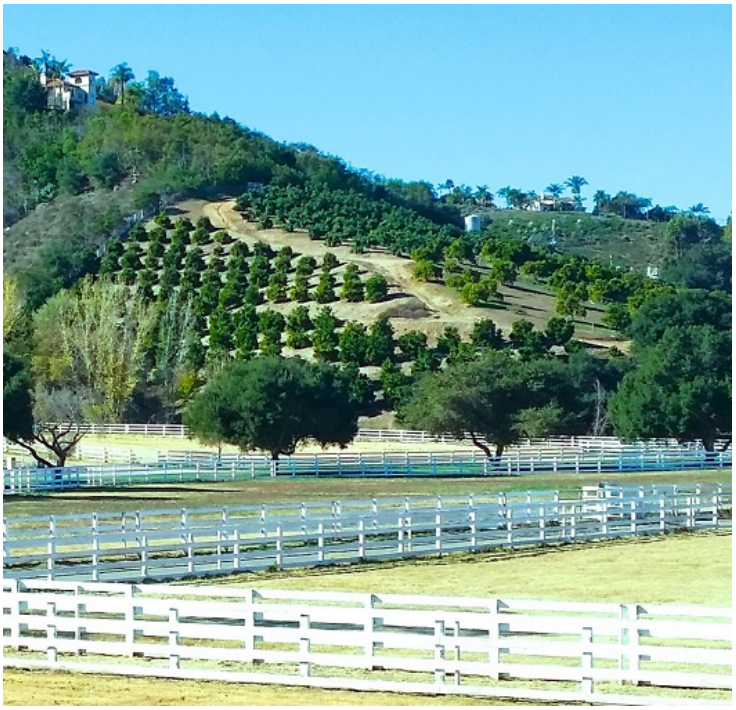

BONSALL UNIFIED SCHOOL DISTRICT

SCHOOL FACILITIES NEEDS ANALYSIS

September 1, 2017

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Chapter 1

LEGISLATIVE BACKGROUND

Level 1 Fees

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

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

Level 2 and Level 3 Fees

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

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

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

Bonsall District Fees

In past years the Bonsall Union Elementary School District levied Level 1 fees on residential development. Justification for these fees was last provided in a report entitled "Justification Report for the Bonsall Union School District." The report, prepared by Caldwell Flores Winters, Inc., was made available in May of 2012.

The Bonsall Unified School District (the District) is the result of Bonsall Union Elementary School District becoming a unified district as of July 1, 2014. The fall of 2014 was the first year the District enrolled ninth grade students, whom in the prior year had been eighth grade students at Sullivan Middle School. The District continued to add the next grade to the high school and by the 2017/18 school year the District will have students in kindergarten through the twelfth grades.

The new Unified District has recognized that the addition of high school students from existing homes will require a significant amount of additional enrollment capacity. It is apparent that there will be no excess space available for students from new development. Anticipating that Level 1 fees would be insufficient to fund the cost of the new school facilities necessary to house students from new development, the District prepared an SFNA and began levying alternative fees in the 2016/17 school year. It has prepared this document to show that it continues to meet the prerequisites required by the legislation for the District to levy alternative fees, as well as Level 1 fees, and has set forth the calculations necessary to determine the amounts of the fees. This SFNA constitutes the basis for the adoption of Level 2 fees as required by California law.

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

Chapter 2

PREREQUISITES

State New Construction Funding Eligibility and Application

The first prerequisite for levying Level 2 (and Level 3) fees is that the District must have demonstrated eligibility for new construction grants and have sought such funding. The District submitted an Eligibility Application in 2014 immediately following unification. In addition, the District submitted another Eligibility Application on July 22, 2016 for new construction of a two-story building at the Sullivan Middle School campus.

Need and Funding Effort Requirements

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

1. Multi-Track Year-Round Enrollment (MTYR)

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

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

2. General Obligation Bond Vote

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

The District placed a bond issue, Measures DD, on the ballot in November 2016. The bond issue did receive more than the required 50% plus one approval from the voters. It received 4,204 out of 8,303 or 50.6%. The District therefore **does** fulfill this second criterion.

3. Indebtedness

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

The District has a total assessed valuation of $3.35 billion, as of June 29, 2016. The District's bonding capacity, at the Education Code Section 15102 limit for a unified school district of 2.5% of its total assessed valuation, is $83.8 million.

Fifteen percent of this bonding capacity is $12.6 million. As of the June 30, 2016, the District's audited financial statements show outstanding bonded indebtedness is $18.8 million, or 22.4% of bonding capacity. As the District's debt at $18.8 million is greater than 15% of its bonding capacity, it **does** fulfill this third criterion.

