Rio Elementary School District

DEVELOPER FEE JUSTIFICATION STUDY

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I. INTRODUCTION

The following information represents the statutory requirements pursuant to Senate Bill 50 ("SB 50") or other collateral legislation for the Rio Elementary School District ("District") Developer Fee Justification Study (DFJS).

The DFJS was prepared by Consultant and staff pursuant to the requirements of SB 50,[1] and Government Code Section 65995 *et seq.*, both of which became effective on November 4, 1998. The DFJS meets Government Code Section 66001, which requires that a reasonable relationship exist between the amount of residential, commercial and industrial fees, use of the fees and the development for which the fees are to be charged.

II. DISTRICT PROFILE

A. District Overview

The District is comprised of two jurisdictions: the City of Oxnard and Ventura County. A District map inclusive of the District's location and boundaries is set forth in Exhibit A. The District serves students in grades K through 8 and operates five (5) elementary schools (K-5), two (2) elementary schools (K-8), and two (2) middles school (6-8).

B. Demographic Overview

The District 2021/22 CBEDs enrollment was 5,108 students in grades K-8. In comparison to the 2011/12 CBEDs enrollment of 4,608 (K-8) students, the current enrollment has grown by 721 students over the last 10 years. This equates to an annual average growth rate of 1.1%. New residential and commercial development has been one of the primary causes of student population increases. Therefore, the data set forth in this document justifies the need for existing and future school facilities.

[1] Chapter 407; Statutes 1998

III. SUMMARY OF FINDINGS

A. Justification of Level 1 Statutory Developer Fees

The following is a justification of Statutory Level 1 developer fees based on Government Code Section 65995.

1. District school capacity is based on permanent capacity and excludes portable capacity that is leased or is 20 to 30 years old as these portable/relocatable classrooms will need to be replaced to house students long term. The District has a current capacity for 4,863 students.

2. The District 2021/22 CBEDs enrollment is 5,108 students in grades K-8. The District is over capacity by 245 K-8 students. Therefore, new classroom facilities will be required for enrollments generated by new residential development.

3. Planned new residential construction data and proposed future market absorption rates for new homes indicate that approximately 15 single family detached units, 535 single family attached units, and 487 multi-family attached units are forecast to be constructed within the District over the next 5 years.

4. The projected average student yield rate for grades K-8 applicable to each new single family detached unit is 0.38, single family attached unit is 0.28, and multi-family unit is 0.28 K-8 students.

5. A total of 209 K-5 students, 84 6-8 students are projected from the 1,037 new residential homes planned to be constructed over the next five years.

6. The allowable costs for new school construction pursuant to SB 50 are $29,770 per elementary school pupil, and $31,562 per middle school pupil (State Grant 50% x 2). Allowable costs include additional allowable costs for automatic fire detection/alarm system and automatic sprinkler system.

7. In addition to school construction costs, site acquisition and additional site development costs can be included in allowable costs. The allowable site acquisition and additional site development costs are estimated to be $5,292,040.

8. Based on a five-year historical analysis of new residential construction District-wide, the average new single-family detached unit size is 1,831 square feet, the average

new single family attached unit size is 2,074 square feet, and the average new multi-family attached unit size is 1,252 square feet. Applying the average unit size to the number of planned residential units to be constructed, total projected new residential area is 1,746,779 square feet.

9. There are limited local funding sources available to finance capital improvements to K-8 school facilities that are needed to adequately house students projected to be generated by new residential construction. Potential local sources of funding may include: local G.O. Bonds, developer fees, revenue from surplus property disposition and other sources as applicable. However, available funds are required to house existing students within the District.

Therefore, based on the above findings and related information set forth in this report, Level 1 Statutory fees for residential and commercial development are justified and should continue to be levied as follows:

Level 1 Residential Fee	Commercial / Industrial Fee
$3.40 per sq. ft.	$0.55 per sq. ft.

IV. DEVELOPER FEE OVERVIEW

SB 50[2] authorizes qualifying school districts to levy three different levels of developer fees for residential construction, as set forth in Government Code Sections 65995, 65995.5 and 65995.7. Only Level 1, Statutory fees, apply to commercial and industrial development.

