

---

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

for the  
**SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT**  
March 2014

---

*Prepared by*  
School Facility Consultants

---

---

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

for the  
**SAN RAFAEL CITY ELEMENTARY SCHOOL DISTRICT**

March 2014

---

*Prepared for*  
San Rafael City Elementary School District  
310 Nova Albion Way  
San Rafael, CA, 94903

*Prepared by*  
School Facility Consultants  
1303 J Street, Suite 500  
Sacramento, CA 95814  
(916) 441-5063

---

# TABLE OF CONTENTS

|   |    |
|---|----|
| Executive Summary .....   | 1  |
| Introduction .....  | 2  |
| A. Purpose and Scope .....  | 2  |
| B. Brief Description of the San Rafael City Elementary School District .....                        | 2  |
| C. Data Sources .....   | 3  |
| D. Outline of the Report .....  | 3  |
| I. District Facility Needs .....  | 4  |
| A. Pupil Capacity of District Facilities .....  | 4  |
| 1) Classroom Loading Standards .....  | 4  |
| 2) Classroom Capacity .....   | 4  |
| B. Five-Year Enrollment Projection .....  | 5  |
| 1) Enrollment History .....   | 5  |
| 2) Percent Utilization .....  | 5  |
| 3) Enrollment Projection .....  | 6  |
| C. District Facility Requirements .....   | 6  |
| D. Plan for Fulfilling School Facility Needs .....  | 6  |
| II. Financial Impact on the District of Future Residential Development .....                        | 8  |
| A. Number of Students per New Housing Unit .....  | 8  |
| B. Cost of Providing School Facilities .....  | 8  |
| C. Cost of Providing School Facilities per New K-8 Student Generated by Future<br>Development ..... | 9  |
| D. Cost of Providing School Facilities per New Residential Housing Unit .....                       | 9  |
| E. Cost of Providing School Facilities per Square Foot of Future Residential<br>Development .....   | 10 |
| III. Revenue from Fees on Residential Development Versus Costs of School Facilities .....           | 11 |
| A. Fee Revenue from Residential Development Over the Next Five Years .....                          | 11 |
| B. Fee Revenue from Additions to Existing Residences .....  | 11 |
| C. Fee Revenue from Reconstruction and Redevelopment .....  | 12 |
| D. School Facility Costs Generated by Future Residential Development .....                          | 12 |
| E. School Facility Costs Generated by Additions to Existing Residences .....                        | 12 |
| F. School Facility Costs Generated by Reconstruction and Redevelopment .....                        | 12 |
| G. Extent of Mitigation of School Facility Costs Provided by Level I Residential Fees .....         | 13 |
| H. Senior Citizen Restricted Housing .....  | 13 |
| IV. Financial Effect on the District of New Commercial/Industrial Development .....                 | 14 |
| A. Employees per Square Foot of Development .....   | 14 |
| B. Percentage of Employees Residing Within the District .....                                       | 15 |
| C. Number of Households per Employee .....  | 15 |
| D. Number of Students per Dwelling Unit .....   | 15 |
| E. School Facility Cost per Pupil .....   | 15 |
| F. School Facility Cost per Square Foot of Commercial/Industrial Development .....                  | 15 |

|  |    |
|--|----|
| G. Calculating School Facility Cost of Commercial/Industrial Development with Residential Fee Offset .....   | 16 |
| V. Findings .....  | 19 |
| A. Government Code Section 66001(a)(1) - Purpose of the Fee .....  | 19 |
| B. Government Code Section 66001(a)(2) - Use of the Fee .....  | 19 |
| C. Government Code Section 66001(a)(3) - Relationship Between the Fee's Use and the Type of Project on Which the Fee is Imposed .....                                    | 19 |
| D. Government Code Section 66001(a)(4) - Relationship Between the Need for the Public Facility and the Type of Project On Which the Fee is Imposed .....                 | 20 |
| 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 ..... | 20 |
| F. Other Funding Sources .....   | 21 |
| 1) State Programs.....   | 21 |
| 2) General Obligation Bonds.....   | 21 |
| 3) Parcel Taxes .....  | 21 |
| 4) Mello-Roos Community Facilities District .....  | 21 |
| 5) Surplus Property .....  | 21 |
| VI. Recommendations.....   | 22 |
| Appendix: Employee Statistics From the San Diego Association of Governments by Various Categories of Commercial/Industrial Development                                   |    |

## **EXECUTIVE SUMMARY**

The San Rafael City Elementary School District (District) is justified to collect a fee of \$2.32 per square foot of residential development as authorized by Government Code Section 65995 (Level I fees), as future residential development creates a school facility cost of \$2.56 per square foot. The District is also justified to collect the legal maximum fee of \$0.37 per square foot of development on all categories of commercial/industrial development (except rental self-storage), as those categories of development create school facility costs ranging from \$1.04 to \$4.45 per square foot of future development, even when fees from linked residential units are accounted for. Fee amounts for rental self-storage should be determined on a case-by-case basis.