Table 2-1
Bonding Capacity Calculation

Description	Value
Assessed value of taxable property in the District as of June 29, 2016	$ 3,352,710,337
Unified school district bonding capacity Ed Code Section 15102	2.50%
Bonded capacity	$ 83,817,758
SB50 local bonding capacity threshold 15%	$ 12,572,664
Outstanding bonded indebtedness as of June 30, 2016	$ 18,775,160

4. Relocatables

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

As of the 2016/17 school year, 27 of the District's 105 classrooms (26%) are relocatables. The District therefore **does** fulfill this last need and funding criterion.

Table 2-2
Percent of Teaching Stations

School	Relocatables	Total Classrooms
Bonsall ES	3	47
Bonsall West ES	2	29
Sullivan Middle School	21	30
Bonsall High School	4	18
Total	30	124
Percent of teaching stations	24%	

Summary of Need and Funding Effort Requirements Met by the District

The District currently meets three of the four *Need and Funding* requirements, thus eligible to levy alternative (Level 2 and Level 3) fees.

School Facilities Needs Analysis

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

Chapter 3

UNHOUSED PUPILS: CAPACITY AND ENROLLMENT

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

Existing Capacity

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

The District's current classroom count shows 124 classrooms (teaching stations); they consist of 94 permanent construction and 30 relocatables. The second of the options (described above) counts relocatables equal to 25% of the permanent classrooms, thus 24 of 94 permanent classrooms. The District therefore only includes 24 relocatables along with the 94 permanent classrooms in its determination of capacity, for a total of 118 classrooms. The enrollment capacity of the 118 classrooms is determined as follows:

Per the SAB 50-02 form, Special Day Class (SDC) classrooms are loaded at ten students per room for severely disabled students and 13 students per room for non-severely disabled students per California Department of Education regulations. As in most California districts, the number of SDC students has been increasing. The District currently has 117 SDC students enrolled, 80 in elementary, 21 in middle, and 16 in high schools. With an average of 10 students per room in SDC classrooms, State standards require at least 13 rooms for SDC students, eight in grades K-5, three in grades 6-8, and two rooms for high school students.

The remaining 105 (118-13) classrooms consist of 62 elementary school and 43 middle and high school classrooms. (In this count all of Bonsall West's classrooms are included in elementary and thus Sullivan is the only middle school.) California Department of Education (CDE) regulations for non-SDC rooms require that calculations use loading standards of 25 students per elementary classroom and 27 students per secondary classroom. (The precise SAB criteria are 25 and 27 students for grades K-5 and grades 6-12 respectively. However, the District is undertaking its facility planning in terms of K-5, 6-8 and 9-12 grade levels. Using these grade levels results in a slightly higher capacity.) The capacity for these rooms is thus 1,728 students in grades K-5 and 1,211 students in grades 6-12.

The SAB forms implementing Education Code Section 17071 rules also require a six percent upward adjustment in capacity for K-6 enrollment (including SDC students in elementary schools) in the calculations of capacity. The calculation of enrollment capacities for the District's classrooms, including 98 elementary students for the 6% upward adjustment, is shown in Table 3-1 below. Including this six percent adjustment of K-6 enrollment, the District has a total enrollment capacity of 2,939 students.

Table 3-1
District Enrollment Capacity

Classrooms	Number of Classrooms*	Loading Factor**	Enrollment Capacity
Grades K-5	62	25	1,550
K-5 SDC	8	10	80
K-5 Total	70		1,630
*K-5 with Adjustment****			1,728
Grades 6-12	43	27	1,161
6-12 SDC	5	10	50
6-12 Total	48		1,211
K-12 Total	118		2,939

** Excluding excess relocatable classrooms.*
*** Education Code Section 17071.25 (a)(2) specifies a K-6 loading of 25 and grades 7-12 loading of 27.*
*** SDC loading per Department of Education standards.*
**** Consisting of 93 additional non-SDC and 5 additional SDC students in elementary school facilities.*

Enrollment from Already Existing Housing

The SAB forms call for the comparison of this capacity with enrollment from already existing housing five years in the future in order to determine if there will be capacity available for enrollment from new housing units. The procedure calls for projecting current enrollment forward using what is called the cohort survival approach. The enrollment in each grade (the cohort) is projected into the next grade in the following year (surviving). If there is a pattern of change up or down in recent years, that pattern is used to adjust the number of students proceeding into the next grade. Kindergarten students are projected based on kindergarten enrollment in the last two years. The approach also provides for the inclusion of enrollment from already subdivided lots and approved multi-family structures along with existing homes. Table 3-2 lists the qualifying housing developments.