A. Three Levels of Developer Fees

SB 50 established the legal process whereby builders of new homes may be required to pay for new, expanded or reconstructed school facilities to serve new homes. The three-tier fee structure and corresponding fee levels are:

1. **Level 1 Fees (Statutory fees):** Statutory fee amounts are authorized to be adjusted for inflation every two years per the published statewide cost index for Class B construction, as determined by the State Allocation Board (SAB) at its January meeting. The current K-12 base statutory fee for new residential construction is $4.79 per square foot, and $0.78 per square foot for new commercial and industrial construction. The District collects 71% of K-12 statutory fees: $3.40 for residential development and $0.55 for commercial/industrial development.

2. **Level 2 Fees:** The District may, under specific circumstances, impose fees beyond the Level One statutory fee. Government Code Section 65995.5 provides for an alternative school mitigation fee ("Alternative Fee") that allows Districts to levy fees equivalent to approximately 50% of the cost of school construction including service site and some off-site costs.

3. **Level 3 Fees:** If the State Allocation Board declares that the State School Facilities Program has run out of bond funds, Level 3 fees may be implemented allowing the District to collect fees equivalent to approximately 100% of the cost of the required new, modernized or reconstructed school facilities, minus any local dedicated school funds.

[2] Chapter 407, Statutes 1998

V. SCHOOL FACILITIES NEEDS ANALYSIS AND ADOPTION

A. Content and Process

The DFJS, as set forth herein, determines the need for new or reconstructed school facilities for pupils attributable to projected enrollment growth from new residential units over the next five-year period.

If applicable, the District will identify and consider: (1) surplus property, and (2) local sources other than developer fees, charges and dedications to finance the construction of school facilities attributable to new residential construction.

The DFJS shall be made available for public review and comment two weeks prior to the District Board of Trustees conducting a public hearing, with notice of the hearing sent to each city and county within the District's jurisdiction, and adopted by District Resolution at the duly noticed public hearing.

B. School Capacities

1. Existing School Capacity

Pursuant to SB 50, existing school capacity is determined by a teaching station methodology whereby each permanent teaching station is counted and loaded at the rate of 25 students per classroom for grades kindergarten through sixth and 27 students per classroom for grades 7-8 and 9-12, 13 students per classroom for non-severe SDC and 9 students per classroom for severe SDC.

Set forth in the following **Table 1** is the District 2021/22 capacity, which was determined based on use of permanent and portable/relocatable classrooms, and portable/ relocatable classroom age. Life expectancy of portables / relocatables is much lower than stick or modular built buildings (estimated 20-30 years) Therefore, aging portables / relocatables between 20 and 30 years old and portables leased for temporary usage were not included in determining capacity for existing or future students.

Existing School Site Capacity
Table

Grade Level	Permanent Classrooms	Owned Relocatables Less than 20 years old	Total Available Classrooms	State Loading Standard	Permanent Capacity[1]
K-5	113	17	130	25	3,250
K-5 NS SDC	3	3	6	13	78
6	15	2	17	25	425
7-8	39	0	39	27	1,053
6-8 NS SDC	3	0	3	13	39
6-8 S SDC	2	0	2	9	18

[1]Classroom inventory does not include portable/relocatable classrooms that have reached life expectancy and are between 20 and 30 years old, leased portables, and rooms used for alternative purposes, i.e., administration, pullout programs, RSP, Intervention, and preschool.

2. Available School Capacity

Potential available school capacity for students generated by new residential development is determined by overlaying the District 2021/22 enrollments with the District 2021/22 capacity.

As set forth in the following **Table 2**, the District 2021/22 K-8 enrollments of 5,108 is above District capacity of 4,863 students. Therefore, the District is over capacity by 245 K-8 students. However, the District has capacity for 9 K-5 students.

District 2021/22 Available Classroom Capacity
Table 2

Grade Level	2021/22 Enrollments	2021/2022 Capacity	Existing Students Over/ (Under) Capacity
K-5	3,319	3,328	(9)
6-8	1,789	1,535	254
Total K-8	5,108	4,863	245

C. Demographics

1. Projected Development

Future levels of residential development will primarily be determined by the supply and demand for new homes in the area. As economic trends change so will the need for new housing.

