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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Diana Rodriguez,

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SUMMARY OF KEY FINDINGS

1. The District's total enrollment, as of September 2011, was 44,418 students. Based on State loading standards, the District has an existing school building capacity for 48,981 students.
2. For purposes of this Report, approximately 5,500 new single family homes and 10,500 new multi family units are projected to be constructed within the District over the next 20 + years.
3. It is estimated that the average square footage for new single family homes ("SFR") will be 1,911 square feet and 1,164 square feet per new multi family residential unit ("MFR").
4. A student generation rate analysis finds that a new single family home will generate an average of 0.79 K 12 students; while a new multi family unit ("apartments" and "condos") will generate an average of 0.26 K 12 students.
5. Over the next 20 + years, 7,102 new students are expected from the forecasted 5,500 new single family residential and 10,500 multi family units from new residential development in the District. This breaks down to 4,412 elementary school grade students, 979 middle school grade students, and 1,711 high school grade students.
6. Many of the District's school facilities are over 20 years old and are in need of reconstruction / modernization.
7. The total estimated cost of reconstructing and renovating school facilities needed for current and future students is over \$1 billion in current dollars. This cost equates to \$19,583 per existing seat in the District.
8. As noted, each new single family home ("SFR") will generate 0.79 K 12 students and each new multi family unit ("MFR") will generate 0.26 K 12 students. Consequently, the cost of reconstructed school facilities per new SFR unit and MFR unit \$15,471 and \$5,139 respectively. On a square footage basis, this impact equates to \$8.10 per square foot for a new SFR and \$4.42 per square foot for a new MFR.
9. Given the maximum Level 1 residential developer fee is \$3.20 per square foot, the fee will cover only 40 percent of the need. Therefore, the Level 1 residential developer fee is justified at the maximum statutory rate for the District.
10. The unfunded impact of commercial and industrial development, after residential developer fee revenues, exceeds \$0.51 per square foot for every

PROJECTED RESIDENTIAL DEVELOPMENT

Residential development is projected to significantly increase over the next ten years. There has been particular interest in revitalizing the Downtown Corridor; the Downtown Railyards project is planning at least 10,000 multi family units in the next 20 years. In addition several developers have been interested in residential development in the southern area of the District. There are also several smaller residential development projects planned to be complete within the next five years.

Based on previous and current housing development proposals, 5,500 new single family and 10,500 new multi family residential units are projected to be constructed within next 20 years.

STUDENT GENERATION RATES FROM NEW HOUSING

Student generation rates, otherwise known as “yield factors,” are the average number of students that are generated by each housing unit. The yield factors for Sacramento City Unified School District were determined by SCI Consulting Group, using a current analysis of enrollments and the housing stock. The yield factor study involved address matching enrollments with the District’s housing database for the same year. Housing units were subsequently segmented by type, and enrollments were analyzed by housing type and area.

This study determined the average yields for all housing units in the District by housing type. These yields are for the existing housing stock. In addition, the analysis also evaluated yields for new housing. On average, yield factors from new homes begin at a higher rate than yields from the existing housing stock.

Figure 2 on the following page presents the student generation rate for new single family homes and new multi family units on a K 6, 7 8, 9 12 and district wide basis.

FIGURE 2 – STUDENT GENERATION RATES FROM NEW HOUSING

<i>Grade</i>	<i>SFR</i>	<i>MFR</i>
<i>K thru 6</i>	0.44	0.19
<i>7 thru 8</i>	0.12	0.03
<i>9 thru 12</i>	0.23	0.04
<i>K thru 12</i>	0.79	0.26

PROJECTED STUDENTS FROM NEW HOUSING

Figure 3 below projects the number of elementary, middle and high school students that will be generated by the projected new housing units thru 2030 within the District. If 16,000 new housing units are to **AD** the

NEW RESIDENTIAL BUILDING AREA
Based on an analysis

COSTS ATTRIBUTABLE TO NEW RESIDENTIAL DEVELOPMENT

The Mitigation Fee Act states that developer fees “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 (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.” Reasonably Related

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SCHOOL FACILITIES COSTS ATTRIBUTABLE TO R1Tf20012164c0101Tf200101Tf1819TD(1)Tj0g-0419.0419TD

Sacramento City USD Schools Continued	<i>Reconstruction Cost¹</i>	<i>Capacity²</i>
Keith B. Kenny	\$6,721,625	490
Maple	\$9,802,241	334
Mark Hopkins	\$11,103,275	360
Mark Twain	\$12,969,877	509
Matsuyama	\$5,700,213	501
Nicholas	\$13,191,045	581
O.W. Erlewine	\$12,886,475	407
Oak Ridge	\$16,337,620	422
Pacific	\$16,736,094	597
Parkway	\$12,888,494	563
Peter Burnett	\$11,930,324	541
Phoebe A. Hearst Basic	\$13,060,578	430
Pony Express	\$12,711,360	389
Sequoia	\$10,600,265	487
Susan B. Anthony	\$12,634,246	369
Sutterville	\$14,486,332	436
Tahoe	\$12,427,102	424
Theodore Judah	\$11,010,740	473
Washington	\$5,382,802	226
William Land	\$8,330,253	355
Woodbine	\$13,797,077	355
Total Elementary	\$613,034,137	23,306
 <u>K - 8 Schools</u>		
Alice Birney Waldorf Inspired	\$9,276,003	369
Caleb Greenwood	\$13,294,777	683