Table 3-2
Approved Housing Project

Project	Type*	New Units	New Students	Elementary	Middle	High	School Year
Pala Mesa Highlands	S	124	109	65	23	21	2019/20
S.L.Rey Residences	S	93	81	49	17	15	2019/20
Meadowood	S	295	259	155	55	49	2021/22
Meadowood	M	197	81	41	15	25	2021/22
Totals		709	530	310	110	110	

** S = Single Family Detached; M = Multi-Family Attached & Condominiums*

The enrollment projections use the latest enrollment data available, school year 2016/17 CBEDS, and projects it forward. The cohort survival projections use six years of enrollment activity to calculate an average annual change but also adjusts for anomalies. For example, Bonsall West Elementary School, which is located at the San Luis Rey Gate of Marine Corps Base Camp Pendleton, experienced two years of large increases due to base re-alignment during the Gulf War. As such, these years are excluded from the trend calculations.

Per SAB, the projections include enrollment from new homes to be constructed on three housing projects with either existing lots or approved projects. The two housing developments that have begun work and are very close to finished pads are Pala Mesa Highlands with 124 homes and San Luis Rey Residences with 93 homes. These two projects are expecting to be completed by the 2019/20 school year and generate 190 new students. The third housing project, Pardee Homes' Meadwood, has not broken ground yet but they do have an approved final map and expect to begin dirt work in 2018. This development of 492 homes is estimated to come on-line with the 2021/22 school year and generate 340 new students.

With the above mentioned factors, the calculation results in an increase in enrollment in grades K-8 from 2,235 students to 2,634 students for a total increase of 399. Broken down by grades levels, elementary enrollment is projected to increase by 175 from 1,592 to 1,767 students and middle school enrollment is projected to increase by 224 from 643 to 867 students.

The estimation of high school enrollment is much more challenging, however, as another factor becomes involved. The transition of the District into a unified district has led to students from the District's middle school enrolling at the District's high school. The District's first year of offering ninth grade to eighth grade students at Sullivan Middle School was 2014/15. The District is adding one grade each year. With 2016/17 as the third year of the operation, Bonsall High School offerings spanned from ninth to eleventh grade.

However, students still have the option of applying to enroll in another district and many have chosen Fallbrook or Mission Vista high schools. The percent of eighth graders who do continue on to attend Bonsall High School has increased every year from 27% in 2014/15 to 38% in 2016/17. As of the writing of this report and three weeks into the 2017/18 school year, the enrollment shows that the trend continues with 102 ninth graders or 53% of the prior year eighth graders. Including this, we now have the advantage of four years of ninth grade enrollment and the trend continues to show that each incoming ninth grade is larger than the prior year's enrollment. Even with this data, it is still impossible to make a precise projection of enrollment of the Bonsall High School over the next five years, but there is enough history to calculate an estimate. Over the last four years beginning in 2014/15, the average growth in the ninth grade population has been 17%, and this factor is used in the projections. This in conjunction with the three housing developments mentioned above results in an estimated enrollment in the high school grades of 703 students.

Comparison of Enrollment from Existing Housing with District Capacity

Table 3-2.1 shows the enrollment projections described in the preceding section (including the students generated from the three housing projects) compared with the current capacity of the District's schools using the roles specified in Education Code Section 17071.10 *et sec*.

Table 3-2.1
Projected Enrollment Compared with District Capacity
Existing Housing

Grade Span	Actual CBEDS 2016/17	Projected Enrollment 2017/18	Projected Enrollment 2021/22	Capacity
Elementary TK-5	1,592	1,575	1,767	1,728
Middle 6-8	643	678	867	
High 9-12	229	328	703	
Secondary 6-12	872	1,006	1,570	1,211
Total Enrollment	2,464	2,581	3,337	2,939

Capacity calculated per the regulations for the elementary classrooms is currently greater than enrollment; the projected increase in students will create the need for some additional capacity. This is the case even with the relatively severe criteria of the state regulations. The situation in the secondary classrooms (at Sullivan School) is significantly more severe. The increase in middle school students (most of whom are already enrolled in the elementary grades) is projected to use up roughly half of the capacity that was available in 2016/17, and only half of the room needed for enrollment in the high school program would be available. Thus, capacity is not available even according to the standards of Education Code Section 17071. Accommodating new development will require that the District expand capacity by the full amount of unhoused students resulting from new development.

Projection of New Development

The law calls for the analysis of enrollment impacts from new development to be calculated for a five year period. This can be seen as development being completed in the years 2017/18 through 2021/22. This is development that will generate students for the fall 2022/23 CALPADS count.

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

There are eight major developments at various stages of the San Diego County approval process. These developments are listed in Table 3-3.

Table 3-3
Developments in the Approval Pipeline

Project	*Single Family*	*Multi-Family*	*Total*
Vessels Ranch	399	0	399
Warner Ranch	534	246	780
Bree Construction LLC	27	0	27
Campus Park West	0	283	283
Race Track Condos	0	76	76
Yaun	40	0	40
Old River Road - 2	24	0	24
West Lilac Estates	35	0	35
Polo Club	95	0	95
Total of Projects	1,154	605	1,759
*Total (2017-2022)**	577	303	880

**Total (2017-2022) set equal to one-half of Total of Projects.*

The timing of residential construction for these projects is difficult to predict. There are many uncertainties for a housing project as it progresses through the pipeline to housing construction and occupancy. This report therefore analyzes the impact of new development assuming that only one-half of the units are built in the next five years. This assumption was made because of the slow progress of the projects listed over the years. Nevertheless, given the uncertainties involved, this forecast should not be regarded as precise. And the large amounts of growth over recent decades in the Escondido and Poway areas to the south and the Lake Elsinore area to the north suggest that after development gets underway, it could become rapid.

