



Level I Developer Fee Study
for
Alpine County Unified
School District

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Matthew Strahl, Superintendent

Board of Trustees

Amy Mecak, President

Nani Ellis, Clerk

Amber Bill, Member

Joseph Daly, Member

Prepared by:

Jack Schreder & Associates, Inc.



— 2230 K Street —
Sacramento, CA 95816
916-441-0986

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EXECUTIVE SUMMARY

- Education Code Section 17620 authorizes school districts to levy a fee, charge, dedication or other form of requirement against any development project for the construction or modernization of school facilities provided the District can show justification for levying of fees.
- In January 2020, the State Allocation Board's biennial inflation adjustment changed the fee to \$4.08 per square foot for residential construction and \$0.66 per square foot for commercial/industrial construction.
- The Alpine County Unified School District is justified in collecting \$0.64 per square foot for residential construction and \$0.01 to \$0.66 per square foot of commercial/industrial construction depending on the category of construction.
- In general, it is fiscally more prudent to extend the useful life of an existing facility than to construct new facilities when possible. The cost to modernize facilities is approximately 41.1 percent of the cost to construct new facilities.
- The residential justification is based on the Alpine County Unified School District's projected modernization need of \$143,296 for students generated from residential development over the next 25 years and the projected residential square footage of 223,200.
- Based on the modernization need for students generated from projected residential development and the projected residential square footage, each square foot of residential construction will create a school facilities cost of at least \$0.64 ($\$143,296 / 223,200$).
- Based on the modernization need for students generated from projected commercial/industrial development and the projected commercial/industrial square footage, each square foot of commercial/industrial construction will create a school facilities cost ranging from \$0.01 to \$0.66 based on the category of construction.

SCHOOL DISTRICT BACKGROUND

The Alpine County Unified School District serves approximately 73 K-8th grade students and 39 9-12th grade students. The K-8 students are educated at Diamond Valley and Bear Valley Elementary Schools. The District's 9-12 students are enrolled outside of District boundaries for their high school experience in Douglas County through an Interagency/Interstate agreement. Most students identify as White (approximately 47%), followed by American Indian or Alaska Native (41%) and Hispanic or Latino (4%) with a small portion of other ethnic groups and approximately 5% of students identifying as two or more races. Approximately 62% of the District's students meet the criteria for socioeconomically disadvantaged.

According to the District's Local Accountability Plan (LCAP) goals, "Alpine County Unified School District and Alpine County Office of Education are committed to ensuring all students have access to a broad course of study with highly qualified teachers in a healthy and safe environment." The District's capital improvement needs are aligned to aid the District in supporting the LCAP goals along with the District's Vision Statement, "all students are engaged and successful."

Alpine County is a Frontier county, with the smallest population in California; 95% of the County's 740 square miles is forest reserves with a population density of two people per square mile. The County is divided by the Sierra Nevada Mountains into eastern and western areas. The County seat of Markleeville is located in the eastern side, while the Bear Valley community is located on the western slope. During the winter months, Ebbetts Pass, along CA Hwy 4, closes which only allows access to Markleeville from the north through the Lake Tahoe Basin or the east from Douglas County, Nevada.

INTRODUCTION

In September, 1986, the Governor signed into law Assembly Bill 2926 (Chapter 887/Statutes 1986) which granted school district governing boards the authority to impose developer fees. This authority is codified in Education Code Section 17620 which states in part "...the governing board of any school district is authorized to levy a fee, charge, dedication or other form of requirement against any development project for the construction or modernization of school facilities."

The Level I fee that can be levied is adjusted every two years according to the inflation rate, as listed by the state-wide index for Class B construction set by the State Allocation Board. In January of 1992, the State Allocation Board increased the Level 1 fee to \$1.65 per square foot for residential construction and \$0.27 per square foot for commercial and industrial construction.

Senate Bill 1287 (Chapter 1354/Statutes of 1992) effective January 1, 1993, affected the facility mitigation requirements a school district could impose on developers. Senate Bill 1287 allowed school districts to levy an additional \$1.00 per square foot of residential construction (Government Code Section 65995.3). The authority to levy the additional \$1.00 was rescinded by the failure of Proposition 170 on the November 1993 ballot.

In January 1994, the State Allocation Board's biennial inflation adjustment changed the fee to \$1.72 per square foot for residential construction and \$.28 per square foot for commercial/industrial construction.

In January 1996, the State Allocation Board's biennial inflation adjustment changed the fee to \$1.84 per square foot for residential construction and \$.30 per square foot for commercial/industrial construction.

In January 1998, the State Allocation Board's biennial inflation adjustment changed the fee to \$1.93 per square foot for residential construction and \$.31 per square foot for commercial/industrial construction.

In January 2000, the State Allocation Board's biennial inflation adjustment changed the fee to \$2.05 per square foot for residential construction and \$0.33 per square foot for commercial/industrial construction.

In January 2002, the State Allocation Board's biennial inflation adjustment changed the fee to \$2.14 per square foot for residential construction and \$0.34 per square foot for commercial/industrial construction.

In January 2004, the State Allocation Board's biennial inflation adjustment changed the fee to \$2.24 per square foot for residential construction and \$0.36 per square foot for commercial/industrial construction.

In January 2006, the State Allocation Board's biennial inflation adjustment changed the fee to \$2.63 per square foot for residential construction and \$0.42 per square foot for commercial/industrial construction.

In January 2008, the State Allocation Board's biennial inflation adjustment changed the fee to \$2.97 per square foot for residential construction and \$0.47 per square foot for commercial/industrial construction.

