	0.00125	2,404	\$5.17	\$15.54	\$71.73	\$56.19
Industrial Parks	0.00048	2,404	\$5.17	\$5.97	\$27.51	\$21.54
Rental Self-storage	0.00002	2,404	\$5.17	\$0.25	\$1.22	\$0.97
Scientific R&D	0.00108	2,404	\$5.17	\$13.42	\$61.95	\$48.53
Lodging	0.00040	2,404	\$5.17	\$4.97	\$23.03	\$18.06
Standard Com.Offices	0.00171	2,404	\$5.17	\$21.25	\$97.82	\$76.57
Large High Rise Commercial Offices	0.00154	2,404	\$5.17	\$19.14	\$88.03	\$68.89
Corporate Offices	0.00096	2,404	\$5.17	\$11.93	\$54.82	\$42.89
Medical Offices	0.00152	2,404	\$5.17	\$18.89	\$87.02	\$68.13

 Table 1-18

 School Facility Cost of New Commercial/Industrial Development Discounted by Residential Fee Offset

As the table shows, the school facility cost of all categories of commercial/industrial development are greater than the current Government Code maximum of \$0.84 per square foot, even when that cost is discounted by revenues from linked residential units. Therefore, the District is justified in collecting the Government Code maximum of \$0.84 per square foot for all categories of commercial/industrial development. This discounting most likely understates the true facility cost of commercial/industrial development, because not all new workers will live in new homes.

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

If the District were to charge \$0.84 per square foot of commercial/industrial development, it would collect \$117,600 from the 140,000 square feet of the community shopping center development. Assuming that all employees of the community shopping center development live in new homes, the District will also collect \$946,420 in revenue from developer fees (140,000 square feet x 0.00153 employees per square foot x 45% employees that live in District x 0.79 housing units per employee x 2,404 square feet per housing unit x \$5.17 revenue from Residential developer fees). The 140,000 square feet of the community shopping center development will create a school facilities cost of \$4,365,200 (140,000 square feet x \$31.18 school facility cost per square foot of community shopping center).

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

	Fee Revenues	Facility Costs	Total Revenues (Costs)
140,000 square feet of community shopping center development	\$117,600	\$4,365,200	(\$4,247,600)
New housing units associated with the development	\$946,420	N/A	\$946,420
Total	\$1,064,020	\$4,365,200	(\$3,301,180)

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

As the table shows, fee revenue from community shopping center development will cover only 24.4 percent of the school facility cost it generates, even when that cost is discounted by the revenues from linked new housing units.

All categories of commercial/industrial development will generate more facility cost than fee revenue, because they all generate a facility cost greater than \$0.84 per square foot even when fees from linked residential units are considered.

V. FINDINGS

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

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

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

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

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

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

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

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

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

which the school impact fees are expended. The fee's use (acquiring school facilities) is, therefore, reasonably related and roughly proportional to the type of project (future residential development) upon which it is imposed.

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

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

The District's current enrollment is larger than its pupil capacity at all grade groupings. The District, therefore, does not have sufficient existing TK-6, 7-8 and 9-12 capacity to house students generated by future development. Future residential and commercial/industrial development in the District will generate additional students and, consequently, a need for additional school facilities. A relationship exists, therefore, between the District's need to build additional school facilities and the construction of new residential and commercial/industrial development projects.

Moreover, the collection of the school impact fees is essential to provide the necessary public school facilities to serve residential and commercial/industrial development projects, and is necessary to avoid, substantially lesson, or otherwise mitigate impacts of such projects on school facilities under the California Environmental Quality Act (Public Resources Code, §§21000, et seq.)

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

This Report demonstrates that the school facility cost attributable to future residential development is \$23.84 per square foot. The maximum Level I fee of \$5.17 per square foot on residential development is, therefore, fully justified.

This Report also demonstrates that the school facility costs attributable to all categories of commercial/industrial development range from \$0.97 per square foot to \$76.57 per square foot, even when fees from linked residential units are accounted for. Level I fees of \$0.84 on these types of development are, therefore, fully justified.

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

The total cost for providing school facilities for existing unhoused students, as documented in Table 1-5 and Table 1-8 is \$453,182,220. The District's local funds available for new

school facilities is \$75,224,872, including both issued and unissued Measure L bond funds. Comparing the cost of providing school facilities for existing unhoused students (\$453,182,220) to the amount of funds available (\$75,224,872) demonstrates that the District does not have sufficient funds available to off-set the impacts of students generated by future residential development.