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

Student Generation Rates

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

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

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

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

Table 3-3 shows that single-family, detached housing is the dominant housing type in the projects in the pipeline for Bonsall District. Only 605 of the 1,759 units (34%) planned by developers are expected to be multi-family (apartments) or condominiums. Apartment and condominium buildings both contain multiple housing units in a building and often the type of ownership is not finalized until late in the planning process. Also, it is increasingly common for buildings to be approved as condominiums but first marketed and occupied as rental units, thus retaining the possibility of being converted to condominiums at a later date. However, that is not a problem in forecasting enrollment for the multi-family units planned for the Bonsall District. The student generation rates in the District for apartments and condominiums are expected to be very similar, and the number of such units is very small.

The Bonsall District has been a rural area, and the few homes developed in the last five years are not of a type similar to those anticipated to be constructed in the District in the next five years. (They are also too few in number to be an adequate sample.) We therefore looked elsewhere in San Diego County for data regarding relevant historical student generation rates. We contacted the larger school districts near Bonsall to find out whether any had useful data on SGRs in their districts. Only one, the Poway Unified School District, did. At the time of preparation of this report, its latest School Facilities Needs Analysis (SFNA), dated July 20, 2016, included SGRs based on matching the addresses of recently constructed homes with the district student file addresses. As required, the SGRs are calculated separately for single-family, detached homes, multi-family homes (apartments), and single-family, attached homes (condominiums).

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

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

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

Housing Type	Units	K-5		Grades 6-8		Grades 9-12		Total	
		Students	SGR	Students	SGR	Students	SGR	Students	SGR
Single Family Detached	1,110	583	0.5252	208	0.1874	184	0.1658	975	0.8784
Condominiums	166	46	0.2771	23	0.1386	19	0.1145	88	0.5301
Multi-Family	368	66	0.1793	19	0.0516	49	0.1332	134	0.3641
Ave Multi-Family & Condos	534	112	0.2097	42	0.0787	68	0.1273	222	0.4157

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

It can be noted that the SGR used in the previous justification document for single family units is lower than those used here, being 0.518 (.380 + .138) students per unit for K-8 students, compared to the current rate of 0.7126 (.5252 + .1874) shown in Table 3-4. New homes have a higher percentage of young families, which is why the law requires that SGR data used in SFNA documents be for new homes. (There is no specification for the justification of Level 1 fees.) The higher number presumably also reflects the higher generation rates to be expected in the larger sub-divisions planned for the District.

Table 3-5
Projected Enrollment from New Housing

Housing Type	Number of Units	Grades K-5		Grades 6-8		Grades 9-12		Total Students
		SGR	Number of Students	SGR	Number of Students	SGR	Number of Students	
Single-family Detached	577	0.5252	303	0.1874	108	0.1658	96	507
*Multi-Family & Condos**	303	0.2097	64	0.0787	24	0.1273	39	127
Total	880		367		132		135	634

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

Enrollment from New Development

Student generation rates are then applied to the projected new housing units to arrive at projected enrollment from the new housing. Enrollment from the projected 880 housing units is shown in Table 3-5. As shown in the table, new development is projected to result in 634 additional students.

Pursuant to a provision in SB 50, the regulations now recognize the substantially larger, per-student cost of classrooms built for Special Day Classes (SDC). The District has 117 SDC students. This equals 4.71% out of the total student enrollment of 2,483 (2,464 + 19 SDC Pre-School).

This percentage is multiplied by the projected number of students from new development to estimate the number of SDC students among them. The results of these calculations are shown in the Table 3-6. Enrollment from new development is projected to include 31 SDC students.

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

Students	Total Enrollment	Special Day Class (SDC) Enrollment				Non-SDC Enrollment
		%	Number	Non-Severe 31.6%	Severely Disabled 68.4%	
Elementary K-5	367	4.97%	18	6	12	349
Middle 6-8	132	3.27%	4	1	3	128
High 9-12	135	6.99%	9	3	6	126
Total	634		31	10	21	603

Chapter 4

COST OF FACILITIES

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

Construction Costs

The calculation of Level 2 fees is based on the principle of the cost impact being shared equally between new development and the State in the form of construction grants. The law specifies that construction grant amounts per student (one-half of the total cost) are to be adjusted annually by the SAB, presumably in January of each year. However, the construction cost index used by the SAB for several years became unavailable, and this year's adjustment was not made until a new index was selected. The new index determined the new cost figures adopted by the SAB at its meeting on January 25, 2017.

