

GLENDALE UNIFIED SCHOOL DISTRICT

December 17, 2013

ACTION REPORT NO. 3

TO: Board of Education
FROM: Dr. Richard M. Sheehan, Superintendent
PREPARED BY: Eva Rae Lueck, Chief Business and Financial Officer
SUBJECT: **Developer Fee Report Prepared Pursuant to SB1693 and Government Code Sections 66001 and 66006**

The Superintendent recommends that, following a Public Hearing, the Board of Education approve a Developer Fee Report prepared pursuant to SB1693 and Government Code Sections 66001 and 66006.

Introduction

Effective January 1, 1997, Senate Bill 1693 amended Government Code Sections 66001 and 66006 to impose more detailed reporting requirements for developer fees. The local agency must account for funds collected, whether committed or uncommitted, and are required to review this information at a regularly scheduled public meeting not less than 15 days after the information is made available for public review.

The attached report provides information on developer fees and interest income collected and expended during 2012-13. Summarized information for fiscal years 2007-08 through 2012-13 is also included.

The fees and interest reported were used to purchase property, upgrade, reconstruct and modernize our school facilities. The fees have been justified, and a reasonable relationship established between the fees and the purpose for which they are charged, in the District's 2012 Developer Fee Study. Developer Fees, General Obligation Bond funds, and State School Construction Bond funds are the primary funding sources used to address various school facility needs of the District. During 2012-13, no refunds were made pursuant to subdivision (e) of Section 66001 and no allocations were made pursuant to subdivision (f) of Section 66001.

Outline of Reporting Requirement

Section 66006(b)(1) of the Government Code states that for each separate account established for Reportable Fees (Developer Fees), received for additional school facilities ("School Facilities") for students from new development, the local educational agency shall, within one hundred eighty (180) days after the last day of each fiscal year, make available to the public the following information:

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- (1) A brief description of the type of fees collected in the account.
- (2) The amount of the fees collected and interest earned.
- (3) The beginning and ending balance of the account.
- (4) An identification of each project ("Project") on which fees were expended and the amount of the expenditures on each project.
- (5) An identification of an approximate date by which the construction of a project will commence.
- (6) As applicable, a description of each interfund transfer or loan made from the account, including the Project on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account will receive on the loan.
- (7) As applicable, the amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001; and

Section 66001(d) of the Government Code also requires that the District make the following findings with respect to that portion of the account remaining unexpended, whether committed or uncommitted, at the time it makes the foregoing information available to the public:

- (1) Identification of the purpose to which the Reportable Fees are to be allocated.
- (2) Demonstration of a reasonable relationship between the Reportable Fees and the purpose for which they are charged.
- (3) Identification of all sources and amounts of funding anticipated to complete financing of the Projects of the District.
- (4) Designation of the approximate dates on which the funding referred to in paragraph (3) is expected to be deposited into the appropriate account.

Attachment A to this report constitutes the District's report of Developer Fees pursuant to SB 1693 and Government Code Sections 66001 and 66006. A notice of the opportunity for public comment on the information contained in this report was published in the Glendale News Press on November 22, 2013.

IN SUPPORT OF 2013-14 BOARD PRIORITY 2: Use Board adopted budgetary principles to maintain District fiscal integrity and stability of instruction and programs.

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**REPORT OF SCHOOL FACILITY FEES INCLUDING
ALTERNATIVE SCHOOL FACILITY FEES ("REPORTABLE FEES")
REPORT FOR FISCAL YEAR 2012-13 IN COMPLIANCE WITH
GOVERNMENT CODE SECTIONS 66006 AND 66001**

Government Code Sections 66006 and 66001 provide that the District shall make available to the public certain information and adopt described findings relative to statutory school facility fees adopted pursuant to Education Code Section 17620 and Government Code Sections 65995, 65995.5, 65995.6 and 65995.7 ("Level 1 Fees", "Level 2 Fees" and "Level 3 Fees", collectively, "Statutory School Facility Fees" and as to Level 2 and Level 3 Fees, "Alternative School Facility Fees"). The foregoing for this purpose is also referred to as reportable fees ("Reportable Fees"). The described information and findings relate to Reportable Fees received, expended or to be expended in connection with school facilities ("School facilities") for the District to accommodate additional students from new development if funded or partially funded with Reportable Fees. The Reportable Fees do not include letters of credit, bonds, or other instruments to secure payment of Reportable Fees at a future date. The Reportable Fees have not been levied, collected, or imposed for general revenue purposes.

