

# LEVEL 1 DEVELOPER FEE JUSTIFICATION STUDY



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# DEVELOPER FEE JUSTIFICATION STUDY

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# DEVELOPER FEE JUSTIFICATION STUDY

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## SECTION 1: EXECUTIVE SUMMARY

This study is intended to update the developer fee imposed by the Auburn Union School District (the "District"). This report summarizes an analysis of the need for construction and reconstruction of school facilities to accommodate students from new development within the District's boundaries and documents a reasonable relationship between new development, the fee, and the facilities to be funded.

Education Code section 17620 authorizes school districts to levy a fee against any development project for the construction or reconstruction of school facilities as long as the district can show justification for levying of fees.

In February 2022, the State Allocation Board adjusted the maximum statutory fee to \$4.79 per square foot of residential construction and \$0.78 per square foot of commercial/industrial construction. This study supports the adoption of a developer fee by the District up to the statutory fees established by the State Allocation Board. However, as the District shares its boundaries with the Placer Union High School District, it must also share its developer fees. **Therefore, the District can levy developer fees up to 60% of the maximum statutory fee, or \$2.87 per square foot of residential construction and \$0.47 per square foot of commercial/industrial construction.**

Upon the submittal of this study to the District, it is incumbent upon the District's Governing Board (the "Board"), assisted by staff, to review and evaluate the report for accuracy and agreement with the conclusions presented. Once the Board is satisfied that the fee adjustment recommendations are valid, the Board shall accept and consider public input. After accepting this input, the Board shall vote to approve findings and a resolution to set the appropriate fees.

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# DEVELOPER FEE JUSTIFICATION STUDY

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## SECTION 2: PURPOSE OF THIS STUDY

The purpose of this Developer Fee Justification Study is to comply with the provisions of Education Code section 17620 in relation to the levy and collection of developer fees. This study will substantiate that there is a “reasonable relationship”, or nexus, between residential, commercial, and industrial development projects and the cost to provide adequate school facilities for the students generated from those developments. It will identify the expected revenue derived from fees from those developments; identify other potential sources of revenue for facilities (and their viability); and identify the students projected to enroll in district schools as a result of these development projects. As required by Government Code sections 66000 through 66003, this report will also:

- ◆ Identify the purpose of the fee;
- ◆ Identify how the fee is to be used;
- ◆ Determine how a reasonable relationship exists between the fee’s use and the type of development project on which the fee is imposed; and
- ◆ Determine a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.
- ◆ 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 (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.

Additionally, as required by Government Code section 66016.5(a), effective January 1, 2022, this report (i) identifies the existing level of service for each school facility, (ii) identifies the proposed new level of service, and (iii) explains why the new level of service is appropriate.

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### SECTION 3: HISTORY OF DEVELOPER FEE LAW

Education Code section 17620 (AB 2926, Chapter 887/Statutes 1986), stipulates that “the Governing Board of any school district is authorized to levy a fee, charge, dedication, or other forms of requirement against any development project for the construction or reconstruction of school facilities.” To levy and collect developer fees, a school district must show the correlation (or “nexus”) between new residential, commercial and industrial development and the need for new school facilities.

Developer fees were originally established in 1987 with a maximum fee of \$1.50 per square foot of new residential construction and \$0.25 per square foot of new commercial/industrial construction. This maximum amount is reviewed and adjusted every two years by the State Allocation Board (SAB) based on the statewide Class B Construction Cost Index. The SAB raised the maximum fee at its February 2022 meeting to \$4.79 per square foot of residential and \$0.78 per square foot of commercial/industrial development.

Developer fees may be used to finance new schools and equipment, and to reconstruct existing facilities in order to maintain adequate housing for all of the District’s students. Other legitimate uses of developer fees include, but are not limited to: interim housing, site acquisition, replacement of aged or inadequate portable classrooms, and housing for class-size reduction. Up to three percent of the fees collected may be used to defray the administrative costs incurred by the District in collecting these fees. Uses of the fees which are specifically prohibited by law are: regular or routine maintenance of facilities, asbestos abatement incidental to construction or reconstruction, and deferred maintenance programs.

Additionally, Government Code section 66008 (SB 1693, Chapter 569/Statutes 1996, effective January 1, 1997) mandates that school districts be specific on the intended use of the fees to be collected in their fee justification documents and include the general locations of new school facilities and estimated construction timelines in the report. These timelines, however, are influenced by many factors including actual (as opposed to projected) phasing of new development, eligibility for and availability of State School Facility Program (“SFP”) funds and availability of local funding.

In August 1998, the Governor signed into law Senate Bill 50 (“SB 50”), also known as the Leroy Greene School Facilities Act of 1998. This bill made major changes in the State Facilities Program as well as developer fee mitigation for school districts in California. The passage of SB 50 repealed all locally imposed fees authorized by local ordinances and instituted the collection of three levels of developer fees.

- ◆ Level 1 fees are the current statutory fees (also referred to as “Stirling Fees”) allowed under Education Code section 17620.
- ◆ Level 2 fees are outlined in Government Code section 65995.5, and allow school districts to impose higher fees on residential construction if certain conditions are met. This level of developer fees is subject to a School Facility Needs Analysis based on Government Code section 65995.6.
- ◆ Level 3 developer fees are outlined in Government Code section 65995.7, and may be implemented by a district if the State certifies that there is no money available for facilities.