The following **Table 3** sets forth the current five-year projected new residential development.

5-Year Projected New Residential Development

Table 3

5-Year Projected New Residential Development Projects	Single-Family Detached Units	Single-Family Attached Units	Multi-Family Units
City of Oxnard			
Fore Riverpark			333
Rio Urbana		167	
Wagon Wheel Development		368	154
City of Oxnard Infill	15		
Total Projected Units	**15**	**535**	**487**

Note: Some development may be under a mitigation agreement and is included for capacity and cost projections purposes only. East Village III (Maulhardt) is in process with City of Oxnard and is not included due to current status of project.

2. Student Yield Rates

Student yield rates are the average number of students that are generated by each new housing unit. Student yield rates determined for the 2021/22 DFJS are based on a yield rate analysis of the historical residential development data overlayed with 2021/22 students residing in new residential development. **Table 4** sets forth the District yield rates.

Student Yield Rates

Table 4

Housing Type	K-5	6-8	K-8
Single Family Detached Unit (SFD)	0.26	0.12	0.38
Single Family Attached Unit (SFA)	0.21	0.07	0.28
Multi-Family Unit (MFA)	0.19	0.09	0.28

3. Enrollments from New Residential Development

As set forth in the following **Table 5**, new residential development projected over the next five years will yield approximately 209 K-5 students and 84 6-8 students. The District has capacity for 9 K-5 students, but is over capacity in grades 6-8. Therefore 200 projected K-5 students and 84 projected 6-8 students are considered to be "unhoused."

Enrollments Generated by Projected Residential Units
Table 5

2021 to 2026 5-Year Projected Buildout	Projected Units	Student Yield Rates[1]			Projected Students		
		K-5	6-8	K-8	K-5	6-8	K-8
Single Family Detached	15	0.26	0.12	0.38	4	2	6
Single Family Attached	535	0.21	0.07	0.28	112	38	150
Multi-Family (Apts)	487	0.19	0.09	0.28	93	44	137
Total	**1,037**				**209**	**84**	**293**

4. New Residential Square Footage

An analysis conducted of historical building permits issued and constructed within the District found that the average size of a new single family detached home is 1,831 square feet, the average size of a new single family attached home is 2,074 and the average size of a new multi-family attached home is 1,252 square feet. Using average residential square footages, the following **Table 6** sets forth the projected square footage of new residential units to be constructed over the next five years.

Projected New Residential Square Footage
Table 6

Type of Dwelling Unit	Avg. Sq. Footage per Dwelling Unit	Projected New Residential Units	Projected Square Footage
Single Family Detached (SFD)	1,831	15	27,465
Single Family Attached (SFA)	2,074	535	1,109,590
Multi-Family Attached (MFA)	1,252	487	609,724
Total			**1,746,779**

D. Allowable Cost and Fees

Education Code Section 17072.10 establishes allowable cost factors for school construction that are used to determine the appropriate developer fee for new residential development. The cost factors set forth below were developed on a per-student basis and are based on District's estimated new school construction costs to adequately house students in the District.

1. Site Acquisition Costs

The California Department of Education (CDE) sets forth the required school site sizes for K-12 in the "Guide to School Site Analysis and Development, 2000 Edition." As identified in the following **Table 7**, the District average elementary school size is 500 students and the average middle school is 1,000 students, which was used to determine recommended CDE site size. However, the actual cost calculation utilized is based on students projected from new development and reflects site acquisition costs for specific amount of land needed to house projected un-housed students from new residential development regardless of current site size.

The average cost of land is estimated to be approximately $700,000 per acre for developed land in the City of Oxnard. In addition, the District is allowed to include costs up to 4% of actual purchase price of land for escrow, Phase I, and Preliminary Endangerment Assessment (PEA).

Using the CDE Guide for school sites and projected un-housed students from new residential development, the projected site acquisition needs and costs were determined in Table 7.