The new per-student grant amounts are: elementary: $11,104, middle school: $11,744, and high school: $14,944. These are the costs included in Level 2 fee calculations. In addition, the law calls for regulations that would reflect the higher per student cost of Special Day Class (SDC) rooms that accommodate fewer students. The 2017 amounts for students qualifying for these rooms for Level 2 fees at all grade levels are $20,867 for non-severely disabled and $31,202 for severely disabled. All of the above costs purportedly reflect one-half of the construction costs for facilities for students from new development, i.e. equal to both the half projected as provided by state grants and the half expected to be provided through Level 2 fees. They include the amounts for automatic fire alarm and sprinkler systems in new construction grants.

If and when the state announces that it no longer has funds available for new construction grants, the construction costs used in the calculation of fees would double. The resulting Level 3 fee construction costs per student are thus $22,208, $23,488 and $29,888 for elementary, middle and high school students respectively and $41,734 for the District's non-severe SDC students and $62,404 for severely disabled students, based on the current cost levels.

Land Costs

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

Site Acquisition Costs

Site acquisition costs include:

- Site purchase cost
- Relocation costs
- Appraisal, escrow, survey, site testing, review, and environmental assessment costs and
- Toxic plan and implementation (if necessary).

As part of the unification of the District, a transfer of a school site from Fallbrook Union High School District to Bonsall Unified School District occurred. It is assumed here that the site will be used for a high school or sold to pay for the purchase of another site. In addition, the existing middle school has sufficient land per the state's guidelines to accommodate growth but is in need of additional facilities. Thus only the cost of land for elementary school facilities is included here as the impact of new development.

The current justification report estimates the cost of land at $50,000 per acre and that cost is assumed here. This may be an unrealistically low number, as there is already awareness of escalating land costs reflecting the strong market and the decreasing availability of developable land in the previously fast growing areas north and south of the District. Also, a school district has severe restrictions as to suitable sites and the purchase must utilize a cumbersome process that requires the seller to commit without knowing whether the state will approve the site.

Per Student Site Acquisition Costs

The land area needed for a future school depends on the enrollment expected at the campus and the grade span of the campus. Senate Bill 50 calls for the site size to be determined per the requirements detailed in the *Guide to School Site Analysis and Development*, the current edition was published in 2000. It should be understood that it is unlikely that any school will be exactly the size assumed here.

Site Development Costs

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

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

- Site clearance
- Demolition
- Grading
- Soil preparation
- Drainage
- Erosion control
- Embankments
- Retaining walls
- Outside stairways and ramps etc.
- Relocation of portable buildings
- Non-building fire code requirements

Off-site development costs include:

- Curbs, gutters and paving
- Sidewalks and safety paths
- Street lighting
- Special district fees
- Storm drains
- Utilities - water, sewage, gas, electric and phone

Given the relatively modest land purchase costs and the widespread components of land development costs, the latter are significantly more than the former. The District sought estimates from contractors working on building or just completed new schools in San Diego and

Riverside counties and received a total of four. These site development costs ranged from $611,823 to $810,000 per acre. This analysis will use the lowest cost figure of $611,823 per acre. It should be understood that it is unlikely that any school will be exactly the size assumed here and assuming a smaller student population will cause the land and cost per student to increase.

The enrollment capacity of a future elementary school is assumed here to be 773 students, the average of the District's two elementary schools. The site requirement for an elementary school with 773 student is 13.8 acres per the CDE's guide. The resulting total land purchase and development costs for an elementary school is $11,815 per student. The amounts used for the calculation of Level 2 fees are one-half of these costs, or $5,908 per student. Table 4-1 below shows the calculation of per-student land purchase and development costs of an elementary school.

Table 4-1
Elementary School Cost per Student

	Land Purchase	Development	Total
Cost per Acre	$50,000	$611,823	
Number of Acres per School	13.8	13.8	
Cost per School	$690,000	$8,443,155	$9,133,155
Average # of Students per School	773	773	
Total Costs per Student (Level 3)	$893	$10,923	$11,815
One-Half of Total Costs (Level 2)			$5,908

The enrollment capacity of the middle school is assumed here to be 850 students; this is very close to the projected enrollment for the 6-8 grade span in Table-3.2.1. The average size for a middle school in California is 797. Per the CDE's guideline, the site size for a middle school with 850 students is 20.9 acres. The current middle school site is 17.0 acres and will only need an additional 3.9 acres to increase its capacity to accommodate the additional 250 additional students. This lower cost scenario will only work if the land is adjacent to the existing school site. The resulting land purchase and development cost is $10,324 per student. The amounts used for the calculation of Level 2 fees are one-half of these costs, or $5,162. Table 4-2 shows the calculation of per-student land development costs for a middle school.