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## DEVELOPER FEE JUSTIFICATION STUDY

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### SECTION 4: CURRENT LEGAL AUTHORITY FOR DEVELOPER FEES

There are several legal code sections that deal with the levy and management of developer fees. A summary of some of the important code sections is included below.

- ◆ Education Code section 17620 explains several facets of developer fee law, including, but not limited to the following:
  - Exempts from fees residential additions of less than 500 square feet.
  - Allows a portion of the fees to be used to pay for the completion of developer fee justification studies.
  - Exempts from fees development projects that are used exclusively for government-owned facilities, private schools, and buildings that are tax-free based upon their use for religious purposes.
  - Limits the collection of fees for senior housing to the amount of commercial/industrial fees and requires any conversion from that use to be approved by the applicable local government agency after the school district has been notified.
  
- ◆ Education Code section 17625 authorizes the collection of fees on manufactured or mobile homes, but limits the imposition of the fees to the initial installation of the unit in the school district.
  
- ◆ Government Code sections 66000 through 66003 specify a variety of requirements regarding the collection and use of developer fees, some of which are stated in previous sections of this report, and include:
  - The identification of the purpose of the fee.
  - The identification of the use of the fee.
  - The determination of a reasonable relationship between the fee's use and the type of development project being assessed.
  - The determination of a reasonable relationship between the need for the public facility and the type of development project being assessed.
  - The accounting for any funds remaining unexpended in the fifth year after the first deposit into the fund, and every five years thereafter.
  - The identification of funding anticipated needed to finish any identified by incomplete projects, and the establishment of an approximate date for the anticipated completion of such projects.
  - The refunding, at specific times, of funds available that are not committed to specific projects.
  - A fee may not include the costs to existing deficiencies in public facilities, but may include costs attributable to the increased demand for public facilities reasonably related to a development project.
  
- ◆ Government Code section 66006 specifies the requirements for depositing and managing any fees that are collected and the restrictions for their use, including, but not limited to:
  - The establishment of a separate fund for the deposit of developer fees and any interest generated by them.
  - The use of such funds only for the purpose for which they were collected.

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- Reporting the use of such funds on an annual basis within 180 days of the end of each fiscal year.
- ◆ Government Code section 66016 requires that district hold a public hearing regarding the imposition of developer fees as part of a regularly scheduled governing board meeting prior to adopting or increasing such fees. A notice of the meeting wherein a fee justification study is adopted must be posted at least 30 days prior to the meeting and published in a newspaper of general circulation within the District, with the first publication at least ten days prior to the meeting and the second published at least 5 days thereafter.



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## SECTION 5: DISTRICT DEMOGRAPHIC INFORMATION

### Community Description

The boundaries of the District include the City of Auburn (the “City”) and surrounding unincorporated areas. The City is the county seat of Placer County. The City is geographically located Northeast of Sacramento and Southwest of Lake Tahoe. The City is nestled in the foothills of the Sierra Nevada Mountain Range at a comfortable 1,300 feet elevation and is situated on the edge of the Auburn State Recreation Area, overlooking the beautiful American River Canyon, which offers an abundance of outdoor recreational activities.

In 1845, gold was discovered in Auburn Ravine. The area quickly developed into a robust mining and supply camp and became officially known as Auburn in 1849. The Central Railroad came to Auburn in 1865.

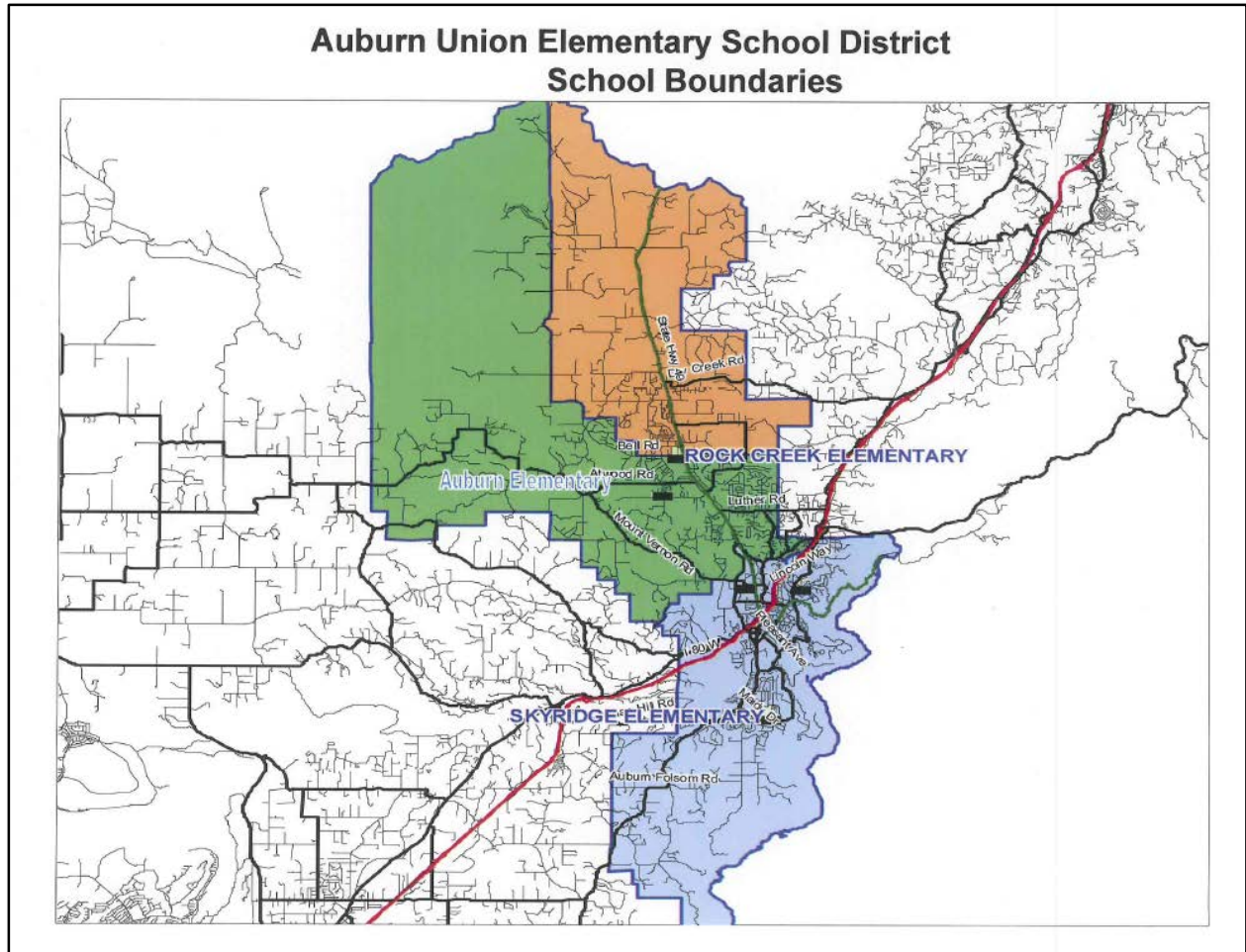
Today the City has approximately 14,104 residents within the city limits and an estimated population of 34,594, when surrounding areas are included. The City encourages industrial growth through its Airport Industrial Park and light industry in other parts of the city. The main commercial business districts within the city are located in four main areas: (1) Downtown, (2) Old Town, (3) Auburn Town Center, and (4) Highway 49.