Sacramento City USD Schools Continued	Reconstruction Cost ¹	Capacity ²
<i>Other Schools</i>		
American Legion	\$12,239,187	182
Accelerated Academy / Success Academy (formerly known as Genesis H.S.)	\$2,626,649	648
George Washington Carver (formerly known as America's Choice)	\$4,297,588	540
Health Professions High		540
The Met High School		135
New Technology High	\$6,097,310	351
School of Engineering and Sciences		540
Hiram W. Johnson West Campus High	\$31,403,980	891
Total Other Schools	\$56,664,714	3,827
Total K-12	\$1,138,372,495	48,981

¹ Source: Sacramento City USD Facilities Master Plan 2006-2015

² Source: Sacramento City USD

Figure 6 below shows the amount of modernization funds the District could receive based on the current basic per pupil grant amounts and current enrollments. Including the remaining Measure I funds and potential modernization grant funding sources, the District has over \$959 million dollars of unfunded facility reconstruction needs. The total unfunded reconstruction costs are divided by the existing student capacity within the District to determine the cost per student seat of \$19,583 (current dollars).

FIGURE 6 – TOTAL SCHOOL FACILITY COST PT101Tf754g.2722.0443TD4Tr75101Tf754g.2.4(erica7st)T

SCHOOL FACILITIES COSTS PER NEW HOUSING UNIT

Figure 7 calculates the cost of reconstructed school facilities attributable

JUSTIFICATION FOR LEVEL 1 DEVELOPER FEES

In order to establish or increase developer fees, the District is required to develop a justification report that demonstrates the nexus between the imposed fee and the need for public facilities created by new development. If the cost of providing adequate school facilities for new housing units is greater than the amount collected by the maximum Statutory residential developer fee, then the District may levy the fee or a lower justified amount. The current maximum State authorized K 12 fees are \$3.20 per square foot of residential area and \$0.51 per square foot of commercial / industrial area. These statutory maximum amounts or "Level 1" fees were increased by the State Allocation Board in January 2012.

RESIDENTIAL DEVELOPER FEE

As previously discussed, the average cost of adequate school facilities per new housing unit is \$15,471 per SFR and \$5,139 per MFR. Given the projected average square footage of new housing units is 1,911 square feet per SFR and 1,164 square feet per MFR, the maximum developer fee of \$3.20 per square foot will mitigate only 40 percent of the impact of new residential development on school facilities. Therefore, the Level 1 residential developer fee is justified at the maximum rate for the District.

COMMERCIAL / INDUSTRIAL DEVELOPER FEE

As commercial and industrial properties develop, new jobs are created. Many of the people hired into these new jobs move into the community thereby increasing the need for adequate school facilities to serve their children. Consequently, commercial and industrial development impacts the enrollment of the District. The maximum fee that can be borne by residential growth was commercial

total of 195,446 housing units within the City of Sacramento, yielding a ratio of 0.93 employees/housing unit.¹ Based on information from the 2000 US Census, it is estimated that

Therefore, the total cost of K 12 school facilities needed per 511

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FIGURE 10 – IMPACT OF COMMERCIAL / INDUSTRIAL DEVELOPMENT

Type of Business	Employees per 1000 Square Feet ¹	Square Feet Creating Need for One New Home ²	Unfunded Impact per Home ³	Unfunded Impact per Square Foot ⁴
Banks	2.91	461	\$9,356	\$20.29
Commercial Offices	4.51	297	\$9,356	\$31.50
Community Shopping Centers	1.77	757	\$9,356	\$12.36
Corporate Offices	2.85	470	\$9,356	\$19.91
Industrial Business Parks	3.69	363	\$9,356	\$25.77
Industrial Parks	1.67	802	\$9,356	\$11.67
Lodging	1.08	1,241	\$9,356	\$7.54
Medical Offices	4.21	318	\$9,356	\$29.42
Retail self-storage	0.06	22,334	\$9,356	\$0.42
Neighborhood Shopping Centers	2.76	486	\$9,356	\$19.25
Research & Development	2.42	554	\$9,356	\$16.89
Overall Average	2.62	511	\$9,356	\$18.31

Notes:

- Employee generation factors from SANDAG Traffic Generator Study pursuant to Education Code § 17621(e)(1)(b).
- This is the square feet of commercial or industrial building area that generates the need for one new home in the District. Calculated: 1,000 SF * 0.93 employees per home / (number of employees per 1,000 SF * 0.694 employees to live in District)
- Unfunded impact equals total District impact per home of \$9,356.