Estimated Site Acquisition Costs
Table 7

	Elementary School K-5	Middle School 6-8	Total K-8
Master Plan Enrollments	500	1000	
CDE Recommended Site Size (acres)	10.1	15	
Estimated Cost per Acre for Land[1]	$ 700,000	$ 700,000	
Total Estimated Cost for Land	$ 7,070,000	$ 10,500,000	
4% Add'l Costs for Site Acquisition	$ 282,800	$ 420,000	
Total Estimated Site Acquisition Costs	$ 7,352,800	$ 10,920,000	
Total Projected Land Needs based on Projected Un-housed Students			
Projected Un-housed Students	200	84	
Estimated Land Needed (acres)	4.04	1.26	
Estimated Site Acquisition Costs	**$ 2,941,120**	**$ 917,280**	**$ 3,858,400**

[1]Estimate only; land prices will be dependent on market demands at time of purchase.

2. Construction Costs

Construction costs are derived from the OPSC new construction per-pupil grant for K-12 students. The grants are $14,885 for elementary pupils and $15,781 for middle school pupils (includes additional allowable grants for automatic fire detection/alarm system

and automatic sprinkler system). The OPSC construction grants calculation is estimated to be 50% of total cost to construct school facilities per pupil. Therefore, the total estimated construction cost per elementary pupil is $29,770 and middle school pupil is $31,562 as set forth in **Table 8**.

Estimated Construction Costs for New School Facilities (based on OPSC Grants 2022)
Table 8

Type of State Funding	Elementary School (K-5)	Middle School (6-8)
Per pupil Grant	$14,623	$15,466
Fire Detection/Alarm Grant	$17	$23
Sprinklers Grant	$245	$292
Est. OPSC Grant Calculation per Pupil (50%)	**$14,885**	**$15,781**
Est. District Cost per Pupil (50%)	$14,885	$15,781
Total Estimated Construction Cost per Pupil (100%)	**$29,770**	**$31,562**
Projected Un-housed Pupils from New Homes	200	84
Total Est. Construction Costs for Projected Un-housed Pupils (100%)	**$5,954,000**	**$2,651,208**
Total K-8	**$8,605,208**	

3. Additional Site Development Costs

The State construction cost calculation also includes costs for Service site development, Off-site development and Utilities (additional site development costs). An analysis of District school site construction under School Facilities Program, determined an additional site development per acre cost of $270,498 as shown in **Table 9**.

Estimated Additional Site Development Costs
Table 9

K-8 School Site	OPSC Approved Add'l Site Development Costs (100%)	2022 Add'l Site Development Costs (adjusted to 2022 Construction Cost Index) 100%	Site Acres	Estimated Add'l Site Development Costs per Acre
Riverpark ES East	$1,121,682	$2,395,696	10.10	$237,198
Rio Rosales ES	$1,221,144	$2,327,230	9.63	$241,665
Rio Vista MS	$3,285,496	$5,581,536	16.78	$332,630
Projected Add'l Site Development Cost for New School per Acre				**$270,498**

Note: Site development costs vary depending on location, availability of utilities etc.

Using CDE guidelines for site acreage requirements for elementary school sites, it was determined that the projected 200 un-housed K-5 students from new residential development will require approximately 4.04 acres, and the projected 84 un-housed 6-8 students from new residential development will require approximately 1.26 acres. Therefore, the total estimated additional site development cost for projected un-housed K-5 students is $1,092,812, and the total estimated additional site development cost for projected un-housed 6-8 students is $340,828 as shown in **Table 10**.

Additional Site Development Costs per Student
Table 10

Grade Level	Required Acres	Estimated Additional Site Development Costs per Acre	Estimated Additional Site Development Costs
K-5	4.04	$270,498	$1,092,812
6-8	1.26	$270,498	$ 340,828
Total			**$1,433,640**

4. Total Estimated Costs to House Students from New Residential Development

As set forth in the following **Table 11**, the total allowable costs for new construction are $13,897,248 for projected K-8 students from new residential development over the next five years.

Total Estimated Costs to House Students from New Residential Development
Table 11

Type of Cost	K-5	6-8	K-8
Site Acquisition and Related Fees	$2,941,120	$ 917,280	$3,858,400
Cost to Construct New School Buildings	$5,954,000	$2,651,208	$8,605,208
Additional Site Development Costs	$1,092,812	$ 340,828	$1,433,640
Total New Construction Costs for Projected Students	**$9,987,932**	**$3,909,316**	**$13,897,248**

E. Calculation of Level 1 Residential Fees

Based upon the total estimated school facilities costs for new construction, the District is projected to have a capital facilities funding shortfall of $13,897,248. When the shortfall amount is divided by the total estimated square footage projected from new residential development, the District's projected capital facilities funding shortfall is $7.96 per square foot of new residential development as set forth in **Table 12**.