The following is the information and proposed findings the District proposes to review and adopt in accordance with Government Code Sections 66006 and 66001.

**I. INFORMATION MADE AVAILABLE PURSUANT TO GOVERNMENT
CODE SECTION 66006 FOR FISCAL YEAR 2012-13:**

In accordance with Government Code Section 66006(b)(1) and (2), the District provides the following information for fiscal year 2012-13:

**A. DESCRIPTION OF THE TYPE OF REPORTABLE FEES IN THE
ACCOUNT OR SUB-ACCOUNT(S) OF THE DISTRICT:**

The Reportable Fees consist of Statutory School Facility Fees including Alternative School Facility Fees.

B. AMOUNT OF THE REPORTABLE FEES:

The Reportable Fee amounts for fiscal year 2012-13 are set forth in the Schedule "A". These fee amounts were approved by the Board of Education on March 6, 2012. Developer Fee amounts only partially mitigate the impact to the District caused by residential development.

C. BEGINNING AND ENDING BALANCE OF ACCOUNT AND SUB-ACCOUNT(S):

	Reportable Fees
Beginning Balance (7-1-12)	\$8,730,221
Ending Balance (6-30-13)	\$7,542,085*

* Currently designated for various Measure S and Capital Facility and Improvement Fund projects.

D. AMOUNT OF THE REPORTABLE FEES COLLECTED AND INTEREST EARNED:

Amount of Reportable Fees Collected Per Account or Sub-Account(s)	Amount of Interest Earned Per Account or Sub-Account(s)
Residential \$3,003,428	\$56,132
Commercial \$107,439	\$1,736
TOTAL \$3,110,867	\$57,868

E. IDENTIFICATION OF EACH PROJECT DURING 2012-13 ON WHICH DEVELOPER FEES WERE EXPENDED

This information is provided in Schedule "B".

F. IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH VARIOUS CONSTRUCTION PROJECTS OF THE DISTRICT WILL COMMENCE

The District has determined that for fiscal year 2012-13, Reportable Fees and other sources of funding were not sufficient to complete the financing of all currently identified school facility (renovation, modernization and new construction) projects.

G. DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR SUB-ACCOUNT(S), INCLUDING PROJECT(S) OF THE DISTRICT ON WHICH THE TRANSFERRED OR LOANED REPORTABLE FEES WILL BE EXPENDED, AND, IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR SUB-ACCOUNT(S) WILL RECEIVE ON THE LOAN:

Description of Interfund Transfer or Loan	Funds to Which Reportable Fees Are Loaned	Amount	Date Loan Repaid	Rate of Interest
N/A	N/A	N/A	N/A	N/A

H. THE AMOUNT OF REFUNDS MADE OR REVENUES ALLOCATED FOR OTHER PURPOSES IF THE ADMINISTRATIVE COSTS OF REFUNDING UNEXPENDED REVENUES EXCEED THE AMOUNT TO BE REFUNDED:

None.

II. PROPOSED FIVE (5) YEAR FINDINGS WITH RESPECT TO THAT PORTION OF THE ACCOUNT OR SUB-ACCOUNT(S) REMAINING UNEXPENDED, WHETHER COMMITTED OR UNCOMMITTED IN ACCORDANCE WITH GOVERNMENT CODE SECTION 66001:

A. IDENTIFICATION OF THE PURPOSE TO WHICH THE REPORTABLE FEES ARE TO BE EXPENDED:

The purpose of Developer Fees imposed and collected on new residential, commercial and industrial development within the District is to fund additional school facilities required to serve the students of the District generated by its new development within the District. Specifically, the Reportable Fees will be used for the construction and/or acquisition of additional school facilities, remodeling existing school facilities to add additional classrooms and technology, as well as acquiring and installing additional modular classrooms.