Table 4-2
Middle School Cost per Student

	Land Purchase	Development	Total
Cost per Acre	$50,000	$611,823	
Number of Acres per School	3.9	3.9	
Cost per School	$195,000	$2,386,109	$2,581,109
Average # of Students per School	250	250	
Total Costs per Student (Level 3)	$780	$9,544	$10,324
One-Half of Totals Cost (Level 2)			$5,162

The enrollment capacity of the high school is assumed here to be 1,500 students. Again, assuming a smaller school population would require more land (thus more cost) per student in accordance with the CDE's guidelines. The site requirement for a 1,500 student high school is 33.5 acres. This analysis does not include any land purchase cost because it is assume the District's current vacant site will be used for the high school or sold to purchase a replacement. Table 4-2.1 shows the calculation of per-student land development costs.

Table 4-2.1
High School Cost per Student

	Land Purchase	Development	Total
Cost per Acre	$0	$611,823	
Number of Acres per School	33.5	33.5	
Cost per School	$0	$20,496,066	$20,496,066
Average # of Students per School	1,500	1,500	
Total Costs per Student (Level 3)	$0	$13,664	$13,664
One-Half of Totals Cost (Level 2)			$6,832

Total Facilities Costs

The total facilities cost to serve new developments are shown in Table 4-3 for both Level 2 and Level 3 fees. New development is forecast to generate 634 students over the next five years. As long as state funding is available for new construction, the Level 2 costs of $11.91 million apply. If state funding becomes unavailable, Level 3 costs of $23.81 million would apply.

Table 4-3
Total Facilities Cost

	Elementary School	Middle School	High School	Special Day Class		TOTAL
				Non-Severely	Severely Disabled	
LEVEL 2 COSTS						
*Construction Cost per Student**	$11,104	$11,744	$14,944	$20,867	$31,202	
*Land Cost per Student***	$5,908	$5,162	$6,832	$6,383	$6,383	
Total Level 2 Cost per Student	$17,012	$16,906	$21,776	$27,250	$37,585	
Students from New Homes	349	128	126	10	21	634
Level 2 Facilities Cost	$5,937,050	$2,163,996	$2,743,779	$272,503	$789,292	$11,906,620
LEVEL 3 COSTS						
*Construction Cost per Student**	$22,208	$23,488	$29,888	$41,734	$62,404	
*Land Cost per Student***	$11,815	$10,324	$13,664	$12,767	$12,776	
Total Level 3 Cost per Student	$34,023	$33,812	$43,552	$54,501	$75,171	
Students from New Homes	349	128	126	10	21	634
Level 3 Facilities Cost	$11,874,099	$4,327,992	$5,487,558	$545,007	$1,578,584	$23,813,240

**Construction Cost are the SAB Grant amounts*

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

Chapter 5

DETERMINATION OF LEVEL 2 AND LEVEL 3 FEES

Alternative Sources of Funding

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

Surplus Property

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

Excess Capacity in Existing Facilities

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

Commercial and Industrial Fee Revenue

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

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

Other Local Funds

The District has considered whether any other sources of local funds exist available to pay for schools to accommodate new development. Sometimes a district has other revenues or assets that could be liquidated with the proceeds devoted to the cost of new schools. This is not true of the Bonsall Unified School District. The District is cannot identify any other sources of local funding. However, even if other sources of capital funding become available, the need for improvements to existing facilities would be the priority.

Assessable Floor Area

Fees on new development are levied on a per square foot basis. Accordingly, it is necessary to estimate the number of square feet of new development to which the costs must be allocated. The study for the existing fee justification report looked into the average sizes of new homes that would be built in the District. Investigating the projects that are included in table-3.2, the District found that single-family, detached homes to be built range in size from 1,799 to 3,600 with an average expected size of 3,150 square feet and an average of 1,861 square feet for the multi-family units.

The number of units of each housing type is multiplied by this average size of each type of unit to determine the square footage of residential development on which fees will be paid in the next five years. The units projected, from Table 3-3, to be constructed in the District during the 2017 through 2022 period are shown in Table 5-1. The projected average size of these units is shown in the adjacent column.

Table 5-1
Assessable Floor Area

Housing Type	*Projected Units**	*Average Unit Size Square Feet*	*Square Ft. of Residential Construction*
Single-family Detached	577	3,150	1,817,262
Condos & Apartments Units	303	1,861	563,732
Total	880		2,380,993

**Does not include units designated for senior occupancy*

Level 2 and Level 3 Fee Amounts

Table 5-2 shows the calculation of the Level 2 and Level 3 impacts. Assuming that commercial/industrial Level 1 fee revenue averages 3% of total (Level 2 and C/I) fee revenue, $357,199 in commercial/industrial fee revenue is projected. This amount is subtracted from the cost of facilities. Then the net cost is allocated to the projected square feet of residential construction. The results of the calculations show an impact under Level 2 costs of $4.85 per square foot of residential construction and an impact under Level 3 costs of $9.70 per square foot of residential construction.