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 projected enrollment is larger than its pupil capacity. The District, therefore, does not have sufficient capacity to house students generated by future development. These students will require the District to acquire new school facilities.
2. Each square foot of future residential development creates an estimated school facilities cost of \$2.56. All categories of commercial/industrial development (except rental self-storage) create an estimated school facilities cost ranging from \$1.04 to \$4.45 per square foot of commercial/industrial development, even when fees from linked residential units are accounted for.
3. The District currently shares developer fee revenue with the San Rafael City High School District, with 69 percent of fee revenue going to the San Rafael City Elementary School District. If the District continues to collect 69 percent of the fees charged on residential development (\$2.32 District share of the total \$3.36 charged on new development), fee revenue will offset 90.6 percent of the school facility cost attributable to residential development. Even if the District were to collect the full share of the developer fees charged on commercial/industrial development (\$0.37 District share of the total \$0.54 charged on new development), the fee revenue would only offset from 12.1 percent to 51.9 percent of the school facility cost attributable to commercial/industrial development (except rental self-storage), even when fees from linked residential units are accounted for. For both residential and commercial/industrial development, the fees authorized by Government Code Section 65995 are fully justified.

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

**End of Section**

---

## INTRODUCTION

This Report analyzes the cost of providing school facilities for students generated by future residential and commercial/industrial development projects in the San Rafael City Elementary School District (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 authorizes school districts to collect fees on future development of no more than \$3.36 per square foot for residential construction and \$0.54 for commercial/industrial construction (Level I fees). 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 San Rafael City Elementary School District

The San Rafael City Elementary School District is located in Marin County. District boundaries may be seen in greater detail on maps available at the District Office.

The District currently serves 4,500 students in grades K-8 and operates seven elementary schools, one K-8 school and one middle school.

Opportunities for new residential development exist in the District. Approximately 148 new residential units are projected to be built in the District over the next five years.

To accommodate this future residential development, the District currently plans to build additions to Elementary and Middle school campuses. In addition, the District may purchase or lease portable classrooms to use for interim housing while permanent facilities are being constructed.

**C. Data Sources**

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

**Data Sources**

| <b>Data Type</b>   | <b>Data Source</b>                                  |
|--|---|
| Residential development rates                                  | City of San Rafael, County of Marin                 |
| Enrollment history   | CBEDS   |
| Pupil capacity of District schools                             | San Rafael City Elementary School District (SRCESD) |
| Student generation rates for housing units                     | United State Census and CBEDS                       |
| Employees per square foot of commercial/industrial development | San Diego Association of Governments                |
| Number of workers per household                                | United States Census                                |

**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 for 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.

**End of Section**

---

## I. DISTRICT FACILITY NEEDS

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

- A) Identify the District's current capacity,
- B) Project the District's future enrollment over the next five-year period (through 2018/19),
- C) Subtract the District's projected 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. 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 a classroom loading standards to that inventory.

#### 1) Classroom Loading Standards

The Report uses the District's loading standards in determining the capacity of District facilities.

The District's model loading standards are listed in Table 1-1.

**Table 1-1  
Loading Standards**

| Grade Level | Number of Students Per Classroom |
|-------------|----------------------------------|
| K-3*        | 20                               |
| 4-5         | 25                               |
| 6-8         | 23                               |
| NS SDC      | 13                               |

\*Includes State Mandated Transitional Kindergarten.

#### 2) Classroom Capacity

Table 1-2 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 1-1.

The classroom count was established by conducting an inventory of the District's school sites. Any facilities that are not part of the District's long-range facility plans are not included in this count. Specifically, facilities not present in the classroom count include: (1)



all portable classrooms, (2) classrooms less than 700 square feet, (3) pull-out type classrooms and (4) classrooms not owned by the District.