B. DEMONSTRATION OF A REASONABLE RELATIONSHIP BETWEEN THE REPORTABLE FEES AND THE PURPOSES FOR WHICH THEY ARE CHARGED:

There is a proportional/reasonable relationship between the new development upon which the Developer Fees are charged and the need for additional school facilities by reason of the fact that additional students will be generated by additional development within the District and the District does not have student capacity in the existing school facilities to accommodate these new students.

Special Note: The District's "School Facility Fee Handbook (Revised in February 2012) provides the justification documentation for the assessment of fees (Developer Fees) on new residential and commercial/industrial construction.

C. DEVELOPER FEE COLLECTIONS AND EXPENDITURES FOR FISCAL YEARS 2007-08 THROUGH 2012-13

In accordance with Government Code Section 66006(b)(2), information, including the proposed five (5) year findings presented in Schedule C, were made available to the public at least fifteen (15) days prior to consideration of the Reportable Fees Report. The Board of Education is asked to formally consider (certify) such annual information and proposed five (5) year findings at its meeting on December 17, 2013.

D. IDENTIFICATION OF ESTIMATED FUNDING SOURCES AND AMOUNTS ANTICIPATED TO COMPLETE VARIOUS PROJECTS IDENTIFIED IN THE DISTRICT'S MEASURE S AND OTHER FACILITY RELATED REPORTS:

Source of Funding	Amount of Funding Received/Anticipated to be Received to Complete Financing of School Facilities
1. State School Building Program	\$68,746,131*
2. Community Facilities Districts	\$0
3. General Obligation Bond Proceeds	\$270,000,000**
4. Redevelopment Pass-Through Agreements	\$2,147,197***
5. Statutory School Facility Fees (Developer Fees)	\$7,542,085****
6. Mitigation Payments	N/A
7. Certificates of Participation	N/A
8. SB-201 Fees (Government Code Section 65970 <i>et seq.</i>)	N/A
9. Total Funding (Lines 1 - 8 above)	\$348,435,413
11. Total Costs of All Projects (est.)	\$553,931,490
12. Minus Total of All Funding Sources (Enter from Line 9 above).	\$348,435,413 *****
13. Unfunded Balance (Line 11, minus Line 12)	\$205,496,077*****

* Reflects State School Construction Bond funding available as of June 30, 2013 for the Hoover (1,108,824) and Glendale (\$9,296,700) projects (Fund 40.1); and ORG Funding anticipated (\$ 58,340,607).

** Reflects Measure S Bonds.

*** Reflects San Fernando Corridor and Central Redevelopment tax increment funds available as of June 30, 2013.

**** Developer Fee Fund balance as of June 30, 2013, designated for various capital facility projects

***** Includes Measure S \$270,000,000; received and projected State Bond funds, and funds from other sources.

***** The "Unfunded Balance" is only in relation to the funding sources listed on lines 1 to 8 and does not reflect Measure S interest earnings (to date/projected), previous and future funding from the District's Capital Project, Deferred Maintenance and Developer Fee Funds.

E. DESIGNATION OF THE APPROXIMATE DATE ON WHICH THE FUNDING REFERRED TO IN SECTION D ABOVE IS EXPECTED TO BE DEPOSITED IN THE APPROPRIATE ACCOUNT OR SUB-ACCOUNT(S).