Therefore, the District is justified in levying a District K-8 portion of Level 1 Statutory Fee in the amount of $3.40 per square foot of new residential construction.

Capital Facilities Funding Shortfall
Table 12

	Developer Fee Calculation
Total Capital Facilities Funding Required to House Projected Students	$13,897,248
Total Estimated Sq. Footage from New Residential Development	1,746,779
Capital Facilities Funding Shortfall per Square Foot of Residential Development	$7.96

VI. COMMERCIAL AND INDUSTRIAL FEE JUSTIFICATION

The current maximum fee for commercial/industrial development authorized by Government Code Section 65995 is $0.78 per square foot (K-12), the District K-8 portion is $0.55 (71%). The rationale for assessing developer fees on commercial/industrial construction is based on the relationship between new residential construction and the resulting demand for commercial/industrial businesses to employ the new residents. The following analysis presents the relationship that exists between commercial/industrial development and the need for additional school facilities in the District.

A. Employee Generation Rates for Residential Development

The American Community Survey 2015-19 (ACS) identified a total of 12,107 housing units and 21,736 workers 16 years and older in the District's Census Tracts. This represents a ratio 1.8 of workers per housing unit. Based on this ratio, it is anticipated that each new unit of residential construction within the District will generate 1.8 employees.

B. District Resident Employees

A certain percentage of the employees living within the District will work in the District and some employees will commute to jobs outside the District. To estimate the percentage of employees that both live and work in the District, travel time to work as identified by the American Community Survey 2015-19 is used. According to the ACS, 21% of all workers 16 years and older in the District's Census Tracts have a commute to work of less than 15 minutes. For purposes of this analysis, a travel time of less than 15 minutes is used to represent an employee that both lives and works within the District. The District-resident employee ratio is therefore expressed as 0.21.

C. Employee Impact Per Unit of Residential Construction

The employee to housing unit ratio of 1.8 and the District-resident employee ratio of 0.21 when multiplied, show that each new unit of residential construction within the District will generate 0.378 District-resident employees.

D. Commercial/Industrial Square Footage Per Employee

The commercial/industrial square footage per employee, or employee density, is dependent on the type of commercial/industrial use. For instance professional or office uses generally have higher employee densities than warehouse or industrial uses. Assembly Bill 181 recognized the variability in employee densities among the different types of commercial/industrial uses by allowing school districts to group development into categories and assess a fee based on specific employee densities. Assembly Bill 530 provided that school districts may choose to utilize employee density standards such as those identified by the San Diego Association of Governments (SANDAG). The SANDAG employee densities are set forth in Table 15.

E. Commercial/Industrial Square Feet Per Residential Unit

The square feet per specific category of commercial/industrial development attributable to residential development is estimated by multiplying the District-resident employee ratio of 0.378 by the employee densities in Table 15. The number of commercial/industrial square feet generated per new housing unit is not cumulative across all employee densities; each unit generates commercial/industrial development in only one density category. It is assumed that in housing units containing more than one worker, all workers are employed in the same development category. Table 15 shows that each new residential unit generates the need for between 108 and 5,670 square feet of commercial/industrial development depending on the development category.

F. Commercial/Industrial Fee Generated Per Housing Unit

The commercial/industrial fee generated per unit of residential construction can be determined by multiplying the commercial/industrial square footage generated per residential unit by the maximum fee of $0.55 (District portion of $0.78) per square foot. Table 15 shows that each new housing unit will generate between $59.40 and $3,118.50 in commercial/industrial fees depending on the development category.

G. Maximum Justified Fee

A nexus is reached when the combined residential and commercial/industrial fees equal the school facility costs created per unit of residential construction. As set forth in **Table 14** below, each unit of residential construction will generate a K-12 facility funding shortfall for employees that work and live in District of $5,066.