**Table 1-2  
Classroom Count and Pupil Capacity Based on  
District Loading Standards**

| Grade Group         | Number of Classrooms | Number of Pupils per Classroom | Pupil Capacity |
|---------------------|----------------------|--------------------------------|----------------|
| K-3*                | 104                  | 20                             | 2,080          |
| 4-5                 | 36                   | 25                             | 900            |
| NS SDC K-5          | 5                    | 13                             | 65             |
| <b>K-5 Subtotal</b> | <b>145</b>           | <b>N/A</b>                     | <b>3,045</b>   |
| 6-8                 | 45                   | 23                             | 1,035          |
| NS SDC 6-8          | 3                    | 13                             | 39             |
| <b>6-8 Subtotal</b> | <b>48</b>            | <b>N/A</b>                     | <b>1,074</b>   |
| <b>Total K-8</b>    | <b>193</b>           | <b>N/A</b>                     | <b>4,119</b>   |

\*Includes State Mandated Transitional Kindergarten.

**B. Five-Year Enrollment Projection**

1) Enrollment History

Table 1-3 outlines the District's enrollment over the past five years. Total District enrollment has grown by 581 students (14.8 percent) from 2009/10 to 2013/14.

**Table 1-3  
District Enrollment History**

| Grade            | 2009/10      | 2010/11      | 2011/12      | 2012/13      | 2013/14      |
|------------------|--------------|--------------|--------------|--------------|--------------|
| K-5              | 2,861        | 2,951        | 3,051        | 3,135        | 3,263        |
| 6-8              | 1,058        | 1,052        | 1,119        | 1,160        | 1,237        |
| <b>Total K-8</b> | <b>3,919</b> | <b>4,003</b> | <b>4,170</b> | <b>4,295</b> | <b>4,500</b> |

2) Percent Utilization

Table 1-4 shows the percentage of classroom capacity the District is utilizing by dividing the capacity listed above (Table 1-2) by the District's current enrollment (Table 1-3).

**Table 1-4  
2013/14 Classroom Utilization**

| Grade Group      | Pupil Capacity | 2013/14 Enrollment | Percent Utilization |
|------------------|----------------|--------------------|---------------------|
| K-5              | 3,045          | 3,263              | 107.2%              |
| 6-8              | 1,074          | 1,237              | 115.2%              |
| <b>Total K-8</b> | <b>4,119</b>   | <b>4,500</b>       | <b>109.2%</b>       |

3) Enrollment Projection

This Report uses an enrollment projection utilized by the San Rafael City Elementary School District for budget and planning purposes to estimate future enrollment.

Table 1-5 compares the District's current enrollment to projected 2018/19 enrollment.

**Table 1-5  
Five-Year Enrollment Projections**

| Grade             | Current Year 2013/14 | Fifth Year 2018/19 | Percent Increase (Decrease) |
|-------------------|----------------------|--------------------|-----------------------------|
| K-5*              | 3,263                | 3,638              | 11.5%                       |
| 6-8               | 1,237                | 1,509              | 22.0%                       |
| <b>Total TK-8</b> | <b>4,500</b>         | <b>5,147</b>       | <b>14.4%</b>                |

\*Includes State Mandated Transitional Kindergarten.

**C. District Facility Requirements**

Table 1-6 calculates the District's requirements for school facilities over the next five years by subtracting its current capacity from its projected 2018/19 enrollment.

**Table 1-6  
District Facility Needs/Unhoused Students**

| Grade Group      | 2018/19 Projected Enrollment | District Capacity (Pupils) | Unhoused Students |
|------------------|------------------------------|----------------------------|-------------------|
| K-5              | 3,638                        | 3,045                      | 593               |
| 6-8              | 1,509                        | 1,074                      | 435               |
| <b>Total K-8</b> | <b>5,147</b>                 | <b>4,119</b>               | <b>1,028</b>      |

As Table 1-6 shows, the District will need additional facilities for 593 K-5 students and 435 6-8 students.

**D. Plan for Fulfilling School Facility Needs**

In order to provide facilities for the unhoused students listed in Table 1-6, the District plans to construct additions to Elementary and Middle school campuses. In addition, the District may lease additional portable classrooms to use for interim housing while permanent school facilities are being constructed.

**Table 1-7  
District Facility Plan**

| <b>Projects</b>                              | <b>Pupil Capacity</b> | <b>Time Frame</b>       |
|--|-----------------------|-------------------------|
| <b>New K-5 Elementary School - Additions</b> | 593                   | 5 years                 |
| <b>New 6-8 Middle School - Additions</b>     | 435                   | 5 years                 |
| <b>Interim Housing</b>                       | N/A                   | throughout next 5 years |
| <b>Total</b>                                 | <b>1,028</b>          | <b>N/A</b>              |

**End of Section**

---

## 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 K-8 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 elementary and middle school students.