In January 2010, the State Allocation Board's biennial inflation adjustment maintained the fee at \$2.97 per square foot for residential construction and \$0.47 per square foot for commercial/industrial construction.

In January 2012, the State Allocation Board's biennial inflation adjustment changed the fee to \$3.20 per square foot for residential construction and \$0.51 per square foot for commercial/industrial construction.

In January 2014, the State Allocation Board's biennial inflation adjustment changed the fee to \$3.36 per square foot for residential construction and \$0.54 per square foot for commercial/industrial construction.

In February 2016, the State Allocation Board's biennial inflation adjustment changed the fee to \$3.48 per square foot for residential construction and \$0.56 per square foot for commercial/industrial construction.

In January 2018, the State Allocation Board's biennial inflation adjustment changed the fee to \$3.79 per square foot for residential construction and \$0.61 per square foot for commercial/industrial construction.

In January 2020, the State Allocation Board's biennial inflation adjustment changed the fee to \$4.08 per square foot for residential construction and \$0.66 per square foot for commercial/industrial construction.

The next adjustment to the fee will occur at the January 2022 State Allocation Board meeting.

In order to levy a fee, a district must make a finding that the fee to be paid bears a reasonable relationship and be limited to the needs of the community for elementary or high school facilities and be reasonably related to the need for schools caused by the development. Fees are different from taxes and do not require a vote of the electorate. Fees may be used only for specific purposes and there must be a reasonable relationship between the levying of fees and the impact created by development.

In accordance with the recent decision in the *Cresta Bella LP v. Poway Unified School District* (2013 WL 3942961) court Case, school districts are now required to demonstrate that reconstruction projects will generate an increase in the student population thereby creating an impact on the school district's facilities. School districts must establish a reasonable relationship between an increase in student facilities needs and the reconstruction project in order to levy developer fees.

Purpose of Study

This study will demonstrate the relationship between residential, commercial and industrial growth and the need for the modernization of school facilities in the Alpine County Unified School District.

SECTION I: DEVELOPER FEE JUSTIFICATION

Developer fee law requires that before fees can be levied a district must find that justification exists for the fee. Government Code Section 66001 (g) states that a fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to refurbish existing facilities to maintain the existing level of service or achieve an adopted level of service that is consistent with a general plan. This section of the study will show that justification does exist for levying developer fees in the Alpine County Unified School District.

School Facilities Capacity

The District's capacity is adequate to house the District's current student population. Facility needs exist regardless of the availability of capacity to house student enrollments, inclusive of student enrollment generated from new development. New students generated from future development will create a burden on existing school facilities. Capital improvements, including upgrades or the replacement of existing facilities with new facilities for their continued long-term use, are necessary to adequately house the existing student population and future enrollment growth at all school levels.

The District's current total student capacity will diminish over time if the District does not modernize its facilities. Without modernization of aging buildings, some facilities will become unavailable, which will decrease the District's total student capacity. New development in the District necessitates that modernization occur in order to continue to have available school housing for newly generated students. As part of these modernization efforts, the District plans to modernize existing schools and to replace some of its existing schools with new buildings on the same site as the existing schools become old, inadequate, and pose health and safety challenges.

Modernization and Reconstruction

Extending the useful life of a school is a cost effective and prudent way to house students generated from future development. The state of California recognizes the

need to extend the life of existing schools and provides modernization funding through the State School Facility Program. For the purpose of this report, modernization and reconstruction are used interchangeably since many of the improvements are common to both programs, i.e. roofing, plumbing, heating, cooling, dry rot repair, infrastructure improvement, etc. Developer fees may not be used for regular maintenance, routine repair of school buildings and facilities or deferred maintenance. The authorization to justify modernization and modernization of school facilities and extend the useful life of existing schools is contained in Education Code Section 17620 and Government Code Section 66001 (g).

Modernization Need

As new students are generated by new development, the need to increase the useful life of school facilities will be necessary. In order to calculate the District's estimated modernization need generated by students from new development, it is necessary to determine the following factors: the number of units included in proposed developments, the District student yield factor, and the per pupil cost to modernize facilities.

Proposed Development

According to the Alpine County Planning Department, there are 151 approved units planned within District boundaries. In addition, there is the potential for 343 units in the Bear Valley and Kirkwood areas and the potential for 250 additional units throughout the District's boundaries for a total potential of 744 units. The Planning Department estimates the number of units which may be constructed in the next 25 years is 25 percent of the total projected units for a total of 186 units (25% of 744). A total of 186 residential units were included to calculate Level I fees. Appendix C includes information regarding development from the Alpine County Planning Department.

The School Facility Program allows districts to apply for modernization funding for classrooms over 25 years old, meaning that school facilities are presumed to be eligible for, and therefore need, modernization after that time period. It is therefore generally presumed that school facilities have a useful life span of 25 years before

modernization is needed in order to maintain the same level of service as previously existed. The same would be true for modernization of buildings 25 years after their initial modernization. Therefore, the District's modernization needs are considered over a 25 year period, and a 25 year projection has been included in the Study when considering the homes that will generate students for the facilities in question.

Student Yield

According to the California Department of Finance, the housing vacancy rate for Alpine County is 75.7%. The high vacancy rate generates a low Student Generation Rate due to the high percentage of permanently unoccupied homes.

To identify the number of students anticipated to be generated by new residential development, a student yield factor of 0.041 has been utilized for the Alpine County Unified School District. The yield factor was calculated by dividing the District's 2020-21 enrollment K-8 enrollment of 73 students by 1,788 residential units within District boundaries. The District's 9-12 students are enrolled outside of District boundaries for their high school experience in Douglas County through an Interagency/Interstate agreement. Therefore, the 9-12 students are not included to calculate Level I fees.