Projected School Facility Cost per Housing Unit

Table 14

Grade Level	Projected School Facility Costs to House Students	Projected Housing Units	Avg. Estimated School Facility Cost Per Housing Unit	Employee District – Resident Ratio Per Housing Unit	Projected Capital Facilities Shortfall Per Housing Unit for Employees
K-8	$13,897,248	1037	$13,402	0.378	$5,066

*Estimated Costs based on Developer Fee Justification Study. Numbers are rounded.
Note: Projected Residential Fee per Unit based on average square footage 1,685 multiplied by square foot developer fee rate $3.40 will generate $5,729 of $13,402 projected school facilities costs per housing unit. Therefore, the Capital Facilities Shortfall Per Housing Unit for Employees is applicable.

As set forth in **Table 15** below all categories of commercial/industrial development, result in a maximum justified fee exceeding the K-8 pro-rata fee rate of $0.55 (71% of $0.78) per square foot as authorized by Government Code Section 65995. Based on this finding, the District is justified in levying a commercial/industrial fee of $0.55 on all commercial/industrial development.

Table 15

Commercial/Industrial Fee Analysis

Development Category	Employee Density: Employees per 1,000 Sq. Ft.[a]	Employee Density: Sq. Ft. Per Employee [a]	District-Resident Per Unit Ratio[b]	C/I Sq. Ft. Per Housing Unit[c]	C/I Fee Generated Per Housing Unit @ $0.55 Per Sq. Ft.	Shortfall per Residential Unit[d]	Maximum Justified C/I Fee Per Sq. Ft[e]
Office	3.51	285	0.378	108	$ 59.40	$ 5,066	$46.91
Retail/Service	1.87	534	0.378	202	$ 111.10	$ 5,066	$25.08
Light Industrial	3.29	304	0.378	115	$ 63.25	$ 5,066	$44.05
Heavy Industrial	2.22	450	0.378	170	$ 93.50	$ 5,066	$29.80
Warehouse	1.28	780	0.378	295	$ 162.25	$ 5,066	$17.17
Lodging	1.13	885	0.378	335	$ 184.25	$ 5,066	$15.12
Hospitals	2.75	364	0.378	138	$ 75.90	$ 5,066	$36.71
Self Storage	0.07	15,000	0.378	5,670	$ 3,118.50	$ 5,066	$ 0.89

(a) Employee Densities: Source SANDAG 1990
(b) District-Resident Employee Per Unit Ratio: Source American Community Survey 2015-2019
(c) Sq. Ft. Per Housing Unit: District-Resident Employee Per Unit Ratio multiplied by sq. ft. per employee (note: numbers were rounded.)
(d) Based upon Estimated New School Construction Costs as set forth in Developer Fee Justification Study.
(e) Maximum Justified Fee Per Sq. Ft.: Fee amount justified without exceeding development impact.

VII. CONCLUSIONS AND RECOMMENDATIONS – LEVEL 1 STATUTORY FEE

A. Residential Developer Fees

Based on the findings set forth herein, the District meets the requirements for levying K-8 Level 1 Statutory fees in the amount of $3.40, as applicable, per square foot for residential single family detached, single family attached, and multi-family construction, with the exception of any residential development that is paying mitigation through a Mello-Roos CFD special tax or by special Board approved Mitigation Agreement.