### A. Number of Students per New Housing Unit

In determining the number of students that each future residential housing unit will generate, this report uses 2010 United States Census Data and San Rafael City Elementary School District 2010/11 CBEDS Enrollment data to determine the number of pupils per housing unit.

Table 1-8 identifies the K-8 student generation rate for new housing units in the District.

Table 1-8  
Student Generation Rates

| Grade Group | Students per Residential Housing Unit |
|-------------|---------------------------------------|
| K-5         | 0.146                                 |
| 6-8         | 0.052                                 |
| Total       | 0.198                                 |

### B. Cost of Providing School Facilities

The per pupil cost of providing school facilities for unhoused students is outlined in Table 1-9.

The cost of the District's housing plan is based on School Facility Program per pupil grants, with an additional allowance for fire alarm and fire sprinkler, site development, multi-story construction and Labor Compliance costs.

The District may experience interim housing costs while permanent facilities are being constructed. Interim housing costs, however, are not quantified in this Report.

**Table 1-9  
Per-pupil Facility Costs for K-8 Students**

| Grade Group | Project                     | Total Facility Cost | Pupil Capacity | Per Pupil Facility Cost |
|-------------|-----------------------------|---------------------|----------------|-------------------------|
| K-5         | Elementary School Additions | \$14,999,935        | 593            | \$25,295                |
| 6-8         | Middle School Additions     | \$11,591,880        | 435            | \$26,648                |
| K-8         | Interim Housing Costs       | N/A                 | N/A            | N/A                     |

**C. Cost of Providing School Facilities per New K-8 Student Generated by Future Development**

The Report determines the facility cost of a K-8 student generated by future development by calculating a weighted average of the facility costs for elementary and middle school students.

The relative size of the two SGRs for residential housing units tells us that 73.7 percent of students from new units will be elementary students and 26.3 percent will be middle school students.

Table 1-10 weights the two per-pupil facility costs by the appropriate percentage and provides a weighted average facility cost for K-8 students from future residential development.

**Table 1-10  
Weighted Average School Facility Cost for a K-8 Student  
From Future Residential Development**

| Grade Group | Cost Per Pupil | Weighting Based on Student Generation Rate | Weighted Cost Per Pupil |
|-------------|----------------|--|-------------------------|
| K-5         | \$25,295       | 73.7%                                      | \$18,642                |
| 6-8         | \$26,648       | 26.3%                                      | \$7,008                 |
| K-8         | N/A            | 100%                                       | \$25,650                |

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

Table 1-11 multiplies the total number of students per housing unit by the facility cost of a K-8 student to calculate an average facility cost attributable to future residential housing units.

**Table 1-11  
K-8 School Facility Cost per New Housing Unit**

| Student Generation Rate | Per Pupil Facility Cost | Facility Cost per New Housing Unit |
|-------------------------|-------------------------|------------------------------------|
| 0.198                   | \$25,650                | \$5,079                            |

**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 a review of Marin County Assessor data and proposed development within the District, this report estimates that new residential units will average 1,984 square feet.

Table 1-12 shows the school facility cost per square foot of new residential housing units based on the average square footage of new residential units anticipated to be constructed in the District over the next five years.

**Table 1-12  
School Facility Cost Per Square Foot of Residential Development**

| <b>Facility Cost per<br/>New Housing Unit</b> | <b>Weighted<br/>Average<br/>Square Footage</b> | <b>Facility Cost per<br/>Square Foot of<br/>Development</b> |
|---|--|---|
| \$5,079                                       | 1,984  | \$2.56  |

**End of Section**

---

### 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 \$3.36 per square foot. As demonstrated in the previous section, each square foot of future residential development will generate a school facility cost of \$2.56. If the District continues to collect 69 percent of the fees charged on residential development (\$2.32 is the District's share of the total \$3.36 charged on new development), any given amount of future development will generate more school facility costs than Level I Fee revenue (i.e., for every \$1.00 in fee revenue generated by future development, \$1.10 in school facility costs are generated).

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

Based on current residential development estimates, 148 new residential units are projected to be built in the District over 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 \$1.10 to \$1.00.

Based on the average square footage from the previous section, 148 residential units will generate 293,632 square feet of residential development over the next five years.

The District currently shares developer fee revenue with the San Rafael City High School District, with 69 percent of fee revenue going to the San Rafael City Elementary School District. If the District continues to collect 69 percent of the fees charged on residential development (i.e., \$2.32 is the District's share of the total \$3.36 charged on new development), the District would collect \$681,226 in residential developer fees over a five-year projection period.