### District Description

The District is one of the oldest, continuously operating school systems in the State of California. Organized in 1852, it provides education to K – 8<sup>th</sup> grade students within a 64 square mile area located in southeastern Placer County, including the City and the adjacent unincorporated areas of the County. The District is located 40 miles northeast of Sacramento on the western slope of the California High Sierra. The District educates approximately 1,640 students at three elementary schools (Auburn Elementary, Rock Creek and Skyridge), one charter elementary school, Alta Vista and one charter middle school.



## DEVELOPER FEE JUSTIFICATION STUDY



### District School Sites

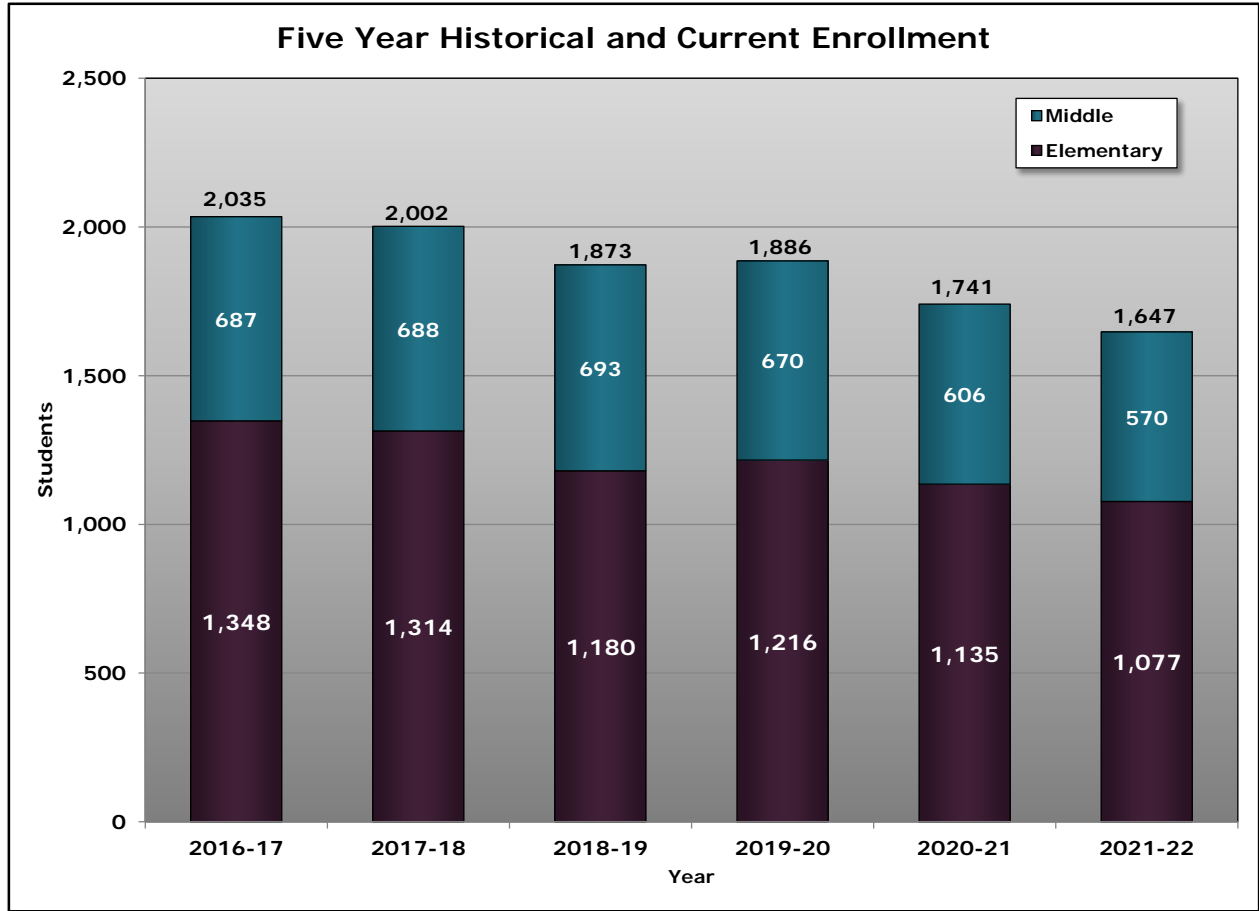
The District operates three K – 5<sup>th</sup> grade elementary schools, one 6 – 8<sup>th</sup> grade middle school and one K – 5<sup>th</sup> grade charter school. District office facilities are located at 255 Epperle Lane, Auburn CA 95603.