Sources	Approximate Date Expected to Be Deposited
State School Building Program	CURRENTLY ON DEPOSIT
Community Facilities Districts	N/A
General Obligation Bond Proceeds	\$53.97 MILLION CURRENTLY ON DEPOSIT
Redevelopment Pass-Through Agreements	CURRENTLY ON DEPOSIT
Statutory School Facility Fees	CURRENTLY ON DEPOSIT
Mitigation Payments	N/A
Certificates of Participation	N/A
S.B. No. 201 Fees (Government Code Section 65970 <i>et seq.</i>)	N/A

SCHEDULE A

GLENDALE UNIFIED SCHOOL DISTRICT
STATUTORY SCHOOL FACILITY FEES
INCLUDING ALTERNATIVE SCHOOL FACILITY FEE AMOUNTS
2012-13

Residential	
Level 1	\$ <u>3.20</u> per square foot
Level 2	<u>N/A</u> per square foot
Level 3	<u>N/A</u> per square foot
Commercial/Industrial	\$ <u>.51</u> per square foot

Note: On March 6, 2012, the Level 1 Residential Fee was increased to \$3.20 per square foot and the Commercial/Industrial Fee to \$.51 per square foot.

SCHEDULE B
FUND 25 - Income and Expenditures
as of 06/30/13

Fund Balance, July 1, 2012	\$	8,730,221.22
Net Change During Fiscal Year	\$	<u>(1,188,136.35)</u>
Fund Balance, June 30, 2013	\$	<u><u>7,542,084.87</u></u>

INCOME

Developer Fee Collections	\$	3,110,866.60
Interest Income		<u>57,868.47</u>
Total Actual Income	\$	3,168,735.07

EXPENDITURES

Salaries & Benefits	\$	40,094.42
Capital Outlay		0.00
Portable Classrooms		0.00
Transfer To Fund 21.1 for Keppel ES Project		4,316,777.00
Total Expenditures	\$	<u><u>4,356,871.42</u></u>

NET CHANGE IN FUND BALANCE

(\$1,188,136.35)

Cash Balance, July 1, 2012 \$ 8,711,065.33

Add:	12/13 net collections	\$	2,488,616.97
	12/13 interest collected		44,830.48
	11/12 collections receivable		11,669.77
	11/12 deposits in transit		0.00
	11/12 interest receivable		14,562.72
		\$	<u><u>2,559,679.94</u></u>

Total cash available \$ 11,270,745.27

Less:	12/13 expenditures (exc. payables)	\$	4,349,707.14
	11/12 net due to other funds		0.00
	11/12 accounts payable		7,076.60
		\$	<u><u>4,356,783.74</u></u>

Cash Balance, June 30, 2013 \$ 6,913,961.53

SCHEDULE B
FUND 25 - Income and Expenditure Report Details
July 2012 - June 2013

INCOME

Developer Fees collected	\$ 3,110,866.60	
Interest	<u>57,868.47</u>	
TOTAL INCOME		\$ 3,168,735.07

EXPENDITURES - 100% from developer fee collections

Salaries & Benefits (0.50 fte)	\$ 40,094.42	
Capital Outlay	0.00	
Rentals	0.00	
Transfer to Fund 21.1 for Keppel ES Project	4,316,777.00	
TOTAL EXPENDITURES		\$ <u>4,356,871.42</u>

NET CHANGE IN FUND BALANCE

(\$1,188,136.35)

SCHEDULE C

GLENDALE UNIFIED SCHOOL DISTRICT

Developer Fee Collections and Expenditures for
Fiscal Years 2007-08 to 2012-13
Fund 25 in SACS

Year	Fees Collected/ Interest/Other Income	Expenditures
2007-08	\$1,174,626.89	\$626,794.96
2008-09	\$1,272,470.59	\$324,354.69
2009-10	\$433,423.59	\$2,406,916.47
2010-11	\$1,488,396.46	\$43,191.16
2011-12	\$1,966,796.22	\$44,327.00
2012-13	\$3,168,735.07	\$4,356,871.42

Note: The information in Schedule C above reflects only annual income and expenditures. It does not reflect the net beginning or ending balance of Fund 25 (SACS).