**Table 1-13  
Revenue from Residential Developer Fees**

| New Housing Units | Average Square Footage | Fee Amount | Revenues From Fees on New Housing Units |
|-------------------|------------------------|------------|---|
| 148               | 1,984                  | \$2.32     | \$681,226                               |

#### 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 generally may be charged on residential additions "only if the resulting increase in assessable space exceeds 500 square feet." This Report does not account for the total fee revenue collected from additions to existing residences. However, the fee revenue calculation for additions is the same as for new units. For

example, additions totaling 40,000 square feet would generate \$92,800 in fee revenue (40,000 times \$2.32).

**C. Fee Revenue from Reconstruction and Redevelopment**

Revenue will be collected from fees assessed on projects that reconstruct or redevelop existing housing, but only to the extent that the square footage of the new construction exceeds the square footage of the reconstructed or redeveloped housing. This report does not account for the total fee revenue collected from reconstruction or redevelopment. However, the fee revenue calculation for reconstruction and/or redevelopment is the same as it is for new units. For example, reconstruction and/or redevelopment totaling 50,000 square feet would generate \$116,000 in fee revenue (50,000 times \$2.32).

**D. School Facility Costs Generated by Future Residential Development**

The total school facility cost attributable to future development 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 \$751,692.

**Table 1-14  
School Facility Cost Generated by Students from Future Development**

| <b>New Housing Units</b> | <b>Cost Per New Housing Unit</b> | <b>Total Cost</b> |
|--------------------------|----------------------------------|-------------------|
| 148                      | \$5,079                          | \$751,692         |

**E. School Facility Costs Generated by Additions to Existing Residences**

Additions to existing residences 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 four students (assuming the student generation rate for additions is the same as it is for new residential units) and a school facilities cost to the District of \$102,600 (four students times a per pupil facilities cost of \$25,650). However, as with fee revenues generated by residential additions, this Report does not account for school facility costs generated by additions to existing residences.

**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 five students (assuming the student generation rate for additions is the same as it is for new residential homes) and a school facilities cost to the District of \$128,250 (five students times a per pupil facilities cost of \$25,650). As with fee revenues generated by reconstruction and/or redevelopment, this Report does not account for school facility costs generated by this type of work.



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

Table 1-15 shows that \$681,226 in total residential Level I fee revenue will cover only 90.6 percent of the \$751,692 in school facility costs attributable to residential development over the next five years (see Table 1-14). Some of this shortfall may be recovered from fees on commercial development.

**Table 1-15  
Facility Cost of Residential Development versus Fee Revenue**

| <b>Total School Facility Costs</b> | <b>Total Revenues From Fees</b> | <b>Net Facility Cost to the District</b> |
|------------------------------------|---------------------------------|--|
| \$751,692                          | \$681,226                       | \$70,466                                 |

**H. Senior Citizen Restricted Housing**

As required by law, a lower fee, currently the commercial/industrial maximum of \$0.54 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 District similar to that from commercial/industrial development projects.

**End of Section**

---

## 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**

U.S. Census data from the year 2000 (School District Tabulation (STP2) Data, Table P27: *Place of Work for Workers 16 Years and Over - Place Level*), indicates that approximately 34 percent of people working in the District also live in the District.

**C. Number of Households per Employee**

U.S. Census data from the year 2000 (School District Tabulation (STP2) Data, Table H6: *Occupancy Status* and Table P27: *Place of Work for Workers 16 Years and Over - Place Level*), indicates that there are approximately 1.29 workers per household. Likewise, this data indicates that there are 0.78 housing units for every one worker. The Report, therefore, assumes that each new resident worker in the District will demand 0.78 housing units.

**D. Number of Students per Dwelling Unit**

As outlined in Section II.A., the Report assumes that 0.198 K-8 pupils will reside in each housing unit.

**E. School Facility Cost per-Pupil**

As outlined in Section II.C., the Report estimates that the school facility cost per K-8 pupil is \$25,650.