<b>Auburn Union School District School Sites</b>			
<b>School</b>	<b>Location</b>	<b>Year Built</b>	<b>Grade Levels</b>
Alta Vista Community Charter	173 Oak Street	1907	K-5
Auburn Elementary	11400 Lariat Ranch Road	1995	K-5
E.V. Cain Middle	150 Palm Avenue	1949	6-8
Rock Creek Elementary	3050 Bell Road	1965	K-5
Skyridge Elementary	800 Perkins Way	1994	K-5

# DEVELOPER FEE JUSTIFICATION STUDY

## Historical Enrollment of the District

The annual student enrollment for the District has been decreasing since the 2016-17 school year, with a slight increase in 2019-20, as is shown in the table below:



Source: CALPADS and Auburn Union School District

A breakdown of the District's historical CBEDS enrollment, by grade level, is included as Appendix A.

# DEVELOPER FEE JUSTIFICATION STUDY

## SECTION 6: DISTRICT'S HISTORY OF DEVELOPER FEE COLLECTIONS

The District shares Level I developer fee revenue with the Placer Union High School District (the "High School District"). The District retains 60 percent of Level I fee revenue, and the High School District retains 40 percent. This arrangement is expected to continue and all future developer fee revenues will be split accordingly.

In 2014, the District adopted a developer fee study which justified a fee of \$2.02 per square of residential construction and \$0.32 per square foot of commercial/industrial construction. The funds derived continue to be short of the amounts needed to mitigate the impact of students generated from new construction within the District's boundaries.

As this study will demonstrate, the fees currently being collected are far short of the amounts needed to modernize school facilities and add space to accommodate any new students generated through new construction. The table below shows the District's total developer fee collections since 2016-17.

5 Year Historical Developer Fee Collections			
Year	Residential	Commercial	Total
2020-21	\$370,274.48	\$1,920.00	\$372,194.48
2019-20	\$278,109.72	\$58,927.36	\$337,037.08
2018-19	\$261,984.86	\$31,984.86	\$293,969.72
2017-18	\$315,657.26	\$8,467.84	\$324,125.10
2016-17	\$401,720.62	\$16,941.68	\$418,662.30
<b>Total</b>	<b>\$1,627,746.94</b>	<b>\$118,241.74</b>	<b>\$1,745,988.68</b>

Source: Auburn Union School District

Capitol Public Finance Group, LLC was contracted by the District to provide an updated Level 1 Developer Fee Justification Study. This study is intended to establish the legal and policy basis for the calculation and imposition of impact fee on new development activity within the District.

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## SECTION 7: ANTICIPATED DEVELOPMENT

### New Development

New residential development typically results in new students for the District to accommodate. Therefore, it is important for the District to monitor the development plans of the local land use agencies. For the District, there are two land use agencies within the District's boundaries – the County of Placer and the City of Auburn.

The District must plan for facilities assuming maximum potential student capacity. Residential development within the District grew at an average rate of 66 homes per year from 2016-17 to 2020-21, as is shown in the table below. It is projected that the District will maintain this same rate of growth over the next five years, with a total of 330 new residential units being constructed.

5 Year Historical Residential Development	
Year	Total Units
2020-21	57
2019-20	61
2018-19	57
2017-18	67
2016-17	88
<b>Average</b>	<b>66</b>

Source: Auburn Union School District

### Student Generation Rate

A total of 330 units are projected to be constructed within the District's boundaries. In terms of facilities planning, it is important that the District project the potential facilities impact. A key component of the planning process is the student generation factor. A student generation factor is the ratio of students produced per home within a new construction project. This serves as a tool for District's to use in the planning process and will allow the District to predict the impact new development will have on the student population. This ultimately will facilitate decision making about the provision of facilities and resources throughout the District.

The District has not performed a student generation rate study for this Level 1 report; rather it will use the student generation rate utilized by the Office of Public School Construction, 0.5. A breakdown of the student generation rate for grade level is provided in the table below:

Student Generation Rates by Grade		
K-5	6-8	Total
0.3	0.2	0.5

## DEVELOPER FEE JUSTIFICATION STUDY

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Given the 330 projected units and the student generation rate to be used per home, the District can estimate that approximately 165 new students will be generated as a result of new development within the District.