Table 5-2
Fee Calculations

	Level 2 Fee	*Level 3 Fee*
Facilities Cost	$11,906,620	$23,813,240
C/I Fee*	$375,199	$714,397
Unfunded Cost	$11,549,421	$23,098,843
Residential Square Feet	2,380,993	2,380,993
Cost per Square Foot	$4.85	$9.70

**Assuming C/I fees at 3% of total fee collections*

Alternative Types of Development

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

Redevelopment Construction

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

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

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

Residential Additions

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

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

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

Senior Housing

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

Chapter 6

NEXUS BETWEEN DEVELOPMENT AND ENROLLMENT IMPACTS

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

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

Economic Growth

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

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

Impacts on Schools

The interrelated nature of commercial/industrial development and residential development justified the California legislature's adoption of fee legislation that recognized both as contributing to enrollment growth in schools. The higher per square foot fee on residential development represents the immediacy of the new home's role in generating additional students; when a new home is occupied, most of the children immediately begin attending local schools. Yet it is clear that new homes are developed primarily in response to the need for

additional housing to accommodate the growing labor force and their families, making employment growth a major contributor to the need for additional school facilities. The enrollment impacts are therefore the joint effect of local housing development and both local and regional commercial/industrial development.

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

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

Determination of Mitigation

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

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

The impacts of residential development tend to be somewhat proportional to size of unit (i.e. larger homes tend to generate more students). This relationship supports the implicit

determination in state legislation for square feet as a measure of relative causality of school impacts.

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

Chapter 7

EDUCATION SECTION 17620 (Level 1) RESIDENTIAL FEES

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

Fee Justification

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

Existing Capacity

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

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

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

Projected Enrollment

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

Cost of School Construction

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

Availability of State Funding

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

Summary

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

Findings

The fee amount calculated for Level 3 fees is $9.70 per square foot of residential construction. A review of SFNA assumptions, as discussed above, shows that this amount is less than the actual cost impact on the District. The District can thus levy a Level 1 fee of $3.48 per square foot of new residential development, the maximum amount currently allowed under Education Code Section 17620 or, alternatively, levy Level 2 (or Level 3) fees of $4.85 (or $9.70) per square foot. It is recommend that the Bonsall Unified School District adopt both Level 1 and Level 2 residential fees, but suspend the collection of Level 1 fees as long as higher Level 2 (or 3) fees are being collected.

Chapter 8

COMMERCIAL/INDUSTRIAL SECTION 17620 (LEVEL 1) FEES

Commercial or industrial development, along with residential development, has an impact on school enrollment. New jobs require a larger labor force, which in turn causes new housing to be built to increase the housing supply. The families in new houses have their children enrolled in the local school district. This enrollment growth, a joint result of the commercial/industrial and the residential development, in turn impacts the facility capacities of the district. This nexus was explained in detail in Chapter 6.
The District levies fees consistent with Educational Code Section 17620 (formerly Government Code Section 53080) to be applied to the mitigation of these impacts. The previous chapter established that current Section 17620 fees for residential development do not generate enough revenue to cover the costs of additional capacity to accommodate the students from that development. The revenue gained from the maximum allowable such fees on residential projects is not designed to cover all of the cost of housing the students from new homes. Therefore, the District looks to commercial/industrial development also to contribute its fair share of the cost of needed school facilities. The current maximum fee for commercial or industrial development projects is set at $0.56 per square foot. The District seeks to levy this amount, where justified, to help alleviate the unfunded facilities cost per student.

Calculation of Cost Relationship

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

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

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

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

A. Employees per Square Foot of Development

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

Table 8-1
Employees per square foot of Building Area

Building Type	Employees/ Sq. Ft.	Sq. Ft./ Employee	Employees/ 1,000 Sq. Ft.
Parking Structures*	0.00002	50,000	0.02
Self-storage	0.00006	15,541	0.06
Lodging	0.0011	883	1.1
Schools	0.0011	878	1.1
Warehouses**	0.0013	769	1.3
Auto Repair	0.0013	741	1.3
Movie Theater	0.0015	667	1.5
Discount Clubs	0.0017	597	1.7
Regional Shopping Centers***	0.0019	539	1.9
Hospital	0.0021	471	2.1
Community Shopping Centers***	0.0023	442	2.3
Neighborhood Retail***	0.0026	388	2.6
Banks	0.0028	354	2.8
Business Offices	0.0034	293	3.4
Medical Offices	0.0043	234	4.3

* *With attendants*
** *Source: Institute of Traffic Engineering (ITE) Trip Generation 5th ed.*
*** *Regional is greater than about 35,000 sq. ft., community 10,000 to about 35,000 sq. ft., and neighborhood less than 10,000 sq. ft.*
Source of other data: SANDAG Traffic Generators report, April 2002 (most recent edition).