**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)*

**Table 1-17  
School Facility Cost per Square Foot of Commercial/Industrial  
Development, by Category**

| Category                           | Employees per Square Foot | % Employees Residing in District | Dwelling Units per Employee | K-8 Students per Dwelling Unit | Cost per K-8 Student | Cost per Square Foot |
|------------------------------------|---------------------------|----------------------------------|-----------------------------|--------------------------------|----------------------|----------------------|
| Banks                              | 0.00283                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$3.81               |
| Community Shopping Centers         | 0.00153                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$2.06               |
| Neighborhood Shopping Centers      | 0.00271                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$3.65               |
| Industrial/business Parks          | 0.00352                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$4.74               |
| Industrial Parks                   | 0.00135                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$1.82               |
| Rental Self-Storage                | 0.00006                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$0.08               |
| Scientific R&D                     | 0.00304                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$4.09               |
| Lodging                            | 0.00113                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$1.52               |
| Standard Commercial Offices        | 0.00480                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$6.46               |
| Large High Rise Commercial offices | 0.00432                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$5.82               |
| Corporate offices                  | 0.00269                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$3.62               |
| Medical offices                    | 0.00427                   | 0.34                             | 0.78                        | 0.198                          | \$25,650             | \$5.75               |

The District generates a school facility cost greater than the Government Code maximum of \$0.54 per square foot for all categories of commercial/industrial development, except rental self-storage.

**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. Based on average vacancy rates from the previous three US Census’ and projected new development rates, this report assumes that even if all new homes are available to house new workers, these units would only represent 34.4 percent of available housing. Therefore, this report estimates that only 34.4 percent of employees generated by new commercial/industrial development will reside in new homes.

For purposes of calculating the residential fee offset, this Report estimates that the District will collect \$2.32 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 school facility cost of new commercial/industrial development while taking into account the revenues from linked residential units.

**Table 1-18  
School Facility Cost of New Commercial/Industrial Development  
Discounted By Residential Fee Offset**

| Category                           | Dwelling Unit per Square Foot Com./Ind. | Average Square Foot per Unit | District's Revenue per Square Foot Res. Dev. | Percentage of Employees Living in New Res. Dev. | Residential Offset per Com./Ind. Square Foot | School Facility Cost per Square Foot Com./Ind. Development | Cost per Square Foot Less Offset |
|------------------------------------|---|------------------------------|--|---|--|--|----------------------------------|
| Banks                              | 0.00075                                 | 1,984                        | \$2.32                                       | 34.40%  | \$1.19                                       | \$3.81   | \$2.62                           |
| Community Shopping Centers         | 0.00041                                 | 1,984                        | \$2.32                                       | 34.40%  | \$0.65                                       | \$2.06   | \$1.41                           |
| Neighborhood Shopping Centers      | 0.00072                                 | 1,984                        | \$2.32                                       | 34.40%  | \$1.14                                       | \$3.65   | \$2.51                           |
| Industrial/business Parks          | 0.00093                                 | 1,984                        | \$2.32                                       | 34.40%  | \$1.47                                       | \$4.74   | \$3.27                           |
| Industrial Parks                   | 0.00036                                 | 1,984                        | \$2.32                                       | 34.40%  | \$0.57                                       | \$1.82   | \$1.25                           |
| Rental Self-Storage                | 0.00002                                 | 1,984                        | \$2.32                                       | 34.40%  | \$0.03                                       | \$0.08   | \$0.05                           |
| Scientific R&D                     | 0.00081                                 | 1,984                        | \$2.32                                       | 34.40%  | \$1.28                                       | \$4.09   | \$2.81                           |
| Lodging                            | 0.00030                                 | 1,984                        | \$2.32                                       | 34.40%  | \$0.48                                       | \$1.52   | \$1.04                           |
| Standard Commercial Offices        | 0.00127                                 | 1,984                        | \$2.32                                       | 34.40%  | \$2.01                                       | \$6.46   | \$4.45                           |
| Large High Rise Commercial offices | 0.00115                                 | 1,984                        | \$2.32                                       | 34.40%  | \$1.82                                       | \$5.82   | \$4.00                           |
| corporate offices                  | 0.00071                                 | 1,984                        | \$2.32                                       | 34.40%  | \$1.12                                       | \$3.62   | \$2.50                           |
| medical offices                    | 0.00113                                 | 1,984                        | \$2.32                                       | 34.40%  | \$1.79                                       | \$5.75   | \$3.96                           |

As the table shows, the school facility cost of all categories (except rental self-storage) is greater than the Government Code maximum of \$0.54 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 \$0.54 per square foot for all categories of commercial/industrial development (except rental self-storage). The fee amount for rental self-storage is \$0.05 per square foot even when fees from linked residential units are accounted for.