Construction Cost

The construction cost per K-8 pupil is \$17,912 (Appendix A). Table 1 shows the weighted average to construct facilities per K-8 pupil.

Table 1: <u>Construction Costs</u>	
Grade Level	Construction Costs
K-6	\$41,883
7-8	\$49,526
Weighted Average = $(\$41,883 \times 7) + (\$49,526 \times 2) / 9 = \$43,581$	

Source: California Department of Education, Jack Schreder & Associates.

Modernization Cost

The cost to modernize facilities is 41.1 percent of new construction costs. The percentage is based on the comparison of the State per pupil modernization grant (including 3% for Americans with Disabilities and Fire, Life Safety improvements) and the State per pupil new construction grant. For example, the State provides \$12,628 per K-6 pupil to construct new facilities and \$4,808 to modernize facilities, which is 38.1 percent ($\$4,808 / \$12,628$) of the new construction grant amount. In addition, the State provides a minimum of three percent for ADA/FLS improvements which are required by the Department of State Architect's (DSA) office. Based on the per pupil grant amounts and the ADA/FLS costs, the estimated cost to modernize facilities is 41.1 percent of the cost to construct facilities. The School Facility Program per pupil grant amounts are included in Appendix B.

The construction cost per K-8 pupil is \$17,912 and is outlined in Table 1 and included in Appendix A. Therefore, the per pupil cost to modernize facilities per K-8 pupil is \$17,912 ($\$43,581 \times .411$).

25 Year Modernization Need

The District's estimated modernization need generated by students from new residential development is \$143,296. The calculation is included in Table 2

Table 2: <u>25 Year Modernization Need</u>	
Proposed Development	186
Student Yield	<u>$\times .041$</u>
Students Generated	8
 Per Pupil Modernization Cost	 \$17,912
Students Generated	<u>$\times 8$</u>
Modernization Need	\$143,296

Source: Alpine County Unified School District, Office of Public School Construction, and Jack Schreder & Associates.

Residential Development and Fee Projections

To show a reasonable relationship exists between the construction of new housing units and the need for modernized school facilities, it will be shown that residential construction will create a school facility cost impact on the Alpine County Unified School District by students generated from new development.

According to developer fee collection records and the breakdown of single-family and multi-family projects projected, residential units will average an estimated 1,200 square feet per unit. Based on the potential of 186 units, with an average square footage of 1,200, approximately 186 housing units totaling 223,200 square feet (186 x 1,200) may be constructed in the District over the next 25 years. The amount of residential fees to be collected can be estimated based on the housing unit projections.

Based on the District's modernization need of \$143,296 generated by students from residential construction and the total projected residential square footage of 223,200, residential construction will create a facilities cost of \$0.64 per square foot. The calculation is included in Table 3. Therefore, the District is justified to collect \$0.64 per square foot of residential construction.

Table 3:
Facilities Cost per SF from Proposed Residential Construction

Modernization Need	Total Square Footage		Facilities Cost
\$143,296	/ 223,200	=	\$0.64

Source: Alpine County Unified School District, Jack Schreder & Associates, Office of Public School Construction.

Commercial / Industrial Development and Fee Projections

In order to levy developer fees on commercial and industrial development, a district must conduct a study to determine the impact of the increased number of employees anticipated to result from commercial and industrial development upon the

cost of providing school facilities within the district. For the purposes of making this determination, the [developer fee justification] study shall utilize employee generation estimates that are calculated on either an individual project or categorical basis. Those employee generation estimates shall be based upon commercial and industrial factors within the district or upon, in whole or part, the applicable employee generation estimates as set forth in the January 1990 edition of "San Diego Traffic Generators," a report of the San Diego Association of Governments. (Education Code Section 17621) The initial study that was completed in January of 1990 (updated annually) identifies the number of employees generated for every 1,000 square feet of floor area for several development categories. These generation factors are shown in Table 4.

Table 4 indicates the number of employees generated for every 1,000 square feet of new commercial and industrial development and the number of District households generated for every employee in 12 categories of commercial and industrial development. The number of District households is calculated by adjusting the number of employees for the percentage of employees that live in the District and are heads of households. School facility costs for development projects not included on the list may be estimated by using the closest employee per 1,000 square feet ratio available for the proposed development.

In addition, an adjustment in the formula is necessary so that students moving into new residential units that have paid residential fees are not counted in the commercial/industrial fee calculation. Forty percent of all employees in the District live in existing housing units. The forty percent adjustment eliminates double counting the impact. This adjustment is shown in the worksheets in Appendix D and in Table 4.

These adjustment factors are based on surveys of commercial and industrial employees in school districts similar to the District. When these figures are compared to the cost to house students, it can be shown that each square foot of commercial and industrial development creates a commercial/industrial cost to house students. The data in Table 5 is based on the per student costs shown in Table 2. These figures are multiplied by the student yield factor to determine the number of students generated per square foot of commercial and industrial development. To determine the school facilities square foot impact of commercial and industrial development shown in Table 5, the students per square foot are multiplied by the cost of providing school facilities.

Table 4:
Commercial and Industrial Generation Factors

Type of Development	*Employees per 1,000 sf	**Dist HH Per Emp.	% Emp in Exist HH	Adj.%Emp Dist HH/Emp
Medical Offices	4.27	.2	.4	.08
Corporate Offices	2.68	.2	.4	.08
Commercial Offices	4.78	.2	.4	.08
Lodging	1.55	.3	.4	.12
Scientific R&D	3.04	.2	.4	.08
Industrial Parks	1.68	.2	.4	.08
Industrial/ Business Parks	2.21	.2	.4	.08
Neighborhood Shopping Centers	3.62	.3	.4	.12
Community Shopping Centers	1.09	.3	.4	.12
Banks	2.82	.3	.4	.12
Mini-Storage	.06	.2	.4	.08
Agriculture	.31	.5	.4	.20

* Source: San Diego Association of Governments.