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

B. Percent of Employees Residing in the District

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

employment in the District that contributes to enrollment in other districts.)

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

C. Number of Homes per Employee

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

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

D. Average Number of Students per Home

A total of 880 new homes are forecast over the next five years. The homes will house 634 students, an average of 0.720 students per home. Level 1 fees from these homes do not fully mitigate the impact of the students residing there and thus generate a remainder per student that drives the need to levy appropriate fees on the new commercial/industrial development.

*Continuing with the medical office building example, we can now determine how many students will impact facility capacity as a result of new employees residing in the District. The approximately 7.20 homes, (occupied by the 10.75 employees) will in turn yield 7.20 * 0.720, or about 5.19 students.*

E. Unfunded Cost per Student

Level 2 fees are based on one-half of new development's cost impact. The cost of facilities for new students assigned to commercial/industrial development must not include the portion funded by residential fee revenue. As calculated in Table 8-2, the unfunded facility cost, after revenue from residential fees, is $5,711 per student. It is this unfunded remainder per student that drives the need to levy appropriate fees on the new commercial/industrial development.

Table 8-2
Unfunded Cost per Student

Total Residential Square Feet	2,380,993
Fee per Square Foot	$3.48
Revenue	$8,285,856
Half of Facility Cost	$11,906,620
Unfunded Cost	$3,620,764
Number of Students	634
Unfunded Cost per Student	$5,711

We can now finish calculating the large medical office building example. Multiplying the unfunded facility cost for each student of $5,711 times 5.19 students results in a total impact of $29,624. At 10,000 square feet, this commercial development costs the District approximately $2.96 per square foot. This is far beyond the maximum of $0.56 per square foot fee, which is the maximum fee allowable by state law. This example illustrates the significant impact of commercial/industrial development, and especially medical office space, on District capacity and facility costs.

Similar calculations for other categories of commercial/industrial development are shown in Table 8-3. The District is able to levy the maximum fee of $0.56 per square foot on almost all other categories of commercial/industrial development. However, it can only levy $0.01 per square foot for parking structures and $0.03 per square foot for self-storage space, the calculated amounts shown in gray in the table.

Table 8-3
Cost per Square Foot with Residential Offset

Building Type	Employees per Sq. ft.	Employees in District	Homes per Employee	Students per Home	Cost per Student	Cost per Sq. ft.
Parking Structures*	0.00002	0.25	0.67	0.720	$5,711	$0.01
Self-storage	0.00006	0.25	0.67	0.720	$5,711	$0.04
Lodging	0.0011	0.25	0.67	0.720	$5,711	$0.76
Schools	0.0011	0.25	0.67	0.720	$5,711	$0.76
Warehouses	0.0013	0.25	0.67	0.720	$5,711	$0.90
Auto Repair	0.0013	0.25	0.67	0.720	$5,711	$0.90
Movie Theater	0.0015	0.25	0.67	0.720	$5,711	$1.03
Discount Clubs	0.0017	0.25	0.67	0.720	$5,711	$1.17
Regional Shopping Centers**	0.0019	0.25	0.67	0.720	$5,711	$1.31
Hospital	0.0021	0.25	0.67	0.720	$5,711	$1.45
Community Shopping Centers**	0.0023	0.25	0.67	0.720	$5,711	$1.59
Neighborhood Retail**	0.0026	0.25	0.67	0.720	$5,711	$1.79
Banks	0.0028	0.25	0.67	0.720	$5,711	$1.93
Business Offices	0.0034	0.25	0.67	0.720	$5,711	$2.34
Medical Offices	0.0043	0.25	0.67	0.720	$5,711	$2.96

** With attendants*
*** Regional is greater than about 35,000 sq. ft., community 10,000 to about 35,000 sq. ft., and neighborhood less than 10,000 sq. ft*
Source: Table 8-1 & Schoolhouse Services

Development Not In Prescribed Categories

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

number of square feet per employee. Again, the factors are:

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

Break Even Point:
Employees/Sq. ft. = 0.56/(B*C*D*E)
Employees/Sq. ft. = 0.56/(0.25*0.67*0.653*$4,582)
Employees/Sq. ft. = 0.00094
Sq. ft./Employee = 1,067 Square Feet per Employee

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

Example:

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

0.0001*0.25*0.67*0.653*$4,582 = $0.05 per square foot.

Chapter 9

STATEMENT OF FEE JUSTIFICATION

Use of Developer Fee Revenues

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

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

Requirements Met

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

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

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

Justified Fee Amounts

In the large majority of the District, the Bonsall Unified School District is justified in levying a Level 2 fee, the fee appropriate under present conditions, of $4.85 per square foot on residential development. If funding for new schools from the State Allocation Board is not available, the District is justified in levying a Level 3 fee of $9.70 per square foot.

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