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

If the District charges \$0.37 per square foot of commercial/industrial development (District share of the total \$0.54 fee), it will collect \$51,800 from the 140,000 square feet of community shopping center development. Assuming that 34.4 percent of the employees of the community shopping center development live in new homes, the District will also collect \$89,946 in revenue from residential developer fees (140,000 square feet x 0.00153 employees per square foot x 34% employees that live in District x 0.78 housing units per employee x 1,984 square feet per housing unit x \$2.32 revenue from developer fees x 34.4 percent of employees residing in new homes). The 140,000 square feet of community shopping center development will create a school facilities cost of \$288,400 (140,000 square feet x \$2.06 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 community shopping center development to the fee revenues it provides to the District.

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

|  | <b>Fee Revenues</b> | <b>Facility Costs</b> | <b>Total Revenues (Costs)</b> |
|--|---------------------|-----------------------|-------------------------------|
| 140,000 square feet of community shopping center development | \$51,800            | \$288,400             | (\$236,600)                   |
| New housing units associated with the development            | \$89,946            | N/A                   | \$89,946                      |
| <b>Total</b>   | <b>\$141,746</b>    | <b>\$288,400</b>      | <b>(\$146,654)</b>            |

As the table shows, fee revenue from community shopping center development will cover 49.1 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 (except self-storage) will generate more facility cost than fee revenue, because they all generate a facility cost greater than \$0.54 per square foot, even when fees from linked residential units are considered. Fee amounts for self-storage and other low-employee-generating businesses should be examined on a case-by-case basis.

**End of Section**

---

## **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 additional permanent facilities on existing school campuses, and/or constructing and/or reconstructing school campuses. 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) Furniture for use in new school facilities,
- (7) Interim school facilities (purchased or leased) to house students generated by new development while permanent facilities are being constructed,
- (8) Legal and administrative costs associated with providing facilities to students generated by new development,
- (9) Administration of the collection of developer fees (including the costs of justifying the fees), and
- (10) 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 On 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. The fee's use (acquiring school

facilities) is, therefore, reasonably related to the type of project (future residential development) on which it is imposed.

New commercial/industrial development will cause new workers to move into the District. Because some of these workers will have school-age children, commercial/industrial development will also generate new students in the District. 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. The fee's use (acquiring school facilities) is, therefore, reasonably related to the type of project (new commercial/industrial development) on which it is imposed.

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

The District's projected enrollment over the next five years is larger than its pupil capacity. The District, therefore, does not have sufficient existing capacity to house all 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.

**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 students from future residential development is \$2.56 per square foot. Fees on residential development of up to \$2.56 per square foot are, therefore, fully justified.

This Report also demonstrates that the school facility costs attributable to all categories of commercial/industrial development, except rental self-storage, range from \$1.04 per square foot to \$4.45 per square foot, even when fees from linked residential units are accounted for. Level I fees of \$0.54 on these types of development are, therefore, fully justified. The school facility cost attributable to rental self-storage units is \$0.05 per square foot when fees from linked residential units are accounted for.

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 all unhoused students, as documented in Tables 1-6 and 1-9, is \$26,591,815. According to District administrators, all funds available in the Capital Facility Fund are dedicated to making payments on obligations incurred for facilities already provided. The District, therefore, does not have any current funds available for acquiring new school facilities.



## **F. Other Funding Sources**

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

### 1) State Programs

The District is establishing eligibility to receive State funding of design and 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.

### 2) General Obligation Bonds

School districts can, with the approval of two-thirds or 55 percent of its voters, issue general obligation bonds that are paid for out of property taxes.

### 3) Parcel Taxes

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.

### 4) Mello-Roos Community Facilities Districts

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.

### 5) Surplus Property

The District has not declared any property surplus that can be sold to finance additional school facilities.

**End of Section**

---

## **VI. RECOMMENDATIONS**

This Report recommends that the District levy a statutory fee, as authorized by Government Code Section 65995, of up to \$2.56 per square foot of residential development. The Report also recommends that the District levy the maximum fee as authorized by Government Code Section 65995, (currently \$0.54 per square foot) on all categories of commercial/industrial development except rental self-storage. Developer fees for this and other types of low-employee generating developments should be examined on a case-by-case basis.