** Source: Jack Schreder and Associates. Original Research

Table 5:
Commercial and Industrial Facilities Cost Impact

Type of Development	Cost Impact Per Sq. Ft.
Medical Offices	\$0.61
Corporate Offices	\$0.38
Commercial Offices	\$0.68
Lodging	\$0.33
Scientific R&D	\$0.43
Industrial/ Business Parks	\$0.24
Industrial/ Com Park	\$0.32
Commercial Shopping Centers	\$0.78
Community Shopping Centers	\$0.23
Banks	\$0.60
Mini-Storage	\$0.01
Agriculture	\$0.11

*Sources: San Diego Association of Governments and Jack Schreder and Associates, Original Research.

Table 5 shows that all types of commercial and industrial development will create a square foot cost justifying a commercial/industrial fee. Thus, a reasonable relationship between commercial and industrial development and the impact on the District is shown. Based on this relationship, the levying of commercial and industrial developer fees is justified in the District.

Summary

Based on the District's modernization need of \$143,296 generated by students from residential construction and the total projected residential square footage of 223,200, residential construction will create a facilities cost of \$0.64 per square foot. Therefore, the District is justified to collect \$0.64 per square foot of residential construction.

Each square foot of commercial/industrial development creates a school facility cost ranging from \$0.01 to \$0.66 per square foot. The District is justified to collect \$0.66 in the categories of commercial/industrial included in Table 5 which exceed \$0.66 per square foot. For those categories of commercial/industrial construction which generate a cost of less than \$0.66 per square, fees should be collected at the rates included in Table 5.

SECTION II: BACKGROUND OF DEVELOPER FEE LEGISLATION

Initially, the allowable developer fee was limited by Government Code Section 65995 to \$1.50 per square foot of covered or enclosed space for residential development and \$.25 per square foot of covered or enclosed space of commercial or industrial development. The Level 1 fee that can be levied is adjusted every two years, according to the inflation rate as listed by the state-wide index for Class B construction set by the State Allocation Board. In January of 2020, the State Allocation Board changed the Level I fee to \$4.08 per square foot of residential construction and \$0.66 per square foot of commercial and industrial construction.

The fees collected are to be used by the school district for the construction or modernization of school facilities and may be used by the district to pay bonds, notes,

loans, leases or other installment agreements for temporary as well as permanent facilities.

Assembly Bill 3228 (Chapter 1602/Statutes of 1990) added Government Code Section 66016 requiring districts adopting or increasing any fee to first hold a public hearing as part of a regularly scheduled meeting and publish notice of this meeting twice, with the first notice published at least ten days prior to the meeting.

Assembly Bill 3980 (Chapter 418/Statutes of 1988) added Government Code Section 66006 to require segregation of school facilities fees into a separate capital facilities account or fund and specifies that those fees and the interest earned on those fees can only be expended for the purposes for which they were collected.

Senate Bill 519 (Chapter 1346/Statutes of 1987) added Section 17625 to the Education Code. It provides that a school district can charge a fee on manufactured or mobile homes only in compliance with all of the following:

1. The fee, charge, dedication, or other form of requirement is applied to the initial location, installation, or occupancy of the manufactured home or mobile home within the school district.
2. The manufactured home or mobile home is to be located, installed, or occupied on a space or site on which no other manufactured home or mobile home was previously located, installed, or occupied.
3. The manufactured home or mobile home is to be located, installed, or occupied on a space in a mobile home park, on which the construction of the pad or foundation system commenced after September 1, 1986.

Senate Bill 1151 (Chapter 1037/Statutes of 1987) concerns agricultural buildings and adds Section 17622 to the Education Code. It provides that no school fee may be imposed and collected on a greenhouse or other space covered or enclosed for agricultural purposes unless the school district has made findings supported by substantial evidence as follows:

1. The amount of the fees bears a reasonable relationship and is limited to the needs for school facilities created by the greenhouse or other space covered or enclosed for agricultural purposes.
2. The amount of the fee does not exceed the estimated reasonable costs of the school facilities necessitated by the structures as to which the fees are to be collected.
3. In determining the amount of the fees, the school district shall consider the relationship between the proposed increase in the number of employees, if any, the size and specific use of the structure, as well as the cost of construction.

In order to levy developer fees, a study is required to assess the impact of new growth and the ability of the local school district to accommodate that growth. The need for new school construction and modernization must be determined along with the costs involved. The sources of revenue need to be evaluated to determine if the district can fund the new construction and modernization. Finally, a relationship between needs and funding raised by the fee must be quantified.

Assembly Bill 181 (Chapter 1109/Statutes of 1989) which became effective October 2, 1989, was enacted to clarify several areas of developer fee law. Assembly Bill 181 provisions include the following:

1. Exempts residential remodels of less than 500 square feet from fees.
2. Prohibits the use of developer fee revenue for routine maintenance and repair, most asbestos work, and deferred maintenance.
3. Allows the fees to be used to pay for the cost of performing developer fee justification studies.
4. States that fees are to be collected at the time of occupancy, unless the district can justify earlier collection. The fees can be collected at the time the building permit is issued if the district has established a developer fee

account and funds have been appropriated for which the district has adopted a proposed construction schedule or plan prior to the issuance of the certificate of occupancy.