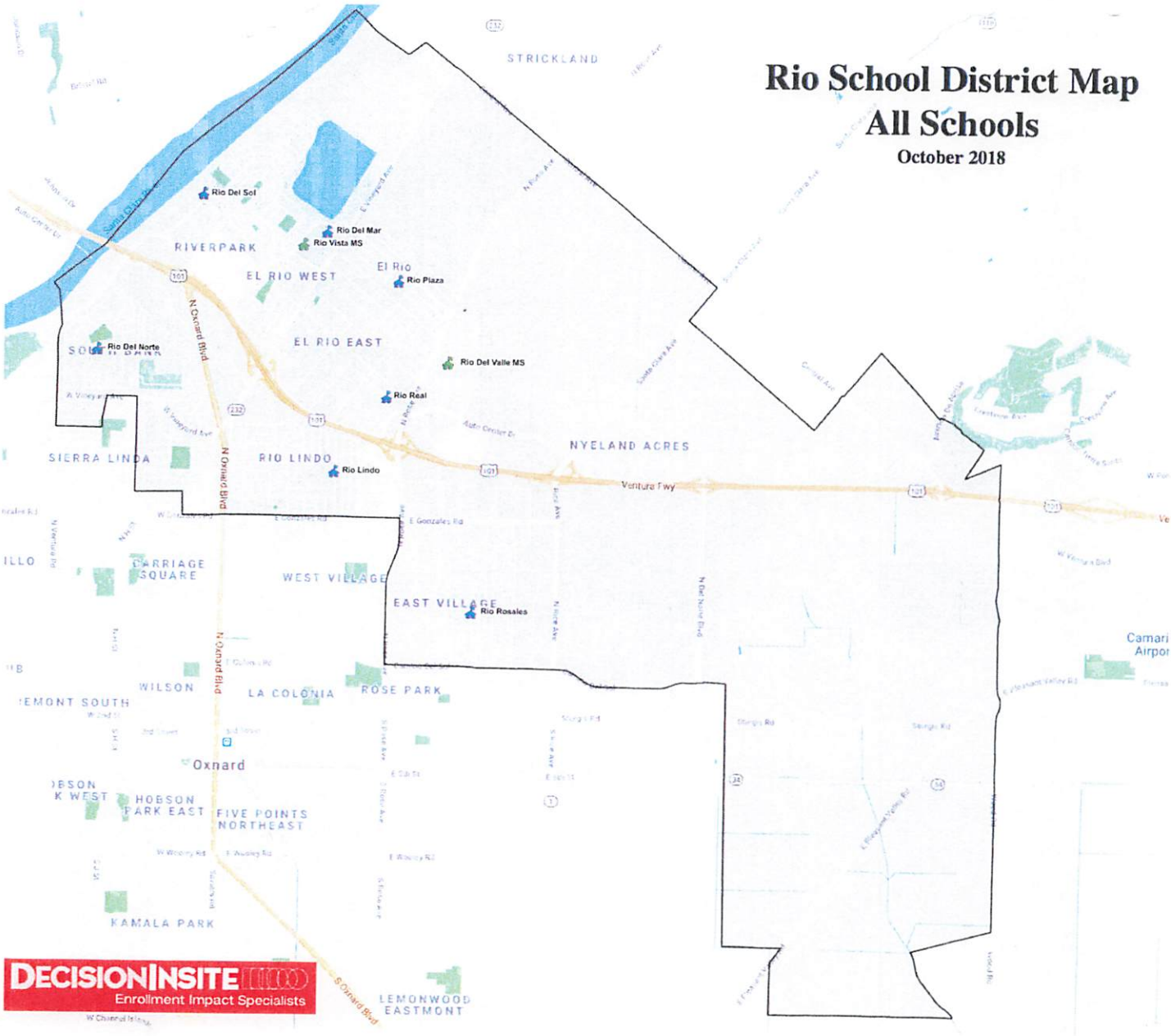
B. Commercial/Industrial Developer Fees

Based on the findings set forth in Section VI, the District meets the requirements for levying K-8 Statutory fees in the amount of $0.55 per square foot for new commercial and industrial development.

The Justification Study is hereby submitted for public review and approval by the District Board in substantiation of Developer Mitigation Fees as set forth in SB 50.

EXHIBIT A

District Map


Rio School District Map
All Schools
October 2018
Rio Del Sol
Rio Del Mar
Rio Vista MS
Rio Plaza
Rio Del Norte
Rio Del Valle MS
Rio Real
Rio Lindo
Rio Rosales
RIVERPARK
EL RIO WEST
EL RIO EAST
SIERRA LINDA
RIO LINDO
NYELAND ACRES
CARRIAGE SQUARE
WEST VILLAGE
EAST VILLAGE
WILSON
LA COLONIA
ROSE PARK
Oxnard
HOBSON PARK EAST
FIVE POINTS NORTHEAST
KAMALA PARK
LEMONWOOD EASTMONT
STRICKLAND
Ventura Fwy
N Oxnard Blvd
S Oxnard Blvd
DECISIONINSITE
Enrollment Impact Specialists