These recommendations are based on the findings that residential and commercial/industrial development (except for rental self-storage) creates a school facility cost for the District that is larger than the revenue generated by charging 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

### 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.<br>ft | Sq Ft /<br>Employee | Employee<br>Per Sq. ft |
|---------------------------------------|-----------|-----------------|---------------------|------------------------|
| <b>Banks</b>                          |           |                 |                     |                        |
| Calif. First                          | 57        | 13,400          | 354                 | 0.00283                |
| Southwest                             | 11        | 3,128           |                     |                        |
| Mitsubishi                            | 14        | 6,032           |                     |                        |
| Security Pacific                      | 22        | 14,250          |                     |                        |
| Total                                 | 104       | 36,810          |                     |                        |
| Average                               | 26        | 9,203           |                     |                        |
| <b>Community Shopping Centers</b>     |           |                 |                     |                        |
| Rancho Bernardo Towne Center          | 273       | 139,545         | 652                 | 0.00153                |
| Plaza De Las Cuatro Banderas          | 227       | 186,222         |                     |                        |
| Rancho San Diego Village              | N/A       | N/A             |                     |                        |
| Total                                 | 500       | 325,767         |                     |                        |
| Average                               | 250       | 162,884         |                     |                        |
| <b>Neighborhood Shopping Centers</b>  |           |                 |                     |                        |
| Town and Country                      | 217       | 70,390          | 369                 | 0.00271                |
| Tierrasanta II                        | 87        | 49,080          |                     |                        |
| Palm Plaza                            | 143       | 47,850          |                     |                        |
| Westwood Center                       | 173       | 61,285          |                     |                        |
| Total                                 | 620       | 228,605         |                     |                        |
| Average                               | 155       | 57,151          |                     |                        |
| <b>Industrial Business Parks</b>      |           |                 |                     |                        |
| Convoy Ct / St. Parks                 | 955       | 224,363         | 284                 | 0.00352                |
| Sorrento Valley Blvd. / Ct. Complexes | 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         |                     |                        |

|  | Employees | Total Sq. ft | Sq Ft / Employee | Employee Per Sq. ft |
|--|-----------|--------------|------------------|---------------------|
| <b>Industrial Parks</b>                    |           |              |                  |                     |
| Sorrento West                              | 725       | 614,922      | 742              | 0.00135             |
| Roselle Street                             | 761       | 500,346      |                  |                     |
| Stromesa Street                            | 200       | 136,124      |                  |                     |
| Total                                      | 1,686     | 1,251,392    |                  |                     |
| Average                                    | 562       | 417,131      |                  |                     |
| <b>Rental Self-Storage</b>                 |           |              |                  |                     |
| Poway Storage                              | 2         | 32,000       | 17,096           | 0.00006             |
| 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       |                  |                     |
| Total                                      | 11        | 170,953      |                  |                     |
| Average                                    | 2         | 34,191       |                  |                     |
| <b>Scientific Research and Development</b> |           |              |                  |                     |
| Johnson & Johnson Biotechnology Center     | 39        | 22,031       | 329              | 0.00304             |
| 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      |                  |                     |
| Total                                      | 4,708     | 1,548,266    |                  |                     |
| Average                                    | 673       | 221,181      |                  |                     |
| <b>Lodging</b>                             |           |              |                  |                     |
| San Diego Hilton                           | 139       | 223,689      | 882              | 0.00113             |
| 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      |                  |                     |
| Total                                      | 1,287     | 1,136,402    |                  |                     |
| Average                                    | 184       | 162,343      |                  |                     |

|  | Employees | Total Sq. ft | Sq Ft / Employee | Employee Per Sq. ft |
|--|-----------|--------------|------------------|---------------------|
| <b>Standard Commercial Office</b>                  |           |              |                  |                     |
| Industrial Indemnity Bldg.                         | 170       | 34,300       | 208              | 0.00480             |
| 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       |                  |                     |
| <b>Large High Rise Com. Office</b>                 |           |              |                  |                     |
| Mission Valley Financial Center (Security Pacific) | 900       | 185,600      | 232              | 0.00432             |
| Lion Plaza Building                                | 462       | 109,900      |                  |                     |
| Crossroads Limited Building (Crocker and Xerox)    | 512       | 138,900      |                  |                     |
| Total  | 1,874     | 434,400      |                  |                     |
| Average  | 625       | 144,800      |                  |                     |
| <b>Corporate Offices</b>                           |           |              |                  |                     |
| Equitable Life                                     | 200       | 53,900       | 372              | 0.00269             |
| 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      |                  |                     |
| <b>Medical Offices</b>                             |           |              |                  |                     |
| Chula Vista Doctors' Park                          | 108       | 24,000       | 234              | 0.00427             |
| Parkway Medical Group                              | 65        | 17,620       |                  |                     |
| Campus Medical-Dental Center                       | 115       | 25,900       |                  |                     |
| Total  | 288       | 67,520       |                  |                     |
| Average  | 96        | 22,507       |                  |                     |