5. Clarifies that the establishment or increase of fees is not subject to the California Environmental Quality Act.
6. Clarifies that the impact of commercial and industrial development may be analyzed by categories of development as well as an individual project-by-project basis. An appeal process for individual projects would be required if analysis was done by categories.
7. Changes the frequency of the annual inflation adjustment on the Level I fee to every two years.
8. Exempts from fees - development used exclusively for religious purposes, private schools, and government-owned development.
9. Expands the definition of senior housing, which is limited to the commercial/industrial fee and requires the conversion from senior housing to be approved by the city/county after notification of the school district.
10. Extends the commercial/industrial fee to mobile home parks limited to older persons.

SECTION III: REQUIREMENTS OF AB 1600

Assembly Bill 1600 (Chapter 927/Statutes of 1987) adds Section 66000 through 66003 to the Government Code:

Section 66000 defines various terms used in AB 1600:

"Fee" is defined as monetary exaction (except a tax or a special assessment) which is charged by a local agency to the applicant in connection with the approval of a

development project for the purpose of defraying all or a portion of the costs of public facilities related to the development project.

"Development project" is defined broadly to mean any project undertaken for purposes of development. This would include residential, commercial, or industrial projects.

"Public facilities" is defined to include public improvements, public services, and community amenities.

Section 66001 (a) sets forth the requirements for establishing, increasing or imposing fees. Local agencies are required to do the following:

1. Identify the purpose of the fee.
2. Identify the use to which the fee is to be put.
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

Section 66001 (c) requires that any fee subject to AB 1600 be deposited in an account established pursuant to Government Code Section 66006. Section 66006 requires that development fees be deposited in a capital facilities account or fund. To avoid any commingling of the fees with other revenues and funds of the local agency, the fees can only be expended for the purpose for which they were collected. Any income earned on the fees should be deposited in the account and expended only for the purposes for which the fee was collected.

Section 66001 (d) as amended by Senate Bill 1693 (Monteith/Statutes of 1996, Chapter 569), requires that for the fifth year following the first deposit into a developer fee fund, and for every five years thereafter, a school district must make certain findings

as to such funds. These findings are required regardless of whether the funds are committed or uncommitted. Formerly only remaining unexpended or uncommitted fees were subject to the mandatory findings and potential refund process. Under this section as amended, relating to unexpended fee revenue, two specific findings must be made as a part of the public information required to be formulated and made available to the public. These findings are:

1. Identification of all sources and amounts of funding anticipated to provide adequate revenue to complete any incomplete improvements identified pursuant to the requirements of Section 66001 (a)(2).
2. A designation of the approximate date upon which the anticipated funding will be received by the school district to complete the identified but as yet, incomplete improvements.

If the two findings are not made, a school district must refund the developer fee revenue on account in the manner provided in Section 66001 (e).

Section 66001 (e) provides that the local agency shall refund to the current record owners of the development project or projects on a prorated basis the unexpended or uncommitted portion of the fees and any accrued interest for which the local agency is unable to make the findings required by Section 66001 (d) that it still needs the fees.

Section 66002 provides that any local agency which levies a development fee subject to Section 66001 may adopt a capital improvement plan which shall be updated annually and which shall indicate the approximate location, size, time of availability and estimates of cost for all facilities or improvements to be financed by the fees.

Assembly Bill 1600 and the Justification for Levying Developer Fees

Effective January 1, 1989, Assembly Bill 1600 requires that any school district which establishes, increases or imposes a fee as a condition of approval of development shall make specific findings as follows:

1. A cost nexus must be established. A cost nexus means that the amount of the fee cannot exceed the cost of providing adequate school facilities for

students generated by development. Essentially, it prohibits a school district from charging a fee greater than their cost to construct or modernize facilities for use by students generated by development.

2. A benefit nexus must be established. A benefit nexus is established if the fee is used to construct or modernize school facilities benefiting students to be generated from development projects.
3. A burden nexus must be established. A burden nexus is established if a project, by the generation of students, creates a need for additional facilities or a need to modernize existing facilities.

SECTION IV: REVENUE SOURCES FOR FUNDING FACILITIES

Two general sources exist for funding facility construction and modernization - state sources and local sources. The District has considered the following available sources:

State Sources

State School Facility Program

Senate Bill 50 reformed the State School Building Lease-Purchase Program in August of 1998. The new program, entitled the School Facility Program, provides funding under a “grant” program once a school district establishes eligibility. Funding required from districts will be a 50/50 match for construction projects and 60/40 (District/State) match for modernization projects. Districts may levy the current statutory developer fee as long as a district can justify collecting that fee. If a district desires to collect more than the statutory fee (Level 2 or Level 3), that district must meet certain requirements outlined in the law, as well as conduct a needs assessment to enable a higher fee to be calculated.

Local Sources

Mello-Roos Community Facilities Act

The Mello-Roos Community Facilities Act of 1982 allows school districts to establish a community facilities district in order to impose a special tax to raise funds to finance the construction of school facilities.

1. The voter approved tax levy requires a two-thirds vote by the voters of the proposed Mello-Roos district.
2. If a Mello-Roos district is established in an area in which fewer than twelve registered voters reside, the property owners may elect to establish a Mello-Roos district.

General Obligation Bonds

General Obligation (GO) bonds may be issued by any school district for the purposes of purchasing real property or constructing or purchasing buildings or equipment "of a permanent nature." Because GO bonds are secured by an ad valorem tax levied on all taxable property in the district, their issuance is subject to two-thirds voter approval or 55% majority vote under Proposition 39 in an election. School districts are obligated, in the event of delinquent payments on the part of the property owners, to raise the amount of tax levied against the non-delinquent properties to a level sufficient to pay the principal and interest coming due on the bonds.