<b>Summary 5 Year Enrollment Projects</b>			
<b># of Units</b>	<b>Projected K-5 Students</b>	<b>Projected 6-8 Students</b>	<b>Total Projected Students</b>
330	99	66	165

# DEVELOPER FEE JUSTIFICATION STUDY

## SECTION 8: FACILITIES NEEDS

The District continues to have capital improvement requirements based upon the need for reconstruction of older facilities not meeting District standards. These facilities will need to be updated in order to accommodate students to be generated from new development in the future. Many of the District’s facilities are over 25 years old and most still need major reconstruction of the infrastructure (roofing, plumbing, electrical upgrades, etc.) to meet modern technology, safety, and Americans with Disabilities Act requirements. The reconstruction work is not deferred maintenance.

As the District presently has several facilities needs, all available General Fund and developer fee dollars are committed to existing projects. Future developer fee collections will be critical to providing expanded and/or reconstructed facilities for all students, at existing levels of service, including those students generated from the planned development projects. Provided below is a list of modernization/reconstruction projects that will be necessary to house students generated from new development, at existing service levels:

<b>Modernization and Reconstruction Project Costs by Site</b>		
<b>School Site</b>	<b>Project</b>	<b>Estimated Cost</b>
Alta Vista Community Charter	Campus Infrastructure	\$288,807
	Mechanical Systems	\$1,128,623
	Electrical Systems	\$76,160
Auburn Elementary	Mechanical Systems	\$1,748,486
	Electrical Systems	\$125,798
E.V. Cain Middle	Campus Infrastructure	\$62,016
	Mechanical Systems	\$2,307,225
	Electrical Systems	\$163,739
Rock Creek Elementary	Campus Infrastructure	\$29,124
	Mechanical Systems	\$1,667,042
	Electrical Systems	\$118,306
Skyridge Elementary	Campus Infrastructure	\$1,208,681
	Mechanical Systems	\$1,205,881
	Electrical Systems	\$77,300
<b>Total District</b>		<b>\$10,207,188</b>

*Source: Auburn Union School District*

### **Available Revenue Sources**

Based on existing need and demand that will be generated as a result of new construction within the District’s boundaries, the District has identified that it will have a total modernization and reconstruction need of approximately \$10.2 million. As stated previously, the District intends to commit all available developer fee funds to the projects. As of April 2022, the District had \$49,800 in developer fees available to commit to facilities projects.

## DEVELOPER FEE JUSTIFICATION STUDY

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In addition to committing all current available developer fees to necessary modernization/reconstruction projects, the District intends to commit developer fee collections from the identified future projects to the necessary modernization/reconstruction need. As stated in Section 7, it is estimated that 330 residential units will be constructed within the District over the next five years. Using the District's developer fee collection records from the last five years it was determined that the average square footage of new residential units built was 2,247. This analysis will assume that the average square footage of new residential units constructed within the District will continue to be 2,247 square feet. Based on the known projects, it is estimated that the District will collect approximately \$2,128,134 in developer fees from the identified projects.

**Projected Developer Fee Collections**

$$330 \text{ units} \times 2,247 \text{ sq. ft.} \times \$2.87 = \$2,128,134$$

Developer fee collections are an estimate and do not take into account potential future increases in the maximum fee allowed by the SAB. This analysis does not take into account increases in the statutory fee as identified construction costs are too in current dollars and not inflated.

**Unfunded Facilities Need**

Therefore, the District's total unfunded facilities need is equal to the total amount of facilities costs less any available funding sources, less projected developer fee collections, which equals approximately \$8 million.

**Total Unfunded Facilities Need**

$$\$10,207,188 - \$49,800 - \$2,128,134 = \$8,029,254$$

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# DEVELOPER FEE JUSTIFICATION STUDY

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## SECTION 9: DEVELOPER FEE JUSTIFICATION

Developer fee law requires that before fees can be levied a district must find that justification exists for the fee. Justification for the fee can be shown if anticipated residential, commercial and industrial development within a district will impact it with additional students and the district either does not have the facility capacity to house these students and/or the students would have to be housed in existing facilities that are not educationally adequate (i.e., antiquated facilities). In addition, it must also be shown that the amount of developer fees to be collected will not exceed the District's cost for housing students generated by new development. This section of the study will show that justification does exist for levying developer fees in the District because the District's existing facilities are antiquated and in desperate need of reconstruction.

### Residential Development and Fee Analysis

To show a reasonable relationship exists between the construction of new housing units and the need for school facilities, it will be shown that residential construction will create a school facility cost impact on the District greater than the amount of developer fees to be collected.

To determine the cost impact of residential construction on the District, the cost to house students in new school facilities must be identified. The facilities cost calculations are included in Section 7 and include any money the District plans to contribute towards new construction. The table below shows the cost impact for new school facilities for each student generated by new residential development. Since the District expects 165 students to be generated from new development, the per student facilities cost for each student is estimated to be \$48,662.