F. Other Funding Sources

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

(1) <u>General Fund</u>

The District's General Fund budget is typically committed to instructional and day-today operating expenses and not used to construct school buildings, as funds are needed mainly to meet the District's operational and non-facility needs.

(2) <u>State Programs</u>

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

(3) General Obligation Bonds

The District's voters passed Measure L in November 2006 authorizing \$114 million dollars, and Measure U in November 2016 authorizing \$281 million dollars for the construction of new facilities. All bond funds have been taken into account in this analysis.

(4) <u>Parcel Taxes</u>

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

(5) <u>Mello-Roos Community Facilities Districts</u>

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

(6) Surplus Property

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

VI. RECOMMENDATIONS

As described in Section II.E, the District's cost per square foot of residential development is \$23.84. This Report recommends that the District levy the maximum statutory fee authorized by Government Code Section 65995, currently \$5.17 per square foot of residential development.

As described in Section IV.G, the District's cost per square foot of commercial/industrial development ranges from \$0.97 to \$76.57. The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, currently \$0.84 per square foot on all categories of commercial/industrial development as outlined in Section IV.G of the report.

These recommendations are based on the findings that residential and commercial/industrial development creates a school facility cost for the District that is larger than the revenue generated by charging and collecting these fees.

End of Report

Appendix

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

Appendix A

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

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

		Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Industrial Parks			•		•
Sorrento West		725	614,922		
Roselle Street		761	500,346		
Stromesa Street		200	136,124		
Tot	tal	1,686	1,251,392		
Ave	erage	562	417,131	742	0.00135
Rental Self-Storage					
Poway Storage		2	32,000		
Lively Center		2	20,000		
Brandon Street Mini-Storage		2	31,348		
Melrose Mini-Storage		2	28,280		
Lock-It Lockers Storage		3	59,325		
Tot	tal	11	170,953		
Ave	erage	2	34,191	17,096	0.00006
Scientific Research and Developmen	nt		1		
Johnson & Johnson Biotechnology Ce	nter	39	22,031		
IVAC Corporation		1,300	315,906		
TRW/LSI Products		350	145,192		
Nissan Design International		26	40,184		
Salk Institute		500	318,473		
S-Cubed Corporation		160	56,866		
Torrey Pines Science Park		2,333	649,614		
Tot	al	4,708	1,548,266		
Ave	erage	673	221,181	329	0.00304
Lodging				T	
San Diego Hilton		139	223,689		
Hyatt Islandia		320	250,000		
La Jolla Village Inn		180	129,300		
Hanalei Hotel		310	267,000		
Vagabond Inn		12	22,548		
Fabulous Inn & E-Z8 Motel		92	92,731		
Vacation Village		234	151,134		
Tot	al	1,287	1,136,402		
Ave	erage	184	162,343	882	0.00113

	Employees	Total Sq. ft	Sq Ft / Employee	Employee Per Sq. ft
Standard Commercial Office		•		•
Industrial Indemnity Bldg.	170	34,300		
Beta Bldg.	110	29,400		
Park Camino Bldg.	299	55,500		
2181 E.C.R. Bldg.	47	10,000		
Camino Real Financial Center	23	6,300		
Total	649	135,500		
Average	130	27,100	208	0.00480
Large High Rise Com. Office				
Mission Valley Financial Center (Security Pacific)	900	185.600		
Lion Plaza Building	462	109,900		
Crossroads Limited Building (Crocker and Xerox)	512	138,900		
Total	1,874	434,400		
Average	625	144,800	232	0.00432
Corporate Offices				
Equitable Life	200	53,900		
Bank of America Processing Center	300	110,000	_	
Home Federal Processing Center	1,150	450,000	_	
Trade Services Publications	270	82,000	-	
IRT Corporation	210	89,500	_	
Earl Walls & Assoc.	43	15,000	_	
Four Winds International Headquarters	220	90,914	_	
Total	2,393	891,314	-	
Average	342	127,331	372	0.00269
Medical Offices	r	1		
Chula Vista Doctors' Park	108	24,000	-	
Parkway Medical Group	65	17,620	-	
Campus Medical-Dental Center	115	25,900	-	
Total	288	67,520		
Average	96	22,507	234	0.00427