The District passed a bond in November 2018 in the amount of \$4.9 million. Bond funds are encumbered for current facility needs.

Developer Fees

The District's developer fees are dedicated to the current needs related directly to modernization and new construction of school facilities.

Expenditure of Lottery Funds

Government Code Section 8880.5 states: "It is the intent of this chapter that all funds allocated from the California State Lottery Education Fund shall be used exclusively for the education of pupils and students and no funds shall be spent for

acquisition of real property, construction of facilities, financing research, or any other non-instructional purpose."

SECTION V: ESTABLISHING THE COST, BENEFIT AND BURDEN NEXUS

In accordance with Government Code Section 66001, the District has established a cost nexus and identified the purpose of the fee, established a benefit nexus, and a burden nexus:

Establishment of a Cost Nexus & Identify Purpose of the Fee

The Alpine County Unified School District chooses to construct and/or modernize facilities for the additional students created by development in the district and the cost for providing new and/or modernized facilities exceeds the amount of developer fees to be collected. It is clear that when educational facilities are provided for students generated by new residential, commercial and industrial development that the cost of new facilities exceeds developer fee generation, thereby establishing a cost nexus.

Establishment of a Benefit Nexus

Students generated by new residential, commercial and industrial development will be attending District schools. Housing District students in new and/or modernized facilities will directly benefit those students from the new development projects upon which the fee is imposed, therefore, a benefit nexus is established.

Establishment of a Burden Nexus

Future residential and commercial/industrial development will cause new families to move into the District and, consequently, will generate additional students in the District. While facilities are currently designed to meet the projected student enrollment, the existing facilities will need to remain in sufficient condition to maintain existing levels of service for the newly generated students. Future residential and

commercial/industrial development, therefore, creates a need for the reconstruction and/or modernization of existing school facilities. The fee's use for school facility reconstruction and/or modernization efforts is, therefore, reasonably related to the future residential and commercial/industrial development upon which it is imposed.

The need for reconstructing and/or modernizing facilities will be, in part, satisfied by the levying of developer fees on new residential and commercial/industrial developments, therefore, a burden nexus is established.

SECTION VI: FACILITY FUNDING ALTERNATIVES

The District does not currently have funds to provide for the shortfall in modernization costs. We suggest the District continue to participate in the State School Facility Program.

STATEMENT TO IDENTIFY PURPOSE OF FEE

It is a requirement of AB 1600 that the District identify the purpose of the fee. The purpose of fees being levied shall be used for the construction and/or modernization of school facilities. The District will provide for the construction and/or modernization of school facilities, in part, with developer fees. The District plans to modernize and replace facilities as outlined in the District's February 18, 2018 Facilities Master Plan. The plan is in the process of being updated.

ESTABLISHMENT OF A SPECIAL ACCOUNT

Pursuant to Government Code section 66006, the District has established a special account in which fees for capital facilities are deposited. The fees collected in this account will be expended only for the purpose for which they were collected. Any interest income earned on the fees that are deposited in such an account must remain with the principal. The school district must make specific information available to the public within 180 days of the end of each fiscal year pertaining to each developer fee

fund. The information required to be made available to the public by Section 66006 (b) (1) was amended by SB 1693 and includes specific information on fees expended and refunds made during the year.

RECOMMENDATION

Based on the fee justification provided in this report, it is recommended that the Alpine County Unified School District levy residential development fees and commercial/industrial fees up to the statutory fee for which justification has been determined.

SOURCES

Alpine County Unified School District, Local Control Accountability Plan and Annual Update, 2017-2020 Plan Summary.

Alpine County Unified School District, Facilities Master Plan, February 2018.

California Basic Educational Data System. California State Department of Education. October Enrollments, 2018-2020.

California State Department of Education. California Public School Directory, 2010.

Collard, Gary. Lead Housing Analyst for Southern California. California State Department of Housing and Community Development.

Leitenbauer, Klaus. Business Manager, Alpine County Unified School District.

Office of Public School Construction. Leroy F. Greene School Facilities Act, 1998.

San Diego Association of Governments. Traffic Generators, January 1990.

Schreder, Jack and Associates. Original research.

Strahl, Matthew. Superintendent, Alpine County Unified School District.

Stowell, Candace, AICP. Deputy Director, Alpine County Planning Department.

APPENDIX A

PER PUPIL CONSTRUCTION COST

Elementary School Facility Construction Costs - Permanent Construction		
I. Allowable Building Area		
	A. Total Student Capacity	
	B. Building Area	
	600 students @ 71sf/student	42,600
	Speech/Resource Specialist	<u>600</u>
	Total	43,200
II. Site Requirements		
	A. Purchase Price of Property (10 Acres)	
	Cost per Acre	\$0
	B. Appraisals	\$0
	C. Costs Incurred in Escrow	\$0
	D. Surveys	\$0
	E. Other Costs, Geo. and Soils Reports	<u>\$0</u>
	Total-Acquisition of Site	\$0
III. Plans		
	A. Architect's Fee for Plans	\$1,842,110
	B. DSA Plans Check Fee	\$143,275
	C. School Planning, Plans Check Fee	\$7,833
	D. Preliminary Tests	\$6,006
	E. Other Costs, Energy Cons. & Advertising	<u>\$52,734</u>
		\$2,051,959
IV. Construction Requirements		
	A. Utility Services	\$504,376
	B. Off-site Development	\$756,563
	C. Site Development, Service	\$1,210,499
	D. Site Development, General	\$806,999
	E. New Construction	\$16,502,400
	F. Unconventional Energy Source	<u>\$687,056</u>
	Total Construction	\$20,467,893
	Total Items II, III and IV	\$22,519,852
	Contingency 10%	\$2,251,985
	Construction Tests	\$153,509
	Inspection	\$204,679
	TOTAL ESTIMATED PROJECT COSTS	\$25,130,025
	ESTIMATED COST PER STUDENT	\$41,883
*Source: California Department of Education, Jack Schreder & Associates.		