<p style="text-align: center;"><b><u>Facilities Cost Per Student</u></b></p>
------------------------------------------------------------------------------

<p style="text-align: center;"><math>\\$8,029,254 / 165 = \\$48,662</math> per student</p>
--------------------------------------------------------------------------------------------

As previously explained, based on State standards, each home generates approximately 0.5 students. Therefore, if the per student facilities cost is \$48,662, we can multiply that by the student generation rate of 0.5 and estimate the impact per unit of \$24,331. This analysis will assume that the average size of new single family residential units to be constructed within the District's boundaries will be approximately 2,247 square feet. Therefore, to determine the impact per square foot of residential construction we divide the impact per home by the average square footage of homes within the District. As calculated, the facilities cost per square foot is \$10.83:

<p style="text-align: center;"><b><u>Facilities Cost Per Square Foot</u></b></p>
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<p style="text-align: center;"><math>\\$24,331 / 2,247</math> sq. ft. = \$10.83 per sq. ft.</p>
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## DEVELOPER FEE JUSTIFICATION STUDY

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Therefore, the Elementary District's facilities cost per square foot of new development (\$10.83 per square foot) exceeds the maximum developer fee (\$4.79 per square foot) that can be imposed.

### Residential Developer Fee Justification

It is clear that a reasonable relationship exists between residential development within the District and the need for new school facilities. This relationship is based on the finding that the District has existing modernization/reconstruction need and projected student generation from development projects will further exacerbate demand on District facilities. New students to be generated by new residential development will have to be housed in modernized/reconstructed school facilities. The cost to provide modernized/reconstructed school facilities exceeds the amount of fees to be generated from new residential construction. The District is justified in the levying of residential developer fees of up to the statutory maximum of \$3.36 per square foot of new residential development.

### Commercial/Industrial Development and Fee Analysis

In order to levy fees on commercial and industrial development, existing law stipulates that the District ". . . must 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." The school facilities costs incurred by the District per square foot of new commercial/industrial construction are determined by multiplying together five factors:

1. Employees per square foot of new commercial/industrial development;
2. Percent of employees in the District that also live in the District;
3. Dwelling Units per employee;
4. Students per Dwelling Unit;
5. School facility cost per student.

### *Employees Per Square Foot Of New Commercial/Industrial Development*

To make this determination, the study shall utilize employee generation estimates that are based on commercial and industrial factors within the District, as calculated on either an individual or categorical basis." The passage of Assembly Bill 530 (Chapter 633/Statutes 1990) allows the use of the employee generation factors set forth in the January 1990 edition of "San Diego Traffic Generators," a report of the San Diego Association of Governments. This study which was completed in January of 1990 identifies the number of employees generated per square foot of floor area for several demographic categories. These generation factors are shown in the table below.

## DEVELOPER FEE JUSTIFICATION STUDY

<b>Employees Per Square Foot of New Commercial/Industrial Development</b>		
<b>Commercial/Industrial Category</b>	<b>Average Square Foot Per Employee</b>	<b>Employees Per Average Square Foot</b>
Banks	354	0.00283
Community Shopping Centers	652	0.00153
Neighborhood Shopping Centers	369	0.00271
Industrial Business Parks	284	0.00352
Industrial Parks	742	0.00135
Rental Self Storage	15,541	0.00006
Scientific Research & Development	329	0.00304
Lodging	882	0.00113
Standard Commercial Office	209	0.00479
Large High Rise Commercial Office	232	0.00431
Corporate Offices	372	0.00269
Medical Offices	234	0.00427

*Source: 1990 SanDAG Traffic Generators report*

### *Percent of Employees in the District That Also Live in the District*

To estimate the percentage of new District employees that will reside in the District, this study has utilized a conservative approach, whereby it is assumed that one-third of new employees in the District will also live in the District and two-thirds will live outside of the District.

### *Dwelling Units per Employee*

Data from the American Community Survey indicates that there were 15,532 workers living in 14,923 housing units in the District. Therefore, there are 0.961 housing units for every one worker. This study, thereby assumes that each new resident worker in the District will demand 0.961 housing units.

### *Students per Dwelling Unit*

As stated in Section 5 of this study, based on SFP standards, this study assumes that 0.5 students will reside in each dwelling unit.

The table below shows the calculation of the school facility cost generated by a square foot of new commercial/industrial development for each of the categories of commercial/industrial development.

## DEVELOPER FEE JUSTIFICATION STUDY

<b>School Facilities Cost Per Sq. Ft. of Commercial/Industrial Development</b>						
Category	Employees Per Average Square Foot	% Employees Residing in District	Dwelling Units per Employee	K-8 Students per Dwelling Unit	Cost per K-8 Student	Cost per Square Foot
Banks	0.00283	0.333	0.961	0.5	\$24,331	\$11.02
Community Shopping Centers	0.00153	0.333	0.961	0.5	\$24,331	\$5.96
Neighborhood Shopping Centers	0.00271	0.333	0.961	0.5	\$24,331	\$10.55
Industrial Business Parks	0.00352	0.333	0.961	0.5	\$24,331	\$13.70
Industrial Parks	0.00135	0.333	0.961	0.5	\$24,331	\$5.26
Rental Self Storage	0.00006	0.333	0.961	0.5	\$24,331	\$0.23
Scientific Research & Development	0.00304	0.333	0.961	0.5	\$24,331	\$11.84
Lodging	0.00113	0.333	0.961	0.5	\$24,331	\$4.40
Standard Commercial Office	0.00479	0.333	0.961	0.5	\$24,331	\$18.65
Large High Rise Commercial Office	0.00431	0.333	0.961	0.5	\$24,331	\$16.78
Corporate Offices	0.00269	0.333	0.961	0.5	\$24,331	\$10.47
Medical Offices	0.00427	0.333	0.961	0.5	\$24,331	\$16.62

### Commercial/Industrial Developer Fee Justification

As indicated in the per square foot cost provided above, maximum statutory developer fee of \$0.78 per square foot is justified for all categories except rental self-storage. It is then reasonable the District collects \$0.47 per square foot of commercial/industrial construction, which of course is the District's 60% share of the fees collected.