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DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE FEE'S USE AND THE TYPE OF DEVELOPMENT PROJECT ON WHICH THE FEE IS IMPOSED

New residential development will cause families to move into the District and will, consequently, generate additional students in the District. As previously discussed, adequate school facilities do not exist for these students. Therefore, the fee's use (construction and/or reconstruction of school facilities) is reasonable related to the type of project (new residential development) upon which it is imposed.

Additionally, new commercial and industrial development will generate new workers to move into the District. Because some of these workers will have school age children, commercial and industrial development will also generate new students in the District. Again, as previously discussed, adequate school facilities do not exist for these students. Therefore, the fee's use (construction and/or reconstruction of school facilities) is therefore reasonably related to the type of project (new commercial / industrial development) upon which it is imposed.

DETERMINE HOW THERE IS REASONABLE RELATIONSHIP EXISTS BETWEEN THE NEED FOR SCHOOL FACILITIES AND THE TYPE OF DEVELOPMENT ON WHICH THE FEES ARE IMPOSED

As discussed in this Report, the District's school facilities are inadequate in that there is a need for renovation/reconstruction of facilities. Both existing residents and residents from new development should share in these costs. Therefore, the need for adequate school facilities is reasonably related to the new residential, commercial and industrial development projects upon which it is imposed.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE AMOUNT OF FEES AND THE COST OF THE SCHOOL FACILITY ATTRIBUTABLE TO THE DEVELOPMENT ON WHICH THE FEES ARE IMPOSED

As outlined in this Report, the District's new statutory residential developer fee of \$3.20 per square foot of new residential space will only mitigates 37 percent of the impact from new residential construction. Therefore, the residential fee is justified at the current maximum rate.

The Report also demonstrated that the school facilities costs attributable to commercial and industrial development is \$18.31 per square foot. The District's share of the new statutory commercial / industrial developer fee of \$0.51 per square foot of new commercial space only mitigates 3 percent of the impact from new commercial and industrial development. Therefore, the commercial / industrial fee is justified at the current maximum rate.

APPENDICES

Appendix A – Requirements for Implementation of the Fees

Appendix B – Timeline for Adoption of the Fees

APPENDIX A – REQUIREMENTS FOR THE IMPLEMENTATION OF THE FEES

TO ESTABLISH, INCREASE FEE:

1. To establish or increase developer fees, a study is needed which assesses the impact of new growth on school facilities, evaluates sources of revenue for capital facilities, and determines the relationship between the amount of the fee and the unfunded need for school facilities created by the development project. Additionally, a capital improvement plan or facilities component which includes estimates of the cost of school facilities to be financed by developer fees may be included. (Ed. Code § 17620 and Govt. Code § 65995) 0 5
2. Prior to holding a public hearing during 11Tf/TT121Tf.3TD.0008Tc(hea6925Tc0003Tj/TT121

CALCULATING DEVELOPER FEES: ||| ||| |||

The city/county will calculate the space within the perimeter of the new building, and assessable space charged developer fees is defined as follows:

1. New and remodeled residential space subject to developer fees includes square footage within the perimeter of a residential structure, but not including carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structures, or similar areas. Govt. Code § 65995(b) and Ed. Code § 17620
2. Remodeled residential space with a net increase of less than 500 square feet is totally exempt from Developer Fees. That with a net increase of more than 500 square feet must pay on the entire increase. Ed. Code § 17620(a)(1)(C)
3. New commercial or industrial space subject to Developer Fees is new covered and enclosed space within the perimeter of the within

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2. Senior housing as defined. Civil Code § 51.3, Health and Safety Code Sections 1569.2(j) and 15432(d)(9) (Govt. Code § 65995.2(a)
3. Adult only mobile homes. Govt. Code § 65995.2(a)
4. Hotels and motels except residential fees can be charged to residential hotels. Health and Safety Code § 50519 (Govt. Code 65995(d)

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APPENDIX B – TIMELINE FOR ADOPTION OF THE FEES

<u>DATE</u>	<u>TASK</u>
14 Days Before Public Hearing	Notice of hearing mailed to all persons requesting such notice
10 Days Before Public Hearing	First notice of hearing published in a local newspaper. Second publication occurs at least five days after the first publication. Government Code Sections 6062(a) and 60618
10 Days Before Public Hearing	Developer Fee Justification Report is made available for public review
3 Days Before Meeting	Notice of public hearing included in Board agenda
Public Hearing	Board holds public hearing at or near appointed hour. After closing public hearing, Board adopts resolution approving fee
2 Days After Meeting	Staff notifies Cities and County of adoption of Resolution implementing fee and provides these agencies with copies of Resolution and Developer Fee Justification Report
60 Days After Public Hearing	Effective date for implementation of fee