Middle School Facility Construction Costs - Permanent Construction			
I. Allowable Building Area			
	A. Total Student Capacity		
	B. Building Area		
	1000 students @ 85sf/student		85,000
	Speech/Resource Specialist		<u>1,360</u>
	Total		86,360
II. Site Requirements			
	A. Purchase Price of Property (20 Acres)		
	Cost per Acre	\$0	\$0
	B. Appraisals		\$0
	C. Costs Incurred in Escrow		\$0
	D. Surveys		\$0
	E. Other Costs, Geo. and Soils Reports		<u>\$0</u>
	Total-Acquisition of Site		\$0
III. Plans			
	A. Architect's Fee for Plans		\$3,633,252
	B. OSA Plans Check Fee		\$282,586
	C. School Planning, Plans Check Fee		\$8,993
	D. Preliminary Tests		\$9,991
	E. Other Costs, Energy Cons. & Advertising		<u>\$76,936</u>
			\$4,011,758
IV. Construction Requirements			
	A. Utility Services		\$739,991
	B. Off-site Development		\$832,810
	C. Site Development, Service		\$2,300,396
	D. Site Development, General		\$1,640,844
	E. New Construction		\$33,680,400
	F. Unconventional Energy Source		<u>\$1,175,028</u>
	Total Construction		\$40,369,469
	Total Items II, III and IV		\$44,381,227
	Contingency		\$4,438,123
	Construction Tests		\$302,771
	Inspection		\$403,695
	TOTAL ESTIMATED PROJECT COSTS		\$49,525,816
	ESTIMATED COST PER STUDENT		\$49,526
*Source: California Department of Education, Jack Schreder & Associates.			

APPENDIX B

PER PUPIL GRANT AMOUNTS

ATTACHMENT B

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

State Allocation Board Meeting, January 27, 2021

Grant Amount Adjustments

New Construction	SFP Regulation Section	Adjusted Grant Per Pupil Effective 1-1-20	Adjusted Grant Per Pupil Effective 1-1-21
Elementary	1859.71	\$12,451	\$12,628
Middle	1859.71	\$13,169	\$13,356
High	1859.71	\$16,756	\$16,994
Special Day Class – Severe	1859.71.1	\$34,987	\$35,484
Special Day Class – Non-Severe	1859.71.1	\$23,399	\$23,731
Automatic Fire Detection/Alarm System – Elementary	1859.71.2	\$15	\$15
Automatic Fire Detection/Alarm System – Middle	1859.71.2	\$20	\$20
Automatic Fire Detection/Alarm System – High	1859.71.2	\$34	\$34
Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.71.2	\$62	\$63
Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.71.2	\$44	\$45
Automatic Sprinkler System – Elementary	1859.71.2	\$209	\$212
Automatic Sprinkler System – Middle	1859.71.2	\$248	\$252
Automatic Sprinkler System – High	1859.71.2	\$258	\$262
Automatic Sprinkler System – Special Day Class – Severe	1859.71.2	\$659	\$668
Automatic Sprinkler System – Special Day Class – Non-Severe	1859.71.2	\$442	\$448

ATTACHMENT B

ANNUAL ADJUSTMENT TO SCHOOL FACILITY PROGRAM GRANTS

State Allocation Board Meeting, January 27, 2021

Grant Amount Adjustments

Modernization	SFP Regulation Section	Adjusted Grant Per Pupil Effective 1-1-20	Adjusted Grant Per Pupil Effective 1-1-21
Elementary	1859.78	\$4,741	\$4,808
Middle	1859.78	\$5,014	\$5,085
High	1859.78	\$6,565	\$6,658
Special Day Class - Severe	1859.78.3	\$15,110	\$15,325
Special Day Class – Non-Severe	1859.78.3	\$10,109	\$10,253
State Special School – Severe	1859.78	\$25,185	\$25,543
Automatic Fire Detection/Alarm System – Elementary	1859.78.4	\$154	\$156
Automatic Fire Detection/Alarm System – Middle	1859.78.4	\$154	\$156
Automatic Fire Detection/Alarm System – High	1859.78.4	\$154	\$156
Automatic Fire Detection/Alarm System – Special Day Class – Severe	1859.78.4	\$424	\$430
Automatic Fire Detection/Alarm System – Special Day Class – Non-Severe	1859.78.4	\$284	\$288
Over 50 Years Old – Elementary	1859.78.6	\$6,586	\$6,680
Over 50 Years Old – Middle	1859.78.6	\$6,966	\$7,065
Over 50 Years Old – High	1859.78.6	\$9,119	\$9,248
Over 50 Years Old – Special Day Class – Severe	1859.78.6	\$20,993	\$21,291
Over 50 Years Old – Special Day Class – Non-Severe	1859.78.6	\$14,038	\$14,237
Over 50 Years Old – State Special Day School – Severe	1859.78.6	\$34,986	\$35,483

APPENDIX C

DEVELOPMENT LETTER



COUNTY OF ALPINE

Debbie Burkett, Director

June 7, 2021

Elona Cunningham
Jack Schreder & Associates
2230 K Street
Sacramento, CA 95816

Dear Ms. Cunningham:

In regards to your request for information related to potential development within Alpine County for the next twenty five (25) years I have compiled the following information. The Community Development Department tracks building permit for new construction, approved developments, and existing vacant property. Unfortunately, we are not able to estimate potential square footage of potential development beyond plans and projects which are approved with specific square footage allowances.