Based on data available for the purpose of determining the impact of rental self-storage construction on the District, it has been determined that rental self-storage construction has significantly less impact than other commercial/industrial construction. Rental self-storage construction generates 0.00006 employees per square foot of school construction. This information was provided by the San Diego Association of Governments, Traffic Generators, January 1990, and is cited for use in Education Code section 17621 (e) (B).

The generation of 0.00006 employees per square foot and the utilization of the student generation rate per household yields an impact of \$0.23 per square foot of mini storage construction. Given the District's 60% share of fees collected, it is justified in collecting a fee for rental self-storage not to exceed \$0.14 per square foot.

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# DEVELOPER FEE JUSTIFICATION STUDY

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## SECTION 10: FINDINGS

Government Code section 66001 lists the requirements that districts must observe regarding the collection and use of developer fees. The major requirements are listed below:

### **Establishment of a Cost Nexus**

The Board will collect fees on new residential and commercial/industrial development to fund the construction and/or reconstruction of school facilities to serve students generated by such projects. The District has undertaken significant reconstruction and modernization projects to serve existing development and, potentially, all capacity that must be provided. Additionally, the cost for providing these 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 the District's schools. Housing District students in new and/or reconstructed facilities will directly benefit those students from the new development projects upon which the fee is imposed; therefore, a benefit nexus exists.

### **Establishment of a Burden Nexus**

The generation of new students by development will create a need for additional and/or reconstructed school facilities. The District must carry the burden of constructing new facilities and reconstructing existing facilities required by the students generated by future developments and the need for facilities will be, in part, satisfied by the levying of developer fees, therefore, a burden nexus exists.

### **Conclusion**

Based on the information contained in this developer fee justification study, and after noting that the District has proved there is a clear nexus between new development in the District and the need to continue to assess fees, it is recommended that the Board raise the Level 1 rate to the State maximum of \$2.87 per square foot of residential development and \$0.47 per square foot of commercial/industrial development, except for rental self-storage facilities in which a fee of \$0.14 per square foot is justified. This is of course the District's entitlement at 60% of the maximum statutory allowed of \$4.79 square foot of residential development and \$0.78 square foot of commercial/industrial development. In accordance with Government Code section 66016.5(a), this study has identified the existing level of service for the District's school facilities and the new proposed level of service, and explained why the new level of service is appropriate.

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# DEVELOPER FEE JUSTIFICATION STUDY

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## SECTION 11: IMPLEMENTATION OF THE FEES

If the Board accepts the recommendation to accept the developer fee as justified in this study, the following process should be followed for fee implementation.

### **District Board Approval**

The Board should adopt the proposed fee as provided for in this study. To do so, the District must:

- ◆ Post a notice on its website and where it normally posts its Board meeting agenda materials at least 30 days prior to the hearing;
- ◆ Send a notice of a public hearing at least 14 days prior to the hearing to any party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Have this report and all supporting documentation available for review by the public at least 10 days prior to the hearing;
- ◆ Submit a notice of public hearing in the local newspaper at least 10 days prior to the public hearing. This notice should run at least twice in a newspaper of general circulation within the District, with the second notice published at least 5 days after the first notice;
- ◆ Hold the public hearing to consider adoption of the developer fee;
- ◆ Adopt a resolution to set the fee;
- ◆ Begin collecting the fee no sooner than 60 days following adoption of the resolution.

### **Notifications**

The District should provide the planning and building departments of the County of Placer, the City, and any other city which may be located within the District's boundaries, with notice of the current fee rates and other information so that they may coordinate issuance of building permits with the District's fee program.

### **Fee Accounting**

All fee revenues should be deposited into a restricted public facility fee account. Interest earned on fund balances should be credited to the fund.

On an annual basis, the District must provide a detailed accounting of the developer fee funds. This accounting must include such items as an indication of the specific public improvement or improvements on which fees were expended, the amount of expenditure on each improvement, the estimated date by which construction will begin if sufficient funds are in place and a particular improvement is not yet complete, a description of each transfer or loan made to or from the account, and the amount of refunds made or fees that had remained unexpended and uncommitted for five or more years. The new statute gives school districts 180 days from the close of the fiscal year to prepare this detailed annual accounting.

# DEVELOPER FEE JUSTIFICATION STUDY

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## APPENDIX A: 5 YEAR HISTORICAL ENROLLMENT

5 Year Historical and Current Enrollment						
Grade	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
K	247	235	208	263	230	207
1	223	203	172	174	175	173
2	187	227	192	177	175	176
3	222	197	213	195	169	167
4	231	212	191	205	186	167
5	238	240	204	202	200	187
<b>Total Elementary</b>	<b>1,348</b>	<b>1,314</b>	<b>1,180</b>	<b>1,216</b>	<b>1,135</b>	<b>1,077</b>
6	215	234	237	194	186	199
7	232	222	232	237	190	182
8	240	232	224	239	230	189
<b>Total Middle</b>	<b>687</b>	<b>688</b>	<b>693</b>	<b>670</b>	<b>606</b>	<b>570</b>
<b>Total</b>	<b>2,035</b>	<b>2,002</b>	<b>1,873</b>	<b>1,886</b>	<b>1,741</b>	<b>1,647</b>