There are currently five (5) fully entitled projects\subdivisions which could develop approximately 66 multifamily units, 15 apartments, and 70 single family dwelling units¹. The projects have the potential for approximately 18,000 square feet of commercial. These projects could be constructed without further discretionary permits from Alpine County.

The ski resort communities of Bear Valley and Kirkwood are to be developed according to the 1978 Bear Valley Master Plan and the 2003 Kirkwood Specific Plan respectively. The Bear Valley Master Plan was recently amended by the Bear Valley Village development project, a mixed use project, with zoning entitlements for a total of 343 equivalent dwelling units and 63,546 square feet of commercial/amenity uses². As of 2003 the Kirkwood Specific Plan allowed for an additional 118,000 square feet of commercial square feet of which 76,000 square feet (65%) would be located in Alpine County. The Specific Plan allows for a total of 1,413 residential units between Alpine, Amador, and El Dorado Counties³.

¹ Total of approved projects East Village Units 1&2, Black Forest Condominiums, Palisades Unit 6, Expedition Lodge, and Mahalee Lodge\Markleeville Village

² Ordinance 704-13 – Comprehensive Development Plan for Bear Valley Village

³ Ordinance 648-03 2003 Kirkwood Specific Plan

Future single family dwelling units are expected to be constructed on existing vacant lots. There are at least 250 vacant lots in Alpine County which allow for single family dwellings. The County's zoning allows for additional subdivision which would increase the number of lots.

Predicting the pace of construction for new units and community build out is difficult based on historical trends. Between 2010 and 2020, the number of housing units in Alpine County increased from 1,760 to 1,788 units, for an increase of 28 units. The Community Development Department estimates that the current pace of construction for new residential units will be approximately 7 to 10 units per year for the next 25 years. During 2020, Alpine County issued permits for 7 new residential dwellings. It is difficult to predict whether the new units will be occupied by permanent or seasonal residents. Accordingly, it is estimated that over a 25 year period, the County will issue 186 permits for new single-family and multi-family residential units, as reflected in the table below. This averages out to 7 units per year.

	Build Out	25 Year Estimate	Percentage of Build Out
Approved/Undeveloped Parcels	151	38	(25%)
Pending Bear Valley and Kirkwood	343	86	(25%)
Pending Single-Family Parcels	250	62	(25%)
Total	744	186	

The Department expects that future projects will mirror existing housing stock in terms of the vacancy rate. The latest estimate from the California Department of Finance shows the housing vacancy rate for Alpine County at 75.7%

Please contact me at 530-694-1361 or at cstowell@alpinecountyca.gov should you have any questions.

Sincerely,



Candace H. Stowell, AICP
Deputy Director

APPENDIX D

**COMMERCIAL/INDUSTRIAL
CALCULATIONS**

Alpine County Unified School District						
Commercial/Industrial Calculations						
	EMP/	DIST.HH/	HH/SF	% EMP IN	ADJUSTED	ADJ %
	1000 SQ.FT	EMP		EXIST HH	HH/SF	DIST HH/EMP
MEDICAL	4.27	0.2	0.000854	0.4	0.0003416	0.08
CORP. OFFICE	2.68	0.2	0.000536	0.4	0.0002144	0.08
COM. OFFICE	4.78	0.2	0.000956	0.4	0.0003824	0.08
LODGING	1.55	0.3	0.000465	0.4	0.0001860	0.12
R&D	3.04	0.2	0.000608	0.4	0.0002432	0.08
IN. PARK	1.68	0.2	0.000336	0.4	0.0001344	0.08
IN/COM PARK	2.21	0.2	0.000442	0.4	0.0001768	0.08
NBHD COMM SC	3.62	0.3	0.001086	0.4	0.0004344	0.12
COMMUNITY SC	1.09	0.3	0.000327	0.4	0.0001308	0.12
BANKS	2.82	0.3	0.000846	0.4	0.0003384	0.12
MINI-STORAGE	0.06	0.2	0.000012	0.4	0.0000048	0.08
AGRICULTURE	0.31	0.5	0.000155	0.4	0.0000620	0.20
STUDENT GENERATION RATE			COST PER STUDENT			
K-8	0.0410		K-8	\$43,581		
STUDENTS PER SQUARE FOOT						
(YIELD FACTORS X ADJ HH/SQ. FT IN COLUMN F)						
	K-8					
MEDICAL	0.000014					
CORP. OFFICE	0.000009					
COM. OFFICE	0.000016					
LODGING	0.000008					
R&D	0.000010					
IN. PARK	0.000006					
IN/COM PARK	0.000007					
COM. SC.	0.000018					
COMMUNITY SC	0.000005					
BANKS	0.000014					
MINI STORAGE	0.000000					
AGRICULTURE	0.000003					
COSTS PER SQUARE FOOT						
(STUDENTS/ SQ. FOOT X STUDENT COST/SQ. FOOT IN EACH CATEGORY)						
	K-8					
MEDICAL	\$0.61					
CORP. OFFICE	\$0.38					
COM. OFFICE	\$0.68					
LODGING	\$0.33					
R&D	\$0.43					
IN. PARK	\$0.24					
IN/COM PARK	\$0.32					
COM. SC.	\$0.78					
COMMUNITY SC	\$0.23					
BANKS	\$0.60					
MINI STORAGE	\$0.01					
AGRICULTURE	\$0.11					