# DEVELOPER FEE JUSTIFICATION STUDY

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## APPENDIX B: SAMPLE RESOLUTION

### RESOLUTION NO. \_\_\_\_-\_\_\_\_ OF THE AUBURN UNION SCHOOL DISTRICT

#### ADOPTING AND IMPLEMENTING AN INCREASE IN LEVEL 1 DEVELOPER FEES LEVIED ON RESIDENTIAL DEVELOPMENT AND LEVYING FEES ON COMMERCIAL AND INDUSTRIAL DEVELOPMENT TO FUND THE CONSTRUCTION AND RECONSTRUCTION OF SCHOOL FACILITIES

**WHEREAS**, pursuant to Government Code section 65995 and Education Code section 17620 the Auburn Union School District (“District”) may levy a fee on all residential, commercial, and industrial development within the District boundaries, to fund the construction or reconstruction of school facilities; and

**WHEREAS**, the District has a facilities plan which states an overall vision for new school construction in order to meet the needs of District students; and

**WHEREAS**, the District has performed a study to assess the impact on the District’s facilities from residential, commercial, and industrial development and established a nexus between such development and the need for funding to construct and improve schools; and

**WHEREAS**, there is a continuing and urgent need for new classrooms due to the impact of new residential construction as well as commercial and industrial development; and the State Allocation Board has established the maximum fee that can be levied by a school district is \$4.79 per square foot of habitable residential development and \$0.78 per square foot for commercial and industrial development for chargeable covered and enclosed space, which sums shall be used to fund the delivery of improvements to the District’s facilities and construct new facilities; and the District has a fee sharing agreement which provides the District with 60% of developer fees collected; and

**WHEREAS**, the District conducted a public hearing to discuss the proposed increase in developer fees for residential and commercial/industrial development and has considered the comments provided therefrom.

**NOW, THEREFORE, BE IT RESOLVED**, that the Auburn Union School District shall increase the fees levied on new residential development from \$2.02 per square foot to \$2.87 per square foot (60% of the established maximum fee), in accordance with Education Code section 17620.

**BE IT FURTHER RESOLVED**, that the Auburn Union School District shall increase the fees levied on commercial and industrial development from \$0.32 per square foot to \$0.47 per square foot (60% of the established maximum fee), in accordance with Education Code section 17620.

**BE IT FURTHER RESOLVED**, that the Board of Trustees of the Auburn Union School District (the “Board”) authorizes District staff to give notice to the City of Auburn, the County of Placer, and other applicable agencies, of the Board’s adoption and implementation of this Resolution by serving a copy of the Resolution to each agency and by requesting that no building permits and no certificates of occupancy for residential, manufactured homes,

## DEVELOPER FEE JUSTIFICATION STUDY

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mobile homes, commercial or industrial construction be issued without certification from the District that the specified fees, including any subsequent increases authorized by the State, have been paid.

**BE IT FURTHER RESOLVED**, that the Auburn Union School District preserve a separate account where in all developer fees, including those fees collected pursuant to this Resolution will be deposited and the District shall review and provide the Board a report on the reconciliation of that account every fiscal year.

**BE IT FURTHER RESOLVED**, that if the District has unexpected or uncommitted fees within five (5) years of collection of those fees, the District will make the statutorily required findings or refund those fees.

**BE IT FURTHER RESOLVED**, that the developer fees established by this Resolution, including any increases for inflation as authorized by the State, shall be collected prior to the issuance of a building permit on each eligible unit.

PASSED AND ADOPTED at a regular meeting of this board this 8<sup>th</sup> day of June of 2022, by the following vote:

AYES:

NOES:

ABSENT:

I HEREBY CERTIFY that the foregoing resolution was duly introduced, passed and adopted at a regularly called and conducted meeting held on said date.

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President/Clerk of the Governing Board  
Auburn Union School District



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# DEVELOPER FEE JUSTIFICATION STUDY

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## APPENDIX C: SAMPLE NOTICE OF PUBLIC HEARING

PUBLIC HEARING ON JUNE 8 AT 6:00 PM  
AT AUBURN UNION SCHOOL DISTRICT OFFICE BOARD ROOM

Regarding

**NOTICE OF PUBLIC HEARING AND OF PROPOSAL FOR INCREASING SCHOOL FACILITIES FEES AS AUTHORIZED BY GOVERNMENT CODE SECTION 65995**

PLEASE TAKE NOTICE that immediately following a public hearing on the matter, a resolution will be considered by the Governing Board of the Auburn Union School District at its regular meeting on June 8, 2022 at 6:00 PM at Auburn Union School District Office Board Room, 255 Epperle Lane, Auburn, CA 95603, which if adopted by the Board will increase development fees established by the District against residential construction and reconstruction by the maximum of \$2.87 per square foot (60% of the established maximum fee); while commercial or industrial construction will also be increased to the maximum of \$0.47 per square foot (60% of the established maximum fee). The proposed fees are authorized by Government Code Section 65995. Data pertaining to the cost of school facilities is available for inspection during regular business hours at the District Office. The increased fee, if approved by the Governing Board, will become effective on August 7, 2022, which is more than 60 days after the proposed adoption of the resolution levying such fee by the Governing Board.